1. Roll call.

Chairperson Nunez calls the meeting to order at 8:10 a.m. All members were present except for Mr. Gueits and Mr. Mantecon. There was a quorum.

2. Consent Agenda.

All items listed within this section entitled "Consent Agenda" are considered to be self-explanatory and are not expected to require additional review or discussion, unless a member of the Retirement Board or a citizen so requests, in which case, the item will be removed from the Consent Agenda and considered along with the regular order of business. Hearing no objections to the items listed under the "Consent Agenda", a vote on the adoption of the Consent Agenda will be taken.

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for September 12, 2019.
2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.

1. On October 1, 2019, there was a wire transfer to the Northern Trust Cash Account in the amount of $28,253,347.00 ($24,281,638 annual retirement contribution and $3,971,709 additional fund for the unfunded liability) representing the City's total annual retirement contribution.

2. On October 4, 2019, there was a transfer of $17,000.00 from the Northern Trust Cash Account to the Garcia Hamilton account and $6,000,000.00 from the Northern Trust Cash Account to the S&P 500 index fund.

3. There was a transfer of $2,850,000.00 from the Northern Trust Cash Account to the City of Coral Gables Retirement Fund for the payment of monthly annuities and expenses at the end of September 2019 for the October 2019 benefit payments.

4. Copy of a letter dated October 2, 2016 from the City of Coral Gables Finance Director regarding the application of additional annual payments to pay down the unfunded liability.

5. The following Employee Contribution checks were deposited into the Retirement Fund’s SunTrust Bank account:
   - Payroll ending date September 1, 2019 in the amount of $185,343.29 was submitted for deposit on September 6, 2019.
   - Payroll ending date September 15, 2019 in the amount of $190,568.07 was submitted for deposit on September 24, 2019.
   - Payroll ending date September 29, 2019 in the amount of $181,540.31 was submitted for deposit on October 3, 2019.

6. Copy of detailed expense spreadsheet for the month of September 2019 is attached for the Board’s information.

7. Attached is a report from the Berwyn Group showing two death records found from the current list of retirees’ and beneficiaries’ Social Security numbers as of September 10, 2019. The report states that retiree Charlie Davis’ Social Security number on file is incorrect and that he is deceased as of November 1968. Mr. Davis retired from the City on January 1, 1995 and this is the Social Security number given by him at the time of his hire in 1953.

8. For the Board’s information, attached are Tuition Reimbursement Applications for Ornelisa Coffy for term dates May 7, 2019, June 18, 2019 and August 1, 2019 which have been paid to Ms. Coffy in accordance with her contract.

9. Attached for the Board’s information is the Day Pitney detailed invoice for the month of August 2019.
2C. The Administrative Manager recommends approval of the following invoices:

1. Gabriel Roeder Smith invoice #449174 dated September 13, 2019 for actuarial consulting services for June 10, 2019 through August 31, 2019 in the amount of $7,000.00.
2. AndCo invoice #33015 dated September 27, 2019 for consulting services and performance evaluation for July 1, 2019 to September 30, 2019 in the amount of $38,062.50.

A motion to approve the Consent Agenda was made by Dr. Gomez and seconded by Mr. Alvarez. The motion was unanimously approved (10-0).

Mr. Mantecon arrives to the meeting at this time.

3. Comments from Retirement Board Chairperson.

Chairperson Nunez advises that Ms. Groome attended the FPPTA Trustee School and returned with some information. All members were given a copy of the booklet called “Tough Choices”. Chairperson Nunez explains that the booklet will be discussed further under New Business but he wanted to bring it the members’ attention so they can quickly look over it before Ms. Groome provides the details of it.

4. Items from the Board Attorney.

Mr. Garcia-Linares reports that he has been speaking to the attorney from GRS. He informs that the attorney is currently on vacation and he will be sending the GRS attorney the amounts that need to be recouped. More money has been returned to the System and he is working on determining a way to resolve this issue with GRS. If not he will be notifying the Board at the next meeting the exact amount that is currently owed to the System. A decision will have to be made at that point if action will be taken against GRS. There was a total of $119,000.00 and of that the major one was $63,000.00 which was resolved for an initial payment of $42,000.00 and monthly payments of $250 every month. Many of the smaller amounts have already been resolved but there are a couple of people who are just not responding. The GRS attorney believed this had been resolved because he had not heard anything from Mr. Greenfield and had not realized Mr. Greenfield had passed away. The GRS attorney has now placed this back on his radar and hopes to have a resolution soon.

Mr. Garcia-Linares informs that Ms. Groome requested that he do research on whether or not a Police Officer who says he could go into disability now due to an injury and who is also eligible for DROP can first go into the DROP and then once in the DROP elect to go out as disabled. Ms. Groome does not believe he can do this and he does not believe it is possible as well but he will review the ordinance again. Dr. Gomez asks if a person is in the DROP and suffers an injury is not that a different issue. Ms. Groome replies negatively because a DROP participant is considered retired. Chairperson Nunez explains that in this case the Police Officer was injured about six months prior. Ms. Groome agrees and explains that the Police Officer is not eligible to enter the DROP until November. Mr. Garcia-Linares comments that it appears that he is trying to determine which avenue is the best for him financially.
Mr. Garcia-Linares states that met with Ms. Menegazzo and the Retirement Staff. There is an RFP that was prepared as well as a job analysis and Ms. Menegazzo will be here to present those items to the Board.

5. Investment Issues.

Dave West reports on the plan’s September performance. Unfortunately, the plan did not hit the actuarial rate of return this year. The issue was the December quarter when equity markets corrected most it did not sufficiently balance the portfolio to bring us to the required rate of return. The fiscal year to date number came in at 4.14%. The target policy came in at 3.56%. The three year annualizes at 9.75% nicely ahead of the self-imposed policy of 8.26%. The five year annualized at 7.89% versus 6.85%. It was a very difficult year. He hopes having Garcia Hamilton in at the last meeting was a good presentation on the potential outlook. Eagle Capital came in a bit short for the year the three and five year numbers are excellent and well in above benchmark. Brandywine portfolio since inception in June is up 9.82% versus 8.63%. The S&P 500 index fund was in line with the market and performed well. Winslow came in about even for the year. Wells Capital had great results fiscal year to date at 5.26% versus 2.70%. The S&P 400 index fund large cap continued to dominate and the mid-cap stock lagged. The international equity index fund came in at -0.80% versus -0.72% for the year. However, the five and seven year numbers are very much intact. RBC International Fund came in at -5.36% versus -0.72% for the year. In domestic fixed income, the NT Aggregate Bond fiscal year to date was 10.37% versus 10.30%. Richmond Capital was at 8.34% versus 8.08% and Garcia Hamilton’s funding date was July 2019. Not much has changed since they were funded. In opportunistic fixed income, the PIMCO DISCO II strategy fiscal year to date came in around 5% a little under the policy. In real estate, the JP Morgan Strategic Property Fund came in at 4.01% versus 4.71% for the year and the JP Morgan Special Situation Fund came in at 7.57% versus 4.71% for the year. He is aware that there was rebalancing needed in real estate and the general idea was to move those funds to investment grade bonds. He suggests tabling that issue for now. He is not sure that this is the most opportunistic moment having come off a 10% return for investment grade bonds and it will be kept on the radar.

In other assets, the Black Rock fiscal year to date came in at 6.78% versus 6.40%. PIMCO Tactical opportunities came in at 4.00% versus 0.01% and finally the Titan Masters Fund came in even and did not come in with gains or losses for the year. The Tortoise fund came in with a tenth of return. That is the one investment that started very well but due to the market conditions has not made a comeback.

Mr. West informs that the fund received the City contribution as well as the additional funds that the City puts into the system. Those monies have been invested and have allocated additional money to the domestic equity S&P 500 index fund to maintain the current weighting in the portfolio. The monies that were to be allocated to the Garcia Hamilton fund were sent and that did bring the plan much closer to policy targets.

Mr. West states that there is currently a 5 year smoothing method in place and due to this, although there was a filing short of reaching the required rate of return this year, it should not have an immediate impact and there are still gains at about 20% a year that are being pulled and adding into the fund. He explains that the five year number is still
coming in a 7.89% so there is still a margin on the table to work with. The plan may not make the actuarial rate of return number each year and this was one of those years.

Mr. Gueits arrives to the meeting at this time.

Mr. West explains that as they are very late in the cycle and so the allocation of capital must be done efficiently. His recommendation is to take the overweight of growth equities off the table because they are performing very well and then migrate that so that the fund is back to policy target. There is a consistent cycle of where growth stocks tend to finish the cycle out and value stocks rotate and become the leadership group of the first half of the next cycle. His recommendation for the rebalancing is removing money from Winslow and Wells Capital to Eagle and Brandywine. He will need to do the calculation for the exact numbers but they will be moving the required monies to equalize the allocation of Winslow and Wells to Eagle and Brandywine. Dr. Gomez asks if the recommendation is based on what Mr. West is predicting will happen in the future. Mr. West replies it is based on historical perspective.

A motion approving Mr. West’s recommendation – moving money from Winslow and Wells Capital to Eagle and Brandywine – was made by Mr. Easley and seconded by Dr. Gomez. Motion unanimously approved (12-0).

Mr. Mantecon asks how many basis points it will be for the transfer of funds. Mr. West replies that it is very minimal. Mr. Mantecon asks for a more precise number. Mr. West replies for a million dollars probably about a few thousand. He adds that he cannot give an exact number because he is unaware of the costs for the shares at this time as well as the commission charge.

Mr. West informs that Garcia Hamilton has requested additional language be added to their section in the Investment Policy. He has no issue with the request.

A motion was made by Mr. Gold and seconded by Dr. Gomez to approve requested language to the Investment Policy by Garcia Hamilton. Motion unanimously approved (12-0).

6. Attendance of Yolanda Menegazzo of LagomHR Inc. to review the draft RFP for Pension Administration System.

Ms. Menegazzo states that at the last meeting there were two things asked of her by the Board. One was to draft the RFP and the other was the Job Analysis. She reviews the RFP highlights with the Board. She has listed that the RFP will be released on October 14th, the Question Submittal deadline to be a month later on November 11th by 3:00 p.m. and the RFP submittal due date December 13th by 3:00 p.m. This would mean that the RFP would be out for about two months. She has listed the qualifications for both essential services that would be required as well as non-essential services. The RFP is written in way that vendors can provide full Administration services or partial services. Regarding experience, she requested for vendors to have at least three years of experience in Pension Solution Software and at least one year with a public sector client. The RFP responses should have a cover letter, an Executive Summary, the overall firm services and technical system capabilities, a proposed Fee Schedule as well as an Appendix with Technical System Capabilities and Features form. This form is to see how
many vendors can provide the services that they are interested in and for it to be used as a tool to eliminate vendors if need be.

Mr. Gueits comments that using a point system makes him a bit nervous and is unsure if that would be the correct way of choosing a vendor. He adds that everyone’s way of scaling is different. Ms. Gomez suggests using a ranking system versus a point scale. Ms. Menegazzo advises that she will modify that. Mr. Mantecon asks who will be using the software daily. Ms. Menegazzo replies that Ms. Groome and Ms. Coffy will be using the system. Mr. Gueits believes they should be the ones providing most of the input and recommendations to the software since they would be the ones using it daily. Mr. Mantecon and Dr. Gomez agree.

Ms. Menegazzo addresses how the selection process will take place. Ms. Gomez recommends that the Investment Committee should meet to narrow down the number of vendors and then come to the Board with their recommendation. If there are only three replies to the RFP then there is no reason for the Committee to short list but if there is ten replies then the Committee would need to shortlist and bring their recommendation to the Board. Mr. Garcia-Linares asks for Ms. Menegazzo to add in the RFP for clarity that if there is more than three then it will be brought to the Investment Committee and if there is three or less then it will be brought directly to the Board. Ms. Menegazzo acknowledges that she will add this to the RFP. Ms. Elejabarrieta asks if the Board would consider having employees come in to test or sit in on the demo to obtain their perspective. Ms. Gomez replies that there are members on the Board that are employees and they can be asked to do this task. Ms. Elejabarrieta asks if they are comfortable with having a vendor with only one year of public sector experience. Ms. Sox replies that the one year can be used as the floor to not exclude anyone. Ms. Menegazzo explains that technology today changes rapidly and it could be that there is a new player in pension solutions that is an amazing system and just getting their feet wet and so she did not want to exclude them. Mr. Mantecon asks if the Board will be asking for financial documents from these vendors to prove financial backing. Ms. Gomez replies that because these vendors are private companies, they do not have to provide their financials and many times will not because it becomes public record so she does not believe this would be possible. Mr. Mantecon states that they can at least have a track record to be able to gage their ability to be here five years from now. Ms. Gomez thinks that perhaps they can request a list of all their clients as well all those who have terminated their relationship and why in the last five years and also ask if there are any legal cases pending. The Retirement Board follows a different code than the City’s Procurement Code, but she could go through the standard City Procurement Code language and see if there is any language that Ms. Menegazzo would like to add. She will have her staff provide it to her and then forward it to Ms. Menegazzo. Mr. Garcia-Linares asks if the Board needs to review the revised RFP or is it ok for Ms. Menegazzo to make the corrections, forward it to him and release the RFP. The Board agrees that Ms. Menegazzo will make the corrections and forward to Mr. Garcia-Linares for review before releasing the RFP to the public.

A motion was made by Dr. Gomez and seconded by Mr. Mantecon to approve the RFP with the changes recommended by the Retirement Board, to be reviewed by the Board Attorney before its release. Motion unanimously approved (12-0).
Ms. Menegazzo continues. The second thing requested of her was to do a Job Analysis of the positions in the Retirement Office. She explained that her major findings were that there is an extremely small team and the Board needs to be sure to have cross training in every single function. She adds that on a regular basis Ms. Groome is the primary Pension Administrator, but Ms. Coffy needs to be able to do every task that Ms. Groome does in the case that Ms. Groome is out and there is a lack of that as of right now. Since the RFP is moving forward it will be a wonderful opportunity because once a selection of a system is made both staff members will learn every single task there is. She highlights the manual process that the system will take care of and so her two major finds are the lack of cross training and there is a huge amount of processes that need to be done manually. There is a large amount of manual and tedious tasks that the staff does. She goes into detail explaining that active employees do not have access to annual statements online and so the Retirement Office receives a stack of these reports for each employee and manually sorts into Department, Classification, and then Ms. Coffy walks to City Hall to mail these documents. Although annual statements are once a year, there is also retiree statements that are done monthly as well as checks and vouchers that need to be out on a monthly basis. She and Mr. Garcia-Linares were in disbelief on the processes and how tedious they are. She believes that there are systems out there that could turn around the Retirement Office and it will be a proactive office rather than reactive. She adds that it will no longer be a processing center and staff will be able to go out and provide trainings and reach out to employees, conduct webinars and seminars. She adds that because the pay stubs are not electronic any retirees who have requested their pay stub electronically is sent it email by email versus the system electronically sending those pay stubs. It is a very manual process right now and all these issues and the Job Analysis will completely change once a system is in place.

Mr. Cordero asks if the Retirement Office should begin scanning files in preparation of the new system. Mr. Garcia-Linares replies that he remembers this discussion at the last meeting and it was decided to wait. Ms. Menegazzo recommends that the Board move forward with this and that the IT Department could help if the files were scanned and not in the correct format as they could change the format. Chairperson Nunez states that if the scanning is not done with OCR recognition it would be useless and so it would be best to have an outside vendor or be sure that the files are being scanned in OCR recognition. It is decided to wait on the scanning of the files.

7. Old Business.

There was no Old Business


Ms. Groome explains that she was at the FPPTA Trustee School and a report from the FSU Leroy Collins Institute was discussed. This report has used different types of criteria to grade the different public pension plans in Florida. Many of the plans were upset in regard to the grading because the data used was from previous years and so it is not accurate as of today and it does not take into consideration that plans are trying to work on their unfunded liability and actuarial rate of return. The FPPTA requested for participating Board members to provide insight to them because they want to work with the Institution in hopes of giving the report a better insight. Ms. Gomez points out that the report is based on 2017 data and as of today the Coral Gables Retirement System
would have a grade of C. Ms. Groome replies that this is the issue and that everyone is better than where they were in 2017. Mr. West advises that the Leroy Collins Institute is a bit political and it has been considered anti-pension but the FPPTA has reached out to the Institute and to the Florida League of Cities which is creating a hostile environment and providing misinformation. The effort has been to educate them on the reality. Mr. Chircut adds that the City of Coral Gables is one of the few to have three AAA bond ratings consecutively the past three years. Mr. Nunez states that the report is factual but is one-sided and those who do not know the details would see this believing that the details are factual and so the FPPTA is beginning to build a counter to show the public. Ms. Sox points out that the bad grade could be used to show citizens and then be used to get extra funding for the Pension plan. Ms. Groome replies that some of the plans are also closed plans and so if they are closed they will appear to be in better condition because that is not added in the report.

Dr. Gomez asks if Ms. Menegazzo is still on contract with the Board. Ms. Groome answers affirmatively and informs that she is paid monthly. Dr. Gomez asks when the contract ends. Ms. Groome replies that it will end when she is done. Dr. Gomez asks if there is no ending date. Ms. Groome responds that there is no ending date. Mr. Garcia-Linares adds that it is a month to month agreement.

Dr. Gomez states that all Board members received an email from Ms. Gomez regarding the extra payment made from the City. He thanks the City Manager, Mayor and Commission for continuing to provide the extra funding to the plan. He is very grateful that the City has partnered with the Retirement Board. Ms. Gomez replies that the City is also very happy to be able to provide the extra funding.

Chairperson Nunez asks Dr. Gomez if he feels the Commission should be made aware of the Leroy Institute report. Dr. Gomez replies that he believes they should be made aware but in a one-page short explanation to be sent with the report outlining some of the highlighted points that were discussed here. Ms. Groome advises that she could draft the letter but believes it should come from the Chairperson.

Mr. Garcia-Linares comments on the issue regarding the Police Officer’s question regarding disability. He and Ms. Groome reviewed the ordinance and the ordinance clearly states that after DROP participation commences the participant may not rejoin the system as an active employee nor shall the participant be eligible to receive disability. So it is clear that the Police Officer chooses to enter the DROP then he cannot choose to go out on disability retirement later.


There was no public comment.

10. Adjournment.

Meeting adjourned at 10:00 a.m.
APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER