

CORAL GABLES RETIREMENT SYSTEM
 Minutes of April 14, 2022
 Community Meeting Room - A
 Public Safety Building – 2151 Salzedo Street
 8:00 a.m.

MEMBERS:	A	M	J	A	S	O	N	J	F	M	A	APPOINTED BY:
	21	21	21	21	21	21	21	22	22	22	22	
Andy Gomez	P	P	E	P	P	P	P	E	P	E	P	Mayor Vince Lago
Alex Mantecon	P	E	P	P	P	P	P	P	E	E	P	Commissioner Jorge L. Fors, Jr.
James Gueits	E	P	P	P	P	P	P	P	P	E	P	Commissioner Michael Mena
Michael Gold	E	P	P	P	P	P	P	P	P	P	P	Commissioner Kirk Menendez
Katherine Newman	-	-	P	P	A	A	A	A	E	A	A	Commissioner Rhonda Anderson
Joshua Nunez	E	P	P	P	P	A	P	P	P	E	P	Police Representative
Christopher Challenger	P	P	P	E	P	P	P	P	P	P	P	Member at Large
Marangely Vazquez	P	P	P	E	P	P	P	E	A	P	P	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	E	P	P	P	P	P	P	P	P	P	Finance Director
Raquel Elejabarrieta	P	P	P	P	P	P	P	P	P	P	P	Labor Relations and Risk Management
Rene Alvarez	E	P	P	P	E	E	P	E	P	P	E	City Manager Appointee
Andy Mayobre	-	-	E	E	P	P	P	E	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager	P = Present
Manuel Garcia-Linares, Day Pitney LLC	E = Excused
Dave West, AndCo Consulting	A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR
 Pete Strong, Gabriel Roeder Smith
 Peter Traymont, Gabriel Roeder Smith
 Edemir Estrada, Gabriel Roeder Smith

1. Roll call.

Chairperson Gold called the meeting to order at 8:03am. Mr. Alvarez was excused, Ms. Newman was absent, Ms. Elejabarrieta and Mr. Mantecon were running late.

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 following invoice:

1. Day Pitney invoice #34164236 for Interim General Counsel in regard to IRS 1099r reporting in the amount of \$5,565.00.
2. Gabriel Roeder Smith invoice #469562 for January and February 2022 actuarial services in the amount of \$6,371.78.
3. Gabriel Roeder Smith invoice #470207 for March 2022 actuarial services in the amount of \$9,249.39.
4. AndCo Consulting invoice #40649 for January, February and March 2022 investment consulting in the amount of \$38,062.50.
5. Day Pitney invoice #34164236 for Interim General Counsel in regard to IRS 1099r reporting in the amount of \$11,410.00.
6. Gabriel Roeder Smith invoice #470214 for January through March 2022 professional administrative services in the amount of \$24,000.00.

A motion was made by Dr. Gomez and seconded by Mr. Nunez to approve the consent agenda. Motion unanimously approved (10-0).

3. Comments from Retirement Board Chairperson.

Chairperson Gold states that Item 5 is the concentration for the meeting that has not been discussed at length in the meeting. He wants to take a minute and a half to give the Board some perspective for their conversation going forward. Ms. Groome has given this Board decades of loyal service and worked diligently on the Board's behalf with unbelievable institutional knowledge. Some of the conversation in the last meeting came more adversarial and he would like this conversation to go as a Board concentrating on looking forward and not backward. He does not lay blame on any individual person. He would remind the Board that over the past five years they have been working towards this goal focusing on what the future might look like between the City and the Pension Board. And in that name. It may have been three years since you lost your assistant. It may have been three years since Ms. Groome lost her assistant and the Board did not hire a new one looking forward to this. The amount of workload has changed for Ms. Groome and the workload that she has put on for this City, for the employees and for the pensioners over the past few decades is commendable and the Board truly appreciates it. This part of the conversation in his view does not reflect any one's abilities, capabilities or commitment to the pension. He wants to keep that sort of the focus of the conversation is on what's going to happen going forward and not how they got here in the past.

Dr. Gomez agrees with the Chairperson. He appreciates the work Ms. Groome has done. At the same time, this is not about Ms. Groome. It is about how the Board can best serve the retirees based on their fiduciary responsibility. He is the pass Chairperson who

suggested they look into outsourcing this process. This is how they can best serve the retirees and the pension system. He wants to make very clear that his comments had never been intended about Ms. Groome.

Mr. Mantecon arrives to the meeting at this time.

4. Items from the Board Attorney.

Mr. Garcia-Linares informs that corrected 1099r forms for 2021 went out before the deadline. on said, light the time, they got out to everyone. Ms. Menegazzo, Ms. Gomez and Ms. Groome have been working on the 1099r forms for the prior years. They will be able to get the 2020 and 2019 forms out but not the 2018 forms. They tried to get the 2018 forms out but it was a lot of data. Ms. Groome informs that she sent the spreadsheet to Ms. Gomez. Ms. Gomez responds that she has not looked at it yet because it was not clear to her that it was the spreadsheet they previously worked on.

Dr. Gomez asks if they are still talking about what data is right and what data is wrong. Ms. Gomez states that they are comfortable with the data for 2021. There was a mix-up with PenChecks of some of the data for Box 5 where some data was used from the spreadsheet Ms. Menegazzo worked on and some data from the spreadsheet that she finalized. She does not know what happened with that and how it was cleaned up for the 2021 forms. Those forms went out and there were a few corrections she saw. Then she asked to look at the 2020 and the 2019 data because some people fell off in 2021 and 2020. She never got a clear say of which spreadsheet they were going to use. She spoke with Mr. Garcia-Linares and they were going to clear it up with the help of Ms. Menegazzo. The last email she saw was just an email that said here is the 2020 information and she did not know if the 2019 information was on it. This past week she was a bit busy and did not get to reviewing the spreadsheet. She did not review the spreadsheet because she did not have a clear direction that it was the final spreadsheet.

Ms. Elejabarrieta arrived at the meeting at this time.

Mr. Garcia-Linares states that it seems they are not operating as a team. A couple of weeks ago, Ms. Gomez raised the question as to which spreadsheet was being used. Ms. Groome responded that she had a spreadsheet from Ms. Menegazzo, a spreadsheet from Ms. Gomez and a spreadsheet from PenChecks which he did not understand because he thought in order to get the 2021 data, they had agreed to one spreadsheet. He does not know why this became an issue. He called Ms. Menegazzo and asked to her to make sure they were working off the right spreadsheet and Ms. Gomez was going to double-check it. He does not understand why they are not working as a team. They all seem to be talking across each other. He is trying to get everybody to work together, but they are not working as a team and it is very frustrating for him. Mr. Nunez states that obviously there is a communication issue. The spreadsheet was sent to Ms. Gomez and she has not gotten to it yet. They are waiting on validation or confirmation for when Ms. Gomez checks it.

Ms. Menegazzo informs that she and Ms. Groome will review the spreadsheet and once she reviews it, she will give it to Ms. Gomez which is the same process they did last time. The final spreadsheet that PenChecks is working off of is the one that Ms. Gomez finalized. Ms. Gomez comments that it turns out that they did not work off of that spreadsheet. Ms. Groome sent an email stating that some information was coming from your spreadsheet and some information was coming from her spreadsheet. She does not know what happened. What is the disconnect with that because she could not be clearer when she sent the spreadsheet to say it was the final. She even highlighted the columns to use. She does not know what happened there. Ms. Menegazzo states that the spreadsheet prepared by Ms. Gomez is the spreadsheet they should be using and then they add on the 2020 and 2019 data.

Dr. Gomez wants to clarify that nothing should go out that has not been checked by Ms. Gomez. Mr. Nunez thinks they need to figure out a way to establish communication updates because they meet once a month. Mr. Garcia-Linares states that this is not a Board issue, it is a lack of working as a team. Mr. Nunez points out that there are four different parties. Ms. Gomez has her other duties and Ms. Menegazzo is a consultant that is a part-time thing. It is not like she is next to Ms. Groome every day. Then they have PenChecks that is another party elsewhere. They do need communication to get everybody on the same page but again, everybody is spread everywhere. It is not like they have a team working together full-time.

Mr. Garcia-Linares states that two weeks ago Ms. Gomez raised the question as to which spreadsheet they were using and the response was from Ms. Groome was that she had to contact PenChecks to find out from them. Ms. Groome comments that PenChecks was using Ms. Gomez's spreadsheet for 2021. Ms. Gomez asks if the spreadsheet Ms. Groome was working off of is the one based off of what PenChecks actually sent out after the correction. Ms. Groome replies that she used the one they had for 2021. Ms. Gomez states that whatever happened with PenChecks, their mistakes should have been corrected and Ms. Groome should have had the latest spreadsheet with all the corrections. It was not clear in any of the communications that the spreadsheet that Ms. Groome was working off was the actual final data after all the corrections that PenChecks sent. Her point is they needed a clean spreadsheet and then they were going to look at 2019, 2020 and possibly 2018 but it never came in that way.

Chairperson Gold asks how they get an appropriate spreadsheet for Ms. Gomez to review. Ms. Menegazzo responds that she is going to confirm with PenChecks that the final spreadsheet sent to them, which is the one that Ms. Groome worked on first, she worked on second and Ms. Gomez worked on third. That final spreadsheet, she will confirm that is the one they were using and she will make sure that is the spreadsheet they need to work on. Then she will look at what Ms. Groome has been preparing over the last two weeks for 2019 and 2020 and add that information into the master spreadsheet, the final spreadsheet Ms. Gomez submitted. She will send that to Ms. Gomez to double check. Once Ms. Gomez agrees the spreadsheet is correct, then they can send out the corrected 2019 and 2020 1099r forms. Ms. Gomez thinks that Ms.

Groome and Ms. Menegazzo they need to work together with the spreadsheet and when it is final, she will review it and make sure the formulas are correct.

Chairperson Gold asks if Mr. Garcia-Linares has any other items. Mr. Garcia-Linares informs that he continues to talk to the City Attorney about the ordinance and she is ready to go to the Commission with the changes.

5. Discussion of Third-Party Administration for the Coral Gables Retirement System.

Ms. Menegazzo reports that she has been working with Mr. Strong at GRS over the last few days to go over the original proposal that the Board had previously approved which was a hybrid model to what outsourcing would look like right in the future. The original objective was that once PensionSoft was implemented they would move towards this hybrid model where the responsibilities are shared between GRS and Ms. Groome.

Pete Strong, GRS, informs that their current contract was signed in 2020 when they started the PensionSoft migration. The agreement was that GRS would be partnering with the PensionSoft Corporation. They would be maintaining the database and doing certain tasks as the PensionSoft database manager. Under Phase 1, the current arrangement is preparing benefit estimates, final benefit calculations, election forms, maintaining personal data, storing documents, maintaining the data on their secure servers, the online calculation system, generating benefits, preparing the annual data from the pension system, processing bi-weekly payroll and importing that into the system, setting up custom reports, confirm refund payments, monitor progress of retirement process, and sending data of retiree monthly payroll to PenChecks. Ms. Groome has been doing some of these tasks but it is in the process of being migrated over. That is their current arrangement. Some of these things need to finish being transferred over to GRS.

If they were to go to full outsourcing, that would include attending all Board meetings, preparing meeting agendas, packets and minutes, preparing income letters, preparing death audit reviews, employee and retire communication, call center, coordinating with service providers, prepare monthly financials, prepare trial balance for audits and prepare data exhibits for annual report. Two big things that are the most time-consuming is all the preparation for Board meetings and the call center.

Dr. Gomez asks what they mean by “timeline 120 days”. Mr. Strong responds that is the transition time it would take to go to outsourcing. The current arrangement is \$4,000.00 a month. To go to full outsourcing the cost is \$12,000.00.

The hybrid arrangement that they have been working on with Ms. Menegazzo, they are taking everything that is not direct customer service-related items. All Ms. Groome would be left with is all the Board meeting, the call center and coordination with service providers. All the customer service interaction with members would stay with Ms. Groome and when she separates from the City, they will be ready to take on all the back-office items. That cost is \$5,500.00 a month. They are also proposing adding the monthly financial prep work and that will be a huge weight off of Ms. Gomez’s office because her

office has been handling all the monthly financials and the trial balance prep. They have a third-party bookkeeper that is used for that. They do not know how much work that would entail but the most time intensive projects that they have for a bookkeeper now is a \$1,000.00 a month. They are proposing the amount will not go over a \$1,000.00 a month but they will see during the transition how much time it will take. Dr. Gomez asks if Ms. Gomez is in agreement to that. Ms. Gomez answers affirmatively. The issue is that in the past all the transactions came out of the EDEN system. The trial balance would just be simple prints and were very straightforward. That is no longer the case and it has become very cumbersome and difficult. They were only doing that reporting as a courtesy because it was in their system and made it very straight forward.

Mr. Strong states that is their proposal. The hybrid arrangement would allow Ms. Groome to continue throughout the rest of her DROP. She would maintain all of the client service functions and when they go full outsourcing, it would take 120 days to take on those items prior to that. They want to shadow Ms. Groome in her office. He introduces Peter Traymont and Edemir Estrada from GRS and they will be working with Ms. Groome in the hybrid arrangement.

Chairperson Gold informs that they have two options on the table. They can go to full outsourcing team or create a hybrid arrangement. Ms. Gomez asks what the recommendation is. What is the best-case scenario? Mr. Strong thinks the hybrid arrangement is the best-case scenario. He thinks it would be a challenge to take on full outsourcing right away. Getting interaction with Ms. Groome over time would transfer a lot of institutional knowledge. Ms. Gomez's thinks that makes a lot of sense. Having the transition period and also a transition period with the retirees who are used to dealing with Ms. Groome and getting somebody that is more familiar with the City. While that seems reasonable her concern will Ms. Groome's salary stay the same now that over 50% of her responsibilities have been shifted and they are paying for it through the service provider. Mr. Gueits asks if the City going to help the Board transition into the role for compensation and everything would be entered. Ms. Gomez responds that was something that the former City Manager had mentioned. They have had a new City Manager since all of this started. She believes that no decision has been made into that moving forward. It would just depend on that when that time comes to review what the needs of the City are. Dr. Gomez informs that he has had discussions with the City Manager and he is open to it.

Mr. Mantecon asks what is the biggest time consuming of the four additional duties. Mr. Strong replies that based on how much time it takes on other administration clients attending board meetings. There is a lot of prep work in advance and a lot of post work and the meeting itself. Getting ready for all the Board meetings, preparing the agendas and the back-up and then transcribing the minutes afterwards takes several hours involved for everything. The call center is probably just as time intensive. Their average client is smaller than Coral Gables and for an average client they get about 5 a day. Mr. Strong asks Ms. Groome how many calls she receives a day. Ms. Groome responds that she receives about 20 to 30 calls a day. Mr. Strong believes that the call center is

probably the most time. It could be two, three, four hours every day. That is probably the most time intensive.

Dr. Gomez believes that a full outsourcing of the system now would be a shock to the system. He thinks it would give you GRS an additional time in an advantage to have Ms. Groome playing a significant role moving on until the time she retires and leaves the City. He personally prefers the hybrid because he thinks it is an advantage to everyone. He asks Ms. Menegazzo's opinion on the hybrid arrangement. Ms. Menegazzo replies that GRS is ready to take this on within a certain number of days but it would really be up to the Board when they decide to flip that switch. She thinks that they move toward the hybrid arrangement where GRS starts working directly with Ms. Groome to take on some of the responsibilities. To answer Ms. Gomez's question about Ms. Groome's salary, she thinks that is something the Board should start thinking about. This decision would be made after 90 days. They have three months of training GRS to insure they take on all of these duties efficiently. They can start testing that Ms. Groome is the receiver of all of the requests of the call center person and then transferring over all of that information to GRS. It is still an early conversation where we should start thinking about, what her role would be as far as making sure that she is earning her full-time salary. Her recommendation is to go with the hybrid arrangement. Mr. Gueits asks how long they should take. Ms. Gomez thinks they should re-evaluate where they are every six months. They move in this direction and then start evaluating where they are at in six months.

Mr. Strong states that their intention is to do all the back-office support and have Ms. Groome maintain customer service functions. Mr. Mantecon does not want to go down this path and then look and see gaps they need as a Board and then they need to have to hire a part-time administrator or something else and have another cost to take on. Ms. Gomez thinks they can evaluate every so often. Mr. Garcia-Linares comments that the only way the hybrid arrangement will work is if they work as a team. He thinks it is a good idea to evaluate the arrangement in six months.

Mr. Gueits asks what Ms. Groome would like to do. If she says she is finished and will retire they can plan accordingly. Ms. Groome informs that she will leave the DROP in December 2024. Dr. Gomez explains that this is about the System and not about Ms. Groome. He thinks they should respect what she wants to do.

A motion was made by Dr. Gomez and seconded by Mr. Mayobre that they go with the hybrid arrangement effective this Board meeting and continue to evaluate it every six months.

Discussion:

Mr. Challenger comments that Ms. Groome has been doing this job for a long time and \$12,000.00 is a lot of money that he does not think she makes in one month. Ms. Gomez points out that they were already paying GRS \$4,000.00 a month so the difference is only \$8,000.00 a month. Dr. Gomez thinks Mr. Challenger's point is valid but Ms. Groome will be doing much less in her position than she currently does.

Mr. Mantecon states that cannot expect an outsourcing company to take on a responsibility without making a profit. They have a business and nobody has a business as a charity. There has to be some level of profit when you outsource. Maybe it just makes sense to hire another internal administrator once Ms. Groome is retired. The other option is to not go through this process of outsourcing and hire a separate administrator. You run the risk of not having any backup. In his business, he outsources his Human Resources Department. He could probably do it cheaper but he runs the risk of being in a big hole if his HR Director leaves. There is a certain value that the HR company brings and being able to have a significant level of infrastructure to be able to plug and play in the event that person gets ill, goes on maternity leave and all the things that happen when you employees that are working for you. Mr. Challenger comments that he did not disagree with paying \$12,000.00 he was talking about Ms. Groome's position.

Mr. Garcia-Linares points out that there will be no pension cost to the City with having GRS as administrator and they will have multiple people that can answer phone calls. They all know that Ms. Groome was on jury duty and they were dealing with things while Ms. Groome was on jury duty. There was no second, third, fourth person in the office. Ms. Gomez states that they talk about what the Board Attorney makes, they discuss the rates of the actuary and the investment consultant. It is an expense of the Board that needs to be discussed. She thinks to not talk about salary is irresponsible at the same time because someone cannot be expected to make a salary when before they were doing 100 things and now 75 of them are taken away and expect to make the same salary. It is a consideration that needs to be made.

Ms. Menegazzo asks if GRS sends out any surveys to the participants to get feedback on how they are doing. Mr. Strong responds that they do monthly surveys. Dr. Gomez comments that it will be valuable to him to get feedback from the people they serve.

Chairperson Gold calls the question. He thinks the motion needs to be amended. He thinks they need to have Board meeting updates and maybe rather than an update at 90 days and 120 days, they need to plan on full of evaluations.

Motion unanimously approved (10-0).

Mr. Strong reports on the preliminary actuarial report. These are preliminary and he does not expect them to change. The required contribution for fiscal year 2023 is down \$22.4 million from \$22.9 million. That number reflects the change in the investment return assumptions from 7.4% to 7.25%. The actuarial value of assets is at \$450.9 million. The market value was \$506 million. They have over \$55 million that is being phased in because they smooth assets over a five-year period. The return on the actuarial value of assets was 12.2% and market value was 22.4%. The actuarial liability is \$614.57 million. The change in the investment return assumption increased that amount by \$8.23 million. The funded ratio was at 73.4% versus 68.7% last year. That number is based on the actuarial value of assets. The market value funded ratio is at 82.3% versus 70.4% from last year. The unfunded liability is \$163.70 million versus \$189.67 million from last year. That amount came down a lot, it was a \$26 million. Those numbers reflect the

extra payment from the City at \$6.76 million. There was an actual experience gain of \$19.28 million which is \$20 million dollars of gain on the actuarial value of assets. The actuarial experience gain caused the required City contribution to decrease by \$1.73 million. They always talk about how many people are electing the defined contribution plan versus the defined benefit plan. During fiscal year 2021, approximately 42% of new general employees elected the defined contribution plan. The experience does not have much impact on the current cost of the defined benefit plan because the employee contribution rate is very close to the total normal cost rate in the defined benefit plan. They thought some years it was closer to 50% of employees choosing the defined contribution plan versus the defined benefit plan but it was only 20% who chose the defined contribution plan and 80% chose the defined benefit plan.

The extra payments for the unfunded liability are really helping the plan. They project that over the next seven to nine years the fund will be fully funded if the City continues their extra payments with the caveat that they continue to make their investment return assumption. The investment return is at 7.25% and that is still in the upper end of the reasonable range. He recommends continuing to lower the rate over time.

6. Investment Issues

Mr. West reports on the March monthly performance. If you look at the whole fund fiscal year-to-date return, they are in a decline of 2.32%. There was a huge sell-off in the bond market and sell-off in equities because of the way the program is asset allocated, there was a big contribution coming from real estate positively and the fixed income area performed well relative to a challenging environment. The important number here is that the plan is down 2.32% for the fiscal year to date and they are still in the game.

They are looking at more of the same here. The Fed policy is almost a secular shift. The key item is inflation on a global scale. The reconfiguration of global supply and Covid is in play here. Hopefully they will see a better management of that as far as factory and production will not cause any bottlenecks but that is a new concern to the supply situation. Regarding the Russian/Ukrainian situation, the superpowers of the world are at war now. There is no end in sight to this and it is causing major supply disruptions mostly to Europe and the African continent supply, mostly for energy and raw food stocks. The bond market sold off almost 6% during this period. This is one of the worst selloffs in history. Corporate credit and especially investment grade credit was down 7.6%. They moved to a very high-quality bond allocation and that was very helpful for the fund. The only positive equity sectors were energy and utilities. It was difficult for active management to outperform during this period.

The asset allocation has a modest overweight in equity and a modest underweight in non-core fixed income. It is very important that they main strategic neutrality towards the policy benchmark and they need to complete the rebalancing for operations of the monthly pension distributions. They also received a notice from TerraCap that they will be receiving a full call for the \$10 million pledged to that real estate product.

Mr. West informs that distributions for the month of May is estimated to be \$3.7 million, \$4 million for June and \$5 million for July. They have the full redemption coming back sometime in June from PIMCO which is a little over \$10 million. The current cash at Northern Trust is at \$2 million so they need to raise a total of \$18 million, \$10 million will go to TerraCap and \$8 million for the operating funds for the next couple of months.

His recommendation is to sell \$6 million of the Northern Trust S&P 400 index fund and Northern Trust S&P 500 index fund which will give them \$12 million out of equities. It is about 2.5%. He recommends pulling \$6 million dollars from the inflation protection fund. The fund has performed extraordinarily so they will take the relative gains out of that fund.

A motion was made by Mr. Gueits and seconded by Mr. Mantecon to sell \$6 million from the Northern Trust S&P 500 index fund, \$6 million from the Northern Trust S&P 400 index fund and \$6 million from the Fidelity Treasury Inflation-Protected Securities fund. Motion unanimously approved (10-0).

Mr. West reviews the flash report. Total equity was down on the quarter 9% versus a policy benchmark of 5%. The domestic equity managers underperformed collectively by 5.28% and the international managers underperformed collectively by 7.52%. Fixed income fiscal year to date was down 3% versus the policy at 5.44%. The biggest relative gains came from the non-core fixed income and the opportunistic fixed income allocation with PIMCO. They had solid results from the allocation in the bond portfolio and bond managers collectively. Real estate had nice returns also.

7. Old Business.

There was no old business.

8. New Business.

There was no new business.

9. Public Comment.

Woody Woodside, retiree, asks if the issue of the problems with the PenChecks company been discussed. Chairperson Gold answers affirmatively. Mr. Woodside asks if someone from PenChecks at the meeting. Chairperson Gold replies that no one from PenChecks is at the meeting now. Mr. Woodside asks what was discussed. Chairperson Gold responds that the Board agreed to a hybrid transition plan where over the next 120 days they are giving 60% to 75% of the administrative duties on the financial side over to GRS. As the administration outsourced provider and Ms. Groome will work with the pensioners, attend the Board meetings, structure the agendas, communicate with the pensioners and work as a pension administrator and coordinate with service providers for the time being and it will be evaluated after 120 days. Mr. Woodside asks if they are not staying with PenChecks. Chairperson Gold explains that PenChecks is staying as a vendor of the

Board. Mr. Woodside states that is a problem. From day one when they got involved for approximately one year, they have had problems with the pension system. This company from their website look like they are a huge company should be capable of administering their carrying out the functions that they were assigned without these problems. They are a little family-owned operation operating out of a strip mall in California. His question is how many more problems they have to experience before they realize that PenChecks is not truly capable of handling the function as a service provider. Chairperson Gold replies that they believe they are and they are quite sure they can continue as the provider. Some of the frustrations have just come to light in the transition and as with a lot of change, there are always frustrations. They have pushed through 80% or 90% of those frustrations thus far. Hopefully in the next few weeks they will have the 1099r issue behind them. Going forward he thinks they will be a lot less frustration on his part.

Mr. Woodside states that the problem is this was just a quick check online. This company has a lot of problems. Were they vetted? Were any of the problems they had in the past discovered? It looks like they have been suspended from functioning in the State of California. Shortly after that suspension, they moved their Corporate Offices to South Dakota and the address in La Mesa, California is considered only a processing center and no longer their corporate headquarters. Mr. Garcia-Linares asks what the problem with PenChecks is. They were aware of the 1099r forms. Chairperson Gold informs that Mr. Woodside changed his address and he is in California and they are reporting the income to the State of California but he is a resident in Florida and not California. They had a conversation last night.

Mr. Woodside states that PenChecks' corporation is not authorized to function in the State of California. They have been suspended. This family has a group of approximately six different names that they operate under and the Family itself for the last several years have been involved in the internal strife making accusations between themselves of stealing money. If they cannot trust themselves within their Company, how should the pension system be trusting them to handle their money?

Mr. Gueits thinks they should verify the information. Mr. Garcia-Linares suggests Mr. Woodside send an email with the information with his concerns and then the Board can evaluate it. Julie Hendrickson, Mr. Woodside's daughter, informs that they emailed Ms. Groome last night with links to some of this information. All this information is out there available and it has been available from what they could tell since 2007. There are two court cases documented in case law related to these issues. Mr. Gueits thinks it is the choice that the Board has made regarding a provider. Ms. Hendrickson states that this company was not vetted obviously, unless somebody can tell the contrary.

Dr. Gomez states that based on the advice of legal counsel they need to stop this conversation and have them put it in writing. in many settings and more. Chairperson Gold asks for Mr. Woodside to put this information in writing to the Board and they will absolutely review it. This is the first time they are hearing about this. Ms. Groome informs that she did not receive any email. Chairperson Gold asks if they could elucidate

the complaint in writing, they will address all of them. He thinks it is difficult for them us to go back and forth when the Board is not prepared to address these more directly.

Mr. Woodside thinks they need to have a review of the contract regarding their right to terminate for cause. The company that was mentioned earlier, are they completely independent from PenChecks? Ms. Gomez explains that they are moving forward with GRS for this transition and PenChecks is just the provider that cuts the payment to the retirees. PenChecks is just a check processing portion of their functions. With that being said, if you send us the information that you that you have, we will investigate it. They cannot go back and forth on the phone without the Board having looked into it at this point.

Ms. Hendrickson understands that this I public comment and her father would like to finish his statement. She is speaking for him because he has a little bit of a slur and it is early in the morning. She is trying to help him finish. Mr. Woodside states that they need to determine the extent of and cost of damage that may have been done to the pension plan. It should be a CPA or tax attorney and if necessary, the IRS based on the last 1099r forms and PenChecks interpretation of the IRS regulations. Chairperson Gold informs that they did have a tax attorney review this. Mr. Woodside asks who the tax attorney was. Mr. Garcia-Linares responds that it was David Doyle of Day Pitney law firm. Mr. Woodside asks if the attorney connected to PenChecks. Mr. Garcia-Linares replies that he is legal counsel and totally separate and independent. Does Mr. Doyle practice in Florida or California. Mr. Garcia-Linares answers that David Doyle is in New Jersey and he represents pension plans around the country.

Chairperson Gold thinks the best avenue is to put his complaint in writing and that way Mr. Woodside can elucidate bullet point by bullet point what the issues are. Ms. Hendrickson asks if they can confirm Ms. Groome's email address. Ms. Groome confirms her email address. Ms. Hendrickson informs that she did send two emails to that address late last night. It may have gone into her spam. She did it on behalf of her father because it is harder for him to get onto the computer. Her email is USMCnurse@me.com. Her father would like for her to read one review from the U.S. Business Report published in May of 2015. "PenChecks is a network of companies based out of a small strip mall office in La Mesa, California. These companies run by Peter Preovolos acquire and process missing participant IRAs on behalf of employers, or retirement managers. PenChecks has several companies but is primarily divided into two brands. This dual branded company charges the IRAs it acquires, heavy monthly maintenance fees draining a substantial portion of the holders' retirement. If the IRA holder desires to rollover or receive a distribution of funds away from the PenChecks company, it requires a signed contract making the recipient wave up to 20% of their remaining retirement in the guise of a check processing fee. This lucrative two punch business practice can effectively drain a significant portion of an employee's lifetime retirement." Chairperson Gold informs that they do not work with that side of the company. Ms. Hendrickson states that she will skip down to the point that the Board understands that this is about the overall company. This is not about one side of the company. In fact, this view tackles the fact that that it is two sided for a reason.

Chairperson Gold does not know if reading this to the Board is the appropriate answer and there is a time limit to public comment. They are rehashing some of the same things. They have asked that they put this in writing so that the entire Board can review it rather than reading it here for the first time. Ms. Hendrickson states that at risk of rehashing, what they just confirmed is that this company was not vetted. They are telling her father that none of this information is known. This is old information out there available to the public. These people were not vetted. The Board just confirmed that. Mr. Woodside asks if Chairperson Gold would remind the Board of their fiduciary responsibilities. Mr. Garcia-Linares states that the Board has heard their comments and Ms. Groome has confirmed that Ms. Hendrickson's email was in her SPAM and she will circulate the email to the Board members and they will look at it. Chairperson Gold thanks Mr. Woodside for his comments.

10. Adjournment.

Meeting adjourned at 9:52 a.m.

APPROVED

MICHAEL GOLD
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER