

CORAL GABLES RETIREMENT SYSTEM
 Minutes of February 8, 2024
 City Hall, Commission Chambers
 405 Biltmore Way, Coral Gables, FL 33134
 8:00 a.m.

MEMBERS:	F	M	A	M	J	A	S	O	N	J	F	APPOINTED BY:
	23	23	23	23	23	23	23	23	23	24	24	
Vacant	-	-	-	-	-	-	-	-	-	-	-	Mayor Vince Lago
Alex Mantecon	P	P	E	P	P	E	P	E	P	P	P	Commissioner Castro
Juan Lucas Alvarez	-	-	-	-	-	P	P	P	P	P	P	Commissioner Ariel Fernandez
Michael Gold	P	P	E	P	E	E	P	P	P	P	P	Commissioner Kirk Menendez
Manny Carreno	-	-	-	-	-	P	P	P	P	P	P	Commissioner Rhonda Anderson
Joshua Nunez	P	P	P	E	P	P	P	P	P	P	P	Police Representative
Christopher Challenger	E	P	P	P	P	P	P	P	P	P	E	Member at Large
Sureya Serret	-	-	P	P	P	P	P	P	P	P	P	General Employees
Troy Easley	P	P	P	P	P	P	E	P	P	P	P	Fire Representative
Diana Gomez	P	P	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	P	P	P	E	P	P	E	P	P	P	E	City Manager Appointee
Vacant	-	-	-	-	-	-	-	-	-	-	-	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager	P = Present
Manuel Garcia-Linares, Board Attorney	E = Excused
Dave West, AndCo Consulting	A = Absent
Edemir Estrada, Gabriel Roeder Smith	
Pete Strong, Gabriel Roeder Smith	

GUESTS:

1. Roll call.

Chairperson Mantecon called the meeting to order at 8:13 a.m. Mr. Nunez was 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 Retirement Board meeting minutes for January 11, 2024.
- 2B. The Administrative Manager recommends approval of the City of Coral Gables invoice #00076 for General Liability from October to December 2023, and invoice #00123 for General Liability from January to March 2024 in the amount of \$1,476.75.

A motion to approve the Consent Agenda was made by Mr. Carreno and seconded by Mr. Easley. Motion unanimously approved (8-0).

- 3 Comments from Retirement Board Chairperson.

There were no comments from the Chairperson.

- 4. Items from the Board Attorney.

Mr. Garcia-Linares spoke about the decision to end the death audit services provided by The Berwyn Group after it was found out that the Retirement System is receiving the same services from another provider.

Mr. Garcia-Linares also mentioned that he reviewed the documents from AndCo being acquired by a firm called Mariner, and the consent form looks fine for the Board to sign.

An issue that continues to happen is that the Retirement Board is still missing some board members. A former board member who no longer lives in the City but works in the City is still interested in serving. Mr. Garcia-Linares' recommendation to the Board was to submit a resolution to the City Commission to request that a Retirement Board member needs to either reside or work in the city in order to be on this board, as opposed to being required to live in the City.

A motion to draft a resolution from the Retirement Board requesting that the City Commission either wave the fourth fifth or wave the residency requirement in lieu of the fact that the former board members interested in serving works in the City and has served on this board previously was made by Mr. Easley and seconded by Mr. Nunez. Motion unanimously approved (9-0).

Ms. Gomez added the agenda for the next Commission meeting is already set, so the draft resolution needs to be provided a week and a half prior to the February 27th meeting.

- 5. Items from the third-party Pension Administrator.

Ms. Estrada confirmed that the Retirement System is no longer receiving death audit services from The Berwyn Group and Ms. Groome has no longer access to their portal. PenChecks, the payroll provider, runs reports and notifies the Pension Administrator when there is a match. Ms. Gomez asked if PenChecks could provide copies of those reports to the Pension Administrator to which Ms. Estrada indicated that they won't be doing it, and just will be providing the results.

Chairperson Mantecon asked about the Retirement System finding out that someone who had deceased and that PenChecks has hadn't brought it to our attention as well. Ms. Estrada responded affirmatively.

Mr. Garcia-Linares commented that he hasn't been informed recently regarding any monies owed to the Retirement System related to deceased members. Ms. Estrada stated that she will get more information pertaining to this situation. Ms. Gomez asked if there was anything the Board needed to do or vote on. The course of action to be taken was to let PenChecks continue to run the death audit reports, see how that works and maybe revisit it in a few months.

Ms. Estrada explained that GRS has been working with the auditors, and GRS wants to be consistent with the way things has been done in the past. GRS understands there's a delay and they have been in communication with the auditor.

Ms. Gomez added that should the financial statements of the pension board be delayed; the financial statements of the City will be delayed as well. A draft should be provided by the next meeting so that the Retirement Board can approve the financial statements of the Pension board because the City can't then use them for their purposes if it's not approved. Ms. Gomez said she believes that all the financials are with GRS and Jeannie Kennedy, the accountant for the Retirement System and they're not necessarily relying on the City's financial information any longer.

Chairperson asked Ms. Estrada if she is one who's directly managing them and dealing with them to which Ms. Estrada explained that there is a team and she is the contact person. GRS's team have several people working on several items and once those items are ready, they go to her to be provided to the auditors.

Ms. Estrada commented that GRS has an internal meeting recently and they spoke about few items, things that are happening, things that are coming and working with the auditors was one of those items. She reiterated that everything goes to her and once she has everything she provides everything to the auditor through their portal.

The next item was related to two new retirees that were supposed to be paid on the first of the month and they got paid a few days later instead. Ms. Estrada explained that the paperwork needed from members most of the times come from Ms. Groome; members are still contacting Ms. Groome but they should be contacting GRS. The information provided for both members was incomplete and payments were not processed on time. Ms. Estrada mentioned she spoke directly with one of the members to apologize and the member understood the situation.

An update was provided to the Board on the number of active and inactive members that are currently registered on the portal; 242 active employees are registered (with 326 pending registrations) and 508 inactive members are registered (with 500 pending registrations).

Ms. Estrada mentioned that GRS will be working on a flyer to be provided to members that have not registered on the portal yet, to try to bring the numbers up and get more members registered.

The last item was in regard to the 2023 1099-R tax forms. GRS has been working with PenChecks since last year. GRS asked what was needed from them to produce the 2023 1099-R tax forms and PenChecks requested a report with the participant names, Social Security Numbers and the amount that needed to be entered under Box 5.

Not every 1099-R tax form includes an amount in Box 5, but the amount is regarding to the after-tax contributions.

This was GRS's first year working on that information to provide the report to PenChecks. Additionally, several calls were received from retirees asking for the status of their 1099-R, not receiving their forms, receiving two separate forms in different addresses, etc. PenChecks explained when retirees have different addresses in different states, their system will mail a form to each state.

Mr. Garcia-Linares commented on one of the issues related to the 1099-R tax forms and the amounts in Box 5. He believed the forms were being done incorrectly and he had to resolve the problem. Ms. Estrada the issue was different this time.

Pete Strong addressed the Board via Zoom to explain the situation in detail. He said last year GRS did not review the Box 5 amounts. Those were calculated by Ms. Groome and sent to PenChecks and GRS was not involved. This year GRS was asked to calculate the Box 5 amounts and provide a list to PenChecks. When GRS calculated those, they realized that the wrong table was being used to divide the after-tax contributions; this only apply to retirees who elected a Joint and Survivor type of payment. This happened in mid-January when GRS discovered this and they had to get those amounts to PenChecks by January 20th in order for them to finalize and get the 1099-R out by January 31st.

GRS had basically one week to make a judgment call. GRS made that judgment call to say let's report the correct amount, but they need to true this up. They need to look at how much has been reported historically for each person. Mr. Strong recommended doing a cleanup project to see how much has been reported as non-taxable to know how much is left to report as non-taxable in the future.

Ms. Estrada's recommendation to the Board due to the fact that there's been several issues with the 1099-R was to bring PenChecks to Board at the next regular retirement meeting so they can address any problems.

6. Investment Issues.

Dave West indicated there were no action items and provided an update on development with the AndCo acquisitions. He will also be reporting on the January 2024 report.

AndCo has been acquired by a firm called Mariner Financial. Mariner is a multi-disciplinary financial services firm located in Kansas. They have offices in they have 98 offices in about 50 states. Their focus is exclusively on personal asset management. AndCo will continue as an independent entity and there will be no disruptions whatsoever to their business entity.

There will be a name change and the closing is scheduled for April 2, 2024.

A motion to approve and sign the Consent for Assignment of Investment Advisory Contract between AndCo and Mariner was made by Mr. Gold Easley and seconded by Ms. Gomez. Motion unanimously approved (9-0).

Mr. West continued to provide an overview of the December 2023 quarterly report to the Board and noted that the money that's been put to work this reflects all of the decisions of working together constructively over the years. No questions were asked regarding the current allocation.

Mr. West spoke about the privates and real estate; it looks like the attention now is focused more towards the regional banks that hold a lot of the paper. The New York Community Bank was in the news. New York has a lot of rent control, things in place there, putting some stress on landlords.

Total Fund Market Value as of 1/1/2024 was \$484 million.

7. Old Business

There was no old business.

8. New Business.

Mr. Nunez spoke about a new concept and requested a feedback from the Board regarding an option to retirees that once they separate from the DROP they would have the option of keeping their investment in the Retirement System. Mr. Nunez wanted to bring up a discussion on benefits or disadvantages to providing that option to members.

Chairperson said it sounds interesting to look at. Ms. Gomez noted that it could probably be an ordinance change and it would be something that the City would probably have to change the ordinance for. Ms. Elejabarrieta was also part of the discussion.

Mr. Strong explained that GRS has some clients that have the ability to leave their DROP In the fund post retirement; however, it does create a few issues. One of which it complicates the 415 calculations because technically if someone can earn a higher return in the DROP then the rate of return the actuary calculates to convert to an annuity to measure against the 415 it can lead to like what's called multiple annuity starting dates, for future distributions from the DROP, so it can make the 415 calculations a little more complex and it can make somebody down the road subject to 415 that wasn't subject to 415 when they first exited the DROP. Another issue is it can lead to a large DROP balance relative to the size of the assets in the fund. There's leveraging risks.

Mr. Gold asked whether does the client would love this option, or would the members that can participate love it? Mr. Gold's perspective in listening to the conversation go on is that the people that would benefit most are people that leave the Retirement System. Mr. Strong responded it would be the members that can participate are the ones who love the option.

Dave West added from an investment perspective, that it would be an awesome benefit for those people that would be able to leave the money in the Retirement System, but from an investment perspective he has some clients with substantial percentages of DROP assets. Mr. West would encourage, if the Board takes this path, that they also look at notification periods that are required for any member to withdraw their DROP balances. The reason he says that from an investment perspective now all of a sudden, they have to change and really have to manage for liquidity because those DROP assets, worst case scenario, could be pulled at one time. Additionally, the fund would probably need to be invested differently.

9. Public Comments.

Retiree Mr. Harry Pickering explained he was one of the 129 retirees affected on the 1099-R issue and the amount in Box 5. He said to him it was no big deal but he wanted to speak on behalf of other retirees. It was not his personal situation but there are a lot of retirees that won't understand the situation.

Mr. Pickering understands the situation and can explain it to his accountant that he had for 30 years but other retirees are going to tax return offices like HR Block or different accountants every year and they don't understand the situation. If Box 5 amounts for those 129 retirees was going to change, those 129 retirees should have got a heads-up so they could explain it to their accountant. It just adds to the confusion and the frustration of those that were affected. Mr. Pickering said that he agreed with Mr. Gomez' comments that there should have been a communication to the retirees. He added that he is not one of those affected retirees that had moved from one state to another.

Pete Strong responded that the issue was GRS had a time crunch and they had to make a decision with a few days notice. They made the decision to get it right this year and do a true up between now and next year. He can see Mr. Pickering's point, GRS thought that the amounts were small enough in general that didn't need a full-blown communication but he can understand Mr. Pickering's point to explain the reason for the change; especially now that GRS knows the reason for the change. Mr. Strong added he thinks a letter to those 129 people could be done just explaining why the Box 5 amount did change from last year with a link to the 1998 tables.

10. Adjournment.

Meeting was adjourned at 9:36 a.m.

APPROVED ON: _____