

CORAL GABLES RETIREMENT SYSTEM  
Minutes of October 14, 2021  
Community Meeting Room - A  
Public Safety Building – 2151 Salzedo Street  
8:00 a.m.

MEMBERS:	O	N	J	F	M	A	M	J	A	S	O	APPOINTED BY:
	20	20	21	21	21	21	21	21	21	21	21	
Andy Gomez	P	P	P	P	P	P	P	E	P	P	P	Mayor Vince Lago
Alex Mantecon	A	P	P	P	P	P	E	P	P	P	P	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	P	P	P	E	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	P	P	P	P	E	P	P	P	P	P	P	Commissioner Kirk Menendez
Katherine Newman	-	-	-	-	-	-	-	P	P	A	A	Commissioner Rhonda Anderson
Joshua Nunez	P	P	P	P	P	E	P	P	P	P	A	Police Representative
Christopher Challenger	P	P	P	P	P	P	P	P	E	P	P	Member at Large
Marangely Vazquez	P	P	P	P	P	P	P	P	E	P	P	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	E	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	E	P	P	P	P	E	E	City Manager Appointee
Andy Mayobre	-	-	-	-	-	-	P	E	E	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager  
Manuel Garcia-Linares, Day Pitney LLC  
Dave West, AndCo Consulting

P = Present  
E = Excused  
A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR  
Tom Zelenak, IAFF  
David Vargas, IAFF  
David Renshaw, Teamsters

1. Roll call.

Chairperson Gold calls the meeting to order at 8:08 a.m. There was a quorum. Mr. Alvarez was excused, Ms. Elejabarrieta was running late, Mr. Gueits, Ms. Newman and Mr. Nunez participated via Zoom.

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 9, 2021.
- 2B. The Administrative Manager recommends approval of the following invoices:
  - 1. Gabriel Roeder Smith & Company invoice #464556 in the amount of \$6,435.39 for August 2021 Actuarial Services, invoice #465308 in the amount of \$4,911.39 for September 2021 Actuarial Services and invoice #465320 in the amount of \$9,815.00 for administrative services.
  - 2. AndCo Consulting invoice #39134 in the amount of \$38,062.50 for investment consulting services for July through September 2021.
  - 3. Berwyn Group, Inc. invoice #7487 dated October 1, 2021 for death audit yearly service in the amount of \$1,144.00.
- 2C. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:
  - 1. DROP Benefits: David Vargas (Firefighter), Fernando Couceyro (General/Excluded), Erik Tejera (General/Teamster).
  - 2. Vested Rights Benefits: Kevin Kelley (Police), Manny Rivero (Police), Jesus Cordero (General/Teamster).
- 2D. The Administrative Manager recommends approval of the purchase of other public employer service time of Norman Angel requesting to buy back 1,124 days (3 years, 1 month).

**A motion to approve the Consent Agenda was made by Mr. Mantecon and seconded by Dr. Gomez. Motion unanimously approved (9-0).**

- 3. Comments from Retirement Board Chairperson.

Chairperson Gold comments on the letter from the Finance Director regarding additional City contributions to the Retirement System. The City is contributing an additional \$6.75 million above the required contribution this year. Since he has joined the Board, he recognizes publicly that the City has contributed an additional \$28.896 million over the required City contribution for the past seven years. That has allowed the Board to make huge leaps forward with the funded rate and allowing Mr. West to do his job as investment consultant.

Ms. Elejabarrieta arrived at the meeting at this time.

Dr. Gomez suggests Chairperson Gold send a letter to the Mayor, City Commissioners and City Manager about the additional funding. Chairperson Gold states that it is truly wonderful to be a part of this. He thinks it started a year after he joined the Board. He is glad to have been on the Board for that and seeing what the Board has been able to do over the past seven years really

gives him great confidence that the longer they are on the right track of taking care of their investments. He is excited about. He also thanks the Board's professional partnerships.

4. Items from the Board Attorney.

Mr. Garcia-Linares informs that he had a meeting with the City Attorney about a week and a half ago. They spent about an hour going through things regarding mutual cooperation and working together as well as making sure the Board is provided with notice of ordinance changes. The City Attorney agreed the Board needs to be more involved and aware of what is coming and is appreciative of everything that the Board does. There were a couple of items he discussed with her. First was with regards to moving to an online system. They have already had one retiree's child, who reached out to the Retirement Office trying to get access to the system. The City Attorney agrees with him that they will not provide access to the child without a Power of Attorney. If the retiree wants their child to help them out in getting access to the System that is one thing but if they see a request from somebody's child without the retiree then they will need a Power of Attorney or some other legal document to have access to the retiree's information.

They spent some time talking about the Retirement Ordinance. He informed the City Attorney that he was going to have his office look through the ordinance to see if there were any recommendations they would make. It would be just an overview review of the Ordinance. They also discussed the issue of the COLA which is out of their hands. It was part of the settlement that if they meet the requirements, under the ordinance, the Board approves the COLA and the City Commission makes the decision as to what they want to do with regards to the COLA. They discussed the issue of Ms. Groome's duties provided in the ordinance, as Administrative Manager, and looking ahead. He knows it is three years away for making a change but they are going to start looking at that part of the Ordinance regarding outsourcing the Administrative Manager position. They discussed the issue of quorum and Zoom needs and unfortunately, it is out of their hands. It is a State issue. The City Attorney informed that a number of cities are lobbying the State to see if they can make some changes to that State issue. They talked about disability issues that come before the Board. There have been issues with regards to language and in the Ordinance like "may" versus "shall" and the City Attorney is going to look at that issue as well as the ability for the Board to us to refuse someone's disability when they are very close to retirement. They had one situation here where they had to approve the disability of the Police Officer and that Police Officer was about to retire. Under the ordinance, they would have never been able to review. The City Attorney will look at those issues with what their attorney.

5. Update of Pension Administration System implementation.

Ms. Menegazzo updates the Board on the pension administration system. For the last several months the have been running into a wall trying to extract the data and the data is not having everything they need and having errors in it. The main error has been a duplication of records. The data is coming from different systems and they are trying to put all that data into one file. They decided as a group that they were going to stop trying to fix the automated data and fix it manually. They had the best data file and had 13,000 duplication of records. Ms. Groome was able to help the IT Department to identify certain queries which brought it down to about 3,000. Then Ms. Groome was able to work manually on the file and brought the duplications down to about 500. The preliminary assessment was that we had done well with that data file and they

were going forward with a master import into the system. The next step is benefit calculation testing and DROP compensation testing. Yesterday afternoon and this morning she received some bad news that when the test was being done there were earnings missing after 2007 for certain people. Today they will be focusing on identifying how many people are missing earnings after 2007. She wishes she had better news for the Board. The duplication of records was the biggest issue regarding the data file. Now that they have done the actual testing of the file, they have identified that there are missing files. Dr. Gomez asks who "they" are. Ms. Menegazzo informs that it is PensionSoft. Everything is ready to go but unfortunately the collection of data has been mission impossible. It continues to be a very manual process to get the right data. GRS will be taking over to identify how many people have this data missing since 2007. She identified previously that they had we had before 13,000 issues and they fixed those and now they are going to identify how many issues they have with the earnings data from 2007.

Dr. Gomez states that once they fix this issue what is the guarantee it will not happen again. Ms. Menegazzo responds that is what the benefit calculation and DROP compensation testing is for, to make sure they have the correct data. She hopes to have better news next week but they are still working on making sure that the history data is correct.

Ms. Groome informs that Union representatives are in attendance. At the last meeting, the Board asked for them to be invited to see if they can help in getting retirees signed on to the portal. Dr. Gomez asks how many retirees have signed on to the portal. Ms. Menegazzo replies that there have been 311 retirees out of approximately 1,000.

Mr. Gueits arrived at the meeting at this time.

Ms. Menegazzo informs that they sent out registration codes about two or three months ago. Ms. Groome adds that they sent the first email in August and a second email in September. Ms. Menegazzo states that her recommendation was to push a campaign and send out information for registering on to the portal. Eventually, the retirees will sign up. They have to keep pushing for at least another six months to try to get participation.

Tom Zelenak of the IAFF asks if they have emails of every retiree. Ms. Groome answers negatively. They have some emails and the rest of the notices are going out via USPS. Mr. Zelenak informs that he just retired and signing onto the portal was difficult. He had to call Ms. Groome to help him register. It called for a complicated password and then with the two-part authentication you have to go to your cell phone or another type of device to sign in. He thinks most of them in this room know that but he does not think they will get 100% participation in registering onto the portal. Once you get in it is smoother.

Ms. Menegazzo states that she is also getting information that the City's accounting needs as well as Ms. Groome needs for reports for the audit. She spoke with the Board's auditor and he informed that when they have created the reports, he will do a test of those reports in his system. PenChecks and PensionSoft can create customized reports for the System. She would like to put all their energy right now towards fixing the data file and then they will work on the reports that accounting needs.

Mr. Zelenak speaks to the friendliness of the system. He went through it with Ms. Groome and there is not really a lot on there for retirees. They get to see their monthly check and deductions. The future is that the actives will get on and they can see how they are accumulating and there will be a lot more information for them. Mr. Garcia-Linares asks if the Fire Union reaches out to their retirees. David Vargas replies that they keep in touch with a lot of retirees. He can give points of contact and send that information to them. Is there an application process or something that explains what this system is? What would they expect in registering onto the portal? Ms. Groome states that the notice they are sending out is the website and registration code to sign-on to the portal. She comments that she is in touch with retired Police Officers and they have a newsletter they send to the retirees they keep in touch with. They have informed her that the newsletter has information that they are able to register for the portal. Mr. Garcia-Linares asks Mr. Zelenak if the instructions he received to register on to the portal was user friendly. Mr. Zelenak answers negatively. That is why he had to call Ms. Groome to help him register. Mr. Garcia-Linares states that the letter needs to be clear for the retirees.

Ms. Menegazzo informs that October is her last month as their consultant. Does the Board want to extend her contract through November so she can see this project through? Ms. Groome requests that the contract be extended to the end of 2021.

**A motion was made by Dr. Gomez and seconded by Mr. Gueits to extend the contract with LagomHR to December 31, 2021. Motion unanimously approved (11-0).**

Mr. Garcia-Linares asks if PensionSoft has an app. Ms. Menegazzo answers negatively. She will check to see if they will have an app in the future.

6. Discussion of approval of the Verdeja De Armas Trujillo audit and engagement letters regarding the year end September 30, 2021 (\$25,000.00 and out-of-pocket expenses of \$250) audit and 2021 State of Florida Annual Report (\$2,750.00) not to exceed \$28,00.00 (a 4% increase from previous year).

Chairperson Gold asks if Mr. Garcia-Linares reviewed the Engagement Letter. Mr. Garcia-Linares answers affirmatively. Ms. Gomez comments that a draft of the audit needs to be submitted at the February 2022 meeting and final at the March 2022 meeting.

**A motion was made by Dr. Gomez and seconded by Mr. Mantecon to approve the Verdeja De Armas Trujillo invoice for the audit ending September 30, 2021. Motion unanimously approved (10-0).**

7. Investment Issues.

Dave West reports on the investment performance. This has been an absolute banner year for the Retirement System investment program. The net return for the fiscal year was a very nice, 23.14%. It is well in excess of their required return. The total fund policy was very strong at 19%. They outperformed their self-imposed policy by 4% and 4% on \$500 million is \$20 million of additional value added brought to the table in the collective efforts of this Board and very actively and prudently managing the investments of the System. There was \$92 million in appreciation and \$9.5 million in investment income for the investment earnings of over \$100

million earned this year net of investment manager fees. As of September 30<sup>th</sup>, the asset value was \$493,659,796 million. The prior two months to September they were over the \$500 million mark. They had negative returns during September. Bonds sold off across the board. Equity sold off across the board. Their only real positive contributors were the real estate and the hedge fund allocation. Most of the outperformance to the benchmark came from how they work together to finesse the allocation. They have been maintaining an overweight to equity. They have also been making some significant stylistic shifts. The Eagle Capital strategy performed admirably for the year at 49.75%. Brandywine was at 42.7% beating their benchmark which was up 35%. The Winslow growth manager came in above their benchmark with Wells Capital slightly outperforming. The mid-cap S&P 400 index fund was up 43%. They had made a strategic decision to allocate more money to the active managers and this proved to be a good decision to make. Other mention should go to their international equity managers RBC was up 39% percent versus their policy benchmark. WCM also outperformed at 29.5%.

They need to address fixed income. The bond index was down .87%. Richmond Capital was down 1.3% and Garcia Hamilton was down 1.4%. The allocation to PIMCO was up 7.4%. The fixed-income experience was flat because they had these other alternative fixed income investments in place. The big surprise for the year is the real estate portfolio. The JP Morgan Strategic Property Funds was at 14% and JP Morgan Special Situation Fund was at 18%. The other mention goes to the Ironwood hedge fund manager which was at 15.75% for the year. The asset allocation closed the year at target neutral.

He suggests they continue to maintain style neutrality. If they do resume the recovery, it is likely that value stocks will resume the leadership, but there is a lot of uncertainty about that right now. He also suggests they continue to underweight investment-grade fixed income. He would like to continue to review the allocation efficiency of the bond area. At the last meeting they integrated a strategy where they implemented the Treasury Inflation Protection Securities Bond portfolio. That was done via an index fund. This is an effort to change the characteristics of the portfolio and hopefully that gives them a little more diversification.

Mr. West summarizes the Investment Committee meeting. They went through the allocation approach to changing the flavor for real estate. They looked at private equity or private investment real estate. This will be the first time that this Board will have gone into a private equity structure. They included managers that were in opened-end fund structure like what they are currently doing with JPMorgan. His recommendation was to add 4% of total plan assets to specialty real estate. Half will go to TerraCap which was a manager selected from the private equity allocation and half going to Boyd Watterson. The committee recommendation was to bring TerraCap and Boyd Watterson to present to the full Board.

**A motion was made by Mr. Gueits and seconded by Mr. Mayobre to approve the Investment Committee's recommendation to bring in TerraCap and Boyd Watterson to present to the full Board. Motion unanimously approved (11-0).**

Mr. West informs that they expect to get a relatively immediate capital call assuming they get a successful engagement of these two managers. He would like to be prepared to have the money ready for those calls. Part of the source of funds was to reduce the core real estate allocation.

He suggests that 2% of the 4% will come from the JP Morgan Special Situation property fund and the other 2% is going to come from fixed income.

**A motion was made by Mr. Gueits and seconded by Mr. Mayobre to approve Mr. West's recommendation to reduce the JP Morgan Special Situation fund by 2% and the fixed income allocation by 2% to fund the private investment real estate managers. Motion unanimously approved (11-0).**

8. Old Business.

There was no old business.

9. New Business.

- a. For informational purposes – Actuarial Impact Statement and proposed City Ordinance for General Employees Collective Bargaining Agreement 2020 – 2023.

Ms. Elejabarrieta summaries the changes in the collective bargaining agreement.

Mr. Easley comments that he thinks it is fantastic they have recognized the additional City contributions. He would like to point which he thinks is something that occasionally falls by the wayside and that is the employee contribution, especially the general employees contributing 13% and fire and police contributing 10% each. They do have a bite in this game too. That is something that should be brought forward to other folks out in the public or when they talk about the City's contributions.

10. Public Comment.

David Vargas states that they will work on getting the information they spoke of earlier to their retirees. They do appreciate what the Board does and how they take the time and effort to really take care of the people that take care of the City.

David Renshaw, business representative of Teamsters Local 769, thanks the Board for their collective efforts on this and thanks the Board for the invitation to the meeting.

11. Adjournment.

Meeting adjourned at 9:11 a.m.

APPROVED

MICHAEL GOLD  
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME  
ADMINISTRATIVE MANAGER