

CORAL GABLES RETIREMENT SYSTEM
 Minutes of August 8, 2019
 Police Community Meeting Room
 2801 Salzedo Street — Police Station Basement
 8:00 a.m.

MEMBERS:	J	S	O	N	J	F	M	A	M	J	A	APPOINTED BY:
	18	18	18	18	19	19	19	19	19	19	19	
Andy Gomez	P	P	P	E	P	P	P	P	P	P	P	Mayor Raul Valdes-Fauli
Rene Alvarez	P	E	P	P	P	P	P	P	E	P	E	Vice-Mayor Vince Lago
Alex Mantecon	-	-	-	-	-	-	-	-	-	P	E	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	P	E	P	P	P	A	P	P	P	Commissioner Michael Mena
Michael Gold	E	P	P	P	P	P	P	P	P	P	P	Commissioner Patricia Keon
Rene Alvarez	P	E	P	P	P	P	P	P	E	P	E	Commissioner Vince Lago
Joshua Nunez	P	P	P	P	P	P	P	P	E	P	P	Police Representative
Randy Hoff	P	P	P	P	P	P	P	P	P	E	P	Member at Large
Jesus Cordero	-	-	-	-	-	-	P	A	P	P	P	General Employees
Troy Easley	P	E	P	P	P	P	P	P	P	P	E	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
Carter Sox	-	-	-	-	-	-	-	-	-	-	E	City Manager Appointee
Pete Chircut	P	P	P	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager
 Ornelisa Coffy, Retirement System Assistant
 Dave West, AndCo Consulting
 Manuel Garcia-Linares, Day Pitney LLC

P = Present
 E = Excused
 A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR

1. Roll call.

Chairperson Nunez calls the meeting to order at 8:06 a.m. All persons are in attendance except for Mr. Mantecon, Mr. Alvarez, Mr. Easley and Ms. Sox. (There is a quorum) Dr. Gomez participated via conference call.

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 June 13, 2019.
- 2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.
1. For the Board's information, there was a transfer in the amount of \$5,000,000.00 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 June 2019 for the July 2019 benefit payments.
 2. For the Board's information, there was a transfer in the amount of \$6,400,000.00 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 July 2019 for the August 2019 benefit payments.
 3. For the Board's information, the following Employee Contribution checks were deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date June 9, 2019 in the amount of \$189,489.00 was submitted for deposit on June 14, 2019.
 - Payroll ending date June 23, 2019 in the amount of \$183,120.12 was submitted for deposit on July 11, 2019.
 - Payroll ending date July 7, 2019 in the amount of \$199,069.50 was submitted for deposit on July 11, 2019.
 - Payroll ending date July 21, 2019 in the amount of \$195,922.64 was submitted for deposit on August 1, 2019.
 4. Copy of detailed expense spreadsheet for the months of June 2019 and July 2019 are attached for the Board's information.
 5. Attached for the Board's information is the joint meeting with the City Commission meeting minutes of June 6, 2019.
- 2C. The Administrative Manager recommends approval of the following invoices:
1. City of Coral Gables invoice #341584 for General Liability Insurance for the 4th quarter of fiscal year 2018/2019 in the amount of \$1,159.50.
 2. City of Coral Gables invoice for April 1, 2019 to June 30, 2019 in the amount of \$30,403.92 for expenses of the Retirement System paid out of the General Ledger account of the City.

3. Gabriel Roeder Smith invoice #447360 dated June 13, 2019 for actuarial consulting services for May 3, 2019 through June 7, 2019 in the amount of \$17,242.00.
4. AndCo invoice #32323 dated June 14, 2019 for consulting services and performance evaluation for April 1, 2019 to June 30, 2019 in the amount of \$38,062.50.

A motion to approve the Consent Agenda made by Mr. Hoff and seconded by Mr. Cordero. Motion unanimously approved (9-0)

3. Investment Issues.

Chairperson Mr. Nunez informs that Mr. West requested to go first and so he has been moved up on the Agenda items. Mr. West greets the Board and informs that he is the bearer of good news. Brandywine has fully transitioned and all proceeds have been taken out of MD Sass. The JK Milne portfolio has successfully been transitioned to Garcia Hamilton and the numbers that are logged in for Garcia Hamilton as of July 1, 2019. August was a pretty vicious reaction to the decisions made in China to the President's tariffs. However, the next day the market was back up and it seems to have been stable. There is an expectation of equity decline in the portfolio. Garcia Hamilton is the one bond manager in the portfolio that has positioned the portfolio to counter the current market thinking right now since many believe the market is heading into a recession and if they are correct that would mean more prosperity ahead. The total fund fiscal year to date is a net 4.56%. It will be a challenge to meet the rate of return assumption, but it is possible. So far there have been some good decisions across the board. The one-year number annualizes at 6.43%, the three-year number is at 10.2%, the five-year number is at 8.09% and the seven-year number is at 9.55%. All managers are ahead of benchmark except for the international equity manager, RBC. This is not the best environment for RBC and they are struggling a bit. He has no issues with RBC and the consistency of returns for this manager for over two decades has just been phenomenal. He has no problem in giving them a pass at this time. The JP Morgan Strategic Property Fund had a write down in their retail property grouping and they took about a 60-point basis write down. It does look like they are back on track and although it was a very small portion of the portfolio it was significant. As of June it looks like they are back on track reporting what is more expected to be reported from a property fund of this nature. Mr. West recommends staying the course from an asset allocation standpoint and to keep the over weights and under weights where they are currently. The books will be closed September 30th of this year and at that time he would like to come back and revisit and upgrade the portfolio.

Mr. West reviews the investment performance for the period ending June 30, 2019. The fund through June reported 4.6% fiscal year to date and 8.3% for the year. The 3 year number was 11.90%, the 5 year was 8.4%. This fund ranked number one for the quarter in the public fund universe and number three on a 7 year basis. He would like for the

Board to remember this in case the fund does not make the actuarial rate of return for the fiscal year. He adds that the fund is doing very well and he is very anxious to see the FRS numbers when they come out. They close their books on June 30th.

Mr. West continues. All managers are ahead of their benchmarks and all managers have very respectable peer group rankings. International equity manager, RBC, has had recent underperformance and their one-year number rank is in the 49th percentile which is still not bad and their three-year number is in the 7th percentile. Since inception on September 1, 2014, the fund ranks in the 16th percentile. JP Morgan Strategic Property Fund return was very tight. It will be worked into the average and will bring their peer group ranking down but he is comfortable with what is taking place in that strategy. From a compliance standpoint with manager peer grouping everything looks excellent and he has no issues or concerns. Mr. Gold asks if he is still comfortable with the allocations with the hedge fund manager Titan. Mr. West responds that his team is doing a deeper dive and he can bring forth some documentation at the next meeting. Mr. Gold clarifies that he was interested in Mr. West's perspective on the asset class. Mr. West replies that they are still comfortable with the hedge fund manager allocation but believes this fund is something that should be looked at soon after the fiscal year.

4. Comments from Retirement Board Chairperson.

Chairperson Nunez thanks the Board members in attendance. He explains that he is aware that this is the first meeting from summer break. He wishes that everyone had a great summer and moves on to the next agenda item which are the items from the Board Attorney and the transition process.

5. Items from the Board Attorney.

Mr. Garcia-Linares thanks Christopher Greenfield for the transition process and he thanks the Board for choosing his firm. He has big shoes to fill. Alan Greenfield was the Board's attorney for a very long time and he learned a lot from him. Mr. Christopher Greenfield thanks the Board for the kindness of allowing his father to work during his illness and he will miss coming to the meetings. Mr. Garcia-Linares informs that there are several items that he has been working on. He explains that Mr. Christopher Greenfield provided all the files his father had mostly related to the GRS claims.

Mr. Garcia-Linares reports that deceased retiree Herman Clark's daughter, Brenda Lee, made a claim that she was his beneficiary. The issue seems to be cleared up. Documentation was provided showing that Mr. Clark did choose his daughter as a beneficiary and then prior to his death chose his spouse. It appears that Mr. Clark had chosen his daughter as beneficiary and then once he saw the significant change in electing her as his beneficiary and what it would do to his benefit, he elected his spouse instead. He believes the Board needs to find a way to have a computerized system to make things of this nature more modern. The daughter was under the impression that she

was the beneficiary because she received documents from the City stating she was listed but it then turns out that she was no longer there. As of now they have accepted the paperwork. He believes the City should look to see if there is another way to make files more clear since there is so much technology currently available. Ms. Groome adds that this file is from a participant who was employed in the 80's and at that time technology of that sort was not available.

Mr. Garcia-Linares moves on to the case of Ms. Schmidt. He reminds the Board that Ms. Schmidt is the lady who had received \$62,000 in benefit payments and had agreed to pay \$42,000 upfront and then \$10,000 over time. He is working on resolving the settlement agreement and that is finalized. He should have that to Ms. Groome and the Board Chairperson for signature the next day or so. Mr. Gold advises that in the minutes it states the payment every month will be \$200 but needs to be changed to \$250. Ms. Coffy apologizes for the error and advises that she will make the necessary changes. Mr. Garcia Linares clarifies that the initial payment is to be \$42,000 and then they would like to pay the remaining \$10,000 by paying \$250 a month starting September 15, 2019.

Mr. Garcia-Linares states that as soon as the Board approves the auditors' engagement letter, he will notify the auditors that he is the new counsel to the Board, and they can forward him any questions. There was another part of the GRS issue. It was in reference to the Estate of Alfred Walker claim. A petition to strike was filed and last week an objection to the petition was filed explaining that the money came to the estate post the death of the individual. He reached out to the attorney and they have decided to speak on the matter to try and get the issue resolved. He adds once the two mentioned issues are resolved he will be contacting GRS again to see what the next steps will be resolving the other claims and an economic decision will have to be made as to how far the Board will go in pursuing GRS now that the largest of the debts have been settled. At the next meeting he will have an update in regard to GRS and how he believes to move forward.

Mr. Garcia-Linares continues. On August 7th he received a call from Ms. Groome and Ms. Coffy regarding a deceased retiree whose benefit continues for his beneficiary for the remainder of his 5 year certain. There is an issue as to who should be entitled to the proceeds of his benefit and in that situation there is an ex-wife who is claiming she is on the paperwork as beneficiary but there is also child. He will review the file to see what the proper handling of this issue is.

Mr. Garcia-Linares finalizes adding that the last item is an item that was on the Agenda in reference to Ms. Coffy. Her contract stated that she was to have a 401k account, but the account had not been setup. The Board then approved for her to receive the back pay of the monies that were to be sent to the Nationwide account stated in her contract. There was an issue in sending the funds to this account, so she created a 457 account with Merrill Lynch and the \$5000 was sent there. The issue is now any interest that she would have earned through the period that the money was not vested. He asks where Ms. Coffy chose to put the current monies that are being setup with ADP. Ms. Coffy responds that

she chose the Vanguard 2050 fund which is basically a fund that asks when you will retire and invests based upon that. Mr. Garcia-Linares recommends that the Board have Mr. West review and determine what the fund would have earned. He explains that he will leave it to the Board as to how they would like this to be calculated.

Mr. Hoff makes a motion to ask Dave West to calculate the amount of interest and to pay whatever the amount of the interest may be. There was no second.

Mr. Garcia-Linares informs that he spent 15 hours worth of time last month. Dr. Gomez comments that he would like Mr. Garcia-Linares to come back to the Board once he has had the opportunity to review the processes and the role of the attorney with the Board and with staff. Chairperson Nunez summarizes the comment stating that he guesses this would be a clarification of the scope and his duties. Mr. Gueits believes Dr. Gomez is asking for Mr. Garcia-Linares to provide his observations on various areas and functions of the operation. Dr. Gomez explains that whenever there is a new vendor or group coming in it is good practice to have them review how things are done and to provide recommendations. Chairperson Nunez tells Mr. Garcia-Linares to ponder on Dr. Gomez requests and he will call for a vote on the motion. Dr. Gomez asks for the motion to be restated. Mr. Hoff restates the motion.

A motion was made by Mr. Hoff and seconded by Mr. Gueits to ask Dave West to calculate the amount of interest owed to Ms. Coffy and to pay whatever the amount of the interest may be. Motion unanimously passes (9-0).

Mr. Garcia-Linares explains that his understanding of Dr. Gomez's statement is while he is working as the attorney for the Board and during his transition to review and provide his advice from a legal standpoint. He has already begun to do that like in his earlier comments with Mr. Clark's estate and his concerns in documenting things correctly. He adds this is the beginning of the process and he will make recommendations where he sees necessary.

6. Discussion of approval of the Verdeja De Armas Trujillo audit and engagement letters regarding the year end September 30, 2019 (\$23,500.00 and out-of-pocket expenses of \$150) audit and 2019 State of Florida Annual Report (\$2,500.00) not to exceed \$26,150.00.

Chairperson Nunez moves to the approval of the audit engagement letter. Dr. Gomez asks Ms. Groome if she has anything that is different that she would like to bring to the Board's attention. Mr. Gold comments that he has a question regarding the timeliness of the audit. He knows this has been an issue in the past and he would like to know if there is a way to create a penalty for untimeliness. This has been a source of frustration in the past he would like to eliminate but is unsure on how to contract it. Ms. Gomez states that it is a matter of reiterating that the report is needed by a certain time frame. It could also be an issue of if they are informing that they need information by a certain deadline then

are we meeting this deadline and so it is a two-way street. Mr. Garcia-Linares recommends that after the agreement is approved by the Board to send along with it a cover letter detailing the expectation of when the report is to be completed. Ms. Groome adds that last year was the first year as the auditors and they had a lot of information to learn about our system. Mr. Gold asks Ms. Groome if she believes it will flow better this time around. Ms. Groome answers affirmatively. Mr. Garcia-Linares comments that it always does the second time around. Ms. Groome replies that she is unaware that they missed any deadlines last year. She believes they were unaware of how much work it takes in completing the State Annual Report and this is why she believes they have now raised their cost in completing the State Report. It is a lot of work to input the data online for the State Report. Dr. Gomez recalls that last year Verdeja sent a bill for time and he believed it had to do with some expectation that they were not ready for. He asks if overtime will not be paid in the case that something of this nature occurs again. Mr. Garcia-Linares points out that the contract states the maximum to be paid and that it will not exceed a certain amount. Mr. Chircut requests that the auditors present the audit at the February meeting.

A motion was made by Mr. Hoff and seconded by Ms. Gomez to accept the approval of the Verdeja De Armas Trujillo audit and engagement letters for the year end September 30, 2019. Motion unanimously passes (9-0).

7. Discussion of approval of Day Pitney LLP Engagement Letter for Legal Representation.

Mr. Hoff jokingly asks Mr. Garcia-Linares if he reviewed his own contract. Mr. Garcia-Linares replies that he has not. He believes at the last meeting it was stated that Mr. Greenfield was to review the contract and have him report if there were any issues. Mr. Greenfield comments that he did review the contract and did not see anything that was unusual. It was brought to his attention that 66 cents for color scans was unacceptable but there was nothing unusual. Mr. Garcia-Linares replies that he does not believe that there is a cost for color scans, but he knows that the former firm did charge for scans. He reassures Mr. Gold that if costs for color scans are on the invoice, he will take care of it. Jokingly, Dr. Gomez requests that the attorney is present at board meetings in a coat and tie. Mr. Hoff comments for the record Mr. Garcia-Linares is present in a coat and tie.

A motion to approve Day Pitney LLP Engagement Letter for Legal Representation was made by Mr. Hoff and seconded by Mr. Gueits. Motion unanimously passes (9-0).

8. Attendance of Yolanda Menegazzo of LagomHR Inc. reporting on the status update of automation of the Retirement Office and third-party administration.

Yolanda Menegazzo of LagomHR informs that in her report the red Triangular Alert signs are all of the tasks that are currently manual. She had been working with Lemar in

the City's IT Department. Ms. Gomez corrects her advising that his name is Lemay and not Lamar. Ms. Menegazzo apologizes and informs that in her report his name is listed as Lamar. She then turns attention to the next two pages of her report. The first page shows a picture of the Wintergate system created by Lemay. The second page shows how the data is pulled from the Eden system. The report created by Lemay does not list the pay codes and explains that this makes the report less able to assist the Retirement Office from their current process of having to go through each pay period. She explains that the Retirement Office needs the data broken down in pay code and if it had been done this way then the data could have been filtered to get the codes needed. Ms. Gomez interjects stating that it was her understanding that the report pulls the pensionable amount. Ms. Coffy agrees with Ms. Gomez. When the report was initially sent forward by Lemay the Retirement Office did a calculation using their traditional method and using the Wintergate report provided by Lemay and there were discrepancies in the final number. Ms. Gomez comments that the Retirement Office should be double checking the Wintergate information because it is only giving the pensionable codes. Ms. Groome agrees stating that is not the issue. Ms. Gomez replies that it was stated that it was an issue and so she wants to make it clear that it is not an issue. Ms. Coffy restates that the report that Lemay just created for the Retirement Office is not accurate. Ms. Groome agrees. Ms. Gomez replies so the previous data in Wintergate is correct and the office should not have to waste time with it. Ms. Groome replies that they waste time with the Eden data. Ms. Gomez states that she is not talking about the Eden part. She then continues stating that Lemay informed her that he was trying to work the Retirement Office to fix the issue and he has gotten no response from the Retirement Office. Dr. Gomez believes that this is not an issue to blame who, when, why and how. The issue is the system has issues and they need to see how best to move on. Ms. Gomez replies that the City was trying to make best with what they currently have right now.

Ms. Menegazzo informs that the slides in her report are to demonstrate what the Retirement Office has to deal with on a daily basis and what resources they have to use to calculate those wages. Mr. Garcia-Linares asks if Lemay was to be used to back check Ms. Groome and Ms. Coffy. Ms. Menegazzo replies he was supposed to make it easier for them to do retirement calculations. He is trying to extract the information to make it less of a manual process.

Ms. Menegazzo continues. She explains that she researched three different options that the Coral Gables Retirement System could take. The first is to keep everything in house and having two staff members. The second option is fully outsourcing. She adds that she has spoken to a few municipalities who have done this and some of them have still had to retain a staff member as a liaison between the municipality and the outsourced third-party administrator. Finally, the last option is a hybrid. That is a combination of both in-house and full outsourcing. She advises that many of the TPA's request that a liaison be present. At the last meeting it was requested of her to complete a Pension System Features Comparison. She reads of the report in her presentation informing that she researched Nyhart, Foster and Foster, CBIZ, Pension Technology Group, Pension Gold and Pension

Soft. Out of these six systems four of them have the capabilities to fully outsource and has full payroll service. Her recommendation is for the Retirement System to invest in a pension software system with payroll. Payroll will be more expensive, however, it is so difficult to extract data from the Eden system and the implementation process might not be successful because of the poor data that is being received from Eden. She is sure the Board has heard of when bad data is put into a system then bad data comes out. Several members on the Board collectively state “Garbage in garbage out”. Ms. Menegazzo agrees and continues with her presentation. Both Ms. Coffy and Ms. Groome are aware of what her presentation was going to be today. The entire success of this project would depend upon the Retirement Office being 100% on board.

Ms. Menegazzo informs that her fail safe recommendation is to put out an RFP but to choose a system that has capability to fully outsource so the Board implements the system and gives the office the opportunity to manage it over the course of two to three years. After that time, if the Board feels that the investment has not been used to its maximum capacity then the Board could decide to have this taken off their hands and outsource the administration. She adds that if this is the end goal to fully outsource then this could be an approach because the Retirement Board would have to pay for implementation fees anyway. Dr. Gomez states that he started this conversation and his goal was to never outsource. His goal was to impose moving forward in how to serve the employees and retirees by strengthening the operations of the Retirement Office. He asks Ms. Menegazzo what she means by “used to its maximum capacity”. Ms. Menegazzo explains that she meant that all of the features that are offered in the pension software system when it comes to the backend and that the Administrator is managing it and then all of the training involved for the employees and retirees. That includes having a self-service portal for retirees to update their beneficiary information, their tax withholding and using the system to its full potential. These systems are extremely robust. Her recommendation is that the Retirement Board picks a solution that the Board feels comfortable with but will also have outsourcing capabilities. She has staffs’ commitment that they want to implement this. They recognize that they need it and they want it. They are buried in paperwork and are aware on how inefficient the office is now. She would recommend a system that has the capabilities to be fully outsourced.

Mr. Garcia-Linares asks if Ms. Coffy and Ms. Groome be trained. Ms. Menegazzo replies that the systems are very involved and many of them are local. Instead of having remote support for training there is the capability of having a representative here during the implementation to hold the staffs’ hands and provide one-on-one training. They all have promised to be very involved. Some of the systems promise to implement in a matter of weeks and some of them in months but she believes that the transition will take about a year because of Eden. As stated before, it will be a massive a data dump and the data will need to be manipulated on the back end and then imported into the new system.

Dr. Gomez asks Ms. Gomez what impact, if any, the change in the City’s system will have in the Coral Gables Retirement System implementing a system. Ms. Gomez replies

that she is unaware if the new system that the City will have will contain a Pension Module. The way payroll is done will be different and so if they are using the payroll functionalities then that will be different. She adds that the reports may be better only because it is in more updated and newer software, so that piece of it will be easier. There are still the legacy issues that will need to be dealt with because the City will not be importing that data into their new system. So, the data used to calculate pensions from the beginning of someone's time will not be readily available. Mr. Garcia-Linares asks if the data will not be put into the system. Ms. Gomez replies that they will not be putting in data from 50 years ago into the system. Ms. Menegazzo points out that in this case you would because that data will be needed. Every single employee's pay history will need to be uploaded and once it is uploaded the proper pay codes will be attached to the proper amounts and from there the system would calculate the estimate. This data would be a one-time upload. Ms. Gomez agrees with Ms. Menegazzo but comments that the data is still the same data that they are currently getting which is all the data from Wintergate and all the data from the Eden system. Yes, there seems to be some massaging that needs to be done with the Eden system, but it can be fixed if it specifies which pay codes. A report is a report and it will pull whatever it is told to pull. Ms. Menegazzo states that there will still need to be a bi-weekly import into the new software because when payroll is running every two weeks, that date will need to be uploaded into whatever system is placed in the Retirement Office.

Dr. Gomez asks if it would be fitting to the Board to allow Ms. Groome and Ms. Coffy to advise on what their concerns are if they have any. Mr. Hoff asks if this is a server-based system. Ms. Menegazzo replies that they are all cloud based and the only one that is not is Pension Gold. They request for a server to be onsite and they added an additional \$70,000 dollars. Mr. Hoff states that it is \$100,000 with licenses. Ms. Menegazzo explains that all the others have that, not just Pension Gold. Mr. Hoff comments that he will obviously not be present when a decision is made but data breach protection, local site backup are things that must be specifically added and outlined in an RFP. Is there an actual sheet showing if payroll was not added in the systems what the costs would be? Ms. Menegazzo refers to the page in her presentation that lists all the options. Option 1 includes an In-house Pension Administration System including payroll. Option 2 is an In-house Pension Administration system not including payroll. Option 3 is Full Outsourcing. Option 1 for the First year would cost roughly \$100,000 including implementation fees. Option 2 costs the exact same with implementation fees and Option 3 would cost \$167,000 without implementation fees. Mr. Garcia-Linares asks if Option 3 would require an employee. Ms. Menegazzo responds that some of them recommend having a liaison and those are the hybrids. Mr. Hoff asks who would do the RFP for the system would she do it or staff. Ms. Menegazzo replies that either she or staff can do it. Ms. Groome advises that she has a draft RFP from a City that has recently completed an RFP for a pension software system. Ms. Menegazzo replies that she also has a lot of resources and RFP drafts from previous work that she has completed. She adds that if the Board was to move forward with her recommendation a RFP of this nature would be very unique. Mr. Gueits asks if Ms. Menegazzo is saying that no other municipality has

requested for the capability of outsourcing at some point in the future. Ms. Menegazzo answers negatively. Mr. Gueits states that would mean no one is interested in doing this. Ms. Menegazzo replies that many of the municipalities that are fully outsourced are very happy, but they still have a liaison.

Mr. Hoff asks if Ms. Menegazzo is recommending the Board go with Option 1. Ms. Menegazzo answers affirmatively. She is not recommending full outsourcing at this time because the City of Coral Gables has a certain culture that they have established. There is an onsite office where the employees and retirees currently come to ask questions and automation will disrupt that as is, so the Board should begin with baby steps with getting automated, getting efficient and getting organized. Then they can see how the program is being managed and then move forward. She suggests that the Board not invest in a system that does not have full outsourcing capabilities because new implementation fees will have to be paid. Mr. Garcia-Linares asks if the data would be on our servers or is the data on their servers. Ms. Menegazzo replies that the data would be on their servers and only Pension Gold requires an onsite server. The companies who have their own servers provide security for those servers. Mr. Garcia-Linares understands.

Chairperson Nunez asks Ms. Gomez if in the City upgrade will include a payroll upgrade. Ms. Gomez answers affirmatively. Chairperson Nunez asks if that will change Ms. Menegazzo's recommendation if the Retirement System used the payroll portion of the City's new system. Ms. Menegazzo replies that it would help save money but her recommendation is if the Board goes that route, she would choose a system with payroll for the outsourcing option. Mr. Chircut recommends to Ms. Menegazzo to piggyback off an RFP that has been used to save on costs. Mr. Hoff replies that if they were purchasing toilet paper that would be possible but because this is a customer designed system that is impossible. He knows the Board follows its own Procurement Code, but the City Procurement Director is not a piggyback person and she wants individual bids for everything. Ms. Gomez comments that this is just too much of a custom thing to think that they would be able to fit in what another municipality has. Mr. Garcia-Linares asks if the Retirement System purchases a system with payroll will that eliminate the City's need for a payroll system. Ms. Gomez answers negatively. The payroll system is still needed for the City employees. Mr. Gold asks if there is any way to pay the City to expand the current capabilities of the new system to integrate. Ms. Gomez replies that the new system will integrate and so there is no issue on integration. Mr. Garcia-Linares comments that the City is two years away. Ms. Gomez agrees. Ms. Elejabarrieta knows it seems that two to three years is far away but if the process is initiated now then you have two years for implementation because it takes that long. Ms. Menegazzo replies that she does not think the implementation should take one and a half to two years for implementation. Ms. Elejabarrieta thinks that the RFP will take about six months and the implementation was said to take about a year by Ms. Menegazzo. Ms. Menegazzo states that an RFP should not take six months. She understands that working in government things take a long time but an RFP should be two to three months and as to the implementation that should be full speed ahead. Ms. Gomez states that they still have to

run normal business and if they had dedicated staff that only works on the implementation, she worked on implementation with the City of Miami, they are not going to be able to stop what they are doing during normal business and then give them the dedicated time to implement the system. She thinks that when implementers tell you can get it implemented in six months, she does not believe it. How can they add a whole implementation on top of that and expect it to be done right away, it is just not going to happen. Ms. Menegazzo explains that one of her recommendations is to hire a consultant. They don't want to spend all this money on a new system and it not be up and running in the timeframe that these companies can actually deliver for you. These companies can deliver for you within a few months it just depends on staff. Ms. Gomez states that a consultant is not knowledgeable of their system. They can implement a system that is going to be off the shelf and it will not work for them unless their people are able to sit there and tell them what they need and what they need to do. Implementation is difficult and you just have to do it but do not set unrealistic timeframes to think you are going to implement the system in a short time frame. You have no additional staff that will be dedicated to this and run normal operations. Dr. Gomez thinks they need to set a specific target for the implementation. Do they have the adequate staff to do the kind of work that is required? Ms. Menegazzo answers negatively. They are already buried in the day to day operation that it will be difficult for them to set aside time to dedicate the implementation. The way the implementation would work is the implementation team from the company you choose would give a timeline and then they would train on how to do that specific part of the system. They will have to dedicate a good two full days a week to implementation if they want to stay on track with the timeline.

Mr. Hoff thinks they are putting the cart before the horse. Ms. Gomez is concerned that they are leaning toward putting in a new system and she does not believe that they understand the full operations. She does not know what happens day to day in the office but the majority of this is all about the calculation of the pension. That is the main issue. She is not saying there are no other things. That has always been one of the main sources of frustration. She thinks that they are making strides towards simplifying that. She mentions the IT Department a lot because they have bailed them out in Finance a lot and they create reports that help them when they sit and work with them. IT created that report in April and Lemay just texted her from Spain and said that no one has contacted him with any issues of that report since May. That is so frustrating to her that someone is trying to help to make it simple why do they say it is not working but they cannot even work with their own IT Department how will they work with the implementation. They are trying to put a band aid on a solution that will cost them a lot of money and until they understand what is happening they will not be able to be successful. Certain things like the buy back, starting October 1, 2019; they will now be outsourcing it to GRS to do the calculation of the buy back. That is one less thing they have to do internally. There are a lot of things that are not being done internally or that they are doing with significant help from GRS. She thinks they need to look at what functions they are talking about and what they need to do. For instance, the updated form for beneficiary; easily IT can create a website that says "update your information" that would throw it back to the Retirement

System with the new database of retirees and their beneficiaries so they can upload whatever they need to upload. She thinks the issue is that way back when they said they wanted a retirement system so they cannot create a whole retirement system but they can make everybody's life easier and she thinks that has not been looked at with any kind of real attempt. She thinks that if they have those resources in IT that are here to assist the Retirement Board. They have always been there to assist and she thinks they are putting in a system that is the way they are doing things the best way to do it or is it not. That is concerning to her that they are just jumping into doing an RFP to get someone to do what, create a system? Ms. Elejabarrieta states that she thought this audit was going to bring up detailed issues and then what are the issues. What can be done manually? Can they be done internally? They need to focus on what are the issues and then based on what the issues are you highlight them. She thought it would have been a little more detailed. Chairperson Nunez thinks that report was not so much to show the errors but it was to show a visual of what they physically have to look at and go through. They found errors looking into it and he thinks they are dissecting it more than it is worth and at the same time IT is readily available to help them but their staff is inundated with things because he cannot even get his phone fixed.

Mr. Garcia-Linares states that his understanding is that these automated systems have a place for employees to go to, that is their page, and on that page they can change their beneficiary and find out how much their pension will be. That is a huge benefit for the employees. That is moving forward to the twenty-first century. One of the issues he mentioned today was the changing of beneficiaries. Ms. Menegazzo shares a testimonial from a pension administrator with the Charlotte Firefighter Retirement System. They have a system called CBIZ, which is one of the systems she has looked at, the administrator said that they have 1,070 users and since going live in 2018 that feature of benefit calculations has been used by their members 3,000 times. Mr. Garcia-Linares does not see why they should stop the process of doing an RFP. Ms. Menegazzo thinks that working with IT is great and they will have to work with IT anyways. But she feels that if you have IT create forms or reports that they are just continuing to put band aids. She has seen these systems from the backend on the demos to the end users to retirees and if they continue to talk about the issues that exist and identify where the inefficiencies are and then see what they can do right now, it is just never going to get done. Ms. Gomez agrees. She is cautious that they are going to implement a system with inefficient processes. Maybe they need to add a business process review consultant to come in and review the processes to make sure they are doing it efficiently. Ms. Menegazzo informs that these companies will come in and tell what their best practices are that they currently use and recommend how it can be done. She thinks that the inefficiencies will be handled during the implementation and that is when you draft your Standard Operation Procedure manual. Ms. Gomez thinks they should have a separate engagement that will do a process review and help provide them implementation.

Dr. Gomez asks Ms. Menegazzo if, when she met with staff, if they had begun to identify the processes of the system. Ms. Menegazzo answers affirmatively. Dr. Gomez states that

to Ms. Gomez's point, he does not see why they cannot meet with staff and review in detail their process review at the same time where they have two things going on how long would it take to finish a process review with staff. Mr. Hoff understands Ms. Gomez's point but the process is going to change significantly with the what they are doing. You cannot put the cart before the horse if you are going to change the whole process so they should simultaneously do the two.

A motion was made by Mr. Hoff and seconded by Mr. Cordero that Ms. Menegazzo create in conjunction with staff an RFP with separate pricing for option 1 and option 2 so they can determine what the best possible option is.

Discussion:

Mr. Gueits states that the business process review may not be worth it because the processes are all going to change once they implement. Mr. Hoff agrees. You do it simultaneously so the new processes are reflected. When he started working for the City they chiseled their checks in stone. After 32 years, things have changed. He remembered when they got EDEN. Doing a review now is a review of what is going to change with the implementation. By doing an RFP they can keep things moving forward. They already have a foundation and they will have to fine tune it but they cannot fine tune it until they move forward with a company. Ms. Gomez asks for a friendly amendment to the motion. She thinks to hire a true pension expert consultant that can also be consulting along the way of the implementation. A pension consultant that can be on the Retirement Board's side during the implementation in terms of what the best practices are so they can have a true pension expert to guide them. Mr. Hoff responds that he will not accept it as an amendment but he supports it as a separate motion because he thinks it is two separate things. Moving forward with the RFP they can also move forward with a separate motion with an RFP for a pension consultant at that particular time when they do the implementation. Mr. Garcia-Linares asks what Ms. Gomez means by a pension consultant. Ms. Gomez explains that it is someone who really understands pension administration who can help them do the processes correctly. She is concern that these companies have their own agenda. They want to implement and charge as much as they can. There are always additional costs or there is going to be overrun. Ms. Menegazzo states that they will be paying a flat fee to help with the implementation process and essentially have Ms. Coffy and Ms. Groome working on it and if they were to hire a consultant they would be onsite in the office from one to two times a week working on it. Mr. Garcia-Linares comments that if he was on the Board, he would do the RFP and interview whoever they think they will go with and then contact their clients on how the implementation went and if they hired someone else to come in. His bigger concern is on the implementation side from his experience because it is what you are developing because unless Ms. Coffy and Ms. Groome get enough training and the training is continuous. You can find the best system in the world but if people do not learn how to use all the features and do not use the features you are wasting your money. The training has to be continuous over a long period of time where they are coming in and teaching

and are on top of staff to make sure things get implemented, they learn it and actually start using all these features. Ms. Menegazzo suggests that in the RFP they put in a very detailed timeline so that at a later time once you choose a system you can put out an RFP for that consultant based on that timeline for the system you choose and that way you can determine if you need outside help or not.

Dr. Gomez states that he would like to hear from Ms. Groome and Ms. Coffy. Ms. Groome informs that she has been trying to get some type of pension automation for a long time. She was here when the implementation of EDEN happened. EDEN only had a payroll system for employees and they did not make a pension module so retirement had to piggyback on the payroll module and the A/P module. She brought information to different Board Chairpersons in the past to let them know that the custody bank, Northern Trust, could do payroll and can make payments to vendors however it was never brought up to the full Board. When she and Ms. Coffy spoke to Dr. Gomez about automation, he was the one who brought in Ms. Menegazzo to get all this information regarding automating the pension system. She and Ms. Coffy are totally committed to getting this done because it would be so much more easier in the office for everything like the payroll payments, helping employees, helping retirees, doing calculations, time management, trying to do things to help employees retire instead of relying on Human Resources to do it, etc. The City has been trying to separate from the pension system and making the pension system more independent. She is going in the DROP in January and will only have five more years working for the City. The Board has their own employee now and the Board has its own office. It just makes more sense for the Retirement System to have its own system. Mr. Gueits asks if Ms. Groome thinks it is a good idea. Ms. Groome replies absolutely. Ms. Coffy understands Ms. Gomez's point in reaching out to IT to see what options are available so that they can help their office. There are certain things that reaching out to IT will not cure. It will not cure their office being paperless. It will not cure issues with documentation. They cannot upload files to EDEN. Even if she wanted to take a week on uploading files she cannot. God forbid 147 Alhambra set fire all those documents would be lost. She thinks it is something they need to take into consideration in moving forward with a system. They need to secure the documentation they currently have. When calculations come in, they are very time consuming. She has to set aside address changes, tax changes because it takes her two hours in a day just to go back from 1991 to sort what is pensionable in order to generate a calculation for an employee. That is two hours she can put toward something else. I am pretty sure some of the Board members have come to the office and have seen the conference room with files piled up. It is very frustrating. Ms. Gomez states that with the files they just have to scan them. Why not scan the files now so they have them electronically? Hire an agency and scan the files. Mr. Garcia-Linares asks scan the files into what. Ms. Gomez responds that they can be scanned into pdf's. Ms. Coffy informs that is possible and they have started to do that however when they try to search the file it is not possible so they are literally going through each page of the scan to find what they are looking for because it is not readable. Ms. Menegazzo points out that with these systems will have certain permissions and authorizations of which document can be seen by administrators, by employees or by

retirees and they will have a record of when the document got uploaded, who uploaded the document, tracks every single history and every single change in the system. It is very advanced. Mr. Garcia-Linares states that he is assuming they are going to have bar codes to put on the documents so when it is scanned the system automatically reads the code and puts it in employee A's file so to scan now, in his opinion, would be a waste of time until they know what system they are going into because they will have to scan everything a second time. Ms. Menegazzo comments that they won't have to scan a second time because the documents can be imported into the new system. Ms. Gomez agrees that something needs to be done but they really need to do it with their eyes wide open. They are looking at an end game that is set up perfectly and she does not think anything is set up perfectly.

Chairperson Nunez calls the question. Motion was restated:

A motion was made by Mr. Hoff and seconded by Mr. Cordero that Ms. Menegazzo create in conjunction with staff an RFP with separate pricing for option 1 and option 2 so they can determine what the best possible option is. Motion unanimously approved (9-0).

Mr. Hoff states that Ms. Menegazzo may need to do a job task analysis on what staff does. Not to the point to the steps they go through because that is going to change but they need to know what they do then prior to the implementation then they go to the actual step level of how to perform it with the Standard Operating Procedures. Ms. Menegazzo asks if they want the RFP to also have companies that only do outsourcing. Mr. Hoff thinks that could be one of the criteria.

9. Old Business.

Ms. Groome states that since Mr. Banos is no longer on the Board, she needs a new appointment for the Investment Committee. It was decided to wait until the next meeting to appoint a new Committee member.

10. New Business.

Chairperson Nunez informs that Mr. Hoff is leaving the Board. The Board presents him a plaque for his service. Mr. Hoff informs he is leaving a little bit before his term ends and he is putting his support for the at-large position to Tom Zelenak.

11. Public Comment.

There was no public comment.

12. Adjournment.

Meeting is adjourned at 10:08 a.m.

APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER