

CORAL GABLES RETIREMENT SYSTEM
Minutes of February 21, 2019
Police Community Meeting Room
2801 Salzedo Street – Police Station Basement
8:00 a.m.

MEMBERS:	J	F	M	A	M	J	S	O	N	J	F	APPOINTED BY:
	17	18	18	18	18	18	18	18	18	19	19	
Andy Gomez	P	P	P	P	P	P	P	E	P	P	P	Mayor Raul Valdes-Fauli
James Gueits	P	P	P	E	P	P	P	E	P	P	P	Vice Mayor C. Quesada
Javier Baños	P	P	P	P	P	P	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	E	P	P	E	E	P	P	P	P	P	P	Commissioner Patricia Keon
Rene Alvarez	E	E	P	E	P	E	P	P	P	P	P	Commissioner Vince Lago
Joshua Nunez	P	P	P	P	P	P	P	P	P	P	P	Police Representative
Randy Hoff	-	P	P	E	P	P	P	P	P	P	P	Member at Large
Jesus Cordero	-	-	-	-	-	-	-	-	-	-	P	General Employees
Troy Easley	P	P	P	P	P	E	P	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
Manuel A. Garcia-Linares	P	P	P	P	P	P	P	P	P	P	P	City Manager Appointee
Pete Chircut	E	P	P	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:
Kimberly Groome, Administrative Manager
Ornelisa Coffy, Retirement System Assistant
Christopher Greenfield for Alan Greenfield, Board Attorney
Dave West, AndCo Consulting

P = Present
E = Excused
A = Absent

GUESTS:

Michael Fleisher, Brandywine Global
Mark Juelis, Brandywine Global
Ross Hogan, Dimensional Fund Advisors
Mary Phillips, Dimensional Fund Advisors
Octavio Verdeja, Verdeja, DeArmas, Trujillo
Tab Verdeja, Verdeja, DeArmas, Trujillo
Michelle Del Sol, Verdeja, DeArmas, Trujillo
Yolanda Menegazzo, LagomHR Inc
Tom Zelenak, Fire Department
David Perez, Fire Department

The Board meeting was called to order at 8:07 a.m.

1. Roll call.

All members were in attendance except for Mr. Gueits who was running late. Chairperson Nunez welcomes Jesus Cordero, newly elected General Employees representative, to the Board.

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 17, 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 \$3,700,000.00 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 January 2019 for the February 2019 benefit payments.

2. For the Board's information:

- Lina Hickman, Public Works Service Coordinator, entered the DROP on February 1, 2014 and left the DROP on January 31, 2019. She received her first retirement monthly benefit on February 1, 2019 and was not affected by the IRS 415(b) limits for the 2019 year.
- John Holman, Public Service Clerical Assistant II, entered the DROP on February 1, 2014 and left the DROP on January 31, 2019. He received his first retirement monthly benefit on February 1, 2019 and was not affected by the IRS 415(b) limits for the 2019 year.
- Robert Sportsman, Firefighter, entered the DROP on December 1, 2012 and left the DROP on January 31, 2019. He received his first retirement monthly benefit on February 1, 2019 and was not affected by the IRS 415(b) limits for the 2019 year.
- Thomas Healey, Firefighter, passed away on January 6, 2019. His

retirement date was January 1, 1992. He chose No Option and his benefits have ceased.

3. For the Board's information, the following Employee Contribution checks were deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date January 6, 2019 in the amount of \$193,688.88 was submitted for deposit on January 11, 2019.
 - Payroll ending date January 20, 2019 in the amount of \$178,083.45 was submitted for deposit on January 28, 2019.
4. Copy of detailed expense spreadsheet for the months of January 2019 is attached for the Board's information.

2C. The Administrative Manager recommends approval of the following invoices:

1. Verdeja DeArmas Truillo invoice #21690 in the amount of \$9,460.00 and invoice #21691 in the amount of \$7,095.00 for services rendered in connection with the audit of financial statements at September 30, 2018.
2. City of Coral Gables invoice #338589 for General Liability Insurance for the 2nd quarter of fiscal year 2018/2019 in the amount of \$1,159.50.
3. City of Coral Gables invoice for October 1, 2018 to December 31, 2018 in the amount of \$78,810.72 for expenses of the Retirement System paid out of the General Ledger account of the City.

2D. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:

1. DROP Benefits: Vidal Lopez (Firefighter) and Jose Pereda (Firefighter).
2. Retirement Benefits: Maria Castro (General/Teamster).

Mr. Baños requests to move items 2C3 and 2D from the Consent Agenda.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hoff to approve all items except for items 2C3 and 2D. Motion unanimously approved (12-0).

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hoff to approve agenda item number 2D. Mr. Hoff seconds the motion.

Mr. Baños advises there was a Committee meeting last Friday that he attended and it was at that time prior to the meeting he had time to sit with Ms. Groome, the plan administrator. It was at that time that he asked her to give him a sense of understanding of how calculations are done. He is aware that GRS always reviews the work but he came to understand that this is a data entry process in which Ms. Groome retrieves raw data

from the City and then item by item, year-by-year, amount by amount; she manually enters the data into the system. He is not saying that Ms. Groome does a bad job nor is that his intention. He would like to support Ms. Groome by being a second set of eyes. He goes on to further explain that he asked how she determines the past five years and the response was she eyeballs it. GRS reviews her calculation and in one particular instance obtained a different number where they had a higher number than she did. He asked Ms. Groome for all of the backup; which he received yesterday afternoon and he has not had the chance to review the data. He requests for those items listed under Agenda item 2D to be tabled until the next Board meeting. This is something that he always did in South Miami where he sat as a pension trustee.

Dr. Gomez advises the Board that he has read the audit report in detail and there are other issues that will also need to be addressed. He agrees with Mr. Baños. Ms. Gomez states that she was also present for the discussion prior to the Committee meeting and she arranged a meeting with IT. The meeting was conducted the same day and the IT Department guaranteed that they could provide a data dump to stop the Plan Administrator from having to manually enter information to create a calculation. The keying error would possibly be gone. However, the eyeballing of the five-year would still have to be done manually. Will deferring this item affect those three people? Ms. Groome informs that it will not. Ms. Gomez comments to be clear that GRS is doing a review, they are not just signing off and they supposedly have a program that finds the five highest years. She thinks it is fine if Mr. Baños has the time to review the calculations. However, she feels that once the data entry problem is resolved she is sufficient with GRS's review and the data dump process moving forward. Mr. Gold asks why is there eyeballing. Why can't the data be put into a spreadsheet? Ms. Groome replies it is in a spreadsheet. The issue is you have to have 26 pay periods that can't overlap. Mr. Garcia-Linares asks if there any issues with postponing until the next meeting. Ms. Groome answers negatively.

Mr. Garcia-Linares withdraws his motion.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hoff to approve Agenda Item 2C3. Motion approved (11-1) with Mr. Banos dissenting.

3. Comments from Retirement Board Chairperson.

Chairperson Nunez informs the Board that he will be jumping around the Agenda as there is a time certain for the investor presentations.

4. The Administrative Manager recommends approval of the Non-Service Disability application for Darrin McGuire, Maintenance Repair Worker for the Community Recreation Department's Youth Center.

5. The Administrative Manager recommends approval of the Non-Service Disability application for Christopher Bullins, Communication Operator, Police Department.

Mr. Banos states that when disability applications come in very often some of them fall into unique categories of nonservice disability. The problem is he did not see how the benefit was calculated he did review the application but does not understand what the benefit structure is. He would like to see how they came about and how their benefit is calculated. He states that he is not a doctor but from the documents that were submitted they definitely seem to be justified for disability. He is not entirely sure that Ms. Groome is reading the Statute the way that he reads it. There is a provision for nonservice disability which normally would not be allowed if you are applying for regular disability. If you're applying for regular disability it is for persons who became ill while doing their job. The nonservice connected disability is for persons who are just ill and not job-related get in lieu of benefit payout. Dr. Gomez replies that is not necessarily true. He is disabled and his benefit that was calculated is higher. Mr. Banos continues that the portion at the top of the Statute says if you apply for disability, depending on what type, states the Board shall have a doctor look at whatever it is and have a disability exam. He adds the purpose of this is to be sure there is no abuse going on. He believes if the Ordinance reads to do an independent medical evaluation one should be done and he would like to see what the amounts are. Mr. Garcia-Linares asks if Ms. Groome can answer those questions. Ms. Groome replies as per past practices regarding nonservice disability those persons have not gone to an independent doctor. Secondly she would have to look up both benefit estimates. Mr. Banos states that there is a portion in the Ordinance that states that an evaluation is to be done every 24 months (2 years) and Ms. Groome is following that. However it also says they have an option to go into regular retirement rather than continue to be in disability. His question is once they become eligible for regular retirement all disability requirements go away. Does that mean be higher disability payment goes away or do they get their regular pensionable benefit once they get to retirement and that is not clear. Dr. Gomez believes there are two issues the first being a classification needed of the Ordinance. However, he does not want to delay this young man's disability but he feels that every point moving forward needs to be reviewed and make sure that they are clear moving forward. He does not want to delay his approval because they have not done their job.

A motion is made by Dr. Gomez and seconded by Mr. Banos to approve the nonservice disability application for Darren McGuire. The motion is approved (11-1) with Ms. Gomez dissenting (see discussion below)

A motion was made by Dr. Gomez and seconded by Mr. Hoff to approve the nonservice disability application for Christopher Bullins. The motion is approved (11-1) with Ms. Gomez dissenting (see discussion below)

Mr. Baños asks how the Board will bring this issue up at the next Board meeting. Ms. Groome advises that she will place it on the agenda. Mr. Baños replies that she will need

the assistance of an attorney. Mr. Garcia-Linares suggests to just make a request to the Attorney to come back with an opinion on the issue. Mr. Baños replies that the Attorney is in the hospital. Ms. Groome points out that Christopher Greenfield is in attendance for Alan Greenfield. Mr. C. Greenfield informs that his father was not available to attend the meeting. He informs that he is able to discuss these issues with the Board. The term “shall” as used in the ordinance is that the Board would have to have another doctor review the applicants. In the past, the way the Board has treated the term “shall” is that it gives the Board the option to have a doctor review the disability applicants. It never prevents the Board from approving a nonservice related disability based upon the information that was given by the applicant. Mr. Baños states that perhaps Mr. C. Greenfield had gone to a different law school but “shall” means “shall”, it does not mean the Board has an option. Ms. Gomez comments in the City code “shall” means you “must” and “may” means “you can or you have the option.” It is very clear in the ordinance.

Ms. Groome informs that both participants are expected to receive around \$2,000.00 a month. Chairperson Nunez asks for Mr. Baños to create a bullet list of his concerns to be addressed at the next Board meeting.

Ms. Gomez informs that she has a concern with the language that it says “shall” and she understands that it has not been done in the past but if the Board is doing something wrong that does not mean to continue to do something wrong. She would like to change her vote to a “no”. Mr. Baños comments that he did not mean to confuse the Board. Mr. Garcia-Linares recommends approving the disability but making the persons obtain a medical evaluation in the meantime. Ms. Gomez asks if the decision be reversed once the participants begin to receive those funds. Ms. Groome points out that they have done it before.

Employee, Tom Groome, asks to make a public comment. He informs that he is the Foreman at the Coral Gables Youth Center. Darren McGuire has been his employee for ten years and what Mr. McGuire went through was worse than what he personally went through eight years ago when he had aneurysm surgery. Mr. McGuire attempted to come back to work and could not do the job on light-duty. The Board is asking for another doctor's opinion and the Board has the information from the doctors who operated on Mr. McGuire. The documents from the doctors have indicated that Mr. McGuire cannot do his job so this Board is going to spend money to get another medical opinion. Chairperson Nunez states that he does not disagree with Mr. Groome's comments but the Board must follow the ordinance. It is something that needs to be corrected. He asks Mr. Banos to forward his bullet points to the Retirement Office so they Board can address them at the next meeting. Chairperson Nunez informs that they have a time certain for presentations and moves on to the next agenda item.

Mr. Gueits arrives to the meeting at this time.

6. Interviews of candidates for Domestic Equity Broad-Large-Cap Value investment:

Dave West explains that they are reviewing two managers to replace M.D. Sass. The first manager is Brandywine and the second is Dimensional.

Mark Juelis and Michael J. Fleisner of Brandywine greet the Board. Mr. Juelis states that Brandywine is an investor led operating firm. The team that the Board is considering today is their diversified value equity team which is a very seasoned team. This team has twenty years of quantitative investment experience which began in the late 1980s. They have had only one departure from this team since the late 1980s. One of the things that make them interesting is during the late 1980s and early 1990s there was the tech boom and bust, it is at that time that the factors that had been used for the last thirteen or fourteen years at Brandywine were researched to see the different phases of the value cycle. Their quantitative model seeks to exploit investor behavioral biases and they believe these biases persist over time; they test their quantitative factors and models over long time periods of fifty to sixty years. They prefer simpler models with a higher hurdle to add new factors.

Mr. Fleisner explains that the overall goal of the strategy is to significantly form the Russell 1000. The strategy employs one of two models depending on the market environment shift. The models are on an infrequent basis of two to seven years changing only twice within each full market cycle. Shifting occurs between the median and the cheapest quartile of the overall market. Looking at the dynamic value shifting tool, when spreads are very wide versus history they start to narrow in the value model. When spreads are very narrow versus history they start to wide in the broad value model. He shows a graph of the quality factors that enhance the process. The investment models in their back tests include value, sentiment and quality factors. Over the back tested period, the inclusion of quality improved historical returns and decreased tracking error statistics while reducing the magnitude of specific years of underperformance. Quality factors that enhanced the process of their brackets suggest that the inclusion of low quality factors is a volatility and increases information ratio. He discusses the upside and downside market capture. It shows when the market is up they have significantly outperformed and when the market is down they have still significantly outperformed.

Mr. Gold asks if they could tell the Board about what they are doing with the portfolio today and how it is positioned. Mr. Fleisner explains that the rebalance their portfolio monthly and they have had higher quality reciprocals. Mr. West asks about the fee schedule. Mr. Fleischer responds that it is 41.5 basis points. Mr. Chircut asks what they do in rebalancing during times of a recession. Mr. Fleisner responds that whether it is a recession or not a recession this strategy is based on years of back testing including years of recession. Mr. Chircut asks if they are using the broad value model or the deep value model. Mr. Fleischer explains that it depends on the spread. It depends what is expensive and what is higher quality stocks. Mr. Gold asks how flexible can they be in their fee structure. Mr. Fleischer replies that they treat AndCo. clients as one aggregate. They are

already providing a significant fee reduction and those are the lowest fees they provide at the moment.

Mr. West calls in the next manager.

Ross Hogan and Mary Phillips of Dimensional greet the Board. Mr. Hogan informs that Dimensional was founded 37 years ago. At dimensional they do not jump on every new idea that comes along, they are looking for what will stand up over a long period of time. Expected returns are driven by prices investors pay and cash flows they expect to receive. The historical returns are associated with the premiums that they target in three geographic regions. Ms. Phillips states that their US large-cap value portfolio started over twenty years ago in 1993. The portfolio has stood the test of time. The process has stood over twenty-five years. Dimensional uses an integrated approach to value across all aspects of the investment process. The structure is based on systematic, expected premiums; the market company size relative to price value and profitability. This offers broad sector and security diversification. Their integrated portfolio implementation is to efficiently balance expected premiums with the costs of turnover on a daily basis. This is done by continuously evaluating the portfolio buying and selling decisions consider expected daily premium versus transaction costs. Their approach is to spread trading overtime to minimize market impact. This process is built to focus on higher expected returns everyday while considering costs.

Mr. Gold asks for them to talk about what they weed out of their portfolio. Ms. Phillips explains that this portfolio follows a consistent process across the board and is set by the investment committee. The investment committee consists of twelve people and they set the policy for all of the portfolio managers. It is the portfolio managers' job to implement that policy and is a very consistent policy. They start with their own universe of stocks and a sixty person data team. They do that on purpose because they believe it is helpful because they are not adding a bunch of constraint from an index provider. They start from scratch by defining what the biggest large-cap universe is that they are going to target for investments. They have seen that through a lot of different research and they have been able to outperform for over twenty-five years. Research has shown that treating costs negatively and packed returns lower implicit costs and contribute to lower total trading costs. Dimensional uses both third-party and internal development marks to evaluate implicit costs of trading. Dimensional fund advisors are a global investment firm with a research-based transparent and process driven approach and investment philosophy supported by rigorous theoretical and empirical research. A dynamic investor process informed by more than thirty-five years of experience managing trade-offs that matter for performance investment solutions that target dimensions of expected returns and that is their firm's commitment to their clients. Mr. West asks Ms. Phillips to briefly cover their fee structure. Ms. Phillips responds that it is 27 basis points.

Mr. West asks the Board if they are prepared to have the discussion on the large-cap managers. Chairperson Nunez recommends moving forward with the discussion while all

parties of the Board are still present. Mr. West informs that he believes the manager chosen should be able to be paired with Eagle on domestic equity value side. The Board should look at the characteristics of Eagle Capital and compare them to Brandywine and DFA. He would not describe Eagle Capital as a true value manager. They have done extremely well for the investments but are not his definition of a true value manager. It is very important to see how a manager will perform during downsides of the market. Looking at the 2018 numbers, Brandywine was down 8.4% and DFA was down 11.6% vs the Russell 1000 which was down 8%. In 2015, which was another down year and Brandywine was down 2.9% and DFA was down 3.4%. Brandywine preserved a little bit more down protection than DFA. DFA struggled in 2011 and Brandywine actually came out as a better performer in that year as well. Mr. Baños comments that it appears Mr. West is leaning towards Brandywine. Mr. West answers affirmatively. Brandywine has preserved much better with the down-market capture. He has been working on trying to reduce Brandywine's fee for all of their clients. Mr. Baños recommends informing Brandywine that the Board would like to do business with them but perhaps negotiating a lower fee to 35 or 37 basis points. Mr. Chircut states that if Brandywine does not agree to lower their basis points then the Board will move on to the next manager.

Mr. Easley suggests that they put the money with Eagle. Eagle beat all the managers in eight out of the ten years present and has definitely proven to be good in the down capture. He just wanted to throw that out there. Mr. West replies that all the points Mr. Easley made are valid points. However, his concerns are that Eagle strategy is a concentrated strategy and statistically it should be increasingly difficult for them over time to outperform. Statistically there is a greater risk of underperformance to a greater degree with a manager that is concentrated.

A motion was made by Mr. Banos and seconded by Mr. Gold approving an offer to Brandywine at 35 basis points and if they decline to then bring it back to the Board for reconsideration. Motion unanimously approved (13-0).

7. Presentation of the draft 2017-2018 audit report by Verdeja DeArmas Truillo.

Verdeja DeArmas Truillo is present to report their first audit. Mr. Tab Verdeja informs that they compiled financial information to further help in the understanding of the audit of the financial statements. They created a report that highlighted key financial indicators and trends over the past five years. They selected certain ratios and information that they believed would be most useful in understanding the financial health of the Coral Gables Retirement System. He goes on further to inform that their responsibility is to express an opinion on financial statements based on their audits. They conducted their audit in accordance with auditing standards generally excepted in the U.S. Those standards require the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. He explains that in the audit process they looked at contributions, benefit payments, eligibility, investments and walk-throughs and test of certain internal controls. They looked at the actual report in detail to review actuarial

assumptions, investment return, employer contribution and funding status. For fiscal year ended September 30, 2018 employer contributions to the plan increase by \$218,855. For fiscal year ended September 30, 2018 net investment income decreased by \$8 million. The actual results for 2018 and 2017 were roughly \$37 million and \$46 million of net appreciation in fair market value of investments. For the fiscal year ended September 30, 2018 administrative expenses increased by \$69,750. In comparison to several other cities the Coral Gables Retirement System assumption is a little high. They believe it is a little high but they are aware that the actuary is in the process of reducing that. Mr. Verdeja congratulates the Board for moving in the right direction for the last three years. In comparison to other cities their funding status is a little bit lower but as long as they are maintaining investment returns and the City's contributions the plan is moving in the right direction.

Mr. Verdeja believes that there is a lot of reliance on manual entries. During their audit they noted that there were numerous calculations performed manually which may be subject to human error. These calculations included benefit payments, information provided to the actuary, changes in status/eligibility of employees and others. It is their recommendation to automate certain processes and transactions. Investing in automated software will improve the effectiveness and efficiency of internal controls and reduce opportunities for human error and or fraud. The next recommendation is in regards to the actuarial assumption. After review of the actual report the actuary recommended lowering the actuary assumption investment rate of return of 7.65%. In addition, an analysis of similar retirement systems revealed that the 7.65% actuarial assumption is higher than other retirement systems. It is recommended that CGRS reviews its actuarial assumption investment rate of return with its actuary to ensure that the funding goals of the retirement system are met. Should investment return decrease in the near future, Coral Gables Retirement System would need to rely more on the City to fund the retirement system. Next is the segregation of duties/accounting oversight. During their audit it was noted that certain benefit calculations performed by the Administrative Manager may not have been reviewed by someone other than the Administrative Manager. They go on to advise that they understand there is limited personnel in the retirement office however they recommend an update to policy and procedure to include additional accounting oversight and review. A review by someone other than the person performing benefit calculations may mitigate instances of human error and or fraud. He advises that it is recommended to have a review process in place. Mr. Baños asks if it would be ok for a board member to do the reviewing process. Ms. Gomez announces that she does review accounts payable checks but not benefit payment checks. Ms. Groome informs as per the conversation she had with the auditors controls will be placed. Dr. Gomez replies that these are the issues if the Board recalls that he has had for years. He adds this is not to speak negatively in regards to the work that Ms. Coffy and Ms. Groome do but he thinks the Board should listen to what Ms. Menegazzo has to say and he appreciates the auditors pointing it out.

Mr. Verdeja continues. There are certain calculation changes to employee information performed by the assistant to the Administrative Manager which are reviewed by the Administrative Manager but are not evidenced by signature or stamp of approval by the Administrative Manager. It is recommended to update policy and procedure to include evidence of review and approval. It was observed that once a benefit calculation is approved by the members of the Retirement Board, the Administrative Manager is able to issue a benefit payment in the form of a check. This check is not verified or reviewed after the check has been written. It is the auditor's recommendation that though there are limited personnel in their Retirement Office, checks written by the Administrative Manager must be approved by another person other than the person writing the check. There should be a proper segregation of duties which separate approval recording and custody.

Mr. Baños comments that the auditors informed that there is too much reliance on GRS. Mr. Baños asks what exactly GRS's function is. Mr. Verdeja believes there is a lot of reliance on the actuary to find discrepancies and issues. The actuary has their own responsibilities and he does not think the actual responsibilities of the actuary is to find issues and discrepancies. He would like for other internal controls to be created to be sure that calculations are checked before they got to the actuary. Ms. Del Sol suggests that perhaps Ms. Groome and Ms. Coffy could create a process of review amongst themselves. It doesn't have to be ongoing but a periodic time could be chosen and then reviewed. Mr. Baños asks if there is a service that the auditors offer that could for a fee provide an on spot audit. It is answered that they do offer that which is similar to what they offer to Dade County Public schools and so if the Board would like them to come in on a quarterly basis or monthly basis that is definitely possible.

Mr. Verdeja recommends creating a good set of Policy and Procedures and then test to be sure the office is following that policy and procedure. Mr. Garcia-Linares advises that of all the auditors the Retirement Board have had they never have had any of them inform the Board that there was a problem with the internal controls. He appreciates that. Mr. Garcia-Linares asks for the auditors to provide a list of ideas of controls that other pension systems use that could possibly be suggested to the Board. Mr. Verdeja answers affirmatively. Mr. Garcia-Linares states that he would appreciate that because the idea of Board Members signing checks is ridiculous. Ms. Groome comments that the Board would not be signing checks but reviewing them. Mr. Garcia-Linares responds that even reviewing the checks is not their job. Mr. Baños disagrees stating it is their task to provide oversight.

Ms. Gomez asks if the Financial Statements are complete and if they project any changes. Mr. Verdeja informs that the report is 99% complete.

A motion was made by Ms. Gomez and seconded by Mr. Banos approving the audited financial statements contingent that nothing changes once Verdeja has finished. Motion unanimously approved (13-0).

Ms. Gomez announces that she would like to make a comment before the consultant enters the room. She believes there should be a bigger conversation talking about the oversight, where there has been past conversation about hiring a third party and the Board may want to revisit that topic. Ms. Gomez is asked if she is talking about outsourcing. Ms. Gomez replies yes partial outsourcing. Dr. Gomez informs that he is not against it but he would like to review the different options and then make a decision. Ms. Gomez comments that it is surprising that the previous auditors did not make these recommendations. She feels that having a Board member review work is not how the pension system should be structured.

Mr. Hoff states that at the last meeting there were talks of replacing EDEN but not knowing exactly when. He asks if they are not premature in looking at software. Ms. Gomez comments that EDEN is not a financial management system and it will never be a retirement system unless there is one that is custom built. IT has promised to resolve the manual entry problem. There are still other manual entry issues that will have to happen. Mr. Garcia-Linares asks Ms. Gomez if she will have a problem with the Board moving forward and hiring this consultant. Ms. Gomez states if it will be just a review of what is happening then it would be wonderful. Ms. Groome believes that they will need to issue an RFP. Ms. Gomez replies that this Board has the right to hire consultants as they need to. Dr. Gomez advises that he brought her in and she has already done the pro-bono work. The Board received the reports and some of the issues that were brought up she figured them out. She would cost roughly \$3,500 a month. Ms. Coffy points out that created a report as per the requests of the Board from the last meeting regarding this issue.

8. Presentation of a proposal for the Assessment and Automation of the Coral Gables Retirement System by Yolanda Menegazzo of LagomHR Inc.

Dr. Gomez greets Ms. Menegazzo and informs Ms. Menegazzo that he explained to the board that she did work pro-bono and she was kind enough to come in and take a look at the operation with Ms. Groome and Ms. Coffy. Now even given that the auditors have said that there are some weaknesses in the system they would like to hear from her. Ms. Menegazzo advises that she went and met with the team and saw some of the functionalities it offers. She advises that the system currently in place is quite behind in terms of functionalities. She is currently working for four municipalities: the Town of Golden Beach, Village of Pinecrest, City of Doral, City of Miami Beach and City of Hialeah Gardens. She has two new plans not on the proposal which are Town of Bay Harbor Islands and Bay Harbor Village. She is helping these municipalities automate their services. Previously, she was the Human Resources Director for Miccosukee and inherited a HR Department that was very outdated. They had a Retirement System with Trans America and she created an automated system to help generate reporting and reduce human error. She comes from a long line of City of Miami Police Officers. Her father, brother and husband as well as cousin are from City of Miami. Her brother who has been an officer since 19 and is now a Major had on his mobile device an estimator

feature. It showed his default retirement date but he changed it to 2029 and it showed him what his retirement payment would be after 30 years of service. From an administration perspective they showed her that whenever there is a change to the bargaining agreement there is a telephone conference and the account manager makes the changes. Ms. Gomez asks if this is something that can be purchased or is this something they did in house. Ms. Menegazzo replies that it can be purchased. Mr. Chircut states that it is purchased but it is also custom made. Mr. Garcia-Linares asks under her project scope she talks about the EDEN system and from his understanding the City is bringing in a new system. Ms. Menegazzo advises that she has a recommendation and two avenues that the Board could take. Avenue one is to wait for the City of Coral Gables to upgrade to a new system which will have a module but not all the bells and whistles the retirement office will need. She advises if they are to go that route that may take years. Mr. Garcia-Linares thinks that this is a great time to bring her in so she can work with the City with whatever it is they are purchasing to see if they will have some module that they can work with or if not they can go out and buy a third party software. Ms. Menegazzo replies this is the perfect time because if the Board is to rollout a new software it will take about a year to run the system and test the system. It would be amazing to have a go live date of January 1, 2020 because all of the tax fillings and forms would be on one system. Mr. Garcia-Linares asks if she would be able to work with the auditors to see what their recommendations are. She answers affirmatively. Mr. Garcia-Linares asks what her fee is. Ms. Menegazzo replies that she is currently charging \$3,750.00 a month. He asks how long will it take to access and come back to the Board. She replies it will take about 60 days.

A motion was made by Mr. Gueits and seconded by Mr. Garcia-Linares to retain Ms. Menegazzo as the Board's automation consultant. Motion passes.

Mr. Gold reminds the Board that Ms. Coffy had something to pass out from the previous meeting. Mr. Garcia-Linares thinks she should pass it out and be sure to give it to the consultant.

Mr. Baños confirms that the Board is aware that the Retirement office will need to provide the consultant with whatever documents she requests. Mr. Gueits asks if she will need to sign a confidentiality agreement. Ms. Menegazzo replies that she has one and she can send it over to the Attorney. Dr. Gomez requests to give the final approval to the chair to finalize the agreement. Mr. Baños advises that he would like to review the agreement with no offense to the attorney. Dr. Gomez comments that they do not want a delay in the work. Mr. Baños agrees. That is his point. He asks Ms. Menegazzo to send a copy of her agreement to Mr. Garcia-Linares, Mr. Gueits and himself. Mr. Gueits informs that he does not need to review the agreement and he is comfortable with Mr. Baños review.

9. Items from the Board Attorney

Mr. C. Greenfield informs that there is one item that will need the Board's approval. He has reviewed the transition management agreement with CAPIS and he recommends the Board moving forward with it.

A motion was made by Mr. Hoff and seconded by Mr. Banos approving the transition management agreement with CAPIS. Motion unanimously approved (13-0).

Mr. C. Greenfield reports on the overpayment of Mr. Perwak. There was an estate that was opened but it was closed in December. Mr. Banos asks what Mr. C. Greenfield is talking about. Mr. C. Greenfield advises that it was asked by the Board at the last Board meeting to research if probate was ever opened for Mr. Perwak. There is nothing to indicate from the docket that there are assets in this Estate. He advises that under Florida Law you would have to reopen the estate.

At this time, the audio was inaudible due to additional conversations taking place between Board members.

Mr. C. Greenfield brings up the next overpayment issue regarding Ms. King. There was a conversation with her attorney who informed that Ms. King was disputing the amount she owes. He believes this is more delay tactics and it is his recommendation that they send this issue to a Collection Attorney and proceed forward with litigation.

Mr. C. Greenfield informs that there was an issue regarding the heirs of Ms. Grace Rouse. They informed that they never received notice of the COLA Settlement. They were made aware of the Settlement from the website and through another retiree. They would like to participate in the COLA settlement. He asked Ms. Groome how the notices were sent. Ms. Groome responds that the notices were all sent via regular mail and there was no indication that the notice was sent back as undeliverable. Mr. C. Greenfield believes this issue may be prudent of the Board to have the heirs present to the Board. Mr. Hoff advises that this issue should be given to the COLA attorneys at White and Case. Mr. C. Greenfield informs that he copied Mr. Cohen on the communication and Mr. Cohen did not respond back. Mr. Hoff suggests that Mr. C. Greenfield defer to Attorney Cohen.

10. Investment Issues – Investment issues were discussed above with the interviews of the equity managers.
11. Old Business.
There was no old business.
12. New Business.
Item was deferred to the next Board meeting.

- a. Request of Administrative Manager for an Investment Committee meeting to begin evaluation of vendors according to the Vendor Review Procedure approved by the Board on April 12, 2018.

13. Public Comment.

14. Adjournment.

Meeting is adjourned at 10:57 a.m.

APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER