

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 11, 2019.**

CALL TO ORDER

The Regular Quarterly Board Meeting of the Tequesta General Employees' Pension Trust Fund was held in the Emergency Operations Center, 357 Tequesta Drive, Tequesta, Florida, on February 11, 2019. The meeting was called to order at 12:04 p.m.

ROLL CALL

A roll call was requested by Chairman Michael Rhodes. In attendance at the meeting were: Chairman Michael Rhodes, Secretary Bernard Ward, Board Member Michelle Gload, Board Member Jesse Oakley III and Board Member Dennis Rick.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Kerry Dutton, Scott Baur, and A.C. Lovingood, Investment Monitor Jennifer Gainfort, and Actuary Jeffrey Amrose.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF AGENDA

Upon review of the agenda, the Board added the discussion of rehiring an employee after they had retired from the village per the request of Attorney Bonni Jensen, the addition of comments from Board Member Michelle Gload with regards to the Trustee Conference that she attended, and a request to move the review of payroll to item 13.

MOTION:

Board Member Jesse Oakley III made a motion to approve the amended minutes. Board Member Dennis Rick seconded the motion, which carried by 5-0 vote.

APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – November 5, 2018
2. Tequesta General Employees' Pension Trust Fund Board of Trustees Special Meeting Minutes – December 20, 2018

The Board mentioned the late delivery of the minutes from the previous two meetings, not allowing sufficient time to properly review. Chairman Michael Rhodes mentioned their multiple requests to have the minutes delivered for review no later than six weeks after the meeting. Scott Baur stated that he will address this issue within the meeting. Member Michelle Gload requested the minutes for the meetings that took place on May 14, 2018 and August 16, 2018 be included in the next Board meeting. Mr. Baur asked for confirmation that Ms. Gload was requesting the final version of the minutes from those two meetings; Ms. Gload confirmed that the request is for the final versions.

MOTION:

Board Member Michelle Gload made a motion to table the November 5, 2018 minutes and the December 20, 2018 minutes till the next meeting. Board member Dennis Rick seconded the motion, which carried by 5-0 vote

CONSENT AGENDA**3. Ratification of invoices paid since last quarterly meeting**

<u>Check #</u>	<u>Paid Date</u>	<u>Vendor / Description</u>	<u>Amount</u>
1344	11/12/2018	Pension Resource Center Administrative Fees- November 2018	\$800.00
1345	11/12/2018	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered through 10/31/18	\$636.00
1346	11/12/2018	Dana Advisors, Inc. Investment Management Fees- 3QTR18 Invoice #63929	\$622.81
1347	11/12/2018	Dana Advisors, Inc. Investment Management Fees- 3QTR18 Invoice #63969	\$2,469.48
1348	12/12/2018	Pension Resource Center Administrative Fee- December 2018	\$900.00
1349	12/12/2018	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered through 11/29/18	\$1,839.50
1350	12/12/2018	Gabriel, Roeder, Smith & Company Actuarial Services Rendered through 10/31/18	\$2,751.00
1351	12/18/2018	FPPTA 2019 Annual Membership Fees Cart #1527	\$600.00
1352	12/18/2018	FPPTA 2019 Winter Trustee School Registration for Michelle Gload Cart #1531	\$650.00
1353	1/9/2019	Pension Resource Center Administrative Fee - January 2019	\$800.00
1354	1/9/2019	AndCo Consulting, Inc. Consulting Services for QE 12/31/18	\$3,125.00
1355	1/9/2019	Rosen Centre Hotel Hotel Reservation for Michelle Gload Conf #RR6310536 2/3-2/6/2019	\$555.00

Total: \$15,748.79

Custodian
Fiduciary Trust International

Total: \$16,686.01**4. Reporting of new applicants for participation in Pension Plan:**

No new applicants at this time.

5. Terminated Non-Vested employees who have not yet taken their contributions:

Brett Steele – Terminated 05/16/2014 (4-24-17 First Notification Letter & 5-8-18 Second Notification Letter)

Martin Meehan – Terminated 02/13/2016 (4-24-17 First Notification Letter & 5-8-18 Second Notification Letter)

Simon Jamason – Terminated 05/10/2016 (4-24-17 First Notification Letter & 5-8-18 Second Notification Letter)

Sam Heady – Terminated 01/09/2018 (5-8-18 First Notification Letter & 10-29-18 Second Notification Letter)

Alex Black – Terminated 01/05/2018 (5-8-18 First Notification Letter & 10-29-18 Second Notification Letter)

Julie Hurst – Terminated 08/28/2018 (9-13-18 First Notification Letter)

Terra Simon – Terminated 11/19/2018

Michael DelGuzzi – Terminated 12/14/2018

6. Benefit Approvals:

Michael Couzzo

Maureen McGunniss

The Board reviewed the ratification of invoices paid since last quarterly meeting and the reporting of new applicants for participation in the Pension Plan. Board Member Michelle Gload asked if the Terminated Non-Vested employee list went through until the end of the calendar year. Kerry Dutton did confirm that the end date for this list was December 31, 2018. Board Member Gload stated that two individuals needed to be added to the list, Terra Simon with a termination date of November 19, 2018 and Michael DelGuzzi with a termination date of December 14, 2018.

END /OF CONSENT AGENDA**MOTION:**

Board Member Jesse Oakley III made a motion to approve the Consent Agenda and Ratification of Warrants as amended. Board Member Dennis Rick second the motion, which carried by 5-0 vote.

PRESENTATIONS**7. Actuarial Valuation as of September 30, 2018 – Jeffrey Amrose, Gabriel Roeder Smith & Company**

Mr. Amrose presented to the Board the Actuarial Valuation Report as of September 30, 2018. He stated the Plan is in very good shape with a funding ratio over 100% along with the plan's reasonable assumptions. The required Village contribution is low, only costing 11% of payroll. The 10.86% valuation report is also very consistent with contributions in a very tight, non-volatile range. The Village's required contribution decreased down to \$349,748.00 (10.86% of

covered payroll) compared to last fiscal year's requirement of \$352,799.00 (11.23% of covered payroll). Mr. Amrose noted the monetary amount of the required contribution decreased by \$3,051.00 due to a decrease of payroll. There was a net actuarial gain of \$132,705.00 for the year due to more terminations before retirement than expected. There were four terminated vested employees and four non-vested terminated employees as compared to only two expected terminations. The actuarial gain caused the required employer contribution to decrease by 0.54% of covered payroll. The Fund is very healthy with a funded ratio of 100.5%, up from last year's ratio of 97.4%. Contributions of 11.23% for the current year have dropped to 10.86% for next year and there was an approximate unrealized gain of \$110K. Mr. Amrose went on to mention that the Investment Return Assumption and the Mortality Table recently changed causing an increase in the contribution amount due to the expectation Plan members will live longer.

MOTION:

Board Member Michelle Gload made a motion to approve the GRS Actuary Report. Board member Dennis Rick seconded the motion, which carried by 5-0 vote.

Board Member Michelle Gload expressed concern about the assumptions that were applied in past years are not in line with the current plan situations such as terminations and retirements. The Board discussed the assumptions of the plan and concluded that these assumptions need to be updated. Mr. Amrose stated that his firm can send an engagement letter to the plan to start the process to do a reassessment of the assumptions of the plan. Attorney Bonni Jensen reminded Board they need to make a motion on the Annual Expected Rate of Return, Board Member Dennis Rick inquired if the 7% is a reasonable assumption, which both Mr. Amrose and Ms. Gainfort agreed that a 7% Expected Rate of Return is reasonable.

MOTION:

Board Member Dennis Rick made a motion based on the recommendation of the investment consultant, the Board expects to get a 7% return for the next year, the next several years, and for the long term thereafter. Board member Jesse Oakley III seconded the motion, which carried by 5-0 vote.

8. Quarterly Performance Report as of December 31, 2018 - Jennifer Gainfort, AndCo

The Board opted to table the Asset Allocation Study pending the actuary report regarding the reassessment of the assumptions to the plan.

Jennifer Gainfort started her presentation with an update on AndCo. She informed the Board that AndCo is now 89 employees strong with over \$90 Billion in client assets. Ms. Gainfort informed the Board that they should expect to receive a client survey from Helical Research on behalf of AndCo so that the company can obtain an accurate picture of how they are doing and where they can make improvements to meet their clients needs.

Ms. Gainfort reported that the stock market suffered losses for the 4th Quarter; this was due to the global growth slowing down, the trade war between The United States and China, in addition to the recent partial government shutdown. There was an aggregated bond index growth of 1.6% for quarter. The plan started with \$5,693,187.00 and ended with \$5,283,228.00. The Plan's asset allocations were reviewed, which Ms. Gainfort noted that the current allocations are close to the target allocations and she sees no need to rebalance at this time. The portfolio lost -8.96% net, compared to the -8.41% benchmark and -5.21% compared to the -3.64% benchmark for the calendar year. She then gave an update on the Plan's Dana Large Cap Core investment stating that Dana is doing worse than historically. Dana failed to protect investments on downside; noting that the expectation is for the index to capture more

on the upside and for the managers to protect more on decline. Board Chair Michael Rhodes thanked Ms. Gainfort for the information and asked Ms. Gainfort to bring a manager search for next meeting noting that with Dana presenting, it would create healthy competition between Dana and its possible replacements.

MOTION:

Board Member Jesse Oakley III made a motion to approve AndCo's Quarterly Performance Report. Board member Dennis Rick seconded the motion, which carried by 5-0 vote.

Attorney Bonni Jensen reminded the Board that their next meeting is in May and that they should consider approving an allocated amount for the GRS Experience Study. The Board discussed how much they should allocate for the study and Board Chair Michael Rhodes suggested a limit of \$8,500.00 limit on the approval without the need to have a special meeting.

MOTION:

Board Member Michelle Gload made a motion to fund the GRS Experience Study to not exceed \$8,500.00. Board member Jesse Oakley III seconded the motion, which carried by 5-0 vote.

ACCOUNTING REPORTS

9. Accounting Reports – *Board Member, Michelle Gload, Finance Department*

Board Member Michelle Gload reviewed the accounting reports and made a mention that the GRS Experience Study is very affordable. Ms. Gload suggested establishing a separate account for contracts as a means to track costs and keep those costs separate from the normal expenditures that the Plan has. The Board discussed how much money to keep in the special account and discussed having the GRS Experience Study allocated funds placed into the special account for tracking purposes.

MOTION:

Board Member Bernard Ward made a motion to fund the special contract expenditure account with \$8,500.00. Board member Dennis Rick seconded the motion, which carried by 5-0 vote.

MOTION:

Board Member Bernard Ward made a motion to approve the Accounting Report. Board member Michelle Gload seconded the motion, which carried by 5-0 vote.

OLD BUSINESS

There was no old business at this time.

NEW BUSINESS

10. House Bill 265 – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Ms. Jensen reported that the proposed House Bill 265, which would amend Florida's Open Meetings Law and impose additional procedural requirements. Ms. Jensen stated that HB 265 would require Boards to publish their agenda and any materials or attachments which would be distributed at the meeting at least three days in advance of the meeting, that at least two

copies of the agenda and any materials to be distributed at the meeting must be made available for public inspection at the meeting location, and that emergency meetings must have a minimum 24 hour advance notice to the public. The proposed bill also addresses public participation which states that at least three minutes shall be available to each member of the public that wishes to speak as either the first or last item on the agenda. Ms. Jensen made note that the bill also states that if there are more than twenty people who wish to speak that the time can be limited to one minute per person and groups can allow one individual to speak on behalf of the group, thus allowing the group to pool their time together. Ms. Jensen expressed her concern regarding the requirement of posting materials and attachments for Board Meetings that address a disability determination due to the sensitive medical information that her office has to request from the member's physicians. She stated that her office requests a large amount of medical information that once it is reviewed may not have any impact on the disability determination and questions how this information would be handled if this bill is passed.

11. Florida's Public Records Law – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Ms. Jensen presented a list of items that are exempt from public inspection that must be removed prior to a public records release. Ms. Jensen also made mention to the amendment of the public records law which now includes the removal the address of a victim of an incident of mass violence; and the removal of any portion of a meeting revealing fire safety system plans.

12. Power of Attorney - Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Ms. Jensen presented a memorandum to the board regarding Florida Statute 709, Power of Attorney. The reason for bringing this information to the board had to do with a recent Power of Attorney that Ms. Jensen's office received that did not meet the requirements set forth in Florida Statute 709 and New York State Law where the Power of Attorney was established. Ms. Jensen reviewed the information provided in the memorandum and expressed that the Board is required by law to reject a Power of Attorney or Durable Power of Attorney within a reasonable time if it deems that the Power of Attorney is not compliant with Florida State Law in addition to if the Power of Attorney or Durable Power of Attorney is from another state, that it is in compliance with that state's laws as well. She went on to say that a reasonable time is not statutorily defined within the law; however the Board should have its validity confirmed within a month's time, whenever possible.

13. Rehire After Retirement.

Ms. Jensen reported to the Board that a 2015 retiree entered into employment at the Village in 2019. The question that came from this reemployment is if the Plan can continue to pay benefits if the retiree is currently working for the Village. Ms. Jensen informed the Board that the Plan Member must have a bona-fide separation to be considered retired. The Plan currently does not have any provisions regarding rehires after they had retired. She went on to inform the Board that the Public Safety Plan does contain provisions regarding this exact situation and presented a copy of the provisions to the Board to review. The Board discussed the need of having these provisions and the possible implications of not having these provisions could have on the plan if something like this happens again. The Board stated that they did like the verbiage of the provisions and that they liked that it covered regular retirement in addition to early retirement. Chairman Rhodes stated that he would like the provisions of the General Employees' Pension Plan to mirror Public Safety's provisions.

MOTION:

Board Member Jesse Oakley III made a motion to approve the addition of provision regarding the retirement and rehire of employees. Board Member Dennis Rick second the motion, which carried by a 5-0 vote.

Ms. Jensen explained to the Board that the plan is not required to suspend the benefits of the member; however he must participate in the plan per the requirements of the ordinance, thus giving him a second retirement benefit. The board considered if the payment of benefits to the member should stop, Ms. Jensen informed the Board she thought that the Village Human Recourses Department suspended the benefit payments pending a decision from the Board due to the Village assuming that the Public Safety Plan's provisions existed in the general plan as well. The Board discussed the situation in detail and stated that they would like to see the Village's Offer of Employment Letter that was given to the rehire and see how the Village Council responds to the proposed provisions before making a decision.

MOTION:

Board Member Dennis Rick made a motion to table a decision until the Village Responds. Board Member Michelle Gload seconded the motion, which carried by a 5-0 vote.

FIDUCIARY TRUST UPDATE**14. Fiduciary Trust Signature Updates**

There were no changes to the Fiduciaries; however there was a request for New Signature Cards to ensure that the most recent signatures are captured by the Fiduciary.

TRUSTEE CONFERENCE UPDATE**15. Trustee Conference Update**

Board member Michelle Gload presented her experience of attending the Trustee Conference in Orlando Florida. She stated that the conference was very informative due to the review of Florida State Statutes that apply to the Plan, which was a great refresher due to all of the changes and updates that have been done over the years. Ms. Gload attended several presentations and found the Asset Allocation presentation very informative with suggestions of new opportunities that she was not previously aware of. The presentation of mortality was a very eye opening discussion due the general population as a whole is now living longer than ever before. Ms. Gload stated that she would recommend the conference to other Trustees.

ADMINISTRATIVE REPORT

Mr. Baur notified the Board that this would be Plan Administrator Kerry Dutton's last meeting as she is going to pursue other career goals. With Ms. Dutton leaving, Mr. Baur stated that either he or Denise McNeill will be attending all future meetings.

16. Final Average Salary Review Update – *Plan Administrator Kerry Dutton, Pension Resource Centers*

Ms. Dutton updated the Board regarding the final calculations for Michael Couzzo Jr. and Maureen McGuinniss stating that both individuals were originally set up on an estimate for their monthly retirement benefit payments. She stated that the final calculations from the Actuary had come in and that both Mr. Couzzo Jr. and Ms. McGuinniss payment amounts will be

updated. The Board, Ms. Dutton, and Mr. Baur discussed the difference between the estimated calculation of benefits and the actuarial calculation of benefits. Through this discussion the Board brought up a concern that retiree JoAnne Forsythe brought to the Board's attention a year ago. The Board discussed having Ms. Forsythe's benefits recalculated to ensure accuracy.

MOTION:

Board Member Michelle Gload made a motion to approve the GRS Actuarial recalculation of benefits for JoAnne Forsythe. Board Member Dennis Rick seconded the motion, which carried by a 5-0 vote.

17. Ellen Schaffer FYE Programing Invoice – *Plan Administrator Kerry Dutton, Pension Resource Centers*

Ms. Kerry Dutton supplied the Board with supporting documentation as to the reason for the invoice and cost per the Board's request regarding the Ellen Schaffer Programming Invoice to correct the data errors that caused incorrect calculations for several retiree pension payments. There was a lengthy discussion between the Board and Mr. Baur regarding payroll data, the abilities of the software that The Recourse Centers uses, along with the checks and balances that take place to mitigate any errors from occurring. Ms. Gload mentioned that the Village of Tequesta is in the process of switching to a new payroll accounting software and that the system should be going live in about four months. Board Chair Michael Rhodes stated that the updating of the Village's accounting software should give an opportunity for The Resource Centers to resubmit what data is needed along with the required formatting so that the software can track and calculate member's benefits thus hopefully mitigating any future data errors.

MOTION:

Board Member Jesse Oakley III made a motion to approve the \$62.50 Ellen Schaffer FYE Programing Invoice. Board Member Dennis Rick seconded the motion, which carried by a 4-1 vote.

ANY OTHER MATTER

18. 2019 Calendar

The Board requested that the 2019 Calendar be updated to include the Manager Search changes made for the upcoming Board meeting on May 6, 2019.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:22 p.m.

Secretary
Village of Tequesta General Employees' Pension Plan