

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
December 6, 2019.**

CALL TO ORDER

The Regular Quarterly Board Meeting of the Tequesta General Employees' Pension Trust Fund was held in the Village Hall Council Chambers, 345 Tequesta Drive, Tequesta, Florida, on December 6, 2019. The meeting was called to order at 8:30 a.m.

ROLL CALL

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

Also, in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and A.C. Lovingood, Investment Monitor Jennifer Gainfort, and Investment Manager Georgette Baxter.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF AGENDA

Upon review of the agenda, The Board reviewed the agenda and requested the addition of supporting documents for the budget.

MOTION:

Board Member Dennis Rick made a motion to approve the amended minutes. Board Member Bernard Ward seconded the motion, which carried by 3-0 vote.

APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – May 6, 2019.

The Board reviewed the minutes from the May 6, 2019 Board Meeting.

2. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – August 5, 2019.

The Board reviewed the minutes from the August 5, 2019 Board Meeting.

MOTION:

Board Member Dennis Rick made a motion to approve the May 6, 2019 minutes as presented. Board member Bernard Ward seconded the motion, which carried by 3-0 vote.

MOTION:

Board Member Bernard Ward made a motion to approve the August 5, 2019 minutes as presented. Board member Dennis Rick seconded the motion, which carried by 3-0 vote.

PRESENTATIONS

3. ASB Real Estate – Georgette Baxter, ASB Real Estate

Ms. Georgette Baxter came before the Board to present the ASM Allegiance Real Estate Fund performance. Ms. Baxter started her presentation by reviewing the firm, informing the Trustees that there has been no turnover in staff or changes in management. The firm assets under management as of September 30, 2019 was \$8.0 billion in 20 U.S. Markets with over 16.8 million square feet in office, retail, industrial, and residential space. The three funds that ASB runs was then reviewed and Ms. Baxter informed the Board that ASB is looking into opening the Meridian Fund III. The investment objective of the ASB Allegiance Real Estate Fund is to achieve full cycle risk-adjusted out-performance through long-term net operating income growth within a core equity portfolio. The fund targets major U.S. Metros with economic growth engines, supply constraints, and demonstrated liquidity. The fund gross return since inception is 6.29%, the three-month return was -0.55% with a year to date return of 2.87% and a one-year rate of return of 4.36%. Ms. Baxter then reviewed the fifteen-year analysis of the fund with the Board. The repositioning was then reviewed, Ms. Baxter informed the Board that Barney's, an upscale Department Store, suddenly filed bankruptcy and vacated the retail building located at 15 E. Pak Street in Chicago Illinois. The building has a 100 walk score and a 92 transit score, and the plan is to turn the space into a mixed-use office and retail space in addition to maintaining restaurant use on the top floor. The portfolio took the full write down in the third quarter to account for the losses and it will take 15-18 months to stabilize the space. The Performance Prospective NOI Growth was then reviewed with the Board where Ms. Baxter noted that that commencements of approximately \$26.3 million are projected over the next four quarters. The near-term growth opportunities related to current vacancies and lease rollovers were reviewed with the Board, noting that the discounted leases that were signed during the recession are coming due for renewal. Ms. Baxter concluded her presentation by informing the Board that ASB Allegiance Real Estate Fund is a diversified portfolio of high-quality urban assets with 93% occupancy that is very well positioned for NOI growth, with active Portfolio management, moderate risk profile, and consistent leadership producing long-term track record. Trustee Bernard Ward inquired about what the target vacancy rate is for the fund. Ms. Baxter stated that 75% occupancy rate indicated a stable asset. Chairman Michael Rhodes inquired to why the three-year returns were so low. Ms. Baxter stated that the low returns were due to pullback, some assets were not doing very well, and the sale of those failing assets. Today the portfolio's leverage is 21%, in 2018 the leverage was 18%. Attorney Bonni Jensen asked Ms. Baxter to explain what Workforce Housing is to the Board. Ms. Baxter informed the Board that in the portfolio, they have some investments in Workforce Housing which is a form of government subsidized housing that is located close to large commercial, industrial, and retail sectors as a means to provide affordable housing in areas where the cost of living exceeds the ability of the local workforce. The Board thanked Ms. Baxter for your presentation.

MOTION:

Board Member Bernard Ward made a motion to approve the ASB Real Estate Report. Board member Dennis Rick seconded the motion, which carried by 3-0 vote.

4. GRS Experience Study – Jeffrey Amrose – GRS

Jeffrey Amrose with GRS presented the Experience Investigation for the 8-year Period Ending September 30, 2018 to the Board. Mr. Amrose started that the purpose of this report is to evaluate the assumptions and methods to be used for the October 1, 2019 and subsequent

years' Actuarial Valuations, and to describe the estimated financial effect of the recommended assumption and method changes based on his firm's findings. Mr. Amrose then reviewed the assumptions of the plan along with possible changes. The recommendations that Mr. Amrose presented to the Board included updating the future salary increase assumption to reflect lower than expected real salary increases. Mr. Amrose then reviewed the conclusions of the rates of salary increase noting that the real salary increases net of inflation during the experience investigation period were lower than expected based on the current assumption. The recommendation is to decrease the expected salary increases. The recommendation for the Rates of Retirement is to lower those assumptions for normal retirement. This is due to the findings that normal retirements were lower than expected based on the current normal retirement rates. With the Rates of Employment Separation, employment separations were higher than expected and the recommendation is to raise the assumed rates across the board with regards to years of service and age. With the Rates of Disability, there is no change suggested at this time. With the Rates of Mortality, there are recommendations to change these rates as the Actuarial Valuation is mandated under Florida State Law to use the mortality assumption used by the Florida Retirement System for Regular Class members. Mr. Amrose then reviewed the Rate of Investment Return for the Pension Plan. Mr. Amrose stated that he feels that the existing Assumed Rate of Return of 7% is reasonable, however, lowering the Assumed Rate of Return down to 6.5% is best practice as FRS is lowering their rate down to 6.7%. The board discussed the recommendations made by Mr. Amrose, Chairman Michael Rhodes stated that he likes the 6.5% Assumed Rate of Return and Trustee Dennis Rick agreed with the lowering of the rate.

MOTION:

Board Member Dennis Rick made a motion to incorporate all of the suggested changes outlined in the Experience Study along with the recommendation of lowering the Assumed Rate of Return from 7% down to 6.5%. Board member Bernard Ward seconded the motion, which carried by 3-0 vote.

5. Quarterly Performance Report as of September 30, 2019 - Jennifer Gainfort, AndCo

Ms. Jennifer Gainfort started her presentation by reviewing the performance of the Plan to the Board. On June 30, 2019, the Plan's assets were at \$6,071,014 and as of September 30, 2019 the assets grew to \$6,186,782. The asset allocations targets were reviewed with the Board and Ms. Gainfort stated that she does not see a need to rebalance the Plan at this time. For the third quarter of 2019, the Plan had a total of \$131,067 in contributions, \$60,038 in distributions, the total expenses for the quarter was \$17,164 and \$4,976 in management fees. Income for the quarter was \$28,909 and the total capital gain for the quarter was \$37,969. For the fiscal year to date, the Plan had a total of \$526,814 in contributions, \$229,868 in distributions, the total expenses were \$55,757, \$18,885 in management fees, \$128,182 in income, and the total capital gains was \$143,108. For the quarter ending September 30, 2019, the trailing returns were 1.09% compared to the benchmark of 0.73%, the fiscal year to date returns were 4.52% compared to the benchmark of 4.35%. The one-year returns were 4.52% compared to the 4.35% benchmark, three-year returns were 9.13% versus the benchmark of 8.96%, five-year returns were 6.65% versus the 7.28% benchmark, and the total returns since inception was 6.28% versus the 5.83% benchmark. Ms. Gainfort then reviewed each investment class returns compared to their respective benchmarks, noting that Dana's performance did great during the quarter.

MOTION:

Board Member Dennis Rick made a motion to approve the Bernard Ward AndCo Quarterly Performance Report as of June 30, 2019. Board member Bernard Ward seconded the motion, which carried by 5-0 vote.

CONSENT AGENDA

6. Ratification of invoices paid since last quarterly meeting

VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION FUND			
WARRANT - PAID INVOICES			
NOVEMBER 4TH, 2019			
TO:	Resource Centers, Plan Administrator		
FROM:	Board of Trustees		
Paid by Custodian:			
	Fiduciary Trust International		\$ 1,038.97
	Custodian Fees for QE 09/30/19 (3 Accounts)		
<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
August 14, 2019	Pension Resource Center Administrative Fees- August 2019	1378	\$ 800.00
August 14, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 07/31/19	1379	\$ 793.50
August 14, 2019	Dana Investment Statement of Management Fees QE 6/30/19 Account #1087cb (Fixed Income)	1380	\$ 704.38
August 14, 2019	Dana Investment Statement of Management Fees QE 6/30/19 Account #1087cc (LC)	1381	\$ 2,622.51
September 12, 2019	Pension Resource Center Administrative Fees- September 2019	1382	\$ 800.00
September 12, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 08/31/19	1383	\$ 2,965.25
October 11, 2019	Pension Resource Center Administrative Fees- October 2019	1384	\$ 800.00
October 11, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 09/30/19	1385	\$ 238.50
October 11, 2019	AndCo Consulting Performance Monitoring Fees for 2nd & 3rd Qtr 2019	1386	\$ 6,250.00
October 18, 2019	Gehring Group, Inc. Fiduciary Liability Policy Renewal 10/1/19- 10/1/20	1387	\$ 1,824.21
TOTAL:			\$ 18,837.32

**VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION FUND
WARRANT - PAID INVOICES
DECEMBER 6TH, 2019**

TO: Resource Centers, Plan Administrator
FROM: Board of Trustees

Paid by Custodian:

<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
-			-
November 15, 2019	Pension Resource Center Administrative Fees- November 2019	1388	\$ 800.00
November 15, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 10/31/19	1389	\$ 583.00
November 15, 2019	Dana Advisors, Inc. Investment Management Fees QE 9/30/19 Invoice 71078	1390	\$ 2,715.77
	Investment Management Fees QE 9/30/19 Invoice 71048	1391	\$ 714.71
TOTAL:			\$ 4,813.48

7. Reporting of new applicants for participation in Pension Plan:

There were no new applicants at this time.

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

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)

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

9. Benefit Approvals:

No benefit approvals at this time.

END /OF CONSENT AGENDA

The Board reviewed the Consent Agenda.

MOTION:

Board Member Dennis Rick made a motion to approve the Consent Agenda. Board Member Bernard Ward second the motion, which carried by 3-0 vote.

OLD BUSINESS

10. JoAnn Forsythe 2017 Revised Calculation – Scott Baur, Pension Resource Centers

Scott Baur with the Resource Centers presenting the Board with the modified payroll history and comparison between the data provided by the Village when the calculation was originally calculated and the payroll data that was provided by Michelle Gload. Mr. Baur reviewed Ms. Forsythe's payroll history with the Board while pointing out the multiple anomalies that were discovered in the payroll data that was provided from the Village compared to the payroll data provided by Michelle Gload. Mr. Baur informed the Board how The Resource Centers calculates an estimated Pension Benefit including how the payroll years of service are totaled, compared to how Ms. Gload was comparing her data with the data The Resource Centers had from the Village.

MOTION:

Board Member Bernard Ward made a motion to have GRS recalculate JaAnn Forsythe's Pension Benefit with the modified payroll data. Board Member Dennis Rick second the motion, which carried by 3-0 vote.

11. Legislative Updates - Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

A. Jensen Memo - USERRA

Ms. Jensen Bonni Jensen presented a Memo to the Board regarding the uniformed Services Employment and Reemployment Rights Act of 1994. Ms. Jensen reviewed the rights and responsibilities of employers and retirement plans under the USERRA. Military breaks in service under the USERRA must be treated as continuous employment and employers are required to make pension contributions only during the time employees actually work for the employer, therefore, employers are not obligated to make contributions to a pension plan on behalf of employees while they are serving in the military. Ms. Jensen concluded her review stating that those who serve or who will serve in the military have substantial protections under USERRA; employers and retirement plans need to ensure proper tracking of these individuals time while serving in the armed forces.

B. Jensen Memo – Changes in Tax Rules for Alimony

Ms. Jensen reviewed the Changes in Tax Rules for Alimony Memo with the Board, noting that alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018, or for any divorce or separation agreement executed on or before December 31, 2018, and modified after that date.

C. Request for Confidentiality

Ms. Jensen reviewed the Request of Confidentiality Form that her firm created for the General Employees' Pension Plan as requested by the Board.

D. Jensen Fee increase

Ms. Jensen informed the Board that her fee will be increasing to \$300.00 an hour which is lower than the \$350.00 an hour that her firm charges new clients. One of the reasons for the fee increase is due to the costs related to using paralegals at the firm as their rate is \$125.00 an hour. Ms. Jensen did not that when her firm was hired by the Pension Plan, the rate was at \$250.00 an hour.

MOTION:

Board Member Bernard Ward made a motion to approve the Klausner, Kaufman, Jensen, and Levinson fee increase to \$300.00 per hour. Board member Dennis Rick seconded the motion, which carried by 3-0 vote.

E. Summary Plan Description Update

Ms. Jensen provided the Board with the final version of the Summary Plan Description for the Board to approve.

MOTION:

Board Member Bernard Ward made a motion to approve the Summary Plan Description as presented. Board member Dennis Rick seconded the motion, which carried by 3-0 vote.

F. Statement of Policy on Determining Average Final Compensation

Ms. Jensen presented the Board with the updated policy on determining the average final compensation to the Board. It was noted that update was done to review verbiage within the policy.

G. Summary of Actions Presentation Update

Ms. Jensen informed the Board that the Summary of Actions Presentation is pending the Village's scheduling for the presentation before the Village Council.

H. Service Provider Insurance Certificates

Ms. Jensen presented the Board with the Cyber Security Insurance Certificates for her firm, AndCo, GRS, and Scott Baur presented the Board with The Recourse Centers Cyber Security Insurance Certificates for the Board to review.

ACCOUNTING REPORTS

12. Accounting Reports – Board Member, Michelle Gload, Finance Department

Board Member Michelle Gload was not in attendance and the accounting reports were tabled.

NEW BUSINESS

There was no new business to discuss

ADMINISTRATIVE REPORT

13. The Resource Centers SOC-1 Audit and Cyber Security Memo - *Plan Administrator Scott Baur, Pension Resource Centers*

Scott Baur presented the Board with a memo regarding The Resource Centers SOC 1 Audit and Cyber Security. Mr. Baur started his discussion with Cyber Security Measures mentioned in his memo. He informed the Board that the information is only a general overview of The Resource Centers current security procedures that are in place to prevent a cyber security breach within the company. He noted that due to the Board Meeting being a public meeting per the requirements of Florida Sunshine Laws, some of the safety steps taken are not mentioned in the memo, however, if any Trustee would like more details on the steps taken, The Resource Centers would be more than happy to schedule a meeting to review these details. Mr. Baur then reviewed The Resource Centers SOC 1 Type 2 Audit noting that not all Pension Plan Administration firms have a third party come in and perform this type of audit. The SOC 1 Audit results had no findings or exceptions found, which means that all The Resource Center's Policies and Procedures are being followed correctly. Mr. Baur informed the Board that The Resource Center has \$3 Million in cyber liability coverage across three separate insurance providers and is looking into increasing the cyber liability coverage.

MOTION:

Board Member Bernard Ward made a motion to approve the Administrative Report as presented. Board member Dennis Rick seconded the motion, which carried by 3-0 vote.

ANY OTHER MATTER

Mr. Lovingood presented the Board with the proposed 2020 meeting schedule. The Board reviewed the schedule and verified that the schedule coincides with the Public Safety Plan's meeting schedule.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:00 p.m.

Secretary
Village of Tequesta General Employees' Pension Plan