

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 3, 2020.**

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 February 3, 2020. The meeting was called to order at 1:00 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 Administrators Scott Baur and A.C. Lovingood, Investment Monitor Jennifer Gainfort, and Actuary Jeffrey Amrose.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF AGENDA

The Board reviewed the agenda and requested the addition of Election of Officers as item 13.

MOTION:

Board Member Michelle Gload made a motion to approve the amended minutes. Board Member Jessie Oakley III 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 – December 6, 2019.

The Board tabled the minutes dated December 6, 2019. Michelle Gload requested that the May and August Board Meeting minutes be added to secure file exchange for review.

MOTION:

Board Member Bernard Ward made a motion to table the December 6, 2019 minutes and have them on the May 4, 2020 Board Meeting Agenda. Board member Dennis Rick seconded the motion, which carried by 5-0 vote.

2. GRS Actuarial Valuation Report – Jeffrey Amrose, GRS

Jeffrey Amrose presented to the Board the Actuarial Valuation Report as of September 30, 2019. He stated the Plan is in very good shape with a funded ratio of 95.35% along with the plan's recent changes to its assumptions that are more in line to how the plan has been historically trending. The required Village contribution is low, only costing 11.06% of payroll. The Village's required contribution increased to \$427,510 (11.06% of covered payroll)

compared to last fiscal year's requirement of \$349,748 (10.86% of covered payroll). Mr. Amrose noted the monetary amount of the required contribution increased \$77,762 due to an increase of payroll. An experience investigation was performed since the last valuation for the 8 years ending September 30, 2018. Following the study, the board approved changing the rates of retirement, withdrawal, and salary increases. In addition, the investment return assumption was also lowered from 7.0% down to 6.5%. There was a net actuarial loss of \$123,914 for the year due to lower than expected investment earning and a higher than expected salary increase. Mr. Amrose then reviewed the Actuarial Gains and Losses in addition to the General Employees Statistical Data. Chairman Michael Rhodes inquired about the Contribution Excess amount of \$69,959, which Michelle Gload reminded the Board that The Village of Tequesta had placed funds into the Pension Plan to offset possible fluctuations.

MOTION:

Board Member Michelle Gload made a motion to approve the GRS September 30, 2019. Board member Jessie Oakley III seconded the motion, which carried by 5-0 vote.

Mr. Amrose informed the Board that the cost for his actuarial services will be increasing. The average cost for other clients is \$14,000.00, compared to the \$5,665 for the Plan's October 1, 2019 Actuarial Valuation Report. Mr. Amrose stated that he did not think it was fair to double the fee and suggested that the fee be increased slowly over several years. Chairman, Michael Rhodes requested a proposal and stated that the Board would take into consideration.

Attorney Bonni Jensen reminded the Board that Florida State Law requires the Board to set the Assumed Rate of Return for the Pension Plan. Mr. Amrose stated that the Board agreed upon lowering the rate at the last Board Meeting when the Experience Study was presented and that those new assumptions and Assumed Rate of Return are reflected in the Actuarial Valuation. Trustee, Michelle Gload inquired if the Assumed Rate of Return will be going from 7% down to 6.6% for Fiscal Year 2020, which Mr. Amrose confirmed. Jennifer Gainfort informed the Board that the 6.5% Assumed Rate of Return is reasonable and agreed with the recommendation.

MOTION:

Board Bernard Ward made a motion based on the recommendation of the investment consultant, the Board expects to get a 6.5% 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.

3. Quarterly Performance Report as of December 31, 2019 - Jennifer Gainfort, AndCo

Jennifer Gainfort started her presentation by reviewing the market environment with the Board. Broad asset class returns were positive during the 4th quarter of 2019 except for the US Government Bond Index. Both US and international equity markets benefited from positive developments concerning trade disruptions. Emerging markets significantly outperformed and the trade tensions between the US and China have eased. Ms. Gainfort noted that Tariffs went from 15% down to 7.5% with China agreeing to buy more US manufacturing goods. Monetary policy remained supportive with the Federal Reserve cutting rates once during the period in addition to providing liquidity to the market through security purchases. International equity market returns were strong during the quarter. Like US markets, international performance was impacted by continued monetary policy relief from the Bank of Japan and the European Central Bank, positive developments around global trade, and the likely resolution on Brexit. Fixed income index performance was muted during the 4th quarter. The broad

market Bloomberg Barclays Aggregate Index managed to gain 0.2% as investors favored equities and interest rate were generally flat during the quarter as concerns over an imminent US recession eased. Investment grade corporate bonds delivered solid performance for the quarter, returning 1.2%, which outperformed Treasury and securitized issues.

On September 30, 2019 Plan's assets were at \$6,186,782 and as of December 31, 2019 the assets grew to \$6,706,718. 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 fourth quarter, the Plan had a total of \$154,080 in contributions, \$38,859 in distributions, management fees totaled \$5,066, and other expenses totaled at \$10,973. The income for the quarter was \$45,321 and the total capital gain for the quarter was \$372,432. For the quarter ending December 31, 2020, the trailing returns were 6.70% compared to the benchmark of 6.20%, the fiscal year to date returns were 6.70% compared to the benchmark of 6.20%. The one-year returns were 22.39%, beating the 21.00% benchmark by 1.39%. The three-year returns were 11.07% versus the benchmark of 10.69%, the five-year returns were 7.39% versus the 7.39% benchmark, and the total returns since inception was 6.55% versus the 6.09% benchmark.

Ms. Gainfort then reviewed the individual managers, noting that in the Domestic Equity sector, Dana Large Cap Core has done very well with outperforming the benchmark for the past three years in addition to being ahead of the benchmark since inception. Ms. Gainfort noted that the Domestic Fixed income is underweight and that the Plan has over \$220,000 sitting in cash. She recommended that the Pension Plan move \$150,000.00 from cash into the Dana Large Cap Core Fund.

MOTION:

Board Member Michelle Glaod made a motion to transfer \$150,000.00 from cash into Dana Large Cap Core Fund. Board member Jessie Oakley III seconded the motion, which carried by 5-0 vote.

Chairman, Michael Rhodes asked Ms. Gainfort to review the compliance checklist with the Board. Ms. Gainfort noted that both Dana Domestic and Dana Fixed is showing improvement with shifting back over to being compliant with the Plan's Investment Policy. Chairman Rhodes then commented on the annual fee analysis of the Plan with Attorney Bonni Jensen noting that the total fund annual fee is low at 0.43%.

MOTION:

Board Member Dennis Rick made a motion to approve the AndCo Investment Performance Review dated December 31, 2019. Board member Bernard Ward seconded the motion, which carried by 5-0 vote.

CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting

VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION FUND				
WARRANT - PAID INVOICES				
FEBRUARY 3RD, 2020				
TO:	Resource Centers, Plan Administrator			
FROM:	Board of Trustees			
Paid by Custodian:				
Fiduciary Trust International			\$	1,113.44
Custodian Fees for QE 12/31/19 (3 Accounts)				
-	<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
-				-
	December 11, 2019	Pension Resource Center Administrative Fees- December 2019	1392	\$ 800.00
	December 11, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 11/30/19	1393	\$ 238.50
	January 13, 2020	Pension Resource Center Administrative Fees- January 2020	1394	\$ 800.00
	January 13, 2020	AndCo Services Rendered for QE 12/31/19 Inv #34189	1395	\$ 3,125.00
	January 13, 2020	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 12/31/19	1396	\$ 1,932.25
TOTAL:			\$	8,009.19

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

Mr. Lovingood reported that he was notified that Maxwell S. Cooper became a member of the Pension Plan on December 30, 2019.

6. 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)

7. Benefit Approvals:

REFUND OF CONTRIBUTIONS

GRANDE, JOSEPH

DATE OF BIRTH	09/1977
DATE OF HIRE	07/02/2018
DATE OF TERMINATION	08/26/2019
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$1,863.39
VESTED	NO

CURRA, NEIL

DATE OF BIRTH	04/1964
DATE OF HIRE	03/21/2016
DATE OF TERMINATION	10/28/2019
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$6,587.87
VESTED	NO

CHATTERGOON, TARA

DATE OF BIRTH	09/1971
DATE OF HIRE	08/01/2016
DATE OF TERMINATION	09/14/2019
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$6,705.23
VESTED	NO

END /OF CONSENT AGENDA

The Board reviewed the Consent Agenda. It was noted that there were several individuals missing from the New Hire and Terminated Non- Vested Sections. There was a discussion on how The Resource Centers receives this information and how to best streamline the notifications to mitigate any errors.

MOTION:

Board Member Bernard Ward made a motion to approve Items 4 and 7 of the Consent Agenda. Board Member Jessie Oakley III second the motion, which carried by 5-0 vote.

OLD BUSINESS

8. JoAnn Forsythe – Bonni Jensen, Klausner Kaufman Jensen & Levinson

Attorney Bonni Jensen informed the Board that she had sent a letter to Ms. Forsythe regarding the recalculation of her Pension Benefit long with an invite to attend this Board Meeting. The letter included the old benefit calculation, new benefit calculation, and a payroll comparison indicating where the differences existed in the calculations. Ms. Jensen stated that the letter was sent via FedEx, and a copy was sent to Ms. Forsythe via email with no response, Ms. Jensen stated that she also sent Ms. Forsythe a follow-up email with no response. Chairman, Michael Rhodes verified with Albert Lovingood and Michelle Gload that JoAnn Forsythe had not contacted them, which both parties verified. Ms. Jensen confirmed that Ms. Forsythe was not present and was invited to attend the meeting. Ms. Jensen then reviewed the calculation with the Board along with the payroll data. The difference in monthly pay is -\$79.19, which Chairman Rhodes confirmed was in the letter sent to Ms. Forsythe.

MOTION:

Board Member Bernard Ward made a motion to approve JoAnn Forsythe's Pension Benefit per the GRS recalculation. Board Member Jessie Oakley III second the motion, which carried by 5-0 vote.

Trustee, Michelle Goad asked for guidance from Attorney, Bonni Jensen on how Ms. Forsythe should pay back the Pension Plan for the overpayment. Ms. Jensen stated that Ms. Forsythe was overpaid for 34 months, totaling \$2,590.46. Ms. Jensen recommended setting up a payment plan so that Ms. Forsythe could pay back the Pension Plan without causing any financial hardship on the member. Chairman, Michael Rhodes stated that he would like for the repayment plan to be 34 months for the time that she was overpaid.

MOTION:

Board Member Michelle Gload made a motion for Attorney, Bonni Jensen to communicate with JoAnn Forsythe and establish a repayment of \$76.19 per month for 34 months to pay the Pension Plan back for the overpayment of her pension. Board Member Bernard Ward second the motion, which carried by 5-0 vote.

Chairman, Michael Rhodes requested that the new Village Finance Manager be invited to the next Board Meeting.

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

A. Jensen Memo – IRS Mileage Rate for 2020

Attorney Bonni Jensen informed the Board that the IRS has lowered the Mileage Rate for 2020 from \$0.58 per mile, down to \$0.575 per mile.

B. Jensen Memo – Secure Act and IRS Limits for 2020

Ms. Jensen reviewed the Secure Act that was signed into law on December 20, 2019. The new law is primarily intended to expand opportunities to increase individual retirement savings. Of most interest to governmental retirement systems is the Secure Act's new age 72 start date for the required minimum distributions. Under prior law, qualified pension plans, including traditional IRAs, 401(k) accounts, and SEP-IRAs were required to start minimum distributions by age 70½. Effective 2020, the age limit has been increased to 72. This new amendment only applies to individuals who reach 70½ after 2020. The old age limit still applies to anyone who has reached 70.5 before January 1, 2020. The Secure Act also removes the 70½ age limit on traditional IR contributions. The IRS also updated the benefit limits for qualified plans for 2020. Employees participating in 401(k), 457, and 403(b) plans, the contribution limit increased from \$19,000 to \$19,500. The annual IRA contribution limits remain unchanged at \$6,000, and the additional catch-up contribution limit for individuals aged 50 and over is also unchanged at \$1,000. Ms. Jensen noted that another change to Florida Law will allow for the use of electronic notarizations and that beneficiary designation changes will not have the ability to use the electronic option.

C. Jensen Memo – Annual Client Conference

Ms. Jensen informed the Board that her firm, Klausner, Kaufman, Jensen & Levinson will have their Annual Client Conference at the W Hotel in Fort Lauderdale, Florida on May 27th through May 29th.

D. Summary of Actions Presentation Update

Ms. Jensen informed the Board that the Village Council has not set a date for the Tequesta General Employees' Pension Plan to present the Summary of Actions Presentation. The Village Council has set the Tequesta Public Safety Officers' Pension Plan's presentation for February 13, 2020.

ACCOUNTING REPORTS

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

Board Member Michelle Gload presenting the Accounting Reports to the Board for review.

MOTION:

Board Member Bernard Ward made a motion to accept the Accounting Reports as presented. Board member Dennis Rick seconded the motion, which carried by 5-0 vote.

NEW BUSINESS

There was no new business to discuss

ADMINISTRATIVE REPORT

11. 2020 Conference List - *Plan Administrator Scott Baur, Pension Resource Centers*

Mr. Baur presented the Board with the 2020 Trustee Conference List. It was noted that not all available conferences are listed and that the list is only intended for informational purposes.

ANY OTHER MATTER

12. Annual Proxy Vote Summary

The Annual Proxy Vote Summary was presented to the Board for informational purposes.

MOTION:

Board Member Bernard Ward made a motion to accept the Annual Proxy Vote Summary as presented. Board member Michelle Gload seconded the motion, which carried by 5-0 vote.

13. Election of Officers

Chairman, Michael Rhodes stated that the election of officers is open for discussion, Trustees Michelle Gload, Bernard Ward, and Dennis Rick stated that they were happy with the current Chairman and Secretary of the Board. Michael Rhodes nominated himself for Chairman of the

Board. Michelle Gload nominated Michael Rhodes as the Chairman and Bernard Ward as Secretary.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:05 p.m.

Secretary
Village of Tequesta General Employees' Pension Plan