

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

CALL TO ORDER

The Regular Quarterly Board Meeting of the Tequesta General Employees' Pension Trust Fund was held via RingCentral Video Conference as permitted by Executive Order 2020-69 on August 3, 2020. The meeting was called to order at 12:06 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 Jesse Oakley III, and Board Member Michelle Gload.

Also, in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and A.C. Lovingood, Investment Monitor Jennifer Gainfort, and Amed Avila with Fiduciary Trust.

APPROVAL OF AGENDA

The Board reviewed the Agenda and requested to add Budget Planning under section 12 Item C.

MOTION:

Board Member Bernard Ward made a motion to approve the Agenda as amended. Board Member Jesse Oakley III seconded the motion, which carried by 4-0 vote.

VILLAGE MANAGER REQUEST

Albert Lovingood informed the Board that he had received a request from the Village Manager that all Pension Plan Board Meetings be held via Video Conference until Palm Beach County enters Phase II of reopening from the COVID-19 Pandemic.

APPROVAL OF MINUTES

1. Regular Quarterly Meeting Minutes – December 6, 2019 and May 5, 2020.

The Board reviewed the Regular Quarterly Meeting Minutes dated December 6, 2019. There was an error located on page two. The Board then reviewed the Regular Quarterly Meeting Minutes dated May 5, 2020 and noted that the election of the Chair and Secretary was not included.

MOTION:

Board Member Bernard Ward made a motion to approve the Meeting Minutes dated December 6, 2019 and May 5, 2020 as amended. Board member Jesse Oakley III seconded the motion, which carried by 4-0 vote.

2. Quarterly Performance Report as of March 31, 2020 - Jennifer Gainfort, AndCo

Jennifer Gainfort started her presentation by reviewing the market environment with the Board. Broad asset class returns declined significantly during the 1st quarter of 2020 due primarily to the COVID-19 pandemic. Both domestic and international equity markets experienced significant drawdowns as investors moved into perceived haven assets such as US Treasury Bonds. Equity market volatility reached its highest level since the Financial Crisis in 2008. Through the quarter, global economic growth turned negative as countries responded to the pandemic by shuttering their economies. In the US, because of the decision to institute social distancing and shelter-in-place orders, labor markets suffered significant losses as businesses closed and employees were either furloughed or laid off. Rising economic concerns resulted in swift action by the Federal Reserve, which cut its overnight lending rate to between 0% to 0.25%. Importantly, the US government responded with a stimulus package consisting of forgivable loans and other short-term benefits, that is designed to act as a bridge for the economy until businesses can reopen. Within domestic equity markets, large cap stocks outperformed small cap equities during the quarter with the S&P 500 Index returning -19.6% versus a -30.6% return for the small cap Russell 2000 Index. US equity returns over the one-year period turned negative because of the drawdown with large and mid-cap stocks returning -7.0% and -18.3% respectively, while small cap stocks fell -24.0%.

On December 31, 2019 Plan's assets were at \$6,706,718 and as of March 31, 2020 the assets of the Plan closed at \$5,780,041. 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 due to the volatility in the market. For the first quarter, the Plan had a total of \$133,771 in contributions, \$75,126 in distributions, management fees totaled \$5,359, and other expenses totaled at \$30,067. The income for the quarter was \$28,162 and the total capital loss for the quarter was \$978,058. For the quarter ending March 31, 2020, the trailing returns were -14.11% compared to the benchmark of -13.74%, the fiscal year to date returns were -8.36%, which was inline with the benchmark of -8.36%. The one-year returns were -4.02%, beating the -4.62% benchmark by 0.60%. The three-year returns were 3.81%, beating the benchmark of 3.79%, the five-year returns were 3.63% versus the 4.67% benchmark, and the total returns since inception was 5.64% versus the 5.20% benchmark.

Ms. Gainfort then reviewed the individual managers, noting that ASB Real Estate's move of going defensive and realizing the loss of income from the Barney's Bankruptcy helped with the earning of 3.03% compared to the benchmark of 2.44%. Attorney Bonni Jensen asked if ASB could provide the Board with an update on the COVID-19 impact on the Fund, specifically keeping current leases vs. re-leasing space, and the rent moratorium. Ms. Gainfort stated that she will request this information from ASB. Mrs. Jensen requested that the update be sent to Scott Baur at The Resource Centers and requested that Mr. Baur send the update out to the Trustees of the Pension Plan. Ms. Gainfort concluded her presentation by informing the Board that at the close of business on April 30, 2020, the Plan was up 7.5% and the fiscal year to date earnings is at -1.5%. Chairman Michael Rhodes noted that it appears that the Plan is facing a long recovery period and inquired if there needs to be any changes made to the Plan's investments. Ms. Gainfort informed the Board that the Plan is well positioned and does not see a need to make any changes at this time.

MOTION:

Board Member Bernard Ward made a motion to approve the AndCo Investment Performance Review dated March 31, 2020. Board member Jesse Oakley III seconded the motion, which carried by 4-0 vote.

3. Fiduciary Trust Annual Presentation – Amed Avila, Fiduciary Trust

Amed Avila started his presentation by giving an update on the operations of Fiduciary Trust due to the COVID-19 Pandemic. Mr. Avila stated that his firm utilized their Disaster Recovery Plan to implement the ability to work remotely, noting that he never imagined using this plan for a Pandemic. Fiduciary Trust has been working remotely since March 12, 2020 and the only challenge that they have faced thus far is processing the incoming and outgoing mail due to the need of social distancing.

Mr. Avila continued his presentation by informing the Board that Fiduciary Trust has made some enhancements to the frequency that they perform death searches on retirees. In the past, Fiduciary Trust has performed this search once a quarter. Now the search is performed monthly. Mr. Baur informed the Board that The Resource Centers will be sending out “Alive and Well” letters to all retirees for all the Plans that his firm is the Administrator for. Mr. Baur stated that these letters will go out after the COVID-19 Pandemic restrictions have subsided. Mr. Avila also informed the Board that Fiduciary Trust has launched a new statement format that contains more details and is easier to read.

The last item that Mr. Avila reviewed was Fiduciary Trust’s SOC-1 Audit. Mr. Avila noted that two of the three findings in the Audit were self-identified issues from the 2018 SOC-1 Audit. These two items are there due to the timing that they were discovered and corrected. Chairman Michael Rhodes asked if any of the findings were repeats and if the third finding was new, which Mr. Avila stated that they were no repeated findings and that the third finding was new and not a carryover from the last Audit and all of the findings have been corrected out.

MOTION:

Board Member Michelle Gload made a motion to approve the Annual Fiduciary Trust Presentation as presented. Board member Bernard Ward seconded the motion, which carried by 4-0 vote.

CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting

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

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

Martin Meehan – Terminated 02/13/2016 (*Notification Letters: 1st sent 4-24-17. 2nd sent 5-8-18, 3rd sent 05-07-19*)

Simon Jamason – Terminated 05/10/2016 (*Notification Letters: 1st sent 4-24-17, 2nd sent 5-8-18, 3rd sent 05-07-19*)

Sam Heady – Terminated 01/09/2018 (*Notification Letters: 1st sent 5-8-18, 2nd sent 10-29-18 Second Notification Letter*)

Edward Black – Terminated 01/05/2018 (*Notification Letters: 1st sent 5-8-18 First Notification Letter & 10-29-18 Second Notification Letter*)

William Davis – Terminated 12/06/2019

James Liberman – Terminated 04/06/2020

Joseph Herzog – Terminated 04/06/2020

David Queen – Terminated 04/06/2020

Michael Filipkowski – Terminated 04/06/2020

7. Benefit Approvals:

END /OF CONSENT AGENDA

The Board reviewed the Consent Agenda.

MOTION:

Board Member Michelle Gload made a motion to approve the Consent Agenda. Board Member Jesse Oakley III second the motion, which carried by 4-0 vote.

OLD BUSINESS

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

Attorney Bonni Jensen informed the Board that she has not received any response from JoAnn Forsythe with regards to the overpayment deduction from her Pension. Mrs. Jensen recommended that starting on September 1, 2020, the Plan will deduct \$76.19 from Mrs. Forsythe's monthly Pension for 35 months until the total overpayment amount has been paid back to the Board. The Board requested that Mr. Lovingood ensure that no more than 35 deductions are taken from Mrs. Forsythe's Pension, Mr. Avila informed the Board that his firm has the capability to set the deductions up and include an end date to prevent any additional deductions. Mrs. Jensen stated that her office will send a letter to Mrs. Forsythe informing her of the upcoming deductions.

MOTION:

Board Member Michelle Gload made the motion that effective September 1, 2020 set a monthly deduction from JoAnn Forsythe's Pension in the amount of \$76.19 for 35 months. Board Member Jesse Oakley III second the motion, which carried by 4-0 vote.

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

A. Jensen – Legal Updates

Attorney Bonni Jensen informed the Board that the ability to have the Pension Board Meetings held electronically has been extended by the Governor through October 1, 2020 and that her office will monitor any future extensions that are made.

B. GRS Actuarial Agreement Addendum 06-19-202

Mrs. Jensen provided the Board with the GRS Actuarial Agreement Addendum that updates the fee that GRS charges the Plan for their Actuarial Valuation that was agreed upon at the last Board Meeting.

C. IRS Ordinance

Mrs. Jensen presented the Board with the final Ordinance to amend the Internal revenue Code changes that took effect on January 1, 2020, increasing the required minimum distribution age. Mrs. Jensen noted that additional language was included to ensure that Confirmation of Ordinances are done in a timely manner per the Board's direction at the last Board Meeting.

D. Village Council Presentation

Mrs. Jensen informed the Board that the Presentation PowerPoint and Books have been completed and are ready for the upcoming Village Council Presentation. Mrs. Jensen noted that there are no photos or graphs within the materials due to the complexity of describing these items in order to be compliant with ADA requirements.

ACCOUNTING REPORTS

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

Board Member Michelle Gload presented the Board with the Pension Plan Accounting Reports for review.

MOTION:

Board Member Bernard Ward made a motion to table the Accounting Report. Board Member Jesse Oakley III second the motion, which carried by 4-0 vote.

11. Budget Report

Board Member Michelle Gload updated the Board on the Pension Plan's Administrative Budget. The Board reviewed the Budget and made numerous changes in the expected costs that are expected for the remaining fiscal year and the expected expenses for the next fiscal year.

MOTION:

Board Member Bernard Ward made a motion to approve the Pension Plan's Administrative Budget as amended. Board Member Jesse Oakley III second the motion, which carried by 4-0 vote.

ADMINISTRATIVE REPORT

A. Fiduciary Liability Insurance Follow-up

Mr. Lovingood informed the Board that the Fiduciary Liability Policy that was presented at the Last Board Meeting was for AndCo Consulting for their coverage of the Public Safety Officers' Pension Plan and that it was included with the General Board Meeting items in error.

B. Non-Vested Terminated Members

Mr. Lovingood gave the Board an update regarding the Non-Vested Terminated Members that terminated employment over three years ago who have not taken a refund of contributions. Mr. Lovingood informed the Board that he has received a response from all the members with the exception of one, who he is going to send a certified letter to the last known address on file. Mr. Lovingood did note that one Non-Vested Terminated Member questioned the amount that he is due for a refund to determine if cost of obtaining a Notary was worth the amount of money that he would be refunded. Secretary Bernard Ward offered to notarize the form for free if the member is local so that the Plan can move forward with the refund.

C. 2021 Proposed Board Meeting Dates

Mr. Lovingood presented the Board with the 2021 Proposed Board Meeting Dates. Mr. Lovingood informed the Board that the dates are based on how the Board has historically held the Board Meetings with the alternating times with the Public Safety Officers' Quarterly Board Meetings. Mr. Lovingood also noted that the dates where the General Employees' Pension Plan's Board Meetings are held in the afternoon, have a start time of 12:00pm per the Board's request earlier this year. Mr. Lovingood asked the Board how they wish to move forward with Dana Investments giving their bi-annual presentations due to their attendance at the last Board Meeting. Mr. Lovingood informed the Board that to be consistent with the attendance of Dana. Their presentations can be switched to every May and November moving forward. Chairman Michael Rhodes thanked Mr. Lovingood for being proactive on preparing the 2021 Board Meeting Dates and the Board did not see any issues with altering the meeting dates that Dana Investments attends.

MOTION:

Board Member Jesse Oakley III made a motion to accept the Administrator Report as presented along with the 2021 Proposed Board Meeting Dates. Board member Bernard Ward seconded the motion, which carried by 4-0 vote.

ANY OTHER MATTER

12. Additional Reports

The Dana Investment Quarterly Performance Report was included in the Board Members' Packets for informational purposes.

PUBLIC COMMENT

Mr. Lovingood informed the Board that there were no public comments or questions emailed before or during the Board Meeting and there were no members of the Public attending the Board Meeting via video or audio conference.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:31 p.m.

Secretary
Village of Tequesta General Employees' Pension Plan