

**VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
NOVEMBER 6, 2020.**

CALL TO ORDER

The Board of Trustees for the Village of Tequesta General Employees' Pension Trust Fund met in the Village Council Chambers on November 6, 2020. Chair Michael Rhodes called the meeting 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 Dennis Rick, and Board Member Michelle Gload.

Also, in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and A.C. Lovingood, Investment Monitor Jennifer Gainfort, Greg Peters, and Joe Veranth, Dana Investments, and Georgette Baxter and Larry Braithwaite, ASB Real Estate Investments.

EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

Attorney Bonni Jensen reviewed the Extraordinary Circumstances for Trustees joining the quarterly Board Meeting electronically. Mrs. Jensen stated that she believed that the COVID-19 Pandemic qualifies as an extraordinary circumstance to allow Trustees to join electronically.

The Board had no Trustees joining the meeting electronically.

APPROVAL OF AGENDA

The Board reviewed the Agenda for approval, adding an update to member Jody Forsythe to "Old Business".

MOTION:

Board Member Bernard Ward made a motion to approve the Agenda as amended. The motion received a second from Board Member Michelle Gload, which carried by a 4-0 vote.

PUBLIC COMMENT

There were no public comments.

APPROVAL OF MINUTES

1. Regular Quarterly Meeting Minutes – August 3, 2020.

The Board reviewed the Regular Quarterly Meeting Minutes dated August 3, 2020. The Trustees requested that Benefit Approvals be added into the Minutes for reference moving forward.

MOTION:

Board Member Michelle Gload made a motion to add the Benefit Approvals to the minutes moving forward. The motion received a second from Board member Bernard Ward, which carried by a 4-0 vote.

MOTION:

Board Member Bernard Ward made a motion to approve the Meeting Minutes dated August 3, 2020 as amended. The motion received a second from Board member Dennis Rick, which carried by a 4-0 vote.

The Board tabled approval of the Consent Agenda.

MOTION:

Board Member Bernard Ward made a motion to table the Consent Agenda, which received a second from Board Member Dennis Rick.

2. Quarterly Performance Report as of September 30, 2020 – Greg Peters, Dana Investments

Mr. Joe Veranth presented the Dana Portfolio and Economic Report as of September 30, 2020 to the Board. Mr. Veranth reviewed the account activity, stating that on September 30, 2019 the portfolio value was \$2,814,775.45, there was \$271,295.58 in contributions, investment income was \$69,043.84, the unrealized gain for the fiscal year was \$301,065.68, a realized loss of \$89,604.88, and a change in accrued income loss of \$965.69, which resulted in the Portfolio value of \$3,365,609.98 at the close of business on September 30, 2020. The total gain for the fiscal year is \$279,538.95, with equities contributing 12.57% for the period compared to a 15.15% gain for the S&P 500 Index and fixed income securities contributing 5.62% for the period. Mr. Veranth then reviewed the higher bond coupon rates with the Board within the various sectors, noting that short term rates are at or close to 0%. These low rates are expected to last for the next one to three years. In the current economic environment, Mr. Veranth stated that ten-year bond maturities offer a better investment opportunity. He then reviewed the Federal Funds rate expectations with the Board, noting that the inflation target rate is at 2%. He also reviewed the Equity Market Update and S&P 500 Index Sector Performance in detail. The data indicates that the economy experienced a V-shape recovery from the pandemic. Chairman Michael Rhodes asked Mr. Veranth if the Pension Fund benefitted from the portfolio being sector neutral. Mr. Veranth reviewed the economic sectors benefiting from the COVID-19 pandemic, compared to the cap weighted indices concentrated in a few securities. Portfolios that did not own those specific names, responsible for most of the recent gains in the index, trailed the index performance.

Mr. Veranth then reviewed the Dana Large Cap Equity strategy for the Board, noting that the portfolio benchmarks to the S&P 500 Index. The portfolio typically holds 50-55 stocks, with a target allocation of 0-1% in cash. Dana keeps the portfolio sector neutral to the index with a 4% limit on any individual holding. He then reviewed the characteristics of the current holdings with the Board. He noted that the ISM Manufacturing Purchasing Managers Index fell below 50% only three times historically during periods of market expansion, which usually preceded corrections in the market. He reviewed current unemployment rates, new job formation, and housing, noting that home sales remain strong. Mr. Veranth finished his presentation by reviewing recent purchases and sales within the portfolio.

MOTION:

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

3. ASB Real Estate Investment Presentation

Georgette Baxter reviewed the performance of the ASB Real Estate Allegiance Fund. For the quarter ending September 30, 2020, the portfolio began the quarter with \$531,485, with net withdrawals totaling \$1,661. The holdings gained \$567, ending the quarter with \$530,392. For the fiscal year, the portfolio began with \$523,545

and net withdrawals totaling \$6,621. The assets gained \$13,467 for the fiscal year, ending with \$530,392. Since the fund inception in June 2016 the portfolio gained 4.83% on average per year. After fees the portfolio had a net annual return since inception of 3.69%.

ASB started to reposition the portfolio in 2016 to 2017 to reduce exposure to retail holdings. As a result, the recent performance trailed the benchmark; however, ASB believes that the portfolio is now positioned well going forward. COVID-19 Pandemic created liquidity challenges that slowed this process somewhat. Mr. Braithwaite then reviewed the highlights of the fund, noting that year-to-date, the fund returned 141 basis points above the NPI-ODCE. The 15-year annualized return of 7.5% over a full market cycle, meanwhile, averages 80 basis points above the index benchmark. ASB reviewed how the manager deals with changing tenant demands to maintain high occupancy rates. ASB sold poor performing buildings like Capella Tower and 400 Madison Avenue. Mr. Braithwaite reviewed holdings by geographic sector, noting top performers driving recent performance. Retail continues to shift to e-commerce, boosting warehouse distribution facilities while the malls continue to die. Mr. Braithwaite stated that 2.6 million young adults have moved back home during the pandemic. Their parents hope they move back out soon. The portfolio currently has 21% leverage, with a target leverage range of 15-25%.

MOTION:

Board Member Bernard Ward made a motion to approve the ASB Real Estate Presentation as presented. The motion received a second from Board Member Michelle Gload, which passed 4-0.

4. Quarterly Performance Report as of September 30, 2020 - Jennifer Gainfort, AndCo

Jennifer Gainfort reviewed the asset allocation as of September 30, 2020 in comparison to the target allocations in the Investment Policy. The Pension Fund assets had a total market value of \$6,682,336 on July 1, 2020, increasing to \$7,103,921 as of September 30, 2020. For the third quarter, the Plan had a total of \$130,339 in contributions, \$64,932 in distributions, management fees of \$5,359, and other expenses of \$12,622. The Pension Fund had \$6,186,782 on September 30, 2019, and as of September 30, 2020 the assets of the Plan increased to \$7,103,921. For the fiscal year, the Plan had a total of \$571,110 in contributions, \$218,967 in distributions, management fees of \$20,640, and other expenses of \$65,532. The income for the fiscal year was \$127,755 and the total capital gain for the quarter was \$523,415 resulting in a market value of \$7,103,921 as of September 30, 2020. For the quarter ending September 30, 2020, the trailing returns were 5.85% compared to the benchmark gain of 5.89%. The assets returned 10.19%, compared to the benchmark return of 10.75%. The three-year returns were 7.86%, compared to the benchmark of 8.19%. The five-year returns were 8.72% versus 9.78% for the benchmark, and the total returns since inception were 6.47% versus 6.07% for the benchmark. Ms. Gainfort then reviewed the individual manager performance and recommended that the Board rebalance assets back to Policy targets.

MOTION:

Board Member Dennis Rick made a motion to approve the recommendation by the Investment Consultant to rebalance the assets. The motion received a second from Board Member Bernard Ward, which carried by a 4-0 vote.

MOTION:

Board Member Bernard Ward made a motion to approve the AndCo Investment Performance review dated September 30, 2020. The motion received a second from Board Member Michelle Gload, which carried by a 4-0 vote.

5. Global Fixed Income Manager Analysis 2020 - Jennifer Gainfort, AndCo

Jennifer Gainfort presented the Global Fixed Income Manager Analysis with the Board of Trustees to replace the Franklin Templeton Global Fixed Income allocation. AndCo summarized two finalists, Loomis Sayles Bond N Strategy and the PIMCO Diversified Income Strategy. She reviewed information about the investment companies, along with the investments' historical holdings, average effective duration, and trailing performance compared to the Templeton Global Return Strategy. Ms. Gainfort noted that PIMCO has more consistent performance, and she recommended that the Board replace the current Templeton holding with the PIMCO Diversified Income Fund. Chairman Michael Rhodes noted the consistency of PIMCO. PIMCO is the largest bond investment manager globally of fixed income assets.

MOTION:

Based on the recommendation of the Investment Consultant, Board Member Bernard Ward made a motion to replace the Templeton Global Return R6 Strategy with the PIMCO Diversified Income Strategy. The motion received a second from Board Member Dennis Rick, which carried by a 4-0 vote.

CONSENT AGENDA

6. Ratification of invoices paid since last quarterly meeting.

<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
-	-	-	\$ -
August 13, 2020	Pension Resource Center Administrative Fees- August 2020	1417	\$ 800.00
August 13, 2020	Dana Advisors, Inc. (Account # 1087cc) Investment Management Fees for QE 06/30/20 Inv 77066	1418	\$ 2,851.76
August 13, 2020	Dana Advisors, Inc. (Account # 1087cb) Investment Management Fees for QE 06/30/20 Inv 77037	1419	\$ 847.04
August 13, 2020	Klausner Kaufman Jensen & Levinson Legal Fees through July 31, 2020 Inv #26574	1420	\$ 885.00
September 14, 2020	Pension Resource Center Administrative Fees- September 2020	1421	\$ 800.00
September 14, 2020	Klausner Kaufman Jensen & Levinson Legal Fees through August 31, 2020 Inv #26785	1422	\$ 1,671.73
September 14, 2020	Gabriel Roeder Smith & Company Actuarial Services Rendered through 6/30/20 Inv 456207	1423	\$ 3,500.00
TOTAL:			\$ 11,355.53

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

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

Martin Meehan – Terminated 02/13/2016

(Notification Letter: 1st sent 04-24-17, 2nd sent 05-08-18, 3rd sent 05-07-19, 4th sent 07-06-2020, 5th sent Certified Mail 07-28-2020)

Edward Black – Terminated 01/05/2018

(Notification Letter: 1st sent 05-08-18, 2nd sent 10-29-18, 3rd sent 05-07-19, 4th sent 07-06-2020)

David Queen – Terminated 04/06/2020

Jennie Dilsa – Terminated 05-01-2020

Meaghan Arango-Lorick – 09-30-2020

Kelley Bonneau – 10-01-2020

9. Benefit Approvals:

REFUND OF CONTRIBUTIONS

HERZOG, JOSEPH

DATE OF BIRTH	08/1999
DATE OF HIRE	01/22/2020
DATE OF TERMINATION	04/03/2020
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$327.54
VESTED	NO

ACTION: Approved

DAVIS, WILLIAM

DATE OF BIRTH	02/1992
DATE OF HIRE	10/01/2017
DATE OF TERMINATION	12/06/2019
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$6,528.77
VESTED	NO

ACTION: Approved

LIBERMAN, JAMES

DATE OF BIRTH	10/1993
DATE OF HIRE	12/17/2018
DATE OF TERMINATION	04/04/2020
TYPE OF DISTRIBUTION	LUMP SUM
AMOUNT OF REFUND	\$1,932.88
VESTED	NO

ACTION: Approved

END /OF CONSENT AGENDA

The Board reviewed the Consent Agenda.

MOTION:

Board Member Bernard Ward made a motion to approve the Consent Agenda. The motion received a second from Board Member Dennis Rick, which carried by a 4-0 vote.

OLD BUSINESS

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

Attorney Bonni Jensen informed the Board that JoAnn Forsythe has repaid the Plan in a single lump sum payment, resolving the overpayment following revisions to her benefit calculation.

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

A. Jensen – Attorney Update

Attorney Bonni Jensen informed the Board that the ability to have the Governor did not extend the order allowing the Board to meet electronically. Mrs. Jensen then informed the Board that the Village's 911 Dispatch Unit closed, one employee was hired by the City of Palm Beach Gardens, and the remaining dispatchers were terminated.

Chairman Michael Rhodes thanked Mr. Baur and Mr. Lovingood at the Resource Centers for the hybrid meeting to ensure that all CDC pandemic recommendations are followed.

MOTION:

Board Member Dennis Rick made a motion to accept Attorney Bonni Jensen's Attorney Update as presented. The motion received a second from Board Member Michelle Gload, which carried by a 4-0 vote.

ACCOUNTING REPORTS

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

Board Member Michelle Gload presented the Board with the Pension Plan Accounting Reports for review. Mrs. Gload reviewed all of the various reports and expenditures that the Plan has paid so far through the year, noting that the Plan was under budget.

MOTION:

Board Member Bernard Ward made a motion to accept Accounting Report as presented. The motion received a second from Board Member Dennis Rick, which carried by a 4-0 vote.

ADMINISTRATIVE REPORT

A. New Normal for Plan Administration

Mr. Baur reviewed the New Normal presentation that he prepared for the FPPTA regarding the changes and challenges in plan administration as a result to the COVID-19 pandemic. Mr. Baur noted that The Resource Centers hired two new employees in recent months and that public participation has increased in the Board Meetings due to the ability to join electronically. Mr. Baur then reviewed some of the barriers restricting some members of the public from participating due to age, financial constraints, and access to the internet, computers, and/or smart phones.

Mr. Baur informed the Board that his firm can hold member workshops virtually if the Board wishes as an alternative to meeting in person due to the pandemic, giving the members greater flexibility to attend.

MOTION:

Board Member Michelle Gload made a motion to accept the Administrator Report as presented. The motion received a second from Board Member Bernard Ward, which carried by a 4-0 vote.

ANY OTHER MATTER

The Board had no other business for discussion.

PUBLIC COMMENT

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

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:03 p.m.

Secretary, Village of Tequesta General Employees' Pension Plan