

**VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
November 7, 2022.**

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 7, 2022. Chairman Michael Rhodes called the meeting to order at 8:31 a.m.

ROLL CALL

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

Also, in attendance were Attorney Bonni Jensen, Pension Administrator Scott Baur and A.C. Lovingood, Investment Manager Greg Peters and Duan Robers with Dana Investments. Investment Manager Robert Gronda with ASB Real Estate Investments, and Investment Monitor Jennifer Gainfort.

EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

All Trustees were physically present.

APPROVAL OF AGENDA

The Board reviewed the agenda for approval. Chairman Michael Rhodes requested that the DROP Study be added to the agenda under old business and asked that the Secretary and Chair election be added. Attorney Bonni Jensen said that she believes the Board does elections for the Chair and Secretary every other year. Chairman Rhodes also requested that an update be listed under the Administrator for the Service Provider Contracts as line item 11-f. Trustee Michell Gload requested that under Accounting Reports, item 10-d. be added for the Amended 2022-2023 budget. Trustee Gload also noted that Jullian Leigh's hire date listed under item 6 should be August 1, 2022, under Line Item 7, Donn Fowler Jr's Termination Date should be June 10, 2022, and Amber Crouse is a vested deferred member who should not be on the terminate Non-Vested list of Consent Agenda. The Board also requested that the Ellan Schaffer Programing Invoice be pulled for discussion prior to approving the Warrants dated November 7, 2022.

MOTION:

Secretary Bernard Ward made a motion to approve the agenda as amended. The motion received a second from Board Member Julie Mitchell, which carried by a 5-0 vote.

PUBLIC COMMENT

There were no public comments.

APPROVAL OF MINUTES

1. Regular Quarterly Meeting Minutes – August 1, 2022.

The Board reviewed the Regular Quarterly Meeting Minutes dated August 1, 2022. Board Member Michelle Gload requested that the Agenda changes be listed in detail in the minutes and clarified the information that she conveyed to the Board regarding the DROP Account study; which resulted in the topic item needing to be revised.

MOTION:

Board Member Michelle Gload made a motion to approve the Regular Quarterly Board Meeting Minutes dated August 1, 2022, as amended. The motion received a second from Board Member Julie Mitchell, which carried by a 5-0 vote.

PRESENTATIONS

2. Dana Investments Quarterly Performance Report as of September 30, 2022 –Greg Peters and Duane Roberts, DANA Investments

Greg Peters started his presentation by reviewing the fixed income performance for the quarter ending September 30, 2022, in detail with the Board. Mr. Peters reported that as of September 30, 2022, the fixed income fund had a quarter to date loss of -3.84% compared to the benchmark rate of -3.33%. For fiscal year 2022, the fund had a total loss of -11.49% compared to the benchmark rate of -10.78%. For the three-year rolling returns, the fund reported losses of -2.33% compared to the benchmark of -2.10%, and since inception the fixed income fund earned 2.67%, beating the benchmark rate of 2.64%. Mr. Peters then reviewed the total portfolio summary with the Board, reporting that for the quarter, the Plan has a value of \$3,549,221.94 on June 30, 2022 with a total of \$519.92 in withdrawals, \$23,347.97 in investment income, an unrealized loss of \$167,138.52, a realized loss of \$23,783.28, and an accrued income loss of \$856.37. This resulted in a total loss of \$168,430.20 for the quarter and the value as of September 30, 2022, for the portfolio was \$3,380,271.82.

Duane Roberts thanked the Board for allowing him to come and attend the Board Meeting. Mr. Roberts provided the Board with his background as the Portfolio Manager for Dana Investments. Mr. Roberts then reported that there had been two negative GDP quarters without a recession call, followed by a positive quarter. The economy remains resilient and the Federal Reserve's actions have dominated the markets so far this year, creating significant market volatility. Mr. Roberts stated that the Federal Reserve cannot ignore the high inflation rate facing the nation. Mr. Roberts then reviewed the recent performance and holdings in the portfolio, noting that his firm is currently searching for companies with pricing power in the inflationary environment. Mr. Peters stated that he believes that inflation will persist for another six to twelve months. With the economy weakening due to inflation, Dana Investments expects to see inflation start decreasing down to approximately 4%. Mr. Roberts then reported that Dana Investments holds companies that are expected to meet or beat the benchmark expectations; however, some holdings have had disappointing earnings. The equity growth opportunities were reviewed with the Board along with Mr. Roberts informing the Board that the Federal Reserve has started to reduce their balance sheet. Mr. Roberts concluded his presentation with informing the Board that Dana Investments expects more upside moving forward.

MOTION:

Board Member Julie Mitchell made a motion to approve the DANA Quarterly Performance Report Dated September 30, 2022, as presented. The motion received a second from Board Member Michelle Gload, which carried by a 5-0 vote.

3. ASB Real Estate Investments Quarterly Performance Report as of September 30, 2022 – Robert Gronda, ASB Real Estate Investments

Robert Gronda started his presentation with informing the Board that ASB Real Estate Investments has a CORE Real Estate Fund that invests in the best assets in the best markets, keeping properties fully leased. Mr. Gronda reported no changes in the management at his firm. The portfolio gained 2.29% for the quarter ending September 30, 2022, beating the benchmark rate of 0.52%, and for fiscal-year-end, the fund earned 15.31%, beating the benchmark rate of 13.08%. The fund has delivered 0.40% excess performances gross of fees since 1984. The properties held in the fund are 93.4% leased, with a \$35,199,624.00 increase in rental income with the largest gains coming from the multifamily housing sector. Mr. Gronda addressed affordability and high housing cost along with the impact of political pressure on properties in detail with the Board, noting that public assistance to pay rents should be winding down. ASB Real Estate's historical changes since 2017 for retail and commercial office reductions were reviewed with the Board along with Mr. Gronda noting that the fund has increased holdings in the industrial, self-storage, and housing sectors. In addition, the demand for storage is sticky, which is allowing property managers to raise rents and focusing more on operating income and tenants. The specific assets and markets in the portfolio were discussed in detail with the Board with Mr. Gronda noting that the fund has 25% leverage and that it is in line with the benchmark and that there has been a queue implemented for any distribution requests.

MOTION:

Board Member Julie Mitchell made a motion to approve the DANA Investments Performance Report Dated September 30, 2022, as presented. The motion received a second from Secretary Bernard Ward, which carried by a 5-0 vote.

4. AndCo Investment Monitor – Jennifer Gainfort, AndCo

a. Quarterly Performance Report as of September 30, 2022

Ms. Jennifer Gainfort reported another challenging quarter, noting that the Plan assets dropped down to \$7,721,729.00 as of September 30, 2022, from \$8,006,197.00 on June 30, 2022. The current asset allocations remain inline with the policy targets. The Plan had returns totaling -4.15% for the quarter, compared to the benchmark rate of -4.57%. For the fiscal-year-to-date, the Plan's returns were -14.88%, compared to the benchmark of -13.69%. The five-year trailing returns for the plan were a loss 5.18% and the plan ranks in the top 22% of its peer group. Ms. Gainfort stated that she will review the International Value Equity Manager search with the Board momentarily and recapped the reasons for this search in detail. Ms. Gainfort then reviewed the up and down market capture ratios and concluded her performance presentation by informing the Board that since September 30, 2022, the Plan has recovered losses from the last quarter and that the Plan is up approximately 4% as of market close on Friday.

MOTION:

Secretary Bernard Ward made a motion to approve the AndCo Investment Performance Report Dated September 30, 2022, as presented. The motion received a second from Board Member Julie Mitchell, which carried by a 5-0 vote.

b. International Value Search

Ms. Gainfort then presented the Board with the International Value Equity Manager Analysis results to the Board, reviewing the strategies and fees of the prospective managers. The managers all take a team approach to the portfolio, the DFA and Dodge & Cox portfolios had the strongest long-term results with the lowest fees. The DFA provides a consistent value tilt, while the Dodge & Cox team tends to be more of a relative value portfolio. Ms. Gainfort recommended that the board diversify the EuroPacific Growth holding to the DFA

International Value Fund due that fund having the lowest correlation to the EuroPacific Growth Fund, noting that it offers a mutual fund structure like the EuroPacific Growth Fund.

MOTION:

Board Member Dennis Rick made a motion to invest 50% of the EuroPacific Growth Asset in the DFA International Value Fund. The motion received a second from Secretary Bernard Ward, which carried by a 5-0 vote.

c. AndCo Investment Monitor Fee Proposal

Ms. Gainfort provide the Board with a proposed fee increase of from \$12,500.00 per year to \$14,000.00 per year, guaranteed for three years. The Board reviewed the proposed increase and considered it for approval.

MOTION:

Board Member Julie Mitchell made a motion to approve the AndCo Investment Fee Increase from \$12,500.00 per year to \$14,000.00 per year with the rate locked in for three years. The motion received a second from Board Member Michelle Gload, which carried by a 5-0 vote.

CONSENT AGENDA

The Board reviewed the consent agenda.

5. Ratification of invoices paid since last quarterly meeting.

VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION FUND WARRANT - PAID INVOICES NOVEMBER 7TH, 2022				
TH,				
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>
-				\$ -
	July 19, 2022	Pension Resource Center Administrative Fee- July 2022 Inv 19462	1497	1,400.00
	July 19, 2022	Andco Investment Consultant Fee for QE 6/30/22 Inv 41809	1498	\$ 3,125.00
	July 19, 2022	FPPTA 2022 Membership Dues Inv 7165	1499	\$ 750.00
	July 19, 2022	Gabriel, Roeder, Smith & Company Inv 472454 dated 07/06/22	1500	\$ 600.00
	July 19, 2022	Klausner Kaufman Jensen & Levinson	1501	\$ 180.00

Legal Services through 06/30/22 Inv 30874			
August 17, 2022	Pension Resource Center Administrative Fee- August 2022 Inv 19529	1502	\$ 1,401.10
August 17, 2022	Dana Advisors, Inc. (1087cb) Investment Management Fees for QE 06/30/22 Inv 91511	1503	\$ 1,010.61
August 17, 2022	Dana Advisors, Inc. (1087cc) Investment Management Fees for QE 3/31/22 Inv 91534	1504	\$ 3,139.90
August 17, 2022	Ellen Schaffer Invoice 3526 dated 07/20/22	1505	\$ 500.00
September 13, 2022	Pension Resource Center Administrative Fee- September 2022 inv 19590	1506	\$ 1,403.28
September 13, 2022	Klausner, Kaufman, Jensen & Levinson Legal Fees for August 2022 inv 31228	1507	\$ 1,175.00
September 13, 2022	FPPTA Fall Trustee School Registration for Julie Mitchell inv 7326	1508	\$ 850.00
TOTAL:			\$ 15,534.89
Dated this 7th Day of November 2022.			

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

- Leigh, Jillian – 08-08-2022
- Craig, Marjorie – 08-15-2022
- Naranjo, Bryan – 08-15-2022

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

- 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, 5th sent 10-26-2021, 6th FedEx sent 01-31-2022)
- Jennie Dilsa – Terminated 05-01-2020
(Notification Letter: 1st sent 10-26-2021)
- Meghan Arango-Lorick – Terminated 09-30-2020
(Member was sent Refund forms on 04-23-2021)
- Carolyn Flectcher – Terminated 04-23-2021
(Notification Email: 1st sent 04-21-2022, Notification Letter sent 06-22-2022)
- Kathleen Maloney-Pollack – Terminated 02-04-2022
(Notification E-Mail: 1st sent 07-07-2022)
- Michelle Thomas – Terminated 03-15-2022
(Notification Letter: 1st sent 06-22-2022)
- Hugh Dunkley – Terminated 03-18-2022

(Refund Application emailed 06-22-2022, Follow-up email sent 10-31-2022)

- Donn Fowler Jr. – Terminated 06-10-2022
(Notification Letter: 1st sent 06-22-2022)
- Richard Martin – Terminated 06-22-2022
(Notification Email: 1st sent 05-11-2022 – Incomplete Refund Application Submitted 07-19-2022)
- Matthew Hammond – Terminated 07-01-2022
(Notification Email: 1st sent 07-05-2022)
- Alexander Ferman – Terminated 08-05-2022
(Notification Email: 1st sent 08-06-2022)

8. Benefit Approvals:

There were no Benefit Approvals for the Board to review and approve.

END /OF CONSENT AGENDA

The Board reviewed the Ellen Shaffer Programming Invoice. Mr. Baur reported to the Board the issues that resulted in the programming changes related to how his firm receives pensionable payroll from the Village. There was a detailed discussion regarding the issue which resulted in the Board requesting log of communications between the Village and Mr. Baur's firm.

MOTION:

Board Member Michelle Gload made a motion to approve the Ellen Schaffer Invoice #3526 in the amount of \$500.00. The motion received a second from Secretary Bernard Ward, which carried by a 5-0 vote.

The Board reviewed the remaining sections of the Consent Agenda

MOTION:

Secretary Bernard Ward made a motion to approve the Consent Agenda as amended. The motion received a second from Board Member Julie Mitchell, which carried by a 5-0 vote.

OLD BUSINESS

Chairman Michael Rhodes gave the Board a summary of how the annual Village Council Presentation went, noting that the presentation went well and that he had no issues to report.

NEW BUSINESS

9. Attorney Update – Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

a. Jensen Memo – IRS Required Minimum Distribution

Attorney Bonni Jensen provided the Board of Trustees with updated guidance on Required Minimum Distributions. The Board and Mrs. Jensen had a detailed discussion regarding the purpose of the RMD requirements.

b. Delaware Law Change permits Companies to Insulate Corporate Officers from Liability for Reckless Conduct

Mrs. Jensen discussed the Delaware Law change that permits companies to insulate corporate officers from

liability for reckless conduct. Mrs. Jensen stated that one of the main reasons for bringing this law up to the Board has to do with the majority of businesses are incorporated in the State of Delaware due to favorable, business friendly laws within that state.

MOTION:

Board Member Julie Mitchell made a motion to approve the Attorney Report as presented. The motion received a second from Board Member Dennis Rick, which carried by a 5-0 vote.

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

Board Member Michelle Gload reviewed the accounting reports in detail along with the 2021-2022 Fiscal-Year Budget. Board member Michelle Gload then presented the Board with an amended 2022-2023 Fiscal-Year Budget that reflected several changes, which Mrs. Gload reviewed in detail with the Board Members.

A.C. Lovingood informed the Board that the FPPTA Fall Trustee registrations and hotel payments for the cancelled Fall Trustee School have started to come in for various Plans and that some hotel refunds are being mailed back to the municipality instead of the Plan

MOTION:

Board Member Julie Mitchell made a motion to approve the financial reports and amended 2022-2023 Fiscal-Year Budget as presented. The motion received a second from Board Member Dennis Rick, which carried by a 5-0 vote.

11. Administrator Report – Scott Baur & A.C. Lovingood

a. Resource Centers Memo – 10-22-2022 SOC 1 Type 2 Audit Report

Scott Baur presented the Board with a memo regarding the Resource Centers SOC1 Type 2 Audit. Mr. Baur explained to the Board in detail what the purpose of the SOC1 Type 2 Audit is, noting that this is the Resource Centers 15th year of having the SOC1 Type 2 Audit done and for 15 years in a row, his firm has had no findings.

b. Resource Centers – SOC 1 Type 2 Audit Report

The Resource centers SOC 1 Type 2 Audit Report was included in the Board Meeting Packet for review.

c. Resource Centers – SOC 1 Type 2 Certificate of Audit

The Resource centers SOC 1 Type 2 Certificate of Audit was included in the Board Meeting Packet for review.

d. 2023 Conference List

Mr. Lovingood presented the Board with the 2023 Conference List. Mr. Lovingood informed the Board that anyone wishes to attend any of the Trustee Conferences, to let him know so that he could register them for the event.

e. Fiduciary Liability Insurance Renewal

Mr. Lovingood presented the Board with the Fiduciary Liability Insurance Renewal Quotes from both Markel and Ghering Group. Mr. Lovingood informed the Board that the Ghering Group Quote is an annual amount guaranteed

not to increase for three years while the Markel Policy renews on an annual basis. Both Policies provide the same coverage and Mr. Lovingood then reviewed the two policy quotes in detail. The Board reviewed the Fiduciary Liability Insurance Quotes and discussed their options for the Plan.

MOTION:

Board Member Julie Mitchell made a motion to bind the Plan's Fiduciary Liability Policy with Markel. The motion received a second from Secretary Bernard Ward, which carried by a 5-0 vote.

Mr. Lovingood informed the Board that when the Markel Policy is up for renewal, he will obtain a quote from Ghering Group as well to ensure that the Board can make an informed decision when it is time to renew the Fiduciary Liability Policy.

f. Service Provider Contracts & Agreements

Mr. Lovingood reported that he is in the process of uploading the agreements into the Trustee Secure File Exchange in a folder titled "Contracts & Agreements. Mr. Lovingood also informed the Board that when each Agreement is uploaded, he is ensuring that all the addendums are included in historical order.

ANY OTHER MATTER

12. Establishment of DROP Update

Chairman Michael Rhodes provided the Board with an update regarding the proposal of adding the DROP to the Pension Plan. Mr. Rhodes reported that Jeff Snyder does not support the Plan having a DROP provision.

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

The next Board Meeting is scheduled for February 6, 2023, at 12:00 p.m.

There being no further business, Board Member Julie Mitchell made a motion to adjourn the Board Meeting at 12:07 p.m. The motion received a second from Secretary Bernard Ward, which carried by a 5-0 vote.

Secretary, Village of Tequesta General Employees' Pension Plan