

**VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND**  
**REGULAR BOARD MEETING MINUTES**  
**February 6, 2023.**

**CALL TO ORDER**

The Board of Trustees for the Village of Tequesta General Employees' Pension Trust Fund met in the Village Council Chambers on February 6, 2023. Board Member Julie Mitchell called the meeting to order at 12:00pm.

**ROLL CALL**

A roll call was requested by Julie Mitchell. In attendance at the meeting were: 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 with Dana Investments, Investment Monitor Jennifer Gainfort, and Actuary Jeffrey Amrose.

**EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY**

All Trustees were physically present.

**APPROVAL OF AGENDA**

The Board reviewed the agenda for approval.

**MOTION:**

Board Member Dennis Rick made a motion to approve the agenda as amended. The motion received a second from Board Member Julie Mitchell, which was carried by a 3-0 vote.

**PUBLIC COMMENT**

There were no public comments.

**APPROVAL OF MINUTES**

**1. Regular Quarterly Meeting Minutes – November 7, 2022.**

The Board reviewed the Regular Quarterly Meeting Minutes dated November 7, 2022. The Board noted some minor changes and corrections in the draft minutes.

**MOTION:**

Board Member Michelle Gload made a motion to approve the Regular Quarterly Board Meeting Minutes dated November 7, 2022, as amended. The motion received a second from Board Member Dennis Rick, which was carried by a 3-0 vote.

## PRESENTATIONS

### 2. Dana Investments Quarterly Performance Report as of December 31, 2022 –Greg Peters and Duane Roberts, DANA Investments

Greg Peters started his presentation by reviewing the fixed income performance for the quarter December 31, 2022, in detail with the Board. Mr. Peters reported that as of December 31, 2022, the fixed income fund had a quarter to date return of 1.78% compared to the benchmark rate of 1.72%. For calendar-year 2022, the fund had a total loss of -8.71% compared to the benchmark rate of -9.51%. For the three-year rolling returns, the fund reported losses of -1.69% compared to the benchmark of -1.93%, and since inception the fixed income fund earned 2.71%, compared to the benchmark rate of 2.73%. The Dana U.S. Large Cap Fund quarter to date return of 10.53% compared to the benchmark rate of 7.56%. For calendar-year 2022, the fund had a total loss of -818.06% compared to the benchmark rate of -18.11%. For the three-year rolling returns, the fund reported earnings of 5.76% compared to the benchmark rate of 7.66%, and since inception the fixed income fund earned 8.99%, compared to the benchmark rate of 9.10%. Mr. Peters then reviewed the total portfolio activity with the Board, reporting that for the quarter, the Plan has a value of \$3,380,271.82 on September 30, 2022, with a total of \$116,430.28 in contributions, \$23,727.11 in investment income, an unrealized gain of \$195,932.37, a realized gain of \$1,722.60, and an accrued income gain of \$862.567. This resulted in a total gain of \$222,244.64 for the quarter and the value as of December 31, 2022, for the portfolio was \$3,718,946.74.

Mr. Peters then reviewed the Bond Characteristics of the fund in detail with the Board noting that the Fund's credit quality is Aa2 with an annualized year to maturity rate of 4.66% compared to the benchmark credit rating of Aa1 at a 4.64% annualized yield to maturity. Mr. Peters then reported that over the fourth quarter, the Federal Reserve continued to tighten financial conditions by raising the Fed Funds rate to 4.50% as inflation continued to run at unprecedented levels. The Federal Reserve has indicated that it will remain to be aggressive in its actions until clear and convincing data indicates that inflation has receded back towards the 5-2.5% level. Mr. Peters stated that he expects that the Federal Reserve will raise rates a few more times and then pause and about half of the market is expecting that rate cuts will come in the 2023 calendar year. The annual return and intra-year declines were reviewed with the Trustees along with the Federal Funds Rate history and future expectations. Mr. Peters then reviewed the US Treasury Yield Curve noting that the Federal Reserves large holding positions in both the current 10-yr and 30-yr Treasury Bonds is one of the reasons for the kinked shape of the Treasury Yield curve, noting that all other curves are relatively normal and upward sloping. Mr. Peters then gave the Board an economic and market update, noting that economic indicators are contradictory with regards to a recession. The Index returns were generally positive in the quarter, breaking the three starting quarters of declines with mid-cap stocks outperforming large-cap and large-cap outperforming the small-cap sector.

Mr. Peters then reviewed the Dana Large Cap Equity Strategy in detail with the Board, noting the select contributors and detractors for the fourth quarter along with the characteristics of the Fund. The consistent earnings execution was then reviewed in detail with the Trustees along with Dana Investments rolling excess performance and disciplined process matter. Mr. Peters reviewed the Consumer Price Index (CPI-U) in detail with the Board, noting that CPI-U Index peaked at 9.00% in June of 2022 and has since been declining down to 6.42% as of December 2022 and that the CPI-U without including the food and energy index peaked at 6.66% in September of 2022 and has declined to 5.69% as of December 2022. Mr. Peters concluded his presentation by reviewing the Federal Reserve Balance Sheet in detail with the Trustees. Board Member Julie Mitchell inquired if any adjustments are in the pipeline for the Fund. Mr. Peters stated that nothing has changed this quarter; however, once the quarterly earnings are released, the Fund Manager may make some changes.

Mr. Peters noted that the 2022 Annual Proxy Vote Summary is included in the Board Meeting Packet for informational purposes and does not require Board Approval.

**MOTION:**

Board Member Julie Mitchell made a motion to approve the DANA Quarterly Performance Report Dated December 31, 2022, as presented. The motion received a second from Board Member Michelle Gload, which was carried by a 3-0 vote.

**3. GRS Actuarial Valuation Report – Jeffrey Amrose, GRS Consulting**

Jeffrey Amrose presented the Board with the October 1, 2022, Actuarial Valuation. Mr. Amrose reported the Plan is in excellent shape with the Village's contribution percentage at 8.75% of covered payroll along with an Assumed Rate of Return at 6.50%. The required Village contribution rate increased by \$30,871.00 or 0.31% of pay for the fiscal year ending September 30<sup>th</sup>, 2022. There were no changes in the actuarial assumptions or methods since the previous valuation and there was a new actuarial loss of \$86,661.00 for the year, which means that the actual experience was less favorable than expected. The primary reason for the loss was lower than expected investment earnings of 4.40% on an actuarial basis, compared to the 6.5% expected rate of return which was partially offset by lower-than-expected salary increases and more than expected employment terminations. These actuarial losses caused the 0.31% increase of the required employer contribution rate of covered payroll. The funded ratio for the Plan is at 102.9% this year compared to 104.3% last year. Mr. Amrose then noted that if the Plan did not use smoothing, the funded ratio would have been 92.15% and would have resulted in the employer contribution rate to be 12.00%. Mr. Amrose then reviewed the Derivation of Employer Normal Cost in detail with the Board along with the Actuarial Value of Assets along with the five-year smoothing of actuarial gains and losses in detail. Mr. Amrose concluded his presentation by answering questions from the Trustees.

**MOTION:**

Board Member Michelle Gload made a motion to approve the 2022 Actuarial Valuation Report as presented. Board Member Julie Mitchell seconded the motion, which was carried by 3-0 vote.

**MOTION:**

Board Member Julie Mitchell made a motion based on the advice of the investment consultant. The Board expects to get a 6.5% rate of return in the next year, the next several years, and for the long term thereafter. Board Member Dennis Rick seconded the motion, which was carried by 3-0 vote.

**4. AndCo Investment Monitor – Jennifer Gainfort, AndCo**

**a. Quarterly Performance Report as of December 31, 2022**

Ms. Jennifer Gainfort started her presentation by reviewing the AndCo Annual Firm Update in detail with the Board, noting that Jon Breth, Tyler Grumbles, and Brooke Wilson were named Partners and AndCo is now at 93 team members strong with plans to grow the firm's size. Ms. Gainfort reported that on September 30, 2022, the Plan had \$7,721,729.00 and closed out the year on December 31, 2022 at \$8,231,768.00. The Asset Allocations were reviewed in detail with the Board and Ms. Gainfort noted that the allocations remain in-line and that there is no need to rebalance at this time. The Financial Reconciliation for the Quarter Ending December 31, 2022 was then reviewed in detail with the Trustees. The Plan had returns totaling 5.72% for the quarter, compared to the benchmark rate of 5.77%. For the One-Year Rolling Return, the Plan's returns were -14.09%, compared to the benchmark of -13.55%. The five-year trailing returns for the plan were a gross 5.46% compared to the benchmark rate of 6.08%, and since inception, the returns totaled 6.19%, beating the benchmark rate of 5.92% and the Plan ranked in the top 17<sup>th</sup> percentile of its peers. Ms. Gainfort then reviewed the returns of each investment manager in detail. Ms. Gainfort concluded her presentation by informing the

Board that as of market close on Friday, February 3, 2023, the Plan's value was up approximately \$400,00.00 with a portfolio value of \$8.68 Million.

**MOTION:**

Board Member Dennis Rick made a motion to approve the AndCo Investment Performance Report Dated December 31, 2022, as presented. The motion received a second from Board Member Michelle Gload, which was carried by a 3-0 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				
FEBRUARY 6TH, 2023				
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>
October 12, 2022	Pension Resource Center Administrative Fee- October 2022 invoice 19653	1510	\$	1,403.28
October 12, 2022	Andco Consulting Investment Consultant Fees for QE 09/30/22 invoice 42559	1511	\$	3,125.00
October 12, 2022	Dana Advisors, Inc. (1087cb) Investment Management Fee for QE 09/30/22	1512	\$	976.86
October 12, 2022	Dana Advisors, Inc. (1087cc) Investment Management Fee for QE 09/30/22	1513	\$	2,953.11
November 10, 2022	Pension Resource Center Administrative Fee- November 2022 invoice 19719	1514	\$	1,403.28
November 10, 2022	Klausner, Kaufman, Jensen & Levinson Attorney Fees for October 2022 invoice 31583	1515	\$	150.00
November 10, 2022	FPPTA 2023 Membership Dues, invoice 7828	1516	\$	750.00
November 10, 2022	United Members Insurance Fiduciary Liability Policy Effective 11/1/22- 11/1/23	1517	\$	1,602.00
December 9, 2022	Pension Resource Center Administrative Fee- December 2022 inv 19780	1518	\$	1,403.28

December 9, 2022	Klausner, Kaufman, Jensen & Levinson Attorney Fees for November 2022 inv 31752	1519	\$	2,090.00
January 11, 2023	Pension Resource Center Administrative Fee- January 2023 inv 19844	1520	\$	1,401.64
January 11, 2023	Klausner, Kaufman, Jensen & Levinson Attorney Fees for December 2022 inv 31922	1521	\$	30.00
January 11, 2023	Gabriel, Roeder, Smith & Company Invoice 476123 dated 01/04/23	1522	\$	5,516.00
January 11, 2023	Andco Consulting, LLC Investment Consultant Services through QE 12/31/22 Inv 43422	1523	\$	3,125.00
<b>TOTAL:</b>			<b>\$</b>	<b>25,929.45</b>

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

There were no new applications for the Board to review.

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

- Edward Black – Terminated 01/05/2018  
(Unresponsive)
- Jennie Dilsa – Terminated 05-01-2020  
(Notification Letter: 1<sup>st</sup> sent 10-26-2021, 2<sup>nd</sup> sent 01-31-2023)
- Meghan Arango-Lorick – Terminated 09-30-2020  
(Member was sent Refund forms on 04-23-2021, follow up letter sent 01-31-2023)
- Carolyn Fletcher – Terminated 04-23-2021  
(Notification Email: 1<sup>st</sup> letter sent 04-21-2022, 2<sup>nd</sup> sent 06-22-2022, 3<sup>rd</sup> sent 01-31-2023)
- Kathleen Maloney-Pollack – Terminated 02-04-2022  
(Notification E-Mail: 1<sup>st</sup> sent 07-07-2022, 2<sup>nd</sup> sent 01-31-2023)
- Michelle Thomas – Terminated 03-15-2022  
(Notification Letter: 1<sup>st</sup> sent 06-22-2022, 2<sup>nd</sup> sent 01-31-2023)
- Hugh Dunkley – Terminated 03-18-2022  
(Refund Application emailed 06-22-2022, Follow-up email sent 10-31-2022, 3<sup>rd</sup> sent 01-31-2023)
- Donn Fowler Jr. – Terminated 06-10-2022  
(Notification Letter: 1<sup>st</sup> sent 06-22-2022, 2<sup>nd</sup> sent 01-31-2023)
- Richard Martin – Terminated 06-22-2022  
(Notification Email: 1<sup>st</sup> sent 05-11-2022 – Incomplete Refund Application Submitted 07-19-2022, 2<sup>nd</sup> letter sent 01-31-2023)
- Matthew Hammond – Terminated 07-01-2022  
(Notification Email: 1<sup>st</sup> sent 07-05-2022, 2<sup>nd</sup> sent 01-31-2023)
- Alexander Ferman – Terminated 08-05-2022  
(Notification Email: 1<sup>st</sup> sent 08-06-2022, 2<sup>nd</sup> sent 01-31-2023)
- Lisa Conti – Terminated 02-01-2023  
(Notification Email: 1<sup>st</sup> sent 02-01-2023)

## 8. Benefit Approvals:

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

## END /OF CONSENT AGENDA

The Board reviewed the Consent Agenda.

## MOTION:

Michelle Gload made a motion to approve the Consent Agenda as amended. The motion received a second from Board Member Julie Mitchell, which was carried by a 3-0 vote.

## OLD BUSINESS

### a) Non-Responsive Terminated Non-Vested Members

Mr. Lovingood asked the Board for clarification of how he should proceed with Terminated Non-Vested Members of the Plan who do not respond to requests for a refund of member contributions. There was a discussion regarding the Plan Ordinance and how other Pension Plans handle similar situations. The discussion resulted in the Board requesting that those individuals stay on the Terminated Non-Vested list for tracking purposes and list them as "Non-Responsive".

## NEW BUSINESS

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

### a. Jensen Memo – IRS Milage Rate for 2023

Attorney Bonni Jensen provided the Board of Trustees with a memo informing them that the Internal Revenue Service (IRS) released its updated Standard Milage Rate for 2023. The new rate is \$0.655 per mile for miles driven on or after January 1, 2023. This rate is up 3 cents from the rate effective at the end of 2022.

### b. Jensen Memo – SECURE 2.0 Final Section-by-Section

Mrs. Jensen presented the Board with a memo detailing the amendments relevant to public safety officers and governmental plans. Mrs. Jensen reviewed the memo in detail with the Board, noting the changes to the Required Minimum Distributions.

### c. Jensen Memo – Internal Controls

Mrs. Jensen presented the board with a memo regarding Internal Controls. Mrs. Jensen reported that in November of 2022, an administrator of a South Florida pension fund was arrested, charged with theft of pension fund assets, and related offenses. Mrs. Jensen then reviewed recommendations from her firm that will add an extra layer of protection in safeguarding the pension plan assets and help to mitigate any potential losses. Mrs. Jensen concluded her review of this member noting that Mr. Lovingood will have some additional information regarding his firm's internal controls.

**d. Voting Proxy**

Mrs. Jensen reviewed the memo that was presented at the November 7, 2022, Quarterly Board Meeting and informed the Board that she recommended that she send a letter to the Investment Managers to advise them to vote against the protection of Corporate Officers from liability for reckless conduct.

**MOTION:**

Board Member Julie Mitchell made a motion to approve the Plan Attorney to draft and send a letter to all of the Pension Plan Investment Managers to vote against the protection of Corporate Officers from liability for reckless conduct. The motion received a second from Board Member Michelle Gload, which was carried by a 3-0 vote.

**e. Village Council Presentation**

Mrs. Jensen informed the Board that the Plan is scheduled to make their Annual Presentation to the Village Council on May 13, 2023.

**MOTION:**

Board Member Julie Mitchell made a motion to approve the Attorney Report as presented. The motion received a second from Board Member Michelle Gload, which was carried by a 3-0 vote.

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

Board Member Michelle Gload reviewed the accounting reports in detail along with the 2022-2023 Fiscal-Year Budget in detail with the Board in detail. Mrs. Gload concluded her presentation by informing the Board that the Plan Budget is in-line, and no adjustments need to be made.

**MOTION:**

Board Member Dennis Rick made a motion to approve the financial reports and 2022-2023 Fiscal-Year Budget as presented. The motion received a second from Board Member Julie Mitchell, which carried by a 3-0 vote.

**11. Administrator Report – A.C. Lovingood**

**a. Resource Centers Internal Controls**

Mr. Lovingood reviewed his firm's internal controls in detail with the Board. Mr. Lovingood reported that his firm has various departments where roles are separated to mitigate the risk of theft or fraud for the pension plans that his firm is the Administrator for along with the multilevel verification process that the Custodial Bank utilizes for any new monthly benefit payments and/or changes to existing benefit payments.

Mr. Lovingood then presented the Board with an updated Change of Address and Contact Information Form, noting the addition of the Notary Block. Mr. Lovingood informed the Board that moving forward, his firm will contact retirees who submit a direct deposit change request or an address change request to help mitigate any potential fraud or theft. Mr. Lovingood then presented the Board with a Fraudulent Direct Deposit Change Request that he had received for one of the pension plans that he is the Administrator of. The fraudulent red flags on this form were reviewed in detail and Mr. Lovingood reported that all Change of Address and Direct Deposit Forms have been removed from the Plan's Website as an added layer of Security.

**b. Local Checking Account Signor Update**

Mr. Lovingood informed the Board that the Bank where the Plan's local checking account is at is currently updating the signature card and he will be contacting Trustees directly to update the authorized signers on the account to ensure that signatures are current.

**ANY OTHER MATTER**

**12. Service Provider Agreement Review**

The Board of Trustees tabled this item.

**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 May 1, 2023, at 8:30am.

There being no further business, Board Member Dennis Rick made a motion to adjourn the Board Meeting at 1:58pm. The motion received a second from Board Member Michell Gload, which was carried by a 3-0 vote.

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Secretary, Village of Tequesta General Employees' Pension Plan