

VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
August 7, 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 August 7, 2023. Board Member Bernard Ward called the meeting to order at 12:30pm.

ROLL CALL

A roll call was requested by Bernard Ward. In attendance at the meeting were: Board Member Bernard Ward, Member Michelle Gload, Board Member Dennis Rick, and Board Member Julie Mitchell (12:18pm).

Also, in attendance were Attorney Bonni Jensen, Pension Administrator A.C. Lovingood, Investment Manager Greg Peters, 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. Upon review, the Board of Trustees requested that the two ongoing tabled items be added to the Agenda for Discussion. The tabled items included the Non-Responsive Non-Vested Members which were requested to be listed under the Consent Agenda, and list the Service Provider Agreements under Old Business.

MOTION:

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

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

1. Regular Quarterly Meeting Minutes – May 1, 2023.

The Board reviewed the Regular Quarterly Meeting Minutes dated May 1, 2023. 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 May 1, 2023, as amended. The motion received a second from Board Member Dennis Rick, which was carried by a 3-0 vote.

PRESENTATIONS

2. Dana Investments Investment Manager Presentation – Greg Peters, Dana Investments

Greg Peters started his presentation by reviewing the fixed income performance for the quarter ending June 30, 2023, in detail with the Board. For the quarter ending June 30, 2023, the Large Cap Equity Portfolio earned 6.15%, compared to the S&P 500 Index Benchmark rate of 8.74%. Fiscal-Year-To-Date, the Fund has earned 23.76%, compared to the benchmark rate of 25.73%. The Three-Year returns were 11.56%, compared to the benchmark rate of 14.60%, and since inception the Large Cap Equity Portfolio earned 9.42%, compared to the benchmark rate of 9.80%. The Intermediate Bond Portfolio had a total loss of -0.47%, beating the Bloomberg Intermediate Aggregate rate of -0.75%. The Fiscal-Year-To-Date returns were 3.41%, which outperformed the benchmark rate of 3.37%. The Three-Year returns were -2.60%, compared to the benchmark rate of -2.89%, and since inception the Intermediate Bond Portfolio earned 2.72%, compared to the benchmark rate of 2.75%. Mr. Peters reviewed the Bond Characteristics of the Intermediate Bond Portfolio, noting that the Bond Credit Quality for the Fund is Aa2 with a current annualized yield to maturity at market of 4.88% with the average coupon rate of 2.86% with an effective duration of 4.24 years. The sector comparison as of June 30, 2023, was reviewed in detail with the Board of Trustees. Mr. Peters then reviewed the Federal Funds Rate historical changes along with the expectations of where the rates will go in the future, noting that a rate of 5.60% is expected by the end of the year with rates slowly going down sometime next year. The U.S. Treasury Yield Curve was reviewed in detail with the Trustees. Mr. Peters noted an Inverted Yield Curve is a precursor of a recession; however, his firm does not believe that a recession will occur.

Mr. Peters then gave the Board an economic and market update, noting that the mega cap tech companies dominated the performance of the S&P 500 Index, which was helped by the frenzy over Artificial Intelligence and that Real GDP was at 2.40% for the quarter ending June 30, 2023, the GDP for the current quarter is expected to climb up to 3.90%. Secretary Bernard Ward inquired whether the upcoming general election will cause markets to go up. Mr. Peters stated that in general they will and then reviewed the Wolfe Research Large Cap Stock Factor Performance with the Board for both the rolling year and for the quarter ending June 30, 2023. The Year-To-Date Total Returns as of June 30, 2023, for the top 5 cap-weighted constituents of the S&P 500 were reviewed in detail noting that the mega-cap growth stocks, which consist of Apple, Microsoft, Alphabet, Amazon, and Nvidia represent over 24% of the S&P 500 Index by weight and have generated 60% of the returns so far this year. If Tesla and Meta are added, then these seven constituents would account for 74% of the S&P 500 Index's total return so far this year. Mr. Peters then noted that the top six constituents of the NASDAQ account for 56% of the sector's total return. Mr. Peters concluded his presentation by reviewing the market outlook with the Board, stating that his firm expects the Federal Reserve to hold rates as their projections illustrate with the possibility of one or two more rate hikes this year and returning to a neutral policy in late 2025. Inflation has been returning to normal levels, some sticky areas remain but those are more in line with the long-term trends along with the supply and demand imbalances, and employment remains robust with the work force demographics supporting continued strength.

Attorney Bonni Jensen reviewed question number three asked by the Village Council which stated, "With rising interest rates, is there any consideration of an annuity to make up for the lost performance on the fixed income assets (interest rate swing)?" Mr. Peters stated that his firm invests in short-term fixed income products which take advantage of the rising interest rates, his firm does not invest in annuities.

MOTION:

Board Member Julie Mitchell made a motion to approve the DANA Quarterly Performance Report Dated June 30, 2023, as presented. The motion received a second from Board Member Michelle Gload, which was carried by a 4-0 vote.

3. AndCo Investment Monitor – Jennifer Gainfort, AndCo

a. Quarterly Performance Report as of June 30, 2023

Jennifer Gainfort started her presentation by reviewing the Plan's Asset allocation by Asset Class with the Board of Trustees. Ms. Gainfort reported that on March 31, 2023, the plan has a total of \$8,602,862.00 in assets and as of June 30, 2023, the Plan's assets totaled \$8,895,301.00. The Plan's compliance with the asset allocations was reviewed with Ms. Gainfort noting that she has no recommendations to rebalance at this time. The Financial Reconciliation for the Quarter Ending June 30, 2023, was then reviewed in detail with the Trustees. The Plan had returns totaling a net 3.26% for the quarter, compared to the benchmark rate of 4.17%. The Fiscal-Year-To-Date Returns were a net 13.42%, compared to the benchmark rate of 15.62%. The One-Year Rolling Returns for the Plan was a net 8.62%, compared to the benchmark of 10.34%. The Five-Year trailing returns for the plan was a net 6.48%, compared to the benchmark rate of 7.72%, and since inception, the returns totaled a net 6.06%, compared to the benchmark rate of 6.20%. Ms. Gainfort then reviewed the returns of each investment manager in detail, noting that the new DFA International Value Fund earned 3.99%, beating the benchmark rate of 3.54% and that ASB Real Estate was down -6.21%, compared to the benchmark rate of -2.87%. Trustee Julie Mitchell asked when the Plan will review the managers that the Plan is invests in. Ms. Gainfort noted that the timing on investing in ASB Real Estate was right before the worst year that the Fund has had and noted that right now the Real Estate sector has a wall up on withdrawing funds and the Plan would need to get into the Fund's Disbursement que. Ms. Mitchell inquired if the Board Members were aware that the funds could not be pulled out from this investment manager? Attorney Bonni Jensen noted that after 2008, there has been more of a conversation about distribution limits. Prior to 2008, there were no conversations regarding any restrictions or que when multiple investors wanted to pull their funds from these types of investments. Ms. Gainfort concluded her presentation with reviewing the Plan's Compliance Checklist and informed the Board that as of market close on Friday, August 4, 2023, the Plans investments totaled \$8,950,000.00.

MOTION:

Board Member Julie Mitchell made a motion to approve the AndCo Investment Performance Report Dated June 30, 2023, as presented. The motion received a second from Board Member Michelle Gload, which was carried by a 4-0 vote.

b. Investment Policy Statement Update

Jennifer Gainfort presented the Board with an updated Investment Policy Statement that includes several changes to comply with the recently passed House Bill 3. Ms. Gainfort reviewed the changes in detail with the Trustees, noting the reporting requirements that have been added along with the Plan only utilizing pecuniary reasons for investment choices and noted that this update has no effect on the Plan's Investments. Trustee Michelle Gload inquired as to whom is responsible for completing the comprehensive report. Mrs. Jensen stated that all of us are responsible until we can determine what the report will entail.

MOTION:

Board Member Julie Mitchell made a motion to approve the Investment Policy Statement as amended. The motion received a second from Board Member Dennis Rick, which was carried by a 4-0 vote.

CONSENT AGENDA

The Board reviewed the consent agenda.

4. Ratification of invoices paid since last quarterly meeting.

VILLAGE OF TEQUESTA GENERAL EMPLOYEES' PENSION FUND				
WARRANT - PAID INVOICES				
AUGUST 7TH, 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>
May 8, 2023	Pension Resource Center Administrative Fee- May 2023 invoice 20089	1534	\$	1,403.28
May 8, 2023	Klausner, Kaufman, Jensen & Levinson Legal Services rendered through 04/30/23 invoice 32667	1535	\$	600.00
May 8, 2023	Dana Advisors, Inc. (1087cc) Investment Management Fee for QE 03/31/23	1536	\$	3,536.35
May 8, 2023	Dana Advisors, Inc. (1087cb) Investment Management Fee for QE 03/31/23	1537	\$	1,056.14
May 8, 2023	AndCo Consulting, LLC Services rendered through QE 03/31/23 inv 44114	1538	\$	3,500.00
May 8, 2023	FPPTA 39th Annual Conference registration for Julie Mitchell_inv 9185	1539	\$	875.00
May 8, 2023	Rosen Shingle Creek Reservation for Julie Mitchell 6/25-6/28/23	1540	\$	495.00
June 14, 2023	Pension Resource Center Administrative Fee- June 2023 invoice 20151	1541	\$	1,405.74
June 14, 2023	Klausner, Kaufman, Jensen & Levinson Legal Services rendered through 05/31/23 invoice 32846	1542	\$	1,360.00
July 25, 2023	Pension Resource Center Administrative Fee- July 2023 invoice 20211	1543	\$	1,401.94
July 25, 2023	AndCo Consulting, LLC Services rendered through QE 06/30/23 inv 44945	1544	\$	3,500.00
July 25, 2023	Gabriel, Roeder, Smith & Company Invoice 479630 dated 07/05/23	1545	\$	2,299.00
July 25, 2023	Julie Mitchell 06/25-06/28 Travel expense reimbursement	1546	\$	382.11
July 25, 2023	Klausner, Kaufman, Jensen & Levinson Legal Services rendered through 06/30/23 invoice 33036	1547	\$	360.00
TOTAL:			\$	22,174.56

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

No new hires reported for this quarter.

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

- Simon Jamason – Terminated 05-10-2016 (*Nonresponsive*)
- Edward Black – Terminated 01-05-2018 (*Nonresponsive*)
- Jennie Dilsa – Terminated 05-01-2020 (*Notification Letter: 1st sent 10-26-2021, 2nd sent 01-31-2023*)
- Meghan Arango-Lorick – Terminated 09-30-2020 (*Member was sent Refund forms on 04-23-2021, Notification Letter: 2nd sent 01-31-2023*)
- Kathleen Maloney-Pollack – Terminated 02-04-2022 (*Notification E-Mail: 1st sent 07-07-2022, 2nd sent 01-31-2023*)
- Michelle Thomas – Terminated 03-15-2022 (*Notification Letter: 1st sent 06-22-2022, 2nd sent 01-31-2023*)
- Richard Martin – Terminated 06-22-2022 (*Notification Email: 1st sent 05-11-2022 – Incomplete Refund Application Submitted 07-19-2022, Follow-up sent 01-31-2023*)
- Matthew Hammond – Terminated 07-01-2022 (*Notification Email: 1st sent 07-05-2022, 2nd sent 01-31-2023*)
- Alexander Ferman – Terminated 08-05-2022 (*Notification Email: 1st sent 08-06-2022, 2nd sent 01-31-2023*)
- Lisa Conti – Terminated 02-01-2023 (*Notification Email: 1st sent 02-01-2023*)
- Patrick Madsen – Terminated 06-15-2023 (*Notification Email: 1st sent 07-01-2023*)

7. Benefit Approvals:

Tequesta General Employees' Pension Fund

Benefit Approvals

Meeting of August 7, 2023

REFUND

DiNorcio, Joseph

SSN	XXX-XX-XXXX
Date of Birth	XX/XX/XXXX
Pension Entry Date	08/24/2015
Termination Date	05/31/2023
Refund Amount	17,699.97
Refund Type	Cash Distribution

Fowler, Donn

SSN	XXX-XX-XXXX
Date of Birth	XX/XX/XXXX
Pension Entry Date	03/21/2022
Termination Date	06/10/2022
Refund Amount	377.57
Refund Type	Cash Distribution

END /OF CONSENT AGENDA

The Board of Trustee, Plan Attorney, and Plan Administrator discussed the Terminated Non-Responsive Non-Vested Employees who have not taken a refund of contributions from the Pension Plan. Albert Lovingood noted the steps that his firm has taken to contact these members, noting that Simon Jamason was located, and his refund check was mailed to him; however, between the timeframe that he was located, and the check was issued, he had moved, and the check was returned. There was a detailed discussion regarding the use of third-party programs to locate these individuals. Mr. Lovingood noted that the enhanced PBI-Death Search Program that his firm uses as an address search component to it, which his firm used when locating Mr. Jamison. The Board requested that Mr. Lovingood track the non-responsive members for the Board and once a Year review the list for any new address notifications and bring the cost for an address search to the next Board Meeting.

MOTION:

Board member Julie Mitchell made a motion to approve the Consent Agenda as amended. The motion received a second from Board Member Dennis Rick, which was carried by a 4-0 vote.

OLD BUSINESS

There was no old business to discuss at this time.

NEW BUSINESS

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

a. Jensen Memo – California Man Hid Mother’s Death for 3 Decades to Collect Her Benefits

Attorney Bonni Jensen reviewed the New York Times article regarding a California man hiding his mother’s death from the Federal Government for over three decades so that he could collect more than \$800,000.00 in benefits intended for her. Mrs. Jensen stated that this individual was able to hide his mother’s death due to her passing way in Japan and that the fraud was uncovered with Medicare performed an audit on retirees over the age of 90 who have not been utilizing their health benefits. Mrs. Jensen recommended that in addition to using enhanced death search and notification products, the Plan should stay in constant communication with any retiree who lives outside of the Country as an additional safeguard to mitigate pension payments being made to a deceased member.

b. Jensen Memo – Fee Increase Request

Mrs. Jensen presented the Board with a proposed Professional Services Agreement for her legal services that would increase the hourly rate from \$300.00 per hour to \$350.00 per hour. Mrs. Jensen explained in detail how the new rate was derived and noted that 2019 was the last time that a fee increase was requested. Mrs. Jensen also noted, per the previous Quarterly Board Meeting, an additional Professional Services Agreement with a COLA tied to the CPI is also included for the Board to consider as an alternative option. The Board of Trustees reviewed the two options and noted that the annual COLA provides a more predictable and steady fee increase.

MOTION:

Board Member Julie Mitchell made a motion to approve the Legal Counsel Fee increase request with an annual COLA tied to the CPI Rate with the first COLA Increase taking effect on October 1, 2024. The motion received a second from Board Member Michelle Gload, which was carried by a 4-0 vote.

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 4-0 vote.

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

Board Member Michelle Gload presented the Board of Trustees with the Plan Accounting Reports and reviewed them in detail along with the 2022-2023 Fiscal-Year Budget. Mrs. Gload concluded her presentation by informing the Board that the Plan Budget is in-line with no adjustments needing to be made at this time.

MOTION:

Board Member Julie Mitchell made a motion to approve the Pension Plan's 2022-2023 Fiscal Year Financial Reports as presented. The motion received a second from Board Member Dennis Rick, which was carried by a 4-0 vote.

10. Administrator Report – A.C. Lovingood

a. Resource Centers – 2024 Board Meeting Schedule

A.C. Lovingood informed the Board of Trustees that the Change of Address and Direct Deposit Forms for the Plan have been updated to include the notary block as an additional level of security to protect the Plan and its members. Mr. Lovingood also informed the Board that he has taken over the processing and review of member applications while his firm trains two new Client Service Representatives.

b. Web Server Upgrades and Enhancements

Mr. Lovingood informed the Board that his firm had upgraded the Pension Plan Website Web Server, with this upgrade, member data is more secure due to the utilization of the latest version of Cold Fusion and noted that the upgrade required changes to the Secure File Exchange Passwords.

ANY OTHER MATTER

11. FPPTA 2023 Fall Trustee School

Trustee Julie Mitchell provided the Board with a summary of her attendance at the FPPTA 2023 Fall Trustee School. Ms. Mitchell noted that some of the seminars at the conference were very interesting and the conference allowed her to have a more casual conversation with the Plan's Service Providers and Investment Managers.

12. Village of Tequesta Annual Presentation

Secretary Bernard Ward provided the Board with a summary of the Pension Plan's Annual Presentation to the Village Council. Mr. Ward noted that four questions were asked that he was unable to answer at that time. Mr. Ward then reviewed the questions with the Trustees in detail. Mrs. Jensen noted the answers to the questions that were presented and stated that she would draft the answers for Mr. Ward to forward over to the Village Council.

13. Trustee Travel Policy

The Trustee Travel Policy was presented to the Board for review with Trustee Julie Mitchell noting that the Policy was written a while ago and suggested that the Board consider updating the Policy. While reviewing the Policy and discussing the needed update, Trustee Michelle Gload noted that the Village's Travel Policy is mirrored to the General Services Administration's Travel management Policy. The Board agreed to update the Plan's Travel Policy to mirror the GSA's travel policy and to remove the Per Diem section.

MOTION:

Board Member Julie Mitchell made a motion to approve amending the Pension Plan's Travel Policy to mirror the GSA and remove the Per Diem section within the Travel Policy. The motion received a second from Board Member Dennis Rick, which was carried by a 4-0 vote.

14. Service Provider Agreements

The Board of Trustee noted that Service Provider Contract Review topic item that was tabled at the February 6, 2023, Board Meeting and tabled the topic until the next Quarterly Board Meeting that will be held on November 6, 2023.

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 November 6, 2023, at 8:30am.

MOTION:

There being no further business, Board Member Julie Mitchell made a motion to adjourn the Board Meeting at 2:35pm. The motion received a second from Board Member Dennis Rick, which was carried by a 4-0 vote.

Secretary, Village of Tequesta General Employees' Pension Plan