

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND  
REGULAR BOARD MEETING MINUTES  
August 5, 2024

**CALL TO ORDER**

The Regular Quarterly Board Meeting of the Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees was held at the Village Hall Council Chambers, 345 Tequesta Drive, Tequesta, Florida, on Monday, August 5, 2024. The meeting was called to order at 8:32am.

**ROLL CALL**

A roll call was taken by Pension Administrator Albert C. Lovingood. In attendance at the meeting were: Chairman Kristopher Cowles, Secretary Peter Allen, Trustee Zachary Witchert, Trustee Kurt Blanc, and Trustee David Hudson.

Also, in attendance were Attorney Bonni Jensen, Pension Administrator Albert Lovingood, Investment Monitor Jennifer Gainfort, and

**EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES TO ATTEND ELECTRONICALLY**

All Trustees were physically present.

**APPROVAL OF AGENDA**

The Board reviewed the agenda.

**MOTION:**

**Secretary Peter Allen made a motion to approve the Meeting Agenda as presented. Trustee David Hudson seconded the motion, which was carried by a 5-0 vote.**

**PUBLIC COMMENT**

There was no public comment at this time.

**1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Quarterly Board Meeting Minutes Dated February 5, 2024.**

The Board reviewed the Quarterly Board Meeting Minutes dated May 6, 2024.

**MOTION:**

**Chairman Kris Cowles made a motion to approve the Quarterly Board Meeting Minutes dated May 6, 2024, as presented. Secretary Peter Allen seconded the motion, which was carried by a 5-0 vote.**

**PRESENTATIONS**

**1. Mariner Investment Monitor – Jennifer Gainfort, Mariner**

**A. Quarterly Performance Report as of June 30, 2024**

Jennifer Gainfort started her presentation by reviewing the economic and market conditions and reported the following: For the second quarter there were mixed results across financial markets. The US Federal Reserve maintained stable interest rates during the quarter, leading to moderate optimism about potential rate cuts later

in the year. However, uncertainties remain, especially around inflation and employment trends. Large-cap US equities outperformed small-cap stocks, with the S&P 500 rising by 4.3%. International markets were generally positive, but returns were dampened by a stronger US dollar, which affected performance across most regions.

Fixed-income markets showed limited movement, with the Bloomberg US Aggregate Bond Index posting a marginal return of 0.1%. High-yield bonds benefited from higher yields, making them a better-performing segment. Sector-wise, information technology, communication services, and utilities led the way in the second quarter, while small-cap sectors, particularly materials, experienced declines. The top stocks in large-cap indices, Microsoft, Apple, and NVIDIA, all demonstrated strong returns, while select small-cap stocks like Carvana and e.l.f. Beauty also performed well. International emerging markets saw notable gains from China, Taiwan, and Singapore, while Latin American markets faced challenges due to global demand uncertainties. Overall, the quarter saw a divergence between growth in large-cap stocks and struggles in smaller segments, with global performance heavily influenced by currency fluctuations.

On March 31, 2024, the Plan's assets totaled \$25,426,531, and as of June 30, 2024, the Plan's assets totaled \$25,519,713. Ms. Gainfort reviewed the assets in detail by class and investment manager, along with the Plan's compliance with the asset allocations, stating that she does not see a need to rebalance at this time. Ms. Gainfort then reviewed Financial Reconciliation for the Quarter Ending June 30, 2024, in detail with the Board of Trustees and reported the following: The Plan had returns totaling a net 0.51% for the quarter, compared to the benchmark rate of 1.77%. The Fiscal-Year-To-Date returns were a net 14.76%, compared to the benchmark rate of 16.50%. The One-Year trailing returns for the Plan were a net 10.78%, compared to the benchmark rate of 12.94%. The Five-Year trailing returns for the Plan was a net 7.20%, compared to the benchmark rate of 8.54%, and since inception, the returns totaled a net 6.61%, compared to the benchmark rate of 7.34%. Ms. Gainfort then reviewed the returns of each investment manager in detail, noting that the major earners for Fiscal-Yar-to-Date have been Domestic and International Equity, with the FMS Growth Fund being the shining star with a total return of 40.47%, which is outperforming the benchmark rates of 37.80% for the Russell 1000 Growth Index, and 37.28% for the IM US Large Cap Growth Equity Median benchmark. Ms. Gainfort then reviewed ASB Real Estate's returns, noting that they are still at the very bottom of their peers with a return of -7.77% for the quarter, compared to the benchmark rate of -0.64%. Ms. Gainfort and the Board of Trustees had a detailed conversation about ASB Real Estate and the Real Estate market. Ms. Gainfort then reviewed the performance of Garcia Hamilton and Associates, noting that they have decreased from being in the 99<sup>th</sup> percentile, down to the 100<sup>th</sup> percentile of their peers, which Ms. Gainfort stated that she has brought a Replacement Search for some alternative options to this investment manager. The Board of Trustees and Ms. Gainfort had a detailed conversation on when and how an investment manager ends up on Mariner's watch list along with the recent retirement of Janet Hamilton. The two most recent distributions from ASB Real Estate were reviewed with Ms. Gainfort noting that the Plan received another \$9,000.00 for this quarter. Chairman Kristopher Cowles confirmed with Ms. Gainfort that the Plan did request a full distribution of Plan assets from ASB, which Ms. Gainfort confirmed that the Plan did. Ms. Gainfort, the Board, and Plan Attorney had a detailed conversation regarding the redemption queue of ASB Real Estate along with a review of the number of properties that ASB currently has for sale. Ms. Jensen asked if Mariner knows if ASB is still in business, which Ms. Gainfort confirmed and reviewed the most recent status update that has been relayed to her. The Board of Trustees and Ms. Gainfort then discussed changing the asset allocation for Real Estate to a minimum of 0% of the Plan Assets in anticipation of the pending drawdown of ASB Real Estate.

#### **MOTION:**

**Chairman Kristopher Cowles made a motion based on the recommendation of the Investment Monitor to update the Plan's Investment Policy Statement to reflect a target range of 0%-15% for the Plan's Real Estate Investment Allocation. The motion received a second from Secretary Peter Allen which was carried by a 5-0 vote.**

#### **B. Garcia Hamilton Replacement Search**

Jennifer Gainfort provided the Board of Trustees with an Investment Manager Search for potential replacement of the Plan's investment in the Garcia Hamilton Fixed Income Aggregate Fund. Ms. Gainfort reported the following: This Investment Manager Search Report evaluates four replacement options for the Garcia Hamilton in the U.S.

Core Fixed Income category. These options included in this report include the Baird Aggregate Bond Fund, Dodge & Cox Income Fund, Touchstone Impact Bond Fund, and Harbor Core Fund. The primary aim of this search is to identify a Fixed Income Manager who aligns with the Bloomberg U.S. Aggregate Index, which includes high-quality government and corporate bonds. The peer group benchmark used in the report is the Morningstar Intermediate-Term Bond Category, emphasizing investment-grade U.S. fixed-income issues and minimal exposure to high-risk bonds.

Each manager offers distinct strategies. For instance, Baird focuses on a duration-neutral approach, aiming to achieve predictability through sector allocation and yield curve positioning, while Dodge & Cox leverages a more diversified approach with potential allocations to below-investment-grade debt, which could increase risk but potentially offer higher returns during economic recoveries. Touchstone's Impact Bond Fund emphasizes high-quality, smaller issues and risk-adjusted returns, while Harbor Core Bond targets investment-grade U.S. fixed income using a bottom-up selection approach. These varied strategies enable the Pension Fund to evaluate options based on risk tolerance, return objectives, and sector preferences. Ms. Gainfort reviewed the management fee and investment minimums, comparing those with the investment minimum and management fees charged by Garcia Hamilton. The firm and team information for each manager was reviewed in detail along with each manager's strategy, portfolio construction, composition, statistics, and sector allocations. The bond maturity composition and bond quality composition of each fund option was then reviewed along with the historical investment holdings, top ten investment holdings, duration, and corporate bond exposure.

Chairman Kristopher Cowles reviewed Garcia Hamilton's investment concentrations, noting that with this manager, the Plan will either win big or lose big due to how concentrated the Fund is. Mr. Cowles expressed that he thinks it may be best to take half of Garcia Hamilton and invest those funds with another US Core Fixed Income Manager that is less concentrated. Ms. Gainfort and the Board of Trustees had a detailed conversation on Garcia Hamilton and the other Investment Options. Secretary Peter Allen asked if there is a conflict of interest with his nephew working for Baird Advisors. Mrs. Jensen stated that she does not think that there is an issue; however, it would depend on what the nephew does at Baird. The Board decided to table the decision of making any changes to the Plan's Domestic Fixed Income Strategies at this time.

#### **CONSENT AGENDA:**

#### **2. Ratification of Invoices Paid Since Last Quarterly Meeting**

The Board of Trustees had a detailed conversation on the Actuarial Impact Studies and the costs of those studies. Attorney Bonni Jensen informed the Board that the Village Manager objected to the Plan paying for the Impact Statements. The Board of Trustees noted the Village Manager's objection, which resulted in a detailed conversation regarding the Impact Statements and the negotiation process.

#### **3. Reporting of New Applicants for Participation in the Pension Plan**

There were no new applicants to report to the Board.

#### **4. Terminated Employees Who Have Not Yet Taken Their Contributions**

There were no new applicants to report to the Board.

#### **5. Benefit Approvals for Retirements**

#### **MOTION:**

**Secretary Peter Allen made a motion to approve the Consent Agenda as presented. Board Member David Hudson seconded the motion, which was carried by a 5-0 vote.**

## **NEW BUSINESS:**

### **6. ATTORNEY UPDATE** – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

#### **a. Jensen Memo – 2025 Proposed Board Meeting Schedule**

Attorney Bonni Jensen provided the Board with a memo containing the 2025 Quarterly Board Meeting Dates.

#### **b. Summary Plan Description – Draft**

Mrs. Jensen provided the Board of Trustees with a draft version of the updated Summary Plan Description for the Board to review and approve. Mrs. Jensen reviewed the changes in detail along with some background information on the reasons for the added provisions that were not included in previous versions. Mrs. Jensen also stated that she removed the investment manager list due to the potential of changes in between revisions of the Summary Plan Description.

## **MOTION:**

**Board Member Kurt Blanc made a motion to approve the Summary Plan Description as presented. Board Member Zachary Witchert seconded the motion, which was carried by a 5-0 vote.**

#### **c. Police Chief and Assistant Police Chief**

Mrs. Jensen provided the Board of Trustees with an update regarding the Village Police Chief and Assistant Police Chief entering the Pension Plan. Mrs. Jensen informed the Board that the calculations are being processed for the Police Chief to enter the Plan and the Assistance Police Chief will be treated as the Police Officers were when the Plan opened back up to Police Officers. Mrs. Jensen also noted that a draft ordinance is in the works to allow the Police Chief to enter the Plan and buyback his time.

#### **d. Mariner Agreement**

Mrs. Jensen provided the Board with the updated Investment Monitor Agreement with Mariner Institutional. Mrs. Jensen reviewed the agreement in detail, noting several provisions that were added to the agreement which include Mariner agreed to accept the fee agreement that was in place with AndCo, Mariner will not directly contact members of the Plan to gain business, and that Mariner Institutional will perform their own review and research on investments that come from any other division of Mariner. Mrs. Jensen also noted that Mariner included a provision that states they will not take Fiduciary Responsibility of an investment manager that was not recommended by their firm.

## **MOTION:**

**Secretary Peter Allen made a motion to approve the Mariner Agreement as presented. The motion received a second from Board Member David Hudson, which was carried by a 5-0 vote.**

### **7. ADMINISTRATIVE REPORT:**

#### **A. 2025 Proposed Board Meeting Schedule**

Albert Lovingood provided the Board of Trustees with the 2025 Board Meeting Schedule, noting that the dates are in line with the Plan's historical meeting schedule. Mr. Lovingood noted some minor updates, which included the update of AndCo's name to Mariner and that he had removed ASB Real Estate from presenting at the November 2025 Board Meeting. Mr. Lovingood did note that ASB Real Estate is scheduled to attend the November 4<sup>th</sup> Board Meeting and asked the Board of Trustees if they still wish for ASB to attend. The Board of Trustees discussed if it would be beneficial to have ASB come at the next Board Meeting and decided that there was no need for them to attend.

## **B. FPPTA Fall Trustee School**

Mr. Lovingood informed the Board of Trustees that the FPPTA Fall Trustee School will be held September 22, 2024, through September 24, 2024. For anyone that is interested in attending, Mr. Lovingood requested that they let him know so that he can register then for the Trustee School. Mr. Lovingood also noted that if anyone is considering on attending, they should reserve their hotel room now to ensure that they will have a room at the Host Hotel and that it is easier to cancel the room reservation than it is trying to reserve a room on short notice.

Mr. Lovingood also informed the Board that the Department of Management Services also announced their annual Trustee Conference and School, noting that this Conference is geared more towards Police and Fire Pension Plans.

## **C. Interim Firefighter Buyback Update**

Mr. Lovingood provided the Board with an update regarding the Interim Firefighters Buyback. All the affected Firefighters have either paid for their buybacks, or the funding of the Buybacks are in process.

## **D. 2024-2025 Administration Budget**

Mr. Lovingood presented the Board with the 2024-2025 Administration Budget for review and approval. Mr. Lovingood reminded the Board that the State of Florida requires the Pension Plan to have an annual budget and reviewed the allocations for each service provider. The amounts allocated do not need to be spent like a traditional budget and the amounts listed are cushioned to cover any unexpected expenses.

### **MOTION:**

**Secretary Peter Allen made a motion to approve the 2024-2025 Administrative Budget as presented. The motion received a second from Board Member David Hudson, which was carried by a 5-0 vote.**

## **8. OTHER BUSINESS:**

### **A. Fifth Trustee Seat**

Peter Allen expressed interest to continue to serve on the Board of Trustees.

### **MOTION:**

**Board Member Kurt Blanc made a motion to elect Peter Allen to serve another term as the Fifth Trustee. The motion received a second from Board Member David Hudson, which was carried by a 4-0 vote.**

Peter Allen noted that he thought that the Trustee Handbook is very informative and well put together.

### **PUBLIC COMMENT**

Mr. Lovingood informed the Board that there are no public comments or questions.

### **ADJOURNMENT**

There being no other business to discuss, the meeting was adjourned at 9:40am.

**MOTION:**

**Secretary Peter Allen made a motion to adjourn the Tequesta Public Safety Officers' Pension Fund Board Meeting at 9:40am. Chairman Kris Cowles seconded the motion, which was carried by a 5-0 vote.**

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Peter Allen", written over a horizontal line.

Board Member

Village of Tequesta Public Safety Officers' Pension Plan