

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES

May 6, 2019

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 May 6, 2019. The meeting was called to order at 1:00 p.m.

ROLL CALL

A roll call was taken by Pension Administrator A.C. Lovingood. In attendance at the meeting were: Chairman Ed Sabin, Secretary John Terzakis, and Board Member Ray Giblin.

Also in attendance were Attorney Bonni Jensen, Pension Administrator A.C. Lovingood and Denise McNeill, Investment Monitor Jennifer Gainfort, Custodian Amed Avila.

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF AGENDA

The Board reviewed the agenda and there were no changes requested

MOTION:

Chairman Ed Sabin made a motion to approve the Meeting Agenda for May 6, 2019. Board Secretary John Terzakis seconded the motion, which carried by unanimous 3-0 vote.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – February 11, 2019

The Board reviewed the Quarterly Meeting Minutes for February 11, 2019.

MOTION:

Chairman Ed Sabin made a motion to approve the minutes for February 11, 2019. Secretary John Terzakis seconded the motion, which carried by unanimous 3-0 vote.

PRESENTATIONS

2. **Quarterly Performance Report as of March 30, 2019** - Jennifer Gainfort, And Co Consulting

Ms. Jennifer Gainfort started her presentation by handing out a two page information packet regarding recessions, inverted yield curves and their historical relationship. She reviewed the correlation between inverted yield curves and its historical relationship to recessions, noting that the idea of an inverted yield curve does not always indicate that a recession is bound to happen, noting the 1965 false signal. Ms. Gainfort reminded the Board of the Gamco cancelation and stated that it will still be in the report under performance due to the timing of the sale.

After a difficult end to 2018, the markets rebounded strongly during the first quarter of 2019 with higher risk assets posting the greatest returns. Broad international and domestic equities had double-digit gains during the period as investors overlooked signs of weakening growth in favor of increased accommodation in global monetary policy and progress in global trade negotiations. Domestic stocks outperformed international markets due to the Federal Reserve shifting their stance on the monetary policy towards a more accommodative posture, the US and China trade relations moved closer to a resolution and the partial government shutdown that began in December came to an end. Ms. Gainfort went on to report that like US markets, international equity investors were encouraged by the general easing in the central bank monetary policy, including the new stimulus measures in Europe and China, as well as the de-escalation of trade tensions with the US. Despite the continued softening in the global macroeconomic data and the lack of certainty around Brexit, international equity index returns finished the quarter in positive territory.

Ms. Gainfort reviewed the Plans Asset Allocation by Asset Class along with the Asset Allocation Compliance totals with the Board noting that there is no need to rebalance the Plan's assets at this time. The Plan's Total Funds for the quarter and fiscal year to date were reviewed and Ms. Gainfort noted that Garcia Hamilton is lower than normal. Chairman Ed Sabin inquired if Garcia Hamilton has the ability to meet and/or the benchmark as historically they have not been doing well. Ms. Gainfort stated that their strategy hasn't done well over the past five years and that the bond environment is not good right now. Global Fix funds have done well in the long term; however it has been a volatile right for the short term. Since the closing of the second quarter, the month of April showed an increase of 2%.

MOTION:

Chairman Ed Sabin made a motion to approve the AndCo Quarterly Performance Report for March 30, 2019. Secretary John Terzakos seconded the motion, which carried by unanimous 3-0 vote.

3. Fiduciary Trust Company International SOC1 Report

Mr. Amed Avila with Fiduciary Trust International presented the Board with their Report of Independent Service Auditors, more commonly known as the SOC1 Report. Mr. Amed stated that the SOC1 Report is an annual independent audit that is conducted of his firm by PricewaterhouseCoopers, LLP. The reason for this audit is to ensure the suitability of the design and operation effectiveness of controls to achieve the related control objectives stated in the description of the Investment Management and Global Investors Services Department's system within Fiduciary Trust. This audit covers the time period of October 1, 2017 through September 30, 2018. Mr. Avila then informed that Board that PricewaterhouseCoopers had reported three Qualified Findings from their audit.

The first Qualified Finding that Mr. Avila reviewed was Reference 5.1 located on page 68 of the SOC1 Report. The Qualified Finding was that management identified a system error, affecting taxable stock merger corporate action events, posted subsequent to the December 2017 version upgrade of Global Plus, which resulted in the reporting of securities and transactions where the cost basis and realized gain/loss, respectively, were not accurate. As a result, the control objective was not achieved because the controls were not suitably designed. Mr. Avila stated that those errors were manually corrected out and that there is a software fix rolling out this month which will prevent this type of error from occurring again in the future. The second Qualified Finding that Mr. Avila reviewed was Reference 6.17 located on page 78 of the SOC1 Report. The Qualified Finding was that management identified 23 market-sourced securities with erroneous price overrides on one day, due to the use of incorrect source data to identify nonmarketable securities requiring manual price overrides in Global Plus. The override resulted in inaccurate beginning balances on October 31, 2017 client statement for market value for clients holding any impacted security. The third and final Qualified Finding that Mr. Avila reviewed was Reference 9.7 located on page 85 of the SOC1 Report. The Qualified Finding was one out of a sample of 60 client initiated withdrawal requests, call-back procedures were not performed in accordance with policy. This prompted PricewaterhouseCoopers to sample an additional five client initiated withdrawal requests and identified two additional exceptions where call-back procedures were not performed in accordance with policy.

Attorney Bonni Jensen reviewed the callback rules from the Village of Tequesta General Employees' Pension Trust Board Meeting and Mr. Avila stated that the calls are recorded as a means to capture and document that

the procedure has been followed. Ms. Jensen noted that the callback requirement is an extra step to mitigate and prevent any fraudulent activity. Mr. Avila informed the Board that with the 15 years that he has worked for Fiduciary Trust International, this is the first time that he has seen a Qualified Finding. Chairman Ed Sabin asked Mr. Avila what had changed to cause the qualified findings, which Mr. Avila informed the Board that human error, lapse of judgement, system level errors, and software glitches were what caused the findings in the audit.

CONSENT AGENDA

The Board reviewed the ratification of invoices paid since last quarterly meeting.

<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
February 14, 2019	Pension Resource Center Administrative Fees- February 2019	1355	\$ 950.00
February 14, 2019	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered Dec 2018-January 2019	1356	\$ 5,179.00
February 14, 2019	Garcia Hamilton & Associates L.P. Statement of Management Fees 4QTR18	1357	\$ 1,729.82
February 14, 2019	Gabriel Roeder Smith & Company Actuarial Services Rendered through 12/31/18	1358	\$ 4,018.00
March 22, 2019	Pension Resource Center Administrative Fees- March 2019	1359	\$ 950.00
March 22, 2019	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered through 2/28/19	1360	\$ 2,634.50
March 22, 2019	GAMCO Investors, Inc. Investment Management Fees QE 12/31/18	1361	\$ 3,113.00
April 15, 2019	Pension Resource Center Administrative Fees- April 2019	1362	\$ 950.00
April 15, 2019	Garcia Hamilton & Associates, L.P. Statement of Management Fees- 1QTR19	1363	\$ 1,801.15
April 15, 2019	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered through 3/31/19	1364	\$ 2,288.00
April 15, 2019	Gabriel Roeder Smith & Company Actuarial Services Rendered through 02/28/19	1365	\$ 7,778.00

TOTAL:	\$ 31,391.47
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<u>Date</u>	<u>Payee/Description</u>	<u>Amount</u>
April 9, 2019	Fiduciary Trust International- 3 Accounts	
	Tequesta PSO- GHA	\$ 421.77
	Village of Tequesta Public Safety Office	\$ 191.56
	Tequesta PSO- MTL FND	\$ 1,314.73
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TOTAL:		\$ 1,928.06

MOTION:

Secretary Jon Terzakis made a motion to approve the Consent Agenda. Board Member Ray Giblin seconded the motion, which carried by unanimous 3-0 vote.

NEW BUSINESS

4. Legislative Update – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Attorney Bonni Jensen gave the Board an update regarding the pending Open Meeting Law that was up for consideration. She informed the Board that the proposed bill did not pass. Ms. Jensen then stated that there is a law firm that is filing legal action against cities and towns throughout Florida due to the municipalities' websites not being ADA compliant. She went on to explain that complying with the ADA with regards to the information posted on the websites is not a simple task noting that she had attempted to format a document to comply with ADA compliance and ran into several issues with doing so. She went on to explain the additional costs associated with complying with the ADA mandate, noting that an actuary stated that an Actuarial Evaluation would cost \$1,000.00 to format to meet the ADA requirements. Ms. Jensen mentioned using audiobooks as a short term fix, however there are disadvantages such as the ability to have chapters and sections for ease of navigation as required by the ADA. Ms. Jensen informed the Board that Michelle Gload and Dennis Rick stated that the Village is pushing back on departments to be responsible for ensuring that all of the documents that are posted on the Village website are ADA compliant. She then reviewed the five required documents that must be posted on the Village website which the Plan will need to ensure is compliant.

Chairman Ed Sabin asked why the Plan would need a public page, which Ms. Jensen cited that it is due to the Sunshine Law. Ms. Jensen informed the Board that it is easier to create a document from scratch that is already formatted for ADA Compliance than to take an existing document and convert it to being ADA Compliant. Chairman Sabin then inquired what the preferred route to take is. Ms. Jensen stated that it depends on the Board's view; right now an accessibility page is going up for the Plan page as a temporary fix while the best way to move forward is determined.

IRS Mileage Rate for 2019

Ms. Jensen reported to the Board that the Internal Revenue Service released its updated Standard Mileage Rate for 2019. The new rate is \$0.58 per mile for miles driven after January 1, 2019. Ms. Jensen noted that the rate went up 3.5 cents from the 2018 rates, that the mileage rate can fluctuate with the same year, and that her firm will be their best to keep the Board and the Administrator informed on any changes to this rate.

Cancer Presumption Bill

Ms. Jensen presented the Board with the proposed Senate Bill 426 and House Bill 857, if passed, would create Florida Statute 112.1816. This proposed law would provide certain benefits to firefighters who receive a

cancer diagnosis when specific conditions are met and the proposed law covers 21 types of cancers. As more information becomes available with regards to this proposed bill, Ms. Jensen stated that she would update the Board.

Form 1

Ms. Jensen reminded the Board Trustees that they need to completed and submit their Statement of Financial Interest Form 1 documents by July 1, 2019. Ms. Jensen informed the Board that their CPA or personal attorney can complete the form on their behalf and she reminded everyone that if they are entitled to confidentiality in their address as provided by Florida Statutes 119.071, they may request the Commission on Ethics to maintain that confidentiality in writing. Ms. Jensen noted that, in the past, some trustees have used their work address or a post office box when completing the form. The form needs to be mailed or emailed to the Supervisor of Elections for the county in which you reside in. At the moment there is no current system available to file this form online. Ms. Jensen reminded the Board that it is important that each and every Trustee file their Form 1 in a timely manner because the penalty for failure to file is \$25.00 per day with a maximum of a \$1,500.00. It is suggested that you file this form by certified mail, return receipt requested, and keep a photo copy of the form for your files. In the past several trustees have had to show proof of filing, so it is best proactive to always get a receipt from such documents.

Summary Plan Description

Ms. Jensen reviewed several updates to the Summary Plan Description to the Board, noting that there has been a tax law change with regards to how the taxing of alimony payments are processed. She suggested removing sample calculations from the Summary Plan Description due to the numerous different options between the Firefighters and Police Officers within the plans.

ADMINISTRATIVE REPORT

5. Authorized Signature Updates

A.C. Lovingood with The Resource Centers presented the Board with updated Authorized Signature Updates for Fiduciary Trust International. Mr. Lovingood informed the Board that the signature updates is needed to remove the previous Plan Administrator and to add himself, Denise McNeill, and J. Scott Baur as authorized individuals to the custodial accounts to ensure that there are no interruptions on the processing of pension payments to the members of the Plan.

6. One Time Opt Out Notice

Mr. Lovingood updated the Board regarding the One Time Opt Out Notice for the Police Officers rejoining the Pension Plan noting that several officers have not sent their notices in. The Board informed Mr. Lovingood to contact Trustee Raymond Korkowski to obtain the missing forms.

ANY OTHER MATTERS

7. FPPTA Upcoming Events

The Board was informed of several FPPTA upcoming events and Trustee school sessions. Mr. Lovingood stated that if any of the Trustees are interested in attending to let him know so that he can register them for the event that they wish to attend.

8. Military Time Purchase

Mr. Lovingood brought up that he has had an influx of Plan members contacting him about purchasing Military Time. According to the Plan Ordinance, a member can purchase Military Time

within the first six months of employment. All of the members that have contacted Mr. Lovingood informed him that they were unaware that they had the ability to purchase their Military Time. Denise McNeill informed the Board that it is common with plans to allow the purchase of Military Time at any point while the member is employed by the municipality. The Board questioned if members were even notified about the purchase of Military Time when they are hired.

ADJOURNMENT

There being no further business, the meeting was adjourned at.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan