

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
August 5, 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 8:30 a.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, Trustee Kristopher Cowles, and Trustee Ray Giblin.

Also in attendance were Attorney Bonni Jensen, Pension Administrators A.C. Lovingood and Scott Baur, Investment Monitor Jennifer Gainfort, and Firefighter John Kostyo.

NEW TRUSTEE

The Board welcomed the new village appointed trustee Kristopher Cowles and asked that he give a brief introduction. Mr. Cowles introduced himself to the Board and everyone present at the Board Meeting. Mr. Cowles stated that he has 20 years in the investment and finance industry and currently works for a mutual fund company. The Trustees thanked Mr. Cowles and introduced themselves.

PUBLIC COMMENT

Firefighter John Kostyo asked the Board what the requirements would be to purchase military time, inquired on how the calculation is done and its cost, timeframe to purchase the time, and what steps he would need to take to purchase four years of his military service. Attorney Bonni Jensen reviewed the ordinance allowing the purchase of military time along with the timeframe limits of how much time can be purchased and when it would need to be purchased. Ms. Jensen stated that her recollection of the addition of the military time purchase section was a result of a bargaining agreement between the Village and Union.

APPROVAL OF AGENDA

The Board reviewed the agenda and requested that Mr. Cowles swearing in be added to the agenda.

MOTION:

Secretary John Terzakis made a motion to approve the Meeting Agenda as amended for August 5, 2019. Trustee Ray Giblin seconded the motion, which carried by unanimous 4-0 vote.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – May 6, 2019

The Board reviewed the Quarterly Meeting Minutes for May 6, 2019.

MOTION:

Secretary John Terzakis made a motion to approve the minutes as presented for May 6, 2019. Ray Giblin seconded the motion, which carried by unanimous 4-0 vote.

PRESENTATION

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

Ms. Jennifer Gainfort reviewed the market stating that broad asset class returns were positive and that most; if not all market losses from 2018 have been recouped. For the month of June, the market was at an all-time high, however, trade discussions between the United States and China fell apart in the month of May prompting increased tariffs and market volatility. Ms. Gainfort reported the performance as of June 30, 2019. The asset allocations were reviewed as follows; Domestic Equity 52.2%, International Equity 14.8%, Domestic Fixed Income 18.9%, Global Fixed Income 4.6%, total Real Estate 8.7% and Cash Equivalent 0.8%. The Plan is in compliance and therefore a rebalance is not necessary at this time. There was a brief discussion on the process if assets became out of target in between meetings. Ms. Gainfort reported that for quarter ending June 30, 2019 the Plan's market value was \$15,853,970.00.

At 9:03 a.m. The Village Clerk, Lori McWilliams entered the Village Council Chambers. Ms. Gainfort's presentation was paused so that Ms. McWilliams could perform the swearing in of Trustee Kristopher Cowles.

Ms. Gainfort resumed her presentation at 9:05 a.m. She reviewed the trailing returns for the quarter. Ms. Gainfort then reviewed and commented on individual manager performance, stating that there are no recommendations at this time and that she does not see a need to rebalance the portfolio. Chairman Ed Sabin inquired about Garcia Hamilton's performance over the past four years in relation to the benchmark. Ms. Gainfort stated that Garcia Hamilton has not strayed from its philosophy.

Ms. Gainfort reviewed the ADV Part 2A disclosure and the AndCo Privacy Notice with the Board. She explained that the ADV Part 2A disclosure provides information about the qualifications and business practices of AndCo Consulting. The only change to this notice was additional employee ownership was granted via the Unit Appreciation Rights. Ms. Gainfort then reviewed the AndCo Privacy Notice with the Board. She noted that AndCo does not disclose client information to companies who may want to sell products or services and AndCo does not sell client lists.

Ms. Gainfort presented the Board with the updated Investment Policy Statement and the statement was reviewed. Attorney Bonni Jensen asked the Board if they had any questions regarding the statement. Chairman Ed Sabin asked for confirmation that the rate of return is 7% net of fees, which Ms. Jensen confirmed.

MOTION:

Trustee Ray Giblin made a motion to approve the AndCo Quarterly Performance Report and the Investment Policy Statement for June 30, 2019. Secretary John Terzakis seconded the motion, which carried by unanimous 5-0 vote.

SWEARING IN OF TRUSTEE KRISTOPHER COWLES

The Village Clerk, Lori McWilliams entered the Village Council Chambers at 9:03 a.m. to perform the swearing in of the Village Appointed Trustee, Kristopher Cowles. The swearing in was completed at 9:05 a.m.

CONSENT AGENDA

2. Ratification of Invoices Paid Since Last Quarterly Meeting

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>
May 14, 2019	Pension Resource Center Administrative Fees- May 2019	1366	\$ 1,050.00
May 14, 2019	Klausner, Kaufman, Jensen & Levinson Professional Services Rendered through 04/30/19	1367	\$ 397.50
May 14, 2019	Ellen Schaffer Consulting & Programming Services Inv 3142 10/26/18	1368	\$ 62.50

June 18, 2019	Pension Resource Center Administrative Fees- June 2019	1369	\$	950.00
June 18, 2019	Klausner Kaufman Jensen & Levinson Professional Services Rendered through 5/31/19	1370	\$	2,461.50
July 17, 2019	Pension Resource Center Administrative Fees- July 2019	1371	\$	950.00
July 17, 2019	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 06/30/19	1372	\$	79.50
TOTAL:			\$	5,951.00
Paid by Custodian:				
	Fiduciary Trust International Custodian Fees for QE 3/31/19 (3 Accounts)		\$	1,928.06
	Fiduciary Trust International Custodian Fees for QE 6/30/19 (3 Accounts)		\$	2,325.85
TOTAL:			\$	4,253.91

2. Reporting of New Applicants for Participation in the Pension Plan

There were no new applicants to report to the Board.

3. Approval of Withdrawal of Contributions

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

There was only one vested deferred member; John E. Cox listed on the Application for Retirement approval form.

MOTION:

Trustee Ray Giblin made a motion to approve the Consent Agenda. Secretary Jon Terzakos seconded the motion, which carried by unanimous 5-0 vote.

NEW BUSINESS

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

A. Memo – Changes in Tax Rules for Alimony

Attorney Bonni Jensen presented a Memo to the Board regarding recent changes to how the Internal Revenue Service treats taxation of Alimony payments. Alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2019, and modified after that date. Ms. Jensen also informed the Board that the Plan is unable to comply with a Qualified Domestic Relations Order, commonly known as a QDRO, nor an Equitable Distribution Order. Ms. Jensen stated that the tax burden for the alimony payments cannot be passed off to the ex-spouse and suggested to the Board that this information be included in the Summary Plan Description.

B. Memo – Public Records Exemptions for Employees of a Law Enforcement Agency

Ms. Jensen presented to the Board a memo regarding the Public Records Exemptions for Employees of a Law Enforcement Agency. Effective July 1, 2019, the records of current or former employees of a law enforcement agency, including civilian employees, spouses, and children will be exempt from disclosure. These records include home address, telephone number, date of birth, places of employment, and names and locations of schools and day care facilities for spouses and/or children. Ms. Jensen also informed the Board that the definition of “home address” was updated to include all descriptive property information, including but not limited to, GPS coordinates, neighborhood name and lot number, legal property description, parcel identification number, physical address, mailing address, and street address.

C. Memo – Statutory Death Benefits and Expanded Public Records Exemptions

Ms. Jensen presented a memo to the Board regarding the Statutory Death Benefits and Expanded Public Records Exemptions. There were two bills that were recently adopted by the Florida Legislature that relate to public safety officers. These two bills do not directly impact the police or firefighter pension plans; however both bills are relevant to public safety officers and plan administrators. Within Chapters 175 and 185, Florida law provides specified statutory death benefits that are required to be paid by cities/special districts. SB 7098 expands the coverage of statutory death benefits to include members of the U.S. Armed Forces, paramedics, and EMTs. SB 7098 also increases statutory death benefits that apply under three sets of circumstances. Accidental Death Benefit was increased to \$75,000.00, the Emergency Death Benefit was increased to \$150,000.00, and the Intentional Act Death Benefit was increased to \$225,000.00. In addition to the statutory death benefit increases, spouses and children are entitled to receive educational benefits, such as a waiver of tuition and educational expenses for a career certificate, undergraduate, and/or post graduate education at a state educational institution.

Ms. Jensen then reviewed SB 248 regarding the Public Records Exemptions Law. The records of current or former employees of a public safety agency, including civilian employees, spouses, and children will be exempt from disclosure. These records include home address, telephone number, date of birth, places of employment, and names and locations of schools and day care facilities for spouses and/or children. Ms. Jensen also informed the Board that the definition of “home address” was updated to include all descriptive property information, including but not limited to, GPS coordinates, neighborhood name and lot number, legal property description, parcel identification number, physical address, mailing address, and street address.

A. Firefighter Cancer Bill Update

Ms. Jensen made the recommendation to adopt the 21 types of cancer listed in the Firefighter Cancer Bill for inline of duty disability. Ms. Jensen reviewed the bill with the board including the list of cancers that are included along with the requirements for eligibility for the inline disability. Adding this bill to the Summary Plan Description will allow the actuary to calculate the inline disability assumptions. Ms. Jensen informed the Board that the Florida Retirement System’s actuaries did their own calculation and it was determined that there is a cost to the pension plans. Trustee Cowles asked for clarification on what the definition of a disability. Ms. Jensen explained what the parameters are to be considered disabled, noting that the determination is based on the member’s ability to perform their job as a firefighter or police officer.

B. Summary Plan Description

Ms. Jensen reviewed the Summary Plan Description with the Board. It was noted that there are many changes that need to be done due to the police officers coming back into the Pension Plan along with her recommendations. It was noted that page 14 needs to be updated due to the investments not being current to what the Plan is invested in.

MOTION:

Trustee Ray Giblin made a motion to approve the Summary Plan Description as amended. Secretary John Terzakis seconded the motion, which carried by unanimous 5-0 vote.

C. Cyberattack Memo

Ms. Jensen provided the Board with a Cyberattack Memo reviewing with the Board the recent cyberattacks on municipalities'. The pros and cons of having a cyber security insurance coverage was reviewed with the board, noting that the only exposure for the plan is nonpublic personal information of its members such as social security numbers and dates of birth. The only concern that Ms. Jensen has is the First Notification requirement in the event of a cyberattack. Ms. Jensen stated that her firm's recommendation is that the Pension Plan requires all of its vendors to have or to purchase cyber liability insurance in the amount of \$5 Million. She further suggested that all current agreements with vendors that do not currently have cyber liability insurance should have the policy amended to include a cyber liability rider to add such coverage. The concern that her firm has is that Pension Plans are a potential target to obtain members nonpublic personal information. Mr. Baur asked if Ms. Jensen is recommending cyber liability insurance coverage which Ms. Jensen stated that we should monitor the situation at this time. Mr. Baur reviewed the Board's vendor list, indicating what vendors have cyber liability insurance coverage. The Board requested that the Village of Tequesta's cyber security policy be reviewed to see if response coverage is included and the Board also requested a list of all vendors and the cyber security insurance coverage be provided at the next Board Meeting.

D. Transfer of Funds from 401A to Pension Plan Update

Ms. Jensen informed the board that the transfer of funds from the 401A Plan over to the Pension Plan is pending the completion of the revised Annual Reports for 2013 through 2018. This step involves the determination of the transfer of the 401A assets into the Plan.

E. Chapter 185 Funds Update

Ms. Jensen informed the Board that Michelle Gload is in the process of amending the 2013 through 2018 Annual Reports. This step is required for the Pension Plan to receive the state money and the Board will be updated on the status of this project at the next Board Meeting

ADMINISTRATIVE REPORT

1. Fiduciary Liability Insurance Update

A.C. Lovingood with The Resource Centers informed the Board that the plan's Fiduciary Liability Insurance is up for renewal and expires before the next Board Meeting. Mr. Lovingood noted that The Village of Tequesta General Employees' Pension Plan and The Village of Tequesta Public Safety Officers' Pension Plan both share the same Fiduciary Liability Insurance Policy and that the Board of the general employees' pension plan requested a quote to see what the cost would be to increase the policy to \$2.5 Million in coverage. Mr. Lovingood suggested to the Board that they delegate the decision and approval of the new policy to one of the members so that the Public Safety Pension Plan can collaborate with a designee with the General Employees' Pension Plan and agree upon the policy coverage and cost. The Board members agreed upon having the Chairman, Ed Sabin as the designee to approve the Fiduciary Liability Insurance renewal with the designee of the General Employees' Pension Plan.

MOTION:

Ray Giblin made a motion to appoint Chairman Ed Sabin to act on behalf of the Board for the renewal of the Fiduciary Liability Insurance Policy. John Terzakis seconded the motion, which carried by unanimous 5-0 vote.

ANY OTHER MATTERS

1. Garcia Hamilton

The Board was presented with the Garcia Hamilton Performance Update as of June 30, 2019 and the Garcia Hamilton Portfolio Review as of June 30, 2019 for informational purposes.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:15 AM.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan