

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

May 4, 2020

CALL TO ORDER

The Regular Quarterly Board Meeting of the Tequesta Public Safety Officers' Pension Trust Fund was held via RingCentral Video Conference as permitted by Executive Order 2020-69 on May 4, 2020. 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, Trustee Kristopher Cowles, and Trustee Ray Giblin.

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

POLICY ON USE OF A-V OR TELEPHONE CONFERENCING

1. Jensen Memo – Governor DeSantis Executive Order 2020-69

Attorney, Bonni Jensen reviewed Executive Order 2020-69 issued by Governor DeSantis with the Pension Board Trustees. Mrs. Jensen informed the Board that the Executive Order relaxed the Sunshine Law requiring the Board to meet in person and allow for the Board Meetings to be conducted via video or teleconference due to the COVID-19 Pandemic. Executive Order 2020-69 has an expiration date of May 8, 2020; however, the Executive Order could be extended to a later date.

2. Virtual Meeting Policy

Mrs. Jensen the introduced a Policy for the Board on the use of A-V or telephone conferencing. Mrs. Jensen reviewed the Policy with the Board, noting that the expiration date of the Policy coincides with the expiration date of Executive Order 2020-69.

MOTION:

Trustee John Terzakis made a motion to approve the Virtual Meeting Policy as presented. Secretary Ray Giblin seconded the motion, which carried by a 4-0 vote.

APPROVAL OF AGENDA

The Board reviewed the agenda.

MOTION:

Trustee Ray Giblin made a motion to approve the Meeting Agenda as presented for May 4, 2020. Secretary John Terzakis seconded the motion, which carried by a 4-0 vote.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – November 4, 2019
2. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – February 3, 2020

The Board reviewed the Quarterly Meeting Minutes dated November 4, 2019 and February 3, 2020. There was a minor error noted on the February 3, 2020 minutes.

MOTION:

Secretary John Terzakis made a motion to approve the Quarterly Meeting Minutes dated November 4, 2019 and February 3, 2020 as amended. Trustee Ray Giblin seconded the motion, which carried by a 4-0 vote.

PRESENTATION

3. Quarterly Performance Report as of December 31, 2019 - *Jennifer Gainfort, And Co Consulting*

Jennifer Gainfort started her presentation by reviewing the market environment with the Board. Broad asset class returns declined significantly during the 1st quarter of 2020 due primarily to the COVID-19 pandemic. Both domestic and international equity markets experienced significant drawdowns as investors moved into perceived haven assets such as US Treasury Bonds. Equity market volatility reached its highest level since the Financial Crisis in 2008. Through the quarter, global economic growth turned negative as countries responded to the pandemic by shuttering their economies. In the US, because of the decision to institute social distancing and shelter-in-place orders, labor markets suffered significant losses as businesses closed and employees were either furloughed or laid off. Rising economic concerns resulted in swift action by the Federal Reserve, which cut its overnight lending rate to between 0% to 0.25%. Importantly, the US government responded with a stimulus package consisting of forgivable loans and other short-term benefits, that is designed to act as a bridge for the economy until businesses can reopen. Within domestic equity markets, large cap stocks outperformed small cap equities during the quarter with the S&P 500 Index returning -19.6% versus a -30.6% return for the small cap Russell 2000 Index. US equity returns over the one-year period turned negative because of the drawdown with large and mid-cap stocks returning -7.0% and -18.3% respectively, while small cap stocks fell -24.0%.

On December 31, 2019 Plan's assets were at \$16,370,561 and as of March 31, 2020 the assets of the Plan closed at \$15,580,802. The asset allocations targets were reviewed with the Board and Ms. Gainfort stated that she does not see a need to rebalance the Plan at this time due to the volatility in the market. For the first quarter, the Plan had a total of \$1,116,847 in contributions, \$190,842 in distributions, management fees totaled \$12,865, and other expenses totaled at \$57,797. The income for the quarter was \$191,821 and the total capital loss for the quarter was \$1,836,923. For the quarter ending March 31, 2020, the trailing returns were -14.48% compared to the benchmark of -13.97%, the fiscal year to date returns were -9.49%, compared to the benchmark of -8.68%. The one-year returns were -5.56%, compared to the -5.53% benchmark. The three-year returns were 3.23%, compared to the benchmark of 3.83%, the five-year returns were 3.44% versus the 4.56% benchmark, and the total returns since inception was 5.77% versus the 5.97% benchmark.

Ms. Gainfort then reviewed the individual managers, noting that ASB Real Estate earned 1.74% compared to the benchmark of 0.90% for the quarter. Chairman Ed Sabin inquired if the Plan's Real Estate Manager is making any changes to their valuations. Ms. Gainfort stated that she is not aware of any proposed changes and will be reaching out to ASB Real Estate to see how the Portfolio is holding up. There was a lengthy discussion regarding the possible need to rebalance the Plan's allocations between Board Meetings which resulted in Ms. Gainfort stating that she would contact the Board if a rebalance needed to take place before the next Board Meeting. Ms. Gainfort concluded her presentation by informing the Board that at the close of business on April 30, 2020, the Plan closed with a balance of \$16.8 million and is up 7.5% so far this quarter and does not see a need to make any changes at this time.

CONSENT AGENDA

4. Ratification of Invoices Paid Since Last Quarterly Meeting

Paid by Custodian:			
Fiduciary Trust International			
Custodian Fees for QE 03/31/20 (3 Accounts)			\$ 2,283.44
<u>Date</u>	<u>Payee/Description</u>	<u>Check Number</u>	<u>Amount</u>
-			-
February 13, 2020	Pension Resource Center Administrative Fees- February 2020	1394	\$ 950.00
February 13, 2020	Klausner Kaufman Jensen& Levinson Legal Services Rendered through 01/31/20	1395	\$ 1,563.50
February 13, 2020	Garcia Hamilton & Associates, L.P. Investment Management Fees for QE 12/31/19 Inv 31741	1396	\$ 2,226.38
February 13, 2020	Gabriel Roeder Smith & Company Actuarial Services Rendered through 12/31/19 Inv 452481	1397	\$ 8,551.00
March 11, 2020	Pension Resource Center Administrative Fees- March 2020	1398	\$ 950.00
March 11, 2020	Klausner Kaufman Jensen& Levinson Legal Services Rendered through 02/27/20	1399	\$ 1,723.19
March 11, 2020	AndCo Services Rendered for QE 03/31/20 Inv #34922	1400	\$ 4,500.00
April 9, 2020	Pension Resource Center Administrative Fees- April 2020	1401	\$ 950.00
April 9, 2020	Klausner Kaufman Jensen & Levinson Legal Services Rendered through 3/31/20	1402	\$ 778.00
April 9, 2020	Grabriel Roeder Smith & Company Actuarial Services Rendered through 02/28/2020	1403	\$ 3,266.00
TOTAL:			\$27,741.51

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

There were no new applicants to report to the Board.

6. Approval of Withdrawal of Contributions

The Board reviewed the Refund of Contributions for Maximillian R. Lally.

7. Terminated Employees Who have Not Yet Taken Their Contributions

There were no new applicants to report to the Board.

8. Benefit Approvals for Retirements

There were no Benefit Approvals to report to the Board.

MOTION:

Trustee Ray Giblin made a motion to approve the Consent Agenda containing the Warrant dated May 4, 2020 as presented. Secretary John Terzakis seconded the motion, which carried by a 4-0 vote.

NEW BUSINESS

9. LEGISLATIVE UPDATE – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

A. Jensen Memo – Form 1

Attorney Bonni Jensen informed the Board that the State Form 1 Financial Disclosures are due by July 1, 2020. Mrs. Jensen noted that Palm Beach County Office of Elections does allow for these forms to be submitted electronically via email.

B. LLW Memo – Police Transfer from DC to DB Plan

Attorney Bonni Jensen reviewed the Lewis, Longman, and Walker (LLW) Memorandum that was presented to the Village of Tequesta regarding the transfer of Police Officers from the 401(a) Defined Contribution Plan to the Public Safety Officers Pension Plan. LLW was hired by the Village of Tequesta to review and provide a legal opinion on a question raised by a police officer inquiring for a breakdown of the amount of employee contributions each officer was required to pay from his or her 401(a) account to receive past service credit. LLW reviewed the Memorandum of Understanding between the Village and the Palm Beach County PBA, Ordinance 2-19 amending the Defined Benefit Plan, Ordinance 3-19 implementing the Memorandum of Understanding, and the February 22, 2019 Actuarial Impact Statement prepared by the Defined Benefit Plan's Actuary. Upon the completion of the review, LLW determined that there was no intent that each individual officer would contribute an amount based on what their employee contributions would have been under the Defined Benefit Plan upon agreeing to join the Pension Plan and that all of the assets that the officer had in the 401(a) Plan would be transferred into the Pension Plan. There was a lengthy discussion regarding excess contributions placed into the Plan. Mrs. Jensen informed the Board that if a member requested a refund of contributions, they would receive all of the funds that they put into the plan, including any excess contributions.

C. Jensen Memo – CARES Act

Attorney Bonni Jensen reviewed the CARES Act with the Board. It was noted that the tax penalty for the withdrawal of funds from a retirement plan or account has been suspended for the entire year of 2020 for COVID-19 related expenses.

D. Jensen Memo – COVID-19 Social Distancing

Mrs. Jensen provided the Board with an update on the operations of her firm. Klausner, Kaufman, Jensen & Levinson will remain in remote operation through the end of April and remote operations may continue if concerns of public safety do not improve. Mrs. Jensen stated that her firm has the capability to host both video and telephone conferences and that her firm is researching options to securely obtain remote signatures.

E. Jensen Memo – COVID-19 Extension of Virtual Meetings

Mrs. Jensen informed the Board that Governor DeSantis extended the suspension of the requirement that a quorum be present in the public meeting place with Executive Order 20-112. This Executive Order allows Pension Boards to meet via video or telephone conference through the end of May.

F. IRS Ordinance

Mrs. Jensen presented the Board with an Ordinance to amend the Internal Revenue Code changes that took effect on January 1, 2020, increasing the required minimum distribution age from 70½ to 72.

MOTION:

Secretary John Terzakis made a motion to approve the Ordinance to amend the Internal Revenue Code Changes as presented. Trustee Kristopher Cowles seconded the motion, which carried by a 4-0 vote.

ADMINISTRATIVE REPORT

10. ADMINISTRATIVE REPORT – A.C. Lovingood and Scott Baur, Resource Centers

A. Fiduciary Liability Insurance 03-17-2020

Mr. Lovingood informed the Board that The Resource Centers had received a copy of AndCo's Fiduciary Liability Insurance Policy and a copy of this Insurance Policy is in the Meeting Packet for informational purposes.

B. GRS Proposed Fee Increase for Actuarial Valuation Report

Mr. Lovingood presented the Board with the GRS Proposed Fee Increase for the Annual Actuarial Valuation Report. Mr. Lovingood informed the Board that the Tequesta General Employees' Pension Plan Trustees requested that he compare the fee increase with other Pension Plans that he is the Administrator for and who use GRS as their Actuary. Mr. Lovingood stated that the proposed fees are in line with what his other Pension Plans are paying GRS for the Annual Actuarial Valuation Report.

MOTION:

Trustee Kristopher Cowles made a motion to approve the GRS Proposed Fee Increase for the Actuarial Valuation Report. Trustee Ray Giblin seconded the motion, which carried by a 4-0 vote.

C. FY19 Admin Expense Report & FY21 Budget

Mr. Lovingood reviewed the 2019 Fiscal Year Administrative Expense Report and proposed Fiscal Year 2020-2021 Budget with the Board as required by Florida State Law. The proposed increases in expenses were reviewed and Mr. Lovingood informed the Board that the budget amounts are designed to cover any unexpected administrative costs throughout the fiscal year.

MOTION:

Trustee Kristopher Cowles made a motion to approve the Fiscal Year 2020-20201 Administrative Budget as presented. Trustee Ray Giblin seconded the motion, which carried by a 4-0 vote.

ANY OTHER MATTERS

AndCo Consulting's ADV Part 2a Annual Amendment and the AndCo Consulting Privacy Notice presented to the Board for informational purposes.

Attorney Bonni Jensen informed the Board that they will need to decide on who will conduct the annual presentation of the Pension Plan to the Village Council. Chairman Ed Sabin noted that they Presentation has been delayed until August and Trustee Kristopher Cowles offered to conduct the Presentation.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:32 PM..

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan