

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

December 2, 2020

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 Wednesday, December 2, 2020. The meeting was called to order at 8:50 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 Korkowski, and Trustee Zachary Wichert.

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

SEARING IN OF ZACHARY WICHERT

Zachary Wichert was sworn in as the Firefighter Trustee Representative for the Pension Plan.

PUBLIC COMMENT

There was no public comment.

EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES TO ATTEND ELECTRONICALLY

Attorney Bonni Jensen reviewed the Extraordinary Circumstances for Trustees joining the quarterly Board Meeting electronically. Mrs. Jensen stated that she believed that the COVID-19 Pandemic qualifies as an extraordinary circumstance to allow Trustees to join electronically.

MOTION:

Trustee Kris Kowles made a motion to approve the ability for Chairman Ed Sabin and Secretary John Terzakis to join the Board Meeting electronically due to the Extraordinary Circumstances of the COVID-19 Pandemic. Trustee Ray Korkowski seconded the motion, which carried by unanimous 3-0 vote.

APPROVAL OF AGENDA

The Board reviewed the agenda and requested that.

MOTION:

Trustee Kris Kowles made a motion to approve the Meeting Agenda as presented. Trustee Ray Korkowski seconded the motion, which carried by unanimous 5-0 vote.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – August 8, 2020.

The Board reviewed the Quarterly Meeting Minutes for August 8, 2020. One error was noted in the review.

MOTION:

Trustee Kris Kowles made a motion to approve the Meeting Minutes for August 8, 2020 as amended. Trustee Zachary Wichert seconded the motion, which carried by unanimous 5-0 vote.

PRESENTATION

2. **ASB Real Estate Performance Report – Georgette Baxter, ASB Real Estate.**

Georgette Baxter started her presentation by reviewing the performance of the ASB Real Estate Allegiance Fund. For the quarter ending September 30, 2020, the beginning portfolio values was \$1,390,193, with net withdrawals totaling \$4,344. The gain for the quarter totaled \$1,484, resulting in an ended portfolio value of \$1,387,334. For the fiscal year, the beginning portfolio value was \$1,369,421, with net withdrawals totaling \$17,322. The fiscal year total gains for the fund were \$35,235, which resulted in an ending value of \$1,387,334. The fund's inception date was June 2016, the gross return since inception is 4.83%, and the client net return since client inception is at 3.69%.

Larry Braithwaite then stated that the 5–7-year numbers are weaker due to the 2016 and 2017 \$2.5 billion dollar asset turnover to prune and trim the portfolio to maximize long term investment goals and returns. Mr. Braithwaite informed the Board that the fund has been repositioning since 2018. The COVID-19 Pandemic caused liquidity challenges and that the fund is looking into a solution with these restraints. Mr. Braithwaite then reviewed the highlights of the fund, noting that year-to-date, the fund is 141 basis points above the NPI-ODCE and the 15-year return of 7.5% over a full market cycle averages 80 basis points above the index benchmark. ASB's long history of implementing new strategies to respond to changed tenant demands were then reviewed, along with the 2017 to 2019 ASB repositioning moves in response to the evolving tenant demand dynamics. The effects on tenants due to the COVID-19 Pandemic were reviewed with the Board, noting that the fund sold poor performing buildings like Capella Tower and 400 Madison Avenue. Mr. Braithwaite then reviewed the long-term outperformance over the past 15-years, along with the one-year sector geography top performers, noting that logistics has been driving investment performance. The one-year sector geography bottom performers were then reviewed with the Board, noting that retail is moving from main street and malls to warehouse facilities due to the uptick in e-commerce demands. Mr. Braithwaite informed the Board that 2.6 million young adults have moved back home and that those between the ages of 19 and 29 are living with family as opposed to living on their own due to the ongoing pandemic and to mitigate costs. It is expected that when the country returns to a more normal setting, it is expected that these young adults will move back out on their own. The fund currently has a 21% leverage, with a target leverage range of 15-25%.

3. **Quarterly Performance Report as of September 30, 2020 - Jennifer Gainfort, And Co Consulting**

Jennifer Gainfort started her presentation by reviewing the Plan's asset allocations as of September 30, 2020 with the Board along with the Plan's asset allocation compliance. The market value of the Plan on July 1, 2020 was \$17,810,703 and as of September 30, 2020 the

assets of the Plan closed at \$18,893,453. For the third quarter, the Plan had a total of \$143,343 in contributions, \$78,587 in distributions, management fees totaled \$6,713, and other expenses totaled at \$20,339. The income for the quarter was \$56,376 and the total capital gain for the quarter was \$588,670. Ms. Gainfort then reviewed the Fiscal-Year-End market value of the plan with the Board. The market value of the Plan on October 31, 2019 was \$16,370,561 and as of September 30, 2020 the assets of the Plan closed at \$18,893,453. For the fiscal year, the Plan had a total of \$1,420,828 in contributions, \$355,903 in distributions, management fees totaled \$26,224, and other expenses totaled at \$88,621. The income for the fiscal year was \$315,085, and the total capital gain for the quarter was \$1,237,726 resulting in a market value of \$18,893,453 as of September 30, 2020. For the quarter ending September 30, 2020, the trailing returns were 5.86% compared to the benchmark of 5.95%, the fiscal year returns were 9.01%, compared to the benchmark of 10.35%. The three-year returns were 7.43%, compared to the benchmark of 8.20%, the five-year returns were 8.42% versus the 9.84% benchmark, and the total returns since inception was 6.86% versus the 7.08% benchmark. Ms. Gainfort then reviewed the individual managers performances with the Board and stated that there is no need to rebalance the Plan at this time.

4. Global Fixed Income Manager Analysis – Jennifer Gainfort, AndCo

Jennifer Gainfort presented the Global Fixed Income Manager Analysis with the Board of Trustees. Ms. Gainfort reviewed the two investment options to replace Franklin Templeton. The two choices were Loomis Sayles Bond N Strategy and the PIMCO Diversified Income Strategy. The Firm and Investment Option Information was reviewed with the Board, along with the investments' historical holdings, average effective duration, along with the trailing performance of the funds compared to the Templeton Global Return R6 Strategy. Ms. Gainfort noted that PIMCO has been more consistent on its returns and made the recommendation to PIMCO as a replacement for Templeton. Ms. Gainfort informed the Board that PIMCO is the largest bond investor. There was a detailed discussion between the Investment Monitor and the Trustees regarding the alternative investment options available. Trustee Kris Kowles disclosed that he had worked from PIMCO two and a half years ago and wanted to ensure that there was no bias involved.

MOTION:

Secretary John Terzakis made a motion to replace the Templeton Global Return R6 Strategy with the PIMCO Diversified Income Strategy. Trustee Zachary Wichert seconded the motion, which carried by unanimous 5-0 vote.

5. Investment Policy Statement -Jennifer Gainfort, AndCo

Ms. Gainfort presented the Board with an updated version of the Investment Policy Statement. Ms. Gainfort reviewed the changes to update the benchmarks used on the investments within the Plan to have a more accurate view of how the Plan's investments are doing.

MOTION:

Secretary Kris Kowles made a motion to approve the Investment Policy Statement as presented. Trustee Ray Korkowski seconded the motion, which carried by unanimous 5-0 vote.

CONSENT AGENDA

6. Ratification of Invoices Paid Since Last Quarterly Meeting

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

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

There were no new applicants to report to the Board.

8. Approval of Withdrawal of Contributions

There were no withdrawals of contributions to review.

9. Terminated Employees Who Have Not Yet Taken Their Contributions

There were no new applicants to report to the Board.

10. Benefit Approvals for Retirements

There were no Benefit Approvals to report to the Board.

MOTION:

Trustee Ray Korkowski made a motion to approve the Consent as presented. Secretary Kris Kowles seconded the motion, which carried by unanimous 5-0 vote.

NEW BUSINESS

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

A. Village Council Plan Presentation

Attorney Bonni Jensen informed the Board that the Plan will present to the Village Council on February 11, 2021. In the past the Plan only had to present the status of the Pension Plan once every two years; however, the recent requirement changes now make the presentation an annual event. Trustee Kris Kowles made an offer to perform the presentation to the Village Council.

B. Governor's Executive Order – Public Meetings held Virtually

Attorney Bonni Jensen informed the Board that the ability to have the Pension Board Meetings held electronically has not extended by the Governor and that she does not expect any further extensions in the future.

ADMINISTRATIVE REPORT

12. Resource Centers Presentation – The New Normal

Mr. Baur reviewed the New Normal presentation that he prepared for the FPPTA regarding the changes and challenges that Pension Plan Administration has faced as a result to the COVID-19 Pandemic. Mr. Baur noted that The Resource Centers has hired two new employees in the recent months and that he has seen increased public participation in the attendance of the Board

Meetings due to the ability to join electronically. Mr. Baur then reviewed some of the barriers that restricts some members of the public from participating due to age, financial constraints, and access to the internet, computers, and/or smart phones. Chairman Ed Sabin inquired to see if the Board meeting can be held virtually. Attorney Bonni Jensen stated that some cities have passed local laws suspending physical Board Meetings.

Mr. Baur then informed the Board that his firm can hold member workshops virtually if the Board wishes as an alternative to meeting in person due to the pandemic and to allow more flexibility for members to attend.

ANY OTHER MATTERS

13. John Kostyo

Trustee Zachary Wichert stated that Firefighter John Kostyo inquired about purchasing his military time. Mrs. Jensen reviewed the ordinance with regards to purchasing past military time in the Pension Plan and explained that there is nothing that the Board can do to change this as the Plan does not have the power to do so. There was a detailed conversation regarding Mr. Kostyo's past requests and Mrs. Jensen stated that it would be more of a collective bargaining agreement item.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:28 AM.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan