

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
March 3, 2021

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, March 3, 2021. The meeting was called to order at 1:32 p.m.

ROLL CALL

A roll call was taken by Pension Administrator Scott Baur. 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, Scott Baur, and Alison Lichter, Actuary Jeffrey Amrose, Investment Monitor Jennifer Gainfort, Member Dan Wichowski, and Village Accounting Manager Michelle Gload.

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 Ray Korkowski made a motion to approve the ability for Trustees to join the Board Meeting electronically due to the Extraordinary Circumstances of the COVID-19 Pandemic. Trustee Zachary Wichert seconded the motion, which carried by a 5-0 vote.

APPROVAL OF AGENDA

The Board reviewed the agenda.

MOTION:

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

PUBLIC COMMENT

Detective Dan Wojowski addressed the Board inquiring if he can withdraw some of the excess funds that were transferred from his 401(a) Retirement Plan account into the Pension Plan. Attorney Bonni Jensen advised that she was aware of the Arbitration between the Police Officers and the Village regarding the additional funds in question; however, she does not know what the decision regarding that situation is. Mrs. Jensen went on to explain that the Pension Plan does not allow one to withdraw funds from the Share Account or Pension Contributions while a member is still employed with the Village.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – December 2, 2020.

The Board reviewed the Quarterly Meeting Minutes for December 2, 2020. There were two revisions requested within the minutes and one minor error noted.

MOTION:

Trustee Kristopher Cowles made a motion to approve the Meeting Minutes for December 2, 2020 as amended. Trustee Zachary Wichert seconded the motion, which carried by a 5-0 vote.

PRESENTATION

2. Actuarial Valuation Report – *Jeffrey Amrose, GRS*

Mr. Amrose reported that the Plan remains in strong shape with a healthy funded ratio of over 100% along with a very good Assumed Rate of Return. The Plan has very stable contribution requirements. Mr. Amrose reviewed the required contributions to the Plan and explained the mandatory update to mortality resulted in a decrease to required contributions of 1.05% of pay. The Plan had a modest gain to better investment returns and a higher-than-expected turnover. The funded ratio increased to 100.2% from 95.3%. The market value of assets exceeded the smoothed value of assets by \$60,581. Mr. Amrose reviewed the Premium Tax Receipts and use of State Money to offset required Village contribution. It was noted that the receipts for Police will offset Village required contribution for next several years. Trustee Zachary Wichert asked how new hires in the department effect funded ratio and Trustee Kris Cowles asked how the Village will fund the Plan when the State Reserve for Premium Tax runs out. Mr. Amrose stated that the money is already included in plan assets but separately tracked. In about three years, when the State Reserve is exhausted, the Village will be required to start making contributions into the Plan. Chairman, Ed Sabin clarified the State Reserve can only reduce Village contributions. Mr. Amrose informed the Board that Smoothed Rate of Return for the Plan is at 7.5% with a market value return of 8.6%. The Board considered the 7% Assumed Rate of Return, which should be forward looking. Mr. Amrose stated that the average Assumed Rate of Return for the Plans that GRS is the Actuary average about 7.1% and that a 7% Assumed Rate of Return falls in the range of reasonableness. Ms. Gainfort, of AndCo stated that a 7% Assumed Rate of Return is achievable and agrees with Mr. Amrose that the rate is reasonable. Mr. Amrose then reviewed the smoothing of assets over the past five-year period, noting that the Plan has \$63,973 of unrecognized investment gains. Mr. Amrose concluded his presentation by explaining the differences between Actuarial Valuation Report and the GASB 67 disclosures.

MOTION:

Trustee Zachary Wichert made a motion to approve the Actuarial Valuation Report as presented. Trustee Ray Korkowski seconded the motion, which carried by a 5-0 vote.

MOTION:

Trustee Zachary Wichert made a motion based on the advice of Mr. Amrose to state the Board expects to achieve 7% Assumed Rate of Return for the next year, the next several years, and the long term thereafter. Trustee Ray Korkowski seconded the motion, which carried by a 5-0 vote.

3. Quarterly Performance Report as of December 31, 2020 – *Jennifer Gainfort, AndCo Consulting*

Jennifer Gainfort started her presentation by reviewing the changes within AndCo, noting that AndCo is now has a total staff of 91 team members advising approximately \$100 billion in client assets. The Firm's investments made into the organization for 2020 were reviewed along with the forecast of continued investments for 2021. The Pension Fund assets had a total market value of \$18,893,453 on September 30, 2020, increasing to \$21,278,706 as of December 31, 2020. For the fourth quarter, the Plan had a total of \$466,959 in contributions, \$46,216 in distributions, management fees of \$6,725, and other expenses of \$16,794, and capital gains of \$1,904,784 resulting in an ending balance of \$21,278,706 as of December 31, 2020. For the quarter ending December 31, 2020 the Plan earned 10.33% compared to the benchmark of 10.42%. For the One-Year trailing returns, the Plan earned 13.65% compared to the benchmark rate of 14.83%. The Three-Year trailing returns were 9.57%, compared to the 10.30% benchmark, the Five-Year returns were 9.94%, compared to the benchmark rate of 11.28%, and since inception, the

Plan has earned 7.42%, trailing the benchmark rate of 7.64% by 0.22%. Ms. Gainfort then reviewed the individual managers performance with the Board, noting that Real Estate is close to the lower end of the Plan's allocations; however, with the Real Estate market still unstable, Mrs. Gainfort stated that she wants to hold off three to six months before adding any additional funds into this sector. Mrs. Gainfort noted that the fourth quarter earnings were very strong and that ASB Real Estate Investments has some outperformance, which was nice to see with all things considered in that sector. Trustee, Zachary Wichert inquired about Garcia Hamilton Associates poor performance. Mrs. Gainfort explained that Garcia Hamilton Associates struggled back in 2019 and explained the reasons in detail.

CONSENT AGENDA:

4. Ratification of Invoices Paid Since Last Quarterly Meeting

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

There were no new applicants to report to the Board.

6. Terminated Employees Who have Not Yet Taken Their Contributions

There were no new applicants to report to the Board.

7. Benefit Approvals for Retirements

There were no Benefit Approvals to report to the Board.

MOTION:

Trustee Zachary Wichert made a motion to approve the Consent Agenda as presented. Trustee Kristofer Cowles seconded the motion, which carried by a 5-0 vote.

NEW BUSINESS:

8. ATTORNEY UPDATE – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

A. Jensen Memo – E-Verify Requirements

Attorney Bonni Jensen informed the Board that effective January 1, 2021 a new Florida State Law requiring the Registration and Use of E-Verify went into effect with two requirements which are applicable for public retirement plans. The new law requires Public Employers to register with and use the free E-Verify system to verify the work authorization status of all newly hired employees and that contracts entering by Public Employers must contain a provision requiring the parties to use the E-Verify system.

B. Jensen Memo – Missing and Nonresponsive Participant

Attorney Bonni Jensen presented the Board with the Missing and Nonresponsive Participant Memo to the Board. Mrs. Jensen reviewed the best practices with attempting to locate a missing or nonresponsive member of the Pension Plan which resulted in a lengthy discussion of the many available options available, along with the potential costs associated with these services.

C. Jensen Memo – IRS Milage Rate for 2021

Mrs. Jensen informed the Board that the IRS released its updated Standard Milage Rate for 2021. The new rate is

\$0.56 per mile for miles driven after January 1, 2021. Mrs. Jensen noted that this amount is down 1.5 cents from last year. Mrs. Jensen then noted that the mileage rate can fluctuate within the same year and that her firm will do their best to inform the Board and the Administrator of any changes.

D. Summary Plan Description

Mrs. Jensen presented the Board with the final Summary Plan Description for the Board to review and approve. Mrs. Jensen noted that the only pending item was if the Police Officer Share Accounts and Amounts should be included or omitted. The Board discussed the option and requested that Trustee Ray Korkowski inquire with the police officers on what they would prefer.

MOTION:

Trustee Zachary Wichert made a motion to approve the Summary Plan Description pending the Police Officers' decision to include or exclude the list of Police Officer Share Accounts. Trustee Kristopher Cowles seconded the motion, which carried by a 5-0 vote.

E. Policy Regarding Contractual Provisions for Investment Manager Agreements

Mrs. Jensen presented the Board with the Proposed Policy Regarding Contractual Provisions for Investment Manager Agreements for approval. Mrs. Jensen stated that this Policy gives her base set of provisions when negotiating Investment Manager Agreements and allows her to present the potential Investment Managers with a base set of provisions that the Board will require. Mrs. Jensen further explained that she included an additional provision that allows the Board to make exceptions if needed.

MOTION:

Trustee Zachary Wichert made a motion to approve the Policy Regarding Contractual Provisions for Investment Manager Agreements as presented. Trustee Kristopher Cowles seconded the motion, which carried by a 5-0 vote.

9. ADMINISTRATIVE REPORT:

A. Resource Centers Memo – SOC 1 Audit Report

Scott Baur presented the Board with The Resource Centers SOC 1 Type Two Audit Report. Mr. Lovingood informed the Board that The Resource Centers had a Clean Audit with no exceptions found. Mr. Lovingood also informed the Board that he included a memo from Mr. Baur that explains what a SOC1 Type 2 Audit covers and what makes it different from other Audits.

B. Plan Administration Update

Mr. Baur gave the Board an update regarding the operations of The Resource Centers, noting that majority of his firm's staff are still working remotely. Mr. Baur also informed the Board the A.C. Lovingood will be stepping down as the Administrator for the Plan and will be leaving The Resource Centers to address injuries sustained while he served in the US Navy. The Board thanked Mr. Lovingood for his Military Service and for his time as the Administrator for the Plan.

10. ANY OTHER MATTERS:

Mr. Lovingood informed the Board that he had included electronic copies of the December 2, 2020 ASB Allegiance Real Estate Fund update, The Garcia Hamilton Associates January 27, 2021 Quarterly Performance Letter, and the Garcia Hamilton Associates December 31, 2020 Quarterly Performance Report to the Trustees for informational purposes.

Mr. Baur informed the Board that the Arbitration between the Police Officers and the Village regarding the 401(a) rollover into the Pension Plan has been settled and that he will be receiving a copy of the Arbitration Agreement soon. Mr. Baur also informed the Board that there may be a possible question brought before the Board regarding pensionable wages in regards to Chief Trube's entry into the DROP.

Mrs. Jensen confirmed that the Plan's presentation to the Village Council will take place on March 11, 2021 and confirmed that Trustee Kristopher Cowles will give the presentation, which Mr. Cowles confirmed that he will attend the Village Council Meeting.

PUBLIC COMMENT

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

ADJOURNMENT

There being no other business to discuss the meeting was adjourned at 3:05pm.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan