

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
March 7, 2022

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 Monday February 7, 2022. The meeting was called to order at 8:35AM.

SWARING IN OF TRUSTEE PETER ALLEN

Lori McWilliams, Village Clerk for the Village of Tequesta Swore Peter Allen in as Trustee to the Tequesta Public Safety Officers' Pension Fund Board.

ROLL CALL

A roll call was taken by Pension Administrator Scott Baur. In attendance at the meeting were: Chairman Kirstopher Cowles, Secretary Ray Korkowski (Electronically), Trustee Zachary Wichert. Trustee Rick Sartory, and Trustee Peter Allen

Also, in attendance were Attorney Bonni Jensen, Pension Administrators A.C. Lovingood, Scott Baur, Actuary Jeffrey Amrose (electronically), Investment Monitor Jennifer Gainfort, 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 Rick Sartory made a motion to approve the ability for Trustee Ray Korkowski 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 4-0 vote.

APPROVAL OF AGENDA

The Board reviewed the agenda.

MOTION:

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

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – November 1, 2021.

The Board reviewed the Quarterly Meeting Minutes for November 1, 2021.

MOTION:

Trustee Rick Sartory made a motion to approve the Meeting Minutes for November 1, 2022 as presented. Trustee Peter Allen 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 excellent shape with a healthy funded ratio of 104.9% on smoothed value compared to the previous year and the Plan is 115% funded at market value of assets. The Village has a comparatively low contribution rate of about 10% of pay. Mr. Amrose reviewed the required contributions with the Board in detail. There were no changes in the Benefit Provisions or in the Actuarial Assumptions and Methods for the Plan. The overall experience since the last valuation was more favorable than expected, resulting in an actuarial gain of \$662,955. Mr. Amrose stated that the gains are primarily due to a great return on investments than expected and less than expected pay increase. The funded ratio increased to 104.9% from 100.2% at the last valuation and Mr. Amrose noted that the Village contributions will decrease further if the Pension Fund meeting its return assumptions.

Mr. Amrose then reviewed the premium tax receipts with the Board in detail, noting that the Village uses the full \$193,278.00 to offset the Firefighters' portion of the required contributions and that the Village will have a \$512,395.00 reserve remaining to offset Police contributions. Mr. Amrose then reviewed the derivation of contribution requirements for both Police and Fire with the Board, noting that the required contribution for Police decreased as a percentage of covered payroll; however, due to an increase in pay, the dollar amount also increased. Fire's payroll, meanwhile, decreased with a corresponding decrease in contributions both as a percentage of pay and a dollar amount. Mr. Amrose then reviewed the historical experience gains and losses with the Board along with the smoothing of assets.

The board noted that they have a March 10, 2022 Scheduled Meeting with the Village Council to give a presentation of how the Pension Plan is performing and discussed in great detail the return assumptions and the Assumed Rate of Return. It was noted that FRS uses a 6.8% Assumed Rate of Return, and the average is now below 7%. Trustee Zachary Wichert asked about a projection of future required contribution requirements for the Village Council Presentation.

MOTION:

Chairman Kristopher Cowles made a motion to approve the 2021 Actuarial Valuation Report as presented. Trustee Zachary Wichert seconded the motion, which carried by a 5-0 vote.

MOTION:

Chairman Kristopher Cowles 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 Zachary Wichert 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 introducing herself and the role of AndCo. Ms. Gainfort reported that AndCo now advises \$123 Billion in Client Assets. The firm reinvests 100% of profits back into the company, which now has a total of 87 employees and Ms. Gainfort reported that that her Firm made Brian Green and Kerry Richardville Partners. Ms. Gainfort reported the economy remained strong through December 31, 2021, worker turnover and a shortage of labor, along with persistent inflation continue to have a negative effect. The Federal Reserve will likely increase interest rates several times this year because of rising inflation in attempt to slow it

down. The Plan's Asset Allocations were reviewed with the Board and Ms. Gainfort recommended that the board rebalance the plan due to being overweight in equities

MOTION:

Trustee Rick Sartory made a motion based on the advice of the Investment Monitor to Rebalance 3% of domestic equities to domestic and global fixed income. Trustee Zachary Wichert seconded the motion, which carried by a 4-0 vote. (Ray Korkowski was absent for vote)

The Pension Fund assets had a total market value of \$23,835,231 on September 30, 2021, increasing to \$25,119,595 as of December 31, 2021. For the fourth quarter, the Plan had a total of \$186,556 in contributions, \$50,170 in distributions, management fees of \$7,414, other expenses of \$16,897, income totaling \$138,548, and capital gains of \$1,033,743 resulting in an ending balance of \$25,119,595 as of December 31, 2021. For the quarter ending December 31, 2021 the Plan earned a net 4.87% compared to the benchmark of 5.70%. For the One-Year trailing returns, the Plan earned 14.82% compared to the benchmark rate of 15.64%. The Three-Year trailing returns were 16.28%, compared to the 17.30% benchmark, the Five-Year returns were 11.87%, compared to the benchmark rate of 12.55%, and since inception, the Plan has earned 7.52%, trailing the benchmark rate of 8.11%.

Ms. Gainfort then reviewed the individual managers performance with the Board, noting that FMS performed lower than the benchmark due to the concentration of some holdings in the corresponding index. Ms. Gainfort then informed the Board that Wells Fargo sold their Asset Management, rebranding the small cap equity allocation to Allspring Special Smal Call Value R6. ASB Real Estate continues the real estate portfolio, reallocating assets from retail and office space to industrial, multifamily, and self-storage. ASB Real Estate lowered their management fee from 1.25% down to 1%. The Board discussed the underperformance of ASB Real Estate and Ms. Gainfort stated that AndCo has kept the manager under close watch. As of Friday, the Plan had a total balance of \$23.78 Million due to recent market losses.

MOTION:

Chairman Kristopher Cowles made a motion to approve the AndCo Quarterly Investment Report dated December 31, 2021 as presented. Trustee Rick Sartory seconded the motion, which carried by a 4-0 vote. (Ray Korkowski was absent for vote)

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:

Chairman Kristopher Cowles made a motion to approve the Consent Agenda as presented. Trustee Peter Allen seconded the motion, which carried by a 4-0 vote. (Ray Korkowski was not available)

NEW BUSINESS:

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

A. Cancer Presumption IRS Ordinance

Attorney Bonni Jensen addressed proposed changes to the Ordinance for the Secure Act Updates, the addition of the Pre-retirement Death Cancer Presumption State Statutes, and the IRS Tax Code changes regarding minimum distribution requirement commencement age change from 70.5- to 72-year-old. Mrs. Jensen also informed the Board that she has requested that the Village of Tequesta add the entire Pension Plan Ordinance on Municode as to make future changes more streamline and negate the need for the ordinance to be restated each time a change needs to be done.

B. New Trustee Handbook

Mrs. Jensen presented the Board with the New Trustee Handbook that her firm created to cover the provisions contained with the Plan, Operating Procedures, Administrative Rules, along with the provisions of the various State Statutes, Federal Laws, and IRS Tax Codes that the Plan is governed by.

C. Firefighter Service Purchase – Prior Firefighter and Military Service 2022

Mrs. Jensen reviewed the proposed ordinance to adopt new service purchase provisions per the IAFF Collective Bargaining Agreement for Firefighters within the Plan in detail with the Board Members and Mr. Amorese explained the considerations for the service purchase cost. Mrs. Jensen stated that she will add this service purchase agreement to the Ordinance Restatement and that she needs Board Authorization to add the Firefighter Service Purchase language to the Plan's Ordinance Restatement. Trustee Zachary Wichert asked if the Firefighters could purchase part-time Firefighters Service, as he was a part-time Firefighter for the Village before he was hired on as a fulltime Firefighter. Mrs. Jensen clarified the state definition of qualifying service purchase does not allow for the purchase of part-time service. Trustee Wichert raised several questions regarding his employment status with the Village as an intern or interim firefighters under a prior village program that he and several other current Firefighters were a part of for multiple years. There was a detailed discussion regarding the program which resulted in Trustee Wichert choosing to abstain from the vote to add the firefighter buyback provisions to the Ordinance Restatement.

MOTION:

Chairman Kristopher Cowles made a motion to approve Attorney Bonni Jensen to send the proposed Ordinance Restatement as presented to the Village for consideration. Trustee Rick Sartory seconded the motion, which carried by a 3-0 vote. (Trustee Zachary Wichert abstained from voting and Trustee Ray Korkowski was not available)

Mrs. Jensen then reviewed the updated Special Tax Notice with the Board, explaining the updates that were made and how the Special Tax Notice is useful and informative for any Plan Member that is retiring or taking an early retirement with regards to their DROP and/or Share funds and the possible tax implications of their distribution choice could have on those funds. Mrs. Jensen reported that her firm responded to the Auditor's annual letter requesting for her firm to report any legal matters that would need to be documented on the Audit Report. Mrs. Jensen concluded that the COVID-19 Bill that the was covered at the last Board Meeting had it's first reading on the first day of the legislative session; however, she has not heard any additional chatter about it. Mrs. Jensen concluded with an update on the March 10, 2022 Tequesta Public Safety Officers' Pension Fund Presentation to the Village Council and informed the Board that she will start creating the Presentation for Chairman Kristopher Cowles

9. ADMINISTRATIVE REPORT:

A. Resource Centers System Update

Mr. Baur informed the Board that his firm has implemented a new automatic notification system that will notify

members who submits an application to enter into the DROP, retirement, or a refund of contributions that will give the member updates as to the status of the processing of their application. Mr. Baur went on and explained that if there is a delay in the processing of the application, the member would be notified by email, detailing what has caused the delay and revise the expected completion date.

B. Trustee Conferences

Mr. Baur informed the Board that the various Trustee conferences have changed how they allow Trustees to reserve their hotel rooms. In the past, the Trustee had to register for the event before obtaining the hotel reservation code, now the Trustee Conferences post the reservation code which allows for the Trustees to reserve the room before registration for the event opens.

10. ANY OTHER MATTERS:

There were no other matters to discuss at this time.

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 11:29am.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan