

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND  
REGULAR BOARD MEETING MINUTES  
May 2, 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 May 2, 2022. The meeting was called to order at 1:08PM.

**ROLL CALL**

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

Also, in attendance were Attorney Bonni Jensen, Pension Administrators A.C. Lovingood, Scott Baur, Amed Avila, Fiduciary Trust (electronically), and Investment Monitor Jennifer Gainfort.

**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:**

Chairman Kristopher Cowles made a motion to approve the ability for Trustee Zachary Wichert to join the Board Meeting electronically due to the Extraordinary Circumstances of the COVID-19 Pandemic. Trustee Rick Sartory seconded the motion, which carried by a 3-0 vote.

**APPROVAL OF AGENDA**

The Board reviewed the agenda and moved the Share Account Discussion Item and the Resource Centers Fee Increase Discussion Item to the beginning of the Board Meeting in order to accommodate Mr. Baur's time constraint.

**MOTION:**

Chairman Kristopher Cowles made a motion to approve the Meeting Agenda as amended. Trustee Peter Allen Wichert seconded the motion, which carried by a 4-0 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 – February 2, 2022.

The Board reviewed the Quarterly Meeting Minutes for February 2, 2022.

**MOTION:**

Trustee Rick Sartory made a motion to approve the Meeting Minutes for February 2, 2022 as amended. Trustee Peter Allen seconded the motion, which carried by a 4-0 vote.

**PRESENTATION**

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

Ms. Jennifer Gainfort started her presentation by reviewing the market environment executive summary and the market environment market rate and yield curve comparison with the Board in detail. The Pension Fund assets had a total market value of \$25,119,595 on December 31, 2021 and closed with a total market value of \$23,768,612 on March 31, 2022. For the first quarter, the Plan had a total of \$181,526 in contributions, \$300,852 in distributions, management fees of \$10,214, and other expenses of \$29,293. Income for the quarter totaled \$68,876 and capital losses totaled \$1,261,027, resulting in an ending balance of \$23,768,612 on March 31, 2022. For the quarter ending March 31, 2022, the Plan earned -4.75%, compared to the benchmark of -4.17%. The Fiscal-Year-To-Date trailing returns was -0.07%, compared to the benchmark rate of 1.29%. The One-Year trailing returns was 6.04% compared to the benchmark rate of 7.54%. The Three-Year trailing returns were 11.18%, compared to the 12.19% benchmark, the Five-Year returns were 9.87%, compared to the benchmark rate of 10.61%, and since inception, the Plan has earned 7.43%, compared to the benchmark rate of 7.71%. Ms. Gainfort then reviewed the Plan's asset allocation by asset class with the Board, noting that Domestic Equities are above the asset allocation and informed the Board that the Plan will need to rebalance to be in compliance with the Investment Policy Statement. Ms. Gainfort recommended selling 2% of Domestic Equity and investing those funds in Domestic Fixed Income.

**MOTION:**

Chairman Kristopher Cowles made a motion to sell 2% of Domestic Equities and use those proceeds to invest in Garcia Hamilton. Trustee Peter Allen seconded the motion, which carried by a 4-0 vote.

Ms. Gainfort then reviewed the individual managers performance with the Board in detail, noting that ASB Real Estate did very well for the quarter earning 7.90%, which was just shy of the benchmark rate of 7.97% and Ms. Gainfort informed the Board that PIMCO had a 2% of its portfolio in Russian Investments. Ms. Gainfort then informed the Board that Georgette Baxter had left ASB Real Estate Investments to go work for RhumLine Advisors. The Long-Term Performance of the Plan and the Compliance Checklist was reviewed with the Board in detail.

**3. Fiduciary Trust Annual Presentation – Amed Avila, Fiduciary Trust**

Mr. Avila presented the Board the Fiduciary Trust Annual SOC1 Audit, reviewing a few highlights within the audit report. Mr. Avila informed the Board that PWC's review of his firm's policies, procedures, and controls resulted in a clean, unqualified opinion. Chairman Michael Rhodes congratulated Mr. Avila on the audit results which was echoed by the other Trustees. Mr. Avila concluded his presentation with asking if the Board had any questions. Which the Board had no questions for Mr. Avila.

**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**

The Board reviewed the Consent Agenda.

### **MOTION:**

Trustee Rick Sartory made a motion to approve the Consent Agenda as presented. Trustee Peter Allen seconded the motion, which carried by a 3-0 vote. (Zachary Wichert's remote connection was frozen)

### **NEW BUSINESS:**

There was no new business to discuss at this time.

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

### **A. Jensen Memo – Form 1**

Mrs. Jensen reminded the Board that their Form 1 needs to be submitted by July 1, 2022. Mrs. Jensen also informed the Board that the State is testing out the ability to submit Form 1's electronically.

### **B. Jensen Memo – IRS Milage Rate for 2022**

Mrs. Jensen informed the Board that the Internal Revenue Service released its updated Standard Milage Rate for 2022. The new rate is 58.5 center per mile for miles driven on or after January 1, 2022. This is up 2.5 cents from last year. Mrs. Jensen noted that in previous years, the milage rate can fluctuate within the same year and that her firm will do their best to keep the Trustees and Plan Administrator informed of any changes.

### **C. Jensen Memo – IRS RMD Guidance and Crypto Investment**

Mrs. Jensen reviewed the IRS proposed regulations revising the required minimum distribution regulations to align with the SECURE Act, as well as providing additional guidance. Mrs. Jensen informed the Board that the IRS clarified the definition of "eligible designated beneficiaries" and further defined the meaning of "disability" and "chronically ill," and clarified the timing of distributing required mandatory distributions.

Mrs. Jensen also informed the Board that on March 10, 2022, the U.S. Department of Labor published a compliance assistance release concerning 401(k) plans investing in cryptocurrencies and related products due to significant risk of fraud, theft, and loss because of their speculative nature custodial, recordkeeping, and valuation concerns, in addition to evolving regulatory market.

### **D. Jensen Memo – Generic Signature Authorization Forms**

Mrs. Jensen also informed the Board that there are instances where the Signature Authorization Forms in the possession of existing service providers are no longer up to date as Trustee terms expire every two to four years, depending on the language of the plan ordinance. To that end, Mrs. Jensen stated that she is recommending that the Plan Administrator maintain a generic Signature Authorization Form for the Fund and update the signers annually.

### **E. Enrollment and Beneficiary Designation Form**

Mrs. Jensen informed the Board that the Village of Tequesta has requested the New Hire Enrollment Form be updated to allow for additional beneficiaries to be listed. The Board, Mrs. Jensen, and the Plan Administrators had a detailed discussion regarding the requested change in addition to the Plan having a separate beneficiary designation

form which resulted in the recommendation for the Enrollment Form to be separate from the beneficiary designation form.

#### **F. Draft Share Account Policy**

Mrs. Jensen provided a draft version the Share Account Policy for the Board to review and clarified several questions on how the interest rates should be allocated. There was a detailed conversation regarding the Share Statements which resulted in the Board instructing Mr. Baur to issue the Share Statement Annually and that the interest earned should be the Fiscal Year net returns of the Pension Fund.

#### **G. Interim Firefighters**

Mrs. Jensen informed the Board that the Village has provided her with the Interim Firefighter contracts along with the Interim Firefighter Job Description. Mrs. Jensen reviewed the job description in detail for the Interim Firefighter position and noted that it does require for the Interim Firefighter to become a certified Firefighter. Due to this requirement, Mrs. Jensen informed the Board that the Interim Firefighters should have been members within the Pension Plan and that she will engage with the Village regarding this issue.

### **9. ADMINISTRATIVE REPORT:**

#### **A. Resource Centers Memo - Office Lease Rollover Example**

Albert Lovingood presented the Board with a Memo regarding office lease rollovers as it has been a continuous discussion with the Boards who have Real Estate investments. Mr. Lovingood informed the Board that his firm is eliminating approximately one-third of the office space that is currently being used. Mr. Lovingood explained that that way the Administrators work within the company has changed for the long-term and the upcoming lease renewal was an opportune moment to jettison the unused space and create a "Hotel Office Space" for the Plan Administrators when they need to come into the office to meet with members and prepare for Board Meetings.

#### **B. Resource Centers Fee Increase Letter**

Mr. Baur presented the Board with a Fee Increase Letter which was reviewed in detail with the Board. Mr. Baur noted that his firm has not asked for an increase in over 12 years. Trustee Peter Allen inquired as to how the fees increase was calculated, which Mr. Baur explained in detail with the Board. The Trustees then discussed the fee increase request and Chairman Kristopher Cowles noted that in recent years, several service providers have requested a fee increase, which the Board has approved.

#### **MOTION:**

➔ Charmin Kristopher Cowles made a motion to approve the \$700 Resource Centers Retainer Fee increase subject to contract modification. The motion received a second from Trustee Peter Allen, which carried by a 4-0 vote.

#### **C. Authorized Signer Updates**

Mr. Lovingood informed the Board that he has updated Signature Authorization Forms for the Trustees to sign.

#### **D. FY2021 Administrative Expense Report and FY2022 Administrative Budget**

Mr. Lovingood presented the Board with the FY2021 Administrative Expense Report and FY2022 Administrative Budget. Mr. Lovingood reviewed the previous year's expenses and reviewed the projected budget for FY2022 along with assumed annual increases.

**MOTION:**

Trustee Peter Allen made a motion to approve the FY2021 Administrative Expense Report and FY2022 Administrative Budget as presented. Chairman Kristopher Cowles seconded the motion, which carried by a 3-0 vote. (Zachary Wichert's remote connection was frozen)

**E. Share Accounts 2019 through 2021**

Mr. Baur presented the Board with the draft version of the Share Account Statements for Fiscal Years 2019 through 2021. Mr. Baur posed a question on how his firm should allocate the interest to the Share Accounts along with how often the Share Account Statements should be issued. There was a detailed conversation regarding the Share Statements which resulted in the Board instructing Mr. Baur to issue the Share Statement Annually and that the interest earned should be the Fiscal Year net returns of the Pension Fund.

**10. ANY OTHER MATTERS:**

**A. Tequesta Public Safety Actuarial Impact Letter 03-30-2022**

Mr. Lovingood informed the Board that the Actuarial Impact Letter dated March 30, 2022, regarding the recent changes to the Plan Ordinance is included in the Board Meeting Packets for the Board's review and that no action is needed by the Trustees.

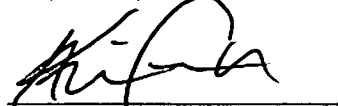
**PUBLIC COMMENT**

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

**ADJOURNMENT**

There being no other business to discuss the meeting was adjourned at 3:45pm.

Respectfully submitted,



Board Member

Village of Tequesta Public Safety Officers' Pension Plan