

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
November 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, November 7, 2022. The meeting was called to order at 12:35PM.

ROLL CALL

A roll call was taken by Pension Administrator A.C. Lovingood. In attendance at the meeting were: Chairman Kirstopher Cowles, Trustee Peter Allen. And Trustee Rick Sartory.

Also, in attendance were Attorney Bonni Jensen, Pension Administrators A.C. Lovingood, Investment Monitor Jennifer Gainfort, and Investment Manager Robert Gronda with ASB Real Estate Investments.

EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES TO ATTEND ELECTRONICALLY

Trustee Zach Wichert joined the Board Meeting electronically. The Trustees physically present discussed the parameters with the Plan Attorney regarding when a Trustee can join and participate in the Board Meeting electronically.

MOTION:

Trustee Rick Sartory made a motion to allow Trustee Zach Wichert to join the Quarterly Board Meeting due to Extraordinary Circumstances. Trustee Peter Allen seconded the motion, which carried by a 3-0 vote.

APPROVAL OF AGENDA

The Board reviewed the agenda and had no modifications.

MOTION:

Trustee Rick Sartory made a motion to approve the Meeting Agenda as presented. Chairman Kristopher Cowles 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 dated August 1, 2022.

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

MOTION:

Chairman Kristopher Cowles made a motion to approve the Quarterly Board Meeting Minutes dated August 1, 2022, as amended. Trustee Peter Allen seconded the motion, which carried by a 4-0 vote.

PRESENTATION

1. ASB Real Estate Investments Quarterly Performance Report as of September 30, 2022 – Robert Gronda, ASB Real Estate Investments

Robert Gronda started his presentation with informing the Board that ASB Real Estate Investments has a CORE Real Estate Fund that invests in the best assets in the best markets, keeping properties fully leased. Mr. Gronda reported no changes in the management at his firm. The portfolio gained 2.29% for the quarter ending September 30, 2022, beating the benchmark rate of 0.52%, and for fiscal yearend, the fund earned 15.31%, beating the benchmark rate of 13.08%. The fund has delivered 0.40% excess performances gross of fees since 1984. The properties held in the fund are 93.4% leased, with a \$35,199,624 increase in rental income with the largest gains coming from the multifamily housing sector. Mr. Gronda addressed affordability and high housing cost along with the impact of political pressure on properties in detail with the Board, noting that public assistance to pay rents should be winding down. Chairman Kristopher Cowles inquired on the lease length of the different sectors, which Mr. Gronda explained in detail, noting that residential and self-storage are in one-year increments. ASB Real Estate's historical changes since 2017 for retail and commercial office reductions were reviewed with the Board along with Mr. Gronda noting that the fund has increased holdings in the industrial, self-storage, and housing sectors. In addition, the demand for storage is sticky, which is allowing property managers to raise rents and focusing more on operating income and tenants. The specific assets and markets in the portfolio were discussed in detail with the Board with Mr. Gronda noting that the fund has 25% leverage and that it is in line with the benchmark and that there has been a queue implemented for any distribution requests.

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. Ms. Gainfort then reviewed the Plan's asset allocation by asset class with the Board, noting that there is no need to rebalance at this time. The Pension Fund assets had a total market value of \$21,085,730 on June 30, 2022, and closed with a total market value of \$20,255,047 on September 30, 2022. For the third quarter, the Plan had a total of \$267,924 in contributions, \$112,427 in distributions, management fees of \$9,515, and other expenses of \$16,074. Income for the quarter totaled \$77,591 and capital losses totaled \$1,038,182, resulting in an ending balance of \$20,255,047 on September 30, 2022. For the quarter ending September 30, 2022, the Plan earned -4.53%, beating the benchmark of -4.66%. The Fiscal-Year-To-Date trailing returns was -14.57%, compared to the benchmark rate of -14.39%. The Three-Year trailing returns were 4.03%, compared to the 4.51% benchmark, the Five-Year returns were 5.07%, compared to the benchmark rate of 5.55%, and since inception, the Plan has earned 6.25%, compared to the benchmark rate of 6.45%. Ms. Gainfort then reviewed the Plan's asset allocation by asset class with the Board in detail, noting that the JP Morgan Equity Income R6 Fund performed very well with mitigating losses in the down market.

International Value Search

Ms. Gainfort then presented the Board with the International Value Equity Manager Analysis results to the Board, reviewing the strategies and fees of the prospective managers. The managers all take a team approach to the portfolio, the DFA and Dodge & Cox portfolios had the strongest long-term results with the lowest fees. The DFA provides a consistent value tilt, while the Dodge & Cox team tends to be more of a relative value portfolio. Chairman Kristopher Cowles commented about his familiarity with both Dodge & Cox and DFA. Ms. Gainfort recommended that the board diversify the EuroPacific Growth holding to the DFA International Value Fund due to that fund having the lowest correlation to the EuroPacific Growth Fund, noting that it offers a mutual fund structure like the EuroPacific Growth Fund.

MOTION:

Chairman Kristopher Cowles made a motion to sell 50% of the EuroPacific Growth Fund and invest the proceeds in the DFA International Fund. Trustee Rick Sartory seconded the motion, which carried by a 4-0 vote.

AndCo Investment Monitor Fee Proposal

Ms. Gainfort provide the Board with a proposed fee increase of from \$18,000.00 per year to \$20,500.00 per year, guaranteed for three years. The Board reviewed the proposed increase and considered it for approval.

MOTION:

Chairman Kristopher Cowles made a motion to approve the AndCo Annual Consulting fee of \$20,500.00 guaranteed for three years as presented. Trustee Rick Sartory seconded the motion, which carried by a 4-0 vote.

Ms. Gainfort thanked the Board and concluded her presentation by reporting that as of market close on Friday, the Plan was at \$21,095,000.

CONSENT AGENDA:

3. Ratification of Invoices Paid Since Last Quarterly Meeting

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

There were no new applicants to report to the Board.

5. Terminated Employees Who Have Not Yet Taken Their Contributions

There were no new applicants to report to the Board.

6. 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 (Trustee Zachary Wichert's connection froze and was unable to vote).

NEW BUSINESS:

There was no new business to discuss at this time.

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

A. Jensen Memo – IRS Milage Rate for Remainder of 2022

Attorney Bonni Jensen provided the Board of Trustees with updated guidance on Required Minimum Distributions. The Board and Mrs. Jensen had a detailed discussion regarding the purpose of the RMD requirements.

B. Jensen Memo – PTSD BSOB Benefits

Mrs. Jensen reviewed the PTSD memo with the Board in detail, noting the criteria for the new Act and that the benefit is retroactive to 2019 for Public Safety Officers who were diagnosed or seeking treatment.

C. Jensen Memo – Delaware Law Change Permits Companies to Insulate Corporate Officers from Liability for Reckless Conduct

Mrs. Jensen discussed the Delaware Law change that permits companies to insulate corporate officers from liability for reckless conduct. Mrs. Jensen stated that one of the main reasons for bringing this law up to the Board has to do with the majority of businesses are incorporated in the State of Delaware due to favorable, business friendly laws within that state.

D. 2022 Tequesta PSO Plan Restatement - Update

Mrs. Jensen informed the Board that the Plan Restatement was completed and is in the hands of the Village Council for final review and approval.

E. Interim Firefighters

Mrs. Jensen provided the Board with an update on the status of the Interim Firefighters pensionable wages.

F. Chapter 175 & 185 Premium Tax Dollars

Mrs. Jensen informed the Board that the 2021 Premium Tax Distribution amounts have been released from the State and payments have been issued. For Chapter 175, the Plan will receive \$92,947.13, this is up from the \$91,648.63 that the Plan received for the 2020 Premium Tax Dollars. For Chapter 185, the Plan will receive \$200,648.02, this is up from the \$193,278.00 that the Plan received for the 2020 Premium Tax Dollars.

8. ADMINISTRATIVE REPORT:

A. Resource Centers memo – 10-22-2022 SOC1 Type 2 Audit Report

Albert Lovingood presented the Board with the updated Enrollment and Beneficiary Forms that his firm had updated for the Plan. Mr. Lovingood noted that the Enrollment Form and Beneficiary Form were once a single document that the Village gave to each new hire and that those two parts have since been separated. Mr. Lovingood also stated that the Beneficiary Form now has a section where members and list email addresses as an additional way to contact the beneficiary.

B. 2023 Conference List

Mr. Lovingood presented the Board with the 2023 Conference List. Mr. Lovingood reviewed the list with the Trustees and stated that if any of them are interested in attending any of the conferences listed, to let him know so that he can register them for the event.

C. 51st Annual Police Officers' & Firefighters' Pension Trustee Conference

Mr. Lovingood informed the Board that the 51st Annual Police Officers' & Firefighters Pension Trustee Conference was rescheduled for December 13, 2022, through December 15, 2022. Mr. Lovingood reviewed the details regarding the conference and stated that if any of the Trustees are interested in attending to let him know.

D. Fiduciary Liability Insurance Renewal

Mr. Lovingood presented the Board with the Fiduciary Liability Insurance Renewal Quotes from both Markel and Ghering Group. Mr. Lovingood informed the Board that the Ghering Group Quote is an annual amount guaranteed not to increase for three years, while the Markel Policy renews on an annual basis. At the last Board Meeting the Board gave Chairman Kristopher Cowles discretion to renew the Policy on behalf of the Board and the decision was

to move forward with the General Employees' Pension Plan with the Markel Fiduciary Liability Policy. Mr. Lovingood went on and explained that Both Policies provide the same coverage and Mr. Lovingood then reviewed the two policy quotes in detail with the Trustees being satisfied with the choice.

9. OTHER BUSINESS:

A. Marital Portion of Divorced Members

Trustee Peter Allen inquired about Divorced retirees and the marital portion of the Pension being paid directly to the ex-spouse. Mrs. Jensen explained in detail what the Plan can and cannot comply with when a member is divorced. Mrs. Jensen explained the reasons for the Plan not being able to comply with a QDRO and the parameters regarding the Plan's ability to comply with Income Deduction Orders.

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 2:42pm.

MOTION:

Trustee Peter Allen made a motion to adjourn the Tequesta Public Safety Officers' Pension Fund Board Meeting. Chairman Kristopher Cowles seconded the motion, which carried by a 4-0 vote.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan