

TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
February 6, 2023

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 6, 2023. The meeting was called to order at 8:34am.

ROLL CALL

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

Also, in attendance were Attorney Bonni Jensen, Pension Administrators A.C. Lovingood and Scott Baur, Investment Monitor Jennifer Gainfort, and Plan Actuary Jeffery Amrose.

EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES TO ATTEND 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 Secretary Ray Korkowski to join the Quarterly Board Meeting due to Extraordinary Circumstances in the event that he is able to join the Meeting via Zoom. 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 Peter Allen made a motion to approve the Meeting Agenda as presented. Trustee Zach Wichert seconded the motion, which was carried by a 3-0 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 November 7, 2022.

The Board reviewed the Quarterly Meeting Minutes November 7, 2022.

MOTION:

Trustee Rick Sartory made a motion to approve the Quarterly Board Meeting Minutes dated November 7, 2022, as amended. Trustee Peter Allen seconded the motion, which carried by a 3-0 vote.

PRESENTATION

1. GRS – Jeffrey Amrose, GRS Consulting

A. GRS 10-01-2022 Actuarial Valuation Report

Mr. Amrose reported that the Plan remains in excellent shape with a healthy funded ratio of 102.0% on smoothed value compared to the previous year at 104.9%. If the market value had been the basis for the valuation, the funded ratio would have been 90.2% and the village contribution rate would have been approximately 19.00% instead of 14.55%. Mr. Amrose reported that the Plan's Required Contribution is lower than any other Plan that he is the Actuary for and 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 less favorable than expected, resulting in an actuarial loss of \$752,573.00. Mr. Amrose stated that the losses are primarily due to lower-than-expected return on investments at 4.50%, compared to the 7.00% Assumed Rate of Return along with the inclusion of prior service for six firefighter members for the time they were employed as an Interim Firefighters. Mr. Amrose then reviewed the premium tax receipts with the Board in detail, noting that the Village uses the full \$200,648.00 to offset the Firefighters' portion of the required contributions and that the Village will have a \$395,739.00 reserve remaining to offset Police contributions. The Summary of Valuation Results was reviewed in detail for both the Fire and Police and Mr. Amrose concluded his presentation by informing the Board that a 7.00% Assumed Rate of Return is a reasonable assumption. Trustee Zach Wichert asked what the Funding Ratio is for the Police versus Fire. Mr. Amrose stated that the Police are funding at 138.00% and Fire is funding at 90.80% on a smoothed basis. The Board considered the return assumption and the long-term capital market assumptions that resulted in a detailed conversation regarding the consideration of an experience study to review all the Plan's Assumptions.

MOTION:

Trustee Rick Sartory made a motion to request a fee proposal for an Experience Study on the Plans Actuarial Assumptions. Trustee Peter Allen seconded the motion, which was carried by a 3-0 vote.

MOTION:

Trustee Rick Sartory made a motion to approve the 2022 Actuarial Valuation Report as presented. Trustee Peter Allen seconded the motion, which was carried by a 3-0 vote.

MOTION:

Trustee Rick Sartory made a motion based on the advice of the Investment Monitor and Plan Actuary, the Plan expects to achieve a 7.00% Assumed Rate of Return for the next year, the next several years, and the long term thereafter. Trustee Zachary Wichert seconded the motion, which was carried by a 3-0 vote.

B. Interim Firefighters – Calculation of Retro member Contributions

Mr. Amrose reviewed the Interim Firefighters Retro Member Contribution Calculations in detail with the Board of Trustees. There was a detailed discussion regarding the contribution amounts, how they would be paid into the Plan along with the payback options that would be available to those affected firefighters. Trustee Zach Wichert asked if the payroll used included overtime, noting that Interim Firefighters were utilized to fill in any staffing shortages at that time. Mr. Amrose informed the Board that the payroll request was for Pensionable Pay only. The Board was unable to act on this matter due to a lack of a Quorum with Trustee Zach Wichert needing to abstain from voting.

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

Ms. Jennifer Gainfort started her presentation by reviewing the AndCo Annual Firm Update in detail with the Board, noting that Jon Breth, Tyler Grumbles, and Brooke Wilson were named Partners and AndCo is now at 93 team members strong with plans to grow the firm's size. Ms. Gainfort then provided a market overview, with persistent inflation and rising interest rates, the markets had gains for the December 31, 2022, quarter, and losses for the

calendar year. Markets are still expecting a recession in 2023 even as employment remains strong. Ms. Gainfort then reviewed the performance of the domestic and international markets in detail with the Board of Trustees.

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 and that the allocations are within their targets. The Pension Fund assets had a total market value of \$20,255,047 on September 30, 2022, and closed with a total market value of \$21,915,153 as of December 31, 2022. For the third quarter, the Plan had a total of \$363,007 in contributions, \$148,853 in distributions, management fees of \$9,515, and other expenses of \$20,069. Income for the quarter totaled \$136,887 and capital gains totaled \$1,038,649, resulting in an ending balance of \$21,915,153 on December 31, 2022. For the quarter ending December 31, 2022, the Plan earned 5.79%, compared to the benchmark of 5.83%. The Three-Year trailing returns were 4.02%, compared to the 4.41% benchmark, the Five-Year returns were 5.43%, compared to the benchmark rate of 5.87%, and since inception, the Plan has earned 6.49%, compared to the benchmark rate of 6.70%. Ms. Gainfort then reviewed the market performance of each investment manager in detail, noting that Real Estate now has losses for the quarter after having a substantial gain throughout 2022.

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:

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

A. Jensen Memo – IRS Milage Rate for 2023

Attorney Bonni Jensen provided the Board of Trustees with a memo informing them that the Internal Revenue Service (IRS) released its updated Standard Milage Rate for 2023. The new rate is \$0.655 per mile for miles driven on or after January 1, 2023. This rate is up 3 cents from the rate effective at the end of 2022.

B. Jensen Memo – SECURE 2.0 Final Section-by-Section

Mrs. Jensen presented the Board with a memo detailing the amendments relevant to public safety officers and governmental plans. Mrs. Jensen reviewed the memo in detail with the Board, noting the changes to the Required Minimum Distributions along with changes for the \$3,000.00 gross exclusion amount for health insurance premiums.

C. 2022 Tequesta PSO Plan Restatement – Update

Mrs. Jensen informed the Board that the Village Council had passed the Plan Ordinance Restatement.

D. Jensen Memo – Internal Controls

Mrs. Jensen presented the board with a memo regarding Internal Controls. Mrs. Jensen reported that in November of 2022, an administrator of a South Florida pension fund was arrested, charged with theft of pension fund assets, and related offenses. Mrs. Jensen then reviewed recommendations from her firm that will add an extra layer of protection in safeguarding the pension plan assets and help to mitigate any potential losses. Mrs. Jensen concluded her review of this member noting that Mr. Lovingood will have some additional information regarding his firm's internal controls.

8. ADMINISTRATIVE REPORT:

A. Resource Centers Internal Controls

Scott Baur reviewed his firm's internal controls in detail with the Board. Mr. Baur reported that his firm has various departments where roles are separated to mitigate the risk of theft or fraud for the pension plans that his firm is the Administrator for along with the multilevel verification process that the Custodial Bank utilizes for any new monthly benefit payments and/or changes to existing benefit payments.

Mr. Lovingood then presented the Board with an updated Change of Address and Contact Information Form, noting the addition of the Notary Block. Mr. Lovingood informed the Board that moving forward, his firm will contact retirees who submit a direct deposit change request or an address change request to help mitigate any potential fraud or theft. Mr. Lovingood then presented the Board with a Fraudulent Direct Deposit Change Request that he had received for one of the pension plans that he is the Administrator of. The fraudulent red flags on this form were reviewed in detail and Mr. Lovingood reported that all Change of Address and Direct Deposit Forms have been removed from the Plan's Website as an added layer of Security.

B. Local Checking Account Signor Update

Mr. Lovingood informed the Board that the Bank where the Plan's local checking account is at is currently updating the signature card and he will be contacting Trustees directly to update the authorized signers on the account to ensure that signatures are current due to Trustee Rick Sartory stepping down from the Board.

C. Fiduciary Trust Account Signor Update

Mr. Lovingood informed the Board that he will have an updated Fiduciary Trust Authorized Account Signor Signature Card at the Next Board Meeting for the Trustees to sign.

D. Investment Manager Signor Update

Mr. Lovingood informed the Board that he will have an updated Investment Manager Authorized Account Signor Signature Card at the Next Board Meeting for the Trustees to sign.

9. OTHER BUSINESS:

Mr. Lovingood informed the Board that that he has a Police Officer who has submitted his application for retirement. The issue at hand is the Plan does not have all of his Pensionable Pay due to the member participating in the 401a Plan before becoming a member of the Pension Plan. The Board advised Mr. Lovingood that his firm should obtain

the pay from the Village. Mr. Lovingood stated he will request historical pay for all the Police Officers who were brought into the Pension Plan back in 2018. Mr. Lovingood then informed the Board that this Officer had also turned in his resignation during his regular scheduled time off on November 2, 2022, and has a vesting date of November 1, 2022; however, the Village had recorded his last day of employment as October 31, 2022.

Trustee Zach Wichert requested that the pay given to GRS by the Village for the Interim Firefighters be reviewed for accuracy, Mr. Lovingood confirmed that his firm will request that historical payroll from the Village and review it to ensure it is accurate.

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 10:17am.

MOTION:

Trustee Peter Allen made a motion to adjourn the Tequesta Public Safety Officers' Pension Fund Board Meeting at 10:15am. Trustee Zach Wichert seconded the motion, which was carried by a 3-0 vote.

Respectfully submitted,

Board Member
Village of Tequesta Public Safety Officers' Pension Plan