



# City of Margate

5790 Margate Boulevard  
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## Meeting Minutes Employee Benefits Trust Fund

*Jacqueline Chin-Kidd, Chair*  
*Michael A. Jones, Vice Chair*  
*Ronald N. Gangoo, Secretary*  
*Paul Frankenhauser, Trustee*  
*Lori Marrero, Trustee*  
*Todd Sherman, Trustee*  
*Joanne Simone, Trustee*

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Thursday, July 27, 2023

14:30

Commission Chambers

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### CALL TO ORDER

### ROLL CALL

**Present:** 6 - Trustee Joanne Simone, Trustee Todd Sherman, Trustee Lori Marrero, Trustee Ronald N. Gangoo, Vice Chair Michael Jones and Chair Jacqueline Chin-Kidd  
**Absent:** 1 - Trustee Paul Frankenhauser

### 1) PUBLIC DISCUSSION

There was no Public Discussion.

### 2) MINUTES

**A. [ID 2023-160](#) MOTION - APPROVING MINUTES DATED APRIL 27, 2023**

**A motion was made by Vice Chair Jones, seconded by Trustee Simone, that the Minutes dated April 27, 2023, should be approved. This carried as follows:**

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

### 3) PRESENTATION

**A. [ID 2023-161](#) INVESTMENT MANAGEMENT PERFORMANCE UPDATE FROM GRAYSTONE CONSULTING**

GRAYSTONE CONSULTING (GC), SENIOR VICE PRESIDENT, DAVID A. WHEELER presented the Quarterly Performance Summary to the Trustees and said it was a good report. He gave a presentation referencing the Quarterly Performance Summary and highlighted areas of importance during the calendar year. He advised that the Standard and Poor's (S&P) 500 had increased by 9% for the quarter and up approximately 17% year to date which he said that no one had expected. He stated that the S&P 500 increase was driven by a very concentrated area and referred to seven companies. He also forewarned that there were some risks that would play into his recommendations. He continued with his presentation and said that emerging markets should be performing better and the Federal Reserve raised short terms rates. He repeated that it was a good

report and that EBTF's investments were up 6% above their benchmark and most of their return came in the quarter to June. He discussed the Manager Performance as well as the Asset Allocation & Time Weighted Performance and also highlighted that EBTF's returns were at or above their actuarial requirements. He said that EBTF ended the quarter at \$5,618,000 but, they were now at \$5,765,000 as of yesterday.

He recommended that they should:

- Take \$50,000 from Jennison;
- Take \$250,000 from Clearbridge and Bahl & Gaynor;
- Use \$200,000 to fund new mid-cap growth manager to compliment D F Dent;
- Move the balance of \$100,000 into cash and;
- They should have about \$300,000 in the Deposit and Disbursement account turning 5% which would be available for January 1, 2024 disbursements assuming that it was the same amount and they would have 18 months to continue to accumulate income to meet EBTF's distribution requirements in 2025.

GC, SENIOR VICE PRESIDENT, WHEELER, advised that the next steps would be to decide on a mid-cap growth manager.

EMPLOYMENT BENEFIT TRUST FUND (EBTF) CHAIR JACQUELINE CHIN-KIDD questioned if the EBTF board needed to vote on that Item first.

MIERZWA & FLOYD, P.A. AND EMPLOYMENT BENEFIT TRUST FUND (EBTF) ATTORNEY, MARK W. FLOYD advised that they could do this as one motion.

GC, SENIOR VICE PRESIDENT, WHEELER continued with his presentation and said that the EBTF had a 9% allocation to small mid-cap growth where money was removed two years ago which brought the mid-manager down. He advised that they required a mid-cap growth manager and he had four recommendations which were all called 'focus managers' which meant that the research that they did on them were at their highest conviction category where they had a lot of confidence. He recommended Congress as a new manager and informed that they were a solid manager in almost every one of their institutions and indicated to the Trustees as to why he believed they were the right choice but he also commented that they could go with any of the other managers. He said that they would use \$200,000 out of the two core large cap managers and the balance of approximately \$50,000 would go into cash along with the cash raised from Jennison – Large Cap Growth.

GC, SENIOR VICE PRESIDENT, WHEELER recapped on the motion:

- Adopt Congress Asset Management Mid Cap for the mid-cap growth sleeve;
- Withdraw \$200,000 from their large cap core managers and invest into Congress Asset Management;
- Balance from the large cap core managers would flow into the Deposit and Disbursement account which would be approximately \$50,000;
- Raise \$50,000 from Jennison capturing some of the recent gains and put that also into the Deposit and Disbursement account and;
- In effect, the EBTF was putting \$100,000 in the Deposit and Disbursement account and putting \$200,000 in the mid cap growth sleeve which will bring them back to their target of 9%.

MIERZWA & FLOYD, P.A. AND EBTF ATTORNEY, MARK W. FLOYD clarified that the motion should say that 'we would divest ourselves of Clearbridge and Bahl & Gaynor.'

A motion was made by Vice Chair Jones, seconded by Trustee Sherman, to add Congress as the new Mid Cap Growth manager with an added investment of \$200,000 and also divest from Clearbridge (currently \$121,477) and Bahl & Gaynor (currently \$126,899) and withdraw \$50,000 from Jennison and that they were depositing approximately \$100,000 into the Deposit and Disbursement account. This carried as follows:

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

#### 4) INVOICES

**A. [ID 2023-162](#) INVOICES PROCESSED SINCE THE LAST EBTF MEETING**

EBTF CHAIR CHIN-KIDD, explained that she was in receipt of one invoice for the EBTF Attorney, Mierzwa & Floyd, P. A. for the sum of \$675.40.

A motion was made by Trustee Sherman, seconded by Vice Chair Jones, that the invoice from EBTF Attorney, Mierzwa & Floyd, P. A. for the sum of \$675.40 should be paid. This carried as follows:

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

#### 5) DISCUSSION AND POSSIBLE ACTION

**A. [ID 2023-191](#) CONTRACT RENEWAL FOR KABAT, SCHERTZER, DE LA TORRE, TARABOULOS CPA (KSDT)**

EBTF CHAIR CHIN-KIDD advised that this Item was the contract renewal for the EBTF's auditors, Kabat, Schertzer, De La Torre, Taraboulos CPA (KSDT). She explained that KSDT's contract was the same as before but the fees for the services for 2023 slightly increased by less than \$1,000 to \$9,375 (from \$8,930).

A motion was made by Vice Chair Jones, seconded by Trustee Sherman, that the contract for EBTF's auditors, Kabat, Schertzer, De La Torre, Taraboulos CPA (KSDT), should be renewed. This carried as follows:

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

**B. [ID 2023-192](#) MOTION - TO ACCEPT THE AGREEMENT FOR PROFESSIONAL TAX**

**& ACCOUNTING SOLUTIONS, INC.**

**A motion was made by Vice Chair Jones, seconded by Trustee Sherman, to accept the agreement for Professional Tax & Accounting Solutions, Inc (for \$3,600). This carried as follows:**

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

**C. [ID 2023-218](#) MOTION - TO PROCEED WITH ACTUARIAL VALUATION FOR 2023 BY FREIMAN LITTLE ACTUARIES, LLC**

EBTF CHAIR CHIN-KIDD explained that the EBTF used to conduct the actuarial valuation every three years but were required to change it to every two years.

MIERZWA & FLOYD, P.A. AND EBTF ATTORNEY, FLOYD, advised that the change should be implemented to comply with the requirements under the Governmental Accounting Standards Board (GASB).

EBTF CHAIR CHIN-KIDD explained that the Actuary did not respond to her with a proposed contractual amount so the EBTF may need to employ someone else to do it and she would table the Item for the next meeting.

## **6) APPROVAL OF BENEFITS**

EBTF CHAIR CHIN-KIDD received a death certificate for a former employee, Joan Sykoff, who passed away in April 26, 2023 and she would take a motion to approve her benefit which would be made payable to her beneficiary.

**A motion was made by Trustee Sherman, seconded by Trustee Simone, to approve the benefit to Joan Sykoff's beneficiary for a one time payment of \$1,052.80.**

**Yes:** 6 - Trustee Simone, Trustee Sherman, Trustee Marrero, Trustee Gangoo, Vice Chair Jones and Chair Chin-Kidd

**Absent:** 1 - Trustee Frankenhauser

## **7) REPORT FROM ATTORNEY**

MIERZWA & FLOYD, P.A. AND EBTF ATTORNEY, FLOYD explained that the only Items they had since the last meeting were the renewals for KSDT and also for the Professional Tax & Accounting Solutions, Inc.

He advised that due to house bill 3, which took effect July 1, which prohibited any public sector investor in the State of Florida from making environmental, social and governance (ESG) considerations when making EBTF's investment decisions, the EBTF board, at some point in the near future, would have to amend their Investment Policy Statement (IPS). He informed that decisions would have to be based on pecuniary interest only, meaning financial. He did not believe it would change anything about the way EBTF operated as they had never made investment decisions based on any environmental social and governance basis as they had always based them on the recommendations of

their investment professionals and Graystone Consulting, as a company, did not come to the EBTF board for recommendations. He informed that those amendments were required to be made under the Voluntary Employees' Beneficiary Association's - 501(c)(9) and that they did not have to comply with the reporting requirements that pension funds would need to, but they would have to abide by the restrictions. He said that he would get an amendment together and present it to the EBTF board, for their consideration, within the next two meetings. He advised that he was waiting on the Florida Department of Management Services (DMS) who had not, yet, produced the regulations. He recommended that they should not amend the IPS until the regulations had been released.

## 8) REPORT FROM TRUSTEES

EBTF TRUSTEE TODD SHERMAN advised that today was his last meeting as an EBTF Trustee and that it was a pleasure serving with the board members over the last three years. He also thanked them for everything they did.

EBTF CHAIR CHIN-KIDD thanked Trustee Sherman for volunteering when no one else would and stepping up and serving on the EBTF board during the time he was here. She appreciated his service on the EBTF board.

## 9) OTHER BUSINESS

There was no other business.

## 10) SCHEDULE NEXT MEETING

The EBTF board agreed with the date set by Mierzwa & Floyd, P.A. and EBTF Attorney, Floyd and set the next meeting for Thursday, November 2, 2023 at 2:30pm.

## ADJOURNMENT

There being no further business, the meeting adjourned at 3:20pm.

Respectfully submitted,

Transcribed by Salene E. Edwards

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Ronald N. Gangoo, Secretary

Date: \_\_\_\_\_

If a person decides to appeal any decision made by the Board with respect to any matter considered at this meeting, the person will need a record of the proceedings, and for such purpose may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone desiring a verbatim transcript shall have the responsibility, at his/her own expense, to arrange for the transcript.

Any person with a disability requiring auxiliary aids and services for this meeting may call the City Clerk's office at 954-972-6454 with their request at least two business days prior to the meeting date.

One or more members of the City Commission or City of Margate Boards may be in attendance and may participate at the meeting.