



City of Margate

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Meeting Minutes Employee Benefits Trust Fund

Jacqueline Chin-Kidd, Chair
Vacant, Vice Chair
Frank DiNatale, Secretary
Paul Frankenhauser, Trustee
Michael Jones, Trustee
Lori Marrero, Trustee
Todd Sherman, Trustee
Joanne Simone, Trustee

Thursday, July 28, 2022

2:30 PM

Commission Chambers

CALL TO ORDER

ROLL CALL

Present: 5 - Trustee Joanne Simone, Trustee Todd Sherman, Trustee Michael Jones, Secretary Frank DiNatale and Chair Jacqueline Chin-Kidd
Absent: 2 - Paul Frankenhauser and Lori Marrero

EMPLOYMENT BENEFIT TRUST FUND (EBTF) CHAIR JACQUELINE CHIN-KIDD thanked everyone for serving on the EBTF board and also appreciated the support from the City Clerk's office. She announced that in addition to former EBTF Trustee McCarthy, Vice Chair Sohn had also stepped down from the EBTF board. She welcomed the two new EBTF board members, Trustee Marrero and Trustee Frankenhauser, who were both absent from today's meeting.

1) PUBLIC DISCUSSION

There was no public discussion.

2) MINUTES

A. [ID 2022-286](#) MOTION - APPROVING MINUTES DATED APRIL 28, 2022

A motion was made by Trustee Jones, seconded by Trustee Sherman, that the Minutes dated April 28, 2022, should be approved. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

3) PRESENTATION

A. [ID 2022-287](#) INVESTMENT MANAGEMENT PERFORMANCE UPDATE FROM GRAYSTONE CONSULTING

GRAYSTONE CONSULTING (GC), SENIOR VICE PRESIDENT, DAVID A. WHEELER referenced the Quarterly Performance Summary and advised that the numbers were not as good as they always hoped them to be. He gave an overview of the 10 year treasury and said that this was down 11% in the first half of 2022 which was the worst six months since 1788. He explained that in terms of the first six months of the year, Standard & Poor (S&P) was -20 which was the worst since 1962. He advised that EBTF was going to be shifting towards a 60/40 balanced portfolio and this was down 17% which was the worst since 1932. He also informed that EBTF was also going to be in liquidation mode and that it would become more and more aggressive as time went on. He indicated that they would get more conservative in the next couple of years as the money was going out the door. He repeated that it was a pretty ugly six months which was driven by a dramatic rise of interest rates and that the 10 year treasury was around 1.5% at the beginning and by mid-June, it was 3.5% which had a huge impact on interest rates and growth investment. He went through the Quarterly Performance Summary book and highlighted the overall capital and emerging markets as well as the Asset Allocation and Time Weighted Performances. He referenced page 45 and said that EBTF had a small rebalance and recommended taking:

- \$50,000 out of Clearbridge – Large Cap Core;
- \$50,000 out of Bahl & Gaynor and;
- \$75,000 – add this to Jennison – Large Cap Growth to get them back up to just above the lower end of EBTF's range of 20% as the damage was already done.
- \$25,000 – add to emerging markets as EBTF were slightly below their range and it was important that they followed their policy.

GC SENIOR VICE PRESIDENT WHEELER suggested that at one point, they wanted to get a little bit more overweighted to international emerging markets but currently, he was not ready to make that recommendation right now.

A motion was made by Trustee Simone, seconded by Trustee Sherman, to take the \$50,000 each from Clearbridge – Large Cap Core and Bahl & Gaynor and add the \$75,000 to Jennison – Large Cap Growth and the \$25,000 to emerging markets. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

EBTF CHAIR CHIN-KIDD advised that they had to re-do the signature authorization for the investment account. She suggested adding another Trustee and explained that former EBTF Trustee, Neil Sohn, was one of the signers on the account as it would now just be herself and Trustee Jones. She asked the Trustee members if they were committed to serve on the board for an extended period and interested in being a signer on the account.

EBTF SECRETARY FRANK DINATALE indicated that he had approximately six months of employment left at the City so it may not be ideal.

VICE CHAIR, MICHAEL A. JONES, inquired if they could wait until they received feedback from the new Trustees as to whether they would be interested in taking this

role.

MIERZWA & FLOYD, P.A. AND EMPLOYMENT BENEFIT TRUST FUND (EBTF) ATTORNEY, MARK W. FLOYD advised that it was up to the EBTF board if they could wait until the next meeting. He forewarned that as long as nothing happened to Chair Chin-Kidd or Trustee Jones, this was possible.

EBTF CHAIR CHIN-KIDD explained that she would have to re-do the signature cards and could wait until after Trustees Frankenhauser and Marrero were sworn-in.

A motion was made by Trustee Jones, seconded by Secretary DiNatale, to remove former EBTF Trustee Sohn as an authorized signer for the investment account and wait until the next EBTF meeting to appoint a replacement. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

EBTF SECRETARY, FRANK DINATALE, advised that he would leave the City in February 2023.

EBTF CHAIR CHIN-KIDD asked Trustees DiNatale and Simone if they were interested in becoming co-signers.

Discussion ensued.

EBTF CHAIR CHIN-KIDD confirmed that they would wait until the next meeting to make that determination.

4) DISCUSSION AND POSSIBLE ACTION

A. [ID 2022-299](#) ELECTION OF OFFICERS

EBTF CHAIR CHIN-KIDD explained that former EBTF Trustee Sohn had left a vacancy for Vice Chair and that she would need a nomination to replace his position.

Discussion ensued.

A motion was made by Trustee Jones, seconded by Trustee DiNatale, to nominate Michael A. Jones as EBTF Vice Chair. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

B. [ID 2022-289](#) CONTRACT RENEWAL FOR KABAT, SCHERTZER, DE LA TORRE, TARABOULOS CPA (KSDT)

EBTF CHAIR CHIN-KIDD explained that the current proposed audit fee was \$8,930 which was an approximate increase of 5% and an additional fee of \$700 for preparation of the Form 990, which was previously, \$500, for the past few years.

MIERZWA & FLOYD EBTF ATTORNEY FLOYD explained that KSDT made several mandated changes to the Agreement and forwarded it to their office for review and they were all acceptable.

A motion was made by Trustee Sherman, seconded by Secretary DiNatale, to agree the contract for Kabat, Schertzer, De La Torre Tarbaoulos CPA (KSDT). This carried by the following vote:

C. [ID 2022-321](#) MOTION - TO ACCEPT THE AGREEMENT FOR PROFESSIONAL TAX & ACCOUNTING SOLUTIONS, INC.

EBTF CHAIR CHIN-KIDD advised that the company that did the accounting services last year was Michael P Mangan CPA, PA. She advised that they did not have the manpower to accept the contract with EBTF this year and referred the board to the person that actually did the accounting with their firm and had now started his own company. She referenced an attached proposal and said that it was the same amount of \$3,300 paid last year to the previous company but did not believe that EBTF received any other proposals.

MIERZWA & FLOYD EBTF ATTORNEY FLOYD clarified that it was the same person that previously completed the accounting work and preparation of financial statements which were then audited by the KSDT. He explained that KSDT used to do both the financial statements and the audits but eventually discontinued it as they could not audit their own work. He explained that the other firm was subsequently hired to do the accounting.

A motion was made by Trustee Sherman, seconded by Trustee Jones, to accept Agreement by Professional Tax Accounting Solutions. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

D. [ID 2022-322](#) MOTION - TO AMEND THE EBTF PLAN DOCUMENTS

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD, handed out an Amendment No. 1 to the Plan Document to the Trustees. He referenced two draft amendments and said that one was in legislative format and the other was in final format which incorporated effectively three changes to the Plan Documents. He also referenced the last EBTF meeting with the actuary and that they discussed changes that were contained within the Actuarial evaluation but were not reflected in the plan document. He informed that this was very important to note as what it meant was that when the actuary was doing the

evaluation, the assumptions that he made with regard to provisions of the plan were based on representations that were made to them by the EBTF board and that the cost that he calculated of the annual required contribution reflected the changes that were in this amendment. He said that normally, if they were going to amend the Plan Document, they would first go to the actuary to calculate the cost impact on the plan. He informed that the report had already been completed but there were no substantive changes to their plan benefits. He advised that the modifications were applied to the definition of an "eligible employee" and that there were two changes:

- They incorporated into the Plan Document, the cessation of benefits for employees hired after October 1, 2010. He elaborated that they would have to have been employed by the City full or part time on or after July 1, 2000 and also commenced such employment prior to October 1, 2010. He explained that if an employee was hired on or after that date, they were not eligible to participate in this fund. He said they would add a provision to the Plan Document incorporating the coverage of the dispatchers that were transferred to Broward County (BC) as long as they continuously remain employed by BC in such position until retirement and otherwise satisfy all other eligibility requirements to receive the benefit.
- The Survivor Benefit was just an administrative change in that it would remain 12 additional monthly payments which may have been paid in advance depending on the date of death but the notification period had changed to January 31, of the year following the year in which the death occurred.

EBTF TRUSTEE, MICHAEL A. JONES referenced the term "position" outlined in the Plan Document and queried if the Dispatcher would not receive the fund if they got promoted to another division or department.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD confirmed that if the Dispatcher got promoted to another position or Department within BC, then EBTF would no longer consider that.

EBTF TRUSTEE JONES explained that he would not like the Dispatcher to be held to no career growth just because they had left that position. He also believed that it would not affect that many and queried whether that language could be struck out as it would not be too detrimental to remove that language.

Discussion ensued.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD confirmed that in the Plan Agreement, the verbiage would need to be amended to reflect the City's firefighters moving to the City of Coconut Creek and advised that they could also amend the verbiage pertaining to what Trustee Jones outlined.

EBTF SECRETARY DINATALE referenced the dates and believed it was July 1, 2011.

EBTF CHAIR CHIN-KIDD referenced attaching copies of the union contract to the Agenda and she informed that all of the documents confirmed October 1, 2010 except The Fraternal Order of Police (FOP). She could not understand why it was different as it stated October 1, 2011 but she did a quick scan of the employees that were currently employed and that no one fell in that window between October 1, 2010 and October 1, 2011.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD responded to EBTF Chair

Chin-Kidd's query and advised that as long as no one was in that window, they could use the uniformed date of October, 1, 2010.

EBTF TRUSTEE JOANNE C. SIMONE queried that if an employee left to work for another City, would EBTF still be paying the benefit.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD explained that if the employee separated from service with the City, they would no longer be covered by the plan unless they were already eligible for a benefit at the time that they separated. He informed that it would be the dispatchers that were transferred to BC when the City offloaded that service to Broward County as they were involuntarily transferred and the same would apply to the firefighters from Margate that transferred to City of Coconut Creek.

Discussion ensued.

A motion was made by Trustee Sherman, seconded by Trustee Jones, to accept an amendment with the changes mentioned to include the firefighters and change the language regarding the dispatchers. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

E. [ID 2022-300](#) FUTURE OF THE EBTF BOARD

EBTF CHAIR CHIN-KIDD suggested that when the Plan Document was amended, they should have inserted "active employees that were eligible for the benefit" to serve on the EBTF board with the exception of the City Commissioners. She queried that with the bargaining units, she was not sure what the approach would be to amend either the agreement or the documents.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD said that he had conversed with EBTF Chair Chin-Kidd, who raised a concern if EBTF should be limited to employees who had a stake in the fund. He advised that at any time, the board of Trustees had the ability to amend the Agreement Declaration of Trust by a simple majority vote.

Discussion ensued.

EBTF CHAIR CHIN-KIDD queried if they could draft something to the effect that an active employee had to be eligible for the plan and if there were no active eligible employees willing to serve on the board, a Retiree could be elected.

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD suggested that the EBTF board could first post a notice of the vacancy to those actively employed and eligible for the plan and if within 30 days no one had applied, then it could be opened up to retirees from a particular classification.

EBTF TRUSTEE JONES said that he was open to "either/or" type language and indicated that the current active employees were still not aware of the history of this plan and the purpose of the same but the retirees were more knowledgeable.

A motion was made by Trustee Chin-Kidd, seconded by Secretary DiNatale, to amend the Agreement Declaration of Trust to allow either an active employee or retired employee who was a participant in the fund to be eligible for appointment or election to the board of Trustees within each classification.

EBTF TRUSTEE SIMONE queried if the City were having trouble finding people to serve.

EBTF CHAIR CHIN-KIDD responded to EBTF Trustee Simone's query.

Discussion ensued.

EBTF TRUSTEE TODD SHERMAN said that the majority of his former employees who moved to the City of Coconut Creek were not eligible for EBTF and indicated that their pool for the Fire Department was becoming smaller.

Discussion ensued.

The motion carried by the following vote:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

5) INVOICES

A. [ID 2022-288](#) INVOICES RECEIVED SINCE THE LAST MEETING

EBTF CHAIR CHIN-KIDD advised that there were three invoices since the last meeting:

- Anchor Benefits Consulting (ABC) for \$2,916;
- Mierzwa & Floyd, P.A. for \$678.55 and;
- KSDT CPA for \$330.

A motion was made by Trustee Sherman, seconded by Vice Chair DiNatale, to approve the three invoices. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Sherman, Trustee Jones, Secretary DiNatale and Chair Chin-Kidd

Absent: 2 - Frankenhauser and Marrero

6) APPROVAL OF BENEFITS

EBTF CHAIR CHIN-KIDD confirmed that there were no additional benefits to approve.

7) REPORT FROM ATTORNEY

MIERZWA & FLOYD, P.A. EBTF ATTORNEY FLOYD confirmed that he had no further discussion to provide to what had previously been discussed.

8) REPORT FROM TRUSTEES

EBTF TRUSTEE JONES requested a printed roster of eligible employees.

EBTF CHAIR CHIN-KIDD advised that they had a list that the actuary used but she wanted to review it again and tweak it for next time to see if anyone needed to be removed which she would send to Trustee Jones.

9) OTHER BUSINESS

There was no other business.

10) SCHEDULE NEXT MEETING

MIERZWA & FLOYD, P.A. AND EBTF ATTORNEY FLOYD scheduled the next meeting for Thursday, December 8, 2022 at 2:30pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:42pm.

Respectfully submitted,

Transcribed by Salene E. Edwards

Frank DiNatale, 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.