

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 3, 2014**

I. CALL TO ORDER AND ROLL CALL

The Regular Quarterly Board Meeting of the Tequesta General Employees' Pension Trust Fund was held in the Emergency Operations Center, 357 Tequesta Drive, Tequesta, Florida, on February 3, 2014. The meeting was called to order at 1:04 p.m.

A roll call was taken by Pension Administrator Dixie Martinez. In attendance at the meeting were: Chair Michael Rhodes, Secretary Carl Hansen, Board Member Michelle Gload, Board Member Cary Levine and Board Member John Kuper.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Dixie Martinez, Investment Monitor Tyler Grumbles, Investment Manager John Hamlin, Custodian Cindy Farrow and Actuary Jeffrey Amrose.

II. APPROVAL OF AGENDA

MOTION:

Secretary Hansen made a motion to approve the Agenda as presented. Board Member Kuper seconded the motion, which carried by unanimous 5-0 vote.

III. APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – October 21, 2013.

MOTION:

Board Member Levine made a motion to accept the minutes as presented for the meeting on October 21, 2013. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

IV. PRESENTATIONS

2. Actuaries Jeffrey Amrose , Gabriel, Roeder, Smith & Company
 - a. Actuarial Valuation Report 10/01/2013

Mr. Amrose presented to the Board the Actuarial Valuation Report as of October 1, 2013. Mr. Amrose reported that the Plan is in good shape. He reported that the estimated required employer contribution as a percentage of payroll for fiscal year end September 30, 2015 is \$183,894 or 8.43% of covered payroll which has decreased by 0.75% (\$6,509.00) from fiscal year end September 30, 2014. He reported that there was a net actuarial gain of \$120,011 for the year. He explained that the gain was primarily due to lower than expected salary increases. He reported that the funded ratio is 102.8% this year compared to 99.2% last year. Mr. Amrose reviewed the assumption used. The Board asked Mr. Amrose to determine the interest savings if the Village made the required contribution at the beginning of the fiscal year instead of bi-weekly throughout the fiscal year. Mr. Amrose will work on this request and will let the Board know.

MOTION:

Board Member Gload made a motion to accept the Actuarial Valuation Report as of October 1, 2013. Board Member Kuper seconded the motion, which carried by unanimous 5-0 vote.

b. GASB No. 67 Implementation Package

Mr. Amrose presented to the Board the GASB No. 67 Implementation Package.

MOTION:

Board Member Levine made a motion to approve the GASB No. 67 Implementation package as presented and for the fees not to exceed \$2,950.00. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

3. Custodian Cindy Farrow, Salem Trust
 - a. Update, Salem Trust transition

Ms. Farrow explained the problems that Salem Trust encountered during the conversion of their Trust Custody platform earlier this year. She explained why Salem Trust had made the conversion. She explained how the problems had been fixed and the current status of any remaining problems. Ms. Farrow explained how Salem Trust differentiates from other custodian banks. She assured the Board that the issues that they encountered had been related to reporting problems and not due to loss of assets. She reported that Salem Trust had given the Plan a fee discount of \$63.25 for period ending 9/30/13 and a fee discount of \$170.00 for period ending June 30, 2013. The Board considered requesting an additional ongoing fee discount for the next several quarters. Ms. Farrow will check to see if an additional fee discount can be given to the Plan.

4. Investment Manager – John Hamlin, Dana Advisors
 - a. Quarterly Review

John Hamlin, Dana Advisor, presented to the Board the Dana Advisors Investment Performance Report as of December 31, 2013. He reported that for quarter ending December 31, 2013 the returns were as follows; Equity portfolio 9.64% versus the benchmark at 9.22%, Large Cap Equity 10.67% versus the benchmark at 10.51%, International ADR 0.5.19% versus the benchmark at 4.81% and Fixed Income 0.09% versus the benchmark at -0.14%. He reviewed the asset allocations as of December 31, 2013; 64.7% allocated in Equity, 33.9% allocated in Fixed Income and 1.4% allocated in cash & equivalents. He reviewed the performance of the market environment during quarter ending December 31, 2013. Mr. Hamlin explained Dana's investment strategy. He reviewed the International ADR portfolio. He reviewed the top performance contributors and the top performance detractors during this quarter. He reported that the "Proxy Vote Summary Report" for the fund has been provided to the Plan administrator. Mr. Hamlin reported that he will attend the August meeting at which time he will be accompanied by someone from Dana.

MOTION:

Secretary Hansen made a motion to accept Dana Advisors report as of December 31, 2013. Board Member Levine seconded the motion, which carried by unanimous 5-0 vote.

5. Investment Monitor – Tyler Grumbles, Bogdahn Consulting, LLC.
 - a. Quarterly Performance Report

Tyler Grumbles, Bogdahn Consulting, LLC briefly reviewed the performance of the market environment for major market indexes as of December 31, 2013.

Mr. Grumbles reported that for quarter ending September 30, 2013 the Plan's market value was \$3,020,091 and the asset allocations were Domestic Equity 47.7%, International Equity 14.5%, Fixed Income 30.7%, and Cash Equivalent 2.3%. He reported that for quarter ending December 31, 2013 the Plan's Total Fund (Gross) was at 6.18% versus the benchmark at 5.91%. Dana Core Equity was 10.85% versus the benchmark at 10.51%, Dana International Portfolio was 5.89% versus the benchmark at 4.81%, Dana Fixed Income was up 0.01% versus the benchmark at -0.14%. He reviewed the financial reconciliation quarter to date. He reported that overall the Plan is doing well and off to a good start for fiscal year end. Mr. Grumbles reviewed the compliance checklist.

MOTION:

Board Member Gload made a motion to accept Quarterly Performance Report as of December 31, 2013. Board Member Kuper seconded the motion, which carried by unanimous 5-0 vote.

b. International Equity Discussion

Mr. Grumbles presented to the Board an International Equity Review report as of December 31, 2013. The Board had a lengthy discussion with Mr. Grumbles regarding international equity. The Board will discuss this item again at the next meeting. No action was taken by the Board at this time.

c. Asset Allocation Discussion

Mr. Grumbles presented to the Board an Asset Allocation Study report as of December 31, 2013. The Board had a lengthy discussion with Mr. Grumbles regarding the Plan's asset allocation. Mr. Grumbles at this time does not recommend investing in Real Estate; however he may suggest this type of investment in the future. The Board will discuss this item again at a future meeting. The Board noted that they would like to see a comparison to smaller Plans on the Asset Allocation Study. No action was taken by the Board at this time.

The Board with input from Mr. Grumbles discussed the total expected annual rate of return for the fund. The Board agreed that it is reasonable to expect for the current year, the next several years, and the long-term thereafter, the Plan is likely to earn 7.5%, net of investment expenses.

MOTION:

Board Member Levine made a motion to set the total expected annual rate of return at 7.5% for the fund for the current year, the next several years, and the long-term thereafter. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

d. Fixed Income Alternatives Discussion

Mr. Grumbles presented to the Board an Alternative Asset Classes report as of December 31, 2013. The Board had a lengthy discussion with Mr. Grumbles regarding Fixed Income alternatives and REIT's. The Board will discuss this item again at a future meeting. No action was taken by the Board at this time.

V. UNFINISHED BUSINESS

6. Update on Email from HR re: Pension question, Attorney Bonni Jensen.

Attorney Bonni Jensen briefly updated the Board on an email she had received from the Village regarding pension questions. The Board asked that this item be kept on the next Agenda to see if there is any outcome. No action was taken by the Board at this time.

VI. CONSENT AGENDA

7. Ratification of invoices paid since last quarterly meeting:

Pension Resource Centers Administrative Fee- October 2013	\$ 800.00
Dana Investment Advisors Management Fees for the 3 rd Q 2013 10873ma	\$3,315.00
Dana Investment Advisors Management Fees for the 3 rd Quarter 2013 1087ca	\$ 505.00
Perry & Jensen, LLC Legal Services Rendered through 10/15/13	\$ 397.15
Pension Resource Centers Administrative Fee- November 2013	\$ 800.00
FPPTA 2014 Membership Renewal	\$ 600.00
Pension Resource Centers Administrative Fee-December 2013	\$ 800.00
Perry & Jensen, LLC Legal Services Rendered through 11/15/13	\$1,022.95
Perry & Jensen, LLC Legal Services Rendered through 12/15/13	\$170.00
The Bogdahn Group Investment Monitoring Services for 4 th Q 2013	\$2,625.00
Gabriel, Roeder, Smith & Company Actuarial Services 4Q 2013	\$1,511.00

8. Payments to be reviewed and approved:

Pension Resource Centers Administrative Fee- January 2014	\$ 800.00
Dana Investment Advisors Management Fees for the 4 th Q 2013 1087ca	\$ 824.20

Dana Investment Advisors Management Fees for the 4 th Q 2013 10873ma	\$3,325.76
Perry & Jensen, LLC Legal Services Rendered through 12/15/13	\$123.25

Board Member Gload questioned a fee included in Perry & Jensen's invoice #72149. Attorney Jensen explained the fees. Attorney Bonni Jensen reported that she will split the fee between the General Employees and the Public Safety Pension Plans and she will credit the General Employees Pension Plan \$50.00.

9. Approval of new applicants for participation in Pension Plan:

Ligia Ferguson
Joseph O'Connor

10. Approval of withdrawal of contributions:

None

11. Terminated employees who have not taken their contributions:

Raymond Fitzer

Ms. Gload reported that she does not believe Mr. Fitzer is a Member of the General Employees Pension Plan. Ms. Martinez reported that according to the information she had on record she was under the understanding that he was a member of the General Employees Pension Plan. The Board agreed to table this item to the next meeting so that Ms. Gload can confirm if Mr. Fitzer is a member of the General Employees Pension Plan.

END OF CONSENT AGENDA

MOTION:

Board Member Gload made a motion to accept the Consent Agenda as amended. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

VII. BUDGET REPORT

12. Income Statement & Expenditure Report, Finance Staff.

Board Member Gload presented the Budget Report to the Board. The Board agreed to increase the budgeted amount for Actuarial Services for FY2014 from \$6,500 to \$10,000.

MOTION:

Board Member Levine made a motion to accept the Budget Report as amended. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

VIII. NEW BUSINESS

13. Cash Management Sweep Authorization Form, Administrator Dixie Martinez

Ms. Martinez presented to the Board the Cash Management Sweep Authorization Form from Salem Trust. Mr. Grumbles explained that this authorization form was for the new R&D account held at Salem Trust. He recommends the treasury option (#2) because it is the most conservative and this is a money market fund.

MOTION:

Board Member Gload made a motion to accept Mr. Grumble's recommendation and approve the Cash Management Sweep Authorization Form electing the treasury option #2. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

14. Attorney Fee Increase, Attorney Bonni Jensen.

Attorney Bonni Jensen presented to the Board her proposed fee increase. She explained that she is requesting an Attorney Fee increase to \$225 per hour.

MOTION:

Secretary Hansen made a motion to accept Attorney Bonni Jensen's fee increase. Board Member Kuper seconded the motion, which carried by unanimous 5-0 vote.

15. Update on Proposed Amendment, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that as of today she does not have an update on the proposed amendment. She will follow up with the Village and will report back to the Board.

16. 2014 Mileage Rate, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that as of January 1, 2014 the IRS Standard Mileage Rate for 2014 is 56 cents per mile.

IX. ANY OTHER MATTER

The Board discussed how much of a discount they will request from Salem Trust. The Board agreed to request a fee discount of 50% for the 4th quarter of 2013 and 1st quarter of 2014. Ms. Farrow will let the Board know Salem Trust's decision.

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. ADJOURNMENT

MOTION:

Board Member Kuper moved to adjourn the meeting. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

There being no further business, the meeting was adjourned at 4:56 p.m

Respectfully submitted,


Dixie Martinez
Administrator

Village of Tequesta General Employees' Pension Plan

A handwritten signature in dark ink, appearing to be "M. S. O.", written over a horizontal line.

Board Member

Village of Tequesta General Employees' Pension Plan