

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
May 5, 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 Village Hall Council Chambers, 345 Tequesta Drive, Tequesta, Florida, on May 5, 2014. The meeting was called to order at 8:13 a.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 (8:45 a.m.) and Board Member Cary Levine.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Dixie Martinez, and Investment Monitor John Thinnes.

II. APPROVAL OF AGENDA

MOTION:

Secretary Hansen made a motion to approve the Agenda as presented. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

III. APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – February 3, 2014

MOTION:

Secretary Hansen made a motion to accept the minutes as presented for the meeting on February 3. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

VI. CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting:

Pension Resource Centers Administrative Fee- February 2014	\$ 800.00
Gabriel, Roeder, Smith & Company Actuarial Services through 1/31/14	\$4,435.00
Perry & Jensen, LLC Legal Services Rendered through 02/15/14	\$1,392.34
Pension Resource Centers Administrative Fee- March 2014	\$ 819.45
The Bogdahn Group Investment Monitoring Services for 1 st Q 2014	\$2,625.00

Perry & Jensen, LLC \$ 90.00
Legal Services Rendered through 03/15/14

5. Payments to be reviewed and approved:

Pension Resource Centers \$ 800.00
Administrative Fee- April 2014

Perry & Jensen, LLC \$ 305.55
Legal Services Rendered through 04/15/14

Dana Investment Advisors \$ 809.50
Management Fees for the 1st Q 2014 10873ca

Dana Investment Advisors \$3,446.65
Management Fees for the 1st Quarter 2014 1087ma

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

None

7. Approval of withdrawal of contributions:

None

8. Terminated employees who have not taken their contributions:

Raymond Fitzer

MOTION:

Secretary Hansen made a motion to accept the Consent Agenda as presented with the exception of item 8 which will be discussed later. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

END OF CONSENT AGENDA

IV. PRESENTATIONS

2. Investment Monitor – John Thinnes, Bogdahn Consulting, LLC.
a. Quarterly Performance Report

John Thinnes, Bogdahn Consulting, LLC briefly reviewed the performance of the market environment for major market indexes as of March 31, 2014. Mr. Thinnes reported that for quarter ending March 31, 2014 the Plan's market value was \$3,127,304 and the asset allocations were Domestic Equity 48.0%, International Equity 13.6%, Domestic Fixed Income 31.2%, Global Fixed Income 4.5% and Cash Equivalent 2.6%. He reported that for quarter end March 31, 2014 the Plan's Total Fund (Gross) was at 2.10% versus the benchmark at 1.56%. Dana Core Equity was 4.0% versus the benchmark at 1.81%, Dana International Portfolio was -1.63% versus the benchmark at 0.61%, Dana Fixed Income was up 1.40% versus the benchmark at 1.20%, Templeton Global Total Return was at 0.47%. He reviewed the financial reconciliation quarter to date. He noted that Dana's Core Equity portfolio had a very strong quarter. However Dana's International portfolio did not do so well during this quarter. Mr. Thinnes reviewed at length the comparative performance of the total fund as of

March 31, 2014. Mr. Thinnes reviewed the trailing 15 years rate of return of the S&P 500. Mr. Thinnes reported that the investment of 5% of the total assets in the Templeton Total Return Mutual Fund was completed in November, 2013.

Board Member Gload joined the meeting at 8:45 a.m.

b. International Equity Discussion

John Thinnes, Bogdahn Consulting, LLC presented the International Equity Review as of March 31, 2014. The firms included in the review are Dana, Europacific, Litman/Gregory, Neuberger Berman and Manning & Napier. He reviewed each of the firms' investment philosophy and process, portfolio constructions and client specifics. He reported that in his opinion Europacific would be the best option. Attorney Bonni Jensen noted that the proposed investment vehicle for Manning & Napier was a Mutual Fund. Therefore she asked if Manning & Napier would accept fiduciary responsibility. Mr. Thinnes does not believe that they will accept fiduciary responsibility. Mr. Thinnes reviewed the trailing returns & peer group analysis for each manager. He noted that Dana's returns were the lowest relative to their peer group within the last ten years. The Board had a lengthy discussion in regards to moving the international investment away from Dana. Mr. Thinnes' recommendation is to move away from Dana and into Europacific for the international investment. Attorney Bonni Jensen reviewed the fee agreement with Dana. It was noted that Europacific's fee is 50 basis points. The Board had a lengthy discussion. The Board agrees that they need to change its international equity strategy. The Board discussed the asset allocation and the availability of an alternative fixed income investment for a \$3.2 million fund. Mr. Thinnes reported that Tyler will bring information on alternative fixed income investments to the next Pension Board meeting.

MOTION:

Secretary Hansen made a motion to terminate the Dana International Investment and move the assets into Europacific R6. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

Mr. Thinnes will send a letter to Dana and will initiate the transfer.

c. Discussion re: Custodian

John Thinnes, Bogdahn Consulting, LLC reported that Salem Trust is a good custodian and their current fees are the lowest compared to other custodians. He does not recommend moving or changing custodian at this time.

MOTION:

Board Member Levine made a motion to accept Quarterly Performance Report as of March 31, 2014. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

d. Discussion on Real Estate

Discussion of this item was deferred to the August 4, 2014 meeting.

11. Salem Trust – Update re: request for 50% fee discount for 4th Q 2013 & 1st Q 2014, Administrator Dixie Martinez.

Administrator Dixie Martinez reported that as the Board will recall at their February 3rd Pension Board meeting they had requested an additional fee discount for two quarters. She reported

that Salem Trust's response to this request is that since they have extended their fees beyond their two year contract from 2005 an additional reduction for two quarters is not feasible. The Board had a brief discussion regarding this matter. The Board believes that it was their fiduciary responsibility to request the reduction in fees. The Board agreed that at this time there is no need to proceed with this matter.

V. UNFINISHED BUSINESS

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

Attorney Bonni Jensen reported that to her knowledge this issue has been resolved. No action was taken by the Board at this time.

Board Member Gload noted that the invoice for Perry & Jensen, LLC in the amount of \$305.55 for Legal Services Rendered through 04/15/14 needs to be revised. She explained that \$247.50 out of the \$305.55 was for information requested by the Village and not the Pension Plan. She explained that the Village will pay \$247.50. Therefore the Pension Plan is responsible for the remaining balance. Ms. Jensen will revise the invoice accordingly.

8. Terminated employees who have not taken their contributions:

Raymond Fitzer

Board Member Gload reported that she had confirmed that Mr. Raymond Fitzer was a member of the General Employees' Pension Plan. Ms. Martinez reported that Mr. Fitzer terminated employment with the Village of Tequesta on October 10, 2008. At that time he chose to leave his employee contributions in the Plan pending the possibility of being rehired by the Village within 5 years of his departure. Since he is not vested in the Plan and it's been five years after leaving the employ of the Village his employee contributions need to be returned to him. So far she has not heard from Mr. Fitzer. The Board agreed that they have a fiduciary responsibility to try and find this member. The Board had a lengthy discussion regarding this matter. Attorney Bonni Jensen reported that under the law and the provisions of the Pension Plan, if he does not contact us his refund of contributions may be rolled over to another institution to hold for his benefit. This institution may assess charges for holding the account. These charges, if any, may be deducted from the account balance which will reduce the funds that are available to him. Ms. Martinez will see if she can find a phone number for Mr. Fitzer. The Board asked Ms. Martinez to send him a stronger letter with a due date.

MOTION:

Board Member Levine made a motion to take the following steps in regards to Mr. Raymond Fitzer's refund of contributions; first attempt to call him; follow up with a stronger letter with a due date. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

VII. BUDGET REPORT

9. Income Statement & Expenditure Report, Finance Staff.

Board Member Gload presented the Income Statement & Expenditure Report to the Board. The Board agreed to raise to \$6,000 the budgeted amount for Custodial Services as well as to raise the investment services to \$18,000.00 and decreasing the excess of additions over

deductions by the difference. Ms. Gload reported that other than those suggestions everything else looks in line.

MOTION:

Secretary Hansen made a motion to accept the Budget Report as amended. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

VIII. NEW BUSINESS

10. Update on Proposed Amendment (IRS EGTRRA & IRS GUST), Attorney Bonni Jensen.

Attorney Bonni Jensen briefly reviewed the proposed ordinance amendment required by the terms of the IRS favorable determination letter dated June 17, 2013. She noted that the Board approved the two proposed amendments at their regular meeting held on August 19, 2013. She reported that the Village will be considering the two proposed amendments at their Council meeting in May.

12. Upcoming Election – Trustee Gload's term expires 8/18/2014, Administrator Dixie Martinez.

Administrator Dixie Martinez reported that Trustee Gload's term expires August 18, 2014. She will need to start the election process. Board Member Gload reported that she will be running again for this position.

MOTION:

Secretary Hansen made a motion to authorize Administrator Dixie Martinez to initiate the election process. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

13. Reappointment of Chair Rhodes as 5th Board Member term expires 05/08/2014, Administrator Dixie Martinez

Board Member Levine nominated Mr. Rhodes as the 5th Board Member. Mr. Rhodes accepted the nomination.

MOTION:

Board Member Levine made a motion to appoint Mr. Rhodes as the 5th Trustee. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

14. Interest Savings re: Village Required Contribution for Early Payment (Email from Actuary Amrose).

As per the Board's request Actuary Amrose determined the interest savings if the Village made the required contribution at the beginning of the Fiscal Year instead of by-weekly throughout the fiscal year. The FYE 2015 required Village contributions for the General Employees Pension Trust will decrease from \$183,894 to \$176,914 if the full payment is made by October 1, 2014. Board Member Gload reported that she had forwarded this information to Finance Director JoAnn Forsythe.

15. Summary of Actions, Attorney Bonni Jensen

Attorney Bonni Jensen reported that the Village had agreed to change the dates of the presentations. She explained that this will allow the funds to report on the most recent quarterly meeting. The General Employees' Plan is scheduled to make the presentations on June 12, 2014 and December 11, 2014. Chair Rhodes explained that he will not be in the country in June. Board Member Levine will make the presentation on June 12, 2014.

16. Form 1, Attorney Bonni Jensen

Attorney Bonni Jensen reminded the Board that Form 1 is due by July 1st, 2014.

IX. ANY OTHER MATTER

None

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. ADJOURNMENT

MOTION:

Board Member Gload moved to adjourn the meeting. Board Member Levine seconded the motion, which carried by unanimous 4-0 vote.

There being no further business, the meeting was adjourned at 10:20 a.m.

Respectfully submitted,


Dixie Martinez
Administrator

Village of Tequesta General Employees' Pension Plan


Board Member

Village of Tequesta General Employees' Pension Plan