

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
August 4, 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 August 4, 2014. The meeting was called to order at 1:05 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 and Board Member Cary Levine.

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

II. APPROVAL OF AGENDA

Attorney Bonni Jensen requested the addition under IX. Any Other Matter, item. 14. Memorandum- Transition to Klausner, Kaufman, Jensen & Levinson; Chair Rhodes requested to move item 11. Salem Trust – Letter of Direction dated May 5, 2014 as first item on the Agenda. Chair Rhodes also asked Board Member Levine to briefly update the Board on the presentation to the Village Council on June 12, 2014

MOTION:

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

Board Member Levine briefly updated the Board on his presentation to the Village Council on June 12, 2014.

III. APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – May 5, 2014

MOTION:

Board Member Levine made a motion to accept the minutes as presented for the meeting on May 5, 2013. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

11. Salem Trust – Letter of direction dated May 5, 2014, Custodian Salem Trust.

Cindy Farrow, Salem Trust, reviewed in detail the letter sent by Salem Trust to the Board of Trustees dated June 17, 2014 in regards to the letter of direction (International Equity Transition) dated May 5, 2014 sent by the Board to Salem Trust. Ms. Farrow discussed with the Board at length Salem Trust's specific processes when issuing buy and sell orders. She also discussed in detail the events following the receipt of the letter of direction (International Equity Transition) dated May 5, 2014 sent by the Board to Salem Trust. Ms. Farrow reviewed several solutions to prevent future delays in the processing of buy and sell orders. Chair

Rhodes asked Ms. Farrow what the financial shortfall was due to the delay in the processing of the May 5, 2014 direction letter. Ms. Farrow estimates that there was about a \$10,000 shortfall. She explained that there is no way to back date the trade. The Board had a lengthy discussion in regards to this matter. Chair Rhodes stated that all communications need to be sent to the Plan Administrator, Dixie Martinez and attorney, Bonni Jensen.

Mr. Grumble will add the following additional language to the letters of directions: to all managers, do not act until they receive confirmation from Salem Trust.

Chair Rhodes suggested that after a letter of direction is sent, there should be a follow up call to the Custodian to confirm their receipt of the letter.

MOTION:

Secretary Hansen made a motion to add Salem Trust to the distribution list to receive Minutes. Board Member Gload seconded the motion, which carried by unanimous 4-0 vote.

The Board agreed to the following steps:

1. Centralize all emails to go through the Plan Administrator.
2. All directions sent to Salem Trust will require 2 authorized signatures.
3. After a letter of direction is sent to Salem Trust, there should be a follow up call to the Custodian to confirm their receipt of the letter.
4. Minutes should be ready within 2 weeks of the meeting.

The Board asked Attorney Bonni Jensen, to write an "Administrative Rule" detailing the procedures that need to be taken upon sending a letter of instructions to the Custodian Bank.

IV. PRESENTATIONS

2. 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 June 30, 2014. He briefly reviewed the performance of the market environment for major market indexes as of June 30, 2014. He reported that for quarter ending June 30, 2014 the returns were as follows; Large Cap Equity 6.44% versus the benchmark at 5.23% and Fixed Income 1.49% versus the benchmark at 1.63%. He reviewed the asset allocations as of June 30, 2014; 59.0% allocated in Equity, 38.5% allocated in Fixed Income and 2.6% allocated in cash & equivalents. He reviewed the performance of the market environment during quarter ending June 30, 2014. Mr. Hamlin reviewed Dana's investment strategy. He reviewed the top performance contributors and the top performance detractors during this quarter. He reported that Dana Investments Advisors has been named the SMA U.S. Large Cap Equity Manager of the Year by Envestnet|PMC.

3. 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 June 30, 2014. Mr. Grumbles reported that for quarter ending June 30, 2014 the Plan's market value was \$3,315,091 and the asset allocations were Domestic Equity 47.7%, International Equity 13.9%, Domestic Fixed Income

31.1%, Global Fixed Income 4.5% and Cash Equivalent 2.7%. He reported that for quarter end June 30, 2014 the Plan's Total Fund (Gross) was up 4.08% versus the benchmark at 4.07%. Dana Core Equity was at 5.85% versus the benchmark at 5.23%, Dana Fixed Income was up 1.50% versus the benchmark at 1.62%, Templeton Global Total Return was at 2.67% versus the benchmark at 3.62%. He reviewed the financial reconciliation quarter to date as well as the compliance check list. At this time Mr. Grumbles does not recommend a portfolio rebalance.

b. GTAA Options and Discussion

Tyler Grumbles, Bogdahn Consulting, LLC presented to the Board an introduction to Global Tactical Asset Allocation (GTAA). He stated that this type of investment strategy attempts to exploit short-term market inefficiencies or long-term market trends by establishing positions in relatively attractive areas of global investable universe. He briefly reviewed the background and benefits of this type of investment. He presented to the Board the following GTAA strategies; Blackrock Multi- Asset Income, PIMCO All Asset, Principal, Westwood and John Hancock. He reviewed the specifics for each of the strategies. He noted that PIMCO is a "fund of funds" investment strategy. He reviewed the fees; Blackrock Multi- Asset Income 60 basis points; PIMCO All Asset 86 basis points; Principal 87 basis points; Westwood 86 basis points and John Hancock 136 basis points. Mr. Grumbles' recommendation is to focus more on the investment strategies of Black Rock and Westwood. Mr. Grumbles reviewed the trailing returns and peer group analysis as well as the portfolio comparison for each investment strategy. The Board had a lengthy discussion regarding the different strategies presented to them. Mr. Grumbles stated that if the Board is interested in this type of investment he recommends an investment of ½ to Blackrock and ½ to Westwood. Attorney Bonni Jensen reported that she needs to review the Investment Policy as well as the Ordinance to confirm if the Plan can make such an investment. The Board agreed that they would like to review these investment strategies further at their next Pension Board meeting. Mr. Grumbles stated the Public Safety Officers will be interviewing Real Estate managers at their next Pension Board meeting. He explained that if the Public Safety Officers Pension Board decides to pursue investing in real estate the General Employees may be able to invest with them as well. The Board agreed that they would like to invite the real estate managers that will be presenting at the Public Safety Officers meeting to make a presentation to them as well. Mr. Grumbles will work on arranging the presentations. He will forward to the Board the real estate review as well. The Board had a very lengthy discussion regarding the different investment strategies.

MOTION:

Board Member Gload made a motion to accept the Dana Advisors report as of June 30, 2014 as well as the Quarterly Performance Report as of June 30, 2014. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

Mr. Grumbles will bring to the next Pension Board meeting the necessary language that will need to be added to the Investment Policy Statement should the Board decide to invest in the Global Tactical Asset Allocation (GTAA).

VI. CONSENT AGENDA

5. Ratification of invoices paid since last quarterly meeting:

Pension Resource Centers
Administrative Fee- May 2014

\$ 800.00

Perry & Jensen Legal Services Rendered through 05/15/14	\$1,626.53
Dana Investment Advisors Management Fees for the 2 nd Q 1087ca	\$ 336.52
Pension Resource Centers Administrative Fee- June 2014	\$ 800.00
Perry & Jensen Legal Services Rendered through 06/15/14	\$ 544.05
The Bogdahn Group Investment Monitoring Services for 2 nd Q 2014	\$2,625.00

6. Payments to be reviewed and approved:

Pension Resource Centers Administrative Fee- July 2014	\$ 800.00
Perry & Jensen Legal Services Rendered through 07/15/14	\$ 214.65
Dana Investment Advisors Management Fees for the 2 nd Q 1087ma	\$3,653.57

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

Kellie Robert
John Ludgren
Jesse Jenkins

8. Approval of withdrawal of contributions:

Justin Troy

9. Terminated employees who have not taken their contributions:

Akiho Seino
Brett Steele

MOTION:

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

END OF CONSENT AGENDA

VII. BUDGET REPORT

10. Income Statement, Expenditure Report FYE 2014 & Budget for FYE 2015, Finance Staff.

Board Member Gload presented to the Board the Income Statement, Expenditure Report FYE 2014 and Budget for FYE 2015. The Board reviewed in detail the documents presented to them. The Board agreed to set the 2015 FYE Budget as follows: Legal Services \$6,500; Investment Services \$18,000; Actuarial Services \$10,000; Custodial Services-Invest. \$6,000; Investment Advisors \$10,500; Pension Administration \$9,600; Travel and Per Diem \$3,000; Insurance \$1,350; Other Miscellaneous Charges and Obligations \$250; Books, Publications, Subscriptions and Membership \$600; Seminar and Training-Pensions \$3,000. Board Member Gload will send a copy of the 2015 FYE Budget to the administrator so that she can distribute to the Board.

MOTION:

Board Member Levine made a motion to accept the Income Statement, Expenditure Report FYE 2014 & Budget for FYE 2015. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

VIII. NEW BUSINESS

12. Salem Trust- Signature Card Update

Dixie Martinez, Pension Resource Centers (PRC), briefly reviewed the Salem Trust Signature Card. She explained that Salem Trust requires the signature cards to be updated every 3 years.

MOTION:

Board Member Levine made a motion to accept and execute the Salem Trust Signature Card as presented. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

13. Salem Trust Class Action Report for Period 01-01-14 to 03-31-14 – Administrator Dixie Martinez.

Dixie Martinez, Pension Resource Centers (PRC), reported that there has been a class action filed by Salem Trust on their behalf during quarter ending March 31, 2014 against Sanofi-Aventis.

IX. ANY OTHER MATTER

14. Memorandum- Transition to Klausner, Kaufman, Jensen & Levinson, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that she will be working full time as a partner with Klausner, Kaufman, Jensen & Levinson, effective October 1, 2014. She reported that there will be no change with the Plan's relationship. She will have a new email address and future invoices will be payable to the Law Offices of Bonni Jensen, P.A. She stated that she will send to the Board an Assumption of Contract by the new law firm. She asked that if possible she would like to have the Assumption of Contract executed in between meetings.

MOTION:

Board Member Levine made a motion to accept and approve the execution in between meetings of the Assumption of Contract by the new law firm. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

V. UNFINISHED BUSINESS

4. Raymond Fitzer – terminated member.

Dixie Martinez, Pension Resource Centers, reported that she had called several times the phone number that she was able to find for Raymond Fitzer. She stated that she had left two messages. However she is unsure if the message recording was working because there was no beeping sound. She reported that a stronger letter had been sent via certified mail. The return receipt of the certified mail showed that Raymond Fitzer had signed the receipt. Attorney Bonni Jensen reported that under the law and the provisions of the Pension Plan, if Mr. Fitzer does not contact the Plan 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. The Board agreed to send a final letter to let Mr. Fitzer know that if he does not respond by a certain date an account will be opened on his behalf and his refund of contributions will be rolled over to another institution to hold for his benefit. This institution may assess charges for holding the account. These charges, if any, will be deducted from the account balance which will reduce the funds that are available to him.

MOTION:

Board Member Levine made a motion to send a final letter to Mr. Raymond Fitzer. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

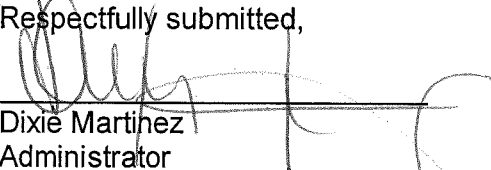
XI. ADJOURNMENT

MOTION:

Secretary Hansen 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 4:00 p.m.

Respectfully submitted,



Dixie Martinez
Administrator
Village of Tequesta General Employees' Pension Plan



Board Member
Village of Tequesta General Employees' Pension Plan