

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
NOVEMBER 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 Village Hall Council Chambers 345 Tequesta Drive, Tequesta, Florida, on November 3, 2014. The meeting was called to order at 8:07 a.m.

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

Also in attendance were Attorney Bonni Jensen, Pension Administrator Dixie Martinez and Kerry Dutton (8:23 a.m.), Investment Monitor Tyler Grumbles and Investment Manager Judy McCoy.

II. APPROVAL OF AGENDA

Administrator Dixie Martinez requested per Board Member Michelle Gload the addition under VII. Budget Report - 8.a.To Do List.

Attorney Bonni Jensen requested the addition under VIII. New Business 18. Proposed Plan Changes and 19. Assignment & Assumptions.

MOTION:

Board Member Levine made a motion to approve the Agenda as amended. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

III. APPROVAL OF MINUTES

1. Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees – August 4, 2014.

MOTION:

Board Member Gload made a motion to accept the minutes as presented for the meeting on August 4, 2014. Board Member Levine seconded the motion, which carried by unanimous 3-0 vote.

Chair Rhodes suggested moving item VI. Consent Agenda next and The Board Agreed.

VI. CONSENT AGENDA

3. Ratification of invoices paid since last quarterly meeting:

- Pension Resource Centers- August 2014 Admin. Fee \$ 800.00
- Perry & Jensen- Legal Services Through 08/15/14 \$ 927.00
- Gehring Group- Fiduciary Liability Ins. Renewal 10/14 to 10/15 \$1,031.94

4. Payments to be reviewed and approved:

- Pension Resource Centers- September 2014 Admin. Fee \$ 800.00
- Pension Resource Centers- October 2014 Admin. Fee \$ 800.00
- Perry & Jensen- Legal Services Through 09/15/14 \$ 168.75
- Bogdahn Group- Performance Monitor Fees for 7/1/14 to 9/30/14 \$2,625.00

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

None

6. Approval of withdrawal of contributions:

Raymond Fitzer

7. Terminated employees who have not taken their contributions:

None

MOTION:

Board Member Levine made a motion to accept the Consent Agenda as presented. Board member Gload seconded the motion, which carried by unanimous 3-0 vote.

IV. PRESENTATIONS

2. a. Quarterly Presentation by Monitor – Tyler Grumbles, Bogdahn Consulting- Quarterly Performance Review

Tyler Grumbles, Bogdahn Consulting, LLC briefly reviewed the performance of the market environment, for major market indexes as of September 30, 2014. He reviewed the markets environment. Small caps experienced their worst quarter in three years. International stocks once again outperformed developed markets during the third quarter. However both market segments posted negative absolute returns due primarily to September's sell off. Mr. Grumbles reported that for quarter ending September 30, 2014 the Plan's market value was \$3,347,705 and the asset allocations were Domestic Equity 47.3%, International Equity 13.2%, Domestic Fixed Income 31.7%, Global Fixed Income 4.5% and Cash Equivalent 3.4%. He

reported that for fiscal year end the Plan's Total Fund (Gross) was at 11.92% versus the benchmark at 11.54%. Dana Core Equity was 21.51% versus the benchmark at 19.73%, Dana International Portfolio was not applicable due to the change to EuroPacific Growth Fund at the beginning of the 3rd quarter, Dana Fixed Income was up 2.98% versus the benchmark at 2.74%. Mr. Grumbles reviewed the 1 year, 3 year, and the 5 year total gross returns. He reviewed the financial reconciliation quarter to date. Mr. Grumble's reviewed the Dana Core Equity which underperformed for the quarter and was at -0.42% however has done a good job for the fiscal year end at 21.51%. The trailing returns for the quarter for EuroPacific were at -4.21% versus the benchmark of -5.19%, Templeton Global Total Return came in at -0.74% versus the benchmark of -3.13 and Dana Fixed income was at -0.04% versus the benchmark at .03% for the quarter. He explained to the Board that the plan came in at a great position and is not taking too much risk and the earnings are strong. He reported that overall it has been a great fiscal year and the Plan is in the 14th percentile for the fiscal year end. The Board and Mr. Grumbles had a brief discussion regarding the market environment. Mr. Grumbles reported that he is unsure of what this year may bring. However they are doing everything to be well positioned moving forward.

MOTION:

Board Member Levine made a motion to accept the September 30, 2014 quarterly report from Bogdhan Consulting as presented. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

2. Investment Manager Presentation – Judy McCoy, ASB Real Estate

Mr. Grumbles brought Ms. McCoy in and introduced her to the Board. She informed the Board that she has been with ASB Real Estate Investments for 15 yrs. Ms. McCoy explained this is a co-mingled, Core fund that is purchased in units. She explained that there is \$5.4 billion gross assets under management with this fund. She reviewed the fund administrative components including number of employees, number of institutional investors, and the total assets as of September 30, 2014. Ms. McCoy explained that ASB Real Estate is an urban investor and stays away from suburban investments. She explained this is an open end fund and the monies invested are not locked up. She reviewed the annualized gross of fee total returns which she expects to be up to 12% by the end of the 10 year mark. She reviews the quarterly returns which were at 3.85% versus 3.46% for NFI-ODCE. Also Ms. McCoy reviewed the year to date returns for the fund which are 9.53% versus 8.99% for NFI-ODCE. Ms. McCoy also reviewed the ten year analysis which showed an annualized outperformance at 2.52% which is less than the rest of the market. She also provided a comparative performance. Since inception which was at 8.12% versus the benchmark of 7.10%. Ms. McCoy briefly reviewed the fund summary as of September 30, 2014. She informed the Board of

the portfolio size to be 11.9 million with gross assets of \$4,821 million. She also reviewed the leverage to be at 19.4% as of the end of the quarter. Ms. McCoy reviewed and explained the target allocations which include ranges for office at 30%-40%, retail 20%-30%, residential 15%-20%, industrial 15%-20%, and land to be between 0%-2%. She also explained the property type distribution percentages currently for the Alliance Fund versus the benchmark. She explained they focus on high end retail with 89% occupancy or more. She then explained that the fund does not invest in the hotel market. Ms. McCoy explained briefly the investor base as of October 1, 2014. She explained that the fund has drawn \$1.7 billion from 126 new investors and 67 existing investors. She reviewed the ASB investment criteria and explained that they invest primarily in primary markets they know well. The Board asked questions and Ms. McCoy responded. Ms. McCoy stated the debt equity ratio to be 80% to 20%, and the fund will not go over 40%. She informed the Board that ASB does not take money unless they need it. She informed the Board that the fund has never been sued or SCC and DOL investigated. Ms. McCoy reviewed the 2014 investment strategy, and stated their top priorities are leasing vacancy, proactively selling assets that are likely to underperform, and deeper analysis into most attractive neighborhoods within the targeted markets. She stated that the fund has also never encountered any foreclosures, defaults or renegotiated debt covenants. She explained the risk management process. Ms. McCoy informed the Board that it is a \$1 million minimum investment. She reviewed that investors go in to the queue and it typically takes about 3-4 quarters before being invested. She then reviewed the fees briefly. She stated that the assets management fees are 125 basis points on the first \$5 million. She explained the index to the Board. There is a lengthy discussion between Ms. McCoy and the Board. Ms. McCoy thanked the Board for inviting her to the meeting.

Mr. Grumbles explained to the Board that Principle will be presenting to the Public Safety Pension Board this afternoon, however General Employee Pension Fund cannot invest in Principle due to being too small in asset size. He recommended 10% investment and 10% total portfolio. Mr. Grumbles noted that if the Public Safety Board choses to invest in ASB the General Employee Fund could potentially invest in the fund as well.

Attorney Bonni Jensen reviewed the proposed amendment to the investment provisions that need to be changed. There was a lengthy discussion in regards to the ASB presentation.

MOTION:

Board Member Levine made a motion to approve the 10% investment into ABS subject to the Public Safety Board choosing to invest in ASB as well as the Village Council making the necessary changes to the ordinance. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

C. Goble Tactical Asset Allocation Follow Up Discussion- Tyler Grumbles, Bogdahn Consulting, LLC.

Mr. Grumbles recapped on prior discussion regarding this matter. It has been narrowed down between Black Rock and West Wood. Mr. Grumbles stated that because Bill Gross has left PIMCO the firm has placed this manager on watch. He reviewed Black Rock's multi-asset income portfolio. He explained that traditional equity income is high dividend paying stocks. Mr. Grumble's recommended 10% investment therefore 2.5% for domestic equity, 2.5% international equity and 5% for domestic CORE fixed income. He reviewed the returns and investment strategy for managers from 2004 to YTD. Mr. Grumbles reviewed Westwood and Black Rock's assets under management along with the product comparisons for the current yield which were 1.3% (Westwood) versus 4.40% (Black Rock). He reviewed the product strategy allocation comparisons for period ending June 30, 2014. Mr. Grumbles also briefly reviewed and explained the fees and minimum investment amounts with the Board. There was a lengthy discussion in regards to the new investment strategy. Board Member Gload stated that this will be a completely new allocation for portfolio.

Mr. Grumbles explained that this investment has a mutual fund type structure. The Board expressed their thoughts and concerns regarding this investment strategy and the new asset allocation. Chair Rhodes asked Mr. Grumbles if he could have a comparison. Mr. Grumbles will bring the comparison to the next Board meeting.

V. UNFINISHED BUSINESS

There was no unfinished business at this time.

VIII. NEW BUSINESS

18. Proposed Amendment to Investment Provisions - Attorney Bonnie Jensen

Attorney Bonni Jensen recommended change to the Village Ordinance to specify closed end partnership. There was a brief discussion between Attorney Bonni Jensen and the Board.

MOTION:

Board Member Levine made a motion to approve the Proposed Amendment to Investment Provisions to specify that there shall be no real estate investment in a closed end limited partnership or trust alone while taking only 10% domestic core fixed allocation and adding it to real estate allocation pending approval of the Ordinance. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

VII. BUDGET REPORT

8. Income Statement & Expenditure Report FYE 2014 & Budget for FYE 2015

Board Member Gload reported that everything seems to be in line. She states that nothing has been paid for fiscal year 2015. Board Member Gload stated that due to GRS new fee of \$2,500.00 suggested leaving bid at 10,000 for now. She informed the Board of what has been submitted to GRS for the upcoming valuation. Board Member Gload stated that there was \$300.00 paid for seminar training that she will look in to further. She will also look at the travel and per diem amount for fiscal year end 2014 to confirm. The Board reviewed the custodial expenses.

MOTION:

Board Member Levine made a motion to approve the budget report. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

8. a. To Do List- Michelle Gload

Board Member Gload reviewed with the Board that all deadline dates should be added to the To Do List. She also recommended having the To Do List done prior to the August Pension Board meeting. She will have the To Do List for the February Pension Board meeting that will cover the next three quarters. Board Member Gload expressed the importance of adding SPD for every other November. Board Attorney Bonni Jensen will update the SPD and will send it to Plan Administrator Dixie Martinez for distribution to Board members. This item will be presented and reviewed at the next Board meeting set for February

VIII. NEW BUSINESS

9. Senate Bill 534 Discussion- Attorney Bonni Jensen

Attorney Bonni Jensen explained the new reporting guidelines due to the Senate Bill 534. She explained in detail what the actuary's will now require in the reports.

10. GRS Senate Bill 534 Implementation Letter from GRS

Attorney Bonni Jensen reviewed the proposed Senate Bill 534 Implementation Letter by GRS and explained that the GRS evaluation report must be posted on the Village website for public view within 60 days of receipt.

MOTION:

Board Member Gload made a motion to approve the GRS Implementation Letter. Board Member Levine seconded the motion, which carried by unanimous 3-0 vote.

11. Draft Ordinance Amendment re: Treatment of individuals who are rehired after retirement - Attorney Bonni Jensen

Attorney Bonni Jensen gave lengthy background information regarding reemployment, election, and appointment to the Village after retirement. She does not know the status of this amendment as it is with the Village at this time. She informed the Board that the State has reviewed and approved the new language.

12. Summary of Actions - Attorney Bonni Jensen

Attorney Bonni Jensen reviewed the summary of actions which must be reported by December 12, 2014 and will include the changes to the ordinance.

13. Authorization Agreement request from Salem Trust re: New Banking Information- Administrator Dixie Martinez

Plan Administrator Dixie Martinez reviewed with the Board the change of the bank and how the financial institution was bought out by Salem Trust therefore the agreement documents with the new bank name must be signed.

14. Salem Trust Class Action Report for Period 04/01/2014 to 06/30/2014- Administrator Dixie Martinez

Administrator Dixie Martinez reviewed the class action report with the Board. It showed no class actions against Salem Trust.

15. Certification of Election Results, Employee Representative, Trustee John Kuper's term expires 12/18/2014 – Administrator Dixie Martinez

Administrator Dixie Martinez informed the Board of the expiring term for Trustee Kuper and informed the Board members that she will have another posting up by the beginning of December 2014.

16. Certification of Election Results, Employee Representative M. Gload – Administrator Dixie Martinez

Administrator Dixie Martinez informed the Board that the position is still open. Board Member Gload stated that she was approached by a new employee that had shown interest in participating on the Board. She will follow up with that employee and confirm interest.

17. 2014 Revised Administrative Rules & Statement Policy for Trustee Expenses – Attorney Bonni Jensen

Attorney Bonni Jensen reviewed the addition of the new custodian based upon the discontinuation of the old custodian at the last meeting. She entered the new custodian's information under section 9-1. Board Member Gload stated that she had briefly reviewed the document and had found outdated information. She offered to review the document further

and note necessary changes and confirm with Administrator Dixie Martinez. The Board decided to table this item until the February 2015 meeting.

19. Assignment and Assumption – Attorney Bonni Jensen

Attorney Bonni Jensen briefly reviewed the merge of her firm with the Klausner, Kaufman, and Levinson firm. She explained that the Assignment and Assumption needs to be executed.

MOTION:

Board Member Levine made a motion to approve the Assignment and Assumption document. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

IX. ANY OTHER MATTERS

There were no other matters at this time.

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

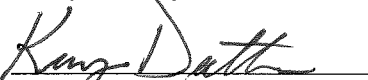
XI. ADJOURNMENT

MOTION:

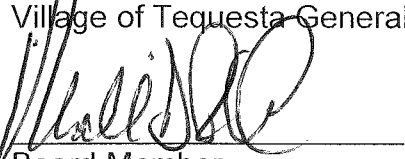
Board Member Levine moved to adjourn the meeting. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

There being no further business, the meeting was adjourned at 11:45 a.m.

Respectfully submitted,



Kerry Dutton
Administrator
Village of Tequesta General Employees' Pension Plan



Board Member
Village of Tequesta General Employees' Pension Plan