

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
May 4, 2015**

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 Chambers, 345 Tequesta Drive, Tequesta, Florida, on May 4, 2015. The meeting was called to order at 9:03 a.m.

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

Also in attendance were Attorney Bonni Jensen, Pension Administrator Scott Baur & Kerry Dutton, and Investment Monitor Tyler Grumbles.

II. PUBLIC COMMENT

None

III. APPROVAL OF AGENDA

Chair Michael Rhodes requested moving the next regular meeting day to August 10, 2015 at 8:00a.m. and the addition under XI. Any Other Item – 1. Open Trustees Seat Discussion.

MOTION:

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

IV. APPROVAL OF THE MINUTES

1. Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees - February 25, 2015.

MOTION:

Board Member Levine made a motion to accept the minutes as presented for the meeting on February 25, 2015. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

2. Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees - March 30, 2015.

MOTION:

Board Member Levine made a motion to accept the minutes as for the meeting on February 25, 2015. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

VIII. CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting:

- Law Office of Bonni Jensen- Legal Services Through 2/15/15 \$1,271.85
- Pension Resource Centers- Admin Fee 3/31/15 \$ 825.46
- Law Office of Bonni Jensen- Legal Services Through 3/15/15 \$1,271.85
- Bogdahn Group- 12/31/14 Performance Report & 3/31/15 Services \$2,625.00

5. Payments to be reviewed and approved:

- Marcum Accountant-Audit period 6/1/13-6/30/14 due to Salem Audit \$2,500.00
- Pension Resource Centers- Admin Fee 2/28/15 \$ 841.91
- Law Office of Bonni Jensen- Legal Services Through 4/15/2015 \$1,091.49

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:

None

There was a brief discussion on the current standing with ASB Funding. Investment manager, Tyler Grumbles explained that the Determination Letter was required by ASB. Since then the Plan is in Queue. Mr. Grumbles stated he expects roughly a year until the Queue is called.

MOTION:

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

V. Presentation

3. Tyler Grumbles, Bogdahn Consulting, LLC.

a. Quarterly Performance Report as of March 31, 2015

Tyler Grumbles, Bogdahn Consulting, LLC briefly reviewed the performance of the market environment, for major market indexes as of March 31, 2015. He reviewed the markets environment. He explained that Euro banks are keeping rates low overseas therefore the yields are comparable in the United States. Mr. Grumbles reported that for quarter ending March 31, 2015 the Plan's market value was \$3,653,654 and the asset allocations were Domestic Equity 47.1%, International Equity 15.1%, Domestic Fixed Income 29.9%, Global Fixed Income 4.7% and Cash Equivalent 3.2%. Mr. Grumbles stated the capital gains for the quarter were \$73,684. There was a lengthy discussion about TIPS. Mr. Grumbles stated that TIPS is not recommended as it is much too volatile and needs to be watched daily. He reported that for quarter end the Plan's Total Fund (Gross) was at 2.63% versus the benchmark at 1.47%. Mr. Grumbles also reviewed the Fiscal Year End, 1 year, and 5 year total fund versus the benchmark which shows that the Fund has outperformed each year. Dana Core Equity was 2.66% versus the benchmark at .095%, EuroPacific fund was 5.97% versus the benchmark at 3.59%. He reviewed the financial reconciliation quarter to date. Mr. Grumble reviewed the Dana Core fixed income at 1.52% versus the benchmark at 1.32%. The trailing

returns for the quarter for Templeton Global were at 0.31% versus the benchmark of -0.02%. He explained that once the US dollar appreciates he sees Templeton adding a lot of value to the portfolio. He reported that was a strong quarter and the Pension Plan is placing at 93rd percentile against other pension plans in the country. There is a brief discussion on the contribution percentages from both the employee and employer. Mr. Grumbles reviewed the compliance checklist which showed all funds in compliance except for both Dana funds for not being in compliance. He expressed these are not the final numbers and he will confirm with Dana. He stated there are no recommendations at this time. He stated that Dana will be attending the August meeting to present a quarterly update. There was a brief discussion on the capital call for ASB. Mr. Grumbles stated that he expects a capital call in roughly a year for ASB with a 5 day lead time.

MOTION:

Board Member Levine made a motion to accept the March 31, 2015 quarterly report from Bogdhan Consulting as presented. Board Member Gload seconded the motion, which carried by unanimous 3-0 vote.

IX. New Business

10. Bonni Jensen, The Law Office of Klausner, Kaufman, Jensen & Levison
 - a. Administrative Rules (draft dated February 2015)

Ms. Bonni Jensen reviewed the redline copy from Michelle Gload. She explained there were multiple strikeouts due to ordinance code change. There was a brief discussion on election processes. Ms. Jensen stated there are only two exhibits but can make the Statement of Policy Regarding Interest on Refunds as exhibit G. Mr. Rhodes asked about warrants to be paid with physical check. There was a brief discussion on the difference on processing ACH versus check. Mr. Rhodes emphasized to have the minutes done within two weeks of meetings. There is a discussion on making sure the information contained within the Administrative Rules along with being more specific. Ms. Jensen explained that the retention period for pension records are indefinite. Mr. Baur stated that that inherited files are still physical but everything that is received going forward from taking over the administrative role is in electronic form. There is a brief discussion about the specific detail on record retention at Pension Resource Centers. There was a discussion on ownership of the pension records and the active member's raw data. Ms. Jensen stated that the raw data on active members should be held at the Village. Mr. Baur stated that the Pension Plan owns all file therefore if the relationship with Pension resource Centers was to cease the files would be returned the Plan. Mr. Rhodes expressed how want to have the insurance policy information within the Administrative Rule. There is a discussion on the location of the IRS determination letter within the document. Mr. Jensen recommended having section 6.4 broken down similar to section 6.5. Ms. Jensen also stated that section 7.1 would cross check against the Village ordinances. She also explained the process of an appeal of retirement even though the Board has not yet experience it. Ms. Gload wanted to clarify who confirms the receipt from the custodian. Ms. Jensen stated that the investment consultant confirms those types of receipts. There was a lengthy discussion on the travel and expense policy and allowed expense amounts. Ms. Jensen recommended having the records kept similar in reference. Ms. Jensen will present a revised draft at the August board meeting.

VIII. Quarterly Budget Report – Income Statement & Expenditure Report, Finance Staff

Ms. Michelle Gload explained the increased revenues by expanding the employer and employee contributions to offset the expenditures. She explained the legal services has been increased to \$10,000 but thinks it may need to be increased again. There is brief discussion on

the upcoming presentation at the Village Counsel meeting. Trustee Levine confirmed his attendance. Ms. Jensen recommended an increase to \$15,000.00 for legal fees. There is a brief discussion on the investment manager fees. Mr. Grumbles explained this was primary due to Dana Investments. He also stated that since assets have increased then the fees should increase. Ms. Gload reviewed the actuarial services breakdown, custodial statements and fees to be \$6,000.00 therefore increase to \$8,000.00 for next year. She stated that the miscellaneous fees have been increased by \$2750.00 for this year due to the additional \$2500.00 for further audit review from the adverse opinion that Salem received on their SSAE16. She explained that this should be decreased back down to the previous years allotted amount.

MOTION:

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

IX. New Business

10. Bonni Jensen, The Law Office of Klausner, Kaufman, Jensen & Levison
 - b. Annual Form 1 Filing

Bonni Jensen reminds the Form 1 must be filed is due on July 1st. She explained that this can be filed by the trustee directly or through her office.

XI. ANY OTHER MATTER

11. Open Trustee Seat

Chair Rhodes stated he spoke to Trustees Carl Hansen who confirmed he would stay on the Board until the seat is filled by another Trustee. Ms. Jensen explained that Mr. Hansen's seat is a Village Appointed seat. There was a brief discussion on possible interest. Ms. Jensen suggested if the seat stays vacant for more than 3 months then the participants can elect a legal resident of the Village.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. ADJOURNMENT

The Board recessed at 10:55 a.m. The Board reconvened at 11:50 a.m.

1. Custodian Requests for Proposals

Scott Baur reviewed update on the pending RFP's. He stated that the new proposals were competitive compared to Salem. He stated that Wilmington Trust came to him as a recommendation. He explained that M&T Bank had acquired Wilmington Trust however they chose to keep the name. M Grumbles stated that his company had experienced issues with M&T however the institute stated those issues have since been ratified. Mr. Baur informed the Board that selling the company had not effect on the trust custody side of business. He also reviewed all fees for the RFP responses including the comparison with the General Employees' Pension Fund combined with the Public Safety Pension Fund. There was a brief discussion on Salem's current fee contract for review against RFP fee responses. There is a lengthy discussion on each of the listed RFP responses and trust custody work related experience. There was a brief discussion on the fees jointly versus individually. Chair Rhodes

from the General Employees' Pension Fund expressed his opinion about First State and Fiduciary Trust. Mr. Grumbles explained that First State has ok service however they send monthly deposit advices, only annually. Mr. Baur explained how a subsequent increased volume increase would affect First State and Fiduciary Trust. He stated that Fiduciary was and still are owned by Templeton. Mr. Grumbles expressed concern for charges on top for trades. Mr. Baur stated that for both Center State and Fiduciary Trust the buy/sell charges are included in the basis points. He does clarify that the basis points fee is all inclusive except for benefit payments. He explained the reason for Pension Resource Centers proposal for benefit payments was for proposes of allowing an option for going to a custodian for just the trust custody side of business. Mr. Levine stated that Pension Resource Centers already has a relationship with the Plans and knows the processes in place. Mr. Baur stated that PRC's proposal was for flexibility not so much for competitive. Mr. Sabin stated that Fiduciary Trust may have a small savings for the Village as a whole. He also stated that Wilmington Trust as a potential for a short list. Mr. Grumbles expressed his experience from his company and Wilmington Trust to be mixed. Mr. Baur agreed with Mr. Grumbles on the mixed review on Wilmington Trust. There was a brief discussion on the reports and statements supplied by each of the RFP's. Mr. Baur recommended First State as he works with them for other plans that are enrolled in the wrap program. There is a brief discussion for suggestions for a short list for presentations.

MOTION:

Board Member Giblin made a motion to short list Fiduciary Trust, First State, and Wilmington to present in person at August 3rd meeting with the General Employees' Pension Fund. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

2. Stand-alone Audit Discussion


Ms. Bonni Jensen recapped on Marcum's stand-alone audit. She reviewed only the pages of the CAFR that referred to the Pension Fund. Mr. Sabin explained his past experience with audits of pension plans. Ms. Jensen explained that the presentation of a stand-alone audit may bring things to light. She explained that the financial auditor feels that the gain of a stand-alone audit out weights the cost. There was a brief discussion on the stand-alone audit. The Board decided a stand-alone audit is not necessary at this time.

MOTION:

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

There being no further business, the meeting was adjourned at 12:50 p.m.

Respectfully submitted,


Kerry Dutton

Administrator

Village of Tequesta General Employees' Pension Plan


Board Member

Village of Tequesta General Employees' Pension Plan