

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
&
PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
SPECIAL BOARD MEETING MINUTES (Revised)
MARCH 30, 2015**

I. CALL TO ORDER AND ROLL CALL

The Special Board Meeting of the Tequesta General Employees' Pension Trust Fund & Public Safety Officers' Pension Trust Fund was held in the Village Chambers, 345 Tequesta Drive, Tequesta, Florida, on March 30, 2015. The meeting was called to order at 12:01 p.m.

A roll call was taken by Pension Administrator Kerry Dutton. In attendance at the meeting for the General Employees' Board were: Chair Michael Rhodes, Secretary Carl Hansen, Board Member Michelle Gload, and Board Member Cary Levine. In attendance for the Public Safety Officers' Board was: Chair Ed Sabin, Secretary Ray Giblin, and Board Member John Terzakis.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Scott Baur & Kerry Dutton, Investment Monitor Tyler Grumbles, Investment Manager John Hamlin, Actuary Jeffrey Amrose, Brad Rinsem, Salem Trust, along with a few members of the plan.

II. PUBLIC COMMENT

None

III. APPROVAL OF AGENDA

Administrator Kerry Dutton requested the addition of Item. V.2. Addendum to the Audit Engagement Letter.

MOTION:

A motion was made to approve the agenda as amended which carried by unanimous 7-0 vote.

IV. PRESENTATIONS

1. Requests for Proposals for Custodial Services

Plan Administrator presented the custodial proposals. He the fees and reviewed the summaries of the different custodians. He stated the current fees for both plans are as follows: Public Safety Officers' at \$5,100 and General Employees at \$2,300. Mr. Baur explained how the fee guarantees are currently locked in with Salem Trust for another year. Mr. Baur explained that Pension Resource Centers is only quoted for the benefit payments portion of the custodial responsibilities. Chairman Rhode asked to have the custodial processes explained. Mr. Baur explained that the custodial services can either become a part of the entire custodial service or have the benefit payments piece separated. He gave an example of the custodian bank that PRC recommends having the benefit payment portion taken over by PRC. He further explained the reason for this recommendation is because there are custodian banks that are very efficient in doing the custodial responsibilities however when processing the benefit payment portion there can be a high percentage of mistakes. Mr. Grumbles explained that FifthThird Custodial Trust's error rate on the benefit payments side of processing spills over to the investment side as well. He further explained that for instance the trades have to be signed the day of which can in turn cause some issues with scheduling. Mr. Baur explained

how Comerica worked well with Palm Springs however their fees are considered high. Mr. Grumbles explained that all the fees seemed much higher than last year. He stated that Regions fees are high however they have a great customer service team. He also stated that even though Regions' has a great customer service team they are expected to move to the call center model shortly which would be held out of Birmingham, AL. Mr. Grumbles explained that Salem Trust was always the first recommendation since they were known for their great customer service and reasonable fees. He reviewed that Wells Fargo doesn't have a lot of experience as custodian. He explained a co-worker that did work with Wilmington Trust did not have a positive experience. Board Member Hansen expressed his concern about the blackout period. Mr. Baur explained that typically the blackout period lasts for 5 business days or 5 market days where the trades settle and complete the transition between custodians. Board Member Levine pointed out that it looks as if all the fees for the General Employees' Pension Plan have increased. Mr. Baur explained that this is due to the size of the Plan; however he stated that Wilmington Trust is willing to aggregate the two plans together. He informed the Boards that both Salem Trust and Wells Fargo are not willing to aggregate like Wilmington Trust. He stated that the recommendation for Wilmington Trust stemmed from an investment consultant from another plan and he felt it would be beneficial to include them. Mr. Baur explained that if Pension Resource Center does the benefit payments it will give the flexibility for consistent payments to the members. Mr. Baur expressed his concern for Salem Trust's operation with the increase of activity due to Plans transferring to other custodians. Mr. Grumbles stated that the Plans he works with are not likely to change custodians due to the high fees seen on the RFP responses. Village Finance Director, Jody Forsythe, addressed the Board. She reviewed the conversation she had with Brad Rinsem. She stated Mr. Rinsem's explanation of the difficulties that occurred from the computer conversion. She stated that Mr. Rinsem informed her that Salem Trust has only 11 employees for the custodial operations department. Ms. Forsythe explained that even though Mr. Rinsem asked for the Village to communicate with him directly she is still experiencing issues with Salem's statements. She also explained that he does return her calls when he is in the office however he is not in the office very often. Ms. Forsythe then explained how the process of changing custodians affects her department. Mr. Grumbles explained the blackout period is what Ms. Forsythe is referring to and would not have much effect on her since both managers do not do a large deal of trading. Ms. Forsythe expressed her concern for Wilmington Trust's competitive fees which could be due to the desire to gain clients in the Public Pension community in Florida because of the money available in this market. Mr. Grumbles agreed with Ms. Forsythe's assessment of Wilmington Trust. Chairman Rhodes asked the Finance Department representatives if there have been continued problems since the February Pension Board meeting. Ms. Racanati explained her pursuit in getting an explanation from Mr. Rinsem because there had been a statement with a negative asset. She explained the communication was forwarded to another Salem Trust employee, Karen Russo, who gave a status update that she was looking into this matter. There was a lengthy discussion on the reconciliation process that the Finance Department performs monthly. Chairman Sabin informed the Board of his position on narrowing down replacement custodians and transferring from Salem Trust. Chairman Rhodes agreed. There was a brief discussion on the fee agreement that currently stands with Salem Trust. Mr. Grumbles explained his past experiences with Regions as a Custodial Bank. He explained his concern to be that with Regions small staff if they were to end up taking on a lot of new clients due to the Salem adverse opinion then there may be the same outcome. Mr. Grumbles recommended the Plans stay with Salem Trust with the 1 more year lower rate guarantee and make a decision at that point. He explained that this will allow the dust to settle. There was a brief discussion about continuing business with Salem Trust for the remainder of the agreement. Mr. Baur explained that Fiduciary Trust and Key Bank did not submit a response. There was a lengthy discussion about the computer programs that the other custodian banks use. Mr. Grumbles explained that pricing and spinoffs of equities are going to be seen across the board. There was a brief discussion as to whether custodial RFP's are to

be treated the same as Audit contracting. Attorney Bonni Jensen explained that the audit selection process does not apply to custodian selection. She also explained that the Board must act solely in the best interest of the participating members. Board Member Levine asked Mr. Grumbles to explain his input on the fees that came back on the RFP's. Mr. Grumbles explained that the fees seen today were higher than he had expected. Mr. Baur explained to the Board that the benefit payments portion could be segregated from the custodial services. He also stated that he feels fairly certain that he would be able to get the remaining custodians to submit an RFP. Mr. Grumbles stated that he has had positive experiences with both PNC and US Bank out of Alabama. Mr. Baur explained he has had a mixed experience with US Bank. Chairman Rhodes asked for Attorney Bonni Jensen's help with legal protocol. Ms. Jensen explained the standard protocol. Both Boards agreed after a brief discussion to go out for a second round of custodial RFP's. Board Member Levine expressed his feeling on the fees and stated this just needs to be considered. There was a lengthy discussion on how the process of additional RFP's would take place. The Board discussed joining both Boards for the discussion of the additional RFP's at the May meeting. Chairman Rhodes suggested starting at 9:00 am instead of 8:00am to ensure the meeting would run until 11:30am for the Public Safety Board to join. Both Boards agreed to finalize a short list of Custodial Banks to have present at the next regular quarterly meeting.

V. ADMINISTRATIVE REPORT

1. Proposal for Benefit Payments from Pension Resource Centers

Mr. Baur explained the reasoning for Pension Resource Centers giving a proposal for benefit payments. He explained that some custodians are very efficient on the custodial side but have lack of communication on the benefit payment side. He further explained the impact that some custodians have on Pension Resource Center's internal workload. He stated that both Tequesta Plans have very small benefits payment therefore a \$100.00 flat fee was proposed for the benefit payment activity through the Pension Resource Centers' office.

2. Addendum to Audit Engagement Letter from Marcum

Finance Director, Jody Forsythe explained that the fees are directed to the Plan due to the additional verification Marcum must now do because of Salem Trust's statement being unreliable. Chairman Sabin asked Ms. Forsythe since Marcum is The Village audit will it include an opinion of the Pension Plan. Ms. Forsythe stated the opinion that Marcum gives on the financials encompasses the Pension Plan. Mr. Baur stated that the additional work that Marcum must do is the same for each plan equally, and that the size of the plan has no impact. Both Mr. Grumbles and Ms. Jensen stated that Salem Trust has agreed to reimburse other Pension Plans for some of the additional fees incurred.

MOTION:

Secretary Giblin made a motion to approve the payment to the Village auditor, Marcum in the amount of \$2500.00. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

MOTION:

Board Member Levine made a motion to approve the payment to the Village auditor, Marcum in the amount of \$2500.00. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

MOTION:

Secretary Giblin made a motion to approve the request for the \$2500.00 additional auditor fee from Salem Trust. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

MOTION:

Board Member Levine made a motion to approve the request for the \$2500.00 additional auditor fee from Salem Trust. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

Attorney Bonni Jensen stated that she has the ASB W-9 to be signed today.

VI. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

VII. ADJOURNMENT

MOTION:

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

MOTION:

Board Member Terzakis moved to adjourn the meeting. Secretary Giblin seconded the motion, which carried by unanimous 3-0 vote.

There being no further business, the meeting was adjourned at 2:30 p.m.

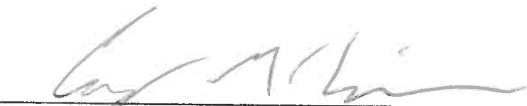
Respectfully submitted,



Kerry Dutton

Administrator

Village of Tequesta General Employees' Pension Plan



Board Member

Village of Tequesta General Employees' Pension Plan



Board Member

Village of Tequesta Public Safety Officers' Pension Plan