

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 8, 2016
REVISED**

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 February 8, 2016. The meeting was called to order at 1:02 p.m.

A roll call was taken by Pension Administrator Kerry Dutton. In attendance at the meeting were: Chairman Michael Rhodes, Board Member Michelle Gload, Board Member Dennis Rick, Board Member Bernard Ward, and Board Member Jesse Oakley III.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Kerry Dutton, Investment Monitor Tyler Grumbles, Investment Manager John Hamlin, and Actuary Jeffery Ambrose.

II. PUBLIC COMMENT

None

Bonni Jensen reviewed the procedural process of administration of the oath.

III. APPROVAL OF AGENDA

Attorney Bonni Jensen requested for item: X.12. Certification of Election Results; Dennis Rick to be moved to the first agenda item for discussion. Ms. Jensen reminded the Board of her early departure from today's meeting. She also request to have item: VIII.10. moved after the approval of the meeting minutes. Chairman Rhodes requested the addition of discussion of the Sunshine Law for new trustees as item: VIII.10.d..

MOTION:

Board Member Michelle Gload made a motion to approve the Agenda as amended. Board Member Oakley seconded the motion, which carried by unanimous 5-0 vote.

X. ADMINISTRATIVE REPORT

12. Certification of Election Results; Dennis Rick

Attorney Bonni Jensen reviewed the details of the election process. She explained the process that Plan Administrator Kerry Dutton took for this current election process. She confirmed the election process followed was valid.

MOTION:

Board Member Michelle Gload made a motion to approve the certification of election for Dennis Rick. Board Member Ward seconded the motion, which carried by unanimous 5-0 vote.

VIII. NEW BUSINESS

10. Bonni Jensen, The Law Office of Klausner, Kaufman, Jensen & Levison

a. Update RFP Questionnaire versus NCPERS

Attorney Bonni Jensen reviewed the NCPERS specific to the adoption of the code of conduct policy however the backup material to the proposed policy was not included in the packet. She requested the discussion to be added to the next meeting.

b. Update language on Election Process in Administrative Rule

Attorney Bonni Jensen explained the administrative rules use the term "trustees" as a reference to the Village in order to certify the candidate's eligibility for election voting.

c. 2016 IRS Mileage Rate

Attorney Bonni Jensen reported that as of January 1, 2016 the IRS Standard Mileage Rate for 2016 is .54 cents per mile.

d. Discussion on Sunshine Law for New trustees

Attorney Bonni Jensen explained how the Sunshine Law applies to public pension plans. She stated the details pertaining to the trustees discussing items outside of a public meeting that may come before the Board. She explained service providers relaying messages between trustees also violates the Sunshine Law. She specially reviewed the protocols and restrictions on email communications along with explaining the requirement of the Form 1 filing deadlines. She stated that all gifts over \$100.00 must be reported.

X. ADMINISTRATIVE REPORT

13. Revised 2016 Meeting Schedule

Ms. Dutton reviewed the revised 2016 meeting schedule. She explained the actuary is currently on an as needed basis. There was a brief discussion on the mortality tables and new GASB requirements. There was a brief discussion on Dana Investment Advisors presenting at meetings later in the year to avoid high activity meetings.

Attorney Bonni Jensen reviewed the status of the IRS Determination Letter. She stated the application has been sent and filed with the State at the end of January. She reviewed a past amendment that was not filed in a timely manner and caused the filing process and was not in compliance resulting in an additional cost of \$500.00 to the Plan. There was a brief discussion on the classification of the IRS Determination letter on the Quarterly Budget Report.

IV. APPROVAL OF THE MINUTES

1. Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees – November 2, 2015.

MOTION:

Board Member Michelle Gload made a motion to accept the minutes for the Meeting on November 2, 2015 as presented. Board Member Oakley seconded the motion, which carried by unanimous 5-0 vote.

V. Presentation

2. John Hamlin, Dana Investments
 - a. Quarter Review as of December 31, 2015

John Hamlin, Dana Advisor, presented to the Board the Dana Advisors Investment Performance Report as of December 31, 2015. He reported that the returns for the 2015 calendar year were \$294,851.35. He stated the portfolio is of high quality. He continued to review the asset allocation stating focus mainly on security not rating primarily rating as long as the investment is not below the required investment grade. He reviewed the performance gross fees through December 31, 2015. He reviewed the performance of the market environment during quarter ending December 31, 2015. Mr. Hamlin explained Dana's investment strategy including the sector basis keeping volatility low. He continued to explain the 3 year dividend growth. He reviewed the top performance contributors and the top performance detractors during this quarter. Mr. Hamlin reviewed the historical market captured that shows the limit on the downside of market performance while participating in the upside of the market performance. There was a brief discussion on the election process and the effect on the market performance.

- b. Proxy Vote for Calendar Year 2015

Mr. John Hamlin stated the proxy voting for the year 2015 is available and distributed for the plans records.

MOTION:

Board Member Jesse Oakley III made a motion to accept the Dana Investment Quarter Review for the December 31, 2016 as presented. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

3. Tyler Grumbles, Bogdahn Consulting, LLC.
 - a. Quarterly Performance Report as of December 31, 2015

Tyler Grumbles, Bogdahn Consulting, LLC stated the December 31, 2015 Performance Report is final. He briefly reviewed the performance of the market environment, for major market indexes as of December 31, 2015. He stated the broad emerging markets recovered some of the loss incurred the previous quarter. Mr. Grumbles reported that for quarter ending December 31, 2015 the Plan's market value was \$3,740,736 and the asset allocations were as follows; Domestic Equity 46.5%, International Equity 14.7%, Domestic Fixed Income 30.0%, Global Fixed Income 4.9% and Cash Equivalent 3.9%. He stated the allocations are in line with the targeted allocations. Mr. Grumbles reviewed the financial reconciliation stating the income to be \$42,430 with capital gains of \$61,250 resulting in the total market value of \$3,740,736. He reported that the trailing returns for quarter end the Plan's Total Fund (Gross) was at 2.91% versus the benchmark at 3.86%. Dana Core Equity was 5.14% versus the benchmark at 7.04%, EuroPacific fund was 2.97% versus the benchmark at 3.30%, Dana fixed Income was -0.28% versus the benchmark at -0.51%, and Templeton was 2.25% versus the benchmark at -0.54. 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. He reviewed the financial reconciliation quarter to date. Mr. Grumbles reviewed the compliance checklist. He reviewed Bogdahn's role and fee structure. He stated there are no recommendations at this time. There was a lengthy discussion on the difference of Dana's and Templeton's investment strategy.

MOTION:

Board Member Michelle Gload made a motion to accept the Bogdhan Consulting Quarter Review for the December 31, 2015 quarter as presented. Board Member Oakley seconded the motion, which carried by unanimous 5-0 vote.

Attorney Bonni Jensen departed at 2:38p.m.

II. ADMINISTRATION OF OATH NEW TRUSTEES'

Village Clerk Lori McWilliams administered the Oath to Trustee's Dennis Rick, Bernard Ward, and Jesse Oakley III. Ms. McWilliams requested the trustees to raise right hand and repeat after her. She thanked the trustees for their commitment.

V. PRESENTATION- Continued

4. Jeffrey Amrose, GRS
 - a. Actuarial Valuation Report 10/01/2015

Mr. Amrose presented to the Board the Actuarial Valuation Report as of October 1, 2015. Mr. Amrose reported that the Plan is in good shape. He reported that the estimated required employer contribution as a percentage of payrolls for fiscal year end September 30, 2017 is \$226,595 or 8.23% of covered payroll. He reported that there was a net actuarial loss of \$82,653 for the year. He explained that the loss was primarily due to lower than expected investment returns. He reported that the funded ratio has stayed the same as last years' at 108%. Mr. Amrose reviewed the funded ratio in relationship to the market value. Mr. Amrose reviewed the assumption used. He reviewed the actuarial gains and losses. He reviewed the long range costs specifically the actuarial present value of projected benefits. Mr. Amrose reviewed the assumptions along with reviewing the assumed salary increase set at 6.0% compared the actual salary increase to be at 5.3%. He stated that the new hires and terminated participants are excluded from the salary increase assumptions. There was a lengthy discussion on the actual payroll increase implemented within the Village. Mr. Ambrose stated that the market value of the Plan assets to be \$3,564,490 at the end of the 2015 year. He informed the Board the gain this year was a result of the smoothing of assets of gains from previous years.

Mr. Amrose stated the current the current 7.5% Return Assumption. He reviewed the action taken by the Public Safety Officers' Pension Board requesting an experience study on the reduction of the Return and Salary Increase Assumptions. He reviewed the investment return assumptions, along with the salary increase assumption and reviewed the historical trend of the plan. There was a lengthy discussion on the Villages actual salary increases versus the assumption and the action taken by the Public Safety Officers' Pension Board to request an experience study on the reduction of the current assumptions. There was a brief discussion on the offset of the possible increase of Require Village contributions.

MOTION:

Board Member Michelle Gload made a motion to approve an experience study to be performed on the reduction of the return assumption between 6.5% -7% and the effect on the Village's required contribution. Board Member Ward seconded the motion, which carried by unanimous 5-0 vote.

- b. Chapter 112.664 Compliance Report

Mr. Amrose reviewed the GASB 67 required report. He stated the report shows a reduction of 2 basis points from the currently set assumption of 7.5% which is required by state statutes. He explained this required reduced assumption shines a negative light on the pension plan to the public eye. He further explained that in order to have a balance the report should also show an increase of 2 basis points from the currently set assumption. He also stated the report shows 30 years' worth of payments issued without a single Village contribution included. There was a brief discussion on the rational of the required disclosure.

MOTION:

Board Member Bernard Ward made a motion to accept the Actuarial Valuation Report as of October 1, 2015. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

VI. CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting:

October 11, 2015	Dana Investment Advisors Investment Management Fee- 3rd Quarter 2015	\$3,853.34
October 30, 2015	Pension Resource Centers Administrator Fee - November 2015	\$800.00
November 20, 2015	FPPTA Membership Renewal for Year: 2016	\$600.00
December 1, 2015	Pension Resource Center Administrative Fee - Dec 2015	\$800.00
December 24, 2015	The Bogdahn Group Performance Evaluation for 9/30/15 Reports and Consulting Services through 12/31/15	\$3,125.00
November 30, 2015	Klausner, Kaufman, Jensen & Levison Legal Services Rendered through 11-30-2015	\$936.50

5. Payments to be reviewed and approved:

January 1, 2016	Pension Resource Center Administrative Fee - January 2016	\$800.00
February 1, 2016	Pension Resource Center Administrative Fee - February 2016	\$800.00
January 30, 2016	DANA Investment Advisors Management Fee - 4th Quarter 2015 for Acct# 451856620	\$3,287.32
January 30, 2016	DANA Investment Advisors	\$721.69

Management Fee - 4th Quarter 2015 for Acct# 451856610

December 31, 2015	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 12/31/15	\$720.00
January 6, 2016	Gabriel Roeder Smith & Company Consultants & Actuaries for Services Rendered through 12/31/2015	\$2,298.00
December 22, 2015	Fiduciary Trust Company Intl Initial Custody Fee for period ending 11-30-2015 GP451856610-S14800421422	\$58.17
December 22, 2015	Fiduciary Trust Company Intl Initial Custody Fee for period ending 11-30-2015 GP451856620-S14800421423	\$74.70

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

Patrick Madsen
Patrick Sargent
Dennis Rick

7. Approval of withdrawal of contributions:

None

8. Terminated employees who have not taken their contributions:

None

MOTION:

Board Member Gload made a motion to accept the Consent Agenda as presented. Board Member Ward seconded the motion, which carried by unanimous 5-0 vote.

VII. Unfinished Business

None

IX. BUDGET REPORT

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

Ms. Gload reviewed the expenditures, specially relating to the actuarial services increased by \$7000. She explained the \$1,500 fee from the IRS is in addition to what has already been spent. She explained the restructuring of the departments within the Village resulting in newly hired employees being reported to the actuary. There was a brief discussion on the changes made to the budget thus far in to the current fiscal year.

MOTION:

Board Member Bernard Ward made a motion to approve the Budget as presented. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

XI. ANY OTHER MATTER

Chairman Rhodes acknowledged the many years of service on the Board of Trustees by Carl Hansen. He stated his appreciation for Mr. Hansen's dedication to the Pension Board. He requested the Plan Administrator to send an invite to Mr. Hansen to the next scheduled quarterly board meeting for recognition.

There was a brief discussion on addressing the election of the board secretary at the next meeting.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. ADJOURNMENT

MOTION:

Board Member Michelle Gload moved to adjourn the meeting. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

There being no further business, the meeting was adjourned at 4:49 p.m.

Respectfully submitted,



Kerry Dutton
Administrator



Board Member
Village of Tequesta General Employees' Pension Plan