

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND**  
**REGULAR BOARD MEETING MINUTES**  
**August 1, 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 August 1, 2016. The meeting was called to order at 1:02 p.m.

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

Also in attendance were Attorney Bonni Jensen, Pension Administrator Scott Baur, Investment Manager Greg Peters and Investment Monitor Tyler Grumbles.

**IV. APPROVAL OF AGENDA**

Trustee Gload requested to add the revenue/expense, budget reports to the agenda. Attorney Jensen requested to move the morning meeting time from 8:00 a.m. to 8:30 a.m. in accordance with the Public Safety Officers' Pension Plan. Chairman Rhodes will review comments from the last Village Council meeting. Also Trustee Ward will give a brief summary on the FPPTA Conference.

**MOTION:**

**Board Member Gload made a motion to approve the agenda as amended. Board Member Ward seconded the motion, which carried by 4-0 vote.**

Discussion followed regarding the open Secretary position. Mrs. Jensen explained the seat is predominantly a signing position (minutes, documents, etc.) and a fill-in in the event of the chairman not being available for a meeting. Chairman Rhodes requested the Trustees consider the position and let the administrator know if they are interested in the appointment.

**II.APPOINTMENT OF SECRETARY**

Attorney Jensen stated nominations are open for Secretary as replacement for Carl Hansen. The nominations period was open for trustee nominations. Chairman Rhodes nominates Trustee Ward as Secretary for the Board. Mr. Ward gracefully accepted the nomination of Secretary.

**MOTION:**

**Chairman Rhodes made a motion to approve the nomination of Ward as Secretary of the Board. Board Member Gload seconded the motion, which carried by 4-0 vote.**

**III. PUBLIC COMMENT**

None

**V. APPROVAL OF MINUTES**

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – May 2, 2016.

Chairman Rhodes state minutes need to be sooner, within 3 weeks from the meeting date. He also stated the website needs further update.

## VI. PRESENTATIONS

3. Greg Peters, Dana Investments

Mr. Grumbles introduced Greg Peters from Dana who has taken over for John Hamlin. Mr. Peters reviewed the credit quality and the fixed income assets, reporting a 1.09% gain in the 2<sup>nd</sup> quarter for the Large Cap, 1.21% gain in the Fixed Income for the 2<sup>nd</sup> quarter. He noted the purchases and sales that took place during the quarter. He stated his previous employment within the Dana Firm. He provided a brief overview of fixed income yield curve and the equity performance by market cap and by sector. Mr. Peters stated they portfolio if kept sector neutral. He addressed the factors that hurt the performance within the quarter specifically the 2 months which resulted in the detracting from the overall performance year to date. Mr. Peter reviewed the performance attribution in greater detail. Mr. Grumbles discussed the history of Dana's performance to be under performing for 5 consecutive months. He stated that Dana holds a standalone allocation for the Fund. There was a lengthy discussion on Dana strategically positioning the portfolio for a potential turn around in performance. Mr. Peter also reviewed both an economic and market update. Mr. Grumbles suggested the Board might want to index a portion of the portfolio to reduce manager risk. He stated that other sector neutral managers also seemed to under perform as well.

### **MOTION:**

**Board Member Ward made a motion to approve the Dana Investment Report as presented. Board Member Oakley seconded the motion, which carried by 4-0 vote.**

2. Tyler Grumbles, Bogdahn Consulting, LLC.
  - a. Quarterly Performance Report as of June 30, 2016

Tyler Grumbles, Bogdahn Consulting, LLC stated the June 30, 2016 Performance Report is preliminary. He briefly reviewed the performance of the market environment, for major market indexes as of June 30, 2016. He stated domestic equities ended the quarter with gains after the market rebounded. International stocks did not do as well this quarter primarily due to currency exchange rates. Mr. Grumbles reported that for quarter ending June 30, 2016 the Plan's market value was \$3,889,180 and the asset allocations were as follows; Domestic Equity 45.3%, International Equity 13.8%, Domestic Fixed Income 25.6%, Global Fixed Income 4.7%, total Real Estate 9.3% and Cash Equivalent 1.4%. He recommended the Board rebalance back to targeted allocations. Real Estate will not need to be rebalanced due to the commitment made by the Board.

### **MOTION:**

**Board Member Gload made a motion to approve Mr. Grumble's recommendation to rebalance the portfolio back to targeted allocations aside from the real Estate allocation. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.**

Mr. Grumbles reviewed the financial reconciliation stating the income to be \$81,019 with capital gains of \$57,663 resulting in the total market value of \$3,889,180. He reported that the trailing returns for quarter end the Plan's Total Fund (Gross) was at 0.83% versus the benchmark at 1.87%. Dana Core Equity was 1.08% versus the benchmark at 2.46%,

EuroPacific fund was -0.32% versus the benchmark at -0.40%, Dana fixed Income was 1.25% versus the benchmark at 1.44%, and Templeton was 0.52% versus the benchmark at 5.21. There was discussion on Templeton's continued underperformance. Options for replacement will be presented in February by Mr. Grumbles. Trustee Gload requested Mr. Grumbles to provide a historical hypothetical showing a blend of Dana's performance with the benchmarks. Mr. Grumbles provided an updated Investment Policy to the Board. He reviewed the slight changes made to the policy.

**MOTION:**

**Board Member Ward made a motion to approve the updated investment policy as presented. Board Member Gload seconded the motion, which carried by unanimous 4-0 vote.**

**MOTION:**

**Board Member Oakley made a motion to accept the Bogdahn Report as presented. Board Member Ward seconded the motion, which carried by unanimous 4-0 vote.**

**VII. CONSENT AGENDA**

**4. Ratification of invoices paid since last quarterly meeting:**

5/9/2016	Pension Resource Centers Administrator Fee - May 2016 Invoice# 14671	\$800.00
5/9/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 3-31-16 Invoice# 17986	\$45.00
5/9/2016	DANA Investment Advisors Management Fee - 1st Quarter 201 for Acct#451856620 Invoice# 48059	\$3,269.87
5/9/2016	DANA Investment Advisors Management Fee - 1st Quarter 2016 for Acct#451856610 Invoice# 47993	\$737.96
5/9/2016	Gabriel Roeder Smith & Company Consulting & Actuaries Services Rendered through 3-31-16 Invoice# 421271	\$3,662.00
6/7/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 4-30-16	\$211.00
6/7/2016	Pension Resource Center Administrative Fee - June 2016	\$800.00
6/7/2016	FPPTA Register: Bernard Ward 32nd Annual Conference 6/26/16 -6/29/16	\$550.00

6/7/2016	Hyatt Regencey Orlando Reservations for Bernard Ward 6-26/16-6-29-16	\$338.00
7/13/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 5-31-16 Bill# 18267	\$1,358.50
7/13/2016	Pension Resource Center Administrative Fee - July 2016 Invoice# 14817 Date 6-30-2016	\$806.79
5/9/2016	Pension Resource Centers Administrator Fee - May 2016	\$800.00

5. Payments to be reviewed and approved:

12/22/2015	Fiduciary Trust International Initial Custody Fee 10/30/15 - 11/30/15	\$58.17
12/22/2015	Fiduciary Trust International Initial Custody Fee 11/04/15 - 11/30/15 DANA EQ	\$74.70
2/11/2016	Fiduciary Trust International Initial Custody Fee 10/30/15 - 11/30/15 R & D	\$12.43
6/29/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 6/29/16	\$112.50
6/30/2016	The Bogdahn Group Consulting Service & Performance Fee 2nd Quarter 2016	\$3,125.00

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

MaryAnn Grieser

7. Approval of withdrawal of contributions:

Carlos Morales

8. Terminated employees who have not taken their contributions:

Carlos Morales

**MOTION:**

**Board Member Ward made a motion to approve the Consent Agenda as presented. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.**

Trustee Gload requested to have consent agenda updated to reflect all terminated employees.

**VIII. UNFINISHED BUSINESS**

None

## **IX. NEW BUSINESS**

None

## **X. BUDGET REPORT**

### **9. Quarterly Budget Report – Income Statement & Expenditure Report, Finance Staff**

Trustee Gload noted the Village had still not received the Custodial invoice from Fiduciary Trust. Ms. Jensen reminded the Board that Mr. Avila had stated there would be an interruption in the invoicing due to the transition from fiscal year to calendar year for processing. Mr. Baur provided the Board with the dates of invoices PRC has received and June invoices should be received very soon. There was a brief discussion on the custodial invoicing time lag. Trustee Gload continued to review accounts and interim financials. She noted the IRS filing came in higher than expected against the budgeted amounts. Ms. Jensen stated there was a requirement to file the voluntary compliance program due to the Village missing the deadline for an ordinance deadline. She also noted an IRS response has not yet been received. The IRS budget category was increased by \$3000.00. Trustee Gload stated most categories are roughly 50% used as of year to date. There was a lengthy discussion on the consideration of budget amounts to be used as the start of FYE October 1, 2016. The Board then reviewed the schedule items for Fiscal year including meeting dates. The Board decided the budget is to be presented at the May meeting. The Board also decided to change the morning meeting time to 8:30 a.m. and the meeting schedule needs to be placed on website.

#### **MOTION:**

**Board Member Ward made a motion to approve the updated budget and approve the 2017 meeting schedule as amended. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.**

## **XI. ADMINISTRATIVE REPORT**

### **9. Fiduciary Liability Insurance Renewal**

Mr. Baur reviewed the Fiduciary Liability Insurance renewal through the Gehering Group. He reviewed the split with Public Safety Officers' Pension Fund premium payment based on asset size. Ms. Jensen reviewed the coverage in great detail. Board would like to ask Village for Cyber Liability coverage at next renewal.

#### **MOTION:**

**Board Member Ward made a motion to approve the Fiduciary Liability Renewal Policy as presented. Board Member Gload seconded the motion, which carried by unanimous 4-0 vote.**

### **10. Village request: Add Additional Signor for Bank Transfers**

Discussion on controls and procedures along with dollar amount limits in place. The Village is requesting to add Tatiana Racanati, Assistant Finance Director, for the controls and procedures. The Board considered the controls and procedures.

#### **MOTION:**

Board Member Ward made a motion to approve Tatiana Racanati to be added as an additional signor. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.

11. Village Memo: Payment of Custodial Fees

Mr. Baur reviewed the invoices received by Fiduciary Trust. The Board discussed the invoices lag in being generated.

12. PRC Request for Online Access at Fiduciary Trust

There was a discussion for trustees to gain online access in a view only mode and allow Trustees Gload, Trustee Oakley, and Trustee Ward access.

13. What to Expect at Retirement- Daft

Mr. Baur reviewed the draft documented. It was noted this Fund does not have a DROP therefore the document would need to be revised. He stated HR at the Village requested this document to smooth the transition from employee to retiree.

Mr. Baur exited left the meeting at 4:01 p.m.

**XII. ANY OTHER MATTER**

Chairman Rhodes reviewed the questions asked at the last Village Council meeting. Specifically the concerns on diversification cost to change/reduce the assumed rate of return, the dollar value to change to assumed rate of return, and the impact on the funded ratio.

Trustee Ward summarized his experience at the FPPTA Conference last month. He briefly summarized networking with other trustees with many years of experience, retirement benefit environment in the US, learning specifics on asset allocations, and communication with trustees, employees, and employers.

**XIII. COMMUNICATION FROM CITIZENS**

There were no communications from citizens.

**XI. ADJOURNMENT**

There being no further business, the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

  
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Scott Baur  
Administrator

  
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Board Member  
Village of Tequesta General Employees' Pension Plan