

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 6, 2017
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 6, 2017. The meeting was called to order at 1:00 p.m.

A roll call was taken by Pension Administrator Audrey Ross. In attendance at the meeting were: Secretary Bernard Ward, Board Member Michelle Gload, Board Member Dennis Rick, and Board Member Jesse Oakley III.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Audrey Ross, Actuary Jeff Amrose and Investment Monitor Tyler Grumbles.

II. PUBLIC COMMENT

None

III. APPROVAL OF AGENDA

Secretary Ward requested the addition of the presentation of Village Council Presentation review as item V.4. Trustee Gload requested to add the following items: VIII: List of terminated employees who have yet to receive a refund of contributions, VII. List of Unfinished Business, IX. 11. Revenue and Expenditure Report, and X.14. 2017 Administrative Timeline. Attorney Bonni Jensen requested to add the IRS Correspondence as Item VIII. 9.e.

MOTION:

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

IV. APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – November 7, 2016.

MOTION:

Board Member Rick made a motion to approve the November 7, 2016 Regular Quarterly Meeting Minutes as presented. Board Member Gload seconded the motion, which carried by 4-0 vote

V. PRESENTATIONS

2. Jeffery Amrose, GRS
 - a. Actuarial Valuation Report October 1, 2016

Mr. Amrose presented to the Board the Actuarial Valuation Report as of October 1, 2016. Mr. Amrose reported that the Plan is doing very well. He reviewed the assumed rate of return made during the fiscal year from 7.5% down to 7.0%. He stated the Fund is very health at a

funded ratio of 98.6%. He reported that the estimated required employer contribution fiscal year ending September 30, 2018 is \$328,077 or 11.20% of covered payroll which he stated is very low compared to his other pension funds. He stated the reduction of the assumed rate of return did increase the contribution rate however is still on the low side. Mr. Amrose also reviewed the new mortality table change that is reflected in this report now required by the State. He stated the cost impact is minimal. The Fund experienced an actuarial net gain this year of \$14,248. He reviewed the smoothing process implemented to stabilize the gains and losses year to year. The gain was primarily due to lower then expectant salary increase resulting in a .07% decrease in payroll. He reviewed the investment earnings which resulted in a loss and would be smoothed over the next 5 years at \$18,566 per year. This resulted in a total actuarial loss of \$92,831. Mr. Ambrose stated that the market value of the Plan assets to be \$4,015,694 at the end of the 2016 year.

MOTION:

Board Member Oakley made a motion to approve the Actuarial Valuation Report as of October 1, 2016 as presented. Board Member Rick seconded the motion, which carried by 4-0 vote.

b. Expectant rate of Return

Mr. Amrose stated that the current rate of return is 7.0%. He reviewed the investment return assumptions, along with the salary increase assumption and reviewed the historical trend of the plan. Mr. Amrose confirmed that he is comfortable with the current 7.0% going forward.

MOTION:

Board Member Michelle Gload made a motion to approve the Expectant Rate of Return at 7% for this year and every year thereafter. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.

There was a brief discussion on the impact on the Fund's budgeting requirements due to a new bill.

4. Village Presentation to Council

Secretary Ward reviewed the presentation given to the Village Commission on the investment side. He explained what changes have been made and what has been recently reviewed at the pension board meetings. He stated the comments made by the Commissioners regarding Dana's under performance. The Council questioned the reduction of the overall investment fees would be reduced due to the active management allocation being reduced. He explained the Commissioners inquired on if And CO Consulting's fee would be reduced due to all assets not being under active management. There was a follow up discussion on the other pension plan within the Village to show there are a lot of moving targets therefore the best effort needs to be made.

3. Tyler Grumbles, Bogdahn Consulting, LLC.

a. &Co Consulting Announcement

b. Quarterly Performance Report as of December 31, 2016

Mr. Grumbles explained what the Firm's new name and the strategy for rebranding. He also explained what it means and states their client's always first priority. Mr. Grumbles stated his disappointment with the Village Council's comments because overall the plan has always had good returns. He explained that Dana will be looked resulting from their recent under performance however it's not fair to say their long term is under performing. There was a

discussion on including the fiscal year returns report reflected on page 21 of this report when presenting to the Village Council. He stated the December 31, 2016 Performance Report is preliminary. He briefly reviewed the performance of the market environment, for major market indexes as of December 31, 2016. Mr. Grumble's stated the portfolio is doing very well across the board despite one bad fiscal year. He reviewed the market environment during the quarter. He explained the election impacted the market place but things have started to turn around. He noted the healthcare sector was the worse performing during the quarter. Trustee Gload questioned the current process in place for cash in the R&D account. Mr. Grumbles explained the account is used as a sweep account however Fiduciary Trust has a standing letter of direction on how to reinvest funds if needed. Overall the Fund is in line with the Target allocations. Mr. Grumbles would like to discuss allocating more to the Real Estate in the near future. Mr. Grumbles reported that for quarter ending December 31, 2016 the Plan's market value was \$4,164,486 and the asset allocations were as follows; Domestic Equity 48.7%, International Equity 14.2%, Domestic Fixed Income 19.7%, Global Fixed Income 5.1%, total Real Estate 8.8% and Cash Equivalent 3.5%. Mr. Grumble's reviewed the fiscal year returns for each manager. He reviewed the financial reconciliation stating the income to be \$34,603 with capital gains of \$15,303 resulting in the total market value of \$4,164,486. He reported that the trailing returns for quarter end the Plan's Total Fund (Gross) was at 1.21% versus the benchmark at 1.30%. Dana Core Equity was 4.57% versus the benchmark at 3.82%, EuroPacific fund was -4.15% versus the benchmark at -1.20%, Dana fixed Income was -2.13% versus the benchmark at -2.05%, and Templeton was 8.36% versus the benchmark at -4.89%. There was a brief explanation of how the bench mark is composed. He explained the changes made to the Dana allocations didn't take place until after the close of the fiscal year and is now reflected in this report as the quarter ended December 31, 2017.

Mr. Grumble's reviewed the changes made to the Investment Policy Statement. The changes made were due to the recent changes to the plan. Mr. Grumble's stated the domestic equity bench mark changed to the Russell 3000 for a better comparison. He explained the addition addendums for each manager and asset class. Ms. Jensen stated her review of the proposed Investment Policy Statement and confirmed her approval.

MOTION:

Board Member Rick made a motion to approve Investment Policy Statement as presented. Board Member Michelle seconded the motion, which carried by unanimous 4-0 vote.

Ms. Jensen made change to the investment consultant agreement to reflect the name change from Bogdahn to And Co Consulting.

MOTION:

Board Member Gload made a motion to approve the execution of the And Co Consulting agreement as presented. Board Member Oakley seconded the motion, which carried by unanimous 4-0 vote.

MOTION:

Board Member Oakley made a motion to approve the And Co Consulting December 31, 2016 Investment Performance Report as presented. Board Member Rick seconded the motion, which carried by unanimous 4-0 vote.

VII. CONSENT AGENDA

1. Ratification of invoices paid since last quarterly meeting:

<u>Check#</u>	<u>Paid Date</u>	<u>Vendor / Description</u>	<u>Amount</u>
1255	11/4/2016	Travel Reimbursement - Bernard Ward	\$218.64
1256	11/21/2016	Gabriel Roeder Smith & Company Actuarial Services Rendered through 9-30-16 Invoice# 424924 Date 10/4/16	\$2,149.00
1257	11/21/2016	Pension Resource Centers Administrator Fee - November 2016 Invoice# 15090	\$800.00
1258	11/21/2016	FPPTA 2017 Renewal	\$600.00
1259	12/12/2016	Pension Resource Centers Administrator Fee - December 2016 Invoice# 15153	\$800.00
1260	12/12/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 11-30-16 Invoice# 19130	\$1,980.00
1261	12/12/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 10-31-16 Invoice# 18994	\$258.50
1262	12/12/2016	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 9-30-16 Invoice# 18843	\$34.97
1263	12/12/2016	VOID	
1264	12/12/2016	VOID	
1265	1/25/2017	& Co 4th Quarter 2016 Invoice #20250	\$3,125.00
1266	1/25/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 12-31-16 Invoice #19278	\$135.00
1267	1/25/2017	Pension Resource Centers Administrator Fee - January 2017 Invoice # 15218	\$800.00
Paid by Custodian			
	10/25/2016	Fiduciary Trust International R&D 3rd Quarterly Admin Fee 9/30/16 Cust#xxxx6600 Inv#S14800486000	\$60.00

10/25/2016	Fiduciary Trust International Employees PE 3rd Quarterly Custody Fee 9/30/16 Cust#XXXX610 Inv#S14800484639	\$122.38
10/25/2016	Fiduciary Trust International Dana EQ 3rd Quarterly Custody Fee 9/30/16 Cust#XXXX620 Inv#S14800484640	\$285.70
10/25/2016	Fiduciary Trust International R&D 3rd Quarterly Custody Fee Cust#XXXX600 Inv#S14800484638	\$125.17

2. Payments to be reviewed and approved:

January 1, 2017	Gabriel, Roeder, Smith & Company Invoice #426761	\$6,373.00
October 16, 2016	Dana Advisors Invoice #50828 Account#1087cb 3rd Qtr 2016	\$522.87
October 16, 2016	Dana Advisors Invoice #50887 Account# 1087cc 3rd Qtr 2016	\$3,662.84
January 10, 2017	Dana Advisors Invoice #52933 Account# 1087cb 4th Qtr 2016	\$512.20
January 24, 2017	Dana Advisors Invoice# 52986 Account# 1087cc 4th Qtr 2016	\$3,346.62

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

John Rouse
Meaghan Arango-Lorick

4. Approval of withdrawal of contributions:

Carlos Morales
Patrick Sargent

MOTION:

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

VIII. UNFINISHED BUSINESS

8. List of Unfinished Business

Board Member Gload reviewed her list of items that are still outstanding. Ms. Jensen confirmed a cyber liability policy is held with both Pension Resource Centers and with the Village but will follow up. Board Member Gload stated Tatiana has still not been added to the

authorized signors list in order to process the funding requests for accounts payable. She reviewed and requested the "What to Expect Upon Retirement" document be completed and presented. She also requested to have the Chevy Chase invoices, which the fees are deducted from the assets, to be listed on the warrants for presentation.

IX. NEW BUSINESS

9. Bonni Jensen- Klausner, Jensen & Levinson
 - a. 2017 IRS Mileage Rate

Attorney Bonni Jensen reported that as of January 1, 2017 the IRS Standard Mileage Rate for 2017 is .535 cents per mile.

- b. Pending FRS Mortality Table Memorandum

Agenda item was discussed during the Actuarial Valuation presentation.

- c. Request for Online Access to Fiduciary Trust

Ms. Jensen requested her partner, Adam Levinson, to have online access at Fiduciary Trust.

MOTION:

Board Member Gload made a motion to approve the online access as requested. Board Member Rick seconded the motion, which carried by unanimous 4-0 vote.

- d. Attorney Fee Increase

Ms. Jensen reviewed the proposed fee increase. She stated the last fee increase was 3 years ago. The Board requested to have the Village attorney review agreement. The Board also requested to have Pension Resource Center to bring a fee comparison of attorney fees paid by other plans with their firm to be reviewed at the next regularly scheduled meeting.

- e. IRS Determination Correspondence

Ms. Jensen stated the IRS's determination is still pending and she will update the board when she receives an update back from the IRS Department.

X. BUDGET REPORT

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

Trustee Gload passed out the quarterly budget report to the trustees. She stated everything looks good and to be on track. She stated there doesn't seem to be anything out of the ordinary.

XI. ADMINISTRATIVE REPORT

11. 2017 Conference List

Ms. Jensen informed the Board of her Firm's upcoming conference in March.

12. Village request: Add Additional Signor for Bank Transfers

Ms. Ross confirmed that the signature cards for Fiduciary Trust will be updated to include Tatiana Racanati.

13. FY 2017 Calendar

Board Member Gload requested to have the calendar added to all future meeting to ensure the required tasks are completed on time.

XII. ANY OTHER MATTER

None

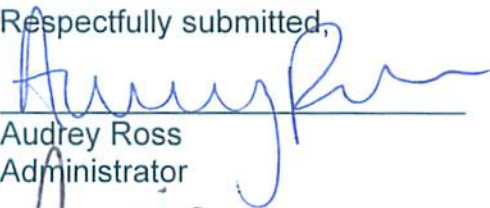
XIII. COMMUNICATION FROM CITIZENS

There were no communications from citizens.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,



Audrey Ross
Administrator



Board Member

Village of Tequesta General Employees' Pension Plan