

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
JUNE 13, 2017**

CALL TO ORDER

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 June 13, 2017. The meeting was called to order at 9:38 a.m.

ROLL CALL

A roll call was taken by Pension Administrator Kerry Dutton. In attendance at the meeting were: Chairman Michael Rhodes, 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 Kerry Dutton, Investment Monitor Tyler Grumbles(vis Telephone) and Investment Manager Greg Peters.

PUBLIC COMMENT

None

APPROVAL OF AGENDA

MOTION:

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

APPROVAL OF MINUTES

1. Tequesta General Employees' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – February 31, 2017.

One correction was made regarding the Village Council Presentation review.

MOTION:

Board Member Ward made a motion to approve the February 2, 2017 Regular Quarterly Meeting Minutes as amended. Board Member Oakley seconded the motion, which carried by 5-0 vote

PRESENTATIONS

2. Quarterly Performance Report as of March 31, 2017 - Tyler Grumbles, & Co Consulting

Mr. Grumbles stated the overall environment was positive. He briefly reviewed the performance of the market environment, for major market indexes as of March 31, 2017. Mr. Grumbles reported that for quarter ending March 31, 2017 the Plan's market value was \$4,446,913 and the asset allocations were as follows; Domestic Equity 50.7%, International Equity 15.1%, Domestic Fixed Income 19.7%, Global Fixed Income 5.2%, total Real Estate 8.4% and Cash Equivalent 0.9%. He explained the Real Estate Allocation is below the target of 10% and recommended increasing the commitment to this allocation. Mr. Grumbles noted Vanguard Total is reflected in this report since the two-step process has been completed. Mr. Grumble's reviewed the fiscal year returns for each manager. He reviewed the financial reconciliation stating the income to be \$18,862 with capital gains of \$199,799 resulting in the total market value of \$4,446,913. He reported that the trailing returns for quarter and the Plan's

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Total Fund (Gross) was at 5.20% versus the benchmark at 4.69%. Dana Core Equity was 7.90% versus the benchmark at 6.07%, Vanguard Total was 5.79% versus the benchmark at 5.74%, EuroPacific fund was 9.37% versus the benchmark at 7.98%, Dana fixed Income was 0.68% versus the benchmark at 0.68%, Templeton was 4.56% versus the benchmark at 2.83%, and ASB Real Estate was 1.32% versus the benchmark at 1.81%. He reviewed the market environment during the quarter. He stated the fund is too small in size to take advantage of alternative investments, but would like to increase the allocation to Real Estate. He noted it was a very strong second quarter. He stated the fund is well ahead the fiscal year expected rate of return. There was a brief discussion on the contributing factors to Dana's increased performance.

3. Update on Disclosure Brochure & Privacy Notice - Tyler Grumbles, & Co Consulting

Mr. Grumble's reviewed the updates made to the documents to reflect the changes the Board was previously made aware of. He noted this is partially resulted from the firms name change.

4. Discussion on adding to Real Estate - Tyler Grumbles, & Co Consulting

Mr. Grumbles recommended increasing the allocation to Real Estate. He reviewed the current environment of the real estate market in depth. He explained this allocation is a long term performance fund. He stated the market is now more mature along with ASB Real Estate being more of a conservative manager. He recommended increasing the allocation to the ASB real Estate Fund by \$100,000.00. He noted this is the minimum to enter for capital call with this manager. He reviewed the process that would take place to move forward with this recommendation. Ms. Jensen confirmed this additional allocation commitment would stay within the guidelines of the Investment Policy Statement.

MOTION:

Secretary Ward made a motion to approve the recommendation to add \$100,000.00 to the ASB Real Estate to maintain the 10% allocation. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

MOTION:

Secretary Ward made a motion to approve the And Co Consulting March 31, 2017 Investment Performance Report as presented. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

5. Dana's Quarterly Performance Report as of March 31, 2017 – Greg Peters, Dana Investment Advisors

Greg Peters, Dana Advisor, presented to the Board the Dana Advisors Investment Performance Report as of March 31, 2017. He reviewed the bond characteristics for the quarter. He stated the portfolio is of high quality. He continued to review the asset allocation stating in the past 2 quarters the market has started to stabilize. He provided a brief overview of fixed income yield curve and the equity performance by sector. He reviewed the performance gross fees through March 31, 2017. He reviewed the performance of the market environment during quarter. Mr. Peters explained Dana's investment strategy including the sector basis. He noted the change in the market has been more favorable to the firm's strategy. He continued to explain the 3 year dividend growth. Mr. Peters noted the top performance contributors and the top performance detractors during this quarter. He reviewed the price to earnings ratios. He reviewed the top 50 performers stating a few of the most recognizable names. There was a brief discussion on the driving contributors to last year's performance. He reviewed the historical market which captured the down turn and that shows limiting on the downside of market performance while participating in the upside of the market performance.

MOTION:

Board Member Gload made a motion to approve the Dana Quarterly Investment Report as presented. Board Member Oakley seconded the motion, which carried by 5-0 vote.

CONSENT AGENDA**6. Ratification of invoices paid since last quarterly meeting**

<u>Check#</u>	<u>Paid Date</u>	<u>Vendor / Description</u>	<u>Amount</u>
1268	2/15/2017	Gabriel Roeder Smith & Company Actuarial Services Rendered through 12-31-16 Invoice# 426761 Date 1/1/17	\$6,373.00
1269	2/15/2017	DANA Investment Advisors Management Fee - 3rd Quarter 2016 Account# 451856610 Invoice# 50828	\$522.87
1270	2/15/2017	DANA Investment Advisors Management Fee - 3rd Quarter 2016 Account# 451856620 Invoice# 50887	\$3,662.84
1271	2/15/2017	DANA Investment Advisors Management Fee - 4th Quarter 2016 Account# 451856610 Invoice# 52933	\$512.20
1272	2/15/2017	DANA Investment Advisors Management Fee - 4th Quarter 2016 Account# 451856620 Invoice# 52986	\$3,346.62
1273	3/9/2017	Pension Resource Centers Administrator Fee - February 2017 Invoice# 15287	\$800.00
1274	3/9/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 1/31/17 Invoice# 19442	\$67.50
1275	3/9/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 2/28/17 Invoice# 19585	\$1,080.00
1276	4/12/2017	Pension Resource Centers Administrator Fee - March 2017 Invoice# 15353	\$800.00
1277	4/12/2017	& Co Consulting, LLC 1st Quarter 2017 Invoice #21515	\$3,125.00
1278	5/15/2017	Pension Resource Centers Administrator Fee - April 2017 Invoice# 15420	\$800.00
1279	5/15/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 3/31/17 Invoice# 19726	\$990.00
1280	5/15/2017	Gabriel Roeder Smith & Company	\$4,905.00

Actuarial Services Rendered through 3-31-17
 Invoice# 429649 Date 4/5/17

1281	5/15/2017	DANA Investment Advisors Management Fee - 1th Quarter 2017 Account# 451856610 Invoice# 54709	\$546.68
1282	5/15/2017	DANA Investment Advisors Management Fee - 1th Quarter 2017 Account# 451856620 Invoice# 54758	\$2,153.61

PAID BY CUSTODIAN

December 31, 2017	ASB Capital Management 4th Qtr 2016 Fee	\$1,149.76
March 31, 2017	ASB Capital Management 1st Qtr 2017 Fee	\$1,161.38
January 18, 2017	Fiduciary Trust International R&D 4th Qtr 2016 Fee	\$281.55
January 25, 2017	Fiduciary Trust International PE 4th Qtr 2016 Fee	\$119.77
January 25, 2017	Fiduciary Trust International GE- DANA EQ 4th Qtr 2016 Fee	\$223.65
April 13, 2017	Fiduciary Trust International GE- DANA R&D 1th Qtr 2017 Fee	\$651.68
April 25, 2017	Fiduciary Trust International GE- PE 1th Qtr 2017 Fee	\$247.62
April 25, 2017	Fiduciary Trust International GE- DANA EQ 1th Qtr 2017 Fee	\$391.63
TOTAL		\$33,912.36

7. Payments to be reviewed and approved

<u>Invoice Date</u>	<u>Vendor / Description</u>	<u>Amount</u>
April 28, 2017	Resource Centers, LLC	\$809.56
April 30, 2017	Klausner, Kaufman, Jensen & Levinson	\$619.00
May 30, 2017	Klausner, Kaufman, Jensen & Levinson	\$180.00
TOTAL TO BE APPROVED		\$1,608.56

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

Katherine Hannon
 Christopher Sean Quirk

9. Approval of withdrawal of contributions:

Timothy English – *payment issued 3/2/17*

10. Terminated employees who have not yet taken their contributions:

Following members were notified via mail on April 24, 2017:

Derek Watson
Brett Steele
Nathan Litteral
Martin Meehan
Simon Jamason
Akino Seino

11. Benefit Approvals – *Plan Administrator Kerry Dutton, Pension Resource Centers*

END OF CONSENT AGENDA

Items 6 & 7 were pulled for a later discussion.

MOTION:

Board Member Rick made a motion to approve the Consent Agenda items 8,9,10 and 11 as presented Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

OLD BUSINESS

12. Drafted Amendment for the IRS Determination Letter

Ms. Jensen stated the Board had received a favorable determination letter for the IRS. Even though the previous amendment to the Plan was not timely adopted, there was no sanction for the delay amendment. The IRS required some language amendments to the Plan. She reviewed the graft amendments that are required as a result of the determination letter. She noted the draft is to be presented to the Village Council.

MOTION:

Secretary Ward made a motion to authorize Ms. Jensen to submit the amended ordinance to the Village Council as presented. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

NEW BUSINESS

13. Village Council Presentation – *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson*

Ms. Jensen reviewed the draft summary report which will become part of the presentation to the Village Council. There was a discussion on who would present. Due to conflicting schedules it was decided to present at the Council meeting in August. There was discussion on including specific pages of the & Co's and Dana's Quarterly Performance Report.

14. Form 1 Filing – *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson*

Bonni Jensen reminded the Trustees of the required filing of the Form 1 due on July 1st. She explained that this can be filed by the Trustee directly or through her office. She recommended filing with a confirmed receipt.

15. Top 10 Internal Controls to Prevent & Detect Fraud - *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson*

Ms. Jensen reviewed the discussion at the last meeting regarding the Miami Beach Theft. She updated the Board on the status of the case. She stated the City has recouped roughly half of the losses. She reviewed the checklist created by her firm. She reviewed additional insurance coverage as in cyber liability coverage. She explained the timeframe for notifying participants due to a system breach is very short. Ms. Jensen recommends the Board review the policy's held by the Village, plan administrator and the custodian. The Board should also request a quote for the plan directly. There was a lengthy discussion on processes and procedures currently in place.

BUDGET REPORT

16. Quarterly Budget Report – Income Statement & Expenditure Report – *Board Member, Michelle Gload, Finance Department*

Ms. Gload reviewed the income and expenses report to date. She expressed the budget will need to be amended for this year. She expressed her recommendation to combine both the budget report with the discussion on next year's draft budget.

17. FYE 2018 Draft Budget – *Board Member, Michelle Gload, Finance Department*

Ms. Gload reviewed the current income and expenditure statements year to date. There was a lengthy discussion on next year's budget allowances based on this year's actual year to date figures. There was discussion on the listed warrants of items paid specifically the custodian fees. Ms. Dutton explained the invoices are behind and was listed as paid in error. Ms. Dutton expressed the issue with the invoices being delayed. The Board requested to have the invoices issued by the custodian in a timely manner. Ms. Dutton explained the process currently in place for paying invoices. There was a lengthy discussion on simplifying the process. The Board requested to have all invoices ratified on one warrant at each quarterly board meeting.

MOTION:

Secretary Ward made a motion to approve the FYE2018 Budget as amended. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.

MOTION:

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

ADMINISTRATIVE REPORT

18. Informal Internal Attorney Fee Comparison – *Plan Administrator Kerry Dutton, Pension Resource Centers*

There was discussion on the difference of retainer type fee verses a fee by the hour. Chairman Rhodes noted Ms. Jensen's professionalism.

MOTION:

Secretary Ward made a motion to approve the attorney fee increase to \$265 per hour effective July 1, 2017. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

19. Draft "What to Expect Upon Retirement" Document – Plan Administrator Kerry Dutton, Pension Resource Centers

Ms. Dutton reviewed the documents created to give member a brief overview when entering retirement. There was discussion on the time frame listed for the retirement process.

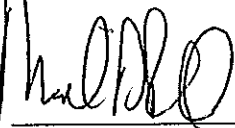
20. Upcoming Election – Trustee Gload term expired 8/18/17 — Plan Administrator Kerry Dutton, Pension Resource Centers

Ms. Dutton stated Ms. Gload term is set to expire in August and therefore an election process will be implemented beforehand.

ANY OTHER MATTER

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:10 p.m.



Board Member

Village of Tequesta General Employees' Pension Plan