

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND  
REGULAR BOARD MEETING MINUTES  
NOVEMBER 6, 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 November 6, 2017. The meeting was called to order at 8:30 a.m.

**ROLL CALL**

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

Also in attendance were Attorney Bonni Jensen, Pension Administrator Kerry Dutton, Investment Monitor Tyler Grumbles, Dana Advisory Greg Peters, ASB Real Estate Representative Georgette Baxter and finance director Chris Quirk. Also in attendance was retiree JoAnn Forsythe and members of the public.

**PUBLIC COMMENT**

None

**APPROVAL OF AGENDA**

Chairman Rhodes requested item 15 to be moved up for discussion after the consent agenda. He also requested the vendor list and item 8 be discussed with item 13.

**MOTION:**

**Board Member Gload made a motion to approve the agenda as amended. Board Member Rick 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>
1290	8/14/2017	Pension Resource Centers Administrator Fee - August 2017 Invoice# 15690	\$800.00
1291	8/14/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 7-31-17 Invoice# 20314	\$3,871.00
1292	8/14/2017	DANA Investment Advisors Management Fee - 2nd Quarter 2017 Account# 451856610 Invoice# 56183	\$545.65
1293	8/14/2017	DANA Investment Advisors Management Fee - 2nd Quarter 2017 Account# 451856620 Invoice# 56226	\$2,235.15
1294	9/20/2017	Pension Resource Centers Administrator Fee - Sept 2017	\$800.00

Invoice# 15760

1295	9/20/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 8-30-17 Invoice# 20452	\$477.00
1296	9/20/2017	Gehring Group, Inc Fiduciary Liability Insurance Renewal 10/17-10/18	\$1,269.08
1297	10/12/2017	Pension Resource Centers Administrator Fee - Oct 2017 Invoice# 15822	\$1,000.00
1298	10/12/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 9-28-17 Invoice# 20588	\$53.00
1299	10/12/2017	& Co 3rd Quarter 2017 Invoice #23368	\$3,125.00

**Total:** \$14,175.88

7/17/2017	Custodian ASB Capital Management 2nd Qtr 2017	\$1,165.28
10/16/2017	ASB Capital Management 3rd Qtr 2017	\$1,170.84
10/17/2017	Fiduciary Trust International GE- DANA R&D 3rd Qtr 2017 Fee	\$459.96
10/17/2017	Fiduciary Trust International PE 3rd Qtr 2017 Fee	\$135.56
10/31/2017	Fiduciary Trust International GE- DANA EQ 3rd Qtr 2017 Fee	\$184.96

**Total:** \$17,292.48

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

Patricia Nawrocki  
William Davis

8. Terminated non-vested employees who have not yet taken their contributions:

Akino Seino – *payment issued 6/12/17*

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

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

Derek Watson – 10/27/2013  
Brett Steele – 05/16/2014  
Nathan Litteral – 12/29/2014

Martin Meehan – 02/13/2016  
Simon Jamason – 05/10/2016

The Board confirmed Cynthia Morabito was not notified with the above members on April 24, 2017.

Cynthia Morabito – 10/10/2017

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

### **END OF CONSENT AGENDA**

#### **MOTION:**

**Secretary Ward made a motion to approve the Consent Agenda as amended. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.**

15. Request for Pro-Rated Pension Benefit from Retiree JoAnn Forsythe - Plan Administrator Kerry Dutton, Pension Resource Centers

Ms. Dutton reviewed the material which was included with the meeting materials. Ms. Jensen reviewed the request made by JoAnn Forsythe. She explained Mrs. Forsythe is requesting a pro-rated benefit for the month which her retirement commenced. She stated this is an informal hearing process and stated an appeal can be filed if the Board was to deny the request today. Mrs. Forsythe approached the Board. She references the specific wording found within the ordinance which she found to be unclear due to normal retirement and early retirement being referenced. She quoted Mrs. Jensen's email on the understanding of the language. Mrs. Forsythe reviewed the timeline of her retirement process. A lengthy discussion ensued on the language and interpretation of the ordinance. The board discussed the Fund's previous practice along with the practice of other local plans. Mrs. Forsythe restated the language difference between the reference of retirement date and normal retirement. The Board discussed at great length the differences on the language Mrs. Forsythe brought forth. Mrs. Forsythe stated her concerns regarding the ordinance and the definitions. Chairman Rhoades clearly stated the 2 issues at hand to be; (1) Definition of Retirement, (2) Implementation of the Definition. Mrs. Jensen reviewed the options the Board has available to address the issue at hand. She stated an approval of this request will have some issues that will arise. She stated the board could also deny the request or amend the plan to reflect the process that Mrs. Forsythe has requested. Mrs. Jensen stated the plan document can be changed to include language clearly stating there will be no proration for partial months. Board Member Oakley confirmed the disability benefits specifically state the pro-ration of the benefit for partial months. She also stated this would also apply to partial months resulting from a member's passing. Mrs. Jensen suggested the benefit commencement date definition be confirmed with GRS. The Board discussed requesting additional information from GRS.

#### **MOTION:**

**Secretary Ward made a motion to gather more information on the ordinance, on the retirement process and request GRS review and present the findings at the next board meeting. Board Member Oakley seconded the motion, which carried by unanimous 5-0 vote.**

Mrs. Forsythe thanked the Board.

## **APPROVAL OF MINUTES**

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

The Board requests multiple typographical and wording changes. The Board requested the re-line copy be included at the next Board meeting.

### **MOTION:**

**Board Member Rick made a motion to approve the July 31, 2017 Regular Quarterly Meeting Minutes as amended. Board Member Gload seconded the motion, which carried by 5-0 vote**

## **PRESENTATIONS**

2. ASB Performance Report – Georgette Baxter, ASB Investments

Ms. Baxter approached the Board. The Board gave notice of 30 minute presentation time. Ms. Baxter reviewed the two institutional funds with over 360 investors. She reviewed the team structure with the firm reviewing the changes in leadership. She continued by reviewing the investor base. ASB just allocated \$150 million from Oregon's General Employees' Pension Fund which will be reflected by the end of the quarter. The return since inception was 4.33% and the return for the quarter ending September 30, 2017 was .79%. She reviewed the factors driving underperformance and explained the performance expected going forward. She stated the year to year changes and overall performance percentages as follows; industrial 55.9%, office 6.4%, residential 4.2%, and retail at 4.0%. Board member Ward questioned the leasing within the retail market with recent decline due to online retail. Ms. Baxter confirmed the firm's retail selections are street front retail with high traffic locations. Ms. Baxter reviewed the full market cycle noting a full cycle is typically a 10 year period. There was a brief discussion on the markets driving the returns up after the downturn of the market. Ms. Baxter reviewed the asset allocations compared to the target allocations. She reviewed the investment criteria specifically the building structural attributes and desirable locations. She stated the new New York building was purchased with a line of credit and is already a 100% leased therefore the building will bring ASB up to 18% leverage. She noted with core real estates a high single digit return is to be expected. She briefly reviewed the property types broken out by location. ASB has queues for redemptions and incoming funds. There was brief discussion on expiring leases and income tax due to a pending bill. Ms. Baxter thanked the board.

### **MOTION:**

**Secretary Ward made a motion to approve the presentation by ASB. Board Member Rick seconded the motion, which carried by 5-0 vote**

3. Quarterly Performance Report as of September 30, 2017 – Greg Peters, Dana Advisory

Greg Peters, Dana Advisor, presented to the Board the Dana Advisors Investment Performance Report as of September 30, 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 stated the quarter return gross of fee to be 6.02% versus the benchmark of 4.48%. He reviewed the performance gross fees through September 30, 2017 contributing to the quarters return. He reviewed the performance of the market environment during quarter. Mr. Peters explained Dana's investment strategy including the sector basis. He noted the Federal Reserve is expected to raise rates once more. Mr. Peter's stated a new record high, value outperformed growth. Growth was leading at 8.65%. He stated Telecom turned positive this quarter as well. 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. 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 Ward made a motion to approve the presentation by Dana Advisory. Board Member Oakley seconded the motion, which carried by 5-0 vote**

**4. Quarterly Performance Report as of September 30, 2017 - Tyler Grumbles, And Co Consulting**

Tyler Grumbles reported the performance as of September 30, 2017. He stated the depreciation of the US dollar is helping the emerging market sector. International is now the best performing asset class at 19.6%, the S&P was up at 18.6% and the US aggregate was flat at 0.1%. Mr. Grumbles reviewed the market and sector performance for the quarter. He reviewed the asset allocation stating the real estate capital call is reflected. Mr. Grumbles reported that for quarter ending September 30, 2017 the Plan's market value was \$4,923,982 and the asset allocations were as follows; Domestic Equity 50.5%, International Equity 15.5%, Domestic Fixed Income 18.8%, Global Fixed Income 4.9%, total Real Estate 9.6% and Cash Equivalent 0.6%. He reviewed the cash flow during the quarter. He stated the assets gained 4.0% for the quarter compared to the 3.67% benchmark. The FYTD gross return of 14.16% ranked in the top 12 percentile of the peer fund universe. He reviewed the trailing returns highlighting EuroPacific. Mr. Grumbles noted the Plan exceeded the expected rate of return for the fiscal year. Mr. Grumbles reviewed and commented on individual manager performance. He reviewed the income and capital gain for the fiscal year. He stated this year was a great fiscal year for the plan. Mr. Grumbles reviewed the objectives listed on the compliance checklist. Mr. Grumbles had no recommendation on asset allocations at this time.

**MOTION:**

**Board Member Rick made a motion to approve the And Co Consulting September 30, 2017 Investment Performance Report as presented. Secretary Ward seconded the motion, which carried by unanimous 5-0 vote**

**5. Annual Investment Policy Statement Review - Tyler Grumbles, And Co Consulting**

Mr. Grumbles reviewed the Investment Policy Statement. He reviewed the target allocation chart which reflected the asset class, target, appropriate target range and the benchmark index. He noted all target ranges listed are within 5% of the target. He explained if an asset falls outside of the target range there is an automatic rebalance in place to bring the assets back to target. He noted on a relative basis the total portfolio performance will rank in top 40%. He confirmed most of the clients with And Co have the 40% specified within the policy. He confirmed the commissions recapture firm and the firm's purpose. Mr. Grumbles also reviewed the addendum for the recent fee reduction. He reviewed the criteria for investment manager review and the addendum for Dana.

**MOTION:**

**Secretary Ward made a motion to re-adopt the Investment Policy Statement as presented. Board Member Oakley seconded the motion, which carried by unanimous 5-0 vote**

## **NEW BUSINESS**

### **11. Summary of Actions for Village Council Presentation – *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson***

Ms. Jensen reviewed the power point slides for the upcoming Village Council presentation. She confirmed the power point will be given to the council in advance of the presentation. Chairman Rhoades requested the projector confirmed with Village Clerk for the presentation. Ms. Jensen confirmed the Village presentation is going to be held on December 7, 2017. There was a brief discussion on who would present at the meeting. Secretary Ward confirmed his attendance to be upcoming meeting.

### **12. Annual Conference Cancellation – *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson***

Ms. Jensen stated her Firm has decided to cancel the annual conference. She explained the impact of the hurricane caused damage to the hotel for which the conference was to be held. She explained the Firm will be sending the money which was to be used for the conference to the hurricane victims and recovery directly.

## **BUDGET REPORT**

### **13. Quarterly Budget Report – Revenue & Expenditure Report – *Board Member, Michelle Gload, Finance Department***

Ms. Gload reviewed the revenue and expenditure report to date. She stated all invoices for the fiscal year are recorded. She noted everything was in line with the budget. She stated the contribution receivables are accruals and not included in the And Co report.

### **MOTION:**

**Secretary Ward made a motion to approve the quarterly Budget Report. Board Member Rick seconded the motion, which carried by unanimous 5-0 vote.**

## **ADMINISTRATIVE REPORT**

### **16. Electronic Filing Requirement Letter – Actuary Jeffery Amrose, GRS**

Ms. Jensen reviewed a new requirement by the state which requires the Actuarial Valuation to be inputted online and don so by the Actuary not the staff. She explained this applies to all Valuations and submission of paper copies to the State is no longer available.

### **17.FPPTA Winter Trustees School – Plan Administrator Kerry Dutton, Pension Resource Centers**

Mrs. Dutton reviewed the dates and location of the upcoming winter trustees school.

## **ANY OTHER MATTER**

### **18.2018 Calendar Schedule**

Ms. Dutton informed the Board no action is needed and this is simply a calendar of the pension conferences during the year.

## 20. Election of Officers

Ms. Dutton advised the Board of Ms. Gload's no contested nomination and therefore was re-elected for another term. She notified the Board of the election results memorandum that was distributed to the active participants prior to the meeting date.

## 21. Participant Workshop

Ms. Jensen confirmed the Village agreed to the December 1<sup>st</sup> workshop date. She reviewed the location and time along with the coordinating details for food. Ms. Gload suggested using a local restaurant for supplying the food. There was discussion on possible information to be included in the workshop presentation. Ms. Jensen confirmed all information can be composed in one single power point. She confirmed the process of notification to the members.

There was a brief meeting regarding changing the fiduciary liability to the spring meeting annually for discussion and approval. The Board requested to have a new broker along with at least one additional policy quote for comparison at the next meeting.

Mr. Grumbles informed the Board of his scheduling conflict and stated his associate John McCann will be attending.

## 19. Approved Red-Line Minutes – June 13, 2017

Mr. Rhodes requested once more to have all meeting minutes available 4 weeks after the meeting.

A discussion ensued on the non-vested members who have yet to take a refund of their contribution. Ms. Jensen suggested sending a letter to notify the members annually. Chairman Rhodes requested to add the annual letters to the spring agenda going forward. He also requested the removal of termination dates on the agenda.

Ms. Jensen opened the floor for nominations of chairman. Mr. Ward noted little interested in becoming chairman and noted Michael Rhoades history on the Board along with his pension knowledge.

### **MOTION:**

**Secretary Ward made a motion to nominate Michael Rhoades as chairman. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.**

## **ADJOURNMENT**

There being no further business, the meeting was adjourned at 1:06 p.m.



Board Member

Village of Tequesta General Employees' Pension Plan