

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
AUGUST 4, 2014**

I. CALL TO ORDER AND ROLL CALL

The Regular Quarterly Board Meeting of the Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees was held at the Village Hall Council Chambers, 345 Tequesta Drive, Tequesta, Florida, on August 4, 2014. The meeting was called to order at 8:02 a.m.

A roll call was taken by Pension Administrator Dixie Martinez. In attendance at the meeting were: Chair Robert Young, Secretary Ray Giblin and Board Member John Terzakis.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Dixie Martinez, Investment Monitor Tyler Grumbles and Custodian Cindy Farrow (8:05 a.m.).

II. APPROVAL OF AGENDA

Chair Young requested the addition of "what will happen if the Board loses one more Trustee" to be reviewed under item X.10.Upcoming Election – Gerald Pitocchelli retired 07-11-14.

MOTION:

Secretary Giblin made a motion to approve the Agenda as amended. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

III. APPROVAL OF MINUTES

1. Minutes:
 - a. Quarterly Meeting – May 5, 2014

Administrator Martinez reported that she had revised the May 5, 2014 Minutes. She explained that she corrected the spelling of Investment Monitor "John Thimmes-Thinnes" last name.

MOTION:

Secretary Giblin made a motion to accept the revised minutes for the meeting on May 5, 2014. Board member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

IV. PRESENTATIONS

2. Investment Monitor - Tyler Grumbles, Bogdahn Consulting, LLC.
 - a. Quarterly Performance Report

Tyler Grumbles, Bogdahn Consulting, briefly reviewed the performance of the market environment for major market indexes as of June 30, 2014. He noted that TIPS was up 3.8% for the quarter. He explained that PIMCO was slightly overweighted in TIPS therefore

they had outperformed during this quarter. He also noted that there had been a slight decrease in interest rate during this quarter therefore the pricing of Fixed Income had gone up. Mr. Grumbles reported that for quarter ending June 30, 2014 the Plan's market value was \$10,819,825.00 and the asset allocations were Domestic Equity 53.4%, International Equity 11.3%, Domestic Fixed Income 28.7%, Global Fixed Income 4.9% and Cash Equivalent 1.8%. He reported that the Plan is slightly overweight in Domestic Equity and slightly underweighted in International Equity. However he does not recommend a rebalance at this time. Mr. Grumbles reviewed the financial reconciliation of the Fund as of June 30, 2014. He reported that for quarter ending June 30, 2014 the Plan's Total Fund (Gross) finished at 3.57% versus the benchmark at 4.02%. Domestic Equity finished at 4.50% versus the benchmark at 4.87%, International Equity finished at 2.95% versus the benchmark at 5.25%, Domestic Fixed Income finished at 2.37% versus the benchmark at 2.04% and Global Fixed Income finished at 2.67% versus the benchmark at 3.62%. Mr. Grumbles reviewed the performance of each manager individually. He noted that Brown Advisory continues to struggle and he explained why. He noted he believes Brown Advisory will come back up. He does not recommend changing this manager at this time. However he will keep an eye on it. He noted that GAMCO had a nice quarter. He explained that Europacific had a slight underperformance during this quarter due to Financials not doing so well during this quarter in Europe. He noted that PIMCO had a good quarter.

b. Discussion on Real Estate

Mr. Grumbles explained what Public Real Estate Investment Trusts (REITs) are. He reported that he does not recommend REITs as a substitute for Fixed Income. He explained what Core Real Estates are as well as its characteristics, fees and structure. He explained that this commitment will be \$1 million and it has a waiting period of about 2 quarter queue. He reviewed the REIT structure versus the Open-End Comingled Fund structure. He reported that out of the 7 Open-End Diversified Core Real Manager Funds listed on the review he recommends American Realty Advisors, ASB Capital Management and Principal Real Estate Investor. He explained why he recommends these 3 managers out the 7 managers. He reviewed the different characteristics of the recommended 3 managers as well as their liquidity. He reviewed the managers' performance and trailing returns in the last 7 years ending on December 31, 2013. He noted that this investment will be a replacement for Fixed Income. Therefore they are looking for a low volatility investment. He recommends that the Board bring the managers to make a presentation if the Board is interested in pursuing this type of investment. He reviewed the risk versus the returns. He recommends an investment of 10% of Fixed Income. Mr. Grumbles explained what the NCREIF ODCE index is. Board Member Terzakis expressed his thoughts and concerns regarding this type of investment. Mr. Grumbles noted that he is focusing in investing in Private Equity not REITs. The Board agreed that they would like to invite to the next regular quarterly meeting to make a presentation, Principal US Property and ASB Allegiance Real Estate Fund. Mr. Grumbles will notify the investment managers. Mr. Grumbles reported that if the Public Safety Board makes an investment the General Employees may be able to do the same without an additional liability to this Plan. He explained that the General Employees cannot make an investment by itself.

MOTION:

Secretary Giblin made a motion to invite Principal US Property and ASB Allegiance Real Estate Fund for a presentation to the next quarterly meeting. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

Chair Young requested Salem Trusts' Presentation be added as the next item on the Agenda. It was the Consensus of the Board to add Salem Trusts Presentation as next item on the Agenda.

c. Salem Trust Custodian – Cindy Farrow

Custodian, Cindy Farrow, reported that as per the Villages' recommendation she had come to this meeting to address an erroneous value in the "Schedule of Adjustments" reflected in the May statement. She explained that the error was the consequence of a programming issue involving a unique prior period adjustment to a corporate action (Vodafone). She explained that the correcting entries crossed over more than one statement period which resulted in the calculation of the incorrect prior period figure. While the error resulted in the posting of an exaggerated value, it is important to recognize that the market value ending in May 31, 2014 is correct. She reported that the Village had posted the erroneous value in a suspense account. However there is no need to have this posted in such account. She reported that she will be meeting with Finance Director JoAnn Forsythe to address this matter so that it can be resolved. The Board thanked Ms. Farrow for her professionalism in attending this meeting to explain this matter to the Board.

V. UNFINISHED BUSINESS

None

VI. STANDING REPORTS (INFORMATION ITEMS)

3. New applicants for participation in Pension Plan:

None

4. Request for withdrawal of contributions (employees terminating employment with the Village of Tequesta) – Ratification of withdrawals made since the last meeting.

None

5. Terminated employees who have not taken their contributions:

None

VII. PAYMENTS TO BE RATIFIED (PAYMENTS MADE SINCE LAST MEETING)

6. Pension Resource Center Adm. Fees – May 2014	\$ 950.00
Gamco Investors Inc Investment Mgmt. Fees 1 st Q 2014	\$5,298.00
Perry & Jensen Legal Services rendered through 05/15/14	\$1,608.08

Pension Resource Center \$ 950.00
Adm. Fees – June 2014

The Bogdahn Group \$3,750.00
Performance Evaluation for the 2nd Q. 2014

Perry & Jensen \$ 552.30
Legal Services rendered through 06/15/14

VIII. PAYMENT TO BE REVIEWED AND APPROVED

7. Pension Resource Centers \$ 950.00
Adm. Fee July 2014

Gabriel, Roeder, Smith & Company \$1,866.00
Actuarial Services through 06/30/2014

Perry & Jensen \$ 641.70
Legal Services rendered through 07/15/14

MOTION:

Secretary Giblin made a motion to approve the Payments to be Ratified and the Payments to be Reviewed as presented. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

IX. BUDGET REPORT

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

Finance Staff was not available to review the budget report. The Board reviewed the Income Statement report as well as the Expenditure Report. Ms. Martinez presented to the Board a report which showed the September 30, 2013 total balances by account and compared it to the year to date balances by account for period October 1, 2013 through June 30, 2014. Ms. Martinez reported that the Suspense account noted on the reports had already been addressed by Ms. Farrow.

MOTION:

Secretary Giblin made a motion to approve the Quarterly Budget Report – Income Statement & Expenditure Report as presented. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

XI. NEW BUSINESS

9. Ordinance Amendment, Attorney Bonni Jensen

Attorney Bonni Jensen reported that Ordinance NO. 9-14 passed on second reading on June 12, 2014. This amendment to the Plan was required as a result of collective bargaining between the Village and the IAFF Local Union representing the Firefighters. The amendment makes changes to the pension benefits for Firefighters hired on and after

October 1, 2010. She noted that as of October 1, 2013, there were no active firefighters who were hired after October 1, 2010. There is no change to the benefits for Firefighters who were employed on September 30, 2010. The changes to the benefits for Firefighters hired on and after October 1, 2010 are: Definition of salary is the fixed monthly remuneration paid to a firefighter for services rendered (including regular earnings, vacation pay, and sick pay) but excluding lump sum payments, overtime, bonuses, incentives, and longevity. Pension multiplier is 2% for the first six (6) years of employment and 2.5% for all of the following years. She explained that this amendment related to the Firefighters' had been negotiated a while back. However it had not been implemented.

Attorney Bonni Jensen reported that there is also a proposed Ordinance Amendment which relates to employment after bona fide retirement. She reviewed the proposed changes. She explained that she will need to confirm if this proposed Ordinance Amendment effective date has to be retroactive to April 2011, she explained why. The Board had a brief discussion regarding the need of bargaining on the proposed Ordinance Amendment. The Board expressed their thoughts and concerns.

MOTION:

Board Member Terzakis made a motion to forward the proposed Ordinance Amendment to the Villages' Council. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

10. Upcoming Election – Gerald Pitocchelli retired 07-11-14, Administrator Dixie Martinez.

Administrator Dixie Martinez reported that with the authorization of the Board she will need to start the election process to replace Board Member Gerald Pitocchelli who retired on July 11, 2014. Ms. Martinez reported that there are less than 10 active Police Officers therefore the trustee position can be held by either an active or retired police officer.

Chair Young asked what will happen if the Board loses another Trustee. Attorney Bonni Jensen reported that the position would have to be replaced as well, however as long as there are 3 members on the Board the Board will have a quorum.

MOTION:

Secretary Giblin made a motion to authorize Administrator Dixie Martinez to initiate the election process. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

The Board congratulated Attorney Bonni Jensen for becoming a partner with Klausner, Kaufman, Jensen, & Levinson. She will bring to the next meeting an assumption to the contract with the Pension Plan.

11. Summary of Actions, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that the Village had changed the presentation dates as requested by the Board. She reported that the next presentation will be September 11, 2014. Board Member Terzakis volunteered to make the next presentation.

XII. ANY OTHER MATTER

None

XIII. COMMUNICATIONS FROM CITIZENS

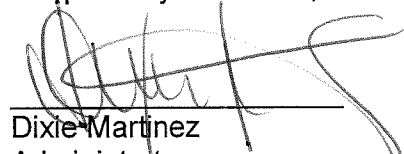
XIV. ADJOURNMENT

MOTION:

Board Member Terzakis moved to adjourn the meeting. Secretary Giblin seconded the motion, which carried by unanimous 3-0 vote.

There being no further business, the meeting was adjourned at 9:12 a.m.

Respectfully submitted,



Dixie Martinez
Administrator

Village of Tequesta Public Safety Officers' Pension Plan



Board Member

Village of Tequesta Public Safety Officers' Pension Plan