

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 5, 2018**

CALL TO ORDER

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 February 5, 2018. The meeting was called to order at 8:30 a.m.

ROLL CALL

A roll call was taken by Pension Administrator Kerry Dutton. In attendance at the meeting were: Chairman Ed Sabin, Secretary John Terzakis, Board Member Kyle Stone and Board Member Ray Korkowski.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Kerry Dutton, Investment Monitor Tyler Grumbles, Actuary Jeffrey Amrose, Finance Director Chris Quirk and Village Employee Michelle Gload.

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF AGENDA

Ms. Dutton stated the typographical error of the next meeting date which should list the correct meeting date of April 30, 2018.

MOTION:

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

APPROVAL OF MINUTES

1. Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees Regular Quarterly Meeting Minutes – November 6, 2017

The Board requested the minutes contain the three suggested options to the Village for the treatment of the 185 monies.

PRESENTATIONS

2. Actuarial Valuation as of September 30, 2017 – Jeffrey Amrose, Gabriel, Roeder, Smith & Company

Mr. Amrose presented to the Board the Actuarial Valuation Report as of September 30, 2017. He stated the Plan is in very good shape due to a high funded level and the reasonable assumptions the Plan is using. He stated the plan is almost fully funded at 98.1% versus 97.5% last fiscal year. He noted the Village's required contribution has increased to 22.32% of covered payroll versus last year at 15.19% of covered payroll.

Mr. Amrose reviewed the fluctuation of the actual required Village contributions due to the reduction of the expectant rate of return. He explained the accumulated excess chapter monies totaling \$484,753 is being held in the reserve and is subtracted from the Plan assets. Ms. Jensen updated the Board on the Village's request to access the valuation data held by GRS. She explained this was discussed and approved by Chairman Sabin in between meetings. She noted the Village would pay any fees associated with this request.

MOTION:

Board Member Korkowski made a motion to ratify the request made by the Village to use data work with GRS at the Village's Costs. Board Member Stone seconded the motion, which carried by unanimous 4-0 vote.

Mr. Amrose noted the Village's request has already been provided. He confirmed the Pension board is the client and therefore would only work with the Village at the approval of the Board.

Trustee Korkowski questions the treatment of the chapter money if the police officers were to re-enter the pension plan. Ms. Jensen reviewed possible scenarios since the Village and Union has not come to a formal agreement. Mr. Amrose confirmed another study would need to be completed to determine the amount additional chapter money that would be available.

Mr. Amrose reviewed the Village's contributions chart. He noted the fund currently has negative amortization payments. Mr. Amrose reviewed SB 128 that requires the minimum contribution to be at least the normal cost of the Plan. There was a discussion on the health of the Police Officers' portion of the Plan and how the funding level would be affected if the police officers' were to re-enter into the Plan. Mr. Amrose noted the Plan is in the very good shape. He continued by stating the 90 plans with none funded as high. He explained the process used to calculate the Village's contribution. He stated the rate of return on the S&P500 which reflects the Plan's return of 7.25%. He noted the expectant rate of return has almost been met 4 months into the fiscal year. He stated the \$333,315 reserves for the Police Officer's is excluded before accounting for the Plan's assets which is used in determining the Village's contributions. Ms. Jensen noted the Board suggested Share accounts to the Village Commission. Mr. Amrose stated the percentage of payroll went down as a result of fewer active members. He reviewed the GASB disclosures and stated the disclosures will go in to the Village's CAFR. The Board thanked Mr. Amrose.

3. Quarterly Performance Report as of December 31, 2017- Tyler Grumbles, And Co Consulting

Tyler Grumbles updated the Board stating And Cos organization changes. Mr. Grumbles stated Dan Johnson, a previous consultant for the Tequesta Boards, has been given shares in the company and is now director. He also noted that Dave West has elected to re-cycle his shares back in to the company. He addressed the Board to present the performance of the market environment for major market indexes as of December 31, 2017. He stated the US dollar is still depreciation but not as much yet helping the emerging market sector. He reviewed the tax reform bill, which passed at the end of the quarter, effect on the market however it's hard to now the long term effect. He stated the short term effect resulted in rates to increase but long term rates went down. He noted that Garcia Hamilton was very nicely positioned. Mr. Grumbles reviewed the market and sector

performance for the quarter. He reviewed the cash flow and the asset allocation for the quarter. The portfolio had \$14,392,821 of total assets for the close of the December 31, 2017 quarter. The portfolio gained 3.97% gross of fees for the quarter. Total Equity was 5.58% versus the benchmark at 6.05%, Total Domestic Equity was 6.00% versus the benchmark at 6.34%, Total International Equity was 4.24% versus the benchmark at 15.06%, Total Fixed Income was at 0.44% versus the benchmark at 0.41%, Domestic Fixed was 1.00% versus the benchmark at 0.39%, Global Fixed was -1.74% versus the benchmark at 0.58%, and Real Estate was at 2.06% versus the benchmark at 2.12%. Mr. Grumbles reviewed the managers fees reflected in the fee schedule. There was a discussion on the frequency on rebalancing of the Fund. There is no recommendations at this time.

CONSENT AGENDA

4. Ratification of invoices paid since last quarterly meeting

<u>Check#</u>	<u>Paid Date</u>	<u>Vendor / Description</u>	<u>Amount</u>
1300	11/9/2017	Pension Resource Center Administrative Fee - November 2017 Invoice# 15922	\$950.00
1301	11/9/2017	Garcia Hamilton & Associates, L.P. Investment Management Fee - 3rd Quarter 2017	\$1,622.86
1302	11/9/2017	Gabriel Roeder Smith & Company Consultants & Actuaries Svs through 9/30/17	\$2,744.00
1303		NO PRINT	
1304	11/9/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 10/31/17 Bill# 20727	\$635.00
1305	11/9/2017	GAMCO Management Fee - 3rd Quarter 2017	\$3,227.00
1306	12/13/2017	Pension Resource Center Administrative Fee - December 2017 Invoice# 15985	\$950.00
1307	12/13/2017	Klausner, Kaufman, Jensen & Levinson Legal Services Rendered through 11/29/17 Bill# 20867	\$1,722.50
1308	1/11/2017	Pension Resource Center Administrative Fee - Jan 2018 Invoice# 16054	\$950.00
1309	1/11/2017	Garcia Hamilton & Associates, L.P. Investment Management Fee - 4th Quarter 2017	\$9,221.00

1310	1/11/2017	And CO Consulting Fee - 4th Qtr 2017 Invoice #23990	\$4,500.00
		Total:	\$26,522.36
		Custodian ASB Capital Management 4th Qtr 2017	\$3,951.01
		Total:	\$30,473.37

5. Reporting of new applicants for participation in Pension Plan:
None
6. Approval of withdrawal of contributions:
None
7. Terminated employees who have not yet taken their contributions:
None
8. Benefit Approvals
Peter Allen - Firefighter

MOTION:

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

NEW BUSINESS

9. IRS Mileage Rate for 2018– *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson*

Ms. Jensen stated the 2018 mileage rate increase to 54.5 cents per mile and will be used for mileage reimbursements during the year.

10. Required Minimum Distribution Memo – *Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson*

Ms. Jensen explained the program that assisted in locating members who are eligible for benefits however the program has since been closed. She stated this would apply to the plan when members reach 70 ½ and the plan has been unable located the individuals to issue a refund of contributions or a beneficiary payment. Ms. Jensen reviewed the steps the Plan is required to follow when trying to locate a missing participant or participant's beneficiary.

11. SB 980/HB 1363 – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Attorney Bonni Jensen reviewed the proposed bill requiring a new schedule on both pre and post-retirement benefits by the actuary. This would include but not limited to life insurance, dental insurance, dental care, vision care, and continuing education tuition credit programs. She stated this information would need to be gathered from the Village. She also noted the Village's revenue would need to be included in the Valuation even though already included in the Village's CAFR. Mr. Amrose also stated the proposed bill would require the calculation of run out dates without including contributions. Mr. Amrose stated this type of requirement would shine a negative light on pension funds.

Ms. Jensen stated the proposed bill would also require a written explanation if the Board was not to accept the actuary's recommendation for the expectant rate of return. She stated the bill has not yet been given a hearing.

12. Sample of Share Account Language – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Ms. Jensen stated the Village has requested suggested language for the establishment of possible share accounts. She reviewed the suggested language which would state a one-time deposit that would be pro-rated based on service. There was a discussion on other possible uses for active police officers. Ms. Jensen noted the previous recommendation to the Village from the Board was to treat all 9 members equal. There was a brief discussion on the language in the first paragraph. Mr. Jensen confirmed the suggested language will be sent to the Village.

13. Summary of Actions Presentation – Attorney Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Ms. Jensen informed the Board that the next Village Council presentation by the Public Safety Pension Fund is expected at the March 8, 2018 council meeting. Trustee Terzakis confirmed his availability to present to the Village Council meeting. Ms. Jensen suggested adding the strong plan position and the attributing factors. She also suggested including the funded ratio.

Mr. Grumbles confirmed he will bring an asset allocation study to the next board meeting. There was a discussion on reducing the expectant rate of return by the end of the year so that it may be included in the October 1, 2018 Valuation. There was a discussion on lowering the assumptions and the effect on the Village's contributions.

MOTION:

Board Member Giblin made a motion to approve based on the advice of the investment consultant, the Board expected to achieve an investment rate of return of 7.25% for the next year, the next several years and the long term thereafter. Board Member Terzakis seconded the motion, which carried by unanimous 4-0 vote.

BUDGET REPORT

14. Quarterly Budget Report – *Plan Administrator Kerry Dutton, Pension Resource Centers*

The Board acknowledged the receipt and filed the quarterly budget report.

ADMINISTRATIVE REPORT

15. 2018 Conference List – *Plan Administrator Kerry Dutton, Pension Resource Centers*

Ms. Dutton reviewed the conference list. She requested the trustees notify her of any interest in attendance

16. Approved Vendors List – *Plan Administrator Kerry Dutton, Pension Resource Centers*

Ms. Dutton reviewed the list of all approved vendors which will be supplied to the Village.

ANY OTHER MATTER

There were no other matters at this time.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:32 p.m.

Respectfully submitted,



Board Member

Village of Tequesta Public Safety Officers' Pension Plan