

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
MAY 27, 2011**

I. Call To Order and Roll Call

The Regular Quarterly Board Meeting of the Tequesta General Employees' Pension Trust Fund was held at the Tequesta Village Hall, 345 Tequesta Drive, Tequesta, Florida, on May 27, 2011. The meeting was called to order at 8:01 a.m.

A roll call was taken by Pension Administrator Dixie Martinez. In attendance at the meeting were: Chair Michael Rhodes, Secretary Carl Hansen, Board Member Michelle Gload, and Board Member John Terzakis.

Also in attendance were Attorney Bonni Jensen, Pension Administrators Dixie Martinez, Investment Monitor Dan Johnson, Custodian Cindy Farrow, and Actuary Steve Palmquist.

II. Approval of Agenda

MOTION:

Secretary Hansen made a motion to approve the Agenda. Board member Terzakis seconded the motion, which carried by unanimous 4-0 vote.

III. Approval of Minutes

1. **Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees – February 22, 2011.**

MOTION:

Board Member Gload made a motion to accept the minutes of the meeting on February 22, 2011. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

2. **Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees – Special Meeting March 10, 2011.**

The Board noted that on pg. 3 the word Police needs to be revised to Policy.

MOTION:

Board Member Gload made a motion to accept the minutes as amended of the special meeting on March 10, 2011. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

IV. PRESENTATIONS

3. Relationship Update by Custodian – Cindy Farrow, Salem Trust

Cindy Farrow, Salem Trust, introduced herself to the Board. She reported that she has been working with municipalities for the last 13 years. She briefly reviewed her background. She reported that their responsibility is the safe keeping and accountability of the Plan's assets. She reported that they also take care of the benefit payments and accounts payables for the Plan. She noted that their systems are at top of the line. Chair Rhodes asked Ms. Farrow if member's names could be encrypted on Salem's reports. She explained that she will look into the possibility of doing this. She reported that her job is to work for the Plan and she welcomes any feedback or requests.

4. Actuarial Valuation Report by Actuary – Steve Palmquist, GRS.

Steve Palmquist, Gabriel Roeder Smith, reported that for fiscal year end September 30, 2011 (FYE 09/30/11) the required employer contribution is \$184,818 (9.40%). He noted that this was calculated under the assumption that the payment would be made in equal installments at the end of each month. He reported that the overall experience since the last valuation has been unfavorable resulting in an actuarial loss of \$32,901. He explained that the loss was primarily due to lower than expected investment return. He reported that the funded ratio was 105.6% this year compared to 109.2% last year. Secretary Hansen asked Mr. Palmquist to compare where the Plan is now to where they were last year. Mr. Palmquist reported that the Plan is going in the right direction. He noted that the funded ratio had gone down this year but the Plan has a higher probability to meet the actuarial assumptions. He explained how the 5 year smoothing method is calculated. He reported that the market value at FYE 2008 was \$1,062,197 and the actuarial value was \$1,235,850. For FYE 2010 the market value was \$1,574,631 and actuarial value \$1,716,448.

Investment Consultant, Dan Johnson, stated that it seems that for the Plan to have a positive impact on the smoothing method the Plan will have to earn a 10% return. Mr. Palmquist reported that the Plan is using the aggregate cost method. He reported that the total present value of all future benefits is \$3,719,366. This includes future accrual of service and it includes future pay increases. He reported that under the new State Law the Plan will at least have to pay the normal cost. He reported how the annual cost of the Plan is calculated. He explained that under the new Senate Bill 1128 there is a provision that stipulates that the employer may not pay less than the normal cost of the Plan for the year. Attorney, Bonni Jensen, reported that now as unlike before there is a floor for the contributions rate from the Village, even if the Plan has a positive actuarial experience. Mr. Palmquist reported that the average participant's age is 44 years old. Mr. Palmquist reported that the Plan has 1 retired member and three terminations. The Board asked Mr. Palmquist various questions to which he responded accordingly.

MOTION:

Board Member Gload made a motion to accept the October 1, 2010 Actuarial Valuation Report as presented by Mr. Palmquist. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

- 5. Quarterly Presentation by Monitor – Dan Johnson, Bogdahn Consulting**
 - a. Quarterly Performance Review**
 - b. Discussion on Ordinance Revision**
 - c. Proposed New Investment Policy Statement**

Dan Johnson, Bogdahn Consulting, LLC reported that markets continue to have a strong positive performance. He reported that for Quarter ending March 31, 2011 emerging markets are up 2.1% and the S&P 500 is up by 5.9%. The majority of the fixed income indices experienced positive performance for the quarter with the broad market Barclay US Aggregate index up by 0.4% while the Barclay US Government slightly underperformed at -0.1%. He noted that the impact of the Japanese earthquake is evident in the negative performance of the Pacific region. He reported that mortgages are up 0.5%.

Mr. Johnson reported that for quarter ending March 31, 2011 the Plan's market value is \$1,830,559 and the asset allocations are Domestic Equity 51.9%, International Equity 9.3%, Fixed Income 36.1%, and Cash Equivalent 2.7%. The Plan was up by 4.47% versus the benchmark at 3.43%. Dana Core Equity was up 7.90% versus the benchmark at 5.92%, Dana International Portfolio was up 1.17% versus the benchmark at 3.45%, Dana Fixed Income was 0.92% versus the benchmark at 0.34%. He reported that so far for the fiscal year the Plan was up 10.79% versus the benchmark at 9.02% and since inception the Plan is up by 5.09% versus the benchmark at 4.05%.

Attorney Bonni Jensen reported that Chair Rhodes, Board member Terzakis as well as she had attended the Town Council meeting which was more like a workshop to review the proposed changes to the Ordinance regarding the below investment grades and other proposed changes to the Investment Policy Statement. She reported that it passed first reading. She believes second reading will be in June.

Mr. Johnson commented that the Dane Core Equity portfolio has good stock picks. He reported that industrials were up by 10.94% versus the benchmark at 8.73%. He reviewed the top leading contributors during this quarter. He reported that he does not recommend any changes at this time. He reviewed the returns for the last five fiscal years.

Mr. Johnson reported that as of yesterday the Plan's market value was \$1,877,345. Mr. Johnson reported on his outlook on the interest rates.

MOTION:

Secretary Hansen made a motion to accept the Investment Report. Board member Terzakis seconded the motion, which carried by unanimous 4-0 vote.

Mr. Johnson reviewed the proposed changes to the Investment Policy Statement. He reported that on page two he added a column for "Range" for the asset classes. On page four under item 2.a. he added the *"....expect that no more than 5% of the total portfolio may be invested in securities that fall below these rating guidelines."* and under item 2.c he added *"....shall not exceed 5% of the total fund."* Mr. Johnson recommended that the Board approved the changes to the Investment Policy Statement contingent to the approval and second reading of the Ordinance Amendment by the Village's Commission.

MOTION:

Board member Terzakis made a motion to approve the changes to the Investment Policy Statement contingent to the approval and second reading of the Ordinance Amendment by the Village's Commission. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

V. UNFINISHED BUSINESS

None

VI. Consent Agenda

6. Ratification of invoices paid since last quarterly meeting:

• Perry & Jensen, LLC – Legal Fees Through 02/15/11	\$ 213.77
• Pension Resource Centers- Adm. fees for March	\$ 800.00
• Perry & Jensen, LLC – Legal Fees Through 03/09/11	\$1,632.57
• Bogdahn Consulting, LLC – 4 th Quarter 2011	\$2,625.00
• Pension Resource Centers- Adm. fees for April	\$ 800.00
• Dana Investment Advisors – Services through 3/30/11	\$ 325.97
• Dana Investment Advisors – Services through 3/30/11	\$2,224.50
• Perry & Jensen, LLC – Legal Fees Through 02/15/11	\$1,133.45

MOTION:

Secretary Hansen moved for approval of ratification of payments made since the last meeting. Board Member Gload seconded the motion, which carried by unanimous 4-0 vote

7. Payments to be reviewed and approved:

• GRS – Actuarial Services rendered through 10/31/10	\$1,519.00
• Pension Resource Centers- Adm. fees for May 2011	\$ 800.00
• GRS – Actuarial Services rendered through 04/30/11	\$3,712.00

MOTION:

Secretary Hansen moved for approval of invoices for payment. Board Member Gload seconded the motion, which carried by unanimous 4-0 vote.

8. Approval of new applicants for participation in Pension Plan

None

9. Approval of withdrawal of contributions

None

10. Terminated employees who have not taken their contributions

None

End of Consent Agenda

VII. Budget Report

11. Income Statement & Expenditure Report for period 01-01-11 to 03-31-11- Board Member Michelle Gload.

Board Member Michelle Gload reviewed the budget reports. She noted that a correction had been made to the coding of an expense. She reported that the latest invoice from GRS will put them slightly over the budget. She asked Ms. Jensen if the tables that GRS was charging them needed to be included in the Summary Plan Descriptions. Ms. Jensen reported that the tables need to be included but that next time the Board can ask the actuary to insert the page from the actuarial valuation report. Board Member Gload also questioned the GRS fees for the preparation of tables for the optional forms. Ms. Martinez reported that this was a one time fee for the setup of the optional forms of benefit for the Plan. The Board received and file.

VIII. New Business

12. Memorandum, SB 1128, Attorney Bonni Jensen

Attorney Bonni Jensen reviewed Senate Bill 1128. She reported that this bill relates to all public retirement plans – Police and Fire plans subject to 175 and 185, General Employee plans, and small changes to the Florida Retirement System (FRS). She reported that the State is requiring a new page to be contained in the actuarial valuation report which will value the Plans accrued benefits. She reported that effective July 1, 2011 local governmental Plans will not be allowed to include any overtime, unused leave or any other form of compensation beyond base hourly or annual salary. She noted that Plans that are subject to collective bargaining are not subject to the provisions of this subsection until the first agreement is negotiated after July 1, 2011. She reported that the actuarial or cash surplus in

the plan may not be used to pay expenses outside of the plan. Also a plan may not temporarily reduce the contributions required to fund the normal cost.

13. IRS Compliance Statement, Attorney Bonni Jensen

Attorney Bonni Jensen reported that the Plan has received a compliance statement from the IRS in the course of seeking the determination letter. The IRS did not request that we make any ordinance amendments to the Plan. Therefore we can wait until we receive a favorable determination letter to make the compliance statement ordinance amendment.

14. Ordinance Amendment 11-11, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that Ordinance Amendment 11-11 passed first reading.

15. Class Action Report, Attorney Bonni Jensen

Attorney Bonni Jensen reported that the Plan has not filed for any class actions during the last quarter

16. Form 1, Attorney Bonni Jensen

Attorney Bonni Jensen reported that it is time for Board members to file Form 1.

IX. ANY OTHER MATTERS

Secretary Hansen reported that he had attended a presentation couple of weeks ago at a Town Hall meeting which had someone presenting from the Ethics Commission. He noted that it had been very informative.

MOTION:

Board member Gload moved to accept the items as presented by Attorney Bonni Jensen. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XIII. Adjournment

MOTION:

Board member Terzakis moved to adjourn the meeting. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

There being no further business, the meeting was adjourned at 10:03 a.m.

Respectfully submitted,

Dixie Martinez
Administrator
Village of Tequesta Public Safety Officers' Pension Plan