

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
AUGUST 1, 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 August 1, 2011. The meeting was called to order at 1:05 p.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, Board Member Deanna Mayo, and Board Member Cary Levine.

Also in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and Dixie Martinez, Investment Monitor Dan Johnson, and Investment Manager John Hamlin.

II. Approval of Agenda

Chair Rhodes asked to include in the Agenda Mr. Levine's swearing in as a new member of the Board.

Ms. Lori McWilliams, City Clerk, appeared in front of the Board. She swore in Mr. Levine as a new Board Member to sit on the Board of Trustees for the Village of Tequesta General Employee's Pension Plan.

MOTION:

Board Member Mayo made a motion to approve the Agenda as presented. Board Member Gload seconded the motion, which carried by unanimous 5-0 vote.

III. Approval of Minutes

- 1. Meeting Minutes - Tequesta General Employees' Pension Trust Fund Board of Trustees – May 27, 2011.**

MOTION:

Board Member Gload made a motion to accept the minutes of the meeting on May 27, 2011. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

IV. PRESENTATIONS

- 2. Quarterly Presentation by Investment Manager– John Hamlin, Dana Investment Advisors**

John Hamlin, Dana Investment Advisors, reported that for quarter ending June 30, 2011 the Pension Plans return was 1.75% versus the index at 1.14%. He noted that the market was holding up pretty well considering what is going on in the world. He noted that they have a high quality fixed income portfolio which has a high allocation to treasury bonds. He reported that the main sector contributors in this quarter were; Consumer Staples, Information Technology and Consumer Discretionary. The detractors were; Industrials, Health Care and Utilities. He reported that Agilent Technologies, Mattel, Inc and Prudential Financial Inc were added to the portfolio and AFLAC Inc, Mylan Inc, and Texas Instruments Inc were deleted from the portfolio. He noted that Dana's process seeks out companies with strong, sustainable free cash flow and management teams that are shareholder friendly. He explained that Dana's large Cap Core portfolios typically generate a higher dividend yield versus their benchmarks. He commented that it's been a rough decade for the market and Dana's Large Cap Core portfolio has significantly outperformed most major U.S. equity indices since inception of the strategy with lower risk. They have provided a superior downside protection in down market environments.

Dan Johnson, Bogdahn Consulting, LLC, reported that Dana has two different ways in which they manage international stocks. He explained that one way is the ADR portfolio where they are exposed to about 29 stocks but the reality is that they are exposed to as big a deviation as they have seen. He noted that Dana has another portfolio that is more diversified and it actually owns ETF's which is country specific. He explained what ETF's are. He noted that that ETF's have a fee in them as well as on top of the management fee. He reported that he had spoken to Dana's chief operating Officer to see if they could lower the ETF's fees. He was told that they could lower the management fee to 65 basis points. He explained that he will address this matter when he reviews the performance and talks about other options. He noted that he wants to make sure the Board is comfortable with the ADR portfolio.

Mr. Hamlin reported that overall the bond market rallied during the second quarter as a result of weak economic numbers combined with European debt concerns. He noted that all bond sectors performed positively during the quarter. He noted that equities look attractive against alternatives. He explained that equity risk premium remains elevated and are historically cheap vs. treasuries.

MOTION:

Board Member Levine made a motion to accept the June 30, 2011 Dana Investment Advisors report as presented by Mr. Hamlin. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

3. Quarterly Presentation by Monitor – Dan Johnson, Bogdahn Consulting
a. Quarterly Performance Review
b. Investment Policy Statement Discussion

Dan Johnson, Bogdahn Consulting, LLC explained to new Board Member Levine his duties as the Plan's investment Monitor. He reported that for the Quarter ending June 30, 2011 the

returns were very moderate. He noted that the markets were very volatile. He reported that emerging markets were -1.0 % and the S&P 500 were up 0.1%. He noted that despite concerns over inflation and timing of the removal of accommodative Fed policies, each of the fixed income indices experienced positive performance for the quarter with the broad market Barclays US Aggregate index returning 2.3%.

Mr. Johnson reported that for quarter ending June 30, 2011 the Plan's market value was \$1,900,397 and the asset allocations were Domestic Equity 51.0%, International Equity 9.0%, Fixed Income 38.8%, and Cash Equivalent 1.3%. The Plan was up by 1.68% versus the benchmark at 1.10%. Dana Core Equity was up 1.89% versus the benchmark at 0.10%, Dana International Portfolio was down, -0.23% versus the benchmark at 1.83%, Dana Fixed Income was slightly below at 1.98% versus the benchmark at 2.12%. He reported that so far for the fiscal year the Plan was up 12.65% versus the benchmark at 10.22% and since inception the Plan is up by 5.13% versus the benchmark at 4.06%.

Mr. Johnson reviewed the financial reconciliation as of June 30, 2011. He reviewed the top leading contributors and detractors during this quarter.

MOTION:

Secretary Hansen made a motion to accept the Investment Report. Board member Levine seconded the motion, which carried by unanimous 5-0 vote.

Mr. Johnson briefly reviewed the proposed changes to the Investment Policy Statement. He reported that the Board had approved these changes at the last Pension Board meeting contingent to the Ordinance Amendment passing second reading.

Mr. Johnson elaborated on how he communicates with Dana.

Board member Levine asked Mr. Johnson to bring to the next meeting a listing of actual holdings so that he can have an idea of the duration in bonds. Mr. Johnson reported that the duration of the Plan's bonds are 4.06 versus 3.9.

Mr. Johnson will bring to the next Pension Board meeting; International review and alternatives and a Bond Index review.

MOTION:

Board member Gload 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 Council. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

V. UNFINISHED BUSINESS

None

VI. Consent Agenda

4. Ratification of invoices paid since last quarterly meeting:

- Perry & Jensen, LLC – Legal Fees Through 05/15/11 \$ 582.65

MOTION:

Secretary Hansen moved for approval of ratification of payments made since the last meeting. Board Member Mayo seconded the motion, which carried by unanimous 5-0 vote

5. Payments to be reviewed and approved:

- Pension Resource Centers- Adm. fees for June 2011 \$ 800.00
- Perry & Jensen, LLC – Legal Fees Through 06/15/11 \$ 948.55
- Bogdahn Consulting, LLC – 2nd Quarter 2011 \$2,625.00
- Scripps Treasure Coast Newspaper – Ad for GE Pension Vacancy \$ 144.00
- Pension Resource Centers- Adm. fees for July 2011 \$ 800.00
- GRS – Actuarial Services through 05/31/11 \$1,477.00
- Perry & Jensen, LLC – Legal Fees Through 07/15/11 \$ 152.28
- Dana Investment Advisors – Services through 6/30/11 \$2,291.37
- Dana Investment Advisors – Services through 6/30/11 \$ 326.42

Board Member Gload reported that she had questions regarding the GRS invoice for \$1,477.00. The Board agreed to pull the GRS invoice until Board Member Gload's questions are resolved.

MOTION:

Board Member Gload moved for approval of invoices for payment. Board Member Mayo seconded the motion, which carried by unanimous 5-0 vote.

6. Approval of new applicants for participation in Pension Plan

None

7. Approval of withdrawal of contributions

None

8. Terminated employees who have not taken their contributions

Lorraine Ferina

End of Consent Agenda

VII. Budget Report

9. Income Statement & Expenditure Report for period 04-01-11 to 06-30-11- Board Member Michelle Gload.

Board Member Michelle Gload left the meeting to look for Finance Director Joann Forsythe so that she can report to the Board the Income Statement & Expenditure Report.

The Board agreed to continue with the items listed on the Agenda while they wait for Ms. Forsythe.

VIII. New Business

10. Legislative Updates Memorandum SB 1128 Revised, Attorney Bonni Jensen

Attorney Bonni Jensen reported that Senate Bill 1128 passed into law. She explained that the Pension Plan already does not include overtime and the payment of accumulated sick and vacation time in the final average salary therefore these changes would not affect the Plan. She explained that the only impact to the Plan will be that they will have to add a page to the actuarial valuation report. Retirement Plans will have to disclose the present value of the plan's accrued benefit using the FRS assumed rate of return, currently 7.75%. She also reported that the Department of Management Services is charged with the responsibility to develop a standardized rating system to classify the financial strength of local government defined pension plans.

Board Member Gload reported that Finance Director Joann Forsythe is with the Mayor and is currently unavailable.

11. Fiduciary Liability Insurance, Administrator Dixie Martinez

Dixie Martinez, Pension Resource Centers, reported that the Fiduciary Liability Insurance expires October 1, 2011. She explained that the rate was locked last year for the next three years therefore the fee did not change nor did the coverage change. Attorney Bonni Jensen explained to the Board what the purpose is of having fiduciary liability insurance. Ms. Martinez reported that the invoice is split between the Public Safety Officer's and General Employees' Pension Plan based on the Plan's assets.

Mr. Rhodes asked that the split of the invoice be showed on a simple schedule so that it shows how it was done. Ms. Gload asked that the insurance carrier send an invoice for payment.

IX. ANY OTHER MATTERS

Chair Rhodes asked Board member Gload to briefly go over the Income Statement & Expenditure Report for period 04-01-11 to 06-30-11. Board member Gload reported that the Expenditure report does not include the invoices for approval as Agenda item number 5. She reported that the insurance was \$8.00 more than what had been calculated therefore they were slightly over the budget there. She also reported that once the actuarial invoice in the amount of \$1,477 is paid that account will be over budget by \$508.00. She noted that she had questions regarding that invoice. She explained that she wanted to confirm if it had been a year since the agreement had been signed because they were being charged a CPI increase. Ms. Martinez reported that the agreement had been signed November 8, 2010. Board member Gload reported that since the agreement was signed less than a year ago she does not believe the CPI increase should be applied therefore the invoice should be for \$57.00 less than what it was for. Ms. Martinez e-mailed Board member Gload a copy of the actuarial agreement. Mr. Baur reported that he could create a folder in Pension Resources website under the Trustee section where all up to date agreement could be saved. The Board agreed to allow Mr. Baur to create this folder on the website. Chair Rhodes asked Board member Gload to ask Finance Director Joann Forsythe to bring the budget report for next fiscal year to the next Pension Board meeting. Board member Gload asked the Board if they would want her to move the funds out of the custodial services investments into the two other accounts, the \$8.00 for the insurance and the approximate \$508.00 for actuarial services. The Board agreed.

12. Salem Trust Signature Cards, Administrator Scott Baur

Finance Director Joann Forsythe joined the meeting. Mr. Baur reported that the Salem Trust signature cards need to be updated. There was a lengthy discussion regarding the pros and cons of adding the Plan administrator as an authorized signor. The Board agreed that for right now it does not seem that it is necessary to add the administrator as an authorized signor. They will revisit this item in the future as necessary. Ms. Forsythe will contact Salem Trust to see what it is needed so that the administrator can receive electronic copies of the custodial statements.

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. Adjournment

MOTION:

Secretary Hansen moved to adjourn the meeting. Board Member Mayo seconded the motion, which carried by unanimous 5-0 vote.

There being no further business, the meeting was adjourned at 3:50 pm.

Respectfully submitted,

Dixie Martinez
Administrator
Village of Tequesta General Employees' Pension Plan

DRAFT