

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
NOVEMBER 7, 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 November 7, 2011. 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 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.

II. Approval of Agenda

Administrator Dixie Martinez added item VIII.12. GRS Letter; item VIII.13. FPPTA Annual Membership Renewal to the Agenda; item VIII.14. Salem Trust Signature Cards.

MOTION:

Secretary Carl Hansen made a motion to approve the Agenda with the additions as presented. Board Member Mayo 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 – August 1, 2011.

Administrator Dixie Martinez reported that the following revisions needed to be made to the August 1, 2011 Minutes; Page #2 EFT's need to be changed to ETF's also under item 12. Salem Trust Signature cards add "We will be contacting Salem Trust to inquire about the segregation of duties within the signature cards."

Ms. Gload noted that on page # 3 there is a motion by Board member Terzakis which needs to be changed. Also on the same page it reads "the Village's Commission" and it should be the Villages' Council.

MOTION:

Board Member Gload made a motion to accept the minutes as revised for the meeting on August 1, 2011. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

Chair Rhodes asked to move to item VI. Consent Agenda

VI. Consent Agenda

3. Ratification of invoices paid since last quarterly meeting:

• Perry & Jensen, LLC – Legal Fees Through 08/15/11	\$1,079.15
• Pension Resource Centers- Adm. fees for August 2011	\$ 800.00
• Gehring Group – Fiduciary Liability Ins. 10-10-11 to 10-10-12	\$1,149.26
• Pension Resource Centers- Adm. fees for September 2011	\$ 800.00
• Bogdahn Consulting, LLC – 3 rd Quarter 2011	\$2,625.00

Board Member Gload referred to the Gehring Group Invoice. She reported that she is coming with a different percentage based on the assets as of August 1, 2011. Ms. Martinez will look into this and will report her findings back to the Board.

4. Payments to be reviewed and approved:

• Ellen Schaffer – Programming Services Set up Ben Calc System	\$2,456.25
• Ellen Schaffer – Programming Services Load Pay End Dates	\$ 236.25
• Pension Resource Center – Adm. Fees for October	\$ 800.00
• Perry & Jensen, LLC- Legal Fees Through 10/15/11	\$ 170.00

Board Member Gload reported that she has several questions regarding the Ellen Schaffer invoices. She asked for an explanation of the fees charged on invoice 2441 for the “online calculator setup” and the “source code licensing”. Chair Rhodes asked to pull this item to discuss latter as he also has questions regarding the invoices from Ellen Schaffer. He asked to pull the Gehring Group and the Ellen Schaffer invoices from the Consent Agenda for further discussion.

5. Approval of new applicants for participation in Pension Plan

None

6. Approval of withdrawal of contributions

Lorraine Ferina \$9,406.22

7. Terminated employees who have not taken their contributions

None

MOTION:

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

End of Consent Agenda

IV. PRESENTATIONS

- 2. Quarterly Presentation by Monitor – Dan Johnson, Bogdahn Consulting**
 - a. Quarterly Performance Review**
 - b. International Managers**
 - c. Fixed Income Index**

Dan Johnson, Bogdahn Consulting, LLC reported that it is unfortunate that the Plan's fiscal year end was on September 30, 2011. He reported that the quarter ending September 30, 2011 ended with negative returns. He briefly reviewed the market environment during this quarter. International markets during this quarter were -19.0%, the S&P 500 was -13.9%, the Russell MidCap was down -18.9% and the Russell 2000 was down -21.9%. Bonds did very well during the course of the quarter. For the 1- year performance Emerging Markets were down -15.9%, stock returns were flat and Bonds were positive. For this quarter the only positive sector was utilities which was at 0.2%.

Mr. Johnson reported that for quarter ending September 30, 2011 the Plan's market value was \$1,771,761 and the asset allocations were Domestic Equity 47.9%, International Equity 10.0%, Fixed Income 40.2%, and Cash Equivalent 1.9%. The Plan was at -9.79% versus the benchmark at -8.12%. Dana Core Equity was down at -16.7% versus the benchmark at -13.87%, Dana International Portfolio was down, -19.10% versus the benchmark at -18.95%, Dana Fixed Income was slightly below at 1.12% versus the benchmark at 2.39%. He reported that for the fiscal year the Plan ended at 1.62% versus the benchmark at 1.28%, the Plan ended at the 25 percentile. The Plan's market value as of Friday was \$1,875,130. He noted that so far they are having a strong October. Mr. Johnson explained that on the Dana report there is a listing of the fixed income holdings.

Mr. Johnson passed out a handout to the Board. He explained how the fixed income index is compared to other indices that are out there. In his opinion if the Board ultimately changed to include from the intermediate government credit to the intermediate aggregate, he thinks the Plan will have a little bit of return but at some point he believes the Plan should go the long return aggregate. The Board feels that there is no rush to do this at this point but will re considered it latter. Mr. Johnson passed out another handout. Chair Rhodes asked Mr. Johnson to comment on Dana's Core Equity vs. Dana's International Equity. Mr. Johnson compared page #24 vs. page # 31 of the 3rd quarter investment report. Mr. Johnson reported

that at the next meeting he will be talking about more concrete changes to the international managers.

Mr. Scott Baur from Pension Resource Centers left the meeting.

MOTION:

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

V. UNFINISHED BUSINESS

None

VII. Budget Report

8. Income Statement & Expenditure Report for period 07-01-11 to 09-30-11- Board Member Michelle Gload.

Board member Gload explained that she had tried to compare the fiscal year 2010 actual to the fiscal year 2011 actual to see where the Plan will be going in 2012. She believes that everything is pretty much contractual already and as far as the revenues she feels that the employer and the employee contributions you will see that is based on their projected fiscal year 2012 salary and the contribution amounts that the actuary has given us. As far as other revenues it depends on the market. She explained that according to the letter that the Board received from GRS this morning with the \$750.00 fee increase the actuary cost will go a little bit up. Ms. Gload reviewed the Budget Report for this fiscal year. Ms. Gload reported that as she had previously stated her breakdown of the Gehring invoice is a little different from what was presented. She believes it should be lowered by \$250.00.

Ms. Bonni Jensen noted that there is nothing on the budget report for travel, per diem or seminar and training expenses. Board Member Gload explained that she had not put anything in the budget that was not contractual because it is the Boards decision and it should be up for discussion.

Board member Gload reported that she has questions regarding the Ellen Schaffer invoices. She asked for an explanation of the fees charged on invoice 2441 for the "source code licensing." Ms. Martinez reported that this charge is part of the transition and setting up of the systems. This is billed to all of our clients when we are setting up the systems for the pension. She reported that since Mr. Baur had to leave before he could explain these charges the Board could defer this item to the next meeting. Chair Rhodes noted that at the beginning of the transition, if he recalls correctly, the questions was asked about programming and he believes the budget for this was a few hundred dollars. He would like to know what was really done compared to the original game plan and secondly timing wise why it took so long to do this work. Ms. Martinez reported that the transition has taken longer then

expected. She knows that there has been a lot of back and forth between the Village and Pension Resource Centers regarding the reporting of payroll. As she understands it, everything has been worked out and the General Employees' system is set up, so that members can use the online calculator as well as the calculation of benefit internally. She explained that these charges are specifically unique to the Village of Tequesta General Employees' Pension Plan. She explained that all Plans are different and the programming is unique to each Plan as they have to take into consideration how the Plan works so that the calculations will be in compliance with the Ordinance. Chair Rhodes asked if there have been problems with the participants not receiving the information on their individual accounts. Ms. Gload reported that she had a member of the General Employees who came to her asking her for their information. She finally did get the information. She believes that from this point on we should not have any issues and things should be running smoothly. Right now the participants of the Plan can go online and run estimated calculations of their benefits. Ms. Gload asked if the Pension Plan is purchasing the source code. Ms. Martinez confirmed that the Pension Plan will be purchasing the source code. Chair Rhodes asked Ms. Gload if the fees on the invoice are according to the hourly rate on the contract. Ms. Gload reported that she remembered that in addition to the \$800.00 monthly retainer fee for the administration there would be a one time set up fee but she could not find it in the contract therefore she went back to the Minutes and on the presentation quote the Board was told that there would be a \$2,500.00 set up fee for each Plan. Her concern is that the fees are already up to \$3,165.00. Board member Levine would like to see how many members access the online calculator. Ms. Gload suggested sending some type of notice out to the employees as a reminder. Ms. Martinez will see if usage of the website can be tracked. If it can be tracked she will report to the Board. Ms. Gload noted that these invoices are not Board invoices but they are Pension Resource Centers' invoices. She asked that for any future invoices, the invoices come from Pension Resource Centers and not from Ellen Schaffer because the Board should not be paying Pension Resource Center invoices. Ms. Martinez will see if this can be done.

MOTION:

Board member Gload made a motion to approve both invoices for the programming and the 2012 FPPTA annual membership renewal. Secretary Hansen seconded the motion, which carried by unanimous 5-0 vote.

Chair Rhodes asked Ms. Jensen if she had any comments regarding the legal expenses estimated in the budget. Ms. Jensen reported that it seems like it should be accurate, the charges always depend on whether there are any ordinance changes, etc. The Board reviewed all of the expenses on the budget report.

Ms. Martinez reported that the next FPPTA Trustee School is on February 5-8 at the Hyatt in Jacksonville. The Annual Conference is June 24-27 at the Orlando Hilton Disney. They also have a Trustee school again November 7-10 in Bonita Springs. The Board agreed to estimate into the Budget the attendance of three Trustees to either the Trustee School or the

Annual Conference. They are estimating about \$1500.00 for the seminar itself and about \$3000.00 for travel and per diem.

MOTION:

Board member Mayo made a motion to approve the budget with the updates. Board member Levine seconded the motion, which carried by unanimous 5-0 vote.

VIII. New Business

9. Legislative Updates – House Bill 365, Attorney Bonni Jensen

Attorney Bonni Jensen reported that there has been a new Pension Bill that has been filed. House Bill 365 does not deal with General Employee Pension Plans. It has to do with Chapter 175/185.

10. Commission on Ethics, Attorney Bonni Jensen
a. Memorandum – Form 1 Reporting
b. CEO 11-11
c. Form 1

Attorney Bonni Jensen reported that the Commission on Ethics opinion clarified what intangible property is. Essentially what they've decided is that assets that are held in an IRA, assets in a 401K Plan, assets in the State investment Plan or assets in a 457 Plan, the Trustees don't need to report the item as a whole but will need to report the component parts. They will need to report each individual holding in their IRA or other Plan. December 31 is the reporting date, so what ever the holdings were on that day is what needs to be reported. Also pre-paid college plans need to be reported if it exceeds the threshold reporting requirement which is \$10,000, if there is a dollar value or 10% of net assets ,if the reporting is on a percentage value. DROP plans are also reportable. Ms. Jensen reported that Form 1X needs to be completed if the person feels that they have substantially under reported on Form 1 to correct that section. If you feel you have properly reported you do not need to complete. There is no deadline to file form 1X. Form 1 is due annually on July 1.

11. General Employee Pension Board Handbook, Administrator Dixie Martinez

Administrator Dixie Martinez reported that a copy of the General Employee Pension Handbook and copies of the contracts with the service providers have been downloaded to the website. Trustees will need a user name and password to view this information. The username and password were e-mailed to the Board. Also, if the Board prefers, the meeting materials can be downloaded to the website prior to the meeting.

12. GRS Letter, Administrator Dixie Martinez

The Board addressed this item earlier in the meeting. This letter is requesting an increase in fees because of the state mandate that changes the way they perform the actuarial valuation report.

MOTION:

Board member Levine made a motion to approve the \$750.00 fee increase from GRS. Board member Gload seconded the motion, which carried by unanimous 5-0 vote.

13. FPPTA 2012 Annual Membership Renewal, Administrator Dixie Martinez

The Board discussed this item earlier in the meeting and they made a motion to approve the FPPTA annual Membership Renewal.

14. Salem Trust- Signature Cards, Administrator Dixie Martinez

Administrator Dixie Martinez reported that at the last Pension Board meeting the Board had a lengthy discussion regarding the Salem trust signature cards. The Board had asked that Salem Trust be contacted to inquire about the segregation of duties within the signature cards. Salem Trust explained that if the Board in the future would like to add the administrators as authorized signors they will certainly have the authority to segregate duties within the signature cards.

IX. ANY OTHER MATTERS

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. Adjournment

MOTION:

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

There being no further business, the meeting was adjourned at 10:23 a.m.

Respectfully submitted,

Dixie Martinez
Administrator
Village of Tequesta General Employees' Pension Plan