

**TEQUESTA GENERAL EMPLOYEES' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
JANUARY 23, 2012**

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 January 23, 2012. The meeting was called to order at 1:03 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 and Board Member Cary Levine.

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

II. Approval of Agenda

MOTION:

Secretary Carl Hansen made a motion to approve the Agenda as presented. Board Member Levine 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 – November 7, 2011.**

MOTION:

Board Member Gload made a motion to accept the minutes as presented for the meeting on November 7, 2011. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

IV. PRESENTATIONS

- 2. Investment Manager – John Hamlin, Dana Advisors**
 - a. Quarterly Review**

John Hamlin, Dana Advisors, reported that since September 30, 2011 things have bounced back. He reported that for quarter ending December 31, 2011 the Equity portfolio was up 10.66% versus the benchmark at 10.41%, Domestic Equity portfolio was up 11.91% versus the benchmark at 11.82%, the International portfolio was up 5.36% versus the benchmark at 3.38% and the Fixed Income portfolio was up 1.02% versus the benchmark at 0.84%. He

reviewed the asset allocations; 57.9% allocated in Equity, 39.4% allocated in Fixed Income and 2.7% allocated in cash & equivalents. Mr. Hamlin reported that Consumer Discretionary, Energy, and Utilities were the sectors top contributors for the quarter and Financials, Information Technology and Health Care were the sector detractors for this quarter. He reported that during this quarter the following additions were made to the portfolio; Cisco System Inc, ACE Ltd and Qualcomm Inc. He also reported that the following deletions were made during this quarter the following additions were made to the portfolio; Coca-Cola Enterprises Inc., Sun Life Financial Inc. and Herbal Ltd. He noted that overall there had been not a lot of activity during this quarter. He reported that their consistent portfolio characteristics are to: lower valuation plus higher growth plus higher profitability equals better returns with less risk. He reported that interest rates have come down. He reviewed the historical up and downs of the market. He reported that Dana Large Core portfolios have significantly outperformed most major U.S. Equity indices since inception of the strategy with lower risk. He explained that Dana's sector neutral strategy minimizes the volatility associated with wide savings in sector performance from year to year and that all major sectors within the S&P 500 had positive returns in the fourth quarter of 2011, compared to 3rd quarter in 2011 where Utilities was the only sector to show positive returns. Mr. Hamlin reviewed the top contributors and top detractors in the International portfolio. He reported that for Fixed Income all bond sectors performed positively during this quarter. He reported that the S&P 500 had total returns of 11.82% during this quarter after correcting almost 14% in the 3rd quarter. He reported that the European debt issues and fears over slowing growth in most emerging markets allowed the U.S. markets to widen their lead over most diversified international indices.

MOTION:

Board Member Levine made a motion to accept the December 31, 2011 quarterly report from Dana Advisors as presented. Secretary Hansen seconded the motion, which carried by unanimous 4-0 vote.

**3. Quarterly Presentation by Monitor – Dan Johnson, Bogdahn Consulting
a. Investment Manager Solutions Discussions**

Dan Johnson, Bogdahn Consulting, LLC reported that the report being presented to them was a preliminary report for quarter ending December 31, 2011. He thanked the Board for rescheduling the meeting. He reported that this quarter has been a refreshing rebound. He reported that Domestic Equity markets enjoyed their strongest performance in more than a year. He briefly reviewed the market environment during this quarter. Emerging markets during this quarter were 4.5%, the S&P 500 was 11.8%, and the Russell MidCap was up 12.3%. Also the Russell 2000 was up 15.5%. He reported that during quarter the broad Barclays Aggregate bond index posted a return of 1.1%. Mr. Johnson reviewed the markets five year annualized returns at five year historical intervals.

Mr. Johnson reported that for quarter ending December 31, 2011 the Plan's market value was \$1,916,954 and the asset allocations were Domestic Equity 48.5%, International Equity

9.4%, Fixed Income 39.3%, and Cash Equivalent 2.7%. The Plan was at 5.83% versus the benchmark at 6.59%. Dana Core Equity was slightly below at 11.25% versus the benchmark at 11.82%, Dana International Portfolio was up 5.58% versus the benchmark at 3.38%, Dana Fixed Income was slightly below at 0.81% versus the benchmark at 0.84%. Mr. Johnson briefly reviewed the market environment during this quarter. He reported that as of last Friday the Plan's market value was \$1,994,594.00. Mr. Johnson passed out a handout to the Board. Mr. Johnson reviewed a comparison between different international managers. He noted that Dana is a little more conservative compared to the other international managers which means a little less return, but less risk. He commented that it is tough to pick a good international manager because of what emerging markets have been going through lately. He explained that if it was his money and he was investing 10% of it he would probably go with Dodge & Cox International Stock, but he does not see any problems with the current Dana ADR strategy. He noted that the Dana ADR strategy is gross of fees.

Mr. Johnson briefly reviewed an investment manager solution platform that his firm is currently working in conjunction with Salem Trust. Once there is further information he will bring it to the Board's attention.

MOTION:

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

V. UNFINISHED BUSINESS

4. Gehring Group Invoice for the General Pension Portion for Fiduciary Liability Insurance for Period 10-10-11 to 10-10-12

Board member Gload reported that at the last meeting she had reported that once she had reviewed the breakdown of the invoice between the two Pension Plan's she came up with a different percentage based on the assets as of August 1, 2011. Ms. Martinez reported that after reviewing the invoice and the breakdown by Board member Gload she agrees with the way Board member had calculated the breakdown and she believes that this is the way it has been done at the past. The General Plan overpaid by \$239.18. This amount needs to be reimbursed to the General Pension Plan by the Public Safety Pension Plan.

5. Invoice # 2441 from Ellen Schaffer for Programming Services rendered to set up Benefit Calculation System Balance Due \$428.75.

Invoice # 2451 from Ellen Schaffer for Programming Services rendered to load pay ending dates from 2002 to present \$236.25

Scott Baur, Pension Resource Centers (PRC), reported that there had been a couple of concerns raised regarding Ms. Ellen Schaffer's invoices. He reported that one of the issues seems to be that originally, when he presented to the Board the fees and charges of setting

up the online system he had estimated a cost of \$2,500.00 and at the end the fees were slightly higher. The second issue seems to do with the invoicing of the licensing fee which is simply taking over the source code that is used on behalf of the Pension Plan.

Mr. Baur reported that concerning the quote of the \$2,500.00, this was an estimate and not an exact figure. He had based this estimate on his experience in setting up Plan's. He believes that the primary reason that the fees exceeded the estimated quote was due to the length of time it took to be able to set up this program due to the overall conversion in payroll and the extensive work that it took to be able to get the process finished.

Board member Gload reported that the original quote was for \$2,500.00 and according to her records so far the total of invoices for this process is \$ 3,165.00. Mr. Rhodes noted that the amount in question is an overage of \$700.00. Mr. Baur explained his thoughts as to why he believes this process took longer than expected and the different issues associated with the payroll files. Board member Gload explained that her concerns are that she believes Pension Resource Center was not able to extract the information needed from the files and that ultimately the files used were the first files that were provided by the Village. She also is concerned with the fact that the Board was not asked to approve the \$665.00 overage before the charges were incurred. Mr. Baur explained the time spent in the set up of each Plan had been tracked and billed separately. The Board had a lengthy discussion regarding the invoices in question. Board member Gload believes that the Pension Plan should only have to pay up to the quoted amount of \$2,500.00. Mr. Baur noted that at the time when the presentation was made his firm was not the Pension Plan administrator therefore he asked Ms. Gload if she had listened to the recording of that presentation that specifically created those expectations. Ms. Gload reported that she had copies of the written minutes and that she needed a moment to search them.

Ms. Martinez reported that so far there have been 5 members who have used the online calculator. She reported that members of the Plan had been notified of the online calculator via an employee news letter sent by the City Clerks office and also they had received a letter when Pension Resource Centers had taken over the administration of the Plan. She reported that the estimated cost to mail a letter to the active participants of the Plan is \$73.14. If the Board approves this amount Pension Resource Centers can send a letter to the members of the Plan reminding them of the online calculator and so forth. Chair Rhodes reported that his preference would be to send an e-mail to the members instead of a letter. Ms Martinez reported that she will be sending an e-mail to all active members with the online calculator information.

Mr. Baur reported that if at any point he specifically said that the cost of the set up would not exceed \$2,500.00, he will honor that. Board member Gload reported that the written minutes specified that there would be a one time \$2,500.00 set up fee for each Plan. Mr. Baur will request the audio of the presentation to verify what was presented to the Board. The Board agreed that the recording of that presentation should be reviewed and they can discuss this item further once this has been done.

MOTION:

Board member Levine made a motion to accept item number 4. of the Agenda as discussed and to defer item number 5 of the Agenda to the next meeting after the audio has been listened to. Board member Gload seconded the motion, which carried by unanimous 4-0 vote.

VI. Consent Agenda

6. Ratification of invoices paid since last quarterly meeting:

- Dana Investment Advisors – Mgt Fees 3Q 1087a \$ 338.67
- Dana Investment Advisors – Mgt Fees 3Q 1087ma \$2,058.44
- Pension Resource Centers- Adm. fees for November 2011 \$ 800.00
- Perry & Jensen, LLC- Legal Fees Through 11/15/11 \$ 716.65

7. Payments to be reviewed and approved:

- Pension Resource Center – Adm. Fees for December \$ 800.00
- Perry & Jensen, LLC- Legal Fees Through 12/15/11 \$ 54.50
- Pension Resource Center – Adm. Fees for January \$ 800.00
- The Bogdahn Group – Consulting Fees 4 Q 2011 \$2,625.00

8. Approval of new applicants for participation in Pension Plan

Maureen McGuinniss re-entered 10-01-11 (moved from PT to FT)

9. Approval of withdrawal of contributions

None

10. 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 4-0 vote.

End of Consent Agenda

VII. Budget Report

- 11. Budget Report- Income Statement & Expenditure Report for period 10-01-11 to 12-31-11- Board Member Michelle Gload.**

Board member Gload reported that she had entered into the budget the figures that were approved by the Board at their last meeting. She reported that everything looks in line. She will add the reimbursement for the overpayment of the fiduciary liability insurance from the Public Safety Officer's Pension Plan.

VIII. New Business

12. Addendum to Actuary Agreement- to be executed, Attorney Bonni Jensen

Attorney Bonni Jensen reported that included in their meeting packets was a copy of the addendum to the Actuary Agreement for the Board review and approval. The Addendum includes the additional fee for the reporting of the state mandate that changed the way they perform the actuarial valuation report.

MOTION:

Board member Gload made a motion to approve the Addendum to the Actuary Agreement. Board member Levine seconded the motion, which carried by unanimous 4-0 vote.

13. Disability Presumptions- Task Force Report, Attorney Bonni Jensen

Attorney Bonni Jensen reported the Task Force on Public Employee Disability Presumptions that was created pursuant SB 1128. She reviewed the different responsibilities that this Task Force was given and the recommendations made. She noted the Disability Presumptions deals almost solely with Public Safety issues. She reported that the conclusion is that they reached no conclusion. They made no real recommendations and they couldn't reach any consensus.

IX. ANY OTHER MATTERS

Administrator Scott Baur briefly reported on the outcome of the client survey that his firm had sent out to his clients. He reported that the overall rating was very good.

X. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XI. Adjournment

MOTION:

Board Member Levine 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 4:02 p.m.

Respectfully submitted,

Dixie Martinez
Administrator
Village of Tequesta General Employees' Pension Plan