

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND  
SPECIAL BOARD MEETING MINUTES  
OCTOBER 1, 2010**

**I. Call To Order and Roll Call**

The Special Board Meeting of the Tequesta Public Safety Officers' Pension Trust Fund Board of Trustees was held at the Tequesta Village Hall, 345 Tequesta Drive, Tequesta, Florida, on October 1, 2010. The meeting was called to order at 800 a.m.

A roll call was taken by Pension Administrator, Dixie Martinez. In attendance at the meeting were: Chair Ed Sabin, Secretary Frank D'Ambra, Board Member Ray Giblin and Board Member David Cooper.

Also in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and Dixie Martinez, Investment Monitor Dan Johnson, Finance Director Joann Forsythe, Financial Planning Manager from ICMA-RC Hortensia Perez and Financial Planning Manager from Legend Group Sergio Esteves

**II. Approval of Agenda**

Board Member Giblin added item Clarification on Drop Procedures.

**III. Unfinished Business**

1. Funding Recommendations to the Village Council – Discussion
2. Frequency of Actuarial Valuation Reviews- Discussion
  - Changing assumption rate
  - The need to run a study on the impact of the negotiated benefit changes
  - Status of 175/185 funding

Attorney Jensen reported that this item was a follow to the discussions that the Board had at the last meeting. She explained that included in the meeting packets are the following items: copies of the February Minutes were the Board had asked that the Villages Council considered putting additional dollars into the Fund and a copies of a follow up e-mail from Ms. Jensen to Ms. Joann Forsythe passing this information. Ms. Jensen reported that she had been informed that no further action was needed to communicate this information to the Village Manager. She believes Chair Sabin had a follow up conversation with the Village Manager about this particular topic as well. Ms. Jensen has not been informed that the Village communicated this information to the Council nor does she have any outcome of the results of this. She believes the Board should discuss the process of communicating information to the Village Council. Secretary D'Ambra

reported that he had attended the last Council Meeting and there seems to have been a breakdown in the communication process. It's his understanding that the matter is now under consideration by Council though subject was never clearly communicated to the Council. At this time he does not know the outcome. Chair Sabin reported that he had talked to the Village Manager and he had been surprised to find out that the Village Manager had not heard about this matter. Chair Sabin commented that in the past they have relied on the Minutes, which are published to communicate. In the future he believes the Board should do it in writing with the signature of the Chair. He suggested that it would be a good idea to have a Workshop with the Village Council to discuss the funding issues.

The Board had a lengthy discussion on how to maintain the 175/185 funding. There are ongoing negotiations and the Village Council has not implemented the Ordinance changes yet. There is a contract that has been agreed on. The Board had questions on how they should follow up and keep on top of pending Ordinances with the new third party Administrator. Mr. Baur reported that typically they would get the communications from the City Clerk's office. Ms. Jensen will also follow up on pending Ordinances.

Board Member Cooper left at 8:55 a.m.

#### **IV. Presentations: DROP Plan**

##### **3. Presentation by Hortensia Perez – ICMA- RC**

Hortensia Perez reported that many Pension Boards are looking to reduce cost and to separate DROP Plans from the Defined Benefit Plans. She explained that ICMA does Self-Directed DROP Plans. She proceeded to explain why the Board should choose ICMA-RC. She stated that ICMA-RC serves only Public Sector Plans. ICMA has \$32 billion under administration. ICMA-RC provides wide variety of Plan Solutions. ICMA- RC has managed account solution for individual members as well. ICMA-RC provides individual financial planning services or consultations to members. Ms. Perez then addressed the plan administration. She reported that there are resources and educational materials available to members. She then explained Self-Directed DROP account options available to individual participants. Assets remain as Pension Plan assets. Board Member Giblin commented that had been considering this option because he thought it would be a good idea to incorporate fixed alternatives to members. Ms. Perez reported that the 457 Plan had administrative fees. She explained that fees are reduced as assets grow. She does not know the specific fees for this Plan but she can forward to the Board. Mr. Johnson was asked if there would be additional fees for him to review the DROP accounts. Mr. Johnson reported that there would be a minimal additional cost increase to review the DROP's. Ms. Perez reported that administrative fees range from ¼ % to ½ %. She is not

certain if there is an additional 15 basis point fee for recordkeeping. She will forward a list of available Funds. Ms. Jensen reported that there will have to be an Ordinance Amendment to allow a self directed DROP option. The Board had a lengthy discussion about Fund Options.

4. Presentation by Sergio Esteves- Legend Group

Mr. Esteves explained that offer flexible platform for investments. They are an independent Subsidiary of Waddell & Reed. They have state-of-the-art technology and have a dedicated investment management program. They have over 40 years experience. He reported that the strength of open architecture is that you can custom build you Plan to meet your needs, not the perceived needs of a product vendor. They offer full disclosure and fee transparency. They have 18,000 funds available for inclusion into the Plan. They offer sophisticated artificial intelligence technology that provides predictions of relative strength of asset classes representing the major domestic and international equity and debt sectors. Mr. Esteves explained that the Asset Allocation Neutral Network (AANN) is not affected by bias, distractions, fatigue of the emotions of greed and fear.

The Board had a lengthy discussion regarding the presentations. Board would like to see a list of Funds available from ICMA-RC and Legend and their fees to be reviewed at the November 1 Pension Board Meeting.

## **V. New Business**

5. Domestic Equity Manager Review – Dan Johnson, Bogdahn Consulting

Dan Johnson, Bogdahn Consulting, reported that July was a very strong month but August was not as good. For the month of August the Plan is slightly down at 1.6% versus the benchmark at 2.2%. From October 2009 to August 31, 2010 the Plan is at 7.3. % versus the benchmark at 3.9%. He reported that this has been the best September in record in the last 71 years. He reported that as of August 31, 2010 the Plan assets are \$5,622,00 and the market value as of yesterday was \$6,029,331.

Mr. Johnson reviewed Rockwood's performance. He commented on diversifying the portfolio. He reviewed a couple of different blends to diversify portfolio. Mr. Johnson stated that if the Board is looking to diversify the portfolio he recommends doing it when Rockwood is on top. Mr. Johnson recommendation is to rebalance the portfolio in order to bring the Plan in line with the 50, 10, 40 weights. He recommends funding a new manager with the \$200,000 or moving it from Fixed Income to Domestic Stocks. The Board would like to review further before funding a new manager. Secretary D'Ambra is in favor to move it into

international. The Board agreed to wait until the November 1, 2010 meeting to take any action.

**VI. ANY OTHER MATTERS**

There were no other matters.

**VII. COMMUNICATIONS FROM CITIZENS**

There were no communications from citizens.

**VIII. Adjournment**

There being no further business, the meeting was adjourned at 11:55 p.m.

Respectfully submitted,

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