

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES (DRAFT)
AUGUST 1, 2011**

I. Call To Order and Roll Call

The Regular Quarterly 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 August 1, 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 Frank D'Ambra, Board Member Dave Cooper, Board Member John Terzakis, and Board Member Robert Young.

Also in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and Dixie Martinez, Investment Monitor Dan Johnson, Actuary Steve Palmquist, Investment Manager Anthony Brown from Rockwood Capital and Chief Weinand.

II. Approval of Agenda

Item XI.12. Discussion with Actuary was moved to be discussed first under item V. Presentations. The following items were added to the Agenda; item XI.17. Lump Sum Policy, Bonni Jensen; item XI.18. Fiduciary Liability Insurance, Dixie Martinez, and item XI.19. Salem Signature Cards, Dixie Martinez.

MOTION:

Board Member Cooper made a motion to approve the Agenda. Board member Young seconded the motion, which carried by unanimous 4-0 vote.

III. TRUSTEE RECOGNITION

1. Ed Sabin

Mr. Sabin did not attend this meeting.

IV. APPROVAL OF MINUTES

Approval of Minutes

2. Regular Quarterly Meeting Minutes - Tequesta Public Safety Officers' Pension Trust Fund– June 14, 2011.

3. Special Board Meeting Minutes – June 17, 2011

MOTION:

Board Member Terzakis made a motion to accept the minutes of the regular quarterly meeting of June 14, 2011 and special meeting on June 17, 2011. Board member Young seconded the motion, which carried by unanimous 4-0 vote.

V. PRESENTATIONS

Discussion with Actuary, Steve Palmquist, regarding next Valuation Report.

Actuary Steve Palmquist reported that he had been asked to attend this meeting to review the impact on the proposed ordinance amendment to the Plan. He explained that he was referring to the closing of the Plan for police officers as of October 1, 2011, with new members going to a defined contribution plan. He reported that due to this change the Plan will lose chapter 185 premium tax receipt. He noted that there will be no impact on funding for a number of years, since the Plan is already well funded by comparison. Eventually the cost will become more erratic.

The Board asked about pending valuation timing although not always consistent. The Board also asked about recommendations for actuarial earning assumption. Mr. Palmquist noted that the General Employees assumed rate of return is 8.0%. Mr. Palmquist explained the assumed rate of return of expenses. Many larger Plans have lower expense ratios. He reviewed assumption changes by many public plans around the country. Chair D'Ambra asked if Mr. Palmquist could estimate contributions for the Village to budget in advance of valuation with assumption change of same amount. Mr. Palmquist will provide some estimates. He will also prepare an impact statement for proposed ordinance which will not substantially change apart from loss of 185 premium tax receipts.

Attorney Bonni Jensen suggested that the Board give some indication of direction for Mr. Palmquist to prepare estimates. The Board discussed erring on the side of caution. Mr. Johnson warned that a lower assumption rate would substantially increase the Village contribution rate. The Board discussed a new target rate of return and the potential impact on the Village's budgets and considered plan expenses. The Board settled on a 7.5% target for purposes of preparing an estimate.

4. Investment Manager – Anthony Brown, Rockwood Capital.

Anthony Brown from Rockwood Capital reported that the total beginning market for the quarter was \$4,610,904 and the total ending value as of June 30 was 4,765,749. The portfolio's allocation for the quarter is 59.9% in Fixed Income, 36.0% in Equity and 4.1% in Cash. He noted that for the quarter the Rockwood Strategic Equity Fund gained 0.3% versus 0.1% for the S&P 500 Index. He noted that the obstacles the early markets encountered in the 2nd quarter of 2011 were eerily similar to the 2nd quarter of 2010, minus the resulting negative returns. He reported that during the first half of the quarter the Equity portfolio benefited by concentrating the investments selection in Technology and Energy. He reported that for this quarter the Plan's equity portfolio was up 0.9% versus the benchmark at 0.0% and for fiscal year to date the plan is at 25.2% versus the benchmark at 18.7%. Mr. Brown reviewed the top ten holdings. Mr. Brown reported that for this quarter the Fixed Income Portfolio was slightly behind at 2.0% versus the benchmark at 2.2% and for fiscal year to date the Plan was at 1.6% versus the benchmark at 1.9%. He reviewed the structure of the Fixed Income portfolio.

Chair D'Ambra expressed concerns if interest rates go up.

5. Quarterly Presentation by Monitor – Dan Johnson, Bogdahn Consulting

Mr. Palmquist left the meeting.

Dan Johnson, Bogdahn Consulting, LLC reported that returns were surprisingly flat this quarter even though market had a lot of volatility. He reported that for Quarter ending June 30, 2011 emerging markets were down -1.0% and the S&P 500 was up by 0.1%. He reported that concerns over Greece and the debt ceiling drove markets down. He noted that the U.S. dollar strengthened this quarter. He reviewed the top detractors in this quarter. He reported that interest rates came down this quarter which made prices go up. He reviewed the Equity market environment for this quarter.

Mr. Johnson reported that for quarter ending June 30, 2011 the Plan's market value is \$7,079,670 and the asset allocations are Domestic Equity 46.0%, International Equity 9.4%, Fixed Income 40.0%, and Cash Equivalent 4.5%. The Plan's total fund gross was at 0.70% versus the benchmark at 1.05%. Total Equity was at -0.21% versus the benchmark at 0.30%, Total Domestic Equity was at -0.45% versus the benchmark at -0.03%, Total International Equity was up 1.05% versus the benchmark at 1.83%, and Total Fixed Income was at 1.97% versus 2.17%.

Mr. Johnson reviewed the performance by manager; Rockwood Equity was at up at 0.90% versus the benchmark at -0.03%, Manning and Napier was at -1.86% versus the benchmark at -0.03%, Europacific Growth was at 1.05% versus the benchmark at 1.83%, Rockwood Fixed Income was at 1.97% versus the benchmark at 2.17%. Mr. Johnson reported that for fiscal year to date the Plan's total fund gross was at 11.45% versus the benchmark at 11.20%. Total Equity was at 19.24% versus the benchmark at 17.62%, Total Domestic Equity was at 21.06% versus the benchmark at 18.68%, Total International Equity was up 10.70% versus the benchmark at 12.36%, and Total Fixed Income was at 1.64% versus 1.88%.

a. Manning and Napier Update

Mr. Johnson reported that Manning and Napier filed a registration statement on Form S-1 with the Securities and Exchange Commission for a proposed initial public offering of its Class A common stock. Mr. Johnson recommended rebalancing the portfolio. He recommended taking \$300,000 out of the fixed income portfolio and reallocating \$75,000 into the Rockwood portfolio, \$150,000 into the Manning and Napier portfolio and \$75,000 into the Europacific portfolio.

MOTION:

Board Member Young moved to rebalance the portfolio according to Mr. Johnson's recommendations. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote.

Mr. Johnson provided an update to the Plan's Investment Policy for consideration by the Board. The Board will consider the matter at the next Pension Board meeting in November.

VI. UNFINISHED BUSINESS

Board member Cooper asked Chair D'Ambra if the Board could address Chief Weinand since he was at the meeting. The Board agreed to address Chief Weinands' issue at this point. Chief Weinand reported that he had retired 3 months ago and he has not received his first benefit payment. Mr. Baur reported that he does not have the historical payroll records for Chief Weinand yet therefore he would like to ask the Board if they would approve paying Chief Weinand on an estimated benefit until he is able to process his final calculation. Mr. Baur reported that he is meeting with Jody Forsythe and Michelle Gload tomorrow to try to resolve the issues with the payroll records. Ms. Forsythe and Ms. Gload reported how and when payroll records have been provided to Pension Resource Centers. Ms. Forsythe reported that they don't understand what the problems are with the payroll records that have been provided to the administrator therefore they will be meeting

with him tomorrow to go over these issues. There was a lengthy discussion regarding payroll records.

Mr. Baur reported that the Board could approve starting Chief Weinand's payment on an estimated benefit with his understanding that his benefit could be adjusted once his final calculation is processed. Ms. Jensen can provide a form for Chief Weinand to sign and acknowledge his understanding of this. Chief Weinand stated that he understands that there could be an adjustment later. He noted that he elected the 75% Joint & Survivor option as his preliminary election with the understanding that he can change this option once he has his final calculation.

MOTION:

Board Member Cooper moved to begin payment to Chief Weinand on an estimated benefit based on optional form of benefit 75% J&S and to have the administrator provide copy of minutes and estimated calculation to Ms. Forsythe as documentation for this request. Board Member Young seconded the motion, which carried by unanimous 4-0 vote.

Chair D'Ambra thanked Chief Weinand for his patience and explained to him that what the Board has just approved is to pay him his lump sum and monthly benefit based on an estimated calculation. Ms. Bonni Jensen will provide him with a form that acknowledges that the payment is being made on an estimated benefit and his payment can be adjusted once the final calculation is processed. Mr. Johnson recommended the Board open an R&D account at Salem to make the monthly benefit payments. Mr. Baur reported that Chief Weinand's estimated payment will be around \$225,000. This includes the lump sum payment and the June, July, and August monthly benefit.

Ms. Martinez reported that the Salem signature cards are ready for execution. She explained that currently neither Mr. Baur nor she had the authority to request the rebalance of the portfolio or request that the R&D account be opened at Salem Trust because they are not authorized signers on the account. The Board had a lengthy discussion regarding this matter. The Board agreed that the signature cards should note what authority the administrator has. Ms. Jensen reported that as she understands it the administrator will have the authority to be able to give Salem directions to move money in accordance with Mr. Johnson's directions and they will be able to move money among the Plan's other accounts with Salem but they will not have the authority to move money into the Plan's local checking account.

MOTION:

Board Member Young moved to grant the administrator (Scott Baur and Dixie Martinez) the authorization for all access through Salem Trust except for transfers to either the First Southern checking account or any other local checking account maintained by the Board where the administrator has any kind of authorization. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote.

Mr. Johnson recommended opening an R&D account at Salem Trust so that payments for lump sums and monthly benefits can be paid out of that account. He recommended funding the R&D account with \$240,000 and reallocating \$15,000 to the Rockwood Equity portfolio, \$15,000 to the Europacific portfolio and \$30,000 to the Manning and Napier portfolio. This represents the \$300,000 flow from the Fixed Income portfolio. He also recommended notifying Salem Trust that all incoming contributions should go into the R&D account. Mr. Baur will send Salem Trust the updated signature card and letter of instructions.

VII. STANDING REPORTS (INFORMATION ITEMS)

There were no questions or comments regarding the information items below.

6. New applicants for participation in Pension Plan:

None

7. Request for withdrawal of contributions (employees Terminating employment with Village of Tequesta) – Ratification of withdrawals made since the last meeting on two signature basis:

None

8. Terminated Employees who have not taken their contributions

None

VIII. PAYMENTS TO BE RATIFIED (PAYMENTS MADE SINCE LAST MEETING)

Chair D'Ambra asked what the charges on the GRS invoice are. Ms. Martinez reported that the charges are for the preparation of employee benefit statements.

MOTION:

Board member Young moved to approve the ratification of payments made since the last meeting and approval of payments to be reviewed and approved. Board Member Terzakis seconded the motion, which carried by

unanimous 4-0 vote. Therefore, Agenda items 9 and 10 listed below were approved as presented.

VIII. PAYMENTS TO BE REVIEWED AND APPROVED

9. Gabriel Roeder Smith & Company – fees through 5/31/11 **\$2,198.00**

IX. PAYMENT TO BE REVIEWED AND APPROVED

10. Pension Resource Centers – Adm. Fee June 2011 **\$ 950.00**

Perry & Jensen, LLC. - Services through 6/15/11	\$1,467.90
The Bogdahn Group – Performance Monitoring 2 nd Q. Fees	\$3,750.00
Pension Resource Centers – Adm. Fee July 2011	\$ 950.00
Gabriel Roeder Smith & Company – fees trough 6/30/11	\$ 918.00
Rockwood Capital – Investment Management 2 nd Q. Fees	\$6,208.26
Perry & Jensen, LLC. – Services trough 7/15/11	\$ 910.00
Direct Image – Invoice Plaque	\$ 93.83

X. BUDGET REPORT

**11. Quarterly Budget Report – Income Statement & Expenditure Report,
Finance Director Forsythe.**

Finance Director Forsythe was not present to present the report. The Board reviewed the report.

XI. NEW BUSINESS

12. Discussion with Actuary, Steve Palmquist, regarding next valuation report.

This item was reviewed under item V. Presentations.

**13. Procedures for Payment on Estimated Benefits – Discussion,
Administrator Scott Baur**

This item was reviewed under item VI. Unfinished Business.

14. Legislative Update Memorandum, SB 1128, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that Senate Bill 1128 passed. 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 actuarial valuation report will have to have an additional page to comply with some of the changes. 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

15. Rollover Form for Participant Weinand, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that she had created a form for participants to complete once they request a lump sum benefit.

16. Restatement (Opt Out of 185), Attorney Bonni Jensen.

Attorney Bonni Jensen reported that this document incorporates the closing of the Plan to new Police Officer members. No Police Officers hired after October 1, 2011 shall be offered the opportunity to participate in the Village's new defined contribution program. There is no change to the pension benefits for Police Officers hired before October 1, 2011. Additionally, the plan for the firefighters remains unchanged in any way. Firefighters hired after October 1, 2011 will continue to be mandatory participants in this defined benefit plan. It also eliminates Chapter 185 from the Plan. It adds clarification to the definition of members "Member means an actively employed Police Officer or Firefighter that fulfills the applicable prescribed membership requirements and means an actively employed Police Officer hired before October 1, 2011 that fulfilled the applicable prescribed membership requirements."

Ms. Jensen reported that she needs the Board to approve this document so that she can pass this to the Village. She explained that an actuarial impact study will also need to be done.

MOTION:

Board Member Young moved to approve the document presented by Attorney Bonni Jensen and to approve the actuarial impact study. Board Member Cooper seconded the motion which carried by unanimous 4-0 vote.

17. Lump Sum Policy, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that this document describes the process which the Board will use to determine whether a person is entitled to a lump sum distribution or an optional form.

She suggested that the member give the Board 6 month's notice of their intent prior to their retirement date. To limit the lump sum to 25%. She also suggested requesting a statement by the member's spouse.

Chair D'Ambra asked that this item be added to the next Pension Board meeting Agenda for the Boards review and approval.

Board Member Cooper left the meeting.

18. Fiduciary Liability Insurance, Administrator Dixie Martinez.

Administrator Martinez reported that the fiduciary liability insurance policy expires September 30, 2011. She reported that last year Travelers agreed to a three year rate guaranteed therefore the fee did not change for this year. She asked the Board if they would like to continue with Travelers and approve the renewal of the Policy.

MOTION:

Board Member Young moved to approve the fiduciary liability insurance renewal with Travelers. Board Member Terzakis seconded the motion which carried by unanimous 4-0 vote.

19. Salem Signature Cards, Administrator Dixie Martinez.

This item was reviewed under item VI. Unfinished Business.

XI. ANY OTHER MATTERS

There were no other matters.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XIII. Adjournment

There being no further business, the meeting was adjourned at 11:08 a.m.

Respectfully submitted,

Dixie Martinez

Administrator

Village of Tequesta Public Safety Officers' Pension Plan