

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 6, 2012**

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 February 6, 2012. The meeting was called to order at 8:03 a.m.

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

Also in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and Dixie Martinez, Investment Monitor Jon Breth and Investment Manager Anthony Brown.

II. Approval of Agenda

Pension Administrator, Dixie Martinez, reported that Invoices from Perry & Jensen needed to be added to the Agenda under item VIII.10. Payments to be Reviewed and Approved. The Board agreed to add this item to the Agenda.

MOTION:

Board member Cooper made a motion to add Invoices from Perry & Jensen to the Agenda under item VIII.10. Payments to be Reviewed and Approved. Board member Young seconded the motion, which carried by unanimous 4-0 vote.

III. APPROVAL OF MINUTES

1. Quarterly Meeting Minutes- November 7, 2011

MOTION:

Board member Cooper made a motion to accept the minutes of the regular quarterly meeting of November 7, 2011 as presented. Board member Young seconded the motion, which carried by unanimous 4-0 vote.

IV. PRESENTATIONS

**2. Investment Manager – Anthony Brown, Rockwood Capital.
a. Fixed Income Strategy**

Anthony Brown from Rockwood Capital reported that today he had been asked to focus his attention on the Fixed Income Strategy. He reported that currently the benchmark that they are bench marked against is the Barclays International Government/Credit Bond Index. Mr. Brown reported that the total beginning market for the quarter was \$4,372,394 and the total ending value as of December 31 was 4,689,171. The portfolio's allocation for the quarter was 58.5% in Fixed Income, 32.4% in Equity and 9.0% in Cash & Equivalents. He reported that their Fixed Income portfolio objective is to outperform an appropriate benchmark on a risk-adjusted basis over a complete market cycle. Their strategy is to have a very high quality, disciplined investment approach. Market driven and technical analysis fixed income process. They utilize proprietary and third party research. He reported that the Euro situation appears to be deteriorating. They anticipate continued, world wide central bank quantitative easing in 2012. He reported that while they see little value in Treasuries at current yields, they are maintaining in the portfolio a 32% weight in Treasuries as a hedge against a poor outcome in Europe. Their duration position will be largely dictated by events in Europe. A positive outcome would most likely lead to higher interest rates, and they would shorten duration to protect their investment principal. If events in Europe spiral out of control, the demand in Treasuries, as well as their returns, would be great, much as they were in 2011. His firm believes that this weighting is sufficient to protect the portfolio. He reported that currently they are duration neutral and they are clearly looking for other opportunities to keep yields up.

Mr. Brown reported that their strategy for the Equity portfolio is to outperform an appropriate bench mark over the long-term. He explained their strategy. He reported that they had begun 2011 and ended it really at the same place. He reported that for quarter ending December 31, 2011 the Equity fund gained 13.3% versus the benchmark at 11.8%. He reported that in 2011 transitions occurred from May up until the end of September. In October there was a rebound and December was a flat month. He talked about the volatility in the portfolio which mirrors the volatility in the S&P 500. Mr. Brown reviewed the performance by sector from April 30, 2010 to April 30, 2011. He reported that there was no place to hide and all sectors were negative during the last quarter of fiscal year end 2011. He reported they have moved into Utilities and Consumer Staples and they have pulled back in Industrials and Consumer Discretionary. He noted that as things evolve they will monitor and will move out as they see appropriate. He reviewed the top 10 holdings in the Equity portfolio.

3. Quarterly Presentation by Monitor – Jon Breth, Bogdahn Consulting, LLC.
a. Investment Policy Statement
b. Fixed Income Diversification Review

Jon Breth, Bogdahn Consulting, LLC introduced himself to the Board. He explained why Mr. Johnson could not attend today's meeting. He reported that Energy was up 4% for the year and 18.5% for the quarter. He reported that for quarter ending December 31, 2012 International stocks were up 3.4%; Emerging markets were up 4.5%. He reported that for the quarter for the US Fixed income High Yield was up 6.5% but it lagged for the year.

Mr. Breth reported that for quarter ending December 31, 2011 the Plan's market value is \$7,013,552 and the asset allocations are Domestic Equity 43.3%, International Equity 9.4%, Fixed Income 38.9%, and Cash Equivalent 8.3%. He reviewed the financial reconciliation quarter to date. He reported that the Plan's Total Fund Gross was at 5.86% versus the benchmark at 6.78%. Total Equity was slightly below the benchmark at 10.10% versus the benchmark at 10.61%, Total Domestic Equity was 11.29% versus the benchmark at 12.12%, Total International Equity was up 4.59% versus the benchmark at 3.38%, and Total Fixed Income was up 1.06% versus the benchmark at 0.91%. Mr. Breth reviewed the asset allocation by manager. He reviewed the performance by manager for quarter ending December 31, 2011. Rockwood Equity was slightly below at 12.04% versus the benchmark at 12.12%; Manning & Napier was down 10.54% versus the benchmark at 12.12%; Europacific was up 4.59% versus the benchmark at 3.38%; Rockwood Fixed Income was up 1.06% versus the benchmark at 0.91%. He reviewed some of the different holdings by managers. Mr. Breth reviewed the attributions/contributions data for the quarter.

Mr. Breth reviewed the changes to the Investment Policy Statement. He reported that the changes are as follows; the actuarial earnings assumption was changed from 8% to 7.5% net of investment related expenses; the international benchmark was amended from the MSCI EAFE to MSCI ACW ex. U.S. The Board had a brief discussion regarding these changes.

MOTION:

Board member Young moved to approve the revised Investment Policy Statement. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote.

Mr. Breth reviewed briefly TIPS, Convertible Bonds, Global Fixed Income, High-yield Fixed Income, Preferred Stocks, and Real Estate as potential asset classes to provide income enhancement. The Board had a brief discussion regarding these different types of income diversifiers. Mr. Breth reported that Mr. Johnson will be reviewing with the Board at the next meeting Global Bonds and Salem Trust CIT program, if he has any further details

V. UNFINISHED BUSINESS

4. Lump Sum Policy, Attorney Bonni Jensen.

Attorney Bonni Jensen reviewed the additions made to the Lump Sum policy as per the Board's direction at the last Pension Board meeting. She reported that the lump sum payment will be part of the actuarially calculated present value of future benefits and that it should also include the supplemental benefit. The Board would prefer to see the good health condition removed from the Lump Sum Policy as they are not comfortable with this clause. The Board had a brief discussion regarding this clause.

MOTION:

Secretary Giblin moved to remove the good health condition removed from the Lump Sum Policy. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote

5. Gehring Group Invoice for the Public Safety Pension Portion for the Fiduciary Liability Insurance for period 10-10-11 to 10-10-12.

Administrator Dixie Martinez reported that it had come to her attention that the breakdown of the invoice for the Fiduciary Liability Insurance between the General Pension Plan and the Public Safety Pension Plan had been calculated incorrectly therefore the General Employees' Pension Plan overpaid their portion by \$239.18. The Public Safety Officers Pension Plan will have to reimburse the General Employees' Pension Plan this amount. Administrator Baur reported that initially to calculate the payment by Plan Ms. Martinez had taken the ratio of the General Employee's Plan to the Public Safety and then had done the split on that ratio, as opposed to taking a total and adding the two together and then taking a ratio of the General Employees to the combined total.

MOTION:

Board member Young moved to approve the Gehring Group Invoice for the Public Safety Pension Portion for the Fiduciary Liability Insurance for period 10-10-11 to 10-10-12. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote

VI. 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)

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|-----------------------------|----------|
| 9. Pension Resource Centers | \$950.00 |
| Adm. Fee November 2011 | |

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| Rockwood Capital Management Investment Manager Fees 7-1-11 to 9-30-11 | \$5,718.21 |
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| Gabriel Roeder Smith Actuarial Services Rendered through 11-30-11 | \$600.00 |
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MOTION:

Secretary Giblin moved to approve the ratification of payments made since the last meeting. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote

Chair D'Ambra asked if the actuarial valuation report will be ready for the next Pension Board meeting. Mr. Baur reported that most likely it will be ready for the next Pension Board meeting.

VIII. PAYMENTS TO BE REVIEWED AND APPROVED

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|--|-----------------|
| 10. FPPTA | \$600.00 |
| Annual Membership Dues | |
| Pension Resource Centers | \$950.00 |
| Adm. Fee December 2011 | |
| The Bogdahn Group | \$3,750.00 |
| Performance Evaluation for 4 th Q 2011 | |
| Pension Resource Centers | \$950.00 |
| Adm. Fee January 2012 | |
| Ellen Schaffer | \$2,143.75 |
| Programming and Online Calculator Set Up | |
| Gabriel Roeder Smith | \$2,965.00 |
| Actuarial Services Rendered through 12/31/11 | |
| Ellen Schaffer | \$143.75 |
| Programming – Load payroll data for C. Malley From 2002 to 2008 | |
| Rockwood Capital Advisors | \$6,113.86 |
| Investment Manager Fees 10-1-11 – 12-31-11 | |
| Manning & Napier | \$3,057.87 |
| Investment Management Fees for 4 th Q 2011 | |

Chair D'Ambra asked Mr. Baur if the Ellen Schaffer invoices are directly associated with the set up cost. Mr. Baur agreed. He explained that everything up until this point is related to the set up expenses. In the event that there are maintenance related charges on a contractual basis for services acquired through Ellen Schaffer we would still bring those changes in advance but we would typically in our agreement pass those through as opposed to bearing them separately.

MOTION:

Secretary Giblin moved to approve the payment of invoices as presented. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote.

Ms. Martinez reported that there were the additional invoices from Perry & Jensen, added to the Agenda at the beginning of the meeting, to be reviewed and approved by the Board.

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|--|----------|
| Perry & Jensen | \$959.35 |
| Legal Fees for the period ending 11/15/11 (less two amount in question of \$1,412.50 total invoice \$2,371.85) | |
| Perry & Jensen | \$389.90 |
| Legal Fees for Period ending 12/15/11 | |
| Perry & Jensen | \$205.05 |
| Legal Fees for period ending 01/15/12 | |

MOTION:

Secretary Giblin moved to approve the payment of invoices as presented for Perry & Jensen. Board Member Cooper seconded the motion, which carried by unanimous 4-0 vote.

IX. BUDGET REPORT

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

Ms. Martinez left the meeting to find Finance Director Forsythe. Ms. Martinez came back into the meeting. She reported that Finance Director Forsythe would be available to review the reports shortly.

X. NEW BUSINESS

12. Addendum to Actuary Agreement, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that the Addendum to the Actuary Agreement was ready to be reviewed and approved by the Board. The Addendum includes the additional fee for the

reporting of the state mandate that changed the way they perform the actuarial valuation report.

MOTION:

Secretary Giblin moved to approve the Addendum to the Actuary Agreement. Board Member Young seconded the motion which carried by unanimous 4-0 vote.

13. Legislative Update – House Bill 1499, Attorney Bonni Jensen

Attorney Bonni Jensen reported that this Bill was filed on January 18, 2012. This Bill requires actuary valuations be performed at least every two years. It creates a Pension watch list setting forth new definitions and procedures, establishes an 80% funded ratio as the sole watch list criteria. The Plan sponsor must notify the Department of Management Services if a plan's funded ratio is 80% or less. She reviewed the steps needed to be taken if the funded ratio is less than 80%.

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

Finance Director Forsythe joined the meeting. She reported that she can go forward and put in the numbers as the Board pleases into the budget report. She explained that in other words if the Board wants the Village to prepare a Budget report, they can certainly do so. She explained the details that the Board would normally see coming in quarterly or what the amounts are and the Board could simply make projections. Also if they would like they can simply prepare the budget and the Board will have to obviously approve it. Chair D'Ambra commented that it would be a good idea for them to estimate what the numbers are in the budget and bring it them to the Board for approval. Ms. Forsythe reported that they can drop the numbers into a report and they can send it to the Board within the next 2 to 3 weeks. Chair D'Ambra commented that for budgeting purposes he believes they should assume what it is assumed within the Plan's Policy target.

14. Task Force On Public Employee Disability Presumptions, Attorney Bonni Jensen

Attorney Bonni Jensen reported the Task Force on Public Employee Disability Presumptions was created pursuant to SB1128. She reviewed the different responsibilities that this Task Force was given and the recommendations made. She noted that in general what they found was that for all governmental entities represented, the average cost per workers' compensation claim is lower than the average cost if a disability presumption is involved. Also for all governmental entities, the percent of incurred cost for presumption claims relative to all workers' compensation cost is higher than the percent of the number of presumption claims when compared to all workers' compensation claims. She reported that the conclusion is that they reached no conclusion. They made 29 recommendations but they could not reach any consensus.

15. Ordinance 25-11, Attorney Bonni Jensen

Attorney Bonni Jensen reported that Ordinance 25-11 is a full restatement of the Plan Document. It was adopted and passed on second reading on December 8, 2011. This Ordinance repeals in its entirety Ordinance 14-11.

16. Class Action Reports for periods 10-1-11 to 12-30-11, Administrator Dixie Martinez

Administrator Dixie Martinez reported that there have been no class actions filed on the Plan's behalf during the last quarter.

XI. 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.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XIII. Adjournment

MOTION:

Board member Cooper moved to adjourn. Secretary Giblin seconded the motion which carried by unanimous 4-0 vote.

There being no further business, the meeting was adjourned at 10:09 a.m.

Respectfully submitted,

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