

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
AUGUST 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 August 6, 2012. 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: Secretary Ray Giblin, Board Member Dave Cooper, Board Member John Terzakis, and Board Member Ed Sabin.

Also in attendance were Attorney Bonni Jensen, Pension Administrators Scott Baur and Dixie Martinez, Investment Monitor Dan Johnson and Tyler Grumbles and Investment Manager Tony Brown.

II. Election of Board Officers (Chairperson and Secretary)

Board member Giblin nominated Board member Ed Sabin for Chair. Board member Terzakis second the nomination. There were no other nominations for Chair. Board member Sabin accepted the position as Chair to this Board.

MOTION:

Board member Giblin made a motion to accept Board member Ed Sabin as Chair. Board member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

Board member Dave Cooper arrived to the meeting at 8:07 a.m.

Board member Terzakis nominated Board member Ray Giblin for Secretary. Board member Cooper second the nomination. There were no other nominations for Secretary. Board member Giblin accepted the position as Secretary to this Board.

MOTION:

Board member Terzakis made a motion to accept Board member Ray Giblin as Secretary. Board member Cooper seconded the motion, which carried by unanimous 4-0 vote.

III. Approval of Agenda

Ms. Martinez reported that Application for Retirement Disability needed to be added to the Agenda. The Board agreed to add it as first item on the Agenda.

MOTION:

Secretary Giblin made a motion to approve the Agenda as amended. Board member Terzakis seconded the motion, which carried by unanimous 4-0 vote

Application for Retirement Disability, Administrator Dixie Martinez

Ms. Martinez reported that Police Officer Jennifer McLain has submitted an application for a line of duty disability retirement. She reported that Ms. McLain has not submitted a list of doctors or the medical release form yet. Ms. Bonni Jensen explained that first all medical records need to be gathered from all of her doctors. She reported that the Plan has the requirement that she be examined by a doctor selected by the Board for purposes of providing them a determination of whether she is permanently and totally disabled and she can not perform the duties of a Police Officer and whether the injuries were incurred in the line of duty. She reported that the processing of a disability application can take between 3 to 8 months. Mr. Baur explained how a disability application is typically processed. The Board had a lengthy discussion regarding this process. Ms. Bonni Jensen reported that the cost of the medical examination shall be incurred by the Board. She explained that in order to select a list of doctors that can do the independent examination for the Board they will need to have a list of the doctors that she has seen in the past so that they do not select the same doctors. Ms. Martinez reported that they will need to gather Ms. McLain's medical records. Once this has been done the Board agreed that they will need to hold a Special meeting to select an independent doctor.

MOTION:

Secretary Giblin moved to authorize staff to proceed to collect medical records and to bring back a list of doctors at the earliest possible point for selection.

The Board had a lengthy discussion regarding the process of selecting an independent doctor for the medical review.

MOTION:

Secretary Giblin moved to amend his motion as follows, direct PRC and attorney's office to gather the medical records and to begin the process of selecting a doctor and to bring back this information to the Board for a special meeting as soon as possible. Board member Cooper seconded the motion, which carried by unanimous 4-0 vote

MOTION:

Secretary Giblin moved that the Pension Plan cover the expenses related to gathering the medical records. Board member Cooper seconded the motion, which carried by unanimous 4-0 vote

IV. APPROVAL OF MINUTES

1. Quarterly Meeting Minutes- May 7, 2012

MOTION:

Secretary Giblin made a motion to accept the minutes of the regular quarterly meeting of May 7, 2012 as presented. Board member seconded the motion, which carried by unanimous 4-0 vote.

V. PRESENTATIONS

2. Quarterly Performance by Investment Manager – Tony Brown, Rockwood Capital Advisors.

Tony Brown, Rockwood Capital Advisors, reported that this quarter's beginning market value had been \$4,932,053 and as June 30, 2012 the ending market value was \$5,062,611. He reported that the Plan has invested 58% in fixed income, 33.3% in equity, and 8.7% in cash & equivalents. He reported that the equity portfolio return for this quarter was 0.8%. He reported that during this quarter the European concerns resurfaced and markets were down world-wide. He explained that sector leadership shifted sharply from cyclical (Materials, Energy, and Industrials) to defensive areas (Healthcare, Consumer Staples & Utilities). He reported that despite the pullback in the stock market, the Rockwood Strategic Equity Fund was positive for the quarter 0.40%. Additionally, for the first six months the fund is 10.3% vs. 9.5% for the S&P 500. Mr. Brown reported that the return for the fixed income portfolio during this quarter was 1.0% versus the benchmark at 1.3%. He reviewed the fixed portfolio structure.

3. Quarterly Presentation by Monitor – Dan Johnson and Tyler Grumbles, Bogdahn Consulting, LLC.

a. Quarterly Performance Report

Dan Johnson, Bogdahn Consulting, LLC briefly introduced Mr. Grumbles to the Board. Mr. Johnson reviewed the market environment during this quarter. He reported that after two consecutive quarters of double-digit performance, the equity markets were down for the second quarter. He reported that Brazil and India did badly during this second quarter and interest rates keep falling to new lower rates. He reported that the S&P 500 jumped 2.3% on the last day of the quarter. He reported that during this quarter defensive sectors did well. He reported that for quarter ending June 30, 2012 the Plan's market value was \$7,576,412 and the asset allocations were Domestic Equity 44.1%, International Equity 9.4%, Fixed Income 38.6%, and Cash Equivalent 8.0%.

Mr. Johnson reviewed the financial reconciliation of the Fund as of June 30, 2012. He reported that at the end of this quarter the Plan Total Fund (Gross) was at -1.21% versus the benchmark at -1.72%. Total Equity was -2.85% versus the benchmark at -3.86%, Total Domestic Equity was -2.18% versus the benchmark at -3.15%, Total International Equity was at -6.06% versus the benchmark at -7.38%, and Total Fixed Income was at 1.02% versus the benchmark at 1.32%. Mr. Johnson reviewed the quarterly performance by manager. He reported that Rockwood Capital was at 0.49% versus the benchmark at -3.15%, Manning & Napier was at -4.86% versus the benchmark at -3.15%, Europacific was at -6.12% versus the benchmark at -7.38%, and Rockwood Fixed Income was at

1.02% versus the benchmark at 1.32%. Mr. Johnson reviewed the holding analysis for the Rockwood Equity portfolio. He reported that as of last Friday the Plan's market value was \$7,696,000.

b. Domestic Equity Management Review

Mr. Dan Johnson reviewed a handout which provided a comparison in trailing performance returns through June 2012 for various equity managers for the Board's review and consideration. He reported that their fees are relatively close. He reviewed some of the risk characteristics for these managers. Mr. Johnson will continue to bring updates.

VI. UNFINISHED BUSINESS

None

VII. STANDING REPORTS (INFORMATION ITEMS)

4. New applicants for participation in Pension Plan:

None

5. 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

6. Terminated Employees who have not taken their contributions

None

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

7.	Pension Resource Center – Adm. Fees for May	\$ 950.00
•	Perry & Jensen – Legal Services through 05/15/12	\$1,300.35
•	Pension Resource Center – Adm. Fees for June	\$ 950.00
•	The Bogdahn Group – Consulting Fees 2 nd Q 2012	\$3,750.00
•	Perry & Jensen – Legal Services through 06/15/12	\$1,065.46
•	Credits to account: Reimbursement from PRC re: Ellen Schaffer Overcharge Charges	\$ 175.00

IX. PAYMENTS TO BE REVIEWED AND APPROVED

8.	Pension Resource Center – Adm. Fees for July	\$ 950.00
•	Perry & Jensen – Legal Services through 07/15/12	\$ 37.50

MOTION:

Board member Cooper made a motion to approve the payments to be ratified and payments to be reviewed and approved as presented. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote.

X. BUDGET REPORT

9. Quarterly Budget Report – Income Statement & Expenditure Report, Finance Staff.

Finance Staff was not available to review the budget report.

XI. NEW BUSINESS

11. Local Ordinance/IPS Revisions, Attorney Bonni Jensen.

Attorney Bonni Jensen reviewed the suggested changes to the Plan's document; Allowing investments in commingled funds, included mutual funds and exchange traded funds; Allowing 5% of the portfolio to be invested in below investment grade bonds; however, the bonds must be at least a "B" rating at the time of purchase; Allowing purchase of Yankee bonds; and Limiting bonds of a single corporation to 5% of the total fund. She explained that Bogdahn suggested a clarifying change (and an easier limit to monitor) to the permissible limits in equities from 60% at cost to 70% at market. Mr. Johnson explained why in his opinion these changes are necessary. The Board asked several questions regarding the change in the language to which Mr. Johnson answered accordingly.

Chair Sabin referred to section (4) Bonds, stocks, commingled funds administered by National or State Banks **or other pooled funds, which may include mutual funds or exchange-traded funds or trusts, except as provided in paragraph M below**, or evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that the corporation is traded on a nationally recognized Exchange and in the case of bonds only holds a rating in one of the four highest classifications by a major rating service, and if such investments are held in a pooled fund administered by a state or national bank, then the rating of each issue in the pooled fund shall hold a rating within the top four (4) rating classifications of a major rating service, except that 5% of the total market value of the portfolio may be invested in securities that **fall** below these rating guidelines and all securities must maintain at least a "B" rating at the time of purchase by a nationally recognized rating organization. He explained that in his opinion the word "fall" should be changed to **"are."**

Mr. Johnson clarified that under section C *"The Board of Trustees shall not invest more than five percent (5%) of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding capital stock of that company; nor shall the aggregate of its investments in common stock, capital stock and convertible bonds at market cost exceed seventy percent (70%) sixty percent (60%) of the assets of the Fund. Additionally, the value of bonds issued by any single corporation shall not exceed 5% of the total fund"* this is not an increase to the Plan's stock allocation; it is a clarification to the measurement guidelines for your stock allocation. Mr. Johnson recommends that the Board adopt these changes.

He reported that he will recommend changing the IPS once this ordinance change is approved

MOTION:

Secretary Giblin made a motion to adopt the language in the proposed ordinance amendment passed by the Plan's attorney with the revision to change the term "fall" to "are" below investment grade. Board member Terzakis seconded the motion, which carried by unanimous 4-0 vote.

Board member Cooper left the meeting at 9:55 a.m.

11. Local Retirement Plans Percentage of Payroll VS. Fixed-Dollar Contributions, Attorney Bonni Jensen.

Attorney Bonni Jensen reviewed a memorandum dated May 29, 2012 from the Division of Retirement Bureau of Local Retirement Systems. She reported that the State prior to this memo required that local retirement plan contributions must minimally equal the amount of contributions determined using the percentage of payroll method. The State has now determined that use of this method is not required for compliance with Part VII of Chapter 112, Florida Statutes. Accordingly, effective immediately, local governments should confer with the retirement board actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits with the funding requirements of the Plan. She reported that no action is required by the Board.

12. Designation of Beneficiary Forms, F.S. §732.703, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that the information regarding HB 401 relating to updating beneficiary information has been provided to the Village and all participants of the Plan.

13. Replacement to page 31 of the October 1, 2011 Valuation Report from GRS.

Attorney Bonni Jensen reported that for informational purposes they have received the replacement page 31 of the October 1, 2011 Valuation report.

14. Class Action Reports for periods 04-01-12 to 06-30-12, 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

Ms. Martinez reported that at the last Pension Board meeting Secretary Giblin had asked if Salem Trust would charge an additional fee for deducting insurance premiums from the

retired member checks. She explained that Salem Trust had advised her that there would be no additional fees for this service if needed.

Ms. Martinez reported that the 2011 Annual Report has been approved. Mr. Johnson reported that once the Plan receives the state check he recommends that the Board make a motion to allow him to coordinate with Ms Martinez to get those funds invested immediately at the strategic long term weights of the asset classes.

MOTION:

Secretary Giblin made a motion to approve rebalancing according the IPS guidelines upon receipt of the state check. Board member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

There were no other matters.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XIII. Adjournment

MOTION:

Secretary Giblin moved to adjourn. Board member Terzakis seconded the motion which carried by unanimous 3-0 vote.

There being no further business, the meeting was adjourned at 10:05 a.m.

Respectfully submitted,

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

Board Member
Village of Tequesta Public Safety Officers' Pension Plan