

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND
REGULAR BOARD MEETING MINUTES
FEBRUARY 4, 2013**

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 Emergency Operation Center, 357 Tequesta Drive, Tequesta, Florida, on February 4, 2013. The meeting was called to order at 8:01 a.m.

A roll call was taken by Pension Administrator Scott Baur. In attendance at the meeting were: Secretary Ray Giblin, Board Member Robert Young, and Board Member John Terzakis.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Scott Baur, Investment Monitor Dan Johnson and Tyler Grumbles.

II. Approval of Agenda

Attorney Bonni Jensen requested that item X.13.IRS Determination Letter be added to the Agenda.

MOTION:

Board Member Terzakis made a motion to approve the Agenda as amended. Board Member Young seconded the motion, which carried by unanimous 3-0 vote

III. APPROVAL OF MINUTES

1. Minutes:

- a. Quarterly Meeting- November 5, 2012**
- b. Special Meeting – December 7, 2012**

MOTION:

Board Member Young made a motion to accept the minutes of the regular quarterly meeting on November 5, 2012 and special meeting on December 7, 2012 as presented. Board member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

IV. PRESENTATIONS

- 2. Quarterly Presentation by Monitor – Dan Johnson and Tyler Grumbles, Bogdahn Consulting, LLC.**
 - a. Quarterly Performance Report**

b. Update on Manager transition

Tyler Grumbles, Bogdahn Consulting, LLC reviewed the market environment during this quarter. He reported that during this quarter value outperformed growth but domestic equities increased by only 20 basis points. He noted that neither manager owned Apple during the quarter. He reported that lower quality bonds, meanwhile, performed better than high quality bonds. He reported that for quarter ending December 31, 2012 the Plan's market value was \$8,301,552 and the asset allocations were Domestic Equity 46.7%, International Equity 10.6%, Fixed Income 38.5%, and Cash Equivalent 4.2%. Mr. Grumbles reviewed the financial reconciliation of the Fund as of December 31, 2012. He reported that the Plan is up 5% for fiscal year end. He reported that the Plan's Total Fund (Gross) was at 1.17% versus the benchmark at 0.78%. Total Equity was 1.93% versus the benchmark at 1.20%, Total Domestic Equity was at 1.15% versus the benchmark at 0.25%, Total International Equity was at 5.66% versus the benchmark at 5.89%, and Total Fixed Income was at 0.14% versus the benchmark at 0.18%. He reviewed the performance of each manager individually. He reported that Rockwood as well as Manning & Napier beat their respective benchmarks for the quarter. Mr. Tyler reported that the manager transition is mostly complete except for residual amounts to Rockwood. He reported that he does not recommend any other changes at this time but he did note that he will be reviewing the overall asset allocation at upcoming meetings. Mr. Johnson reported that he will not be attending the next meeting as his wife is expecting a baby. Mr. Grumbles will attend the May Pension Board meeting.

V. UNFINISHED BUSINESS

None

VI. STANDING REPORTS (INFORMATION ITEMS)

3. New applicants for participation in Pension Plan:

None

4. 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

5. Terminated Employees who have not taken their contributions

None

Mr. Baur reported that the new participant who is entering the DROP has been sent the calculation so that he can choose the optional form of benefit payment. Secretary Giblin noted that the discrepancy in payroll received from the Village was due to the Health Saving Account seed money amounts.

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

6.	Rockwood Capital Advisors- 3 rd Q 2012	\$6,782.44
•	Manning & Napier – Management Fees 3 rd Q 2012	\$3,704.59
•	PRC – Administrative Fees for November 2012	\$950.00
•	Perry & Jensen – Legal Services through 11/15/12	\$1,564.55
•	GRS- 10/1/12 Valuation & Employee Benefit Statements	\$794.00
•	PRC – Administrative Fees for December 2012	\$950.00
•	FPPTA- 2013 Annual Membership	\$600.00
•	The Bogdahn Group – Consulting Fees 4 th Q 2012	\$3,750.00
•	Perry & Jensen – Legal Services through 12/15/12	\$2,050.35

MOTION:

Board Member Young made a motion to approve the payments to be ratified as presented. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

VIII. PAYMENTS TO BE REVIEWED AND APPROVED

7.	PRC– Administrative Fees for January 2013	\$ 950.00
•	Perry & Jensen – Legal Services through 1/15/13	\$2,016.25

MOTION:

Board Member Young made a motion to approve the payments to be reviewed and approved as presented. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

IX. BUDGET REPORT

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

Finance Staff was not available to review the budget report.

Attorney Bonni Jensen suggested that the Board request a copy of the general ledger for 2012 for comparison to current year since there is no budget report.

X. NEW BUSINESS

9. 2013 IRS Mileage Rate, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that the IRS released its updated Standard Mileage Rate for 2013. The new rate is 56.5 cents per mile as of January 1, 2013.

10. Plan Amendment: Beneficiary Provision, Attorney Bonni Jensen.

Attorney Bonni Jensen reviewed the most recent amendments to the Plan. She reported that the Village had decided to put off the closure of the Plan until now. They have now

moved forward to close the Plan to new Police Officers. She explained that the Village had been concerned about possible adverse consequences due to members being permitted to change their beneficiary following retirement. Ms. Jensen indicated that the presumption of death is the maximum protection for the plan in the event that a joint pensioner is changed after retirement. She explained that this language has now been added to the Plan.

11. Rehabilitating Unfunded Pension Funds, Discussion.

Attorney Bonni Jensen reported that the Village had forwarded the information regarding rehabilitating unfunded Pension Funds. Mr. Johnson reported that the solicitation involved an aggressive and complex investment strategy funded with life insurance premiums. Mr. Johnson noted that his firm does automatically explore options available to the Plan.

12. Class Action Reports for periods 10-01-12 to 12-31-12, Administrator Dixie Martinez

Administrator Scott Baur reported that there was a class action filed against IndyMac Bancorp on the Plan's behalf during the last quarter.

Board Member Young asked about a disclosure requirement for participants primarily affecting defined contribution plans by 2014. Mr. Johnson briefly addressed the question. He explained that there are some pending GASB changes that would change how municipalities carry the Plan's liabilities and their books. Ms. Jensen reviewed some of the proposed bills from the current legislative session. She reported that one bill would have the employer funding the Plan and the dollars from the state would fund the minimum benefit requirements; 50% of any additional funding would reduce any unfunded liability with the other 50% automatically going to fund share accounts.

MOTION:

Board Member Young made a motion to accept the addition of the new business to the Agenda. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

13. IRS Determination Letter, Attorney Bonni Jensen.

Attorney Bonni Jensen reported that she had received a letter from the IRS regarding the IRS Determination Letter. She explained that everything is in order for the Plan. However the IRS does not know what to do with the DROP plans. She explained that the IRS wants Plans to recognize DROP deposits as contributions. Mr. Baur briefly explained how DROP accounts work. Ms. Jensen discussed the process of a voluntary compliance amendment. She reported that the processing of IRS determination letter is going through California rather than Washington. She reported that she did get to talk to their processor and the processor admitted there being some confusion on how to treat these Plans. She reported that the IRS does not really understand yet the laws that apply to these Plans. She reported that the IRS Determination request is now going into a second cycle.

MOTION:

Board Member Terzakis made a motion to send a letter to the IRS indicating that in their opinion this Plan is not subject to 415.c. limits. Board Member Young seconded the motion, which carried by unanimous 3-0 vote.

XI. ANY OTHER MATTERS

Attorney Bonni Jensen reported that at the last meeting the Board had approved doing the valuation report on an annual basis instead of semi-annually. Therefore GRS's current agreement will need to be amended. She will send the amended agreement to GRS.

Attorney Bonni Jensen reported that the Public Safety Pension Plan and the General Employees Pension Plan will be reporting to the Village Council alternating each quarter. She reviewed a summary of actions for the quarter that will be provided to the Chair or Board Member making the presentation to the Village's Council. She reviewed the items that will be included in the report. Mr. Johnson noted that if the Council had any questions they could ask that the questions be addressed in writing.

MOTION:

Board Member Young made a motion to accept the report as amended.. Board Member Terzakis seconded the motion, which carried by unanimous 3-0 vote.

The Board had a brief discussion regarding global bonds as a longer term strategy. Mr. Grumbles will bring a presentation to the next meeting on global bonds.

XII. COMMUNICATIONS FROM CITIZENS

There were no communications from citizens.

XIII. Adjournment

MOTION:

Board Member Young 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 9:00 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