

**TEQUESTA PUBLIC SAFETY OFFICERS' PENSION TRUST FUND  
REGULAR BOARD MEETING MINUTES  
FEBRUARY 3, 2014**

**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 Emergency Operations Center, 357 Tequesta Drive, Tequesta, Florida, on February 3, 2014. 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 Ed Sabin, Secretary Ray Giblin, Board Member Robert Young and Board Member John Terzakis.

Also in attendance were Attorney Bonni Jensen, Pension Administrator Dixie Martinez, Investment Monitor Tyler Grumbles, Custodian Cindy Farrow and Actuary Jeffrey Amrose.

**II. APPROVAL OF AGENDA**

**MOTION:**

**Board Member Young made a motion to approve the Agenda as presented. Board Member Terzakis seconded the motion, which carried by unanimous 4-0 vote.**

**III. APPROVAL OF MINUTES**

1. Minutes:
  - a. Quarterly Meeting – November 4, 2013

**MOTION:**

**Board Member Young made a motion to accept the minutes as presented for the meeting on November 4, 2013. Board Member Terzakis seconded the motion, which carried by unanimous 4-0 vote.**

**IV. PRESENTATIONS**

2. Actuary Jeffrey, Gabriel, Roeder, Smith & Company
  - a. Actuarial Valuation Report 10/01/2013

Mr. Amrose presented to the Board the Actuarial Valuation Report as of October 1, 2013.

Mr. Amrose reported that the Plan is in good shape. He reported that the estimated required employer contribution as a percentage of payroll for fiscal year end September 30, 2015 is \$476,118 or 23.93% of covered payroll which has decreased by 0.99% (\$65,076) from fiscal year end September 30, 2014. He reported that there was a net actuarial gain of \$278,251 for the year. He explained that the gain was primarily due to lower than expected increases in salaries. He reported that the funded ratio is 89.6% this year compared to 85.8% last year. Mr. Amrose reviewed the assumption used. He reported that

the Market Value of Assets exceeds the Actuarial Value of Assets by \$228,818. He reviewed the "Summary of Valuation Results" for the Police Officers and Firefighters. He reviewed the amortization schedule of the unfunded actuarial accrued liability for the Police Officers and Firefighters. He reviewed the reconciliation of Plan assets as of September 30, 2013. The Board had a lengthy discussion regarding the receipt of future 185 monies due to the closing of the Police Plan.

**MOTION:**

**Board Member Young made a motion to authorize Attorney Bonni Jensen to send an exploratory letter to the State of Florida to see if the Plan will receive future 185 monies. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote.**

The Board had a lengthy discussion regarding the current negotiations between the union and the Village. Secretary Giblin noted that the Police Plan is over 100% fully funded. Attorney Bonni Jensen reported that since the Police Plan is fully funded than most likely they will not be successful in receiving future 185 monies from the State. Therefore there is no need to send an exploratory letter to the State of Florida.

**MOTION:**

**Board Member Young made a motion withdraw the authorization to send an exploratory letter to the State of Florida to see if the Plan will receive future 185 monies. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote.**

The Board had a lengthy discussion regarding the effects to the Plan of SB 1128. Ms. Jensen reported that an Ordinance Amendment will need to be drafted and submitted to the Union and Village to comply with SB 1128. The Board asked Mr. Amrose to determine the interest savings if the Village made the required contribution at the beginning of the fiscal year instead of bi-weekly throughout the fiscal year. Mr. Amrose will work on this request and will let the Board know.

**MOTION:**

**Secretary Giblin made a motion to accept the Actuarial Valuation Report as of October 1, 2013. Board Member Young seconded the motion, which carried by unanimous 4-0 vote.**

3. Custodian Cindy Farrow, Salem Trust
  - a. Update, Salem Trust transition

Ms. Farrow explained the problems that Salem Trust encountered during the conversion of their Trust Custody platform earlier this year. She explained why Salem Trust had made the conversion. She explained how the problems had been fixed and the current status of any remaining problems. Ms. Farrow explained how Salem Trust differentiates from other custodian banks. She assured the Board that the issues that they encountered had been related to reporting problems and not due to loss of assets. She reported that Salem Trust had given the Plan a fee discount of \$118.49 for period ending 9/30/13 and a fee discount of \$90.34 for period ending June 30, 2013. The Board thanked Ms. Farrow for attending the meeting and providing them with an update.

4. Investment Monitor - Tyler Grumbles, Bogdahn Consulting, LLC.

#### a. Quarterly Performance Report

Tyler Grumbles, Bogdahn Consulting, LLC briefly reviewed the performance of the market environment for major market indexes as of December 31, 2013. Mr. Grumbles reported that for quarter ending December 31, 2013 the Plan's market value was \$10,246,287 and the asset allocations were Domestic Equity 52.5%, International Equity 11.2%, Fixed Income 28.6%, and Cash Equivalent 2.8%. He reported that for quarter ending December 31, 2013 the Plan's Total Fund (Gross) was at 5.62% versus the benchmark at 5.72%. Total Equity was 8.73% versus the benchmark at 8.87%, Total Domestic Equity was 8.95% versus the benchmark at 10.10%, Total International Equity was at 7.71% versus the benchmark at 4.81%, and Total Fixed Income was at 0.22% versus the benchmark at 0.02%. He reviewed the performance of each manager individually. Mr. Grumbles reviewed the financial reconciliation of the Fund as of December 31, 2013 as well as the compliance checklist.

#### b. Asset Allocation Discussion

Mr. Grumbles presented to the Board an Asset Allocation Study report as of December 31, 2013. The Board had a lengthy discussion with Mr. Grumbles regarding the Plan's asset allocation. The Board with input from Mr. Grumbles discussed the total expected annual rate of return for the fund. The Board agreed that it is reasonable to expect for the current year, the next several years, and the long-term thereafter, the Plan is likely to earn 7.5%, net of investment expenses.

#### **MOTION:**

**Board Member Terzakis made a motion to set the total expected annual rate of return at 7.5% for the fund for the current year, the next several years, and the long-term thereafter. Board Member Young seconded the motion, which carried by unanimous 4-0 vote.**

#### c. Fixed Income Alternatives Discussion

Mr. Grumbles presented to the Board an Alternative Asset Classes report as of December 31, 2013. The Board had a lengthy discussion with Mr. Grumbles regarding Fixed Income alternatives and REIT's. He reviewed the unique characteristics of investing in private equity. The Board expressed their thoughts and concerns. The Board will discuss this item again at a future meeting.

#### **MOTION:**

**Board Member Young made a motion to have Mr. Grumbles bring to the Board his assessment on the comingled private equity options. Board Member Terzakis seconded the motion, which carried by unanimous 4-0 vote.**

Mr. Grumbles briefly updated the Board on the PIMCO investment.

#### **V. UNFINISHED BUSINESS**

None

## **VI. STANDING REPORTS (INFORMATION ITEMS)**

### **5. New applicants for participation in Pension Plan:**

None

### **6. Request for withdrawal of contributions (employees terminating employment with the Village of Tequesta) – Ratification of withdrawals made since the last meeting.**

None

### **7. Terminated employees who have not taken their contributions:**

Jason Turner

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

8. Pension resource Center Adm. Fees – October 2013	\$950.00
Perry & Jensen Legal Fees Rendered through 10/15/13	\$20.15
Gamco Asset Management Investment Management Fees for the 3 <sup>rd</sup> Q 2013	\$4,751.00
Pension Resource Center Administrative Fees- November 2013	\$950.00
FPPTA 2014 Membership Renewal Fee	\$600.00
Pension Resource Center Adm. Fee December 2013	\$950.00
Perry & Jensen Legal Fees rendered for the period ending 11/15/13	\$690.85
Perry & Jensen Legal Fees rendered for the period ending 12/15/13	\$290.00
The Bogdahn Group Performance Evaluation for the 4 <sup>th</sup> Q. 2013	\$3,750.00
Gabriel, Roeder, Smith & Company Actuarial Services 4Q 2013	\$1,800.00

## **MOTION:**

**Board Member Young made a motion to approve the payments to be ratified as presented. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote.**

#### **VIII. PAYMENT TO BE REVIEWED AND APPROVED**

9. Pension Resource Centers Adm. Fee January 2014	\$950.00
Gamco Asset Management Investment Management Fees for the 4 <sup>th</sup> Q. 2013	\$5,235.00

#### **MOTION:**

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

#### **IX. BUDGET REPORT**

##### **10. Quarterly Budget Report – Income Statement & Expenditure Report, Finance Staff**

Finance Staff was not available to review the budget report. The Board reviewed the Income and statement report as well as the Expenditure Report. Ms. Martinez presented to the Board a report which showed the September 30, 2012 total balances by account and compared it to the year to date balances by account for period October 1, 2012 through September 30, 2013.

#### **X. NEW BUSINESS**

##### **11. 2014 IRS Mileage Rate, Attorney Bonni Jensen**

Attorney Bonni Jensen reported that as of January 1, 2014 the IRS Standard Mileage Rate for 2014 is 56 cents per mile.

##### **12. Plan Amendment re: D.R.O.P. Interest Rate, Attorney Bonni Jensen**

Attorney Bonni Jensen reported that as per the Board's recommendation she had sent a letter to the Village and Union. However no resolution has yet come from the Village or the Union.

##### **13. Summary of Actions, Attorney Bonni Jensen**

Attorney Bonni Jensen reported that the presentation to the Village Council is on February 13, 2014 and the report is due on February 4, 2014. Ms. Jensen reviewed the Summary of Actions for quarter ending December 30, 2013. The Board asked Ms. Jensen to ask the Village Clerk's for future meetings, if the presentation can be done in the month following the month of the quarterly meeting. This would allow for the report to include the most recent financial information. Board Member Terzakis will present the report to the Village Council.

14. Early Retirement Request from Derick Velez Early effective 12-1-13, Administrator Dixie Martinez.

Administrator Dixie Martinez presented to the Board the application for early retirement for Police Officer Derick Velez.

**MOTION:**

**Secretary Giblin made a motion to approve the application for early retirement for Derrick Velez as presented. Board Member Young seconded the motion, which carried by unanimous 4-0 vote**

**XI. ANY OTHER MATTER**

Administrator Dixie Martinez reported that she had received confirmation that the Fiduciary Liability Policy does have a "Waiver of Recourse" endorsement added to it.

The Board asked Ms. Martinez to add to the May Agenda item: Election of Board Officers.

**XII. COMMUNICATIONS FROM CITIZENS**

**XIII. ADJOURNMENT**

**MOTION:**

**Board Member Young moved to adjourn the meeting. Secretary Giblin seconded the motion, which carried by unanimous 4-0 vote.**

There being no further business, the meeting was adjourned at 10:51 a.m.

Respectfully submitted,



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Dixie Martinez

Administrator

Village of Tequesta Public Safety Officers' Pension Plan



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Board Member

Village of Tequesta Public Safety Officers' Pension Plan