Chair Dwight Mattingly called the meeting to order at 8:39 AM in Conference Room 1S-102 at Palm Tran Connection, 50 S. Military Trail, West Palm Beach, Florida. Those persons present included:

**TRUSTEES**

Dwight Mattingly, Chair
Frank Stanzione
Sean Smith
Lisa Pontius

**OTHERS PRESENT**

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Ken Harrison, Sugarman & Susskind
Burgess Chamber, Burgess Chambers & Associates
Chad Little, Freiman Little Actuaries
Mary Shah, Strategic Benefits Advisors
Linda Jerry, Palm Tran Inc.
Curtis Jones, Palm Tran Inc.

**APPROVAL OF THE AGENDA**

Dwight Mattingly noted Board Secretary needed to be elected at this meeting and Agenda needed to be modified. Dwight Mattingly suggested adding to Agenda as item 4d. There were no objections.

Frank Stanzione made a motion to approve the Agenda, seconded by Sean Smith, and approved by the Trustees 4-0.

There was no public comment.

**APPROVAL OF THE MINUTES**

Dwight Mattingly noted that the Board did not have Minutes available for the Special Meeting of October 31, 2017. Bonni Jensen and Ken Harrison agreed to share notes so that minutes for Meeting of October 31, 2017 could be prepared.

The Trustees reviewed the Minutes for the Quarterly Meeting of December 7, 2017, and the Special Meeting of February 1, 2018.

Sean Smith made a motion to approve the Minutes for the Quarterly Meeting of December 7, 2017. Frank Stanzione seconded the motion, approved by the Trustees 4-0.

Sean Smith made a motion to approve the Minutes for the Special Meeting of February 1, 2018. Frank Stanzione seconded the motion, approved by the Trustees 4-0.

**ELECTION OF BOARD SECRETARY**

Dwight Mattingly opened up the nominations for Board Secretary and noted that someone from management needed to be nominated. Sean Smith volunteered to be Secretary with no objections.

Sean Smith proclaimed Board Secretary.
INVESTMENT CONSULTANT: BURGESS CHAMBERS (BURGESS CHAMBERS & ASSOC.)

Burgess Chambers presented their market perspective on how the US is overtaking OPEC.

Burgess Chambers commented on the growth in Plan assets. The tax reform has propelled stock prices further upward and 2018 is off to a strong start. However, the spotlight will likely shift toward the Federal Reserve and the bond market, as traders look for clues on the forecasted balance sheet reduction. He stated that international equities have been a drag on returns for the past 4 years but there were big returns for 2017.

For the quarter ending December 31, 2017, the assets gained $3.2 million or +3.2% (+3.1% net), in line with the 35/15/50 benchmark (+3.2%) or strategic benchmark (+3.3%). For the one-year period, the portfolio gained $12.8 million or +14.3% (+13.7% net) ahead of the 35/15/50 benchmark (+13.0%) and the strategic benchmark (+13.4%). The Plan had total investment assets of $104,966,899 as of December 31, 2017. For the 5-year period, the portfolio gained 8.3% (+7.6% net) per year in line with the 35/15/50 benchmark (+7.6%).

Mr. Chambers then reviewed the individual manager performance, report. He reported that Vulcan and Scout had stellar performance for the quarter. Westwood MLP has been a drag to performance and he will discuss a possible alternative. Fisher has had average returns for the 5-year period but Europacific has done a better job. Fisher has less emphasis on emerging markets and higher fees. Garcia Hamilton is new manager and had good performance for the quarter. The Galliard TIPS fund has been moved to the Schwab TIPS fund. He reported we are seeing improvement in meeting the investment policy objectives and manager performance.

Mr. Chambers reviewed the actual vs. target asset allocation. There is a slight overweight to domestic equity and underweight to the REITs. He does not think that changes to the allocations need to be made at this time. Mr. Chambers noted that the convertible bond returns will drag down the reported overall equity performance, however, note that the convertible bond return was added as a fixed income replacement. Barings was a big win for the fund as a fixed income substitute: 10.5% return over 5-year period vs. 7.1% per year.

Dwight Mattingly had a concern about the Fisher investment even though performance has improved. He questioned if we should continue with this investment because of the higher fees and low rankings.

Mr. Chambers commented that everything is setup to continue the move away from Fisher to Europacific. In addition to the high fees and low ranking performance, Mr. Mattingly commented that he had concerns that Fisher’s volatility above the Board’s comfort level.

Burgess Chambers recommended to make a motion to move $4.3 million from Fisher to Europacific fund. Fisher’s fee is 1.125% and Europacific’s fees are 0.530%.

Frank Stanzione made a motion to approve the Investment Consultant’s recommendation to move $4.3 million from Fisher to Europacific fund, seconded by Sean Smith, and approved by the Trustees 4-0.
Mr. Mattingly questioned at what point should the Board get out of the Westwood MLP if the fund doesn’t turn around. Mr. Chambers explained the MLP structure. He thinks that the MLPs are near a recovery but this may be too volatility for the plan. The Board should consider moving to a broader infrastructure fund. He also noted that infrastructure funds are a replacement for fixed income.

Burgess Chambers recommended establishing a broader infrastructure product, move money from elsewhere, and exit Westwood MLP at later point in time. Overtime reduce Westwood and move to a broader infrastructure product.

Mr. Mattingly noted that there is an overweight in Vulcan ($1.3 million or 1.3%). He asked should we move money in overweighted equity to fixed income investments? He also asked if we get in queue to invest more in Barings? Mr. Mattingly would like to protect the investment and rebalance to Barings (most stable asset).

Sean Smith had to temporarily leave the room.

Burgess Chambers recommended to bring all asset classes back to target levels except for cash and MLP.

Frank Stanzione made a motion to approve the Investment Consultant’s recommendation to bring all asset classes back to target levels except for cash and MLP, Lisa Pontius seconded, approved by the Trustees 3-0.

Burgess Chambers recommended to direct the Investment Consultant to reach out to Barings to request $900,000 in additional investment.

Frank Stanzione made a motion to approve the Investment Consultant’s recommendation to direct the Investment Consultant to reach out to Barings (private real estate) to request $900,000 in additional investment, Lisa Pontius seconded, approved by the Trustees 3-0.

Sean Smith returned to the meeting.

Burgess Chambers recommended to change to Investment Policy to change the MLP asset class to Infrastructure asset class. This new asset class would include MLPs and would allow the Board to gradually move away from MLPs.

Frank Stanzione made a motion to approve the Investment Consultant’s recommendation to update the Investment Policy by changing the MLP asset class to Infrastructure asset class, Lisa Pontius seconded.

There was additional discussion. Mr. Mattingly noted that the Custodian now has a receipts and disbursements account which may make it necessary to have a cash allocation.

Burgess Chambers recommended amending Investment Policy by adding an allocation to cash equivalents at 0.5% target with a range of 0% to 1%, reduce TIPS allocation to 4.5% target and 4.0% minimum allocation. This recommendation is in addition to changing the MLP asset class to Infrastructure.
Frank Stanzione withdrew his previous motion. Sean Smith made a motion to approve the Investment Consultant's recommendation to amend the Investment Policy as stated above, Frank Stanzione seconded, approved by the Trustees 4-0.

Frank Stanzione made a motion to act on Investment Consultant’s recommendation to invest $900,000 in the Cohen & Steers Global Infrastructure mutual fund, Lisa Pontius seconded, motion approved by the Trustees 4-0.

Burgess Chambers recommended directing counsel to review the Cohen & Steers CIT as a lower cost option to the Cohen & Steers mutual fund. This fund can be reviewed at the June Board meeting. Ken Harrison said there was no need to make a motion.

ACTUARY REPORT: CHAD LITTLE

Mr. Little brought up two conflicting sections of the plan document regarding granting service for a disabled participant. The Hours of Service section of the plan document says that no period of time where no services are performed should receive no more than 501 hours. However, after there is written proof of disability, up to one year of service is credited.

Bonni Jensen thinks that the 501 hours reference could be for avoiding a break-in-service. Dwight Mattingly suggests cleaning up the Hours of Service definition and bringing an amendment to the Board for approval. Mr. Little will need to prepare and an actuary impact statement even though there will be no impact. Donna Laney should be emailed to keep her in the loop with any amendments.

Mr. Little reported that the experience review is in progress and he should be delivering these results along with the valuation results in June. He gave the Board two options:

1. Do the experience review and have a special meeting before the June meeting to approve the assumptions, or
2. Go ahead with the valuation and do an experience review in the fall.

Mr. Little mentioned that the assumed rate of return will be part of the discussion. He indicated that if both results are presented at the June Board meeting then they would run valuation results incorporating the new assumptions. This will include a drop of return by 10-15 basis points. It was noted that the 2018 valuation will dictate funding for 2019. The County completes their budgeting in June.

Sean Smith made a motion to direct the Actuary to do the experience review and incorporate the recommended assumptions in the 2018 valuation results, Frank Stanzione seconded, approved by the Trustees 4-0.

Mr. Mattingly asked for Burgess Chambers’ feedback regarding the rate of return. Mr. Chambers responded that there is a trend of reducing the rate of return across the country. The Actuary smooths returns over a 5-year period. Self-corrections are built into the model. The Board may get
criticism from the state if they don’t decrease the return. 70% of plans are currently below 8% whereas 90% of companies were at 8% 5 years ago.

Mr. Little will show a 10 basis point reduction in the rate of return in addition to valuation results at the current return.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen presented several documents.

Estimated Benefits Explanation - Ms. Jensen is proposing to send this explanation to participants when they are applying for benefits. The Request for Refund document will be included with this document as well.

Benefits Payment Policy – This document was updated to clarify a scribner’s error and should be 90 days.

Sean Smith made a motion to adopt the changes to the Benefits Payment Policy document, Lisa Pontius seconded, approved by the Trustees 4-0.

Sean Smith made a motion to approve the Estimated Benefits Explanation and the Request for Refund documents, Frank Stanzione seconded, approved by the Trustees 4-0.

Ms. Jensen presented the stated 2018 mileage and the Minimum Required Distribution process to locate missing participants. She noted that an important part of the process is to document efforts to locate individuals.

Dwight Mattingly requested a report of death process.

CUSTODIAN REPORT

Salem Trust was not present at the meeting, however, they recommended that stop dates for certain only benefits and the medical supplement be confirmed since data was limited from the conversion.

Mary Shah indicated that Strategic Benefits Advisors (SBA) will check the stop date for these participants.

Lisa Pontius left the meeting.
ADMINISTRATOR REPORT

The SBA website for the plan was reviewed. Dwight Mattingly requested that SBA give Lavern Blackwood the website address so that a link can be added to Palm Tran’s website. The meeting location information on the website needs to be updated to indicate that it could be either the Military Trail or Electronics Way locations.

Mary Shah presented SBA’s performance reports including call volume and a listing of participants in queue for calculation.

Bonni Jensen brought up that the Actuary had received a request from an unknown auditor. It was agreed that request should be responded to since this is public information.

Mary Shah brought up that there are 40 boxes with Resource Center. Dwight Mattingly indicated that Palm Tran has a contract with Stone Mountain for records retention. SBA should coordinate with Lavern Blackwood.

Mary Shah brought up a couple of outstanding questions with Palm Tran. There are a few questions about leave of absence in Palm Tran’s court to research. Linda Jerry indicated she is in process of pulling the FMLA files. She noted that if the leave is older than 5 years, then records must be retrieved from storage.

Mary Shah asked a question who would know if pensionable earnings are being limited to only include vacation bank payout hours limited to vacation bank hours as of 4/30/2014. There are a couple of recent retirees with large final months of pay and the Actuary has asked this question. SBA has asked Palm Tran for confirmation but has not received a response. Dwight Mattingly indicated that there was a listing with vacation bank hours as of 4/20/2014 and we should look for this document.

Mary Shah brought up that a participant has been overpaid and asked about the policy to collect overpayments from the participant. Dwight Mattingly said we should follow the Benefits Payment Policy and report the outcome to the Board at the next meeting.

PLAN FINANCIALS

The Board did not have any questions on the Interim Financials, Warrants, or Benefit Approvals.

Frank Stanzione made a motion to receive and file the Interim Financials, Sean Smith seconded, approved by the Trustees 3-0.

Frank Stanzione made a motion to ratify the Warrants dated March 1, 2018, seconded by Sean Smith, and approved by the Trustees 3-0.

Frank Stanzione made a motion to approve the refund of contributions and final retirement benefits, Sean Smith seconded the motion, approved by the Trustees 3-0.
BOARD COMMENTS

Dwight Mattingly mentioned upcoming conferences:

- FPPTA Summer Conference  June 24-27
- FPPTA Fall Trustee School  Sep 30-Oct 1
- IFEBP Fall Conference  Oct 14-17

Members of the Board had no further comments.

ADJOURNMENT

There being no further business and the next Quarterly Meeting having previously been scheduled for Thursday, June 7th, Frank Stanzione made a motion to adjourn the Meeting at 2:18 PM, seconded by Sean Smith, and approved by the Trustees 3-0.

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Secretary