Chair Dwight Mattingly called the meeting to order at 8:41 AM in the Dale R. Smith Conference Room at the Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida. Those persons present included:

TRUSTEES
Dwight Mattingly, Chair
John Wilson, Secretary
Frank Stanzione
Joe Doucette

OTHERS PRESENT
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Ken Harrison, Sugarman & Susskind
Burgess Chambers, Burgess Chambers & Associates
Chad Little, Freiman Little Actuaries
Scott Baur, Resource Centers

APPROVAL OF THE AGENDA

Frank Stanzione made a motion to approve the Agenda, seconded by John Wilson, and approved by the Trustees 3-0.

Joe Doucette was not present in the room during the vote on the motion.

PUBLIC COMMENT

No members of the public addressed the Board.

APPROVAL OF THE MINUTES

The Trustees reviewed the Minutes for the Quarterly Meeting of December 1, 2016. Mr. Baur reported that the Minutes for the Special Meeting on February 13, 2017 would be ready at the next meeting of the Board.

Frank Stanzione made a motion to approve the Minutes for the Quarterly Meeting of December 1, 2017, seconded by John Wilson, and approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS & ASSOC.

Bonni Jensen reviewed changes to the Investment Policy, adding language to authorize the consultant to rebalance assets to target allocations between meetings of the Trustees. The Board considered whether the Policy should include specific requested items in the quarterly performance report. Bonni Jensen explained that the agreement with the consultant included some requirements for the quarterly report.

Frank Stanzione made a motion to approve the amended Investment Policy as presented. John Wilson seconded the motion, passed by the Trustees 4-0.

Burgess Chambers reported that the market gave mixed signals since the election, with higher growth expected due to stimulus and infrastructure spending. He noted that
higher interest rates would ultimately improve the returns on the fixed income securities held by the Plan. With the economy continuing to improve, growth in the economy should increase to 2-3% with a better yield curve. The past 7 years included a fed-driven resurrection of the banking industry. The price of oil increased by 100% from lows over the prior 12 months.

The portfolio gained $830,000 for the quarter to a net return of 0.8%, ahead of the -0.2% loss for the benchmark, to finish in the top 0.38%. For the fiscal year, the assets gained $6.2 million for a net return of 6.9% compared to the 6.7% gain for the benchmark. Mr. Chambers reviewed the returns for the individual manager portfolios for the fiscal year. The Board discussed the difference between the benchmark and the investment return assumption used by the actuary. The Plan currently assumes an 8% return on investments, nearly equal to the actual performance over the trailing 5 years. Mr. Chambers believes that markets will ultimately revert to long term average gains of 8-9% per year. Mr. Little reported that the portfolio gained about 5% on average for the past 20 years due to the market correction in 2008-9. Mr. Chambers continued to review longer term performance for the individual managers. Vulcan, a manager with a strong historical performance record, has not performed well in the year since the Board added the manager. The market, meanwhile, outperformed nearly all active managers.

Mr. Chambers believes that the active managers will protect the portfolio in a down market, but the fees paid to active managers weigh on the net returns. Burgess Chambers considered options to index portions of the portfolio, starting with the fixed income assets. He recommended that the Board index half of the assets for each active manager, reducing both fees and manager risk. Mr. Chambers explained that he has been an advocate for indexed portfolios for many years now. He stated that the Board could implement the recommendation without further changes to the Investment Policy.

Joe Doucette made a motion to accept the recommendation by the Investment Consultant to index 50% of each active manager allocation to the corresponding benchmark. John Wilson seconded the motion.

In further discussion on the motion, Mr. Wilson questioned whether the Board should index smaller or larger portions of certain asset classes. Mr. Chambers explained that he would be neutral on the index allocations except for the Russell 1000 Growth and SPDR REIT, which the Board previously allocated 100% to the index. Ms. Jensen asked Mr. Chambers to provide additional information to illustrate the reduction in investment expenses. The Board also considered the timing of the recommendation.

The Trustees approved the motion on a 4-0 vote.

Burgess reviewed the compliance checklist, which had an added column for managers placed on watch.
John Wilson made a motion to accept the Investment Consultant report, seconded by Joe Doucette, and passed by the Trustees 4-0.

ACTUARY REPORT: CHAD LITTLE

Mr. Chad reported on progress for the annual valuation. He received the fiscal data in the prior week from the administrator, but he requested the data in a different format. Dwight Mattingly inquired about the timing for the annual member benefit statements.

The Board scheduled a Special Meeting for Tuesday, March 28 at 9:00 AM. Chad Little committed to having the completed valuation report provided he received a new data file within one week.

ATTORNEY REPORT: BONNI JENSEN AND KEN HARRISON

Bonni Jensen reviewed updates to the Summary Plan Description. The sample benefit calculations for members were also updated. Chad Little discussed typical final average salary amounts for members retiring from the Plan based on service.

John Wilson made a motion to adopt the Summary Plan Description as amended subject to Chad Little reviewing the sample calculations. Frank Stanzione seconded the motion, approved by the Trustees 4-0.

Mr. Mattingly will provide options to the Administrator for printing the updated Summary Plan Description, which the Administrator will mail to all the active members.

Ms. Jensen reviewed a memo regarding unreduced early retirement. She reported that the Plan Document contains two contradicting provisions. The Board previously clarified that the benefit for vested deferred members should incorporate the provisions for an unreduced early retirement. Ms. Jensen and Mr. Little discussed specific situations where the Board previously set a precedent, and Mr. Little stated that the Plan already values the benefit accordingly. Dwight Mattingly questioned whether the Board could clarify the provisions in the Plan Document due to Amendment 12. Ms. Jensen explained that the Board has the authority to correct errors in the language of the Plan Document that do not change the benefits or the costs for the Plan. She noted that the Board previously passed two such amendments to the Plan Document.

Frank Stanzione made a motion to correct the language in the Plan Document to conform to practice since 1996, allowing vested deferred members to commence benefits at the unreduced early retirement date. John Wilson seconded the motion, passed by the Trustees 4-0.
Mr. Doucette stated that he wanted the amendment to follow through proper channels for the employer. Mr. Little will provide a no impact letter for the amendment.

Mr. Jensen reported that Brad Rinsem retired from Salem Trust, replace by Mark Rhein. A bill was filled in the Florida Senate to dictate the long-term investment assumption rate used by the Plan, tying the investment return assumption to long-term capital market assumptions. Another proposed bill would close the defined benefit portion of FRS to new cities joining the system.

**ADMINISTRATOR REPORT: RESOURCE CENTERS**

The Board discussed issues with service to members of the Plan over the prior year, which included both staffing changes at the Administrator and difficulties with revised member payroll and contribution data from the County. Mr. Mattingly stated that now that the data issues with the County corrected, he expected an improvement in service to the members. The Plan has a larger number of members reaching eligibility for retirement over the next few years.

Mr. Baur provided updated account documents for TD Bank. He explained that his office reviewed transactions on the account daily after the Bank and his office identified attempts at fraud. The Plan did not suffer any losses due to the attempted fraud. His office filed police reports as well.

**John Wilson made a motion to sign the new account documents, seconded by Joe Doucette, and approved by the Trustees 4-0.**

Mr. Baur further discussed the ordinary charges by TD Bank on the account. The Board directed the administrator to bring proposals for a replacement account if appropriate.

Mr. Baur provided the engagement letter for the annual audit. The fee for the engagement increased by $400 from the prior year. Mr. Baur believes that continuity with the audit engagement is important to the quality of the process by the auditor, given the complexity of the Plan and the difficulties with the data.

**Joe Doucette made a motion to approve the audit engagement with Cherry Bekaert & Holland for a fee of $16,800, subject to a review of the engagement letter by counsel. Frank Stanzione seconded the motion, passed by the Trustees 4-0.**

The Board considered the proposed letter to notify members with overpayments of options. Mr. Mattingly expressed concern over the time to complete the process to notify the members. Mr. Harrison reviewed the letters in detail, with changes to the wording in the letter. Mr. Mattingly requested the letters get sent to the affected members immediately via overnight mail, incorporating the changes provide by counsel.
PLAN FINANCIALS

Mr. Baur provided the interim financial statement to the Board through January 2017.

The Board reviewed the expenses in the Warrant dated March 2, 2017. Mr. Baur confirmed that the memberships for the IFEBP and FPPTA were paid to date.

Frank Stanzione made a motion to ratify the expenses on the Warrant dated March 2, 2017. John Wilson seconded the motion, approved by the Trustees 4-0.

Mr. Baur reviewed the Benefit Approvals, which included ratification of non-periodic distributions. The Benefit Approvals included periodic benefits from 2016, current refunds, and current lump sum distributions.

Frank Stanzione made a motion to approve the benefits. Joe Doucette seconded the motion, passed by the Trustees 4-0.

OLD BUSINESS

The Board had no other Old Business for discussion.

OTHER BUSINESS

The Board considered the next scheduled meeting, which will include appeals by members.

Mr. Baur provided an update on the disability benefit for Wandra Williams, approved at the Special Meeting on February 14, 2017.

The Board considered a request by Attorney Bonni Jensen to increase her hourly billing rate from $225 to $265 effective April 1, 2017. Her firm bills new clients $325 per hour for time. Dwight Mattingly reviewed the history for the two attorneys representing the Board.

John Wilson made a motion to approve the fee increase, seconded by Joe Doucette.

Mr. Doucette questioned why both Ken Harrison and Bonni Jensen do not receive the same hourly rate. In further discussion, he offered an amendment to the motion to give equal pay to both attorneys. John Wilson accepted the amendment to the motion.

The Board voted 4-0 to approve the motion as amended, increasing the hourly rate for Bonni Jensen to $275 per hour effective April 1, 2017.
BOARD MEMBER COMMENTS

Dwight Mattingly discussed current topics addressed by the FPPTA for continuing education. He solicited feedback on what Trustees should expect from their service providers. Burgess Chambers and Bonni Jensen stated that they preferred to participate in forums in smaller rooms.

ADJOURNMENT

The Board previously scheduled the next quarterly meeting for Thursday, June 1, 2017, and a Special Meeting to review the annual valuation on Tuesday, March 28, 2017. The meeting adjourned at 12:00 PM.

 Secretary