Chairperson Richard Roberts called the meeting to order at 10:10 A.M. in the Dale R. Smith Conference Room at Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida.

### TRUSTEES
- Dwight Mattingly
- Frank Stanzione
- Richard Roberts
- Brad Merriman

### OTHERS
- Bonni Jensen; Hanson, Perry, & Jensen
- Burgess Chambers; Burgess Chambers & Assoc.
- Jeffrey Vaughn; Pension Resource Center
- Denise Clougherty; Pension Resource Center
- Robert Sugarman; Sugarman & Susskind
- Paula Freiman; Freiman Little Actuaries
- Gabe Santamarina, Retiree

### Approval of the Agenda

The Board reviewed the Agenda for the meeting. Mr. Mattingly requested adding an additional item for discussion of active members’ addresses under Other Business, Item IX. A motion was made by Brad Merriman to approve the Agenda. The motion was seconded and carried 4-0.

The Board agreed to change the regular order of business to allow the attorneys to present their report.

### Attorney Report, Robert Sugarman: Sugarman & Susskind

Mr. Sugarman appeared before the Board and presented the Salem Trust agreement. The board reviewed the agreement and a motion was made by Brad Merriman to approve and authorize the Chairman to sign the agreement. The motion was seconded and carried 4-0.

Mr. Sugarman then presented the Board with Amendment No. 3, which would permit the Board to deduct separate alimony and retiree union dues and health insurance from the employer, through payroll deduction from their monthly pension benefit. A motion was made by Brad Merriman to adopt Amendment No. 3 with an effective date of January 1, 2007. The motion was seconded and carried 4-0.

Mr. Sugarman reminded the Board that the Florida Public Pension Trustee Association (FPPTA) is holding their next conference in Naples, Florida beginning June 24, 2007 and he recommends the Trustees attend.

Mr. Sugarman also reported that the Legislative Session is over and they have begun a process of divestiture with the Florida Retirement System (FRS) and all state funds that trade with Iran. This process would not involve Public Employee Retirement Funds.
The Board is free to take action regarding trades with Iran, but it is not required for them to take any action.

According to a USA Today article on April 17, 2007 a survey report concluded that public pension plans continue to increase risk and diversification in their funds and that public sector wages are higher than private sector wages.

Mr. Sugarman reported that Berman, DeValero and Pease sent a report advising of some securities losses and the possibility of joining a class action lawsuit, however, the losses were not significant enough to consider taking that step.

Mr. Sugarman presented the Board with the Education and Expense Policy. The Board reviewed the policy and **a motion was made by Brad Merriman to approve and adopt the Education and Expense Policy for Trustees. The motion was seconded and carried 4-0.**

**Attorney Report, Bonni Jensen; Hanson, Perry & Jensen**

Ms. Jensen appeared before the Board with changes to the Summary Plan Description. Ms. Jensen again advised that the Summary Plan Description (SPD) is still over 40 pages long and feels that the document, intended to be a plain language summary, is not simplistic enough and somewhat lengthy. The Trustees discussed how to ensure that participants not become confused or misled when reading the document, and agreed that it needs to be done over. **A motion was made to request the Actuary re-write the SPD with a goal of approximately 17 pages in length. The motion was seconded and carried 4-0.**

Ms. Jensen provided the Revised Trust Agreement and advised that Donna Raney had not had a chance to review it. **A motion was made by Dwight Mattingly to give Donna Raney until the next meeting (August 23, 2007) to have the Trust Agreement reviewed, and ask the Administrator to put it on the Agenda for the next meeting. The motion was seconded and carried 4-0.**

Ms. Paula Freiman joined the meeting at 10:40 a.m.

The Board agreed to change the regular order of business to let Ms. Freiman get settled and ready to present her report.

**Investment Consultant Report, Burgess Chambers; Burgess Chambers & Assoc.**

Mr. Burgess Chambers appeared before the Board to present the quarterly investment performance report. Mr. Chambers reported that he made the change to the Investment Policy Statement that he recommended to the Board in the month of February, to change the minimum percentage of REIT from 5% to 4%. Mr. Chambers added that this was
the only change to the Investment Policy Statement, which he provided to each Trustee. A motion was made by Brad Merriman to adopt the revised Investment Policy Statement, based on the recommendation of Mr. Chambers. The motion was seconded and carried 4-0.

Mr. Chambers reported that the total Fund earned $965,205 for the quarter and ranked in the top third percentile. The beginning market value of the Fund was $41,274,972 for the quarter and ending market value was $42,963,188. Investment Return for the quarter was 2.3%, an investment gain of $965,205. The return for the S&P 500 was only 1.0%. The one-year investment return is 9.6%. The total fund has a 5.8% return as of May 23, 2007. He believes that if the portfolio stays on the track it is on now, the plan could earn up to 12% for the coming fiscal year. Mr. Chambers further discussed the best and worst performers of the quarter, with International at 4.4%, Mid-Cap at 3.6% and REIT at 3.3% returns. Mr. Chambers indicated that Fisher’s underperformance is primarily due to their overweight in Japan and underweight in UK and the Continental Europe. He added that currency has been a major factor in the market with the Yen’s appreciation relative to the Dollar’s.

Mr. Chambers went over the compliance checklist with the Trustees. The Trustees expressed concern over the three items on the checklist indicating no compliance. Mr. Chambers explained that those were the result of previous manager performance, which has since been resolved by the Board. Mr. Chambers stated he would add a footnote to the report, indicating action having been taken by the Board in those areas.

Mr. Mattingly asked Mr. Chambers what return numbers would need to be achieved to keep the contribution at 13%. Mr. Chambers remarked that he would need to look into it, he could not answer right away. Mr. Mattingly emphasized his concern over reducing any benefits to the participants.

Mr. Chambers further went over individual manager performance and sector performance, indicating that Mid-Cap is still a very attractive sector.

**Actuary Report, Paula Freiman; Freiman Little Actuaries**

The Trustees, together with Ms. Bonni Jensen and Mr. Robert Sugarman discussed the overpayments and underpayments of the benefits to retirees and former employees. Ms. Jensen remarked that the Board gave direction to have a Special Meeting to discuss the benefits in detail and that did not happen. The Board is very concerned about being able to pay benefits correctly. As of this date, there are participants still receiving only an estimated benefit. Ms. Jensen advised she spoke with both the Pension Resource Center (PRC) and with Freiman Little Actuaries (FLA) regarding the benefit calculations and she feels that they need to come together to reach an agreement on how to finalize the benefit calculations.

Ms. Freiman addressed the Board by itemizing calculations received from the Pension Resource Center, adding that she felt they were mostly incorrect. She also added that she has requested backup documentation for most of the calculations and has received
no response. Ms. Freiman further emphasized detailed errors made by Pension Resource Centers on the calculations still outstanding, adding that the same errors were being passed back to her repeatedly.

Ms. Jensen requested that Ms. Freiman advise the Board how she could resolve the issue of outstanding calculations. The Trustees and Ms. Freiman had in depth discussion with Ms. Jensen and Mr. Sugarman regarding the miscalculated benefits.

Mr. Mattingly expressed his confusion over having the Administrator perform calculations instead of the Actuary. Mr. Mattingly further suggested that the calculations be taken away from the Administrator and given to the Actuary. Mr. Mattingly also requested someone tell the Board exactly who has made the gross errors in overpayments. He expressed his belief that the firm who made the error should pay for the error. Mr. Mattingly further requested the attorneys find out who made the error. He also discussed his disappointment in the promise by Pension Resource Center to have a website up and running for participants. This has not happened. Ms. Jensen requested the Board come to some conclusion on how to resolve the issue of benefit calculations.

Ms. Clougherty of Pension Resource Center felt it was a lack of communication between PRC and the actuary, as she feels the “wrong” calculations are not necessarily wrong, but merely not confirmed, and believes there is a difference between the two and should be reported as such. Ms. Jensen stated the Board must come to a resolution on the issue. After much deliberation, a motion was made by Dwight Mattingly to ask the Administrator to no longer do any calculations, but send all available information to the Actuary to be calculated by them; until PRC has all of the information and systems available to do the calculations correctly, and in a timely manner. The motion was not seconded.

Mr. Merriman suggested reworking the very structure of both firms and find out who is responsible for the over payments. He feels the task should be assigned to the attorneys to find out who is responsible for the errors. Ms. Jensen noted that two individuals were paid substantial overpayments that total over $13,000. Mr. Mattingly added that these overpayments were done after they hired a new administrator. Mr. Sugarman suggested they give PRC and FLA 30 days to figure out a resolution, with the primary responsibility to the Actuary. Ms. Freiman added that she does not feel confident certifying calculations without all of the individual backup information and suggested that only one office calculate the benefits. A motion was made by Dwight Mattingly to have Pension Resource Center provide data necessary to calculate benefits directly to Freiman Little Actuaries and have FLA calculate current outstanding benefits, with a deadline of 30 days for completion. Ms. Bonni Jensen will monitor and mediate activity and correspondence between the two parties. After 30 days, the Board will re-evaluate the situation. The motion was seconded and carried 4-0.

Mr. Brad Merriman left the meeting at 12:00 p.m.

**Presentation of Actuarial Valuation**
Ms. Paula Freiman provided copies of the 2006 Actuarial Valuation for the Board. She advised the Valuation has been finalized and advised that the contribution rate is still at 20%. A motion was made by Dwight Mattingly to accept the 2006 Actuarial Valuation. The motion was seconded and passed unanimously. Ms. Freiman advised she would send bound color copies to the Administrator for distribution to the State.

Ms. Freiman further advised that she is still awaiting asset information from the audit for completion of the 2007 Actuarial Valuation. Ms. Clougherty advised that the Auditor has been in contact asking for dates for field work to begin the audit, however, no engagement letter has been received. Ms. Clougherty will contact the Auditor for an engagement letter and timeline. The Trustees engaged in discussion on putting out an RFP for another auditor.

Minutes

The Board reviewed the Minutes for the meeting of February 15, 2007. A motion was made by Brad Merriman to approve the Minutes of February 15, 2007. The motion was seconded and carried 4-0.

A motion was made by Brad Merriman to approve the Minutes of February 22, 2007. The motion was seconded and passed unanimously.

Reporting of Plan Financials

The Board reviewed the unaudited financial statements provided by the Administrator and had questions on the January contributions. The Administrator advised she would check on those numbers and have an explanation for the Trustees. The Board agreed to receive and file the financial statements.

Approval of Disbursements

The Board reviewed the disbursements provided for approval. A motion was made by Dwight Mattingly to approve the disbursements presented for approval from check number 2072 dated February 15, 2007 to check number 2099 dated May 25, 2007. The motion was seconded and passed unanimously.

Administrative Report, Pension Resource Center

The Administrator provided copies of a letter received from Palm Tran dated May 1, 2007 regarding the Maintenance Manager position. The letter was provided as notification of personnel change only, no action was necessary.

Disability Retirement Benefit Application

The Administrator provided the Board with an application for non-duty disability benefits from a member of Palm Tran. The participant has received a letter from The Social Security
Administration, advising her of the approval of her Social Security Disability. Mr. Sugarman advised that she could be approved for a non-duty disability benefit once the formal determination letter is received from the Social Security Administration. **A motion was made by Dwight Mattingly to approve the non-duty disability retirement benefit request for Patricia Williams. The motion was seconded and passed unanimously.** The Administrator was directed to send a letter to Ms. Williams, advising her of the approval and that the Board will await a copy of the formal determination letter prior to administering the benefit.

The Board engaged in discussion regarding non-vested employees who terminate employment and receive their refund of contributions with interest. The Board expressed their desire to eliminate the interest on that benefit. **A motion was made by Dwight Mattingly to refund contributions to non-vested employees who terminate employment after May 24, 2007, without interest. The motion was seconded and passed unanimously.** Ms. Jensen will amend the plan to reflect the change in non-vested termination refunds.

The Administrator provided copies of a letter received from RREEF, advising the Board of a change in leadership. According to Mr. Chambers, this change has no impact on the portfolio.

**Other Business**

Mr. Mattingly provided copies of email correspondence between Pension Resource Center and Palm Tran regarding mailing addresses of active members of the plan. The Administrator advised she would research whether they receive addresses along with payroll information.

There being no other business, and the next meeting having been scheduled for August 23, 2007, the meeting was adjourned at 12:30 p.m.

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Dwight Mattingly, Secretary