

**PALM TRAN ATU LOCAL 1577**  
**MINUTES OF MEETING HELD**  
**August 23, 2007**

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 PRESENT**

Bonni Jensen, Hanson, Perry, & Jensen  
Burgess Chambers, Burgess Chambers & Associates  
Jeffrey Vaughn, Pension Resource Center  
Scott Baur, Pension Resource Center  
Nick Schiess, Pension Resource Center  
Ken Harrison, Sugarman & Susskind  
Paula Freiman, Freiman Little Actuaries  
Chad Little, Freiman Little Actuaries

**APPROVAL OF THE AGENDA**

The Board reviewed the agenda for the meeting. **A motion was made by Frank Stanzione to approve the agenda. The motion was seconded and carried 4-0.**

**MINUTES**

The Board reviewed the minutes for the meeting of July 26, 2007 and a correction was noted. **A motion was made by Brad Merriman to approve the minutes of July 26, 2007 as corrected. The motion was seconded and carried 4-0.**

**ACTUARY REPORT: PAULA FREIMAN**

Paula Freiman presented a schedule of recently processed and pending benefit calculations. She reviewed the pending benefit calculations individually and discussed the outstanding requirements for the completion of the calculations. Ms. Freiman then reviewed the recently processed pension benefit calculations individually. **A motion was made by Dwight Mattingly to approve the benefits for retirees with completed calculations. The motion was seconded and carried 4-0.**

A discussion arose whether to commence final benefit payments for the remaining benefit applications presented on the schedule between meetings. **A motion was made by Brad Merriman to commence final retirement benefits to applicants after the calculations were finalized by the Actuary and Administrator to be ratified by the Board at the following meeting. The motion was seconded and carried 4-0.**

A discussion arose regarding the recovery of overpayments resulting from the refund of pension contributions to vested deferred members Stacy Bell and Gerano Vinzaino. Ms. Freiman reminded the Board that the Trustees had decided at the prior meeting to offer the repayment options of either a lump sum repayment, deferral of the

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commencement date without a reduction of benefits, or a reduced benefit on the normal commencement date. She requested the Board's direction regarding an interest rate for the calculation of the reduced payment option and recommended the use of a 5% interest rate. Ms. Freiman also recommended removal of the option for the deferral of the commencement date without a reduction of benefits. **A motion was made by Dwight Mattingly to offer all three original options for repayment and to use an effective interest rate of 4% for the calculation of the reduced payment. The motion was seconded and carried 4-0.** Ms. Freiman agreed to draft the appropriate notification of the repayment options to Stacy Bell and Gerano Vinzaino and provide the notification to Bonni Jensen for review and approval.

Ms. Freiman discussed the overpayment to four recent retirees resulting from their estimated advance payment exceeding the amount of their actual payment. Chad Little noted that the Board had authorized estimated payments of accrued benefits to new retirees based upon their most current benefit statements, however, advised that this policy would constantly result in overpayments because retirees oftentimes selected an optional form of benefit with a corresponding amount that is less than their accrued benefits. A discussion ensued regarding repayment options to be offered to the affected members. Ken Harrison recommended the repayment options of a lump sum repayment or a reduction in benefits in the amount of the overpayment divided over the number of months that the overpayment occurred but not to exceed 15% of the benefit. A discussion arose whether interest should be applied as well but the Trustees decided that interest should not be applicable. Brad Merriman announced that he must depart the meeting shortly and requested that the matter be deferred until later in the meeting. **A motion was made by Dwight Mattingly to reorder the Agenda. The motion was seconded and carried 4-0.**

**OTHER BUSINESS**

Brad Merriman announced that Donna Grieve would be separating from service and due to restructuring the position may be incorporated into the County. Chad Little was questioned regarding the impact on the Plan of the loss of membership in the event that Agency restructuring eliminates other positions that are filled by County employees that will not participate in the Plan. Mr. Little advised that position was unimportant as far as the funding of the Plan is concerned, but in the event that a large number of positions were eliminated the result would likely be an increase in contributions as a percentage of payroll. **A motion was made by Dwight Mattingly to not permit any additional positions filled by members of the Plan to be eliminated by the County. The motion was seconded.** A discussion arose regarding corresponding with the County the Board's concerns over the fiscal impact of restructuring on the funding of the Plan. **Dwight Mattingly withdrew his motion. A motion was made by Dwight Mattingly to correspond with the County regarding the negative impact of restructuring on the funding of the Plan along with a request that any more positions are not eliminated. The motion was seconded and carried 4-0.**

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The meeting recessed from 12:06 P.M. to 12:14 P.M. and Brad Merriman departed the meeting.

**ACTUARY REPORT: PAULA FREIMAN (CONTINUED)**

Paula Freiman questioned whether members eligible for retirement with less than ten years of credited service could defer retirement and therefore be eligible for an immediate refund of pension contributions. A lengthy discussion ensued regarding whether the issuance of refunds to vested deferred members could be eliminated altogether. It was noted that a common practice among defined benefit plans was to provide to vested members either a deferred benefit or instead a refund of contributions but not both. Bonni Jensen was requested to research the issue and report back to the Board at the next meeting.

Ms. Freiman discussed the formatting of the new annual benefit statements and provided the Board with sample statements based upon the revisions requested by the Board at the last meeting. The Trustees reviewed the sample statements and provided final direction on the content of the statements to Ms. Freiman.

The discussion resumed regarding the recovery of overpayments to four retirees that had been overpaid as a result of their estimated advance payment exceeding the amount of their actual payment. **A motion was made by Dwight Mattingly to establish policy of the recovery of overpayments to retirees with repayment options of a lump sum payment or a reduction in benefits in the amount of the total overpayment divided over the number of months that the overpayments occurred but not to exceed 15% of the actual benefit. The motion was seconded and carried 3-0.** A discussion arose regarding the prevention of overpayments prospectively. It was noted that the maximum reduction in the accrued benefit to provide joint and survivorship benefits was typically 15% therefore limiting estimated payments to new retirees who are married to a lower level would help prevent overpayments. **A motion was made by Dwight Mattingly to establish policy to limit estimated benefit payments to new retirees who are married to 85% of their accrued benefit represented on their most recent annual benefit statement. The motion was seconded and carried 3-0.**

**INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS**

Burgess Chambers appeared before the Board to present the investment performance report for the quarter ending June 30, 2007. Mr. Chambers reported that the return for the quarter was 4.2% versus the index of 3.5%. The market value of the portfolio was the amount of \$45,067,392.

Mr. Chambers reviewed the performance of the individual investment managers and reported that the best performing managers were Lottsoff Capital with a return of 10.7%, Fisher Investments with a return of 9.3%, and C.S. McKee with a return of 7.5%. Mr. Chambers reviewed the compliance checklist noting that all items were in compliance. He then reviewed the asset allocation and reminded the Board that the

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REIT allocation was strategically underweighted given the high market valuations within the REIT sector and advised that the remaining allocations were acceptable. It was noted that the TIPs allocation was slightly under the target allocation and Mr. Chambers attributed the under allocation to appreciation in the last quarter and advised that he would monitor the allocation closely.

Mr. Chambers submitted for the Board's favorable consideration a proposal to increase consulting fees from \$25K annually to \$30K annually. **A motion was made by Dwight Mattingly based upon the favorable investment returns and additional monitoring required of the additional asset classes to approve the consulting fee increase. The motion was seconded and carried 3-0.** Ken Harrison agreed to draft an addendum to the Agreement with the fee increase effective July 1, 2007.

**REPORTING OF PLAN FINANCIALS**

The Board reviewed the unaudited financial statements provided by the Administrator for the period ending June 30, 2007. A question arose regarding the significant balance within the checking account for all months reported. Scott Baur explained that the average daily cash balance was a much lower amount and the statements were representative of the ending month balance, which would be reduced by the pending benefit payments the first of the following month. The Board received and filed 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 as presented. The motion was seconded and passed 3-0.**

**ADMINISTRATIVE REPORT**

Scott Baur presented the Board with a revised Salem Trust Company signature authorization form for the for the Trustees' execution.

**ATTORNEY REPORT: KEN HARRISON**

Ken Sugarman reported that his office had received from the Auditor preliminary information on the untimeliness and inconsistency of the deposit of employee contributions, however, the information was incomplete and additional information had been requested from the Auditor.

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen reported that the previously requested comments had not been received from the Agency regarding the proposed revised Trust Agreement. Ms. Jensen agreed to again solicit comments from the Agency in writing in advance of the next meeting.

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Ms. Jensen reported a recent discovery that employee contributions have remained post-tax despite the supposed conversion to pre-tax back in the year 2001. She requested permission to perform the actions necessary to establish the pre-tax deduction of employee contributions prospectively and the Board agreed.

Ms. Jensen discussed the changing environment for auditors and the possible impact upon the reporting requirement of the Board and the Auditor's role as a consultant. Scott Baur advised that the additional requirements would likely result in an additional workload by the Administrator.

Ms. Jensen discussed the policy for the commencement of benefit payments adopted at the last meeting noting that the estimated payment of benefits to disability benefit applicants conflicts with the Plan document and must therefore be amended. The Board decided that estimated benefits to disability applicants would be issued on the basis of the applicant's eligibility and benefits under normal retirement and requested Ms. Jensen to amend the policy accordingly. The Trustees requested that the policy be distributed along with the forthcoming annual benefit statements and also posted.

**OTHER BUSINESS**

Jeff Vaughn reported that Al Benavente had requested to appear before the Board on behalf of Berta Sotolongo, however, Mr. Benavente had failed to appear.

There being no other business, and the next meeting rescheduled for November 29, 2007, the meeting was adjourned at 2:30 P.M.

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Dwight Mattingly, Secretary