Chairperson Dwight Mattingly called the meeting to order at 10:40 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  
Liz Bloeser  
Nancy Bolton

**OTHERS PRESENT**

Bonni Jensen, Hanson, Perry, & Jensen  
Burgess Chambers, Burgess Chambers & Associates  
Paula Freiman, Freiman Little Actuaries  
Scott Baur & Nick Schiess, Pension Resource Center  
Pedro Herrera, Sugarman & Susskind  
Carrie Callahan, Galliard Capital Management  
Betty Garrett & John Murphy, Palm Tran  
Other Visitors

**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 meetings held on February 28, 2008 and April 21, 2008. **A motion was made by Frank Stanzione to approve the minutes of the meetings held on February 28, 2008 and April 21, 2008. The motion was seconded and carried 4-0.**

**INVESTMENT MANAGER REPORT: GALLIARD CAPITAL MANAGEMENT**

Carrie Callahan appeared before the Board on behalf of Galliard Capital Management to provide a report for the fixed income portfolio for the quarter ending March 31, 2008. She discussed the qualifications, history, and structure of the firm noting that the firm specialized in fixed income with over $32B of assets under management with institutional clients only. Ms. Callahan advised that the portfolio was a conservatively managed, well diversified portfolio consisting of high quality securities with an anticipated return of 0.5% above the benchmark. She reviewed performance reporting that for the quarter the return was 2.14% versus the benchmark of 2.35% with the slight underperformance attributable to an underweight in U.S. Treasuries during a period in which that allocation outperformed as result of market volatility and a resulting flight to highest quality securities. She reviewed the sector allocations and was then questioned whether the Lehman Brothers Intermediate Aggregate Index was an appropriate benchmark and she responded that the benchmark was appropriate, which was confirmed by Burgess Chambers.
INVESTMENT CONSULTANT REPORT

Burgess Chambers appeared before the Board to present an investment performance report for the quarter ending March 31, 2008. He reviewed the performance of the individual investment managers and reported that the best performing products for the quarter were the Galliard TIPS portfolio with a return of 5.9%, Galliard fixed income portfolio with a return of 2.2%, and the RREEF fund with a return of 1.8%. He reported that the return for the quarter was -4.3% ranking the fund in the 41st percentile for investment returns. The market value of the portfolio was the amount of $44,355,221. Mr. Chambers advised that the overall performance of the portfolio was very satisfactory and had achieved returns in excess of the blended benchmark. He discussed market and economic conditions noting that recent market volatility was attributable to a crisis within credit markets resulting in uncertainty in the market.

Mr. Chambers reviewed the asset allocation noting that the slight underweighting of the REIT portfolio was intentional and appropriate given valuations and market conditions. He was questioned regarding the underweighting below the minimum specified within the Investment Policy Statement and whether the Statement required revision. Mr. Chambers responded that while the allocation was below the minimum as of March 31, 2008, the allocation had since increased above the minimum and the general rule was that two consecutive quarters of noncompliance must occur before action was required. Mr. Chambers reviewed the compliance checklist noting all other items were in compliance except the performance objectives of ranking in the top 40th percentile for a trailing five-year period had not been met.

Mr. Chambers was questioned regarding recommendations for the portfolio and he responded that there were not any recommendations for change.

ACTUARY REPORT: PAULA FREIMAN

Paula Freiman presented and reviewed a draft of the actuarial valuation as of January 1, 2008. She advised that draft valuation was based upon a draft of the 2007 audit and remained a draft until the audit was finalized. Ms. Freiman reviewed the funding progress of the plan advising that the funded ratio of 82.6% was above average and satisfactory.

Ms. Freiman reviewed in detail the demographics of the membership, actuarial assumptions, and plan experience noting that higher than expected increases in salaries had occurred. She reviewed the investment return experience and actuarial method for the smoothing of investment return. Ms. Freiman then reviewed in great detail the remaining items considered in the development of the costing of the plan. She advised that that the target employer contribution was 19.8% of payroll versus 19.6% for the previous year without consideration of the available credit account balance. The minimum recommended employer funding requirement is the amount of $3,527,501 or 16.4% of payroll with consideration of the available credit account balance.
Ms. Freiman discussed the prospective funding of the plan and anticipated that the employer contributions would increase to 21-23% of payroll. A discussion arose whether the administration fees of the plan were satisfactory and the Board was advised by Ms. Freiman and Scott Baur that the administrative fees were within normal parameters.

Ms. Freiman discussed the completion of an experience study to compare the actual experience of the plan with the actuarial assumptions in order to refine the assumptions and ultimately provide stable funding requirements. She advised that the completion of an experience study every five years was common practice and that at least ten years has elapsed since the last experience study had been performed. Ms. Freiman was questioned regarding the assumptions to be evaluated and the estimated cost of the study. She responded that all the assumptions needed to be evaluated and the estimated cost of the study was $4K. The Board tabled consideration of the experience study until the next meeting and requested Ms. Freiman to provide a proposal itemized with cost for each individual assumption.

The meeting recessed from 12:06 P.M. to 12:39 P.M. for lunch.

OTHER BUSINESS

The Board reviewed a written appeal submitted by retiree Edvins Selga requesting relief from repayment for previous overpayments from the Plan. Scott Baur reviewed the history of benefit payments to Mr. Selga and was questioned whether a mistake by his office was responsible for the approximately $11K owed to the plan by Mr. Selga. Mr. Baur attributed the numerous changes in the amount of Mr. Selga’s benefits to the transition of administration from the previous administrator, final adjustment for optional form of payment after benefits had been processed, and finally the amount owed to the plan as a result of overpayments. Mr. Baur reminded the Board of the many difficulties encountered during the transition of administrative services including the numerous retirees that had not been issued benefits or incorrect amounts by the former administrator. He advised that the correction of all the affected members’ benefits including Mr. Selga’s benefits was performed as well as possible under the circumstances. A discussion arose regarding whether to extend the period of repayment for Mr. Selga.

Paula Freiman reported that retiree Wesley Harewood had requested to revert his optional form of payment from a 50% survivorship benefit back to the standard form of payment as a result of his recent divorce. She advised that the action was permitted under the provisions of the plan, however, the provisions governing the recalculation of his benefits were outdated and resulted in significant increase from the original amount of his benefits. She explained that using the outdated mortality table and interest rate specified by the plan document, Mr. Harewood’s standard form of benefit increased from the amount of $2,221.43 to the revised amount of $2,738.43. Ms. Freiman further explained that the increase was subsidized by the Plan and she recommended that the Board consider revising the provisions of the Plan to avoid further occurrences of this situation due to the negative financial impact upon the Plan. Bonnie Jensen discussed in detail the
applicable provisions and their origin. She confirmed that the provisions were outdated and could only be revised with an amendment to the Plan Document. A lengthy discussion ensued and Ms. Jensen was requested to draft a proposed Amendment revising the applicable provisions for consideration at the next meeting. A lengthy discussion arose regarding other outdated provisions existing within the plan and Ms. Freiman advised to prepare an analysis of these provisions for consideration at a future meeting.

**BENEFIT APPROVALS**

The Board reviewed a list of benefit approvals presented by the Administrator for approval. **Nancy Bolton made a motion to ratify the retirement benefits presented. The motion was seconded and carried 4-0.**

**REPORTING OF PLAN FINANCIALS**

The Board reviewed the unaudited financial statements provided by the Administrator for the period ending March 31, 2008. **Liz Bloeser made a motion to receive and file the financial statements. The motion was seconded and carried 4-0.**

**ATTORNEY REPORT: PEDRO HERRERA**

Pedro Herrera provided an update on the status of the Applications for Disability Benefits for Phyllis Johnson, Rachsheel Wilson, and Fernando Moreno. He reported that the medical records were still being gathered for Ms. Johnson and Ms. Wilson and a disability questionnaire had not been received from Mr. Moreno. Nick Schiess advised that he had followed up several times with Mr. Moreno regarding the missing questionnaire but Mr. Moreno had failed to submit the document.

Mr. Herrera presented draft Amendment Four for the Board’s consideration. Bonni Jensen advised that since the since its original inception, the scope of the amendment had grown to eliminate all interest payments from the plan. A lengthy discussion arose regarding whether the Board’s intent and direction at the meeting held on May 24, 2007 was to eliminate interest also for refunds of contributions to vested members who terminated prior to receiving monthly retirement benefits. It was noted that the minutes of the meeting held on May 24, 2007 reflected that the Board authorized the removal of the interest only for non-vested members. A discussion ensued as to the revisions necessary to Amendment Four and Ms. Jensen agreed to revise Amendment Four accordingly for presentation to the Board for consideration at the next meeting.

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen provided the Board with a final version of the revised Trust Agreement for execution.

Ms. Jensen presented draft Amendment Five, which revised the existing pre-retirement death benefit to provide for the option of a return of contributions and a reduced
monthly benefit. She reminded the Board that the Trustees had requested a draft amendment after a discussion at the previous meeting to provide the same benefits and options to pre-retirement death benefit beneficiaries as is currently afforded to vested deferred members. The Board questioned the financial impact of benefit improvement on the plan and requested an actuarial impact statement from the Actuary on the cost of the benefit improvement and also an analysis of the number of beneficiaries that would be affected. Ms. Szym expressed discontent with the duration of time that the matter had been under consideration by the Board. She was advised that the Trustees in the accommodation of her request must proceed with due diligence and the matter would be reconsidered again at the next meeting.

Ms. Jensen requested the Board’s favorable consideration of a fee increase from $170 per hour to $200 per hour. A lengthy discussion arose regarding the necessity of retaining two attorneys. **Liz Bloeser made a motion to request proposals for legal services. The motion was seconded and carried 4-0.**

**ADMINISTRATIVE REPORT**

Nick Schiess reported the receipt of the annual benefit statements for the active members and requested the Board’s direction on dissemination of the statements to the membership. A discussion ensued and **Liz Bloeser made a motion to authorize the administrator to disseminate the annual benefit statements via regular mail. The motion was seconded and carried 4-0.**

Mr. Schiess reported that the prior plan administrator had recently resubmitted duplicate federal tax filing information for the 2006 tax year resulting in the overstatement of income for retirees. He explained that several members had been audited and been requested to issue payment to the Internal Revenue Service for additional taxes and penalties. Mr. Schiess provided the Board with correspondence from the former administrator addressed to the Internal Revenue Service addressing the error. He reported that the former administrator had received confirmation from the Internal Revenue Service that the matter had been internally corrected. Mr. Schiess advised that all the affected retirees that had contacted the administrator had been advised of the resolution of matter and provided with supporting available documentation from the former administrator. Mr. Schiess anticipated that the matter had been fully resolved, however, would monitor the situation closely.

**APPROVAL OF DISBURSEMENTS**

The Board reviewed the disbursements provided for approval. **A motion was made by Frank Stanzione to approve the disbursements as presented. The motion was seconded and passed 4-0.**
OTHER BUSINESS (CONTINUED)

The Board reviewed a proposal submitted by the Plan’s auditor LaPadula Carlson & Co. requesting the Board’s favorable consideration of a fee increase with an explanation that the increase was necessitated by an increased workload as a result of changes in auditing standards. A discussion arose and it was noted that while the fees were reasonable it had been a lengthy period of time since the last comparison of prospective auditors. **Liz Bloeser made a motion to request proposals for auditing services. The motion was seconded and carried 4-0.**

With there being no other business and the next quarterly meeting scheduled for August 28, 2008, the meeting was adjourned at 4:30 P.M.

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Secretary