Chairperson Dwight Mattingly called the meeting to order at 10:40 A.M. in the Dale R. Smith Conference Room at the Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida.

**TRUSTEES**

Dwight Mattingly  
Frank Stanzione  
Liz Bloeser  
Nancy Bolton

**OTHERS PRESENT**

Bonni Jensen, Law Office of Perry & Jensen  
Burgess Chambers, Burgess Chambers & Associates  
Chad Little, Freiman Little Actuaries  
Nick Schiess, Pension Resource Center  
Bob Sugarman, Sugarman & Susskind  
John Murphy, Palm Tran

**APPROVAL OF THE AGENDA**

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

**MINUTES**

The Board reviewed the minutes for the meetings held on November 20, 2008 and January 20, 2009. A motion was made by Liz Bloeser to approve the meetings held on November 20, 2008 and January 20, 2009. The motion was seconded and carried 4-0.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little announced that he had received the data from the Administrator for the 2009 fiscal year necessary for the preparation of the Actuarial Valuation and annual benefit statements for active members. Nick Schiess requested direction for the distribution of the benefit statements. A motion was made by Frank Stanzione to authorize the necessary expenses for the Administrator to distribute the annual benefit statements via regular mail. The motion was seconded and carried 4-0.

Mr. Little introduced liability matched corporate bond strategies as a possible investment product and the matter was deferred to the Investment Consultant.

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen announced that a partner of her law firm, Jill Hanson, was retiring and therefore she would prepare and submit for the Board’s consideration a revised Agreement with her new firm, the Law Office of Perry & Jensen. Nancy Bolton made a motion to authorize the Chairperson to execute the revised Agreement contingent upon the successful negotiation of the Agreement by Bob Sugarman’s office. The motion was seconded and carried 4-0.
ATTORNEY REPORT: BOB SUGARMAN

Bob Sugarman reviewed correspondence dated March 2, 2009 received from Palm Tran in response to correspondence dated January 29, 2009 from the Administrator sent on behalf of the Board, notifying the agency that the amount of employer contributions were less than the required contributions specified by the Actuary for the 2008 fiscal year. The correspondence from Palm Tran expressed that the employer contributions were dictated by collective bargaining and therefore any changes to the employer contribution rates are subject to collective bargaining. Additionally, Palm Tran requested all available financial information regarding the shortage of contributions for the 2008 fiscal year and any prospective funding deficiencies. Mr. Sugarman explained that the options for the Trustees were to enter litigation, modify benefits or attain additional contributions through collective bargaining. A question arose whether to borrow the shortage for the 2008 fiscal year from contributions received in the 2009 fiscal year and Mr. Little advised that he would have to research the matter with the Division of Retirement. A discussion arose regarding Palm Tran’s request for information pertaining to the funding of the Plan and the Board requested the Administrator to provide the final 2008 Actuarial Valuation, an analysis already prepared by Mr. Little, and any other additional information as it became available. A discussion then arose regarding the preparation of any additional analysis for Palm Tran but it was the consensus of the Board that the information to be provided was sufficient and the costs of preparing any additional analysis was unwarranted. Mr. Sugarman recommended that the Actuary be permitted to prepare additional analysis provided that Palm Tran was responsible for the costs, and any analysis be shared with the Union and the Board, and the Trustees agreed. A lengthy discussion ensued regarding the prospective funding deficiency of the Plan given the current employer contribution rate. Mr. Little suggested the preparation of an analysis of the level of benefits that could be sustained with the current employer contribution rate and also the contribution rate that would be required to support the current level of benefits. It was noted that the membership and payroll should decrease with the anticipated budget cutbacks and Mr. Little offered to develop a projection over the next five years of the funding requirements with the anticipated lower membership and payroll.

Mr. Sugarman continued his report announcing that his office had filed for a Tax Determination Letter with the Internal Revenue Service on behalf of the Plan. A question arose whether the necessary public notices had been properly posted and Lavern Blackwood confirmed that the applicable notices had been properly posted. The Board requested that the notices remain posted until the matter was settled.

Mr. Sugarman advised that pursuant to the direction of the Board at the last meeting, his office was preparing a demand letter to the former Administrator seeking reimbursement to the Plan for unnecessary expenses resulting from the firm’s errors in benefit calculations. Nick Schiess reported that again the former Administrator had re-filed the retirees’ pension income received for 2005, but this time for the 2007 tax year. Mr. Schiess advised that he had already notified the former Administrator of the matter and requested the retraction of the duplicated filing with the Internal Revenue Service.
Board requested the Administrator to issue a notification to all retirees of the matter and obtain notifications received by any retirees from the Internal Revenue Service. Mr. Sugarman agreed to research any legal ramifications of the duplicate tax filing and amend the demand letter to include a request to deceed duplicate tax file submission prospectively.

Mr. Sugarman reported that an independent medical exam had been scheduled for disability pension applicant Racheel Wilson and anticipated that a report from the physician conducting the exam would be available for the next Board meeting.

Mr. Sugarman discussed the recent settlement between the Securities Exchange Commission and the Plan’s former investment consultant, Merrill Lynch Consulting Services, and other allegations against the firm. He discussed the intentions of several law firms to bring legal action against the firm with the expectation for at least the recovery of all consulting fees paid to the firm. A lengthy discussion arose regarding filing a legal action against the firm. **Liz Bloeser made a motion to authorize the Chairperson to approve the filing of a lawsuit or arbitration against Merrill Lynch Consulting Services on a contingency basis to be ratified by the Board at the next meeting. The motion was seconded and carried 4-0.**

The meeting recessed from 12:02 P.M. to 12:45 P.M. for lunch.

**INVESTMENT CONSULTANT REPORT**

Burgess Chambers appeared before the Board to present an investment performance report for the quarter ending December 31, 2008. He reported that the return for the quarter was -12.3% versus the index of -16.0% with the dramatic outperformance attributable to conservative positioning of the portfolio. For the fiscal year, the investment return was -23.3% versus -26.4%. The best performing investment product was the Galliard fixed income portfolio, with a 3.1% return. Mr. Chambers reported that the portfolios managed by Lotsoff Capital Management and Fisher Asset Management had underperformed, however, the Lotsoff Capital Management portfolio had outperformed the index by 200 basis points since the end of the quarter and the performance of the Fisher Asset Management was still satisfactory. He was questioned whether the large cap growth and value investment managers had remained within their respective style and he advised that neither manager had drifted from their style. Mr. Chambers reviewed the performance of the individual investment managers in detail. He then reviewed the asset allocation and compliance checklist, noting all was satisfactory. Mr. Chambers discussed market and economic conditions and recommended the delay of any portfolio rebalancing until the market settles and gains a sense of direction.

Mr. Chambers provided and reviewed the results of a small cap investment manager search that had been requested by the Board. He discussed the search criteria, performance and other statistics of the prospective candidates. Mr. Chambers then reviewed the risk measurements of a proposed portfolio with the inclusion of a 10% small cap allocation. He advised that, historically, small cap equities have attained the greatest
performance leading out of a recession, however, the current market conditions are unprecedented and therefore the historical model might not be repeated. Mr. Chambers advised that the potential marginal additional return from the addition of a small cap portfolio was unworthy of the additional risk and ultimately recommended delaying the addition of this allocation, and the Board agreed.

A discussion arose regarding infrastructure specific investment products and Mr. Chambers advised that most infrastructure products are closed-ended funds that are illiquid and he expressed concerns over the valuation methods of these funds.

**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**

Nick Schiess reported that unaudited financial statements were not available this meeting because a transition had occurred in the methodology used to represent the values of investment manager accounts in response to a change in accounting practices.

**APPROVAL OF DISBURSEMENTS**

The Board reviewed the disbursements provided for approval. *Liz Bloeser made a motion to approve the disbursements as presented. The motion was seconded and passed 4-0.*

**ADMINISTRATIVE REPORT**

Nick Schiess requested the Board’s favorable consideration of an increase in fees for administrative services. After a lengthy discussion the Board tabled the matter until the next meeting and requested that Mr. Schiess provide a revised proposal with a lower increase.

Mr. Schiess reported that the newly engaged auditing firm, Cherry Bekaert & Holland, had already commenced the audit for the 2008 fiscal year.

**OTHER BUSINESS**

There was no other business.

**SCHEDULE NEXT MEETING**

The next meeting was scheduled for May 28, 2009.
ADJOURNEMENT

The meeting was adjourned at 2:07 P.M.

___________________________________
Secretary