Chairperson Dwight Mattingly called the meeting to order at 11:04 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**

Chad Little, Freiman Little Actuaries
Burgess Chambers, Burgess Chambers & Associates
Ken Harrison, Sugarman & Susskind
Nick Schiess, Pension Resource Center
Fuji Chahal, Fisher Investments
Karen Russo, David Freitas & Jack Farland, Salem Trust Company

**APPROVAL OF THE AGENDA**

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

**INVESTMENT MANAGER REPORT: FISHER INVESTMENTS**

Fuji Chahal appeared before the Board on behalf of Fisher Investments to provide a report on the international equity portfolio for the quarter ending June 30, 2009. He reported that the performance for the quarter was 26.5% versus 25.4% for the index and for the fiscal year-to-date was 23.3% versus 17.8% for the index. He discussed the organization noted that the firm was employee owned with over $28B of assets under management. Mr. Chahal discussed the market and economic condition and anticipated that a recover from the recession had already commenced.

The Board discussed the allocation of the portfolio to international equities and questioned Burgess Chambers whether the allocation should be increased. Mr. Chambers advised that while the recent investment return by the manager was exceptional, it would be prudent and cautious to not increase the allocation because it was difficult to expect that the exceptional returns would continue. He advised that it was always best practice not to chase returns but instead remain dedicated to the strategic allocation.

**INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS**

Burgess Chambers appeared before the Board to present an investment performance report for the quarter ending June 30, 2009. He reported that the return for the quarter was 9.9% versus the index of 15.0%, with the underperformance attributable to an underweight in REITs and bond underperformance. For the fiscal year-to-date, the investment return was 6.1% versus 5.2% for the index. He noted that the portfolio has performed well relative to the blended benchmark, which was attributable to the conservative positioning of the portfolio. He reviewed the risk/reward measurements of
the portfolio noting that outperformance of the benchmark had been attained with significantly less risk.

Mr. Chambers reviewed the performance of the individual investment managers noting all was satisfactory.

Mr. Chambers reviewed the asset allocation, noting that the 2.4% allocation to REITs was below the 4% allocation specified as the bottom of the range within the Investment Policy Statement. He advised that the underweighting had been intentional because the anticipated investment return was not favorable. Ken Harrison advised that the Investment Policy Statement must be amended to lower the range of the allocation to REITs. The Board agreed and directed Mr. Chambers to amend the Investment Policy Statement accordingly and then present it at the next meeting for approval.

Mr. Chambers was questioned regarding the attainability of a 8.0% investment return currently utilized as the Plan assumed rate of return, given that this return on average has not been attained since the year 2000. He explained that the assumed return was based upon a mathematical equation derived from historical investment returns. He further explained that trend has been off since the year 2000 because two recessions have occurred. Mr. Chambers advised that having already been through these two recessions in such a short period of time made it even more likely to attain the 8.0% investment return prospectively. Chad Little discussed the effects of the investment return assumption on the costing of the Plan.

The meeting recessed from 12:02 P.M. to 12:35 P.M. for lunch.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little provided and reviewed the final 2008 Actuarial Valuation inclusive of the revised actuarial assumptions determined at the last meeting. A motion was made by Nancy Bolton to approve the 2008 Actuarial Valuation. The motion was seconded and carried 4-0.

A lengthy discussion arose regarding the employer funding rate as a percent of payroll. Mr. Little reported that the recommended employer funding rate for the 2008 fiscal year was 21.0% and for the 2009 fiscal year was 23.3%. It was noted that the collective bargaining agreement specified that the rate was 13.0% and a deficit in the funding for the 2008 fiscal year was $250K. Mr. Little was questioned regarding the consequences if the recommended rate of 23.3% was not put into effect until the 2010 fiscal year and continued at the rate of 13.0% instead. He responded that the combined funding deficit for the 2008 and 2009 fiscal years would then be approximately $2.5M. Mr. Little was questioned whether funding can be borrowed from future years and he responded that borrowing was limited to smaller amounts and was therefore not an option in this situation. A question arose regarding the legal ramifications of a contracted employer contribution rate of 13.% when the recommended funding percentage was 23.3%, and it was noted that the Board’s responsibility was to provide the best benefits possible given
the constraints within the Collective Bargaining Agreement. Bonnie Jensen advised that if the employer funding rate was not modified within the Collective Bargaining Agreement or benefits were not reduced, then the funding deficit must be remitted to the Plan from the County. Ken Harrison advised that the situation was uncommon and if additional funding is not received then benefits must be reduced.

A discussion arose regarding reducing benefits provided by the Plan. It was noted that the multiplier increase from 2.3% to 2.5% in the year 1999 was agreed to by the County, which at the time increased the required employer funding to slightly over 14.0%. At this time the negotiated employer contribution rate was 15.0%, which resulted in the buildup of a credit balance. In 2000 during negotiations the employer requested a reduction in the contribution rate and was able to get the Union to agree to a rate of 13.5% and the following years to 13%. This reduction inevitably depleted the credit balance in the year 2008. Mr. Little was questioned regarding the ramifications of waiting another year to increase funding or reduce benefits and he responded that the funding situation had grown at an alarming rate and the need for a solution was immediate. Mr. Little was questioned regarding the timing effects on the funding if benefits were indeed reduced. He responded that he had discussed the matter already with the State actuary, who advised that reductions in funding resulting from benefit reductions could only be applied prospectively. Mr. Little was questioned if the County agreed to increase the employer funding to 23.0% for a single year, whether the funded ratio of the Plan would increase to at least 80%. He responded that the increase for a single year would not increase the funded ratio to 80%. It was noted that the recent financial market downturn would likely not continue. Mr. Little was questioned if the 8.0% assumed rate of investment was attained for the next five years, and the County agreed to increase the employer funding to 23.0% for a single year, whether the employer funding rate would subsequently be reduced. Mr. Little advised that under this situation the expected employer funding rate would be reduced minimally but not significantly. A lengthy discussion ensued regarding the trimming of ancillary benefits provided by the Plan while retaining the core benefit of providing a lifetime monthly annuity to retirees. Nancy Bolton made a motion to approve an actuarial cost study on reducing ancillary benefits with the cost of the study not to exceed $8K. The motion was seconded and carried 4-0.

CUSTODIAN REPORT: SALEM TRUST COMPANY

Karen Russo, David Freitas and Jack Farland appeared on behalf of the Salem Trust Company to provide a proposal for commission recapture and transition management services with neither service of direct cost to the Plan. Mr. Freitas explained that through the program, 70% of the commission recapture on security trading would be rebated to the Plan. Ms. Russo explained that the transition management services are provided for the liquidation of a portfolio, and a savings to the Plan should result on trading costs provided that the liquidation was greater than $6M. It was noted that regardless of commission recapture programs or transition management services, best execution on trading was always preferable and ultimately resulted in the greatest savings to the Plan. Being of no direct cost to the Plan, the Board by consensus agreed to add the commission recapture services proposed by the Salem Trust Company to the list of entities providing
these services through the Plan’s investment managers. **Liz Bloeser made a motion to direct burgess Chambers to evaluate the transition management program proposed by the Salem Trust Company for both transition management and portfolio rebalancing.** The motion was seconded and carried 4-0.

**ATTORNEY REPORT: BONNI JENSEN**

Ms. Jensen discussed the Plan provisions for reemployed members, noting that the Plan Document specifies the repayment of refunds of contributions within twelve months of re-employment or such longer period as permitted by law. She reported that Bartogh Ahmadabadi had been reemployed, however, his twelve month repayment period would expire next month. She advised that the Internal Revenue Service does permit the repayment of loans within five years and this situation was similar enough to provide a basis to offer an extended repayment period to Mr. Ahmadabadi. It was noted that with interest applied to the repayment, the repayment would not add any costs to the Plan. **Frank Stanzione made a motion to offer Bartogh Ahmadabadi an extended period of repayment of his contributions for up to three years from the date of notification with 5% interest applied over the repayment period. The motion was seconded and carried 4-0.** The Board specified that an agreement must be executed with Mr. Ahmadabadi including a provision that the repayment must be made in full within the three-year period and if not the amount of repayment remitted would be refunded and his service credit would not be restored.

**ATTORNEY REPORT: KEN HARRISON**

Ken Harrison reported that a demand letter had been sent to the former Administrator requesting the cessation of duplicate tax filing for prior years, however, no response had been received.

Mr. Harrison discussed Federal and State legislative changes. He reported that legislation had passed that required the treatment of active employees who were called to active military service and killed as employed, and the benefits issued to the family would be the same as those benefits for a participant who had passed away while being actively employed. He reported that the State law now required that a retiree can change a joint annuitant on an actuarial equivalent basis up to twice and without proof of health. Mr. Harrison was requested to bring a draft amendment containing these changes to the next meeting. The legislation also required the divestiture of investment in holdings of firms that are classified by the State as scrutinized companies that are based in terrorist sponsoring nations. It was noted that the Board had previously adopted this requirement.

**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.**
APPROVAL OF DISBURSEMENTS

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

FINANCIAL STATEMENTS

The Board reviewed and then received and filed the unaudited statements of income and expense and balance sheet for the period ending July 30, 2009.

ADMINISTRATIVE REPORT

Nick Schiess reported that the Administrator’s office was still receiving calls from retirees affected by former Administrator’s duplicate tax filing for prior years. He advised that in response he had provided another 1099R Tax Reporting Form along with a notification attesting that the income represented the entire income received from the Plan. He reported that the retirees had been successful in resolving their matters with the Internal Revenue Service.

OTHER BUSINESS

Nick Schiess presented a renewal quote for fiduciary liability insurance from the Hudson Insurance Company for the annual premium of $11,453. Frank Stanzione made a motion to renew the fiduciary liability insurance. The motion was seconded and carried 4-0.

The Board reviewed the Application for Disability Benefits received from Elizabeth Colon. It was noted that Ms. Colon had submitted the Application prior to termination of employment, had been awarded social security disability benefits and also met the eligibility requirements for disability benefits specified within the Plan Document. Liz Bloeser made a motion to approve the disability benefits for Elizabeth Colon. The motion was seconded and carried 4-0.

The Board reviewed the Application for Disability Benefits received from Gene Turner. It was noted that Mr. Turner had been awarded social security disability benefits and met the eligibility requirements for disability benefits specified within the Plan Document. It was noted that Mr. Turner had separated from service on June 21, 2007 and submitted his Application dated October 3, 2008 via regular mail to the Plan Administrator. Nick Schiess reported that the Application had not been received and was likely the result of a failed mail delivery. It was noted that his disability commenced one year prior to Mr. Turner’s separation from service and the separation itself was forced by a provision with the Collective Bargaining Agreement that specifies that members will be terminated after a one-year absence due to a disability. It was further noted that Mr. Turner became
disabled under the rules of the Social Security Administration on September 19, 2006. 

**Frank Stanzione made a motion to approve the disability benefits for Gene Turner. The motion was seconded and carried 4-0.**

Nick Schiess provided proposals from BankAtlantic and TD Bank to provide banking account services on behalf of the Plan. It was noted that the proposal from TD Bank was the most favorable and would eliminate the activity fees charged by the Plan’s current bank, SunTrust, resulting in a cost savings to the Plan. Nick Schiess advised that the process of issuing electronic benefit payments through TD Bank’s system must be researched and analyzed before proceeding with a transition because these systems must be conducive for the payment of benefits. Dwight Mattingly announced that a family member was an employee of TD Bank and had provided the proposal, however, his only concern was the best interests of the Plan. **Liz Bloeser made a motion to engage the banking services of TD Bank contingent upon the approval of the bank’s systems by the Plan Administrator. The motion was seconded and carried 3-0, with Dwight Mattingly abstaining from the vote for the reason of a possible conflict of interest as a family member was an employee of TD Bank.**

**SCHEDULE NEXT MEETING**

The next regular quarterly meeting had been scheduled for November 23, 2009 but the Board requested the Administrator to reschedule the meeting.

**ADJOURNMENT**

The meeting was adjourned at 3:45 P.M.