Chairperson Dwight Mattingly called the meeting to order at 10:33 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  
Nancy Bolton  
Liz Bloeser  

**OTHERS PRESENT**

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

**APPROVAL OF THE AGENDA**

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

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes for the meetings held on February 24, 2011 and March 8, 2011. A motion was made by Nancy Bolton to approve the minutes for the meeting held on February 24, 2011. The motion was seconded and passed 4-0. A motion was made by Nancy Bolton to approve the minutes for the meeting held on March 8, 2011. The motion was seconded and passed 4-0.

**AUDITOR’S REPORT**

James Burdick appeared before the Board on the behalf of Cherry, Bekaert & Holland LLP to present a draft of the Plan’s financial statements for the fiscal year ending December 31, 2010. He reported that he was still awaiting confirmation letters from a few service providers and the final audit will be issued for the next meeting and there were not any expected changes to the financial statements.

Mr. Burdick reported that net Plan assets had increased to $53,700,203 from the prior year amount of $46,496,283, which was primarily attributable to investment gains.

Mr. Burdick provided and reviewed a Management Discussion and Analysis, which was a detailed analysis of financial activity including assets, liabilities, income, expenses including benefit payments, and other important factors regarding the financial activity for the fiscal year. He reported that the firm had issued an opinion that the financial statements are presented fairly in all material respects in accordance with Government Auditing Standards. He noted that no material weaknesses in the financial statements had been discovered. Mr. Burdick also reported that no deficiencies were identified with internal controls and procedures.
INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending March 31, 2011. He reported that for the quarter, the investment return for the total portfolio was 4.4% versus 4.2% for the index, and for the trailing one-year period was 14.2% versus 14.0% for the index. Mr. Chambers reviewed the performance of the individual investment products, noting all was satisfactory.

Mr. Chambers reviewed the compliance checklist and the Trustees noted that the performance of many investment managers had fallen below the target defined within the Investment Policy Statement for several consecutive quarters. Mr. Chambers reviewed the performance of the individual investment managers that had fallen below their performance objectives. He explained that the investment style of CS McKee was biased towards higher quality equities and this style had historically been out of market favor immediately after a market recession. He discussed the investment process and long-term performance and advised that the style has repeatedly outperformed the index over complete market cycles. He also attributed part of the underperformance to style drift of the managers within the rankings universe into midcap equities to improve performance. Mr. Chambers advised that the Plan already had a separate mid cap exposure and therefore the portfolio was better balanced and retained diversification when managers remained true to their mandated allocations. Mr. Chambers then reviewed the performance of the Galliard Capital Management portfolio, noting that the underperformance to the index was very slight and attributable to their peer group investing in high-yield securities and overweighting corporate securities. Their risk measurements indicated that their strategy was significantly more conservative than their peer group, which was favorable. Mr. Chambers advised that more important than the individual rankings was the overall program, which had exceeded the benchmark for both the three and five year time periods. He reviewed in great detail the risk reward measurements, performance and other factors of the individual investment managers.

Mr. Chambers concluded his report with a review of the asset allocation. He discussed economic and market conditions and anticipated that the returns for fixed income securities would be flat for at least the next three years.

ATTORNEY REPORT: ROBERT SUGARMAN

Robert Sugarman discussed recently adopted State legislation Senate Bill 1128. He reported that compensation for the purpose of the determination of benefits can not include more than 300 hours per year of overtime or accrued leave payouts upon termination. These changes would become effective upon the ratification of the next collective bargaining agreement. He then discussed additional reporting required by the new legislation. Mr. Sugarman discussed other changes that become effective July 1, 2011, including a requirement that the funding requirements for plan sponsors must be at least the normal cost of the plan. A lengthy discussion arose regarding the preparation of a notice to the County about the new funding requirements and Chad Little reported that the actuarial valuation had nearly been completed and would yield the specific
information about the normal cost of the Plan. He estimated that the normal cost was greater than 15%, which was more than the 13.0% contribution rate set by the Collective Bargaining Agreement. A discussion arose regarding the effective date and Bonni Jensen noted that the increased contribution could commence on the effective date of the new legislation, which is July 1, 2011 and the latest the increased contribution should commence was the following fiscal year, which is January 1, 2012.

Mr. Sugarman reported that his office had successfully negotiated agreements with Advent Capital Management, SSI Investment Management and Intercontinental Capital Partners all of which were selected by the Board at the last meeting.

Mr. Sugarman reported that an Independent Medical Exam had been scheduled for disability benefit applicant Lorraine Ferguson.

The meeting recessed from 12:30 P.M. to 12:45 P.M. for lunch.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen discussed a new Palm Beach County law regarding the county’s Code of Ethics and noted that it was unclear whether it affected all of the Trustees. She advised that she was researching the matter and would report back to the Board. A lengthy discussion arose regarding acceptable conduct under the new law at the upcoming Florida Public Pension Trustee Association conference.

Ms. Jensen announced that her office was entering into a joint venture with another legal firm, Klausner & Kaufman P.A., but this was applicable to new clients only and did not alter her relationship with the Plan.

Mr. Jensen discussed new rules established by the Governmental Accounting Standards Board that required unfunded actuarial liability to be removed as a footnote and entered within financial statements, which may affect the bond rating of plan sponsors.

ACTUARY’S REPORT

Chad Little provided revised cost studies for the trimming of ancillary benefits including the elimination of lump sum death benefits, elimination of the late retirement factor and revising the eligibility for unreduced early retirement to sixty years of age plus fifteen years of service. He presented one option that completely paid off the unfunded actuarial liability within 10 years, which would in theory just leave the normal cost of the plan afterwards. Mr. Little discussed another option that increased the employer contribution rate from 13% to 18% of payroll. The proposed benefit reductions lowered the total cost of the Plan from 21.2% to 19.8% of payroll.

For the preparation of the Actuarial Valuation, Mr. Little questioned the effective date of when the funding requirements for plan sponsors must be at least the normal cost of the plan pursuant to the new State legislation. Legal counsel was questioned whether a legal
basis existed for the increased contribution rate to become effective July 1, 2011. Bonni Jensen and Bob Sugarman both agreed that there exists a legal basis for the increased contribution rate to become effective July 1, 2011 and the Board directed Mr. Little to proceed with the preparation of the Valuation accordingly.

The Board scheduled a special meeting on the date of July 28, 2011 for consideration of the study.

FINANCIAL STATEMENTS

The Board reviewed and then received and filed the un-audited statements of income and expense and balance sheet for the period ending April 30, 2011.

APPROVAL OF DISBURSEMENTS

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

BENEFIT APPROVALS

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

ADMINISTRATIVE REPORT

Nick Schiess reported that there were no administrative issues for consideration.

OTHER BUSINESS

Edward Greenberg appeared before the Board to request a change in the status of his pension from a normal retirement to a disability retirement for the reason that he believed that the result would be a favorable tax advantage. Bob Sugarman explained that a tax advantage was afforded only to disability pension recipients of pension plans that provided benefits without regards to years of service; however, the benefits from the Plan are based upon years of service and therefore would not likely have the desired tax advantage. Nick Schiess explained that Mr. Greenburg had originally pursued a normal retirement instead of a disability pension because the benefit amount was identical and the normal retirement benefits would commence immediately but he would have to wait several months until the next meeting for Board approval for a disability pension. Mr. Greenburg was advised that to change the status of his pension would also involve changing the effective date of his pension to the next quarterly meeting date after the date of his application and he therefore must repay the Plan for three months of pension benefits that he would not be entitled to under the disability pension. Mr. Greenberg verbally rescinded his request for a change the status of his pension.
The Board was presented Agreements with Advent Capital Management, SSI Investment Management and Intercontinental Capital Partners for execution. **Liz Bloeser made a motion to execute the Agreements with Advent Capital Management, SSI Investment Management and Intercontinental Capital Partners. The motion was seconded and passed 4-0.**

The Board considered a request from Lotsoff Capital Management for an assignment of the Investment Management Agreement because the manager will be acquired by Ziegler Capital Management on June 10, 2011. Burgess Chambers recommended proceeding with the assignment and legal counsel offered no objection. **Nancy Bolton made a motion to consent to the assignment of the Investment Management Agreement with Lotsoff Capital Management based upon the recommendation of the Investment Consultant. The motion was seconded and passed 4-0.**

Nick Schiess reported that the provider of the Plan’s checking account for the payment of Plan expenses including benefit payments, TD Bank, had discontinued the current account arrangement which resulted in a no cost checking account. He provided a proposal from TD Bank on an alternate arrangement, which involved increased costs. Mr. Schiess advised that the fees within the alternate arrangement were reasonable and average with those providers of similar services. **Nancy Bolton made a motion to proceed with the alternate account arrangement with TD Bank. The motion was seconded and passed 3-1, with Dwight Mattingly abstaining for the reason of a potential conflict of interest as a family member was employed by the TD Bank.**

Amendment Eight was presented for execution, which was adopted by the Board at the last meeting. A lengthy discussion arose regarding whether it was in the best interests of the participants and beneficiaries to proceed given the negative impact on benefits of the new State legislation. **Dwight Mattingly noted that the decision to adopt Amendment Eight was based upon old circumstances and made a motion to reconsider the prior motion at the previous meeting to adopt Amendment Eight. The motion was deadlocked at 2-2 with Nancy Bolton and Liz Bloeser dissenting.**

Ms. Bloeser expressed great concerns regarding the funding situation of the Plan and that improving the funding of the Plan was indeed in the best interests of the participants and beneficiaries. Mr. Mattingly noted that the new State legislation reduced benefits, which ultimately reduces liabilities and improves the funding situation of the Plan. A discussion arose regarding the ramifications of a deadlocked vote, which ultimately would involve mediation. A discussion then ensued regarding revising the effective date of Amendment Eight to January 1, 2012. A very lengthy discussion ensued. **Nancy Bolton made a motion to execute Amendment Eight with an effective date of January 1, 2012. The motion was seconded and passed 3-1, with Frank Stanzione dissenting.**
SCHEDULE NEXT MEETING

A special meeting was scheduled for June 28, 2011 and the next quarterly meeting had been previously scheduled for August 25, 2011.

ADJOURNMENT

The meeting was adjourned at 5:05 P.M.

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Secretary