Chairperson Dwight Mattingly called the meeting to order at 11:03 A.M. in the Dale R. Smith Conference Room at the Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida.

<table>
<thead>
<tr>
<th>TRUSTEES</th>
<th>OTHERS PRESENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwight Mattingly</td>
<td>Chad Little, Freiman Little Actuaries</td>
</tr>
<tr>
<td>Frank Stanzione</td>
<td>Burgess Chambers, Burgess Chambers &amp; Associates</td>
</tr>
<tr>
<td>Nancy Bolton</td>
<td>Robert Sugarman, Sugarman &amp; Susskind</td>
</tr>
<tr>
<td>Liz Bloeser</td>
<td>Nick Schiess, Pension Resource Center</td>
</tr>
<tr>
<td></td>
<td>Bonni Jensen, Law Office of Perry &amp; Jensen</td>
</tr>
<tr>
<td></td>
<td>John Murphy &amp; Chuck Cohen, Palm Tran</td>
</tr>
<tr>
<td></td>
<td>Donna Rainey, Palm Beach County</td>
</tr>
</tbody>
</table>

APPROVAL OF THE AGENDA

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

ACTUARY REPORT: FREIMAN LITTLE ACTUARIES

Chad Little presented the Actuarial Valuation for the fiscal year ended December 31, 2010. Mr. Little reported that the minimum recommended contribution to the Plan for the 2012 fiscal year had increased to $11,081,517 or 43.5% of payroll, an increase from the recommended funding of $8,218,532 or 32.4% of payroll for the prior year. He discussed the history of the Plan and the funding percentages by the employees and employer throughout this history, noting that the unfunded liability and contributions had increased because the actual funding had been less than the recommended funding since the year 2008 when the prior credit balance had been exhausted. He noted that the recommended employer contribution rate for 2010 was 32.4% but the actual employer contribution rate remained at 13.0% as established within the Collective Bargaining Agreement. And since the contributions to the Plan have not increased this fiscal year, the funding shortage by the end of the 2011 fiscal year would increase to approximately $7.5M.

Mr. Little reviewed in great detail the components used to develop the cost of the Plan, noting that the normal cost of providing retirement benefits was 15.7% of payroll, which had remained fairly stable over the past ten years. He reported that a decrease in active population and less salary growth than expected both resulted in favorable experience but this did not have a positive effect on the cost of the Plan because the minimum recommended funding had not been received last year. Mr. Little discussed the asset smoothing method, which averaged the investment returns of the Plan over a five year rolling period to dampen the effect of market volatility. He explained that even though the recent investment returns had been above the 8.0% expected return, the investment losses in the year 2008 were still a drag on the average.
Mr. Little reported that the recently adopted Amendment Eight eliminating the return of employee contributions accrued after December 31, 2011 will reduce the cost of the Plan by approximately 1.0%.

A discussion arose regarding recently adopted State legislation Senate Bill 1128, which established the requirement that the funding requirements for plan sponsors must be at least the normal cost of their plans, which Mr. Little had previously reported was 15.7% of payroll for the Plan. It was noted that the adoption of the Actuarial Valuation would then have the effect of increasing the employer contribution rate from the 13.0% established within the Collective Bargaining Agreement to 15.7%. The Board tabled the adoption of the Valuation until the next meeting and the Plan Administrator was directed to provide notice to the County of the implications of the adoption of the Valuation and new State Law along with an invitation to the meeting.

AGREEMENT WITH CORNERSTONE REAL ESTATE ADVISERS

Robert Sugarman reported on the status of the agreement negotiated with Cornerstone Real Estate Advisors, who managed a commingled real estate fund that the Board had engaged at the last meeting. Mr. Sugarman advised that his office seeks the highest level of protection for Plan, which involves service providers agreeing contractually to be a fiduciary directly to the Plan. He reported that Cornerstone Real Estate Advisors would not agree to be a fiduciary to the Plan itself, but agreed instead to be a fiduciary to all investors. Mr. Sugarman explained that this was a lesser degree of protection but not unusual at all for this type of investment product.

Burgess Chambers advised that while securing the higher standard of protection is worthwhile, it is becoming increasing difficult because the trend among investment managers is to discontinue the practice. He discussed the differences between separate account managers and commingled funds, noting that many fund managers will not agree to this higher standard. Mr. Chambers discussed the due diligence performed on the selection of the manager and recommended proceeding with their engagement. A very lengthy and careful discussion ensued. Mr. Chambers discussed the firm in great detail, noting that it was a very credible firm and selected because it maintained a far lower debt and leverage than their peers. Frank Stanzione made a motion to proceed with the execution of the agreement with Cornerstone Real Estate Advisors based upon the recommendation of the Investment Consultant. A lengthy discussion ensued and ultimately the motion passed 3-1 with Nancy Bolton dissenting.

The meeting recessed from 12:20 P.M. to 12:35 P.M. for lunch.

2010 AUDIT & FINANCIAL STATEMENTS

The Board reviewed a draft of the Management Representation Letter wherein the Board declares representations to the auditing firm regarding the information provided in the audit process. Robert Sugarman discussed language within the Letter specific to the
recommended employer contributions above the rate specified within the Collective Bargaining Agreement. The auditor had requested the Board to disclose the reason why these contributions were not recorded as an account receivable. A lengthy discussion ensued whether a receivable was due and also whether the employer was responsible for the financial soundness of the Plan under State Statutes. Mr. Sugarman provided amended language to disclose the reason that the contributions were not recorded as a receivable along with a disclaimer that the Board reserved the right to determine that this amount is a receivable in the future.

Dwight Mattingly reported that an actuarial study prepared for collective bargaining was developed on the basis that these contributions were owed to the Plan by the employer. Liz Bloeser expressed concerns over the financial soundness of the Plan and that no resolutions have arisen through collective bargaining. She emphasized that the current level of benefits cannot be supported with the current level of contributions even if the employer’s contributions increased to 15.7% and advised that the Board was obligated to reduce benefits accordingly.

OTHER BUSINESS

Nick Schiess announced that he had received a report that active member Delroy Lopez had inadvertently not been set up within the employer’s payroll system for the deduction of pension contributions since his hire date of October 1, 2006. Dwight Mattingly reported that a grievance had already been filed that might affect the disposition of the contributions owed to the Plan. John Murphy reported that an internal audit had been performed, which had identified just one other active member, Nancy Girard, who also had been inadvertently omitted from pension deductions. He reported that research was being conducted into the exact cause and the preliminary research indicated that these were isolated incidents. The Board expressed concerns that additional members had been affected or might be affected prospectively. The Board requested that the County, Palm Tran, and the clerks’ office all provide reports on the exact reason for the incidents, results of internal audits to identify additional affected members and what precautions have been implemented to prevent future occurrences.

SCHEDULE NEXT MEETING

The next quarterly meeting had been previously scheduled for August 25, 2011.

ADJOURNMENT

The meeting was adjourned at 1:25 P.M.