Chairperson Dwight Mattingly called the meeting to order at 11:01 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 Nancy Bolton to approve the agenda. The motion was seconded and passed 4-0.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes for the meeting held on June 12, 2012. A motion was made by Nancy Bolton to approve the minutes for the meeting held on June 12, 2012. The motion was seconded and passed 4-0.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little presented an updated cost study for trimming ancillary benefits including but not limited to the elimination or freezing of the return of employee contributions, 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. Mr. Little provided and reviewed a cost study on the future benefit accrual rate that could be supported by the current level of funding, which was 0.5% excluding consideration of the current funding deficit. Dwight Mattingly advised that benefits were being considered during collective bargaining and suggested that it was premature for the Board to revise benefits. A lengthy discussion ensued regarding the amount of additional time to extend for collective bargaining before the Board should initiate benefit reductions. It was noted that the trimming of ancillary benefits does not significantly reduce costs and it was determined best to readdress the matter at the next meeting.

Liz Bloeser announced that the County had agreed to fund the funding deficit over the next three years and requested the production of an invoice for the County’s consideration. A lengthy discussion of the timing of the payments arose. Liz Bloeser made a motion to authorize the Actuary to prepare an analysis of the amortization
of the funding deficit over three approximately equal payments with the first payment to occur by September 30, 2012. The motion was seconded and passed 4-0.

A lengthy discussion arose regarding the attainability of the actuarial assumption rate of an 8.0% investment return.

As a follow up to the presentation of the audit and financial statements for the fiscal year ended December 31, 2011 at the last meeting, Liz Bloeser made a motion to approve the audit. The motion was seconded and passed 4-0.

As a follow up to the presentation of the Actuarial Valuation for the fiscal year ended December 31, 2011 at the last meeting and approval of the audit, Liz Bloeser made a motion to approve the Actuarial Valuation. The motion was seconded and passed 4-0.

Mr. Little reported that his office had been requested to review cost studies on benefit reductions prepared by the County’s Actuary. A discussion arose regarding the payment for Mr. Little’s actuarial services. It was noted that it would be of great service to the Board to have accurate studies on benefit changes and resolve the funding situation of the Plan and Mr. Little was uniquely qualified to produce such studies. After further discussion, Nancy Bolton made a motion to make the Plan’s actuary available upon joint request to the Plan Administrator by the collective bargaining parties now and prospectively at the Plan’s expense with the studies released simultaneously to all parties. The motion was seconded and passed 4-0. The Board directed the Plan Administrator to provide a notification to the collective bargaining parties regarding the use of the Plan Actuary along with notice that the Board will consider establishing a deadline for a remedy of the funding situation through collective bargaining before proceeding with its own measures to reduce costs at their next meeting scheduled for November 29, 2012.

The meeting recessed from 12:30 P.M. to 12:55 P.M. for lunch.

INVESTMENT MANAGER REPORT: SSI INVESTMENT MANAGEMENT

Emily Colella, Elisa Kowal and portfolio manager Michael Opre appeared before the Board on behalf of SSI Investment Management to deliver a performance report on the convertible bond portfolio for the quarter ending June 30, 2012. Ms. Colella discussed the firm, noting that no organizational changes had occurred. Mr. Opre reviewed the investment strategy and process. He reported that the investment return for the quarter was -3.91% versus -3.08% for the index, and for the trailing one year period was -2.53% versus -0.29% for the index. He was questioned regarding the underperformance and responded that the index has a greater equity bias than the portfolio along with greater volatility. The portfolio was more risk adverse than the index and historically the investment strategy has produced returns exceeding the index over complete market cycles.
INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending June 30, 2012. He reported that for the quarter, the investment return for the total portfolio was -2.8% versus -1.8% for the index, and for the fiscal year-to-date was 5.6% versus 5.7% for the index.

Mr. Chambers reviewed the performance of the individual investment managers, noting all was satisfactory. He then discussed the asset allocation, noting it was satisfactory. Mr. Chambers reviewed the risk measurements and returns for the trailing five year period, noting that the investment portfolio had achieved outperformance of the blended benchmark with less risk. He then reviewed compliance checklist, noting improvement in the achievement of performance objectives. Liz Bloeser noted a history of failure to meet some of the performance objectives stated within the compliance checklist and requested a report of the trailing year’s history of performance objectives for the next meeting.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen provided and reviewed a report from the Plan’s custodian, the Salem Trust Company, on the filing of class action securities lawsuits on behalf of the Plan.

ATTORNEY REPORT: ROBERT SUGARMAN

Robert Sugarman reported that the settlement of the class action lawsuit against Merrill Lynch Consulting Services had been approved.

BENEFIT APPROVALS

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

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.

FINANCIAL STATEMENTS

The Board reviewed and then received and filed the un-audited statements of income and expense and balance sheet for the fiscal year through July 31, 2011.
OTHER BUSINESS

Robert Sugarman reported on recently adopted State legislation that affected governmental pension plans. He reported that date of birth had been added to the information that must be redacted and the Statutes voided the designation of a beneficiary who later became an ex-spouse under most circumstances. He reviewed drafts of separate notifications for active and retired members recommending that the notifications be sent immediately, and the Board agreed.

The Board reviewed the request from retiree Robert Hart for the revision of his form of payment from a 50% joint and survivor benefit to a life annuity due to the death of his joint annuitant and spouse Gloria Hart. It was noted that the revision of the form of payment was permitted under the provisions of the Plan under this circumstance. Frank Stanzione made a motion to approve Robert Hart’s request to revise his form of payment to a life annuity. The motion was seconded and passed 4-0.

The Board considered the renewal of the fiduciary liability insurance policy. Nancy Bolton made a motion to renew the fiduciary liability insurance for an annual premium of $11,056 with the Hudson Insurance Company. The motion was seconded and passed 4-0.

Dwight Mattingly announced his appointment to the educational committee of the Florida Public Pension Trustees’ Association and it was clarified that courtesies extended to him including but not limited to complimentary attendance at Trustees’ schools were not considered gifts.

SCHEDULE NEXT MEETING

The next quarterly meeting was scheduled for November 29, 2012.

ADJOURNMENT

The meeting was adjourned at 2:30 P.M.