Chairperson Dwight Mattingly called the meeting to order at 9:34 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>
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<tbody>
<tr>
<td>Dwight Mattingly</td>
<td>Chad Little, Freiman Little Actuaries</td>
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<tr>
<td>Frank Stanzione</td>
<td>Frank Wan &amp; Burgess Chambers, Burgess Chambers &amp; Associates</td>
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<tr>
<td>Nancy Bolton</td>
<td>Ken Harrison, Sugarman &amp; Susskind</td>
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<td>Liz Bloeser</td>
<td>Nick Schiess, Pension Resource Center</td>
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<td>Bonni Jensen, Law Office of Perry &amp; Jensen</td>
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<td>John Murphy, Palm Tran</td>
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APPROVAL OF THE AGENDA

The Trustees reviewed and considered reordering the agenda for the meeting. A motion was made by Nancy Bolton to approve the agenda as reordered. The motion was seconded and passed 4-0.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the three meetings held on August 23, 2012. A motion was made by Nancy Bolton to approve the minutes for the meetings held on August 23, 2012. The motion was seconded and passed 4-0.

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 September 30, 2012.

OTHER BUSINESS

The Board considered an Application for Disability Benefits submitted by Robbie Nelson. It was noted that Ms. Nelson had met the service requirements for a disability
pension and had been awarded disability benefits from the Social Security Administration. **Liz Bloeser made a motion to approve the Application for Disability Benefits submitted by Robbie Nelson. The motion was seconded and passed 4-0.**

Nick Schiess reported the receipt of an Application for Disability Benefits from vested deferred member Dewayne Johnson. He reported that Mr. Johnson had already received a benefit from the Plan in the form of a refund of contributions and additionally his date of disability as determined by the Social Security Administration was four years after his termination of employment. Mr. Schiess explained that either situation invalidated Mr. Johnson’s eligibility for disability benefits, which had been confirmed with Plan Counsel. He provided the Board with a copy of declination notice that had been sent to Mr. Johnson along with the claims procedure should he desire to appeal.

The Board considered the engagement of Cherry Bekaert & Holland to perform auditing services for the fiscal year ending December 31, 2012 for a proposed fee of $16,000, which was an increase in the amount of $500 from the prior year. After a lengthy discussion, **Nancy Bolton made a motion to engage the auditor for the same $15,500 fee as last year and if acceptable to the firm authorize the execution of an Audit Engagement Letter. The motion was seconded and passed 4-0. Nancy Bolton made a motion to authorize the Plan Administrator to send out a request for proposals if Cherry Bekaert & Holland did not accept the amended fee of $15,500. The motion was seconded and passed 4-0.**

The Board reviewed a Final Administration Order of Forfeiture prepared by Plan Counsel in conjunction with the successful pension forfeiture proceeding against Melissa Siladke at the last meeting. **Liz Bloeser made a motion to execute the Final Administration Order of Forfeiture. The motion was seconded and passed 4-0.**

Nick Schiess reported that, pursuant to the direction of the Board at the last meeting, he had contacted retiree Robert Morgan to negotiate a repayment schedule for the recovery of overpayments and Mr. Morgan had proposed a deduction of $100 monthly from his benefits until the debt was repaid. A discussion ensued and it was noted that a precedent had been previously set to recover overpayments during the same time period that they occurred. **Frank Stanzione made a motion that Mr. Morgan’s repayment period should equal the duration of the overpayments. The motion was seconded and passed 4-0.**

Nick Schiess reported that retiree Lucretia Washington had requested the reversion of her optional form of payment from a 50% joint and survivorship benefit back to a life annuity due to the divorce from her spouse as is permitted within the Plan Document. Bonni Jensen confirmed that this reversion was permissible. **Nancy Bolton made a motion to approve Lucretia Washington’s request contingent upon recalculation of her benefits by the Actuary. The motion was seconded and carried 4-0.**

The Board discussed renewal of association memberships and by consensus agreed to renew the 2013 annual membership with the Florida Public Pension Trustees Association and the International Foundation of Employee Benefit Plans.

A discussion arose regarding the payment of the $7,500 death benefit for retiree deaths. Nick Schiess was questioned regarding the notification process to potential beneficiaries of the benefit. He explained that the past practice was to issue payment upon application, which was consistent with the Plan Document. With concern that the death benefit might not be claimed, the Trustees discussed becoming more proactive in the notification of death benefits. **Nancy Bolton made a motion to direct the Plan Administrator to research retiree deaths and notify the respective families if the $7,500 death benefit had not already been issued. The motion was seconded and carried 4-0.**

Nick Schiess reported that James Culpepper had passed away without a named beneficiary and while there were not any survivorship benefits, the issue remained for who would be the beneficiary of the $7,500 death benefit. Mr. Schiess reported that he had been contacted by Mr. Culpepper’s daughter who represented that Mr. Culpepper was survived by only two daughters, Melissa Chapman and Christine Wright. Bonni Jensen explained that the Plan Document specified that absent a surviving spouse the benefits were payable to the surviving children in the event a beneficiary had not been designated. Ms. Jensen recommended payment of the $7,500 death benefit split among the Mr. Culpepper’s two children contingent upon their execution of a waiver and release, and the Board agreed.

A discussion arose regarding measures to ensure that benefits are not paid to deceased retirees. Mr. Schiess explained that his office engages the services of a third party vendor who notifies his office usually within days after a death with the source of their information being the Social Security Administration. Bonni Jensen explained that this might not be sufficient in the event that the Social Security Administration is unaware of a death, which had occurred for a different client of hers. She recommended implementing a requirement of an annual affidavit be completed annually in addition to the current measures. **Nancy Bolton made a motion to implement a requirement that an annual affidavit be completed annually by all retirees. The motion was seconded and carried 4-0.**

**INVESTMENT CONSULTANT REPORT**

Burgess Chambers and Frank Wan provided a report on the performance of the investment portfolio for the quarter ending September 30, 2012. He reported that for the quarter, the investment return for the total portfolio was 3.9% versus 4.2% for the index, and for the fiscal year-to-date was 9.7% versus 10.2% for the index.

Mr. Chambers and Mr. Wan reviewed the performance of the various investment managers against their respective indexes. Mr. Chambers explained that every manager will have periods of relative underperformance as the manager’s investment style rotates...
in and out of market favor at some point through a complete market cycle. He discussed the intracacies of indexes, noting that comparison of investment performance only on an absolute basis against an index was perhaps imprudent. Mr. Chambers explained that indexes are oftentimes highly over concentrated with holdings and sector allocations that investment managers are very reluctant to duplicate as part of their risk aversion strategy. He further explained that these highly concentrated holdings within the indexes have had strong performance, which has skewed the index return above levels attainable by active managers. A discussion arose regarding the appropriateness of the current indexes and Mr. Chambers advised that despite their deficiencies are still the most relevant indexes available. Liz Bloeser noted that the quarterly performance report published by the Investment Consultant contained a section labeled compliance checklist and within that list the performance and rankings of Fisher Investments and Galliard Capital Management had fallen below the stated objective for many quarters. She suggested that if this was irrelevant, given the difficulties of comparing relative performance against an index, then it should be removed from the report as it reflected negatively on the Board. Mr. Chambers responded that the section contained two sets of information. One set of information pertained to regulatory compliance such as the investment grade of the holdings or limitations in foreign investments for which the portfolio has always been in compliance. But the other comparative information was not required compliance and after much consideration had just recently been renamed to investment policy review.

Mr. Wan provided and reviewed an analysis of mid cap core equity products, which was the culmination of research into over 450 investment managers and a universe of over 800 mutual funds. He confirmed the current manager, Lotsoff Capital Management, had superior performance among the universe of managers and index funds. Mr. Wan explained that every mid cap manager struggled and not one stayed within the top 40th percentile for all time periods. The only way to have at least tied the index for all time periods would have been to own the index. A discussion ensued regarding indexing the mid cap equity allocation and ultimately Mr. Chambers recommended splitting half of the current allocation into the S&P 400 Index Fund but not until after volatility in the market subsides.

The meeting recessed from 12:10 P.M. to 12:25 P.M. for lunch.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little discussed an analytical tool utilized by CALPERS for the evaluation of volatility in employer funding requirements.

Mr. Little reported the receipt of $3,570,000 from the County representing approximately one-third of the funding deficit of the Plan. It was noted that there had not been any progress within collective bargaining for a long-term solution to the funding of the Plan but negotiations were still in progress. The Board requested Mr. Little to revise the prior analysis of the amortization of the funding deficit over three approximately equal payments updated as of December 31, 2012 and a projection of the estimated amount the deficit increases on a monthly basis.
A discussion arose regarding the funding costs of the Plan versus the Florida Retirement System because it was noted that there was emphasis from external parties to move the funding level of the Plan to the same level. It was noted that the funding rate of the Florida Retirement System was determined by legislature whereas the funding of the Plan was actuarially determined. Therefore the comparison of the respective funding levels was unfair because the Plan must be funded to be actuarially sound whereas the Florida Retirement System is funded in accordance to politics and the employer funding rate has even been considered to be artificially suppressed.

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen reported the Plan’s Custodian had intended on modifying their class action lawsuit processing service but had later rescinded the action after it was identified as a unilateral change to their Agreement.

**ATTORNEY REPORT: KEN HARRISON**

Ken Harrison reported that the request for a favorable tax determination letter from the Internal Revenue Service was still pending approval. He advised that the filing cycle would likely require the filing of another request in the year 2013 even though the first one had not been approved.

Mr. Harrison provided a legislative update, noting that there had not yet been any pension related bills pre-filed at the State level.

Mr. Harrison reported that the settlement of the class action lawsuit against Merrill Lynch Consulting Services was closed and the payment of the Plan’s proceeds was pending.

Mr. Harrison announced the organizational changes within his firm, specifically the promotion of several partners.

**ADMINISTRATIVE REPORT**

Nick Schiess reported that notifications had been sent to active and retired members regarding the ramifications of HB401 that invalidated spousal beneficiary and joint annuitant designations upon divorce under most circumstances.

Mr. Schiess reported that he had filed the 2011 Actuarial Valuation with the State along with notification that the County had agreed to fund the funding deficit and the State had issued approval for all prior reports including those previously unapproved.
SCHEDULE 2013 MEETINGS

The meetings for next year were scheduled on the dates of February 28, 2013, May 23, 2013, August 22, 2013, October 28, 2013 and December 5, 2013.

APPOINTMENT OF BOARD OFFICERS

Dwight Mattingly was unanimously elected as Chairperson and Liz Bloeser was unanimously elected as Secretary to the Board.

ADJOURNMENT

The meeting was adjourned at 2:10 P.M.

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Secretary