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.

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
Joseph Pappo, Ziegler Lotsoff Capital Management

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 meeting held on November 29, 2012. A motion was made by Nancy Bolton to approve the minutes for the meeting held on November 29, 2012. The motion was seconded and passed 4-0.

INVESTMENT MANAGER REPORT: ZIEGLER LOTSOFF CAPITAL MANAGEMENT

Joseph Pappo appeared before the Board on behalf of Ziegler Lotsoff Capital Management to provide a report on the mid cap equity portfolio for the quarter ending December 31, 2012. He reviewed the long-term performance of the portfolio and attributed the underperformance versus the benchmark to the unusually exceptional returns of the holdings within the comparative index. He further explained that the index performance had consistently been within the 5th percentile of the mid cap universe and therefore 95% of all active managers had underperformed the benchmark. Mr. Pappo discussed the dynamics of the index, noting that huge market macro sector swings have occurred which represented far too much risk to mirror within the portfolio. He discussed the investment strategy and portfolio construction in response to market developments and advised that the portfolio was well positioned for improved relative performance.

A lengthy discussion arose regarding the failure of Ziegler Lotsoff Capital Management to meet the performance objectives stated within the Investment Policy Statement. Liz Bloeser expressed for the record her concern that many managers had failed to meet their performance objectives. Burgess Chambers explained that the performance objectives were indeed a high standard. He provided and reviewed an analysis of mid cap investment products, noting that only twelve products of the over eight hundred products within the universe achieved returns greater than the performance objective within the
Investment Policy Statement. Mr. Chambers noted that most of these were index products while many of the others only managed better performance by using style drift. Mr. Pappo offered a concession in the investment management fees until the relative performance improved. The discussion continued and ultimately Mr. Chambers recommended the reallocation of one half of the mid cap portfolio into a mid cap index fund and acceptance of Mr. Pappo’s offer of a fee concession. Mr. Pappo agreed to research the fee concession and report back to the Board. After further discussion, Liz Bloeser made a motion to liquidate one half of the portfolio managed by Ziegler Lotsoff Capital Management and purchase an equivalent amount of an index fund to be selected by the Investment Consultant and authorize the Chairman to execute a fee addendum representing the fee concession offered by Ziegler Lotsoff Capital Management. The motion was seconded and passed 4-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending December 31, 2012. He reported that for the quarter, the investment return for the total portfolio was 1.7% versus 1.9% for the index, and for the fiscal year was 11.6% versus 12.8% for the index. Mr. Chambers reviewed the performance of the various investment managers against their respective indexes, noting that their performance was satisfactory and the collective return exceeded the actuarial assumption for investment return.

Mr. Chambers discussed economic and market conditions, noting that achieving the assumed rate of return would become increasingly difficult with the anticipated low expected performance of bonds and therefore alternative investment products should be considered. He introduced master limited partnerships as a potential new investment product to increase diversity, lower risk and improve overall performance of the total investment portfolio. Mr. Chambers discussed recent technological developments that have dramatically improved the recovery of domestic energy, specifically oil and natural gas. He explained that this increased recovery has resulted in an investment opportunity for holdings of the firms who provide the shipping infrastructure from the production fields to the refineries. And these holdings receive transportation revenues that have tax advantages under federal energy policy. He advised that this specialized investment is available through either separate account management or an index fund. Mr. Chambers recommended scheduling a special meeting to interview investment managers and become more educated on this potential specialty investment, and the Board agreed.

The meeting recessed from 12:01.M. to 12:32.M. for lunch.

ACTUARY REPORT: CHAD LITTLE

Chad Little provided an exhibit on the two year amortization of the funding deficiency of the Plan with the remaining two payments expected to be received on October 1, 2013 and October 1, 2014. The Board requested slight revision of the exhibit to clarify the
expected payment dates and directed the Plan Administrator after receipt to forward the revised exhibit to the County.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen reported the Internal Revenue Service revised the mileage reimbursement rate to 56.5 cents a mile.

Ms. Jensen reported that she had collaborated with the Plan Administrator to revise the Application for Retirement to clarify the distinction between the election of beneficiaries for survivorship and death benefits.

Ms. Jensen provided and reviewed a report issued by the Plan’s Custodian, The Salem Trust Company, regarding the filing for class action lawsuit proceeds on behalf of the Plan.

ATTORNEY REPORT: ROBERT SUGARMAN

Robert Sugarman reported that the request for a favorable tax determination letter from the Internal Revenue Service had been tentatively approved. He advised that revisions to the Plan Document might be required before the next meeting and suggested that the Chairman be granted authorization to approve any necessary Amendment. Nancy Bolton made a motion to authorize Bob Sugarman to prepare any revisions to the Plan Document necessary for the favorable tax determination letter and the Chairman to approve an Amendment between meetings. 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. Liz Bloeser 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 December 31, 2012.
ADMINISTRATIVE REPORT

Nick Schiess reported that pursuant to the direction of the Trustees at the last meeting the Board’s new requirement that an annual affidavit be completed annually by all retirees had been initiated and a mailing had been completed to the retirees.

Mr. Schiess reported that the Plan’s Auditor, Cherry Bekaert & Holland, had accepted the Board’s proposal for an amended fee of $15,500 to prepare the audit for the 2013 fiscal year.

Mr. Schiess reported that Robert Morgan’s revised schedule of repayment of over payments had been implemented pursuant to the direction of the Board at the last meeting.

As a follow up to the last meeting, Mr. Schiess provided the results on an internal audit of the issuance of the $7,500 death benefit payable by the Plan. He reported that notifications had been sent to the families of the four deceased retirees for which the death benefits had not been claimed.

OTHER BUSINESS

Nick Schiess reported that retiree Jerry Murphy had passed away on December 14, 2012 without a named beneficiary for the $7,500 death benefit payable by the Plan. He explained that under these circumstances the Plan Document specifies that the benefit should be payable to his immediate family. Mr. Schiess provided an affidavit from his daughter Cheryl Cook attesting that she was the only surviving immediate family member. Liz Bloeser made a motion to issue the $7,500 death benefit for Jerry Murphy to his daughter Cheryl Cook. The motion was seconded and passed 4-0.

Mr. Schiess reported that Robbie Nelson had passed away after being approved for a disability retirement benefit but before she could select an optional form of payment. Bonni Jensen confirmed that under this circumstance the Plan Document provides that a 50% joint and survivorship actuarial equivalent benefit should be issued to her spouse. Liz Bloeser made a motion to approve a 50% joint and survivorship benefit to Eugene Parker, the spouse of Robbie Nelson. The motion was seconded and passed 4-0.

Mr. Schiess readdressed the matter of the death benefit of retiree Sowande Nosakhere, noting the Board had previously approved the death benefit of $7,500 payable to his daughter contingent upon notification to his separate beneficiary of the survivorship benefits, Viviene Nosakhere. Mr. Schiess advised that he had exhausted all conventional means of contacting Viviene Nosakhere and also the use of the locator service provided by the Internal Revenue Service. Liz Bloeser made a motion to issue the $7,500 death benefit for Sowande Nosakhere immediately to his daughter Kesi Nosakhere. The motion was seconded and passed 4-0.
SCHEDULE NEXT MEETING

The next meeting was scheduled for May 23, 2013.

ADJOURNMENT

The meeting was adjourned at 1:45 P.M.

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Secretary