Chairperson Dwight Mattingly called the meeting to order at 9:08 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
Bonni Jensen, Law Office of Perry & Jensen
Frank Wan, Burgess Chambers & Associates
Pedro Herrera, Sugarman & Susskind
Chad Little, Freiman Little Actuaries
James Burdick, Cherry Bekaert
Nick Schiess, Pension Resource Center
John Murphy, Palm Tran

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.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meetings held on February 28, 2013 and April 10, 2013. A motion was made by Nancy Bolton to approve the minutes for the meetings held on February 28, 2013 and April 10, 2013. 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 March 31, 2013. He reported that for the quarter, the investment return for the total portfolio was 4.4% versus 5.4% for the index, and for the trailing one year period was 7.2% versus 9.9% for the index. Mr. Chambers reviewed the performance of the various investment managers against their respective indexes, noting that their performance, while not exceptional, was satisfactory over the long-term.

Mr. Chambers discussed the systems conversion of the Plan’s custodian, Salem Trust Company, and he expected delays in reporting until their internal issues attributable to the transition were resolved.

Mr. Chambers discussed the developments in the implementation of the master limited partnership allocation proposed at the last meeting. He advised that the tax attorney engaged by the Board had issued an opinion letter that separate account holdings of this type could subject the Plan to increased tax reporting and potentially unrelated business income tax. Mr. Chambers reviewed the qualifications, experience and performance of a proposed replacement firm, Westwood Holdings Group, which offered a fund product
developed specifically for public institutional investors and for which the manager took responsibility for the tax reporting and liability for potential unrelated business income tax. He reiterated the advantages of this specialty asset class discussed at the last meeting and recommended the immediate investment into the MLP Infrastructure Renewal Fund managed by the Westwood Holdings Group to be funded with a 5% total allocation from fixed income. After a lengthy discussion, Frank Stanzione made a motion to invest in the MLP Infrastructure Renewal Fund managed by the Westwood Holdings Group contingent upon a successful negotiation of a management agreement. The motion was seconded and passed 4-0. Mr. Chambers was questioned regarding the use of a transition manager for this specific transition and in general. Mr. Chambers discussed the use of transition management, noting that it was unnecessary if best execution was achieved and was best suited for complete portfolio and very large equity transitions.

Mr. Chambers provided and reviewed a revised Investment Policy Statement providing for new master limited partnership allocation and clarification on investment performance objectives. The Trustees agreed that criteria on relative performance required revision if the performance objectives are unattainable, but there still is a need for some additional criteria for evaluation. Mr. Chambers reviewed the relative performance of the investment managers, especially Lotsoff Capital Management, whose performance had been on watch for a significant amount of time. He provided relative ranking information on all the managers for the last five years, noting that the ranking of Lotsoff Capital Management had fluctuated but had been in the top quartile for several periods. He discussed the market and economic conditions, noting that he had never witnessed a four year period in which 90% of all active large and small cap equity managers had not achieved performance greater than their respective index. Mr. Chambers advised that these market conditions are unprecedented, but still the Plan’s overall performance has ranked in the 21st percentile for the trailing five year period. The Board questioned legal counsel whether acceptance of the Investment Consultant’s judgment on the investment performance and rankings consistently below the index was consistent with fulfilling the Trustees’ fiduciary duties to the Plan. Bonni Jensen advised that the Board had consistently conducted due diligence on investment returns and the results are oftentimes difficult to quantify, especially during unusual market conditions. Liz Bloeser made a motion to approve the revised Investment Policy Statement as amended. 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, 2012. He reported that he was still awaiting confirmation letters from a few service providers, 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 $70,887,279 from the prior year amount of $54,215,053. He 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. Mr. Burdick noted that the remaining unpaid funding deficiency had been added to the financial statements as an accounts receivable given the County’s commitment for payment. He reported that the firm had issued an opinion that the financial statements are presented fairly in all material respects in accordance with Governmental Auditing Standards. Mr. Burdick noted that no material weaknesses in the financial statements had been discovered. He also reported that no deficiencies were identified with internal controls and procedures.

The meeting recessed from 12:07 P.M. to 12:39 P.M. for lunch.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen reminded the Trustees to file their annual Statements of Financial Interests.

Ms. Jensen discussed the service history of recently terminated member Bartough Ahmadabadi. She explained that he recently separated from service a second time and before he could complete a buyback of his prior service for his first term of service. Ms. Jensen further explained that he did not vest for his second term of service and should therefore be refunded for his second term of service as well as his buyback contributions because the buyback was not completed. **Liz Bloeser made a motion to issue a refund of contributions to Bartough Ahmadabadi, consider him non-vested for his second term of service and return his accumulated buyback contributions. The motion was seconded and passed 4-0.**

ATTORNEY REPORT: PEDRO HERRERA

Pedro Herrera reported that his office had negotiated a replacement agreement with TD Bank, the provider of the Plan’s checking account for payment of benefits and expenses, noting that the terms were as favorable as possible and acceptable. **Liz Bloeser made a motion to execute the revised Agreement with TD Bank. The motion was seconded and passed 4-0.**

Mr. Herrera reported that his office had also renegotiated an addendum to the investment management agreement with Lotsoff Capital Management effecting their voluntary fee reduction proposed at the last meeting.

Mr. Herrera provided the Board with an update on the request for a favorable tax determination letter from the Internal Revenue Service. He reported that the final approval was contingent upon a closing agreement and amendment of the Plan Document. He provided and reviewed proposed Amendment Nine containing the required revisions. **Liz Bloeser made a motion to adopt Amendment Nine. The motion was seconded and passed 4-0.**
ACTUARY REPORT: CHAD LITTLE

Chad Little presented the Actuarial Valuation for the fiscal year ended December 31, 2012. He reviewed in great detail the components used to develop the cost of the Plan, noting that the normal cost of providing retirement benefits was 14.8% of payroll. The funded ratio of the Plan increased to 65.8% from 64.5% primarily attributable to more favorable than expected investment returns. He advised that the minimum required recommended employer contribution was 21.2% of payroll excluding consideration of the funding deficiency. Mr. Little reviewed the demographics and experience of the Plan, noting that less salary growth than expected and greater investment return than expected resulted in Plan experience but was offset because the investment return was less than expected. He reported that no changes in assumptions or cost methodology occurred or were recommended.

Mr. Little advised that the Actuarial Valuation was based upon a draft of the financial statements and approval would need to occur after acceptance of the final audit at the next meeting.

BENEFIT APPROVALS

The Board reviewed the benefit approvals presented for approval. Nick Schiess reported that Wanda Burnett, Evan Berkowitz and Susan Foreman all were eligible for one additional year of service credit for their respective periods of disability pursuant to the provisions of the Plan. Nancy Bolton made a motion to award Wanda Burnett, Evan Berkowitz and Susan Foreman one additional year of service credit for their respective periods of disability. The motion was seconded and passed 4-0. Liz Bloeser made a motion to approve the benefit approvals as presented. The motion was seconded and passed 4-0.

A discussion arose regarding the periodic review of disability recipients and Nick Schiess agreed to provide information on disability recipients at the next meeting.

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.

The Board reviewed an invoice from Holland & Knight in the amount of $8,500 for the research and opinion letter on possible tax consequences of investing in master limited partnerships, noting that pre-approval was granted at the last meeting. Nancy Bolton made a motion to approve payment of the invoice from Holland & Knight. 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 May 31, 2013.

ADMINISTRATIVE REPORT

Nick Schiess provided a letter received from retiree Maria Blanco-Hart disputing a determination that she did not meet the eligibility requirements for the $200 supplemental benefit based upon the provisions within the Plan Document. He recommended that Ms. Hart be issued a formal denial of this benefit along with the claims procedure should she decide to appeal, and the Board agreed.

Mr. Schiess reported the receipt of correspondence from the County agreeing on payment of the remaining unpaid funding deficiency over the next two years.

Mr. Schiess reported that an annual audit of all full-time employees hired during the 2012 fiscal year was conducted and all were contributing members of the Plan.

OTHER BUSINESS

Dwight Mattingly discussed the tentative proposed Collective Bargaining Agreement.

Mr. Schiess presented the Management Representation Letter for the 2012 Audit for execution, noting that it had already been reviewed and approved by legal counsel. Liz Bloeser made a motion to execute the Audit Management Representation Letter. The motion was seconded and passed 4-0.

SCHEDULE NEXT MEETING

The next meeting was scheduled for August 22, 2013.

ADJOURNMENT

The meeting was adjourned at 2:43 A.M.

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Secretary