Chairperson Dwight Mattingly called the meeting to order at 9:08 A.M. in the McEaddy Conference Room, 301 North Olive Avenue, West Palm Beach, Florida

TRUSTEES

Dwight Mattingly
Frank Stanzione
Nancy Bolton
Liz Bloeser

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Burgess Chambers, Burgess Chambers & Associates
Bob Sugarman, Sugarman & Susskind
Chad Little, Freiman Little Actuaries
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 August 22, 2013 and September 19, 2013. A motion was made by Nancy Bolton to approve the minutes for the meetings held on August 22, 2013 and September 19, 2013. The motion was seconded and passed 4-0.

INVESTMENT MANAGER PRESENTATIONS: MID CAP DOMESTIC EQUITY

CHAMPLAIN INVESTMENT PARTNERS

Scott Brayman and Judith O'Connell appeared before the Board on behalf of Champlain Investment Partners to provide a proposal for mid cap domestic equity investment management services. Ms. O’Connell discussed the firm’s qualifications and experience, noting that the firm was employee owned. Mr. Brayman discussed the investment process in great detail. A discussion arose regarding management fees and the agreement requirements.

SCOUT INVESTMENTS

Jonathan Lewis and Derek Smashey appeared before the Board on behalf of Scout Investments to provide a proposal for mid cap domestic equity investment management services. Mr. Lewis discussed the firm’s qualifications and experience, noting that the firm was a wholly owned subsidiary of UMB Financial Group. Mr. Smashey discussed the investment process in great detail. A discussion arose regarding management fees and the agreement requirements.
Mr. Chambers discussed the presentations by Champlain Investment Partners and Scout Investments. He discussed the differences between the two firms and their respective investment strategies, fee structure, investment returns and qualifications. After a lengthy and thorough discussion, *Liz Bloeser made a motion to engage the investment management service of Scout Investment contingent upon the successful negotiation of an agreement and authorize the Chairman to execute the agreement upon completion and the subsequent funding of the mandate with an amount and funding source to be determined by the Investment Consultant. 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 September 30, 2013. He reported that for the quarter, the investment return for the total portfolio was 4.3% versus 4.7% for the index, and for the trailing one year period was 8.4% versus 10.1% 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 provided and reviewed a detailed and thorough analysis on the Plan’s investment program, which evaluated the Plan’s investment managers on absolute and relative performance by quarter since inception as well as their risk reward measurements. He noted that the performance of the total portfolio was above average for public pension funds.

Mr. Chambers discussed recently negative publicity regarding one of the Plan’s investment commission recapture agents, Convergex, noting that the alleged incident of wrongdoing did not affect the Plan’s investments.

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

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen introduced a draft of proposed Amendment Eleven, which revised the Plan’s provisions regarding reemployment after retirement. She discussed the position of the Internal Revenue Service with regards to reemployment and the conditions under which retirees could return to employment without the discontinuance of their pensions. Ms. Jensen explained there must be a bona fide separation of service, which is based upon the facts and circumstances of each individual and without any pre-arrangement of reemployment. Without this bona fide termination, reemployed retirees would be subject to the suspension of their pension benefits and they would accrue benefits as a new employee for their second term of service. Additionally, under certain circumstances part-time retirees might only be permitted to serve just 20% of their prior full time service. She explained that the ramifications for non-compliance might be the loss of the tax favored status of the Plan. After further discussion and input from the Trustees, Ms.
Jensen agreed to revise proposed Amendment Eleven to be considered at the next meeting.

Ms. Jensen reported that only one retiree, Irene Bathold, had been reemployed on a part-time basis. She explained that Ms. Bathold had been serving more than 20% of her prior full-time service and therefore the facts and circumstances must be further reviewed to determine whether her benefits should be suspended. Dwight Mattingly expressed that there might be a collective bargaining issue with this matter. It was noted that Ms. Bathold had been retired and served part-time since the year 1997. Ms. Jensen explained that while the law had been implemented many years ago only recently did the Internal Revenue Service issue final guidance and an opinion in an unrelated case. A lengthy discussion ensued. It was noted that there had been only one occurrence within the last ten years and generally part-time employment was not permitted. After even further discussion, Ms. Jensen was directed to notify Ms. Bathold and Palm Tran of the matter. In the event that Ms. Bathold does not voluntarily resign then the Board would determine at the next meeting whether to suspend her pension benefits until she separated from service.

Ms. Jensen reported that the Summary Plan Description was still under revision and should be finished for consideration at the next meeting.

**ATTORNEY REPORT: ROBERT SUGARMAN**

Robert Sugarman discussed the options to renew the Plan’s Tax Determination Letter. He advised that the cost would be considerably less if the Board approved re-filing immediately because much of the same information and documents could be reused from the last filing. Liz Bloeser made a motion to authorize Sugarman & Susskind to immediately re-file for a Tax Determination Letter on behalf of the plan and the Chairman to execute the application. The motion was seconded and passed 4-0.

Mr. Sugarman discussed a new ruling by the Internal Revenue Service requiring the Plan to recognize marriages that were legal in the country or state where they were performed, even if those marriages aren’t recognized in Florida. Same-sex spouses would therefore be eligible for spousal pre-retirement death benefits payable under the Plan.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little provided a review of the new actuarial reporting requirements established under State Statutes and GASB 67/68, noting that the increased requirements would unfortunately result in higher operational costs.

Mr. Little requested and received clarification on the appropriate years of service to determine final average within recently adopted Amendment Ten, specifically to use the number of years of actual service if those are less than the appropriate averaging period.
BENEFIT APPROVALS

The Board reviewed the benefit approvals presented for approval. Liz Bloeser 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.

The Board decided by consensus to renew the annual membership with the Florida Public Pension Trustees’ Association and International Foundation of Employee Benefit Plans.

ADMINISTRATIVE REPORT

Nick Schiess reported that statements have been recently received in a timely manner from the Plan’s custodian, Salem Trust Company, and internal issues attributable to their system conversion appear to be resolved.

Mr. Schiess was requested to develop a proposal for the preparation of an annual newsletter to the membership on matters impacting the Plan.

Mr. Schiess reported that the implementation of employee contributions on a pre-tax basis became effective with the payroll period ending January 3, 2014.

OTHER BUSINESS

The Board reviewed the responses received from disability pension recipients in conjunction with the recently performed periodic disability review, noting that there was not a basis to conduct any additional review on any disability recipients. Bonni Jensen provided and reviewed a policy on disability review. She agreed to include the revisions provided by the Trustees and provide the amended policy for execution at the next meeting.

Chad Little discussed the preparation of the annual benefit statements for active members, noting that the delay of the statements was attributable to the recent benefit changes and implementation of three tiers of benefits. He explained that the statements had historically been prepared in conjunction with actuarial valuations but prospectively would be prepared independently to accelerate their delivery.

The Board considered the engagement of Cherry Bekaert & Holland to perform auditing services for the fiscal year ending December 31, 2013 for a proposed fee of $15,900. Frank Stanzione made a motion to execute the Audit Engagement Letter with
Cherry Bekaert & Holland to prepare the 2013 audit. The motion was seconded and passed 4-0.

BOARD MEMBER COMMENTS

Dwight Mattingly and John Murphy discussed the availability of historical payroll information, which was noted is limited prior to year 2000.

Mr. Mattingly requested consideration for reimbursement for lost wages in conjunction with his service to the Florida Public Pension Trustees’ Association and discussed how his involvement was beneficial to the Plan. It was noted that this type of reimbursement was not specifically addressed within the Board’s travel expense policy, which would have to be amended.

SCHEDULE 2014 MEETINGS

The schedule of meetings was considered but with most of the dates being unacceptable the Board directed the Plan Administrator to research alternative meeting dates.

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 2:03 A.M.

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Secretary