Chairperson Dwight Mattingly called the meeting to order at 9:38 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  
Burgess Chambers, Burgess Chambers & Associates  
Ken Harrison, Sugarman & Susskind  
Chad Little, Freiman Little Actuaries  
Nick Schiess, Pension Resource Center  
John Murphy, Palm Tran  
Brad Rinsem & Karen Russo, Salem Trust Company  
Margaret Chan, Fisher Investments

**PUBLIC COMMENT**

There were no public comments.

**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 meeting held on January 14, 2014. A motion was made by Nancy Bolton to approve the minutes for the meeting held on January 14, 2014. The motion was seconded and passed 4-0.

**CUSTODIAN REPORT**

Karen Russo and Brad Rinsem appeared before the Board on behalf of the Salem Trust Company to discuss issues resulting from their firm’s recent systems transition. Mr. Rinsem advised that the difficulties encountered did not affect the assets of their clients. Burgess Chambers confirmed that there was no fiscal impact resulting from the transition.

Mr. Rinsem was questioned regarding the use of portfolio transition managers when replacing an investment manager and he advised that the use of a transition manager was prudent under certain circumstances, mostly transitions of very large equity portfolios.
INVESTMENT MANAGER REPORT: FISHER INVESTMENTS

Margaret Chan appeared before the Board on behalf of Fisher Investments to provide a report on the investment performance of the international equity portfolio for the year ending December 31, 2013. She reported that the investment return was 16.5% versus 15.3% for the index for the year. Ms. Chan discussed the investment process and strategy in great detail including stock, sector and country selection. She reviewed the international market and economic conditions and advised that the portfolio was properly positioned for optimal return and risk.

Ms. Chan was questioned, given the growth of assets under management, whether investment management fee could be renegotiated lower. She offered their commingled fund, which has a lower fee than the current separate account structure. Burgess Chambers agreed to research the matter with Ms. Chan and report back to the Board at the next meeting.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending December 31, 2013. He reported that for the quarter, the investment return for the total portfolio was 4.7% versus 4.6% for the index, and for the calendar year was 13.5% versus 15.2% for the index.

Mr. Chambers reviewed the performance of the various investment managers against their respective indexes and a lengthy discussion ensued regarding the relative underperformance and resulting poor rankings for many of the investment managers. Mr. Chambers noted that their performance, while not exceptional, was satisfactory over the long-term given their lower than average risk profiles. A discussion then arose regarding the appropriateness of the comparative indexes. The Board acknowledged the importance of managing risk but noted that the appearance was that either the managers were performing poorly in comparison to their peers or the comparative model used for evaluation was perhaps flawed because it was not adjusted for risk. Mr. Chambers discussed the market and economic conditions, noting that the tremendous bull stock market has been rewarding higher risk equities which has skewed the indexes used for evaluation. After further discussion, Mr. Chambers agreed to bring recommendations to the next meeting for revising the investment policy to be more appropriate and relevant.

The meeting recessed from 12:03 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 requested the favorable consideration of a fee increase. The Board noted considerable satisfaction with the legal services performed by Ms. Jensen and Nancy
Bolton made a motion to approve the proposed fee increase. The motion was seconded and passed 4-0.

**ATTORNEY REPORT: KEN HARRISON**

Ken Harrison discussed pending proposed legislation that could affect governmental pension plans.

Mr. Harrison reported that a renewal application had been submitted for a tax determination letter from the Internal Revenue Service.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little had no matters to report.

**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.**

**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, 2013.

**ADMINISTRATIVE REPORT**

Nick Schiess reported that a spouse of a deceased retired member had requested information on the member’s selection of an optional form of payment. He explained that the member had retired many years ago and the process then was for the verbal selection of an optional form of payment so therefore the file was absent this documentation. The Board directed Mr. Schiess to provide the available documentation to the deceased retiree’s spouse.

**OTHER BUSINESS**

Bonni Jensen reviewed proposed Amendment Eleven revising the reemployment provision of the Plan to be in compliance with Internal Revenue Service regulations. She discussed the issues surrounding continuation of employment with Palm Tran while
drawing a pension benefit from the Plan. She discussed qualification and tax ramifications, noting that the continuance of pension payments for those still in service after retirement is restricted by the Internal Revenue Service. Ms. Jensen also explained that there must be a bona fide separation of service with no pre-arrangement of reemployment. With a bona fide separation of service, a member can be reemployed while continuing to receive their pension benefits and will earn service credit in the Plan as a new employee. And without a bona fide separation of service, a member’s pension benefits must be suspended and they will continue to earn additional service credit. After the age of sixty two, a member can be reemployed on a part-time basis without participating in the Plan. A discussion arose regarding the definition of part-time employment, which Ms. Jensen noted was not defined by the Internal Revenue Service. The Board determined, by consensus, to utilize the definition of part-time employment used within the Collective Bargaining Agreement, which is twenty four hours or less per week. Liz Bloeser made a motion to execute proposed Amendment Eleven revised to include the definition of part-time employment. The motion was seconded and passed 4-0. Retired member and part-time employee Irene Bathold was present and was advised that she could continue to serve on a part-time basis without the suspension of her pension benefits.

Bonni Jensen reviewed a proposed Disability Re-Examination Policy and supporting documents. Liz Bloeser made a motion to execute the proposed Disability Re-Examination Policy. The motion was seconded and passed 4-0.

A lengthy discussion arose regarding revising the Summary Plan Description. It was ultimately decided that the document should be completely reformatted based upon the different tiers of benefits. The Board directed Nick Schiess to reformat the Summary Plan Description and then provide the document to Chad Little and Bonni Jensen for further review and editing.

BOARD MEMBER COMMENTS

Dwight Mattingly discussed the recent trustees’ school hosted by the Florida Public Pension Trustees’ Association.

SCHEDULE NEXT MEETING

The next meeting was scheduled for June 11, 2014.

ADJOURNMENT

The meeting was adjourned at 2:49 A.M.

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Secretary