Chairperson Dwight Mattingly called the meeting to order at 9:32 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
Ken Harrison, Sugarman & Susskind
Chad Little, Freiman Little Actuaries
Nick Schiess, Pension Resource Center
Joe Doucette & John Murphy, Palm Tran

**PUBLIC COMMENT**

There were no public comments.

**APPROVAL OF THE AGENDA**

The Trustees reviewed the agenda for the meeting. A motion was made by Nancy Bolton 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 June 11, 2014 and July 9, 2014. A motion was made by Nancy Bolton to approve the minutes for the meeting held on June 11, 2014. The motion was seconded and passed 4-0. A motion was made by Liz Bloeser to approve the minutes for the meeting held on July 9, 2014. The motion was seconded and passed 4-0.

**INVESTMENT MANAGER REPORT: GALLARD CAPITAL MANAGEMENT**

Kaleigh Causey and Doug Rangel appeared before the Board on behalf of Galliard Capital Management to provide a report on the fixed income investment portfolio for the quarter ending June 30, 2014. Ms. Causey reviewed the firm, noting that there had not been any organizational changes. Mr. Rangel discussed the construction of the bond portfolio including sector and quality allocations and maturity distribution. It was noted that the performance did not rank within the 50th percentile over the three and five year rolling periods as required within the Investment Policy Statement. Frank Wan noted that the performance ranked 53rd over the three year rolling period, which was very satisfactory especially given consideration of their low risk and volatility profile.

**INVESTMENT MANAGER REPORT: SSI INVESTMENT MANAGEMENT**

Elisa Kowal and Portfolio Manager Michael Opre appeared before the Board on behalf of SSI Investment Management to provide report on the fixed income investment
portfolio for the quarter ending June 30, 2014. Ms. Kowal reviewed the firm and organizational changes. Mr. Opre provided a capital markets review. He then reported that the return for the quarter was 7.40% versus 7.73% for the index and for the trailing one-year period was 10.71% versus 12.73% for the index. Mr. Opre explained that the convertible securities index contained a broad spectrum of holdings, some of which are more conservative and have characteristics similar to traditional bonds. And then there exists holdings that are more volatile and have characteristics more similar to equities. Mr. Opre further explained that the investment strategy was to possess more conservative holdings within the portfolio but the market has recently favored the more volatile holdings that are similar to equities. He anticipated a return of market favor to more conservative holdings resulting in improved relative outperformance. Mr. Opre also explained that peer rankings fluctuate dramatically, with the manager ranking 4th and 39th in the trailing one and three year periods respectively. A discussion arose whether the benchmark is an appropriate measurement of performance. Frank Wan advised that the benchmark while not ideal was the best available index for comparison.

Mr. Opre concluded his report with a thorough review of holdings and recent transactions.

**INVESTMENT CONSULTANT REPORT**

Frank Wan provided a report on the performance of the investment portfolio for the quarter ending June 30, 2014. He reported that for the quarter, the investment return for the total portfolio was 4.6% versus 3.7% for the index, and the return for the trailing one year period was 16.6% versus 13.9% for the index.

Mr. Wan reviewed the performance of the individual investment products, noting all was satisfactory with the exception of the CS McKee large cap value portfolio. He provided and reviewed an analysis of prospective replacement managers. Mr. Wan noted that the current manager still had favorable risk/reward measurements and their relative performance had been improving. After a lengthy discussion, Mr. Wan ultimately recommended interviewing Vulcan Value Partners and Manning & Napier to split the allocation with CS McKee. **Liz Bloeser made a motion to approve the recommendation of the Investment Consultant to interview Vulcan Value Partners and Manning & Napier. The motion was seconded and passed 4-0.**

Mr. Wan provided and reviewed information on proxy voting records. He explained that most investment managers utilize a proxy voting service provided by Institutional Shareholder Services Inc, which generally votes in compliance with AFL/CIO recommendations and therefore beneficial to plan members.

Mr. Wan concluded his report with a review of asset allocation and detailed performance of the individual investment products.
ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen announced her full-time partnership with Klausner, Kaufman, Jensen & Levine effective October 1, 2014. The Board approved Ken Harrison to review an assumption of her Agreement, which will be considered at the next meeting. Dwight Mattingly noted that few Boards retained two attorneys and suggested that the Trustees should review the relationships with all service providers in the near future.

ATTORNEY REPORT: KEN HARRISON

Ken Harrison provided and reviewed an opinion letter dated August 27, 2014 wherein an opinion was issued that while pensionable compensation was limited by Senate Bill 1128, the respective hours themselves are not subject to the same limitations for the purposes of determining service credit in the Plan. Frank Stanzione made a motion to accept the opinion letter and administer the Plan accordingly. The motion was seconded and passed 4-0.

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 April 30, 2014.

ADMINISTRATIVE REPORT

Nick Schiess reported that the employee contribution rate for those employed on or before April 20, 2014 was scheduled to increase to 2.75% on October 1, 2014 pursuant to the Collective Bargaining Agreement. It was noted that the date fell within the middle of a pay period and discussion arose regarding which specific pay period to commence the increase. The Board determined upon the advice of legal counsel that the selection was ultimately up to the collective bargaining parties.

In response to an inquiry from John Murphy, the Board confirmed that the April 14, 2014 balance of accrued leave time was the high water mark for determining the limitation of pensionable leave time pursuant to Senate Bill 1128.
Mr. Schiess inquired whether the Board was satisfied with the auditing services provided by Cherry Bekaert, noting that an auditor must be engaged by the end of the calendar year. The Board expressed satisfaction with the incumbent auditor and did not request proposals from other auditors.

Mr. Schiess reported that he expected to obtain sufficient documentation for the uncompleted periodic disability review of Frederick Fashaw and Stephanie Crowley by the next quarterly meeting.

Mr. Schiess presented for consideration an Addendum to the Management Agreement with Westwood Holdings Group for the fee reduction from 100 to 95 basis points negotiated by Burgess Chambers and Associates. Frank Stanzione made a motion to execute the Addendum with Westwood Holdings Group. The motion was seconded and passed 4-0.

The meeting recessed from 12:09 P.M. to 12:34 P.M. for lunch.

ACTUARY REPORT: CHAD LITTLE

Chad Little provided and reviewed notification to the County for the third of three annual amortization payments of the funding deficiency of the Plan as of January 1, 2013. He noted that the amount does not include any payment for the additional deficit that accrued after January 1, 2013. A discussion arose regarding the additional deficit that accrued since January 1, 2013 and Mr. Little agreed to conduct research into options that were acceptable to the State.

A discussion arose regarding the options regarding the timing of prospective employer funding requirements. The Board requested Chad Little to collaborate with Liz Bloeser to develop recommendations best suited for the County.

Mr. Little acknowledged the recent receipt of replacement 2013 fiscal year active employee data and had resumed the preparation of the Actuarial Valuation. It was noted that the data had been amended to include retroactive compensation resulting from collective bargaining.

OTHER BUSINESS

The Board considered the renewal of the fiduciary liability insurance policy. Frank Stanzione made a motion to renew the fiduciary liability insurance for an annual premium of $9,905 with the Alterra America Insurance Company. The motion was seconded and passed 4-0.

The Board reviewed a draft of the revised Summary Plan Description. Liz Bloeser made a motion to adopt the revised Summary Plan Description. The motion was seconded and passed 4-0. A discussion arose regarding duplication and dissemination of the
document. Liz Bloeser made a motion to authorize printing in booklet form and direct mailing of the revised Summary Plan Description. The motion was seconded and passed 4-0.

Nick Schiess provided a report on overpayments to retirees, most of which were attributable to an extended payment of the $200 supplemental benefit past their eligibility age. A lengthy discussion ensued regarding recovery options, including recovery directly from the affected Participants. Consideration was also given to attempt recovery from the current and past plan administrators for the payments that were responsible during their respective tenures. Nick Schiess reported that data received from the prior plan administrator during the transition of administrative services contained incorrect payment information on a few of the affected individuals. After further discussion, Nancy Bolton made a motion to authorize Ken Harrison to prepare demand letters to the plan administrators for repayment of those overpayments specifically referenced within the report to be their fault. The motion was seconded and passed 4-0. It was noted that the former administrator, Administrative Services Inc, was no longer in business but had a successor.

Bonni Jensen provided and reviewed a proposed restatement of the Plan Document, which incorporated all the successive amendments to the Plan since the year 2002. Additional revisions were requested by the Trustees and the matter was deferred until the next quarterly meeting.

The Board considered membership in the National Conference on Public Employees Retirement Systems, noting the fees were $250 annually. Liz Bloeser made a motion to join the National Conference on Public Employees Retirement Systems. The motion was seconded and passed 4-0.

BOARD MEMBER COMMENTS

There were no Board member comments.

SCHEDULE NEXT MEETING

The next quarterly meeting was scheduled for December 8, 2014 and a special meeting was scheduled on September 18, 2014 for consideration of the Actuarial Valuation and investment manager interviews.

ADJOURNMENT

The meeting was adjourned at 2:01 P.M.

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Secretary