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**

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  
Joe Doucette, 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.

**INVESTMENT MANAGER PRESENTATIONS: LARGE CAP VALUE**

**MANNING & NAPIER**

John Mann appeared before the Board on behalf of Manning & Napier to provide a proposal for large cap value separate account investment management services. He discussed his firm’s qualifications and experience. Mr. Mann then discussed investment strategy, portfolio construction, risk measurement and long-term performance all in great detail. A question arose whether the firm’s peer ranking would meet the criteria established within the Investment Policy Statement. Burgess Chambers advised that the manager would have met the standard but it was not prudent to evaluate on this factor alone because managers cycle through peer rankings frequently.

**VULCAN PARTNERS**

Leighton DeBray and Stephen Simmons appeared before the Board on behalf of Vulcan Value Partners to provide a proposal for large cap value separate account investment management services. Ms. DeBray discussed her firm’s qualifications and experience. Mr. Simmons discussed investment strategy, portfolio construction, risk measurement and long-term performance all in great detail. A question arose whether the firm’s peer ranking would meet the criteria established within the Investment Policy Statement. Burgess Chambers advised that the manager would have met the standard established within the Investment Policy
Statement. He explained that their strategy was to manage a concentrated portfolio with risk measurements similar to the index.

Mr. Chambers discussed the presentations by Manning & Napier and Vulcan Value Partners. He discussed the differences between the two firms and their respective investment strategies, fee structure, investment returns and qualifications. He explained that Manning & Napier had a more conservative investment strategy but their performance and peer rankings were lower and would not have met the criteria within the Investment Policy Statement. Vulcan Value Partners’ investment strategy contained more risk but no more so than that of the index and they would have achieved the criteria within the Investment Policy Statement. The Trustees expressed concerns over engaging a manager that would not have met the criteria within the Investment Policy Statement. Mr. Chambers responded that the market conditions were peculiar and protection against risk was very important. After further discussion, Mr. Chambers ultimately recommended the engagement of Vulcan Value Partners but noted for the record that more risk adverse alternative investment managers existed. **Liz Bloeser made a motion to accept Burgess Chambers’ recommendation to engage Vulcan Value Partners to replace CS McKee Investment Managers contingent upon the successful negotiation of an Agreement by legal counsel. 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, 2013. He reviewed in great detail the components used to develop the cost of the Plan. 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 favorable experience for the Plan. Mr. Little reviewed in great detail the impact of recent changes. He reported that the Plan’s unfunded liability decreased from $32M to $24M and the funding ratio increased from 65.8% to 75.3%.

Mr. Little confirmed that the County had issued payment of the third of three annual amortization payments of the funding deficiency of the Plan as of January 1, 2013. He advised that the additional deficit that accrued since January 1, 2013 had been folded into the Plan’s unfunded liability as requested. He expressed a concern that the State might not accept the Actuarial Valuation and require payment of the additional deficit separately.

Mr. Little reported that collaboration with Liz Bloeser had determined that quarterly employer contributions are best suited for the County. The funding schedule to meet the required employer funding was $1.2M for the 4th quarter of the year 2014 and $1.3M for the remaining three quarters in the year 2015.

**Liz Bloeser made a recommendation to adopt the Actuarial Valuation. The motion was seconded and passed 4-0.**
A discussion arose regarding the expected rate of investment return and it was noted that the State required that the Board determine the expected investment returns for the future. The Investment Consultant was questioned regarding the expected rate of investment returns and Mr. Chambers advised that the current assumption of an 8.0% investment return was attainable and recommended. After further discussion, Nancy Bolton made a motion to determine that the total expected annual rate of investment return for the Plan for the next year, next several years, and long-term thereafter, shall be 8.0%, net of investment related expenses. The motion was seconded and passed 4-0. This determination is made in accordance with Section 112.661(9) Florida Statutes.

**SCHEDULE NEXT MEETING**

The next quarterly meeting was scheduled for December 8, 2014.

**ADJOURNMENT**

The meeting was adjourned at 12:15 P.M.

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Secretary