Chairperson Dwight Mattingly called the meeting to order at 9:34 A.M. in Room VC1E-58/59, Vista Center Complex, 2300 N Jog Road, West Palm Beach, Florida.

**TRUSTEES**

Dwight Mattingly  
Frank Stanzione  
Joe Doucette  
John Wilson

**OTHERS PRESENT**

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson  
Burgess Chambers, Burgess Chambers & Associates  
Robert Sugarman, Sugarman & Susskind  
Chad Little, Freiman Little Actuaries  
Nick Schiess, Pension Resource Center  
Kevin Ryan, Cornerstone Capital Management

**PUBLIC COMMENT**

There were no public comments.

Dwight Mattingly welcomed new Trustees Joe Doucette and John Wilson.

**APPROVAL OF THE AGENDA**

The Trustees reviewed the agenda for the meeting. A motion was made by Frank Stanzione 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 28, 2014 and September 18, 2014. A motion was made by Frank Stanzione to approve the minutes for the meeting held on August 28, 2014. The motion was seconded and passed 4-0. A motion was made by Frank Stanzione to approve the minutes for the meeting held on September 18, 2014. The motion was seconded and passed 4-0.

**CORNERSTONE REAL ESTATE ADVISERS**

Kevin Ryan appeared before the Board to provide a report on the real estate fund managed by Cornerstone Real Estate Advisers. He reviewed the firm and organizational changes, noting that the firm specialized in and managed only real estate investments. Mr. Ryan reviewed the holdings and sector and geographical allocations in great detail. He discussed the effect of debt leverage used in the real estate market, noting the portfolio was leveraged only 24%, which was far below industry average. Burgess Chambers expressed continued confidence in the firm and noted that this asset allocation afforded significant down market protection.
INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending September 30, 2014. He reported that for the quarter, the investment return for the total portfolio was -1.1% versus -0.7% for the index, and the return for the trailing one year period was 10.5% versus 9.0% for the index. Mr. Chambers noted that the return of the investment portfolio had exceeded the actuarial assumption rate of an 8% return for each of the last trailing five years. A lengthy discussion ensued regarding the determination of and possible lowering of the assumption rate, which was noted be a component of the funding equation. Mr. Chambers recommended the retention of the 8.0% assumed rate of investment return.

Mr. Chambers reviewed the performance of the individual investment products, noting that performance was only average for the active managers. He advised that a recent survey represented that 85% of the currently top performing investment managers would fall below average over time. Mr. Chambers advised that the asset allocation has a greater impact on performance. He expressed that the Plan’s investment program was reasonably priced with average investment managers and asset allocation was excellent. He reviewed the performance of the alternative investment classes, noting that they have all outperformed the fixed income allocation they were implemented to substitute.

Mr. Chambers was questioned regarding the frequency of asset rebalancing and responded that the asset allocation is reviewed very frequently and rebalanced periodically as necessary, which is at least annually.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen presented for execution an assignment and assumption of her Agreement by her new firm Klausner, Kaufman, Jensen & Levine, noting that it had already been reviewed by Robert Sugarman’s office. Frank Stanzione made a motion execute the assignment and assumption. The motion was seconded and passed 4-0.

ATTORNEY REPORT: ROBERT SUGARMAN

Robert Sugarman reported that the Internal Revenue Service had issued the Plan a favorable Tax Determination Letter, but an Amendment to the Plan Document would be required to bring the Plan into compliance, which would be submitted to the Board at the next meeting.

Mr. Sugarman reported that his office was preparing a demand letter to the Pension Resource Center for overpayment of retirement benefits.

Mr. Sugarman reported that he had reviewed the proposed Audit Engagement Letter for the audit for the fiscal year ending December 31, 2014 and found it acceptable. The Board discussed the fee increase proposed by the incumbent auditing firm Cherry
Bekeart. **John Wilson made a motion to execute the Audit Engagement Letter with an adjusted fee increase of 3% over the prior year contingent upon Cherry Bekeart accepting the counterproposal on the fee.** The motion was seconded and passed 4-0.

Mr. Sugarman reviewed in great detail the fiduciary responsibility of Trustees and discussed educational opportunities for the benefit of the new Trustees.

**BENEFIT APPROVALS**

The Board reviewed the benefit approvals presented for approval. Frank Stanzione departed the meeting temporarily. **Joe Doucette made a motion to approve the benefit approvals as presented.** The motion was seconded and passed 3-0.

The Board reviewed a report on the underpayment of retirement benefits to Adriana Talley. It was noted that the prior actuarial firm, Pension Cube, had incorrectly applied the late retirement factor resulting in a monthly retirement benefit of just $596.35 instead of the correct benefit of $822.15 since her retirement on October 1, 2004. A discussion then arose regarding the payment of retroactive payments owed to Ms. Talley. **Joe Doucette made a motion to approve the recalculation of Adriana Talley’s retirement benefits and retroactive payment of the sum of the underpayments since her retirement.** The motion was seconded and passed 4-0.

Dwight Mattingly discussed the necessity of a policy regarding payment of retirement benefits. The Board agreed and delegated Bonni Jensen to draft a policy for consideration at the next meeting.

**APPROVAL OF DISBURSEMENTS**

The Board reviewed the disbursements presented for approval. **John Wilson made a motion to approve the disbursements as presented.** The motion was seconded and passed 4-0. The Trustees requested a schedule of contractual rates of fees for all the investment managers and additional backup for the attorney’s invoices.

Mr. Schiess requested direction from the Board regarding renewal of annual membership fees with trade organizations. A discussion arose regarding the merit and fees of the organizations. **John Wilson made a motion to approve the renewal with the National Conference on Employee Retirement Systems, Florida Public Pension Trustees’ Association and International Foundation of Employee Benefit Plans.** The motion was seconded and passed 4-0.

The meeting recessed from 11:50 A.M. to 12:14 P.M. for lunch.

**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 October 30, 2014.
ADMINISTRATIVE REPORT

Nick Schiess reported on the status of the annual affidavit process requiring all retirees and beneficiaries to return an annual affidavit as a requirement for the continuance of benefits. He reported that after sending out three series of notifications, only retirees Willie Wrisper and William Vaughn had failed to complete and return their affidavits. A discussion ensued and John Wilson made a motion to suspend the retirement benefits of Willie Wrisper and William Vaughn until they comply with the requirement. The motion was seconded and passed 4-0. It was noted that they would be paid retroactively after they complied.

OTHER BUSINESS

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 and including revision of the marital property right provisions. Frank Stanzione made a motion to approve the restatement of the Plan Document. The motion was seconded and passed 4-0.

The Board reviewed a report prepared by the Plan Administrator regarding the determination of service credit for new retiree Don Jackson. A discussion arose regarding the crediting of service for his period of paid suspension just prior to separation of service. The Trustees agreed that additional research was necessary into the facts and circumstances of Mr. Jackson’s suspension and the matter was deferred until the next meeting.

The Board reviewed the Application for Disability Benefits for Carolyn Brown, noting that she had been awarded disability benefits from the Social Security Administration. It was noted that her Application contained a discrepancy in dates, which was most likely attributable to being just a typographical error. Frank Stanzione made a motion to approve the Disability Benefits for Carolyn Brown contingent upon her submitting a corrected Application. The motion was seconded and passed 4-0. A discussion arose regarding the commencement dates of Ms. Brown’s disability benefits and the Board clarified that the benefits should commence the first of the month flowing the effective date of her Social Security disability benefits or date of termination, whichever is later.

The Board considered an addendum to the Investment Management Agreement for new manager Vulcan Value Partners. Burgess Chambers discussed the minor revision requested by the Manager and recommended proceeding. John Wilson made a motion to execute the amended Agreement with Vulcan Value Partners and terminate the investment management services of C.S. McKee. The motion was seconded and passed 4-0.
The Board concluded the periodic review of disability benefits by reviewing the documentation of continued disability received on behalf of Stephanie Crowley and Frederick Fashaw. Frank Stanzione made a motion to approve the continuance of disability benefits for Stephanie Crowley. The motion was seconded and passed 4-0. Frank Stanzione made a motion to approve the continuance of disability benefits for Frederick Fashaw. The motion was seconded and passed 4-0.

**ACTUARY REPORT: CHAD LITTLE**

Chad Little discussed the reporting that is now required under Senate Bill 534, noting that the State has yet to issue final guidance on the exact formatting of the reporting.

**BOARD MEMBER COMMENTS**

There were no Board member comments.

**SCHEDULE 2015 MEETINGS**

The meetings for next year were scheduled on February 26, 2015, May 28, 2015, August 27, 2015 and December 3, 2015.

**APPOINTMENT OF BOARD OFFICERS**

Dwight Mattingly was unanimously elected as Chairperson and John Wilson was unanimously elected as Secretary to the Board.

**ADJOURNMENT**

The meeting was adjourned at 2:36 P.M.

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Secretary