Chairperson Dwight Mattingly called the meeting to order at 8:37 A.M. held 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
Joe Doucette

**OTHERS PRESENT**

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

**PUBLIC COMMENT**

There were no public comments.

**APPROVAL OF THE AGENDA**

The Trustees reviewed the agenda for the meeting. A motion was made by Joe Doucette to approve the agenda. The motion was seconded and passed unanimously.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes for the meetings held on August 27, 2015 and September 29, 2015 and a correction was noted. A motion was made by Joe Doucette to approve the minutes for the meeting held on August 27, 2015. The motion was seconded and passed 3-0. A motion was made by Joe Doucette to approve the minutes for the meeting held on September 29, 2015 as corrected. The motion was seconded and passed unanimously.

**INVESTMENT MANAGER REPORT: 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. Mr. Ryan discussed market and economic conditions and anticipated a prospective yield of 5% plus capital appreciation of 3-7%. Burgess Chambers expressed continued confidence in the firm and noted that this asset allocation afforded significant down market protection.
INVESTMENT MANAGER REPORT: GALLARD CAPITAL MANAGEMENT

Peter Schmidt appeared before the Board on behalf of Galliard Capital Management to provide a report on the fixed income investment portfolio. He reviewed the firm, noting that there had not been any organizational changes. Mr. Schmidt discussed the construction of the bond portfolio including sector and quality allocations and maturity distribution. He reviewed investment performance, noting that the investment return for the trailing one-year period was 4.32% versus 2.94% for the index and since inception was 5.30% versus 4.74% for the index. Mr. Schmidt was questioned on the positioning of the portfolio in response to an anticipated rise in interest rates. He discussed the adjustments in portfolio but emphasized that the investment strategy was long-term in nature despite an expectation of short term losses. Mr. Schmidt expressed an opinion that much of the rising interest rate expectation had already been priced into the market.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending September 30, 2015. He reported that for the quarter the investment return for the total portfolio was -5.6% versus -3.7% for the index and for the trailing one-year period was -2.6% versus 0.2% for the index. Mr. Chambers discussed in great detail the market and environmental conditions behind the market volatility and downturn.

Mr. Chambers reviewed the performance of the individual investment products, noting that all was satisfactory. He discussed the remarkable decline in the value of the master limited partnership fund managed by Westwood Holdings. He explained that the asset class in general had been negatively impacted by the precipitous drop in the pricing of energy. Mr. Chambers expressed that a rebound in valuations was expected and the asset class was still very viable long-term. He recommended retention of the asset class and product and the Board agreed.

Mr. Chambers reviewed the asset allocation in great detail and discussed lessening the overall risk within the portfolio. He explained that while fixed income inherently contained less risk, the forecast for expected returns was dismal. Mr. Chambers discussed the historical return and risk measurements for private real estate, noting that the correlation to equities was very low and therefore less volatile but the asset class had still experienced very favorable returns. He recommended increasing the target allocation for private real estate to 10% and a reducing the bond allocation to 15% and amending the Investment Policy Statement accordingly. A motion was made by Joe Doucette to revise the Investment Policy Statement as recommended by the Investment Consultant. The motion was seconded and passed unanimously. A discussion arose regarding the funding source, amount and timing and it was noted that a queue existed for an additional capital commitment to private real estate manager Cornerstone Real Estate Advisors. Mr. Chambers recommended immediately entering the queue for an additional capital commitment to Cornerstone Real Estate Advisors with funding derived from the fixed income allocation. A motion was made by Joe Doucette to enter the queue for
an additional capital commitment with Cornerstone Real Estate Advisors for an exact amount to be determined by Investment Consultant and execute any documents required to complete the transaction. The motion was seconded and passed unanimously.

Mr. Chambers discussed a request received from investment manager Fisher Investments to trade Global Depository Receipts and long indexed put options. He explained the nature of the request, noting that this was not permitted under the Investment Policy Statement and ultimately recommended against approving the manager’s request. A motion was made by Joe Doucette to deny Fisher Investment’s request for an exception to the investment policy restrictions. The motion was seconded and passed unanimously.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen provided for consideration proposed Amendment Six amending the application requirements for the commencement of benefits. Nick Schiess expressed that the current restrictions were cumbersome and unnecessarily restrictive and recommended the revisions. A motion was made by Frank Stanzione to adopt Amendment Six. The motion was seconded and passed unanimously.

ATTORNEY REPORT: KEN HARRISON

Ken Harrison discussed the upcoming legislative cycle and was questioned regarding the security of benefits of defined benefit pension plans. He responded that that Florida case law supports that benefits to retirees are protected but that is subject to political will.

ACTUARY REPORT: CHAD LITTLE

Chad Little reported that is office was preparing a GASB 68 disclosure report for the County and was awaiting payroll information to finish the report.

Mr. Little was questioned whether an actuarial experience study was warranted. He recommended that an actuarial experience study be performed but not until after the next actuarial valuation. He agreed to provide a quote on the cost for the study at the next meeting.

BENEFIT APPROVALS

The Board reviewed the benefit approvals presented for approval. Nick Schiess advised that additional research was warranted on the retirement benefits presented for approval and the Board deferred approval of retirement benefits to the next meeting. A motion was made by Frank Stanzione to approve the refunds of contributions presented for approval. The motion was seconded and passed unanimously.
A discussion arose regarding the effective date of death benefits of Mark Susan Kuczenska payable to Susan Kuczenska. After consideration of all the facts and circumstances, a motion was made by Frank Stanzione to approve death benefits payable to Susan Kuczenska effective December 1, 2015. The motion was seconded and passed unanimously.

**APPROVAL OF DISBURSEMENTS**

The Board reviewed the disbursements presented for approval. A motion was made by Frank Stanzione to approve the disbursements as presented. The motion was seconded and passed unanimously.

**FINANCIAL STATEMENTS**

The Board reviewed and then received and filed the un-audited statements of income and expense and balance sheet for the period ending September 30, 2015.

**ADMINISTRATIVE REPORT**

Nick Schiess reported that the annual process of obtaining affidavits from retirees and beneficiaries had commenced.

**OTHER BUSINESS**

The Board resumed the periodic review of service providers, specifically the relationship with the actuary and administrator. As a follow up to the last meeting, Nick Schiess provided comparative fee information on the actuary derived from recent proposals for other clients. Bonnie Jensen agreed to compile comparative fee information on pension administrators from recent proposals and the matter was deferred until the next meeting.

The Board discussed adopting the NCPERS Code of Conduct for Public Pension Service Providers, which is an ethical framework for service providers. Frank Stanzione made a motion to adopt the NCPERS Code of Conduct for Public Pension Service Providers and request all service providers acknowledge their acceptance of this voluntary plan. The motion was seconded and passed unanimously.

The Board discussed the annual State requirement to determine the future expected investment returns. Burgess Chambers advised that the current assumption of an 8.0% investment return was attainable and recommended. After further discussion, Joe Doucette 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. This determination is made in accordance with Section 112.661(9) Florida Statutes. The motion was seconded and passed unanimously.
The Board considered a proposed Audit Engagement Letter from the incumbent auditing firm Cherry Bekaert for the audit for the fiscal year ending December 31, 2015. **Joe Doucette made a motion to execute the Audit Engagement Letter with Cherry Bekaert. The motion was seconded and passed unanimously.**

The Board deferred consideration of a draft policy regarding payment of retirement benefits until the next meeting.

**BOARD MEMBER COMMENTS**

Joe Doucette expressed a concern for greater communication between the Human Resources Department and Pension Administrator.

**APPOINTMENT OF BOARD OFFICERS**

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

**SCHEDULE NEXT MEETING**

The next meeting was scheduled for February 25, 2016 at 8:30 A.M.

**ADJOURNMENT**

The meeting was adjourned at 12:45 P.M.

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Secretary