

PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD
June 15, 2006

Chairperson Dwight Mattingly called the meeting to order at 10:07 A.M. in the Dale R. Smith Conference Room at Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida.

TRUSTEES

Dwight Mattingly
Brad Merriman
Lou Guido
Richard Roberts

OTHERS

Bonni Jensen; Hanson, Perry, & Jensen
Burgess Chambers; Burgess Chambers & Assoc.
Gustavi Riveira; LaPadula & Co.
Stacy Bell, Donna Grieve; Palm Tran
Scott Baur & Denise Clougherty; Pension Resource Center
Robert Sugarman; Sugarman & Susskind

Approval of the Agenda

Mr. Mattingly noted that item 7 of the Agenda should be removed, as no one from Public Pension Professionals will be attending this morning. A motion was made to approve the Agenda as amended. The motion was seconded and carried 4-0.

The Chairman welcomed the new Administrators of the Pension Plan, Mr. Scott Baur and Ms. Denise Clougherty of the Pension Resource Center.

Minutes

The Board reviewed the Minutes for the meeting of March 29, 2006. A motion was made to approve and file the Minutes of the March 29, 2006 meeting. The motion was seconded and carried 4-0.

Reporting of Plan Financials

Scott Baur advised the Board that due to the transition from one administrator to another, we do not have a complete and accurate statement of plan financials, but will have one for the next meeting.

Benefit Approvals

The Administrator provided Benefit Approvals. This was reviewed by the Board and a motion was made to approve the benefits of Linda Jones, Shirley Hickman and Evelyn Burkhardt. The motion was seconded and carried 4-0.

Mr. Baur advised the Board that we still have a number of participants still awaiting a pension benefit and/or refund of contributions. Some of them have been processed with an estimated benefit, but not all. We will have an update on the progress of these at the next meeting.

Mr. Baur also advised that of the estimated 30 pensioners awaiting payments, each one should be receiving a benefit, either actual or estimated by July 1, 2006.

Three pensioners who were paid their monthly benefit for June 1, 2006 by the Pension Resource Center, were mis-paid due to inaccurate information received from ASI. These have been corrected.

The Board requested that the Administrator make the "Years of Service" field on the Benefit Approvals reflect the actual service benefit. Mr. Baur stated he would add another line to the data to reflect the years of pension service.

Disbursements/Accounts Payable

The Administrator provided the Board with a list of disbursements for approval. A motion was made to approve and file the disbursements for June 15, 2006. The motion was seconded and carried 4-0.

Investment Consultant Report, Burgess Chambers & Assoc.

Mr. Chambers appeared before the Board to report on the current quarter. He reported that the fund earned 3.1% this quarter or \$1.1 million. He further reported that the fund's overall ranking is in the 50th percentile. He believes that though this ranking is average he expects that it will move above average.

Mr. Chambers reported that 60 different Bond pieces were sent to the Galliard account. That has kept costs down in line with the market, down about .67%.

The fund had a \$37.7 million market value at the end of March, 2006. International was up 9.5%. Wilshire is up 16% this quarter while the S&P 400 mid-cap was up 7.5% and the Russell up 3.1% for the quarter. Small cap outperformed by a considerable margin. TIPS performed very well because coupon is indexed to the rate of inflation, and he thinks TIPS will service the Plan well. Mr. Chambers, additionally, had a discussion regarding the Global economy. He noted that the emerging markets are coming down and he thinks the appearance of small cap will be favorable.

Mr. Chambers advised the Board that Fiduciary Trust does not currently have the desire to facilitate the Plan by reinvesting money back into shares because they do not have a brokerage operation. They are unable to reinvest the cash. They do not have the ability, though other banks do. In the long run, it creates a burden as they are not able to act as a money manager. Another custodian could handle this. A bank that is further along the technological curve and he recommended the Board consider an RFP for another custodial bank.

A motion was made to put out an RFP to seek another custodial bank to accommodate the Plan better. The Board discussed the motion. There was a friendly amendment to the motion to have the Administrator come back with the top four that could best serve the Plan considering price of service and representation, SAS 70 reports and more advanced

technology. The Administrator will bring the recommendation of four custodians to the Board. The motion as amended was seconded and carried 4-0.

Audited Financial Statement, LaPadula & Company

Mr. Gustavo Riveira appeared before the Board to present the Audit of the Plan for the period ending December 31, 2005. Mr. Riveira discuss the summary of the Audit and disclosures of the firm. Mr. Riveira reported that the Plan Net Assets for 2005 are \$36,516,528, an 8% increase from 2004. The Total Assets of the Plan are \$36,575,000.

Mr. Riveira had discussion with the Administrator regarding the reporting of pay dates, service dates, etc. There was also a brief discussion regarding discrepancies in these reports. The Administrator will inform the Board when these discrepancies arise and will note in on the Benefit Approvals. The Administrator requested that Mr. Riveira provide a trial balance and per Mr. Riveira, there should be no adjustments necessary.

A motion was made to approve and file the Annual Audit for 2005. The motion was seconded and carried 4-0.

Attorney Report, Sugarman & Suskind

Bob Sugarman appeared before the Board and advised that he has reviewed and revised the agreements with RREEF, McAfee and the Pension Resource Center, as necessary. He also reported on the indictment of two of the partners of Milberg, Weiss.

He reminded the Board to be sure to file Form 1 and send to the Supervisor of Elections as the deadline is July 1, 2006. He recommended the Board members send it in via certified mail.

Attorney Report, Hanson, Perry and Jensen

Bonni Jensen appeared before the Board and reported on a pending check fraud case. She is currently working with the Federal Bureau of Investigation regarding this case involving the Plan.

Ms. Jensen further reported that a bill was passed that changed the food and lodging expenses and per diem rate for travel reimbursement. The Plan's per diem rate is \$50. The bill passed a per diem rate of \$80 per day. They also passed a per meal rate of \$6 for breakfast, \$11 for lunch, and \$19 for dinner. Ms. Jensen will get a copy of the Plan's existing policy and the Board will provide Ms. Jensen with a copy of the county's policy. The Board can agree to change their existing reimbursement rate to the new rates.

Trust Agreement

Ms. Jensen mentioned the Trust Agreement and what constitutes changing the agreement. She advised that the language in the current Trust Agreement provides that, on all matters, the Board must be in "concurrence". This language was determined by the Trustees not to mean unanimous. The restatement removed the word "concurrence." A

motion was made to table the matter and recommend a special meeting of the attorneys to discuss the issue and meet as soon as is practical. The motion was seconded and carried 4-0.

Administrative Report

The Chairman inquired about interest paid out to terminated employees on the refund of their pension contributions. He would like this addressed with the Actuary. He requested the Administrator ask the Actuary how much money had been spent in interest paid to these employees. Scott Baur advised he would forward this request to Chad Little of Public Pension Professionals. He will ask what the cost is and what the Plan would save by not paying out interest. The Board also talked about the Plan being under funded in employee contributions and they would like the Actuary to provide in the Valuation, a three-year projection of employer contributions. The Administrator will also give this direction to the Actuary.

Mr. Baur advised the RREEF was funded immediately as requested. The Plan's checking account has been changed as requested.

Mr. Baur discussed the possibility of retirees having their health insurance premiums deducted from their pension payments. This can be done very easily by Pension Resource Center and the premiums can be remitted directly to Palm Tran. A motion was made to have the Pension Resource Center deduct insurance premiums from retiree benefit payments and remit premiums directly to Palm Tran. There was discussion on the motion. Dwight Mattingly objected to the motion on the basis that it would cause a hardship on retirees. Per counsel, retirees must have a service option available to them. The Board discussed presenting it to the members as an option. Mr. Merriman offered a friendly amendment to the motion to offer the option to retirees as a part of the process. The motion was seconded and carried 4-0.

Other Business

The Board proposed regular quarterly meetings with additional meetings as needed. The Board agreed on the fourth Thursday of the month, quarterly, in the mornings.

The next meetings were scheduled for August 24, 2006 and November 30, 2006 at 10:00 a.m.

A special meeting was scheduled for August 24, 2006 at the same time as the regular meeting for the presentation of the Actuarial Valuation, the top four recommendations for Custodial Services and Re-Statement of the Trust Agreement.

Pension Resource Center will meet with Public Pension Professionals regarding process and calculations. The Board will be advised of the meeting, as well as counsel. The contract will be reviewed for overlapping of PRC and PPP, such as annual benefit statements. There being no other business, the meeting was adjourned at 12:25 p.m.

Respectfully Submitted
