

PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD
November 30, 2006

Chairperson Dwight Mattingly called the meeting to order at 10:08 A.M. in the Dale R. Smith Conference Room at Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida.

TRUSTEES

Dwight Mattingly
Frank Stanzione
Richard Roberts

OTHERS

Bonni Jensen; Hanson, Perry, & Jensen
Sidney Taylor; Burgess Chambers & Assoc.
Ronelda Arnette; Palm Tran
Scott Baur & Denise Clougherty; Pension Resource Center
Ken Harrison; Sugarman & Susskind
John Murphy; Palm Tran Finance
Carol Heffner, Oscar Ardoguein, Marta Brancato, Bobbi Cabral,
Kenny Lunden and Gabe Santamarina; Retirees
Lloyd Stamey, CS McKee Investment Managers
Chad Little, Paula Freiman; Freiman, Little Actuaries.

Approval of the Agenda

The Board reviewed the Agenda for the meeting. Mr. Roberts noted that it was time to make nominations for election of Officers, and Board Counsel confirmed that the Plan Document calls for nomination for election of Officers at the end of the fiscal year. Mr. Mattingly added this item to the Agenda under number eleven, "Other Business." A motion was made by Rick Roberts to approve the Agenda as amended. The motion was seconded and carried 3-0.

Minutes

The Board reviewed the Minutes for the meeting of August 24, 2006. Corrections were noted for the Administrator on page five under the Actuarial Valuation, the funding is at 87% not at 80%. Also, on page four under the Attorney's Report, Ms. Jensen noted that the State increased their per diem rate to \$80 per day, not \$50 per day, as written. A motion was made by Rick Roberts to amend the minutes. The motion was seconded and carried 3-0. The Administrator will amend/correct the minutes. A motion was made by Rick Roberts to approve the minutes of August 24, 2006 as amended. The motion was seconded and carried 3-0.

Reporting of Plan Financials

Benefit Applications

The Administrator provided the Board with benefit applications for approval. The Board had a lengthy discussion with the Administrator regarding Vested Deferred participants and the timing for receiving refund benefit from the fund. The Board agreed that the Vested Deferred participants may receive a refund of pension contributions once they have been separated from service for six months. A motion was made by Rick Roberts to defer approval of

the presented benefit applications until the end of the meeting. The motion was seconded and carried 3-0.

The Administrator agreed to correct and re-submit the application for Olivia Caperna with the correct interest calculation.

The Administrator brought to the attention of the Board of Trustees, that Dennis Leaf, a member currently receiving a benefit from the fund, is not eligible to be receiving a benefit. He is receiving a Reduced Early Retirement, which was calculated in August 2006, however, is incorrect. Mr. Leaf is not eligible for the benefit. After in-depth discussion, the Board agreed with the Administrator, Mr. Leaf is not eligible to receive a benefit at this time.

A motion was made by Rick Roberts to immediately cease monthly pension benefit payments to Dennis Leaf from the pension fund and ask Board Counsel for an opinion on the options to collect the overpayment. The motion was seconded and carried 3-0. Board Counsel agreed to research and advise the Board regarding the procedure to receive payment back to the fund from Mr. Leaf. The Chairman stated that it is an embarrassment to the pension board when these types of mistakes occur, and suggested tabling the entire list of benefit approvals presented.

Disbursements

The Administrator advised the Board that an Income Statement is not yet available for review by the Board, but will be available at the next meeting. At this time, they are only in general ledger format.

The Board engaged in discussion with the Administrator regarding the deduction of health insurance premiums from pensioners' monthly checks and paid directly to Palm Tran. According to the Minutes of June 15, 2006, "A motion was made to have the Pension Resource Center deduct insurance premiums from retiree benefit payments and remit premiums directly to Palm Tran." Board Counsel agreed that the Plan would need to be updated to reflect this change. A motion was made to direct Board Counsel, Mr. Ken Harrison to amend the plan to allow the county-sponsored health insurance deductions, in accordance with the action taken on June 15, 2006 to allow the Administrator to deduct insurance premiums from retiree benefit payments and remit premiums directly to Palm Tran. The motion was seconded and carried 3-0.

The Board reviewed the disbursements provided by the Administrator, and a motion was made by Rick Roberts to approve the disbursements presented at the meeting. The motion was seconded and carried 3-0.

Investment Consultant Report, Burgess Chambers & Associates; Mr. Sidney Taylor

Mr. Sidney Taylor appeared before the board to present the investment performance for the quarter ended September 30, 2006. Mr. Taylor gave the Trustees a general overview of his qualifications and experience and his new position with Burgess Chambers.

Mr. Taylor reported that the total fund earned 2.6% for the quarter, which was below the benchmark of 4.2%. For the fiscal year to date, the fund earned 10.0% net. Strong performance has occurred since October 1, 2006 and the company expects that the fiscal year will achieve 11% or better. The quarter performance was due to international under performing , the biggest problem being timing and the fact that REITS was funded late.

Mr. Taylor went on to report on the performance of REIT, which was the best performing category of the quarter. He also reports that the fund ranks 80th among its peer group.

Investment Manager Report, Gil Barret, Vice President Fisher Investments

Mr. Gil Barrett appeared before the Board to present the quarterly report of the fund's foreign equity portfolio. Mr. Barrett reported that the portfolio has experienced a 2.4% return for the fourth quarter of 2006 vs. the benchmark of 4.2%; had a 1.4% return for the third quarter 2006 vs. the benchmark of 3.0%; and since inception, a 3.6% return, whereas, the benchmark reported a 12.8% since inception of 01/27/2006. Mr. Barrett added that the current market value of the portfolio is \$4,734,065.00. Mr. Barrett noted that the portfolio is just over the tenth month and is happy with the return the portfolio has experienced and is confident in the future of the portfolio, as well. Mr. Barrett went over performance of foreign investments and gave a summary of investment processes, indicating a top-down strategy. Mr. Barrett further discussed over weights and under weights that contributed to performance and stated a strong confidence in over weighting in Japan and energy. Fisher will not be making any changes currently but sees it as more of a timing issue. Mr. Mattingly asked if they are in line with the investment policy and their peers, to which Mr. Barrett responded in the positive, stating the history of the portfolio shows a positive trend. Mr. Taylor of Burgess Chambers and Associates advised the Trustees that they make no recommendations for any changes at this time, and that performance history is primarily a timing issue.

Investment Manager Report, Lloyd Stamey, CS McKee

Mr. Lloyd Stamey appeared before the Board to present CS McKee's quarterly report to the Trustees. Mr. Stamey reported on the history of the portfolio stating that CS McKee is a leader in stock selection, adding that stock selection is what they do best and therefore, outperform the benchmark, consistently. Mr. Stamey reported that the portfolio returned 4.19% for the fourth quarter 2006 compared to the benchmark of 3.81%. He added that since inception, the portfolio returned 9.25% compared to the benchmark of 14.33%. Mr. Stamey touched on ratio to growth value, top holdings and the best and worst performers. He reported no sales in October or November and believes better performance in the market for the future.

Mr. Taylor of Burgess Chambers and Associates remarked that CS McKee is in line with the investment policy, and for long term investments, they are a very good manager. Again, he stated performance is primarily related to timing.

The Board took a lunch break at 11:50 a.m.

The Board reconvened at 12:10 p.m.

Mr. Taylor continued, reporting that midcap and REITS has been adding a lot of value to the portfolio. All managers have done well in the long term and Mr. Taylor expects the fund should be able to return 11% for the year if things go as they have been.

Mr. Taylor further discussed return versus risk and compliance with the investment policy. He agreed to ask Burgess Chambers to send a compliance checklist to the Board and copy both attorneys.

Actuary Relationship

Mr. Chad Little and Ms. Paula Freiman appeared before the Board to explain the chain of events that led to the inception of their new actuarial firm, Freiman Little Actuaries. Mr. Little explained that the firm of Public Pension Professionals had a lapse in their insurance coverage for errors and omissions and both Mr. Little and Ms. Freiman left their employment. They have started their own firm for actuarial services.

The Board agreed that since Public Pension Professionals has not replaced the insurance coverage, and cannot provide proof of insurance to the Board, they are in violation of the contract. According to board counsel, if they are in breach of contract, they can be terminated immediately. The Administrator advised the Board that there are several e-mails between the actuary and the administrator, none of them being answered and none of the calculations being completed. The Administrator has left messages regarding the pending Actuarial Valuation for 2005, with no response. Public Pension Professionals has been in breach of their contract with the Palm Tran ATU 1577 Pension Plan since February 1, 2006.

The Chairman passed the gavel to Mr. Rick Roberts and Mr. Roberts assumed the responsibilities of Chairman.

A motion was made by Dwight Mattingly to immediately terminate the relationship with Public Pension Professionals for actuarial services, based on their breach of contract by allowing their insurance coverage to lapse, without notification to the Board and without reinstatement; as well as their lack of timely response to the administrator's inquiries on outstanding pension calculations. There was discussion on the Motion. The Actuarial Valuation has not been signed and is still pending, at this time. The Administrator will look into the details of finalizing the Valuation. The motion was seconded and carried 3-0.

Mr. Roberts returned the gavel to Mr. Mattingly. Mr. Mattingly resumed the responsibilities of Chairman.

Mr. Mattingly read aloud a letter to the Board of Trustee and guests, from Mr. Chad Little and Ms. Paula Freiman, requesting an appearance before the Board, for a presentation on providing Actuarial Services to the Palm Tran ATU 1577 Pension Plan. A motion was made by Rick Roberts to hear a presentation from Freiman Little Actuaries. The motion was seconded and carried 3-0.

Actuarial Services Presentation, Chad Little, Paula Freiman; Freiman Little Actuaries

Mr. Chad Little and Ms. Paula Freiman appeared before the Board to present an overview of the inception of their new firm, and their desire to continue the relationship they enjoyed with Palm Tran for so many years, while employed with Public Pension Professionals. Mr. Little introduced Ms. Freiman, who gave an overview of her credentials to the Board. She further advised that they plan to do most of their actuarial services within the state of Florida. They made a presentation of their firm to the Board and advised the fees would be the same as the fees paid to Public Pension Professionals. They also advised they could provide proof of insurance, and would do so on an annual basis. They promised to keep everything about their services the same as it was before, for ease of transition, and having been assigned to the Palm Tran account for so many years, they feel they know the plan and its provisions very well. They further advised the Board that they have no non-compete clauses or any other type of employment restrictions at all. They discussed the issue of mistakes for the Palm Bay account that made the newspapers and Mr. Little explained that it was, indeed, an error on his part. The error was corrected and is an issue, however, due to the fact that his employer had no insurance coverage. Mr. Harrison reported that a contract for services would include the need for both partners to review the work for Palm Tran prior to being submitted as final.

The Board discussed the presentation and board counsel informed them that nothing prevents them from making a decision on an actuarial services replacement for Public Pension Professionals, prior to and instead of waiting for the Request for Proposal process. The Board would rather go through the RFP process, however, they are aware that they are under time constraints. A motion was made by Frank Stanzione to hire Freiman Little Actuaries to replace the actuarial services of Public Pension Professionals, pending approval of the contract by board counsel. The motion was seconded and carried 3-0.

The Board discussed the overlapping of services and fees regarding pension calculations between the actuary and the administrator. The Administrator does the calculation and the Actuary does the certification of the calculation. The benefit certification should be one half the fee for the benefit calculation.

Mr. Chad Little advised the Board that he would finalize the Actuarial Valuation after receiving the information from Public Pension Professionals, if they have not already finalized it. Board counsels both agreed to contact Public Pension Professionals, get the contract prepared for signature and execution and the Administrator will get with Freiman Little Actuaries to do whatever is necessary to complete the pending benefit

calculations. Mr. Little and Ms. Freiman agreed to inform counsel if there is any delay at all in obtaining information from Public Pension Professionals.

A motion was made by Rick Roberts to make the contract with Freiman Little Actuaries effective November 1, 2006. The motion was seconded and carried 3-0.

Request for Proposal for Custodian

Administrator, Scott Baur, advised the Board that many responses to the RFP for Custodial Services came in and, per the Board's request, he narrowed the responses down to four. Bank of New York, Comerica, Fifth Third Bank and Salem Trust. Mr. Baur discussed fees and features of each with the Trustees. Bank of New York had the highest fees due to the securities transaction fees that they charge extra for. Mr. Mattingly asked Mr. Baur if there was one of the custodians that he would prefer to work with over the others. Mr. Baur responded that he has worked with all of them and perhaps the Board should invite each of them in to make a presentation to the Board at the next meeting. Mr. Mattingly posed the same question to the board attorneys. Neither attorney has worked with the Bank of New York, and indicated that Salem Trust is dominant in the pension plan industry here in South Florida, but both attorneys work with Comerica and Fifth Third Bank. Fifth Third Bank has offered to do many extras for plan considering them as a part of their push to become strong in the South Florida area. Neither expressed a preference.

A motion was made by Rick Roberts to hire Salem Trust as the new Custodian for the Palm Tran ATU 1577 Pension Plan. The motion was seconded and carried 3-0. Attorney Ken Harrison advised he would coordinate the contract process.

Attorney Report, Hanson, Perry and Jensen; Ms. Bonni Jensen

Ms. Jensen discussed the Trust Agreement with the Trustees. The Trustees agreed to table this issue until a later date. Ms. Jensen suggested a Special Meeting be set up to discuss the Trust Agreement. The agreement has been sent to the county but she has not yet received a response.

Attorney Report, Sugarman & Susskind, Ken Harrison

Mr. Harrison reported that the Education and Travel Policy has been sent to the Administrator and needs to be signed and executed.

The money due the pension fund by the employer for Stephon MacAfee's military time, has been paid.

Mr. Harrison gave the Trustees an annual holiday gift, the value of which is under \$20.00.

Administrative Report, Pension Resource Center

Mr. Scott Baur acknowledged the members of the plan who were in attendance. The members have gone through a treacherous ordeal during this long transition process. He reported that the transition process is finally over with the receipt of replacement data and thanked the county and Palm Tran employees for their part in this effort.

Mr. Baur provided the Board and guests with a handout detailing the internal controls and procedures of the Pension Resource Centers.

Mr. Baur also noted that the website has been updated and is up and running. He encourages all participants of the plan to visit the site at www.resourcecenters.com. Mr. Mattingly requested the Administrator send a mailing to all participants, informing them of this new resource. The Administrator will send out the mailing, per the Board's request.

Other Business

The Chairman opened the floor for nomination of officers.

Mr. Rick Roberts nominated himself for Chairman.

Mr. Rick Roberts nominated Dwight Mattingly for Secretary.

Mr. Frank Stanzione nominated Dwight Mattingly for Chairman.

Ms. Jensen read the current agreement regarding nomination of officers. A vote for the office of Chairman was taken. The results were Rick Roberts – 1.5 votes, Dwight Mattingly - .5 votes. The newly elected Chairman is Mr. Rick Roberts. A vote for the office of Secretary was not necessary, as there was only one nomination. Mr. Dwight Mattingly is the newly elected Secretary.

Mr. Rick Roberts thanked Dwight Mattingly for his performance and hard work as Chairman of the Board for this plan.

The Administrator agreed to coordinate the date for the next regular meeting of the Palm Tran ATU 1577 Pension Plan.

A motion was made by Rick Roberts to adjourn and the meeting was adjourned at 2:12 p.m.

Dwight Mattingly, Secretary