

PALM TRAN ATU LOCAL 1577
MINUTES OF SPECIAL MEETING HELD
February 15, 2007

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

TRUSTEES

Richard Roberts
Brad Merriman
Dwight Mattingly
Frank Stanzione

OTHERS

Bonni Jensen; Hanson, Perry & Jensen
Robert Sugarman; Sugarman & Susskind
Scott Baur, Denise Clougherty; Pension Resource Center
Ken Lunden; Gabriel Santamarina; William Boykin; Carol Heffner, and Stacey Bufford; Retirees

Approval of the Agenda

The Board reviewed the Agenda for the meeting. Mr. Roberts requested the Board consider discussing rebalancing of investments per the request of the Investment Consultant. The Board agreed to add this item of discussion prior to the discussion of the Trust Agreement. A motion was made by Brad Merriman to approve the Agenda as amended. The motion was seconded and carried 4-0.

REIT Discussion

Mr. Roberts advised the Trustees that he received a letter from Burgess Chambers requesting the Trustees approve a re-allocation of REIT, to allow him to reduce holdings from \$3.4 million to \$1.7 million, which is an allocation of 4%. The reason for this is that the investment earnings brought the allocation up over the percentage allowable per the Investment Policy Guidelines. Mr. Chambers requested Mr. Roberts fax the approval back to him and to Mr. Baur for authorization to execute the change. Mr. Roberts advised the Board that he did authorize the change. Board counsel advised that Mr. Chambers already has the authority to make re-balancing changes without the Trustees, and no further authorization is necessary, however, 4% puts the fund below the policy guidelines of 5% to 15%. To reduce it to 4% would require a change in the policy.

A motion was made by Dwight Mattingly to direct Burgess Chambers to reduce the allocation to 5%, as opposed to 4% and ask him to bring revised guidelines to the next meeting. The Board discussed the proper procedures for such a task and agreed that Mr. Chambers should have made the recommendation within the guidelines and contacted Scott Baur, who would then made the change through the custodian, copying all of the Trustees via e-mail. Mr. Mattingly withdrew his motion. The Chairman agreed to revoke the letter of approval and the Board will request Mr. Chambers revise the guidelines and have them available at the next meeting.

Discussion of Trust Agreement

Ms. Jensen provided the Board and all attendees present a working copy of the revised Trust Agreement for review and discussion. Ms. Jensen advised the Board that the dates throughout the document have been updated, Palm Tran is listed as sponsor of the plan and the language referring to ERISA has been removed, reflecting the plan as a governmental plan.

ARTICLE II

Ms. Jensen advised that there were no substantive changes in this article, just updated language.

ARTICLE III

Ms. Jensen advised that this section had no substantive changes, either, just a consolidation of articles, bringing together articles that go together. A change worth noting was the time period for re-appointment of Trustees from 30 days to 10 days (Section 3.04) and the responsibility to appoint the Trustees would be on the employer.

ARTICLE IV

This article contains a consolidation of provisions regarding the administration of the Trust. The substantive changes noted were 1) the removal of notice requirements for attendance; 2) the ability to act; and 3) removed the language on voting (Section 4.04) which has been an issue with this Board; and 4) (Section 4.05) added rules of the AAA Arbitration Association regarding deadlock on page 12.

The Trustees engaged in discussion on selection process for arbitrators, stating the first step would be for the Trustees to agree on an arbitrator and Step 2 would be to follow the process of the AAA Arbitration Association.

ARTIVLE V

Ms. Jensen advised that this article was a consolidation and organization with updated language. Mr. Roberts expressed his concern over the phrase regarding “absolute discretion to determine who shall be an eligible employee,” stating he feels it is a conflict that need clarification, and that the language is misleading. After much discussion, Ms. Jensen advised she would change the phrase to delete “absolute discretion” for better understanding.

The Board discussed the basics of eligibility in the pension plan, concluding that the language would need to be reviewed and clarified. Ms. Jensen will clarify, including reference to the documents already in existence.

ARTICLE VI

Ms. Jensen advised that Palm Beach County would be added as employer, along with Palm Tran, Inc. throughout the document. Ms. Jensen further advised she would be incorporating reference to State Law provisions (H) on page 25. She added that she would include that Investment Consultants and Investment Managers would all be acting as fiduciaries to the plan.

Mr. Mattingly questioned whether errors made by service providers that cost the plan money should be subject to a lawsuit in the name of the Trustees, and Ms. Jensen replied that she would be sure to include that in the document but noted that the responsibility needs to be in the service providers’ contracts.

ARTICLE VII

Ms. Jensen advised that there were no substantive changes in this article, just language clean-up.

ARTICLE IIX

Per Ms. Jensen, Article IIX combines amendments into the document and termination of the plan language at Section 8.02.

ARTICLE IX, ARTICLE X

Ms. Jensen proposed to the Trustees, that she highlight the new changes and provide another revised version with the additions from this meeting, as well as those presented in this working document, for the next meeting of the Board.

Mr. Sugarman discussed overpayments to retirees and how to recover funds, and requests the Board make it the first order of business at the next meeting.

The Board further discussed the Actuarial Valuation and that the Board has been aggressively pursuing the final version due the Plan from Public Pension Professionals. The Board also discussed having the new Actuaries, Freiman Little Actuaries, prepare the valuation, provided they can obtain the files and information needed from Public Pension Professionals.

Ms. Jensen advised the Board that she will be sending a memorandum on the Dennis Leaf issue which will be ready to send to him upon approval of the Board.

Adjournment

A motion was made by Frank Stanzione to adjourn. The motion was seconded and passed 4-0.

The meeting was adjourned at 12:00 noon.

Dwight Mattingly, Secretary