

PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD

July 26, 2007

Chairperson Richard Roberts called the meeting to order at 10:36 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
Brad Merriman

OTHERS

Bonni Jensen; Hanson, Perry, & Jensen
James Patton; LaPadula, Carlson & Co.
Jeffrey Vaughn; Pension Resource Center
Scott Baur; Pension Resource Center
Robert Sugarman; Sugarman & Susskind
Paula Freiman; Freiman Little Actuaries
Chad Little; Freiman Little Actuaries
Donna Greive; HR
Queen Albright; Retiree
Woodrow Samuel; Retiree
Gus Riveira, LaPadula, Carlson & Co.

Actuary Report: Paula Freiman; Freiman Little Actuaries

Paula states that out of 48 members, 46 are complete with one to be added shortly. Paula mentions that she has worked with Bonni Jensen and Jeffrey Vaughn to create a "Benefit Election Form" to be completed by retirees to determine their monthly benefit as well as under/over payments. Dwight asks how these benefits have been over paid, as they should be based on the last benefit statement. Scott explains that James Gillard, for example, made an application prior to corrected payroll information. Dwight asked if this calculation was certified by P3. Dwight also asks if Scott has brought benefit approvals without actuarial certification. Dwight states that the Board was assured that there could not be overpayments and based on that, the Board decided to pay on previous benefit statements. Paula states that Mr. Gillard received annuity payments beginning July 1, 2006. Dwight asks how benefits were overpaid. Bob Sugarman stresses that we should focus on how to avoid these errors in the future. Paula points out that working with Jeff from Pension Resource Center has been very smooth and feels that there is great progress. Chad mentions that initially, calculations were provided by PRC and now FLA calculates and certifies. Bob stresses not focusing on past errors and starting fresh. Bob asks how much in advance a retiree needs to make an application in order to receive benefit in a timely manner. Scott mentions that 2-4 weeks would be sufficient. Bob asks Scott if there could be overpayments based on January 2006 statements. Scott says that he believes so stating that the 2006 statements could be incorrect as there were payroll corrections late in the year. Dwight asks if we have good benefit information prior to 1996. Chad states that some information does not exist. Bob states that we need to gather that data to reduce liabilities. Bob suggests that we provide payroll and data records to each employee and give them a timeline to

PALM TRAN, INC.

ATU 1577

dispute. Chad recommends providing benefit statements to each employee allowing them to dispute the information provided. Paula states that hours do not exist prior to 1996. Bonni asks Chad if he could include salary on the statements. Chad states that they could show salary information going as far back as 1977. Bob asks where there is a void. Chad states prior to 1991, other information is scattered. Bob states rather than reconstructing hours information, just send a statement to each employee giving them time to dispute with a cover letter explaining ways in which they can dispute. Scott states that data prior to 1991 was keyed by Siegal and PRC did not have access to that data and the data was not reliable anyway. Gus asked if Scott has electronic information. Scott states that he does however, he cannot verify it. Gus states that financials of Audit are complete, however, he cannot finish the audit due to the calculations. Dwight asks if we had DOH, can't we assume that they received 1000 hours in each year. Scott states that this is the situation that PRC has been put in to and it's never safe to assume. Richard asks how many of the retirees on the "calculation log", how many were hired prior to 1996. Paula draws example to show Board how benefits have been calculated. Paula states that this information would be good for valuation, but not for calculations. Scott states that 110 employees were hired prior to 1996. **Dwight makes a motion for FLA to provide statements with compensation and hours history for the employee to dispute.** Bob recommends holding that motion until the Board determines a timeline. Gus states that he has to test calculations and that he is waiting on corrected calculations. Paula states that contribution data has corrupted the benefit statements. Chad states that January 1, 2007 statements will be ready by the August meeting. Paula confirms that the statement format will not change. Bob asks if contributions along with credits could be shown year by year. Paula states that they could; however, they would have to assume that the information that they possess is correct. Chad mentions that some employees show a significant decrease in pay, and are they to assume that there is a break in service. Brad asks Donna to request additional payroll information from ADP. Richard states that his statement from FRS does not show service credits of less than 1. Donna states that in the past, when statements were incorrect, she was able to correct the information at that time. If there was gaps in service or decrease in pay, it was easy to detect. Chad states that they will add a column for yearly service and contributions; after 1999, they will show yearly hours as well. **Dwight makes a motion to send statements for employees to dispute giving them 60 days to do so. The motion was seconded and carried 4-0.**

Scott mentions that the 110 employees previously mentioned that were hired prior to 1996, does not include vested deferred. Bob states that employees have 60 days to deliver corrected information. Chad states that assuming payroll information has been corrected and no other changes will occur, we should be able to pay benefits based on January 1, 2007 statements. Paula states that if we allowed the retiree to elect a benefit based on the estimate, we could overpay some benefits. Bonni asks if we could pay benefits based on the "Normal Form". Richard suggests a 5-minute break at 11:48 A.M.

Richard calls the meeting back to order at 11:54 A.M. Richard asks Paula what she needs to complete the work. Bonni states that each retiree should have election showing benefit amount. Scott mentions that benefit elections are not made until the final calculation is provided, however, estimated benefits are paid on a "Straight Life" basis.

PALM TRAN, INC.

ATU 1577

Bonni states that if the retiree is electing the “Straight Life” option, we need to have spousal consent. Brad asks if we could provide a way to make a benefit election on the benefit statement. Chad states that this would not be a problem so long as we had spousal information. Paula asks if we have spousal information in electronic format. Scott replies that we do not. Paula asks if we can get that type of information from HR. Brad states that perhaps including benefit information may be tough, however, he feels that there should be some language stating the “Straight Life” option is the highest payment option. Dwight suggests attaching benefit requests to the benefit statements.

Dwight states that overpayments are not due to elections, rather mistakes that took place. Dwight asks if PRC sends a letter stating that benefits are subject to change. Scott states yes, so long as benefits are being paid on an estimated basis. Bob asks that we put a timeline on when retirement benefits are final. Scott replies that it depends on the time it takes to receive final payroll from the county. Paula states that FLA can turnaround calculations within 2 weeks. Bob asks Scott when he needs an application to make the first benefit payment on the first of the month. Scott states that 30 days would be sufficient. Bob recommends sending a letter to retirees instructing them to complete the election form or the benefit will cease. Gus suggests paying 80% of “Straight Life” until election form is completed. Scott recommends 30 days to complete election forms. Bonni reiterates applicants to file application within 30 days of retirement and payment to commence within 60 days from receipt of final payroll. **Brad makes a motion for retirees to make application for retirement 30 days prior to retirement and payments to commence 60 days following receipt of final payroll. The motion is seconded and carried 4-0.**

Bob asks to review the over and under payments. Brad requests to discuss the under payments first. **Brad makes a motion to pay refunds as of July 31, 2007. The motion is seconded and carries 4-0.** Dwight requests to discuss the overpayments. Paula recommends reducing future benefits for vested deferred members that have been over paid. Dwight asks that the party responsible for the over payments reimburse the fund. Brad asks that whoever is responsible for the errors are identified. Scott mentions that some errors were the responsibility of PRC, however, due to bad information. Bob states that it would cost the fund more money to determine the responsible party than the total loss. **Brad makes a motion to waive overpays of lines 9-18. The motion is seconded and carries 3-1 with Dwight opposing.**

Brad asks if the retirees could sue the fund for reduction of future benefits due to the overpayments. Bob states that they could however, they would not be successful as they were overpaid and had not reimbursed the fund. **Brad makes a motion to send a letter to the members that have been overpaid listing the options to repay the fund:**

- 1. Lump sum repayment**
- 2. Reduction of future benefit with interest until repaid**
- 3. Actuarially calculated permanent reduction of future benefit**

The motion is seconded and carries 4-0.

Chad recommends showing the refund of future benefit for vested deferred members. Brad asks who sends the election forms to the retirees. Paula states that she will create

the election form and forward to Jeff. Jeff will then send the form to the retiree to complete and return. Bob suggests giving the members 30 days to complete and return the election form to PRC. Scott states that we must receive the completed election forms by September 20, 2007 to ensure an October 1, 2007 payment. **Brad makes a motion to send election forms to retirees giving them 30 days to complete and return to PRC. The motion is seconded and carries 4-0.**

Bob asks about the "Need 2006 Annuity Distributions" section on the log. Jeff states that all information has been completed and will be sent to Paula by the end of the day. Dwight states that there is an issue with the lengthy payment process and asks Scott if there is a "trigger" to begin retirement process.

Bonni wants the trustees to agree as to the process of payment of disability benefits stating that we should not pay disability benefits until the Board has approved it. Dwight asks if PRC receives Social Security letter, why shouldn't we pay an estimated benefit. Chad states that FLA cannot calculate until the Board approves the disability. Bonni states that a member is not eligible for disability benefits if they are eligible for retirement. Dwight asks if the disability application states whether or not the disability was on or off the job. If not, shouldn't it. Bonni states that the language in the Plan document does not allow an estimated benefit for disability without Board approval. **Dwight makes a motion to allow PRC to pay an estimated disability benefit once a Social Security letter is received showing approved disability. The motion is seconded and carries 4-0.**

Bonni states that Mr. Moreno and Mr. Vaughn have gaps in service and no record of medical leave exists. Bonni reads the plan document and states that a break in service occurs when a member has less than 250 hours in a year with exception to approved leave such as birth, medical, military, etc. Bob asks Brad if there is code on payroll. Brad states that there is. Bob asks that we just get the information from payroll.

Dwight asks if the documents for Mr. Vaughn would give him extra service credits. Paula answers yes. Dwight asks that the Board review the documents to verify. Bob asks Board if documents prove the disability. The Board confirms that there is proof of disability and they determine that Mr. Vaughn shall receive 1 service credit for that time. Bob asks if there is code at payroll to show leave with pay. Scott will determine a way to request break in service information from Palm Tran. PRC needs to contact Palm Tran to receive information on Mr. Moreno. Paula asks about Olivia Caperna. Scott states that initially, Ms. Caperna filed for retirement and later filed for disability. Dwight asks if Ms. Caperna could come to the Board at a later date to dispute the retirement. Bonni states that when a member makes an application for retirement, they cannot change to disability. Bob states that the Board may want to amend plan to state that a member can apply for early retirement and within a specified period can elect to move to a disability. Dwight states that Ms. Caperna was not vested deferred, payroll did not show pay, however, she was still employed. Jeff will request a personnel action form from Palm Tran for Bobby Purvis. Chad asks if we will continue to pay an estimated benefit, an estimated refund or wait until the final calculation is performed. Scott requests that we pay an estimated refund as some members are living check to

check and cannot afford to wait. Dwight asks why refunds of contributions are taxed when the contributions are paid post-tax. It is decided that PRC will determine if contributions are paid post-tax and address at next meeting. Dwight will provide Union payroll information from 1999 to present.

Auditor Report: Gus Riveira, LaPadula Carlson & Co.

Gus states that the total fund value is \$41,102,000 as of December 31, 2006 up from \$35,960,000 the prior year. Gus mentions that the county is sending contributions approximately one month late causing significant loss in earnings totaling over \$155,000. Bob requests that the Board write a letter to the clerk requesting timely payments. Bob asks that Gus provide him with a pay schedule to show tardy payments. Gus continues reviewing the presentation showing the allocation of funds between common stocks (\$16,716,000), fixed income securities (\$14,733,000), money market funds (\$648,000), Mutual funds (\$5,872,000) and the real estate fund (\$3,133,000). Gus reviews the investment income for the year at \$7,259,000 vs. \$4,497,000 for 2005, a variance of \$2,762,000. Rich asks if they will have audited financials soon. Gus states that when the calculations are completed and the audit is complete. Gus states that according to the report there is material weakness at the administrative level due to Accounts Receivable and Accounts Payable. The Board asks Bonni to make a recommendation at next meeting.

Attorney Report: Bonni Jensen; Hanson, Perry & Jensen

Bonni defers report until next meeting.

Other Business:

Dwight Mattingly introduces Woodrow Samuel and states that Mr. Samuel is here on behalf of other retirees requesting 13th checks. Dwight asks for all 13th checks for retirees from 2005 and before. Scott will prepare this for the next meeting.

There being no other business, and the next meeting having been scheduled for August 23, 2007, the meeting was adjourned at 2:25 p.m.

Dwight Mattingly, Secretary
PALM TRAN, INC.
ATU 1577

