

**PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD
MAY 27, 2010**

Chairperson Dwight Mattingly called the meeting to order at 10:33 A.M. 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
Nancy Bolton

OTHERS PRESENT

Chad Little, Freiman Little Actuaries
Burgess Chambers, Burgess Chambers & Associates
Robert Sugarman, Sugarman & Susskind
Nick Schiess, Pension Resource Center
Bonni Jensen, Law Office of Perry & Jensen
Kuji Chahal, Fisher Investments
John Murphy, Palm Tran

APPROVAL OF THE AGENDA

The Trustees reviewed the agenda for the meeting. **A motion was made by Nancy Bolton to approve the agenda. The motion was seconded and carried 3-0.**

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meetings held on February 25, 2010 and April 7, 2010. **A motion was made by Frank Stanzione to approve the minutes for the meetings held on February 25, 2010 and April 7, 2010. The motion was seconded and carried 3-0.**

INVESTMENT MANAGER REPORT: KUJI CHAHAL

Kuji Chahal appeared before the Board on behalf of Fisher Investments to provide a report on the investment performance of the international equity portfolio for the quarter ending March 31, 2010. He reported that for the quarter, the investment return was 2.1% versus 0.9% for the index and since inception was -0.7% versus 0.0% for the index. He discussed global economic and market factors. Mr. Chahal then reviewed the composition and sector and geographical allocations of the portfolio.

INVESTMENT CONSULTANT REPORT: BURGESS CHAMBERS

Burgess Chambers appeared before the Board on behalf of Burgess Chambers and Associates to provide a report on the performance of the investment portfolio for the quarter ending March 31, 2010. He reported that for the quarter, the investment return for the total portfolio was 4.4% versus 4.3% for the index and for the trailing one-year period was 30.9% versus 43.7% for the index. He reported that the best performing asset classes were REITs, mid cap and international equities. Mr. Chambers reviewed the performance of the individual investment products, noting all was satisfactory. The returns of CS McKee, Fisher Investments and RREEF REIT did not rank in the 40th percentile of investment returns as was the objective defined in the Investment Policy Statement. He

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attributed the disparity to differences in strategies and sector weightings versus the manager's respective indexes. A discussion arose whether the performance objectives were appropriate as they are not being met. Mr. Chambers advised that the absolute return was satisfactory and peer rankings do fluctuate. He advised that the primary concern was to meet the actual assumption for returns with exceeding the benchmark being the secondary objective. Mr. Chambers reported that the investment return was 1.4% versus -0.6% for the index, so the investment program was exceeding the benchmark over the long-term.

Mr. Chambers was questioned whether he expected the investment returns would meet the actuarial assumption rate prospectively and he anticipated that the investment returns should meet the actuarial assumption rate for the next five years. He was questioned whether the current assumption of an 8.0% annual investment return was excessive. He responded that while many of his other clients have already reduced their assumption rate, an 8.0% return should be attainable over the long-term. Mr. Chambers advised that historically investment returns have been above average immediately following market downturns. Mr. Chambers and Chad Little were questioned whether the assumption rate was realistic or needed to be reduced. Both Mr. Little and Mr. Chambers advised that the current rate was realistic at least over the next five years.

A lengthy discussion arose regarding the appropriate index for the evaluation of the performance of the international equity portfolio. Mr. Chambers recommended that the index be changed from the MSCI EAFE index, which has no allocation to emerging markets, to the MSCI ACWI ex US index, which has a 15% allocation to emerging markets. **Nancy Bolton made a motion to amend the Investment Policy Statement pursuant to the recommendation of the Investment Consultant, contingent upon approval of legal counsel. The motion was seconded and carried 3-0.**

Mr. Chambers continued his report with a review of the asset allocation, noting that all allocations were within policy guidelines. He reviewed the risk and reward measurements of the portfolio noting that long-term outperformance of the benchmark had been attained with significantly less risk.

ACTUARY REPORT: CHAD LITTLE

Chad Little reported that the preparation of the actuarial valuation had commenced. It was noted that the preparation of the audit had also commenced and the Trustees requested that a special meeting be scheduled as soon as possible for the presentation of the audit and actuarial valuation.

The meeting recessed from 12:02 P.M. to 12:35 P.M. for lunch.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen reminded the Trustees to file their annual Statements of Financial Interests by the deadline of July 1, 2010.

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Ms. Jensen provided the Board with a summary of motions regarding benefit payments.

Ms. Jensen provided and discussed proposed Amendment Six containing provisions applicable to reinstatement through arbitration after termination. A lengthy discussion ensued regarding the provisions, and revisions were provided by the Trustees to Ms. Jensen. The revised Amendment is to be considered at the next quarterly meeting.

Ms. Jensen discussed the requirements of spousal consent for retiring participants. She noted that consent was required from all spouses of retirees that select an optional form of payment that does not provide survivorship benefits. A lengthy discussion ensued regarding the requirement and the consensus of the Board was to preserve the requirement of spousal consent for retiring members. Ms. Jensen advised that the spousal consent requirement could be waived under extenuating circumstances as defined in the Internal Revenue Service regulations. It was then noted that spousal consent was also required within the Application for Retirement Benefits, which functioned as an acknowledgement from spouses that they were aware that Participants were retiring. A discussion arose regarding the necessity of this acknowledgement, and it was the consensus of the Board that this requirement was unnecessary and was to be stricken from the Application for Retirement Benefits.

ATTORNEY REPORT: ROBERT SUGARMAN

Robert Sugarman reviewed the Application for Disability Benefits received from Frederick Fashaw. Mr. Fashaw appeared before the Board. Nick Schiess explained that Mr. Fashaw had expressed concerns over his privacy and the discussion of his specific medical condition during a public meeting. Mr. Sugarman explained to Mr. Fashaw that State Statutes required that all the business of the Board be conducted only at public meetings. Mr. Sugarman also explained that the Trustees must evaluate his medical records in order to make the determination of disability. Mr. Sugarman further explained that his medical condition and records would only be discussed at the meeting itself and afterwards would be kept completely confidential. Mr. Fashaw was offered the opportunity to withdraw his Application for Disability Benefits or proceed with the understanding that his medical records would be reviewed and his medical condition discussed at a public meeting. Mr. Fashaw decided to proceed with his Application for Disability Benefits. Mr. Sugarman discussed the circumstances of Mr. Fashaw's termination and award of disability benefits from the Social Security Administration. Mr. Sugarman identified the additional information that was required to proceed and Mr. Fashaw was advised that he must submit a notice of award of disability benefits from the Social Security Administration, a copy of the Administrative Law Judge's decision, an authorization to release medical records and a disability applicant questionnaire.

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 March 31, 2010.

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APPROVAL OF DISBURSEMENTS

The Board reviewed the disbursements presented for approval. **Frank Stanzione made a motion to approve the disbursements as presented. The motion was seconded and passed 3-0.**

BENEFIT APPROVALS

The Board reviewed the benefit approvals presented for approval. **Frank Stanzione made a motion to approve the benefit approvals as presented. The motion was seconded and passed 3-0.**

ADMINISTRATIVE REPORT

Nick Schiess reported that benefit payments had been successfully transitioned to TD Bank without incident.

Mr. Schiess reported that pursuant to the direction of the Board, records for active members had been reviewed and only one still active member had been identified who had been terminated by Palm Tran, received a refund of contributions and was subsequently reinstated, Eric Callsado. Bonni Jensen advised that she would provide a full report on this matter at the next meeting.

OTHER BUSINESS

The Board discussed the funding deficit of the Plan. Dwight Mattingly announced that there has not been any successful negotiation of an increased employer contribution rate at collective bargaining.

Nick Schiess reported that retiree Ronald Hubbard had requested the reversion of his optional form of payment from a 50% joint and survivorship benefit back to a life annuity due to the death of his spouse as is permitted within the Plan Document. Bonni Jensen confirmed that this reversion was permissible. **Frank Stanzione made a motion to approve Mr. Hubbard's request contingent upon proof of death of his spouse and recalculation of his benefits by the Actuary. The motion was seconded and carried 3-0.**

Bonni Jensen reviewed a Court Order for guardianship for retiree Dennis Dee, reviewed the applicable Plan provisions and recommended approval of the benefit payment provisions specified within the Order. **Frank Stanzione made a motion to approve the benefit payment provisions specified within the Order. The motion was seconded and carried 3-0.**

SCHEDULE NEXT MEETING

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The next quarterly meetings were scheduled for August 26 and December 2, 2010.

ADJOURNMENT

The meeting was adjourned at 2:10 P.M.

Secretary