

**PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD
JULY 20, 2010**

Chairperson Dwight Mattingly called the meeting to order at 3:01 P.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
Liz Bloeser
Nancy Bolton

OTHERS PRESENT

Chad Little & Paula Freiman, Freiman Little Actuaries
James Burdick, Cherry Bekaert & Holland
Pedro Herrera, Sugarman & Susskind
Nick Schiess, Pension Resource Center
Bonni Jensen, Law Office of Perry & Jensen
Chuck Cohen & John Murphy, Palm Tran

APPROVAL OF THE AGENDA

The Board reviewed the agenda for the meeting. **A motion was made by Nancy Bolton to approve the agenda. The motion was seconded and carried 4-0.**

AUDITOR'S REPORT: CHERRY BEKAERT & HOLLAND

James Burdick appeared before the Board on the behalf of Cherry, Bekaert & Holland LLP to present an auditor's report and financial statements for the fiscal year ending December 30, 2009. Net Plan assets had increased to \$46,496,283 from the prior year amount of \$37,332,547, which was primarily attributable to investment gains. Mr. Burdick provided and reviewed a Management Discussion and Analysis, which was a detailed analysis of financial activity including assets, liabilities, income, expenses including benefit payments, and other important factors regarding the financial activity for the fiscal year. Mr. Burdick advised that the firm had issued an opinion that the financial statements are presented fairly in all material respects in accordance with Government Auditing Standards. He noted that no material weaknesses in the financial statements had been discovered. Mr. Burdick reported also that no deficiencies were identified with internal controls and procedures. He reported that contributions to the Plan for the years 2008 and 2009 were less than the required amount determined by the Plan's Actuary. **Liz Bloeser made a motion to accept the auditor's report and financial statements. The motion was seconded and carried 4-0.** The Trustees reviewed a management representation letter and **Liz Bloeser made a motion to execute the management representation letter contingent upon review and approval by Bonni Jensen. The motion was seconded and carried 4-0.**

ACTUARY REPORT: FREIMAN LITTLE ACTUARIES

Chad Little and Paula Freiman provided and reviewed the 2009 Actuarial Valuation. Mr. Little discussed the history of the Plan and the funding percentages by the employees and employer throughout this history. He reminded the Trustees that the prior credit balance had been exhausted in late 2008 and a deficiency of \$260K occurred in the recommended

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employer contributions in the 2008 fiscal year. He noted that the recommended employer contribution rate for 2009 was 22.2%, however, the actual employer contribution rate remained at 13.0% as established within the Collective Bargaining Agreement, which resulted in a cumulative funding shortage to the Plan in the amount of \$2,507,746 as of December 31, 2009. Mr. Little anticipated that since the contributions to the Plan have not increased this year, the funding shortage by the end of the 2010 fiscal year would increase to approximately \$6M.

Mr. Little reported that the minimum required contributions to the Plan for the 2011 fiscal year had increased to 32.4% of payroll, with this increase primarily attributable to the shortfall of contributions to the Plan in the years 2008 and 2009. He reviewed in great detail the components used to develop the cost of the Plan, noting that the normal cost of providing retirement benefits was approximately 15% of payroll, which had remained fairly stable over the past ten years. He explained that the amortization of the unfunded liability of the Plan, which represented that 17.2% balance of the required contribution rate, was mostly attributable to the unprecedented losses in the market value of the Plan's assets over the past ten years. He then reviewed the recent changes in actuarial assumptions and methodology, noting that the assumptions do not affect the true cost of the Plan, which is determined by the benefits that are issued offset by investment gains, but instead to determine the timing of the contributions necessary to adequately fund the Plan.

The Board noted that it was imperative to ensure that the benefits that had been promised to the members were funded. A lengthy discussion arose regarding ways to reduce the costs of the Plan. Mr. Little was questioned regarding the funding requirements to make the Plan actuarial sound prospectively. He responded that the estimated cost of the plan was approximately 24% of payroll if the Plan received the \$6M funding shortfall.

Frank Stanzone made a motion to adopt the 2009 Actuarial Valuation. The motion was seconded and carried 4-0.

The Plan Administrator was directed to remit the Actuarial Valuation to the County along with a cover letter that specifically explained the funding shortage of the Plan with the letter to be reviewed prior by Freiman Little Actuaries and Bonni Jensen.

Paula Freiman presented the 2009 Annual Benefit Statements for the active members. She explained that the Statements had always intentionally excluded a calculation of the late retirement benefit and questioned whether the Trustees desired to add this specific calculation. The Trustees determined that this exclusion was acceptable. The Administrator was directed to mail the Annual benefit Statement to the members.

SCHEDULE NEXT MEETING

The next regular quarterly meeting was scheduled for August 27, 2009.

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ADJOURNEMENT

The meeting was adjourned at 4:45 P.M.

Secretary