

**PALM TRAN ATU LOCAL 1577  
MINUTES OF MEETING HELD  
AUGUST 22, 2013**

Chairperson Dwight Mattingly called the meeting to order at 9:08 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  
Liz Bloeser

**OTHERS PRESENT**

Bonni Jensen, Law Office of Perry & Jensen  
Frank Wan, Burgess Wan & Associates  
Robert Sugarman, Sugarman & Susskind  
Paula Freiman, Freiman Little Actuaries  
Nick Schiess, Pension Resource Center  
John Murphy, Palm Tran

**PUBLIC COMMENT**

There were no public comments.

**APPROVAL OF THE AGENDA**

The Trustees reviewed the agenda for the meeting. **A motion was made by Liz Bloeser to approve the agenda. The motion was seconded and passed unanimously.** It was noted that when a Trustee was absent then their counterpart on either the union or management side was empowered with two votes in order to maintain a balance of power.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes for the meeting held on July 17, 2013. A motion was made by Liz Bloeser to approve the minutes for the meeting held on July 17, 2013. The motion was seconded and passed unanimously.

**INVESTMENT CONSULTANT REPORT**

Frank Wan provided a report on the performance of the investment portfolio for the quarter ending June 30, 2013. He reported that for the quarter, the investment return for the total portfolio was -0.5% versus -0.3% for the index, and for the trailing one year period was 9.8% versus 11.6% for the index.

Mr. Wan reviewed the performance of the various investment managers against their respective indexes, noting that their performance, while not exceptional, was satisfactory over the long-term with the exception of the mid cap portfolio managed by Ziegler Lotsoff Capital Management. He reviewed revisions to the investment checklist, noting information was added to the report as requested to indicate trends in investment performance and quartile performance by manager since the year 2006. A lengthy discussion ensued regarding performance and rankings of the managers for the trailing

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three and five year periods and the Trustees expressed dissatisfaction with the results. Mr. Wan again discussed the intricacies of the comparing performance against indexes. Dwight Mattingly expressed that Board needed a recommendation on policy guidelines and more analysis on the investment managers. Robert Sugarman suggested that the guidelines be revised or underperforming managers be replaced. Mr. Wan agreed to research and provide more in- depth alternatives for the Board's consideration.

Mr. Wan reviewed the asset allocation, noting all was satisfactory.

Mr. Wan provided an update on the systems conversion of the Plan's custodian, Salem Trust Company, noting that there had occurred delays in reporting. The Board inquired whether the delays impacted the Plan's ability to conduct business. Mr. Wan advised that trading had not been impeded and the delays were only impacting reporting. Nick Schiess reported that the impact on his office was minimal and only prevented providing interim reports to the Board.

Mr. Wan provided and reviewed an analysis on an investment manager search performed for mid cap equity managers, noting that all managers had historical performance that exceeded that of the incumbent manager for all time periods. The Board also discussed the status of the portfolio managed by Ziegler Lotsoff Capital Management and whether in the interim the allocation should be shifted into an index fund. **Liz Bloeser made a motion to interview Champlain Investment Partners and Scout Investments and liquidate the portfolio managed by Ziegler Lotsoff Capital Management and invest the proceeds in a suitable replacement exchange traded fund selected by the Investment Consultant until a replacement investment manger was engaged. Frank Stanzione seconded the motion, which passed unanimously.** Mr. Wan was questioned regarding the use of a transition manager for this specific transition he recommended proceeding without a transition manager.

**ATTORNEY REPORT: BONNI JENSEN**

Bonni Jensen reported on the status of a claim for the supplemental benefit received from retiree Maria Blanco-Hart. Ms. Jensen advised that Ms. Blanco-Hart had commenced an early retirement prior to the age of sixty and according to the provisions of the Plan was therefore not eligible for the supplemental benefit. Ms. Jensen reported that a formal denial had been mailed to Ms. Blanco-Hart along with the claims procedure should she desire to contest the denial of her claim.

Ms. Jensen discussed the provisions within the Plan pertaining to re-employment on a full-time basis after retirement. A lengthy discussion ensued and **Frank Stanzione made a motion to amend the Plan to suspend benefits to retirees re-employed on a full-time basis, not recognize the absence as a break in service and allow the member to accrue an additional benefit. The motion was approved unanimously.** Ms. Jensen discussed re-employment on a part-time basis after retirement, noting that the specific conditions of rehire and the amount of service that is permitted to be performed after retirement while collecting a pension was limited by rules of the Internal Revenue

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Service. It was noted that only one retiree, Irene Barthold, was re-employed on a part-time basis. Ms. Jensen and Nick Schiess agreed to research the conditions of rehire and service of Ms. Barthold and report back to the Board at the next meeting.

**ATTORNEY REPORT: ROBERT SUGARMAN**

Robert Sugarman provided the Board with an update on the request for a favorable tax determination letter from the Internal Revenue Service. He reported that the final approval was contingent upon the execution of the closing agreement, which should be executed by the County Administrator. However, the Administrator would only execute the Agreement if specific representations were made by Mr. Sugarman's office, which he was unable to provide. Mr. Sugarman recommended that the Agreement be executed by the Plan's Chairman instead. **Frank Stanzione made a motion to authorized Dwight Mattingly to execute the Closing Agreement with the Internal Revenue Service. The motion was approved unanimously.**

Mr. Sugarman discussed the impact of recent State legislation, noting that the greatest change was the requirement of additional disclosures.

**ACTUARY REPORT: PAULA FREIMAN**

Paula Freiman advised that the final Actuarial Valuation was prepared and ready for approval.

**BENEFIT APPROVALS**

The Board reviewed the benefit approvals presented for approval. **Liz Bloeser made a motion to approve the benefit approvals as presented. The motion was approved unanimously.**

**APPROVAL OF DISBURSEMENTS**

The Board reviewed the disbursements presented for approval. **Liz Bloeser made a motion to approve the disbursements as presented. The motion was approved unanimously.**

**ADMINISTRATIVE REPORT**

As a follow up to the last meeting, Nick Schiess provided a schedule of disability pension recipients. A discussion ensued regarding the procedures for conducting periodic disability reviews. The Board determined that the reviews should be conducted every two years with the disability recipient providing a statement from a physician attesting that the member is still disabled and an Affidavit to be produced by Bonni Jensen.

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**OTHER BUSINESS**

The Trustees reviewed the final Audit Report and Financial Statements for the fiscal year ending December 31, 2012. **Liz Bloeser made a motion to approve the Audit Report and Financial Statements. The motion was approved unanimously.**

The Trustees reviewed the final Actuarial Valuation for the fiscal year ending December 31, 2012. **Liz Bloeser made a motion to approve the Actuarial Valuation. The motion was approved unanimously.**

The Board considered the renewal of the fiduciary liability insurance policy. **Liz Bloeser made a motion to renew the fiduciary liability insurance for an annual premium of \$9,734 with the Alterra America Insurance Company. The motion was approved unanimously.**

Dwight Mattingly discussed information received from the Florida Public Pension Trustees' Association that many organizations and investment managers had become active on initiatives to terminate public defined benefit pension plans. Frank Wan discussed socially responsible investing by the Plan's investment managers and agreed to conduct research for presentation at the next meeting. Robert Sugarman advised that he had a contact within a firm which specialized in the education of socially responsible investing.

Mr. Mattingly expressed his belief that the Board should no longer wait for resolution of the funding situation of the Plan within collective bargaining and recommended that the Trustees proceed with considering changes to lower the cost of the Plan to a level that can be afforded with the current level of funding. Robert Sugarman provided and reviewed proposed Amendment Ten restructuring benefits. **Frank Stanzione made a motion to authorize the Actuary to prepare a cost study on Amendment Ten and schedule a special meeting for consideration. The motion was approved unanimously.**

**ADJOURNMENT**

The meeting was adjourned at 1:10 P.M.

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Secretary