

**PALM TRAN ATU LOCAL 1577
MINUTES OF MEETING HELD
FEBRUARY 25, 2016**

Chairperson Dwight Mattingly called the meeting to order at 8:45 A.M. in the Clayton Hutchinson Agricultural Center, Exhibit Room A located at 559 N. Military Trail in West Palm Beach, Florida.

TRUSTEES

• Dwight Mattingly
Frank Stanzione
Joe Doucette
John Wilson

OTHERS PRESENT

• Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
• Burgess Chambers, Burgess Chambers & Associates
• Ken Harrison, Sugarman & Susskind
Chad Little, Freiman Little Actuaries
Nick Schiess, Pension Resource Center
Bill Hjorth, Vulcan Value Partners
Ken Nostro, Westwood Holdings

PUBLIC COMMENT

There were no public comments.

APPROVAL OF THE AGENDA

The Trustees reviewed the agenda for the meeting. **A motion was made by Frank Stanzione to approve the agenda. The motion was seconded and passed 4-0.**

INVESTMENT MANAGER REPORT: VULCAN VALUE PARTNERS

Bill Hjorth appeared before the Board on behalf of Vulcan Value Partners to provide a report on the large cap value portfolio for the calendar year ending December 31, 2015. He reviewed the firm, noting that there were no organizational changes. Mr. Hjorth reported that the investment return for the year was -7.6% versus -1.6% for the index, with the underperformance attributable to underweighting in sector allocations that experienced the greatest investment returns. He concluded his report with a thorough review of the portfolio holdings and sector allocations and expressed that the portfolio was very well positioned for the future.

INVESTMENT MANAGER REPORT: WESTWOOD HOLDINGS

Ken Nostro appeared before the Board on behalf of Westwood Holdings to provide a report on the master limited partnership fund for the calendar year ending December 31, 2015. He reviewed the firm, noting that there were no organizational changes. Mr. Nostro reported that the investment return for the year was -31.6% versus -32.6% for the index. He discussed the environmental and market factors behind the recent downturn in the energy sector, primarily the precipitous drop in the pricing of oil. Mr. Nostro anticipated a recovery in the pricing of oil and expressed that the asset class remained very viable. Burgess Chambers expressed that this asset class was historically less volatile than traditional equities and confirmed that the recent downturn was attributable solely to the

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temporarily low pricing of oil. Mr. Nostro concluded his report with a thorough review of the portfolio holdings.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the year ending December 31, 2015. He reported that for the quarter, the investment return for the total portfolio was 2.2% versus 2.4% for the index, and the return for the calendar year was -2.2% versus -0.1% for the index.

Mr. Chambers reviewed the asset allocation and risk measurement indices in great detail, noting that the overall risk had been dramatically reduced through diversification. He then reviewed the performance of the individual investment products, noting all was satisfactory. A discussion arose regarding the peer rankings of Fisher Investments. Mr. Chambers explained that the manager's relative performance had recently improved and exceeded their benchmark. He then discussed the intricacies of the international equity index. Mr. Chambers further explained that peer rankings were often misleading because managers constantly rotate through the rankings and do not maintain high rankings over multiple periods. He advised that an alternative to overcome reservations about peer rankings could be to utilize funds, which he agreed to research and report back to the Board.

ATTORNEY REPORT: BONNI JENSEN

Bonni Jensen reported that all service providers had agreed to abide by the voluntary NCPERS Code of Conduct approved at the last meeting except for Advent Capital Management. The manager had requested clarifying questions about the Code.

ATTORNEY REPORT: KEN HARRISON

Ken Harrison discussed proposed legislation that could affect governmental defined benefit pension plans.

Mr. Harrison reported that the Internal Revenue Service was in the process of revising guidelines for reemployment after retirement and his office would prepare an analysis on any impact to the Plan.

ACTUARY REPORT: CHAD LITTLE

As a follow up to the last meeting, Chad Little reported that the last actuarial experience study was performed in the year 2009. He discussed the importance of utilizing the best possible actuarial assumptions to properly fund the Plan. Mr. Little advised that best practice was to perform the study every five years and provided a proposal to prepare the study for \$9K. **Joe Doucette made a motion to authorize the Actuary to prepare an experience study. The motion was seconded and passed 4-0.**

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MINUTES OF MEETING HELD
FEBRUARY 25, 2016**

BENEFIT APPROVALS

The Board reviewed the benefit approvals presented for approval. **John Wilson made a motion to approve the benefit approvals as presented. The motion was seconded and passed 4-0.**

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 4-0.**

FINANCIAL STATEMENTS

The Board reviewed and then received and filed the un-audited statements of income and expense and balance sheet for the fiscal year through December 31, 2015.

ADMINISTRATIVE REPORT

Nick Schiess provided for review a specialized application for death benefits, noting it had already been reviewed by legal counsel. The Trustees approved the use of the new application by consensus.

OTHER BUSINESS

The Board conducted a periodic service provider review of actuarial services and discussed the timeliness and quality of services rendered. The Trustees determined by consensus that the actuarial services were satisfactory.

The Board conducted a periodic service provider review of administrative services and discussed the timeliness and quality of services rendered. The Trustees determined by consensus that the administrative services were satisfactory but directed Ken Harrison to send notifications to the Administrator requesting an increase in additional customer support staff and response for the previous demand for payment for benefit overpayments. Nick Schiess advised that his office had recently added additional support staff.

The Board reviewed the facts and circumstances of the Anthony Messina's suspension prior to separation of service to determine whether it should be considered as credited service under the provisions of the Plan Document. **Joe Doucette made a motion to determine that Anthony Messina's suspension qualified for service credit under the provisions of the Plan Document. The motion was seconded and passed 4-0.**

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BOARD MEMBER COMMENTS

There were no Board member comments.

ADJOURNMENT

The meeting was adjourned at 12:21 P.M.



Secretary