

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF MEETING HELD  
DECEMBER 1, 2016**

Chair Dwight Mattingly called the meeting to order at 9:35 AM in the Dale R. Smith Conference Room at the Palm Tran North Facility, 3201 Electronics Way, West Palm Beach, Florida. Those persons present included:

**TRUSTEES**

Dwight Mattingly, Chair  
John Wilson, Secretary  
Frank Stanzone  
Joe Doucette

**OTHERS PRESENT**

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson  
Ken Harrison, Sugarman & Susskind  
Burgess Chambers, Burgess Chambers & Associates  
Chad Little, Freiman Little Actuaries  
Scott Baur, Resource Centers  
Neal Renuart, Cherry Bekaert & Holland (by phone)

**PUBLIC COMMENT**

No members of the public addressed the Board.

**APPROVAL OF THE AGENDA**

Chair Dwight Mattingly added a pending disability to "Other Business" for discussion.

**AUDIT PRESENTATION: NEAL RENUART, CHERRY BEKAERT & HOLLAND**

Mr. Renuart joined the meeting by phone. He presented an unqualified opinion, a clean audit with no material findings. He explained that Cherry Bekaert & Holland ("CBH") also reviews the internal controls during the audit and did not identify any deficiencies. The audit does not include any new accounting policies for the period ending December 31, 2015, but the 2016 audit will implement the new GASB 72 requirements to disclose the fair value of investments held by the Plan. Mr. Renuart noted that issues with the reconciliation of member payroll and contribution data delayed the presentation of the audit report. The financial statements included no uncorrected misstatements, though reclassifications of assets are typical during the audit process. Other than the timing, his office encountered no difficulty completing the engagement.

Mr. Renuart reported the Plan had total assets of \$86,912,865 as of December 31, 2015, down slightly from \$87,951,303 in 2014. The assets included unrealized losses offset by income received during the year, for a small overall investment gain for the period. Distributions from the Plan exceeded contributions, resulting in the slight decrease. Administration expenses for 2015 also decreased to \$182,444 from \$223,302 in 2014.

Joe Doucette questioned the reference to the County in the document as making contributions in place of Palm Tran. Mr. Renuart stated that Note 2 explains the relationship between the entities in greater detail. The Board then considered the timing of the Audit and the Valuation for 2016. Mr. Little, actuary for the Plan, stated that he could provide the 2017 Valuation by the end of March if his office uses the final interim

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financial statement as opposed to the audited financial statement. He would also require receipt of the member data by February 24. Mr. Little said that he would prefer to provide an experience study, previously authorized by the Board, in the summer after completing the 2017 Valuation to integrate the results.

**Frank Stanzone made a motion to approve the December 31, 2016 Audited Financial Statement, seconded by Joe Doucette, and passed by the Trustees 4-0.**

**2016 VALUATION REPORT: CHAD LITTLE, FREIMAN LITTLE ACTUARIES**

Chad Little reported that the 2016 Valuation includes the employer contribution requirement for the fiscal year ending December 31, 2017. The funding deficiency payment ends in 2016, and the funded ratio improved from 79.1% to 81.1%. The required employer contribution, meanwhile, decreased from \$5,482,362 in 2016 to \$5,421,844 in 2017. On a quarterly basis, the employer will contribute \$1,355,461 in 2017. Mr. Little reviewed the details for the funding.

Mr. Little then reviewed sources of experience in the Valuation. Pay increased 3.4%, lower than the 7.7% assumed increase. The experience gain from the flat pay offset the experience loss from investments. With the 5-year smoothing of investment returns, the Plan will continue to carry unrecognized losses going forward. As a result, the Board should expect contributions to increase on future valuations. The Plan still had an overall experience gain for the year that provided a modest increase to the funded ratio and decrease to the contributions. Since the funding deficiency payment ended, overall contributions decreased from 24.9% of pay to 18.9% of pay. Mr. Little reviewed the GASB 68 Supplement for the liability reported on the CAFR (Consolidated Annual Financial Statement) by the employer. The Board discussed the possible benefits of liability driven investment models with the possibility to reduce risk in the portfolio as interest rates decrease if the Board lowers the investment assumption.

**Frank Stanzone made a motion to approve the January 1, 2016 Annual Valuation. John Wilson seconded the motion, passed by the Trustees 4-0.**

**John Wilson made a motion, based on the advice of the Investment Consultant, to confirm that the Board expects to achieve an 8% return for the next year, the next several years, and the long term thereafter. Joe Doucette seconded the motion, approved by the Trustees 4-0.**

**OTHER BUSINESS**

The Board discussed a pending non-duty disability application for Erica Sheely. Mr. Baur reported that he received documentation that she qualified to receive Social Security

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Disability Insurance benefits. Bonni Jensen advised that the Board would also require a letter from her physician stating that she was totally and permanently disabled.

**Joe Doucette made a motion to approve the non-duty disability benefit for Erica Sheely effective March 1, 2017, contingent on the administrator receiving medical documentation. Frank Stanzione seconded the motion, approved by the Trustees 4-0.**

The Board considered the details of a benefit application submitted by vested deferred member Sandra Williams. Mr. Baur questioned whether the Plan document allowed her to commence an unreduced early retirement benefit at age 62. After some discussion with counsel, the Board determined that vested deferred members with at least 10 years' service could commence unreduced early retirement benefits at age 62 provided the member had not taken a refund benefit in the preceding 6 months. Counsel suggested an amendment to the Plan Document to clarify the relevant provisions, although the Plan had both precedent and policy for this situation.

**BOARD MEMBER COMMENTS**

Mr. Mattingly then read a letter by Mr. Rambarran, a member retired in 2016 submitting a complaint about the timing of his retro payment following selection of his final form of benefit payment. Mr. Mattingly addressed member service issues with the administrator. A lengthy discussion ensued regarding options for administration of the Plan, as well as the relationship and role for the Resource Centers, current Plan Administrator. The Board also considered the current number of active and retired members of the Plan, noting that the number of retired members will double in the next 5 years.

**NEXT MEETING DATE**

The Trustees set a Special Meeting for March 28 at 9:00 AM to review the 2017 Annual Actuarial Valuation.

**ADJOURNMENT**

There being no further business, the Chair adjourned the meeting at 11:54 AM.

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Secretary