The Town of Palm Beach Retirement System
Board of Trustees
Minutes of May 17, 2013 Meeting

I. Call to Order and Roll Call

Chairman Snow called the meeting to order at 9:03 AM in the Town of Palm Beach Town Hall Chambers, 360 South County Road, Palm Beach, Florida 33480.

In Attendance:

TRUSTEES:
Raymond Snow, Chairman
Gerald Goldsmith, Chairman Pro Tem
James McC. Wearn, Secretary
Peter Elwell, Town Manager
Wilbur Ross
Robert Garvy
Brett Madison
Michael Bates
John Cuomo

ALSO PRESENT:
William P. Hanes, Pension Administrator
Jane Struder, Finance Director
Danielle Olson, Human Resource Director
Lawrence Marino, Segal Rogerscasey
Rosemary Guillette, Segal Rogerscasey
William Diamond, Town Council Member
Fernando C. de Aguero, ICMA
Steven Feigelis, ICMA

II. Oath of Office, Denise Carmona, Deputy Clerk

Ms. Carmona, as Deputy Clerk, swore in Mr. Bates, Mr. Wearn, and Mr. Garvy, using the Town's Oath of Office.

III. Election of Officers

Mr. Linn conducted the voting and election for the officers of the retirement board.

The first office voted on by private paper ballot was for Chairman. As Town Manager, Mr. Elwell's name was excluded from each list for office. Ballots were distributed, and a tally was counted by Mr. Linn. Chairman Snow was re-elected Chairman by unanimous ballot.

The next office voted on by private paper ballot was for Chairman Pro Tem. Mr. Goldsmith was re-elected Chairman Pro Tem by majority ballot.

The next office voted on by private paper ballot was for Secretary. Mr. Wearn was re-elected Secretary by majority ballot.

IV. Comments by Trustees

Mr. Goldsmith noted that in the past year the trustees managing the retirement board have done a remarkable job for the Town and its employees.

Mr. Wearn referenced the continuation of past unfunded mandates imposed by the State legislature in regards to the Chapter 175 and 185 funds. He stated that while the Town has now left the programs, the Board still must provide annual audit reports of the financials of the last fiscal year that need approval and sworn signatures by both the Chairman and the Secretary.

Mr. Garvy inquired whether or not the board could appeal for an exemption from the annual reporting requirement.

Mr. Garvy made a motion for the board to appeal to local and other state legislators for an exemption from the reporting requirement. Mr. Ross seconded the motion. Mr. Wearn suggested that the board take the issue to our legislative delegation. Mr. Garvy noted that his motion would inlcude Mr. Wearn's comment. **Mr. Cuomo voted in dissent. The trustees approved the motion by majority vote.**

Mr. Elwell stated that he will discuss the matter with Mayor Coniglio, who will communicate with the appropriate legislators.

V. Approval of Agenda

Mr. Wearn made a motion to approve the agenda. Mr. Ross seconded the motion. The trustees unanimously approved the agenda.

VI. Matter of Error of Records, Jim Linn, Attorney

Mr. Linn discussed that errors had been made in the calculation of benefits of retired general employee Mr. Willie Telfair, including matters of disability payments and cost of living adjustments. A copy of the letter and backup documents that were sent to Mr. Telfair explaining the overpayment had previously been provided the trustees.

Mr. Telfair was present for the meeting and made comments.

Mr. Linn discussed the legal provisions regarding the board's responsibility to correct errors of record. He discussed that the board has a fiduciary responsibility to correct errors, and noted that the task of correcting the error has been done in this case as far as practicable for future payments with an adjustment to the benefits. The trustees discussed that the accounting errors in Mr. Telfair's case date back to 1995, and to make up the amount owed over the next 18-year period at 8% would essentially double the over-payment due to date. Mr. Linn recommended that under the circumstances, it would not be reasonable to assess an interest charge, and he recommended continuation of future reductions in payment as it has already been adjusted.

Mr. Elwell asked for Mr. Linn's opinion regarding the board taking a position that the overage of $15,000 in principal that accumulated over a 17 year period would be considered de minimus and be forgiven. Mr. Linn responded that it would be within the board's discretion to forgive the additional amount owed.

Mr. Elwell made a motion to forgive the additional $15,000 in overpayment due from interest by Mr. Telfair, that the trustees acknowledge that an error was made that has been corrected with future payments that have been adjusted to cover the actual principal overpayment. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

VII. Annual Actuarial Report, Brad Armstrong, GRS

Mr. Armstrong presented the annual actuarial valuation as of September 30, 2012, which determines the Town's fiscal requirements for the fiscal year beginning October 1, 2013 and ending September 30, 2014. He discussed the Executive Summary and graph showing the funded progress indicators for the funds. Mr. Armstrong discussed that while there is one system, the actuary must separate the groups. He noted the funding ratios declined nearly 10%, and that about half of the funding losses represented changes in economic assumptions adopted by the board to lower the assumed rate of return. He discussed that the remainder of the funding losses reflected the recognition of the investment experience losses from past years when blended over the last 5-years.

Mr. Armstrong discussed recent changes in GASB requirements. He discussed that the ratio of market value of assets to liabilities for General Employees (including Life Guards) went up from 78% to 80.3%, even considering the economic assumption changes made, which was reflective of the favorable investment performance for 2012. He noted that the General group assets outperformed the Police and Fire groups by a good margin over the year. He noted that the rate of market value funding to liabilities with the Police and Fire funds decreased slightly because the investment performance was not sufficient to outweigh the change in economic assumptions made.

Mr. Armstrong discussed the difference in rates that were established for various classes of Employees with various entry dates, and the differences between those employees who were grandfathered and not (grandfathered would be employees eligible for normal retirement on May 1, 2012). He explained that the General Group contribution rate is not close to the ultimate contribution rate, explaining that the composition of the General Employee group is different than the composition of the Police and Firefighter groups. He discussed that the General Employees experience longer service and include more grandfathered members than the other groups. He stated that the differences indicates a longer employment career for the General Employees, and those in that group go into pay status at a later age. He commented that these differences help explain the reason for assessing a 2% DROP reduction to General Employees while not doing so for the Police Officers or Firefighters and that the demographics of the groups are different.

Mr. Armstrong noted that Town contributions for the Police and Fire groups went up along with the General Employees and Life Guards.

Mr. Armstrong noted that there was a large volume of retirement activities after the change in plan benefit provisions took place as of May 1, 2012 impacting the fiscal year ending September 30, 2012. He explained that immediately after the new provisions went into effect, the employees were faced with a decision of retirement or not, and many did retire or go into DROP, creating some experience losses to the plan. He also explained how the change in state law allowing the Town to contribute less monies as a percentage of payroll during the year producing an experience loss that explains the new increase in Town contributions.

Mr. Elwell asked for clarification in regards to compliance with state law, and noted that the Town ended up paying an additional $2.169 million in contributions that the law required, and yet was penalized with a loss for the payment it did make that the Town was not required to make. Mr. Armstrong replied that the Town was not penalized, and explained that when state law imposed the change that the extra amounts paid into the reserve at the time were taken out of the calculation when the actuary determined minimum contribution requirements. He discussed that the state previous to the new state law change and the experience of a reduction in payroll projected a level of contributions. The state imposed an annual minimum based on percentage of pay, but after 2008 there were events that caused the payroll to decline immediately after the minimum was established. The state later rescinded it, and returned to a fixed dollar amount to satisfy the contributions. He continued that the impact is based on the assumption as projected and its impact on the long term amortization of the unfunded liability. Mr. Elwell asked if the $2.169 million that was paid by the Town was removed from the actuarial calculation. Mr. Armstrong agreed.

Chairman Snow directed members to page A-7 of the report and discussed in detail the recognition of investment losses over the 5-year smoothing period. Mr. Elwell added that the process in distributing or smoothing the large impact of 2008 over a period of 5 years demonstrates a real-time cost to taxpayers.

The trustees discussed views regarding the appropriate length of smoothing duration. Mr. Armstrong was asked by board members if it would be prudent for the board to lengthen the smoothing period. Mr. Armstrong stated that under Florida Law there is imposed a process that will allow the smoothing for a length of years beyond 5 years under a corridor, when the difference between market valuation and actuarial valuation (above or below) is more than 20%.

Mr. Ross made a motion to change from a 5-year smoothing to a 7-year smoothing,, followed by an additional discussion by trustees regarding the various impacts on the change from 5- to 7-year smoothing. Mr. Cuomo suggested that the vote on the motion be moved to the next meeting when more information can be provided on the pros and cons of changing the number of smoothing years. Mr. Elwell discussed that in a previous year when the investment returns were poor, the board agreed that it would recommend to Town Council that going forward in good times with good returns that when the actuarial recommended Town contributions to go down, that the Town continue at the current rate. He suggested that there could be that time that the current board may want to consider bringing the idea to Town Council.

Several trustees suggested deferring discussion regarding the matter of changing the smoothing period to the following August 16 quarterly meeting and requested that Mr. Armstrong create models that demonstrate the impacts of changing from 5- to a 7-year smoothing period. Mr. Ross withdrew his motion and stated he will postpone the motion to the next meeting, pending the additional information to be provided by Mr. Armstrong.

The trustees discussed matters of the $2.169 million reserve created by the change in the required payment of contributions. Mr. Cuomo asked Mr. Armstrong how the different groups would be impacted with the monies that were deposited into reserve. Mr. Elwell stated that staff plans to recommend to Town Council that we use the pre-paid contributions in the full amount for the first year's impact of the economic assumption change adopted, and explained that it is staff's intent to use the remaining monies over a following two or three year period. Mr. Armstrong explained that the impact of the reserve is with amortizing of the long term liability. Mr. Elwell stated that the intent is that the money will be used to best manage the consolidated fund obligations with one recommendation on how to use the reserve in a responsible manner. Mr. Ross added that at the end of the day no group is at more risk than the other groups because the Town is ultimately responsible for all benefit payments to all employees. Mr. Armstrong agreed.

Chairman Snow inquired as to the information that would be prepared by GRS and the cost to prepare the projections under various deterministic scenarios for changing from 5- to a 7-year smoothing period. Mr. Armstrong offered that he will use one group based on a generic situation.

Mr. Wearn made a motion to approve GRS to prepare a generic scenario representing a group at a cost not to exceed $1,000. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

There was a 5-minute break.

Mr. Goldsmith made a motion to adopt the actuarial report with the return assumptions of 7.5% by GRS. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

A. Annual Actuarial Report Date Of Presentation

Ms. Struder requested that the board direct that future actuarial reports be prepared annually for the February meetings for budget purposes.

Mr. Wearn made a motion to change the date for presenting the actuarial report to the February quarterly board meeting. Mr. Garvy seconded the motion. The trustees unanimously approved the motion.

B. Annual 10-Year Forecasting

Ms. Struder discussed that the long-term financial plan that she prepares for Town Council is completed in April of each year, which utilizes the 10-year forecasting provided by GRS. Mr. Armstrong discussed that the 10-year forecasting report requires additional time and fees to prepare. He discussed that the cost to prepare is estimated at $3,000 to $4,000 for each group. Ms. Struder asked if a simplistic approach could be utilized, that does not include as much detail and cost. Mr. Armstrong revised his estimate to reflect that a less detailed forecast could be prepared at a cost of approximately $1,500 for each group.

Mr. Garvy made a motion to approve the expenditure for GRS to provide the 10 year forecasting report. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

C. Review of DROP Reduction of Benefit

Mr. Madison discussed the 2% reduction in benefit payment that is an administrative fee that the General Employees pay when they enter DROP. Mr. Armstrong clarified that it was an actuarial fee, not an administrative fee. He indicated that the question raised for him to address is why employees continue to be charged the 2% reduction if the plan has been frozen and it is not a requirement for the entire group in the new plan (Police and Fire do not pay an actuarial fee).

Mr. Linn explained that the plan documents for each fund require that the DROP provision be cost-neutral to the Town, which is the basis for why the fee is charged. Mr. Armstrong discussed various actuarial experiences and the difference in ages and retirement within each group.

Mr. Madison asked why the general employees who typically work a longer career pay the penalty by getting a lower benefit when the police and fire groups typically work shorter careers and do not contribute the 2%. He observed that the cost to fund the fire and police must be much more expensive. Mr. Madison asked Mr. Armstrong what the legality and cost would be to the Town if the 2% reduction is removed from the General employees' DROP requirements. Mr. Linn noted that in order to remove the 2% reduction, the ordinance must be amended. He explained that the last study was performed in 1997, and suggested that the board should review it to see what the numbers would look like today. He opined that it appears that the original intent was to have the reduction amount reviewed from time to time, but that no specific timeframe requirement is written in the law.

Mr. Hanes explained that since April 2012 twenty General employees and ten public safety employees have entered DROP.

Mr. Robert Moore, 2005 retiree from Planning, Zoning & Building, spoke in regards to the 2% change. Mr. Moore recommended the board use an actuary to create something more equitable to all employees.

Mr. Spencer Wilson, IS Manager, spoke to the board and requested that the numbers be reviewed again because current numbers may be very different from the prior report. He explained that the new report should be done for the purpose of assuring cost neutrality. Mr. Madison stated that other local plan municipalities in the region do not impose the 2% penalty. Mr. Wilson requested that no matter how the numbers fall that the employees should be educated on the reasons why the 2% penalty is to be imposed.

Mr. Cuomo made a motion to direct the actuary to perform an updated study. Mr. Madison seconded the motion. Mr. Wearn moved to amend that the cost for the updated study not exceed $2,000. Mr. Cuomo and Mr. Madison agreed to the amendment, and the trustees unanimously approved the motion.

Mr. Cuomo asked why the percentages for the different groups were different in Bucket B, noting Police is at 4.98%, Fire-Rescue is at 4.28%, and General Employees is at 2.47%. Mr. Elwell responded that there were Town-specific legislative reasons and he would send him information that provides answers to his questions.

D. DROP Extension Proposal

Mr. Cuomo discussed his proposal to extend the length of years required for the DROP program. He discussed that there are several employees who are currently participating in the DROP program and are expected to leave the Town's employment within the next few years. He suggested extending the amount of years in the program. Mr. Elwell suggested he and staff are reviewing a program for re-hiring of retirees. Mr. Ross suggested that the Town circulate information to all employees who could be affected.

Mr. Hanes suggested that the Town program be reviewed to make sure that it conforms to current Federal Tax laws regarding retirement. Mr. Elwell noted that Mr. Linn and Mr. Randolph will review the plan to make sure the Town is in compliance.

VIII. Approval of Minutes for February 7, February 15, and March 8, 2013.

Mr. Wearn made a motion to approve the February 7, 2013 meeting minutes. Mr. Goldsmith seconded the motion. Mr. Ross noted that there was an inconsistency showing him as absent and as second to a motion. Mr. Hanes stated that it was corrected in an subsequent draft and that he would make sure the final and recorded draft is correct. **The trustees unanimously approved the motion.**

Mr. Wearn made a motion to approve the February 15, 2013 meeting minutes. Mr. Ross seconded the motion. Mr. Elwell noted one correction in the motion made by Mr. Goldsmith on Page 7 on the third line from the bottom regarding a letter being sent to Mr. Telfair - "we were seeking him…" should be changed to "we were seeking his." **Mr. Wearn and Mr. Ross agreed to the amendment, and the trustees unanimously approved the motion with amendment.**

Mr. Wearn made a motion to approve the March 8, 2013 meeting minutes. Mr. Ross seconded the motion. Mr. Elwell requested a clarification to the minutes in Mr. Elwell's amendment to a motion on Page 5 regarding payment not exceeding $20,000. The minutes can be misconstrued and he proposed that the sentence be changed to "Mr. Elwell requested an amendment limiting the amount to a maximum of $20,000." **Mr. Wearn and Mr. Ross agreed to the amendment, and the trustees unanimously approved the motion as amended.**

IX. Financial Report, Jane Struder, Finance Director

Ms. Struder briefly discussed the Financial Report. Chairman Snow noted from Page 5 we needed to find $3 million from the money managers to cover current expenses of the system (payroll and plan expenses).

Mr. Elwell made a motion to accept the report. Mr. Wearn seconded the motion. The trustees unanimously approved the motion.

X. Annual Retirement System Report, Jane Struder, Finance Director

At the last meeting, Ms. Struder provided a draft of this report and input was requested from the board. Suggested changes were implemented into the final report and Ms. Struder asked the board if they required any other changes. Mr. Wearn noted that the final report was an excellent presentation for the benefit of all Town staff.

Mr. Wearn made a motion to adopt the annual retirement system report. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

XI. Status of RFP for Auditor, Jane Struder, Finance Director

Ms. Struder reported that there were five responses to the request for proposal (RFP) from auditors. A committee will meet after the retirement board meeting to review and provide a recommendation. Members of the committee include Chairman Snow, Mr. Ross, Mr. Wearn, and Mr. Madison as voting members and Mr. Hanes and Ms. Struder as non-voting members.

XII. Investment Report, Lawrence Marino and Rosemary Guillette, Segal Rogerscasey

Mr. Marino briefly discussed the performance report for each group, and noted that the report will change with the next quarterly report that will show the three funds combined with new investment managers. He explained the market conditions and noticed that the quarter was very good. He noted that the actuarial benchmark has not been met yet for the first six months, but the numbers are close. The earlier trustee request to highlight the underperforming managers in red was provided. He stated that bonds performed less against the index than it had been doing in the past. He reviewed performance of each manager by asset class. Mr. Marino discussed the performance of the Firefighter and Police funds. He noted upon inquiry by trustees that Segal continues to approve Wellington because the firm's historical process is good and their research capacity is very good and thorough.

Mr. Marino reviewed a packet insert entitled, "Town of Palm Beach Retirement System Part I Rebalancing/Plan Merge Status Update as of May 6, 2013." He stated that Segal Rogerscasey is approximately 75-80% complete with the changes with the exception of the upcoming changes in hiring of new investment managers. Segal Rogerscasey employed a transition manager who is with the custodian, SSGA. The overall cost for transition was $9,675. It was a transition to cash because money will be going into co-mingled funds. He noted that the transition by use of the transition manager went extraordinarily well, and that the market impact was also good.

Mr. Ross disclosed a conflict he thought he may have with Invesco Global Real Estate Fund. Mr. Linn advised Mr. Ross to abstain from any board actions regarding the fund, and that a form is available from the Town Clerk's office that Mr. Hanes will provide to Mr. Ross if needed. Ms. Guillette noted that Mr. Ross's reference is with regard to a fund that will not be interviewed at the day's meeting.

Chairman Snow made note of the significant amount of work requiring the administrator, and thanked Mr. Hanes, the Segal representatives, and Town staff, for the extensive work and mountain of paper work that took place to run a smooth transition and to implement the changes in the overall asset allocation. Mr. Marino agreed that it has been well done.

Mr. Garvy questioned Wellington's substantial underperformance for a considerable period of time. Ms. Guillette explained that their research staff did a lot of due diligence work on Wellington, and noted that in an inflationary period they tend to do well, and they tend to underperform in non-inflationary periods. She commented that Segal believes that the fund is a good hedge even though the numbers are somewhat disappointing.

Mr. Marino commented on the Statement of Investment Policy, and stated that he has reviewed it and discussed specific exhibits and several other provisions of the policy, and made changes from the original draft. Mr. Linn discussed state law restrictions that have been reviewed for compliance. An additional draft resolution to Town Council was presented for the board's review.

Mr. Wearn requested that on Page 5, Section II, the word, "adequate" be more properly defined or another word such as "prudent" be used instead that makes the provision more clear. Mr. Garvy referred to Page 2, Section I, Number 3 at the top and suggested that the phrase "...to minimize future contributions" be replaced by "...to appropriately control the amount of future contributions." Mr. Garvy inquired into and discussed with the trustees and Mr. Marino the matters of the board's past discussions about risk tolerance, best practice, and expressed his views regarding style groups. There was a discussion regarding Segal's process for choosing managers for interview with the board. Mr. Garvy asked Mr. Marino if the board would be allowed to participate with a committee in the selection of the final cut of managers to interview with the board. Mr. Marino responded in the affirmative. Mr. Garvy discussed matters of the asset allocation policy with the board and consultant. He suggested language in the Investment Policy Statement for more flexibility in rebalance of the portfolio. Mr. Garvy stated that under Domestic U.S. Equity, an opportunity for core holdings should be included. He discussed concern with regard to GTAA and Risk Parity not including an outperformance.

Mr. Linn stated that the investment policy will require an ordinance change that must go to Town Council for approval because of the inclusion of alternative investments. Chairman Snow discussed prior processes and exercises with the board in review of the Asset Liability Model and the board's prior adoption of a particular model that he anticipates will be reviewed and tweaked over time.

Mr. Elwell discussed the format of the resolution and the Investment Policy Statement to be recommended to Town Council. He discussed his concern with submitting and representing the Investment Policy Statement as a guiding document and then to say information could be changed by the retirement board when it deems needed without Town Council approval. He discussed that it would seem to defeat the reason for submitting originally with Town Council for approval. He expressed his concern that once the document has been adopted, then to do something beyond later for given circumstance when needed, that it would seem the right thing to do would be to run it up to Town Council for another resolution if outside the scope of the document approved. The board agreed to language offered by Mr. Ross that the board have flexibility to allow an investment change up to 5% of the total fund. Chairman Snow directed that Mr. Linn work with Segal and provide the language to the board by the May 31, 2013 meeting. Mr. Elwell stated that the Town Council meeting is scheduled for June 11, 2013.

XIII. Employee Retirement Education Programs, Danielle Olson, Director of Human Resources

Ms. Olson presented a summary of the current education programs on retirement for Town employees. Only the initial meetings regarding the new plan design were mandatory, and other meetings experienced low attendance. Various methods have been used to encourage attendance. Ms. Olson described the education plans that will be presented going forward, including guidance and individual meetings, materials, and orientation presentations.

Mr. Elwell added that there is additional cost of the Retirement Readiness Report discussed by Ms. Olson, but it is highly beneficial to employees. He expressed concern regarding the light attendance by employees at past meetings, and discussed that employees have not taken advantage of the opportunities that are available to them. ICMA has been helpful in directly assisting employees rather than controlling what the employees do; however, each employee will be required to sit down with ICMA representatives to understand the steps they can take to prepare for retirement. He noted the employee's decisions will be their own.

There was a short break. Mr. Cuomo excused himself to change into his uniform for duty and stated he will return for the remainder of the meeting. The board remained with a quorum.

XIV. ICMA Annual Defined Contribution Report, Fernando C. de Aguero and Steven Feigelis, ICMA

Mr. de Aguero and Mr. Feigelis discussed the ICMA-RC Annual Service Plan report for the fourth quarter period ended December 31, 2012. Beginning on Page 60 the report summarizes the 457 plan asset trends. Trends are going up. On Page 70, all of the 401 plans are included in the asset trends that are summarized. RHS plan asset trends are demonstrated on Page 80.

There was a discussion regarding more direct personal guidance that is needed to assist employees in making sound investment and retirement readiness decisions. Various funds and their utilizations were discussed.

There were discussions regarding the use of target retirement date funds as the Town's default funds. Mr. de Aguero discussed model portfolios and the place of target date funds. He stated that ICMA feels that target date funds are good investments that help individuals in diversifying their retirement portfolios. He commented that most commonly people choose funds at the opening of their accounts and do not make changes until after seven or eight years. He remarked that the funds can be changed any time.

XV. Recommendations Regarding DC Plans, Rosemary Guillette, Segal Rogerscasey

Ms. Guillette discussed the defined contribution (DC) plans utilized in other areas within the state of Florida. She discussed that DC plans often include auto enrollment at specific percentages and auto escalators at specific timeframes. She discussed that DC plans are no longer as much of a supplement as they used to be, and employees are commonly coming to public service at a later age. She stated that too many people are staying in cash, and auto change is common with many DC plans.

Ms. Guillette discussed the recommendations for the defined contribution (DC) plan outlined in the Segal Rogerscasey memorandum dated May 6, 2013. She noted there are a lot of recommendations she is making to limit the fund options. She stated that the amount of money invested with each fund was taken into consideration when making her recommendations to keep or terminate existing funds.

Mr. Elwell discussed his concern about limiting the fund options for the employees, and emphasized the need for providing necessary education and not so much to direct their choices. He discussed that the board should go slowly and not make drastic changes. Mr. Ross added that people may think that something is being taken away. Mr. Hanes discussed that he is aware of deferred compensation programs that provide the option of freezing a plan to allow for continued participation by current participants, but limiting the choice to new participants.

Mr. Ross asked if employees will receive information in their retirement readiness report on the individual funds. Mr. de Aguero explained that it would not be included but when suggestions are made, additional information can be provided.

Mr. Wearn suggested that the board defer decisions regarding the fund recommendations presented by Ms. Guillette. ICMA's position on the funds and recommendations were discussed.

Mr. Elwell requested that Segal provide information regarding the number of employees participating with each fund that is proposed to be eliminated.

XVI. Administrator Report, William Hanes, Administrator

Mr. Hanes reported that he anticipates two disability cases will be presented to the board at the next regular meeting on August 16.

Mr. Hanes discussed that his office will continue to work with Segal Rogerscasey on the remainder of the transitioning period, rebalance, and changes that are to be made in the investment manager lineup.

XVII. Attorney Report, Jim Linn, Attorney

Mr. Linn summarized the handout that was distributed at the beginning of the meeting regarding the Chapter 185 plan. He discussed that the money cannot be dispersed directly to employee-participants and must come from the pension fund for each participant. He added that for most Police Officers, tax deferment is an additional benefit with the proposal. He stated that the proposal must be approved by a majority of the police officer participants, and an ordinance will subsequently need to be adopted to execute the plan.

Mr. Elwell made a motion to move forward with the proposal, subject to approval of police officers and take to Town Council for adoption without any further board consideration. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

XVIII. Payment of Invoices, William Hanes, Administrator

Mr. Wearn made a motion to approve and file the payment of invoices for audit. Mr. Ross seconded the motion. The trustees unanimously approved the motion.

XIX. Retirement/DROP Report, William Hanes, Administrator

Mr. Hanes's report shows one new DROP participant and four new retirees.

Mr. Ross made a motion to approve the report. Mr. Wearn seconded the motion. The trustees unanimously approved the motion.

XX. Other Business

Chairman Snow commented that the board will briefly break for lunch and the RFP committee will come back for the RFP meeting.

Chairman Snow briefly discussed that he had previously appeared in November before the Town Council and presented the board's interim report in November 2012. He stated that he will again plan to go before the Town Council in June with the official annual in-cycle report. He stated that he believed that the Investment Policy Statement and Chapter 185 proposal ordinance will also be scheduled for the June's Town Council agenda.

A MEETING OF THE RFP COMMITTEE FOLLOWED A SHORT BREAK.

X. Adjournment

Mr. Ross made a motion to adjourn the meeting at 2:21 pm. Mr. Wearn seconded the motion. The trustees unanimously approved the motion.

Respectfully submitted,

James McC. Wearn, Secretary
Town of Palm Beach Retirement System