# MINUTES OF THE TOWN OF PALM BEACH RETIREMENT SYSTEM POLICE OFFICER BOARD OF TRUSTEES SPECIAL MEETING OF MARCH 27, 2012

## I. Call to order and roll call

Chairman Snow called the meeting to order at 9:05 a.m. at Town Chambers, 360 South County Road, Palm Beach, FL. 33480.

Chairman Snow took roll call, and all trustees were present, except for Sergeant Proscia who was absent.

**In Attendance:**

**TRUSTEES:**

Raymond Snow, Chairman
Officer Michael Lynch
James McC. Wearn
Gerald Goldsmith

**ALSO PRESENT:**

William P. Hanes, Pension Administrator
Gerri Duvall, Staff
Alexia Varga , Nowlen, Holt & Miner
Sean Higman, Prime Buchholz
Stu Kaufman, Klausner & Kaufman
Sharleen O'Toole, Wells Fargo
Mr. Fred Hess, Town Employee

## II. Approval of Agenda

**Mr. Goldsmith made the motion to approve the agenda as presented. Officer Lynch seconded the motion. The trustees unanimously adopted the motion.**

## III. Comments by Trustees

Officer Lynch discussed his opposition regarding the board's prior decision regarding the matter of Mr. Fred Hess. He stated that the board's legal counsel had counseled that he did not believe what Mr. Hess has been able to do with regard to serving in a civilian position while participating in DROP as a Police Officer, and that it is illegal. Officer Lynch stated he wanted to make note that he is against it. He stated he is concerned that the members risk the possibility of losing the Florida Chapter 185 monies.

Mr. Hanes reviewed with the trustees the action taken regarding the Hess matter from the last meeting. Mr. Hanes noted that the board had deferred the matter of Mr. Hess to the Town Council.

Mr. Hanes informed the trustees that he had contacted Ms. Trish Shoemaker, Director of the Division of Retirement, regarding the issue of Chapter 185 monies that have not yet been distributed to the Town. He stated that Ms. Shoemaker informed him after conferring with the agency attorney that unless the Town moves the date of enactment of the retirement changes to October 1, 2012 or later, there will be no additional Chapter 185 distributions to the Town of Palm Beach.

Mr. Wearn stated that he had discussed with Mr. Hanes his interest in knowing how the Town had received the money when the Town entered participation with Chapter 185, and would want to make sure that the manner of distribution then is consistent with the way the state treats the distribution of Chapter 185 monies to the Town when exiting participation.

Chairman Snow reminded the board that the three Town retirement boards previously sent a resolution to the family of Mr. John McCracken, former attorney for Town retirement boards. He stated that he had received a lovely note from Carol McCracken, and read her comments to the trustees.

Chairman Snow referred to a March 12, 2012 Wall Street Journal article that had previously been provided the trustees by Mr. Hanes with their meeting packets. He noted that the article appeared a day before the newly appointed trustees presented before the Town Council. He referred to the charts regarding trends toward actuarial assumptions, including rates of return. He stated that Councilman Diamond had asked all three appointees their personal opinions about the actuarial assumption regarding the return rate, and he discussed that each trustee expressed a concern about the assumption and that he had offered that it will be one of the early considerations with the new board.

## IV. APPROVAL OF MINUTES: MAY 12, 2012

**Mr. Wearn moved for the approval of the minutes of May 12, 2012. Officer Lynch seconded the motion. The trustees unanimously adopted the motion.**

## V. FIDUCIARY INSURANCE

Ms. Sharlene O'Toole presented for Wells Fargo. She discussed that coverage under the Fidelity Bond carried had expired on March 1, 2012, and the board needs to extend the bond until April 1, 2012 in order to fully cover the board until the new board is created. She stated that Wells Fargo has kept coverage with the board for the month of March. She stated that the three year premium is $711, and on April 1, 2012, Wells Fargo will cancel the policy and the premium will be refunded for the entire annual premium excluding the one month premium representing the month of March, 2012.

Mr. Hanes discussed that since the fidelity expired on March 1, 2012 that Ms. O'Toole is recommending that the board purchase the recommended fidelity bond for a period of three years to receive the lower premium, and that Ms. O'Toole has promised that the bond will be cancelled for April 30, 2012, before the new board is created, and the company will reimburse to the fund pro rata the full premium less the one month of March, 2012.

Mr. Wearn asked if the board is currently within a grace period for the month. Ms. O'Toole answered in the affirmative.

**Mr. Wearn moved that the board approve and renew the fidelity bond as recommended. Mr. Goldsmith seconded the motion. The trustees unanimously approved the motion.**

Ms. O'Toole presented insurance quotes for tail coverage for periods of one through five years of coverage. She stated that the board approved renewal at its last meeting based on a one year premium and it was understood that the coverage was for one month with the additional premium reimbursed upon cancellation at the end of March, 2012. She stated that the board is covered for the month and that the tail coverage will begin at the end of the month. Ms. O'Toole discussed that RLI was the lowest bidder and is an A rated company.

Mr. Kaufman recommended that the board approve tail coverage for a five year period. He discussed that there is a statute of limitations of four years for a tort claim, and five years under a contract claim.

**Mr. Goldsmith made the motion to approve tail coverage for a five year period. Mr. Wearn seconded the motion. The trustees unanimously approved the motion.**

## VI. Attoney Report

Mr. Kaufman made the attorney report. He discussed that the Florida legislature had adjourned on March 9, 2012 and reviewed the two bills that were considered in the session.

Mr. Kaufman discussed a decision made by a Florida trial court that struck down a newly enacted state law that authorized that members of the Florida Retirement System contribute to the retirement plan. He stated that the decision was based on a violation of the Florida impairment of contract clause.

Mr. Kaufman stated he has read the ordinance regarding the set up of the new board. He stated there is a different provision in the proposed ordinance and consistent with state law regarding the board's duties toward adopting an investment policy. He suggested that the new trustees will need to review the new duties. He stated that there will be broader latitude.

Mr. Goldsmith asked Mr. Hanes if he can provide language of the Florida Statute regarding the investment policy as mentioned by Mr. Kaufman. Mr. Hanes acknowledged that he would do so.

Mr. Kaufman noted that the ordinance required that the Town Attorney or his designee serve the new board. He extended the firm's gratitude for the confidence placed in the firm over the last several years. Mr. Goldsmith asked Mr. Kaufman if his firm would be available as special counsel at a later date if asked. Mr. Kaufman answered in the affirmative if allowed to do so.

Mr. Wearn extended his appreciation to Mr. Kaufman and Mr. Klausner particularly for the guidance and legal advice over the years. Mr. Goldsmith and Chairman Snow echoed the comments.

## VII. Administrator's Report

Mr. Hanes discussed the appointments made by the Town Council to the new board. He stated that Mr. Snow, Mr. Wearn and Mr. Goldsmith were appointed by Town Council as residents currently serving the Police board. He stated that Mr. Wilbur Ross had been appointed as a resident and is currently serving as chairman of the Firefighter

board, and that Mr. Alvin Parven had been appointed resident and currently serves as chairman of the General Employees board. He added that Officer Michael Lynch was elected by the Police Officers, Mr. Jayson French had been elected by the Firefighters, and Mr. Brett Madison had been elected by the General Employee's to serve the new board. He discussed that Town Manager Peter Elwell will serve as ex officio member of the new board.

Mr. Hanes discussed several transitional issues with regard to transferring the assets of the plans from the current board to the newly created board. He stated that the transfer of assets between investment managers and custodian is the most significant concern for him in the transition. He discussed that the new board will meet on April 2, 2012, and there will be discussions about organization, payment of invoices, and the transfer of assets. He stated that he anticipates that an RFP will be issued to select one investment consultant. He discussed that the non-investment service providers will continue to do what they have been doing until the retirement plans and funds merge on October 1, 2012.

Chairman Snow noted that the new board will also oversee matters of a new 401(a) defined contribution plan.

## VIII. Disbursements

**Mr. Goldsmith made the motion to accept the disbursement report and to file for audit. Mr. Wearn seconded the motion. The trustees unanimously approved the motion.**

## IX. Other Business

**Mr. Wearn made the motion that any pending or incomplete or unfinished business of administration, or any other matter of the Police Officer Board of Trustees of the Town of Palm Beach Retirement System as to its contemplated cessation of its existence at midnight at the end of Saturday, March 30, 2012 shall be and become assigned, assumed, and undertaken and performed by its successor retirement board of trustees of the Town of Palm Beach Retirement System. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.**

**MINUTES OF THE TOWN OF PALM BEACH RETIREMENT SYSTEM**
**POLICE OFFICER BOARD OF TRUSTEES**
**MEETING OF MARCH 27, 2012**

**X. Adjournment**

**Mr. Wearn made the motion that except for pending or incomplete or unfinished business of administration. or any other matter of the Police Officer Board of Trustees of the Town of Palm Beach Retirement System as of its contemplated cessation of its existence at midnight at the end of Saturday, March 30, 2012, this Police Officer Board of Trustees of the Town of Palm Beach Retirement System does adjourn sine die as of midnight at the end of Saturday, March 30, 2012. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.**

**Chariman:** Raymond [signature] **Date** May 8, 2012

**Attested by:** William [signature] **Date** 5-8-2012