MINUTES OF THE TOWN OF PALM BEACH RETIREMENT SYSTEM POLICE OFFICER BOARD OF TRUSTEES MEETING OF AUGUST 11, 2011

I Call to order and roll call

Chairman Snow called the meeting to order at 9:06 a.m. at Town Chambers, 360 South County Road, Palm Beach, FL. 33480.

Chairman Snow took roll call, and all trustees were present. Chairman Snow recognized Town Council Member William Diamond.

In Attendance:

TRUSTEES:	**ALSO PRESENT:**
Raymond Snow, Chairman	William P. Hanes, Pension Administrator
Officer Michael Lynch	Gerri Duvall, Staff
Sergeant Chris Proscia	Alexia Varga , Nowlen, Holt & Miner
James McC. Wearn	Sean Higman, Prime Buchholz
Gerald Goldsmith	Robert Klausner, Klausner & Kaufman

II. Approval of Agenda

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

III. Comments by Trustees

Mr. Wearn made note of the passing of Mr. John McCracken, who served as legal counsel to the Town of Palm Beach Retirement System for many years. Mr. Wearn asked that the trustees observe a moment of silence in his recognition. A moment of silence was observed by the trustees and attendants. Chairman Snow stated that he wanted to echo the sentiments expressed by Mr. Wearn, and requested that with the unanimous consent of the board that the board send an expression of condolence to the family of Mr. McCracken. There was no objection. Mr. Wearn asked that all trustees have the opportunity to sign the letter.

Officer Lynch raised his concern regarding transition from the current retirement plan to the plan proposed by the Town Manager. He expressed concerns about the retirees and the protection of their promised retirement benefit. He indicated as example the matter of Prichard, Alabama, where retirees are being asked to reduce their benefits. Mr. Klausner responded that in the case of a benefit transfer to another plan it is the Town that is ultimately responsible for paying the retiree benefits. He stated that those obligations can not be eliminated by action taken by Town Council. He stated that the

Florida and US Constitution require that the contractual obligations be paid through the full, faith and credit clause, and that the Town maintains the ultimate obligation to pay the contractual benefits of vested and retired member benefits. He noted that Palm Beach has always paid its actuarial required contributions, and does not meet the condition for filing bankruptcy. He stated that he did not see any possibility that the Town of Palm Beach will not pay its obligations.

Officer Lynch asked Mr. Klausner to discuss matters of the Police unencumbered money from Florida Chapter 185. Mr. Klausner advised that the actuary has indicated that the unencumbered Chapter 185 fund equals $118,579. He stated that the monies will need to be used for the exclusive use for Police Officers if the Town Manager proposal is adopted. Mr. Klausner advised that the state statute requires that the Town conduct a vote amongst the total officers regarding how the money is to be distributed, and that a share account could be established for an equitable distribution to the Police Officers. He discussed that the board is required to pay the monies to the Police Officers in a manner agreed to by the active members. He stated that the methodology for making the distribution must be approved by the Board of Trustees, but it must be with the consent of the Police Officers. He advised that a vote must be taken by the active Police Officers who are on the active payroll, excluding DROP participants.

Mr. Hanes raised a concern about the point in time that the board is to make the determination for the distribution, considering that the life of this board may be limited by the adoption of the Town Manager proposals. Mr. Klausner agreed that the formula should be developed for the board to review as soon as the change in plan is made. Mr. Hanes suggested that he and Mr. Klausner will discuss during the interim between meetings and make a recommendation to the trustees at the November board meeting.

Chairman Snow discussed that out of the day by day cross-currents, he believed that one thing has emerged; that the world and American economy is going through a de-leveraging cycle after over 30 years of excessive leveraging. He stated that generally, de-leveraging cycles are typified by low growth, low inflation, and low interest rates. He indicated all three of those variables impact salaries, the performance of the investments, and are probably going to be more painful and longer than anyone would like. He stated that he believed that if you can look five to ten years out, it is a sobering view. He stated that the board should be looking at all the contingencies and made note that the Town Council has a very weighty role to play in the future of cross-currents in a de-leveraging world for over the next many years.

IV. APPROVAL OF MINUTES: MAY 12, 2011

Officer Lynch noted that page 14 referred to the make-up of the 401(a) review committee, and that his name appears and should not. He also stated that he believed that he had responded to a comment made by Mr. Wearn regarding the role of an actuary in disagreement, and that his comments were omitted. He stated that he believes his remarks to be that "advising on numbers is giving an opinion." Mr. Wearn stated that he did not recall the comment made at the meeting. Chairman Snow asked Mr. Hanes to make the edit to remove Officer Lynch's name as noted, and to review the recording and make the edit if Mr. Lynch made the remarks regarding the actuary's role. Mr. Hanes agreed to do so.

Officer Lynch moved that the minutes of February 15, 2011 be adopted with one edit and one contingency to change as discussed. Sergeant Proscia seconded the motion. The trustees unanimously adopted the motion.

V. Financial Report

Mr. Ron Bennett presented the financial report for the quarter ending June 30, 2011. He discussed from the statement of plan net assets that net assets held in trust for pension benefits equaled $60,560,147. He stated from the statement of changes in plan net assets for the nine months ended June 30, 2011 that $210,018.83 should be added as Mr. Hanes had informed him before the meeting that the state is in the process of sending a check to the plan administrator representing the Florida Chapter 185 monies in that amount. He discussed that the total investment income earned was over $6 million and that the investment expense represented $160,858. Mr. Bennett reviewed the detail of expenses with the trustees.

Officer Lynch asked Mr. Klausner when the Florida Chapter monies would be terminated. Mr. Klausner discussed that the Town should receive monies this year. Mr. Hanes stated that he had asked Mr. Elwell and Ms. Olson when it would be anticipated that the state Chapter 175 and 185 monies will no longer be received by the Town. He stated that Mr. Elwell and Ms. Olson indicated at separate meetings with Mr. Hanes that they do not know for sure, but both expressed that the Town had not budgeted for any years after the current year.

Mr. Hanes noted the handout of several items of investment performa comparisons as of June 30, 2011, including two reports by Goldstein, Schechter Koch, board auditor, a report by Callan Associates, Investment Consultant for the Town's General Employee

Board of Trustees, and a report the trustees typically received quarterly from Finance Director, Jane Struder. Mr. Hanes noted that based on the report provided by Ms. Struder, the General Employee's plan outperformed the Police and Firefighter plans over the one year period, but that the Police and Firefighter plans outperformed the General Employee plan over a three, five, and ten year comparison period.

VI. Quarterly Investment Report

Mr. Sean Higman provided the investment report to the board. He noted that the quarter ending June 30, 2011 was a good quarter, and exceeded the benchmarks. He stated that the 10 year number is a positive 4.7% return as of June 30, 2011, and that two recessions experienced over the last decade has caused the intermediate numbers to be lower. He stated that Prime Buchholz believes the 8% assumption to be viable and reasonable. Mr. Higman stated that the managers are generally performing in line with expectations. He stated that July was a down month. He stated that quarter to date, including the month of July, the S&P 500 is off by 14.95%. He noted that the developed countries were off about 15.4%, and the emerging markets were off less, or about 14.1%. He stated Prime Buchholz believes there are two primary things that are driving the downturn. He stated that there is weakness in Europe amongst the banks and sovereigns, and noted they are intertwined. He noted that Europe has chosen to kick the can down the road and that the largest holders of sovereign debt in Europe are banks. He stated banks are holding debt investments that are increasingly more likely to default and that the European financial institutions are more and more becoming distressed.

Mr. Higman discussed that the US economic news is soft, and less robust than what has been priced into the stock market. He noted that in order for the US to reduce unemployment from 9% to 6%, the GDP would need to grow at about 5%. He stated that the combination of the two events has caused people to step back and look at valuations. He discussed the impact on the markets from big computer trading, and commented that it makes up 70% of the stock market trades. He stated that it creates high volumes all day long with most of the settlements occurring between 3:30 and 4:00, or during a time when there are big intra-day swings in the market.

Mr. Higman stated that his advice to clients is the same as it was in 2008 and 2009, but in contrast made note that the economy now is much better than it was then. He stated that the advice for clients through these rough times is for clients to continue to be disciplined about rebalancing, and look long term.

Mr. Goldsmith expressed his doubts about the viability of the 8% assumption, and asked Mr. Higman for his opinion. Mr. Higman stated that he continues to believe the 8% as viable and reasonable. Mr. Higman stated that Stralem has been very defensive, and during the current crisis he believed Stralem has fared fairly well given their general defensive positioning and that their position is leveraged to the emerging markets. Mr. Goldsmith noted that the market swings seem to be longer than historically it has been, and asked that the firm be careful and mindful of demands on the fund from promises made toward the payment of benefits to future generations of Police Officers.Mr. Higman commented that CRM was fairly protective, and Geneva is a company with high emphasis on quality. He noted that the hedge funds are going to do very well in this market, particularly on a relative basis. He noted that one manager that may struggle a bit is IRM in the convertible space, but that convertible bonds do better than equities in the downturn, but will not do as well as other bonds in the downturn because of the equity component. Mr. Wearn stated that he has often expressed an interest at board meetings regarding the issue of inflation, and how it impacts our investments. He noted that he has not heard today any comment suggesting any changes in investment policy based on what has recently happened in our economy, and the possibility of a second recession occurring. He asked Mr. Higman if he had planned on addressing a change in investment policy at the next quarterly meeting. Mr. Higman stated that he could provide an update at the next meeting, but that he didn't anticipate any change in investment policy. He stated that the model has not changed, and that the model is based on a longer term forecast of inflation. He stated that the team will review the long term forecast in January. He stated that the forecast must have direction and timing, and stated his opinion that the likelihood of an inflationary event in the future is going up, but the question is at what point, and could there be deflationary events in the meantime. He stated that Prime Buchholz will need to have a high conviction that significant inflation is going to happen before making a substantial change in the risk management tools that we have used to date. Mr. Wearn asked if Prime Buchholz had considered when previously presenting our portfolio a number of quarters ago that we would either possibly or even probably have this type of downturn. Mr. Higman stated that the combination of the fixed income and hedge funds within the portfolio assumes the role as an insurance policy in this type of environment. He stated that Prime Buchholz does believe the current downturn is part of the business cycle, and that is the reason for the hedges. Mr. Wearn requested that Mr. Higman have an update on the thinking of the impact of inflation at the November board meeting. Mr. Higman agreed to do so.

Mr. Wearn noted that in his presentation Mr. Higman had stated that he did not have a general concern about manager performance, but thought he had expressed a concern and asked Mr. Higman to elaborate. Mr. Higman addressed a termination and redemption recommendation by Prime Buchholz regarding Private Advisors. He reminded the trustees that Private Advisors had entering into an agreement to sell 60% of its equity to New York Life. Mr. Higman explained the proposal and expressed the firm's concerns. He stated that the firm is recommending the board terminate Private Advisors and seek full redemption.

Chairman Snow noted that Mr. Wearn had asked at the last meeting that Mr. Higman provide a proposed alternate to replace Private Advisors at the current meeting. Mr. Higman stated he had not done so, but stated there is time and that he wanted to hold the matter until there is more visibility regarding what is to happen with the boards. He noted that the November meeting would be available for the selection of a new

manager. He also noted that Prime Buchholz is in the process of obtaining new managers that he would want to have available and possibly offer to the board for selection. Mr. Wearn requested from Mr. Higman that a proposal for replacement be provided to him before the meeting so that he is prepared to take action on a selection of a new manager. Mr. Higman stated that he would provide the replacement proposals to the trustees a month prior to the November board meeting. Mr. Klausner requested that he would like to see the agreements of the potential selections prior to the meeting.

Mr. Wearn made the motion that the board execute on the redemption of Private Advisors at the earliest possible date. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.

Mr. Higman noted that there are two tranches invested with Forester. He stated that one was invested in 2008 and the second tranche was in 2009. He stated that we picked the three year rolling, but the new offering allows an annual, anniversary date option for liquidation instead of a three year at a price of share in profits with the manager. He stated that the option gives better liquidity and that Prime Buchholz recommends that the board use the opportunity to gain more liquidity in the portfolio by selecting the A2 share class. He stated that on each September 30 the board would have access to the money, about $3.5 million. He stated that particularly as to what is going on in the Town, a year from now the successor board can choose to take the three year option once there is more clarity.

Chairman Snow noted that 1% annum goes to Forester in the proposed new option as an incentive fee on top of what the underlying manager makes. Mr. Higman agreed.

Mr. Wearn asked if any consideration had been given for an alternate investment. Mr. Higman stated that they fully support Forester and that Forester has done well for the fund.

Mr. Higman stated that it is Prime Buchholz's recommendation to take the A2 class now and the board can revisit again for September, 2012.

Mr. Wearn stated based on Prime Buchholz's recommendation he moves that the trustees give notice to Forester for the election to convert to series A2, and requests that the administrator place this on the board's agenda for consideration at the next August, 2012 meeting. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.

Mr. Higman discussed that Archstone has created a new set of share classes that now offer an alternative fee schedule. He stated that the alternative share offer is to reduce the fee and give Archstone management a share in the profit. He stated that today the plan pays one and one-half percent flat fee, and the alternative would be to drop the fee to one percent, and pay Archstone five percent of the returns. He stated that the board

can choose the alternative without a new lockup, and it can be done at any quarter coming up. He stated that the board is not required to act today, but can act on a subsequent quarter. He stated that the Prime Buchholz recommendation would be to take the lower fee and share in the profit by choosing the alternative.

Mr. Goldsmith made the recommendation to approve the lower fee and profit sharing offered by Archstone and to authorize Chairman Snow to execute at the appropriate time. Mr. Wearn seconded the motion.

Chairman Snow stated his concern for a lower growth, lower return environment. He discussed fee differences and incentives with Mr. Higman. Chairman Snow stated several concerns, and suggested that the board consider postponing the decision until the next meeting. Mr. Wearn expressed his opinion that the board should defer consideration of the item in light of the Town's consideration of reformulation of the retirement system.

Mr. Wearn withdrew his second in consideration of the motion. Mr. Goldsmith withdrew the motion to approve the alternative proposal.

Mr. Wearn asked if the board could have this item up for consideration for the November 10, 2011 board meeting. All trustees concurred without motion.

Mr. Higman stated that as a final matter he is coordinating letters to managers on the issue of scrutinized companies. He stated that Mr. Hanes sent the letters to all the managers, and that Prime Buchholz will be in receipt of the letters from the administrator, and will do a later summary for the board.

VII. Attorney Report

Mr. Klausner presented the attorney report. He reported that the firm has received a settlement offer by the Pension Resource Center of $16,000 payable in 12 equal installment payments in the case of Sandra Marchman. He discussed that it represented an overpayment during the tenure of service provided by Pension Resource Center serving the Police Officer board. He recommended that the board accept the offer. He discussed that the board would incur more in cost to pursue the claim than the value of a settlement less board related costs.

Mr. Goldsmith moved that the trustees accept the settlement offer of $16,000 paid over a 12 month period in equal installments. Sergeant Proscia seconded the motion.

Mr. Wearn asked Mr. Klausner what the legal fees to date represent. Mr. Klausner stated it was probably around $2,000. Mr. Hanes asked Mr. Klausner to discuss matters of estoppel regarding Ms. Marchman, and Mr. Klausner responded that the defense is solid, and that she is essentially judgment proof.

Mr. Wearn suggested that the settlement agreement should allow for the board to recover full value of the overpayment in the event of default of a monthly payment and a promisory note should be executed by defendant for that purpose. Mr. Klausner said he agreed and would see that it is done.

Mr. Goldsmith and Sergeant Proscia agreed to amend their motions to include Mr. Wearn's suggestion for payment of full value of the claim upon a month's default as a condition of settlement. The trustees unanimously adopted the motion as amended.

Mr. Klausner addressed various issues regarding the regulation and application of the Palm Beach County ordinance on ethics. He discussed that there are many issues that are not clear and with a lack in definition. He recommended that the trustees review the training material from the commission's web site. He provided a general review of the issues presented by the law. He stated that there are too many unanswered questions, and that he would like to see how the new inspector general engages in explanatory materials before providing more guidance on the law. Mr. Hanes advised that there are three parts to completion of the training required by the County Commission on Ethics. He stated that completing the training requires the trustee to read the ethics ordinance, attend in-house training, internet training, or view the DVD provided by the commission, and complete the certification.

Mr. Klausner addressed a matter of the effect of adding an additional lawyer, Ms. Bonni Jensen, to his firm. He answered that it is a marketing entity, and that clients that are brought in going forward will be jointly worked, but that clients that preexisted the merger, like the Police Board, will continue to be the clients of partners who were servicing the accounts before the change. He stated that nothing will change on the billing rates, and Stu Kaufman, Adam Levinson or Mr. Klausner will be providing legal counsel on behalf of the firm for legal service to the Police Officer Board going forward.

VIII. Disability not in line of duty review

Mr. Hanes reminded the trustees that they had approved Mr. Joshua Faller's application for a not in line of duty disability at the May 13, 2011 board meeting, and the board requested that Mr. Faller seek an examination upon review within six months. He discussed that Mr. Faller had contacted his neurosurgeon, Dr. Petruska, who performed an examination on Mr. Faller and has opined that Mr. Faller continues to be unable to assume work as a Police Officer.

Mr. Hanes discussed an ancillary issue that had been raised previously by Mr. Wearn regarding a Social Security application that had been included in the file that was marked by Mr. Faller representing that he was not in receipt of other public benefits. Mr. Hanes discussed that he had written, and had phone contact with Mr. Faller. He stated that Mr. Faller stated to him that he had applied for Social Security disability, and had not received Social Security disability benefits. He stated that Mr. Faller stated to him that the Social Security Administration is aware that he was in receipt of benefits from the Town of Palm Beach. Mr. Wearn asked if the Fallers had indicated that they were going to take any additional action. Mr. Hanes stated he did not believe so, and that the Fallers had seemed satisfied with the representations made to the Social Security Administration regarding his receipt of benefits from the Town of Palm Beach.

Mr. Wearn expressed a concern from the statement made by Dr. Petruska that Mr. Faller is 100% incapacitated. He commented it is extreme and that the statement suggests that Mr. Faller is unable to walk or move at all. Officer Lynch and Mr. Klausner commented that the physician's comment would refer to his incapacity as a Police Officer. Mr. Wearn expressed that it is a concern that the sentence, by itself, does not say that he is 100% incapacitated as a Police Officer. He suggested that the board may want to consider receiving a second opinion from a board appointed physician. Chairman Snow stated that he shares the concern expressed by Mr. Wearn and expressed that it is unfortunate the way the Dr. Petruska sets out the opinion.

Mr. Klausner recommended that the administrator request from Dr. Petruska that he clarify his letter, and that he would prepare the language from the code at 82-120 and provide to Mr. Hanes. He stated that it should satisfy the inquiry of the trustees.

Mr. Wearn made the motion to direct the administrator to secure an opinion letter from Dr. Petruska based on Mr. Faller's condition following the requirement under the Code. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.

Sergeant Proscia asked how often Mr. Faller will need to be examined for an opinion of his disability. Mr. Hanes discussed that the Code leaves that decision within the purview of the board. Chairman Snow stated that to his mind this puts to an end the discussion about the eligibility of Mr. Faller to be provided disability benefits. Mr. Wearn stated that he believed it would put to an end the matter of the current report, but would leave to the board its discretion as to action the board may take regarding review of Mr. Faller's disability in the future.

IX. Administrator's Report

Mr. Hanes stated that Goldstein Schecter Koch (GSK) submitted two engagement letters for consideration. He stated that it represents the annual renewal of the audit as well as work on the Florida Chapter 185 report. He stated that the firm charges $1000 for the annual Chapter 185 report, and is proposing an increase from $17,000 to $17,600 for the annual audit. Mr. Hanes stated that he reviewed the issue with outside counsel regarding an annual engagement with GRS, and considered that the Town may soon change the plan and board. He stated that outside counsel has advised that the boards should continue to engage for these services with the same auditor. He commented it will take quite a while for transition from one plan to another, and from one board holding the authority to a successor board. He discussed that there will be an on-going need for the service of an auditor looking at the current plan, notwithstanding a pending change in the plan going forward. Mr. Klausner reminded the trustees that the audit looks backwards, or to the year that has been completed, and the Town continues to have a shot at getting the state money for payment next year. Mr. Klausner expressed that the trustees should arrange for auditing of the plan even with the plan's pending change. He stated that it is a reasonable exercise of the board's fiduciary responsibility.

Mr. Wearn commented that in anticipation of a change to the board this year through the action of Town Council, and the potential that the board will not be afforded another meeting, he suggested that the board arrive at an amendment to cover the period of time beginning the start of the next fiscal year on October 1, 2011 through and including an end day of the Police Officer Board of Trustees of the Town of Palm Beach Retirement System. He stated that he is looking for a pro rata expense to be built into the contract representing less than a complete fiscal year audit. Mr. Klausner recommended two motions to the board. The first is the approval of the audit and report for the current fiscal year ending September 30, 2011, and a subsequent engagement to cover the period October 1, 2011 through an anticipated date of transition. He stated the motion should authorize the administrator to negotiate it based on that the pro rata cost will not exceed one-third of the proposed cost. Mr. Wearn stated that the pro rata cost could be based on a daily cost basis. Mr. Klausner agreed. Mr. Wearn suggested that the board adopt both ideas into one motion, and for one contract.

Chairman Snow stated it perhaps is in order to engage the auditor for the September 30, 2011 audit now, but felt that the trustees will know more about the status of the changes at the November board meeting. He stated that so far the board has only heard of a draft provision discussed with the board by the Town Manager, and the board has not heard or seen anything as to what the changes will look like. He stated that he believed it to be essential that the board have an audit of the stub period performed, and agreed that it makes since for this auditor to do it, He stated that it may not make sense to give business to the auditor before the auditor has asked to do it. Mr. Wearn stated his agreement with Chairman Snow wholeheartedly.

Mr. Wearn moved that the board accept the engagements of the auditor for the upcoming fiscal year end as proposed. Officer Lynch seconded the motion. The trustees unanimously adopted the motion.

Mr. Wearn stated that he would like that the board administrator request of the auditor a consideration of a proposal to the board that can be discussed at the November board meeting for a partial year audit representing the beginning of the next fiscal year and until the circumstances regarding the board changes. He stated that he wants them to make a proposal that the board might be able to consider.

Officer Lynch stated that he would like to be advised and be able to consider what the current board's legal responsibilities will be before the board trustee positions are abolished. Mr. Klausner stated that he understands generally what the board's responsibilities will be when a change is to occur, and that he will be prepared to discuss at the November 10, 2011 meeting. Mr. Klausner stated that he will be at the meeting and will outline in detail what he believes the transition duties will be.

Mr. Hanes noted that he had provided the trustees a calendar of recurring items, and that trustees should contact the administrator for additional matters that should be posted to the calendar. He also stated that he would present the calendar on a quarterly basis for an annual rolling forward period.

Mr. Hanes discussed issues of purchase of service credit by members of the Police Officer plan. He discussed that he had discovered through his experience lately that on average the cost for purchasing a year of service credit was approximately 70 - 75% of an annual salary. He stated that Actuary Brad Armstrong had previously stated that a member may expect to pay approximately 50% of annual salary for a year of service credit purchased. Mr. Hanes stated that he had asked Mr. Armstrong to review the assumptions used and to provide a reason for the increase of cost associated with service purchases. He stated that Mr. Armstrong reviewed the assumptions and cost, and concluded that the cost is greater than previously because there had been increases in benefits over the past several years.

Mr. Hanes discussed that he recently learned that the Town of Palm Beach has previously allowed for installment payment of service credit purchased through pre-tax withholding of employee salary. He also noted that the Town does not allow for after-tax dollar contribution payment for purchase of service credit through installment payments because of the administrative difficulty of accounting for post-tax contributions required to compute taxable income for retirees when first retired. He noted that the Town had not amended the code to accommodate for a pre-tax Sec. 414(h) pick-up of contributions for installment mode of payments required by the Federal Internal Revenue Code. He discussed a number of changes and acknowledgements by employer and employee that are also required under federal law in order to provide for pre-tax pick up of contributions for installment payments. He stated that currently, the member is only allowed to make lump sum payment to add service credit by making a qualified trustee-to-trustee transfer or rollover of funds.

Mr. Hanes stated that members have asked him questions about the future plan, and the availability of purchasing allowable service under the new plan. He discussed that many members are interested in buying at a less expensive cost with the new plan, and noted that to do so will often make the member eligible to retire or DROP at an earlier date than planned. Mr. Hanes stated that he discussed the issue with Town Manager Mr. Elwell, and Mr. Elwell expressed no concern about including the ability to purchase service credit from the new plan since the cost to the member would be based on the full actuarial cost to the plan. Mr. Hanes stated that he anticipated that the Town will need to deal with a host of issues regarding allowable purchase of service credit within the context of drafting a new ordinance.

Chairman Snow made a comment about the evaluation committee's work for the Town regarding the proposed new 401(a) defined benefit plan. He discussed that the committee's charge was to recommend to Town Council a firm to provide administrative, book-keeping and investment services for that new 401(a) plan. He noted that Mr. Hanes and he serve on the committee along with several other public employees, and that Sean Higman, Prime Buchholz, was hired to serve as consultant to the committee. He noted that the committee has previously met to review eight requests for proposals, and that the committee is currently down to three finalists, who are scheduled to be interviewed by the committee on that day.

X. Election Update

Mr. Hanes made note that under the new election rules of the board, the election of candidacy was posted, and his office received only one notice of candidacy from Officer Michael Lynch. He commented that Officer Lynch has been deemed elected for a two year term of office beginning October 1, 2011.

Mr. Hanes discussed that it would have been in order for the Town Council to appoint members to the retirement boards under the code with a beginning term of office on October 1, 2011. He stated that he had discussed the appointment of trustees with Mr. Elwell, and that Mr. Elwell had expressed to him that based upon the evidence of past lack of interest by Town citizens, and in consideration of a possible change in trustees to a newly governing board soon, it was his thought that the preferred position for the Town at this time might be for Mr. Wearn to continue to serve in a hold-over position until either the board is dissolved or the matter of the board's status is settled. Mr. Klausner added that Florida is a holdover jurisdiction which requires continuation in office when the appointing authority fails to reappoint a trustee.

Chairman Snow made note that the board has not provided an annual report to the Town in June as it has historically, noting that the report was in October last year, but that he had offered on behalf of the board to either present at Town Council's pleasure or to provide a written summary of the board's performance and major actions. He stated that Mr. Hanes has relayed that message to Mr. Elwell on behalf of the board.

XI. Retirement/Benefit Payments

Mr. Hanes presented the quarterly report.

Mr. Goldsmith made the motion to ratify the benefit payments provided in the report. Sergeant Proscia seconded the motion. The trustees unanimously adopted the motion.

XII. Disbursements

Mr. Hanes presented the quarterly report.

Mr. Wearn made the motion that the disbursements be approved and filed for audit. Officer Lynch seconded the motion. The trustees unanimously adopted the motion.

XIII. Other business

Mr. Wearn stated that he would like to begin consideration of transition for the board, and stated that consideration of the contracts should be reviewed by the Administrator initially to verify that each contract has a cancellation clause with 30 days notice. He stated it should be reviewed for all consultants, administrator, and everyone in order to determine if they are in place, so that when it is necessary for making the transition that the trustees are able to act with no difficulties with regard to the services of consultants or managers. Mr. Wearn noted that amendments should be ready for the renewal of any contracts for October 1, 2011 so that if there needs to be a termination as a result of transition that the board can effectuate it and not be required to continue payments. Mr. Wearn asked that the Administrator review all contracts initially with the attorney and consultant, and that appropriate action be taken to seek amendments, if necessary.

Mr. Wearn made the motion that the administrator along with attorney and consultant, as appropriate, review all contracts of service providers for provisions regarding termination for when there becomes a consolidation into one single board. He stated that amendments should be prepared, if required, to ensure there is an appropriate thirty day notice cancellation clause after the beginning of the fiscal year. With the exception of hedge managers, if a contract does not provide a 30 day cancellation clause effective after October 1, 2011, then an amendment providing for a 30 day notice and cancellation shall be prepared and appended to the applicable renewal contracts. The administrator will identify any contractor objecting to the provision and present to a special meeting of the

board before October 1, 2011. Mr. Lynch seconded the motion. The trustees unanimously adopted the motion.

Mr. Hanes made note that of a status report of members who are currently participating with the Police Officer DROP plan.

IV. Adjournment

Mr. Goldsmith made the motion to adjourn. Officer Lynch seconded the motion. The trustees unanimously adopted the motion.

Next Meeting:

November 10, 2011

Secretary:________________ **Date** 11/10/11

Attested by: William P. Ha____ **Date** 11/10/2011