MINUTES OF THE TOWN OF PALM BEACH RETIREMENT SYSTEM POLICE OFFICER BOARD OF TRUSTEES MEETING OF MAY 12, 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:

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

ALSO PRESENT:

William P. Hanes, Pension Administrator
Gerri Duvall, Staff
Alexia Varga , Nowlen, Holt & Miner
Sean Higman, Prime Buchholz
Brad Armstrong, GRS
Adam Levinson, 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 a correction to the notice of the meeting place for the current meeting, and noted that the notice should have indicated Town Hall, Town of Palm Beach.

Mr. Wearn made note of his attendance at the Klausner conference from March 20-23, 2011, along with Mr. Goldsmith, Officer Lynch, Administrator William Hanes and Gerri Duvall. He stated that it was an excellent conference, provided the trustees a handout, and made observations about three conference topic discussions that were of particular interest to him, namely item VII, "The Evolution of Indexes, Products, and Applications in the New Normal of DB"; item VIII, "Investing Your Pension, Your Either Creating or Waiting"; and item VI, "NCPERS National Opinion Poll: Findings From a Survey."Survey of 800 Likely 2012 Voters."

Mr. Wearn discussed that item VII was a presentation regarding the "new normal" for defined benefit plans. He discussed that the presenters rolled out what represented target date funds or indexes which are plans for an investment strategy specifically targeted to a beneficiary of a defined benefit plan. He discussed as an example that for a particular plan member the investment target date may be his or her retirement date.

Mr. Wearn discussed item VIII, and stated that the thrust of the presentation was about minority or emerging managers, meaning managers who have not reached the heights of large amounts of money under management, but who can and often produce better returns within given asset classes than do larger managers who may have become complacent in time as a result of their successes in gaining huge amounts of money under management. He stated that he would like to commend the matter to the board's investment consultant for consideration.

Mr. Wearn discussed item VI, and stated it was a presentation by NCPERS regarding a report on findings from a survey of 800 likely voters. He stated that the presentation was as an advocate for pension plans with a purpose of viewing the poll results to determine what the likely 800 voters were thinking regarding public retirement plans, and especially the revisions of those plans that have been made because of national economic conditions. He discussed that it was expected that the survey results would help determine the opposition arguments, and to help members understand how to counter those arguments.

IV Approval of Minutes – February 10, 2011 and February 15, 2011

Mr. Wearn moved that the minutes of February 10, 2011 be adopted. Sergeant Proscia seconded the motion. The trustees unanimously adopted the motion.

Officer Lynch moved that the minutes of February 15, 2011 be adopted. Mr. Wearn seconded the motion. The trustees unanimously adopted the motion.

V. Financial Report

Ms. Alexia Varga presented the financial report for the 6 month period ending March 31, 2011. She reported from the statement of plan net assets at $60,448,881 and total net liabilities at $33,224. She reported total assets for pension benefits at $60,415,657. Ms. Varga reported from the statement of changes in plan net assets that total contributions equaled $1,622,733, total investment income equaled $5,600,332, and total additions to the plan equaled $7,118,703. Ms. Varga reviewed the detail of expenses.

Chairman Snow noted that the fund has experienced a ten percent appreciation in assets over the last six months.

Chairman Snow stated without objection that the board approves and files the report for audit. The trustees agreed without motion.

VI. Actuary Report

Mr. Brad Armstrong presented the actuarial valuation dated September 30, 2010. He explained that the funding ratio decreased from 84.8% to 83.6% over the year. He stated that the funding level increased from 70.8% to 72.3% based on market valuation. He observed that there are several prior years of large unrecognized losses that will be included over the next two years.

Mr. Armstrong discussed that the state Division of Retirement has changed the way contributions are to be paid. He stated that the decision was made by the Division to require employer contributions to be made based on a percentage of the actual payroll as opposed to the past practice of making contributions based on the dollars reflected from the actuarial valuation. He stated that at a time when your payroll is flat, or maybe decreasing, as it is currently, the state Division of Retirement is requiring payment based on a percentage of payroll, and noted it to be an inopportune time for the funding change to be made.

Officer Lynch asked Mr. Armstrong if there is an assumption that Police Officers will receive raises in the future. Mr. Armstrong answered in the affirmative.

Officer Lynch asked if there were any projections GRS has made regarding the proposed plan from the Town. Mr. Armstrong answered that there are numerous pieces of documentation from GRS that provides projections for the Town, but that GRS has not produced actuarial analysis exclusively for the new plan. Sergeant Proscia stated that there was a report that was performed by GRS for the bargaining unit that was released to the Town.

Mr. Hanes discussed with Mr. Armstrong that the primary difference between the $3 million in realized actuarial investment losses for 2010 and the $876,000 from the total aggregate experience losses, investment and non-investment related, is the plan's experience gains for the year related to salary and inflation. Mr. Armstrong agreed. Mr. Armstrong stated that the reduction in salary saved the Town $100,000 in contributions for the year. Mr. Hanes stated that it appeared to him that the salary experience gains going forward, assuming that salaries remain lower, should effect major reductions in Town contributions to the plan. Mr. Armstrong stated that he generally agreed, but cautioned that when an officer leaves at a top end, and the position is replaced at a lower end, it might produce a greater increase at the lower end in bump up effect, producing more salaries in promotions and overtime.

Mr. Armstrong stated that the fund experienced a negative cash flow for the fiscal year 2010. He indicated that a negative cash flow is assumed, and that it would be absurd to pre-fund if there were no negative cash flows.

Mr. Armstrong noted a 5.5% increase in total asset valuation in the fiscal year ending September 30, 2010, but as of March 31, 2011, made note that asset valuation is up 8.9% over the past six month period.

Mr. Armstrong referred the trustees to page B-8 and discussed the smoothing of assets. He explained that if the plan design were not to change, and if the board achieved an 8% return for the fiscal year, that he estimated that the over $3 million loss that is scheduled to be recognized next year would increase the Town contributions by about $150,000.

Mr. Armstrong referred the trustees to page C-5, and explained that the negative cash flow for the year is illustrated with contributions over $2.2 million while the benefits paid were over $3.6 million. He further explained that the contributions that were paid over years have lessened the impact it would have if there were no pre-funding. He made note that the Town pays 100% of the actuarial required contributions (ARC). He stated that if the sponsor always makes the payment as required, then the plan will always meet its obligations.

Mr. Armstrong discussed the matter of supplemental pension distribution. He noted that the plan has not, and is not likely, to pay out benefits afforded under the code because of the funding status required before a benefit can be paid.

Mr. Armstrong discussed matters of the reserve account, and stated that it is purely an accounting matter and requires that monies be set aside and accounted for to pay benefits to the retirants and beneficiaries.

Chairman Snow discussed that he is always interested in the page in the report that illustrates the 5 year smoothing, and the liabilities that are accrued over years because of smoothing of the assets. He noted that page B-8 indicates that we continue to have several years before the fund is out of the hole. He also noted that unlike so many state plans, the Town of Palm Beach has never gone without paying in full the ARC as determined by the actuary. He stated that the boards of the Town of Palm Beach took the lead to point out to the Town Council the funding trend of public plans reacting to recessionary market conditions, and he believed the board's sounding of the alarm ultimately led to the Town's refinement and attempt to reach sustainability of the retirement plans.

Officer Lynch asked Mr. Armstrong to explain from page E1, Schedule of Employer Contributions, why 2009 was lowered from 2008, and 2010 was increased from 2009. Mr. Armstrong discussed that there is a two year lag between when the end of a fiscal year occurs and experiences are calculated, and when the employer rates are impacted. Chairman Snow explained how the smoothing impact of previous year's gains and losses are included in the calculation of the increase or decrease in contributions in succeeding years. He discussed that the hole the plan is in is deep, and was created over a 10 year period. He noted that public plans are structured to experience such significant events, but over a 100 year period.

Mr. Levinson was asked by Chairman Snow to discuss the actuarial matters regarding legislation impacting retirement plans in Florida. Mr. Levinson discussed that there is a uniform valuation reporting requirement that requires the actuary to use a 7.75% return assumption. Mr. Armstrong discussed that the new law is an additional reporting requirement that creates only minimal task for GRS, at best. He stated that it will become a formatting issue for reporting to the state, and he did not anticipate any change in fees by his firm because of the new state requirement.

Mr. Levinson discussed that the Florida legislature had imposed limitations on pensionable earnings to be used in calculation of retirement benefits. Officer Lynch noted that the Town of Palm Beach is not impacted in that there is no sick or vacation accumulation used for retirement calculation anyway, and neither is there overtime at the 300 hour level.

Mr. Levinson discussed that the Board must use a number as the actuarial investment return assumption, and state law requires that the board revisit the decision annually to determine the rate. He stated that if the board approves the actuarial valuation, it is also approving the rate used as the assumption prescribed by the state law. Mr. Hanes discussed that the statute actually requires the board to adopt a rate of return the board expects it to be over a one year, three year, and long term period. Mr. Levinson discussed that the matter Mr. Hanes raised is very controversial with plans. He stated that the Klausner firm clients have picked the long term rate as the short, intermediate and long term rate. Mr. Armstrong made the recommendation that the board remain with a long term rate of return of 8%. Mr. Higman agreed that an 8% long term rate of return is achievable. Mr. Goldsmith stated that he does not believe 8% to be sustainable.

Chairman Snow referred to page D-4. He asked Mr. Armstrong if the board were to revisit the investment rate assumption of 8.0%, would it be wise to also revisit the inflation rate of 5.0% and real rate of return of 3.0% at the same time? Mr. Armstrong answered in the affirmative. Mr. Armstrong stated that the most important assumption between investment return, inflation and real rate of return, for funding purpose, is the 8.0%. He noted that 8% is also the discount rate, and is by far the most important rate.

Mr. Wearn stated that the last time the board considered reviewing the investment assumption, it decided that it was not timely to do so considering the configuration of pensions in the Town of Palm Beach and because of the economic situation. He discussed that it was the board's view that when the configuration and economic situation was to shake out, it would be a much better time to address the assumptions.

Councilman William Diamond asked Mr. Armstrong what the Town cost would be if the board changed the investment assumption to 7.75%. Mr. Armstrong stated that he estimates the annual increase in Town contributions to be around $200,000 to $250,000 if there were no other changes in assumptions.

Mr. Armstrong stated that Mr. Hanes had asked him about matters of members who are considering the purchase of eligible service credit. He discussed that there are members who are requesting the purchase of service credit, and that the members could be unfairly charged if current practice is followed. He recommended that a request for service purchase calculations be placed on administrative hold until the new law is known, with the paper work completed and payment made. He stated that if a new plan emerges, then the appropriate calculation would be performed by his firm. Mr. Hanes discussed that numerous Police Officers and Firefighters had requested information about the purchase of service credit, and that it occurred to him that the actuary calculates the cost of the benefit based on an assumption of 5.5% for future salary increases until the member is eligible for retirement, when in fact the proposal made by the Town would freeze the salary of the member on the date of enactment of the new plan. He stated that the Town Code contemplates that the calculation be performed to achieve a 100% cost of the benefit, and that under the current calculation method the employee would receive less in value of the benefit than what the member would pay. Mr. Armstrong stated that he did not believe it would be appropriate for the board to authorize change in the calculation until there is an ordinance change that changes the plan. Mr. Hanes discussed that he believed the Town Council would enact the ordinance prior to the date of implementation of a new plan, and that the member's calculation could be performed after enactment, but prior to implementation.

Mr. Hanes requested from Mr. Armstrong what rate is credited to a members account, and is available to the member in the event the member does not vest for a retirement benefit and for which he may request a refund. He stated that he did not believe the rate is identified in the actuarial valuation. Mr. Armstrong stated that the rate was established years ago at 5.5%. He stated that the assumption should be reviewed along with all other assumptions when looking at making changes of assumptions generally.

Mr. Wearn made the motion to accept the recommendation by the actuary and consultant to adopt an 8% rate of return assumption for the purpose of Florida Chapter 112. Sergeant Proscia seconded the motion. Mr. Wearn amended the motion to state that the adoption of the motion includes the adoption of the actuarial report dated September 30, 2010. Sergeant Proscia seconded the motion as amended. The trustees unanimously adopted the motion.

VII. Investment Report

Mr. Sean Higman provided the investment report to the board. He handed out a revised page to replace corresponding pages from the executive summary, and discussed that he had sent out the quarterly book in error without a column indicating Fiscal Year to Date, and the supplement includes the missing column.

Mr. Higman stated that the overall fund performance was at 12.1% over the fiscal year, beating the benchmark of 10.6%. He noted that the fund was performing at 3.5% over the quarter ending March 31, 2011, and above the 2.8% benchmark.

Mr. Higman stated the domestic equity is up 6.9% versus 6.4% for the quarter. He discussed that the international equity is a little behind the benchmark, up 2.7% versus 3.4%. He discussed that the Artisan portfolio is doing very well for the quarter, and that it represents a good example of diversification in the portfolio. He stated that with Artisan and Harris in the portfolio, the international space includes growth and value orientation investing in countries where opportunities have contributed nicely for the overall strong return for internationals.

Mr. Higman stated that in the flexible capital area the funds were up 2.1% over the quarter. He stated that all managers were ahead of their peers. He stated that at the next meeting of the board he would be coming with a recommendation regarding Private Advisors. He discussed that at the end of calendar year 2010 Private Advisors entered into an agreement to sell 60% of the company to New York Life. He stated that Prime Buchholz urged their clients to vote no, but the deal went through. He predicted that Prime Buchholz will come to the board with a recommendation to terminate the relationship with Private Advisers. Mr. Higman stated that Prime Buchholz is generally suspicious when an insurance company buys a firm because the insurance company typically will not leave the team alone and it is difficult to pay the employees of a subsidiary appropriately. He stated that in this case it is difficult to determine if New York Life will turn on their distribution system to increase the assets. He stated that Prime Buchholz is taking its time because the next opportunity to get out is at calendar year end.

Chairman Snow asked Mr. Higman if Prime Buchholz has an opinion about recent scandals in the hedge fund industry. Mr. Higman stated that there is no official position, but added that it is difficult to know on a daily basis what is going on. He stated Prime Buchholz does not believe it is an epidemic in the industry. He discussed matters of inside information with the trustees.

Mr. Wearn asked Mr. Higman if he will be bringing an alternative for Private Advisers at the August board meeting. Mr. Wearn stated he believed it would be good if Mr. Higman would do so. Mr. Higman stated that he would do so.

Mr. Higman stated that the fixed income portfolio was up 1.8% versus the benchmark of 2.1%. He stated that it was a good return considering the BC Aggregate Index was up .4%. He stated that the plan received the additional return from the convertibles portfolio, even though they lagged the benchmark, which he attributed to the high concentration of high quality and the managers difficulty to managing to the high quality discipline given the lack of supply in the space. He discussed that IRM had discussed with Prime Buchholz a consideration of altering their guidelines.

Mr. Higman stated that as far as the Inflation hedging space, the fund performed at 5.1%. He stated that it is good to see Guggenheim with better performance on their way out. He stated that this plan should be completely out of Guggenheim shortly. He noted that Wellington had achieved a nearly 25% return for the year. He discussed that TIPS continued with an upward climb.

Chairman Snow asked Mr. Higman if it would be appropriate to consider putting the Vanguard TIPS portfolio into the category of fixed income. Mr. Higman responded that Income Research is a small separate account, which allows the plan to control the investment policy more so than if not in a separate account. He stated that IRM asked Prime Buchholz if they would allow IRM to make three changes. The first change requested would allow them to invest in regular corporate bonds with the same kind of quality. He stated that Prime Buchholz would not have a problem with that request. He stated that the second request was to allow issuance at the higher of 5% or the index weight of the account, and that the current investment policy limits it to issuance of no greater than 5%. He stated IRM has trouble tracking their index when above 5% in the particular stock holding. Mr. Higman stated it would require a change in the board's investment policy statement. He stated that the last request, and the one that Prime Buchholz does not support, is a request to buy bonds below investment grade. He suggested that he would like to wait until August to discuss this issue and provide more clarity, and to decide whether to retain IRM, modify the investment policy or otherwise take action on these issues regarding the requests.

Mr. Higman discussed matters of monitoring scrutinized companies as required under state law. He stated that the exposure by the board under the law is de minimus, and recommended that on an annual basis Prime Buchholz require each manager of the plan to compare and disclose their holdings to the scrutinized companies list and report it. Mr. Higman stated that Prime Buchholz will summarize and report to the board annually.

VIII. Legal Report

Mr. Levinson provided the legal report to the board. He discussed the reorganization of the firm, now titled Klausner, Kaufman, Jensen and Levinson. He discussed the past relationship between the Klausner firm and Ms. Bonni Jensen.

Mr. Levinson discussed the overpayment matter of Sandra Marchman. He discussed that the firm has prepared a lawsuit, and that they have been told that Pension Resource Center, the planned defendant in the case, has requested a two week extension before filing of the suit so that they can review matters of the potential lawsuit. He noted that the board has previously authorized the firm to file a lawsuit on behalf of the board. He stated that the firm intends to file the lawsuit after giving Pension Resource Center the two weeks requested to review its position. Mr. Goldsmith asked what amount of damages the board is seeking. Mr. Levinson stated around $40,000.

Mr. Levinson discussed matters of the recent action of the legislature regarding pension plans in Florida.

Mr. Levinson discussed the process and status of the Town of Palm Beach collective bargaining processes with respect to the Firefighters and Police Officers.

Mr. Levinson provided a list of scrutinized companies and discussed that the list is provided and updated periodically by the state Board of Administration.

Mr. Levinson discussed matters of Unrelated Business Income Taxes (UBIT), and determined that as a governmental non-profit organization, the board is not required to pay taxes based on a K-1 received by investment partnerships. Mr. Hanes stated that he does not believe that he has received any K-1's that identifies a UBIT. He also stated that he discussed the matter with a reputable public pension tax lawyer who advises public retirement plans, and she advised that the Internal Revenue Service is not pursuing K-1 filing from public retirement plans.

Mr. Wearn asked if the defendants in the Marchman matter had been provided a copy of the lawsuit. He stated that he is not practicing law, but would think that providing a copy to the proposed defendant would be advisable. He also stated that he would like to be provided a copy of the pleading.

Mr. Wearn made note that at the time that the current board was taking applications for legal services, Ms. Jensen submitted an application. He discussed his belief that one consideration for not choosing Ms. Jensen was that she was at the time serving as legal counsel to the Town of Palm Beach Firefighter Board of Trustees. He stated that it was the opinion of several of the trustees that the board should seek independent legal counsel, apart from the other plans in the Town of Palm Beach. He stated that he did not believe that to be the dispositive factor, but was clearly a factor. He inquired whether Ms. Jensen may appear on behalf of this board as counsel. He stated that he has a concern if that is the case. Mr. Levinson stated that he does not know himself. Mr. Wearn stated that the board should have a definitive response to the question, and asked that the firm provide their remarks on the firm's letterhead. Officer Lynch stated his agreement with the concerns expressed by Mr. Wearn. Officer Lynch commented that it is a very valid point, and expressed that he believed it to be exactly the point he had previously tried to make about the independence of the actuary. Mr. Wearn stated that the actuary is dealing with numbers, and not with discretion or matters of opinion, where opinions can significantly vary. Chairman Snow acknowledged his agreement, and stated that the Klausner firm should provide the requested information on letterhead as soon as possible.

Officer Lynch asked Mr. Levinson whether the Klausner firm has been contacted by the Town regarding the new plan proposed. Mr. Levinson stated not to his knowledge.

Sergeant Proscia stated that he has discussed with several current retirees who are concerned about the change in plan, and the proposal for a single board responsible for administration of all Town of Palm Beach plans. He expressed that the retirees are concerned that the single board that remains may not act in the best interest of retirees. He asked Mr. Levinson whether there will be a need to have a separate board for bucket A than who may serve on a board for bucket B. Mr. Levinson responded that whoever may be appointed to the new board will be responsible for acting in a fiduciary manner toward all members of all retirement plans that the trustee is charged to administer. He discussed that there are many parts that the new board will need to review regarding all plans, with recommendations coming from the various service providers.

Officer Lynch asked whether the board has a role in the process. Mr. Wearn stated his belief that the board will be directed to its role after the Town has enacted the new changes, and he believed that the direction will be abundantly clear. Mr. Hanes discussed that it was his understanding that there will be three legacy plans with one board that will be responsible for the administration of all three plans, and administered much as it is now with annual actuarial valuations that identify employer contributions that will continue to be paid for by the Town. He discussed that going forward he believed the plan envisions that there will be one defined benefit plan and one defined contribution plan for members who accrue service after the implementation of the new plan. He stated that he believed that the proposal was to incorporate the administration of all plans with the one board, much as other multi-employer plans found with state systems.

Sergeant Proscia asked Mr. Levinson if the plan is frozen and no future benefits are derived from the state Chapter 185 monies that are in the plan, how will the monies already existing in the plan be accounted for going forward? Mr. Levinson stated he did not have an answer to his question. He referred Sergeant Proscia to the state report at page 6A that identifies the monies and how the monies are utilized by the Town. Mr. Levinson stated he believed that the answer would be for Trish Shoemaker, Division Director for the state Department of Retirement, to answer.

Sergeant Proscia asked Mr. Levinson if he believed there to be any legal concern regarding the proposed structure that may expose the board of trustees to liability. Mr. Levinson answered that it may be premature for the boards and attorneys to be reviewing matters of the new plan since there is no law change yet to review. He stated that since the Police are not even as far along as the Firefighters, he does not believe that his firm has any answers to questions that may relate to the legality of the new plan. He stated that without a union challenge of the Town's rejection of the Special Magistrate's report, he believed that the board will need to be able to see the actual ordinance before giving a consideration of legality. Mr. Levinson stated that the Division of Retirement can step in and intervene if there is a concern during the processes, and before an ordinance is enacted.

Sergeant Proscia asked Mr. Levinson to discuss the trustee's exposure to liability. Mr. Levinson stated that the general response may be in sovereign immunity. He discussed that the trustees are not the policy makers, and it is generally the trustee's role to implement the ordinance, or follow what the ordinance tells you, and where there may be a gray area, then you are to interpret it. He stated that trustees should not lose any sleep since you are not the policy makers, and you still have some protection under sovereign immunity and fiduciary insurance , even if something falls through the cracks.

IX. Administrator Report

Mr. Hanes provided to the trustees a written report by Finance Director Jane Struder regarding March 31, 2011 quarterly investment comparisons among the Town of Palm Beach retirement plans.

Mr. Hanes provided to the trustees a written hard bound copy of the final financial report from the auditing firm of Goldstein Schechter & Koch. He discussed that the trustees had previously adopted the final report at its February 10, 2011 meeting.

Mr. Hanes provided and referred the trustees to the financial disclosure form (Form 1), and discussed that a late filing fee penalty can be imposed if filing occurs after September 1, 2011.

Mr. Hanes provided a written status report of all employed DROP members. He discussed that the report does not require any action by the trustees. He made note that 5 of the total 7 DROP members who are currently active began DROP on or after January 2010.

Mr. Hanes discussed that Town Manager Elwell requested from Town Council an appropriation of $67,750 at the last Town Council meeting on May 10, 2011 to provide transition expenses associated with the implementation or the Town proposed hybrid pension plan. He discussed that the request included the creation of a selection committee, and Chairman Snow, Mr. Hanes, Captain George Frick, Fireman Jayson French, Mr. Brett Madison, Ms. Jane Struder, and Ms. Danielle Olsen were selected to serve and review proposals submitted for plan administration of the 401(a) Defined Contribution plan. He noted that Town Council hired Prime Buchholz as consultant, and Mr. Higman has been working with the Town in the draft and reviewing matters of the Request For Proposal (RFP). Mr. Hanes and Chairman Snow discussed that the Town appropriated $30,000 for legal fees (included in the $67,750 transition appropriation request).

Officer Lynch raised an issue of compensation for Administrator William Hanes and Ms. Duvall, and expressed that he was under the impression that Mr. Hanes had received an increase in pay over the three years he has been administrator for the board, but learned that he had not. Chairman Snow stated that he had previously discussed with Chairman Ross of the Firefighter Board of Trustees, and that it was mutually agreed that the timing for increasing the Administrator's pay was not appropriate. Mr. Hanes acknowledged that Chairman Snow had discussed these matters with him, and that he has not made a request for an increase in pay. He stated that once the changes come to fruition with the Town, and he understands more about any offer and his role at the

Town of Palm Beach, he and Ms. Duvall will make decisions about continued service at the Town. Chairman Snow stated that the board should be on record to reiterate its support for Mr. Hanes. Mr. Wearn stated that he would like for the board to place its support for Mr. Hanes going forward. Mr. Goldsmith thanked Administrator Hanes for the good work.

Mr. Wearn made note that the minutes that were provided board members were marked with the word "DRAFT", and requested that the Administrator continue the past practice and to not designate "DRAFT" on the final minutes that are provided the trustees before meetings. Mr. Hanes stated that he did so because the minutes are draft until the board acts to approve them. Mr. Hanes agreed to remove the word DRAFT for future minutes provided the trustees prior to the meetings.

Mr. Wearn requested that the Administrator provide a continuing calendar that provides for a year in advance the recurring policy related matters that should be considered at future quarterly meetings.

X. Disbursements

Mr. Wearn moved that the board ratify the disbursements and file the report for audit. Mr. Goldsmith seconded the motion. The trustees unanimously adopted the motion.

XI. Benefit Approval

Mr. Hanes presented to the board for ratification the disability retirement of Mr. Joshua Faller. Mr. Wearn presented a matter included with Mr. Joshua Faller's application file for disability retirement. He had noticed an application and statements Mr. Faller had acknowledged and subscribed to related to Social Security Disability benefits. He discussed with the trustees that Mr. Faller had affirmed that he had not filed or intended to file for workers compensation, public disability or black lung benefits, and was not entitled to a pension on the application by completion of the application. He stated that he had asked Mr. Hanes to look into the matter, and was wondering if there was an answer. Mr. Hanes stated that he had called Attorney Stu Kaufman regarding the matter to discuss and that Mr. Kaufman advised that the board had no obligation to do anything. Mr. Wearn expressed his concerns about the application process and the statement's affirmation by the claimant. The trustees discussed the matter.

Mr. Levinson stated that there is nothing within the disability processes that discusses anything about Social Security, and that the law regarding the application for disability from this fund is independently considered based on evidence in the record, and adjudged based on the criterion provided in the law, notwithstanding the disposition taken with respect to Social Security or Workers Compensation applications. Mr. Levinson stated that he would have no objection informing Social Security of the observation regarding the Social Security application, but stated that he would want the board to be careful and not take on duties beyond what is prescribed within the purview of the trustees. He stated to the extent that you are requesting that the Administrator advise the member, he had no objection.

Mr. Wearn made the motion for the board to direct the Administrator to discuss with Mr. Faller that the board has inquired about the document, and to request Mr. Faller to tell Mr. Hanes what he has done about it. Mr. Wearn and Mr. Goldsmith voted yes, Officer Lynch and Sergeant Proscia voted no, and Chairman Snow voted yes.

Mr. Goldsmith moved for ratification of the disability retirement of Officer Joshua Faller. Sergeant Proscia seconded the motion. The trustees unanimously adopted the motion.

XII. Other business

No other business was discussed before the board.

XIII Adjournment

Mr. Goldsmith made the motion to adjourn. Sergeant Proscia seconded the motion. The trustees unanimously adopted the motion.

Next Meeting:

MINUTES OF THE TOWN OF PALM BEACH RETIREMENT SYSTEM
POLICE OFFICER BOARD OF TRUSTEES
MEETING OF MAY 12, 2011

August 11, 2011

Secretary: ______________________ **Date** 8/11/2011

Attested by: William P. Ellan ______________________ **Date** 8/11/2011