

**City of Delray Beach
Police and Firefighters' Retirement System
Minutes of
March 19, 2008**

Members: Off. Jeroloman, Capt. Phillips, Mel Sacharow, Lt. Tabeek, Chief Giaccone

Steve Cypen, Board Counsel
Pete Prior, Livia Nixon - Benefits USA (Administrator)
Anne Woods, Plan Administrator

Absent: Mayor Ellis, Lt. Liguori, Mr. Simon, Sgt. Myers

Guests: Mike Welker, Bogdahn Consulting; Steve Gordon, Auditor; Melina Walinski & Karen Schell, Finance Department; Scott Baur, PRC; Terrill Barton, Asst. City Attorney; Livia Nixon, Benefits USA

Off. Jeroloman, Chairman, called the meeting to order at 2:15pm. Roll call was taken of members and guests. Off. Jeroloman suggested that the agenda be amended to add the following items: Scott Baur, PRC and Approve Fiduciary Liability Insurance Renewal.

1. Approve Minutes of February 20, 2008 Meeting:

The minutes were review and only grammatical changes were made to the original. Mr. Sacharow made the motion to approve the minutes. Chief Giaccone seconded the motion. None opposed.

2. Steve Gordon, Auditor – Audit for Year Ending September 30, 2007:

Off. Jeroloman stated that Mr. Gordon had prepared the first independent plan audit authorized by the Board. Additional hours required to obtain information and prepare the audit; the total charge over the originally authorized charge was \$4000.

Mr. Gordon stated that the account had a \$1400 credit from overpayment; and he would be willing to accept the \$1400 as payment and the account would be current.

Mr. Gordon stated that his responsibility would be to confirm that the financial statements were fair and the information regarding plan net assets conforms to accounting principles generally accepted in the USA. The financial statements are the responsibility of the Plan's trustees.

Statements of Plan Net Assets – as of September 30, 2007:

Assets (\$119,592,301 End of Year Fund Value - after expenses)	
Fair Investment Value	\$126,976,784
Cash	500

Receivables:

Due from broker for securities sold	\$ 612,931
Employee contributions receivable	41,634
State contributions receivable	432,524
Accrued investment income	431,413
Total receivables	\$ 1,518,502

Prepaid expenses	162,676
Total Assets	\$128,658,462

Liabilities

Accounts payable	74,813
DROP liability	7,188,343
State monies held in reserve	1,066,447
Due to broker for securities purchased	736,558
Total liabilities	9,006,161
Net assets held in trust for benefits	\$119,592,301

Attached: Statement of Changes in Plan Net Assets – additional auditing information.

Mr. Sacharow made the motion to accept the financial statements. Capt. Phillips seconded the motion. None opposed.

Mr. Sacharow made the motion to accept Mr. Gordon's proposal of accepting the credited \$1400 to settle the payment owed on the account. Lt. Tabeek seconded the motion. None opposed.

3. Mike Welker – Further Discussion Growth Manager Search:

Mr. Welker stated that the Board is in the process of considering which potential investment manager would compliment or replace ICC Capital. In the first fiscal quarter, ICC was down 7%. As of March 18th, the ICC product was down approximately 12%, and the differential from the index was not substantial. He stated that the search process produced a number of exceptional managers. He recommended that at least three (3) investment managers be chosen for interviews; and consider converting the remaining balance of the ICC growth portfolio to the ICC Multi Cap product.

After discussion, Mr. Sacharow made the motion to interview the following three (3) investment managers: DG Capital Management, Geneva Advisors All Cap Growth and Rigel Capital. Capt. Phillips seconded the motion. None opposed.

4. Scott Baur, PRC – DROP Plan:

Mr. Baur provided the Board with an update on the performance of the funds offered in the DROP Plan. Overall the funds significantly under performed (for this period the market was down 10%); but relative to their benchmark they did well. The SEI Stable Value Fund offers a fixed income option. He stated that an additional stable fund option being investigated is offered through Met Life through a master trust. The master trust has two (2) provisions that are problematic: firstly, the governing law section is Georgia not Florida; and secondly there are indemnification provisions that would not be agreeable to the Board Counsel. Met Life is unable to modify the existing trust; but was asked to consider establishing a new master trust for qualified plans (Florida governing law, and eliminate the majority of indemnification provisions). Mr. Baur stated that once the response is received from Met Life the Board would be notified.

Mark Davis (Retiree): Anne Woods informed the Board that there were issues concerning Mr. Davis' DROP lump sum disbursement due to his ex-wife (Suzanne Davis DeRocha, re: divorce agreement). On April 1, 2008, Mr. Davis will be receiving the second \$6000 DROP payout. The Board was made aware that Mr. Davis has made no effort to either contact the plan administrator(s) or Omega Recordkeeping (DROP administrator).

Lt. Tabeek made the motion that the plan administrator(s) refer Suzanne Davis DeRocha to Stephen Cypen, Board Counsel. Mr. Sacharow seconded the motion. None opposed.

Mr. Sacharow made the motion to waive reading and approve payment of Warrants 1129 through 1136. Lt. Tabeek seconded the motion. None opposed.

-Approve Payment of Warrants 1129 through 1136:

Warrant 1129: DROP Retirement Benefit Enhancement – Brian Bollan (\$4786.85) and Ralph Phillips (\$8206.99)

Warrant 1130: Full Single Lump DROP Payment to James DeCarie (\$40,000)

Warrant 1131: Commence DROP Retirement Pension Benefit Effective February 1, 2008 – John C. Evans (\$5461.26)

Warrant 1132: Benefits USA, Inc. – Commence Monthly Administrator Fee Effective March 1, 2008 (\$2300 per month with a February prorated at \$793.10)

Warrant 1133: Steven I. Gordon (Annual Audit \$955); Wentworth, Hauser & Violich (Quarterly Management Fee October 1, 2007 through 12/31/2007, \$33,107)

Warrant 1134: Brady Myers and Joseph Liguori (\$330.65 each – per diem for FPPTA Wall Street Conference, New York, April 2008)

Warrant 1135: Brady Myers (\$59.28 travel reimbursement for Florida Public Funds Summit, Jacksonville, March 2008); Charles Jeroloman (\$79.43 travel reimbursement for SEC Interview, Miami Beach, February 20, 2008); Melvin Sacharow (\$148.30 travel reimbursement for FPPTA Trustee School, Ponte Vedra, January 2008)

Warrant 136: Platinum Plus for Business (\$2689.80 travel charges); AT&T (\$105.49 monthly service); FedEx (\$173.26 delivery service)

4. Off. Jeroloman: DROP Plan Amendment to Ordinance Nos. 36-01, 18-08 & 15-08
House Bill 27-International Investments (Allocation Increase)
Board of Trustees Increase to Terms of Office (4 Years)

House Bill 27 - International Investments (Allocation Increase)

Off. Jeroloman stated that the Jacksonville Pension Board has made an effort to have House Bill 27 passed. The purpose of the Bill is twofold - Allow an increase in the international allocation from 10% to 20%; and allow a trustee to service a 4 year term instead of the present 2 years.

Mr. Sacharow made the motion that the Delray Beach Police and Fire Pension endorse House Bill 27. Lt. Tabeek seconded the motion. None opposed.

Ordinances Nos. 18-08, 15-08 and 36-01 - Off. Jeroloman stated that at the March 18th City Commission had first reading of the proposed ordinances.

Ordinance 18-08 - The Mayor/Mayor designee or the Asst. City Manager to serve on the pension board. The Delray Pension Board is unique because it's a nine (9) member Board. When the statute changed to five (5) trustees the State grand fathered Delray under the condition that if there were a change to the Board it would have to convert to a five (5) member Board. Off. Jeroloman asked Ms. Barton, Asst. City Attorney, if Susan Ruby, City Attorney, had received an opinion from the State. She stated that she was unsure, but would inform the Board at a later date. Capt. Phillips stated that at a training conference he attended a State representative told him that if the mayor chose not to sit as a trustee, Delray would not lose the ability to have a nine (9) member Board.

Ordinance 15-08 - The maximum allowed under IRS, Section 415: The annual benefit to which a member is entitled under the system shall not in an limitation year be in an amount that would exceed the applicable limitations under IRS Code, Section 415. If the benefit exceeds the limitations by reason of a benefit payable under another defined benefit plan the benefit under this plan would be reduced only after all reductions have been made under the other plan. As of January 1 of each calendar year commencing on or after January 1, 2008, the dollar limitation determined by the IRS Commissioner will be adjusted for the members' age and will become effective as the maximum permissible dollar amount of benefit payable under the system for that year.

Smith Barney - SEC Interviews/Depositions: Off. Jeroloman informed the Board that on February 20, 2008 he was summoned to Steve Cypen's office for a 2 hour interview with

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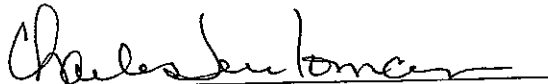
the SEC. Anne Woods, Plan Administrator, informed the Board that on March 14, 2008 she had a meeting with Joseph Coates, Esq. (personal attorney), and the deposition is scheduled on April 9, 2008.

Fiduciary Liability Insurance Renewal – Off. Jeroloman informed the Board that the fiduciary liability insurance is up for renewal as of April 1, 2008. The renewal for the year is \$12,194. Off. Jeroloman executed the renewal document and a warrant will be prepared for approval at the next meeting.

Lt. TabEEK made the motion to adjourn the meeting 4:10pm. Chief Giaccone seconded the motion. None opposed.

City of Delray Beach Police & Firefighters' Retirement System

The undersigned are the Chairman and Secretary of the Police and Firefighters' Retirement System, Board of Trustees, and the information provided herein are the Minutes of the Meeting of said body for March 19, 2008, which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees.


Charles Jeroloman, Chairman *ew*

NOTE TO THE READER: If the minutes that you have received are not complete as indicated above, then this means that these are not the official minutes of the Police and Firefighters' Retirement System, Board of Trustees. They will become official minutes only after they have been reviewed and approved, which may involve some amendments, additions or deletions to the minutes as set forth above.

Copies to:	Members of the Board	Asst. Finance Director, M. Walinski
	City Commissioners	Finance Director, J. Safford
	City Manager, D. Harden	Human Resource Director, H. Hamilton
	City Attorney, S. Ruby	Police & Fire Bulletin Board

CITY OF DELRAY BEACH POLICE AND FIREFIGHTERS RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Additions to plan net assets were provided by:	
Investment income -	
Net appreciation in fair value of investments	11,060,391
Interest and dividend income	3,178,879
Total investment income	14,239,270
Less: Investment expenses	585,500
Net investment income	13,653,770
Contributions:	
Employer	5,174,531
Florida Chapter 175 & 185 taxes	1,560,549
Employees	1,004,719
Buyback contributions	43,885
Total contributions	7,783,684
Other income	49,475
Total additions	21,486,929
Deductions from plan net assets were attributable to:	
Benefits paid to or for retirees	4,526,347
Refunds of contributions	30,565
Benefits paid from DROP accounts	1,934,563
Administrative expenses (<i>Supplemental schedule</i>)	183,845
Total deductions	6,675,320
Increase in plan net assets	14,811,609
Net assets held in trust for pension benefits:	
Beginning of year	105,623,057
Prior period adjustment (<i>See Note 6</i>)	(842,365)
End of year	\$ 119,592,301

READ THE NOTES TO THE FINANCIAL STATEMENTS