

**City of Delray Beach
Police and Firefighters' Retirement System**

**Minutes of
April 21, 2010**

Members: Ofc. Chuck Jeroloman, Chief Ralph Phillips, Sgt. Brady Myers, Lt. Joe Liguori, Lt. Jim Tabeek, Commissioner Adam Frankel, Asst. City Manager Doug Smith, Mel Sacharow

Anne Woods, Plan Administrator

Absent: Chief Giaccone

Guests: Mike Welker and John Thinnes, Bogdahn Consulting; Justin Caruso, F.D.; Lt. John Palermo, P.D.

Ofc. Jeroloman, Chairperson, called the meeting to order at 9:10am. Roll call was taken of members and guests.

1. Mike Welker, Bogdahn Consulting:

-International Bond (Non-Core) Emerging Markets Presentations: Lazard Emerging Income, PIMCO Diversified, Templeton Global Bond

Mr. Welker stated that a total of 5% (\$5.5 to 6 million) of the current domestic equity portfolio would be used to fund the new accounts. The current equity portfolio consists of 44% domestic and 16% international.

Commissioner Frankel arrived at 9:50am.

Lt. Liguori made the motion to retain Lazard Emerging Income and PIMCO. Lt. Tabeek seconded the motion. None opposed.

(Allocation: Lazard \$4 million and PIMCO \$1.5 million. Fee Schedule: Lazard – 1% management and 10% incentive. PIMCO - .75% management)

-Managed Futures Presentations: Abbey Capital, FISCO, Guidance Capital, Princeton Futures (6800 Capital)

Mr. Sacharow made the motion to retain Abbey Capital, and 5% of the value of the Plan's portfolio would be used to fund the account. Chief Phillips seconded the motion. None opposed.

(Allocation: 5% of portfolio value. Fee Schedule: Abbey Capital – 1% management and 10% incentive. FISCO – 1% management and 20% incentive)

(Allocation: 5% of portfolio value. Fee Schedule: Abbey Capital – 1% management and 10% incentive. FISCO – 1% management and 20% incentive)

After further discussion, Mr. Sacharow recommended that FISCO be retained as a fixed income alternative to blend with PIMCO and Lazard. Mr. Welker, Bogdahn Consulting will advise the Board of the recommended allocation at the May 19, 2010 meeting. Commissioner Frankel seconded the motion. Asst. City Manager Smith and Chief Phillips voted no. Motion passes 5-2.

Rigel Capital: Mr. Welker stated that the situation had not improved and recommended that the Board consider termination of this investment manager. He suggested that the Rigel monies be transferred to the iShare Index Fund.

Lt. Liguori made the motion to move the remaining Rigel allocation to the iShare Index Fund. Mr. Sacharow seconded the motion. None opposed.

Lazard and iShare Index Fund: Mr. Welker stated that he would recommend that the Board agree to utilize the Goldman Sachs Financial Square Treasury Obligations Fund which is the default fund offered through Salem Trust as the money market fund (sweep account) for the investment of cash held in the custodial account.

Chief Phillips made the motion authorizing the Chairperson to execute the Cash Management Sweep Authorization Form. Lt. Tabeek seconded the motion. None opposed.

2:00pm - Commissioner Frankel and Sgt. Myers leave the meeting. Steve Cypen, Board Counsel, Karen Schell, Finance-Pension Administrator, Milena Walinski, Asst. Finance Director and Brad Heinrichs, Foster & Foster arrive.

Mr. Heinrichs discussed how the City's plan is unlike others with the different form of payment for single (10 year certain and life) and married (60% joint and survivor). Because the 60% joint survivor options is an actuarially more valuable benefit than all other retirement options become more valuable (for a married retiree). If an unmarried person and a married person both chose the joint survivor option, the married person receives a higher benefit.

Ofc. Jeroloman, Chairperson, informed the trustees' that the Finance Department requested permission to tape record the meeting.

2. Approve Meeting Minutes for March 17, 2010:

Mr. Sacharow made the motion to approve the minutes as submitted. Asst. City Manager Smith seconded the motion. None opposed.

3. Unfinished Business:

a. Brad Heinrichs, Foster & Foster – Certification Pay Analysis (Attached - 2 letters dated April, 19, 2010 and one dated April 20, 2010):

Certification: Mr. Heinrichs stated that based on the 1993 payroll information that was provided by the City, the actuarial analysis was performed to determine the increased benefits payable to certain retired firefighters as a result of including additional items of compensation for calculations of the average monthly earnings. Due to the lack of annual certification information, he was unable to compile the amount of the employee contributions owed. The information that was readily available was the life to date certification that showed different employee contribution rates. Ofc. Jeroloman stated that in 1999 the contribution went from 7.33% to 3%. Then in 2004 the contribution was increased to 6% with a 3.5% multiplier.

Mr. Cypen stated that due to possible tax consequences, the retiree should be given the option of either paying the contribution in full or having the amount deducted from the monies owed.

Mr. Heinrichs stated that due to the lack of precise payroll documentation there were 19 retirees for whom it was not possible to determine whether they received certification pay prior to retirement. There were also three (3) retirees (Kopel, Buce and Mook) for which he did not have a complete payroll history during their two (2) year average final compensation period. (Attached letter dated April 20, 2010)

Mr. Cypen stated that the City wants to be assured that the calculations are prepared consistent with their view so no further legal filings would be necessary. Mr. Smith stated that the information would be provided to the City Manager and the City Attorney for review and comments.

Mr. Smith asked if it would be possible to obtain the missing information from the retirees personnel file. Ms. Walinski stated that she was unsure. She stated that if the start dates were known, and the amounts did not change, then it would be possible to determine that during their lifetime they earned a specific amount. Mr. Heinrichs stated that a calculation would be possible only if the person worked an entire career under one specific contribution rate. Ms. Walinski stated that payroll records prior to 1990-91 were destroyed due to a flood and unattainable.

Lt. Liguori stated that if the City would provide whatever information is available on the system then those members who are eligible to receive the benefit would be responsible to pay the contribution prior to receiving any monies. For those who are ineligible to receive the benefit no contribution would be required. Mr. Smith agreed to assist in obtaining the information and report back to the Board.

Terminated/Vested: Foster & Foster would need to obtain the prior benefit calculations (McCollum, Heithaus, Williams, Batista, Nye and Vurchio).

Early Retirement Incentive: Foster & Foster would need the names and prior calculations.

Actuarial Valuation Report: The data necessary to prepare the report was received on April 20, 2010. Ms. Walinski stated that the Finance Dept. had not received a request from Foster & Foster (disc) for the data required to prepare the report. She stated that Finance sent the information via email in an Excel format.

Annual Report: Mr. Cypen suggested that Mr. Heinrichs sign Page 6a, but note on the report that the 'judgment is on appeal'. The case has been decided, and on appeal from the Circuit Court (Litigation: 99-1 (overtime) and State Premium Tax Revenue).

b. Ofc. Jeroloman, Chairman – Further Discussion Unfunded Liability Costs, City Manager's Response Dated April 13, 2010 (Attached):

Ofc. Jeroloman stated that the City Manager had responded to his letter of March 1, 2010, and outlined the City's position regard the five (5) items brought to their attention. The Board discussed the City Manager's response. (Attached City Manager's Memo dated April 13, 2010)

4. New Business:

a. Commissioner Frankel – FPPTA Trustee School, September 26, 2010, PGA Resort (WPB): Tabled to May 19, 2010 meeting.

5. Reports:

a. Steve Cypen, Board Counsel – Status of Pending and Potential Litigation Matters:

Mr. Cypen stated the following:

-Benchmark Financial Services – Since he acts as the counsel of record and would also be a witness in the case, an issue was raised concerning a conflict of interest. He contacted the Florida Bar (Ethics) and it is their opinion that no conflict would exist, but rather than making an issue it was decided that he would not act as co-counsel.

-IRS Compliance Statement – IRS Compliance Statement was received on February 8, 2010.

b. Steve Gordon, Auditor – Review/Approve 2009 Annual Report:

After review, there were no changes made to report. The actuary is required to sign Page 6a.

Lt. Tabeek made the motion to approve the 2009 Annual Report as submitted. Chief Phillips seconded the motion. None opposed.

6. Expenditures:

a. Approve Payment of Warrants 1408 through 1419: Lt. Tabeek made the motion to waive the reading and approve payment of the warrants. Chief Phillips seconded the motion. None opposed.

Warrant 1408: Approve Normal Retirement Benefit Enhancements – June 2010 for David Bonelli (\$3,429.75), Thomas Buce (\$2,718.86), Peter Carafano (\$3,301.33), Michael Cato (\$3,393.51), Richard D'Atrio (\$3,729.00), Donald Farrow, Jr. (\$4,718.81), Glasco Martin (\$3,404.92), Thomas Mook (\$2,987.58), Robert Moreland (\$5,525.85), David Priest (\$4,151.93), Pete Schofield (\$2,257.73), Douglas Trawick (\$3,392.93), Donald West (\$5,101.60)

Warrant 1409: Bogdahn Consulting Group (\$12,500 Performance Evaluation/Consulting Services 1/01/2010 – 3/31/2010, Invoice #4912), Bogdahn Consulting Group (\$2,000 DROP Plan Performance Evaluation/Consulting Services 1/01/2010 – 3/31/2010, Invoice #4913)

Warrant 1410: Esquire (\$701.23 Services Provided on 2/17/2010, Proceedings for Benchmark vs. Delray Beach P&F)

Warrant 1411: FedEx (\$22.37 Invoice #703041000, Account 210739513), AT&T (\$115.27, Account #5110450)

Warrant 1412: Manhattan Trophy (\$195.25, Service Plaques)

Warrant 1413: Investment Management Fees-Quarter Ending March 31, 2010 for Rigel Capital (\$10,147.84), ICC Capital (Growth \$12,287.69), ICC Capital (Fixed \$12,229.20), Mutual of America (\$1,786.62)

Warrant 1414: Barry S. Balmuth, PA (\$50, Invoice #13544 – Certification Litigation), Barry S. Balmuth, PA (\$1,796.88, Invoice #13555 – Benchmark Financial Litigation)

Warrant 1415: Steven I. Gordon (\$1,030, Invoice #6319 – Final Billing for Certified Audit and Preparation of 2009 State Annual Report)

Warrant 1416: The Plastridge Agency, Inc. (\$9,114.24, 2010-2011 Fiduciary Liability Insurance – Police #105264140)

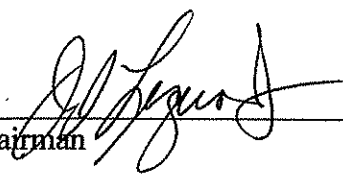
Warrant 1417: Per Diem for NCPERS Conference – May 2-6, 2010, Las Vegas (\$154.49 – Brady Myers, Chuck Jeroloman and Joe Liguori, \$203.44 for Adam Frankel (attending pre conference May 1-6th))

Warrant 1418: Kurtis Firehock (\$5,287.86, Annual Pension Benefit – Beneficiary of Peter Firehock, deceased)

Mr. Smith made the motion to adjourn the meeting at 4:50pm. Chief Phillips 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 April 21, 2010 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on May 19, 2010.


Chairman

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
 Police & Fire Departments Asst. City Attorney, T. Pyburn