

**City of Delray Beach
Police and Firefighters' Retirement System
Minutes of
December 16, 2009**

Members: Off. Jeroloman, Chief Phillips, Sgt. Myers, Lt. Liguori, Lt. Tabeek,
Commissioner Adam Frankel, Mel Sacharow

Steve Cypen, Board Counsel Anne Woods, Plan Administrator
Karen Schell, Plan Administrator-Finance

Absent: Asst. City Manager Doug Smith, Chief G. Giaccone

Guests: Mike Welker, Bogdahn Consulting; Milena Walinski, Asst. Finance
Director, Terrill Pyburn, Asst. City Attorney, Shelly Weil

Off. Jeroloman, Chairman, called the meeting to order at 2:05pm. A roll call was taken of members and guests.

1. Approve Meeting Minutes - October 14 and November 18, 2009:

The minutes were reviewed and only grammatical changes were made to the originals.

October 14, 2009 – Lt. Tabeek made the motion to accept the minutes. Mr. Sacharow seconded the motion. None opposed.

November 18, 2009 – Mr. Sacharow made the motion to accept the minutes. Chief Phillips seconded the motion. None opposed.

2. New Business:

a. Approve and Execute Monitoring Agreement with Grant & Eisenhofer, P.A.: Lt. Tabeek made the motion authorizing the Chairperson to execute the monitoring agreement. Commissioner Frankel seconded the motion. None opposed.

b. Approve and Execute Investment Advisory Agreement with Lazard Asset Management: Lt. Tabeek made the motion authorizing the Chairperson to execute the investment advisory agreement. Commissioner Frankel seconded the motion. None opposed.

c. Actuarial Calculation for Certification Pay Prior to 2004: Lt. Liguori stated that due to the Summary Judgment ruling, he suggested that the Board agree to authorize the actuary to prepare the calculations necessary to determine both the adjustments to the pension benefits and the required contributions that would need to be collected from the 13 retirees in question.

Mr. Cypen stated that if the prior accounting methodology (prepared by GRS) was just updated and implemented, he did not feel that the City would appeal or take the case any further.

Lt. Liguori made the motion to authorize Foster & Foster to recalculate the pension benefit to include certification pay using the framework previously developed.

Mr. Cypen recommended that due to individual tax implications, the retiree could have two (2) different choices on how to pay the contribution: total amount by check or the amount would be deducted from the first readjusted pension benefit.

Lt. Tabeek seconded the motion. None opposed

(The Board agreed to the recommended payment options.)

d. Review Summary Plan Description: Mr. Cypen stated that the trustees should review the document and submit their comments to the administrator. He also suggested that the Board consider not submitting the document until all relevant litigation is finalized.

Note: The approval of the Summary Plan Description will be placed on the January 20, 2010 agenda.

3. Reports:

a. Steve Cypen, Board Attorney

i. Status of Pending Litigation Matters – Mr. Cypen stated that following:

Smith Barney – Our brief was filed on December 16, 2009 in the 11th Circuit.

Certification – The ruling from the Circuit Court was received with a motion for rehearing, which technically could be withdrawn if the City is satisfied with the implementation of the certification pay recalculations.

99-1 (Overtime) - The City's brief, which he helped write, was presented to the Board. There is a period of time where the opposing side has to respond. Hopefully, after consideration, the PBA would take a different position. Lt. Tabeek asked if the IAF was included. Mr. Cypen stated that the IAF had been contacted and could have filed a brief along with the City. If not, they could ask for an extension retroactive to the City's filing.

ii. Status of Desired Ordinance Changes (SB538) – Section 33.65 Administration (B) Term Limits – 4 Years. Section 33.66 Finances and Fund Management (E)(3) – Increase Foreign Investment (not to exceed 25% at market) and Beneficiary:

Mr. Cypen stated that his office was notified by the administrator to make the changes as necessary and bring them back to the Board for review.

iii. Waiver of Priority, Anthony R. McAloney Estate – Mr. Cypen stated that Mr. McAloney had made a provision in his will to leave a portion of his estate, approximately \$50,000, to the Pension Fund. Mr. Sacharow made the motion to authorize the Chairperson to execute the Waiver of Priority. Lt. Liguori seconded the motion. None opposed.

b. Mike Welker, Bogdahn Consulting

i. Update on Lazard Asset Management Agreement – Agreement was executed.

ii. Recapture Services/Convergex – The Board has a pre-existing recapture service agreement with Convergex (Lynch Jones & Ryan). Bogdahn Consulting has a prepared letter that would be sent to the domestic equity managers informing of their responsibility to trade at the best possible execution. The Board would not direct any percent to any one manager because that would take away their ability to potentially trade elsewhere. Mr. Cypen stated that the present standard is 70% rebate or the cost of 2 cents (whichever is less). Mr. Welker suggested that if the Board intends to continue utilizing a recapture program, then all recapture brokers should be included.

iii. International Review – SB538 now allows for a 25% allocation in international funds; presently the ordinance allows for a 10% allocation. Mr. Cypen stated that Ms. Shoemaker has taken the position that whether the investment is in the Plan or not the standard is 25% (market). Mr. Welker recommended that the Voyager portfolio should be increased to 7.5%, and the WHV portfolio at 3.5% would remain the same. Due to WHV volatility he also recommended that the Board consider adding another growth manager. It was decided to table this item to the January agenda for further discussion. (Note: The Board directed Mr. Welker to contact ICMA (DROP) regarding the monitoring procedure and the 10% limitation on international allocations.)

iv. Flash Report as of November 30, 2009 – Portfolio Market Value \$98,775,000. For the month of November the portfolio was up 3.67% (benchmark 3.53%). Quarterly performance 4.81% (benchmark 5.99%). Year-to-date (October & November) 2.34% (benchmark 2.35%).

v. DROP, Approve Two Additional Vantagepoint Funds to the ICMA Lineup: Mr. Welker recommended the addition of two model portfolios – Vantagepoint Conservative Growth and Vantagepoint Savings Oriented.

Mr. Sacharow made the motion to include both the Vantagepoint Conservative Growth and Vantagepoint Savings Oriented funds to the ICMA DROP platform. Lt. Tabeek seconded the motion. None opposed.

vi. Fiduciary Liability Insurance Deductible (Contract stipulated \$2 million with a \$50,000 deductible) – Mr. Welker stated that after conferring with his agent it was determined that the insurance deductible (\$150,000) could not be lowered and still maintain the \$5 million policy. Bogdahn offered to pay a separate premium for just the one client, which could not be done either. Since this is more of a business risk, the firm requested a letter from their banking institution stipulating that if necessary they could meet the \$150,000 deductible. He provided a letter that stated the financial viability of The Bogdahn Group from Platinum Bank (Mark Thompson, Senior Vice President).

Mr. Cypen stated that the letter is only as good as the moment. He stated that his concern is that if an error were made it is usually client wide and the liability could be substantial at \$150,000 per client.

Mr. Cypen stated that if Bogdahn agreed to provide their financial statement he would review such and bring his recommendation to the Board. Under the condition of confidentiality, Mr. Welker agreed to provide Mr. Cypen with the firm's financial statement. (Tabled to January 20, 2010)

4. Expenditures:

a. Approve Payment of Warrants 1360 to 1369: Mr. Sacharow made the motion to approve payment of Warrants 1360 through 1369 with the exception of Warrant 1366. Warrant 1366 will be amended to exclude the Tegrit Administrators \$500 Deconversion Fee, Invoice #200912-07. Commissioner Frankel seconded the motion. None opposed.

Warrant 1360: Approve Normal Retirement Benefit Enhancements Effective February 2010 – Maurice Haas (\$4,151.92), Alberto Melis (\$4,126.90), Michael Wigderson (\$4,640.94), Ivery Williams (\$3,059.23) and James Wilson (\$4,339.77)

Warrant 1361: Approve DROP Retirement Benefit Enhancements Effective February 2010 – John Evans (\$5,737.73), Pamela Garcia (\$5,816.98), Michael Kosick (\$5,408.45) and Thomas Quinlan (\$5,169.17)

Warrant 1362: Approve Normal Retirement Pension Benefit Retroactive Date of December 1, 2009 for Eileen Tuckman (\$4,045.36)

Warrant 1363: Approve Normal Retirement Pension Benefit as of January 1, 2010 for Dwayne Fernandes (\$4,053.94)

Warrant 1364: Approve Normal Retirement Pension Benefit as of January 1, 2010 for Marc Woods (\$7,169.57)

Warrant 1365: AT&T (\$99.81, Account #5110450); FedEx (\$52.68, Account #210739513)

Warrant 1366: Tegrit Administrators, LLC (\$91.50 Quarterly Invoice December 2009, Final Invoice #200912-02); Tegrit Administrators, LLC (\$500 Invoice #200912-07 Deconversion Standard Fee, Invoice #200912-07). NOTE: Invoice #200912-07 Deconversion Fee was voided due to further clarification on the fee.

Warrant 1367: Approve Normal Retirement Pension Benefit Retroactive Date of December 1, 2009 for Richard Wentz (\$5,071.08)

Warrant 1368: Barry Balmuth, P.A. (\$2,434.60 Professional Services Rendered for November 2009, Invoice #13493)

Warrant 1369: Approve Refund of Pension Contribution for Justin Crowe (\$5,011.47, Terminate Date of 8/25/2005)

NOTE: Reference Warrant 1366 – The administrator contacted Tegrit Administrators and received clarification regarding the Deconversion Fee (transfer of data, closing of DROP accounts, communication w/MG Trust for liquidation and interaction with new ICMA DROP administrator). The administrator prepared Warrant 1366-A and obtained five (5) trustee signatures on December 18, 2009.

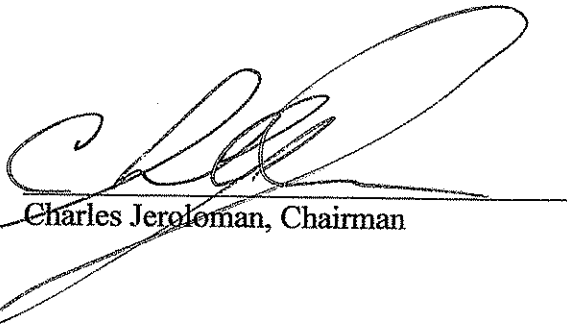
5. Board Member Item:

a. Lt. TabEEK, Further Discussion Regarding the Alive and Well Letter – Lt. TabEEK stated that after receiving the letter, a number of retirees contacted him with concerns that the Pension Board should be responsible for obtaining updated personal information. He made the motion that going forward the Pension Board would send out the Alive Well Letter. Lt. Liguori seconded the motion. None opposed.

Mr. Sacharow made the motion to adjourn the meeting. Commissioner Frankel 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 December 16, 2009 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on January 20, 2010.



Charles Jeroloman, 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