

4. New Business:

a. Brad Heinrichs, Foster & Foster

i. Review and Approve Summary Plan Description (SPD) – Sgt. Myers stated that the statement ‘unpaid leaves were not included in credited service’ is incorrect. In the past, the practice has been that leaves of absence, non-paid days and suspensions are not taken out of credited service. Mr. Heinrich stated that if Human Resource records credited service, the payroll information he receives would note the difference in dates. Mr. Cypen stated that the City’s records are the basis for all calculations. Sgt. Myers stated that when the lapses in service are not excluded from the employee’s credited service the pension plan experiences a higher un-funded liability.

Mr. Cypen recommended that the Board not approve the SPD until the IRS amendment and the SB538 legislation are approved. The Board agreed.

ii. Review Methodology for Calculating Certification Pay – Mr. Heinrichs stated that the following information would need to be provided:

- A list of employee names
- Obtain the old calculations that were prepared by the prior actuary
- A list of the exact certifications that are being included for each person/year
- Recalculate the new amounts by adding in the certification pay
- Calculate the employee contribution
- Calculate the retroactive lump sums (COLA)
- Subtract the amount of contribution

Mr. Cypen stated that if the prior actuary were contacted, the list of names and the methodology could be obtained. He also suggested that the amount of contributions owed should not be subtracted, but a request that the individual provide a check for payment.

Lt. Liguori suggested that once the calculations are completed and the Board has the opportunity to review them, the decision on how to proceed with obtaining the contributions could be decided.

Mr. Sacharow made a motion authorizing Mr. Heinrich to contact anyone who may be helpful in completing the project (GRS, City, Salem Trust, Pension Resource Centers, etc.). Sgt. Myers seconded the motion. None opposed.

Lt. Tabeek requested that Mr. Smith act as the contact person between the City and Mr. Heinrichs. Mr. Smith agreed.

Sgt. Myers suggested that an analysis be prepared to determine the costs involved with the City’s decision to open an early window retirement incentive, and the error that was made with regard to the vested/terminated members that will be receiving pension benefits earlier than deserved.

Mr. Heinrichs stated that the Plan document states that the City has the right to open an early window at their discretion, which is very unusual, and to his knowledge Delray is the only city that has this capability. The ability to consistently exercise an early window will add to the Plan’s unfunded liability in a camouflaged way. The cost would fall under the guise of an actuarial lose when in fact it was a change to the plan. He stated that whenever there is a change to a plan, an impact statement should be prepared by the actuary. Historically, he is not aware of any impact statement being prepared because the Plan has not changed.

Mr. Cypen stated that he disagreed, because the fact that the Plan wasn't changed by ordinance doesn't mean that it's not changed by the action of someone in accordance with the ordinance. He didn't feel that the Division of Retirement would ever allow such a practice.

Mr. Heinrichs stated that since the Board has control over the amortization periods, assumptions and methods, it could say that the cost is amortized over a specified time frame (e.g. 1 year).

Lt. Liguori made the motion authorizing Mr. Heinrichs to prepare a study that would calculate the cost of the early window incentives from inception (1993 to present). Mr. Sacharow seconded the motion. Mr. Cypen suggested that the Board request that the City provide the corresponding savings to both the Board and the actuary. None opposed

Sgt. Myers made the motion authorizing Mr. Heinrichs to prepare a study that would show the impact on the Plan for the individuals that will receive pensions benefits earlier than deserved due to the City's error in the interpretation of the ordinance. The purpose of the study is not to request that the monies be refunded to the Plan. Lt. Tabeek seconded the motion. None opposed.

b. Proposed Ordinance Subject to SB538 --

Amend Section 33.61(C) Membership; Conditions of Eligibility; Application – Change in Designation of Beneficiary

Amend Section 33.63(A) Optional Forms of Benefits – Option 1. Joint and Last Survivor Option

Amend Section 33.65(B) Administration – Increase the term of office for trustees to four (4) years

Amend Section 33.66(E)(3) Finance and Fund Management – Modify the limitation on investing in foreign securities to 25% on a market-value basis

Mr. Cypen stated that the probability of the ordinance being implemented prior to April 22, 2010 elections is slim. The implementation of increasing the four (4) year term of office for trustees would be the first election after the effective date of the ordinance.

Commissioner Frankel made the motion to send the drafted ordinance to the City Attorney's office. Mr. Sacharow seconded the motion. Mr. Smith vote no, and stated that he was opposed to the increase of four (4) year term of office for trustees. Motion passes 8 to 1.

5. Unfinished Business:

a. Off. Jeroloman – Further Discussion Bogdahn Consulting Liability Insurance: Off. Jeroloman stated that at the Investment Meeting held on January 27, 2010, the trustees' further discussed this issue and agreed that the documentation provided by Bogdahn Consulting was adequate. Mr. Sacharow made the motion to accept Bogdahn Consulting liability insurance as presented (\$5 million w/ \$150,000 deductible). Lt. Tabeek seconded the motion. None opposed.

b. Florida Public Records Act Amendments Regarding Social Security Numbers – Mr. Cypen stated that amendments require that public agencies identify in writing the specific federal or state laws governing collection, use and release of social security numbers for each purpose for which the agency collects the social security number. The amendments further require notice as to whether collection of a social security number is authorized or mandatory under federal or state law, and delineate conditions under which social security numbers held by an agency may be disclosed. The amendments also redefine the term "commercial activity" for purposes of provisions authorizing disclosure of a social security number under limited circumstances. Finally, the amendments eliminate agency reports of requests for social security numbers by commercial entities, and eliminate the annual notice of compliance and report to the Governor, President of the Senate and Speaker of the House.

Mr. Cypen suggested that the Board adopt the following policy statement, and include it on all appropriate applications, forms and documents requiring social security numbers:

Social Security Number Collection Disclosure Statement: Your social security number is requested for purposes of determining eligibility for retirement benefits as a plan member, retiree or beneficiary; for processing of retirement benefits; for verification of retirement benefits; for income reporting; or for other notice or disclosures related to retirement benefits. Your social security number will be used solely for one or more of these purposes. The collection and use of your social security number is authorized by Section 119.071(5)(a)(2)(a)(II), Florida Statutes.

(Note: The Board of Trustees' agreed to adopt the policy statement effective as of the date of this meeting.)

c. Lt. Liguori – Travel Cost Analysis (IFEFP Conference, Hawaii, November 2010): Lt Liguori read into the minutes the findings of the travel/training analysis (see attached). Lt. Liguori stated that due to the additional registration and hotel accommodation costs, he suggested precluding trustees' from attending pre-conference workshops/seminars. Off. Jeroloman suggested that at least one (1) trustee should be allowed to attend a pre-conference workshop.

Mr. Smith stated that the Board provides opportunities for education, and he didn't feel it should be an issue if none of the trustees' attended this conference when every other year it's held in the continental U.S. He reiterated that he felt it would be a serious perceptual concern, and an expense that the Board should not participate in this year due to the downturn in the economy. He informed the Board that the City Manager decided not to attend the International City Manager Conference because it was being held in Canada. He requested input from the trustees', and stated that the overall decision of the Board would govern.

After discussion, the trustees' other than Mr. Smith agreed to allow Board Members to attend the IFEFP Conference in Hawaii. (Attendees: Liguori, Phillips, Myers and Frankel (tentative)).

6. Expenditures:

Mr. Sacharow moved to waive the reading, and approve payment of Warrants 1386 through 1398. Commissioner Frankel seconded the motion. None opposed.

Warrant 1386: Approve Normal Retirement Benefit Enhancements – April 2010 for Brian Bollan (\$5029.18), William McCollom (\$7313.20), Robert Musco (\$7881.66), Michael Swigert (\$6605.21), Robert Sylvester (\$2276.48)

Warrant 1387: Approve DROP Retirement Benefit Enhancements – April 2010 for Ralph Phillips (\$8622.46) and John Tomaszewski (\$8361.03)

Warrant 1388: Approve Normal Retirement Pension Benefit Effective April 1, 2010 for Brian Bollan (\$5029.18)

Warrant 1389: Approve Increase of Monthly Pension Benefit Due to Beneficiary Change to Commence with a Retroactive Date of December 1, 2009 for Dennis Smith (\$2917.65)

Warrant 1390: Barry S. Balmuth, Esq. (\$1347.50, Invoice #13525 – Re: Benchmark Financial Services)

Warrant 1391: Barry S. Balmuth, Esq. (\$528.88, Invoice #13504 & 13528 – Re: Certification)

Warrant 1392: Steven I. Gordon (\$1845, Invoice #6179 – Certified Audit of Financial Statements as of September 30, 2009)

Warrant 1393: Holland & Knight, LLP (\$225, Invoice #2479022 – Pension Plan Compliance Review)

Warrant 1394: Investment Management Fees for Quarter Ending December 31, 2009 – Pioneer Investments (\$6166.45), DG Capital (\$19,865.12), Wentworth, Hauser & Violich (\$9417), Delaware Investments (\$22,351)

Warrant 1395: Platinum Plus (\$4091.18, FPPTA Registrations and Hyatt Regency Hotel Reservations for Jeroloman, Myers, Frankel, Sacharow, Office Depot), AT&T (\$115.86, Account #5110450), Printing Plus (\$69.50, Invoice #12852), FedEx (\$85.26, Invoice #947839555, Account #210739513)

Warrant 1396: Ralph Phillips (\$163.63, Per Diem – FPPTA Wall Street Conference, March 24-27, 2010)

Warrant 1397: Travel Reimbursement for:

Melvin Sacharow- \$314.20 (FPPTA, Jacksonville, Feb. 2010 - Airfare \$227.20, Mileage \$24, Parking/Taxi \$63)

Adam Frankel - \$668.10 (FPPTA, Jacksonville, Feb. 2010 – Airfare \$139.40, Parking/Taxi \$106, NCPERS, May 2010 – Airfare \$313.10 and IRRS, San Diego, Dec. 2009 – Airfare \$109.60)

Brady Myers - \$71.70 (FPPTA, Jacksonville, Feb. 2010 – Gas)

Chuck Jeroloman - \$99.92 (FPPTA, Jacksonville, Feb. 2010 – Gas)

Warrant 1398: Enterprise Leasing Company (\$242.99 Auto Leased by Chuck Jeroloman to Attend FPPTA, Jacksonville, Feb. 2010 – Rental Agreement #D026791)

Audit of September 30, 2009 Financial Statements – Due to the Finance Department’s obligation to submit the City’s audit by March 31, 2010, Sgt. Myers made a motion authorizing the Administrator to contact the auditor and inform him that the Plan’s audit must be submitted to the Administration Office no later than March 1st. Lt. Liguori seconded the motion. None opposed.

Mr. Cypen, Mr. Sacharow and Commissioner Frankel leave the meeting at 4:45pm.

3. Reports: cont’d.

b. Mike Welker, Bogdahn Consulting

i. ICC Capital, Kevin Quinn - Portfolio Review for Quarter Ending December 31, 2009:

Fixed Income	Current Qtr.	One Year	Three Years
Starting Value	\$21,654,243	\$26,988,134	\$30,669,306
Ending Value	\$21,505,260	\$21,505,260	\$21,505,260
Difference	(\$148,983)	(\$5,482,874)	(\$9,164,045)
Net Contributions/(Withdrawals)	(\$169,018)	(\$6,704,283)	(\$13,714,827)
Gain/(Loss) from Investments	\$20,035	\$1,221,409	\$4,550,781

Total Return	0.09%	4.69%	16.52%
Annualized Return			5.23%

Multi Cap	Current Qtr.	One Year	Since Incept. 7/31/08
Starting Value	\$10,914,854	\$8,372,317	\$10,899,506
Ending Value	\$11,829,757	\$11,829,757	\$11,829,757
Difference	\$914,903	\$3,457,440	\$930,252
Net Contributions/(Withdrawals)	(\$119,700)	(\$782,362)	(\$1,016,702)
Gain/(Loss) from Investments	\$1,034,603	\$4,239,802	\$1,946,954

Total Return	9.57%	51.84%	19.54%
Annualized Return			13.40%

Over the last year, ICC lagged the relative indexes due to being conservative, maintained an excess of cash, and held an extremely high quality portfolio. Approximately 25% of the portfolio liquidity was transferred out during the course of the last year. Currently, the portfolio is poised to rapidly recoup the underperformance realized in 2009. ICC foresees that the 2010 bond market most likely will return 4-6%, and to realize the return they have added high quality and high yielding instruments to the portfolio (Step-up Bonds, Callable Bond, Premium Corporate Bonds, Build America Bonds (Stimulus Program), Selective Mortgages).

Mr. Welker stated that he is satisfied with their explanation, and agrees that the portfolio is positioned well for the future.

ii. Portfolio Rebalancing Letter – Due to the funding of newly established portfolios the allocations have changed. Mr. Welker requested that the Board approve the revised rebalancing letter that directs Salem Trust on how to allocate monies to the R&D Account. After review, the Board approved the revised letter.

iii. Execute Convergenx Agreement (Commission Recapture) – Mr. Welker stated that the agreements states: anything above 1.25 cents through the Convergenx desk will be recaptured back to the Plan, and 75% net commissions away from Convergenx will be rebated back to the Plan.

Mr. Welker stated that a letter would be sent to the equity managers informing of the following – The Board will not be directing what recapture manager they can utilize. The investment manager will have full discretion on choosing whichever recapture manager will offer best execution. They will also be required, on an annual basis, to provide a list of transaction costs that Bogdahn will then review.

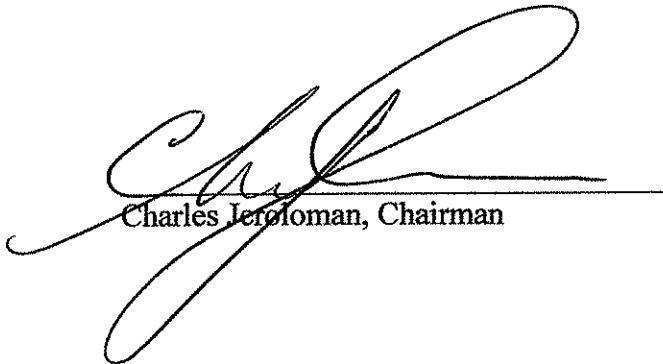
iv. Further Discussion/Educational Materials – Managed Futures & Emerging Debt – Mr. Welker provided the trustees' with an informational package and requested they review such prior to the next meeting. He informed the Board that professionals from both Managed Futures and Emerging Debt are scheduled to attend the March 17th meeting.

DROP Plan – Lt. Liguori stated that he is concerned with how the DROP monies allocated to international funds are going to be tracked and how they will affect the overall Plan. Mr. Welker stated that ICMA provides him with the account balances, but the challenge is not having the smaller DROP allocations driving the main Plan. He suggested that the Board should consider putting a governor on the percentage of international in the DROP Plan. Off. Jeroloman stated that ICMA could be notified that no future contributions are to be allocated to an international fund.

The meeting adjourned at 5:45pm.

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 February 17, 2010 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on March 17, 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

Agenda
2/17/2010

To: The Board of Directors of the D.B. P&F Pension System
Fr: Joe Liguori, Vice Chairman
Re: Travel & Training
17 February 2010

This report is an attempt to put some perspective on the training and educational needs of the trustees of our Board. I do not believe any of you have any objection to the continuing education of our trustees. However, there has been some concern regarding the location of this year's International Foundation Annual Conference. Consider the following.

Our board has the deserved reputation as one of the most highly educated and progressive boards in the State. Our consultant can verify this. This did not occur through happenstance, but rather through dedication and a passion for knowledge to seek the skills and information necessary to administer a 100 million dollar fund. Four of our trustees are CPPT through the FPPTA and two are currently working on achieving it.

The IFEPB annual conference is the largest and most respected conference in the pension industry. Information gathered at this conference has directly been translated into the portfolio reconstruction that has occurred over the last two years, to the benefit of our members. Our fund has climbed back from its doldrums and is poised to outpace our assumed rate of return annually.

I personally have achieved the CAPPP certification from the IFEPB. Additionally, I have received an advanced certification as a Trustee Master from the same group and have attended the University of Pennsylvania's Wharton School of Business Advance Investment Institute sponsored by the International Foundation. To imply that my continuing education through this organization should be denied because of its location is to not understand its inherent value to me and the Board. The sites are rotated on a six year basis and its current site has the same educational value as any other.

The travel cost for this year's conference differs by only three hundred dollars per person, mainly due to higher airfares. Consider the following:

1. The annual conference of the FPPTA in June of 2009 was in Boca Raton. Six of our members attended. By my calculations, 18 hotel nights and mileage reimbursement equals savings totaling \$5346.00.
2. The October, 2010 trustee school of the FPPTA is being held in Palm Beach Gardens. The savings are calculated to be \$4446.00.
3. Total savings is \$9792.00. Compare this figure to the additional \$1500.00 cost for this year's IFEPB annual conference.
4. Because I have been elected to a seat on the Board of Directors of the FPPTA, my travel costs to conferences and trustees schools are covered by them three times a year.

All our CPPTs must gain 30 CEU credits over a three year period to recertify. This can be achieved through FPPTA functions; through attendance at the NCPERS annual conference; and through attendance at the IFEPB's annual conference. Scheduling problems may preclude our CPPTs from attending all the FPPTA's functions, so we must be flexible in permitting attendance at the alternative conferences.

State law regarding fiduciary responsibility places the burden of trustee education on the trustees themselves. It is currently a *recommendation* of the State for trustees to seek education. The Division of Retirement's 2009 Annual Report to the state legislature includes recommendations for changes in the law regarding municipal pensions. One of the recommendations in this report is that certification of trustees be *required* by all plans in the state.

In summary, trustee education has always, and will continue to be, a high priority for this board and it is my recommendation that the trustees be allowed to further their education at one of the finest conferences made available to them.