

City of Delray Beach
Police and Firefighters' Retirement System
Minutes of
April 20, 2011

Members: Sgt. Brady Myers, Lt. John Palermo, Chief Strianese, FF Justin Caruso, Chef Greg Giaccone, Asst. City Manager Douglas Smith, Commissioner Adam Frankel, Melvin Sacharow

Anne Woods, Plan Administrator Stephen Cypen, Board Counsel
Karen Schell, Pension Administrator

Absent: Lt. Joseph Liguori

Guests: Mike Welker, Bogdahn (via telephone); Lt. Jim Tabeek (Fire Department); David Boyd, Finance Director and Milena Walinski, Asst. Finance Director; Richard Cristini and Jeanine Bettinger, Davidson, Cristini & Jamieson

Sgt. Myers, Vice Chairman, called the meeting to order at 1:10pm. Roll call was taken of members and guests.

Sgt. Myers presented Mr. Sacharow a plaque to recognition of his years of service on the Board of Trustees.

Sgt. Myers suggested that the agenda should be amended to add: Approval and Execution of the Mutual of America (Fixed Income) Agreement. Mr. Sacharow made the motion to amend the agenda as suggested. Chief Giaccone seconded the motion. None opposed.

Sgt. Myers stated for the record that the meeting was being held at the Environmental Services, 434 S. Swinton Avenue, Delray Beach.

1. Approve Meeting Minutes:

a. January 13, 2011 – Mr. Sacharow made the motion to approve the minutes as presented. Commissioner Frankel seconded the motion. None opposed.

b. February 16 and March 16, 2011 – Commissioner Frankel made the motion to defer approval of the minutes to the May meeting. Mr. Sacharow seconded the motion. None opposed.

Asst. City Manager Smith arrived at 1:15pm. Chief Strianese arrived at 1:16pm. Lt. Palermo arrived at 1:25pm.

2. New Business:

a. Richard Cristini, Jeanine Bittinger, Auditor – Review and Approve Financial Statement for September 30, 2010 – After review and discussion, Commissioner Frankel made the motion to accept the September 30, 2010 audit with corrections. Mr. Sacharow seconded the motion. None opposed. (Corrections will be made to the report and copies will be sent to the Administrator for distribution.)

b. 2011-2012 Fiduciary Liability Insurance Renewal and Comprehensive General Liability Insurance (non-owned vehicle) –

- Fiduciary Liability Insurance – Mr. Cypen stated that he raised the issue of the \$10,000 deductible and a \$1 million policy. He suggested raising the deductible to \$50,000 or \$100,000 with \$2 or \$3 million in coverage the premium might be the same. Unfortunately, with the plan's 64% funded ratio most insurance companies are leery of ratios below 70%.

- Comprehensive General Liability Insurance (non-owned vehicle) – Mr. Cypen stated that when a trustee uses his personal vehicle or rental car while attending to pension board business and has an accident there is the potential for a legal suit to be filed against the Board of Trustees.

Frank Babin, Risk Manager, in an email dated 4/14/2011, relayed that if the pension board is one of 21 advisory boards of the City, and therefore covered by FMIT under the general and auto liability coverage then the board members would be covered under the FMIT workers' comp coverage. The FMIT agreement includes general liability, automobile liability and workers' compensation coverage for City volunteers, board members etc, including Police and Fire.

Mr. Cypen suggested that the Board pursue obtaining independent insurance since the pension board is not an advisory board but instead an independent board. The Board agreed to get quotes on premiums for obtaining an independent policy.

c. Execute Amended Bogdahn Consulting Agreement – Mr. Cypen stated that the Board had already agreed to the fee schedule amendments, but an amended contract was not signed at that time. Mr. Sacharow made the motion to authorize Sgt. Myers to execute the agreement. Lt. Palermo seconded the motion. None opposed.

d. Discuss Increase of Monthly Retainer for Steve Cypen, Board Counsel – The current monthly retainer is \$3500 month. Mr. Cypen has not received an increase in 4 years. After discussion, Commissioner Frankel made the motion to increase the monthly retainer by \$500 per month for a total of \$4000. The effective date of the increase is May 1, 2011. The Board will address this issue on an annual basis. Chief Strianese seconded the motion. None opposed.

e. City's Request for Foster & Foster to Prepare an Actuarial Impact Statement Regarding IAFF Collective Bargaining Agreement (Service Incurred Disability 60% to 61% and Member Contribution)- Lt. Palermo stated that after reviewing the 1993 Agreement (Paragraph 9), modifications cannot be made unless the five (5) original parties of the agreement agree. Lt. Tabeek stated that the fire union, through collective bargaining, has negotiated an agreement with the City. The firefighters position is that in 2002 when the multiplier was increased all parties agreed to pay the additional cost so basically this is an agreement to modify the Plan not the Agreement. He stated that in 2002 the parties agreed when the Commission voted to reduce the contribution 9.79% to 6%, so basically the intent of the fire union is to put forward what had already been agreed upon.

Mr. Cypen stated that the proposed ordinance has already gone for first reading, and since no impact statement was prepared the second reading on April 21st would have to be postponed. He stated that Chapters 175/185 as currently written, and the Division of Retirement position is that a contribution cannot be increased unless the benefit is increased as well. The Board is administratively required to have an impact statement prepared.

Lt. Palermo stated that Paragraph 5 of the Agreement mentions that modifications are not subject to collective bargaining, and it seems that there was subjective collective bargaining, all parties did not agree and yet the process is underway to pass an ordinance. Mr. Cypen stated that he thought that police and fire had addressed the change through collective bargaining. Lt. Palermo stated that police had not agreed to any changes. Mr. Cypen stated that the original five (5) parties would have to agree. Lt. Tabeek stated that the impact statement needs to go forward and if a problem exists it can be discussed at a later date. Chief Strianese stated that it would not be appropriate for the Plan to incur the expense involved with having the impact statement prepared when it's uncertain as to whether the ordinance could be amended.

Mr. Sacharow made the motion to authorize the actuary to prepare the impact statement. Chief Giaccone seconded the motion. None opposed.

3. Reports:

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

Benchmark Financial Services – Meeting tapes had been submitted to Mr. Siedel.

Smith Barney – Their answer was filed on April 19th, and the arbitration would probably take place in one of three counties - Dade, Broward or Palm Beach.

McAloney Estate – A tentative agreement was negotiated for the following: The Plan would receive all the cash assets held in the estate as well as an additional \$5,000 or \$6,000 from Howard McAloney personally. Mr. McAloney would retain the condominium.

Mr. Cypen stated that he wanted to make the Board aware that when Mutual of America made their presentation (fixed income portfolio) the quoted fee was 25 basis points when actually it's 27 points. The contract was drawn to reflect this fee. Mr. Sacharow made the motion to authorize the Vice-Chairman to execute the contract. Chief Giaccone seconded the motion. None opposed.

Sgt. Myers called a 10 minute recess. The meeting reconvened at 2:55pm.

- b. Mike Welker, Bogdahn Consulting (via telephone)
 - i. Flash Report – for Quarter Ending 3/31/11
 - Portfolio value \$118,113,261 Quarter Performance 4.15%
 - FYTD 10.3% Index 8.5% (outperformed by 2.1%)

Abbey Capital (managed futures) performance since inception was up 8.7% (Index 6.1%), but down 1.85% for the quarter (Barclay Index down 2.25%) due to the unpredictable market trend that was caused by the disaster in Japan.

Russell 1000 Growth Index – In the process of developing a search for a large cap quality growth manager that would compliment Lazard, ICC and Delaware.

ICC Capital (fixed income portfolio) – For the quarter the portfolio outperformed the benchmark by 7 basis points. The current performance represents an average result, but above average returns need to be realized. Chief Giaccone made the motion to terminate ICC as of April 20, 2011. FF Caruso seconded the motion. Roll call vote: Giaccone-Yes, Caruso-Yes, Palermo-No, Strianese-Yes, Smith-No, Sacharow-Yes, Frankel-Yes, Myers-Yes. Motion passed 6 to 2.

Other Business:

Karen Schell, Finance Pension Administrator – Procedure for Collecting P.D. Overtime Contributions: The suggestion from the Finance Department is to have the member pay the contribution for each year by payroll deduction per pay period. The contribution for both active and the eligible retired members does not exceed \$400 per year. The retired members would be responsible to make a one-time payment. Sgt. Myers requested that this item be place on the May agenda for further discussion.

Fenton Moore (PD Retiree) – Ms. Schell stated that Mr. Moore had passed away in March and the pension benefit had already been deposited. Salem Trust tried to reverse the payment but the account was closed. After discussion, it was decided that the Board's Counsel would be send a letter to the last known address for response.

Sgt. Myers stated that on a quarterly basis the Boynton Beach pension fund distributes an informational newsletter to their active/retired membership. The cost for 275 copies is \$850 per quarter and the person to contact is Dave Williams who is a pension administrator and a former trustee in the City of Sunrise. Chief Giaccone suggested that electronic transfer would cut costs. The Board agreed to have Sgt. Myers get more information.

4. Old Business:

5. Input form Active and Retired Members of the Plan:

6. Expenditures:

a. Approve Warrants 1551 through 1567 – Mr. Sacharow made the motion to waive reading of the warrants and approve payments. Chief Giaccone seconded the motion. None opposed.

Warrant 1551: Approve Normal Retirement Benefit Enhancements for P.D. Effective June 1, 2011 (1% Enhancement) – Glasco Martin (\$3438.97) and Donald West (\$5152.62)

Warrant 1552: Approve Normal Retirement Benefit Enhancement for F.D. Effective June 1, 2011 (2.5% Enhancement) – David Bonelli (\$3660.24), Thomas Buce (\$2813.28), Peter Carafano (\$3473.30), Michael Cato (\$3516.60), Richard D’Atrio (\$3822.23), Donald Farrow, Jr. (\$4878.59), Katherine Hoecherl (\$4329.21), Michael McCleary (\$5671.95), Thomas Mook (\$3091.45), Robert Moreland (\$5795.10), David Priest (\$4294.71), Pete Schofield (\$2374.64), Douglas Trawick (\$3477.75)

Warrant 1553: Davidson, Jamieson & Cristini, PL (\$7000-Audit of Financial Statements fro September 30, 2010, Invoice R6610)

Warrant 1554: Bogdahn Group (\$13,875 Performance Evaluation and Consulting Services for period 1/01/11 to 3/31/11, Invoice #6027-Plan, and \$2000 for DROP Plan, Invoice #6028-DROP)

Warrant 1555: Approve Per Diem for DOR P&F Pension Trustee School on 5/16-18/11 (\$169.92/each for Brady Myers and John Palermo)

Warrant 1556: Approve Change of Beneficiary for Donald Michael (\$1067.63 Increase in Gross Monthly Pension Benefit Retroactive Date of March 2, 2011)

Warrant 1557: Approve Service Incurred Death Pension Benefit (Sgt. Adam Rosenthal) to Commence Retroactive as of March 1, 2011 for Joanne Rosenthal (\$3823.58 Lifetime Benefit, Alexis Rosenthal (\$191.18), Zachary Rosenthal (\$191.18), Jacob Rosenthal (\$191.18) and Hailey Rosenthal (\$191.18)

Warrant 1558: Holland & Knight LLP (\$433, Professional Services Rendered-IRS Compliance Review, Invoice #2634523, Client #117379.00001)

Warrant 1559: FedEx (\$28.58, Invoice #7-450-28391 and \$21.65, Invoice #7-435-04101, Account #2800-5313-0); AT&T (\$95.33, Account #511-0450)

Warrant 1560: Approve Per Diem to Attend NCPERS Annual Conference, Miami on May 22-26, 2011 (\$144.87 each to Brady Myers and Adam Frankel)

Warrant 1561: Approve Revised Benefit Enhancement Effective May 1, 2011 for Michael Wigderson (\$4801.50) and Approve Retroactive Payments of \$133.62 for the Underpayment of February, March and April 2011

Warrant 1562: Approve Refund of Employee Contribution for Roldry Philian (\$18,323.44)

Warrant 1563: FIA-Platinum Plus for Business (\$2562)

NCPERS Conference-\$1300 for 2 Registrations at \$650/ea for B. Myers and A. Frankel

FPPTA Wall Street-\$747 Hotel Reservation of Intercontinental Hotel, NY for J. Liguori

DOR Trustee School-\$514 for 2 Registrations at \$257/ea for B. Myers and J. Palermo

Warrant 1564: Approve Investment Manager Fee for Quarter 01/01/11 to 03/31/11 –

ICC Capital (Fixed Income, Invoice #57531159) \$12,014.97

ICC Capital (Multi Cap, Invoice #57531158) \$11,188.51

Warrant 1565: Foster & Foster (\$1100 Professional Services Rendered, Invoice #1933)

Benefit Calculations: Rosenthal, Wood, Michael

Buyback Calculation: Jabcuga, Bitzer

Letter dated 4/07/11-Historical investment performance (requested by Chairman)

Letter dated 4/12/11-Funded ratio (requested by Plan Administrator)

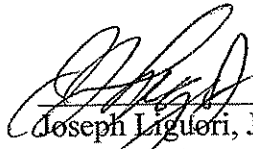
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Warrant 1566: Barry S. Balmuth, P.A. (\$1347.50, Invoice #13743 Benchmark Financial Litigation)
Warrant 1567: Approve DROP Pension Benefit to Commence Retroactively as of April 1, 2011 for Mark Wood (\$5594.03)

Chief Giaccone made the motion to adjourn the meeting. Lt. Palermo 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 20, 2011 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on June 15, 2011.



Joseph Ligulori, Jr.
Chairman, Board of Trustees

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:	Members of the Board	Acting Finance Director, M. Walinski
	City Commission	Karen Schell, Pension Admin.-Finance
	City Manager, D. Harden	Human Resource Director
	City Attorney, B. Shutt	Police & Fire Departments
	Asst. City Attorney, T. Pyburn	