

City of Delray Beach
Police and Firefighters' Retirement System

Minutes of
November 4, 2011

Members: Firefighter Justin Caruso, Commissioner Adam Frankel, Chief Gregory Giaccone, Allan Kirschenbaum, Capt. Joe Liguori, Chairman, Sgt. Brady Myers, Lt. John Palermo, Doug Smith, and Chief Anthony Strianese

Steve Cypen, Board Counsel
Anne Woods, Plan Administrator

Karen Schell, Pension Administrator

Guests: Lt. James TabEEK, Fire Department and Mike Welker, Bogdahn Consulting

Chairman, Lt. Liguori called the meeting to order at 1:07 p.m. Roll call was taken of members and guests.

3. Reports:

b. Mike Welker, Bogdahn Consulting

i. Performance Update

Mr. Welker reviewed the different indexes and their performance for the quarter. The first three being international were down 20-22%; emerging the worst performing area down 22%. The US indexes, the first three are larger cap, down about 14-15%; midcap and small cap were the worst performing areas down 19-22%. The theme between emerging market and mid/and small cap, the riskier your investment was for the quarter, the worst you did. US bond indexes Aggregate up 3.8%, Government up 5.8%; US Government are mainly your treasuries. Because of the fear of what was happening with the US Government raising debts, down grading and the double dip recession, treasuries were downgraded due to the concern of not recovering the interest; however they were still up 5.8%. It was completely opposite of what one was to think. The sectors of the Russell 2000 make up the US economy; everyone but utilities was down. The safest investment with income was utilities. This is not a good long term strategy. Mr. Welker expressed his confidence and likeness in the way the portfolio is allocated and would prefer not to make any changes based on the quarter ending September 30, 2011. This was a very unique environment with many ups and downs.

Mr. Welker continued with the performance of the plan; \$109 million as of September 30, 2011. The plan is on target. There was a little overweight in domestic equity, 37.5%; going into this quarter we were about 5% overweight. This hurt the performance of the fund this quarter because of how far down equity went. The good news is the plan was at \$115 million as of close of business yesterday. Mr. Welker reviewed the individual investments in detail with their trailing returns.

1. New Business:

- a. Capt. Liguori—Approve Ordinance Change Impact Statement for Increase of Police Contribution (3%)
Capt. Liguori indicated the City put an ordinance through for first reading and never received the impact statement from the actuary.

Commissioner Frankel indicated it did pass at the first reading.

Capt. Liguori indicated the City Attorney inadvertently asked the General Employee's actuary to complete the impact statement. It was then forwarded by e-mail to Foster & Foster. In turn Mr. Heinrichs questioned if he should pursue. Capt. Liguori advised him not to until it was approved by the Board.

Sgt. Myers moved to approve the impact study for the police contributions, seconded by Lt. John Palermo.

Mr. Smith indicated the version on the first reading was slightly different.

Sgt. Myers withdrew his motion until the Board received the correct document.

Mr. Smith stated he would obtain it via fax.

b. Capt. Liguori—Discussion of 7 Year DROP

Capt. Liguori indicated this subject came before the Board previously. The past experience study completed by Foster & Foster illustrated members were leaving or entering the DROP at 23 years of service. With the 30 year limit, Capt. Liguori felt this might be a savings to the City and questioned if any board member had any fundamental problems with this.

Lt. Palermo questioned how this would be beneficial to the City when there would be two years less contributions into the plan. He felt individuals would enter the DROP upon their 23rd year and participate for the full seven years.

Capt. Liguori stated he would contact Mr. Heinrichs for an overall outlook verbally as to the beneficial status to the plan. (Not an official calculation.) Capt. Liguori indicated the reason it was turned down previously was they were looking to extend the DROP past the 30 year limitation.

Chief Strianese stated he had opposed it in the past as a Chief, not as a pension board member. He did not wish to comingle his two roles. He would not guarantee his support.

2. Old Business:

a. Capt. Liguori—Update RFQ for Data Base Reconciliation Service

Mr. Smith indicated an e-mail was sent out after the last meeting requesting information about the City's current data base for RFQ in comparing the City's records versus State records. The outlook of the best comparison would be the new address data base the City's GIS consultant has been preparing as part of the public safety software implementation. Information has been consolidated from approximately 47 different data sources. This address data base will be used for all of the City's functions moving forward when transferred to the new financial system. The latest status is they are comparing the new address data versus the State data that was available in August. Mr. Smith felt the Planning Department would be able to provide any interim changes.

b. Karen Schell—Update on Police Overtime

Ms. Schell indicated the police overtime lump sum and monthly benefit changes have been completed. There will be one further benefit recalculation requested for Mr. Edward Deptel as he retired after all previous information was forwarded to Foster & Foster.

In the future, all overtime will be calculated at the end of the fiscal year and then be deducted from the individual's last paycheck of September. The last three years of overtime posted will be added into the average earnings.

At this time, the Board moved back to item **3. New Business:**

a. Capt. Liguori—Approve Ordinance Change Impact Statement for Increase of Police Contribution (3%)

Mr. Cypen indicated the new wording in the ordinance is okay with him. It accepts not only the regular 3% in contributions but the additional. Commissioner Frankel moved to approve the ordinance as presented before City Commissioner, seconded by Sgt. Myers. Said motion passed unanimously.

2. Old Business:

c. Capt. Liguori—Revision of Chief Designation Ordinance

Capt. Liguori stated Chief James has submitted his resignation from the Fire Department. This leads to a possible Interim Chief; by current ordinance, the Interim Chief would be required to sit on the board replacing Chief Giaccone. The Interim Chief has expressed a desire not to participate on the board at the present time and is quite content with Chief Giaccone's presence. Capt. Liguori is proposing the board bring up an ordinance change to make it an option to have a designee.

Commissioner Frankel indicated this came before City Commissioner previously. At that time it was decided to make no new changes to the ordinance. Since then, they have three different Commissioners and there could possibly be a different outlook. Commissioner Frankel also suggested individuals come before the Commissioners to explain their concern. Previously there was no input/output from any board members.

Mr. Cypen commented this was a nonconforming board. A statutory conforming Board consists of five members; two appointed, two elected and the fifth one selected by those four. This board's existing structure was grandfathered in because of the change in enlarging the board. Normally there is no change allowed to a board that's grandfathered in.

Commissioner Frankel questioned if the Police Chief has the same desire as the Acting Fire Chief.

Chief Strianese responded he did not know the desire of the Acting Fire Chief and this may be premature. At this point Chief Strianese would like to continue to serve for a couple of different reasons.

Commissioner Frankel indicated he would bring this up at the next regular scheduled City Commissioner's meeting.

Mrs. Woods reminded the board members in the past there was a suggestion to change the term limits to a four year term. As there are a few members whose term will be coming to completion, did the Board want to pursue this?

Mr. Cypen commented there are several changes to take place in updating the ordinances.

3. Reports:

a. Steve Cypen, Board Counsel

i. Status of Pending and Potential Litigation Matters

Mr. Cypen indicated the Smith Barney litigation is moving along with discovery and should be heard sometime next year.

Mr. Cypen has communicated with each board member in reference to the Benchmark Finance case with compliance to the sunshine laws. Mr. Cypen reiterated his suggestions and stated if anyone has something to say, now would be the time to say it, otherwise there is no communication allowed.

Commissioner Frankel moved to pursue settlement of the case based on Mr. Cypen's recommendation, seconded by Chief Giaccone. Said motion passed unanimously.

4. Input from Active and Retired Members of the Plan:

None

5. Expenditures:

a. Ratify Payment of Warrants 1630 through 1642:

Commissioner Frankel moved to waive the reading and approve Warrants 1630 through 1642, seconded by Mr. Caruso. Said motion passed unanimously.


- i. Warrant 1630: Approve payment of investment management fee for period 04/01/2011 through 06/30/2011 to Wentworth, Hauser & Violich (\$10,528.)
- ii. Warrant 1631: Approve normal retirement benefit enhancements to commence effective January 2012 (PD 1%) for Veronica Covington (\$4,255.41), Matthew Mitchell (\$4,945.47) and Marc Woods (\$7,422.30)
- iii. Warrant 1632: Approve recalculated COLA on revised monthly benefit effective November 1, 2011 for Russell Anzalone (\$4,981.28) and David Eberhart, Jr (\$6,270.07)
- iv. Warrant 1633: Approve refund of employee contributions for Edward Yancey (\$8,202.61)
- v. Warrant 1634: NCPERS membership fee 01/01 to 12/31/2012 (\$225)
- vi. Warrant 1635: The Bogdahn Group plan performance evaluation/consulting service 07/01 to 09/30/11 (\$13,875) and DROP plan performance (\$2,000)
- vii. Warrant 1636: Foster & Foster services rendered (\$6,347, Invoice 2288)
- viii. Warrant 1637: Holland & Knight LLP services rendered for IRS pension plan compliance review (\$75, Invoice 2697344)
- ix. Warrant 1638: AT&T (\$99.01), FedEx (\$17.73 Invoice 765029836), City of Delray Beach reimbursement for Fed Ex charge (\$49.78 Invoice 764284602)
- x. Warrant 1639: Platinum Plus Business Card (\$2,754.51)
- xi. Warrant 1640: Approve travel reimbursement for FPPTA Trustee School, 10/2011; Adam Frankel (\$57.48 taxi/parking), Doug Smith (\$230.24 mileage/parking/tolls), Brady Myers (\$41.21 parking)
- xii. Warrant 1641: Wells Fargo Bank, N.A. (\$375, Invoice 7021982, expense to recover Wachovia Custodial Statements for Smith Barney litigation)
- xiii. Warrant 1642: Approve investment management fee for quarter ending 09/30/2011 for Delaware (\$19,593, Invoice 09302011ASR930), Sawgrass (\$13,827), ICC Capital (\$8,883.77 Multi Cap, Invoice 57531545)

7. Adjournment:

Capt. Liguori moved to adjourn the meeting at approximately 2:37 p.m., seconded by Sgt. Myers. Said motion passed unanimously.

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 November 4, 2011 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on January 18, 2012.



Joseph Liguori, 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	