

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

**Minutes of Special Meeting
August 25, 2010**

Members: Chief Ralph Phillips, Sgt. Brady Myers, Lt. John Palermo, Lt. Joe Liguori, FF Justin Caruso, Chief Greg Giaccone, Commissioner Adam Frankel, Asst. City Manager Doug Smith, Mel Sacharow

Anne Woods, Plan Administrator Steve Cypen, Board Counsel (via telephone)
Karen Schell, Pension Administrator

Guests: Brad Heinrichs, Foster & Foster (via telephone)
P.D. Retirees – Scott Lunsford, Bob Brand, Chuck Jeroloman, Larry Schroeder, Marc Woods

Lt. Liguori, Chairperson, called the meeting to order at 1:45pm. Roll call was taken of members and guests.

1. Discussion - 99-1 Analysis: (Referenced Page 13 of Actuarial Report – see attached)

After discussion, Sgt. Myers made a motion that police officers who will have retired from March 12, 1999 to the effective date of January 1, 2011, will receive overtime from the final calculation years up to the cap determined by the actuary. The police officer would be responsible for paying the contribution, and there would be no retro payment to the COLA. (Before March 2004 the calculations were based on a 2-year average instead of 3-year average.) Roll call vote was taken. Motion passed unanimously.

Buyback of Prior Service – Question by Sgt. Myers to Brad Heinrichs. Mr. Heinrichs stated that the employee is to pay the increase in cost (present value of future benefit) between what is currently assumed and the extra years of time served. The salary assumption is fixed at 6.25%. Should the salary increase assumption be changed then that would change the cost of the buyback. The actual year over year increase in pension compensation:

2009	7.5%
2008	8.3%
2007	10.2%

The Board agreed to further discuss this topic at a future meeting.

COLA Separation: Lt. Liguori stated that the Firefighter's Union has made it clear that 175 monies are not to be used to fund police benefits.

Mr. Heinrichs stated that the most feasible way to determine the separation of the COLA account would be to go back to inception of the account and track the additions and reductions for each side to present date. He stated that the 185 monies above \$446,407 is the only thing that matters as far as the overtime account is concerned. Mr. Cypen stated that the Police Overtime Reserve Account has a balance in the amount of \$1,504,541.

Sgt. Myers asked if the Firefighters' Union were to sue over the separation of the COLA Account would they have a standing. Mr. Cypen stated that whatever the Division of Retirement accepts would provide the Board with immunity from a lawsuit; and there is no prohibition as long as it is a commingled fund.

Commissioner Frankel made the motion to authorize the actuary to prepare a full accounting of the COLA account back to the date of its inception. Mr. Sacharow seconded the motion. Roll call vote was taken. Motion passed unanimously.

Brad Heinrichs, Foster & Foster will prepare the following studies:

1. Separation of the COLA Account between Police and Fire
2. Calculation of the amount of overtime to be included in Police benefits
3. COLA Sustainability Study for Police and Fire (Cannot commence this project until the completion of #1 above.)

2. Approve Warrants 1468 and 1469: Commissioner Frankel made the motion to approve payment of warrants. Chief Phillips seconded the motion. None opposed

Warrant 1468: Approve DROP Retirement Benefit Enhancement for David Brassard (\$6,985.48)

Warrant 1469: Approve Per Diem – FPPTA Trustee School (PGA Resort), September 26-29, 2010 for Adam Frankel (\$99.55) and Mel Sacharow (\$99.55)

The meeting adjourned at 3:20pm.

Summary of implementation of the minimum benefits required under FSS 99-1 and the ruling from the District Court of Appeals. (Submitted to Trish Shoemaker, Division of Retirement – letter dated August 30, 2010):

- Implementation date will be effective January 1, 2011.
- All police officers in the Plan who retire on or after January 1, 2011 will have overtime calculated in their pension benefits subject to an ordinance change by the City.
- After January 1, 2011, the COLA for all sworn police officers will revert to a 1% COLA guaranteed by the 1993 Agreement.
- Any police officer that retired as of March 12, 1999 to January 1, 2011 will retain any COLA accumulated to date.
- Those police officers who retire(d) during the period of March 12, 1999 to January 1, 2011 will have their overtime benefit calculated by using the same accumulation period as their regular monthly benefit. The benefit will be paid prospectively after January 1, 2011.
- The COLA account will be actuarially separated back to its inception date of 1993. A separate account will be established for the exclusive purpose of funding the COLA for fire department employees.
- The actuarial cost of accumulated COLA already paid to police officers will be debited from the separated police account prior to the inception of the overtime benefit.
- The remaining assets in the police account will be used to actuarially figure how much of an overtime benefit can be offered, on a 25 hour incremental basis. The actuary will base the overtime experience study on the five (5) years preceding January 1, 2011 or thereabouts.