

**WORKSHOP MEETING
FEBRUARY 8, 2011**

A Workshop Meeting of the City Commission of the City of Delray Beach, Florida, was called to order by Mayor Nelson S. McDuffie in the First Floor Conference Room at City Hall at 6:00 p.m., on Tuesday, February 8, 2011.

Roll call showed:

Present - Commissioner Gary P. Eliopoulos
 Commissioner Fred B. Fetzer
 Commissioner Adam Frankel
 Mayor Nelson S. McDuffie

Absent - Commissioner Angeleta E. Gray

Also present were - David T. Harden, City Manager
 Brian Shutt, City Attorney
 Chevelle D. Nubin, City Clerk

Mayor Nelson S. McDuffie called the workshop meeting to order and announced that it had been called for the purpose of considering the following Items.

WORKSHOP MEETING AGENDA

1. PRESENTATION ON THE FLORIDA ATLANTIC UNIVERSITY (FAU) FOOTBALL PROGRAM

Scott J. Erdmann, Senior Director of Premium Seating/Assistant Athletic Director and Dexter LaMont, Assistant Athletic Director/Licensing, Marketing & Business Development, Florida Atlantic University, were present. Mr. Erdmann stated the FAU stadium is basically a 30,000 seat stadium that is being built in Boca Raton with the ability to expand to 60,000 seats. He showed a video of the stadium highlighting its development: entrance, amenities, seating and seating costs. In addition, he spoke regarding ways they would generate revenue for the stadium. Mr. Erdmann stated that the stadium is being built with all private funding; no tax dollars were spent. It should be completed by October 15, 2011.

Mr. Frankel stated this is an improvement and he attended breakfast with the new dean last week. He stated this is great and keep up the good work.

Mr. LaMont stated President Mary Jane Suanders' goal is to increase enrollment and discussed the parking garage.

Mr. Eliopoulos stated this is a great business opportunity for all of Palm Beach County and stated he is looking forward to it.

Mayor McDuffie asked about traffic ingress and egress.

Mr. David T. Harden, City Manager, spoke regarding the traffic interchange.

2. PRESENTATION REGARDING THE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

Mr. Harden stated we have had a lot of discussion over the last year about the status of the pension plans and thought it would be beneficial to have some people from the plan come and make a presentation to the Commission and the Police and Fire Pension board agreed to allow that to happen. Joe Bogdahn, Bogdahn Group, stated they act as the investment consultants for the plan. He updated the Commission via a two (2) page handout showing the asset allocations of the plan by segment: Domestic Equity, International Equity, Fixed Income, Real Estate, Alternative Investment, Timber, and Cash Equivalent. In addition, Mr. Bogdahn discussed the returns of the plan. He stated they have a nice portfolio and are continuously looking at how to improve the risk adjustment numbers. He stated they also added Global bonds. Mr. Bogdahn discussed the plan earnings for fiscal year ending September 30, 2010.

Mr. Harden asked if the returns are based on market versus the actuarial value.

Mr. Bogdahn stated the returns are based on market value.

Mr. Fetzter stated he is glad to have this presentation because this is an important issue for employees and the city as a whole. The more information he can get helps him to make more informed decisions. He stated the city and the pension board have not been able to agree on what the real numbers are and he is still looking for clarity on this. Mr. Fetzter stated we need facts we can agree on to make an informed decision.

Mr. Bogdahn discussed how funded ratios are calculated briefly and stated the actuary could answer the questions better. He suggested that the Commission spend one on one time with them, to avoid violating the Sunshine Law, for further explanations regarding the plan.

Mr. Brad Heinrichs, Actuary, stated his role is to answer the Commission's questions and help them understand the facts. He gave an overview of first principles of how defined benefit pensions plans work, how they are funded and an explanation of terms. He discussed the fundamental equation: contributions plus investment returns equal benefits plus expenses. He stated as the actuary for the pension board, they conduct an actuarial evaluation where they collect asset information and census data once a year on the valuation date which is October 1 and measure the statistics of the program at that point. They are currently working with the city to do the evaluation for October 1, 2010. Mr. Heinrichs discussed projections and returns, etc.

Mr. Frankel stated he has been on the pension board for three years and is satisfied with the professionals that are being used. They do a superior job and stated Anne Woods, administrator, is always on top of things. He stated the board has been fortunate to have been led by Chuck Jeroloman for many years and now Joe Liguori. The entire board takes their responsibilities very seriously and many of the members are certified public pension trustees in the state of Florida. This is a real testament to our board. Mr. Frankel asked if the Delray Beach fund is considered a healthy fund.

Mr. Eliopoulos stated it is tough regarding the numbers and comes back to long term and how projections for the future are made. He asked how you project numbers for the future. He asked about percentages and how realistic are they.

Mr. Fetzer reiterated that this is a complex subject and the formula is simple but there is a lot of work involved. With the revenue issues we have in municipal government, it is causing a great deal of concern at all levels of government. He stated he does not want to overreact and not do the right thing from a long term perspective. The presentation tonight was helpful and we need more communication so that we do not get emotional and overreact.

Mr. Heinrichs spoke regarding the board and stated it is one of the more educated boards and they are very in tune with what is going on with their plan.

Mr. Eliopoulos stated it has been past Mayors who would attend the meetings and now we have a Commissioner who attends the meetings.

Mr. Frankel stated communication between the board and the commission needs to be better although it has improved.

Mr. Harden stated this is interesting and discussed a summary sent out by Cypen and Cypen, Board Counsel. He stated the first section highlights what he is concerned about as the person who prepares the budget for the city. Mr. Harden read from the summary which stated the portion of state and local government spending dedicated to retirement system contributions is about three percent (3%). He stated in our case last year, our required contribution was 9.37%, more than 3 times the national average; and this is a source of concern for him. He stated he is very pleased about the progress that has been made with improving investment returns. However, he discussed that we are not out of the woods yet and have some things that need to be dealt with.

Mayor McDuffie discussed the fact that he was reelected at noon today and stated one of things that rang true was the mortgage example. He stated what we find ourselves in today is a shorter term problem than it was and hopefully we will come out of it. From an operating budget standpoint, we are down \$10 million and we are looking at the ability to pay and fund things we need to do. He stated prior to 2005 you did not hear this discussed. He discussed property tax and real estate projections. Mayor McDuffie stated the income side of this business has gotten out of control and if we can smooth this out that would be wonderful. He agreed with the suggestion of Commission meeting one on one periodically with the actuaries to discuss the plan.

Mr. Frankel stated maybe they could meet on the 16th. Mr. Bogdahn suggested working that out with Anne Woods.

Mayor McDuffie stated he appreciates everything the board has done and hopefully with everyone working together on this we will get through this.

3. DISCUSSION OF THE COMMUNITY REDEVELOPMENT AGENCY (CRA) INCENTIVE PROGRAMS

Mr. Harden stated as the Commission is aware, the CRA has developed a menu of incentives for attracting businesses into their district. He and Francisco Perez-Azua had conversations about what could be done to attract business to the whole city not just the CRA; whether it might be wise to expand some or make all of them available as a whole citywide which would require us to have some contingent funding if we were to do this.

He stated there are incentive programs at the county and state level that require some local match in order to be made available and we should agree that we would fund these if the opportunity came along.

Mr. Francisco Perez-Azua, Economic Development Director, stated he is here also on behalf of the CRA board who suggested that perhaps through his recommending to the Commission, we could consider creating some job creation based economic development incentives citywide. He discussed the Congress Corridor and gave an overview of the job incentive program. He stated if we resolve that we are going to create business districts and identify them as important assets in the city; then, you can start creating programs that fit into those districts.

Mr. Frankel thanked Mr. Perez-Azua for the information and stated that there is a good plan in place and he is pleased with the efforts of Mr. Perez-Azua and the CRA.

Mr. Harden stated if Commission is interested in pursuing this, staff will develop something and bring it back for their consideration to apply citywide.

4. DISCUSSION OF THE STATE QUALIFIED TARGET INDUSTRY (QTI) TAX CREDIT PROGRAM

Mr. Perez-Azua stated the State Qualified Target Industry Tax Credit Program requires a local match. He stated he and Mr. Harden attended a local economic development forum meeting in Palm Beach County. He mentioned developing a resolution regarding this program and the local match. He stated the State's criteria would have to be met.

Mr. Eliopoulos thanked Mr. Perez-Azua for the presentation and mentioned funding. He stated it is all in the packaging and discussed the budget briefly. He stated this is important and you will need these types of incentives. He is on board with Congress because it seems a natural. He supports the spirit of this as far as what we can fund.

Mr. Fetzer stated economic development is a very important thing that we have defined in our strategic planning process as vital to the future of Delray and it goes beyond CRA district boundaries. He stated we are trying to balance our shrinking revenues but we cannot afford to be shortsighted on this. Mr. Fetzer supports staff working with the CRA to address these issues.

Mayor McDuffie complimented the CRA and what has been done and stated the city would like to help with economic development in any way that we can with the funding we can provide. He commented regarding changes the new governor wants to make across the state. He stated economic development is something we need to do.

5. DISCUSSION REGARDING RESOLUTION NO. 05-11 MODIFYING THE FINANCIAL REVIEW BOARD

Mr. Brian Shutt, City Attorney, stated this is before Commission and changes have been made to the resolution.

He discussed the change regarding members lobbying Commission on behalf of their organization and stated additional language regarding city employees being members of the board has been added to clarify that the change would not affect employees who are currently board members.

Mr. Eliopoulos stated he is fine with the changes to the resolution.

Mr. Fetzter has what the impact is on the existing board. The city attorney discussed the impact. Mr. Fetzter stated he is okay with the resolution.

The city manager stated he discussed this with Howard Ellingsworth.

Mr. Frankel agrees with the resolution.

Mayor McDuffie asked if everything has been cleared up with the board regarding communication with employees. Mayor McDuffie stated he is okay with the resolution.

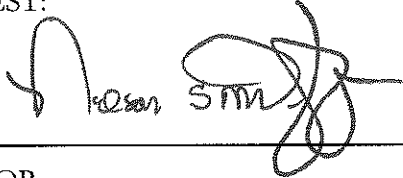
Mr. Harden stated this will be placed on the consent agenda next week.

Mayor McDuffie adjourned the Workshop Meeting at 7:36 p.m.



City Clerk

ATTEST:



MAYOR

The undersigned is the City Clerk of the City of Delray Beach, Florida, and the information provided herein is the Minutes of the Workshop Meeting of the City Commission held on Tuesday, February 8, 2011, which Minutes were formally approved and adopted by the City Commission on March 1, 2011.



City Clerk

NOTE TO READER: If the Minutes you have received are not completed as indicated above, this means they are not the official Minutes of the City Commission. They will become the official Minutes only after review and approval, which may involve amendments, additions or deletions to the Minutes as set forth above.

