

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

**Minutes of
September 22, 2010**

Members: 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
Karen Schell, Pension Administrator

Absent: Asst. Chief Ralph Phillips

Guests: Mike Welker, Bogdahn Consulting; Brad Heinrichs, Foster & Foster (via telephone); Lt. James Tabeek, Fire Department, David Drucker

Lt. Liguori, Chairperson, called the meeting to order at 1:05pm. Roll call was taken of members and guests.

Lt. Liguori suggested that the agenda be amended to add the following: Item 2 – Police Department, Chief Designation. Mr. Sacharow made a motion to amend the agenda as suggested. Chief Giaccone seconded the motion. None opposed.

1. New Business:

a. RFI for Plan Auditor (2011) – Lt. Liguori had concerns regarding the performance of the current auditor. He suggested that the Board consider sending out an RFI to a list of firms provided by Mr. Cypen and Mr. Heinrichs (Foster & Foster). Mr. Sacharow made a motion to send out an RFI. Chief Giaccone seconded the motion. None opposed.

2. Reports:

a. Steve Cypen, Board Counsel

i. Status of Pending and Potential Litigation Matters –

Benchmark Financial – The case is still in the discovery process. Mr. Cypen believes that this case should be decided on Summary Judgment.

Smith Barney – As of date, no ruling has been received from the Appellate Court (11th Circuit).

ii. Police Chief Designation – Reference Section 33.65(A)(4) The Police Chief or, in the event of the Police Chief's termination of participation in the system, a police officer designated by the Police Chief.

Lt. Liguori suggested that the Board consider an amendment to the ordinance to allow the Police Chief to appoint a designee whether or not he is a member of the Plan. After discussion, Chief Giaccone made a motion to request an amendment to the ordinance to allow both the Police Chief and Fire Chief to appoint a designee whether or not he is a member of the Plan. Lt. Palermo seconded the motion. None opposed.

(Note: A request will be made to the actuary to provide an impact statement.)

b. Mike Welker, Bogdahn Consulting

i. Portfolio Performance Review – Flash Report for August 31, 2010, due to American Core Realty, AmSouth and Molpus being assets that are not valued every month about 5% of the portfolio is not reflected in the report.

Fund Totals: \$100,785,471	Returns:	Month -1.64%	FYTD 3.09%
	Policy Index:	-2.06%	3.74%

DG Capital (watch status) – For the quarter the fund is up 15.2% (Index 12.1%), YTD 6.5% (Index 3.5%). Should the performance not improve, the monies allocated to this product would be used as a funding source for an alternative investment.

PIMCO and Abbey – Both newly funded accounts are up for the quarter.

ii. DROP Plan-Emerging Market Share Class – ICMA is having difficulty in providing information on their emerging market share class. The recommendation is to consider adding Lazard and Oppenheimer and the costs are currently under review.

ICMA Model Portfolios – The participant who decided not to self-direct their investments have an option to select a model portfolio that is managed based on different allocations. Bogdahn Consulting will start providing the Board with a report that will outline the risk returns for the DROP funds.

iii. Investment Policy Statement – The IPS was revised to reflect the appropriate benchmarks. The revisions targeted allocations: PIMCO and ICC Fixed Income (Core plus Non Core – Barclays Aggregate), added Managed Futures (Barclay Top 50), Quadrant (Real Estate Income Alternative – Custom Benchmark) and AmSouth and Molpus (NCREIF Timber). Commissioner Frankel made a motion to approve the revised policy. Chief Giaccone seconded the motion. None opposed.

iv. International Growth Manager Search (handout) – Portfolio Allocation: Index Fund Int'l 3.75%, WHV 3.75% and RBC (Voyager-Value) 7.5%. The Board agreed to review the information and re-agenda the item for the October meeting. The allocation for consideration would be approximately \$3.2 million.

Mr. Welker informed the Board that the \$1.5 million of 175/185 monies was received, and to stay in line with the investment policy allocations were made to PIMCO (\$100,000), Mutual of America (\$200,000) and ICC-Fixed Income (\$700,000).

c. Brad Heinrichs, Foster & Foster (scheduled conference call was cancelled)

i. Update Retiree COLA Study – Lt Liguori stated that Ms. Schell (Finance Dept.) was in the process of recovering and transferring the overtime payroll data to Foster & Foster. Mr. Cypen stated that since there has been no determination of the effects nor has there been a conclusion, the letter written by the City Manager to the retirees was a bit premature. Lt. Liguori informed that he met with the City Attorney and provided relevant information concerning the circumstances involved with the 1993 Agreement.

Mr. Cypen suggested that a request be made to the City Manager to have another letter written to the retirees clarifying that the City's original letter was based on their impression of the cases current status, but not necessarily on how the Board would determine the outcome. It was requested that Mr. Smith act as the liaison between the City Manager and the Board.

ii. Modified Life Annuity – Lt. Fred McAlley (FD) requested an explanation of the parameters of the option. Mr. Cypen stated that the option guarantees 10 years or 120 payments, and the differential between married/unmarried is that spousal benefits are subsidized. The Plan allows for the survivorship benefit for married persons even if one is not selected. The cost of the benefit is absorbed by the Plan. Mr. Cypen stated that the Pension Board is an administrative body that carries out the directives it receives from the City Commission.

FPPTA Newsletter – Lt. Liguori stated that Ray Edmondson (CEO), had written a controversial article in the newsletter comparing the State's decision to change pension benefits to the Nazi regime and holocaust. He stated as a member of the FPPTA Education Committee and a trustee, the Board should consider writing a letter objecting to the language. Sgt. Myers made a motion to write a rebuttal letter and have Lt. Liguori hand deliver a copy to the FPPTA. Commissioner Frankel seconded the motion. None opposed. (Note: Commissioner Frankel volunteered to write the letter for Mr. Cypen's review.)

5. Expenditures:

Approve Payment of Warrants 1470 through 1484: Mr. Sacharow made a motion to waive the reading of the warrants and approve payment. Commissioner Frankel seconded the motion. None opposed.

Mr. Smith stated that with regard to Warrant 1483 that included the payment to the Special Products Group (Trustee Polo Shirts, \$657), he originally did not vote in favor of the expenditure so he decided to reimburse the Plan for the cost of his shirts (\$73, Check No.896). Sgt. Myers agreed and stated that he too would reimburse for the cost of his shirts.

Warrant 1470: Approve Normal Retirement Benefit Enhancement for November 2010: William Adams (\$7802.98), John Donovan (\$3686.97), Wayne Dorcas (\$5267.22), Kurt Eberly (\$3295.83), Craig Hartmann (\$8384.82), Tamijo Kayworth (\$1280.47), David Kobrin (\$6187.06), Sherry Settelen (\$2897.99), Charles Stravino (\$7679.75)

Warrant 1471: Approve Disability Retirement Benefit Enhancement for November 2010: William Bombacie (\$3295.12)

Warrant 1472: Approve DROP Retirement Pension Benefit for John Palermo – Commence Retroactively as of September 1, 2010 (\$6583.84)

Warrant 1473: Approve Normal Retirement Pension Benefit for David Kobrin – Commence Effective as of November 1, 2010 (\$6187.06)

Warrant 1474: Approve Refund of Pension Contribution for Michael T. Brown (\$6310.64)

Warrant 1475: Approve Normal Retirement Pension Benefit to Commence Retroactively as of September 1, 2010 for Althalone Brailford, beneficiary of Clifford Brailford – Deceased on August 31, 2010 (\$1181.46)

Warrant 1476: Dawn M. Terrizzi (Benchmark Financial Litigation-Public Records Request for duplication of meeting tapes, \$255.36)

Warrant 1477: Foster & Foster Inc. (Professional Services Rendered Invoice #1517, \$1875)

Warrant 1478: Bogdahn Group (Performance Evaluation/Consulting Services 07/10 through 09/30/10 for the DROP Plan, Invoice #5465, \$2000) and (Performance Evaluation/Consulting Services 07/01 through 09/30/2010 for the Plan \$12,500)

Warrant 1479: Barry S. Balmuth, Esq. (Professional Services Rendered for August 2010, Re: Benchmark Financial Services, Invoice #13625, \$1638.29)

Warrant 1480: Barry S. Balmuth, Esq. (Professional Services Rendered for August 2010, Re: Certification Litigation, Invoice #13624, \$25)

Warrant 1481: FedEx (Invoice #720068708, \$22.68); Quill (Office Supplies, Invoice #7729989, \$116.48); AT&T (Account #5110450, \$115.15)

Warrant 1482: FPPTA (2011 CPPT NYSE for Lt. Liguori, Invoice #3769NYSE, Balance Due \$400 (\$100 deposit was charged to credit card on 9/13/2010, total conference registration fee \$500)

Warrant 1483: Platinum Plus for Business (\$7048 for the following charges:)

3-FPPTA CPPT Registrations (Giaccone, Palermo & Caruso) \$800/ea = \$2400

7-FPPTA Registrations (Giaccone, Palermo, Caruso, Phillips, Sacharow, Frankel and Smith) \$400/ea = \$2800

2-IIR Conference Registrations (Frankel, Myers) \$595/ea = \$1190

Special Products Group (Trustee Polo Shirts) = \$657

Finance Charge (\$1)

Warrant 1484: Per Diem to Attend IRR Public Fund Boards Forum (San Francisco), December 11-14, 2010 for Adam Frankel (\$246.36) and Brady Myers (\$289.69)

Commissioner Frankel made a motion to adjourn the meeting at 2:25pm. Chief Giaccone seconded the motion. None opposed.