

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

**Minutes of
May 19, 2010**

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

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

Guests: Terrill Pyburn, Asst. City Attorney; Lt. James Tabeek, Ofc. Chuck Jeroloman, Ofc. Glen Rashkind and Ofc. Greg Wesner, P.D.; Dave Drucker and Victor Kirson

Lt. Liguori, Vice-Chairperson, called the meeting to order at 2:00 pm. Roll call was taken of members and guests.

1. Election of Pension Board Officers:

Mr. Sacharow nominated Lt. Liguori for the position of Chairperson. Mr. Sacharow made the motion to close nominations. FF Caruso seconded the motion. Mr. Sacharow made a motion requesting that the Secretary cast one vote for the election of Lt. Liguori as Chairperson. FF Caruso seconded the motion. None opposed.

Asst. City Manager Smith nominated Sgt. Myers for the position of Vice-Chairperson. Mr. Sacharow moved that the nominations be closed. Chief Giaccone seconded the motion. Mr. Sacharow made a motion requesting that the Secretary cast one vote for the election of Sgt. Myers as Vice-Chairperson. Asst. City Manager Smith seconded the motion. None opposed.

Chief Phillips arrived for the meeting at 2:03pm.

The nomination and election of Board Secretary was tabled.

2. Approve Meeting Minutes:

a. Presentation of Service Plaques – Lt. Liguori presented plaques to Ofc. Jeroloman and Lt. Tabeek in recognition for their years of service to the Board of Trustees.

Ofc. Jeroloman presented a plaque to Mr. Cypen for his contribution to the Delray Citizens For Delray Police.

Ofc. Wesner, representing the Delray Beach Police Department, presented a plaque to Ofc. Jeroloman in commemoration of his years of service on the Pension Board.

Lt. Liguori stated that the ordinance does require a Board secretary. Sgt. Myers made a motion to table the nomination for the position to the next pension meeting. Chief Giaccone seconded the motion. None opposed.

b. April 21, 2010 Minutes – Mr. Sacharow made a motion to accept the minutes with grammatical changes. Commissioner Frankel seconded the motion. None opposed.



3. Unfinished Business:

a. Brad Heinrichs, Foster & Foster

i. Certification Pay Contribution Analysis – Mr. Heinrichs referenced his letter dated April 19, 2010 subjecting the actuarial analysis to determine increased benefits payable to certain retired firefighters as a result of including additional items of compensation for calculation of the average monthly earnings. The payroll records, as of 1993, were provided by the city and included the following certifications: Diver Rescue, EMS Supervisor, Fire Safety Inspector, Fire State Ed, Hazmat, SCBA, Special Op and Specialty Rescue. (Note: Payroll records prior to 1993 were destroyed by water damage and not included in the calculation. Foster & Foster utilized life to date payroll data to formulate the calculations.)

The analysis determined the amount of contribution owed by each member, lump sum payment (which included any cost of living adjustments, and the adjusted monthly pension benefit as of May 1, 2010.

Lt. Liguori suggested that the Board consider the deduction of the contribution owed prior to the lump sum payment being sent to the retiree. Sgt. Myers made a motion that the lump sum payout would have the contribution owed deducted prior to the issuance of the check. Mr. Sacharow seconded the motion. None opposed.

ii. Early Incentive Retirement Costs – Mr. Heinrichs referenced his letter dated May 18, 2010 outlining the special actuarial analysis to determine the estimated impact on the current UAAL and associated funding requirements as a result of the City sponsored Early Retirement Incentive (Window) offered in 1994, 2000, 2005 and 2007. The methods, assumptions and census information utilized for the October 1, 2008 valuation were used for this study, in addition to incentive retiree data provided. The results of the analysis, determined as of October 1, 2008 are as follows:

	<u>Without Incentive</u>	<u>With Incentive</u>
Unfunded Actuarial Accrued Liability	\$47.0 million	\$49.0 million
Required City Contribution	37.9%	38.7%

Approximately 4% of the 2008 UAAL is attributable to the 1994, 2000, 2005 and 2007 incentives; about 0.8% of payroll (or \$130,000) is the estimated funding impact for the fiscal year ending September 30, 2010, representing about 2% of the City's total obligation for the year. The estimated impact of including the 2009 incentive retirees would be an additional \$750,000 to the UAAL and 0.3% additional City funding requirement. (Note: This data will be reflected in the October 1, 2009 actuarial valuation.)

Lt. Liguori stated that the \$130,000 reflects the City's actual cost in 2008 for the opening of the early window incentive. He stated that he is hopeful that the City would find this information helpful, and measure the savings vs. cost when consideration is given to offering a future early window incentive option. He further requested that if there should be difference between the cost vs. savings that information would be sent to the Board. Sgt. Myers made a request that the monies necessary to fund the incentive be paid in the calendar year. Mr. Smith stated that the City Manager does tend to agree that the offering of an early window does generate a cost.

Mr. Heinrichs stated that the numbers used in the analysis were a bit deflated because the City has been making payments on UAAL since 1994 to present (the balance owed reflected is as of 10/1/2008).

4. New Business:

a. Commissioner Frankel

i. FPPTA Trustee School, September 26, 2010-PGA Resort, WPB – Commissioner Frankel stated that since he would be taking the advanced CPPT test he requested that the Board consider reserving a

hotel room for 2 days (9/27 & 28). Mr. Sacharow made a motion to approve the expenditures for three (3) hotel rooms for two (2) nights for Lt. Palermo, Mel Sacharow and Adam Frankel. Sgt. Myers seconded the motion. Chief Phillips opposed the motion. Motion passes.

b. Lt. Liguori, NCPERS Conference Summary – Lt. Liguori provided the trustees with presentation materials received from Abbey Capital, and an overview of investment philosophies over the last 10 years.

c. Lt. Liguori, Monthly Pension Board Meeting – After discussion, it was unanimously decided to change the monthly meetings to begin at 1pm.

5. Reports:

a. Steve Cypen, Board Counsel

i. Status of Pending and Potential Litigation Matters –

Certification – If the calculations are as presented, the City would dismiss their appeal.

99-1 Overtime – The briefs were submitted to the court without oral argument and the ruling can be received at any time.

Smith Barney Case - is set for oral argument that will take place in Atlanta the week of July 26, 2010.

Benchmark Financial Services – The case is still pending.

b. Mike Welker, Bogdahn Consulting

i. Portfolio Performance – Due to three (3) investment managers not yet reporting their quarterly performance the total portfolio performance was postponed to June 16th meeting. As of performance received, the quarterly performance was up 3.5%, and for the fiscal year to date ending as of March 31st was 7.02%.

ii. Non-Core Blend Discussion – Mr. Welker stated that the allocations of the \$5.5 to \$6 million investment would be best split as follows: FISCO 40%, Lazard 40% and PIMCO 20%. The high quality non-core blend portfolio managers are: ICC (fixed income), Mutual of America, plus the blend of Lazard, FISCO and PIMCO. He suggested that the trustees consider, for further discussion at the June meeting, removing the ICC (high quality) and put in a Barclay's Aggregate Index along with Mutual of America, FISCO, PIMCO and Lazard the returns have proven to be higher.

DG Capital Overview – The firm has expanded and no changes have been made to senior staff. The performance lagged significantly in 2009 due to the following: held a large cash reserve in the first quarter of 2009, over weight to energy and materials, and the quality bent to the portfolio resulted in underperformance. In the last two (2) quarters, and due to the markets being more fundamentally driven, the performance has improved. The portfolio has been significantly reduced to approximately \$6 million.

6. Expenditures:

a. Approve Payment of Warrants 1420 through 1431 – Commissioner Frankel made a motion to waive the reading of the warrants and approve payment. Mr. Sacharow seconded the motion. None opposed.

-Warrant 1420: Per Diem-Annual Police Officers' & Firefighters' Pension Trustee School, Division of Retirement – May 24-26 (\$146.82 each-Brady Myers, John Palermo, Justin Caruso)

- Warrant 1421: Approve Normal Retirement Benefit Enhancements – July 2010 for: Elario Garito (\$2790.89), Lennis Gillard (\$5155.57, Charles Hardin (\$5061.61), Andrew Heithaus (\$2277.38) Joseph Kopel (\$3286.82), Gerald Pitocchelli (\$5296.03), Frank Ryncarz (\$4315.49), Wayne Yoder (\$3851.65)
- Warrant 1422: Approve DROP Retirement Benefit Enhancements – July 2010 for: John Hansen (\$4926.28), Benjamin Knabb (\$6634.93), Joseph Liguori (\$7308.84)
- Warrant 1423: Approve Normal Retirement Pension Benefit to Commence Effective June 1, 2010 for Russell Anzalone (\$4727.17)
- Warrant 1424: Approve Normal Retirement Pension Benefit to Commence Effective July 1, 2010 for Edward Meissner (\$4960.47)
- Warrant 1425: Per Diem for FPPTA Annual Conference, June 27-30, 2010 (\$165.09 for Frankel, Phillips, Sacharow, Liguori. \$110.06 for Palermo and Smith)
- Warrant 1426: Holland & Knight LLP (\$250, Invoice Nos. 2498653 and 2599521)
- Warrant 1427: AT&T (\$101.07, Account #5110450), FedEx (\$22.58, Account #210739513, Invoice #706940890)
- Warrant 1428: Platinum Plus for Business (\$4,994.25 for the following)
- NCPERS Registration \$450
 - Office Depot \$178.05
 - Airfare \$451.40 (Myers - P&F Trustee School DOR 5/24-26/2010)
 - Airfare \$451.40 (Palermo - P&F Trustee School DOR 5/24-26/2010)
 - Airfare \$451.40 (Caruso – P&F Trustee School DOR 5/24-26/2010)
 - Hotel Deposits – 4 at \$170.50/each for Phillips, Sacharow, Frankel and Palermo to attend FPPTA Conference – Naples, June 27-30, 2010
 - FPPTA Annual Conference Registrations – Naples, \$2000 - \$500 each for Phillips, Sacharow, Frankel and Palermo
 - Gulfstream Travel Agent Fee \$75 – Airline tickets for Myers, Palermo and Caruso
- Warrant 1429: Reimburse Travel Expense – Joe Liguori (\$14 NCPERS Conference, Las Vegas, May 2-6, 2010)
- Warrant 1430: Investment Management Fees – Quarter Ending March 31, 2010
- DG Capital \$14,036.36
 - Delaware Investments \$22,606 (Invoice #03312010ASR331)
 - Rigel Capital \$3,112.94 Prorated (Salem Trust Account Closed)
 - WHV Investments \$9,415
 - RBC Global \$17,942.40 (Invoice #13481 – No warrant required)
- Warrant 1431: Barry S. Balmuth, PA (\$895, Invoice #13559 – Benchmark Litigation), Barry S. Balmuth, PA (\$92, Invoice #13558 – Certification Litigation)

Sgt. Myers made a motion to adjourn the meeting at 3:50pm. Commissioner Frankel seconded the motion. None opposed.