

City of Delray Beach
Police and Firefighters' Retirement System
Minutes of
October 14, 2009

Members: Off. Jeroloman, Chief Phillips, Sgt. Myers, Lt. Liguori, Lt. Tabeek, Chief Giaccone, Commissioner Adam Frankel, Mel Sacharow, Asst. City Manager Doug Smith

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

Guests: Mike Welker, Bogdahn Consulting; Trey Sizemore and Fernando de Aguero, ICMA-RC

Off. Jeroloman, Chairman, called the meeting to order at 1:18pm. A roll call was taken of members and guests.

Off. Jeroloman suggested that the agenda should be amended to add the Approval of the Coughlin Stoia Agreement (performance monitor). None opposed.

1. Small/Mid Value Manager Search:

a. Presentations were heard from Lazard, Moody Aldrich, Pioneer and TS&W. After discussion, the Board agreed to retain Lazard as the small/mid investment manager. Lazard is a true small/mid cap value (Russell 2500 Index) manager with \$86.3 billion under management with a diversification of 70 to 90 positions. The year to date performance summary for the period of 1/01/09 through 9/30/09 was 27.89%. Fee: 80 bps.

Commissioner Frankel arrived at 2:45pm.

Lt. Liguori made the motion authorizing Mr. Welker to use his discretion when negotiating the Lazard agreement at 70-75 bps. Mr. Sacharow seconded the motion. None opposed. (Should Lazard be unwilling to negotiate on the fees, TS&W was chosen as the second choice.) Pioneer Investments will be notified of the Board's intent to terminate the existing contract.

Flash Report – Mr. Welker stated that due to internal management concerns, Bogdahn representatives will be visiting the Rigel office and will report back to the Board at the November meeting.

Portfolio Value as of 9/30/09: \$97,967,698

Asset Allocation: Domestic Equity 47.7%, International Equity 8.3%, Domestic Fixed Income 26.4%, Real Estate 7.2%, Timber 6.5% and Cash Equivalent 3.9%

b. Proposed Consultant Fee Adjustment (Bogdahn memo dated 10/14/09) – At the Boards request, Mr. Welker provided three (3) different scenarios for consideration: #1. Effective 1/01 increase the base fee \$12,000/year (\$56,000). Fee guaranteed for 3 years. #2. Effective 1/01 increase base fee by \$5500/year for 3 years. #3. Effective 1/01 the base fee would increase by \$3000. The next year, effective 1/01/11 the base fee would increase by \$6000. The last fee adjustment would occur on 1/01/12 and the base fee would increase by \$9000.

After lengthy discussion, Mr. Sacharow made the motion to select Scenario #2. Lt. TabEEK seconded the motion. Roll call vote: Myers –No, Liguori-No, Sacharow-Yes, Smith-Yes, TabEEK-Yes, Giaccone-No, Phillips-Yes, Frankel-Yes, Jeroloman-Yes. Motion passes 6 to 3.

2. Approve Meeting Minutes:

a. September 16, 2009 – After review, Mr. Sacharow made the motion to approve the minutes with only grammatical changes made to the original. Chief Giaccone seconded the motion. None opposed.

3. New Business:

a. Robert Friedman, Esq. – Holland & Knight: Pension Protection Act 2006 and Heart Act: Due to an unforeseen scheduling conflict, this item will be placed on the November agenda.

b. Karen Schell, Pension Administrator – Annual Confirmation Letter (Alive/Well) to Retirees and Beneficiaries: Ms. Schell stated that the purpose of a notification letter (2-3 years) to retirees/beneficiaries is to verify their status and update contact information. It is required that the retiree returns the letter notarized, and for their convenience a prepaid self-addressed envelope would be enclosed. Should a retiree not respond to the first mailing, in approximately 4-6 weeks a second notice would be sent informing that a lack of response could jeopardize their monthly pension benefit. On a quarterly basis, the custodial bank (Salem Trust) verifies social security numbers and then notifies the City of discrepancies.

Mr. Cypen arrives at 3:50pm.

Ms. Schell stated that unlike the ordinance pertaining to the general employee pension the Police and Fire ordinance does not have a provision regarding the stopping of pension benefits. Mr. Cypen stated that the Board has the discretion to assure that benefit payments are made to persons who are entitled to receive them. The Board agreed to have Ms. Schell send the Alive/Well notification letter to retirees and beneficiaries and to continue to do so on a yearly basis.

Note: Agenda items were addressed out of sequence.

5. Reports:

a. Steve Cypen, Board Attorney

i. Status of Pending and Potential Litigation Matters: Mr. Cypen stated that his office had reviewed the ICMA-RC agreement and it could be approved by the Board. Commissioner Frankel made the motion authorizing the chairperson to execute the agreement. Sgt. Myers seconded the motion. None opposed.

ICMA-RC: Trey Sizemore and Fernando de Aguero – The ICMA representatives provided the details/procedures involved with the pending transition of DROP assets. Off. Jeroloman requested that ICMA schedule seminars where the DROP participants would be able to meet and ask questions. He also suggested that each DROP account would be converted to cash and defaulted into the Trust Plus Fund (a safe harbor and paying 3.4%) instead of mapping the accounts to a similar style fund within the ICMA platform. It was agreed that two (2) dates in November would be scheduled for the seminars, and that the Trust Plus Fund would be used as the default fund for the DROP transfer. When Omega Recordkeeping provides ICMA-RC with the present fund lineup a list of comparable funds that would be reviewed/approved by Bogdahn Consulting; and then submitted to the Board for selection. The DROP participants will not incur administrative fees.

DROP Disbursement Requests – The trustees' as well as legal counsel agreed that the existing procedure (warrant) for the disbursement of DROP monies would no longer be required.

Commissioner Frankel made the motion authorizing the chairperson to execute the ICMA-RC DROP Administration Agreement. Sgt. Myers seconded the motion. None opposed.

Pending and Potential Litigation: 99-1 Overtime: Mr. Cypen stated that briefs have been filed by both the State and the PBA. He suggested that someone talk to the PBA regarding the appeal. The City received an extension and would be filing their briefs in the next 30 days.

Certification: The Summary Judgment is scheduled for November 5, 2009.

Smith Barney: No update.

Coughlin Stoia Agreement (Portfolio Monitor): Sgt. Myers made the motion authorizing the chairperson to execute the agreement. Commissioner Frankel seconded the motion. None opposed.

3. New Business: cont'd.

c. Approve Payment of Warrants 1337 to 1349 – Mr. Sacharow made the motion to approve the warrants. Capt. Phillips seconded the motion. None opposed.

Asst. City Manager Smith stated that with regard to Warrant 1349 which was a reimbursement for his mileage to attend the FPPTA Trustee School (10/4 to 10/7/09), the Board's travel policy does not address car allowances. As the assistant manager, he receives a flat rate monthly car allowance from the City; and their travel policy states that if the travel is outside of Palm Beach, Martin or Broward counties the mileage is reimbursed at the City's rate per mile. He requested clarification on what procedure the Board would allow. The Board agreed that mileage should be reimbursed.

Warrant 1346 – Mr. Sacharow made the move to remove the travel reimbursement for Lt. Liguori. Commissioner Frankel seconded the motion. None opposed.

Warrant 1337: Approve DROP Retirement Benefit Enhancement Effective December 2009 – Richard Bush (\$7,395.59)

Warrant 1338: Approve Normal Retirement Benefit Enhancement Effective December 2009: Mark Davis (\$6,663.21), Selwyn Lee (\$2,760.85), Richard Lincoln (\$4,201.29), Julius Mitchell (\$3,152.68), Douglas Vaughn (\$4,634.99), Allen Lewis (\$4,502.04-Disability), William Berry (\$3,898.26-EIR), Bernard Tillson (\$3,030.81) and Gregory Young (\$2,797.74-EIR)

Warrant 1339: Approve DROP Retirement Pension Benefit – David M. Eberhart, Jr. (\$6,094.09 to Commence Retroactive to October 1, 2009)

Warrant 1340: Approve Total Lump Sum DROP Account Withdrawal – Douglas Vaughn (Amount not to exceed \$300,000)

Warrant 1341: Bogdahn Group (\$11,125 Consulting Services for Quarter July 1 through September 20, 2009, Invoice #4367)

Warrant 1342: NCPERS (\$150 Annual Membership Fee, Member ID #26781); IFEBP (\$800 Annual Membership Fee, Member ID #14296961)

Warrant 1343: Omega Recordkeeping Group, LLC (\$97.18 DROP Administration Fee for Quarter Ending September 2009, Invoice #2009158)

Warrant 1344: Barry S. Balmuth, PA (\$807.70 Professional Services Rendered, Invoice #13455 and #13458)

Warrant 1345: FedEx (\$19.73 Account #108256206 (Finance) and \$63.75 Account #210739513 (P&F); Platinum Plus for Business (\$6,277 – FPPTA Trustee School: 4 hotel reservations (\$2,292), 4 conference registrations (\$2,000) and 1 CPPT registration

(\$800), IFEBP pre-conference (\$660), DOR Trustee School: hotel reservation (\$417); AT&T (\$99.95 Monthly Service, Account #5110450)

Warrant 1346: Approve Travel Expenses for James Tabeek (\$196.62 Per Diem to attend DOR Trustee Conference, Radisson Orlando on October 21/23, 2009)

Warrant 1347: Approve Partial DROP Disbursement for James DeCarie (\$8,000 Less the Mandatory 20% Withholding Tax)

Warrant 1348: Refund of Pension Contributions to Jason Rausher (\$1,954.60) and Angela Roza (Total Refund \$20,294.78. \$15,000 IRA Rollover and \$5,294.78 Lump Sum Distribution Less the Mandatory 20% Withholding Tax)

Warrant 1349: Travel Reimbursement for FPPTA Trustee School, October 4-7, 2009 – Douglas Smith (\$166.10 Mileage 302 @ .55/mile), Chuck Jeroloman (\$37.11 Gas, FPPTA Trustee School)

4. Unfinished Business:

a. Asst. City Manager Smith – The request from City Manager for an actuarial study (Memorandums dated August 19th and August 27, 2009). Mr. Smith stated that the City Commission discussed the issue at the September 22, 2009 meeting. The City Manager raised the item regarding the feedback from the police and fire trustees' relating to having Foster & Foster prepare the actuarial study for the City. The City Manager felt that the City Commission could agree to Foster & Foster or choose a different actuary. He stated that Commissioner Frankel relayed his concerns regard the potential of a conflict of interest if Foster & Foster were retained. The City Commission requested and received a proposal from Gabriel Roder and Smith (Steve Palmquist). To date, the City had taken no further action.

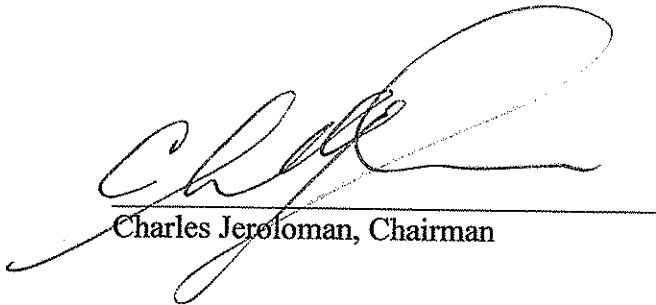
Lt. Tabeek stated that at the time the City requested the Board's approval to utilize Foster & Foster, he had made a request/motion that the City agree to include a calculation regarding Early Window with a DROP Option. Mr. Smith stated that he had mentioned the request to the City Manager and he felt that it should not be included. Mr. Smith stated that he would talk to the City Manager again.

Mr. Cypen requested that the City Manager provide the Board with a copy of the GRS actuary study regarding the five (5) items listed in the memorandums of 8/19 and 8/27/09. (Change from a 60% survivor pension benefits to a single life annuity with 10 years certain. Reduce the multiplier from 31/2% to 3% for all service going forward. Reduce the multiplier from 31/2% to 3% for all new employees. Change the normal retirement from 20 years of service to 25 years of service. Terminate the Local Law Plan and start a Chapter Plan the next day.) Mr. Smith stated that he would forward a copy.

The meeting adjourned at 5:05pm.

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 October 14, 2009 which minutes are formally approved and adopted by the Police and Firefighters' Retirement System, Board of Trustees on December 16, 2009.



Charles Jeroloman, Chairman

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 to: Members of the Board Asst. Finance Director, M. Walinski
 City Commissioners Finance Director, J. Safford
 City Manager, D. Harden Human Resource Director
 Police & Fire Departments Asst. City Attorney, T. Pyburn