

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Regular Board Meeting 07-09**

Held on the 6th day of June 2007 at Robert J. Conlan Professional Center, 1501 R. J. Conlan Blvd., NE, Suite 260, Palm Bay, Florida.

This meeting was properly noticed pursuant to law; the minutes are on file in the Office of the City Clerk, City Hall, Palm Bay, Florida.

Richard B. Adams, Chairperson, called the meeting to order at the hour of 9:04 a.m.

ROLL CALL:

PRESENT

Richard B. Adams, Chairperson, Brd Appt
William A. Yonce, Sr., Vice Chairman, City Council Appt
James M. Havener, Secretary, Fire Elected
Timothy W. Lancaster, Trustee, Police Elected
Benjamin J. Kiszkiel, Trustee, City Council Appt

EXCUSED

Also in attendance was Kathy Adams, Board Administrator. Ms. Joyce Dias, Human Resources Officer, City of Palm Bay and Mr. Robert Nicholas, IKON Account Executive. Mr. Yonce arrived at 9:26 a.m. Brad Heinrichs, Actuary, Foster & Foster, Inc. was telephoned during the meeting. Motion by Mr. Havener, seconded by Mr. Kiszkiel to excuse Mr. Yonce's delay as he was on duty. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.

ADOPTION OF MINUTES:

Motion by Mr. Havener, seconded by Mr. Lancaster to adopt the May 2nd Quarterly Minutes 07-06 with the following changes: Page 1, Roll Call, delete Benjamin J. Kiszkiel, Trustee, City Council Appt from the Present column; Page 7, No. 5. Review of Correspondence: b) Reads "-The market value of the International Funds at 3/31/06 were \$7,652,058.47." Should read "-The market value of the International Funds at 3/31/07 were \$7,652,058.47." and Page 8, First sentence reads "...JPMorgan Strategic Property Fund at 3/31/06 was \$7,487,450.00." Should read "...JPMorgan Strategic Property Fund at 3/31/07 was \$7,487,450.00." Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to adopt the May 17th Workshop Minutes 07-07. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to adopt the May 22nd Special Minutes 07-08. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

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Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to correct the Agenda under Roll Call to reflect the 07-06 minutes were for Quarterly Minutes instead of Regular Minutes and to make the following additions under Old Business: 1. d. Firefighter 175 Supplemental Funds-Vote for Enhancement and e. Phone Call Between Board Actuary and City Actuary. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

INFORMAL DISABILITY HEARING AT 1:30 P.M.:

1. **Firefighter William A. Foley**-Mr. Foley's hearing was tabled due to additional evidence submitted on June 15, 2007. The hearing will be rescheduled upon receipt and written follow-up by Dr. Goldschmidt.

OLD BUSINESS:

1. **Actuarial Services & Projects: Foster & Foster, Inc.**
 - a. **Available Fire State Funding Impact Statement for an Increase in the Supplemental Benefit**-Mr. Heinrichs was telephoned. He said the last time he met with the board he asked who would receive the new supplement and was told vested terminations; normal and early retirements, but disabilities and beneficiaries would not. He looked at the plan documents and it reflects that vested terminations and disabilities should not receive it. Employees working and terminating prior to reaching early or normal retirement age that have vested time are vested terminations. He said Mr. Cypen agreed with him. His feeling is that the ordinance says it is ok for normal and early retirement, but no mention of vested or disabilities. Usually if it is not mentioned, then they do not receive the benefit. He said he could not cost out the study until this was determined. Mr. Kiszkiel said it was the intent during negotiations that only normal and existing retirees would receive it. If the employee is not eligible to terminate and receive retirement funds immediately then they do not receive the supplement. Mr. Havener asked Mr. Kiszkiel about members with twenty plus years that go out on disability. Mr. Kiszkiel said it was not discussed. When Mr. Heinrichs did the 10/01/05 Valuation he cost the supplement benefit as vested terminations not receiving it, but disabled retirees would, which is the standard with most plans in the state. He over-cost the price of the plan saying it would wash out next year and it was not a material issue; but he needed to know whether to change it now. Mr. Adams said the supplement was being paid with state funding and asked if the firefighter fund would receive a savings. The plan would be over-valued slightly, by allowing them to not get it. Mr. Heinrichs said disabilities do not get the supplement and commented on the 10/01/05 valuation. Ms. Adams went over the list of names of existing disabled retirees, with one potential member pending. Mr. Kiszkiel said assuming disability retirees receive the supplement and terminated vested do not, the city will receive a gain on it as that is how it was funded in the past. He felt the board should move forward with an ordinance change if agreed between the city and the union. Mr. Havener said he will contact Mr. Roberts, President of the Fire Union. Mr. Heinrichs said beneficiaries do not receive it. He said the issue should also be discussed with Mr. Cypen.
 - b. **Actuarial Valuation Report for 10/01/2006**-Mr. Heinrichs said he needs clarification on

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the police stipend benefit and the above item for the fire before he can finalize the 10/01/06 valuation. Mr. Heinrichs ended his telephone conversation.

c. Deceased Plan Member-Firefighter Michael L. Marcinik-Ms. Adams said she spoke to Mrs. Marcinik. The death certificate is pending. Mr. Yonce said she wanted to hold off making any decision until a later date. Ms. Adams said she discussed revising the Pre-retirement Death Benefit Option Form with Mr. Heinrichs but did not have an estimated cost. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to authorize Foster & Foster, Inc. to move forward in revising the Pre-retirement Death Benefit Option Form. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

d. Firefighter 175 Supplemental Funds-Vote for Enhancement-Mr. Kiszkiel said the vote for the enhancements using state funding would be held by the union. Motion by Mr. Yonce, seconded by Mr. Havener to accept the Supplemental Benefit Cost Analysis using state funding from Mr. Heinrichs upon receipt. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

e. Phone Call Between Board Actuary and City Actuary-Mr. Heinrichs said City Actuary, Mr. Tierney, called him wanting further information on the study items concerning Option C of the firefighter Impact Study stating that Mr. Tierney said that Option C changes behavior and increases the cost. Mr. Heinrich said he would not send the data unless he first spoke to the board. It was the option pertaining to the 25 and out regardless of age benefit, etc. Mr. Heinrichs said he had no problem in giving it; but would not do so without board authorization. He said there was no request for police data. He said Mr. Tierney said he was hired by the city to look at the actuarial valuation report, but had not started that yet. Ms. Dias said in light of issues with the prior actuary, the city wanted to look at the data for comparison. Ms. Adams said the assumptions and methods were in the Experience Study and a copy was provided to Mr. Feldman. Mr. Heinrichs agreed and said it was not only in the Experience Study, but the 10/01/05 valuation as well. Motion by Mr. Kiszkiel, seconded by Mr. Yonce for Mr. Heinrichs to send the data on the fire study to Mr. Tierney. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. The board said if any further clarification was needed to bring it back to the board. The board recessed at 10:20 a.m. and reconvened at 10:26 a.m.

2. **IKON Copier Proposal and Laptop & Printer Software Install-Mr. Robert Nicholas, Account Executive-**Mr. Adams said the contract with IKON was due to expire within two years and the existing copier was an older model with problems. He introduced Mr. Nicholas with IKON. He presented a proposal to upgrade to a new copier as discussed at the Long Range Planning Workshop. He said they have several contracts in the area; with the city and county. Mr. Yonce asked about piggybacking with the city contract. Mr. Nicholas doubted they could do it because the pension was considered independent. Mr. Lancaster said the city was going out for bid the end of the month. Motion by Mr. Yonce, seconded by Mr. Kiszkiel, to approve Lease Option A for a 60 month lease. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Nicholas said it would involve installing a new copier and coming back for installation of software on the laptop computers. He said he should be able to install the programs on the laptops at the next meeting, pending

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- finalization of the contract. Mr. Yonce left the meeting at 10:40 a.m. to go back on duty.
3. **Draft Ordinance on 415 Limitations**-Ms. Bieler in Mr. Cypen's office is working on this and felt because this was federal legislation, it would take precedent over any state law or local ordinance.
 4. **Public Pension Protection Act-Qualified Health Insurance Premium Provisions**-Ms. Adams reviewed a recent letter from the IRS concerning self-insured health plans.
 5. **Draft Ordinance to Increase Police Overtime Pension Compensation from 35 Hours to 54 Hours**-The board reviewed the draft ordinance. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel, to accept the draft ordinance and to send it to the city, with a new effective date on Page 2 from 10/01/2007 to 10/01/2006. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.
 6. **Review of the National Users' Group**-Mr. Adams said NUG is the National Users' Group for Levi, Ray, & Shoup (LRS) clients that use their pension software programs. Their clients consist of the State of Vermont; State of New Hampshire; San Bernardino; Los Angeles; City of Miami and others. By participating in this group, the board has the advantage of seeing the software needs of larger users that can help anticipate the fund's and membership needs as it grows. The user group meeting was held at San Bernardino since they have all the latest technology that LRS offers. LRS is coming out with a new program that is currently being tested in Cincinnati. He is working on hosting the 2008 NUG meeting locally.
 7. **Consulting Services**-The board's current consultant is Merrill Lynch. There was discussion about changing to Southeastern Advisory Service, Inc. or staying with Merrill Lynch. Mr. Swanson has worked for Merrill Lynch for several years and recently left them to go to Southeastern. Motion by Mr. Havener to change the board's consultant to Southeastern Advisory. The board discussed the JP Morgan Infrastructure Investment and Mr. Swanson's new firm. Mr. Lancaster discussed Merrill Lynch and Southeastern saying he wanted more mid to small cap options, with all options brought to the table for review. He was concerned Mr. Swanson didn't discuss much of the negative side of the infrastructure investment and wanted Merrill Lynch to be more active in showing products for diversification. Mr. Kiszkiel said the problem he had was the board has not requested much of Merrill Lynch since Mr. Swanson left and wanted to give them the opportunity to respond to the board's requests. Mr. Adams said there was a motion on the floor and asked for a second. Motion died for lack of a second.
 8. **J.P. Morgan Infrastructure Investment**-The board discussed the letter from Mr. Calloway concerning alternative investments. His letter was reviewed by Board Attorney Cypen. The board asked that Mr. Calloway be prepared to discuss the fund's investment strategy at the next quarterly meeting.
 9. **Pension Website-www.pbpfpf.org**-Mr. Adams said he is continuing to update the site. He said the site is averaging 1500 hits weekly; 70% are new; 30% are regular with 50/50 loyal viewers. Motion by Mr. Kiszkiel, seconded by Mr. Lancaster to place the request for bids on the old computer equipment on the web site. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Adams said he was in the process of taking photos of the equipment.
 10. **Interfund Transfer**-Motion by Mr. Havener, seconded by Mr. Kiszkiel to authorize the Interfund

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Transfer of \$6,000 from the General Employee Fund to the Police Fund to reconcile the accounts. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Adams said he was in the process of taking photos of the equipment.

11. **Termination Refund/Rollover-Police Officer Matthew T. Boorum**-Ms. Adams said Mr. Boorum has not responded to requests about what he wanted to do with his contributions. For amounts under \$3,500.00 the board can automatically refund the contributions to the member if they do not respond. She recommended this action if he does not respond within the next 30 days. Motion by Lancaster, seconded by Mr. Kiszkiel to authorize the refund of Mr. Boorum's fund if he does not respond within 30 days. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.
12. **Review Long Range Planning Session**-Ms. Adams said she will develop a list of goals based on the workshop. Mr. Adams wants to add reaching \$100 Million to the list and the board agreed. The board said to review items monthly upon achieving any specific goals; otherwise a quarterly review would be sufficient.

NEW BUSINESS:

All items of business marked with an asterisk were considered under Consent Agenda and enacted by the following motion: Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to approve the Consent Agenda. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

- *1. **Consideration of Warrants for Payment**
 - *a) **Office Depot-\$131.49-Office Supplies**-Approved.
 - *b) **SunTrust Bank-\$54,075.24-Administrative/Trustee Service Fee for Quarter Ending 3/31/07**-Approved.
- *2. **New Plan Member Application, Member Beneficiary Changes, Pre-Retirement Death Benefit Option Selection and Retirement Beneficiary Forms**-New plan member applications were approved for Police Officers Tori Richard Parry and Neal Valenti and Firefighters Jonah Kolterjohn and Brandon McKee. Member beneficiary changes were approved for Police Officers LeeAnn Johnson and Alexis Padua and for Firefighter Cheryl A. Parente. A member beneficiary change for disability retirement was approved and accepted for Police Officer Johnnie C. Sampson, Jr.
3. **Board Business**-Motion by Mr. Kiszkiel, seconded by Mr. Lancaster to authorize the payment for two boxes of letterhead stationery and envelopes through PIP Printing on Mr. Adams' corporate VISA. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to authorize the payment for the antivirus renewal for the office computer on Mr. Adams' corporate VISA. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Ms. Adams said Florida Power & Light Co. sent a letter stating they did an energy audit and no recommendations for improvement. The board received

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- notification of a class action settlement concerning Arthur J. Gallagher & Co. Documentation was being gathered to send to the board attorney for filing. A letter was received from SunTrust Bank concerning enhancements to the timing of processing transactions. There was discussion concerning the recent death of Mr. Bellantoni, CPA Partner with Koch, Reiss & Co. Mr. Adams discussed his telephone conversation with a Titusville pension representative that plans to retire next year. She said she's worked about five years with the city's three pension funds and plans to continue working part-time with them after her retirement. Ms. Adams asked the trustees to bring in an 8" x 10" photo of them for the office.
4. **Upcoming Events-Educational Opportunities**-The board reviewed several upcoming conferences and asked for the information to be brought back for future review.
 5. **Review of Correspondence:**
 - a) **Monthly Bank Statement-STI, 04/30/07**-The market value of the SunTrust/Trusco Funds at 4/30/07 was \$59,273,267.37. The Grand Total of all the Funds, including International Funds Real Estate at 4/30/07 was \$74,783,498.53.
 - b) **Monthly Statement-American Euro Pacific, 04/30/07**-The market value of the International Funds at 4/30/07 was \$7,965,039.16.
 - c) **Monthly Statement-JPMorgan Strategic Property Fund, 04/30/07**-The market value of the JPMorgan Strategic Property Fund at 4/30/07 was \$7,545,192.00.
 6. **Schedule Change for the July 11, 2007 Board Meeting**-Motion by Mr. Lancaster, seconded by Mr. Havener to reschedule to July 11th meeting to Tuesday, July 17th due to upcoming vacations. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.
 7. **Application for Retirement-Police Officer Peter Gilbert**-Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to approve the application for retirement for Police Officer Peter Gilbert, as well as any benefit option selection he chooses. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.
 8. **Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer LeeAnn A. Johnson**-Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to approve the termination refund/rollover or vested termination selection for Police Officer LeeAnn A. Johnson. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea. Ms. Adams said at the present time Ms. Johnson wanted to leave her funds in the plan.
 9. **Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Glenn A. Whitter**-Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to approve the termination refund/rollover or vested termination selection for Police Officer Glenn A. Whitter. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 12:10 p.m.

CORRECTIONS NOTED IN SUBSEQUENT MEETING

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Richard B. Adams, Chairperson

ATTEST:


James M. Havener, Secretary