

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN  
BOARD OF TRUSTEES  
Special Board Meeting 08-02**

Held on the 18<sup>th</sup> day of January 2008 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 9:10 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. Mr. Clement Johns, CPA, Koch, Reiss & Company, P.A.; Ms. Lark Janes, CPA, Janes, Key & Dinho, P.A. and Ms. Joyce Dias, Human Resources Analyst II, City of Palm Bay.

Motion by Mr. Kiszkiel, seconded by Mr. Lancaster to add Item No. 3. Arthur J. Gallagher Risk Management-Insurance Endorsement and Item No. 4. Pension Obligation Bond to the agenda. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.

**PRESENTATIONS:**

**1. Mr. Clement Johns, CPA, Koch, Reiss & Company, P.A.-Audit for Fiscal Year Ending 9/30/07**  
Mr. Johns stated the Plan was functioning the way it should. He reviewed pages 2-7 of the audit covering the Management Discussion Analysis, which reflect the highlights of the Plan. He proceeded to give an overview of the following items: plan net assets on pages 8-9; liabilities on page 8 are the Deferred Retirement Option Program (DROP) accounts. He stated net assets at 9/30/07 were \$80,100,710.00 versus \$67,023,833.00 for 9/30/06. Administrative Expenses increased due to actuarial expenses. There was an increase in benefits paid over 2006. Pages 12-14 described the Plan. Page 15 is the breakdown of employee contributions. Page 17 looks at the interest rate risk. Mr. Clements said most of the maturities are in a 1-5 year category. He said the longer the maturity, the greater the risk. The funding ratio is 80%, but it does not reflect the investment income of 2007 because the data was taken from the actuarial valuation of 2005-2006. He said the 2007 report will reflect good investment returns for the year. Mr. Adams discussed the website and audit. Mr. Clements said he actually used the site to gather some

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information he needed about the Plan. Mr. Clements said his accounting firm is merging with a larger firm. Their new name will be Goldstein Schechter Koch, P.A. They will have a new website. He said the merger looks good for the firm as well as their clients. Mr. Adams said he will link their website to the board's as soon as it is available. Motion by Mr. Yonce, seconded by Mr. Kiszkiel to approve the audit. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea. Mr. Johns left the meeting at 9:30 a.m. The board recessed at 9:30 a.m. and reconvened at 9:54 a.m.

2. **Ms. Lark Janes, CPA, Janes, Key & Dinho, P.A.-Payout Expense Account Review**-Ms. Janes discussed how the Payout Expense Account began. She said the board does need to put funds in the account to cover expenses. The City's annual contribution goes into that account to cover annual expenses and then money is transferred as needed from either the police or fire fund as needed. Since the city did not pay their annual contribution in October, Ms. Janes felt a transfer was required and would have to do an analysis and get back with the board on the specific amount. She explained how the overall Fund was allocated for each individual pension fund. Ms. Janes left the meeting at 10:10 a.m.

3. **Arthur J. Gallagher Risk Management-Waiver of Recourse Endorsement on Fiduciary Insurance**-Motion by Mr. Kiszkiel, seconded by Mr. Yonce to approve the additional waiver of recourse insurance endorsement on the fiduciary coverage as recommended by the board's attorney in the amount of \$147.50. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.

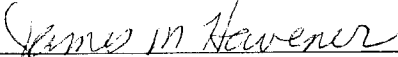
4. **Pension Obligation Bond**-Mr. Adams stated the pension obligation bond was wired from the City. The total amount was \$36,218,574.00 of which \$23,605,705.51 was for the Police Fund and \$12,711,868.49 was for the Fire Fund. There was discussion about the investment of the funds and agreed it should be invested according to the board's investment policy. Motion by Mr. Havener, seconded by Mr. Yonce to allocate the funds according to the investment policy, and then have Merrill Lynch Consulting Services to determine how much could be invested in the real estate and international funds as a 50/50 split for police and fire, after removal of the annual required lump sum amount for deposit to the Payout Expense Account. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea. Mr. Lancaster and Mr. Yonce were asked to research Index Funds at the upcoming Florida Public Pension Trustees School.

**ADJOURNMENT:**

There being no further business, the meeting was adjourned at 10:37 a.m.

  
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Richard B. Adams, Chairperson

ATTEST:

  
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James M. Havener, Secretary