

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Special Board Meeting 07-08**

Held on the 22nd of May 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 9:15 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

EXCUSED

Benjamin J. Kiszkiel, Trustee, City Council Appt

Also in attendance was Kathy Adams, Board Administrator. Mr. Ray Roberts, President, IAFF, Local 2446; Mr. Robert Combs, Jr., President, FOP, Memorial Lodge 111; Ms. Bobbi Kidd, Risk Manager, City of Palm Bay; and Police Major Douglas Potts. Mr. Brad Heinrichs, Actuary, Foster & Foster, Inc. was telephoned at 9:20 a.m. Motion by Mr. Havener, seconded by Mr. Lancaster to excuse Mr. Kiszkiel's absence due to training and Mr. Yonce's delay. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Yonce arrived at 9:19 a.m.

Motion by Mr. Havener, seconded by Mr. Lancaster to add Item 2. Death Benefits for Firefighter Michael Marcinik to the agenda. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

ACTUARIAL PROJECTS:

1. **Foster & Foster, Inc.-Mr. Brad Heinrichs, Board Actuary**
 - a. **Firefighter Request for Determination of Available State Funding to Increase the Firefighter Supplemental Benefit**-This item is not available and is tabled until the June meeting. Mr. Heinrichs was telephoned at 9:20 a.m. Mr. Roberts asked about the benefit study for firefighters regarding Item No. 8, buy back and whether the 1.4% of payroll was amortized over 30 years. He said, from the list provided, the potential buy back by each firefighter assumed they would purchase it and purchase it right before they retired. Then he checked when the earliest firefighter is going to retire normally, example, age 52 purchasing three years of service. Additional funding is calculated at three extra years of service for the individual. Adjusted hire date back three years, added three years onto the service time, added employee assets to the fund, then funded for the city based on the purchase of the three years. The cost is 1.4% of payroll per year into the indefinite future for all firefighters buying their additional service and assuming the purchase one minute before they retire. Mr. Roberts asked if the person bought time 22 years ago.

PBP&F Pension Fund
 Special Meeting 07-08
 May 2, 2007

Mr. Heinrichs said the benefit is 12% higher, say, if have 25 years and adding three years for 28 years of service. The City is paying for it over time for some and now and after for others. The city will be funding for younger employees over time; for those older and closer to retirement, it will be a shorter period of time. He is taking the approach that the minute the benefit is offered, the city must fund for it. Motion by Mr. Yonce, seconded by Mr. Lancaster to authorize Foster and Foster, Inc. to do Impact Study for the firefighter supplemental benefit using state funding; clarified by Mr. Heinrichs not to include retirees, but will cost out for both for 10/01/2006. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

b. Impact Statement for 2006-29 (To include Buy Back and 35 Hours Overtime Funding)-Mr. Lancaster said there was no issue on the change and that he understood it. Mr. Adams reminded the board that the 2006 Actuarial Valuation Report was due soon and that it may further increase the unfunded liability. Mr. Heinrichs said there are ways to pay it off, if the city was interested, such as a pension obligation bond (POB). The board told him the city did a \$5 Million POB shortly after Mr. Feldman became the city manager. Mr. Lancaster asked about the Actuarial Value of Assets and Market Value of Assets. There was further discussion about this. Mr. Adams asked what would happen is the board had a bad investment year. Mr. Heinrichs said if the board had a down year, like 15%, if the fund does not reach its 8.50% assumption, then it will trail by a big margin. The five-year smoothing would come into play. If the fund does well in the market then the unfunded liability will begin to dissipate. Mr. Adams said the board is having a long range planning workshop on investments, etc. Ms. Adams said Mr. Heinrichs mentioned the impact on the board's insurance coverage. Mr. Heinrichs said if the funding ratio drops below a certain level, the fiduciary insurance company gets concerned and he would have to prepare a letter to them. Motion by Mr. Lancaster, seconded by Mr. Havener to accept the Impact Statement on 2006-29. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

c. Impact Statement for 2006-132-Mr. Heinrichs said the unfunded liability decreases by \$3 Million by rescinding the supplemental benefit for all people retiring after November 29, 2006. From the Actuarial Assumed Liability standpoint, the cost is 3.5% of payroll. There was discussion on the language on the benefit option form and to keep it as is. Mr. Lancaster compared the amount the city owes versus what they paid to make the benefit whole. Mr. Combs said the city will want a further breakdown of what it covers. Mr. Heinrichs said it covers everything up to 2006 for that year. It will pay for one year's worth for those benefits. Motion by Mr. Lancaster, seconded by Mr. Havener to accept the Impact Statement on 2006-132. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Major Potts left the meeting at 10:15 a.m.

d. Available Police State Funding Impact Statement-There was discussion between Mr. Roberts and Mr. Lancaster on the union's position for the additional overtime. Motion by Mr. Lancaster, seconded by Mr. Havener to have Mr. Cypen, Board Attorney, draft and ordinance to increase police overtime, as part of pensionable compensation, from 35 to 54 hours overtime. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster,

PBP&F Pension Fund
Special Meeting 07-08
May 2, 2007

Yea; and Mr. Adams, Yea. Motion by Mr. Havener, seconded by Mr. Lancaster to accept the Impact Statement on the additional overtime purchase using state funding. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Combs left the meeting at 10:20 a.m. and did not return.

e. **Page 6a Annual Report-Police**-Ms. Adams said she received Page 6a for the police annual report and that it would be mailed to the Division of Retirement.

2. **Death Benefits for Firefighter Michael Marciniak**-There was discussion about the recent death of Firefighter Marciniak and the impact of current negotiations on future death benefits for his beneficiary. Mr. Adams said he would add Firefighter Marciniak's tribute on the pension web site as had been done for previously deceased retirees by extracting the information from his obituary.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:52 a.m.


Richard B. Adams, Chairperson

ATTEST:


James M. Havener, Secretary