

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN  
BOARD OF TRUSTEES  
Special Board Meeting 06-13**

Held on the 19<sup>th</sup> of October 2006 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 9:07 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 Analyst II, City of Palm Bay; Mr. Robert Combs, Jr., President, Palm Bay Fraternal Order of Police; Mr. Ray Roberts, Jr. President, International Association of Fire Fighters, Local 2446, and Mr. Chad Little, Consulting Actuary, Public Pension Professionals, Inc. Mr. Stephen H. Cypen, Board Attorney, was telephoned at 9:11 a.m.

**Reading of Form 8B Filed at Meeting 06-12, October 4, 2006 by Richard B. Adams**-Mr. Adams referenced and read Form 8B that he filed at the last meeting. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to move New Items 4 & 5 to be discussed first. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

**BUSINESS:**

1. **Palm Bay Professional Fire Fighters, Local 2446 Negotiations-Review Impact Study**-Mr. Little said the \$25.00 supplement was not part of the cost-of-living allowance. He said there was no simple way to cost this study out and did it in order of the requests. Page 10 reflect the actual numbers of the total liability. He reviewed the items. He said at 25 and out, members do not receive 100%. Discussed page 15 as far as the funding percent of the fire plan. He said the Pension Protection Act has public sector issues and one is the funding percentage. The rules say in the private sector if funding falls below 80% funding, then the actuary must use conservative measures and employees can't get any new benefits. If the fund goes to 75% there are more issues. This does not currently impact the fund, but with GASB and FASB, it could change in the future. There was discussion on the medical supplements in the Pension Protection Act on GASB 45. Page 20 was the actual contribution rate. The cost on the buy back is based on the current plan. Mr. Little said he took the ratio up on the total cost for the city and employee by the percent of

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additional benefits you pick. He referred to Section A, Page 1. Motion by Mr. Havener, seconded by Mr. Yonce to accept the Firefighter Impact Study. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. There was discussion about the aggregate amounts being in the report. Mr. Little said he thought the board wanted them included in the report.

**2. State Funding for Firefighters-**Mr. Little said there is room for change but it depends on the final negotiations. He did provide a letter of the available state funding for benefits. But said the cost is based on people waiting until 30 years to retire, if it is changed to 25, then the cost would change. Mr. Havener pointed out Florida State Statutes say the money must be used for extra benefits and the selection must go to the majority of the members on how to use that money. F.S.S. 175.351(1) explains the vote. Motion by Mr. Havener, seconded by Mr. Yonce to accept the letter of available state funding for firefighters. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Havener wanted it made clear that Mr. Little is not authorized to increase the \$189.00 supplemental benefit until it goes back to the membership for a vote.

**3. State Funding for Police Officers-**Mr. Little said police could go from 35 hours overtime to 50 hours overtime, because there is more money; however, the salary and overtime data is old and he needs the new information to cost it out. He recommended waiting three or four months so the current data could be obtained and then retro the benefit to 10/01/06. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to accept the letter on the state funding for police and to have it resubmitted in January to the board. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. The board recessed at 10:50 a.m. and reconvened at 11:00 a.m. Upon returning to the meeting the board further discussed Item No. 4.

**4. Re-issue by the Actuary of the 10/01/05 Actuarial Valuation Report-**Mr. Cypen was telephoned at 9:11 a.m. Mr. Cypen said there was an additional issue that had come up about the cost of the supplemental benefit, resulting in an increased city cost. He recommended notifying the city by letter immediately. He recommended honoring the retiree applications that had been received and approved by the board, until the benefits were repealed, if the city took that action. Mr. Lancaster said the ordinance is correct on the supplement. He also said the upcoming retirees do receive benefits as long as they filed their paperwork before any repeal or change is made. The union has to go to the city to express the cost impact and reopen negotiations to change the benefit, if necessary. Mr. Adams said Mr. Little had prepared a draft letter explaining the issues. Upon final review, the board should send that, along with a cover letter to the city. Mr. Cypen said the city should act quickly on this issue. Mr. Havener asked how many actual upcoming retirees we had. Ms. Adams said there were actually three due to receive checks and about another six or seven entering the DROP. There was discussion about the draft letter. Mr. Cypen said the actuarial valuation report must be approved. Mr. Little discussed the revision, stating the amount in the last valuation is incorrect, but the description is correct. Mr. Cypen said the \$25.00 per month benefit is applicable to some and others are subject to a reduction and others are subject to none. For those that get the benefit it has to be paid for. Mr. Little asked if the board needs to approve the actuarial valuation report with all the costs, then if the city repeals the ordinance, it is impacted then. If there is a change in benefit in January, then those employees that have applied are entitled to it. The board goes under the assumption everything is provided in good faith. The whole issue is the cost.

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The board must carry out its obligation under the plan. Mr. Cypen said there was a miscalculation of erroneous information. Mr. Havener wants to clarify Mr. Little's letter addressing the city's contributions required 10/01/06 and asked if it matches the actuarial valuation in the board packet; however, the supplemental benefit increased cost is not addressed in the draft valuation. Mr. Havener asked if the board had to tell the city to pay the supplement cost. Mr. Cypen said the city must pay the administrative expense (approximately \$436,000) and as far as the buy back it should be included.

The board reviewed the draft actuarial valuation report. Mr. Little said it only contains the administrative expense correction. Mr. Little said in talking with Mr. Cypen the unions have to go back and determine a revised impact statement, provide valuations with the total cost to match the current ordinance. The city needs to pay the estimated \$392,553.00 and Mr. Little will redo the letter clarifying that. Ms. Adams asked Mr. Little to clearly identify the cost for each fund and then give a total for auditing purposes. Mr. Little said for the police supplement \$263,352.00 was owed and \$890,523.00 for the buy back benefit. Mr. Little said the average funding position in the state a couple of years ago for pension plans was 80% and this fund is in the upper end. Mr. Little apologized for the errors. Mr. Lancaster said the letter needs to be specific in clarifying the errors. There was further discussion about the letter and having it reviewed again by Mr. Cypen. Motion by Mr. Kiszkiel, seconded by Mr. Lancaster to approve the letter with changes. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. The board discussed the draft actuarial valuation report with the \$400,000 listed in it, but it does not reflect all the changes. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to accept the actuarial valuation report with the discussed changes to have it match the ordinance. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

Mr. Little stated that 60% of the income for Public Pension Professionals, Inc. (Mr. Ira Summer, CEO) was out of California and because he was focused on the Florida market, he was going to leave them and begin his own business with Paula Freiman. He has already been approved for errors and omissions insurance and it will be a L.L.C. business. If the contract is assignable, Mr. Summer has agreed with an assignment. If not, he wanted to continue the contract with the Palm Bay board with no change to the current fee structure. He said he would be willing to attend monthly meetings dealing with any of the changes and won't bill for those additional meetings. He will get a letter to the board for their November meeting. Mr. Havener asked about Ms. Freiman's credentials. This was discussed with Mr. Little stating she would attend some meetings, if he has a scheduling conflict. Mr. Yonce stated he would like to retain Mr. Little and felt he had been forthright. Mr. Lancaster said he and Mr. Combs' credibility had been impacted and was not happy about that. Mr. Kiszkiel had no comment. Mr. Adams said any change midstream could cause problems. Mr. Little offered to be in conversations with the city and the union to resolve any issues related to his errors. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel for the FOP to have Mr. Little involved in conversations to resolve the issues for this item only. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Havener, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Mr. Yonce commented on the need for member education. It was deferred to a future meeting for review and discussion.

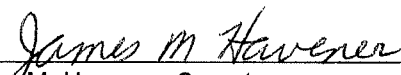
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**ADJOURNMENT:**

There being no further business, the meeting was adjourned at 12:05 p.m.

  
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Richard B. Adams, Chairperson

ATTEST:

  
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James M. Havener, Secretary