

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Quarterly Meeting 18-03**

Held on the 2nd of February, 2018 at Robert J. Conlan Professional Center, 1501 R. J. Conlan Blvd., NE, Suite 240, 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.

Timothy W. Lancaster, Chairperson, called the meeting to order at the hour of 9:04 a.m.

ROLL CALL:

PRESENT

Timothy W. Lancaster, Chairman, Police Elected
Jason Dorey, Vice Chairman, Fire Elected
James W. Brock, Secretary, Trustee, City Councilmember Appointee
Guillermo William Capote, Sr., Trustee, City Councilmember Appointee

EXCUSED

Richard B. Adams, Trustee, Board Appointee

Also in attendance was Ms. Kathy Adams, Board Administrator and Ms. Katie Taglia-Polak, Office Manager; Ms. Alex Bluto, HR Benefits Analyst 1, City of Palm Bay; Ms. Lark Janes, CPA, LLC, arrived at 9:37 a.m.; Mr. Clement Johns, CPA, Partner, BDO LLC, telephoned at 10:03 a.m.; Mr. Mitchell Brennan, Consultant, and Ms. Karla Engard, Operations Manager, Burgess Chambers & Associates, arrived at 10:25 am; and Mr. Blake Myton, First Vice President, Institutional Advisory Services, SunTrust Private Wealth Management, arrived at 10:29 a.m.

Motion by Mr. Brock, seconded by Mr. Capote to excuse Mr. Adams because he was at an out-of-town celebration with family. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

AGENDA REVISIONS:

Motion by Mr. Brock, seconded by Mr. Capote to change Item 1. c. under Burgess Chambers Quarterly Report at 11:00 A.M.: from JP Morgan Discount Fee Letters to Wells Capital Discount Fee Letters; Add under Old Business, Item No. 7. Review of FPPTA School; and under New Business *1. Consideration of Warrants for Payment: e. Advent Capital Management-\$12,670.55-Management Fees for Quarter End 12/31/2017 (Police Fund Only); f. Advent Capital Management-\$12,472.17-Management Fees for Quarter End 12/31/2017 (Fire Fund Only); g. Wells Capital Management-\$11,865.33-Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 11548672 (Police Fund Only; h. Wells Capital Management-\$6,983.05-Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 11548673 (Fire Fund Only); and i. SunTrust Bank-\$76,102.01-Investment Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 281031. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

CONSENT AGENDA:

Motion by Mr. Brock, seconded by Mr. Capote to approve the Consent Agenda as revised. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

ADOPTION OF MINUTES:

***Special Minutes 18-02**

This item was approved under Consent Agenda as presented. Discussion continued with Old Business.

PRESENTATIONS AT 10:00 A.M.:

Mr. Clement Johns, Audit Director, CPA, and Mr. Joaquin Urquiola, Partner, CPA, BDO USA LLP-Audit for Fiscal Year Ending 9/30/2017-Mr. Johns said that Mr. Urquiola could not attend the meeting. He said all the rounding issues were taken care of and all the corrections were made. He said the information is an unmodified opinion and fairly stated in all material respects in relation to the basic financial statement as a whole. He said the net position restricted for pensions at fiscal year end for the total fund is \$187,102,113. In 2016 it was \$173,435,770 with a Plan net increase of \$13,666,343. The net investment income was \$19,198,475, up \$4 Million. Total deductions were \$11,244,762, of which \$10,633,969 was for benefit payments; \$56,982 for refund of contributions; and \$553,811 for Administrative Expenses. He said the Plan for both Police and Fire added Share Plan benefits; Police members implemented a maximum benefit of 85% for those hired after 10/1/2016. Mr. Lancaster asked if there were any questions that came up for staff that needed to be changed. He said no, and that with Ms. Janes' help the Fund was in good hands. Mr. Johns said he will send the Management Representation Letter to Ms. Adams for signature and that he will follow-up on the City's audit certification letter. He thanked the Board for their business over the last year and stated he had tendered his resignation from BDO. The Board said they appreciated his expertise and would certainly miss him and his guidance during the Annual City Council Workshop. Ms. Janes said he is excellent, top notch! Motion by Mr. Capote, seconded by Mr. Brock to approve the FY 9/30/2017 Audit. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Johns' telephone call ended at 10:12 a.m. Ms. Janes left the meeting at 10:22 a.m. Discussion moved to New Business, Item No. 4. below.

SUNTRUST QUARTERLY REPORT AT 10:30 A.M.:

1. SunTrust Institutional Investment Solutions-Mr. Blake Myton, First Vice President, Investment Manager
 - a. Quarterly Report-Mr. Myton said it was a good solid quarter driven by the tax reform. There was a big disparity between growth and value with growth being up, but value as well. Growth was high across the board for all company sizes. The international fund was up for the year. The fixed income markets have not moved much and has traded off significantly since the beginning of the year. SEIX is very vanilla. They are on top of the benchmark and doing what they should, but they are very conservative.

It will payoff for the Plan. He expects the Fed to move slowly with gradual increases. There were a lot of changes for them this year but they expect the same going forward. Large cap growth did well. The SunTrust portfolio for the Plan at 12/31/2017 was \$76,278,043. The quarter return was 2.87%. The asset allocation is 35.9% Large Caps; 51.7% Fixed Income; 10.0% Mid Caps; and 2.3% Cash Equivalents. It was a good, solid year for 2017, but expect a bumpier ride in 2018, but a positive outlook.

BURGESS CHAMBERS QUARTERLY REPORT AT 11:00 A.M.:

1. Burgess Chambers & Associates-Mr. Mitchell Brennan, Consultant, and Ms. Karla Engard, Operations Manager

a. Quarterly Report-Ms. Engard said Mr. Cole had a death in the family and could not attend. Mr. Brennan said they looked at the oil market and it is shifting from hostile countries. Canada now exceed OPEC. We are catching up with Russia and neck-to-neck with Saudi Arabia. The emerging markets are up significantly and exceeded the benchmark. Consumer discretionary spending was up during the holiday season. For the one-year period the Fund earned \$25.6 Million. It was ranked in the top 20th percentile in the pension fund universe. The market value at January 31, 2018 was \$193,922,042. Quarter-end 12/31/2017 it was \$189,283,564. He recommended taking \$250,000 from Polen and Wells Large Cap Growth Funds and moving it to the EuroPacific International Fund. Motion by Mr. Capote, seconded by Mr. Dorey to withdrawal \$250,000.00 from Polen Capital and \$250,000.00 from Wells Capital for a total of \$500,000.00 and moving it to the EuroPacific International Fund. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Brennan reviewed the asset allocation. He said Westwood has done excellent and is up 5% for the 12/31/2017 quarter and up 6% for January, 2018. It has been very positive on the Managed Limited Partnerships. The Venezuelan oil production is low which will help the US production. They are looking at the global infrastructure investments and may come back to the Board later with a recommendation for additional diversification. He reviewed the Fund from January, 2013 through December, 2017 stating the annualized rate of return is 10.1%. He said diversification has been a huge benefit.

b. Monthly Receipt and Disbursement (R&D) Account Funding Direction- Motion by Mr. Brock, seconded by Mr. Capote to approve to continue the monthly Receipt and Disbursement Account funding direction letter as recommended by Mr. Cole and to review it in six (6) months. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

c. Wells Capital Discount Fee Letters-Ms. Adams read the letter from Wells Capital. Ms. Engard said Mr. Cole spoke to them about it. The fee discount is for the next four quarters. Motion by Mr. Brock, seconded by Mr. Capote to accept the fee discount notice. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. The meeting then adjourned.

OLD BUSINESS:

1. Actuarial Services & Projects: Foster & Foster, Inc.
 - a. Police Share Plan-Ms. Adams said member payments were processed and paid.
 - b. Firefighter Share Plan-Ms. Adams said member payments were processed and paid.
- *2. DROP Returns for Quarter-Ending December 31, 2017-Gross returns for December 31, 2017 was 3.41% and 3.26% net of fees. This item was considered under Consent Agenda and approved as presented.
3. FF SWAT Medic Program-Ms. Adams said the City prepared a job description, but it did not meet all the requirements and is revising it.
4. Police & Fire Board of Trustees' Elected Representative Nominations & Election Process-Applications were received by Mr. Lancaster and Mr. Dorey. Ms. Adams said they are in good standing with the Plan. As such, they are re-elected, unopposed. Mr. Lancaster asked that the nomination posting occur the first of December in the future with the closing date on the first meeting of the new year, then qualification can occur at the special meeting in January of the new year. Flyers for posting are to be given to the Police and Fire Representatives for posting on December 1st. Mr. Lancaster wants the Frequently Asked Questions on the website updated. He's reviewing those items not. We need clarification of the highest five (5) years and when someone passes, who gets the Cost-of-Living Allowance (COLA).
5. Long Range Planning Projects for 2018-Ms. Adams reviewed the 2018 project list. Motion by Mr. Brock, seconded by Mr. Capote to authorize obtaining quotes for the various upgrades from Levi, Ray, & Shoup, Inc. (LRS) for the PensionGold Program. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Motion by Mr. Brock, seconded by Mr. Capote to authorize Mr. Lancaster to make the purchase of a TV for the Boardroom, with any accessories required, through Best Buy on his Corporate VISA and to arrange set-up and support with the Geek Squad to support video-conference meetings in the Boardroom. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Motion by Mr. Capote, seconded by Mr. Brock to authorize obtaining a quote for an e-signature document program that is compatible with the website and to utilize the services of LRS to assist with that project. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Motion by Mr. Brock, seconded by Mr. Capote to authorize expenses incurred with LRS to clean up and enhance the website, to include the Frequently Asked Question section. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
6. Follow-up Items from Ms. Taglia-Polak
 - a. Follow-up on Disability Applicant Michael Sharrow-Ms. Taglia-Polak said Mr. Sharrow's functionality test is done with the Informal Hearing Continuance begin scheduled for March 2, 2018.
 - b. Application for Disability-Firefighter Cheryl Parente-The disability binders are being prepared so the member's Independent Medical Examination (IME) can be scheduled.
 - c. Application for Disability-Police Officer Robert Rama-Ms. Lindsay, Pension Specialist, is working on the documentation. Ms. Janes, CPA, arrived at 9:37 a.m.

d. Handyman Services-Ms. Taglia-Polak is working with the Consulting Group for services. Motion by Mr. Capote, seconded by Mr. Brock to move forward with obtaining a written contract to bring back for Board approval. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

e. Upcoming Events-Educational Opportunities-Upcoming events were discussed.

7. Review of FPPTA School-Mr. Capote said it was good and he liked the legislative information. Ms. Taglia-Polak said the cybersecurity session mentioned they like to hack small companies. Ms. Adams read where the member 2017 re-certification fees are due no later than February 1, 2018. She said the upcoming FPPTA Board of Director election deadline is March 31st. She discussed some of the Social Security items. There are a couple of bills dealing with actuarial information and public records, but that will be reviewed if they are approved. She said the whole statute on financial urgency is being challenged because of the Miami appeal that reversed the Court's decision and Miami now must back pay their employees and retirees.

NEW BUSINESS:

*1. Consideration of Warrants for Payment:

*a. Westwood Trust-\$6,882.95-Investment Management Fees for Quarter End 12/31/2017, Invoice No. 5000399 (Fire Fund Only)-This item was approved under Consent Agenda as presented.

*b. Westwood Trust-\$6,882.95-Investment Management Fees for Quarter End 12/31/2017, Invoice No. 5000398 (Police Fund Only)-This item was approved under Consent Agenda as presented.

*c. Polen Capital Management-\$14,625.40-Management Fees for Quarter, 10/1-12/31/2017, (Police Fund Only)-This item was approved under Consent Agenda as presented.

*d. Polen Capital Management-\$7,829.24-Management Fees for Quarter, 10/1-12/31/2017, (Fire Fund Only)-This item was approved under Consent Agenda as presented.

*e. Advent Capital Management-\$12,670.55-Management Fees for Quarter End 12/31/2017 (Police Fund Only) -This item was approved under Consent Agenda as presented.

*f. Advent Capital Management-\$12,472.17-Management Fees for Quarter End 12/31/2017 (Fire Fund Only)-This item was approved under Consent Agenda as presented.

*g. Wells Capital Management-\$11,865.33-Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 11548672 (Police Fund Only)-This item was approved under Consent Agenda as presented.

*h. Wells Capital Management-\$6,983.05-Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 11548673 (Fire Fund Only)-This item was approved under Consent Agenda as presented.

*i. SunTrust Bank-\$76,102.01-Investment Management Fees for Quarter End 10/1/2017-12/31/2017, Invoice No. 281031-This item was approved under Consent Agenda as presented.

*2. New Plan Member Applications; Member Beneficiary Changes; Pre-Retirement Death Benefit Option Selection Forms; Member Retirement Beneficiary Forms; and DROP Beneficiary Designations-A member beneficiary form was accepted and approved for Firefighter Brandon McKee. This item was considered under Consent Agenda and approved as presented.

3. Board Business-Ms. Adams was notified by Ms. Johnson with Salem Trust that there are issues with the Global Tax documents and that they will have to be redone. The office received a public records request from the City regarding the number of retired firemen that were receiving a pension in 2007 and the number of employed firefighters in the same year. Ms. Adams responded to the request. Motion by Mr. Brock, seconded by Mr. Capote to approve a phone and Surface Pro upgrade for Mr. Lancaster. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Johns telephoned at 10:03 a.m. Discussion moved to the audit presentation above.

4. Annual Review of Part-time Office Manager Katie Taglia-Polak-Ms. Adams said Ms. Taglia-Polak's review is due for discussion at the March meeting. She will be contacting the trustees to set up appointments. Mr. Brennan and Ms. Engard from Burgess Chambers arrived at 10:25 a.m. and Mr. Myton, from SunTrust arrived at 10:29 a.m. Discussion moved to the SunTrust Quarterly Report above.

*5. Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Jean-Robert Silfort- This item was approved under Consent Agenda as presented.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

There was no input from any active or retired plan members at this time.

INPUT FROM THE PUBLIC:

There was no input from the public at this time.

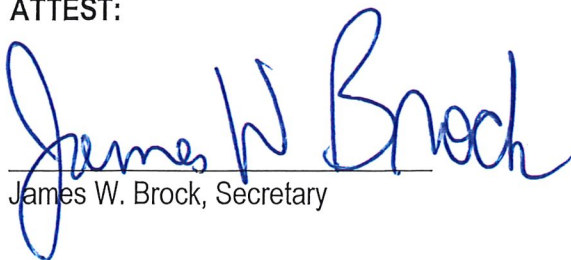
ADJOURNMENT:

There being no further business, the meeting adjourned at 11:14 a.m.



Timothy W. Lancaster, Chairperson

ATTEST:



James W. Brock, Secretary