

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN  
BOARD OF TRUSTEES  
Quarterly Meeting 18-13**

Held on the 2<sup>nd</sup> of November, 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 City  
Richard B. Adams, Trustee, Board Appointee  
Guillermo William Capote, Sr., Trustee, City Councilmember Appointee

**EXCUSED**

James W. Brock, Secretary, Trustee,  
Councilmember Appointee

Also, in attendance was Ms. Kathy Adams, Board Administrator, and Ms. Katie Taglia-Polak, Office Manager, Palm Bay Police & Firefighters' Pension Fund; Ms. Charlene Reilly, and Ms. Amanda Hammond, HR Benefits Coordinator, City of Palm Bay; Mr. Larry Cole, Senior Consultant, and Ms. Karla Engard, Operations Manager, Burgess Chambers & Associates; and Mr. Blake Myton, First Vice President, Institutional Advisory Services, SunTrust Private Wealth Management, arrived at 10:11 a.m.

Motion by Mr. Adams, seconded by Mr. Dorey to excuse Mr. Brock as he was on his way from work and would be in attendance shortly. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Brock arrived at 9:05 a.m.

**AGENDA REVISIONS:**

Motion by Mr. Capote, seconded by Mr. Adams to remove the Adoption of \*Regular Minutes 18-12 as they were not completed; remove under Old Business, Item No. \*3. Acknowledge Buyback for Police Officer Danielle Featherston as it was acknowledged in the last meeting; move Old Business Item No. 4. Follow-up on Conversion of Mid-Cap Value Fund to the Virtus Collective Trust II Fund and renumber it as Item b. under SunTrust Quarterly Report at 10:00 A.M. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

**CONSENT AGENDA:**

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

**ADOPTION OF MINUTES:**

Regular Minutes 18-11

This item was removed from Consent as the minutes were not ready for adoption.

**SUNTRUST QUARTERLY REPORT AT 10:00 A.M.:** (The Board considered this item out of order as noticed for time certain)

1. SunTrust Institutional Investment Solutions-Mr. Blake Myton, First Vice President, Investment Manager

a. Quarterly Report-Mr. Myton said the quarter was good but volatile. Equities are up, but Fixed Income is off. The quarter return was 2.70%; one year 4.36%. The asset allocation is: Cash 1.4%; Large Cap 35.8%; Fixed Income 51.9%; Mid Cap 11.0%, with a market value at September 30<sup>th</sup> of \$75,759,258.00.

b. Follow-up on Conversion of Mid-Cap Value Fund to the Virtus Collective Trust II Fund-Mr. Myton said there were some changes on the documents requiring a letter of understanding due to ERISA. Mr. Klausner sent an email to SEI and they send a response to Mr. Klausner. Ceredex will transfer "in kind" and Salem can accommodate as the custodian.

**BURGESS CHAMBERS QUARTERLY REPORT AT 10:30 A.M.:** (The Board considered this item out of order as noticed for time certain)

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

a. Quarterly Report-Mr. Cole said it was a good quarter for equities. The overall outlook is the uncertainty of the mid-term elections, terrorism, and interest rates. The markets do not like uncertainty. Growth is slowing down, but still strong. Earnings have kept up. The Feds have raised interest rates, but there is a flattening of the yield curve; historically rates are low. The assumed rate of return is 7.75%. The Fund has met its objectives. The Fund is in compliance to the Investment Policy and Statutes. The quarter return, net of fees, is 3.44%. The market value is \$195,974,892.00. The one year gain was \$17,526,932.00. October is down about 5%. November has had some rally, but the expectation is extreme volatility until the elections are over. Mr. Cole said we might want to broaden the Managed Limited Partnership Fund later. It is an infrastructure investment. He said he was given a business card in the parking lot from Mr. Capote on an infrastructure firm that he met at a recent conference. Mr. Cole said he will look at them, but they have other firms too. The International Fund is not pushing growth like they were. He is not recommending any changes at this time. The total Fund ranking is 37<sup>th</sup>. Polen is up 31% with a great year and quarter. Wells is up 32% for the quarter and Eagle Asset is up 33% for the year.

b. Annual Rate of Return Letter-Motion by Mr. Brock, seconded by Mr. Dorey to approve the Annual Rate of Return letter and for Ms. Adams to forward it to the State. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Lancaster, Yea. The meeting then adjourned. See below.

**OLD BUSINESS:**

1. Actuarial Services & Projects: Foster & Foster, Inc.
  - a. FOP Negotiations-Ms. Adams said the Memo of Understanding was received. Motion by Mr. Capote, seconded by Mr. Brock to send the document to Mr. Klausner to draft the Ordinance; Upon receipt to send it to the City Attorney for review; then request an Impact Statement from Foster & Foster, then to the City Clerk for Council submission for adoption, with expenses incurred to be paid upon receipt of invoices. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
  - b. Police & Fire Share Plans-The tentative Fire amount is \$0 and Police is \$136,495.71. Reconciliation statements are to be presented at the December meeting.
  - c. Annual Required City Contributions-The City owed \$90,987.13 to the Police Fund and a deposit was made on October 31<sup>st</sup>. They have a prepaid on the Fire Fund of \$16,106.25.
  - d. Reinstatement Police Officer Robert Vickers- The City is to prepare a check for \$500.00 to reimburse the Police Fund for Foster & Foster's analyses. An invoice was prepared and sent to the accounting manager.
- \*2. DROP Returns for June 30, 2018-Gross returns for June 30, 2018 was 3.60% and 3.44% net of fees. This item was considered under Consent Agenda and approved as presented.
3. Acknowledge Buyback for Police Officer Danielle Featherston-This item was removed as presented in the previous meeting.
4. Follow-up on Conversion of Mid-Cap Value Fund to the Virtus Collective Trust II Fund-This item was moved as item "b" above under SunTrust Quarterly Report at 10:00 A.M. for discussion.
5. Review of Public Pension Forum-Mr. Brock and Mr. Capote said this was part of NCPERS.
6. Review of International Foundation of Employee Benefit Plans-Mr. Brock said it was amazing. He discussed Cyber Insurance. Most interesting was the professional trustees' class. Mr. Dorey said this was not the best one, some of the information was not pertinent. There was discussion about long-term care. Ms. Taglia-Polak talked about Cyber Security. She said when addressing retirement issues that the new phrase to use is financial independence.
7. Review of NCPERS Conference-Mr. Dorey said this was not the best one, some of the information was not pertinent. There was discussion about long-term care.
8. Cyber Insurance-Motion by Mr. Adams, seconded by Mr. Capote to approve the Cyber Insurance coverage at a premium of \$1,368.00 with BCS because the state would step up and fulfill the company's obligations to the Board if something happened to them. They are included in the Florida Insurance pool. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
9. Equipment Upgrades-Mr. Dorey and Mr. Adams got new phones. Mr. Adams is having problems with his and may have to return it. Mr. Dorey said he is keeping his until he is sure the new phone is working properly.
10. Follow-up Items from Ms. Taglia-Polak
  - a. Open Enrollment for City Health Insurance-Ms. Taglia-Polak said packets were sent to sixty (60) members. Warrants must be prepared for changes and eighteen (18) have been returned.

- b. PensionGold Upgrades-Ms. Taglia-Polak said there are two (2) upgrades; one for firefighter holiday pay which will make it easier and less time-consuming to post this annual year-end pay. The second is for revised DROP Statements that will be generated by PensionGold. DROP Statements will be a one (1) page letter instead of a full historical statement that averages nine (9) pages. This will save paper and postage in the range of \$1,155.00, plus 1,160 pieces of paper annually and around thirty-two (32) work hours. Motion by Mr. Adams, seconded by Mr. Dorey to approve the proposals for the upgrades. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
- c. Annual DROP Disbursements-Motion by Mr. Capote, seconded by Mr. Dorey to approve the annual DROP disbursements. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
- d. Audit Process-The audit is coming along as scheduled. Auditors are due on-site on December 4<sup>th</sup>-December 6<sup>th</sup>.
- e. Upcoming Events-Educational Opportunities-Ms. Taglia-Polak said there are no educational events scheduled until February.

**NEW BUSINESS:**

- \*1. Consideration of Warrants for Payment:
  - \*a. Foster & Foster, Inc.-\$500.00-Preparation of Impact Statement for Police Officer Robert Vickers Reinstatement, Invoice No. 13327(Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*b. Burgess Chambers & Associates, Inc.-\$19,597.48-Performance Monitoring & Advisory Fee for Quarter End 9/30/2018; Invoice No. 18-334-This item was approved under Consent Agenda as presented.
  - \*c. J.P. Morgan Asset Management-\$27,521.92-RE JPMCB Strategic Property Fund Fee for Period Ending 9/30/2018, Invoice No. 20180930-57655-A (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*d. J.P. Morgan Asset Management-\$27,521.92-RE JPMCB Strategic Property Fund Fee for Period Ending 9/30/2018, Invoice No. 20180930-1788-A (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*e. SSI Investment Management-\$11,295.00-Management Fee 7/1/2018-9/30/2018; Invoice No. 002018-0232 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*f. SSI Investment Management-\$11,111.00-Management Fee 7/1/2018-9/30/2018; Invoice No. 002018-0233 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*g. Eagle Asset Investment Management-\$2,244.06-Management Fees for Billing Period 7/1-9/30/2018, Invoice No. 041001751709 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*h. Eagle Asset Investment Management-\$897.64-Management Fees for Billing Period 7/1-9/30/2018, Invoice No. 943768313145 (Fire Fund Only)-This item was approved under Consent Agenda as presented.

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- \*i. Polen Capital Management-\$16,513.46-Management Fees for Quarter, 7/1-9/30/2018, (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*j. Polen Capital Management-\$8,529.67-Management Fees for Quarter, 7/1-9/30/2018, (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*k. Advent Capital Management-\$11,031.12-Management Fees for Quarter End 9/30/2018 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*l. Advent Capital Management-\$10,872.82-Management Fees for Quarter End 9/30/2018 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*m. SunTrust Bank-\$76,256.79-Investment Management Fees for Quarter End 7/1-9/30/2018, Invoice No. 285939-This item was approved under Consent Agenda as presented.
  - \*n. Salem Trust-\$15,018.35-Account Management Fee for 7/1-9/30/2018, Fee A/C# M05207-This item was approved under Consent Agenda as presented.
  - \*o. Wells Capital Management-\$13,301.42-Management Fees for Quarter End 07/01/2017-09/30/2017, Invoice No. 11998196 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*p. Wells Capital Management-\$7,632.55-Management Fees for Quarter End 07/01/2017-09/30/2017, Invoice No. 11998204 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*q. Westwood Trust-\$7,638.20-Investment Management Fees for Quarter End 9/30/2018, Invoice No. 5000777 (Police Fund Only -This item was approved under Consent Agenda as presented.
  - \*r. Westwood Trust-\$7,638.20-Investment Management Fees for Quarter End 6/30/2018, Invoice No. 5000778 (Fire Fund Only -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- Member beneficiary changes were approved and accepted under Consent on Police Officers Nicholas Abroe; Edward Bermudez; Victoria Negrón Rodríguez; Patrick Joseph Naughton IV; and Firefighters Scott McCulloch; Stephen Worthington; and Anthony N. Gianantonio.
3. Board Business-Ms. Adams said members can leave their money in the Fund for up to five (5) years upon termination and if they are not vested, they must withdraw the money. We have had members that delay withdrawing the money because they earn greater interest in the Fund. Ms. Adams asked Ms. Parish about the and Mr. Klausner said there needs to be an agreement between the City and the Union that it does not need negotiating. She said she disagreed with that and is waiting an answer. If agreed then we need a motion that if the member does not withdraw the money at five (5) years, then no further interest will accrue. If Mr. Klausner disagrees, then we will hold off on this issue. Ms. Adams said there was an issued with Pitney Bowes on a double-payment that is being researched.
4. Records Management Liaison Designation for the Florida Department of State-Ms. Adams said a liaison needs to be designated and she wanted the Board Secretary appointed, but it must be someone dealing directly with the records, so the Board attorney recommended her. This can be changed in the future. Motion by Mr. Brock, seconded by Mr. Capote to designate Ms. Adams the Records Management Liaison Designation for the Florida Department of State. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Ms. Adams

said once a policy is adopted then a resolution will be adopted at the same time. She is targeting this item for completion within a few months. Mr. Capote left at 9:53 a.m. and did not return.

5. Arthur J. Gallagher Risk Management Services-Application for Insurance Renewals to include New Cyber Insurance-Motion by Mr. Brock, seconded by Mr. Dorey to approve the renewals and to authorize the payments of \$16,124.00 for fiduciary, etc. coverage and \$1,368.00 for Cyber Insurance. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; and Mr. Lancaster, Yea.

6. Levi, Ray, & Shoup, Inc. Web Solutions Domain Name System (DNS) Moving to the Cloud-Ms. Adams said she and Mr. Lancaster met with Mr. Mageau at Computer Experts and they can do this at no charge, although there may be conversion costs in working with LRS, as well as charges from LRS. Notices will still come from Network Solutions on renewals. Motion by Mr. Brock, seconded by Mr. Dorey to authorize Computer Experts to work with LRS to convert the Domain Name System for them to manage it and to approve any expenses from LRS, Computer Experts or Network Solutions. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; and Mr. Lancaster, Yea.

7. Revision of Special Tax Notice as Recommended by the Board Attorney-Ms. Adams said the attorney sent a new Special Tax Notice for implementation. She reviewed the changes. Motion by Mr. Brock, seconded by Mr. Dorey to implement the new Special Tax Notice effective November 2<sup>nd</sup>. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; and Mr. Lancaster, Yea. The Board recessed at 10:01 a.m. and reconvened at 10:11 a.m. Discussion moved to the SunTrust Quarterly Report above.

\*8. Termination Refund/Rollover/or Vested Termination, If Eligible, Firefighter Andre Perez-This item was approved under Consent Agenda as presented.

\*9. Termination Refund/Rollover/or Vested Termination, If Eligible, Police Officer Victoria Negrón Rodríguez-This item was approved under Consent Agenda as presented.

\*10. termination Refund/Rollover/or Vested Termination, If Eligible, Police Officer Hugh McGillvray-This item was approved under Consent Agenda as presented.

\*11. Application for Buyback, Police Officers Caroline Jodoin and Lance Fisher-This item was approved under Consent Agenda as presented.

\*12. Termination from Employment; Begin Regular Monthly Retirement Distribution; Authorize DROP Distribution by Withdrawal/Rollover and/or Annual Distributions as Per Guidelines and Authorize Share Plan Distribution, Police Officer Tim Landers-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.

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**ADJOURNMENT:**

There being no further business, the meeting adjourned at 11:00 a.m.



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Timothy W. Lancaster, Chairperson

**ATTEST:**



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James W. Brock, Secretary