

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN  
BOARD OF TRUSTEES  
Quarterly Meeting 19-03**

Held on the 1<sup>st</sup> of February, 2019 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 9:03 a.m.

**ROLL CALL:**

**PRESENT**

Timothy W. Lancaster, Chairman, Police Elected  
Jason Dorey, Vice Chairman, Fire Elected  
Richard B. Adams, Trustee, Board Appointee  
Guillermo William Capote, Sr., Trustee, City Councilmember Appointee

**EXCUSED**

James W. Brock, Secretary, Trustee,  
City Councilmember Appointee

Also, in attendance was Ms. Kathy Adams, Board Administrator, and Ms. Katie Taglia-Polak, Office Manager, Palm Bay Police & Firefighters' Pension Fund; and Ms. Charlene Reilly, HR Benefits Coordinator, City of Palm Bay. Mr. Blake Myton, First Vice President, Institutional Advisory Services, SunTrust Private Wealth Management arrived at 9:53 a.m.; Mr. Larry Cole, Senior Consultant, and Ms. Karla Engard, Operations Manager, Burgess Chambers & Associates, arrived at 10:03 a.m. Ms. Mindy Johnson, CPPT, Vice President, Relationship Manager, Salem Trust, arrived at 10:07 a.m.; Mr. Klausner, Board Attorney, telephoned at 9:12 a.m.

Motion by Mr. Capote, seconded by Mr. Adams to excuse Mr. Brock as he was on his way to the meeting. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

**AGENDA REVISIONS:**

Motion by Mr. Capote, seconded by Mr. Adams to change the Adoption of the Minutes to read, \*Special Minutes 19-02 and to add to New Business, \*1. Consideration of Warrants for Payment, m. City of Palm Bay-\$24.00-Purchase of Supplement No. 31 to the City of Palm Bay Code of Ordinances; n. Advent Capital Management-\$10,315.05-Management Fees for Quarter End 12/31/2018 (Police Fund Only); o. Advent Capital Management-\$10,154.07-Management Fees for Quarter End 12/31/2018 (Fire Fund Only);\*8. Termination Refund/Rollover/or Vested Termination, If Eligible, Police Officer Justin Hill; and move item No. 4. Perrigo Company PLC-Saxena White Potential Action as Lead Plaintiff to the beginning of the meeting for discussion. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

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**CONSENT AGENDA:**

Motion by Mr. Adams, seconded by Mr. Capote to approve the Consent Agenda.as revised. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Brock arrived at 9:06 a.m.

**ADOPTION OF MINUTES:**

\*Special Minutes 19-02

This item was approved under Consent Agenda as presented.

Discussion continued with New Business, Item No. 4. Perrigo Company PLC-Saxena White Potential Action as Lead Plaintiff (See below).

**SUNTRUST QUARTERLY REPORT AT 10:00 A.M.:**

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

a. Quarterly Report-Mr. Myton arrived at 9:53 a.m. He said the market was volatile due to uneasiness with growth, earnings, and trade. Equity traded off significantly and it could have been worse. December was a bad month while January had an uptick. He does not see a recession, but perhaps in 2020. Mr. Cole and Ms. Engard arrived at 10:03 a.m. This is the first negative numbers for the S&P since 2008. No one saw it coming and got hammered in 2018. This year is going to be tough and we could see a lot of volatility. Ms. Johnson arrived at 10:07 a.m. Large Cap Value struggled but Mid-cap and Fixed Income had a good year. Nine names were sold in the Large Cap Value to get other positions. They have been more aggressive but dialed back in the 4<sup>th</sup> quarter. The SunTrust portfolio for the quarter was -5.27% which crushed the year. The market value at 12/31/2018 was \$71,365,796.00. The asset allocation was \$30,564,026.00 for Equities; \$39,582,193.00 for Fixed Income; and \$1,219,577.00 for Cash & Equivalents.

b. Follow-up on Conversion of Mid-Cap Value Fund to the Virtus Collective Trust II Fund-Mr. Myton said the Virtus trades are wrapping up today and may alleviate trading costs. Mr. Cole said it will save 7,091 trades per year. He said we could see a higher percent because it trades daily. Mr. Adams asked if it could be separated out to see how that fund did? Mr. Myton said the fund was off less than other funds. The Plan's expenses will decrease. Excess trades were their strategy. There is about \$7 Million in those investments. Discuss continued with Ms. Johnson's presentation.

**BURGESS CHAMBERS QUARTERLY REPORT AT 10:30 A.M.:**

1. Burgess Chambers & Associates-Mr. Larry Cole, Consultant, and Ms. Karla Engard, Operations Manager
  - a. Quarterly Report-Mr. Cole said energy got hit the hardest. He said the market has turned around since Christmas. The Managed Limited Partnership fund was down but is now up. The Fund is up overall by 6% since the end of the quarter. The quarter compliance is OK. The market value for the entire portfolio for 12/31/2018 is \$177,665,057.00. The return was -8.6%, net of fees. The total fund lost \$16,509,835 net of contributions and gained back about \$9 Million since the end of the quarter. He does not recommend rebalancing now because of the volatility of the market. The Plan is in the top 41% in ranking. Mr. Cole said the Plan is still doing well in comparison to other peer groups, even though it was a bad quarter. He reviewed the individual allocation returns. He said the worse sector was the Small Cap Value, but there were strong returns this quarter. He told the Board to be patient with Managed Limited Partnerships. He said JP Morgan real estate and Fixed Income had positive returns for the quarter. The market value as of January 30<sup>th</sup> was around \$186 Million. Mr. Cole said there was no concern over individual managers at this time.
  - b. Letter of Direction to Raise Monthly Cash for the Next Six Months-Mr. Cole said recommended keeping the letter the same and that he might want to come back next quarter to make some changes. Motion by Mr. Capote, seconded by Mr. Brock to approve the existing letter of direction to raise monthly cash for the next six months. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
  - c. SSI Investment Reduction Fee-Mr. Cole discussed the fee reduction and company changes. Motion by Mr. Capote, seconded by Mr. Brock to accept the fee change and assignment and to authorize Chairman Lancaster to sign the document. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
  - d. Polen Capital-No change is required to expand employee participation over the coming years.
  - e. Wells Fargo-The Board acknowledged the leadership change on a global basis.
  - f. JP Morgan Asset Revision September 30, 2018-Ms. Adams said she received several revised statements from JP Morgan at fiscal year-end resulting in a decrease of \$16,000.00. She spoke to the auditors, Ms. Janes, Accountant, and Mr. Donlan, Actuary. All agreed that since notification occurred after September 30<sup>th</sup>, and could result in additional expenses and re-work, to leave the balances as previously stated. An adjustment would be made in the 2019 financials. Ms. Engard said she thought it had to do with the appraisal value of one property that changed. She said she would send an email as to why this occurred.

**PRESENTATION AT 11:00 A.M.:** (The Board considered this item out of order at 10:30 a.m. as noticed for time certain.)

1. Ms. Mindy Johnson, CPPT, Vice President, Relationship Manager, Salem Trust, Custodian (The Board considered this item out of order at 10:30 a.m. as noticed for time certain.)

- a. Annual Report-Ms. Johnson said the report is in the Board packet. It is presented to clients annually for Board review and lists the volume of activities they perform. It shows Salem is working hard for us.
- b. Fee Schedule-She discussed the analysis of the Ceredex trades. In 2017 the amount of trades was 20,000; in 2018 they were 21,000. The initial pricing was based on 5,000. This conversion will help it with an estimate of around 13,500 trades per year. The fee is going up by one basis point and all else stays the same. Trades over 13,500 in number will be charged \$1.25 per trade. It is a reduction of their hard-dollar cost of \$3.75 per trade. She said they want to give a one year guarantee and then come back for any adjustments. Motion by Mr. Capote, seconded by Mr. Brock to approve the Salem Fee Schedule. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Ms. Engard recommended pulling the data and looking at it in six months. Ms. Reilly left the meeting at 10:28 a.m. Discussion continued with Mr. Cole and Ms. Engard's presentation.

#### **OLD BUSINESS:**

1. Actuarial Services & Projects: Foster & Foster, Inc.
  - a. FOP Negotiations-The ordinance will be going before City Council this month. Ms. Adams suggested Mr. Dorey obtain a copy so that the Fire Union can adopt the same language as this ordinance only applies to police and deals with some disbursement and tax issues.
- \*2. DROP Returns for December 31, 2018-Gross returns for December 31, 2018 was -8.44% and -8.58% net of fees. This item was considered under Consent Agenda and approved as presented.
3. Long Range Planning Projects for 2019-Ms. Adams said motions were made last year to obtain quotes on upgrades and disability automation with LRS; to move forward on the purchase & install of a TV thru Best Buy with Geek Squad coverage and purchase & implement video conferencing program using trustee VISA card; and expenses related to E-signature (VERI-Sign availability) and use of LRS Web Solutions to accomplish it. She discussed the potential use on each item.
- \*4. Annual Review of Part-time Office Manager Katie Taglia-Polak-Ms. Adams said she needs the results for the March 1<sup>st</sup> Board meeting and that Ms. Taglia-Polak will be making appointments for each trustee to meet with her.
5. Follow-up Items from Ms. Taglia-Polak
  - a. Audit-The final audit was received and distributed. It has been placed on the website. Ms. Janes, Board CPA will change her financials going forward to read "Retirement System" instead of "Plan" to match the audit. Ms. Taglia-Polak said she has the cord that goes with the Master Drive and it will be kept with the drive.
  - b. IRS Mileage Rates for 2019-Motion by Mr. Capote, seconded by Mr. Brock to approve and adopt the new IRS Mileage Rates for 2019 of fifty-eight (58) cents per mile for business use, up three and one-half (3.5) cents from the 2018 rate. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
  - c. Upcoming Events-Educational Opportunities-Motion by Mr. Capote, seconded by Mr. Brock to have Mr. Dorey and Mr. Adams to be the authorized delegates for the NCPERS conference. 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 the hotel cancellation fees

for the FPPTA New York program was \$300.70 for Mr. Lancaster and Mr. Adams. No cancellation fee was charged by the FPPTA on behalf of Mr. Lancaster and \$50.00 on Mr. Adams. There was discussion about the future FPPTA guest fee of \$100 to be paid personally by the impacted trustee.

**NEW BUSINESS:**

- \*1. Consideration of Warrants for Payment:
  - \*a. SSI Investment Management-\$9,648.00-Management Fee 10/01-12/31/2018; Invoice No. 00002019-0048 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*b. SSI Investment Management-\$9,492.00-Management Fee 10/01-12/31/2018; Invoice No. 002019-0049 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*c. Eagle Asset Investment Management-\$1,397.48-Management Fees for Billing Period 10/01-12/31/2018, Invoice No. 041004202228 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*d. Eagle Asset Investment Management-\$546.77-Management Fees for Billing Period 10/01-12/31/2018, Invoice No. 943761306442 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*e. Polen Capital Management-\$15,200.87-Management Fees for Quarter, 10/1-12/31/2018, (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*f. Polen Capital Management-\$7,807.87-Management Fees for Quarter, 10/1-12/31/2018, (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*g. SunTrust Bank-\$69,428.66-Investment Management Fees for Quarter End 10/1/2018-12/31/2018, Invoice No. 287224-This item was approved under Consent Agenda as presented.
  - \*h. Wells Capital Management-\$11,744.91-Management Fees for Quarter End 12/31/2018, Invoice No. 12142920 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*i. Wells Capital Management-\$6,699.79-Management Fees for Quarter End 12/31/2018, Invoice No. 12142927 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*j. Westwood Trust-\$6,964.68-Investment Management Fees for Quarter End 12/31/2018, Invoice No. 5000863 (Police Fund Only)-This item was approved under Consent Agenda as presented.
  - \*k. Westwood Trust-\$6,964.68-Investment Management Fees for Quarter End 12/31/2018, Invoice No. 5000864 (Fire Fund Only)-This item was approved under Consent Agenda as presented.
  - \*l. Foster & Foster, Inc.-\$500.00-Review Proposed Ordinance and Letter of No Actuarial Cost dated Jan. 7, 2019, Invoice No. 13903-This item was approved under Consent Agenda as presented.
  - \*m. City of Palm Bay-\$24.00-Purchase of Supplement No. 31 to the City of Palm Bay Code of Ordinances-This item was approved under Consent Agenda as presented.
  - \*n. Advent Capital Management-\$10,315.05-Management Fees for Quarter End 12/31/2018 (Police Fund Only)-This item was approved under Consent Agenda as presented.

- \*o. Advent Capital Management-\$10,154.07-Management Fees for Quarter End 12/31/2018 (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-A member beneficiary change was accepted and approved for Firefighter Craig Darakis. This item was approved under Consent Agenda as presented.
3. Board Business-Ms. Adams said she received the approval for the General Employee Actuarial Valuation in January dated December 28, 2018. The letter had been sent to the City. The State has been notified of the correct address for the pension office. Motion by Mr. Capote, seconded by Mr. Adams to approve a new reoccurring warrant for any trustee's VISA card for "Print Depot" formerly known as "PIP Printing" for letterhead and various envelopes and a new reoccurring warrant for any trustee's VISA card for Print Depot" formerly known as "PIP Printing" for business cards. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Adams discussed the memo from Computer Experts about the suggestion for a back-up internet provider as the area had problems with network contractors taking too long to respond to down times and its impact on local businesses. Mr. Church, Computer Experts CEO, suggested a redundant provider and router that would automatically switch over in down events. Mr. Adams said three (3) boxes were being shipped that will provide Sprint boost coverage. These items were approved last year. He said Computer Experts had Sprint, will research Sprint, and follow-up. Mr. Adams said he spoke to Mr. Warner, Conlan's Property Manager, about the issue and the potential in obtaining a separate unit for the outside tower should Conlan Professional want it. Mr. Lancaster asked about the cost involved with redundant coverage. Mr. Adams said he would check it. Discussion continued with Mr. Myton's presentation above.
4. Perrigo Company PLC-Saxena White Potential Action as Lead Plaintiff-(The Board considered this item out of order due to the availability of the Board Attorney). Mr. Klausner, Board Attorney, telephoned at 9:12 a.m. He stated he was going to offer his educational event this year from June 10-12. He said Perrigo was a pharmaceutical that set up in Ireland that got hit with a \$2 Billion tax bill from Ireland. They did not tell investors and the stock dropped. Palm Bay lost \$45,000. The class period is short. He has the City of Boca Raton that he wants to partner as they took a larger loss. If they don't, he wants Palm Bay to forward on this as lead plaintiff. It is a securities fraud case. A complaint is filed with a deadline date of March 4<sup>th</sup>. The lead plaintiff can select the attorney and it does not result in a larger recovery. Staff time can be billed at their actual hourly rate plus benefits to be reimbursed. Saxena White will lay out the cost for filing fees, damages, expert witnesses and if no recovery, they will eat it. There is no risk of losing money in pursuing this. Mr. Lancaster asked about us being lead plaintiff. He asked which manager did the investment. Mr. Klausner said he would find out. Motion by Mr. Adams, seconded by Mr. Capote to authorize Mr. Klausner to file with Palm Bay as lead plaintiff in the Perrigo case. Motion carried with members voting as follows: Mr. Dorey, Mr. Brock, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Lancaster thanked Mr. Klausner and Ms. Parish for their work on the Virtus agreement, the change in money managers, and all the emails going back and forth. Mr. Klausner's telephone call ended at 9:25 a.m. Ms. Adams recommended Ms. Taglia-Polak be the contact person and coordinate the activity on the Perrigo case. The Board agreed. Discussion continued with Old Business.
- \*5. 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, Firefighter Isaac Morey-This item was approved under Consent Agenda as presented.

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- \*6. Reduction of Monthly Pension Supplemental Benefit Due to Age 65, Firefighter Robert Erario-This item was approved under Consent Agenda as presented.
- \*7. Termination Refund/Rollover/or Vested Termination, If Eligible, Police Officer Michael Pusatere- This item was approved under Consent Agenda as presented.
- \*8. Termination Refund/Rollover/or Vested Termination, If Eligible, Police Officer Justin Hill-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 10:58 a.m.



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Timothy W. Lancaster, Chairperson

**ATTEST:**



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James W. Brock, Secretary  
Board Member