

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN  
BOARD OF TRUSTEES  
Quarterly Meeting 10-03**

Held on the 3<sup>rd</sup> day of February, 2010 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 9:10 a.m.

**ROLL CALL:**

**PRESENT**

Richard B. Adams, Chairperson, Brd Appt  
William A. Yonce, Sr., Vice Chairman, City Council Appt  
Timothy W. Lancaster, Trustee, Police Elected  
Douglas R. Smith, Trustee, Fire Elected  
James W. Brock, Trustee, City Council Appt

**EXCUSED**

Also in attendance was Ms. Kathy Adams, Board Administrator and Kristin Courcier, Pension Assistant. Ms. Joyce Dias, Human Resource Officer, City of Palm Bay; Mr. David Ginsburg, President, IAFF, Local 2446 and Mr. Keith Grice, Palm Bay Firefighter attended. Mr. Larry Cole, Senior Consultant, and Ms. Karla Engard, Operations Manager, Burgess Chambers & Associates; and Mr. Blake Myton, Vice President, Investment Manager, SunTrust Bank, arrived at 9:24 a.m. Mr. Stephen Cypen, Board Counsel, was telephoned at 10:15 a.m.

**AGENDA REVISIONS:**

Remove the phrase "& DROP" from New Business Item No. \*8 and add New Business, \*10. Application for Retirement & DROP-Firefighter Michael C. Couture.

**CONSENT AGENDA:**

All items of business marked with an asterisk were considered under Consent Agenda and enacted by the following motion:

Motion by Mr. Brock, seconded by Mr. Smith that the Consent Agenda be approved as revised. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea.

**ADOPTION OF MINUTES:**

\*Regular Minutes 10-01  
\*Special Minutes 10-02

The minutes were considered under Consent Agenda and approved as presented.

**QUARTERLY REPORTS AT 9:30 A.M. & 10:00 A.M.:**

**1. Burgess Chambers & Associates-Mr. Larry Cole, Senior Consultant**

**a. Quarterly Report-**Mr. Cole said there was a lot of confusion in the market place and he is looking at diversification, perhaps convertible bonds. At 12/31/09 the Fund gained 3.0% net of fees; one year at 15.9%, slightly below the target index. The nature of the rally was due to lower stocks and that it is good to stay close to the target in this bull market. He said there was a new fund added the end of the year by SunTrust. The Market value at the end of the quarter was \$122,935,948.00. The compliance checklist was OK; had some revisions. The Fund is a little overweight in domestic equity. He is not recommending any rebalance this quarter, except for the overweight in domestic equity. Mr. Cole said the one year ranking was 80%; this Fund is ahead of other funds with decent absolute numbers to the benchmark. He implemented extra pages in his report analyzing Ridgeworth focusing on their returns with their benchmarks according to the Fund's Investment Policy and taking international and real estate out of this analysis. A review of the international shows a one-year return of 40.6% ranked in the top 18%. Quarter-to-date was 3.60%. Mr. Cole said the international has done very well and that domestic large cap companies should do fairly well over the next twelve months. There is pressure on the dollar. The Fed's having indicated they are going to keep interest rates low. The fees are very low for the international funds. It's a good diversification. JP Morgan real estate is struggling, down for the quarter 27.7%. This fund historically when the market is up is capturing 86-94%, when down only capturing 77-87% of it. Mr. Cole is going to recommend to Mr. Myton that he's over the equity limit and needs to get back in line with the policy. Mr. Cole distributed a hand-out and discussed the maritime product. The structure appears to be fluid and JP Morgan is still getting money in. It would definitely need Mr. Cypen's input. Mr. Yonce and Mr. Lancaster said they do not like a ten-year lock-up of the funds. Mr. Cole said he was concerned whether or not a public pension fund is the right venue to invest in this. Parts of it are appealing. Motion by Mr. Yonce, seconded by Mr. Brock to shelve it and to monitor it because of board concerns. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea.

**b. Update on Disclosure of Placement Agent Fees-**Mr. Cole said he contacted all the managers. The American Funds did not know what he was talking about. SunTrust and JP Morgan said they had none. From what he's read it is very burdensome. He asked whether once a year response from managers was sufficient. He's not seeing it anywhere except CALPERS and they aren't the best model. He needs clarification on this issue. Mr. Cole said he can talk to Mr. Cypen about this. The board agreed to just call Mr. Cypen to discuss it. A telephone call was made to Mr. Cypen at 10:15 a.m. He was not available and returned the call at 10:19 a.m. Mr. Cypen said the Securities and Exchange Commission (SEC) was looking at this. Mr. Cole asked if a statement from each manager on placement fees with Palm Bay Police & Firefighters' Pension Fund would be sufficient. Mr. Cypen said yes and that could be done when a company is hired, when there are changes, 30-60 days when hired and upon demand; not periodic. Mr. Cypen said the policy is not set in stone and you could say disclose it and it's banned; however, he feels there

may be instances where it might be wanted and not banned. Mr. Cole said perhaps at a minimum annually; Mr. Cypen said he's done dozens and received only three. Mr. Cole gave an example of a search where one is a third party marketer where they would have disclosed the fee and arrangement. They would not be ruled out because they may use that as a fee negotiation process. Mr. Cole will get with Mr. Cypen and bring it back to the board. Mr. Cypen's call ended at 10:29 a.m. Mr. Cole reviewed the website chart he, his office staff, and Mr. Adams are trying to update.

**2. SunTrust Institutional Investment Solutions-Mr. Blake Myton, Vice President, Investment Manager**

**a. Quarterly Report-**Mr. Myton said the growth style did better than the value. Global equity markets ended 2009 on a solid note for positive results for the quarter. US Treasuries were the worst performers. The emerging markets led the way, followed by high yield bonds. Inflation is not a huge concern for the next few quarters. They put 20% into Small/Mid Cap Growth from the Mid Cap Core Fund. What did not work well in 2008 worked well in 2009. SunTrust market value at 12/31/09 is \$91,280,126.56. The SunTrust piece of the portfolio did well; most in the equity arena. It was a very strong year and they were pleasantly surprised with the conservative style. It was a volatile year capturing the up side of the market. Mr. Adams asked about whether or not Ridgeworth was being sold. Mr. Myton said they took Trusco and created the Ridgeworth boutiques. They are two separate entities. He said SunTrust does not comment on rumors; however, if and when anything happens we'll be the first Fund he calls. Mr. Cole said he heard the rumor before it hit Rutgers. It's not necessary a bad thing, it would help them keep their talent. The board recessed at 10:56 a.m. and reconvened at 11:29 a.m. Mr. Cole, Ms. Engard, Mr. Myton, Mr. Ginsburg, and Mr. Grice did not return to the meeting. The discussion continued with Old Business Item No. 8 below.

**OLD BUSINESS:**

**1. Mr. Stephen H. Cypen, Board Counsel**

- a. Proposed Policy for Disclosure of Placement Agent Fees**
- b. Mr. Gregory R. Miller, Esq., The firms of Beggs & Lane, LLP; Levin, Papantonio, Thomas, Mitchell, Echsner & Proctor, P.A.; and Ledbetter & Associates, P.A.-Merrill Lynch, Pierce, Fenner & Smith, Inc. and Michael Callaway-**The scan project should be completed shortly to be mail to Beggs & Lane.
- c. Amendments to the Pension Protection Act of 2006, the Heroes Earnings Assistance and Tax Relief Act of 2008 and Internal Revenue Service Notice 2008-98-**This item is pending final legislative enactment, as well as final review Mr. Cypen and Mr. Friedman on some current pension documents.
- d. Mr. Robert J. Friedman, Esq., The firm of Holland & Knight, LLP-IRS Letter of Determination of Compliance-**Mr. Adams read an email from Mr. Friedman about the determination process stating the board did not have to take any action at this time. The IRS is now reviewing the proposed revised pension ordinance for purposes of the determination letter application. The IRS may be happy with the ordinance as submitted or may ask the board to make some additional revisions for document compliance purposes.

When the determination letter is finally issued, the board will have at least 210 days to have the city council enact the revised pension ordinance.

2. **Actuarial Services & Projects: Foster & Foster, Inc.**
  - a. **Palm Bay Professional Firefighters, IAFF, Local 2446-Pension Re-Opener and Ongoing Issues:**
    1. **Share Plan Using Chapter 175 Funding-Notification of Impasse-Nothing further at this time.**
  - b. **General Employee Transfers to Police Officer & Firefighter Status Prior to 1991-**This item is pending further discussion with Ms. Beiler and Mr. Heinrichs.
  - c. **Florida Premium Tax Distribution-Police Overtime Benefit Draft Ordinance-**Motion by Mr. Lancaster, seconded by Mr. Yonce to accept the draft ordinance to add additional overtime to police officers' pension compensation and to forward it to the city for adoption. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea.
  - d. **Update on Correspondence Between the Pension and City Actuaries-Impact Study to Freeze the Plan-**Nothing further at this time. Mr. Smith asked that Old Business Item No. 7 be discussed at this time because Mr. Grice was present. (See Item 7 below).
3. **Milberg, LLP-Draft Retainer Agreement for Portfolio Monitoring Services-**Motion by Mr. Brock, seconded by Mr. Yonce to enter into an agreement for monitoring services with Milberg, LLP. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea.
4. **Pension Website-[www.pbpf.org](http://www.pbpf.org)-**Mr. Adams said he was working with Burgess Chambers & Associates on their updates and they would be posted to the web. Ms. Adams said the audit had been added to the web, as well as the Federal Withholding Tax Form W4-P under the "Retiree" link. Mr. Adams asked the board about adding the budget to the website and they agreed. Mr. Yonce said he wanted the statute added that reflected the percent of the Fund that could be used for budgetary expenses as the board was significantly under that percentage.
5. **Office and Laptop Computers-**Mr. Adams said all the laptops have been issued. Ms. Courcier said the credits had been resolved, as well as the issue with Mr. Smith's. Mr. Yonce's and Mr. Adams' old laptop needs cleaned with the invoice turned in. Mr. Adams said his will be kept in-house as a back-up since it was being used for recent presentations.
6. **Update on Ronald C. Giordano, Jr.-Disability Application-**Ms. Adams said documentation was still pending from Loyola even though they had stated the items were previously mailed. She was working through Attorney Hammond on setting up an appointment with Dr. Brooks and gathering additional information for travel arrangements.
7. **Buyback Request on Firefighter Keith Grice-**Mr. Grice stated he bought back his time. Ms. Adams said his records were updated to reflect the additional credited service. Mr. Cole, Ms. Engard and Mr. Myton arrived and began their presentations. (See Quarterly Reports above).
8. **Buyback Request Police Officer Scott Smith-Buy Back Issue-**This item is pending follow-up from Mr. Smith due to personal issues.
9. **Nomination and Election of Police Officer & Firefighter Pension Trustee Representatives-**Ms. Adams said she was still waiting on some members who had not updated their addresses. A list of names was given to Mr. Lancaster and Mr. Smith. Mr. Lancaster was unopposed, so he would remain as the

Police Elected Representative for the upcoming term. A ballot would be generated for the Fire Elected Representative between Mr. Douglas Randy Smith and Mr. Benjamin J. Kiszkiel. There was discussion about someone picking up the fire ballots and Mr. Brock volunteered. Motion by Mr. Yonce, seconded by Mr. Brock to accept the nominations and to mail ballots on the two fire nominations. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea. Mr. Lancaster said he was running for President of the Police Athletic League (PAL) and had checked to make sure there was no conflict. It's a community group.

**\*10. DROP Returns for Quarter-ending December 31, 2009**-The DROP returns for quarter-ending 12/31/09 is 2.98%. This item was considered under Consent the Agenda and approved as presented.

**11. Annual Review-Kristin Courcier, Pension Assistant**-Ms. Courcier presented the Consumer Price Index (CPI) and discussed it. Mr. Yonce said the firefighters are looking at a 15% pay reduction. The CPI at December 2009 is 2.7% for the full year. Ms. Smith felt approval of the annual pay increase should go forward. Mr. Lancaster said he was concerned about the current climate. Mr. Brock said he was for it. Mr. Brock asked Ms. Dias about City pay raises and she said in the end their pay would be a reduction. Mr. Lancaster said he's seen \$14,000 pay decreases. Motion by Mr. Brock, seconded by Mr. Smith to approve a three percent (3%) pay increase for Ms. Courcier retroactive from her anniversary date. Motion carried with members voting as follows: Mr. Yonce, Nay; Mr. Lancaster, Nay; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea. Ms. Courcier left the meeting.

#### **NEW BUSINESS:**

**\*1. Consideration of Warrants for Payment**

**\*a) Goldstein Schechter Koch, CPA-\$3,500.00-Progress Bill for Audit Work FYE 9/30/09-Invoice #68750**-Considered under Consent Agenda and approved as presented.

**\*b) Burgess Chambers & Associates, Inc.-\$11,250.00-Performance Monitoring & Advisory Fee for Quarter Ending 12/31/09, Invoice No. 10-12**-Considered under Consent Agenda and approved as presented.

**\*2. New Plan Member Application, Member Beneficiary Changes, Pre-Retirement Death Benefit Option Selection and Retirement Beneficiary Forms**-New member applications were accepted and approved for Police Officers Hilda Benedith, James Mlagan and Firefighter Brian H. Weigle. Member beneficiary forms was accepted and approved for Police Officers Charles P. Bassett and Tori Parry. This item was considered under Consent Agenda and approved as presented.

**3. Long Range Planning Items**-Ms. Adams said the board approved to post the part-time position on the website, but we needed additional approval to place it in the local newspaper. Motion by Mr. Brock, seconded by Mr. Smith to advertise the part-time position on the pension website and the local newspaper to include expenses for same. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea. Ms. Adams said both phones were having problems. One was the original phone used at the Hilton office location; the second was purchased when the office was moved to Conlan Professional Center. Motion by Mr. Yonce, seconded by Mr. Brock to replace both phones. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea.

**\*4. Review of Correspondence:**

**a) Monthly Bank Statement-STI, 12/31/2009-**The market value of the SunTrust Funds at 12/31/2009 was \$107,744,832.76. The market value of the International Funds, which are part of the SunTrust portfolio, is \$14,737,734.25. The Grand Total of all the Funds at 12/31/2009 was \$114,662,918.76. This item was considered under Consent Agenda and approved as presented.

**b) Monthly Statement-JPMorgan Strategic Property Fund, 12/31/2009-**The market value for the JPMorgan Strategic Property Fund at 12/31/2009 was \$6,918,086.00. This item was considered under Consent Agenda and approved as presented.

**5. Board Business-**Ms. Adams said there were some bonus and erroneous items received through Office Depot as part of normal office supply ordering that the office could not use. It was recommended the items be donated to the Police Athletic League (PAL). Motion by Mr. Brock, seconded by Mr. Smith to donate a Digital Camera, MP3 Player and a Dyno Label Cleaner Kit to PAL. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea. Ms. Adams said she notified the City Clerk about the council appointee positions. The board discussed the League of Cities "Quality Cities" legislative agenda. It included that any comprehensive pension reform package should address the issue of statutory presumptions, and maximum benefits should be based on actual base salary. Alternatives to defined benefit programs should be incentivized and cities that join the Florida Retirement System for police or fire be allowed to purchase past service credit at the three percent (3%) rate, rather than the current two percent (2%) rate. Also, changing the cost projections for all new benefits. Additionally, pension boards should not consist of a majority of plan participants and all plans and plan expenses should receive third party independent review, with local elected officials being given budgetary oversight to the Fund. Mr. Adams said the Palm Bay Police & Firefighter's Pension Board meets those standards because it consists of two city council appointees, one elected representative for police and one elected representative for fire and a fifth board appointee. This board currently uses an independent accountant and audit team. There was discussion about the insurance premium tax funding. Ms. Adams said there was a recent article in the Gabriel, Roeder & Smith (GRS) News Scan about the pitfalls of pension obligation bonds. Mr. Lancaster asked that a copy be sent to all trustees.

**6. Upcoming Events-Educational Opportunities-**Mr. Adams said he was not going to attend the NCPERS Legislative Conference previously approved. No one was interested in the Portfolio Concepts and Management Course offered through the Wharton School of Investment. The board asked that the International Foundation for Employee Benefit Plans Washington Legislative Update in May be brought back later. Mr. Lancaster said he would not be attending the Division of Retirement School in May.

**\*7. Acknowledgement of Buyback Requests on Police Officer Stephen Bland and Firefighter Brad Pickard-**This item was considered under Consent Agenda and approved as presented.

**\*8. Application for Retirement-Police Officer Barry L. Self-**This item was considered under Consent Agenda and approved as presented.

**\*9. Application for Retirement & DROP-Firefighter Arthur Renfro-**This item was considered under Consent Agenda and approved as presented.

**\*10. Application for Retirement & DROP-Firefighter Michael C. Couture-**This item was considered under Consent Agenda and approved as presented.

PBP&F Pension Fund  
Quarterly Meeting 10-03  
February 3, 2010

**INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:**

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

**ADJOURNMENT:**

There being no further business, the meeting was adjourned at 12:26 p.m.



Richard B. Adams, Chairperson

ATTEST:



Timothy W. Lancaster, Secretary