

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Regular Meeting 11-08**

Held on the 1st day of June 2011 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 9:04 a.m.

ROLL CALL:

PRESENT

Richard B. Adams, Chairperson, Board Appointee
Timothy W. Lancaster, Vice Chairman, Police Elected
Douglas R. Smith, Secretary, Fire Elected
Guillermo William Capote, Sr., Trustee, City Councilmember

EXCUSED

Also in attendance was Ms. Kathy Adams, Board Administrator; Firefighter David Ginsburg, President, Palm Bay Professional Firefighters, IAFF, Local 2446; Ms. Joyce Dias, Human Resource Officer, City of Palm Bay; Mr. Larry Cole, Senior Consultant, Burgess Chambers & Associates was telephoned at 9:36 a.m.; Mr. David Warner, Property Manager, Conlan Professional Center, arrived at 10:17 a.m. Ms. Deanna Robertson and Ms. Katie Taglia-Polak, Pension Assistants, entered the meeting at 10:54 a.m. The City Council Appointee Trustee seat previously held by Mr. Mazziotti is vacant until further appointment.

AGENDA REVISIONS:

Motion by Mr. Lancaster, seconded by Mr. Smith to add Old Business, *12. Acknowledge Request for Buyback on Police Officer Timothy Zander and 13. Disability Application Firefighter Robert Youhas; and under New Business, *9. Termination Refund/Rollover/or Vested Termination, If Eligible-Firefighter Dennis Rivera and *10. Termination Refund/Rollover/or Vested Termination, If Eligible-Firefighter Paul J. Weiker. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

CONSENT AGENDA:

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

ADOPTION OF MINUTES:

No minutes were ready for adoption.

OLD BUSINESS:

1. **Actuarial Services & Projects: Foster & Foster, Inc.**
 - a. **City of Palm Bay Proposed Ordinance 2010-81, Amendment Implementing Firefighter Pension Changes-Unfair Labor Hearing**-Motion by Mr. Smith to authorize the board attorney to draft an ordinance and authorize the board actuary to prepare an impact statement upon receipt of a request from the City and the Palm Bay Professional Firefighters, Local 2446. The motion died for a lack of second. Mr. Lancaster said he wanted to see the letter first before any action was taken. Motion by Mr. Lancaster, seconded by Mr. Smith to call a Special Meeting for Friday, June 3, 2011 at 9:00 a.m. to review the ratified letter on negotiated pension benefits between the City of Palm Bay and the Palm Bay Professional Firefighters, Local 2446. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.
 - b. **Firefighter Brian Potash Arbitration**-Ms. Adams said the deadline is July 6th.
2. **Pension Website-www.pbpf.org**-Ms. Adams said she is placing notices of office closures on the front page of the website. Mr. Adams said the police retirees have set up a Facebook page. There was discussion about linking it to the website. Mr. Lancaster said that if the board had a Facebook, the board should have their own and control it. Mr. Capote expressed concerns with the Sunshine Law.
3. **Investments with SSI and Advent-Convertibles**-Ms. Adams said the set-up and transfer of funds were completed and these investments should reflect in the May bank statements.
4. **Burgess Chambers & Associates**-Mr. Larry Cole, Senior Consultant-Follow-up on Sun Trust Investment Fee Changes-Mr. Cole was telephoned at 9:36 a.m. He said the process has been evolving during the month. Mr. Myton talked to him about the Large Cap Growth & Large Cap Value and Fixed Income assets. He confirmed that it includes custody. They are reasonable fees although higher than what the board has been used to paying. He said the target is October 1, 2011 to discontinue reimbursement of manager fees; it would have an impact of 28 basis points being paid for those. Mr. Cole said he spoke to Mr. Myton and SunTrust representatives and asked if the board wants them to keep the portfolio would they would be willing to separately manage it and they said no. Mr. Cole compared the products to other managers outside the SunTrust umbrella. Without any doubt the fund could save about 20 basis points and in some instances 40 basis points on about a \$19 Million portfolio. The fund could save about \$30,000.00 in fees; however, it doesn't say anything about performance. Mr. Cole said he does management searches all the time. SunTrust would continue custody for 5 basis points, which is a fair price. Mr. Cole said if he did a search he could get a competitive rate. Mr. Cole is at a loss as to the logic behind all this. If the board keeps everything the same, the fees will double; although it is reasonable in the market. SunTrust is now competing on an even keel with other managers that are out there and Palm Bay has received a good deal for a long time. He said the board may want to keep some of the \$20 Million with SunTrust, but pull the rest out and conduct a manager search. SunTrust is going from 28 basis points to 56 basis points. Mr. Capote asked why they are saying it is to be more competitive while they know they will be losing business over this and they appear to be OK with it. Mr. Adams said the jump is high. One option is to roll the funds over to Large Caps. Mr. Cole said he would not recommend that. He said it could be rolled over to an Index Fund as a temporary measure. SunTrust said they are trying to keep the brightest managers and be competitive; however Mr. Cole said he needs to get Mr. Myton to say that and he's not getting a lot of responses. He said even if the board goes out for a search, they will pay more than

the 28 basis points. Mr. Smith asked when it takes effect. Mr. Cole said they are shooting for October 1st. He said the board should move forward. He proposed to come with a manager search at the August meeting with four or five names in each category of disciplines: Ridgeworth Small Cap Value will be on the list and the board could then decide on a temporary placement in an Index Fund. Mr. Cole's recommendation is to come to the July 6th meeting with other managers, outside the SunTrust umbrella, with a request of SunTrust to delay or extend the deadline to another quarter to year-end. He said Burgess Chambers Associates (BCA) does not charge a fee to conduct searches. The fund is charged a flat quarterly fee by BCA. One option is to not do anything. Actually the 56 basis point fees are reasonable; however, it is not an advantage anymore for SunTrust. Mr. Cole's telephone call ended at 10:12 a.m. The board recessed at 10:12 a.m. and reconvened at 10:17 a.m. Mr. Adams asked that Old Business Item 11 be moved for discussion since Mr. Warner had arrived. Discussion continued under Old Business, Item 11.

5. Review of the Division of Retirement School-Mr. Capote said the classes were good. Ms. Robertson and Ms. Taglia-Polak entered the meeting at 10:54 a.m. They discussed their attendance at the conference. They enjoyed it and learned a lot. They left the meeting at 10:59 a.m. There was further discussion on Bill 1128 concerning accrued sick and vacation.

6. Review of the National Council on Public Employee Retirement Systems (NCPERS) Conference-Mr. Smith said it was good to see things on a national level. He said the board has to be involved on a national level. He said the classes were excellent and well worth it. He feels the board should be more involved in NCPERS and Mr. Capote agreed. Mr. Capote said being able to see the perspectives on a national level is good. Mr. Lancaster said the board tries to attend NCPERS if the training is held in-state; however, he feels the board needs to attend even if it is out-of-state because it is value-added for the trustees, especially as fiduciaries.

7. Payout Expense Account-Ms. Adams said Ms. Lark Janes, CPA, Board Accountant, was monitoring the payout expense account each month and felt that within the next two months a transfer would be needed due to some recent and upcoming Deferred Retirement Option Program (DROP) payouts; quarterly fee invoices; and new retirees. Motion by Mr. Smith, seconded by Mr. Lancaster to approve the transfer of funds when required and upon written notification from Ms. Janes, CPA, Board Accountant. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

8. Update on Ronald C. Giordano, Jr.-Disability Application-Mr. Adams said he had to leave the Division of Retirement School early to come back for a hearing in Viera. Motion by Mr. Lancaster, seconded by Mr. Smith to approve Mr. Adams' request for per diem and travel At \$39.95 for the Giordano court hearing in Viera. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

9. Economic Development Administration Revolving Loan Fund (EDA RLF)-Mr. Capote asked that this item be tabled.

10. City Council Appointee to the Board of Trustees-This item was rescheduled by City Council because the original appointee was not a City resident.

11. Pension Office Lease-Mr. Warner said he has been involved in the management of the building since 1993, also over the beachside storage unit and other beachside restaurant. He distributed a handout. He said the board is now on a month-to-month lease. There has been discussion about moving to the office at the end of the hall from the current location. He said the rental market has entirely changed over the last few years. Years ago if it was long-term lease, the property manager would up-front the

money for any renovations and it's in the current lease that details this. Leases are now short-term, usually three years. Mr. Warner said a commitment is needed since it is now month-to-month. There was discussion about some wall removal, fire extinguisher and the fund's responsibility. Changing the existing signs is in the lease and is the tenant's responsibility because fire codes must be met. He will install a new mail drop in the door at Conan's expense. Mr. Lancaster asked about any interior renovations and commented on the condition and cleanliness of the bathrooms. Mr. Warner said the tenant in the building yesterday put something in the toilet that backed up into the tenant's bathroom so he had a septic tank company there this morning. He just renovated the bathrooms two years ago and installed security cameras. He will check the bathroom. Cable has been installed in the building through Brighthouse. Mr. Capote asked why replacing the carpet is an issue and why it would be the fund's expense. He said if a tenant is moving into a new location, then why not have the walls painted and carpet replaced. Mr. Capote said if you are coming in as a totally new lease, then he felt it was the owner's expense. Mr. Warner said he can go back to the owners to see if they want to do that. He said it's a shorter lease and less rent and that originally a five year lease was required. Mr. Lancaster asked Mr. Warner if he had subcontractors that would do the work and he said no, he would have to hire them. He does not have them on staff. He said he told Mr. Adams he would oversee the work and take the liability. At issue are Items 1. Replacing the carpet; 2. Removing three dividers and relocating a wall for a larger board meeting room; and 10. Retile the break room/kitchen floor. Mr. Lancaster asked about the walk-thru. Mr. Warner said he would check on items 1, 2, and 10 with the owners and then look at the terms of the lease for greater than three years. Mr. Capote wants Item 12 added for painting. Mr. Warner said once you take walls out you are going to be dealing with new carpet, painting, etc. Mr. Warner left the meeting at 11:44 a.m. There was discussion about the Bayside location and the lack of response. The board said to cancel any further communications with the Bayside location. Discussion continued with Old Business, 5. Above.

***12. Acknowledge Buyback on Police Officer Timothy Zander**-This item was considered under Consent Agenda and approved as presented.

13. Disability Application Firefighter Robert Youhas-Motion by Mr. Smith, seconded by Mr. Lancaster to move forward in obtaining a physician for Firefighter Youhas' independent medical examination. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

NEW BUSINESS:

***1. Consideration of Warrants for Payment**-No warrants were presented for approval.

***2. New Plan Member Application, Member Beneficiary Changes, Pre-Retirement Death Benefit Option Selection and Retirement Beneficiary Forms**-New member applications/beneficiary forms were accepted and approved for Firefighters Brandon Button; Ulises Dauria; Anthony Diaz; Jason Dorey; Chad W. Heinz; Adam Hochstetter; Robert McCarthy; Kevin Reynolds; Tyler Richmond; Jason Rivas; Desmond Russo; Jonathan Scott; and Steven Wesley. This item was considered under Agenda Revisions and approved as presented.

***3. Review of Correspondence:**

***a) Monthly Bank Statement-STI, 04/30/2011**-The market value of the SunTrust Funds at 4/30/2011 was \$128,730,175.42. The market value of the International Funds, which are part of the SunTrust portfolio, is \$17,626,201.79. The Grand total of all the Funds at 4/30/2011 was

\$137,992,101.56. This item was considered under Consent Agenda and approved as presented.

***b) Monthly Statement-JPMorgan Strategic Property Fund, 04/30/2011**-The market value for the JPMorgan Strategic Property Fund at 4/30/2011 was \$9,261,926.14. This item was considered under Consent Agenda and approved as presented.

4. Board Business-A reward certificate was received from Office Depot in the amount of \$21.41 and would be used for routine supplies. Ms. Adams asked that each trustee sign out their copy of the Ronald C. Giordano disability binder. There was discussion about having trustees coming in to sign employee time cards. Ms. Adams said the board issued the City a certification stamp to be used by payroll in the mid-90's at the recommendation of their auditors. The stamp states that the City is certifying that the payroll information provided to the board is true and correct. A question came up in early 2002 or 2003 about the police chief's reported pension salary. Mr. Adams met with Mr. Feldman to discuss the issue. Up to that point the stamp had been used on every biweekly payroll received from the City; however, after that meeting the stamp ceased to be used. As an additional protection in the board's fiduciary liability, Ms. Adams felt the stamp should be use by the City since they are providing contribution and salary information to be later used for expensing the fund and providing future retirement benefits. Various changes were occurring to pensionable compensation making it difficult to determine accuracy. Mr. Capote suggested meeting with the City Manager and Deputy City Manager to implement the procedure. Ms. Adams said Norton Antivirus automatically renewed their program on the corporate credit cards of Mr. Adams, Mr. Lancaster and Mr. Smith on the laptops previously donated. Mr. Adams obtained a credit on his card. Mr. Lancaster and Mr. Smith were asked to do the same.

5. Goldstein Schechter Koch, CPA Trend Analysis for 9/30/2010-The board acknowledged receiving the "Pension Trends Investment Returns for First Quarter 2011" from Goldstein Schechter Koch, CPA reflecting the average investment returns by net assets and average funding percentage by net assets since 2008 increasing in Funds ranging \$100,000,000-\$600,000,000, while average administrative expenses for the same size Funds decreasing since 2008. The average number of participants by net assets declined slightly.

6. Palm Bay Professional Firefighters, Local 2446-Boycott Hostile Institutions-Mr. Ginsburg, President, Palm Bay Professional Firefighters, IAFF, Local 2446, reviewed a memo regarding boycotting certain financial institutions and the Chamber of Commerce. He said it came about because of the hostile legislation supported by the Chamber of Commerce. Several board of directors of the institutions mentioned is on Chamber boards and is against public sector employees. Two of the most vocal have been Bank of America and SunTrust. Mr. Ginsburg said their board pulled all their funds out of Bank of America yesterday and wanted the pension board to be aware of the boycott. Several other union boards and individual members are closing their accounts as well across the state. Mr. Smith said it is duly noted and said the pension board was currently evaluating its relationship with SunTrust, but not because of this issue, but because of fee changes. Mr. Adams said he spoke to Mr. Myton about the memo and said it is a South Florida employee and that it was a surprise. The local central Florida SunTrust is concerned; however, the South Florida person apparently is in a position of some type of influence. Mr. Smith said he is a fiduciary trustee that has to tread lightly on that. He is personally a proud union member. Mr. Capote said board of directors are influenced politically but has to look at this from a trustee perspective.

7. Upcoming Events-Educational Opportunities-No one was interested in the Milberg Conference in July.

PBP&F Pension Fund
Regular Meeting 11-08
June 1, 2011

8. Review of Draft Summary Plan Description-Police Officers-Mr. Lancaster and Mr. Adams said they read it and it was OK. Ms. Adams said she had to get Foster & Foster to do the last two pages. Motion by Mr. Lancaster, seconded by Mr. Capote to authorize Foster & Foster, Inc. to provide the last two pages of the Summary Plan Description for both the Police and Fire Funds at a cost of \$150.00 each. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

***9. Termination Refund/Rollover/or Vested Termination, If Eligible-Firefighter Dennis Rivera-** This item was considered under Consent and approved as presented.

***10. Termination Refund/Rollover/or Vested Termination, If Eligible-Firefighter Paul J. Weiker-** This item was considered under Consent and approved as presented.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

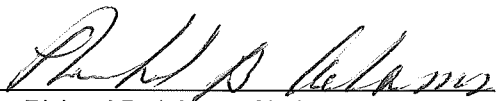
There was no input from any active or retired plan members at this time.

INPUT FROM THE PUBLIC:


There was no input from the public at this time.

ADJOURNMENT:

There being no further business, the meeting adjourned at 12:00 Noon.


Richard B. Adams, Chairperson

ATTEST:


Douglas R. Smith, Secretary