

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Regular Meeting 12-01**

Held on the 13th day of January 2012 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

James W. Brock, Trustee, City Council
Appointee

Also in attendance was Ms. Kathy Adams, Board Administrator; Firefighter David Ginsburg, President, Palm Bay Professional Firefighters, IAFF, Local 2446; and Ms. Joyce Dias, Human Resource Officer, City of Palm Bay. Mr. Brad Heinrichs, Board Actuary, telephoned at 9:21 a.m. and Mr. Larry Cole, telephoned at 9:46 a.m.

Motion by Mr. Lancaster, seconded by Mr. Smith to excuse Mr. Brock's absence because he was attending a work conference. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

AGENDA REVISIONS:

Motion by Mr. Lancaster, seconded by Mr. Smith to add under New Business, 8. City of Palm Bay and the Fraternal Order of Police-Negotiations. 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:

Ms. Adams said no minutes were ready for adoption at this time.

OLD BUSINESS:

1. **Actuarial Services & Projects: Foster & Foster, Inc.**
 - a. **City of Palm Bay & the Palm Bay Professional Firefighters, IAFF, Local 2446-Response on the Draft Ordinance from the Division of Retirement-**Mr. Heinrichs telephoned at 9:21 a.m. He said what he did before for other plans have been accepted by the Division of Retirement; however, they are not allowing it now. If the union wanted to fight it they could. He said the second ordinance prepared is the only problem. There would have to be a temporary member increase in employee contributions of 15.2% with a new temporary increase in employer contributions of 16.73%. Mr. Ginsburg said they are not really going to pay that, it's going to go up and down immediately so there is really no change to member contributions. Mr. Adams asked if that amount is taken from the state funding. Mr. Heinrichs said the city was going to use \$600,000.00 plus \$800,000.00 of the \$900,000.00 in the reserve, which is \$1.4 Million now. The Division said they can only use up to \$825,000.00. In order to get to the \$1.4 Million they have to increase, by benefit improvement, and then temporarily reduce contributions. They are increasing, then reducing to buy it down immediately, and then they can use the \$1.4 Million. Mr. Ginsburg stated in the Stop with Supplement Preserved 2 it was in future years \$595,710.00. Mr. Heinrichs said \$595,710.00 is an incorrect amount. The maximum amount to utilize is \$825,324.00. On page 2 it states it is \$595,170.00; fire is going to be \$825,324.00. Mr. Heinrichs said whoever drafted the ordinance needs to get with him. He will prepare an Impact Statement, after the city attorney, board attorney, and the fire union determines what needs to be done. A comment was made that City Attorney, Jim Linn, prepared the ordinance. Motion by Mr. Smith, seconded by Mr. Capote to authorize all parties to speak with each other during the same conference call regarding the Firefighter Draft Ordinances 2011-A and B for revision and to authorize revision of the Impact Statement and invoicing for the revision by Foster & Foster, Inc. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Smith thanked him for explaining this to him in a previous telephone call. Mr. Lancaster asked that New Business, Item No. 8 be discussed at this time. Discussion continued under New Business, Item No. 8. After that discussion Mr. Heinrichs telephone call ended at 9:46 a.m.
 - b. **Annual Required Contribution-City of Palm Bay Remittance of Police Fund Shortfall-**Ms. Adams said the City wire \$26,510.08 representing the police shortfall by December 31, 2011.
2. **Burgess Chambers & Associates-Mr. Larry Cole, Senior Consultant**
 - a. **Eagle Asset Adjustment to the Market Capitalization-**Mr. Cole telephoned at 9:46 a.m. He said he talked to Eagle Asset and asked them to put the changes mentioned in writing. Their statement said they will not buy below \$1.5 Million and they are now adjusting that cap so they can go higher. Mr. Cole feels this is a good move and increases Eagle's universe by 40%. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the Eagle Asset Management changes. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.
 - b. **Addendum to the Statement of Investment Policy**
 1. **SunTrust Institutional Investment Services-**Mr. Cole said the funds were moved taken from SunTrust to Frontier and Eagle. The revision is needed to show the change in managed assets with 65 to 60 % equity and to change the benchmark to reflect

What their assignment is. One-half of the equity is the Russell 1000 Growth; for the other equity asset it is the Russell 3000 Value Index; the bonds are the same from 40 to 45%. The restrictions were added per Ms. Alison Bieler, Board Attorney. Motion by Mr. Lancaster, seconded by Mr. Capote to approve the SunTrust Addendum. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

2. Advent Capital Management, LLC-Everything else is the same, except Ms. Bieler added the restrictions. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the Advent Addendum. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

3. SSI Management-Mr. Cole said it is the same as Advent. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the SSI Addendum. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

4. Eagle Asset Management-Mr. Cole said Eagle is now the plan's Small Cap Growth Manager. The measurement is against the Russell 2000 Index. The restrictions were added here as well. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the Eagle Addendum. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Cole said he does not have one for Frontier because it is in a co-mingled fund. He said they monitor it, but it's like a mutual fund in that they cannot tell them how to manage it.

c. Additional Advent & SSI Asset Allocation-Additional money recently came into the fund. He recommended that \$250,000.00 be invested into each of the Advent and SSI Convertibles. Motion by Mr. Lancaster, seconded by Mr. Smith to invest \$250,000.00 from the Payout Expense Account to SSI and \$250,000.00 from the Payout Expense Account to Advent. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

d. Required Annual Expected Rate of Return Letter-Mr. Cole presented the annual letter of the expected rate of return as required by State Statute. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the Annual Expected Rate of Return Letter. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Cole said the fourth quarter came back with good returns; preliminary numbers were 6.7%, with the fund being up \$1.6 Million. The three year annualized return for the plan was coming in around 9/9% per year. Discussion by Mr. Cole continued to Old Business, Item 3. b.

3. SunTrust Institutional Investment Solutions

a. Account & Custody Changes-Revised SunTrust Addendum-Ms. Adams said this was reviewed by Ms. Beiler. Motion by Mr. Lancaster, seconded by Mr. Capote to approve the SunTrust Addendum. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

b. SunTrust Investment Management Agreement-Motion by Mr. Lancaster, seconded by Mr. Capote to approve the SunTrust Investment Management Agreement. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Cole said he wants copies of future SunTrust invoices so he can double check them.

There was further discussion about his monitoring the fund and investments. He said the plan is actually getting more in line with the rest of his clients. Mr. Ginsburg left at 10:15 a.m. and Mr. Cole's telephone call ended at 10:15 a.m.

c. JP Morgan Residual Interest Distribution-There was discussion about residual interest being obtained when funds were raised by JP Morgan to pay management fees. That interest was then being wired to SunTrust then wired back to JP Morgan for investment. Since inception the amount was approximately \$27.00, exceeding the cost of wire fees. One solution discussed with Burgess Chambers & Associates was for JP Morgan to change their fee process from deducting fees from investment earnings to invoicing the fund quarterly like their other clients. Motion by Mr. Smith, seconded by Mr. Capote to authorize JP Morgan to invoice the fund on a quarterly basis for management fees and to have those fees paid out of the Payout Expense Account. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

4. **Pension Website-www.pbpf.org**-Ms. Adams said the website is being updated as needed.
5. **Formal Hearing on Ronald C. Giordano, Jr.-Disability Application**-Ms. Adams reminded the board the Formal Hearing on Mr. Giordano is scheduled for March 16, 2012 at 9:00 a.m. and additional information will be added and sent out for their inclusion in their binders.
6. **Police & Fire Board of Trustees' Elected Representative Nominations & Election**-Ms. Adams said that Mr. Lancaster applied for the Police Elected position and his was the sole application received. He was a member in good standing. Motion by Mr. Capote, seconded by Mr. Smith to accept the unopposed nomination of Mr. Lancaster. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Lancaster's new term would be April 1, 2012 through March 31, 2014. Ms. Adams said that Mr. Smith applied for the Fire Elected position and his was the sole application received. He was a member in good standing. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the unopposed nomination of Mr. Smith. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Smith's new term would be April 1, 2012 through March 31, 2014. Ms. Adams stated notification would be place on the pension website at www.pbpf.org.
7. **Police & Firefighter Employee Furlough Days & Pay Changes**-Ms. Adams said there had been some changes to the accumulation of furlough time, but it was not really improving the manner in which staff had to post the break in service for police officers and firefighters. Time would be reduced in eight (8) hour increments on a quarterly basis. Members would be notified by mail with their pension files documented as well as the annual state report to the Division of Retirement. Mr. Brad Heinrichs telephoned at 9:21 a.m. and the discussion continued with Old Business, Item 1, above.
8. **Independent Audit FYE September 30, 2011**-Ms. Adams said she was working with the auditors so it would be ready for presentation on January 26th.
9. **Pension Workshop with the Palm Bay City Council-January 26, 2012 at 7:00 p.m.**-There was discussion about the need for a facilitator and Mr. Capote said he would facilitate is because he called for the workshop. Mr. Capote was advised Mr. Shultz, Deputy City Manager, should remove the budget item from the agenda since the budget is on the pension website. Ms. Adams would provide him with the names and titles of the presenters. It was agreed that all trustees should attend the meeting.
10. **Pension Office Lease**-Mr. Adams said the build out is proceeding. Motion by Mr. Lancaster, seconded by Mr. Capote to approve expenditures for the build-out, furniture and equipment using the 12B-1

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and Recapture Fees and for Ms. Janes, Board Accountant, to track those items. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

NEW BUSINESS:

***1. Review of Correspondence:**

a) Monthly Pension Fund Market Value Statement-11/30/2011 & 12/31/2011-The market value of the SunTrust Funds at 11/30/2011 was \$113,141,633.83 which include the International Funds and the Advent and SSI Convertible Funds. The market value for the JPMorgan Strategic Property Fund at 11/30/2011 was \$10,004,217.68. The Grand total of all the Funds at 11/30/2011 was \$123,145,851.51. This item was considered under Consent Agenda and approved as presented. The market value of the SunTrust Funds at 12/31/2011 was \$113,178,466.27 which includes the International Funds and the Advent and SSI Convertible Funds. The market value for the JPMorgan Strategic Property Fund at 12/31/2011 was \$10,150,081.57. The market value of the Frontier Funds at 12/31/2011 was \$4,194,132.33. The Grand total of all the Funds at 12/31/2011 was \$127,522,680.17. This item was 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-**A new member beneficiary form was accepted and approved for Firefighter James R. Stables. A member beneficiary form for retirement purposes was accepted and approved for Police Officer Rosalie Kiesiner and Joe Myers and for Firefighters Frank Gentile and Robert J. Youhas. This item was considered under Consent Agenda and approved as presented.

3. Board Business-Ms. Adams said the Internal Revenue Service mileage for business purposes will be 55.5 cents per mile effective January 1, 2012. Motion by Mr. Lancaster, seconded by Mr. Capote to accept the revised IRS mileage rate of 55.5 cents per mile. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Ms. Adams said Levi, Ray & Shoup, Inc. was working on the project that involved capturing the retiree payment records to download into PensionGold. It was a more detailed project than anticipated that was going to require staff data input. He completed the project as initially requested, but in the set-up he anticipated payments only on the first of each month. It was later discovered that the fund disburses payments throughout the month, especially for Deferred Retirement Option Program (DROP) payouts, termination refunds, and cost-of-living allowances where pro-rated amounts apply. He was going to close out the initial project and bill the fund; then review it after the first of the year at a new project. SunTrust had some items they either have to recode and adjust since pension payroll for part-time staff is showing up in the reports. This item will be brought to the board.

4. Upcoming Events-Educational Opportunities-Motion by Mr. Smith, seconded by Mr. Capote to authorize four (4) trustees to attend the National Conference on Public Employee Retirement Systems (NCPERS) in May with expenses to be approved as with previous out-of-state training. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. No one was interested in attending the JP Morgan Conference. Motion by Mr. Lancaster, seconded by Mr. Capote to authorize two individuals to attend the International Foundation of Employee Benefit Plans (IFEBP) 2012 Washington Legislative Update with expenses to be approved as with previous out-of-state

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training. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

***5. Termination from Employment; Begin Regular Monthly Retirement Distribution; Authorize DROP Distribution-Firefighter William E. Leahy-**This item was considered under Consent Agenda and approved as presented.

***6. Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Alexander Carroll-**This item was considered under Consent Agenda and approved as presented.

***7. Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Anthony Rama-**This item was considered under Consent Agenda and approved as presented.

8. City of Palm Bay and the Fraternal Order of Police-Negotiations-See Old Business, Item 1. a. above. Mr. Lancaster told Mr. Heinrichs the Impact Statement request would be forthcoming on the police negotiated item. Motion by Mr. Lancaster, seconded by Mr. Capote to authorize the request for a draft ordinance to be prepared by the board attorney and an Impact Statement be prepared by Foster & Foster, Inc. regarding the police negotiated items upon receipt of the request from the City and the Fraternal Order of Police. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Discussion continued with Old Business, Item 2. above.

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 10:49 a.m.


Richard B. Adams, Chairperson

ATTEST:


Douglas R. Smith, Secretary