

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Special Meeting 22-02**

Held on the 21st of January, 2022 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 9:02 a.m.

ROLL CALL:

CHAIRMAN:	Timothy W. Lancaster	Present
VICE CHAIRMAN:	Jason Dorey	Absent
SECRETARY:	James W. Brock	Present
TRUSTEE, BRD APPT:	Anthony T. Sacco	Present
TRUSTEE, CITY COUNCIL:	Guillermo William Capote, Sr.	Absent

Also, in attendance was Ms. Kathy Adams, Board Administrator, and Ms. Katie Taglia-Polak, Office Manager, Palm Bay Police and Firefighters' Pension Fund; Ms. Laura Clawson, Sr. HR Generalist, City of Palm Bay joined by telephone at 9:02 a.m. Ms. Lark Janes, Lark Janes, CPA, LLC telephoned at 9:15 a.m.; and Ms. Alison N. Wester, CPA, CGMA, Partner, Mauldin & Jenkins, CPA, telephoned at 9:24 a.m.

Motion by Mr. Brock, seconded by Mr. Sacco to excuse Mr. Capote due to personal business and Mr. Dorey because of his work schedule. Motion carried with members voting as follows: Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea. Mr. Dorey arrived at 9:34 a.m.

AGENDA REVISIONS:

Motion by Mr. Brock, seconded by Mr. Sacco to remove *Regular Minutes 22-01, from Consent as they were not ready for adoption; change New Business, Item *4. Termination from Employment; Begin Monthly Retirement Distribution; Authorize DROP Distribution by Withdrawal/Rollover and/or Annual Distributions as Per Guidelines, and Authorize Share Plan Distribution Firefighter Kevin D. Martin, to read *4. Termination Refund/Rollover/or Vested Termination, If Eligible, Firefighter Kevin D. Martin; and add 7. Police and Firefighter Board of Trustees' Elected Representative Nominations and Election

Motion carried with members voting as follows: Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea.

CONSENT AGENDA:

Motion by Mr. Brock, seconded by Mr. Sacco to approve the Consent Agenda as revised.

ADOPTION OF MINUTES:

Regular Minutes 22-01

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

PRESENTATION AT 9:30 A.M.: (the Board considered this item out of order at 9:30 a.m.)

1. Ms. Alison N. Wester, CPA, CGMA, Partner, Mauldin & Jenkins, CPA-Audit for Fiscal Year Ending 9/30/2021-Ms. Wester thanked everyone stating her office had been impacted by COVID. She reviewed the draft audit providing a clean audit opinion. She said it had been through a second review, but this will change next year due to auditing changes. She said there was sufficient evidence to present fairly the financial position of the System as of September 30, 2021 and 2020. They do not purport to cover the city's audit. The audit includes the management discussion analysis (MDA), financials, schedules, and yellow book opinion. She reviewed the MDA which is an unaudited management discussion of what happened during the year of 2021-2020 in comparison to 2019. It is reviewed for consistency of what is in the audit. She reviewed the net position-growth in assets. The statement of net changes reflects a \$38 million net increase. The market has been kind to the Fund. Note 1 is the membership information and reflects an adjustment to the Police Fund due to compensation. Note 2 is the accrual basis and reflects significant accounting policies. Note 3 is the net pension liability of the city. The Police Fund is 102.41%, the Fire Fund 93.54%, and the Closed General Employee Fund 1467.04% on September 30, 2021, with a total Fund of 98.45%. Mr. Lancaster asked about those percentages. Ms. Wester discussed the funding and discount rate. Mr. Dorey arrived at 9:34 a.m. Note 4 Discusses contributions; note 5, deposit and investment risk which shows the make-up of investments and percentages held an also looks at credit risk and comparative investment ratings. The rate of return was 20.31% in 2021 versus 11.89% in 2020. We addressed last year to reclassify investments for consistency. There was significant reclassification last year to get to this

point. Ms. Janes agreed and thanked Ms. Wester. Note 6 reflects the lease renewal for the office space. She then reviewed required supplemental pages: incorporating any actuarial adjustments, contributions as a percentage of payroll, annual rate of return for each Fund, and a robust disclosure reflecting Experience Study changes by Foster and Foster, the Board's actuarial firm. (The Fire table needs to be in this section of the final). She reviewed the internal controls and other auditor's reports. Ms. Janes said she was happy and that it was a clean report. Motion by Mr. Brock, seconded by Mr. Sacco to approve the audit for 2021 and to authorize payment of any invoices received for services related to the audit. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea. Ms. Janes thanked Ms. Adams and Ms. Taglia-Polak. Ms. Adams said this was the first time Ms. Taglia-Polak handled the audit on her own with minimal assistance from her. Ms. Adams said she wanted her to be fully accountable and responsible for the project. Ms. Wester and Ms. Janes ended their telephone call at 9:55 a.m.

2. Ms. Lark Janes, CPA, LLC-Audit Progress Review and Accounting Updates (the Board considered this item out of order at 9:30 a.m.)-See above discussion.

OLD BUSINESS:

1. Fraternal Order of Police Negotiations-Motion by Mr. Brock, seconded by Mr. Sacco to retro-pay officers that retired from 10/01/2021, to authorize payment to Foster & Foster for recalculation of benefits, and to revise any required forms to reflect the new benefit. Motion carried with members voting as follows: Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea.

2. Monthly Cash Raise Suspension and Procedure for Payout of Large Deferred Retirement Option Plan (DROP) Accounts-Ms. Janes said her role is to prepare the monthly reports and financials, to track the accounts, interface with the auditors and actuaries, and to provide the schedules. She monitors the cash flow in the Receipt and Disbursement (R and D) and Truist Commercial accounts. The R and D account is more volatile. That account is used to pay all disbursements and retiree, DROP, and termination payments. With money coming in from the State and investments it reached a higher balance than needed. The monthly cash raise that cashes in investments to fund the R and D was paused. She looked at the account because of some large DROP payouts and vendor insurance renewals and determined the monthly cash raise needed to be reinstated a month earlier than anticipated. A conference call was held with Ms. Adams and Mr. Cole, Burgess Chambers and Associates. He recommended raising cash

as needed for large DROP payouts as funds were available to be raised within two weeks' notice. Motion by Mr. Brock, seconded by Mr. Sacco to reinstitute the monthly cash raise authorization and the one-time Frontier transfer to the R and D account beginning March 1st. Motion carried with members voting as follows: Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea. Motion by Mr. Brock, seconded by Mr. Sacco to authorize Mr. Lancaster to request cash to be raised, as needed, through Mr. Cole, for large DROP disbursements within the current signature guidelines to TMI (a letter requiring three trustee signatures). Motion carried with members voting as follows: Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea.

3. Truist Bank Accounts-Truist sent a notice stating the Commercial Bank account number is not changing; however, new VISA cards will be issued. Ms. Taglia-Polak will contact trustees and staff when they arrive. The safety deposit box has been converted.

NEW BUSINESS:

*1. Consideration of Warrants for Payment:

- *a. SunTrust/Truist Commercial Checking Account-\$1,265.43-Reimbursement to the SunTrust /Truist Commercial Checking Account for Auto Pay for Tim Lancaster's VISA Card-This item was approved under Consent.
- *b. SunTrust/Truist Commercial Checking Account-\$850.00-Reimbursement to the SunTrust /Truist Commercial Checking Account for Auto Pay for Jason Dorey's VISA Card-This item was approved under Consent.
- *c. SunTrust/Truist Commercial Checking Account-\$850.00-Reimbursement to the SunTrust /Truist Commercial Checking Account for Auto Pay for James Brock's VISA Card-This item was approved under Consent.
- *d. SunTrust/Truist Commercial Checking Account-\$850.00-Reimbursement to the SunTrust /Truist Commercial Checking Account for Auto Pay for Anthony Sacco's VISA Card-This item was approved under Consent.
- *e. SunTrust/Truist Commercial Checking Account-\$850.00-Reimbursement to the SunTrust /Truist Commercial Checking Account for Auto Pay for Patricia Lindsay's VISA Card-This item was approved under Consent.

*2. New Plan Member Applications; Member Beneficiary Changes; Pre-Retirement\ Death Benefit Option Selection Forms; Member Retirement Beneficiary Forms; and DROP Beneficiary Designations-Member applications and beneficiary forms were

accepted and approved for Police Officers Hallie Humiston; Juan Pablo Castro Escandon; Taneisha Thomas-Campbell; a member beneficiary form for retirement purposes was accepted and approved for Police Officer Gregory M. Latulippe; and a Deferred Retirement Option Plan (DROP) beneficiary designation form was accepted and approved for Police Officer Gregory M. Latulippe. This item was approved under Consent.

3. Hired and Non-Owned Auto Coverage-Insurance Renewals have been done pending invoices for payment. They no longer offer Hired and Non-Owned Auto coverage. Per Mr. Klausner, the trustees and staff need to make sure they have collision and liability coverage. If an accident occurs on pension business or while attending an educational event, the trustee's or staff member's primary auto insurance becomes the primary coverage. If a rental vehicle is used, the Board has a policy that the full insurance coverage must be taken through the rental agency. We have a policy that requires trustees and staff to provide the pension office with a copy of their insurance card. The Fund cannot be sued.

*4. Termination Refund/Rollover/or Vested Termination, If Eligible, Firefighter Kevin D. Martin-This item was approved under Consent as revised.

*5. Entry into DROP Police Officer Gregory Latulippe-This item was approved under Consent as revised.

6. Discussion of Long-Range Planning Projects Established in 2021 and New Projects for 2022 (the Board considered this item out of order at 9:57 a.m.)-Ms. Adams reviewed the goals for 2022 and the achievements for 2021 that included reaching the goal of becoming a \$250 million Plan, conversion of TMI, Truist, Allspring Global Investments, the safety deposit box and auto pay VISA card processing; website updates, equipment changes, continued security litigation processing; increased member communications; staff training and job redistribution, working through COVID-19 limitations, attending on-site educational events; enhanced records management operations and expanding the filing space; updating hurricane procedures, and renewing the lease and new floor installation. Ms. Adams said the market value on September 30, 2021 was \$256.6 million compared to \$218.5 million on September 30, 2020.

Administrative expenses, specifically staff costs, increased by \$11,441.00, administrative educational expenses decreased from \$29,577 in 2020 to \$19,952 in 2021 due to COVID-19. On-site venues began in May or June, so it is expected to increase in 2022.

Firefighter active members are 113 versus 107 in 2020. Of those hired before March 15, 2012 there are 46 versus 58 in 2020. Those hired after March 15, 2012 are 67 versus 49 in 2020. There are 89 firefighter retirees, including disabilities and beneficiaries. There are 19 DROP participants with 5 expected to leave DROP over the next 5 years. There are 15 members eligible to retire over the next 5 years. There is one terminated vested firefighter.

We have one general beneficiary recipient in the Closed General Employee Fund.

Police active members are 145 versus 139 in 2020. There are 115 police retirees, including disabilities and beneficiaries. There are 21 DROP participants with 7 expected to leave DROP over the next 5 years. There are 29 members eligible to retire over the next 5 years. There are 9 terminated vested police officers. Police new hires and terminations have increased this year, as well as the number of new retirees.

Ms. Adams reviewed the 2021 goals of Compliance, Upgrades and In-house Operations; Member Communication and Education; Trustee and Employee Education and Training; Records Retention and Retrieval; Disaster Recovery, and Office Expansion addressing recommendations under each category.

Under Member Communication and Education, she said office staff tested the use of "Go to Meeting" with the Board accountant as a tool and wanted to obtain the program. Motion by Mr. Brock, seconded by Mr. Sacco to approve the purchase and set up of the "Go to Meeting" program, with the assistance of Computer Experts, if needed. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea.

Under Disaster Recovery, the external back-up drive should be tested annually. It was done on all the Surface Pro's except for Mr. Lancaster's. Ms. Taglia-Polak will be scheduling testing on all new Surface Pro's and Mr. Lancaster, Mr. Brock, and any new trustees prior to June 15th. Now that the new safety deposit box is set up, the drive needs to be stored there and updated at least monthly.

to be stored there and updated at least monthly.

Under Office Expansion, Ms. Taglia-Polak reviewed an air conditioning company as required by the new lease agreement. Motion by Mr. Brock, seconded by Mr. Sacco to approve the bi-annual commercial service plan for two rooftop systems through Ken Williams Air Conditioning, Inc. for the bi-annual air conditioning preventative maintenance as required in the Robert J. Conlan Lease Agreement, to conduct the service biannually, and to approve payment through a recurring warrant. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; and Mr. Lancaster, Yea.

Ms. Adams said she was going to remove this goal and that it could be added back in 2024-2025. She said she would be preparing a project list and revising the list of goals.

7. Police and Firefighter Board of Trustees' Elected Representative Nominations and Election-Mr. Brock said he plans to reapply. Mr. Capote said he does not and has notified the city. The applications have been posted at fire and police stations. Applications must be post-marked by January 31, 2022 to be considered. Nominations will be certified at the February meeting. If an election is held it will be determined at that meeting. If no election is needed, trustees will be sworn in at the April meeting. Mr. Klausner said when the fifth position comes up in August or September, all trustees must be present to vote since he/she is the Board appointee.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

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

INPUT FROM THE PUBLIC:

There was no input from the public.

ADJOURNMENT:

Motion by Mr. Brock, seconded by Mr. Sacco to adjourn the meeting at 10:26 a.m. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea;

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and Mr. Lancaster, Yea.



Timothy W. Lancaster, Chairperson

ATTEST:



James W. Brock, Secretary