

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Regular Meeting 11-04**

Held on the 2nd day of March 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 9:10 a.m.

ROLL CALL:

PRESENT

Richard B. Adams, Chairperson, Board Appointee
Timothy W. Lancaster, Vice Chairman, Police Elected
Douglas R. Smith, Secretary, Fire Elected
John J. Mazziotti, Trustee, City Councilmember
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 9:31 a.m.; Mr. Keith Hammond, Attorney, Jackson Lewis was telephoned at 9:55 a.m.; and Firefighter Keith Grice entered the meeting at 10:09 a.m.

Mr. Capote telephoned at 9:11 a.m. to advise the board he was teaching a class, but would be conference-calling later in the meeting.

AGENDA REVISIONS:

Mr. Mazziotti requested that New Business Consent Item No. 3. c) be pulled for discussion.

CONSENT AGENDA:

Motion by Mr. Mazziotti, seconded by Mr. Smith to approve the Consent Agenda with the exception of New Business Item No. 3. c). Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea.

ADOPTION OF MINUTES:

***Quarterly Minutes 11-03**

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

OLD BUSINESS:

1. **Burgess Chambers & Associates-Mr. Larry Cole, Senior Consultant-Convertible Securities & Consideration of Revised Investment Policy**-Mr. Adams discussed the hand-outs provided by Mr. Cole. Mr. Cole was telephoned at 9:31 a.m. Mr. Cole said Advent charges fees of 1% and SSI .08250%. On a \$10 Million investment SSI would be \$82,500.00 and on \$5 Million \$41,250.00 annually. On Advent for the same investment amounts fees would be \$100,000.00 and on \$5 Million \$50,000.00 annually. Mr. Smith said his main question was the higher cost for custody with SunTrust. Mr. Cole said the board is getting a separate custody charge with SunTrust but it would be the same as is currently paid for them. Mr. Cole said the additional fees are higher than with SunTrust and Ridgewood, but SunTrust does not have this product. He said if you look at this as a small and mid-cap, the managers would get the same fee or price. Mr. Adams said it gives more protection on the downside of the market. Mr. Cole said he feels bonds are going to struggle; you're not going to get the same returns as over the last twenty (20) years. Bonds are more risky now. This new product lessens volatility. It is a risk management tool. Mr. Smith asked if there were any advantages or disadvantages going with one or both companies. Mr. Cole said their client service is good; historically the performance of both has done well. He said a lot of plans the same size of Palm Bay has chosen to split the investment as a way to reduce it even more because it is a new asset class. He said he is comfortable splitting it up. Mr. Lancaster questioned the change in the Investment Policy on Page 4, No. 6 regarding language that if the fund is over \$100,000 that 144A securities are permitted. Mr. Cole said some convertibles that come out are not registered with the Securities & Exchange Commission (SEC). They come to the market too quick and manager like to grab them quick so it gives them that flexibility. Mr. Cole said the other term that is confusing is synthetic convertibles. They are convertibles issued by a bank. A small company that may want to issue these and they partner up with banks. The risk and quality is with the bank. That company may not have a rating, perhaps it is an A or AA rated bank. That is the risk, but you're getting exposure to a company stock. Mr. Adams said with two managers the real difference is a matter of relationship and there is a small cost between the two. SSI is employee-owned; Advent is a bigger company per Mr. Cole. Motion by Mr. Mazziotti, seconded by Mr. Lancaster to adopt the revised Investment Policy. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea. Motion by Mr. Mazziotti, seconded by Mr. Lancaster to split the investment of \$5 Million with Advent and \$5 Million to SSI. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea. Mr. Cole said the board must send the Investment Policy to the City and State requiring thirty-one (31) days prior to any investment being made. He said he will obtain contracts from Advent and SSI and send them for review to Mr. Cypen, Board Attorney. He said the other question is where the investment is coming from. He said he would give full direction to Mr. Myton at SunTrust to raise the money where he sees fit. For clarification, Ms. Adams asked if it will be a 50/50 split investment between the Police Fund and the Fire Fund, similar to the real estate and international portfolios with no money invested from the Closed General Employee Fund. The board agreed. Mr. Cole's telephone call ended at 9:54 a.m. Ms. Adams said the transfer of funds to JP Morgan is set to transfer today or tomorrow.
2. **Actuarial Services & Projects: Foster & Foster, Inc.**
 - a. **City of Palm Bay Proposed Ordinance 2010-81, Amendment Implementing Firefighter Pension Changes-Unfair Labor Hearing**-No update at this time.
 - b. **Firefighter Brian Potash Arbitration**-Ms. Adams said she received the salary information

from the City and would be forwarding it to the actuary. Ms. Dias was asked if Mr. Potash had received his back pay. She stated that it was being handled by the attorneys.

3. Pension Website-www.pbpfpf.org-Ms. Adams said the annual charts had been updated by Burgess Chambers and would be added over the new few days. Mr. Adams would be donating his previously assigned laptop to the Palm Bay Police Athletic League (PAL).

4. Update on Ronald C. Giordano, Jr.-Disability Application-Mr. Keith Hammond, Attorney, was telephoned at 9:55 a.m. made a presentation to the board on the Giordano hearings. Motion by Mr. Smith, seconded by Mr. Mazziotti to hold an Independent Medical Examination (IME) in Illinois. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea. Mr. Hammond's phone call ended at 10:15 a.m. The board recessed at 10:15 a.m. and reconvened at 10:22 a.m.

***5. Interfund Transfer**-The amount of \$12,276.30 would be deposited to the Fire Fund, with \$5,718.22 withdrawn from the Closed General Employee Fund and \$6,558.08 withdrawn from the Police Fund to reconcile the accounts. This item was considered Consent Agenda and approved as presented.

6. Pension Office Lease-Mr. Adams said he had spoke to a real estate agent who showed him a few locations. One location was in Shady Oaks but he felt there would be a problem with parking and the cost was higher and would require some build-out. He also looked at a couple of locations within the Bayside area. One would need a build-out as the entire space would not be needed. He also looked across from Publix and it would require build-out. He asked them to send him something on one of the Bayside locations. He said he spoke to Mr. Warner about the current office and stated that Mr. Warner said there was no problem staying in this space for a reasonable time at the current rate until the issue was resolved by the board. He felt a reasonable time would be six (6) months. Mr. Adams said the office space at the end of the hall was larger and with the current market it could be obtained at \$7.00 a square foot, but that it would need some build-out as well. He said when the board moved into the current location rather than be responsible for the air conditioning (a/c) unit, the board's attorney recommended paying an additional \$50.00 per month. He said the monthly expense for the space at the end of the hall would be about \$1,355.00. This quote included two a/c units at \$50.00 each per month. Mr. Smith said he had recently done an inspection at Shady Oaks and he would have an issue with that location. Mr. Mazziotti asked about the bank building on Port Malabar Boulevard. Mr. Adams said that was previously discussed and it had problems that had not been corrected over the years. There was further discussion about the Bayside locations. Mr. Lancaster recommended looking further into the larger site in the Conlan Center and the Bayside location and for Ms. Adams to contact each board member to look at each site. Firefighter Grice asked about increased costs if the board moved into a new location should the market change. Mr. Adams said the board would enter a three (3) to five (5) year lease like they did at the current site to prevent sudden increases.

***7. Deferred Retirement Option Program (DROP) Computer Upgrade**-An upgrade to the DROP statements within the DROP Program at an estimated cost of \$495.00 was needed. This item was considered Consent Agenda and approved as presented.

8. Part-time Pension Assistant Position-The board was advised that Ms. Courcier resigned effective February 2, 2011. Motion by Mr. Smith, seconded by Mr. Lancaster to contact the individual that scored second when Ms. Robertson was hired to see if she would be interested and available for the position. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea.

NEW BUSINESS:

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

***a) Foster & Foster, Inc.-\$1,063.00-Professional Actuarial Services, Invoice No. 1854 (Fire Fund Only)**-This item was considered Consent Agenda and approved as presented.

***b) Foster & Foster, Inc.-\$1,038.00-Professional Actuarial Services, Invoice No. 1855 (Police Fund Only)**-This item was considered Consent Agenda and approved as presented.

***c) Goldstein Schechter Koch, CPA-\$1,500.00-Progress Bill for FYE 9/30/2010 Audit Work, Invoice No. 79207**-This item was considered 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/beneficiary forms was accepted and approved for Police Officers Abel J. Alves; Michael W. Fretz; Mathew Sheppard; Dustin Terkoski; Paul Weiker and Firefighter Keith Mokher. Member beneficiary forms were accepted and approved for Police Officer Robert Meehan and Firefighter Russel G. Clark, Jr. A member beneficiary form for retirement was accepted and approved for Police Officer William B. Berger. This item was considered under Consent Agenda and approved as presented.

***3. Review of Correspondence:**

***a) Monthly Bank Statement-STI, 01/31/2011**-The market value of the SunTrust Funds at 1/31/2011 was \$123,382,276.93. The market value of the International Funds, which are part of the SunTrust portfolio, is \$16,257,643.92. The Grand total of all the Funds at 1/31/2011 was \$131,801,846.17. This item was considered under Consent Agenda and approved as presented.

***b) Monthly Statement-JPMorgan Strategic Property Fund, 01/31/2011**-The market value for the JPMorgan Strategic Property Fund at 1/31/2011 was \$8,419,569.24. This item was considered Consent Agenda and approved as presented.

c) Expected Rate of Return-F.S.S. 112.661(9) for the Division of Retirement-Ms. Adams read the portion of the Investment Policy dealing with 112.661 that included the provision requiring this letter to be submitted to the Division of Retirement annually and that it had been done previously and sent to the City annually as well. She said due to time constraints the letter had been sent to the Division and a response received acknowledging receipt. Mr. Mazziotti said the Plan would not make the 8.50% assumed rate of return. Mr. Lancaster said this letter is a forecast. Mr. Mazziotti said he felt in the short-term the Fund would not achieve the 8.50%. Mr. Adams said the board could reduce the assumption rate, but it would create an immediate unfunded liability which would be \$1.3 Million for every 1% reduction. Mr. Mazziotti said the City didn't want to do that. Motion by Mr. Mazziotti, seconded by Mr. Lancaster to approve the letter for the Division of Retirement. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea.

***d) Public Records Request-Egan, Lev & Siwica, P.A.**-This item was considered Consent Agenda and approved as presented.

4. Long Range Planning Items

a. Storage Lease-The board discussed storing records for archiving that are being scanned. Mr. Mazziotti asked if the storage space owned by Mr. Doug Engle on Port Malabar Boulevard was checked into. Mr. Adams said he went with the closest location on Palm Bay Road. Motion by Mr. Lancaster, seconded by Mr. Smith to lease storage space with Palm Bay Self Storage on a month

to-month basis and to go with the smallest unit to meet the storage needs. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea.

5. Board Business-Ms. Adams said Weather Engineers reimbursed the check for \$172.50 paid for the recent emergency air conditioner repair. Ms. Adams said the portal site would be tied into the website resulting in an increased hosting fee of \$88.00 a month; however, it would provide for different portals for accessing the board packets and for use with the board's clients to move toward a paperless environment. Motion by Mr. Lancaster, seconded by Mr. Smith to approve the increase in the hosting fee of \$88.00 a month with Levi, Ray, Shoup, Inc. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; and Mr. Adams, Yea. Ms. Adams said Ms. Robertson would be out the week of March 28-April 1, 2011 and the office would be closed. Mr. Mazziotti stated that he was resigning from the pension board as it has turned into a political and union issue. Mr. Capote telephoned at 10:49 a.m. Mr. Smith stated he wanted the chairman to make a presentation before City Council on how the pension fund was doing. He had heard one that the chairman for the Tampa Plan had done for his Council and it was very informative. Mr. Mazziotti said he felt no one on the board should make a presentation to Council. He recommended the board actuary make a presentation. There was further discussion that the board previously made annual presentations but it was restricted when Mr. Feldman was hired; however, the pension ordinance included language for an annual report to Council. Mr. Adams said the annual actuarial valuation report should be completed soon and that the presentation could be done after that draft was approved by the board and tag-teamed with the chairman and the actuary. Mr. Capote said he felt the actuarial valuation was something entirely different than a presentation by the chairman on how the fund was doing. He felt there should be no reason why the pension board could not make a presentation to Council on an annual basis because department heads as well as community associations made presentations frequently to Council. Motion by Mr. Capote, seconded by Mr. Mazziotti to allow the board chairman to make a presentation to Council on at least an annual basis and for the upcoming presentation to have the board actuary attend with the draft of the actuarial valuation to present to Council. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Mazziotti, Yea; Mr. Capote, Yea; and Mr. Adams, Yea. Mr. Mazziotti left the meeting at 11:01 a.m. and did not return. Ms. Adams said the office was having problems not receiving personnel actions forms. Ms. Dias said she would follow-up. Ms. Adams advised the board a couple of individuals had been hired with EKG issues and that she was following up with them, the City and a City Clinic-referred cardiologist so these individual files would be documented.

6. Upcoming Events-Educational Opportunities-The National Conference on Public Employee Retirement Systems (NCPERS) is coming up on May 21st-26th. Mr. Adams said he would not be attending as he was attending another conference. Mr. Capote; Mr. Smith and Mr. Lancaster said they would be attending. The Division of Retirement School is coming up on May 16th-18th. Mr. Capote said he would attend the school in the fall. Mr. Smith said he would not be attending; Mr. Adams said he would not be attending. Ms. Adams felt Ms. Robertson should attend because she did not attend the one held in the fall. Mr. Lancaster said at the present time he did not feel he would attend, but may change his mind. Motion by Mr. Lancaster, seconded by Mr. Smith to send two trustees and one pension assistant to the upcoming Division of Retirement School. Motion carried with members voting as follows: Mr. Lancaster, Yea; Mr. Smith, Yea; Mr. Capote, Yea; and Mr. Adams, Yea.

PBP&F Pension Fund
Regular Meeting 11-04
March 2, 2011

***7. Termination from Employment; Begin Regular Monthly Retirement Distribution; Authorize DROP Distribution-Police Officer Donald J. Bauman-**This item was considered Consent Agenda and approved as presented.

***8. Termination from Employment; Begin Regular Monthly Retirement Distribution; Authorize DROP Distribution-Police Officer Don W. Smith-**This item was considered Consent Agenda and approved as presented.

***9. Application for Retirement-Police Office Joseph A. Eakins-**This item was considered Consent Agenda and approved as presented.

***10. Termination Refund/Rollover/or Vested Termination, If Eligible-Zackery Dillon-**This item was considered Consent Agenda and approved as presented.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

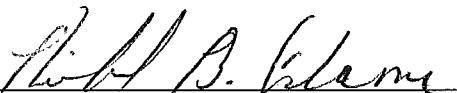
There was no input from any active or retired plan members at this time.

INPUT FROM THE PUBLIC:

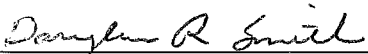
There was no input from the public at this time.

ADJOURNMENT:

There being no further business, the meeting adjourned at 11:17 a.m.


Richard B. Adams, Chairperson

ATTEST:


Douglas R. Smith, Secretary