

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Special Meeting 12-02**

Held on the 26th 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 9:13 a.m.

ROLL CALL.

PRESENT

Richard B. Adams, Chairperson, Board Appointee
Douglas R. Smith, Secretary Fire Elected
James W Brock, Trustee, City Council Appointee

EXCUSED

Timothy W Lancaster Vice Chairman,
Police Elected
Guillermo William Capote, Sr Trustee,
City Councilmember Appointee

Also in attendance was Ms. Kathy Adams, Board Administrator Mr Clement Johns, Director CPA, Goldstein Schechter Koch, P.A. Ms. Lark Janes, Partner CPA, Janes Dinho & O'Keefe, LLC, and Mr Chad Shoultz, Deputy City Manager

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

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

AGENDA REVISIONS.

Motion by Mr Smith, seconded by Mr Brock to add under Business item *1 c) SSI Management Fee 10/01-12/31/2011 Invoice No. 002012-0131 (Police & Fire Only); and to add under New Business, *2. Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Christopher Huggins. Motion carried with members voting as follows: Mr Smith, Yea; Mr Brock, Yea; and Mr Adams, Yea.

CONSENT AGENDA.

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

PRESENTATION AT 9:30 A.M.

1 Mr. Clement Johns, Senior Manager Goldstein Schechter Koch, CPA-Audit for Fiscal Year Ending 9/30/11-Mr. Johns stated he was a Director with Goldstein Schechter Koch and was conducting audits for over thirty (30) pension plans in the State. He was presenting the audited financial statements as of September 30, 2011 and it was a clean, unqualified opinion, meaning that it was fairly stated and conformed to the accounting standards in the United States. He stated the Management Discussion Analysis is a representation of management regarding the financial status of the pension plan and that the supplements are also fairly stated. He reviewed pages 9 & 10; Statement of Plan Net Assets & Liabilities. He stated the reason for the increase in receivables was the \$226,000.00 accrued interest and dividends as compared to \$25,120.00 received in 2010. He said the majority of the liabilities are the Deferred Retirement Option Plan (DROP) accounts. There was a change in the method in determining employer contributions by the Division of Retirement a couple of years ago. Under liabilities employer contributions are now based on actual pensionable compensation and not projected. The City contributed less due to a reduction in payroll. At the end of 2010 the net assets of the plan were \$117,514,570.00 and at the end of 2011 they were \$115,561,720.00. Page 11 shows a decrease, where additions were \$4,072,317.00 and last year \$14,323,864 due to the market. Last year there was an appreciation of \$10,917,607.00 and in 2011 a negative \$1,579,020.00. The Florida State Retirement System's (FRS) figures are up because their fiscal year-end is June 30th. Most plans in the state use September 30th fiscal year-end. The market declined after June 30th so timing played a large part of the difference between FRS and local plans. The deductions of \$6,025,167.00 are due to retiree payout. The difference in administrative expenses was due to pension employee payroll. There was a net decrease in additions versus deductions of \$1,952,850.00 with \$5,570,970.00 paid out in benefits and \$129,776.00 in refund of contributions. Mr. Johns said even though there is decreased activity the fund received cash in interest and dividends of \$1,522,532.00 which was higher than last year. Page 13 gives an overview of retirees from 2009-2010, showing an increase in retirees by about 20%. He reviewed the supplementary schedules stating that page 24 is taken from the Actuarial Valuation Report. He said the plan's funding at October 1, 2010 was 86.7% and is a reflection of the market. The plan is sound from an actuarial standpoint. It is being properly funded. Page 25 shows investment expenses. The total administrative fees were \$306,969.00 in 2010 versus \$324,421.00 in 2011 primarily due to having two part-time employees for the majority of the year over 2010 and increased training due to those employees and trustee turnover. Mr. Smith asked about the contribution line and that was discussed. Mr. Shultz asked why there was more contributed at the beginning of the year and then reviewing it at year-end. Mr. Johns explained that the city is contributing at the beginning of the year based on projected salary and then to meet state requirements, the plan was being reviewed at year-end to make sure they met the actual salary requirement. Mr. Smith asked about the funding ratio of 86.7%. Mr. Johns said 86% is the highest he's seen and that most of the plans he's looked at around the state are between 60-70%. Mr. Adams noted the investment expenses decreased in cost over last year close to \$40,000.00. Motion by Mr. Smith, seconded by Mr. Brock to accept and approve the September 30, 2011 Audit. Motion carried with members voting as follows: Mr. Smith, Yea; Mr. Brock, Yea; and Mr. Adams, Yea. Ms. Adams said the audit would be placed on the pension website at www.pbpfpf.org. Mr. Johns said that the SAS14 report that is not part of the financial audit but required and that no issues came up during the audit. He said they require a management letter and that has been provided.

PBR&F Pension Fund
Special Meeting 12-02
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1. **Ms. Lark Janes, Partner/CPA, Janes, Dinho & O'Keefe, LLC-Accounting Update**-Ms. Janes said she is receiving statements from all the investors. She is having more statements coming through that adds to the complexity of the accounting process. The movement of the SunTrust assets made it more difficult. She said the money was combined into various investments and she went through to track the money and it will take more effort to reflect the police and fire funds. She said she takes this responsibility very seriously. Mr. Adams referred to page 9 of the audit stating that the police fund is about \$15 Million larger than the fire fund. Ms. Janes said it is running just under 60% for the police and 40% for the fire, with a small balance in the closed general employee fund. There was discussion about future investments regarding the police and fire returns. Mr. Adams commented that on payouts each month, it is almost twice the amount of what the city is contributing to the plan.

OLD BUSINESS.

1 **Investment Advisory Agreement-JP Morgan**-Ms. Adams said this item was previously approved and came up because of wiring fees between JP Morgan and SunTrust Bank. She wanted the board to see the contract. It will now change the fee process with JP Morgan where the fund will receive a quarterly invoice for remittance instead of the fees being deducted from investment returns.

NEW BUSINESS:

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

***a) Burgess Chambers & Associates, Inc.-\$11,250.00-Performance Monitoring & Advisory Fee for Fourth Quarter Invoice No 12-4**-This item was considered under Consent Agenda and approved as presented.

***b) Goldstein Schechter Koch, CPA-\$1,500.00-Progress Bill for Audit Work for Period Ending 9/30/11 Invoice No. 89610**-This item was considered under Consent Agenda and approved as presented.

***c) SSI Management Fee 10/01-12/31/2011, Invoice No. 002012-0131 (Police & Fire Only)**-This item was added under Agenda Revisions and considered under Consent Agenda and approved as presented.

***2. Termination Refund/Rollover/or Vested Termination, If Eligible-Police Officer Christopher Huggins**-This item was added under Agenda Revisions and considered under 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.

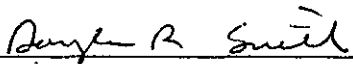
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ADJOURNMENT

There being no further business; the meeting adjourned at 10:07 a.m.


Richard B. Adams, Chairperson

ATTEST


Douglas R. Smith, Secretary