

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Quarterly Meeting 19-06**

Held on the 3rd of May, 2019 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 9:05 a.m.

ROLL CALL:

CHAIRMAN:	Timothy W. Lancaster	Present by Telephone
VICE CHAIRMAN:	Jason Dorey	Present
SECRETARY:	James W. Brock	Absent
TRUSTEE, BRD APPT:	Richard B. Adams	Present
TRUSTEE, CITY COUNCIL:	Guillermo William Capote, Sr.	Present

Also, in attendance was Ms. Kathy Adams, Board Administrator, Palm Bay Police and Firefighters' Pension Fund; Ms. Laura Clawson, and Ms. Renee Mattison, HR Benefits Analysts, City of Palm Bay.; Firefighter Eric Eschmann. Firefighter Brian Gent, President, Palm Bay Professional Firefighters', IAFF Local 2446, arrived at 9:42 a.m.; Ms. Karla Engard, Operations Manager, Burgess Chambers & Associates arrived at 9:42 a.m.; Mr. Blake Myton, First Vice President, Institutional Advisory Services, SunTrust Private Wealth Management arrived at 9:48 a.m.; Mr. Patrick Donlan, Actuary, Foster & Foster, Inc. arrived at 10:14 a.m. Mr. Lancaster attended the meeting by telephone. Ms. Cori Mose, Account Executive, and AJ Troxell, Web Developer with Levi, Ray, and Shoup, Inc. telephoned at 11:03 a.m.

Motion by Mr. Dorey, seconded by Mr. Adams to excuse Mr. Brock as he was attending the Division of Retirement School. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

AGENDA REVISIONS:

Motion by Mr. Adams, seconded by Mr. Capote to acknowledge that Mr. Cole would not be attending today's meeting but would be at the June meeting. Ms. Engard would be presenting the quarterly report, but Mr. Cole would be attending the June 7th meeting. Remove *Regular Minutes 19-05 as they were not ready for adoption; add under New Business, Item *1. n. Advent Capital Management-\$10,974.40-Management Fees for Quarter End 3/31/2019 (Police Fund Only); o. Advent Capital Management-\$10,796.93-Management Fees for Quarter End 3/31/2019 (Fire Fund Only); and 9. Discussion on Securities Litigation for Lyft, IPO. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

CONSENT AGENDA:

Motion by Mr. Adams, seconded by Mr. Capote to approve the Consent Agenda as revised. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Chairman Lancaster authorized Mr. Dorey to sign on his behalf.

ADOPTION OF MINUTES:

*Regular Minutes 19-05

This item was tabled as the minutes were not ready for adoption.

FIREFIGHTER MEMBER INQUIRY AT 9:15 A.M.

1. Pensionable Income and Contributions When Members are Out on Workers' Compensation-Firefighter Eric Eschmann distributed a handout stating he has sick time with full contributions that showed a deficiency in earnings in 2016-2017. He said Ms. Prothro, City Paymaster explained she normally pays net pay. She takes the Workers' Compensation (WC) wages and sick time to give the employee net wages which nets more money to the employee. The employee pulls less sick time to get a full paycheck. She sends the pension office what was paid in salary had they not been out. Firefighter Eschmann said the lower salary drags down the monthly pension benefit. He said the bargaining agreement says the City agreed to compensate the member at a rate of pay that the member would normally be entitled to. He feels he has been negatively impacted and wants to be made whole on his included income and said it is the percentage greater on a reduced salary. Ms. Prothro stated in an email that WC is not taxable and are not included in W2 earnings. Any additional hours used to compensate a member during a pay period he/she was out on WC are included on the W2 at the end of the year. Ms. Adams said this first came up in 2000 when there was a changed in City paymasters. She noticed members that were on WC had reduced contributions. She was told by the paymaster that pension contributions could not be deducted from WC pay. As a result, members were not contributing a full two week contribution for a benefit. The Board attorney at the time said the employee must make a full contribution and that we should not accept a partial contribution. There was no way to determine a partial benefit under a defined benefit plan. The option of the Board was to not accept any contribution that would then result in a break-in-service for the member. The Ordinance Rewrite mandated by the State Legislature was changing from the last consecutive five (5) year period to the best or highest of the five (5) year period out of the last ten (10) in calculating a retirement benefit. Once the ordinance passed it could help members who had WC leave and reductions in salary early in their career or those having such time in their last ten (10) years. The comment at the time was why should a member who makes his/her full contributions as scheduled be penalized for making their full payment when another member pays a reduced amount and receives the same benefits and credited service? The City and the Unions made an agreement that if a member went out on WC, they could elect to have their full contribution paid from their sick and/or vacation time, but not from the WC pay. This would meet the part of the pension formula preventing a break-in-service, but the salary would be impacted because it would be reduced. That procedure had been used over the last eighteen (18) to nineteen (19) years. There is a disclosure on the back on the annual employee benefit statement that mentions a

reduction in salary may occur for certain circumstances that could impact the final retirement calculation. Fire Union President Gent entered the meeting at 9:42 a.m. Ms. Adams said in researching this item for Firefighter Eschmann it was determined that the paymaster had been overstating compensation in the amounts provided to the pension office. She spoke to the Board attorney and he said corrections would have to be made if it was determined incorrect income data had been received. Due to the statute of limitations, it would be necessary to go back five (5) years. Motion by Mr. Capote, seconded by Mr. Adams to obtain the correct earnings on all employees that had been out on Workers' Compensation and to correct the last five (5) years pension earnings. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. After the discussion, Firefighter Eschmann left the meeting and did not return.

SUNTRUST QUARTERLY REPORT AT 10:00 A.M.:

1. SunTrust Institutional Investment Solutions-Mr. Blake Myton, First Vice President, Investment Manager

a. Quarterly Report-Mr. Myton said it was a good quarter, up in the double digits. The international was just shy of ten percent (10%). He expects interest rates to remain flat and perhaps decrease over the next six (6) to twelve (12) months. The economy is moving along. The S and P (S&P) was up seventeen to eighteen percent (17-18%). He is cautious about the volatility. There is no change to the forecast. His is expecting the economy to grow at two point four to two point six percent (2.4-2.6%). The bond side had strong returns which was a direct effect of the Fed's comment to keep rates stable. In late January they transferred from Ceredex to the Co-mingled Fund. That will save on trading volume and should help with the custodial costs. That was completed in February. He said they are right in line with the benchmark. The quarter-to-date return is six point eight-two percent (6.82%). Ceredex Large Cap Value was up twelve point twenty-one percent (12.21%) for the quarter outperforming the Russell 1000 Value which gained eleven point ninety-three percent (11.93%). SEIX is very conservative. There is no corporate exposure to bonds. Fixed income returned two point fifty-seven percent (2.57%). The Fund underperformed for the quarter. The Bloomberg-Barclays Aggregate Index was up two point ninety-four percent (2.94%). The market value at March 31, 2019 was seventy-six million, one-hundred fifteen thousand, five-hundred ninety- two dollars (\$76,115,592.00)

BURGESS CHAMBERS QUARTERLY REPORT AT 10:15 A.M.:

1. Burgess Chambers and Associates-Ms. Karla Engard, Operations Manager

a. Quarterly Report-Ms. Engard said the Fund was up seventeen point three million dollars (\$17.3 Million) and as of yesterday two-hundred one million dollars (\$201 Million) through May 1st. There are no recommended changes. The Fund ranked in the top eleven percent (11%). Mr. Donlan arrived at 10:14 a.m. The market value at the beginning of the quarter was one-hundred seventy-seven million, six-hundred sixty-five thousand, fifty-seven dollars (\$177,665,057.00) with the market value at March 31st at one-hundred ninety-three million, nine-hundred five thousand, two-hundred sixty dollars (\$193,905,260.00). Everything is strong. The quarter-end return is nine point seven percent (9.7%). Ms. Engard said Mr. Cole met with ULICO, an infrastructure company

out of Texas. He will bring an update to see whether there is any interest or not. Ms. Engard left at 10:27 a.m.

FOSTER and FOSTER, INC. VALUATION REPORTS AT 10:30 A.M.

1. Foster and Foster, Inc.-Mr. Patrick Donlan, Board Actuary
 - a. Actuarial Valuation Reports for 10/01/2017 for Police Officers, Firefighters and Closed General Employee Funds-Mr. Donlan started by reviewing the Fire Fund Valuation Report. The City required contribution is two million five-hundred twenty-six thousand three-hundred ninety dollars (\$2,526,390.00). Payroll went up. The Fund had a good investment year in 2018 but did not achieve its assumption rate of seven point seventy-five percent (7.75%) due to an unfavorable turnover and mortality experience. He said the four (4) year smoothing recognizes twenty-five percent (25%) of the gains or losses. They are deferring some gains. This is the last year to recognize the 2015 losses. He said the Net Pension Liability this year, 2018, was one million five-hundred sixty-three thousand nine-hundred fifty-four dollars (\$1,563,954.00). In 2017 it was one million, six-hundred sixty-four thousand, six-hundred forty-two dollars (\$1,664,652.00) which was neutral to last year. This year's liabilities are always one (1) year behind. The firefighter funding ratio is eighty-five point six percent (85.06%). The range you want to be in is eighty to one-hundred percent (80-100%). The average is eighty-three percent (83%). This Fund is a healthy range. The Fund had a higher turnover rate with two (2) terminations and five (5) retired and disabled. There were no mortalities. The Actuarial Accrued Liability for October 1, 2018 is eighteen million one-hundred ninety-seven thousand four-hundred five dollars (\$18,197,405.00) or eighty-two point three percent (82.3%) is more of a projection. If the we had to terminate the Plan, the Funded Ratio is eighty-nine point seven percent (89.7%) meaning if you had to pay everyone out due to termination. Half of the increase was the four (4) year smoothing. Motion by Mr. Capote, seconded by Mr. Adams to approve the October 1, 2018 Fire Fund Actuarial Valuation Report. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

Mr. Donlan reviewed the Closed General Employee Fund Valuation Report. He said it was the same as always with two (2) retirees in the Fund. No contributions are required of the City as it is a closed Fund. Motion by Mr. Adams, seconded by Mr. Capote approve the October 1, 2018 General Employee Fund Valuation Report. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

Mr. Donlan reviewed the Police Fund Valuation Report. The City required contribution from the combination of the City and State sources for the year ending September 30, 2020 is two million six-hundred seventy-seven thousand six-hundred seventy-one dollars (\$2,677,671.00). The main difference between this Fund and the Fire Fund was the disabilities. Both officers had less than ten (10) years' service and were awarded seventy-five percent (75%) disabilities which is a loss to the Fund. The turnover was neutral. All three (3) Plans had no mortalities which is unusual. The Police salaries were above the assumption and the Fire Fund was below, averaging six point eight percent (6.8%). The Actuarial Accrued Liability for October 1, 2018 is fourteen million two-hundred

sixty-four thousand four-hundred sixty-one dollars (\$14,264,461.00). More people were hired with prior law enforcement or military service time. The Funded Ratio is eighty-eight point three percent (88.3%). The Funded Ratio is still in the healthy range. Motion by Mr. Adams, seconded by Mr. Capote approve the October 1, 2018 Police Fund Valuation Report. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Donlan left the meeting at 10:48 a.m.

LEVI, RAY, & SHOUP, INC. WEB SOLUTIONS AT 11:00 A.M.

1. LRS Web Solutions-Ms. Cori Mose, Account Executive, and AJ Troxell, Web Developer
 - a. Siteimprove Tasks and Relationship- Ms. Adams briefed the Board on the conference call scheduled with the Levi, Ray, & Shoup, Inc. (LRS) team. Mr. Lancaster's telephone call ended at 11:01 a.m. to allow for the speakers to call in on the AT&T conference number. Mr. Myton left the meeting at 11:01 a.m. Mr. Lancaster, Ms. Mose, and Mr. Troxell telephoned at 11:03 a.m.
 - b. LRS Content Management Platform-Antilles-Mr. Capote asked about the agenda items. Mr. Troxell said the documents could stay on website if there were instructions on how to get them or obtain a reading of them. Mr. Capote said they fall under the public records laws and must be anonymous. Mr. Lancaster disagreed due to the nine-one-one (911) calls. Mr. Troxell said you must provide a way to get the information to satisfy the requirements of the American with Disabilities Act (ADA). He said it does not mean you have to be one-hundred percent (100%) compliant, including documents for every disability. You must do all you can to make it accessible. Pdf and Word documents are more difficult to make accessible. Mr. Adams asked about multifactor or enable password and call-in coding. There was further discussion about the cost of implementation. Mr. Troxell said Tracking Administration is Admin Users Only, not the general public. He said the accessibility report could tie into Google Analytics report using an identification. Motion by Mr. Capote, seconded by Mr. Adams to purchase the Antilles platform and updates on an on-going monthly fee. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Motion by Mr. Capote, seconded by Mr. Adams to authorize the on-going scan and fix expenses at the current hourly rate by LRS. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea. Mr. Capote left at 11:31 a.m. and did not return. The conference call ended at 11:32 a.m. The meeting adjourned at 11:36 a.m.

OLD BUSINESS

- *1. DROP Returns for March 31, 2019-Gross returns for March 31, 2019 was 9.85% and 9.69 net of fees. This item was considered under Consent Agenda and approved as presented.
2. Senate Bill 900-Firefighter Cancers-Fire Union President Gent said it piggybacked and still must go before the Governor. There is no retro benefit. If it passes, we may need an impact statement and ordinance change. Mr. Myton arrived at 9:48 a.m.

3. Follow-up Items from Ms. Taglia-Polak
 - a. Perrigo Company PLC-Saxena White Potential Action as Lead Plaintiff This item is pending.
 - b. PensionGold Upgrades-This item is being worked on.
 - c. VISA Rewards-Ms. Taglia-Polak said she applied VISA cash reward in the amount of \$664.62 to Mr. Brock's VISA balance.
 - d. Upcoming Events-Educational Opportunities-Ms. Taglia-Polak reviewed the upcoming events.

NEW BUSINESS:

- *1. Consideration of Warrants for Payment:
 - *a. SSI Investment Management-\$10,251.00-Management Fee 1/1-3/31/2019; Invoice Number 002019-0116 (Police Fund Only)-This item was approved under consent.
 - *b. SSI Investment Management-\$10,086.00-Management Fee 1/1-3/31/2019; Invoice Number 002019-0117 (Fire Fund Only)-This item was approved under consent.
 - *c. Eagle Asset Investment Management-\$1,183.98-Management Fees for Billing Period 1/1-3/31/2019, Invoice Number 041001812307 (Police Fund Only) -This item was approved under consent.
 - *d. Eagle Asset Investment Management-\$446.46-Management Fees for Billing Period 1/1-3/31/2019, Invoice Number 943762410958 (Fire Fund Only)-This item was approved under consent.
 - *e. Polen Capital Management-\$15,748.32-Management Fees for Quarter, 1/1-3/31/2019, (Police Fund Only) -This item was approved under consent.
 - *f. Polen Capital Management-\$8,042.02-Management Fees for Quarter, 1/1-3/31/2019, (Fire Fund Only) -This item was approved under consent.
 - *g. SunTrust Bank-\$62,671.11-Investment Management Fees for Quarter End 101/01/2019-03/31/2019, Invoice Number 289058-This item was approved under consent.
 - *h. Wells Capital Management-\$12,544.86-Management Fees for Quarter End 3/31/2019, Invoice Number 12287052 (Police Fund Only) -This item was approved under consent.
 - *i. Wells Capital Management-\$7,120.49-Management Fees for Quarter End 3/31/2019, Invoice Number 5000895 (Fire Fund Only) -This item was approved under consent.
 - *j. Westwood Trust-\$7,120.49-Investment Management Fees for Quarter End 3/31/2019, Invoice Number 5000894 (Police Fund Only) -This item was approved under consent.
 - *k. Westwood Trust-\$7,120.49-Investment Management Fees for Quarter End 3/31/2019, Invoice Number 5000895 (Fire Fund Only) -This item was approved under consent.
 - *l. J.P. Morgan Asset Management-\$28,150.30-RE JPMCB Strategic Property Fund Fee for Period Ending 3/31/2019, Invoice Number 20190331-57655-A (Fire Fund Only) -This item was approved under consent.
 - *m. J.P. Morgan Asset Management-\$28,150.30-RE JPMCB Strategic Property Fund Fee for Period Ending 3/31/2019, Invoice Number 20190331-1788-A (Police Fund Only) -This item was approved under consent.

- *n. Advent Capital Management-\$10,974.40-Management Fees for Quarter End 3/31/2019 (Police Fund Only) -This item was approved under consent.
- *o. Advent Capital Management-\$10,796.93-Management Fees for Quarter End 3/31/2019 (Fire Fund Only) -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-A new member application was accepted and approved for Police Officers Carlos Sanchez and Tony Williams; and a member beneficiary change was accepted and approved for Firefighter Michael McHale. This item was approved under Consent Agenda as presented.
- 3. Board Business-Ms. Adams said the current temp gained full-time employment. The replacement temp is Sherry. Myton arrived at 9:48 a.m. Mr. Adams has some old equipment originally purchased in 2005 and 2006 that is on our inventory list. He wishes to purchase it for five dollars (\$5.00). Motion by Mr. Brock, seconded by Mr. Capote to authorize Mr. Adams to purchase the Dell Axim x50 hand-held, secondary battery charger, GPS Navigation, guide and manual, and laptop case for five dollars (\$5.00) to be paid by money order. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.
- 4. Security Litigation through Advent, Cliffs Natural Resources, Inc., Receipt of \$192.60 from Regions Bank-Ms. Adams said she received a check from Regions Bank in the amount of \$192.60 from a securities litigation through Advent for Cliffs Natural Resources, Inc. Those checks are usually automatically deposited into the specific fund account; however, it was mailed since Regions is no longer our custodian. It was sent to Salem Trust for deposit to the Receipt and Disbursement Account at the direction of Mr. Cole, Performance Manager, Burgess Chambers and Associates.
- *5. Acknowledge Buyback of Prior Service, Police Officer Robert Vickers-This item was approved under consent.
- *6. Reduction of Monthly Pension Supplemental Benefit Due to Age 65, Police Officer Robert W. Kenney-This item was approved under consent.
- *7. Deceased Police Retiree Sidney L. Ladow-This item was approved under consent.
- *8. Reduction of Monthly Pension Supplemental Benefit Due to Age 65, Firefighter James Townend-approved under consent.
- 9. Discussion on Securities Litigation for Lyft, IPO-Ms. Adams said we received a letter from securities firm Robbins, Geller, Rudman, and Dowd, LLP advising of a class action. Mr. Klausner, Board Attorney, recommended joining it. Ms. Adams recommended Ms. Taglia-Polak be given this additional class action since she was monitoring the Perrigo case. Motion by Mr. Capote, seconded by Mr. Adams to participate in the securities litigation involving Lyft, IPO. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Adams, Yea; Mr. Capote, Yea; and Mr. Lancaster, Yea.

The discussion moved to the SunTrust quarterly report above.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

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

PBP and F Pension Fund
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INPUT FROM THE PUBLIC:

There was no input from the public at this time.

ADJOURNMENT:

There being no further business, the meeting adjourned at 11:36 a.m.



Jason Dorey, Vice Chairperson

ATTEST:



Richard B. Adams, Trustee