

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Special Meeting 23-02**

Held on the 20th day of January, 2023 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 9:01 a.m.

ROLL CALL:

CHAIRMAN:	Timothy W. Lancaster	Present
VICE CHAIRMAN:	Jason Dorey	Present
SECRETARY:	James W. Brock	Absent
TRUSTEE, BRD APPT:	Anthony T. Sacco	Present
TRUSTEE, CITY COUNCIL:	Benjamin J. Kiszkiel	Present

Also, in attendance was Ms. Kathy Adams, Board Administrator, and Ms. Katie Taglia-Polak, Office Manager, Palm Bay Police and Firefighters' Pension Fund. Ms. Andrea Varela, HR Generalist II, Human Resources Department, City of Palm Bay telephoned at 9:01 a.m.; Ms. Lark Janes, CPA, LLC, arrived at 9:12 a.m.; Ms. Alison N. Wester, CPA, CGMA, Partner, and Jacob Kinsel, Senior Associate, Mauldin & Jenkins, CPA telephoned at 9:30 a.m.

Motion by Mr. Sacco, seconded by Mr. Kiszkiel to excuse Mr. Brock as he was on his way. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea. Mr. Brock arrived at 9:13 a.m.

AGENDA REVISIONS:

Motion by Mr. Sacco, seconded by Mr. Kiszkiel to add under Mr. Jacob Kinsel, Senior Associate, as a presenter under the Audit for Fiscal Year Ending 9-30-2023; add under Old Business: 4. Arthur J. Gallagher Commercial and Inland Marine Insurance; 5. DePrince, Race, and Zollo, Inc. (DRZ), Authorization for Archer Investment Management Solutions, Service Provider; and add under New Business: *1. Consideration of Warrants for Payment, Items c. Eagle Asset Investment Management-\$1,222.68-Management

Fees for Billing Period 10/01-12/31/2022, Invoice 04100897582 (Police Fund Only); d. Eagle Asset Investment Management-\$453.22-Management Fees for Billing Period 10/01-12/31/2022, Invoice 943760874928 (Fire Fund Only); e. Truist Commercial Checking Account-\$405.81-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Timothy W. Lancaster's VISA; f. Truist Commercial Checking Account-\$561.00-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Jason Dorey's VISA; and g. Truist Commercial Checking Account-\$537.00-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Alice S. Tabares' VISA. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.

CONSENT AGENDA:

Motion by Mr. Sacco, seconded by Mr. Kiszkiel to approve the Consent Agenda as revised. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea. Discussion moved to Old Business.

ADOPTION OF MINUTES:

**Regular Minutes 23-01-The minutes were approved under Consent.

PRESENTATION AT 9:30 A.M.-CONTINUANCE (the Board considered this item out of order at 9:30 a.m. as noticed for time certain):

1. Ms. Alison N. Wester, CPA, CGMA, Partner, and Mr. Jacob Kinsel, Senior Associate, Mauldin & Jenkins, CPA-Audit for Fiscal Year Ending 9/30/2022-Ms. Wester and Mr. Kinsel telephoned at 9:30 a.m. Ms. Wester said the arrangement of the audit opinion has changed making the opinion pages significantly longer. The management discussion analysis is unaudited information. She reviewed each page of the audit making general comments. Market losses were significant, but a lot of Plans are dealing with that. There were changes in the Share Plan accounting policies. Assumption changes were updated. She mentioned a couple of corrections that were needed in the report. Mr. Klausner's memo on internal controls was discussed. Ms. Taglia-Polak will send a copy to Ms. Wester. Ms. Adams said she and Ms. Taglia-Polak will be reviewing the memo for any changes. Mr. Janes said the memo addresses segregation of duties among staff. Ms. Wester said the audit went well. Ms. Taglia-Polak did a good job on communicating the

needs. Everything was available and given timely. Ms. Janes said it was easy to transfer data to their secure portal. Ms. Wester discussed a new standard on the lease. She said the only emerging standard for next year is GASB's technology standard for licenses. They made need to identify licensing for software, PensionGold, Siteimprove, etc. Ms. Taglia-Polak said they were great at communication and if there was something she didn't understand, they explained it. Ms. Taglia-Polak thanked the audit team and Ms. Janes for their work on the audit.

Motion by Mr. Sacco, seconded by Mr. Kiszkiel to approve the audit and management discussion analysis, upon revision, and to pay Mauldin and Jenkins for professional services rendered for the completion of the audit upon receipt. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea. Ms. Wester and Mr. Kinsel's telephone call ended at 9:57 a.m.

2. Ms. Lark Janes, CPA, LLC-Audit Progress Review and Accounting Updates-Ms. Janes said it was a volatile market but to not get discouraged, as the Board has good investment managers. She said Mr. Cole and Ms. Chaviano at Burgess Chambers and Associates has been great to work with on any clarification needed. Having a written audit plan with timelines is a great tool. Ms. Janes left the meeting at 10:10 a.m. Discussion moved to the remainder of the long-range planning discussion.

OLD BUSINESS:

1. Revision of Annual Review Form for Pension Personnel-Ms. Taglia-Polak said Mr. Klausner, Board Attorney, said either form was OK. Motion by Mr. Sacco, seconded by Mr. Kiszkiel to approve the revised annual review form for pension personnel, as presented, effective immediately. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.

2. Holiday Pay Calculations-Mr. Lancaster will be meeting with Mr. Wojciechowski, City Finance Director, next week to receive hard-copies to confirm what has been done on the items through payroll.

3. Withdrawal of Request to Close DROP, Police Retiree David Weber-This member's request to close his DROP account was approved at the last meeting. He is requesting to rescind the request. Motion by Mr. Sacco, seconded by Mr. Kiszkiel to approve Police Retiree David Weber's request to rescind his initial request to close his DROP account. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.

4. Arthur J. Gallagher Commercial and Inland Marine Insurance-Two policies were received at different costs that required immediate approval and payment prior to the meeting. An email was received from the representative of the R.J. Conlan Professional Center to compare what their insurance covered and was placed in their contract file. Mr. Lancaster approved of Ms. Lindsay's recommendation so payment could be made. Motion by Mr. Sacco, seconded by Mr. Kiszkiel to approve policy for the commercial and inland marine insurance, as previously presented to Mr. Lancaster. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.

5. DePrince, Race, and Zollo, Inc. (DRZ), Authorization for Archer Investment Management Solutions, Service Provider-Motion by Mr. Sacco, seconded by Mr. Kiszkiel to authorize online access to the DRZ investments with Salem-TMI by Archer Investment Management Solutions, Service Provider. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea. Ms. Janes arrived at 9:12 a.m. and Mr. Brock arrived at 9:13 a.m. Discussion continued with long-range planning below.

NEW BUSINESS:

*1. Consideration of Warrants for Payment:

*a Polen Capital Management-\$15,256.69-Management Fees for Quarter, 12/31/2022 (Police Fund Only)-This item was approved under Consent

*b. Polen Capital Management-\$6,579.27-Management Fees for Quarter, 012/31/2022(Fire Fund Only)-This item was approved under Consent

*c. Eagle Asset Investment Management-\$1,222.68-Management Fees for Billing Period 10/01-12/31/2022, Invoice 04100897582 (Police Fund Only) -This item was approved under Consent

*d. Eagle Asset Investment Management-\$453.22-Management Fees for Billing Period 10/01-12/31/2022, Invoice 943760874928 (Fire Fund Only)-This item was approved under Consent

*e. Truist Commercial Checking Account-\$405.81-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Timothy W. Lancaster's VISA-This item was approved under Consent

*f. Truist Commercial Checking Account-\$561.00-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Jason Dorey's VISA-This item was approved under Consent

*g. Truist Commercial Checking Account-\$537.00.19-Reimbursement to the Truist Commercial Checking Account No. 1000196187347 for Auto Pay for Alice S. Tabares' VISA-This item was approved under Consent

2. Discussion of Long-Range Planning Projects Established for 2022 and Discuss 2023-Ms. Adams did not read the three page handout reflecting the goals for 2022 and achievements. She said the market value on 9/30/2022 was \$202.1 Million versus \$256 Million on 9/30/2021. She reviewed the firefighter statistics stating Ms.Taglia-Polak manages: 121 active firefighters; 45 of those hired before 3/15/2012; 76 hired after 3/15/2012. There are 90 firefighter retirees, including disabilities and beneficiaries. There are 8 DROP participants with the following exit dates: 3-2023, 1-2024, 0-2025, 3-2026, and 1-2027. There are 17 individuals eligible to retire over the next 5 years. She has no terminated vested members. She manages 1 surviving member in the Closed General Employee Plan.

She reviewed statistics on police officers Ms. Lindsay manages: 154 active police officers. There are 106 police retirees, including disabilities and beneficiaries. There are 8 DROP participants with the following exit dates: 0-2023, 2-2024, 2-2025,2-2026, and 3-2027. There are 35 individuals eligible to retire over the next 5 years. She has 15 terminated vested members.

She said the Plan was further diversified by transitioning to Sterling Capital and moving investments to DePrince, Race, and Zollo, Inc. (DRZ). Periodic transfers continue from JP Morgan to reduce the real estate exposure. Compliance issues by updating documents and procedures for negotiated police and fire benefits were made, along with implementing new beneficiary forms for share accounts. A reference sheet for retirement

options were not needed. The on-line employee procedure manual needs to be caught up. Ms. Adams will be working with Ms. Taglia-Polak to complete the written and on-line personnel handbook for Board approval. Several compliance items must be reviewed for implementation such as share plan beneficiary policy, Secure 2.0 Act, the internal control review recommended by Board Attorney Klausner, the proxy voting disclosure, the Public Safety Officer Support Act of 2022, and others. Ms. Adams and Ms. Taglia-Polak will review those and provide update at a later date. The E-signature has been implemented for Board signatures on warrants, timecards, and other documents as they arise. Ms. Taglia-Polak is working on E-documents for use in conducting new hire orientations and later on applications, terminations, and others to eliminate members from having to come to the office. The disability tracking program needs to be considered. PensionGold upgrades should be ongoing, as well as expanding the query reporting feature. Staff reviewed annual mailings to combine them to reduce postage and will continue to do so. Ms. Adams said she updated the frequently asked question section of the website, but it should be reviewed annually and requires updates when new compliance issues arise. The "Go to Meetings and/or Zoom" has been approved. Ms. Taglia-Polak will be working on it. Ms. Taglia-Polak began staff meetings, then stopped and was just meeting with Ms. Lindsay after each Board meeting. Ms. Adams asked her to reimplement the meetings with notes to be sent to her and Mr. Lancaster. Ms. Taglia-Polak may opt to have a once-a-month meeting after each Board meeting, but should include all employees. If an employee cannot attend, then the notes should be distributed to staff. These meetings serve several purposes and Ms. Adams reviewed the purposes. Ms. Taglia-Polak recently trained staff on E-signature processing. There may be additional items within Adobe that can be implemented to assist staff. Written and on-line checklists for processing retirements, disabilities, buybacks, etc. should be determined by Ms. Taglia-Polak and completed. Ms. Bertolini completed the on-line training for Records Management through the State of Florida. Virtual training has been replaced with educational training occurring at on-site venues. Ms. Bertolini organized and completed the record logs. She completed the records disposal process. Ms. Taglia-Polak and Ms. Bertolini will be working on the written Records Manual with an established disposal schedule for Board approval within a few months. Ms. Bertolini is scanning member files and as their classification changes, she has to transfer not just the hard-copy folder, but also what she has scanned. Ms. Adams and Ms. Taglia-Polak will be organizing the contract files and update the contract renewal list for scanning. Ms. Adams will be meeting with her next week to help organize staff personnel files. Ms. Taglia-Polak established written procedures for the new safety

deposit box. Written procedures should be done for cyber intrusion, media events, notification of insurance claims, workers' compensation, and others as needed. Encryption was done last year but should be done annually prior to hurricane season with the chairman and secretary. Ms. Taglia-Polak said they were done last year except Mr. Lancaster.

Ms. Adams said she started the long-range planning sessions in 2012 as a means to set written goals for the Plan. It started about the same time we expanded into the current office space with additional employees. It provided a means for the Board to have a forward direction for the Plan and to let the membership know what the goals were for the future direction for securing the Plan. By hiring additional employees and increasing benefits, it created the need for written procedures and a personnel handbook, among other items. The DROP accounts and Cost-of-Living Allowances (COLA's) were automated soon after. There were added benefits through ordinances, so the sessions and goal setting were good tools.

Now the Board has a designated Office Manager, Ms. Adams felt annual long-range planning presentations were no longer needed. Based on today's meeting, Ms. Adams and Ms. Taglia-Polak will prepare a project list for Board approval at the next meeting. Ms. Taglia-Polak can present an update to the Board at each quarterly meeting. As new projects come up, she can add to the list for Board reporting. As long as the updates are being done and that information is in the Board minutes, it will serve as a record for auditing and historical reference. Each January, Ms. Taglia-Polak can provide the police officer and firefighter statistical data as done today by Ms. Adams. This will streamline the process moving into the future. Mr. Lancaster asked if it was possible to move the audit presentation in the future to the regular meeting in February. Ms. Janes, Ms. Adams, and Ms. Taglia-Polak did not feel it would be an issue and would give an additional two weeks of preparation. It would also eliminate the extra annual meeting. Motion by Mr. Sacco, seconded by Mr. Kiszkiel to eliminate the annual long-range planning session beginning January, 2024, to move the audit presentation to February meetings, to have Ms. Taglia-Polak present police officer and firefighter statistical data each January, and for Ms. Taglia-Polak to report on the progress of projects at each quarterly Board meeting. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea. Discussion moved to the audit presentation above.

Ms. Adams said written manuals should be brought before the Board for approval once completed. Any individual paged updates can be brought before the Board for approval and included in the existing manual. Manuals and updated pages should be initialed by the chairman upon approval. The approvals need to be included in the minutes.

Ms. Adams recommended an emphasis be placed on E-Documents, "Go to Meetings and/or Zoom" so new and existing members do not have to come to the office. When the office began it was critical for existing members to know where the office was because a lot of long term members were going to be retiring within a 15-20 year period. That number has declined. Google maps did not exist when the office began and it is not as critical for new hires. With gas prices, members will save in not coming to the office and it takes up value pension staff time. The initial application disability and retirement should still be required to occur in person.

Recommend an emphasis on written procedures, personnel handbook, and other manuals. These will be key if the Board is sued and can help staff to be consistent in processes. Anyone can sue, a member, the public, the city, a client/vendor, a pension employee, and although you have fiduciary insurance, the insurance company does not have to take the case.

Recommend an emphasis on automating some of the disability processes through PensionGold or another program because disabilities will increase as the population of Palm Bay grows, the Plan members base grows, the departments become more diverse, and because of the types of incidents occurring. Staff needs to be prepared for a potentially large incident where several claims will arise.

The Plan paid \$388,582.00 in interest to active member accounts at 9/30/2022. Active Police members accounts have an accumulated interest balance of \$1,428,180.00, with active Fire members having \$1,319,745.00 for a total amount of \$2.748 Million. Paying interest on active members, and terminated vested/non-vested/early retirement accounts is a benefit, but only for those terminating and receiving refunds. It does not benefit anyone staying and retiring from the Fund. This is a pension fund, not a bank. Ms. Adams said there was a prior firefighter that was required to close his account upon reaching the five year limit and he refused to close it because he was earning a higher interest rate than he could anywhere else. Interest was offered when the Plan began in 1974 as an

incentive for employees to participate. At that time all employees were going to be members, Police, Fire, and General Employees (GE). At one time the city had its own sanitation department which increased the GE Plan. The rate stayed at 5.0-5.25% for decades. Ms. Adams said a few years ago, she recommended reducing the rate from 5.25% to 3.0% which was approved, but it was still higher than a passbook rate. The market is volatile and will most likely stay that way for a few years to come. She recommended effective 10/01/2022 the Plan no longer pay interest on active, terminated vested/non-vested/early retirement accounts. Interest is paid each year on the prior year's balance at 9/30. This would mean interest would be posted 10/01/2023 based on the balance at 9/30/2022, then cease. Members having accrued interest will retain those balances, but interest will no longer be added, to include the period of time from termination to expected receipt of the funds. This would not impact interest on DROP or Share Accounts. Mr. Klausner, Board Attorney, said he didn't see a problem with it and that Ft. Lauderdale did it a few years ago. Forfeitures, for the most part, are determined for interest balances, so it would reduce future determinations on new hires. The money anticipated for interest posting annually would remain in the investment stream. It will reduce employee processing costs. Interest will still be paid out for those that have balances for some time to come; however, it will immediately eliminate the extra interest calculated at termination, which will reduce a processing step for staff, especially Ms. Lindsay as she has the highest termination rate.

Motion by Mr. Sacco, seconded by Mr. Kiszkiel effective 10/01/2022 to no longer pay interest on active and terminated vested/early retirement accounts. Interest is paid at 9/30 each year based on the prior year's balance. Interest will be posted at 10/01/2023 based on the balance at 9/30/2022, then stop. Members having accrued interest balances will retain those balances, but interest will no longer be calculated to add any interest moving forward, to include from the time they terminate until they receive their final refund. A notification to the ten (10) or so terminated/vested/early retirement members will be sent immediately. Notification to active members will be included in their annual employee benefit statements sent this year. A notice will be placed on the website. This will not impact DROP or Share Plan provisions. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Brock, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.

Ms. Adams said she is in the process of setting up training for Ms. Taglia-Polak and others on projects she is responsible for as part of her transition. She will be getting with her on scheduling. She is scheduled to meet with her next Tuesday. Ms. Adams said she knew the Board told her to train Ms. Taglia-Polak and no mention was made to actually delegate projects to her or others; however, they are not going to retain the information unless they are doing the job. Part of the training, is to write procedures as training is done. Ms. Adams said when the training and task is turned over, she is notifying the Board in writing and who is now responsible for it. She is doing that because she is an independent contractor and some of the tasks appear in her contract, as she is relinquishing them, written documentation is being provided.

Ms. Adams said she still receives questions from staff and she is looking at things they are doing so she can provide examples on how they should be handled. She discussed a couple of recent examples. Staff must always be aware that it is the city that pays the administrative expenses of the Fund by State Statute.

Ms. Lindsay is responsible for the insurance renewals and has done an excellent job. She has prior experience and is detail oriented. Ms. Adams explained about a recent policy choice. She told Ms. Lindsay to check with Mr. Kaufman, Landlord, to see what his policy covered. She received an email from Mr. Kaufman's office that clarified the coverage, and a copy was placed in the RJ Conlan contract file for future reference.

Ms. Adams said Mr. Taglia-Polak should emphasize to staff, including her, they should never be authorizing monetary or "authorizing right" decisions in any capacity. If an immediate response is needed, they should get written authorization from the chairman, then place it on the agenda for formal approval at the next Board meeting. This will cover staff and the Board, and provide written documentation. She said she is doing this as part of the critical thinking training in teaching staff how to treat different issues that come up now or will come up. She also tells them how to address emails to clients like Foster and Foster, Ms. Janes, Mr. Klausner, etc. because those individuals expect us to provide detail explanation so they can provide the most informed response. It protects them as well. Ms. Adams said they are used to receiving communication from her in a certain format. They have learned to trust that, so she is teaching them to trust staff and what I tell staff should be followed.

Ms. Adams said when she makes comments in disagreement with a Board action, she is not doing so to be controversial. Nor should her agreement be taken as trying to gain favor with the Board or individual trustee. Anyone that has been on this Board for a while, knows that it is not uncommon for her to speak her mind, especially when Mr. Adams was chairman. He didn't like it either. What she has done and will continue to do is protect herself as an independent contractor. If she knows a procedure has been in place for years and the Board is going outside that procedure, she is protecting herself in the event she is deposed in a lawsuit that may arise later. She said the Board and office manager will be here and will have to answer for individual opinions. The first two people the insurance's attorney will talk to about any case to determine if they will defend it, will be the chairman and the office manager. She referenced a disability case that took eight (8) years from beginning to conclusion, as well as a prior pension employee that filed for unemployed compensation.

INPUT FROM ACTIVE AND RETIRED PLAN MEMBERS:

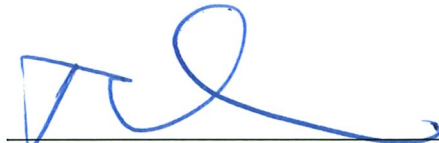
There was no input from any active or retired plan members.

INPUT FROM THE PUBLIC:

There was no input from the public.

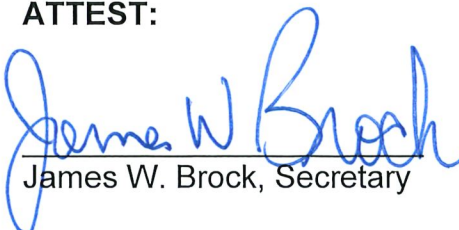
ADJOURNMENT:

Motion by Mr. Sacco, seconded by Mr. Kiszkiel to adjourn the meeting at 10:40 a.m. Motion carried with members voting as follows: Mr. Dorey, Yea; Mr. Sacco, Yea; Mr. Kiszkiel, Yea; and Mr. Lancaster, Yea.



Timothy W. Lancaster, Chairman

ATTEST:



James W. Brock, Secretary