CITY OF PORT ORANGE
FIRE AND RESCUE PENSION BOARD OF TRUSTEES QUARTERLY MEETING
MINUTES
Monday, November 14, 2016, 4:30 P.M.

Members Present:	Bob Ford
	Joe Meeske
	Jm Reardon
Members Absent:	Josh Moore
	Chris Taylor
Plan Administrator:	Sheila Hutcheson, Julie Enright
Plan Attorney:	Scott Christiansen
Consultant:	Frank Wan, Performance Monitor (BCA)
City Staff:	Tracey Riehm, Finance Director
Public:	Drew Bastian, Retiree/City Council Member

CALL TO ORDER/ DETERMINATION OF A QUORUM

The meeting was called to order at 4:30 p.m. by Chairman Reardon. There was a quorum with three members present.

APPROVAL OF MINUTES - Quarterly Meeting - August 22, 2016

Member Ford made a motion to approve the minutes of the quarterly meeting on August 22, 2016; Member Meeske seconded the motion, which passed unanimously.

REPORTS (ATTORNEY/CONSULTANTS

Burgess Chambers (BCA), Performance Monitor, quarterly report

Mr. Wan opened with an overview of the impact of the election; volatility will likely be here for a while. He reviewed the market trends and that the impact of many of the new president's initiatives is not yet known. He then outlined the performance by the respective managers. There have been huge changes in the bond market in the last five days, but this will not continue (post-election effect). The PNC fixed income investment has been disappointing for the past few years. Mr. Wan has had several discussions with PNC in this regard. He now recommends a review of changes at the February meeting, while seeing how PNC performs in the next quarter. Bonds are not a winning investment at this time.

Member Meeske asked about certain market concerns and Mr. Wan noted the resources BCA uses for monitoring purposes. He asked about an increase in December in the Federal Reserve rate. Mr. Wan said it depends on the confidence in the market and how quickly the rates are raised.

Next, he discussed the investment returns: 2.8% for the quarter; 8.8% for the fiscal year; and 6.2% and 8.0% for the last three and five years' periods, all net of fees. The fund had $24,887,839 on September 30, 2016 compared to $23,920,869 on June 30, 2016.

Scott Christiansen, Plan Attorney

Discussion: volunteer service and AFC interpretation for retirement benefit calculations

This was discussed briefly at the last meeting. The Attorney recommends that his interpretation, which has been provided to the Board, be approved by the Board on the volunteer service.

Member Meeske made a motion to approve the Attorney's interpretation of volunteer service in benefit calculations; Chairman Reardon seconded the motion, which passed unanimously.

The second issue had to do with the AFC calculation, which was changed by the City's new ordinance: from a three-year to a five-year average, but if the three-year average was higher before 2012, the higher amount would be used. But, then, there was a member who had a higher five-year average, which raised a question by the Actuary when preparing the member's benefit calculation. Mr. Christiansen reviewed all three possible interpretations and he recommended interpretation two for use by the Actuary (the plan is valued in this manner). Member Meeske asked him to explain this in further detail, so he reviewed each interpretation.

Member Meeske made a motion to approve the use of interpretation two in the August 22, 2016 email from the Actuary with respect to AFC; Chairman Reardon seconded the motion, which passed unanimously.

Sheila Hutcheson, Plan Administrator

- PNC quarterly retiree death audit - no deaths reported by bank.
- Trustee Moore's elected term ends on 12/31/16; a notice will be sent to members and an election held, if anyone other than Member Moore is interested. Trustee Ford's two-year term ends 12/31/16 and will be considered by City Council in December.
- FPPTA membership for 2017 will be processed.
- FPPTA Trustees' School will be held in Orlando 1/29 - 2/1/17.
- Letter to City transmitting FY15/16 report of investment activity for execution by the Chairman.
- Notices to Plan consultants, City staff, and to members advising of change in Plan Administrator.
- Retiree Benefit Confirmation forms have all been received.
- Bonnie Whitaker, disability retiree, 1099R information.

The Administrator detailed the history of the coding on Ms. Whitaker's 1099R, advising that it had been coded as taxable, rather than taxable amount not determined (for a line of duty disability). This had come to her attention due to contact by the Police Plan Administrator who advised that the coding was inconsistent and incorrect in the Police Plan. Ms. Hutcheson reported that the retirement set-up forms with PNC do not include any section for the 1099R coding; she had assumed that the proper coding would have been entered on the 1099R's by the custodian bank based on the input that Ms. Whitaker's disability was line of duty. This has been corrected going forward by direction to PNC to make the change on Ms. Whitaker's 2016 1099R, which will be issued in January 2017. In order to provide Ms. Whitaker amended 1099R's if she wishes to file amended tax returns, Ms. Hutcheson said she contacted PNC in this regard; the bank can issue amended returns. The Board's authorization is requested to obtain the amended 1099R's retroactive to 2009 (for Ms. Whitaker to file amended tax returns for past years). The date of disability was May, 2007.

Member Meeske made a motion to authorize the Administrator to obtain amended 1099R's for disability retiree Bonnie Whitaker retroactive to 2009 correcting the taxable coding of her benefit amount; Member Reardon seconded the motion, which passed unanimously.

- State monies and supplemental monies were received/deposited.
- Annual Budget was submitted to the City and to Plan members for FY16/17 on September 12, 2016
- Approve quarterly meeting dates for 2017 (all on Mondays at 4:30 p.m.), as follows:
  - February 13, 2017 (Conference Room)
  - May 15, 2017 (Council Chamber)
  - August 21, 2017 (Council Chamber)
  - November 13, 2017 (Conference Room)

It was the Board's consensus to approve the meeting dates.

NEW BUSINESS - Consideration/approval of detailed accounting of administrative expense payments for FY 15/16

Member Ford made a motion to approve the detailed accounting of administrative expense payments for FY15/16 for submittal to the City, Plan members, and the Actuary for the 2016 Annual Report; Member Reardon seconded the motion, which passed unanimously.

The Administrator will distribute the report as required.

OLD BUSINESS - none

RATIFICATION: DISBURSEMENTS/RETURN OF CONTRIBUTIONS and DEPOSITS

- **DISBURSEMENTS**

1. Sheila Hutcheson, Professional Services - **$5,400.00** (quarterly administration fees)
2. Christiansen & Dehner, Professional Services - **$302.20, $1,267.88, $1,306.63**
3. PNC fees for custody, quarterly fee, 3rd quarter, 2016 : SSI -**$314.83;** MCV - **$228.82**; Real Estate - **$163.79**; International - **$372.72;** FMI - **$712.95** (total fees: $1,793.11)
4. PNC Asset Management, quarterly fee, 3rd quarter, 2016 - **$4,491.99** (includes fee reduction from 35 basis points to 25 basis points)
5. Fiduciary Management Inc., quarterly fee, 3rd quarter, 2016 - **$10,430.00**
6. Burgess Chambers, Performance Monitor, quarterly fee, 3rd quarter, 2016 - **$12,434.66**
7. SSI, quarterly fee, 3rd quarter, 2016 - **$5,317.00**
8. American Realty Advisors - quarterly fee, 3rd quarter, 2016 -**$3,343.16**
9. Foster & Foster, actuarial services - **$1,850.00**
10. J.W. Edens Insurance Agency - pension fiduciary insurance renewal -**$3,990.00**; waiver of recourse endorsement for Trustees (paid by City) - **$75.00**; waiver of recourse endorsement for Plan Administrator (paid by Sheila Hutcheson) - **$25.00**
11. Chris Weir, normal retirement - **$2,208.33/month** (lifetime with joint 100% survivor option), as of September 1, 2016.

- **DEPOSITS**
  - 2015 Premium Tax Distribution - **$365,950.40$** (2014: $390,657.92**)**

- 2015 Firefighters' Supplemental Compensation Trust Fund - **$1,967.84** (2014: $459.24)

Member Meeske made a motion to ratify the Disbursements, Return of Contributions and Deposits; Member Ford seconded the motion, which passed unanimously.

STAFF REPORTS, DISCUSSION, AND ACTION/TRUSTEES' REPORTS, DISCUSSION, AND ACTION /REQUESTS FROM THE PUBLIC/EMPLOYEES PRESENT - none.

ADJOURNMENT - There was no further business; the Chairman adjourned the meeting at 5:14 p.m.

Respectfully Submitted:

Julie Enright

Julie Enright, Plan Administrator

Approved:

Jim Reardon

Jim Reardon, Chairman