CITY OF PORT ORANGE
FIRE AND RESCUE PENSION BOARD OF TRUSTEES QUARTERLY MEETING
MINUTES
Monday, February 19, 2018, 4:30 PM

Members Present:	Jim Reardon, Chairman Joe Meeske, Secretary Chris Taylor
Members Absent:	Bob Ford, Vince Jones
Plan Administrator:	Julie Enright
Plan Attorney:	Absent
Consultant:	Burgess Chambers, Performance Monitor (BCA)
City Staff:	Tracey Riehm, Finance Director
Public:	None Present

CALL TO ORDER/DETERMINATION OF A QUORUM

Chairman Reardon called the meeting to order at 4:30 PM. There was a quorum with three members present.

Election of Officers (Chairman, Secretary) - Tabled

APPROVAL OF MINUTES – Quarterly Meeting, November 13, 2017

Secretary Meeske moved to approve the minutes of November 13, 2017; Member Taylor seconded the motion, which passed unanimously.

REPORTS (ATTORNEY/CONSULTANTS)

Patrick Donlan, Foster & Foster – Review/Acceptance of Actuarial Valuation
Mr. Donlan presented the 10/01/2017 actuarial valuation report and noted that the 10/01/2017 valuation determines the contribution for the 09/30/2018 fiscal year. As such, the contribution for 09/30/2018 is 102.1% and for 09/30/19 is 93.3% of payroll, a reduction of 8.8%. Mr. Donlan noted the contribution percentage went down due to a reduction in the unfunded actuarial accrued liability (UAAL) of $17,507,703, noting that there was a decrease to the liability due to investment returns higher than the assumed rate as a result of four-year smoothing. The actuarial assumed rate of return is 7.6%, the smoothed rate is 7.10% and the actual rate of return for 09/30/2017 is 10.11%.

Mr. Donlan noted that due to Government Accounting Standards Board (GASB) required changes for financial statement purposes of the calculation of the unfunded liability where the four-year smoothing is not allowed and the current year's market value of the assets is required. Also, the City's balance sheet is required to show the unfunded liability amount whereas prior to this change the unfunded liability was reported in the "Notes to the Financial Statements" section of the financial statements. This requirement creates a difference in the unfunded liability amount between the actuarial valuation report and the financial statements. The actuarial report is a long-term valuation whereas the GASB requirement is a valuation as of a specific date of 09/30. The result is that the funded ratio is different between the two valuations, for example it is currently 62.3% for financial statement purposes and 62.0% for actuarial valuation purposes. The effect is on the calculation of the disbursements of the pension benefit. Mr. Donlan recommended that the actuarial valuation report be used when calculating the pension benefit because of the long- term view of the report.

Discussion ensued regarding the 2012 benefit reduction language whereby the cost of living adjustment (COLA) is prorated but the supplemental benefit is not. Mr. Donlan suggest the Board seek a legal opinion from the Board Attorney Herrera. Consensus of the Board is to receive the opinion before the next regularly scheduled board meeting.

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Member Taylor made a motion to direct Board Attorney Herrera to provide a legal opinion on whether or not the supplemental benefit should be prorated the same as the COLA as stated in the 2012 benefit reduction as soon as possible; seconded by Member Meeske, which passed unanimously.

Mr. Donlan suggested the Board request Mr. Herrera contact him, because he has the background information regarding the 2012 benefit reduction. Consensus of the Board is for Mr. Herrera to contact Mr. Donlan.

Member Meeske made a motion to approve the 2017 actuarial valuation; Member Taylor seconded the motion, which passed unanimously.

Mr. Frank Wen, Burgess Chambers (BCA), Performance Monitor, quarterly report as of December 31, 2017

Mr. Frank Wen advised the board they are required to declare the current year expected rate of return.

Chairman Reardon made a motion to declare 7.6% as the current year expected rate of return; Member Meeske seconded the motion, which passed unanimously.

Mr. Wen presented the December 31, 2017 total fund investment performance report. He noted this is the first quarter of the fiscal year and the fund made 3.3% which is just below the strategic model of 3.5%. The firm is watching the fixed income market and corporate earnings.

Then Mr. Wen discussed the fund balance market value of $28,877,742 for December 31, 2017 as compared to the value of $27,921,021 for September 30, 2017 with a market gain of $956,721. He noted that although there was a quarter gain, he may come back to the board next quarter to request a rebalancing because bonds lost during the quarter, domestic equities were over weighted and international equities were under weighted.

Noted their firm has been monitoring PNC fixed income due to their poor performance in the past, however this quarter they had a gain and Mr. When recommends that the board continue to monitor this fund. Also noted is the new bond fund is doing well with gains for their first quarter.

Pedro Herrera, Plan Attorney

Mr. Herrera was not able to attend the meeting however he was available via telephone if necessary.

Julie Enright, Plan Administrator

Mrs. Enright presented her report to the Board:

A. PNC retiree death audit – no deaths reported by bank requires action of the Board. At the last meeting, Attorney Scott Christiansen advised the Board that there is not a need to send annual verification letters since the reports from the custodian bank are provided monthly. Plan Administrator confirmed with the custodian bank that this information is reliable, timely source.
Member Meeske made a motion to approve using the PNC monthly death audit database as opposed to the yearly Board issued letter; Member Taylor seconded the motion, which passed unanimously.
B. Annual actual administrative expenses for FY 16/17 was submitted to the City for posting on website and a copy to the Fire Department to be posted on Station bulletin boards.
C. Annual report of investment activity for FY 16/17 from custodian bank was provided to City Council
D. Updated distribution list for reports received from PNC.

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E. Completed 2017 Census of Government Survey of Public Pensions
F. City Clerk confirmed that Fire Member Reardon, Ford and Taylor were re-appointed at the 12/12/17 Council Meeting. Request for members to serve on Board was sent to Fire membership notifying of expiring term of elected Member Meeske. He was unopposed and notification was sent to the membership advising of his additional term.
G. Receipt of letter regarding satisfaction survey of custodian bank services. Plan Administrator will participate in survey.
H. Next FPPTA Conference is schedule for 6/24-27 in Orlando and the FPPTA School is scheduled for 9/30-10/3 in Bonita Springs
I. Next quarterly meeting is scheduled for May 14.

NEW BUSINESS

1. Declare expected rate of return – see Performance Monitor section above.

2. Review/authorize Actuary to prepare Impact Statement for proposed Ordinance submitted by the City regarding mutual agreement of premium tax money. Plan Administrator advised the Board that she reviewed the proposed Ordinance with Attorney Herrera and that he had no problem with proceeding.

   Member Meeske made a motion to authorize the Actuary to prepare an Impact Statement for the proposed ordinance submitted by the City regarding mutual agreement of premium tax money; Member Taylor seconded the motion, which passed unanimously.

3. Consideration/request to City for extension of terms of office from two years to four years
   Plan Administrator advised Board of ability to extend the terms of office and contacted the City to determine option for the Fire Board to implement this change. The City Attorney confirmed that they would prepare an Ordinance to City Council if the Board would like to implement this change with staggering the terms so that expirations do not occur at the same time.

   Member Meeske made a motion to request the City extend the terms of office from two years to four years and request the City to prepare the ordinance; Chairman Reardon seconded the motion, which passed unanimously.

4. Authorization/Update of signature authority with PNC Custodian Bank services.

   Member Meeske made a motion to authorize that all members have signature authority with PNC Custodian Bank Services; Member Taylor seconded the motion, which passed unanimously.

OLD BUSINESS - None

RATIFICATION: DISBURSEMENTS/RETURN OF CONTRIBUTIONS AND DEPOSITS

1. Julie Enright, Professional Services - **$5,400** (quarterly administration fees paid for Nov, Dec, Jan); mileage & copy reimbursement **$41.73; $43.08**
2. Christiansen & Dehner, Professional Services - **$510.00; $1,158.22; $1,370.72**
3. PNC fees for custody, quarter end 12/31/17: FMI - **$881.96;** SSI -**$357.07;** Cash - **$0;** MCV - **$279.87;** Real Estate - **$167.38**; International - **$438.12;** Fixed income ETF - **$317.70;** Integrity **$632.69** (total fees: **$3,074.79**)

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4. Fiduciary Management Inc., 12/31/17 quarterly fee - **$12,091.00**
5. Burgess Chambers, Performance Monitor, quarterly fee as of 12/31/17 - **$10,824.14**
6. SSI, quarterly fee, 12/31/17 quarterly fee - **$6,113.00**
7. American Realty Advisors – 12/31/17 quarterly fee -**$3,606.36**
8. Integrity Fixed Income Management – 12/31/17 quarterly fee - **$3,067.91**
9. Foster & Foster dated 11/20/17 in the amount of **$4,098.00**
10. Florida Public Pension Trustees Association 2018 membership renewal **$600.00**
11. Distribution of annual COLA's for Dec, Jan, Feb to: Amos, Burman, Shelton, Whalen, Ballinger, Calache, Campbell, Crouch, Dickerson, Ferda, Jania, Kinnamon, Price, Miller, Robertson, Sedacca, Staley, Vola, Weber, Weir, Whitaker, Carrasquillo, Fast, Hodgins, Hooker, Jennetten, Traster

Member Taylor made a motion to approve the Disbursements and the Distribution of COLA's as listed in the Agenda; Chairman Reardon 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; Chairman Reardon adjourned the meeting at 5:40 PM.

Respectfully Submitted:

Julie Enright

Julie Enright, Plan Administrator

Approved:

Jim Reardon

Jim Reardon, Chairman