CITY OF PORT ORANGE
FIRE AND RESCUE PENSION BOARD OF TRUSTEES QUARTERLY MEETING
MINUTES
Monday, November 12, 2018, 4:30 PM

Members Present:	Jim Reardon, Chairman Bob Ford Chris Taylor
Members Absent:	Joe Meeske, Secretary Vince Jones
Plan Administrator:	Julie Enright
Plan Attorney:	Pedro Herrera
Consultant:	Frank Wen, Burgess Chambers, Performance Monitor (BCA)
City Staff:	Ms. Margaret Roberts, City Attorney
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.

APPROVAL OF MINUTES – Quarterly Meeting, August 13, 2018

Member Ford moved to approve the minutes of August 13, 2018; Member Taylor seconded the motion, which passed unanimously.

REPORTS (ATTORNEY/CONSULTANTS)

Mr. Frank Wen, Burgess Chambers (BCA), Performance Monitor, quarterly report as of September 30, 2018

Mr. Wen presented the September 30, 2018 total fund investment performance report. Market value as of 9/30/18 $29,881,093. He noted that the growth in the capital markets has been positive which is primarily due to Netflix, Amazon and technology. He reviewed the performance of the large cap fund of Fiduciary Management and noted that they are not invested in these kinds of stocks because their investment strategy is more value driven which allows them to protect investments against market downfalls. Their performance was behind the benchmark of 17% but they had a 13% increase year to date. Due to the current volatility in the markets, BCA will continue to monitor this fund.

Mr. Wen discussed the performance of the small cap fund PNC. He noted that the PNC profits are below the benchmark and BCA has been monitoring them over the past year due to their inconsistent profits. Recently PNC announced that it was making a structural change to the fund whereby it was changing from two portfolio managers to one portfolio manager. Based on the structural change and inconsistency of profits, BCA recommended the Board consider moving one half of the investment to the small cap Vanguard Index Fund, leaving half in PNC to put them on notice and BCA will look for a replacement investment fund.

Member Taylor moved to move one half of the PNC fund, approximately $1.2 million, to the small cap Vanguard Index Fund; Member Ford seconded the motion, which passed unanimously.

Mr. Wen will present prospective small cap funds to the Board at its next meeting.

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Mr. Wen next discussed the investments in REITs (Real Estate Investment Trust). These funds are sensitive to changes in interest rates, and the Federal Reserve has raised interest rates in 2018 and is expected to continue raising rates in 2019. Therefore, BCA recommends the Board divest from its investment in Vanguard Real Estate Index, approximately $754,000, and invest in the Fiduciary Large Cap fund. This fund is the more conservative of the large cap funds and will reduce investment risk in the face of interest rate volatility.

Member Ford moved to divest from the Vanguard Real Estate Index Fund and invest in the Fiduciary Large Cap fund; Member Taylor seconded the motion, which passed unanimously.

Mr. Wen will bring an analysis of the small and large cap funds to the next Board meeting.

Pedro Herrera, Plan Attorney

Mr. Herrera introduced the City Attorney, Margaret Roberts, to the Board. Ms. Roberts addressed the Board regarding the Fire Pension Plan opinion and interpretation letter of the ordinance change as regards the supplemental benefit. The City Attorney is requesting the Board authorize their pension actuary to do an actuarial study to provide the impact to the plan for the supplemental benefit. Discussion ensued since at a prior Board meeting, the Board decided it would not take action regarding the supplemental benefit until arbitration between the Union and the City has been settled. Ms. Roberts advised the Board that the FY 2019/2020 budget cycle will begin in April and if the arbitration is settled in favor of the opinion, then having the impact study already completed would be helpful to the City in their budget process. Mr. Herrera advised the Board that since there is an opinion with an interpretation letter for the supplemental benefit, the Board can be proactive and authorize an impact study at an estimated cost of $3,000 so that in the event the arbitration is in favor of the opinion, the study is already completed.

Member Ford moved to authorize the Board Actuary to conduct an impact study based on the opinion letter; Member Taylor seconded the motion, which passed unanimously.

Mr. Herrera then advised the Board regarding: the ethics laws and acceptance of gifts, recent Florida Constitution amendments affecting pension boards. Also discussed was the status of the ongoing disability application.

Mr. Herrera noted there is a continuing education requirement for Board members and advised of a continuing education opportunity in the Orlando area by the Florida Division of Retirement and FPPTA school.

Julie Enright, Plan Administrator

Mrs. Enright presented her report to the Board and noted: the PNC retiree death audit reported no deaths to the Plan Administrator, distributed annual Foster & Foster 2017 comparative analysis to the Board, coordinated data request for annual Actuarial Valuation Report, submitted FY 2018/2019 annual budget to the City and Plan members, completed FY 2018/2019 fiduciary insurance submittal, completed funds rebalance per Burgess Chambers for distribution of State monies of $388,246, received final payroll data for DROP members Jones and LaFond pending final receipt from Foster & Foster, coordinated disability application for Jamie Wilds with Attorney Herrera, coordinated DROP calculation for Tony Cowen, noted terms of office (based on recent ordinance change) for Member Vince Jones (elected) and Robert Ford (appointed by Council) expire December 31, 2018 – their new terms are four years.

Discussed ensued regarding the annual confirmation letter/form to a disability retiree.
Member Ford made a motion to continue the annual letter/form on a case by case basis for confirmation of disability, Member Taylor seconded the motion, which passed unanimously.

The Board through consensus accepted the confirmation of disability.

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NEW BUSINESS

Consideration/approval of detailed accounting of paid administrative expenses during Fiscal Year 2017/2018 for submittal to the City and availability to Plan Members (and to Actuary for the Division of Retirement with the Annual Report).

Member Ford moved to accept the detailed accounting of paid administrative expenses during Fiscal Year 2017/2018; Member Taylor seconded the motion, which passed unanimously.

OLD BUSINESS - None

RATIFICATION: DISBURSEMENTS/RETURN OF CONTRIBUTIONS AND DEPOSITS

1. Sugarman & Susskind, Professional Services - **$4,552.10, $7,267.50**
2. PNC fees for custody, quarter end 9/30/18: FMI - **$973.41;** SSI -**$381.17;** Cash - **$0;** MCV - **$297.49;** Real Estate - **$169.36**; International - **$414.08;** Fixed income ETF - **$312.97;** Integrity **$624.73** (total fees: $**3,173.21**)
3. Fiduciary Management Inc., 9/30/18 quarterly fee - **$12,913**
4. Burgess Chambers, Performance Monitor, 9/30/18 quarterly fee - **$11,166.21**
5. SSI, quarterly fee, 9/30/18 quarterly fee - **$6,476**
6. American Realty Advisors – 9/30/18 quarterly fee -**$3,814.97**
7. Integrity Fixed Income Management – 9/30/18 quarterly fee - **$3,123.17**
8. Julie Enright, Professional Services - $**7200** (quarterly administration fees paid for August, September, October); mileage and copy reimbursement $**102.19**
9. Foster & Foster dated 10/25/18 in the amount of **$2,960.00.**
10. Distribution of annual COLA's for September, October, November to: Kondos, Largent
11. Contribution refund to Jeremy Powers in the amount of $16,585.33 and Chace Lane in the amount of $16,425.85

Member Taylor made a motion to approve the Disbursements as listed in the Agenda; Member Ford seconded the motion, which passed unanimously.

STAFF REPORTS, DISCUSSION, AND ACTION - None

TRUSTEES' REPORTS, DISCUSSION, AND ACTION - None

REQUESTS FROM THE PUBLIC/EMPLOYEES PRESENT - None

ADJOURNMENT – There was no further business; Chairman Reardon adjourned the meeting at 5:45pm

Respectfully Submitted:

Julie Enright

Julie Enright, Plan Administrator

Approved:

Jim Reardon

Jim Reardon, Chairman