CITY OF PORT ORANGE
FIRE AND RESCUE PENSION BOARD OF TRUSTEES QUARTERLY MEETING
MINUTES
Monday, November 19, 2019, 4:30 PM

Members Present:	Jim Reardon, Chairman
	Marilyn 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:	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 18, 2019 and Special Disability Meeting, August 18, 2019

Member Taylor moved to approve the quarterly and special meeting minutes of August 18, 2019; Member Ford seconded the motion, which passed unanimously.

REPORTS (ATTORNEY/CONSULTANTS)

Mr. Frank Wen, Burgess Chambers (BCA), Performance Monitor, quarterly report as of September 30, 2019

Mr. Wen presented the September 30, 2019 total fund investment performance report. He noted the total fund value as of 09/30/2019 was $32,285,187 and the value as of 6/30/2019 was $31,528,872. Noted is a quarter to date return of .08% and a fiscal year to date gain of 5.4% through 09/30/2019.

Pedro Herrera, Plan Attorney – Update of proposed draft Ordinance for compliance with Chapter 2019-21, Laws of Florida amending preretirement death and disability benefit and approval for Actuary to prepare Impact Statement

Mr. Herrera advised the Board that the proposed draft ordinance will include two parts – one for compliance with Chapter 2019-21, Laws of Florida, amending preretirement death and disability benefits (cancer presumption) and one to update the COLA provision to make all members on an October 1st time frame as per the Actuary recommendation, and then to request an impact statement from the Actuary.

Mr. Herrera also reviewed the ethics laws for gifts and notified Board of the FPPTA and State Trustee school.

After discussion, consensus of the Board is to move Old Business item: Attorney review of language regarding computation of average final compensation (AFC) to Attorney Report.

Mr. Herrera noted that the current interpretation of the ordinance for computation of average final compensation is reasonable and consistent with State law and is the interpretation recommended by the Actuary and former Board Attorney Scott Christiansen.

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Discussion ensued regarding the current calculation of average final compensation that includes consideration of the 2012 frozen benefit, the 2013 revised benefit, and a member's change in compensation over time. Noted is that ordinance changes occurred to both the benefit and AFC calculations. Discussion ensued regarding alternative methods for interpreting the calculation of AFC besides the current interpretation. Based on 2013 email from the actuary, there were three ways of interpreting the AFC based on the ordinance changes as follows: 1. A hard freeze, 2. Frozen AFC, on frozen benefit, and 3. Final AFC on frozen benefit. The actuary noted they were using the second interpretation when calculating the AFC. Discussion of the Board continued regarding if the Ordinance language of AFC interpretation is that it should be calculated at termination for all benefit portions. To resolve this issue Attorney Herrera advised the Board it could either interpret the ordinance differently than the current method by using option 3, or send the interpretation back to the bargaining parties (Union and City) stating the current interpretation being used and if it is not what was intended then request an MOU or Amendment directing the Board of the Union's and City's intention.

Member Ford moved to table this item to see actual examples and retroactive costs; Member Taylor seconded the motion, which passed unanimously.

Attorney Herrera advised the Board that an impact statement would be necessary if the Board changes the calculation, and an analysis of the impact to members who have retired under the current method would also be necessary. Consensus of the Board is to have actual examples of members who have retired to determine the financial and legal impact.

Julie Enright, Plan Administrator
Mrs. Enright presented her report to the Board and noted:
A. PNC retiree death audit – no deaths report by bank
B. Approved PNC update of IRS tax codes for Normal retirement members who reached age 59 ½.
C. Requested annual verification of disability from Carol Calache – documents received and confirmed of continued disability
D. Completed renewal application for fiduciary insurance expiring 10/5/19
E. Submitted the administrative budget to the City (plan sponsor) and Plan members for Fiscal Year 2019/2020
F. Submitted documents for posting on the City's website: 1) History of investment returns; 2) Compliance Statement; 3) Actuarial Valuation as of 10/1/18
G. Request for payroll information submitted to Finance Department by Foster & Foster for completion of the Actuarial Valuation
H. Sent copy of the revised Investment Policy Statement to the City and State
I. Coordinated with Burgess Chambers and PNC a rebalancing of account with State money in the amount of $395,108 to Integrity Fixed Income
J. Coordinated with Burgess Chambers and PNC with regard to Polen Capital Management investments as approved with Investment Policy. Set up account profile with Polen Capital.
K. Coordinated request for DROP calculation for member pending January 1, 2020
L. Next meeting schedule

Member Taylor moved to direct the Board Attorney to prepare the addendum for a 3% annual increase to the Plan Administrator agreement as approved in the FY 19/20 annual budget; motion seconded by Member Ford; which passed unanimously.

Consensus of the Board is to meet on February 18th, May 18th, August 24th, November 16th

Member Ford moved to approve the expenditure for Joe Meeske to attend the FPPTA training and take the certification; motion seconded by Member Taylor; which passed unanimously.

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NEW BUSINESS

1. **Actuary Doug Lozen, Foster & Foster, review of Experience Study**
Mr. Lozen presented the experience study which is done about every five years. Discussion of the study ensued. Mr. Lozen recommended a reduction in the assumed salary increase, a reduction in the assumed rate of retirement, change to the withdrawal rates (termination rate without pension eligibility), and a reduction in the rate of return percentage from 7.50% to 7.35% effective 10/01/2019 for fiscal year 2020/2021 fiscal year. These changes are neutral to the City's annual contribution. Discussion ensued.

Member Taylor moved to change the rate of return to 7.35% and adopt the other assumption changes with minimal impact to the City's contribution. Member Ford seconded the motion; which passed unanimously.

2. **Attorney Scott Christiansen letter regarding Board records from inception and Board determination for the records as to whether or not to be provided to the Plan Administrator or Records Management Liaison Officer - Tabled**
Attorney Herrera requested the Board table this item so that he can get an inventory of the records. Consensus of the Board is to table.

3. **Consideration of actual administrative expense budget for submittal to the City and availability to Plan Members for Fiscal Year 2018/2019**
Member Ford requested in the future the detailed accounting be included in the Board member's agenda package in advance of the Board meeting.

Member Taylor moved to approve the detailed accounting of the paid administrative expenses for FY 2018/2019; Member Ford seconded the motion, which passed unanimously.

OLD BUSINESS
Attorney review of language regarding computation of average final compensation – moved to Attorney Report above.

RATIFICATION: DISBURSEMENTS/RETURN OF CONTRIBUTIONS AND DEPOSIT

DISBURSEMENTS
1. Sugarman & Susskind, Professional Services dated October 15, 2019 **$5,722.18**
2. PNC fees for custody, quarter end 9/30/19: FMI - **$1,070.48;** SSI -**$391.68;** Cash - **$0;** MCV - **$285.60;** Real Estate - **$91.31**; International - **$405.65;** SCC **$148.93**; Fixed income ETF - **$345.46;** Integrity **$792.77;** Polen Capital **$130.77** (total fees: **$3,662.65**)
3. Fiduciary Management Inc. 9/30/19 quarterly fee **$13,019**
4. Burgess Chambers, Performance Monitor, quarterly fee - **$12,100.65**
5. SSI, quarterly fee, 9/30/19 quarterly fee - **$6,118**
6. American Realty Advisors – 9/30/19 quarterly fee -**$4,029.78**

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7. Integrity Fixed Income Management – 9/30/19 quarterly fee - $3,818.14
8. Julie Enright, Professional Services - **$7200** (quarterly administration fees paid for July, August, September); mileage reimbursement and copy charges **$121.55**
9. Distribution of annual COLA's for September, October, November to: M. Binetti, D. Carter, J. DiBella, G. Parker, D. Zimmerman, J. Kondos, K. Largent
10. Foster & Foster dated 8/20/19 in the amount of $2,125.00; and dated 11/5/19 in the amount of $3,148.00
11. Fiduciary insurance renewal for 10/5/19-10/5/20 in the amount of $4,166.00
12. Polen Capital Management for quarter end 9/30/19 in the amount of $112.02
13. Contribution refund to Kenneth Johnson in the amount of $1,992.99
14. Change for insurance deduction for Larry Morrisey

Member Taylor moved to approve the ratification of the disbursements; motion seconded by Member Ford; 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 6:10 PM.

Respectfully Submitted:

Julie Enright

Julie Enright, Plan Administrator

Approved:

Jim Reardon

Jim Reardon, Chairman