CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
SPECIAL MEETING MINUTES
May 1, 2020

ROLL CALL:
The meeting of the City of Port Orange General Employees' Retirement Plan was called to order by Chairman Ferreira at 2:00 p.m. on May 1, 2020 via Zoom

The chairman opened the meeting thanking all the Board Members and Vendors for their patients for attending this special meeting in this manner.

TRUSTEES PRESENT:
Chairman Peter Ferreira, Vice Chair Cynthia Rivera, Scott Stiltner, Kynah Cockcroft, Jake Johansson and Scott Neils

ABSENT AND EXCUSED:

OTHERS PRESENT:
Pete Prior and Mei Fang of Benefits USA, Inc.; Dave Leonard, Actuary; Zach Chalifour of James Moore, Auditor; Brent Chudachek, Fund Attorney; Robin Fenwick, City Clerk

PARTICIPANT/PUBLIC PARTICIPATION:
There was no participation from the public at this time.

PRESENTATION:
2019 Valuation Report and GASB67&68 – Dave Leonard
Chairman Ferreira asked Mr. Leonard to start 2019 Valuation Report and GASB 67& 68 Presentation. Mr. Leonard addressed the Board the October 1, 2019 Valuation Report is not being reviewed by his peers since the coronavirus situation.

Mr. Leonard reported that the October 1, 2019 valuation was prepared on a group of 88 active members, a 12-member decrease from 2018. The pre-2012 Plan actives decreased by 9 to 71. The "new" Plan population lost 3 active members with more terminations than new members leaving 17 actives. The Valuation Contribution sets the City's recommended contribution rates as a percentage of payroll for the year following-i.e. the 2019-2020. The recommended contribution rate is 23.1% based on the October 1, 2018 Valuation results.

For the October 1, 2019 valuation, the City's recommended contribution as produced by the draft valuation results is 22.8% of covered compensation. This contribution rate would normally be applicable to the 2020-2021 fiscal year for the City and the Plan, however in light of current events we are recommending that the 2020-2021 contribution be increased to 24.9%.

The 2018-19 trust asset return was 3.4%, and 3.2% net of all expenses including administrative. Although this return was less than the assumed rate, but it created actuarial gains of $480,107 due to the smoothing technique. This in turn helped reduce the contribution by about $41,600, roughly 1.1% of payroll.

The total deferred gain has been significantly reduced by the 2018-19 performance as outlined above, but it is still at more than $700,000. About $500,00 of that will be recognized for 2020, meaning there is 1.5% cushion of built-in gains for next year's valuation.

Member Johansson moved to approve the October 1, 2019 Valuation Report. The motion was seconded by Member Neils and the motion passed.

Mr. Leonard provided a brief report on GASB 67 & 68 which is of no impact to the Plan. As of September 30, 2019: Total Pension Liability is $39,399,568; Plan Fiduciary Net Position is $32,765,832; Net Pension Liability is $6,633,736 and the Plan Fiduciary Net Position as a percentage of the Total Pension Liability is 84.97%.

As of September 30, 2019, Pension Plan membership consisted of the following: 103 Inactive Members or Beneficiaries currently receiving benefits, 19 Inactive Members entitled to but not yet receiving benefits; 88 Active Plan Members. FS 2019 Actuarial Assumptions applied to all periods in the measurement: Inflation rate is 3%, Salary Increase 4.0% and Investment Rate of Return is 6.75% represented under Section 8 in the GASB 67-68 report.

Member Johansson moved to approve both GASB 67 & 68 Reports. Member Neils seconded the motion and the motion passed.

2019 Financial Statement – James Moore

Mr. Zach Chalifour thanked Benefits USA for their help as well as the City Finance Department. Mr. Chalifour presented the audit for fiscal year ended September 30, 2019, reporting that they rendered a clean, unqualified opinion. The net investment income for the year was $1,138,227 which was $2,708633 lower than the 2018 income; Total Employer Contributions were $866,364 which was $130,805 higher than the 2018 Employer Contributions; Total Employee Contributions were $305,057 which was $13,826 lower than the 2018 Employee Contributions. Operating expenses for fiscal year ended 9/30/2019 were $80,128. Total benefits paid were $2,571,780 which was $13,582 greater than 2018. All those numbers totaling a balance of $35,023,054 as of September 30, 2019 which was $342,260 higher than 2018 total Plan net assets. Mr. Chalifour reported that he found no compliance or internal control issues to be reported to the Trustees. In the Auditor's opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Port Orange General Employees Defined Benefit Retirement Plan as of September 30, 2019 and changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member Neils moved to approve 2019 Financial Statements. Member Johansson seconded the motion and the motion passed.

The Board thanked City Clerk Robin Fenwick for setting up the Zoom Meeting for today's special meeting. Chairman Peter Ferreira said if City is not ready to open, the Board will have any necessary meeting via Zoom. And all the Members' payment and vendors' invoice still get paid on time. The chair commented he has been working on the elections and will continue to do so. Member Johansson asked Member Kynah Cockcroft to possibly consider staying on the Board. Member Cockcroft said that she wants give a chance for others to participate in the pension process. Chairman Ferreira noted that he will continue to assist the city in obtaining a member from the eligible employees, as well as for outside member. Hearing and seeing no further business before the board, the meeting was adjourned.

ADJOURNMENT:

The meeting adjourned at 2:30 p.m.

6/22/20

Chairperson **Date**