CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN

REGULAR MEETING MINUTES

June 22, 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. in the 1st Floor – City Council Chambers, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:

Chairman Peter Ferreira, Vice Chair Cynthia Rivera via phone, Scott Stiltner via phone, Kynah Cockcroft, Jake Johansson and Scott Neils

ABSENT AND EXCUSED:

None

OTHERS PRESENT:

Dave Leonard, Actuary; Pete Prior of Benefits USA, Inc.; Brent Chudachek, Fund Attorney via telephone

APPROVAL OF MINUTES:

February 24, 2020 – Regular Meeting

Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of February 24, 2020. Member Johansson moved to approve the minutes as amended. Member Stiltner seconded the motion and the motion passed.

May 1, 2020 – Special Meeting

Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of May 1, 2020. Member Johansson moved to approve the minutes as amended. Member Stiltner seconded the motion and the motion passed.

PARTICIPANT/PUBLIC PARTICIPATION:

There was no participation from the public at this time.

FINANCIALS:

May 2020- Dave Leonard

Actuary Dave Leonard addressed the Board and asked if he can speak about both topics while at the podium. Chairman Peter Ferreira said that was fine. Actuary Dave Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is $34,638,283.38, an increase of $1,118,840.31. Receipts for the month totaled $901,485.57 versus total disbursements of $816,261.03. Payments to retirees and other participants totaled $216,993.38. The balance as of May 31, 2020, was $594,257.82 in the Cash account. Actuary Leonard reported that the yield for the month is 3.60%.

NEW BUSINESS:

Coronavirus Impacts on Plan Funding – Dave Leonard

Actuary Dave Leonard noted that in response to potentially catastrophic losses from the sudden market downturns in February and March, he prepared a Study of the impact of such losses on the ongoing contribution requirements for the City of Port Orange General Pension Fund.

Mr. Leonard presented his Study to the Board and reported that the impact of any loss will be felt over a 14 years' period, because the actuary uses a smoothed (or blended) valuation asset calculation method. Since this year's losses will also be blended with other years' gains and losses, the potential exists for a gentler recovery than might be observed from a strict market value perspective.

The Study showed the effects of a 5% loss for the current fiscal year would result in extra contributions of more than $5 million, again over 14 years.

Mr. Leonard indicated that since he prepared his report in late March, the Fund had recovered significantly to an almost break-even position for the year. Since the assumed yield for the Fund is 6.75%, a zero percent return would still produce significant actuarial losses with a peak year impact of almost $300,000.00 in additional contributions from 2024-2029, however the Trust has suffered 0% or slightly negative returns before and the smoothing has helped maintain steady valuation results.

Mr. Leonard did recommend that an additional 2.1% in contributions should be added to the 2020-2021 budget, from 22.8% to 24.9%, in anticipation of the Coronavirus impact on the Trust Fund.

The bottom line was that there was still 3 months to go in the year, and we will just have to wait and see how the markets and the economy adjust to the current situation, for however long it lasts.

Actuary's note as of August 4, 2020 – the Fund has continued to perform reasonably well since he spoke to the Board, and the request for additional funding for 2020-21 seems less crucial at this time.

Member Neils also asked about going to a fixed dollar amount versus a percentage of payroll.

Mr. Leonard was given direction to provide the Chairman with a fixed rate for payment at the beginning of the fiscal year.

CONSENT AGENDA:

For Ratification:

Warrant #155

Brown & Brown of Florida Inc.	$ 3,476.00
(Fiduciary Liability Insurance; Inv 2455588 2020 Installment)	

Warrant #156

Benefits USA, Inc. (Admin Fees 3-4/2020; INV #POG124)	$ 5,000.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 14, 15)	$ 797.50
James Moore (2019 Audit INV #708391)	$ 6,000.00
Southeastern Advisory (Investment Consulting Services: INV #1Q20)	$ 5,200.00
Integrity Fix Income Management (1st Qtr. 2020; INV #2555)	$ 4,346.75
Highland Capital Management (2nd Qtr'20 Mgmt. Fees; INV #23655)	$ 5,525.97

Warrant #157

Benefits USA, Inc. (Admin Fees 5/2020 plus Postage; INV #POG125)	$ 2,510.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 16)	$ 1,485.00
BNY Mellon, N. A. (1st Qtr. 2020; INV #126698)	$ 7,781.93
David G. Leonard, A.S.A. (INV #20-18)	$ 17,850.00

Hearing and seeing no changes, Member Johansson moved to approval Warrant #155-157. Member Neils seconded the motion and the motion passed.

For Approval:

Warrant #158

Benefits USA, Inc. (Admin Fees 6/2020; INV #POG126)	$ 2,500.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 17)	$ 550.00
First State Trust (1st Qtr. 2020 Custodial Services)	$ 4,500.00

Hearing and seeing no changes, Member Johansson moved to approval Warrant #158. Member Rivera seconded the motion and the motion passed.

<u>DISTRIBUTION:</u>
<u>Voluntary Plan</u>
For Ratification:

David Harrell	Total Withdrawal	$ 2,000.00

Hearing and seeing no changes, Member Johansson moved to approve the distributions as noted above. Member Stiltner seconded the motion and the motion passed

<u>REPORT:</u>
Comments from Board Attorney:
Attorney Chudachek reported that Gov. DeSantis issued Exec. Order 20-139, which extended the ability to hold virtual pension meetings per Exec. Order 20-69 until June 30, 2020

Comments from Member
Member Johansson noted that he contacted others regarding the Trustee replacement for the Board.

Chairman Peter Ferreira commented that he spoke with Ms. Heather Carrizales of HR about setting up an electronic election for new active members Trustee to fill in this position.

Comments from Administrator
Administrator Pete Prior reported that the Administration Office received responses from all the retirees except for one retiree who did not completed and submit the 2020 Pension Verification letters. He noted that this is the same person as last year.

Administrator Pete Prior also reported that FPPTA provide the free Virtual Learning Series to all Members.

<u>ADJOURNMENT:</u>
The meeting adjourned at 2:35 p.m.

Pete P

8/27/20

Chairperson **Date**