CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
REGULAR MEETING MINUTES
February 22, 2021

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 February 22, 2021 in the 2nd Floor Conference Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Chairman Peter Ferreira, Vice Chair Cynthia Rivera, Scott Stiltner, Scott Neils, Heather Carrizales and Interim City Manager Jamie Miller

ABSENT AND EXCUSED:
Michael H. (Jake) Johansson

OTHERS PRESENT:
Mei Fang and Peter Prior of Benefits USA, Inc.; Brent Chudachek, Fund Attorney; Dave Leonard, Actuary; Zach Chalifour of James Moore, Auditor all via Zoom.

APPROVAL OF MINUTES:
December 14, 2020 – Quarterly Meeting
Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of December 14, 2020. Member Rivera moved to approve the minutes as presented. Member Carrizales seconded the motion and the motion passed.

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

PRESENTATION:

2020 Valuation Report and GASB67&68 – Dave Leonard

Chairman Ferreira asked Mr. Leonard to start the 2020 Valuation Report and GASB 67& 68 Presentation. Mr. Leonard addressed the Board the October 1, 2020 Valuation Report will be reviewed by Lawrence Deustch, a copy of Mr. Deustch's "peer review" for the 2020 Annual Valuation Report will be provided with the Final version of the Annual Valuation Report.

Mr. Leonard reported that the Valuation Contribution sets the City's recommended contribution rates as a percentage of payroll for the year following the valuation year - i.e., the 2019-2020 recommended contribution rate is 23.1% based on the October 1, 2018 Valuation results.

For the October 1, 2020 valuation, the City's recommended contribution as produced by the draft valuation results is 21.7% of covered compensation.

The 2019-20 trust asset return was 8.7% on a market value basis which led to an 8.9% return on the "smoothed" valuation method. The valuation asset gains helped reduce the contribution percentage by 2.48%.

The State of Florida has adopted the PUB-10 tables for the Florida State Retirement (FRS) Plans. By statute, there are filings for your plan that require the use of the same mortality tables as FRS. The increases in costs from this table are minor in and of themselves with less than a 1% increase in liabilities and an even smaller increase in normal costs. The increase in the contribution is about 4.4% or about $34,000 annually. This change adds slightly less than 1% of salary to the recommended contribution.

Mr. Leonard provided a brief report on GASB 67 & 68 which is of no impact to the Plan. As of September 30, 2020: Total Pension Liability is $40,015,704; Plan Fiduciary Net Position is $34,864,426; Net Pension Liability is $5,876,800 and the Plan Fiduciary Net Position as a percentage of the Total Pension Liability is 87.13%.

As of September 30, 2020, Pension Plan membership consisted of the following: 105 Inactive Members or Beneficiaries currently receiving benefits, 21 Inactive Members entitled to but not yet receiving benefits and 82 Active Plan Members. FS 2020 Actuarial Assumptions applied to all periods in the measurement: Increase 4.0% and Investment Rate of Return is 6.75% represented under Section 8 in the GASB 67-68 report.

Member Stiltner moved to accept the October 1, 2020 Valuation Report without "peer review". The motion was seconded by Member Neils and the motion passed.

Member Stiltner moved to approve the October 1, 2020 Valuation Report. The motion was seconded by Member Neils and the motion passed.
Member Stiltner moved to approve both GASB 67 & 68 Reports. Member Neils seconded the motion and the motion passed.

Discussion of Lowering the Assumed Rate of Return – Dave Leonard
Mr. Leonard reported that he had the interest rate study which was requested by the Pension Board at the December, 2020 Board Meeting. Mr. Leonard reviewed the impact of a potential change in rates from 6.75% to 6.00%. The one-year change in the contribution rate would be 13.7% of payroll, or about $480,000. The change could be phased in over three or five years, and other experience factors would modify the ultimate increase by the end of the phase in period.

There was discussion concerning the magnitude of the change, and also the trust's ability to return the current assumed rate – both in the short term and over the long term.

After further discussion, it was decided to discuss this issue at the March 29th meeting. Member Stiltner moved to table this item to March 29, 2021 meeting agenda. Member Neils seconded the motion and the motion passed.

2020 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, 2020, reporting that they rendered a clean, unqualified opinion. The net investment income for the year was $3,043,441 which was $1,905,214 higher than the 2019 income; Total Employer Contributions were $849,692; Total Employee Contributions were $275,875. Operating expenses for fiscal year ended 9/30/2020 were $76,185. Total benefits paid were $2,591,963 which was $20,183 greater than 2019. All those numbers totaling a balance of $36,523,914 as of September 30, 2020. 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, 2020 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 2020 Financial Statements. Member Carrizales seconded the motion and the motion passed.

FINANCIALS:
December 2020 and January 2021 - Dave Leonard
Mr. Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is $39,593,264.66, a decrease of ($446,522.97). Receipts for the month totaled $1,192,960.69 versus total disbursements of ($1,441,844.74). Payments to retirees and other participants totaled $213,189.17. The balance as of January 31, 2021, was $652,630.99 in the Cash account. Actuary Leonard reported that the yield for the month of December, 2020 is 3.02%, and the yield for the month of January, 2021 is (0.83%).

CONSENT AGENDA:

For Ratification:

Warrant #163

Benefits USA, Inc. (Admin Fees 1/2021 plus Postage; INV #POG131)	$ 2,511.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Stmt. 25)	$ 1,870.00
Southeastern Advisory (Investment Consulting Services: INV #2004)	$ 5,200.00
Integrity Fix Income Management (4th Qtr. 2020; INV #157192)	$ 4,246.56
Highland Capital Management (1st Qtr'21 Mgmt. Fees; INV 26881)	$ 7,221.56
James Moore (2020 Audit INV #722999)	$ 5,000.00
First State Trust (4th Qtr. 2020 Custodial Services)	$ 4,500.00
David G. Leonard A.S.A. (Actuarial Services: INV #21-001)	$ 3,500.00

For Approval:

Warrant #164

Benefits USA, Inc. (Admin Fees 2/2021; INV #POG132)	$ 2,500.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Stmt. 26)	$ 1,127.50
BNY Mellon, N. A. (4th Qtr. 2020; INV #138931)	$ 12,727.75

Member Stiltner moved to approval Warrant #163 and Warrant#164 as amended (Ste. changed to Stmt.). Member Rivera seconded the motion and the motion passed.

REPORT:

Comments from Attorney

Attorney Chudachek reported to the Board regarding Florida Senate Bill 664, which was signed into law on July 1, 2020 and is found in Fla. Stat. 448.095, which now requires public employers, as well as their contractors and subcontractors (if any), to register with and use the E-Verify system to confirm the work authorization status of all employees hired on or after January 1, 2021. Attorney Chudachek stated that the authorization status of employees won't apply to the Board since the Board has no employees *per se*. However, Attorney Chudachek stated that Fla. Stat. 448.095 also mandates that a public employer, contractor, or subcontractor may not enter into a contract unless each party to the contract registers with and uses the E-Verify system. He reported that the Pension Plan Board is considered to be a "public employer" as that term is defined under Fla. Stat. 448.095 and therefore needs to register with the E-Verify system moving forward in case it enters into any subsequent contracts with contractors etc... Attorney Chudachek stated that he made the Plan Administrator and Chair aware of this prior to the meeting and that the Plan Administrator will work on getting the Board registered with E-Verify and he is available to assist should the Plan Administrator have any questions or needs assistance.

Comments from Member

Member Heather Carrizales reported that she heard one Retiree has passed away but there are no family members to contact at this time. Ms. Carrizales said she would ask the Administrator and the

Bank to research the issue and provide them with a link regarding the possible passing of a member of the Plan. Administrator Peter Prior thanked Ms. Carrizales for her help.

ADJOURNMENT:
The meeting adjourned at 3:14 p.m.

Cynthia K Rivera
Vice Chairperson

3/29/2021
Date