CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT PLAN
REGULAR MEETING MINUTES
February 22, 2016

ROLLCALL:

The Regular Meeting of the City of Port Orange General Employees Retirement Plan was called to order by Chairperson Donahue at 2:05 p.m. on February 22, 2016 in 1st Floor City Council Chambers, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:

Chairperson Kent Donahue, Vice Chairperson Sonya Laney, Council Member Scott Stiltner, Donnie Franklin, Peter Ferreira, Tracey S. Riehm, and Linda Johnson

ABSENT AND EXCUSED:

OTHERS PRESENT:

Mei Fang of Benefits USA, Inc., David Leonard, Actuary; Zach Chalifour of James Moore, Auditor

PARTICIPANT/PUBLIC PARTICIPATION:

Mr. Noftall

APPROVAL OF MINUTES

January 25, 2016 – Regular Meeting

Chairperson Donahue asked the Members if they have any issues with the minutes, corrections, additions, or deletions. Member Johnson moved to approve the minutes of January 25, 2016 Regular Meeting, as amended. Member Stiltner seconded the motion and the motion passed.

FINANCIALS:

October 1, 2015 Draft Valuation Report - Dave Leonard

Mr. Leonard addressed the Board and provided a draft copy of the October 1, 2015 Valuation Report which is being reviewed by his peers.

Mr. Leonard reported that there are 132 active employees, 77 retirees, disabilities, and beneficiaries receiving payments and 24 vested terminated Members not yet receiving benefits. Mr. Leonard reported that the aggregate funding method is being used for this Plan. The present value of benefits for active Members is $9,483,480, for the retirees are $18,425,332 and $486,722 for the vested terminated Members. The recommended contribution level this year is 15.5% of expected compensation will be used for the 2016-17 fiscal year. This represents a 0.2% decrease over last year's 15.7% recommended contribution. The actual 2014-2015 contribution by the City at 13.25% was less than our recommendation by about $137,000. The recommended level for financial accounting purposes will necessarily trail the valuation by a year, creating over and under-contributions although the City still meets its technical obligation. Fund Auditor Mr. Zach agreed with this, he said Fire Pension fund adopted a year in arrears to set up contribution rate, and he is not sure whether Police Pension Fund did adopt or not. Member Riehm moved to adopt a year in arrears to set up contribution rate. Motion was seconded by Member Laney. Motion passed. Mr. Leonard said he will restate the number for 2015 GASB67/68.

Mr. Leonard reported that the rate of return for the Plan is 7.5%. The 2014-15 trust asset return was just 2.2%, the valuation yield for the year was about 6.5%. Salaries did increase slightly more than our 4% assumption, and there were some high profile early retirees at subsidized rates.

Mr. Leonard indicated that they were going to recommend the new, more aggressive RP-2014/MP-2014 mortality table this year. However a couple of factors have led us to determine that no change in the mortality assumptions should be made – at least not for 2015. The first is that additional studies from the same researchers at the Society of Actuaries have found that the mortality improvements projected in MP-2014 are significantly overstated. The other is that the State of Florida has changed their mortality assumption to RP-2000/Scale BB, which is what we used in 2014. Given these factors, we recommend to not to change the assumption at this time.

Chairperson Donahue asked what the assumption rate is for Port Orange Fire and Police Pension Funds. Mr. Chalifour said that Police is 7.5% and Fire is 8.5%. Member Riehm moved to have the Actuary prepare a study to change the assumed interest rate from 7.5% to 7.35% and 7.0%, and bring a separate report for the next meeting. Motion was seconded by Member Laney. Motion passed. Mr. Leonard stated he will complete a final review for October 1, 2015 Valuation Report and present the results of the study to change the assumed rates at the March meeting.

January 2016 – Dave Leonard

Mr. Leonard reviewed the financials with the Board. Mr. Leonard noted the market value of the Fund is $28,751,857.43, a decrease of $1,051,689.23. Receipts for the month totaled $1,456,700.47 versus total disbursements of $994,385.99. Payments to retirees and other participants totaled $154,408.91. The balance as of January 31, 2016 was $1,125,242.88 in the Cash account. Mr. Leonard reported that the yield for the month is -3.56%.

Member Stiltner moved to accept the December statements as provided. Member Ferreira seconded the motion and the motion passed.

UNFINISHED BUSINESS

There was no unfinished business listed on the Agenda for this meeting. Member Riehm advised the Board that she has some outstanding issues that should have been listed under Unfinished Business. Ms. Mei Fang reported that the Administration office did not receive a reply or update on those items but would provide the data when the information becomes available.

NEW BUSINESS:

Presentation of 2015 Draft Audit Report-James Moore

Mr. Zach Chalifour presented the fiscal year 2015 audit, reporting that they had given a clean, unqualified opinion. The net investment income for the year was $697,349 which was $2,036,545 lower than the 2014 income; Total Employer Contributions was $673,300 which was $29,441 lower than the 2014 Employer Contributions; Total Employee Contributions was $397,523 which was $7,904 lower than the 2014 Employee Contributions. Operating expenses for the 2015 were $73,963. Total benefits paid were $1,798,774 which was $136,730 greater than 2014. All those leaving a balance of $28,806,018 as of September 30, 2015 which was $177,196 lower than 2014 total plan net assets. Mr. Chalifour reported that he had found no compliance or internal control issues to be reported to the Trustees. Mr. Chalifour noted they did have some difficulty finding certain files for those retirees retired before Benefits USA was the administrator. It was noted that the auditor is waiting for the Actuary to issue the final October 1, 2015 Valuation Report prior to releasing the Final 2015 Audit Report, so there is no motion to approve 2015 Audit Report for today's meeting.

Betty Ceribelli – Normal Retire Payment for Approval

Chairperson Donahue reviewed the documents reflecting the retirement payment for Ms. Betty Ceribelli. Member Riehm moved to approve the retirement and the supplement for Ms. Ceribelli. Member Ferreira seconded the motion and the motion passed.

Michael Stefanick – Normal Retire Payment for Approval

Chairperson Donahue reviewed the documents reflecting the retirement payment for Mr. Michael Stefanick. Member Laney moved to approve the retirement and the supplement for Mr. Stefanick. Member Franklin seconded the motion and the motion passed.

CONSENT AGENDA:

For Approval:

Warrant#110

Benefits USA, Inc. (Admin Fees 02/2016; INV #POG083)	$ 2,500.00
David G. Leonard, ASA (Actuarial Services: INV #16-004&5039)	$ 4,130.00

James Moore (2015 Audit INV #541818)	$ 3,000.00

Member Laney moved to approve Warrant #110. Member Ferreira seconded the motion and the motion passed.

REPORTS:

Members

Member Riehm advised the Board that she had several issues with the Administrator and requested follow up and reports for the next meeting. The first issue is the City is required to have GASB 67/68 and suggested to the Board that the Plan Actuary, Dave Leonard, prepare the 2015 GASB67/68 Statement as soon as possible. Mr. Leonard said he can complete and forward to City prior to the March meeting and he will provide them to the Board. Member Laney said the City should pay or share the actuary fee for GASB67/68. Member Laney moved to have the chair discuss with City Manager to ask the City to pay or share the actuary fee for GE Pension Fund 2015 GASB67/68 Report. Member Ferreira seconded the motion and the motion passed.

Member Riehm said she wants an update on the letter of explanation that was sent to the members regarding the new Policy for Voluntary Fund. Ms. Mei Fang reported that the letter was drafted by the Fund Attorney and approved by the Board at the prior Meeting. The Chair executed the letter the administrator provided the signed letter to Human Resources for mailing along with their 2015 Voluntary Account Statements. Member Laney asked Ms. Fang to include this letter in next meeting packets. Ms. Mei Fang stated she will do so. Member Riehm requested the administrator provide a list of responses from those separating from employment that have a remaining balance after they received letter. Ms. Mei Fang will provide that information.

Member Riehm requested an update on deceased retiree Recardo Wilker's death benefits payment. Ms. Mei Fang stated there are several deceased retirees with no records in the Administration office or HR. Ms. Fang stated she will work with HR to contact their Beneficiaries. There is a lot of work however; we will try our best to bring up to date information on Recardo Wilker.

Member Riehm said she received a complaint from Brenda Teehan who stated her Social Security Number was posted on City's web. Ms. Mei Fang said she will research this complaint and bring the report to the next meeting.

Ms. Mei Fang reported that the Administration office did forwarded Member Riehm's email to the Fund Attorney to ask his opinion on whether the Plan is due a receivable for the fiscal year 2015 on 2-19-2016; however we did not receive a reply yet. Member Riehm stated since the Board adopted a policy of a one year back for setting the contribution rate in today's meeting; therefore the problem was solved.

NEXT MEETING DATE:
March 28, 2016 @ 2:00pm

ADJOURNMENT:
The meeting adjourned at 4:07 p.m.

Kent Donahue	March 28, 2016
Chairperson	Date