**CITY OF PORT ORANGE**
**FIRE AND RESCUE PENSION BOARD OF TRUSTEES QUARTERLY MEETING**
***MINUTES***
**Monday, February 18, 2019, 4:30 PM**

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| **Members Present:** | Jim Reardon, Chairman<br>Joe Meeske, Secretary<br>Vince Jones<br>Scott Stiltner |
| **Members Absent:** | Chris Taylor |
| **Plan Administrator:** | Julie Enright |
| **Plan Attorney:** | Pedro Herrera, via conference call |
| **Consultant:** | Frank Wen, Burgess Chambers, Performance Monitor (BCA) |
| **Actuary:** | Patrick Donlan, Foster & Foster Actuaries |
| **City Staff:** | None Present |
| **Public:** | 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, November 12, 2018

*Member Meeske moved to approve the minutes of November 12, 2018; which passed unanimously.*

**REPORTS (ATTORNEY/CONSULTANTS)**

**Mr. Frank Wen, Burgess Chambers (BCA), Performance Monitor, quarterly report as of December 31, 2018**

Mr. Wen presented the December 31, 2018 total fund investment performance report. He noted that total fund values as of 12/31/2018 was $24,104,539 with a 7.0% drop in value due to high volatility in the market over the quarter. Although the fund suffered a loss, still it was less of a loss than most other pension funds. He noted that the private real estate investment in American Realty was up for the quarter and this helped smooth the losses of the other investments.

Mr. Wen presented an analysis of the Large Cap funds and recommended the Board add Polen Capital, a mutual fund, with a slightly more aggressive investment strategy that focuses on Blue Chip companies. By adding Polen Capital this will compliment the investment in Fiduciary Management who has a Core Value strategy. This will add diversification without adding additional risk to the Large Cap funds providing downside protection to the investment. Mr. Wen recommends investing $1 million now and invite Polen Capital to review additional funding options. The funds will come from Cash and Fiduciary Management. The fee will be 75 basis points.

*Secretary Meeske moved to transfer $1 million from cash and Fiduciary Management to Pollen Capital a mutual fund based on Burgess Chambers recommendation; Member Jones seconded the motion, which passed unanimously.*

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**Pedro Herrera, Plan Attorney**

Mr. Herrera presented his report as follows: 1. Update regarding status of the opinion letter for supplemental benefits and Board request for an actuarial impact statement. The impact statement of the cost to include supplemental benefits is completed. Mr. Herrera had discussion and follow-up with City pension attorney who requested information regarding the impact statement. 2. Pending legislative bill, seeking to amend Chapter 112 regarding forfeiture of pension to include correctional officers, and a bill filed to extend the open meeting clause in Florida, expanding the notice provision including an expanded agenda and notice timeframe. 3. Division of Retirement conference in Tallahassee April 30-May 2. 4. Disability application in process pending completion of receipt of the medical records, then schedule an independent medical evaluation, then informal hearing.

**Julie Enright, Plan Administrator**

Mrs. Enright presented her report to the Board and noted: PNC retiree death audit - no deaths reported by bank; coordinated request for data for the Annual State Report; distributed the Annual Investment Activity Report for FY 17/18 to the City; submitted actual administrative expenses for FY 17/18 to the City for posting on the website and to Plan members (via email 2/5/19); forwarded copies of final Ordinance 2018-4 and 2018-3 to State, Actuary and Plan Attorney; coordinated travel for the Winter FPPTA Trustee School for Member Meeske; coordinated PNC liquidation of the Vanguard Real Estate Index fund to Fiduciary Management; distributed memo for open position (based on recent Ordinance change) for Member Vince Jones (elected) term expiring. Member Jones confirmed for another term (4-year term or end of DROP). Notified members of unopposed term.

**NEW BUSINESS**

**Presentation of 10/1/2018 Actuarial Valuation by Foster & Foster**

Mr. Patrick Donlan presented the 10/01/2018 actuarial valuation report. Mr. Donlan discussed the computation of the average final compensation due to the 2013 change in the benefit, noting that the frozen benefit will not change over time, the benefit going forward will change based on the new benefit as stated in the revised pension ordinance. Th

Mr. Donlan noted that to determine the actuarial value of the assets a 4-year rolling average is used to smooth the ups and down of the stock market, he noted the net pension liability that the City includes on its balance sheet is $16,459,487 and the funded ratio is 64.75%. The required contribution is 75.7%. The pension fund investment rate of return as of 10/01/2018 is included in this report and noted the Board had elected to reduce the rate of return from 7.6% to 7.5%. The Board discussed the current rate of return, consensus is to stay at the current rate for now as it is the most common rate in the State of Florida. Mr. Donlan recommended the Board consider an experience study over the summer where the assumptions are analyzed over the last 10 years to determine their actual results so the Board can determine the effectiveness of the assumptions.

*Member Stiltner moved to authorize Foster & Foster to complete and Experience Study to be presented at the August Board meeting at a cost of $7,500; Secretary Meeske seconded the motion which passed unanimously.*

*Secretary Meeske moved to approve the 10/01/2018 Actuarial valuation, Member Stiltner seconded the motion, which passed unanimously.*

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**Declare expected rate of return for the next year, next several years and the long term, based on the advice of its investment professional and/or actuary, for submittal to the State and City**

*Secretary Meeske moved to declare the expected rate of return for the next year at 7.5%, Member Jones seconded the motion, which passed unanimously.*

**Approval of "Assignment of Advisory Agreement" with SSI Management and Resolute Investment Managers.**

*Secretary Meeske moved to approve the Assignment of Advisory Agreement with SSI Management and Resolute Investment Manager, Member Jones seconded the motion, which passed unanimously.*

**Approval of reduction of the management fee for SSI Management effective 10/1/18**

*Secretary Meeske moved to approve the reduction of management fee to 75 basis points for SSI Management effective 10/01/2018, seconded by Member Jones, which passed unanimously.*

**OLD BUSINESS**

**Discussion regarding correspondence of the Actuarial Analysis of the supplemental benefit provisions.**

Mr. Donlan advised the Board that he has answered the City Actuary's questions and he is awaiting any further questions.

**RATIFICATION: DISBURSEMENTS/RETURN OF CONTRIBUTIONS AND DEPOSITS**

1. Sugarman & Susskind, Professional Services dated January 15, 2019 - **$4,666.15**
2. PNC fees for custody, quarter end 12/31/18: FMI - **$968.20;** SSI -**$332.50;** Cash - **$0;** MCV - **$244.79;** Real Estate - **$70.55**; International - **$351.11;** Fixed income ETF - **$318.08;** Integrity **$684.46** (total fees: **$2,969.69)**
3. PNC Bank SCC 12/31/18 quarter end $316.84
4. Fiduciary Management Inc., 12/31/18 quarterly **fee $7,236** (included credit)
5. Burgess Chambers, Performance Monitor, 12/31/18 quarterly fee - **$10,533.00**
6. SSI, quarterly fee, 12/31/18 quarterly fee - **$5,542**
7. American Realty Advisors – 12/31/18 quarterly fee **-$3,877.95**
8. Integrity Fixed Income Management – 12/31/18 quarterly fee - **$3,341.02**
9. Julie Enright, Professional Services - **$7200** (quarterly administration fees paid for November, December, January); mileage reimbursement and copy charges $**102.19**
10. Travel expenses for Joe Meeske attendance at the FPPTA Winter School in the amount of $650 for registration and $555 for the hotel.
11. FPPTA 2019 Annual Membership renewal in the amount of $600.
12. Deposit in the amount of $200 for Pension Actuary calculation of purchase of credited service for Joe Wulfing
13. Distribution of annual COLA's for December, January and February to: Amos, Burgman, Shelton, Whalen, Ballinger, Calache, Campbell, Crouch, Dickerson, Ferda, Jania, Kinnamon, Miller, Price, Robertson, Sedacca, Staley, Vola, Weber, Weir, Whitaker, Carrasquillo, Fast, Hodgins, Hooker, Jennettan, Traster
14. Contribution refund to Brandon DelValle in the amount of $17,575.64
15. Insurance premium deduction change and address change for plan members sent to PNC

*Secretary Meeske moved to approve the Disbursements as listed in the Agenda; Member Jones seconded the motion, which passed unanimously.*

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**STAFF REPORTS, DISCUSSION, AND ACTION** - None

**TRUSTEES' REPORTS, DISCUSSION, AND ACTION**

Secretary Meeske attended the FPPTA Trustee School and recommend the Trustee School to the Board.

**REQUESTS FROM THE PUBLIC/EMPLOYEES PRESENT** - None

**ADJOURNMENT** – There was no further business; Chairman Reardon adjourned the meeting at 6:00 PM.

Julie Enright
Julie Enright, Plan Admin.

Tim Reardon 5/13/19
Tim Reardon, Chairman