CITY OF PORT ORANGE GENERAL EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN QUARTERLY MEETING MINUTES
March 3, 2025

ROLL CALL:
The meeting of the City of Port Orange General Employees' Defined Benefit Retirement Plan was called to order by Chairman Ferreira at 2:00 p.m. on March 3, 2025 in 2nd Floor Conference Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Chairman Peter Ferreira, Linda Truitt, Amanda Bonin, Tim Burman and Paul Salerno

ABSENT AND EXCUSED:
Scott Stiltner

OTHERS PRESENT:
Pete Prior and Mei Fang of Benefits USA, Inc; Brent Chudachek, Fund Attorney; Jeff Swanson of Southeastern Advisory; Dave Leonard and Michael Albino, BPAS Actuary; Zach Chalifour of James Moore, Auditor and Ferrell Jenne of Foster & Foster

APPROVAL OF MINUTES:
December 2, 2024 – Quarterly Meeting
Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the Minutes of December 2, 2024. Member Bonin moved to approve the Minutes as presented. Member Burman seconded the motion and the motion passed 5-0.

PRESENTATION:
2024 Valuation Report and GASB67&68 – Dave Leonard
Chairman Ferreira introduced Mr. Leonard regarding the 2024 Valuation Report and GASB 67& 68 Presentation. Mr. Leonard addressed the Board regarding the October 1, 2024 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 2025-2026 recommended City contribution rate is 29.8% under current actuarial assumptions of 6.00%.

For the October 1, 2024 valuation it was prepared on a group of 53 active members, a decrease of twelve (12) from 2023. The Pre-2012 Plan active employees decreased by ten (10) to 43. The "new" Plan population experienced two (2) vested terminated member decreasing to 10 actives. The 2023-2024 Plan year saw that the trust earned 16.5% which left the smoothed valuation yield to 6.99%. The Actuary's recommendation for 2025-2026 plan year includes an increase in the contribution level from 20.1% to 29.8%. other factors that impacted the cost calculation were the second year in a row of large increases in compensation among the active member's salary, which was up 10.1%, far in excess of the assumed rate of 4%. Based on current conditions, using a higher assumed interest rate 6.5%, our final recommendation for 2025-26 – with the Board's approval - will be 21.3%.

Mr. Leonard provided a brief report on GASB 67. As of September 30, 2024: Total Pension Liability is $45,277,556; Plan Fiduciary Net Position is $38,824,682; Funded Ratio is 85.75% (10-1-2024) vs. 81.00% (10-1-2023).

As of September 30, 2024, Pension Plan membership consisted of the following: 117 Inactive Members or Beneficiaries currently receiving benefits, 24 Inactive Members entitled to, but not yet receiving benefits and 53 Active Plan Members. FS 2024 Actuarial Assumptions applied to all periods in the measurement: Increase 4.0% of salaries and Investment Rate of Return is 6.50%.

Member Linda Truitt moved to approve the October 1, 2024 Valuation Report and GASB 67 with assumed Investment Rate of Return is 6.50%. The motion was seconded by Member Bonin and the motion passed 5-0.

2024 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, 2024, reporting that they rendered a clean, unmodified opinion and advised we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The net investment income for the year was $5,848,641.00; Total Employer Contributions were $611,995.00; Total Employee Contributions were $281,295.00. Operating expenses for fiscal year ended 9/30/2024 were $92,914.00. Total benefits paid were $2,873,478.00. All those numbers total a balance of $39,952,697.00 as of September 30, 2024. Mr. 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, 2024 and changes in fiduciary net position for the year

then ended in accordance with accounting principles generally accepted in the United States of America. Chairman Peter Ferreira moved to approve 2024 Financial Statements. Member Bonin seconded the motion and the motion passed 5-0.

FINANCIALS:

January 31, 2025 - Dave Leonard

Mr. Leonard reviewed the financials with the Retirement Committee. It was noted that the market value of the Fund is $40,397,707.79, an increase of $982,233.95. Receipts for the month totaled $460,069.09 versus total disbursements of ($699,781.99). Payments to retirees and other participants totaled $257,469.63. The balance as of January 31, 2025, was $1,041,491.12 in the Cash account. Actuary Leonard reported that the yield for the month of January, 2025 was 2.96%.

Southeastern Advisory – Jeff Swanson

Mr. Jeff Swanson reviewed the investment performance report for the period ending December 31, 2024. Equity markets following their underperformance in the third quarter, growth stocks regained their lead ship in fourth quarter. Large, Mid and Small-Cap growth stocks all outpaced their value counterparts in this quarter which posted negative across all market-cap segments. The S&P 500 Index rose by 2.4% in fourth quarter which ending the year with an impressive gain of 25.0%. However, the dominance of U.S. mega-cap stocks persisted, and the equal-weighted S&P 500 earned only 13% for the year. The presidential election outcome sparked a broad rally in November driven by expectations of tax cuts, deregulation and increased infrastructure spending. The rally lost momentum in late December after the Federal Reserve prompted a market sell-off by reducing the anticipated number of interest rate cuts for 2025.

Mr. Jeff Swanson reported that the value of the Fund's portfolio as of December 31, 2024, was $39,226,360. The Total Fund returned (0.13%) for the fourth quarter which was 0.5% lower than the target Index of 0.37% and ranked 18% of Total Public Fund Sponsors, 9.90% for the one year, and 1.41% for the past three years on an annualized basis. The asset allocation is 62.5% Domestic Equity, 13.7% Fixed Income, 8.8% International Equity, 11.6% Real Estate and 3.4% Cash. Total Domestic Equities' return was 1.46%, which was 0.95% below the S&P 500 Index of 2.41%. Total Fixed Income returned (1.75%), which was 1.31% above the Blmbg U. S. Aggregate Index of (3.06%). Total International Equities' return was (6.13%), which was 1.98% above the MSCI EAFE Index of (8.11%). Total Real Estate's return was 1.37%, which was 0.47% above the NCREIF Property Index of 0.90%.

Mr. Swanson suggested that First State Bank sell $1,000,000.00 in the Vanguard Global Equity Fund and submitted a $1,000,000.00 redemption request to the Florida Investment Trust Atlanta Capital Fund, the total of $2,000,000 should be transferred to the Integrity Fixed Income account. Member Truitt moved to approve the recommendations of the consultant. Member Salerno seconded the motion and the motion passed.

NEW BUSINESS:

Benefits USA Report

Mr. Pete Prior attended the meeting accompanied by Ms. Ferrell Jenne of Foster & Foster.

Mr. Prior addressed the Board stating it's been a while since he has been before the Board and that Benefits USA has been the administrator for 17 years and expressed his appreciation for keeping Benefits USA retained as the administrator.

Mr. Prior then referenced his age stating the time has come for him to retire and that the decision did not come lightly. He stated that he looked at trying to be competitive in the market place but it would take a lot more capital, manpower, personnel and time. Rather than trying to reinvent Benefits USA and spend all the time and money, go through beta testing for online portals and after much discussion and thought, he made the decision to go with Foster & Foster. They have the technology the Board wants, they are very deep in the bench, he has 6 people working at Benefits USA and Foster & Foster has 18 administrators. Mr. Prior commented that he did his due diligence, and there are only a few firms in the Pension Administration business and hands down, the firm he would choose is Foster & Foster.

Ms. Ferrell Jenne addressed the Board and provided a brief history of the firm. They are an actuarial firm and have been in the Pension Administration business for 12-years. Their main office is located in Cape Coral, FL. They currently have 100 plus clients with 18-administrators and a deep support staff. She emphasized their commitment to providing high-quality service and their transition plan for taking over from Benefits USA.

Foster & Foster provided two fee schedules, Option A, is a flat monthly retainer of $4,100.00 and Option B, continue with Benefits USA currently monthly retainer fee of $2,500.00 but charge hourly rates for any time spent above the retainer amount. Mr. Prior advised the Trustees they could choose to go with Foster & Foster and opt for one of the 2 proposed fee schedules and that they always have the option to terminate a provider upon written notice which is written in the contract, or they could choose to go out for RFP (Request for Proposal).

Much discussion took place about the two options, Chairman Peter Ferreira thanked Benefits USA and its staff for the many years of service to the Pension Fund, and providing them (the Board) with an option and in all the years has steered the Board in the right direction. He commented that just knowing how much time it takes to get started he believes Option A would be less expensive. The Trustees reviewed and discussed both option and decided on Option A because of its cost-effectiveness.

Following discussion; Chairman Peter Ferreira moved to engage the services of Foster & Foster with a strong recommendation from Mr. Prior of Benefits USA and proceed with Option A- Fee (Flat Fee included all) agreement, and to cap the CPI-U at 5%. Trustee Linda Truitt seconded the motion and the motion passed 5-0.

Ms. Mei Fang expressed her gratitude to the Board for their support and respect over the years and respecting her work ethic and thanked them for their faith in the service she provided. Ms. Fang wished the best for the Board and all the members.

Fund Attorney Brent Chudachek said that he will work with Foster & Foster to prepare the Agreement and send the documents to the Chairman for signature.

CONSENT AGENDA:

For Ratification:

Warrant #204

Benefits USA, Inc. (Admin Fees 12/24 plus postage)	$ 2,634.82
LORIUM PLLC (Ste 75)	$ 2,777.50
Newton Investment Management North America, LLC (3rd Qtrs. 2024; INV #451453)	$ 8,830.31

Warrant #205

Benefits USA, Inc. (Admin Fees 01/25 plus postage)	$ 2,500.00
LORIUM PLLC (Ste 76)	$ 2,200.00
Southeastern Advisory (Investment Consulting Services: INV #2404)	$ 6,212.00
Integrity Fix Income Management (4th Qtr'24; INV #476515)	$ 3,383.55
First State Trust (4th Qtr'24 Custodial Services)	$ 4,500.00
James Moore (2024 Audit INV #819080)	$ 8,000.00

For Approval:

Warrant #206

Benefits USA, Inc. (Admin Fees 02/25)	$ 2,500.00
LORIUM PLLC (Ste 77)	$ 27.50
Newton Investment Management North America, LLC (4th Qtrs. 2024; INV #451644)	$ 10,122.46
Brown & Brown of Florida Inc (Fiduciary Liability Insurance; File#74315; 2024 Installment)	$ 4,559.14

Member Burman moved to approve Warrant #204 to #206. Member Salerno seconded the motion and the motion passed 5-0.

NEXT MEETING DATE:

June 2, 2025@12:30 p.m. – 2025 Employee Pension Fund Conference
June 2, 2025@ 1:30 p.m. – Quarterly Meeting

ADJOURNMENT:

The meeting adjourned at 3:30 p.m.

Chairperson

6/2/25
Date