

**CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT PLAN REGULAR  
MEETING MINUTES  
February 26, 2018**

**ROLL CALL:**

The meeting of the City of Port Orange General Employees Retirement Plan was called to order by Chairperson Linda Johnson at 2:00 p.m. on February 26, 2018 in the 2nd Floor Training Room, City Hall 1000 City Center Circle, Port Orange, FL.

**TRUSTEES PRESENT:**

Chairperson Linda Johnson, Vice Chairman Peter Ferreira, Tracy Riehm, Lynn Hadley, Jake Johansson and Kynah Cockcroft

**ABSENT AND EXCUSED:**

Scott Stiltner

**OTHERS PRESENT:**

Pete Prior of Benefits USA, Inc., Dusty Buck and Dave Leonard, Actuary, City's Risk Manager Grace Stewart and Heather Carrizales of Human Resources

**APPROVAL OF MINUTES**

**October 23, 2017 – Regular Meeting**

Chairperson Linda Johnson asked the Members if they have any issues with the minutes, any corrections, additions, or deletions. Member Riehm moved to approve the minutes of October 23, 2017 meeting as written. Member Johansson seconded the motion and the motion passed.

**January 22, 2018 – Regular Meeting**

Chairperson Linda Johnson asked the Members if they have any issues with the minutes, any corrections, additions, or deletions. Member Johansson moved to approve the minutes of January 22, 2018 meeting as written. Member Ferreira seconded the motion and the motion passed.

**PARTICIPANT/PUBLIC PARTICIPATION:**

Retiree Chris Kucera addressed the Board asking about the pre-tax issue. He specifically wanted to know what his tax liability would be if he rolls his portfolio over to another qualified plan. Actuary Leonard said that he does not have the information with him but he can provide Mr. Kucera the information after the meeting.

## **UNFINISHED BUSINESS**

### **Matrix for the Vendors' Performance Review**

#### **Draft Service Provider Evaluation**

Member Lynn Hadley reported that she forwarded a Draft Matrix form to Mr. Prior which is included in today's Meeting Packets. Member Johansson said that he didn't think the form is sufficient to use in the current format. Mr. Johansson would like to ask the Police and Fire Pension Fund what form they are using to review their vendors. It was noted that the other two pension funds in the city do not have a form to review their vendors. After further discussion, Member Johansson asked all Board Members do more research and make notes. Mr. Johansson asked that Board members bring all their suggestions back to next meeting. The purpose is to try and get a final matrix form to use, to review all of the vendors performance.

Chairperson Linda Johnson said that March meeting is a quarterly meeting which already has a long Agenda. She suggested this item be tabled until the April meeting. Member Johansson moved to table the item. Member Ferreira seconded the motion and the motion passed.

## **FINANCIALS:**

### **January 2018 – Dave Leonard**

Actuary Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is \$35,135,917.82, an increase of \$881,026.83. Receipts for the month totaled \$2,087,238.21 versus total disbursements of \$2,256,622.14. Payments to retirees and other participants totaled \$430,129.17. The balance as of January 31, 2018, was \$1,013,067.96 in the Cash account. Chairperson Johnson reported that the yield for the month is 3.59%.

Member Ferreira moved to accept the January report as provided. Member Johansson seconded the motion and the motion passed.

### **Revised September 2017- Dave Leonard**

Actuary Leonard reviewed the Revised September 2017 financials with the Board. He explained this report has been revised because the split of contributions between Employer, Employee Mandatory, and Employee Voluntary for April 2017 and July 2017 were incorrect on the First State Trust statements. There were about \$6,900.00 in contributions that needed to be moved between sources.

Actuary Dusty Buck reported that First State Bank still has not received the overpayment made to deceased Retiree Margaret Kelly. Ms. Buck said the payment was made in 2017 and she has contacted Mr. Robinson of First State several times in the past several months to resolve this issue. She was able to find out that the Administrators office mailed the check back to First State Bank who confirmed that the check was deposited in the pension funds account. She was further informed that several weeks later the payment was rejected because Ms. Kelly's account was closed. After further discussion, Administrator Pete Prior was directed to follow up with First State Trust Bank.

Actuary Leonard provided a summary of the 2017 valuation. Actuary Leonard said this is the second year of the 7% transition down to the benchmark. The City's contribution rate is 21.7% for fiscal year 2017 versus 17.3% for fiscal year 2016. Mr. Leonard noted that the recommended

contribution rate for 2018-19 is 21.3% of covered employee payroll, as the Fund moves to lower the rate from 7.5% to 7.0%.

Actuary Leonard advised the Board that before he continued further with the Valuation he wanted to discuss with the Board the results of the Experience Study that he prepared for them. He advised the Board that as they are aware the Plan has an early retirement enhanced benefit of 25 years and out. The Study looked at 98 participants and found that of those 35 were active employees who were eligible for early retirement but were still working as of September 30<sup>th</sup> although some have retired since then. There are 63 retirees of those 36 have retired under the 25 and out enhanced program and 27 who do not have the 25 years of service or retired after age 65. One hundred percent of the participants who were eligible for the enhanced early retirement benefit did so at some point. The prior assumption was that if somebody became eligible for this benefit, 55% would retire within a year. The Study showed that of the employees eligible for the enhanced benefit, only 11% retired at age 55 and a significant amount of those between age 55 and 63 who had the benefit retired compared to those who did not but not nearly as high as they assumed. The Study also showed that among the general population not eligible for this benefit at age 62 or 63, also retired early because they qualified for social security benefits.

Actuary Leonard advised the Board that based on the results of the Study he was recommending a decrease in the assumption before age 62 and increasing the assumption at age 62 and 63. He also stated that based on the Study they would like to cut in half the amount of people who are assumed to retire when they hit 25 years and stagger the percentages of what age they are- more evenly instead of saying at age 55 they will leave. Actuary Leonard informed the Board that he wished he could run the calculations and advise the Board what the impact of these changes would be and to that end he has a special program designed specifically for the Board called the Orange Program that can run those calculations for them. He just needed for the Board to approve the changes to the assumptions that he was recommending and he would provide this information to his programmer who would prepare the calculations. Once that was done they could complete the final valuation using the new assumptions. He estimates that the changes may reduce the costs by either half or one percent of pay. Actuary Leonard stated that he should have the final valuation by the next meeting. Member Johansson moved to approve the recommendations made by the Actuary to change the assumptions. Member Hadley seconded the motion and the motion passed.

Actuary Leonard reported that Ms. Dusty Buck will be moving to a part time position as she will be doing elementary teaching on a part time basis but will be assigned to this account.

#### **NEW BUSINESS:**

##### **Election of Officers- Chairperson**

A motion by Member Johansson to nominate Member Linda Johnson as the Chairperson was seconded by Member Cockcroft. Member Linda Johnson won the election by acclimation.

##### **Election of Officers- Vice Chairperson**

A motion by Member Johansson to nominate Member Peter Ferreira as a Vice Chairperson was seconded by Member Cockcroft. Member Peter Ferreira won the election by acclimation.

The Board congratulated Member Linda Johnson for her election as Chairperson and Member Peter Ferreira for his election as Vice Chairperson of the City of Port Orange General Employees Retirement Plan.

**William Geno- Early Retire Payment for Approval.**

Chairperson Linda Johnson reviewed the documents reflecting the retirement payment for Mr. William Geno. Member Johansson moved to approve the retirement and the supplement for Mr. Geno. Member Ferreira seconded the motion and the motion passed.

**CONSENT AGENDA:**

**Warrant#132**

Benefits USA, Inc. (Admin Fees 2/2018; INV #POG103)	\$ 2,500.00
First State Trust (4 <sup>th</sup> Qtr. 2017 Custodial Services)	\$ 4,375.00
James Moore (2017 Audit INV #566594)	\$ 4,000.00
David G. Leonard & Associates, Inc. (Actuarial Services: INV #6220)	\$ 1,320.00
Lynn Hadley (Reimb. For FPPTA Trustee School Travel Expense)	\$ 780.57

Hearing and seeing no changes, Member Ferreira moved to approve Warrant #132. Member Johansson seconded the motion and the motion passed.

**DISTRIBUTIONS:**

**Mandatory Plan**

**Peter Petillo** **Total Withdrawal** **\$ 1,732.96**

Member Johansson moved to approve Mandatory distribution for Peter Petillo. Member Hadley seconded the motion and the motion passed.

**Benjamin Rivas** **Second Withdrawal** **\$ 20.17**

Member Johansson moved to approve Mandatory distribution for Benjamin Rivas. Member Ferreira seconded the motion and the motion passed.

**REPORTS:**

**Attorney-Retirement Date and RFP for attorney**

Administrator Pete Prior reported that the Fund Attorney emailed a reminder about his impending retirement on 12-31-2018. He suggested that the Pension Board should start looking for a new Fund Attorney as soon as possible. Member Hadley said that she talked with several attorneys at the FPPTA school. Mr. Prior also informed the Board of several attorneys that specifically work for pension plans. The Board decided to include the RFP for Attorney on the Agenda of either the June or July meeting.

**Administrator:**

Administrator Pete Prior reported that he contacted First State regarding the issue of the forms and whether they were being filled out correctly and Mr. Robinson informed him that

yes, they were filling out the forms correctly. Mr. Prior also informed the Board that the next FPPTA Annual conference will be in June in Orlando.

**Comments from Committee Members**

Chairperson Linda Johnson said that she was contacted by the City Risk Manager Ms. Grace Stewart and asked to sign the Application to renew the Fiduciary Liability Policy for the Plan. Chairperson Johnson said that since she has never signed this application before she has brought this issue to the meeting for discussion. The Board asked who signed the prior application and Ms. Stewart answered that former Chairperson Donna Steinebach signed the last one in 2014. Member Riehm said this is the Pension Fund's responsibility; not the City. The City has never paid this kind of policy for either the Police or Fire Pension Funds. After further discussion, Member Johansson moved to approve Chairperson Johnson signing the application. Member Ferreira seconded the motion and the motion passed noting that Member Ferreira will contact the insurance agent at Brown & Brown regard the removal of the ICMA Fund. Mr. Prior informed the Board that his office would follow up on this application and obtain the quote.

**Correspondence**

Administrator Prior noted that the packets contained correspondence that was received on behalf of the Board and it is there for informational purposes for the Members.

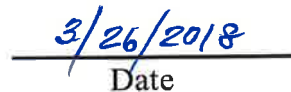
**NEXT MEETING DATE:**

March 26, 2018 – Quarterly meeting

**ADJOURNMENT:**

The meeting adjourned at 3:38 p.m.

  
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Chairperson

  
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Date