

**CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT  
PLAN 2018 CONFERENCE MINUTES**

**4545 South Clyde Morris Blvd – Police Dept. Training Room**

**Monday, July 23, 2018 @ 12:30 p.m.**

**CALL TO ORDER:**

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

**ABSENT AND EXCUSED:**

**OTHERS PRESENT:**

Pete Prior of Benefits USA, Inc., Grant McMurray of Highland Capital, Dave Leonard, Actuary, and Jeff Swanson of Southeastern Advisory

**Introduction – Chair**

Chairperson Johnson opened the conference thanking the employees that took the time to attend the meeting, as the meeting was meant to inform the employees of their pension, and the soundness of the Pension Plan. Chairperson Johnson introduced Board Members Vice Chairman Peter Ferreira, Scott Stiltner, Lynn Hadley, Kynah Cockcroft, Tracy Riehm and Jake Johansson. Chairperson Johnson also provided a summary for the City of Port Orange General Employees Retirement Pension Fund.

Chairperson Johnson also thanked the vendors that have been retained by the Plan, Benefits USA, Pete Prior, Jeff Swanson of Southeastern Advisors, Dave Leonard, Actuary, and Grant McMurray, Highland Capital. Chair Johnson noted that Mr. Jim Robinson of First State Trust Company, the custodian, will not be here today as his flight was cancelled due to weather in the North East. With that being said, the Chair introduced Pete Prior of Benefits USA, the Plan Administrator.

**Update from Plan Administrator Benefits USA– Pete Prior**

Mr. Prior thanked the Chairman for the introduction. Mr. Prior said this year, Benefits USA, celebrates its 21<sup>st</sup> business anniversary as a Third-Party Administrator. We would like to thank the Board for retaining our services as its Plan Administrator.

Mr. Prior reported on several items including but not limited to the following:

- a. Do not forget to setup or update your Beneficiary Forms. Most employees will have more than one Beneficiary Form, such as for your pension, life insurance, or a deferred compensation plan, to name just a few.
- b. Seek a financial planner before you retire, preferably at least one year away from retirement and five years is not unheard of. Notify the City and Pension

Administrator of your intent to participate in early retirement or normal retirement.

- c. Keep all pension related materials in a safe place. Advise family members where the documents are stored for safe keeping in case of an emergency.

As the Administrator for the Plan, Benefits USA coordinates with city staff members in several departments, such as the City Clerk, Human Resources, and the Finance Department. As members retire Benefits USA assists them, along with a representative of HR, with the application for retirement. As a reminder we cannot provide financial advice but we can direct the employee in the right direction. Benefits USA also works closely with the Members of the Board to administer the Plan, coordinate with all the vendors of the Plan such as the Board attorney, Custodian, Consultant, and Money Managers. We also advise the Board of current legislation and educational material that may be available to the Board Members.

Mr. Prior distributed the copies of a summary of Frequently Asked Questions about the DROP and Retirement. Mr. Prior went over all the processing procedures on how to enter the DROP and Retirement. Mr. Prior also provided his cell phone and Administration Office contact information to make sure that we can assist the members any time. Chairperson Johnson also brought the discussion for the Retirees' health insurance. Ms. Heather Carrizales of Human Resources clarified the following: The City provides all Members' the opportunity to continue to include them in the City's health insurance plan when they retired. Most members will pick the City's Medical Plan until they are qualified for Medicare.

#### **Update from Actuary – Dave Leonard- Actuarial Duties and Plan Funded Status**

Mr. Dave Leonard delivered a shortened version of his 2018 presentation to the City Council, in which he explained the progress the Plan has made towards fully funding benefits, as well as illustrating the trend towards a smaller active population with a larger number of retirees. He discussed the cash flow situation of the plan with questions from the audience, putting their minds at ease that this was a natural occurrence in the life cycle of a pension plan. He also spent a few minutes dissecting a sample participant statement, so the participants could better understand the annual update of their benefits.

Mr. Leonard then proceeded to present a short summary of the October 1, 2017 Annual Valuation Report, in which he reviewed current and historical funded ratios, contribution levels, and participation levels. As of September 30, 2017, Pension Plan membership consisted of the following: 86 Inactive Members or Beneficiaries currently receiving benefits, 20 Inactive Members entitled to but not yet receiving benefits; 116 Active Plan Members, totaling 222 members. Mr. Leonard reported on the City's Contribution, Participant Contribution, Benefits Payments and Net Investment Income of 2015/2016 Plan Year vs. the 2016/2017 Plan year. Mr. Leonard reported that the Actuarial Assumptions of 7% applied to all periods. The

Inflation rate is 3% and Salary Increases were 4.0%. He noted that this information is reported under Section 8 in the GASB 67-68 report.

**Investment Discussion – Southeastern Advisory Jeff Swanson**

Mr. Swanson serves as the general asset consultant for the plan. His role is to assist the Board in meeting its goals and staying within compliance of Florida law regarding permissible investments. The Board develops an Investment Policy Statement which identifies the investment targets and risk controls for the plan in order to achieve its 7.0% rate of return.

The Investment Policy Statement also identifies the asset classes that the plan will invest in. The pension fund is invested across Global Equity, Real Estate and Fixed Income with seven asset managers and approximately 80% in risk assets. The Board's duties include evaluation of the asset managers and replacing them or rebalancing between them as needed. The goal return for the plan is 7.0% and the fund has achieved returns that have averaged over 9% for each of the five year periods ending March 31, 2018. Mr. Swanson explained that the Board has made some excellent decisions and this asset performance ranks in the 11<sup>th</sup> percentile of the Universe.

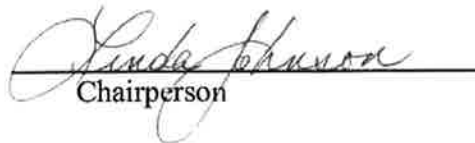
**Update from Investment Manager – Highland Capital Grant McMurray**

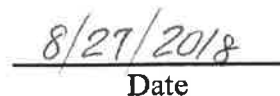
Mr. Grant McMurray introduced himself to the Board and explained why he does not speak directly about individual stocks rather than the portfolio, as he feels his firm creates portfolios for his clients. Mr. McMurray also commented on the selling of his firm ICC Capital to Highland Capital.

**ADJOURNMENT:**

The Pension Board Trustees thanked all the Pension Fund Members for attending today's conference. They encouraged the retirees to attend Pension Board meetings, keep communications open with all Pension Board Members.

The meeting adjourned at 1:54 p.m.

  
Chairperson

  
Date