

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes: July 16, 2020

1. Chair Anthony Napolitano called an electronic meeting of the Board to order at 2:30 PM. Mr. Baur called roll. Those persons present included:

TRUSTEES

Tony Napolitano, Chair
Tony Hood
Marti Newport
Chief Nate Spera

OTHERS

Scott Baur & Albert Lovingood,
Administrator (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Pete Strong, Actuary (Gabriel Roeder Smith)
Burgess Chambers, Investment Consultant (Burgess
Chambers & Associates)
Jay McBee, Auditor (DiBartolomeo, McBee et. al.)
Additional Public

The Board welcomed Chief Marti Newport, newly appointed to the Board.

2. MINUTES

The Trustees reviewed the Minutes for the meeting of June 11, 2020.

Chief Spera made a motion to approve the Minutes for the meeting of June 11, 2020. The motion received a second from Tony Hood, approved by the Board 4-0.

3. BENEFIT APPROVALS

The Board reviewed the benefits for approval.

Tony Hood made a motion to approve the benefits. The motion received a second from Chief Spera, approved by the Trustees 4-0.

4. INTERIM FINANCIAL STATEMENTS & DISBURSEMENTS

The Board received and filed the interim financial statement through June 30, 2020.

The Trustees then reviewed the Warrant dated July 16, 2020, for approval of plan expenses.

Chief Spera made a motion to approve the Warrant dated July 16, 2020 for payment of invoices. The motion received a second from Tony Hood, approved by the Trustees 4-0.

5. REPORTS

Attorney Report (Bonni Jensen, Klausner Kaufman Jensen & Levinson)

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Attorney Bonni Jensen reported that she is working with Chief Spera and Fire District Attorney Kim Sabol to restate the Plan Document. She discussed limitations on accrued leave time in the final average salary for members entering the DROP with less than 10 years of service. Chief Spera stated that he would look into the intent of the bargaining agreements to clarify the calculation of the benefit for a member in that situation. The proposed restatement also incorporates recent changes to Federal law raising the age for Minimum Required Distributions (MRD) from 70-1/2 to age 72. Ms. Jensen explained that the restatement would allow the Board to incorporate future updates required by changes to the Internal Revenue Code by Policy, facilitating the process to keep the Retirement Fund in compliance.

Ms. Jensen then reminded Trustees of the requirement to file the annual Form 1 financial disclosure by July 1, now already past, with the Supervisor of Elections for the county in which each Trustee resides. Most of the election offices will now accept the Form 1 electronically by email.

October 1, 2019 Valuation Report (Pete Strong, Gabriel Roeder Smith)

The Board reviewed the draft Valuation in May and adopted the revised October 1, 2019 Valuation Report at the June 11, 2020 meeting incorporating changes. Mr. Strong briefly reviewed the final report with assumption changes as adopted by the Board. The Fire District must contribute \$15,582,134 or 46.55% of payroll to the Retirement Fund for the fiscal year ending September 30, 2021, based on the lower 7.6% earnings assumption, updated mortality, amortization, and salary increase assumptions.

Ms. Jensen stated that a member requested the Board have the actuary determine the impact to leave members already in the DROP at a higher earnings credit rate. The Plan Document and past bargaining agreements set the rate to 1% lower than the actuarial assumed rate in the valuation. The requested change would have a cost to the plan, and Chief Spera noted that the DROP was to remain cost neutral. If the Board did consider such a change, the cost for the additional benefit would pass to the current active members and the Fire District. Tony Hood observed that the Board administers the plan and does not set benefits. Moreover, the local does not typically bargain on behalf of retirees. The Board declined to take any further action on the request.

Audit Report (Jay McBee, DiBartolomeo, McBee, Hartley, & Barnes, P.A.)

Jay McBee presented the opinion letter by the auditor, offering an unmodified (clean) opinion of the Board financial statements as of September 30, 2019. He reviewed the required audit disclosures.

Mr. McBee reported that the Retirement Fund had total net assets of \$262,146,671 as of September 30, with a receivable for an accrual for a TerraCap capital call. He then reviewed the changes to net assets from the prior year, with additions from contributions and investment results, with outflows to pay benefits and expenses. The Retirement Fund had an increase of \$13,652,955 to net assets from the prior year. He further reviewed the notes and required disclosures, with a notation for the COVID pandemic as a subsequent event. The audit notes contain additional sections describing plan benefits, contributions and funding status, investments and related notes with classifications for liquidity, DROP activity, and details of changes to the benefits over time. The audit includes schedules from the annual Valuation Report. Overall the Retirement Fund has total investment of 72 bp and administrative expenses of 5 bp, considered both very low and very efficient in the industry. He concluded by noting that the plan experienced a good year.

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Tony Hood made a motion to approve the September 30, 2019 audit report. The motion received a second from Chief Spera, passed by the Board 4-0.

Investment Consultant (Burgess Chambers)

Burgess Chambers reported that the investment portfolio had a 14.8% gain for the June 30 quarter, with an additional gain of 5.3% through July 14, 2020.

Administrator Report (Scott Baur, Resource Centers)

The Board reviewed the proposed letter to members in the DROP, explaining the change to the earnings assumption. The Trustees suggested changes to clarify the purpose of the correspondence. Mr. Baur also provided the Board with additional background reports from NASRA on current trends to investment return assumptions for public sector defined benefit pension plans.

Mr. Baur reported briefly on the electronic workshops for members of the Firefighters' Retirement Fund in September, both for education and to discuss the recent assumption changes. He will also create a page summarizing the current status of the plan. He noted that he may also conduct separate and additional workshops for members of the General Employees' Retirement Fund in a similar format. Ms. Jensen will provide updates to the Summary Plan Description for the next Board meeting in advance of the workshops.

6. NEW BUSINESS

The Board had no other new business for consideration.

7. OTHER BUSINESS

The Board had no other business for discussion.

8. PUBLIC COMMENTS

No members of the public had any further public comment, either during the public comment portion of the meeting or by email.

9. NEXT MEETING

The Board previously scheduled the next Quarterly Meeting for Thursday, September 17, 2020 at 1:30 PM. Bonni Jensen stated that the current Executive Order suspending the requirement for the Board to have a physical quorum expires on September 7, 2020, so the Board may have to hold a physical meeting pending any further extensions by the governor.

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10. ADJOURNMENT

Chief Spera made a motion to adjourn the meeting at 3:30 PM. The motion received a second from Tony Hood, passed 4-0 by the Trustees.

Respectfully submitted,

Brian Blizzard, Secretary