

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting Held November 17, 2011

The meeting was called to order at 2:08 P.M. by Chairman, Chris Bushman.

Those persons present were:

TRUSTEES PRESENT

Chris Bushman
Ron Parrish
Paul Raymond
Buddy (George) Emerson
Tony Napolitano

TRUSTEES ABSENT

None

OTHERS PRESENT

Scott Baur, Denise McNeill & Rachel Valdez; Resource Center
Bonni Jensen; Law Office of Perry & Jensen
Frank Wan; Burgess Chambers & Associates
Members of the Plan

MINUTES

The minutes from the prior meeting were presented to the Board.

- Tony Napolitano made a motion to approve the minutes as presented. The motion received a second from Paul Raymond and was approved by the Trustees 5-0.

DISBURSEMENTS

The disbursement listing was included in the Trustee packets for review.

- Paul Raymond made a motion to approve the disbursements as presented. The motion received a second from Ron Parrish and was approved by the Trustees 5-0.

PUBLIC COMMENTARY

Chairman, Chris Bushman invited those present to address the Board with public comments. There were no comments at this time.

INVESTMENT CONSULTANT REPORT

Frank Wan appeared before the Board to present the quarterly investment performance report for the period ending September 30, 2011. He noted that September closed on a very poor quarter which was the worst since 2008. He reported the Plan was down -10.7% for the quarter and -1.3% for the fiscal year. He explained there is no good justification for the market loss. He explained people are spending less money and therefore the economy is expected to have a slow to moderate growth. He noted it has been a slow, but steady recovery with the US driving the global economy; however there has been much 'noise' in the international market. Mr. Wan reported the weakened dollar has helped the industrial part of our economy; when costs are low in the US, fewer companies tend to outsource outside of the US. Mr. Wan reported the Plan is well diversified however it is still not immune to a dysfunctional Congress and what is happening overseas. Mr. Wan explained that in the past six weeks in the new plan year, the Plan has rebounded and recovered most of the September loss. To date, the Plan is up 7% for the new fiscal year. He noted that there is no

recommendation to adjust the Plan allocation at this time; however if France and Germany lose their hold on the European market, they may want to reconsider the current asset allocation. Mr. Wan reviewed each asset class. He explained the top few names in the portfolio had significant activity and almost 50% of the total trading was influenced by the high volume trades. Mr. Wan presented a chart to reflect emerging market ETF's. He explained they will continue to track the ETF portion of the portfolio and make sure it does not continue to under-perform the index so dramatically. In reviewing the real estate REITS, he noted REIT's were down -14% due to irrational selling. He noted that more recently, there were large inflows of money into commercial property and the real estate is expected to return 8% to 8.5% in the next fiscal year. Mr. Wan reported the Plan ranked in the top 42% of public funds in the past three years; however the recent year ranking was much lower. Mr. Wan reviewed the Plan's exposure and risk noting the Plan is taking less risk and receiving slightly more return. He explained the Plan is 100% liquid and can transfer to other alternate investments at any time. Overall, he noted the current asset allocation is good and he will continue to watch it closely.

ATTORNEY REPORT

DIVORCE INQUIRIES: Bonni Jensen presented a draft divorce notice that can be provided to members in the hope that it will alleviate some of the constant communication from some of the members and help reduce legal costs to the Plan. Chris Bushman advised the information will be used with employees when they inquire into the pension as it relates to potential divorce matters.

LEGISLATIVE UPDATE: Mrs. Jensen reported on a bill that has been filed (House Bill 365) by Representative Costello, dealing with disability provisions in 112. The Bill proposes that people with fewer than five years of service or older than age 37 would receive no disability benefit from the presumptions. She noted they are also adding factors to be used to rebut presumptions. She noted they have also resurrected the provision that all pension plans need a budget which must be filed with the sponsor municipality. She noted the remaining changes on 175 and 185 deals with the use of the money, allowing that local governments do not have to be in compliance. She explained it is her fervent hope that they will be too busy redistricting this session and will not have time to deal with the pending Bills.

ING AND CEREDEX UPDATES: Mrs. Jensen advised the agreements have been reviewed and are ready for signature.

DROP POLICY: Mrs. Jensen presented and reviewed the revised DROP Policy.

- Buddy Emerson made a motion to accept the revised DROP Policy as presented. The motion received a second from Ron Parrish and was approved by the Trustees 5-0.

Denise McNeill presented a DROP withdrawal request that had recently been received from retiree, .

- Paul Raymond made a motion to authorize the DROP disbursement as requested due to the request being received at the same time the Board was initiating new procedures. The motion received a second from Tony Napolitano and was approved by the Trustees 5-0.

The Administrator will ask Human Resources to distribute the policy to all active employees and a copy of the policy will be mailed to all retired members with a DROP account.

CLASS ACTION LITIGATION: Mrs. Jensen reported that it appears Oil Sands will be heading to bankruptcy. The class action attorney recommended it was in the best interest of the Plan to file a demand for reimbursement.

- Paul Raymond made a motion to instruct the litigation attorney (Scott and Scott) to file a demand for reimbursement to Oil Sands. The motion received a second from Ron Parrish and was approved by the Trustees 5-0.

Bonni Jensen advised she had sent an email to the State informing them the Plan will continue to use GAM83 mortality tables.

ADMINISTRATIVE REPORT

ALETHEIA TRANSITION: Denise McNeill reported that upon final signature of the ING agreement, they will move forward with the account transition accordingly, moving the funds from Aletheia to ING and Atlanta Capital.

DROP UPDATE: Scott Baur reported the latest DROP statements are available online. The latest four DROP members have been submitted to the actuary for calculation and three more are pending final payroll.

Chris Bushman reported the administrative transition with Suntrust has been a challenge. It was noted that the Plan's account representative at SunTrust had recently changed again.

2012 MEETING SCHEDULE: The Trustees discussed the 2012 meeting schedule. They felt there was too much activity for them to only meet quarterly and therefore they will continue with meeting every other month.

Denise McNeill inquired into the Trustee terms. Mrs. Jensen noted that she has a resolution regarding the terms and will forward to the administrator accordingly.

There being no further business to discuss and the next regularly scheduled meeting set for January 19, 2012:

- Paul Raymond made a motion to adjourn at 3:14 PM. The motion received a second from Tony Napolitano and was approved by the Trustees 5-0.

Respectfully submitted,

Ronald Parrish, Secretary