

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



## Minutes of Meeting Held August 16, 2012

The meeting was called to order at 1:30 P.M. by Chairman, Chris Bushman. It was noted the meeting was being held as a partial joint meeting with the General Employees Pension Board to address actuarial valuation matters.

Those persons present were:

### TRUSTEES PRESENT

Chris Bushman  
Paul Raymond  
Ron Parrish  
Buddy (George) Emerson  
Tony Napolitano (1:50 P.M.)

### TRUSTEES ABSENT

None

### OTHERS PRESENT

Scott Baur, & Rachel Valdez; Resource Center  
Bonni Jensen; Law Office of Perry & Jensen  
Doug Lozen; Foster & Foster  
Jay McBee; DiBartolomeo, McBee, Hartley, & Barnes, P.A  
Ken Crooks  
Several Members of the Plan

Gary Perdew entered the meeting at 1:32 P.M.

### ACTUARIAL VALUATION REPORT

Bonni Jensen explained the trustee packets had a memo regarding the approach to develop funding requirements. She explained contributions can be set as a dollar amount vs. a percentage of payroll. Ken Crooks asked the pleasure of the board regarding the different funding methods. Doug Lozen explained history of the position taken by the State of Florida. He explained with the percentage method it is possible to have overages or shortages which are trued up at the end of the fiscal year. The dollar contribution method allows for the plan to match to the dollar amount. Ken Crooks asked if there is a negative impact by making the change and Mr. Lozen explained there would not be a negative impact. Ken Crooks explained that he feels there is a benefit in the dollar figure method and it may help with the overall budgeting versus using a percentage of payroll which can require follow up adjustments. Discussion followed regarding changing to a dollar contribution method and when that change could take place. Ken Crooks stated that he would like to begin with the current 2011 valuation pending approval.

### GE

- Gary Perdew made a motion to convert from the percentage to dollar amount method of payroll effective with the 2011 valuation report. Lengthy discussion followed regarding the matter. Mr. Lozen explained he would prefer to issue an addendum rather than redoing the 2011 valuation report. The motion received a second from Carl Trabulsy and was approved by the Trustees 5-0.

### FIRE

- Paul Raymond made a motion to convert from the percentage to dollar amount method of payroll effective with the 2011 valuation report. The motion received a second from Chief Parrish for discussion. [Anthony Napolitano entered the meeting at 1:50 P.M.] Lengthy discussion followed regarding the matter. Chief Parrish explained he is not certain if the

collective bargaining agreement allows the board to make the change. The motion on the table was called for a vote. Chris Bushman, Paul Raymond and Anthony Napolitano voted yes and Buddy Emerson and Chief Parrish voted against. The motion passed 3 to 2.

Mr. Lozen explained that the change will require a revision to the pending 2011 valuation. It was noted that the change does not apply to the funding for fiscal year ending 2012 and would apply prospectively to the funding beginning October 1, 2012. Mr. Lozen described how the contribution may change in years where the payroll either increases or decreases. Mr. Lozen noted it would be an additional cost of \$1,000 each to revise each 2011 valuation report.

GE

- April Maya made a motion to approve for the 2011 valuation report to be amended changing from the percentage of payroll and utilizing the specific dollar amount of contributions for contribution funding. The motion received a second from Linda Gaskill and was approved by the Trustees 5-0.

Doug Lozen then reviewed the experience study. He explained the study looks at what has actually happened versus the assumptions used in the Plan. He noted the Board sets the assumptions which should represent the best estimate of future experience. Mr. Lozen then reviewed the studies in detail breaking down each assumption separately. He noted the General Plan has a higher percentage of female employees therefore the 1983 mortality table is more conservative than the RP2000 table in their case. Lengthy discussion followed regarding the past few month's communication and Mr. Crooks noted that he doesn't feel the actuary is providing the Board with any options. Mr. Lozen explained that an actuary cannot issue a valuation with unreasonable assumptions. He explained that arbitrarily lowering assumptions can make a plan unsound over time. He noted that the experience study provides information only. Discussion followed of ways to affect contribution amounts. Mr. Lozen explained when the Boards separated benefits from the City of Fort Pierce, the assumptions had been carried over and continued unchanged and he isn't certain why they were not updated by the prior actuary. He explained that specific assumptions cannot be used to back into a desired contribution amount. Mr. Lozen explained the General Board may not want to adapt the mortality table change in isolation however the Fire Pension Board must change their mortality table in order to stay in compliance to have their report accepted and approved by the State. The Trustees asked various questions regarding the assumptions. Mr. Lozen explained that if future investment losses are experienced, contributions will increase anyway. Mr. Lozen noted that he would be okay with the Fire Plan using the GAM83 mortality table; however the State has a mandate now that will require a more up to date table be used.

FIRE

- Buddy Emerson made a motion to change to the RP2000 mortality table and for the change to take effect for the 2011 valuation currently pending approval. The motion received a second from Paul Raymond and was approved by the Trustees 5-0.

The General Board acknowledged that they do not have an issue with requiring State approval; however the Trustees feel they should maintain uniformity in plan assumptions.

GE

- Gary Perdew made a motion to change to the RP2000 mortality table and for the change to take effect for the 2011 valuation currently pending approval. The motion received a second from Ken Crooks for discussion. After further discussion, the motion was approved by the Trustees 4-1 (April Maya voted against the change).

The General Pension meeting adjourned at 3:16 P.M. and the meeting for the Fire Pension Plan continued. Chief Parrish also departed the meeting at that time.

## **MINUTES**

The minutes from the May 17, 2012 meeting were presented to the Board.

- Paul Raymond made a motion to approve the minutes as presented. The motion received a second from Tony Napolitano and was approved by the Trustees 4-0.

## **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 Tony Napolitano and was approved by the Trustees 4-0.

## **PUBLIC COMMENTARY**

There were no public comments at this time.

## **AUDITOR REPORT**

Jay McBee appeared before the Board to present the Audited Financial Report for the period ending September 30, 2011. He reported the plan had unqualified opinion. He reviewed the balance sheet and income and expenses noting net assets increased from \$130,262,279 to \$132,568,157. He indicated investment performance remained volatile for the year. He reported that contributions exceeded investment losses. Mr. McBee stated the amount of \$1,912,157 is a receivable for 175 premium taxes. He then noted that the audit report referred back to figures from the 2010 valuation as the 2011 valuation is still under discussion and pending approval.

- Paul Raymond made a motion to approve the audited financial report as presented. The motion received a second from Buddy Emerson and was approved by the Trustees 4-0.

## **ATTORNEY REPORT**

Mrs. Jensen sent a letter to the District regarding HB 401 relating to updating beneficiary information. She suggested a separate letter be sent out to retirees as the rules impact all members who may pass away after being divorced. Scott Baur explained the forms were mailed along with the health insurances forms during the recent open enrollment.

## **ADMINISTRATIVE REPORT**

**BENEFIT APPROVALS:** The benefit approval listing was included in the Trustee packets for review.

- Tony Napolitano made a motion to approve the benefit approvals for all retirements excluding Paul Raymond. The motion received a second from Buddy Emerson and was approved by the Trustees 3-0-1.
- Buddy Emerson made a motion to approve the benefit approval for Paul Raymond. The motion received a second from Tony Napolitano and was approved by the Trustees 3-0.

**FINANCIAL STATEMENTS:** The financial statements were presented in the Trustee packets for review.

**HARDSHIP WITHDRAWAL:** A hardship withdrawal request was submitted to the board for Johnnie Kemp. Rachel Valdez stated he requested a withdrawal outside of the open enrollment period due to unpaid medical bills. Documentation of such was presented to the Trustees in their packet. Bonni Jensen explained the DROP Policy provision does allow for hardship withdrawals if there is an immediate and substantial need which does include medical expenses.

- Buddy Emerson made a motion to approve the hardship request. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.

Scott Baur explained the fiduciary liability insurance may need an extension as the 2011 financial data still needs to be provided to the carrier. He asked the board if they would approve to obtain coverage through another carrier that would write the policy using the approved financial data from September 30, 2010 if necessary.

- Paul Raymond made a motion for the administrator to move forward with the fiduciary liability insurance renewal as necessary; either through the current carrier or with a new carrier as

needed. The motion received a second from Tony Napolitano and was approved by the Trustees 4-0.

Bonni Jensen requested a change to the minutes approved for the May meeting under the public commentary.

- Tony Napolitano made a motion to approve the May minutes as amended. The motion received a second from Buddy Emerson and was approved by the Trustees 4-0.

There being no further business to discuss and the next regularly scheduled meeting was set for September 20, 2012:

- Paul Raymond made a motion to adjourn at 3:40 PM. The motion received a second from Tony Napolitano and was approved by the Trustees 4-0.

Respectfully submitted,

Ronald Parrish, Secretary