ST. LUCIE COUNTY FIRE DISTRICT
FIREFIGHTERS' RETIREMENT FUND

Minutes of Meeting Held November 20, 2014

Chairman Ronald Parrish called the meeting to order at 2:15 PM.

Those persons present included:

TRUSTEES PRESENT	*Ronald Parrish* *George (Buddy) Emerson* *Anthony (Tony) Napolitano* *Ignatius (Nate) Spera* *Paul Raymond*
OTHERS PRESENT	*Scott Baur, Denise McNeill & Kerry Dutton; Resource Centers* *Bonni Jensen; Law Office Bonni Jensen* *Burgess Chambers; Burgess Chambers & Assoc* *Karen Russell; Director of Finance* *Several Members of the Plan*

PUBLIC COMMENTARY

Denise McNeill introduced Kerry Dutton from the Resource Centers. There were no other public comments at this time.

MINUTES

Minutes were presented to the Trustees for the September 18, 2014 meeting.

- **Anthony Napolitano made a motion to approve the September 18, 2014 minutes as presented. The motion received a second from Nate Spera and was approved by the Trustees 5-0.**

DISBURSEMENTS

Denise McNeill informed the Board that due to the Fiscal Year End as of September 30, 2014 the financial statement is not ready at this time. The Trustees reviewed the Disbursement Report for November 20, 2014. Mrs. McNeill reported on DROP withdrawals expected with the upcoming batch of retirements.

- **Nate Spera made a motion to approve the Disbursements for November 20, 2014 as presented. The motion received a second from Paul Raymond and was approved by the Trustees 5-0.**

INVESTMENT REPORTS: BCA (BURGESS CHAMBERS)

Burgess Chambers appeared before the Board to present the quarterly investment performance report for the period ending September 30, 2014. He reminded the Trustees convertibles, private real estate and hedge funds have all been added to further diversify the fixed income portion of the portfolio and the process has worked well for the Plan. Discussion followed regarding the global economy. Mr. Chambers explained the US is a melting pot due to significant opportunity and he feels the US is in much better shape than the global economy overall. Discussion then followed regarding the upcoming cash need for DROP separations. He explained the current quarterly cash target is 2% which is $3.8MM. He reported there is still an additional $810K in the real estate queue waiting to be "called". Mr. Chambers then reviewed each manager in detail. He noted Westwood's product has trailed in the bull market; however they tend to hold well in the down market. Mr. Chambers then explained that quarter to date; the Plan *had regained most of the prior quarter loss. He noted there is much money flowing into the US economy from Asia and Europe and overall he is very optimistic about the stock market.*

Discussion then followed regarding a request from American Realty, proposing changes to the Core Fund. American Realty has requested the Board's consent to change the agreement. Mrs. Jensen explained that American Realty is changing their vehicle and wants to allow foreign investors through feeder funds and parallel funds. She explained that in order to have this requested change take place, American Realty must receive consent from at least 60% their investors. Mr. Chambers explained he does not feel the change will dilute the investment of their current clients, there should be no economic impact to the Plan and he feels the Board should consent to the change as requested. He explained the new feeder fund (a sub-account of smaller investors) would be expected to add more capital into the real estate program. He explained these other investors will pay their own expenses so the change will not impact the Plan. Mr. Chambers advised that he will continue to monitor American Realty accordingly.

- **Anthony Napolitano made a motion to approve and endorse the American Realty Solicitation consent. The motion received a second from Paul Raymond and was approved by the Trustees 5-0.**

ATTORNEY REPORT (BONNI JENSEN)

SB534 UPDATE: Bonni Jensen presented the Board with the Senate Bill 534 update. She explained the change adds five additional reports and those reports must be made available on the Fire Districts website. Discussion followed regarding the letter from the Plan's actuary regarding the changes and new reporting requirements. It was noted actuaries around the State are not in favor of the additional reporting. Mrs. Jensen explained there are no standards at this time as to what the reports are supposed to look like. Discussion followed regarding the report released from the Leroy Collins Institute. Mr. Spera noted the report had arbitrary paradigms. The administrator and attorney both confirmed there has been confusion in some cities where the reports have been released and some Plans have even submitted written responses to the public in their local communities in an effort to clarify the confusion created by the Leroy Collins Institute report. Discussion returned to the new GASB67 requirements. One of the additional requirements is to report the Plan as though it earned 2% less than the assumed rate of return and the actuary has recommended that the Plan also then report as though the Plan earned 2% more than the assumed rate in an effort to reflect a proper variance. Discussion followed regarding the actuary fees quoted in the letter reflecting an additional total cost of up to $6,750 for all reports. Mrs. Jensen reiterated that the additional report is due 60 days after the Actuarial Valuation Report is received and approved by the Plan.

- **Nate Spera made a motion to approve the additional actuarial reports to be completed by the Plan's actuary; for the reports to include a comparison of earnings 2% above the assumed rate of return and for the total additional costs not to exceed $6,750. The motion received a second from Buddy Emerson and was approved by the Trustees 5-0.**

SUMMARY PLAN DESCRIPTION: Bonni Jensen then reviewed the changes made to the Summary Plan Description in detail. She requested the Trustees ask some members to review and see if they have any questions.

Chairman Parrish inquired into the rules of the DROP and the mandatory exit dates. He then inquired into whether or not someone could become a contractor for the Fire District upon separation from employment. Lengthy discussion followed regarding the DROP requirements. Mrs. Jensen explained the DROP members have a contract with the Plan to commit to a future employment term date. She explained if a member did not terminate employment as expected, earnings into their DROP account would cease to exist and they would not be able to receive a monthly pension check. The Trustees *inquired if a ripple effect could occur creating additional problems for the Plan beyond the issues discussed. Mrs. Jensen confirmed as the Plan exists, the member's account would essentially freeze with no additional earnings or deposits, nor could the member collect monthly pension benefits if still employed. She reminded the Board the Plan has a binding agreement with DROP members with a pre-set resignation date. Mrs. Jensen then reviewed the IRS rules regarding a bona fide separation of employment. She explained that the IRS could allow the Plan to have an in-service distribution rule; however that requires an age-based benefit level. She confirmed the Fire Chief has the option to opt out of the Pension Plan. The attorney and administrator addressed other Pension Plans where the situation has arisen and members had been informed their pension benefits would be frozen.*

OLD BUSINESS

There was no old business to be addressed at this time.

NEW BUSINESS

Paul Raymond inquired into the Union negotiations and the benefit changes initiated related to the 175 funds. He feels the members were not aware of the impact of the changes if there were not enough 175 funds to cover the cost of the changes. Bonni Jensen explained an impact statement was done in between readings; however it was not done in advance of the first reading. Mr. Spera addressed historical Plan changes which were valued to cost one amount; when the actual cost impact was several times expected. Discussion followed regarding the process.

ADMINSTRATOR REPORT

BENEFIT APPROVAL: A benefit approval was presented for Gordon West (DROP entry), Rod Kimball (DROP entry), Lennart Schelin (supplemental), Bruce Brannan (vested deferred pension).
Denise McNeill explained to the Board that Bruce Brannen is a vested deferred member who separated service from the Fire District in 1998. Mrs. McNeill explained the member is frustrated with the administrator due to the length of time it is taking to validate; first his pension benefit and now his supplemental benefit. She explained that the City had sent information to the member back in 1998 and again in 2003 in attempt to determine a base-line calculation; however he had not responded to the communication so no benefit had been pre-determined at that time. Mrs. McNeill explained the process of attempting to acquire copies of the Plan which had been in place at the time of his termination and she has found no evidence of the member taking a refund of contributions from the Plan. Discussion followed regarding the supplemental calculation. Mrs. McNeill advised the benefit in effect at the time of Mr. Brannan's separation was $32 per year of service for his age factor. The rate was then increased in 1999 and then again in 2007. Ms. McNeill believes Mr. Brannen is eligible to receive the 1999 rate increase of $34 due to the language; however the change implemented to the Plan in 2007 is written differently and does not appear to apply to vested members. The Trustees instructed the administrator to have Mr. Brannan's supplemental benefit calculated at the 1999 rate of $34 and if it is later found that he should be included in the 2007 rate increase; then a retro payment can be made to the member accordingly at that time. Paul Raymond stated that he did not remember the Board including vested deferred members when the 2007 rate increase was made.

- **Nate Spera made a motion to approve the pension benefits as presented. The motion received a second from Buddy Emerson and was approved by the Trustees 5-0.**

- **Nate Spera made a motion to approve the supplemental benefit for Bruce Brannan at the 1999 rate of $34.00 and to adjust payment if determined eligible for the 2007 rate. The motion received a second from Paul Raymond and was approved by the Trustees 5-0.**

There being no further business to discuss and the next regular meeting having previously been scheduled for January 15, 2015 at 2:00 p.m.

- **Nate Spera made a motion to adjourn at 4:11 PM. The motion received a second from Buddy Emerson and was approved by the Trustees 5-0.**

Respectfully submitted,

Ronald Parrish, Chairman