

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting November 19, 2015

Secretary George "Buddy" Emerson called the meeting to order at 2:37 PM.

Those persons present included:

TRUSTEES PRESENT George (Buddy) Emerson
 Ignatius (Nate) Spera
 Paul Raymond
 Anthony (Tony) Napolitano

TRUSTEES ABSENT N/A

OTHERS PRESENT Denise McNeill & Scott Baur; Resource Centers
 Bonni Jensen; Law Office of Perry & Jensen
 Mitchell Brennan; Burgess Chambers & Associates
 Kim Calhoun; Westwood
 Several Members of the Plan

PUBLIC COMMENTS

Chief Emerson reported the Fire Board had re-appointed two trustees to the Board as the Fire District representatives; Chief Emerson and Paul Raymond. He explained HR will be holding an election to fill the elected seat vacated by Paul Raymond's appointment. Chief Emerson then passed the gavel to Tony Napolitano.

- Buddy Emerson made a motion to appoint Nate Spera as Chairman. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.

Antonio Conte addressed the Board requesting clarification on his retirement eligibility as he transferred from the GE Plan to the Fire Plan. Discussion followed regarding the matter and whether or not Mr. Conte is now subject to a 10-year vesting since he transferred from GE to Fire after October 1, 2014. Mrs. Jensen will look into the matter in more detail.

MINUTES

Minutes were presented to the Trustees for the October 2, 2015 meeting. Mrs. McNeill reviewed a change requested by the attorney to clarify the statements regarding eligibility.

- Buddy Emerson made a motion to approve the October 2, 2015 minutes as amended. The motion received a second from Tony Napolitano and was approved by the Trustees -0.

DISBURSEMENTS

Denise McNeill reviewed the disbursement report. She noted the September 30, 2015 financial statements are not yet available due to year end processes.

- Tony Napolitano made a motion to approve the Disbursements for November 19, 2015 as presented. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.

WESTWOOD REPORT

Kim Calhoun of Westwood appeared before the Board to present an update of Westwood. She began by providing an overview of the firm, then provided a large cap value and MLP performance update through October 31, 2015. It was noted the physical books being reviewed were different from the electronic versions emailed the week prior. She reported year to date, the large cap was up 2.3% while the MLP was down -24.7%. She addressed the MLP explaining the 2014 crude oil price drop has had an impact

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on MLP's while historically, MLP's are typically not that correlated to commodities. She reviewed the structure of the MLP portfolio and the relation of supply and demand. Mrs. Calhoun reported third quarter earnings were strong, production is good and feels the recent issue largely related to uncertainty in the market. She reviewed the sector weights in detail explaining they expect a 12% growth within the companies currently held. She then reviewed specific holdings in detail. Mrs. Calhoun then went on to review the large cap portfolio. Discussion followed regarding the sector weights and comparison to the bench. Mrs. Calhoun then addressed issues which relate to closed funds that hold leverage at the end of a period which causes forced selling to pay out exits and tax losses. Discussion followed regarding each sector and specific holdings. She summarized explaining the style is transitioning back into favor.

INVESTMENT CONSULTANT QUARTERLY REPORT

Mitchell Brennan of Burgess Chambers & Associates appeared before the Board to present the quarterly investment performance report for the period ending September 30, 2015. Mr. Brennan introduced himself and reviewed his time with BCA. He presented a handout reflecting the plan was up 3% as of October 31, 2015. He then addressed the MLP's explaining he agrees with Mrs. Calhoun that the demand for the product will begin to increase. He then reviewed the Total Funds Investment Summary noting the Plan was down -5.4% for the quarter and -2.0% for the fiscal year. Mr. Brennan reviewed the asset allocation in detail noting the plan was slightly overweight in real estate; however that sector has done well. He reminded the trustees they have taken steps over the past three to five years to reduce volatility. Mr. Brennan noted the plan had been rebalanced mid-October and he then reviewed each manager in detail. He reported William Blair's international has done extremely well and WHV has struggled due to their high exposure to oil; however they were previously in the top 10% of international. He noted overall, the past five to six year bull market has not been good for value; however they expect a transition to quality in the coming period. Mr. Brennan reviewed the compliance report and each manager's reason for not meeting their goals. He recommended keeping WHV at this time; however any additions to international should be given to William Blair. BCA will continue to monitor WHV closely. Mr. Brennan then explained that Burgess Chambers had previously addressed convertibles and he is currently conducting due diligence on a convertible manager, Wellsley, which has a lower risk strategy. Mr. Chambers will provide more of an update at the next quarterly meeting.

Kim Calhoun departed the meeting at 3:37 PM.

ATTORNEY REPORT

NCPERS CODE OF ETHICS: Bonni Jensen presented information from NCPERS regarding a Code of Conduct. She presented a list from NCPERS of service providers or groups advocating the fall of defined benefit plans. NCPERS recommends defined benefit plans nationwide adopt their Code of Conduct Policy. Mrs. Jensen explained NCPERS recommends 1) Reminding service providers of their fiduciary responsibility, 2) Require all service providers disclose all fees charged for the products or services and who is paying them, 3) make sure the provider is not actively working for the diminishment of DB plans. She explained the Board could adopt the policy or take it under advisement to be aware and add to the vetting process of future service providers. She then reviewed potential actions that the Board could initiate. Lengthy discussion followed regarding the listed companies or groups who actively advocate against DB plans. Mrs. Jensen advised her firm is recommending boards adopt the policy.

- Tony Napolitano made a motion to adopt the NCPERS Code of Conduct for Public Pension Service Providers and request current providers to endorse the Code of Conduct by sending notice directly to the NCPERS. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.

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- *Tony Napolitano made a motion to incorporate the NCPERS Code of Conduct for Public Pension Service Providers as part of the service provider search and request for proposals (RFP) process. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.*
- *Tony Napolitano made a motion to notify NCPERS of the Board's decision to adopt the NCPERS Code of Conduct for Public Pension Service Providers. The motion received a second from Paul Raymond and was approved by the Trustees 4-0.*

DISABILITY PROCESS: *Mrs. Jensen presented a summary of the Board's disability process for review. She reviewed each of the steps in detail noting the Trustees are to select who to send the member to for review. Mrs. McNeill explained the Board currently has two pending disability applications and she is attempting to acquire a list of physicians for the review. The Trustees approved for a special meeting to be called to select physicians for the IME's as soon as the list is ready. Lengthy discussion followed regarding the issues related to re-evaluations which can be both positive and negative for the Plan.*

RELOCATION NOTICE: *Mrs. Jensen reported her office has been moved from West Palm Beach into the Klausner offices in Plantation.*

IRS DETERMINATION UPDATE: *Mrs. Jensen explained she had receive a response from the IRS stating determination would be contingent upon adopting a proposed amendment submitted with the request; however her office did not submit any such proposal. She further explained the IRS has reported they are closing the Determination process in 2016 and since the Plan is just settling the process from several years ago, she is not recommending they go through the process for a final letter; however it could be a problem if the IRS comes back at a later date with issues.*

ADMINISTRATOR REPORT

2016 MEETING SCHEDULE: *The 2016 schedule was included in the Trustee packets for confirmation. No changes were requested.*

BENEFIT APPROVAL: *Denise McNeill presented a benefit approval for Carlos Duran's 175 Supplemental Benefit.*

- *Paul Raymond made a motion to approve the 175 Supplemental benefits for Carlos Duran as presented. The Motion received a second from Tony Napolitano and was approved by the Trustees 4-0.*

BUYBACK POLICY: *Denise McNeill addressed the Board's buyback policy explaining that the process that has been followed for the past several years is slightly different from the language in the policy so she requested clarification of how the buybacks are to be handled; either the process or the policy need to be adjusted to be in sync. They reviewed the policy language as it relates to the actual process in detail noting the Board does not currently approve the buyback first and since the calculation is a straight percentage of payroll for Fire, they do not send it to the actuary for processing. The Trustees directed Mrs. Jensen to adjust the policy to be in line with the process accordingly.*

ADMINISTRATIVE ROLE: *Mrs. McNeill inquired into the Board's expectation for the administrator's role related to member communication. She explained they had a meeting with the Fire District's Administration and HR staff and has been informed HR will become more involved in the pension and retirement process. Mrs. McNeill requested board direction if the current expectation would be changing and if the Resource Centers should stop covering the pension office a couple times per month as they have been. Mr. Baur explained staffing the pension office is not part of the administrative agreement; however the administrator had been asked to have someone on site a couple times a month to assist members who wish to speak with someone directly instead of via telephone or email. Mr. Baur explained*

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it is a service the administrator does for some other clients, so they agreed to have someone onsite a couple times per month; however that had transitioned to a weekly need in the prior year when the member activity for DROP entry and exit had been significant. Lengthy discussion followed regarding the process and expectation. The Trustees agreed the administrator's role will continue as is has been and HR can help to answer questions or take forms from members when the administrator is not on site. Discussion followed regarding providing the Fire District access to the Resource Center's pension system. Mr. Baur explained they could allow access to the old legacy system; however he expects the software system to be available later in 2016. The Trustees confirmed to arrange whichever access is reasonable for the administrator.

OLD BUSINESS

175 SUPPLEMENTAL SERVICE PURCHASE REVIEW: Denise McNeill explained the historical records are still under review. The matter was tabled until the next meeting.

NEW BUSINESS

Denise McNeill reported the Resource Centers phones and website will be down Friday December 11th through Sunday December 13, 2015 while the company completes system upgrades.

Mr. Emerson reported potentially all forms of cancer may qualify for presumptions with changes pending in legislature.

Paul Raymond said he had received a call from a vested deferred member who had questions about his pension benefit and was advised he could not collect until age 59 ½. Mrs. McNeill explained she has not spoken to any such member and requested Mr. Raymond have the member contact her directly so that she may look into the particular benefit and see if a baseline was ever calculated when the member first terminated employment.

Nate Spera advised he will be attending the upcoming FPPTA event and Chief Emerson confirmed he will be attending the FPPTA NYSE as well.

There being no further business to discuss, the date for the next regular meeting having previously been scheduled for January 21, 2016;

- Paul Raymond made a motion to adjourn the meeting at 4:30 PM. The Motion received a second from and was approved by the Trustees 4-0.*

Respectfully submitted,

Nate Spera