

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting March 23, 2017

Secretary George "Buddy" Emerson called the meeting to order at 2:35 PM.

Those persons present included:

TRUSTEES PRESENT

George (Buddy) Emerson
Jeffery Lee
Anthony (Tony) Napolitano
Brian Blizzard
Anthony Hood

TRUSTEES ABSENT

N/A

OTHERS PRESENT

Scott Baur; Resource Centers
Bonni Jensen; Law Office of Klausner, Kaufman, Jensen & Levinson
Burgess Chambers; Burgess Chambers & Associates
Doug Lozen; Foster & Foster
April Maya; Human Resources

Buddy Emerson explained that based on the recent Trustee election, a chairman appointment is needed. He passed the gavel to Jeff Lee.

- Buddy Emerson made a motion to appoint Tony Napolitano as Chairman. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

PUBLIC COMMENTS

Chairman Tony Napolitano invited those present to address the Board. There were no public comments made.

MINUTES

The Minutes from the January meeting had been presented to the Trustees in their meeting packets.

- Buddy Emerson made a motion to approve the January 2017 minutes as presented. The motion received a second from Jeff Lee and was approved by the Trustees 5-0.

Bonni Jensen referred to the September minutes to clarify the reference made to mutual consent and she wanted to confirm the Board is not bound by mutual consent.

DISBURSEMENTS

The disbursement listing and financial statements were presented to the Board in their meeting packets.

- Jeff Lee made a motion to approve the Disbursements for March 2017 as presented. The motion received a second from Buddy Emerson and was approved by the Trustees 5-0.

INVESTMENT CONSULTANT QUARTERLY REPORT

Burgess Chambers and Mitchel Brennan of Burgess Chambers & Associates appeared before the Board to present the quarterly investment performance report for the period ending December 31, 2016. Mr. Chambers updated the Trustees on the status of the real estate liquidation and he reported Intercontinental is breaking the distribution into two quarterly installments. He further confirmed they are on queue to exit. He then provided the Board with a market update which he explained reacted positively to the election. He noted high yields and small caps performed well and yield curves have steepened. Mr. Chambers addressed real estate explaining REITS have been down for three quarters and REITS serve as a leading indicator for private real estate which is the reason for his recommendation to reduce the real

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estate allocation in the portfolio. Mr. Brennan then reviewed the Total Funds Investment Summary noting the following details: Plan was up 1.1% versus the model of 1.3%; equities were up 1.9%, domestic equities were up 5.0%, MLP's were up 3.7%, convertibles were up 1.1%, international equities were down -4.3%, REITs were down -2.6%, private real estate was up 3.5%, fixed income was down -1.7% and the hedge fund was up 3.6%. He noted the plan ranked in the top 33rd percentile of public funds for the quarter and the top 25th percentile for the one year view. Mr. Brennan explained the recent manager changes are beginning to have a positive impact on the Plan. He went on to review each manager in detail. Mr. Chambers addressed the cash allocation recommending the Board move 1.5% to international and 1.5% to fixed income.

- Buddy Emerson made a motion to move 1.5% from cash to fixed income and 1.5% from to cash to international. The motion received a second from Anthony Hood and was approved by the Trustees 5-0.

Mr. Chambers confirmed he will allocate the assets prorata and add to the existing positions as needed in rebalancing.

ACTUARY REPORT

Doug Lozen appeared before the Board to present the 2016 Actuarial Valuation Report. Mr. Lozen explained the valuation adjusts the contribution requirements based on changes and experience in the last year. He reported the total required contribution increased from 32.53% to 37.44% of covered payroll for the fiscal year ending September 30, 2018. He explained the Fire District contributions are estimates until the Chapter 175 premium tax receipt amounts are known. He explained some of the experience losses still result from the old Fort Pierce assumptions such as turnover. He explained the Plan had a net actuarial loss from a variety of factors. The dollar change for the Fire District contribution increased from \$10,452,920 to \$12,393,479. Mr. Lozen then reported of a funding shortfall for 2016 of \$377,581 and the District must deposit the shortfall by September 30, 2017. He explained they do not use audited assets on the valuation. Buddy Emerson requested the attorney work with Karen Russell on the shortfall since it appears to be a reoccurring issue.

- Buddy Emerson made a motion for the attorney to work with Finance to address the shortfall. The motion received a second from Jeff Lee and was approved by the Trustees 5-0.

Mr. Lozen explained the different pay bases for member contributions are now eliminated and members contribute 4% of pensionable pay. He reported the portion of contribution by DROP members continues to pay down the unfunded liability in the Plan. He reported the funded status increased from 70.2% to 71.2%. He explained the Plan still has \$10.4M of unrecognized losses on the valuation based on asset smoothing. He explained if pay does not increase, contributions as a percent of pay will also increase, even if the dollar amount does not change. Mrs. Jensen requested if the use of DROP member contributions to pay down the unfunded liability could be noted in the report. Chief Emerson explained the Board has implemented nearly all of the actuary's recommendations; however the Plan continues to experience losses each year. He requested the actuary provide long term funding projections for the Plan.

- Buddy Emerson made a motion to authorize the actuary to produce funding projections through 20 years. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.
- Jeff Lee made a motion to approve the 2016 Actuarial Valuation Report. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

It was noted that, based on the advice from the investment consultant, the Board expects to get an 8% return for the next year, the next several years and long term thereafter.

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ATTORNEY REPORT

PREVATT FINAL ORDER: Bonni Jensen provided an updated disability order for Elisa Prevatt, noting that the Fire District does not have a permanent light duty position available.

- Buddy Emerson made a motion to approve the disability order for Elisa Prevatt. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

SB158 – FIREFIGHTER CANCER PRESUMPTION: Mrs. Jensen explained it is a rebuttable presumption and she had reviewed the specific details at the prior meeting. She reminded the Trustees, if it passes, it will require changes to the pre-employment physical process with the Fire District.

INTERIM ELECTION FORM: Mrs. Jensen explained she had received a request for an interim election form; however one may already exist for the Fire Pension Plan.

CLASS ACTION UPDATE: Mrs. Jensen provided an update on the pending Southwestern Class Action.

Mrs. Jensen will update the Summary Plan Description.

ADMINISTRATORS REPORT

BENEFIT APPROVALS: Mr. Baur presented benefits for consideration for buybacks, a vested deferred retirement, beneficiaries and DROP.

- Buddy Emerson made a motion to approve the Benefits as presented. The motion received a second from Jeff Lee and was approved by the Trustees 5-0.

RETIRED MEMBER CONTRIBUTIONS SHORT: Mr. Baur explained that in the fiscal year end date review, it was determined that the District did not withhold contributions from Mr. Bishop's final pay and an amount of \$26.87 is due from the member. The administrator will reach out to the member and request the funds be paid to the Plan.

Bonni Jensen explained they had not addressed the Ridgeworth purchase by Ceredex. Mr. Chambers confirmed he does not see an impact

- Brian Blizzard made a motion to approve the Ridgeworth change in ownership. The motion received a second from Buddy Emerson and was approved by the Trustees 5-0.

OLD BUSINESS

There were no further Old Business items for discussion.

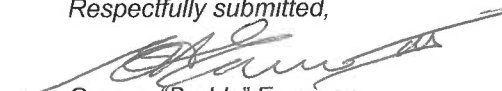
NEW BUSINESS

New Trustee, Anthony Hood, was welcomed to the Board.

There being no further business to discuss and with the date for the next regular meeting having been scheduled for May 18, 2017;

- Buddy Emerson made a motion to adjourn the meeting at 4:12 PM. The Motion received a second from Jeff Lee and was approved by the Trustees 5-0.

Respectfully submitted,


George "Buddy" Emerson