

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting April 18, 2018

Chairman Anthony Napolitano called the meeting to order at 10:03 A.M.

Those persons present included:

TRUSTEES PRESENT

Chief Spera
Anthony (Tony) Napolitano
Anthony Hood
Jeffery Lee
Brian Blizzard

TRUSTEES ABSENT

N/A

OTHERS PRESENT

Denise McNeill; Resource Centers
Bonni Jensen; Klausner, Kaufman, Jensen & Levinson
Doug Lozen; Foster & Foster
Burgess Chambers & Frank Wan; Burgess Chambers & Assoc
Members of the Plan

PUBLIC COMMENTS

There were no public comments.

MINUTES

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

- Chief Spera made a motion to approve the January 2018 minutes as presented. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

DISBURSEMENTS

The disbursement listing was presented to the Board in their meeting packets.

- Jeff Lee made a motion to approve the disbursements as presented. The motion received a second from Tony Hood and was approved by the Trustees 5-0.

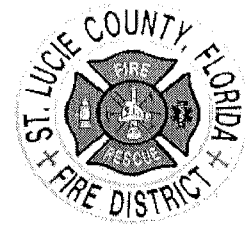
TRUSTEE UPDATE

Denise McNeill reported Jeff Lee had been re-elected to the Board for another term.

INVESTMENT CONSULTANT REPORT

Burgess Chambers and Frank Wan of Burgess Chambers & Associates appeared before the Board to present the quarterly investment performance report for the period ending December 31, 2017. Mr. Wan provided a market update explaining there is much money in US equities and while many other plans earned more than their Plan; the earnings came at a much higher risk. Mr. Wan reviewed the Total Funds Investment Summary noting the following details for the quarter: the Plan was up 3.2% beating the model of 2.9%; equities were up 4.9%, domestic equities were up 7.0%, MLP's were down -0.3%, convertibles were up 1.7%, international equities were up 4.8%, REITs were up 2.0%, private real estate was up 1.9%, fixed income was flat at 0.0% and the cash earned 0.2%. He reported the plan was up 12.1% in the one year view. Mr. Wan explained rates are no-where near where they used to be and they are challenged with where to find alternatives for income. Mr. Wan explained FRS lowered their assumed rate of return down to 7.5%, the State actuary recommended lowering toward 6% and many of their peers have begun lowering toward 7%. Mr. Wan explained they have transitioned more of the assets from active management to passive to reduce cost and since managers are not adding alpha. There is a small

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amount left in the hedge fund waiting for Intercontinental's final audit report. He reviewed each manager in detail. Mr. Wan explained that Burgess may recommend adjusting the REITS later in the year. Mr. Chambers reviewed MLP's noting MLP companies' high debt created an issue when oil prices began to drop; Wall Street became concerned the companies had too much debt. Mr. Chambers explained the companies are okay; however the volatility is more than anyone expected. Mr. Chambers presented a manager search related to the infrastructure asset class. He explained the infrastructure asset has lower volatility. He recommended they move the MLP asset to infrastructure and then add to the class over time. He then reviewed the specific assets held by each of the managers; Cohen and Steers holding 62 assets and Lazard only 27. Mr. Wan recommended the Board consider having both managers since their process is very different for each company. Mr. Wan explained the volatility on infrastructure has been smoother than stocks and while some volatility is to be expected, they should perform better in a down market and have an income component. Mr. Chambers noted the overlap between the two companies should be less than 7%. Mr. Chambers explained they are recommending two managers since Lazard is very concentrated and while a strong performer, the concentration should be altered. Mr. Chambers explained if the Board is interested, they will need to alter the Investment Policy. Discussion followed regarding the oil and gas exposure in the infrastructure program. Mr. Wan presented a draft revised Investment Policy and reviewed the details of the recommended changes.

- Jeff Lee made a motion to adopt the recommended revisions to the Investment Policy. The motion received a second from Chief Spera and was approved by the Trustees 5-0.

Lengthy discussion followed regarding the infrastructure asset class and the managers presented in the report. Lazard's cost would be 95 basis points while Cohen and Steers would be 75 basis points. It was noted Lazard was a foreign company while Cohen & Steers is US based.

- Jeff Lee made a motion to divest of Westwood's MLP and invest 60% into Lazard and 40% into Cohen and Steers. The motion received a second from Chief Spera and was approved by the Trustees 5-0.

Mr. Wan will invite Lazard to speak to the Board at their May meeting. Mr. Wan recommended having the attorney review the documents for Cohen & Steers comingled product.

- Tony Hood made a motion to allow the attorney to review the documents for Cohen & Steers comingled product. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

ATTORNEY REPORT

ESTIMATED BENEFIT PAYMENT POLICY: Mrs. Jensen explained the revised Estimated Benefit Payment Policy approved at the prior meeting was ready to be signed.

SB980 HB1363: Mrs. Jensen reported SB980 did not pass; however the PTSD Bill did pass. She explained the work comp requirement for the injury to be "touching" was removed. She explained many feel the change will increase the number of PTSD requests however she feels it is a treatable condition, not necessarily disabling, the work comp allowance will allow more time to treat the condition and for the treatment to take its' course. Doug Lozen explained initially there will be no change to cost; however they will need to see the impact over time.

REQUIRED MINIMUM DISTRIBUTIONS: Mrs. Jensen presented a memo regarding the required minimum distribution related to missing participants and beneficiaries. She explained the IRS used to help find people however they will no longer do so. They have now created a safe harbor process which is lengthy and requires several steps. She explained this applies to two classes of people for the Plan; refunds of contributions for non-vested members and beneficiaries entitled to benefits. The Plan will need to document the process as they attempt to find members or beneficiaries.

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LEGAL UPDATES: Mrs. Jensen addressed the pending class action suit against Cobalt. She explained Cobalt has filed for bankruptcy and the case is still ongoing. The Southwest Energy and Stericycle cases are also both pending.

ADMINISTRATORS REPORT

PAYROLL DATA UPDATE: The current fiscal year payroll data is in process. There was an issue with the latest report and the matter is still pending.

BENEFIT APPROVALS: The Benefit Approval list was missing from the packet. They were tabled to the next meeting.

2018 CONFERENCE LIST: The updated conference list was enclosed in the Trustee packets for information purposes.

RETIREE ADDRESSES FOR THE FIRE DISTRICT: Mrs. McNeill explained she had received a request from HR to provide the mailing addresses of the Plan's retirees. Mrs. Jensen explained she had looked into the matter and the Statute confirms the information must be shared with the municipality so the Administrator may provide the updated information to the Fire District as needed.

OTHER REPORTS

It was noted additional securities monitoring reports were included in the packet for review.

NEW BUSINESS

Mrs. McNeill reminded the Trustees they need to appoint a Secretary.

- Chief Spera made a motion to appoint Brian Blizzard as Secretary. The motion received a second from Tony Hood and was approved by the Trustees 5-0.

Mrs. McNeill reported the spouse of retiree Gary Brooks (who passed away) had been set up in pay status. She explained the prior actuary was able to provide a 2007 COLA file that verified his benefit amount and he had elected 100% Joint and Survivor.

The FPPTA sent notice that both Brian Blizzard and Tony Hood had passed the Intermediate CPPT exams.

OLD BUSINESS

There being no further business to discuss and with the date for the next regular meeting having been scheduled for May 17, 2018;

- Tony Hood made a motion to adjourn the meeting at 11:27 AM. The Motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Blizzard".

Brian Blizzard, Secretary