

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting September 27, 2018

Chairman Anthony Napolitano called the meeting to order at 2:31 P.M.

Those persons present included:

TRUSTEES PRESENT

Chief Spera
Anthony Napolitano
Anthony Hood
Jeffery Lee
Brian Blizzard

TRUSTEES ABSENT

N/A

OTHERS PRESENT

Denise McNeill; Resource Centers
Bonni Jensen; Klausner, Kaufman, Jensen & Levinson
Larry Cole; Burgess Chambers & Assoc
Fire District Employees & Members of the Plan

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Minutes from the July 2018 meeting were presented for approval.

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

DISBURSEMENTS

The disbursement listing was presented for approval. Mrs. McNeill reviewed the disbursements making note of the October 1, 2018 DROP distributions for members of the Plan.

- 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.

INVESTMENT CONSULTANT REPORT

Larry Cole of Burgess Chambers & Associates appeared before the Board to present the quarterly investment performance report for the period ending June 30, 2018. Mr. Cole noted there were several changes to the asset allocation in the recent period. He reported June was a good quarter and so far to date, the current quarter has also been good and they are expecting decent returns. He noted only small cap and some mid-cap companies are slightly overvalued and money is moving to small companies that tariffs are not impacting. He reported of a Fed rate hike done the other day; however the short term rates are not high enough yet to be good competition for stocks. He reported the following: it has been an almost 10 year Bull market which is cautiously still bullish; the Fed raised rates again slightly, however the market is not anticipating much inflation and not expecting a rapid rise in interest rates; current valuations are still good which is why equities remain strong. He reviewed the Total Funds Investment Summary noting the following details for the quarter: Plan was up 1.9% beating the model of 1.8%; equities were up 2.8%, domestic equities were up 4.5%; Infrastructure did not have the numbers available in the report, convertibles were up 2.9%, international equities were down -3.7%, REITs were up 7.2%, private real estate was up 2.3%, fixed

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting September 27, 2018

income was up 0.1% and the cash earned 0.4%. Mr. Cole explained the Plan was a bit conservative and the recent changes should bring more equity opportunity. He explained there is no recommendation to rebalance at this time. Mr. Cole went on to review each manager in detail noting emerging markets were hit by the rising dollar. He reviewed Atlanta Capital explaining managers in that asset are having difficulty; however he is not worried now. If there is a turn in the market and Atlanta does not improve, then they will need to address the manager accordingly. He further reported Westwood is doing well, Voya has been a great addition and the transfer from MLP to infrastructure was a good move. He explained international was down due to the strong US dollar with emerging markets being hit the hardest and fixed income has been difficult for all bond managers. Mr. Cole explained investment earnings are strong and they are attempting to be well diversified while controlling risk.

INTERCONTINENTAL HEDGE FUND UPDATE: Mrs. McNeill reported the final distribution was received in July and a copy of the notice was included in the Trustee packets accordingly. Discussion followed regarding hedge funds. Mr. Cole explained the market is not seeing good return for the level of exposure being taken on hedge funds and those managers are consistently not doing well in the Bull market.

Mrs. McNeill reported the American Realty agreements were signed between meetings for the increased contribution and the additional investment was able to meet the deadline for the upcoming October 1, 2018 capital call.

Mrs. McNeill reported the Richmond Capital account for the short term asset had been set up accordingly as well.

ATTORNEY REPORT

INTERCONTINENTAL REAL ESTATE: Bonni Jensen reported the Intercontinental Real Estate agreement was ready for signature.

COHEN & STEERS CIT AGREEMENT: It was noted the Plan is currently invested in the money market product. Mrs. Jensen explained the CIT product is comingled with only pension fund money. Mrs. Jensen has the CIT agreement and side letter ready to be signed.

- Chief Spera made a motion to execute the Cohen & Steers CIT agreement and side letter as presented. The Motion received a second from Jeff Lee and was approved by the Trustees 5-0.

AMENDMENT 6 – FLORIDA CONSTITUTION: Bonni Jensen reviewed a memo from her firm regarding the impact to the pension plan if Amendment 6 passes. She explained the portion related to crime victims' rights is very compelling; however other, completely unrelated items were added into the amendment, one of which impacts potential forfeiture provisions. She explained the main three items were 1) Victims' rights, 2) Judge ages extended to age 75 and 3) Change to the rules regarding court action which affects entities such as pension funds. She explained the third item in detail using the example if the Board makes a decision to forfeit someone's benefit: Currently if a person takes the Pension Board's actions to court, the Court gives deference as long as the matter was handled fairly and within the rules of the Plan (due process, notice, treated fairly and rules correctly applied to the member's case). If the Amendment passes, the change would cause the Court to determine "de novo" and not give the Board the benefit of the doubt. Instead, the Court

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting September 27, 2018

would review the case on its' own from the beginning and could rule differently. She explained that she is not telling the Board how to vote and the crime victims' piece is very provoking. All agreed the Victims' Rights piece is an important matter and it is unfortunate it was mixed with the other items in the Amendment.

SCOTT & SCOTT SOUTHWEST ENERGY CLIENT UPDATE: Mrs. Jensen reported the Southwest Energy matter has entered into mediation.

LEGAL UPDATES: Mrs. Jensen advised the Cobalt case is continuing and it is still in the discovery phase. She then reported Adelante is closing their mutual fund and they are having some clients enter into separate agreements.

ADMINISTRATORS REPORT

PAYROLL DATA UPDATE: Mrs. McNeill reported they have run into another issue with the payroll reports. Mike Grace explained he has a meeting scheduled with the program report person to fix the issue and hopes to have the information for fiscal year end wrapped up soon.

BENEFIT APPROVALS: Benefit approvals were presented for consideration. Mrs. McNeill reviewed the benefit requests.

- Jeff Lee made a motion to approve the benefits as presented. The motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

2018/2019 BUDGET REVIEW: Mrs. McNeill reviewed the draft budget. Discussion followed regarding the actuary fee.

- Chief Spera made a motion to approve the draft budget with the actuary's fee limited to \$30,000 for the fiscal year. The motion received a second from Jeff Lee and was approved by the Trustees 5-0.

OLD FORT PIERCE COLA FILES RECEIVED: Mrs. McNeill apologized to those present explaining some of the retired members misinterpreted the agenda thinking a new COLA was on the agenda for discussion. Mrs. McNeill had to explain that the issue related to the old COLA files held by the City of Fort Pierce. She explained she had received a spreadsheet from the City of Fort Pierce that included the historical COLA increases paid prior to the separation from the City and that file is extremely helpful as that helps to bridge the gap of information that was missing from the Pension Plan's records after the separation from the Ft. Pierce Plan. As such, they were finally able to give missing information to the actuary to have the beneficiary change recalculated for Barry Irwin accordingly.

Mrs. McNeill noted she is working on the 2019 meeting schedule; however she is not yet certain of the St. Lucie County public school schedule for Spring Break.

FORBES DISABILITY REVIEW

Mrs. McNeill explained they are still waiting for clarification from Dr. Waeltz on the questions related to his Independent Medical Exam report. She reviewed the difficulty they have experienced in attempting to find a provider to do the Functional Capacity Exam and she will keep the Board posted. She confirmed the goal is to have the member scheduled for an FCE as soon as possible.

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting September 27, 2018

NEW BUSINESS

FIRE DISTRICT FUNDING: Carl Trabulsy had reported the Fire District will be paying the employer contribution by December 31, 2018. The Fire District is waiting for a response from the actuary on the revised total for the 12/31/18 Plan funding date. Mrs. Jensen sent an email reminder to Mr. Lozen requesting the totals be provided to the Fire District.

OLD BUSINESS

There were no Old Business items for discussion.

There being no further business to discuss and with the date for the next regular meeting having been scheduled for November 15, 2018;

- Jeff Lee made a motion to adjourn the meeting at 3:26 PM. The Motion received a second from Tony Hood and was approved by the Trustees 5-0.

Respectfully submitted,

Brian Blizzard, Secretary