

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes of Meeting July 16, 2019

Chairman Anthony Napolitano called the meeting to order at 2:45 P.M.

Those persons present included:

TRUSTEES PRESENT

Tony Napolitano
Nate Spera
Tony Hood
Brian Blizzard
Jeff Lee

TRUSTEES ABSENT

N/A

OTHERS PRESENT

Denise McNeill and Scott Baur; Resource Centers
Bonni Jensen; Klausner, Kaufman, Jensen & Levinson
Doug Lozen; Foster & Foster
Members of the Plan

PUBLIC COMMENTS

There were no public comments.

MINUTES

The minutes from the May were tabled to the next meeting.

DISBURSEMENTS

The disbursement listing was presented for approval.

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

The Interim Financial Statements through May were presented for informational purposes.

2018 ACTUARIAL VALUATION REPORT

Doug Lozen of Foster and Foster appeared before the Board to discuss the 2018 Valuation Report. He explained that the contribution change effective 10/01/17 has an impact on the valuation; therefore the report initially provided for this meeting will need to be changed. He confirmed the Fire District's contribution will be lower than the amount projected on the 2018 Valuation Report initially sent to the Board. Nate Spera explained the former Clerk Treasurer was to inform all of the changes from negotiations. Brief discussion followed regarding the changes and Nate Spera advised they are currently negotiating on the excess 175 funds. The 2018 Audit and Valuation presentations will be tabled to a special meeting allowing time for the valuation to be revised.

The administrator will file the annual report using the draft audit knowing the State will not approve without the final reports; and then will submit the final audit and valuation reports later, once received. Mrs. Jensen explained she has heard the State is behind on their review of the reports; however there is still the concern of the report being filed so late.

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ATTORNEY REPORT

SOUTHWEST ENERGY UPDATE: Mrs. Jensen reported the class action attorney is currently defending a motion to dismiss.

FORBES FORMAL DISABILITY UPDATE: Mrs. Jensen explained Richelle Levy is working on dates for depositions and there have been some delays with responses from his treating physician. Mrs. McNeill explained Ms. Levy has also requested copies of the actual films so the requests for film copies have been submitted as requested.

CANCER PRESUMPTION: Mrs. Jensen had previously reported the Cancer Presumption Bill passed unanimously from both sides. The Bill has much information that is not entirely clear and will require administrative follow up on the rules. She recommended adopting the language by referencing the Statute and adopting a policy to address the benefit. Doug Lozen noted the change is expected to have an impact on the Pension Plan; however the specific costs will not be known for possibly five years. Initially, they expect the line of duty disability to increase. The actuary can either do via impact statement or on the next valuation. Mrs. Jensen explained it is their firm's opinion they should amend the Plan and she clarified the cost is the Plan sponsor's responsibility. The employer cannot pass the cost of the benefit on to membership. Lengthy discussion followed regarding the process. Mr. Lozen explained it will be a "look forward" process and while it may become granular in the future; there is not enough data currently. Nate Spera explained the Fire District has not experienced anyone leaving the job due to cancer and they are trying to quantify the potential cost. Mrs. Jensen explained this plan has cross crediting issues (coordination with the General Employees Pension) and she is not certain how it will apply to the GE Plan. Mr. Lozen explained they need to do an impact statement for the employee contribution. They are revising the 2018 valuation and will be able to add the presumption to the language at the end. Discussion will be added to the special meeting agenda. Mrs. Jensen will have the proposed language as well as a policy for the next meeting.

LEGAL UPDATES: Mrs. Jensen thanked all for their assistance with the TerraCap signatures.

ADMINISTRATORS REPORT

BENEFIT APPROVALS: The Benefit approvals were presented for consideration. Mrs. McNeill explained they were inclusive of the Benefit approval items tabled from the prior meeting.

- Nate Spera 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.

PAYROLL UPDATE: Mrs. McNeill reported on a member who was vested and terminated employment in 2001. Unfortunately a vested deferred benefit had not been calculated and there are missing periods of payroll due to various reasons. She has been working with the Fire District, the City of Fort Pierce, the prior actuary and the State; attempting to piece together the payroll detail so that a benefit calculation can be processed. The Division of Retirement is in the process of providing copies of missing annual reports from that period.

The meeting continued at 3:15 after a short break.

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ACTUARY PRESENTATIONS

FOSTER & FOSTER: Doug Lozen appeared before the Board to present actuarial services in response to the Request for Proposal. Mr. Lozen provided an update of their firm noting if the Board chooses to keep their firm they will continue with the same team. Mr. Lozen reviewed the various services they have provided to the Board since they were hired and stated the following: Adopting some of the assumption changes helped the State's approval of their reports. Their firm was involved in helping to pass the Cancer Presumption Bill. They utilize advanced tools and software. If the Board retains their firm for services, they can discuss other tools they have available for clients. Their firm has not been fired for cause since 2005 and has only lost clients due to competitor's bids. They are a fiduciary to the Plan, use Proval software and they process peer reviews. Their staff bonuses are structured on the accuracy of their reports. They feel their firm is exceeding expectations and they are overstaffed for depth. Mr. Lozen reviewed samples of pension modeling using online tools which would have an additional cost for the service. Mr. Lozen responded to various questions from the Trustees. Discussion followed regarding his reference to accuracy. Mr. Lozen noted they must have definable numbers and another qualified firm should be able to replicate, resulting in the same numbers. Discussion followed regarding the Plan. Mr. Lozen explained the Plan is currently structured where the funded ratio should increase annually. Jeff Lee addressed when the Board combined the unfunded liability into one base, they do not see the historical tracking. Mr. Lozen explained the report looks forward and does not reflect the history. Doug Lozen departed the meeting.

FREIMAN LITTLE ACTUARIES: Chad Little appeared before the Board to present actuarial services in response to the Request for Proposal. He provided information about his firm explaining he was previously with Siegel and his partner was previously with Northern Trust. They have been working as a team since 2002. 90% of their client base is Florida clients. They have a good relationship with the State and have had 100% client retention since 2006. They only respond to select RFP's when they feel the client is the right fit. They keep a small base of clients. They are able to attend quarterly meetings if desired. He feels they would be a good fit and have transitioned Plans from Foster and Foster in the past. They currently work for thirteen cities (15 total clients). Mr. Little responded to various questions from the Trustees. They use Proval software. They do not have any online capability; however they have coordinated with the Resource Centers for their website services for another mutual client. Mr. Little does not currently have a successor plan as they plan to continue doing the work for another fifteen years and would expect to merge with a larger firm by age 60. He feels that when a Board hires an actuary, they hire the individual and not necessarily the firm. Discussion followed regarding fees. Mr. Little explained the current actuary knows the Plan and has a general idea of the amount of work that needs to be done so he would entertain a fee match to the current actuarial fees. Even though the current actuary requested copies of all bids and the full batch of bids was copied to all respondents, he has not reviewed the other bids and has based their decision solely on trying to determine the amount of work. Chad Little departed the meeting.

GABRIEL ROEDER SMITH & COMPANY: Peter Strong and Israel Bichachi appeared before the Board to present actuarial services in response to the Request for Proposal. Mr. Strong explained if hired, he and his team would be the Plan's main provider and Jeff Amrose's team would be the backup. He provided information of their firm. They teach other actuaries at the national and state levels. They have their own defined benefit plan internally for employees and they have very low turnover with employees and with clients. They are nearly 100% public sector and their office has been in Florida over 70 years. Mr. Bichachi reviewed their quality control with the Board. They reported most of their clients have been with them for over forty years and some since 1938. Their

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annual client satisfaction survey are consistently near 100%. They have over 100 Florida Plans and are very familiar with State laws. GRS initially assisted in writing Chapter 112. They audit/review FRS and Division of Retirement. Mr. Strong feels upgrading to GRS is a safe change for the Plan. They provided a historical funding review noting since 2001, 15 of 18 years have experienced a loss and the Plan's expectations need to be realistic. They would need to do a full analysis in order to do a complete review for the Plan. They will be able to do long term projections and have the ability to run simulations of 1,000 different scenarios. Valuation reports will be completed eight weeks from receipt of census data, the GASB 67 report will be provided within two weeks of the auditor's financials and benefit calculations will be provided within one to two weeks (or sooner if a rush is requested). It was noted that GRS had assisted the Plan in the past few years by looking for historical data for the administrator. Discussion followed regarding why GRS had been replaced previously as there seemed to have been a relationship issue with the prior actuary assigned to the Plan. Mr. Strong confirmed it would be himself and his team that would handle the Plan if they chose to hire GRS. Mr. Strong and Mr. Bichachi departed the meeting.

Discussion followed regarding the presentations. The actuary RFP was tabled to the special meeting. The special meeting date was set for August 16, 2019 for the 2018 Audit and Valuation Presentations as well as the Actuary RFP review.

There being no further business to discuss;

- Jeff Lee made a motion to adjourn the meeting at 5:05 PM. The Motion received a second from Brian Blizzard and was approved by the Trustees 5-0.

Respectfully submitted,

Brian Blizzard, Secretary