

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes: January 21, 2021

1. Chair Anthony Napolitano called an electronic meeting of the Board to order at 2:30 PM. Mr. Baur called roll. Those persons present included:

TRUSTEES

Tony Napolitano, Chair
Jeff Lee, Secretary
Tony Hood
Chief Nate Spera

OTHERS

Scott Baur & Albert Lovingood, Administrator (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Burgess Chambers, Investment Consultant (Burgess Chambers & Assoc.)
Assistant Chief Marti Newport
Additional Public

Jeff Lee reported that member Ronald Saxton in the DROP passed away. The Fire District appointed Assistant Chief Marti Newport to the General Employee Board of Trustees and Assistant Chief to the Firefighter Board of Trustees from an elected seat on the Board. The Board now has an election pending for the seat currently held by Trustee Tony Hood and the seat for an elected Trustee vacated by Jeff Lee.

2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

The Board determined that the COVID-19 Pandemic and social distancing recommendations by the CDC warranted the need to allow for Trustee Tony Hood to join in the Board Meeting electronically.

Chief Spera made a motion to allow Trustee Tony Hood to join the Board Meeting electronically due to exigent circumstances. The motion received a second from Jeff Lee, approved by the Trustees 3-0.

3. MINUTES

The Trustees reviewed the Minutes for the meeting of November 19, 2020.

Jeff Lee made a motion to approve the Minutes for the meeting of November 19, 2020. The motion received a second from Chief Spera, passed by the Trustees 4-0.

4. BENEFIT APPROVALS

The Board reviewed the benefits for approval.

Jeff Lee made a motion to approve the benefits. The motion received a second from Chief Spera, passed by the Trustees 4-0.

5. INTERIM FINANCIAL STATEMENTS & DISBURSEMENTS

The Board reviewed and received the interim financial statement through November 30, 2020, noting the continuation of extraordinarily strong investment results in the current fiscal year.

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The Board reviewed the Warrant dated January 21, 2021 for payment of expenses.

Jeff Lee made a motion to approve the disbursements on the Warrant dated January 21, 2021. The motion received a second from Chief Spera, approved by the Trustees 4-0.

6. REPORTS

Attorney Report (Bonni Jensen, Klausner Kaufman Jensen & Levinson)

Ms. Jensen reported that a new law requires the plan and Board service providers to register with E-Verify. All public employers must comply with the E-Verify requirement, and the Board meets the definition of a public employer even without any employees. The Board must notify all service providers of the requirement to comply, and all new Board agreements or modifications must include language requiring compliance as well. The administrator will register the Board and send the notice to service providers. The Board investment consultant will assist with the notice to investment managers retained by the Board.

Bonni Jensen then reviewed a proposed policy for securities class action litigation matters. The updated policy sets forth the guidelines for the Chair and the Board to join class action matters, as well as the roles of different service providers in class actions.

Jeff Lee made a motion to approve the Securities Class Action Litigation Policy. The motion received a second from Chief Spera, approved by the Trustees 4-0.

Ms. Jensen also reported that the court will likely approve the Board as the lead plaintiff in a matter relating to First American Financial, with a hearing scheduled for the Monday following the meeting.

Morgan Stanley acquired Eaton Vance, parent of investment manager Atlanta Capital. Atlanta Capital provided a letter consenting to the assignment of the current agreement between the Board and Atlanta Capital. Burgess Chambers, investment consultant for the Board, does not foresee any impact or material changes at Atlanta Capital and recommended the Board approve the assignment.

Jeff Lee made a motion to execute the letter consenting to the assignment of the agreement with Atlanta Capital. The motion received a second from Chief Spera, approved by the Trustees 4-0.

7. OTHER BUSINESS

Jeff Lee reported that Chris Carnes, with a current application in progress for a disability pension, withdrew his claim against workers comp. Ms. Jensen explained that the member has the burden of proof to establish that he is totally and permanently disabled to perform the substantial and gainful duties of a firefighter/paramedic in the St Lucie County Fire District. The administrator will need to determine if Mr. Carnes changed his intent regarding his application for disability benefits and request a copy of his workers compensation records on file.

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Jeff Lee reported that the Local and the Fire District completed the new bargaining agreement. The Board discussed possible member workshops and Board communication to the Fire District updated the current status of the Retirement Fund. The Board tentatively set a date for April 21, 2021 to provide a brief presentation to the Fire District Board of Commissioners, to include plan actuary Pete Strong and investment consultant Burgess Chambers. Jeff Lee noted that one of the newer Fire Board commissioners previously served on the Board for the Fort Pierce Retirement System.

Jeff Lee reviewed the changes to the benefit provisions per the new bargaining agreement. The updates included changes to the duty disability amounts, final average salary calculation, and DROP provisions extending participation to 6 years. Members currently in the DROP will have until March 31, 2021 to make an irrevocable election to participate in the new DROP Plan provisions including changes to the fixed earnings rate credited to member accounts particularly for members previously choosing a lower interest rate to allow the account to continue to a spousal or minor beneficiary. Mr. Baur will coordinate with the Fire District HR staff on the process for DROP members making an election to participate in the new DROP provisions. Effective October 1, 2021, members currently eligible to retire will receive the greater of the current 4-year final average salary calculation or the new 5-year final average salary calculation. The Board discussed the changes to the benefit provisions in detail.

Bonni Jensen advised that members should receive credit on DROP Accounts using the new interest credit rates for the quarter beginning April 1, 2021, since the election period for members expires on March 31. The Board also considered the implementation of the rates and the process to give notice to all the members currently in the DROP.

Jeff Lee made a motion to make the changes to the DROP interest credit rate effective for members as of April 1, 2021. The motion received a second from Tony Hood, approved by the Trustees 4-0.

Jeff Lee expressed concerns about communication to members entering the DROP or retiring, particularly in situations where delays occurred in the calculation and processing of benefits. Mr. Baur explained the details of situations for certain members both entering the DROP and retiring, the process in his office to calculate benefits with the actuary, the communication with the members, and an estimated benefit paid to a recent member retiring on short notice. The Board also discussed the deductions for medical from member pension checks, which must come from the Gehring Group on behalf of the Health and Welfare Trust. The Board considered semi-annual member workshops for members planning to enter the DROP, exit the DROP, or retire. The Board also considered adding office hours again for the Resource Centers to periodically come on-site to the Fire District for appointments with members. Mr. Baur will work with HR staff to begin some of these scheduled times during and following the DROP election period, with the workshops to follow the revisions and updates to the Plan Document agreed in bargaining.

The Board also discussed at length the Plan provisions allowing retired members to substitute a new joint annuitant for the current joint annuitant during retirement. In certain situations, members made substitutions with unusual results to the calculated benefit amounts. Mr. Baur explained the details and that resulting amounts paid to the members making the substitutions.

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Mr. Baur also provided to the Board a memo explaining the purpose and significance of different kinds of SOC 1 (SSAE-18 type process audits) engaged by various providers, since exceptions noted on such reports have become increasingly common.

The Board discussed the next meeting date due to the spring break schedule and availability of the Trustees. The Board moved the next scheduled meeting date from March 18 to March 11, requesting the same reschedule for the General Employee Board of Trustees if that Board also agreed to the schedule change. Mr. Baur will work on coordinating the meeting schedule change between the two Boards.

Hewana Fauntleroy, HR Director, left the Fire District. Chief Gonzalez assumed the responsibility to oversee the HR Department. Mr. Baur also reported that member DROP statements for December 31 were already completed and available.

8. NEW BUSINESS

The Board had no new business for discussion.

9. PUBLIC COMMENTS

No members of the public had any comment.

10. ADJOURNMENT

There being no further business, Jeff Lee made a motion to adjourn the meeting at 3:49 PM. The motion received a second from Chief Spera, approved 4-0 by the Trustees.

Respectfully submitted,

Jeff Lee, Secretary