

***City of Lake Mary Firefighters' Retirement System
Meeting of August 12, 2011***

I. CALL TO ORDER

Secretary Ronald Russi, called the meeting to order at 7:34a.m. Those persons present included:

TRUSTEES

Rick Fudge, Chairman
Helene Beeler
Jeff Koltum
Karen Gudinas

OTHERS

Scott Baur & Audrey Ross, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Frank Wan, Burgess Chambers & Associates
Alan Ashworth, Eagle Asset Management
Jackie Sovia, City of Lake Mary Finance Director

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meetings on August 13, 2010 and May 13, 2011.

Jeff Koltum made a motion to approval of the minutes from the regular meeting of August 13, 2010 as amended. Rick Fudge seconded the motion and passed by the Trustees 4-0.

Karen Gudinas made a motion to approval of the minutes from the regular meeting of May 13, 2011. Jeff Koltum seconded the motion and passed by the Trustees 4-0.

III. REPORTS

Alan Ashworth, Eagle Asset Management

Mr. Ashworth reported that throughout this difficult time they continue to keep doing what they have been doing although it has been very challenging. He commented that now is not a good time to make any wholesale changes, but the good news is that their portfolio has held up a little better than others.

For the quarter ending June 30, 2011 the equities underperformed less than the index at -0.23% versus -0.59%, but for the one year the fund has outperformed at 41.83% versus the index at 39.28%. During the quarter consumer staples and telecommunication where up but energy and commodities took a hit. Mr. Ashworth reviewed the sectors and stocks that outperformed during the quarter as well as the ones that underperformed. Also he noted that there were a couple of stocks that were taken out of the portfolio during the quarter such as Cooper Tire & Rubber and United Rentals, Inc. Mr. Ashworth reported that although stocks have gone down, a lot of Companies still have a lot of cash on their balance sheets which means it could be a good time to start buying. Altogether the equity portfolio is well diversified and is not concentrated in any one stock or sector.

Mr. Ashworth then reviewed the fixed income portfolio which did better during the quarter at 2.31% versus 2.30%, but for the one year they are slightly behind at 3.59% versus the index at 3.94%. During the quarter the US Treasury interest rates lowered as the prices raised. Mr. Ashworth explained that they underweighted Treasuries during the quarter because there were better opportunities out there, in which have benefited them during

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this turmoil. He then reviewed the bond holdings and commented that they are still keeping their duration short because as spreads widen they will want to buy into more bonds. Lastly Mr. Ashworth briefly gave his thoughts on the future market outlook and stated that he thinks rates will stay low throughout the end of the year. He doesn't think this indicates that we are going back into a recession, but it will still be a slow growth recovery.

Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan briefly reviewed the commentary regarding why equities have the advantage over bonds, and updated the board on the current market environment. Altogether there is about \$8T in cash sitting on the sidelines, and Apple has so much cash available right now that they could buy Bank of America. The dollar is still weak, but as it strengthens the GDP growth will increase as well.

For the quarter ending June 30, 2011 the total fund was up 1% versus the index at 1.1%, and for the fiscal year to date they were slightly behind the index at 10.5% versus 10.7%. Mr. Wan reviewed the Plans compliance checklist and stated that they are mostly in line with the policy. Also he commented that Eagle's SMID cap has been one of the biggest performers and is doing great. As of June 30, 2011 there was 30.37% in fixed income, 29.62% in large cap, 14.36% in International, 11.41% in SMID Cap, 9.53% in Convertibles, 5.11% in REITS, and 2.60% in cash. Mr. Wan reported that REITS were the best performer during the quarter and then he reviewed the risk versus reward chart. He commented that Lake Mary ranked in the top 26th percentile of all public pension plans across the Country.

Mr. Wan updated the board on the Convertible funding with SSI. He commented that once the agreements are signed, then they will transfer the money over to SSI. Also, Mr. Wan notified the board that they have \$61K sitting in a money market account that needs to be automatically reinvested by the Custodian, which has not been getting done. Ms. Beeler commented that the current cash in the account should be used for funding SSI so that we are not investing the cash and then turning right around to liquidate it again. Therefore the board would not be paying the unnecessary purchasing and liquidity fees either. The board discussed and agreed that the cash received from interest and dividends need to be automatically reinvested going forward, but to use the current cash in the account to fund SSI. Mr. Wan commented that he will redirect the Custodian to automatically reinvest any future interest and dividends right away as they receive it in on behalf of the fund.

Lastly Mr. Wan commented that he will need to revise the IPG to include SSI. He will bring this document back to the next meeting for approval.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen notified all Trustees that he has checked with the Supervisor of Elections and all Form 1 Disclosures have been filed for this year.

Mr. Christiansen commented that he will be sending out a memo regarding the changes that will have to be implemented by the Division of Retirement. Also he will have to amend the Ordinance to reflect these new changes as well.

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Mr. Christiansen notified the board that he and Ms. Beeler are still in the process of working on getting the VCP submission package completed. Ms. Beeler indicated that the VCP submission package was complete and ready for submission to the IRS.

Mr. Christiansen reported to the board that there are currently 14 members who have over 300 hours of overtime as of now. The board had a lengthy discussion on how overtime and straight time is recorded and paid out. The board had a hard time understanding what method they are suppose to use when trying to cap overtime. Mr. Christiansen stated that he will need work with the City to get this resolved as it will probably take sometime to straighten out and clearly understand.

Scott Baur, Pension Resource Center

Ms. Ross notified the board that the State money was received and has since been invested.

Financial Statements

Mr. Baur provided an interim financial statement for the plan. He noted that, as required by GASB, the financial statement reported the investments on a trade-date basis rather than settlement date for securities transactions in the portfolio. **The Trustees received and filed the interim financials statements through the month of July 2011.**

Disbursements

The Trustees then reviewed the Warrant dated August 12, 2011 for payment of invoices.

Jeff Koltum made a motion to approve the Warrant dated August 12, 2011 for payment of invoices. Rick Fudge seconded the motion and approved by the Trustees 4-0.

Benefit Approvals

The Trustees then reviewed the application for distribution of DROP account for Jerry Bouck.

Rick Fudge made a motion to approve the application for distribution of DROP for Jerry Bouck. Jeff Koltum seconded the motion and approved by the Trustees 4-0.

Adjournment

There being no other business and the next meeting having previously been scheduled for Friday, November 11, 2011 the meeting adjourned at 9:01 AM.

Respectfully submitted,

Ronald Russi, Secretary