

***City of Lake Mary Firefighters' Retirement System
Meeting of May 11, 2012***

I. CALL TO ORDER

Chairman Gabe Vella called the meeting to order at 7:47a.m. Those persons present included:

TRUSTEES

Gabe Vella, Chairman
Ronald (Andy) Russi, Secretary
Helene Beeler
Jeff Koltun
Karen Gudinas

OTHERS

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

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meeting on February 10, 2012.

Karen Gudinas made a motion to approval of the minutes from the regular meeting of February 10, 2012. Andy Russi seconded the motion and passed by the Trustees 5-0.

III. REPORTS

Alan Ashworth, Eagle Asset Management

Mr. Ashworth stated that overall equities had a good quarter as the Russell 2500 index was up 13%. Also technology was up over 17%, but Financials lagged again and they were down -1.7% during the quarter. The Lake Mary Fire total fund was slightly behind the benchmark for the quarter at 11.12% versus 12.99% and for the 1 year they are also behind at -2.26% versus the benchmark at 1.33%. Mr. Ashworth explained that the investment committee has been frustrated over the last couple of years because the stocks they choose are good, but have not been rewarded yet. Eagle is not satisfied with underperforming the market, but they hanging in there waiting for the recovery.

Mr. Ashworth reviewed the sectors and the stocks in the portfolio that hurt them during the quarter such as Health Care, Industrials and Financials. The portfolio did benefit from Materials and Utilities which were up during the quarter. Mr. Ashworth explained that the price to earnings have increased lately and they are keeping an eye on that. Also interest rates are still low and they expect them to stay low for a while. Companies still have a lot of cash on their balance sheets and they don't have the confidence to invest it back into the market place yet.

Mr. Ashworth reviewed the fixed income portfolio which slightly outperformed the index at .33% versus .30%. They are also outperforming for the 1 year at 8.71% versus the index at 7.73%. He commented that the fixed income portfolio manager are warning that the future returns over the next 12 years wont be as strong as in the past. The board discussed the current market environment such as housing, unemployment, inflation, etc. Mr. Ashworth stated that they have been underweighting Treasuries and overweighting Corporates. Mr. Wan noted that Eagle is under their radar and is now on watch because of their recent underperformance, but he does not have any recommendations for a change at this time. Lastly Mr. Ashworth commented that he is

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comfortable with Eagles' investment process and they have made a couple positive adjustments recently to outstand the market.

Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan reported that the fund made \$614,127 during the quarter, which is a return of 7.2% versus the benchmark at 8.3%. For the fiscal year to date, the fund is also behind the benchmark at 14.1% versus 15.8%, but we are way above our assumed rate of return for the fiscal year ending September 30, 2012. Mr. Wan noted that we funded SSI from the ETF's in February 2012 which was perfect timing because of all the volatility in the market place. He reviewed the Funds' compliance checklist and stated that we are in line with the Plan's policy.

Mr. Wan briefly reviewed each mangers performance during the quarter and commented that tech companies have recently pulled back, therefore he continues to recommend the underweight to Europe. Mr. Wan reviewed the Plan's asset allocation and stated the volatility has reduced in the market place somewhat and therefore he recommends that the Plan should rebalance back to target allocation per the investment policy guidelines, with the exception of International as they will keep that underweighted.

Gabe Vella made a motion to have the Investment Consultant, BCA draft a letter to rebalance the Plan's portfolio back to the target allocations listed under the Plan's Investment Policy Guidelines with the exception to the International sector, as they will keep that underweighted. Andy Russi seconded the motion and passed by the Trustees 5-0.

Lastly Mr. Wan briefly explained why the Plan moved into the convertible bonds with SSI. Also he noted that these investments have been doing very well since funded.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen reminded the Trustees that their annual Form 1 Disclosures are due July 1, 2012.

Mr. Christiansen updated the board on the recent Legislative session which just recently ended. He noted that nothing passed during the session that the board would need to take action on.

The board discussed the VCP Submission letter that was recently filed and who was responsible for the payment of the application fee which was \$350. As it stands now the pension board has paid for that application fee because Mr. Christiansen billed the Board for his work relating to this. Ms. Beeler stated that in her opinion the pension board should not be responsible for the charge because it is not the pension boards/Trustees' fault that the Plan changes were not made in a timely manner. Mr. Christiansen stated that he will credit the Plan for the \$350 they paid for the application fee to submit the VCP letter.

Audrey Ross, Pension Resource Center

Ms. Ross presented the board with a retainer fee increase letter. She explained that PRC has been working for the board since 2010 and their initial agreement with the Plan included only a 12 month rate guarantee. We chose not to address the fees following the expiration of the initial agreement period. Also originally the PRC proposed a fee of \$1,050, although it was negotiated down to a monthly retainer of \$900. Therefore we

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are now coming back and asking for the board to grant a one-time adjustment to the current fee of \$900 to the \$1,050 that was originally proposed, effective June 1, 2012. In addition we are requesting an annual COLA each January 1 and thereafter of 3.5%. The Trustees discussed the fee increase letter and the implementation of the COLA.

Gabe Vella made a motion to approve and accept the Pension Resource Center's monthly fee increase from \$900 to \$1,050 effective June 1, 2012 with no COLA, and to also direct the Plan's Attorney, Mr. Christiansen to draft the revised PRC addendum to reflect the fee increase. Andy Russi seconded the motion and passed by the Trustees 5-0.

IV. PLAN FINANCIALS

Financial Statements

Ms. Ross provided an interim financial statement for the plan. She 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 March 2012.**

Disbursements

The Trustees then reviewed the Warrant dated March 11, 2012 for payment of invoices.

Karen Gudinas made a motion to approve the Warrant dated March 11, 2012 for payment of invoices. Andy Russi seconded the motion and approved by the Trustees 5-0.

V. NEW BUSINESS

Ms. Beeler announced that she will be resigning from the board before the next meeting. She explained that she will be moving out of City Lake Mary soon and therefore she will no longer be able to serve on the Board according to the City's Ordinance.

Adjournment

There being no other business and the next meeting having previously been scheduled for Friday August 10, 2012 the meeting adjourned at 8:56AM.

Respectfully submitted,

Ronald Russi, Secretary