

***City of Lake Mary Firefighters' Retirement System
Meeting of August 10, 2012***

I. CALL TO ORDER

Chairman Gabe Vella called the meeting to order at 7:37a.m. Those persons present included:

TRUSTEES

Gabe Vella, Chairman
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 May 11, 2012.

Karen Gudinas made a motion to approval of the minutes from the regular meeting of May 11, 2012. Gabe Vella seconded the motion and passed by the Trustees 3-0.

III. REPORTS

Alan Ashworth, Eagle Asset Management

Mr. Ashworth stated that there have been no changes to the firm or the portfolio team. He reviewed the SMID cap portfolio and explained that it was not a good quarter. The Russell 2500 was down -4.1% and energy was down -12.4%, although utilities reversed this quarter and where up 4.3%. For the quarter ending June 30, 2012 the total fund was down -4.80% versus the index at -4.14%, and for the one year the fund is also behind the index at -6.74% versus 2.29%. Mr. Ashworth reviewed the performance attribution and commented that they are currently overweighed in information technology and energy which benefited them during the quarter. Financials and utilities detracted away from the performance during the quarter. He also briefly reviewed some of the companies that performed well such as Sunoco, Cardtronics and EQT, but some of the stocks that detracted from their performance were First Horizon and ITC.

Mr. Ashworth reviewed the fixed income portfolio which had a slightly better quarter then the equities. He explained that the M&A activity remains slow and that they are still underweighting Treasuries in their portfolio because the yields are historically low at this time. For the quarter ending June 30, 2012 the total fund did slightly outperform the index at 2.08% versus 2.06% and for the one year the fund is also ahead at 8.46% versus the index at 7.48%. Mr. Ashworth explained that they are keeping duration neutral at this point and are currently overweighed in mortgage backed securities and corporates.

Lastly Mr. Ashworth commented that the turmoil overseas in Europe has not been beneficial for the Domestic US. The US economy continues to grow and companies are still meeting their earnings, but unemployment and housing are still an issue. There is still a lot of cash sitting on the sidelines waiting to be invested and when the economy does start to turn around and growth hits, then this portfolio will be positioned very well for recovery.

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Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan reviewed the Eagle SMID cap fund and commented that they rank in the top 28th percentile, but the benchmark has been more consistent the their performance. He explained that Eagle is a high quality manager and that no action is recommended at this time, although they will be keeping an watch on their SMID cap portfolio.

Mr. Wan reviewed the report for the quarter ending June 30, 2012 and the total fund net of fees was negative but inline with the benchmark at -1.7%. For the fiscal year to date the fund is still ahead of the Plan's assumed rate of return at 12.1% versus the benchmark at 13.8%. He reviewed the asset allocation and commented that they are slightly overweighed to bonds and underweighted to the S&P00. The REITS are up 32% for the fiscal year to date and Mr. Wan stated that the plan should consider preserving some of their capital since they are getting 1.9% in dividends from the REITS. He noted that he would be taking the money from the REITS and moving it into the S&P 500 since they are underweighted in that sector.

Gabe Vella made a motion to approve and authorize the transfer of \$150K from the REIT account to the S&P 500 account to rebalance according to the plan's Investment Policy Guidelines per the recommendation of the plan's Consultant. Karen Gudinas seconded the motion and passed by the Trustees 3-0.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen noted that all Trustee's have turned in their Form 1 Disclosures that were due on July 1, 2012.

Mr. Christiansen passed out the revised administration agreement with the Pension Resource Centers that reflects the new monthly fee of \$1,050 effective June 1, 2012.

Mr. Christiansen notified the board that the State Annual Report has been approved and that we should be receiving the State money within the next couple of weeks.

Mr. Christiansen reviewed the memo from the Division of Retirement regarding the Plan's minimum funding basis: percentage of payroll versus fixed dollar contribution. He reviewed the history of this and stated that City's have always contributed based on a fixed dollar amount until 2009 when the Division of Retirement came out and stated that City's must contribute based on the percentage of payroll. The Division of Retirement has now changed their opinion again and now state that the Trustees should get together with their Actuary and City reps to determine what method would be best for their plan, fixed dollar contributions or percentage of payroll contributions. Ms. Holloway stated that the City currently contributes based off the percentage of payroll since they were required to switch to this method a couple of years ago. The Trustees discussed the differences between the contribution methods and concurred that whatever method is more efficient for the City is allowable by the Board of Trustees.

Gabe Vella made a motion to approve and authorize the City to continue contributing their employer contributions by using the percentage of payroll method unless the City's Finance Director expresses any concern to change over to the fixed dollar contribution method, in which the matter would then be brought to the board of Trustees. Jeff Koltun seconded the motion and passed by the Trustees 3-0.

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Mr. Christiansen stated that the Legislative session has ended and there were no changes to the pension other than the language relating to ex-spouses as beneficiaries. He explained that if a member gets a divorce then this automatically removes their ex-spouses as a beneficiary on their pension. Mr. Christiansen explained that he thinks, along with other pension attorneys, that this new law is unconstitutional and they have reached out to seek a general attorney's opinion on this. As more information becomes available on this new bill, he will send out a memo to all his Boards notifying them of what actions they may need to take place.

Lastly Mr. Christiansen reviewed how overpayments from the Plan could happen and discussed what procedures could be put in place to avoid them. He explained that there are a lot of cases out there where a retiree will pass away and their payment does not cease like it should because they did not elect a survivorship option. Ms. Ross noted that their office uses a death search services that tracks deaths on a daily basis by a persons' social security number. She explained that this service is in place for the retirees under this plan since her office process the retiree's pension payments each month. In addition Ms. Ross explained that their systems allow them to input a start and stop date if needed. If a stop date is entered into the system, then a couple days before that stop date the system will flag it and send us a notification.

Audrey Ross, Pension Resource Center

Ms. Ross stated that she has the Regions Bank authorized signor form with her today that needs to be executed by the Trustees since the current one they have on file is out dated.

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 June 2012.**

Disbursements

The Trustees then reviewed the Warrant dated August 10, 2012 for payment of invoices.

Gabe Vella made a motion to approve the Warrant dated August 10, 2012 for payment of invoices. Karen Gudinas seconded the motion and approved by the Trustees 3-0.

Benefit Approvals

The Trustees reviewed the application to exit the DROP for Rick Fudge.

Gabe Vella made a motion to approve the application to exit the DROP for Rick Fudge. Jeff Koltun seconded the motion and approved by the Trustees 3-0.

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V. NEW BUSINESS

Mr. Vella briefly updated that board on the open Trustee seat that was recently vacated by Heelen Beeler because she moved outside of Lake Mary. He commented that the City is in the process of taking applications and will have a reappoint by the next board meeting in November.

Adjournment

There being no other business and the next meeting having previously been scheduled for Friday November 9, 2012 the meeting adjourned at 8:49AM.

Respectfully submitted,

Ronald Russi, Secretary