

**City of Lake Mary Firefighters' Retirement System**  
**Meeting of May 10, 2013**

**I. CALL TO ORDER**

Chairman Gabe Vella called the meeting to order at 7:33 A.M. Those persons present included:

**TRUSTEES**

Gabe Vella, Chairman  
Jeff Koltun  
Karen Gudinas  
Martin Bel

**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 8, 2013.

**Karen Gudinas made a motion to approval of the minutes from the regular meeting of February 8, 2013. Gabe Vella seconded the motion and passed by the Trustees 4-0.**

**III. REPORTS**

**Alan Ashworth, Eagle Asset Management**

Mr. Ashworth noted that there have been no firm or team changes to report at this time. He discussed the market environment during the quarter with the board and commented that the Russell 2500 outperformed and every single sector had outperformance as well. Mr. Ashworth reviewed the funds performance for the quarter ending March 31, 2013 and commented that on the equity side they were slightly behind the index for the quarter at 12.60% versus 12.85%. He commented that he does not think there will be a "bubble" anytime in the near future because Corporates are meeting their expected growth rates. Mr. Ashworth reviewed the funds sector allocation and noted that they really like energy right now and it is benefiting the portfolio. On the downside, health care has been a detractor to their performance. He explained that during the quarter they had an over weight to health care and health care companies tracked negative earnings.

Mr. Ashworth reviewed the fixed income portfolio and stated that they were negative for the quarter ending March 31, 2013 at -0.11% versus the index at -0.12%. He explained that the negative performance resulted from the low rates and price movement, although they are still inline with the benchmark. Mr. Ashworth stated that they are staying in investment grade corporates and they have been moving down the grade scale to find more yield. The Trustees discussed the current market environment on the fixed income side and why they should not move into mutual funds at this time. Mr. Wan expressed his concerns with Eagle's fixed income portfolio and stated that he hopes they will be able to keep up while the rates remain low. The Trustees had a lengthy discussion on the performance and the bond market all together. Mr. Wan discussed Eagle's fees on the fixed income portfolio and compared them to an index fund. He noted that the fee for indexing the bonds would be around 12 basis points, which is 24 basis points lower than Eagles fee. Mr. Ashworth stated that he will speak to his manager regarding their

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fee on the fixed income portfolio to see if there is anything they can do, and then he will report back to the board.

**Frank Wan, Burgess Chambers and Associates (BCA)**

Mr. Wan stated that his firm just celebrated their 25<sup>th</sup> year as a management firm. He explained that BCA started their firm 25 years ago with 1 client and \$40K in assets. Now BCA is currently up to \$3B in assets.

Mr. Wan discussed the market environment during the quarter and noted that the plan earned \$571K, although they were slightly behind the index at 5.8% versus 6.2%. For the fiscal year to date they are up 7.6% versus the index at 7.9%. Mr. Wan noted that they want to continue to outperform throughout the fiscal year so that they can bet their assumed rate of return this year. Mr. Wan reviewed the plans asset allocation and noted that the portfolio is currently in balance. He briefly reviewed each managers performance and noted that all asset classes performed well, with the exception of fixed income.

Mr. Wan present the board with a Real Estate search. He explained that Real Estate adds great diversification to the portfolio and now would be a great time to get into it. The type of Real Estate that this plan would be investing in is private real estate that are pooled funds that buy and sell commercial properties. These portfolios are funded and valued on a quarterly basis. Also these funds are an open ended commingled fund with quarterly liquidation. Mr. Wan stated that Real Estate is a great alternative for a bond substitute because it is less risky and produces a quarterly disbursement as well. He listed 3 mangers in his real estate search and compared their short term and long term performance. He noted that all managers are still negative for their 5 year performance because of the bad year in 2008. Mr. Wan also stated that the recovery cycle phase in real estate is not as volatile as the bond market. He stated that if they board was to move forward with real estate, he would only recommend allocating \$1M initially and then reinvesting the dividends each quarter. First the board would want to choose a couple of managers to interview before making a decision. Mr. Christiansen noted that currently the Ordinance does not allow for a private real estate commingled fund that does not have a national or state bank that holds their assets (the fund would have to be administered by a national or state bank). Therefore that language would need to be removed from the Ordinance before the board can invest in real estate. Ms. Holloway stated that she will check with the City Manager to see if this is something that can be revised as soon as possible. The Trustees stated that in the meantime they would like to continue moving forward by interviewing some of the real estate mangers at their next meeting.

**Gabe Vella made a motion to interview the real estate managers American Realty and Cornerstone at their August 9, 2013 meeting. Karen Gudinas seconded the motion and approved by the Trustees 4-0.**

**Scott Christiansen, Christiansen & Dehner**

Mr. Christiansen provided the board with a revised and updated summary plan description. He reviewed the changes and the updates that were made and Ms. Ross noted that she will send out a copy of the revised document to all the active members as soon as she receives the actuarial pages from the Actuary.

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**Karen Gudinas made a motion to approve the revised and updated summary plan description as presented. Gabe Vella seconded the motion and approved by the Trustees 4-0.**

Mr. Christiansen presented the board with the draft Ordinance regarding the required IRS rules. He stated that he worked with another law firm to complete this and that he will also be getting the impact statement from the Actuary stating that there are no costs to the City for the revisions. Mr. Christiansen noted that per the prior conversation, now would also be a good time to revise this current draft Ordinance to include the revised real estate language before it is presented to the City.

**Karen Gudinas made a motion to accept the Ordinance as presented with the revision to the real estate language (by removing the language that states that the real estate fund has to be "administered by a US bank"). Gabe Vella seconded the motion and approved by the Trustees 4-0.**

Mr. Christiansen noted that there are a couple of mini conferences in the area that are coming up (including one being held later today), if any of the Trustees are interested in attending. He reminded the board that all Trustees must complete one educational class a year.

Mr. Christiansen reviewed his memo regarding the release of protected information. All firefighters' must sign a confidentially form which states that they understand that the pension fund cannot release any of their personal information when responding to public records request. He noted that this is a change to the Chapter 119 operating rules and procedures.

**Martin Bel made a motion to accept and approve the revised operating rule and procedure 15.1 (extent of confidentially permitted). Gabe Vella seconded the motion and approved by the Trustees 4-0.**

Mr. Christiansen briefly updated the board on the legislative session and commented that all bills died and nothing was completely passed this session that affects defined benefit plans. Although, there was a Senate Bill 534, that passed which will require additional reporting requirements for the Actuary. He commented that GRS will be updating the board on the new requirements and additional fees shortly.

**Audrey Ross, Pension Resource Center**

**IV. PLAN FINANCIALS**

**Disbursements**

The Trustees then reviewed the Warrant dated May 10, 2013 for payment of invoices.

**Jeff Koltun made a motion to approve the Warrant dated May 10, 2013 for payment of invoices. Gabe Vella seconded the motion and approved by the Trustees 4-0.**

**Financial Statements**

Ms. Ross provided an interim financial statement for the plan through March 2013. 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.

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The Trustees received and filed the interim financials statements through the month of March 2013.

Ms. Ross reminded all the Trustees that the annual Form 1 Disclosures are due July 1, 2013.

**V. NEW BUSINESS**

N/A

**Adjournment**

There being no other business and the next meeting having previously been scheduled for Friday August 9, 2013 the meeting adjourned at 9:36 AM.

Respectfully submitted,

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Shawn Anastasia, Secretary