

City of Lake Mary Firefighters' Retirement System
Meeting of November 8, 2013

I. CALL TO ORDER

Chairman Gabe Vella called the meeting to order at 7:30 A.M. Those persons present included:

TRUSTEES

Gabe Vella, Chairman
Shawn Anastasia, Secretary
(arrived 7:42AM)
Karen Gudinas (arrived 7:33AM)
Martin Bel

Jeff Koltun

OTHERS

Dianne Holloway, City of Lake Mary Finance Director
Scott Christiansen, Christiansen & Dehner, PA
Dave Smeltzer, Regions Bank
Audrey Ross, Pension Resource Center
Frank Wan, Burgess Chambers & Associates
Mitch Brennan, Burgess Chambers & Associates
Jeff Amrose, Gabriel, Roeder & Smith (GRS)

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meeting on August 9, 2013.

Jeff Koltun made a motion to approval of the minutes from the regular meeting of August 9, 2013. Gabe Vella seconded the motion and passed by the Trustees 3-0.

III. REPORTS

Jeff Amrose, Gabriel, Roeder & Smith (GRS)

Mr. Amrose noted that the required contribution dollar amounts that are reflected in the report are estimates only because the actual contributions should be based on the percentage of the actual payroll for the fiscal year. He reported that the employer contributions will increase from 24.09% to 25.68% for the fiscal year ending 9/30/2015. Mr. Amrose reviewed the changes that were implemented during the year and stated that the assumed rate of return will also decrease by another .1%, making the current rate 7.7% effective October 1, 2013. He noted that the Plans goal is to eventually decrease their assumed rate of return to 7.5%. During the fiscal year the plan had an actuarial loss of \$64,309. The loss was mostly due to investment losses, which ultimately increased the employer contributions by 30% of payroll. The plans funded ratio slightly decreased this year from 82.7% to 82.6%, which is still very good compared to most plans. Mr. Amrose explained that the Plans. Mr. Amrose reviewed the participant data and commented that there are now 38 active members, 5 retired members, 2 disabled members and no vested. Lastly he reviewed the Plans administrative fees and stated that altogether the Plan is paying about 77 basis points for all expenses.

Gabe Vella made a motion to approve the September 30, 2013 Actuarial Valuation Report as presented by the Actuary. Karen Gudinas seconded the motion and passed by the Trustees 5-0.

Lastly Mr. Amrose explained that a new bill was recently passed and it will increase the GASB requirements, which ultimately means that the Actuary now has more reporting requirements that they will need to meet. In next years valuation report GRS will need to complete 3 additional calculations that are now being required by the State. He briefly explained to the board what the new calculations consist of, but he reassured the board

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that these calculations are for informational and accounting purposes only and will not have any impact on the plan or the plan's funding requirements. He stated that the fee for GRS to complete these additional reports will not exceed \$2,950. GRS will first complete an estimated calculation and then they will update the final numbers by September 30, 2014. The Trustees discussed the additional calculations that need to be completed and asked GRS why they did not just wait until September 30, 2014 to complete the calculations instead of doing estimated ones first. Mr. Amrose stated that by allowing them to complete the estimates first will give them more time to work on the documents and then there will be no surprises at the end. The Trustees discussed the additional GASB requirements and GRS additional fee as well.

Gabe Vella made a motion to approve the GRS fee schedule as presented due to the additional GASB 67 requirements for the September 30, 2014 Actuarial Valuation Report only. Karen Gudinas seconded the motion and passed by the Trustees 5-0.

David Smeltzer, Regions Bank

Mr. Smeltzer introduced himself to the board and commented that Regions Bank is proposing a fee increase to all their clients. He explained that Regions bank has been charging this fund 4 basis points for the last 12 years and now they are asking for an increase to 4.2 basis points per year (which is about an additional \$230 per year). Region's Bank has been the Custodian for this fund since 2001 and he briefly reviewed all the services that they provide for the board. Mr. Wan and Mr. Christiansen noted that the new fee that Regions is proposing is still relatively low compared to their peers.

Karen Gudinas made a motion to approve and accept Regions Bank fee increase from 4% to 4.2%, and to also authorize Mr. Christiansen to draft the revised fee addendum between the board and Regions Bank. Gabe Vella seconded the motion and passed by the Trustees 5-0.

Alan Ashworth, Eagle Assets Management

Mr. Ashworth stated that Eagle recently had one personnel change; a portfolio team member (not for this fund) was terminated within the last quarter. He noted that this change does not have any impact or affect on this plan's portfolio. Mr. Ashworth reviewed the market environment during the quarter and noted that the Russell 2500 index outperformed and health care led at 15%. As of September 30, 2013 the total equities slightly underperformed the index at 7.93% versus 9.08% and for the fiscal year they are in the same situation at 26.45% versus 29.79%. Mr. Ashworth reviewed the sector allocation and commented that they have been finding some good stocks in the financials and utilities sectors. Currently the fund has an overweight to health care and consumer discretionary. Mr. Ashworth continued to review the fixed income portfolio. He commented that fixed income did slightly better during the quarter at .48% versus .57%, but for the fiscal year they were negative at -1.51% versus -1.68%. Fixed income is still a rough market to be in as they are trying to find stability in this market place. Mr. Ashworth explained that Eagle has taken action in regards to what the Fed's are doing in preparation of "tapering". He stated that they will continue to closely monitor the portfolio.

Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan commented that the market place is starting to slowly turn around, with the exception to fixed income. He noted that the plan has now dropped off 2008, which was a horrible year for the plan investment wise. For the quarter ending September 30, 2013

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the fund was up 4.7% net of fees versus the index at 5%, but for the fiscal year the fund outperformed their assumed rate of return at 12.4% net of fees versus the index at 13.7%. Mr. Wan briefly reviewed each manager's returns for the quarter and the fiscal year. He commented that American Realty had a capital call on October 1, 2013 and they will be having another one on January 1, 2014.

Mr. Wan reviewed the revised investment policy guidelines (IPG). He noted that he added real estate into the policy and also declared the fixed income range.

Gabe Vella made a motion to approve and accept the revised investment policy guidelines as presented. Jeff Koltun seconded the motion and approved by the Trustees 5-0.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen presented the board with the 2014 meeting dates. He noted that the February and November 2014 meeting dates are switched to the 1st Friday's of the month, rather than the second.

Mr. Christiansen stated that Mr. Vella's term has expired and Ms. Gudinas's and Mr. Bel's reappointments will be expiring at the end of this year as well. Mr. Anastasia stated that an election was held with the active members and Mr. Vella by default was re-elected. Ms. Ross stated that she will collect the election information and send it to the City Clerk regarding Mr. Vella, and she also commented that she will remind the City Clerk of Ms. Gudinas's and Mr. Bel's upcoming expiring terms as well.

Mr. Christiansen stated that the board needs to declare their actuarial assumed investment rate of return for next year, the next several years and long term.

Gabe Vella made a motion to declare that based upon their Investment Consultants advice, the Plan's actuarial assumed investment rate of return for the next year will be 7.7%, and 7.6% for the next several years, and 7.5% long term. Karen Gudinas seconded the motion and approved by the Trustees 5-0.

Mr. Christiansen noted that IRS Ordinance was filed and a copy has been sent to the State as well.

Lastly Mr. Christiansen briefly updated the board on the recent developments from the Division of Retirement in regards to the "Naples Letter". He explained that now the Division of Retirement

Audrey Ross, Pension Resource Center

IV. PLAN FINANCIALS

Disbursements

The Trustees then reviewed the Warrant dated November 8, 2013 for payment of invoices.

Karen Gudinas made a motion to approve the Warrant dated November 8, 2013 for payment of invoices. Jeff Koltun seconded the motion and approved by the Trustees 5-0.

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Ms. Smeltzer stated that he just noticed that Regions is billing the plan on a monthly basis and it should only be on a quarterly basis. He noted that he will fix this going forward.

V. NEW BUSINESS

Mr. Anastasia asked for background clarification what it would take to remove the language in the Ordinance that states overtime is capped at 300 hours for purposes of their pension. Ms. Christiansen stated that the board recently amended their Ordinance to include that language because it was a State Law that passed and they are required to abide by it.

Adjournment

There being no other business and the next meeting having previously been scheduled for Friday February 7, 2014 the meeting adjourned at 9:42 AM.

Respectfully submitted,

Shawn Anastasia, Secretary