

City of Lake Mary Firefighters' Retirement System
Meeting of August 8, 2014

I. CALL TO ORDER

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

TRUSTEES

Gabe Vella, Chairman
Shawn Anastasia, Secretary
Martin Bel
Jeff Koltun
Karen Gudinas

OTHERS

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

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meeting on May 9, 2014.

Gabe Vella made a motion to approval of the minutes from the regular meeting of May 9, 2014. Shawn Anastasia seconded the motion and passed by the Trustees 5-0.

III. REPORTS

Ed Rick, Eagle Assets Management

Mr. Rick commented that there have been no firm changes other than a new analyst that recently joined the firm. Mr. Rick reviewed the SMID cap fund and stated that for the quarter ending June 30, 2014 the fund was slightly behind the index at 3% versus 3.57%, but for the one year they are ahead at 26.04% versus the index at 25.28%. Energy was the leading sector during the quarter and consumer discretionary was the largest underperformer. Mr. Rick briefly reviewed the top 5 and the bottom 5 stocks in the portfolio and commented that since the quarter has ended they have completely sold out of the bottom 5 stocks all together.

Mr. Rick reviewed the fixed income portfolio and stated that during the quarter they added ALPHA to the portfolio by actively managing the sector exposure, the yield curve exposure, and the security selections. For the quarter ending June 30, 2014 they are slightly behind the index at 1.55% versus 2.04% and for the one year they are in the same position at 3.44% versus the index at 4.37%. Mr. Scott explained that they are keeping the duration short and their average is 4.95 years and their average waiting is in aaa. .

Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan commented that for the quarter ending June 30, 2014 the total fund net of fees was behind the index at 3.7% versus 4.1%, but for the fiscal year to date they are up 11.6% which is way above the Plan's assumed rate of return, but behind the index at 12.6%. Mr. Wan briefly reviewed each manager's performance and commented that all the managers are doing well and he does not have any recommendations for changes at this time. American Realty had another capital call on July 1, 2014 which is not reflected in this report. The total Plan assets are up to \$12.9M and all the targets are in line with the policy. Mr. Wan commented that the level of volatility has remained the same even

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with all the recent structural changes that have occurred in the portfolio. Also he stated that if the market does go down again we wouldn't want to move into bonds, but we would want to allocate it to either the convertibles or the real estate. Mr. Wan stated that overall the portfolio is doing great and it positioned very well, but does still have a lot of room for growth and diversification. He commented that he will be bringing back some active international emerging market manager information to the next meeting for discussion.

Mr. Wan explained that as a follow up to the last meeting he brought in some information on Master Limited Partnership (MLP). MLP's are not measured in shares, but rather in a unit. MLP's use to be for individual wealthy people and MLP's do not pay corporate level taxes. He reviewed the different areas that MLP's invest in, such as energy and infrastructure. MLP's have recently grown and 2013 was a record year for new IPO's so now there are more qualifying assets that are expected to move to this tax advantage structure. MLP's have high yields and make a great stable alternative investment and they do not have any correlation to stocks. MLP's also offer great downside protection and are a great diversifier as well. Mr. Wan reviewed and compared a couple of different firms that offer MLP's. He compared their performances over different time periods and stated that MLP's have to pay unrelated business tax income (UBTI) because they are in commingled funds, but there is one manager on the list that has opened a separate account just for pension funds so that they can avoid paying the UBTI. Mr. Wan explained that his recommendation would be to allocate 5% of the portfolio to MLP's. Mr. Christiansen commented that the Plan would need to amend the Ordinance to add in this particular asset class. The Trustees had a very lengthy discussion on MLP's and if they wanted to move forward in interviewing some managers or not.

Gabe Vella made a motion to authorize Mr. Christiansen to draft Ordinance language regarding adding in the asset class for MLP's. Martin Bel seconded the motion and approved by the Trustees 5-0.

The Trustees stated that they would like to interview Westwood and Miller/Howard at their next meeting to get an idea of how the different accounts work.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen commented that all the Trustees have filed their Form 1 Disclosure form on time.

Mr. Christiansen reviewed the revised normal retirement application as well as the revised disability application.

Mr. Christiansen stated that the Plan's 2013 Chapter 175 money has increased this year to \$170K.

Mr. Christiansen announced that his office will be holding a mini-conference in September if any of the Trustees would like to take advantage of the educational offer.

Audrey Ross, Pension Resource Center

N/A

IV. PLAN FINANCIALS

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Disbursements

The Trustees then reviewed the Warrant dated August 8, 2014 for payment of invoices.

Gabe Vella made a motion to approve the Warrant dated August 8, 2014 for payment of invoices. Martin Bel seconded the motion and approved by the Trustees 4-0.

Financial Statements

Ms. Ross provided an interim financial statement for the plan through June 2014. 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 2014.

V. NEW BUSINESS

Mr. Anastasia explained that he just wanted to get some clarification on overtime and the FLSA time. Mr. Christiansen stated that in this Plan, FLSA time does count towards the 300 hours of maximum overtime that is pensionable. Most City's have it the opposite way where your overtime starts after your FLSA time is maxed out. To change the way the process in this Plan it would need an Ordinance change. Mr. Christiansen commented that when he originally drafted the Ordinance, he did draft it without the FLSA time but it was not approved by the City at that time. Mr. Christiansen recommends discussing this with the Plan's Actuary and maybe the City at the next meeting.

VI. PUBLIC COMMENTS

N/A

Adjournment

There being no other business and the next meeting having previously been scheduled for Friday November 7, 2014 the meeting adjourned at 9:14 AM.

Respectfully submitted,

Shawn Anastasia, Secretary