

City of Lake Mary Firefighters' Retirement System
Meeting of February 13, 2015

I. CALL TO ORDER

Trustee Jeff Koltun called the meeting to order at 7:37 A.M. Those persons present included:

TRUSTEES

Shawn Anastasia, Secretary
(arrived 7:44AM)
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
Larry Cole Burgess Chambers & Associates
Ed Rick, Eagle Asset Management

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meeting on November 7, 2014 meeting.

Karen Gudinas made a motion to approval of the minutes from the regular meeting of November 7, 2014 as amended. Jeff Koltun seconded the motion and passed by the Trustees 3-0.

III. REPORTS

Ed Rick, Eagle Assets Management

Mr. Rick stated that there have been no firm changes since they last met. He reviewed the SMID cap fund and noted that it has now been 5 quarters since the senior portfolio manager change occurred and it has proven well. For the quarter the fund was up 7.81% net of fees versus the benchmark at 6.77% and for the 1 year they are also up net of fees at 9.44% versus 7.07%. Utilities and health care were the leading sectors during the quarter and energy was the largest detractor. Mr. Rick reviewed the portfolios asset allocation as well as the top 5 contributors during the quarter as well as the bottom 5 detractors. The total SMID portfolio assets are up to \$1.6M and the fund is doing well.

Mr. Rick reviewed the fixed income fund and commented that for the quarter they outperformed the index at 1.95% versus 1.79%, but for the 1 year they are slightly behind at 5.56% versus the index at 5.97%. He explained that interest rates remain low and which means they are also keeping their duration in the portfolio short at 5.57 years. Mr. Rick stated that he does not think rates will increase anytime soon or at least through the end of 2015. Also he noted that he thinks the volatility in the fixed income market has decreased a little but is still out there and that is why they are not predicting large returns from fixed income in the near future.

Larry Cole, Burgess Chambers and Associates (BCA)

Mr. Cole reviewed the Plan's performance for the quarter ending December 31, 2014. During the quarter the Plan had a gain of \$429K which was a net return of 3.1% versus the index at 3%, but for the 1 year they are behind the index net of fees at 7.7% versus

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8% but still a strong return. He reviewed the Plan's asset allocation and noted that there is a slight underweight to SMID cap, but other than that the Plan is in line with their policy targets and there is no need to rebalance at this time. Mr. Cole reviewed each manager's returns for the quarter and commented that Miller Howard was funded after the quarter ended so they are not reflected on this report as of December 31, 2014. He commented that it was great timing on the funding of Miller Howard because in the 4th quarter they took a big hit and we funded them after that when their portfolio went back up. Mr. Cole briefly noted that Miller Howard went down in the 4th quarter due to the oil prices dropping dramatically so fast but since then everything has stabilized out. All the managers are performing well and convertibles were the top performing asset class and manager during the quarter. Mr. Cole explained that this Board has done very well in diversifying their portfolio and it is starting to reward the fund. The Trustees discussed the domestic allocation versus the International which is currently underweighted. Mr. Cole stated that he is comfortable with the underweight to International because of all the risks that are currently going on overseas, but this is something that they will want to look at in the near future. Also the Trustees briefly discussed whether the portfolio was set up to handle a rising interest rate environment and Mr. Cole explained that is exactly what the convertibles do. The convertibles help keep the volatility down during inflation. Overall Mr. Cole stated that the fund is doing great and the portfolio is well positioned going forward.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen stated that he provided the administrator with updated forms regarding the distribution tables in which Ms. Ross stated that she will replace.

Mr. Christiansen noted that Mr. Anastasi was reappointed by the members to continue to serve on the Board, and also Mr. Koltun was reelected by the City Commission to continue to serve on the Board.

Mr. Christiansen explained that according the State Statute the Plan's Summary Plan Description (SPD) is required to be updated every 2 years and therefore it is time for him to update it.

Shawn Anastasia made a motion to authorize the Plan's Attorney to update the Board's Summary Plan Description as required by the State Statute. Martin Bel seconded the motion and approved by the Trustees 4-0.

Mr. Christiansen reviewed the IRS changes that will be occurring in the near future. One they are approved, then this Board will to amend their Ordinance to include the changes so that the Plan is still in compliance with the IRS. Therefore Mr. Christiansen commented that he will be bringing back a draft Ordinance to the Board in the near future with the updated IRS information.

Mr. Christiansen briefly updated the Board on the Bills that will be presented this Legislative session. The session has not started yet this year but there are already 2 proposed pension bills that will be presented. They are the 2 same bills that did not pass last year so they are back on the table again this year. Also last year the league of cities were in favor of these bills, but these year they have changes their position and are now against them. He stated that he will update the Board as the session begins and more information becomes available.

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Audrey Ross, Pension Resource Center

Ms. Holloway reminded Ms. Ross to send the 2014 State Annual Reports to her office to review prior to submitting it to the Division of Retirement.

IV. NEW BUSINESS

The Trustees reviewed the letter from the Plan's Actuary, GRS in regards to the new GASB 68 requirements which are the City's responsibility. Mr. Christiansen stated that he does not recommend that this Board pay directly for any fees associated with the GASB 68 reports because it is the City's requirement and not the pension boards. Although Mr. Christiansen did recommend that the Board gives permission to the City and to GRS instructing them that they can work directly together on the GASB 68 reports.

Karen Gudinas made a motion to authorize the City to work directly with the Plan's Actuary (GRS) to complete the GASB 68 statements, and the City is responsible for any cost associated with it. Jeff Koltun seconded the motion and approved by the Trustees 4-0.

*noted that the Board did not accept or approve the proposed GRS letter.

V. PLAN FINANCIALS

Disbursements

The Trustees then reviewed the Warrant dated February 13, 2015 for payment of invoices.

Shawn Anastasi made a motion to approve the Warrant dated February 13, 2015 for payment of invoices. Martin Bel seconded the motion and approved by the Trustees 4-0.

Benefit Approvals

The Trustees reviewed the application for distribution from DROP account (final withdrawal) for Terrance Salsbury.

Shawn Anastasi made a motion to approve the application for distribution from DROP account (final withdrawal) for Terrance Salsbury. Martin Bel seconded the motion and approved by the Trustees 4-0.

Financial Statements

The Trustees reviewed the interim balance sheet and statement of income and expense as of December 31, 2013.

The Trustees received and files the December 2013 balance sheet and the statement of income and expense.

VI. PUBLIC COMMENTS

N/A

VII. ADJOURNMENT

There being no other business and the next meeting having previously been scheduled for Friday May 8, 2015 the meeting adjourned at 9:02 AM.

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Respectfully submitted,

Shawn Anastasia, Secretary