

City of Lake Mary Firefighters' Retirement System
Meeting of August 14, 2015

I. CALL TO ORDER

Chairman Gabe Vella called the meeting to order at 7:36A.M. Those persons present included:

TRUSTEES

Gabe Vella, Chairman
Sean Anastasia, Secretary
Karen Gudinas
Martin Bel (departed 8:28)
Jeff Koltun

OTHERS

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

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the regular meeting on May 8, 2015 meeting.

Karen Gudinas made a motion to approval of the minutes from the regular meeting of May 8, 2015. Martin Bel seconded the motion and passed by the Trustees 5-0.

III. REPORTS

Ed Rick, Eagle Assets Management

Mr. Rick updated the Board on Eagle's transition with another investment firm and noted that this change does not affect this Plan or portfolio. Also at the end of June they had an investment manager leave the firm as it was an amicable change as he moved out of State. They have since hired another manager as a replacement. Mr. Rick reviewed the market environment during the quarter and noted that it is still very volatile and telecommunication was the worst performing sector as health care lead. For the quarter ending June 30, 2015 the total equities fund underperformed the benchmark at -1.59% versus -0.34% but since the quarter ended the funds are doing better. Mr. Rick stated that during the quarter interest rates slowly rose, but they have since fallen back down. He reviewed the sector allocation and noted that they only hold 1 company in utilities because the growth rate is so low. Overall the portfolio is doing well and positioned well going forward.

Mr. Rick briefly reviewed the fixed income portfolio which is negative as well, but more in line with the index at -1.74% versus -1.68%. The Board had a lengthy discussion on interest rates and when they are expected to rise and how it would affect the portfolio. Mr. Rick stated that they are keeping their duration short and their yield low all while still investing in only quality stocks.

Larry Cole, Burgess Chambers and Associates (BCA)

Mr. Cole reviewed the Plan's performance for the quarter ending June 30, 2015 and noted that for the quarter was slightly behind the index at -1% versus -0.89%. For the fiscal year to date the fund is up 4.8% versus 4.5%. Mr. Cole noted that it was a difficult quarter and it still remains the same. He reviewed the Plan's compliance checklist and

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commented that there are no violations and everything looks good from this standpoint. MLP's had a rough quarter and did not perform well due to the drop in oil prices, but Mr. Cole does still think they are a good asset class. He briefly reviewed each manager's performance during the quarter and noted that both Eagle accounts and Miller Howard were negative. Mr. Bel asked about the difference between active management and passive management when it comes to the S&P500 index account. Mr. Cole stated that it was a great observation because now might be a good time to change from the index fund to active management. Mr. Cole stated that he will review all this and get back to the Board at their next meeting regarding rebalancing. He noted that the managers he will be bringing back to the Board to review will mostly likely protect against the downside as they already have a lot of upside protection. Overall the fund is doing well and Mr. Cole has no other recommendations at this time.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen presented the Board with the updated Summary Plan Description (SPD) as presented and approved at the last meeting. Ms. Ross stated that once the Chair executes the final copy today, then she will distribute a copy to all active members of the Plan.

Mr. Christiansen stated that he revised the Plan's Special Tax Notice Form and noted that this form needs to be updated in the pension index forms as well.

Mr. Christiansen noted that he has confirmed online that all Trustees have turned in their Annual Form 1 Disclosure Form.

Mr. Christiansen reviewed his memo regarding the Senate Bill 172 requirements. One of the new requirements states that the pension plan will need to add a defined contribution/share accounts into their Plan by October 1, 2015. The Trustees had a very lengthy discussion on share accounts and how they would be funded. Mr. Christiansen stated that he has a draft ordinance with him today reflecting the share account component being added into the pension plan, but how the share accounts are funded is between the City and the Union. He explained that since this Plan does not have a Union, then the membership and the city will need to mutually agree on how they will use the State money, or if not the Division of Retirement has issued a default plan where the excess State money gets splits 50/50. Also SB 172 requires that this Plan must adopt the same mortality tables as the FRS which is a more conservative table. Mr. Christian stated that these new requirements need to be written into the Plan documents prior to October 1, 2015, so therefore his recommendation to the Board is to approve the Ordinance as is to be in compliance, and then it can always be amended later on if needed.

Gabe Vella made a motion to approve the proposed Ordinance as presented. Karen Gudinas seconded the motion and approved by the Trustees 4-0.

Audrey Ross, Pension Resource Center

Ms. Ross presented the Board with a draft administrative budget for the fiscal year beginning October 1, 2015. She explained that due to the new State requirement, the Board must create an administrative budget that needs to be filed with the Plan's sponsor by October 1, 2015. The Trustees reviewed the budget and made some changes/recommendations.

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Shawn Anastasia made a motion to approve the administrative expense budget as revised. Gabe Vella seconded the motion and approved by the Trustees 4-0.

IV. NEW BUSINESS

Ms. Ross presented the Board with the new Chapter 112.664, Florida State Compliance Report that was prepared by GRS. This report is due to the new GASB requirements, and has already been filed with correct parties.

V. PLAN FINANCIALS

Disbursements

The Trustees then reviewed the Warrant dated August 14, 2015 for payment of invoices.

Jeff Koltun made a motion to approve the Warrant dated August 14, 2015 for payment of invoices. Karen Gudinas seconded the motion and approved by the Trustees 4-0.

Benefit Approvals

The Trustees reviewed the application for distribution of DROP account for Terrance Salsbury.

Jeff Koltun made a motion to approve the Warrant dated August 14, 2015 for payment of invoices. Karen Gudinas 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 June 30, 2015.

The Trustees received and filed the June 30, 2015 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 November 6, 2015 the meeting adjourned at 9:25 AM.

Respectfully submitted,

Shawn Anastasia, Secretary