

City of Lake Mary Firefighters' Retirement System
Meeting of November 3, 2017

I. CALL TO ORDER

Chairman Gabe Vella called the meeting to order at 7:35 A.M. Those persons present included:

TRUSTEES

Gabe Vella, Chairman
Shawn Anastasia, Secretary
(arrived 7:48am)
Jeff Koltun
Karen Gudinas
Martin Bel

OTHERS

Scott Christiansen, Christiansen & Dehner, PA
Audrey Ross, Resource Centers
Connor Wisebecker, Eagle Asset Management
Crystal Smith, Eagle Asset Management
Frank Wan, BCA
Jeff Amrose, GRS

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes from the disability hearing on March 1, 2017 and the regular meeting held on August 4, 2017.

Karen Gudinas made a motion to approve the minutes from the disability hearing on March 1, 2017 and the regular meeting held on August 4, 2017. Gabe Vella seconded the motion and passed by the Trustees 4-0.

III. REPORTS

Jeff Amrose, GRS

Mr. Amrose stated that he is here today to present the September 30, 2017 Actuarial Valuation Report. He commented that the Plan is well funded and the assumptions and funded ratio are very stable as well. The Board recently did an experience study and updated some of their assumptions which is reflected in this report and those updates benefited the Plan overall. The required contributions for the fiscal year ending September 30, 2019 from the City are \$671,838 or 24.78% of payroll which is an increase of about \$32K, but the City does also have a prepaid contribution in the amount of \$11,307 that will be applied. The Plan had a net actuarial gain this year of \$203,076 and the funded ratio has increased to 90.5% which is very strong and on the higher side compared to other pension Plan's. Mr. Amrose stated that this Valuation also reflects the required new FRS mortality table and he reviewed the Plan's smoothing method. Mr. Amrose compared the Plan's current unfunded liability breakdown to the original payments and discussed consolidating the two schedules. He reported on the breakdown of the State money and commented that this Plan is operating under the State's default Plan in regards to the distribution of the excess funds which will be split 50/50 between the City and the members. The amount that will be split between the members is \$119,358. Mr. Amrose briefly reviewed the Plan's census data and as of September 30, 2017 there were 38 active members, 1 vested deferred member, 1 DROP member and 13 retirees. The overall admin fees slightly increased this year due to more Actuarial work (reports/studies) as well as a disability case but the total amount is still under 1% of total assets which is average. The Plan ended the fiscal year with \$16,468,202 which also includes the DROP and Share money. The Board discussed the Plan's assumed rate of return which is currently at 7% and Mr. Amrose stated that he

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thinks that is a good place to be as a lot of his clients are going down to 7%, including the FRS.

Gabe Vella made a motion to approve the September 30, 2017 Actuarial Valuation Report as presented. Shawn Anastasia seconded the motion and approved by the Trustees 5-0.

Shawn Anastasia 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, the next several years, and the long term thereafter to be 7%. Jeff Koltun seconded the motion and approved by the Trustees 5-0.

Mr. Amrose presented the Board with a letter from his firm regarding the new online reporting requirement from the Division of Retirement. The Division is now requiring that all Valuations be manually imputed into their portal online data system each year. There is a lot of work that will have to go into this new requirement and therefore GRS is proposing a onetime set up fee of \$1,250 and then an ongoing fee of \$400-\$500 each year thereafter to update the information. The Trustees discussed and noted that it is a requirement they must comply with.

Gabe Vella made a motion to accept GRS's proposed fee increase of \$1,250 to setup and submit the online reporting of the Actuarial Valuation report as required by the Division of Retirement in addition to the \$400-\$500 annual fee thereafter, and to also direct the Plan's Attorney to update GRS fee addendum. Martin Bel seconded the motion and approved by the Trustees 5-0.

Connor Wisebecker & Crystal Smith, Eagle Asset Management

Ms. Smith stated that Eagle's merger with Scout and Green will be completed within the next 2 weeks but on the investment side this is really a nonevent as there will be no impact to the portfolio or the portfolio team. Ms. Smith reviewed the SMID cap fund as of September 30, 2017 and noted that the smaller companies and the more riskier assets outperformed during the quarter, but due to their strong stock selections they still outperformed the index at 6.51% versus 4.74%. She reviewed the sector attributions and noted that their largest contributor during the quarter was info technology as well as financials. Energy was negative and not performing well but relative to the benchmark they are doing well long term. Eagle thinks that rates are currently at the appropriate levels and Ms. Smith discussed risk and how they would protect on the downside because they do agree that the market is down playing the risk, but they think are positioned well

Mr. Wisebecker reviewed the fixed income fund and for the quarter ending September 30, 2017 they were slightly ahead of the index at 0.87% versus 0.85%. He noted that it remains a tough place for the bond managers and reviewed the sector and performance attribution. The portfolio remains very conservative to navigate risk and they will continue to overweight corporates as they are making more money there. Mr. Wisebecker discussed M&A activity which has been high lately and also commented that they are keeping the duration low. The Board discussed future market events that could have an impact on the portfolio and Mr. Wisebecker stated that they will continue to remain conservative and protect on the downside and as an active manager they have more trading power and liquidity.

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Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan stated that for the quarter ending September 30, 2017 they were up 3.5% versus the benchmark at 3% and for the fiscal year to date they added 11.3% versus the benchmark at 10.9%. He briefly reviewed each manager's performance and he commented that all the managers outperformed their relative benchmarks and are doing well.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen stated that Mr. Vella's Trustee term is set to expire soon so an election will need to be held for him amongst the active members. Mr. Anastasia confirmed that they will start the process. Also Ms. Gudinas and Mr. Bel will need to be reappointed by the City as their term also expires soon.

Mr. Christiansen presented the Board with the 2018 meeting dates.

Gabe Vella made a motion to approve the 2018 meeting dates as presented. Shawn Anastasia seconded the motion and passed by the Trustees 5-0.

Mr. Christiansen presented the Board with the updated Operating Rules and Procedures. The Trustees tabled this document until the next meeting after they have had time to review it.

Lastly Mr. Christiansen stated that he and his partner have decided to begin the transition to the next phase of their careers. Therefore they will be reducing their workload and have decided to reduce the number of pension plans that they represent. They have decided to geographically centralize the clients that they service in order to reduce their travel time. Mr. Christiansen notified this Board that he will continue to legally represent this Plan at their pleasure for the years to come.

Audrey Ross, Pension Resource Center

Ms. Ross presented the Board with the 2016/2017 actual admin expense report. This report reflects the actual expenses that were spent on service providers during the fiscal year in comparison to what they budgeted for. The Plan's actual expenses were under their budgeted amounts. This annual exercise is a recent new State requirement and this document will be filed with the Plan sponsor as well as the Division of Retirement along with the State Annual Report.

Gabe Vella made a motion to approve the 2016/2017 actual expense admin report as presented. Karen Gudinas seconded the motion and passed by the Trustees 5-0.

Ms. Ross presented the Board with a letter from her firm regarding the financial statements that her office prepares. She explained that a lot of work goes into preparing these statements as these are what the Auditors and Actuary use at fiscal year end. The statements are viewed by a CPA that is contracted out by PRC so that they are in compliance with all the auditing standards. PRC will be starting to charge for this service going forward a monthly fee of \$750. They reviewed the letter and Ms. Ross stated that the Plan is responsible for providing the Auditor with the general ledger and balance sheet each year, whether PRC does it or another service provider. The Trustees had a lengthy discussion.

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A motion was made by Gabe Vella to approve PRC's proposed monthly financial statement fee of \$750 effective December 1, 2017 and to direct the Pan's Attorney to update the Administrative fee addendum. The motion received a second from Shawn Anastasia and carried 5-0.

IV. NEW BUSINESS

N/A

V. PLAN FINANCIALS

Disbursements

The Trustees then reviewed the Warrant dated November 3, 2017 for payment of invoices.

Jeff Koltun made a motion to approve the Warrant dated November 3, 2017 for payment of invoices. Karen Gudinas seconded the motion and approved by the Trustees 5-0.

Benefit Approvals

The Trustees then reviewed the benefit approval list dated November 3, 2017.

Shawn Anastasia made a motion to approve the benefit approval list dated November 3, 2017. Gabe Vella seconded the motion and approved by the Trustees 5-0.

Financial Statements

The Trustees reviewed the interim balance sheet and statement of income and expense as of September 2017.

The Trustees received and filed the September 2017 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 February 2, 2018 the meeting adjourned at 9:35 AM.

Respectfully submitted,

Shawn Anastasia, Secretary