

City of Lake Mary Firefighters' Retirement System
Meeting of February 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
Jeff Koltun
Karen Gudinas
Martin Bel

OTHERS

Scott Christiansen, Christiansen & Dehner, PA
Audrey Ross, Resource Centers
Ed Rick, Eagle Asset Management
Frank Wan, BCA

II. APPROVAL OF MINUTES

The minutes from the November 4, 2016 meeting were tabled.

III. REPORTS

Ed Rick, Eagle Asset Management

Mr. Rick briefly gave a market updated during the quarter ending December 31, 2017 and noted that the higher level companies rallied and it was a very good year for energy companies until the last two months. The equity portfolio was behind the index for the quarter at 4.79% versus 6.12% but for the one year they are ahead of the index at 18.60% versus 17.59%. On the fixed income side things were not as good as the fund was negative but slightly ahead of the index at -2.84% versus -2.98%. For the one year they are doing better at 3.38% versus the index at 2.65%. Mr. Rick explained that corporates and industrials were the worst performing sectors during the quarter and also discussed how the Presidential election affected the market place and how that could ultimately affect the portfolio. REITS sold off during the quarter and he noted that the portfolio had higher than normal cash in the account at the end of December because they were trading off corporates. The Trustees discussed inflation and Eagle's outlook on it. Eagle does not think inflation is a bad thing with the market place going up as well. Mr. Rick stated that they are prepared for inflation, although they do not think it will be a huge increase as it will be manageable.

Frank Wan, Burgess Chambers and Associates (BCA)

Mr. Wan presented the investment report for the quarter ending December 31, 2016. For the quarter the total fund net of fees was slightly behind the index at 0.4% versus 0.9%, and for the one year they are in the same situation at 7.3% versus the index at 8.2%. He discussed the lag this quarter in bonds and also noted that REITS sold off tremendously during the quarter which was perfect timing because the Board moved away from REITS into private real estate and therefore there was not much of an impact to the portfolio. Mr. Wan briefly discussed each manager's performance during the quarter and noted that he is no longer recommending Miller Howard as they now have 5 consecutive quarters of underperformance (Mr. Wan noted that he will review Miller Howard and other MLP managers separately after this report is finished). Mr. Christiansen asked if we should be changing the index that EuroPacific is measured against as it is not comparable. Mr. Wan stated that he has asked EuroPacific this

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questions and they stated that they do not really care what index the Plan uses because they do not measure themselves against an index anyways. Although Mr. Wan stated that next time the Plan updates their IPG they will also update the index for EuroPacific, but he does not see this as an emergency to change.

Mr. Wan presented the Board with a review of MLP managers and funds as he would recommend replacing Miller Howard as this time. He explained that MLP's help protect the portfolio on the downside but MH has a different investment style compared to other MLP managers and ultimately it is not working out for this Plan anymore. Mr. Wan reviewed and compared other MLP managers and reminded the Board that the selection of firms out there offering their services to this Plan may not be as large because of the size of the Plan as most firms require a \$1M minimum funding. Mr. Wan's recommendation for this Plan would be Salient because it would be a very easy transition, the fees would remain the same, they have great long term performance, and their investment style would be a good fit for this portfolio. The Trustees had a very lengthy discussion on the different managers and the recommendation in front of them.

Gabe Vella made a motion to authorize the transition of the Miller Howard portfolio to Salient and directing the Plan's Attorney to draft the Salient contract and allowing the Chairman & Secretary to sign in between meetings. Karen Gudinas seconded the motion and passed by the Trustees 5-0.

Scott Christiansen, Christiansen & Dehner

Mr. Christiansen stated he needs to update the Summary Plan Description which is required every two years by State Statute.

Shawn Anastasia made a motion to authorize the Plan's Attorney to update the Board's SPD for the next meeting. Karen Gudinas seconded the motion and passed by the Trustees 5-0.

Mr. Christiansen updated the Board on the pending disability application from Timothy Cox. He stated that he has all the medical records and the member's IME is scheduled for later this month. The Board has 90 days to hold an initial hearing after the member applies so we will need the Board's approval to extend the hearing another 90 days since all the medical records and the IME appointment was not completed within that timeframe. Mr. Christiansen noted that the Board will need to hold a special meeting once the IME results are back.

Karen Gudinas made a motion to extend the Timothy Cox disability hearing another 90 days from today. Gabe Vella seconded the motion and passed by the Trustees 5-0.

Mr. Christiansen briefly updated the Board on the pending Legislative Bills. He commented that none of the Bills have officially passed and he will keep the Board updated as more information becomes available.

Lastly Mr. Christiansen briefly reviewed the revised administrative forms regarding the joint and survivor options.

Audrey Ross, Pension Resource Center

Ms. Ross notified the Board that the Ordinance regarding FLSA/overtime has been adopted by the City and filed with the Division of Retirement.

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The Trustees briefly discussed the Share account funding and where they stand with the mutual agreement between the members and the City. Ms. Ross noted that the pension board needs something in writing agreeing to the default before any share accounts can be funded. Mr. Vella stated that he will work with the City to get this resolved as soon as possible.

Ms. Ross presented the Board with the fiscal year 2016 admin expense report. She explained that we are now comparing the actual expenses against what was projected. This report will be filed with the State Annual Report.

Jeff Koltun made a motion to approval the administrative expense report for the fiscal year ending September 30, 2016 as presented. Martin Bel seconded the motion and passed by the Trustees 5-0.

The Trustees discussed the disability benefit and how it is calculated and as of when. For calculation purposes we use the member's salary at the time of his injury when he was working full time at normal pay (and not when he was on light duty). The effective date of the pension is whenever the Board approves it.

Ms. Ross stated that the September 30, 2016 Actuarial Valuation Report was revised after the last meeting to include the assumption changes the Board previously approved. The changes are listed on page 2 of the report.

Gabe Vella made a motion to approval the September 30, 2016 Actuarial Valuation report as presented. Shawn Anastasia seconded the motion and passed by the Trustees 5-0.

Lastly Ms. Ross stated that Mr. Anastasia was reelected by default.

IV. NEW BUSINESS

N/A

V. PLAN FINANCIALS

Disbursements

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

Shawn Anastasia made a motion to approve the Warrant dated February 3, 2017 for payment of invoices. 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 December 2016.

The Trustees received and filed the December 2016 balance sheet and the statement of income and expense.

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VI. PUBLIC COMMENTS

N/A

VII. ADJOURNMENT

There being no other business and the next meeting having previously been scheduled for Friday May 5, 2017 the meeting adjourned at 9:13 AM.

Respectfully submitted,

Shawn Anastasia, Secretary