

City of Lake Mary Firefighters' Retirement System
Meeting of February 8, 2019

I. CALL TO ORDER

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

TRUSTEES

Gabe Vella, Chair
Martin Bel
Jeff Koltun
Karen Gudinas

OTHERS

Scott Christiansen, Attorney (Christiansen & Dehner, PA)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Brent Mason, Finance Director (City of Lake Mary)
Scott Baur, Administrator (Resource Centers)

II. PUBLIC COMMENTS

No members of the public had any comment.

III. APPROVAL OF MINUTES

The Trustees reviewed the Minutes for the November 2, 2018 Quarterly Meeting and January 18, 2019 Special Meeting.

Gabe Vella made a motion to approve the minutes for the November 2, 2018 and January 18, 2019 meetings. Shawn Anastasia seconded the motion, approved by the Trustees 4-0.

IV. REPORTS

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Frank Wan stated that Eagle preferred to attend Board meetings twice during the year, so the Board discussed the schedule for Eagle Asset Management to attend meetings of the Trustees. Mr. Wan also stated that he would like to introduce other institutional managers and asset classes to the Board over time for both education and consideration as the portfolio grows. The Board therefore agreed that Eagle should attend every other meeting, with alternate meetings to address other managers or educational topics.

Mr. Wan reported that Eagle had the worst performance of the portfolio managers for the quarter ending December 31, 2019, with a loss of 19%. He reminded the Board of the Apple announcement to reduce transparency to revenues and operations that immediately preceded the last quarterly meeting. Then in December fears of another recession drove the market down further. Fed rate announcements added to the negative sentiment. Mr. Wan stated that the market has now recovered more than 10% since the December 24 low, and Eagle participated fully in the rebound. Master Limited Partnership holdings also hurt performance by Eagle during the quarter, but Mr. Wan sees no major issues with the Eagle portfolio holdings. The Retirement System began the quarter ended December 31, 2018 with total assets of \$17,812,598 and ended with assets of \$16,659,296.

Mr. Wan reported that the FMI mutual fund holding lost 9% since the original funding date, still less than losses for the S&P 500 benchmark. FMI suggested a separate account replacement for the mutual fund holding with a slightly lower fee of 60 bp compared to 66 bp for the mutual fund, but the Board

considered other costs for custody and trading in addition to the manager fee. The Trustees therefore decided to remain in the FMI mutual fund for now.

Martin Bel made a motion to remain in the FMI Mutual Fund, seconded by Gabe Vella, and approved by the Trustees 4-0.

Mr. Wan stated that he would notify FMI of the decision by the Board.

Mr. Wan then commented on the market during the quarter ending December 31, 2018. He sees no sign of a slowdown even though Germany entered a mild recession. Credit defaults are also at a low compared to historical norms. The Federal Reserve Board, meanwhile, continues to reduce their balance sheet, but Mr. Wan reminded the Board that the market does not always mirror the economy. Cohen & Steers also reduced risk in their portfolio. The total portfolio lost -7.7% for the quarter ended December 31, 2019, compared to -7.2% for the benchmark, but above average for the comparison fund group. Mr. Wan reviewed individual manager performance, attributing some losses on the American Funds EuroPacific Growth international equity portfolio to currency moves.

Another firm acquired investment manager SSI. SSI voluntarily provided a fee reduction on the separate account managed by that firm. Scott Christiansen recommended an addendum to the existing agreement, although SSI volunteered the fee reduction without a contract addendum.

Karen Gudinas made a motion for the Chair to sign the consent to the acquisition of SSI and authorize preparation of a contract addendum for the lower fee. Gabe Vella seconded the motion, approved by the Trustees 4-0.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Scott Christiansen reviewed various "housekeeping" items. He noted that the members reelected Trustee Shawn Anastasia to the Board, and the City also had the reappointment pending for appointed Trustee Jeff Koltun. The fiscal year report was made to the City, and the annual letter stating the Board expectations on investment returns was provided to the Division of Retirement.

Mr. Christiansen also prepared an ordinance for Internal Revenue Code compliance changes, set for adoption by the City. The Summary Plan Description will require updating as well.

Shawn Anastasia made a motion to authorize counsel to update the Summary Plan Description. Karen Gudinas seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen reported on pending legislation, from changes to cancer presumptions for firefighters to public records laws. The Board briefly considered possible measures needed for ADA compliance should the new measures pass.

Administrator Report (Scott Baur, Resource Centers)

Brent Mason reported that Jackie Sova will retire as City Manager on March 30. Kevin Smith, from Winter Springs, will become the new City Manager.

Scott Baur provided the 112.664 compliance report prepared by the actuary to the Board. He then discussed content and schedule for educational workshops proposed for active members of the plan. The

Board considered investment education for the members as well, but Scott Christiansen also advised against the appearance of an endorsement by the Board for any particular firm, advisor, or investment product. The Board reviewed and discussed some of the slide content prepared by the administrator.

V. PLAN FINANCIALS

The Trustees received, reviewed, and filed the interim financial statement.

The Board then reviewed the Warrant dated February 8, 2019 for payment of invoices.

Gabe Vella made a motion to approve the Warrant dated February 8, 2019 for payment of invoices. Martin Bel seconded the motion, approved by the Trustees 4-0.

The Trustees then reviewed the benefit approval list dated February 8, 2019, consisting of two refunds of contributions to former members of the plan.

Gabe Vella made a motion to approve the Benefits for February 8, 2019. Jeff Koltun seconded the motion, approved by the Trustees 4-0.

VI. OTHER BUSINESS

The Board had no other business for discussion.

VII. PLAN ADMINISTRATION PROPOSAL PRESENTATIONS

The Police Officer Board of Trustees called to order at 9:20 AM for proposals for plan administration services as a joint meeting with the Firefighter Board of Trustees.

Resource Centers (Scott Baur)

Scott Baur presented on behalf of the Resource Centers, addressing both stability and continuity of services provided by his firm to the Board. The Resource Centers have provided plan administration services now for 25 years, and to the Lake Mary Police Officers' and Firefighters' Retirement Systems since 2010. The fees proposed by the firm are comparable to other proposed fees received by the Boards.

Mr. Baur addressed the lapses by Audrey Ross, describing in detail the measures taken by his firm to monitor and correct issues until finally terminating her in November 2018. As a long term employee of the firm, she brought substantial experience and a strong work ethic to the Boards for many years, making the situation particularly difficult. Mr. Baur stated that he will continue to come to the Board meetings and other functions of the Lake Mary plans himself if retained by the Boards to continue providing services. He also described recent structural changes to his firm, which included the addition of an accountant overseeing preparation of the interim financial statements and annual reports to the Division of Retirement. A separately formed team now processes all benefits for members.

His firm has a local office in downtown Orlando accessible to members of the plan.

Foster & Foster (Ferrell Jenne)

Ferrell Jenne presented on behalf of Foster & Foster, current actuary for the Police Officers' Retirement System. The firm now provides plan administration services to 36 Boards as well.

She described training for new personnel and cross training opportunities for administrative personnel with actuaries in the firm. The administrative staff includes 10 full-time employees. The firm does not offer any benefit payment services. Ferrell Jenne herself has 6 years of plan administration experience. Sierra, not present with Ferrell Jenne, would represent Foster & Foster to the Boards. The fees proposed by Foster would include preparation of the Annual Reports to the Division of Retirement and any ADA compliance measures that might result from new mandates imposed on the Boards by the Florida legislature. Ms. Jenne stated that her staff typically responds to member inquiries same or next day.

Benefits USA (Pete Prior)

Benefits USA currently has 8 employees who have been with the firm from 6 to 18 years. Mr. Prior would attend meetings of the Boards on behalf of his firm. The firm has an office in Lauderhill and responds to all inquiries same or next day.

The Trustees considered the recent difficulties with Audrey Ross, assigned to the Boards by the Resource Centers, as well as efforts by Mr. Baur to address those concerns. The Board also considered fees, services, and timeliness of response. So long as Mr. Baur continues to represent his firm to the Boards and address service-related concerns from Ms. Ross, the Boards chose not to make any changes to the plan administration at this time.

VIII.ADJOURNMENT

The next meeting having previously been scheduled for Friday May 3, 2019, the Quarterly Meeting and Joint Meeting with the Police Officer Board of Trustees adjourned at 11:00 AM.

Respectfully submitted,

Shawn Anastasia, Secretary