

City of Lake Mary Firefighters' Retirement System
Meeting of May 3, 2019

I. CALL TO ORDER

Secretary Shawn Anastasia called the meeting to order at 7:30 A.M. Those persons present included:

TRUSTEES

Shawn Anastasia, Secretary
Martin Bel
Jeff Koltun

OTHERS

Scott Christiansen, Attorney (Christiansen & Dehner, PA)
Pedro Herrera, Attorney (Sugarman & Susskind)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Crystal Wamble, Eagle Asset Management
Brent Mason, Finance Director (City of Lake Mary)
Scott Baur, Administrator (Resource Centers)
Retired Member Jeff Para

II. PUBLIC COMMENTS

The Board deferred Public Comment on the Agenda.

III. APPROVAL OF MINUTES

Shawn Anastasia asked to table approval of the Minutes for the February 8, 2019 Quarterly Meeting since he did not attend that meeting due to a scheduling conflict.

IV. REPORTS

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Frank Wan addressed the SSI Assignment. He explained that SSI benchmarks the portfolio against the US Convertibles Index ex-Rule 144A, because the plan cannot purchase 144A designated securities until plan assets reach \$100 million. The exclusion of these securities caused SSI to perform under the benchmark since 2015. An ETF has now become available as a replacement to track the performance of the benchmark index instead, so Mr. Wan recommended that the Board purchase the iShares Convertible Bond ETF as a replacement for SSI.

Martin Bel made a motion to replace SSI with the iShares Convertible Bond ETF (Symbol: ICVT) based on the recommendation of the Investment Consultant. Jeff Koltun seconded the motion, approved by the Trustees 3-0.

PUBLIC COMMENT

Retired member Jeff Para joined the meeting. Mr. Baur explained that Audrey Ross in his office failed to forward his retirement calculation to the actuary for review when Mr. Para retired. In the meantime, she set up his benefit on an estimated payment pending the final calculation. As he reviewed all the member files, Mr. Baur then forwarded the preliminary calculation to GRS for final review and calculation. In the process, a revision to the original final average salary calculation caused the final calculation of the benefit to be slightly lower than the original preliminary calculation on which his office paid Mr. Para.

Scott Christiansen agreed with the process of the benefit and the payment of the estimated benefit pending the final calculation by the actuary. Typically, a payment is then revised to the final calculated amount. In this situation, the issue with the member resulted from the timeliness of the process. Mr. Para addressed the Board, stating that he believed his benefit final once he received his first payment. He questioned the involvement of the actuary in the benefit calculation process, if either the administrator or the actuary made a mistake. While the steps followed and the outcome were both typical, the time delay to process the final calculation by the actuary was not typical. The original preliminary calculation prepared by the Resource Centers did say "Estimate". Mr. Para received his first pension payment on May 1, 2018, with a retro payment for April 2018.

Mr. Baur acknowledged the poor communication by Audrey Ross to Jeff Para during this process. Mr. Para received a payment of \$3,978.51 for 14 months based on the original estimate. Scott Christiansen advised, however, the Board must pay the correct benefit amount of \$3,932.60 to Mr. Para. Due to the timeliness and communication issues, Mr. Baur agreed that his office would reimburse the overpayment to the plan so Mr. Para would not have to repay the difference.

Martin Bel made a motion to pay the correct final benefit amount of \$3,932.60 to Mr. Para, seconded by Shawn Anastasia, and approved by the Trustees 3-0.

Martin Bel made a motion for the Resource Centers to reimburse the plan for the overpayment to Mr. Para based on the original estimate, seconded by Shawn Anastasia, and approved by the Trustees 3-0.

Attorney Scott Christiansen suggested an update to the Summary Plan Description to describe the process for calculation, approval, and payment of a benefit.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Scott Christiansen reported that his long-time law partner, Lee Dehner, passed away in March 2019. Mr. Christiansen will reduce the number of Boards served by his firm as a result. He arranged for an orderly succession of his responsibilities as Board counsel, and he introduced Pedro Herrera, a partner in the law firm Sugarman and Susskind. Mr. Christiansen recommended the Trustees agree to an assignment of his contract with the Board. Mr. Christiansen stated that many other Boards previously served by his office agreed to the assignment already as he reduces the number of remaining Boards that he advises. Scott Christiansen committed to remain available to the new firm for continuity if the Board accepts the assignment as recommended.

Pedro Herrera introduced himself to the Board and provided an overview of his firm, which currently serves about 150 similar clients. Mr. Herrera works exclusively with public sector and Taft Hartley plans. The firm also has a tax attorney in house. The Trustees briefly discussed the proposed assignment of the contract for legal services.

Jeff Koltun made a motion to approve the assignment of the agreement with Christiansen & Dehner to Sugarman, Susskind, & Herrera. Shawn Anastasia seconded the motion, approved by the Trustees 3-0.

V. PLAN FINANCIALS

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

The Board then reviewed the Warrant dated May 3, 2019 for payment of invoices.

Jeff Koltun made a motion to approve the Warrant dated May 3, 2019 for payment of invoices. Martin Bel seconded the motion, approved by the Trustees 3-0.

Martin Bel departed the meeting, which continued in a workshop mode.

IV. REPORTS

Eagle Asset Management (Crystal Wamble)

Crystal Wamble provided updates to the Board for Eagle Asset Management. She explained that the recent market provided a difficult environment for Eagle as a quality growth manager, since the market favored lower quality issues. Typically lower quality stocks gain the most in a market rebound. The relative performance improved as the market stabilized. As of May 2, the Eagle portfolio posted results for the year in line with the benchmark. Ms. Wamble reviewed the performance of both the equity and the fixed income portfolios in further detail. She commented on the slight yield curve inversion.

Crystal Wamble confirmed the lower fee offered by Eagle to the Board.

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Frank Wan reviewed the results for the quarter ending March 31, 2019. The plan ended the quarter with total assets of \$18,122,143. The portfolio gained 8.8% gross of fees compared to a 9% gain for the benchmark for the quarter. For the fiscal year to date, the portfolio gained 0.4% compared to a return of 1.2% for the benchmark. The 6.6% average net return for the trailing 5-year period ranks in the top 9th percentile. Mr. Wan briefly reviewed individual manager performance. Over rolling periods, the assets outperformed the benchmark with less risk or volatility.

Mr. Wan also reported that Germany and Japan had very pronounced inverted yield curves, which often precedes a recession by 6-24 months.

VI. OTHER BUSINESS

The Board also deferred approval of the Summary Plan Description until the next meeting.

Scott Christiansen briefly reviewed the provisions of the cancer bill that passed the Florida legislature, expanding cancer presumptions for firefighters. He reported that no other legislation passed during the session that impacted the plan.

Scott Christiansen thanked the Trustees for the many years that he served as counsel to the Board.

Mr. Baur provided an update on the status of the Annual Report, filed before March 15. His office received the initial review letter from the Division of Retirement today, the day of the meeting.

The Board briefly considered the possible loss of earnings on the \$642.74 overpayment to Jeff Para and determined that any such amount was not material to the plan. The Board therefore concluded that the matter had no impact. Mr. Baur apologized to Mr. Para both personally and on behalf of his office. Mr. Baur also apologized to the Board as well.

VII. ADJOURNMENT

The next meeting having previously been scheduled for Friday August 2, 2019, the workshop adjourned at 9:22 AM.

Respectfully submitted,

Shawn Anastasia, Secretary