

City of Lake Mary Firefighters' Retirement System

Meeting of August 2, 2019

I. CALL TO ORDER

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

TRUSTEES

Gabe Vella, Chair
Shawn Anastasia, Secretary (7:58 AM)
Martin Bel
Karen Guidinas
Jeff Koltun

OTHERS

Dave Robinson, Attorney (Sugarman & Susskind)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Brian Casey, Cohen & Steers
Scott Baur, Administrator (Resource Centers)

II. PUBLIC COMMENTS

No members of the public had any comment.

Dave Robinson, representing Sugarman & Susskind, introduced himself to the Board.

III. APPROVAL OF MINUTES

Karen Guidinas made a motion to approve the Minutes for the quarterly meetings on February 8, 2019 and May 3, 2019. Gabe Vella seconded the motion, approved by the Trustees 5-0.

Mr. Baur provided the Board with a brief update regarding the overpayment to member Jeff Para resulting from the estimated payment of his pension benefit. He stated that his office corrected the benefit amount and reimbursed the plan for the amount of the overpayment.

IV. REPORTS

Investment Manager: Cohen & Steers (Brian Casey)

Mr. Casey reviewed the Global Infrastructure Strategy recently funded by the Board. He stated that the firm, started 1986, now has \$63 billion in assets under management. Institutional investors make up half the firm's clients. He then gave examples of assets held in the portfolio, which include communication, energy, transportation, and utility holdings. He reviewed the criteria to add an asset to the portfolio, which must include a compelling case, strong fundamentals, attractive valuations, and a supportive market environment.

Brian Casey reviewed the current portfolio construction and holdings. For the quarter ending June 30, the portfolio gained 4.2% compared to a gain of 4.3% for the benchmark. Calendar year to date, the portfolio gained 18.2% compared to 17.9% for the benchmark, and the strategy gained 11.8% on average for the trailing 10 years compared to 9.9% for the benchmark. The portfolio currently has a fee of 75bp. Frank Wan described the risk of the investment primarily as an opportunity risk, since infrastructure assets often lag as equity markets gain. Global infrastructure assets are subject to political risks as well.

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan reviewed performance for the quarter ending June 30, 2019, beginning with the Cohen & Steers infrastructure strategy. The overall portfolio gained 3.7% for the quarter compared to a gain of 3.5% for the benchmark to finish in the top 8th percentile. For the fiscal year to date, the plan assets gained 4.1% compared a return of 4.7% to finish in the top 25 percent. The longer-term return of 6.6% for the trailing 5 years also compared favorably in the top 10 percent of the peer manager universe.

Mr. Wan reported that FMI lowered the separate account fee to 55bp compared to 65 bp for the mutual fund portfolio. The Board previously authorized converting the mutual fund to a separate account but did not complete the transaction due to questions about the higher separate account fee. The Board gave direction to complete the conversion, but the previously authorized action did not require another motion.

Martin Bel asked about increasing the allocation to FMI, noting the manager typically protects on the downside better than the S&P 500. Frank Wan explained that the FMI portfolio has a current allocation of about 25% of assets to the financial sector, now under pressure as interest rates go down. The growth in the FMI portfolio comes mostly from the technology holdings. Martin Bel expressed concern that the fixed income issues showed warning signs of a slowing economy, so the plan should monitor risk in the overall portfolio carefully. After further discussion regarding prospects for the economy and potential action by the Federal Reserve Board, Frank Wan recommended reallocated assets from the S&P 500 holding to the Cohen & Steers global infrastructure portfolio instead.

Gabe Vella made a motion to rebalance assets from the S&P 500 ETF to Cohen & Steers to bring the portfolio back to target allocations. Martin Bel seconded the motion, approved by the Trustees 5-0.

Frank Wan further reviewed the current market environment, including consumer spending and unemployment trends. Based on these indicators, he sees continued growth rather than recessionary signs. He discussed trade issues and tariffs, noting that our government allocated new tariffs to farm subsidies to balance against losses on exports. With yields still negative in Germany and Japan, the US economy appears to be holding up well by comparison. Frank Wan also reported completion of the SSI portfolio conversion to the ETF alternative.

Attorney Report (Dave Robinson, Sugarman & Susskind)

Mr. Robinson reported that the updated Summary Plan Description was available and should be distributed to members of the plan.

He also reviewed issues with implementation of the new cancer presumption legislations. He recommended that the Board adopt the new cancer presumptions into the local ordinance for duty disability and death benefits provided by the plan, by reference to the passed state legislation. Mr. Robinson stated that the courts will likely provide the needed clarification for implementation of the other cancer presumption requirements.

Gabe Vella made a motion to recommend an ordinance along with the required impact statement to City Council adopting the new cancer presumptions. Karen Guidinas seconded the motion, approved by the Trustees 5-0.

Mr. Robinson noted that the Division of Retirement scheduled the Annual Conference in Orlando from October 29 – 31, and the FPPTA has the Fall Trustee School in Ponte Vedra Beach from October 6 – 8. The Board briefly discussed attendance at some of the upcoming local conferences.

Shawn Anastasia made for counsel to update the Summary Plan Description for the new cancer presumptions. Gabe Vella seconded the motion, approved by the Trustees 5-0.

David Robinson reviewed the terms of the assignment from Christiansen & Dehner to his firm. He affirmed that Pedro Herrera will typically attend meetings, but Mr. Herrera had a previously scheduled

vacation. Sugarman & Susskind will honor the current fees for at least 3 years. Mr. Robinson himself has 25 years of experience with public pension plans.

Gabe Vella made a motion to approve the assignment, seconded by Karen Guidinas, and approved by the Trustees 5-0.

Administrator (Scott Baur, Resource Centers)

Mr. Baur updated the Board regarding the Annual Report to the Division of Retirement. He received approval of the report by the Division just prior to the meeting.

He presented the renewal for the fiduciary liability insurance with Travelers. Travelers offered a 3-year renewal with an annual premium of \$3,379, slightly higher than the 2016 renewal of \$2,966 by about 4% per year taken over the 3-year term. The Board approved the renewal of the policy.

Mr. Baur provided paperwork for the Trustees to update signatures on the Board local checking account through CenterState Bank.

V. PLAN FINANCIALS

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

The Board then reviewed the Warrant dated August 2, 2019 for payment of invoices.

Gabe Vella made a motion to approve the Warrant dated August 2, 2019 for payment of invoices. Martin Bel seconded the motion, approved by the Trustees 4-0, with Trustee Anastasia momentarily absent from the room for the vote.

The Board reviewed the benefits for approval for both May 3, 2019 and August 2, 2019. The Board lacked a quorum during the full meeting period on May 3, 2019.

Gabe Vella made a motion to approve the Benefits for May 3, 2019 and August 2, 2019. Shawn Anastasia seconded the motion, approved by the Trustees 4-0.

VI. OTHER BUSINESS

Mr. Baur reported that his office received a duty disability application for active member Kyle Fuller. The Board briefly reviewed the process to gather medical records, submit those records to a physician retained by the Board to review and advise, and schedule a possible IME. Board counsel is coordinating the process. Depending on the progress and timing, the Board may have both a preliminary disability hearing and the annual actuarial valuation on the Agenda for the next quarterly meeting.

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