

City of Lake Mary Firefighters' Retirement System

Meeting of February 3, 2023

I. CALL TO ORDER

Gabe Vella called the meeting to order at 7:30 AM. Those persons present included:

TRUSTEES

Gabe Vella, Chair
Adam Neri, Secretary
Martin Bel
Jeff Koltun
Elizabeth Stack

OTHERS

Scott Baur & Kyle Tintle, Administrator (Resource Centers)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Pedro Herrera, Attorney (Sugarman & Susskind - Electronically)
Brent Mason, (Finance Director, City of Lake Mary)
Ryan Nail, (Eagle Capital Management)
Todd Fowler, (American Reality) (electronically)
Steve Stack, (Highland Capital Management) (electronically)

II. EXTENUATING CIRCUMSTANCES

There were none.

III. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of November 4, 2022.

Adam Neri made a motion to approve the November 4, 2022 minutes. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

IV. REPORTS

Investment Reports

Ryan Nail (Eagle Capital Management)

Mr. Nail reported one of the worst financial markets in recent history for 2022. He discussed how the manager performed throughout the year. The Fed continues to drive the markets. He also reviewed expectations looking forward. The manager continues to focus on fundamentals and believes volatility in the market will also continue. Martin Bel asked about performance attribution. Eagle focuses on stock reflection. The manager still has about 4% of cash in the portfolio. Mr. Wan asked loss of assets in the Eagle products which have gradually declined.

Todd Fowler (American Reality Advisors)

Mr. Fowler addressed the corrections now apparently underway for real estate. The portfolio has \$6.63 billion in net asset. Real estate sector appears resilient except for office holdings. The total portfolio - 5.42% gross for the December 31st quarter compared to -4.96% for the ODCE benchmark. The portfolio returned 9.87% on average since inception, in line with expectations for a core portfolio. As liquidity dries up in the market, fewer transactions are taking place; now offices are migrating to class A space. Mr. Fowler reviewed the industrial, retail, office and residential holdings. The manager is increasing the self-storage properties, decreasing office holdings. The manager also is developing about 5-10% of assets in build-to core properties to add value. He also holds residential housing projects for the longer term. Mr. Wan addressed the redemption queue. The Board has about \$700,000 waiting still to redeem. The Board considered the real estate allocations, currently an overweight in the portfolio, compared to other assets becoming more attractive.

Steve Stack, (Highland Capital Management)

Mr. Stack reviewed the fixed income results for the December 31st quarter. The fixed income space has become more attractive opportunities with higher yields. The manager believes that the Fed was late to raise interest rates then overly aggressive. He reviewed the transition of fixed income from Eagle. The Fed now appears to be dragging interest rate increases out over time.

Mr. Stack commented on yields and asset allocations. Mr. Bel asked Mr. Stack to comment on the yield curve. Highland expects the longer duration to remain stable while shorter duration yield must ultimately decrease. The manager expects the Fed to overshoot the mark with interest rate increases.

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan reported opportunities still exists relative to current market valuations. The United States dollar is now falling and commodity prices will provide a boost to international holdings. The portfolio had \$22,172,406 as of December 31st with the international manager providing the best performance. The assets gained 6.4% gross for the quarter compared to 5.7% for the bench to finish in the top 8%. The assets returned -13.7% for the calendar year. He did not recommended any changes to the portfolio other than to redeploy the assets returned from the real estate allocation.

Attorney Report (Pedro Herrera, Sugarman, Susskind, Braswell & Herrera)

Mr. Herrera reported that the SECURE Act 2.0 passed, increasing the minimum required distributions (RMD) age to 75 by 2033. His firm is preparing a detailed memo to summarize the new provisions. He will prepare a compliance ordinance. Mr. Herrera noted some upcoming educational opportunities for the Trustees.

Administrator (Scott Baur, Resource Centers)

Mr. Baur also discussed the Secure Act 2.0. In the past, a retired member could take advantage of a \$3,000 a year income reduction of their income taxes, if they took advantage of the employer's insurance and had the funds for the insurance deducted from their pension check. The rules have now changed for retirees; they can pay for their own health insurance and deduct \$3,000 annual from their taxable income. Mr. Baur discussed the upcoming FPPTA conference and Trustee school.

V. PLAN FINANCIALS

Mr. Baur presented the plan financial and benefit approvals for the Trustees to review. The Trustees received, reviewed, and filed the interim financial statements through December 31, 2022. The Board then reviewed the Warrant dated February 3, 2022, for payment of invoices.

Adam Neri made a motion to approve the warrant dated November 4, 2022. The motion received a second from Martin Bell, approved by the Trustees 5-0.

There were no benefit approvals to review.

VI. OTHER BUSINESS

Gabe Vella is unavailable for the May 5th quarterly meeting, as he is out of town.

VII. PUBLIC COMMENTS

No members of the public had any comment for the Board.

VIII. ADJOURNMENT

The next regular meeting is scheduled for May 5, 2023. Adam Neri made motion to adjourn the meeting, Jeff Koltun seconded the motion, the Board unanimously approved to adjourn the meeting at 8:46 AM.

Respectfully submitted,

Adam Neri, Secretary