

# *City of Lake Mary Firefighters' Retirement System*

## **Quarterly Meeting of May 5, 2023**

### **I. CALL TO ORDER**

Adam Neri called the meeting to order at 7:30 AM. Those persons present included:

#### TRUSTEES

Adam Neri, Secretary  
Martin Bel  
Jeff Koltun  
Elizabeth Stack

#### OTHERS

Scott Baur, Administrator (Resource Centers)  
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)  
Pedro Herrera, Attorney (Sugarman & Susskind - Electronically)  
Brent Mason, Finance Director (City of Lake Mary)  
Michael Stanley, Marketing & Client Svc (Fiduciary Management)

### **II. APPROVAL OF MINUTES**

The Board reviewed the Minutes for the meeting of February 3, 2023

**Martin Bel made a motion to approve the February 3, 2023 minutes. The motion received a second from Adam Neri, approved by the Trustees 3-0.**

### **III. REPORTS**

#### Investment Reports

##### Michael Stanley (Fiduciary Management)

Mr. Wan introduced Mr. Stanley noted that Fiduciary Management manages a conservative large (mag cap) value portfolio. Mr. Stanley explained that Fiduciary Management invests in quality companies at a discount. Usually some kind of cloud or issue creates long term opportunity. The manager protects on the downsides and often lags in stronger growth markets. The manager performs over the Russell 1000 value index over longer periods. Mr. Stanley reviewed the characteristics of the current portfolio and market sectors such as energy and utilities. The portfolio underweights these sectors, although the manager does not typically weight these holdings because they do not provide consistent value over time. He gave examples of holdings such as CarMax. Mr. Stanley provided expectations for the market going forward as markets start to normalize. Markets are coming off of a 15 year period of the slowest real growth on record. To create value over longer periods, a manager must be different or have an "Active Share". He further reviewed recent performance. Higher interest rates make for speculation but not quality and productive growth over time.

Mr. Wan asked about current weight to financials. Mr. Stanley explained the holdings do not include traditional banks. He reviewed the financial holdings in detail, consisting of insurance companies and brokerage issues. Mr. Wan said we have a majority of assets in the index with FMI to create further value over time.

##### Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan stated that niche banks created the current banking crisis. Silicon Valley Bank had high deposits from tech companies that all took their assets at the same time. In the case of First Republic, depositors started to care about interest on deposits. Mr. Wan has less concern about the 2008 as banks represent a zero sum game where money shuffles. No one has defaulted, however on debts. If defaults increase banks will have a problem.

Mr. Wan reported the assets gained 4.9% for the March 31<sup>st</sup> quarter versus 4.7% the benchmark and 11.8% for the fiscal year to date. The 5 year number of 6.9% average annual gain ranks in the 1%. The conservative management has boosted performance in the recent market. Mr. Wan recommended no changes to the current portfolio. He may ultimately recommend tilting the portfolio back to growth if interest rates moderate. Fiduciary Management still has positive alpha, generating returns with less risk.

Mr. Wan discussed the debt ceiling fight; how China is working to become the reserve currency; and Israel for instance moved reserves away from the dollar.

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

Mr. Herrera reported that House Bill 3 passed the current legislative session and signed by the Governor to amend the definition of a fiduciary. The Board can only consider pecuniary factors when investing assets without consideration for other Environmental Social and Governance (ESG) factors. The Department of Labor views non-pecuniary factors in cases of a tie. The statute covers all public entities in Florida. The Board must file a new annual report with the Division of Retirement. The Board may need to develop a separate proxy voting policy. Compliance is still under review while the State provides further guidance.

Mr. Herrera reminded the Trustees to file the annual Form 1 financial disclosure Form by July 1, 2023.

**Administrator (Scott Baur, Resource Centers)**

Mr. Baur informed the Trustees the position of the 5<sup>th</sup> Trustee is open for nominations.

**Martin Bel made a motion to reappoint Jeff Kolton to the Board of Trustees as the 5<sup>th</sup> Trustee. The motion received a second from Elizabeth Stack, approved by the Trustees 3-0.**

Mr. Baur noted the Annual Report has been approved. He presented the Fiscal Year (FY) 2022 Actual Expenses and the FY2024 Administrative Budget for review.

**IV. PLAN FINANCIALS**

Mr. Baur presented the plan financials for the Trustees to review. The Trustees received, reviewed, and filed the interim financial statements through March 31, 2023. The Board then reviewed the Warrant dated May 5, 2022, for payment of invoices.

**Jeff Kolton made a motion to approve the warrant dated May 5, 2023. The motion received a second from Elizabeth Stack, approved by the Trustees 4-0.**

There were no benefit approvals to review.

**V. OTHER BUSINESS**

None

**VI. PUBLIC COMMENTS**

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

**VII. ADJOURNMENT**

The next regular meeting is scheduled for August 4, 2023. Adam Neri made motion to adjourn the meeting; Jeff Koltun seconded the motion, the Board unanimously approved to adjourn the meeting at 9:00 AM.

Respectfully submitted,

Adam Neri  
Secretary