

City of Lake Mary Firefighters' Retirement System Quarterly Meeting of August 4, 2023



I. CALL TO ORDER

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

TRUSTEES

Gabe Vella, Chair
Jeff Koltun
Elizabeth Stack

OTHERS

Scott Baur, Administrator (Resource Centers)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Jill Price, Operations Manager (Burgess Chambers Associates)
Brent Mason, Finance Director (City of Lake Mary)
Remote:
Pedro Herrera, Attorney (Sugarman & Susskind)

II. EXTENUATING CIRCUMSTANCES

There were no Trustees joining electronically, no extenuating circumstances.

III. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of May 5, 2023

Gabe Vella made a motion to approve the May 5, 2023 minutes. The motion received a second from Jeff Koltun, approved by the Trustees 3-0.

IV. REPORTS

Investment Reports

Ryan Nail (Eagle Asset Management)

Mr. Nail reported the market was led by growth this quarter, with the top 7 equities leading the way. There was a little shift to value, but it quickly moved back to growth. Small and mid-cap core outperformed this quarter which ended June 30, 2023. With good cash flow the economy is still resilient and there is no recession, as the Fed paused their rate raise. One of the big three credit rating agencies Fitch, the smallest of the 3, downgraded the United States credit rating. Equities with AI themes were big winners, in the top 7 is NVIDIA, leading artificial intelligence and chip stock. Other top performers were in industrial, biotech, and technologies. Ryan Nail reviewed the top 10 holdings in Eagle. The 2nd quarter ended with 8.39% gross, 8.15% net up from the 1st quarter which ended 7.13% gross and 6.89%. Mr. Wan added that there were withdrawals of (\$585,093) leaving a total market value at \$2,969,464.

For the fiscal year to date the large growth portfolio managed by Eagle gained 15.09% compared to 8.79% for the Russell 2500 benchmark, and 7.79% (7.59% net) compared to 522% for the June 30 quarter. Eagle continues to focus on the large high-quality names held in the portfolio. The manager has led the benchmark for all trading periods.

Mr. Wan noted the portfolio started with \$405,678 and returned \$585,093, now valued at \$2,969,464.

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan discussed the affordability of housing. Close to 80 million people in America cannot afford a median priced home. Builders continue to supply housing at the high end rather than affordable options. The Retirement System has nearly regained all losses from 2022. The assets increased to \$24,057,412 as of June 30, 2023, with a 3.6% gain compared to 3.4% for the benchmark. Fiscal year to date the assets gained 15.6% compared to 14.4% for the benchmark to finish in the top 17%. The average annual 7.3% gain over the trailing 5 years ranks in the top 12% commercial real estate also continues to struggle, especially

with the office holdings. The Board has a pending redemption, and Mr. Wan recommended that the Board begin to take dividends from the allocation in cash. American Realty office properties are 83% occupied compared to 80% for the national average.

At \$25 million in assets the Retirement System becomes a "qualified investor" with access to more alternative kinds of holdings. Mr. Wan will begin to introduce some of these new asset classes to the Board, such as private lending. Expectations for bonds have also improved, so he will likely recommend that the board increase the allocation to bonds once again. The Board briefly discussed market expectations and the cost of borrowing money.

Gabe Vella made a motion to turn off the dividend reinvestment program. The motion received a second from Jeff Koltun, approved by the Trustees 3-0.

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

Mr. Herrera addressed House Bill 3. Mr. Wan provided updates to the Investment Policy to incorporate the new requirements. Mr. Herrera provided the background for the new language which requires the Board to only consider "pecuniary" factors when investing the Retirement System assets. The changes will not actually alter the assets or the approach already in place by the board. The Board will need to file a report in 2023 and every other year thereafter for compliance.

Gabe Vella made a motion to adopt the updated Investment Policy Statement. The motion received a second from Elizabeth Stack, approved by the Trustees 3-0.

Mr. Herrera reminded the trustees to file their Form 1. Ms. Tintle confirmed all the Trustees on this Board have already filed.

Administrator (Scott Baur, Resource Centers)

Mr. Baur created a detailed FAQ on what to expect upon exiting employment from the City of Lake Mary. The sheet covers a refund of contribution, applying for a pension, processing timetable, and the DROP process. Gabe Vella offered to upload the document to the firefighters' internal site for members. He asked when the last time the Summary Plan Description was updated. Mr. Baur reminded the trustees about the upcoming FPPTA Fall Trustee school as the registration is now open.

V. PLAN FINANCIALS

Mr. Baur presented the plan financials for the Trustees to review. The Trustees received, reviewed, and filed the interim financial statements through June 30, 2023. The Board then reviewed the Warrant dated August 4, 2023, for payment of invoices.

Gabe Vella made a motion to approve the warrant dated August 4, 2023. The motion received a second from Elizabeth Stack, approved by the Trustees 3-0.

VI. BENEFIT APPROVALS

The Trustees reviewed the benefit approvals for August 4, 2023. The benefit for Frederik Jooste will be resubmitted for review.

VII. OTHER BUSINESS

None

VIII. PUBLIC COMMENTS

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

Gabe Vella noted that the Police Officers have requested a benefit improvement. The Board considered the benefit improvement.

IX. ADJOURNMENT

The next regular meeting is scheduled for November 3, 2023. Jeff Kolton made motion to adjourn the meeting; Elizabeth Stack seconded the motion, the Board unanimously approved to adjourn the meeting at 8:58 AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam Neri', is written over the printed name.

Adam Neri
Secretary