Chairman Garry Mitchell called the meeting to order at 4:05 P.M.

A motion was made by Trey Merrick and seconded by Tony Grey to accept the minutes of the meeting dated 8 November 2012; Quarterly Report Financial Report for Oct-Nov-Dec 2012. All were in favor.

Jeff Templeton, Pension Administrator announced to the Board that Trey (Stuart) Merrick has been elected by the Fire Department as their representative Trustee and that Tony Gray will be re-appointed as of the next City Commission Meeting dated 10 June 2013 as a Trustee to the Board appointed by the City.

Election of Officers: A motion was made by Tony Grey and seconded by Mike Clifford to nominate Eng. Garry Mitchell to be Chairman. All were in favor. A motion was made by Tony Grey and seconded by Mike Clifford to nominate Trey Merrick to be Vice Chairman/Secretary. All were in favor.

Larry Cole, BCA, gave his report:

Larry Cole, BCA, began by sharing with the Board that Burgess Chambers & Associates had reached their 25-year mark. He gave some history of the starting of the business and important information about the company as they made their journey to year 25.

For the quarter, the Plan earned $2.1 million or +5.7% (+5.6% net). The three best performing asset categories were: BNY/Mellon mid-cap (+13.5%), BNY/Melion small-cap (+12.4%), and BNY Mellon large-cap (+10.6%).
For the fiscal year to date, the Plan earned $2.6 million or +7.3% (+7.2% net). The three best performing asset categories were: BNY/Mellon mid-cap (+17.5%), BNY/Mellon small-cap (+14.5%), and Westwood large-cap (+12.6%).

For the 12-month period, the Plan earned $3.3 million or +9.5% (+9.2% net). The three best performing asset categories were: BNY/Mellon mid-cap (+17.8%), BNY/Mellon small-cap (+16.3%), and Westwood large-cap (+8.0%).

For the three-year period, the Plan earned $7.8 million, averaging +8.2% (+8.0% net) per year.

Westwood's large-cap product slightly trailed the benchmark for the three-year period (+11.2% vs. +12.7%). BCA visited the firm in Dallas in February and met with the entire management team as well as the Chairman of Westwood Holdings Group, Susan Byrne. We believe the discipline and the team are intact and that a return to fundamentals in the market will allow Westwood to again outperform. BCA recommends no action at this time, but will be closely monitoring Westwood's performance.

EuroPacific International outperformed its index by 19bps per year over the past three years (+5.7% vs. +5.5%), but ranked in the bottom 70th percentile, due to lower allocation to emerging markets. The risk (beta) and the value added (alpha) profile remain favorable. BCA recommends no action at this time.

Advent and SSi positioned the portfolio among less equity sensitive convertibles, as compared to its benchmark, which explains its trailing performance for 12-months, relative to its benchmark. However, results ranked average and were well ahead of the Plan's core bond and TIPS products.

A motion was made by Tony Grey to take 10% out of stocks and put it in bonds or cash. There was no second. Motion died.

At the meeting in February Frank Wan gave a short explanation to the Board about MLP's and was requested by the Board to bring information to the next Board meeting explaining what they are and were they something to look into for investment.

Larry Cole explained to the Board about Master Limited Partnership (MLP). They are a limited partnership that is publicly traded on a securities exchange. MLP's are pass through companies that typically distributes 90% of their net income, and most MLPs operate essential energy toll roads/pipelines. MLPs are attractive given their return profile: yield + growth, and the current yields approximately 5.7%. The Board members asked some general questions and Frank gave them the answers. It was decided that they would further discuss MLPs at the next meeting with a representative from Westwood. Larry was asked to make those arrangements with Westwood.
Michael Opre, SSi Portfolio Manager gave a report on convertibles. He began by giving an update on some personnel changes in their firm. He discussed results in the performance and account values. He reviewed the Portfolios characteristics, large buys and sells attributed that were key to the fund and how they allocated within each sector. He ended by giving a market outlook from the prospective of convertibles.

Larry Wilson, Actuary, GRS gave his annual explanation of the 1 October 2012 Actuarial Valuation Report. He began by explaining that the 1 October 2012 Actuarial Valuation determines the minimum required contribution for fiscal year ending 30 September 2014.

The minimum required contribution for the fiscal year ending 30 September 2014 is $2,239,705.54% of covered payroll for fiscal year ending 30 September 2014 based upon projected covered annual payroll for fiscal year ending 30 September 2014 - $4,374,424.00.

Member contributions will be 6% of covered payroll for fiscal year ending 30 September 2014 - anticipated to be $262,465 and anticipated allowable State contributions will be 7.6% of covered payroll for fiscal year ending 30 September 2014 ($333,964) leaving a City requirement of $1,643,276 – 37.6% of covered payroll for fiscal year ending 30 September 2014. If State contributions are less than $333,964.00 the City will be required to make up the difference.

The net smoothed actuarial value of assets as of 1 October 2012 is $34,603,123.00. The net market value of assets as of 1 October 2012 is $34,603,031.00.

There are 61 active members and 47 inactive members (including DROPS) as of 1 October 2012. Smoothed actuarial value net investments return was 5.78% - less than the assumed rate of 7.75%. Market value rate of return was 16.06%.

Plan expenses were 48 basis points of the mean invested market value of assets during fiscal year ended 30 September 2012.

The system experienced an actuarial gain of $177,189.00 during fiscal year ended 30 September 2012. Salary increases were generally a source of actuarial gain - investment return (smoothed actuarial value) and employee turnover were generally offsetting sources of actuarial loss.

The City contributed in excess of minimum required City contribution for fiscal year ended 30 September 2012. The excess City contribution resulted in an increased System Funded Ratio as of 30 September 2012 and a reduction in future System contribution requirements starting with fiscal year 2014.
A motion was made by Garry Mitchell and seconded by Stuart Merrick to approve the Actuarial Valuation dated 1 October 2012. All were in favor.

A motion was made by Tony Grey and seconded by Stuart Merrick to approve a 30-year projection requested by the City for a fee of $5,000.00. All were in favor.

A motion was made by Stuart Merrick and seconded by Garry Mitchell to approve an Experience Study to align actuarial assumptions with Plan experience for $5,000.00. All were in favor.

Scott Christensen, attorney, gave his report:

Scott Christensen presented an updated Summary Plan Description.

A motion was made by Mike Clifford and seconded by Tony Grey to approve the Summary Plan Description. All were in favor.

Scott reminded the Board to make sure they completed Form 1 and send it to Tallahassee or take it to the Board of Elections Office in Orlando. Jeff Templeton, Administrator had given each member a FORM1 to complete and turn in as directed.

A motion was made by Tony Grey and seconded by Stuart Merrick to approve changes in section 15.1 in the Operating Rules – Public Disclosure.

A motion was made by Tony Grey and seconded by Stuart Merrick to provide the necessary changes in Ordinance #2906-13 dealing with the Internal Revenue Code Compliance Order. All were in favor.

A motion was made by Tony Grey and seconded by Stuart Merrick to approve the Ordinance and send it to the City dealing with salary definition. All were in favor.

Scott invited the Board to a mini-conference that Lee Dehner would be having at the Ormond Beach City Hall.

Scott reminded the Board that a letter needed to be sent to Keith Brinkman at the State Retirement Bureau dealing with the assumption rate. They Board decided to table making that decision until the next scheduled Board meeting.

The meeting was adjourned at 6:15 P.M.

Respectfully submitted,

[Signature]

Stuart Merrick, Secretary