

Winter Park Fire Fighters' Pension Trust Fund
Quarterly Meeting
8 May 2014
4:00 P.M.

Member: Engineer Stuart Merrick, Vice Chairman / Secretary
 Mike Clifford, Trustee
 Tony Gray, Trustee
 Tony Grey, Trustee

Attendees: Scott Christiansen, Attorney
 Larry Cole, BCA
 Larry Wilson, GRS
 Jeff Templeton, Administrator
 Michael Templeton, Lieutenant
 William Deuchler

Secretary Stuart Merrick called the meeting to order at 4:06 P.M.

A motion was made by Stuart Merrick and seconded by Tony Grey to accept the minutes of the meeting dated 6 February 2014 and Quarterly Financial Report Jan-Feb-March 2014. All were in favor.

No public input.

Larry Cole gave Investment Summary Report:

For the quarter, the Plan earned \$846K or +2.1% (+2.0% net), in-line with the strategic model (+2.0%). Both domestic large and mid- cap stocks, convertibles, MLPS, core fixed-income, and TIPS experienced modest returns. International equities trailed domestic stocks. The four best performing asset categories were: Westwood MLP (+4.6%), SSI convertibles (+3.9%), BNYM mid-cap passive (+3.0%), and Advent Convertibles (+3.0%). MLPS and convertibles were added to de-risk a portion of the total assets.

Fiscal year-to-date, the Plan earned \$3.1 million or +7.7% (+7.6% net), ahead of the strategic model (+6.8%). The three best performing asset categories were BNYM large-cap passive (+12.5%), Westwood large-cap (+12.1%), and Westwood MLP (+12.1%). The out-performance is attributable to Westwood MLPs and EuroPacific international.

For the three-year period, the Plan earned \$9.1 million, averaging +8.4% (+8.1% net), per year. For the five-year period, the Plan earned \$19.2 million, averaging +13.2% (+13.0% net), per year. While the three and five-year rankings were below the 40th percentile, strong improvement has been experienced during the two years.

BCA recommends increasing the MLP allocation from 5% to 9% with sources of funding from large-cap portfolio (\$1.8M).

Westwood's large-cap product (\$4.2 million) complements the passive S&P 500 allocation (\$7.5 million) - thus, Westwood manages 1/3 of large-cap equity category. While this large-cap value product has trailed its benchmark for the three and five- year periods, it has earned +13.9% and +18.8% per year, respectively. In contrast, the S&P 500 index has averaged +14.7% and +21.2% per year, respectively, thus beating the majority of active managers. Westwood's style is not intended to beat indexes during periods when momentum and rapidly expanding P/E ratios are occurring. But instead, this product is expected to offset a portion of the volatility of this asset category and add value to the index over the long term. More recently, as evidenced by 12-month results, Westwood's results were in line with its benchmark (+21.9% vs. +21.6%).

EuroPacific's international product posted returns similar to the benchmark for the three and five-year periods and ranked in the top 44th percentile for the three-year period. This product was ahead of the benchmark for the quarter and one-year periods.

General Discussion between Members and Larry Cole about Price Earning Ratio's, Market Gain's and Investment Policy.

Larry Cole made recommendation to move \$1,000,000 from BNYM Large Cap Index to Westwood MLP.

General Discussion on MLP Dividend Yield about 4.7%.

A motion was made by Stuart Merrick and seconded by Tony Grey to have BCA move \$1,000,000 from the BNYM Large Cap Index to Westwood MLP. All were in favor.

Larry Wilson gave Actuarial Valuation:

The October 1, 2013 Actuarial Valuation determines the minimum required contribution for fiscal year ending September 30, 2015.

The minimum required contribution for the fiscal year ending September 30, 2015 is \$2,199,571. 54.2% of covered annual payroll (non-DROP) for fiscal year ending September 30, 2015 based upon projected covered annual payroll (non-DROP) for fiscal year ending September 30, 2014 - \$4,058,249.

Member contributions will be 6.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2015 - anticipated to be \$243,495 and anticipated allowable State contributions will be 8.2% of covered payroll (non-DROP) for fiscal year ending September 30, 2015 (\$332,249) leaving a City requirement of \$1,623,827 - 40.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2015. If State contributions are less than \$332,249, the City will be required to make up the difference.

The net smoothed actuarial value of assets as of October 1, 2013 is \$40,391,119. The net market value of assets as of October 1, 2013 is \$42,299,247.

There are 47 active members and 51 inactive members (including DROPS) as of October 1, 2013. Smoothed actuarial value net investment return was 9.14% - more than the assumed rate of 7.75%. Market value rate of return was 12.32%.

Plan expenses were 47 basis points of the mean invested market value of assets during fiscal year ended September 30, 2013.

The System experienced an actuarial gain of \$872,441 during fiscal year ended September 30, 2013. Investment return (smoothed actuarial value) and salary increases were sources of actuarial gain - employee turnover was generally an offsetting source of actuarial loss.

The City contributed in excess of the minimum required City contribution for fiscal year ended September 30, 2013. As requested, this excess City contribution is held in reserve as a funding credit available to be used by the City to reduce future City contributions.

Government Accounting Standards Board (GASB) Statement No. 67 actuarial information is included. GASB 67 actuarial information must be trued-up as of September 30, 2014.

A motion was made by Stuart Merrick and seconded by Tony Gray to accept Actuarial Valuation. All were in favor.

Scott Christiansen, attorney, gave his report:

Discussed Evaluation report and the need to set the assumption rate for the fund.

A motion was made by Stuart Merrick and seconded by Tony Grey after the advice of the investment consultant to approve 7.75% as the assumption rate for the next year, the next several years, and the long-term thereafter. Motion passes 3-1 with Tony Gray opposing.

2014 Legislation Session Review. No bills passed that will affect Fire and Police Pension Plans.

Discussed member terms and positions:

Garry Mitchell – Re-elected in 2014, up in 2016

Stuart Merrick – up for re-election in 2015

Tony Gray – appointed in 2014, up in 2016

Tony Grey – up in for re-appointment in 2015

Mike Clifford – 5th member up for re-appointment in 2016

A motion was made by Mike Clifford and seconded by Tony Gray to reselect Garry Mitchell as Chairman and Stuart Merrick as Vice Chairman / Secretary. All in favor.

Financial Disclosure forms should be mailed by the state soon and everyone should get them returned by 1 August 2014. Forms are available at myflorida.com

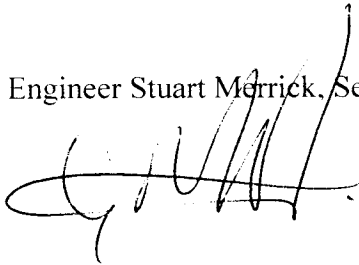
No old business.

No new business.

A motion was made by Stuart Merrick and seconded by Tony Grey to adjourn. All in favor.
5:21.

Respectfully submitted.

Engineer Stuart Merrick, Secretary

A handwritten signature in black ink, appearing to read "Stuart Merrick". The signature is written in a cursive style with a large, prominent initial "S" and "M".