

Winter Park Fire Fighters' Pension Trust Fund
Quarterly Meeting
5 May 2016
4:00 P.M.

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

Attendees: Scott Christiansen, Attorney
 Burgess Chambers, BCA
 Larry Wilson, GRS
 Jeff Templeton, Administrator
 Michael Templeton, Battalion Chief
 Jim White, Fire Chief
 Pat McCabe, Deputy Chief
 Wes Hamill, Winter Park Finance Director

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

A motion was made by Mike Hlavek and seconded by Tony Gray to accept the minutes of the meeting dated 4 February 2016 and Quarterly Financial Report Jan-Feb-March 2016. All were in favor.

No public input.

No Old business

New business:

Garry Mitchell was reelected to the board.

A motion was made by Mike Hlavek and seconded by Tony Gray to reappoint Garry Mitchell as Chairman of the Winter Park Fire Fighters' Pension Trust Fund Board.
All were in favor.

A motion was made by Mike Hlavek and seconded by Tony Gray to reappoint Stuart Merrick as Vice Chairman / Secretary of the Winter Park Fire Fighters' Pension Trust Fund Board.
All were in favor

Burgess Chambers gave the Investment Summary Report:

For the quarter, the Plan earned \$440K or +1.1% (+1.0% net), ahead of the strategic model (+0.8%), ranking in the top 36th percentile. The top three performing categories were: passive TIPS (+4.6%), passive mid-cap core (+3.8%), and passive fixed income (+3.0%).

Fiscal year-to-date, the Plan had earned \$1.6 million +3.6% (+3.5% net), ahead of the strategic model (+3.2%). The top three performing categories were: passive large-cap core (+8.5%), passive large-cap growth (+8.2%), and Westwood large-cap value (+7.9%).

For the four-year period, the Plan earned \$10.0 million, averaging +6.4% (+6.1% net).

In February 2016, the portfolio was rebalanced for quarterly pension expenses with sources of funding from TIPS (\$1M) and fixed income (\$300K).

Manager Reviews

Westwood's large-cap product has shown strong improvement during the past two years, beating its benchmark for the three and five-year periods, and ranked in the top 30th and 41st percentiles, respectively.

Advent's convertible bond product trailed the benchmark for the three and five-year periods, but SSI was ahead for the three-period and ranked in the top 13th and 32nd percentile, respectively.

American Funds EuroPacific beat its benchmark for the three and five-year periods and ranked in the top 38th and 50th percentile, respectively.

Burgess discussed MLP correlations and spread from December 2013 to March 2016. Correlations with oil prices vs. the Alerian Index. The spread with oil prices vs. the US High Yield Energy CDS Index.

Larry Wilson gave Actuarial Valuation:

The October 1, 2015 Actuarial Valuation determines the minimum required contribution for fiscal year ending September 30, 2017.

The minimum required contribution for fiscal year ending September 30, 2017 is \$2,230,695. 52.2% of covered annual payroll (non-DROP) projected for fiscal year ending September 30, 2017 based upon projected covered annual payroll (non-DROP) - \$4,275,632.

Member contributions will be 6.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2017 - anticipated to be \$256,538. Anticipated allowable State contributions will be 7.5% of covered payroll (non-DROP) for fiscal year ending September 30, 2016 (\$320,410) leaving a City requirement of \$1,653,747 – 38.7% of covered payroll (non-DROP) for fiscal year

ending September 30, 2017. If State contributions are less than \$320,410, the City will be required to make up the shortfall.

The smoothed actuarial value of assets as of October 1, 2015 is \$49,902,483. The market value of assets as of October 1, 2014 is \$46,938,709.

There are 56 active members and 56 inactive members (including DROPS) as of October 1, 2015. Smoothed actuarial value net investment return was 8.22% - more than the assumed rate of 7.75%. Market value rate of return was -2.98%.

System expenses were 48 basis points of the mean invested market value of assets during fiscal year ended September 30, 2015.

The System experienced an actuarial loss of \$390,712 during fiscal year ended September 30, 2015. Salary increases and employee turnover were generally sources of actuarial loss – investment return (smoothed actuarial value) was an offsetting source of actuarial gain.

Government Accounting Standards Board (GASB) Statements No. 67 and No. 68 actuarial information is included and must be *trued-up* as of September 30, 2016.

State mandated mortality assumptions will be included in next year's actuarial valuation.

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

Larry Wilson addressed that now that the Valuation is approved, a compliance report needs to be completed within 60 days and be reported to the State.

Discussed Valuation report and that the board needs to set the assumption rate for the fund.

A motion was made after the advice of the investment consultant by Mike Hlavek and seconded by Stuart Merrick to approve 7.75% as the assumption rate for the next year, the next several years, and the long-term thereafter. Motion failed 2-1 with Tony Gray opposing.

Motion did not pass, therefore, the Assumption rate needs to be added to the agenda for the next meeting, for discussion and to allow the board to set the rate.

Scott Christiansen, attorney, gave his report:

The Legislation that was pending in Tallahassee in reference to adding different types of cancers to the list of presumptive diseases for firefighters, did not pass.

No legislative changes that amended chapters 175/185.

Only thing that did pass in Legislation affects the public records side. It set requirements for contracts with outside vendors. Moving forward a paragraph has to be added to contracts that they agree to assist the board in responding to public records request if in fact we get a request for a record that only that vendor has. Old contracts do not need to be addressed, this is just for new contracts.

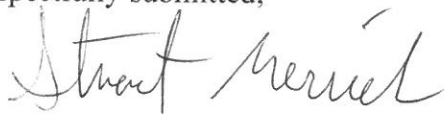
Summary Plan got approved last meeting and it was distributed to all Firefighters.

Financial Disclosure forms should be mailed to the members by the state soon and everyone should get them returned by 1 July 2016. Forms are available at myflorida.com. Administrator also provided copies of the form to help speed up the process.

Revised Internal Revenue Code Ordinance (without the share plan) was sent to the City for approval. Unknown if it has been approved or not at this time. Administrator will follow up with the City to determine the Status of this Ordinance.

A motion was made by Tony Gray and seconded by Mike Hlavek to adjourn. All in favor.
5:09 P.M.

Respectfully submitted,

 8/4/16

Engineer Stuart Merrick, Secretary