

Winter Park Fire Fighters' Pension Trust Fund
Quarterly Meeting
3 May 2018
6:00 P.M.

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

Attendees: Scott Christiansen, Attorney
 Burgess Chambers, BCA
 Jeff Templeton, Administrator
 Larry Wilson , GRS
 Kelly Adams, GRS
 Bryan Templeton

Chairman Garry Mitchell called the meeting to order at 6:08 P.M.

A motion was made by Mike Hlavek and seconded by Stuart Merrick to accept the minutes of the meeting dated 1 February 2018 and the Quarterly Financial Report January-February-March 2018.

All were in favor.

No Public Input

A motion was made by Mike Clifford and seconded by Mike Hlavek to re-elected Garry Mitchell as Chairman and Stuart Merrick as Vice-Chairman of the pension board. All were in favor.

Burgess Chambers, BCA gave Investment Summary Report:

Winter Park Firefighters Pension Plan Total Fund Investment Summary March 31, 2018

The investment program continues to emphasize the use of passive or index products across the spectrum of domestic equities and fixed-income. This approach to investing among institutional defined benefit plans continues to attract record asset flows during the past five years. Your program has been enhanced with improved performance and reduced fees since indexed solutions were applied. Domestic equities have entered the ninth year of positive sentiment. This equity cycle has been extended by extremely low interest rates and positive earnings surprises. Foreign stocks were the big winners in 2017 – following an extended period in which performance trailed US stocks. Equities are exhibiting signs of over-valuation – as measured by nearly all metrics. Bond valuations are under pressure – as Fed policy rates are gradually rising and the 10-year treasury yield approaches 3.0%. With a 59% allocation to equities, of which 13%

is invested in international stocks and 8% is invested among convertible bonds – the overall risk profile is below peers. The upper-end allocation to international equities among peers was 18%, as of 3/31/18. • For the quarter, the Plan experienced a modest loss of \$374K or -0.6% (-0.7% net) – in line with the strategic model (-0.7%). The top three performing categories were: private real estate (+2.0%), convertibles (+1.6%) and passive mid-cap growth (+1.4%). • Fiscal year-to-date, the Plan earned \$1.4 million or +2.8% (+2.5% net) - ahead of the strategic model (+2.1%). • For the one-year period, the Plan earned \$4.3 million +8.7% (+8.2% net), ahead of the strategic model (+7.2%) and actuarial assumption rate (+7.75%). The top three performing categories were: international (+21.8%), passive large-cap growth (+21.3%), and passive mid-cap growth (+15.8%). • For the five-year period, the Plan earned \$15.9 million, averaging +7.2% (+6.8% net) per year – in line with the strategic model (+6.7%). 4

Winter Park Firefighters Pension Plan Total Fund Manager Reviews March 31, 2018

• Westwood's large-cap value product significantly outperformed its benchmark for all periods and rankings were above average. • Advent's convertible bond product underperformed the benchmark for the quarter (+1.1% vs. +2.3%) and one-year period (+8.9% vs. +10.4); but five-year results averaged +7.8% per year - well ahead of core bonds (+1.8%). • SSI's convertible bond product trailed the benchmark for the quarter (+1.9% vs. +2.3%) and one-year period (+9.7% vs. +10.4%), ranking in the 49th and 53rd percentiles, respectively. Three and five-year results averaged +6.5% and +9.3% per year, respectively. • American Funds EuroPacific significantly outperformed its benchmark for all periods and rankings were above average. • Westwood's MLP product beat the MLP index for all periods and has recovered since the 11/29/17 bottom. • ARA American Realty achieved the benchmark for the quarter (+2.2% vs. +2.2%), while Barings Core Property Trust trailed slightly (+1.8% vs. +2.2%). Private real estate was the best performing asset class for the quarter. As a bond substitute, the category's combined return of +2.0% was well ahead of core bonds (-1.5%). • To date, two of the four tranches from the Westwood MLP product have occurred. The first \$670K tranche occurred in March and the second occurred in April. Proceeds from the liquidations were used to purchase shares the Cohen and Steers Global Infrastructure mutual fund. The two remaining redemptions from the MLP product are scheduled to occur in May and June. • In April, the portfolio was rebalanced in the following manner to raise cash for upcoming expenses and benefit payments - \$500K from EuroPacific Growth, \$300K from Westwood large-cap value, \$300K from BNY Mellon large-cap and \$200K from BNY Mellon mid-cap.

A motion was made by Garry Mitchell and seconded by Mike Clifford to transfer the Cohen And Steers mutual fund to Cohen and Steers collective trust, and have Scott prepare all documents. All were in favor.

A motion was made by Garry Mitchell and was seconded by Mike Hlavek , based on the advice of the Board of Trustees of the City of Winter Park Fire Fighters' Pension, based on the advice of its investment professionals and /or actuary, determined that the total expected annual rate of investment return for our fund for the next year, the next several years, and the long term thereafter, shall be 7.75% net of the investment related expenses.

4 were in favor 1 was not (Tony Gray)

Larry Wilson, GRS

The October 1, 2017 Actuarial Valuation determines the minimum required contribution for fiscal year ending September 30, 2019.

The minimum required contribution for fiscal year ending September 30, 2019 is \$2,517,521 – 51.3% of covered annual payroll (non-DROP) projected for fiscal year ending September 30, 2019 based upon projected covered annual payroll (non-DROP) - \$4,905,347.

Member contributions will be 6.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2019 - anticipated to be \$294,321. Anticipated allowable State contributions will be 7.5% of covered payroll (non-DROP) for fiscal year ending September 30, 2019 (\$370,044) leaving a City requirement of \$1,853,156 – 37.8% of covered payroll (non-DROP) for fiscal year ending September 30, 2019. If State contributions are less than \$370,044, the City will be required to make up the shortfall. The City has a credit balance in the amount of \$49,634 as of October 1, 2017 available to offset future City contributions.

Please note the System will require amendment effective on or before October 1, 2018 to provide all minimum F.S., Chapter 175 benefits including benefit commencement at normal or early retirement date to ensure receipt of State contributions for fiscal year ending September 30, 2019 under F.S., 175.351(7).

There are 62 active members and 57 inactive members (including DROPS) as of October 1, 2017.

The net smoothed actuarial value of assets as of October 1, 2017 is \$54,130,146. The net market value of assets as of October 1, 2017 is \$54,205,130. Smoothed actuarial value net investment return was 6.42% (less than the assumed rate of 7.75%) - market value net investment return was 10.47% for fiscal year ended September 30, 2017.

Total System expenses (investment and administrative) were 54 basis points of the mean invested market value of assets during fiscal year ended September 30, 2017.

The System experienced an actuarial gain of \$446,852 during fiscal year ended September 30, 2017. Salary increase experience was a source of actuarial gain - investment return (smoothed actuarial value) and absence of turnover were offsetting sources of actuarial loss.

Government Accounting Standards Board (GASB) Statements No. 67 and No. 68 actuarial information is included. GASB Statements No. 67 and No. 68 actuarial information must be *trued-up* as of September 30, 2018.

Required valuation information will be uploaded to the State portal as required by the Department of Management Services.

A motion by Mike Clifford and seconded by Tony Gray to have Scott draft an ordinance and have GRS do a cost study for the following changes: A minimum benefit for a terminated vested person must commence at normal retirement date. Pre-retirement death is being amended to restoring the benefit to the spouse of a member who died not in the line of duty.

All were in favor.

A motion by Garry Mitchell and seconded by Stuart Merrick to accept the Actuarial Valuation Report done by GRS. All were in favor

A motion by Tony Gray and seconded by Garry Mitchell to have GRS do a experience study to cover the next 5 years. All were in favor.

Scott Christiansen, Attorney,

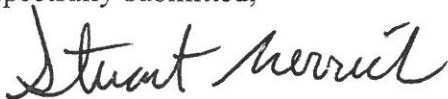
All board members need to do the financial report Form 1 and turn into state by July 1, 2018

No old business none

No new business none

Meeting adjourned at 7:27 P.M.

Respectfully submitted,

A handwritten signature in black ink that reads "Stuart Merrick". The signature is written in a cursive, flowing style.

Engineer Stuart Merrick, Secretary