

WINTER PARK POLICE OFFICERS RETIREMENT SYSTEM
Quarterly Meeting
7 February 2013
6:00 P.M.

MEMBERS: Murray Daniel, Chairman
Sgt. Rafael Berrios, Secretary
Sandy Modell, Trustee
Mike Broschart, Trustee
Robert Harvie, Trustee

ATTENDEES: Frank Wan, BCA
Scott Christensen, Attorney
Jeffrey Templeton, Administrator
Kathy Reed, WPPD Assistant to Chief Railey

Chairman Murray Daniel called the meeting to order at 6:00 P.M.

A motion was made by Murray Daniel and seconded by Sandy Modell to accept the minutes of the meeting dated 8 November 2012; Quarterly Report Financial Report for Oct-Nov-Dec 2012 and the Disability Hearing Minutes dated 11 December 2012 for H. M. Barber. All were in favor.

Frank Wan, BCA, gave his report:

Frank began by explaining a BCA market Perspective. The product he discussed was "Why the U.S. is becoming a Global Gas Superpower. He explained that due to the development of economically recoverable shale-gas deposits in North America the U.S. is positioned to become a global gas superpower. The abundance of low cost natural gas has made the U.S. a low cost manufacturer. There are many uses for natural gas. Master Limited Partnerships (MLPs) will be needed to transport natural gas to coastal terminals.

He explained that natural gas may be chilled and condensed into liquefied natural gas (LNG) and shipped by tankers around the world. The market price at this time in Europe and Asia is \$14.5 per million British Thermal Units (BTU), considerably higher than the \$2.3 here in the U.S.

Frank said that BCA is going to continue to watch this product for possible future investment.

Frank gave the Investment Summary for the Total Fund ending 31 December 2012.

For the quarter, the Plan earned \$495K or +1.54% (+1.5% net). The three best performing asset categories were: Euro-Pacific International (+5.8%), BNY/Mellon mid-cap (+3.6%), and Westwood large-cap (+2.2% vs. +1.5%).

For the 12-month period, the Plan earned \$3.6 Million or +11.6% (+11.3% net). The three best performing categories were: Euro Pacific International (+20.2% vs. +17.9%), BNY/Mellon mid-cap (+17.9%), and Westwood large-cap (+16.8%). The Advent convertibles product performed well ahead of core bonds (+13.1% vs. +4.3%).

For the 3-year period, the Plan earned \$7 million, averaging +7.6% net) per year. The expense ratio remains low, as compared to other public plans of this size. With the replacement of ICC, the annual expense ratio has decreased from 33bps to 31.

Westwood's large-cap product trailed the benchmark for three-year period (+9.7% vs. +10.9%), but peer performance has improved – 12-month results were closer to the benchmark (+16.8% vs. +17.5%) and ranked in the top 38th percentile. It is worth noting that on 14% of products in this strategy beat the benchmark in 2012.

EuroPacific International outperformed its index by 94 bps per year over the past three years (+5.0% vs. +4.0%), but ranked in the bottom 66th percentile, due to a lower allocation to emerging markets. However, for the 12-month period it beat its benchmark by a wider margin and product ranked in the top 34th percentile. The risk (beta) and value added (alpha) profile remains favorable. BCA recommends no action at this time.

Advent 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 (+13.1% vs. +14.9%). However, results ranked in the top 38th percentile and were well ahead of the Plan's core bond and TIPS products.

Scott Christiansen, attorney, gave his report:

Scott reminded the Board that by the next meeting Murray Daniel, Robert Harvie and Sandy Modell terms will be ending and the officers of the Board need to be elected.

Scott told the Board that the Summary Plan Description had not been updated since December 2011. Legislature is working on changes in the State Statute 175/185 but have not come to any agreement on the changes. He asked the Board if they wanted him to update it.

A motion was made by Sandy Modell and seconded by Robert Harvie for Scott Christiansen, attorney, make any changes that are appropriate after legislature comes to a final decision on the Fl. State Statutes Bills that are in question. All were in favor.

Scott suggested an addendum for the fees for Advent.

A motion was made by Murray Daniel and seconded by Rafael Berrios to give Scott Christiansen, attorney, the authority to maintain tax issue changes in the Ordinance. All were in favor.

Scott gave an overview of FL Senate Bill # 458 as of 4 February 2013. Each Board member had been given a copy of the Bill prior to the current Board meeting. Scott explained that he was giving an overview at another Board before our meeting and he found out after that meeting that the legislature had already made more changes and the Bill given to the Board was not current. As of the time of this meeting he gave an overview of some of the possible changes

This Senate Bill #458 relates to fire fighters and police officers municipalities pension plans. The current legislature has been trying to amend the current one without much success. Basically it is dealing with (1) Credible service or credited service, (2) Defined contribution plans, (3) local law plan – includes a defined benefit plan component and a defined contribution plan component, (4) supplemental plan that deposits are made to provide extra benefits, (5) general powers and duties of the board of trustees, and (6) base benefits, premium benefits and special benefits. He again emphasized that this bill changes very rapidly! He will keep the Board updated as he gets updated!

If adopted by the close of the May 2013 legislature it must be implemented by October 2013.

Scott reported that FSR changes were adopted by the legislature. It has been going from one level of the court system to the next. The FL Supreme Court finally gave the FSR bill the OK to proceed. There are many changes in the FSR.

Jeff Templeton, Administrator, reported to the Board that he had sent out the annual (1) Confirmation of Receipt of Retirement Benefits, (2) Pre-Tax of Health Insurance Premiums, and (3) Form PF-25 dealing with Ex-Spouses as Beneficiary or Joint Pensioner that has become a new law.

Jeff made the Board aware that retiree Joseph Thomas had picked Option C when he retired in 2004. His monthly retirement amount was to change beginning 1 April 2012. The change was from \$3,208.65 to \$1,879.65. Jeff explained that when Joe retired that Jeff had sent written instructions to Fiduciary Trust International of the South when to make the change. He said that Joe called him several weeks before the Board meeting of the error and he was still receiving the full amount. Jeff

explained that he contacted Fiduciary and they said they could not find the letter of instruction to make the change. The contact person at that time has been retired for several years. He spoke with Joe and he said that he could make payments of \$300.00 per month.

A motion was made by Sandy Modell and seconded by Murray Daniel to authorize Jeff Templeton to talk with Fiduciary Trust International of the South to re-imburse the pension fund the money Joe Thomas owes right away. If Fiduciary will not do that method of repayment to the fund then Jeff has the authority to negotiate a reasonable monthly payment to pay the fund back and that the bank agreeable to that amount. All were in favor.

The meeting was adjourned at 5:05 P.M.

Respectfully submitted,


Sgt. Rafael Berrios, Secretary