

**Winter Park Police Officers' Retirement System**  
**Quarterly Meeting**  
**3 May 2018**  
**4:00 P.M.**

Member: Lt. Kevin Roesner, Chairman  
Scott Williams, Vice-Chairman  
William Deuchler, Trustee  
James Johnston, Trustee  
Mike Broschart, Trustee

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

Chairman Kevin Roesner called the meeting to order at 4:06 P.M.

A motion was made by William Deuchler and seconded by Mike Broschart to accept the minutes of the meeting dated 2 February 2018 and Quarterly Financial Report for January-February-March 2018. All were in favor.

A motion was made to elect Kevin Roesner as Chairman and Scott Williams as Vice-Chairman of the board of Trustees for the Winter Park Police Pension by William Deuchler and seconded by Mike Broschart. All were in favor.

Burgess Chambers gave Investment Summary Report:

Winter Park Police Officers 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 66% allocation to equities, of which 15% is invested in international stocks and 5% 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 Fund experienced a modest loss of \$307K or -0.5% (-0.6% net), in line with the strategic model (-0.6%). The top three performing categories were: private real estate (+2.0%), convertible bonds (+1.9%) and international (+1.2%). Results were improved with the over-weight to private real estate and international, along with the under-weight to bonds.
- Fiscal year-to-date, the Fund earned \$1.5 million or +3.1% (+2.9% net) - ahead of the strategic model (+2.1%).
- For the one-year period, the Fund earned \$4.3 million or +9.6% (+9.2% net) - ahead of the strategic model (+7.1%). The top three performing categories were: international (+21.8%), large-cap value (+15.2%) and passive large-cap core (+14.0%).
- For the five-year period, the Fund earned \$15.8 million, averaging +7.7% (+7.3% net) per year – in line with the strategic model (+7.3%).

#### Winter Park Police Officers 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 (+1.2% vs. +2.3%) and one-year period (+8.8% vs. +10.4%). Results for five years averaged +7.9% per year - well ahead of core bonds (+1.8%).
- American Funds EuroPacific significantly outperformed the benchmark for all periods and rankings were above average.
- Westwood's MLP product trailed the benchmark for the quarter (-11.4% vs. -11.1%); but was ahead for all other periods.
- 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 (-1.4%).
- March 2018: \$1,012,900 was raised from the Westwood MLP portfolio and \$658,400 was raised from BNY fixed income and the proceeds were used to purchase shares of the Cohen and Steers Global Infrastructure mutual fund.
- April 2018: the portfolio was rebalanced in the following manner to raise cash for upcoming and expenses and benefit payments -

\$500K from EuroPacific Growth and \$300K from BNY Mellon large-cap.

A motion was made by Kevin Roesner and seconded by James Johnston to transfer the Cohen And Steers mutual fund to Cohen and Steers collective trust, and have Scott Christiansen prepare all documents. All were in favor.

A motion was made by Kevin Roesner and seconded by Scott Williams, based on the advice of the Board of Trustees of the City of Winter Park Police Officers' Retirement System investment professionals and/or actuary, to state 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. All were in favor.

Larry Wilson

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 \$2,794,247 – 63.2% of covered annual payroll (non-DROP) projected for fiscal year ending September 30, 2019 based upon projected covered annual payroll (non-DROP) - \$4,423,901.

Member contributions will be 6.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2019 - anticipated to be \$265,434. Anticipated allowable State contributions will be 6.7% of covered payroll (non-DROP) for fiscal year ending September 30, 2019 (\$296,917) leaving a City requirement of \$2,231,896 – 50.5% of covered payroll (non-DROP) for fiscal year ending September 30, 2019. If State contributions are less than \$296,917, the City will be required to make up the shortfall.

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., 185.35(7).

There are 69 active members and 81 inactive members (including DROPS) as of October 1, 2017.

The smoothed actuarial value of assets as of October 1, 2017 is \$48,974,942. The market value of assets as of October 1, 2017 is \$49,553,447. Smoothed actuarial value net investment return was

6.97% (less than the assumed rate of 7.75%) - market value net investment return was 11.56% for fiscal year ended September 30, 2017.

Total System expenses (investment and administrative) were 47 basis points of the mean invested market value of assets during fiscal year ended September 30, 2017.

The System experienced an actuarial gain of \$74,883 during fiscal year ended September 30, 2017. Salary increase experience and turnover were sources of actuarial gain - investment return (smoothed actuarial value) was an 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 Kevin Roesner and seconded by William Deuchler to have Scott Christiansen 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 Kevin Roesner and seconded by Mike Broschart to accept the Actuarial Valuation Report done by GRS. All were in favor.

A motion was made by William Deuchler and seconded by Kevin Roesner to have GRS do an experience study to cover the next 5 years. All were in favor.

Old/ New Business: No news on the city voting on the change to a 7 year drop plan for the officers. Jeff Templeton will give an update on the over payment to Neil Troutman in August 2018.

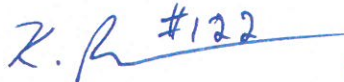
A special thanks to Mike Broschart for his service on the board. This was his last meeting.

Scott Christiansen, attorney, gave his report:

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

Kevin Roesner adjourned the meeting at 6:46 P.M.

Respectfully submitted,

 #122 ROESNER

Lt. Kevin Roesner, Chairman