WINTER PARK FIRE FIGHTERS' PENSION TRUST FUND  
Quarterly Meeting  
12 May 2011  
6:08 P.M.

MEMBERS:  
Chief Pat McCabe, Chairman  
Eng. Garry Mitchell, Secretary  
Mike Clifford, Trustee  
Tony Gray, Trustee

ATTENDEES:  
Grant Mc Murray, ICC  
Larry Wilson, GRS  
Larry Cole, BCA  
Jeff Templeton, Pension Administrator  
Scott Christiansen, Attorney

Guests:  
Chief James White, WPFD  
Commissioner Steve Leary  
Meg Fitzgerald

The meeting was called to order by Chairman Pat McCabe at 6:08 P.M.

A motion was made by Tony Gray and seconded by Garry Mitchell to accept the minutes of the regular meeting dated 10 February 2011 and the Quarterly Financial Report for January – February – March 2011. All were in favor.

Election of Vice-Chairman ~ Secretary: A motion was made by Mike Clifford and seconded by Tony Gray to elect Garry Mitchell to this office. All were in favor.

Election of Chairman: A motion was mad by Mike Clifford and seconded by Tony Gray to elect Chief Pat McCabe to this office. All were in favor.

Larry Cole, BCA, gave his report:

For the quarter, the Plan earned $1.3 million (+4.1% net); beating the strategic model (+3.9%), and ranking in the top 28th percentile. The top three performers were: mid-cap passive (+9.4%), small cap passive (+7.9%), and ICC large-cap value (7.4%). As expected fixed income returns were flat (+0.4%), while the tips posted a significant return (+2.0%).

For the Fiscal-year-to-date, the Plan earned $3.1 million (+10.4% net); beating the strategic model (10.2%), and ranking in the top 40th percentile.

For the one-year period, the Plan earned $3.7 million (+12.6% net), which ranked in the top 30th percentile. The benchmark achieved a better result (+13.4%),
due to equity results at Westwood. Tips achieved better returns than bonds (+8.2% vs. +5.2%). The top three performers were: mid-cap passive (+27.0%), Small-cap (+25.8%), and large-cap passive (+15.8%). Both ICC large-cap and EuroPacific international beat their respective benchmarks while Westwood large-cap trailed.

The Plan has earned +20.9% per year, on average, for the past 24 Months.
For both the three and five-year rolling periods, the investment program ranked above average 42nd and 36th percentiles respectively.

The Advent and SSI convertible securities account was funded in April 2011, and the portfolio was rebalanced.

Larry Cole spoke about the Investment Policy Statement. He pointed out some word changes and numerical changes. He said that the corrections would be completed and they would let Jeff know when the changes were completed so that it could signed.

Grant McMurry, ICC gave his report. The returns for the Quarter ending 31 March 2011 was (+6.91%), the fiscal-year-to-date was (+19.42%), and the three years was (+3.22%).

Larry Wilson, Gabriel Roeder and Smith gave his report:
The City requested the October 1, 2009 Actuarial Valuation be restated to combine certain charge (positive) and credit (negative) amortization bases. The Board expressed their desire to cooperate with the City’s request provided the changes are acceptable to the State and so not negatively impact System members. The City selected the bases to be combined. GRS submitted actuarial analysis of the City proposal to the State. Based upon our submission, the State determined the requested changes are acceptable. GRS believes the changes requested by the City do not negatively impact System members. The State agreed.

Combining City selected bases as of 1 October 2009 increased the minimum required City contribution for the fiscal year beginning October 1, 2010 from 24.1% of covered payroll for fiscal year ending 30 September, 2011 ($1,204,846.00 based on projected covered annual payroll for fiscal year ending 30 September 2011 of $5,006,822.00) to 28.8% of covered payroll for fiscal year ending 30 September 2011 ($1,566,132 based on projected covered annual payroll for fiscal year ending 30 September 2011 of $5,006,822.00).

As a result of the changes to the 1 October 2009 Actuarial Valuation Report, the draft 1 October 2010 Actuarial Valuation Report required restatement. Similar to the prior year, the October 1, 2009 Actuarial Valuation, determines the minimum required contribution requirements for the System year ending September 30, 2012.

The minimum required contribution for fiscal year ending 30 September, 2012 is 46.1% of covered payroll ($2,173,769) based on projected covered annual payroll for fiscal year ending 30 September 2012 - $4,715,335. They anticipate member contributions will be 6.0% of covered payroll for fiscal year ending 30 September 2012 ($282,920) and allowable State contributions will be 7.0% of covered payroll for fiscal year ending 30 September 2012.
($332,249.00) leaving the City requirement of 33.1% of covered payroll for fiscal year 30 September 2012 ($1,558,600.00). If State contributions are less than $332,249.00, the City will be required to make up the difference.

The net actuarial value of assets as of 1 October 2010 is $31,299,968.00. The net market value of assets as of 1 October 2010 is $29,330,763.00.

There are 62 active members and 44 inactive members as of 1 October 2010. The actuarial value net investment return was 2.91% - less than the assumed rate of 7.75%. The market value rate of return was 8.88% - more than the assumed rate of 7.75%.

Plan expenses were 43 Basis points of mean invested assets at market value.

The system experienced an actuarial loss of $1,027,794 during fiscal year ended 30 September 2010. Investment return (smoothed actuarial value) and employee turnover were generally sources of actuarial loss - salary increases were generally an offsetting source of actuarial gain.

Larry Wilson, GRS, discussed why GRS revised their Projection Actuarial Valuation books as of 1 October 2009/1 October 2010.

The City of Winter Park wanted GRS to work with an actuary retained by the City. When it was discussed with the Board in February it was decided that it had to comply with the State Statues and would not affect the employees. A new report was filed with the State. GRS felt that it was not negative to the employees.

A motion was made by Tony Gray and seconded by Mike Clifford to approve the Revised Projection Actuarial Valuation of 1 October 2009. All were in favor.

The consequences of what the City Manager, Randy Knight, required are the Revised Projection Actuarial Valuation as of 1 October 2010.

A motion was made by Tony Gray and seconded by Mike Clifford to accept the Revised Actuarial Valuation as of 1 October 2010. All were in favor.

A question was asked about DROP: Larry Wilson stated that (1) there is no cost to the plan for DROP,

Chairman Pat McCabe stated that the City Manager wanted a 10-year projection. He asked Larry Wilson what the cost would be and if it should even be done. Larry stated that it could be done, if asked and that there would be a fee. He could not give an amount at that time.

Scott Christiansen gave his report:

The letters to Patricia Shoemaker and Keith Brinkman in Tallahassee concerning the "Declaration of Returns" needs to be sent.

A motion was made by Pat McCabe and was seconded by Garry Mitchell to set 7.75% as the annual rate of investment. All were in favor.
Scott mentioned FORM1. Jeff told Scott that he had put the FORM1 in each trustee package with a note stating that he would be glad to submit the completed forms for any trustee.

Scott mentioned that as of this meeting that Tony Grey had not been reinstated by the city as a trustee to the Winter Park Fire Fighters’ Pension Trust Fund.

Scott mentioned that the Advent contract had been signed. The fee quoted in the booklet stated (80) basis points but after Scott checked on it the basis points were actually (100). He noted that $5 million and above the basis points will go back to (80) basis points.

Scott informed the board that if a City Commissioner or Finance Director of the City is placed as a City trustee appointee on the pension boards there can be no conflict of interest. The State specifies that you cannot hold dual offices. If they take a job as a trustee on the pension board the 2nd job takes precedence.

Scott reported on the Bills pertaining to the Pension Plans:
- House Bill – 303 Defined Benefits (DROPPED)
- Senate Bill – 1128 passed 5/11/2011

Amended Bill SB1128:
Revises the definition of compensation for all local government defined benefit retirement plans. For plans that are not subject to collective bargaining, for service earned on or after 7/1/11, up to 300 hours of overtime may be included in compensation for pension purposes as specified in the plan, but payments for accrued unused sick or annual leave may not be included. For plans that are subject to collective bargaining, effective for the first agreement reached in or after 7/1/11 for service earned on or after that date, up to 300 hours of overtime may be included in compensation for pension purposes as specified in the collective bargaining agreement or plan, but payments for accrued unused sick or annual leave may not be included.

Requires that all actuarial reports disclose the present value of the plan’s accrued vested, nonvested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement Systems’ assumed rate of return (currently 7.75%), “to promote the comparability of actuarial data between local plans.”

Eliminates the requirements in Chapters 175 and 185 that pension benefits be increased whenever member contributions are increased.
Directs the Department of Management Services to provide a fact sheet on each participating local government defined benefit pension plan summarizing the plan's actuarial status. The fact sheet must contain a summary of the plan's most recent actuarial data, minimum-funding requirements as a percentage of pay, and a 5-year history of funding ratios. The fact sheets must be posted on the Department's website and plan sponsors that have websites must provide a link to the department's website.

Amends Chapters 175 and 185 to allow a city with a local law plan in existence on June 30, 1986, to change the city's representation on the pension board, only if the change does not reduce the membership percentage of firefighters and police officers on the board.

Direct the Department of Management Services to develop a standardized rating system for local government defined benefit pension plans.

Creates a Task Force on Public Employee Disability Presumptions.

All bills are available for viewing online at www.fisenate.gov and www.myfloridahouse.gov. If you have any further questions please contact Jeff Templeton, Administrator and he will contact Scott Christiansen or Trish Shoemaker to get the answers if he does not have an answer at that time.

CHANGES:
Chapter 175/185 – members may vote to increase their own contributions.

The biggest changes may be found in paragraph 1 – effective date 1 July 2011.
Employee contribution of overtime – 300 hours.
You may not sell back anything after 1 July 2011.

Larry Cole, BCA, gave the Board an explanation of changes in the Investment Policy Statement dealing with Advent.

A motion was made by Mike Clifford and seconded by Garry Mitchell approve the Investment Policy Statement for Advent with changes of the minimum and maximum. It will be changed to 4-6% not 3-6%. All were in favor.

The meeting was adjourned at 8:05 P.M.

Respectfully submitted,

Garry Mitchell, Secretary