WINTER PARK FIRE FIGHTERS' PENSION TRUST FUND
Quarterly Meeting
8 August 2013
4:00 P.M.

MEMBER
ENG. Garry Mitchell, Chairman
Eng. Stuart Merrick, Secretary
Mike Clifford, Trustee

ATTENDEES:
Larry Wilson, GRS
Scott Christiansen, Attorney
Jeffrey Templeton, Administrator
Larry Cole, BCA
Chief James White, WPFD
Bryan Templeton
Kim Calhoun, Westwood
Mitchell Breenan, BCA

Chairman Garry Mitchell called the meeting to order at 4:15 P.M.

A motion was made by Stuart Merrick and seconded by Mike Clifford to accept the
minutes of the meeting dated 9 May 2013 & Quarterly Report Financial Report Apr-
May-Jun 2013. All were in favor.

Larry Cole, BCA, gave his report:

Larry Cole began his presentation by telling the Board that he was not
recommending any allocations.

Larry Cole, BCA continued his report by helping the Board understand Why Are
Bonds A Risk? Larry gave an in-depth report and concluded by explaining that BCA
had discussed the risk associated with bonds with its clients for the past two years
and has offered several solutions. Shortening the maturities (or the duration) of the
portfolio is one way to lessen the impact of rising rates as bonds become closer to
maturity have less sensitivity to interest rate movements. Other alternatives to
consider include floating rate bonds, which reset the coupon based on a spread
above a predetermined index. However, each strategy or asset class has its own
individual risk characteristics and should be closely monitored to ensure they are
meeting the plans specific objectives.

For the quarter, the Plan earned $67K or 0.26% net (versus +0.0% for the
benchmark) and ranked in the top 36th percentile. This was accomplished in spite of
June's global market decline among stocks and bonds caused by Fed Chairman
Bernanke's comments regarding the end point of quantitative easing. The three best
performing asset categories were: Westwood large-cap (+4.3%), BNY Mellon small-cap passive (+3.1%), and BNY Mellon large-cap passive (+2.9%).

For the fiscal year to date period, the Plan earned $2.7 million or +7.5% net, in line with the benchmark. The three best performing asset categories were: BNY Mellon mid-cap passive (+18.7%), BNY Mellon small-cap passive (+18.0%), and Westwood large-cap (+17.4%). Westwood's results have shown continued improvement with performance coming closer to benchmark (+17.7%).

For the 12-month period, the Plan earned $4.2 million or +12.6% net. The three best performing asset categories were: BNY Mellon mid-cap passive (+25.1%), Westwood large-cap (+24.4%), and BNY Mellon small-cap passive (+24.2%).

For the three-year period, the Plan earned $9.5 million, averaging +10.2% net, per year. For the five-year period, the investment program averaged +5.5% and ranked in the top 36th percentile.

Westwood's large-cap product three-year performance was similar to its benchmark (+18.4% vs. +18.5%) and the ranking moved above to the 47 percentile. For the quarter it beat the benchmark (+4.3% vs. +3.2%).

Euro-Pacific's international product came in close to the benchmark (+10.0% vs. +10.6%) for the three-year period and ranked at the bottom 76th percentile. The risk (beta) was lower than the index for this period* (.93x). For the 12-month period, the beta was even lower (.77 x). BCA recommends no action at this time.

Advent and SSi results were well ahead of the Plan's core bond and TIPS products. Advent's annualized performance was superior to SSi for the 24-month period (+6.2% vs.+4.2%, associated with better security selection.

Kim Calhoun from Westwood gave her report. The Fire Department Board had requested at the last meeting to have BCA invite Westwood to come at the next scheduled meeting to explain MLP's. The Police Board was asked if they would like to hear about MLP's and how they worked since Kim Calhoun had already made the presentation along with Mr. Williams by conference call to the Fire Department Board at their meeting.

Kim Calhoun had Tod Williams, CFA Senior VP, Portfolio Manager, using a conference call with the Board a presentation of Westwood's Master Limited Partnership (MLP) strategy. They explained that their investment is mainly in the midstream assets dealing with gathering and processing and pipelines. The unique investment profile is centered around the energy renaissance taking place in the US because of the growing production of oil and gas. Benefits of ownership include stable cash flow, High dividend yield (called distribution) and growing distribution. MLP's are hard assets that provide some inflation hedge. The asset class is emerging
and growing with the number of MLP's increasing from 12 in 1996 to over 100 today and market capitalization of $6 billion in 1996 to around $450 billion today.

Westwood manages the strategy in a team-based approach. Mr. Williams leads their team, Westwood's unique process employs a holistic approach of its full investment staff. A focus on risk is prevalent throughout the process, from security selection through portfolio construction. Westwood has performed in the top quartile of its peers over its 10-½ year track record. They offer a commingled fund structure in which all K-1s are received in the fund and any taxes due will be paid from the Fund. Individual participants will not receive K-1s.

The Board asked Mr. Williams questions during the conference call and at its completion Kim answered any further questions that the Board had.

The Board agreed to invest ($2M) into the MLP fund that Westwood presented to the Board. The Board decided that this would be added under the contract with Westwood. This will not be a new or individual program.

The motion was made by Garry Mitchell and seconded by Stuart Merrick that BCA would allocate the funds from bonds that were held by BNY/Mellon and also authorizing Scott Christiansen to review the amendment changes that we have with Westwood. All were in favor.

A motion was made by Mike Clifford and seconded by Stuart Merrick to approve the revised investment policy statement. All were in favor.

Larry Wilson, Actuary, GRS:

1 October 2012 Actuarial Projection Study
System Actuary presented the results of the Actuarial Projection Study modeling likely System financial results including City contribution as a percentage of covered (non-DROP) payroll along with the funded ratio over the upcoming 30-years on a determination basis – all assumptions are met.

The Actuarial Projection Study was requested by the City and approved by the Board to provide financial information the City deemed necessary.

The Actuarial Study models slightly decreases in the City contribution as a percentage of covered (non-DROP) payrolls for the next 9 years. In the 10th year a substantial reduction in City contribution as a percentage of covered (non DROP) payroll resulting from the payoff of a substantial unfunded accrued liability amortization base. The likely City contribution as a percentage of covered (non-DROP) payroll remains level or slight decline thereafter.

The funded ratio increases during the projection period reaching 100% in the 27th year.
The Board accepted the Actuarial Projection Study that had been requested to bring before the Board at a past meeting. A copy of the Study will be forwarded to the City.

As requested by the City and approved by the Board actuarial projections will be included in future Actuarial Valuation Reports.

30 September 2012 Experience Study

System Actuary, Larry Wilson, then presented the results of the Experience Study covering the five-year period ended 30 September 2013 as requested by the Board to ensure the actuarial assumptions remain consistent with System experience.

Alignment of actuarial assumptions with System experience improves the validity of contribution requirements, accounting disclosures, State requirements and pricing of Plan shares. Economic actuarial assumptions should reflect best estimates of future expectations.

Based upon the results of the Experience Study, Larry Wilson, recommended the following actuarial updates:

(1) Reduce future salary increases rates to better reflect observed experience and reflect best estimate of future salary increase projections.
(2) Modify assumed rates of future withdrawal (termination of employment prior to retirement, disability or death) to serve based rates to better reflect observed withdrawal experience.
(3) Scott explained that beginning in 2014 Modify assumed rates of future retirements to reflect lower observed retirement experience, trend to continue working beyond normal retirement age and lower observed DROP election experience.
(4) Lower the expected investment return assumption from a net investment return assumption of 7.75% (net of investment expenses) to 7.50% (net of investment expenses).

The net effect of the assumption update recommendations is an increase in City contribution of 0.5% of covered payroll based upon the census and financial data as of 1 October 2012.

The Board tabled pending further review the recommended actuarial assumption updates of the actuary based upon the Experience Study to be implemented on 1 October, 2013 Actuarial Valuation which determines the City contribution for the fiscal year ending 30 September 2015.

A motion was made by Garry Mitchell and seconded by Mike Clifford to approve the recommended actuarial assumption updates of the actuary based upon the Experience Study to be implemented in the 1 October 2013 and the Actuarial
Valuation that determines the City contribution for the fiscal year ending 30 September 2015. All were in favor.

Summary of Findings by GRS:

Update the future salary increase assumption to better reflect lower observed salary increase than expected. Cost (+ 6.0%)

Update assumed rate of future withdrawal based on actual experience to better reflect lower observed withdrawal experience than expected. Cost (+1.6%)

Update assumed rates of future retirement to reflect higher observed retirement experience than expected combined with lower observed DROP election experience than expected. Cost (+0.3%)

Lower the expected investment return assumption from a net investment return assumption of 7.75% (net of investment expenses) to 7.50% (net of investment expenses). Cost (+3.9%)

Combined effect of updated salary increase assumptions, rate of future withdrawal, rate of future retirement and net investment return assumption of 7.50%. Cost (+0.5)%

Jeff Templeton, Administrator, will discuss the changes with the City Finance Director Wes Hamil as directed by the Board.

Scott Christensen, attorney, gave his report:

Scott reminded the Board that the expected rate of return needed to be sent to Mr. Douglas Beckendorf in Tallahassee.

Scott advised the Board that FORM 1 dealing with the board members financial disclosure had all been received in Tallahassee.

Scott discussed the IRS Ordinance that was sent to the City. It will be presented to the Commission at the next 2 commission meetings and then approved by the Commissioners.

Scott stated that during the legislature the following changes were made:

    It is require of boards to place “Public Comments” on the agendas for the quarterly meetings.

Requirements for the Actuary

(1) Report the change of assumption rate to 2%.
(2) A report showing no investment returns or contributions into the fund.

(3) Show how long the fund would last with no input of funds.

Jeff Templeton told the members of the Board that Lt. Michael Templeton would be acting administrator in his place at the next meeting dated 7 November 2013. Jeff explained that he would be unable to be at that meeting.

Jeff Templeton, administrator discussed with the Board that Fiduciary International of the South would like to implement a Social Security database that will give indication that a retiree has died. Scott Christiansen, plan attorney, pointed out in the last paragraph “it says identify and hold harmless to the custodian”. Larry Wilson, GRS – actuary, told the board that they had their own website that gave this information and that it can be utilized when needed. Scott Christiansen recommended that the request from Fiduciary not be signed. The board agreed. The meeting was adjourned at 6:15 P.M.

Respectfully submitted,

[Signature]

Eng. Stuart Merrick, Secretary
WINTER PARK FIRE FIGHTERS' PENSION TRUST FUND

Proposed Dates for Pension Meeting 2014

ALL MEETINGS WILL BE HELD AT 4:00 P.M.

February 6, 2014
May 8, 2014
August 7, 2014
November 6, 2014