

WINTER PARK POLICE OFFICERS' RETIREMENT SYSTEM
Quarterly Meeting
14 May 2009
6:00 P.M.

MEMBERS: Murray Daniel, Chairman
Randy Durkee, Secretary
Zelle Washburn, Trustee
Don Jung, Trustee
Larry Katz, Trustee

ATTENDEES: Scott Christiansen, Attorney
Grant McMurry, ICC
Bennett Harmon, ICC
Burgess Chambers, BCA
Frank Wan, BCA
Jeff Templeton, Administrator
Kathy Reed, PD Administrative Assistant

Chairman Murray Daniel called the meeting to order at 6:05P.M.

Jeff Templeton advised the Board that Zelle Washburn, Trustee, 5th member is ready to step down from her trustee position. She stated that she would gladly stay until the board can choose a replacement.

A motion was made by Murray Daniel and seconded by Randy Durkee to elect Zelle Washburn as the 5th board member trustee. All were in favor.

A motion was made by Randy Durkee and seconded by Zelle Washburn to accept the minutes of the meeting dated 12 February 2009 and the Quarterly Financial Report. All were favor.

A motion was made by Randy Durkee and seconded by Don Jung to elect Murray Daniel as chairman of the WPPD pension board. All were in favor.

A motion was made by Murray Daniel and seconded by Zelle Washburn to elect Randy Durkee, Vice-Chairman/Secretary. All were in favor.

Frank Wan, BCA, gave his report.

He has delayed getting into real estate and has blended in a passive approach with Westwood and BNY/Mellon. There were no issues with security lending and he announced that the bank has enough capital to be solid.

Burgess reported that the Investment Policy Statement was adopted in February 2009 and was now effective.

For the first Quarter of 2009, the Plan posted a loss of (-5.8%), bettering the strategic benchmark decline of (-7.7%) and ranking in the top 28% percentile of the aggressive peer group (target equity: 65% or higher) and in the 60th percentile of a the moderate risk peer group (target equity: 55% to 64%).

The fiscal YTD period, the total Trust lost (-16.9%) net, beating the benchmark (-19.2%). The best performing asset category was BNY/Mellon Aggregate Bond Index (+4.5%). Fiscal YTD, Westwood beat its benchmark (-31.5% vs. -35.2%), ICC trailed its benchmark (-36.7% vs. -35.2%), all of the BNY/Mellon Index Funds achieved their benchmarks, and America Euro-Pacific International Fund beat it benchmark (-25.4% vs. -31.0%), and i-Shares TIPS is ahead (+2.4% vs. (+1.8%).

The conversion of BNY/Mellon Stock Index and Aggregate Bond Index programs to non-securities lending platforms was completed on March 10, 2009.

Fran reported that Westwood, ICC, and BNY/Mellon were all doing well.

Jeff Templeton, Administrator, advised the Board that as of this date there is \$251,992.42 in the Fiduciary Trust International of the South account. Due to the unexpected retirement of the Chief of Police, Deputy Chief and Senior Captain there were not enough funds in the Fiduciary account to cover their DROP account funds and their 1st monthly retirement amount.

A motion was made by Murray Daniel and seconded by Randy Durkee, to direct Jeff Templeton, Pension Administrator, to liquidate fixed income from the BNY/Mellon on the recommendation from the consultant in the approximate amount of \$550,000.000 to cover the shortage at Fiduciary Trust International of the South immediately. All were in favor.

Jeff Templeton gave an update on the (1) security that Fiduciary had from Northstar. Steve Mergler, Northstar reviewed the information that was sent to him by Fiduciary concerning the (1) security that was not salable by Fiduciary or Northstar. Jeff stated that he would personally contact Steve Mergler at Northstar concerning this situation. The Board advised Jeff that if the security could not be sold, to direct Fiduciary International of the South to remove it from their account.

Sweep Fund - (Money Market Fund) Burgess Chambers' reported to the Board that he did not have enough information from Fiduciary of the South dealing with the sweep fund. Scott Christiansen (plan attorney) stated that he had not had this problem with any other plans fund.

Jeff Templeton shared with the Board that at the WPFID pension meeting held at 4:00 P.M., on 14 May 09, they had a telephone conference call between the Board, Jeff and Burgess Chambers. Ann Orsek, Fiduciary Trust International of the South,

and Frank Lomassaro, Program Manager, of the Sweep Fund. Burgess asked for a summary. There are (10) types of investment strategies (1-5) are money markets funds, the others are U.S. Government securities.

From the conference call a WPFD board member, Tony Grey, stated that he understood from the conference call that the U.S. Treasury objective & U.S. Treasury & Government Agencies are (2 basis pts) and yield (10 basis points net). These are no management fees. Revenue sharing up to (35 basis points).

A motion was made by Murray Daniel and seconded by Randy Durkee to accept the Sweep Fund as stated: That any money amount that is being held by Fiduciary International of the South in their money market that is over \$250,000.00 would be swept into U.S. Treasury Securities and agencies. All were in favor.

Grant McMurry, ICC, gave his report. He discussed that the stock market is disconnected from the stimulus package. He feels that the market is recovering and it appears that it will recover as it has in the past. When the market goes down, people sell to get out. Usually they wait for a few days then they want to try again thinking they will gain somewhat. He stated that U.S. Treasuries' yield is now down.

Scott Christiansen, attorney, gave his report.

He reminded the board to complete their Financial Disclosure Form for the State and reminding the members that Jeff has the forms and if given to Jeff he will mail them to the State. The new Legislature for Chapter 175/185 did pass (finally) and was adopted:

Summary of some new items:

1. Broaden credit service (prior police service / government /military service)
2. Trustee terms may be changed from 2 to 4 years
3. Retiree health insurance. Retiree can use their own pick or can have 3% pre tax basis (Scott has already made these changes in Ordinance anticipating this passage of legislature. Retirees should be notified about this.
4. International Securities: 10% now will be 25% of market. (Scott had already put this in Ordinance)
5. Divest certain stocks - any stocks that are inappropriate must be divested as of 10 September 2010. (Must be publically reported but as of yet does not know to who)
6. Termination Provision in the Plan - 100% everyone vested

Ordinance: Immediate changes (no cost to the plan), These were a lot of changes dealing with IRS:

- Disability Payment
- Forfeiture of Pension benefit if felony is committed against a minor
- When an employee goes into DROP calculates as part of the benefit.

A motion was made by Don Jung and seconded by Murray Daniel to authorize Scott Christiansen to write a new Ordinance and send to the City of Winter Park with the changes that he mentioned. All were in favor.

Larry Wilson, GRS, gave his report: October 1, 2008 Valuation information

The required minimum contribution for the fiscal year beginning October 1, 2009 is \$1,758,049.00 or 34.9% of the covered annual payroll as of October 1, 2008. We anticipate member contributions will be \$309,934.00 and State contributions will be \$264,251.00 leaving a city requirement of \$1,183,864.00 or 22.9% of covered annual payroll.

The actuarial assumptions employed for assumed investment return, mortality rates, retirement rates, withdrawal rates and salary increase rates have been updated based upon the results of our Experience Investigation covering System experience during the period October 1, 2001 through September 30, 2007. A payroll growth assumption has been added for purposes of determine the unfunded accrued liability amortization payment. The new effect of these changes is an increase in the fiscal year beginning October 1, 2009 required minimum contribution of \$14,050.00.

The new actuarial value of assets as of October 1, 2008 is \$32,985,083.00 The net market value of assets as of October 1, 2008 is \$28,750,054.00.

There are 82 active members and 57 inactive members as of October 1, 2008. The actuarial value investment returns as 4.4% - less than our prior assumption of 8.5%. Plan expenses were 91 basis points of the mean invested market value of assets.

The System experienced an actuarial loss of \$1,184,266.00 during fiscal year ended September 30, 2008. Investment return and employee turnover were generally sources of actuarial loss while salary increases were generally an offsetting source of actuarial gain. Actuarial gains (losses) are measured under the prior actuarial assumptions.

A motion was made by Larry Katz and seconded by Randy Durkee to approve the Valuation Report. All were in favor.

A motion based on the advise of the consultant the assumption rate of 8.25 % would stay at the rate for next year, the following year, and for the long term was made by Don Jung and seconded by Randy Durkee. All were in favor.

Jeff Templeton reported that the Fiduciary Insurance Renewal was due and gave the renewal amount to the Board. A motion was made by Larry Katz and seconded by Randy Durkee to renew the insurance. Larry Katz asked Jeff Templeton to find out Travelers Ins. rating and to let him know that information.

Chairman Murray Daniel discussed the Pension School that would be in Tallahassee next month if any board member wanted to attend. Jeff Templeton will have all of the information.

The meeting was adjourned at 7:40 P.M.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Durkee". The signature is written in a cursive style with a long, sweeping underline.

Randy Durkee , Secretary