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

MEMBERS: Det. Murray Daniel, Chairman
Lt. Randy Durkee, Secretary
Sandy Modell, Trustee
Don Jung, Trustee

ATTENDEES: Jeff Templeton, Administrator
John Anke, BNY/Mellon
Grant McMurray, ICC
Bennett Harmon, ICC
Kim Calhoun, Westwood
Scott Christiansen, Attorney
Kathy Reed, WPPD Asst. to Chief
Robert Ladoczky, Union Rep.

The meeting was called to order by Murray Daniel, Chairman at 6:10 P.M.

Murray Daniel made a correction to the minutes dated 14 August 2009 to 13 August 2009. A motion was made by Randy Durkee and seconded by Murray Daniel to accept the minutes of the meeting dated 13 August 2009 and the quarterly financial report. All were in favor.

Kim Calhoun, Westwood, gave her report. The fund was up 11.9% for the quarter and up 7.8% for the year-to-date. Kim shared that they had outperformed the Benchmark in Oct 2009. She also explained they are only investing in high quality companies.

John Anke, BNY/Mellon gave his report. The funds were up 9.52% for the 3-month period, up 12.48% year to date, up 3.09% for one-year. John discussed the type of financial program that BNY/Mellon had been using. They used a Passive Program and had been finding growth.

A motion was made by Randy Durkee and seconded by Sandy Modell to move funds from BNY/Mellon small cap securities lending fund to BNY/Mellon to small caps non-securities lending funds. All were in favor.

Grant McMurray, ICC, gave his report. The fund was up 17.18% for the quarter, down -11.15 for the year, and down -8.70% for the 3 year period. Grant discussed the Index Sector Returns for the 3rd quarter ending 30 September 2009 and commented that at this time they were riding the momentum in the market place.

Burgess Chambers, BCA, gave his report. The fund for the quarter was up 10.9% and up 0.7% for the fiscal year. Burgess discussed the Investment Policy Statement that needed to be adopted by the Board.

A motion was made by Sandy Modell and seconded by Murray Daniel to adopt the Investment Policy Statement and in addition adopt the new target allocations based upon a letter prepared by Burgess Chambers and Associated, however, cash in the amount of
$500,000.00 be available with our custodian Fiduciary Trust International of the South. All were in favor.

Scott Christiansen, Attorney, gave his report:

1. The meeting dates for 2010 will be 11 Feb 2010, 13 May 2210, 12 August 2010 and 11 Nov 2010. The Police Department will meet at 4:00 P.M. on those dates. Jeff Templeton has already secured the meeting space for those dates and times.
2. The Social Security letters that had been sent to the State of Florida at the end of the year will not need to be completed anymore. This was repealed by the State Legislature.
3. The new State Statutes now allows health insurance payment to be made from the fund for any insurance company.
4. The Ordinance did pass the 1st reading and Jeff had already sent the Proposed Ordinance and the Impact Statement to the State.
5. The Summary Plan needs to be approved.
   A motion was made by Murray Daniel and seconded by Sandy Modell to approve the Summary Plan. All were in favor.

Chairman Murray Daniel gave a report on the meeting that he had with the FI Chairman and other members of their committee to discuss cost savings in the future as requested by the City Manager. He explained that the cost savings in the future would not have an impact on the current members of the Police Department. At this time the COLA - 3% begins at age 60. A possible change could be a COLA of 2% at age 50. They could CAP the retirement percentage to 80% at 25 years employment. Please refer to the letter sent to the Winter Park City Manager Randy Knight from the committee.

Scott Christensen, attorney, stated that the Boards fiduciary responsibility is to the employees. The City is trying to get the Board to make changes but it is not the Boards job to do that. The Board can be a resource only. Pension Board’s job is to administrate the Fund. He also stated that the Union could do the negotiations for the employees that they serve. Chairman Murray Daniel concluded by stating that this committee wants to do the best they can to protect the members of the PD and he feels that it is not the job of the Board to have to compile a plan for the future to save the city money.

Robert Ladoczky PD Union Representative of Teamster Local #385 introduced himself to the board. Mr. Ladoczky asked about the funding ratio. As of 1 October 2008 it was 81.7%. He, also, asked how the funds of the WPPD performed comparing them to other funds. Burgess Chambers, BCA, said that the fund was in the upper 3rd with their peers. As of 30 June 09 they out-performed FSR by 17-18%.

The meeting was adjoined at 7:45 P.M.

Respectfully submitted,

Randy Durkee
Dear Mr. Knight,

As agreed upon during the August 13, 2009 joint meeting of the Winter Park Police Officers' Retirement System and the Winter Park Fire Fighters' Pension Trust Fund, an eight member committee was formed to discuss possible suggestions for lowering the potential costs of both pension plans in the future. The committee was formed and had meetings on September 17, 2009 and on September 22, 2009. The committee discussed multiple options and agreed to present the below two suggestions to you as possible methods to lower the costs of both pension plans. But first, we would like to reiterate that each pension board, through changes in investment strategies, have already reduced the annual fees of each pension plan by approximately $60,000.00. In fact, the fees are approximately $3,000.00 per million less than the Florida industry average of $7,000.00 per million.

The first suggestion for lowering the future costs of both pension plans involves lowering the benefit associated with the Cost of Living Adjustment (COLA). Currently, both pension plans contain a COLA increase of three percent annually starting the year that a plan member reaches the age of sixty. The committee would like to suggest lowering the COLA provision so that a plan member would receive an annual COLA of two percent beginning the year that the plan member reaches the age of fifty. Based upon the comments of the plans' actuary at the August 13, 2009 joint pension meeting, the actual percentage of the COLA has more of an effect on the costs of both plans than that of the deferment period. Thus, by lowering the COLA as suggested the City should experience a reduction in the costs of both pension plans.

The second suggestion for lowering the future costs of both pension plans involves implementing a cap on the benefit percentage that a plan member may receive. Currently, a plan member can reach a benefit percentage of one hundred percent after thirty-three years and four months of service. The committee would like to suggest implementing an accelerated cap of eighty percent after twenty-five full years of credited service. To get to this suggested benefit cap, plan members would receive a three percent benefit increase for each full year of service through the plan member's first twenty years of credited service. From the twentieth year through the plan member's twenty-fifth year, the plan member's benefit would increase annually from three percent to four percent for each full year of credited service. This accelerated benefit increase would result in an increased cost to the pension plan. But it is the committee's belief that the previously mentioned COLA reduction would offset the increase of the suggested benefit cap. Additionally, it is the committee's belief that the City would experience an indirect annual savings as a result of
the highest paid plan members being replaced with entry level earning plan members. This would be expected because plan members would either retire or enter the DROP by the end of the member's twenty-fifth year of service, as opposed to the current policy where the plan member ultimately decides when to retire or enter the DROP.

Based upon the above two suggestions, as well as the previously implemented changes that have greatly reduced the annual fees of both plans, the committee believes that these suggestions would lower the annual costs associated with both pension plans. However, as required by Florida State Statutes, an actuarial cost study would be required to determine the true cost or savings of the above suggested changes to both pension plans. With respect to the required actuarial studies for either of the suggested plan changes, a majority vote of both pension boards would be required before the studies could be initiated by the plans' actuary and the next pension meeting is scheduled for November 12, 2009.

Sincerely,

Chief Pat McCabe, Chairman – Winter Park Fire Fighters’ Pension Trust Fund

Detective Murray Daniel, Chairman – Winter Park Police Officers’ Retirement System