

WINTER PARK POLICE OFFICERS' RETIREMENT SYSTEM
Quarterly Meeting
13 May 2010
4:00 P.M.

MEMBERS: Det. Murray Daniel, Chairman
Det. Tom Cronin, Secretary
Sandy Modell, Trustee
Don Jung, Trustee

ATTENDEES: Kathy Reed, Administrative Assistant to Chief Railey
Larry Wilson, GRS
Jeff Templeton, Administrator
Burgess Chamber, BCA
Grant McMurry, ICC
Robert Dombrower, ICC
Scott Christiansen, Attorney

Visitors: Chief Brett Railey
Sgt. Ron Johnson
Wes Hamil, City - Finance Director

Chairman Murray Daniel called the meeting to order at 4:05 P.M.

A motion was made by Murray Daniel and seconded by Don Jung to accept the minutes of the meeting dated 11 February 2010 and the Quarterly Financial Report for January - February - March 2010. All were in favor.

Tom Cronin was introduced by Chairman Murray Daniel as the new trustee voted on by the Winter Park Police Officers.

A motion was made by Murray Daniel and seconded by Sandy Modell to elect Tom Cronin Vice-Chairman/Secretary of the Winter Park Police Officers' Retirement System. All were in favor.

A motion was made by Tom Cronin and seconded by Sandy Modell to elect Murray Daniel Chairman of the Winter Park Police Officers Retirement System. All were in favor.

Burgess Chambers gave his report:

For the quarter ending 3/31/2010, the total Plan earned \$1.1 million (+4.1% net), which was in line with the strategic model index. The best three performing categories of the Plan were: mid-cap passive (+9.1%), small cap passive (+8.9%), and ICC (+6.3%). Fiscal year - to - date, the total Plan has earned \$1.9 million (+7.1% net), versus +7.9% for the strategic model index; difference due to the previous investment policy having a higher allocation for small cap stocks. The best three performing categories of the Plan were: mid- cap

passive (+15.2%), small-cap passive (+13.1%), and Westwood large-cap value (12.2%). American Euro Pacific, ICC and Westwood were ahead of their respective benchmarks. For the twelve-month period the total Plan earned \$6.8 million (+29.8% net). For the three-year period, the program ranked in the top 32nd percentile. The Euro-Pacific growth fund class R-5 was converted to R-6 on 19 February 2010 to capture a lower expense ratio. The asset allocations were similar to the strategic model index benchmark, with the exception of bonds (31.9% vs. 35.0%), cash (0.8% vs.)%, and mid-cap (11.2% vs. 10.0%).

Robert Dombrower, ICC, gave his report. The fund was up (6.29%) for the quarter, up (11.63%) for the Fiscal year-to-date and down (-1.91%) for the three-year period.

Larry Wilson, GRS, gave his report:

The required minimum contribution for the fiscal year beginning 1 October 2010 is \$1,963,090 or 37.4% of covered annual payroll as of 1 October 2009. He anticipates member contributions will be \$315,219.00 and State contributions will be \$282,690 leaving a City requirement of \$1,365,181 or 26% of covered annual payroll. The net actuarial value of assets as of 1 October 2009 is \$32,832,782.00 the net market value of assets as of 1 October 2009 is \$28,229,704.00. There are 82 active members and 60 inactive members as of 1 October 2009. The actuarial value investment return was 0.98% - less than the assumption rate of 8.25%. System expenses were 42 basis points of the mean invested market value of assets. The System experienced an actuarial loss of \$1,986,199.00 during the fiscal year ending 30 September 2009. Investment return and employee turnover were generally sources of actuarial loss while salary increases were generally an offsetting source of actuarial gain.

Jeff Templeton, Administrator, asked Larry Wilson, from an actuarial point of view would it be a financial saving to combine the Police and Fire Department Plans. Larry stated that the State of Florida would still require separate accounting for both plans.

A motion was made by Sandy Modell and seconded by Murray Daniel to accept the Actuarial Report. All were in favor.

Larry Wilson advised the board that he had received an RFP request by the City of Winter Park for a report containing data only and would contain no recommendation listing of options to save finances within the Plans. The Board had no problem with him replying to the request by the City to apply to do an RFP.

Scott Christiansen, attorney, gave his report:

1. He advised the Board after the board approved the actuarial report that the state requires that the Board make an assumption rate for the year, next several years and the long term. A motion was made by Murray Daniel and seconded by Sandy Modell that based upon the advice of the consultant and investment professionals the expected annual rate of return for the fund for the next year, the next several years, and the long-term thereafter would be 8.25% net of investment related expenses in accordance with Section 112.661(9), Florida State Statute. Voting was 3 (for motion), 1 (against motion). Motion passed.

2. Scott reminded the Board that Tom Cronin would need to complete Form 1 for the state. Jeff Templeton advised that he had already give Tom Form 1.

3. Scott informed the Board that the City of Winter Park had re-appointed Larry Katz to the board.

4. Scott reported that he had given Jeff Templeton, Administrator, the answer to the questions concerning Medicare and the new Medical Pre-Tax Issue that is now available to retirees having their own private insurance companies for healthcare.

5. Scott recommended that the contract for Gabriel, Roeder and Smith be revised. It has not been changed since 2003.

A motion was made by Murray Daniel and seconded by Tom Cronin to revise and finalize a new contract for Gabriel, Roeder and Smith. All were in favor.

6. Scott gave updates on the items that were submitted to the State Legislature that affected 175/185. There were over 12 bill submitted. Most of the bills had to do with costs and benefit changes. He reported that nothing got changed or adopted. He did explain that Florida State Retirement had some changes made dealing with their DROP. He explained that the FSR is totally different than 175/185 statutes.

7. Scott sent a letter to the board stating that his firms' fees would be changing as of 1 July 2010. Jeff Templeton gave the board information stating that fees for Christiansen and Dehner for 2009. Jeff also explained to the board that he contacted 6 other attorneys' in the state that practice municipal pension law and that the fees that Scotts firm are changing to fall into line with the other attorneys contacted. Scott reported that all of their clients are charged the same. A motion was made by Don Jung and seconded by Murray Daniel to retain Christiansen and Dehner as the law firm representing the board pursuant to their letter to the board dated 5 March 2010 for an increase in fees. All were in favor.

Murray Daniel discussed some information that the City of Winter Park were discussing. The want to look at some benefit changes to support their trying to lower costs in the City. Murray stated the following information: (1) No benefit changes to employees 20 years and hirer or 55 years with 10 years vested. (2) DROP retirees stay the same. Murray passed out copies of the Palm Beach Pension Plan that was just completed last month for the board to review. He made it clear that it was for information only.

Jeff Templeton mentioned that the Annual Trustee School was in Tallahassee in March if anyone wanted to attend. He, also, stated that there would be a conference in Orlando in October 2010.

Jeff discussed with the board that the Fiduciary Insurance policy ends on 1 June 2010. The policy is for \$1million for \$6,584.00 per year. Jeff explained that he had been talking with

Wes Hamil (City Finance Director) and Randy Knight (City Manager) concerning a policy that they already have in place with the city that covers the board members. It would be a small savings to the Plan. Scott said that he could draw up a statement and give a copy to the board. He said that the board members are already covered under the cities policy. He referenced Sec 23 of the Pension Plan concerning indemnity in reference to insurance.

A motion was made by Sandy Modell and seconded by Murray Daniel to discontinue the insurance policy with Kraft Insurance. The motion was passed with 3 members in favor and one member not in favor.

The meeting was adjourned at 5:50 P.M.

Respectfully submitted,

Murray Daniel - Chairman

Tom Cronin, Secretary