WINTER PARK POLICE OFFICERS' RETIREMENT SYSTEM
Quarterly Meeting
10 February 2011
4:00 P.M.

MEMBERS:	Detective Murray Daniel, Chairman	
	Detective Tom Cronin, Secretary	
	Sandy Modell, Trustee	
	Robert Harvie, Trustee	
ATTENDEES:	Grant McMurray, ICC	Scott Christiansen, Attorney
	Jeff Templeton, Administrator	Larry Wilson, GRS
	Larry Cole, BCA	Kathy Reed, Chief's Assistant
GUESTS:	Chief Brett Railey WPPD	Chief James White WPFD
	Randy Knight – WP City Manager	Ron Johnson
	Art King, Assistant Chief	Michelle del Valle
	Emily Colella – SSI	Florian Eitner – SSI
	David Hulme – Advent Capital Man.	

The meeting was called to order by Chairman Murray Daniel at 4:02 P.M.

A motion was made by Chairman Murray Daniel and seconded by Sandy Modell to accept the minutes of the regular meeting dated 11 November 2010, special meeting dated 9 December 2010 and the Quarterly Financial Report. All in favor.

Larry Cole, BCA, gave his report: For the quarter, the Plan earned $1.9 million (+6.1% net) and achieved the strategic model. The gain was the result of strong equity appreciation in October and December. The best three performing asset categories for the quarter were: small-cap (+16.6%), mid-cap (+13.9% and ICC large-cap (+12.4%). The fixed-income account experienced a 1.2% loss associated with rising interest rates. For the calendar-year period, the Plan earned $3.5 million (+12.6% net), which ranked in the top 32nd percentile. The benchmark achieved a better result (+13.4%), due to the equity results of Westwood and ICC. For both the three and five-year rolling periods, the investment program ranked in the 48th and 52nd percentiles, respectively. Performance relative to this peer group has improved since the adoption of the current investment program in 3Q2008. BCA reports for the periods ending June 30, 2008 shows a three and five –year plan ranking of bottom 75th 81st percentiles, respectively.
Compliance: (1) ICC's equity performance for the three and five-year periods beat the benchmark. The five-year peer ranking was narrowly below the policy objective (43rd vs. 40th), while the three-year ranking was well below (72nd vs. 40th). The risk (beta) and value added (alpha) profiles remain favorable for both periods.

Larry Cole, BCA, explained to the board that at the board's request at the November 2010 meeting BCA would provide (2) Companies that dealt with Convertible Bonds to possibly be hired by the boards to pursue Convertible Bond investments. Larry Cole introduced Emily Colella, Managing Director andFlorian Eitner, CFA, Associate Portfolio Manager from SSi Investment Management. Emily and Florian both shared information concerning Convertible Bonds through their SSi Investment Management. SSi was founded in 1973 with a focus on providing low volatility, high value-added, alpha-producing strategies for institutional investors. The firm is 100% active employee owned with 35 employees, of which 16 are investment professionals focusing solely on managing the nearly $1.5 billion in client assets globally. Convertibles are hybrid securities that can be exchanged for a predetermined amount of the company's common stock. Essentially, A Convertible is a bond with a value-added component built into it—a stock option hidden inside. Like any other bond, Convertibles promise to repay principle and pay a fixed return. The conversion feature provides Convertibles with the added benefit of unlimited capital appreciation; in most periods, SSi's Outright Convertible products will produce equity-like returns with bond-like risk. Utilizing both quantitative and fundamental analysis to determine the best portfolio candidates, SSi's portfolio team constructs preferred stocks that have been evaluated on relative valuation and risk attributes. Benefits of Outright Convertibles include: income stream of a bond, relative safety of principal growth potential of common stock and reduction of equity market risk. SSi's Outright Convertible portfolios are opportunistic in that they are geared towards selecting convertibles that have low conversion premiums and investment value premiums, are "cheap" when compared to their theoretical value, have good call protection, and the underlying equity has strong fundamentals. SSi has successfully managed outright convertibles using this investment process since 1975. SSi's Outright Discretionary Convertible Strategy seeks to produce excess returns above the B of A Merrill Lynch All Convertibles (VXAO) Index. All credit ratings are considered. Historically, this strategy has captured 2/3 of the stock market appreciation with less risk.

Larry Cole, BCA, introduced David Hulme from Advent Capital Management,LLC to give a presentation for his company dealing with Convertible Bonds. Advent Capital Management is a highly focused, experienced manager specializing in investing in convertible bonds. With a 26-person investment team Advent has more resources dedicated to convertible research, trading and portfolio management that almost any other firm globally.
The Convertible asset class is highly attractive, offering potential for equity like returns over time with much lower risk. Over time, the asset class has outperformed both bonds ad equities by capturing the majority of the upside of equity markets while being exposed to only a portion of the downside, Convertibles are well positioned for 2011, as they should benefit from higher equity prices and further tightening in credit spreads brought on by continued economic improvement.

Credit research is the cornerstone of Advent's investment process. Advent's Balanced Convertible Strategy seeks to invest in convertibles with attractive risk/award characteristics that will capture most of the upside of the underlying stock and provide downside protection. They perform detailed analysis of company cash flow statements and balance sheets to determine appropriate investments. This approach has allowed them to avoid defaults and has protected our portfolio's downside in periods of markets turbulence. They sell convertibles that have either appreciated so far that the downside protection is diminished or have deteriorated from a credit prospective so that the potential upside is limited, rebalancing into convertibles that offer a better risk reward profile. As a result of their disciplined investment process, the Advent Balanced Convertible Strategy has outperformed both the convertible benchmarks as well as the S & P 500 since its inception in 1995.

A motion was made by Sandy Modell and seconded by Det. Tom Cronin to include Convertible Bonds 4-6% range with a target of 5% in the Investment Policy Statement. All were in favor.

A motion was made by Sandy Modell and seconded by Murray Daniel to hire Advent Capital Management based on Scott Christiansen, plan attorney, reviewing the documents of the company. If Scott finds any problems with hiring Advent then the board will hire SSi Investment Management. All were in favor.

Grant McMurray, ICC, gave his report. He reported that ICC has purchased another company that had its home base in Valley Forge, Pa. The total fund was up 11.98% for the quarter, up 13.70% for the year and down (-2.45) for the tree-year period.

Larry Wilson, GRS, gave his report.
As previously requested by the City of Winter Park and approved by the Board, the 1 October 2010 will determine the minimum required contribution for the fiscal year ending 30 September 2012. He explained that they had issued their report on 20 January 2011. He stated that this week they were contacted by an actuary contracted by the City, requesting they consider a different approach for smoothing future contributions. The City Manager, Randy Knight, attending the meeting stated that the City wanted the Board to consider combining certain bases and fund with a combined base over 12 years starting with 2010-2011 fiscal year. GRS was given the task to review the proposal with the State the acceptability of this alternative approach. This may require reworking the 1 October 2009 Actuarial Valuation Report) the 1 October 2009 Actuarial Valuation determines the contribution requirements for fiscal year 2010-2011) to accommodate the City's requested funding change for 2010-2011. Any change in the 1 October 2009 Actuarial Valuation Report will require reworking the 1 October 2010 Actuarial Valuation Report.

A motion was made by Murray Daniel and seconded by Sandy Modell to authorize Larry Wilson to work with the City of Winter Park and their Actuary to complete a study concerning the amortization of their unfunded liability. All were in favor

Scott Christiansen, attorney, gave his report.

He reminded the Board that Murray Daniel, Robert Harvie, and Sandy Modell 's terms were ending. He added that new officers would need to be selected at the next scheduled meeting.

He stated that Jeff Templeton, Plan Administrator is the designated Records Management. The board had made that appointment a number of years ago and it was on record with the Secretary of State, Records Management Division in Tallahassee.

Scott asked BCA, Larry Cole, if all foreign investment has been scrutinized. Larry Cole stated that they were.

Scott reminded the Board that the Legislature was meeting beginning in March and ending in May 2011.

The meeting was adjourned at 5:58 P.M.

Respectfully submitted,

T. C

Tom Cronin, Secretary