

WINTER PARK POLICE OFFICERS' RETIREMENT SYSTEM

Quarterly Meeting

12 May 2011

4:00 P.M.

MEMBERS: Det. Murray Daniel, Chairman
Det. Tom Cronin, Secretary
Robert Harvie, Trustee

ATTENDEES: Grant Mc Murray, ICC
Larry Wilson, GRS
Larry Cole, BCA
Jeff Templeton, Pension Administrator
Scott Christensen, Attorney

Guests: Chief Brett Railey, WPPD
Kathy Reed, Assistant to Chief. WPPD
Commissioner Steve Leary
Meg Fitzgerald

The meeting was called to order by Chairman Murray Daniel at 4:16 P.M.

A motion was made by Murray Daniel and seconded by Tom Cronin to accept the minutes of the regular meeting dated 10 February 2011 and the Quarterly Financial Report for January - February - March 2011. All were in favor.

Election of Vice-Chairman ~ Secretary: A motion was made by Murray Daniel and seconded by Robert Harvie to elect Tom Cronin to this office. All were in favor.

Election of Chairman: A motion was made by Tom Cronin and seconded by Robert Harvie to elect Murray Daniel to this office. All were in favor.

A motion was made by Murray Daniel and seconded by Tom Cronin to elect Sandy Modell to be the 5th member of the board. All were in favor.

Larry Cole, BCA, gave his report:

For the quarter, the Plan earned \$1.3 million (+4.1% net); beating the strategic model (+3.9%), and ranking in the top 28th percentile. The top three performers were: mid-cap passive (+9.4%), small cap passive (+7.9%), and ICC large-cap value (7.5%). As expected fixed income returns were flat (+0.4%), while the tips posted a significant return (+2.0%).

For the Fiscal-year-to-date, the Plan earned \$3.2 million (+10.5% net); beating the strategic model (10.2%), and ranking in the top 36th percentile.

For the one - year period, the Plan earned \$3.7 million (+12.7% net), which ranked in the top 28th percentile. The benchmark achieved a better result (+13.4%). Due to equity results at Westwood. Tips achieved better returns than bonds (+8.2% vs. +5.2%). The top three performers were: mid-cap passive (+27.4%). Small-cap (+26.2%), and large-cap passive (+15.6%). Both ICC large-cap and EuroPacific international beat their respective benchmarks while Westwood large-cap trailed.

The Plan has earned +21.2% per year, on average, for the past 24 Months.

For both the three and five-year rolling periods, the investment program ranked above the average, 36th and 46th percentiles respectively.

The Advent convertible securities account was funded in April 2011, and the portfolio was rebalanced.

Grant McMurray, ICC, gave his report:

The return for the Quarter ending 31 March 2011 was (+7.07%), the fiscal-year-to-date was (+19.95%), and the three years was (+2.7%).

Larry Wilson, Gabriel Roeder and Smith gave his report:

The City requested the 1 October, 2009 Actuarial Valuation be restated to combine certain charge (negative) and credit (positive) amortization bases. The Board expressed their desire to cooperate with the City's request, provided the changes are acceptable to the State and do not negatively impact Plan members.

The City selected the bases to be combined. GRS submitted actuarial analysis of the City proposal to the State. Based upon our submission, the State determined the requested changes are acceptable. GRS believes the changes requested by the City do not negatively impact Plan members. The State agreed.

Combining City selected bases as of 1 October 2009 increased the minimum required City contribution for the fiscal year beginning 1 October 2010 from 23.6% of covered payroll for fiscal year ending 30 September 2011 (\$1,283,380 based on projected covered annual payroll for fiscal year ending 30 September 2011 of \$5,437,536) to 28.8% of covered payroll for fiscal year ending 30 September 2011 (\$1,566,132 based on projected covered annual payroll for fiscal year ending 30 September 2011 of \$5,437,536).

As a result of the changes to the 1 October 2009 Actuarial Valuation Report, the draft 1 October 2010 Actuarial Valuation Report required restatement.

The minimum required contribution for fiscal year ending 30 September, 2012 is 44.8% of covered payroll (\$2,168,040) based on projected covered annual payroll for fiscal year ending 30 September 2012 (\$4,839,374).

Scott mentioned that the Advent contract had been signed. The fee quoted in the booklet stated 80 basis points, but after Scott checked on it the basis points were actually 100. He noted that accounts with \$5 million and above in assets would result in the fee being reduced to 80 basis points.

Scott informed the board that if a City Commissioner or Finance Director of the City is placed as a City trustee appointee on the pension boards there can be no conflict of interest. The State specifies that you cannot hold dual offices. If they take a job as a trustee on the pension board the 2nd job takes precedence.

Scott reported on the Bills pertaining to the Pension Plans:

House Bill - 303 Defined Benefits (DROPPED)
Senate Bill - 1128 passed 5/11/2011
House Bill - 1128 passed 5/11/2011

Amended Bill SB1128:

Revises the definition of compensation for all local government defined benefit retirement plans. For plans that are not subject to collective bargaining, for service earned on or after 7/1/11, up to 300 hours of overtime may be included in compensation for pension purposes as specified in the plan, but payments for accrued unused sick or annual leave may not be included. For plans that are subject to collective bargaining, effective for the first agreement reached on or after 7/1/11 for service earned on or after that date, up to 300 hours of overtime may be included in compensation for pension purposes as specified in the collective bargaining agreement or plan, but payments for accrued unused sick or annual leave may not be included.

Requires that all actuarial reports disclose the present value of the plan's accrued vested, non-vested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement Systems' assumed rate of return (currently 7.75%), "to promote the comparability of actuarial data between local plans."

Eliminated the requirements in Chapters 175 and 185 that pension benefits be increased whenever member contributions are increased.

Directs the Department of Management Services to provide a fact sheet on each participating local government defined benefit pension plan summarizing the plan's actuarial status. The fact sheet must contain a summary of the plan's most recent actuarial data, minimum-funding requirements as a percentage of pay, and a 5-year history of funding ratios. The fact sheets must be posted on the Department's

website and plan sponsors that have websites must provide a link to the department's website.

Amends Chapters 175 and 185 to allow a city with a local law plan in existence on June 30, 1986, to change the city's representation on the pension board, only if the change does not reduce the membership percentage of firefighters and police officers on the board.

Direct the Department of Management Services to develop a standardized rating system for local government defined benefit pension plans.

Creates a Tasks Force on Public Employee Disability Presumptions.

All bills are available for viewing on line at www.flsenate.gov and www.myfloridahouse.gov. If you have any further questions please contact Jeff Templeton, Administrator and he will contact Scott Christiansen or Trish Shoemaker to get the answers if he does not have an answer at that time.

CHANGES:

Chapter 175/185 – members may vote to increase their own contributions.

The biggest changes may be found in paragraph 1 – effective date 1 July 2011. Employee contribution of overtime – 300 hours maximum.

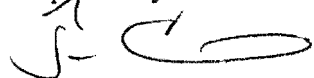
Plan members may not sell back anything after 1 July 2011.

Larry Cole, BCA, gave the Board an explanation of changes in the Investment Policy Statement dealing with Advent.

A motion was made by Tom Cronin and seconded by Robert Harvie to approve the Investment Policy Statement for Advent with changes of the minimum and maximum. It will be changed to 4-6% not 3-6%. All were in favor.

The meeting was adjourned at 5:51 P.M.

Respectfully submitted,



Tom Cronin, Secretary