WINTER PARK POLICE OFFICERS’ RETIREMENT SYSTEM
Quarterly Meeting
8 November 2012
6:00 P.M.

MEMBERS:  
Det. Murray Daniel, Chairman  
Sgt. Rafael Berrios, Secretary  
Sandy Modell, Trustee  
Mike Broschart, Trustee

ATTENDEES:  
Stuart Shaw – Eaton Vance Investment  
Greg Johnson - Parametric  
Scott Christiansen, Attorney  
Jeff Templeton, Administrator  
Larry Cole, BCA  
Kim Calhoun, Westwood  
David Spika, Westwood

Chairman Murray Daniel called the meeting to order at 6:03 P.M.

A motion was made by Chairman Murray Daniel and seconded by Sandy Modell to elect Sgt. Rafael Berrios for Vice-Chairman/Secretary. All were in favor.

A motion was made by Chairman Murray Daniel and seconded by Sandy Modell to accept the minutes of the meeting dated 9 August 2012 and the last quarterly financial report for July-August-September 2012. All were in favor.

Larry Cole, BCA, introduced Stuart Shaw (Eaton Vance Investments) and Greg Johnson (Parametric). Larry explained to the Board that Sandy Modell had asked Burgess some questions at the last quarterly meeting and Burgess invited several professionals to come and speak to the Board and explain their products.

Greg Johnson (Parametric) and Stuart Shaw (Eaton Vance Investment) gave an overview of their products and then answered questions from the Board. They shared that volatile financial markets can create potential “funding” issues for Pensions, Foundations and Endowments (PFEs); while committed grants and administrative expenses are generally fixed, assets designated to fund these expenses and commitments may increase or decrease in value. In a worst-case scenario, managers may have to liquidate assets at potentially “distressed” levels to meet these obligations.
In the current environment, many managers have been forced to sell what they can, rather than what they want, resulting in skewed allocations in which less-liquid asset classes have become larger components of portfolios.

Jeff Templeton told the Board that Assistant City Manager Michelle del Valle was at the FD board meeting to ask the Board to have GRS to perform an Actuarial Impact Study at the expense of the City. The FD Board agreed to The City’ request.

The Study requested by the City to GRS would include the following information:

Background - Under Current System
Member contributions are credited with interest at the rate of 5%, compounded annually. All Members are entitled to a 3% annual cost of living adjustment (COLA) beginning at age 60. Vested termination benefits are deferred to the earlier age of 55 or the date the Member would have completed 20 years of service.

Proposed Ordinance – Under the Proposed Ordinance
Member contributions are not credited with interest. Members who retire on or after Early or Normal Retirement Age (including DROP) are solely entitled to a 3% annual COLA beginning at age 60. Vested termination benefits are deferred to age 55.

The PD agreed to The City’s request.

Kim Calhoun and David Spike, Westwood, gave their investment report. They went over the 3rd quarter update information to the board. The 3rd Quarter year to date return was up 5.9%, the year-to-date was up 14.3% and since inception 8/1/08, annualized up 2.7%.

Burgess Chambers, BCA, gave his report:

With the recent realignment of the asset allocation, the passive or indexed allocation was increased to 72%, as of September 30, 2012. The remaining activity manager portfolios are with Advent, Euro-Pacific, SSi and Westwood.

For the quarter the Plan earned $1.5 million (+4.2%, net). The three best performing asset categories were: Euro-Pacific International (+7.5%), BNY Mellon large-cap (+6.5%), and Westwood large-cap (+5.9%). ICC’s large-cap product was liquidated during the quarter with the proceeds moved into BNY Mellon large-cap (S & P 500 index).

For the Fiscal year, the Plan earned $5.1 million (16.9% net) and ranked in the top 42nd percentile.

For the three-year period, the Plan earned $7.3 million (+8.1% net).
The $400K of the State contribution was invested 50% Advent convertibles and 50% BNY Mellon large cap (S & P 50 index) on 8/29/12.

Westwood’s large – cap product trailed the benchmark for the three-year period (+10.9% vs. +11.8%), but peer performance has improved: the 12-month ranking was in the top 40th percentile. BCA recommends no action at this time.

EuroPaciﬁc International outperformed its index by 160 bps per year over the past three years (+4.2% vs. +2.6%), but ranked in the 62th percentile. However, for the 12-month period, the product ranked in the top 29th percentile. The risk (beta) and value added (alpha) profile remain favorable. BCA recommends no action at this time.

Advent positioned their portfolios among less equity sensitive convertibles, which explains trailing performance for 12-months, relative to the benchmark (+16.3% vs. 16.6%). However, results were well ahead of the plan’s high quality bond index product (+5.2%) and TIPS (+9.2%).

Jeff spoke to the Board about moving $200,000.00 from cash investment as recommended by BCA. The request was withdrawn until the city gave the plans their payment.

Advent asked to change the average market value.

A motion was made by Sandy Modell and seconded by Mike Broschart that the quarterly fee calculation is based on the average of the account value at the end of each month rather than the value of the benefit at the end of the quarter. All were in favor.

Scott Christiansen, attorney, gave his report. Scott discussed that there would be a “Disability Hearing” 11 December 2012 at 4:00 P.M. for H. Martin Barber. He told the Board that they needed to review the disability documents given to the members. The hearing would determine whether or not Mr. Barber could be granted or denied a disability retirement. Scott said that he would provide the Board with the findings of the doctor representing the Board after November 4, 2012.

Scott gave a basic explanation of the new state law concerning pensions and divorces. Scott stated that Jeff has the documents dealing with this issue. The attorney feels that this law is unconstitutional and in time will probably be repealed.

Scott discussed that the board did not need insurance because they were covered under the policy of the City of Winter Park.

Scott made sure the board was aware of the dates of the scheduled meetings for 2013.
Scott said that they are working with a tax attorney concerning any new tax changes that would affect the municipal pensions and then bring them up to date.

Scott briefly explained what is referred to as the “Naples Letter” to the Board. It has been re-interpreted by the state concerning the cities and unions. The City of Winter Park is not involved at this time.

The City Manager Randy Knight still has the Ordinance. He has had it since March 2012. The City is still in negotiation with the unions.

A motion was made by Murray Daniel and seconded by Rafael Berrios to request that our Actuary do an Impact Statement of the changes to the Ordinance and the city would pay for it. All were in favor.

The meeting was adjourned at 5:45 P.M.

Respectfully submitted,

Sgt. Rafael Berrios