

WINTER PARK POLICE OFFICERS' RETIREMENT SYSTEM
Quarterly Meeting
9 May 2013
6:00 P.M.

MEMBERS: Sgt. Rafael Berrios, Chairman
Kevin Roesner, Secretary
Sandy Modell, Trustee
Robert Harvie, Trustee

ATTENDEES: Larry Wilson, GRS
Scott Christiansen, Attorney
Jeffrey Templeton, Administrator
Frank Wan, BCA
Chief Bret Railey, WPF
Kathy Reed, Chiefs Assistant

Chairman Rafael Berrios called the meeting to order at 6:15 P.M.

A motion was made by Sandy Modell and seconded by Kevin Roesner to accept the minutes of the meeting dated 8 November 2012; Quarterly Report Financial Report for Oct-Nov-Dec 2012. All were in favor.

Jeff Templeton, Pension Administrator, announced to the Board that Kevin Roesner has been elected by the Police Department as their representative Trustee and that Robert Harvie will be re-appointed as of the next City Commission Meeting dated 10 June 2013 as a Trustee to the Board appointed by the City.

Election of Officers: A motion was made by Sandy Modell and seconded by Kevin Roesner to nominate Sgt. Rafael Berrios to be Chairman. All were in favor,

A motion was made by Sandy Modell and seconded by Sgt. Rafael Berrios to nominate Kevin Roesner to be Vice Chairman/Secretary. All were in favor.

Chief Brett Railey addressed the Board concerning negotiations with the City and the Union. They have agreed upon a contract but at this time it has not been ratified by the Union members.

A motion was made by Sandy Modell and seconded by Sgt. Rafael Berrios directing Scott Christiansen, attorney, to draft the contract information into an Ordinance so when the Union and the City approves the contract the Ordinance would reflect that information. All were in favor.

Frank Wan, BCA, gave his report:

Frank Wan, BCA, began by sharing with the Board that Burgess Chambers & Associates had reached their 25-year mark. He gave some history of the starting of the business and important information about the company as they made their journey to year 25.

For the quarter, the Plan earned \$2 million or +5.8% (+5.7% net). The three best performing asset categories were: BNY/Mellon mid-cap (+13.5%), BNY/Mellon small-cap (+12.4%), and BNY Mellon large-cap (+10.6%).

For the fiscal year to date, the Plan earned \$2.5 million or +7.4% (+7.3% net). The three best performing asset categories were: BNY/Mellon mid-cap (+17.5%), BNY/Mellon small-cap (+14.5%), and Westwood large-cap (+12.6%).

For the 12-month period, the Plan earned \$3.2 million or +9.6% (+9.4% net). The three best performing asset categories were: BNY/Mellon mid-cap (+17.8%), BNY/Mellon small-cap (+16.3%), and Westwood large-cap (+15.0%).

For the three-year period, the Plan earned \$7.9 million, averaging +8.5% (+8.2% net) per year.

Westwood's large-cap product slightly trailed the benchmark for the three-year period (+11.1% vs. +12.7%). BCA visited the firm in Dallas in February and met with the entire management team as well as the Chairman of Westwood Holdings Group, Susan Byrne. We believe the discipline and the team are intact and that a return to fundamentals in the market will allow Westwood to again outperform. BCA recommends no action at this time, but will be closely monitoring Westwood's performance.

EuroPacific International outperformed its index by 22bps per year over the past three years (+5.7% vs. +5.5%), but ranked in the bottom 70th percentile, due to lower allocation to emerging markets. The risk (beta) and the value added (alpha) profile remain favorable. BCA recommends no action at this time.

Advent positioned the portfolio among less equity sensitive convertibles, as compared to its benchmark, which explains its trailing performance for 12-months, relative to its benchmark. However, results ranked average and were well ahead of the Plan's core bond and TIPS products.

At the meeting in February Frank Wan gave a short explanation to the Board about MLP's and was requested by the Board to bring information to the next Board meeting explaining what they are and were they something to look into for investment.

Frank Wan gave an explanation to the Board concerning MLP's, due to a request that was made at the last meeting. Master Limited Partnership (MLP) is a limited partnership that is publicly traded on a securities exchange. MLP's are pass through companies that typically distribute 90% of their net income, and most MLP's operate essential energy, toll road and pipelines. MLP are attractive given their profile: yield & growth, and the current yield is approximately 5.7%. The Board members asked some general questions and Frank gave them the answers. It was decided that they would further discuss MLPs at the next meeting with a representative from Westwood. Frank was asked to make those arrangements with Westwood.

Larry Wilson, Actuary, GRS:

Larry explained what his job is for the Plan for the new Plan members. He gave his annual explanation of the 1 October 2012 Actuarial Valuation Report. He began by explaining that the 1 October 2012 Actuarial Valuation determines the minimum required contribution for fiscal year ending 30 September 2014. He, also, explained the Actuarial Valuation as of 1 October 2012.

A motion was made by Sgt. Rafael Berrios and seconded by Kevin Roesner to approve the Actuarial Valuation Report. All were in favor.

The minimum required contribution for the fiscal year ending 30 September 2014 is \$2,504,326. 61.8% of covered payroll for fiscal year ending 30 September 2014 based upon projected covered annual payroll for fiscal year ending 30 September 2014 - \$4,051,827.00.

Member contributions will be 6% of covered payroll for fiscal year ending 30 September 2014 - anticipated to be \$243,110 and anticipated allowable State contributions will be 6.4% of covered payroll for fiscal year ending 30 September 2014 (\$260,885.00) leaving a City requirement of \$2,000,367.00 - 49.4% of covered payroll for fiscal year ending 30 September 2014. If State contributions are less than \$260,885.00 the City will be required to make up the difference.

The net smoothed actuarial value of assets as of 1 October 2012 is \$34,143,720.00. The net market value of assets as of 1 Oct 2012 is \$34,739,208.00.

There are 66 active members and 70 inactive members (including DROPS) as of 1 October 2012. Smoothed actuarial value net investments return was 5.77% - less than the assumed rate of 8.25%. Market value rate of return was 16.70%.

Plan expenses were 50 basis points of the mean invested market value of assets during fiscal year ended 30 September 2012.

The system experienced an actuarial loss of \$713,746.00 during fiscal year ended 30 September 2012. Salary increases were generally a source of actuarial gain – investment return (smoothed actuarial value) and employee turnover were generally offsetting sources of actuarial loss.

The City contributed in excess of minimum required City contribution for fiscal year ended 30 September 2012. The excess City contribution resulted in an increased System Funded Ratio as of 30 September 2012 and a reduction in future System contribution requirements starting with fiscal year 2014.

A motion was made by Sgt. Rafael Berrios and seconded by Kevin Roesner to approve a 30-year projection requested by the City for a fee of \$5,000.00. All were in favor

A motion was made by Sgt. Rafael Berrios and seconded by Kevin Roesner to approve an Experience Study to align actuarial assumptions with Plan experience for \$5,000.00. All were in favor.

Scott Christensen, attorney, gave his report:

Scott Christensen presented an updated Summary Plan Description.

A motion was made by Sandy Modell and seconded by Sgt. Rafael Berrios to approve the Summary Plan Description. All were in favor.

Scott reminded the Board to make sure they completed Form 1 and send it to Tallahassee or take it to the Board of Elections Office in Orlando. Jeff Templeton, Administrator had given each member a FORM1 to complete and turn in as directed.

A motion was made by Sgt. Rafael Berrios and seconded by Kevin Roesner to approve changes in section 15.1 in the Operating Rules –Public Disclosure. All were in favor. Larry Wilson stated that there would be no impact on this.

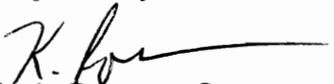
A motion was made by Sgt. Rafael Berrios and seconded by Sandy Modell to provide the necessary changes in Ordinance #2906-13 dealing with the Internal Revenue Code Compliance Order. All were in favor.

A motion was made by Sandy Modell and seconded by Sgt. Rafael Berrios on the advice of their consultant the approval of the recommendation of the expectation for the at 8.25%. All were in favor.

Scott invited the Board to a mini-conference that Lee Dehner would be having at the Ormond Beach City Hall,

The meeting was adjourned at 8:00 P.M.

Respectively submitted,


Kevin Roesner, Secretary