***Winter Park Police Officers' Pension Trust Plan***

***Quarterly Meeting***

***November 3, 2022 at 4:00 PM***

## Members:

Lt. Kevin Roesner, Chairman

Lt. Scott Williams, Vice Chairman/Secretary

Russell Allen, Trustee

William Deuchler, Trustee

Tony Grey, Trustee

## Attendees:

Pedro Herrera, Attorney via Zoom
Burgess Chambers, BCA
Wes Hamill, Director of Finance

Jeff Templeton, Administrator

Bryan Templeton, Assistant Administrator

## Call to Order:

Chairman, Kevin Roesner, called the meeting to order at 4:02pm.

## Approval:

*A motion was made* by Kevin Roesner and seconded by Russell Allen to approve the minutes of the quarterly meeting dated August 4, 2022 and the quarterly billing for July-August-September 2022. All were in favor.

Public Comment- None

## Quarterly Report:

*Burgess Chambers, BCA, gave the Investment Summary Report:*

The Federal Reserve raised interest rates, following years of policies that lowered rates to stimulate the U.S. economy. Recent moves to address inflation have lifted interest rates, thus causing fixed income securities to fall in value, along with stocks. Historically, when the stock market experiences a significant decline, bond prices rise, and interest rates drop.

In anticipation of the adverse impact to the Plan's bond portfolio caused by rising interest rates, the strategic bond/TIPS allocation of the Plan was decreased from 27% to 20% in February 2022, and Terra-Cap was added as an alternative manager (5% target). Also, the private real estate allocation is above the target (7.5% vs. 5.0%), which has stabilized volatility further. The pending addition of private equity firm Constitution further diversifies the Plan from volatility.

For the quarter, the Plan experienced a market-based loss of $2.6 million or -4.0% (-4.1% net), in line with the strategic model (-4.1%) and ranked in the top 37th percentile. The major detractors were infrastructure and international equity. The top two performing asset categories were: alternative investments (+1.9%) and cash (+0.4%).

For the one-year period, the Plan was down $10.4 million or -14.7% (-15.0% net). The best two performing asset categories were: private real estate (+20.1%) and cash (+0.5%).

For the three-year period, the Fund earned $6.7 million, averaging +4.2% (+3.9% net) per year – outperforming the strategic model (+3.2%), and ranked in top 42nd percentile.

For the five-year period, the Fund earned $12.5 million, averaging +5.0% (+4.7% net) per year, ranking in the top 43rd percentile.

For the ten-year period, the Plan averaged +6.8% (+6.4% net) per year, ranking in the top 53rd percentile.

In August and September, the 2021 Premium Tax Distribution ($404,413) and a city contribution ($684,204) were received. The Proceeds were used to cover upcoming benefit payments and expenses.

Manager Reviews

Westwood's large-cap value product was ahead of the benchmark for the quarter (-3.6% vs. -5.6%, top 14th). The product has outperformed growth by a large margin in 2022 and its three, five and 10-year results were ahead of the benchmark.

Advent's convertible bond product was behind the benchmark for the quarter (-1.4% vs. +0.3%), and the one-year period (-20.0% vs. -18.4%). The SPDR convertible index product was in line with Advent for the quarter (-1.4% vs. -1.4%) and behind for the one-year period, but ahead for the three and five-year periods.

Cohen & Steers Global Infrastructure earned -8.8% during the quarter, in line with the benchmark (-8.9%), and ranked in the top 21st percentile. Results were ahead of the benchmark for the 12-month period (-5.3% vs. -5.5%, top 10th). Three-year performance averaged +0.8% net per year.

American Funds Euro-Pacific was similar to the benchmark for the quarter (-9.2% vs. -9.3%), and out-performed for the three, five and 10-year periods.

ARA American Realty's private real estate's results were ahead of the benchmark for the quarter (+1.7% vs. +0.5%) and 12- month period (+25.8% vs. +22.1%).

Barings Core Property real estate results fell short of the benchmark for the quarter (-3.3% vs. +0.5%) and 12 months (+14.5% vs. +22.1%) – due in large part to writing down office property valuations ahead of next year.

*A motion was made* by Lt. Kevin Roesner and seconded by Tony Grey to rebalance the Private real estate funds back to 5%. Proceeds will be deposited into a cash account.
All were in favor.

*A motion was made* by Lt. Kevin Roesner and seconded by Lt. Scott Williams to approve the new investment policy statement for the WPPD retirement fund from BCA. All were in favor.

BCA will be inviting Terra Cap to the February meeting to give an update on their investments.

*A motion was made* by William Deuchler and seconded by Lt. Kevin Roesner based upon BCA's recommendation the Board to allocate 3 Million dollars into Constitution Credit Product and exclude the two equity products previously approved at the 8-4-2022 meeting.
All were in favor.

## Administrative Report:

*Jeff Templeton*

Dates and times for the 2023 Pension Meetings.

February 2, 2023 at 6:00 pm.

May 4, 2023 at 6:00 pm.

August 3, 2023 at 6:00 pm.

November 2, 2023 at 6:00 pm.

## Attorney Report:

*Pedro Herrera*

I have reviewed the amendment and believe this should be left to the Board for discussion and ultimately direction to you as the administrator (i.e. effectively the "liaison" as referenced in the ordinance language). While legal arguments can certainly be made supporting the proposition that the amendment does not apply to each of the Police and Fire pension boards, and therefore no compliance is necessary, the fact of the matter is that there may be no need to create an issue unnecessarily between the Board's and their partner the City.

Essentially, there is not much difference from what is included in the ordinance and our standard operating procedures anyways. Should the Board elect to follow the City's ordinance, we would develop a policy for trustee participation virtually accordingly as referenced in the ordinance. There are also certain time limits with posting of agenda and materials (i.e. one week or at least 3 days) that would come into play as well. Other than that, there is not much difference as we already abide by Sunshine and public records laws.

Summary plan for WPPD retirement fund will be updated for the February 2023 meeting.

## New business:

## Old Business:

## Adjournment:

Chairman, Kevin Roesner, adjourned the meeting at 5:02 pm.

Respectfully Submitted,

02-02-23

Scott Williams, Vice Chairman/Secretary