

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND**  
**MINUTES OF MEETING HELD**  
**November 19, 2003**

Sergeant Tony Hurtado called a meeting of the Board of Trustees to order on November 19, 2003 at 2:15 P.M.

**TRUSTEES PRESENT**

Sergeant Antonio Hurtado  
Bruce Perry  
Gloria Johnson

**OTHERS PRESENT**

Noreen Dreyer & Johnathan Fergeson, Smith, Schuster & Russell, P.A.  
Scott Baur and Nick Schiess, Pension Resource Center  
David West, Burgess Chambers & Associates  
Janey Singer, City of Ft Pierce

**MINUTES**

The Trustees reviewed the minutes for the meetings of May 21, 2003 and August 20, 2003. A motion was made, seconded, and unanimously carried to approve the minutes of May 21, 2003. A subsequent motion was made, seconded, and unanimously carried to approve the minutes of August 20, 2003.

**FINANCIAL REPORT**

Jamey Singer reported a balance of \$244,714.78 in the Plan's Harbor Federal checking account as of November 18, 2003. A motion was made, seconded, and unanimously approved to accept the Treasury Report.

**INVESTMENT MONITOR REPORT**

David West reported on the investment performance on behalf of Burgess Chambers & Associates for the quarter ending September 30, 2003. Mr. West noted that the Plan's investment earnings for the fiscal year ending September 30, 2003 were 8.9%, which exceeded the actuarial assumption of 7.5%. He reported that the value of the Plan as of September 30, 2003 was \$6,556,992 with investment earnings of \$469,197 for the fiscal year. He then discussed the compliance checklist noting that the Plan was in compliance with all items except the annualized rolling three-year total investment return of -.03 did not exceed the 7.5% actuarial interest rate assumption and the Plan did not rank in the top 40<sup>th</sup> percentile.

Mr. West discussed the investment performance of Montag & Caldwell noting that three of the last four quarters showed under performance of the benchmark. He reported that the investment return for the quarter ending September 30, 2003 was -0.9 versus the benchmark of 1.1% and return for the fiscal year ending September 30, 2003 was 8.9%

versus the benchmark of 16.9%. However, he noted that Montag & Caldwell had showed good performance over the very volatile recent years.

Mr. West discussed in detail the components of the portfolio. He noted that the return on equities for the fiscal year ending September 30, 2003 was 14.8% versus the benchmark of 24.4%. He explained that the underperformance was due to the portfolio's high quality and large cap bias and the fact that the lower quality and small cap component of the index delivered the highest returns. He anticipated that the market cycle would soon favor the portfolio with a subsequent improvement in performance. He discussed in detail the sector allocations. Mr. West then discussed the fixed income portfolio in great detail, noting that the return for the fiscal year ending September 30, 2003 was 4.4% versus the benchmark of 5.9%. He discussed market conditions and anticipated very little return for bonds in the near future.

Mr. West then discussed the asset allocation of the portfolio noting a very conservative allocation in equities at 57%. Mr. West discussed REIT's as an alternative investment noting many advantages including the additional diversification of the portfolio. He recommended that the allocation of fixed income be reduced and subsequently invested into REIT's at a maximum of 10% of the Plan's total portfolio. The Trustees thoroughly discussed REIT's. Mr. West discussed the equity portfolio noting that the management style of Montag & Caldwell was large cap core equity. He then discussed diversification into small cap and mid cap equities and recommended the review and consideration of other style managers. After further discussion by the Trustees, a motion was made, seconded, and unanimously approved to authorize Burgess Chambers and Associates to research appropriate REIT's, small and mid cap equity managers and present said investments to the Board at the next meeting.

Mr. West discussed the asset allocation and rebalancing policy. He then recommended the allocation for internal equities be increased from 5% to 10%. After a thorough discussion, a motion was made, seconded, and unanimously approved to increase the allocation for international equities from 5% to 10%.

### **TRUSTEE ELECTIONS**

It was noted the Brian Humm's appointment as Trustee expired October 31, 2003. Scott Baur reported that an election had not been completed given that Administrator had only recently received and reviewed the election procedure. Mr. Baur discussed the policy noting that some aspects were unusual and recommended that it be amended to allow the Administrator to replace the responsibilities of a nomination committee to strengthen the validity of the election process. The Board agreed and a thorough discussion of the logistics of the election process ensued. Mr. Baur agreed to conduct the election as amended and directed by the Board. Noreen Dreyer advised that the appointment of Officers should be completed once the election has been completed.

### **ATTORNEY REPORT**

Noreen Dryer reported that in the matter of Warren Harden, a request for records had been submitted to the City. It was noted that Mr. Harding had previously requested the Board to review his benefits in order to determine whether he was granted the benefits that he was entitled to under the Plan. Ms. Singer provided the Board with a copy of Mr. Harding's records, noting that the Actuary had calculated the benefits and that Mr. Harding was properly paid the benefits due to him. The Board directed the Attorney to notify Mr. Harding that a review of the benefits had determined that he had been properly paid and advise him that the records were available for inspection if he so desired.

Ms. Dreyer discussed the Chapter 185 minimum benefits noting that all the minimum benefits were not yet provided by the Plan. She explained that the Board would need to identify extra benefits to purchase and to submit such to the City in the form of an Ordinance. The Board requested that Mr. Palmquist be invited to the next meeting to review the minimum benefits.

### **ADMINISTRATOR'S REPORT**

Scott Baur presented a proposal to the Board to enhance administrative services. He discussed the current role of the Administrator, which was limited to only the reporting of the minutes of Board meetings. He then expressed and discussed concerns over issues that required consideration in between meetings but were not being addressed. The proposal included services to improve communication, coordinate with service providers, and provide meeting packages. He noted that the Trustees would not be removed from decision-making but rather decision-making would be enhanced due to improved communication. After a thorough and lengthy discussion of Mr. Baur's proposal, a motion was made, seconded, and unanimously approved to accept the proposal for increased administrative services. The Board directed Mr. Baur to provide a contract to the Attorney for review.

There being no further business and the next meeting having been previously scheduled for February 19, 2004 at 2:00 PM, the meeting was adjourned at 4:15 P.M.

Respectfully submitted,

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Secretary