

**CITY OF FT. PIERCE POLICE PENSION PLAN**  
**MINUTES OF MEETING HELD**  
**August 15, 2002**

Ken Bloomfield called a meeting of the Board of Trustees to order on August 15, 2002 at 11:15 AM.

**TRUSTEES PRESENT**

Sergeant Antonio Hurtado (11:35 AM)  
Detective Kenneth Bloomfield  
Bruce Perry  
Gloria Johnson

**OTHERS PRESENT**

Noreen Dryer with  
Ruden, McClosky, Smith, Schuster & Russell, P.A.  
Angela Apicella and Scott Baur, Pension Resource Center  
Constance Garrity, Accounting Clerk  
Burgess Chambers and William,  
Burgess Chamber & Associates  
Helen Donahue, Montag & Caldwell

**INVESTMENT MONITOR REPORT**

William reviewed the investment performance for the 2<sup>nd</sup> calendar quarter on behalf of Burgess Chambers & Associates. He noted that the Plan maintained an allocation of 50% of assets to equities and 50% to fixed income at the end of the quarter. The style of the equity portfolio leaned toward growth stocks, causing the stock portfolio to under perform the benchmark and the peer manager group for the quarter. The overall asset allocation improved the performance for the total portfolio.

William recommended changes to the benchmark for the investments held by the Pension Plan, which would require an amendment to the investment policy. He advised that the Board should further diversify the assets of the Plan, to both reduce volatility and increase the likelihood that the assets would perform better than the target benchmark over time. He recommended that the Plan invest assets in mutual funds with international stocks and real estate. The international stocks offer long-term growth that with only a loose correlation to the domestic market. Investments in real estate, meanwhile, function more like fixed income securities. Many larger plans diversify in both asset groups.

Tony Hurtado joined the meeting at 11:35 AM.

The Trustees discussed the timing of a change to the asset allocation for the Plan. The Board then reviewed the investment policy. The current policy limits investments in equities to 50% of assets at cost. Burgess Chambers suggested that the Board adopt changes to the policy, contingent upon the successful hiring of international and real estate investment managers. A motion was made, seconded, and unanimously approved

to change the target benchmark and asset allocation for the Pension Plan assets. A motion was made, seconded, and unanimously approved to direct the investment consultant to begin a search for an international equity and a real estate investment manager. Burgess Chambers will report on the results of the search at the next meeting.

### **INVESTMENT MANAGER REPORT**

Helen Donahue reviewed the investment portfolio for Montag and Caldwell. She advised the Board that Montag considers itself a large cap growth manager, as opposed to a large cap core manager. Burgess Chambers noted that Mobius identifies Montag as a core manager by style, and he feels that the performance for Montag more closely mirrors the S&P 500 over other benchmarks. Ms. Donahue noted that Montag adopted a growth management style, consisting of “growth at a reasonable price”. Burgess, meanwhile, still considers Montag a core manager leaning toward growth.

Ms. Donahue then reviewed the purchases, sales, and holdings for the quarter. While the market has performed poorly recently, she noted some positive factors in the economy. She also expects continued volatility.

Ms. Donahue then noted that Montag has a proxy voting policy, which Montag will provide to Noreen Dryer and Burgess Chambers. Montag will notify the Board of any companies in the portfolio accused of any kind of corporate malfeasance. Noreen Dryer then presented the Board an updated agreement with Montag. The updated agreement contained reductions in fees, along with other changes. Ms. Dyer recommended that the Board accept the new agreement. A motion was made, seconded, and unanimously approved to accept the new agreement with Montag and Caldwell effective September 1, 2002.

The Trustees scheduled the next meeting for Wednesday, November 20, at 2 PM at the Fort Pierce City Hall.

### **MINUTES**

The Trustees noted some changes to the Minutes for May 15, 2002. A motion was made, seconded and unanimously carried to approve the Minutes from the meeting of May 15, 2002, subject to the changes.

### **FINANCIAL STATEMENTS**

Connie Garrity presented the financial statements to the Board. A motion was made, seconded, and unanimously approved to accept the financial report.

### **BENEFIT APPLICATIONS**

There were no benefit applications.

## **ATTORNEY REPORT**

Noreen Dryer reported that the change to the ordinance to stagger the terms of the Trustees had passed. She has also received inquiries from the Division of Retirement regarding the mandated benefits, which will delay release of the supplemental funds from the state. She will address the questions with Mr. Brennan, attorney for the Fort Pierce Retirement System. George Bergalis, Finance Director for the City of Fort Pierce, will respond to the Division of Retirement regarding a letter written to the Division by Mr. Fitzgerald, a previously terminated member of the plan with questions about benefits.

Ms. Dryer noted that Burgess Chambers assisted with the revisions to the contract with Montag. He also helped negotiate a better fee on behalf of the Board.

Noreen Dryer then reported on the discussion to use the 185 money received from the state, along with the surplus assets in the plan, to provide a health insurance subsidy for retired participants between retirement and Medicare eligibility. Steve Palmquist, actuary for the Pension Plan, advised that the Board should wait to implement any such changes based on the recent losses in the market. A motion was made, seconded, and approved to table discussions on changes to benefits until the next regular meeting of the Board.

## **OTHER BUSINESS**

The Board acknowledged the merger between Pension Management Services, administrator for the Plan, and Pension Resource Center. Scott Baur briefly addressed the Board on behalf of the Pension Resource Center. Angela Apicella also presented the Trustees with an annual calendar, which noted that the term for Trustees Tony Hurtado and Bruce Perry would soon expire. An election will be held for the seat held by Tony Hurtado.

Connie Garrity reported that the State Division of Retirement had received and accepted the Annual Report. She notified that she will retire on August 30, but the City of Fort Pierce had not yet hired a replacement.

Tony Hurtado suggested a brief newsletter to inform participants of the recent activity of the Plan. The Police Department does not have a Board where the Trustees can even post minutes from the meetings. A motion was made, seconded, and approved for the administrator to draft a single page newsletter prior to the next meeting.

The Trustees then discussed obtaining a credit card for the Board to assist with making arrangements for travel. The Finance Department could hold the credit card between conferences. Gloria Johnson noted that the City currently permits a purchasing card for all expenses except travel, so the matter would have to go through the Finance Department. Noreen Dryer advised that, should the Board obtain a card, an explicit policy would be needed to prevent abuse. A motion was made, seconded, and unanimously approved to table further discussion of the credit card until the next meeting.

The Board noted that terminated participants must request refunds of contributions within 5 years, or the contributions revert to the plan.

There being no further business, the next meeting having been previously scheduled for November 20 at 2 PM, the meeting was adjourned at 1:10 PM.

Respectfully submitted,

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Secretary

Note: These minutes are not verbatim, only important issues and motions are reproduced in writing for the benefit of the Fund and its members. The recording itself is the official record for the meeting. The meeting tape is available upon request.