

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF SPECIAL MEETING HELD**

March 23, 2005

Sergeant Tony Hurtado called a meeting of the Board of Trustees to order on March 23, 2005 at 2:05 P.M.

TRUSTEES PRESENT

Chairman Antonio Hurtado
Brian Humm
Ken Bloomfield
Gloria Johnson

OTHERS PRESENT

Burgess Chambers & Melissa Holcraft, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Jonathan Ferguson, Smith, Schuster & Russell, P.A.
Janey Singer, City of Ft. Pierce

INVESTMENT MANAGER SEARCH

Burgess Chambers provided the Board with a proposed revised Investment Policy Statement and discussed the proposed changes in the guidelines therein. He recommended that the definition of the quality rating of the bonds within the fixed income portfolio be expanded from the top three quality ratings to the top four quality ratings noting that investment grade bonds are considered to be those in the top four quality ratings. Mr. Chambers also recommended revising the rebalancing procedure. It was noted that expanding the quality ratings of the bonds would require an Ordinance Amendment. After a thorough discussion of Mr. Chambers' recommendations for proposed revisions to the Investment Policy, a motion was made, seconded, and unanimously carried to expand the quality criteria of the bond portfolio to include the top four quality ratings. Mr. Ferguson was questioned regarding the status of the proposed Ordinance Amendment to modify REIT investment criteria and he reported that the Amendment had not been submitted to City Council and agreed to modify the Amendment to include the expanded definition of the bond quality criteria. A discussion ensued regarding the modification of the proposed Ordinance Amendment and a motion was made, seconded, and unanimously carried to amend the proposed Ordinance Amendment to conform to the modifications recommended by the Investment Consultant and specified in the proposed Investment Policy Statement dated March 23, 2005.

Mr. Chambers recapped the performance of the Montag & Caldwell equity portfolio and his previous recommendation to the Board of splitting the large cap equity allocation between Montag & Caldwell and another Investment Manager. He estimated that the approximate amount of \$2 million would fund the additional manager and noted that this amount was usually too small to fund a product other than a mutual fund. Mr. Chambers provided the Board with the results of an investment manager search and identified the manager C.S. McKee as an Investment Manager that would consent to a separate contract instead of a mutual fund. After reviewing the results of the manager search, he concluded

that the Plan's best options were either to engage C.S. McKee or purchase an index product. Mr. Chambers reviewed the statistics on the historical performance for C.S. McKee noting the manager had outperformed the index and their peers with less risk. He cited a long-term relationship with the manager and noted that the manager did not usually consent to a separate contract for accounts with less than a \$10 million allocation, however, an exception for the Plan was made based upon the relationship.

Gloria Johnson departed the meeting at 2:35 P.M.

Mr. Chambers discussed background information on C.S. McKee including the investment process, history of the firm, and long-term performance in further detail. Mr. Chambers advised that management fees were 75 basis points. Mr. Chambers was questioned whether the fees were reasonable and Mr. Chambers replied that the fees were reasonable and equivalent to the fees charged by Montag & Caldwell.

After further discussion, a motion was made seconded and unanimously carried to initiate a contract with C.S. McKee. Jonathan Ferguson agreed to negotiate the contract.

There being no further business and the next quarterly meeting having been previously scheduled for May 18, 2005 at 2:00 PM, the meeting was adjourned at 2:55 P.M.

Respectfully submitted,

Secretary