

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

May 18, 2005

Sergeant Tony Hurtado called a meeting of the Board of Trustees to order on February 18, 2005 at 2:11 P.M.

TRUSTEES PRESENT

Chairman Antonio Hurtado
Brian Humm
Ken Bloomfield

OTHERS PRESENT

Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Jonathan Ferguson, Smith, Schuster & Russell, P.A.

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Trustees reviewed the minutes for the meetings held February 16, 2005 and March 23, 2005. A motion was made, seconded, and unanimously carried to approve the minutes of February 16, 2005 and March 23, 2005.

FINANCIAL REPORT

A financial report was not provided to the Board. It was noted that Janey Singer was no longer the financial secretary for the Plan and had been replaced by Christine Luna who would provide future financial reports.

INVESTMENT MONITOR REPORT

Burgess Chambers reported on the investment performance of the Plan on behalf of Burgess Chambers & Associates. For the quarter ending March 31, 2005, total investment performance was -1.7 % versus -1.4% for the index representing investment losses of \$134,242. He noted that the asset allocation to small cap equities and the withdrawal from REITs was beneficial to total performance. The return for the fixed income portfolio was -0.5% versus -0.6% for the index. The return for the Montag & Caldwell equity portfolio was -2.2%, which equaled the index. Mr. Chambers provided the Board with research indicating that the duration for the disparity in performance between large cap and high quality equities versus small cap and value style was unusually long. He anticipated that the market would, however, soon favor large cap and high quality equities. Mr. Chambers then reviewed the long-term performance of the asset classes within the portfolio noting that domestic equities lagged the benchmark by 1.5%.

A lengthy discussion ensued regarding the long-term performance of the Montag & Caldwell equity portfolio, which had dramatically underperformed the index. Mr. Chambers recommended the gradual withdrawal from Montag & Caldwell altogether due to inconsistent performance, which had already commenced with the splitting of the large cap equity allocation between Montag & Caldwell and C.S. McKee. He advised the Board that he had conducted research into replacement investment managers. The Board, after considerable discussion, authorized Mr. Chambers to perform an investment manager search for a large cap growth manager.

Mr. Chambers reviewed the compliance checklist noting that the Plan was in compliance with all items, however, the investment objectives were not achieved due to the underperformance of the Montag & Caldwell equity portfolio.

ATTORNEY REPORT

Jonathan Ferguson reported that he had reviewed the contract with the prospective Investment Manager C.S. McKee and found the contract acceptable. He noted that the investment management fees were 75 basis points for the first \$5M under management and 60 basis points for the next \$10M. Mr. Ferguson recommended the execution of the contract. A motion was made, seconded, and unanimously carried to approve the contract with C.S. McKee and the contract was then executed by the Board. A discussion arose regarding the funding of the new account and Burgess Chambers recommended a transfer in the amount of \$1.1M from the Montag & Caldwell equity portfolio to C.S. McKee. A motion was made, seconded, and unanimously carried to transfer the amount of \$1.1M from the Montag & Caldwell equity portfolio to C.S. McKee.

As a follow up to the last meeting, Mr. Ferguson reported that supplemental benefits from the Plan did not apply towards the statutory maximum benefit limitation of 100% of final average compensation, which was also confirmed with the Plan's Actuary.

Mr. Ferguson provided the Board with a draft Ordinance Amendment pursuant to the direction of the Board at the last meeting. The Board reviewed the language therein, which revised the provisions for the determination of final average salary, reduction of the quality ratings of the bonds to the top four categories, elimination of the quality criteria for REITs, limitation of equities as a percent of market value, early reduction factor, and the definition of normal retirement. The Board questioned the revised definition of normal retirement noting that the language effectively increased the requirements to 52 years of age and 25 years of service from the prior requirements of just 25 years of service. A discussion arose regarding the revised language for the redefinition of the age and service requirements for early retirement. Mr. Ferguson agreed to research further the applicable language redefining the qualifications for normal and early retirement and provide the revised Ordinance Amendment to the Plan's Actuary for the completion of a cost study. The Board decided that a special meeting should be scheduled upon the completion of the Attorney's revision of the Ordinance Amendment. A motion was made, seconded, and unanimously carried to authorize the Actuary to prepare a cost study for the Ordinance Amendment.

In order to expedite the revision of the Ordinance specifically regarding investments, Burgess Chambers questioned whether a separate Ordinance Amendment should be drafted immediately and submitted to the City for adoption. The Board decided that two separate Amendments should be drafted and Mr. Ferguson agreed to draft a separate Amendment specifically addressing the revisions to the Ordinance regarding investments and submit this Amendment to the City for adoption.

Brian Humm reported that Members had questioned the consequences of lump sum distributions on the Plan's ability to financially support the proposed health care subsidy benefit. He advised the it was the Members' contention that lump sum distributions would reduce the Plan's assets to a level that would not support the proposed health care subsidy benefit and also those eligible Members that actually received a lump sum distribution should not be permitted to receive the proposed health care subsidy. After a brief discussion, Nick Schiess agreed to correspond with the Actuary to obtain an opinion on the matter.

ADMINISTRATIVE REPORT

Nick Schiess reminded the Trustees of the statutory requirement to file a Financial Disclosure Statement by the deadline of August 30, 2005.

Mr. Schiess provided the Board with a list of upcoming educational conferences.

Mr. Schiess reported that a replacement Trustee had not been appointed by the City for the vacancy as a result of the resignation of Bruce Perry. He noted that correspondence had been sent to City clerk Sandra Steele regarding the matter pursuant to the direction of the Board at the last meeting.

OTHER BUSINESS

Nick Schiess reported that the revision of the Summary Plan Description was pending the passage of the Ordinance Amendment adopting the revised early retirement reduction factor and would be completed after the adoption of the Amendment.

There being no further business and the next quarterly meeting having been previously scheduled for August 17, 2005 at 2:00 PM, the meeting was adjourned at 3:28 P.M.

Respectfully submitted,

Secretary