

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
NOVEMBER 15, 2006**

A quarterly meeting of the Board of Trustees was called to order on November 15, 2006 at 1:00 P.M. in the Engineering Department Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

Brian Humm
Ken Bloomfield
John Schramm

OTHERS PRESENT

Burgess Chambers and Sidney Taylor, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Bonni Jensen, Hanson, Perry, & Jensen P.A.
Christine Luna, City of Ft. Pierce

PUBLIC COMMENTS

There were no public comments.

APPOINTMENT OF FIFTH TRUSTEE

The Board noted that a sufficient number of Trustees were not present at the meeting to appoint a fifth Trustee and Ken Bloomfield made a motion to table the matter until the next meeting. John Schramm seconded the motion, approved by the Trustees 3-0.

MINUTES

The Trustees reviewed the minutes for the meeting held August 23, 2006. John Schramm made a motion to approve the minutes for the meeting held August 23, 2006. Ken Bloomfield seconded the motion, approved by the Trustees 3-0.

FINANCIAL REPORT

Christine Luna provided a financial report to the Board. The total assets were the amount of \$8,672,372.42. The income for the quarter was \$235,398.28 and expenses including benefit payments were the amount of \$381,281.69.

Ms. Luna reported receiving applications for retirement benefits from Terry Barcelona, Wesley Taylor, and Joseph Wirthman. Ken Bloomfield made a motion to approve the retirement benefits of Terry Barcelona, Wesley Taylor, and Joseph Wirthman. John Schramm seconded the motion, approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers and Sidney Taylor appeared before the Board behalf of Burgess Chambers & Associates to provide a report on the investment performance of the portfolio. For the fiscal year ending September 30, 2006, the total investment return was 7.5%, which equaled the benchmark. The investment return for the quarter ending September 30, 2006 was 2.8% versus the benchmark of 3.9% with the underperformance attributable to the premature shift of the C.S. McKee large cap portfolio into higher quality growth equities. Mr. Taylor advised that a rotation of market favor towards high quality large cap growth equities had been long anticipated given the unprecedented duration of market favor towards low quality equities. He continued his report with a review of the performance of the individual investment managers and funds. The Preferred Group international fund slightly underperformed the index for the fiscal year but did so with considerably less risk and was also the highest performing asset class. The Vanguard REIT fund return for the quarter was 9.4% versus the index of 9.1%. The C.S. McKee bond portfolio return for the fiscal year was 4.1% versus the index of 3.7%.

Mr. Chambers reviewed the compliance checklist noting that all items were in compliance. He then reviewed the performance objectives noting that all objectives were met with the exception of investment returns exceeding the benchmark over a trailing three-year period and ranking within the 40th percentile of all pension plans with respect to performance. Mr. Taylor reviewed the asset allocation and provided the Board with indices of risk versus return for the portfolio noting that while the returns were slightly less than the benchmark for the three previous years, the returns were achieved with considerably less risk than the benchmark itself. Mr. Taylor was questioned regarding risk, which he defined as market volatility of the overall portfolio that was lessened by the stock selection process and investment strategies of the individual investment managers and also the diversification of the overall portfolio.

ATTORNEY REPORT

Bonnie Jensen announced that the Pension Protection Act of 2006 was ratified by the President, which established for public safety personnel the reduction of the age for non-penalized lump-sum distributions from age fifty-five to age fifty and applied not only to distributions from a DROP account but also to refunds of pension contributions. In addition, retirees would be eligible commencing in the 2007 tax year for up to a \$3,000 annual tax credit for pension deductions for qualified health, accident, or long term care insurance. She explained that currently the Plan, pursuant to State Statutes, was only permitted to make deductions on behalf of retirees that were payable directly to the City and changes in the Statutes must be adopted before deductions could be payable directly to insurers. It was noted that currently any deductions for the continuation of insurance from the City are from the Retirement and Benefit Plan therefore it should be determined whether the Board of that Plan would initiate the necessary actions required to implement the tax credit. John Schramm made a motion to direct the Administrator to notify the Board of the City Retirement and Benefit Plan of the tax credit provision within the Pension Protection Act of 2006 and inquire whether that Board would initiate the necessary actions required to implement the tax credit. Ken Bloomfield seconded the

motion, approved by the Trustees 3-0. Brian Humm agreed to discuss the matter with the Board of the Retirement and Benefit Plan. Ms. Jensen was questioned whether the Act contained provisions regarding the purchase of service credit for prior public service. Ms. Jensen reported that the Act contained a provision permitting the purchase of airtime, however, State Statutes currently only permitted the purchase of service credit for prior police or military service.

ADMINISTRATIVE REPORT

Nick Schiess reported that an election would be conducted for the position of Trustee currently held by John Schramm whose term of office expires December 31, 2006.

Mr. Schiess provided the Board with a list of upcoming educational conferences for the year 2007.

OTHER BUSINESS

Nick Schiess distributed to the Board an amended 2005 Actuarial Valuation containing the revised actuarial cost method already adopted by the Board at a prior meeting. John Schramm made a motion to adopt the revised 2005 Actuarial Valuation. Ken Bloomfield seconded the motion, approved by the Trustees 3-0.

There being no further business, and the next meeting scheduled for February 28, 2007, the meeting was adjourned at 11:57 A.M.

Respectfully submitted,

Secretary