

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
MAY 25, 2007

A quarterly meeting of the Board of Trustees was called to order on May 25, 2007 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, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Bonni Jensen, Hanson, Perry, & Jensen P.A.
Steve Palmquist, Gabriel, Roeder, & Smith

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 John Schramm made a motion to table the matter until the next meeting. Ken Bloomfield seconded the motion, approved by the Trustees 3-0.

It was noted that the City had appointed Tara McFarland as Trustee to the Board.

MINUTES

The Trustees reviewed the minutes for the meeting held February 28, 2007. Ken Bloomfield made a motion to approve the minutes for the meeting held February 28, 2007. John Schramm seconded the motion, approved by the Trustees 3-0.

FINANCIAL REPORT

The market value of the Plan's assets as of April 30, 2007 was the amount of \$8,662,965.97. The income for the period of February 1, 2007 through April 30, 2007 was the amount of -\$622,357.91 and expenses including benefit payments were the amount of \$65,813.41 including lump sum distributions of pension benefits and refunds of contributions. A discussion arose regarding the reported investment losses given the positive investment return for the quarter. It was noted, however, that the reporting periods varied and the Board requested the administrator to follow up with Christine Luna with the City and report back to the Board.

ACTUARY REPORT

Steve Palmquist appeared before the Board on behalf of Gabriel, Roeder, & Smith to present the 2006 Actuarial Valuation. He reviewed the smoothing technique, which averaged investment returns over a four-year period to reduce volatility of the market. He reported that the funding requirements for the fiscal year were the amount of \$776,406, an increase from the amount of \$663,804 for the previous year with the increase primarily attributable to negative plan experience due to higher than expected salary increases. The member contributions in the amount of \$242,000 and anticipated State contributions in the amount of \$294,000 was less than the funding requirements by the amount of \$236,000 therefore necessitating another transfer from the Plan's reserve account. Mr. Palmquist reviewed a schedule of historical contributions and funding requirements noting that the funding requirements had exceeded contributions since the year 2003, which also had necessitated yearly transfers from the Plan's reserve account. Mr. Palmquist advised that in the event that the trend of funding deficiency continued prospectively, the reserve account could only support transfers for these deficiencies in contributions for the next three to four years unless corrective measures were implemented. He further advised that correction of the situation would require either an increase in the current 3.5% employee contribution rate or alternately the level of benefits must decrease. One alternative considered was the freezing of benefits and the remainder of chapter funding directed into share accounts. Bonnie Jensen advised that the Plan must meet the State required minimum benefits prior to the implementation of share accounts. The Board authorized Mr. Palmquist to revise the previously considered cost study for meeting the State minimum benefits. A very lengthy and careful discussion ensued regarding the contingency of either increasing contributions or reducing benefits and the Board decided that it was best to advise the membership of the situation and involve them with the ultimate remedy. The Trustees then decided to tentatively schedule a presentation of the matter to the membership coincident with the Board meeting in November 2007 and to plan for the event and review the cost study for on meeting the State minimum benefits at the August 16, 2007 meeting. John Schramm made a motion to approve the 2006 Actuarial Valuation. Ken Bloomfield seconded the motion, approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers appeared before the Board on behalf of Burgess Chambers & Associates to provide a report on the investment performance of the portfolio for the quarter ending March 31, 2007. The total investment earnings for the quarter was the amount of \$160,349 representing a 1.8% investment return ranking the Plan's return in the top 20th percentile of investment returns. Mr. Chambers reviewed the performance of the individual managers noting the best performing asset classes were international equities with a 4.7% return, midcap equities with a 4.6% return, and REITs with a 3.4% return. Mr. Chambers reviewed the long-term performance of the total portfolio noting that the cumulative returns after the restructuring of the portfolio exceeded the benchmark.

Mr. Chambers reviewed the asset allocation in great detail noting that the overall portfolio was well diversified and he recommended no changes to the current allocations. He reviewed the compliance checklist noting that all items were in compliance. Mr. Chambers then reviewed the performance objectives noting that all objectives were met with the exception of investment returns over a trailing three-year period ranking within the 40th percentile of all pension plans with respect to performance, however, this matter had been addressed with the recent changes in investment managers.

A discussion arose regarding the Homestead annual proxy voting and Ken Bloomfield made a motion to authorize the Investment Consultant to prospectively vote on behalf of the Plan in the Homestead annual proxy voting. John Schramm seconded the motion, approved by the Trustees 3-0.

ATTORNEY REPORT

As a legislative update, Bonnie Jensen reported that the proposed State legislation that would have increased the maximum percentage of the Plan's foreign investments from 10% to 20% and extend Trustees' maximum term of office did not pass.

Ms. Jensen reminded the Trustees to file their financial disclosure forms by the deadline of July 1, 2007.

ADMINISTRATIVE REPORT

Nick Schiess reported the receipt of retirement applications and benefit calculations for recent retirees Ken Bloomfield and Eugene Savage noting that authorization was therefore required for payment from the Plan. Ken Bloomfield made a motion to approve the retirement benefits of Ken Bloomfield and Eugene Savage and authorize payment from the Plan. John Schramm seconded the motion, approved by the Trustees 3-0.

OTHER BUSINESS

There being no further business, and the next meeting scheduled for August 16, 2007, the meeting was adjourned at 2:45 P.M.

Respectfully submitted,

Secretary