

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
DECEMBER 5, 2007

A quarterly meeting of the Board of Trustees was called to order on December 5, 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
John Schramm
Gloria Johnson
Tara McFarland

OTHERS PRESENT

Burgess Chambers, 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.

MINUTES

Gloria Johnson made a motion to table the approval of the minutes for the meeting held September 5, 2007. John Schramm seconded the motion, approved by the Trustees 4-0.

FINANCIAL REPORT

Christine Luna presented the financial report. The market value of the Plan's assets as of September 30, 2007 was the amount of \$9,187,577.61. The income for the period of August 1, 2007 through September 30, 2007 was the amount of \$482,375.27 and expenses including benefit payments were the amount of \$73,860.92.

BENEFIT APPROVALS

The Board discussed approval of a service related disability lump sum benefit for Perry Martin in the amount of \$104,393.63 as calculated by the Plan's Actuary. Bonnie Jensen reported that Mr. Martin's ex-spouse had submitted a Qualified Domestic Relations Order for attachment on the benefit. Ms. Jensen advised that the Plan was not legally obligated to honor the Order and recommended against honoring such Orders unless that has been past practice. After a lengthy discussion, Gloria Johnson made a motion to establish policy that the Board not honor Qualified Domestic Relations Orders. John Schramm seconded the motion, approved by the Trustees 4-0. Ms. Jensen agreed to provide notification to the Attorney for the former Ms. Martin that the Plan is not obligated to honor the Order and the benefit will be issued without attachment. John Schramm made a motion to approve a lump sum disability benefit in the amount of \$104,393.63 payable pending notification to the former Ms. Martin's Attorney that the

benefit will be issued on the date of February 1, 2008 or sooner if administratively feasible. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

The Board discussed approval of a lump sum non-service death benefit for Timothy Gahn. Gloria Johnson made a motion to approve a lump sum non-service death benefit for Timothy Gahn in the amount of \$136,872.32 as calculated by the Plan's Actuary.

Brian Humm discussed the benefit approval process recommending that the Trustees approve all lump sum benefit payments prior to issuance and the Board agreed. A discussion arose regarding the communication of the new policy to the membership and the Board decided that posting the new policy would suffice for now and the new policy should be included in the Summary Plan Description upon revision.

Gloria Johnson advised that the amount of \$120K must be raised to fund pending benefit payments. Burgess Chambers recommended transferring the funds from the fixed income portfolio. Gloria Johnson made a motion to transfer 120K from the C.S. McKee fixed income portfolio to cash for funding of benefit payments. John Schramm seconded the motion, approved by the Trustees 4-0.

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 September 30, 2007. The total investment earnings for the quarter were the amount of \$82,950 representing a 1.0% investment return ranking the Plan's return in the 78th percentile. The fiscal year return was 11.8%, which exceeded the actuarial assumption for investment return. Mr. Chambers reviewed the performance of the individual managers for the fiscal year noting the best performing asset classes were small cap equities with an 18.2% return and large cap core equities with a 19.5% 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. He reported that withdrawals for the fiscal year for benefit payments exceeded \$1M.

Mr. Chambers discussed the recent publicity regarding defaults on sub prime mortgages noting that while it did not directly affect the bond portfolio since the portfolio contained only high quality bonds, the issue did have an overall negative affect on the bond market. He then discussed in great detail market and economic conditions and anticipated a recession attributable to low availability of capital, which would affect not bond but equity markets especially the financial services sector. Mr. Chambers reported that the financial services sector allocation within the C.S. McKee portfolio at 18.0% was less than the index allocation of 19.8%. He was questioned whether the allocation was excessive in consideration of the current economic conditions and he responded that while the allocation was high relative to the overall portfolio the Board had entrusted the Investment Manager to manage the portfolio with the goal of outperforming the index. Mr. Chambers was questioned whether the asset allocation was appropriate given the economic and market conditions and he responded that the only option to avoid volatility in equities was to increase the allocation to bonds, however, fixed income has not

provided sufficient returns. He advised that the portfolio is better diversified than in the last market downturn.

ATTORNEY REPORT

Bonnie Jensen reported that the proposed Ordinance Amendment adopting the State mandated minimum benefits had not been submitted to the City because her office was awaiting an actuarial impact statement. She provided the Board with a revised Amendment that eliminated the current provision permitting payment of benefits in a lump sum under the condition that a monthly retirement benefit equaled to 50% of final average salary as the provision was contrary to the Board's expressed intent to eliminate lump sum benefit payments. A lengthy discussion ensued regarding the removal of the provision. Gloria Johnson made a motion to approve the revised Ordinance Amendment as presented. John Schramm seconded the motion, approved by the Trustees 4-0.

Ms. Jensen discussed recently adopted federal guidelines regarding the collection of social security information by governmental agencies and implementing a policy for the collection of data and proper notification published on all forms requiring social security numbers. Gloria Johnson made a motion to adopt the policy presented by the Attorney. Tara McFarland seconded the motion, approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

Nick Schiess reported that an election had commenced for the Trustee position currently held by Brian Humm in accordance with Board policy.

Mr. Schiess distributed a list of upcoming educational conferences.

OTHER BUSINESS

The Board scheduled the 2008 meetings on the dates of February 22, 2008, May 23, 2008, August 22, 2008, and December 5, 2008.

There being no further business, the meeting adjourned at 2:58 P.M.

Respectfully submitted,

Secretary