

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
MAY 23, 2008

A quarterly meeting of the Board of Trustees was called to order on May 23, 2008 at 1:00 P.M. in the Engineering Department Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT Kenneth Bloomfield
 Brian Humm
 Tara McFarlane
 John Schramm

OTHERS PRESENT Sidney Taylor, Burgess Chambers & Associates
 Nick Schiess, Pension Resource Center
 Bonni Jensen, Hanson, Perry, & Jensen P.A.
 Steve Palmquist, Gabriel, Roeder, Smith, & Co.
 Christine Luna, City of Ft. Pierce

PUBLIC COMMENTS

There were no public comments.

MINUTES

Kenneth Bloomfield made a motion to approve the minutes for the meeting held February 22, 2008. Tara McFarlane 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 March 31, 2008 was the amount of \$8,657,592.70. The income for the period of January 1, 2008 through March 31, 2008 was the amount of -\$336,241.00 and expenses including benefit payments were the amount of \$356,741.57.

BENEFIT APPROVALS

There were no benefit approvals presented for the Board's consideration.

ACTUARY'S REPORT

Steve Palmquist appeared before the Board on behalf of Gabriel, Roeder, Smith, & Co. to present the 2007 Actuarial Valuation. He reported that the plan experience was favorable with lower than expected salary increases and greater than expected investment return. Mr. Palmquist reviewed the demographics, experience, and development of the costing of the plan in great detail noting that even with expected employee and State contributions, it was expected that it would be necessary that the amount of \$152K would have to be withdrawn from the reserve account for the 2008 fiscal year. He advised that the balance of the reserve account was the amount of \$821,848 and reviewed the history of the

declining balance of the reserve account advising that unless additional contributions were received from the employees that the likely scenario was that the reserve account would be depleted within the next few years. A lengthy discussion ensued regarding the alternatives of increased employee contributions or revising the benefits of the Plan. It was noted that a proposed Ordinance Amendment that had been submitted to the City for consideration would bring the Plan into compliance with State mandated minimum benefits and would allow benefits to be frozen with all new benefits earned being of a different nature that would not incur a negative impact upon the funding of the Plan. The Board requested that the Plan's actuary and attorney present options at the August quarterly meeting and decided to conduct the November quarterly meeting as an employee workshop to present the various options to the membership.

INVESTMENT MANAGER PRESENTATION – CS MCKEE

Lloyd Stamy appeared before the Board on behalf of CS McKee to provide a report on the investment performance of the large cap, fixed income, and small cap portfolios as of March 31, 2008. He discussed market and economic conditions noting that market volatility during the fiscal year has negatively impacted total returns, however all three asset classes under management outperformed their respective indexes. For the fiscal year-to-date, the return on the large cap portfolio was -3.68% versus -4.52% for the index. The return on the small cap portfolio was -0.93% versus -4.63% for the index. The return on the fixed income portfolio was 3.68% versus 2.46% for the index. Mr. Stamy reviewed the holdings of the portfolios and concluded his report with an update on the organization.

INVESTMENT CONSULTANT REPORT

Sidney Taylor 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, 2008. The investment earnings for the quarter were the amount of -\$354,445 representing a -4.1% investment return versus -3.9% for the index. The return for the fiscal year-to-date was -5.8%. Mr. Taylor discussed economic and market factors and attributed the recent market volatility to an irrational market and a credit market crisis caused by recent defaults of sub-prime mortgages. He then reviewed the performance of the individual investment products. Mr. Taylor reviewed the compliance checklist noting that all items are in compliance.

ATTORNEY REPORT

Bonni Jensen reminded the Trustees to file their annual Statements of Financial Interests.

As a legislative update, Ms. Jensen reported that State legislation that had been under consideration to increase the term of office for Trustees from two to four years, increase the maximum international allocation of the portfolio to 20%, enable direct payment from retirement benefits to insurance companies, permit the collection of tax premium revenues for services provided to other municipalities, and increase disability benefits to 80% of average salary for public safety personnel incurring disability as a result of a felonious act did not pass before the Legislature adjourned. She did report, however, that

sex crimes committed upon a minor was added to the list of crimes under Florida Statutes requiring the forfeiture of pensions.

Ms. Jensen advised the Trustees of the upcoming Florida Public Pension Trustees Association annual conference located in Orlando Florida at the end of June.

ADMINISTRATIVE REPORT

Nick Schiess reported that the proposed Ordinance Amendment had been submitted to the office of the City Manager but did not get passed along to City Council for consideration. He advised that protocol dictated instead that the Ordinance be submitted to the office of the City Attorney, which had been recently completed.

OTHER BUSINESS

There being no further business and the next meeting scheduled for August 22, 2008, the meeting adjourned at 2:36 P.M.

Respectfully submitted,

Secretary