

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND**  
**MINUTES OF MEETING HELD**  
**MARCH 19, 2009**

A quarterly meeting of the Board of Trustees was called to order on March 19, 2009 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  
Tara McFarlane  
John Schramm  
Gloria Johnson

**OTHERS PRESENT**

Bonnie Jensen, Law Office of Perry & Jensen  
Burgess Chambers, Burgess Chambers & Associates  
Nick Schiess, Pension Resource Center  
Lloyd Stamy, CS McKee Investment Managers  
Christine Luna, City of Ft. Pierce

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

John Schramm made a motion to approve the minutes for the meeting held December 12, 2008. Gloria Johnson 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 December 30, 2008 was the amount of \$7,507,005.13. The income for the period of September 1, 2008 through December 31, 2008 was the amount of -\$608,081.40. Expenses, including benefit payments, were the amount of \$49,071.86.

**INVESTMENT MANAGER REPORT: CS MCKEE**

Lloyd Stamy appeared before the Board on behalf of CS McKee Investment Managers to provide a report on the large cap, small cap and fixed income portfolios as of the quarter ending December 31, 2008. He reported that large cap portfolio had underperformed the index, which was attributable to an underweighting of the financial sector. He reviewed the holdings, sector allocation and weightings of the large cap portfolio and advised that the portfolio had outperformed the index since the end of the quarter.

Mr. Stamy reported that the return for fixed income portfolio was 8.19% versus only 4.86% for the index. He reported that the rating of one holding, Bank of America, had been downgraded below the classification of investment grade by some, but not all, of the

bond rating agencies. He explained that, technically, divestiture was not required and not be prudent at this date.

Mr. Stamy reported that the performance of the small cap portfolio for the calendar year was -27.23% versus -33.79% for the index. The Board questioned whether any reallocation was recommended and Burgess Chambers advised that reallocation was not necessary at this date.

### **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 December 31, 2008. The investment performance of the total portfolio for the quarter was -10.59% versus -14.47% for the index and for the calendar year was -18.59% versus -22.72% for the index.

Mr. Chambers discussed economic and market conditions and anticipated positive investment earnings in the near future. He reviewed the asset allocation, risk reward measurements and the down and up market performance statistics. He then reviewed the performance of the individual investment managers and products in great detail.

A discussion arose regarding the status of approximately \$.5M in cash and whether it should be invested. Included in the discussion was the market volatility and anticipated short term liabilities of the Plan, including pending lump sum distributions. Mr. Chambers recommended not investing the available cash and the Board agreed.

### **ATTORNEY REPORT**

Bonni Jensen provided the Board with a revised Agreement reflecting the partnership of the Pension Resource Center with the Michigan Employee Retirement System that resulted in the new entity Tegrit Plan Administrators. Nick Schiess requested the Board's favorable consideration of an increase in administrative fees from \$500 monthly to \$700 monthly effective April 1, 2009. A discussion ensued and the Trustees noted satisfaction with the services provided by the administrator. John Schramm made a motion to approve the proposed fee increase. Tara McFarlane seconded the motion, approved by the Trustees 3-1 with Gloria Johnson dissenting. Ms. Jensen agreed to amend the Agreement accordingly.

Bonni Jensen provided and reviewed a revised Summary Plan Description and discussed further potential revisions to the document. A discussion arose regarding the revisions and Gloria Johnson made a motion to approve the revised Summary Plan Description as amended. John Schramm seconded the motion, approved by the Trustees 4-0. It was noted that the document may require further revision pending the disposition of a proposed Ordinance Amendment establishing benefit improvements required by the recently adopted federal legislation Heroes Earnings Assistance and Relief Tax Act of 2008. The Board decided that instead of printing hard copies of the document, to circulate the document via e-mail to the members and defer printing until after the passage of the

Ordinance Amendment. Ms. Jensen advised that the Ordinance Amendment will be presented to the City for consideration.

Ms. Jensen reported that a request for a favorable Tax Determination Letter had been filed with the Internal Revenue Service on behalf of both the City's Retirement and Benefit Plan and the Police Officers' Pension Plan.

As a legislative update, Ms. Jensen reported that new State legislation had been filed to increase the term of office for Trustees from two to four years, increase the maximum international allocations of investment portfolios to 25%, and enable direct payment from retirement benefits to insurance companies. She also reported that other legislation had been filed that would permit municipalities to use Chapter 185 contributions towards employer funding requirements.

### **ADMINISTRATIVE REPORT**

Nick Schiess advised that there were no administrative matters to report.

### **OTHER BUSINESS**

The Board noted that the implementation of a deferred option retirement plan for the City's Retirement and Benefit Plan was under consideration. A question arose that if this improvement was adopted by this Plan, whether it must also be implemented in the Police Officers' Pension Plan, or alternatively, can the police officer membership remain active in the supplemental Plan while participating in the deferred option retirement plan under the City's Retirement and Benefit Plan. Bonnie Jensen advised that this was a matter of collective bargaining.

Brian Humm reported conducting a poll of the membership regarding decreasing the multiplier for future years of service, increasing employee contributions from 3.0% to 6.0% or the implementation of a share plan. He advised that many questions arose regarding the various options and a discussion arose regarding designing a formal presentation to the membership regarding the funding issue and possible remedies. Bonni Jensen and Nick Schiess agreed to collaborate in the creation of a presentation to the membership. John Schramm made a motion to authorize the creation of a presentation to the membership. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

The Board considered the Application for Retirement Benefits received from Kevin Fitzgerald. It was noted that Mr. Fitzgerald had separated from service on May 12, 1988 and had requested and received a refund of his contributions from the City's Retirement and Benefit Plan. He had also received a refund of his contributions from the Police Pension Plan but he had returned the distribution and was now requesting a retirement benefit. A discussion ensued whether he was eligible for a retirement benefit from the Police Pension Plan. Ms. Jensen advised that additional research was required and the Board agreed.

The Board acknowledged that member Xavier Evans had been accused of criminal activities and a discussion arose regarding a possible forfeiture of his benefits accrued under the Plan. Ms. Jensen advised that additional research was required and the Board agreed.

The Board considered a proposal by the Plan's Actuary to develop projected funding requirement scenarios. John Schramm made a motion to authorize the Actuary to proceed with the cost study for fees not to exceed \$1,500. Tara McFarlane seconded the motion, approved by the Trustees 4-0.

There being no further business and the next meeting scheduled for June 18, 2009, the meeting adjourned at 12:10 P.M.

Respectfully submitted,

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Secretary