

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
JUNE 18, 2009**

A quarterly meeting of the Board of Trustees was called to order on June 18, 2009 at 10:00 A.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
Ken Bloomfield

OTHERS PRESENT

Bonnie Jensen, Law Office of Perry & Jensen
Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
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 March 19, 2009. Ken Bloomfield seconded the motion, approved by the Trustees 4-0.

FINANCIAL REPORT

Gloria Johnson entered the meeting at 10:14 AM

Christine Luna presented the financial report. The market value of the Plan's assets as of April 30, 2009 was the amount of \$7,156,656.52. The income for the period of January 1, 2009 through April 30, 2009 was the amount of -\$182,831.85. Expenses, including benefit payments, were the amount of \$85,387.70.

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, 2009. He reported that the investment performance of the total portfolio for the quarter was -4.7 versus -8.5% for the index, and for the fiscal year-to-date was -15.0% versus -21.7% for the index, with the outperformance of the index attributable to the conservative positioning of the portfolio. A lengthy discussion then arose regarding the conservative positioning of the portfolio. The Trustees noted that the City does not contribute to the Plan and therefore the conservative positioning of the portfolio was both favorable and necessary.

Mr. Chambers reviewed the performance of the individual investment products in great detail. He noted that several bonds had been downgraded below the minimum rating level established within the Investment Policy Statement and advised that the fixed income investment manager was liquidating these holdings.

A discussion arose regarding the status of available cash and anticipated short term liabilities of the Plan including pending lump sum distributions. Mr. Chambers recommended that if any additional cash must be raised, the source should be the fixed income portfolio. The Trustees confirmed their prior direction to permit the Investment Consultant to rebalance the portfolio between meetings if necessary.

ATTORNEY REPORT

Bonni Jensen reviewed State legislation that had recently passed increasing the allowable term of office for Trustees from two to four years, increasing the maximum international allocation of investment portfolios to 25% at market value, enabling direct payment from retirement benefits to insurance companies, expanding the definition of acceptable service for the purchase of service credit and other changes. She discussed a change requiring the divestiture of investment holding of firms classified as scrutinized companies under Florida Statutes. Ms. Jensen explained that the change was applicable to separate investment management accounts not mutual funds and therefore the Board was exempt because the Plan's international investments were held within a mutual fund. Mr. Chambers was requested to inquire with the international fund investment manager to see whether an alternative fund without holdings of these scrutinized firms was available. Mr. Chambers was also tasked with notifying the Division of Retirement of the status of the Plan's international investments and that divestiture was not required. Ms. Jensen then discussed another change that mandates that retirees are permitted to change their joint annuitant for survivorship benefits at least twice per their lifetime and their benefit would be actuarially adjusted.

Ms. Jensen presented for execution a revised Agreement with the Pension Resource Center reflecting an increase in administrative fees approved by the Board at the last meeting. Ken Bloomfield made a motion to execute the Agreement. Tara McFarlane seconded the motion, approved by the Trustees 5-0.

Ms. Jensen presented for execution a revised agreement with her firm, the Law Office of Perry & Jensen, that was necessitated by the retirement of former partner Jill Hanson and the subsequent name change. She advised that the Board does has the opportunity to have the Agreement reviewed by outside counsel. John Schramm made a motion to execute the Agreement. Tara McFarlane seconded the motion, approved by the Trustees 5-0.

Bonni Jensen provided and reviewed a revised Summary Plan Description inclusive of the revisions provided by the Board at the last meeting. The Trustees provided additional revisions to the document.

Ms. Jensen announced that the proposed Ordinance Amendment was scheduled for first reading by City Council on July 6, 2009.

Ms. Jensen reminded the Trustees to file their annual Statement of Financial Interests.

ADMINISTRATIVE REPORT

Nick Schiess reported that he had collaborated with Bonni Jensen in the creation of information for polling 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 the information contained a benefit calculator wherein each member could input information to determine how the options affected the amount of their individual benefits.

Mr. Schiess reported that the term of office for John Schramm had expired December 31, 2008. He apologized for the oversight and advised that an election would be conducted as soon as possible for a term of office with an expiration date of December 31, 2010.

OTHER BUSINESS

Bonni Jensen provided and reviewed a memorandum dated June 16, 2009 regarding the eligibility of Xavier Evans to receive benefits under the Plan in light of his conviction for criminal activities. The memorandum contained a list of the specific criminal activities and the State Statutes applicable to forfeiture of pensions of public officers. She advised that based upon the records, a notice should be sent to Mr. Evans indicating that his benefits are subject to forfeiture under State Statutes and provide him a time period in which to elect a hearing. A motion was made that based upon recommendation of the Attorney, notification should be sent to Xavier Evans that his benefits are be subject to forfeiture. The motion was seconded and approved by the Trustees 5-0.

Bonni Jensen provided and reviewed a memorandum dated June 16, 2009 regarding the application received from Kevin Fitzgerald for vested deferred benefits. The memorandum contained information regarding the employment history of Mr. Fitzgerald. It was noted that the eligibility requirements for vested deferred benefits was at least ten years of service as a police officer. It was documented that while Mr. Fitzgerald served the City for over ten years, a portion of his service was in a civilian position. Ms. Jensen advised that the Board must determine whether the service that was in a civilian position qualified as service covered by the Plan. After a lengthy discussion, a motion was made to determine that Kevin Fitzgerald was not eligible for vested deferred benefit because his service in a position covered by the Plan was less than ten years. The motion was seconded and approved by the Trustees 5-0. Ms. Jensen advised that a distribution equal to the personal pension contributions should be issued to Mr. Fitzgerald and if returned be sent to the State.

Brian Humm discussed the information drafted by Bonni Jensen and Nick Schiess that was designed to 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 the information was sufficient, but he discussed removing the one option of implementing a share plan believing it not to be in the best interest of the members. A discussion arose regarding the merits of staggering the increase of employee contributions over the next several years. It was also noted that

the pending award of a favorable Tax Determination Letter from the Internal Revenue Service would shift the employee deductions from post-tax to pre-tax, which would reduce the impact of increasing the contribution rate. It was noted that the Actuary would be present at the next meeting to present the Actuarial Valuation and Nick Schiess agreed to request Mr. Palmquist to address the feasibility of staggering the increase in employee contributions.

Brian Humm discussed the implications of a proposed implementation of a deferred option retirement plan for the City's Retirement and Benefit Plan.

There being no further business and the next meeting scheduled for September 17, 2009, the meeting adjourned at 12:15 P.M.

Respectfully submitted,

Secretary