

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
SEPTEMBER 17, 2009

A quarterly meeting of the Board of Trustees was called to order on September 17, 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

OTHERS PRESENT

Bonnie Jensen, Law Office of Perry & Jensen
Burgess Chambers, Burgess Chambers & Associates
Steven Palmquist, Gabriel Roeder Smith & Company
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 June 18, 2009. Tara McFarlane seconded the motion, approved by the Trustees 3-0.

TRUSTEE ELECTIONS

Nick Schiess reported that the term of office for the position of Trustee currently held by John Schramm had expired on December 31, 2008. He reported that an election had been conducted and since only Mr. Schramm had been nominated, he was therefore re-elected by default for another term of office which expires on December 31, 2010.

ACTUARY REPORT

Steve Palmquist appeared before the Board on behalf of Gabriel, Roeder, Smith, & Co. to present the 2008 Actuarial Valuation. He reported that the Plan experience was unfavorable with a lower 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employee and State contributions, it was expected that it would be necessary that the amount of \$145K would have to be withdrawn from the reserve account for the 2009 fiscal year. The balance of the reserve account decreased to \$732K. He 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. He also noted that while the State contributions were the amount of \$345K, the minimum guaranteed period on State contributions had elapsed and he reported that the State

Contributions for the 2009 fiscal year had declined to \$277K. Mr. Palmquist noted that the Plan was now into compliance with State mandated minimum benefits, which did allow current benefits to be frozen with all new benefits accrued being of a different nature. John Schramm made a motion to approve the 2008 Actuarial Valuation. Tara McFarlane seconded the motion, approved by the Trustees 3-0.

The Board noted the importance of resolving the funding deficiency of the Plan and lengthy discussion ensued regarding the alternatives of increasing employee contributions to 6.0%, or reducing the multiplier to 0.6% for future years of service. A discussion then arose regarding polling the members on the options and it was determined that a vote should be held by either the Union or the Board. A question arose regarding the process of implementing either alternative, and it was noted that traditionally benefits were determined through collective bargaining, however, the Union could waive bargaining and the Board could then propose changes to the Ordinance directly to the City. The importance of obtaining approval by the Union was noted and a discussion arose regarding scheduling a meeting with the Union.

Mr. Palmquist provided and reviewed an analysis dated July 6, 2009 of the impact of future investment returns of the funding of the Plan.

FINANCIAL REPORT

A financial report was not provided due to the end of the fiscal year activities.

BENEFIT APPROVALS

Christine Luna presented the benefit approvals for the Board's consideration noting that the final determination of benefits was awaiting determination by the Actuary for Antonio Hurtado and William Plats. John Schramm made a motion to approve the early vested deferred benefits for Joseph O'Brien. Tara McFarlane seconded the motion, approved by the Trustees 3-0. John Schramm made a motion to approve the retirement benefits of Antonio Hurtado and William Plats with the amount of the benefits to be ratified at the next meeting. Tara McFarlane 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 June 30, 2009. He reported that the investment performance of the total portfolio for the quarter was 9.4% versus 11.3% for the index, with the underperformance attributable to an underweighting in equities. Mr. Chambers noted that the conservative positioning of the portfolio with the intentional underweighting in equities served the Plan well during the recent period of market volatility, and the fiscal year-to-date performance was -7.0% versus -11.3% for the index.

Mr. Chambers reviewed the performance of the individual investment products in great detail noting all were satisfactory. He then reviewed the asset allocation and

recommended a gradual reallocation from fixed income to equities over the upcoming months. It was noted that Mr. Chambers was previously granted the authority to rebalance the portfolio between meetings.

Mr. Chambers provided for the Board's consideration a revised Investment Policy Statement containing changes to the target asset allocation and ranges including increasing the allocation to international equities as recently permitted by State Statutes and also the divestiture of holding of scrutinized firms as mandated by the State. Tara McFarlane made a motion to approve the revised Investment Policy Statement. John Schramm seconded the motion, approved by the Trustees 3-0.

ATTORNEY REPORT

Bonni Jensen reported that Ordinance L-84 revising the provision of the Plan had been successfully passed by City Council.

Ms. Jensen reported that Xavier Evans had appealed the Board's determination of the forfeiture of his benefits. She also reported that Kevin Fitzgerald appealed the Board's determination that he had not met the eligibility requirements for vested deferred benefits. Ms. Jensen discussed the claims procedure in detail noting that in an appeal hearing she could not serve as both counsel to the Board and also as an advocate. She discussed the alternatives of requesting the advocacy services of the City Attorney, another attorney, or a hearing officer through the office of the State Division of Administrative Hearings. A motion was made to engage a hearing officer through the office of the State Division of Administrative Hearings for the appeal hearings of Kevin Fitzgerald and Xavier Evans. The motion was seconded and approved by the Trustees 3-0.

Ms. Jensen provided and discussed in detail a proposed Ordinance Amendment revising the provisions of the Plan in response to recent changes in State legislation. John Schramm made a motion to approve the proposed Ordinance Amendment and submit same to City Council for consideration. Tara McFarlane seconded the motion, approved by the Trustees 3-0.

ADMINISTRATIVE REPORT

There were no administrative matters to report.

OTHER BUSINESS

There being no further business and the next meeting scheduled for December 17, 2009, the meeting adjourned at 1:15 P.M.

Respectfully submitted,

Secretary