

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
JUNE 4, 2010

A quarterly meeting of the Board of Trustees was called to order on June 4, 2010 at 11:00 A.M. in the First Floor Engineering Department Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

Brian Humm
John Schramm
Daniel Flaherty
Gloria Johnson
Tara McFarlane

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Frank Wan & Larry Cole, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Steven Palmquist, Gabriel Roeder Smith & Company
Christine Luna, City of Ft. Pierce

PUBLIC COMMENTS

There were no public comments.

FINANCIAL REPORT

Christine Luna presented the financial report. The market value of the Plan's assets as of April 30, 2010 was the amount of \$8,294,031.45. The income for the quarter was \$142,610.24 and expenses, including benefit payments, were the amount of \$481,171.64.

MINUTES

John Schramm made a motion to approve the minutes for the meeting held March 18, 2010. Gloria Johnson seconded the motion, approved by the Trustees 5-0.

ACTUARY REPORT

Steve Palmquist appeared before the Board on behalf of Gabriel, Roeder, Smith, & Co. to present the 2009 Actuarial Valuation. He reported that the minimum guarantee period on State contributions had elapsed a year ago and contributions for the 2009 fiscal year had declined to \$277K. He reported that the Plan experience was more favorable than anticipated with fewer retirements and lower salary increases than expected. Still, the amount of \$245K was required to be transferred from the reserve account, leaving a balance of \$545K in the account. Mr. Palmquist reported that the funded ratio had increased from 87.4% to 90.1%, which was remarkably high in comparison to most other public pension plans. He estimated that the funding requirement for the 2010 fiscal year was the amount of \$773,858, which represented approximately 11.5% of payroll.

Mr. Palmquist presented and reviewed a cost study for the implementation of a Deferred Retirement Option Plan noting that the cost of the Plan was expected to increase .08% of payroll but with a net result in a decrease in the dollar funding requirements to the Plan. A discussion arose regarding the proposed increase in the employee contribution rate and it was noted that the State would require an accompanying improvement in benefits. A discussion arose whether the DROP and the corresponding slight increase in costs would be considered a benefit improvement by the State. Bonni Jensen reported that an inquiry had been made with the State and the DROP could be considered a benefit improvement provided that the actuarial impact statement indicated that an increase in the cost of the Plan was anticipated. Ms. Jensen discussed various provisions for the proposed DROP. A lengthy discussion ensued regarding the possible investment vehicles and it was noted that the Retirement and Benefit Plan had a self-directed DROP. After further discussion, it was the Board's consensus that a self-directed DROP was in the best interest of all parties. Gloria Johnson motion to adopt a one percent increase in the employee contribution rate and a Deferred Retirement Option Plan provided that the State accepted the DROP as fulfilling the requirement for an increase in benefits necessary to increase employee contributions. Tara McFarlane seconded the motion, approved by the Trustees 5-0. Ms. Jensen was directed to draft provisions for the proposed DROP and attain pre-approval from the State that the DROP fulfilled the requirement for an increase in benefits necessary to increase employee contributions as desired. The Board further directed that upon approval by the State that a special meeting be scheduled to review the draft of the DROP provisions and invite the self-directed DROP provider ICMA Retirement Corporation.

INVESTMENT CONSULTANT REPORT

Frank Wan & Larry Cole appeared before the Board on behalf of Burgess Chambers and Associates to provide a report on the investment performance of the portfolio for the quarter ending March 31, 2010. Mr. Wan reported that for the quarter, the investment return for the total portfolio was 3.9% versus 4.5% for the index and for the trailing one-year period was 29.2% versus 38.8% for the index with the underperformance attributable to an underweight in the equity allocation. However, the conservative strategy of the portfolio had resulted in favorable performance of the portfolio over the long-term.

Mr. Cole reviewed the performance of the individual investment products in great detail, noting all was satisfactory. He then reviewed the asset allocation, noting a slight underweight in international equities. Mr. Cole discussed the market and environmental factors and recommended the deferral of any rebalancing of the asset allocation because of the volatility within the market.

Mr. Wan concluded his report with a review of the compliance checklist, noting all was satisfactory except some of the performance had not been met. It was noted that due to the recent market volatility, some of the shorter term objectives were unattainable.

ATTORNEY REPORT

Bonni Jensen announced that the Ordinance Amendment with changes required to be in compliance with Internal Revenue Service regulations had passed.

ADMINISTRATIVE REPORT

There was nothing to report.

OTHER BUSINESS

There was no other business.

The next meetings were scheduled for September 16 and December 16, 2010 at 11:00 AM.

There being no further business, the meeting adjourned at 1:17 P.M.

Respectfully submitted,

Secretary