

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
SEPTEMBER 16, 2010**

A quarterly meeting of the Board of Trustees was called to order on September 16, 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
 Gloria Johnson

OTHERS PRESENT Bonni 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.

Brian Humm presented former Trustee Ken Bloomfield with a plaque and expressed gratitude for his years of service on behalf of the Board and membership.

FINANCIAL REPORT

Christine Luna presented the financial report. The market value of the Plan's assets as of July 31, 2010 was the amount of \$8,216,143.98. The income for the quarter was \$9,567.25 and expenses, including benefit payments, were the amount of \$107,622.97.

MINUTES

John Schramm made a motion to approve the minutes for the meetings held June 4, 2010, July 8, 2010 and August 18, 2010. Gloria Johnson seconded the motion, approved by the Trustees 3-0.

BENEFIT APPROVALS

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. Wan discussed economic and market conditions noting that the recent flight to

safety has resulted in the overvaluation of bonds, which was anticipated to detract from investment returns prospectively. He provided a lengthy presentation on an alternative investment product, convertible bonds. Mr. Wan explained that the product was purchased as bonds, but with an option for conversion into equities. He then explained that the product featured the safety of bonds with a potential higher equity return but without the volatility of equities. He provided and reviewed the anticipated risk/reward measurements of a model portfolio with a 10% allocation to convertible bonds noting an anticipated increase in

returns along with a reduction in risk and volatility. He advised that convertible bond products were limited and the most likely alternative to gain exposure was through an exchange traded fund. A lengthy discussion arose regarding the funding of this alternative product and Mr. Wan advised that the product should be funded with a corresponding reduction in equities. He concluded his presentation with a recommendation to shift a 10% allocation of the total portfolio to convertible bonds. For the Board's consideration, Mr. Wan provided a revised Investment Policy Statement containing guidelines for the addition of convertible bonds.

A discussion arose regarding the specific source and timing of funding for the new investment product. Mr. Wan reviewed the asset allocation, noting that the mid cap equity allocation was currently overweight by 8%, which was attributable to the tremendous recent growth of this investment. A discussion arose regarding the target allocations and whether it was prudent to rebalance

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