

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
JUNE 21, 2012

A quarterly meeting of the Board of Trustees was called to order on June 21, 2012 at 10:30 A.M. in the 1st Floor Engineering Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

Brian Humm
John Schramm
Gloria Johnson
Daniel Flaherty
Bob Burge

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Nick Schiess, Pension Resource Center
Christine Luna, City of Ft. Pierce
Frank Wan, Burgess Chambers & Associates

PUBLIC COMMENTS

There were no public comments.

The Board recognized the newly City appointed Trustee, Bob Burge. Mr. Burge excused himself from the meeting after the discovery that he also sat on another City Board and it became a question of whether sitting on both Boards was a violation of the State Constitution. He advised that he would research the matter with the City Attorney.

MINUTES

The Trustees reviewed the minutes of the meetings held March 15, 2012 and April 16, 2012. John Schramm made a motion to approve the minutes of the meetings held March 15, 2012 and April 16, 2012. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

BENEFIT APPROVALS

There were no final benefit approvals presented for consideration. It was noted that there were three applications for disability benefits pending before the Board of the R&B Retirement Plan and a discussion arose regarding benefits payable from the Police Officer's Supplemental Pension Plan. Bonni Jensen agreed to research potential benefits payable to the three police officers and report back to the Board.

INVESTMENT CONSULTANT REPORT

Frank Wan appeared before the Board on behalf of Burgess Chambers and Associates to provide a report on the performance of the investment portfolio for the quarter ending March 31, 2012. He reported that for the quarter, the investment return of the portfolio

was 8.1% versus 7.7% for the index, and for the fiscal year-to-date the investment return was 14.3% versus 14.8% for the index.

Mr. Wan reviewed the performance of the individual investment products noting all was satisfactory. He reported that the replacement of the Homestead International Equity Fund by the Euro Pacific Growth R6 Fund and the WHV International Equity Net Fund authorized at the last meeting had been completed.

Mr. Wan reviewed the asset allocation, noting that the portfolio rebalancing authorized at the last meeting had been completed.

A lengthy discussion arose regarding the actuarial assumption rate for investment returns, which is required by the State to be determined annually. Mr. Wan advised that the current assumption of a 7.5% assumption rate was appropriate and attainable over the long-term. John Schramm made a motion to determine that the total expected annual rate of investment return for the Plan for the next year, next several years, and long-term thereafter, shall be 7.5%, net of investment related expenses. This determination is made in accordance with Section 112.661(9) Florida Statutes. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

ATTORNEY REPORT

Bonni Jensen reported that the State legislation session had closed and discussed the impact of approved new legislation upon governmental pension plans. She advised that date of birth information was added to the list of information to be redacted before disclosure to outside parties. Ms. Jensen also advised that new legislation also voided the designation of a spouse as beneficiary or joint annuitant after divorce under the Statutes. She advised that additional information and a recommended course of action would be forthcoming.

Ms. Jensen reminded the Trustees to file their annual Statement of Financial Interests and reviewed the new rules for disclosure.

Ms. Jensen provided and reviewed a draft revised Summary Plan Description and corrections were noted. John Schramm made a motion to approve the revised Summary Plan Description as amended. Gloria Johnson seconded the motion, approved by the Trustees 4-0. A discussion arose regarding the dissemination of the final document and the Board agreed that it would be distributed via e-mail.

ADMINISTRATIVE REPORT

Nick Schiess requested the Board's favorable consideration for an increase in administration fees from \$500 monthly to \$600 monthly effective June 1, 2012 along with a 3.5% annual cost-of-living adjustment. The Trustees expressed an objection to annual cost-of-living adjustments in general and Gloria Johnson made a motion to approve an increase in administration fees from \$500 monthly to \$600 monthly effective June 1, 2012. John Schramm seconded the motion, approved by the Trustees 4-0.

A discussion arose regarding the disposition of the costs associated with the administration of DROP accounts. It was noted that the original intent was for the administrative costs to be borne entirely by the membership. It was further noted that with so few DROP participants, their prorated share of the administrative costs were very high and more than originally anticipated and such was not sufficiently communicated to the DROP participants upon DROP entry. The Trustees discussed partial payment of the costs by the Plan noting such was justified given that the implementation of the DROP account was the benefit improvement required by the State so employee contributions could be increased resulting in the increased financial health of the Plan. After a lengthy discussion of gradually shifting the costs back to the membership, Daniel Flaherty made a motion to pass though to DROP participants administrative costs of \$10 monthly starting October 1, 2012 and increasing to \$20 month starting October 1, 2013. Gloria Johnson seconded the motion, approved by the Trustees 4-0. The Plan Administrator was directed to provide notification of the costs to the existing DROP participants.

OTHER BUSINESS

There being no further business and the next meeting scheduled for September 20, 2012, the meeting adjourned at 12:15 P.M.

Respectfully submitted,

Secretary