

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
SEPTEMBER 20, 2012**

A quarterly meeting of the Board of Trustees was called to order on September 20, 2012 at 10:30 A.M. in the 2nd Floor Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

Brian Humm
John Schramm
Gloria Johnson
Daniel Flaherty

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Nick Schiess, Pension Resource Center
Christine Luna, City of Ft. Pierce
Burgess Chambers & Karla Engard, Burgess Chambers & Associates
Henry Kantorski, Applicant for Refund of Contributions
Sally Hurley, Applicant for Disability Benefits
Alecia Rock, Applicant for Disability Benefits

PUBLIC COMMENTS

Bonni Jensen was questioned regarding the implementation of the restrictions on overtime and accrued leave time that can be considered pensionable and used in the determination of benefits when there are multiple collective bargaining groups. She explained that while the implementation of the restriction is supposed to occur upon the adoption of the next Collective Bargaining Agreement, the State has not offered guidance on the implementation when there are several collective bargaining groups within the Plan. Ms. Jensen discussed alternatives for implementation and ultimately recommended the implementation for both groups of members within the Plan simultaneously to avoid discrimination.

A discussion arose regarding Brian Humm's term of office as Trustee given his retirement effective March 2, 2013. An election was scheduled to find a replacement effective March 1, 2013 for the remainder of Mr. Humm's term of office.

MINUTES

The Trustees reviewed the minutes of the meetings held June 21, 2012. John Schramm made a motion to approve the minutes of the meetings held June 21, 2012. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

FINANCIAL REPORT

Christine Luna presented the financial report. The market value of the Plan's assets as of June 30, 2012 was the amount of \$10,116,769.06. For the fiscal year-to-date, the income was \$1,703,547.99 and expenses, including benefit payments, were the amount of \$315,027.67.

BENEFIT APPROVALS

Bonni Jensen discussed the integration of disability benefits between the Plan and the Employee Retirement Plan for Henry Kantorski, Sally Hurley and Alecia Rock. Mr. Kantorski appeared before the Board to confirm his request for a refund of contributions in lieu of any benefits from the Plan. Ms. Jensen provided and reviewed a Waiver of Rights and Benefits in conjunction with Mr. Kantorski's refund. John Schramm made a motion to issue a refund to Henry Kantorski contingent upon his submission of the Waiver of Rights and Benefits. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. A lengthy discussion arose regarding the consideration of the same medical records used by the Board of the Employee Retirement Plan for the determination of disability for Sally Hurley and Alecia Rock. John Schramm made a motion to accept and qualify all medical records used by the Board of the Employee Retirement Plan for the determination of disability for Sally Hurley and Alecia Rock. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. The Board scheduled a special meeting for the consideration of the Applications for Disability Benefits for Sally Hurley and Alecia Rock on September 28, 2012. A discussion arose regarding procedures for disability applicants and John Schramm made a motion to authorize Bonni Jensen to meet with the city to collaborate on the process for disability applications. Gloria Johnson seconded the motion, approved by the Trustees 4-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers and Karla Engard 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 June 30, 2012. He reported that for the quarter, the investment return of the portfolio was -2.9% versus -1.6% for the index, and for the fiscal year-to-date, the investment return was 11.0% versus 12.9% for the blended index.

Mr. Chambers reviewed the performance of the individual investment products, noting all was satisfactory. He then reviewed the asset allocation and recommended the reduction of the REIT allocation and the equity allocation down to 60%. After a thorough discussion, Gloria Johnson made a motion to rebalance the investment portfolio as recommended by the Investment Consultant. John Schramm seconded the motion, approved by the Trustees 4-0.

Mr. Chambers reviewed the compliance checklist and then discussed the lower than desired rankings of the performance of the C.S. McKee large cap equity portfolio. He explained that performance was being benchmarked against a benchmark with much lower capitalization and even mid cap exposure. Mr. Chambers discussed the inherent issues with benchmarks and while every benchmark is problematic, the one used for this product was the most popular and relevant. He acknowledged that the manager was an excellent manager and anticipated an improvement in relative performance. The Board requested a report from C.S. McKee at the next meeting.

Mr. Chambers discussed several alternative investment products, noting that they would reduce risk through increased diversification and should improve the return of the overall portfolio. He thoroughly discussed master limited partnerships of energy infrastructure investments. Mr. Chambers reviewed the performance history and risk measurements of available investment vehicles and ultimately recommended a 5% allocation of the portfolio be invested in the Alerian MLP Index. Mr. Chambers then discussed high yield bonds, which were considered less than investment grade bonds but did have higher returns than investment grade bonds even on a risk adjusted basis. He reviewed the performance history and risk measurements of available investment vehicles and ultimately recommended a 5% allocation of the portfolio be invested in a hedge fund index fund. A discussion arose regarding both investment alternatives, and it was noted that an Ordinance Amendment would be required along with the revision of the investment Policy Statement before the investments would be permitted. The Board anticipated resistance from City Commission on the approval of high-yield bonds given their negative publicity. Mr. Chambers recommended then just investing in the master limited partnerships of energy infrastructure investments.

ATTORNEY REPORT

Bonni Jensen inquired whether the revised Summary Plan Description had been distributed to the membership and Brian Humm confirmed distribution.

Mr. Jensen reported that newly appointed Trustee Bob Burge had requested her legal opinion on whether holding an office on the Pension Board and another Board was considered dual office holding. Ms. Jensen advised that she had already expressed her general belief that sitting on two Boards could be considered dual office holding and therefore against the State Constitution.

ADMINISTRATIVE REPORT

As a follow up to the last meeting, Nick Schiess reported that notification had been sent to the existing DROP participants informing them of their share of the administrative costs of the DROP. He also reported that the forms for entry into the DROP were revised to disclose the administrative costs to be borne by DROP participants.

OTHER BUSINESS

There being no further business and the next meeting scheduled for December 10, 2012, the meeting adjourned at 12:35 P.M.

Respectfully submitted,
