

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
APRIL 29, 2013

A quarterly meeting of the Board of Trustees was called to order on April 29, 2013 at 10:00 A.M. in the 1st Floor Engineering Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

Frank Amandro
John Schramm
Carlos Villanueva
Daniel Flaherty

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Nick Schiess, Pension Resource Center
Christine Luna, City of Ft. Pierce
Burgess Chambers, Burgess Chambers & Associates
Peter Strong, Gabriel, Roeder, Smith & Co.

PUBLIC COMMENTS

There were no public comments.

TRUSTE ELECTIONS

Nick Schiess reported that Trustee Brian Humm was retiring and an election was conducted for his replacement. He reported that the nomination process yielded only one nominee, Deputy Chief Frank Amandro, who was therefore elected for the remainder of Mr. Humm's term of office ending December 31, 2016. Daniel Flaherty made a motion to certify the election results and seat Frank Amandro as Trustee. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

The Board noted that Mr. Humm was the former Chairperson and therefore a replacement must be appointed. Daniel Flaherty made a motion to appoint John Schramm as Chairperson. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

MINUTES

The Trustees reviewed the minutes of the meeting held December 10, 2012. Daniel Flaherty made a motion to approve the minutes of the meeting held December 10, 2012. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

ACTUARY REPORT

Peter Strong appeared before the Board on behalf of Gabriel, Roeder, Smith & Co. to present the 2012 Actuarial Valuation. He reported that State contributions for the 2012 fiscal year were \$241K, which was equal to the amount received the prior year. He reported that the Plan experience was more favorable than anticipated with lower than expected salary increases. And while the investment return for the year was exceptional,

the smoothed return over the last four years was lower than the assumed rate of return. The overall Plan experience was unfavorable resulting in a transfer in the amount of \$53,856 from the reserve account and ending reserve account balance of \$76,900. Mr. Strong reviewed the funding of the Plan noting a steadily decreasing reserve account. He noted that the increase in employee contribution rate did help fund the Plan more soundly but he did warn that the funding must improve once the reserve account becomes depleted. Frank Amandro made a motion to accept the 2012 Actuarial Valuation. Dan Flaherty seconded the motion, approved by the Trustees 4-0.

Mr. Strong discussed and recommended revising the mortality table from the 1983 GAM Mortality Table to the PRG 2000 Mortality table within the next few years. He advised that this would increase funding requirements approximately 1-2% of payroll if done at one time but it could be phased in over a period of ten years at the longest.

A lengthy discussion arose regarding the actuarial assumption rate for investment returns, which is required by the State to be determined annually. Burgess Chambers advised that the current 7.5% assumption rate was appropriate and attainable over the long-term. Mr. Strong agreed that the rate was reasonable. Frank Amandro 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. Dan Flaherty seconded the motion, approved by the Trustees 4-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers 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 December 31, 2012. He reported that for the quarter, the investment return of the portfolio was 1.4% versus 2.0% for the index, and for the calendar year, the investment return was 10.8% versus 12.5% for the blended index.

Mr. Chambers reviewed in detail the performance of the individual investment products, noting that most were satisfactory. He discussed the underperformance of the CS McKee large cap portfolio, noting that nearly all managers in this asset class with a higher quality bias had underperformed the index. Mr. Chambers then discussed indexing a portion of this allocation and ultimately recommended liquidating one half of the large cap portfolio and purchasing an equivalent amount of the S&P 500 SPDR. Frank Amandro made a motion to liquidate one half of the CS McKee large cap portfolio and purchase an equivalent amount of the S&P 500 SPDR.

Mr. Chambers was questioned whether any measures could be implemented to protect capital and he recommended further diversification of the portfolio by adding a private real estate fund because such funds were historically negatively correlated with the equity market. The Board, by consensus, directed Bonni Jensen to draft an Ordinance Amendment permitting the addition of private real estate to the investment portfolio.

FINANCIAL REPORT

Christine Luna presented the financial report. For the fiscal year-to-date, income was \$839,073 and expenses, including benefit payments, were the amount of \$350,649. The market value of the Plan's assets as of March 31, 2013 was \$11,088,971.

BENEFIT APPROVALS

The Board considered the approval of retirement benefits for Sally Hurley and Brian Humm. Carlos Villanueva made a motion to approve the lump sum retirement benefit payable to Brian Humm as calculated by the Plan's Actuary. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. Daniel Flaherty made a motion to approve the retirement benefits to Alecia Rock as calculated by the Plan's Actuary. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

ATTORNEY REPORT

Bonni Jensen provided and reviewed a final draft of the revised Summary Plan Description including the revisions requested by the Trustees at the last meeting. Frank Amandro made a motion to approve the revised Summary Plan. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. John Schramm agreed to distribute the document electronically to all active members.

As a legislative update, Ms. Jensen discussed the proposed provisions of Senate Bill 458/HB 1399, noting that it was unlikely to be passed before the legislature adjourned.

ADMINISTRATIVE REPORT

Nick Schiess provided for execution a revised Addendum to the Administration Agreement with the terms approved by the Board at the last meeting. Frank Amandro made a motion to execute the Addendum. Dan Flaherty seconded the motion, approved by the Trustees 4-0.

Mr. Schiess discussed the procurement of an honorary plaque for former Trustee Brian Humm with a budget under \$100 and the Board agreed.

Mr. Schiess presented an invoice in the amount of \$115 for computer programming services for the new DROP accounting services performed by the administrator, noting that such expenses were usually a pass through to the Plan. Dan Flaherty made a motion to authorize the payment of the invoice in the amount of \$115 for computer programming services. Frank Amandro seconded the motion, approved by the Trustees 4-0.

OTHER BUSINESS

There being no further business and the next meeting being scheduled for September 19, 2013, the meeting adjourned at 12:05 P.M.

Respectfully submitted,
