

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
SEPTEMBER 19, 2013**

A quarterly meeting of the Board of Trustees was called to order on September 19, 2013 at 9:30 A.M. in the 1st Floor Engineering Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

John Schramm
Carlos Villanueva
Dan Flaherty

OTHERS PRESENT

Bonni Jensen, Law Office of Perry & Jensen
Nick Schiess, Pension Resource Center
Kim Calhoun and Todd Williams, Westwood Holdings Group
Christine Luna, City of Ft. Pierce
Burgess Chambers, Burgess Chambers & Associates
James Aikens, DROP Participant

PUBLIC COMMENTS

DROP Participant James Aikens appeared before the Board and was informed that his participation in the DROP must end on October 31, 2013 pursuant to City Ordinance. He was then informed that the Ordinance also required that his DROP participation in the Retirement and Benefit Plan end simultaneously. Mr. Aikens requested that he be permitted to remain employed and forgo DROP participation in the Police Pension Plan. It was determined that the Board had no legal basis to override the Ordinance and Mr. Aikens' verbal request was therefore denied. Bonni Jensen discussed the claims procedure and appeal process. Mr. Aikens advised that he intended to file an appeal and Dan Flaherty made a motion to commence the appeal process once a formal appeal was received in writing from Mr. Aikens. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

MINUTES

The Trustees reviewed the minutes of the meeting held on April 29, 2013 and workshop held on June 20, 2013. Daniel Flaherty made a motion to approve the minutes of the meeting on April 29, 2013 and workshop held on June 20, 2013. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

INVESTMENT MANAGER PRESENTATION: WESTWOOD HOLDINGS GROUP

Burgess Chambers discussed master limited partnerships as a potential new investment allocation. He discussed the recent technological developments that have dramatically improved the recovery of domestic oil and natural gas. Mr. Chambers explained that this increased recovery has resulted in an investment opportunity for holdings of those firms who provide the shipping infrastructure from the production fields to the refineries. And these holdings receive transportation revenues that have tax advantages granted under federal energy policy.

Kim Calhoun and Todd Williams appeared before the Board on behalf of Westwood Holdings Group to provide a proposal for the firm's master limited partnership collective trust product, noting the product was daily valued with daily liquidity. Ms. Calhoun discussed her firm's qualifications and experience. Mr. Williams reviewed the investment strategy and the energy infrastructure market in great detail. He then reviewed historical performance, noting exceptional growth in the market value of the equities along with predictable revenues and generally less risk than the traditional equity markets. Ms. Calhoun advised that any unrelated business income taxes, other taxes or required tax filings would be handled on the fund level by the firm thus alleviating any responsibilities in this regard for the Plan.

Mr. Chambers reviewed the presentation by the Westwood Holdings Group and recommended an initial allocation of \$500K to the product. After a lengthy and careful discussion, Dan Flaherty made a motion to invest in the master limited partnership collective trust product managed by Westwood Holdings Group and authorize Bonni Jensen to negotiate an acceptable agreement. Carlos Villanueva seconded the motion, approved by the Trustees 3-0. Mr. Chambers advised that the Investment Policy Statement would require revision before proceeding, which he agreed to provide at the next meeting for the Board's consideration. Bonni Jensen advised that the Ordinance also required revision before proceeding, which would be addressed later during this meeting.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending June 30, 2013. He reported that for the quarter, the investment return of the portfolio was -0.1% versus 0.1% for the index, and for the fiscal year-to-date the investment return was 6.4% versus 8.2% for the blended index.

Mr. Chambers reviewed in detail the performance of the individual investment products, noting all was satisfactory.

ATTORNEY REPORT

Bonni Jensen provided and reviewed two alternative versions of a proposed Ordinance Amendment easing the investment restrictions of the Plan and recommended proceeding with the version with the broadest language. Carlos Villanueva made a motion to approve and submit to the City for consideration the proposed Ordinance Amendment with the broadest language to revise the investment restrictions of the Plan. Dan Flaherty seconded the motion, approved by the Trustees 3-0. Ms. Jensen advised that she had just learned that the Retirement and Benefit Plan had implemented the new State required restrictions on the amount of overtime and accrued leave time that is considered pensionable and that the IUPA Collective Bargaining Agreement had also been recently ratified. And because the limitation must be added coincident with the ratification of the Collective Bargaining Agreement, she advised that the Plan must also enact these restrictions. She requested the Board's permission to include language for these restrictions in the proposed Ordinance and the Trustees agreed.

Ms. Jensen advised that the coverage period of the Tax Determination Letter from the Internal Revenue Service was extended to January 1, 2016. She recommended re-filing for another Letter and agreed to bring back additional information nearer to the filing deadline.

FINANCIAL REPORT

Christine Luna presented the financial report. For the fiscal year-to-date, income was \$1,401,669.63 and expenses, including benefit payments, were the amount of \$985,387.23. The market value of the Plan's assets as of August 31, 2013 was \$11,155,422.27, which included this year's State distribution in the amount of \$249,147.65.

BENEFIT APPROVALS

The Board considered the approval of retirement benefits for James Aikens, Paul Pearson, James Tedder and Thomas Smith, which were recalculated after the discovery that there was an error in the computation of their highest years of compensation. Carlos Villanueva made a motion to approve the recalculated benefits as presented. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

ADMINISTRATIVE REPORT

Nick Schiess reminded the Board that the administrative fee for DROP Participants was pre-scheduled to increase from \$10 a month to \$20 a month effective October 1, 2013.

OTHER BUSINESS

There being no further business and the next meeting being scheduled for September 19, 2013, the meeting adjourned at 11:40 P.M.

Respectfully submitted,
