

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
MARCH 21, 2014**

A quarterly meeting of the Board of Trustees was called to order on March 21, 2014 at 11:06 A.M. in the 2nd Floor Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

John Schramm
Carlos Villanueva
Daniel Flaherty
Frank Amandro

OTHERS PRESENT

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

PUBLIC COMMENTS

There was no public comment.

APPOINTMENT FIFTH TRUSTEE

Carlos Villanueva made a motion to re-appoint Daniel Flaherty as the Fifth Trustee. Frank Amandro seconded the motion, approved by the Trustees 3-0.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the three meetings held on December 19, 2013. Daniel Flaherty made a motion to approve the minutes of the three meetings held on December 19, 2013. 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 2013 Actuarial Valuation. Mr. Strong reported that the funded ratio of the Plan increased from 98.0% to 98.4%. He reported that the covered payroll increased by 10% without a corresponding increase in premium tax revenues, which resulted in negative experience for the Plan. Mr. Strong anticipated that unless premium tax revenues increased in the 2014 fiscal year, the entire balance of the excess reserve account would be depleted and there would still be a shortage in required contributions. He advised that the Board must again consider remedies for the expected annual shortage of contributions by either lowering liabilities or increasing contributions to the Plan. Mr. Strong was advised by the Trustees that significant turnover had occurred and he confirmed that any decrease in covered payroll would decrease funding pressure. Mr. Strong concluded his report with a review of the contribution history. Frank Amandro

made a motion to approve the 2013 Actuarial Valuation. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

Mr. Strong suggested as a possible remedy to the funding situation to consider the implementation of the same restrictions on pensionable compensation imposed by SB1128 on non-supplemental pension plans, specifically limiting the amount of overtime and accrued leave payout that is considered pensionable compensation. He also suggested the consideration of updating the mortality table. Frank Amandro made a motion to authorize the preparation of a cost study for the implementation of a cap on accrued leave time and overtime as pensionable compensation to be reviewed at the next meeting. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

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. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

Mr. Strong provided a proposal for the preparation of two new required reporting disclosures, GASB 67 and 68. A question arose whether the disclosures were in fact required because the City was not financially responsible for the Plan. The Board decided to inquire with the City whether the additional disclosures would be required for its reporting and deferred the matter until the next meeting.

INVESTMENT MANAGER REPORT

Eric Fencil and Shawna Aufman joined the meeting via teleconference on behalf of CS McKee Investment Managers. Mr. Fencil discussed market factors, economic factors and other factors contributing to the underperformance of the small cap domestic equity portfolio. He reviewed the strategy and discussed the intricacies of the index used to benchmark performance. Mr. Fencil remained convicted to the investment strategy and advised that the portfolio was properly positioned for improved relative performance.

INVESTMENT CONSULTANT REPORT

Burgess Chambers provided a report on the performance of the investment portfolio for the quarter ending December 31, 2013. He reported that for the quarter, the investment return of the portfolio was 4.3% and for the calendar year the investment return was 8.9%.

Mr. Chambers reviewed in detail the performance of the individual investment products in great detail. He discussed the underperformance of the small cap domestic equity portfolio, noting that he had already initiated a manager search that will be ready for presentation at the next meeting.

Mr. Chambers confirmed that the proposed Ordinance Amendment revising the investment restrictions had been adopted by the City. The revised Investment Policy Statement adopted at the last meeting but contingent upon the passage of the Ordinance was then executed by the Board. Ms. Jensen presented an Investment Management Agreement that had been successfully negotiated with Westwood Holdings Group for execution. Frank Amandro made a motion to execute the Investment Management Agreement. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

Mr. Chambers reviewed and recommended a proposed six percent allocation to a high yield bond allocation utilizing an exchange traded fund, noting this was now permissible under the Ordinance and revised Investment Policy Statement. Daniel Flaherty made a motion to fund the proposed high yield bond allocation with an exchange traded fund to be selected by the Investment Consultant after the thirty one day waiting period after the filing of the revised Investment Policy Statement with the City. Frank Amandro seconded the motion, approved by the Trustees 4-0.

FINANCIAL REPORT

Christine Luna provided the financial report for the quarter ending December 31, 2013.

BENEFIT APPROVALS

The Board considered the approval of revised retirement benefits for Cheryl Glenn Reed and retirement benefits for Robert Curry. Carlos Villanueva made a motion to approve the revised retirement benefits for Cheryl Glenn Reed. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. Carlos Villanueva made a motion to approve the retirement benefits for Robert Curry. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

ATTORNEY REPORT

Bonni Jensen provided for execution an Order for the disability retirement benefits of Dennis McWilliams.

Ms. Jensen announced that the IRS reimbursement rate for mileage had decreased to 56 cents per mile.

Ms. Jensen provided a final draft of the revised Summary Plan Description for consideration. Carlos Villanueva made a motion to approve the revised Summary Plan Description. Daniel Flaherty seconded the motion, approved by the Trustees 4-0. John Schramm agreed to disseminate the revised Summary Plan Description to the active members of the Plan.

Ms. Jensen provided the Board with a draft Application for DROP Benefits prepared in collaboration with the Plan Administrator, which was approved by the Board.

Ms. Jensen provided an update on pending legislation that might affect public pension plans.

ADMINISTRATIVE REPORT

Nick Schiess advised that there were no additional administrative issues to report.

OTHER BUSINESS

There being no further business and the next meeting being scheduled for May 15, 2014, the meeting adjourned at 1:32 P.M.

Respectfully submitted,
