

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND**  
**MINUTES OF MEETING HELD**  
**JUNE 16, 2016**

A quarterly meeting of the Board of Trustees was called to order on June 16, 2016 at 9:36 A.M in the 1st Floor Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

**TRUSTEES PRESENT**

John Schramm  
Daniel Flaherty  
Frank Amandro (9:45 am arrival)  
Carlos Villanueva  
Melissa Harned

**OTHERS PRESENT**

Bonni Jensen, Klausner Kaufman Jensen & Levinson  
Brittany Park, Pension Resource Center  
Mitchell Brennan Burgess Chambers & Associates  
Christine Luna, City of Fort Pierce  
Rodney Nieves, City of Fort Pierce (Departed: 9:47AM)

**PUBLIC COMMENTS**

Rodney Nieves appeared before the Board regarding the 185 benefits and inquired on how many members are actually receiving benefits. Mitchell Brennan confirmed that there is currently \$11M in the fund as of the last quarter and his goal is to see if it is possible for COLAS to be taken from the 185 plan to include an increase in contributions.

Ms. Jensen explained this fund is solely funded by members and switching would require a change in this plan to a different type of benefit which is difficult to do because of the current obligations.

**TRUSTEE APPOINTMENT**

The Trustees welcomed new City Appointed Trustee; Melissa Harned.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held on March 17, 2016. Daniel Flaherty made a motion to approve the minutes of the meeting held on March 17, 2016. Frank Amandro seconded the motion, approved by the Trustees 5-0.

**INVESTMENT CONSULTANT REPORT**

Mitchell Brennan provided a report on the performance of the investment portfolio for the period ending March 31, 2016. He explained that it was a positive quarter and sectors were volatile due to low interest rates. The 10 year treasury is 1.55% and the 2 year treasury is .66%, which are high numbers.

For the quarter the fund earned \$170,000; 1.6% ahead of the strategic model. Interest rates were down which helped the majority of the market which is considered interest rate sensitive. For the fiscal year, the fund earned \$388K and the top 3 categories in the portfolio; were Reits, Private Real Estate, and large cap stocks, possessing a very high interest rate.

Mr. Brennan reported that C.S. McKee has significantly underperformed their index over the last several quarters and they have struggled again this quarter. Mr. Brennan advised that Burgess Chambers recommends moving money out of that fund into the passive option and then reevaluating in the future whether they want to add an active manager to take some risk off the table. This would be done by moving C.S. McKee's large cap core product into the SNP 500 and possibly adding a manager in large cap growth and large cap value to compliment the core piece.

Ms. Jensen advised the Board that they will need to make a motion to approve the recommendation to move from C.S. McKee to the index fund SNP 500 large cap.

Mr. Schramm asked Mr. Brennan about Reits and he advised that interest rates are still coming down and wouldn't recommend putting them there as they are more volatile than equities in particular. He noted that one place to consider is Private Real Estate, but are currently overweight in that sector and because interest rates are so low bonds are so expensive right now. Mr. Brennan advised that this move will bring more exposure to the index. He confirmed that it's a better place right now as C.S. McKee has struggled with not holding the right stocks and then when they do, they are not selling them when it's time to get out. It's best to have a small piece in large cap growth and in large cap value. For the quarter; C.S. McKee was down 1.1% and core SNP 500 was up 1.4%. the purpose of this move is to liquidate and move into the ETF.

Frank Amandro made a motion to approve the recommendation made by Mr. Chambers to liquidate C.S. Dan Flaherty opposed the motion as he feels it too risky. Ms. Jensen advised that one of the things the Board will be doing by making the move is that they will be meeting the index. The Trustees continued discussion on the recommendation and came to an agreement. Dan Flaherty changed his opposed vote and Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

Mr. Brennan stated that they are currently underweight in MLPS which have struggled since 2014 however up 20% YTD. C.S. McKee performed very well in fixed income. WHV also struggled but that was liquidated as of April 14, 2016 due to the underperformance. Private Real Estate was added a year ago which came from fixed income which was up 1% for year. High yield had a good quarter, however what brought them down throughout the year was their sectors and exposure to energy and with oil prices coming down.

The standard deviation; reduced volatility from 5yr was 8% and 3yr was 5.3% which was a reduction. Mr. Brennan reminded the Board that is how volatility of portfolio is measured.

For the last 11 years they have beat the actuarial assumption seven times.

Ms. Jensen explained how page 15 in the report is beneficial, as it serves as a great visual for communicating with the public and the members about how much the investments make a difference. Ms. Jensen stated that she considers this fund a "COLA".

## **FINANCIAL REPORT**

The Board reviewed the financial report for the quarter ending March 31, 2016.

## **BENEFIT APPROVALS**

There are new DROP participants; Katherine England and David Jones.

Robert Curry completed the DROP on January 2, 2016 and Jeffrey Lashorne completed the DROP on April 26, 2016 and awaiting their final DROP payouts.

### **ATTORNEY REPORT**

Ms. Jensen discussed how at the front desk upon arrival she was asked for her identification and that was an uncomfortable practice as these are public meetings. She suggested possibly meeting elsewhere for future meetings.

Ms. Jensen did not have any additional business to report.

### **OTHER BUSINESS**

Ms. Park advised that Trustee Frank Amandro's term expires on December 31, 2016. An election will need to be held for the position of Trustee for a January 1, 2017- December 31, 2021 term of office.

### **ADMINISTRATIVE REPORT**

Brittany Park advised that the last quarter DROP statements are running late on processing. She additionally reminded the Trustees of the upcoming FPPTA conference in Orlando.

Ms. Jensen reminded the Board of their form 1 annual disclosures due on July 1<sup>st</sup>.

There being no further business and the next meeting being scheduled for September 15, 2016, the meeting adjourned at 10:40 A.M.

Respectfully submitted,

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