

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
SEPTEMBER 15, 2016**

A quarterly meeting of the Board of Trustees was called to order on September 15, 2016 at 9:40 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

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson
Brittany Park, Pension Resource Center
Burgess Chambers, Burgess Chambers & Associates
Christine Paz, City of Fort Pierce

PUBLIC COMMENTS

Mr. Schramm announced Melissa Harned's vacant appointment. A letter will be sent to the City to fill the vacancy.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held on June 16, 2016.

Frank Amandro made a motion to approve the minutes of the meeting held on March 17, 2016. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Burgess Chambers reported that results have improved. He stated that the implementation of private real estate during the 5 year in vs 3 year resulted in volatility in the last 3 years and is 35% less than it was over the 5 year period. He advised that CS McKee is still struggling and that the allocation last quarter was a good idea and the cost has reduced as a result of this.

Mr. Chambers discussed the standard deviation and noted that the five year variability of returns was 8.08%. The three year number was 5.35% which is a 35% reduction in variability of returns which is very good as the goal is to beat the actuarial assumption with higher probability and less risk.

Mr. Chambers explained that diversification has not benefited pension plans. This results in a lack of alpha and the upcoming years cannot be predicted. The top performers for the quarter were MLPs and the commodity index was up 13% and Reits were up by 7%. Mr. Chambers additionally described what fracking is in comparison to what happens in the plans and environment. He stated that International has been dragging over the few quarters and the currencies are falling in value.

Mr. Chambers reported that the peer rankings have improved. The plan ranked in the top 10% for the quarter and the fund earned \$300k for the quarter. The MLPs, Reits and high yields all did well. When Reits and high yields do well that means the market doesn't believe that the fed will

raise rates. He advised that people don't chase after yield if they think rates are going up. Additionally American funds performed well in the top 20% and bonds earned only 4%.

The actuarial assumption is 7.25% and was at 7.21% for the quarter. Mr. Chambers reported they still remain in a slow recovery. If rates stay low Reits and the MLP will do well. If there is a big tax cut the stock market will take off with plenty of equity exposure. The fund is slightly underweight to the large cap core as well as the mid cap due to being less influenced by the strong dollar. He discussed allocation and noted that the MLPs remain underweight. International is underweight and has been for a while and the Reit is overweight and that will remain.

FINANCIAL REPORT

The Board reviewed the financial report for the quarter ending June 30, 2016.

BENEFIT APPROVALS

David Jones entered the DROP on June 26, 2016.

Ms. Paz advised that the state money was received on September 1, 2016. Mr. Chambers advised the Board to take action with that money as far as allocation. He suggested putting the state money into bonds and direct the administrator to move the money.

Frank Amandro made a motion to move \$300k in cash to bonds; CS McKee. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

Frank Amandro made a motion to approve the DROP entry for David Jones. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

ATTORNEY REPORT

Ms. Jensen presented the draft summary plan description with no changes in the plan, just changes to the names of the administrators.

Frank Amandro made a motion to approve the summary plan description. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

Mr. Schramm had some additional questions on duty disability. The state requires that they have a minimum mandatory benefit. If somebody is disabled in the line of duty, the benefit is 42% of salary and it is 25% for outside of duty disability and that is the minimum. Ms. Jensen advised that nobody is entitled to their accrued benefit if they are in fact found to be disabled.

ADMINISTRATIVE REPORT

Ms. Park presented the Administrative Expense Budget which is a new requirement with the state and will need to be refiled with the City if necessary amendments need to be made. Mr. Amandro suggested putting contingency reserve in place of miscellaneous. Ms. Jensen advised that without the direction from the state that as long as the forecast number is not exceeded, that it doesn't need to be refiled so that specific section gives the Board cushion to move things around.

Frank Amandro made a motion to approve the Budget Forecast. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

OTHER BUSINESS

The notice for Frank Amandro's term expiration coming up in December will be forwarded to the City payroll to distribute to all employees with their paychecks. The Trustees additionally discussed the upcoming conference in Orlando for the FPPTA and the Division of Retirement.

Mr. Schramm brought up the pending process regarding adding an article into the union contract in reference to buying back time. He advised the Board that he sent Ms. Jensen the proposed language regarding buying back time. Ms. Jensen confirmed that under 175 and 185 it must be military or previous police or fire time. Ms. Jensen read Section 30.6: the city agrees to amend chapter 13 to allow members to retire at an early age. Ms. Jensen explained that a max benefit is much easier to administer as a percentage as opposed to having a dollar value. 175 and 185 does not allow members to purchase air time. Other plans are allowing people to buy a multiplier; an earlier retirement age as the IRS allows purchase for air time under limited circumstances. The closer a member is to retirement the more expensive it becomes.

There being no further business and the next meeting being scheduled for December 15, 2016, the meeting adjourned at 10:50 A.M.

Respectfully submitted,
