

KEY BISCAYNE POLICE OFFICERS & FIREFIGHTERS RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF JANUARY 25, 2007

1. Call to Order – Chairman Michael Haring called the meeting to order at 5:35 P.M.

Roll Call – Chairman Michael Haring, Secretary Servando M. Parapar, Jose Monteagudo, Cindy Mize and Dr. Robert L. Maggs.

OTHERS PRESENT: Blake Myton from Trusco Capital Management, Councilman Steven Liedman, Stephen H. Cypen, Esq., Attorney for the Fund and Joan L. Wall, Administrator.

2. Reading & Approval of Minutes for November 30th, 2006. Chairman Haring presented the minutes from the previous meeting for approval. Dr. Maggs moved to approve. Jose Monteagudo seconded the motion. The motion carried unanimously.

3. Approval of Invoices – Chairman Haring presented the invoice listed on the agenda for approval and payment. Dr. Maggs moved to approve. Jose Monteagudo seconded the motion. The motion carried unanimously, authorizing payment of the following:

Joan L. Wall, Admin., 11/27/06 through 1/19/07, 31 _ hrs @ 35.00
plus expenses of \$67.09 \$ 1,160.84

4. Approval of Refunds of Contributions. Joan Wall reported that the required paper work was returned by P/O Alvarez and P/O Rolle, but finance had not provided the final pension contributions after requests for the amounts dating back to 12/12/06. At the suggestion of Jose Monteagudo of a means of processing payment of these refunds before the March meeting, Servando Parapar moved to forward warrants for these refunds to Dispatch at the Police Department as soon as the information was received from finance, with trustees coming in to sign at their convenience. Jose Monteagudo seconded the motion. The motion carried unanimously. The refunds would be listed on the March agenda for ratification. Chairman Haring and Jose Monteagudo requested they be copied on all emails to finance requesting final pension contributions. There were two additional refunds that were ready for approval, but not listed on the agenda. Servando Parapar moved to add refunds to F/F Kevin Adams and F/F

Jose Hernandez to the agenda. Jose Monteagudo seconded the motion. The motion carried unanimously.

Servando Parapar moved to approve payment of the refunds. Dr. Maggs seconded the motion. The motion carried unanimously, authorizing payment of the following:

F/F Kevin Adams, Hire Date 8/2/04, Termination Date 9/1/06, contributions
\$10,926.86, Less 20% WH Tax of \$2,185.38, net refund of \$ 8,741.48

F/F Jose Hernandez, Hire Date 11/22/04, Termination Date 9/1/06,
Contributions \$9,400.99, Less 20% WH Tax of \$1,880.20,
Net refund of \$ 7,520.79

5. UNFINISHED BUSINESS – None

NEW BUSINESS

Servando Parapar moved to add **Blake Myton from Trusco** to the agenda. Jose Monteagudo seconded the motion. The motion carried unanimously. Mr. Myton reported the quarter ending 12/31/06 was a great quarter. 2006 had been a robust year for corporate earnings, with the Federal Reserve in pause mode, which may extend into the first half of 2007. Trusco was only anticipating single digit returns for 2007. The new team that was hired to manage the Small Cap Fund has not performed as expected. With 2006 being such a good year in the market, 80% of the managers did not beat their benchmarks. Active management pays off in down markets. The fund had returned 8.55% for the fiscal year ended 9/30/06, beating the 8 % earnings assumption rate. Mr. Myton responded in answer to questions from some of the trustees that Trusco has other alternative investments, but they have more risk. He would like to discuss these at length with the trustees at another meeting.

Councilman Steven Liedman was excused.

6.a) Review of Proposals from Independent Investment Consultants/Selection of Firms to make presentations at March meeting. The trustees had reviewed the proposals received at the January meeting from Bogdahn Consulting, Burgess Chambers & Associates, Thistle Consulting Group (formerly GRS) and Schott Group Investment Consulting at their leisure and today reviewed the brief proposal from Jeff Swanson of Southeastern Advisory and the Analysis of the five Investment Consulting Proposals. After a lengthy discussion, Schott was removed from the list based on their relationship with Wachovia as outlined in their proposal. Dr. Maggs moved to invite the other four to the March meeting to make presentations, with Southeastern Advisory to be first. Cindy Mize seconded the motion. The motion

carried unanimously. Attorney Cypen recommended advising each of the firms that one of the requirements if they were selected was fiduciary liability insurance coverage of 1 or 2 million with a deductible not to exceed \$50,000. The trustees requested that Merrill Lynch be asked not to attend the March meeting, just to forward their report for the quarter ended 12/31/06.

6. b) Pension Protection Act of 2006

- o 11/30/06 Memorandum from Cypen & Cypen
- o 1/11/07 Memorandum from Cypen & Cypen

Attorney Cypen reported review of an email from Human Resources regarding the current Village policies toward retiree health insurance indicated the payment of health insurance premiums directly from the custodian to the Village and providing a tax savings to retirees was not a viable option at this time.

7. Trustees' Concerns – None.

8. REPORTS

Attorney – None

Administrator – Over 175 copies of the Summary Plan Description were made, with copies provided to Charles Slavin, State Actuary, Village Clerk's Office, Human Resources, Fire Department and Police Department.

Renewal for the fiduciary liability insurance was completed and mailed on 12/15/06.

Work on the accounting, actuarial data and 2006 Annual Report continues.

Other – Obtaining current beneficiary forms for all active members continues.

9. Input from Active/Retired Members – None.

10. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting was scheduled for Thursday, March 22, 2007 at 5:30 P.M. There being no further business before the board, Servando Parapar moved to adjourn at 7:15 P.M. Dr. Maggs seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary