

**KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS'
RETIREMENT PLAN**

Village Council Chambers
560 Crandon Blvd, Key Biscayne, FL 33149
REGULAR MEETING OF JULY 28TH, 2011

1. Call to Order – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:43 P.M.

Roll Call

Present

Servando M. Parapar, Secretary
Michael Haring, Chairman
Jose L. Monteagudo
Sherry L. Reed

Absent

Steve Liedman

OTHERS PRESENT: Blake Myton from SunTrust Bank, Burgess Chambers from Burgess Chambers & Associates, Captain Jose Marti and Lt. Gary Carter from the Fire Department, Tania Longest from the Miami Herald, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

2. Additions/Deletions to Agenda – None

3. Approval of Minutes for May 26th, 2011. Chairman Haring presented the minutes from the previous meeting for approval. Servando Parapar moved to approve. Jose Monteagudo seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment. Sherry Reed moved to approve payment. Servando Parapar seconded the motion. The motion carried unanimously, authorizing payment of the following:

Gabriel Roeder Smith & Co., Invoice #115741 dated 7/6/11	\$ 390.00
Burgess Chambers & Associates, Inc., Inv #11-133 dated 5/9/11	
Investment Performance Monitoring and Advisory Fee	\$3,750.00
Burgess Chambers & Associates, Inc., Inv #11-191 dated 7/15/11	
First Qtr, 2011 Inv Perf Monitoring & Advisory Fee (SHARE Plan)	\$1,628.37
Burgess Chambers & Associates, Inc., Inv #11-192 dated 7/15/11	
First Qtr, 2011 Inv Perf Monitoring & Advisory Fee (DROP Plan)	<u>\$ 121.63</u>
TOTAL	\$5,500.00
Joan L. Wall, Admin., 5/19 - 7/12/11, 29 hrs, plus expenses	\$1,378.60

UNFINISHED BUSINESS

5. a) Review/Discussion of Agreement with Trusco/SunTrust (continued from 1/27/11, 3/24/11 and 5/26/11). Attorney Bieler reported that a new SunTrust contract was received shortly before the meeting and that she advised SunTrust that it would be appropriate to amend the current agreement to reflect the new investments. Blake Myton reported that he had asked legal counsel to please resolve any concerns with the Board's Attorney as soon as possible so that everything could be resolved by the September meeting.

5. b) Adoption of Expected Assumption Rate of Return on Investments for the current year, next year and the long term. *Required by the Division of Retirement* (continued from 3/24/11 and 5/26/11). Servando Parapar reported the matter was continued from the previous meeting in order to hear from the Village Manager regarding any Ad Valorem changes. There has been a modest increase in Ad Valorem valuations. Burgess Chambers stated the fund's recent earnings have been outstanding, especially considering prior market conditions. It was his feeling the State is looking for an earnings assumption rate of 8%. Chairman Haring reported that the Village Council would like to see a reduction in the assumption rate over time with a phased-in approach. He stated that lowering the assumption rate from the current 8 ½% to 8% would increase the cost to the Village by \$114,000. Jose Monteagudo moved to adopt an 8% assumption rate for the current year and to change the actuarial earnings assumption rate from 8 ½% to 8% effective with the October 1, 2011 Actuarial Valuation Report and to gradually lower the assumption rate in the future. Servando Parapar seconded the motion. After discussion the question was called and the motion carried unanimously. Attorney Bieler requested Steve Palmquist be advised of this decision.

NEW BUSINESS

6. a) Blake Myton from SunTrust – Investment/Market Report. Uncertainty in the political arena here and abroad appeared to be weighing heavily on the markets. SunTrust expects US economic growth to reaccelerate in the second half of the year as the effects of weather, catastrophes in Japan, and a spike in oil prices fade. Robust corporate profits have provided a strong foundation for equities while commodities are likely to remain volatile as they respond to macroeconomic drivers as well as supply and demand fundamentals, although we believe allocations to commodities and diversifying strategies in balanced portfolios can help to reduce risk and provide a hedge against rising inflation. SunTrust continues to favor stocks, domestic over international developed equities, over bonds as the low absolute level of interest rates warrants some caution with a shorter duration bias.

Mr. Myton requested coming back after Burgess Chambers' report to go over various facts regarding the change SunTrust was undertaking.

6. b) Burgess Chambers & Associates – Performance Report for the Quarter Ending June 30th, 2011. The Investment Summary stated the following:

- For the quarter, total Fund earned \$52K (+0.4% net), behind the model portfolio (+1.4%) with the difference due to the under-weight of TIPS and the under-performance of domestic and international equity, and fixed income.
- Fiscal year to date the total Fund earned \$1.8 million (+10.7%), finishing behind the model portfolio return (+12.3%). Best performing asset classes were: Ridgeworth emerging growth, Frontier mid-cap growth and the passive REIT.
- BCA expects the fiscal year return to be above the 10.7% posted for the first nine months.
- For the trailing one year period, the Fund earned \$2.6 million (+20.4% net).
- For the three and five year periods, the Fund outperformed the benchmark and both ranked in the top 10th percentile in a public fund universe.

Asset allocation as of 6/30/11 was large cap growth 18.22%, TIPS 1.32%, midcap 9.87%, fixed income 31.66%, REIT 5.13%, international 12.53%, small cap 4.78%, large cap value 13.84% and cash 2.65% for a total market value of \$16,304,414.

Mr. Myton from SunTrust explained that the recent SunTrust decision to move to open-architecture would allow the plan to use managers outside of SunTrust. Mr. Myton distributed an updated fee schedule for various options, explaining the Active Only Core Plus Allocation & Fee Comparison that reflected an estimated annual fee of \$81,959 based on current market value. This represented an estimated annual savings of \$792. After discussion, Servando Parapar moved to approve using the Active Only Core Plus Allocation & Fee Comparison chart, subject to Cypen & Cypen's office approving a new agreement with SunTrust. Jose Monteagudo seconded the motion. The motion carried unanimously.

6. c) Schools & Conferences

- FPPTA, 6th Annual Fishing Tournament, August 12 – 14th, 2011, Tarpon Lodge, Pine Island, FL
- FPPTA, Trustees' School, October 2 – 5th, 2011, Tampa Marriott Waterside

7. Trustees' Concerns – None.

8. REPORTS

- **Attorney** - Attorney Bieler reviewed with the trustees Senate Bill #1128 changes.
- **Administrator** – Status of 2010 Annual Report – Approved 6/15/2011
- **Other** - Included with agenda packages are the following:
 - April & May, 2011 Commission Recapture Reports
 - April & May, 2011 Securities Monitoring Reports
 - Spring Securities Law Bulletin

- 3/31/11 DROP & SHARE Plan Reports from Burgess Chambers

9. Input from Active/Retired Members - None

10. Next Meeting Date/Adjournment – Chairman Haring announced the next regular meeting was scheduled for Thursday, September 22nd, 2011 at 5:30 P.M. There being no further business before the board, Servando Parapar moved to adjourn at 6:58 P.M. Jose Monteagudo seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary