

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

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, Fl 33159  
REGULAR MEETING OF MARCH 24<sup>TH</sup>, 2016

**1. Call to Order** – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:40 P.M. **Roll Call** – Secretary Servando M. Parapar, Chairman Michael Haring, Jose L. Monteagudo, Martha F. Broucek and William Stephens (arrived at 5:45 P.M.)

**OTHERS PRESENT:** Blake Myton from SunTrust Bank, Burgess Chambers from Burgess Chambers & Associates, Inc., Stephen H. Cypen, Esq., Attorney for the Plan and Joan L. Wall, Administrator.

**2. The board's appointment of Servando Parapar as Fifth Trustee** at the January 28<sup>th</sup>, 2016 meeting was ratified by Village Council on February 9<sup>th</sup>, 2016.

**3. Additions/Deletions to Agenda.** At the time the agenda was posted the pension contributions made by resigning Police Officer Patrick Clements were not available. His contributions were \$2,124.84, less 20% WH Tax for a net refund of \$1,699.87.

**4. Approval of Minutes for January 28<sup>th</sup>, 2016.** Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Martha Broucek seconded the motion. The motion carried unanimously.

**5. Ratify Payment Made in the Interim.** Chairman Haring presented for ratification the payment made after the last meeting. Servando Parapar moved to ratify the payment for fiduciary insurance renewal in the amount of \$5,240, payable to Trustee and Fiduciary Insurance Services. Jose Monteagudo seconded the motion. The motion carried unanimously.

**6. Approval of Invoices, etc.** Chairman Haring presented the invoices and refund of pension contributions listed on the agenda for approval and payment. Jose Monteagudo moved to approve payment. Servando Parapar seconded the motion. The motion carried unanimously, authorizing payment of the following:

Holland & Knight, Invoice #3307550, dated 2/25/16		\$ 425.00
SunTrust Bank, Invoice #268159, dated 1/25/16	\$ 1,008.77	
SunTrust Bank, Invoice #268470, dated 2/1/16	<u>\$13,333.97</u>	
TOTAL		\$14,342.94

Burgess Chambers & Associates, Inv #16-70, dated 2/10/16	\$ 764.33	
Burgess Chambers & Associates, Inv #16-71, Dated 2/10/16	\$ <u>985.67</u>	
TOTAL		\$ 1,750.00
Joan L. Wall, Administrator, 1/21 – 3/16/16, 55 ¼ hrs, plus expenses		\$ 2,602.80
P/O Patrick Clements, Refund of Pension Contributions (if available)		
H/D 9/28/15, T/D 2/12/16 \$2,124.84 less 20% WH Tax \$424.97		
Net Check		\$ 1,699.87

**7. UNFINISHED BUSINESS – None.**

**NEW BUSINESS**

**8. a) Blake Myton from SunTrust – Market Report.** Mr. Myton reported that January and February were rough months for investments, while so far March has been much better. The Fed finally raised rates, but a down December tipped most stocks negative for 2015. While negative for December, US stocks outpaced the rest of the world with dividend paying stocks able to stay positive. Global growth worries continue to persist with the wobbly Eurozone remains problematic.

**8. b) Burgess Chambers & Associates**

- **12/31/15 Performance Report** – Mr. Chambers reviewed his report with those present, discussing in detail the perils associated with cheap oil. The investment summary for December 31<sup>st</sup>, 2015 reflected as follows:
  - Board US indices experienced positive returns in 2015, specific industries, notably energy and materials, struggled. International and emerging markets faced a more challenging environments in the presence of deflation and declining commodity values. In December, the Federal Reserve Open Market Committee increased the rate range for Federal Funds Rate by 0.25%, the first increase since 2006, and signaled room for more hikes in 2016.
  - For the quarter, the Fund earned \$887K or 3.3% (3.2% net), ahead of the model portfolio of 2.7%.
  - For the one-year period, the Fund experienced a market based loss of \$21K or -0.2% net, ahead of the model portfolio of -2.4%. The outperformance is attributable to the overall asset allocation and manager selection.
  - For the rolling three-year period the Fund earned \$6.1 million, averaging 8.6% net per year.
  - For the five-year period, the Fund averaged 7.3% net per year.
- **ICMA requested new adoption agreement for DROP & SHARE by April 30<sup>th</sup>, 2016 (required by IRS every seven years).** Attorney Cypen reported he had discussed the matter with Attorney Robert Friedman who felt signing new agreements now could negatively impact the pending IRS favorable determination letter. Jose Monteagudo moved to table the matter to the next

meeting. Martha Broucek seconded the motion. The motion carried unanimously.

**8. c) New Tower Trust Company** (Trustee of MEPT, presented by Bentall Kennedy)

- Review of Documents
- Authorize Signature of Documents
- Arrangements for Wire Transfer/Availability of Funds

Mr. Chambers stated there were a number of items to consider before signing the documents and making an April 1<sup>st</sup>, 2016 investment. Discussion followed regarding the misunderstanding of the previous meetings presentation as to an 88 basis points fee and the matter of how it was actually arrived at, which was not exactly a guaranteed fee of 88 basis points. Further discussion centered on what items Attorney Jensen had requested be included in a side letter and the fact that three of the items she requested and felt were necessary had been refused by Rob Gronda of Bentall Kennedy. These issues were addressed in detail by Attorney Jensen in her earlier email and were basically:

1. Material Issues
2. Jurisdiction
3. Political Contributions

Attorney Cypen reviewed with the trustees the reasoning for Attorney Jensen's requests and the importance of each item. Mr. Chambers stated that an investment could be postponed until July 1, 2016, after items in question were settled to the trustees' satisfaction. Servando Parapar moved to postpone a decision until a future meeting based upon Bentall Kennedy including #1. Material Issues and #2 Jurisdiction included in a side letter, and the possibility of a commitment to guarantee an 88 basis point fee, with an investment to be made July 1, 2016. Michael Haring seconded the motion. The motion carried unanimously. The trustees also discussed the possibility of pursuing one of the other real estate investments presented at the previous meeting if an agreement could not be reached with Bentall Kennedy.

Mr. Chambers brought to the trustees' attention the revised investment policy going into effect within the next week, and suggested various alternatives. After a thorough discussion Martha Broucek moved to rebalance by setting aside from the total portfolio 5% in cash and 5% in a bond fund with a three year duration that would approximate \$2.8 million to be on hand for a future real estate investment. Servando Parapar seconded the motion. The motion carried unanimously.

**8. d) Communication from SunTrust** – regarding LexisNexis communication results that indicated death audit findings of two retired police members, one of which was reached by phone. Jose Montegudo stated the other retiree was not reported as demised by the means the police department had to verify information of this nature. It was the consensus to rely in the future on police department sources for this information.

**8. e) ICMA/RC – Notification of New Fund – VT Vantagepoint Milestone 2055 Fund.** Mr. Chambers advised there was currently a fund of this type currently available in the DROP and SHARE Plans and an additional one was not necessary. ICMA will be advised not to include this fund in the present lineup.

**8. f) Holland & Knight – February 22<sup>nd</sup>, 2016 letter regarding Normal Retirement Age Regulations Applicable to Government Pension Plans.** No action was necessary.

**8. g) Gabriel Roeder Smith – GASB 67 Disclosure Information as of 9/30/15.** The report will be forwarded to the Village with no further action was necessary.

**8. h) Schools & Conferences**

- **FPPTA**, 32<sup>nd</sup> Annual Conference, June 26 – 29, 2016, Hilton Lake Buena Vista, Orlando, FL
- **NCPERS**, 2016 Annual Conference & Exhibit, May 14 – 19, 2016, San Diego, CA
- **Division of Retirement** – 37<sup>th</sup> Annual Police & Fire Trustees School, May 16 - 18, 2016 at Augustus B. Turnbull III Florida State Conference Center, Tallahassee, FL

**9. Trustees' Concerns** – None.

**10. REPORTS**

- **Attorney** – Code of Conduct for Public Pension Service Providers (continued from January 28<sup>th</sup>, 2016). Attorney Cypen reviewed the matter with the trustees, explaining how important adoption of the Code of Conduct was to the plan and its participants. After discussion the following motions were made:
  - Jose Monteagudo moved for the Key Biscayne Police & Fire Retirement Plan adopt the NCPERS Code of Conduct for Public Pension Service Providers and ask our current providers to endorse the Code of Conduct. Servando Parapar seconded the motion. The motion carried unanimously.
  - Bill Stephens moved that the Key Biscayne Police & Fire Retirement Plan incorporates the NCPERS Code of Conduct for Public Pension Service Providers as part of our service provider searches/request for proposals (RFP) process. Jose Monteagudo seconded the motion. The motion carried unanimously.
  - Servando Parapar moved that the Key Biscayne Police & Fire Retirement Plan notifies NCPERS of our decision to adopt the NCPERS Code of Conduct for Public Pension Service Providers. Martha Broucek seconded the motion. The motion carried unanimously.
- **Administrator**
  - Annual Affidavit requests that were mailed on January 6<sup>th</sup>, 2016 have all been received, signed and notarized.

- SunTrust – Lisa Allen has requested an up to date trustee signature letter. All trustees signed the prepared letter.

**11. Input from Active Members/Retired Members/Public Comments –**  
None.

**12. Next Meeting Date/Adjournment.** Chairman Haring announced that the next regular meeting was Thursday, May 26<sup>th</sup>, 2016 at 5:30 P.M. Servando Parapar stated he would be out of town at that time.

There being no further business before the board, Martha Broucek moved to adjourn at 8:10 P.M. Servando Parapar seconded the motion. The motion carried unanimously.

Respectfully submitted,

\_\_\_\_\_ For the Board