

KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF NOVEMBER 18TH, 2010

1. Call to Order – Secretary Servando Parapar called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:38 P.M.

Roll Call

Present

Servando M. Parapar, Secretary
Jose L. Monteagudo
Steve Liedman
Sherry L. Reed

Absent

Michael Haring, Chairman

OTHERS PRESENT: Frank Wan from Burgess Chambers & Associates, Blake Myton from SunTrust, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

2. Additions/Deletions to Agenda. An invoice from Holland & Knight in the amount of \$125 was received after the agenda was posted. The trustees requested adding this to the agenda under item 4.

3. Approval of Minutes.

- Secretary Parapar presented the minutes from the meeting of **September 23, 2010** for approval. Sherry Reed stated the word "Retirement" was misspelled in the heading. Steve Liedman moved to approve with this correction. Jose Monteagudo seconded the motion. The motion carried unanimously.
- Secretary Parapar presented the minutes from the special meeting of **October 28, 2010** for approval. Steve Liedman moved to approve. Jose Monteagudo seconded the motion. The motion carried unanimously.
- Secretary Parapar presented the minutes from the special meeting of **November 2, 2010** for approval. Steve Liedman moved to approve. Jose Monteagudo seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Secretary Parapar presented the invoices listed on the agenda in addition to the invoice added under item 2 for approval and payment. Steve Liedman moved to approve payment. Jose Monteagudo seconded the motion. The motion carried unanimously, authorizing payment of the following:

Burgess Chambers & Associates, Inc., Third Qtr Performance Monitoring	\$ 3,750.00
SunTrust Bank, Invoice #221890 dated 10/27/10	
SunTrust Bank, Invoice #221891 dated 10/27/10	\$19,444.81
Joan L. Wall, Admin., 9/17 – 11/8/10, 39 ¼ hrs, plus expenses	\$ 1,812.75
FPPTA, Dues for 2011	\$ 600.00
Holland & Knight, Invoice #2563712 dated 9/24/10	\$ 125.00

Steve Liedman inquired if there was a break point in the fee structure with SunTrust. The contract with SunTrust was not available for review at the meeting, so he requested copies of the contract provided to all trustees for a discussion of the SunTrust/Trusco contract at the next meeting.

5. UNFINISHED BUSINESS – None.

NEW BUSINESS

Taken out of order was item **6. b) Blake Myton from SunTrust – Market/Investment Report.** Mr. Myton stated the economic recovery continues according to the latest economic data, assisted by low interest rates which support growth, while dampening income for investors. The service sector which has lagged the goods producing sectors is catching up. Bond yields continued to decline in the third quarter while stocks remain attractive relative to bonds. Mr. Myton recommended considering an update to the Investment Policy Statement.

6. a) Burgess Chambers & Associates – Performance Report for Quarter Ending 9/30/10. For the quarter the total fund earned +\$1.1 million, a net return of 8.8%, trailing the model portfolio return of 9.5%, but ranking in the top 48th percentile. The difference was due to the Ridgeworth international equity experience and the underweight of this asset class in the fourth quarter. The new manager, Europacific, posted a strong return in the third quarter. For the fiscal year, the fund returned 8.7% net of fees compared with the model portfolio return of 11.4%. The difference was due to equity under-performance of large cap growth, mid cap growth and international, all Ridgeworth products. For the three and five year periods, the fund has outperformed both benchmarks and has ranked in the top 20th and 17th percentiles, respectively. Asset allocation was 14.93% large cap value, 9.17% mid cap, 4.62% small cap, 9.33% international, 1.14% REIT, 37.45% fixed income, 1.53% TIPS, 20.53% large cap growth and 1.30% cash for a total market value of \$13,882,390.40. BCA recommends considering a replacement of the small cap growth product, which did not achieve its benchmark or the 40th percentile objective for the three year period, unless a significant improvement is witnessed over the next several quarters. Jose Monteagudo moved to bring in alternatives to the small cap growth at the next meeting. Steve Liedman seconded the motion. The motion carried unanimously. Mr. Wan reported that all

decisions in made this past year have done well. At this time Burgess Chambers & Associates is recommending bringing up both international and real estate to their target allocation, as they are currently underweighted, while there is a significant over-weighting in domestic stocks, bonds and cash. Jose Monteagudo moved to rebalance as recommended by Burgess Chambers & Associates. Sherry Reed seconded the motion. The motion carried unanimously. Mr. Myton from SunTrust requested a letter signed by the chairman outlining the changes sent to his attention. Mr. Wan stated he had no further recommendations at this time.

6. c) Schools & Conferences

FPPTA, Trustees' School, January 30th – February 2nd, 2011 at Renaissance Resort at World Golf Village, St. Augustine, Florida

6. d) Proposed Meeting Dates for 2011 (pending approval from Village)

- January 27th
- March 24th
- May 26th
- July 28th
- September 22nd
- November 17th

Steve Liedman stated he would be unable to attend the January and July meetings due to conflicts on his 2011 calendar.

6. e) Review/Approve Resolution from ICMA that would accommodate an arrangement to deduct from DROP Benefits and remit to the Fund the administrative fees required by the DROP Rules & Regulations (pending receipt of Resolution from ICMA)

Attorney Bieler distributed revised Rules and Procedures for the Firefighters' DROP, calling the trustees attention to item # 8 that was changed to read *"To compensate the Retirement Plan for the expenses and costs of administering and operating the DROP, each member's DROP account shall be charged an annual administrative fee that shall be paid in such a fashion as the Board shall determine from the payments made to the member's DROP account"*. A discussion followed regarding setting annually a procedure to have a certain amount deducted from each DROP member's monthly benefit for the following year going forward. Servando Parapar moved to adopt the revised DROP Rules and Regulations. Steve Liedman seconded the motion. The motion was carried unanimously. The trustees left the decision as to how much and the method of calculating the amount to the next meeting when Chairman Haring was present.

7. Trustees' Concerns. Jose Monteagudo stated the Village Council will be scheduling a workshop in January, 2011 regarding the cost of the pension plan as there are various issues in addition to the fear of the unknown that are not understood. Trustees and others connected with the fund may be asked to attend for their input.

8. REPORTS

- **Attorney** – None.
- **Administrator** – Status of Audit work & Actuarial Data was still in process
- **Other** - Included with agenda packages are the following:
 - August & September Commission Recapture
 - Receipt of Class Action Proceeds \$106.79
 - SunTrust Insurance Renewal Certificate for Bond & Errors and Omissions coverage
 - Frontier Capital – 3rd Quarter Appraisal

9. Input from Active/Retired Members - None

10. Next Meeting Date/Adjournment. Secretary Parapar announced the next regular meeting was scheduled for Thursday, January 27th, 2011. There being no further business before the board, the meeting was adjourned at 7 P.M.

Respectfully submitted,

Servando Parapar, Secretary