

KEY BISCAWAYNE POLICE OFFICERS & FIREFIGHTERS RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, Fl 33149
REGULAR MEETING OF NOVEMBER 29TH, 2007

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

Roll Call – Servando Parapar, Michael Haring, Jose L. Monteagudo, Dr. Robert L. Maggs and Sherry L. Reed.

OTHERS PRESENT: Blake Myton from Trusco Capital Management, Sidney Taylor from Burgess Chambers & Associates, P/O Frank Hernandez, union representative for the Police Department, Stephen H. Cypen, Esq., Attorney for the Fund and Joan L. Wall, Administrator.

2. Introduction of New Trustee – Sherry L. Reed. Ms. Reed was appointed by the Village Council on October 9th, 2007 for a two year term. She is a CPA and is working for the firm of Lancaster & Company on the Key. She has more than 14 years of public accounting experience; with a background in auditing and financial reporting applicable to insurance entities, nonprofits and employee benefit plans. Currently she is working with a local nonprofit on implementation of Statement of Financial Accounting Standard No. 158, *Employer's Accounting for Defined Benefit Pension and other Postretirement Plans* which generally requires that employers now recognize the overfunded or underfunded status of their defined benefit pension plan obligations.

3. Selection of Fifth Trustee. Chairman Haring nominated Servando Parapar. There were no further nominations. Dr. Maggs moved to close the nominations. Jose Monteagudo seconded the motion. The motion carried with Servando Parapar abstaining. Attorney Cypen advised the Village Clerk should be informed of this action, with the request his appointment be placed on the next Village Council agenda for approval as a ministerial action.

4. PRESENTATIONS

- **Trusco Capital Management – 9/30/07 Market/Investment Report.** Mr. Myton reported it was a very strong quarter and that fixed income did well this quarter due to their high quality and conservative approach. This was a change from in the past when the lower quality securities had outperformed. Relative value did not perform as well as expected for the quarter, while the

longer term returns were acceptable. Slowing economic momentum and credit market turbulence generated significant market volatility and sector performance variations. For the quarter large cap stocks outperformed mid and small-cap stocks. Stress in the subprime mortgage market increased and spread globally with quality spreads widening during the quarter, particularly in less liquid markets. The portfolio had grown from a market value of \$2,325,785 in 2002 to \$9,972,122 as of 9/30/07. Some of the changes recommended by Burgess Chambers requiring separate custody accounts had taken place since the end of the quarter, namely the small cap ETF at 3% of the total fund, the REIT ETF at 2% and TIPS ETF at 2%. Mr. Myton stated he would make sure that these custody statements were incorporated into the combined statement that was currently provided to the board.

- **Burgess Chambers & Associates – 9/30/07 Performance Report.** Sidney Taylor distributed his report, advising the net investment return for the quarter was 2.7% and 14.5% for one year. For the quarter the best performing categories were the high quality growth, small cap and fixed income. For the year the best were STI international, small cap and high quality growth. A review of the Compliance Checklist indicated three areas that were out of compliance. Mr. Taylor said these items were of no real concern due to the high quality and conservative approach of the fund's fixed income, which had currently outperformed due to market concerns over securities of lower quality that had outperformed in the past. As of 9/30/07, asset allocation at market value was 56.06% domestic equity, 14.07% international equity, 27.27% domestic fixed income and 2.6% cash.

5. Reading and approval of minutes for September 27th, 2007. Chairman Haring presented the minutes from the previous meeting for approval. Dr. Maggs moved to approve. Servando Parapar seconded the motion. The motion carried unanimously.

6. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment. Dr. Maggs moved to pay the invoices. Servando Parapar seconded the motion. The motion carried unanimously, authorizing payment of the following:

SunTrust, Custody/Investment Fees, Quarter Ending 9/30/07	\$16,205.31
Burgess Chambers & Associates, Investment Consulting Fee, Quarter Ending 9/30/07	\$ 3,750.00
Joan L. Wall, Admin., 28 ¾ hrs @ \$35, plus expenses	\$ 1,072.69
FPPTA, Dues for 2008	\$ 500.00

7. UNFINISHED BUSINESS – None.

NEW BUSINESS

8. a) Meeting Dates for 2008

- January 24th
- March 27th
- May 22nd
- July 24th
- September 25th
- Monday, November 24th – Since this was not the 4th Thursday, the date has been cleared with the Village Clerk as to availability of council chambers.

Trusco and Burgess Chambers will not attend the January meeting, but will attend the March meeting with the reports and returns for the quarter ending December 31, 2007.

8. b) Trustees' Schools/Conferences. FPPTA Trustees' School, January 27th through January 30th, 2008 at the Sawgrass Marriott in Ponte Vedra Beach, Fl. Sherry Reed expressed an interest in attending and will check her schedule.

9. Trustees' Concerns. Jose Monteagudo distributed two recent articles from the Business Plus section of the Miami Herald; one regarding the probe of the firm Merrill Lynch, the other regarding the funds currently being pulled from the state investment pool due to the exposure to the subprime mortgage market. Attorney Cypen stated the City of South Miami Pension Plan Board of Trustees has filed a statement of claim against Merrill Lynch, their former consultant. Attorney Cypen also reported the State Board of Administration had today stopped further withdrawals from their fund until sometime next week. Mr. Monteagudo requested the matter of Merrill Lynch be placed on the next agenda due to the fact the board had used their services as investment consultant for some time prior to hiring Burgess Chambers and Associates.

Attorney Cypen further recommended the board might consider obtaining the services of a law firm that engaged in portfolio monitoring. His office had the names of four firms that offered this service. Mr. Monteagudo stated he also knew of a firm that he would like to be included. The firms would be asked to provide proposals for services and make presentations at the next meeting.

10. REPORTS

Attorney – None.

Administrator – State supplemental fire premium tax funds in the amount of \$146,622, much higher than in the past, were deposited on October 3, 2007. At 2 P.M. today Randy White's assistant had provided a revised schedule that she felt would tie into the employee pension contributions listed on the general ledger. Village contributions were reported for all but the first three pay periods rather than employee

contributions. As soon as this information was verified the work for the auditors will be complete and the data sent to the actuary.

OTHER – Beneficiary forms will be verified against the up to date list of employees as of 9/30/07.

11. Input from Active/Retired Members – Officer Hernandez stated he had attended today's meeting to learn and he felt he had learned quite a lot about the fund's investments and the board's procedures.

12. Next Meeting Date/Adjournment. Chairman Haring announced the next scheduled meeting will be held on Thursday, January 24th, 2008 at 5:30 P.M. There being no further business before the board, Jose Monteagudo moved to adjourn at 7 P.M. Dr. Maggs seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary