

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

Village Council Chambers
560 Crandon Blvd., Key Biscayne, Fl 33149
REGULAR MEETING OF MARCH 25, 2010

1. Call to Order – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:36 P.M.

Roll Call

Present

Servando M. Parapar, Secretary
Michael Haring, Chairman
Jose L. Monteagudo
Steve Liedman

Absent

Sherry L. Reed

OTHERS PRESENT: Burgess Chambers of Burgess Chambers & Associates, Anthony Chifari from ICMA participating via speakerphone for item #6, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

2. Additions/Deletions. Mr. Palmquist from Gabriel Roeder Smith & Company was unable to attend today's meeting due to an unforeseen emergency. Jose Monteagudo moved to remove item 8 a) from the agenda. Servando Parapar seconded the motion. The motion carried unanimously.

3. Approval of Minutes for January 28, 2010. Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Steve Liedman seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment. Jose Monteagudo moved to approve payment. Steve Liedman seconded the motion. The motion carried unanimously, authorizing payment of the following:

Gabriel Roeder Smith & Company, Invoice #110975, dated 3/12/10	\$ 2,208.00
Burgess Chambers & Associates, Inc., 12/31/09 Performance Monitoring	\$ 3,750.00
SunTrust, Invoices #6864870 & 7923441, 10/1 – 12/31/09, Custody/Investment Fees	\$18,792.13
Joan L. Wall, Admin., 1/21 – 3/17-10; 40 ½ hrs, plus expenses	\$ 1,907.10
Holland & Knight, Invoice #2479030, dated 1/28/10	\$ 400.00

5. Review/Approve – DROP Retirement. Chairman Haring presented the DROP Retirement benefit 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:

F/F Alberto Menendez, Retirement effective January 1, 2010, monthly benefit of \$ 1,403.63

6. Review/Approve – SHARE Plan Distribution – F/F John Montgomery. Anthony Chifari was contacted via speakerphone in order to speak with the trustees and Attorney Bieler on the matter. Attorney Bieler advised the ordinance stated the amount of a participant's balance in the SHARE Plan was the value on the day that participant retired/participated in the DROP. F/F Montgomery retired on November 1, 2009 while the individual balances in the SHARE Plan were not set up until February 5, 2010. From that time until now interest had been earned by F/F Montgomery's initial account balance of \$20,208.13. In order for ICMA to process a final distribution from a participant's SHARE Plan, the participant must complete ICMA's form which required the signature of the administrator. The administrator did not have the authority to sign the form without prior board approval. Steve Liedman moved to authorize Joan Wall sign the required form in order for F/F Montgomery receive his distribution including any interest it had earned. Servando Parapar seconded the motion. The motion carried unanimously.

Attorney Bieler recommended the trustees implement a policy to move the SHARE Plan balance of future participants on the day that they retire into an ICMA interest bearing money market account. The board could then approve payment of final distribution including interest at the next regularly scheduled board meeting. Mr. Chifari stated in order for the administrator to move a participant's funds, a Trading Authorization Form must be completed by the participant prior to their retirement and provided to the administrator who would forward this with appropriate instructions to ICMA. Attorney Bieler asked Mr. Chifari to provide this form. Servando Parapar moved to adopt the policy as outlined by Attorney Bieler and direct the administrator to forward the Trading Authorization Form to ICMA upon a participant's retirement. Jose Monteagudo seconded the motion. The motion carried unanimously. Attorney Bieler recommended that all future retirement packages include the Trading Authorization Form.

UNFINISHED BUSINESS

7. a) Discussion/Consider Amending Prior Motions – Holland & Knight Fees; 7/24/08 motion to cap fees at \$12,500 and 9/24/09 motion to authorize additional fees of \$1,500 to \$2,500. Paid to date is \$14,046.65. Attorney Bieler requested a breakdown of the fees spent between the two items. The matter was continued.

NEW BUSINESS

8. a) Deleted. The matter would be placed on the May agenda.

8. b) Burgess Chambers from Burgess Chambers & Associates – Performance Report for Quarter Ending December 31, 2009. Last year's impressive stock market recovery signaled economic growth in the U.S. for 2010. Unfortunately, most of the current economic policies have so far had little impact on boosting economic activity. Today's debate centers on how much growth we will see in 2010. Most past recessions were brought on by Federal Reserve money tightening and tax policy, with the economy favorably responding to any policy shift towards increased credit, reduced short-term interest rates or tax-based subsidies. Today's recovery will be different, since the root cause of the recession was excessive private debt. Businesses and households are now shedding debt, while the U.S. Government issues it. This "crowding out" of capital will restrain the economic growth rate. The national debt ceiling was recently raised another \$2 to \$4 trillion. Fiscal tax policy is needed to counterbalance the lack of private capital formation.

The market value of the fund at 12/31/09 was \$11,950,776. For the quarter ending 12/31/09 the total fund earned net of fees 2.7%, trailing the Strategic Benchmark return of 3.6%. The difference was due to the performance of fixed-income and international, along with the under-weighting in the REIT. The best three performing asset classes were the REIT at 9.2%, mid-cap core at 7.5% and large cap value at 6.7%. For the one year period the total fund earned 18.5% net of fees, which trailed the benchmark return of 22.1%, and peer performance ranking in the top 42nd percentile. For the three and five-year periods, the total fund has outperformed both benchmarks and has ranked in the top 36th and 42nd percentiles, respectively. As to compliance issues, the mid-cap product did not achieve the 40th percentile objective for the three-year period, but results were ahead of the benchmark and BCA recommends no action. The small cap growth product beat its benchmark for three years and has show favorable risk and value added statistics, narrowly missing the 40th percentile objective. BCA recommends no action. BCA recommends considering a replacement for the international product and maintaining a below target REIT allocation given the adverse credit environment. The trustees discussed the previous poor performance of the small cap. Steve Liedman moved to direct BCA institute a search for both international and small cap, which has underperformed in prior periods, as the board is looking to make changes in both the international and small cap and would like to see additional performance reports on the other asset classes the fund is invested in. Jose Monteagudo seconded the motion. The motion carried unanimously.

Mr. Chambers proposed annual fees of \$3,500 each for monitoring of the DROP and the SHARE Plan as previously discussed, now that both had been implemented with ICMA, with the understanding the fee for the SHARE Plan is to come out of future SHARE Plan monies. Steve Liedman moved to approve the fees proposed by Mr. Chambers

beginning with the quarter ending March 31, 2010. Jose Monteagudo seconded the motion. The motion carried unanimously.

Steve Liedman was excused at 6:54 P.M. due to a prior commitment.

8. c) Schools & Conferences

- **Division of Retirement, Annual Trustees' School**, May 24th – 26th, 2010, Tallahassee; Registration Fee - \$170 for 2 days, \$250 for 3 days
- **FPPTA, Annual Conference**, June 27th – 30th, 2010, Naples Grande Resort

8. d) Authorize Chairman to sign revised Letter of Direction to SunTrust.

Attorney Bieler advised the language of the letter was now appropriate. Servando Parapar moved to authorize the chairman to sign the letter. Jose Monteagudo seconded the motion. The motion carried unanimously.

9. Trustees' Concerns – None.

10. REPORTS

- **Attorney –**
 - Attorney Bieler reviewed with the trustees the recent proposal of the firm Beggs & Lane to provide legal services with respect to attempting to negotiate the tolling of the Statute of Limitations with regard to the fund's interests in connection with Merrill Lynch's advice to the fund as performance monitor. This would preserve the fund's right to sue without concern for the running of the statute of limitations. The firm had proposed legal fees up to \$3,000. After discussion, Jose Monteagudo moved to enter into a retainer agreement with Beggs & Lane, RLLP and Levin, Papantonio, Thomas, Mitchell, Echsner and Proctor, P.A. for the objective outlined by Attorney Bieler for legal fees not to exceed \$3,000. Servando Parapar seconded the motion. The motion carried unanimously.
 - Attorney Bieler gave a brief overview of what was taking place before the State Legislature.
- **Administrator** – The 2009 Annual Report was filed timely.
- **Other** – Included with the agenda packages were;
 - Class Action proceeds received.
 - Commission Recapture reports through 3/15/10
 - Burgess Chambers & Associates 2/11/10 letter to the investment manager regarding prohibited securities
 - SunTrust 4th Quarter 2009 Report
 - Securities Monitoring Reports for 2/18 and 3/18/10

11. Input from Active/Retired Members – None

12. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting would be held on Thursday, May 27th, 2010 at 5:30 P.M. There being

no further business before the board, Jose Monteagudo moved to adjourn at 7:21 P.M. Servando Parapar seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary