

# KEY BISCAWAYNE POLICE OFFICERS & FIREFIGHTERS RETIREMENT PLAN

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, Fl 33149  
REGULAR MEETING OF MARCH 27<sup>TH</sup>, 2008

- 1. Call to Order** – Chairman Michael Haring called the meeting to order at 5:32 P.M.

## **Roll Call**

### Present

Servando Parapar, Secretary  
Michael Haring, Chairman  
Dr. Robert L. Maggs

### Absent

Jose Monteagudo  
Sherry L. Reed

**OTHERS PRESENT:** Genaro Iglesias, Village Manager, Randolph White, Village Finance Director, J. Stephen Palmquist from Gabriel, Roeder, Smith & Co., Councilman Steve Liedman, P/O Frank Hernandez, union representative from the Police Department, Blake Myton from Trusco, Kara Humphrey from SunTrust, Burgess Chambers from Burgess Chambers & Associates, Stephen H. Cypen, Esq., Attorney for the Plan and Joan L. Wall, Administrator.

- 2. Discussion regarding Village Funding** – Dr. Maggs had expressed his concern that the plan was not being fully funded until year end. This was due to the finance director using an old percentage of payroll. If the required contribution as outlined in the October 1, 2006 Actuarial Valuation had been made based on 26 pay periods, \$250,668.10 would have been paid. Through February 29<sup>th</sup>, 2008 the Village had contributed \$204,021.34, creating a shortfall of \$46,646.76. Steve Palmquist advised that in a recent conversation with Charles Slavin, the state actuary, he had stated that in future years the required contribution would be a percentage of payroll rather than a fixed dollar amount. The trustees, Randy White and Attorney Cypen requested confirmation of this conversation. Mr. White stated that whatever the solution; he would true up the Village contribution as soon as practical.

## **3. PRESENTATIONS**

- **Burgess Chamber & Associates – 12/31/07 Performance Report.** Mr. Chambers stated he was pleased with how well the fund had done. The fourth quarter revealed more evidence of fading economic growth, with banks the major cause. Lending standards for both commercial and private mortgages have been tightened in the wake of a decline in the quality of existing loans. Bonds will be an attractive asset class in 2008. For the quarter the fund earned \$17,910, .2% net. The best performing asset categories were Trusco High

Quality Growth, 3.6%; and Trusco Fixed Income, 3.2%. For the one year, the Fund earned \$811,064 or 9.4% net. Best performing categories were Trusco High Quality Growth, 20.6%; Trusco Small Cap 16.2%; and STI International 14.0%. In November, 2007 three new assets were purchased by Trusco with the following allocations: iShare Russell 2000, 2.9%; iShare Wilshire REIT, 1.9%; and iShare Treasury Inflation Protection Securities 2.0%. Since the start of 2008 through March 26<sup>th</sup>, the REIT has return 7.1% and the TIPS have gained 2.1%. As to compliance, the international allocation was above 10% at cost and Trusco has since made the adjustment. Trusco's three and five-year bond performances did not achieve the index returns, but results were similar.

- **J. Stephen Palmquist from Gabriel Roeder, Smith & Company**

- **October 1, 2007 Actuarial Valuation.** The required Village contribution for the fiscal year ending 9/30/08 was 11.48% of payroll. The projected Village contribution for the fiscal year ending 9/30/09 was 10.51% of payroll, a decrease of .97%. There have been no changes in benefits or actuarial assumptions since the last valuation. There was a net actuarial gain of \$250,274 for the year, due to more employment terminations than expected and to greater than expected investment return. Administrative costs for the current year were \$36,435 as compared to the previous year's costs of \$55,028. The trustees and Attorney Cypen requested details on the difference from the administrator. The funded ratio of the plan has continued to climb for the 7<sup>th</sup> year in a row. Mr. Palmquist recommended the trustees look at making a change in the mortality rate assumption from the GAM 83 table and consider reducing the earnings assumption of 8.5%. A rough estimate of the cost of reducing the earnings assumption ¼% would cost about 2 ½% of pay. Councilman Liedman asked if Mr. Palmquist could make a brief report as to where the plan is to the Village Council on either 4/8 or 4/22 at 7 PM along with a report from Dr. Maggs. Mr. Palmquist stated he would check his schedule and get back to them with which council meeting he would attend. Dr. Maggs moved to accept the October 1, 2007 Actuarial Valuation. Servando Parapar seconded the motion. The motion carried unanimously. The finance director was presented with a copy of the valuation.

- **February 22<sup>nd</sup>, 2008 Letter from Charles Slavin, state actuary, regarding rate of return for current year, each of next several years and long term thereafter.** The trustees instructed the administrator to respond stating that they expected to earn the current rate of return for the current year, and they would be lowering the earnings assumption incrementally in the future from 8.5% to 8%. This response should also include a copy of Burgess Chambers' 9/30/07 report

- **Blake Myton from Trusco Capital Management**

- **RidgeWorth Capital Management, Inc.** On March 17<sup>th</sup>, 2008, the segment of Trusco responsible for separate account and mutual fund

investment management became RidgeWorth Capital Management, Inc., a money-management holding company comprised of multiple and distinct investment boutiques, that are the result of implementing a formalized legal structure around the specialized investment teams that have been in place. RidgeWorth will become the adviser to the funds previously known as STI Classic Funds and will delegate the sub-advisory responsibilities of the Funds to the existing investment teams through the boutiques. Each boutique will be an investment advisor registered with the SEC. Mr. Myton will remain the fund's primary investment contact and the unit of RidgeWorth that he represents will continue to operate under the name of Trusco Capital Management. There will be no change in the team members. This change will provide an incentive for the team members.

- o **12/31/07 Market/Investment Report.** Fear replaced greed as the primary motivating force for investors in the fourth quarter. Large-Caps and the Growth style continued to outperform in domestic markets, while Large-Caps and Emerging Markets outperformed internationally. Investment-grade bond indexes improved during the quarter led by a flight to high quality Treasury bonds. The Lehman Aggregate Bond Index rose 3.0% for the quarter and 5.9% for the year. The yield on the 10-Yr Treasury Note fell to 4.03% and the yield curve steepened. Seven out of Eight of our asset classes outperformed the benchmarks, with the mid cap the one lagging. Attorney Cypen noted that the international equity exposure exceeded the 10% allocation, requiring selling of assets to be brought back into line. He asked for a letter from Trusco that outlines the overexposure to international equities, with the assurance that rebalancing did not result in any loss to the fund.

**4. Reading and Approval of Minutes for January 24<sup>th</sup>, 2008.** Chairman Haring presented the minutes from the previous meeting for approval. Servando Parapar moved to approve. Dr. Maggs seconded the motion. The motion carried unanimously.

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

SunTrust, Invoice #6864870, 10/1 – 12/31/07	\$15,634.98	
SunTrust, Invoice #7923441, 10/1 – 12/31/07	<u>\$ 70.21</u>	
<u>TOTAL</u>		\$15,705.19
Burgess Chambers & Associates; 12/31/07 Performance Report		\$ 3,750.00
Joan L. Wall, Admin., 24 ¼ hrs, plus expenses		\$ 1,056.54

**6. UNFINISHED BUSINESS** – Decision regarding hiring a Portfolio Monitoring Firm; Coughlin, Stoia, Geller, Rudman, Robbins, LLP or Lockridge, Grindal, Nauen/Mager & Goldstein, LLP. Trustee Jose Monteagudo who was unable to attend today's meeting had sent an email stating his preference of firms was Lockridge, Grindal, Nauen/Mager & Goldstein, LLP. Although this firm was smaller than the other firm, it appeared to be more service oriented and they wanted to keep the fund's interest protected without needless litigation. Dr. Maggs moved to hire the firm of Lockridge, Grindal, Nauen/Mager & Goldstein, LLP to provide portfolio monitoring services at no cost to the fund. Servando Parapar seconded the motion. The motion carried unanimously.

**7. NEW BUSINESS** – Division of Retirement's Trustees' School to be held May 12<sup>th</sup> through 14<sup>th</sup>, 2008 in Tallahassee, Fl., accommodations at the Double Tree Hotel. The trustees requested further details provided by email.

**8. Trustees' Concerns** – Kara Humphrey from SunTrust distributed a statement guide to the custody statements. Dr. Maggs advised his questions and concerns had been answered and thanked her for providing this guide.

## **9. REPORTS**

**Attorney** – Attorney Cypen requested a copy of his memo regarding the Department of Revenue Update regarding the data base be forwarded to the Village manager.

**Administrator** – The 2007 Annual Report was mailed timely without the Village CAFR, which was due to be approved by council in April. The Annual Affidavits were complete.

**Other** – Dr. Maggs was reappointed as trustee on January 29<sup>th</sup>, 2008 for another two year term from January 24<sup>th</sup>, 2008 to January 24<sup>th</sup>, 2010.

**10. Input from Active/Retired Members** – None.

**11. Next Meeting Date/Adjournment.** Chairman Haring announced the next regular meeting would be held on Thursday, May 22<sup>nd</sup>, 2008 at 5:30 P.M. There being no further business before the board, Servando Parapar moved to adjourn at 7:40 PM. Dr. Maggs seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary