

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

Village Council Chambers
560 Crandon Blvd., Key Biscayne, Fl 33149

1. Call to Order – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:37 P.M.

Roll Call – Secretary Servando Parapar, Chairman Michael Haring, Jose L. Monteagudo, Martha F. Broucek and Ramon Rodriguez all present.

OTHERS PRESENT: Burgess Chambers from Burgess Chambers & Associates, Blake Myton from SunTrust, Peter N. Strong from Gabriel Roeder Smith & Company, F/F Nick Johnson, Union President, Stephen H. Cypen, Esq., Attorney for the Plan participated via speakerphone and Joan L. Wall, Administrator.

2. Additions/Deletions to Agenda – None.

3. Approval of Minutes of March 26th, 2015. Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Michael Haring seconded the motion. The motion carried unanimously.

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

SunTrust, Invoice #263371, Dated 5/1/15	\$13,674.30
SunTrust, Invoice #263372, Dated 5/1/15	<u>\$ 1,082.77</u>
<u>TOTAL</u>	\$ 14,757.07
Holland & Knight, Inv #3166219, Dated 3/23/15	\$ 1,000.00
Gabriel Roeder Smith & Co., Invoice #413423, Dated 4/7/15	\$ 4,328.00
Gabriel Roeder Smith & Co., Invoice #414068, Dated 5/13/15	<u>\$ 9,670.00</u>
<u>TOTAL</u>	\$ 13,998.00
Joan L. Wall, Administrator, 3/19 – 6/5/15, 65 1/4 hrs, plus expense	\$ 3,104.37

5. UNFINISHED BUSINESS – None

NEW BUSINESS

6. a) Blake Myton, SunTrust – Investment/Market Report. Mr. Myton reviewed with those present the Market Overview & SunTrust Strategy, Investment Review and Fund Profiles, and Characteristics. SunTrust found the global markets perplexed by Fed hike timing debate along with the Fed uncertainty tripping stocks in March with global stocks leading for first quarter. Sub-2% interest rates helped most bond indices post solid first quarter gains. The commodities slump returned in March which dragged down the first quarter while hedge funds posted the best quarter relative to the S&P 500 since 2012. Mr. Myton recommended adding 2% to the international equities, taking the funds from domestic equities, which would increase the international exposure to 11%, which was also based on the advice of Burgess Chambers. Jose Monteagudo moved to approve this change. Michael Haring seconded the motion. The motion carried unanimously. Mr. Myton stated he would forward the necessary Trade Form to Chairman Haring.

6. b) Burgess Chambers & Associates – March 31st, 2015 Performance Report. Mr. Chambers distributed his report for the fund, including the reports for the DROP and SHARE plans. His report reflected the following:

- For the quarter, the Fund earned \$806K or +2.9% net, ahead of the model portfolio return of +2.2% and ranked in the top 21st percentile. The best three performing asset categories were international, large-cap growth and small-cap.
- Fiscal year to date, the Fund earned \$1.7 million or +6.4% net, ahead of the model portfolio return of 5.0%.
- For the one-year period, the Fund earned \$2.2 million or 8.6% net, ahead of the model portfolio of +7.8% and ranked in the top 21st percentile. REIT, large-cap growth and mid-cap were top performing asset classes.
- For the rolling three year period the Fund earned \$7.1 million, averaging +11.0% net per year, well ahead of the actuarial assumption rate.
- For the five year period, the Fund averaged +9.7% net per year, beating the actuarial return assumption.
- MLP was funded on 4/7/15

Mr. Chambers stated he would like to receive details from the SunTrust custody statements directly via Investment Metrics, a company that focuses on data consolidation and reconciliation of portfolio data. This which would speed up his reporting. This would be no cost to the plan, but implementation of the process would require the signature of the chairman. Jose Monteagudo moved to authorize the chairman to sign an authorization letter for SunTrust to release to a third party firm (Investment Metrics) the information required by Burgess Chambers & Associates, pending legal approval. Martha Broucek seconded the motion. The motion carried unanimously. Chairman Haring emailed the Custodian End Client Authorization Letter to Attorney Cypen, who was participating via speakerphone. Attorney Cypen reviewed the form and reported to the trustees that he had no problem with the chairman signing the Authorization Letter.

6 c) Peter N. Strong from Gabriel Roeder Smith & Company

- **Presentation of October 1, 2014 Actuarial Valuation Report** (*reflecting the scheduled additional 10% phase-in of the revised mortality and investment return assumptions, which puts the mortality assumption at 30% of the new table and 70% of the old table and changes the investment return assumption from 7.90% to 7.85%*). Mr. Strong reviewed with the trustees the separate requirements for the firefighters and police officers for fiscal year 9/30/15 based on the 10/1/13 valuation. The required employer contribution for the fire was \$205,296 or 5.98% of covered payroll, for police it was \$-0- or 0.00% of payroll, which for police included \$297,383 of the accumulated excess state contribution reserve. The required employer contribution has been computed under the assumption that the amount to be received by the State of behalf of police and fire in the fiscal years ending 2015 and 2016 is at least \$136,788 and \$338,921 respectively. If the actual amounts from the State fall below these amounts then the Village must raise its contribution by the difference. Mr. Strong reviewed the revisions in benefits and the revision in actuarial assumptions. The Village's annual contribution into the Plan is capped at 14% of covered payroll. Any amount over 14% is the responsibility of the members. Based on the current required contributions, there will be no automatic increase in the member contribution rate through September 30th, 2016. Servando Parapar moved to accept the October 1, 2014 Actuarial Valuation Report. Martha Broucek seconded the motion. The motion carried unanimously.
- **Review and Explanation of Updated GASB 67 Disclosure Information** (*continued from last meeting*). The trustees had no specific questions after the review and explanation of the October 1, 2014 Actuarial Valuation Report.
- **Projected additional fees due to passage of Senate Bill 172** (*Chapter 2015-29, Laws of Florida*). This was discussed under agenda item 6. g)

6. d) Adoption of Expected Annual Rate of Return for current year, next year and going forward. Based upon recommendations and reports from the Plan's professionals, Jose Monteagudo moved to adopt 7.85% rate of return. Michael Haring seconded the motion. The motion carried unanimously.

6. e) Annual Review of Fee to be charged (on a monthly basis to each individual DROP participant) (*currently have 9 participants paying \$10 per month*). There was no motion made, so the matter died on the floor.

6. f) Report from Chairman Haring and Joan Wall regarding today's meeting with Finance regarding possible discrepancies:

- In response to a request from F/F Theodore Pautauros that his reported earnings for FYE 9/30/13 was considerably less than received, a revised pension contribution report was provided by Payroll. This report appeared to be incorrect due to the number of changes to a majority of members of the fire department.

The Finance Director reviewed the details and advised that the revised report would be reviewed by Payroll.

- Determination of source of Village deposit in the amount of \$47,872 in SunTrust account on 6/5/15. It was possible these funds were for Storm Water expenses and had nothing to do with the pension plan.
- Chairman Haring asked that a check be made to determine that pension contributions were deducted on overtime earnings for F/F Gary Carter and F/F John Bavaro.

6. g) Review of Budget – Requirement of Senate Bill 172, Chapter 2015-29, Laws of Florida (see *Stephen H. Cypen, Esq.'s May 27th, 2015 Memorandum*) The trustees reviewed the new requirements and the preliminary budget, making changes to some of the line items. A revised budget would be on the July or September agenda for board approval.

6. h) Schools & Conferences

- **FPPTA** – 31st Annual Conference, June 28th – July 1st, 2015, Boca Raton Resort & Club, Boca Raton.

7. Trustees' Concerns – None

8. REPORTS

- **Attorney** – Stephen H. Cypen, Esq.'s May 4th, 2015 Memorandum regarding new disclosure (Section 112.664, Florida Statutes) The memorandum was included with the agenda items
- **Administrator – Financial Disclosure Forms due July 1, 2015**
- **Other** – None

9. Input from Active Members/Retired Members/Public Comments – F/F's John Bavaro and Gary Carter – concerns regarding how pension contributions are being made on overtime. Discussed under agenda item 6. g)

10. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting was Thursday, July 23rd, 2015 at 5:30 P.M. There being no further business before the board, the meeting was adjourned at 8:08 P.M.

Respectfully submitted,

Servando Parapar, Secretary