

# KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, Fl 33149  
REGULAR MEETING OF NOVEMBER 14<sup>TH</sup>, 2012

**1. Call to Order** – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:42 P.M.

## Roll Call

### Present

Secretary Servando Parapar  
Chairman Michael Haring  
Ramon Rodriguez

### Absent

Jose L. Monteagudo  
Martha F. Broucek

**OTHERS PRESENT:** Burgess Chambers from Burgess Chambers & Associates, Inc., Blake Myton from SunTrust, J. Stephen Palmquist and Peter N. Strong from Gabriel, Roeder Smith & Company, Ivan Montero representing the Police Officers' Union, Firefighters Robert Abad, Jose Marti, Gary Carter and Erwin Brandt representing the Fire Union, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the plan and Joan L. Wall, Administrator.

**2. Introduction of New Trustee Ramon Rodriguez.** Chairman Haring introduced Mr. Rodriguez to the trustees and those present. Mr. Rodriguez lives on Key Biscayne and is Executive Vice President Bank Lending Division Director of Total Bank, Miami, Fl. He had been sworn in prior to today's meeting.

**3. Authorize signatures to letter of instruction to SunTrust.** The trustees present signed the annual letter for SunTrust. The trustees who were absent would be sent copies of the letter for their signature to be forwarded to Lisa Allen at SunTrust.

**4. Additions/Deletions to Agenda** – None.

**5. Ratify – Chairman Haring's October 3<sup>rd</sup>, 2012 instructions to SunTrust to sell \$250,000 of account #7923441 (SPDR Dow Jones REIT ETF).** This had been discussed at the September meeting. Servando Parapar moved to ratify. Ramon Rodriguez seconded the motion. The motion was carried unanimously.

**6. Approval of Minutes for September 27<sup>th</sup>, 2012.** Chairman Haring announced the minutes had not been completed and reviewed by counsel prior to the meeting. The matter was continued.

**7. Approval of Invoices.** Chairman Haring presented the invoices listed on the agenda for approval. Servando Parapar moved to approve payment. Ramon Rodriguez seconded the motion. The motion carried unanimously, authorizing payment of the following:

SunTrust, Inv #243743 dated 10/26/12	\$8,787.72	
SunTrust, Inv #243744 dated 10/26/12	<u>\$ 838.36</u>	
<u>TOTAL</u>		\$9,626.08
Burgess Chambers & Associates, Inc.,		
Inv #12-266 11/10/12 DROP 2 <sup>nd</sup> Qtr Corrected	\$ 207.40	
Inv #12-217 8/14/12, 3 <sup>rd</sup> Quarter Monitoring	\$3,750.00	
Inv #12-284 11/8/12, 3 <sup>rd</sup> Quarter DROP	\$ 249.99	
Inv #12-285 11/8/12, 3 <sup>rd</sup> Quarter SHARE	<u>\$1,500.01</u>	
<u>TOTAL</u>		\$5,707.40
Holland & Knight, Inv #2828383 9/27/12		\$ 75.00
Julio C. Pita, Jr., M.D., prepayment for medical records		\$ 25.00
FPPTA, Dues for 2013		\$ 600.00
Joan L. Wall, Administrator, 9/24 – 12/8/12; 33 ½ hrs, plus expenses		\$1,627.77

**8. UNFINISHED BUSINESS – None**

**NEW BUSINESS**

**9. a) J. Stephen Palmquist and Peter N. Strong from Gabriel Roeder Smith**

- October 15<sup>th</sup>, 2012 Letter from Mr. Palmquist announcing his retirement effective December 31<sup>st</sup>, 2012 and introducing Mr. Strong, who will be assuming the position of lead Consultant, to the trustees.
- October 10<sup>th</sup>, 2012 Letter from the actuary for the Division of Retirement stating that the actuarial reports filed for 10/1/2011, 10/1/2010 and 10/1/2009 were state accepted. The letter requested review of the current earnings assumption of 8% before continuing its use.
- Review of Supplemental Report reflecting impact of updating the mortality table and lowering investment earnings assumption to either 7.75% or 7.5%. After Mr. Strong reviewed with the trustees the results of the report and discussed various methods of making changes, Servando Parapar moved to table the matter until the January, 2013 meeting. Ramon Rodriguez seconded the motion. The motion carried unanimously.

**9. b) Request from Fire Union to address Board regarding current pension change proposals.** Representatives of the firefighters union distributed their presentation, explaining that their proposed changes and improvements to the plan had been presented to the Village during collective bargaining earlier that week. They

explained that the fire union had retained its own actuary at its own expense to assist with developing their proposals. Attorney Bieler explained to the firefighters that the Board's responsibility is to administer the pension plan. She further explained to the firefighters that the Board cannot change the plan and that it does not participate in collective bargaining as that is strictly between the union and the Village. The firefighters acknowledged the Board's role and stated that they simply wanted the Board to know what had been proposed. The Board thanked the firefighters for their presentation.

**9. c) Blake Myton from SunTrust – Investment/Market Report.** Mr. Myton stated the returns were good for the quarter ending 9/30/12, with the underperformance in equities for the quarter due to the European situation. The most ominous clouds ahead include the global economic slowdown, the pending Fiscal Cliff and lowered earnings guidance for the next few quarters from several bellwether companies, while offsetting some of the uncertainties are continued and coordinated actions by global central banks. Mr. Myton stated he had discussed with Burgess Chambers some minor required clarifications to the Investment Policy Statement that included language regarding foreign bonds and the 25% cap of the total Fund's assets included both foreign equities and fixed income. Servando Parapar moved to approve the revised Investment Policy Statement. Ramon Rodriguez seconded the motion. The motion carried unanimously.

**9. d) Burgess Chambers from Burgess Chambers & Associates, Inc. – Performance Report for the quarter ending September 30<sup>th</sup>, 2012.** For the quarter the fund earned \$720K (+4.0% net), behind the strategic model return of +4.5% with the difference due to large cap value and mid cap equities. For the fiscal year the fund earned \$2.8 million (+17.8% net), behind the model portfolio return of +19.1%, but ranking in the top 21<sup>st</sup> percentile, with underperformance due to the large cap core, large cap value, large cap growth, mid cap and small cap. Best performing asset categories were REIT (+31.8%), small cap (+30.3%) and large cap core (+29.8%). For the three year period the fund earned on average +9.0% per year, ahead of the actuarial assumption rate. Falling five year returns were in line with the model portfolio (+3.6% vs. +3.7%), ranking in the top 21<sup>st</sup> percentile in the BNY-Mellon public funds universe. Total market value of the fund as of 9/30/12 was \$19,649,832.

For the DROP, the total market value was \$139,548 and for the SHARE \$837,335.

Mr. Chambers distributed his report on program analysis for the DROP & SHARE plans, which would be reviewed in depth at the next meeting.

**9. e) Discussion – hiring medical doctor for two pending disabilities.** After input from Attorney Bieler and Joan Wall regarding their past experience working with Dr. Cornel Lupu on disability applications, Ramon Rodriguez moved to hire Dr. Lupu to

review the medical records currently collected, examine the applicant and make a written report to the board. Servando Parapar seconded the motion. The motion carried unanimously. It was understood that Dr. Lupu could refer an applicant to another doctor for more detailed review if necessary. Chairman Haring stated anything that could be done to speed these matters along would be appreciated.

**9. f) Schools & Conferences** – FPPTA Trustees’ School, January 27<sup>th</sup> – 30<sup>th</sup>, 2013 at Sawgrass Marriott in Ponte Vedra, Fl.

**9. g) Proposed Meeting Dates for 2013** (subject to approval by Council)

- Thursday, January 24<sup>th</sup>, 2013
- Thursday, March 28<sup>th</sup>, 2013
- Thursday, May 23<sup>rd</sup>, 2013
- Thursday, July 25<sup>th</sup>, 2013
- Thursday, September 26<sup>th</sup>, 2013
- Wednesday, November 20<sup>th</sup>, 2013

**10. Trustees’ Concerns** – None.

**11. REPORTS**

- **Attorney** – None
- **Administrator** – None
- **Other** – Included with agenda packages were the following:
  - September & October, 2012 Securities Monitoring Reports
  - SunTrust Errors & Omissions Coverage

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

**13. Next Meeting Date/Adjournment.** Chairman Haring announced the next regular meeting was scheduled for Thursday, January 24<sup>th</sup>, 2013 at 5:30 P.M.

There being no further business before the board, Servando Parapar moved to adjourn at 8:03 P.M. Roman Rodriguez seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary