

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

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, Fl 33149  
REGULAR MEETING OF MAY 23<sup>RD</sup>, 2013

**1. Call to Order** – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:35 P.M.

**Roll Call**

Present

Chairman Michael Haring

Martha F. Broucek

Jose L. Monteagudo

Ramon Rodriguez

Absent

Secretary Servando Parapar

**OTHERS PRESENT:** Frank Wan from Burgess Chambers & Associates, Peter N. Strong from Gabriel Roeder Smith & Company, F/F's Robert Abad, Union Representative Robert Morrison, Jose Marti, Roberto Campos and Gary Carter, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

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

**3. Approval of Minutes for April 4<sup>th</sup>, 2013.** Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Martha Broucek seconded the motion. The motion carried unanimously.

**4. Ratification of Prepaid Pension Benefits.** Chairman Haring presented the pension benefits that had been approved by three trustees and sent to SunTrust prior to today's meeting. Jose Monteagudo moved to ratify. Ramon Rodriguez seconded the motion. The motion carried unanimously, ratifying payment of the following:

F/F Lazaro Castellon, Non-Service Connected Disability – Monthly Benefit	\$ 5,788.88
P/O Nelia M. Real, Service Connected Disability – Monthly Benefit	\$ 5,560.25

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

Gabriel Roeder Smith & Co., Inv #121258 dated 4/8/13	\$4,124.00
Gabriel Roeder Smith & Co., Inv #121517 dated 5/13/13	<u>\$5,480.00</u>
<u>TOTAL</u>	\$ 9,604.00

SunTrust Bank, Inv #248000 dated 4/18/13	\$9,921.73
SunTrust Bank, Inv #248001 dated 4/28/13	\$ 896.40
<u>TOTAL</u>	\$ 10,818.13
Burgess Chambers & Associates, Inc., Inv #13-122 dated 4/23/13	\$3,750.00
Burgess Chambers & Associates, Inc., Inv #13-123 dated 4/23/13	\$ 299.26
Burgess Chambers & Associates, Inc., Inv #13-124 dated 4/23/13	<u>\$1,450.74</u>
<u>TOTAL</u>	\$ 5,500.00
Joan L. Wall, Administrator, 3/35 – 5/16/13; 50 ¼ hrs, plus expenses	\$ 2,386.63

## UNFINISHED BUSINESS

**6. a) Review/Approve Disability Claims Procedures** (continued from 1/24/13 and 4/4/13) Attorney Bieler reviewed with the trustees the procedures, stating the only item to be decided upon was the number of days of service of the Board's written decision under III. Formal Hearing, B. After discussion, Ramon Rodriguez moved to insert 30 days in this section. Martha Broucek seconded the motion. The motion carried unanimously.

Martha Broucek moved to approve the Disability Claims Procedures with the 30 day stipulation. Ramon Rodriguez seconded the motion. The motion carried unanimously.

**6. b) Review/Accept the October 1, 2012 Actuarial Valuation Report per the changes made at the April 4<sup>th</sup>, 2013 board meeting.** Mr. Strong reviewed with those present the changes made as a result of the trustees' request at the 4/4/13 meeting. He stated there have been no revisions in benefits since the last valuation. This valuation reflects the following changes in assumptions since the prior actuarial valuation:

- The assumed investment rate of return is lowered from 8.0% to 7.95% (net of investment expenses). This rate is being lowered by 5 basis points (0.05%) per year until it reaches the target rate of 7.50% after ten years.
- The mortality table is updated from the 1983 Group Annuity Mortality Table to the RP 2000 Combined Healthy Participant Mortality Table with a provision for projecting future mortality improvements after the year 2000 using Scale BB. This assumption change is being phased in over a ten year period beginning October 1, 2012 so one-tenth of this mortality table change is recognized as of October 1, 2012.

These assumption changes resulted in an increase in the required employer contribution of 0.60% of covered payroll. The funded ratio this year is 73.1% compared to 71.4% last year. If the above changes had not been made the funding ratio would have been 74.0%. For the FYE 9/30/13, the required employer contribution would be \$1,026,787 as 14.33% of covered payroll. For FYE 9/30/14, the required employer contribution would be \$1,033,537 as 14.38% of covered payroll. Jose Monteagudo moved to accept the October 1, 2012 Actuarial Valuation Report. Ramon Rodriguez seconded the motion. The motion carried unanimously.

## NEW BUSINESS

### 7. a) SunTrust

- **Investment Market Report** – Due to a scheduling conflict Blake Myton was not present to go over the report. The trustees received the report for their review.
- Letter dated 5/16/13 from Blake Myton requesting adjustment of the plan's asset allocation as follows:
  - Move to an equal weighting to Growth and Value across all domestic asset classes
  - Divide High Yield fixed income exposure between traditional bonds and a Bank Loan Fund.

Frank Wan from Burgess Chambers & Associates stated they had no problem with these changes. Ramon Rodriguez moved to approve the requested changes. Jose Monteagudo seconded the motion. The motion carried unanimously.

### 7. b) Frank Wan from Burgess Chambers & Associates – Performance Report for quarter ended March 31<sup>st</sup>, 2013.

- For the quarter, the Fund earned \$1.2 million or +6.0% (5.9% net), in line with the model portfolio (+6.0%) and ranked in the top 21<sup>st</sup> percentile. Total domestic equities were above the target and international was below on March 31<sup>st</sup>.
- Fiscal year-to-date, the Fund had earned \$1.4 million or +7.4% (+7.1% net), slightly behind the model portfolio (+7.7%)
- For the rolling three year period the Fund earned, on average, +9.3%, ahead of the actuarial assumption rate.
- Large cap growth equities did not achieve the policy performance objective for the three year period.
- Rolling five year returns were in line with the model portfolio (+6.2% vs. +6.4%), and ranked in the top 21<sup>st</sup> percentile in the BNY-Mellon Public Funds universe.

Mr. Wan reviewed with the trustees the various investment opportunities available for the DROP and SHARE Pension Plans. Jose Monteagudo moved to include all funds indicated on page 5 of the report to be available to members in the DROP and SHARE plans. Michael Haring seconded the motion. The motion carried unanimously. The Vantagepoint Plus Fund is the default fund, which is the most conservative.

**7. c) Adopt expected investment rate of return for current year, next year and going forward.** (Required by Division of Retirement). After discussion Jose Monteagudo moved to adopt 7.95% for the current year, with this amount to be reduced by 5 basis points for the next ten years. Ramon Rodriguez seconded the motion. The motion carried unanimously.

**7. d) Annual Review of Fee to be charge (on a monthly basis to each individual DROP participant** (currently have five members paying \$10 per month each). After discussion, Martha Broucek moved to keep the fee the same for the next year. Jose Monteagudo seconded the motion. The motion carried unanimously. The matter will be reviewed again in May of 2014.

**7. e) Schools & Conferences** – FPPTA 29<sup>th</sup> Annual Conference, 6/23 – 26/2013, Omni at ChampionsGate, Orlando, Florida.

**8. Trustees' Concerns** – In response to concerns about the difference in the monthly amounts awarded to the two disability retirees, Chairman Haring reviewed the differing amount of years of service, the differing amount of earned compensation and the difference in the benefits each had selected.

**9. REPORTS**

- **Attorney** – Financial Disclosure Forms are due 7/1/2013. (The forms were emailed to all trustees on 5/14/13). Attorney Bieler reviewed with those present the legislative update.
- **Administrator**
  - Annual Affidavits all complete
  - Merrill Lynch Litigation - \$20,719.17 received, check mailed to SunTrust on 3/5/13 and ultimately lost in mail, Attorney Adam Levinson brought this to attention. SunTrust is reissuing check and mailing directly to Lisa Allen.
  - ICMA Correspondence Confusion
- **Other** – March, 2013 Securities Monitoring Report

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

**11. Next Meeting Date/Adjournment** – Chairman Haring announced the next regularly scheduled meeting would be Thursday, July 25<sup>th</sup>, 2013. There being no further business before the board, Martha Broucek moved to adjourn at 7:10 P.M. Ramon Rodriguez seconded the motion. The motion carried unanimously.

Respectfully submitted,

Michael Haring, Chairman