

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

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, Fl 33149  
REGULAR MEETING OF SEPTEMBER 27<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 5:39 P.M.

**Roll Call**

Present

Secretary Servando Parapar  
Chairman Michael Haring  
Martha F. Broucek

Absent

Jose L. Monteagudo

**OTHERS PRESENT:** Burgess Chambers from Burgess Chambers & Associates, Blake Myton from SunTrust, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Plan and Joan L. Wall, Administrator.

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

Martha F. Broucek suggested the Village Clerk's office be contacted to determine when an appointment for a new trustee to replace the vacancy of Steve Liedman, who moved out of the area, will be made. The Village Clerk was back working part time after her surgery.

**3. Approval of Minutes for July 26<sup>th</sup>, 2012.** Chairman Haring presented the minutes from the previous meeting for approval. Martha F. Broucek moved to approve. Servando Parapar seconded the motion. The motion carried unanimously.

**4. Approval of Invoices.** Chairman Haring presented the invoices listed on the agenda for approval. The amount of the invoice from Burgess Chambers & Associates for the DROP was discussed as when it added to the invoice for the SHARE, the total of the two were less than the contracted amount. Mr. Chambers advised he would have the matter corrected by his office, billing the remainder due on the DROP invoice. Servando Parapar moved to approve payment of the invoices listed on the agenda. Michael Haring seconded the motion. The motion carried unanimously, authorizing payment of the following:

Burgess Chambers & Associates, Inc., Inv #12-130 5/10/12	\$3,750.00
Burgess Chambers & Associates, Inc., Inv #12-193 7/20/12 (Share)	\$1,519.55

Burgess Chambers & Associates, Inc., Inv #12-194 7/20/12 (DROP)	\$ 23.05
<u>TOTAL</u>	\$5,292.60
SunTrust, 4/1 – 6/30/12, Inv #6864870 7/25/12	\$7,942.16
SunTrust, 4/1 – 6/30/12, Inv #7923441 7/25/12	\$ 802.87
<u>TOTAL</u>	\$8,745.03
Holland & Knight, Inv #2819193 8/31/12	\$ 50.00
Joan L. Wall, Administrator, 7/19 – 9/18/12 23 hrs, plus expenses	\$1,109.77

**5. UNFINISHED BUSINESS – Annual Determination of the Fee to be charged (on a monthly basis) to each individual DROP Plan participant account** (per action taken on May 26<sup>th</sup>, 2011) *continued from May 24<sup>th</sup> and July 26<sup>th</sup>, 2012.* After discussion Servando Parapar moved to continue charging the individual DROP accounts \$10 per month and to place the matter on the agenda again in May of 2013 and every year going forward. Martha F. Broucek seconded the motion. The motion carried unanimously.

## NEW BUSINESS

**6. a) Blake Myton from SunTrust – Investment/Market Report.** Mr. Myton reported the past quarter was not a good one. We gave back all across the board, with every asset class reporting negative returns. So far this quarter looks good. It was necessary to rebalance the portfolio in keeping with the Investment Policy Statement, which he would like to have done before fiscal year end. Mr. Myton distributed Morningstar reports on various investments he was recommending and stated he would need the signature of the chairman on SunTrust's trading form for the following changes to take effect September 28<sup>th</sup>, 2012:

- Selling \$100,000 of the Vanguard Short Term Bond ETF
- Buying \$150,000 of iShares iBoxx High Yield ETF
- Buying \$135,000 of iShares S&P 500 Index ETF
- Selling \$50,000 of iShares iBox Inv Gr Corp

Chairman Haring stated he would sign the trading form tonight if the board approved, but in the future would prefer requiring at least two trustee signatures on trading forms.

Martha Broucek moved to approve Mr. Myton's recommendation as outlined above and to make all board members authorized signors and request two signatures on future trading forms. Servando Parapar seconded the motion. The motion carried unanimously.

In order to expedite Mr. Myton's recommendation by September 28<sup>th</sup>, 2012, Servando Parapar moved to authorize only Chairman Haring's signature on this one trading form. Martha Broucek seconded the motion. The motion carried unanimously.

**6. b) Burgess Chambers from BCA – Performance Report for Quarter Ending June 30<sup>th</sup>, 2012.** On 6/30/12 the investment program was comprised of ten domestic equity programs, one international, a REIT, and eight fixed-income strategies. Including cash equivalents, the Fund's market value was \$18.2 million. Following a strong first quarter return of +8.7%, the plan experienced an investment loss of -1.9% in the second quarter, which was in line with the strategic model of -1.7%. Best performing asset classes for the fiscal year-to-date were the REIT, small-cap and large-cap core. The fund was behind the model portfolio for the one year period, the difference was due to large-cap growth and mid-cap equities. For the three year period the fund earned on average +11.5%, well ahead of the actuarial assumption rate. For the five year period, the fund ranked in the top 21<sup>st</sup> percentile in the BNY-Mellon public funds universe. All in all, the fund has done quite well since the new architecture was implemented last year.

Mr. Chambers recommended taking \$250,000 from the REIT for investment in other asset classes based on prior discussion with Mr. Myton. Servando Parapar moved to approve this recommendation. Martha Broucek seconded the motion. The motion carried unanimously. SunTrust would follow up after 9/30/12 with the required trading form.

Mr. Chambers distributed the DROP and SHARE reports, stating he was concerned with the Vantagepoint MP Conservative Growth performance. At the next meeting he would like to discuss reallocation of the funds in the SHARE plan. Chairman Haring stated the members have expressed an interest in something more aggressive. He asked Mr. Chambers to look around to see what else, other than ICMA, is available.

**6. c) Discussion addressing future assumption changes.** The trustees commented that the reports provided today from August of 2009 and July of 2010 were too dated to be considered for review. Servando Parapar moved to request Mr. Palmquist bring to the November meeting a report that would reflect; 1) the cost of implementing the new mortality table 2) the cost of reducing the earnings assumption rate of return from 8% to 7 ¾% and 3) from 8% to 7 ½%, and combining the results in three columns plus any other assumption changes he can recommend. Martha Broucek seconded the motion. The motion carried unanimously.

**6. d) Schools & Conferences – FPPTA Trustees' School, October 7<sup>th</sup> – 10<sup>th</sup>, 2012 at the Hyatt Coconut Point, Bonita Springs, Fl.**

**7. Trustees' Concerns – None.**

**8. REPORTS**

- **Attorney** – Attorney Bieler reviewed with the trustees the details of Cypen & Cypen’s memorandum dated August 20<sup>th</sup>, 2012 relating to the 180° turn on the prior premium tax interpretation by the Division of Retirement. The trustees requested copies of letters to other municipality regarding the issue.
- **Administrator** – None
- **Other** – Included with the agenda packages were the July and August, 2012 Securities Monitoring Reports.

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

**10. Next Meeting Date/Adjournment.** Chairman Haring announced the next meeting date was Wednesday, November 14<sup>th</sup>, 2012.

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

Respectfully submitted,

Servando Parapar, Secretary