

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

Village Council Chambers
560 Crandon Blvd., Key Biscayne, Fl 33149
REGULAR MEETING OF JULY 23, 2009

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

Servando M. Parapar
Michael Haring
Dr. Robert L. Maggs
Sherry L. Reed

Absent

Jose L. Monteagudo

OTHERS PRESENT: Fire Chief John C. Gilbert, Burgess Chambers from Burgess Chambers & Associates, G. Robert DeLoach, Jr., Esq., from Ledbetter & Associates, Blake Myton from SunTrust, Village Manager 'Chip' Iglesias, Stephen H. Cypen, Esq. and David S. Farrand, Esq. from Cypen & Cypen, Attorneys for the Plan and Joan L. Wall, Administrator.

2. Additions/Deletions to Agenda – After the amended agenda was posted G. Robert DeLoach, Jr., from Ledbetter & Associates, requested an earlier opportunity to speak to the trustees regarding Merrill Lynch rather than his designated place on the agenda. The matter was placed before any other item of New Business.

3. Approval of Minutes for May 28th, 2009. Chairman Haring presented the minutes from the previous meeting for approval. Dr. Maggs moved to approve. Sherry Reed seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment. Dr. Maggs moved to approve payment. Sherry Reed seconded the motion. The motion carried unanimously, authorizing payment of the following:

Burgess Chambers & Associates, Inc., 6/30/09 Performance Report	\$ 3,750.00
Joan L. Wall, Admin., 5/22 – 7/15/09; 35 hrs, plus expenses	\$ 1,643.73
Holland & Knight, Invoices #2392138 and 2380631	\$ 1,178.00

UNFINISHED BUSINESS

5. a) SunTrust – New Contract (continued from 3/26 and 5/28/09). This was no longer an issue. SunTrust indicated they were not interested in participating in the share or DROP plans.

5. b) Gabriel Roeder Smith; 3/16/09 Sample of 5 Year Projection (per GRS letter of 1/14/09, continued from 3/26 and 5/28/09). Sherry Reed related her discussion with Mr. Palmquist to the trustees, stating that Mr. Palmquist supports lowering the assumption rate. Currently 66% of the plans in the state have an 8% assumption rate, 14% have a higher rate and 20% have a lower rate, while our assumption rate is 8 ½%. Gabriel Roeder Smith is presently charging \$1,500 to \$2,000 for the analysis. Village Manager 'Chip' Iglesias commented on the budget problems that were being experienced due to the economic situation and the effect they were having on the current and following year's budgets. Sherry Reed moved to authorize Gabriel Roeder Smith prepare the 5 year projection at a fee not to exceed \$2,000 for review at the next meeting. Servando Parapar seconded the motion. The motion carried unanimously.

5. c) Board Action – Adoption of expected rate of return for current year, each of next several years and long term. (continued from 3/26 and 5/28/09). Dr. Maggs moved to adopt a 7% rate of return. The motion died for lack of a second. Servando Parapar moved to maintain the 8.5% rate of return until after October 2nd, 2009. Chairman Haring seconded the motion for discussion. When the question was called the motion failed with only Servando Parapar voting for the motion. Dr. Maggs moved to adopt an 8% rate of return. The motion died for lack of a second. The matter was continued until the next meeting.

5. d) Review/Accept – Revised Summary Plan Description. (continued from 5/28/09). The matter was continued until the next meeting after David S. Farrand, Esq., from Cypen & Cypen, has had an opportunity to review the document.

NEW BUSINESS

G. Robert DeLoach, Jr., Esq., from Ledbetter & Associates briefly outlined the documents that were required for his firm to review in order to determine if the pension fund had been hurt by actions of Merrill Lynch. Mr. DeLoach stated that Merrill Lynch at this point had been less than forthright in providing required documentation. Any fee that his firm would collect if the litigation went forward is based on the Florida Law guidelines.

6. a) Discussion – 5/28/09 Letter from Robert J. Friedman, Esq., of Holland and Knight regarding Amendments related to the Pension Protection Act of 2006, the Heroes Earnings Assistance and Tax Relief Act of 2008 and Internal

Revenue Service Notice 2009-98. Attorney Cypen recommended the trustees have Mr. Friedman attend a future meeting at no charge to the fund to discuss the required changes. Dr. Maggs moved to invite Robert J. Friedman, Esq., to attend a future meeting for the purpose of reviewing the recommendations in his 5/28/09 letter. Servando Parapar seconded the motion. The motion carried unanimously.

6. b) Review/Approve – Statement of Policy for Disclosure of Placement Agency Fees. Based on Attorney Cypen's recommendation, Sherry Reed moved to approve the Statement of Policy for Disclosure of Placement Agency Fees. Servando Parapar seconded the motion. The motion carried unanimously. Chairman Haring signed the policy. Copies will be sent to Burgess Chambers & Associates and SunTrust.

6. c) Review/Approve – Firefighter DROP Rules & Procedures. Dr. Maggs moved to approve. Sherry Reed seconded the motion. The motion carried unanimously.

6. d) Discussion/Possible Action – Legislative Changes effective 7/1/09. Attorney Cypen discussed with the trustees the mandatory and optional changes stating there might be a need to amend the pension ordinances.

6. e) SunTrust Bank – Investment Review/Market Report. Mr. Myton stated the quarter ending June 30, 2009 was a strong quarter for equities. Global equity markets staged a powerful rally with the S & P 500 up almost 16%. International developed equities outperformed domestic due to U.S. dollar weakness. He suggested changing the international investment policy to include a very small amount of BBB rated high yield bonds as these had continued to outperform. Treasuries with long-term maturities fell. Economic activity appears to be stabilizing and housing data improves despite rising mortgage rates and delinquencies, while weak jobs outlook dampens consumer spending.

6. f) Burgess Chambers & Associates – 6/30/09 Performance Report. Mr. Chambers reported that CALPERS lost approximately \$80 billion as of June 30th, 2009, based on some of their investments with FRS in a similar situation. Returns for small cap growth were disappointing, while real estate performed the best. At 6/30/09, asset allocation was 52.9% domestic equity, 8.0% international equity, 0.9% REIT, 37.5% domestic fixed income and 0.6% cash and cash equivalents for a total market value of \$10,419,602.80. Mr. Chambers stated he would bring a revised Investment Policy Statement for the trustees review at the next meeting.

After discussion regarding the Share Plan, Dr. Maggs moved to create an account for the Share Plan. Servando Parapar seconded the motion. The motion carried unanimously. Chairman Haring stated the amount was about \$600,000. Steve Palmquist would have the exact amount.

Mr. Chambers was instructed by the trustees to negotiate a contract with ICMA using the same rates as the Village currently pays and bring this back at the next meeting.

7. Trustees' Concerns. Sherry Reed reported the Vice Mayor requested information about the pension plan and she had agreed to meet with him next Wednesday at 3 P.M.

8. REPORTS

- **Attorney** – None, previously covered earlier in the meeting.
- **Administrator** – Status of the 2008 Annual Report. The Division of Retirement required a copy of the Village CAFR before they would approve the report. The Village Manager reported this would be available next Friday.
- **Other** – Set November meeting date. The trustees agreed upon Thursday, November 19, 2009. Attorney Cypen requested that his office be notified along with the other trustees and service providers. Other items included with the agenda packages were;
 - Commission Recapture through 6/23/09
 - SunTrust 5500 Filing Information re: Common Trusts
 - SunTrust 1st Quarter Report
 - Securities Monitoring Reports for 6/19 and 7/10/09

9. Input from Active/Retired Members – None

10. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting was scheduled for Thursday, September 24th, 2009.

There being no further business before the board, Dr. Maggs moved to adjourn at 8:12 P.M. Servando Parapar seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando M. Parapar, Secretary