

**BAL HARBOUR VILLAGE**  
**GENERAL EMPLOYEES RETIREMENT BOARD**  
**REGULAR MEETING MINUTES**  
**DECEMBER 15, 2009**

A Regular Meeting of the Bal Harbour Village General Employees Retirement Board was held on Tuesday, December 15, 2009, in the Bal Harbour Village Hall Council Chambers (655 – 96<sup>th</sup> Street, Bal Harbour, Florida).

**1. CALL TO ORDER/ROLL CALL:** The meeting was called to order at 7:00 p.m. by Mayor Rosenfield. The following were present:

Mayor Jean Rosenfield  
Assistant Mayor Joni D. Blachar  
Councilwoman Patricia Cohen  
Councilman Martin Packer  
Councilman Jaime M. Sanz  
Sandy Graham, General Employee Representative  
Theo McPherson, General Employee Representative

Also present:

Alfred J. Treppeda, Village Manager  
Ellisa L. Horvath, CMC, Village Clerk  
Richard J. Weiss, Village Attorney  
Andrea Greenblatt, Administrative Assistant

As a quorum was determined to be present, the meeting commenced.

**2. PLEDGE OF ALLEGIANCE:** The Pledge was led by Mrs. Greenblatt.

**3. APPROVAL OF MINUTES:** *A motion was offered by Councilman Packer and seconded by Councilman Sanz to approve the July 21, 2009 Regular Meeting Minutes and the October 20, 2009 Regular Meeting Minutes. The motion carried (7-0).*

**4. REVIEW OF EXECUTIVE SUMMARY (SEPTEMBER 30, 2009)**  
**JOHN MCCANN, PERFORMANCE MONITOR – THISTLE ASSET CONSULTING:** Mr. McCann, Investment Consultant, reviewed the Executive Summary. He reviewed the asset allocation on page 8. He reported that as of September 30, 2009 the total fund was \$7,010,000, which was a \$600,000 increase since June 30, 2009. He reviewed page 10 and reported that the return for the total fund was 3.3% for a five year spread, which is a stretch to the 7 ½ % valuation interest rate. However, Mr. McCann thinks that it's excellent that the fund made 1.38% fiscal year to date. He reported that the fund beat the Village's policy index of 2.36%.

Mr. McCann distributed and reviewed the Asset Allocation Analysis. He reviewed page 6 and suggested reallocating the assets as follows: 5% in Cash (because the fund ran out of cash to pay expenses recently), 35% in Fixed Income, 50% in Russell 3000 (total domestic equity market including large, small and mid-cap stocks), and 10% in International Equities. He also suggested changing to active management with Northern Trust, instead of fixed (index) management, because the Village has been out of balance over the past nine

months. He noted that under active management Northern Trust would make the decisions with respect to the Russell 3000 and he would monitor them.

Mayor Rosenfield requested that request be put in writing, with backup to show where the Village would have gained with active management. Mr. McCann explained that he is suggesting that due to the rebalancing problem.

Councilman Packer questioned the cost for active management. Mr. McCann estimated that it would change from 10 basis points to 60 basis points. Councilman Packer suggested following Mr. McCann's advice. Mayor Rosenfield requested that Mr. McCann provide the reason in writing of why he believes the Board should do this, since the Board moved away from active management recently.

Assistant Mayor Blachar will contact Mr. McCann to review the issue. She doesn't feel comfortable making a decision at the current meeting and concurred that the recommendation should be in writing.

Mr. McCann noted that the report is very good for the year, with respect to his other clients. He will provide the information requested to Mr. Treppeda.

**Neil Alter, 9801 Collins Avenue**, questioned the fund running out of cash and if money was borrowed. Mr. McCann explained that the plan needed liquid investments to pay the expenses, so Northern Trust covered it in the short term while the securities were being sold. He explained that since the plan was in index funds, there was only a certain amount in cash. He thinks that there needs to be more allocation in cash and explained that Northern Trust covered the amount at no charge.

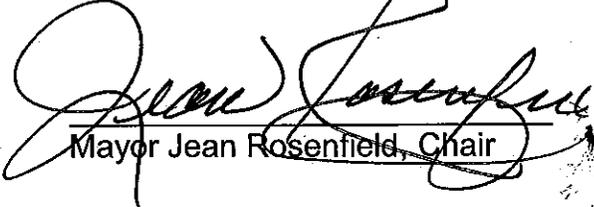
**Chris Wallace, Finance Director**, explained that there were a number of large payouts for lump sum and DROP distributions. He clarified that in order to come up with that amount of cash the securities would have to be sold at losses, so instead the Village advanced additional contributions last fiscal year twice. He reported that there is concern because it's a small pension plan. He discussed the lump sum and DROP payments in the near future and spoke in favor of having more in cash than investments at this time. He suggested that the Board consider keeping more cash (more than 5%) on hand until the lump sum/DROP distributions are paid out. He explained that they tried not to liquidate the equities by infusing the account with cash. Mr. Wallace will meet with individual Board members and Mr. McCann and report back in January.

**5. OTHER BUSINESS:** None.

**6. ADJOURN:** There being no further business, a motion was offered by Councilman Packer and seconded by Councilman Sanz to adjourn and the meeting was adjourned at 7:20 p.m.

Attest:

  
Ellisa L. Horvath, CMC, Village Clerk

  
Mayor Jean Rosenfield, Chair