

*CITY OF MIAMI BEACH, FLORIDA  
FIREMEN'S RELIEF AND PENSION FUND  
FEBRUARY 1996 MEETING OF THE BOARD OF TRUSTEES*

*FEBRUARY 14, 1996  
9:00 P.M.  
HUMAN RESOURCES SMALL CONFERENCE ROOM*

**MINUTES OF MEETING:**

*Call To Order*

Meeting was called to order at 9:15 p.m. by Jack Richardson, Chairman.

Board Members present:

FIRE DEPARTMENT

Tom Sullivan  
Jack Richardson  
Dale Lockett

ADMINISTRATION

T. C. Adderly

ALSO PRESENT:

Stephen Cypen  
Henry Renard

ABSENT:

Joseph Piñon

Jack Richardson, Chairman, called meeting to order at 9:15 a.m. and showed members present. Addressed the minutes of the November 15th, 1995 meeting. Jack Richardson noted the correspondence from Counsel Cypen for information to trustees. No changes to minutes. Tom Sullivan made a motion to accept the minutes, seconded by Dale Lucket, all in favor, motion carried.


Henry Renard gave the investment counsel financial status report for calendar year 1995. As of 12/31/95 all investments in the fund met all requirements of the fund rule.

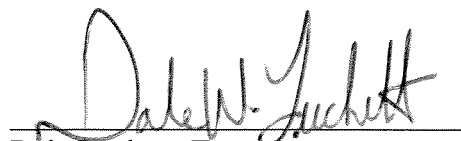
Jack Richardson gave report on disbursements of 1099 tax forms. All forms sent out on time, certified, return receipt requested. Jack Richardson notified the board that retirees with balances under \$500 will have a check cut for the lump sum. Lump sum checks were disbursed to Tom Wray's widow and James Barrett. Tom Sullivan inquired as to the problem incurred with James Barrett's pension check. Jack Richardson informed the board that the bank (Nation's Bank) was charging the fund a bank charge that should be charged to the City, who is responsible for this charge. This caused the fund to be below the amount of the check written for James Barrett and this caused the check to bounce. Jack Richardson inquired of Counsel if the fund's checking account would be better with SunTrust than with NationsBank based because of the new custodian and NationsBank holding of checks. Counsel agreed that it might be more convenient to have the checking account at SunTrust for retirees to cash checks.

Tom Sullivan inquired of T.C. Adderly if the check off box was placed on the exit interview forms for the 175 Fund notification. Jack Richardson explained that the check box was discussed at a prior meeting and it was agreed to put this on the city-wide exit interview form. T.C. Adderly stated he would have the box placed on the form, but the check off list for employees leaving the employee of the city is up to the supervisor of the department.

Jack Richardson asked if there were any other items for discussion. No further discussion. Jack Richardson requested a motion to adjourn. Tom Sullivan made the motion to adjourn. Dale Luckett seconded motion. All in favor, motion carried, **meeting adjourned at 9:55 a.m.**

Next meeting scheduled for May 15, 1996, 9:00 a.m., City Manager's Small Conference Room, 4th Floor, City Hall.

  
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Jack Richardson, Chairman

  
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Dale Luckett, Trustee

cc: Stephen Cypen, Attorney  
All Board Members  
All Fire Dept. Personnel Distribution

CALENDAR 1995'S EQUITY RETURN, AS MEASURED BY THE S & P 500, WAS THE THIRD BEST IN THE 50 YEAR PERIOD SINCE WORLD WAR II HAVING BEEN EXCEEDED ONLY BY 1954 AND 1958. LIKewise, THE BOND MARKET RECOVERED FROM ONE OF ITS WORST YEARS DELIVERING ONE OF ITS BEST YEARS ON RECORD. MAJOR FACTORS CONTRIBUTING TO THE RISE WERE:

- 1) FLAT TO DECLINING INTEREST RATES;
- 2) GROWTH IN CORPORATE EARNINGS;
- 3) CONTINUED DOWNSIZING OF CORPORATE AMERICA; AND
- 4) UNUSUALLY HIGH CASH FLOWS FROM INDIVIDUALS INTO MUTUAL FUNDS.

ALTHOUGH PEER-GROUP RESULTS FROM PERFORMANCE MEASUREMENT SERVICES ARE JUST STARTING TO BE PUBLISHED, EARLY EVIDENCE INDICATES THAT 70% OF THE MONEY MANAGERS REPORTING, INCLUDING INVERNESS, LAGGED THE S & P 500 INDEX. PROBABLE REASONS ARE: FIRSTLY, THE LEVEL OF CASH HELD BY MOST MANAGERS, ACCORDING TO INDATA, REMAINED AT 8 TO 10% THROUGHOUT THE YEAR THUS RESTRAINING PERFORMANCE AND, SECONDLY, SECTOR ROTATION WAS RAPID AS WELL AS SIGNIFICANT. FOR EXAMPLE, TECHNOLOGY, WHICH AS A GROUP, LED THE MARKET THROUGH OCTOBER BY 15%, ENDED THE YEAR WITH BELOW MARKET RETURNS.

OUR VIEW IS THAT THE ECONOMY WILL ACCELERATE IN THE SECOND HALF OF THE YEAR AFTER THE CURRENT INVENTORY CORRECTION RUNS ITS

COURSE AND THAT THERE WILL BE A VERY GRADUAL PICK-UP IN INFLATION. ASSUMING REAL INTEREST REMAINS AT 4%, WE BELIEVE LONG U.S. TREASURY YIELDS SHOULD RISE TO THE 7% AREA BY YEAR END. THIS IS CLEARLY NOT THE CONSENSUS VIEW OF INTEREST RATES WHICH HAS THEM REMAINING AT CURRENT LEVELS OF 6%. WE WILL CONTINUE THE TEN YEAR LADDER APPROACH BY INVESTING IN THE 2006 MATURITY RANGE AS CURRENT ISSUES COME DUE THROUGHOUT THE YEAR. THIS POLICY HAS ENABLED THE BOND PORTION OF THE FUND TO ESCAPE THE PRICE VOLATILITY RESULTING FROM MAJOR INTEREST RATE SAVINGS.

EQUITY PRICES HAVE SURGED SINCE MID-JANUARY, ONCE AGAIN CONFOUNDING WHAT WAS THE CONSENSUS OUTLOOK AT YEAR END. BY WAY OF REFERENCE, EVERY SIGNIFICANT STOCK MARKET CORRECTION HAS BEEN ASSOCIATED WITH AN INTEREST RATE INCREASE OF AT LEAST 125 BASIS POINTS. PUT ANOTHER WAY, THE STOCK MARKET HAS NOT DECLINED SIGNIFICANTLY IN THE FACE OF BENIGN INTEREST RATE ENVIRONMENTS SUCH AS WE NOW HAVE. BOTTOM LINE: AT PRESENT, ALTHOUGH WE ARE PLEASANTLY CONCERNED ABOUT THE RECENT STOCK MARKET RISE, WE BELIEVE STOCKS ARE UNLIKELY TO DECLINE SIGNIFICANTLY. IN THE FACE OF THIS STRONG MARKET, WE HAVE DONE SOME SELECTED SELLING AND CHIPPING AWAY WITH A VIEW TOWARD BUYING ON ANY PULL-BACKS IN LONG TERM CORE FAVORED GROUPS.

February 12, 1996