

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

*MAY 14, 1996  
2:30 P.M.  
CITY HALL MAIN FLOOR CONFERENCE ROOM*

**MINUTES OF MEETING:**

*Call To Order*

Meeting was called to order at 2:40 p.m. by Jack Richardson, Chairman.

Board Members present:

FIRE DEPARTMENT

Roy Albritton  
Jack Richardson  
Dale Lockett

ADMINISTRATION

None

ALSO PRESENT:

Stephen Cypen  
Henry Renard

ABSENT:

Joseph Piñon  
T.C. Adderly

*175 Pension Fund Minutes*

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*May 14, 1996*

Jack Richardson, Chairman, called meeting to order at 2:40 p.m. and showed members present. He addressed the minutes of the February 14th, 1996 meeting. No changes to minutes. Roy Albritton made a motion to accept the minutes, seconded by Dale Lockett, all in favor, motion carried.

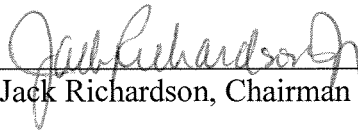
Jack Richardson discussed the following three (3) warrants for signature: Steve Gordon, CPA, Hoke Jenkin's for his remaining shares and Inverness Counsel. Jack Richardson noted that recent retiree Fire Chief Tom Sullivan has requested a five (5) year pay out effective March 17, 1996.

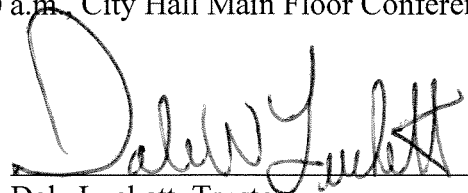
Jack Richardson reviewed the quarterly draft from the Fiduciary Trust International and correspondence received from the State of Florida regarding disbursement of loans from the fund. Steve Gordon, CPA will be replying to the State on this matter.

Henry Renard gave the investment counsel financial status report for quarter (attachment).

Jack Richardson asked if there were any other items for discussion. No further discussion. Jack Richardson requested a motion to adjourn. Motion to adjourn made by Roy Albritton. Dale Lockett seconded motion, all in favor, motion carried, **meeting adjourned at 3:20 p.m.**

Next meeting scheduled for August 14, 1996, 10:00 a.m. City Hall Main Floor Conference Room, City Hall.

  
\_\_\_\_\_  
Jack Richardson, Chairman

  
\_\_\_\_\_  
Dale Lockett, Trustee

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

WHEN WE LAST MET IN FEBRUARY, I VOICED OUR BELIEF THAT CONTRARY TO CONSENSUS EXPECTATIONS THE ECONOMY AND INFLATION WERE ACCELERATING. FURTHERMORE, THAT INTEREST RATES WERE EXPECTED TO REACH 7%. TO BE HONEST, IT HAPPENED SOONER THAT I THOUGHT.

CURRENTLY, FEARS OF INFLATION APPEAR TO BE SEEPING INTO THE MARKETS AS WELL AS AT THE GAS PUMPS AND AT THE RECENT AUCTION, OF JACKIE AND JACK'S RING AND GOLF CLUBS! NEARER TERM, WE CONTINUE TO SEE EVIDENCE OF STRONGER ECONOMIC ACTIVITY AND BELIEVE THAT HIGHER INFLATION EXPECTATIONS WILL KEEP PRESSURE ON BOND YIELDS. WE ARE TAKING ADVANTAGE OF THE RISE IN INTEREST RATES TO PUT FUNDS TO WORK IN THE FIXED INCOME SECTOR ESPECIALLY WHEN LONG BOND RATES EXCEED THE 7% LEVEL AS WAS RECENTLY THE CASE.

AS A RESULT OF THE RISING INTEREST RATE ENVIRONMENT, WE HAVE BECOME CONCERNED ABOUT THE NEARER TERM PROSPECTS FOR THE EQUITY MARKET. WE BELIEVE THAT THE POPULAR VIEW THAT EVERY MARKET CORRECTION IS A BUYING OPPORTUNITY, EVEN THOUGH IT HAS BEEN REWARDING IN THE PAST, MAY HAVE ITS COME-UPPANCE. I WOULD LIKE TO PASS ON THE FOLLOWING MARKET OBSERVATIONS WHICH HAVE RECENTLY CROSSED MY DESK:

1) "THE S & P 500 HAS NOT PRODUCED A NEGATIVE TOTAL RETURN IN THE THIRD OR FOURTH YEAR OF A PRESIDENTIAL CYCLE IN FIFTY YEARS. IN

THE LAST TWENTY-FIVE YEARS, THE TOTAL RETURN IN THE FINAL YEAR HAS AVERAGED 17.6%. SINCE 1926, THE AVERAGE RETURN IN AN ELECTION YEAR HAS BEEN 5.4%, THE SECOND BEST OF THE FOUR YEAR CYCLE."

2) "A MARKET CORRECTION DOES NOT NECESSARILY OCCUR IN THE YEAR FOLLOWING A BIG RISE IN THE MARKET. COMPARING THE RETURN FOR THE S & P 500 IN THE SUBSEQUENT YEAR TO THE SIX BIGGEST CALENDAR YEAR RISES, EXCLUDING 1995, INDICATES THAT IN ONLY TWO DID THE S & P 500 DECLINE. ALTHOUGH THE SAMPLE SIZE IS OBVIOUSLY SMALL, THE MARKET WAS POSITIVE 66% OF THE TIME IN THE YEAR FOLLOWING A LARGE GAIN AND THE JURY IS STILL OUT ON 1996."

OUR OWN REACTION IS THAT WE HOPE HISTORY REPEATS ITSELF BUT WE ARE NOT WILLING TO BET THE BARN.

WE HAVE ALWAYS BELIEVED THAT THE FUTURE OF THE STOCK AND FIXED INCOME MARKETS ARE CLOSELY LINKED. AS A RESULT OF THE CURRENT RISE IN INTEREST RATES WE HAVE TURNED CAUTIOUS TOWARDS THE IMMEDIATE PROSPECTS FOR THE EQUITY MARKETS. ACCORDINGLY, AND AS YOU ARE AWARE, WE HAVE RAISED SOME CASH FROM THE EQUITY PORTION OF THE FUND IN ANTICIPATION OF THE LONG AWAITED CORRECTION.

May 10, 1996