

CITY OF MIAMI BEACH, FLORIDA
FIREMEN'S RELIEF AND PENSION FUND
MAY 21, 1998 MEETING OF THE BOARD OF TRUSTEES

May 21, 1998
7:30 A.M.
POLICE & FIRE PENSION OFFICE

MINUTES OF MEETING:

Call To Order

Meeting was called to order at 7:50 a.m.. by Jack Richardson, Chairman.

Board Members present:

FIRE DEPARTMENT

Luis Garcia
Jack Richardson

ADMINISTRATION

T.C. Adderly

ALSO PRESENT:

Stephen Cypen
Henry Renard



ABSENT:



May 21, 1998


Chairman Richardson called meeting to order at 7:50 a.m. and showed members present. He addressed the minutes of the March 27, 1998 meeting. No changes/corrections to minutes. Luis Garcia made a motion to accept the minutes, seconded by T.C. Adderly, all in favor, motion carried.

Chairman Richardson discussed **New Business** :


- * Henry Renard gave financial report. All okay.
- * Received a remedial list of consent decree hires. Steve Gordon, CPA, will be preparing a final seniority list of all active members.
- * Advised that a policy was adopted to use the remedial seniority date for consent decree hires (in lieu of actual hire date) to compute individual shares. This policy will commence with the plan year 07/01/97 - 06/30/98.
- * Warrants were received by Board Members and all signed for payment approval.

Jack Richardson inquired to the members if there was any further business. There being no further business, Luis Garcia made a motion to adjourn, seconded by T.C. Adderly, all in favor, motion carried, **meeting adjourned at 8:05 a.m.**

Next meeting scheduled to be August 20, 1998.



Jack Richardson, Chairman



Luis Garcia, Secretary

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

A:175May.98

THE MARKET DURING THE FISCAL YEAR SO FAR HAS BEEN MARKED BY THREE CHARACTERISTICS; IT HAS BEEN VOLATILE, IT HAS SEEN A BROADENING OF PERFORMERS AND IT HAS CONTINUED TO GO UP. ISSUES WE'VE DISCUSSED BEFORE SUCH AS ASIA, THE AGING YET STRONG ECONOMY, THE WIDE RANGE OF INTEREST RATE POSSIBILITIES, AND SCANDALS FACING A SCANDAL-PROOF PRESIDENT, HAVE ALL CONTRIBUTED TO THE VOLATILITY.

WHILE THE RANGE BETWEEN 6973 AND 9261 HAS PROVIDED FUN FOR THE TRADERS, IT HAS MEANT THAT INVESTERS COULD WATCH THEIR STOCKS OUTPERFORM ONE MONTH AND UNDERPERFORM THE NEXT. CONCERNS ABOUT OVERPRICED BLUECHIPS HAVE FUELED A BROADENING OF THE MARKET AWAY FROM THE BEST LOVED DIVIDEND PAYING STOCKS TO LESS WELL KNOWN NAMES. IN SOME CASES THESE WERE MOVES DRIVEN BY SPECULATIVE FEVER CHASING THE WEB BROWSER STOCKS OF THE WORLD. IN OTHER CASES THE BROADENING WAS TO STOCKS THAT CARRIED A MORE REASONABLE PRICE FOR THEIR GROWTH. GUESS WHICH GROUP WE EXPECT TO OUTPERFORM OVER THE LONG RUN;-)

MANY OF YOU MIGHT ASK WHY WE AREN'T GETTING OUT OF THE MARKET DESPITE THE CONCERNS WE OUTLINED. OUR RESPONSE IS THAT WE'RE NOT MARKET TIMERS. WE WORK FROM A BOTTOMS-UP, RATHER THAN TOP DOWN APPROACH. BUT THE BEST WAY I'VE HEARD IT PUT IS - YOU CAN'T JUMP BETWEEN THE WAVES WITHOUT GETTING SOAKED. SO WHILE WE'VE SOLD OFF SOME POSITIONS THAT WE FELT WERE OVERPRICED, LIGHTENED UP

OTHERS THAT WERE OVERWEIGHTED AND KEPT ASIDE A SLIGHTLY HIGHER RESERVE FOR BUYING OPPORTUNITIES, WE'VE STAYED IN. THE MARKET HAS CONTINUED TO GO UP BECAUSE THE ECONOMY REMAINED STRONG, INTEREST RATES (THE 10YR TREASURY IS 5.7%) ARE STILL LOW, AND BECAUSE RAW MATERIALS LIKE OIL HAVE BEEN CHEAP THANKS TO THE ASIAN CRISIS.

OUR OUTLOOK FOR INTEREST RATES REMAINS THE SAME. THE POSSIBILITY OF FED TIGHTENING DUE TO RENEWED SIGNS OF WAGE INFLATION GIVES US OUR UPPER LIMIT OF 6.5% FOR THE TEN YEAR TREASURY. THE POSSIBILITY OF RECESSION, LOWER COST ASIAN PRODUCTS, CONSOLIDATION DRIVEN LAYOFFS OR SOME COMBINATION OF THE ABOVE, GIVES US OUR LOWER LIMIT OF 5.5%.

OUR OUTLOOK FOR THE EQUITY MARKET ALSO REMAINS THE SAME. WE EXPECT THE ISSUES WE DISCUSSED IN THE LAST TWO MEETINGS TO STAY RELEVANT FOR SOME TIME. WE'VE ALL HEARD FROM VARIOUS SOURCES LIKE BARTON BIGGS OR THE ECONOMIST ABOUT THE BUBBLE ECONOMY, THE CONTINUING THREAT FROM ASIAN EXPORTS, DROPPING PRODUCTIVITY GROWTH, YEAR 2000 SOFTWARE THREATS, AND THE RISKS OF DISTRACTING YOUR PRESIDENT FOR POLITICAL PURPOSES.

WE NOTE THOUGH, THAT DESPITE PAST EPISODES OF TURMOIL IN THE U.S. STOCK MARKET, IT HAS STILL BEEN THE BEST PLACE TO BE OVER THE LONG RUN. MARKET TIMING HAS BEEN SHOWN IN STUDY AFTER STUDY TO

BE A POOR STRATEGY. WE REMAIN COMMITED TO SELECTING COMPANIES FOR GROWTH RATES, STRATEGIES AND FINANCIAL STRENGTH THAT JUSTIFY THEIR PRICES.

THIS MAY NOT BE A HOT, GLAMOROUS, AND EXCITING APPROACH TO PORTFOLIO MANAGMENT, BUT WE THINK IT'S RELIABLE.

Tuesday, May 19, 1998