

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
August 20, 2003

Chairman Nick Scopelitis called the meeting to order at 9:25 A.M. at the Town Council Chamber, Jupiter, Florida. Those persons present were:

TRUSTEES

Nick Scopelitis
James Feeney
Marc Dobin
Paul Agruso
Peter Alfele (10:45 A.M)

OTHERS

Bob Sugarman, Sugarman & Susskind, Fund Counsel
Margie Adcock & Nick Schiess, Pension Resource Center
Rob Little & David West, Burgess Chambers & Associates
Brigid Saia, Town of Jupiter
Michael Simmons, Town of Jupiter
Cheryl Grieve, Town of Jupiter
Debra Love, Town of Jupiter

PUBLIC COMMENTS

Mr. Scopelitis invited those present to address the Board with public comments. There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held July 23, 2003. Paul Agruso commented that the minutes did not mention which Trustee made or seconded the motions. The Trustees discussed recording the motions in the minutes. Mr. Feeney made a motion to table the approval of the minutes until the next meeting. Mr. Dobin seconded the motion, approved by the Trustees 4-0. The Board directed the Administrator to revise the minutes of the meeting held July 23, 2003 to include the names of the Trustees with the motions.

Mr. Agruso commented that the Town had agreed over a year ago to post the minutes of the Fund on the Town's website. Mr. Agruso stated that he could not locate the minutes on the Town's website. A suggestion was made to have the Town put a link on their website to the Administrator's website where the minutes are posted after approval. The Trustees asked the Administrator to provide the Town with their website address.

APPOINTMENT OF FIFTH TRUSTEE

Mr. Agruso requested that the matter of the appointment of the 5th Trustee be moved up in the agenda. He noted that the Board was provided a letter by Raymond Montrois, indicating an interest in being appointed to the position of the 5th Trustee. Mr. Agruso noted that his term as 5th Trustee expires on September 4, 2003 and made a motion to nominate Raymond Montrois to be the 5th Trustee. Bob Sugarman stated that since Mr. Agruso was currently the 5th Trustee, he could not make any decisions relating to the appointment of a replacement 5th Trustee. Mr. Agruso discussed Mr. Montrois' qualifications with the Board and requested that the board consider Mr. Montrois for the position of the 5th Trustee. The Trustees determined that they were not prepared to make an appointment of the 5th Trustee as they did not know if there were other applicants for

the position to review. The Board decided to discuss the appointment of the 5th Trustee at the next meeting.

Paul Agruso departed the meeting.

INVESTMENT MONITOR REPORT

Rob Little reported on the investment performance of the Fund for the quarter ending June 30, 2003. Mr. Little introduced David West and noted that Mr. West has a background in investment management. Mr. Little reported that the Fund was up 8.3% for the quarter ending June 30, 2003 compared to the benchmark which was up 10.5%. The Fund ranked in the 90th percentile. Mr. Little noted that the Fund was below the benchmark primarily due to \$1,000,000 in cash earmarked for real estate. Private Capital Management was up 15.5% for the quarter while the Russell 3000 was up 16.2%. Sawgrass was up 2.0% for the quarter while the benchmark was up 1.9%. The total market value of the Fund as of June 30, 2003 was \$11,647,363. Mr. Little reviewed the compliance checklist noting all items were in compliance with the Fund's investment objectives with the exception of meeting a three-year rolling return of 8.0% which no other public pension fund has met either.

Mr. Little noted that the investment management changes took place at the beginning of April. Private Capital Management is still in the process of phasing money into the account and was only 80% invested in June with 20% set aside as cash to purchase additional equities. Mr. Little reported that this was a normal procedure and Private Capital Management should be fully funded by August 2003. Lend Lease Rosen was funded August 5, 2003 with \$1,000,000 and is up .7% in just two weeks.

For the fiscal year-to-date, the Fund is up 10.1% resulting in investment earnings of \$1,066,291. Mr. Little then reviewed the statistics for the portfolio for the past years. Since the statistics included the prior investment managers for a 3 year trailing period, the Trustees discussed the importance of being able to see the retention to date performance statistics on the current investment managers. The Trustees requested that Mr. Little provide a 3 year trailing number for all investment managers and also provide a retention to date number for each current investment manager. The asset allocation as of June 30, 2003 was 50.1% in equities; 40.2% in fixed income; and 9.7% in cash. He noted that \$1,000,000 has since been moved to Lend Lease Rosen.

Mr. Little provided an update as of August 19, 2003. He noted that the total market value of the portfolio managed by Private Capital Management was \$6.1 million versus \$5.8 million as of June 30, 2003. Lend Lease Rosen was up .7% since the funding of the account. The total market value of the portfolio managed by Sawgrass was \$4.5 million, although he noted that July was not a good month for bonds. Additionally, there was \$156,000 in the R&D account held by Salem Trust.

ATTORNEY REPORT

Bob Sugarman advised the Board that Earl Smith has requested a formal hearing regarding his Disability Application. Mr. Sugarman noted that such a request was Mr. Smith's right under the Plan since his Application had been declined during an informal hearing at the meeting held on July 23, 2003. Mr. Sugarman reviewed in detail the process of a formal hearing and several options before the Board regarding the Fund's

legal representation. There was a lengthy discussion regarding the entire process and potential legal costs. It was noted that there was also the option of conducting an additional Independent Medical Exam of Mr. Smith to obtain a second opinion prior to committing the resources to a formal hearing. Mr. Dobin made a motion to send Earl Smith for another Independent Medical Exam. Mr. Feeney seconded the motion, approved by the Trustees 3-0.

Peter Alfele joined the meeting.

Mr. Sugarman reported that the amount of the retroactive benefit for Jill Rosco has not yet been determined. He noted that the Fund is waiting on Ms. Rosco's attorney to advise the Board on when her disability should start. It was noted that if a date before the \$5 supplemental benefit was enacted is chosen, then a recalculation will be necessary which would reduce Ms. Rosco's pension amount. Mr. Sugarman noted that the Board is waiting on Ms. Rosco's attorney to come back to the Board with something in writing on this matter.

Mr. Sugarman reported that Brad Stark has returned all of the documents to the Fund. There was a discussion regarding the records and it was determined that some contracts and custodial statements were still missing. It was noted that Wachovia has advised the Fund that it will charge \$75 per hour with a minimum of \$125 to retrieve any of the Fund's records from archive. Mr. Dobin made a motion to authorize the Administrator to request from First Union all contracts, agreements, correspondence, custodial statements, and any other records pertaining to the Fund. Mr. Feeney seconded the motion, approved by the Trustees 4-0.

Mr. Sugarman updated the Board on a couple of pending disability applications. He noted that an Independent Medical Exam was scheduled for today for Steve Settle. He also noted that his office was in the process of collecting medical records for Tim Saunders. Mr. Sugarman advised the Board that he might be asking the Board for a higher fee due to the extraordinary amount of work being generated by the numerous disability applications filed in this Fund. He noted the no other pension fund he represents generates this amount of disability applications.

Mr. Sugarman noted that his office was successful in resolving some issues concerning the Fiduciary Liability Insurance Policy, underwritten by National Union Fire Insurance Company. Margie Adcock reported that the company would not quote the defense costs outside of the policy limit. Mr. Dobin made a motion to accept the proposal for Fiduciary Liability Insurance underwritten by National Union Fire Insurance Company. Mr. Feeney seconded the motion, approved by the Trustees 4-0.

Mr. Sugarman noted that he wrote Dr. Sherman a letter requesting clarification of the report of the Independent Medical Exam for Katherine Berish. He will advise the Board of Dr. Sherman's response as soon as it is received.

Mr. Sugarman reported the status of the three proposed Ordinances. He advised that the Town has passed the O'Connor Ordinance. Brigid Saia confirmed that the Town has passed two other Ordinances correcting the health benefit subsidy and the IRS language issues. Ms. Saia advised the Board that the proposed Ordinance redefining compensation was still under review by the Town's Attorney. Ms. Saia confirmed the receipt of the revised impact statement but explained that there were unanswered questions with respect

to the impact statement and the effective date. There was a lengthy discussion on the time delay in this matter. Mr. Sugarman explained the funding of the additional benefits through Section 185 excess premium tax monies.

DISBURSEMENTS

Ms. Adcock reviewed the disbursement list. There was a discussion on the invoice from Invesco. Mr. Dobin made a motion to table the invoice from Invesco. Mr. Alfele seconded the motion, approved by the Trustees 4-0. Mr. Feeney made a motion to approve the listed disbursements with the exception of the invoice from Invesco. Mr. Dobin seconded the motion, approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

Margie Adcock provided the Board with the revised Application for Disability Benefits for review.

Ms. Adcock advised that Bob Sugarman's office has provided a letter to authorize the substitution of Ron Cohen by Sugarman & Susskind in the O'Connor case. Mr. Sugarman explained the substitution of council letter. The Board authorized the letter to be signed by Mr. Scopelitis.

Ms. Adcock provided the Board with the responses received to the Request for Proposal for Actuarial Services. The Trustees discussed the proposals and decided to continue the evaluation at the next meeting.

Ms. Adcock provided the Board with a list of upcoming educational conferences for review.

OTHER BUSINESS

Mr. Feeney reported that the Fund received the Section 185 premium tax monies in the amount of \$372,366.47.

There being no further business and the next regularly scheduled meeting being set for Monday, September 22, 2003 at 4:00 P.M, the meeting was adjourned at 12:00 P.M.

Respectfully submitted,

James Feeney, Secretary