

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
September 22, 2003

Chairman Nick Scopelitis called the meeting to order at 4:10 P.M. at the Town Council Chamber, Jupiter, Florida. Those persons present were:

TRUSTEES

Nick Scopelitis
James Feeney
Marc Dobin
Todd Wodraska

OTHERS

Ken Harrison, Sugarman & Susskind, Fund Counsel
Margie Adcock & Nick Schiess, Pension Resource Center
Cheryl Grieve, Town of Jupiter
Brigid Saia, Town of Jupiter
Duncan DeWahl & David West, Burgess Chambers & Assoc.
Earl Smith, Participant and Legal Counsel Frank Albear
Katherine Berish, Participant
Ray Montrois, Participant
Paul Agruso

SWEARING IN OF TRUSTEES

An Official for the Town of Jupiter swore in all of the Trustees to an Oath of the Office of Police Pension Board Member.

RECOGNITION OF SERVICE OF PAUL AGRUSO

Nick Scopelitis presented a plaque to Paul Agruso in recognition for his years of service to the Board as a Trustee. Mr. Agruso thanked the Board and left the meeting.

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 meetings held July 23, 2003, August 20, 2003, and September 8, 2003. It was noted that, with respect to the minutes of September 8, 2003, page 1 should be changed to provide that recognition in the form of a plaque would be given to any Trustee that serves a full term on the Board. Mr. Feeney made a motion approve the minutes of the meeting held September 8, 2003, as corrected. Mr. Dobin seconded the motion, approved by the Trustees 4-0. Mr. Feeney made a motion approve the minutes of the meeting held August 20, 2003. Mr. Dobin seconded the motion, approved by the Trustees 4-0. Mr. Feeney made a motion approve the minutes of the meeting held July 23, 2003. Mr. Dobin seconded the motion, approved by the Trustees 4-0.

EARL SMITH DISABILITY APPLICATION

Attorney Frank Albear entered an appearance on behalf of Earl Smith. He questioned whether Mr. Smith's disability application would be reviewed during the meeting. Ken Harrison advised the Board that his office had received a letter from Mr. Albear, which would be discussed during the Attorney Report.

PRESENTATION BY ACTUARIES

BUCK CONSULTANTS

Jose Fernandez appeared before the Board to discuss his response to the request for proposal for actuarial services and provided the Trustees with a handout. Mr. Fernandez discussed the firm. He stated that he has been with Buck Consultants for 22 years and works mostly with public pension plans. Mr. Fernandez stated that Buck Consultants has been around since 1916. They are the fourth largest employee benefits consulting firm in the United States and are a subsidiary of Mellon Financial Corporation. He then discussed the services that the company provides in general. Mr. Fernandez discussed the regular services that would be provided to the Fund. A question arose as to what would be provided to the individual Participants. Mr. Fernandez noted that DROP benefit statements would be provided and were included in the proposal. He noted that annual employee benefit statements could also be provided, but this was not included in the quote given. Mr. Fernandez then discussed the fee proposal. The fees quoted to the Board would include 5 benefit calculations per year. They quoted a fee of \$13,500 a year and guaranteed the fee for 3 years. He noted that typically beyond 3 years there would be a COLA adjustment. Mr. Fernandez then discussed the special services that they could do for the Fund and noted that they would quote fees in advance. Mr. Fernandez stated that Buck Consultants has over 100 governmental clients and extensive public sector experience. He discussed their peer review system, which serves to check the accuracy of their work so that they are confident that what they give the client is correct. Mr. Fernandez stated that the team working on the Fund would be Zanese Duncan, Todd Green and himself. They work out of the Atlanta office where there are 10 employees who do all public sector work. Mr. Fernandez reviewed a list of public pension plans in Florida who are clients. The Board then asked various questions to which Mr. Fernandez responded. The Board thanked Mr. Fernandez for his time.

Jose Fernandez departed the meeting.

STANLEY, HOLCOMBE, & ASSOCIATES

Randall Stanley appeared before the Board to discuss his response to the request for proposal for actuarial services and provided the Trustees with a handout. Mr. Stanley stated that his firm is located in Atlanta and has been in business since 1983. Mr. Stanley tried to explain the differences between his firm and Buck Consultants. He noted that Buck Consultants is a large international firm while his firm is a smaller regional firm. Mr. Stanley discussed the staff in the office and the staff that would be assigned to this account. He stated that the Actuaries that would work on the Fund would be Jonathan Craven, Frans Christ, and himself. Mr. Stanley stated that his firm was very detailed

oriented. He discussed how they would transition if they were awarded the account. He stated that they would first match the numbers of the prior Actuarial Valuation in an effort to create a benchmark for comparison with the prior Actuary's Report. This would allow his firm to examine the actuarial assumptions and become very familiar with the Plan. Mr. Stanley discussed the regular services that they would provide to the Fund. They quoted a fee of \$9,000 a year and guaranteed the fee for 3 years. The fees quoted to the Board did not include benefit calculations, which would cost \$300 each. He then discussed the special services that they could do for the Fund and noted that they have a tremendous amount of experience in DROPs. The Board then asked various questions to which Mr. Stanley responded. The Board thanked Mr. Stanley for his time.

Randall Stanley departed the meeting.

The Board then discussed in detail the presentations considering the services and pricing of each prospective Actuary. It was noted that Buck Consultants came highly recommended from members of another public pension plan. Mr. Feeney made a motion to hire Buck Consultants as the new Actuary for the Fund. Mr. Dobin seconded the motion, approved by the Trustees 4-0. The Board then directed Mr. Harrison to negotiate a contract with Buck Consultants.

ATTORNEY REPORT

Ken Harrison reminded the Board that Earl Smith's Disability Application had been reviewed at a prior meeting. He noted that Mr. Smith's Independent Medical Evaluation had stated that Mr. Smith had not yet reached maximum medical improvement. Mr. Smith then appealed the Board's decision to deny his Application. At that time, the Board determined it would be prudent to send Mr. Smith for another Independent Medical Exam with a different physician prior to conducting a formal hearing. Mr. Harrison introduced a letter from Mr. Smith's Attorney, Frank Albear, in which Mr. Smith disagreed with the Board's request for a second Independent Medical Examination. Mr. Albear stated in his letter that while the Independent Medical Exam does not conclude maximum medical improvement, sufficient time has elapsed to rule out several of the recommended treatments and that Mr. Smith should be re-evaluated by Dr. Sherman who performed the original examination. Mr. Harrison discussed the disability review procedures and the various options available to the Board. It was noted that this item was not on the agenda as the letter from Mr. Smith's attorney was dated on Friday, September 19, 2003. There was a lengthy discussion on the matter. Mr. Harrison noted that, to put it in the best position for the Board, he would recommend that they move forward with the second IME decided at the last meeting. Mr. Albear stated that his client would not go to another IME, but did note that he would have no objection to his client going back to Dr. Sherman. Mr. Scopelitis determined that the matter was not appropriate for this meeting as it was not on the agenda and the Trustees had no documentation before them on the matter. The Board directed that the matter be placed on the agenda for the next meeting.

DISABILITY HEARING - KATHERINE BERISH

Ken Harrison reminded the Board that Katherine Berish was not granted a disability pension at the meeting of July 23, 2003 because the Board determined that the Independent Medical Evaluation was inconclusive with regards to the issue of the permanency of the injury. At that time, the Trustees determined that they would ask Dr. Sherman for clarification on some of his answers. Mr. Harrison reviewed a letter dated August 20, 2003 from Dr. Sherman which provided the requested clarification of his original IME report. Mr. Harrison noted that the Board was still in the informal hearing stage. The Administrator provided the Trustees with the original booklet of information related to Ms. Berish. Mr. Harrison provided a recap of the matter. He advised the Board that the disability applicant must meet the qualifications for a disability as set forth in the Ordinance. He reviewed the specific questions that the Board would need to answer. Mr. Harrison reviewed the clarification response received from Dr. Sherman. It was noted that Ms. Berish was present at the meeting. The Board reviewed and discussed the information provided to them regarding the Disability Application for Katherine Berish. Mr. Dobin made a motion to grant the Disability Application of Katherine Berish. Mr. Feeney seconded the motion, approved by the Trustees 4-0.

INVESTMENT MONITOR- TRADING SUMMARY REPORT

Duncan DeWahl presented the Board with a report on the portfolio management of the Fund's investments for the fiscal years beginning October 1997 and ending September 2002. As previously directed by the Board, the report analyzed trading activity, portfolio diversification, asset allocation, and equity management styles. Mr. DeWahl reported that during the five-year period, the cumulative investment gain was in the amount of \$187,224. Mr. DeWahl reviewed in detail the portfolio's performance relative to market performance. He reviewed the analysis of a trading summary for the portfolio manager Invesco. Although Invesco may have been overweighted in some industry sectors, they did follow their policies regarding sector weightings. A question arose to whether or not Invesco had a style drift from a growth management style. Mr. DeWahl stated that Invesco's equity purchases were consistent with a growth management style. A question arose whether or not Invesco violated sell disciplines and Mr. DeWahl noted that although the records indicated that Invesco did have a sell discipline, there were not any records specifying the details of the sell discipline. Mr. DeWahl concluded his report by stating that the underperformance of the investment portfolio referenced in the study was primarily due to an ill-timed shift of management style from value to growth when the market conditions were best for value stocks. He stated that there were not any apparent violations on the part of Invesco uncovered in his research thus far. The Board thanked Mr. DeWahl for his time.

ATTORNEY REPORT (CONTINUED)

Ken Harrison requested that the Board determine the effective date of Ms. Berish's disability pension. Margie Adcock reported that Board's procedure in the past has been to determine the effective date to be the date the Participant went off payroll from the Town. The Board then determined that Ms. Berish's effective date of her disability pension to be the date she went off payroll from the Town.

Mr. Harrison introduced a letter from the Attorney for Jill Rosco dated August 27, 2003 regarding the effective date of her disability pension. Ms. Rosco's disability pension was granted at a prior meeting and the issue of the effective date was still outstanding. There were also still questions regarding certain offsets. Ms. Rosco was present and appeared before the Board. In his letter, Mr. Pfeffer requested that Ms. Rosco's effective date be changed to July 3, 2001, which the letter states is the date Ms. Rosco quit receiving workers' compensation benefits and salary from the Town.

Mr. Dobin departed the meeting.

The Board advised Ms. Rosco that the effective date requested was prior to Plan improvements and that she would not be eligible for the supplemental benefit of \$5 per month per credited year of service. Ms. Rosco acknowledged the loss of the benefit and requested the earlier date regardless. Mr. Harrison discussed the possible offsets to Ms. Rosco's pension with workers' compensation and long-term disability insurance, which were determined to be the responsibility of the Participant and not the Board. The Trustees then discussed the effective date of disability pensions, which was again determined to be the date Ms. Rosco went off payroll from the Town. Mr. Feeney made a motion to have the effective date of Jill Rosco's disability pension be the date she went off payroll from the Town. Mr. Wodraska seconded the motion, approved by the Trustees 3-0.

Ray Montrois appeared before the Board and submitted a written request to change the status of his non-duty disability pension to a duty-related pension. Mr. Harrison reminded the Board that Mr. Montrois had specifically applied for a non-duty disability, which had been granted at a prior meeting. Mr. Montrois discussed excerpts from his medical records that indicated that his injuries were actually job related. He noted that there would be no additional cost to the Fund but the status change would benefit him for tax purposes. Mr. Harrison stated that normally the Application is specific for itself. However, the procedure to change the status would be to first have a motion to reconsider the pension as previously granted and then to grant a duty related pension. Since the Trustees did not have the complete medical records, Mr. Scopelitis directed that this matter be placed on the agenda for the next meeting. The Board requested the Administrator to provide copies of Mr. Montrois' medical records from Dr. Suite and Dr. Sherman for the next meeting.

Mr. Harrison advised the Board that there were several other outstanding Disability Applications and that his office was collecting the medical records.

Mr. Harrison reviewed a letter dated August 20, 2003 from James Linn regarding the proposed Ordinance redefining compensation, noting that it was Mr. Linn's recommendation that this benefit be placed into bargaining. The Town had sent a letter dated September 15, 2003 directly to the Actuary requesting some clarification on the impact statement previously prepared for this Ordinance. Ms. Adcock provided the Board with the Actuary's response dated September 22, 2003, which answered most of the questions in the Town's letter. However, in response to the Town's request for a projected cost of this benefit for thirty years, the Actuary responded that this would require an in-depth study with an estimated cost of \$3,000 to \$5,000.

ADMINISTRATIVE REPORT

Ms. Adcock presented the disbursements. There was a discussion on the invoice from Invesco. Mr. Feeney made a motion to approve the listed disbursements with the exception of the invoice from Invesco. Mr. Wodraska seconded the motion, approved by the Trustees 3-0.

Ms. Adcock reported that First Union was requiring an authorization from the Board to release any records. Ms. Adcock provided the Chairman with an e-mail that was received earlier in the afternoon stating the requirement and requested the Chairman sign the document as his authorization.

Ms. Adcock presented the Board with a letter dated September 18, 2003 from the Actuary concerning his review of all the disability retirement pensions in order to determine whether the new policy regarding the definition of compensation would result in any changes to the pensions paid. Ms. Adcock noted that the Actuary determined that there would be no change in benefits due for any of the disability retirees. Ms. Adcock reported that Attorney Mr. Pfeffer had requested a copy of this report and that they would forward the letter to him.

Ms. Adcock requested direction from the Board regarding the benefit calculations of Katherine Berish and Jill Rosco given the hiring of the new Actuary. The Board determined that it was best to submit these calculations to the current Actuary.

Mr. Scopelitis discussed his subscription to Pensions & Investment Management and questioned the other Trustees whether or not they would also like a subscription.

There being no further business, the meeting was adjourned at 6:40 P.M.

Respectfully submitted,

James Feeney, Secretary