TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
February 24, 2005

James Feeney called the meeting to order at 10:00 A.M. at the Town Council Chambers, Jupiter, Florida. Those persons present were:

TRUSTEES	**OTHERS**
James Feeney	Bob Sugarman, Sugarman & Susskind, Fund Counsel
Peter Alfele	Nick Schiess, Pension Resource Center
Marc Dobin	Burgess Chambers, Burgess Chambers & Associates
Nick Scopelitis	Brigid Saia & Cheryl Grieve, Town of Jupiter
Jack Forrest	Kevin Ryan, Adelante Capital Management
	Steve Settle
	Other Visitors

PUBLIC COMMENTS

Retired Participant Steve Settle appeared before the Board to question whether his continued eligibility for disability benefits would be jeopardized if he accepted a volunteer position as reserve detective with the Town of Tequesta. He explained that the position was non-strenuous and he would not receive compensation. Bob Sugarman advised that the Board must determine whether it was appropriate to issue disability benefits to a Participant titled as a reserve detective for another agency and also whether it was possible that the Participant would be performing duties that the Board had already determined that he could not perform. Mr. Settle noted that the position was not a uniformed position. It was noted that a reserve officer had authority and arrest powers and it was possible that Mr. Settle might be required to use these powers. Mr. Settle was questioned regarding the necessity of attaining the title of reserve officer itself or whether he could perform service as a volunteer without the title. Mr. Settle explained that the title was required to maintain certification. Mr. Sugarman noted that certification itself was inconsistent with being disabled. The Board deliberated on the title of reserve officer and determined that the title was contrary to the conditions and requirements of being disabled and receiving disability benefits from the Plan. Peter Alfele made a motion that a Participant could not receive disability benefits from the Plan and accept a position as a reserve officer with another agency. Marc Dobin seconded the motion, approved by the Trustees 5-0.

INVESTMENT MANAGER REPORT

Kevin Ryan appeared before the Board on behalf of Adelante Capital Management to provide the Board with a report on the REIT portfolio. He discussed the market conditions noting that although the fundamentals are positive, any rise in interest rates would negatively impact performance. He anticipated a 6-9% return for the 2005 calendar year and a 10% long-term return of which 5% was expected in rental income and the remaining 5% derived from capital appreciation. Mr. Ryan was questioned whether REITs were a separate asset class and more similar to equities or fixed income. Mr. Ryan responded that REIT's were considered a separate asset class with attributes closer to that of equities than fixed income. Mr. Ryan discussed the investment performance of the portfolio noting that the return of the portfolio was 31.7% for the 2004 calendar year and 15.3% for the quarter ending December 31, 2004. He then discussed the selection process, portfolio management team, and the sector and geographical allocations. Mr. Sugarman questioned Mr. Ryan whether Adelante Capital Management compensated the Investment Consultant either directly or indirectly and Mr. Ryan responded that compensation of any type was not given to the Investment Consultant.

PRIOR SERVICE BUYBACK - TOM FLANNERY

Active Participant Tom Flannery appeared before the Board. Bob Sugarman reviewed Mr. Flannery's request to purchase prior service credit with the Town as a police officer and confirmed that the Plan provisions permitted the buyback under the condition that the Participant repaid the amount of Participant contributions plus interest since reemployment at an interest rate determined by the Board. The Board discussed the percentage of interest to be applied and it was noted that the actuarial assumption rate for investment return was 8%. Marc Dobin made a motion to permit Mr. Flannery to purchase the prior service credit for the amount of withdrawn contributions plus 8% interest. Jack Forrest seconded the motion approved by the Trustees 5-0. Nick Schiess provided the Board and Mr. Flannery with a calculation of the cost to purchase the service credit based upon an interest rate of 8%. Mr. Flannery was advised that the amount could either be paid in a lump sum or from a rollover from a qualified plan and Mr. Flannery agreed to purchase the service credit with a lump sum payment.

INVESTMENT CONSULTANT REPORT

Burgess Chambers appeared before the Board on behalf of Burgess Chambers & Associates to discuss the investment performance of the portfolio. The investment return for the quarter ending December 31, 2004 was 8.6%, versus the benchmark of 7.0%, which ranked the Plan in the 9th percentile. He discussed the performance of the individual investment managers for the quarter ending December 31, 2004. The return for Private Capital Management was 12.9% versus 10.2% for the index. Mr. Chambers was questioned regarding the large cash allocation of the Private Capital Management portfolio and he responded that the report was for the period ending December 31, 2005 and since then the cash allocation has been reduced. In addition, the manager had just received a funds transfer due to reallocation and also their investment process required the availability of cash for investing into attractive opportunities. He noted that performance lagged for the fixed income portfolio and anticipated continued poor absolute returns due to anticipated rising interest rates. Mr. Chambers was questioned whether the relative bond underperformance was acceptable and he responded that the performance was acceptable and explained that the bond portfolio was very conservative, defensively postured, and complimented the equity portfolio well. Mr. Chambers reported that the return for the CS McKee international equity portfolio was 14.8% versus the index of 15.4% for the quarter ending Decenber 31, 2004.

Mr. Chambers reviewed the compliance checklist noting that all items were in compliance however the Plan's investment objectives have not been met as a three-year rolling return of 8.5% had not been achieved.

Mr. Chambers reported that two purchases totaling $852,000 with Adelante Capital Management were not properly posted by the Custodian, Salem Trust Company. He noted that the Custodian was the record keeper for the asset management of the Plan and therefore the Plan relied upon the Custodian for accurate records. A question arose whether the Custodian shadowed or actually custodies the account. It was noted that the Custodian actually custodies the assets held within the separate accounts of Sawgrass Asset Management and Private Capital Management and a discussion ensued to the custody arrangement of the assets within the Adelante Capital Management and CS McKee accounts. It was noted that the CS McKee account was shadowed by the Custodian. Regardless of the custody arrangement of the Adelante Capital Management account, it was noted that the Custodian must not have reconciled the account properly. A lengthy discussion ensued as to whether the matter was attributable to a mistake or was a broader systemic problem. The Board noted that it was important to determine the custody arrangement of the account and modify the arrangement if necessary to ensure that trades are executed through the Custodian and that the Custodian actually custodies all the Plan's assets rather than shadowing accounts. After further discussion, Marc Dobin made a motion to request from Salem Trust an explanation how the error occurred and steps taken to ensure that the error does not occur again. James Feeney seconded the motion, approved by the Trustees 5-0. The Board directed the Administrator to request that a representative of Salem Trust Company appear before the Board at the next meeting.

It was noted that the ending balance of the Adelante Capital Management account as of September 30, 2004 was incorrect and therefore the recently completed annual audit and Annual Report might therefore be incorrect as a result. A review of the 2004 Annual Report provided by Cheryl Grieve prior to the meeting indicated that the ending balance of the CS McKee account appeared to be correct and the Administrator agreed to research the matter further and provide the Town confirmation of the status of the balance of the account.

Mr. Chambers noted that also as a result of the incorrect account balance information, the recent asset allocation rebalancing that occurred did not result in a large enough transfer from the REIT portfolio. However, the recent downturn in the market value of the portfolio had reduced the market value and allocation and thus it was not appropriate to make additional withdrawals from the account. Mr. Chambers recommended the increase in the allocation of the international portfolio from 5% to 7% noting that the original target allocation was 10%. Nick Schiess anticipated that after the receipt of Town's quarterly contribution in March, the approximate amount of $500,000 in excess of the operating requirements of the Plan should be available in the Plan's R&D account. The Board discussed raising the allocation to the international portfolio and directed the Administrator to transfer $500,000 from the R&D account to the CS McKee international portfolio once the funds were available.

Bob Sugarman questioned Mr. Chambers whether Burgess Chambers & Associates ever requested or accepted compensation from any of the Plan's Investment Managers. Mr. Chambers responded that his firm did not request or accept compensation from any of the Plan's Investment Managers. Mr. Sugarman questioned Mr. Chambers whether the firm ever requested or accepted compensation to be included in an investment manager search previously authorized by the Plan. Mr. Chambers responded that his firm had not requested or accepted compensation from any Investment Manager to be included in an investment manager search. Mr. Sugarman questioned Mr. Chambers whether the firm had ever attended a conference at which the firm's expenses were paid by an Investment Manager. Mr. Chambers responded that his firm had not attended a conference at which the firm's expenses were paid by an Investment Manager. Mr. Sugarman questioned Mr. Chambers whether Investment Managers paid expenses for due diligence visitations on behalf of the Plan. Mr. Chambers responded that the firm paid all expenses associated with due diligence visitations. Mr. Sugarman questioned Mr. Chambers whether the firm received compensation other than the hard dollar compensation directly from the Plan. Mr. Chambers responded that his firm did not receive compensation other than the hard dollar compensation directly from the Plan. Mr. Sugarman questioned Mr. Chambers whether the firm participated in any revenue sharing or commission recapture programs. Mr. Chambers responded that his firm did not participate in any revenue sharing or commission recapture programs. Mr. Sugarman questioned Mr. Chambers whether the firm received research from any of the Plan's Investment Managers. Mr. Chambers responded that his firm did not receive research from any of the Plan's Investment Managers.

The meeting adjourned at 11:50 A.M. and reconvened at 12:07 P.M.

ATTORNEY REPORT

Bob Sugarman distributed to the Board recent publicity regarding pay to play allegations regarding Investment Consultants receiving indirect compensation from investment managers.

Mr. Sugarman reported that pursuant to a request from Trustee James Feeney, he had reviewed a proposed collective bargaining Agreement. He emphasized that the review was conducted not for the purpose of assisting the Union or Town in the bargaining of benefits but rather on a technical level and for ease of administration in the event the benefit improvements were in fact adopted. He reported that while the substance of the Agreement remained unaltered, he had provided revisions in the terminology to ease the implementation of the benefit improvements and also delineate the sources of funding for the benefit improvements.

As a follow up to the last meeting, Mr. Sugarman provided an update on the lawsuit filed by four disability retirees challenging the manner in which the benefits had been calculated claiming that all their compensation was not included for the determination of benefits. He reported that the definition of compensation determined at the last meeting was acceptable to the Plaintiff's Attorney, however, the Attorney had requested payment for legal services incurred in the lawsuit. Mr. Sugarman reported that there was a statutory basis for the payment of the Plaintiff's Attorney fees. He noted that benefits were not issued in a similar manner to the Plaintiff's benefits and therefore it was likely that the Plan would not prevail in the lawsuit if it went to court. Mr. Sugarman recommended that the Board authorize him to settle the case and negotiate the Plaintiff's Attorney fees. Peter Alfele made a motion to authorize Mr. Sugarman to settle the lawsuit subject to negotiation of the Attorney's fees as approved by Trustee Marc Dobin. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Mr. Sugarman presented contracts for securities monitoring services with Lerach Coughlin Stoia Geller Rudman & Robbins LLP, Goodkind Labaton Rudoff & Sucharow LLP, Pomerantz Haudek Block Grossman Gross LLP, and Milberg Weiss Bershad & Schulman LLP. Peter Alfele made a motion to execute the contracts. Marc Dobin seconded the motion, approved by the Trustees 5-0.

Mr. Sugarman respectfully requested an increase in the retainer for legal services from $2,800 to $3,750 citing that the services performed for the Plan exceeded expectations due to an extraordinary amount of disability applications and other additional services performed on behalf of the Plan. The Board questioned Mr. Sugarman regarding a rate guarantee and Mr. Sugarman agreed to provide a rate guarantee until September 30, 2007. Marc Dobin made a motion to increase the retainer for legal services from $2,800 to $3,750 with a rate guarantee until September 30, 2007. Peter Alfele seconded the motion, approved by the Trustees 5-0.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. Peter Alfele made a motion to approve the disbursements as presented. Marc Dobin seconded the motion, approved by the Trustees 5-0.

MINUTES

The Board reviewed the minutes of the meeting held November 18, 2004. Peter Alfele made a motion to approve the minutes of the meeting held November 18, 2004. Marc Dobin seconded the motion, approved by the Trustees 5-0.

ADMINISTRATIVE REPORT

Nick Schiess provided the Board with a proposal to increase the administrative services of the Pension Resource Center to the Plan and discussed the enhancements outlined therein. First, the Pension Resource Center would become the record keeper of the active

Participant data for the Plan. The Administrator's systems were capable of producing accurate benefit calculations for Participants and the Administrator would provide the Actuary data necessary for benefit certifications, actuarial valuations, and the Town schedules for the annual audit. Second, the benefit calculation systems were accessible online and Participants would be able to obtain instantaneous accurate estimates of their pension benefits as often as desired. Mr. Schiess explained that currently estimates of pension benefits are available only from the Actuary at a cost of $200 per calculation in excess of the contractual five calculations per year and may take several weeks to receive. Lastly, the Administrator would produce Annual Benefit Statements for the Participants of the Plan instead of the Actuary who charges the Plan $2,000 per year for the service. Mr. Schiess noted that the cost of the additional services was $725 monthly. He noted that the actual cost to configure the Administrator's systems would be a pass through cost to the Plan and estimated the cost to be approximately $2,000 to $3,000. In addition, the actuarial joint annuitant equivalency factors for the determination of the optional forms of benefits must be acquired from the Actuary. He noted that the equivalency factors in the Actuary's proprietary system must be converted into tables by the Actuary for importation into the Administrator's system at an additional cost estimated between $2,000 to $3,000, which would also be a pass through cost to the Plan. After a thorough discussion it was noted that the Participants would benefit from the increase in administrative services and Marc Dobin made a motion to approve the increase in administrative services. James Feeney seconded the motion, approved by the Trustees 5-0.

Mr. Schiess reported that officers Jonathan Monaco, John Johnson, Lenore Maio, and Kim Yeager had separated from service and had yet to submit an application for a refund of contributions. It was noted that Lenore Maio was eligible for a deferred vested benefit from the Plan. Mr. Schiess explained that pursuant to the Plan provisions terminated members were permitted to leave their contributions deposited with the Plan for up to five years in the event they were reemployed. Mr. Schiess recommended that a Notification of Vested Deferred Benefits be prepared for Ms. Maio and the remaining persons be notified of their rights under the Plan including a refund of their pension contributions and the Board agreed.

Nick Schiess reported that the Town had been notified that the terms of office for Trustees Marc Dobin and Peter Alfele expired January 3, 2005 and March 18, 2005 respectively and both Trustees had expressed an interest to be reappointed for another term. Brigid Saia reported that both reappointments would go before Town Council in April and in the event that they are reappointed each of their terms would commence simultaneously.

Mr. Schiess provided the Board with a list of upcoming educational conferences.

OTHER BUSINESS

Nick Schiess provided the Board with a summary of the revised methodology for the calculation of disability benefits determined by the Board at the last meeting.

Mr. Schiess reported that Ordinance 83-04 had passed adopting technical changes to the Plan required by Statutes. It was noted that that the proposed Ordinance Amendments adopting the Chapter 185 minimum benefits and providing for the purchase of prior service credit for military service and prior law enforcement service were still considered by the Town benefits to be considered in collective bargaining between the Town and Union.

The Board discussed the review of the medical conditions of the individual disability retirees to determine whether the permanence of their conditions warranted an exclusion from the requirement of the Certificate of Medical Examination. Having prior medical experience, Trustee Jack Forrest agreed to review the medical records and provide a report to the Board at the next meeting.

There being no further business, the meeting was adjourned at 1:15 P.M.

Respectfully submitted,

James Feeney, Secretary