

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**  
**MINUTES OF MEETING HELD**  
**SEPTEMBER 19, 2005**

Chairperson Nick Scopelitis called the meeting to order at 10:20 A.M. at the Town Council Chambers, Jupiter, Florida. Those persons present were:

**TRUSTEES**

James Feeney  
Peter Alfele  
Marc Dobin  
Nick Scopelitis

**OTHERS**

Bob Sugarman, Sugarman & Susskind, Fund Counsel  
David Jakubiak & Nick Schiess, Pension Resource Center  
Burgess Chambers, Burgess Chambers & Associates  
Michael Simmons & Cheryl Grieve, Town of Jupiter  
Ellias Costellanos, Caballero & Costellanos, P.L.  
Jeanine Bittinger and Richard Cristini, Davidson, Jamieson & Cristini, P.L.  
Scott Porter and Donna Wisneski, Caler, Donten, Levine, Druker,  
Porter & Veil, P.A.  
Brad Rinsem & Karen Russo, Salem Trust Company

**PUBLIC COMMENTS**

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

**SALEM TRUST COMPANY**

Karen Russo and Brad Rinsem appeared before the Board on behalf of the Salem Trust Company. Ms. Russo discussed the Custodian's recent blackout period that occurred for the transition of assets from Sun Trust and a systems conversion. She explained to the Board that this was not a demand to investment managers to cease trading but rather a request to minimize trading. Ms. Russo advised that notification of this transition was provided through correspondence dated July 12, 2005 and July 19, 2005 to all investment managers. She further explained that the five-day period was not excessive or detrimental to clients and during the period the Custodian did process over one thousand transactions. She noted that during the period, Sawgrass Asset Management conducted transactions but Private Capital Management did not. Ms. Russo was questioned whether the trades conducted by Sawgrass Asset Management were settled in a timely manner and she responded that the trades were in fact settled timely.

Brad Rinsem provided the Board with correspondence dated September 19, 2005 regarding shareholder servicing agreements with mutual fund companies. He reported that recent correspondence had been sent to all clients regarding these agreements in an effort to become completely transparent about the agreements. He explained that the fees

were reasonable, legitimate, and the method of calculation approved by regulatory agencies. Mr. Rinsem was questioned whether the shareholder servicing fees were levied on the same funds that the Plan was already levied custodial fees. He explained that the shareholder servicing fees applied only to the money market sweep account, which included cash held in money market accounts by the Plan's investment managers and the receipt and disbursement account and while the custodial fees applied to all assets under management including the cash held in the money market account. He stated that the shareholder servicing fees, however, were for unrelated services and therefore not a duplication of fees for the very same services. He was questioned regarding the fee structure and he responded that the fees were 5.5 basis points for all assets under management, \$10 per trade above 500 trades, and 25 basis points of the average yearly balance for the shareholder servicing fees. Mr. Rinsem was questioned whether the shareholder servicing fees applied to contributions to the Plan and he responded that the average yearly balance was a function of all additions and distributions from the receipt and disbursement account and therefore to reduce the shareholder service fees the Plan should tighten cash management. Ms. Russo noted that the prior year's average daily cash balance was 1.4M dollars. Ms. Russo advised that the Administrator and Investment Consultant were advised upon the receipt of large deposits and the investment managers were provided monthly statements of their cash balance. Nick Schiess reported that the monitoring of the balance within the receipt and disbursement account had improved dramatically approximately a year ago with the implementation of a quarterly rebalancing of the account and the target balance was approximately \$200,000 for the payment of Plan expenses and benefit payments. Ms. Russo noted a current balance of \$106,000 in the receipt and disbursement account. Mr. Rinsem explained that the services provided in exchange for the fees were not provided by mutual fund companies, who might charge a greater amount to perform the same services. He explained that the shareholder servicing fees were considered in the overall pricing of services to the Plan and resulted in lower fees for other services. He advised that upon the Board's request, the shareholder servicing fee could be removed, however, a reevaluation of the total fees would be necessary. A question arose regarding the business practices of other custodians regarding shareholder serving fees and both Mr. Rinsem and Burgess Chambers responded that the practice was universal.

Bob Sugarman expressed concerns whether the money market account recommended by the Custodian and subsequently selected by the Board was the best money market fund that the Custodian could recommend or whether there existed a financial benefit for the Custodian in the recommendation of specific money market accounts. He also expressed interest in determining whether the shareholder service fees were reasonable and comparable for similar services provided by other custodians.

A lengthy discussion ensued regarding the benefits of a transactional fee basis versus a flat fee and Mr. Rinsem again offered to renegotiate the Agreement with the Plan.

## **RESOLUTION OF LAWSUIT/ RECALCULATION OF DISABILITY BENEFITS**

Bob Sugarman updated the Board on the status of the lawsuit filed by four disability retirees contending that their pensions were incorrectly calculated. Mr. Sugarman explained that agreement had been made regarding the recalculation of the disability pensions, retroactive payment of benefits, interest on the retroactive payments, and the plaintiffs' attorney's fees. Marc Dobin made a motion to approve the settlement of the lawsuit on the terms agreed upon by the Attorney and Plaintiffs' attorney, authorize the Attorney to prepare the settlement, and direct the Administrator to issue payments. James Feeney seconded the motion, approved by the Trustees 4-0.

## **REQUEST FOR PROPOSAL FOR AUDITING SERVICES**

Mr. Sugarman advised the firms presenting proposals to the Board that the meeting was a public meeting and therefore all persons were allowed to attend the meeting.

### **CABALLERO & COSTELLANOS P.L.**

Ellias Costellanos appeared before the Board on behalf of Caballero & Costellanos P.L. to present a proposal for audit services to the Plan. He discussed the firm's qualifications noting that the firm was small but experienced and because of its size would be able to provide exceptional service to the Plan. Mr. Costellanos was questioned regarding other clients of similar size to the Plan and he responded that the firm provides audit services for pension plans in Miami Springs, Oakland Park, and three Plans for the City of Miami. Mr. Costellanos was questioned regarding the subcontracted employees named in the firm's presentation materials and he explained that the firm had subcontracted several licensed CPA's on a regular basis for many years. Mr. Costellanos was questioned whether the proposal included the preparation of the annual State report and responded that the proposal included the preparation of the annual report.

### **DAVIDSON, JAMIESON & CRISTINI, PL**

Jeanine Bittinger and Richard Cristini appeared before the Board on behalf of Davidson, Jamieson & Cristini, P.L. to present a proposal for audit services to the Plan. Ms. Bittinger discussed the firm's qualifications noting that the firm had considerable experience with public pension plans. Ms. Bittinger then reviewed a list of the firm's clients. Mr. Cristini was questioned regarding the certifications of the firm's staff and he responded that of the twelve accountants on staff, six were CPAs. Mr. Christini was questioned regarding the percentage of business was government related and he responded that the firm's primary business was public pension plans although the firm was engaged by a few non profit organizations. Ms. Bittinger was questioned whether the firm had experience with annual reports required by the State, management discussion and analysis reports, and GASB 34 standards. Ms. Bittinger responded that the firm was experienced in these matters, however, the management discussion and analysis was not a required report for the

Plan. Ms Bittinger concluded the presentation by advising that their service included a presentation of the final report to the Board.

**CALER, DONTEN, LEVINE, DRUKER, PORTER & VEIL, P.A.**

Scott Porter and Donna Wisneski appeared before the Board on behalf of Caler, Donten, Levine, Druker, Porter & Veil, P.A. to present a proposal for audit services to the Plan. Mr. Porter identified the firm as the auditor for the Town and discussed the firm's qualifications. Mr. Porter was questioned whether a conflict of interest existed and also whether an economy would be realized by performing the audit for the Town and the Plan. Mr. Porter responded that a conflict of interests did not exist and an economy would not occur due to the additional reporting required for the audit of the Plan. Mr. Porter was questioned whether there existed any clients for whom auditing services were performed for both the municipality and a pension plan and he responded that the only client for whom both services were performed was the Town of Palm Beach.

The Board discussed in great detail the qualifications and presentations of the firms submitting proposals for auditing services. James Feeney made a motion to engage the audit services of Davidson, Jamieson & Cristini, P.L. The motion died for a lack of a second and a discussion ensued regarding the relative size of the firms as related to their ability to provide service to the Plan. It was noted that Caballero & Costellanos P.L. was a smaller firm and therefore more likely to possess the ability to provide the greatest amount of service to the Plan. After further discussion, Marc Dobin made a motion to engage the audit services of Caballeros and Costellano P.L. Peter Alfele seconded the motion, approved by the Trustees 4-0.

**OTHER BUSINESS**

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

Respectfully submitted,

James Feeney, Secretary