

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
NOVEMBER 17, 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
Jack Forrest

OTHERS

Bob Sugarman, Sugarman & Susskind, Fund Counsel
David Jakubiak & Nick Schiess, Pension Resource Center
Burgess Chambers, Burgess Chambers & Associates
Michael Simmons & Bridget Saia, Town of Jupiter
Brian O'Connell, Private Capital Management

PUBLIC COMMENTS

Chairperson Nick Scopelitis invited those present to address the Board with public comments. Active Participant George Albert appeared before the Board to express his anticipation to purchase prior service credit with Plan and was advised that a pending Ordinance Amendment contained a provision that would permit the purchase of prior service credit.

MINUTES

The Board reviewed the minutes of the meetings held August 25, 2005 and September 19, 2005 and a correction was noted. Peter Alfele made a motion to approve the minutes of the meetings held August 25, 2005 and September 19, 2005 as corrected. Marc Dobin seconded the motion, approved by the Trustees 5-0.

INVESTMENT MANAGER REPORT: PRIVATE CAPITAL MANAGEMENT

Brian O'Connell appeared before the Board on behalf of Private Capital Management to provide a performance report on the investment portfolio for the quarter ending September 30, 2005. He reviewed the investment philosophy of the firm noting the strategic goal was preserving capital while achieving performance at a target rate of 15% annualized average rate of return. Mr. O'Connell reminded the Board that the portfolio was all cap with a value bias.

Mr. O'Connell was questioned regarding the recent investment loss of holdings of gaming companies within the portfolio and he explained that while the recent hurricane in New Orleans negatively impacted gaming equities, the sector was still one of the strongest performing sectors in the last fiscal year.

Mr. O'Connell was questioned regarding the staff person with the responsibility within the firm for purchase and sell decisions and he responded that portfolio manager Greg Powers was responsible. Mr. O'Connell was then questioned regarding the purchase of 1,500 shares of Alltel on August 26, 2005 and the subsequent liquidation of 700 shares on September 1, 2005. Burgess Chambers noted that the liquidation was due to rebalancing and the Mr. O'Connell noted that otherwise the weighting of the holding would have been too large. Mr. O'Connell then discussed the firm's sell discipline with respect to the portfolio.

Mr. O'Connell discussed the performance of the portfolio noting that since inception, investment earnings have been \$2,994,068 representing an annualized investment return of 18.9%. He discussed the sector allocations in great deal noting that the process precludes energy and underweights commodity type industries.

Mr. O'Connell was requested to explain the buy out filing of Knight Ridder that received recent publicity. He explained that a 13D filing had occurred with the SEC, which was a standard form communication filed in conjunction with correspondence sent to the management of Knight Ridder requesting consideration of selling the company. Mr. Sugarman noted that 2,400 shares of this equity were held in the Plan's portfolio. Mr. O'Connell was questioned regarding whether personnel within Private Capital Management owned equities of Knight Ridder. The Board expressed concerns over a possible conflict of interest in the event that Private Capital Management used their client's ownership of equities as leverage to implement changes for the financial benefit of themselves. Mr. O'Connell was requested to provide Mr. Sugarman disclosure of equities within the portfolio that were also owned by personnel of Private Capital Management.

INVESTMENT MONITOR REPORT: BURGESS CHAMBERS

Burgess Chambers appeared before the Board to discuss the investment performance of the portfolio for the quarter and fiscal year ending September 30, 2005. The investment return for the quarter was 1.4% versus the benchmark of 2.3% and for the fiscal year was 10.5% versus the benchmark of 11.0%. He attributed the underperformance for the quarter to slight underperformance in domestic equities and the retraction in the allocation of the REIT portfolio during a period of good performance. The market value of the portfolio was \$18,530,104.

Mr. Chambers discussed the benchmark noting that the Board had raised the benchmark and the overall investment return of the total portfolio exceeded the performance of the former benchmark. Marc Dobin noted for the record that the total portfolio had achieved an investment return in excess of the actuarial assumption for investment return of each of the last three years. He credited Trustees Nick Scopelitis and James Feeney for implementing changes instrumental in the achievement noting that the both Trustees deserved the gratitude and thankfulness of the taxpayers, Town, and Participants of the Plan. He also noted that the investment return was superior under the guidance of Burgess Chambers and Associates versus the former investment consultant.

Mr. Chambers was questioned whether he was comfortable with the current benchmark and the performance ranking in the comparative universe. Mr. Chambers advised that both the performance and the standard for performance was raised with the implementation of diversification initiated by the Board based upon his recommendations over the last three years. He stated that he was very satisfied with the performance and respective ranking in the comparative universe noting that to increase the Plan's ranking further would require a more aggressive strategy with higher risk and more volatile asset classes. He advised that the portfolio was properly positioned for above average performance in the future and the growth of assets should provide sufficient funds to allow the consideration of further diversification in the future.

Mr. Chambers then reviewed in detail the performance of the individual investment managers for the quarter and fiscal year ending September 30, 2005. The bond portfolio slightly underperformed the benchmark, which was attributable to the conservative position of the portfolio, however, Mr. Chambers anticipated that relative performance should increase with rising interest rates. He noted that the bond allocation was 33.3% and therefore could not be lowered. Mr. Chambers reported that during the quarter, funding occurred for the 10% allocation of a large cap growth mandate with exchange traded funds of the Russell 1000 Growth Index Fund, which provided further diversification and participation in a style that appeared to be coming into market favor. He discussed the performance of the REIT portfolio noting that the 5% allocation versus the target amount of 10% was still prudent as the asset class was considered to be already fully valued.

Mr. Chambers concluded his report with a review of the compliance checklist noting that all items were in compliance and the Plan's investment objectives were met with the exception that the performance did not exceed the return for the benchmark objective. Mr. Chambers was questioned whether the consultant recommended any changes in the portfolio's asset allocation and he responded that the current asset allocation was satisfactory.

ATTORNEY REPORT:

Bob Sugarman discussed the shareholding service fees charged by Salem Trust on the Plan's assets held within a money market. Nick Schiess reported that he had also discussed the matter with Salem Trust and provided the Board with an alternate pricing schedule without shareholder servicing fees. Mr. Sugarman advised the Board to consider whether the services performed by Salem Trust have been satisfactory and also had the shareholding service fees been fair. After further discussion, Marc Dobin made a motion to send out a request for proposal for custodial services. Jim Feeney seconded the motion, approved by the Trustees 5-0. Bob Sugarman advised that he would collaborate with the Administrator on a list of potential candidates.

Bob Sugarman discussed the matter of commission recapture on equity trades performed on behalf of the Plan noting that a higher rebate percentage of 70% had been negotiated

with recapture agents Lynch, Jones, & Ryan, CAPIS, and Donaldson & Company. He agreed to provide Private Capital Management with information on the recapture agents. A discussion arose between the Board, Mr. Sugarman, and Mr. O'Connell regarding trading costs and the utilization of recapture agents. The Board concluded that Private Capital Management should trade on a best execution basis, which was the primary directive and then utilize the Plan's recapture agents whenever possible as long as best execution was achieved. Mr. O'Connell was questioned regarding the trading sequence for trades made on behalf of the Plan and the subsequent valuing of the purchase price. Mr. O'Connell advised that he believed that the trades for the Plan were based upon the average price for all trades, however, would need to research the matter further and report back to the Board. Mr. O'Connell was directed to submit a written explanation of the method used to determine the rotation of trades made on behalf of the Plan.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. The Board noted that the invoice received from Private Capital Management for investment management fees contained a pro rata fee for assets under management during a partial quarter. It was noted that a corresponding redemption occurred during the quarter for rebalancing. The Board discussed the terms of the Agreement for investment management services with Private Capital Management noting that the Agreement specified that fees were based upon the ending balance at each quarter and therefore the pro rata fee was erroneous. Marc Dobin made a motion to approve the disbursement to Private Capital Management in the amount of \$18,329.22 excluding the pro rata fee in the amount of \$3,274.11. Peter Alfele seconded the motion, approved by the Trustees 5-0. Peter Alfele made a motion to approve the remaining disbursements. Marc Dobin seconded the motion, approved by the Trustees 5-0.

ADMINISTRATIVE REPORT

The Trustees reviewed the list of benefit approvals presented for approval by the Administrator. A question arose regarding the credited service for retiree Richard Westgate and Nick Schiess agreed to research the matter and report back to the Board.

Mr. Schiess reported that the general liability insurance is up for renewal prior to the next meeting and therefore requested to the Board to pre-approve the expenditure for the renewal premium. He advised that the renewal notice containing the exact premium amount had not been received, however, he had discussed the renewal premium with the insurance agent who advised that the premium should be similar to the \$289 premium for the prior year coverage. Peter Alfele made a motion to pre-approve the expenditure for the premium for the general liability insurance. Marc Dobin seconded the motion, approved by the Trustees 5-0.

Mr. Schiess announced that Administrator had received the required data from the Town to finalize the systems necessary to fulfill the Administrator's new role of record keeper for the Plan. He reviewed the benefits to the Plan and Members including the ability to

produce instantaneous accurate estimates of pension benefits both at the office and through the online benefit estimator, which was now available to Members. He noted that the designation of beneficiary information was either missing or dated and recommended that an announcement be provided to the Members of the new online benefit calculator system along with a request for updated beneficiary information. He provided the Board with a draft announcement and Designation of Beneficiary Form. Bob Sugarman suggested changes in the Form and Mr. Schiess agreed to provide the revised Form and announcement to Nick Scopelitis for distribution to the Members.

OTHER BUSINESS

Bob Sugarman updated the Board on the status of the proposed Ordinance Amendment adopting the State minimum benefits.

Mr. Sugarman advised that the lawsuit filed against the Plan by the disability recipients had been fully settled including the payment of the plaintiff's legal fees and the retroactive benefits of the plaintiffs.

SCHEDULE 2006 MEETINGS

There being no further business, the Board discussed the meeting schedule for the year 2006. Nick Schiess provided the Board with a proposed schedule of investment manager presentations, quarterly meetings, and two additional meetings based upon the request of the Chairperson. The Board considered the schedule and requested the Administrator to research an alternative meeting schedule. The meeting was adjourned at 12:05 P.M.

Respectfully submitted,

James Feeney, Secretary