

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
MAY 22, 2006

Chairperson Nick Scopelitis called the meeting to order at 1:05 P.M. at the Town Council Chambers, Jupiter, Florida. Those persons present were:

TRUSTEES

James Feeney
Jack Forrest
Marc Dobin
Nick Scopelitis

OTHERS

Burgess Chambers, Burgess Chambers & Associates
Margaret Adcock, Pension Resource Center
Kevin Ryan, Adelante Capital Management

PUBLIC COMMENTS

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

Mr. Scopelitis announced that due to poor travel conditions that the Attorney was unable to attend the meeting.

APPOINTMENT OF FIFTH TRUSTEE

The Trustees, having reviewed the applications for the position of Fifth Trustee individually prior to the meeting, discussed the reappointment of the Fifth Trustee from amongst the many applications obtained by the Town through advertising for the position. Mr. Forrest acknowledged his willingness to serve another term as Trustee. James Feeney made a motion to re-appoint Jack Forrest as Fifth Trustee. Marc Dobin seconded the motion, approved by the Trustees 3-0.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. Peter Alfele made a motion to approve the disbursements. Marc Dobin seconded the motion, approved by the Trustees 4-0.

MINUTES

The Board reviewed the minutes of the meetings held February 27, 2006 and April 27, 2006. Marc Dobin made a motion to approve the minutes of the meetings held February 27, 2006 and April 27, 2006. Jim Feeney seconded the motion, approved by the Trustees 4-0.

PROPOSALS FOR ACTUARIAL SERVICES

BUCK CONSULTANTS

Jose Fernandez appeared before the Board on behalf of Buck Consultants to provide a presentation for actuarial services. He discussed the qualifications of the incumbent firm noting that the firm was the fourth largest actuarial firm in the country, which afforded in-depth resources and extensive public sector experience to the Plan. He thanked the Board for the prior business and then reviewed the organizational changes within the firm and the composition of the new service team and discussed methods to improve service and meet the Board's expectations. Mr. Fernandez discussed fees noting that the fees for the standard actuarial services were \$13,500 annually with a three-year rate guarantee. He discussed fees for special services and advised that the firm would consider a retainer for payment of special services. He was questioned regarding the delay for a requested actuarial cost study for a COLA benefit. He advised that the cost study was based upon the 2005 Actuarial Valuation and a delay occurred in producing the Valuation as the payroll data was questionable, heavily scrutinized, and ultimately revised. A lengthy discussion ensued and several Trustees expressed their dissatisfaction with the delay in receiving the cost study as well as the fees for prior services.

FOSTER & FOSTER

Brad Henrichs appeared before the Board on behalf of Foster & Foster to provide a presentation for actuarial services. He discussed the qualifications of the firm noting that the firm was based in and performed services for only public pension plans in Florida. Mr. Henrichs noted that the firm had over twenty-five years of experience. He discussed fees for standard actuarial services and special services noting that fees for special services were reasonable and the response time for special projects was prompt. Mr. Henrichs then discussed in great detail the potential advantages on engaging the firm for actuarial services.

GABRIEL, ROEDER, & SMITH

Larry Wilson appeared before the Board on behalf of Gabriel, Roeder, & Smith to provide a presentation for actuarial services. He discussed the qualifications of the firm noting that the firm was a large consulting firm based in the southeast region with a local office in Fort Lauderdale. He discussed the firm's team service style, composition of the team, and experience in the public sector. Mr. Wilson explained that the firm's role was to provide technical support, standard actuarial services, consulting, and advice regarding regulatory changes. He discussed fees for standard actuarial services and both fees and anticipated a prompt response time for special projects and cost studies.

PUBLIC PENSION PROFESSIONALS

Chad Little and Ira Summer appeared before the Board on behalf of Public Pension Professionals to provide a presentation for actuarial services. Mr. Summer discussed the qualifications of the firm noting that the firm was a young firm but staffed with exceptional personnel and focused upon client service and technology driven. He noted that the firm would intentionally not serve more than twenty-five clients in order to remain small and responsive. He then discussed the experience of each team member noting that Mr. Little would be the primary representative. Mr. Little discussed fees for standard actuarial services noting that fees for standard actuarial services was \$8,500 annually and the firm offered a retainer option for \$1,500 per quarter that attend quarterly meetings and included benefit calculations. He then discussed both fees and anticipated response time for special projects and cost studies.

REVIEW OF PROPOSALS

The lengthy and careful discussion arose regarding the qualifications and experience of the actuarial firms and their respective proposals received for services. James Feeney made a motion to engage the actuarial services of Public Pension Professionals. Jack Forrest seconded the motion, approved by the Trustees 4-0. It was decided that the quarterly retainer for additional consulting and attendance at meetings was unnecessary.

INVESTMENT MANAGER REPORT: ADELANTE CAPITAL MANAGEMENT

Kevin Ryan appeared before the Board on behalf of Adelante Capital Management to provide a performance report on the investment portfolio for the quarter ending March 31, 2006. Mr. Ryan discussed the investment goal of participating in market upturns while protecting capital during downturns. He reviewed the performance of the portfolio reporting noting recent underperformance of the index and expected an investment return of 6-9% for the remainder of the calendar year. Mr. Ryan discussed market and economic conditions and anticipated a 9-11% investment return over the next five years but with marked volatility.

INVESTMENT MONITOR REPORT: BURGESS CHAMBERS

Burgess Chambers appeared before the Board to discuss the investment performance of the portfolio for the quarter ending March 31, 2006. The investment return for the quarter was 4.0% versus the benchmark of 4.1%. The market value of the portfolio was \$19,962,308.

Mr. Chambers then reviewed in detail the performance of the individual investment managers for the quarter ending March 31, 2006. The bond portfolio, with an investment return of -0.1%, outperformed the index of -0.3% due to the conservative position of the portfolio during a period of rising interest rates. The C.S. McKee international fund's performance was 9.7% versus the benchmark of 9.5%. The return for the Adelante

Capital Management REIT fund was 14.6% versus the benchmark of 15.8%. The performance of the Private Capital Management portfolio was 4.9% versus the index of 5.3% and had trailed the benchmark for the previous three consecutive quarters. A lengthy discussion arose regarding the performance of the manager and it was noted that while the long-term returns were satisfactory, the portfolio had underperformed in the previous two years. The Board discussed the importance to the Plan of achieving satisfactory performance and a very lengthy and careful discussion ensued regarding the retention of Private Capital Management. Mr. Chambers agreed to closely monitor the managers' second quarter performance and provide alternatives on replacement managers at the next meeting.

A discussion arose regarding the rebalancing of excess cash within the receipt and disbursement account. It was noted that the Custodian provided an option to automatically rebalance the account on a periodic basis. The Board decided that the Custodian should rebalance the receipt and disbursement account on a monthly basis pro-rata amongst all the asset allocations.

OTHER BUSINESS

Marc Dobin announced that one of the Plan's securities monitoring firms, Milberg Weiss, had been indicted on charges of fraud. He reported that he had already discussed the matter with the Attorney who had recommended the termination of services with the firm. Marc Dobin made a motion to terminate the engagement of securities monitoring services of Milberg Weiss. James Feeney seconded the motion, approved by the Trustees 4-0.

The Board noted that the Town had engaged the services of Benchmark Financial Services to review the performance of the Plan's investments and management of the Plan and information would be requested from the Plan's service providers.

ADMINISTRATIVE REPORT

Margie Adcock presented a revised agreement with Private Capital Management and also Fifth Third Bank for execution.

SCHEDULE NEXT MEETING

There being no further business and the next meeting scheduled for August 28, 2006, the meeting was adjourned at 4:45 P.M.

Respectfully submitted,

James Feeney, Secretary