

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
OCTOBER 28, 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
Nick Scopelitis
Marc Dobin
Jack Forrest
Peter Alfele

OTHERS

Ken Harrison, Sugarman & Susskind P.A.
Nick Schiess, Pension Resource Center
Steven Settle
Chad Little (3:05 P.M.)

PUBLIC COMMENTS

Chairperson Nick Scopelitis invited those present to address the Board with public comments. Disability retiree Steven Settle appeared before the Board to appeal the proposed decrease in his pension benefits attributable to the Board's redefinition of average compensation for the purposes of the determination of disability benefits. Mr. Settle explained that his pension did not contain a cost-of-living-adjustment nor was there continuation of health insurance benefits and he had become reliant upon the funds he received and any reduction would result in considerable financial duress.

Nick Schiess explained that the calculations of disability benefits did not contain any errors whatsoever but rather the Board had redefined the methodology to determine benefits. He reminded the Board that the Ordinance did not specifically define compensation and therefore that responsibility had fallen upon the Board. He further explained that the previous definition of compensation was the greater of annualized rate of compensation plus incentive pay and shift differential. After the settlement of the lawsuit involving four disability pensioners, the Board had redefined the definition of compensation to the greater of compensation received two pay periods prior to disability or termination and to include previously excluded overtime and accrued leave payout. Mr. Schiess presented the Board with the recalculation of disability benefits from the Actuary for seven disability pensioners not involved with the lawsuit. He explained that three of the pensions had actually decreased, which was attributable to relatively lower compensation than previously considered. It was noted that neither the new definition nor the previous definition was incorrect but rather a matter of preference.

Ken Harrison advised that an alternative before the Board was to reconsider the policy and previous decision to recalculate disability benefits. Mark Dobin made a motion to reconsider previous policy set forth by the Board for the calculation of disability benefits. James Feeney seconded the motion, approved by the Trustees 5-0. A lengthy discussion arose regarding the definition of compensation and it was decided to retain the redefinition of compensation, however, it was noted that the reduction in benefits was unintended and unacceptable. Marc Dobin made a motion to implement the revised

disability benefits provided that the revised benefit resulted in a positive consequence for the Member and not implement any changes that would result in a decrease in benefits as that was an unintended consequence of the Board's previous decision to redefine the methodology for calculating benefits. James Feeney seconded the motion, approved by the Trustees 5-0. Mr. Schiess questioned whether interest on retroactive payments should be applicable. Ken Harrison advised that interest was not a legal requirement and the Board agreed that interest should not be applicable to these retroactive payments.

PUBLIC PENSION PROFESSIONALS ORGANIZATIONAL CHANGE

Nick Schiess reported that Chad Little had terminated employment with the Plan's recently engaged actuarial firm Public Pension Professionals to start his own actuarial firm. The Board discussed retention of the Public Pension Professionals given that the primary relationship was with Mr. Little. Ken Harrison reported that the firm's errors and omission insurance had lapsed, which was a requirement specified within the Agreement for services. Ira Summers joined the meeting via teleconference and explained that the insurance had lapsed on February 1, 2006 due to an oversight, however, replacement coverage was being sought. After further discussion of the matter, Mr. Summers departed the meeting. A lengthy discussion ensued and the Board determined that the lapse of insurance for this extended period was unacceptable. It was noted that the Agreement with the firm was not in force due to the lapse in insurance. Marc Dobin made a motion to provide notification to Public Pension Professionals that the Agreement was null and void due to the lapse in insurance. Jack Forrest seconded the motion, approved by the Trustees 5-0.

The Board discussed engaging a replacement firm for actuarial services and it was noted that Chad Little was very qualified for the position and his experience and knowledge was the determining factor in the selection of the previous actuarial firm. A discussion arose regarding obtaining proposals for actuarial services and it was noted that a request for proposal had been recently conducted. Ken Harrison advised that a legal requirement did not exist for the Board to initiate another request for proposal. The Board decided to request a proposal from Freiman Little Actuaries, LLC and then consider their proposal along with the previous semi-finalist Foster & Foster at the next meeting.

Jack Forrest departed the meeting at 3:05 P.M.

DISCUSSION OF ACTUARIAL COST METHODS

Chad Little joined the meeting and appeared before the Board to discuss actuarial cost methods. He provided the Board with a comparative analysis of the three commonly used cost methods noting that the ultimate goal was to provide stable funding requirements for the Plan sponsor. While all three commonly used methods typically satisfied this requirement, differences existed with the amortization of the costs of the Plan. The Board decided to request preparation of the 2006 Actuarial Valuation utilizing the current cost method and also the Entry Age Normal Actuarial Cost Method for comparison.

Mr. Little was questioned regarding the Plan's unfunded liability measurements and whether those measurements were within the normal range. He advised that the funded percentage of 87% was slightly lower than average and was likely attributable to past investment losses. Mr. Little was invited to the next meeting of the police pension review committee and requested to provide additional information on the funding progress of the Plan at that meeting.

OTHER BUSINESS

A discussion arose regarding the unusually high amount of Chapter 185 distributions this year. It was noted that the recent legislation requiring insurers to accurately report insurance premiums would likely increase the annual distributions, however, the recent distribution was over 50% higher than the previous year and likely an anomaly. James Feeney reported discussing the matter with Trish Shoemaker at a recent educational conference and she had advised that a detailed explanation of the increase could be obtained from the State upon written request by the Board. James Feeney made a motion to request an explanation from the State of the unusually large amount of Chapter 185 distributions. Peter Alfele seconded the motion, approved by the Trustees 5-0

Nick Scopelitis emphasized the importance of establishing a mechanism to quickly replace underperforming investment managers. A lengthy discussion ensued and it was noted that all managers underperform occasionally and oftentimes a longer period of time is necessary to accurately assess their performance relative to their peers. Ken Harrison advised that the responsibility of monitoring managers and recommendations on the engagement and termination of specific managers was the responsibility of the Investment Consultant.

Ken Harrison provided the Board with information on the recently enacted Pension Protection Act of 2006.

SCHEDULE NEXT MEETING

There being no further business and the next meeting scheduled for November 27, 2006 the meeting was adjourned at 3:55 P.M.

Respectfully submitted,

James Feeney, Secretary