

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
FEBRUARY 25, 2008**

Chairperson Nick Scopelitis called the meeting to order at 1:00 P.M. at the Town Council Chambers, Jupiter, Florida. Those persons present were:

TRUSTEES

Jack Forrest
Nick Scopelitis
James Feeney
Frank Barrella

OTHERS

David Furfine & Greg Koch, Sawgrass Asset Management
Nick Schiess, Pension Resource Center
Ken Harrison, Sugarman & Susskind P.A.
Chad Little, Freiman Little Actuaries, LLC
Burgess Chambers, Burgess Chambers & Associates
Cheryl Grieve & Michael Simmons, Town of Jupiter
Jackie Wehmeyer & Ann Lyons, Town of Jupiter

PUBLIC COMMENTS

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

APPROVAL OF MINUTES

The Board reviewed the minutes of the meeting held on November 26, 2007. Frank Barrella made a motion to approve the minutes of the meeting held on November 26, 2007. James Feeney seconded the motion, approved by the Trustees 4-0.

INVESTMENT MANAGER REPORT: SAWGRASS ASSET MANAGEMENT

David Furfine and Greg Koch appeared before the Board on behalf of Sawgrass Asset Management to provide a performance report on the fixed income portfolio for the quarter ending December 31, 2007. Mr. Koch introduced himself as the new customer relations manager. Mr. Furfine discussed the qualifications, experience, and structure of the firm noting that the firm had not recently incurred any organizational changes. He then discussed economic and market conditions and anticipated continued short-term market volatility and a short-term recession as the recent reduction in interest rates by the Fed had failed to stimulate the economy to the degree expected.

Mr. Furfine reported that the return for the quarter was 2.9% versus 3.0% for the index and the calendar year-to-date performance was 7.1% versus 7.0% for the index. He reviewed the sector allocations and investment process in great detail and attributed the slight underperformance for the quarter to a conservative investment strategy. He then reviewed the holdings noting that the portfolio consisted of high quality securities and contained no sub-prime mortgage pools. Mr. Furfine was questioned regarding current holdings purchased at a premium and he responded that many holdings were purchased back in the year 2003 at the inception of the portfolio.

INVESTMENT MONITOR REPORT

Burgess Chambers appeared before the Board on behalf of Burgess Chambers and Associates to provide a report on the investment performance of the portfolio for the fiscal year ending December 31, 2007. The investment return for the quarter was -0.3%, which represented a significant outperformance of the index of -0.8%. The best performing products for the calendar year were Westwood Capital Management with a 13.5% return, CS McKee international equity mutual fund with a 12.6% return, and i-Shares of the Russell 1000 Growth index with a 11.8% return. The market value of the total portfolio was \$26,020,680. Mr. Chambers reviewed the asset allocation noting that the slight underweighting in domestic equities and REITs was favorable given current market conditions. It was noted that the international allocation at 10.1% slightly exceeded the maximum permitted by the State and Mr. Chambers agreed to initiate a rebalancing of the portfolio immediately after the meeting. Mr. Chambers discussed market and economic conditions and attributed the recent market downturn to weakening of the credit markets.

Mr. Chambers reviewed the performance of the individual investment managers. A lengthy discussion arose regarding the underperformance of ROBECO Investment Management and whether to retain the manager. Mr. Chambers advised that the manager had only recently been engaged and an isolated period had detracted from performance. He recommended that the manager's performance over the next quarter be carefully monitored and then readdressed at the next meeting. Ken Harrison advised the Board that the State might not be satisfied that the performance objectives established in the Investment Policy Statement for the Sawgrass Asset Management portfolio had not been met. Mr. Chambers advised that while the performance of the manager was only mediocre the performance was acceptable given the high quality portfolio and very conservative low risk investment strategy of the manager. A discussion arose regarding the retention of the manager or revising the benchmark or even the performance objectives. Mr. Chambers recommended the retention of the manager and not revising the benchmark or performance objectives. He discussed the performance further noting that only the long-term objectives have not been met and he ultimately recommended that the manager be retained with the understanding that performance while only slightly below guidelines was acceptable.

Ken Harrison discussed international equity manager C.S. McKee's response to the Board's request for divestiture of holdings that were on the list developed by the State in conjunction with the recently adopted Protecting Florida's Investments Act. He reported that the manager had requested exemption from the request for the reason that the divestiture of the holdings would reduce the portfolio's exposure to the energy sector resulting in likelihood that the portfolio's performance would not exceed or even meet the index. It was noted that the divestiture was not mandated by the State. Mr. Chambers noted that the product was a mutual fund and therefore compliance with the divestiture request would essentially negatively affect many other investors as well as the Plan. Mr. Chambers noted that the allocation was only \$3M and it was unlikely that a suitable replacement manager without restrictions could be engaged. Mr. Harrison reminded the Trustees that the Board's original direction was a request for divestiture or an explanation presented personally to the Board of the reasons for non-compliance with the request. A

lengthy discussion ensued and the Board's original direction remained unchanged therefore a representative of CS McKee was requested to attend the next meeting.

ACTUARY REPORT

Chad Little appeared before the Board on behalf of Freiman Little Actuaries to review a notification dated January 17, 2008 from the State Actuary that the 2006 Actuarial Valuation was not accepted because the investment return and salary increase assumptions were deemed unrealistic. In addition, the notification served as a request for other various information, which Mr. Little advised was easily attainable from the Plan's service providers. He reviewed in detail the items referenced within the notification starting with the State Actuary's assessment that the salary increase assumption was too low in comparison to the actual salary increases within the last few years. Mr. Little reported that the salary increases during the last three and five-year periods averaged 12.2% and 12.7% respectfully versus the assumption of only 7%. Mr. Little reminded the Board that the recent benefit improvement of all compensation becoming pensionable would have contributed to the actual increases, however, the impact of overtime should be separated for a more accurate comparison. He recommended the performance of an experience study of the salary increases. After a lengthy discussion, James Feeney made a motion to authorize an experience study of salary increases. Frank Barrella seconded the motion, approved by the Trustees 4-0. A lengthy discussion then arose regarding whether the investment return assumption was realistic and attainable. Mr. Little reported that the actual investment return averaged 8.4% from the years 1981 to 2006. Burgess Chambers discussed economic and market factors in respect to the attainability of an 8.5% investment return noting that the assumed rate was increasingly difficult to attain. He advised that the State likely desired evidence supporting the attainability of the assumed rate and agreed to research further the asset allocation model and provide documentation supporting the assumed rate of investment return. Ken Harrison confirmed that the State desired documentation from the Investment Consultant and Actuary describing how the assumption will be obtained. Mr. Little reviewed the remaining items within the notification received from the State.

ATTORNEY REPORT

As a legislative update, Mr. Harrison discussed pending State legislation that if adopted among other items would increase the maximum Trustee term limit to four years and also increase the maximum allocation of international equities to 20% of the total portfolio.

Mr. Harrison reported that new State Statutes had been adopted for the collection of social security number information by governmental agencies. He discussed the requirements including notification to members when collecting social security information and the use of that information, filing requirements with the State, and the necessity of the establishment of a formal policy. James Feeney made a motion to adopt the necessary policy regarding the collection and use of social security information pursuant to State Statutes. Frank Barrella seconded the motion, approved by the Trustees 4-0.

Mr. Harrison announced that a revision of the Sudan Accountability and Divestiture Act permitted Trustees to divest from holding on the published list with release of fiduciary responsibility with the only requirement being written notification being properly filed.

Mr. Harrison discussed the preparation of an Internal Revenue Service Tax Determination Letter. He advised that Internal Revenue Service was offering a twelve to eighteen months forgiveness period and many public pension plans had either not obtained a Tax Determination Letter or it was outdated. He explained that the preparation of the Letter was labor intensive and proposed preparation by his firm for the amount of \$9,500 inclusive of the \$1,000 filing fee. A lengthy discussion ensued and Mr. Harrison noted that the preparation of the letter was not required nor was there any indication that the Internal Revenue Service was making inquiries. After further discussion, the Board offered Mr. Harrison the amount of \$7,000 for the preparation of the Letter and he agreed to respond to the offer at the next meeting.

ADMINISTRATIVE REPORT

The Trustees reviewed the disbursements presented for approval by the Administrator. James Feeney made a motion to approve all the disbursements as presented. Frank Barrella seconded the motion, approved by the Trustees 4-0.

The Trustees reviewed a list of benefit approvals presented for approval by the Administrator. James Feeney made a motion to approve the benefit approvals as presented. Jack Forrest seconded the motion, approved by the Trustees 4-0.

SCHEDULE NEXT MEETING

With there being no further business and the next meeting scheduled for April 28, 2008, the meeting was adjourned at 3:45 P.M.

Respectfully submitted,

James Feeney, Secretary