

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
APRIL 28, 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
Jim Feeney
Frank Barrella
Marc Dobin

OTHERS

Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Bob Sugarman, Sugarman & Susskind P.A.
Chad Little, Freiman Little Actuaries, LLC
Nestor Caballero, Alberni, Caballero & Castellanos
Lloyd Stamy, CS McKee
Cheryl Grieve & Michael Simmons, Town of Jupiter
Jackie Wehmeyer & Ann Lyons, Town of Jupiter

PUBLIC COMMENTS

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

AUDITORS REPORT

Nestor Caballero appeared before the Board on behalf of Alberni, Caballero & Castellanos to present the audit report for the fiscal year ending September 30, 2007. He reviewed in great detail the financial statements of the Plan and issued the Board with a clean unqualified opinion letter on the financial statements. The Plan's total assets as of September 30, 2007 was the amount of \$26,391,150, which was an increase in the amount of \$4,698,988 from the prior year and primarily attributable to investment income. Mr. Caballero discussed new auditing standards under SAS 112. He explained that while the Auditor is permitted some degree of discretion for interpretation of the standards, it was imperative that the Board be advised that the Auditor was not responsible for internal controls, which was instead a responsibility of the Trustees and the Administrator. He explained that a complete trial balance used to be available from the Plan's Custodian but that had recently changed with the addition of mutual funds and the audit had become more complex. Mr. Cabellero strongly recommended the engagement of an entity to perform bookkeeping and the preparation of unaudited financial statements on a quarterly basis for review by the Board. He advised that the Administrator was capable of performing this service. Nick Schiess advised that the Administrator had provided this service for other clients upon request and agreed to provide a proposal at the next meeting.

Bob Sugarman reviewed an Audit Representation Letter noting a few corrections. Mark Dobin made a motion to execute the Audit Representation Letter as corrected. James Feeney seconded the motion, approved by the Trustees 5-0. Mark Dobin made a motion

to receive and file the 2007 Audit. James Feeney seconded the motion, approved by the Trustees 5-0.

The Board reviewed an Audit Engagement Letter, which Mr. Sugarman advised was satisfactory in substance. Mr. Cabellero explained that the fees had been separated as \$8,500 for the audit and \$1,500 for the preparation of the annual report. Mr. Cabellero was requested to revise the Audit Engagement Letter to include the proposed fees for the next three years to be presented for the Board's consideration at the next meeting. A discussion arose regarding conducting a request for proposals and the Board ultimately decided that a comparison of other auditors' fees was all that was necessary.

INVESTMENT MANAGER REPORT

Lloyd Stamy appeared before the Board on behalf of CS McKee to provide a performance report and also a personal 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. Mr. Stamy reviewed a complete list of the questionable holdings within the portfolio noting that many of the firms were large multinational firms that collectively represented 40% of the energy component of the index. He explained that divestiture of these holdings was not possible as this 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, which would essentially negatively effect many other investors as well as the Plan.

Mr. Stamy discussed the firm's qualifications, products, and history noting that the firm was 100% employee owned. He reported that the performance of the fund for the quarter ending March 31, 2008 was -6.29% versus the index of -9.91%. Mr. Stamy discussed economic and market conditions and anticipated fair returns in the international market although the value decline of the dollar has likely bottomed resulting in the loss of a currency translation gain.

ACTUARY'S REPORT: CHAD LITTLE

Chad Little provided the Board with a cost study for transitioning the Plan to the Florida Retirement System. He reviewed several alternatives including transitioning new members, non-vested members, and existing members. It was noted that the Town could not offer a supplement benefit in consideration of any potential loss of benefits in the transition because under the Florida Retirement System a member cannot receive two benefits. A lengthy discussion ensued regarding numerous aspect of a transition including but not limited to service credit transfer and purchase of service credit. And was noted that if the Plan was closed it would continue to operate until either the death of the last living member or until the retiree population was small enough to be annuitized with a third party.

As a follow up to the last meeting, Mr. Little discussed in detail the itemized responses to the request for various information in the notification dated January 17, 2008 from the State Actuary. He advised that he will present the salary increase study at the May quarterly meeting.

Mr. Little reported the receipt of an inquiry for information from a bond issuer that was developing a proposal to the Town for a pension obligation bond. He requested that any request for information instead originate directly from the Town or the Board. A question arose regarding the Town's intentions with the bond and whether it was related to consideration of transitioning the Plan to the Florida Retirement System. Town representatives clarified that the intent of the pension obligation bond was to reduce the cost of the Plan.

INVESTMENT MONITOR REPORT

Burgess Chambers appeared before the Board on behalf of Burgess Chambers and Associates to provide an asset allocation study. He reviewed a schedule within the study of rolling five-year returns noting that the historical investment returns exceeded the actuarial assumption rate of 8.5% for all periods except recently, which was attributable to the investment losses in the years 2000 and 2001. He reviewed indices of volatility, range of investment returns, and other measurements of relative and absolute performance. Mr. Chambers concluded that with the current asset allocation the anticipated investment return should meet or exceed 8.5% long term. A discussion arose regarding the notification dated January 17, 2008 from the State Actuary wherein the Actuary stated that the 8.5% investment return was unrealistic. The Board decided that a replacement investment return declaration notification should be provided to the State along with the asset allocation study and statement that the current assumption has been achieved historically.

SCHEDULE NEXT MEETING

With there being no further business and the next special meeting scheduled for May 19, 2008, the meeting was adjourned at 3:35 P.M.

Respectfully submitted,

James Feeney, Secretary