

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**  
**MINUTES OF MEETING HELD**  
**OCTOBER 27, 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  
Frank Barrella  
Marc Dobin  
Mike Lilienfeld (1:35 P.M.)

**OTHERS**

Burgess Chambers, Burgess Chambers & Associates  
Nick Schiess, Pension Resource Center  
Ken Harrison, Sugarman & Susskind P.A.  
Cheryl Grieve & Michael Simmons, Town of Jupiter  
Jackie Wehmeyer, Town of Jupiter

**PUBLIC COMMENTS**

Chairman Nick Scopelitis invited those present to address the Board with public comments. There were no public comments. It was noted that Trustee Mike Lilienfeld's attendance would be delayed by the performance of official duties.

**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 quarter ending September 30, 2008. The investment return for the quarter was -7.0% versus the blended benchmark of -5.8%. Mr. Chambers attributed the underperformance to poorly performing investment manager ROBECO Investment Management with a return for the quarter of -14.9% versus -10.9% for the index. He reviewed the long-term and short-term performance in detail and ultimately recommended the replacement of the manager. Mr. Chambers discussed passive versus active management of this asset class. He noted that the relatively small allocation coupled with the requirement of active managers to accept fiduciary responsibility and agreement to Florida Law resulted in very few choices other than mutual funds or index funds. He provided indices of active manager investment returns versus the index noting very little difference when the investment management fees are considered. Mr. Chambers recommended the replacement of ROBECO Asset Management with iShares of the S&P 400 Mid-Cap Index. A lengthy discussion ensued and Frank Barrella made a motion to terminate the relationship with ROBECO Asset Management and purchase iShares of S&P 400 Mid-Cap Index as a replacement. Jack Forrest seconded the motion, approved by the Trustees 4-0.

Mike Lilienfeld entered the meeting.

A lengthy discussion arose regarding the recent market volatility and the timing of the purchase of the index fund. A discussion arose regarding the timing of the market recovery and it was anticipated that the recovery would not occur for at least another six months. Marc Dobin made a motion to stagger the funding of the allocation with the

proceeds of the liquidation of the ROBECO Asset Management portfolio used to purchase near equal amounts of iShares of the S&P 400 Mid-Cap Index each of the next nine months. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Burgess Chambers provided the Board with comparative investment returns for termination pending investment manager Sawgrass Asset Management, prospective replacement manager CS McKee Investment Managers, and selected replacement manager JK Milne Asset Management. Mr. Chambers reviewed the performance noting that noted that JK Milne Asset Management had outperformed Sawgrass Asset Management but also that CS McKee Investment Managers had outperformed both these other managers. He noted that JK Milne Asset Management had been selected but not funded and he requested the Trustees to reconsider the selection of CS McKee Investment Managers. The Board questioned what additional risk was taken by CS McKee Investment Managers to achieve their significant outperformance and Mr. Chambers advised that the manager used a conservative investment strategy and the selection of less risky securities is what has resulted in the outperformance. Mr. Chambers requested that the record reflect his recommendation of the selection of CS McKee Investment Managers. The Board reviewed the prior presentations of each CS McKee Investment Managers and JK Milne Asset Management at the last meeting and the discussions and selection process that ultimately led to the selection of JK Milne Asset Management. It was noted that the fixed income portfolio would simply be re-titled to JK Milne Asset Management and very little immediate difference was anticipated in performance. The Trustees, with the exception of Nick Scopelitis, agreed not to amend their original decision to select JK Milne Asset Management as the replacement fixed income manager.

The market value of the total portfolio was \$25,902,816 as of September 30, 2008. The fiscal year performance -10.6% versus the index of -13.1%. Mr. Chambers reviewed the asset allocation noting that the individual allocations were appropriate given current market conditions. He discussed market and economic conditions and anticipated continued short-term volatility. Mr. Chambers reviewed the compliance checklist noting that all items were in compliance, however, the long-term performance objectives have not been met, which was attributable to the underperformance of former investment manager Private Capital Management.

### **ATTORNEY REPORT**

Ken Harrison reported that information had been received that a disability recipient had submitted an application for employment to another local law enforcement agency. A discussion arose whether if the recipient was indeed able to perform the duties at another agency whether benefits from the Plan should be suspended. Mr. Harrison advised that at this date the only option for the Board would be to request the performance of another independent medical examination. He explained that case law supports that an effort to re-employ the member must first occur before the suspension of benefits. Mr. Harrison advised that a public record request had been submitted to that agency for the employment application and other records and the Board would be provided updates when available.

**ADMINISTRATIVE REPORT**

The Trustees reviewed the disbursements presented for approval by the Administrator. Mike Lilienfeld made a motion to approve the disbursements as presented. Jack Forrest seconded the motion, approved by the Trustees 5-0.

**OTHER BUSINESS**

Frank Barrella reviewed information obtained a recent educational event on alternative investments. He advised that he personally researched the investments and none were promising.

Mr. Harrison discussed the outcome of a recent workshop conducted by the State Division of Retirement and consideration of proposed changes to Chapter 60T of the Florida Administrative Code. He advised that a determination was made to study the proposed changes more thoroughly.

Mr. Harrison discussed the recently adopted federal legislation Heroes Earnings Assistance and Relief Tax Act of 2008. It was noted that clarification regarding some provisions within the Act was pending and the deadline for enacting revisions to the Plan was not until September 30, 2011. He advised that additional information would be presented to the Trustees as it became available.

**SCHEDULE NEXT MEETING**

With there being no further business and the next meeting scheduled for November 24, 2008, the meeting was adjourned at 3:42 P.M.

Respectfully submitted,

Secretary