

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**  
**MINUTES OF MEETING HELD**  
**APRIL 27, 2009**

Trustee Marc Dobin called the meeting to order at 1:10 P.M. at the Town Council Chambers, Jupiter, Florida. Those persons present were:

**TRUSTEES**

Jack Forrest  
Frank Barrella  
Mike Lilienfeld  
Marc Dobin

**OTHERS**

Burgess Chambers, Burgess Chambers & Associates  
Nick Schiess, Pension Resource Center  
Bob Sugarman, Sugarman & Susskind P.A.  
Nestor Caballero, Alberni, Caballero & Castellanos  
Chad Little, Freiman Little Actuaries  
Cheryl Grieve, Mike Simmons, & Jackie Weymeyer Town of Jupiter  
Jupiter

**PUBLIC COMMENTS**

Marc Dobin invited those present to address the Board with public comments. There were not any public comments.

**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, 2008. 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. He noted that no material weaknesses in the financial statements had been discovered and also that no deficiencies were identified with internal controls and procedures. The Plan's total assets, as of September 30, 2008, was the amount of \$25,805,965, which represents a decrease in the amount of \$485,185 from the prior year and primarily attributable to a decrease in the market value of the Plan's investments. He commented that the investment loss of 11% was less than that of average public pension plans. Mr. Caballero reviewed the funding progress of the Plan, noting that the funded ratio of 60% was concerning, however, the ratio had increased from 57% for the prior year. He was questioned whether the audit report contained any changes and he responded that an additional disclosure required under GASB 50 had been added. Mike Lilienfeld made a motion to receive and file the 2008 auditor's report and financial statements. Frank Barrella seconded the motion, approved by the Trustees 4-0.

**ACTUARY REPORT**

Chad Little appeared before the Board to present the 2008 Actuarial Valuation. Mr. Little reported that the recommended required contribution as a percent of payroll for the 2010 fiscal year is 38.2% versus 39.2% for the previous year. Mr. Little reviewed in great detail plan the individual components of the costing of the Plan and also actuarial experience versus the Plan assumptions. Mr. Little was questioned regarding the reason a slight decrease existed given the significant losses in the market value of the Plan's

investments. He explained that the asset smoothing methodology averages the investment returns and losses over a rolling five-year period thereby minimizing the effect of market volatility within any single year. He was questioned whether a period of asset smoothing greater than five years was beneficial and he responded that a longer period would further reduce the effect of market volatility. Mr. Little explained that the corridor of the maximum and minimum returns must be narrowed and ultimately he recommended the retention of a period of five years. He offered to prepare an analysis for a future meeting and the Board authorized the preparation of this analysis. Frank Barrella made a motion to adopt the 2008 Actuarial Valuation. Mike Lilienfeld seconded the motion, approved by the Trustees 4-0. A Town representative acknowledged receipt of the Actuarial Valuation. A discussion arose regarding the actuarial assumption for investment returns and both Chad Little and investment consultant Burgess Chambers advised that the current assumption of 7.5% was reasonable and attainable over the long-term.

Bob Sugarman advised that the State required, upon adoption of the Valuation, that the Board determine the expected investment returns for the future. The Investment Consultant was questioned regarding the expected rate of investment returns. A lengthy discussion ensued and Mike Lilienfeld made a motion to determine that the total expected annual rate of investment return for the Plan for the next year, next several years, and long-term thereafter, shall be 7.5%, net of investment related expenses. This determination is made in accordance with Section 112.661(9) Florida Statutes. Jack Forrest seconded the motion, approved by the Trustees 4-0.

Mr. Little provided and discussed an analysis requested by the Town with projections of the effect of several scenarios of investment returns over the next years on the required employer funding requirements.

### **INVESTMENT CONSULTANT 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 March 31, 2009. He reported that for the quarter, the investment return for the total portfolio was -4.3% versus -9.8% for the index, and for the fiscal year-to-date was -17% versus -23% for the index. He attributed the dramatic outperformance to a conservative investment strategy with an under allocation to equities. Mr. Chambers reviewed the performance of the individual investment managers in great detail, noting all was satisfactory.

Mr. Chambers discussed economic and market conditions. He then reviewed the asset allocation. A lengthy discussion regarding rebalancing the portfolio arose. Mr. Chambers advised that while increasing the equity allocation will ultimately be forthcoming to take advantage of an anticipated market rebound, he recommended delaying this rebalancing for another quarter to allow settling within the financial markets.

### **ATTORNEY REPORT**

Mr. Sugarman reported the adoption of an Ordinance Amendment permitting the Chief to opt-out of participation in the Plan, however, the Ordinance was not retroactive and the Plan must now recognize the Chief as a participant. Pursuant to the recommendation of

Mr. Sugarman, the Board directed the Administrator to obtain payroll information from the Town in order to calculate the amount of employee and employer contributions that must be collected on behalf of the Plan. Mr. Sugarman advised that, alternatively, the Town could amend the Ordinance retroactively if the intent was to allow the current Chief to opt-out of the Plan.

Mr. Sugarman reviewed the provisions of the Plan pertaining to the continuance and eligibility for disability benefits. He announced that it had been reported that disability recipient Katherine Berish had submitted applications for employment as a police officer to the municipalities of Greenacres and West Palm Beach. The Board reviewed her employment applications obtained through public records requests, noting that Ms. Berish had passed physical agility tests and admitted recovery from her disability. The Board, pursuant to the recommendation of Mr. Sugarman, requested that a hearing be placed on the agenda for the next meeting already scheduled for May 18, 2009 to determine whether Ms. Berish's disability benefits should be discontinued.

### **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 4-0.

The Trustees reviewed and then received and filed interim unaudited financial statements prepared by the Administrator.

The Trustees reviewed the benefit approvals 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 4-0.

### **OTHER BUSINESS**

There was not any other business considered.

### **SCHEDULE NEXT MEETING**

With there being no further business and the next meeting scheduled for May 18, 2009, the meeting was adjourned at 3:24 P.M.

Respectfully submitted,

Secretary