

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
AUGUST 23, 2010

Frank Barrella called the meeting to order at 1:02 P.M. at the Town of Jupiter Community Center, Section C in Jupiter, Florida. Those persons present were:

TRUSTEES

Frank Barrella
Mike Lilienfeld
Jack Forrest

OTHERS

Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Chad Little, Freiman Little Actuaries
Pedro Herrera, Sugarman & Susskind P.A.
Lloyd Stamy and Brian Allen, C.S. McKee
Cheryl Grieve, Jackie Wehmeyer and Mike Simmons, Town of Jupiter

PUBLIC COMMENTS

Frank Barrella invited those present to address the Board with public comments. There were not any public comments.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held May 24, 2010. Mike Lilienfeld made a motion to approve the minutes of the meeting held May 24, 2010. Jack Forrest seconded the motion, approved by the Trustees 3-0.

INVESTMENT MANAGER REPORT: C.S. MCKEE

Lloyd Stamy and Brian Allen appeared before the Board on behalf of C.S. McKee to provide a report on the fixed income portfolio and international mutual fund for the quarter ending June 30, 2010. Mr. Stamy reported that the return for the quarter of the international mutual fund was -13.68 % versus -13.97% for the index. He reviewed in great detail the fund's portfolio including county allocations, sector weightings and holdings. He was questioned regarding the fund's exposure to China and responded that the fund only contained holdings of developed countries and China was still classified as a developing country.

Mr. Allen reported that the return for the quarter of the fixed income portfolio was 2.7% versus 3.5% for the index, with the underperformance attributable to an overweighting in Treasury Income Protected Securities during a period in which the market favored Treasuries instead. He Mr. Allen discussed market and economic conditions and advised that the portfolio was already strategically positioned for an anticipated rise in inflation.

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 June 30, 2010. He reported that for the quarter, the investment return for the total portfolio was -5.6% versus -5.4% for the index and for the fiscal year-to-date

was 8.6% versus 16.5%. He attributed the underperformance primarily to a staggered rebalancing back to equities during a period in which equity performance rebounded sharply.

Mr. Chambers reviewed the performance of the individual investment managers in great detail. He reported that the underperformance of the large cap value fund managed by Westwood Capital Management was attributable to the high quality bias of the holdings during a period in which the market favored lower quality equities.

Mr. Chambers discussed the advantages of adding of convertible bonds as an alternative within the portfolio. He explained that convertible bonds could be converted to equities thereby featuring the safety of bonds but with the option of higher equity returns. Mr. Chambers advised that his firm is researching this alternative investment product and will provide additional information at the next meeting. Mr. Chambers was also requested to research infrastructure investment products.

Mr. Chambers reviewed the asset allocation noting that the REIT and international equity allocation had been intentionally underweighted as a defensive posture to the recent market turmoil which has since subsided. He recommended rebalancing \$1.5M of the portfolio from fixed income and domestic equities to REITs and international equities staggered over the next three months. Nick Schiess reported that the State Chapter 185 distribution had been received and as a result excess cash in the amount of \$771K was also available for investment. Mike Lilienfeld made a motion to rebalance excess cash and \$1.5M from fixed income and domestic equities to REITs and international equities over the next four months based upon the recommendation of the Investment Consultant. Jack Forrest seconded the motion, approved by the Trustees 3-0.

Mr. Chambers concluded his report with a review of the risk/reward measurements of the portfolio.

ACTUARY REPORT

Chad Little reported that State Chapter 185 distribution was the amount of \$571,647.29. Since the frozen amount available to the Town as a supplemental funding source was \$292K, the prior \$1.5M excess reserve balance increased to approximately \$1.85M.

ATTORNEY REPORT

Pedro Herrera provided the Board with a final Order for the termination of disability benefits of Katherine Berish. A lengthy discussion ensued and the Trustees deferred the matter until the next meeting for consideration by a full Board.

Mr. Herrera also provided a proposal to prepare a submission for a favorable Tax Determination Letter from the Internal Revenue Service. He recommended that this matter also be deferred until the next meeting when a full Board was present and the Trustees agreed.

REPORTING OF PLAN FINANCIALS

The Trustees reviewed the disbursements presented for approval by the Administrator. Nick Schiess reported that a compromise had been made on the invoices from Klausner & Kaufman for legal services in conjunction with the appeal hearing for Katherine Berish and the final amount had been reduced to \$5,985.85. Mike Lilienfeld made a motion to approve the disbursements as presented. Jack Forrest seconded the motion, approved by the Trustees 3-0.

The Trustees reviewed and then received and filed the interim un-audited financial statements presented by the Administrator.

ADMINISTRATIVE REPORT

The Trustees reviewed the benefit approvals presented for approval by the Administrator. Mike Lilienfeld made a motion to approve the benefit approvals as presented. Jack Forrest seconded the motion, approved by the Trustees 3-0.

OTHER BUSINESS

Nick Schiess provided a quote for the annual renewal of fiduciary liability insurance from the Hudson Insurance Company in the amount of \$8,753.97. Jack Forrest made a motion to renew the fiduciary liability insurance. Mike Lilienfeld seconded the motion, approved by the Trustees 3-0.

Nick Schiess presented an Audit Engagement Letter with incumbent auditor Cherry Bekaert & Holland for the preparation on the audit of the Plan's financial statements for the fiscal year ending September 30, 2010 with the cost of the audit not to exceed \$12,500. He reported that the Letter had already been reviewed and approved by the Plan's attorney. Jack Forrest made a motion to execute the Audit Engagement Letter. Mike Lilienfeld seconded the motion, approved by the Trustees 3-0.

SCHEDULE NEXT MEETING

With there being no further business, the meeting adjourned at 2:39 P.M. The next meetings are scheduled for October 25, 2010 and November 22, 2010 at 1:00 P.M.

Respectfully submitted,

Secretary