

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**  
**MINUTES OF MEETING HELD**  
**OCTOBER 25, 2010**

Chairman Nick Scopelitis called the meeting to order at 1:15 P.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

**TRUSTEES**

Frank Barrella  
Mike Lilienfeld  
Jack Forrest  
Nick Scopelitis  
Marc Dobin

**OTHERS**

Burgess Chambers, Burgess Chambers & Associates  
Nick Schiess, Pension Resource Center  
Chad Little, Freiman Little Actuaries  
Robert Sugarman, Sugarman & Susskind P.A.  
Brad Hienrichs, Foster & Foster  
Eric Smith, CSSC Investment Advisory Services  
Cheryl Grieve, Jackie Wehmeyer and Mike Simmons, Town of Jupiter  
Michael Villella and Anne Lyons, Town of Jupiter

**PUBLIC COMMENTS**

Nick Scopelitis invited those present to address the Board with public comments. There were not any public comments. The Board honored former Trustee James Feeney for his dedication and service to the Board of Trustees and Plan members.

**REVIEW OF ACTUARIAL ASSUMPTIONS**

Finance Director Michael Villella introduced Brad Heinrichs from the actuarial firm Foster & Foster and explained that the firm had been engaged by the Town to review prior actuarial valuations of the Plan.

Mr. Hienrichs reported that his office had reviewed the Plan's actuarial assumptions and cost methods and recommended the modification of the salary scale assumption and elimination of the payroll increase adjustment within the projection method for funding. Mr. Heinrichs reviewed the salary growth assumption, which is a graduated scale based upon tenure of employment. He expressed that the assumption is high considering that the future salary growth is expected to be lower than in the past due to the economic climate. Chad Little discussed the salary scale assumption noting that it was the product of the last experience study prepared in the year 2006. He noted that the salary scale was implemented in response to the State's rejection of a prior salary growth assumption rate that the State considered too low. Mr. Little explained that three years has elapsed since the last experience study and he recommended that the actual salary growth experience be reevaluated since it was always prudent to move in the direction of the most realistic assumptions possible.

Mr. Hienrichs reviewed the salary increase adjustment within the projection based funding method. He explained that while actuarial valuations were prepared at fiscal year end, the resulting funding requirements were not for the successive fiscal year but for the following fiscal year. He explained that this method was very common and designed to provide plan sponsors with sufficient notice of changes in funding requirements for budgetary reasons. He further explained that the Plan's projection method was based

upon a percent of payroll which also included an adjustment for payroll growth during the applicable fiscal year. Mr. Heinrichs recommended the removal of this adjustment advising that either method was acceptable by the State.

Mr. Heinrichs concluded that both recommended changes would not impact the financial stability of the Plan but would provide some relief to the Town in the form of slightly lower funding requirements. A lengthy discussion ensued and it was noted that the sole responsibility of the Plan's actuarial cost methods and assumptions rests with the Board. Frank Barrella made a motion to refer the Town's request to the Plan's Actuary for evaluation and a written recommendation for consideration at the next meeting. Marc Dobin seconded the motion, approved by the Trustees 5-0.

Trustees Frank Barrella and Marc Dobin advised that pursuant to the Town's request, they each had attended meetings individually with Town management and acknowledged that the funding of the Plan had been discussed.

### **ACTUARY REPORT**

Chad Little announced that he had been contacted by the Town and Union for actuarial cost studies in conjunction with pending collective bargaining. Marc Dobin made a motion to make the Actuary available to the Union or Town at their expense provided that any resulting cost studies be shared simultaneously with the Town, Union and Board. Mike Lilienfeld seconded the motion, approved by the Trustees 5-0.

### **ATTORNEY REPORT**

Robert Sugarman provided and reviewed a final Order for the termination of disability benefits of Katherine Berish. Marc Dobin made a motion to execute the Order for the termination of disability benefits of Katherine Berish. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Mr. Sugarman provided a proposal to prepare a submission for a favorable Tax Determination Letter from the Internal Revenue Service for a fee of \$8,500 plus an additional \$1,000 filing fee charged by the Service. He explained that the fee was comparatively low because of the economies of scale realized from his firm filing on behalf of many clients. Mr. Sugarman discussed that advantages of operating within Service guidelines including exemption from income taxes and pre-tax contributions for active employees. He reported that the Service had expressed a renewed interest in governmental pension plans, which might result in increased scrutiny resulting in fines and penalties for items found to be out of compliance. Mr. Sugarman advised that the Service had extended the deadline for on-cycle 2011 filing until January 31, 2011 thereby allowing an open window for filing with greater leniency expected on violations. He then discussed the risks of delaying the filing. A very lengthy discussion ensued and the matter was tabled until the next meeting.

### **REPORTING OF PLAN FINANCIALS**

The Trustees reviewed the disbursements presented for approval by the Administrator. Marc Dobin made a motion to approve the disbursements as presented. Frank Barrella seconded the motion, approved by the Trustees 5-0.

Nick Schiess reported that the Board's general liability insurance had not been renewed and replacement coverage was available for the cost of \$1,102 annually. Mike Lilienfeld made a motion to direct the Administrator to obtain the replacement general liability insurance coverage. Jack Forest seconded the motion, approved by the Trustees 5-0.

#### **PRESENTATION BY CSSC INVESTMENT ADVISORY SERVICES**

Eric Smith appeared before the Board on behalf of CSSC Investment Advisory Services to provide a presentation on the investment consulting services provided by the firm. He described his process as a proprietary patented process for the selection of actively and inactively managed investment products, which was based upon a quantitative comparison of all available investment products evaluated on performance and risk measurements. Mr. Smith expressed that his process would yield consistent, above benchmark returns. He discussed two alternative fee structures, \$20,000 a year flat fee for a passive index fund strategy or a performance based fee structure.

#### **SCHEDULE NEXT MEETING**

With there being no further business, the meeting adjourned at 3:15 P.M. The next meeting is scheduled for November 22, 2010 at 1:00 P.M.

Respectfully submitted,

Secretary