

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**  
**MINUTES OF MEETING HELD**  
**APRIL 25, 2011**

Nick Scopelitis called the meeting to order at 1:07 P.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

**TRUSTEES**

Nick Scopelitis  
Mike Lilienfeld  
Marc Dobin

**OTHERS**

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

**PUBLIC COMMENTS**

Nick Scopelitis invited those present to address the Board with public comments. There were not any public comments.

It was noted that Frank Barella had not been reappointed as Trustee by the Town and his replacement had been selected but was pending appointment by the Town Council. It was further noted that Mr. Barrella had served in the capacity as Secretary to the Board. Mike Lilienfeld made a motion to appoint Marc Dobin as Secretary. Nick Scopelitis seconded the motion, approved by the Trustees 3-0.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held February 28, 2011. Mike Lilienfeld made a motion to approve the minutes of the meeting held February 28, 2011. Marc Dobin seconded the motion, approved by the Trustees 3-0.

**ATTORNEY REPORT**

Ken Harrison discussed tentative changes in State legislation that would limit compensation for the determination of benefits and permit plan sponsors to keep more of the annual State distributions. He explained that while the legislation had not yet been adopted, whatever legislation that is adopted was likely to become effective July 1, 2011 unless a collective bargaining agreement was in place in which case it would become effective after that agreement expired.

**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, 2011. He reported that for the quarter, the investment return for the total portfolio was 3.8% versus 4.0% for the index. And for the fiscal year, the investment return for the total portfolio was 9.7% versus 9.8% for the index.

Mr. Chambers reviewed the performance of the individual investment managers in great detail. He confirmed that the prior 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. However, the market favor had shifted to higher quality equities as the market cycle had progressed and since the manager had been outperforming the respective index. Mr. Chambers provided and reviewed an analysis his office had performed on potential large cap value managers inclusive of historical performance, style drift, capitalization foreign equity exposure and risk measurement statistics and Westwood Capital Management ended up being a leading contender within the finalists. Mr. Chambers ultimately recommended the retention of Westwood Capital Management but would conduct research into another leading contender, Diamond Hill Capital Management.

Mr. Chambers then discussed the overall manager selections and asset allocations and recommended replacing the passive management of the large cap growth allocation with an active manager. A lengthy discussion regarding active versus passive management ensued.

Mr. Chambers reviewed the compliance checklist. Ken Harrison expressed concerns over not meeting the performance objectives over the past three and five year periods. Mr. Chambers reviewed the underperformance of the objectives in great detail, which he attributed primarily to a relatively low equity allocation, the underperformance of the Westwood Capital Management commingled fund and hesitation to redeploy cash during the recent market turmoil. He advised that the conservative positioning of the portfolio helped reduce the investment losses during the market downturn, however, this same conservatism has resulted in slightly less return than the performance objective. Mr. Harrison advised that either the performance objectives need to be met or revised if unattainable.

### **REPORTING OF PLAN FINANCIALS**

The Trustees reviewed the disbursements presented for approval by the Administrator. Mike Lilienfeld made a motion to approve the disbursements as presented. Marc Dobin 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. Marc Dobin seconded the motion, approved by the Trustees 3-0.

### **OTHER BUSINESS**

The Board reviewed the 2010 Actuarial Valuation, which was presented by the actuary in great detail at the last meeting. Marc Dobin made a motion to approve the 2010 Actuarial Valuation. Mike Lilienfeld seconded the motion, approved by the Trustees 3-0.

A lengthy discussion arose regarding the actuarial assumption rate for investment returns, which is required by the State to be determined annually. Mr. Chambers advised that the current assumption of a 7.5% assumption rate was appropriate and attainable over the long-term. 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. Marc Dobin seconded the motion, approved by the Trustees 3-0.

The Board reviewed a proposed Ordinance Amendment that would permit commingled stock, bond, mutual or money market funds within the investment portfolio. It was expected that the Amendment would have no financial impact. Marc Dobin made a motion to approve the Ordinance Amendment, obtain an impact statement from the Plan's actuary and submit the Amendment to the Town for consideration. Mike Lilienfeld seconded the motion, approved by the Trustees 3-0.

#### **SCHEDULE NEXT MEETING**

With there being no further business and the next meeting scheduled on May 23, 2011, the meeting adjourned at 3:21 P.M.

Respectfully submitted,

Secretary