

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
AUGUST 22, 2011

Nick Scopelitis called the meeting to order at 10:01 A.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES

Nick Scopelitis
Mike Stevens
Marc Dobin

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

PUBLIC COMMENTS

Nick Scopelitis 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 23, 2011. Marc Dobin made a motion to approve the minutes of the meeting held May 23, 2011. Mike Stevens 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, 2011. Mr. Stamy reported that the return of the international mutual fund for the quarter was 0.73% versus 1.56% for the index and for the trailing one year period was 28.41% versus 30.36% for the index. He contrasted the differences between the construction of the portfolio and the EAFE benchmark, specifically the sector and geographical allocations. Mr. Stamy then reviewed in great detail the holdings within the fund's portfolio. He reported that several of the holdings were on the scrutinized holding list issued by the State of Florida; however, because the product was a mutual fund the statutory requirement to divest of these holdings was not applicable.

Mr. Allen reported that the return of the fixed income portfolio for the quarter was 1.98% versus 2.29% for the index, with the underperformance attributable to measures implemented for down market protection and preservation of capital. He reported that the trailing one year performance was 4.12% versus 3.90% for the index. Mr. Allen discussed market and economic conditions and the anticipated effects on fixed income securities.

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, 2011. He reported that for the quarter, the investment return for the total portfolio was 0.9% versus 1.4% for the index. And for the fiscal year-to-date, the investment return for the total portfolio was 10.7% versus 11.4% for the index.

Mr. Chambers reviewed the performance of the individual investment managers in great detail noting all was satisfactory over the long-term. He reported that the performance of the Westwood Capital Management commingled large cap value fund had dramatically improved and beaten their respective benchmark.

Mr. Chambers discussed the market and economic conditions and anticipated that the return would be flat for fixed income securities therefore earnings must be derived from equities. Brian Allen of C.S. McKee concurred. He was questioned regarding whether global bonds were an alternative to domestic bonds and Mr. Chambers responded that similar downward pressures existed globally. He briefly discussed some alternative investment classes, noting that not many good alternatives existed.

ACTUARY REPORT

Chad Little reviewed changes to the pension benefits proposed by the Town during collective bargaining. He emphasized that the benefits cannot be reduced to a level below what was in effect in the year 1999 without losing annual State contributions to the Plan. Mr. Little suggested the submission of a draft Ordinance to the State Division of Retirement for pre-approval.

Mr. Little reported that State distribution was just issued in the amount of \$611K, which was an increase from the prior year and resulted in an excess reserve balance of over \$2M.

ATTORNEY REPORT

Pedro Herrera discussed the changes that recently adopted Senate Bill 1128 has on public pension plans within the State. He explained the limitations on the amount of overtime and accrued leave payouts that could be used for the determination of benefits for all pension plans, noting that the changes become effective upon the ratification of the very next collective bargaining agreement. A lengthy discussion regarding the inclusion of accrued leave payouts and Mr. Herrera reported that the State Division of Retirement had issued an opinion that the limitation existed to any future accruals only after the effective date but leave time accrued beforehand was acceptable. Mr. Herrera reported that the law removed the requirement that benefits must increase if employee contributions increased. He explained that the legislation also required the preparation of an additional disclosure by the actuary within actuarial valuations.

Mr. Herrera reported that an independent medical examination had been scheduled for disability pension applicant Amy Barbera.

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. Mike Stevens seconded the motion, approved by the Trustees 3-0.

The Trustees reviewed and then received and filed un-audited statements of income and expense and balance sheet.

ADMINISTRATIVE REPORT

There was no benefit approvals presented to the Board or other matters to report.

OTHER BUSINESS

Nick Schiess provided a quote for the annual renewal of fiduciary liability insurance from the Hudson Insurance Company in the amount of \$8,746.00. Marc Dobin made a motion to renew the fiduciary liability insurance. Mike Stevens 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, 2011 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. Mike Stevens made a motion to execute the Audit Engagement Letter. Marc Dobin seconded the motion, approved by the Trustees 3-0.

SCHEDULE NEXT MEETING

With there being no further business and the next meeting scheduled on October 24, 2011, the meeting adjourned at 12:00 P.M.

Respectfully submitted,

Secretary