

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
AUGUST 27, 2012**

Nick Scopelitis called the meeting to order at 10:11 A.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES

Nick Scopelitis
Mike Stevens
Marc Dobin
Jack Forrest

OTHERS

Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Chad Little, Freiman Little Actuaries
Ken Harrison, Sugarman & Susskind P.A.
Cheryl Grieve, Town of Jupiter
Lloyd Stamy & Jack White, CS McKee Investment Managers

PUBLIC COMMENTS

Nick Scopelitis invited those present to address the Board with public comments. There were no public comments.

TRUSTEE ELECTION

Nick Schiess reported that an election had been conducted for position of member Trustee for the seat currently held by Michael Lilienfeld who was the only person who received nomination. Mr. Lilienfeld therefore was re-elected by default and Marc Dobin made a motion to certify the election results. Jack Forrest seconded the motion, approved by the Trustees 4-0. Jack Forrest seconded the motion, approved by the Trustees 4-0.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held May 21, 2012. Marc Dobin made a motion to approve the minutes of the meeting held May 21, 2012. Mike Stevens seconded the motion, approved by the Trustees 4-0.

INVESTMENT MANAGER REPORT: C.S. MCKEE INVESTMENT MANAGERS

Lloyd Stamy and Jack White appeared before the Board on behalf of C.S. McKee Investment Managers to provide a report on the fixed income portfolio and international mutual fund for the quarter ending June 30, 2012. Mr. Stamy reported that the return of the international mutual fund for the quarter was -7.20% versus -7.13% for the index and for the trailing one year period was 4.14% versus 2.96% for the index. The return of the fixed income portfolio for the quarter was 1.86% versus 2.06% for the index and for the trailing one year period was 2.85% versus 2.37% for the index. The Mr. White reviewed in great detail the holdings within the fund's fixed income portfolio and the international mutual fund. He reviewed economic and market conditions and anticipated only a 1-2% return from fixed income for the next several years and then discussed the construction of the portfolio in response to market conditions. Mr. Stamy reported that several of the

holdings within the international mutual fund 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.

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 September 30, 2012. He reported that for the quarter, the investment return for the total portfolio was -2.4% versus -1.4% for the index. And for the fiscal year-to-date, the investment return for the total portfolio was 12.7% versus 13.1% for the index.

Mr. Chambers reviewed the asset allocation in great detail and recommended rebalancing back to the target asset allocation with the exception of intentionally underweighting REITs because he considered them to be excessively valued. Marc Dobin made a motion to rebalance the portfolio as recommended by the Investment Consultant. Mike Stevens seconded the motion, approved by the Trustees 4-0.

Ken Harrison discussed the compliance checklist and noted for the record that several of the performance objectives had not been attained. Mr. Chambers reviewed the performance of the individual investment managers in great detail. He explained that the unmet performance objectives for the Westwood Capital Holdings product was attributable to the firm being benchmarked against an index with much lower capitalization and even mid cap exposure. Mr. Chambers explained the inherent issues with benchmarks and while every benchmark is problematic, the one used for this product was the most popular and relevant.

ACTUARY REPORT

Chad Little reviewed the Town's request to express the funding requirements as dollars instead of the current method of percent of payroll, noting that the State had recently reversed the requirement that funding be expressed only as a percent of payroll. He discussed the differences between the two methods and ultimately recommended proceeding with the change prospectively starting with the next actuarial valuation. Marc Dobin made a motion to direct the Actuary to express funding requirements as dollars instead of percent of payroll prospectively. Mike Stevens seconded the motion, approved by the Trustees 4-0.

Mr. Little reminded the Board that the adoption of the revised Summary Plan Description was still on hold pending resolution of a dispute between the State, Town and Union over benefit reductions agreed to through collective bargaining. Ken Harrison noted that the State had rejected some provisions within the initial Ordinance implementing the changes and the matter was being addressed by legal counsel for the Town and Union.

ATTORNEY REPORT

Ken Harrison reported on recently adopted State legislation that affected governmental pension plans. He reported that date of birth had been added to the information that should be redacted and the Statutes voided the designation of a beneficiary who later became an ex-spouse under most circumstances. He reviewed drafts of separate notifications for active and retired members recommending that the notifications be sent immediately, and the Board agreed.

Mr. Harrison reviewed a proposal for a settlement of the Plan's interests in a class action lawsuit against Merrill Lynch Consulting Services presented to the Board at the last meeting. Marc Dobin reported reviewing the proposal and discussed the terms of the settlement. Mr. Dobin explained that pursuing an individual action would likely result in fees greater than any potential award and with no guarantee of a favorable action. He recommended proceeding with the participation in the class settlement. Marc Dobin then made a motion to participate in the negotiated class settlement against Merrill Lynch Consulting Services. Jack Forrest seconded the motion, approved by the Trustees 4-0. Mr. Harrison disclosed again for the record that his firm, Sugarman and Susskind, was a part of that group of attorneys that negotiated the settlement and would receive compensation.

Mr. Harrison discussed a recent decision by the State Division of Retirement that reversed its prior position for the use of Chapter 185 funding. He advised that it was significant change in direction by the State and anticipated much contention between Plan sponsors and Unions in the near future and information on additional developments would be disseminated as it unfolds.

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 4-0.

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

ADMINISTRATIVE REPORT

The Trustees reviewed the benefit approvals presented for approval by the Administrator. Marc Dobin made a motion to approve the benefit approvals as presented. Mike Stevens seconded the motion, approved by the Trustees 4-0.

Nick Schiess reported that the new Advent Capital Management investment account had been funded as well as the first capital call from American Realty Advisors.

OTHER BUSINESS

Nick Schiess provided a quote for the annual renewal of fiduciary liability insurance from the Hudson Insurance Company. Marc Dobin made a motion to renew the fiduciary liability insurance. Mike Stevens seconded the motion, approved by the Trustees 4-0.

Mr. Schiess presented an Audit Engagement Letter with incumbent auditor Cherry Bekaert & Holland for the preparation of the audit of the Plan's financial statements for the fiscal year ending September 30, 2012 with the cost of the audit not to exceed \$13,000. 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 4-0.

SCHEDULE NEXT MEETING

With there being no further business and the next meeting scheduled on October 29, 2012, the meeting adjourned at 12:11 P.M.

Respectfully submitted,

Secretary