

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
NOVEMBER 26, 2012**

Nick Scopelitis called the meeting to order at 10:07 A.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES

Nick Scopelitis
Mike Stevens
Marc Dobin
Mike Lilienfeld

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
Jason McGrath & Yana Barton, Eaton Vance Management
Kim Calhoun, Westwood Holdings Group

PUBLIC COMMENTS

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

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held August 27, 2012. Mike Stevens made a motion to approve the minutes of the meeting held August 27, 2012. Marc Dobin seconded the motion, approved by the Trustees 4-0.

INVESTMENT MANAGER PRESENTATION: EATON VANCE MANAGEMENT

Jason McGrath and portfolio manager Yana Barton appeared before the Board on behalf of Eaton Vance Management to provide a report on the large cap growth equity portfolio for the fiscal year ending September 30, 2012. Mr. McGrath discussed the firm, noting that no organizational changes had occurred and additional personnel had been added to the portfolio management team. Ms. Barton reported that the return for the quarter was 5.39% versus 6.11% for the index and for the fiscal year was 24.98% versus 29.19% for the index. She then reviewed the investment process in great detail. Ms. Barton addressed the lag in performance, noting that over complete market cycles the manager had historically outperformed their benchmark. She completed her report with a thorough review of the portfolio holdings and sector allocations.

The Trustees noted that only 14% percent of large cap growth managers had beaten the performance of the index for the trailing one-year period. Ms. Barton explained that the index was highly concentrated with holdings that performed well while active managers refrained from the same overconcentration to reduce risk and preserve capital. She stressed that the index or index products do not afford down market protection.

INVESTMENT MANAGER REPORT: WESTWOOD HOLDINGS GROUP

Kim Calhoun appeared before the Board on behalf of Westwood Holdings Group to provide a report on the large cap value commingled fund for the fiscal year ending September 30, 2012. Ms. Calhoun reported that the return for the quarter was 5.9% versus 6.6% for the index. Ms. Calhoun reviewed in great detail the investment process, holdings, sector weightings and risk measurements of the fund. She then discussed the firm and organizational changes.

Ms. Calhoun addressed the longer term underperformance relative to the index, noting that the index was not only highly concentrated but also contained many mid cap holdings, which collectively had skewed the performance of the index. Burgess Chambers discussed the intricacies of the index, noting that no purity existed within the peer group making comparative evaluation difficult. Ms. Calhoun explained that many of the best performing holdings within the index were mid cap companies that specifically must be excluded from the manager's mandate.

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 fiscal year ending September 30, 2012. He reported that for the quarter, the investment return for the total portfolio was 4.1% versus 4.1% for the index. And for the fiscal year-to-date, the investment return for the total portfolio was 17.3% versus 17.6% for the index.

Mr. Chambers reviewed the asset allocation and performance of the investment products in great detail. The Board discussed the underperformance of the commingled fund managed by Westwood Holdings Group. Mr. Chambers provided and reviewed an analysis of a search performed for a large cap value equity product, which included a comparative evaluation of performance and risk measurements statistics for several firms including Westwood Holdings Group. The Board discussed the analysis and ultimately Mr. Chambers recommended the selection of finalists Eagle Capital Management and Fiduciary Management Inc. to be interviewed by the Board. Marc Dobin made a motion to interview Eagle Capital Management and Fiduciary Management Inc. Michael Lilienfeld seconded the motion, approved by the Trustees 4-0. The Board requested a special meeting be scheduled in January 2013 for the interviews.

Burgess Chambers requested the Board's favorable consideration for a fee increase from \$20k annually to \$25K annually, noting that the last fee increase was in the year 2007. The Board noted considerable satisfaction with the services provided by Burgess Chambers and Associates. Marc Dobin made a motion to approve Mr. Chambers' request for a fee increase to \$25K annually effective January 1, 2013 with a fee guarantee for four years. Mike Stevens seconded the motion, approved by the Trustees 4-0.

ACTUARY REPORT

Chad Little discussed an analytical tool utilized by CALPERS for the evaluation of volatility in employer funding requirements.

Mr. Little reported receipt of notification from the State requiring interest on the employee contributions of Frank Kitzerow in conjunction with his restoration of service credit with the Plan. He reminded the Board that direction was given previously to amortize the respective employer contributions as an actuarial loss but the State might require the collection of these contributions plus interest instead.

Mr. Little suggested the consideration of funding the Plan with a reserve to offset unforeseen circumstances such as market downturns. He explained that this might even be accomplished through a more conservative funding approach and discussed the use of more conservative actuarial assumptions. Mr. Little advised that the mortality assumption does need be addressed in the near future.

ATTORNEY REPORT

Ken Harrison reported that the request for a favorable tax determination letter from the Internal Revenue Service was still pending approval. He advised that the filing cycle would likely require the filing of another request in the year 2013 even though the first one had not been approved.

Mr. Harrison provide a legislative update, noting that there had not yet been any pension related bills pre-filed at the State level.

Mr. Harrison reported that the settlement of the class action lawsuit against Merrill Lynch Consulting Services was closed and the payment of the Plan's proceeds was pending.

Mr. Harrison reported 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. He 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. He reviewed the proposed implementation of a share account to be funded with excess Chapter 185 revenues that was negotiated within collective bargaining. He advised that this may no longer be possible because of a significant change in position by the State Division of Retirement regarding the use of Chapter 185 funding. Mr. Harrison that the change was under contention between Plan sponsors and Unions and information on any development will be reported.

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 Board decided to renew

membership next year with the Florida Public Pension Trustees Association and the National Conference of Employee Benefit Plans

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

ADMINISTRATIVE REPORT

Nick Schiess reported that notifications had been sent to active and retired members regarding the ramifications of HB401 that invalidated spousal beneficiary and joint annuitant designations upon divorce under most circumstances.

As a follow up to the last meeting, Mr. Schiess reported that the disability review had last been performed on November 28, 2012 and every disability recipient except Amy Barbara was determined to be exempt either for age or permanency of their debilitating condition.

Mr. Schiess reported that the preparation of annual audit and actuarial valuation had commenced.

OTHER BUSINESS

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

The Board reviewed a proposed revised DROP Administrative Policy in response to the new provisions established within the recently adopted Ordinance Amendment resulting from collective bargaining. Marc Dobin made a motion to adopt the revised DROP Administrative Policy. Mike Lilienfeld seconded the motion, approved by the Trustees 4-0. A question arose whether participants already in the DROP prior to the Ordinance Amendment revising the provisions of the DROP would be afforded the same rights as new participants, specifically to continue their DROP account after termination. Ken Harrison advised that since the Ordinance Amendment is silent about this specific matter all DROP participants should be treated similarly. The Board requested a formal legal opinion on the matter from Mr. Harrison.

SCHEDULE 2013 MEETINGS

The meetings for next year were scheduled on the dates of February 25, 2013, April 22, 2013, May 28, 2013, August 26, 2013, October 28, 2013 and November 25, 2013.

With there being no further business, the meeting adjourned at 1:11 P.M.

Respectfully submitted,
Secretary