

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
AUGUST 26, 2013**

Nick Scopelitis called the meeting to order at 12:09 P.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES

Marc Dobin
Jack Forrest
Mike Stevens
Mike Lilienfeld
Jason Alexandre

OTHERS

Burgess Chambers, Burgess Chambers & Associates
Nick Schiess, Pension Resource Center
Chad Little, Freiman Little Actuaries
Ken Harrison, Sugarman & Susskind P.A.
Michael Villella, Town of Jupiter

PUBLIC COMMENTS

Marc Dobin invited those present to address the Board with public comments. There were no public comments.

TRUSTEE ELECTIONS & APPOINTMENT OF BOARD SECRETARY

New Trustee Jason Alexandre was sworn in by Town Clerk Sally Boylan.

Mike Lilienfeld was appointed unanimously as Board secretary.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held May 28, 2013. Mike Lilienfeld made a motion to approve the minutes of the meeting held May 28, 2013. Jack Forrest seconded the motion, approved by the Trustees 5-0.

INVESTMENT MANAGER PRESENTATIONS: MASTER LIMITED PARTNERSHIPS

Burgess Chambers discussed master limited partnerships as a potential new investment product. He discussed the recent technological developments that have dramatically improved the recovery of domestic oil and natural gas. Mr. Chambers explained that this increased recovery has resulted in an investment opportunity for holdings of those firms who provide the shipping infrastructure from the production fields to the refineries. And these holdings receive transportation revenues that have tax advantages granted under federal energy policy.

MILLER HOWARD INVESTMENTS

Stephanie Geller appeared before the Board on behalf of Miller Howard Investments to provide a proposal for investment management services for master limited partnerships. Ms. Geller discussed her firm's qualifications and experience, noting that the firm has specialized in the management of investment

portfolios comprised of publicly traded equities of natural gas infrastructure firms for over fifteen years. Ms. Geller reviewed the firm's investment strategy and the energy infrastructure market in great detail. Ms. Geller was questioned regarding whether the anticipated earnings for the Plan would be subject to unrelated business income tax. She responded that it was her understanding that most of their clients are not subject to the tax.

SALIENT PARTNERS

David Hicks and Cole Dawson appeared before the Board on behalf of Salient Partners to provide a proposal for investment management services for master limited partnerships. Mr. Hicks discussed his firm's qualifications and experience, noting that the firm specialized only in the management of investment portfolios comprised of publicly traded equities of natural gas infrastructure firms. Mr. Dawson provided a detailed explanation of natural gas production and transportation, noting that increased production and demand has led to increased revenues directly from the transportation pipelines. Mr. Hicks reviewed the long-term investment returns from this niche industry, market and economic factors.

Mr. Chambers discussed the presentations by Miller Howard Investments and Salient partners. He discussed the differences between the two firms and their respective investment strategies, fee structure, investment returns and qualifications. Mr. Chambers discussed economic and market conditions, noting that achieving the assumed rate of return would become increasingly difficult with the anticipated low expected rate of return on bonds. Therefore alternative investment products should be considered to improve the overall performance of the investment program. Additionally, this alternative investment would increase diversification and lower the risk and volatility of the total investment portfolio. A discussion arose regarding the potential allocation and Mr. Chambers recommended a 5% allocation with a corresponding reduction in the currently over weighted large and mid cap allocations.

Ken Harrison advised that the Ordinance and Investment Policy Statement must be revised to permit investment into master limited partnerships. After further discussion, the Board directed Mr. Harrison to draft an Ordinance Amendment broadening the scope of permissible investments in general for consideration at the next meeting. Burgess Chambers agreed to draft a revised Investment Policy Statement also for consideration at the next meeting. Mr. Chambers discussed conducting a due diligence visit to Salient Partners and Ken Harrison confirmed that it was an appropriate expense of the Plan for any Trustee to accompany Mr. Chambers.

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, 2013. Mr. Chambers reported that for the quarter, the investment return was 0.0% versus -0.2% for the index. And for the fiscal year-to-date, the investment return was 6.9% versus 7.5% for the index. Mr. Chambers reviewed the performance of the investment products in great detail, noting all was satisfactory. He

reviewed the asset allocation, noting that a complete rebalancing back to target allocations was necessary. Mike Stevens made a motion to direct the Administrator to rebalance the portfolio pursuant to the instruction of the Investment Consultant. Mike Lilienfeld seconded the motion, approved by the Trustees 5-0.

ACTUARY REPORT

Chad Little provided a revised draft Summary Plan Description for review and approval was scheduled for the next meeting.

Mr. Little discussed the preparation of the actuarial impact statement for the draft Ordinance for the changes required by the Internal Revenue Service in conjunction with the Plan's filing for a favorable Tax Determination Letter. He discussed the intricacies of the Section 415c limitations of DROP accounts, noting that the DROP account component of defined benefit plans that have variable earnings might be considered a defined contribution plan and therefore subject to increased restrictions and scrutiny. The component of defined benefit plans with fixed rate of returns, or at least ceilings and floors on DROP account earnings, are generally still considered a defined benefit and therefore not subject to additional limitations. It was noted that the Plan's DROP account had a guaranteed floor and a fixed ceiling on earnings. Mr. Little resumed discussion of the preparation of the actuarial impact statement, noting that the Section 415c limitations may be of impact and requested specific direction from the Board to continue the current methodology of crediting DROP account earnings. Ken Harrison advised that that Internal Revenue Service requires inclusion of language Section 415c limitations but by their own rules the DROP participants would not be subject to the limitations due to the Plan's structure of the DROP account earnings. The Board, by consensus, directed the Actuary and Plan Administrator to continue using the current methodology of crediting DROP account earnings.

ATTORNEY REPORT

Ken Harrison discussed the impact of recent State legislation, noting that the greatest change was the requirement of additional disclosures. He discussed the requirement of posting the Plan's financial information on the internet and Nick Schiess agreed to publish the information on the webpage maintained by the Administrator on behalf of the Plan.

Mr. Harrison mentioned correspondence issued from the Department of Management Services to the City of Palm Beach Gardens wherein guidance was issued that the City would continue to receive Chapter 175 contributions even if newly hired firefighters were enrolled in the Florida State Retirement System, which represents a reversal of the Department's prior position. Mr. Harrison cautioned that guidance from Department of Management Services should be considered on a case by case basis.

REPORTING OF PLAN FINANCIALS

The Trustees reviewed the disbursements presented for approval by the Administrator. Marc Dobin discussed the retainer arrangement with Sugarman and Susskind, noting that

the Plan's interests might be better served with an hourly billing arrangement instead. Mr. Harrison agreed to follow up with Mr. Dobin to further discuss the billing arrangement. The Board directed the Administrator to suspend monthly retainer payments to Sugarman and Susskind effective September 1, 2013. Jack Forrest made a motion to approve the disbursements as presented. Mike Stevens seconded the motion, approved by the Trustees 5-0.

BENEFIT APPROVALS

The Trustees reviewed the benefit approvals presented for approval by the Administrator. Jack Forrest made a motion to approve the benefit approvals as presented. Mike Lilienfeld seconded the motion, approved by the Trustees 5-0.

ADMINISTRATIVE REPORT

Nick Schiess reported that the 2012 Annual Report had been approved and the Chapter 185 distribution was the amount of \$482,537.29.

Mr. Schiess provided a copy of the response to the Department of Management Services regarding the assumed rate of investment return.

OTHER BUSINESS

Nick Schiess provided a quote for the annual renewal of fiduciary liability insurance from the Hudson Insurance Company. Mike Lilienfeld made a motion to renew the fiduciary liability insurance. Mike Stevens seconded the motion, approved by the Trustees 5-0.

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, 2013 with the cost of the audit not to exceed \$13,500. 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. Mike Lilienfeld seconded the motion, approved by the Trustees 5-0.

SCHEDULE NEXT MEETING

The next meeting was scheduled for November 25, 2013.

With there being no further business, the meeting adjourned at 3:50 P.M.

Respectfully submitted,
Secretary