

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND  
MINUTES OF MEETING HELD  
AUGUST 8, 2014**

Marc Dobin called the meeting to order at 1:05 P.M. at the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

**TRUSTEES**

Marc Dobin  
Jack Forrest  
Mike Stevens  
Jason Alexandre  
Mike Lilienfeld

**OTHERS**

Burgess Chambers, Burgess Chambers & Associates  
Nick Schiess, Pension Resource Center  
Chad Little, Freiman Little Actuaries  
Ken Harrison, Sugarman & Susskind P.A.  
Kathy Kasper & Charles Glovsky, Eaton Vance Management  
Rob Rossi, CS McKee Investment Managers  
Michael Villella, Town of Jupiter

**PUBLIC COMMENTS**

Marc Dobin invited those present to address the Board with public comment. There was no public comment.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meetings held June 2, 2014 and June 17, 2014. Jason Alexandre made a motion to approve the minutes of the meeting held June 2, 2014. Jack Forrest seconded the motion, approved by the Trustees 5-0. Mike Stevens made a motion to approve the minutes of the meeting held June 17, 2014. Jason Alexandre seconded the motion, approved by the Trustees 5-0.

**INVESTMENT MANAGER REPORT: C.S. MCKEE INVESTMENT MANAGERS**

Rob Rossi 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, 2014. He reported that the return of the fixed income portfolio for the quarter was 1.59% versus 2.04% for the index and for the trailing one year period was 3.96% versus 4.37% for the index. Mr. Rossi attributed the underperformance to the premature defensive positioning of the portfolio in anticipation of rising interest rates. He reported that a portion of the relative underperformance had been recently regained and over the long term the portfolio had outperformed the index.

Mr. Rossi then reviewed the international mutual fund, reporting that the return for the quarter was 3.85% versus 4.09% for the index and for the trailing one year period was 20.17% versus 23.57% for the index. The Board questioned Mr. Rossi regarding the underperformance over the trailing three and five year periods. He acknowledged the underperformance and discussed recent organizational changes. Mr. Rossi reported that the lead portfolio manager had retired and his replacement had restructured the portfolio since his engagement in February 2014. Mr. Rossi explained that the replacement

portfolio manager was more aggressive with regards to portfolio turnover and had reduced emerging market exposure, both of which were anticipated to improve relative performance. The Board requested a report on the investment strategy and other changes implemented by the new portfolio manager since his engagement. Burgess Chambers suggested that the lead portfolio manager be invited to the next meeting.

### **INVESTMENT MANAGER PRESENTATION: EATON VANCE MANAGEMENT**

Kathy Kasper and Charles Glovsky appeared before the Board on behalf of Eaton Vance Management to provide a report on the large cap growth equity portfolio for the quarter ending June 30, 2014. Ms. Kasper discussed organizational changes that had occurred within the firm.

Mr. Glovsky reviewed the investment strategy and performance. He discussed the difficulties of achieving outperformance of the benchmark during a period in which passive investment strategies have been heavily favored by the market. Mr. Glovsky expressed that public sentiment appears to have recently shifted to again reward solid fundamentals and high quality and therefore he anticipated improved relative performance. Burgess Chambers expressed that the manager's performance was satisfactory given their specific mandate, which has been especially challenging for all active account managers. Mr. Glovsky concluded his report with a thorough review of the portfolio holdings and sector allocations.

### **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, 2014. Mr. Chambers reported that for the quarter, the investment return was 4.0% and for the trailing calendar year was 15.7%. Mr. Chambers reviewed the performance of the investment products in great detail, noting all was satisfactory with the exception of the C.S McKee international equity fund.

A lengthy discussion arose regarding the underperformance of the C.S McKee international equity fund. Mr. Chambers discussed recent organizational changes including the experience of the new lead portfolio manager. The Board considered the replacement of the manager, noting significant underperformance over the trailing three and five year periods. A discussion arose regarding interim measures until a replacement manager was engaged and Mr. Chambers discussed prospective strategies with varying exposure to emerging markets. After further discussion, Mr. Chambers ultimately recommended the liquidation of the C.S McKee international equity fund and the purchase of an appropriate international equity mutual fund until a replacement investment product or manager can be interviewed and selected. Jason Alexandre made a motion to approve the Investment Consultant's recommendation to liquidate the C.S McKee international equity fund and purchase an international equity mutual fund selected by the Investment Consultant. Mike Lilienfeld seconded the motion, approved by the Trustees 5-0. After further discussion of a replacement investment product or manager, Jason Alexandre made a motion to interview prospective managers and

consider replacement investment products at the next meeting. Mike Stevens seconded the motion, approved by the Trustees 5-0.

Mr. Chambers concluded his report with a review of the asset allocation and risk measurement indices.

### **ATTORNEY REPORT**

Ken Harrison reported that there had not been a response back from the Internal Revenue Service regarding the application for a favorable tax determination letter.

### **ACTUARY REPORT**

Chad Little discussed the changes in determining the funding requirements of the Plan necessitated by new limitations determined by the Collective Bargaining Agreement and State Law. He explained that these limitations will reduce benefits and it was necessary to build into the funding equation the most realistic assumptions possible regarding salary. Mr. Little explained that pensionable compensation was now subject to a cap on overtime at 300 hours annually. He then discussed the new limitation on accrued leave payouts that for the membership became effective April 1, 2011, noting that the State had not published exact guidance regarding the implementation of the limitation but the generally accepted practice was to consider the number of hours accrued as of the effective date as the maximum regardless of the rate of pay or date when it was actually paid. The Board confirmed that number of hours that had accrued as of the effective date should be the appropriate measurement. Mr. Little provided a report issued by the Town on the leave hours and comp time hours accrued as of April 1, 2011, noting that the amount of comp time to be considered pensionable compensation was limited to 180 hours pursuant to the Collective Bargaining Agreement. Michael Villella questioned whether comp time should be considered overtime and therefore included in the 300 hour annual limitation and a discussion ensued. Ken Harrison advised that this question should be answered by the collective bargaining parties and neither the Town Ordinance or State Law address this specific situation. Mr. Little advised that he would include 180 hours of comp time separately from overtime for the purpose of determining funding requirements until otherwise directed by the Board.

### **REPORTING OF PLAN FINANCIALS**

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

Nick Schiess requested the consideration of establishing a policy that would provide one designated Trustee the authorization for payment of expenses between meetings. He explained that because the Board only meets and approves expenses quarterly, situations arise that require payment of expenses that are due on a different schedule such as insurance renewals. Mr. Schiess reported that there once existed a past practice that permitted a designated Trustee this authorization but the practice had not been revisited

after that specific Trustee departed the Board. Ken Harrison agreed to draft a policy regarding payment of interim expenses for consideration at the next meeting.

### **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 Stevens seconded the motion, approved by the Trustees 5-0.

### **ADMINISTRATIVE REPORT**

Nick Schiess reported that an election was required for the seat held by Trustee Mike Lilienfeld, which would be conducted before the next meeting.

As had been requested previously, Mr. Schiess reminded the Board to revisit the fee retainer arrangement with Sugarman & Susskind. The Board determined that the current retainer arrangement of \$2,750 monthly was appropriate and requested Mr. Schiess to again provide another reminder to revisit the matter in a year.

### **OTHER BUSINESS**

Nick Schiess provided a quote for the annual renewal of fiduciary liability insurance from the Hudson Insurance Company for the amount of \$7,961.17, an increase in the amount of \$28.37 from the prior year. 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, 2014 with the cost of the audit not to exceed \$13,750, an increase in the amount of \$250 from the prior year. He reported that the Engagement Letter had already been reviewed and approved by the Plan's attorney. Mike Lilienfeld made a motion to execute the Audit Engagement Letter. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Ken Harrison reviewed recent publicity regarding one of the Plan's portfolio monitoring firms, Robbins Geller Rudman & Dowd, that was sanctioned by the Court. He reminded the Board of the arrangement with the firm noting that the firm provided complementary portfolio monitoring services and on occasion might be retained on a contingency fee basis only. A lengthy discussion ensued regarding the circumstances of the offense and the Board determined that it did not warrant termination of the firm.

### **SCHEDULE NEXT MEETING**

The next quarterly meeting was scheduled for December 1, 2014.

With there being no further business, the meeting adjourned at 3:45 P.M.

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Respectfully submitted,  
Secretary