

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
DECEMBER 1, 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 Salvemini

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 comment. There was no public comment.

TRUSTEE ELECTIONS

Nick Schiess reported that an election had been conducted for the office of Employee Trustee held by Mike Lilienfeld. He announced that Mike Salvemini had won the election and produced the election ballots and Clerk's certification of the election results for inspection. Jason Alexandre made a motion to certify the election results to seat Mike Salvemini as Trustee. Mike Stevens seconded the motion, approved by the Trustees 4-0. Mr. Salvemini was sworn in by a Town official.

Jason Alexandre was elected to the office of Secretary.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held September 9, 2014. Jason Alexandre made a motion to approve the minutes of the meeting held September 9, 2014. Jack Forrest seconded the motion, approved by the Trustees 5-0.

INVESTMENT MANAGER PRESENTATIONS

Burgess Chambers reviewed an analysis of the results of a search for a replacement international equity investment manager. He reported that pursuant to the direction of the Board at the last meeting the CS McKee international equity fund had been liquidated and the proceeds temporarily invested in an index fund.

AMERICAN FUNDS

Andrew Moscardini, Ronan Burke and David Polack appeared before the Board on behalf of American Funds to provide a presentation on the firm's EuroPacific

Fund. Mr. Moscardini discussed the firm's qualifications and experience. Mr. Pollack reviewed the investment process, geographical and sector allocations. He then reviewed performance, noting that the investment return was 11.02% since inception. Ken Harrison questioned whether the firm would accept a side letter acknowledging fiduciary responsibility and agreeing to venue in Palm Beach County for settlement of disputes and received responses to the affirmative.

WHV INVESTMENT MANAGEMENT

Brian Forth and Steve Ford appeared before the Board on behalf of WHV Investment Management to provide a presentation for management services of an international equity separate account portfolio. Mr. Ford discussed the firm's qualifications and experience. Mr. Ford reviewed the investment process, geographical and sector allocations in great detail. He then reviewed long-term performance, noting significant outperformance of the index with less risk. Ken Harrison questioned whether the firm would acknowledge fiduciary responsibility and agreeing to venue in Palm Beach County for settlement of disputes and received responses to the affirmative.

Mr. Chambers reviewed the firms' qualifications and experience, presentations, investment strategies, long-term performance and other factors important in the selection of an investment manager. He contrasted the styles of each manager and ultimately recommended an equal blend of the WHV Investment Management separate account, EuroPacific Fund and an international equity index fund. A lengthy and careful discussion ensued regarding indexing part of the international equity allocation. Jason Alexandre made a motion to invest one third of the international equity allocation in a separately managed account by WHV Investment Management and two thirds of the allocation in the EuroPacific Fund contingent upon the successful negotiation of agreements and the immediate funding of the mandates afterwards. Jack Forrest seconded the motion, approved by the Trustees 5-0.

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, 2014. Mr. Chambers reported that for the quarter, the investment return was -0.6% but for the fiscal year was 9.7%, which exceeded the actuarial assumed rate of return. Mr. Chambers reviewed the performance of the investment products in great detail, noting all was satisfactory. Mr. Chambers concluded his report with a review of the asset allocation and risk measurement indices.

ATTORNEY REPORT

Ken Harrison announced that the Internal Revenue Service had issued the Plan with a favorable tax determination letter.

Mr. Harrison recapped a discussion from the last meeting regarding pensionable compensation, specifically whether comp time should be considered overtime and therefore included in the 300 hour annual limitation imposed by the State. He reconfirmed that neither Town Ordinance nor State Law addresses this specific situation and therefore it is a matter to be settled in collective bargaining. Michael Villella advised that the Town had requested clarification from the State on the matter. Mr. Harrison read into the record that the Union had expressed that the matter should be subject to collective bargaining. Mr. Harrison ultimately advised that the Board did not have a standing in the settlement of the dispute and the matter must be resolved by the collective bargaining parties.

Chad Little reminded the Board that new levels of comp time, overtime and accrued leave payout must be built into the funding equation to achieve the most realistic assumptions possible regarding salary. He requested direction from the Board regarding the inclusion of these compensation types. The Board by consensus directed Mr. Little to include 300 overtime hours, up to 180 hours of comp time and one half of accumulated sick leave and the entire balance of vacation hours as of the date of April 1, 2011.

ACTUARY REPORT

Chad little discussed the new reporting requirement established under recently passed Senate Bill 534, noting that the State had not yet issued final guidance on the exact formatting of the report. He explained that one of the reports required publishing the effect of reducing the actuarial assumption on investment return by 2%, which would increase employer funding requirements. Mr. Little advised that his other clients had also commissioned an additional report that published the effect of increasing the assumption by the same 2% level in order to more fairly portray the effect of volatility of investment return. He estimated the cost of the additional reporting at \$3K. Jason Alexandre made a motion to authorize up to \$3K for the preparation of additional reporting required under Senate Bill 534 and the additional report described by Chad Little. Jack Forrest seconded the motion, approved by the Trustees 5-0.

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.

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 inquired regarding the renewal of membership fees for the National Conference on Public Employee Retirement Systems and Florida Public Pension Trustees' Association. Mike Stevens made a motion to approve the renewal of the annual membership for the National Conference on Public Employee Retirement Systems and Florida Public Pension Trustees' Association. Jason Alexandre seconded the motion, approved by the Trustees 5-0.

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

Mr. Schiess questioned whether the Trustees desired to honor outgoing Trustee Mike Lilienfeld and express gratitude for his service to the Board. Jack Forrest made a motion to commission an honorary plaque for Mike Lilienfeld at a price not to exceed \$75. Mike Stevens seconded the motion, approved by the Trustees 5-0.

Mr. Schiess and Marc Dobin discussed the advantages of conducting Board business on electronic devices and agreed to research the matter and present additional information including costs at the next meeting.

OTHER BUSINESS

Nick Schiess provided a quote for the annual renewal of general liability insurance from the Nautilus Insurance Company for the amount of \$1,554.96, a decrease from the amount of \$1,905.51 from the prior year. Mike Stevens made a motion to renew the general liability insurance. Mike Salvemini seconded the motion, approved by the Trustees 5-0. A discussion arose regarding whether coverage under the fiduciary liability insurance policy was sufficient and the Plan Administrator was requested to bring quotes to the next meeting increasing the coverage from \$1M to \$3M and \$6M.

The Board reviewed a proposed draft policy that would provide the Chairman the authorization for payment of expenses not to exceed \$10,000 between scheduled meetings provided that such payments shall be considered by the Board at the first meeting following such payment. It was noted 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. Mike Seven made a motion to adopt the proposed interim payment policy. Jack Forrest seconded the motion, approved by the Trustees 5-0.

The Board reviewed a request from investment manager American Reality Advisors for consent to modify the firm's corporate structure. Ken Harrison expressed no objection provided that such change was not inconsistent with guidelines established within the Investment Policy Statement. Burgess Chambers advised that the change was not material or inconsistent with the Investment Policy Statement and recommended providing the requested consent. Jason Alexandre made a motion to execute the consent authorization requested by American Reality Advisors. Mike Salvemini seconded the motion, approved by the Trustees 5-0.

SCHEDULE NEXT MEETING

The Plan Administrator was directed to schedule meeting dates for the 2015 calendar year.

With there being no further business, the meeting adjourned at 3:10 P.M.

Respectfully submitted,
Secretary