

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND
MINUTES OF MEETING HELD
DECEMBER 7, 2015**

Marc Dobin called the meeting to order at 10:00 A.M. in the Council Chambers at Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES

Marc Dobin
Nick Scopelitis
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.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the two meetings held on September 28, 2015. Jason Alexandre made a motion to approve the minutes of the meetings held on September 28, 2015. Mike Salvemini seconded the motion, approved by the Trustees 5-0.

INVESTMENT MANAGER REPORT: MILLER HOWARD INVESTMENTS

Stephanie Geller appeared before the Board on behalf of Miller Howard Investments to provide a report on the master limited partnership portfolio for the quarter ending September 30, 2015. She discussed the firm, noting that there were not any organizational changes. Ms. Geller reported that the return for the quarter was -22.7% and for the fiscal year was -36.7%. She then discussed the market and environmental conditions behind the downturn that has affected the entire energy sector, primarily the precipitous drop in the pricing of oil.

INVESTMENT MANAGER REPORT: SALIENT PARTNERS

David Hicks and portfolio manager Parag Sanghani joined the meeting via teleconference on behalf of Miller Howard Management to provide a report on the master limited partnership portfolio for the quarter ending September 30, 2015. Mr. Hicks discussed the firm, noting that there were not any organizational changes. Mr. Sanghani reported that the return for the quarter was -28.7% and for the fiscal year was -37.6%. He noted that the strategy has outperformed the index by 2.2% since inception. Mr. Sanghani then discussed the market and environmental conditions behind the downturn that has affected the entire energy sector. A discussion arose regarding the correlation of the asset class to the pricing of oil. The Board confirmed its previous understanding that since the asset class was comprised of energy transfer infrastructure it was not correlated to and

therefore insulated from the volatility of oil pricing. Mr. Sanghani explained that during this downturn the correlation of valuations to oil pricing was the highest ever historically. He further explained that the downturn in valuations lacked any fundamental basis because there was actual growth in the distribution through the infrastructure. The Board inquired regarding about an opportune time to increase the allocation and Hicks recommended dollar cost averaging any additional investment over the next six months.

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, 2015. Mr. Chambers reported that the investment return for the fiscal year was -1.49% versus -1.66% for the index. He discussed in great detail the market and environmental conditions behind the market volatility and downturn. Mr. Chambers discussed the volatility and downturn in the valuations of the master limited partnership portfolios, noting that at least the returns were equal to the benchmark. He discussed the market conditions and anticipated a recovery in valuations and therefore ultimately recommended to remain in the asset class for at least the immediate future.

Mr. Chambers reviewed the performance of the investment products in great detail, noting all was satisfactory.

Mr. Chambers reviewed the asset allocation and a discussion arose regarding the investment of \$1.4M in accumulated cash. He anticipated that volatility still existed within the market and suggested allowing the market to settle and deferring the deployment of the cash until the next meeting. A discussion arose regarding an interim investment and Mr. Chambers recommended leaving it as cash. Mr. Chambers then discussed increasing the private real estate allocation due to its low correlation to the equity markets. It was noted that a queue existed to enter any new investment with American Realty Advisors. After further discussion, Mr. Chambers ultimately recommended increasing the allocation \$400K. Nick Scopelitis made a motion to enter the queue for an additional capital commitment of \$400k to the real estate fund managed by American Realty Advisors. Jason Alexandre seconded the motion, approved by the Trustees 5-0.

Mr. Chambers was questioned regarding alternative investments and he responded that research was being conducted into other alternative investment classes and he would provide a full report to the Board once that research was finalized.

ATTORNEY REPORT

Ken Harrison provided a legislative update.

Mr. Harrison discussed negative publicity regarding investment manager Eagle Capital Management, specifically their financial support of organizations that support the abolition of defined benefit plans. The Board authorized Mr. Harrison to correspond with the manager to request an explanation and clarification on their position of supporting any such efforts.

Mr. Harrison reported that the Department of Labor had taken the new position that social factors could be considered in the evaluation of investment managers therefore reversing prior opinion that fiduciary responsibility mandated the selection of investments on the basis of expected returns.

Mr. Harrison reported that the annual review of legal services had identified that there was a small increase in the number of hours of service provided to the Plan but it was not significant enough to warrant a request for an increase in the retainer.

ACTUARY REPORT

Chad Little discussed the preparation of the newly required GASB 67 and 68 reporting requirements that would be provided at the next quarterly meeting.

APPROVAL OF DISBURSEMENTS

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

BENEFIT APPROVALS

The Trustees reviewed the benefit approvals presented for approval by the Administrator. Jason Alexandre made a motion to approve the benefit approvals as presented. Nick Scopelitis seconded the motion, approved by the Trustees 5-0.

ADMINISTRATIVE REPORT

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

Mr. Schiess distributed unaudited interim financial statements, which the Board received and filed.

Mr. Schiess inquired regarding the renewal of memberships in 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 presented an unaudited report on the actual administrative expenses of the Plan for the 2015 fiscal year with comparison to the administrative expense budget, which was newly required under State Statutes. The Board received and filed the report, noting that the audited financial statements would be received at the next quarterly meeting.

OTHER BUSINESS

The Board reviewed a draft of the revised Summary Plan Description. Mike Stevens made a motion to approve the revised Summary Plan Description. Mike Salvemini seconded the motion, approved by the Trustees 5-0. A discussion arose regarding distribution and Mike Salvemini agreed to disseminate the document via interdepartmental e-mail.

The Board continued review of the actuarial experience study from the last meeting, including the proposed adoption of the same mortality table utilized by the Florida Retirement System as prescribed by the State and a revised termination assumption modified to adjust for service as was recommended by the Plan's Actuary. Mike Villella expressed support by the Town to adopt the revised assumptions in order to adequately fund the Plan. Nick Scopelitis made a motion to adopt the same mortality table utilized by the Florida Retirement System as prescribed by the State and a revised termination assumption modified to adjust for service recommended by the Plan's Actuary. Mike Stevens seconded the motion, approved by the Trustees 5-0.

Mike Villella reported the receipt of an opinion from the State regarding the long outstanding matter of whether payouts of accrued comp time should be considered as pensionable income. He reported that the State had issued an opinion that comp time should be treated as overtime and not separately for the purpose of determining pensionable income. The Board noted that this matter was a concern for the collective bargaining parties.

Nick Schiess provided a quote for the annual renewal of general liability insurance from the Nautilus Insurance Company for the amount of \$1,535.00, a decrease from the amount of \$1,554.96 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.

SCHEDULE NEXT MEETING

The next meeting was scheduled for February 8, 2016.

With there being no further business, the meeting adjourned at 12:31 P.M.

Respectfully submitted,
Secretary