

**TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND  
MINUTES OF MEETING HELD  
MARCH 9, 2015**

Marc Dobin called the meeting to order at 10:01 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  
James Burdick, Cherry Bekaert

**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 meeting held December 1, 2014. Mike Stevens made a motion to approve the minutes of the meeting held December 1, 2014. Jack Forrest seconded the motion, approved by the Trustees 5-0.

**AUDITOR'S REPORT**

James Burdick appeared before the Board on behalf of Cherry Bekaert Holland to present the audit report for the fiscal year ending September 30, 2014. Mr. Burdick reviewed in great detail the financial statements of the Plan and issued the Board with a clean unqualified opinion letter on the financial statements. He discussed the new disclosures required by GASB 67. Mr. Burdick noted that no material weaknesses in the financial statements had been discovered and also that no deficiencies were identified with internal controls and procedures. Jason Alexandre made a motion to accept the 2014 auditor's report and financial statements. Jack Forrest seconded the motion, approved by the Trustees 5-0. Jack Forrest made a motion to authorize the Chairman to execute a Management Representation Letter, which had been previously reviewed and approved by the Plan's attorney. Jason Alexandre seconded the motion, approved by the Trustees 5-0.

**ACTUARY REPORT**

Chad Little presented the 2014 Actuarial Valuation. He reported that the recommended required employer funding for the 2016 fiscal year net of the expected State contribution is \$2,251,726, which expressed as a percentage of payroll is 29.08% and a decrease from the previous year. The reduction was attributable to favorable Plan experience in the form

of less than anticipated payroll growth and greater than expected investment earnings. He reported that the funding ratio of the Plan increased to 85.5%. Mr. Little reviewed in great detail the individual components of the costing of the Plan and also the actual experience versus the Plan assumptions. Mike Stevens made a motion to approve the 2014 Actuarial Valuation. Mike Salvemini seconded the motion, approved by the Trustees 5-0.

Mr. Little discussed the actuarial assumptions and other factors used to develop the costing of the Plan and determine funding requirements. He advised that it was best practice to conduct an experience study every five years, which is an evaluation of actual experience versus the assumptions. Mr. Little explained that the result would be improved assumptions, which would ultimately result in a better appraisal of the annual funding requirements. He provided a proposal to conduct the experience study for a fee of \$8K. Mike Stevens made a motion to authorize the Plan's actuary to prepare an experience study. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Mr. Little presented a GASB 67 Supplemental Report containing newly required disclosures. Jack Forrest made a motion to accept the report. Jason Alexandre seconded the motion, approved by the Trustees 5-0.

A discussion arose regarding the actuarial assumption rate for investment returns, which is required by the State to be determined annually. Burgess Chambers advised that the current assumption of a 7.5% assumption rate was appropriate and attainable over the long-term. Jason Alexandre made a motion to determine that the total expected annual rate of investment return for the Plan for the next year, next several years, and long-term thereafter, shall be 7.5%, net of investment related expenses. This determination is made in accordance with Section 112.661(9) Florida Statutes. Mike Salvemini 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 December 31, 2014. Mr. Chambers reported that the investment return was 1.8% for the quarter and 7.3% for the calendar year. He reported that the annualized return for the trailing five year period was 9.8%, 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.

A discussion arose regarding the impact of rising interest rates on the fixed income and real estate allocations within the portfolio. Mr. Chambers advised that rising interest rates would directly and negatively impact the fixed income allocation, but this allocation was vital to provide down market protection. He discussed some potential impacts upon the real estate product but noted that there was not sufficient empirical evidence to make any determination to reduce or divest this allocation.

Mr. Chambers discussed the funding of the new replacement international equity products, noting that the allocation to the MEPT product had already been funded. He reported that a misunderstanding had occurred on the potential management agreement with American Funds. He explained that the EuroPacific Fund was a true mutual fund and the American Funds would not enter into a side agreement accepting fiduciary responsibility to the Plan with any fund holders. Mr. Chambers discussed fiduciary responsibility and the due diligence performed by his firm in selecting investment products. He added that his firm had already accepted fiduciary responsibility for the index fund products already held within the portfolio and for the record extended the same consideration for the EuroPacific Fund. The Board by consensus directed the Plan administrator to proceed with the purchase of the EuroPacific Fund.

### **ATTORNEY REPORT**

Ken Harrison reported that the favorable tax determination letter recently issued by the Internal Revenue Service was contingent upon minor amendment of the provisions of the Plan. He provided and reviewed a proposed Ordinance Amendment containing the required changes. Jason Alexandre made a motion to approve and submit the Ordinance Amendment to the Town for consideration and authorize the preparation of an actuarial impact statement. Jack Forrest seconded the motion, approved by the Trustees 5-0.

### **APPROVAL OF DISBURSEMENTS**

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 announced that an election must be conducted for the Trustee position currently held by Jason Alexandre. He reviewed the historical election procedures, which the Board deemed satisfactory.

As a follow up to the last meeting, Mr. Schiess provided a proposal to increase the limits of the fiduciary liability insurance coverage from \$1M to \$3M and \$6M. Mike Stevens made a motion to increase the limits of the fiduciary liability insurance coverage to \$3M for a total cost of \$10,500 annually with the increase to be prorated over the remainder of current coverage period. Jack Forrest seconded the motion, approved by the Trustees 5-0.

Mr. Schiess discussed the benefits of electronically archiving all the Plan's historical records, noting that project was not covered under the administrative retainer

arrangement and would take approximately 40 hours at a rate of \$25 per hour to complete. Jason Alexandre made a motion to authorize the electronic archiving of all the Plan's historical records for an approximate cost of \$1,000 with any overage to be approved by the Chairman. Mike Stevens seconded the motion, approved by the Trustees 5-0.

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

### **OTHER BUSINESS**

Nick Schiess and Marc Dobin discussed the research started for the Trustees to conduct Board business on electronic devices and agreed to present additional information including costs at the next meeting.

### **SCHEDULE NEXT MEETING**

The next meeting was scheduled for June 1, 2015.

With there being no further business, the meeting adjourned at 12:30 P.M.

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Respectfully submitted,  
Secretary