

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND

MINUTES OF MEETING HELD

May 3, 2021

Chairman Marc Dobin called the electronic meeting to order at 10:02 A.M. Those persons present were:

TRUSTEES PRESENT

Marc Dobin
Jason Alexandre
Michael Salvemini
Frank LaPlaca
Nick Scopelitis

OTHERS PRESENT

Margie Adcock, Pension Resource Center
Ken Harrison, Sugarman & Susskind P.A.
Chad Little, Frieman Little Actuaries
Burgess Chambers, Burgess Chambers & Associates
Michael Villella; Town of Jupiter
Anthony Xuereb & Roland Cole; Polen Capital
John Johnson; Eagle Capital

WELCOME NEW TRUSTEE FRANK LAPLACA

The Board welcomed new Trustee Frank LaPlaca. It was noted that Mr. LaPlaca was appointed by the Town and is filling the position that was previously held by Michael Stevens.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held February 8, 2021.

- Jason Alexandre made a motion to approve the February 8, 2021 minutes. The motion received a second by Michael Salvemini and was approved by the Trustees 5-0.

INVESTMENT CONSULTANT REPORT – BURGESS CHAMBERS & ASSOCIATES (BURGESS CHAMBERS)

Burgess Chambers appeared before the Board. He provided an overview of the market environment. He reviewed the market for the quarter ending March 31, 2021. He stated that a massive amount of stimulus went into the system last year, nearly \$4 trillion with more going in this year. There was a V shaped recovery because of the actions of the Fed and Congress. In late September 2020 there was a rotation from growth to value after growth had done great for the prior three years. Growth has caught up a little in the last six months.

Mr. Chambers reviewed the performance of the Fund. He stated that it was not a great quarter. He discussed the Fidelity Mid Cap product. He stated that it is a huge index that tends to have large cap holdings for liquidity, which is why it underperformed the index. It underperformed because of the differences in capitalization. Value was the top performer for the quarter. Large cap value did well. REITs continue to bounce back, and are up about 10% year to date so far. The total market value of the Fund as of March 31, 2021 was \$101,216,674. The total Fund was up 2.0% net of fees for the quarter ending March 31, 2021 while the benchmark was up 4.0%. Total equities were up 4.4%; domestic equities were up 7.0%; large cap infrastructure was up 3.5%; convertibles were up 1.0%; international equity was down .3%; REITs were up 10.2%; private real estate was up 1.9%; and fixed income was down 3.8%.

Mr. Chambers stated that there have been positive cash flows for the five year period. He stated that the Fund has a strategic allocation designed to achieve 8% per year. He noted that the ten year number is over 8% per year. The Board has done a good job with this program. They continue to add exciting managers. There has been a great job done overall as a team, streamlining and cutting costs. Mr. Chambers stated that the market is in a bubble. Bonds are terribly overpriced. Bubbles can remain in place for some time. He noted that the markets are

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opening up; oil demand will pick up; and traveling will pick up. He stated that if the market overprices itself, he will recommend rebalancing the portfolio as needed.

- Frank LaPlaca made a motion to accept the Investment Monitor's Report. The motion received a second by Jason Alexandre and was approved by the Trustees 5-0.

Burgess Chambers departed the meeting.

INVESTMENT MANAGER REPORT – POLEN CAPITAL MANAGEMENT (ANTHONY XUEREB AND ROLAND COLE)

Anthony Xuereb & Roland Cole appeared before the Board. Mr. Xuereb stated that he was on the client service team and that Mr. Cole was a member of the investment team. Mr. Xuereb stated they are continuing with business as usual. They have benefited being in a growth market given they are a growth manager. They have \$62 million in assets under management. They continue to expand employee ownership. They have 33 employees that participate in some form of equity ownership. He reviewed the investment team. They added a research analyst in January. There have been no other changes since last year.

Mr. Cole discussed their investment philosophy and investment performance. He stated that have had strong absolute, relative performance. They have been delivering outperformance since inception. The portfolio has been up 22.28% since inception of January 16, 2018 versus the benchmark which has been up 19.89%. For the quarter, the portfolio was up 1.62% while the benchmark was up .95%. Mr. Cole reviewed the portfolio activity for the last year. He stated that they added three positions in the quarter ending September 30, 2020. They added medical technology companies that have no true competition. They have strong, dominant companies in the portfolio. They added Amazon and Netflix in the quarter ending March 31, 2021.

Anthony Xuereb & Roland Cole departed the meeting.

INVESTMENT MANAGER REPORT – EAGLE CAPITAL MANAGEMENT (JOHN JOHNSON)

John Johnson appeared before the Board. He reviewed the market environment for the quarter ending March 31, 2021. He stated that there was a shift from growth to value at the beginning of 2020. He stated that they lagged the S&P 500 for 2020. Then in the quarter ending December 31, 2020 the portfolio had a blend of companies that allowed it to do well; not as well as growth managers but better than value managers. They are now as far ahead of the S&P 500 today as value is and the portfolio is the same. The performance during the pandemic was bifurcated. They had big exposure to travel, financials, and aerospace, all of which got hurt in the pandemic. They still have a blend that goes to the heart of what a value investor should be doing. From March 9, 2020 through April 30, 2021 the portfolio was up 66% versus the Russell Value which was up 47% and the S&P 500 which was up 55%. Mr. Johnson stated that they protected when the market was declining and took advantage when the market was moving up. They have a portfolio for all kinds of weather. He stated that they do not see major changes to the portfolio going forward. Mr. Johnson stated that there have been no major changes to the firm. They have had the same philosophy for the past 33 years. They are pleased where they are at right now and they are pleased with how they weathered the storm in 2020.

The Board discussed the overlap of holdings between managers. For example, Polen has 8% in Microsoft and Eagle has 7.6%. Each manager has their own methodology, but the Board wants to be careful that there is not too much overlap. The Board would like Mr. Chambers to provide an analysis of the overlap so the Fund is not overexposed to some holdings. Mr. Johnson stated that they bought Microsoft back in 2004. They had patience and waited for years. He stated that Microsoft was at 10% but is now at 7.6%. They have been trimming their exposure. He stated that

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they have taken a lot of money off the table with respect to Amazon over the last year to 18 months.

John Johnson departed the meeting.

OTHER REPORTS

It was noted PomTrack and Robbins Geller monitoring reports were in the Trustee packets for informational purposes and there were no recommendations for action.

ATTORNEY REPORT

It was noted that the Ordinance Amendment to allow a beneficiary to maintain a DROP Account of a deceased member was passed by the Town. The Board was provided with a final copy of the Ordinance.

Mr. Harrison stated that the pending legislation he discussed at the last meeting that would close the FRS defined benefit plan for new employees did not pass. He noted that it died in the House Committee.

ACTUARY REPORT

Mr. Little stated that since the last meeting he has prepared the impact statement for the Ordinance Amendment to allow a beneficiary to maintain a DROP Account of a deceased member that was passed by the Town.

APPROVAL OF DISBURSEMENTS

The Disbursement list was presented for consideration. Ms. Adcock discussed the invoices regarding the computer programming required due to changes in the way the City reported payroll and the invoice regarding the purchase and set up of the Chromebooks.

- Nick Scopelitis made a motion to approve the disbursements as presented. The motion received a second from Michael Salvemini and was approved by the Trustees 5-0.

It was noted the financial statement through March 31, 2021 was included in the Trustee packet for review. The Trustees accepted the financial statement.

ADMINISTRATIVE REPORT

BENEFIT APPROVALS: Benefit Approvals were presented for consideration.

- Frank LaPlaca made a motion to approve the Benefit Approvals as presented. The motion received a second from Nick Scopelitis and was approved by the Trustees 5-0.

UPDATE ON TOWN TRUSTEE APPOINTMENTS: It was noted that the Town re-appointed Marc Dobin to the Board for another term. As noted at the beginning of the meeting, the Town appointed Frank LaPlaca as the other Town Trustee. Ms. Adcock stated that a plaque was ordered and presented to Michael Stevens for his many years of service to the Board.

UPCOMING ELECTION FOR JASON ALEXANDRE: It was noted that Mr. Alexandre's term is due to expire in June. An election will be conducted.

OTHER BUSINESS

There was no other business.

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PUBLIC COMMENTS

Marc Dobin invited members of the public to make comments. There were no public comments.

OTHER BUSINESS CONTINUED

With there being no further business, the meeting adjourned.

Respectfully submitted,

Jason Alexandre, Secretary