

# **TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**

## **MINUTES OF MEETING HELD**

**February 14, 2022**

Chairman Marc Dobin called the meeting to order at 10:06 A.M. in the Council Chambers at the Town Hall, Jupiter, Florida. Those persons present were:

### **TRUSTEES PRESENT**

Marc Dobin  
Jason Alexandre (10:15 A.M.)  
Michael Salvemini  
Nick Scopelitis

### **OTHERS PRESENT**

Margie Adcock, Pension Resource Center  
Ken Harrison & Caroline Quill, Sugarman & Susskind P.A. (via electronic)  
Chad Little & Paula Freiman, Freiman Little Actuaries (via electronic)  
Burgess Chambers, Burgess Chambers & Associates  
Scott Reynolds; Town of Jupiter  
Eric Leventhal, KSDT (via electronic)

### **APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held November 15, 2021.

- Nick Scopelitis made a motion to approve the November 15, 2021 minutes. The motion received a second by Michael Salvemini and was approved by the Trustees 3-0.

### **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.

### **ADMINISTRATIVE REPORT**

2022 MEETING DATES: The Board reviewed the final 2022 meeting dates.

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

BENEFIT APPROVALS: Benefit Approvals were presented for consideration.

- Michael Salvemini made a motion to approve the Benefit Approvals as presented. The motion received a second from Nick Scopelitis and was approved by the Trustees 3-0.

### **ATTORNEY REPORT**

Ken Harrison and Caroline Quill appeared before the Board electronically. Mr. Harrison provided an update on the Disability Application that was filed by Jose Arango. He stated that he was still waiting on some of the doctors to respond with the medical records. He noted that disability applications can take some time to process.

Ms. Quill provided a Legislative update. She discussed House Bill 117 and the companion Senate Bill 774 regarding a presumption for in line of duty disabilities related to Covid 19. She noted that the burden is on the Board to disprove, similar to the Heart and Lung Bill. There is a requirement for vaccination. She noted that the legislation does not apply retroactively, only prospectively.

Jason Alexandre entered the meeting.

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

Burgess Chambers appeared before the Board. He stated that the Fund had a great fiscal year 2021 being up 20.86%. For the fiscal year to date through December 31, 2021 the Fund was up

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3.64%. He stated that the Fund has probably given all gains back since January 1, 2022. The market had a tremendous run but now there will be tremendous headwinds. The Fed is threatening to raise interest rates by at least 125 basis points over the next twelve months beginning in March. It is still not a high rate but it will go up gradually. Meanwhile, there is a lot of inflation. Mr. Chambers stated that he thinks it will be a few years before the market sees any measurable decrease in inflation. He discussed the supply chain disruption where materials are hard to obtain, there are large delays, costs have gone up, and replacement costs of buildings have gone up in price. He stated that these issues are not going away any time soon. He reviewed the Fund's asset allocation.

Mr. Chambers reported on the performance for the quarter ending December 31, 2021. The total market value of the Fund as of December 31, 2021 was \$112,183,160. The total Fund was up 3.5% net of fees for the quarter ending December 31, 2021 while the benchmark was up 5.0%. Total equities were up 4.5%; domestic equities were up 6.5%; large cap infrastructure was up 7.7%; convertibles were down 1.7%; international equity was down 1.1%; REITs were up 17.0%; private real estate was up 8.5%; and fixed income was flat at .0%.

Mr. Chambers stated that companies are raising their prices. While there is a lot of distraction in the market, with the economy is growing at 6%-7% and the associated inflation of 7%-9%, companies will still be reporting surprisingly better earnings. The P/E has come down which means earnings have come in better than anticipated. As such, he is not too concerned about the stock market right now. Mr. Chambers stated that the Fund has a modest overweight to domestic equities but it is within the Policy constraints. The Fund is underweight to fixed income and overweight to cash which has been beneficial. Mr. Chambers stated that he did not think any changes needed to be made at this point. He thinks everything is okay right now. If the equity market continues to go down, he will rebalance the portfolio back into equities. If he believes there is a time to pivot, he will do so. He stated that the most he would do would be go to back to the targets. Mr. Harrison stated that as long as Mr. Chambers keeps the portfolio within the ranges, he can rebalance in between meetings. If he wants to do more than rebalance to the targets, he will need to have a special meeting called.

- Nick Scopelitis made a motion to accept the Investment Consultant Report. The motion received a second by Jason Alexandre and was approved by the Trustees 4-0.

### **2021 AUDITED FINANCIAL STATEMENT**

Eric Leventhal of Kabat Schertzer De La Torre & Taraboulos appeared before the Board electronically. He presented the Annual Audit as of September 30, 2021. He stated that they were issuing a clean unmodified opinion. He reviewed Management's Discussion and Analysis. He reviewed the Statement of Net Fiduciary Position as of September 30, 2021. The total assets were \$108,894,068 with most of the money in investments. Total liabilities were \$601,426. Total net position restricted for pensions was \$108,292,642, with \$98,155,063 restricted for defined benefits, \$9,276,007 restricted for DROP benefits and \$861,572 restricted for Share benefits. Mr. Leventhal reviewed the Statement of Changes in Net Fiduciary Position. He stated that there were total additions of \$22,539,470 and total deductions of \$4,573,601 leaving an increase in the Plan net position of \$17,965,869.

Mr. Leventhal reviewed the schedule of investment and administrative expenses. He stated that there were no substantive changes to any of the disclosures. He stated that he found no significant internal control issues. He received full cooperation from management and the service providers. There were no significant deficiencies or material weaknesses.

- Jason Alexandre made a motion to approve the 2021 Audited Financial Statement as presented. The motion received a second by Nick Scopelitis and was approved by the Trustees 4-0.

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Mr. Leventhal presented the Management Representation Letter.

- Michael Salvemini made a motion to authorize the Chair to sign the Management Representation Letter. The motion received a second by Nick Scopelitis and was approved by the Trustees 4-0.

Eric Leventhal departed the meeting.

### **ACTUARY REPORT**

Chad Little and Paula Freiman appeared before the Board electronically. Ms. Freiman introduced herself to the Board. She stated that she is based and works in Atlanta. She has 33 years of experience. She has worked with Mr. Little for over 20 years and has had a firm with Mr. Little for 16 years.

2021 ACTUARIAL VALUATION REPORT: Ms. Freiman presented the Actuarial Valuation as of October 1, 2021. This Valuation determines the minimum funding requirements for the plan year ending September 30, 2023. She stated that the total employer expected contribution requirement is \$3,667,366. With the expected State contribution of \$611,245, the Town's contribution decreased from \$2,597,168 in the last Valuation to \$2,271,218. She stated that the funded ratio was 94.58% compared to 92.04% last year. She stated that the Valuation includes reducing of the assumed investment return from 7.2% to 7.0%.

Ms. Freiman reviewed the participant data. Active members decreased from 91 to 83 while payroll decreased 7.2% from the prior year. Salary increased 6.6% versus the expected increase of 8.2%, which was part of the demographic gain. While the market value of assets was 20.07%, the return on the actuarial value of assets used for funding purposes was 10.56%. There were no changes in methods since the prior Valuation. There were two Ordinances that were passed since the last Valuation which had no significant impact on liability. Ms. Freiman reviewed the historical investment returns since October 1, 1981. It was noted that they are required to include certain examinations of risk in the Valuation. She reviewed the assessment and disclosure of risks. Ms. Freiman reviewed the historical asset values. She reviewed the minimum required contribution breakdown. There was a decrease in the unfunded liability of \$2 million. The change in the contribution was due to investment and demographic experience which decreased the contribution while the change in the assumed rate of return increased the contribution for a total decrease of \$325,950.

Ms. Freiman reviewed the DROP reconciliation. She stated that there were 37 participants with DROP balances as of September 30, 2021. She noted that 27 were currently employed while 10 were retirees. The DROP balances totaled \$9,276,007 as of September 30, 2021. There was discussion on the impact of the change of the assumed rate of return on the DROP accounts. There was further discussion on the assumed rate of return. The Board asked Mr. Chambers to provide an allocation study and use projections going forward on the likelihood of returns. The Board then asked Ms. Freiman to provide her expertise as well on the long term rates so the Board can have a discussion. Mr. Chambers stated that he would work on that for the May or August meeting.

- Michael Salvemini made a motion to approve the Actuarial Valuation as of October 1, 2021. The motion received a second by Jason Alexandre and was approved by the Trustees 4-0.

ANNUAL DECLARATION OF EXPECTED RATE OF RETURN: Mr. Harrison stated that the Board needed to formally determine the expected rate of return for the short term and long term, as is required by the State. The Board stated that they would like to see it match the Valuation, which is 7.0%.

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- Michael Salvemini made a motion to determine the expected rate of return using the rate of 7.0%. The motion received a second from Jason Alexandre and was approved by the Trustees 4-0.

### **APPROVAL OF DISBURSEMENT**

The Disbursement list was presented for consideration. .

- 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 4-0.

### **ADMINISTRATIVE REPORT (CONTINUED)**

FIFTH THIRD AUTHORIZED SIGNER'S RESOLUTION: It was noted that the Fifth Third Authorized Signer's Resolution Form needed to be updated. The Board executed the Resolution Form.

### **PUBLIC COMMENTS**

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

### **OTHER BUSINESS**

FIFTH TRUSTEE: It was noted that the term for the 5<sup>th</sup> Trustee that is currently held by Nick Scopelitis is up for reappointment.

- Michael Salvemini made a motion to reappoint Nick Scopelitis as the 5<sup>th</sup> Trustee for another term. The motion received a second by Jason Alexandre and was approved by the Trustees 3-0.

With there being no further business, the meeting adjourned.

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Respectfully submitted,

Jason Alexandre, Secretary