TOWN OF PALM BEACH

Office of The Town Clerk

REPORT OF THE INVESTMENT ADVISORY COMMITTEE MEETING HELD ON FRIDAY, NOVEMBER 4, 2011

I. CALL TO ORDER AND ROLL CALL

The Investment Advisory Committee was called to order on Friday, November 4, 2011, at 10:08 a.m., in the Town Council Chambers. On roll call, all members were found to be present, with the exception of Committee Member McCluskey, who arrived later.

II. PLEDGE OF ALLEGIANCE

Chairman Andrews led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Motion was made by Committee Member Mikus and seconded by Committee Member Panfel, to approve the Agenda. On call for a vote, the motion carried 4-0, with Committee Member McCluskey absent.

IV. COMMUNICATION FROM CITIZENS - None

V. APPROVAL OF MINUTES

Motion was made by Committee Member Panfel and seconded by Committee Member Mikus, to approve the minutes of the August 29, 2011, Investment Advisory Committee meeting. On call for a vote, the motion carried 4-0, with Committee Member McCluskey absent.

VI. ASSET ALLOCATION DISCUSSION – PRIME BUCHHOLZ

Sean Higman, Prime Buchholz, provided an overview of the asset allocation.

Clerk's Note: Committee Member McCluskey arrived at approximately 10:15 a.m.

Chairman Andrews requested that Mr. Higman look into increasing the Town's ability to move from 20% to 30% of the flexible capital. He added that financial managers with more flexibility and diversification should be selected. This will also ensure compliance with the Town's investment policy.

The consensus of the Investment Advisory Committee was to increase the flexible capital from 20% to 30%, and to select financial managers with more flexibility and diversification.

Clerk's Note: The Committee recessed at 12:05 p.m., and reconvened at 1:05 p.m. All Committee Members were found to be present at the time.

Clerk's Note: Item VIII., was heard at this time.

VII. QUARTERLY PERFORMANCE UPDATE – PRIME BUCHHOLZ

Sean Higman, Prime Buchholz, provided a summary of the funds' quarterly performance.

Motion was made by Committee Member Panfel and seconded by Committee Member Mikus to approve terminating the IRM Account, and investing the proceeds in the Vanguard Short Term Treasury Fund. On call for a vote, the motion carried unanimously.

Mr. Higman stated that he would terminate the IRM, and bring back recommendations that would provide greater flexibility for the implementation process. He added that Finance Director Struder will be following up on possible changes to the flexible capital plan; and, at that time, he will obtain a flexible capital manager.

VIII. QUARTERLY PERFORMANCE UPDATE – PFM ASSET MANAGEMENT

David Jang, PFM Asset Management, LLC, provided a summary of the funds' quarterly performance.

a. BENCHMARK REPORT

Mr. Jang provided an overview of the benchmark report.

Responding to Chairman Andrews, Mr. Jang indicated that he would add the Police Officers' Retirement Board of Trustees, the Firefighters' Retirement Board of Trustees, the General Employees' Retirement Board, and the Town's OPEB funds to the Peer Universe Comparisons of the Plan Sponsor Peer Group Analysis of All Public Plans < $100 million page. He said that he would send it to Finance Director Struder for Dr. Andrew's input and then prepare the final version for the Committee.

IX. INVESTMENT REPORT – SEPTEMBER 30, 2011

Assistant Director of Finance Somers provided an overview of the Monthly Investment Report for September 2011. She stated that the 2011 fiscal year-to-date interest income was $957,872, and that the blended return for the non-bond funds was 1.15% for the year.

Finance Director Struder requested that the $10 million originally invested in the PFM 1 Year Portfolio be moved into the 1-5 Year Portfolio.

Motion was made by Committee Member Panfel and seconded by Committee Member Bohannon to extend the current portfolio from $10 million into PFM 1-5 Year Strategy. On call for a vote, the motion carried unanimously.

X. ANNUAL REPORT TO THE TOWN COUNCIL – FEBRUARY 16, 2012

Chairman Andrews stated he will be presenting the Committee's Annual Report to the Town Council at their February 16, 2012 meeting.

XI. DISCUSSION REGARDING NUMBER OF MEETINGS PER YEAR

Chairman Andrews stated that the Committee agreed that, at the beginning of the program, they would meet four to six times a year; and, further down the road, they would only need to meet at least quarterly.

Mr. Jang, PFM Asset Management, LLC, proposed that the Committee meet on the third or fourth Friday in the month, after the peer universe analysis is available.

Finance Director Struder stated that she will send out suggested meeting dates for the next year, and that more meetings could always be scheduled if needed.

XII. NEXT MEETING DATE - FEBRUARY

Once finalized, Ms. Struder will notify all parties of the next meeting date.

XIII. ANY OTHER MATTERS - None

XIV. ADJOURNMENT

There being no further business, the November 4, 2011, Investment Advisory Committee meeting was adjourned at 3:00 p.m.

APPROVED:

M. Andrews

Dr. Michael F. Andrews
Chairman