TOWN OF PALM BEACH

Office of the Town Clerk

REPORT OF THE INVESTMENT ADVISORY COMMITTEE
SPECIAL MEETING HELD ON JUNE 13, 2013

I. CALL TO ORDER AND ROLL CALL

The Investment Advisory Committee Special meeting was called to order on Thursday, June 13, 2013, at 1:35 p.m., in the Town Council Chambers. On roll call, all members were found to be present. Committee Member McCluskey was present via telephone.

II. PLEDGE OF ALLEGIANCE

Chairman Andrews led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Motion was made by Committee Member Panfel, and seconded by Committee Member Storkerson, to approve the Agenda. On call for a vote, the motion carried unanimously.

IV. COMMUNICATION FROM CITIZENS – None

V. DISCUSSION OF INVESTMENT CONSULTING SERVICES AND SEGAL ROGERSCASEY PROPOSAL

Chairman Andrews stated that the Investment Advisory Committee (IAC) was considering another investment advisor, Segal Rogerscasey, to replace their current advisor Prime Buchholz, in order to earn a higher return on their investment. Another reason for this consideration is that Prime Buchholz created an "active management fee" to increase their income. The Retirement Board of Trustees pays $25,000 in annual fees versus the $60,000 that the IAC pays to Prime Buchholz. Chairman Andrews added that the IAC could piggyback off the Retirement Board of Trustees' current contract with Segal Rogerscasey.

(Clerk's Note: Committee Member McCluskey left the meeting, via telephone, at approximately 1:42 p.m.., due to inaudible communication.)

Post Office Box 2029 • 360 South County Road • Palm Beach, Florida 33480
Telephone (561) 838-5416 • Facsimile (561) 838-5417
E-mail: townclerk@townofpalmbeach.com • Website: www.townofpalmbeach.com

Committee Member Storkerson stated that there were numerous inefficiencies with active management and that a passive strategy would be more cost effective. He also stated that Prime Buchholz is using separate account managers, they are missing a number of asset classes, and that they have no exposure in the emerging markets. He said that they are paying too much and getting too little in return.

Discussion ensued regarding the decision to address cost issues, index funds, and asset allocations with Prime Buchholz at the next meeting and then reassess their services. Chairman Andrews stated that there were no operational problems with Prime Buchholz.

Director of Finance Struder stated that the Committee members could observe Segal Rogerscasey by attending the Retirement Board of Trustees meetings tomorrow at 9:00 a.m., and Friday, August 16, 2013, at 9:00 a.m. She also stated that she would e-mail the Retirement Board's asset allocation that was discussed at their last Board meeting, and the agenda for tomorrow's meeting.

VII. NEXT MEETING DATE – AUGUST 23, 2013

Chairman Andrews stated that the next meeting date will be August 23, 2013.

VIII. ANY OTHER MATTERS – None

IX. ADJOURNMENT

There being no further business, the June 13, 2013, Investment Advisory Committee Special meeting was adjourned at 2:10 p.m.

APPROVED:

Dr. Michael F. Andrews
Chairman