



TOWN OF PALM BEACH

Office of the Town Clerk

REPORT OF THE INVESTMENT ADVISORY COMMITTEE MEETING HELD ON MAY 24, 2013

I. CALL TO ORDER AND ROLL CALL

The Investment Advisory Committee meeting was called to order on Friday, May 24, 2013, at 2:08 p.m., in the Town Council Chambers. On roll call, all members were found to be present, with the exception of Committee Member Mikus.

II. PLEDGE OF ALLEGIANCE

Chairman Andrews led the Pledge of Allegiance.

III. OATH OF OFFICE FOR NEW AND REAPPOINTED MEMBERS

Office Assistant Carmona administered the Oath of Office to Dr. Andrews, Mr. McCluskey, and Mr. Storkerson.

IV. ANNUAL ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Motion made by Committee Member Panfel, and seconded by Committee Member McCluskey, to elect Committee Member Andrews to serve another term as Chairman of the Committee. On call for a vote, the motion carried 4-0, with Committee Member Mikus absent.

Motion made by Committee Member McCluskey, and seconded by Committee Member Panfel, to elect Committee Member Mikus to serve as Vice Chairman of the Committee. On call for a vote, the motion carried 4-0, with Committee Member Mikus absent.

V. 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 4-0, with Committee Member Mikus absent.

COMMUNICATION FROM CITIZENS – None

1 **VI. APPROVAL OF MINUTES**

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3 Motion was made by Committee Member Panfel, and seconded by Committee Member
4 McCluskey, to approve the minutes of the February 22, 2013, Investment Advisory
5 Committee meeting. On call for a vote, the motion carried 4-0, with Committee Member
6 Mikus absent.

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8 **VII. QUARTERLY PERFORMANCE UPDATE – PRIME BUCHHOLZ – GEORGE**
9 **HAUPTFUHRER**

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11 George Hauptfuhrer, Prime Buchholz, provided an overview of the Town's quarterly
12 performance.

13
14 Sean Higman, Prime Buchholz, provided additional input via telephone.

15
16 Discussion ensued regarding dedicated exposure to emerging markets, indexing versus
17 paying the manager expense, and increasing the Town's exposure to flex capital.

18
19 **VIII. INVESTMENT RETURN ASSUMPTION DISCUSSION**

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21 Mr. Hauptfuhrer and Mr. Higman, Prime Buchholz, provided an overview of the
22 investment return assumption rate.

23
24 Discussion ensued regarding increasing the Town's assumption rate of 6.5% to 8%, the
25 target index, an appropriate assumption rate, the Retirement Board of Trustees'
26 assumption rate change, and the costs associated with changing the assumption rate.

27
28 Chairman Andrews requested that Prime Buchholz ascertain the highest assumption rate
29 that can be attained over an extended period of time.

30
31 Mr. Higman stated that the comfort of risk level would need to be considered when
32 ascertaining an increase in the assumption rate.

33
34 **IX. APRIL INVESTMENT REPORT**

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36 Assistant Finance Director Somers presented an overview of the April 2013 Investment
37 Report.

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39 Committee Member Panfel expressed concern regarding Prime Buchholz adding a
40 quarter to three quarters of a point to the anticipated income.

41
42 Discussion ensued regarding concerns over the addition of manager's fees, the ratio of
43 the Town's return and Prime Buchholz's fees, indexing, the emerging market, and the 8%
44 assumption return rate.

1 Committee Member McCluskey requested that Finance Director Struder provide copies
2 of the materials presented by Segal Rogerscasey to the Retirement Board of Trustees for
3 review by the Committee at their next regular meeting.

4
5 Chairman Andrews requested that Finance Director Struder provide a tentative date in
6 June for the Committee to hold a special meeting for further discussion on Segal
7 Rogerscasey.
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9 **X. NEXT MEETING DATE – AUGUST 23, 2013**

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11 Chairman Andrews stated that the next regular meeting date will be August 23, 2013.
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13 **XI. ANY OTHER MATTERS – None**

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15 **XIII. ADJOURNMENT**

16
17 There being no further business, the May 24, 2013, Investment Advisory Committee
18 meeting was adjourned at 3:50 p.m.
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20 APPROVED:

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24 

25 Dr. Michael F. Andrews
26 Chairman