TOWN OF PALM BEACH

Office of the Town Clerk

REPORT OF THE INVESTMENT ADVISORY COMMITTEE MEETING HELD ON FEBRUARY 22, 2013

I. CALL TO ORDER AND ROLL CALL

The Investment Advisory Committee meeting was called to order on Friday, February 22, 2013, at 2:05 p.m., in the Town Council Chambers. On roll call, all members were found to be present, with the exception of Vice Chairman Bohannon.

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 Mikus, to approve the Agenda. On call for a vote, the motion carried 4-0, with Vice Chairman Bohannon 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 November 16, 2012, Investment Advisory Committee meeting. On call for a vote, the motion carried 4-0, with Vice Chairman Bohannon absent.

VI FIDUCIARY LIABILITY INSURANCE RENEWAL – KAREN TEMME, RISK MANAGER

Karen Temme, Risk Manager, provided an overview of the renewal request.

Motion was made by Committee Member Mikus, and seconded by Committee Member Panfel, to approve the Fiduciary Liability Insurance Renewal with RLI Insurance Company. On call for a vote, the motion carried 4-0, with Vice Chairman Bohannon absent.

VII. QUARTERLY PERFORMANCE UPDATE – PRIME BUCHHOLZ

Sean Higman, Prime Buchholz, provided an overview of the Town's quarterly performance.

VIII. QUARTERLY PERFORMANCE UPDATE – PFM ASSET MANAGEMENT

Scott Stitcher, PFM Asset Management, provided an overview of the Town's quarterly performance and introduced Richard Pengelly, the newest member of PFM's team.

A. BENCHMARK REPORT

Mr. Stitcher, PFM Asset Management, LLC, provided an overview of the Benchmark Report.

IX. DECEMBER/JANUARY INVESTMENT REPORT

Assistant Director of Finance Somers presented the December 2012 Investment Report. She stated that there has been a delay in the January Report, as the Florida League of Cities is going through a software conversion. She will have all of the information needed to produce the January Report next week.

Responding to Chairman Andrews's concern regarding the positive total number in the December Report, Ms. Somers stated that the numbers will drop in January by about $50,000.

X. DRAFT OPEB ACTUARIAL REPORT

Clete Anderson, Willis North America, Inc., provided an overview of the Postretirement Benefit Valuation Report under Governmental Accounting Standards Board (GASB) 45.

Mr. Higman spoke regarding the 8% discount rate in the actuarial report.

Chairman Andrews stated that the Committee would discuss the 8% discount rate at a future meeting and reach a consensus at that time.

XI. ANNUAL REPORT TO THE TOWN COUNCIL – FEBRUARY 12, 2013

Chairman Andrews said that, at the February 12, 2013, Town Council meeting, the Town Council and Mayor Coniglio were very complimentary about the way the Committee has operated.

(Clerk's Note: The item below was taken out of order and heard before Item No. IX.)

XII. DISCUSSION REGARDING ALTERNATIVE SHORT TERM INVESTMENTS

Chairman Andrews stated that several banks have approached some committee members with relatively interesting shorter term rates.

Mr. Stitcher stated that the shorter term rates, referred to as teaser rates, were for 91 days at 90 basis points, for deposits greater than $10,000, and would adjust after that time to about 65 basis points.

Discussion ensued regarding Bank United's ability to acquire shorter term rates. Mr. Stitcher stated that the rates are just above junk status but have a layer of safety provided by the Qualified Public Depository System, so their deposits are collateralized at 125%.

Chairman Andrews stated that he advises against chasing yields, but that he is not averse to looking at opportunities in this particular market.

XIII. NEXT MEETING DATE – MAY 24, 2013

Chairman Andrews stated that the next meeting date will be May 24, 2013.

XIV. ANY OTHER MATTERS

Finance Director Struder announced that Chairman Andrews, Vice Chairman Bohannon and Committee Member McCluskey's terms expire in May.

XV. ADJOURNMENT

There being no further business, the February 22, 2013, Investment Advisory Committee meeting was adjourned at 4:07 p.m.

APPROVED:

Dr. Michael F. Andrews
Chairman