MINUTES OF THE INVESTMENT ADVISORY COMMITTEE
FRIDAY, APRIL 7, 2006
TOWN COUNCIL CHAMBERS, 360 SOUTH COUNTY ROAD, PALM BEACH

I. CALL TO ORDER AND ROLL CALL

Chair Andrews called the Investment Advisory Committee Meeting of April 7, 2006 to order at 2:00 p.m.

In attendance were:

Investment Advisory Committee
Chair Michael F. Andrews
Stephen L. Brown
Edward L. Hennessy, Jr.
Albert D. Hutzler, III
Bernard R. Panfel

Others in Attendance
Peter B. Elwell, Town Manager

Finance Staff
Jane Struder, Finance Director
Cheryl Somers, Assistant Finance Director
Betty Cotton, Recording Secretary

II. PLEDGE OF ALLEGIANCE

Chair Andrews led the pledge of allegiance.

III. APPROVAL OF AGENDA

Chair Andrews called for approval of the agenda. Mr. Brown moved for approval, Mr. Hennessy seconded, motion passed unanimously.

IV. COMMUNICATIONS FROM CITIZENS (3 MINUTE LIMIT PLEASE)

No citizens attended.

V. APPROVAL OF MINUTES FROM THE MARCH 1, 2006 MEETING

Mr. Hennessy moved for approval, Mr. Brown seconded, motion passed unanimously.

VI. TOWN COUNCIL MEETINGS WITH BOARDS AND COMMISSIONS (PETER ELWELL, TOWN MANAGER)

Mr. Elwell updated the committee about the Civic Association's proposal to the Town for some ways to ensure that all of the Town Boards and Commissions operate as effectively as possible. The Town Council has received that report and decided to hold a Special Town Council meeting on the May10th to review it in greater detail.

Some items would be rather significant changes for some boards and others would be more subtle, but with the idea that it will make the Town more effective as a local government if the advisory boards function, in some cases, in a different manner than they have in the past. This proposal is likely to focus heavily upon those that are supported by the Planning, Zoning, and Building Department: the Zoning Commission, the Landmarks Commission, Architectural Commission, etc.

Mr. Elwell said the Town Council asked that the Chair of every advisory board in Town attend that meeting and be prepared to participate, and they are also inviting all of the members who are not Chairs but are otherwise serving. There are about 100 citizens who are serving fellow citizens in very significant commitments of time and expertise to each of the various missions. Everyone is welcome to attend and participate but Chairs particularly are invited to come to make sure that every board is represented by its leader.

He commented there has been quite an ongoing conversation in Town, among the Boards, with the Council, and with the people of the community, about ways in which each of those might function more effectively. The Civic Association took a broader brush approach to making recommendations of how they thought it might improve the functioning of Town government to have some of this apply to every advisory board and commission, but explicitly in this report, they focused upon those land use related commissions and the code enforcement board more so than the other advisory boards.

Mr. Elwell said the second item relates very directly to the Investment Advisory Committee's mission and another item that the Town Council is giving consideration to and that is the investment strategies of the Town broadly defined. That means not only the funds that the Investment Advisory Committee is charged with foreseeing but also the retirement boards and the substantial assets that they are responsible for. The Town Council is going to invite the Chairs of the Investment Advisory Committee and the three retirement boards to attend the June 13th Town Council meeting and participate to discuss the Town's approach to investments, to determine if there are changes in the Town's approach that would be appropriate and in the Town's best interest. This portion of the council meeting will begin shortly after 9:30 a.m. and last approximately an hour.

Mr. Elwell noted the distinction between what the Investment Advisory Committee has been doing for the Town and what the retirement boards do. The Investment Advisory Committee is much more limited in options available and the breadth of strategy that might be applied to maximize returns because of the fact that they are investing surplus funds and constrained by state statutes to a great degree, whereas, the retirement boards are able to go much more heavily into riskier investments and seek a greater rate of return because of the type of trust funds. They are obligated to do that in order to meet the actuarial targets for what the rate of return will be over time and to keep those funds healthy and able to pay out the pensions at the end of the day. The Town understands and respects that. But because the Investment

Advisory Committee is involved in an important aspect of investing for the Town, the Council has requested that they also be part of that meeting.

He said the Town is in the process of creating, effective with the new fiscal year, a Health Insurance Trust Fund to comply with some requirements of the Governing and Accounting Standards Board (GASB), and to manage the health insurance fund in a way that tends to be more akin to how the retirement funds are currently managed, with an eye towards increasing the return for that fund, and making sure that it is whole and healthy forever, to pay the companion to the pensions which is the long-term health insurance liability that is carried forward with retirees providing health coverage during their retirement years.

The Town has a long-term liability there that is calculable by the actuaries. The Town is in a very fortunate position because the Town predecessors well over a decade ago decided to start putting in a substantial sum each year from the Town's budget to build up the health insurance fund. Long before this was a requirement, they foresaw that this was going to be a real long-term burden to the Town, and that a very healthy health insurance fund should be there in case the Town had some very bad experience at some time in the future with health insurance costs. By doing that steadily over time, it has built up to a nice sum of money. The Town is now in a position where GASB requires that they calculate this long-term liability and that every local government do that. Most of the other municipalities are starting from scratch with this multi-million dollar obligation. The Town is most fortunate to be funded for that but wants to manage it wisely now and ensure that strong position into the future.

The Town Council will be making some decisions about how to manage that money and whether this might be a task assigned to this board, or whether there might be a separate board just for this health trust fund similar to how there's a separate retirement board for each one of the retirement funds, or if there would be some other means by which, whether through actions of the staff advising the Town Council and the Town Council handling this responsibility themselves or whatever. This is a near term decision that the Council will be making at or soon after the June 13th meeting.

Mr. Brown asked if these health benefits are just for retirees?

Mr. Elwell replied no sir. The fund also pays for current employees but the emphasis on the need to maintain a large balance in that fund is related to the actuarial calculation of what our long-term liability is to pay for the post retirement benefits. It also pays for our operating annual costs for all of the current employees and their dependents are part of the program. That runs to a few million dollars a year. There is $17 million or so in the fund right now and the reason it is that large, and the reason it will need to stay that large and then some over time, is because of our need to fund the long-term actuarial calculated liability for the post retirement benefits.

Mr. Brown asked if these assets are currently in the reserve funds that the Investment Advisory Committee is investing and will they be extricated?

Mr. Elwell replied this is going to become an entirely separate trust fund to make the funds work harder and give more flexibility. The fund is tied now directly to this obligation that GASB has imposed on the local governments to ensure that the Town is funding this long-term liability. The Town has a head start and wants to put it aside as a trust fund and manage it the way the retirement funds are managed.

Mr. Hennessy asked how big are the public safety pension funds?

Ms. Struder said Police and Fire are each about $50 million and General is about $62 million.

Mr. Brown said when this committee was formed, there were certain requirements of experience for this committee which did not include some of the things that might be necessary for this particular fund. He assumes the charge and the requirements would have to be redone and maybe even new advertising for members.

Mr. Elwell said that's likely. He stated that after the last Council meeting , Ms. Struder reminded him about the really strong fixed income emphasis that was initially placed on the Investment Advisory Committee members. He was not thinking about that at the time that he offered to the Town Council that an Investment Advisory Committee has already been formed in the Town with some terrific experience. He was thinking that this could be an ideal way, without having to create a new board, to take this and identify it as a separate task for the present committee. He didn't mean to speak for the committee, but he offered the opinion that the committee might feel that there was a kind of satisfaction to be gained by having some portion of the funds they are investing be invested a little more aggressively trying to turn it into a bit more return for the Town. That seemed like a nice fit to him but after Ms. Struder reminded him of the fixed income emphasis of this group, he thinks it may not be an appropriate fit. He said he would welcome the opinions of this committee. Maybe through some reconstitution, it might be just fine or the present committee can continue to do the fixed income approach to the Town's surplus funds and a separate group could be created to manage the Health Insurance Trust Fund. This will be discussed at the Town Council meeting on June 13th.

Chair Andrews said some of the people on this board are members of the Civic Association. What is the link between the Civic Association and the Town, in that they are proposing this, and to what degree would somebody who works in those committees report through or to the Civic Association?

Mr. Elwell responded that the Civic Association is a relatively large group of active, interested citizens who do informal, self-organized oversight of Town government.

From time to time, they engage in a more particular review of some aspect of government and offer some particular recommendations for how they feel it may be done better. The Town welcomes the recommendations from the Civic Association and the relationship over the years has been respectful. The Town also knows what a wealth of experience there is in the community and appreciates the fact that people are giving their time and concern for the welfare of the Town. In reviewing this report that makes recommendations about the potential for improvement in all the Boards and Commissions of the Town, the ideas used will be ones that will add value to the processes of the Town.

Chair Andrews said he was just concerned that the Civic Association may believe that they have the right to express to this particular committee their thoughts on what they believe should be done. They can do that as a Town citizen but the committee does not report to the Civic Association but reports to the Town. He just wants to make sure that that association is still there and there's not a direct link.

Mr. Elwell said Chair Andrews stated that really well. Again, the Civic Association is a self appointed group examining issues, offering opinions and participating in the Town government as an organized group of citizens just as any other organized group of citizens or any individual citizen is invited to participate in the government. That doesn't change the official structures of government where the staff carries out their responsibilities and Council is the ultimate authority.

Chair Andrews asked if the newly developed board will be an oversight board of all the other financial committees of the Town?

Mr. Elwell said if a new group is created, it will be a fifth group within the Town that will be managing money. Presently, there are the three retirement boards, each have their own separate pool of funds they are responsible for, and this committee. The new group would be a fifth group that would be responsible only for the investment of the Health Insurance Trust Fund and managing that. They have a fiduciary responsibility for that Health Insurance Trust Fund.

Mr. Brown said there seems to be some obvious inefficiencies to having five pools of funds all investing, probably not too differently, in hiring outside advisory firms and managers, etc. That's probably the decisions that were made by the individual groups themselves who felt it necessary for whatever reasons.

Mr. Elwell said that's correct and this decision about how to manage the funds with the Health Insurance Trust Fund will be purely at the Council's discretion. The Council will hear from this committee, from the Town, and from others, and then make the decision how to move forward.

The Town does not have such latitude when it comes to the retirement funds. There are state statutes that set forth the independent ability of the police officers and firefighters to have separate funds if they wish to and they have selected to have separate funds. There was a time within the past decade that all of the retirement funds of the Town were administered by a single board and then that split into two, a general employees' board and a public safety board. Approximately two years ago, there was a separation of the public safety board into a police board and a fire board.

Municipalities for the most part would have preferred that the statutes not be that flexible, that other ways could be found to make sure that there is in house communication representing everyone's interest well enough, but take advantage of the economies of scale that come with it being one retirement fund, but the structure of that system is beyond the Town's control. There are presently the three retirement boards and this board. Now the question is, in making the decision about this Health Insurance Trust Fund, whether it's in the Town's best interest to have a fifth committee or whether it makes sense to handle that fund differently either under the present Investment Advisory Committee or through some other method.

Mr. Hennessy asked who selects the money managers for the pension funds for the fire department and police department? Who selects the board members?

Mr. Elwell said each board selects its own money managers. There is some overlap and some duplication. There are two employees on each of the three different boards. There are two employee representatives selected by the employees who are the beneficiaries of the fund. There are two for each of the public safety boards. There are two residents appointed by the Town Council and then those four select a fifth person to sit with them. It can be anyone but presently for each of the police and fire boards, that fifth person is also a Town resident. Mr. Elwell said he sits ex officio on the general employees' board but there are two residents appointed by the Council and two employees selected by the employees.

Chair Andrews thanked Mr. Elwell for his presentation.

VII. MONTHLY INVESTMENT REPORT {FEBRUARY)

Cheryl Somers reported for the February Monthly Investment Report, the total investment balance is approximately $117 million and interest income to date is $1,682,000. The summary in the memo comparing the SBA to the Florida League of Cities, at the end of February, is a negative $123,780.

Chair Andrews asked if it is too early for March numbers?

Ms. Somers answered those should be coming in by the first part of next week. Perhaps by the end of the week, the report will be ready for the committee.

Mr. Hennessy commented he is concerned about the negative return of $123,780 with all the effort they put in.

Chair Andrews commented that's about 11 basis points.

Mr. Brown stated there is an exhibit that actually tells the number of basis points. He said the reporting is much better. The inception to date is on the bottom of the second page. The ways things are going, he would expect that the difference will climb until topped out. The Florida League continues to outperform the benchmarks and that's good.

Chair Andrews said especially on the shorter term.

Mr. Brown said in the last chart, while the blended return is 17 basis points below, the intermediate return has actually exceeded the SBA return during this period with all the shortfall being in the 1 – 3 year which is kind of interesting. The riskier long term fund has actually outperformed, maybe that's because the 1 – 3 year is more impacted by short-term rates than longer term.

Mr. Hutzler said one thing seen now is that long rates have started to appreciate. Today the 30 year treasury hit 5% and the 10 year is 4.93%. A lot of the analysts are looking at 5% to 5.25% but the uncertainty over the fact that the Federal Reserve is still raising short term rates, and concerns about inflation in the future, do create this trend now that longer term rates are climbing. So as far as the immediate return, what will the Monthly Investment Report show next month or in two months? It's something that this committee should be aware of and should think about.

Mr. Hennessy asked if there is any correlation between the price of gold which was $600 an ounce this past week?

Mr. Hutzler said the correlation has been somewhat reduced by the fact that the price is depending more than just on the monetary markets. The price of gold is also a function of the consumer market and may not be the best indicator. There may be a little bit more of a correlation with the international market. A lot of the reason that this is being seen now is maybe there's a slowdown in international investment in the long end of the curve. That may be the main reason. That's what a lot of analysts felt kept interest rates down in the long end but now he questions whether there isn't a slowdown there. Those are the two factors that relate to that.

Mr. Hennessy said that's the big concern.

VIII. CONSIDERATION OF OTHER INVESTMENT OPTIONS

Mr. Brown said this may be Mr. Hutzler's last official meeting as a member of the committee. He asked Mr. Hutzler if he has anything in addition to his commentary in terms of ideas of whether anything should be done at this meeting other than observe the trends that were mentioned?

Mr. Hutzler said his concern is will the appreciating interest rates continue on the short run? Since this committee will meet again before the summer is over, there will be an opportunity to take a look at the interest rate trends then. He still thinks that the short end is a good idea. However, the 5% and 5.25% has been mentioned a lot by analysts on the street for the long end of the market. With the new Federal Reserve Chairman, the indications are that there will be another interest rate rise in May when the federal open market committee meets again. He still thinks that this board should look at this trend and be a little cautious about increasing the representation on the long end until they see exactly what's happening. He thinks historically interest rates on the long end have gone up even after the Federal Reserve has raised rates on the short end.

Notice, the so called flat yield curve is now evident. The flat yield curve basically is that the interest rates on the short end, 1 to 2 years, are almost equivalent to those on the long end, 10 to 30 years. With any kind of recession or anything, there may be a drop in short rates, but the economy seems to be relatively strong. In looking at some of these reports, one report said 3.5% and expected rise, another one said 3%, there are indications that the economy is strong and if that's the case, the rise on the long end will continue in the steepening of the yield curve. If he were to remain on the committee, (and certainly as he mentioned, he would serve at the pleasure of the committee, not voting), he would be very leery of that with the Town funds, particularly now since the short end, 1 year is 4.5% and in the 6 months, he has seen quotes as high as 4.8%. So it may be that more money will be earned.

Mr. Brown said he thinks he heard that the committee should be cautious about any further investment in the longer end and he agrees. But he didn't hear an opinion about whether any reducing on the long end should be done at this point or whether the committee should wait until further information is available going forward.

Mr. Hutzler said the difference is there are managers on the long end who seem to have a window on that world, and seem to be able to make these investments based on that. He is not sure that now is the time to be reducing on the long end particularly when rates may be toward the end of their increase. However, any new monies that would come in at this point, he would suggest very strongly staying on the short end. This is basically what the committee has been doing. He does not think there should be any change in that now. Every month, any new monies are invested in higher rates on the short end. The short end rates are very close to the long end rates right now so his suggestion is to stay on the short end for the time being. Indications are that there will not be an immediate decrease in interest rates on the short end by the federal open market committee.

Chair Andrews said he thinks this committee at previous meetings had decided that no additional assets would be put in the long end of the market. It was agreed to stay the course, believing that the reasonable amount of investments outside of the SBA, would give protection if the market moved, yet not put the Town in a perilous position if the market continued or if the short term interest rates continued to decrease as they have. Toward the beginning of the year, they estimated there would be only two possible more moves. At this time, they are also indicating there may possibly be two additional moves. He still feels comfortable with the present position and would open this for further discussion.

Mr. Brown said he agrees completely with the Chairman's opinion as well as the comments made by Mr. Hutzler. He thinks keeping things as they are for the time being is probably a good approach. The valuation of the six month treasury investment made is actually valued at more than what was invested, right?

Ms. Somers said yes, it is the top of the second page of the handout.

Mr. Brown said so despite rates going up during this whole period, the market value is more because in riding the yield curve down as it approaches maturity, the competitive rates are actually such that the market value is greater. Of course, it would become exactly what was invested. He really likes investments that actually mature because of the fact of riding the yield curve down. He is not sure how much is earned in the Florida League because it's an open end fund, there is trading going on, there is always money coming in and out, and it's really hard to tell. The one thing that might be considered from time to time is whether some of those funds that are in the Florida League might instead be invested in treasuries. They may not get the highest initial yield but they will come with a degree of certainty the Town will get 100% of their money back, and whatever loss takes place on an unrealized basis will, in fact, be fully recouped as long as you buy and hold. He is not recommending anything at this time but that alternative should be kept in mind.

Ms. Struder said regarding that investment, it will come due in June. This board will probably not meet prior to that and she would like guidance on what the committee thinks she should do with it when it does come due.

Mr. Hutzler said he thinks it behooves the Board to consider rolling that over for a period of time. He would be inclined to consider maybe a little bit longer period, even up to nine months, or maybe a year depending on the needs of the Town. The rates are still trending up. When that comes due in June, it may be good to look at that and give some leeway to the Town as to how it should be invested. At that time, if there is another quarter bump in interest rates, the Town may get 5% without going very long.

Chair Andrews asked what is the current SBA yield?

Ms. Somers said it is 4.74 now.

Chair Andrews said that's considerably above what was invested. His opinion is to consider rolling it over for six months. He feels uncomfortable putting it out for a year. Someone could convince him to expend it to possibly nine months.

Mr. Brown said he is happy with six months.

Mr. Hennessy agreed.

Chair Andrews said speaking for the committee, it would be advisable for the Town to roll that over for six months when it comes due.

Ms. Struder said one other thing that may happen prior the next meeting will be the moving of the health insurance funds from this portfolio into a trust. A portion of those funds are in SBA and some are in the Florida League of Cities. She asked if the monies should be removed from the Florida League of Cities sooner rather than later or keep it in there until needed for this trust fund?

Ms. Somers said on page 1 of that investment report at the top, there is a self insurance fund column and those are insurance funds for health and risk. Health is about $18 million of that, Risk is the balance.

Ms. Struder said about $15 million would need to be pulled out for this trust.

Mr. Brown asked why is it $15 million instead of $18 million?

Ms. Struder said $18 million is the total balance in that health fund. $15 million is the actuarial determined number that is needed for the trust.

Mr. Brown said so the new account is going to be set up with $15 million dollars and the other three will remain with the self insurance fund?

Ms. Struder said yes but with the self insurance health fund.

Mr. Brown said well if it's going to come out anyway, given Mr. Hutzler's comments, take it out sooner rather than later and take it out from the Florida League.

Ms. Somers said the majority of that is for health, some of it is for risk, probably about 8 million is health.

Mr. Hutzler asked if you take the money out, where would it go, into the SBA, at the estimated 4.7 yield?

Ms. Struder said yes, unless the committee directed otherwise.

Mr. Brown said that is an important point. He wanted to discuss just under what conditions this committee wants to accept this new responsibility. He assumes at the June 13th meeting that the Chairman will probably be asked how the committee feels about accepting this responsibility and he thinks the individual members should give the Chairman some input and either support or discourage. Personally, he has enough background in this area and he is not uncomfortable with it but others may be. "We need to decide a) do we say yes, we'll accept it b) if we accept it, would we have to redo the applications, and the charge to the committee, so in effect we would be partially starting over, right?"

Ms. Struder said correct for that portion of the funds.

Mr. Brown said so the committee will have to see to what extent this will be restructured. He feels perfectly comfortable with it because he has had as much experience on the pension fund side. This committee was brought into this with the understanding that this was going to be strictly fixed income responsibility. This clearly will not be and he gets the impression that the Town would like to be particularly aggressive with this fund because they'd like to try some new things. Is that true?

Ms. Struder said that's possibly true.

Mr. Brown said this would be an interesting new thing but the committee ought to weigh it because the Chairman is going to be asked at the meeting.

Chair Andrews said he thinks that is an excellent idea. He asked the committee for their thoughts.

Mr. Hennessy said he agrees with Mr. Brown because he has managed a large pension fund. He commented that was more interesting than what he has been doing the last couple of years here.

Mr. Panfel said he has no problem with it because he is going to rely on the expertise of this committee to a certain extent. He said he would like to hear what the Chairman personally feels in support of this. He mentioned that he didn't attend the last Town Council meeting but he was advised, and he did hear some tapes from that meeting, that some of the Town Council suggested that they want a return worthy of the Harvard or the Yale investment system. He doesn't know that he really wants to be in that position at this stage of life where someone is going to ask him if he can produce it because he doubts personally that he can.

Mr. Brown said "we should remind the Town Council what the fellows who manage those funds for Yale and Harvard make".

Chair Andrews said he agrees with Mr. Brown and Mr. Hennessy. He personally has a background which goes almost as much to the equity side as it does to the debt side. So he does not see any reason why he would not be competent to sit on this board. He is a little concerned that since the committee will be doing more aggressive investments, they might be looked at a little bit more by members of the Town Council or maybe the public. One thing he enjoys about this particular committee is that it is apolitical as far as he knows. He would hope that this committee would not get into a situation where influences would be placed upon them that were outside of the direct responsibility to the committee. He asked for thoughts on that.

Mr. Brown disclosed that he will be having lunch on April 17th with Denis Coleman, President of the Town Council, and Ira Harris, who is a well known investor, plus a couple of people from the Civic Association, of which he is a member of the executive committee. He knows Mr. Coleman wants to discuss this whole matter of investments. The impression he is getting ahead of time is that he wants to see a more aggressive investment stance, and maybe it ties in with the comment Mr. Panfel made about what he heard about emulating Yale and Harvard which is very hard to do. So the downside here is that this committee may be getting into something where the spotlight is much brighter than it is on the current investment committee.

Mr. Hutzler said he thinks it's a tough situation. This committee is going to have to decide whether they are the appropriate committee to manage this on a voluntary basis. There may be issues there but he wants to mention that he thinks it is very important that the committee is given a charge of being more aggressive with the funds. He knows all the members of this committee are certainly well attuned to this. The Committee should seek professional help as Mr. Brown initiated several years ago with this committee to help manage the funds. He thinks that's key and that's a choice that the committee can make. There are plenty of people out there that can help. By doing that, it may address both the issues that Mr. Panfel brought up as well as other issues.

Chair Andrews asked Ms. Struder if she believes there are any sunshine issues in discussing this future committee? "We are part of the committee right now and if we talk about adding other investments or another set of funds to the committee to be managed in a different way, I'm not sure what we can talk about. I was kind of wondering for Mr. Brown if he feels comfortable talking about that at the luncheon, what may happen with this committee with taking on that….."

Mr. Brown said he thinks, if he understands the Sunshine Law, he can't meet with members of this committee outside of the public forum. The problem is going to come at the end of the luncheon. If it were not for the Sunshine Law, he would call up Chairman Andrews and say "here's what happened at this luncheon, you should know about this". He may talk to Ms. Struder.

Ms. Struder said he could do that. The retirement funds are managed by a performance monitor, Callan & Associates for General Employees, Prime Buckholtz for Police and Fire, and they do manager searches. In some cases, they have a fixed income manager, and in some cases, a value equity manager. They bring in those managers and interview them quarterly or semiannually. There is a lot of interaction between money managers and this performance monitor who reports to these boards.

It doesn't have to be the same for this fund but that's how it operates now for the retirement funds.

Mr. Brown said so this group would have to interview managers. This committee did a little bit of that before but this would be a lot more. He thinks it would be a lot more work for the small amount of money.

Chair Andrews said he thinks the meetings would be considerably longer.

Ms. Struder said sometimes those pension fund meetings last three or four hours plus but they also get into pension issues not just investment issues. Sometimes they have to meet more than quarterly. They have special meetings if they need to interview money managers or talk about changes in investment policy.

Mr. Brown said the committee needs to answer Ms. Struder's previous question on should anything be done in anticipation of this new account? $15 million needs to be raised at some point. Whether it is now or later, it definitely will be done. His inclination would be to do it now and take down the Florida League money and whatever is needed to make up the rest of the $15 million from the SBA. Given the rates, put it all in the SBA for the time being.

Ms. Struder said at the 4.74%.

Mr. Brown said in effect $5 million is already in the SBA and the other $10 million would come out of the Florida League. The other way to do it would be proportionately but given the remarks made by Mr. Hutzler, maybe it should be taken out. Since some committee in the future is going to bank a very different asset mix than what this committee is contemplating, he thinks handing that committee, whether it's this committee or a new committee, an SBA account wouldn't be a bad way to do it, particularly with rates short term the way they are today.

Chair Andrews agreed. If he were to start a committee, he would rather start without any other current investments or obligations other than what was on the short term in the SBA.

Ms. Struder asked and do you want us to pull that out in the very near term?

Mr. Brown asked Ms. Struder if she will explain the reason they are pulling it out?

Ms. Struder said yes. The Florida League discussed at the last meeting that she attended, that they are in the process of setting up a trust fund for this post employment benefit assets for all municipalities that would be part equity and part fixed. They have retirement funds but they will be offering an investment vehicle.

Mr. Brown said every municipality has to do this so this is a wonderful business opportunity for the League.

IX. UPDATE ON APPLICATIONS FOR EXPIRED TERMS

Ms. Struder said only two applications have been received, Mr. Panfel's application and one from Mr. Mikus, Mikus Capital Management. The council may choose to defer voting on new members in order to determine what course of action they will take with the board until the decision is made on whether this board will be taking on the Health Insurance Trust Fund.

Mr. Hutzler said he would like to attend the two meetings that are coming up. He could attend as a private citizen.

Ms. Struder said they are all open to the public.

Mr. Brown asked Ms. Struder if she knows what Mr. Mikus does?

Ms. Struder said she has his application in her office.

Mr. Brown asked Mr. Hutzler if he knows what Mr. Mikus does.

Mr. Hutzler said the name is familiar to him but he can't say why.

Chair Andrews said the committee doesn't have any control on who sits on this board anyway, right?

Ms. Struder said no, the council is going to start interviewing applicants for board members prior to the council meeting. She doesn't know if it is a formal interview but at least they will give a little presentation and Q and A. Mr. Panfel will have to do that but she is not sure if he will have to do that in May or if it will be postponed. The Council will meet the applicants prior to voting.

Chair Andrews said if there was an extension of time, it would not drastically affect the committee's ability to do business.

Ms. Struder said right and she doubts it will be a long extension of time because the committee will not meet now for at least another few months. That's all she had for applications. She doesn't know if anybody knows anyone that would like to apply. The deadline has passed but the Council allows applications to come in after the deadline.

Mr. Brown said he would just like to specifically ask Mr. Hutzler if he knows anyone in the investment business who wouldn't have a similar conflict who maybe hasn't seen these ads. It would be worth at least alerting them to the possibility.

Mr. Hutzler said he will think about it.

Chair Andrews said he might know some people but the way it has been advertised in the past is a little one paragraph blurb in the Shiny Sheet. One of the things he thinks they are going to consider at the Civic Association is how to get a little more exposure for the applications for all of the committees. So that might bring us a better pool.

X. NEXT MEETING DATE

Chair Andrews said he would like to consider having a telephonic meeting during the summer. There may be two or three members here to have a quorum plus the other two members might be able to hook up for a meeting of an hour or so in the summer as was done last year. In his opinion, it's just too long a time to go without a meeting because the markets could change and a lot of things could happen in that period of time. He suggested that Ms. Struder poll all the members of the committee and come up with a meeting sometime during the summer months.

Ms. Struder said possibly August?

Mr. Hennessy said fine.

Mr. Panfel said if he is reappointed, he will be here until mid August.

Mr. Brown said maybe meet early August while everyone is still here.

XI. ANY OTHER MATTERS

There were no other matters for discussion.

XII. ADJOURNMENT

Mr. Hennessy made the motion for adjournment, Mr. Brown seconded, motion passed unanimously.