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Joint Special Meeting 05/25/01
JOINT GENERAL EMPLOYEES AND PUBLIC SAFETY
RETIREMENT BOARD MEETING
FRIDAY, MAY 25, 2001, 9:00 A.M.

I. CALL TO ORDER

The joint meeting of the General Employees and Public Safety Retirement Boards of Trustees was called to order by General Board Chairman James McC. Wearn, at 9:00 a.m., May 25, 2001, in the Town Council Chambers. Attending on behalf of the General Employees Retirement System were Chairman James McC. Wearn, Trustees Peter Elwell, Charles Boggs, and Robert Garvy. Attending on behalf of the Public Safety Retirement System were Chairman George Frick, and Trustees Frazier Wellmeier, and John Cuomo. Also attending were Attorney John McCracken, Finance Director Jane Skittone, and Human Resources Director William Crouse.

II APPROVAL OF AGENDA

Mr. Boggs requested that the report from Ms. Skittone be given before the scheduled presentations. Mr. Wearn agreed to add a report by staff on the on-line presentations by the custodial candidates, after the approval of the agenda. Mr. Wearn stated that the joint meeting would adjourn at item five on the agenda, and a special meeting of the Public Safety Board would then convene. Mr. Boggs moved to approve the agenda, Mr. Garvy seconded, the motion carried unanimously.

STAFF REPORT (addition to the agenda)

Mr. Crouse stated that he did not attend the on-line presentations by the three candidates for custodian. Mr. Crouse also stated that in regards to the last meeting, the ordinance for the statement of investment policy was being forwarded to the Council for their consideration at the June meeting.

Ms. Skittone reported that Cheryl Somers, Jeanne Valcik, and herself had met with the three candidates who presented their on-line capabilities and answered questions on various aspects of custody service. Ms. Skittone stated that all three candidates were far superior to what the Town currently had, all were able to offer audited statements by the fifth or tenth of the month, where currently they were received quarterly, and prior to that annually, and that all had similar working systems. Ms Skittone stated that she did not have a recommendation as to which candidate to choose, as she felt she would be happy and able to work with any of them.

Mr. Boggs inquired if Ms. Skittone would rank them equally for purposes of the RFP. Ms. Skittone stated that she would. Ms. Valcik stated that the presentations showed the rapport available from all three candidates, that each group contained three or four people, and all of them were very knowledgeable, very sharp, answered all the questions promptly, and that was the reason why she and Jane wouldn't state any preference other than what had already been done in the scoring materials already provided to the Boards.

III CUSTODIAN PRESENTATIONS AND SELECTION

A. NORTHERN TRUST

Mr. Charles Hundley appeared before the Boards, stating that he was responsible for the new business segment of Public Funds at the Northern Trust Company. Mr. Hundley introduced his colleagues Andy Paciocco, Managing Director of the Northern Trust Company in Palm Beach; Rita Curtin, the Relationship Manager, whose responsibility was the satisfaction of her client; and Frank Fauser, the Administrator, who would be working on the day to day operations.

B. BANK OF NEW YORK

Mr. John McSherry appeared before the Boards and introduced his colleagues Arlene Britt, the Account Officer who would be handling the account, and Nick Polk from the technical area of the bank.

C. STATE STREET

Ms. Diane Johnson, appeared before the Boards and introduced her colleagues, Jane Fisher, Phyllis Tuttle, and Patricia Walsh. Ms. Johnson stated that Jane Fisher managed the Specialized Trust Services office in Winston-Salem, which was where the Town of Palm Beach would be serviced.

Mr. Wearn called for a straw poll to see who among the Board members would choose which candidate for first choice for custodian. State Street was the unanimous choice. Mr. Wearn asked for a motion for the custodianship be awarded to State Street based upon their revised and lowered fee structure, with the condition of having favorable reference checks completed. Mr. McCracken suggested that a date for this to occur should also be stipulated. Mr. Wearn suggested the end of July and Mr. Garvy suggested a quarter end. Ms. Skittone stated that the new fiscal year, October first would be the best effective date for the Town, but the transition would start before that. Mr. Wearn asked Ms. Skittone if she saw any ongoing problems with First Union that would adjust or alter her recommendation. Ms. Skittone stated that the current reports were adequate, and unless the relationship soured, the Town should be able to finish the year with them. Ms. Valcik stated that her only concern would be the Roanoke transition, as it was well known that First Union did not do well with those items.

Mr. Frick asked if it could be stated that as of October first there would be audited true-up numbers and the retirement systems would be with State Street 100% on that day. Ms. Skittone stated that that would be her hope, and that the September thirtieth numbers would be First Union and that the October first numbers would be State Street. Mr. Wearn stated this would give more than ample time to plan the transition and to be fully up and running by midnight September 30th.

Mr. Wearn stated that the motion was to select State Street as the custodian conditioned upon favorable reference checks and for it to be implemented effective October 1st, 12:01 a.m. Mr. Garvy moved, Mr. Boggs seconded, and the motion carried unanimously among the General Board members, with Public Safety to take up the motion at their special meeting immediately following this meeting. Mr. Boggs asked if Ms. Skittone would approve the reference checks or if Callan would. Mr. Wearn stated that he would like to hear back from both of them, and that if there was a problem, he would like to have the opportunity to call a special meeting to consider that problem, otherwise the process would move forward. Mr. Elwell asked if a deadline could be established to get the green light from Ms. Skittone and Callan, in order to have the opportunity to have a special meeting. The Board stated in unison that the information could be back in two weeks time. Mr. Wearn then asked that the information be back as soon as possible.

Ms. Skittone asked if the General Board had voted to terminate First Union officially and if a letter should be sent. Mr. Wearn stated they had not, that it was voted to go forward with them due to the reduction in fees offer, and that he felt that termination could occur at one of two times, now or at the August meeting. Mr. McCracken stated that the fund contract with State Street should be brought back to the Board at the August meeting, at which time, if it was approved and signed, First Union would be terminated formally. Mr. Wearn agreed. Mr. Elwell asked if the transition work could begin prior to those actions being taken, as it would force an unnecessarily tight time line on State Street to accomplish this. Mr. McCracken stated that they had indicated six weeks was sufficient and that the Board was in the position to tell them that they were the custodian, subject to their contract being executed at the next meeting. Mr. McCracken further stated that should there be an issue before that, a special meeting could be called. Mr. Boggs asked if Public Safety had already notified First Union. Mr. Frick stated they had voted to terminate First Union. Mr. McCracken stated that was correct, however, no date had been given to First Union and no one had been hired to take their place. Mr. McCracken stated that in August, Public Safety would execute the contract with State Street and advise First Union that the termination was effective September 30th. Mr. Wearn was concerned with a premature termination being declared by First Union, therefore, he would rather not give notice today to First Union. Mr. Boggs stated that he would like this board to let First Union know that at some point in the future, the Town's retirement boards would no longer require their services. Mr. Garvy stated that there were often difficulties that come up during transitions that were not favorable, and he was concerned that waiting until August would put the board on the six week stride, not leaving room to correct situations along the way. Mr. Garvy suggested that the Board authorize that the contract go forward and be executed subject to the Town Attorney and Human Resources approval of the contract, giving more time for the transition, rather than less. Mr. Elwell stated he was also very concerned with shortening this time line to anything less than what was absolutely necessary, but if there was a concern of the Board of delegating the approval authority over that contract, then a special meeting could be held in July to allow an extra month for the transition.

Mr. Garvy moved that upon the completion of satisfactory reference checks and upon examination of the contract by the Town Attorney and Human Resource Department, and notifying the Chairman that this had occurred, that the Board authorize a letter to go out to First Union to notify them of the Board's intent to transfer and to ask their cooperation with a smooth transition to State Street. Mr. McCracken suggested adding to authorizing the Chair to execute the contract with State Street, which would eliminate the problem of State Street not wanting to physically proceed until they had the contract in hand. Mr. Garvy agreed and amended his motion to include this suggestion. Mr. Boggs seconded. The motion carried unanimously.

Mr. Wearn stated that a revision of the fee schedule from State Street had been received. Mr. Wearn asked Mr. McCracken if the General Board was bound by the RFP, as Mr. Boggs had inquired about earlier. Mr. McCracken stated that the General Board was not bound by the RFP, because the General Board did not order the RFP. Mr. Wearn asked for a straw poll of both boards which placed State Street as the first choice unanimously of all members present. Mr. Wearn stated that a motion was appropriate for the custodianship to be awarded to State Street, based on their revised and lowered fee structure, and asked if any conditions needed to be added based on verification or contact reference check with any of their Florida clients. Ms. Skittone stated that Bo Abesamis of Callan Associates would do that when the field was narrowed. Mr. Wearn stated that he would like Ms. Skittone to check as well. Mr. McCracken stated that a date for this to occur should also be included. Mr. Garvy suggested a quarter end transition. Ms. Skittone stated that transitions in the middle of a fiscal year would not have year to date information, therefore, her preference would be to start October 1st, or at least have it effective October 1st. Ms. Skittone stated that the transition could begin before that time. The boards indicated their approval.

There being no further business, the joint General Employees and Public Safety Retirement Board meeting adjourned at 11:45 a.m.

Approved:

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Vernon Richards Frazier Wellmeier

Secretary Secretary