

CEMETERIES BOARD OF TRUSTEES SPECIAL MEETING
CITY OF FORT LAUDERDALE
CITY HALL FIRST FLOOR COMMISSION CHAMBER
MONDAY, DECEMBER 15 2008
3:30 p.m.

<u>Board Member</u>	<u>Attendance</u>
Mark Van Rees, Chair	P
Victoria Mowrey, Vice Chair	P
Alfred Calloway	P
James Mowell	A
Larry Ott	A
Jose Portela	P
Dolores Sallette	P
Larry Sherman	P
Susan Telli	P

Also Present

Julius Delisio, Cemetery Board Liaison
Cate McCaffrey, Director, Business Enterprises
Lisa Slagle, City of Fort Lauderdale
J. Opperlee, Recording Secretary

The meeting was called to order by Chair Van Rees at 4:25 pm.

1. Cemetery RFP: Investment Consultant

The Selection Committee for the Investment Consultant earlier heard presentations from the top three ranked firms:

Asset Strategy Consultants
Bogdahn Group
PFM Asset Management LLC

Ms. Mowrey stated all three firms were qualified; the Selection Committee had needed to determine which firm would best suit the Trust's needs.

Ms. Mowrey explained that firms had received points for including a total cost to the City for the initial five-year contract period in their proposals. Bogdahn Group had received a point value of 7.5 for providing a total cost estimate.

Ms. Mowrey stated PFM Asset Management was a huge company, and they currently managed money for another City fund. They did not receive points for providing a total cost estimate. One reason for this was that this company would

have been more expensive. The Selection committee had also learned at the presentation today that this firm would actually manage the fixed assets. Ms. Mowrey did not feel this was a direction in which the Board wanted to go. The equity fees were also not fixed and cumbersome.

Ms. Mowrey reported that Asset Strategy Consultants had scored highest in the evaluation. She remarked that this firm had come in with "a profound understanding of what we need and how we need to achieve it, and...they promised that they were going to pay attention to our needs." She said Asset Strategy Consultants had "made a believer" of everyone on the Committee. The firm also received 12 points for providing a total cost to the City.

Motion made by Ms. Mowrey, seconded by Ms. Sallette, to recommended to the City Commission that Asset Strategy Consultants be chosen to become the asset manager.

Chair Van Rees felt each firm adequately backed up their written proposals in their presentations. All of the firms offered qualified experience, but Chair Van Rees noted that PFM's fee structure was a bit confusing and was not something the Board was seeking.

Chair Van Rees informed the Board that each firm had offered to provide an RFP for the Custodial Trustee proposals at no additional cost.

Chair Van Rees stated Asset Strategy Consultants "really instilled confidence in their presentation." The firm seemed small, but he was impressed with how they expressed their belief that the trust fund's current allocations were "somewhat going in the wrong direction" and indicated they would offer a strategy to guide them in a better direction, and toward a long-term goal.

Ms. Telli asked if the Selection Committee felt the \$25,000 fee was reasonable, compared to the fees they had paid in the past. Chair Van Rees reminded Ms. Telli that with Bank of America, the fees had been bundled.

Mr. Delisio explained that with Bank of America, they had a "wrap," an all-inclusive fee of 56 basis points. The RFP proposals were bid based on a \$17 million portfolio, and they were all approximately \$25,000, or the equivalent of 15 basis points. Mr. Delisio said they now must pursue a custodial agreement that the firms had estimated would costs five to ten basis points. In addition to this, they would pay money management fees. In total, Mr. Delisio estimated they would pay 75 to 80 basis points, but he remarked that they would now have transparency regarding the fees.

Ms. Telli asked for a graph representing the fees, and Mr. Delisio agreed to request that Asset Strategy provide information for the Board to review at their January meeting regarding fee structure and investment strategy.

Chair Van Rees reported the Selection Committee included:
Victoria Mowrey, Cemetery Board of Trustees Vice Chair
John Leroy Bucci, City Employee and Chair of the Pension Board
Linda Flynn, Treasurer of the City of Fort Lauderdale
Mark Van Rees, Cemetery Board of Trustees Chair

Chair Van Rees said the Committee felt using the consultant would provide them a system of checks and balances. Mr. Delisio said they had found exactly what they were seeking: an independent advisor. He believed the firm they selected would work with them and advise them of risks.

Mr. Delisio explained to Ms. Telli that the firm would provide recommendations and an explanation of the risks; the Board would make the final decisions.

Chair Van Rees said Asset Strategy Consultants would customize their recommendations. He said the firm had also examined the Trust's investment policy and advised that it needed revision.

Mr. Delisio reminded the Board that this was step one; the next step was to identify a custodial trustee, and the consultant would assist in this search. Mr. Delisio asked the Board to move to accept the recommendation of the City regarding the custodial trustee so a special Cemetery Board meeting would not be needed. He explained that once the custodial trustee was selected, the assets would be transferred from Bank of America to the new custodial trustee bank and Asset Strategy Consultants would advise how to distribute the assets.

In a voice vote, Board unanimously **approved** the motion to recommended to the City Commission that Asset Strategy Consultants be chosen to become the asset manager.

Mr. Delisio explained that Asset Strategy Consultants would help the City prepare an RFP for a custodial trustee agreement.

Motion made by Ms. Mowrey, seconded by Mr. Portela, to request that the City Commission accept the City Selection Committee's choice for custodial trustee pursuant to the RFP created by Asset Strategy Consultants and City staff. In a voice vote, Board unanimously approved.

Ms. Mowery clarified that ultimately, the service might cost more, but the fees would be itemized and more transparent. She hoped that ultimately, the investments would generate more money.

Mr. Calloway asked if a City representative, such as a treasurer, should be present when they discussed investment strategy and other finance issues at a meeting. Ms. Mowrey stated this person was Mr. Delisio, because he was their liaison.

Mr. Delisio remarked that their agreement with Bank America [originally with Landmark Bank] had been appropriate in 1972 when the trust fund had \$2 million in it, but now that the account had grown and the Board had become more educated, their relationship with the consultant should change. He said the Selection Committee had asked Asset Strategy Consultants to attend each Board meeting to provide a brief presentation regarding general financial matters. Mr. Delisio believed this group of Board members was the most financially educated he had worked with.

Chair Van Rees reminded the Board that Asset Strategy Consultants would be the Board's independent consultant, and they also had a fiduciary responsibility. Chair Van Rees felt this put them in a better position going forward to manage the fund.

Mr. Delisio said he respected the Board for making this change.

2. Adjournment

The Board's next regular meeting was scheduled for January 8, 2009.

There being no further business to discuss, the meeting was adjourned at 5:02 p.m.

Minutes prepared by: J. Opperlee, Prototype Services