

## **Budget & Finance Committee Meeting**

### *Long Term Investment Presentations*

October 12, 2010

Present: C. Simmons, D. Stoltzfus, S. Bowser, B. Troop, J. Wall, C. Barrett / K. May

Absent: C. Shellhammer, M. Rondinelli

### **2:15-2:45pm**

Brian Fields, RBC Wealth Management

#### Overview

- Founded 1909
- Nearly 89 years collective experience
- Assets: \$616.6 billion (US)
- Nation's sixth-largest full-service investment brokerage business
- Fee for full services on an investment of \$1.5 million will be .9% and will be lowered as the assets grow to exceed \$2.0 million.
- Investment Strategy Recommendation: Monitor the investments while following the investment policy to maximize the benefit to the organization while understanding and attempting to limit the investment risk.

#### Presentation Highlights

- Fee-based program, mutual funds w/o commissions
- Do not use bonds; instead they use diversified mutual funds so that money can be easily liquidated
- No penalty for pulling full amount
- Don't monitor individual accounts, only mutual funds; when things change, the fund managers will alert account managers who will then update accounts accordingly
- Would meet with CVB quarterly

#### Committee Discussion

- The committee has concerns that the CVB is currently invested in EFTs through Citi/Smith Barney
- Becky feels strongly that the CVB should move money from Citi/SmithBarney to an investment firm that financial firm that will more closely manage it.
- In the next 3-5 years, how do we feel the hotel tax will do? That will affect the investment decision.
- Scott would like a guaranteed 3%--prefers most conservative route
- Discussed conservative ways to invest w/o a third party--could use CD ladder or bond ladder. The bank would do this and there would be a fee for the service. CD's have the potential for more FDIC coverage. Stable and steady with a guaranteed annual dividend is the best way to go.
- Risk-Reward – not advisable to incur a significant risk when member money is involved – even though an investor may be good, nothing can stop the market or stocks from crashing.

### **3:00-3:30pm**

Amanda Rock and Bill Hartman  
MMA Trust Company

#### Overview

- Founded in 1945
- Nearly 67 years collective experience
- Total firm investment assets in excess of \$1.7 billion under nationwide management
- National headquarters in Goshen, Indiana. MMA Lancaster is the largest of eight regional service bases.
- Blended Fee Schedule – on \$1 million investments = .81%  
Note: the fee provisions in the schedule are for usual and customary services.
- Investment Strategy Recommendations: Our investment standards align with those of the CVB, as evidenced by our investment track record.

#### Presentation Highlights

- Scott Miller, CVB board member, recommended their services
- Amanda would be account manager
- Would meet with CVB annually but is willing to meet more often if desired
- Would aim for full and diversified stocks and bonds
- Presented “Preferred” portfolio design (45% equity, 15% allocation to alternative assets via mutual funds) and “Conservative” portfolio (50% bond allocation)
- Portfolio changed are at the discretion of MMA, based on agreed upon terms with the CVB
- No commission fee
- The account is liquid, but ideally the CVB would give a two-day notice
- No penalties for withdrawal
- Name is changing from MMA to Everance

#### Committee's Discussion

- Felt that even their conservative portfolio was too aggressive
- Gave a great tip regarding endowments as an alternative source of income

### **3:45-4:15pm**

Jeff Roof and Brad Newman  
Roof Advisory Group

#### Overview

- Incorporated 1998
- Nearly 65 years collective experience
- Total firm investment assets in excess of \$172,500,000
- Recognized nationally for growth in assets under management,
- Fee-only basis – 1.00% (declining fee structure on assets in excess of \$1 million, with 0.75% on the next \$2 million.)

- Investment Strategy Recommendations: Reduce the overall investment policy equity exposure, implement a defined asset allocation discipline as part of the overall portfolio management process, enhance and expand the security selection process

### Presentation Highlights

- No commissions
- #1 concern is that the investment policy fits the company and is upheld with integrity
- Suggested segmented investment policy / blended approach
- Top tier – recommendation is to be more conservative – a 35-55 equity range
- Inverted pyramid of investment
- Will monitor investments closely, if things look bad, they work proactively but conservatively
- Use individual stocks and bonds which are more controllable whereas the Smith/Barney bonds in our current portfolio are perceived as more risky

### Committee Discussion

- Will need to pay them to manage funds, but they seem to understand our needs completely
- Smaller organization, seem hands on and personal
- Seem honest and straightforward
- Lots of anecdotes and examples of experience
- Well-prepared
- Like their integration of cash management – gives flexibility

### **Conclusion – Plan of Action**

- Chris Barrett will:
  - Ask the board for permission to liquidate money from the Citi/Smith Barney account and relocate to Roof Advisory Group
  - Negotiate with Roof Advisory Group's fee (\$5,400)
  - Contact Roof Advisory Group's references
  - Update the committee