

EL CAMINO REAL ALLIANCE

EXECUTIVE DIRECTOR RECOMMENDATION

BOARD MEETING DATE: February 25, 2021

AGENDA ITEM:

Investment Advisor Services

BRIEF SUMMARY OF THE ISSUE:

ECR is in the process of selecting an Investment Advisor to provide investment management services for our Lifetime Healthcare Benefits Trust account. ECR has narrowed the candidates to two (2) finalists: Beacon Pointe, and City National Bank (CNB). Based on the review of services and what would best suit ECR needs, staff recommends that Beacon Pointe be retained.

PERSONNEL INVOLVED:

Executive Director; Chief Business Officer; Business Office staff

FISCAL IMPLICATIONS (IF ANY):

Beacon Pointe's proposal is for a staggered fee structure based on the market value of the account assets: 0.45% for the first \$25M; 0.27% for the next \$25M; and 0.18% thereafter. There would be additional charges for investment manager fees (0.05% to 0.10% for passive portfolios; 0.30% to 0.50% for active portfolios); and custodial/transaction fees of 0.01%. Based on a portfolio of \$25M, this would equal 0.51% to 0.56% for passive portfolio management, and 0.76% to 0.96% for active portfolio management.

IMPACT ON SCHOOL MISSION, VISION OR GOALS (IF ANY):

This goes to the school's pledge to provide lifetime healthcare benefits for all qualifying ECR retirees.

OPTIONS OR SOLUTIONS:

A total of five (5) requests for proposal were sent out; from this group, four (4) proposals were received but one (1) candidate withdrew their proposal before consideration. Of the remaining three (3) candidates, ECR narrowed the selection to two (2).

EXECUTIVE DIRECTOR’S RECOMMENDATION:

Select Beacon Pointe as the investment advisor for our OPEB account. A review of the proposals from Beacon Pointe and CNB show similar fee structures, though it appears that Beacon Pointe’s fees are slightly lower. Moreover, it appears that Beacon Pointe would offer greater flexibility and monitoring, as Beacon Pointe utilizes outside portfolio managers for their services, while CNB utilizes its in-house portfolio managers. Moreover, Beacon Pointe’s references were very favorable across the board.

The input of staff for the selection of the investment advisor was sought. A town hall was held on February 4th (CNB) and February 5th (Beacon Pointe). Thereafter, a survey was sent out to all staff. Based on the feedback received, and based on administration’s review, it would appear that Beacon Pointe would be a good choice for the school.

PROPOSED MOTION:

Motion to approve Beacon Pointe for investment advisor services.