

**TAB 6**



## MEMORANDUM

TO: Board of Trustees  
FROM: Jill Lukas / Bryan Bakardjiev  
RE: Consulting Services Fee Increase  
DATE: October 20, 2009

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Our firm was formed with the mission of providing the highest level of institutional investment consulting at a very competitive fee. As we have grown in number of clients, we have done our best to prudently build a firm that is ready to meet the challenges associated with today's market, and I think we are on the right track. Today we are a better, stronger and more experienced firm than we were when initially engaged by your Board. The Florida municipal pension marketplace has changed dramatically over the years, and true independence is now recognized as the prudent approach. We are pleased to have been at the forefront of this movement.

We are challenged in balancing the requirement to generate the revenues necessary to support an A+ team with the desire to provide cost-effective service to plans such as yours that have served as the foundation of our firm. We have expanded our outstanding operations group and consulting team, with credentials that include seven CFA Charterholders, two members who have earned the CIMA<sup>®</sup> designation, two CPA's and an attorney. We have expanded our analytical workbench, we now have a dedicated five-person research team who meet / review investment managers. We continue to work to improve our quarterly reports.

As a firm, we strive to run an efficient shop to keep our expenses low. Although efficient travel, automation, and good old-fashioned hard work helps keep costs in line, in order to remain competitive and viable we must make adjustments.

We recognize that this has not been an ideal market environment for increasing expenses. However, our three-year fee guarantee has expired, and we ask that you place consideration of an adjustment to our fee on your next meeting agenda.

**Indialantic Police Fire Pension Fund**

Request For Proposal  
Investment Monitor/ Consultant

Request for proposal items	Asset Strategy	The Bogdahn Group	Burgess Chambers ("BCA")
I. Identification of Bidder			
V. Fees			
a) Provide a complete schedule that details all the fees associated with your program, including any conversion fees, expenses, travel, and fees for additional services.	<p>Proposed fee of \$30,000 per year.</p> <p>No conversion or set-up fees.</p> <p>Fee does not include administrative/record keeper searches - fee is negotiated separately. Termination within the first year requires payment of the entire first year fee. After first year no termination fees.</p>	<p>\$15,500.00 - The fees are paid quarterly in arrears. This fee includes all the services offered by our firm.</p> <p>Should the Board be displeased for any reason with our service during the first year of our engagement, The Bogdahn Group will refund in full all fees collected</p>	<p>Quote: \$20,000 all-inclusive fee, per annum, guaranteed for three years.</p>
	<b>Dahab</b>	<b>Morgan Stanley</b>	<b>Thistle</b>
			<b>CapTrust</b>
<p>Annual fee of \$25,000</p> <p>Dahab uses the standard fee schedule for defined benefit funds:</p> <p>First \$50 million @ 7basis points (.07%)                      Next \$50 million @ 5 basis points (.05%)                      Next \$200 million @ 2 basis points (.02%)                      Next \$200 million @ 1.5 basis points (.105%)                      Balance @ 1 basis point (.01%)</p>	<p>Fee will stay at the current rate. If Board decides to maintain Morgan Stanley as current consultants, Morgan Stanley will waive the following next two quarterly fees.</p>	<p>Our Annual Full Service fee would be \$12,000                      See Proposal booklet Page 8</p> <p>Manager searches are \$4,000 to \$8,000</p> <p>Cost of living increase each year</p>	<p>The flat fee is \$20,000.00 per year.</p>

North Port Fire	\$15,000,000
Burgess Chambers & Associates	\$20,000
CapTrust	\$ 22,000
Bogdahn Consulting	\$13,500 - going to \$15,500

A. 1. Name of firm	Description of services provided	Retainer fee	Additional fees	Other terms	Comments
<p>1. Evaluation of Manager performance</p> <p>2. Establish Investment Guidelines, Goals and Asset Allocations</p> <p>3. Manager Search</p>	<p>1. \$50,000 includes four quarterly meetings</p> <p>2. \$40,000 Asset Allocation Study/Rebalancing Analysis</p> <p>3. \$12,500 per search</p>	<p>First year fee \$51,300</p> <p>Subsequent year \$43,300</p> <p>2 year fee agreement \$47,300 (10bp) of plan assets. Require a 30% retainer each anniversary date of agreement Mutual fund search \$4,000 Manager search \$8,000</p>	<p>Retainer fee of 5.0 BP (.05%) of assets. Based on Asset value of \$43 million fee (for all services) would be \$21,500 hard dollar. They do have a commission recapture \$1.00 direct equity commission offset hard dollar \$.67</p>	<p>First year fee \$51,300</p> <p>Subsequent year \$43,300</p> <p>2 year fee agreement \$47,300 (10bp) of plan assets. Require a 30% retainer each anniversary date of agreement Mutual fund search \$4,000 Manager search \$8,000</p>	<p>Annual Fee (All Inclusive) \$19,500. Quarterly performance reports, oral presentations, Investment Policy statement, Asset Allocation consulting, Investment Style analysis and Compliance monitoring, Manager Search, Educational seminars, Special meetings and additional investment portfolio evaluation</p>
<p>1. Evaluation of Manager performance</p> <p>2. Establish Investment Guidelines, Goals and Asset Allocations</p> <p>3. Manager Search</p>	<p>1. \$50,000 includes four quarterly meetings</p> <p>2. \$40,000 Asset Allocation Study/Rebalancing Analysis</p> <p>3. \$12,500 per search</p>	<p>Retainer fee of 5.0 BP (.05%) of assets. Based on Asset value of \$43 million fee (for all services) would be \$21,500 hard dollar. They do have a commission recapture \$1.00 direct equity commission offset hard dollar \$.67</p>	<p>Retainer fee of 5.0 BP (.05%) of assets. Based on Asset value of \$43 million fee (for all services) would be \$21,500 hard dollar. They do have a commission recapture \$1.00 direct equity commission offset hard dollar \$.67</p>	<p>Retainer fee of 5.0 BP (.05%) of assets. Based on Asset value of \$43 million fee (for all services) would be \$21,500 hard dollar. They do have a commission recapture \$1.00 direct equity commission offset hard dollar \$.67</p>	<p>Annual Fee (All Inclusive) \$19,500. Quarterly performance reports, oral presentations, Investment Policy statement, Asset Allocation consulting, Investment Style analysis and Compliance monitoring, Manager Search, Educational seminars, Special meetings and additional investment portfolio evaluation</p>
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Lakeland Police Pension Plan	\$20,000,000
Segal Advisors	\$40,000
Burgess Chambers & Associates	\$ 20,000
Bogdahn Consulting	\$ 19,500

Firm Name	Proposed Annual Fee
Smith Barney's Consulting Group	\$22,500 or annual all-inclusive of 7% of market value of portfolio
Morgan Stanley	61 basis points (.61 of 1%) based on asset of \$25 mil
DAHAB Associates	min of \$25,000 based on market value of \$25 mil
	defined benefit fund fee schedule:
	First \$50 million 7 basis points (0.07%)
	Next \$50 million 5 basis points (0.05%)
	next \$200 million 2 basis points (0.02%)
	next \$200 million 1.5 basis points (0.015%)
	balance 1 basis point (0.01%)
Southeastern Advisory Services	Evaluation of manager performance \$20,000 establishment of investment guidelines, goals and asset allocation: \$5,000 manager search: \$5,000 per search
Dain Rauscher Institutional Consulting Group	Evaluation of manager performance \$20,000 establish investment goals, guidelines and asset allocation: \$10,000 manager search: \$10,000 trustee / custody searches: \$15,000 committee educational meetings: \$10,000 transition management coordination: \$3,000 retainer fee schedule on approx \$25mm: first \$20 million 15bps \$30,000 Next \$50 million 5 bps \$2,500
Merrill Lynch	<b>\$31,000 (based on existing contract)</b> <b>option of basis point fee structure. All services on 10 basis points (.1%) of assets under evaluation</b> determined by the frequency of reports, the number of managers to be evaluated and the need for attendance at investment review meetings: \$16,000 (Balanced portfolio) manager searches from \$5,000 to \$7,500. one manager search (in the first 3 years) is included in the fee above.
Gabriel, Roeder, Smith & Company (GRS)	
SEGAL Advisors	<b>\$30,000</b>

These quotes were for a \$30 million dollar plan, the Kissimmee Police Officers. We won this award and are currently billing this client \$17,500. This fee is for all services provided by our firm.