

# TOWN OF LONGBOAT KEY CONSOLIDATED RETIREMENT SYSTEM BOARD OF TRUSTEES QUARTERLY MEETING

## MEETING MINUTES: MAY 17, 2024

### CALL TO ORDER

Chairman Steve Branham called a meeting of the Board of Trustees for the Town of Longboat Key Consolidated Retirement System to order at 9:00 AM and called the roll.

### **Those persons present included:**

#### **TRUSTEES:**

Steve Branham, Chair  
Frank Cona, Vice-Chair  
Rabbi Peter Kasdan, Secretary  
Carolyn Brown  
Mark Fultz  
Andy Sawyer  
Steve Schield  
Martin Sharkey

#### **OTHERS:**

Scott Owens & Theodore Loew,  
Investment Consultant (Graystone Consulting)  
Ron Cohen, Attorney (Lorium Law)  
Scott Baur, Administrator (Resource Centers)  
Sue Smith, Finance Director (Town of Longboat Key)  
Doug Lozen, Actuary (Foster) Electronically

#### **Absent:**

None (David Guttridge resigned from the Board)

All those present recited the Pledge of Allegiance.

Chair Branham stated that David Guttridge resigned following the February 16, 2024 meeting. The Town will advertise the position to appoint a replacement. Carolyn Brown will also retire on July 8, making this her last meeting.

### **1. Public Comment**

No members of the public had any comment.

### **2. Approval of Minutes: February 16, 2024**

The Trustees reviewed the draft minutes for the February 16, 2024 Quarterly Meeting. Attorney Ron Cohen noted a correction to his report.

**Rabbi Kasdan made a motion to approve the minutes for the February 16, 2024 Quarterly Meeting as amended by counsel. The motion received a second from Frank Cona, approved by the Trustees 8-0.**

### **3. Reports**

**Annual Actuarial Valuation (Doug Lozen, Foster)**

Mr. Lozen joined the meeting electronically. He provided a brief update on eligibility for remaining members due a benefit from the Retirement System. The overall Town contribution increased by \$71,614 for the fiscal year ending September 30, 2025, primarily due to the benefits for firefighter members. The Retirement System had only a slight loss compared to the actuarial assumed rate of return after smoothing, but fire had an experience credit dropping off the contribution requirement from the prior year. The Town must contribute \$2,935,677 for fiscal year 2025, still lower than the amount that the Town contributed as recently as 2021.

Mr. Lozen further explained that the required contribution as a percent of the overall Town budget dropped to 14% from a high of 23%. The overall all funded ratio for the Retirement System, meanwhile, increased from 66.1% to 70.7%, consisting of a funding ratio of 80.7% for the former General Employees Retirement System, 67.8% for Police, and 67.6% for Fire. Mr. Lozen reviewed the history of the funded status, much improved over time. He also reviewed the asset history, investment results, and payment of benefits and expenses. He recommended that the Board continue to reduce the 6.75% earnings assumption over time. He also recommended that the Board consolidate the Unfunded Actuarial Accrued Liabilities (UAAL) for the separate plan components and amortize any future changes over 15 years. He expects a larger increase to the Town contribution requirement on the 2025 valuation report after the investment gains from 2021 drop from the smoothing. He does not yet have a dollar estimate for the expected increase to the Town contribution.

**Rabbi Kasdan made a motion to accept the valuation report. The motion received a second from Frank Cona, approved by the Trustees 8-0.**

The Board considered the investment return assumption. The actuary is still comfortable with the 6.75% return assumption for now. Chair Branham asked if a comparison was available for return assumptions for other closed plans. The investment consultant confirmed that 6.75% remains a reasonable expectation based on the current asset allocation.

**Based on the advice of the investment consultant, Rabbi Kasdan made a motion that the Board expects to achieve a 6.75% investment return on assets for the next year, the next several years, and for the long term thereafter. The motion received a second from Andy Sawyer, approved by the Trustees 8-0.**

**Investment Consultant (Theodore Loew & Scott Owens, Graystone Consulting)**

Scott Owens reviewed the markets and economy to date for 2024. A recession has not materialized. Markets gained initially on expectations of an interest rate cut, but now the market has contrary indicators. Accordingly, the consultant expects volatility in markets to continue. Markets have also become more expensive, while a small number of large growth companies accounts for most of the market gains. Foreign markets have not fared as well,

and volatility has also increased for fixed income assets with shifting expectations for interest rates. The election has less of an impact on markets than normal market cycles.

Mr. Loew reported the investment results. The assets gained 5.48% for the March 31 quarter, compared to a gain of 5.18% for the benchmark. The assets also gained 13.94% for the fiscal year to date, to finish the March 31 quarter with \$46.55 million in total assets. Mr. Loew reviewed the asset allocation and compliance with the investment policy. He noted that his firm will likely recommend increasing the allocation to international equities as interest rates begin to tip. The Board has an ongoing redemption request from the American Realty real estate portfolio, although the relative plan allocation to the manager has become smaller as commercial property values continue to struggle. The asset class remains a positive diversifier for the overall portfolio.

Mr. Loew reviewed individual manager performance. He stated that the Retirement System will require \$200,000 additional cash from the assets to meet expected outflows over the next 12 months. Since the cash in the portfolio now earns better than 5%, he recommended that the Trustees raise \$100,000 from the Connors covered calls strategy, \$50,000 from Kennedy equities, and \$50,000 from the Center Coast MLP.

**Rabbi Kasdan made a motion to accept the recommendation by the investment consultant to raise \$200,000 from the assets and transfer the proceeds to the money market. The motion received a second from Frank Cona, approved by the Trustees 8-0.**

**Attorney Report (Ron Cohen, Lorium Law)**

Ron Cohen updated the Board on concerns related to a proposed cost of living adjustment (COLA) for retired general employee members. He previously provided an opinion stating that compensation cannot be granted for services after the fact, after an employee already rendered those services in employment by the Town. Based on a recent Hollywood Florida case, the statute does not preclude the Town from providing a COLA to retirees. He reviewed other recent case law as well. The Town was made aware of the conversation taking place at the board level.

General employee member Sandi Henley addressed the Board. At the freeze of the Retirement System, the plan for the general employees did not include a COLA. She asked the Board to determine the cost for the additional benefit.

Rabbi Kasdan questioned additional details related to the existing case law. Members do not usually contest a benefit increase, so a challenge usually comes from the plan sponsor. An inflation adjustment may not represent an increase in compensation. Ron Cohen advised that the Board can make a recommendation to the Town on the matter. Rabbi Kasdan asked Mr. Cohen to provide a recommended motion for the next meeting. Chair Branham also requested an executive summary for the Town Manager. The Board deferred a request for a cost estimate from the actuary pending the further review of the matter.

**Administrator Report (Scott Baur, Resource Centers)**

Mr. Baur provided the Board with details related to the upcoming annual FPPTA Conference in Orlando. He reported that his office filed the Annual Report on behalf of the Retirement System to the Division of Management Services. He also reminded the Trustees to file the annual Form 1 financial disclosure electronically by July 1. The trustees must use their Town assigned email addresses to complete the registration process and filing.

**4. Plan Financials**

**Interim Financial Statement**

The Board received and reviewed the interim financial statement through March 31, 2023.

**Warrant: Approval Expenses**

The Board reviewed the Warrant for payment of expenses dated May 17, 2024.

**Martin Sharkey made a motion to approve the Warrant dated May 17, 2024, for payment of expenses. The motion received a second from Frank Cona, approved by the Trustees 7-0.**

Rabbi Kasdan was out of the room briefly for the motion.

**5. New Business**

The Board had no new business for discussion.

**6. Old Business**

The Town reviewed the renewal of the contract for the administrator to possibly piggyback on the procurement process completed by another municipality. Mr. Baur does not believe the Town can successfully piggyback the agreement given the limitations on the procurement process.

**Steve Schield made a motion to allow the Town to piggyback the administrator agreement but issue a Request for Proposal for plan administration services if not successful. The motion received a second from Martin Sharkey, approved by the Trustees 7-0.**

**7. Board Comments**

The Board thanked Carolyn Brown for her service and congratulated her on her upcoming retirement.

**8. Additional Reports**

Mr. Baur included additional reports from managers of the Retirement System assets in the meeting materials for informational purposes.

**9. Next Meeting**

The Board previously scheduled the next quarterly meeting for Friday, August 23, 2024 at 9:00 AM. The Board may only have 7 trustees available for the August meeting, with one seat currently open and following the retirement of Carolyn Brown.

**10. Adjournment**

There being no further business, Chairman Branham adjourned the meeting at 11:17 AM.

Respectfully Submitted,

---

Rabbi Peter Kasdan, Board Secretary