

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

Meeting Minutes: February 21, 2020

## 1. 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 in the Town Conference Room located at 501 Bay Isles Road, Longboat Key, Florida. Those persons present included:

### TRUSTEES

Steve Branham, Chair  
Thomas Batchelor  
Frank Cona  
Chief Cumming  
Joe Fabrizio  
Andrew Sawyer  
Christopher Skinner

### OTHERS

Ron Cohen, Rice, Pugatch, Robinson, Storfer and Cohen  
David Wheeler, Graystone Consulting  
Scott Baur, Resource Centers

### Absent

Rabbi Kasdan

The Board stood and recited the Pledge of Allegiance.

## 2. PUBLIC TO BE HEARD

Sandi Henley addressed the Board as a member of the public. She announced her resignation from the Board due to her current work schedule. She thanked the Board and expressed her appreciation for the opportunity to serve. Chair Branham thanked her for her service to the Town as well.

The Administrator will add the selection of a new Board Secretary to the next meeting agenda, and a special election will need to be held to fill her seat on the Board. Ms. Henley served as an elected Trustee representing the general employee members of the Retirement System.

## 3. APPROVAL OF THE MINUTES

The Board reviewed the draft Minutes for the meeting of November 15, 2019. Tom Batchelor inquired about his voting abstention Form 8B on the Board vote to approve the annual COLA. Ron Cohen read the abstention into the Record, and the abstention form will remain attached to the Minutes.

**Chief Cumming made a motion to approve the Minutes for the meeting of November 15, 2019 as amended. Andrew Sawyer seconded the motion, approved by the Trustees 7-0.**

## 4. REPORTS

### Investment Consultant Report (David Wheeler, Graystone Consulting)

Mr. Wheeler reviewed the markets for the quarter ending December 31, 2019. With earlier rate cuts, record low unemployment, and easing trade tensions, markets had a strong quarter. Mr. Wheeler also addressed differences between "wealth inequality" and "income inequality". The spread of coronavirus impacted production in China and therefore remains a global concern. He therefore expects volatility to increase, since markets do not like uncertainty. Mr. Wheeler reported that growth issues continue to outperform value stocks, although value stocks

tend to outperform growth over longer periods with less volatility. The Barclay Aggregate Bond Index gained 8.72% in 2019, with lower quality and longer duration bonds performing better on falling interest rates.

The Retirement System had total assets of \$38,861,163.63 for the quarter ending December 31, 2019. Mr. Wheeler reviewed the performance of each manager. On a time-weighted return basis, the assets gained 4.99% gross and 4.85% net for the quarter compared to 5.34% for the benchmark. For the 2019 calendar year the portfolio gained 19.18% gross compared to a gain of 19.64% for the benchmark. Mr. Wheeler remarked on the performance for Renaissance, a manager performing under the benchmark. Renaissance tends to have periods of both out performance and under performance, so Mr. Wheeler did not recommend that the Board make any changes to the portfolio. He did recommend the Board rebalance \$500,000 from the Vanguard Growth ETF to the American Realty Core Fund. The Board weighed additional rebalancing options and risks.

**Chief Cumming made a motion to rebalance \$500,000 from the Vanguard Growth ETF to American Realty by way of the fixed income portfolio. The motion was seconded by Frank Cona and approved by the Trustees 7-0**

Chair Branham will plan to deliver an update to the Town Commission.

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

Mr. Baur reviewed an updated list of upcoming educational conferences. He also noted that the actuary would present the annual valuation report at the next Board meeting.

Mr. Baur then addressed the process currently used to identify deceased members receiving payments. Boards use to send annual "Still Alive" verification letters and forms to members, but with the advent of electronic database searches, most Boards abandoned the more time consuming and manual letter verification process. The database searches rely heavily on data that feeds through the Social Security Administration. In more recent years, the Social Security Administration stopped reporting death information received from states due to differences between state and federal privacy laws. As a result, the electronic database verifications are no longer as effective. Mr. Baur now recommends that Boards use a combination of methods to identify deceased members receiving payments, the annual verification letters in combination with the automated database death searches. He stated that his office would begin the verification process in April, estimated to cost about \$3 per retired member including postage.

The Trustees discussed the process, costs, and inconvenience to retired members, but also the necessity to verify pension payment recipients. The Board had recent experience with an overpayment to a deceased member.

The Trustees considered the next meeting date, and tentatively scheduled the meeting for Wednesday May 20 at 9:00 AM.

#### **Attorney Report (Ron Cohen, Rice Pugatch Robinson Storfer and Cohen)**

##### **First State Overpayment**

Mr. Cohen addressed the overpayment to retired member Roland Carroll. First State, the custodian for the Retirement System, missed turning off the benefit payment after receiving a notice of his death. The System overpaid \$19,989.72 in total. Mr. Cohen sent letters to the widow Margaret Carroll but received no response, and a local obituary indicates that she may also have passed. First State subsequently reimbursed \$14,992.29 to the plan. Mr. Carroll may have a surviving son in Georgia, but he did not find an estate open locally. Mr. Cohen advised that any further recovery was unlikely, and further efforts would be cost prohibitive.

**Tom Batchelor made a motion to write off any additional amounts not recovered, the Board having already maximized due diligence and recovery efforts. The motion received a second from Joe Fabrizio and passed 7-0.**

Mr. Cohen reported on SB1270 pending in the current legislature. The proposed bill deals with fiduciary duty, governance, and Trustee education. If passed, Trustees and all public officials will be required to obtain 5 hours of governance education each term in office.

## **5. PLAN FINANCIALS**

### **Interim Financial Statement**

The Board received and filed the interim financial statement through January 31, 2020.

### **Ratification of Warrants**

The Board reviewed the Warrant dated February 21, 2020, for payment of plan expenses. Mr. Cona reported that he was unable to attend the FPPTA Conference at the beginning of February.

**Tom Batchelor made a motion to approve the warrant for payment of invoices dated February 21, 2020, subject to attempting to obtain reimbursement for the FPPTA registration fee for Frank Cona. The motion received a second by Andrew Sawyer and passed on a vote of 7-0.**

### **Benefit Approval**

The Board reviewed the Benefit Approval for pension benefits commencing to two members.

**Joe Fabrizo made a motion to approve the Benefits. The motion was seconded by Chief Cumming and approved by the Trustees 7-0.**

## **6. NEW BUSINESS**

The Board received the cost to implement the new Firefighter cancer presumptions mandated by the state. The benefits will require an additional annual contribution of \$194 by the Town. Ron Cohen reported that he has not yet reviewed a proposed ordinance by the Town to incorporate the required benefits. Chair Steve Branham signed the impact statement.

## **7. BOARD COMMENTS**

Frank Cona requested a review of future remaining retirement benefits to be paid to members of the plan. Finance Director Sue Smith has a decay chart noting commencement dates for future benefits, which will be distributed to the Board.

Chair Steve Branham stated that the original Agreement for services between Foster, the plan actuary, and the Town expired. The Town completed a Request for Proposal in 2019 to continue those services. Ron Cohen stated that he has a new agreement for the actuary.

## **8. ADJOURNMENT**

There being no further business and the next meeting having been tentatively scheduled for Wednesday May 20, Chairman Branham adjourned the discussion at 11:05 AM.

Respectfully Submitted,

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Chair Steve Branham