

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

MEETING MINUTES: FEBRUARY 17, 2023

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 9:02 AM. Scott Baur called roll.

Those persons present included:

TRUSTEES:

Steve Branham, Chair
Thomas Batchelor
Carolyn Brown
Frank Cona
Rabbi Kasdan
Deborah Murphy
Andy Sawyer
Steve Schield
Martin Sharkey

OTHERS:

David Wheeler, Investment Consultant (Graystone Consulting)
Brent Budachek, Attorney (Lorium Law)
Scott Baur, Administrator (Resource Centers)
Susan Smith, Finance Director (Town of Longboat Key)

Absent:

None

All those present recited the Pledge of Allegiance.

1. Public Comment

Chair Steve Branham introduced Howard Tipton, the new Town Manager for the Town of Longboat Key. Mr. Tipton addressed the Board, stating that he was honored to serve the Town of Longboat Key. He formerly served as the County Administrator for St. Lucie County, with a defined pension benefit from FRS. He thanked the Trustees for their service.

No other members of the public had any comment.

2. Approval of Minutes: November 18, 2022

The Board noted 2 typographic corrections to the minutes.

Rabbi Kasdan made a motion to approve the minutes for the November 18, 2022 meeting as amended. The motion received a second from Steve Schield, approved by the Trustees 9-0.

3. Reports

Investment Report (David Wheeler & Theodore Loew, Graystone Consulting)

Dave Wheeler reported that markets had a challenging 2022 calendar year, with a strong start to fiscal year 2023. Value issues outperformed growth holdings in the recent rally; however, growth stocks still outperformed value stocks over longer periods. Foreign issues, meanwhile, received a further boost from a falling dollar. While the underweight to fixed income or bonds detracted from performance in 2022, the asset allocation added to the recent performance. Bonds had their worst year on record in modern history.

Mr. Wheeler reviewed the asset allocation and portfolio characteristics. He also discussed the current market environment and the possibility of a recession later in the year driven by interest rate increases. If a recession does materialize, markets may suffer further losses followed by a rebound in 2024. International equities now have more attractive valuations than domestic stocks.

The assets gained 5.74% for the December 31, 2022 quarter compared to a return of 6.4% for the benchmark. Over longer periods the portfolio gained more than the benchmark return with less risk or volatility. The Consolidated Retirement System over its longer history has paid more in benefits than the Town made contributions. The Retirement System must raise cash now to fund distributions, and in 2021 the plan raised \$1 million from large growth stocks to cover outflows over the next year. In 2022 the Board raised another \$1 million from real estate holdings and \$600,000 from the large cap value equity allocation. The Retirement System currently has about \$1 million in cash remaining for outflows in 2023. Mr. Wheeler reviewed the individual manager performance and recommended that the Board rebalance assets taking \$400k from large growth equity, \$400k from the RBC small growth equity, \$200k from Kennedy and \$200k from Congress, adding \$400k to the Lazard international equity holding and \$800,000 to fixed income.

Rabbi Kasdan made a motion to approve the recommendations to rebalance the portfolio. The motion received a second from Tom Batchelor, approved by the Trustees 9-0.

Attorney Report (Brent Budachek, Lorium Law)

Mr. Budachek had no separate report.

Administrator Report (Scott Baur, Resource Centers)

The Chair suggested an executive summary to provide an annual update on the status of the Retirement System to members of the plan and to the public. Mr. Baur offered to prepare a one-page snapshot of the Retirement System.

Mr. Baur then discussed internal controls, including an increase in fraud attempts on public pension plans. His office recently removed forms online for members to update contact information or deposit accounts. His office added a notary block to forms to protect the members. The Board also considered the process in place at First State to identify deceased

members receiving payments. The Board asked Mr. Baur to bring additional details from First State.

4. Plan Financials

Interim Financial Statement

The Board received and reviewed the interim financial statement through December 31, 2022.

Warrant: Approval Expenses

The Board reviewed the Warrant for payment of expenses dated February 17, 2023.

Rabbi Kasdan made a motion to approve the Warrant dated February 17, 2023, for payment of expenses. The motion received a second from Frank Cona, approved by the Trustees 9-0.

5. New Business

The Board will review the annual valuation report and the Investment Policy Statement at the next regular meeting.

Trustees Andy Sawyer and Steve Schield reported on the recent FPPTA Trustee School.

Deborah Murphy will join the Town Commission. She thanked the Board.

6. Old Business

The Board had no old business for consideration.

7. Board Comments

No Trustees had any further comments.

8. Next Meeting

The Board previously scheduled the next quarterly meeting for Friday, May 19, 2023 at 9:00 AM.

9. Adjournment

There being no further business, Chairman Branham adjourned the meeting at 10:40 AM.

Respectfully Submitted,

Rabbi Kasdan, Board Secretary