

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

MEETING MINUTES: August 18, 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 9:00 AM and called roll.

Those persons present included:

TRUSTEES:

Steve Branham, Chair
Carolyn Brown
Mark Fultz
David Gutridge
Rabbi Kasdan
Steve Schield
Martin Sharkey

OTHERS:

David Wheeler & Theodore Loew,
Investment Consultant (Graystone Consulting)
Ron Cohen, Attorney (Lorium Law)
Scott Baur, Administrator (Resource Centers)
Sue Smith, Finance Director (Town of Longboat Key)
Savannah Cobb, Deputy City Clerk (Town of Longboat Key)

Absent:

Frank Cona
Andy Sawyer

All those present recited the Pledge of Allegiance.

1. Public Comment

No members of the public had any comment.

2. Welcome: Trustee Mark Fultz

The Trustees welcomed Mark Fultz to the Board, replacing Tom Batchelor as the elected representative for the Firefighter members. Savannah Cobb administered the oath of office to Mr. Fultz.

3. Approval of Minutes: May 19, 2023

The Board reviewed the draft minutes for the quarterly meeting on May 19, 2023.

Rabbi Kasdan made a motion to approve the minutes for the May 19, 2023 meeting as presented. The motion received a second from David Gutridge, approved by the Trustees 7-0.

4. Reports

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

David Wheeler reviewed the market highlights for the June 30 quarter. He reported that the S&P 500 Index gained 8.74%, with growth stocks leading in a rising interest rate environment. Domestic markets also outperformed international markets. Bonds suffered modest losses as interest rates continued to increase. A decline in manufacturing signals a possible slowdown in the economy, although the economy remains resilient with low unemployment. Inflation moderated during the quarter and companies reported stronger earnings than expected.

The portfolio gained 4.03% for the quarter ending June 30, 2023 compared to a gain of 3.67% for the benchmark, and 14.86% for the fiscal year to date compared to a gain of 15.28% for the benchmark. The Retirement System finished the June 30 quarter with \$43.372 million in total assets. Mr. Wheeler reported that the portfolio currently overweights equities and underweights fixed income securities. About 44% of the assets, through index allocations and the fixed income holdings, closely match their benchmarks. Mr. Wheeler reviewed individual manager performance during the quarter, noting that all managers performed well. Higher yields should buffer the bond holdings against price declines.

Mr. Wheeler reported that the American Realty private real estate allocation continued to post losses, although properties remain 92% leased and the portfolio has low leverage. He recommended the Board rebalance assets to take gains and bring the fixed income allocation back to policy targets as follows: \$200,000 from the JP Morgan value allocation; \$400,000 from the Vanguard large growth portfolio; \$300,000 from Lazard; \$100,000 from Renaissance; \$100,000 from Center Coast; \$300,000 to Connors; \$200,000 to Congress; and \$600,000 to Pacific Income.

Rabbi Kasdan made a motion to approve the rebalance recommendation by the investment consultant. The motion received a second from David Gutridge, approved by the Trustees 7-0.

Mr. Wheeler advised that the Board must update the Investment Policy to comply with HB 3, which requires that the Board invests assets based only on pecuniary factors rather than any ESG type factors. HB 3 also imposes some limitations on proxy votes by investment managers. The Board must file a new comprehensive report by December 15. Investments prohibited by Florida do not fall under the definition for pecuniary factors. The Board considered the timing of the updates for compliance, since the changes to the Investment Policy must still go through the Town. Ron Cohen recommended that the Board adopt the changes and make further updates for compliance if needed.

Steve Schield made a motion to accept the recommended changes to the Investment Policy Statement and send the changes to the Longboat Key Town Commission prior to the next meeting for compliance with HB 3. The motion received a second from Peter Kasdan, approved by the Trustees 7-0.

Attorney Report (Ron Cohen, Lorium Law)

Mr. Cohen welcomed Mark Fultz to the Board and introduced his role as Board counsel. He briefly explained the responsibilities and role of the Trustees, who serve as fiduciaries to the Retirement System. Fiduciaries get judged by a standard for reasonableness based on circumstances, a standard that relies more on process than outcomes. He also reviewed public records laws and Sunshine Law requirements in Florida. He further explained the provisions of Chapter 119 Florida Statutes related to the assets and practices of the Board.

He then addressed the liability of individual trustees for decisions made by the Board. The Board has legal protection, with a limited waiver for sovereign immunity for tortes. Trustees cannot be sued individually except for acting in bad faith, negligence, or malicious conduct. He further discussed contract claims. Finally, he advised that the Board carries insurance for fiduciary liability. Protection under the policy extends to spouses and estates. The policy includes a waiver of recourse, with the additional premium paid by the Town. The Board reviewed the current fiduciary liability insurance policy renewal.

Rabbi Kasdan made a motion to approve the renewal of the insurance policy. The motion received a second from Carolyn Brown, approved by the Trustees 7-0.

Administrator Report (Scott Baur, Resource Centers)

Mr. Baur reported the results of the special election to replace Tom Batchelor with a new representative for the firefighter members on the Board. Mr. Batchelor resigned from the Board due to health concerns. He then reviewed details for the upcoming election for the seat currently held by Steve Schield to represent the general employee members, which expires as of September 30.

He also reviewed the details for the upcoming annual public safety pension conference held by the Division of Management Services and the Fall Trustee School by the Florida Public Pension Trustee Association (FPPTA).

5. Plan Financials**Interim Financial Statement**

The Board received and reviewed the interim financial statement through June 30, 2023.

Warrant: Approval Expenses

The Board reviewed the Warrant for payment of expenses dated August 18, 2023.

Rabbi Kasdan made a motion to approve the Warrant dated August 18, 2023, for payment of expenses. The motion received a second from Martin Sharkey, approved by the Trustees 7-0.

Benefit Approvals

The Board reviewed the benefit approval for firefighter member Kenneth Grimes.

Rabbi Kasdan made a motion to approve the benefit for Kenneth Grimes. The motion received a second from Martin Sharkey, approved by the Trustees 7-0.

6. New Business

Chair Branham explained the Town asked to revise the trustee terms to conform to the schedule of other Town board appointments that expire in May each year. The Town proposed to extend the current terms to end in the month of May following the current term expiration dates.

David Gutridge made a motion to approve a recommendation to the Town Council to update the terms of the trustees. The motion received a second from Steve Schield, approved by the Trustees 7-0.

7. Old Business

The Board had no old business for consideration.

8. Board Comments

No Trustees had any further comments.

9. Additional Reports

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

10. Next Meeting

The Board previously scheduled the next quarterly meeting for Friday, November 17, 2023 at 9:00 AM.

11. Adjournment

There being no further business, Chairman Branham adjourned the meeting at 10:54 AM.

Respectfully Submitted,

Rabbi Kasdan, Board Secretary