

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

MEETING MINUTES: NOVEMBER 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 9:05 AM and called roll.

Those persons present included:

TRUSTEES:

Steve Branham, Chair
Frank Cona, Vice-Chair
Rabbi Kasdan, Secretary
Mark Fultz
Andy Sawyer
Steve Schield (9:15 AM)
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 Town Clerk (Town of Longboat Key)
Stephanie Janney, Town Clerk's Office (Town of Longboat Key)

Absent:

Carolyn Brown
David Gutridge

All those present recited the Pledge of Allegiance.

1. Public Comment

No members of the public had any comment.

2. Oaths of Office

Savannah Cobb administered the oath of office to Board Chair Steve Branham and Vice-Chair Frank Cona following renewal of their terms on the Board.

3. Approval of Minutes: August 18, 2023

The Board reviewed the draft minutes for the quarterly meeting on August 18, 2023. Ron Cohen addressed some confusion over the approval of the Investment Policy as the Board waited on the state to provide rules for filing the new comprehensive report due by December 15 to comply with HB 3. He stated that the Board did in fact decide to wait to forward the updated Investment Policy to the Town with a recommendation for approval in case the Board needed to make further updates, while the draft minutes reflected that the Board finalized the changes for compliance. Mr. Baur will review the recording for the meeting to ensure that the minutes accurately reflected the action taken by the Board.

* Trustee Steve Schield did not participate in the initial motions passed by the Board until he took the oath of office for a new term following his re-election to the Board of Trustees as the representative for the General Employee members.

Rabbi Kasdan made a motion to approve the minutes for the August 18, 2023 meeting subject to confirmation from the recording. The motion received a second from Andy Sawyer, approved by the Trustees 6-0.

4. Reports

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

David Wheeler reviewed historical market volatility by year since 1981 and rolling market returns since 1944. He reported that the S&P 500 Index gained more than 7% over 7-year periods 72% of the time, with only 2 periods of sharp decline followed by a gradual recovery. He reported that inflation appears to be moderating, although the yield curve remains inverted. Despite contrary indicators, the economy has not entered a recession with low unemployment and a high labor participation rate. Corporate earnings are strong and consumers keep spending money. Growth stocks during the recent period sharply outperformed value stocks.

Mr. Wheeler reported that most market sectors declined 3-4% during the September 30 quarter. The market has very narrow gains year-to-date, with the top 10 stocks in the S&P 500 index accounting for 96% of the gains. The Retirement System assets returned -3.33% for the September 30 quarter compared to -2.72% for the benchmark. For the fiscal year ending September 30 the portfolio gained 11.78% to finish the year with \$41.7 million in total assets.

Mr. Wheeler continued to discuss the national debt in comparison to historical markets. He also advised that market corrections often follow periods of narrow market gains. He further reviewed individual manager performance, setting the expectation for a longer duration bond manager to lock in higher yields once interest rate increases appear to cease. American Realty, the private real estate manager, continued to write down property values even though properties remain 94% leased. He reviewed expected cash flow needs and recommended a rebalance of the portfolio to realign assets with Investment Policy targets. He recommended taking \$200,000 from Vanguard large cap value; \$200,000 from Vanguard large cap growth; \$100,000 from Kayne Anderson; \$200,000 from Lazard International; \$100,000 from Center Coast; and \$100,000 from Renaissance, reinvesting the proceeds of \$900,000 in the Pacific Income Bond Fund. The Board considered the possible opportunity cost to rebalance now against the expected cash flow needs.

Rabbi Kasdan made a motion to approve the rebalance recommendations. The motion received a second from Martin Sharkey, approved by the Trustees 6-0.

Attorney Report (Ron Cohen, Lorium Law)

Stephanie Janney joined the meeting on behalf of the Town Clerk to administer the oath of office to Trustee Steve Schield for his new term on the board.

Ron Cohen advised the Board that the updated Investment Policy Statement must now go to the Town for approval for the Board to file the new comprehensive report timely required by

HB 3. He reported that the Division issued only vague guidance regarding the content for the required filing, so the pension attorneys advising Boards in Florida collaborated on a template for the filing. The comprehensive report will include an affidavit of compliance along with a copy of the updated Investment Policy. The administrator already registered the Retirement System with the Division of Retirement to file the comprehensive report.

Rabbi Kasdan made a motion to approve the recommended format to file the comprehensive report. The motion received a second from Andy Sawyer, approved by the Trustees 7-0.

Administrator Report (Scott Baur, Resource Centers)

Mr. Baur reported that the Division of Management Services approved the 2023 Annual Reports filed for Police and Fire. The Board received meeting dates for 2024 based on the Board meeting schedule for 2023. Mr. Baur also provided the Trustees with a list of upcoming opportunities and conferences for continuing education.

5. Plan Financials

Interim Financial Statement

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

Warrant: Approval Expenses

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

Rabbi Kasdan made a motion to approve the Warrant dated November 17, 2023, for payment of expenses. The motion received a second from Frank Cona, approved by the Trustees 7-0.

Benefit Approvals

The Board reviewed the COLA increases for retired Police and Fire members prepared by the actuary, effective as of October 1.

Andy Sawyer made a motion to approve the COLA increases for retired police officer and firefighter members. The motion received a second from Rabbi Kasdan, approved by the Trustees 7-0.

6. New Business

Rabbi Kasdan expressed concern that general employee members retired from the Town of Longboat Key do not receive an annual COLA. General employees retired from Longboat Key also typically have much smaller pensions than risk employees. Ron Cohen advised that legal issues may exist for the Town to change benefits for plan members already retired. Mr. Cohen will provide clarification on any legal issues at the next meeting of the Board.

7. Old Business

Mr. Baur reported that the Town passed the ordinance adjusting the terms for the current Trustees to end in May to coincide with the schedule for other Town board appointments. The Town added 8 months to the terms for each trustee to make the change. The actuary provided a statement of no financial impact.

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, February 16, 2024 at 9:00 AM. Due to a conflict with local elections, the Board rescheduled the August 16, 2024 meeting to August 23.

11. Adjournment

There being no further business, Chairman Branham adjourned the meeting at 11:10 AM.

Respectfully Submitted,

Rabbi Kasdan, Board Secretary