

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

**MINUTES: May 23, 2016**

**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 1.00 PM in the Town Commission Chamber located at 501 Bay Isles Road, Longboat Key, Florida.

Those persons present included:

TRUSTEES

Steve Branham, Chair  
Nancy Woodley  
Lou Levy  
Sandi Henley  
Chief Peter Cumming  
Joe Fabrizio  
Randy Thompson  
Thomas Batchelor

OTHERS

Ron Cohen, Rice, Pugatch, Robinson, Storfer and Cohn  
Scott Baur & Amanda Kish, Resource Centers  
Sue Smith, Finance Director  
Charles Mulfinger & Scott Owens, Graystone Consulting  
Lisa Silvertooth Human Resource Director

TRUSTEES ABSENT AND EXCUSED: Frank Cona

All present recited the Pledge of Allegiance.

**2. PUBLIC COMMENTS**

No members of the public were present to comment.

**3. APPROVAL OF THE MINUTES**

The Board reviewed the Minutes from the March 7, 2016 meeting and suggested corrections.

Nancy Woodley made a motion to approve Minutes for Quarterly meeting of March 7, 2016 as amended. The motion was seconded by Lou Levy and approved by the Trustees 8-0.

**4. REPORTS**

2015 Annual Valuation (Doug Lozen, Foster & Foster)

Mr. Lozen appeared before the Board to present the October 1, 2015 Actuarial Valuation Report. He explained that the report for the Consolidated Retirement System now includes the three legacy plans. Mr. Lozen briefly reviewed the role of the actuary and the purpose of the report, which establishes the funding requirement for the Town. For the closed plan, most of the future experience will result from mortality and investment experience.

Mr. Lozen reported that the contribution for all plans will decrease for the fiscal year starting October 1, 2016. The required contribution by the Town drops from \$3,119,832 for the current fiscal year to

\$3,012,062, due primarily to favorable investment experience. The Plan smooths investment gains or losses over a 4-year period. Mr. Lozen reviewed actual experience compared to the assumptions for the year ended September 30, 2015 in further detail. The valuation now uses a 7% return assumption on investments, where Police & Fire previously assumed assets would return 7.5%. The Retirement System had additional gains from favorable mortality and higher than expected turnover. The actuary briefly addressed a proposed method to attribute future gains and losses on assets to the reserves established for the former General Employee, Police Officer, and Firefighter member groups. The plan will also continue to amortize prior gains and losses for the three member groups. Mr. Lozen will recommend procedures to properly attribute the experience components.

Mr. Lozen reported that the funded status for the Consolidated Retirement System increased from 57% to 60%. He reminded the Board that the new mandated mortality assumptions will apply to the 2016 Actuarial Valuation, expected to increase required contributions by the Town. The status of the closed plan will magnify the impact of the assumption changes on funding requirements. Mr. Lozen stated that other assumptions adopted by the Board for the valuation appeared reasonable.

Lou Levy made a motion to approve the October 1, 2015 Valuation. Sandi Henley seconded the motion, approved by the Trustees 8-0.

The Board moved Item 7 of the Agenda to discuss the proposed cash payouts to vested deferred members of the plan with the actuary. The Board addressed the topic on the Agenda at the request of Trustee Tom Batchlor. Mr. Batchlor stated that the Town allowed non-vested members to cash out the value of future benefits, but not vested deferred members. The Board previously communicated to the Town in July 2015 that the Trustees had no objection if the Town offered cash payouts to other classes of former or current members of the plan. The Town may be addressing such issues in bargaining. If permitted, Jim Lynn will draft any proposed ordinance on behalf of the Town to offer additional payouts to members. Doug Lozen, meanwhile, would have to calculate the corresponding benefit amounts.

The Trustees considered the definition of actuarial equivalence for the process, which still remains at an 8% investment return assumption for the former legacy Retirement Systems. Moreover, former cash payouts to members used the 8% investment return assumption as well. Ultimately, the Town must define the actuarial equivalence by ordinance for use to calculate the lump sum benefits for any additional cash payouts.

#### Graystone (Charles Mulfinger & David Wheeler)

Mr. Wheeler gave a brief over view on the asset consolidation and timing. Mr. Wheeler informed the Board that the final asset consolidation may take place by late June or early July if all the necessary agreements get executed. Mr. Wheeler addressed the market performance for the quarter ending March 31, 2016. He stated that the S&P ended with a gain of 1.3% after being down for most of the quarter. Interest rates fell during the quarter, and many foreign central banks now have negative interest rates. On a positive note, the market seems to continue to grow at a slow but steady rate with stronger employment. Mr. Wheeler continued to review performance for the various markets sectors during the prior quarter.

Mr. Mulfinger addressed the performance for the former General Employees' Retirement System by reviewing the report provided by the Bogdahn Group. The portfolio for the former General Employees' Retirement System had total assets of \$10,182,784.00 as of March 31, 2016. The portfolio gained 0.93% gross for the quarter and 0.88% net of expenses, under the benchmark return of 1.72%. Mr. Mulfinger then reviewed the performance for the former Police Officers Retirement System for the quarter ending

March 31, 2016. The Police Officers' Retirement System had total assets of \$6,593,621.63 on March 31, 2016. The portfolio gained 0.66% gross of fees and the 0.47% net, compared to 1.36% for the benchmark. He stated that the Police Officers' Retirement System had a lower return than the benchmark with somewhat lower risk or volatility. Mr. Mulfinger reviewed the performance of the individual managers. In a similar fashion, Mr. Mulfinger reported that the portfolio for the former Firefighters' retirement System also had somewhat lower returns with less volatility. The portfolio had total assets \$16,801,722.32 as of March 31, 2016. The investments gained 1.95 % gross and 1.75% net, beating the benchmark return of 1.57%. The assets for the former Firefighters' Retirement System gained 3.9% for the current fiscal year through March 31.

The Board took a brief recess.

#### Administrator Report (Scott Baur, Amanda Kish Resource Centers)

##### Update on Dennis Silverio Disability Application

Ms. Kish updated the Board regarding the status of an application for a disability pension filed by a member of the Police Officers Retirement System. She reported that a doctor had been obtained to perform the Independent Medical Examination for Mr. Silverio, and she addressed the cost for the evaluation as well. Chair Steve Branham asked to be notified in the event of additional costs or required medical examinations to process the benefit application.

##### Signature Authorization Updates

Mr. Baur addressed the Morgan Stanley and First State agreements. He stated that Mr. Cohen reviewed the agreements and all the necessary agreements are now available for execution.

Joe Fabrizio made a motion to accept the agreements with First State and Morgan Stanley/Graystone. The motion was seconded by Nancy Woodley and approved by the Trustees 8-0.

Mr. Cohen, counsel for the Board of Trustees, had additional resolutions prepared for both Morgan Stanley and First State to establish the authorized signors. Mr. Cohen informed the Board that he noticed a misspelled name on the resolution.

Thomas Batchelor made a motion to accept the Resolutions as amended. The motion was seconded by Randy Thompson and approved by the Trustees 8-0.

##### Attorney Report (Ron Cohen)

Ron Cohen addressed the agreements pending for the Connor Covered Call strategy and American Realty direct real estate investment. Mr. Cohen stated that he previously dealt with American Realty, so he anticipated no issues with the proposed agreements. If he identifies any issues with the proposed agreement for the Connor Covered Call portfolio, then he may bring that agreement back to the Board for further consideration. Mr. Mulfinger stated that he could fund the Exchange Traded Fund (ETF) in proposed for the large cap equity allocation until the Board approves an agreement.

Nancy Woodley made a motion to approve the agreements for the Connors Cover Calls and American Realty subject to review by counsel. The motion was seconded by Thomas Batchelor and approved by the Trustees 8-0.

DROP Accounts and Quarterly Returns (Lisa Silvertooth)

Ms. Silvertooth addressed the process for members to take distribution of DROP Accounts following separation from employment. She questioned the process used to close the accounts, with the posting of any final earnings owed to the members. Mr. Baur recommended that the Board distribute 90% of the available account balance on separation, holding back 10% in the event the portfolio suffered losses in the quarter the Retirement System makes the distribution. Mrs. Silvertooth stated that she would forward the details to members taking distributions from the DROP Accounts.

5. PLAN FINANCIALS

Interim Financial Statement

The Board reviewed the interim financial statements for the former General Employees Retirement System, the Police Officers Retirement System, the Firefighters Retirement System, and the composite financial statement for the Consolidated Retirement System.

Ratification of Warrants.

The Board reviewed the Warrants for payment of invoices dated March 7 of 2016, for the former General Employees, Police Officers, and Firefighters Retirement Systems.

Joe Fabrizio made a motion to ratify warrants for quarterly meeting March 7, 2016. The motion received a second by Pete Cummings and approved by the Trustees 8-0.

The Board had a brief discussion regarding the payment of the Final GW Capital invoice for the former Police Officers Retirement System.

Sandi Henley made a motion to pay the final GW Capital invoice. The motion received a second by Joe Fabrizio, approved by the Trustees 8-0.

Benefit Approvals

The Board had a brief discussion regarding the Benefit Approvals. Mr. Batchelor noticed that his monthly amount was incorrect on the Benefit Approval, as well as his future security offset date.

Sandi Henley made a motion to accept the benefit approval as amended. The motion was second by Thomas Bachelor and approved by the Trustee 7-0. Mr. Batchelor abstained from the vote, since his benefit appeared on the approval.

Mr. Baur stated that he would provide Mr. Batchelor with a voting abstention form.

6. OLD BUSINESS

Cash Payout: Vested and Vested Deferred Members

The Board addressed the possible cash payouts to additional classes of members earlier on the meeting Agenda.

7. NEW BUSINESS

Mr. Levy requested the meeting materials further in advance of the meeting. Mr. Baur reminded the Trustees to file the annual Form 1 Financial Disclosure by July 1 with the Supervisor of Elections for the county in which each Trustee resides.

Mrs. Woodley informed the Board that this will be her last Board meeting. She thanked the Trustees and stated that it was a pleasure to serve on the Board.

Quarterly Meeting Date

The board discussed the next quarterly meeting date. The Trustees set the next quarterly meeting for August 11, 2016 at 9:00 AM

8. ADJOURNMENT

There being no further business, Chair Branham adjourned the meeting at 1:17 PM.

Respectfully Submitted,

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Sandy Henley