

M E M O R A N D U M

TO: Town Commission
FROM: Susan Smith, Finance Director
REPORT DATE: June 13, 2024
MEETING DATE: June 28, 2024
SUBJECT: Consolidated Retirement System Chairman's Update to the Commission

Recommended Action

None. Informational only.

Background

The Town's Actuary, Foster & Foster, delivered and discussed the annual actuarial valuation report dated October 1, 2023 to the Consolidated Retirement System Board of Trustees (the "CRS Board") at their regular quarterly meeting held May 17, 2024. Attached is a memorandum from Steve Branham, Chairman of the CRS Board, providing an informational update for the Commission.

Staff Recommendation

None. Informational only.

Attachment:

- A. Memo from Steve Branham, Chair, Consolidated Retirement System Board
- B. Enclosure 1-May 2024 Flash Report (Available in Town Clerk's Office)
- C. Slides from Foster & Foster Actuary Summary (Available in Town Clerk's Office)

M E M O R A N D U M

To: Town Commission
From: Steve Branham, Chair, Consolidated Retirement System Board
Report date: June 14, 2024
Meeting date: June 28, 2024
Subject: Consolidated Retirement System Fund Status

Dear Commissioners and Town Manager,

On behalf of the Board of Trustees for the Town of Longboat Key Consolidated Retirement System, I am writing to advise you on the status of the fund. The Consolidated Retirement System Board of Trustees last met at our quarterly meeting on May 17, 2024. The fund is doing well despite the continued volatility in stock market performance. We are carrying out your direction as specified in the applicable Town Ordinances and the Fund Investment Policy Statement.

Enclosure 1 is a snapshot of the total fund performance as of May 31, 2024. Focusing on the “Manager Annualized Performance” section, total fund performance was up 2.97 percent over the last month, outperforming the policy benchmark of 2.78 percent, and down 0.34 percent over the past quarter primarily due to weak performance during the month of April 2024. For the past Fiscal Year to Date, returns were 13.54 percent and our annualized return since inception (July 1, 2016) stands at 8.41 percent. Recall that the fund-assumed rate of return was adjusted to 6.75 percent (down 0.25 percent) in the Fall of 2022. The “Historic Asset Growth” section shows the current market value at just over \$46.43 Million (up nearly \$5M over the past year). Our investment consultant is satisfied with fund performance in the context of the overall economic conditions and continued market volatility. Generally, our consultants continue to recommend we maintain our current fund allocation which remains within the ranges specified in our Investment Policy Statement.

Enclosure 2 contains selected slides from the annual fund valuation done by our contracted actuary as of October 1, 2023, and presented to the Trustees at our meeting on May 17, 2024. These slides will provide you with a useful snapshot of the number of participants, fund performance, and the Town’s annual funding contribution to fulfill total funding needs.

- Slide 1: Participant Data – 2023 Valuation - 136 Participants = 18 active; 118 receiving benefits. 2022 Valuation - 138 Participants
- Slide 2: Investment Return Performance - Overall fund actual performance versus the Assumed Rate of Return (ARR). Again, recall that the fund ARR was adjusted to 6.75 percent (down 0.25 percent) in the Fall of 2022. We expect to hold our ARR at that level for at least another year.

- Slide 3: Net Pension Liability (NPL) – the primary point of this slide is that we are making good progress in reducing NPL and thereby increasing the funding ratio. The effect of doing so helps to control the Town’s Annual Required Contribution (ARC) shown on Slide 4.
- Slide 4: Annual Required Contribution (ARC) as Percentage of General Fund Budget – FY23 ARC was \$2.5M or 14 percent of the Town General Fund budget. ARC for FY24 is expected to be about \$2.9M, again 14 percent of the GF budget.

I plan to attend your June 28, 2024, Special Meeting where this item will appear on the Consent Agenda. I would be happy to answer any questions you may have then.

On behalf of the Board of Trustees, thank you for your continued leadership in support of our efforts to ensure Fund participants’ assets are well managed.

Sincerely,

Steve Branham
Rear Admiral, U. S. Coast Guard (retired)
Chairman, Consolidated Retirement System Board of Trustees

Enclosures: (available in the Town Clerk’s Office)

(1) Town of Longboat Key Consolidated Retirement Fund Flash Report dated May 31, 2024

(2) Town of Longboat Key, Consolidated Retirement System Annual Valuation dated October 1, 2023

End of Agenda Item