

**MINUTES**  
**LONGBOAT KEY FIREFIGHTERS' RETIREMENT SYSTEM**  
**SPECIAL MEETING**  
**JANUARY 27, 2010 - 1:00 P.M.**

**Present:** Chairman Keith Tanner, Vice Chairman Arnold Malasky, Trustees Brandon Desch, Michael Murphy

**Absent:** Trustee Ronald Vale

**Also Present:** Finance Director and Staff Liaison Tom Kelley, Town Manager Bruce St. Denis, Attorney Robert Sugarman, Deputy Town Clerk Jo Ann Mixon

**Call to Order**

The Special Meeting of the Longboat Key Firefighters' Retirement System was called to order by Chairman Keith Tanner, at 1:10 p.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key Florida.

**Items for Discussion**

**1 Annual Investment Rate of Return Letter**

Trustee Murphy stated his name was eliminated from the list of Trustees.

**There was consensus to amend the Annual Investment Rate of Return letter by adding Trustee Michael Murphy's name, and for Finance Director and Staff Liaison Tom Kelley to provide the amended letter to Keith Brinkman, State of Florida Bureau of Local Retirement Systems.**

**2 Discussion of Issues and Concerns with the Actuary and Board Attorney Brought Up by the IAFF at the August 26, 2009 Quarterly Meeting and Presentation of the Response Letter Prepared by Fire Trustee Malasky.**

Trustee Malasky explained answers to the questions poses at the 11-18-2009 Firefighters' Retirement System Quarterly Meeting were drafted and provided for review to Attorney Sugarman and Actuary Hendricks.

Discussion ensued regarding the following:

- 2003 Plan Valuation (method changes)
- increased employee contributions (from 6.0% to 10.0%)
- whether method changes were applied retroactively (no)
- date when Trustees approved the changes (05-26-2004 meeting)
- manner in which the assumption changes were presented (written documents)
- 2003 Valuation regarding the cost-funding method change
- Florida Statute 112.61 (burden placed upon future taxpayers)
- 2000 through 2006 Plan Valuations (assumptions)
- actuarial experience study (prepared by Foster & Foster 03-10-2008)

2 Discussion of Issues and Concerns with the Actuary and Board Attorney Brought Up by the IAFF at the August 26, 2009 Quarterly Meeting and Presentation of the Response Letter Prepared by Fire Trustee Malasky - Continued

- Longboat Key Firefighters' Retirement System and State of Florida agreement re Plan Valuation approvals
- assumption changes approved by the board effective with 10-01-2007 Plan Valuation
- whether the Board requested an asset allocation study (no)
- actual rate of return versus the assumed rate of return
- Town Code Section 34.47(C) employee buy-back provision and use of those funds
- Florida Statute 112.661(9) Board determination regarding Annual Rate of Return
- Deferred Retirement Option Plan (DROP) participants and Town contributions
- Unfunded Actuarial Accrued Liability (amortization payment)
- pension plan cost early retirement incentive option available to qualified members
- 2009 Actuarial Impact Statement (dated 06-22-2009)
- payroll savings anticipated to be realized in the next several years
- if Attorney Sugarman was in attendance at the 05-26-2004 Board Meeting (yes)
- when Attorney Sugarman became aware the 2002-2006 Plan Valuations were not approved by the State of Florida (02-18-2008)
- whether Attorney Sugarman made recommendations regarding resolution to the issues raised by the State of Florida
- whether Attorney Sugarman was involved in negotiations with the State of Florida regarding the rejected Plan Valuations
- whether a Longboat Key Firefighters' Retirement Board member participated in the negotiations with the State of Florida (the agreement was between the Longboat Key Firefighters' Retirement Board and the State of Florida revised 10-01-2008 Actuarial valuation)
- whether a written agreement between the State of Florida and the Town of Longboat Key existed
- whether the 2003 actuarial assumption changes resulted in a \$1 million annual plan liability
- components of the latest annual amortization payment

Trustee Malasky asked for additional information to be identified on the annual Valuation Reports

Chairman Tanner requested written confirmation (a letter) from Attorney Sugarman and Actuary Brad Hendricks identifying agreement with the answers provided by Trustee Malasky.

**There was agreement from Attorney Sugarman and Actuary Brad Hendricks to provide written confirmation/agreement regarding the answers provided by Vice Chairman Malasky to the posed questions.**

2. Discussion of Issues and Concerns with the Actuary and Board Attorney Brought Up by the IAFF at the August 26, 2009 Quarterly Meeting and Presentation of the Response Letter Prepared by Fire Trustee Malasky - Continued

Additional discussion was held with respect to the following:

- confidence level in the Actuarial firm Foster & Foster, Inc.
- hiring an independent actuarial to review the work of Foster & Foster Inc.
- 8.0% assumption rate
- factual answers provided by Vice Chairman Malasky
- Foster & Foster, Inc. participation in Longboat Key Town Commission Workshops regarding pension benefits

Discussion continued regarding the following:

- If individuals should be both a union representative and a pension board member
- additional cost related to independent audits and fiduciary responsibility
- At-Large Trustee selection process

**Recess 3:00 p.m. – 3:06 p.m.**

Additional discussion was held with respect to the following:

- Firefighter Union issues overlapping to the Retirement System Board of Trustees
- Collective Bargaining representatives and their role
- independent actuary audit, related cost, and what specifically should be reviewed
- unfunded liability issues
- inviting the Union's actuary to a Firefighters' Retirement System Board of Trustee meeting
- allowing Vice Chairman Malasky to discuss this issue with the Union's actuary
- whether the Firefighters' Retirement Board could require a higher funding level to pay-down the unfunded liability
- consequences connected to a higher funding level
- investment performance over the past two years
- unfunded liability levels (Longboat Key plan versus other municipal plans)

Town Manger St. Denis expressed agreement to invite the Union's consultant to attend the nest quarterly meeting.

**Trustee Murphy moved to authorize the release of Vice Chairman Malasky's responses (after endorsement by the actuary and lawyer); to request any written follow-up questions, from the Union's consultant, a minimum of 10 days prior to the February 24, 2010 Quarterly Meeting; to request the consultant attend the February 24, 2010 Quarterly Meeting; and, to authorize Vice Chairman Malasky to answer, on his own behalf, any questions or clarification needed by the Union's consultant. The motion, seconded by Trustee Desch, carried unanimously on voice vote.**

Attorney Sugarman read a letter into the record, expressed his opinion regarding the board's actions, and complemented the board on their past decisions.

2. Discussion of Issues and Concerns with the Actuary and Board Attorney Brought Up by the IAFF at the August 26, 2009 Quarterly Meeting and Presentation of the Response Letter Prepared by Fire Trustee Malasky - Continued

Town Manager St. Denis explained the role of Foster & Foster Inc. when discussions were held at the Town Commission Workshops.

**Liaison Report**

. Pension Fund Investment Custodian

4. Morgan Stanley Contract and Dissolution of the WRAP Program

Finance Director and Staff Liaison Tom Kelley asked for Board direction regarding the Custodian and Wrap Program dissolution.

Discussion was held regarding the following:

- Morgan Stanley/Smith Barney – Joe Carter pending custodial relationship issues
- WRAP program dissolution

The following direction was provided to Staff Liaison and Finance Director Tom Kelley:

- maintain Morgan Stanley/Smith Barney – Joe Carter as the Investment Manager
- obtain individual contracts for each consultant / negotiate cost
- contract with Salem Trust for Custodian Services

**Attorney Comments**

Attorney Sugarman announced the following educational opportunities:

- Florida Public Pension Trustee Association February 9 -11, 2010 in Jacksonville, FL
- State of Florida, Department of Retirement May 24 -26, 2010 in Tallahassee, FL

**Board Comments**

Discussion ensued regarding the November 17, 2010, meeting time. **Consensus was reached to hold the meeting at 1:30 p.m.**

**Adjournment**

Chairman Tanner adjourned the January 27, 2010, Quarterly Meeting at 4:15 p.m.

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Jo Ann Mixon, Deputy Town Clerk

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Keith Tanner, Chairman

**Minutes Approved: 02-24-2010**