



City of Margate

5790 Margate Boulevard
Margate, FL 33063
954-972-6454
www.margatefl.com

Meeting Minutes Employee Benefits Trust Fund

Jacqueline Chin-Kidd, Chair
Michael A. Jones, Vice Chair
Ronald N. Gangoo, Secretary
Alberto Arango, Trustee
Paul Frankenhauser, Trustee
Lori Hofer, Trustee
Joanne Simone, Trustee

Monday, August 5, 2024

3:00 PM

Commission Chambers

CALL TO ORDER

ROLL CALL

Present: 5 - Trustee Joanne Simone, Trustee Alberto Arango, Secretary Ronald N. Gangoo, Vice Chair Michael Jones and Chair Jacqueline Chin-Kidd

Absent: 2 - Trustee Lori Hofer and Trustee Paul Frankenhauser

1) PUBLIC DISCUSSION

There was no Public Discussion.

2) PRESENTATION

A. [ID 2024-239](#) PRESENTATION OF ACTUARIAL REPORT BY FOSTER & FOSTER

FOSTER & FOSTER (F & F) ACTUARIES AND CONSULTANTS, PETER McCLOUD, introduced himself and said that he had been working as a Consultant with this company for six years but had been working in this field for approximately 27 years. He gave a presentation by teleconference where he read through the report of the Actuarial Valuation. He informed that the Employee Benefit Trust Fund (EBTF) had a plan that would fund a dollar amount for former employees to use towards their retiree medical benefits. He explained that the idea of this valuation was to establish how much money the City needs to deposit to fund the benefits when all of the participants get to retirement. He referred to EBTF being a "closed group" and said that it started back in 2001 and then closed about a decade later and that there were no new participants that would be applicable to join the plan thereafter. He expected that the liability would decrease in due course and that the present value of benefits was \$6,500,000 at the last valuation and that it was \$6,200,000 for this valuation. He advised that in general, the assets had not performed well over the last 12 years. He informed that with this type of plan, EBTF should keep it fairly well funded but not at 120% since ultimately when the closed group diminished, the board would have to consider what they could do with those assets after the plan was dissolved. He confirmed that the \$236,000 was the recommended contribution to get it to 100% funded by the time everyone had retired. He continued with his presentation where he highlighted that some of the assumptions were level over the last year which included changes in the actual health care premiums and that the mortality improvement scale was updated. He mentioned that how some of the assets were invested would obviously affect how the fund would perform. He said that EBTF's active members were approximately \$2,313,000 of the liability. He referenced the Actuarially determined contribution and said that the

unfunded \$860,000 would spread over the remaining working lifetime of EBTF's assets.

EBTF CHAIR, JACQUELINE CHIN-KIDD, referenced page six, 8. c. Interest and said it was \$1,565 versus \$13,210 and questioned if it was directly related to 8. a. which was the normal cost and questioned whether that determined the high increase.

F & F McCLOUD, confirmed that it was considered normal cost which applied for this year of the benefits that needed to be still funded. He advised that the \$13,000 had increased due to the normal cost being up as the total unfunded present value of benefits had increased.

MIERZWA & FLOYD (M & F), P.A. AND EBTF ATTORNEY, MARK W. FLOYD, informed that it was 7% of the normal costs and if EBTF did not have the \$188,000 for the expected gains for the year, then that would be the money that EBTF would have earned and that the actuarial report was accounting for those losses.

F & F McCLOUD continued with his presentation and referred to page 10's Summary of Plan Provisions and explained that they looked at the basic benefit which was a monthly amount of \$50 plus \$3.40 per year of service up to 25 years which is a fixed dollar amount that does not pump up over the years as a factor in their calculations. He advised that the actuarial contribution was a recommendation which was not required to be funded as it was not a pension plan and that they did not have to fund the full amount but that was the recommended amount for 100% funding.

M & F, P.A. AND EBTF ATTORNEY FLOYD asked if there was any way to identify the impact of the change in assumption for implementation of the new mortality table. He indicated that on the contribution, F & F was characterizing it as a recommendation but if it was a pension fund, the \$236,000 would be the actuarially required contribution.

F & F McCLOUD explained that the change to the mortality table would be relatively small and all that would change would be the mortality improvement scale, since the younger generation will have a lower mortality rate but the underlying mortality will remain the same. He confirmed that the equivalent numbers were correct for the actuarially required contribution.

EBTF CHAIR, CHIN-KIDD, stipulated that they had an agreement per Resolution that the City would fund the EBTF based on the latest actuarial report. She said that this report was received after the due date for the contributions and this report would not be reflected until the next payment and if the board decide to do another actuarial report where they could have it completed prior to June 30 which was the final date for the payment, they could possibly get this amount down before the next payment was due because their fund did bounce back since the "look back" period of this report so the amount could decrease if they did an actuarial report in one year instead of waiting for two years.

F & F McCLOUD said that if the assets did well, they would not have to do a full valuation report but would do an interim valuation where they would take the liabilities and just roll them forward and if the assets had increased, that would show a new number and that might be what you may want to fund them for this current fiscal year which ended in May 2024.

EBTF CHAIR, CHIN-KIDD, mentioned that the EBTF would want to do the interim valuation since they would have to submit this to the City for payment and the fund did bounce back from a balance of \$5,000,000 to \$6,000,000, which would impact the required funding amount.

A motion was made by Vice Chair Jones, seconded by Trustee Arango, for Foster & Foster to conduct an interim valuation and then send a proposal with an amount for the cost to do the interim report.

F & F McCLOUD questioned when EBTF would need to request funding.

EBTF CHAIR, JACQUELINE CHIN-KIDD, explained that the payment for this year had been completed and the next payment would not be due until June 2025.

F & F McCLOUD said that if they planned on waiting until they gained access to the financials as of May 31, 2025, sometime in June to calculate the next contribution amount.

M & F, P.A. AND EBTF ATTORNEY FLOYD, concerned that if they went off May 31, 2025, assets, the City would need to know that number earlier than mid-June. He explained that they needed an update as of May 31, 2024.

Discussion ensued.

F & F McCLOUD confirmed that they could do that much sooner than he thought.

The motion carried by the following vote:

Yes: 5 - Trustee Simone, Trustee Arango, Secretary Gangoo, Vice Chair Jones and Chair Chin-Kidd

Absent: 2 - Trustee Hofer and Trustee Frankenhauser

B. [ID 2024-172](#) INVESTMENT MANAGEMENT PERFORMANCE UPDATE FROM GRAYSTONE CONSULTING

GRAYSTONE CONSULTING (GC), SENIOR VICE PRESIDENT, DAVID A. WHEELER, provided the Quarterly Performance Summary via telephone conference and said that he wished he conducted the presentation three weeks ago as currently, it was not looking good. He gave updates on the economy and investment managers where the component parts were negative and that the only thing that was positive was the large cap growth index for Artificial Intelligent companies such as NVIDIA, Amazon and Apple and discussed what had occurred in the last week with the stock market which was impacted by a potential recession risk due to an increase in unemployment and election uncertainty. He stated that earnings have been good when looking back more than three weeks, highlighted the historic asset growth and referenced the inception number of August 1, 2007 where EBTF started out with a \$163,000. He mentioned that the EBTF had withdrawn \$280,000 net of what they put in and the fund was still worth \$1,648,000 as of June 30, 2024. He continued to talk about the managers and highlighted that when Chartwell was brought on three years ago, it initially had a good run but had struggled over the last 12 – 18 months but said that a few days ago, it had reversed itself and he was expecting a positive number in the third quarter. He said that Congress had struggled over the last nine months and continued to advise on which managers that had performed better than others. He advised that Graystones felt comfortable with the Asset Allocations so that they had no recommendation based on where they were on July 12 and with this market move, they still do not have any recommendations in terms of changes as sometimes, they just

have to ride it out. He explained that the positive was that they were accumulating approximately \$30,000 income into their Disbursement account and expected to accumulate close to \$220,000 - \$240,000 in cash and they should have a very easy cash raise if they were to withdraw \$300,000 and there should be a number of sources that they could do that in positive territory. He apologized for not attending the meeting in person and explained that he thought that EBTF was in pretty good shape despite the market decline which he said was normal. He concluded by saying that he had no rebalancing or manager changes to recommend.

3) SCHEDULE NEXT MEETING

EBTF CHAIR, CHIN-KIDD, explained that she would prefer the end of November/early December 2024 to enable Anchor Benefit Consulting (ABC) time to gather the applications and update the schedule properly so that they could identify who was missing.

Discussion ensued.

The EBTF Board agreed with the date proposed by M & F, P.A. AND EBTF Attorney Floyd for the next meeting scheduled for Thursday, December 12, 2024 at 2:30pm.

4) INVOICES

A. [ID 2024-173](#) INVOICES RECEIVED SINCE THE LAST EBTF MEETING

EBTF CHAIR CHIN-KIDD explained that they received three invoices for the:

- \$ 2,235.57 - EBTF Attorney, Mierzwa & Floyd, PA, March - May 2024;
- \$14,500.00 - F & F Actuaries and Consultants (which was less than what EBTF paid previously);
- \$ 633.00 - IRS for Form 720 and;
- \$ 9,441.70 - Anchor Benefit Consulting (ABC) for three quarters (1/2024-9/2024).

A motion was made by Vice Chair Jones, seconded by Trustee Simone, to approve all invoices. This carried as follows:

Yes: 5 - Trustee Simone, Trustee Arango, Secretary Gangoo, Vice Chair Jones and Chair Chin-Kidd

Absent: 2 - Trustee Hofer and Trustee Frankenhauser

5) DISCUSSION AND POSSIBLE ACTION

A. [ID 2024-235](#) MOTION - APPROVAL OF AUDIT ENGAGEMENT LETTER FOR KABAT, SCHERTZER, DE LA TORRE, TARABOULOS CPA (KSDT)

EBTF CHAIR, CHIN-KIDD, had an engagement letter for Kabat Schertzer, De La Torre, Tarboulos & Co., CPA (KSDT) for them to do EBTF's audit for a fee of \$10,315 which had increased to \$940 over the prior year.

A motion was made by Vice Chair Jones, seconded by Trustee Arango, to approve the KSDT's engagement letter for the sum of \$10,315.

EBTF TRUSTEE, ALBERTO ARANGO, questioned whether the standard raise was expected.

EBTF CHAIR, CHIN-KIDD, explained that KSDT was pretty reasonable and made small increments each year.

The motion carried by the following vote:

Yes: 5 - Trustee Simone, Trustee Arango, Secretary Gangoo, Vice Chair Jones and Chair Chin-Kidd

Absent: 2 - Trustee Hofer and Trustee Frankenhauser

6) REPORT FROM ATTORNEY

M & F EBTF ATTORNEY, FLOYD explained that the only item he had was the Plan amendment which was discussed at the last EBTF meeting and that they were waiting for the actuarial to be completed before they did it. He indicated that now that this had been agreed, they would proceed with that and he did not see any reason to make any changes based off that report. He hoped to have the Plan Amendment at the December 2024 EBTF meeting.

7) REPORT FROM TRUSTEES

EBTF TRUSTEE, ARANGO, was concerned with Charles Wohlitka and questioned if a follow-up had been made on his situation.

EBTF CHAIR, CHIN-KIDD, confirmed retiree Charles Wohlitka was approved at the last EBTF meeting and a check was distributed from Morgan Stanley to ABC. She emailed ABC representative, Lucy Ramos, to remind her that they need to send a check to the retiree and he would also receive a 10 month retro for the prior year.

8) OTHER BUSINESS

There was no Other Business.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:58pm.

Respectfully submitted,

Transcribed by Salene E. Edwards

Ronald N. Gangoo, Secretary

Date: _____

If a person decides to appeal any decision made by the Board with respect to any matter considered at this meeting, the person will need a record of the proceedings, and for such purpose may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone desiring a verbatim transcript shall have the responsibility, at his/her own expense, to arrange for the transcript.

Any person with a disability requiring auxiliary aids and services for this meeting may call the City Clerk's office at 954-972-6454 with their request at least two business days prior to the meeting date.

One or more members of the City Commission or City of Margate Boards may be in attendance and may participate at the meeting.