
**ROCKLEDGE FIRE EMPLOYEES' RETIREMENT BOARD
ROCKLEDGE GENERAL EMPLOYEES' RETIREMENT BOARD
ROCKLEDGE POLICE EMPLOYEES' RETIREMENT BOARD**

JOINT QUARTERLY MEETING MINUTES

Thursday, November 16, 2017

CALL TO ORDER

The Rockledge General Employees' Retirement Board, Rockledge Fire Employees' Retirement Board, and Rockledge Police Employees' Retirement Board met in joint quarterly session on Thursday, November 16, 2017 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

General Employees' Retirement Board

MEMBERS PRESENT: David Henderson, Chairman/City Manager Representative
Corey Harris, Support Staff Representative
Brian Laughlin, Citizen Representative
Michael Jarusiewicz, Public Works Representative

MEMBERS ABSENT: Tanya Molony, Citizen Representative (excused)

Fire Employees' Retirement Board

MEMBERS PRESENT: Jephtha Sunday, Chairman/Fifth Member
Mike McCaleb, Fire Representative
Ed Syfrett, Fire Representative
Tim Matson, Resident Representative

* Note: There was a vacancy on the Fire Retirement Board for a resident representative.

Police Employees' Retirement Board

MEMBERS PRESENT: Rick Burke, Chairman/Resident Representative
Joseph LaSata, Resident Representative
Hal Burke, Fifth Member

MEMBERS ABSENT: Christopher Crawford, Police Representative (excused)
David Grose, Police Representative (excused)

STAFF/CONSULTANTS: Dustin Watkins, Board Attorney – Sugarman & Susskind
Tyler Grumbles, Investment Advisor – AndCo Consulting
Chad Little, Actuary – Freiman Little Actuaries
Karan Rounsavall, Retirement Plan Administrator
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Henderson called the General Employees' Retirement Board meeting to order at 10:03 a.m. Likewise, Chairman Sunday called the Fire Retirement Board meeting to order

and Chairman Burke called the Police Retirement Board meeting to order. A quorum was in attendance for all boards.

APPROVAL OF MINUTES

A. All: Quarterly meeting of August 17, 2017

On behalf of the General Employees' Retirement Board, Member Harris moved to approve minutes for the August 17, 2017 quarterly meeting as submitted. Member Jarusiewicz seconded the motion and it carried unanimously.

As to the Fire Employees' Retirement Board, Member Syfrett moved to approve minutes for the August 17, 2017 quarterly meeting as submitted. Member Matson seconded the motion and it carried on an all yes vote.

Likewise, for the Police Employees' Retirement Board, Member LaSata moved to approve minutes for the August 17, 2017 quarterly meeting as submitted. Member Burke seconded the motion and it carried on an all yes vote.

OLD BUSINESS

A. All: Discussion and possible action relating to proposed ordinance to allow cross credit between the City's retirement plans for vesting purposes only

As directed by each retirement board at their respective quarterly meetings on August 17, 2017, all trustees were in receipt of a proposed ordinance to allow cross credit between the City's three retirement plans. Mrs. Rounsavall noted that cross credit was not addressed in recently adopted collective bargaining agreements with the City's various unions. There would be a cost to the respective plans to allow cross credit, albeit de minimus.

Chairman Henderson (General Employees) did not see cross credit as a benefit to any of the plans; it only benefitted the affected employee. Further, it could be an administrative nightmare. He did not support the concept. City Manager Fettrow appreciated the discussion on the issue but did not feel that the city wanted to pursue it at this time. She suggested holding the matter of cross credit in abeyance until the unions introduced it at future bargaining sessions.

It was the consensus of all three retirement boards to take no further action on an ordinance to allow cross credit between the retirement plans. As to the one affected employee who transferred from the General Employees' Retirement Plan to the Police Retirement Plan, it was appropriate that he receive a refund of his contributions to the former.

B. Fire: Vacancy for resident member (term expiring January 2020)

Plan Administrator Rounsavall advised that the Rockledge City Council recently declined to appoint an applicant to the Fire Retirement Board because he was also a firefighter and a member of the retirement plan. While the employee's willingness to serve was appreciated, Council members wished to appoint a resident who was not an employee. City Manager Fettrow added that her office was actively trying to find a qualified applicant to fill this important position.

Attorney Watkins stressed the importance of filling the vacancy as quickly as possible as the Division of Retirement could delay distribution of premium tax revenues until it was filled.

NEW BUSINESS

- A. All: Acknowledge receipt of responses to Request for Quotes (RFQ) for legal services and discuss review procedure
- B. All: Acknowledge receipt of responses to Request for Quotes (RFQ) for actuarial services and discuss review procedure

At its August 17, 2017 quarterly meeting, the respective retirement boards directed the plan administrator to seek quotes for legal services as well as actuarial services from firms specializing in public retirement systems in the State of Florida. The retirement plans sought these fee quotes pursuant to adopted policies which provided for the routine review of all professional service provider agreements to determine appropriateness and timeliness of the terms thereof.

Mrs. Rounsavall advised that four responses were received from law firms for legal services and four responses for actuarial services. *Trustees acknowledged receipt of the responses.*

Chairman Henderson (General Employees) proposed that a subcommittee be designated to review the RFQ's and bring a recommendation for action back to the respective retirement boards at the quarterly meeting on February 15, 2018. He suggested that the subcommittee be comprised of two members from each retirement board along with Finance Director Matthew Trine.

It was the consensus of each board to proceed with the subcommittee approach as set forth above. Appointments to the RFQ subcommittee were as follows:

General Employees Retirement Board – Members Laughlin and Harris

Fire Employees Retirement Board – Chairman Sunday and Member Matson

Police Employees Retirement Board – Members Grose and Crawford

Finance Director Trine was the seventh member. Plan Administrator Rounsavall would schedule a meeting of the subcommittee in the December timeframe.

- C. All: Establish quarterly meeting dates for 2018
- February 15, 2018 at 9:00 a.m. (Fire); 1:00 p.m. (General); 3:00 p.m. (Police)
 - May 17, 2018 at 10:00 a.m. (joint meeting)
 - August 16, 2018 at 9:00 a.m. (Fire); 1:00 p.m. (General); 3:00 p.m. (Police)
 - November 15, 2018 at 10:00 a.m. (joint meeting)

As to the Police Employees' Retirement Board, Member LaSata moved to approve the 2018 meeting schedule as presented. Member Burke seconded the motion and it carried unanimously.

On behalf of the General Employees' Retirement Board, Member Laughlin moved to approve the 2018 meeting schedule as presented. Member Jarusiewicz seconded the motion and it carried unanimously.

Likewise, for the Fire Employees' Retirement Board, Member Matson moved to approve the 2018 meeting schedule as presented. Member McCaleb seconded the motion and it carried on an all yes vote.

- D. All: Authorization to renew membership in Florida Public Pension Trustees Association (FPPTA) for 2018 at a cost of \$600

As to the Police Employees' Retirement Board, Member LaSata moved to authorize renewal of the Retirement Board's membership in FPPTA for 2018. Member Burke seconded the motion and it carried unanimously.

On behalf of the General Employees' Retirement Board, Member Laughlin moved to authorize renewal of the Retirement Board's membership in FPPTA for 2018. Member Harris seconded the motion and it carried unanimously.

Likewise, for the Fire Employees' Retirement Board, Member Syfrett moved to authorize renewal of the Retirement Board's membership in FPPTA for 2018. Member Matson seconded the motion and it carried on an all yes vote.

- E. All: Discussion and possible action regarding 60-day fund withdrawal requirement for participants in ICMA-RC self-directed DROP upon separation from service

Plan Administrator Rounsavall advised that adopted Retirement Board policy provided that the balance in a member's DROP account was payable at the member's option within 90 days following the termination of a member's employment. However, the plan document did not address a 90-day withdrawal requirement nor did the Retirement Boards' agreement with ICMA-RC for self-directed DROP administration. The question before the respective boards was whether or not they wished to consider a change or clarification to the 90-day withdrawal requirement.

Plan Administrator Rounsavall was directed to provide all board members and the plan actuary with a copy of this policy. The attorney and actuary would also research the advisability of allowing a one-time transfer of fund balances between the two DROP options (i.e. self-directed and net returns) and report back to the retirement boards.

- F. Fire & Police: Acknowledge receipt of detailed accounting report for Fiscal Year 2016/2017

Board members were in receipt of the detailed accounting report for Fiscal Year 2016/2017 prepared by the plan administrator. It reflected administrative expenses that were actually paid on behalf of the plan during the fiscal year. Administrative expenses included legal counsel, actuarial, plan administration, etc. Total administrative expenses for the *Fire Retirement Plan* were \$91,816.84 which was less than the adopted budget for the fiscal year. Total administrative expenses for the *Police Retirement Plan* were \$86,221.87 which was less than the adopted budget for the fiscal year. Investment management fees paid to Garcia Hamilton & Associates (fixed income manager) and ASB/Allegiance Real Estate Fund were not reported because they were not considered administrative expenses. Index and mutual funds were reported net of fees.

On behalf of the Fire Retirement Board, Member Syfrett moved to accept the detailed accounting report for Fiscal Year 2016/2017 as presented. Member Matson seconded the motion and it carried unanimously. A copy of the report would be posted on the City's web site and bulletin boards at the several fire stations.

Likewise for the Police Retirement Board, Member LaSata moved to accept the detailed accounting report for Fiscal Year 2016/2017 as presented. Member Burke seconded the

motion and it carried unanimously. A copy of the report would be posted on the City's web site and bulletin boards at the police department.

G. Fire & Police: Ratify travel expense report/reimbursements for trustee attendance at FPPTA Fall Trustee School in Tampa

Fire Trustees Ed Syfrett, Tim Matson, and Mike McCaleb and Police Trustee Hal Burke attended the Florida Public Pension Trustees Association (FPPTA) Fall Trustees School in Tampa (October 2017). Trustees were enrolled in the Certified Public Pension Trustee (CPPT) Program. Plan Administrator Rounsavall advised that expense reports included school registration fees, CPPT enrollment fees, hotel accommodations, mileage and meals.

On behalf of the Fire Retirement Plan, Member Syfrett moved to approve travel expense reports as set forth below:

Trustee Tim Matson FPPTA Winter Trustees School - \$1,086.00

Trustee Mike McCaleb FPPTA Winter Trustees School - \$1,309.03

Trustee Ed Syfrett FPPTA Winter Trustees School - \$1,309.03

Member McCaleb seconded the motion and it carried on an all yes vote.

On behalf of the Police Retirement Plan, Member LaSata moved to approve the travel expense report for Trustee Hal Burke in the amount of \$1,314.11. Member Burke seconded the motion and it carried unanimously.

REPORTS & COMMUNICATIONS

A. Report: Performance Monitor & Advisory Services (Tyler Grumbles, AndCo Consulting)

1. Performance report for quarter ended September 30, 2017

Mr. Grumbles delivered the Investment Performance Report for the final fiscal quarter. The Rockledge retirement plans ended the year on a high note with net returns well exceeding the assumed rate of return. Equity markets continued to climb with international equities being the best performing asset class. Domestic fixed income struggled as did real estate. The diversity of the fixed income portfolio (i.e. the inclusion of real estate and the global tactical asset fund) bolstered performance over domestic bonds alone.

Member Laughlin (General) asked whether or not this might be an opportune time to increase the fund's allocation to real estate (perhaps ten percent). Mr. Grumbles responded that the economy was heading into a mature real estate market. He would discuss this question with Consultant Dan Johnson.

Fire Employees' Retirement Fund

Total market value as of September 30, 2017 was \$11,213,312 up from \$10,838,133 for the previous quarter ended June 30, 2017. On a percentage basis, the composite portfolio was up 3.56 percent (gross) for the quarter which ranked in the 40th percentile of public plans. For Fiscal Year 2016/2017, the fund was up 13.01 percent ranking in the 31st percentile.

General Employees' Retirement Fund

Total market value as of September 30, 2017 was \$15,068,721 up from \$14,664,927 for the previous quarter ended June 30, 2017. On a percentage basis, the composite portfolio was up 3.60 percent (gross) for the quarter which ranked in the 36th percentile of public plans. For Fiscal Year 2016/2017, the fund was up 13.17 percent ranking in the 29th percentile.

Police Employees' Retirement Fund

Total market value as of September 30, 2017 was \$13,426,843 up from \$12,873,211 for the previous quarter ended June 30, 2017. On a percentage basis, the composite portfolio was up 3.66 percent (gross) for the quarter which ranked in the 31st percentile of public plans. For Fiscal Year 2016/2017, the fund was up 13.28 percent ranking in the top 28th percentile.

All Rockledge plans were fully invested and in compliance with the investment policy statement. All asset allocations were within target ranges; no rebalancing of any portfolio was needed at this time.

The Rockledge Retirement Boards acknowledged receipt of the performance reports.

B. Report: Board Attorney (Dustin Watkins, Sugarman & Susskind)

1. All: Acknowledge receipt of restatement of retirement plan documents (final draft) and authorize actuary to prepare impact statement

Board members were in receipt of the final draft of the plan restatements. Attorney Watkins explained that the purpose of the restatement was not to change any benefits but to clean up the ordinance such that it was more "user friendly."

Actuary Chad Little stated that it was incumbent upon the actuary to review the restatement ordinances from an actuarial impact statement. The respective plan restatements were 60-plus pages each. This was a lot of work; his quote for a detailed review was between \$5,000 and \$10,000 per plan. As an alternative, his firm could rely upon a statement from the plan attorney that there were no benefit changes. Attorney Watkins was prepared to state that there were no benefit changes; however, his law firm did not have expertise in actuarial matters. Because the three retirement plans were so similar with only subtle differences between them, perhaps the actuary could proceed with an exhaustive review of just one plan.

Earlier in the meeting the respective boards appointed a joint subcommittee to review requests for quotes for actuarial services and bring back a recommendation at the next quarterly meeting. The possibility existed for the retirement plans to hire a new actuary.

Actuary Little was prepared to deliver valuation results for Fiscal Year 2016/2017 at the next meeting. He would not be able to begin a review of the restatements until after the valuation season. He preferred to see this matter deferred.

Police Employees' Retirement Board Member LaSata moved to defer further action on plan restatement and actuarial review to the quarterly meeting on February 15, 2018. Member Burke seconded the motion and it carried unanimously.

General Employees' Retirement Board Member Jarusiewicz moved to defer action on plan restatement and actuarial review to the next quarterly meeting. Member Laughlin seconded the motion and it carried unanimously.

Fire Employees' Retirement Board Member Matson moved to defer action on plan restatement and actuarial review to the February 15, 2018 quarterly meeting. Member Syfrett seconded the motion and it carried on an all yes vote.

Attorney Watkins mentioned that a tax bill was introduced dealing with unrelated business income (UBI) that could potentially affect governmental retirement plans. It provided that a

plan could not use its status as a tax deferred entity to benefit from UBI. This could affect real estate investments (e.g. rental income). Mr. Grumbles (investment consultant) advised that he was aware of this proposed legislation and his firm was monitoring the structure of real estate portfolios accordingly.

C. Report: Administrative Report (Karan Rounsavall)

1. All: Educational Opportunity: Florida Public Pension Trustees' Association (FPPTA) Winter Trustee School at Hyatt Regency in Orlando (January 28-31, 2018)

If any trustee wished to attend, they were to contact the plan administrator at their earliest convenience.

2. General Employees: Acknowledge receipt of retirement fund expenditures and receipts for final fiscal quarter (ending September 30, 2017)

Plan expenditures for the final quarter of Fiscal Year 2016/2017 (July 1 through September 30, 2017) were \$42,001.88. Receipts to the plan for that same fiscal quarter (through September 30, 2017) were \$127,725.76. Total disbursements for the quarter were \$249,911.25 and included monthly benefit payments, DROP payments, and refund of contributions in addition to plan expenses. (Reference Plan Administrator's memorandum dated October 18, 2017 for detail.)

Member Harris moved to acknowledge receipt of the report as presented. Member Laughlin seconded the motion and it carried unanimously.

E. Report: Actuarial Consultant (Chad Little, Freiman Little Actuaries, LLC)

1. All: Acknowledge receipt of actuary's quote to provide review of plan restatements for all three Rockledge retirement plans

Note: This item was addressed earlier and deferred to the next quarterly meeting.

Mr. Little went on to advise that he was prepared to deliver the valuation report at the next meeting. Along that line, the State Division of Retirement now required that valuation results be submitted electronically. Configuring the valuation report in the format required by the state advised involved an additional fee.

PUBLIC COMMENT - None

ADJOURN

The joint quarterly meeting adjourned at 11:51 a.m.

Fire Employees' Retirement Board

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Jeptha Sunday, Chairman

General Employees' Retirement Board

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

David Henderson, Chairman

Police Employees' Retirement Board

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Rick Burke, Chairman
