

**ROCKLEDGE GENERAL EMPLOYEES' RETIREMENT BOARD
MEETING MINUTES**

Friday, February 03, 2023

CALL TO ORDER

The Rockledge General Employees' Retirement Board held its quarterly meeting on Friday, February 03, 2023 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

MEMBERS PRESENT: Chairman Brian Laughlin, Resident Member
Tanya Molony, Fifth Member
Brenda Black, Participant Member
Corey Harris, Participant Member
Elon Poole, Participant Member

MEMBERS ABSENT: None

CONSULTANTS/STAFF: Madison Levine, Board Attorney - Sugarman & Susskind
Chad Little, Actuary - Freiman Little Actuaries
Tyler Grumbles, Investment Consultant – AndCo Consulting
Julie Enright, Plan Administrator
Dr. Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Laughlin called the meeting to order at 11:00 a.m. A quorum was in attendance.

APPROVAL OF MINUTES

Quarterly Meeting of November 18, 2022

Member Harris moved to approve minutes of the November 18, 2022 joint quarterly meeting as submitted. Member Molony seconded the motion which carried unanimously.

OLD BUSINESS

None

NEW BUSINESS

Ratify expense of FPPTA Recertification for Tanya Molony for 2020-2022 in the amount of \$93.

Consensus of the Board that these types of expenses can be included and approved under the Fund Expenditure Report

Member Harris moved to approve recertification expense. Member Poole seconded the motion which carried unanimously.

REPORTS & COMMUNICATIONS

Report: Investment Consultant (Tyler Grumbles, AndCo Consulting)

Investment Performance Report for quarter ended December 31, 2022

Mr. Grumbles presented the performance report and economic commentary for the quarter ended December 31, 2022.

US GDP growth is expected to remain strong in the 4th quarter. While the final measure of 3rd quarter GDP was revised upward to 3.2%, global GDP growth remains challenged with higher energy prices continuing to act as a headwind, especially in Europe. However, China is beginning the process of reopening its economy which should boost emerging markets. The US Federal Reserve Bank (the Fed) continued to increase interest rates during the quarter with a 0.75% increase in November and a 0.50% increase in December. Importantly, the Fed signaled it remains committed to fighting inflation through additional rate hikes if needed. The US labor market continued to show its resiliency by adding roughly 680 thousand jobs during the 4th quarter. As a result, the unemployment rate fell to 3.5% in December. Despite these gains, the number of announced layoffs during the quarter increased, which could impact labor markets in the future periods. Global markets were broadly positive during the 4th quarter. Despite persistent inflation, tighter central bank monetary policy, slowing GDP growth, and continuing geopolitical risks investors were focused on the potential of central banks slowing the pace of tightening as inflation moderated.

Total market value as of December 31, 2022 was \$20,765,692 up from \$19,214,697 for the previous quarter ended September 30, 2022. The first quarter/fiscal year to date rate of return is 5.41%. Cash flow was reviewed.

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

1. Presentation of annual valuation for fiscal year ending September 30, 2022

Actuary Chad Little presented the October 1, 2022 Actuarial Valuation Report for the Rockledge General Employees' Retirement Plan. The valuation established minimum funding requirements for the fiscal year beginning October 1, 2023. The report also included GASB 67/68 disclosure information.

The minimum funding requirement for the October 1, 2023 fiscal year is \$539,736, an increase over the current year's funding level of \$445,456. The plan is funded at 95.20% down from 99.52%; the assumed investment rate of return is 7.55% down from 7.65%.

The investment return is \$(5,043,401) compared to last year's gain of \$2,427,893. The investment return for the Plan was (-14.37) market value. The actuarial value of return is 6.02%.

The plan market value is \$19,374,874 compared to last year's value of \$23,032,574.

Note that the employer contributions have a reserved prepaid amount of \$149,855. Pay increases were more than expected at 13.2% in comparison to the 5.2% salary increase assumption. The last experience review was performed for the 10-year period preceding October 1, 2020. Should a pattern of gains/losses develop, assumptions will be adjusted.

The Actuary advised that he will send the report for ADA remediation.

Member Harris moved to approve the annual actuarial valuation as of October 1, 2022 as presented. Member Molony seconded the motion which passed unanimously.

2. Declare expected annual rate of investment return for assets of Rockledge General Employees' Retirement Plan

Investment Consultant Grumbles advised the Board that it is manageable and acceptable of the assumed rate at 7.55%. The Board confirmed the rate of return for the current year, the next several years and the long-term thereafter at 7.55%. Board also acknowledged the rate is in line with the sub-committee review.

Member Harris moved to declare an expected rate of return for the next year, next several years and over the long term at 7.55 percent. Member Poole seconded the motion which carried unanimously.

Investment Consultant Tyler Grumbles prepared the necessary correspondence to the Division of Retirement advising of the expected annual rate of return for the plan.

Report: Board Attorney (Madison Levine, Sugarman & Susskind)

The Plan Attorney reviewed whether credited service should be granted to pension plan participants who are on workers' compensation leaves of absence of 31 days or more. For the reason and based upon our understandings below, the answer is "yes", credited service should be granted for those periods if the participant is receiving workers' compensation temporary total or temporary partial disability compensation payments from the city or its insurer on the city's behalf.

Credited service is granted for leaves of absence of 31 days or more only if the participant "receives regular compensation from the city during such absence," according to Section 1.4 of each of the City's three retirement plans. In our opinion, the weekly or biweekly workers' compensation temporary partial or total disability payments that the city makes under subsections 440.15(2) & (4) of Florida's workers' compensation law are both "compensation" (such payments paid referred to several times in section 440.15 as "compensation") and regular, since they must be paid weekly or biweekly. Therefore, it is our opinion that credited service under each of the city's three retirement plans is earned and should be recognized and granted for leaves of absence of 31 days or more during which the participant is receiving workers' compensation temporary total or temporary partial disability compensation payments from the city or its insurer on the city's behalf.

Report: Plan Administrator (Julie Enright)

1. Acknowledge receipt of Retirement Fund expenditures and receipts for first fiscal quarter (ending December 31, 2022)

Member Black noted that the self-directed DROP amount was incorrect.

Member Molony moved to acknowledge receipt of the report with revision. Member Harris seconded the motion which carried unanimously.

PUBLIC COMMENT – None

ADJOURN

The meeting adjourned at 11:39 a.m.

Submitted by:

Approved by:

Julie Enright, Plan Administrator

Brian Laughlin, Chairman