

DRAFT

ROCKLEDGE FIRE EMPLOYEES' RETIREMENT BOARD MEETING MINUTES

Friday, February 04, 2022

CALL TO ORDER

The Rockledge Fire Employees' Retirement Board held its quarterly meeting on Friday, February 04, 2022 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

MEMBERS PRESENT: Chairman Jeptha Sunday, Fifth Member Ed Syfrett, Fire Representative Mike McCaleb, Fire Representative Desiree Babbs, Resident Member Thomas "Pat" O'Neill, Resident Member

MEMBERS ABSENT: None

CONSULTANTS/STAFF: Kenneth Harrison, Board Attorney - Sugarman & Susskind
Paula Freiman, Actuary - Freiman Little Actuaries
Dan Johnson, Investment Consultant – AndCo Consulting
Julie Enright, Plan Administrator
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Sunday called the meeting to order at 9:00 a.m. A quorum was in attendance.

APPROVAL OF MINUTES

Quarterly Meeting of November 19, 2021 and Joint Special Meeting of December 03, 2021

Member O'Neill moved to approve minutes of the November 20, 2020 quarterly meeting and the December 03, 2021 joint special meeting as submitted. Member Syfrett seconded the motion which carried unanimously.

OLD BUSINESS

Status of Nationwide Retirement Solutions as a provider for self-directed DROP accounts

Nationwide and ICMA have not been responsive, therefore there is no update at this time

NEW BUSINESS

Update signature authorization forms for Salem Trust Company (plan custodian) and Chevy Chase Company (Stand aside custodian for ASB Allegiance Real Estate Fund)

Member Syfrett moved to table this item. Member O'Neill seconded the motion which carried unanimously.

Discussion regarding feasibility of offering a guaranteed rate for DROP participants

Discussion ensued regarding a guaranteed rate for DROP participants noting example rates to consider are 2% or 1.5% for the expense of the plan. Dr Fettrow, City Manager, and Attorney Ken Harrison noted that rates to consider would be subject to collective bargaining and would request to leave open. Actuary Freiman noted cost to the plan and that all DROP balances are paid out. Also noted is that there is no change to funding. Consensus of the Board to wait for the City and Union to negotiate.

Update signature authorization forms for Salem Trust Company (plan custodian) and Chevy Chase Company (Stand aside custodian for ASB Allegiance Real Estate Fund)

Member Syfrett moved to revisit the tabled item of signature authorization forms for Salem Trust and Chevy Chase for discussion. Member McCaleb seconded the motion which carried unanimously.

Board requested Attorney Ken Harrison's input regarding number of required signatures. Attorney Harrison advised that it is okay to require one signature but two would provide safety.

Member McCaleb moved to update the signature authorization form for Salem Trust and Chevy Chase to require two signatures. Member Babbs seconded the motion which carried unanimously.

REPORTS & COMMUNICATIONS

Report: Investment Consultant (Dan Johnson, AndCo Consulting)

1. Investment Performance Report for quarter ended December 31, 2021

Mr. Johnson presented the performance report and economic commentary for the quarter ended December 31, 2021. Noting that during the quarter interest rates increased, the S&P 500 pulled back about 10% and the Federal Reserve and stated they would be raising interest rates in the future. Mr. Johnson discussed a hand-out of market drops since 2007.

Total market value as of December 31, 2021 was \$16,327,207 up from \$15,382,9544 for the previous quarter ended September 30, 2021. The first quarter/fiscal year to date rate of return is 4.43%. The 3-5 year rate of return is in the 18th percentile. Cash flow was reviewed noting \$647 thousand earned for the quarter.

Quarterly performance results (i.e., quarter ending December 31, 2021) were as follows: Domestic fixed income returns were lower than their peers, international returns were down -1.13% and will continue to be monitored. Global fixed infrastructure returns were positive with steady income above bonds. Real estate was up 4.03% but down from the market. The growth of the plan over 10 years increased by 10%, however the January 2022 performance is down about 5.5%.

2. Core Real Estate Manager Search

Mr. Johnson advised AndCo will evaluate the performance of ASB Allegiance Real Estate and will update the Board on their status at the next meeting.

Member Syfrett moved to table the review of core real estate until the evaluation review by AndCo is complete. Member O'Neill seconded the motion and it passed unanimously.

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

1. Presentation of annual valuation for fiscal year ending September 30, 2021

Actuary Paula Freiman presented the October 1, 2021 Actuarial Valuation Report for the Rockledge Fire Employees' Retirement Plan. The valuation established minimum funding requirements for the fiscal year beginning October 1, 2022. The report also included GASB 67/68 disclosure information.

The minimum funding requirement for the October 1, 2022 fiscal year is \$326,385, a decrease over the current year's funding level of \$444,860. The plan is funded at 88.56% up from 83.92%; the assumed investment rate of return is 7.65% down from 7.75%.

A change in the salary assumption to 0-10 yrs. 6%, 11+ yrs. 4.50%. The expected pay increase was 6% but the actual pay increase was 7.4%. The effect of the pay increase was offset by a gain in liabilities as a result of turnover. Investment return gains were \$425,627. The effect of the total change from the expected to the actual experience of the plan is a \$672,241 reduction to the unfunded accrued liability. Taken together, the total changes in the report resulted in a decrease to the City's contribution by \$118,475

Noted is that benefit payments are paid by City contributions and investment returns.

Member McCaleb moved to approve the annual actuarial valuation as of October 1, 2021 as presented. Member O'Neill seconded the motion which carried unanimously.

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

Investment Consultant Johnson advised the Board that it is manageable and acceptable to reduce the assumed rate of return 10 basis points over the next five years from the current rate of 7.65%, 7.55% next year and so forth. Noted that the Board has established a committee to determine changes to the rate. City Manager Dr. Fettrow advised of goal to request City Council to keep current contribution the same for the next year.

Member Syfrett moved to declare an expected rate of return and accept 7.65 percent for this valuation current report and moving forward to adopt the 7.55% as our consultant advised. Member McCaleb seconded the motion which carried unanimously.

Plan Administrator Enright would prepare the necessary correspondence to the Division of Retirement advising of the expected annual rate of return for the plan.

Report: Board Attorney (Kenneth Harrison, Sugarman & Susskind)

1. Legislative Update

Attorney Harrison advised the Board of proposed educational changes enacted by the Legislature.

Report: Plan Administrator (Julie Enright)

Finance Director Trine advised that the Liability Insurance needed to be updated for the current Plan Administrator.

PUBLIC COMMENT - None

ADJOURN

Member Syfrett moved to adjourn the meeting. Member O'Neill seconded the motion which carried unanimously.

The meeting adjourned at 10:55 a.m.

Submitted by:

Approved by:

DRAFT MINUTES PENDING BOARD APPROVAL AT THE NEXT QUARTERLY MEETING

Julie Enright, Plan Administrator

Jeptha Sunday, Chairman