

ROCKLEDGE GENERAL EMPLOYEES' RETIREMENT BOARD MEETING MINUTES

Friday, February 04, 2022

CALL TO ORDER

The Rockledge General 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 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: 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 Laughlin called the meeting to order at 3:05 p.m. A quorum was in attendance.

APPROVAL OF MINUTES

Quarterly Meeting of November 20, 2021 and joint special meeting of December 3, 2021

Member Harris moved to approve minutes of the November 20, 2021 quarterly meeting and the joint special meeting of December 3, 2021 as submitted. Member Black seconded the motion which carried unanimously.

OLD BUSINESS

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

Attorney Harrison advised the Board that this is still pending.

NEW BUSINESS

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

The Board can authorize one signature or two.

Member Harris moved to update the signature authorization forms for Salem Trust Company and Chase Company with two signatures required. Member Molony seconded the motion which carried unanimously.

Discussion regarding feasibility of offering a guaranteed rate for DROP participants

Discussion ensued regarding offering DROP option for guaranteed rates and examples of plan provided with options to discuss at 1.5% interest. It was noted that this is subject to collective bargaining. City Manager Fettrow advised feasibility of offering guaranteed and will discuss this with collective bargaining this summer. Chairman Laughlin requested the City Manager discuss with collective bargaining.

Ratify travel expense reports/reimbursements for attendance at FPPTA Winter Trustee School in Lake Buena Vista

Member Molony moved to ratify travel expense reports/reimbursements. Member Harris seconded the motion which passed 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. Reviewed current market conditions: Large Cap up over 11%, International up 2%, Fixed Income is flat. The one year result for Large Cap is 28.7%, Mid Cap is 22.6% and Bonds are down -1.0%. Discussed Treasury yield curve and current market index. The market since January 2022 has been down.

All asset classes in the portfolio were within their target ranges. No rebalancing was needed.

Total market value as of December 31, 2021 was \$24,242,527 up from \$22,720,091 for the previous quarter ended September 30, 2021.

Quarterly performance results (i.e., quarter ending December 31, 2020) for the various investment styles/managers represented in the portfolio were as follows:

Fidelity (domestic equities) – (48% of the portfolio) positive return of 9.15%

EuroPacific Growth (international) – negative return of -1.13%

Garcia Hamilton & Associates (domestic fixed income) – negative return of -0.23%

PIMCO Diversified Income (global fixed income) – positive return of 0.04%

ASB Allegiance Real Estate (commingled real estate) – positive return of 4.03%

GHA (Bonds) – 19% of portfolio that matures in one year which will be good if interest rates rise.

Mr. Johnson discussed preliminary report on real estate. International infrastructure has possibilities for example high quality. ASB Allegiance Real Estate is underperforming and has moved out of major office and retail in cities. Because of uncertainty in the interest rates AndCo recommends proceeding cautiously and to take time before deciding on real estate search.

Mr. Johnson noted that a five year rolling average for investment performance is used by the Actuary for the valuation report. The 10 year value from investing is about \$13 million. Reviewed investment fee analysis and noted ASB has reduced their fees.

Member Harris moved to accept the investment performance report for the quarter ended December 31, 2021. Member Molony seconded the motion which passed unanimously.

2. Core Real Estate Manager Search

The Board discussed getting an update on the ASB review and status of the market at a future meeting. Also discussed degree of risk and leverage.

Member Harris moved to table the core real estate manager research. Member Black seconded the motion which 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 General 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 ensuing fiscal year was \$445,456 which was a significant decrease over the current funding level of \$574,800. Expressed as a percentage of pensionable payroll, the city's minimum contribution was 8.43% (a decrease from the current level of 12.25%). The city continued to prefund its employer contributions.

Positive actuarial experience included investment returns exceeding the assumption, change of assumed rate of return to 7.65% from 7.75%, and a change in the salary assumption to years 0-12 of 5.50% and +13 years of 4.50%.

The unfunded accrued liability (UAL) as of the valuation date was \$786,786. The Plan's funded status was 99.52% represented an increase over the previous year's funded percentage of 95.55%. The valuation utilized the mortality assumption used by Florida Retirement System for non-special risk employees for its most recent valuation.

Actuary Freiman recommended the Board consider, in the future, to reduce the assumed rate of return.

Member Black moved to approve the annual actuarial valuation as of October 1, 2021 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

Actuary Freiman recommended the Board declare the rate at 7.65% with the current report assumptions. Discuss in future subsequently reducing the rate by 10 basis points per year for the next several years. City Manager Dr. Fettrow advised of goal to request City Council to keep current rate for funding level for the next year.

Member Molony moved to declare an expected rate of return of 7.65 percent. Member Harris 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 bills in the Legislature.

Report: Plan Administrator (Julie Enright)

2. Acknowledge receipt of Retirement Fund expenditures and receipts for first fiscal quarter (ending December 31, 2021)

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

PUBLIC COMMENT – None

ADJOURN

The meeting adjourned at 4:30 p.m.

Submitted by:

Approved by:

DRAFT MINUTES PENDING BOARD APPROVAL AT THE NEXT QUARTERLY MEETING

Julie Enright, Plan Administrator

Brian Laughlin, Chairman