
City of Rockledge
Police Employees' Retirement Plan
February 4, 2022
MINUTES

Board Members Present	Also Present	Absent / Excused
Rick Burke – Chairman	Ken Harrison – Attorney (via Video)	Christopher Crawford – Secretary
Joseph LaSata – Trustee	Chad Little – Actuary (via Video)	Patrick Kennedy – Trustee
Hal Burke – Trustee	Paula Freiman – Actuary (via Video)	
	Dan Johnson – Consultant	
	Frank Mega – Plan Administrator	
	Caleb Hynson – Plan Administrator	
	Dr. Brenda Fettrow – City Manager	
	Matthew Trine – Finance Director	
	Karan Rounsavall – Plan Administrator	

I. Call to Order

Meeting called to order at 1:04 pm by Chairman Burke. A quorum was in attendance.

II. Approval of Minutes

The minutes from the November 19, 2021, Pension Board meeting was presented for approval. A motion was made by Joseph LaSata to approve the November 19, 2021, minutes as presented; the motion was seconded by Hal Burke and passed unanimously.

III. Old Business

Nationwide Retirement Solutions Update – Karan Rounsavall provided an update to the Board on Nationwide's self-directed DROP solution and status. This is a potential alternate solution to the current ICMA (now Mission Square) self-directed DROP process currently offered to the members. The Plan Attorney added that his firm has presented a contract with Nationwide and had some discussion in August 2021 on requested language changes in a proposed contract. No further movement or discussions have taken place.

- *ACTION ITEM: Plan Administrator to work with Plan Attorney to provide the Board updates on any further developments on this matter at a future meeting.*

IV. New Business

Signature Authorization Forms – Plan Administrator Karan Rounsavall introduced two forms (Salem Trust Signature Authorization form and Chevy Chase Trust Company Authorization Form) that need to be updated with new Authorized Signers for the Plan with the transition to HYN Consulting as the Plan Administrator. There was open discussion among the Board, Plan Administrators, and the Plan Attorney on the purpose of these forms. Dr Brenda Fettrow addressed the Board to request the Salem Trust Signature Authorization form be updated to include two signatures required for payment from the fund. The Plan Attorney weighed in on the number of signatures required by the Board operating procedures are in-line with one signature

but can be changed to reflect two signatures. A motion was made by Hal Burke to approve the Salem Trust Signature Authorization form to include two required signatures; the motion was seconded by Joseph LaSata and passed unanimously.

- *ACTION ITEM: Plan Administrator obtained required Board signatures and updated forms to be provided to the Custodian and Investment Manager for their records moving forward.*

Guaranteed Investment Return for DROP - An open discussion took place about a potential fixed interest option for DROP participants. Dr. Fettrow addressed the Board and provided input of a approx. 1.5% fixed interest rate option. The Actuary, Chad Little, provided information regarding adding additional DROP options, the Plan will need to ensure members to not move between the different DROP options trying to time the market. The Plan Attorney confirmed the DROP members cannot change their investment options once entering the DROP. This is subject to collective bargaining and will be discussed at a future meeting when applicable.

Ratify Travel Expense - The Travel Expense reimbursement report was reviewed for Trustee Hal Burk to attend the FPPTA Winter Trustee School. A motion was made by Joseph LaSata to approve the expenses as presented, the motion was seconded by Rick Burke and passed unanimously.

V. Investment Consultant

Dan Johnson of AndCo presented the quarterly investment performance and overview. The US economy faced headwinds from the Omicron variant during the quarter which likely had a negative impact on economic growth. Fortunately, despite higher transmission rates, the variant appears to be less likely to result in hospitalizations or significant health risks. Even with the variant, the demand for goods and services remained strong during the quarter and market expectations for 4th quarter US GDP growth range from 4% to 7%. The US labor market is nearing full employment with the unemployment rate falling to 3.9% in December. The pace of job growth slowed during the quarter with a three-month average of roughly +365,000. Despite the continued improvement in the labor market, workers are continuing to leave their employers in record numbers. This condition means the number of jobs available exceeds the number of unemployed workers. As a result, wage growth remains strong as employers compete to fill job openings.

The fund began the quarter at \$19,676,981 and finished with quarterly balance of \$20,636,809. The Plan was (+) 4.71% for the quarter net of fees vs benchmark of 5.48%, 24th percentile. Contributing factor to the Plan return for the quarter is the delay in reporting of Infrastructure due to the fund's reporting cycle timing. For this quarter, the Plan reported Infrastructure at 0% while the benchmark reported (+) 2.97%.

Domestic Equities are at the high end of the allowable range at the time of this report. Since this report, the gains realized have been pulled back due to the changes in market conditions. Domestic Equity is back to acceptable range and no rebalance is recommended at this time. A motion was made by Joseph LaSata to approve the Consultant report as presented; the motion was seconded by Hal Burke and passed unanimously.

Real Estate Manager Search – Dan Johnson introduced the Real Estate Manager search that was done by AndCo. The search was done due to the underperformance of the Plan's Real Estate fund. Dan would like the Plan Consultant, Tyler Grumbles, to introduce this in detail, discuss the

search process, and recommended firms at a future meeting. The Board agreed with Dan to move this to a future meeting when more time and attention can be focused on this Fund manager search. A motion was made by Joseph LaSata to table the Fund manager search to a future meeting; the motion was seconded by Hal Burke and passed unanimously.

- *ACTION ITEM: Plan Administrator to work with consultant in presenting Real Estate Fund Manager search at a future meeting.*

VI. Actuary Report

Annual Actuarial Valuation – Chad Little of Freiman Little Actuaries began with an introduction of Paula Freiman and her additional involvement and support with the Plan. Paula of then presented the annual valuation to the board. She began discussing the State premium tax dollars and its relation to the city budget. This year's State contribution is \$247,231.

- The investment return for the Plan was (20.96% Market Value / 11.48% Actuarial Value of Return) which is more than the Plan's assumed rate of return of 7.80%.
- Investment earnings greater than the assumed net investment return over a five-year period is \$ 2,208,320 vs last year's gain of \$ 463,540.
- The Plan's current funded ratio is 102.32%, up from 100.08% last year.
- Plan market value is \$ 19,987,504 vs last year's value of \$ 17,016,469.

A motion was made by Joseph LaSata to approve the annual valuation report as presented; the motion was seconded by Hal Burke and passed unanimously.

Open discussion on the adoption of the 7.65% assumed rate of return moving forward. The board, with input from its' Consultant, is comfortable stating that for the current year, the next several years, and the long-term thereafter shall earn 7.65%, net of investment expenses. A motion was made by Joseph LaSata to accept the 7.65% expected Rate of Return as presented; the motion was seconded by Hal Burke and passed unanimously.

- *ACTION ITEM: Plan Administrator to provide Declaration of Return to the State.*

VII. Attorney Report

The Plan Attorney spoke on a bill pre-filed for the Legislative session requiring more education for public officials. This should exempt Pension Boards from this requirement. More information to be provided to Trustees as it becomes available.

- *ACTION ITEM: Plan Administrator to work with Plan Attorney on any Legislative bill updates and also update Board members on educational opportunities.*

VIII. Plan Administrator Report

Frank Mega, the new Plan Administrator with HYN Consulting, thanked the Board for the opportunity to serve the Trustees and members of the Plan. In addition, Frank addressed the City employees present that HYN will help streamline processes in place and address any issues or challenges experienced. An update was provided regarding the transition of administrative duties from Karan Rounsavall to HYN Consulting. Several meetings and calls have taken place outlining the processes, procedures, and any outstanding open tasks. HYN will continue to work

with Karan over the next few weeks to align resources to ensure a smooth transition to HYN as of 3/1/22.

IX. Public Comment

No members or concerned parties requested to address the Board of Trustees.

X. Adjournment/Next Meeting

A motion to adjourn was made at 2:39pm. The next regularly scheduled Board of Trustees' meeting will be held on May 20, 2022, at 9:00 am.

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING, THEY WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE, THEY WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE WHICH THE APPEAL IS TO BE BASED.

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE. PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATIONS TO PARTICIPATE IN THE MEETINGS MAY CALL THE PLAN ADMINISTRATOR FIVE BUSINESS DAYS IN ADVANCE AT 727- 559-7333.

Note: In compliance of state law, the Board of Trustees finds that a proper and legitimate purpose is served when members of the public have been given a reasonable opportunity to be heard on a matter before the Board. Therefore, the Board of Trustees have determined and declared that they will allot 15 minutes in total for this purpose; however, each person is limited to no more than (2) two minutes to comment at each meeting.