
City of Rockledge
Police Employees' Retirement Plan
February 3, 2023
MINUTES

Board Members Present	Also Present	Absent / Excused
Rick Burke – Chairman	Madison Levine – Attorney (via Video)	
Joseph LaSata – Trustee	Tyler Grumbles - Consultant	
Hal Burke – Trustee	Chad Little – Actuary	
Patrick Kennedy – Trustee	Frank Mega – Plan Administrator	
Chris Crawford – Secretary	Caleb Hynson – Plan Administrator	
	Dr. Brenda Fettrow – City Manager	
	Matthew Trine – Finance Director	

I. Call to Order

Meeting called to order at 1:00 pm by Chairman Burke. A quorum was in attendance.

II. Approval of Minutes

The minutes from the August 19, 2022, and November 18, 2022, Pension Board meetings were presented for approval. A motion was made by Patrick Kennedy to approve the minutes as presented; the motion was seconded by Hal Burke and passed unanimously.

III. Old Business

Annual Rate of Return Sub Committee – The Actuary provided an update on the sub-committee meeting which included the City, Actuary, Consultant, and Police Chairman. The City can manage the reduction and continue the long-term assumption funding policy and commitment of the anticipated annual decrease from 7.65% to 7.55%. The Actuary mentioned the 7.55% change was in the Annual Valuation report and upon acceptance of the report will adopt the reduction.

DROP Monies Distribution Policy - The Plan Administrator provided an updated on the DROP Policy presented to the Board. This DROP policy outlines the timing of distribution of DROP monies. The policy's purpose is to provide a portion of quarter end monies using an estimated return from the Consultant due to the Brookfield fund taking additional time to finalize. The policy allows for 95% DROP monies processed to member within 60 days of DROP exit and the remaining 5% within 180 days (or as administratively possible) once final quarterly results are available.

A motion was made by Chris Crawford to approve the DROP Policy as presented; the motion was seconded by Hal Burke and passed unanimously.

- *ACTION ITEM: Plan Administrator to provide final signed copy to Attorney and Actuary for records.*

IV. New Business

Annual Administration Expense Report - The board was presented with the Fiscal Year 2022 fiscal year-end Annual Administration Expense Report. A motion was made by Patrick Kennedy to approve the Annual Admin Expense Report as presented; the motion was seconded by Hal Burke and passed unanimously.

- *ACTION ITEM – Administrator to send approved Annual Administration Expense Report to Plan Sponsor.*

City Staff Online Access to Custodian Portal – The Plan Administrator provided a summary of the work being done to support the annual Audit with the City and vendors. As part of the reporting and data gathering confirmation process, City finance would benefit from having read only access to the Salem Trust Custodian Portal for Periodic and Lump Sum fiscal year payment reporting. The Plan Administrator added that reporting access is common in many other City pension plans and is beneficial to the audit process to timeliness and accuracy. Open discussion took place, and a motion was made by Patrick Kennedy to approve read only online access to City finance on Custodian portal as discussed; the motion was seconded by Hal Burke and passed unanimously.

- *ACTION ITEM: Plan Administrator to work with the Custodian to provide access to the Portal.*

Annual Actuarial Valuation – Chad Little of Freiman Little Actuaries began discussing the State premium tax dollars and its relation to the city budget. This year's estimated state contribution is \$269,833.

- City Required Contribution is 13.3% compared to 11.1% of prior year.
- The investment return for the Plan was ((-14.25% Market Value / 6.13% Actuarial Value of Return).
- Investment return is \$(4,264,642)vs last year's gain of \$ 2,208,320.
- The Plan's current funded ratio is 100.28%, vs 102.32% last year.
- Plan market value is \$ 16,257,560 vs last year's value of \$ 19,987,504.

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

- *ACTION ITEM: Administrator to update the city with approved valuation.*

Declaration of Return - The board, with input from their consultant and actuary, discussed the total expected annual rate of return for the fund. The board is comfortable stating that for the current year, the next several years, and the long-term thereafter shall earn 7.55%, net of investment expenses. A motion was made by Trustee Patrick Kennedy to accept the 7.55% expected Rate of Return as presented; the motion was seconded by Trustee Hal Burke and passed unanimously.

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

V. Investment Consultant

Tyler Grumbles of AndCo presented the quarterly investment performance and overview. 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 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.

The fund began the quarter at \$16,140,226 and finished with quarterly balance of \$7,011,378. The Plan was (+) 5.28% for the quarter net of fees.

The Consultant mentioned they are working with the Custodian to correct a small balance of monies transferred to an incorrect fund. The monies have been returned and transferred to the correct Fund and the Plan is being made whole on any discrepancies on the transfer.

VI. Attorney Report

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 reasons and based upon our understandings below, the answer is "yes", credited service should be granted for those periods if the participant is receiving worker's 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 worker's 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 are 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 worker's compensation temporary total or temporary partial disability compensation payments from the city or its insurer on the city's behalf.

VII. Public Comment

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

VIII. Adjournment/Next Meeting

A motion to adjourn was made. The next regularly scheduled Board of Trustees' meeting will be held on May 19, 2023, at 9 am as a JOINT meeting.

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.

Approved by Police Employee's
Board:

Rick Burke, Chairman