

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

Friday, August 23, 2019

CALL TO ORDER

The Rockledge Police Employees' Retirement Board held its quarterly meeting on Friday, August 23, 2019 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

MEMBERS PRESENT: Chairman Rick Burke, Resident Representative
Joseph LaSata, Resident Representative
Hal Burke, Fifth Member
David Grose, Police Representative
Chris Crawford, Police Representative

STAFF/CONSULTANTS: Kenneth Harrison, Board Attorney – Sugarman & Susskind
Chad Little, Actuary – Freiman Little Actuaries
Tyler Grumbles, Investment Consultant – AndCo Consulting
Karan Rounsavall, Retirement Plan Administrator
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Burke called the meeting to order at 1:00 p.m. A quorum was in attendance. Attorney Harrison attended the meeting via video conferencing (i.e. Skype).

APPROVAL OF MINUTES

Joint quarterly meeting of May 17, 2019

Member LaSata moved to approve minutes for the May 17, 2019 joint quarterly meeting as submitted. Member Burke seconded the motion and it carried unanimously.

OLD BUSINESS

Status report on restatement of retirement plan document

Board members were in receipt of the final restatement document which included: (1) clarifying language related to “*spousal consent/notice*” and (2) a reduction in the interest rate paid on refund of contributions (i.e. from five percent to one and one-half percent). The affected bargaining units agreed to the interest rate reduction and same was included in the current collective bargaining agreements. The accompanying actuarial impact statement (dated August 23, 2019) found that there was no anticipated material impact on plan funding related to the restatement.

Member Burke moved to accept the final plan restatement as presented and to forward same, along with impact statement, to city staff for placement on a future city council agenda for action. Member Crawford seconded the motion; it carried on an all yes vote.

NEW BUSINESS

Approval of administrative expense budget for Plan Year 2019/2020

The Retirement Board was in receipt of the proposed budget for Plan Year 2019/2020 as prepared by the plan administrator. Pursuant to *Florida Statutes*, the Board was required to

adopt and operate pursuant to an administrative expense budget each year. The budget included all administrative expenses (e.g. actuary, legal, investment consultant, custody, administration, insurance, etc.) but did not include investment management fees. The proposed budget for 2019/2020 was \$101,450 which was less than the adopted budget for 2018/2019. Further, estimated expenses for the current Plan Year were under budget.

Plan Administrator Rounsavall reviewed individual line items in the proposed budget. There were no questions or revisions.

Member Crawford moved to approve the proposed budget for Plan Year 2019/2020 in the amount of \$101,450 as presented. Member Grose seconded the motion which carried unanimously.

Plan Administrator Rounsavall would provide the adopted budget to the city staff (plan sponsor) for posting on the City's web site and ensure that copies were posted on bulletin boards in the police department for plan members.

Acknowledge pending receipt of 2018 premium tax distribution

Pending approval of the 2018 State Annual Report, the City could expect to receive its premium tax distribution in the amount of \$229,301. The funds were generated by an excise tax on casualty insurance policies sold in the municipality.

Reconsideration of plan amendment to allow cross credit for vesting purposes only between the Rockledge Retirement Plans

At several meetings in 2017, the Rockledge Retirement Boards jointly considered the concept of cross credit but ultimately voted to take no action. Cross credit allowed an employee who was hired as a member of one retirement plan, and subsequently hired as a member of another plan, to retain their credited service in the former plan for vesting purposes. Since that time, circumstances had arisen in the Police Retirement Plan that brought the matter back to the forefront. All three boards needed to adopt cross credit provisions for it to operate effectively.

Attorney Harrison advised that a very long-time member of the Police Plan began their career in the General Employees Plan and had been given credit for the years served in the General Plan in the absence of cross credit provisions. The member in question was first hired when there was a single retirement plan for all Rockledge employees; the separate retirement plans were established in the mid 1990's. The attorney reminded board members of their fiduciary responsibility to all members of the plan. This particular case was a continuing issue and could be cause for potential litigation as the member could make a case for detrimental reliance on annual member statements issued during past years. Attorney Harrison encouraged the board to seriously consider cross credit. It would be considered a benefit change and a memorandum of understanding with the affected bargaining units would be needed.

City Manager Brenda Fettrow advised that collective bargaining with the police unions was closed for the year and that the city's position on cross credit had not changed since 2017. There was no interest in pursuing it at this time. Should the unions bring it to the table in the next year, the city would address it.

Member LaSata moved to obtain personnel records and other pertinent information on the affected police member (from city records, actuary, etc.) for review at the next meeting in

order to make a decision in this particular situation. Member Crawford seconded the motion; it carried unanimously.

Discussion and possible action to establish policy as to length of time allowed for a member to commence payments following receipt of actuarial buyback calculation for prior military service

Plan Administrator Rounsavall advised that a police officer recently purchased prior military service. She noticed that the plan document did not reference the amount of time that a participant had to take action to purchase prior service after receiving their actuarial calculation/cost. Actuary Little mentioned that this timeframe was typically 90 days and that the member paid all expenses associated with the calculation.

Member LaSata moved to establish board policy such that a member electing to purchase additional credited service must commence payments to the retirement plan within 90 days of receipt of the actuarial buyback calculation. Member Grose seconded the motion which carried unanimously.

Attorney Harrison would draft a policy for the Board's consideration at the next meeting.

Discussion and possible action to allow purchase of credited service for prior law enforcement service

The current plan document only allowed buyback of credited service for up to five years served in the military. Attorney Harrison explained that most retirement plans in the State also allowed the purchase of prior law enforcement service. Such a provision also served as a good recruiting tool for the police department.

Member Grose moved to direct the attorney to prepare an ordinance (amendment to plan document) to allow the buyback of credited service for prior law enforcement service as well as prior military service. The combined total of any prior service purchased could not exceed five years cumulative. Member Crawford seconded the motion which carried on an all yes vote.

Attorney Harrison would draft an ordinance providing same for consideration at the next meeting.

REPORTS & COMMUNICATIONS

Report: Investment Consultant (Tyler Grumbles, AndCo Consulting)

➤ Performance Report for quarter ended June 30, 2019

Mr. Grumbles delivered the Investment Performance Report for the quarter ended June 30, 2019. Although it was a very volatile quarter, both domestic and international equities posted positive results. With federal monetary policy pushing interest rates lower, fixed income returns were also positive with gains for the quarter around three percent. Economic growth started to slow; this would fuel further volatility in the markets. In fact, equities suffered a major pullback since June 30th.

Total market value as of June 30, 2019 was \$15,054,881 up from \$14,686,767 for the previous quarter ended March 31, 2019. On a percentage basis, the composite portfolio was up 3.34 percent for the quarter (gross) which ranked in the 43rd percentile of public plans. Fiscal year to date, the fund was up 2.97 percent (ranking in the 62nd percentile of public plans). All asset classes were within target ranges; no rebalancing was recommended.

Member Crawford moved to acknowledge receipt of the investment performance report as presented. Member Grose seconded the motion which carried unanimously.

- Status report on Brookfield Super-Core Infrastructure Fund, including request for letter of tax exemption from Canadian Revenue Agency in the event the fund acquired any Canadian assets

At the quarterly meeting on February 22, 2019, each retirement board authorized an investment with Brookfield Super-Core Infrastructure Partners at a five percent allocation. Mr. Grumbles reported that the appropriate investment management agreements and side letters were now in place. He expected the first capital call in early 2020.

There was a final matter to be addressed regarding the Brookfield investment. The Retirement Board needed to request a letter of exemption from the Canadian Revenue Agency. If at any point the Brookfield Fund purchased Canadian assets, the proceeds would be taxed at a 25 percent rate without such an exemption letter. Sugarman & Susskind (legal counsel) was able to make application for an exemption, however, this type of work was not anticipated under the firm's retainer, thus an hourly charge.

Member LaSata moved to authorize Attorney Harrison to prepare the Canadian exemption paperwork (anticipated to require a couple of hours of legal work). Member Grose seconded the motion and it carried unanimously.

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

Mr. Little briefly mentioned long-term expectations of return as reported by the JP Morgan capital markets study. He encouraged the retirement board to continually lower their expected annual rate of return.

Report: Board Attorney (Kenneth Harrison, Sugarman & Susskind) – No Report

Report: Plan Administrator (Karan Rounsavall)

Educational Opportunities:

- Florida Public Pension Trustees' Association (FPPTA) Fall Trustees School in Ponte Vedra Beach (October 6-9, 2019)
- Florida Division of Retirement Annual Police Officers' & Firefighters' Pension Trustees' Conference in Orlando (October 29-31, 2019)

If any member wished to attend, they were to contact the plan administrator at their earliest opportunity.

The next quarterly meeting was scheduled for November 22, 2019. This would be a joint meeting of all three retirement boards.

PUBLIC COMMENT - None

ADJOURN

The meeting adjourned at 2:25 p.m.

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Rick Burke, Chairman