
**City of Rockledge General Employees' Retirement Plan
City of Rockledge Fire Employees' Retirement Plan
City of Rockledge Police Employees' Retirement Plan
Joint Quarterly Meeting
November 18, 2022
MINUTES**

General Employees' Board

Brian Laughlin – Chairman
Brenda Black – Trustee
Corey Harris – Trustee
Tanya Molony – Secretary
Elon Poole – Trustee

Board Members Present

Fire Employees' Board
Jeptha Sunday – Chairman
Michael McCaleb - Trustee
Thomas “Pat” O’Neill - Trustee
Ed Syfrett – Trustee

Police Employees' Board

Chris Crawford – Secretary
Joseph LaSata – Trustee

Board Members Absent & Excused

Desiree Babbs – Trustee
Rick Burke – Chairman
Patrick Kennedy – Trustee
Hal Burke – Trustee

Also Present: Ken Harrison & Madison Levine – Attorney (via video), Chad Little - Actuaries, Tyler Grumbles – Consultant, Frank Mega & Caleb Hynson – Plan Administrators (Police), Julie Enright and Charlene Lehmann (General and Fire) – Plan Administrator and Assistant, Matthew Trine – Finance Director, Dr. Brenda Fettrow – City Manager

I. Call to Order

General Employees' Board: Meeting called to order at 9:06 am by Brian Laughlin. A quorum was in attendance.

Fire Employees' Board: Meeting called to order at 9:06 am by Jeptha Sunday. A quorum was in attendance.

Police Employees' Board: Meeting called to order at 9:06 am by Secretary Crawford. A quorum was not in attendance.

II. Approval of Minutes

General Employees' Board: The minutes from the previous Pension Board meeting was presented for approval. A motion was made by Member Harris to approve the minutes as presented; the motion was seconded by Member Black and passed unanimously.

Fire Employees' Board: The minutes from the previous Pension Board meeting was presented for approval. A motion was made by Member O’Neill to approve the minutes as presented; the motion was seconded by Member Syfrett and passed unanimously.

III. Old Business

Annual Rate of Return Sub Committee – Dr Fettrow provided an update on the sub-committee meeting which included the City, Actuary, Consultant, and Police Chairman. During the sub-committee meeting, some members recommended to not lower the assumption rate based on the current market conditions. The City voiced their interest to continue with the scheduled lowering of assumption from 7.65% to 7.55%. The City feels that they can manage the reduction and continue the long-term assumption funding policy and commitment of the anticipated annual decreases.

General Employees' Board: A motion was made by Member Harris to approve Annual Rate of Return reduction from 7.65% to 7.55%; the motion was seconded by Member Molony and passed unanimously.

Fire Employees' Board: A motion was made by Member McCaleb to approve Annual Rate of Return reduction from 7.65% to 7.55%; the motion was seconded by Member O'Neill and passed unanimously.

I. New Business

Meeting Schedule - The Plan Administrators reviewed the 2023 Calendar Year meeting dates with the Board. Matthew Trine addressed the Board on the February date and would like the Boards to consider moving from 2/17/23 to 2/3/23 to help with the Annual Reporting and City schedules. Open discussion took place, and the schedule was unanimously adopted with a change from 2/17/23 to 2/3/23.

- *ACTION ITEM: Plan Administrators to update schedule and provide to the plan sponsor and applicable vendors.*

Annual Administration Expense Report - The Fire board was presented with the Fiscal Year 2022 fiscal year-end Annual Administration Expense Report.

Fire Employees' Board: A motion was made by Member Syfrett to approve the Annual Admin Expense Report as presented; the motion was seconded by Member McCaleb and passed unanimously.

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

IV. Investment Consultant

Tyler Grumbles of AndCo presented the quarterly investment performance and overview. Broadly, global markets declined during the 3rd quarter as inflation remained elevated, causing global central banks further drain liquidity from the market, and geopolitical risks increased as the conflict in Ukraine escalated. While inflation moderated slightly in the US, it showed signs of increasing, especially in Europe, where UK and German inflation reached multi-decade highs. US CPI was 8.3% in August, down from 9.1% at the end of the 2nd quarter. The US Federal Reserve Bank (the Fed) continued to increase interest rates during the quarter by raising 0.75% at the July and September meetings. Importantly, the Fed signaled it was committed to fight inflation by additional rate hikes if needed. The US labor market showed its resiliency during the quarter by adding an estimated 1.1 million jobs. As a result, the unemployment rate fell to 3.5% in September. The number of workers re-entering the workforce increased slightly during the period as wage growth remained strong. Real estate markets were under pressure during the quarter as rising interest rates pushed mortgages to their highest levels since 2007. As of September, the average 30-year fixed mortgage was roughly 6.7%, up from roughly 3.0% last year at the same time.

General Employees' Board: The fund began the quarter at \$20,188,044 and finished with quarterly balance of \$19,164,295. The Plan was (-) 3.87% for the quarter net of fees.

Fire Employees' Board: The fund began the quarter at \$13,146,008 and finished with quarterly balance of \$12,627,896. The Plan was (-) 3.76% for the quarter net of fees.

Police Employees' Board: The fund began the quarter at \$16,582,984 and finished with quarterly balance of \$16,098,928. The Plan was (-) 3.35% for the quarter net of fees.

Tyler Grumbles also discussed an update on the Brookfield fund and Korean Tax Treaty. He mentioned earlier this year the Brookfield Supercore Infrastructure Fund (the Plans' Infrastructure Manager) made an investment in a Korean air separation asset. As a result of the transaction, the Korean government will tax the proceeds from this investment unless investors supply several pieces of information, including a "Certification of Tax Residency". We asked Brookfield what the tax savings would be and they stated that for a \$1 million investment the tax savings would be approximately \$200 per year and would decrease over time since this is expected to be a smaller and smaller portion of the portfolio. Given the Rockledge current investment total, we don't think that the time and legal cost incurred would be worth trying to obtain this "Certification of Tax Residency", but we wanted the Boards to be aware in case they would like us to pursue this along with the Board's legal counsel.

V. Actuary Report

Chad Little provided an update on year end Actuary reporting and other ongoing activities. Chad also mentioned the annual member benefit statements are in process of creating for review before presenting for distribution to the members. Last, Chad mentioned the City has prepaid contributions to offset for the future.

VI. Attorney Report

Plan Attorney Madison Levine reviewed the final 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. Open discussion took place on the policy and clarifying the amount of the Actuary administrative fee to create a DROP statement. The Plan Administrator confirmed the annual administrative fee to be \$150, which will be updated upon adoption and approval.

General Employees' Board: A motion was made by Member Harris to approve the DROP Policy as presented with the administrative fee updated; the motion was seconded by Member Black and passed unanimously.

Fire Employees' Board: A motion was made by Member O'Neill to approve the DROP Policy as presented with the administrative fee updated; the motion was seconded by Member McCaleb and passed unanimously.

Plan Attorney noted that this is the time of year that their firm chooses a charity to donate to on the Plans behalf. This year they have chosen to donate to the American Red Cross Hurricane Relief Fund. The Trustees expressed appreciation of this donation.

Plan Attorney Ken Harrison provided an overview and history of the Plan and his involvement. Ken advised the Boards that he will be retiring at the end of the year. Ken thanked the Trustees for the opportunity and support in serving the Board and members of the Plans and City. Ken noted that Madison Levine will serve the Plan as the Plan Attorney upon his retirement. Dr. Fettrow spoke on behalf of the City thanking Ken for his service to the Plan and members and wishing Ken a happy retirement. In addition, Dr. Fettrow addressed Madison with the option of attending future meetings in person.

VII. Plan Administrator Report

Frank Mega, Plan Administrator provided a status of the quarter and fiscal year end activities and the standings of the Plan. Frank mentioned the Administrators have been providing annual information to both the Actuary and City for their reporting and information needs. In addition, Frank also spoke on the continuing education opportunities available through the FPPTA and State School.

- *ACTION ITEM: Plan Administrators will continue to update Board members on educational opportunities.*

Julie Enright provided Fund expenditures for the General Employees' Plan to the Board for review and acknowledgement of quarter ending 9/30/22. A motion was made by Member Harris to acknowledge receipt of the report as submitted. Member Molony seconded the motion which carried unanimously.

VIII. Public Comment

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

IX. Adjournment/Next Meeting

The meeting adjourned at 9:50 am. The next regularly scheduled Board of Trustees' meeting will be held on February 3, 2023, at 9 am for Fire Employees' Board, 11 am for General Employees' Board, and 1:00 pm for Police Employees' Board.

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 General Employee's Board:

Brian Laughlin, Chairman

Approved by Fire Employee's Board:

Jeptha Sunday, Chairman

Approved by Police Employee's Board:

Rick Burke, Chairman