
City of Rockledge
Police Employees' Retirement Plan
August 18, 2023
MINUTES

Board Members Present

Chris Crawford – Secretary
Joseph LaSata – Trustee
Hal Burke – Trustee
Patrick Kennedy – Trustee

Also Present

Madison Levine – Attorney (via Video)
Tyler Grumbles - Consultant
Chad Little – Actuary
Frank Mega – Plan Administrator
Caleb Hynson – Plan Administrator (via Video)
Dr. Brenda Fettrow – City Manager
Matthew Trine – Finance Director

Absent / Excused

Rick Burke – Chairman

I. Call to Order

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

II. Approval of Minutes

The minutes from the previous Pension Board meeting was 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

Summary Plan Description (SPD) Updated – The Plan Administrator introduced the updated SPD from the Plan Attorney. The Attorney added that there are a couple additional items they would like to include on the SPD prior to finalizing. The attorney will add the items and present at future meeting for final review and approval by the Board.

- *ACTION ITEM: Plan Administrator to work with Attorney to add additional items to the SPD to then present to the Board at a future meeting.*

DROP Monies Distribution Policy - The Plan Administrator discussed with the Board where we left off on review and approval of the DROP Policy from previous meetings. The Boards' annual sub-committee meeting, which meets in September, will review, and discuss the suggested DROP Policy changes. After sub-committee review, the DROP Policy will be brought back to the Boards for further review, discussion, and approval.

Pension Portal – The Plan Administrator updated the Board on the Custodian Pension Portal for retirees sponsored by Salem Trust Company and U.S. Bank, Salem's trusted service provider of benefit payment. Open discussion took place among the Board on the portal and the varying services offered. The Board agreed the full portal service offering would be a benefit and resource to retirees of the Plan. A motion was made by Hal Burke to approve Salem Trust to launch the portal for the Plan as discussed; the motion was seconded by Patrick Kennedy and passed unanimously.

- *ACTION ITEM: Plan Administrator to work with Salem Trust on setup, launch, and communication of the Portal to the retirees.*

IV. New Business

Annual Administrative Budget - The Plan Administrator offered the proposed Fiscal Year (FY) 2024 budget and presented it to the Board for consideration. The annual budget is required by the State of Florida and should be introduced and reviewed prior to the end of the budgeted year. A motion was made by Joseph LaSata to approve the annual budget as presented and was seconded by Hal Burke and approved unanimously.

- *ACTION ITEM – Administrator to send approved Annual Budget to Plan Sponsor for record keeping.*

Salem Trust Approved Signers - The Plan Administrator introduced updated authorized signer forms to be completed and approved at the request of the Custodian, Salem Trust. These forms allow for specific individuals as authorized signers and delegate authority to allow for operation of the fund. Open discussion took place, and the forms were signed accordingly.

- *ACTION ITEM: Plan Administrator to provide signed forms to the Custodian for records and fund operation.*

V. Investment Consultant

Tyler Grumbles of AndCo presented the quarterly investment performance and overview. US equities moved broadly higher during the second quarter led by growth-oriented sectors. The S&P 500 Benchmark rose 8.7% for the quarter, its best performing quarter since Q4-2021. Large-cap growth was the best-performing domestic segment of the equity market during the period while small-cap value, while positive, was the weakest relative performer for the quarter. While inflation continues to decline, the Fed maintained their inflation-fighting policy stance, increasing interest rates by 0.25% in May but opting to pause in June. The additional rate hike in May along with the possibility that additional rate hikes could occur in this tightening cycle, drove intermediate and long-term rates slightly higher during the quarter. Central banks remained vigilant in their fight against inflation with the Fed, the Bank of England, and the European Central foreshadowing the potential for further tightening with additional rate hikes in the coming months. GDP contraction in the Eurozone for the previous two quarters has been met with recovering asset prices in the most recent quarter as investors remain hopeful of future growth. The conflict in Ukraine continues without expectations of any resolution in the near future. Energy costs have subsided in recent months attributed to a mild winter in the Eurozone region and an increase in fossil fuel production in the US. Short-term interest rates rose across most developed markets as central banks continued to tighten policy stances. Despite previous concerns about the potential for slowing economic growth, lower-quality corporate bonds outpaced higher quality government bonds as credit spreads narrowed. Both US and international equity markets continued to recover from the disappointing year that was 2022 on expectations that inflation would continue to moderate and central banks would slow the pace of their monetary tightening cycles. Growth has significantly outpaced value in the previous two quarters.

The fund began the quarter at \$17,633,266 and finished with quarterly balance of \$18,083,197. The Plan was (+) 3.69% for the quarter net of fees.

Tyler recommends a change and move from the ASB Real Estate fund due to underperformance. Open discussion took place among the Board on recommendations and timing of such a change. Tyler added that there is no recommendation at this time as the redemption from the fund will take some time. Tyler will provide recommended direction when the redemption of the fund takes place. A motion was made by Patrick Kennedy to approve the Consult report and approve the redemption request for the ASB real estate fund; the motion was seconded by Hal Burke and passed unanimously.

VI. Actuary Report

The Plan Actuary updated the Board on the State premium tax dollars. The total amount received in \$313,510.19 vs \$269,833.28 last year. The check has been received by the City and will be deposited in the fund. A motion was made by Patrick Kennedy to approve the Actuary report as presented; the motion was seconded by Hal Burke and passed unanimously.

VII. Attorney Report

The Attorney discussed additional details regarding the Florida Legislature passed bill (HB3) making important changes to the duties of trustees of Florida local government pension plans. The Attorney provided a summary of the new law and will update the Board on any additional formal guidance from the Division of Retirement accordingly. A motion was made by Patrick Kennedy to approve the Attorney report as presented; the motion was seconded by Hal Burke and passed unanimously.

VIII. Public Comment

City Finance Director Matthew Trine addressed the Board that the annual Audit is coming up next month on 9/17-9/18 2023.

IX. Adjournment/Next Meeting

A motion to adjourn was made. The next regularly scheduled Board of Trustees' meeting will be held on November 17, 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