

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

Friday, August 19, 2022

CALL TO ORDER

The Rockledge Fire Employees' Retirement Board held its quarterly meeting on Friday, August 19, 2022 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

MEMBERS PRESENT: Chairman Jeptha Sunday, Fifth Member Ed Syfrett, Fire Representative Mike McCaleb, Fire Representative Desiree Babbs, Resident Member Thomas "Pat" O'Neill, Resident Member

MEMBERS ABSENT: None

CONSULTANTS/STAFF: Kenneth Harrison, Board Attorney and Madison Levine, Sugarman & Susskind (video)
Chad Little, Actuary - Freiman Little Actuaries
Tyler Grumbles, Investment Consultant – AndCo Consulting
Julie Enright, Plan Administrator
Matthew Trine, Finance Director

Chairman Sunday called the meeting to order at 9:00 a.m. A quorum was in attendance.

APPROVAL OF MINUTES

Quarterly Meeting of the Joint Meeting of May 20, 2022

Member Syfrett moved to approve minutes of the May 20, 2022 joint quarterly meeting as submitted. Member O'Neill seconded the motion which passed unanimously.

OLD BUSINESS

DROP Monies Distribution Policy

An overview of the current DROP policy was reviewed that outlines the timing of distribution of DROP monies. Due to an end of the year audit with the Brookfield fund, the quarterly return rates of the fund pushed final DROP distribution monies to longer than 90 days as outlined in the Policy. The Pension Attorney proposed a process that would allow a portion of the DROP monies to be available prior to finalized quarter returns. The Consultant provided additional information suggesting that 95% of the quarterly returns could be used for the DROP distribution and the remainder DROP monies within 180 days or as quick as administratively possible. Discussion ensued regarding 90 or 60 days for first distribution.

Member McCaleb moved to approve Attorney draft a Policy outlining the proposed DROP monies distribution process to change 90 days to 60 days at 95% of the returns and remainder within 180 days. Member Syfrett seconded the motion which passed unanimously.

NEW BUSINESS

Annual Budget – Fiscal Year 2022/2023

Plan Administrator reviewed the proposed budget.

Member Syfrett moved to approve the administrative budget for Fiscal Year 2022/2023. Member O'Neill seconded the motion which passed unanimously.

Ratify travel expense report/reimbursement for attendance at FPPTA Annual Conference in Orlando.

Member McCaleb moved to ratify the expense report for FPPTA travel of Ed Syfrett. Member O'Neill seconded the motion which passed unanimously.

REPORTS & COMMUNICATIONS

Report: Investment Consultant (Tyler Grumbles, AndCo Consulting)

Investment Performance Report for quarter ended June 30, 2022

Tyler Grumbles of AndCo presented the quarterly investment performance and overview. The report provided information regarding the economy. Global economic growth continued to slow during the 2nd quarter as global central banks tightened monetary policy in order to fight persistently high inflation. Additionally, rising geopolitical concerns related to Russia's continued action in Ukraine, China's zero-Covid policy, and social unrest in emerging markets all contributed to the slowdown. The US Federal Reserve Bank (the Fed) increased interest rates twice during the quarter by a total of 1.25%. June's rate increase of 0.75% was the largest interest rate increase since the early 1900s. The Fed indicated that its primary focus is arresting the increase in inflation which could require additional rate increases. The US labor market continued to be a source of strength with the unemployment rate holding steady at 3.6% in June. The pace of job growth remains above the market's expectation with the number of available workers entering the workforce remains significantly below the pre-pandemic high. The US housing market showed signs of cooling as higher mortgage rates pushed many buyers out of the market. Importantly, housing starts and new building permits continued in their downward trend which suggests future new inventory may fall short of demand. Finally, home price appreciation continued to increase as measured by the Cash-Shiller Home Price Index.

The fund began the quarter at \$15,311,343 and ended with quarterly balance of \$13,134,773. The Plan was (-10.75%) for the quarter with the Fiscal year to date (-11.12%).

No changes recommended for rebalancing at this time. Reviewed cash flow distributions.

Member McCalab moved to accept the report. Member Babbs seconded the motion which passed unanimously.

Tyler Grumbles reviewed investment option for an International Developed Value Equity Manager. He reviewed the Andco analysis to evaluate options of an International Value manager. These value styles have historically shown to perform well over long periods. Mr. Grumbles reviewed the analysis of the firms to consider which included each fund's strategy, costs and historical performance. Discussion ensued regarding the different options. Mr. Grumbles recommended the DFA International Value Equity which provided the least cost and the best compliment to the Plan. DFA has approximately 500 holdings with 3 -year return of 3.26.

Member Syfrett moved to accept the recommendation of Consultant. Member McCalab seconded the motion which passed unanimously.

Report: Actuary (Chad Little, Freiman Little Actuaries)

Chad Little provided an update to the State premium tax dollars of which was more than what was expected.

Mr. Little also reminded the Board of the Funding Policy agreement that reduces the Assumed Rate of Return by 0.10% each year through 2025. The Funding Policy Assumption Committee will meet prior to the annual Actuarial Valuation report to confirm the rate.

It was noted that the Fire member on the committee is Ed Syfrett.

Report: Attorney (Ken Harrison, Sugarman & Susskind)

Ken Harrison introduced new Attorney, Madison Levine, with their firm and advised Board that she will be attending their meetings.

He reminded Board of the Form 1F Financial Disclosure requirement by July 1.

Mr. Harrison advised Board of proposed bill filed for First Responders to reduce the age for Medicare access to age 50.

Ms. Levine advised Board that the side letter for Stockbridge is completed and will be provided to the Plan Administrator.

Report: Plan Administrator (Julie Enright)

Plan Administrator advised Board of upcoming educational opportunities of the Florida Public Pension Trustee School (October 2-5). Division of Retirement September 26-28.

Advised Board that the required documents were submitted to the City for posting on the website: History of investment returns, Section 112.664 Compliance Statement and Actuarial Valuation.

PUBLIC COMMENT - None

ADJOURN

The meeting adjourned at 9:55 am. The next regular meeting is scheduled for November 18.

Submitted by:

Approved by:

Julie Enright, Plan Administrator

Jeptha Sunday, Chairman

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