

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

Friday, November 19, 2021

CALL TO ORDER

The Rockledge Fire Employees' Retirement Board held its quarterly meeting on Friday, November 19, 2021 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
Thomas "Pat" O'Neill, Resident Member

MEMBERS ABSENT: Desiree Babbs, Resident Member (excused)

CONSULTANTS/STAFF: Ken Harrison, Board Attorney - Sugarman & Susskind*
Chad Little, Actuary - Freiman Little Actuaries
Tyler Grumbles, Investment Consultant – AndCo Consulting
Mindy Johnson, Custodian – Salem Trust Company
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Sunday called the meeting to order at 9:15 a.m. A quorum was in attendance.
*Attorney Harrison attended via video conferencing hosted by the City of Rockledge.

APPROVAL OF MINUTES

Quarterly Meeting of August 20, 2021

Member McCaleb moved to approve minutes of the August 20, 2021 quarterly meeting as submitted. Member O'Neill seconded the motion which carried unanimously.

OLD BUSINESS

Status of discussions with *Nationwide Retirement Solutions* as an alternate provider of self-directed DROP accounts for retirees

Attorney Harrison advised that his law firm spoke with Nationwide representatives earlier in the week. While the proposed agreement was generally acceptable, Sugarman & Susskind requested several language changes. These changes were now under review by Nationwide, thus "the ball was in their court." Mr. Harrison reminded the retirement board that Nationwide was quite slow to respond to prior inquiries; he anticipated this matter would remain on future agendas for some time.

Adoption of experience study presented at August 20, 2021 meeting and receipt of recommendation from *Actuarial Assumptions Sub-Committee*

Actuary Chad Little advised that results of the experience study (based on the October 1, 2020 valuation), along with recommendations as to various assumptions, were presented to the retirement board at the August 20, 2021 meeting. The *Actuarial Assumptions Sub-Committee* subsequently met and recommended adoption of the experience study and assumption revisions therein.

Attorney Harrison asked whether the sub-committee considered accelerating reduction of the assumed investment rate of return particularly given the excellent returns for Fiscal Year 2020/2021. Mr. Little advised this was discussed but that city staff expressed hesitancy given inflation uncertainty in the ensuing year. Member McCaleb favored reducing the assumed rate of return given double digit investment returns.

Member McCaleb moved to adopt the experience study and recommended assumption revisions, including a 7.65 percent assumed rate of return for the October 1, 2021 valuation. Member O'Neill seconded the motion which carried on an all yes vote.

Request for quotes (RFQ) for plan administration services

Board members were in receipt of quotes from four plan administrators. Karan Rounsavall, current plan administrator, advised the retirement board of her intent to resign at an earlier meeting. Chairman Sunday suggested a sub-committee with a representative from each of the retirement boards to review the RFQs, to short list the top proposals, and to schedule interviews with the sub-committee. The chairman was willing to serve as the Fire Board's representative to the sub-committee.

Member O'Neill moved in accordance with Chairman Sunday's recommendation. Member Syfrett seconded the motion which carried unanimously.

NEW BUSINESS

Establish quarterly meeting dates for 2022

Member O'Neill moved to set 2022 quarterly meeting dates as follows: February 4, 2022, May 20, 2022 (joint), August 19, 2022, and November 18, 2022 (joint). Member Syfrett seconded the motion; it carried.

Investment Consultant Tyler Grumbles advised he was unable to attend the February 4, 2022 meeting. Another representative from AndCo Consulting would attend in his stead.

Authorization to renew membership in Florida Public Pension Trustees Association (FPPTA) for 2022

Member Syfrett moved to approve the board's membership in FPPTA for 2022 at a cost of \$750. Member O'Neill seconded the motion which carried on an all yes vote.

Acknowledge receipt of detailed accounting report for Fiscal Year 2020/2021

Board members were in receipt of the detailed accounting report for Fiscal Year 2020/2021 prepared by the plan administrator. It reflected administrative expenses that were paid on behalf of the plan during the fiscal year. Administrative expenses included legal counsel, actuarial, investment advisory, plan administration, etc. Total administrative expenses were \$98,634.18 which was less than the adopted budget for the fiscal year and slightly more than expenses paid in the prior year.

Member O'Neill moved to acknowledge receipt of the accounting report as presented. Member McCaleb seconded the motion; it carried unanimously. The report would be provided to the plan sponsor (City of Rockledge) and made available to active plan participants.

Update signature authorization forms for Salem Trust Company (plan custodian) and Chevy Chase Company (ASB Allegiance Real Estate Fund)

Plan Administrator Rounsavall recommended this item be tabled until the next quarterly meeting as a new plan administrator would be in place at that time. Additionally, there was a new trustee on the Fire Retirement Board.

Member O'Neill moved to table to the next quarterly meeting as recommended. Member Syfrett seconded the motion which carried on an all yes vote.

Approve revised Summary Plan Description (SPD) to reflect increase in multiplier for participants hired after October 1, 2012 from 2.75% to 3.0%

Trustees were in receipt of the updated SPD as prepared by the actuary and reviewed by the attorney.

Member O'Neill moved to approve the SPD as presented. Member McCaleb seconded the motion which carried unanimously. The SPD would be distributed to current plan members as well as new hires.

Ratify travel expense reports/reimbursements for attendance at FPPTA Fall Trustee School in Ponte Vedra Beach

Expense reports included registration fees, hotel accommodations, mileage and meals in accordance with the retirement plan's approved travel policy

Member Syfrett moved to ratify travel expense reports as set forth below:

<i>Trustee Ed Syfrett -</i>	<i>\$1,511.26</i>
<i>Trustee Mike McCaleb -</i>	<i>\$1,511.26</i>

Member McCaleb seconded the motion and it carried unanimously.

REPORTS & COMMUNICATIONS

Report: Custodian (Mindy Johnson, Salem Trust Company)

Relationship Manager Mindy Johnson was in attendance for her annual visit with the retirement board. She thanked the board for its ongoing relationship with Salem Trust for the past nine years.

Report: Investment Manager (Georgette Baxter, ASB Allegiance Real Estate Fund)

Concerned about lagging performance compared to its peers, the Fire Retirement Board requested that representatives of ASB Allegiance Real Estate Fund attend this meeting to discuss the fund's investment strategy, past performance, and future expectations. Georgette Baxter and Larry Braithwaite from ASB Allegiance were in attendance and provided an update including an overview of the fund and its holdings. Currently positions in office space and retail were being sold and assets redeployed to logistics, multi-family residential, industrial, and warehousing.

The Retirement Board accepted ASB Allegiance's informative presentation.

Report: Investment Consultant (Tyler Grumbles, AndCo Consulting)

Investment Performance Report for quarter ended September 30, 2021

Mr. Grumbles presented the performance report and economic commentary for the quarter ended September 30, 2021. Domestic equity markets reached new all-time highs in early September only to pull back toward the end of the quarter and close basically flat. Concerns

related to the Delta variant (COVID), supply chain issues and rising inflation contributed to the volatility. Large and mid-cap companies outperformed relative to small cap. International equity markets posted disappointing returns and emerging markets dropped sharply. Fixed income returns were flat during the quarter. Since the end of the quarter, the fund had gained roughly three percent.

All asset classes were within their target ranges; there was no recommendation for rebalancing.

Total market value as of September 30, 2021 was \$15,373,365 down slightly from \$15,390,356 for the previous quarter ended June 30, 2021. On a percentage basis, the composite portfolio was down -0.02 percent for the quarter (gross) which ranked in the 35th percentile of public plans. Fiscal year to date, the fund was up 20.56 percent (ranking in the 39th percentile). Mr. Grumbles noted these were preliminary returns as Brookfield Super-Core Infrastructure Fund (BSIP) had not yet reported its quarterly earnings. He expected infrastructure to add another five or six basis points to the overall return.

Garcia Hamilton's (GHA – domestic fixed income) performance continued to be somewhat disappointing. Mr. Grumbles stated that GHA ran a conservative strategy and only invested in bonds with an "A" rating or better. Recent outperformance came from investment grade bonds (BAA ratings). AndCo was still comfortable with GHA and felt that its strategy would serve the retirement fund well going into the next year.

Attorney Harrison commended Mr. Grumbles on the portfolio's outstanding performance. It had most definitely achieved expectations.

As to ASB Allegiance Real Estate Fund, the retirement board indicated that it was still comfortable with this manager. Mr. Grumbles recommended that the board increase its allocation to real estate to 15 percent. The real estate allocation was currently underweight at eight percent of the portfolio. An additional investment of \$1 million would bring the allocation to a 15 percent target. With the board's concurrence, he would bring a search for complementary real estate investment managers to the next meeting.

Member O'Neill moved to accept the investment performance report as presented along with the consultant's recommendation to examine additional real estate managers at the next meeting. Member McCaleb seconded the motion which carried unanimously.

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

Mr. Little requested clarification as to use of State premium tax revenues prior to preparing the October 1, 2021 valuation. It was his understanding that state funds were to be used to offset city contributions. However, his review of a recent memorandum of understanding (MOU) with the union was not exactly clear in this regard

Finance Director Matthew Trine concurred with Mr. Little's interpretation that state funds were to be used to reduce city contributions. He supported clarification of the existing MOU during the next collective bargaining session.

Member Syfrett moved to ratify interpretation of the MOU as it related to use of State premium tax revenues such that these monies were to be used to offset the City's required contributions. Member O'Neill seconded the motion; it carried on an all yes vote.

Report: Board Attorney (Ken Harrison, Sugarman & Susskind)

The next legislative session began January 11, 2022. There were no pre-filed bills that affected public pension plans.

Report: Plan Administrator (Karan Rounsavall)

Educational Opportunities:

- ✓ Florida Public Pension Trustees Association (FPPTA) winter trustee school (January 23 – 26, 2022 in Lake Buena Vista)

If anyone was interested in participating, they were to contact the Plan Administrator.

The next quarterly meeting was scheduled for February 4, 2022.

PUBLIC COMMENT

ADJOURN

The meeting adjourned at 10:28 a.m.

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Jeptha Sunday, Chairman