

ROCKLEDGE GENERAL EMPLOYEES' RETIREMENT BOARD MEETING MINUTES

Friday, November 19, 2021

CALL TO ORDER

The Rockledge General 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 Brian Laughlin, Resident Member
Corey Harris, Employee Member
Carol King, Employee Member
Tanya Molony, Fifth Member
Brenda Black, Resident Member

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
Karan Rounsavall, Plan Administrator
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Laughlin called the meeting to order at 3:00 p.m. A quorum was in attendance. The Board welcomed new member Brenda Black. *Attorney Harrison attended meeting via video conferencing hosted by the City of Rockledge.

APPROVAL OF MINUTES

Quarterly Meeting of August 20, 2021

Member Harris moved to approve minutes of the August 20, 2021 quarterly meeting as submitted. Member King 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 and their response forthcoming. Mr. Harrison reminded the retirement board that Nationwide was quite slow to respond to prior inquiries; it would be appropriate to defer the matter to the next meeting.

Member Harris expressed her disappointment with Nationwide's lack of response particularly since Nationwide currently serviced the City's deferred compensation plan. She asked about other options, such as a guaranteed rate for DROP participants. It was her understanding that a guaranteed rate DROP was quite common in other retirement plans.

Attorney Harrison advised that a guaranteed rate was the simplest way to handle DROP participation and certainly the easiest to administer. Introduction of a guaranteed rate DROP

was subject to collective bargaining but could be handled with a memorandum of understanding. The attorney favored guaranteed rate DROPs.

It was the consensus of the retirement board to defer further discussion until the next quarterly meeting.

Adoption of experience study presented on 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. Adoption of the revised assumptions resulted in less cost to the retirement plan.

Member Harris 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 Molony 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. The police and fire retirement boards approved a sub-committee with a representative from each retirement board to review the RFQs, to short list the top proposals, and to schedule interviews with the sub-committee.

Member Harris felt that the entire retirement board should participate in the interviews at a special meeting. She had already done some preliminary background checks on the candidates and was ready to eliminate Pension USA and Pension Resource Center. Chairman Laughlin agreed. Having already reviewed the RFQ's himself, he was prepared to interview HYN Consulting and Julie Enright. He did not see the need for the General Employees' Retirement Board to participate in the sub-committee.

Attorney Harrison advised that there was no requirement that the Rockledge Retirement Plans have the same administrator.

Member Harris moved to schedule a special meeting of the General Employees' Retirement Board for the purpose of interviewing HYN Consulting and Julie Enright for plan administration services and to decline participation in the sub-committee. Member King seconded the motion which carried unanimously. Mrs. Rounsavall would contact the two candidates and schedule the special meeting at the earliest opportunity.

NEW BUSINESS

Establish quarterly meeting dates for 2022

Member Harris 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 King seconded the motion; it carried on an all yes vote.

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 Harris moved to approve the board's membership in FPPTA for 2022 at a cost of \$750. Member Molony seconded the motion which carried.

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 General Employees' Retirement Board.

The matter was deferred to the next quarterly meeting.

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

Total market value as of September 30, 2021 was \$22,705,873 down slightly from \$22,940,412 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 36th percentile of public plans. Fiscal year to date, the fund was up 20.70 percent (ranking in the 38th 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 few 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.

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 real estate allocation to 15 percent. With the board's concurrence, he would bring a search for real estate investment managers complementing ASB Allegiance to the next meeting.

Member Harris 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 King seconded the motion which carried unanimously.

Report: Actuarial Consultant (Chad Little, Freiman Little Actuaries, LLC) – No report

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)

1. Acknowledge receipt of Retirement Fund expenditures and receipts for final fiscal quarter (ending September 30, 2021)

Plan expenditures for the final quarter of Fiscal Year 2020/2021 (July 1, 2021 through September 30, 2021) were \$24,620.94. Receipts to the plan for that same fiscal quarter were \$81,405.42. Total disbursements for the quarter were \$321,879.46 and included monthly benefit payments, self-directed DROP payments, and refund of contributions in addition to plan expenses (Reference Plan Administrator's memorandum dated October 15, 2021 for detail).

Member Harris moved to acknowledge receipt of the report as submitted. Member Molony seconded the motion which carried on an all-yes vote.

2. 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. Members Harris and Molony expressed interest in attending the trustee school.

Plan Administrator Rounsavall related an unfortunate situation requiring the retirement board's direction. Retiree Constance Davis passed away in late July having elected a 50 percent joint and survivor annuity with her husband (Roger Davis). Knowledge of her death occurred too late for the custodian to recall the payment and the full benefit was paid as of August 1, 2021. Sadly, Roger Davis was hospitalized and passed away on August 27, 2021 without opportunity for the plan administrator to obtain his necessary paperwork (i.e., social security and direct deposit authorization) and reduce the benefit amount in accordance with the retiree's election. As a result, the retirement plan overpaid Roger Davis \$860.

Mrs. Rounsavall discussed the situation with the board attorney and the custodian. Given the relatively small amount involved and the administrative complexity that would be required to recover the funds from the estate, the attorney recommended that the board write off the overpayment and take no action to pursue collection.

Member Harris moved to ratify the attorney's recommendation as stated above. Member Blackburn seconded the motion which carried unanimously.

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

PUBLIC COMMENT

ADJOURN

The meeting adjourned at 4:34 p.m.

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Brian Laughlin, Chairman