

**GENERAL EMPLOYEE PENSION COMMITTEE MEETING  
WEDNESDAY, APRIL 26, 2023 2:20 P.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**1. CALL TO ORDER**

**2. APPROVAL OF MINUTES**

A) [October 26, 2022](#)

B) [March 16, 2023](#)

**3. AGENDA ADDITIONS, DELETIONS & ADOPTIONS**

**4. PUBLIC COMMENT**

**5. NEW BUSINESS**

A) Empower Quarterly Investments

**6. OLD BUSINESS**

**7. CHAIRMAN'S MATTERS**

A) Make-up of Pension Committee

B) In-service distributions

**8. ATTORNEY'S MATTERS**

A) Update on the Resolution being prepared by the Board's Attorney

**9. NEXT MEETING DATE**

A) August 23, 2023 – 2:30 P.M.

**10. ADJOURNMENT**

This is a Public Meeting. Should any interested party seek to appeal any decision made by the Committee with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based.

**GENERAL EMPLOYEE PENSION COMMITTEE MINUTES  
WEDNESDAY, OCTOBER 26, 2022 3:30 P.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Monte Falls, City Manager; John Turner, City Attorney; Tammy Bursick, City Clerk; Cindy Lawson, Finance Director and Gabrielle Manus, Human Resources Director **Also Present:** Glenn Thomas, Committee Attorney

**1. CALL TO ORDER**

The Chairman called the meeting to order.

**2. APPROVAL OF MINUTES**

**A) February 23, 2022**

**Ms. Lawson made a motion to approve the February 23, 2022 minutes. Mrs. Manus seconded the motion and it passed unanimously.**

**3. AGENDA ADDITIONS, DELETIONS & ADOPTIONS**

Ms. Lawson asked to hear item 5-C) on the agenda after item 5-A).

**Ms. Lawson made a motion to adopt the agenda as amended. Mrs. Manus seconded the motion and it passed unanimously.**

**4. PUBLIC COMMENT**

None

**5. NEW BUSINESS**

**A) Empower Quarterly Investments**

Ms. Jennifer Bourret, Vice President of Investment Strategy at Prudential, walked the Committee through a market overview. In the financial market returns there is not much of a change from the last quarter. She did not recommend any changes to the long-term strategy.

**B) Approval of Segal Engagement for Actuarial Services effective October 1, 2022**

Ms. Lawson commented on the great job that Segal continues to do as their actuarial consultant. She suggested instead of having to approve the agreement every year that they approve having the agreement automatically renew and if there are problems with the agreement then she would bring it to the Committee. Also, if the price for the services go up she would bring that to the Committee. She felt it was burdensome to have to put it on the agenda every year for approval. She commented that the City has used Segal for many years and they continue to do a good job.

Mr. Falls had no problem with automatically renewing the agreement every year.

**Ms. Lawson made a motion to approve the Segal Engagement agreement for actuarial services and in the future renew the agreement automatically unless there is a compensation change to the**

**agreement and then in that case it would need to come back to the Committee. Mrs. Manus seconded the motion and it passed unanimously.**

**C) Discussion regarding investment Policy Statement (IPS) Revisions and Target Asset Allocation**

\*Please Note: This item was heard before item 5-B).

Ms. Lawson brought up the de-risking of their plan and reducing the investment return assumption, which the Committee said that they would do every year. She has talked to Ms. Bourret about doing that this year and decided because of the investment challenges that they have encountered this year that it probably is not the best time to shift to the fixed fund investments and modifications are not needed this year. The ranges they are in now are fine to keep on target from falling outside the ranges. She reiterated that it was not time to de-risk the portfolio at this time. She suggested revisiting this matter at their March meeting and see what their next steps should be at that time.

Ms. Bourret added that another thing that came up was the different ways to calculate their status of accounts and a lot of discount rates that could be used. The interest rates discounting liabilities is a little bit higher than the market rates are. It is not urgent that they need to start with de-risking. At some point they might want to look at doing this more than just annually. But, she agreed to leaving things as they are now and revisiting it in March.

Mr. Turner commented that because things look so negative for the future of their economy, he wondered if it wouldn't be wise to be more conservative with their investments at this point.

Ms. Bourret explained that there are a couple of things that they look at in how they put together the asset allocation. She mentioned the things they take into account. She said there are some things they could do at this stage without moving the allocations themselves. She suggested looking at how the interest rate has hedged and look at trying to manage the interest rate risk a little more.

Ms. Lawson shared Mr. Turner's concerns, but did not feel they needed to look at that at this point in time.

Mr. Turner stated that he didn't want them to get to the point where they were concerned about it and felt they needed to focus on it more.

Ms. Lawson said that she would like to see the Committee have this conversation down the road to decide what to do with their actuarial valuation.

**D) Survivor Joint and Benefit Options**

Mrs. Manus explained that in their current retirement plan it says after the death of your spouse (who is not the retiree) your benefits will decrease. She said that Prudential has never made any changes to the retiree's benefits in regards to this article of the plan, but after talking to their attorney, Mr. Thomas agreed that this language needs to be changed in the plan.

Mr. Thomas thought it was misleading where it eludes to the retiree is getting the benefits and his spouse passes away and the retiree's benefits are reduced. He said that does not make any sense and he thought it was probably a typo. He has never seen a plan set up that way.

Ms. Lawson brought up that her and Mrs. Manus sign off on the invoices for their attorney (Mr. Thomas). She respectfully asked that when issues like this one come up in the future that she be copied on the email. She said that there are some things that she has to run by their actuarial firm and she needs to know what is transpiring.

Mrs. Manus had some concerns about the Sunshine Law, which is why she spoke to Mr. Thomas directly.

Mrs. Lawson suggested because of the Sunshine Law in the future that Ms. Taube send her the information. She commented that this whole plan was adopted by a Resolution and not by Ordinance, which means it has never been codified. She said that it is poorly written in many places throughout the plan.

Mr. Thomas agreed that there are some things that are supposed to be in the plan, which are not. The Committee recalled when they were once working on the changes to the Ordinance and then for one reason or another the process was dropped.

Ms. Lawson was concerned that they did not have a plan document that they could give to someone unless they were given both plan documents.

Mr. Thomas recalled in 2015 the plan was updated to include both documents.

Ms. Lawson didn't recall that going to Council. She didn't think the two (2) documents were ever combined and taken to Council. She didn't know if that was something that they wanted to tackle right now.

Mr. Thomas explained to correct this one matter they could pass a Resolution to correct a scrivener's error and amend that Section only in the Resolution.

**Ms. Lawson made a motion for Mr. Thomas to prepare the Resolution. Mrs. Manus seconded the motion and it passed unanimously.**

## **6. OLD BUSINESS**

## **7. ATTORNEY'S MATTERS**

## **8. NEXT MEETING DATE**

The next meeting has been set for March 15, 2023.

## **9. ADJOURNMENT**

Today's meeting adjourned at 4:38 p.m.

/tb

**SPECIAL CALL  
GENERAL EMPLOYEE PENSION COMMITTEE MINUTES  
THURSDAY, MARCH 16, 2023 10:00 A.M.  
UPSTAIRS TRAINING ROOM, CITY HALL, VERO BEACH, FLORIDA**

**PRESENT:** Monte Falls, City Manager; John Turner, City Attorney; Cindy Lawson, Finance Director; Gabrielle Manus, Human Resource Director and Tammy Bursick, City Clerk

**1. CALL TO ORDER**

**2. ITEM FOR DISCUSSION:**

**A) Review and Approval of the 10/1/2022 Actuarial Valuation Report – Malichi Waterman/Segal**

Mr. Malichi Waterman, Segal Vice President and Consulting Actuary, gave an overview of the City of Vero Beach General Employee Retirement Plan. In the actuarial valuation summary, he explained that the rate of return on the market value of assets was -15.83% for the year ending September 30, 2022. The return on the actuarial value of assets was 4.89% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 6.25%. This actuarial investment loss increased the actuarial determined contribution by \$321,595. Given the low fixed income interest rate environment, target asset allocation and expectations of future investment returns for various asset classes, they advise the Board to continue to monitor actual and anticipated investment returns relative to the assumed long-term rate of return on investments of 6.25%.

Mr. Waterman referred to page 16 of the report and said it is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Mr. Waterman went over the asset history that started in 2013 and ended September 30, 2022, as well as the historical investment returns.

Mr. Waterman briefly went over the net loss from the COLA experience which is -1,751,193. He said they are fine as long as they continue giving more than they would need, if that changes then the assumptions would need to be looked at.

Mr. Waterman went over the history of employer contributions beginning in 2014 and ending in 2023. The percent contributed always has been 100% except in 2018, which was because they sold their utilities to Florida Power and Light (FPL).

Mr. Waterman went over the risks in the summary and said that this actuarial valuation is based on plan assets as of September 30, 2022. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Since the actuarial valuation results are dependent of a given set of assumptions, there is a risk that emerging results may

differ as actual experience proves to be different from the assumptions. On page 8, it shows the key valuation results. He said that the Plan is in great shape, but they should be looking at the COLA long term.

Ms. Lawson commented that the GASB report this year will show a liability of \$233 million because of the way the financial statements are presented. She will explain to the City Council and the Finance Commission that it is not as bad as it looks. She said it is just an accounting entry on the books.

**Ms. Lawson made a motion to accept the evaluation report and include it in their financial statements. Mrs. Manus seconded the motion and it passed unanimously.**

**Ms. Lawson made a motion to ratify the continued assumption of 6.25% investment return. Mrs. Manus seconded the motion and it passed unanimously.**

### **3. PUBLIC COMMENTS**

### **4. ADJOURNMENT**

**Ms. Lawson made a motion to adjourn today's meeting at 10:34 a.m. Ms. Manus seconded the motion and it passed unanimously.**

/tb