

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
JANUARY 16, 2014**

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System, January 16, 2014 at 2:00 p.m. in the Second Floor Conference Room at City Hall.

Present:

Commissioner Tom Perona, Chair	City Commission Member
Gloria J. Johnson	Secretary/Treasurer
Stanley Fidge	General Member
Commissioner Reginald Sessions (2:35)	City Commission Member
Rodney Nieves	Police Officer Member
Nina Hurtubise	U.A. Board Appointee
William Conavay	U.A. General Member
Attorney Jim Walker	City Attorney, Advisory
Christina Luna	Retirement Clerk

Recording:

Johnna Morris	Chief Accountant
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ITEM NO. 1 & 2 ~ ROLL CALL

Chairperson, Commissioner Tom Perona called the meeting to order at 2:00 p.m. with the first item on the agenda being the “*Roll Call*”. Commissioner Reginald Session arrived at 2:35pm.

Commissioner Perona welcomed Rodney Nieves to the board and Mrs. Johnson gave him a brief explanation of the board’s responsibilities.

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Comm. Perona stated that the next item on the agenda was comments from the public. He asked if there were any comments from the public. There were no comments from the public.

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ITEM NO. 4 ~ APPROVAL OF SUMMARIZED MINUTES OF NOVEMBER 21, 2013.

Comm. Perona stated that the next item was the approval of the summarized minutes of November 21, 2013. Comm. Perona asked if there was a motion to approve the minutes.

Ms. Nina Hurtubise noted a change on page 5, instead of shared gas, it should read shelled gas.

Comm. Perona asked for any other changes that any Board Member would like to have on the minutes before the motion was called

A motion was made by Mrs. Nina Hurtubise and seconded by Mr. Stan Fidge to approve the summarized minutes of November 21, 2013.

All those in favor of the motion signified by saying aye. There was no opposition and the motion carried unanimously.

ITEM NO. 5 ~ ATTORNEY'S REPORT

Attorney Jim Walker said that he did not have anything to report but would be happy to entertain any questions.

Comm. Perona asked if there were any questions or comments for Atty. Walker. There were none.

ITEM NO. 6 ~ PUBLIC HEARING ON BENEFITS APPLICATIONS

Comm. Perona stated that the next item on the agenda was Public Hearings on Benefit Applications.

Comm. Perona opened up the public hearings for anyone to comment on the request for retirement from James T. McDermott with 16 years of service with the City of Fort Pierce entering into the DROP. He asked if there was any one here who would like to publicly comment on this request. Seeing none, he closed the public hearing and opened the matter for the Board. **A motion was made by Mr. Fidge and seconded by Mrs. Johnson to approve the**

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request for retirement from James T. McDermott. Comm. Perona asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. There was no opposition and the motion was carried unanimously.**

Comm. Perona opened up the public hearings for anyone to comment on the request for retirement from Lee Roy Combs with 16 years and 3 months of service with the Fort Pierce Utilities Authority entering into the DROP. He asked if there was any one here who would like to publicly comment on this request. Seeing none, he closed the public hearing and opened the matter for the Board. **A motion was made by Ms. Hurtubise and seconded by Mr. Will Conavay to approve the request for retirement from Lee Roy Combs.** Comm. Perona asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. There was no opposition and the motion was carried unanimously.**

Comm. Perona opened up the public hearings for anyone to comment on the request for retirement from Edward T. Keane with 25 years and 4 months of service with the Fort Pierce Utilities Authority. He asked if there was any one here who would like to publicly comment on this request. Seeing none, he closed the public hearing and opened the matter for the Board. **A motion was made by Mr. Conavay and seconded by Ms. Hurtubise to approve the request for retirement from Edward T. Keane.** Comm. Perona asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. There was no opposition and the motion was carried unanimously**

ITEM NO. 7 ~ OLD BUSINESS

Comm. Perona stated that the next item is Old Business, with the update on the paperless agenda.

Mrs. Johnson said that progress was being made but we are there but had a few technical issues that MIS was still trying to iron out. We should be ready at the next month's meeting.

Comm. Perona asked if there was any other old business. There was none.

ITEM NO. 8 ~ NEW BUSINESS

Comm. Perona stated that the next item is New Business.

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Mrs. Johnson entered the accrual study that the Commission requested be done on potential changes to the system. She explained that during the budget process they discussed pension reform and wanted to see what would be the cost if a defined contribution plan were implemented and changing the multiplier from 3.0% to 2.5% for General and UA members.

Ms. Hurtubise asked if they would vest immediately or after a period of time.

Mrs. Johnson answered the report says immediately. There was not a vesting period given because she heard Commission say that it should be portable and employees would be able to take the contribution with them when they decided to leave. This was her assumption based on what Commission had requested.

Commissioner Reginald Sessions said what stood out in his mind was whether or not this was a deal breaker for new employees and a cost saving to the City.

Mrs., Johnson said she thought it was supposed to be enticing and did not know how enticing it would be if an employee had to wait ten years to vest in a DC plan, as it is with the DB plan.

Comm. Perona asked if there was a template that is commonly used now that would give Commission direction.

Mrs. Johnson said every assumption that is used changes things and makes a difference.

Ms. Hurtubise asked if the other assumption is that there would be no contribution by the employee.

Mrs. Johnson said it won't cost the system anything, but it will be up to Commission to decide whether or not they will make it requirement. She said the only way it would affect the system is if there is a vesting period implemented and they leave before that time. This will have to be managed and will cost. She said she thought that they may have more people choosing the DC plan that what was assumed in the study.

Comm. Sessions asked why.

Mrs. Johnson said she could remember when she first came to the City; she did not think she would be here that long. When you are younger you don't think you going to stay that long

Comm. Perona asked were there any alternatives identified that could be used besides the DC plan; like increasing the employee contribution.

Mrs. Johnson answered yes, sometimes that happens during union negotiations.

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Ms. Hurtubise had a number of concerns. The impact statement used an effective date of January 1, 2014, but wanted some reassurance that any change that may occur will not be retroactive. It would be unfair to employees because they could not act on it, they could not retire soon enough because in most cases one of their highest five years is going to be the current year.

Mrs. Johnson said that would be a Commission decision and sometimes it happens. She did not think this was the intent; this was just a date to be used.

Comm. Perona said that Commission was discussing benefits and this is what it is. It is important that any comment as to the effects on the system come from this board.

Ms. Hurtubise said there were a lot of UA employees that were really nervous about these changes. If you can remember last year there were changes implemented in August retroactive to October 1st.

Comm. Perona asked when this would be reported to Commission.

Mrs., Johnson said at the February 18th meeting.

Ms. Hurtubise said that by making the DC plan so favorable there may be more than the 10%-20% participation included in the study and may be a greater cost to the system than shown. She asked if the DC plan would be for new employees only.

Mrs. Johnson said yes, but the DB plan changes would be for everyone.

Ms. Hurtubise said they watch the potential employees very carefully at the UA and there are a lot of key employees that could retire. If the multiplier were to be reduced there would be a great number of people to retiring.

Mrs. Johnson said she wouldn't think so.

Comm. Perona said they would still get the multiplier up until that current year.

Ms. Hurtubise said at the UA the final average salary is based on the highest five of the last ten.

Mrs. Johnson said that's not how it is calculated. If an employee had worked 20 years, they would get 60%; if they worked one additional year they would get 62.5 % instead of 63%.

Ms. Hurtubise said they want to retire because they would not get the 63%.

Comm. Perona said then they would only get 60%; it would be interesting to see how it would affect a random employee using all the scenarios.

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Ms. Hurtubise said the UA employees had expressed to her that they would be interested in paying a higher percentage of their pay to keep the 3.0% multiplier.

Mr. Fidge said he understands employer is looking to reduce liability and cost, but from employees they would be negotiable to paying more as a last resort. His larger concern is the solvency of the system when you introduce a DC plan. When it comes to existing retirees receiving COLAs, which we are allowed to grant when the system becomes 100% funded and Commission allows, if we introduce this plan the system will never reach 100% again. The system itself will slowly be eroded over time. As each employee chooses the DC plan the funding from the employer and employee will no longer go into the system causes the employer contribution to go up over time to compensate. We already have two DC plans that employees can contribute to through ICMA and Conference of Mayors, you have issues of disposable income and knowledge to invest. If the system erodes it will be a retirement crisis because the average employee will not have enough money to retire. As a trustee, his main concern is the solvency of the system. It is his recommendation to not implement the DC because it will affect the solvency of the system.

Mrs. Johnson said we are currently putting 16% in the system, what if we were to take that and give our employees raises. We are not making the 4% raise that is built into the assumptions. We are looking at the contribution rates increasing but it is because we are not giving the raise assumptions that are built into the reports. Technically we are not paying anymore into the system then we did 4 years ago.

Comm. Perona said they were discussing it now. He told Mrs. Johnson that she needs to make sure that Commission is aware of all these facts. He said they need to be able to defend the choices they make to the public and the information needs to be available.

Mr. Fidge said that one other thing to consider is the 10% contribution rate that the City makes for employees into the DC; this would be a locked rate, whereas with the DB plan the rate changes and could be well under 10% for years, as it has been in the past.

Comm. Perona said what they are trying to do is the right thing for both the employees and the City. It helps that our pension plan is very healthy, but the perception is that we have to do something because everybody is doing something.

Sgt. Rodney Nieves said that he joined the public sector well over 30 years ago because he wanted the sense of security when retiring. For those who chose private sector, that's not a you problem that's not a me problem. It is not our fault that as the years have gone by the private industry has pulled away from its retirement system and left it to its employee to do on their own, but they provide them big bonuses to this with.

Comm. Perona said it's a complex issue and if you take on one side you have to give on the other. As custodians of the plan we have to guard against knee jerk reactions.

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Mrs. Johnson said a lot of these things are cyclical and you have to trust the system.

Comm. Perona asked Mr. Fidge and Ms. Hurtubise to be available to speak at the Commission meeting on February 18, 2014 from both the UA and City employees stand point.

ITEM NO. 9 ~ CONSENT AGENDA

Comm. Perona stated that the next item is the Consent Agenda.

A motion was made by Mrs. Hurtubise and seconded by Mr. Fidge to approve the refund of member contributions. All those in favor of the motion signified by saying aye. There was no opposition and the motion carried unanimously.

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

Comm. Perona said that the next item is Consideration of Absences. There were none.

ITEM NO. 11 ~ NEXT MEETING

Comm. Perona said that the next item was next month's meeting. He noted that the next meeting was scheduled for February 20, 2014 at 2:00 p.m.

ITEM NO. 12 ~ ADJOURNMENT

Seeing that there were no further questions or comments, **Comm. Perona** adjourned the meeting at 3:07 p.m. He thanked everyone for their time and attendance.

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ATTEST:

Secretary/Treasurer

Chairperson

Note: These minutes are not verbatim, only important issues and motions are reproduced in writing for the benefit of the Fort Pierce Retirement and Benefit System members. The recording itself is the official record for the meeting. The meeting tape/cd is available.