

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
February 16, 2017**

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System February 16, 2017 2:00 p.m., in the 2nd Floor Conference Room at City Hall.

Present:

Commissioner Tom Perona, Chairperson	City Commission Member
Keith Stephens, Vice -Chairperson	U.A. General Manager
Commissioner Reginald Sessions	City Commission Member
Johnna Morris	Director of Finance
Rodney Nieves	Police Officer Member
Caleta Scott	General Member

Attorney Jim Walker
Christina Paz

Attorney for the Retirement Board, Advisory
Retirement Clerk

Guests:

Cody Chapman	Callan Associates
Weston Lewis	Callan Associates
Brad Lee Armstrong	Gabriel Roeder Smith & Company

Absent:

Nina Penick U.A. Board Appointee

Recording:

Queen Thompkins Executive Assistant to the Director of Finance

ITEM NO. 1 & 2 ~ ROLL CALL

Comm. Tom Perona called the meeting to order at 2:02 p.m., the first item on the agenda being the “*Roll Call*”.

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Comm. Perona, the next item on the agenda was comments from the public. There were no comments from the public.

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ITEM NO. 4 ~ APPROVAL OF SUMMARIZED MINUTES OF JANUARY 19, 2017.

Comm. Perona, the next item was the approval of the summarized minutes of January 19, 2017 and asked if there was a motion to approve the minutes.

A motion was made by Ms. Caleta Scott and seconded by Ms. Johnna Morris to approve the summarized minutes of January 19, 2017.

All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion was carried unanimously.

ITEM NO. 5 ~ ATTORNEY'S REPORT

Attorney Jim Walker said the matter of Robert Creswell has been continued to the next meeting of March 16th. Apparently there was some confusion on the calendar of Mr. Creswell's attorney. Also, the Board did ask that I look into the question of continued Board membership on a Board member. I am free to answer any questions that might be presented. It was thought that it appears this is not a subject that is explicitly addressed by our code and in fact there does seem to be some ambiguity in the codes language about eligibility of Board membership. It was recommended that perhaps the Board itself want determine the meaning of Board membership and in the manner that best addresses the objectives of what the Board seeks to accomplish in its administration of Chapter 13. If it would be the pleasure of the Board, I would submit a proposed rules change that would embody any such understanding regarding what it means to be a "member" of the Board.

Comm. Perona said to Mr. Walker he has a question. Comm. Perona stated Mr. Walker said this Board has the authority to be able to interpret that rule. He said he was wondering if the Board really has the authority to interpret that and that's not something that should be interpreted by Commission who is the maker of the organization.

Mr. Walker said ultimately it's the pleasure of the Commission. Mr. Walker said he draws the Board's attention to the language that was quoted in the memo on Page 2 where we set out the text for Code Section 13.71, where it states that the Board has the authority to manage and operate the Retirement and Benefits System, and to construe and make effective provision of this article. Mr. Walker said he thinks the Board would have authority adopt the rule, setting out its understanding of what that means. That is not to say that the Commission could not itself take jurisdiction of that question and resolve the matter for itself. If they chose to do so, the Commission's thinking on that subject in the form of an Ordinance; that would prevail over anything that the Board might conclude in the matter.

Comm. Perona said he understands what Mr. Walker is talking about because it's an issue right now with one of certified Board members who is on the agenda to enter the DROP today. I go

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pass that to try and figure out exactly what the Commission was trying to achieve when they organize this rule and regulation. We do have two members from the City Commission here and we do not have to be members of the Retirement System. I think that speaks to the link to the policymakers, which makes me feel more comfortable with the construe part of this and the interpretation. I'm going to go forwards in "Old Business." I'd like to bring this topic up and I want to hear comments from the Board in how you want to proceed with this, if this is okay. It's a direction only and then we can prepare for the next meeting. Comm. Perona asked Mr. Walker if this concludes his comments.

Mr. Walker said yes and he is willing to answer any questions the Board may have.

Comm. Perona asked the Board members if they had any questions.

Mr. Rodney Nieves said it was his understanding that this was something that perhaps the member might have to take up forward to the Board to the Commission by either letter or in person, or is this something that will be discussed here at a later date?

Comm. Perona said it will be brought up in our "Old Business" today.

ITEM NO. 6 ~ PUBLIC HEARING ON BENEFITS APPLICATIONS

Comm. Perona opened up the public hearing for comments on the request for Retirement from Rodney Nieves with 25 years of service with the City of Fort Pierce Police Department (DROP Program). He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Comm. Perona closed the public hearing. Comm. Perona opened up the matter for the Board. Being the Board member mentioned, Mr. Rodney Nieves recused himself from voting.

Comm. Perona opened the motion for Board discussion.

Mr. Nieves said it seems unclear regarding credited service. As a peace officer, I am entitled to the City retirement along with the 185. As it is explained in Section 13.166 retirement for police officers, normal retirement dates; and it goes on to say 25 years of credit service unless to the age of 55 or 10 or more years, etc. It's explaining the credited years of service. If you go back to Section 13.161, it reads what credited service means. The issue is that I am retiring from the City with 25 years of credited service but I have not made the 25 years with the 185. In the definition it says with credited years of service.

Comm. Perona asked Ms. Morris if she had any comments.

Ms. Morris said the issue is, he has done the 25 years with City. However, he has not done the 25 in the 185. With the 185 you have to have done 25 years as well. On this side he does meet

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the 25. He still has to do the 2 years to meet the eligibility for 185. You have to be a part of the 185 System for those years.

Mr. Nieves said in Section 13.161 to Section 13.171, it talks about the 185. It says 25 credited years of service with the City. It doesn't say 25 years with the 185 plan.

Ms. Morris said we don't administer the 185 plan. That's a separate plan and we don't do anything for it. According to the rules of the 185 plan, as it reads, you have to be a part of that for that many years because you are contributing in for that many years. If you have only done the 22 years of contribution into the 185, they can't give you 3 additional years because you haven't contributed those years to be a part of that System. When you meet the 25 years, because you are contributing into that System, then you become eligible.

Mr. Nieves said he understands that but, these documents are speaking of the 185. There is nowhere in the event of the member purchasing "x" amount of years for military service; it does stipulates in the event a member leaves and does deploys or has a break of service. It does not say anything about in the event that member purchases any time. The City credits me time by me purchasing it.

Ms. Morris said 185 do not allow you to purchase military time. With the 185 it has to be time for time. Even though on this side you purchased the time to make you whole for retirement, 185 does not allow it. You are not eligible until you reach those 25 years.

Mr. Nieves asked if another peace officer comes in and has the ability to retire, is there another step that individual goes to retire to the 185 or do we do it right here?

Ms. Morris said you have to apply for the 185 retirement as well. Your retirement here and you have to apply for the 185 retirement as well.

Comm. Perona asked who was the Appealing Authority for the 185?

Ms. Morris said they have their own.

Comm. Perona said this is important and we would like to be correct. As far as our business at hand, retiring in the DROP Program with the City of Fort Pierce is the issue; that's where we have the authority.

Mr. Nieves said there is a step where you have to pay 3% or you lose 3% per year until you reach that age of 55. There is also a stipulation where is says that you as a member may leave.

Comm. Perona said he is sure this Board and staff will do whatever we can to help support you in any type of process you need to go forward to that authority.

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Mr. Nieves asked if the 185 Board have to adhere to the rules that we apply here.

Comm. Perona asked Mr. Nieves, not having clarity on the 185, does it make any determination on his retirement application today.

Mr. Nieves said it does not.

Comm. Perona asked if there were any other questions or comments on this request before the motion was called. **A motion was made by Comm. Reginald Sessions and seconded by Ms. Caleta Scott to approve the request for retirement from Rodney Nieves. All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion was carried unanimously.**

Comm. Perona opened up the public hearing for comments on the request for Retirement from Shane Mulgrew 5 years of service with the City of Fort Pierce. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Comm. Perona closed the public hearing. Comm. Perona opened up the matter for the Board. **A motion was made by Ms. Johnna Morris and seconded by Ms. Caleta Scott to approve the request for retirement from Shane Mulgrew.** 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. A poll was done of each Board member. There was no opposition and the motion was carried unanimously.**

ITEM NO. 7 ~ OLD BUSINESS

Comm. Perona said we are brought back to interpretation. He said we have to give direction to staff to be able to identify the problem, which direction we want to resolve the issue, if we want to resolve the problem at all, so that it can come back in some formal motion at the next meeting, if that is the pleasure of the Board. Comm. Perona asked if there were any comments.

Mr. Stephens said we are still held to guidelines to be able to give a COLA. We have to meet all of the requirements to be able to offer a COLA. I don't think, the way this Board is set up, be in a situation where we will have someone doing the whole five years. There's probably not a good chance the person is going to stay more than that. The person may not want to. I don't think we are going to have a retiree living in Vero Beach. It can happen and we hear about this all the time when we go to the trainings. I don't think we're going to have that issue.

Ms. Morris said she can understand the language being put here, only because, when an employee does get to DROP, technically they are no long a part of the System. They are no longer contributing into retirement, so it's hard to say, if it does become a point to whereas it may be a benefit increase to current participants. Because you have already gotten what you have gotten, we might say we want to decrease the contribution for current participants and increase the multiplier. Someone may say, "Hey I didn't get that." Not to say that anyone would say this

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but it would alleviate any of that because you are a current participant that has to make decisions based on you being a benefactor of what is current given, whereas you have already gotten what you are going to get. It could very well come into play as it relates to future participants.

Comm. Perona said this takes us back to when we had pension reform. We went through that about four years ago when start talking about what new employees were going to have. In this particular situation, we have an investment and a senior member of this Board that has been certified, educated; we have the potential to be able to offer that to any new recruit as a new Board member. I can see it happening both ways and I think Keith's point is on point; once you enter DROP, you're five years and then you are out, but you can actually end up with a Board full of DROP people.

Mr. Stephens said maybe that's not a good thing. Maybe that's why other Boards have issues. Maybe that's why some Retirement Boards make bad decisions. I'm not say that is the reason but we know we are pretty good at the decisions we make.

Mr. Nieves said Mr. Stephens is right. He said whatever the Board decided he is okay with their decision.

Comm. Perona asked Mr. Brad Armstrong if there are potential problems by allowing a retiree to remain as a Board member.

Mr. Armstrong said there are Systems that have closed and if they want members on the Board, they would have to be retired and they seem to operate effectively. Certain Boards will have a retired member. Half of your liabilities are typically are due to retired members. To allow them to have a voice on the Board, I would suggest, is a good thing. I think it has more positives than negatives.

Comm. Perona said since we are all employees of the City, other than the two Commissioners, how can you limit the number of retirees on this Board without violating some rule or regulation?

Mr. Walker said he looked in State Statutes, Code Rules, and through Federal and there just isn't anything there that speaks to the matter. There are ways that a person could do that. For example, a person could have a provision that says for purposes of a vacancy rule, once you leave DROP you have to leave the Board too. This way you will always have Board members who have a connection both with the System as well as employment and you would never be out of touch with one or the other.

Comm. Perona asked if there was a way we could orchestrate from this Board a policy that will allow a retiree to be one of its members.

Mr. Walker asked Comm. Perona if he meant the Board could let whoever it wants stay on.

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Comm. Perona said you could make it like it had to be an election. Obviously, if it somebody on the Board that entered DROP, how do you do it and limit it accordingly.

Ms. Morris said you could make a provision for any current member that DROPS; to say a current member that enters the DROP. Because if we were to say any other employee that is in the DRO; they could put their hat in to run in a reelection. Can we include some type of language to say if the current member enters the DROP, they can continue on through the term of their DROP as a member of the Board, up to the time that they elect to permanent leave employment?

Comm. Perona asked if anyone had any other thoughts on the subject. He said he would like get some directions to staff to be able to come up with something for our next meeting.

Comm. Sessions asked Mr. Walker to give a summation from his prospective.

Mr. Walker said the Board is in a happy position of being able to resolve for itself the question of continued membership and what constitutes an eligible member in whatever fashion it thinks best, so long as that's reasonable and is consistent with the fiduciary obligation of maintaining the System. There are a number of options that could be resolved. Understand that the term "member of the Board" is not clear. You could define membership as being a member of the Board, it being someone who is also a member of the System, or you can define membership so as to mean it's a member of the Board, but that's all. You can have it a member of the Board who is a member of the System or a participant in DROP, after which all eligibility of the Board membership cancels. Those are variations that are feasible.

Comm. Perona said this is the pleasure of the Board just to give some consensus to staff to orchestrate this and bring it back in front of us at the next meeting.

ITEM NO. 8 ~NEW BUSINESS

A. ACTUARY UPDATE FROM BRAD ARMSTRONG

Comm. Perona welcomed Brad Armstrong to the meeting.

Mr. Brad Armstrong said first of all, I am not here as an investment expert, but we use an economic assumption, investing 8% for quite a long time. Historically, we've achieve the 8%, and you get the prospectuses. The National Investment Consulting Firm has what they called capital marketing assumptions. Those are forward marketing; they are not backwards marketing. They are looking at the current state of markets. A good example, if you were good at capital marketing assumptions, you would have said that technology bubble is overpricing the market. At least with the short term, the capital marketing assumptions would not have been predicting 10% returns that we saw in the late 1990's. If your current asset allocation is right now based on capital marketing assumptions, and us working as any different investment consulting firms, that will allow us to use expectations of what they think the market is going to be returning. The

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range of expectation is 7.2% to 7.9%. It's been falling for the last 3 or 4 years. Part of that has been driven by inflation. If your prices falls 50 bases points, your overall expectations fall 50 bases points. I'm here today to suggest, very soon, that we consider reducing the rate of returns. My preference would be to use 7.9%, and I know that sounds like a very modest amount. That's going to open a door for discussion when we meet again in May. I can work with Callan and collectively we could suggest a couple of alternatives that we think for the 2017 evaluation, the Board should consider. You could stick with the 8% and take on more risk. More risk means more volatility and contribution requirements. You could change the asset allocation, such that they expectation is that you are going to be able to achieve 8% going forward. The performance has been outstanding and you have done really well in the last 5 years. Not being an investment expert, if inflation went up 50 or 100 bases points over this year in 2017, in all likelihood, the opportunity in fixed income is going to be less.

Mr. Walker read a brief paragraph out of the Board's investment policy and asked Mr. Armstrong to elaborate on it. He said our plan seem to be saying that the investment goal is 5%.

Mr. Armstrong said we are actually assuming it's 3%. This percentage at the moment is optimistic. Before I give up the floor for Callan's presentation, I wanted to let you know that because we are changing the State mandated mortality table change, I think it is a good opportunity that this System has actual equivalents assumptions for benefits payment elections so someone doesn't take the standard for of payment, they can elect or join the 100% survival, for example, with their spouse, they would have to take a reduce benefit.

Mr. Nieves asked Mr. Armstrong where is the mortality table located. Did it change last year or 2015?

Mr. Armstrong said this is the year we have to adopt it. It was deferred until the 2016 evaluation. There is a separate mortality for actives and a separate mortality table for disabilities. Mr. Armstrong he could send sample table to Ms. Morris. He told Mr. Nieves the chart is very huge.

Comm. Perona said most of us are involved or haven't been involved in certification, and in most of the courses they don't talk about the 8%. They speak of 7 to 7.5%.

Mr. Armstrong said he thinks the median is 7.6% statewide in the Country.

Mr. Stephens asked if we didn't meet expectation of 8%; let's say 7.8%, how would that impact? Is that a hard number to qualify? If we left it at 8% and we got 7.5%, how would that affect contributions?

Mr. Armstrong said there would be a \$900,000 shortfall.

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Comm. Perona asked if there were any other questions for Mr. Armstrong. He thanked Mr. Armstrong for coming. Comm. Perona welcomed Weston Lewis and Cody Chapman from Callan.

B. CALLAN QUARTERLY REPORT

Mr. Cody Chapman thanked Comm. Perona. Starting with the Executive Summary on Page 2, the U.S., economic continued to improve during the final quarter of 2016; third quarter GDP up by 3.5%; sharpest quarterly increase in two years; year-over-year Up 1.7%; advance estimate for fourth quarter GDP up 1.9%, suggesting 1.6 growth in 2016. Inflation remained benign but wages picked up about 4% in October, which was one of the highest numbers since 2008. The Fed would like to see additional increases in 2017. Looking abroad in Europe; very slow but positive growth, it does show some improvement. The biggest question we get is what's going to happen with the election. I think we can say the Market doesn't like uncertainties. What we saw after the election was U.S. stock actually went up dramatically from election to the end of the year. The dollar was fairly strong and that contributed to it. Trade has been beneficial for everyone. There is a pull back from trade; that made a negative impact to growth long term. On Page 3, U.S. equities posted strong returns in the fourth quarter. Small stock outperformed large caps; S&P 500 Q4 up 3.8%; 2016 up 12.0%; small cap return 21.3% for the year. Internationally, MSCI EAFE Q4 -0.7%; 2016 +1.0%; best performer as Italy, Q4 +11.0%; 2016 -10.5%. Emerging markets underperformed; MSCI EM Q4 -4.2%; 2016 +11.2%. Russia posted the best return, Q4 +19%; 2016 +54.8%; Turkey (Q4 -14%; 2016 -8.5%; Mexico (Q4 -7.9%; 2016 -9.2%) was hurt by Trumponomic concerns. On Page 4, looking at the chart on the top right, if you took away the green line, which is where we were as of September 30 and looking at the blue line, you would say from 2015 to 2016 we didn't have much of a move in interest rates which is true but there was quite a bit of volatility from interest rates throughout the year. Bloomberg Barclays U.S. Aggregate Index returned -3.0% for the quarter but +2.6% in 2016. Page 5 is a brief summary of your Asset Allocation; pretty much align with your targets. One thing you might want to think about is the real estate allocation is a little bit higher than the long term projects. On Page 7, the total Fund underperformed the benchmark by 0.39% for the quarter; total fund performance relative to the benchmark and peers has remained strong over the long-term. Looking at Page 9, Emerald Advisors is one of your Small Cap Growth managers, outperformed the benchmark by 0.35% during the quarter and underperformed by 0.35% over the last year. Emerald has strong long-term returns well above the benchmark over longer time frames; positive contribution was seen within the Materials, Technology, and Consumer Discretionary sectors while the primary detractors were Utilities and Energy. On Page 10, Ceredex Value Advisors Small Value underperformed the Benchmark by 7i.13% for the quarter and underperformed by 0.80% over the last year. Long-term results are strong as the fund has outperformed the index for most trailing periods shown. Underweight positions in the Financial Services and Energy sectors and an overweight position in the Consumer Discretionary sector detracted from performance. Pages 11 and 12 are your passive Mid Cap and your Large Cap managers, so no comments on performance, other than to say they continue to track the index closely at a very low fee. On Page 14, Morgan Stanley Developed International Equity

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underperformed by 1.40% for the quarter and underperformed the index by 1.82% over the last year. The long-term performance remains strong; underperformance for the quarter was driven by an overweight in Consumer Staples and an underweight in Financials.

Comm. Perona said at the school, it's interesting to hear other people talk about all their experiences in firing money managers. There is such a turnover in everybody else plan. You guys do such a great job in keeping us apprised.

Comm. Sessions said he noticed in the presentation you used as a benchmark the election. What's your assessment on the impact is that going to have on our portfolio?

Mr. Chapman said it's still early in his presidency. We are waiting to see what the policies are going to be. I think we would like to see more clarity than less when it comes to economic value. If we do pull back a little in terms of trade that probably doesn't impact anything in the near term immediately, but longer term it could be a bit of a negative towards growth. You can actually see opportunity maybe pop up outside of the U.S. where the U.S. is pulling back from trade where other countries are embracing it. That may open opportunity for investing outside of the U.S. which you all did. On Page 15, Morgan Stanley Emerging Markets Equity underperformed the index by 3.73% for the quarter and underperformed by 4.46% over the last year; long-term results remain just above the median, outperforming the index and peers over the past 19 years; Stock selection in Pakistan contributed most to returns, while stock selection in Brazil, Taiwan and Korea detracted the most from results. On Page, 16 William Blair International Growth Equity underperformed by 2.86% for the quarter and underperformed by 6.90% over the last year; long-term performance remains strong, as the fund has outperformed for the trailing three and five years; Stock selection in Financials and Industrials drove underperformance for the quarter. On Page 18, Richmond Capital Core Fixed Income slightly outperformed for the quarter and outperformed over the year by 0.50%; long-term performance remains strong as the fund has outperformed by 0.71% over the last 10 years. The last one is real estate o Page 20. Heitman America Real Estate Trust outperformed the index by 0.47% over the last year. The fund benefited from continued strong appreciation of its Industrial properties.

Mr. Weston Lewis said on the very last page shows our 2017 Work Plan. Every year Brad Armstrong mentioned our capital market expectations and it is also a good time to refresh what we propose to work together on in the coming year. We find this is a way for us to help our clients focus on that fiduciary process, making a plan, finding the answers to that plan, monitor and evaluating. Also from your prospectus, this is a way for you to hold us accountable; making sure that we are accomplishing the task that you want us to be accomplishing throughout the year. Typically in August, we try to do some sort of education session. If there is anything of interest to you; if you want to know about trends, you want to know about what you should be worried about, if there is any topic of interest, whether it's an asset class that you heard about and you want to know more, we would be happy to address that or Cody and I can come back with some things we are observing from our other clients and we could try and tackle it from that meeting. As I mentioned to the capital market expectations, we have a couple of things. Number

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one, what Cody is passing around and also we are passing around a paper, showing what our capital market expectations are from 2017 to 2026. So for the next 10 years, what do we expect, just a couple of things of what our capital market expectation are and are not. These are not meant to be precise, so when we say the expectation, the expected returns or the mean return is 6.24%, I would be shocked if at the end of 10 years if it's 6.24%. It should be within a reasonable range and on this side you see that range from anywhere from 11.7% to .4%. Typically clients look somewhere around that midpoint is a starting point to say, what can we expect to get from the capital market that Callan is not expecting. This is just pure passive exposure. You all have some active management. Your active management has outperformed the expected indices over time. That has been a source of performance. Not necessarily saying you should say, "We can expect 2% above this 6.3 number. That would be unreasonable in our opinion, but somewhere in the 25, 50, maybe 75 bases point range, is what you could consider pricing and for additional return over the pure passive exposure. I want to touch on a couple of points Brad made that were very good. Our capital market expectations from the last year came down and on Page 7, our expected return for the broad U.S. Equity Asset Class is 6.85%. That is if you were 100% invested in U.S. Equity; your return is 6.85%. How does that fold into this thinking of your expected return on the total portfolio where there is less risky type instrument when there is 8%. I'm not pounding the table for you all to reduce your expected rate but that is a trend that we have noticed with our other clients. The last NASRA survey that we last observed in 2015 was 7.6% and that shows a decline over the past few years coming down where the median 5 years ago was 8%. Now we are closer to Brad's 7.5%. Moving down to U.S. Global Equity, last year we were at 7.6%; this year where it is 7%. In U.S. Fixed Income we've held our expectation concept at 3% in the Asset Class you are invested in. Finally, real estate; whereas we were at 6% last year, we're at 5.75% now. Our expectation is not necessarily pure but it's not going in the right direction for you and a lot of our clients that are depending on returns. Going back to what does this mean for you, and when we make these expectations, we want to be conscious of what it means to you all as a clients. You are not going to see us change a lot year-to-year. You are not going to see us come in and tell you that we only expect equity to return 2% over the next 10 years because that would have massive implications for your asset allocation. We want our clients to be able to make more gradual changes. One of the things we are telling the clients is, in response to the low return expectations, this is not necessarily a recommendation to take on more risk. As Brad mentioned, that volatility can mean a lot in terms of your contribution levels, and you want to keep that as constant as possible.

Comm. Perona asked the Board if there were any questions for Cody or Weston and thanked them for coming. Mr. Armstrong asked if he could be excused. Comm. Perona said he has to answer Mr. Walker's question before he leaves.

Mr. Walker said in the event the Board was to decide to formally implement your recommendation in continuing the long term investment goal, would it be to that section I just read to you where we change the 5% to 5.5%.

Mr. Armstrong said there is more than one change that we would probably recommend.

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Mr. Lewis said there is another consideration to. That portion of the policy has been there for as long as I can remember. At one period of time, that would have been on the low side relative to what you could get. So, CPI + 5; if CPI has been historically been 4, now we are talking about a 9% expected rate, and you never went up to that 9%; maybe you can say, for a period of time we can overshoot. You can say, okay Callan you get to tell us what the real return is. It's still going to be in the CPI + 4 range as appose to the CPI + 5 range. There is a consideration of fees to. CPI + 5, considering any sort of fees, is that a gross number or a net number. If it is a gross number, we need to net it down to what we can actually get.

Mr. Chapman said there is also a question of a fixed CPI plus a number was a benchmark that was used historically; maybe Brad can speak more on this. He asked Mr. Armstrong if he sees a lot of clients do a CPI plus benchmark or is it more focused on actuarial expected return?

Mr. Armstrong said it's more of the latter. That's not a typical standard objective.

Mr. Chapman said maybe the wording should say the return should be commensurate with the expected rate of return as define by the actuary.

C. DISCUSSION ON DISABILITY APPLCATION

Ms. Morris said we currently have an employee who has put in an application for disability and as our rules currently states the Board has to send the applicant is our physician. The applicant is out of State. He is in Arizona. Attorney Walker has suggested and I am in agreement with this that his physician provides us with a physician for the applicant to go to. The applicant is at the May Clinic and the physician there are pretty reputable. If we were to get an opinion from a recommended physician there as a second opinion as appose to trying to research who we are going to send him to because he's in pretty bad shape. He has Stage 4 bladder cancer; if the Board were in agreement to having the physician do the Board's opinion.

Comm. Perona said this makes a lot of sense but again, we open a door we can't close again. Maybe we can do it in a way that makes it so unique. I thought my first reaction was to have the Advisory Board look at it in that perspective and make the recommendation. With that recommendation, you have to go through that process first. Comm. Perona asked Ms. Morris if this has to be done before it goes to the Committee.

Ms. Morris said yes.

Mr. Stephens asked if the medical records could be sent to our physician here or does he have to actually lay eyes on him?

Ms. Morris said the physician has to actually see the applicant.

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Mr. Walker said maybe it would help to know what the rule says. Two physicians, one of whom shall be selected by the Retirement Board and paid by the System, and one of who shall be selected by the member and paid by the member. Both report to the Retirement Board and provide them with the member's physical.

Comm. Perona asked if it didn't say anything about in State.

Mr. Walker said no.

Mr. Stephens said what he is saying is that he is going to recommend a physician to us and if he says that's the doctor we are going to use, I don't see the problem.

Mr. Walker said the idea being that if we pick someone at the same facility, the doctor could pick his co-partner.

Mr. Stephens said that's why it's up to us to decide.

Comm. Perona said it is out of State, so it's one of the Mayo Clinic, so this physician understands we have a process. He identifies someone at the Mayo Clinic, gives them the file and asks them to concur that everything is there and he says yes. We hire this physician and it is done; so it's a case by case which is a rarity.

D. DISCUSSION ON EDUCATING PLAN MEMBERS

Comm. Perona said we have heard our advisors here today saying that this Board is so good at what you do and we know this. They were talking about the importance of getting the word out; going to the Commissioners, Mayor; doing it at a meeting and give a brief synopsis of what exactly has happen in this year. It gives everybody that confidence. Let's go back about 5 or 6 years ago when the entire economy was diving, the Retirement System got shook. It was time for reform, it time you all are fixing all those major problems you have. The problem of that was the fact that we were off radar for everybody for so long until something happens. At the moment and time, all the perceptions come in and we are being pushed by those perceptions. I would rather factual information available out there. It doesn't have to go into deep detail, but I think from the perceptive of this Board, it's our obligation to be able to record to the authority , to the public, to the retirees exactly how confident you need to be in what we are doing and what our present and our future taxes has done for us. I'm asking for some direction to give staff if that's what everybody wants to do.

Ms. Morris said the best time to do it is after the actuarial report because that's really our year end. We can do annual workshop for our employees to come if they have any questions.

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ITEM NO. 9 ~ CONSENT OF AGENDA

Comm. Perona, the next item is the Consent Agenda.

A motion was made by Ms. Scott and seconded by Ms. Morris to approve the refund of member contributions.

All those in favor of the motion signified by saying aye. A role call was done; there were no oppositions and the motion carried unanimously.

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

Comm. Perona acknowledged the excused absence of Nina Penick. **A motion was made by Comm. Sessions and seconded by Ms. Morris to approve the excused absence of Comm. Sessions.**

All those in favor of the motion signified by saying aye. A roll call was done; there were no oppositions and the motion carried unanimously.

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Mr. Stephens said he will not be at the next meeting. He will be on military duty.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for March 16, 2017 at 42:00 p.m.

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

The meeting was adjourned the meeting at 4:05 p.m.

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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.