

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM  
MINUTES OF MEETING HELD  
April 19, 2018**

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System April 19, 2018 2:00 p.m., in the 2<sup>nd</sup> Floor Conference Room at City Hall.

Present:

Comm. Tom Perona	City Commission Member
Keith Stephens, Vice -Chairperson	U.A. General Member
Johnna Morris	Director of Finance
Nina Penick	U.A. Board Appointee
Caleta Scott	General Member

Attorney Jim Walker	Attorney for the Retirement Board, Advisory
Christina Paz	Retirement Clerk

Absent:

Commissioner Reginald Sessions	City Commission Member
Brian Avilla	Police Officer Member

Recording: Queen Thompkins	Executive Assistant to the Director of Finance
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**ITEM NO. 1 & 2 ~ ROLL CALL**

**Comm. Perona** called the meeting to order at 2:07 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.

**ITEM NO. 4 ~ APPROVAL OF SUMMARIZED MINUTES OF MARCH 15, 2018**

**Comm. Perona**, the next item was the approval of the summarized minutes of March 15, 2018, and asked if there was a motion to approve the minutes. A **motion was made by Ms. Nina**

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**Penick with noted changes and seconded by Ms. Caleta Scott to approve the summarized minutes of March 15, 2018 with following changes:**

**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 he's happy to say there's no news to report. I'm still working on a proposed rule that was briefly discussed at the last meeting that will respond to the change of IRS procedure whereby the IRS no longer issue letters of determination; where, instead, when there is a required amendment, it post that in the form of a notice on the list of required amendments and it gives the plans roughly a year or so to adopt them, and our Board to have a measure in place that requires the presentation of a RA required amendment's report annually and that would be submitted. I have looked at the current RA listing and I'll make sure that a copy of this gets out for background purposes to the members of the Board. There are no pending substantive amendments to be concerned about. The next list will be posted at the very end of the year when it will then be time to take another look at it. We may want to draft a rule that provides the presentation of a formal report every February or something like that. I would probably wait until this conference come up for NAPPA (National Association Public Pensions Attorneys) which is coming up in June to see what sort of input anybody else has on that subject. That is the only thing I have to comment on that comes to mind.

**Comm. Perona** said that's great. I know when you go to that conference and come back, you will have a list of things to do to get us up to date and make sure we are operating appropriately. I do appreciate your efforts with that.

**ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS**

**Comm. Perona** opened up the public hearing for comments on the request for Retirement from Michael Ambrosino with 8 and 6 months of service with the Fort Pierce Utilities Authority. 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. Nina Penick and seconded by Ms. Caleta Scott to approve the request for retirement from Michael Ambrosino.** 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.**

**Comm. Perona** opened up the public hearing for comments on the request for Retirement (DROP Program) from William Anderson with 25 of service with the Fort Pierce Utilities Authority. 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. Nina Penick and seconded by Mr. Keith Stephens to approve the**

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**request for retirement (DROP Program) from Michael Anderson.** 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.**

**Comm. Perona** opened up the public hearing for comments on the request for Retirement (DROP Program) from Elliott E. Branch with 13 and 7 months 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. Caleta Scott and seconded by Ms. Johnna Morris to approve the request for retirement (DROP Program) from Elliott E. Branch.** 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.**

**Comm. Perona** opened up the public hearing for comments on the request for Deferred Retirement from Kori Benton with 7 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 with a comment that Mr. Benton, by way of email just before we arrived to the meeting wanted this letter to be included in his file; just thanking the Board for consideration of his deferred retirement and seconded by Ms. Caleta Scott to approve the request for deferred retirement from Kori Benton.** 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.**

**Comm. Perona** opened up the public hearing for comments on the request for Deferred Retirement from Justin D. Rahn with 12 years and 6 months 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 deferred retirement from Justin D. Rahn.** 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**

**a. DISCUSSION ON THE CHNGING OF THE VESTING REQUIREMENT**

**Comm. Perona** said we've received a letter and computation from Brad Armstrong. He asked Ms. Morris if she wanted to handle this.

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**Ms. Morris** said Mr. Armstrong did provide the actuarial impact statement for the two consideration of proposals that were given to him; changing the vesting service to 8 years or changing it back to 5 years. The first proposal which would be the changing of the 8 years would be an increase to our 2019 contribution of \$14,267 collectively. That's all three funds and changing our funding ratio from 89.38% to 89.37%; not very much of a change at all. The second proposal if we were to go back to 5 year vested years of service would collectively change our 2019 contribution to \$51,924 or .17% funding ratio from 89.38% to 89.34%. So, he has provided the impact that would be for the both of those.

**Comm. Perona** said the fact of the matter is we all know that we all have gone to school; that you can't change negatively a retirement, but you can change positive and this is definitely on a positive movement. It's interesting to see that even with going back to the 5 years, the impact is really not that great. It's not that big of a difference, but what we really want to do was to get an input. I wish Brian was here to be able to tell us how that would affect the recruitment, because I really think this is the reason why we're looking at this right now.

**Mr. Stephens** said he would just repeat, he had an opportunity, if you would read the minutes from last month, he really stated how he thinks it will. If you look at it, and if I'm reading the numbers right on the actuarial statement, I think it says the impact is \$3,000. That tells you nobody is staying. That says right there that they are not retaining people.

**Ms. Morris** said this is the police contribution.

**Mr. Stephens** said because that number was so low, that tells us a lot.

**Comm. Perona** said 10 years to a 25 year old is a life time.

**Mr. Stephens** said in his short tenure at the Utilities Authority of 15 years, you see people leaving and going, leaving and going. For a while we lost a lot of people and we are going to go through that again. To keep the people who are ready to replace that, this would be very important to keep those people there and have the experience. I still think it's better to have a 10 year experience person than to have all these people that don't hang around. They may hang around to get a promotion but, there's nothing else to keep them here. We've already gotten letters from the City Manager, Police Chief, and the Director of Utilities and they are all behind this part of it. To be honest with you, I thought it would be more money. I was very surprised it was such a small amount of money. That's very small when you are talking about a \$2,000,000 plan. I know what we were looking for when we changed it. I know what I believe the intent was back in 2012. I know what we were looking for and I think it was the right thing to do and the right time to do at that time. I heard then that it wasn't that much we were going to save but, everything is based off perception. We all know that and this is a very small amount at the right time to maybe go back to where we were.

**Comm. Perona** said we had to look at a pension reform. This was just part of it. It was a list of things that we could do to help take away the financial burden from tax payers and that's exactly what we were tasked to do and that's what we did. Now we have found that one of these

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movements that have very small financial impact has really caused another problem, and that's the problem we're charged with trying to resolve in some form. As far as I'm concern from a Retirement System, I'm happy with the way it is but, it isn't working for everybody. We really have to be able to accommodate that. The question of it is, if we do change it, is it the 5 year or 8 year? I don't know what the difference in impact for recruitment would be. If I tell somebody it's 8 years or I tell somebody it's 5 years, is there a big difference in the two. The fact of the matter is that people are leaving, that almost helps the Retirement System in a way because their contributions go back into the fund and then we have to get them replaced. We are not here just to run a Retirement System. We are here to run the City, the Utilities Authority, and the Police Department. The question of it is do we want to change it and if we do want to change it, what plan do we want. Do we want the 8 year or the 5 year vesting period?

**Ms. Scott** said she has spoken to a number of employees; most of them are not vested; most of them have been here less than 5 years; most of them are under 30 years old and they have love of Fort Pierce. Looking at this letter from Kori is a clear example of losing someone that's very important to our team as a City, as we grow. Out of all the opportunities we have, we want to make sure we can keep good people. If someone is willing to jump ship for 2 years, I think we should note that and make a change that we can make something positive. This a win-win for us as employees. It's a great story that we took notice of a problem and made a difference. Out of the 6 people that communicated with me, all of them thought we should go back to the 5 year vesting period, or at least 7 year vesting period.

**Comm. Perona** said we don't have the information on 7 year vesting period.

**Ms. Scott** said that was before we had those options.

**Mr. Stephens** said I actually have a lot of people in my department that are actually under 5 years. We have lost a couple of people. We lost a guy and I can't honestly say it was all about this but, when someone leaves, they look at the big picture. A lot of times they don't just look at the dollar amount. We've always said our money will never compete with the private industry; the dollar they make an hour. The thing that keeps them here is the retirement and the benefits; whether it be the insurance or things like that. I can tell you that we may have kept him here based off of the retirement because he did go into a 401k; he actually went to work for FPL. He really was a key person and I wished we could have kept him. I couldn't compete with the dollar amount; he was under 5 years and he left. I don't know but I can tell you it does weigh on their minds.

**Comm. Perona** said if you had to choose between two proposals that have been considered, which one would it be?

**Mr. Stephens** said as we look at it, and I looked at the numbers, it's such a small number. I'm not saying it's insignificant because every dollar matters and we're responsible to the money in our fund. Although we're at 89.38%, I think we're actually higher than that based on once we do our investment. The only reason we dropped below 90 is because of the mortality table that hit us this last year. We've already seen in 2012 it go into effect; over 26 years later, look at the monetary amount.

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**Comm. Perona** said its \$33,000 in unfunded liability for proposal 1 and \$100,000+ for the other. Seriously, for that period of time, on the grand scheme of things, it's minute. Is there a difference in the format of the benefit of recruiting and retention from the 5 year to the 8 year?

**Mr. Stephens** said he believe it is. In the business world it's "I want my return a lot faster," that's the same thing with the people we are trying to recruit. We already know the younger generation says "I want it all now." I know this might feed into that but, it's the reality we have to live with. We already know it's not the 35-40 years and a gold watch, it's the "I've moved 10 jobs in 10 years." We've had to rethink that. There were times when I wouldn't hire somebody if I saw them move around a lot but, that is the norm now. People are looking for the bigger, better deal. One of the first things I was told when I got here 15 years ago was once we get people here for 5 years, we got them, and we keep them.

**Comm. Perona** said we just came out of a down turn and during the down turn, it seem like all the talent went to governmental institutions because they had the funding to be able to pay them. All the private sectors were going left and right and we ended up with a lot of talent. Now that we are recovering we're seeing people leave left and right and the retention there is basically in the benefit. This is what we promote. The fact of the matter is you don't necessarily make what you can in the private sector but your benefits are supposed to be better. If that's the case, then this is really something that has to happen one way or the other. I just think we need to come up with a consensus to find out what we would promote; proposal 1 of the 5 year or proposal 2 of the 8 year.

**Mr. Stephens** said I wish Mr. Avilla was here but, to know where he stand, all you have to do is listen to the minutes of the last meeting.

**Ms. Penick** said she would be an advocate for the proposal to go back to the 5 years. I think the benefit to our employees is to get them to feel the ownership. Once they past that 5 years, they feel like they are invested in their position and there is a sense of ownership.

**Ms. Morris** said she is for the proposal of 5 years as well for some of the main reasons Ms. Penick stated. We need to remember too, during the time that we did do the pension reform in 2011-12, there were other components as well that really saved the System substantially and that was capping the payout values. That was the greatest impact. We capped what the payout values would be for those years. In light of that, if we say for a trade-off and to keep quality employees, we'll give you the 5 years back but you are still capped as to how much your pension payout value is going to be.

**Ms. Scott** said she agree. I think 5 years is going to mean a lot to the employees. I'm part of that group. I have been here less than 5 years and even with my promotion from the Clerk's office, while I was up there I always thought about that; am I going to make it to 10 years. I love my role and I love my job and I love Fort Pierce but, that's a long ways away. It does go by fast but when you're thinking about it, and if there was a "carrot" dangling in front of an employee now and they had 5 years; if that was an option to go to another governmental entity, then I probably would, especially with the salaries being low. I started my role at \$10.50 and that was hard to take and hard to look at as a possibility of "can I work here for 10 years; I started off at \$10.50." I think a

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lot of people are in that same boat, so I think this will make the employees very happy and we want happy employees.

**Comm. Perona** said it seems like when you hire somebody and they work for 3 or 4 years; it's when you get through the grey area; seeing what's going on; if you know that you've only got a year or two until you are vested, it does add a very serious situation and you weigh these things out and get them over the hump; then as you say, they're invested into the System and they are a participant. I look at it from the Retirement standpoint and say I don't care; 10 years is just fine with me but, I do know that we have a responsibility. We are a function of the City and the City has to have that recruitment and retention ability to be able to do that. If we are going to do it, I agree. I think the 5 year is the better of the two. It sounds like a big deal and it is to a lot of people but, when the costs are low, those are the things that an employer should be able provide for their employees, especially when it's got a big bank and a low buck.

**Mr. Stephens** said obviously, we are just a recommended body when it comes to this decision. I think one of the positive things for the people that will be voting on it, they only have to win two elections to be vested in our System and not three; only if they want to participate.

**Comm. Perona** said it is a big deal and the Commission is a very small part of it. We're really talking about the employees and the reaction there. I have heard very little negative of the whole thing. I expected that number to be bigger. When I saw the impact to the unfunded liability, it's just over \$100,000 for 5 years, still that \$20,000 a year in unfunded liability would go a long way with retention, especially when you think about what it cost to train a police officer or anybody really in the City of Fort Pierce and you lose that, that's money that you've lost. I am looking for a motion for a recommendation that we go forward to the Commission. **A motion was made by Mr. Keith Stephens and seconded by Ms. Caleta Scott that we recommend to the City Commission that we revert back to the 5 year vesting period from the 10 year vesting period retro back to October 1, 2012.** Comm. Perona said he has a question. Is there any other impact to that for us to be able to do it? Do we have to pay any additional interest?

**Ms. Morris** said no. Ms. Morris ask Mr. Walker if we have to send this to the Union first before we make the recommendation.

**Mr. Walker** said the recommendation can be made now. It is a change in substantive benefit, so the technical answer is yes. It's been my experience before approval you send a letter to the Union and in a week or two you get back a response.

**Comm. Perona** said that was his thoughts too is maybe we need to deliver this to the people that negotiate with the Union. Just because we do it for the general employees does not mean we do it for the Union. I think it's an additional benefit and I think Commission should consider that as far as delivering it to whoever negotiates that and put it into their arsenal of things they can negotiate with. **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.**

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**ITEM NO. 8 ~ NEW BUSINESS**

None.

**ITEM NO. 9 ~ CONSENT AGENDA**

**Comm. Perona** said the next item is the Consent Agenda. **A motion was made by Ms. Morris and seconded by Ms. Penick to approve the refund of member contributions.**

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

**ITEM NO. 10 ~ CONSIDERATION OF ABSENCES**

**Comm. Perona** acknowledged the excused of Mr. Brian Avilla. **A motion was made by Ms. Penick and seconded by Mr. Stephens to approve the excused absence of Mr. Brian Avilla.**

**Comm. Perona** asked if anyone received a call from Comm. Sessions in regards to his not making the meeting. It was acknowledged that no one heard from Comm. Sessions.

**ITEM NO. 10 ~ BOARD MEMBER COMMENTS**

**Mr. Stephens** said he wants to thank the Board for considering the change of the vesting period. I really do believe it can be a win for all organizations. I'm glad we did our due diligence and made sure of what it entailed.

**Comm. Perona** said it's going to be no secret the Retirement Board has recommended this. There's going to be a cloud forming and then the Commission gets it. It's going to be real interesting. I don't think we're going to have 100% support.

**Ms. Morris** said she read an article that this is not just a problem we're having. I just read an article about all the pension reform that has made recruiting and retention so hard, especially for municipal government.

**Mr. Stephens** asked Comm. Perona if it matters how it's going to be presented.

**Comm. Perona** said the Commission is going to get the same information that you get. They are going to be able to read through it. Most of them are going to look at the number and they are going to have an explanation of the number. We have Ms. Morris on the side and two Commissioners on the Board; one here today, that would be helpful to be able to navigate this through; that make them understand. Hopefully we'll have the input from the City Manager, possibly the Utilities Authority Director, possibly the Chief of Police stating that fact that this would be something that they would embrace.

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**Mr. Stephens** asked if there will be a comment section in that area; will it be before or after. How is it going to be presented at the Board?

**Comm. Perona** said he doesn't really know.

**Ms. Morris** asked Mr. Walker if it can be presented as an Ordinance change until the Unions agree to it.

**Mr. Walker** said yes.

**Ms. Morris** said we can go now, especially while they are in negotiation and say that they've already negotiated to approve this and they are in agreement with it and that a part of the documentation as well that we provide. We already have the three letters from the City Manager, Director of Utilities Authority, and the Chief of Police that says they are in agreement with the change and how it is affecting the recruitment.

**Mr. Walker** said to Ms. Morris, the article she said she was reading sounds extremely interesting. He asked if she would be able to produce a copy.

**Ms. Morris** said she read it online; she could go back and history it.

**Comm. Perona** said when this first came up, there was a comment made that the best that they would support is an 8 year vesting period and that's why we use the 8 year as the target of the higher numbers. The 8 year was said without any information or support.

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

**Ms. Morris** said she just wanted to note too that while the Unions are going through the negotiation process, they do have on the table for a negotiation that 8 year averaging. They do have the disability retirements that the Boards suggested years ago. They are now negotiating and two of the Unions have agreed. It's just one that is a little hesitant but, they have agreed to those changes, and that was just to make our disability retirement requirements a little bit of "teeth in." We had an influx of employees taking advantage of the process somewhat because it's really fairly easy for them to do.

**Comm. Perona** said he want to apologize for not being here at the last meeting. He was out of the State. He said he appreciated Mr. Stephens taking over at the meeting. We are all capable of doing this, that's why we are going to go into the rotation starting in September. I did have a workshop that was quite interesting with the Fire Board. I sat on my hands and everybody stared at me. I know most of these people because that are at the trustee school all the time. They had to be real careful on how they spoke about different things because we have people that understands pretty much what they were doing. Interesting enough, we were the same Retirement System 10 years ago and now their unfunded liability is exceeding \$90 million. Their contribution of percent of

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payroll is going to hit close to 44% this year; \$14 million. They have just negotiated with the Union and they have not raised the participation; it's at 4%. From my perspective of looking through it, they have two choices; you are either going to have to reduce benefits or you are going to have to increase membership participation. Now you are taken in with the homestead issue that's coming down the pipe and how that's going to affect the general funding, its ability to be able to do so. The Fire Board right now is looking at a \$14 million bill that's payable October 1 if that can't make; the reserves is only \$17 million and they have to function from October to December.

**ITEM NO. 12 ~ ADJOURNMENT**

The next item was next month's meeting. The next meeting is scheduled for May 17, 2018 at 2:00 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 2:44 p.m.

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.

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Honorable Chair Thomas Perona & Members of the City of Fort Pierce Retirement Board,

Thank you for your service to our community, and members of the civil service team for the City of Fort Pierce & Fort Pierce Utility Authority (FPUA). I am unable to attend the scheduled meeting today, April 19, 2018 due to a structural commitment for my new employer, St. Lucie County.

In my absence, I request your favorable consideration of my request for deferred retirement, after 7 years of service with the City of Fort Pierce. I have filed this request based upon my continued commitment to serve the community, as a public sector employee, through employment with St. Lucie County. I maintain hopes of finding my way back to the City of Fort Pierce team, if a fitting employment opportunity arises.

I remain an active member of the Fort Pierce community, and serve on the City of Fort Pierce's Technical Review Committee as a member of the St. Lucie County Planning & Development Services staff. I look forward to your consideration, and future endeavors which may bring me back to the City of Fort Pierce for employment, allowing me to approach reactivation of my retirement contributions and membership.

Thank you for your time, service, and consideration. Have a wonderful day.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kori Benton', is written over a light blue horizontal line.

Kori Benton