

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System April 18, 2019 2:00 p.m., in the 2nd Floor Conference Room at City Hall.

Present:

Keith Stephens, Chairperson
Caleta Scott, Vice-Chairperson
Comm. Tom Perona
Johnna Morris
Nina Penick
Brian Avilla
Mayor Linda Hudson

U.A. General Member
General Member
City Commission Member
Director of Finance
U.A. Board Appointee
Police Officer Member
Commission Appointed Member

Attorney Jim Walker
Christina Paz

Attorney for the Retirement Board, Advisory
Retirement Clerk

Recording:
Queen Thompkins

Executive Assistant to the Director of Finance

ITEM NO. 1 & 2 ~ ROLL CALL

Mr. Keith Stephens called the meeting to order at 2:00 p.m., the first item on the agenda being the “Roll Call”.

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Mr. Stephens, 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 APRIL 18, 2019

Mr. Stephens, the next item was the approval of the summarized minutes of April 18, 2019, and the Board asked if there was a motion to approve the minutes. There is one change in the minutes on Page 8. Change QUADRO of QDRO. **A motion was made by Mayor Linda Hudson and seconded by Ms. Johnna Morris to approve the summarized minutes of April 18, 2019.**

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

Mr. Walker said there’s nothing to discuss beyond what’s on the agenda. We got a QDRO on behalf of Tyrone Campbell, retiree, and it has a number of deficiencies and I’m going to work with counsel and see if we can encourage them to submit a better order.

ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS

Mr. Stephens opened up the public hearing for comments on the request for Retirement (DROP Program) from Felix C. Moss with 16 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, Mr. Stephens closed the public hearing. He opened up the matter for the Board. **A motion was made by Comm. Tom Perona and seconded by Ms. Caleta Scott to approve the request for retirement (DROP Program) from Felix C. Moss.** Mr. Stephens 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.**

Mr. Stephens opened up the public hearing for comments on the request for Retirement (DROP Program) from William E. Hall with 25 years of service with the City of Fort Pierce Police Department. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened up the matter for the Board. **A motion was made by Mr. Brian Avilla and seconded by Comm. Tom Perona to approve the request for retirement (DROP Program) from William E. Hall.** Mr. Stephens 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.**

Mr. Stephens opened up the public hearing for comments on the request for Retirement from Valerie Schulte with 9 years and 2 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, Mr. Stephens closed the public hearing. He opened up the matter for the Board. **A motion was made by Mayor Linda Hudson and seconded by Mr. Brian Avilla to approve the request for retirement from Valerie Schulte.** Mr. Stephens 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.**

Mr. Stephens opened up the public hearing for comments on the request for In Line of Duty Disability Retirement from Ralph Keith Holmes with 15 years and 6 months of service with the City of Fort Pierce Police Department. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened up the matter to the Board.

Comm. Perona said to Ms. Morris there was no back up and he knows the committee did meet; maybe you can give us a committee report.

Ms. Morris said sure and the backup was included in the confidential packet that was sent. The Review Committee did meet. We reviewed all of the documents and submitted the paperwork; everything was in line and to suggest that it be approve for disability retirement.

Mayor Hudson said just for her information, can you tell me what is required.

Ms. Morris said there is a special application. Within that application the employee has to provide documents from a physician that attest they should be retired. The Board then sends them to our physician.

Mayor Hudson asked if it's one physician or more than one.

Ms. Morris said if they have more than one; it's up to their choice as long as they have enough documentation that is suffice to say that they should be retired. We then send them to a physician and once that information comes back, the Disability Committee meets to make sure we verify if it's in line of duty, that it was something that was caused and the doctor said that it was; not a preexisting condition.

Mayor Hudson asked if the Disability Committee is among this group.

Ms. Morris said no. It is made up of myself, our HR Manager, the HR Manager from Utilities Authority, our Risk Manager, and it's usually a Police Representative.

Mr. Avilla said he likes the way it's spelled out. You gave us the full packet for review which was nice. It was informative for me, being my first time reading through it.

Comm. Perona thanked Mr. Avilla for bringing that up. New people here have never been through this process before. There are a lot of changes that have happened to Retirement System and is difficult for us to have some consistency in that. So, we created this Review Committee made up of professionals that are trained to look at these things and be able to guide the retiree through the process and be able to determine and make a report to this Board that this person is really eligible.

A motion was made by Comm. Tom Perona and seconded by Ms. Caleta Scott to approve the request for in line of duty disability retirement from Ralph Keith Holmes. Mr. Stephens 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. CONSIDERATION ON PROPOSED AMENDMENT TO RULE 16

Mr. Walker said this came up for first reading last month. It's now here for a second reading. If approved on second reading, the amendment indicated becomes part of the Board's rule of procedure. I'm happy to answer any questions.

Comm. Perona said in the CYPEN letters there's a lot of things that deal with QDRO's, divorce, and everything else. Thank you Mr. Walker for keeping us in line with this. I hear the storm is coming and it's good that we are prepared for them.

Mayor Hudson said what I remember from last time we were basically making sure that we are following the law. Is that correct?

Mr. Walker said that's the intent of the rule. The crest of the amendment is to provide a little more guidance particularly for those beyond the Board on the form requirements.

Ms. Penick asked if there's a difference between the Income Deduction Order versus the Income Withholding Order. Are they two different things?

Mr. Walker said my understanding is that they are essentially the same thing.

Ms. Penick asked is there some reason why we're choosing to call it an Income Deduction Order; if we're requiring this form to be completed, why would we want to confuse matters by calling them two different things?

Mr. Walker said in the cases it's seen as being referred to as IDO's. In the conferences all the speakers refer to them as IDO's. Here in this form I referred to them as IWO's.

Ms. Penick said I would think it would make it easier to understand or be more straightforward if they were called the same thing. I understand this is a federal form and you're talking about case law. That was my concern.

Mr. Walker said we could offer a change; we would insert IDO's or IWO's.

Mayor Hudson said I think they still should be mentioned. Like you said if they are the same thing, put it in parenthesis.

Mr. Stephens said at this point, since this is the second reading, we're really not changing the content of it.

Mr. Walker said in the past we've received requests from attorneys for any desired form and didn't really have anything to give them. This was thought to be helpful.

Ms. Morris said Attorney Walker and I discussed the rule and one thing I think needs to be adjusted and I still have questions as to this. As a municipality in Florida; and we have issues because we have to administer the QDRO's on our side and we have issues. I thought in Florida municipalities were exempt or municipal pensions were exempt from QDRO's, unless we volunteer, as a Board, to accept them. If it's in here, I'm assuming in the past the Board decidedly voluntarily accepted it. Here it's saying within 10 days after it's received will commence to enforce this but, as a pension, our rule says that there's no execution that can be against it; I think it is 13.56 in our rule that says there can be no execution against it and I know that might be in the form of a creditor; I don't know all the legal stuff; and it might be exempt that way but, how do we enforce it if nobody is entitle to the pension until the person retires. If we get in a QDRO and it's for child support or alimony, the child can't get it, technically, until the person retires as our rule.

Mr. Walker said you and I talked about this and this 10 day thing; we talked about the idea that the issue start 10 days or after the retiree starts getting the benefit or maybe 10 days after he starts getting the benefit, otherwise, as you and I discussed.

Ms. Morris said should we say that.

Mr. Walker said I totally agree and I'm glad you brought that up because I had forgotten. Within 10 days thereafter shall commence upon receipt of retirement benefits. Would that work?

Ms. Morris said yes. I've been thinking, how, if we receive something with child support; alimony, I can see that, especially this IDO and IWO. It clearly specifies maybe child support or alimony. How do we administer it to a child if it's a pension that is a non-liquid contention asset; how do we then say that there's a current value to it and enforce it when it can't be enforced? Our rule says that if there is to be no execution against it; no garnishment or anything and then now we're allowing a QDRO to say that, technically, we are garnishing or allowing a legal execution against it for payment. I see that in one area where it says we shall not but, we're allowing the QDRO and the QDRO law for Florida; in other States they do allow it; in Florida it says that we have the option to volunteer to do it.

Mr. Walker said actually it's not. You showed me the conference material when we discussed that and they were completely consistent with my own understanding. There's a long line of at least 5 cases which indicate that in the case of those two areas; child support and alimony QDRO's may be imposed to attach to the retiree's benefits.

Ms. Morris asked how do we pay it, especially in the case of child support. It might be 20 or 30 years before the retiree retires.

Ms. Scott said it's still ordered by the Court so they still have to pay it. Would it end up being back child support?

Mr. Walker said it would still be ordered upon commencement of retirement payments.

Comm. Perona said they're not retired. They earn income and child support probably comes out of their income, right?

Ms. Morris said no.

Mr. Walker said we don't have any jurisdiction over wages or anything like that.

Ms. Morris said right. This says alimony and child support. If we get a QDRO as it relates to pension, this would only be for our pension.

Mr. Stephens said we have people in the military; they're married to somebody for 10 years; if they are married for 10 years, they get 50% of that retirement. I know you're talking child support but I would say it's the same thing. Let's say they get divorced when he's 10 years in; 10 years later they retire; as long as that ex-spouse has not remarried, they get 50% of that retirement. The child is getting a portion of that benefit, probably for as long as the member receives the retirement.

Ms. Morris asked if it would be when the retiree retires, we would have to send an annuity to the child as well.

Mr. Walker said he would have to look at the Order to be able to answer that question.

Comm. Perona said I'm sure there's an answer. If it's not here today, you can find it. Whatever it is it's just a matter of following the law that we have.

Ms. Morris said especially lately; we're getting so many in and it's sort of confusing and hard to administratively decide based on what we have here and what's out there. We send them out to be actuarially determined and it's usually a certain date that's included in the Order during the time that they are married. We have to get all of that and it's actuarially determined at that time. You're saying we actually do in Florida have to QDRO.

Mr. Walker said not all QDRO's but those that fall within that narrow classification. Now, like this one for instance that we got in on Tyrone Campbell; this says the Order is issued pursuant to Chapter 61, which is related in the provision of child support, alimony payments, or marital property rights and define hereafter between spouses. In other words it applies to everything.

Mr. Stephens asked are we making any substantial changes to the content with what she just brought up.

Mr. Walker said this was just merely a clarification on the 10 days issue; initiation of payment of retirement benefits and the IWO's.

Ms. Morris asked are we calling it qualified or domestic.

Mr. Walker said he explained that at the last meeting. A bunch of cases referred to them strictly ad QDRO's. I consulted with the counsel for the City's Supplemental Board to make sure that both Boards are on the same page and understanding the legal setting for all this.

Mayor Hudson said the first time you use QDRO's you should put Qualified Domestic Relation Orders in parenthesis. From then on you can call it QDRO's.

Mr. Walker said that's a good point.

A motion was made by Comm. Tom Perona and seconded by Ms. Caleta Scott to accept the proposed Amendment to Rule 16 in conformity of changes that were discussed. Mr. Stephens 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. 8 ~ NEW BUSINESS

a. CONSIDERATION OF RECOMMENDATION TO AMEND INVESTMENT PLAN REGARDING RATE OF RETURN

Mr. Stephens said he hopes everyone received the documentation; you know we are at 7.75%. When Brad was here, he recommended 7.50%. After further discussion Brad wants to try to influence us to 7.25%. I don't think he's making that recommendation but I believe in some of the correspondences he said it wouldn't hurt. I would like to open it up for discussion.

Ms. Morris said Callan provided documentation. They couldn't be to the meeting today so I asked them to provide information as well. They provided very well documentation and they are recommending that we go to the 7.5%. They looked at it in a 10 year analysis and they recommended that was good.

Mayor Hudson said didn't he say that a lot of other plans were doing that also.

Comm. Perona said every Retirement System has looked at this in the last 3 or 4 years. It's interesting; you just don't pick a number without taking a look at what impact it's going to have to your System. Fortunately our System is healthy enough to handle that. This is a number that we picked that can help drive the rest of what we have. It does reflect what the investment return era is all about right now. I have no problem with the 7.5%. I do have a problem with the 7.25%. As long as the System can handle it and we continue to do the job that do to make sure that our Retirement System is healthy, we watch everything closely as we have done.

Mr. Stephens said one of the things that I question Brad about; I understand from an actuarial standpoint why they like the 7.5%. Just because we performing; and historically we've averaged

.13 above when we had 8.0. My concern is what benefit is it to us to move down. I never understood what he was trying to say; the move to 7.5% when we are not even bumping up against it. I understand if we come up short of our expectations; how it could affect us the next year. The consultants will be here next month. We could still talk to them next month; we don't have to do it this month. One month is not going to break us on this .25. Should we hear from them next month, at least we've had our discussion here without them and then let them tell us.

Comm. Perona said what's valuable to me is that this is just a measuring stick. The fiduciary of this Board is to try to stay on course the best way we can. The Mayor and I have to set budgets for different departments and organizations out there that we know they're never going to hit it. It's very discouraging some times when you give the Sunrise Theatre \$300,000 and we know they're never going to meet that budget. This is something where we sit there and we have a 7.5% expected rate of return. It's a goal that can be hit and probably will be hit. We can concentrate and make sure we make our decision to be at that number. That's our measuring stick. If it was 9.0%, we'd be in trouble right now and every year we would not be able to hit the goal. I think it's the function of what we do to be able to make sure that we are bringing this into a realistic format that we can put our focus on and try to hit it year after year.

Ms. Morris said she is good with it based on her conversation with Callan and what they wrote here; that they're supportive of the decision. They've looked at it and for the next 10 years based on where we are and what they've looked at based on historical trend, we should meet that return.

Comm. Perona said this is the first time I've heard geometric mean since I was in school. It's based on geometric mean. I know what it is; I don't quite understand it all; it's just a way of calculation. Brad is intimately involved with the System and with his comfort level, his mission was to give us good advice as far as the future goes.

A motion was made by Comm. Tom Perona and seconded by Ms. Johnna Morris to adopt the recommendation of moving the expected rate of return to 7.5%. Mr. Stephens 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.

b. DISCUSSION ON DELINQUENT PAYMENT STATUS ON BENEFIT PAYBACK

Ms. Morris said you all can remember we had an incident where Mr. Ricky Brown whose mother had died and this individual was still receiving the checks. We found that out; we brought the person in; he said he would pay the money back; we brought it to the Board and decided to set up a payment plan for him. The beginning balance was about \$9,560. He was making regular payments up until July of last year and we have not received any payments since that time. It was brought to Mr. Walker's attention to see how we wanted to handle this. Mr. Walker sent him a letter as our Board's attorney, asking him to rectify this; come in and make payments; bring it up to date and we have not heard anything from him. We wanted to get the Board's decision as to how we want to move forward with this.

Ms. Scott asked did we create any policy in regards to when you sign up for this.

Ms. Morris said we did a promissory note; Mr. Walker drew up a legal promissory note.

Ms. Scott asked if it says anything about default.

Ms. Morris said yes.

Mr. Walker said what we're looking for is a motion to formally authorize commencement of collection.

Comm. Perona said it's the only option we have if we want to stay consistent in the way we handle this. We talked about this the last time and we don't have any option other than to do what we said we were going to do because consistency is the most important thing we can provide.

Mr. Stephens asked if we know the individual received your response. Did you send that certified?

Mr. Walker said it was sent certified and by regular mail.

Mr. Stephens asked if it was signed for.

Mr. Walker said yes.

Comm. Perona asked Mr. Walker what his recommendation and motion would be.

Mr. Walker said a motion to authorize collection proceedings on the unpaid debt that's due to the Retirement System.

A motion was made by Comm. Tom Perona and seconded by Mr. Brian Avilla to authorize collection proceedings on the unpaid debt that is due to the Retirement Board. Mr. Stephens 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. 9 ~ CONSENT AGENDA

Mr. Stephens said the next item is the Consent Agenda. **A motion was made by Ms. Johnna Morris and seconded by Ms. Caleta Scott 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

None.

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Comm. Perona said I haven't had a chance to go through the actuarial report but, considering last year it looks like we are still on course.

Mr. Stephens said Ms. Penick did a presentation to the FPUA Board of Retirement and she did a good job. We are still over a \$200 million plan and we're going to push for \$250 million. After her presentation there were questions as to why FPUA members pay 6.16 and City employees pay 5.16.

Ms. Morris said the FPUA employees voted for it.

Mr. Stephens said that's fine; if you can find out where that happened, I would like that because it came up and I would like to give them an answer.

Ms. Penick said I thought 30 years ago everybody was 7.16. I had an old annual report when I was City Auditor in 1986 and I believe at that point it was 7.16. There was a time when the contribution on the employer side was virtually zero and I want to think that it was about that time is when the employee shares changed. Maybe FPUA only went down 1.0% and the City went down 2.0%

Comm. Perona said I have to attend next school for Trustee School in the Winter or Fall. I see that it's on a commission date and the Mayor has graciously decided she isn't going to start on that because I have to go; I didn't go in January for my certification. I thank you Mayor for doing that.

Mayor Hudson said I told them I'm not going to miss if he's not going to be there. We would be leaving only three commissioners and you never know what's going to happen with that.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for May 15, 2019 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 2:47 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.