

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System November 21, 2019 2:00 p.m., in the 2nd Floor Conference Room at City Hall.

Present:

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

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

Attorney Jim Walker
Christina Paz

Attorney for the Retirement Board, Advisory
Retirement Clerk

Absent:

Caleta Scott, Vice-Chairperson

General Member

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 SEPTEMBER 19, 2019

Mr. Stephens, the next item was the approval of the summarized minutes of October 17, 2019, and the Board asked if there was a motion to approve the minutes. On page 2; paragraph 4, the word “principle” should be “principal”. **A motion was made by Mayor Linda Hudson and seconded by Comm. Tom Perona to approve the summarized minutes of October 17, 2019.**

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

ITEM NO. 5 ~ ATTORNEY’S REPORT

Mr. Walker said I dropped the Board a note on

ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from Denise Fountain with 22 years 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, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mayor Linda Hudson and seconded by Comm. Tom Perona to approve the request for retirement (DROP Program) from Denise Fountain.** 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 carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from John R. Andrews, II with 25 years and 4 months of service with the City 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 the matter for the Board. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to approve the request for retirement (DROP Program) from John R. Andrews, II.** 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 carried unanimously.**

ITEM NO. 7 ~ OLD BUSINESS

None.

ITEM NO. 8 ~ NEW BUSINESS

a. CYBER-SECURITY UPDATE

Mr. Devoshay Johnson said I wasn't exactly sure what type of questions you may have so I provided a basic out side Security Overview of Central Square Technologies which houses our retirement module and this is an overview of the entire frame the module is just one of many modules they offer for the services they have with us. Many may have heard in the last year; Central Square; one of their platforms had been the victim of several breaches across the nation to be cleared. It wasn't actually product; they used an Oracle product in combination with theirs for the payment processing and Oracle products were exploited and hacked. We at the City of Fort Pierce; the Mayor, are aware of this; spoke with our City Manager and we made an executive decision until they can get this resolve we were bringing the servers offline until that could be resolved to protect ourselves and our citizens. That has been resolved. We found another vendor and cleaned up the threats of vulnerability. Central Square Software is under the NIST Cyber Security Framework; that's the National Information and Security Standards Technology body. They govern what is acceptable as secure and how technology operates. Their development process of the software that they provide to us is also govern by the OWASP; you can see that on page 2, and that's the Application Security Project.; a non-profit organization that's the governing body for programming and develop of applications. They are in compliance with that governing body for the design and deployment of maintenance of the applications. Moving to page 3, in the event of a situation or some type of vulnerability or breach, this lays out how they respond; scanning and remediation; they have external perimeter scanning; it's done weekly and upon request. Within their data center we have a space and if I were to say to them, I'd like that scan today, I have reason to believe that some odd activity that I see, I want to make sure that no funny business is going on. They would initiate that request and perform a scanning sheet and give the report back to me. The Incidence Response; page 4; in the event something happens, first is detection. What they have in place is what they call a scene collector. It's really an analytic engine. We have something similar in place here. It monitors and looks for erratic behavior. For example, if you had a pattern of the last 30 days of maybe deleting 1 or 2 files and all of a sudden it detects 40 files being deleted, that's odd. It will send an alert that you might want to look into this. They have this type of technology in place along with Syslog, Intrusion Prevention Systems (IPS), Web Filtering; just standard firewall types of things. Those are their detection engines. If they do detect something, the first nature of the incident they invoke Superior Playbook; in essence, sort of like our emergency preparation of disaster recovery Playbook. There's actually a standard of how we approach any time of incent; how we respond to any type of incident; how they determine if Superior staff or customers are affected because there are some internal threats that don't affect us. If there is an internal threat; whether we need to be made aware of it; whether I could happen; pose a threat to our environment, data, or security. They determine that. If customers are infected, an immediate plan will be developed to mitigate the problem and notify effected individuals. They sent out letters nationwide to everyone advising on how to keep the Oracle product patched and also provided an eager's plan to move off of that product altogether in to something that was a bit more secure and was at no cost for those that moved within a certain timeframe. Once they decided to dissolve that partnership because it simply wasn't secure. Next, reporting section; in the event

of a confirmed security incident, a detailed report is written that includes the affected staff, customers, data, computing systems, and other property. They have data centers throughout the United States. Our data center is at Lake Mary and we have a backup data center that we utilize in Philadelphia. Those are our 2 redundant data centers. They alert; they provide their report; they provide responses steps, and they provide the root cause analysis which is exactly what happened; what went wrong; where it happened; what was the cause, etc. They report all of the information to us. They in turn, mitigate; come up with a plan so it doesn't happen again. They test that plan and then they revise their documentation to update it in light of whatever the latest incident was that caused this occurrence. Next, page 5 which is Business Continuity Management. All that means is, as I stated earlier about the disaster recovery site, if one site goes down, there's a continuity plan so business can continue functioning as usual. If our local site here at City Hall goes down, because we have our own out presence, we have the Lake Mary presence, which is in the cloud that we can connect to, and we also connect to that during disaster recovery hurricanes, etc. There are key personnel that will be able to key into that and run the business in an emergency state to allow us to continue to do the things that are necessary. Included in that is Business Impact --Analysis so, if something happens, they will be able to run a report and actually let us know this aspect of the operation that will be affected while these will remain running or this aspect will be affected while certain aspect will remain running. We also have the Fire Service Level Agreement as typical with governments. Ours is 24x7. If there is an emergency, declared emergency, or something is not quite right, they're working with us until it's right. Recovery Time Objective; this is also included. If something goes down, they actually will provide us an estimated time for things to be brought back online. In many instances, we had an outage last night with our ISP and we're working on it. There's somewhat of a recovery time within that. Typically, it's within 4 to 6 hours that they guarantee recovery. They're more specific when it comes to the business continuity for Central Square and Superior Products. Along with that is recovery point objectives that we can actually recover to a certain point of failures. If an incident happens, because of our backup strategy, we can go back to that 12:00 period and instantly restart from that point. We conduct annual disaster recovery test; laptop exercises; that includes validation of recovery environment. This is something that I have instituted at the City of Fort Pierce. We began that last year and we're really pushing forward to continue that bi-annually here. I'm stating what Central Square does on their own but, we're also joining them and making sure our environment; our key people; City Manager, our Finance Director, certain key payroll person; procurement personnel, are able to access the System; they know how to connect to it, and everything are ready to go on a bi-annual basis so we don't get caught in a situation where it might not be favorable for us. The last page outlines their Cloud Solutions and in a general overview it outlines what I said earlier. The physical environment is protected by CCTV and these re their data centers. The are protected by CCTV, Proximity Card Access, Dual Factor in Secure Areas, Intruder and Door Alarms, Fire Suppression, Air Condition; it's a data center. It has all the requirements to run as a data center. It's monitored 24/7, 365. It's not monitored remotely. It's actually staffed, so their personnel are on-site at all times. They are armed security. They offer these services not only for local government, but federal government and international. If you go down a couple of pages, you will see that even European standards are something they are in compliance with regard to CJIS compliance for law enforcement, HIPPA for health, and FERPA, which is education for school, family education, and GDPR, which is European General Data Protection Regulation. So, they are complied to a multitude of Boards, policies, and compliance organizations to meet the standards to do what they do. It's not just local government; they are at the State level, Federal level,

International level. Over the last couple of years, they made a significant move to become more and more Cloud base. It makes you excited as to what the future holds and what they are going to be offering and what that means to Cities as a whole, and what we are going to be offering to our citizens. That's it in a nut shell.

Comm. Perona said you would think that most of these hackers have gone after the big cities but they are not. They are going after little cities because we don't have funding to defend ourselves. Normally we don't have the security in our IT.

Mr. Johnson said that's why we chosen the model that we have. Most people don't understand this but, it's to our benefit. We operate on a State's network first and foremost. We operate on myflorida.net, which is the same thing that Department of Transportation, DMS, Children and family Services; we're all on that same network. They do most of the heavy lifting for us. They handle most of the security that we are not staffed to do and have not been for years. So, that's an extra layer of protection. In actuality we are invisible to the outside world because of that. We're within their enclosed private network. Any connectivity for the City in order for us to connect, it has to be via VPN. That's the only way for anybody to get in or out. About 2 months ago there was a coordinated attack on the State of Texas. The coordinated about 20 or 30 municipalities. You're talking about attacks that are sanctioned by foreign governments. Now you're getting into your local municipalities. We're not outfitted to defend ourselves against an invading government and that's the seriousness of it now. It's really an evolving environment and the threat is ever increasing. We're always scrambling to stay on top. This is new to municipalities. You had the run of the mill hackers but you never had coordinated attacks by foreign bodies.

Mr. Walker said I guess the 500 lb. gorilla in the room is Lake Mary and Riviera Beach. Are we doing that they weren't or has anything been learned from their unhappy experience?

Mr. Johnson said their incident was different. Their breaches were all internal related to emails. It wasn't of the system in and of itself. That was a little different. We do have security awareness training and protocols that we've initiated. Their breach was based on spear fishing. Somebody sends an email from Comm. Perona and nobody looks at the fact that it's not actually from him. It says his name but it says from I'mgoinggetyousucker@gmail.com. We are constantly initiating protocols to further eliminate the ability for those types of attacks to take place. On the flip side of that, it requires staffing and administration to go through some rather intensive training to continue to be aware. So, there's this balancing act. I can put forth all the initiative I want and if staff isn't trained and they aren't aware, then it becomes a bottleneck for them to do their job. Sometimes you get from administration, well let's not do that. I say, okay. Now here comes the juggling act.

May Hudson said when you started out you said this was protecting the Retirement System. Is this protecting the whole City?

Mr. Johnson said yes. All our applications run from this one company.

Ms. Penick asked if it works off of your existing servers or does it run through this application.

Mr. Johnson said this application runs on our AS400; a subsystem all its own and then one of our existing servers, Windows application is connected to it.

Mr. Stephens said we appreciate Mr. Johnson coming.

**APPOINTMENT FOR CHAIRMAN, VICE-CHAIRMAN, AND BOARD MEMBER
ELECTION RESULTS OF THE CITY OF FORT PIERCE RETIREMENT BOARD**

Mr. Stephens asked Mr. Avilla if he was up for election. Mr. Avilla said yes.

Ms. Morris said Ms. Christine Paz is not here today and she has the results.

Mr. Stephens said we don't know the results.

Ms. Morris said yes, we do.

Mr. Stephens said he will go into our next topic which would be appoint for Chairman, Vice-Chairman for the Retirement Board. I would like to open that up for discussion and nomination.

Comm. Perona said he like the idea of a two-year term. I know we have adopted that formally because we may someday not want to go two years with one person but, I like that; I think it works; it's a good flow. It takes a while to get use to what you're doing. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to nominate Keith Stephens for this year's Chairman for the Fort Pierce Retirement System.** 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 carried unanimously. A motion was made by Comm. Tom Perona and seconded by Ms. Nina Penick to nominate Caleta Scott for this year's Vice-Chairman for the Fort Pierce Retirement System.** 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 carried unanimously.**

Ms. Morris said she will report the nomination results for our police representative. There were two individuals that were nominated; Brian Avilla and James Greco, and Brian is the person who was chosen by the police officers to be the representative again for another term.

**b. REPORT ON OVERPAYMENT TO THE ACCOUNT OF GEORGE COLLINS
AND ALICE BUTLER**

Ms. Morris said initially I was going to be coming to the Board to ask about moving further, maybe sending these two entities to the Sheriff's Office to see how we would proceed further with it but since then, Attorney Walker sent me correspondence today that Mr. Collins's son had reached out and would be sending a partial payment this month; the remaining payment next month. I had Christine reach out to Mrs. Butler's daughter in one last attempt and let her know that it will be discussed today to send it over to the Sheriff's Office as well and she Friday she will have the check for the full amount in the mail.

Mr. Stephens said he can see that happening; having a lot on your mind; probably that first month but, the second month you realize you are getting something you're not suppose to get.

Mayor Hudson said if you've ever had a death in the family and they get Social Security, you learn quick you are supposed to let them know.

c. PROPOSED BUDGET FOR FISCAL 2019/2020

Ms. Morris said you will see you have been provided with an update; I saw when I was going through the agenda that I had sent over the incorrect copy. However, the amount is not changing. We are saying we're going to need \$16,625,700 in revenue and these are estimates only. What's going to makeup that amount is about \$9.4 million in transfers from our investments. That's an estimate; we may not need that; hoping we won't but, it's all contingent upon our investments and what we actually receive. Here is our revenue, and the appropriation as well with the million-dollar contingency that we always build into the budget and in the event, it is used, the Board will be notified before I have to use that. This is our budget as presented.

Mayor Hudson said it looks like every year we estimate our actual fall short of the estimate.

Ms. Morris said that is correct. We don't use investment earnings because it so indefinite, so we don't build it with the investment earnings; we adjust to it. The contributions are from the employer and the members are contingent upon members that are in the system at that time as well. We utilize a transfer and we only transfer as needed.

Mr. Stephens asked when will we know the final numbers of 2019.

Ms. Morris said after the audit and that's usually around February.

Mayor Hudson asked how often this is reported.

Ms. Morris said we do this once a year and as part of our actuarial report, it's included in the report.

Comm. Perona said that 2018 report was good. I would like to make one recommendation; when you list all of the members of the Retirement System, I would put an asterisk (*) by those that are certified Florida Pension Trustees. Like the elections that come up, we have an investment in that person. In all of our writings and publications, we do identify the people that are on this Board. I think that is the thing to do.

Mr. Stephens said there should be a small explanation of what being certified means.

Comm. Perona said this Board manages over \$200 million. I think it's worth to tell people we've invested our time and effort into this to make sure we are making good solid decisions; we're keeping ourselves abreast of all the latest, the finest, and the best to make sure we are good stewards of their finance, their futures.

Ms. Penick said pretty big number in unrealized gains and losses, is that any one investment in particular or across the whole.

Ms. Morris said it's across the whole. If you can remember in August where the market really crashed and we got hit really big. It's just the timing s to when we close our books and what's happening in the market. Time past they were good just before 9/30 so, everything looked great and we experienced loss around November, December so, we had time to earn again before. But this year we're going to see this loss.

Mr. Stephens asked by now, aren't we about to go back up again in the stock market. It's about to break a record; the highest it's ever been. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to accept the Budget for FY 2019/2020.** 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 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 Mayor Linda Hudson to approve the refund of member contributions.**

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 carried unanimously.

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

Mr. Stephens acknowledged the excused absence of Ms. Caleta Scott. **A motion was made by Comm. Tom Perona and seconded by Ms. Nina Penick to approve the excused absence of Ms. Caleta Scott.**

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

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Comm. Perona said Johnna, Caleta, and I went to the recent FPPTA; one of the things I saw, there was a legal seminar there that was probably very good for one of us to go to. I thought after the fact, Mr. Walker, if we had known that was going on, that might have been something you would have been interested in. They had three or four of the top retirement attorneys there. They were talking about all of the issues that were hitting them left and right. There was a 2½ day seminar on that. You have to look at these things and see if there's value any of our Board of staff that we need to share; take a look at it to see if we need to go.

Mr. Walker asked Comm. Perona to keep him up to date on that.

Comm. Perona said his second comment is, one of the themes that kept popping up was having a plan to deal with your unfunded liability. It's a real nasty subject but, I get this booklet in the mail and it talks about how pension need to look at their unfunded liability and come up with a plan. It's going to be very difficult for their commission to accept but, we have to start having a dialogue, talk about this, and try to build the health into our System. We're doing well in Fort Pierce but we

have a fiduciary responsibility to quit kicking the can down the road and start doing something about it. Every year we have retirees come here asking for their COLA. There are three things that has to happen that's never going to happen unless we do something about it. This is something I Would like to have as a discussion from this Board to determine that we've talked about it. Once we get on board, we going to have to translate that to the rest of the governing body that make policy decisions for the City.

Mr. Stephens asked, based on Mr. Armstrong experience, do you think he would have some idea of other places, how they deal with some of it. When is he due to come?

Ms. Morris said In March but it would take some time for him to do this.

Mr. Walker said he will give this to Mr. Armstrong. He's very good about responding to that kind of request.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for October 17, 2019 at 2:00 p.m.

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.