

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD**

February 20, 2020

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System February 20, 2020 2:00 p.m., in the 2nd Floor Conference Room at City Hall.

Present:

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

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

Attorney Jim Walker
Christina Paz

Attorney for the Retirement Board, Advisory
Retirement Clerk

Guest:

Weston Lewis – Callan Associates

Recording:

Queen Thompkins

Executive Assistant to the Director of Finance

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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 JANUARY 16, 2020

Mr. Stephens, the next item was the approval of the summarized minutes of February 20, 2020, and the Board asked if there was a motion to approve the minutes. **A motion was made by Comm. Tom Perona and seconded by Ms. Caleta Scott to approve the summarized minutes of January 16, 2020 with noted 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

Mr. Walker said as far as I know we haven’t alienated anyone or gotten mad and pleased to report there are no legal issues that currently come to mind. I’m happy to address any questions from the Board.

ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from Guy Montgomery 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 the matter for the Board. **A motion was made by Mayor Linda Hudson and seconded by Ms. Johnna Morris to approve the request for retirement (DROP Program) from Guy Montgomery.** 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. Penick said there’s one page in each of these retirement workups that I would think you could easily, completely omit, so why are we including it.

Ms. Morris said because it is a part of the packet.

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Comm. Perona said it indicates the fact that the record does exist, so I would leave it.

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from Anne W. Satterlee with 22 years and 8 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, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Ms. Johnna Morris and seconded by Comm. Tom Perona to approve the request for retirement (DROP Program) from Anne W. Satterlee.** 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

ITEM NO. 8 ~ NEW BUSINESS

a. ANNUAL BOARD EDUCATIONAL SESSION FROM CONSULTANT – CALLAN ASSOCIATES

Mr. Weston Lewis said we brought a couple of different pieces; we do this every year; thinking about where we've been and where we think we will ultimately go. The first highlight is the Capital Market Assumption. This is our forward expectations for the future. We view capital market expectations as the cornerstone asset allocation. We think of setting a strategic plan, informing your risk tolerance. This isn't meant to be a precise modeling exercise to where we think U.S. Equities are going to return 7.15% over the next year or this is a range of returns whereas 7.15% is the median. A lot of these are informed by a lot of history and this go back 40 or 50 years; last year where equity market returned close to 30%. We did not take into account that last year and said they return 30%, they will return less this year going forward. Part of that is in our judgement. Our guiding philosophy is bias toward those long-term averages and what happens. This is for both returns as well as risks. What has happened in the capital market through our history, we also have a bit of a conservative bias. You look at a lot of these versus what others may publish in the marketplace, and you can do a web search and find 10 or 12 different ones from different consulting firms; different asset managers. What you would observe is largely a conservative bias; not necessarily in that median; the return results, but largely in how we factor in risk and how much risk the equity markets are going to bring at some of the other alternative asset classes. We are aware of risk premium, so as you think of how much you're expecting to be compensated for taking on additional risk over the U.S. Treasury Note. We are conscious of that; what we call the equity risk premium; that's not the be all, end all for us and how we derive these. We have an assumption the market will ultimately clear and they are rationale. That is certainly true in the long-term; in the short-term, they tend to be a little less rationale. If you look at the blue bars on top; what is difference for a lot of the equity categories, nothing on the return changed. As you look at what may have changed is in the light shaded bars. We actually reduced some of the risk

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of equities. We just have not observed the risk in equity like we have modeled it for some time. This is a reflection of that history and some changing dynamics in the marketplace. If you go to the orange shade, this is probably one of the more depressing things I will mention today. We actually lower returns on fixed income. Part of the reason for that is just given what the yield curve did last year, you will note that fixed income returns were very good. That's probably one of the worse things that can happen to you as long-term investors. Now you have to reinvest that income at a lower yield going forward. As a result, we lowered the expected return for fixed income; risk did not change. Just to give you a sense of the magnitude for where you all are invested; that core U.S. fixed income; this time last year we were optimistic with roughly a 3.75% return as our expected case for the next 10 years. We've lowered that a full percentage point down to 2.5 for the 10 years. We've been saying this to a number of clients; you roll forward the next several years of returns and what happened in 2019. As it relates to alternatives, no changes as it relates to where you're invested with that core real estate bucket. On the return we actually did though, reduce the risk. As you look at that 14% standard deviation, light-shaded green box in the core real estate, we brought that risk down. Why did we do that? A couple of reasons; No. 1 the observe risk on core real estate is actually really low. If you look at standard deviation in your portfolio; if you go into the bigger book and say, what has the standard deviation been of that Heitman HART Real Estate fund; It's something like 1.5. What we're trying to capture is not necessarily just the standard deviation risk but broadly the economic risk. As you go through periods of where the economies tank and that risk blows out quite a bit. We're trying to capture that. Second reason is we would go to clients and we would say, we're trying to capture some of these non-standard deviation type risk into the modeling exercises, and they say it doesn't look very compelling to do real estate or any alternative for that matter, when we believe that it does, actually, provide a good diversification bang for you buck. It's a way to be a little bit more realistic about what we think real estate brings to the portfolio. Before we move to the second page, I will mention this interesting little histogram as to 230 years of stock returns. You will note that 2019 was one of those few years where we saw the equity market returns in that 30 to 40% range. Very good year for U.S. Equity Markets. If you were to model this, your asset allocation into our Monte Carlo tool that takes a lot of different expectations, and say, what could be expected for Fort Pierce, we would estimate somewhere around 6.5 to 6.75 return for your asset allocation. A lot of that being driven, and this is a continuation of downward pressure on expected returns, a lot of that driven by those orange slices with the fixed income. That continues the expectations for fixed income return if this continues to go down. A lot people like to ask us, how have you done historically making these forecasts. On the next page we show what actually happened in the last 10 years for the various categories. At the very top of these rolling line charts, we have private equity, so our expectation for private equity, about 10 years ago was 10.5%. As you look at private equity and what it actually did for 10 years; 13.76%, and then our expectation for both developed and broad U.S. Equity at 8.5%. We under shot what the U.S. Markets actually did. The Russel 3000 came in about 5% more than that at 13.42, but we overshot on what the Non-U.S. Equities would do as represented by that MSCI World ex-USA at 5.32 and then the emerging markets at 3.7. That is typical of how it works. We're not the world's best asset class forecasters, but when it comes to putting it into a portfolio, we want to make sure we capture that range of what can happen to allow you all to plan for, in a worst case

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scenario, we're going to have the liquidity or we're going to have the ability to make benefit payments. That's what we want to capture in this. As it relates to; should I invest in the stock market or not last year; these are not going to answer your questions. With that, any questions about our capital market expectations? Cody and I are not the ones who do this. This is our capital markets group out of San Francisco. It's an 8-member team. They started June of every year and it usually takes until about January to fade it out monologue its collation; that takes the most time to do. What we ultimately believe to be a reasonable portfolio for clients. I will touch on what happened and we'll go through your investment portfolio and talk about any issues there. Another thing we do annually is the periodic table of investment. I mentioned our capital markets group. Our capital markets group head; his name is Jay Fledfort. Jay came to us in the late 90's from S&P. When he got to Callan, everyone was walking around and saying, we don't need diversification; we need more tech. So, he actually put this together and said, this is a way to show that things are cycling out and we don't know where next year's returns are going to come from. There's an accordance in diversification, so it showed back in the late 90's five straight years of the growth index; just beating everything. Prior to that there was a lot more differentiation in leadership. If you were to do the same thing, you would see a lot of growth; maybe not so much in 2018, but the large cap growth styles and we've actually changed these now to where they all show the style boxes and large cap, largely because a lot of clients like you have utilized less kind of style and persists more emphasis on passive. It captures that large cap equity return that is represented by the S&P 500. The purpose of these are to underscore the importance of diversification and represent how challenging it is to be next year's winner. Where we were sitting in 2018, it was when we were sitting here about this same time, we were showing largely negative returns for almost all asset classes, except for cash and a flat return for U.S. Fixed Income in 2018. How things change over the last year when you see large cap equity there at 31.5% for the year. The markets are being driven by a lot of large and mega cap growth names. That is a trend that has really taken off for the last 5 years to where your Amazons, your Facebooks; a lot of these large cap tech names have really driven the market. As you look at the returns outside of those, there's a new acronym every day. As you look at the equity markets, they're okay; they're not exceptional. A lot of that over the last year in particular were driven by what we call multiple expansion. The same dollars earnings, now investors are willing to pay a lot more for the same dollars earnings. Ultimately, that stretches like a rubber band and it snaps back when you start to see some of that snap back in September but it did not last very long. That trend has continued even stronger in the January month where value stock really underperformed. One of the interesting phenomenon's that happened over the last year is, you look at the orange box; this is Emerging Market Equity; it tends to be the most volatile. In a risk-on environment, you see at the top of the page and a risk-off environment, you see at the bottom of the page; one of the rare events where emerging market equities finished in the middle. I mentioned U.S. Fixed Income so that's in that darker green; third from the bottom, at 8.72%. That is a pretty good return. It beats your actuarial discount rate. One thing, Cody and I can't guarantee you anything, but we would say it's highly unlikely for that type of return to continue any time soon unless we saw a meaningful increase in interest rates, which would be a negative return, but a chance to go higher. Unless we see interest rates 90 negative, a lot of forecasters, a lot of market participants, and invest managers that we speak to are not

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anticipating interest rates to 90 negative in the United States. Another observation as you look at this, that cash equivalent; everybody knows interest rates; the Federal fund rate has been it's Euro for a long time. That started to creep up over the past few years. Now we are at 2.25% return on money markets and on cash over the last year, which is creeping in the right direction; that the Fed did cut 3 times in 2019, so it might creep back down; starting to see a little bit more respectable returns on cash. We would like to see interest rates creep back up. On page 123 of the PDF and this is page 2 of the landscape if you're following along on paper; this is your asset allocation versus your target asset allocation. You'll recall, we change the policy target to diversifying more into international and this still represents a home country bias, so it favors U.S. stocks but we just took some chips off the table. We did work with Johnna and Queen to rebalance this, so you see the kind of roughly \$21.4 million below the target on International Fixed Income; at \$28.2 million above the target on U.S. Equity. That was rebalanced, so you were in line with your target. I will mention, not that we're good, but this is something that we do pay attention to because it affects returns; it's the timing; how does the time works? It actually worked out quite well for you all. Largely, as things were getting repriced as a result to the coronavirus, you all were able to buy in a little bit cheaper into the non-U.S. Markets. Who knows what will happen going forward, but it was fortunate timing. I will mention the value at the bottom; that \$214.9 million. That seems to be a high watermark. I've worked with you all going on 11 years now and this is as high as I remember. Moving to page 4, we'll talk a little about your returns. This is for your total fund. We compare this versus what we call a Callan fund sponsored database. These are roughly 300 different pension plans; large, small, in between, but it represents your peers, and how did you perform versus your peers. There's a number on the left; that is the target. If you were passively invested across all asset classes. As you look to the number on the right in the blue, those are your actual returns. It incorporates both the asset allocation component as well as the implementation; how well did the investment managers do. You do utilize some level active management. As you look at the rankings for the last one year, you're in the top 19th percentile. Last 3 years you're in 42nd percentile, last 10 years, you were in the 10th percentile. One of these timeframes for the last 2 years does your actual portfolio lag that benchmark somewhat modestly. You see the 34th percentile versus the 29th percentile for your target. Overall, of the other timeframes, you're ahead of your index. This is good reading. Not only has your asset allocation been in favor, but also too your implementation has been very good. To highlight what has worked, I will go through what has worked and what hasn't. What has worked is Emerald and your other small cap managers; Ceredex. Emerald is your growth manager. As you look at their performance over the last 3, 5, 10, 15 and since inception, they rank favorably and they are outperforming their index. Moving on quickly to page 7, Ceredex. This is one that caught our eyes this quarter. They had a good year going. We met with Steve Loncar the last time we were in here and he ran through what was working in the portfolio. He gave us an indication that the fourth quarter could be rough and indeed it was. You see their returns was at 2.6 versus their benchmark return of 8.5. This is to be expected from time to time with Ceredex's style. We looked in the portfolio and were curious; were there any bankruptcies; were there any surprises. There were a couple of year end surprises, but largely the biggest thing that hurt them was in the fourth quarter, you have this reversal; kind of a shift away from some of these quality stops that they tend to focus on. They want more real consistent

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earnings and the market, at least in small cap value phase was looking for more longer-term earnings and willing to pay up for some of those names. If you look across the board, stocks selection was the drive of their poor performance over the last quarter. That did bring down the last year of the last 3 years, 5 years, 10 years, and on outperforming their index pretty well. Your passive manager managing versus two different indices; State Street Global Advisers doing exactly what you hired them to do, which is track the index at a very low fee. Moving on to your international manager, Morgan Stanley; you will note that you had them for a long time; over 28 years as we've tracked it. The last 10 years have been a little bit more volatile and just given their style and what we've seen, both the markets here as well as abroad with that growth style being favored. This is one where Morgan Stanley tends to do well in periods of volatility, and they've just not seen a whole lot of volatility to demonstrate their value add; still outperforming their benchmark over the 3-year and the 5-year, 10-year timeframe. On page 12 is your new manager, Causeway Emerging Markets. Just to keep style bias neutral, we hired an emerging markets value manager. This is the first quarter you all have had them and this is reported net. It's a mutual fund but, net of fees beat their benchmark by 12.11%, which is both good in absolute terms as well as relative terms. It's good to see Causeway off on a good start. This is some of the better reading; William Blair International. William Blair is a growth-biased manager, so you expect them to outperform and different from the U.S. markets and non-U.S. markets. Typically, the managers will use that core benchmark. You have to read into; are you a growth manager or a value manager or both. Certainly, whereas Morgan Stanley is maybe a little more value oriented, William Blair is a little more growth oriented. They had a tailwind behind their back to help buoy returns and they've captured some of that. You see that in the rankings versus peers; top 5% over the last year; return 30.8% which beat the index by over 9%. Finally, Richmond Capital Core Fixed Income; this is one where you all investment policy statement objectives. You all hold managers accountable too. For fixed income, one of the objectives is rank over rolling 3-year periods above median and also outperform the index by half of a percent. One of those is fairly reasonable in that we would expect for Richmond Capital to rank above median over time. This is an appropriate peer group; one of the ones, maybe you need to take with a grain of salt given today's low interest rate environment; is that outperforming by half of a percent is very difficult in fixed income now, just given how low starting yields are. Adding a lot of value and fixed income is going to be difficult. They are outperforming their index net of fees over the last 3 years. However, they don't rank in the above median in their peer group. They do for 5, 10, 15, 20.25 years since you've had them. The last 3 years timeframe is an exception. As you think about some of these objectives and this is typically what we council clients; if you have those performance objectives in your policy statement, it's meant to flag discussion. It's not meant to flag, "we need to take action". This is discussion on Richmond Capital; we still think highly of this team. We have mentioned a couple of things; they did lose a substantial client that brought their assets down below \$8 billion. They are kind of recouping from a smaller asset base; not something that we're worried about but something we're paying attention to. A lot of that had to do with not so much the client's dissatisfaction but a client going in a different direction with their assets. The last one; save the best for last; is your real estate manager. This is one where performance has been fairly disappointing over the last 5.25 years since you've had them. A lot of that concentrated in the last

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year so let's talk about what happened with Heitman. Over the last year, what we've seen in the marketplace is one of the largest core real estate managers, called the UBS Trummel Property Fund. Trummel Property Fund has long been an uber conservative fund, and so conservative that clients got itchy fingers and said, we're moving on to something different and has a little bit more return potential. They been one of the lower levered funds for almost ever. As they had started selling off some of these retail properties that they owned. Retail has been repriced. As you look at Heitman, they have not sold any retail properties, but the appraisers that appraise these properties that they have that are retail have written them down, so the write downs on retail in the Heitman portfolio for some of the malls they had were roughly a 17% gross reduction as you factor in the effect of leverage that was about a 24% net reduction in all of 2019. Those were written down pretty substantially. As Heitman looks at their mall portfolio versus the broad mall portfolio across the Odyssey Index. The index represents how they're invested. They actually are better leased; they're generating higher net operating income than most of these. That operating income has been somewhat under pressure. They're not growing at the rate they would like to, but they are growing it faster than the national average. These properties do remain well; they simply high-quality retail properties. Heitman expects they will pull this retail weight down over time but they still, I believe, represent an overweight relative to that index that I mentioned earlier. Kind of an air of commission for them being overweight retail, but at the same time that retail property they have, they would say that it is higher quality. As you think about the number, they got 4 enclosed malls in their portfolio and they have 2 open air malls in their portfolio. It's not a huge mall portfolio that they have, but that which they do have has been a driver of under performance over the last year. One of the things that is both good and painful about real estate is it's not an easy one to get in and out of. It took us some time to get invested as you can recall. Patience is required here. Ultimately, we believe Heitman will rebound.

Comm. Perona said he heard this when the manager came to talk to us the last time. It gave us a heads up on it. That is basically a paper loss. They're not actually selling assets and taking physical losses. Is this characteristic of all of real estate managers to do or are there some real estate managers that aren't evaluating their assets and not making the changes?

Mr. Lewis said I'm thinking across the real estate managers that I have access to. They've all taken write downs in retail; how much it has affected them is dependent on what other they had in the portfolio. Retail has been headwind for a lot of the investment; kind of the real estate strategies. The degree of the write down depends on how much they have allocated. Where Heitman was is they're over allocated to retail right now.

Comm. Perona said my memory is I never realized that Heitman was over weighted in retail.

Mr. Lewis said it's a modest one.

Comm. Perona said yes. I don't remember that because that was one of the big conditions we had when we went ahead and got into this real estate market to begin with. I'm not spooked by it but I think it's a good accounting practice to be able to realize the actual value. Whatever happens in

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the industry, we can make that ground back up over a period of time and it seems like we have a lot of time. So, if you're not concerned about it, then I'm not necessarily concerned about it.

Mr. Lewis said we're not terribly concerned. One of the things that is positive for this HART Fund, and this has been the case ever since you all invested in them, is the amount of cash they're sending you every quarter at yield, they continue to out-yield the index. That has been a consistent theme. You're getting the cash, so that is a big positive in their direction. It kind of speak to those paper losses that you mentioned earlier.

Comm. Perona said we all have a good taste and understanding at our level about how event that happen in our world affect our markets and it affect our markets for a year or two; three years. There are also other things out there. How does the market show up in as far as taking a look at our portfolio? How does that react to some of these things that are happening in our world today? From politics to all the way to the nature's way of changing the dynamics

Mr. Lewis said you mentioned climate change; I will mention Morgan Stanley, William Blair; especially the managers focused outside the U.S. and to some degree, some of the managers focus inside the U.S. lag by a few years. They're taking into account more of this. This is the latest buzz word, but ESG, which stands for Environmental Socially Governance. It is all the rage abroad. A lot of cases do what we call green washing, which is just putting a label on there and saying we're socially responsible or we got ESG. What we're trying to do is say, what is genuinely here as a function of being aware of potential risk that could result as the function of either environmental, social, or governance aspect. A lot of managers are paying more and more attention it to it and that is the function of the marketplace demanding it; asking, what are you doing about this. How are you calculating a lot of these bigger risks that could occur in the portfolio as a result of things unknown? As it relates to other GO Political risk, it seems like a lot of the rhetoric here in the U.S. has taken a much bigger toll on emerging markets. Some of that has to do with our interest rates rising. The amount of debt service that they have is tied to the U.S. interest rate. When our interest rates go up, they're not high levered countries, but that debt service goes up and it coupled in a time where commodity prices are down and tend to be commodity driven economy. It's not so much function of GO Political risk as it is interest rate risk. They continue to grow at a faster pace. Emerging Market countries grow at a faster pace than the U.S. They have a much lower price tag going in; relates to the amount of money you paid for the dollars earnings stock. We think they're well position from that standpoint, but that GO Political risk could drive a lot of volatility in the mere term.

Comm. Perona said markets are perception driven mostly and I can't imagine trying to think ahead 3 to 5 years how this is all going to turn out. Obviously, if we knew how this was going to turn out, it would be a whole new show.

Mr. Lewis said he still remains a believer in short term sentiment drives everything. None of us can predict sentiment. It kind of changes with the wind. One day you'll come in and the markets up because the coronavirus is not; the market's down but coronavirus is getting better too. You just never know where sentiment is going to lean. You fast-forward to 4 or 5 years; markets tend

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to be driven by those valuations that I mentioned; the starting valuations. Right now, the starting valuations in the U.S. are pretty high, but we have very low interest rates relative to history. As you look outside the U.S., again a lot of GO Political risk; a lot of poor growth, but price tags are pretty low. The price earnings are fairly low. Are there any questions.

Mr. Stephens thanked Mr. Lewis for coming.

b. DISCUSSION ON CHANGES TO THE MAXIMUM ANNUAL PENSION BENEFITS

Ms. Morris said if you all can remember in 2012, we made quite a few changes to our pension plan, and one of those was capping the annual pension annuity at \$100,000 with an additional 75% of the final average salary for those hired after 2012. I was asked to bring to the Retirement Board for consideration the possibility of asking the Commission to change that to \$110,000 or \$125,000 for the cap. I spoke with Brad before I brought this here, to do a draft, because this wouldn't be the final. He used the numbers from 9/30/18, because our new actuarial information was not complete, so it would have to be redone. Based on that, I've included what he sent over to me. If we were to change those to the \$110,000 or the proposal to the \$125,000, and to see how that would affect our System. He did and showed, before the amendment, we were at the employer's portion of 16.7%. If we were to do the \$110,000, it would change our employer portion to 17.02%. It would be a .25% change for our general members or \$23,000. For the UA it would change to .37% or \$54,000 and for police, .65% or \$47,000 for a total of about \$126,358 if we were to make that change to the System for Proposal One. If we were to do the \$125,000, it would change for General at .52% or \$49,000; for UA it would be .74% or \$109,000 and for police 1.24% or \$91,000, so that would be \$250,000 as appose to the \$126,000 in those differences. This won't affect a whole lot of our employees, however, there are two that we know in the very near future it may. That's going to be our City Manager and our UA Director. There is a possibility those two employees would be affected by this, if we kept it at a \$100,000. It's something as we progress further along in years, we will have to look at it again as well as cost of living increases and employees are making more, but as it stands right now, there's really not a whole lot of people this would affect, however, this is based on those 9/30/18 numbers how much it would be to the System.

Comm. Perona asked how did this come about.

Ms. Morris said the City Manager asked if I would bring it for discussion to the Board. Seeing that I can't call any of you all to discuss it one on one. I had to bring it before the Board. I spoke with Brad to do a markup at no cost. Because he did it at no cost, I told him to go ahead and do a draft. After speaking with him and saying go ahead and do the draft for me, because it's not what our final would be. I said I would bring as much information as I could before we make the decision, if we want to even say we want to send it to Commission for review.

May Hudson said I have a 3:00 meeting and this is a discussion I would like to be part of. Can we postpone the discussion or do we have enough time to postpone discussion?

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Mr. Stephens said we know they are coming up on it; unless there's an objection, I don't see a problem with delaying it until the next meeting to discuss it.

Comm. Perona said it's key for the Mayor to be here because we are Board members for the Retirement Board but when we're sitting there making this decision, I can tell you the Commission is sensitive about changing anything that we did in the Retirement Reform back in 2012. We've already done the vesting issues and thing like that. We're going to have to vet it out thoroughly in this committee level. You have two people on that Board that's going to make that decision. I think you should be there.

Mayor Hudson said I agree.

Mr. Stephens said he also agree. If we had questions about this; that we could find out more about it; we can't talk to you, so between now and then how do we find out more information?

Ms. Penick said this seems like a lot of money for two people.

Mayor Hudson said she agree with Ms. Penick.

Ms. Penick said she doesn't think it's good for the System. I think it's for the good of the higher ups.

Ms. Morris said Brad will be here next month. When the actuary is doing his assumption, he's putting in a model and stretching it down the road to say, if this person is in the System at this amount, they have the possibility of earning that. They are going to give us an assumption based on what could be or what could actually be.

Mr. Stephens said Mr. Walker just advised me we should vote to table this until the next meeting. **A motion was made by Mayor Linda Hudson and seconded by Mr. Brian Avilla to table the discussion of Changes to the Maximum Annual Pension Benefits until the next Board meeting so that Mayor Linda Hudson can be in attendance.** 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.**

c. DISCUSSION ON A POLICY OF NOTICE TO THE MEMBERS AND THE PUBLIC

Mr. Stephens said to Ms. Morris there were some concerns brought up and you weren't here, so we wanted you to have the opportunity explain that to us. Are you aware of that?

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Ms. Morris said yes, I did listen to the minutes. This was a one-time occurrence with Queen. Her sister died and she came back with the Flu. By the time she got in that Monday, she's sick. Tuesday when she came in, there were some administrative things that I was made aware of once she got back. So, we were getting everything done and posted. There was never a cancellation so, I don't know where the cancellation came in. The meeting never was cancelled anywhere. The timing, as to on the System, we had to pull it down and put it back up. We advertise every Tuesday in the newspaper. We still do that to this day. After speaking with our City Clerk, something we may not do in the future because now we do have the Website and it's a cost that we can eliminate by not having to do it in the paper every third Tuesday of the month.

Mr. Stephens said the paper is a significant cost.

Ms. Morris said yes, it is very significant. We have always done distribution to the members preferably the Friday before the meeting. Sometimes it's that Monday if we're waiting on some documents from either Callan or someone else that needs to be included in the agenda. We try to make sure that by that Friday everything is posted and up for the members to review. If you all want it prior to Friday, we'll see how soon we can get to that.

Comm. Perona said I understand and that's great. It's a perception thing. Yesterday I met with a retiree of the Fire District and it has nothing to do with what we're doing. I'm telling you this is the culture of a retiree; is the questions, the issues, the whatever; they automatically suspect that the Retirement System is working in a cave where nobody knows what's going on and it goes like wildfire through the membership. If it seems like we can't meet our response let's just cancel the meeting and reissue it the next week or two weeks afterwards. I don't want to ever be in a position where folks have a perception about what we do. We're all working really hard to make this work out. We work for the benefit of employee and retiree. We just need to be super clear and if we can't meet the deadlines, we just need to make changes within to make sure we don't disenfranchise anybody on anything.

Mr. Stephens said I don't have any problem not putting it in the newspaper if we meet the expectation the other way. I understand the importance of the fiduciary responsibility. I don't think people buy the newspaper anymore. I have a friend that buys it everyday and there's hardly anything in it. As long as we're okay with that.

Ms. Morris said we don't have to but if we want to or if the Board decides to maybe cater to a certain bunch, then maybe.

Mr. Avilla said I'm not going to believe every retiree doesn't have access to a computer. My parents are retirees. My grandparents are 90 years old and they're on the computer every day. So, I don't think they don't have the ability to see it.

Comm. Perona said if we change it, at least put a notice in the newspaper that we are changing it.

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Ms. Scott said could we notice our retirees these are our standing meetings and if you have questions about the agenda, contact us, like a one-time thing.

Mr. Stephens asked if there were any further discussion and if everyone was comfortable with what we are doing. Everyone said yes.

ITEM NO. 9 ~ CONSENT AGENDA

Mr. Stephens said the next item is the Consent Agenda. **A motion was made by Comm. Tom Perona and seconded by Ms. Johnna Morris 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 we stood next to Keith Stephens at the FPPTA and you can't go unnoticed. We did listen to Brad Armstrong and his group, which I was impressed. Our chairman asked a good question. It was about the low hanging fruit that we can go after to help lower our liability and Brad looked at him with a straight face and said, "Get rid of your wellness program". Then, he had to raise his hand because he is so dry.

Mr. Stephens said there were a couple of questions I asked him. I said, our actuary says this.

Comm. Perona said I'm sitting there laughing. Even at school level, it's getting to the point they know we're all here and we do our work.

Ms. Morris said she will not be at the next meeting.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for March 19, 2020 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 at 3:20 p.m.

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ATTEST:

Secretary/Treasurer

Chairperson

Note: These minutes are not verbatim, only important issues and 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.