

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
September 21, 2023**

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System September 21, 2023, 2:00 p.m., in the Commission Chambers at City Hall

Present:

Barbara Mika	U.A. Board Appointed Member, Chair
Comm. Arnold Gaines	City Commission Member
Comm. Michael Broderick	City Commission Member
Wendy Rydzewski	City of Fort Pierce General Member, Vice-Chair
Kyle McCarthy	Police Officer Member
Keith Stephens	U.A. General Member
Johnna Morris	Secretary/Treasurer

Guest by Conference Call:

Attorney Jim Walker	Attorney for the Retirement Board, Advisory
---------------------	---

Absences:

Recording:

Junelly Sebastiano	Executive Assistant to Director of Finance
--------------------	--

ITEM NO. 1 & 2~ ROLL CALL

Mrs. Barbara Mika called the meeting to order at 2:00 pm on Thursday September 21, 2023, the first item on the agenda being the “Roll Call”.

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Mrs. Mika said next, we will move on to comments from the public? Seeing no public, we will move on to the consideration of minutes.

ITEM NO. 4 ~ CONSIDERATION OF MINUTES

Mrs. Mika said consideration of minutes, any discussion?

A motion was made by Mrs. Johnna Morris and seconded by Mr. Keith Stephens. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

ITEM NO. 5 ~ ATTORNEY’S REPORT

Mrs. Mika said, next, we move on to a report from the board attorney. Mr. Walker?

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
September 21, 2023**

Mr. Jim Walker said thank you, Madam Chair, and the board. The board will recall that there was some discussion of a passage of a new state law 2023-28, and the imposed new requirements on the investment policies. Some of those provisions are now reflected and implemented through proposed amendments to our code of ordinances, along with an amended investment plan. Those are discussed under separate portions of the agenda. The city received inquiry into the status of a qualified domestic relations order, where it was thought by the inquirer that a QDRO had been approved back in 2011 with respect to Leon Gomez. No such QDRO was ever approved, there's nothing on it in the minutes for 2011. The proposed QDRO did contain some fundamental deficiencies for the purposes of the city. The code of ordinances has an Anti-Alienation Clause, it prevents third parties from attempting to reach a retiree's benefits, for example through garnishments. However, the law does provide for an exception to that, through QDROs. If a retiree divorces his or her spouse, during the divorce proceedings the court can enter a QDRO giving the retiree's spouse an interest in the retirement proceeds. However, this works only for those QDROs which provide for child support or alimony. It does not apply to QDROs that simply give the spouse equitable interest in marital assets, that was the kind of QDRO that was being inquired about. I had a conversation with the attorney, I explained to her our Rule 16, which prohibits approval of QDROs based upon the equitable division of marital assets. It's my understanding that the attorney may be going back to the court to perhaps get an adjusted QDRO that will more narrowly respond to the needs of the situation. I have nothing more to add, but of course would be happy to respond to any questions, comments, or concerns. Thank you very much.

ITEM NO.6 ~ PUBLIC HEARING ON BENEFITS APPLICATIONS

Mrs. Mika said we will open the public hearing for the request for retirement from Victor Joseph Burris with 8 Years of Service with The Fort Pierce Utility Authority. Seeing no public, we will close the public hearing and open it for discussion.

A motion was made by Comm. Arnold Gaines and seconded by Mr. Kyle McCarthy. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said we will open the public hearing for the request for retirement from Angela M. Stephens with 27 years of service with The Fort Pierce Utility Authority entering DROP.

Mr. Stephens said I will be abstaining because the individual is my spouse.

A motion was made by Mrs. Morris and seconded by Ms. Wendy Rydzewski. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

MINUTES OF MEETING HELD

September 21, 2023

Mrs. Mika said we will open the public hearing for the request for retirement from Dana Neville with 29 Years and 11 Months of service with The City of Fort Pierce entering DROP. Seeing no public, we will close the public hearing and open it for discussion.

A motion was made by Mrs. Morris and seconded by Ms. Rydzewski. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Morris said I just want to say that Dana is an exceptional employee, we hate for her to go, but we've got about 5 to maybe eight years left.

Mrs. Mika said we will open the public hearing for the request for retirement from Joseph F. Coleman with 25 Years of service with The City of Fort Pierce Police Department entering the DROP. Seeing no public, we will close the public hearing and open it for discussion.

A motion was made by Mrs. Morris and seconded by Mr. Stephens. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said we will open the public hearing for the request for retirement from Necole Cooper with 25 Years of service with The City of Fort Pierce. Seeing no public, we will close the public hearing and open it for discussion.

A motion was made by Ms. Rydzewski and seconded by Mr. McCarthy. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Morris said Necole, an exceptional employee, our payroll, and benefits guru is gone. She will be greatly missed.

Mrs. Mika said we will open the public hearing for the request for retirement from Alix Deneau with 11 years of service with the City of Fort Pierce Police Department. Seeing no public, we will close the public hearing and open it for discussion.

A motion was made by Comm. Gaines and seconded by Mr. McCarthy. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said we will open the public hearing for the request for retirement from Brian Avilla with 25 years of service with the City of Fort Pierce Police Department. Seeing no public, we will close the public hearing and open it for discussion.

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

September 21, 2023

A motion was made by Ms. Rydzewski and seconded by Mr. Stephens. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

ITEM NO. 7 ~ OLD BUSINESS

None

ITEM NO. 8 ~ NEW BUSINESS

Mrs. Mika said we have new business, the extension of the deferred retirement option plan, from 5 to 8 years.

Mrs. Morris said there were two possible changes that the Commission discussed and wanted them brought before the board along with the impact studies. The first was the extension of the DROP from the 5 to 8 years, as the Impact statement has provided, it is a de minimis effect to the system. Where we'll see the possibility of some fluctuation is in current staffing and the contribution rate as the employer, but it's no change to the retirement system itself.

Mr. Stephens said I went around to the people in my organization and did some research on my own. I wanted to hear what people had to say about it and how they felt because, we work for them and they're the ones who vote me in and we are stewards of the plan. When somebody goes in DROP, the amount that the organization and the employee were contributing to the retirement fund, stops. If you have 40 people in the retirement fund, that's 40 amounts of money that are not getting contributed. Come the next year, depending on how we've done with our investments in the fund, then the percentages go up. This happened to be a big year where a lot of percentages went up in the city. One of the biggest hits we take as a pension plan, in perception, is that we're throwing a bunch of money at these plans. The reason a lot of them fail is because the organizations don't continue to contribute at that high rate, giving too many benefits, giving too much COLA, too much insurance. I don't know what the reason is, I'm just saying that's a slam that pension plans historically come under. We've been smart with everything; I always took pride in even a half percent down every year. If you change this to 8, that's 60%, you're adding more non-contributing members to the retirement fund. The reason the DROP was originally brought in, when we had all the influx of people coming down, they couldn't keep up, so they created this as a stopgap, until they could train these people up. One of the selling points of this was that this gives them time to train these people. I don't believe every organization is using it to their benefit. I don't see how eight years is going to make a difference in that respect if you haven't trained them in five. I can assure you in my area, I've got my people in line where the positions I know are leaving. I've got people ready to come up and step up. It also creates a negative impact on the employee progression. If this person doesn't leave, the person behind them can't move up, and there's no progression. People don't want to stay in an organization if they don't see a

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

September 21, 2023

path to progression. This may be a Band-Aid, in the short term but I just feel as a retirement board, it's hard for us to make a recommendation of this magnitude for a short-term fix.

Comm. Michael Broderick said I understand the logic of your argument, especially the progression portion of it. I do know from talking to other department heads, they're having a problem with people that are going to be forced out of the system and they can't get qualified replacements. What about if we made it six years instead of eight? Do you see any value in that? In the ability to keep people a little bit longer, but not a 60 % wholesale increase, which is dramatic.

Mr. Stephens said I can see that. It goes back to, if you don't use that time to train your replacement, at six years, you're going to be in the same place. One of the ideas that came back to me, I think that there are laws about it now, why can't we bring them back under contract?

Mrs. Morris said it's irrevocable.

Mr. Stephens said but the Commission could change that. Instead of changing the program, the Commission has the authority to put them under contract for the short term and have them train their replacement.

Mrs. Morris said as it relates to our discussion on the 5 to 8 years, I get what you're saying Keith. It's not affecting the system at all, because that person, once they go into DROP, they're retired. Whatever their pension allocated amount is when once they go into DROP, that's what they get. The employer is still paying that salary to the individual, which means you're paying more money on the top side. It's increasing the payroll distribution amount which means the employer is going to have to make a larger contribution.

Mrs. Mika said instead of making them DROP at 30, make it 33. You're adding three years?

Mr. Stephens said it won't help the people in DROP now, but it would help the people moving into the 25 years moving forward. We know there is going to be an expense, but it's just not directly to the fund, but the fund will have to be refreshed when our percentages go up every year or go down based off the actuarial assumption.

Mrs. Morris said that's the thing, it's an employer problem, not a retirement system problem. Sitting here, my basis is for the retirement system. We say extend it, but they don't have to stay. They can go in DROP today and tomorrow be done.

Mrs. Mika said I would say typically it was that way, but with the way the market was, people were staying because their funds were not performing so they're staying longer and staying the full five.

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

September 21, 2023

Comm. Broderick said I'd like to point out, the Commission is really relying on the recommendation of this body. you have multiple hats that you wear here, director of Finance but you're also an employee of the city. Are you advocating as an employee and a representation of employees? Are you suggesting a position to take on this?

Mrs. Morris said I understand and have always understood that the DROP is really a succession plan. You have five years to make sure when that employee walks out the door, somebody should be able to do everything that that employee does. It has not been that way and now we get to the point to where it's time for the individuals to go. I understand that aspect of it, but when you think of it in terms; they're employees in most cases that are at the top of the salary ranges, and they are still getting raises as well. All the cost is on the employer side, the pension is not going to be affected at all. It becomes an issue as the employer, do you want to take on the additional cost salary wise for carrying them all these years and the possibility of increasing your health costs. It's a lot of issues to take into consideration when doing it.

Comm. Broderick said if the intention of the DROP program was to tee up succession, then there's no point to increasing it from 5 to 8. If you haven't teed up succession in five years, you're not going to do it in six, you're not going to do in seven, you're not going to do it in eight, in my opinion.

Mrs. Morris said the current staff has said they're having a hard time finding competent people to take these individuals spots. Extending it three years, I guess would give them another three years to maybe, possibly, try to work on rectifying it, but it's just a matter of addressing where your issue and your concern is going to be.

Mr. Walker said originally the DROP ordinance was intended as an answer to the double dip problem. You had the employees who retired, but then they would come back to the city because their expertise was badly needed, and they would be drawing a salary on top of their retirement benefit. It made an awful appearance and created criticism and we would try to address that by bringing them back as "independent contractors". The line between an employee and an independent contractor is very hard to see, so it wasn't very satisfactory. To deal with all that, the DROP ordinance was adopted and the purpose of it is to encourage people who have accumulated skills and knowledge over the decades to stay on.

Comm. Gaines said I understand my fiduciary duty to this board, but at some point, if we move it to 8 years, that part that must put that money back is going to come in front of me. Now we got to adjust something in a budget to compensate for this move. I understand my fiduciary duty to this board, but I feel I'm hurting all the residents in the city and all the other benefits.

Mrs. Morris said if it's our general or agreed upon consensus that we say this has no effect to the system. However, as an employer to provide that information to the Commission because we can't as this board provide that, however, It can be requested by you all to provide that in my other capacity.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

MINUTES OF MEETING HELD

September 21, 2023

Comm. Broderick said I'm going to suggest that if this remains at 5 years, this doesn't even go to the Commission.

Comm. Gaines said does it have to be overall?

Mr. Stephens said if you need that person because they have institutional knowledge that nobody else has, we can do contracts for short term and the Commission would vote on an individual basis. If that's something the Commission wants to entertain in their capacity for those individuals where organizations may need it.

Mrs. Morris said yeah, they have the option, the problem is that it becomes administratively a nightmare for the plan.

Mr. Stephens said if you have a lot, I guess it could be, but my understanding is it wouldn't be.

Comm. Gaines said can we make a motion to table this until next meeting unless it's a time sensitive matter that some retirees are counting on?

Mrs. Morris said I think that that's the issue, Mr. Reals is here, and I think he has an employee that is nearing that point.

Mrs. Mika said I'd like to open the hearing to public comment.

Mr. Mike Reals said good afternoon, Madam Chair, members of the board. I am Mike Reals, director of Public Works. Some very, valid points have been made here, Keith you brought up some great examples yourself. In a perfect world, five years seems like adequate time to have a great succession plan for anybody that is in the DROP. One thing I want you all to consider is that for the three years of the last five years, we've been in a pandemic. While we've had many challenges, it appears the private sector has done very well. We do have a particular position that we've tried for two years to get a qualified applicant in to learn under the person that is set to leave November 4th. I'm going to tell you all that when this gentleman does leave, if we are successful in getting someone that will have the skills and talents that he does, we will probably be paying this person more. It's just the way the private market is and if we want to get that skill set in here, we're going to pay dearly. What we've had to do is resort to trying to train in house, we're bringing folks in with little experience. The position we're looking for is a master diesel technician that can keep our garbage trucks on the road. I understand that there is going to be a cost to the city, this is one position I can assure you that after November 4th the cost to the city is going to be tremendous, not just in dollars, but in service to our community. This gentleman knows how to keep these trucks on the road, when he is gone and we must resort to outside contractors to fix this stuff, we are no longer a priority. This individual will stay if he needs to and get there as early as he must, to make sure we got enough trucks to get the garbage off the street. When we go to our vendor down the street, we're going to be just another number. It could be a week, two weeks before they see the

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

September 21, 2023

truck. This is not a position that as the department head, I ever want to be in, because I want to know that if someone does leave, we're able to keep the ball rolling. This is a specialized position that has a tremendous impact on our operation and the timetable for this individual is very short.

Mr. Stephens said there are people like that all over these organizations and this is a key position which you support, which supports the comment that I made earlier about that. Are we talking one, two? There are exceptions to the rule, and we might have to pay this person as a contractor. It'll create a burden for your area, I agree with you 100% and it's a reflection on the city or reflection of our service. However, I have a problem with a wholesale change to the system.

Comm. Broderick said short of being able to get a legal opinion from the city attorney relative to this before the November 4th date, get it on an agenda, try to get it approved, it's just not going to happen. An alternative to that, may be to do a stopgap scenario? Going back to the six-year DROP versus the eight-year DROP, extend it by 12 months. The financial detriment of the city is 2/3 less. From the three-year perspective, so it's 20% versus 60%. That may be a happy medium as a stopgap measure that the Commission can ratify. There could be some hesitation going to the eight-year. The dollar impacts I think would be minimal at 12 months, but it does take some of the pressure off. It also gives us the opportunity, as Commissioner Gaines is suggesting, to research this further through legal, analyze this contract scenario and bring back all the alternatives to this body.

Mr. McCarthy said the biggest downfall would be the stagnant movement in your agency. I think that sometimes your retention isn't the people you want to retain. It's going to be very important for department heads to allocate those employees to places where they should be, ensuring that a replacement is made. It's important to have some cushion if you're coming upon that in this situation, especially when you're having people come up to their deadline and there's no way for replacement, there should be something that gives a little bit more time to fit that slot, I think that 8 years might be a little too much, but I think 6 years would be not crazy.

Mr. Stephens said after all this discussion, I make a motion that we make the recommendation to the City Commission that we go from five years DROP to six years DROP to help with some of the situations that are happening now.

A motion was made by Mr. Stephens and seconded by Comm. Gaines. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said second item, under new business is Increase the annuity to 75% of final average salary with a \$115,000 maximum for employees hired after 2012.

Comm. Broderick said cost of living adjustments etc., candidly from my perspective, this is this is simple a simple business equation that should be done.

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

September 21, 2023

Mr. Stephens said I did my research and I believe it's about the IRS, the federal government has a max on pensions, and I believe it's about \$245,000 a year and this law has been in effect since 1974. The actuary knows the salaries every year, why we put a limit on it, I have no idea. My understanding is you cannot go into DROP if you exceed 30 years, that's a state statute. If you're making 100% and somebody wants to go all the way to 33 years, at our 3 multiplier and get 100%, they just can't go into DROP, they'll retire, and they will be gone. It also creates the opportunity for them to stay 5 extra years, and people that were hired in 2013 can stay that extra five years, which gives us more retainability. There is an IRS federal cap. Their contributions are based off the salary that's already been approved by the entities.

Comm. Broderick said doesn't that create an issue of an open-ended equation as to what the city's liability is?

Mrs. Morris said the CAP was placed in 2012, prior to that it's always been in compliance with the IRS rule. In most instances, people in government aren't going to be there. It allows for an individual to get the maximum amount of what they've earned through those years. Our system has always been in great position, even during the down time when other systems were failing, we were still 90% and above funded. I'm in favor of moving that 75%, make it 100% of an employee salary. It becomes a fact that, I might want to stay 30 years, I might want to stay 35 years and not go into DROP, but why would I if my salary is capped and I can only get 75% of my final salary.

Comm. Gaines said I'm in agreement with no cap. We're trying to recruit people younger than myself to come in and take some of these jobs. It's a tool that the city can use to hire some of these bright individuals to come in, and if they're working and they get to 25 or 30 why would they continue when their capped out. We just hired, a bright young lady as our city attorney, I want to try to keep her here as long as possible because I'm tired of the turnaround in that chair. But if she works so hard, for so many years, she'll probably be in the prime of her legal career and somebody's going to come scoop her away.

Comm. Broderick said what's the financial impact?

Mrs. Morris said in this impact statement provided, if we do the 100% with no Max for this fiscal year, the city is going to have to contribute an extra for general employees \$97,729.

Comm. Broderick said I support the concept in its entirety, I just want to make sure that we have the funding source for it.

Mrs. Morris said he gave us a cost for all of it. The 75% with the \$115,000: that's \$23,000 for city, \$48,000 for UA and then \$95,000 for police. Option two, it's \$39,000 for the city, \$66,000 for UA and \$95,000 for the police. Then the 100, that's where we get into the \$97,000 for the city, \$187,000 for UA and then \$288,000 for the police.

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

September 21, 2023

That's current dollars that we would have to put in the system for the 2024 fiscal year. I was in favor of our option two of taking it to the 100% of your final average salary with the initial 115,000, because you can address that every so many years. You can increase it based on funding ability, as time progresses is going to have to be changed because people make more money. I just think the cap as to the percentage needs to be adjusted.

Mr. McCarthy said I think for police retention that would be fantastic, to put it back up to 100%. I'm thinking for people who we are trying to bring on because other agencies as well are moving from that. Attractivity to the city would be great.

Mr. Stephens said this was brought up to leadership and they liked that idea of the 100%.

Comm. Broderick said I would say that the fluidity of the situation dictates coming back and revisiting it because we simply don't know. This way, we're not pigeonholed with a formulation that no longer works. This body can get the data that's necessary, is intelligent enough to make an appropriate decision. Tracking that moving target I think decreases the delta because we have current information and we're making current decisions. I think that would be a very responsive way to suggest to all the folks in that portion of the program and say this is something that's being looked at regularly. I have no problem revisiting it annually, but if three years was the threshold, I have no problem with that, five years is too long. I'd like the discretion if we have a mistake in the formula, we want the ability to come back and correct that instantly without a massive bureaucratic process. I think that the employees of the city certainly deserve that. If there's an error or calculation based on inflationary values that we need to adjust on, I want the ability to move quickly. As the boards sees it necessary, complete discretion.

Mrs. Mika said any further discussion?

A motion was made by Comm. Broderick and seconded by Mr. McCarthy. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said regarding new business item A2 where the annuity stays at 75% but goes up to \$115,000 do we have a motion.

A motion of no motion was made by Mr. Stephens and seconded by Comm. Gaines. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said regarding item A4 which would increase the annuity to 100% of the final average with no CAP for employees that are hired after 2012. Is there a motion?

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
September 21, 2023**

A motion of no motion was made by Mrs. Morris and seconded by Mr. Stephens. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

Mrs. Mika said Approval of the updated investment policy. These were in accordance with the changes in state laws.

Mrs. Morris said Attorney Walker has reviewed them, he did speak with Callan as to some adjustments and it's in compliance. He's in agreement with it and Callan is as well.

A motion was made by Comm. Gaines and seconded by Mr. McCarthy. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

ITEM NO. 9 ~ CONSENT AGENDA

None

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

None

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Comm. Gaines said when we started voting for everything above, wouldn't those motions or those items become moot, would we need to make a motion of no motion?

Mr. Walker said you need to have a record showing some disposition on how each point on the agenda is handled. If someone wanted to avoid a separate motion on each item out of a belief that they were mooted, one could have included language and have that understanding in the record. The only thing that is important is that you have something on the record to show how that was handled.

ITEM NO. 13 ~ ADJOURMENT

Seeing that there were no further questions or comments. Mrs. Mika adjourned the meeting at 3:49 pm.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSYTEM
MINUTES OF MEETING HELD
September 21, 2023**

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.