

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSYTEM MINUTES OF  
MEETING HELD APRIL 2, 2024

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System March 21, 2024, 2:00 p.m., in the Commission Chambers at City Hall

**Present:**

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

**Guests:**

Brad Armstrong	Gabriel Roeder Smith & Company
Attorney Bonni Jensen	Attorney for the Retirement Board, Advisory

**Recording:**

Megan LeGrand	Executive Assistant to Director of Finance
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**ITEM NO. 1 & 2 - ROLL CALL**

**Mr. Kyle MacCarthy** called the meeting to order at 10:00 am on Tuesday, April 2, 2024, the first item on the agenda being the “Roll Call”.

**ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC**

**Mr. MacCarthy** opened for comments from the public. Seeing as there was no public, **Mr. MacCarthy** closed the comments.

**ITEM NO. 4 ~ CONSIDERATION OF MINUTES**

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

**ITEM NO. 5 ~ REPORT FROM THE BOARD ATTORNEY**

**Attorney Bonni Jensen** went over the Form 1s (for those of the Board who were not elected officials) and directed them on how to file them online through the portal as there would be no paper copies used this year.

**Atty. Jensen** also let the Board know that the IRS Mileage rate went up to \$0.67 per mile.

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

**Mr. MacCarthy** opened the public hearing for the request for retirement from Kathy D'Arton with 18 years of service with the City of Fort Pierce entering DROP. Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Comm. Gaines and seconded by Mrs. Morris. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Mr. MacCarthy** opened the public hearing for the request for retirement from Lois A. Wolfe with 10 years of service with the Fort Pierce Utilities Authority. Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Comm. Gaines and seconded by Mrs. Rydzewski. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Mr. MacCarthy** opened the public hearing for the request for retirement from Eric Winterstein with 21 years of service with the Fort Pierce Utilities Authority. Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Mr. Keith 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.**

**Mr. MacCarthy** opened the public hearing for the request for retirement from Linda Clark with 19 years and 2 months of service with the Fort Pierce Utilities Authority. Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Mrs. Morris and seconded by Mrs. Barbara Mika. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Mr. MacCarthy** opened the public hearing for the request for deferred retirement from Paul Jacubczak with 7 years and 5 months of service with the Fort Pierce Utilities Authority. Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Mrs. Mika and seconded by Mrs. Morris. 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**

**Mr. MacCarthy** welcomed Mr. Brad Armstrong from Gabriel Roeder Smith and Company to present the actuarial report for the fiscal year ending with September 30, 2023.

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**Mr. Armstrong** mostly focused on Section A, the Summary of Valuation Results and Certification. He explained that their job is to compare the differences between the liabilities and the assets to help determine the contribution rates for the following year. By using a 4-year outlook, it helps to keep the contribution rates from rising or falling too drastically. He compares the drastic difference in the 2021- and 2022-year end statements as examples, stating that if we did not have this in effect, contributors would have seen a drastic fall in payroll deductions one year and a drastic rise in contributions the next, thus complicating budgets and payroll deductions. There were no assumptions or benefits changes in this report.

Turning attention to page A-3 of the actuarial report, the market value of the investment return was 10.19%, but because of the negative value in 2021-2022, we saw only a recognized rate of return of 4.53% over the last 4 years, which is less than the projected long term funding assumption of 7.25%, creating a 2.82% shortfall. This data contributes to about 60% of the experience loss.

There was a 9.9% pay increase across all the divisions versus the 5.2% expected increase, which makes up the majority of the remainder of the experience loss. Subjectively speaking, the raises are a good thing for the members of the retirement fund, but it ultimately contributes to the liabilities of the fund as well because the budget is based on the established salaries, creating an actuarial loss.

**Mr. Stephens** asked for clarification about pay increases in relation to the contributions.

**Mr. Armstrong** says that in the short term, the raises hurt (as evidenced in this report), but in the long term they are beneficial for both the members and the fund. It is ultimately beneficial for the community as well. There was a higher-than-expected rate in mortality rates in retirees for the general populace, but a lower rate in the UA and Police. He explained that the state of Florida requires that if there is no substantial payroll growth to meet the long-term payroll growth assumption over the last 10 years, then an additional contribution requirement will be imposed to make sure that the unfunded liability is paid off over the course of the amortization schedule. In the case of the UA, the average of the last 10 years is less than 4% assumed. This is viewed as a favorable change from last year, which helped their contribution rates a bit.

Looking at the Experience Gains and Loss chart, 2023 looks as bad as 2022, but instead of experiencing 100% of investment losses, we saw about a 60% investment loss and a 40% liabilities loss, which was mostly in salary increases.

There will be a 1.01% increase in General Employer Contributions, which is attributed to the loss of the dollar contribution if the rate stays the same. The new rate will be 18.57%. There is going to be an illustrative contribution of \$2,572,414 as a result of this increase. The Employer rate for the UA will go up 0.30%, giving the illustrative contribution amount of \$3,597,236. The new rate will be 21.51%. The Employer rate for the Police will go up 1.24%, giving the illustrative contribution of \$1,720,739. The new rate will be 18.17%. These rates are going up because of the losses due to the rates of payroll that are rising greater than expected across the City (a lot of this being the increase in staff as a whole), the retired population living longer, and the recognized investment losses.

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**Comm. Broderick** brought up the topic of COLAs from the report and asked why they could not be introduced into the current system.

**Mr. Armstrong** agreed with his assumption that it was due to not meeting the threshold set by the City Charter as well as several other methodologies. It is also based on the shortfalls of the investments that goes back a number of years. If there were ever a windfall to overcome that shortfall and go beyond, it would be a topic the Board could discuss further.

There's no minimum amount required to enter into a COLA agreement, but it could potentially put a heavier burden onto the taxpayers and the employees as well.

**Mr. Armstrong** suggested not to dismiss the idea completely, but it may not be in the best interest currently.

**Mr. Stephens** inquired about how percentages should adjust between the employer and the employee's contribution rates. He wanted to make sure the understanding was that if the employee rates went up, the employer rates did not go down to even out the percentage going into the fund. The goal is to pay off the liabilities, and if the percentage going into the funds stay the same, the rate of paying off the liabilities does not change.

**Mr. Armstrong** affirmed his assumption. To be able to provide COLA, the goal would be to pay down the liabilities faster so that funds could be redirected.

**Comm. Broderick** asked if there was a set stipulation that if the employee rates are to raise, the employer rates **must** rise, considering the taxpayers that fund that would see an increase on their end. It was confirmed that there is no set requirement for that.

**Comm. Broderick** suggests that the Board should be looking into ways to pay off the liabilities to improve the funds of the retirement trust. He and Mr. Stephens agree something more needs to be done.

**Atty Jensen** asked if the \$65 million is the unfunded actuarial liability for purposes of providing the 13<sup>th</sup> check for the COLA benefit, what is the actual unfunded liability for the fund as a whole?

**Mr. Armstrong** confirmed it was \$48 million.

There were questions about speculated volatility and **Mr. Armstrong** confirmed that it was something GRS was actively monitoring and if any credits that were open were about to expire, it would be a conversation he had with the Board to decide on how to move forward with updating employer and employee rates. **A motion was made by Mr. Stephens and seconded by Mrs. Morris to approve the 2023 Actuarial Valuation Report. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

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**Atty Jensen** advised the Board that a report needed to be made to the State of Florida stating that the rate of return for the short term, the mid-term, and the long term was set at 7.25%. which is not a change from the previous year. **A motion was made by Comm. Gaines and seconded by Comm. Broderick to approve this report. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

The board thanks Mr. Armstrong for his report and answers to their questions.

**Mr. MacCarthy** moves to the next item for New Business, Discussion of future meeting dates.

**Atty. Jensen** has conflicts with the current meeting structure on the odd months starting in July. She's booked throughout the day, and it would only leave a small window for her to attend the Retirement Board meeting. She requested the board move the date to the third Wednesday of the month, July 17<sup>th</sup> at the regularly scheduled time of 2pm.

**Comm. Gaines** and **Comm. Broderick** were both fine with the Wednesday change as it lines up with their City schedules, but only if it were the every other month as requested.

**Atty Jensen** will send a memo with the proposed dates and the board will discuss it further at the next meeting.

**ITEM NO. 9 ~ CONSENT AGENDA**

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

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

There were no absences.

**ITEM NO. 11 ~ BOARD MEMBER COMMENTS**

**Mr. Stephens** inquired about having guests use a thumb drive or something similar to help the board members be able to see the presentation as it is happening.

**Comm. Gaines** thinks it will be good for the board and the public equally.

**ITEM NO. 12 ~ NEXT MEETING**

Next meeting will be held April 18<sup>th</sup>, 2024, at 2pm in the Commission Chambers at City Hall.

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**ITEM NO. 13 ~ ADJOURMENT**

Seeing that there were no further questions or comments. **Mr. MacCarthy** adjourned the meeting at 11:13 am.

ATTEST:

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Secretary/Treasurer

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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.