

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM MINUTES OF  
MEETING HELD FEBRUARY 20, 2025

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System February 20, 2025, 2:00 p.m., in the Commission Chambers at City Hall

**Present:**

Kyle MacCarthy	Police Officer Member, Chair
Johnna Morris	Secretary/Treasurer
Keith Stephens	U.A. General Member
Barbara Mika	U.A. Board Appointed Member

**Guests:**

Attorney Bonni Jensen	Attorney for the Retirement Board, Advisory
Weston Lewis	Callan, LLC
Paola Cardenales	Callan, LLC

**Recording:**

Megan LeGrand	Executive Assistant to Director of Finance
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**Absent:**

Wendy Rydzewski	City of Fort Pierce General Member, Vice-Chair
Comm. Michael Broderick	City Commission Member
Comm. Arnold Gaines	City Commission Member

**ITEM NO. 1 & 2 - ROLL CALL**

**Mr. Kyle MacCarthy** called the meeting to order at 2:13 pm on Thursday, February 20, 2025, 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.

**Mr. Rodney Nieves** came before the board to ask for something to be done for the retirees who are receiving pension benefits in the amount of at or below the poverty line. He acknowledged that the Board can only suggest changes to the Commissioners and doesn't have the authority to make changes, but requests that the Board seriously consider making changes to the payments into the Retirement Fund to get it where it needs to be so COLAs and Stipends can be administered as needed.

**Mr. MacCarthy**, seeing no further public, closed the floor for public comment.

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

A motion was made by **Ms. Johnna Morris** and seconded by **Mr. Keith Stephens** to approve the minutes. 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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**ITEM NO. 5 ~ REPORT FROM THE BOARD ATTORNEY**

**Attorney Bonni Jensen** brought a change that the IRS has implemented to the withholding requirements for retirees. This new requirement will affect retirees living outside of the United States and its territories.

The mileage rate for travel reimbursement from the IRS has changed to \$0.70.

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

None

**ITEM NO. 7 ~ OLD BUSINESS**

None

**ITEM NO. 8 ~ NEW BUSINESS**

**Mr. MacCarthy** welcomes Weston Lewis and Paola Cardenales from Callan, LLC to give their fourth quarter update on the markets and the portfolio.

**Ms. Paola Cardenales** began the update with a summary of the markets for the fourth quarter of 2024. There was a lot of uncertainty in the markets with the election, but there were some improvements from the previous quarter. The dollar strengthened, altering the return values of the international equities. The FED did reduce interest rates in December but has confirmed it will not entertain any other changes for the next 6 months. Inflation and unemployment stayed about the same as the previous quarter.

Looking at performance, the S&P 500 had a modest return for the quarter, but for the year, it has a very high return yield. International markets struggled for the quarter but is still showing positive for the year. Fixed income markets showed negative returns for the quarter, but it is expected for this part of the market cycle. As far as this Fund is concerned, fixed income is an addition to bring favorable diversity to the portfolio. Real estate has shown an upswing trend, with managers being able to sell their properties and increase their payments to investors.

**Mr. Weston Lewis** brought a review of the last 20 years of investment returns for Callan. For 5 of the last 7 years, Large Cap Equities have been the biggest drivers for returns, due to tech stocks and their ability to generate cash consistently. With agencies and companies pushing for technology and AI initiatives, those stocks are trending high. Looking at international equities versus domestic, the international markets have seen returns of 12%+, but when translated back to the American dollar, it's only a 4% return. He does warn that the next year, with the new administration, may be more volatile than anyone would like, but the diversity of the portfolio is designed to help mitigate any large negative impacts.

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**Ms. Cardenales** continued the report with the manager's returns versus peer rankings. International equities saw a large struggle for the quarter but has been outperforming over the long term. Domestic equities saw the biggest returns of the year, with Ceredex lagging their peers slightly. Domestic fixed income struggled for the quarter but has shown a positive return for the year. In the real estate markets, Heitman has been showing a positive return, and it's continuing to trend positively. She comments on the Board's patience with seeing how a manager will do with underperformance, and that patience is beginning to pay off.

The transaction of consolidating the stocks from Morgan Stanley and Causeway into Brandes went into effect in the third week of January. Ms. Cardenales cautions the Board to be patient with seeing the returns for Brandes, as they won't have a full quarter under their management when first quarter results come back.

Looking at the portfolio versus other public plans, this portfolio is in the 81<sup>st</sup> percentile for the quarter and the 51<sup>st</sup> percentile for the year. A lot of the discrepancies are due to other plans having allocations to private equities. The real estate sector of allocations does help with diversity, keeping this portfolio to the middle of the pack versus peers.

**Mr. Stephens** asked how the January numbers looked.

**Mr. Lewis** replied that they do not have the definitive numbers in front of them, but the returns were all looking positive. AI, crypto, and GLP-1 drug stocks have seen a positive trend starting this year, shaking up the markets a bit.

There was an unusual change in the Capital Markets Assumption that Callan puts out based on a group of economists and actuaries. It's unusual because of the decrease in return assumptions versus last year. Interest rates, market volatility, and valuations go into making these assumptions. In terms of the portfolio making its 7.5% benchmark, it's much easier to do with the diversity that this portfolio currently has.

**ITEM NO. 9 ~ CONSENT AGENDA**

**A motion was made by Ms. Morris and seconded by Ms. Barbara Mika 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**

Ms. Morris did confirm that there was communication from Comm. Broderick and Wendy Ryzewski that they would not be at the meeting today. **A motion was made by Ms. Morris and seconded by Ms. Mika to excuse those who were absent. 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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**ITEM NO. 11 ~ BOARD MEMBER COMMENTS**

**Mr. MacCarthy** asked Atty. Jensen to give an overview of the Florida Statute 215.425 that limits what pension boards can do for their retirees.

**Atty Jensen** explains that the statute states there cannot be any extra compensation payments after the retirement of the individual. There is a long line of attorney generals' opinions that this prohibits a cost-of-living adjustment. She explains that there are current litigation against the interpretation of this statute, but she agrees that this is a difficult statute to work around. At the last two FPPTA lawyer conferences, this has been a big topic of discussion. Unfortunately, in order for the City to overcome this statute, it will require a Florida law change.

**Mr. MacCarthy** thanks Atty Jensen for the information, and says that any changes, locally and through state legislature, will be something that will be brought to the attention of the public as more information is made available.

**Mr. Stephens** asked if the topic of the unfunded liability could be added to the agenda for the next meeting. This has been something the board has talked about on and off for the last few meetings, and he believes it's worth a discussion between the board in an official capacity. He wants to try to find ways to get the unfunded liability down to ensure plan protections in the future and to meet City charter requirements for COLAs.

**Mr. MacCarthy** asked if the City charter requirements would override the Florida Statute.

**Atty. Jensen** replied that if the Fund is 100% funded from all sources, there would be an allowance for additional compensation after the retirement of the individuals.

**Ms. Morris** does say that the actuarial report will be given at the next meeting, so it is something that can be discussed with Brad Armstrong. She also reminds the board that the actuarial report looks at everything in the city's payroll salaries and fund amounts and uses that data to adjust the employer's contribution rates every year.

**Mr. Stephens** clarified that he is asking for the employee's contribution rates to be looked at as well. It may not make a difference in the short term, but in the long term it will be beneficial to everyone if the unfunded liability is addressed. This is a conversation that seems to be had when the markets are not in a favorable position, but if it can be addressed and decisions can be made while the market is trending in a favorable position, it could help alleviate the burden sooner rather than later.

**ITEM NO. 12 ~ NEXT MEETING**

The next meeting will be held Thursday, March 20, 2025, at 2 pm 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 3:09 pm.

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.