

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSYTEM MINUTES OF  
MEETING HELD MARCH 20, 2025

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System March 20, 2025, 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:**

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

**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 2:02 pm on Thursday, March 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. Seeing as there was no public, Mr. MacCarthy closed the comments.

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

A motion was made by Ms. Barbara Mika and seconded by Ms. Wendy Rydzewski 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.

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

Attorney Bonni Jensen does not have any updates for this meeting, but she will have updates to discuss at the next meeting.

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

Mr. MacCarthy opened the public hearing for the request for retirement from Dino Nesselrode with 25 years of service with the Fort Pierce Utilities Authority entering DROP.

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Seeing no public, the hearing was closed and the request was opened for Board discussion. **A motion was made by Comm. Michael Broderick and seconded by Comm. Arnold Gaines to approve the request. 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 & Company to give the Actuarial Report for the year ending September 30, 2024.

**Mr. Brad Armstrong** goes over the status of the Retirement Fund, stating that it is currently 82% funded, which is the same as the year before, with an unfunded liability of \$71,854,564, an increase of less than \$2 million from last year. This stagnant change is because of the benefit changes made during the previous year, including the extension of the DROP program from 5 to 6 years and the maximum annual salary allowed, and a positive growth with the investment strategy. Because of the increase in employer contributions from the previous year, there was no need to suggest additional contributions to fund these changes. There are changes in the Florida statutes with mortality rates that will become effective in next year's actuarial report.

Mr. Armstrong gave an overview of some suggested changes to the City's Code of Ordinances referring to the Retirement & Benefit System. Some languages were generic with a recommendation to be more specific. There have been changes made through actuarial reports that are not reflected in the Ordinance, which he suggests putting in as well.

Going over the Observed Experience of the valuation results, the recognized rate of investment return was 7.40%, which is higher than the expected 7.25%, showing a favorable change. There were some unfavorable changes reflected, including an average 8.5% pay increase across all divisions, fewer retiree mortality experiences, and a 10-year average payroll growth being lower than expected.

**Comm. Broderick** asked where the 8.5% pay increases came from.

**Mr. Armstrong** explained that those numbers are based on employees who were there from October 1, 2023, through September 30, 2024, and saw an increase in pay.

**Comm. Broderick** asked Ms. Johnna Morris if the employees were given a 5% cost of living adjustment at the beginning of the year, how is this number so high.

**Ms. Morris** explained that the pay increase for the police is what raised the number.

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**Mr. Armstrong** reminded the Board that some of these pay increases are due to promotions as well.

**Comm. Broderick** asked where the loss of \$1,292,776 came from.

**Mr. Armstrong** explained that because the pay of employees has changed, it adds that \$1.29 M to the unfunded liability.

When looking at the gains and losses chart, the Fund is performing close to where it is supposed to be. He does commend the Board for diversifying the Fund through investments as it is helping combat what the traditional unfunded liability could have looked like without the diversification.

**A motion was made by Mr. Keith Stephens and seconded by Ms. Morris to accept the report as presented. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Atty. Jensen** reminds Board that they need to declare the rate of expected return for the benefit of the State of Florida.

**A motion was made by Comm Gaines and seconded by Ms. Morris to set the expected rate of return over the short-term, the mid-term, and the long-term thereafter as presented, with an expected rate of 7.25%. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Mr. Stephens** requested that Mr. Armstrong stay for the next order of business.

**Mr. MacCarthy** agreed and opened the floor to Mr. Stephens for a discussion on the unfunded liability.

**Mr. Stephens** began the discussion by talking about the most recent trip to the FPPTA conference. He had been talking to other municipalities and other trustees, and he discovered that they give more to their respective Retirement Funds than this system does. He understands that at almost 20%, that is a lot for the employer to pay. He understands that even on a good investment year, the unfunded liability can still increase, as evidenced by this current year. He suggests that the Board look at the raising of the employee contribution by 1% and use that 1% to strictly go to the unfunded liability.

**Atty. Jensen** informs the Board that there are other plans that do this.

**Comm. Broderick** brings up the concern that the Board may receive some push back from the employees over raising the contribution rates. He reminds everyone that there is no room in the City budget to handle a substantial increase to bringing down the unfunded liability.

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**Mr. Stephens** reiterated that he has spoken to multiple employees about doing this to keep the current benefits, and many of them seem amiable to doing it. He states that the Board cannot keep putting off this discussion. This retirement system has been around for 66 years, and there are people over the age of 90 still receiving retirement benefits that deserve a COLA but can't get one without jumping through a lot of hoops because of this issue.

**Mr. Armstrong** does agree that an increase in contribution rates would significantly help to reduce the unfunded liability. While the job of GRS is to give the Board an estimate of how much they should be contributing to the Fund to make it work, more money is going to offset those negative impacts of payroll increases and market downswings. He does warn the Board they may not see a big change for 10 or more years.

**Mr. Stephens** explains that this suggestion is for the future of the Retirement and Benefit System as a whole and prolonging it for future employees.

**Comm. Broderick** confirms that the City Commission would not seek to reduce the City's contributions made to the Retirement & Benefit System if there were going to be an increase in contributions from the employees.

**Mr. Stephens**, while saying he does not speak for the Director of the FPUA, agrees that the contribution rates from the FPUA should not decrease.

**Comm. Gaines** agrees with Comm. Broderick about not changing the contribution rates of the employer. He is excited that the Board is taking this matter seriously. He is concerned about how the employee will understand the concept of a 1% change would mean. Most people need a dollar amount to see if they are actually able to manage that in their day-to-day life.

**Mr. Armstrong** suggests that in order for the employees to effectively understand what that would look like, they would need to see what a net payroll check would look like versus their current check to see the difference.

**Mr. Stephens** brings up the issue of the unions. He suggests having retirees come and talk to people in the unions, so they can see what retirement looks like with the contributions they're making so far.

**Comm. Broderick** is concerned about the younger employees who would rather keep the money now for their paychecks rather than pay into their retirement funds.

**Mr. Stephens** reminds the Board that a lot of the decisions this body makes are not easy. While raising the maximum annual benefit to \$115,000 and extending the DROP program to 6 years was easy, something like this is going to be a difficult conversation that needs to happen.

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**Ms. Morris** says that the Board needs to really think about this as well. A lot of the benefit changes that were done in the past have been slowly reinstated into the System, and those changes have had negative impacts on the liabilities of the Fund.

**Mr. Stephens** suggests looking at other Retirement Plans and seeing what their contribution rates are and comparing them to the current Plan.

**Atty. Jensen** says that the Police 185 plan is a good one to start with. There is no City contribution rate into that plan, just the contributions from its members and the State of Florida. In order to keep their current benefits, they increased their member contributions and are using a portion of the state's contribution to bring down their unfunded liability. It's not happening in a big way, but they are slowly making it work.

**Comm. Broderick** asks what the process would be for the contribution rates to change.

**Atty. Jensen** informs the Board that there would need to be negotiations with the unions because it is a change in conditions of employment in their contract.

**Mr. Stephen** also says that GRS would have to do research to see how it would work, how it would affect the unfunded liability, and what it would look like for the employee.

**Comm. Gaines** agrees and says that is exactly what he wants to see. He wants to know what the dollar amount changes would be for employees for full transparency. He wants to help retirees, he wants to tackle the problem of the unfunded liability, but he wants to know the numbers.

**Comm. Broderick** says he wants to see the numbers or how it affects the employees, and he wants to know how long it will take for the fund to be as close to 100% funded as it can be with the increase of contribution rate and the assumed market return of 7.25%.

**Mr. Stephens** also wants to see what the data would say if there were no changes to the contribution rate above the recommended changes of GRS. He reminds the board that these changes can be made at the same time as the cost-of-living adjustments in active employees that have taken place at the beginning of the fiscal year, and it wouldn't be missed as much as doing it mid-year.

**Mr. MacCarthy** suggests that if that is an option, there should be data brought to show what the employees' paychecks would be with the straight annual raise versus the raise with a percentage of that raise being the contribution rate change. He does agree that retirees should be able to talk to union members.

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**Ms. Morris** says it would be better to have all the data in hand before bringing it to the table to discuss further. She also reminds the Board that there is no guarantee of a COLA, even if these contribution rates change.

**Comm. Broderick** asks whose job it would be to make the analysis this Board is asking for.

**Ms. Morris** states that it would be GRS' responsibility to make the analysis of what the change in contribution rates would do to the funds, but it is the Finance Department's job to see what the dollar changes would be to the employees.

**Comm. Broderick** says that the Commission is going to want to see the data from both sides.

**Mr. Stephens** reminds Comm. Broderick that the market changes play a large role in the data. And while last year was a good year, there may not always be good years, so the data that Mr. Armstrong brings back to the Board may change.

**Comm. Broderick** asks what the Board would need to be done for Mr. Armstrong and GRS to gather the data being requested.

**Mr. Armstrong** says that usually Ms. Morris calls with the requests being asked.

**Ms. Morris** reminds the Board that this will cost the Board money.

**Atty. Jensen** says that because there is a cost associated with this service, it is best to have a motion in place for the request.

**Comm. Gaines** asked if, before a motion was officially made, should the Board know the cost of the services?

**Mr. Armstrong** states that he would request time and expense up to \$5,000.

**A motion was made by Comm. Broderick and seconded by Mr. Stephens to ask the Director of Finance to direct GRS to regenerate a report to determine the timeline required to capture the short fall in the fund based on a 1% increase to employee benefit to the system, not to exceed \$5,000. All those in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

**Atty. Jensen** asks if the Board would also need to see the pay changes for the employee.

**Ms. Morris** responds that she would include that information once the report comes from Mr. Armstrong as it is handled through the Finance Department.

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**ITEM NO. 9 ~ CONSENT AGENDA**

A motion was made by Ms. Morris 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**

None

**ITEM NO. 12 ~ NEXT MEETING**

Next meeting will be held April 17<sup>th</sup>, 2025, at 2pm in the Commission Chambers at City Hall.

**ITEM NO. 13 ~ ADJOURMENT**

Seeing that there were no further questions or comments. **Mr. MacCarthy** adjourned the meeting at 3:22 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.