

City of Clearwater

*City Hall
112 S. Osceola Avenue
Clearwater, FL 33756*



Meeting Minutes

Monday, November 13, 2017

1:00 PM

Council Chambers

Pension Trustees

Roll Call

Present 5 - Chair George N. Cretekos, Trustee Doreen Caudell, Trustee Bob Cundiff, Trustee Hoyt Hamilton, and Trustee Bill Jonson

Also Present – William B. Horne – City Manager, Jill Silverboard – Deputy City Manager, Micah Maxwell – Assistant City Manager, Pamela K. Akin – City Attorney, Rosemarie Call – City Clerk, Nicole Sprague – Official Records and Legislative Services Coordinator, and Joe Roseto – Human Resources Director

To provide continuity for research, items are listed in agenda order although not necessarily discussed in that order.

Unapproved

1. Call to Order – Chair Cretekos

The meeting was called to order at 1:42 p.m.

2. Approval of Minutes

2.1 Approve the minutes of the October 16, 2017 Pension Trustees Meeting as submitted in written summation by the City Clerk.

Trustee Jonson moved to approve the minutes of the October 16, 2017 Pension Trustees Meeting as submitted in written summation by the City Clerk. The motion was duly seconded and carried unanimously.

3. Citizens to be Heard Regarding Items Not on the Agenda – None.

4. New Business Items

4.1 Approve the new hires for acceptance into the Pension Plan as listed.

Name/Job Classification/Department	Pension Eligibility Date
Margaux La Barge, Customer Service Rep, Customer Service	09/02/2017
John Mellor, Solid Waste Equipment Operator, Solid Waste	09/04/2017
Sara Bayly, Customer Service Representative, Customer Service	09/05/2017
John Anderson, Accountant, Gas	09/05/2017
Madai Gutierrez, Recreation Specialist, Parks and Recreation	09/05/2017

Yiannis Halvatzis, Recreation Specialist, Parks and Recreation	09/05/2017
Christopher Tisdale, Parks Service Technician I, Parks and Recreation	09/05/2017
Charles Hargrove, Parks Service Technician III, Parks and Recreation	09/05/2017
Haris Kasumovic, Water Distribution Operator Trainee, Public Utilities	09/05/2017
Tyraven Jackson, Water Distribution Operator Trainee, Public Utilities	09/05/2017
Kenneth Fluitt, Jr. , Solid Waste Equipment Operator, Solid Waste	09/05/2017
DeVante Lang, Solid Waste Worker, Solid Waste	09/16/2017
Eric Saccasyn, Fire Inspector II, Fire	09/18/2017

Trustee Caudell moved to approve the new hires for acceptance into the Pension Plan as listed. The motion was duly seconded and carried unanimously.

4.2 Approve the following request of employee Darci Willis, Public Utilities Department, to vest their pension as provided by Section 2.419 of the Employees' Pension Plan.

Darci Willis, Wastewater Treatment Plant Operator A, Public Utilities Department, was employed by the City on October 24, 1998, and began participating in the Pension Plan on that date. Ms. Willis terminated from City employment on September 8, 2017. The Employees' Pension Plan provides that should an employee cease to be an employee of the City of Clearwater or change status from full-time to part-time after completing ten or more years of creditable service (pension participation), such employee shall acquire a vested interest in the retirement benefits. Vested pension payments commence on the first of the month following the month in which the employee normally would have been eligible for retirement.

Section 2.416 provides for normal retirement eligibility for non-hazardous duty employees hired prior to the effective date of this reinstatement (January 1, 2013), a member shall be eligible for retirement following the earlier of the date on which a participant has reached the age of fifty-five years and completed twenty years of credited service; the date on which a participant has reached age sixty-five years and completed ten years of credited service; or the date on which a member has completed thirty years of service regardless of age. For non-hazardous duty employees hired on or after the effective date of this restatement, a member shall be eligible for retirement following the earlier of the

date on which a participant has reached the age of sixty years and completed twenty-five years of credited service; or the date on which a participant has reached the age of sixty-five years and completed ten years of credited service. Ms. Willis will meet the non-hazardous duty criteria and begin collecting a pension in November 2018.

Section 2.416 provides for normal retirement eligibility for hazardous duty employees, a member shall be eligible for retirement following the earlier of the date on which the participant has completed twenty years of credited service regardless of age, or the date on which the participant has reached fifty-five years and completed ten years of credited service.

Trustee Cundiff moved to approve the following request of employee Darci Willis, Public Utilities Department, to vest their pension as provided by Section 2.419 of the Employees' Pension Plan. The motion was duly seconded and carried unanimously.

- 4.3** Approve the following request of employees Dane Heatherington, Engineering Department, James Hornaday, Gas Department and Anthony Sammartano, Fire Department, for a regular pension as provided by Sections 2.416 and 2.424 of the Employees' Pension Plan.

Dane Heatherington, Traffic Signal Technician, Engineering Department, was employed by the City on January 14, 1991, and his pension service credit is effective on that date. His pension will be effective October 1, 2017. Based on an average salary of approximately \$61,630.69 over the past five years, the formula for computing regular pensions and Mr. Heatherington selection of the Joint and Survivor Annuity, this pension benefit will be approximately \$45,271.20 annually.

James Hornaday, Gas Technician III, Gas Department, was employed by the City on June 13, 1994, and his pension service credit is effective on that date. His pension will be effective October 1, 2017. Based on an average salary of approximately \$55,182.48 over the past five years, the formula for computing regular pensions and Mr. Hornaday's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$28,752.84 annually.

Anthony Sammartano, Fire Lieutenant, Fire Department, was employed by the City on March 3, 1997, and his pension service credit is effective on that date. His pension will be effective October 1, 2017. Based on an average salary of approximately \$109,662.12 over the past five years, the formula for computing

regular pensions and Mr. Sammartano's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$60,461.52 annually.

Section 2.416 provides for normal retirement eligibility for non-hazardous duty employees hired prior to the effective date of this reinstatement (January 1, 2013), a member shall be eligible for retirement following the earlier of the date on which a participant has reached the age of fifty-five years and completed twenty years of credited service; the date on which a participant has reached age sixty-five years and completed ten years of credited service; or the date on which a member has completed thirty years of service regardless of age. For non-hazardous duty employees hired on or after the effective date of this restatement, a member shall be eligible for retirement following the earlier of the date on which a participant has reached the age of sixty years and completed twenty-five years of credited service; or the date on which a participant has reached the age of sixty-five years and completed ten years of credited service. Mr. Heatherington and Mr. Hornaday have met the non-hazardous duty criteria. Section 2.416 provides for normal retirement eligibility for hazardous duty employees, a member shall be eligible for retirement following the earlier of the date on which the participant has completed twenty years of credited service regardless of age, or the date on which the participant has reached fifty-five years and completed ten years of credited service. Mr. Sammartano has met the hazardous duty criteria.

Trustee Hamilton moved to approve the following request of employees Dane Heatherington, Engineering Department, James Hornaday, Gas Department and Anthony Sammartano, Fire Department, for a regular pension as provided by Sections 2.416 and 2.424 of the Employees' Pension Plan. The motion was duly seconded and carried unanimously.

- 4.4** Approve the termination of small cap value equity money manager Systematic Financial Management and authorize the appropriate officials to execute same.

Systematic was hired as a small cap value equity manager for the plan in July 2003. As of June 30, 2017, the market value of the plan's investment in Systematic's small cap value equity product totaled \$12.34 million, or 1.28% of the total investment portfolio. Systematic's performance has steadily declined in recent years, as detailed below. The Pension Investment Committee unanimously recommends termination at this time.

Percentile			
<u>As of 6/30/2017</u>	<u>Systematic</u>	<u>Ranking</u>	<u>Benchmark</u>

Last 3 years	3.21%	99th	7.02%
Last 5 years	12.22%	95th	13.38%

Staff will be bringing a separate agenda item forward for replacement of Systematic in the small cap value equity investment category.

Accounting Manager Mary Beth Setter said Systematic has been with the City since 2003. Staff follows a continued discipline to review the performance thoroughly and objectively. If the performance is below standard, the company is placed on a watch list and meet with staff; the termination process is pursued if they continue to underperform.

Trustee Jonson moved to approve the termination of small cap value equity money manager Systematic Financial Management and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

4.5 Approve an agreement with Victory Capital for investment in their Sycamore Small Cap Value Equity product, and authorize the appropriate officials to execute same.

One of the plan’s small cap value equity money managers, Systematic, has been recommended for termination per a previous agenda item.

At the May 2017 pension investment committee quarterly meeting, the committee requested the plan’s investment performance consultant, CapTrust Advisors, conduct a manager search for a replacement small cap value equity manager. At a special meeting of the committee during June 2017, the committee unanimously selected Victory Sycamore Small Cap Value Equity for a due diligence interview of the firm, which was subsequently conducted at the committee’s August 2017 quarterly meeting.

The pension investment committee unanimously recommends Victory Sycamore Small Cap Value Equity to the Trustees for an investment of up to \$15 million, or approximately 1.5% of the total plan investment portfolio.

As of June 30, 2017, Sycamore Small Cap Value Equity’s performance over the past ten years has been as follow:

	Russell 2000	
	<u>Performance</u>	<u>Value Index</u>
Last 3 years	11.08%	7.02%

Last 5 years	15.86%	13.39%
Last 10 years	9.52%	5.92%

Investment manager fees will be 1.0% on the first \$10 million; and 0.85% on the next \$15 million.

APPROPRIATION CODE AND AMOUNT:

0646-07410-530100-585-000-0000 \$142,500 annually

In response to questions, Accounting Manager Mary Beth Setter said staff evaluated two funds for termination; one of the funds was terminated last month. Finance Director Jay Ravins said the delay for a new money manager agreement was due to the negotiation process between the pension attorney and money manager attorney. The Pension Plan is purchasing into their product where the Plan will own a share of their product equivalent to the Plan's investment. The money manager will conform to the Plan's investment policy.

Trustee Caudell moved to approve an agreement with Victory Capital for investment in their Sycamore Small Cap Value Equity product, and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

- 4.6** Approve a new agreement between the City of Clearwater and the law firm of Klausner Kaufman Jensen and Levinson, to serve as outside counsel to the Pension Trustees and the Pension Advisory Committee (PAC), and authorize the appropriate officials to execute same.

The law firm of Klausner Kaufman Jensen & Levinson (previously Klausner & Kaufman, P.A.) has served as outside counsel to the Trustees and PAC since 2003. The hourly rate was initially \$250 per hour and increased to \$300 per hour in May 2008. At this time Klausner Kaufman Jensen & Levinson is requesting a rate increase to \$350 per hour, to be effective January 1, 2018. A total of \$62,428 in fees was paid to the firm during fiscal year 2017. The service provided as outside counsel for the pension plan has been exceptional and staff recommends approval of the new agreement at the rate of \$350 per hour.

APPROPRIATION CODE AND AMOUNT:

Budgeted funds are available in 0646-07410-530100-585-000-0000 to fund the increase.

In response to a question, Human Resources Director Joe Roseto said there is no requirement to release a Request for Proposals for legal services. Klausner Kaufman Jensen and Levinson are the best in public pensions; many firms do not have expertise in public sector pensions.

Trustee Cundiff moved to approve a new agreement between the City of Clearwater and the law firm of Klausner Kaufman Jensen and Levinson, to serve as outside counsel to the Pension Trustees and the Pension Advisory Committee (PAC), and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

5. Other Business – None.

6. Adjourn

The meeting adjourned at 1:57 p.m.

Attest

City Clerk

Chair
Employees' Pension Plan Trustees