

City of Clearwater

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



Meeting Minutes

Monday, October 16, 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, 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 1:20 p.m.

2. Approval of Minutes

2.1 Approve the minutes of the September 18, 2017 Pension Trustees Meeting as submitted in written summation by the City Clerk.

Trustee Cundiff moved to approve the minutes of the September 18, 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

Eric Jewett, Code Enforcement Inspector, Planning and Development

08/07/2017

Marcus Bullock, Police Property Clerk, Police

08/07/2017

Reginald Jackson, Solid Waste Equipment Operator, Solid Waste

08/07/2017

Harlan Hamilton, Solid Waste Equipment Operator, Solid Waste	08/07/2017
Teresa Mitchell Grein, Service Dispatcher, Gas	08/14/2017
Miranda Wincek, Police Cadet, Police	08/21/2017
Brian Aden, Legal Staff Assistant, Legal	08/21/2017
Theodore Hordych, Traffic Signal Technician, Engineering	08/21/2017
Kristian Greve, Traffic Signal Technician, Engineering	08/21/2017
Terry Johnson, Water Distribution Operator Trainee, Public Utilities	08/21/2017
Taylor Thomason, Recreation Leader, Parks and Recreation	08/21/2017

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

Ayes: 5 - Chair Cretekos, Trustee Caudell, Trustee Cundiff, Trustee Hamilton and Trustee Jonson

4.2 Approve the following request of employees Adam Jacques, Police Department and Matthew Roach, Solid Waste General Services Department, to vest their pensions as provided by Section 2.419 of the Employees' Pension Plan.

Adam Jacques, Police Officer, Police Department, was employed by the City on January 8, 2007, and began participating in the Pension Plan on that date. Mr. Jacques terminated from City employment on August 04, 2017.

Matthew Roach, Solid Waste Equipment Operator, Solid Waste General Services Department, was employed by the City on March 11, 2002, and began participating in the Pension Plan on that date. Mr. Roach terminated from City employment on January 11, 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. Mr. Roach will meet the non-hazardous duty criteria and begin collecting a pension in April 2022.

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. Jacques will meet the hazardous duty criteria and begin collecting pension in February 2027.

Trustee Cundiff moved to approve the following request of employees Adam Jacques, Police Department and Matthew Roach, Solid Waste General Services Department, to vest their pensions 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 John Fahey, Planning and Development Department, Stephen Finney, Gas Department, Cheryl Ford, Finance Department, Donald Hall, Police Department, Jay Holsombach, Police Department, Michael Pryor, Solid Waste General Services, Clyde Renfroe, Police Department and Brian Sweeney, Library Department for a regular pension as provided by Sections 2.416 and 2.424 of the Employees' Pension Plan.

John Fahey, Plan Examiner, Planning and Development Department, was employed by the City on May 15, 2006, and his pension service credit is effective on August 7, 2006. His pension will be effective October 1, 2017. Based on an average salary of approximately \$47,246.18 over the past five years, the formula for computing regular pensions and Mr. Fahey's selection of the Life Annuity, this pension benefit will be approximately \$14,407.44 annually.

Stephen Finney, Gas Tech II, Gas Department, was employed by the City on September 15, 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 \$37,756.77 over the past five years, the formula for computing regular pensions and Mr. Finney's selection of the 66 2/3% Joint and Survivor Annuity, this pension benefit will be approximately \$19,187.88 annually.

Cheryl Ford, Accountant, Finance Department, was employed by the City on November 28, 1994, and her pension service credit is effective on that date. Her pension will be effective September 1, 2017. Based on an average salary of approximately \$45,769.41 over the past five years, the formula for computing regular pensions and Ms. Ford's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$25,329.00 annually.

Donald Hall, Police Deputy Chief, Police Department, was employed by the City on May 21, 1984, 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 \$109,048.88 over the past five years, the formula for computing regular pensions and Mr. Hall's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$97,953.96 annually.

Jay Holsombach, Police Sergeant, Police Department, was employed by the City on April 28, 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 \$105,287.08 over the past five years, the formula for computing regular pensions and Mr. Holsombach's selection of the Life Annuity, this pension benefit will be approximately \$64,304.64 annually.

Michael Pryor, Solid Waste Program Coordinator, Solid Waste General Services Department, was employed by the City on November 2, 1987, and his pension service credit is effective on that date. His pension will be effective December 1, 2017. Based on an average salary of approximately \$65,532.73 over the past five years, the formula for computing regular pensions and Mr. Pryor's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$50,147.52 annually.

Clyde Renfroe, Police Officer, Police Department, was employed by the City on June 9, 1997, and his pension service credit is effective on that date. His pension will be effective September 1, 2017. Based on an average salary of approximately \$93,427.52 over the past five years, the formula for computing regular pensions and Mr. Renfroe's selection of the 100% Joint and Survivor Annuity, this pension benefit will be approximately \$51,145.44 annually.

Brian Sweeney, Library Assistant, Library Department, was employed by the City on December 23, 1996, and his pension service credit is effective on September 15, 1997. His pension will be effective October 1, 2017. Based on an average salary of approximately \$32,770.44 over the past five years, the formula for computing regular pensions and Mr. Sweeney's selection of the Life Annuity, this pension benefit will be approximately \$18,026.28 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. Fahey, Mr. Finney, Ms. Ford, Mr. Pryor and Mr. Sweeney 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. Hall, Mr. Holsombach and Mr. Renfroe have met the hazardous duty criteria.

Trustee Hamilton moved to approve the following request of employees John Fahey, Planning and Development Department, Stephen Finney, Gas Department, Cheryl Ford, Finance Department, Donald Hall, Police Department, Jay Holsombach, Police Department, Michael Pryor, Solid Waste General Services, Clyde Renfroe, Police Department and Brian Sweeney, Library 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 international emerging markets equity money manager Eaton Vance and authorize the appropriate officials to execute same.

Eaton Vance was hired as an international emerging markets equity manager for the plan in February 2008. As of June 30, 2017, the market value of the plan’s investment in Eaton Vance totaled \$36.45 million, or 3.79% of the total investment portfolio. Eaton Vance’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>Eaton Vance</u>	<u>Ranking</u>	<u>Benchmark</u>	
Last 3 years	(1.16)%		91st	1.44%
Last 5 years	3.25%	95th		4.33%

Staff will be bringing a separate agenda item forward for the replacement of Eaton Vance in the international emerging markets equity portfolio category.

Trustee Jonson moved to approve the termination of international emerging markets equity money manager Eaton Vance and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

- 4.5 Approve investment of up to \$40,000,000 in the Dimensional Fund Advisors (DFA) Emerging Markets Core Equity Portfolio mutual fund and authorize the appropriate officials to execute same.**

The plan’s emerging markets international equity money manager 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, to conduct a manager search for a replacement emerging markets equity manager. At a special meeting of the committee on June 19, 2017, the committee unanimously selected DFA Emerging Markets Core Equity Portfolio 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 DFA Emerging Markets Core Equity Portfolio mutual fund to the Trustees for an investment of up to \$40 million, or approximately 4% of the total plan investment portfolio.

As of July 31, 2017, DFA Emerging Markets Core Equity Portfolio’s performance over the past ten years has been as follow:

	<u>Performance</u>	<u>Benchmark</u>
Last 3 years	2.98%	2.39%
Last 5 years	5.69%	4.76%
Last 10 years	2.92%	1.98%

The DFA Emerging Markets Core Equity Portfolio mutual fund is only available to institutional investors. It has a management fee of 0.47% and a net expense ratio of 0.53% per the fund’s February 2017 prospectus.

APPROPRIATION CODE AND AMOUNT:

0646-07410-530100-585-000-0000 \$188,000 annually

In response to questions, Accounting Manager Mary Beth Setter said the performance is higher than the benchmark; during the last three years it has been 2.98%. The emerging market funds are volatile funds. Staff is trying to find a manager who can provide a better percentile return than the market and the index.

Trustee Cundiff moved to approve investment of up to \$40,000,000 in the Dimensional Fund Advisors (DFA) Emerging Markets Core Equity Portfolio mutual fund, and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

5. Adjourn

The meeting adjourned at 1:27 p.m.

Attest

City Clerk

Chair
Employees' Pension Plan Trustees