

City of Clearwater

*Main Library - Council Chambers
100 N. Osceola Avenue
Clearwater, FL 33755*



Meeting Minutes

Tuesday, February 18, 2020

9:00 AM

Main Library - Council Chambers

Pension Trustees

Roll Call

Present 5 - Chair George N. Cretekos, Trustee Bob Cundiff, Trustee Hoyt Hamilton, Trustee David Allbritton, and Trustee Jay Polglaze

Also Present – William B. Horne II – City Manager, Micah Maxwell – Assistant City Manager, Michael Delk – Assistant City Manager, Pamela K. Akin – City Attorney, Rosemarie Call – City Clerk, Nicole Sprague – Official Records and Legislative Services Coordinator and Jennifer Poirrier – 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 9:09 a.m. in Council Chambers at the Main Library.

2. Approval of Minutes

- 2.1 Approve the December 16, 2019 Pension Trustees Meeting Minutes as submitted in written summation by the City Clerk.

Trustee Allbritton moved to approve the December 16, 2019 Pension Trustees Meeting Minutes 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
Robert Farris, Senior Construction Inspector Engineering	11/12/2019
Amy Dickman, Utility Dispatcher, Gas	11/12/2019
Ali Ismailoski, Arborist, Parks & Recreation	11/12/2019
Robert Testa, Parks Service Technician, Parks & Recreation	11/12/2019
Suzan Hauser, Police Records Clerk, Police	11/12/2019
Jessica Hoskins, Police Records Clerk, Police	11/12/2019
Tracy Boone, Police Records Clerk, Police	11/12/2019
Alyssa Poole, Customer Service Rep, Gas	11/25/2019
Derek Smith Jr., Lead Parks Service Technician, Parks & Recreation	11/25/2019
Ryan DeFonso, Customer Service Rep, Planning & Development	11/25/2019
David Ball, Utilities Electronics Technician, Public Utilities	11/25/2019
Deborah Boyer, Customer Service Representative, Utility Customer Service	12/09/2019
Jesse Rhoades, Lead Engineering Specialist, Engineering/Traffic	12/09/2019
Elise Heal, Human Resources Analyst, Human Resources	12/09/2019
Andrew Donelson, Utilities Mechanic, Public Utilities	12/09/2019
Jakob Blass, Police Cadet, Police	11/12/2019
Jonathon Roth, Survey Assistant, Engineering	12/16/2019
Brenda Fontane-Villamil, Sr Development Rev Tech, Planning and Development	12/09/2019

Trustee Polglaze 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 Jeremiah Mills, Fire Department, to vest their pension as provided by Section 2.419 of the Employees' Pension Plan.

Jeremiah Mills, Fire Medic, Fire Department, was employed by the City on February 28, 2006, and began participating in the Pension Plan on that date.

Mr. Mills terminated from City employment on November 4, 2019.

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. 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. Mills will meet the hazardous duty criteria and begin collecting pension in March 2026.

Trustee Cundiff moved to approve the following request of employee Jeremiah Mills, Fire 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 Michael Deegan, Gas Department, Matthew McCombs, Solid Waste General Services and Karl Pople, Police Department, for a regular pension as provided by Sections 2.416 and 2.424 of the Employees' Pension Plan.

Michael Deegan, Gas Safety and Reg Comp Coordinator, Gas Department, was employed by the City on January 2, 1985, and his pension service credit is effective on that date. His pension will be effective February 1, 2020. Based on an average salary of approximately \$87,275.57 over the past five years, the formula for computing regular pensions and Mr. Deegan's selection of the 75% Joint and Survivor Annuity, this pension benefit will be approximately \$83,935.32 annually.

Matthew McCombs, Fleet Mechanic, Solid Waste General Services Department, was employed by the City on February 24, 2003, and his pension service credit is effective on that date. His pension will be effective January 1, 2020. Based on an average salary of approximately \$45,210.65 over the past five years, the formula for computing regular pensions and Mr. McCombs' selection of the 50% Joint and Survivor Annuity, this pension benefit will be approximately \$18,667.20 annually.

Karl Pople, Police Telecommunicator, Police Department, was employed by the

City on January 16, 1991, and his pension service credit is effective on January 20, 1998. His pension will be effective February 1, 2020. Based on an average salary of approximately \$54,183.40 over the past five years, the formula for computing regular pensions and Mr. Pople's selection of the 50% Joint and Survivor Annuity, this pension benefit will be approximately \$30,726.72 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. Deegan, Mr. McCombs and Mr. Pople have met the non-hazardous duty criteria.

Trustee Hamilton moved to approve the following request of employees Michael Deegan, Gas Department, Matthew McCombs, Solid Waste General Services and Karl Pople, Police 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 Ratify and confirm correction of error of underpayments for members where amounts were calculated incorrectly by software.

In response to questions, Finance Director Jay Ravins said the \$1,800 was for all 7 pensioners who were impacted by the miscalculation and included interest. The software has been corrected.

Trustee Allbritton moved to ratify and confirm correction of error of underpayments for members where amounts were calculated incorrectly by software. The motion was duly seconded and carried unanimously.

4.5 Approve the termination of mid cap value equity money manager Wedge Capital Management and authorize the appropriate officials to execute same.

Wedge was hired as a mid cap value equity manager for the plan in January 2007. As of January 31, 2020, the market value of the plan's investment in Wedge's mid cap value equity product totaled \$39.25 million, or 3.50% of the Plan's total investment portfolio. Wedge's performance has declined in recent years, as detailed below. The Pension Investment Committee unanimously recommends termination at this time.

	Percentile		
<u>As of 9/30/2019</u>	<u>Systematic</u>	<u>Ranking</u>	<u>Benchmark</u>
Last 3 years	6.46%	99th	7.82%
Last 5 years	6.59%	94th	7.55%
Last 10 years	12.57%	65th	12.29%

Staff will be bringing a separate agenda item forward for replacement of Wedge in the mid cap value portfolio category.

In response to questions, Finance Director Jay Ravins said staff will be bringing forth another mid cap manager. Staff tries to diversify the investment portfolio to minimize while earning a reasonable return. The Plan's current assumption rate is 6.5% on investment returns. Wedge Capital has 3.5% of the plan's portfolio.

Trustee Cundiff moved to approve the termination of mid cap value equity money manager Wedge Capital Management and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

4.6 Approve an agreement with Boston Partners Global Investors, Inc (dba Boston Partners) for investment in the Boston Partners Mid Cap Value Equity product and authorize the appropriate officials to execute same.

One of the plan's mid cap value equity money managers, Wedge Capital Management, has been recommended for termination per a previous agenda item.

The City's investment consultant, CapTrust Advisors, conducted a manager search for a replacement mid cap value equity manager. The pension investment committee reviewed the search results at the November 22, 2019

quarterly committee meeting and selected Boston Partners for recommendation to the Pension Trustees.

The pension investment committee unanimously recommends Boston Partners Mid Cap Value Equity to the Trustees for an initial investment of up to \$45 million, or approximately 4.0% of the total plan investment portfolio.

As of December 31, 2019, Boston Partners' Mid Cap Value Equity performance over the past ten years has been as follows:

<u>(net of fees)</u> <u>Performance</u>	<u>Russell Midcap</u> <u>Value Index</u>	
Last 3 years	9.19%	8.10%
Last 5 years	9.11%	7.62%
Last 10 years	13.92%	12.41%

Investment manager fees will be 0.80% on the first \$25 million; and 0.60% thereafter.

The pension plan's attorney, Klausner, Kaufman, Jensen and Levinson, has reviewed and approved the Investment Management Agreement for execution.

APPROPRIATION CODE AND AMOUNT:

6467410-530100 \$380,000 annually

Trustee Hamilton moved to approve an agreement with Boston Partners Global Investors, Inc (dba Boston Partners) for investment in the Boston Partners Mid Cap Value Equity product and authorize the appropriate officials to execute same. The motion was duly seconded and carried unanimously.

5. Director's Report - None

6. Adjourn

The meeting adjourned at 9:16 a.m.

Attest

Chair
Employees' Pension Plan Trustees

City Clerk

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