Call to Order
The EAC Delegate meeting was called to order at 8:05 a.m. by Chair, Lisa Arispe.

Comments from Holly Schoenherr, Director of Human Resources
The Classification and Compensation Study work is in the beginning stage now that Bryan Cook has been hired by Pinellas County as of January 3, 2017. Holly introduced Bryan who briefly explained how the study will be conducted. There are 3 elements of the study: 1.) Classification – Audit the work currently being done, 2.) Compensation – Determine the value of the job, and 3.) Pay Administration - Review current compensation rules and guidelines. A proposal has been approved by the Appointing Authorities and will be sent out for bid through the Purchasing Department. Some of the information will be distributed electronically. Human Resources needs everyone’s input to make the study beneficial. Tim Closterman announced that a website will be developed to provide ongoing updates to the Classification and Compensation Study [see www.pinellascounty.org/hr/compensation/study.htm].

Holly mentioned that some amount of money may be set aside in October for the FY2018 budget to start phase 1 compensation changes of the study. She also said that we are not bound to adhere to the recommendations of the consultants. There is not a merit pay program in place for this year.

Discussions and comments with the Delegates included: concerns with employee turnover, recruiting and retention, consultant costs, pay differences between new hires and current employees, and lack of merit raises. Responses: – study will identify areas of discrepancies, initial money budgeted for the consultant is $200,000.00, the last merit raises (2009) showed 85% as better than satisfactory – which is not really a merit, looking into non-monetary rewards for employees – time off (Burkes Bucks, Diane Dollars, etc.)

Guest Speaker
Irena Karolak, Public Information Specialist from the Communications Department, presented information on the marketing tools available to the citizens of Pinellas County. The goal of the Communications Department is to “Help to Tell Your Story”. There are 4 Public Information Officers which are media contacts and serve under the County Administrator. Communications staff monitor social media, offer live chat sessions and network with the cities through a public information email system. Anyone with questions about Pinellas County can call (727) 464-3000 and talk with a live person and get answers immediately.

There is a free app to report issues throughout the county so they can be addressed by the correct jurisdiction. SeeClickFix  http://www.pinellascounty.org/reportanissue/
The Representatives introduced themselves and the area they represent for the first meeting of 2017.

Charles Toney provided an update to the FRS. The pension is reporting approximately $140 billion on a projected investment return. The Florida Retirement System is the 3rd largest retirement system in the country. An article was distributed on January 5, 2017 and is attached.

The Local Delegation Legislation meeting will be held at the Largo Public Library on January 31, 2017 from 9:00 am – 12:00 pm. Charles talked with Jack Latvala’s office and he confirmed that there are no proposed changes to the FRS.

The Anti-Bullying Committee has met a few times and will have a proposal to present to the EAC soon. The policy will more clearly define the different types of bullying and a change in how the incidences can be reported.

Adjourned
Richard Carvale made a motion to adjourn at 9:25. Peg Poole seconded. Representatives and Delegates met with each other.

Lisa Arispe*  Richard Carvale*  Peg Poole*  Linda Cahill  Bill Gorman
Donna Beim*  Clare McGrane*  Doris McHugh  Alicia Parinello*  Randy Rose*
Mario Rugghia  Ashley Skubal*  Charles Toney*  Lisa Wright  Marion Nuraj*

*EAC Representatives in attendance at this meeting.
THE CAPITAL, TALLAHASSEE, January 4, 2017.......... While Florida has a financially healthy state pension fund, a new report from the Department of Management Services warns the $144 billion system is relying on a projected investment return that independent financial consultants say is too optimistic.

State analysts lowered the projected rate of return to 7.6 percent in October, down from 7.65 percent.

But the Department of Management Services' annual report on the financial status of the pension system notes that Milliman, the state's actuarial consultant, recommended a 7 percent rate of return, saying that is more in line with the uncertain financial climate.

The 7.6 percent assumed rate is "materially above" the estimates developed by Milliman and Aon Hewitt, a financial consultant to the state Board of Administration, which oversees the pension fund, the report noted.

The consultants developed financial models that estimated the fund had a 50 percent chance of achieving its long-range rate of return if the projection was 6.3 percent to 7 percent.

The chance of meeting the long-range 7.6 percent projection is much lower.

"All models developed in 2016 indicated a likelihood of 35 percent or less of actual long-term future average returns meeting or exceeding 7.6 percent," the report said.

The report said a lower projected rate of return would result in higher short-term contributions to the pension fund by the state, school boards, county governments and other entities that rely on the fund to pay benefits to retirees.

"But (it) would also serve to lessen the magnitude of actuarially calculated contribution rate increases in the event that actual future investment performance fails to meet or exceed the assumption," the report said.

The issue of lowering the projected rate of return was debated in October by the Florida Retirement System Actuarial Assumption Conference.
The state House and the Office of Economic and Demographic Research had pushed for lowering the rate to 7.5 percent but were opposed by the governor's office and the state Senate, which wanted to maintain the current 7.65 percent rate. The panel compromised on the 7.6 percent rate, with members warning that pressure on lowering the rate would remain.

"It is a move in the right direction. It is a little baby step, not quite as big of a step as I hoped we would take," said Don Langston, staff director of the House Ways and Means Committee, after the conference approved the 7.6 percent rate of return.

But the analysts were in agreement that Florida could not abruptly lower the rate without causing financial disruption for the governmental entities that contribute to the fund on behalf of their employees.

Lowering the rate of return to 7 percent would have yielded nearly a $38 billion unfunded liability, with the fund only being able to pay 79 percent of its long-term obligations. That would have required a significant increase in the pension contributions made by the government agencies to cover that actuarial deficit.

With the new 7.6 percent rate, the pension fund is projected to meet 85.4 percent of its future obligations, representing a $24.9 billion unfunded liability. It will still require a projected contribution increase in the range of $90 million.

Florida isn't the only state with a major pension fund trying to deal with financial uncertainties.

The nation's largest public pension fund, the California Public Employees' Retirement System, late last month voted to lower its projected rate of return from 7.5 percent to 7 percent over a three-year period, while acknowledging the impact of higher contribution rates.

"This was a very difficult decision to make, but it is an important step to ensure the long-term sustainability of the fund," said Rob Feckner, president of the board that oversees the $300 billion-plus fund.

"We know this will have an impact on the state, schools and public agencies that partner with us and we're committed to making sure the changes are implemented in a phased approach so our employers and affected members have time to plan their budgets responsibly," he said.

As of July 1, the Florida pension fund had 630,350 active members, including 114,000 enrolled in an alternative 401(k)-type investment plan, according to the Department of Management Services' report. The department oversees employee benefits, including pension benefits.
A little under 400,000 retirees rely on the pension fund for benefits, with an average annual payment of $21,245.

About half of the active pension fund members are employed by Florida's 67 school districts, with county workers accounting for 22.5 percent of the members, followed by state agency workers at 20 percent. State colleges, cities, special districts and other entities represent the remainder of the active members.