



**GENERAL EMPLOYEES RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – AUGUST 20, 2013 - 1:00 p.m.**

The Board of Trustees for the General Employees Retirement Fund convened in a regular session at 1:00 p.m. on this 20th day of August, 2013 in the City Council Chambers, City Hall, 3rd Floor, 315 E. Kennedy Blvd., Tampa, FL 33602.

Support Staff: Mark Boghich, Pension Plan Supervisor; Justin Vaske, ACA and Board Attorney; Susan Chiellini, Recording Secretary; Lee Huffstutler, Chief Accountant; Terrie Williams, Accounting Operations Manager; Deborah Hodo, Pension Reporting Accountant; Rosie Santos, Pension Relationship Accountant; Dana Neves, Office Support Specialist II.

I. ROLL CALL

Mr. Carrera brought the meeting to Order at 1:00 p.m.

Board Members Present Included: Ernest Carrera, Chairman; Alan Weiner, Vice Chairman; Derwin Bright, Trustee; and Randy Goers, Trustee.

Steve Kenny, Trustee, Julio Muniz, Trustee, and Sonya Little, CFO, advised staff that due to a scheduling conflict they would not be present.

Visitors Present Included: Jason Pulos and Andrew Gillentein, ACG; Ashley Cassel and Maree Mitchell, Aberdeen; Bruce Crosswhite and John Lessl, Aon; Margaret Chan, Fisher; Lisa Rosenthal and Margaret Lindsay, Victory; Barbara Trebbi and Gary Clemons, Mercator.

II. INTERNATIONAL INVESTMENT MANAGER ANNUAL PRESENTATIONS

Asset Consulting Group (ACG):

Jason Pulos of ACG provided an update on the overall portfolio, markets and managers. The market value of the Total Fund ("Fund") was approximately \$595 million at the end of June and \$617.9 million at the end of July. As of July 31, 2013, the year-to-date return of the Fund was 9.3%, which was 40 basis points ahead of the Policy Index. The Fund return for the quarter ending June 30, 2013 was 0.2% which was ahead of the -0.1% decline of the Policy Index. In the trailing year ending June 30, 2013, the Fund returned 14.4%, compared to a 12.8% advance of the Policy Index. During this time, the Fund ranked in the top 20% of public funds. Over the 10 year period ending June 30, 2013 the Fund generated a 7.8% return per annum, in line with the Policy Index return of 7.7% over the same period and ranking in the top 20% of public funds.

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Andrew Gillentine and Mr. Pulos of ACG then discussed Mercator, in light of recent performance concerns. Following Mercator's presentation, during which team members reiterated their conviction in the process and in the portfolio's positioning, ACG pointed out that Mercator outperformed the EAFE Value benchmark by 220 basis points year-to-date and by 320 basis points in the trailing year (each as of July 31). The three year return of Mercator continues to lag the relevant index but over five and ten-year periods they are now slightly ahead of the benchmark. It was decided that no action would be taken with respect to this discussion at this time.

Aberdeen (EM manager):

Ashley Cassel and Maree Mitchell from Aberdeen provided an update on their firm and the Emerging Markets strategy which they manage for the City of Tampa GE Retirement Fund. As of July 31, Aberdeen managed approximately \$18.8 million for the Fund. They have been managing emerging market equity assets for the Fund since June of 2008. There have been no negative changes at the firm or to the team in the last year. Due to the size of the assets in the strategy, Aberdeen recently announced that the strategy is closed to new investments. As a current client, the City of Tampa GE Retirement Fund may still invest additional assets in the strategy. As of June 30, the strategy has declined -7.6% on a year-to-date basis, which is 180 basis points ahead of the MSCI Emerging Markets Index's decline. During the trailing year, the strategy's 6.3% advancement is 310 basis points ahead of the 3.2% return of the index. Over five years, which reflects Aberdeen's inception into the Fund, the strategy has returned 8.7% on an annual basis. This is well ahead of the annualized -0.1% decline of the index and ranks in the 6th percentile of emerging market peers during this time.

Victory (International Small/Mid manager):

Lisa Rosenthal and Margaret Lindsay from Victory provided an update on their firm and their International Small/Mid strategy. As of July 31, Victory managed approximately \$19.3 million for the City of Tampa GE Retirement Fund. Victory has been managing assets for the fund since October of 2008. In February, KeyCorp, Victory's parent company, announced plans to sell Victory. KeyCorp's business revolves around banking and the firm is removing itself from subsidiaries that are not a part of banking solutions for their clients. KeyBank and Victory went to market together and Victory partnered with Crestview Partners, which is a private equity firm, in order to buy itself out. Crestview now owns 2/3 of the firm while Victory employees own 1/3. Crestview has ownership stakes in several institutional asset management firms. ACG does not view Victory's ownership change as a negative development. Year-to-date, as of June 30, Victory's strategy advanced 4.7% versus a 5.8% return of the MSCI EAFE SMID Index. In the trailing year, Victory has lagged the index by over 4% (16.5% return for Victory vs. 20.8% for the index). In the last three years, this strategy has advanced 10.3% annually, which is about 90 basis points behind the index. During this time, the strategy ranks in the 99th percentile versus EAFE small cap peers (there is not an EAFE SMID cap peer group universe available for comparison). It should be noted that the vast majority of the strategies that make up the EAFE small cap peer group purchase small and micro-cap companies in their portfolios. These are companies that Victory does not purchase into their SMID cap portfolio because they are too small. In the last three years, these smaller companies that Victory cannot purchase have outperformed larger mid cap companies (which Victory owns). This has partially caused Victory's three-year peer ranking to suffer significantly (99th percentile) despite trailing the index by under 1% during this time.

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Fisher (International Growth manager):

Margaret Chan from Fisher Investments provided an update on their firm and their Foreign Investments strategy, which invests in developed non-US growth equities. There were no developments at the firm or with the team to report. As of July 31, Fisher managed approximately \$58 million on behalf of the City of Tampa GE Retirement Fund. Fisher has been managing assets for the Fund since July of 2003. As of June 30, Fisher's strategy advanced 5.6% year-to-date, compared to the 4.5% return of the MSCI EAFE Index during this time. In the trailing year, Fisher's 20% return is 90 basis points ahead of the index. In the last 10 years, Fisher has advanced 9.1% on an annual basis, which is 90 basis points ahead of the EAFE Index and ranks in the 33rd percentile of peers.

Mercator (International Value manager):

Barbara Trebbi and Gary Clemons of Mercator provided an update on their firm and their International Equity strategy, which invests in developed non-US value equities. They reported no significant changes at the firm or with the team. As of July 31, Mercator managed approximately \$52.8 million for the City of Tampa GE Retirement Fund, and has been managing assets for the fund since April of 2003. At previous meetings, ACG has discussed concerns about Mercator with the Board surrounding underperformance. Barbara and Gary addressed these concerns during their presentation and explained that their value style of investing has been out of favor over the last few years. Backed by recent outperformance, they explained that Mercator has not changed its investment philosophy and that they feel the strategy is positioned for continued success. As of July 31, Mercator has returned 11.4% year-to-date, which is about 220 basis points ahead of the MSCI EAFE Value Index and 140 basis points ahead of the MSCI EAFE Index. In the trailing year ending July 31, the strategy advanced 28.7% which is well ahead of the 24% EAFE Index return during this time. In the trailing five years ending July 31, Mercator's 1.8% annual return is 30 basis points ahead of the EAFE Index. During the trailing 10 years ending June 30, Mercator advanced 8.3% annually, which is 10 basis points ahead of the EAFE Index and ranks in the 77th percentile of peers. As of July 31, Mercator has returned 9% annually over ten years, compared to an 8.5% annual EAFE Index return.

III. APPROVAL OF MINUTES

Mr. Carrera asked the Board if they had any questions or concerns regarding the July 17, 2013 Regular Meeting Minutes. None were presented. Mr. Carrera requested a Motion to approve the minutes.

MOTION: (Goers-Bright) On a motion made by Mr. Goers, and seconded by Mr. Bright, the Minutes for the Regular Meeting dated July 17, 2013 stand approved as presented. MOTION CARRIED.

IV. ACTUARIAL PRESENTATION

Actuarial Report as of January 1, 2013

John Lessl of Aon/Hewitt presented three topics regarding the Actuarial report including a basic overview of actuarial calculations (what they mean and what does funding method mean), a review of the actuarial report, and an experience study. Due to time constraints, a more indepth presentation will be given at the September Board meeting.

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Mr. Lessl explored "Actuarial 101" which explained how actuarial values are developed, what the unfunded accrued liability is, and then how the plan is funded. Mr. Lessl reviewed glossary terms, as well. Mr. Lessl's presentation included hypothetical scenarios including parameters for calculation, rates of return, financial present values, obligations, contingencies, probabilities, statistics, and 'smooth numbers'. He also discussed methodology for measuring the percentage of funding

Due to Board time constraints, Mr. Lessl will present the complete Actuarial Report and the Experience Study during the September Board meeting, wherein Motions will be voted on.

V. STAFF REPORT

1. DROP Option 1 Rate of Return

The Board approves this on a quarterly basis for distributions to individuals who are in DROP. The annualized Rate of Return for DROP Option 1 is +8.23% for the period October 1, 2012 through June 30, 2013. ACG has concurred with the ROR.

MOTION: (Weiner-Goers) On a motion made by Mr. Weiner, and seconded by Mr. Goers, the DROP Option 1 Rate of Return in the amount of +8.23% for period October 1, 2012 through June 30, 2013, stands approved as presented. MOTION CARRIED.

2. DROP Option 2 Rate of Return

The Board approves this on a quarterly basis for distributions to individuals who are in DROP. The annualized Rate of Return for DROP Option 2 is +0.01% for the period October 1, 2012 through June 30, 2013. ACG has concurred with the ROR.

MOTION: (Goers-Bright) On a motion made by Mr. Goers, and seconded by Mr. Bright, the DROP Option 2 Rate of Return in the amount of +0.01% for period October 1, 2012 through June 30, 2013, stands approved as presented. MOTION CARRIED.

3. GE Pension Fiduciary Liability Insurance Renewal – Postponed until September Board meeting.

On an annual basis, the Risk Management Office provides a proposal for fiduciary insurance renewal. The documents have been submitted and the underwriters will have a rate renewal at the next Board meeting. If there is a lapse in the current policy, coverage will be provided in the meantime.

4. Long Wharf Staff Update

Correspondence was received noting Jeff Tapley will be leaving Long Wharf Real Estate Partners to pursue a new opportunity with a public real estate company beginning August 1. This is a private real estate fund and ACG does not have any concerns regarding this information.

5. Fisher Correspondence

The Board was advised that Fisher Investments did not purchase derivatives in the City of Tampa General Employees Retirement Fund during the second quarter of 2013. Informational purposes only.

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6. Security Monitoring Reports

Mr. Vaske reported that no action has been taken. In the event the Board gets notice of a claim through the custodian, they will seek a reimbursement through a claim as class action.

7. Mr. Kenny and Mr. Goers to attend FPPTA Trustee School in Palm Beach Gardens, FL, 9/29-10/2/13

To maintain their certification as a Certified Public Pension Trustee and gaining their 10 CEU credits for the year.

IV. CONSENT AGENDA

Mr. Carrera asked Mr. Boghich if the items on the Consent Agenda were in order. Mr. Boghich stated they were reviewed and they are true and correct.

MOTION: (Goers-Bright) On a motion made by Mr. Goers, and seconded by Mr. Bright, the Consent Agenda was accepted and approved with noted change in item 2a as presented. MOTION CARRIED.

1. Retirement Benefits & Estate Payments:
Longevity Retirements, Deferred Retirements, Deferred to Longevity, DROP Applications, DROP to Longevity, Estate Payment
2. Monthly Invoices:
 - a. City of Tampa Reimbursement (July) - \$29,934.19
 - b. TechStaff of Tampa Bay (5 weeks-June) - \$6,270.72
 - c. COMSERV – (June) - \$62.00
3. Quarterly Invoices:
 - a. Asset Consulting Group (April through June 2013) - \$31,250.00
4. Miscellaneous Invoice:
 - a. Tampa Occupational Health Services (Edwin Cirino) - \$1,200.00

Off agenda:

Mr. Boghich advised two Board members' terms will expire October 31st. The Pension Office is preparing for an election; one in which Mr. Bright currently fills as an elected position, and Mr. Weiner fills as an appointed position. The election is scheduled for September 24th.

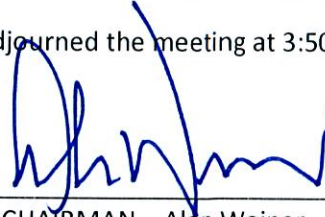
V. NEXT MEETING

The next Regular Board meeting will be held at 1:00 p.m., Tuesday, September 17, 2013, in City Council Chambers located on the 3rd Floor of City Hall located at 315 E. Kennedy Blvd., Tampa, FL 33602.

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VII. ADJOURNMENT

There being no further business, Chairman Carrera adjourned the meeting at 3:50 p.m.



VICE CHAIRMAN – Alan Weiner



PENSION PLAN SUPERVISOR - Mark Boghich



RECORDING SECRETARY - Susan Chiellini

EXHIBITS:

In addition to documents included in Agenda Package:

1. Investment Performance Review, Ending June 30, 2013, ACG
2. Aberdeen handout and Performance Review book
3. Victory Performance Review book
4. Fisher handout and Performance Review book
5. Mercator Performance Review book
6. Actuarial PowerPoint Presentation, Aon/Hewitt
7. Actuarial Report as of January 1, 2013, Aon/Hewitt