



**GENERAL EMPLOYEES RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – July 15, 2014 - 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 15th day of July, 2014 in the City Council Chambers, City Hall, 3rd Floor, 315 E. Kennedy Blvd., Tampa, FL 33602.

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

Consultants to Board: Jason Pulos and Andrew Gillentine, Asset Consulting Group; Stephen Lambert Oswald and Bruce Crosswhite, AON Hewitt;

I. ROLL CALL

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

Board Members Present Included: Ernest Carrera, Chairman; Alan Wiener, Vice Chairman; Sonya Little, Chief Financial Officer; Randy Goers, Trustee; Steve Kenny, Trustee; Derwin Bright, Trustee; Julio Muniz, Trustee.

II. PUBLIC COMMENTS- Ten (10) Minutes

There were no public comments.

III. APPROVAL OF MINUTES

Mr. Boghich requested the board approve the minutes from the June 17th meeting.

MOTION: (Weiner-Bright) On a motion made by Mr. Weiner, and seconded by Mr. Bright, to approve the minutes from the June Board meeting stands approved as presented. MOTION CARRIED.

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IV. Hearing

1. Barry W. May – represented by James Loper

Mr. James Loper provided background information on his experience in pension law. Mr. Loper stated Mr. Barry W. May is 56 years of age, was employed by the City for twenty years and one month and separated from the City at age 52. Mr. Loper reviewed letters of correspondence between himself and Mark L. Boghich, III, GE Pension Plan Supervisor, which were included in the agenda package. Mr. Loper reviewed the letter of correspondence between himself and ACA Justin Vaske, also included in the agenda package. Mr. Loper shared with the board additional information in support of his request. Mr. Loper requested the Board award Mr. Barry W. May an early retirement benefit actuarially reduced retroactively effective to June 1, 2014.

Mr. Boghich reported only individuals who separated from the City between the ages of 55 and 62 have received an early discounted pension. No one who has separated before age 55 has received an early discounted pension. In the past when we have asked the City Attorney's office the definition of employee, they have always stated it is an active employee.

Mr. Vaske reported after discussing this with Sal Territo, who was instrumental in drafting our plan, it is our office's interpretation of the plan that you are ineligible to receive the early retirement if you leave the employment of the city prior to 55. This has been the same interpretation since 1982.

After discussion among the Board, Mr. Vaske, Mr. Boghich and Mr. Loper; Mr. Weiner made a motion.

MOTION: (Weiner-Little) On a motion made by Mr. Weiner, and seconded by Ms. Little, to follow the advice of our council and decline the appeal of the early retirement benefit being requested at this meeting. MOTION CARRIED.

V. Staff Report

1. June 2014 Performance Report – ACG

Mr. Boghich briefed the board on the report. Total Market Value of our fund as of June 30 was \$694,584,000. Funds returned approximately 1.7 % in the month of June, which is slightly ahead of the funds policy index during the month. Performance of the second quarter picked up substantially. This has helped to boost year to date performance as the funds returned 5.4 % in the first 6 month of 2014. Trailing year ending June fund generated 18.7 % return.

Mr. Weiner asked about a Watch list, is that done quarterly or monthly? Mr. Boghich advised it normally comes in when an ACG Quarterly Representative is available.

Mr. Weiner asked Jason (who was on the phone) if there were any Watch list issues that we have or that need to be brought to light at this meeting? Jason Pulos, ACG, replied No. The Watch list is updated quarterly.

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Mr. Carrera stated he noticed we are over weighted in equities but we are under weighted in international by about 2 1/2 percent. Are there any plans to compensate or reallocate money on the equity side so at least we have a little more diversification on the equity part of our portfolio? Jason Pulos stated the overall non US equities are close to 21% when you add the emerging markets. Non US equities in total are pretty close to target of 24%. We did some rebalancing when Victory was terminated. We try to keep rebalancing to a minimum to keep cost down unless things get significantly out of whack. The equity to fixed income, overall equity continues to be more overweight and fixed income underweight so that is the area where we have been watching. The 11 million moved to cash for operating needs in May. August or September might need to move more money. This is used as a rebalancing mechanism to bring equities down.

2. Report on Board Motion on Money Market Options

Mr. Boghich reported that monies of the pension fund may be invested. The word Bank is not utilized nor is the word deposit. A bank/savings and loan is for deposits. Jason Pulos advised the cash in the portfolio is currently invested in a managed fund, in a 2A7 money market fund. JPMorgan in our instance purchases securities such as short term fixed income securities. A deposit in a money market account at a bank is not a managed fund.

Mr. Carrera would like us to look into the banks we are considering to see if they have a money market account that would be investment vs a deposit. Do the banks offer Money Market; Mr. Carrera would like to see what their definition of their Money Markets is. What is the definition of their Money Market and what are they buying/doing with the proceeds once it is in their institution. Jason Pulos advised when we deposit money in a bank they are not investing it in anything they are just paying you an interest rate. He also advised we didn't go to individual banks we queried the Morningstar and the Ebase? Database and looked at over 850 Money Market Funds that are managed. The median return over a 3 year basis is .01, same as JPMorgan.

Mr. Carrera requested the amount in Drop Option 2 and the amount in the fund itself. Mr. Boghich advised Drop Option 2 has \$5 million and another \$4.4 million in cash currently. Jason Pulos advised that money is not sitting idly in an account it is invested and managed. Mr. Carrera asks about the interpretation of Section 6 that you read to us Florida statute Chapter 23559, does that also apply to the cash that we have in our pension plan? Jason Pulos advised "Yes".

3. Long Wharf FREG II Distribution \$319,616.46

4. Long Wharf FREG III Distribution \$85,593.84

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5. Annual Actuary Report

Stephen Lambert provided an overview explanation of the Actuary Report. He also explained how the report is used. The State requirement for contributions has changed from \$ 26.2 million to \$ 17.8 million, also down from 19.5% to 13.8% of payroll. One of the contributions to the decrease is a very good asset return in 2013 and past excess contributions. The return on Market value assets for year ending 12/30/13 was 18.8% compared to assumption of 8%, well above average return, return on actuarial assets was 13.3%. The return had a \$ 29 million impact which created a \$ 4 million decrease on contributions. Actuarial liability funding status (entry is normal) is \$ 678 million, 90.7% funding status, up over 10% from last years of 80.2%. This is used to calculate the expense listed on the City's financial statement

6. Board Credit Card Consideration

The purpose of the card is so that a Trustee can pay for their hotel bill when traveling on pension related duties. Mr. Carrera questioned the board if anyone has a P-card at present. Currently no one on the board has a credit (P) card. Mr. Boghich makes reservations for hotel rooms for the board members and in some cases preauthorizes the expense. Mr. Carrera asked "You reimburse them right?" Mr. Boghich stated the only thing we reimburse for is mileage and for food.

Mr. Kenny advised he still needed to produce a credit card, also Mr. Bright agreed that a credit card is required for the room even when reservations are made by Mr. Boghich.

Mr. Weiner advised if there is a necessity by any board member to have a board issued credit card in order to facilitate board travel then we should be able to accommodate them with one. Ms. Little advised that they could not be issued cards under the current city program. F&P Pension has set up their own standalone credit card program for their board members. If credit cards are to be issued to GE Board members for GE Pension expense related purposes it has to be a program established by this board. It cannot be done under the current City of Tampa purchasing card program.

Mr. Carrera asked "Would that be a problem?" Mr. Boghich advised if the board wants to go in that direction we can do some research, come back to the board and tell them the results. Mr. Vaske advised "you could request a policy change of the city to accommodate you", if that doesn't work then you could adopt your own policies and procedures for the use of a travel credit card. Ms. Little advised that question was asked, and reasoning is internal control purposes, so there is accountability by a City of Tampa Director who has control over the card within his/her own department. The city is not willing to entertain a change due to the reasoning behind the current program. Jason advised they need to develop their own policies and procedures if they so desire.

Mr. Carrera advises they would like to have some research done as to how they could develop their own program to issue credit cards for all our board members for travel expenses that pertain for Pension related travels and expenses. Mr. Boghich asked if they are wanting a policy. Mr. Carrera advised Yes. Mr. Weiner requested why can't JPMorgan issue VISA cards for GE Pension? Mr. Carrera wondered who would be authorizing those expenses. Ms. Little agreed about asking JPMorgan about the cards and also checking with F&P Pension about their policy as a template or point of reference.

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7. Florida Statute 112.661, Paragraph 14 Continuing Education

Mr. Vaske advised Investment policy shall provide for the continuing education of the board members in matters relating to investments and the boards responsibilities. It is in our investment policy that the board members attend conferences related to continue education on investments and board responsibilities.

Mr. Kenny advised he would like to see the list of conferences back on the agenda again, and updated on a regular basis. Mr. Boghich asked if they wanted it every quarter, Mr. Kenny said yes, Mr. Boghich agreed.

9. FPPTA Annual Conference Presentation: Mr. Boghich

Mr. Boghich reported the conference was excellent with presentations on demographic change, importance of protecting retirement security, enhancing return and the importance of asset allocation.

10. NAPPA Education Conference Presentation: Mr. Vaske

Mr. Vaske advised this conference is great as usual. Discussed electronic documents, e.g. changing the beneficiary form on line and when appropriate have a notary. Also the ability to discuss various pension issues we address daily with attorneys from various pension plans throughout the country.

11. Training Reimbursement for Mr. Vaske \$428.50 Mr. Carrera requested a motion to approve Mr. Vaske's training expenses. **MOTION: (Kenny-Goers) On a motion made by Mr. Kenny, and seconded by Mr. Goers, to approve Mr. Vaske's training expenses. MOTION CARRIED.**

V. CONSENT AGENDA

Mr. Boghich advised of two additions to the items on the Consent Agenda since initially sent out and that they are true and in order. Mr. Boghich stated they were reviewed and they are true and corrected.

Retirement Benefits & Estate Payments:

Longevity Retirements, DROP Applications, DROP to Longevity, Deferred to Longevity Retirements, Surviving Spouse Benefits, Surviving Child Benefits and Estate Payments

Monthly Invoices:

1. COMSERV - (June 25) - \$ 62.00

Quarterly Invoices:

1. Asset Consulting Group - \$ 31,250.00
2. Brandywine - \$35,696.43

MOTION: (Kenny-Goers) On a motion made by Mr. Kenny, and seconded by Mr. Goers, the Consent Agenda was accepted and approved as presented. MOTION CARRIED.

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VI. NEXT MEETING

The next Regular Board meeting will be held at 1:00 p.m., Tuesday, August 19, 2014, in City Council Chambers.

VII. ADJOURNMENT

There being no further business, Chair Carrera adjourned the meeting at 2:44 p.m.

CHAIRMAN – Ernest P. Carrera

PENSION PLAN SUPERVISOR - Mark L. Boghich, III

RECORDING SECRETARY - Mark L. Boghich, III