



GENERAL EMPLOYEES RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – January 19, 2016 – 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 19th day of January, 2016 in the City Council Chambers, City Hall, 3rd Floor, 315 E. Kennedy Blvd., Tampa, FL 33602.

Support Staff: Natasha Neagu, Pension Plan Supervisor and Recording Secretary; Salvatore Territo, Chief Assistant City Attorney; Terrie Williams, Accounting Operations Manager; Deborah Hodo, Pension Reporting Accountant; Karencia Ciagala, Office Support Specialist III.

Consultants to Board: Jason Pulos, Asset Consulting Group; Stephen Lambert-Oswald and Bruce Crosswhite, AON/Hewitt.

I. ROLL CALL

Ernest Carrera, Chairman, presiding, brought the meeting to order at 1:00 p.m.

Board Members Present Included: Ernest Carrera, Chairman; Derwin Bright, Trustee; Julio Muniz, Trustee; Steve Kenny, Trustee; Sonya Little, Chief Financial Officer; and Karl Craig, Trustee. Board Member Alan Weiner, Vice Chairman gave prior notification and was absent for the meeting.

II. PUBLIC COMMENTS- Ten (10) Minutes Total – Three (3) Minutes per Speaker

None.

III. APPROVAL OF MINUTES

Ms. Neagu requested the board approve the minutes from the December 15, 2015 meeting.

MOTION: (Muniz/Kenny) On a motion made by Mr. Muniz, and seconded by Mr. Kenny to approve the minutes from the December Board meeting stands approved as presented. MOTION CARRIED.

IV. Steve Kenny - Discussion

Steve Kenny advised that he would prefer to have a full board and deferred his discussion to the next meeting, February 16, 2016.

V. Item from December 2015 Meeting

BOARD OF TRUSTEES - REGULAR MEETING MINUTES
January 19, 2016

Death Verification Vendor Discussion – Resolution 2016-01

Ms. Neagu updated the Board that we currently do not have a vendor providing death verification services. Recently after she started employment she discovered that the contract with Comserv expired in November 2014 and was never renewed. Services had been continuing on a month to month basis through 12/08/2015 at which point Comserv ceased providing services in the absence of a valid contract. Ms. Neagu presented information on two options to the Board for death verification vendors. A recommendation was made to proceed with The Berwyn Group as the vendor provides the ability to obtain daily death reports, offers a more secure file transmission method and is less expensive.

MOTION: (Kenny/Bright) On a motion made by Steve Kenny, and seconded by Derwin Bright to enter into a contract with The Berwyn Group for death verification services. MOTION CARRIED.

VI. STAFF REPORT

- 1. December 2015 Performance Reports – ACG**
- 2. GW Capital Notification of Material Change and Termination of Agreement**
- 3. FY 2016 Cash Flow Projection as of 1/15/2016**

The market value of the Total Fund (“Fund”) was approximately \$657.9 million at the end of December 2015, which was up approximately \$27 million for the quarter and Fiscal Year to Date. The equity markets rebounded strongly in October and November but gave up some ground in December, as concerns about slowing global growth, rising interest rates and plummeting oil prices continue to create volatility in the capital markets. The Fund’s intermediate term performance over the last 3 and 5 year periods ending in December of 2015 was 7.82% per annum and 7.28% per annum respectively, which continues to track above the policy index but as a result of poor equity returns for the calendar year of 2015, absolute returns are tracking slightly below the long term absolute return target of 8%.

GW Capital contacted ACG and the Board via a letter on the Thursday prior to the January 19th board meeting, advising that the company had made a decision to cease operations and liquidate all client investments by the end of the 1st quarter of 2016. GW Capital currently manages approximately \$17 million for the General Employees Retirement Fund. ACG recommended that the Board direct GW to liquidate the entire portfolio as soon as practicable but by the end of January at the latest.

Ms. Neagu advised the Board that the General Employees Retirement Fund needed approximately \$10.5 million to fund benefit payments in the first quarter of 2016.

Mr. Pulos recommended that the GW liquidation be used to meet the System’s cash needs and the excess \$6 - \$7 million be retained in cash as another \$7M would be needed to fund benefit payments in April and May of 2016. Mr. Pulos suggested that they would bring candidate managers in for the Board to interview as potential replacements for GW Capital at the Board’s April 2016 meeting.

Ms. Little asked about liquidating the GW Capital portfolio by the end of the month and the timelines for receiving the cash. She clarified that \$1 million in cash is needed by Tuesday, January 26th, to fund January benefit payments and the remainder of the portfolio would be liquidated and received by the end of month.

Mr. Carrera questioned why we would terminate and sell out of the investment at the end of January.

BOARD OF TRUSTEES - REGULAR MEETING MINUTES
January 19, 2016

Mr. Pulos responded that GW has notified all clients that they will lay off staff and that it is expedient to get it done now. The Fund would have about \$6 - \$7 million in cash reserve but that excess would be used up in April and May 2016 to fund benefit payments. He advised the Board that we will not have a new manager in place by March and that we can look into a temporary place holder for three or four months, however the fee may be more than we make. Our goal would be to have a replacement manager in place by May. Being that \$1 million is needed by January 26th, liquidating now would expedite the process. There is a minimum annual fee; he recommends that we not move money twice to avoid additional fees.

Mr. Carrera inquired about an index fund the Board could use as a placeholder for the excess cash. Jason repeated that the money has to come out by the end of the quarter. Wellington could take it, but a decision needs to be made today. Although you may have \$6 - 7 million more than you need, Mr. Pulos stated he was trying to avoid a new manager right now to avoid excess costs.

Ms. Little, asked about Mr. Pulos' experience with these types of events, such as a run on the bank. Mr. Pulos stated that their (GW) analysis is that all can be liquidated efficiently. Trading starts tomorrow, we need to give them flexibility to help them with pricing for the Pension Fund.

Julio Muniz, inquired with everyone getting out of the fund, how will that affect the balance of our holdings. Jason Pulos stated that we are talking about \$1 billion, and it could have some impact, so we will want to get out ahead of it.

MOTION: (Little – Kenny) On a motion made by Ms. Little and seconded by Mr. Kenny to have staff instruct GW Capital to liquidate Tampa's portfolio immediately, with \$1 million due Tuesday Jan 26th, and the balance being made available no later than the end of January. MOTION CARRIED.

Mr. Pulos stated that ACG and the Board would revisit further rebalancing at the February meeting.

MOTION: (Kenny – Bright) On a motion made by Mr. Kenny and seconded by Mr. Bright to invite three small cap value portfolio managers to attend the Board meeting in April. MOTION CARRIED.

4. Fidelity Real Estate Growth Fund II Distribution

Mr. Pulos advised the Board that the final distribution was made from Long Wharf Real Estate Partners, Fidelity Real Estate Growth Fund II on Thursday, December 31, 2015. The General Employees pro rate share is \$15,413.30.

5. Taplin, Canida & Habacht, LLC Organizational Update

Mr. Pulos informed the Board that an Organizational Update was received from Taplin, Canida & Habacht. Tere A. Canida would be shifting roles from President to Chairperson and her responsibilities would be transitioned to Janelle Woodward as the next step in her long-established succession plan. Mr. Pulos stated that ACG did not have any concerns about this transition.

6. Disability Retiree Annual Re-Examination Audit

Ms. Neagu updated the Board that she and the staff would be initiating the annual disability re-examination audit in February. This audit is being conducted in compliance with the Board's Policies and Procedures with the purpose of reevaluating a retiree's continuing disability. A random sample of 20% of the eligible population would be selected and mailed letters and forms to complete. Once the

BOARD OF TRUSTEES - REGULAR MEETING MINUTES
January 19, 2016

information is received back from the retirees, Ms. Neagu advised she would report back to the Board in April to provide an update on the status and the next steps of the process.

7. Division A Survivor - Annual Remarriage Audit

Ms. Neagu updated the Board that she and the staff would also be initiating an annual remarriage audit of Division A survivors to ensure benefits are being paid in compliance with Section 12(A) of the Retirement Plan. The Division A Retirement Plan provides surviving spouses with a pension benefit equal to 75% of the former spouse's accrued pension benefit until their death or remarriage. Upon remarriage, the surviving spouse's benefit is to be reduced to 50% of the former spouse's accrued pension benefit. Letters and marital status affidavits would be mailed to all Division A survivors in early February. Ms. Neagu advised that she would report back to the Board in March with the results of the audit.

8. Annual Benefit Statement Proposal

Ms. Neagu presented an annual benefit statement proposal to the Board. The General Employees Retirement Fund is currently not issuing annual benefit statements to its active members. She advised the Board that this is a best practice and requirement under ERISA and that the majority of public pension funds issue annual benefit statements to their members. Annual benefit statements are a useful tool to employees in retirement planning. Retirement education and planning tools should be available to our active membership in all stages of their lives and careers, not just as the near retirement. She reviewed the scope of the project and estimated cost with the Board.

Ms. Little thanked Natasha Neagu and her staff for bringing this initiative. Once we get Board approval, Justin Vaske, would review the annual benefit statement draft prior to being printed.

MOTION: (Kenny – Muniz) On a motion made by Mr. Kenny and seconded by Julio Muniz to approve the annual benefit statement project. MOTION CARRIED.

9. Board of Trustees Credit Card Update

Ms. Neagu stated that at the October and November 2014 meetings the Board approved credit cards for Trustees to be used for travel and conference expenses. It appears that the process had been started and never completed. She advised the Board that she had the application and forms and would meet with the Trustees after the meeting to complete them.

VII. CONSENT AGENDA

Natasha Neagu advised the Consent Agenda has been reviewed by both her and Justin Vaske, and the items listed are true, correct, have been evaluated and audited to ensure contract compliance and correctness.

Retirement Benefits & Estate Payments:

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

Monthly Invoices:

1. COMSERV - #0336/12082015DIS-168 - \$62.00

BOARD OF TRUSTEES - REGULAR MEETING MINUTES
January 19, 2016

Quarterly Invoices:

1. ACG - #729 - \$31,250

Miscellaneous Invoices:

1. Ford & Harrison - #644232 - \$2,436.04
2. Ford & Harrison - #644233 - \$10,347.00
3. Ford & Harrison - #644238 - \$42.21
4. Ford & Harrison - #644239 - \$31.54
5. Ford & Harrison - #644240 - \$42.10

Motion to approve the Consent Agenda made by Steve Kenny, and Seconded by Julio Muniz.
MOTION CARRIED.

VIII. ADJOURNMENT

There being no further business, Chair Carrera adjourned the meeting at 2:00 p.m.



CHAIRMAN,
Ernest P. Carrera



PENSION PLAN SUPERVISOR & RECORDING SECRETARY,
Natasha Neagu