



**GENERAL EMPLOYEES' RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – APRIL 18, 2017 - 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 18th day of April, 2017 at the Fire & Police Pension Fund, Board Meeting Room, 3001 N. Boulevard, Tampa, Florida 33603.

Support Staff: Natasha Wiederholt, Pension Plan Supervisor and Recording Secretary; Justin Vaske, Assistant City Attorney and Board Attorney; and Terrie Williams, Accounting Operations Manager.

Consultants to Board: Jason Pulos and Nathan Burk - 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; Stephen Hill, Vice Chairman; Alan Weiner, Trustee; Derwin Bright, Trustee; Karl Craig, Trustee; Steve Kenny, Trustee. Sonya Little, Trustee was absent from the meeting.

Ms. Wiederholt advised the Board that items VII and VIII should be removed from the agenda and will be postponed to a later meeting.

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

None.

III. APPROVAL OF MINUTES

Ms. Wiederholt requested the Board approve the minutes from the March 21, 2017 meeting.

MOTION: (Weiner/Kenny). Motion was made by Alan Weiner to approve the minutes from the March 21, 2017 Board meeting. Motion was seconded by Steve Kenny. MOTION CARRIED.

IV. DISABILITY RETIREMENT HEARING

1) **Robert Lauria**

Ms. Wiederholt advised the Board that we received a disability retirement application for Robert Lauria provided a briefing on the comprehensive medical evaluation reports received from the Board's independent medical examiners.

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We received a medical report from Eniola A. Owi, M.D., M.S., on 03/09/2017. It states, "Based upon my review of the provided medical records and my evaluation of Mr. Lauria, it is my opinion that Mr. Lauria is incapable of usefully and efficiently performing any job with the City of Tampa."

We received a comprehensive evaluation/medical report from Robin R. Hughes, M.D., M.P.H. on 03/21/2017. It states, "Based upon review of Mr. Lauria's medical records, my medical evaluation and Dr. Owi's IME, it is this examiner's opinion that Mr. Lauria is incapable of usefully and efficiently performing any job with the City of Tampa. His condition is permanent in nature with a poor prognosis for any future improvement. Further my opinion is based upon AMA Guides to Evaluation for Workability and Return to Work 2nd Edition."

Ms. Wiederholt made a staff recommendation for the Board to approve the disability retirement application for Robert Lauria.

MOTION: (Craig/Kenny) Motion was made by Karl Craig to approve the disability retirement application for Robert Lauria. Motion was seconded by Steve Kenny. MOTION CARRIED.

V. Fiduciary Liability Insurance Policy Renewal

Ms. Wiederholt introduced Regina Lock, Risk Manager for the City of Tampa. Ms. Lock explained that she is present at the meeting to discuss a one year renewal of the City's fiduciary liability insurance policy effective 04/15/2017. A discussion ensued about the insurance policy and the coverage. Ms. Lock asked the Board to approve the premium payment of the policy for the General Employees' Retirement Fund in the amount of \$41,605.00 for the period of 04/15/2017 – 04/15/2018.

MOTION: (Hill/Kenny) On a motion made by Stephen Hill and seconded by Steve Kenny, to renew the fiduciary liability insurance policy effective 04/15/2017 for the period 04/15/2017 – 04/15/2018 and approve the premium payment. MOTION CARRIED.

Trustee Steve Kenny left the meeting at 2:00 p.m.

VI. Fixed Income Manager Presentations

- a) **Brandywine (Global Investment Grade Fixed Income)**
Greg Zavonya, Senior Vice President, Relationship Management

Greg Zavonya from Brandywine provided a firm and team update focusing on team changes over the past year, including the addition of Anujeet Sareen, from Wellington, as Portfolio Manager, joining, David, Steve and Jack. Also, 2 new analysts joined the team, Alberto Boquin and Dorothee Rainis. At the end of January, our co-head of Global Macro Research, Chen Zhou, left the firm, having expressed a desire to return to pure research.

Greg then spoke to performance over the past year, highlighting the volatility in the global bond markets caused by Brexit and the Trump election. Relative performance was good over the past 12 months, (0.9%) vs (3.6%). The bonds performed well, led by the US Treasury positioning and the US Corporates. Currency was a drag on absolute performance, but held up much better than

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the index. US Dollar strength still dominated the markets, though the Brazilian Real and the South African Rand held up well. There was a nice reversal in 1q 17, with the portfolio returning over 4%, led primarily by our long suffering unhedged Mexican bond position

The global bond portfolios remain positioned to exploit some valuation anomalies that still persist. The portfolio is underweight U.S. dollars but think the long end of Treasuries offer “some defensive” value. Among the largest overweight positions are Mexican local currency bonds, unhedged and the British pound. The portfolio is overweight emerging market local currency bonds, unhedged – holding period is expected to be measured in years, not a single quarter. The portfolio maintains a significant yield advantage over the benchmark (3.3% vs. 1.2%) and our modified duration of 5 years is lower than the 7 years of the index.

b) State Street Global Advisors (Passive Core U.S. Fixed Income)

Chris McNeillie, Managing Director, Senior Relationship Manager

Chris McNeillie from State Street Global Advisors spoke to performance of the portfolio. The gross and net returns for the Retirement Plan for City of Tampa General Employees portfolio versus the corresponding benchmarks as of February 28, 2017:

	One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Since Inception
Passive Bond Market Index NL Fund							May/2003
Total Returns (Gross)	0.68%	1.02%	0.87%	1.44%	2.67%	2.27%	4.03%
Bloomberg Barclays U.S. Aggregate Bond Index	0.67	1.01	0.87	1.42	2.64	2.24	4.02
Difference	0.01	0.01	0.00	0.02	0.03	0.03	0.01
Total Returns (Net)	0.67	1.00	0.86	1.38	2.61	N/A	N/A
Bloomberg Barclays U.S. Aggregate Bond Index	0.67	1.01	0.87	1.42	2.64	N/A	N/A
Difference	0.00	-0.01	-0.01	-0.04	-0.03	N/A	N/A

c) Taplin, Canida & Habacht, LLC (Core U.S. Fixed Income)

Adam Phillips, Senior Client Portfolio Manager

Performance: The Tampa portfolio managed by TCH has outperformed for all trailing periods (1, 3, 5, 7, and 10 years and since inception) as of 3/31/2017. Fourth quarter 2016 was noteworthy as the worst quarter for fixed income in 35 years, but the account outperformed nicely (almost 50 basis points) due to portfolio positioning. 2016 performance was strong for the account, with a large impact from positive security selection.

Questions from the Board regarding the potential for rising rates and the impact on the portfolio:

The portfolio is using multiple strategies to address a rising rate environment, including use of investment grade floating rate notes (which increase yields as rates move higher) and overweight

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to credit, which has historically performed well as rates rise, portfolio duration is also shorter than the bench, another cushion against rising rates.

TCH's Outlook:

- Interplay between evolving fiscal and monetary policy to be a key driver in 2017 along with security selection opportunities coming out of policy changes.
- To date, Trump administration's policy language has been strongly supportive of growth and inflation; this was a large driver of fourth quarter move higher in rates and projects positively for corporate credit (lower taxes and regulation).
- Fed raised the Fed Funds rate in March and began discussions regarding the balance sheet for later in the year; expectations of 1 – 2 additional hikes this year; Fed will balance moves with economic progress.

VII. Investment Policy Discussion

This item was removed from the agenda and postponed to the June 20, 2017 Board meeting.

VIII. Investment Policy Statement Update (Motion) - ACG

This item was removed from the agenda and postponed to the June 20, 2017 Board meeting.

IX. Staff Report

1) Portfolio Performance Review – March 2017 – ACG

ACG reviewed the monthly performance report for the period ending 3/31/2017. The market value of the Total Fund at the end of March 2017 was approximately \$684 million which was higher from the prior month as all asset classes advanced higher. Markets were higher in the month of March as investors continued to expect pro-growth policies from the new administration.

Fiscal year to date, the Fund is outperforming the Policy Index 5.8% compared to 4.6%. Over the trailing one year, the Fund advanced 12.0% compared to 10.7% for the Policy Index.

The Fund's longer-term performance is tracking about in-line with the Policy Index. Over the trailing three years ending March 31, 2017, the Fund is up 5.1% annualized compared to the Policy Index which is up 5.4% annualized. Over the five year period ending March 31, 2017, the Fund is up 8.1% annualized compared to the Policy Index of 7.8% annualized.

2) April 2017 Liquidity Needs

Ms. Wiederholt reviewed the April 2017 cash flow projection and rebalancing analysis with the Board and advised that \$3.9 million was needed to fund benefit payments for the month. ACG recommended the liquidation of \$2.75 million from Waddell & Reed and \$1.15 million from Dodge & Cox to address the

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monthly cash needs for the City of Tampa, General Employees' Retirement Fund. The Board approved the recommendation.

MOTION: (Weiner/Hill) Motion was made by Alan Weiner to liquidate \$2.75 million from Waddell & Reed and \$1.15 million from Dodge & Cox to provide liquidity needs for April 2017 benefit payments. Motion was seconded by Stephen Hill. MOTION CARRIED.

3) Overpayments

- a) William Russell
- b) Wilma White
- c) Queen McClary

The Board reviewed two overpayments of pension benefits involving William Russell and Wilma White. Mr. Russell was overpaid Division A survivor benefits due to his negligence in reporting his remarriage to the General Employees' Retirement Fund. Ms. White was overpaid survivor benefits due to her death not being reported timely to the General Employees' Retirement Fund. The Board has requested the assistance of the City's Legal Department in collecting the overpayments from the decedent's estates.

Ms. Wiederholt read the Board a letter received from Ms. McClary requesting to temporarily suspend the collection of her overpayment of benefits due to her current medical expenses. In accordance with the Board's overpayment procedures, the Board is requiring Ms. McClary to provide documentation of her medical expenses to substantiate her request.

MOTION: (Hill/Craig) Motion was made by Stephen Hill to work with the City Attorney's office on collecting the overpayment of survivor benefits from William Russell's estate. Motion was seconded by Karl Craig. MOTION CARRIED.

MOTION: (Weiner/Bright) Motion was made by Alan Weiner to work with the City Attorney's office on collecting the overpayment of survivor benefits from Wilma White's estate. Motion was seconded by Derwin Bright. MOTION CARRIED.

MOTION: (Hill/Craig) Motion was made by Stephen Hill to request that Ms. McClary provide documentation of her medical expenses to substantiate her request for the temporary suspension of the collection of her overpayment of benefits from her pension. Motion was seconded by Karl Craig. MOTION CARRIED.

4) Disability Re-Examination Audit (Motion)

Ms. Wiederholt stated that the annual Disability Re-Examination Audit was initiated. Forms were mailed to the four members selected for the audit in compliance with the Board's policies and procedures. Ms. Wiederholt asked the Board for a motion to continue to the next step of requesting the members' medical records to be sent to the Board's Independent Medical Examiner for review.

Ms. Wiederholt also advised the Board that we have been unable to contact one of the disability retirees selected for the audit – Deandre Woods – and that several attempts were made. We are unsure of his whereabouts and whether he is still alive.

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MOTION: (Weiner/Hill) On a motion made by Alan Weiner and seconded by Stephen Hill, to proceed with the Disability Re-Examination Audit and work with the Tampa Police Department and a private investigator if needed to locate Mr. Woods. MOTION CARRIED.

5) 2017 Annual Member Statements

Ms. Wiederholt advised the Board that the 2017 Annual Member Statements would be distributed to all active members of the General Employees' Retirement Fund this week. This is the second year that annual member statements were produced and distributed to members. Annual member statements include key information about members' vesting status, retirement eligibility dates and projections of income in retirement. A sample Annual Member Statement was provided to the Board.

6) Member Handbook Update

Ms. Wiederholt advised the Board that the Member Handbook project is nearly completed and printed hardcopies would be distributed to all active members of the General Employees' Retirement Fund in May/June 2017. The handbooks contain a large section on pension forfeitures per the Board's request for member education on the topic. A pdf of the document will be uploaded to the General Employees' Retirement Fund website. Several hundred extra copies are being printed to give to Human Resources to distribute at New Employee Orientations.

7) Proposed Merger of Convergenx & Cowen Group

Ms. Wiederholt advised the Board that we received a letter from Convergenx which announced that Cowen Group has signed a definitive agreement to acquire Convergenx. It is anticipated that the transaction will close in the second quarter of 2017.

X. Consent Agenda (Motion)

Ms. Wiederholt advised that the Consent Agenda has been reviewed and the items listed are true, correct, and have been found to be accurate. Justin Vaske has also reviewed all the legal invoices.

Retirement Benefits & Estate Payments:

Longevity Retirements, DROP Applications, Deferred Retirements, DROP to Longevity, Disability Retirements, Survivor Benefits, Estate Payments

Monthly Invoices:

1) City of Tampa Reimbursement – March 2017- \$26,764.36

Quarterly Invoices:

1) Asset Consulting Group – Q1 2017 - #7800 - \$31,250.00

2) LMCG Investments – Q1 2017 - \$36,756.78

3) Northern Trust Company - #01595763 - (Oct. 1, 2016 – Mar. 31, 2017) - \$68,654.49

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Auto-Deducted:

- 1) Long Wharf Capital, Fidelity Real Estate Growth Fund III – Q1 2017 - \$1,407.33
- 2) Marathon-London Int'l Fund – March 2017 - \$20,484.00

Miscellaneous Invoices:

- 1) Division of Administrative Hearings - #004389A - \$2,980.00
- 2) Ford & Harrison - #685200 - \$1,094.00
- 3) Ford & Harrison - #685201 - \$1,850.00
- 4) Ford & Harrison - #685202 - \$3,525.00
- 5) Ford & Harrison - #685203 - \$1,850.00
- 6) Ford & Harrison - #685199 - \$1,975.00
- 7) HB Workman Design - #14-330 - \$2,625.00
- 8) Tampa Occupational Health Services – (Lauria) - \$1,200.00
- 9) Workhealth Occupational Medicine – (Lauria) - \$1,500.00

MOTION: (Hill/Weiner) Motion was made by Stephen Hill to approve the Consent Agenda. Motion was seconded by Alan Weiner. MOTION CARRIED.

IX. ADJOURNMENT

There being no further business, Chairman Ernest Carrera adjourned the meeting at 3:23 p.m. and advised the Board that the next meeting would be held on May 16, 2017 at the Executive Conference Room located on the 8th Floor of the Tampa Municipal Office Building.



BOARD CHAIRMAN – Ernest P. Carrera



**GE PENSION PLAN SUPERVISOR – Natasha Wiederholt
& RECORDING SECRETARY**