



**GENERAL EMPLOYEES RETIREMENT FUND  
BOARD OF TRUSTEES - REGULAR MEETING MINUTES  
TUESDAY – February 16, 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 16th day of February, 2016 in the City Council Chambers, City Hall, 3<sup>rd</sup> Floor, 315 E. Kennedy Blvd., Tampa, FL 33602.

**Support Staff:** Natasha Neagu, Pension Plan Supervisor and Recording Secretary; Justin Vaske, Assistant City Attorney and Board Attorney; Terrie Williams, Accounting Operations Manager; Deborah Hodo, Pension Reporting Accountant; Rosie Santos, Pension Relationship Accountant; Tammy Shaw, Accounting Technician I; and Karencia Ciagala, Office Support Specialist III.

**Consultants to Board:** Nathan Burke, 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; Derwin Bright, Trustee; Julio Muniz, Trustee; Steve Kenny, Trustee; Karl Craig, Trustee; and Sonya Little, Chief Financial Officer. Board Members absent include: 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 January 19th, 2016 meeting.

Mr. Muniz requested a change on Page 3 in the Staff Report section; Ms. Neagu stated that she would make the corrections and request approval of the minutes at the March board meeting.

**MOTION: No motion made.**

**IV. STAFF REPORT**

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**1. Pension Forfeitures – Luis Santos, Ford & Harrison (Motions)**

Mr. Santos informed the board that there are five (5) pending potential forfeiture cases that have been investigated by Ford & Harrison and are ready to be presented. Mr. Santos then presented a brief overview of each case and informed the board about the applicable section(s) of the forfeiture law. The board voted on each case and made the following motions.

**MOTION: (Muniz – Bright) On a motion made by Mr. Muniz and seconded by Mr. Bright, to proceed with the forfeiture hearing for Ms. Tonia Bright. MOTION CARRIED.**

**MOTION: (Kenny - Bright) On a motion made by Mr. Kenny and seconded by Mr. Bright, to proceed with the forfeiture hearing for Ms. Beverly Harvin and Ms. Priscilla Phillips. MOTION CARRIED.**

**MOTION: (Craig - Kenny) On a motion made by Mr. Craig and seconded by Mr. Kenny, to proceed with the forfeiture hearing for Mr. Bobby Richardson. MOTION CARRIED.**

**MOTION: (Bright - Craig) On a motion made by Mr. Bright and seconded by Mr. Craig, to proceed with the forfeiture hearing for Mr. Robert Ramshardt. MOTION CARRIED.**

**2. January 2016 Performance Report**

**3. Q4 2015 Quarterly Performance Report**

Nathan Burke of ACG reviewed the quarter report for the period ending 12/31/15 and the monthly report for the period ending 1/31/16.

The market value of the Total Fund ("Fund") at the end of January 2016 was approximately \$622.3 million which was down from the end of the calendar year 2015 as equity market returns dropped sharply in the month of January. Fixed income was the only asset class to produce positive absolute returns in the portfolio during the month. Fiscal year-to-date through January 31, 2016 the Fund is down 1.21%. The Fund's longer-term performance continues to track above the policy index. Over the trailing three years ending January 31, 2016, the Fund is up 5.11% annualized compared to the Policy Index which is up 4.99% annualized. Over the five year period ending January 31, 2016 the Fund is up 5.08% annualized which is in line with the Policy Index.

**4. Fixed Income Manager Presentations**

**a) Brandywine – Global Investment Grade Fixed Income - Richard Lawrence, Senior Vice President, Portfolio Management**

Richard Lawrence from Brandywine Global gave an update on the global fixed income portfolio. The discussion covered 2015 performance and in particular the headwind created by the strong U.S. dollar. Mr. Lawrence discussed the potential for mean reversion in currency performance as he described the portfolio's positioning in global country and currency markets. The presentation concluded with a discussion of some key themes that are reflected in the portfolio and an outlook for 2016.

**b) State Street Global Advisors – Passive Core U.S. Fixed Income - Allison Corbally, Vice President/Senior Relationship Manager**

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Allison Corbally from State Street Global Advisors provided an update on the passive core U.S. fixed income portfolio. Markets were challenged across the board for 2015. Several factors played a part of that uncertainty including (to name a few) extent of economic slowdown in China, Fed Reserve's monetary policy tightening and decline in commodity prices.

SSGA manages a passive bond fund measured against the Barclay's Aggregate Bond Index, which is one index that posted slightly positive returns. The investment objective of the strategy is to match the return of the benchmark over a market cycle. Clients utilize passive or beta strategies for several reasons including; capturing a specific market exposure, generating returns that closely match the benchmark (low tracking error) and can implement at a lower fee or cost structure than other alternatives.

SSGA has delivered on these investment objectives as outlined in the account performance summary. Index management is a key core to SSGA's investment capabilities and as such the organization continues to commit resources and system enhancements to deliver the results and lower costs our clients expect.

**c) Taplin, Canida & Habacht – Core U.S. Fixed Income - Adam Phillips, Product Specialist**

Adam Phillips from Taplin, Canida & Habacht gave an update on the core U.S. fixed income portfolio.

Performance: Longer term performance remains strong - outperformance over trailing 5, 7, 10 year periods and since inception. Recent performance has lagged, which has caused the 1 and 3 year periods to underperform; source of underperformance was primarily Q3 2015

Our core expectations have been for moderate U.S. economic growth, below target inflation and an eventual gradual transition in monetary policy; While our core thesis has been correct, more recently, concerns over global growth rates, commodity prices and geopolitical issues have led to a surge in volatility throughout financial markets. In the ensuing flight to quality, U.S. Treasury securities, for which the portfolio has been underweight, were the best performing sector.

Positioning/outlook: Our outlook for moderate growth, accommodative policy and contained inflation remains intact, but we believe that pockets of volatility are likely to remain; Beginning in 2014 and continuing in 2015 we reduced exposure to credit in favor of U.S. Treasuries and additional purchases of U.S. agency MBS, both of which have historically performed well during periods of heightened volatility.

Firm update: Tere Canida transitioned to Chairperson, Janelle Woodward to President, Ronald Salinas to Director of Research; these developments are aimed at positioning TCH for the future to ensure we continue to deliver strong performance and client service to our clients.

**5. GW Capital Liquidation – Small Cap Rebalancing (Motion)**

ACG made a rebalancing recommendation to move \$8 million from cash to Wellington small cap core due to the underweight position in U.S. small cap equities as a result of the GW Capital liquidation.

**MOTION: (Muniz - Kenny) On a motion made by Mr. Muniz and seconded by Mr. Kenny, to approve the rebalancing analysis from cash to Wellington. MOTION CARRIED.**

**6. ACG Trustee Education Workshop – Real Estate Portfolio**

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ACG presented an educational piece on private versus public real estate investing. The target policy allocation in real assets which was changed in 2014, no longer includes an allocation to Global REITs. ACG suggested to the Board that an open end opportunistic real estate manager could enhance the risk/return profile of the portfolio in lieu of Global REIT manager Clarion. ACG made the recommendation that the Board bring two candidate managers (Blackstone and JP Morgan) in at a future Board meeting to interview about their capabilities.

**7. Board Credit Card Update**

Ms. Neagu informed the board that she had submitted a credit card application to the Fund's custodian bank, JP Morgan, for those trustees who expressed an interest in obtaining credit cards to be used for travel and conference expenses. The application was submitted using the official name and tax EIN number of the General Employees Retirement Fund however was denied by JP Morgan as they do not recognize the General Employees Retirement Fund as a separate entity from the City of Tampa. Unfortunately, an application would only be accepted with the City of Tampa's legal name and tax EIN number.

Ms. Neagu also stated the General Employees Retirement Fund is currently working with ACG on an RFP for custodial banking services and the issuance of credit cards would be added as a requirement to the RFP.

**8. FPPTA Conference Update**

Mr. Bright, Mr. Craig, Mr. Kenny and Ms. Neagu shared their experiences at the January 31 – February 3, 2016 FPPTA conference.

Ms. Neagu supplied the board with an overview of Florida's Ethics Laws and Statues for Pension Trustees.

<b>V. MEDICAL DISABILITY HEARING</b>
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Ms. Neagu advised that the Board that she received a comprehensive evaluation/medical report from Dr. Robin Hughes, MD, which stated that after review of Allan Innes' medical records, it is his opinion that Mr. Innes is incapable of usefully and efficiently performing any job for the City of Tampa as he has a complete and permanent disability.

Ms. Neagu also informed the Board the there was a dissention in medical opinions. Mr. Innes was first seen by a specialist, Dr. Yemi Owi for a medical examination and was subsequently seen by Dr. Hughes for a second medical examination and a review of his medical records. A comprehensive evaluation/medical report was received from Dr. Owi which stated that it is her opinion that Mr. Innes does not have a total and permanent disablement, and should be able to provide a useful service for the City of Tampa but would need to attend his doctor's appointments.

Ms. Neagu advised the Board that this scenario had occurred previously with a couple of other disability retirement hearings in the fall of 2012. Ms. Neagu informed the Board that she followed the actions taken by the Board on the previous cases and contacted Dr. Hughes to request a supplemental letter stating why he felt his opinion should carry more weight.

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Dr. Hughes' letter of explanation reviewed the difference of opinions between the conclusions reached by Dr. Owi on 01/14/2016 and Dr. Hughes on 01/27/2016. The reason his opinion differed from Dr. Owi's was due to the additional information gathered from his wife in combination with the records review he conducted, a review of Dr. Owi's report as well as performing additional tests for memory and balance. Dr. Hughes listed for the Board the key points he felt were pertinent to deciding this case.

The Board then raised some questions regarding the General Employees Retirement Fund Board's Policies and Procedures when there is a difference of opinions between the Board's primary doctor and the specialist selected by that doctor. Ms. Neagu explained the roles of the primary doctor, Dr. Hughes, and the specialist chosen by Dr. Hughes. It was relayed that although there are no policies and procedures regarding this specific matter, the procedures do dictate that the first physical be completed by a specialist, then by the City's pre-employment physician. There was some discussion among board members, Ms. Neagu and the board's legal advisor, Mr. Vaske. It was established that a precedent was set in at least two previous cases. Mr. Vaske advised that although the protocol set by the board was to rely on the professional opinion of its primary physician, the burden rests on the board and that they should weigh all of the evidence and make a decision accordingly.

Based on the comprehensive medical evaluation reports received from Dr. Hughes and Dr. Owi and the supplemental letter provided by Dr. Hughes, Ms. Neagu's recommendation is approval.

**MOTION: (Kenny - Muniz) On a motion made by Mr. Kenny and seconded by Mr. Muniz, that the disability application for Mr. Allan Innes be approved. MOTION CARRIED.**

<b>VI. CONSENT AGENDA</b>
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Ms. Neagu advised that she had reviewed the Consent Agenda retirement benefits and invoices. Justin Vaske also reviewed the legal invoices for accuracy. The items listed are true, correct, have been evaluated and audited to ensure contract compliance and correctness.

Retirement Benefits & Estate Payments:

Longevity Retirements, DROP Applicants, DROP to Longevity, Deferred Retirements, Deferred to Longevity Retirements, Disability Retirement, Spouse Benefits and Estate Payments.

Quarterly Invoices:

1. Aberdeen - #75624 - \$ 58,019.37
2. CBRE-Clarion - \$ 54,166.00
3. ClariVest Asset Management - #119548 - \$ 32,180.25
4. Dodge & Cox - #33437 - \$ 75,751.24
5. Fisher Investments - #155269-0001 - \$ 105,310.02
6. GW Capital - \$ 37,562.56
7. J P Morgan - #804052 - \$ 39,908.60
8. State Street Global Advisors - #SSGABA2182612 - \$ 8,451.11
9. Taplin, Canida & Habacht - \$ 33,724.59
10. Waddell & Reed - #304382 - \$ 112,196.36
11. Wellington - #20151231-96246-A - \$ 38,034.65

Deducted from Account:

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1. Brandywine - #20151231-482-4233-A - \$ 62,749.74
2. UBS Trumbull - #TPF-000712 - \$ 105,505.07

Annual Invoices:

1. The Berwyn Group - #31739 - \$1,200.00

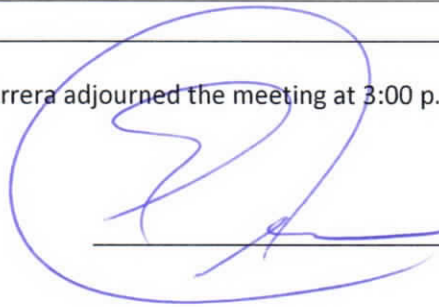
Miscellaneous Invoices:

1. U.S. Treasury – Form 5300 Determination Letter Filing - \$2,500.00
2. Ford & Harrison - #646540 - \$ 5,935.77
3. Ford & Harrison - #646543 - \$ 60.00
4. Shumaker Loop & Kendrick, LLP - #504321 - \$ 2,747.50
5. Tampa Neurology Associates - (Shannon Edge) - \$ 1,300.00
6. Tampa Occupational Health Services – (Allan Innes) - \$ 1,200.00
7. Workhealth Occupational Medicine Clinic – (Allan Innes) - \$ 900.00

**MOTION: (Kenny-Bright) On a motion made by Mr. Kenny and seconded by Mr. Bright for the approval of the Consent Agenda as presented. MOTION CARRIED.**

**VII. ADJOURNMENT**

There being no further business, Chair Carrera adjourned the meeting at 3:00 p.m.



CHAIRMAN,  
Ernest P. Carrera

  
PENSION PLAN SUPERVISOR & RECORDING SECRETARY,  
Natasha Neagu