



**GENERAL EMPLOYEES RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – SEPTEMBER 20, 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 20th day of September, 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; Justin Vaske, Assistant City Attorney and Board Attorney; Terrie Williams, Accounting Operations Manager and Karencia Ciagala, Office Support Specialist III.

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; Julio Muniz, Vice Chairman; Derwin Bright, Trustee; Steve Kenny, Trustee; Karl Craig, Trustee; Stephen Hill, Trustee; and Sonya Little, Trustee.

II. Public Comments - Ten (10) Minutes Total – Three (3) Minutes per Speaker

None.

III. Introduction of Board Member Stephen Hill

Chairman Ernest Carrera welcomed Mayoral appointee Stephen Hill. Mr. Hill stated that he has lived in the Tampa Bay area for 30 years. He worked at Raymond James Financial, Inc. for approximately 26 years and about six years ago, along with fellow associates started up a business called Socius Capital, LLC (a private equity firm).

IV. Approval of Minutes

Ms. Neagu requested the Board approve the minutes from the August 16, 2016 meeting.

MOTION: (Kenny /Little) Motion was made by Steve Kenny to approve the minutes from the August 16, 2016 meeting. Motion was seconded by Sonya Little to approve the minutes. MOTION CARRIED.

V. Disability Retirement Hearing

- 1) Edwin Cirino

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Ms. Neagu briefed the Board on the medical reports received from the Board's independent medical examiners.

Dr. Eniola Owi's medical report dated 06/13/2013 stated in relevant part, "After review of the provided medical records, and examination of claimant, it is my opinion that Mr. Cirino is partially and permanently disabled but could provide a useful and efficient service provided that reasonable accommodations could be made. "

Dr. Robin Hughes' comprehensive evaluation/medical report dated 06/19/2013 stated in relevant part, "Based upon review of Mr. Cirino's medical records as well as obtaining his most recent medical records today from Dr. Delgado's office as mentioned in this report and my independent evaluation today, it is my opinion that Mr. Cirino is partially and permanently disabled but could provide a useful and efficient service with reasonable accommodations for the City of Tampa."

A memorandum was received from Mike Swain, Employment Service Manager with the Department of Human Resources on 07/10/2013. It stated, "Based on the medical documentation received and a review of Mr. Edwin Cirino's prior education and work experience, it has been determined that the following classifications within the City of Tampa would be within the capability of Mr. Cirino, with or without ADA accommodations: Office Support Specialist I and Customer Service Clerk I. The minimum educational qualifications for these classifications is a high school diploma, Mr. Cirino meets this requirement. Mr. Cirino's physical limitations as cited by Dr. Huges could be accommodated within these jobs."

An indepth neuropsychiatric evaluation was received from Dr. Walter Afield on 03/11/2014. It stated in relevant part, "In my opinion, this man is partially and permanently disabled . . . Major accommodations would have to be made and I think he could provide a useful service . . . Again, the bottom line is he does have a permanent impairment, but it is partial and if they could make major accommodations, he could provide service."

A medical report was received from Dr. Robin Hughes on 03/25/2014. It states in relevant part, "Based upon review of Mr. Cirino's 2013 medical records from Dr. Saks, a disability statement dated 10/12/2013 from Dr. Saks, no record of past or recent hospitalization, a review of his medication therapy plan, and the extensive IME report of Dr. Afield, it is this examiner's opinion that Mr. Cirino is partially and permanently disabled, but could provide a useful and efficient service provided reasonable accommodations can be made."

A memorandum was received from Mike Swain, Employment Services Manager with the Department of Human Resources on 04/14/2014. It states, "Based on the medical documentation received and a review of Mr. Cirino's prior education and work experience, it has been determined that the following classification(s) within the City of Tampa would be within the capability of Mr. Cirino, with or without ADA accommodations: Service Attendant 1, Custodial Attendant, Brush Site Attendant. The minimal educational qualifications for this classification is completion of elementary school, Mr. Cirino meets this requirement. Mr. Cirino's physical limitations as cited by Dr. Hughes could be accommodated within these jobs."

A medical opinion letter was received from Dr. Robin Hughes on 08/31/2016. It stated in relevant part, "This is an opinion letter based on an additional medical report submitted for Mr. Cirino. His treating

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physician, Dr. Bonnie Saks, provided an updated to his medical status dated 06/02/2014. Past records from Dr. Saks did not indicate this level of change in his mental status as found in the medical treatment records I reviewed previously dated 06/18/2013 until 12/16/2013. Based on the new information from Dr. Saks, it is my opinion that the employee was fully disabled on 06/02/2014 and was incapable of providing any useful and efficient service in any single position anywhere in the City of Tampa, either with or without ADA accommodations.”

Ms. Neagu made a staff recommendation for the Board to approve the disability retirement application for Edwin Cirino.

MOTION: (Little/Muniz) Motion was made by Sonya Little to approve the disability status for Edwin Cirino. Motion was seconded by Julio Muniz. MOTION CARRIED.

VI. Staff Report

1) Portfolio Performance Review – August 2016

ACG reviewed the monthly report for the period ending August 31, 2016.

The market value of the total fund was approximately \$655 million at August 31, 2016. Equity and fixed income markets were relatively flat for the month as the total portfolio finished up slightly with a positive 35 basis point return in the month.

The fiscal year to date return should finish strong if markets hold ground in the last few days of September. The fiscal year to date return through August 31, 2016 was 9.05%. The fund’s longer-term performance is tracking about in-line with the policy index. Over the trailing three years ending August 31, 2016, the fund is up 7.21% annualized compared to the policy index which is up 7.30% annualized. Over the five year period ending August 31, 2016 the fund is up 8.63% annualized compared to the Policy Index of 8.51% annualized.

2) September Liquidity Needs

ACG recommended the liquidation of \$4.6 million from CBRE Clarion to meet September cash needs as that portfolio is ultimately being liquidated at such time as Blackstone, the new opportunistic real estate fund begins to call capital. ACG also recommended that CBRE Clarion be the source of cash should Blackstone call capital prior to the next Board meeting.

MOTION was made by Steve Kenny to approve the liquidation of \$4.6 million be taken from CBRE Clarion to fund September benefit payments. Motion was seconded by Stephen Hill. MOTION CARRIED.

3) Investment Policy Update

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Ms. Neagu advised the Board that the Investment Policy Statement was updated in September 2016 and a redlined version of the document was included on pages 17 – 61 of the Board Agenda packages. The updates are merely housekeeping items and include the elimination of investment manager GW Capital, the inclusion of LMCG, and the inclusion of commingled fund language on the UBS manager guidelines and exceptions as well as the inclusion of a statement of applicable guidelines and objectives and exceptions for Taplin, Canida & Habacht.

MOTION was made by Stephen Hill to approve the update/change of managers and our revised investment policy. Motion was seconded by Karl Craig. MOTION CARRIED.

A discussion ensued about a potential capital call with Blackstone that would likely occur prior to the October 18, 2016 Board meeting. Ms. Neagu and Mr. Pulos advised the Board that we need to put steps in place to be prepared as Blackstone will potentially call 50 % (\$10 million) to 100% (\$20 million) of the commitment.

MOTION: (Muniz/Little) Motion was made by Julio Muniz to approve the liquidation needed for the Blackstone capital call with funds from CBRE Clarion prior to the October board meeting. Motion was seconded by Sonya Little. MOTION CARRIED.

4) International Equity Manager Presentations

a) **Aberdeen Asset Management**

Maree Mitchell, Sr. Equity Specialist

Matt DiNallo, Client Relationship Manager

Aberdeen views environmental, social and governance (ESG) factors as fundamental to understanding all of the risks that the companies we invest in, face. As such, we incorporate ESG into our investment analysis and decision making process. Our investment teams initially focus on the quality of the company's business, management and governance, and consider environmental and social factors as secondary indicators of the overall quality of the business and management. In the past, we had a separate responsible investing team that undertook analysis parallel to the fundamental equity research carried out by the regional teams. Now we are moving to a more enhanced model with the aim of embedding individual Responsible Investing (RI) analysts within each of the regional investment teams. This will better integrate environmental and social issues into our company analysis and improve the quality of our engagement with companies. This comes as the regulatory, reputational and financial risks of companies failing to meet their environmental and social responsibilities is increasing and as such, are key risks we must consider as investors and owners of businesses. Recently, Evie Paterson joined our London-based GEM team as a Responsible Investing analyst.

Moving onto the portfolio's performance, we have included the YTD to end August 2016 numbers. Looking back, 2015 was a challenging year for Emerging Markets "EM" which underperformed developed markets by 14% with large outflows, about \$68bn, out of the asset class globally. We managed to outperform in 2015 with strong stock selection, but currency was negative due to our underweight to China, Korea and Taiwan and our

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overweight to Brazil and Turkey. Year to date to end August 2016, asset allocation and stock selection have both been positive and we have outperformed by 421 basis points. A reversal from last year, our underweight to China and overweight to Brazil has been a positive. We also benefited from strong stock selection in China, Korea, India, Philippines, Taiwan and Poland. Year to date sentiment towards EM has improved with The U.S. Federal Reserve Bank “The Fed” holding off increasing interest rates, commodity prices stabilizing, and political changes in Brazil all helping sentiment towards EM which has resulted in EM outperforming developed markets (the MSCI World index) by 940 basis points year to date to end of August. We have also started to see flows back into the asset class with investors starting to recognize the attractiveness of the asset class again.

In regards to portfolio activity, we added two new stocks to the portfolio. One was Naver Corp which is Korea’s top search portal and has a global mobile messenger service called Line which is a major player in Japan, Thailand, Taiwan and Indonesia. It has strong fundamentals and net cash flows. We also bought Tata Consultancy which is India’s largest IT services organisation and among the top IT services corporations globally. It has a solid balance sheet and a good client mix. We sold a very small residual holding in South32 which had been a spinoff from BHP Billiton. In addition, SABMiller was bid for by ABInBev and will go out of the portfolio once the deal is done.

Focusing on our outlook, China’s growth is stabilizing. It is set to slow as they restructure from an export and investment led economy to a more sustainable model with consumption and services as its growth pillar. So we have been seeing an increase in jobs in logistics, financial services, IT, and residential services. The Fed holding off on increasing interest rates is a positive for EM sentiment, and the feeling is that rates will be lower for longer which is also a positive for EM. Earnings overall have been pretty decent in EM. If you stripped out commodity and energy companies last year, in local currency terms, earnings were up about 10%. This year we are expecting around 6-8% earnings growth in local currency terms. This is pretty decent compared to many developed market companies. In the last three years, we have seen many positive election results in EM with pro-business, pro-reform parties coming into power in the likes of India, Indonesia and now positive changes in Brazil too. We believe these new governments will make the right moves to get their economies going again. Finally, valuations continue to look attractive when compared with historical valuations within EM and against developed markets. The next few months may be volatile as we wait for the U.S. election results, but hopefully after that investors will focus back on fundamentals and like us, see the attractiveness of the Emerging Markets asset class.

b) Fisher Investments

Alyssa B. Koral Vice President, Relationship Manager
Tony Wang, Vice President, Relationship Manager

Fisher Investments assets under management at all-time highs; the firm is doing very well in terms of new client acquisition and existing client retention. CEO and founder, Ken

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Fisher, elevated Damian Ornani, the President of Fisher Investments to CEO effective July 1, 2016; Ken Fisher remains a full time portfolio manager at the firm and will continue to do so for the foreseeable future. Fisher Investments employs macroeconomic overlay utilizing economic, political and sentiment drivers to determine positioning within an economic cycle. The Fisher Investments Developed International Equity portfolio has performed in line with the market index (MSCI EAFE) for the time period covering January 1, 2016 through August 31, 2016. Key performance factors which contributed to the portfolio's outperformance in full-year 2015 hurt the portfolio's relative performance during the first half of 2016 – this deterioration of excess return has sharply rebounded in July and August. Fisher Investments remains confident in their current portfolio positioning and looks to expand on its excess return delivery for the balance of 2016 continuing into 2017.

5) Resolution 2016-07 ARCP Litigation Agreement

Ms. Neagu advised the Board that this was a follow up item from the July Board meeting as we have secured the agreement from the Polaszek Law Firm. Resolution 2016-07 is listed on pages 62 – 63 of the Board Agenda Packages and the Agreement with the Polaszek Law Firm is listed on pages 64 – 66. Page 67 includes an email from Morgan & Morgan in which they consent to the Polaszek Law Firm substituting as counsel of record in the pending ARCP litigation.

MOTION was made by Sonya Little to approve Resolution 2016-07 ARCP Litigation Agreement and to approve the Agreement with the Polaszek Law Firm. Motion was seconded by Julio Muniz. MOTION CARRIED.

6) Forfeiture Procedures – 2nd Reading

Ms. Neagu directed the Board to page 68 of the Agenda Packages and provided a summary of the forfeiture procedures.

MOTION was made by Steve Kenny to approve the forfeiture procedures. Motion was seconded by Karl Craig. MOTION CARRIED.

7) Resolution 2016 – 08 Department of Administrative Hearings Agreement

Ms. Neagu reviewed Resolution 2016-08 with the Board and advised that the Administrative Law Judge Services Contract with the State of Florida, Division of Administrative Hearings (DOAH) is listed on pages 71 – 74.

MOTION was made by Julio Muniz to approve Resolution 2016-08 and the Administrative Law Judge Services Contract with DOAH Motion was seconded by Stephen Hill MOTION CARRIED.

8) Resolution 2016 – 09 Blackstone Subscription Agreement and Side Letter

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Ms. Neagu advised the Board that the legal negotiations were complete with Blackstone and copies of the subscription agreement and side letter agreement were passed out to Board members. Resolution 2016-09 is listed on pages 75 – 76 of the Board Agenda packages.

MOTION was made by Steve Kenny to approve Resolution 2016-09 and the Blackstone Subscription and Side Letter Agreements. Motion was seconded by Derwin Bright. MOTION CARRIED.

9) DROP Rate of Return for the Period 10/01/15 – 06/30/16 - Option 1

Ms. Neagu directed the Board to the DROP Option #1 rate of return calculation on page 78 and advised the rate of return was 4.44% for the period of 10/01/2015 – 06/30/2016.

MOTION was made by Sonya Little to approve the DROP Option 1 Rate of Return of 4.44%. Motion was seconded by Steve Kenny. MOTION CARRIED.

10) DROP Rate of Return for the Period 10/01/15 – 06/30/16 - Option 2

Ms. Neagu directed the Board to the DROP Option #2 rate of return documentation on page 80 and advised the rate of return was 0.07% for the period of 10/01/2015 – 06/30/2016.

MOTION was made by Steve Kenny and Julio Muniz to approve the DROP Option 2 Rate of Return of 0.07%. Motion was seconded by Kenny/Muniz. MOTION CARRIED.

11) JP Morgan Money Market Daily Rate of Return – 09/01/2016

Ms. Neagu directed the Board to the JP Morgan Money Market daily rate of return documentation on 82 and advised the annualized rate of return as of 09/01/2016 was 0.19%

MOTION was made by Julio Muniz to approve the Money Market daily rate of return of 0.19%. Motion was seconded by Derwin Bright. MOTION CARRIED.

VII. Old Business

- 1) Retirement Education Plan
- 2) Forfeiture Education Plan
- 3) Outstanding Disability Application: Job Yulee (Scheduled for the October meeting)

VIII. Consent Agenda

Ms. Neagu advised that the Consent Agenda has been reviewed and the items listed are true, correct, and have been evaluated and audited for accuracy. Justin Vaske has reviewed all the legal invoices.

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Retirement Benefits & Estate Payments:

Longevity Retirements, DROP Entrants, DROP to Longevity, Deferred Retirements, Disability Retirement, Survivor Benefits, Estate Payments

Monthly Invoices:

- 1) City of Tampa Reimbursement – July/August 2016 - \$54,055.25

Deducted from Account:

- 1) Long Wharf Real Estate Partners – FREG III – Q2 2016 - #3,669.39

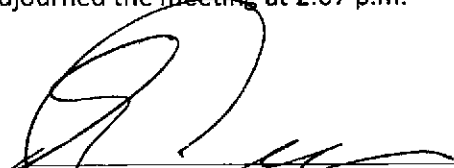
Miscellaneous Invoices:

- 1) Shumaker, Loop & Kendrick, LLP - #532555 - \$595.00
- 2) Tampa Occupational Health Services – Allan Barber - \$500.00
- 3) Tampa Occupational Health Services – Edwin Cirino - \$250.00
- 4) Tampa Occupational Health Services – Leonard Hart - \$150.00
- 5) Tampa Occupational Health Services – Brenda Larry - \$1,200.00
- 6) Workhealth Occupational Medicine Clinic – William Ernst - \$1,200.00

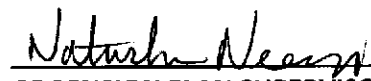
MOTION: (Little/Craig) Motion was made by Sonya Little to approve the Consent Agenda. Motion Seconded by Karl Craig. MOTION CARRIED.

IX. Adjournment

There being no further business, Chair Carrera adjourned the meeting at 2:07 p.m.



BOARD CHAIRMAN - Ernest P. Carrera



GE PENSION PLAN SUPERVISOR – Natasha Neagu
& RECORDING SECRETARY