



**GENERAL EMPLOYEES' RETIREMENT FUND  
BOARD OF TRUSTEES - REGULAR MEETING MINUTES  
TUESDAY – DECEMBER 19, 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 19<sup>th</sup> day of December, 2017 at the Fire & Police Pension Fund, 3001 N. Boulevard, Board Meeting Room, Tampa, FL 33603.

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

**Consultants to Board:** Jason Pulos and Nathan Burk - Asset Consulting Group (ACG); Mark Meyer and Michaela Perez – 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 Chairmen; Steve Kenny, Trustee; Andy Waitman, Trustee.

Derwin Bright, Trustee arrived at 1:03 p.m. Sonya Little, Trustee arrived at 1:20 p.m.

Ms. Wiederholt advised that at this time, a new Mayoral Appointee had not yet been selected for Alan Weiner's term which expired on October 31, 2017.

**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 November 14<sup>th</sup>, 2017 meeting.

**MOTION: (Waitman/Kenny) Motion was made by Andy Waitman to approve the minutes from the November 14, 2017 Board Meeting. Motion was seconded Steve Kenny. MOTION CARRIED.**

**IV. INTRODUCTION OF MICHAELA PEREZ, FSA, EA – AON HEWITT**

Ms. Wiederholt introduced Mr. Mark Meyer and Ms. Michaela Perez to the Board. Mr. Meyer advised that he and Ms. Perez would now be working with the Board on actuarial matters, replacing the team members from AON Hewitt the Board had previously worked alongside. Mr. Meyer and Ms. Perez discussed their professional backgrounds, along with their experiences within AON Hewitt. Ms. Perez elaborated on AON Hewitt's current services provided and advised that they would be submitting a bid to

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the General Employees' Retirement Fund's actuarial services RFP in order to continue to provide the Board with their actuarial services.

**V. STAFF REPORT**

- 1) Portfolio Performance Review – November 2017**
- 2) December 2017 Liquidity Needs & Rebalancing Analysis**

Ms. Wiederholt advised that Jason Pulos and Nathan Burk of Asset Consulting Group (ACG) were not in attendance at the Board meeting as their current contract does not require their attendance at all meetings. Ms. Wiederholt conducted the portfolio performance review and advised of the liquidity needs to fund December 2017 benefit payments.

The market value of the Total Fund at the end of November 2017 was \$733.5M, which was up \$2.2M from the end of October 2017 (\$731.3M) as equity returns advanced during November. Calendar year-to-date, the largest drivers of performance were non-U.S. equity (24.7%), followed by large cap equity (22.4%) and small cap equity (18.3%). The 2017 year-to-date rate of return (gross of fees) for the Total Fund was 16.07% ahead of the Policy Index of 14.19%.

The Fund's longer-term performance continues to track above the Policy Index. Over the three-year period ending November 30, 2017, the Fund is up 7.07% annualized compared to the Policy Index of 6.97%. Likewise, over the five-year period ending November 30, 2017, the Fund is up 9.62% compared to the Policy Index of 9.15%. Over the ten-year period ending November 30, 2017, the Fund is up 5.99% compared to the Policy Index of 5.65%.

Ms. Wiederholt directed the Board to the Cash Flow Projection and advised of the Fund's liquidity needs of \$4.6M for the month of December. ACG prepared the Rebalancing Analysis and recommended that \$2M be raised from Wellington small cap, \$2M from Ivy Investments large cap growth and \$600K from ClariVest small cap growth.

Equities remain overweight which is desirable today. The portfolio would maintain a larger overweight to non-U.S. equity which is consistent with ACG's current Relative Asset Class Rankings and outlook. ACG recommended sourcing funds from the domestic growth managers opposed to the value managers. This is a result of the recent funding into value and the significant run up in growth benchmarks relative to value benchmarks over the last twelve months. Year-to-date the Russell 1000 Growth is up 29.55% versus the Russell 1000 Value which is up only 13.05%. In domestic small cap, the Russell 2000 Growth is up 19.75% versus the Russell 1000 Value which is up only 7.04% year to date. Both make domestic value stocks potentially more attractive from a valuation perspective than growth stocks currently.

Because we are now essentially at target in small cap and beginning to get further overweight to the targets in non-U.S. equity, and the fact that Marathon-London only offers monthly liquidity at the end of the month, which would require holding the cash over until the next month due to timing of payments versus availability of liquidity, we may need to consider raising two months' worth of cash in January.

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**MOTION: (Hill/Kenny)** Motion was made by Stephen Hill to source \$2M from Ivy Investments, \$2M from Wellington and \$600K from ClariVest to meet December liquidity needs. Motion was seconded by Steve Kenny. **MOTION CARRIED.**

**3) Fidelity Real Estate Growth Fund III Distribution and Final Dissolution Notice**

The Board was directed to review correspondence received from Long Wharf Capital, Fidelity Real Estate Growth Fund III indicating that distributions from the sale of a specified property were made at the end of November 2017 and the General Employees' Retirement Fund's pro rata share was \$108,486.00. Follow-up correspondence was also included noting that all 33 investments had been realized and the Fidelity Real Estate Growth Fund III will formally dissolve on December 31, 2017. A small final distribution will be made to investors in late December 2017. The final quarterly report will be available in early February 2018 and the final audited financial statements will be available in April 2018.

**4) Update on Overpayments: William Russell & Wilma White**

Ms. Wiederholt reminded the Board of the previous discussion regarding these individuals and advised she and Board Attorney Justin Vaske met with the City's attorney and an outside attorney regarding the same to ascertain best next steps.

Wilma White

During the annual 2016 Division A Survivor Remarriage Audit, it was discovered that this pensioner had passed in October 2015 and did not show up in any previous death reports. Upon review, it was noted that Ms. White had been overpaid from November 2015 to June 2016. Her pension benefit was suspended in July 2016 for non-compliance with the audit. At the time her death was discovered in 2017, no estate had been filed with the state of North Carolina and presently no estate has yet been filed. The recommendation of the attorneys was to write off the debt as the negligible amount will be exceeded by the legal fees accumulated to pursue payment.

William Russell, Sr.

Mr. Russell was a surviving spouse of a Division A retiree and had been collecting benefits since 1994. During the 2016 Division A Survivor Remarriage Audit it was discovered that Mr. Russell remarried and did not advise the Fund timely, thus resulting in an overpayment of benefits from June 2011 to February 2016. Upon discovery of the remarriage Mr. Russell's benefit amount was adjusted in compliance with Section 12(A)(1)(a) of the Retirement Law and a repayment plan was implemented. Mr. Russell passed away several months thereafter, leaving a remaining balance at the time of his death in October 2016. The external attorney suggested drafting a caveat on the estate to provide notice of a creditor seeking payment.

Significant discussion followed regarding these individuals and the recommended path to resolution. It was noted that another option would be to send correspondence (that was not legal filing) requesting assistance from the heirs for resolution. It was noted that outreach attempts had been made to the heirs of Ms. White without success, and that the same could be done for Mr. Russell. The City's attorney advised that the status of the estates being what they are, he did not imagine it would be successful, but could certainly be attempted. Additional discussion unfolded regarding how payments continued to be accepted by Ms. White's bank due to her death, and outreach to the bank itself regarding repayment as well.

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It was determined that correspondence would be drafted and sent out to the legal heirs of William Russell, Sr. and Wilma White's bank to collect the outstanding balances owed.

**5) Biennial Pension Verification Questionnaire Audit Procedures (1st Reading)**

Handouts were provided to the Board with a first version of the Biennial Pension Verification Audit Procedures and Questionnaire. The questionnaire contained relevant demographic information related to receiving members' current status. The information requested relates to members' current mailing addresses, additional contact information, marital status, etc. Ms. Wiederholt advised that this practice should be utilized to ensure that the Retirement Fund not only has current information on its members but to facilitate the more timely capture of information to avoid future overpayments of pension benefits. It was also noted that the Fire & Police Pension Fund currently utilizes a similar survey and audit process.

Discussion ensued regarding the questionnaire and potential adjustments that could be made to ensure effectiveness. Mr. Hill noted that perhaps sending it annually would result in less room for error should an individual fail to report a change timely. Ms. Little advised that it would be wise to check in with the Department of Human Resources to ensure there is no conflict with the process from a Union standpoint as well prior to implementation. Mr. Kenny suggested the inclusion of a question on the questionnaire as to whether the member had named an agent-in-fact and executed a Power of Attorney document. The Board had a discussion relating to the best time of year to conduct the audit and determined that the first quarter would be ideal. Ms. Wiederholt advised the Board to review it and advise if there are any additional changes that would be made and to follow-up with her regarding same.

A second reading of the procedures will be conducted at the January 2018 Board meeting.

**6) Proposal for Paperless Board Meetings**

Ms. Wiederholt provided the Board members with handouts regarding a proposed paperless procedure for monthly Board meetings. Information was provided on the costs associated with purchasing a secure login-access only website that would allow Board Members to download meeting materials on-the-go rather than the more cumbersome and, in the long-term, more costly process currently in place. A conversation ensued regarding the different options that would be available for devices, and how accessibility functioned. It was determined that the best course of action would be to complete a trial version of the paperless process in conjunction with the traditional process for the month of January.

**MOTION: (Waitman/Little) Motion was made by Andy Waitman to move forward with the procurement of a secure website to test the paperless Board meeting procedure. Motion was seconded by Sonya Little. MOTION CARRIED.**

<b>VI. CONSENT AGENDA</b>
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Ms. Wiederholt advised that the Consent Agenda has been reviewed and the items listed are true, correct, and have been found to be accurate. Board Attorney Justin Vaske has also reviewed all the legal invoices.

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DROP Rates of Return

- 1) DROP Rate of Return for Period Oct. 1, 2016 – Sept. 30, 2017 - Option #1
- 2) DROP Rate of Return for Period Oct. 1, 2016 – Sept. 30, 2017 – Option #2
- 3) Northern Trust Government Short-Term Investment Fund – Daily Rate of Return – Dec. 1, 2017

Retirement Benefits & Estate Payments:

Early Retirements, Longevity Retirements, DROP Applications, DROP Exits, Deferred Retirements, Survivor Allowances, Estate Payments

Monthly Invoices:

- 1) City of Tampa Reimbursement – November 2017 - \$21,743.43

Quarterly Invoice:

- 1) State Street Global Advisors - #SSGABA2595457 – Q3 2017 - \$8,854.81

Annual Invoice:

- 1) AON Consulting, Inc. - #M10-0194410 - \$10,000.00

Auto-Deducted:

- 1) Blackstone - Q3 2017 – Base & Upper Tier Fees - \$50,511.00
- 2) Marathon-London Int'l Group – November 2017 - \$23,297.00

Miscellaneous Invoices:

- 1) Ford & Harrison - #705883 - \$50.00
- 2) Ford & Harrison - #705884 - \$66.51
- 3) Saxon, Gilmore & Carraway, P.A. - #55616 - \$321.00
- 4) Steve Kenny – FPPTA CPPT Re-Certification Fee - \$30.00

**The Board Chairman requested a unanimous approval of the consent agenda, and there were no objections to same. MOTION CARRIED**

**VII. ADJOURNMENT**

There being no further business, Chairman Ernest Carrera adjourned the meeting at 1:48 p.m. and advised the Board that the next meeting would be held on January 16, 2018 at the Fort Brooke Garage, 3<sup>rd</sup> Floor Conference Room, 107 N. Franklin Street, Tampa, FL 33602.

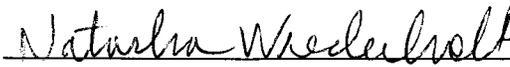
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BOARD CHAIRMAN – Ernest P. Carrera



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GE PENSION PLAN SUPERVISOR – Natasha Wiederholt  
& RECORDING SECRETARY