The Board of Trustees for the General Employees’ Retirement Fund convened in a regular session at 1:00 p.m. on this 15th day of August, 2017 at the Fire & Police Pension Fund, 3001 N. Boulevard, Board Meeting Room, Tampa, Florida 33603.

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

**Consultants to Board:** Jason Pulos and Nathan Burk - Asset Consulting Group (ACG); 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; Derwin Bright, Trustee; Karl Craig, Trustee; Steve Kenny, Trustee; Sonya Little, Trustee

Ms. Wiederholt advised the Board she received prior notification that Trustee Alan Weiner would not be in attendance, and that Trustee Sonya Little would be running late. Ms. Little arrived at 1:42pm.

### 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 July 18th, 2017 meeting. It was noted by Mr. Hill that his first name was spelled incorrectly in the motion regarding independent transaction cost analyses. Mr. Hill also requested a change in verbiage regarding the requested actions in the motion. The motion is to be rephrased to “Motion was made by Stephen Hill to ask staff and ACG to contact the investment managers to provide independent transaction cost analyses and to provide reports of brokerage transactions and associated costs.”

**MOTION:** (Hill/Kenny) Motion was made by Stephen Hill to approve the minutes from the July 18th, 2017 Board meeting. Motion was seconded Steve Kenny. **MOTION CARRIED.**

### IV. DISABILITY RETIREMENT HEARING

**Job Yulee**
Ms. Wiederholt introduced Mr. Job Yulee and his attorney, Ms. Tonya Oliver to the Board. Ms. Wiederholt advised this was a lengthy ongoing case that had been discussed at previous Board Meetings, and provided a detailed summary of Mr. Yulee’s disability retirement application and the comprehensive medical evaluations received by the Board’s independent medical examiners. The Board was advised that new supporting documentation had become available from the Social Security Administration, who had recently found that Mr. Yulee met their standards to be considered disabled. A conversation ensued regarding this being at odds with the findings of the occupational health doctors’ assessments. Based on the new details provided from the Social Security Administration that were in support of the Workman’s Compensation decision of his being totally disabled, a motion was made.

**MOTION:** (Craig/Kenny) Motion was made by Karl Craig to approve Mr. Yulee’s disability retirement application based on supporting documentation provided. Motion was seconded Steve Kenny. **MOTION CARRIED**

### V. U.S. LARGE CAP EQUITY MANAGER PRESENTATIONS

**a) Dodge & Cox**

As of June 30, 2017, Dodge & Cox managed $87.6 million for the City of Tampa, General Employees’ Retirement Fund. Ms. Marshall reviewed the firm, performance, portfolio positioning, and Dodge & Cox’s market outlook.

Ms. Marshall’s key messages were as follows: Dodge & Cox remains a stable firm with a consistent, research-intensive, value-oriented and long-term investment approach. The investment team managing the City of Tampa, General Employees’ Retirement Fund portfolio at Dodge & Cox is experienced and stable. As of June 30, 2017, the portfolio had strong absolute and relative returns versus the Russell 1000 Value Index, outperforming during the 3 month, YTD, Fiscal YTD, 1 Year, 3 years, 5 years, 10 years and since inception time periods. Ms. Marshall reported on the current portfolio positioning and characteristics and highlighted the portfolio additions to pharmaceutical and energy companies and trims to technology and financial firms. Lastly, Ms. Marshall discussed Dodge & Cox’s tempered market outlook but with optimism for the portfolio given positioning and signs of economic growth and strong corporate earnings. Ms. Marshall responded to inquiries regarding financials investments in the portfolio and the potential impact of higher interest rates.

**b) Ivy Investments (Waddell & Reed)**

Lynne Goodwin and Brad Klapmeyer from Ivy Investments provided an update on the firm and the Large Cap Growth strategy they manage for the City of Tampa, General Employees’ Retirement Fund. As of July 31, 2017, Ivy Investments managed approximately $86 million for the Fund. They have been managing domestic equity assets for the Fund since December 2004. Year-to-date, through July 31, 2017, the strategy returned 17.92% which outperformed the Russell 1000 Growth Index return of 17.02%. Trailing year through July 31, 2017, the Fund returned 17.76% which was behind the Russell 1000 Growth return of 18.05%. Since inception through July 2017, Ivy Investments has advanced 10.38% annualized versus the 9.62% annualized return of the index.
With a continued focus on identifying franchise growth companies with sustainable competitive advantages, they stressed concentration on fewer LCG companies within the strategy. Typically, there are 45-60 holdings. Currently, there is an overweight in the Information Technology and Financials with a slight overweight in the Health Care and Energy sectors. The largest underweight sector continues to be Consumer Staples stocks due to their relatively rich valuations and limited growth prospects.

We continue to expect a slow rate of economic growth, low inflation and moderate and improving profit growth, usually ideal conditions for growth stocks. We maintain conviction in our largest holdings, including Alphabet, Microsoft, MasterCard, Facebook, Amazon and Lam Research. We believe such companies can thrive in this environment. We do not see great chances for recession on the horizon, as we believe the economic excesses that contribute to economic cycles still aren’t apparent and the prospect for continued growth of cash flows and profits remains strong.

VI. INVESTMENT GUIDELINES DISCUSSION & REVIEW OF SPECIAL ACT

Ms. Wiederholt introduced Jessica West of Shumaker, Loop & Kendrick, LLP and Jim Culbret (via conference call) and provided background for the Board regarding the investment guidelines and the previous request to review the language in The Retirement Plan for City of Tampa General Employees’ Retirement Fund – Special Act of the Florida State Legislature – Chapter 23559, Special Act of 1945 for any necessary updates. Trustees were provided with a mock-up of the Special Act that had been drafted. The Board reviewed the changes that were noted, including minor changes, such as expanded definitions of verbiage included, to more significant changes regarding most up-to-date IRS information and types of allowable investments. It was noted that the changes to verbiage offered the flexibility that was requested at last month’s meeting regarding investment types. Ms. Wiederholt advised that, if approved, the next steps would be to meet with the City Administration to discuss sponsoring and submitting a bill to the Florida State Legislature to make the changes to the Special Act.

MOTION: (Hill/Kenny) Motion was made by Stephen Hill to direct staff to meet with the Administration to discuss sponsoring a bill to the Florida State Legislature to make the revisions to the Special Act as written. Motion was seconded by Steve Kenny. MOTION CARRIED

VII. ACTUARIAL RATE OF RETURN DISCUSSION

Ms. Wiederholt introduced Stephen Lambert-Oswald and Mark Meyer of AON Hewitt to the Board to review the quantitative analysis they prepared on reducing the actuarial rate of return assumption and the impact various scenarios would have on the unfunded liability, funded ratio of the pension fund and projected employer contributions.

Mr. Lambert-Oswald reviewed several scenarios with the Board of the impact of reducing the rate of return assumption down to 7.75% or 7.5% in a single year as well as the impact of phasing the reduction in return assumption down to 7.75% or 7.5% over a 5 year timeframe by 5 or 10 basis points annually.
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A discussion ensued amongst the Board members of reducing the rate of return assumption. National and local metrics on the rate of return assumptions used by other public pension funds were discussed and it was noted that 7.6% was the national average as well as the average for Florida public pension plans with AUM > $500M.

Ms. Little inquired about the funding ratio and which level was considered to be healthy. It was noted that funding ratios could be considered in two different contexts. The first is the context of the funding ratio as the funding target, or the ultimate funding goal. Public pension plans generally have a funding policy targeting full funding, i.e. a 100% funding level. The second context is the funding ratio as a general indicator of a pension plan’s health at a specific point in time. The federal government uses an 80% threshold for private sector pension plans. In addition, the 80% threshold is used by credit rating agencies as a general indicator of a public plan’s financial health; but the funded ratio is only one of many factors used in the analysis of a government’s pension obligations. The current funded ratio of the General Employees’ Retirement Fund is 89%.

Mr. Carrera noted that it would make sense to phase in a reduction in the actuarial rate of return assumption down to 7.5% by 10 basis points per year over a 5 year period. Mr. Hill agreed that 7.5%
would be an appropriate rate of return assumption, stating 7.75% to be too high. Ms. Little advised the Board that increased contributions in the upcoming years would be difficult years for the City from a budgetary standpoint and favored the 5-year phased down approach to reducing the return assumption as opposed to a reduction in a single year.

**MOTION:** (Hill/Kenny) Motion was made by Stephen Hill to reduce the rate of return assumption from 8% to 7.9% effective January 1, 2018 and an additional 10 basis points per year over the next five years until it gets to 7.5%. Motion was seconded by Steve Kenny. **MOTION CARRIED**

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### VIII. STAFF REPORT

1) Portfolio Performance Review – Q2 2017 – Jason Pulos, ACG
2) Portfolio Performance Review – July 2017 – Jason Pulos, ACG

ACG reviewed the quarter report for the period ending June 30, 2017 and the monthly report for the period ending July 31, 2017.

The one year gross of fees return of the Total Fund as of June 30, 2017 was 15.26% which was 2.85% above the return of the Policy Index and ranked in the top 7% of the Public Fund Universe. The net of fees return for the Fund for the trailing one year was 14.65%. As of July 31, 2017 the total fund value stood at approximately $705.6 million which was up approximately $10 million from the prior month end. Through July 31, 2017 the fund is up 12.09% gross of fees on a fiscal year to date basis which is 2.15% above the Policy Index for the same period. Over the five year period ending July 31, 2017 the Fund is up 9.8% gross of fees annualized compared to the policy index of 9.1% for the same time period.

3) August 2017 Liquidity Needs

Ms. Wiederholt advised the Board that $4.2M was needed in order to fund the benefit payments for the month of August. ACG recommended the liquidation of $4.2 million from the Wellington small cap equity strategy to provide for the liquidity needs for the month.

**MOTION:** (Hill/Kenny) Motion was made by Stephen Hill to approve the liquidation of $4.2M from Wellington to fund benefit payments for the month of August. Motion was seconded by Steve Kenny. **MOTION CARRIED.**

4) Guideline Breach – Fisher Investments

Due to time limitations, Ms. Wiederholt advised this item would be tabled until the following month’s meeting when Fisher Investments would be on-site to discuss this request with the Board.

5) Semi-Annual Trading Evaluation Analysis & Review of Brokerage Transactions and Associated Costs

Mr. Pulos of ACG and Ms. Wiederholt updated the Board regarding the status of the analysis and review from the separately managed accounts. Most investment managers advised that a brokerage report and trading costs analysis would be available semi-annually. Mr. Hill requested that ACG and Ms. Wiederholt
obtain more information from the commingled investment manager accounts regarding the availability of brokerage reports and trading cost analyses and to revisit the discussion at a future meeting.

6) Disability Re-Examination Audit

Ms. Wiederholt provided the Board with an overview of the 2017 Disability Re-Examination Audit. She advised the Board that four individuals were selected for the audit in accordance with the Board's procedures. Current medical records were obtained for these individuals and were sent to the Board's independent medical examiner for a review and determination of their continuing disability. Of these four cases, three were able to be reviewed and determined as still meeting the requirements of being permanently disabled. One individual has only recently been located with the assistance of a private investigator, and it was determined that the individual is incapacitated and is currently residing in a rehabilitation facility. It was noted that the General Employees' Retirement Fund staff was working with the family of the remaining individual regarding outstanding benefits.

IX. CONSENT AGENDA

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

Auto-Deducted:
1) Brandywine - #20170630-482-4233-A – Q2 2017 - $68,895.43
2) Marathon-London International Group – July 2017 - $22,539.00
3) UBS – Q2 2017 - $94,040.41

Quarterly Invoices:
1) Aberdeen - #81091 – Q2 2017 - $87,975.34
2) CBRE Clarion - #20170622-146-137-A – Q2 2017 - $29,068.63
3) Clarivest - #128096 – Q2 2017 - $38,687.32
4) Dodge & Cox - #40789 – Q2 2017 - $73,010.80
5) Fisher Investments - #JJ4255-0001 – Q2 2017 - $120,911.55
6) SSGA - #SSGABA2529202 – Q2 2017 - $8,774.97
7) Taplin, Canida & Habacht – Q2 2017 - $35,769.81
8) Waddell & Reed - #305015 – Q2 2017 - $98,954.33

Miscellaneous Invoices:
1) Division of Administrative Hearings - #004483A - $1,438.15
2) Ford & Harrison - #696986 - $617.00
3) Ford & Harrison - #696987 - $3,221.75
4) Ford & Harrison - #696988 - $280.87
5) Ford & Harrison - #696989 - $6,298.52
6) Ford & Harrison - #696990 - $375.00
GENERAL EMPLOYEES’ RETIREMENT FUND
BOARD OF TRUSTEES - REGULAR MEETING MINUTES
TUESDAY – AUGUST 15, 2017 - 1:00 P.M.

7) Ford & Harrison - #696991 - $72.00
8) Shumaker, Loop & Kendrick, LLP - #000641471 - $2,607.50
9) Travel Reimbursement – 2017 Public Funds Summit East (Carrera) - $127.51

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

X. ADJOURNMENT

There being no further business, Chairman Ernest Carrera adjourned the meeting at 3:44p.m. and advised the Board that the next meeting would be held on September 19th, 2017 at the Fire & Police Pension Fund, 3001 N. Boulevard, Tampa, FL, Board Meeting Room.

BOARD CHAIRMAN – Ernest P. Carrera

GE PENSION PLAN SUPERVISOR – Natasha Wiederholt
& RECORDING SECRETARY