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 February, 2018 at the City of Tampa, Fire & Police Pension Fund, 3001 N. Boulevard, Board Meeting Room, Tampa, FL 33603.

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

Consultants to Board: Jason Pulos - 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 Chairman; Steve Kenny, Trustee; Sonya Little, Trustee; Derwin Bright, Trustee. Andy Waitman, Trustee arrived at 1:05 p.m.

At this time, a new mayoral appointee had not yet been selected.

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 January 16, 2018 meeting. Stephen Hill requested that the motion on Staff Report - Item 6) Investment Consultant Services RFP - be updated to reflect the following additional language, “Motion was made by Stephen Hill to direct staff to revise the RFP as discussed and to reach out to Board members to obtain and incorporate their feedback into the RFP.” Ms. Wiederholt stated the requested revision to the minutes would be made.

MOTION: (Little/Hill) Motion was made by Sonya Little to approve the minutes from the January 16, 2018 Board Meeting. Motion was seconded Stephen Hill. MOTION CARRIED.

IV. DISABILITY RETIREMENT HEARING - TERRY DAVIS

Ms. Wiederholt briefed the Board on the comprehensive medical evaluation reports that were
received from the Board’s independent medical examiners.

We received a comprehensive evaluation/medical report from Eniola Owi, M.D. dated January 4, 2018. It states in relevant part, “After review of medical history and examination, it is my opinion that Mr. Davis is incapable of usefully and efficiently performing any job within the City of Tampa.”

A comprehensive evaluation/medical report dated January 17, 2018 was also received from Robin R. Hughes, M.D., M.P.H. It states, “Based upon review of Mr. Davis’ medical records, his independent medical exam by Dr. Owi and my evaluation today, it is this examiner’s opinion that Mr. Davis is incapable of useful and efficient service within the City of Tampa. His condition is permanent and progressive in nature with poor prognosis per AMA Guidelines for Workability and the American College of Occupational Medicine Treatment Guidelines Medical Disability Advisor by Reed.”

Ms. Wiederholt made a staff recommendation for the Board to approve the disability retirement application for Mr. Davis.

**MOTION:** (Kenny/Bright) Motion was made by Steve Kenny to approve the disability retirement application for Terry Davis. Motion was seconded by Derwin Bright. **MOTION CARRIED.**

**V. STAFF REPORT**

1) Portfolio Performance Review – Q4 2017 – Jason Pulos, ACG
2) Portfolio Performance Review – January 2018

ACG reviewed the quarterly investment performance report for the period ending 12/31/2017 and the monthly investment performance report for the period ending 1/31/2018.

The one year net of fees return of the total fund as of 12/31/2017 was 16.92% which was 1.51% above the return of the policy index and ranked in the top 9% of the Public Fund Universe. On a dollar basis the return on investment for the one year period ending 12/31/2017 was $112.75 million. The trailing five year annualized net return of the Total Fund as of 9/30/2017 was 8.92% which ranks in the top 29% of the Public Fund Universe.

As of January 31, 2018 the total fund value stood at approximately $762.8 million. Through January 31, 2018 the Fund is up 19.50% gross of fees which is 2.69% above the policy index for the same period. Over the five year period ending January 31, 2018 the Fund is up 9.65% gross of fees annualized compared to the policy index of 8.95% for the same time period.

ACG reviewed its Q1 2018 Relative Asset Class Rankings and noted that the firm still favored equity to fixed income, non-U.S. equity to U.S. equity. Within U.S. equity, the opinion regarding large cap was neutral, while they are less positive regarding small cap. Within fixed income ACG is concerned about valuations in high yield and emerging market debt. Based upon the Fund’s current allocations, the
portfolio continues to be overweight to equity and underweight to fixed income. Within equity, small cap is slightly underweight to target which is consistent with ACG’s outlook. U.S. large cap equity is overweight by 2.04% and less compelling today than non-U.S. equity in ACG’s opinion.

3) Asset Allocation Analysis

ACG presented an Asset Allocation Analysis which looked at the risk/return impact to the portfolio of various alternative mixes. The alternative mixes contemplated a potential increase to real estate and introduction of option strategies as a way to reduce portfolio volatility. The Board discussed the various asset allocation mixes that ACG presented and reviewed the simulated portfolio statistics for each mix to include the 10-year and 30-year median return, standard deviation, Sharpe ratio, 1st percentile return and liquidity.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mix 1</th>
<th>Mix 2</th>
<th>Mix 3</th>
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<tr>
<td><strong>Fixed Income</strong></td>
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<tr>
<td>Core Bonds</td>
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<td>15.00%</td>
<td>15.00%</td>
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<td>Multi-Sector</td>
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<td>10.00%</td>
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<tr>
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<td>25.00%</td>
<td>25.00%</td>
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<tr>
<td><strong>Equity</strong></td>
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<tr>
<td>U.S. Large Cap Equity</td>
<td>25.00%</td>
<td>25.00%</td>
<td>22.50%</td>
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<tr>
<td>U.S. Small Cap Equity</td>
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<td>10.00%</td>
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<tr>
<td>International Developed Equity</td>
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<td>17.50%</td>
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<tr>
<td>Emerging Market Equity</td>
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<td>5.00%</td>
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<tr>
<td>Option Based Strategies</td>
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<td>5.00%</td>
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<tr>
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<tr>
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<tr>
<td><strong>Total Real Assets</strong></td>
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<td>15.00%</td>
<td>15.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Simulated Portfolio Statistics**

- 10-Year Median Return: 6.12% 6.34% 6.29% 6.48%
- Standard Deviation: 11.65% 11.77% 11.33% 11.66%
- Sharpe Ratio: 0.49 0.80 0.52 0.82
- 1st Percentile Return: -22.92% -22.92% -22.09% -22.91%

**Simulated Portfolio Statistics**

- 30-Year Median Return: 8.28% 8.48% 8.45% 8.59%
- Standard Deviation: 11.65% 11.77% 11.33% 11.66%
- Sharpe Ratio: 0.49 0.80 0.52 0.82
- 1st Percentile Return: -22.92% -22.92% -22.09% -22.91%

**Liquidity Breakdown**

- 1 - High Liquidity (weekly): 90.00% 85.00% 85.00% 85.00%
- 2 - Medium Liquidity (1-2 year lock-up): 7.00% 10.00% 10.00% 10.00%
- 3 - Illiquid (5-10 year lock-up): 3.00% 5.00% 5.00% 5.00%

**Weighted Average Liquidity**: 1.13 1.20 1.20 1.20
The Board requested more education around option strategies and Mr. Hill requested that ACG prepare some additional asset allocation mixes that introduced option strategies but did not increase the allocation to real estate.

MOTION: (Waitman/Hill) Motion was made by Andy Waitman to continue the discussion on the Asset Allocation Analysis at the next Board meeting and to request ACG to expand the analysis to include additional asset allocation mixes without the increased allocation to real estate and to prepare education on options based strategies. Motion was seconded by Stephen Hill. MOTION CARRIED.

4) February 2018 Liquidity Needs

Ms. Wiederholt directed the Board to the cash flow projection and rebalancing analysis in the Board Agenda packages and advised that $4.2 million was needed to fund benefit payments for the month of February 2018. ACG recommended raising the February 2018 cash needs by liquidating $3.5 million from the Dodge & Cox large cap value portfolio and $700 thousand from the Ivy Investments large cap growth portfolio.

Separately in light of ACG's concerns regarding valuations in emerging market debt, it was recommended to reduce the exposure to the Brandywine Global Fixed Income strategy by $5 million and hold this amount in cash as a way to shorten the duration of the fixed income portfolio and reduce the price risk associated with potential spread widening in non-Dollar and/or emerging market debt in the Brandywine Global Bond Fund.

MOTION: (Hill/Kenny) Motion was made by Stephen Hill to liquidate $3.5 million from Dodge & Cox and $700 thousand from Ivy Investments to fund benefit payments for the month of February 2018. Motion was seconded by Steve Kenny. MOTION CARRIED.

MOTION: (Hill/Waitman) Motion was made by Stephen Hill to liquidate $5.0 million from Brandywine pursuant to the recommendation received from Jason Pulos, ACG. Motion was seconded by Andy Waitman. MOTION CARRIED.

5) Actuarial Services RFP Update – Evaluation Committee

Ms. Wiederholt briefed the Board on the status of the actuarial services RFP. An Evaluation Committee was formed to evaluate the seven (7) proposals received and to recommend the top three firms to the Board for finalist presentations.

The Evaluation Committee was comprised of the following individuals: Natasha Wiederholt, GE Pension Plan Supervisor, City of Tampa, General Employees’ Retirement Fund; Terrie Williams, Accounting Operations Manager, City of Tampa, Revenue & Finance Department; and Rosie Rivera, Accountant, City of Tampa, General Employees’ Retirement Fund.
Each committee member independently reviewed and scored the seven (7) proposals received. A publicly noticed meeting was held by the Evaluation Committee on Thursday, February 15, 2018 to collectively review the proposals received and compile a master scoring matrix. The top three finalists selected by the committee were Foster & Foster; Gabriel, Roeder, Smith & Company (GRS) and SageView Consulting Group.

Ms. Wiederholt and Evaluation Committee Members, Terrie Williams and Rosie Rivera shared the Committee’s scoring matrix with the Board and provided feedback on each firm’s proposal. The Board directed the Evaluation Committee to conduct the finalist presentations in March and to present the results at March 20, 2018 Board meeting.

MOTION: (Little/Hill) Motion was made by Sonya Little to direct the Evaluation Committee to conduct finalist presentations with the three actuarial firms that were selected and to update the Board at the next meeting with the Committee’s selection. Motion was seconded by Stephen Hill. MOTION CARRIED.

6) Investment Consultant Services RFP

Ms. Wiederholt stated that she received feedback from individual Board members on the Investment Consulting Services RFP and incorporated the requested changes into the document and attachments. A proposed Scoring Matrix was also prepared for the Board’s review. The Board conducted a detailed second reading of the Investment Consulting Services RFP and attachments and reviewed the updates that were made.

Ms. Wiederholt advised she has been in conversation with the designated purchasing analyst to ensure the process was in alignment. The RFP would be released in early March on the City’s Procurement site DemandStar and the Board will be updated on the status at the March 20, 2018 Board meeting.

MOTION: (Kenny/Waitman) Motion was made by Steve Kenny to approve and release the investment consulting services RFP. Motion was seconded by Andy Waitman. MOTION CARRIED.

7) Investment Manager Reports on Firms’ Soft Dollar Activity

Handouts were provided to the Board regarding the Investment Managers’ Soft Dollar Activity. Conversation ensured amongst the Board and investment consultant regarding same. The Board reviewed the reports to ensure compliance. Mr. Pulos, ACG advised that at present, there were no issues regarding reporting.
8) **State Ethics Laws for Public Pension Trustees**

Ms. Wiederholt advised the Board that she recently attended an informative presentation on State Ethics Laws for Public Pension Trustees by Caroline Klancke, an Attorney with the Florida Commission on Ethics at the FPPTA conference in Orlando, FL. Copies of the presentation were distributed to the Board and Ms. Wiederholt provided an overview.

The Florida Commission on Ethics primarily administers Article II, Section 8, Florida Constitution and Part III, Chapter 112, Florida Statutes. Persons subject to standards administered by the Commission include: public officers (e.g. pension trustees), public employees, local government attorneys, candidates, etc.

The Commission on Ethics’ Processes include: advice (telephone, letters, opinions), ethics complaints and financial disclosure/appeals. Individuals can contact the Florida Commission on Ethics for advice.

The purpose of the financial disclosure requirement is to remind public officials of financial interests that may conflict with their duties and to deter officials from actions that might cause a conflict. Citizens can monitor potential conflicts. The filings instill public confidence in government.

Form 6 filers include: all constitutional officers and candidates for constitutional offices (Article II, Section 8(a), Florida Constitution and Section 112.3144 Florida Statutes).

Form 1 filers include local and state officers and specified state employees (Section 112.3145(1) of the Florida Statutes).

Forms are due July 1st every year. There is a penalty-free grace period through September 1st. After September 1st, fines of $25/day are applied for up to 60 days (maximum penalty $1,500). If a public official or employee fails or refuses to file a financial disclosure form and receives the maximum fine the Commission is required to investigate. If the failure to file is found to be willful the Commission must enter an order recommending that the officer/employee be removed from his/her position.

Section 112.313(2), Florida Statutes prohibits asking for or accepting anything of value to the recipient based on an understanding that it will influence your vote, official action, or judgment.

The Gifts Law: Section 112.3148, Florida Statutes applies to “reporting individuals,” state and local; and to “procurement employees” (who exist only at the state level). These individuals cannot solicit or accept gifts from lobbyists, principals, or vendors worth more than $100. Gifts received that are worth more than $100 must be reported. Reporting an impermissible gift will not cure its unacceptability. There is no public person exception to the gifts law (CEO 13-3, CEO 91-57).

Conflicting Business & Employment Relationships – Sections 112.313(3), (7), Florida Statutes. An individual cannot work for or have a contractual relationship with an entity regulated by, or doing business with their agency. Individuals cannot have an employment or contractual relationship that creates a conflict between his/her public duties and private interests or an impediment to their public duties.
VI. 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.

Retirement Benefits & Estate Payments:
Early Retirements, Longevity Retirements, Deferred Retirements, Survivor Allowances, Estate Payments, DROP Applications, DROP Exits

Monthly Invoice:
1) City of Tampa Reimbursement – January 2018 - $34,953.51

Quarterly Invoices:
1) Aberdeen Asset Management, Inc. - #82877 - $89,761.92 (Q4 2017)
2) ClariVest Asset Management, LLC. - #130518 - $41,783.46 (Q4 2017)
3) Dodge & Cox - #42723 - $71,703.51 (Q4 2017)
4) Fisher Investments - #20171231-10112-10578-A - $125,316.21 (Q4 2017)
5) State Street Global Advisors - #SSGABA2654305 - $9,425.75 (Q4 2017)
6) Taplin, Canida & Habacht, LLC. - $36,360.21 (Q4 2017)
7) Waddell & Reed - #305220 - $107,446.86 (Q4 2017)

Auto-Deducted:
2) Marathon-London Int'l Group - $24,825.00 (January 2018)
3) UBS Trumbull Property Fund - $91,929.80 (Q4 2017)

Miscellaneous Invoices:
1) Tampa Occupational Health & Wellness - $1,200.00
2) Travel Reimbursement – 2018 FPPTA Conference (Bright) - $81.54
3) Travel Reimbursement – 2018 FPPTA Conference (Kenny) - $87.96
4) Travel Reimbursement – 2018 FPPTA Conference (Rivera) - $87.96
5) Travel Reimbursement – 2018 FPPTA Conference (Waitman) - $135.54
6) Travel Reimbursement – 2018 FPPTA Conference (Wiederholt) - $97.44
7) Workhealth Occupational Medicine – Terry Davis - $675.00

MOTION: (Hill/Kenny) Motion was made by Stephen Hill to approve the consent agenda. Motion was seconded Steve Kenny. MOTION CARRIED.
VII. ADJOURNMENT

There being no further business, Chairman Ernest Carrera adjourned the meeting at 3:18 p.m. and advised the Board that the next meeting would be held on Tuesday, March 20, 2018 at the Fire & Police Pension Fund, Board Meeting Conference Room, 3001 N. Boulevard Tampa, FL 33603.

BOARD CHAIRMAN – Ernest P. Carrera

GE PENSION PLAN SUPERVISOR – Natasha Wiederholt
& RECORDING SECRETARY