



**GENERAL EMPLOYEES RETIREMENT FUND
BOARD OF TRUSTEES
REGULAR MEETING MINUTES
TUESDAY – JULY 19, 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 19th day of July 2016 in the City Council Chambers, City Hall, 3rd Floor, 315 E. Kennedy Blvd., Tampa, FL 33602.

Support Staff: Natasha Neagu, GE Pension Plan Supervisor and Recording Secretary; Justin Vaske, Assistant City Attorney and Board Attorney; Terrie Williams, Accounting Operations Manager; Rosie Santos, Pension Relationship Accountant; 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 12:57 p.m.

Board Members Present Included: Ernest Carrera, Chairman; Julio Muniz, Vice Chairman; Derwin Bright, Trustee; Steve Kenny, Trustee; Karl Craig, Trustee; Sonya Little, Chief Financial Officer (arrived at 1:15pm).

II. PUBLIC COMMENTS- Ten (10) Minutes Total – Three (3) Minutes per Speaker

None.

III. APPROVAL OF MINUTES

1) Minutes for Regular Board Meeting on June 21, 2016

Ms. Neagu requested the Board approve the minutes from the Regular Board Meeting on June 21, 2016.

MOTION: (Muniz/Bright) Motion was made by Julio Muniz to approve the Board Meeting minutes from the meeting on June 21, 2016. Motion was seconded by Derwin Bright. **MOTION CARRIED.**

IV. DISABILITY RETIREMENT HEARING

1) Job Yulee

Ms. Neagu advised the Board that immediately prior to the meeting, Mr. Yulee's attorney, Tonya Oliver stated that Mr. Yulee was granted a Social Security Disability award retroactive to May of 2013, and would like to submit this additional documentation to the Board's independent medical examiner for review. Ms. Neagu asked the Board to postpone the disability retirement hearing until the August or September 2016 meeting to allow time for our medical examiner to review the documents and make a recommendation based on the new information.

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MOTION: (Kenny/Bright) Motion was made by Steve Kenny to postpone the hearing for Job Yulee so the Board's independent medical examiner could review the additional records. Motion was seconded by Derwin Bright. **MOTION CARRIED.**

V. ARCP LITIGATION UPDATE

Christopher Polaszek provided an update to the Board of Trustees on the ARCP litigation. He also advised the Board that Morgan & Morgan is exiting the securities litigation business as none of the original staff are still with the firm. Mr. Polaszek updated the Board that he is no longer with Morgan & Morgan and recently opened the Polaszek Law Firm. Peter Saperstein and Elizabeth Metcalf have opened an office in New York. Mr. Polaszek stated that he and Mr. Saperstein would like to continue to represent the General Employees Retirement Fund on the ARCP litigation. The Board would just need to do a change of lawyer substitution. A decision to advise the court would need to be sooner than later.

Mr. Carrera asked for list of other attorneys available. Mr. Polaszek clarified that he and Mr. Saperstein had previously represented the General Employees Retirement Fund with Morgan & Morgan, and he would like to continue to represent the us in this litigation. Mr. Polaszek reminded the Board that they would never receive a bill. If we did continue and we were to move forward and seek recovery of legal fees, Mr. Polaszek would notify the Board of the amount. Attorney Justin Vaske clarified that Mr. Polaszek should provide a legal agreement to the Board for consideration.

Mr. Polaszek advised the Board that if there are any developments within the month, he will bring it to the Board's attention, however there is no risk involved in waiting a month. Board Attorney Justin Vaske, recommended that the contract be forwarded as soon as possible. Mr. Polaszek reminded the Board that there should be no lapse in coverage, and will email the agreement to Justin Vaske in next couple of days for a legal review prior to the August Board meeting. Sonya Little arrived and Justin Vaske brought her up to date as to the discussion, prior to a vote.

Sonya Little asked for a formal letter from Morgan & Morgan to clarify that they no longer provide this representation. Mr. Polaszek agreed to ask Morgan & Morgan to forward a letter.

MOTION: (Kenny/Bright) Motion was made by Steve Kenny to obtain an agreement for counsel to review from Chris Polaszek, to provide to the Board for a vote at the August meeting. Motion was seconded by Derwin Bright. **MOTION CARRIED.**

VI. STAFF REPORT

1) Portfolio Performance Review – June 2016

During the month, the portfolio was down 0.36%, modestly below the Policy Index (up 0.32%). Calendar year to date, the portfolio has generated a positive return of 1.29% versus a return of the policy index of 2.95%. The total portfolio has generated a 6.44% return over the trailing 5-year period, compared to the policy index, up 6.66%, over the same time.

2) Fidelity Real Estate Growth Fund III Distribution

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Ms. Neagu advised the Board that a distribution in the amount of \$45,678.32 was received from Fidelity Real Estate Growth Fund III on 06/22/2016 and that funds were transferred to the JP Morgan cash account.

3) July Liquidity Needs

Ms. Neagu advised the Board that \$3.1M was needed to fund benefit payments for July 2016. She directed the Board to pages 17 -18 in the Board Agenda Packages and reviewed the cash flow projection and rebalancing analysis. A recommendation was received from Asset Consulting Group to liquidate funds from CBRE Clarion Global REIT's portfolio.

MOTION: (Little/Kenny) A motion was made by Sonya Little to authorize staff to liquidate funds of \$3.1 million from CBRE Clarion Global REIT's Portfolio to fund July benefits. Motion was seconded by Steve Kenny.
MOTION CARRIED.

4) Resolution 2016-05 for Linea Solutions MOU Pension Consulting Agreement

Ms. Neagu presented a proposal to the Board for a new Pension Administration System and provided a summary of the project.

Overview

The Fire & Police Pension Fund and the General Employees Retirement Fund share the same legacy pension administration system. The City's current pension system has been in use for 30+ years and is Mainframe based written in COBOL. The current system relies upon a combination of supporting systems, reporting tools and customized software applications running on several differing platforms to provide the needed member services. These systems are not fully integrated, are not web-based, and provide for limited collaboration of member information. We have an immediate need to move to a new pension administration system as we no longer have technical support on this system.

Scope of Services

The City of Tampa, with the assistance of the Pension Boards requires an experienced and qualified firm with in-depth knowledge and expertise in public pension plan administration and information systems technology to assist in the development of the business and technical requirements for creation of a Request for Proposal (RFP) for the City's procurement of a Pension Administration System. The consultant shall also assist in the procurement process of the new Pension Administration System.

RFP Process

The RFP process and evaluation committee was led by Linda Johnson, Senior Certified Procurement Analyst. An evaluation committee was formed, comprised of the following individuals:

Name	Title	Department
Donna Bohnet	Lead Systems Analyst	Technology & Innovation
Mike Duffey	Consultant (Retired Senior Applications Programmer Analyst)	Formerly: Technology & Innovation
George Suhr	W/MBE Specialist	Minority Business Development

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Terrie Williams	Accounting Operations Manager	Revenue & Finance
Michael Cascone	Acting Payroll Supervisor	Revenue & Finance
Natasha Neagu	GE Pension Plan Supervisor	General Employees Retirement Fund
Richard Griner	Board Chairman	Fire & Police Pension Fund
Tiffany Ernst	Plan Administrator	Fire & Police Pension Fund
Tiffany Corry	Assistant Plan Administrator	Fire & Police Pension Fund

An RFP (#61012016) was issued by the City of Tampa Purchasing Department and two firms submitted eligible proposals in response to the RFP: Linea Solutions and LRWL, Inc. The committee elected to hire Linea Solutions for the consulting services engagement.

Timelines

The Pension Administration System consulting services project is expected to kick off 08/01/2016 and will be completed by 07/28/2017.

Cost

Estimated - \$266,789 to be split evenly between the General Employees Retirement Fund and Fire & Police Pension Fund.

Recommendation

Ms. Neagu recommended the Board adopt a motion to approve Resolution 2016-05, the selection of Linea Solutions, and the Memorandum of Understanding for Shared Consulting Cost for selecting a new pension administration system with an estimated cost of \$266,789 to be split evenly between the General Employees Retirement Fund and the Fire & Police Pension Fund.

MOTION: (Muniz /Craig) A motion was made by Julio Muniz to approve the Memorandum of Agreement and Resolution 2016-05. Motion was seconded by Karl Craig. **MOTION CARRIED.**

5) Resolution 2016-06 for Northern Trust Custodial Bank Agreement

Ms. Neagu presented a custodial bank agreement proposal to the Board of Trustees.

Overview

The City of Tampa, General Employees Retirement Fund has a global custody agreement and client access agreement with JP Morgan Chase to provide services as custodian on behalf of the Board of Trustees. JP Morgan Chase has held a contract with the City of Tampa since December 6, 2007. As part of its due diligence efforts to review current market offerings for global custodial bank services to ensure the best price for quality of services provided, the General Employees Retirement Fund issued a request for proposal (RFP). A number of recent service issues with the incumbent, including their inability/unwillingness to issue credit cards to Board members, also led to the decision to issue an RFP to seek alternative service providers.

Scope of Services

The City of Tampa, General Employees Retirement Fund requires a global custodian bank to provide the following core custody functions: asset pricing & coding; asset management; trade & cash processing; global

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custody operations; accounting & regulatory reporting; investment manager liaison; income processing; performance, risk & compliance; corporate & class actions; tax reclamation; proxy services; business continuity & disaster recovery; DROP benefit payments.

RFP Process

In conjunction with Asset Consulting Group (ACG), the General Employees Retirement Fund staff initially identified custodian candidates with the following characteristics: strong reputable organization; significant assets under custody; quality accounting/reporting systems in place; significant, ongoing investment in systems and technology; experienced account administrative teams; client customization capabilities, etc.

A RFP was issued to eight firms: JP Morgan; Bank of America; BNY Mellon; Northern Trust; State Street; Wells Fargo; Comerica; US Bank. Five of the eight firms that received a copy of the RFP submitted a response (Bank of America, State Street and BNY Mellon declined to participate). ACG and the General Employees Retirement Fund staff evaluated the candidates based upon the following criteria: organizational structure and stability; experience, depth and stability of client service team; accounting/reporting system and capabilities, commitment to technology and on-line system capabilities; fees for each provider.

Three finalists were selected for presentations: Comerica, Northern Trust and US Bank. Presentations were conducted on May 18, 2016.

Northern Trust was selected based on the diversified knowledge and experience of the account administrative team; dedication to client service and individual attention; exceptional systems and technology platform; price for value of service offerings; and a low number of account relationships managed by service team. The following factors were also taken into consideration:

Description	Comerica	Northern Trust	US Bank
Number of Public Plan Clients	117	261	419
Public Plan Assets (B)	\$8.9	\$1,176.9	\$81.1
Asset range of top 5 clients (B)	\$0.3 - \$1.6	\$35.7 - \$117.0	\$2.5 - \$7.5
Number of Florida Public Plans	8	10	8
Assets of Florida Public Plans (B)	\$0.6	\$18.8	\$1.5
Asset range of top 5 FL clients	\$0.02 - \$0.22	\$0.11 - \$11.7	\$0.2 - \$2.0
Custody revenue % of total	10%	75%	1%
Number of Accounts Serviced by Client Relationship Team	19	8	9
Estimated Annual Fee	\$156,345	\$159,850*	\$139,575

*See Cost Section below for price comparison to incumbent.

Cost

The estimated annual fee with Northern Trust is \$159,850. By comparison, the General Employees Retirement Fund has paid annual fees totaling \$184,528 to JP Morgan Chase over the period of April 2015 – March 2016.

Timelines

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The General Employees Retirement Fund is looking to convert to Northern Trust by the beginning of fiscal year 2017 (October 1, 2016). The current contract with JP Morgan Chase requires a 60 day notification period for termination.

Recommendation

Ms. Neagu recommended the Board adopt a motion to approve resolution 2016-06 and the Northern Trust Custodial Bank Agreement and to terminate the global custody agreement with JP Morgan Chase effective 10/01/2016.

MOTION: (Little /Muniz) A motion was made by Sonya Little to approve Resolution 2016-06 and the Custodial Bank agreement with Northern Trust to begin fiscal year October 1, 2016, and terminate the agreement with JP Morgan Chase. Motion was seconded by Julio Muniz. **MOTION CARRIED.**

6) Actuarial Valuation Report

Bruce Crosswhite presented the Board with an updated Actuarial Valuation Report (January 1, 2016 Measurement Date) and summarized the changes made from the report presented at the June 2016 meeting. The original version contained a table of funded status based on market value of assets and the entry age normal accrued liability. The updated version presented today contained additional calculations of funded status on pages 2 – 3 of the report including: actuarial value of assets and entry age normal accrued liability; actuarial value of assets and actuarial present value of accumulated plan benefits (total vested benefits); actuarial value of assets and total actuarial present value of accumulated plan benefits)

7) Board Trustee Election – Derwin Bright

Ms. Neagu advised the Board that Derwin Bright's term as Board Trustee is ending on 10/31/2016 and the General Employees Retirement Fund staff would be initiating the Board Trustee election process within the City of Tampa. Derwin Bright's most recent term as Board Trustee was from 11/1/2013 – 10/31/2016 and he is an employee participating in the Fund elected by members of the Fund. The new term would be for a three year period from 11/1/2016 – 10/31/2019.

VII. Old Business

- 1) Retirement Education Plan
- 2) Forfeiture Procedures, Hearing Officer & Education Plan
- 3) Outstanding Disability Application: Edwin Cirino
- 4) Disability Re-Examination Audit
- 5) Blackstone Agreement & Funding
- 6) Member Handbook Initiative

VIII. Consent Agenda

Ms. Neagu advised the Board that all payments and invoices were reviewed/audited and have been found to be true and accurate. Board attorney, Justin Vaske has also reviewed and signed off on the legal invoices.

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Retirement Benefits & Estate Payments:

Longevity Retirements, DROP Entrants, DROP to Longevity, Deferred Retirements, Survivor Benefits, Estate Payments..... 44

Monthly Invoices:

1) City of Tampa Reimbursement – June 2016 - \$28,994.18.....45

Quarterly Invoices:

1) ACG - #7438 - \$31,250.0046

Miscellaneous Invoices:

1) Ford & Harrison - #657007 - \$1,135.0047
2) Ford & Harrison - #659658 - \$275.0048
3) Ford & Harrison - #659700 - \$1,566.0049
4) Ford & Harrison - #659702 - \$35.7050
5) Neuropsychiatric Institute – Dr. Afield - \$500.0051
6) Tampa Occupational Health Services – Dr. Hughes - \$250.0052
7) Palma Ceia Heart & Vascular – Dr. Stauffer - \$1,500.0053


MOTION: (Little /Kenny & Bright) A motion was made by Sonya Little to approve the Consent Agenda. Motion was seconded by Steve Kenny and Derwin Bright. **MOTION CARRIED.**

IX. Adjournment

There being no further business, Chair Carrera adjourned the meeting at 2:00p.m.



BOARD CHAIRMAN - Ernest P. Carrera



**GE PENSION PLAN SUPERVISOR – Natasha Neagu
& RECORDING SECRETARY**