MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE
TAMPA FIRE & POLICE PENSION FUND
3001 North Boulevard Tampa, FL 33603 (813) 274-8550
December 18, 2019 1:30 p.m.

The Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa met in the Pension Office Conference Room on Wednesday, December 18, 2019 at 1:30 p.m. for a regular meeting with the following members present:

Douglas Burkett, Chairman
John Cannon
Sharon Fox
Trevor Hall
Patrick Messmer
Gregory Reed
Ocea Wynn

Also present were Dr. Bruce Bohnker, Medical Director, Mr. Timothy Bowen, Actuary, Mr. Joseph Griffin, Actuary, Mr. Stuart Kaufman, General Counsel, Mr. Mark Lenker, External CPA, Kai Petersen, Actuary, and active and retired plan members. Trustee Matthew Belmonte participated telephonically.

Public Comments: Pursuant to Florida Statutes, Section 286.0114(4) members of the public may comment on items requiring Board action, other than ministerial matters. Speakers are limited to two minutes each, and not more than 20 minutes will be set aside for comments, without further Board approval. Speakers shall fill out a card identifying the speaker and the agenda item(s) they wish to address. Speakers may also submit a card supporting or objecting to an item without speaking. Rules of conduct are available from the Plan Administrator.

The statements made by speakers under Public Comments are solely the opinion of each speaker and do not necessarily reflect the views of the Board of Trustees, its staff, or its professionals.

1. Approved the minutes of the November 20, 2019 regular board meeting. **It was moved by Mr. Cannon, seconded by Mr. Reed and by unanimous vote to approve the minutes of the November 20, 2019 regular board meeting.**

Consent Agenda Items on the consent agenda shall be acted upon in one motion. If an item requires additional discussion, that item shall be removed from the consent agenda for discussion. [Items 2 – 8] **It was moved by Mr. Cannon, seconded by Mr. Reed and by unanimous vote to approve consent agenda items 2 – 8.**

2. Investment Management Report from Bowen, Hanes & Co. Inc. Noted receipt of the following:
   a. Investment management report for the month ended 11/30/2019: market value of *investments* was $2,180,233,832.93 and investment return on the total portfolio was 3.2%
   b. Addendum distributed at the meeting. As of 12/17/2019, market value of investments was $2,203,632,057 and investment return on the total portfolio was +4.3%.

3. Approved billing for services rendered by Klausner, Kaufman, Jensen & Levinson during November 2019:
   a. General Counsel: $8,550.98
   b. Appel: $450.00
   c. Bulger: $735.00
   d. E. Houston: $450.00

4. Noted receipt of independent performance measurement report prepared by IPS for the quarter ended 09/30/2019.

5. Noted receipt of letter received 11/14/2019 from Mayor Castor reappointing Sharon Fox to the Board of Trustees for a three-year term commencing 11/01/2019 and ending 10/31/2022.

6. Noted receipt of Officers and Committees list updated on 11/30/2018.

7. Noted receipt of annual pension newsletter and calendar to be mailed with December pension statements.

8. Noted receipt of Disability Process Timeline of disabilities in process as of 12/11/2019.

Medical Disability

9. Authorized referral to Cardiac Medical Board comprised of Drs. W. Cheng, C. Davis, and B. Pierpont for LOD disability applicant K. McNatt, TFR, as recommended by Medical Director. **It was moved by Mr. Hall, seconded by Mr. Reed and by unanimous vote to authorize the referral of disability applicant K. McNatt to cardiac medical board, as recommended by the Medical Director.**

Old Business

10. Steering committee report. Mr. Messmer advised that the committee has a meeting scheduled for 10:00 a.m. on Wednesday, January 15, 2020.

11. Approved Final Order for disability applicant H. Castillo, TPD. Mr. Kaufman advised that once the order is approved, it will be served on Mr. Castillo and he will have 30 days to reserve his right to a formal hearing. **It was moved by Mr. Messmer, seconded by Mr. Reed and by unanimous vote to approve the final order denying the disability application of Hugo Castillo.**

New Business

12. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. Mr. Burkett, Mr. Hall, Mr. Messmer, and Mr. Reed advised that they will be participating in the FPPTA Wall Street program in March 2020. Mr. Hall advised that he is unable to attend the FPPTA Winter Trustee School in January 2020. **Item 12 was received and filed.**

13. Stochastic Projection Study presented by Joe Griffin, Tim Bowen, and Kai Petersen, Foster & Foster.
    a. Noted receipt of 30-year stochastic projection study prepared by Foster & Foster for presentation on 12/13/2019 (to be distributed at the meeting).

    Mr. Griffin advised that the purpose of the stochastic study is to determine if the current assumed rate of return (ARR) assumption is consistent with long-term expectations and to determine if the PRAA account is sustainable. He noted that Mr. Petersen is not a Foster & Foster employee, but his skill set was required to develop future capital market return scenarios for the study.

    Mr. Griffin reviewed the Fund's asset allocation, noting that returns from 1-5% are allocated to the base account, returns from 5-10% and above 11% are allocated to the COLA account, and returns from 10-11% are allocated to the 13th check account, if certain conditions are met. He explained that after the challenging financial markets of 2008 and 2009 and resulting makeup payments to the base account, the Board elected to reduce the Fund's ARR to 8.5%.

    Mr. Griffin and Mr. Bowen reviewed the project approach, noting that Mr. Bowen created a more robust projection model than the one previously used by including 13th check payments. Mr. Petersen explained that he used Mr. Bowen's model and applied those rules across 3,000 different possible economic and capital market scenarios, modeling inflation, portfolio returns based on asset classes that the Fund is invested in, and liability forecasts. He continued to explain that his purpose was to ensure consistent

inflation assumptions, capital market returns and liabilities for the stochastic study, and then pass that information back to Mr. Griffin and Mr. Bowen to apply the plan rules. Mr. Bowen explained that the results are summarized based on probabilities of achieving results. It was noted that there are two sets of results based on two different sets of capital market assumptions, one that is based on the Horizon survey and another that is based on the Horizon survey plus the 2.25% Bowen, Hanes & Company (BH&Co.) equity management premium (based on historical performance). Mr. Petersen reviewed the results for the Fund, suggesting that the 40-50th percentile are the most likely results. He noted that the model results indicated an increased chance of the Fund hitting the assumed rate of return.

Mr. Griffin reviewed the market value of assets for the PRAA account, noting that the study included calculating the probability of this account going insolvent. He explained that the study results produced a 7% chance of this occurring, which is low from an actuarial standpoint and not cause for concern. It was agreed that the study results validate the funding method of the COLA benefit and proves that the model is not unsustainable. Mr. Griffin advised that based on the study results, he is comfortable with maintaining the current 8.5% ARR assumption, and there are no recommendations for change. However, if the Board wishes to increase their chances of hitting the return, the assumption could be lowered either at once or gradually over time. Discussion ensued and it was agreed that there is no urgency in changing the ARR, but it may become necessary depending on what happens in the market and market performance will continued to be monitored. Mr. Griffin advised that it will be important to see if BH&Co. continues to outperform, but opined that it is reasonable to assume the 2.25% premium. Mr. Bowen noted that when this study is performed again in five years, the performance of BH&Co. will be averaged over 45 years and will trend up or down, which will impact the results of the study. Mr. Griffin reiterated that if the ARR is lowered, the net effect is an increase in pension contributions. It was agreed upon by general consensus to maintain an ARR of 8.5% **It was moved by Ms. Fox, seconded by Mr. Messmer and by unanimous vote to receive, file and accept the Stochastic Projection Study, as prepared by Foster & Foster.**

14. Noted receipt of Internal Controls for Accounts Payable Processing. Ms. Ernst noted that since the Board elected to move to an internal accounts payable process, she wanted to present the internal controls document developed by Committee 3 for final review. She advised that staff has also met with Mr. Lenker and Mr. Cardoso to discuss procedures and review the software solution. **Item 14 was received and filed.**

15. Chair's call for any new business items from trustees to be placed on next agenda. None.

16. Chair's report. Nothing to report.

17. Plan Administration.
    a. Update on PAS implementation and external audit.

Ms. Ernst advised that user acceptance testing is underway for the first deliverable of the new pension administration system, adding that testing is going well and the deadline falls at the end of January. She reported that the external auditors have completed their fieldwork and everything is on track for receiving the report in time for approval at the February meeting. She advised that DROP statements are now available for administrative review and staff is on track for meeting the deadline for submitting payment information to the custodian. Ms. Ernst confirmed that financial planning workshops have been scheduled and a flyer will be finalized and distributed in the very near future. It was noted that actives will receive the communication via email and retirees will receive it along with their December pension advice statements. It was also noted that the workshops are being held at the Tampa Convention Center

Ms. Ernst thanked Mr. Hall for his assistance with completing the work necessary for passing the fire inspection. Mr. Hall noted that Ferrell Construction should begin the kitchen and bathroom renovations very soon and will schedule with Ms. Ernst directly.

18. Attorney's report. Nothing to report.

Litigation

19. Artz Lawsuit — 2nd District Court of Appeals Case No. 2D15-1342
Hillsborough County Circuit Court Case No. 07-012048

Noted receipt of:
a. Order Granting…Motion to Dismiss Plaintiff's Fifth Amended Complaint with Prejudice, dated 12/10/2019.
b. Update by attorney, if any.

Mr. Kaufman advised that after 12 years of litigation, an order has been issued dismissing the entire lawsuit. He noted that the 2nd DCA dismissed the case with prejudice, so barring an appeal, the next order of business will be a motion for fees. Mr. Kaufman noted that the pension fund was dismissed some time ago and the fund's motion for attorney fees remains pending. It was noted that the City and the unions have also filed motions for fees. It was noted that fees are recouped from the named plaintiffs.

20. Houston, L. Appeal — 2nd District Court of Appeals Case No. 2D18-4279
Update by attorney, if any.

Mr. Kaufman advised that that this case has been argued, but a ruling has not yet been issued.

21. Houston, E. Appeal — 2nd District Court of Appeals Case No. 2D19-2119
Update by attorney, if any.

Mr. Kaufman advised that this case has been fully briefed and is waiting to be set for oral argument.

22. Appel Petition for Writ of Certiorari — 2nd District Court of Appeals Case No. 2D18-4443
Hillsborough County Circuit Court Case No. 17-CA-10758

Update by attorney, if any.

Mr. Kaufman advised that this case is in the process of being set for hearing. He noted that Mr. Appel is not represented by counsel at this time and scheduling has been difficult.

23. Bulger Petition for Writ of Certiorari — Hillsborough County Circuit Court Case No. 18-CA-002900
Update by attorney, if any.

Mr. Kaufman advised that the Fund received payment from Mr. Bulger today and this standing item can be removed from future agendas.

The motion to adjourn was made by Ms. Fox at 3:07 p.m.

Douglas Burkett
Chairman

Ocea Wynn
Secretary

Tiffany Corry
Recording Secretary

Notice

No verbatim record by a certified court reporter will be made of this Board meeting, except as noticed for any executive sessions. Notice is hereby given as provided in Section 286.0105, Fla. Stat., that any person who decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

Persons needing a special accommodation to participate in any noticed meeting should contact the F&P Pension office at (813) 274-8550 or (888) 335-8550 or the Florida Relay Service at (800) 955-8770 (voice) or (800) 955-8771 (TTY). You may also dial 711 from any landline or mobile phone. Additional options for contacting the Florida Relay Service may be found on their website: www.ftri.org Please make your request at least five (5) working days before the scheduled meeting date.

2020 Board meeting schedule – meetings begin at 1:30 p.m.

January 22, 2020
February 26, 2020
March 25, 2020
April 22, 2020
May 27, 2020
June 24, 2020
July 22, 2020
August 26, 2020
September 23, 2020
October 28, 2020
November 18, 2020 (early due to holidays)
December 16, 2020 (early due to holidays