

**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
January 22, 2020 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, January 22, 2020 at 1:30 p.m. for a regular meeting with the following members present:

Douglas Burkett, Chairman
Matthew Belmonte
John Cannon
Sharon Fox

Patrick Messmer
Gregory Reed
Dennis Rogero
Ocea Wynn

Also present were Mr. Stuart Kaufman, General Counsel, Mr. Mark Lenker, External CPA, and active and retired plan members. Trustee Trevor Hall participated telephonically.

1. Approved the minutes of the December 18, 2019 regular board meeting. **It was moved by Mr. Messmer, seconded by Ms. Fox and by unanimous vote to approve the minutes of the December 18, 2019 regular board meeting.**
2. Approved the minutes of the January 15, 2020 Steering Committee meeting. **It was moved by Mr. Reed, seconded by Mr. Cannon and by unanimous vote to approve the minutes of the January 15, 2020 steering committee 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 3 – 7] **It was moved by Mr. Reed, seconded by Mr. Messmer and by unanimous vote to approve consent agenda items 3 – 7.**

3. Ratified pension benefits.
4. Financial statements prepared by Mark Lenker, CPA of Nobles, Decker, Lenker & Cardoso.
 - a. Month ended 10/31/2019 – market value of *assets* was \$2,151,128,679.34
5. Approved billing for services rendered by Klausner, Kaufman, Jensen & Levinson during December 2019:
 - a. General Counsel: \$5,220.00
 - b. Bulger: \$700.00
6. Noted that Financial Planning workshops are scheduled for Tuesday, January 28th and Wednesday, January 29th. Attached flyer has been distributed to all active and retired plan members.
7. Noted receipt of Disability Process Timeline of disabilities in process as of 01/15/2020.

[Mr. Rogero entered at 1:34 p.m.]

8. **Investment Management Presentation** by Jay Bowen of Bowen, Hanes & Co. Inc. Noted receipt of the following:
 - a. Investment management report for the month ended 12/31/2019. Market value of *investments* was \$2,188,031,209.30. Investment return has been 4.9% on the total portfolio so far this fiscal year.
 - b. Investment Summary dated 01/03/2020 written by Jay Bowen.
 - c. Bond portfolio information and recommendation to hold.
 - d. Proxies voted during quarter ended 12/31/2019.

- e. Addendum distributed at the meeting. Market value of investments was \$2,251,207,304 and investment return was +7.9% on the total portfolio as of 01/21/2020.

Mr. Bowen distributed the Wilshire performance comparison report, noting that it validates the Tampa model. He commented on 2019 performance, noting that the market was quite strong for the calendar year, but profits were lacking. He also commented on 2020 performance to date, noting that there is the possibility of some multiple expansion due to interest rates and the inflationary backdrop. Mr. Bowen opined that the headwinds in 2019 could be the tailwinds in 2020 in terms of trade issues, the ratification of the North American Free Trade Agreement, and the Fed taking the sidelines until inflation becomes problematic. Additional discussion ensued regarding industries that have potential to perform in the coming decade including healthcare and biotech. Mr. Bowen called attention to his quarterly letter, noting that it discusses the uncertainty of 2019, 2020 expectations, and the importance of business spending and hiring. He commented that the two biggest risks for the coming year involve geopolitical issues in the Middle East and the potential for disruption in the oil market and domestic political issues with the upcoming presidential election. It was noted that there is the possibility of a correction in the 3-5% range this fiscal year. **It was moved by Mr. Belmonte, seconded by Mr. Reed and by unanimous vote to receive and file items 8 a-d.**

9. Discussion regarding workshop with Investment Manager to review Policy 702 – Investment Policy.

Mr. Bowen advised that he, with the help of Mr. David Kelly, would like to conduct a workshop and delve into each component of the portfolio. He continued that this would provide an opportunity to talk about ideas for the next decade and potential changes and opportunities. Mr. Messmer noted that he would prefer to have the workshop on a board meeting day for attorney participation. The workshop was scheduled for 10:00 a.m. on February 26, 2020.

Old Business

10. Steering committee report.

Mr. Messmer reported that the committee met to discuss policy change recommendations that will go into effect with the implementation of the new pension administration system (PAS). He explained that the committee is recommending that the same earnings calculation methodology be used for line-of-duty death and disability benefits in order to prevent the line-of-duty death benefit calculation being less than the line-of-duty disability benefit. Mr. Messmer advised that the committee also discussed the average final compensation policy, noting that the PAS can only accommodate a single calculation methodology. He explained that for this reason, the committee is recommending the use of the original calculation methodology described in section 4(a) of Policy 901 and amendment of Policy 901 to provide for members to seek relief if they see a financial loss because of the elected calculation methodology. Mr. Messmer also noted that the committee discussed the definition of “year” contained in the same policy, and is recommending that it be defined as a fiscal year to align regular and overtime earnings for benefit calculations. Mr. Messmer advised that the committee also discussed buy-backs and is recommending the award of incremental service credit on a decimal basis. Mr. Ernst noted that this would mean that service credit is awarded as it is paid. Ms. Fox raised concerns about the potential changes to Policy 901. Ms. Ernst advised that in the event of a member petitioning the Board, staff would perform the calculation manually and override the PAS. She explained that implementing both methodologies would be costly to implement and maintain. **It was moved by Mr. Reed, seconded by Mr. Rogero and by unanimous vote to accept the recommendations of the steering committee and adopt the recommended changes upon go-live with the new pension administration system.**

New Business

11. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any.
- a. Reschedule March 25, 2020 regular board meeting due to FPPTA Wall Street conference.

Ms. Ernst disclosed that staff member Angie Ford and Adam Hollen will be attending the FPPTA Trustees School this month. The March 25, 2020 board meeting was rescheduled to March 18, 2020 at 1:30 p.m. to accommodate trustee participation in the FPPTA Wall Street Program. Ms. Ernst advised that she will provide a call-in number for any trustee who cannot attend in person. **Item 11 was received and filed.**

12. Approved Staff Pension Plan actuarial valuation report for fiscal years ending 09/30/2019 and 09/30/2020 and GASB 67 Disclosures for fiscal year ending 09/30/2019.

Ms. Ernst noted that there will be a two year actuarial valuation for the staff pension plan, adding that the valuation for fiscal years ending 2021 and 2022 will be presented at the May 2020 board meeting. **It was moved by Ms. Fox, seconded by Mr. Messmer and by unanimous vote to accept the staff pension plan actuarial valuation report for fiscal years ending 09/30/2019 and 09/30/2020, as prepared by Foster & Foster.**

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

14. Chair's report. Nothing to report.

15. Plan Administration.

- a. Update on PAS implementation, DROP, and external audit.
- b. Board credit cards.

Ms. Ernst advised that user acceptance testing for the first deliverable of the PAS project is complete and design review for the second deliverable will begin in February. She noted that the project is currently on track for making the target delivery date. Ms. Ernst reported that DROP distributions occurred without issue and the audit report will be ready for approval in February. She advised that workshops are being held next week and approximately 150 people have registered across the three sessions. Ms. Ernst reported that she received communication from Bank of America that it is closing the Fund's credit card account. It was noted that the closure is a result of the type of account held. She indicated that staff is working on replacement options, but noted that trustees traveling in March may have to use personal funds to cover travel expenses.

Mr. Hall advised that the building renovation project is moving along, noting that demolition will begin once the replacement cabinets are built and ready to be installed.

16. Attorney's report.

Mr. Kaufman commented on SB 1270, noting that the bill calls for duty and standard of care for all appointed officials, but does not require anything that the Board is not already doing. However, he advised that there is some concern about duty of care of the Fund as opposed to the members, noting that his firm will continue to monitor the bill. Mr. Kaufman also advised that The Secure Act was signed into law, increasing the required minimum distribution age to 72 and eliminating the maximum age for being able to contribute to a retirement plan.

