

**MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE
TAMPA FIRE & POLICE PENSION FUND**

Livestream: <https://attendee.gotowebinar.com/register/6355862614598468876> Webinar ID: 415-867-491

Audio Only: (877) 309-2074 Access Code: 476-649-093

October 21, 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 remotely on Wednesday, September 30, 2020 at 1:30 p.m. for a regular meeting with the following members present:

Douglas Burkett, Chairman
Matthew Belmonte
John Cannon
Trevor Hall

Patrick Messmer
Gregory Reed
Dennis Rogero
Gregory Spearman

Additional participants included Mr. Jay Bowen, Investment Manager; Mr. Robert Klausner, General Counsel; Mr. Mark Lenker, External CPA; and active and retired plan members.

1. Approved the minutes of the September 30, 2020 regular board meeting. **It was moved by Mr. Reed, seconded by Mr. Hall and by unanimous vote to approve the minutes of the September 30, 2020 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 – 6] **It was moved by Mr. Messmer, seconded by Mr. Cannon and by unanimous vote to approve consent agenda items 2 – 6.**

2. Financial statements prepared by Mark Lenker, CPA of Nobles, Decker, Lenker & Cardoso
 - a. Month ended 08/31/2020 – market value of *assets* was \$2,417,263,854.57.
3. Approved billing for services rendered by Klausner, Kaufman, Jensen & Levinson during September 2020:
 - a. General Counsel: \$2,806.75
 - b. Houston, L: \$3,290.00
4. Noted receipt of memo from Klausner, Kaufman, Jensen & Levinson regarding EO 20-246 dated 10/01/2020.
5. Noted receipt of Firefighter Trustee Election results dated 10/13/2020. Trevor Hall was elected to serve a three-year term commencing 11/1/2020 – 10/31/2023.
6. Noted receipt of Disability Process Timeline of disabilities in process as of 10/15/2020.

[Mr. Spearman joined the meeting at 1:35 p.m.]

7. **Investment Management Presentation** by Jay Bowen of Bowen, Hanes & Co. Inc. Noted receipt of the following:
 - a. Investment management report for the fiscal year ended 09/30/2020. Market value of *investments* as of 09/30/2020 was \$2,370,814,739.37. Investment return was +16.3% on the total portfolio this fiscal year.
 - b. DROP Low Risk Variable Rate Option report for fiscal year ended 09/30/2020. Market value of *investments* as of 09/30/2020 was \$4,697,101.30. Investment return was +0.7% for the DROP low risk variable rate option this fiscal year.
 - c. Investment Summary dated 10/02/2020 written by Jay Bowen.
 - d. Bond portfolio information and recommendation to hold.

- e. Proxies voted during quarter ended 09/30/2020.
- f. Addendum distributed at meeting. Market value of investments as of 10/20/2020 was \$2,421,207,450. Investment return as of 10/20/2020 was +2.2% on the total portfolio so far this fiscal year.

[Mr. Rogero joined the meeting at 1:38 p.m.]

Mr. Bowen advised that his firm is starting their 47th year as the Fund's sole investment manager, noting that the "Tampa Model" continues to prove its durability. He noted that September was a remarkable month and the fiscal year ended with a strong, double-digit return. Mr. Bowen remarked on the March market low and the recovery that has since occurred, noting that the investment policy change in February allowed the Fund to take advantage of some opportunities in the REITs space. He opined that there has never been a year that has validated the Fund's model the way this year has. Mr. Bowen explained that reallocation of some funds to smaller, innovative companies, such as emerging technologies, in the equity arena also played a role in Fund performance this fiscal year. With regards to the current fiscal year, Mr. Bowen advised that it is hard to talk about structuring the portfolio from an asset allocation and industry emphasis standpoint until we see what is going to happen with the upcoming presidential election and subsequent policy agenda. He cautioned that a period of consolidation is likely over the next few months due to economic and political uncertainties.

Mr. Messmer opined that the market seems to react strongly when the stimulus talks break down or pick up and asked for opinions as to whether this is cyclical in nature or if the market is pricing in the fact that there should be a stimulus coming. He also asked if there are concerns about the upcoming presidential election and the possibility of a winner not being immediately decided. Mr. Bowen advised that the uncertainty of contested election results would not be good for the market and would likely cause bonds to rally and stocks to sell off. He also opined that the market seems very wedded to another stimulus package, but raised concerns about funding the stimulus package and the resulting debt. He opined that continuing to reopen the economy in a safe way is what will drive the American economy, corporate profits, and bring back jobs. **It was moved by Mr. Spearman, seconded by Mr. Belmonte and by unanimous vote to receive and file items 7 a – f.**

New Business

8. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. It was disclosed that Mr. Belmonte and Angie Ford will attend the FPPTA Pivot Virtual Summit this month. **Item 8 was received and filed.**
9. Approved Staff Pension Plan actuarial valuation report for fiscal year ending 09/30/2019 and 112.664 Compliance report for fiscal year ending 09/30/2018. **It was moved by Mr. Messmer, seconded by Mr. Cannon and by unanimous vote to approve the Staff Pension Plan actuarial valuation for FYE 09/30/2019 and the 112.664 Compliance Report for FYE 09/30/2018.**
10. Chair's call for any new business items from trustees to be placed on next agenda. Mr. Hall advised that he has been asked by a few retirees to explore the possibility of shortening the 13th check payment timeline. He requested that the chairman assign the topic to committee for review. Ms. Ernst advised that the committee assignment will be on the next meeting agenda.
11. Chair's report. Mr. Burkett advised that the Mayor has moved to reopen the City and the Governor has yet to extend the executive order that allows the Board to meet remotely. Mr. Klausner advised that if the order does not get extended, there will have to be five trustees physically present to have a quorum for the next meeting. Mr. Klausner recommended renting a larger space for in-person meetings in order to accommodate members of the public and allow for social distancing. Ms. Ernst asked if it is suitable to have signage that informs visitors that the Fund assumes zero liability if infection occurs on the premises and Mr. Klausner advised that

is it appropriate to put people on notice and to advise that masks and social distancing are required. Ms. Ernst noted that staff is already working on a room reservation at the Tampa Convention Center (TCC) for the potential in-person meeting. Mr. Messmer advised that TCC has been allowing City administration to use meeting rooms free of charge and asked that staff make the appropriate inquiries. Mr. Burkett advised that the meeting should still be available for public remote participation and Mr. Ernst confirmed that the proper arrangements will be made.

12. Plan Administration: Update on PAS implementation, health insurance, external audit, formal disability hearings

Ms. Ernst advised that the team is working on design review for the third deliverable of the PAS project, which is the piece that will replace the current mainframe system. She continued that this piece also encompasses deductions from pension checks, which could require a costly change request in order to accommodate deductions for the various benefits offered by the new health trust, which goes into effect January 1, 2021. It was noted that the unions currently plan to bill retirees directly, but this excludes them from taking advantage of the \$3,000 health tax credit. Ms. Ernst advised that she needs direction from the Board as to whether the PAS should allow for these deductions and who will cover the cost of the change request.

[Mr. Belmonte out of the room from 2:42 – 2:44 p.m.]

Discussion ensued and concerns were expressed about the trust's ability to absorb fees associated with a change request. Ms. Ernst advised that a decision must be made before Thanksgiving in order for this piece of the system to be implemented before go-live. It was agreed that this change is necessary in order to preserve the value of non-taxable health insurance premiums. **It was moved by Mr. Belmonte and seconded by Mr. Messmer that the Board give conditional authorization to proceed with the change request, contingent upon discussions with the unions and health trust about the potential to recover or share the cost of implementing this piece of the system and Board approval of the final cost.** Ms. Ernst agreed to report back on the cost of the change request at the next meeting.

Ms. Ernst advised that the external audit is in the pre-planning phase this week and staff has begun providing information for remote review. It was noted that once the audit is completed, the final report is provided to the Board at the February board meeting, which is the catalyst for the actuarial valuation and 13th check determination, both of which are presented at the May board meeting. With regards to year-end DROP processing, it was noted that staff will begin working on DROP calculations and distributions after the financial statements and DROP rates of return and admin fees are approved at November board meeting.

The formal hearing of disability applicant Ryan Floyd was scheduled for December 9, 2020 at 9:00 a.m. with an approximate duration of 4 hours. It was noted that last-minute cancellations from trustees have the potential to create due process issues and calendars were confirmed. It was noted that if the applicant participates remotely, camera access will be required. Discussion ensued and it was agreed that the applicant should participate in-person for a formal hearing.

Mr. Hall provided an update on the fire and security systems project, noting that both systems will be completely upgraded and the new vendor will manage all security and fire systems, including control access doors and fire extinguishers.

13. Attorney's report. Nothing to report.


Litigation Report – Update by attorney, if any. [Items 13 – 16] **Items 14 – 17 were received and filed.**


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| 14. Artz Lawsuit | 2 nd District Court of Appeals Case No. | 2D15-1342 |
| | Hillsborough County Circuit Court Case No. | 07-012048 |
| 15. Appel Petition for Writ of Certiorari | 2 nd District Court of Appeals Case No. | 2D18-4443 |
| | Hillsborough County Circuit Court Case No. | 17-CA-10758 |
| 16. Houston, L. Appeal | 2 nd District Court of Appeals Case No. | 2D18-4279 |
| | Florida Supreme Court | SC20-861 |
| a. Notice of Executive Session at conclusion of regular board meeting, approximate length 15-30 minutes. | | |
| 17. Houston, E. Appeal | 2 nd District Court of Appeals Case No. | 2D19-2119 |
| | Florida Supreme Court | SC20-860 |
| a. Notice of Executive Session at conclusion of regular board meeting, approximate length 15-30 minutes. | | |


Executive Session:

- a. Noted receipt of posting of executive session to be held at conclusion of today's regular board meeting.
- b. Board Counsel request for advice concerning L Houston Appeal and E Houston Appeal and explanation of legal requirements for the Closed / Executive Session, limited to litigation expenditure strategy and potential settlement discussions in Case No. 2D18-4279 LaJoyce Houston vs. the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa and Case No. 2D19-2119 Eric Houston vs. the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa. These matters will be discussed jointly as any fee settlement would encompass both cases.
- c. Chair's announcement that only current trustees, Matthew Belmonte, Doug Burkett, John Cannon, Trevor Hall, Patrick Messmer, Greg Reed, Dennis Rogero, and Gregory Spearman, Board Counsel Robert Klausner, Plan Administrator Tiffany Ernst, and court reporter Melinda McKenna are authorized to attend the Closed/Executive Session. The transcript will not become a public document until the conclusion of this litigation in its entirety.
- d. Closed / Executive Session to be convened. **It was moved by Mr. Messmer, seconded by Mr. Reed and by unanimous vote to convene the executive session at 3:18 p.m.**
- e. Meeting to be reopened to the public. **It was moved by Mr. Spearman, seconded by Mr. Reed and by unanimous vote to reopen the meeting to the public at 3:54 p.m.**
- f. Board motions, if any. **It was moved by Mr. Messmer, seconded by Mr. Spearman and by unanimous vote to accept the attorney's recommendation and allow counsel to execute a settlement agreement in this matter.**

The motion to adjourn was made by Mr. Cannon at 3:57 p.m.

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Douglas Burkett
Chairman

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Secretary

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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.

November **18**, 2020 – early due to holidays

December **16**, 2020 – early due to holidays