

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

**Location: Tampa Convention Center, Room 20-21**

**Livestream:** <https://attendee.gotowebinar.com/register/3851984367704012816> Webinar ID: 994-371-811

**Audio Only:** (866) 901-6455 Access Code: 619-159-474

**November 18, 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, November 18, 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. Robert Klausner, General Counsel; Mr. Mark Lenker, External CPA; and active and retired plan members.

1. Approved the minutes of the October 21, 2020 regular board meeting. **It was moved by Mr. Messmer, seconded by Mr. Hall and by unanimous vote to approve the minutes of the October 21, 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. Spearman, seconded by Mr. Reed and by unanimous vote to approve consent agenda items 2-6.**

2. Ratified pension benefits.
3. Investment Management Report from Bowen, Hanes & Co. Inc. Noted receipt of the following:
  - a. Investment management report for the month ended 10/31/2020: Market value of investments was \$2,302,671,540.91. Fiscal year investment return has been -2.4% (negative 2.4%) on the total portfolio to date.
  - b. Addendum to be distributed at the meeting. Market value of investments as of 11/17/2020 was \$2,475,893,715. Investment return was 4.9% on the total portfolio.
4. Approved billing for services rendered by Klausner, Kaufman, Jensen & Levinson during October 2020:
  - a. General Counsel: \$12,485.00
  - b. Houston, L: \$1,245.00
5. Noted receipt of Public Pension Standards Award for Funding and Administration 2020.
6. Noted receipt of Disability Process Timeline of disabilities in process as of 11/12/2020.

**Financial Reporting Presentation** by Mark Lenker, CPA of Nobles, Decker, Lenker & Cardoso

7. Financial statements distributed and reviewed at meeting by Mr. Lenker:
  - a. Monthly financial statements for the month ended 09/30/2020.
  - b. Annual financial statements for the fiscal year ended 09/30/2020.

Mr. Lenker presented the financial highlights for the last quarter of the fiscal year ended 09/30/2020, noting that total assets were sitting just over the \$2.3 billion mark. He commented that over 99% of the Fund's assets are fully invested and working to generate investment income and support benefit payments. Mr. Lenker advised that the operating results follow what was happening in the market, noting that there was a net positive for the period. It was stated that there were expected aberrations in the contributions this quarter due to July containing three paychecks, the August receipt of state contributions, and then the City's quarterly match that was received in September. It was noted that benefits paid were consistent, except for September when the Houston settlements were paid, including the settlement of attorney's fees.

Mr. Lenker reviewed the annual financial statements, noting that the statement of net assets reflects a \$39 million increase when comparing the current and prior year. There was a market value increase of \$237 million. He commented that the Fund's stock investments saw a market value increase of over \$200 million, ventures and partnerships saw an increase of \$23 million, and the debt component increased \$7 million. It was noted that the source of most of the funding changes that occurred was the maturity of the corporate debt that was held, which decreased \$117 million. The performance page was also reviewed, and Mr. Lenker advised that the gross investment income increased \$254 million this year versus last year. He noted that benefits paid decreased due to the non-payment of the 13<sup>th</sup> check; contributions increased due to increased employee, employer, and state contributions; and administrative expenses decreased mostly due to PAS project expenses paid in the prior year. **It was moved by Mr. Reed, seconded by Mr. Spearman and by unanimous vote to accept the financial statements for fiscal year ended 09/30/2020, as prepared by NDL&C.**

8. Board approved the following DROP statement components as per board policy and procedure, distributed and reviewed at meeting by Mr. Lenker:
  - a. DROP investment return calculation for fiscal year ended 09/30/2020. Mr. Lenker reviewed the components of the calculation for the regular investment return option, explaining that the Fund's net investment income is divided by the net assets available for investment, plus the average net cash flow from non-investment activities. This yielded 16.00% for fiscal year 09/30/2020. **It was moved by Mr. Reed, seconded by Mr. Hall and by unanimous vote to adopt the DROP investment rate of return, as prepared by NDB&C.**
  - b. DROP low-risk return calculation for fiscal year ended 09/30/2020. Mr. Lenker reviewed the components of the calculation for the low-risk, variable rate option, explaining that the net investment income is divided by the average net assets available for investment. This yielded .92% for fiscal year 09/30/2020. **It was moved by Mr. Messmer, seconded by Mr. Belmonte and by unanimous vote to adopt the low-risk, variable rate of return, as prepared by NDL&C.**
  - c. DROP administrative fee calculation for fiscal year ended 09/30/2020. Mr. Lenker reviewed the components of the DROP administrative fee calculation explaining that DROP expenses are divided by the balance of DROP assets. This yielded .17%. He noted that this fee is discretionary and is being presented in the form of a recommendation. **It was moved by Mr. Messmer, seconded by Mr. Reed and by unanimous vote to accept the administrative fee recommendation, as prepared by NDL&C.**

#### New Business

9. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. Mr. Belmonte, Mr. Burkett, Mr. Hall, and Mr. Reed disclosed for the FPPTA Trustees School in January. **Item 9 was received and filed.**
10. Approved 2021 COLA increases prepared by actuary Foster & Foster, dated 10/16/2020. Noted that Exhibit A, containing the Cumulative COLAs for each class, is the best quick reference sheet. **It was moved by Mr.**

**Hall, seconded by Mr. Reed and by unanimous vote to approve the 2021 COLA increases, as prepared by actuary Foster & Foster.**

11. Chair's call for any new business items from trustees to be placed on next agenda. None.
12. Chair's report: Assignment of 13<sup>th</sup> check review to committee. Mr. Burkett advised that the 13<sup>th</sup> check review has been assigned to committee 3, which is chaired by Ms. Wynn.
13. Plan Administration: Update on PAS implementation, health insurance, external audit

Ms. Ernst advised that design review for Deliverable 3 is almost complete and the project remains on track. She explained that the project team has been working to resolve issues that surfaced during the design of the benefit payment component of the system. While the Board originally voted to have the custodian issue benefit payments and tax reporting documents, it has since been determined that is not a viable option. It was explained that the custodian would require a full transfer of information into their retirement system every month, which causes issues with determining which is the system of record. Ms. Ernst advised that instead, payments will be processed through a regular checking account. It was noted that the Board already drafted and adopted internal controls for this process during earlier discussions. It was also noted the bank will remit all payments and there will not be check stock or a check printer in the office, but the office will have to take on remitting tax payments and issuing tax reporting documents. Ms. Ernst advised that this service will cost \$10-12,000 per year and cost for printing 1099s has yet to be determined. **It was moved by Mr. Belmonte, seconded by Mr. Reed and by unanimous vote to approve benefit payment process, as recommended by the plan administrator.**

Ms. Ernst advised that since the last meeting, she has had conversation with the PAS vendor, the City, the health trust, and both unions about accommodating premium deductions from pension checks. A process has been agreed upon wherein both the City and the health trust will provide a monthly overlay file for deductions. This was decidedly the best option in terms of efficiency and eliminating potential for keying errors. She explained that this change request will be an extra 250 hours of time, has 2.5 weeks of schedule impact, and totals just shy of \$35,000. It was noted that this is a one-time cost for implementation. Ms. Ernst asked for direction from the Board with regards to cost. Discussion ensued and it was agreed this change would be a benefit to the membership and the cost should be absorbed by the Fund. Mr. Messmer asked if it would be prudent to require an indemnification agreement from the City and the health trust in case there is an issue with the file submitted to the Fund. Mr. Klausner agreed that an indemnification agreement is appropriate and advised that he will draft one accordingly. **It was moved by Mr. Messmer, seconded by Mr. Hall and by unanimous vote to approve the change request and cover the associated costs.**

**It was moved by Mr. Messmer and seconded by Mr. Belmonte and by unanimous vote to require an indemnification agreement from the City and health trust, to be drafted by board counsel.** A brief discussion ensued, and it was decided that this agreement shall also note that costs resulting for any future changes to the files submitted to the Fund that require changes to the PAS, shall be covered by the responsible party. **Upon voting, the motion passed unanimously.**

Ms. Ernst advised that the Karl Spellman line-of-duty disability matter is ready to be scheduled for formal hearing. Potential dates were obtained from opposing counsel and the Board's advocate. Schedules were considered and the matter was set for hearing on February 10, 2021 at 10:00 a.m.

14. Attorney's report. Mr. Klausner advised that he is of the legal opinion that the Board does not need a physical quorum to conduct meetings, noting that this has been discussed with a number of attorneys who are in agreement. He explained that should the Board choose to meet remotely, they must continue to offer a no-cost option for public participation. It was noted that the attorney general's office acknowledged that there is



F & P Pension Board Agenda  
October 17, 2017

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

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

2021 Board meeting schedule – meetings begin at 1:30 p.m.

January 27, 2021  
February 24, 2021  
March 24, 2021  
April 28, 2021  
May 26, 2021

June 23, 2021  
July 28, 2021  
August 25, 2021  
September 22, 2021  
October 27, 2021

November **17**, 2021 –  
early due to holidays  
December **15**, 2021 –  
early due to holidays