

**MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE
TAMPA FIREFIGHTERS & POLICE OFFICERS PENSION BOARD
3001 North Boulevard
Tampa, FL 33603 (813) 274-8550
Thursday, August 25, 2005 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 Thursday, August 25, 2005 at 1:30 p.m. for a regular meeting with the following members present:

Marc Hamlin, Chairman
Eric Hull, Vice Chairman
Ron Ibarra, Secretary
Patrick Lynch

Jimmy Meier
Cynthia Miller
John Moors
Tracy Walker

Also present were Mark Lenker – Nobles, Decker, Lenker & Cardoso, James B. Loper – Board Counsel, and active and retired plan members.

Minutes

1. Approval of minutes of July 28, 2005 Regular Board Meeting. **It was moved by Mr. Ibarra, seconded by Mr. Lynch and by unanimous vote to approve the minutes of the July 28, 2005 regular board meeting as written with the deletion of the dates of birth and ages on number 3.**

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 – 7] **It was moved by Mr. Lynch, seconded by Mr. Walker and by unanimous vote to approve the Consent Agenda items 2-7.**

2. Admitted Tampa Fire Rescue member to pension fund effective 8/29/2005 contingent upon: 1) furnishing a list of all medical providers and authorizations to obtain such medical records; and 2) passing a complete medical examination: Michael J. Hollingsworth.
3. Noted receipt of Thomson Financial quarterly independent performance measurement report for the quarter ended 6/30/2005.
4. Noted receipt of Bowen, Hanes & Co. investment management report for the month ended 7/31/2005, investment return of +17.2% for this fiscal year, total market value of *investments* as of 7/31/2005 \$1,326,598,960.
 - a. Noted receipt of addendum as of 8/24/2005.
5. Approved payment to James B. Loper for legal services rendered during July 2005 in the amounts of:
 - a. \$2,003.73 for general counsel services
 - b. \$3,669.03 for retiree's litigation
6. Approved payment in the amount of \$450.00 to Womble, Carlisle for legal services rendered during June, 2005 in connection with Rock Creek Center.
7. Noted receipt of letter dated 7/25/2005 from S. Lang to Roy James of Prudential with cc: to F&P Chair.

[Mr. Moors entered the meeting at 1:35 pm Ms. Miller entered the meeting at 1:37 pm]

Presentation of Actuarial Valuation by Jose Fernandez of Buck Consultants

8. Noted receipt of annual actuarial valuation as of fiscal year ending 9/30/2004 prepared by Buck Consultants.
 - a. Setting of F&P pension contribution rate for the period 10/1/2005 – 9/30/2006 based upon the results of the 10/1/2004 actuarial valuation and the actuarial requirements to maintain the actuarial soundness of the base plan.
 - b. Noted receipt of summary of actuarial valuation report as of 10/1/2004.

Mr. Fernandez noted that there has been another name change within the firm, Mellon sold a portion of the business including the actuarial consulting portion, so that the firm is now named “Buck Consultants, an ACS Company.”

Mr. Fernandez reviewed the results of the 10/1/2004 actuarial valuation of the plan, noting that only the base portion of the plan is valued and funded on a sound actuarial basis. Mr. Fernandez reviewed the asset side of the valuation, reviewing the market value of assets of the different components of the plan, noting that there had been two consecutive years of positive double digit returns for the fiscal years ending 9/30/2003 and 9/30/2004. Mr. Fernandez pointed out the growth in the market value of the base plan as a result of contributions and investment return on assets. Mr. Fernandez pointed out that all contributions (employee, employer and state) go into the base plan, and reiterated that there are no contributions to the PRAA or the 13th check.

Mr. Fernandez then reviewed a graphic representation of the allocation of money coming into the fund, which the board has seen almost every year, showing that all contributions (member, city and state) go into the base fund, then the first 5% of investment return on the total fund goes into the base fund, the next 5% of investment return from 5-10% on the total fund goes into the COLA account, then a portion of the 11th, 12th and 13th % of investment return on the base plan liabilities for those eligible for the 13th check goes into the 13th check account, then the remainder of the 11th, 12th and 13th % of investment return on the total fund goes into the COLA account, and all investment return over 13% goes into the COLA account.

Mr. Fernandez reviewed the make-up of prior investment losses in the base plan as adopted by the board after extensive research, evaluation, input from multiple professionals, and board workshops which has been clearly defined in policy and has been reflected in each of the last several actuarial valuations presented to and approved by the board. Mr. Fernandez reaffirmed on the allocation graphic slide that the understanding is that current and future returns would be used first to make up prior base plan losses. Mr. Fernandez reviewed the make-up, noting that the fund has a cumulative remaining balance to make up of approximately \$1.7 million as of 10/1/2004 which will be made up from future investment return for the fiscal year ending 9/30/2005, at which point the base plan will have been made completely whole, including the assumed 5% growth rate as specified in the pension contract.

Mr. Fernandez reviewed the six year historical asset information for the base plan, pointing out that the actuarial value of assets derived by five year smoothing has been successful in that the commonly accepted actuarial practice of smoothing serves to dampen the volatility of returns and

of the actuarial value of assets as compared to the market value of assets, pointing out that the actuarial yield line on the graph is less volatile than the market yield line on the graph over this time period. Mr. Fernandez noted that the purpose of smoothing is to smooth the peaks and valleys and that smoothing is used both in down and up markets—it is not used only in down markets and ignored in up markets—it is an actuarial asset method adopted and used consistently over time.

Mr. Fernandez then reviewed the liability portion of the valuation for the base plan entitled Summary of Valuation Results as excerpted from the valuation report, pointing out the changes between the 10/1/2003 and 10/1/2004 valuations. Mr. Fernandez pointed out a footnote on the same slide, which is also contained in the cover letter of every valuation that the annual cost of the base plan is to be met by member, City and State contributions. The total cost less the state contribution is split between the members and the City at a ratio of 1 to 1.34. Mr. Fernandez then reviewed the Breakout of Annual Cost to the Base Plan using a simple numerical example of the 1:1.34 ratio as set forth in the pension contract after state contributions. Mr. Fernandez reviewed the five year historical member and city contribution rates and responded to questions from the board. Mr. Fernandez reviewed the seven year history of state contributions and how Chapter 99-01 compliance has affected the adjusted baseline or “new frozen amount” as described/set forth in Chapter 99-01. There were questions regarding the interpretations of Chapter 99-01 and how other plans are faring with compliance and release of state money. Mr. Lynch reviewed Chapter 175.351 (1)(a) and (b) and Chapter 185.35(1)(a) and (b) and Mr. Loper was asked if a supplemental or share plan as described in 175.351(1)(b) could be added to the plan. Mr. Loper advised that would require a plan change, and would require collective bargaining and agreement between the city and unions, an actuarial impact statement, taking the bill to the local delegation and up to Tallahassee, that a supplemental plan could not have been added simply by the board—a plan change would be required. Mr. Fernandez noted that an annual report must be filed with the Division of Retirement every year which must be approved before state money is released to the plan and that one page of that report contains an actuarial certification of Chapter 99-01 compliance and a calculation of the adjusted baseline or “new frozen amount”. Mr. Loper advised that some of his other P&F pension clients are facing Chapter 99-01 and state premium tax money usage issues.

It was moved by Mr. Lynch, seconded by Mr. Hull and by unanimous vote to approve and receive and file the 10/1/2004 actuarial valuation, #8 on the agenda. It was moved by Mr. Lynch, seconded by Mr. Hull and by unanimous vote to set the F&P pension contribution rate for the period 10/1/2005 – 9/30/2006 based upon the results of the 10/1/2004 actuarial valuation and actuarial requirements to maintain the actuarial soundness of the base plan at 1.18% of pay (5.42% of FSCR).

9. State premium tax money and actuarial overview thereof
 - a. Noted receipt of printouts from Division of Retirement website reflecting the amount Tampa received in 2005.
 - b. Noted receipt of spreadsheet reflecting Chapter 175/185 monies received by Tampa F&P from 1981 – present.
 - c. Noted receipt of excerpts from Chapters 175.351 and 185.35, 2004 Florida Statutes regarding state premium tax money.

It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to receive and file item 9.

10. Noted receipt of fax received 8/18/2005 from Sam Sinardi, President of Tampa Retired Firefighters Association requesting to address the Board regarding Chapter 175 and 185 state premium tax monies. Mr. Sinardi advised that most of his questions about the state premium tax money had already been addressed in the previous two agenda items. Mr. Sinardi advised that he was disappointed that the state premium tax money couldn't be easily and immediately used for an insurance benefit to help retirees. Mr. Sinardi asked if any excess state money could have been used for a health insurance subsidy. Mr. Loper advised that would have required affirmative action on the part of the city and unions and a plan change with all of the requisite steps to do so. Mr. Sinardi asked if it was mandatory that the state contributions go into the base plan or if it was optional so that it could be used for something else. Mr. Sinardi was referred to several portions of the actuarial presentation showing that all contributions (employee, employer and state) go into the base fund and the calculation of employee and employer contributions is made at the ratio of 1:1.34 after state contributions. Mr. Sinardi expressed his disappointment and dismay that it is likely that by the time the new frozen amount is reached that many retirees may be deceased by that time. Mr. Sinardi asked the board and union officials present in the audience for their consideration in helping retirees with the rising costs of health insurance possibly considering the state premium tax money as a source in the future.

Old Business

11. Retiree's declaratory action. No action requested. For information purposes only due to pending litigation. Noted receipt of the following:
 - a. Trustees' Executive Summary in Support of Trustees' First Motion for Partial Summary Judgment dated 6/21/2005. (request at the July meeting to be distributed).
 - b. Letter dated 8/9/05 from J. B. Loper transmitting Order of Recusal *sua sponte* and Direction to Clerk to Reassign Case Randomly, signed by Judge Sam D. Pendino on 8/8/2005. Certificate of Reassignment designates Division G Judge Ralph C. Stoddard.
 - c. Letter dated 8/10/2005 from J. B. Loper transmitting Trustees' Motion to Set for Non-Jury Trial with Dates Certain.
 - d. Letter dated 8/12/2005 from J. B. Loper transmitting Notice of Hearing on Trustees' Motion to Set for Non-Jury Trial with Dates Certain.

It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to receive and file item 11.

12. Noted receipt of letter of support to Chair from Tampa Retired Firefighters Association, Inc. received 7/25/2005 in response to letter sent to Attorney General by Tampa Retired Fire & Police Association.
 - a. Noted receipt of letter dated 8/1/2005 from Tampa Retired Firefighters Association, Inc. to Attorney General transmitting support letter of 7/25/2005.

It was moved by Mr. Lynch, seconded by Mr. Walker and by unanimous vote to receive and file item 12.

13. Rock Creek Center Committee Chair report. Mr. Lynch reported that Mr. Hendren remains optimistic that the large property sale should close by 10/6/2005, the date in the contract, and that the 20 acre option to Portrait Homes may also be exercised. Mr. Lynch reported that the Rock Creek Center Committee met on 8/23/2005 and recommended that since the sale(s) are crossing into a new fiscal year that Mr. Hendren's contract that expires 9/30/2005 be extended for 90 days with one 90 day extension. Mr. Lynch reported that the annual independent property appraisal

should be available by the next board meeting. **It was moved by Mr. Lynch, seconded by Mr. Ibarra and by unanimous vote to receive and file item 13.**

New Business

14. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. Mr. Hamlin advised that he would not be attending the FPPTA and Division of Retirement conferences after all. Mr. Hull advised that he planned to attend the FPPTA and Division of Retirement Conference. Ms. Campbell advised that she planned to attend the FPPTA conference. Ms. Miller advised that she planned to attend the January 2006 Opal conference, which is not yet showing on the conference list but has no registration fee. Ms. Campbell advised the board that based upon the discussion and support from the board on staff training last month, that the scheduling and office coverage has been worked out so that Kimberly Bogush and Patricia Cooley plan to attend the FPPTA conference/trustees school to begin the Certified Public Pension Trustee (CPPT) certification/testing process as well as attending the Division of Retirement Conference. Mr. Hull stated that he believes that the pension fund should have the best educated staff possible and that possibly national conferences and certifications could be considered in the future. Ms. Campbell suggested that a solid Florida foundation be built first, including achieving CPPT, since Chapters 175/185 and 112 are unique to Florida before considering national level conferences and certifications such as the International Foundation of Employee Benefits Plans (IFEBC) Certificate of Achievement in Public Pension Policies (CAPP), Certified Employee Benefits Specialist (CEBS), etc. Mr. Lynch also expressed support, and Mr. Meier confirmed with Ms. Campbell that there would always be office coverage during business hours. **It was moved by Mr. Walker, seconded by Mr. Lynch and by unanimous vote to authorize two F&P support staff members (Bogush and Cooley) to attend the FPPTA trustees school and Division of Retirement conference. It was moved by Mr. Lynch, seconded by Mr. Hull and by unanimous vote to receive and file item 14.**
15. Trustee elections
 - a. Noted receipt of red flyer with fire trustee election information.
Qualifying deadline for candidates 9/13/2005 at 5:00 p.m.
Elections scheduled Tues., Wed. and Thurs. 10/11, 10/12, and 10/13/2005 from 8:00 am – 6:00 pm
At two locations: F&P pension office [Districts 1, 2 & 4] and Station #13 [District 3]
(locations established based upon logistics and discussions with Fire Chief)
 - b. Noted receipt of blue flyer with police trustee election information.
Qualifying deadline for candidates 9/7/2005 at 5:00 p.m.
Elections scheduled Thursday and Friday 10/6/2005 and 10/7/2005 from 12:00 noon – 8:00 p.m.
At three locations: District 1, District 2, and District 3 officesMr. Hamlin asked about absentee ballots, and Ms. Campbell advised that absentee ballots would be handled the same way as in the past as per past practice and precedent, the requirements of which are clearly stated on all mailings/flyers/postings/absentee ballot instructions. Ms. Campbell advised that this year the scheduling worked out with the Supervisor of Elections so that touchscreen voting can be used, and that after meeting with a representative from the Supervisor of Elections to test the equipment and review the requirements and setup, that there are no provisions or capabilities for absentee ballots within the touchscreen setup, so absentee ballots must be handled the same as in the past. **It was moved by Mr. Lynch, seconded by Mr. Ibarra and by unanimous vote to receive and file item 15.**

16. Plan Administration.

a. 2005 schedule

September 22, 2005	1:30 p.m.
October 27, 2005	1:30 p.m.
November 17, 2005	1:30 p.m.
December 15, 2005	1:30 p.m.

b. Noted receipt of graphic of disability applications currently in process. Ms. Campbell advised the board that all three front office staff members are cross-trained and cross-utilized on disability application processing, which is resulting in smooth and timely progression through the disability processing and complimented staff for their training and efforts.

c. Noted that 2005 pre-retirement workshops have been scheduled for Wednesday 8/31/2005 at 2:00 p.m. and Thursday 9/1/2005 at 10:00 am at the Tampa Convention Center in Room 25 (noted room change). **It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to receive and file item 16.**

The meeting was adjourned at 2:30 pm.

Notice

Any person who desires to appeal any decision of the Board of Trustees with respect to any matter considered at this Board meeting will need a record of the proceedings and for this purpose, may need to ensure that a verbatim record of the proceedings is made which includes testimony and evidence upon which the appeal is based.

September 22, 2005 board meeting: It was moved by Mr. Lynch, seconded by Mr. Moors and by unanimous vote to approve the minutes of the August 25, 2005 board meeting as written.