

**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, December 14, 2006 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, December 14, 2006 at 1:30 p.m. for a regular meeting with the following members present:

Tracy Walker, Chairman	Marc Hamlin
Patrick Lynch, Vice-Chairman	Dan Lombard
John Moors, Secretary	Jimmy Meier
Sharon Fox	Cynthia Miller

Also present were Mr. Mark Lenker, CPA, Ron Cohen, General Board Counsel, and active and retired plan members.

Presentations

Mr. Walker presented a plaque of appreciation to Capt. Marc Hamlin, outgoing Chairman, for his years of dedicated service as Chairman of the Board of Trustees from December 2002 – November 2006.

Mr. Walker read aloud a plaque of appreciation to Mike Hendren in appreciation of his years of service as Property Manager for Rock Creek Center from 1982 to 2006. Mr. Hendren was unable to attend the meeting after all and a letter of thanks dated 12/13/2006 from Mr. Hendren to the Board of Trustees and to the Rock Creek Center Chairman Mr. Lynch was distributed to the board.

Minutes

1. Approval of the minutes of the November 16, 2006 regular board meeting. **It was moved by Ms. Miller, seconded by Mr. Lynch and by unanimous vote to approve the minutes of the November 16, 2006 regular board meeting as written.**

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 – 9] **It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to approve the Consent Agenda, items 2 – 9.**

2. Noted receipt of revised Officers and Committees roster, including committee assignments by the Chair.
3. Noted receipt of Thomson independent performance measurement report for the fiscal year ended 9/30/2006.
4. Approved payment to Womble, Carlyle, Sandridge & Rice in the amount of \$2,107.66 for services rendered in connection with the final sale of Rock Creek Center through 10/31/2006.

5. Approved payment to Ronald J. Cohen, P.A. for legal services rendered during October and November, 2006 in the amounts of:
 - a. \$3,992.50 General counsel services.
 - b. \$3,328.07 Retiree's litigation.
6. Noted receipt of monthly financial statements prepared by Nobles, Decker, Lenker & Cardoso for the month ended 10/31/2006. Market value of *assets* as of 10/31/2006 was \$1,479,532,226.
7. The Bowen, Hanes & Co. investment performance report for the month ended 11/30/2006 was distributed at the meeting, and the market value of *investments* as of 11/30/2006 was \$1,506,670,013, with a rate of return so far this fiscal year of +6.1%.
 - a. The BH&Co. 13th check report was distributed. Noted that the 13th Check custody account market value as of 11/30/2006 was \$8,871,003 with a yield of 5.13% as of 11/30/2006, invested in Wachovia Evergreen Institutional Treasury Money Market Fund.
8. Noted receipt of sample COLA letter for January 2007 COLA, sent to all COLA classes (1-28) the week following the November board meeting after board approval of actuary's COLA figures on 11/16/2006.
9. Noted receipt of bi-ennial report containing the following: a) cover letter; b) 13th check "quarterly statement" with interest as calculated by Nobles, Decker, Lenker & Cardoso and approved by the board 11/16/2006; c) points of interest with investment, financial and actuarial information; and d) annual financial statement for the fiscal year ended 9/30/2006 prepared by Nobles, Decker, Lenker & Cardoso as approved by the board 11/16/2006. (Note that 134 participants not eligible for this 13th check did not receive a 13th check "quarterly statement" in their bi-ennial report, as they are not eligible.)

Mr. Hamlin complimented staff on the bi-ennial report which was professional, informative and well-received.

Medical Disabilities

10. Authorized replacement of medical board member Dr. Harrison by the practice of Cardiology Center of Tampa (Dr. Caneda, Dr. Marques or Dr. Garcia, depending upon scheduling availability), as recommended by Medical Director for LOD disability applicant K. Bowe, TFR. Dr. Harrison does not wish to participate. **It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to approve the replacement medical board member as recommended by the Medical Director.**

Old Business

11. Retiree's declaratory action. No action requested due to pending litigation/appeal.
12. Noted receipt of cost studies dated 11/6/2006 prepared by Buck Consultants at the request of the unions with partial payment of some studies authorized by the board. **It was moved by Ms. Miller, seconded by Mr. Meier and by unanimous vote to receive and file item 12 and to make certain that the report had been received by the PBA.**

13. Committee #2 meeting to be scheduled after January 1 regarding policy change consideration requested of giving four groups—both retiree's associations and both unions—a standing limited time slot at the end of each meeting to address questions that have arisen during the meeting. Mr. Walker reported that a meeting of committee #2 had been scheduled and posted for 1/10/2007 at 1:00 p.m. Ms. Campbell noted that committee members have been notified, both retiree association presidents had been notified by telephone, both unions have been faxed the notice, and the notice has been posted.
14. Legal Opinion on benefits payable to eligible surviving spouse in recent pre-retirement death of active, vested firefighter J. Delbaugh (first active, vested pre-retirement death since implementation of 10 Year Certain benefit):
 - a. Noted receipt of write-up of issues, questions, considerations by Plan Administrator to attorney and actuary.
 - b. Noted receipt of written legal opinion dated 12/6/2006 prepared by R. Cohen, General Board Counsel.

Mr. Cohen reviewed his legal opinion for the board, noting that the pension contract in its current form is complex, convoluted, contains circular references and ambiguities, and strongly recommended that the board consider rewriting the plan document in plain language for clarity. Mr. Cohen also reviewed the applicable section of Chapter 175 and a previous legal opinion rendered to the board. Mr. Cohen advised that construed together, the pension contract and Section 175, provide certain death benefits to the survivors of Mr. Delbaugh and discussed the time at which benefits should commence, in his opinion. Mr. Cohen responded to questions from the board.

[Mr. Moors entered the meeting at 1:40 p.m.]

Ms. Campbell recommended that the board affirm its prior decision in this matter. Mr. Cohen strongly urged the board to consider rewriting the contract in plain, unambiguous language, noting that he had discussed this issue with the actuary J. Fernandez, and that Mr. Fernandez agreed that the fund would benefit from a rewrite of the plan.

After discussion, **it was moved by Ms. Miller, seconded by Mr. Lynch and by unanimous vote to: 1) receive and file item 14a; 2) approve the legal opinion contained in item 14b; 3) direct staff and board counsel to draft a policy and procedure in the near future to address this issue; 4) to ratify the board's previous action taken in this matter; and 5) for Mr. Cohen to review the pension contract language and make recommendations for a rewrite as time permits for future consideration** (most likely after the appeal has been concluded).

New Business

15. Noted receipt of letter dated 11/24/2006 from James Preston, retiree, President of Florida State Lodge of Fraternal Order of Police requesting the pension fund's intent on compliance with Healthcare Enhancement for Local Public Safety (HELPS) [exclusion of up to \$3,000 in health insurance premiums from taxable income paid from eligible retirement plan directly to insurer, contained in the Pension Protection Act of 2006]. Mr. Preston appeared in person before the board and requested that the board proceed with compliance with this provision of the Pension Protection Act of 2006. Ms. Campbell advised that a meeting with the department heads of Finance and Human Resources has

been scheduled in January after the holidays as the board directed at their November meeting to discuss legal, accounting, implementation and programming issues. Ms. Campbell noted that there were approximately 400 retirees with health insurance deductions who could potentially be affected in a positive way by this legislation and advised that she was encouraged that compliance could be achieved within several months provided that legal and accounting questions are satisfactorily answered and the affected departments work together. **It was moved by Ms. Miller, seconded by Ms. Fox, and by unanimous vote to receive and file item 15.**

16. Noted receipt of local bill draft dated 12/7/2006 regarding restructuring funding of 13th check as negotiated and agreed upon between the unions and city 12/4/2006. Purpose is three-fold: 1) to simplify – remove layer of complication requiring actuarial calculation of “base plan liabilities for those eligible for the 13th check”; 2) to increase the potential value by expanding from 3% of “base plan liabilities for those eligible for the 13th check” to 1% of the *market value* of the *base plan plus PRAA assets*; and 3) to include every *eligible* plan member who is alive on the date the bill becomes law (actives, DROPs, retirees, eligible surviving spouses). Ms. Campbell reviewed her understanding of the changes and effect, provided a sample description and example of the potential revised 13th check on the whiteboard, and responded to questions from the board. Ms. Campbell recommended that, based upon the number of inquiries received and the misinformation/misunderstandings circulating about this potential plan change, that the board consider sending a letter to the actives and retirees explaining the effect of this potential change and distributed a first draft for the board’s consideration. A brief recess was taken for the board to read and consider the first draft.

[Recess 2:10 – 2:15 p.m.]

There was considerable discussion on the draft and suggestions to further simplify and shorten the letter. Mr. Walker recommended the addition of simple pie charts for ease of understanding and as a visual demonstration. Ms. Miller, Mr. Moors and Mr. Lenker recommended using the same date of information rather than mixing past actual history, current numbers and forward projections so that apples to apples are being compared. Mr. Lynch volunteered to take on the task of compiling the suggestions discussed today and reworking the letter in a very basic, simple format on one page with a one page attachment working with Ms. Campbell. Ms. Miller also requested that the revised draft letter be provided to the accountant, actuary and attorney for review and input prior to its distribution. There was also discussion regarding the tentative schedule for the local delegation hearing and the need for a formal actuarial impact statement/letter from the fund’s actuary, as required by Chapter 112, to go with the local bill as filed. Ms. Campbell recommended that the board go ahead and authorize Mr. Fernandez to proceed since there is not another regular board meeting scheduled between now and the tentative date of the local delegation meeting. Ms. Miller asked when the police union would be holding a ratification vote on the proposed plan change, and Ms. Campbell advised that the PBA ratification vote was scheduled for 12/20 and 12/21/2006, which was confirmed by Mr. Durkin who was present. **It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to: 1) receive and file item 16; 2) authorize Mr. Fernandez of Buck Consultants to prepare an actuarial impact statement (AIS) for the local bill as filed contingent upon the ratification vote of 12/20 and 12/21/2006 and Mr. Cohen’s review of the final bill language submitted; and 3) for the revised draft letter to go to either committee 2 on 1/10/2007 or a special board meeting be called to address the revised draft letter before its distribution if consensus amongst the professionals and Mr. Lynch cannot be reached; and 4) to use real**

numbers from the most recent actuarial valuation for all examples so that apples to apples are being compared instead of using any current/forward projections or estimates.

17. Noted receipt of request to address the board by retiree J. Ballinger regarding concluding statements from last month's statement to the board. (request received 12/7/2006 8:42 am) Mr. Ballinger thanked the board for their volunteer service and efforts, commented on the distractions that the board has had during the past few years from the efficient and effective conduct of its business, and noted that an embattled volunteer board typically may not go where it does not have to go when already tired, unappreciated, emotionally stressed and under attack. Mr. Ballinger made several suggestions for the board to consider in the future if it were not otherwise engaged in distracting and disabling issues and tactics, such as: rewriting the pension contract in simple, straightforward language that any member can understand, because in his opinion, the current complicated contract serves only to enrich actuaries and attorneys to interpret; and putting all professionals on a rotating RFP schedule to encourage competition and cost savings. Mr. Ballinger also cautioned the board into being rushed by the city and unions into a plan amendment such as the proposed 13th check amendment, as the past has proven that rushing something like this through has proven that it can be a recipe for disaster that can take years to correct. Mr. Ballinger thanked the board for their time today and for their unpaid service.
18. Request to address the board by PBA President K. Durkin regarding possible annuity, supplement, medical savings account, or some other vehicle to help offset the cost of health insurance. (request received 12/7/2006 10:55 a.m.) Mr. Durkin advised that the PBA does not have extensive pension expertise and that the PBA must rely on the pension board, its staff and its professionals for assistance and guidance in pension matters. Mr. Durkin advised that the PBA had several health insurance relief proposals for future consideration and briefly explained some of the examples. Mr. Durkin advised that when he took over as PBA president there were numerous pension change scenarios that had been requested from the actuary by the unions, noting that the costs for the multitude of studies was out of control at that time. Mr. Durkin advised that his main concern is keeping costs under control and requested that the board consider assuming some of the costs related to using the board's professionals in pension benefits that are bargained for the active members, such as the attorney and actuary. Mr. Durkin requested that the board and unions work in partnership, noting that the board and its professionals may have a solution to an issue that the PBA is not aware of. Mr. Durkin noted that he is not asking for the board to finance the PBA or its active members-- simply to provide the PBA with the tools to move forward on pension matters, and to accept and embrace the concept of working together in partnership on future potential pension plan changes. Mr. Lynch recommended that this topic be scheduled before committee #2 sometime in February. Mr. Durkin thanked the board for their time and consideration.
19. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. Mr. Meier wished to undisclosed the FPPTA January conference, and Mr. Moors and Mr. Walker advised that they planned to attend the FPPTA conference. **It was moved by Mr. Lynch, seconded by Mr. Hamlin and by unanimous vote to receive and file item 19.**
20. Plan Administration.
 - a. 2007 schedule

January 25, 2007	1:30 p.m.
February 22, 2007	1:30 p.m.

March 22, 2007	1:30 p.m.
April 26, 2007	1:30 p.m.
May 24, 2007	1:30 p.m.
June 28, 2007	1:30 p.m.
July 26, 2007	1:30 p.m.
August 23, 2007	1:30 p.m.
September 27, 2007	1:30 p.m.
October 25, 2007	1:30 p.m.
November 15, 2007	1:30 p.m. *early due to holidays
December 13, 2007	1:30 p.m. *early due to holidays

- b. Status report on pension office flood damage from burst water heater, broken line, drain and pan, damage, repairs, interruptions of office operations. Ms. Campbell advised that the board will see an increase in building maintenance costs due to the recent flood damage, noting that the standing water and disaster recovery efforts had resulted in an unsafe work area at times, and that there were times when the phone could not be heard over the fans, dehumidifiers, and vacuum no matter how high the volume had been turned. Ms. Campbell also noted that the solenoid on the front door remote lock mechanism had also broken, which took several days of electrician and alarm company technicians to work through to track the problem, secure the parts and affect a temporary repair (permanent repair pending receipt of necessary equipment currently on order). Ms. Campbell advised that additional repairs were needed, some of which will be accomplished on weekends to minimize the interruption of office operations. Ms. Campbell pointed out that the building is at the age where larger ongoing maintenance expenses are to be expected. Ms. Campbell explained that she is reviewing this in some detail for the board so that they understand that the level of service typically provided by the pension office has suffered somewhat, but that she expects to have the maintenance and safety issues addressed and the office operations back to the high standards that she and this board expect in the near future.
- c. Status of DROP statements and DROP rollovers, currently in process, due by 12/31/2006 by board policy and pension contract. Wachovia rollover deadline of 12/15/2006 likely not reachable, negotiating extension to provide one additional weekend to continue working on the DROP statements and rollover calculations with Nobles, Decker, Lenker & Cardoso. Ms. Campbell advised that since the agenda printing an extension to 12/19/2006 had been successfully negotiated with Wachovia.
- d. Next mass mailing project is bi-ennial report, including Summary Plan Description (SPD), financial statements and points of interest to *active* members. Labels requested from Employee Relations. Ms. Campbell advised that this mailing had been accomplished after the agenda was published but before today's meeting.

Mr. Lynch noted that the AED had been professionally mounted on the wall in the lobby hallway area and thanked Ms. Campbell for having it done. Ms. Campbell noted that a new first aid kit had also been purchased and mounted on the lobby hallway wall as well.

Mr. Walker thanked staff and the board professionals for their hard work during the year. Mr. Walker also observed for all present that while at times there may be differences of opinion, that we all have the same goal and should continue to strive towards that common goal.

The meeting was adjourned at 2:40 p.m.

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.

January 25, 2007 board meeting: It was moved by Mr. Lynch, seconded by Ms. Miller and by unanimous vote to approve the minutes of the December 14, 2006 board meeting as written.