

**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, April 26, 2007 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, April 26, 2007 at 1:30 p.m. for a regular meeting with the following members present:

Patrick Lynch, Vice Chairman
Mark Bogush
Sharon Fox
Marc Hamlin

Dan Lombard
Jimmy Meier
Cynthia Miller
John Moors

Also present were Mr. Jay Bowen, Investment Manager, Mr. Mark Lenker, CPA, Mr. Ron Cohen, General Board Counsel, Mr. Lou Molinari, Mr. John Gorman, Ms. Mary Lou Dixon, and Ms. Lynn Thompson from Wachovia, and active and retired plan members.

Minutes

1. Approval of the minutes of:
 - a. March 22, 2007 regular board meeting. **It was moved by Mr. Moors, seconded by Ms. Miller and by unanimous vote to approve the minutes of the March 22, 2007 regular board meeting as written.**
 - b. March 20, 2007 Committee #2 meeting. **It was moved by Ms. Fox, seconded by Mr. Hamlin and by unanimous vote to approve the minutes of the March 20, 2007 Committee #2 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 – 8] **It was moved by Ms. Miller, seconded by Mr. Hamlin and by unanimous vote to approve the Consent Agenda, items 2 – 8.**

2. Ratified pension benefits.
3. Noted receipt of 13th Check custody account status prepared by Bowen, Hanes & Co. Market value was \$9,092,781.65, with yield of +5.03% as of 3/31/2007. Invested in Wachovia Evergreen Institutional Treasury Money Market Fund.
4. Approved payment to Ronald J. Cohen, P.A. for legal services rendered during March 2006 in the amounts of:
 - a. \$2,025.18 General counsel services.
 - b. \$3,269.00 Retiree's litigation.
5. Noted receipt of financial statements for the month ended 2/28/2007 prepared by Nobles, Decker, Lenker & Cardoso.
6. Noted receipt of quarterly independent performance measurement report for the quarter ended 12/31/2006 prepared by Thomson Financial.

7. Noted receipt of letters from retiree R. Sparkman received by pension office:
 - a. 3/20/2007
 - b. 4/9/2007
8. Noted receipt of email dated 3/22/2007 and article from *New England Journal of Medicine* on firefighter heart disease transmitted by Medical Director.

Investment Performance Management Presentation by Jay Bowen of Bowen, Hanes & Co.

9. Noted receipt of Bowen, Hanes & Co. investment performance report for the month ended 3/31/2007. Market value of *investments* as of 3/31/2007 was \$1,541,668,173.86. Investment performance so far this fiscal year as of 3/31/2007 was +10.2%.
 - a. Noted receipt of letter dated 4/12/2007 from BH&Co. regarding bond portfolio and recommendations to hold.Mr. Bowen reviewed the fund's portfolio, noting that as of 4/25/2007, the fund balance has increased even further since the last report to approximately \$1.6 billion with an investment return of approximately 14%. Mr. Bowen reported that BH&Co. views the economic indicators and strong earnings reports as positive, and that the subprime lending difficulties in the housing markets have had a low impact on the overall total economy. Mr. Bowen responded to questions from the board.
It was moved by Ms. Miller, seconded by Mr. Moors and by unanimous vote to receive and file item 9.

Educational Presentation on Securities Lending by Wachovia, fund's custodian
[continuing professional education credit will be provided to trustees]

10. Educational handouts were distributed at meeting by Wachovia. Mr. Lou Molinari from Wachovia Securities Lending section distributed educational handouts on securities lending to the board and made a brief educational presentation. Mr. Molinari reviewed the concept and operation of securities lending, risks involved, and the structures and features in place to mitigate such risks, advising that based upon Wachovia's review of the fund's portfolio, Wachovia believes that the fund could add approximately \$1.5-2.0 million in incremental return annually (0.1%) by participating in securities lending. Mr. Molinari advised that Wachovia's fee for securities lending is performance based, and that Wachovia would offer a fee split of 75/25. Mr. Molinari responded to questions from the board, including which funds have recently engaged Wachovia for securities lending: New York State Teachers, Sarasota County and New Mexico Public Employee Retirement Systems. The issue of securities lending was requested to be placed on the next month's agenda for further discussion and/or consideration.

Medical Disabilities

11. Authorized referral to cardiac Medical Board composed of Dr. Casellas, Dr. Dormois, and Dr. Nobel as recommended by Medical Director for LOD disability applicant R. Lane, formerly of TFR. Noted receipt of disability application, qualifying letter, notice of injury(ies), pre-employment physical, job description, and disability application timeline. **It was moved by Ms. Fox, seconded by Ms. Miller and by unanimous vote to authorize referral to cardiac Medical Board composed of Drs. Casellas, Dormois and Nobel as recommended by Medical Director for LOD disability applicant R. Lane, TFR.**

12. Authorized referral to cardiac Medical Board composed of Dr. Casellas, Dr. Dormois, and Dr. Nobel as recommended by Medical Director for LOD disability applicant R. Serrano, Jr. formerly of TFR. Noted receipt of disability application, qualifying letter, notice of injury(ies), pre-employment physical, job description, and disability application timeline. **It was moved by Ms. Fox, seconded by Mr. Hamlin and by unanimous vote to authorize referral to cardiac Medical Board composed of Drs. Casellas, Dormois and Nobel as recommended by Medical Director for LOD disability applicant R. Serrano, Jr. TFR.**

Old Business

13. Retiree's declaratory action. Noted receipt of email dated 4/3/2007 from Board Counsel Cohen regarding no appeals filed.
 - a. 13th check was paid 4/5/2007 in the amount of \$6,512 for retirees and \$3,256 for eligible surviving spouses.
 - b. Motion for Taxable Costs status. Mr. Cohen reported that a hearing on the motion for taxable costs had been scheduled for 6/4/2007 at 9:00 a.m. before Judge Stoddard.
 - c. Mr. Cohen reported that the only potentially recoverable costs for the appeal before the 2nd DCA were the cost of copies of the 50 page brief, noting that it would cost more in legal fees to file for those <\$50 costs, with which the Chair/Acting Chair concurred.
14. Noted receipt of status report from local delegation office on Local Bill 07 – 13th check revision. Ms. Campbell reported that in the legislative staff analysis the state actuary Charlie Slavin had expressed concerns regarding this local bill, specifically Section 112.61 of the Florida Statutes and recommended additional language be added that the plan will be operated in compliance with Chapter 112.61 and the state constitution. Ms. Campbell noted that the plan is already operated in compliance with Chapter 112 Part VII – actuarial soundness and already contains Conflict of Laws provisions; however, the changes recommended by Mr. Slavin do not negatively impact the bill.

New Business

15. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. Mr. Meier undisclosed the Philadelphia conference in May. Mr. Meier, Mr. Moors and Mr. Bogush disclosed that they planned to attend the FPPTA conference in June. Ms. Miller disclosed that she planned to attend the Opal Financial conference in July. **It was moved by Ms. Miller, seconded by Mr. Hamlin and by unanimous vote to receive and file item 15.**
16. Performance bonus for Plan Administrator. (Request to be placed on agenda by M. Hamlin at 3/22/2007 board meeting). Mr. Hamlin reviewed his reasoning for requesting that this item be placed on the agenda, noting that the board professionals involved in the litigation, the actuary, the accountant and attorney and expert witnesses were handsomely paid for their efforts; however, the plan administrator was simply paid her base salary. Mr. Hamlin advised that Ms. Campbell's preparation and testimony in multiple phases of the trial was phenomenal. Mr. Hamlin noted however, that since the last board meeting the Mayor has advised of budget freezes or cuts and possible staffing reductions due to budgetary concerns from the state legislature possibly reducing property taxes and perhaps it would not be prudent at this time. Ms. Campbell thanked Mr. Hamlin for the vote of confidence and recognition for a hard job well done, but in light of the current situation with budgetary concerns and issues, that she didn't feel that a performance bonus would be appropriate at this time and respectfully requested that this agenda item be removed from further consideration. Mr. Lynch noted that pay for the plan administrator is not made from the City's

general fund, rather it is paid from the pension fund and is unaffected by potential budget cuts, advising that he is not prepared to remove this agenda item from further consideration. Mr. Lynch advised that he felt it would be more appropriate to reward the plan administrator for an outstanding job with a higher merit increase than the 3% granted; however, at the time the board addressed the increase, the outcome of the litigation was not known. Mr. Lynch noted that Tampa F&P is one of the largest pension funds in the state and is premier fund administered in a very professional fashion, and comparing this plan administrator's salary to other similar plans around the state, this plan administrator's salary is approximately \$45,000 per year less than Jacksonville Fire and Police and \$12-15,000 less than Miami Police and Fire, Miami GE, and several others such as Hollywood and Pompano Beach. Mr. Bogush asked the Plan Administrator's current salary, and Ms. Campbell responded that it was slightly under \$54/hour which translates to approximately \$111,000/year. Mr. Lynch advised that he believes it would be most appropriate to address performance and salary at the annual performance review rather than as a single, one-time performance bonus, noting that performance bonuses granted under this administration has generated substantial ill will amongst the rank and file. Ms. Campbell again thanked the board for the thought and gesture of recognizing performance under fire during the extended litigation, but respectfully requested that this agenda item be removed from further consideration.

17. Request for Board Counsel to be seated at table during board and committee meetings. (Request to be placed on agenda by S. Fox at 3/22/2007 board meeting). **It was moved by Ms. Fox, seconded by Mr. Moors and by unanimous vote to request that Board Counsel be seated at the table during board and committee meetings for convenience and efficiency.** Mr. Bogush recommended that staff explore having a carpenter add a leaf to the table for additional room if possible.

18. Chair's call for any new business items to be placed on next agenda. There were none.

19. Plan Administration.

- a. 2007 schedule
 - 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

[5 minute recess for Public Comment cards to be turned in. 3:05 – 3:10 p.m.]

b. Plan Administrator's report. Ms. Campbell reported that the 13th check was issued 4/5/2007 within a matter of days of the expiration of the appeal deadline, which required substantial effort but was accomplished.

Ms. Campbell advised that the poverty level programming had been accomplished in April and is pleased to report that the benefit increase and programming is working as intended.

Ms. Campbell reported that the HELPS/PPA programming has been accomplished and implemented with the April 30 benefits (the exemption from taxable income of up to \$3,000 per year in health insurance premiums deducted from pension checks and paid to Humana).

Ms. Campbell reported that the bi-ennial (every other year) Pension Verification Questionnaire project has been mailed to all 1,600 pension benefit recipients, including a self-addressed, stamped envelope for convenience, noting that this is a very large project that consumes substantial staff time.

Ms. Campbell advised that she has received the approval letter for the annual report to the state with no rework required, which should place the fund in the first distribution of the state premium tax monies in August.

Ms. Campbell reported that there has been an unusual increase for this time of year in pension estimate requests, longevity retirement and DROP entry appointments, attributing this surge to the potential budget crisis and hiring freeze. The consensus seems to be that if there are not to be pension benefit increases collectively bargained this summer when fire bargains their contract, and large raises in pay are not likely forthcoming, more plan members than usual are considering taking a longevity retirement now without DROPPing or going ahead and entering DROP over the summer instead of waiting until closer to September 30 or next year.

Public Comments Limited to two (2) minutes per person and maximum of ten (10) persons.

Mr. Vincent spoke regarding agenda item 13b – Motion for Taxable Costs, advising that the retiree association spent \$370,000 in legal fees as compared to approximately \$1.8 million by the pension board and suggested that the board may have overpaid. Mr. Vincent advised that he believes that the Motion for Taxable Costs is out of line and requested that the Board not pursue it so that this matter can be ended.

Mr. Maxey spoke regarding agenda item 13b – Motion for Taxable Costs, advising that his association was forced into the litigation since they couldn't get answers from the Board or its professionals. Mr. Maxey also expressed concern over the amount of legal expenses incurred by the board, also suggesting that the board was overbilled by previous legal counsel. Mr. Maxey also requested that the board not pursue the motion to tax costs.

The meeting was adjourned at 3:25 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.

At the May 24, 2007 board meeting, it was moved by Mr. Lynch, seconded by Mr. Moors and by unanimous vote to approve the May 24, 2007 minutes as amended.