

**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, January 24, 2008 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, January 24, 2008 at 1:30 p.m. for a regular meeting with the following members present:

Patrick Lynch, Chairman
Tracy Walker, Vice-Chairman
John Moors, Secretary
Sharon Fox

Marc Hamlin
Mark McRae
Jimmy Meier
Cynthia Miller

Also present were Mr. Ron Cohen, Board Counsel, Mr. Patrick Gonyea, Co-counsel, Mr. Jay Bowen, Investment Manager, Mr. Mark Lenker, CPA, and active and retired plan members.

Minutes

1. Approval of the minutes of December 13, 2007 board meeting. Mr. Cohen and Ms. Campbell made slight revision recommendations, and **it was moved by Ms. Fox, seconded by Mr. Walker and by unanimous vote to approve the minutes of the 12/13/2007 regular board meeting with the recommended revisions.**

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 – 3] **It was moved by Ms. Fox, seconded by Mr. Moors and by unanimous vote to approve the consent agenda, items 2 – 3.**

2. Ratified pension benefits.
3. Approved payment to Ronald J. Cohen, P.A. for legal services rendered during December 2007 in the amounts of:
 - a. \$302.50 Retiree's litigation.
 - b. \$6,654.03 General counsel services.
 - c. \$6,841.25 Parker lawsuit.
4. Investment Management Presentation by Jay Bowen of Bowen, Hanes & Co.
 - a. Noted receipt of investment performance report and investment summary for the month ended December 31, 2007. Market value of *investments* as of 12/31/2007 was \$1,684,636,374. Investment return as of 12/31/2007 was 0.0% so far this fiscal year to date 10/1/2007 – 12/31/2007. Mr. Bowen noted that the first five days of January 2008 had been the worst five days in the plan's history with BH&Co.; however, BH&Co. believes that we are simply going through a pullback in a long term secular bull market. Mr. Bowen advised that since 1920, there have been fourteen pullbacks of greater than 15%, which is approximately where we are now. Mr. Bowen advised that the Federal Reserve Board has eased the fed funds rate and meets again next Friday, and is expected to lower the interest rate another 50 basis points. Mr. Bowen noted

that it appears that the Fed is slow to react to the developing crisis in the subprime lending market and credit crisis. Mr. Bowen stated that BH&Co. thinks that the second half of calendar year 2008 will be good and doesn't expect a protracted recession. However, a fiscal year ending September 30 may be tougher to achieve a good return than over the calendar year. Mr. Bowen noted that the economy has been in an expansionary phase 95% of the time over the past 25 years. Mr. Bowen advised the board that BH&Co. does not recommend that the fund reduce its equity exposure because continued equity exposure is the way to recover losses, and BH&Co. sees this as a great long term wealth building opportunity over the next 2-3 years. Mr. Bowen pointed out that the current expansion is 6 years old, and it doesn't have to end, but disruptions have usually been due to Federal policy missteps. Mr. Bowen advised that we are in a \$14 trillion durable integrated global economy, and BH&Co. will continue to look for attractive opportunities in the stock market. Mr. Bowen pointed out that this fund takes the long term approach, is not leveraged, has deep pockets and recommended that the board stay the course with this high quality conservative approach portfolio. Mr. Bowen responded to questions from the board, noting that this fund is sheltered from catastrophe because it stays out of high risk exotic investments such as hedge funds, and has a significant amount invested in commercial paper and fixed income. Mr. Bowen noted that this approach means that the fund may not participate in the periodic upside from exotic investments, but the fund is certainly protected on the downside. **It was moved by Mr. Hamlin, seconded by Mr. Moors and by unanimous vote to receive and file item 4a.**

- b. Noted receipt of bond portfolio recommendations to hold dated 1/14/2008 for board approval. Ms. Fox asked about the bond ratings and recommendations to hold in item 4b and asked about the declining value of the dollar. Mr. Bowen responded that there is a great deal of diversifying out of the dollar into gold and Euros; however, BH&Co. is not overly concerned in the grand scheme about the declining dollar and expects it to stabilize without going much lower. Mr. Bowen explained that BH&Co. believes that these bonds are temporary downgrades, and that if the long term fundamentals of the company are good, the worst thing to do would be to liquidate the holding at a significant loss instead of holding the bond to maturity. **It was moved by Ms. Fox, seconded by Mr. Hamlin and by unanimous vote to receive and file and approve item 4b.**
- c. Noted receipt of addendum of portfolio performance as of 1/23/2008 distributed at the meeting. Mr. Bowen was asked about recent transactions, and he explained that some holdings have been liquidated due to acquisitions by private equity funds. Mr. Bowen described Greenbriar as a small company that is the largest manufacturer of intermodal rail cars, and that this holding represents a play on railroads; however after a couple of disappointing quarters, BH&Co. found a larger more diversified company, Trinity Industries, that manufactures rail cars, barges, bridges, dams and other infrastructure. Mr. Bowen advised that the board will see an increase in trading activity over the next few weeks as the fund is right at the 65% limit on equities on a cost basis, and some holdings will have to be sold to remain within that limitation. **It was moved by Mr. Hamlin, seconded by Mr. Moors and by unanimous vote to receive and file item 4c.**

[Ms. Miller entered the meeting at 2:05 p.m.]

Financial Report Presentation by Mark Lenker of Nobles, Decker, Lenker & Cardoso

5. Noted receipt of financial statements prepared by Mark Lenker of Nobles, Decker, Lenker & Cardoso for the months ending:
 - a. 11/30/2007. Market value of *assets* as of 11/30/2007 was \$1,697,191,216.

- b. 12/31/2007. Market value of *assets* of 12/31/2007 was \$1,688,766,370. To be presented at meeting by Mr. Lenker. Mr. Lenker reconciled these financial statements to the BH&Co. report, which does not contain pending sales or purchases, accrued interest and dividends, or non-investible assets such as the pension office building, advising that the financials are also reconciled to the custody statement from Wachovia which accounts for all assets and transactions. Mr. Lenker reported that there have been positive changes in the portfolio from this point in 2006 to 2007 due to transactions more so than market value increase. Mr. Lenker noted that there has been more activity in the portfolio because the portfolio has to remain with in the 65% limitation on a cost basis in equities, and each time the limit is reached, some equities have to be sold. Mr. Lenker reviewed the statements of changes in net assets available for benefits, pointing out some of the largest changes from December 2006 to December 2007, specifically the \$92 million swing between the two periods in the unrealized investment gain of \$68 million in December 2006, to an unrealized investment loss in December 2007 of \$35 million, offset somewhat by a realized investment gain of \$11 mil from 2006 to 2007. Mr. Lenker reviewed other sections of the financials, including investment counselor fees, employee and employer contributions, benefits paid to participants and expenses. Mr. Lenker pointed out the \$60,000 deposit for the out of court settlement on the Motion to Tax Costs, which was booked as a miscellaneous expense reduction, in other words, the fund recovered \$60,000 overall in the administrative expense section, which contains legal and actuarial fees. Mr. Lenker responded to questions from the board.
- c. DROP – Mr. Lenker reported that F&P pension staff did a good job this year with DROP, as did Nobles, Decker, Lenker & Cardoso, and that the DROP statements, calculations and rollovers went according to plan. Mr. Lenker advised that as of 9/30/2007 there was \$29 million in the DROP accounts, and that in December 2007, there were 26 rollovers/distributions totaling \$5.7 million. Mr. Lenker noted that the DROP administrative fee recovery was slightly higher this year, in part due to rounding up in the calculation this year instead of rounding down. **It was moved by Ms. Miller, seconded by Mr. Walker and by unanimous vote to receive and file item 5.**

Medical Disability

6. Authorized referral to medical board composed of Dr. Rafael Rodriguez, Dr. Horacio Arias, and Dr. Angelo Alves as recommended by Medical Director for LOD disability applicant Manuel Sanchez, Jr., formerly of TPD (substituting Dr. Alves for Dr. Vijapura). **It was moved by Ms. Fox, seconded by Mr. Meier and by unanimous vote to authorize referral to medical board composed of Dr. Rafael Rodriguez, Dr. Horacio Arias, and Dr. Angelo Alves as recommended by Medical Director for LOD disability applicant Manuel Sanchez, Jr., formerly of TPD.**
7. Initial hearing for LOD disability applicant Rolando Serrano, formerly of TFR. Noted receipt of Medical Board reports, Medical Director's summary, disability application and qualifying letter, summary review outline prepared by Independent Medical Case Manager, injury report, post-offer pre-employment physical, job description and disability application process timeline. Mr. Walker disclosed that he and Mr. Serrano have worked together and have discussed the disability process, but not the facts of this case. Ms. Campbell advised that Mr. Serrano was not present, has been in very poor health and in and out of the hospital. However, the board could choose to proceed with the initial hearing at this time, noting that if the LOD disability application is denied today, then the initial hearing could be continued until Mr. Serrano could be present. Mr. Hamlin advised that based

upon review of the medical documentation that this case seems to be cut and dried, well documented, with no dissent amongst the medical board doctors and covered under the heart and lung presumption. Dr. Bohnker was asked for his input, and he advised that Mr. Serrano's health is quite brittle, that the records and medical board reports all indicate permanent disability, and that Mr. Serrano would be unable to perform the duties as a firefighter. **It was moved by Mr. Walker, seconded by Ms. Miller and by unanimous vote finds that Mr. Serrano is permanently incapacitated from the regular and continuous duties of a firefighter. It was moved by Mr. Walker, seconded by Ms. Miller and by unanimous vote to find that the disability was incurred in the service under the heart and lung presumption. It was moved by Mr. Walker, seconded by Ms. Miller and by unanimous vote to grant Mr. Serrano a line of duty disability for a cardiac disability under the presumption retroactive to his last day on payroll.**

8. Noted receipt of memo dated 12/7/2007 received 12/11/2007 from Louise M. Dandridge, Occupational Health Nurse Supervisor regarding initial post-offer, pre-employment medical examination conducted by COMBI under F&P pension fund contract with Medical Director. TFR Occupational Health requests copy TFR new hires on or after October 2007 to establish baseline physical condition for use in subsequent annual physicals by TFR.
 - a. Plan Administrator recommends Board so authorize contingent upon execution of a current, valid HIPAA-compliant authorization to release post-offer, pre-employment physicals to TFR Occupational Health Nurse executed by each TFR new hire. Medical Director concurs.
 - b. Ms. Campbell advised that Mr. Parker, President of IAFF Local 754, has registered an objection to this request and was going to try to attend the meeting today to voice his concerns. Ms. Campbell recommended that as a courtesy, discussion on this matter be deferred to a future meeting when either Mr. Parker could be present or could place his concerns and objections in writing for the board's consideration.

It was moved by Ms. Miller, seconded by Mr. Walker and by unanimous vote to defer this agenda item to a future meeting.

Old Business

9. 13th check designation of beneficiary.
 - a. Noted receipt of draft policy #425-A 13th Check Designation of Beneficiary. **It was moved by Ms. Fox, seconded by Ms. Miller and by unanimous vote to approve draft policy 425-A as amended with the changes discussed today.**
 - b. Noted receipt of draft 13th Check Designation of Beneficiary form developed by Board Counsel Cohen. Mr. Hamlin asked if under the Optional Forms of Payment, if someone selects a Joint Annuitant, can the plan member designate someone other than the Joint Annuitant to receive the 13th check? Mr. Cohen advised that is possible and agreed to clarify such on both the policy and the form. Ms. Fox noted that the form is well designed and knows it is stamped draft, but recommended that it be copied two-sided so that it is all on one piece of paper. Ms. Campbell advised that all of the designation of beneficiary forms currently in use at the pension office are two-sided, a recommendation that was made by internal audit years ago and implemented immediately thereafter. **It was moved by Mr. Moors, seconded by Ms. Fox and by unanimous vote to approve the 13th Check Designation of Beneficiary form developed by Board Counsel with the changes discussed today.**
 - c. **It was moved by Ms. Miller, seconded by Mr. Walker and by unanimous vote to authorize sending a cover letter reviewed by the attorney to participants with the 13th check**

designation of beneficiary letter and policy to be revised by the attorney with a target date of mid-February.

New Business

10. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any. There were none.
11. Noted receipt of request to address the board dated 12/21/2007 from retiree B. Maxey regarding requesting legal opinions from state attorney general re: 1) multiplier increase; 2) 13th check payable if increase in multiplier was payable. Mr. Maxey reminded the board that at the 10/25/2007 board meeting he requested that the board obtain legitimate legal opinions from the state attorney general, a service offered to governmental agencies at no charge. Mr. Maxey advised that he believes that the increased multiplier breaches the retiree's pension contracts. Mr. Maxey also stated that he believes the liberal opinion by Mr. Loper on Mr. Sinardi's insurance premiums jeopardized the state money. Mr. Maxey recommended that the board use the state attorney general for these legal opinions, because he believes it would be the wrong position for Board Counsel Cohen due to the risk of alienating part of the population and losing that support. Mr. Maxey requested a response in writing.
12. Request to address the board from retiree D. Ribaya dated 1/15/2008 regarding 13th check. Mr. Ribaya distributed a portion of the 10/25/2007 minutes, #8a where Mr. Bowen made his investment management presentation commenting that BH&Co. believes that we have entered an economic slowdown. Mr. Ribaya stated that the board didn't escrow the 13th check, didn't pay the 13th check, that in October there was no action, no escrow and no payment, in November there was no action, no escrow and no payment, and in December there was no action, no escrow and no payment. Mr. Ribaya advised that the TRFFA board held an emergency meeting and directed a 12/28/2007 letter to the board (item 18a on today's agenda and in the board package). Mr. Ribaya cited Mr. Bowen's numbers today in the addendum at -8.1%, pointing out that the fund is losing money, advised that his association put you on notice in December to protect our money. Mr. Ribaya stated that you're losing our money. Mr. Ribaya referred to page 4 of the 6/28/2006 Cohen letter to the board that recommended that the then-13th check (for fiscal year ending 9/30/2005) be segregated and placed in escrow. Mr. Ribaya stated that he believes the only difference between then and now is actuarial certification. Mr. Ribaya asked if the board has received actuarial certification, and Chairman Lynch and Mr. Cohen declined to answer. Mr. Ribaya stated that you're put on notice that you all have lost our money.
13. Request to address the board from retiree L. Vincent dated 1/15/2008 regarding 2004 13th check. Mr. Vincent asked if the board would consider an emergency hearing, but then pointed out the 1/18/2007 Cohen letter asking the judge to rule on the motion to dismiss. Mr. Vincent advised that letter makes his appearance today moot, but his association wants to make its position clear—his organization does not hold the same view as the other retiree organization. Mr. Vincent stated that he believes that Ms. Campbell is an excellent administrator who is very intelligent and is the glue that holds this fund together. Mr. Vincent stated that his organization does not support the comments of the anonymous LJP, stating that Mr. Vincent's organization does not believe that Ms. Campbell needs to be replaced, and that his organization supports Ms. Campbell as Plan Administrator.

14. Chair's call for any new business items from trustees to be placed on next agenda. There was discussion of three possible forfeitures for referral to Sugarman & Susskind. Since there is an ongoing investigation that has not yet been concluded, it was agreed by consensus to defer to the next meeting and be put on the next agenda.

[Brief recess for Public Comment cards to be turned in. There was a brief recess from 2:53 - 3:02 pm]

15. Attorney's report. Chairman Lynch advised that this agenda item is new, and it is being patterned after a standing agenda item that Mr. Cohen has with his other public pension funds to keep them apprised of current events. Mr. Cohen advised that there has been a recent development in the requirements for collecting and disclosing of social security numbers, which he has communicated to the pension office for compliance. It was noted that the social security number issue has also been raised at the city and in City Council.

16. Plan Administration.

- a. 2008 Board meeting schedule:

February 28, 2008

March 27, 2008

April 24, 2008

May 22, 2008

June 26, 2008

July 24, 2008

August 28, 2008

September 25, 2008

October 23, 2008

November 20, 2008 *early due to holidays

December 18, 2008 *early due to holidays

- b. F&P pension office priorities, projects, deadlines. Ms. Campbell reported that the past month has been incredibly challenging for the entire staff. Ms. Campbell advised that COLA programming and testing had taken place and COLA letters sent out to retirees. Ms. Campbell pointed out that in January 2008, both calendar year end and tax year end reporting keeps the mainframe unavailable for entry until the year end balances have been recorded, reported, 1099s generated, and then balances zeroed out to start the new year, which means that the mainframe is only open for about four business days to key and balance an entire very heavy month's pension payroll. Ms. Campbell advised that even with the short timeframe, we got it done and on time. Ms. Campbell reported that there is the regular increase in requests for pension estimates, increase in retirements and DROP entries and exits as this is now a new calendar and tax year. Ms. Campbell advised that the external audit is continuing and reported that the external auditors had met with Mr. Lenker, the fund's external CPA a little over a week ago. Ms. Campbell stated that staff is doing a great job, thanked them for their efforts and hard work, and advised that we are all looking forward to the new year.

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

Mr. Gene Wrenn addressed the board regarding agenda item #9b - 13th Check Designation of Beneficiary. Mr. Wrenn asked if a widow gets 65%, 50% or 100% of the 13th check? Ms. Campbell responded that an eligible surviving spouse typically gets a 13th check that is 50% of that of retirees; however, if

pensioner/retiree was alive on the measurement date of 10/1 but dies before payment the following June 30, the eligible surviving spouse is entitled to the full 13th check benefit for that distribution (since the retiree was alive on 10/1 but died before payment), and the eligible surviving spouse would receive 50% thereafter. Mr. Wrenn also requested that the board members speak up please since he and the audience can't always hear them.

Mr. Sam Sinardi addressed the board regarding agenda item #12 – Mr. Ribaya's request to address the board regarding 13th check. Mr. Sinardi posed the question to the chairman, can money for 13th check be invested in 35% fixed income? Chairman Lynch advised that there is an Executive Session following today's board meeting. Mr. Sinardi asked the Chairman will you answer our question on actuarial certification or not? Chairman Lynch advised that he can certainly ask the question, but may not receive an answer as there is an Executive Session coming up where these matters have yet to be discussed.

Mr. Mills addressed the board regarding agenda item #9 - 13th Check Designation of Beneficiary. Mr. Mills first requested that the trustees speak louder because he can't hear Ms. Fox or Mr. Walker. Mr. Mills asked if a retiree can designate a trust on a 13th check designation of beneficiary form? Board Counsel Cohen advised that he would need to look at the matter before he gives final answer, but at first glance, he doesn't see why not as it may help avoid probate. Board Counsel Cohen advised that he needs to research the matter and look at the form, the policy and the contract further to possibly add or clarify the form and/or policy. **It was moved by Mr. Hamlin, seconded by Ms. Miller and by unanimous vote to authorize Board Counsel Cohen to research the matter of designating a trust on the 13th check designation of beneficiary form and authorized Mr. Cohen to consult with Mr. Lenker and report back to the board on the results.**

Litigation

17. Motion for Taxable Costs in re: Case No. 03-9298, City of Tampa Retired Fire & Police Association, Inc., a Florida Corporation; and its Individual Members Bud Maxey, et al vs. Board of Trustees.
 - a. Noted that \$60,000.00 settlement of Motion to Award Costs as approved by the Board 12/13/2007 was received 12/26/2007 in the form of a cashier's check.
 - b. Noted that Motion for Sanctions remains pending.

18. Parker Lawsuit, Case No. 07-007198, John N. Parker, for himself and all others similarly situated vs. the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa.
 - a. Noted receipt of letter dated 12/28/2007 from TRFFA, Inc. including statutory interest rate information, TRFFA, Inc. interest calculations, and four cases of federal ERISA case law.
 - b. Noted receipt of letter dated 1/18/2008 from Board Counsel Cohen to Judge Nielsen regarding considering and ruling on Motion to Dismiss.
 - c. Noted receipt of Executive Session posting at the conclusion of today's regularly scheduled board meeting.
 - d. Noted receipt of Joint Motion to extend class action certification time limit dated 1/22/2008. Board Counsel Cohen advised that the joint motion had been filed by Mr. Thomas, but Mr. Cohen brought an error on it to Mr. Thomas's attention, which Mr. Thomas then fixed and refiled.

Ms. Miller disclosed that she had met with Mr. Ribaya on this matter, received a package of information from him and asked that it be distributed to the pension office for distribution to the

board with the next agenda (item 18a on today's agenda). Mr. Walker also disclosed that he had met with Mr. Ribaya on this matter. **It was moved by Ms. Miller, seconded by Ms. Fox and by unanimous vote to receive and file agenda item 18.**

19. Executive Session to be held at the end of the regular board meeting [approximate start time between 2:45 p.m. or 3:15 p.m.]
- a. Board Counsel requested advice concerning the Parker lawsuit and explained the legal requirements for the Closed / Executive Session, limited to litigation expenditure strategy and potential settlement discussions in Case No. 07-007198, John N. Parker, for himself and all others similarly situated vs. the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa.
 - b. The Chair announced that only current trustees present, Sharon Fox, Marc Hamlin, Patrick Lynch, Mark McRae, Jimmy Meier, Cynthia Miller, John Moors, and Tracy Walker, Board Counsel R. Cohen, Co-counsel P. Gonyea, Plan Administrator J. D. Campbell, and a court reporter are authorized to attend the Closed/Executive Session and advised that the Executive Session should take approximately one hour.
 - c. A court reporter was present to take a verbatim transcript of the Closed / Executive Session. The transcript will not become a public document until the conclusion of this litigation in its entirety.
 - d. The public portion of the meeting was adjourned at 3:17 p.m., and the Closed / Executive Session was convened.
[Recess 4:09 – 4:14 pm]
 - e. The meeting was reopened to the public at 4:14 pm.
 - f. **It was moved by Ms. Miller, seconded by Ms. Fox and by unanimous vote to waive the confidentiality/privilege of the 1/24/2008 letter from James Donofrio of Buck Consultants to Ron Cohen. It was moved by Ms. Miller, seconded by Mr. Walker and by unanimous vote to receive and file the actuarial certification dated 1/24/2008. It was moved by Ms. Miller, seconded by Mr. Walker and by unanimous vote to approve an estimated principal payment for the fiscal year ending 9/30/2004 13th check in the amount of \$5,700 for eligible retirees and \$2,850 for eligible surviving spouses, contingent upon there being no objection by opposing counsel or the court, with a target issue date of approximately 2/15/2008.**

The meeting was adjourned at 4:17 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.

At the 2/28/2008 board meeting, it was moved by Mr. Moors, seconded by Mr. Walker and by unanimous vote to approve the minutes of the 1/24/2008 board meeting as written with a correction to the Chair and Vice Chair titles.