

**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 22, 2009 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 22, 2009 at 1:30 p.m. for a regular meeting with the following members present:

Patrick Lynch, Chairman	Mark McRae
Mark Bogush, Vice Chairman	Jimmy Meier
John Moors, Secretary	Cindy Miller
Sharon Fox	Tracy Walker
Patrick (P.J.) Gray	

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

1. Approved the minutes of December 18, 2008 board meeting. **It was moved by Ms. Fox, seconded by Mr. Gray and by unanimous vote to approve the minutes of the December 18, 2008 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 – 6] **It was moved by Mr. Gray, seconded by Ms. Fox and by unanimous vote to approve consent agenda items 2 through 6.**

[Mr. Moors arrived at 1:33 p.m.]

2. Approved payment to Counsel R. Cohen for legal services rendered during December 2008 in the amounts of:
 - a. \$8,283.59 General Counsel
 - b. \$27.50 PRAA litigation
 - c. \$55.00 Parker lawsuit
 - d. \$110.00 Pena lawsuit
3. Noted receipt of updated Officers and Committees.
4. Noted receipt of December 2008 active mailing of bi-ennial report, including cover letter, points of interest, financial statements for the fiscal year ended 9/30/2008, Summary Plan Description (SPD), 25 year pension contribution history, 34 year investment rate of return history, and reminder of upcoming retirement and financial planning educational workshops.

5. Reminder of upcoming retirement & financial planning educational workshops to be conducted by Jeff Helms in February at The Corporate Training Center (TCTC) at Hillsborough Community College (HCC) on Davis Islands, located at 39 Columbia Drive, Tampa, FL 33606. Topics include “The Retirement Lies We Tell Ourselves” and “Unlocking the Secrets to Common Sense Investing”.
 - a. Wednesday 2/11/2009 10:00 a.m. & 7:00 p.m.
 - b. Thursday 2/12/2009 10:00 a.m. & 2:00 p.m.

6. Admitted Tampa Police Department members to pension fund effective 1/12/2009 contingent upon:
 - 1) furnishing a list of all medical providers and authorizations to obtain such medical records; and 2) passing a complete medical examination:

Edwin	J	Lopez	
William	B	Cain	Jr.
Daniel	J	DeGrace	
Usilia	A	Emilione	
Casey	C	Gonzalez	
Brian	D	Haight	
Melissa	A	Kaatz	
Christopher	M	La Framboise	
Michael	J	Lippold	
Michael	J	Molasso	
Erica	J	Nartker	
Anthony	G	Monte	
Frank	T	Noel	
Erik	A	Turner	
Michael		White	

[Ms. Miller arrived at 1:35 p.m.]

7. Investment Performance presentation by Jay Bowen of Bowen, Hanes & Co.
 Noted receipt of the following:
 - a. Investment performance report for the month ended 12/31/2008. Market value of *investments* as of 12/31/2008 was \$1,126,020,655. Investment return as of 12/31/2008 has been -17.9% so far this fiscal year.
 - b. Bond listing and recommendations to hold dated 1/14/2009.
 - c. Investment summary letter dated 1/5/2009 from Jay Bowen.
 - d. Addendum received 1/22/2009.
 - e. Newspaper article on alternative investments such as hedge funds from *Wall Street Journal*.

Mr. Bowen presented highlights of the December 31 report reflecting that the first quarter of this fiscal year has been tough. According to the addendum, the total portfolio as of yesterday, January 21, 2009, is down 20.6%. Mr. Bowen thinks the current pattern could be similar to 1973-74 when the market fell 50%, in 1981-82 with the recession, and in 1990 with the Savings and Loan crisis. When the news flow was the bleakest, from an economic and corporate standpoint, is actually when the market bottomed.

Mr. Bowen said to expect an extremely difficult calendar year 2009 from an economic and corporate standpoint. He advised to not pay attention to earnings guidance for 2009. Companies are being extremely cautious and will not give guidance because the environment is so uncertain. 2009 is not what we need to be focused on. He said the key is 2010, when the economic environment will be better, the corporate earnings will also be better. He said to view 2009 as a throwaway year in terms of corporate earnings. He said we want to position the portfolio so that a year from today we have companies that are raising their guidelines. Mr. Bowen feels very strongly that this is the only way we'll make the unrealized losses back by the end of 2010, and that there is a good chance of being 40-50% higher. He advised that this is not the time to get defensive in the portfolio. The way to recuperate from these losses is in corporate bonds and common stock. A lot of common stocks dividends yield more than bonds.

Mr. Bowen said that over the next few months within this trading range, a majority of returns will be from dividends. Mr. Bowen thinks that we'll start seeing stabilization and he believes that 2010 is going to be better. Hopefully, some will hit the end of this fiscal year. The average bull market lasts for 4 years historically and the average returns during those 4 years was 125%. We are going to have another bull market, and Mr. Bowen thinks it will probably start the second half of this year and it is completely realistic to think that we will be at substantially higher levels at the end of 2010.

Mr. Bowen told the board that the fact that we have the strength and ability to focus on the long term gives us an advantage. Actions that the government is taking now could mean that we want to make some moves to protect the portfolio from possible unprecedented inflation rates. We will want to reassess where we want the portfolio from an industry standpoint and sector emphasis to make sure that we're in areas that will protect and benefit us.

Mr. Bowen passed out an article from the *Wall Street Journal* concerning stampeding into various alternative investments. This is now happening again and some big pension funds are having second thoughts on their exposure to these alternatives (such as hedge funds). This article validates our approach. If we look at the model that these other pension funds used, it hindered the funds in terms of their returns; there was no added value. Mr. Bowen concluded his presentation and asked if there were any questions.

Mr. Lynch asked if the board changed its asset allocation after the big losses in 2001. Mr. Bowen assured him that the board did not change. He said it's better not to miss the first 90 days of a market recovery, because it will result in earnings cut in half. Phase two of the financial rescue package is coming. The government will create some kind of resolution trust.

Ms. Campbell advised that based on some of the incoming phone calls from pension members who are getting their deferred comp statements, they are afraid that if we lose 25% for four years then we will be bankrupt. She requested that Jay explain why the numbers don't work that way. Mr. Bowen explained that our portfolio has not seen four straight down years and certainly not four straight double digit down years. He said our portfolio has only seen two down years in a row before. He explained that even if there were four straight years of 25% losses, the fund would not go from 100% to 0%, rather it would go from about \$1.0 billion to \$300 million, noting that it is not straight arithmetic, but a % change in the % change. Ms. Campbell pointed out that last year total benefits paid out were about \$80 million, and for the fund to fall to the point that the fund would have difficulty making full benefit payments would take an immediate and catastrophic loss of about 92% overnight, noting that the active management of Bowen, Hanes & Co. would not let things get that bad. Mr. Bowen concurred that the streamlined and efficient structure of Bowen, Hanes & Co. as well as the broad asset allocation and investment authority granted by the Board keeps the portfolio poised to make rapid changes if necessary.

Mr. Meier asked about the bond report and why GMAC wasn't listed. Mr. Bowen advised that we sold GMAC because it made sense for us to liquidate the holding. Mr. Meier referred again to the bond

report, asking why it didn't list the selling price, and asking if this was a change from prior report formats. Ms. Campbell pulled several prior reports and advised the selling price wasn't on previous reports. **It was moved by Ms. Miller, and seconded by Ms. Fox and by unanimous vote to receive and file item 7.**

8. **Financial Presentation** by Mark Lenker of Nobles, Decker, Lenker & Cardoso
- a. Noted receipt of the financial statements for the month ended 11/30/2008. Market value of *assets* as of 11/30/2008 was \$1,121,517,756.
 - b. Financial statements for the month ended 12/31/2008 were distributed and reviewed at the board meeting by Mr. Lenker. Market value of *assets* as of 12/31/2008 was \$1,130,872,675.

Mr. Lenker said his comments are looking backward from December 2008 to December 2007. The total assets of the fund, compared to last December, there is a 33.66% decrease. Mr. Lenker asked what happened to the Dow Jones Industrial Average in the same time frame, and answered that the decrease was 33.84% for the same time. Mr. Lenker advised that the problem is in the overall market. Government obligations now carry a very low premium. Treasury yields are low since there has been a flight to safety, and the total equity component is down because their market values are down.

Mr. Lenker reviewed the report noting that December was better to the fund than the previous few months. He reviewed investment expenses, contributions to the plan, benefits paid, and administrative expenses. He noted that there has been an increase in people leaving DROP and that we have added a security guard, which has increased costs.

Mr. Gray asked Mr. Lenker why the actuarial costs have gone up six times and the accounting fees up eight times over the same time last year. Mr. Lenker advised there it is primarily a timing issue in billing with the external audit billing coming in earlier this year than last year, and much the same on the actuarial fees. Ms. Campbell advised that we also added a five year actuarial experience study this year, as well as litigation work by the actuary. **It was moved by Ms. Miller, seconded by Mr. Gray and by unanimous vote to receive and file items 8a and b.**

9. General information on DROP rollovers/lump sum distributions. Statements and calculations prepared by Mark Lenker of Nobles, Decker, Lenker & Cardoso working with F&P Pension office under extremely stringent deadlines.
- a. 45 rollovers/distributions in the total amount of \$9.33 million issued by Wachovia by 12/31/2008.
 - b. 277 DROP statements issued by 12/31/2008.

Ms. Campbell reported that the DROP statements and rollovers went well this year, after working through an initial consistency issue on leap year. Mr. Lenker advised that at the end of last fiscal year (9/30/2007), there was \$29 million in DROP. During the fiscal year ending 9/30/2008, base benefits added to DROP amounted to \$11.9 million, COLA benefits added to DROP were \$680,000, 13th check benefits added to DROP were \$1.33 million. Mr. Lenker advised that investment losses reduced DROP balances by \$4.28 million in total in fye 9/30/08. The administrative charge for the fiscal year was almost \$20,000. DROP distributions were \$9.33 million in December 2008, as compared to \$5.6 million in December 2007. He advised that we went from \$29 million in DROP at the end of fiscal year 07 to \$34 million in DROP as of September 30, 2008. Mr. Lenker thanked staff for their support, assistance and rapid turnaround of DROP statements and calculations, noting that the process and staff worked very well this year.

Medical Disability

10. Authorized referral to medical board composed of Dr. Michael Wasylik, Dr. Bernard Fishalow, and Dr. Kanta Shah as recommended by Medical Director for LOD disability applicant D. Bjelke, TPD. Noted receipt of disability application, qualifying letter, notices of injury, pre-employment physical, police officer job description and disability process timeline. **It was moved by Mr. Gray, seconded by Mr. Walker and by unanimous vote to authorize referral to medical board composed of Dr. Michael Wasylik, Dr. Bernard Fishalow, and Dr. Kanta Shah as recommended by Medical Director for LOD disability applicant D. Bjelke, TPD.**
11. Authorized referral to medical board composed of Dr. John Dormois, Dr. Jamie Casellas, and Dr. David Mokotoff as recommended by Medical Director for LOD disability applicant M. Brower, TPD. Noted receipt of disability application, qualifying letter, notices of injury, pre-employment physical, police officer job description and disability process timeline. Mr. Meier advised that he wanted heart/lung presumption information added to the packet. **It was moved by Mr. Walker, seconded by Mr. Gray and by unanimous vote to authorize referral to medical board composed of Dr. John Dormois, Dr. Jamie Casellas, and Dr. David Mokotoff as recommended by Medical Director for LOD disability applicant M. Brower, TPD.**
12. Authorized referral to medical board composed of Dr. John Dormois, Dr. Jamie Casellas, and Dr. David Mokotoff as recommended by Medical Director for LOD disability applicant G. King, TPD. Noted receipt of disability application, qualifying letter, notices of injury, pre-employment physical, police officer job description and disability process timeline. Mr. Meier advised that he wanted heart/lung presumption information added to the packet. **It was moved by Mr. Walker, seconded by Mr. Gray and by unanimous vote to authorize referral to medical board composed of Dr. John Dormois, Dr. Jamie Casellas, and Dr. David Mokotoff as recommended by Medical Director for LOD disability applicant G. King, TPD.**
13. Authorized referral to medical board composed of Dr. Michael Wasylik, Dr. Bernard Fishalow, and Dr. Clinton Davis as recommended by Medical Director for LOD disability applicant R. Knighton, TFR. Noted receipt of disability application, qualifying letter, notices of injury, pre-employment physical, fire fighter job description and disability process timeline. **It was moved by Mr. Gray, seconded by Mr. Walker and by unanimous vote to authorize referral to medical board composed of Dr. Michael Wasylik, Dr. Bernard Fishalow, and Dr. Clinton Davis as recommended by Medical Director for LOD disability applicant R. Knighton, TFR.**

Mr. Lynch asked if since we are receiving the agenda information electronically now, could we eliminate the packet that accompanies the authorization of the referral to a medical board. He mentioned that the authorization for referral has become almost automatic and asked the board members if they still require the information in this preliminary packet. Mr. Lynch noted that even if he reads the disability package now, when referring out to the medical board, he has to re-read it again thoroughly for the initial hearing.

Ms. Miller indicated that as long as the medical documents are noted as received on the agenda, she would be fine with eliminating this preliminary packet. Ms. Fox indicated that all she wants to see in the board package is the letter from the medical director recommending the referral. Ms. Fox advised that the

letter from the Medical Director recommending referral to a medical board can be the deciding factor to refer.

Mr. Bogush said that he wants to know what type of injury we're dealing with, and Ms. Campbell said that we could request that Dr. Bohnker's letter include that information, like cardiac or knee or back.

Ms. Miller asked Mr. Cohen what other pension plans do. Mr. Cohen advised that none of his other clients have such an intricate disability process, and none that he knows of distribute a package for referral to a medical board before the actual hearing on the disability. Mr. Cohen recommended that the disability package be kept in the pension office available for a trustee to review at this step if they so choose.

Ms. Campbell pointed out that this batch of disability applications have been bate-stamped (stamped in numerical order, pages 001 – xxx) so that the board and medical director can more easily point to a specific document; however, bate-stamping at this phase means that all new information to be added to the packet, such as the medical board reports received after the referrals out today and medical director's summary, will be added to the back of the package, rather than at the front where the board is accustomed to seeing them. Ms. Campbell noted that a table of contents will be added for the initial hearing on these four packages for ease of reference.

By consensus, the board agreed to eliminate the step of distributing the disability package to the board at this preliminary step for referral to a medical board, as long as the Medical Director recommends referral to a medical board and includes the type of disability being applied for in his referral recommendation letter.

14. Noted receipt of proposed draft letter to active and contributing members regarding pension contribution increase in October 2009. Requested by P. Lynch at December 2008 board meeting.

Mr. Lynch told the board that he is worried that actives may use up their disposable income, not realizing that pension contributions will be increased come October. He said he wants to give people advance notice about an increase so they can prepare. Ms. Miller asked when we are expecting the actuarial valuation which is used to set the contribution rate, and Ms. Campbell responded that it would most likely be in May, if the external audit is completed on time. Ms. Miller noted that the timing factor for the actuarial valuation is the external audit approval plus 60 days.

Ms. Campbell said that the final outstanding item for the external auditors is the SAS 70 report from Wachovia (Wachovia's audited financial statements), which are not due to be provided until January 31, if everything goes perfectly.

Mr. Walker said he is concerned about using estimated figures that might be too low and the backlash if the final contribution rate came in one penny more. Discussion followed between Ms. Miller, Ms. Fox, Mr. Meier, Mr. Walker, Mr. Lynch, Mr. Gray and Ms. Campbell regarding the figure to use to advise actives of the expected estimated increase. Mr. Meier recommended leaving the figure out of the letter to the actives. Mr. Gray asked what contribution rates have done in the past, and Ms. Campbell told him that we cannot use a basic rule of thumb because of the complexity of actuarial gains and losses and the cumulative effect of the actuarial gains/losses, as well as several actuarial assumption changes made by the board based upon the recent actuarial experience study. Mr. Walker and Mr. Lynch agreed to send the letter indicating that we know there will be an increase, but we do not know how much. **It was moved by Mr. Moors, seconded by Ms. Fox to approve the letter as amended. Upon voting, motion carried by a vote of 7– 2 with Mr. Bogush, Ms. Fox, Mr. Gray, Mr. Lynch, Mr. McRae, Mr. Moors, and Mr. Walker in favor of the motion and Mr. Meier and Ms. Miller opposed to the motion.**

15. Noted receipt of proposed draft letter to pensioners regarding financial health and solvency of pension fund (similar reassuring letters done in 2006 and 2004) requested by P. Lynch.

Ms. Campbell began by addressing the concerns over the COLA. She said that even if we keep losing money, it would take a very long time to erode the asset level to where we couldn't make full benefit payments. She used the example of \$80 million in benefits paid out last year (including two 13th check distributions) as compared to a \$1 billion asset level, noting that there would have to be a catastrophic and almost overnight loss of 92% of the fund value to reach the point of having difficulty making full benefit payments, an extremely unlikely scenario. Ms. Campbell advised that similar reassuring letters have been sent before, and given the retiree inquiries, it seems to be time to do one again.

Mr. Gray, and Mr. Meier indicated that they want to send the letter. Mr. Bogush said that the information we're proposing to send is 16 months old. He said we should focus on today's amounts. Mr. Lynch concurred. Ms. Campbell advised that the fye 08 actuarial numbers won't be in for several months, but does the board want to wait that long when the participant concerns are here and now and growing daily.

Ms. Fox said that she thinks the older information is confusing. Ms. Campbell suggested then holding off on the letter until we receive the 2008 actuarial valuation, and Ms. Miller agreed. Mr. Lenker asked if we had just sent out the bi-ennial report and Ms. Campbell said yes, we did. She also said that if we hold the letter until we receive the valuation, we can also let them know at the same time that there will be no 13th check in 2009 due to investment losses for the fiscal year ended 9/30/2008. **It was moved by Mr. Walker, seconded by Ms. Miller and by unanimous vote to table item 15 until we receive the 2008 actuarial valuation.**

New Business

16. Request to be placed on the agenda regarding Section 23 of the contract and past benefits by Trustee/Vice Chairman M. Bogush. (request received 12/10/2008)
- a. Noted receipt of Section 23 only for reference.
 - b. Noted receipt of email dated 1/13/2009 from J. D. Campbell with specific questions for independent disciplines.
 - c. Noted receipt of email dated 1/13/2009 from J. Beattie, actuary from Buck Consultants.
 - d. Noted receipt of letter dated 1/16/2009 from M. Lenker, CPA from Nobles, Decker, Lenker & Cardoso.
 - e. Noted receipt of posting by retiree D. Keene on tamparetiree.com message board posted 11/26/2008 titled "Cost of Living Reductions".

Mr. Bogush started by saying that the question has arisen, is the COLA guaranteed? He said his understanding is that because it isn't funded on a sound actuarial basis it isn't guaranteed. He said that there is a language issue that past benefits are guaranteed, citing the state constitution and Section 23. He asked how we could say that past COLAs are not guaranteed.

Mr. Cohen responded that there is a contract clause in the Florida and federal constitutions. He said vested rights under the plan cannot be taken away. Base benefits are clearly guaranteed, funded, and actuarially sound. Mr. Cohen asked if the contract and the law confer that once the COLA is granted it will always be paid, and he said the answer to that is no.

Mr. Cohen continued that we know COLAs can go down if there is deflation, and we know that COLAs can go down if there isn't money in the PRAA (post retirement adjustment account). Mr. Cohen

told the board that the PRAA was created *if* there was money to fund it. There was also a loosening of investment restrictions that allowed greater investment authority which helped generate excess investment return for money to go into the PRAA. The contract says that if on any September 30 the actual fund, excluding the 13th check account, exceeds a 5% accumulation, the excess will be known as the post-retirement adjustment account. It's clear from here that if there is an excess, then you have a post-retirement adjustment account. Conversely, if you don't have an excess, then you don't have a post-retirement adjustment account. The contract adopts Chapters 112, 175, and 185, Florida Statutes. Chapter 112 supplements local laws, and to the extent that there is a conflict, 112 supercedes local law.

Mr. Cohen reminded the board that on one of the actuary's recent visits, the fund's actuary Jennifer Beattie reiterated that the PRAA is not funded on sound actuarial basis, it is labeled allocated vs. unallocated. There was discussion in the past about making PRAA actuarially sound, or at least part of it. Ms. Campbell added that there is a difference between guaranteed and safe. Mr. Cohen advised that he has also spoken with Larry Wilson, one of the fund's previous actuaries, who agrees that the PRAA is an excess accumulation account only, and as such, COLA benefits are not guaranteed.

Ms. Miller asked if the PRAA allocated is a present value, and Ms. Campbell replied that it is better than present value because there is no 10% discount rate, the actuarially assumed rate of return, to discount back to present value. Ms. Miller noted that the PRAA is even stronger than present value. Mr. Walker thinks the board should move toward making the PRAA guaranteed. He said he wants to look at a committee meeting to look into it. Mr. Lynch said that in the past there was discussion to move part of the PRAA into guaranteed mode, which was noted would take a plan change, including collective bargaining and agreement, local delegation, state legislature, etc.

Mr. Walker recommended that the investment committee meet once prior to receipt of the actuarial valuation. Ms. Miller said that when we had the asset liability study done, with and without tearing down the walls, it looked ok for the first few years, but then went to double-digit contributions. Mr. Walker said he just wants the investment committee to think and ask questions. Ms. Campbell added that the 60T proposed actuarial rules may force us to tear down the walls. Mr. Cohen recommended that it's time for the board to look at the investment policy as a matter of due diligence. **It was moved by Mr. Gray, seconded by Mr. Walker and by unanimous vote to receive and file item 16a through e.**

17. Noted receipt of request to appear before the board from retiree S. Sinardi regarding request that board obtain legal opinion as to whether the COLA in contract is guaranteed. (request received 12/18/2008, additional information received 1/8/2009)

Mr. Sinardi addressed the board saying that most of his questions were already answered by Mr. Cohen. He then said that in 1981 there were insufficient funds for a full COLA and the next year the board caught it up. He asked if the board is going to follow that as a policy. He said it would relieve a lot of concerns of retirees--if the COLA is not guaranteed, at least they could catch up later. Mr. Lynch said we would have to cross that bridge when we get to it.

Ms. Fox said that along those lines, the way that the contract reads in regard to the 13th check, there might be enough money for a 13th check that would have to be paid even before any COLA could be made up. She said that because the wording has been changed, it is very specific.

Mr. Sinardi said he thinks the COLA takes precedence over the 13th check. Mr. Walker told Mr. Sinardi that he would like to try to get the investment committee to help figure this out. Ms. Campbell reiterated her earlier statements that to get to the point where we don't have enough cash to pay full benefits, we would have to lose 92% of the fund almost overnight. Ms. Campbell added that the word cumulative is in the contract language and that it implies that we would catch it up.

Ms. Miller requested a clarification on item 16c from Jennifer Beattie. She said Ms. Beattie needs to find a different way to make one of the statements.

Mr. Sinardi said he wants a legal opinion. He asked if what Mr. Cohen said is a legal opinion. Mr. Walker asked Mr. Cohen if this needs to be in writing in order to be his legal opinion. Mr. Cohen said that no, it doesn't need to be in writing, and it is his legal opinion. Mr. Gray said that what Mr. Cohen said is clear to him and asked Mr. Sinardi if he wants some document written by Mr. Cohen. Mr. Sinardi said he wants a legal opinion, which according to policy, must be in writing. Mr. Walker added that prior counsel in the past has provided detailed opinions and then turned around and denied it was their opinion because it wasn't in writing.

Mr. Cohen said we have policy that a legal opinion must be in writing. He said this is a policy he has never understood. Mr. Cohen advised that his written opinion with all of his reasoning, research and case law might have some differences or additional reasons, references or citations, but the view that the COLA benefits that have previously been granted do not have to be paid forever if there is not sufficient funding is his legal opinion about this plan and he stands by it. Mr. Walker said he would like that reflected in the minutes. Ms. Fox said she doesn't think it needs to be in writing either.

18. Noted receipt of request to appear before board from retiree D. Keene regarding allocated and unallocated PRAA. (request received 12/20/2008, additional information received 1/13/2009)
 - a. Noted receipt of compilation of historical information on ratio of total fund to base fund and actuarially assumed rate of return of 10% provided by staff for reference (5 pages).

Mr. Keene started by explaining that back in 1984 the board realized that base fund was actually growing by 8%, so the board changed the assumption to 8%. It didn't violate the contract. He said that some retirees think that it did violate the contract, but it did not. Now the assumption is 10%. It's not that easy to understand.

He went on to say that he believes the COLA is funded on a sound actuarial basis and that it is guaranteed. Mr. Keene reviewed contribution rates from back to 1984. He said that he believes the COLA is the most important feature of this fund. Mr. Keene read from current contract and explained why he believes the COLA is guaranteed unless there is deflation. Mr. Keene said that he doesn't care what anybody else says, he believes that the COLA is guaranteed. He also thanked Ms. Campbell for providing historical information on this topic back to 1984.

19. Noted receipt of email dated 1/14/2009 from P. Lynch regarding securities litigation and monitoring to be placed for the board's consideration of an educational session at the February board meeting.

Mr. Lynch told the board he wants education on securities litigation and monitoring. He knows that Jay Bowen is opposed to this. Mr. Walker asked if the board already had an education session on this, but Ms. Campbell said that the board had education on securities *lending*, which is a different topic. She added that securities litigation is suing companies for bad behavior, such as Enron, Worldcom, and Madoff. Ms. Campbell advised that thanks to the active, hands-on, fundamental top-down approach of Bowen, Hanes, when there has been a crash or a scandal about a specific stock or company or hedge fund, the Tampa F&P pension fund has not been affected because we don't own it—the thorough research of BH&Co. keeps questionable holdings out of our portfolio. She noted that we are not in any index funds, such as the S&P 500 or Wilshire 1,000 or Russell 5,000, whose indiscriminate holdings of a large index may contain questionable holdings. Ms. Campbell added that we will likely have two

disabilities each for the next two months on the agenda. Mr. Lynch said it would take less than an hour and it would be continuing education.

Mr. Walker asked if Mr. Cohen could provide this training and Mr. Cohen replied that he could not. Ms. Fox asked why we would do this if we're not likely to go against Mr. Bowen's advice. Mr. Lynch advised that it is just educational. Ms. Miller recommended making it last on the agenda so that board members can stay if they want to, with no actions taken by the board. Mr. Walker agreed with Ms. Miller that we could do this at the end of the agenda for the February meeting, and that it would not be a sales pitch.

20. Noted receipt of listing of upcoming conferences. Disclosure of planned attendance, if any.

Mr. Lynch disclosed attendance at the AINA summit in February and the 14th Annual Public Funds Summit in March. Ms. Miller disclosed attendance of Opal Financial conference in March. **It was moved by Mr. Walker, seconded by Ms. Miller and by unanimous vote to receive and file item 20.**

21. Chair's call for any new business items from trustees to be placed on next agenda. None.

Just prior to the break, Mr. Gray advised that he does not give consent to be recorded during the break.

[Brief recess 3:45 p.m. for Public Comment cards to be turned in. Ms. Miller left the meeting. Board reconvened at 3:55 p.m.]

22. Chair's report.

- a. Plan Administrator performance evaluation and recommended merit increase.
- b. Noted receipt of independent Florida public pension plan administrator salary survey conducted by Hollywood, Florida Police Pension Fund.

Mr. Lynch recommended a 3.5% merit increase. He said the City guideline is 3%, and that last year the increase was inadvertently reduced to 2.5% due to faulty information during discussion. Mr. Moors said that City management was given 2.5% last year and also gave up their longevity bonus this year. Ms. Fox asked if we are talking about merit, not cost of living, noting that most people with the city are topped out so do not get a merit increase. She also said that the comment regarding City guidelines and merit last year is misleading. Discussion followed between Mr. Gray, Mr. Moors, Mr. Walker, and Mr. Meier regarding City and TPD bonuses. Mr. Gray advised that he supports the recommendation of 3.5% based in part on the study of other pension funds around the state. **It was moved by Mr. Gray, seconded by Mr. Lynch to follow the chairman's recommendation of a 3.5% merit increase for the Plan Administrator.**

During discussion, Mr. Meier said he wants 3%. Mr. Bogush said that there have been performance issues, including the trespass of Mr. Ribaya and a public records request for Mr. Mills. He went on to say that people don't enjoy coming into this office because the shades are drawn and people are behind glass. He said the trespass cost tens of thousands of dollars. He continued that trustees do not get asked for any input in this process. Mr. Lynch responded that he inherited the system. Mr. Bogush said that he believes that Ms. Campbell should not receive outstanding because of the trespass against Mr. Ribaya. Mr. Lynch advised that Ms. Campbell did not initiate the trespass of Mr. Ribaya, that he did as Chairman. Mr. Bogush reiterated that active members are uncomfortable coming here and that Ms. Campbell is responsible for that. Mr. Lynch said that no one has complained to him and he often receives positive feedback from members both active and retired. Mr. Bogush said that he had never heard any positive feedback. Ms. Fox advised that she had just

received positive feedback from the Director of Revenue and Finance regarding Ms. Campbell's responsiveness and assistance.

Ms. Fox said that this is not about merit. She said it's about economy in general. The fund has lost a significant amount of money and the City is poor. She added that she doesn't think management is guaranteed raises, and that there are no bonuses to her knowledge. She said she is more inclined to support 3%. Ms. Campbell asked the motion maker and seconder if they would amend their motion to 3%, and both agreed. **It was moved by Mr. Gray, seconded by Mr. Lynch to amend the recommendation to 3%. Upon voting, motion carried by a vote of 6– 2 with Ms. Fox, Mr. Gray, Mr. Lynch, Mr. McRae, Mr. Meier, and Mr. Moors in favor of the motion and. Mr. Bogush and Mr. Walker opposed to the motion.**

23. Attorney's report.

Mr. Cohen said he would include his report in item 25.

24. Plan Administration.

a. 2009 Board meeting schedule:

February 26, 2009

March 26, 2009

April 23, 2009

May 28, 2009

June 25, 2009

July 23, 2009

August 27, 2009

September 24, 2009

October 22, 2009

November 19, 2009 *early due to holidays

December 17, 2009 *early due to holidays

b. Noted receipt of status of disability applications currently in process.

c. F&P pension office priorities, projects, deadlines.

Ms. Campbell reported that in January, there was limited mainframe availability since the City has to issue 1099s, then zero out the yearly totals, then we have to run and test the COLA. She noted that the pension payroll deadline hit at the same time as the agenda and board packages, and as a result, the pension ratification list for January-February will be on next month's agenda. She said open enrollment went extremely well, including the mailing of new insurance cards by Humana in late December and early January, and the external audit, which is almost complete, also went very well. She said that the biennial report mailing to actives was complete, that there is the annual surge in January DROPs, retirements and estimate requests. She reported that the COLA programming went well and DROP letters and calculations went well, all within very limited timeframes and turnarounds.

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

Mr. Keene addressed the board regarding item 18. He told the board members that he believes what they are doing can destroy the cost of living fund. He said he wants to get with the trustees and actuary to help. He asked Mr. Cohen to please look at the section he (Mr. Keene) read.

Mr. Vincent addressed the board and Mr. Cohen regarding item 25. He asked what the class is that we're trying to establish, and who is in the class. His additional questions were: Do we have to join the class? Can we opt out? Does he (Mr. Larry Vincent) have to pay this attorney that he didn't hire? Mr. Cohen said he would address all questions in item 25.

Litigation

25. 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.

Mr. Cohen said that he is working with Mr. Thomas on a class action notice. Notice to the class will explain to everyone what the lawsuit is about, what the plaintiffs are asking for, what you need to do to be included, or to opt out. The notice may be distributed before the February meeting. Mr. Gonyea and Mr. Cohen met and think this notice will be out soon. He said the plaintiff will seek his attorney's fees from the pension fund, not the common fund typically created for class actions, and that will be discussed in executive session. He said he is working to make the class action notice understandable and explain to all what the rights and responsibilities are. Mr. Lynch asked if each person in the class will get a notice, and Mr. Cohen replied yes. Ms. Campbell advised that the notices will be mailed out from the F&P Pension office since retired police addresses are exempt from public disclosure.

26. Pena Lawsuit, Case No. 08-013997, Fred Pena, 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. Noted receipt of:

- a. Re-Notice of Hearing on Motion to Disqualify James B. Loper on 2/24/2009 1:30 pm before Judge Stoddard, received 12/15/2008.
- b. Letter dated 12/19/2008 from P. Gonyea transmitting Plaintiff's Amended First Motion for Sanctions.

Mr. Cohen advised that this hearing will be open to the public. **It was moved by Mr. Gray, seconded by Ms. Fox and by unanimous vote to receive and file item 26a and b.**

Motion to adjourn was made by Mr. Walker at 4:15 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.

Patrick S. Lynch, Chairman

John Moors, Secretary

Jennifer Molitor
Recording Secretary