

# CITY OF TAMPA RETIRED FIRE & POLICE ASSOCIATION

Web site: [www.tamparetiree.com](http://www.tamparetiree.com)

## Message from the President

### President

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This month, I am happy to say that a chapter in our lives has come to a close and the future lies ahead of us all. With the loss of our Declarative Action, we must proceed and turn the next page. The reams of paper that I had re our case is now boxed up and in the attic. I have turned the page and I hope that each of you can too. One last reminder. We were forced into this fight, we didn't ask for it. We fought hard, we were right, we were dedicated and we still lost. As we move ahead, I can only hope that our pasts can serve as a guide as to the proper course to take when dealing with issues that involve our fund. It is imperative that the interests of the Retirees are considered in all cases. We have one fund, it serves the interests of the Actives and Retirees. This is the message that needs to be understood by ALL.

Many of you think that our Contracts are broken and of no value. That is not totally true. The decision of Judge Stoddard did not totally break up our Contracts. Stoddard's decision is a one-time decision. His ruling was that the Trustees did the right thing when they were faced with an emergency situation re the losses to the fund. It does not give the Trustees the right to take or assign losses to the PRAA any time the fund suffers negative losses, as per Policy #713. The Trustees and their ex-legal advisor Loper may think so. That is why Policy #713 was written and adopted 2 years after the act of assigning losses to the PRAA to make it appear the act was legal. This is sort of the cart before the horse. Anyway, Stoddard's ruling says that the Trustees acted legally because they thought there was an emergency. According to the actuaries who testified in court, there was no emergency. There were other things that could have been done rather than assess losses to the PRAA. This is a salient point that Judge Stoddard missed completely or refused to consider. It was also said in court that all that was necessary is that we leave the fund alone, it will recover on its' own. That is the way the fund is set up, to resurrect itself when there are down times. And to prove the soundness of our pension strategy, the fund did recover. It took the fund 30 months to make up the \$110 million loss to the base fund. The fund is well on its' way to recovering the total losses to the entire fund. You see, leaving the pension alone was the right thing to do. If left alone, the pension fund, as designed, will fully recover without having to resort to any emergency procedures whatsoever.

As we turn this page in history there is one lingering issue. As some of you

know, the Association and its' Board are being required to defend our actions in front of Judge Stoddard. The Trustees' ex-Legal Advisor, Jim Loper, had filed a motion with Judge Stoddard's court to have us pay the taxable costs attached to their defending against our Dec Action. The cost, according to Jim Loper, is \$115 thousand dollars. Yes, that is the number that the Trustees are asking the Judge to grant them, in Judgment form. I am hopeful that the Trustees will consider withdrawing this motion and dropping the issue in total. Let it end.

All I can say is that the Retirees are not defenseless. We have defenses and the Trustees should know this. I hope that the intelligence of the Trustees prevails in this matter and the motion will be withdrawn.

I would like to move on to a positive issue, our 13th Checks. By now, I trust that each and every Retiree and Widow have received their checks. I know that the checks will help provide some financial help that we all can use. In February of this year, a change was again put forward to the Legislative Delegation that would change the funding of the 13th. Check. The change calls for the 13th. Check to be funded, as of October of 2007, with the full 11th. percentage of the investment return on the entire fund. What does this mean? It simply means that in any year the funds investment return is 11% or more, Retirees and Widows will get a check of approximately \$10 thousand dollars. This is certainly helpful but is a bit lacking. I wondered why the funding percentage couldn't be the full 6th. percent of the investment return on the entire fund? The problem is that I don't expect the fund will make 11% every year and so some years Retirees and Widows will not get a check at all. Example; if the investment return is 9% or 10%, there is no check of any kind. If, for example, the 13th. Check was funded from the 6th. percentage of the investment return on the entire fund then Retirees and Widows could count on getting a nice check most every year. In short terms, the funding

percentage is set too high to insure that a 13th. Check will be paid yearly.

I checked with the powers to be on this matter. I was told that since the actuarial assumption for our fund was set at 10%, the funding percentage had to be set above the assumption. If not, the fund would be in a negative investment assumption mode and no checks can be paid.

For the moment, I accepted that logic but I continued to think about what I had been told. Then came the dawn. The actuarial assumption is only an assumption and not something that was mandated by the Contract. The Contract only mandates a 5% compounded return to the Base Fund. I know that the actuarial assumption used to be at 8% and was raised to 10% several years ago. It is flexible.

The underlying reason for an assumption at all is to set a basis for the actuary to use to set the contribution rates for the City and the Actives. So, if we had a 13th Check trigger at 6% then the fund would have to make 11% to meet the 10% assumption and not affect the contribution rates for the City and the Actives. That is the real reason the Retirees can't get a 6% trigger for our 13th. Check Benefit. I think this can be changed but it will take some time and work. We are on it.

As we move ahead with the year, there remains a lot to be done. The Dec Action has been consuming us all. Now that it is at an end, it will allow us time to regroup and try to bring about meaningful change for all Retirees and Widows. Our Association must remain vigilant and stay on top of issue so that we don't get lost or forgotten along the way. Many have said that there needs to be a Retired Police and Fire Representative on the Board of Trustees. Well, as of today, Retirees cannot serve. It is against State Law. Can the Law be changed? Yes it can and should be. Retirees should have a Police and Fire position on the Board of Trustees and the time has come. To make this change become a reality will take a lot of work and commitment. It can be done, it should be done.

Later this Summer and Fall there will be new issues over raising the multiplier, again. I truly hope that I am wrong but I don't expect the Retirees will be treated fairly and equitably. I hope that the Trustees, Unions and the City prove me wrong. If they do, I'll apologize loud and clear. Only time will tell but past history has been very bleak.

At our meetings in April and July of 2007, we will be accepting nominations for a Fire and Police Vice Presidents' positions. If you have someone in mind for these positions, please bring their names to the membership meeting and nominate them.

Nominations will again be open to all Retiree members at the July meeting. The election will take place after the nominations close during the July meeting. The term of office is for 3 years.

I am hoping to see all of you at our next general membership meeting - Thursday, April 26, 2007, @ 6:30 PM, at the Church. We have a long "TO DO" list that needs membership approval and input. Remind your fellow Retirees about the meeting and make plans to be there. Much needs to be done and we need to jump start our efforts. Food will be served at 6:30 and the meeting at 7. See ya at the Church.

Larry A. Vincent, President  
RF&PA

### **Pension Board Meeting**

The Pension Board will be holding their monthly meeting on Thursday April 26 at 1:30pm

Location 3001 North Boulevard

Come on by the pension board loves the company

### **Reminder**

The Retirees monthly luncheon will be held on Monday April 30 at 11:00am

Location is the Golden Corral at 6942

W. Hillsborough Ave.

all are invited. Hope to see you there.

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**A Fifty Fifty Drawing  
will be held at the Membership  
Meeting so bring a couple of extra  
bucks.**

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**At this meeting we will be accepting  
nominations for Board Members.**

**Several Board Members have  
expressed a desire to step down, so  
we'll be in need of a few good men or  
women.**

## WHY WE TOOK THIS ISSUE TO COURT

I do not want to review the entire court case, but keep these points in mind:

- A. The Board negated previous actions and methodology of handling investment return that were guided by our contract.
- B. Negative investment returns, which had never been spread across the Fund, were now spread into the PRAA negatively affecting the future ability of the PRAA to meet its obligations. This was supposed to have been settled by the Coniglio decision in 1979.
- C. No legal opinion was sought before this action and there was no discussion when this methodology was adopted in 2002. That is why the retirees and every one else were caught off guard. This lack of transparency led to a great deal of mistrust and communication breakdown.
- D. The Coniglio decision DID state that the PRAA could not be negatively adjusted.
- E. The 1969 contract DOES state that the PRAA gets only excess of 5% return on investment of the entire Fund.
- F. The original actuarial report rendered by the Hazelhurst firm in 1974 recommended changing the contract to allow negative adjustments of the PRAA to keep the city's' contributions down. **THE CONTRACT WAS NEVER CHANGED.**
- G. As of now, we no longer have "individual contracts." What we have is a union contract that can be changed by the city and the unions at any time no matter what the impact on the PRAA. The board can evidently change it as they see fit. Every attorney that ever represented the Board and our Fund has rendered opinions that the Pension Contract could not be changed or "substantially impaired" unless all party's active and

and retired agreed. What Happened?

- H. The Board's present actuary has stated that there is not much difference between the Allocated PRAA and the Unallocated PRAA. He has also said that the Allocated PRAA is NOT an obligation or a liability. "We just call it that." He said this although the contract says that once you give a benefit it cannot be diminished. He had to say this, because he embraces the negative adjustments of the PRAA and has issued a report that the PRAA could drop to ZERO dollars in as little as 15 years. He even made a recommendation to the Board to have the first one percent COLA award come from the Base Fund. This, he said, might reduce tension between retirees and actives. Because of these statements, I seriously doubt that the PRAA is being funded properly. The actuary is supposed to set aside enough money each year within the Allocated PRAA to fund lifetime COLA awards to ALL existing pensioners and beneficiaries, dollar for dollar, because the PRAA does not earn interest.
- I. Because of the above, WE as retirees had every right to take this issue to court and seek clarification. It was not a frivolous case and our concerns were not unjustified. We may not agree or like the outcome but we have to live with it.

If you are aware at all, you must know that we are living in a time of unprecedented worldwide social, economic, and military instability. If anyone believes that the pension commitments owed to us will be honored during an economic crisis, you are deluded. We have seen how our concerns were addressed during the negotiations to change the multiplier. The City will never cut back essential services to honor a promise to elderly pensioners. The reduction of pension benefits for airline workers, autoworkers, and others as well as the coming crisis in Social Security validates this view.

The Judge stated that what was done by the Board was justified because of an economic crisis.

No regard was paid to the 26 and half- percent retroactive increase in Base benefits for actives and the extremely low current contribution rates.

We, as a group, were hoping to protect the PRAA. The PRAA, because it could not be touched except to pay benefits for COLA was actually more "actuarially sound" than the Base Fund. I am especially talking about the Allocated PRAA. The Allocated PRAA, although it seemed to be just sitting there in the Fund was already spoken for and spent for future payments. The Allocated and UN-Allocated PRAA monies were also used every year to reinvest and build the BASE FUND and keep the City and employee contributions down. Contributions by the City or the firefighters or police officers were NEVER raised to fund the PRAA. The Future of the PRAA is now uncertain. When I brought this up to Board members and their attorney all they would say to me was the PRAA was not guaranteed. It is true that FUTURE Cost of living adjustments are not guaranteed BUT the COLA awards already granted to retirees was supposed to be guaranteed by contract. That is why we called it ALLOCATED.

Remember, not only I but Curtis Griffin (original signer and negotiator of the contract), Bobby Pennington (former chairman of the Board with over 20 years on the Board), Robert Smith (former Police Chief and Board member) and other Board members, Terry Payne, Joe Gates and Ed Friend (Board actuary for over 16 years) and Rosalyn Brown (former Executive Secretary now called Plan Administrator, 25 yrs service) all agreed with this analysis.

What I learned about this issue and our Contract and our Fund, I learned from people like Tony Coniglio and Franz Warner and Curtis Griffin. I only regret that Tony, Franz, and Curtis was not here to help us with this issue.

As I have stated on numerous occasions, there is a chance that we will not have to face complete collapse of our Post Retirement Adjustment Account. It will take a stable World Market and a bit of good luck. The Point is, we should never have had to worry about this. Before these changes, we had a solid pension program that protected the PRAA. No more.

As I stated earlier, we may not agree or like how the courts have ruled but we have to live with it. We did the best we could under the circumstances. We want to thank all of you that contributed your time, effort, and support.

David Keene

Retiree and past Pension Board Member. (1981-1995)

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IN MEMORY

*The following pension members have passed away since our last Meeting*

*Leland Biggs - Fire*

*Larry Fernandez - Fire*

*Margaret Friedling surviving spouse of John Friedling*

*Billy Fyfe - Fire*

*Andrew Leavine - Fire*

*James Lucas - Police*

*William Mitchell - Fire*

*Gilbert Rodriguez - Fire*

*Stirling Moore - Police*

*Charles Wakefield - Police*