

MINUTES

**POLICE OFFICERS' & FIREFIGHTERS'
RETIREMENT COMMITTEE MEETING**

TUESDAY - AUGUST 10, 2010 - 9:00 AM

PRESENT

Sgt. Leo Socorro – Chair
(Ret)Chief Linda Loizzo
Councilwoman Beth Spiegel
Councilman John Julien
Sgt. Mo Asim

ABSENT

ALSO PRESENT

Graystone – C. Mulfinger
Garcia Hamilton - Janna Hamilton
HGK – David Hauck
Renaissance – Andy Temming
Sugarman & Susskind - Bob Sugarman
Bolton Partners – Tom Lowman
Martin Lebowitz – Pension Administrator

DEPARTMENT REPRESENTATIVES

Bill Dresback – Retired Firefighter

The meeting was called to order at 9:04 a.m. by Sgt. Socorro and was followed by a roll call of Trustees.

I. GARCIA HAMILTON REPORT – Q/E 6/30/2010

Janna Hamilton reported the total Garcia Hamilton Equity portfolio was valued at \$10,492,516 (including accrued interest) as of 6/30/2010, with an asset allocation of 97.15% in equities, 2.85% in cash and equivalents. Garcia Hamilton Fixed Income was valued \$23,759,739 (including accrued interest) as of 6/30/2010, with an asset allocation of 97.95% in bonds and 2.05% in cash and equivalents.

For the quarter ended 12/31/2009: Equities returned -10.97% compared to -11.74% for the Russell 1000 Growth. Bond fund return was 2.27% compared to 2.97% BC Int. Gov/Credit.

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Plan year results: Equities returned 10.20% vs. 13.62% for the Russell 1000 Growth. The fixed income portfolio was 11.81% vs. the BC Int. Gov/Credit return of 8.29%.

Janna Hamilton reviewed the following stocks that did very well, American Tower, Microchip and Roper Industries. She also reviewed the stocks that did not do well, Cameron International, J.P. Morgan and VISA.

II. HGK – Q/E 6/30/2010

David Hauck reported the total HGK portfolio was valued at \$10,242,537 (including accrued interest) as of 6/30/2010, with an asset allocation of 97.42% in equities, 2.58% in cash and equivalents.

For the quarter ended 6/30/2010: Total fund return was -11.74% compared to -11.14% for the Russell 1000 Value.

Plan year results: Total return for their portfolio was 21.03% vs. 28.23% for the Russell 1000 Value.

Their top ten holdings as of June 30, 2010 was Johnson & Johnson, Chevron, Pepsico, Colgate-Palmolive, ConocoPhillips, Kimberley-Clark, Danaher, Travelers Cos., America Electric Power and PPL.

III. RENAISSANCE – Q/E 6/30/2010

Andy Temming reported the total Renaissance International Growth portfolio was valued at \$2,592,938 (including accrued interest) as of 6/30/2010, with an asset allocation of 95.28% in equities, 4.72% in cash and equivalents.

For the quarter ended 6/30/2010: Total fund return was -12.34% vs. -12.44% for the BC Int. Gov/Credit.

Plan year results: Total return for their portfolio was 6.43% vs. 8.48% for the Russell 1000 Value.

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V. GRAYSTONE CONSULTING – Q/E 6/30/2010

Charlie Mulfinger presented the performance report, indicating a total portfolio market value on 6/30/2010 at \$56,925,911 (including accrued income). This represents a net decrease in value from the previous quarter of \$3,323,540. The total asset allocation was reported to be 46.7% invested in domestic equities, 8.97% invested in international, 41.74% in fixed income and 2.59% in cash and equivalents. The total fund earned -5.58% for the quarter.

For the quarter ended 6/30/2010: Garcia Hamilton out-performed Russell 1000 Growth Fund -10.97% vs.-11.74%. HGK under-performed Russell 1000 Value Fund -11.74% vs. -11.14%. GW Capital returned -10.46% vs. -10.59% for the Russell 2000 Value Fund. MDT returned -6.85% vs. -10.19% for the Russell 2000 Growth Fund. Renaissance returned -12.34% vs.-12.44 for the MSCI AC World x US. Thornburg returned -9.81% vs.-12.44% for the MSCI AC World x US. Garcia Hamilton Fixed Income earned 2.27% under-performed the BC Int. Gov/Credit of 2.97%.

Plan year results: Total return earned for plan year was 12.05%.

Charlie Mulfinger suggested that the plan look into investing in a Private Real Estate Fund. He handed out a presentation on the Real Estate Fund. Charlie Mulfinger scheduled a meeting on October 1, 2010 at 1:00 p.m. along with Police & Fire Retirement Board to interview two Real Estate Fund Managers. The board does not have to make a discussion to hire these managers after the interview.

Motion by Councilwoman Spiegel, seconded by Chief Loizzo, to interview two Real Estate Managers on October 1, 2010.

Motion carried unanimously

V. ATTORNEY'S REPORT

Bob Sugarman updated the committee on the following items:

- Wrote a letter on June 25, 2010 to Ira Summer asking him about his insurance information or the \$170,000. No response from Ira Summer.
- Received a request from retiree Nicholas Schneider about his COLA, Martin Lebowitz is working on this issue.
- Reviewed the minutes of May 10, 2010 and made some changes.
- Letter was sent to the Trustees on IRS Determination Letter to be discussed at the November 18, 2010 meeting.

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- Prepared the Ordinance for the State Changes that will be discussed at the November 18, 2010 meeting.

Bob Sugarman asked for permission to receive information about the City's portfolio holdings from our custodian. The board agreed to allow Bob Sugarman to receive this information from Salem Trust Company.

VI. BOLTON PARTNERS – ACTUARY

Tom Lowman handed out a letter that the City Manager Kelvin Baker had requested showing the effects of the 70% funding target. The letters states the following information:

- If the City contributions \$3,050,000 extra for FY10 and \$200,000 is subsequent years, the plan is expected to reach 70% by 10/1/2018.
- If the City contributions \$3,050,000 extra for FY10 and \$500,000 is subsequent years, the plan is expected to reach 70% by 10/1/2017.
- If the City contributions \$1,725,000 extra for FY10 and \$200,000 is subsequent years, the plan is expected to reach 70% by 10/1/2019.
- If the City contributions \$1,725,000 extra for FY10 and \$500,000 is subsequent years, the plan is expected to reach 70% by 10/1/2018.

The above is based on the data, assumptions and methods from the 10/1/2009 actuarial valuation and assumes no other gains or losses from that date. The City should expect that there will be some gains and losses that will affect the date by which the 70% funding will be reached. The 70% funding is based on the Actuarial Liability (used for funding) and the actuarial value of assets.

Tom Lowman reviewed the Experience Study Report which he is working on and will be presented at the next schedule meeting on November 18, 2010. The Experience Study Report will ask for changes in the following assumptions:

- Assumed Interest Rate
- Pay Increases
- Overtime Pay
- Change of Beneficiary

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Tom Lowman asked about change of beneficiary for retired police officers which has been discussed at our past meetings. Bob Sugarman stated that he is drafting an Ordinance to provide for the participant to keep things the way they are now or they could buy the right to switch beneficiaries regardless of their health or if their first beneficiary was alive.

The committee has recommended having a meeting on October 1, 2010 at 1:00 p.m. to have Tom Lowman give a workshop on the upcoming Experience Study Report.

VII. APPROVAL OF MINUTES – MAY 20, 2010

Motion by Chief Loizzo, seconded by Councilman Julien, to accept the May 20, 2010 minutes for the Police & Fire Retirement Plan Meeting.

Motion carried unanimously

VIII. APPROVAL OF INVOICES

Motion by Councilman Julien, seconded by Sgt. Asim to pay the following invoices:

INVOICES:

Garcia Hamilton – Equity Quarterly Management Fees	\$14,925.68
Garcia Hamilton – Fixed Quarterly Management Fees	15,375.04
Morgan Stanley Smith Barney – Quarterly Consulting Fees	5,625.00
HGK – Quarterly Management Fees	10,226.80
GW Capital – Quarterly Management Fees	5,867.80
MDT – Quarterly Management Fees	5,931.56
Renaissance – Quarterly Management Fees	4,208.28
Thornburg - Quarterly Management Fees	4,235.05
Bolton Partners – Actuary Fees	17,426.52
Parry & Jensen – Legal Fees	2,227.50
Sugarman & Susskind – Legal Fees	6,600.00
Salem Trust Company – Custodial Fees	7,083.15
<u>Motion carried unanimously.</u>	\$99,732.38

There will be a special Board meeting on October 1, 2010 at 1:00 p.m. The next regular scheduled meeting is November 18, 2010 at 3:00 p.m. Meeting was adjourned at 12:20 p.m.

Martin Lebowitz, Pension Administrator