

## MINUTES

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

TUESDAY - FEBRUARY 24, 2009 - 9:00 AM

#### PRESENT

Sgt. Leo Socorro - Chair  
Chief Linda Loizzo  
Mayor Ray Marin  
Officer Michael Pons

#### ABSENT

Councilman Philippe DeRose

#### ALSO PRESENT

Charlie Mulfinger - Citi  
Michael DeGenova – Citi  
Karen Russo – Salem Trust  
David Freitas – Salem Trust  
Tom Lowman – Bolton Partners  
Bob Sugarman – Sugarman & Susskind  
Miriam Bensinger – Asst. City Attorney

#### DEPARTMENT REPRESENTATIVES

Bill Dresback – Retired Fiefighter  
Mo Asim - Police  
Lori Helton

The meeting was called to order at 9:10 a.m. by Sgt. Socorro and was followed by a roll call of Trustees.

#### I. CITI – INVESTMENT CONSULTANT

Charlie Mulfinger and Michael DeGenova presented the performance report, indicating a total portfolio market value on 12/31/2008 of \$45,416,193 (including accrued income). This represents a net decrease in value from the previous quarter of \$6,743,624. The total asset allocation was reported to be 46.89% invested in domestic equities, 10.97% invested in international, 37.38% in fixed income and 4.76% in cash and equivalents. The total fund earned -12.88% for the quarter.

For the quarter ended 12/31/2008: Davis Hamilton underperformed Russell 1000 Growth Index -23.51% vs. -22.79%. AllianeBernstein returned -21.44% vs. -22.17% for the Russell 1000 Value Index. Pimco Bond fund returned 3.78% vs. 4.57% for the BC Interm. Govt/Credit The fund experienced a total return of -31.63% in Northpoint Small Growth Fund and -19.28% Europacific International Fund vs. -19.96% MSCI EAFE. The Mid-Cap Value fund earned -22.67% vs. -27.19% Russell Mid Value. Davis Hamilton Fixed Income earned 4.93% outperformed the BC Int. Gov/Credit of 4.84%.

Plan year results: Total return earned for plan year was -25.25%.

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There is a delay with the investment manager contract with Thornburg. The committee suggested we have a backup investment manager if Thornburg's contract is not agreed upon.

Following discussion, motion by Sgt. Leo Socorro, seconded by Chief Linda Loizzo to hire Delaware for the International Value fund if the agreement with Thornburg is not reached by the end of March 2009.

Motion carried

**II. SALEM TRUST COMPANY – CUSTODIAN – CLASS ACTIONS**

Karen Russo and David Freitas presented the current class action report for the quarter ending December 31, 2008.

Bob Sugarman has requested a Salem Trusts' financial statement.

**III. JEFF WARD**

Jeff Ward was not present at this meeting.

**IV. BOLTEN PARTNERS – RETIREMENT/DROP CALCULATION**

We are requesting a clarification when calculating Retirement Benefit or DROP. When someone retires or enters DROP we include only amount paid in the month when they Retire or enter DROP.

Following discussion, motion by Sgt. Leo Socorro, seconded by Chief Linda Loizzo the Retirement Board interprets final level of compensation on an accrual basis effective March 1, 2009.

Motion carried

**V. MARTIN LEBOWITZ EMPLOYMENT CONTRACT AND ANNUAL SALARY REVIEW**

Martin Lebowitz presented to the committee his Terms of Employment and after discussion the following was agreed to by the committee and Martin Lebowitz.

Effective Date: March 1, 2009

Salary Review: Effective March 1, 2009, salary increases to \$80,000 yearly equivalent. 3 ½ % increases each year on anniversary date.

Annual Leave: \*\*Employee is entitled to 96 hours (12 days) of paid annual leave with unlimited accrual.

Sick Leave: \*\* Employee is entitled to 96 hours (12 days) of paid sick leave with 600 hours cap.

Floating Holiday(s): \*\*Employee is entitled to 2 days per calendar year of floating holidays.

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Birthday Holiday: \*\*Employee is entitled to one day per calendar year for a "Birthday Holiday" which need not be taken on employee's actual birthday.

Pension Eligibility: Employer shall make yearly contribution equivalent to 10% of Employee's yearly salary to pension plan (or 401(a) or equivalent retirement plan) based on the calendar year. If Employee leaves employment prior to the completion of the calendar year, the Employer's contributions to Employee's pension plan (or 401(a) or equivalent retirement plan) shall be prorated based on Employee's yearly salary.

Health Insurance: Employer shall provide health insurance at no cost to Employee equivalent to the cost of HMO family coverage.

Dental Insurance: Employer shall provide dental insurance at no cost to Employee equivalent to the cost of DMO family coverage.

Short Term Disability: Employer shall provide Employee with 13 weeks of paid disability at no cost to Employee. **Pending information from Ellen Snow.**

Workers' Compensation: Employer shall provide Employee with workers' compensation insurance at no cost to Employee.

Group Term Life Insurance  
With A D & D Rider: Employer shall provide Employee with Group Term Life Insurance With A D & D Rider equivalent to two times Employee's yearly salary up to a maximum \$200,000.

Fair Labor Standard Category: Exempt

*Each Pension Board is responsible for half the cost of this contract.*

\*\*Employer shall prorate these benefits in accordance with Employee's termination date. Accrued annual leave may be cashed in at Employee's option during the year as per this agreement and/or at termination of employment. This contract shall not effect the employee's prior accrued time.

This Letter of Agreement supersedes all previous employment agreements or arrangements and shall be effective hereafter.

Following discussion, motion by Michael Pons, seconded by Sgt. Leo Socorro to accept the Terms of Employment for Martin Lebowitz.

Motion carried.

**VI. WORKERS COMPENSATION POLICY FOR PENSION ADMINISTRATOR**

Motion by Sgt. Leo Socorro, seconded by Chief Loizzo to approve payment of Workers Compensation Policy for Martin Lebowitz.

Motion carried unanimously.

**VII. UPDATE OF NAPO CONFERENCE**

Chief Loizzo discussed one of the hot issues of moving to a 401 (k) plan rather than a define benefit plan for Police Officers. The cost to a city in the first 10 years would be more than a define benefit plan.

Chief Loizzo supplied information about how we got here relating to the current economy.

**VIII. AUTHORIZATION TO BIND COVERAGE AND PAY PREMIUM**

- Fiduciary Liability Insurance: \$5,000 Deductible \$8,092.73 annual premium

Motion by Sgt. Leo Socorro, seconded by Mayor Marin to approve payment of Insurance Policy of \$ 8,092.73 for Fiduciary Liability for one year.

Motion carried unanimously.

**IX. APPROVAL OF INVOICES**

Motion by Sgt. Leo Socorro, seconded by Mayor Marin, to pay the following invoices:

**INVOICES:**

|  |                    |
|--|--------------------|
| Davis Hamilton Jackson – Quarterly Management Fees | \$19,274.30        |
| AllianceBernstein – Quarterly Management Fees      | 17,472.36          |
| Salem Trust Company – Custodial Fees               | 4,743.18           |
| Citi Institutional – Consulting Fees               | 5,625.00           |
| Bolton Partners – Actuary Fees                     | 10,934.60          |
| Sugarman & Susskind – Legal Fees                   | 5,000.00           |
|  | <u>\$63,049.44</u> |

Motion carried unanimously.

Bob Sugarman updated the Retirement Board on the SEC finding on Merrill Lynch. Some of the things they did wrong based upon the SEC findings are: Off the shelf investment guidelines rather than customized ones; placing clients into investments that caused them to pay a finders fee and commission that were not disclosed to the Committee, made money when Merrill Lynch recommended switching investment managers on the buys and sells; may have effected clients' investment performances; found that Merrill Lynch recommended managers and transition managers and were compensated for this service. Also, SEC found that Merrill Lynch had a conflict of interest when recommending new investment manages.

The next regularly scheduled quarterly Board meeting will be held on Thursday, May 28, 2009 at 9:00 a.m. Meeting was adjourned at 11:25 a.m.

  
Martin Lebowitz, Pension Administrator