

MINUTES

POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT COMMITTEE MEETING

THURSDAY - AUGUST 21, 2014 - 9:00 AM

PRESENT

Sgt. Leo Socorro – Chair
(Ret) Chief Linda Loizzo
Councilwoman Beth Spiegel
Sgt. Mo Asim
Mayor George Vallejo

ALSO PRESENT

Graystone – C. Mulfinger & S. Owens
Sugarman & Susskind - Bob Sugarman
Robbins Geller Rudman – Jack Reise
Pomerantz LLP – Jayne Goldstein
Martin Lebowitz – Pension Administrator
Renaldo Gayle – Asst. Pension Admin.

ABSENT

DEPARTMENT REPRESENTATIVES

The meeting was called to order at 9:15 a.m. by Trustee Leo Socorro, followed by a roll call of the Trustees by Martin Lebowitz.

I. PUBLIC COMMENTS

Officer Vincent Abbot spoke as a representative of the IUPA members. He informed the board that the members are against any recognition of ordinance 2013-20.

II. GRAYSTONE CONSULTING – Q/E 6/30/2014

Charlie Mulfinger started off by stating that there was money made during the quarter and that they beat the benchmark. He presented the performance report, indicating a total portfolio market value on 6/30/2014 of \$93,378,160 (including accrued income). This represents a net increase in value from the previous quarter of \$2,912,632. **Please see attached Summary of Relevant Facts as of June 30, 2014.**

Scott Owens discussed the market and stated that it is moving in the right direction.

Mr. Mulfinger went on to discuss the current Investment Policy being at a 5% limits on any single holding with each manager. He added that the new manager (Wedgewood) is asking for a revision to 10%. Bob Sugarman questioned Mr. Mulfinger about his recommendation regarding the increase. His response was that Graystone is in agreement with the revision to meet the 10% request and clarified that this does not mean 10% of the total portfolio. It means that each manager can hold up to 10% in a single holding but the overall portfolio limit is still at 5% in one stock.

After discussion and based on the recommendation of Graystone, motion by Trustee George Vallejo, seconded by Trustee Leonardo Socorro to amend the Investment Policy to permit each manager to invest up to 10% of that manager's portfolio in a single holding while retaining an overall portfolio limit of 5% in one stock.

Motion carried unanimously

Charlie Mulfinger added that this change was the only thing currently holding up the Garcia Hamilton to Wedgewood transition.

III. CLASS ACTION SUIT – VOLARIS AVIATION HOLDING COMPANY & ROCKWOOD

Bob Sugarman mentioned moving item # 7 up on the agenda by allowing Jack Reise and Jayne Goldstein to make their presentations first.

Motion by Trustee George Vallejo, seconded by Trustee Mohammad Asim to move item # 4 (Attorney's Report) down and allow Jack Reise and Jayne Goldstein to present.

Motion carried unanimously

Bob Sugarman stated that the board had engaged law firms to monitor the portfolio to determine if there is any securities fraud or corporations are not upholding their fiduciary duties to the stock-holders. When such instances occur, they are reported to the board by these security law firms. As a result, Jayne Goldstein and Jack Reise appeared to discuss these instances. Mr. Sugarman added that his legal advice is that the board should follow the legal advice of those attorneys in their specialized fields. He then introduced them both.

Jack Reise of Robbins Geller Rudman and Dowd provided details about a derivative case against Volaris and sought the board's approval for going ahead with filing suit. He stated that the board would need to file a suit by spring 2015. He was briefly questioned by the trustees and they discussed the size of the loss in comparison to the amount of work involved.

Motion by Trustee Mohammad Asim, seconded by Trustee Linda Loizzo to authorize the lawsuit. A "YES" vote meant that a suit would be filed based on the recommendation of Robbins Geller. A "NO" vote meant there would be no suit filed.

Roll Call:

Trustee Beth Spiegel	No
Trustee George Vallejo	No
Trustee Leo Socorro	Yes
Trustee Linda Loizzo	No
Trustee Mo Asim	No

Motion Failed

Trustee Linda Loizzo requested that this matter be added to the agenda for the next meeting. Bob Sugarman followed up and asked Mr. Reise to attend the next meeting scheduled for December 9th so he can provide an update if he is available to do so. He agreed. However, Trustee Beth Spiegel added that she would prefer this matter being discussed telephonically at the next meeting and not have Mr. Reise travel. The trustees agreed that this is a good idea.

Jayne Goldstein of Pomerantz LLP discussed the Rockwood derivative suit. It is focused on not agreeing with a merger that she believes is a bad deal for the shareholders. Ms. Goldstein sought the approval and ratification of the Chairman's authorization to file suit pending trustee approval at this meeting of the board to proceed with the suit based upon the recommendation of Pomerantz LLP.

After discussion, motion by Trustee Linda Loizzo, seconded by Trustee Mohammad Asim to ratify the decision of the chairman to file the suit.

Roll Call:

Trustee Beth Spiegel	Yes
Trustee Leo Socorro	Yes
Trustee Linda Loizzo	Yes
Trustee Mo Asim	Yes

Motion carried unanimously

A second motion was made by Trustee Beth Spiegel, seconded by Trustee Linda Loizzo that the board adopt a general policy that with Rockwood and similar future merger cases in Delaware, the fund will retain a sufficient amount of shares during the pendency of the suit so that the Board can remain a Plaintiff. The investment managers will be directed to carry out that directive.

Motion carried unanimously

Trustee Linda Loizzo then made a motion, seconded by Trustee Mohammad Asim to move to item # 5 (Ordinance 2013-20 Implementation & Vote) on the agenda.

Motion carried unanimously

IV. ORDINANCE 2013-20 IMPLEMENTATION & VOTE

Trustee Beth Spiegel stated that there were discussions in previous meetings that the trustees would implement the ordinance once a decision has been reached in the General Employees lawsuit. She added that she does not understand why the judge's ruling is not being followed by the trustees in the parallel case and she is not comfortable with not implementing the ordinance.

All trustees then briefly stated their opinion on the implementation of the ordinance.

Officer Carlos Castillo came forward and asked if there is any possibility of public comments on the implementation of the ordinance. He was given the opportunity to comment. Mr. Castillo stated that he is also speaking on behalf of the IUPA members and thinks there should not be a vote because the members already voted against the change. He added that the trustees also voted in the past to not implement the ordinance. He believes that as a participant in the plan, the change is being imposed upon the members.

After discussion, motion by Trustee Beth Spiegel, seconded by Trustee George Vallejo to implement Ordinance 2013-20. A “YES” vote meant that the ordinance will be implemented. A “NO” vote meant the board will not implement the ordinance.

Roll Call:

Trustee Beth Spiegel	Yes
Trustee George Vallejo	Yes
Trustee Leo Socorro	No
Trustee Linda Loizzo	No
Trustee Mo Asim	No

Motion Failed

V. WHO CAN CALL A SPECIAL MEETING

The trustees discussed this topic and stated that there hasn't been a problem in the past with the request for a special meeting. Since there are no formal guidelines in place, it was decided to remove this item from the agenda unless there is an issue in the future with having a special meeting.

VI. APPROVAL OF MINUTES – 6/17/2014

Motion by Trustee Mohammad Asim seconded by Trustee Linda Loizzo to approve minutes of 6/17/2014.

Motion carried unanimously

VII. APPROVAL OF INVOICES

Trustee Beth Spiegel stated that she would like the board to defer payment of the equity investment management fees for Garcia Hamilton.

After discussion, motion by Trustee Mohammad Asim, seconded by Trustee Linda Loizzo, to approve all invoices below except Garcia Hamilton's equity fees until the next meeting when a final invoice is presented.

Motion carried unanimously

INVOICES:

Garcia Hamilton – Fixed Management Fees	12,834.42
Morgan Stanley Smith Barney – Consulting Fees	6,875.00
HGK – Management Fees	17,184.60
GW Capital – Management Fees	8,697.20
MDT – Management Fees	10,438.70
Renaissance – Management Fees	8,015.09
Thornburg – Management Fees	7,413.94
Buck Consultants – Actuaries Fees	2,904.00
Sugarman & Susskind – Legal Fees	7,050.00
Salem Trust Co. – Custody Fees	10,059.28
<u>TOTAL</u>	<u>\$91,471.63</u>

The following invoice will be addressed at the next meeting:

Garcia Hamilton – Equity Management Fees \$17,043.58

VIII. ATTORNEY'S REPORT

Bob Sugarman briefly mentioned a situation with a participant's benefit calculation that came up recently. The participant had a break in service and it was clarified that the break in service would not affect the way his benefit was calculated when gathering the consecutive years. No credited service would be given for the break and non-continuous service will be bridged.

Another issue briefly discussed was whether an employee that is in the DROP can change the form of benefit election. It was clarified that upon entering the DROP, an employee has a 10 YR Certain & Life benefit. However, when they leave the DROP, they can select a different form of benefit. If they select a Joint & Contingent benefit, they can only change the percentage of that form of benefit and the beneficiary, but not change it to a Life only benefit.

The next scheduled meeting is on December 9, 2014. Meeting was adjourned at 11:55 a.m.