

# **POLICE AND FIRE RETIREMENT PLAN**

## **Investment Committee Summary**

**THURSDAY**

**SAN JOSE, CALIFORNIA**

**May 7, 2009**

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**Present:**

Committee Members

David Bacigalupi via telephone

Scott Johnson

Keith Keesling

Also Present:

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Martin Tran

## **MEETING SUMMARY**

### **RECOMMENDATIONS**

1. Approval of the March 5, 2009 COW minutes.
2. Approval of revisions to the proxy voting guidelines.

### **ITEMS**

1. **Approval of COW Minutes:**
  - a. March 5, 2009.

Motion/second/approved. (2-0-1)

2. **Approval to assign the current agreement with AQR International Equity Fund, L.P. to AQR International Equity Fund II, L.P.**

Mr. Kumar stated that approximately 70% of the clients in AQR International Equity Fund, L.P. are moving to a mutual fund format. The other 30%, including the Police and Fire Department Retirement Plan, will be moved into AQR International Equity Fund II, L.P. As the structure of Fund II will be the same as the current fund, staff recommends approval to assign the current contract to AQR International Equity Fund II, L.P. The Board has delegated the authority to assign contracts to the Investment Committee.

The committee approved assigning the current agreement with AQR International Equity Fund, L.P. to AQR International Equity Fund II, L.P.

Motion/second/approved. (3-0)

### **3. Approval for the Secretary to negotiate and execute agreements with Bloomberg, eVestment, and Mercer's GIMD for investment databases.**

Ms. Racy-Choy explained that the Police and Fire Department Retirement Plan's Board of Administration approved the expenditure for investment databases at the April 2, 2009 meeting. Staff has researched available databases and determined that Bloomberg, eVestment, and Mercer's GIMD provide the tools needed for effectively monitoring the pension funds.

Chair Bacigalupi stated that it is a good idea for staff to have the necessary resources to monitor the Plan's assets.

Member Johnson stated that as the City's Finance Department already has a contract with Bloomberg, possibly Retirement Services could get a discount.

Dr. Amiry stated that staff will discuss with Bloomberg the possibility of a discounted price.

The committee approved the Secretary to negotiate and execute agreements with Bloomberg, eVestment, and Mercer's GIMD for investment databases.

Motion/second/approved. (3-0)

### **4. Approval of revisions to the proxy voting guidelines.**

Ms. O'Fallon stated that Glass Lewis & Co., LLC ("Glass Lewis") has been the Police and Fire Department Retirement Plan's proxy voting agent since July 1, 2006. Each year staff and Glass Lewis review all new policy issues not currently covered by the Plan's guidelines. The one issue Glass Lewis identified this year is "Management Sponsored Advisory Votes on Compensation."

Ms. O'Fallon explained that this proposal seeks shareholder approval of the overall executive pay-for-performance compensation policies and procedures employed by companies. The shareholder vote is advisory and not binding on the companies' boards; however, compensation committees generally take into account the outcome of the vote when considering future executive compensation arrangements. Staff recommends looking at the management sponsored advisory votes on compensation issue on a case-by-case basis.

The committee approved revisions to the proxy voting guidelines.

Motion/second/approved. (3-0)

**5. Authorization for the Secretary to negotiate and execute extensions to vendor agreements that expire on June 30, 2009.**

Mr. Kumar stated that there are four contracts that will expire on June 30, 2009: INTECH, UBS Global Asset Management, Seix Investment Advisors, and Glass Lewis & Co., LLC. Since Seix Investment Advisors and INTECH are currently on probation, staff recommends renewing their contracts for one year. The UBS Global Asset Management and Glass Lewis contracts would be renewed for three years.

The committee approved authorizing the Secretary to negotiate and execute extensions to vendor agreements that expire on June 30, 2009. Glass Lewis and UBS Global Asset Management contracts are to be extended for three years; Seix Investment Advisors and INTECH are to be extended for one year.

Motion/second/approved. (3-0)

**Approved:**

  
CARMEN RACY-CHOY  
DEPUTY DIRECTOR