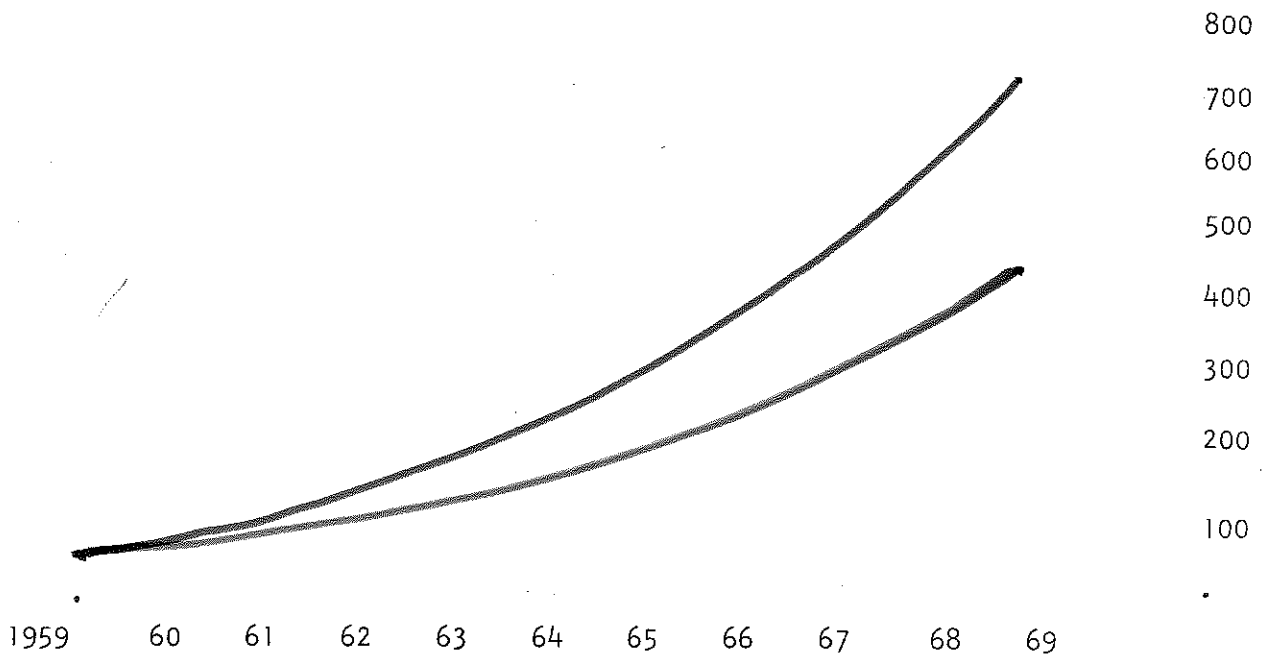


# **P & F** **RETIREMENT**

OFFICIAL COPY



— Investment Income  
— Employee Contributions

**ANNUAL REPORT**  
**1969**

POLICE AND FIRE RETIREMENT PLAN

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## POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

### RETIREMENT BOARD

The Retirement Plan is administered by a five member Board composed of two representatives from the City Council, a representative from the Civil Service Commission and two representatives who are city employees, one from the Police Department and one from the Fire Department.

In accordance with Section 2222.1 of the San Jose Municipal Code, 'A Board of Administration for the Police and Fire Department Retirement Plan, hereinafter in this Topic referred to as the 'Board' is hereby created and established.'

As of December 31, 1969, the members were as follows:

- JOSEPH A. COLLA - He is a member of the City Council and is one of its official representatives of the Board. He became a member of the Board on July 10, 1967.
- BARTON L. COLLINS - First elected as a representative of the employees of the Police Department on September 26, 1946. His present term expires October 10, 1972.
- ROBERT I. JACKSON - He is a member of the Civil Service Commission and serves on the Board at the pleasure of that body. He was first appointed on December 4, 1967.
- RAYMOND E. JONES - First elected as a representative of the employees of the Fire Department on October 11, 1962, Captain Jones serves as a member of the Board. His present term expires on September 30, 1970.
- VIRGINIA C. SHAFFER - She is a member of the City Council and is one of its official representatives on the Board. She became a member of the Board on May 28, 1962. Mrs. Shaffer serves as the President of the Board.

The Board of Administration engages the following consultants to assist in making investments and in developing a sound retirement plan:

- HARRY C. RADIN - Representative of Coates, Herfurth and England
- JOHN PACKARD - Representative of Scudder, Stevens & Clark, Inc.
- RICHARD DUNN - Representative of Scudder, Stevens & Clark, Inc.

The Board meets on the second Monday of each month and holds special meetings as the occasion demands. The meetings are currently held in the Council Offices, City Hall, at 11:00 a.m. Members of the Retirement Plan may attend any of the meetings.

POLICE AND FIRE RETIREMENT PLAN

\*Financial Report

as of December 31, 1969

ASSETS:

Cash in Bank	\$	27,750	
Interest Receivable		210,725	
Investments (at Cost)		<u>15,143,478</u>	
			<u>\$15,381,953</u>

LIABILITIES AND FUND BALANCE

Fund balance			<u>\$15,381,953</u>
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\*ANALYSIS OF CHANGES IN FUND BALANCE

Year ended 12/31/69

Fund balance 12/31/68			\$12,562,632
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Add Revenues:

Employee's Contributions:

Old Plan	\$	2,338	
New Plan		<u>451,679</u>	\$ 454,017

City's Contributions:

Temporary Pension Increase		41,670	
Old Plan, Current Service		6,239	
Old Plan, Prior Service		3,090	
New Plan, Current Service		1,189,053	
New Plan, Prior Service		<u>820,036</u>	2,060,088

Income on Investments

Long term		612,211	
Short term		44,690	
Gain on Sale of Securities		1,052	
Accrued Interest Income		<u>48,902</u>	706,855

Total Revenue 3,220,961

Deduct Expenditures:

Pension and Survivor Benefits Paid		353,338	
Contribution Refunds		48,380	
Miscellaneous Expense		8	
Cancellation of Uncashed Check	(	86)	
Total Expenditures			<u>401,640</u>

Fund balance 12/31/69 \$15,381,953

\*All figures subject to final audit.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT COUNSEL REPORT

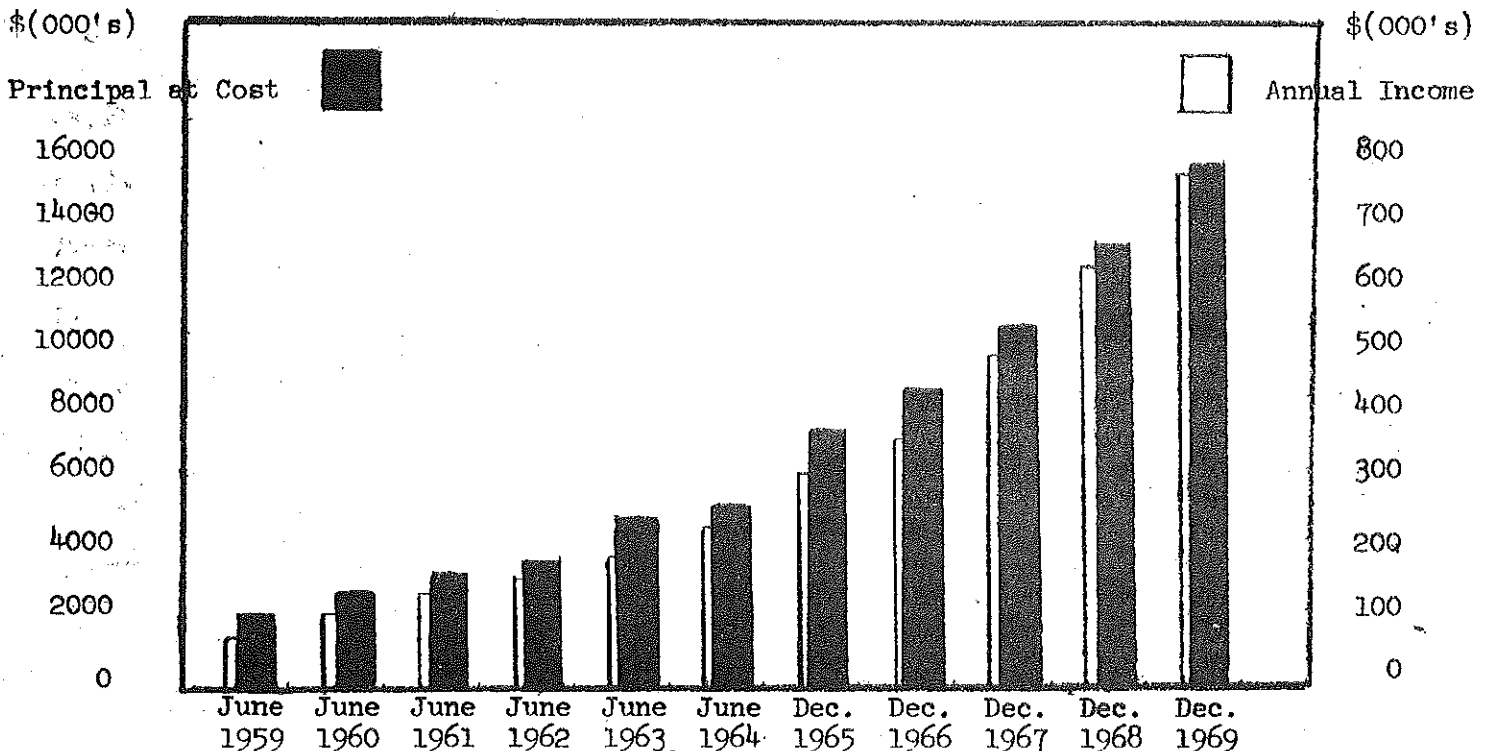
DECEMBER 31, 1968 to DECEMBER 31, 1969

During the year, a net total of \$2,292,000 was added to the Police and Fire Department Retirement Plan investment portfolio to bring the Plan's investments on a cost basis to a new total of \$14,418,000. This figure is exclusive of the cash and temporary investments. The annual rate of income from investments at year end was increased by \$134,000, raising the total income to a \$732,900 rate. A portion of the 1969 contributions was invested in long term bonds having an average yield to maturity of 7.65%. The remaining contributions were invested in preferred stocks and common stocks providing a dividend rate of return of approximately 2.68%. The annual return on the total portfolio increased to 5.08% based on the cost value of the assets.

During 1969, the bond market was under considerable pressure, with interest rates rising sharply and bond prices falling throughout most of the year. With one of the Government's two basic tools, fiscal policy, failing to stem the inflationary trend, it was increasingly necessary for the Administration to turn to monetary restraint. This has the immediate short term effect of increasing interest rates. However, continued monetary restraint should create an environment in which the trend of rising inflation can be reversed, which would be a favorable factor for the bond market.

We think one of the most important events affecting the Retirement Plan is the amendment to the ordinance providing for the addition of common and preferred stocks to the Plan's portfolio. Good quality common stocks historically have provided a total return over long periods of time of approximately 9% to 10%. We have great confidence in the economy of the United States and believe that corporations will continue to show good gains in sales and earnings, even though these gains may be interrupted by economic pauses. At the time the Retirement Plan began its equity investment program, the level of the stock market was significantly lower than the general price levels that prevailed for the prior five-year period. We believe that it is an excellent time in which to initiate common stock purchases which, under the ordinance, can ultimately reach 25% of the Plan's portfolio based on cost.

INVESTMENTS AND INCOME



INVESTMENT HISTORY

JUNE 1959 to DECEMBER 31, 1969  
CUMULATIVE PERFORMANCE

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Year End Annual Rate of Income</u>	<u>Rate of Return</u>	<u>Cumulative Gain/Loss on Sales</u>
12/31/69	\$14,418,000	\$ 732,900	5.08%	\$ 15,494
12/31/68	12,125,000	599,000	4.94	14,442
12/31/67	10,186,000	474,800	4.66	14,442
12/31/66	8,345,000	369,800	4.43	14,442
12/31/65	7,051,000	301,700	4.28	14,880
6/30/64	5,518,000	227,900	4.14	18,232
6/30/63	4,628,000	190,900	4.14	16,857
6/30/62	3,815,000	161,300	4.23	2,416
6/30/61	3,178,000	135,500	4.27	2,388
6/30/60	2,568,000	105,900	4.11	(5,682)
6/30/59	2,103,000	77,800	3.69	(8,152)

JUNE 1959 to DECEMBER 31, 1969  
GROSS BOND PURCHASE HISTORY

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Annual Rate of Return</u>	<u>Cumulative Rate of Return</u>
12/31/69	\$ 1,495,000	\$114,350	7.65%	5.23%
12/31/68	1,940,000	124,000	6.40	4.94
12/31/67	1,840,000	105,000	5.71	4.66
12/31/66	1,385,000	72,000	5.20	4.43
12/31/65	2,313,000	105,400	4.56	4.28
6/30/64	967,000	40,000	4.14	4.14
6/30/63	1,353,000	55,600	4.11	4.14
6/30/62	680,000	27,400	4.03	4.23
6/30/61	873,000	40,100	4.59	4.27
6/30/60	805,000	40,500	5.03	4.11
6/30/59	475,000	19,000	4.07	3.69

OCTOBER 1969 to DECEMBER 1969  
GROSS STOCK PURCHASE  
HISTORY (Incl. Pfd.)

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Annual Rate of Return</u>	<u>Cumulative Rate of Return</u>
12/31/69	\$ 897,300	\$24,000	2.68%	2.68%

JUNE 1959 to DECEMBER 31, 1969  
ANNUAL STATISTICS

<u>Period Ending</u>	<u>Investments Net Increase at Cost</u>	<u>Annual Rate of Income Net Increase</u>
12/31/69	\$2,292,000	\$134,000
12/31/68	1,940,000	124,000
12/31/67	1,840,000	105,000
12/31/66	1,294,000	68,100
12/31/65	1,537,000	73,800
6/30/64	889,000	37,000
6/30/63	798,000	29,600
6/30/62	637,000	25,800
6/30/61	603,000	29,600
6/30/60	462,000	33,300
6/30/59	334,000	15,900

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

THE FOLLOWING PERSONS APPLIED FOR AND RECEIVED ENTITLEMENT FOR A MONTHLY RETIREMENT BENEFIT DURING THE PERIOD JANUARY 1, 1969 TO DECEMBER 31, 1969:

- RAYMOND FISHER - Employed 9-10-46 to 1-1-69 in the Fire Department. Retired under provisions of Section 2903.208.
- GLENN BREWER - Employed 7-1-57 to 2-10-69 in the Police Department. Retired under provisions of Section 2903.209.
- ARNOLD CHEW - Employed 3-12-68 to 4-21-69 in the Police Department. Was credited for service with Alviso Police Department. Retired under provisions of Section 2903.177.
- ROBERT SIMS - Employed 5-1-45 to 4-27-69 in the Police Department. Retired under provisions of Section 2903.208.
- CLIFFORD OSTERMEIER - Employed 12-1-63 to 5-19-69 in the Fire Department. Retired under provisions of Section 2903.209.
- JACK BARR - Employed 12-1-47 to 7-14-69 in the Fire Department. Retired under provisions of Section 2903. 208.
- GERALD MURPHY - Employed 12-17-26 to 10-28-69 in the Fire Department. Retired under provisions of Section 2903.177.
- JAMES HART - Employed 4-22-68 to 12-3-69 in the Police Department. Retired under provisions of Section 2903.209.

THE FOLLOWING PERSONS DIED WHILE IN THE SERVICE OF THE CITY DURING THE PERIOD JANUARY 1, 1969 TO DECEMBER 31, 1969:

- ELAM BONE - Employed 6-6-32 to 3-10-69 in the Fire Department. Died on 3-10-69.
- JOHN COLLINS - Employed 2-26-30 to 5-17-69 in the Police Department. Died on 5-17-69.



POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Pension and Survivor Benefits Paid  
January 1, 1969 - December 31, 1969

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
Dennis, H. C.	4-1-39	2,981.16	97.50
Foley, R. J.	5-13-42	2,650.56	102.64
Terry, E. E.	9-1-43	2,280.24	95.92
Mauldin, W. P.	9-26-44	2,316.48	97.89
Fuller, P.	1-8-46	2,249.64	101.06
Brown, W. C.	4-1-47	3,363.60	172.92
Volonte, L. J.	5-2-49	2,066.04	115.86
Murphy, P. F.	4-18-50	2,562.36	141.04
Basile, F.	1-14-52	2,988.84	186.85
Morton, J. H.	1-14-52	2,600.28	162.56
Matranga, J.	2-1-53	2,729.76	170.65
*Humburg, W.	3-12-53	2,770.32	173.19
Adams, H.	7-14-53	3,162.24	197.69
Higgins, T. J.	8-1-53	3,342.36	208.95
Guptill, L. E.	7-1-54	3,481.80	217.67
Anderson, E. D.	8-1-55	3,623.76	226.54
Powers, J. J.	8-22-55	3,624.84	226.61
Anderson, H. H.	11-1-55	3,641.52	227.65
**Kunze, B. E.	11-25-55	2,366.28	228.14
Malpass, W. A.	10-7-56	3,680.52	234.85
Schwandt, H. J.	1-1-57	3,111.00	207.07
Jones, I. A.	8-21-57	3,251.52	216.42
Morss, K. G.	9-20-57	3,264.84	217.31
Maclean, A. A.	11-27-57	3,768.96	250.86
Emerson, R. M.	12-10-58	979.44	67.62
Salisbury, D. E.	2-1-59	3,311.04	230.32
Powers, E. W.	6-1-59	3,991.92	277.68
Miller, E. C.	11-1-59	4,095.60	284.89
Spadafore, C.	3-1-60	3,527.88	251.06
Emery, W.	5-26-60	3,555.24	253.01
Jennings, R. R.	9-5-60	4,119.24	293.14
Garcia, S.	2-27-62	3,816.60	278.02
Murray, C. A.	3-12-62	4,389.84	319.77
Holden, R. S.	4-26-62	3,849.96	280.45
Edes, H. A.	7-1-62	4,468.44	325.50

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
Kirby, H.	7-1-62	5,241.84	381.84
Conyers, Sr. F. E.	10-26-62	4,527.60	329.81
Campbell, L. A.	2-1-63	5,642.40	417.58
Quain, R. C.	4-1-63	4,545.96	336.44
Pracna, E. S.	4-13-63	5,827.32	431.27
Flesner, F. J.	7-28-63	4,627.56	342.48
Gadsby, W. R.	9-1-63	4,644.36	343.72
Parker, H. C.	5-1-64	5,851.44	429.40
Batti, G. J.	5-11-64	4,683.96	352.28
Emery, L. W.	8-20-64	3,762.00	282.94
Blackwood, T. C.	11-1-64	4,799.40	360.97
Browder, S. D.	4-1-65	4,772.40	364.86
Gray, R. T.	4-1-65	4,274.28	326.78
Murtha, V. D.	4-1-65	4,375.68	334.53
Rebhan, B. E.	8-15-65	4,850.40	370.83
Davis, H.	9-1-65	4,856.88	371.32
Hoffman, V. D.	12-6-65	4,461.36	341.08
Acquistapace, J. M.	2-1-66	4,290.24	333.51
Alveras, A.	2-1-66	4,290.24	333.51
Guerin, P. C.	2-15-66	4,515.96	351.05
Pinkston, J. A.	4-16-66	4,953.24	385.05
Bosque, C. J.	5-3-66	3,877.44	301.42
Haas, C. G.	6-7-66	4,346.64	337.89
Cecil, D.	7-7-66	5,465.28	424.85
Mattern, J. A.	7-16-66	5,037.00	391.56
Kidder, D. R.	9-1-66	5,126.52	398.52
Atwell, H. F.	12-19-66	4,442.04	345.31
Creamer, Wm.	4-15-67	4,420.80	368.40
Fusco, G. W.	6-10-67	4,224.84	352.07
Anderson, W. E.	11-14-67	4,524.00	377.00
Stanley, J. H.	1-14-68	4,354.32	362.86
Gomes, A.	1-15-68	5,122.32	426.86
Turnage, G. E.	3-8-68	4,387.08	365.59
Lorenz, H. E.	3-15-68	4,616.88	384.74
Urzi, R. S.	3-18-68	4,392.96	366.08
Bartolini, H. R.	4-1-68	4,401.24	366.77
Ratkovich, P. J.	4-1-68	4,390.20	365.85
Crawford, A. F.	4-5-68	4,419.40	386.35
Poelle, W. P.	9-11-68	4,997.16	416.43
Brewer, Glenn	2-10-69	4,112.85	385.15
Fisher, Raymond	1-1-69	4,589.76	382.48
Chew, A.	4-21-69	3,111.75	373.41
Sims, R.	4-27-69	3,738.08	459.60
Ostermeier, C.	5-19-69	2,842.33	384.77
Barr, J.	7-14-69	2,199.05	394.05

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
Murphy, G.	10-28-69	1,733.52	814.23
Hart, James	12-3-69	358.68	383.42

Survivorship Benefits:

Shepherd, D. M.	5,783.40	449.58
Sawyer, B. E.	5,262.24	374.48
Wakeman, L. C.	2,709.48	207.15
Ogden, A. L.	3,200.88	233.16
Bruegmann, M. A.	5,802.00	429.40
Lunsford, P. M.	4,517.52	345.38
Russo, J.	2,194.92	159.89
Hill, I. C.	1,147.19	104.29
Davis (Phipps) R. M.	3,918.46	146.00
Vitek, H. A.	2,754.47	281.81
	<u>\$ 354,301.34</u>	

\* Less charge to fund 01-619-826  
Industrial Award to Mr. Humburg

- 962.42

\$ 353,338.82

centless adjustment

- .82

\$ 353,338.00

\*\*B. E. Kunze receives a monthly pension of \$228.14 less \$18.46 paid by State Industrial Insurance Fund.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Contributions Refunded  
January 1, 1969 - December 31, 1969

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CONTRIBUTIONS</u>	<u>INTEREST</u>	<u>TOTAL REFUND</u>
Spain, Lauren	Police	3,673.29	384.74	4,058.03
Williams, Garnett	Police	1,256.93	62.29	1,319.22
Meeks, Bill	Fire	1,919.09	96.37	2,015.46
Ring, Peter	Police	362.89	2.75	365.64
Fortson, Gary	Police	112.85	.26	113.11
*Bone, Elam	Fire	5,873.99	1,103.91	6,977.90
Wick, Bruce	Police	1,517.24	56.88	1,574.12
Tanner, Paul	Police	78.17	.06	78.23
Percival, John	Police	3,764.34	488.73	4,253.07
*Collins, John	Police	6,339.34	1,189.07	7,528.41
Harpainter, Robert	Police	3,806.40	484.75	4,291.15
Goeken, James	Police	292.90	1.79	294.69
Odegard, John	Fire	1,356.50	47.35	1,403.85
Schneider, Richard	Fire	1,349.32	46.98	1,396.30
Le Fall, Larry	Police	1,748.04	85.84	1,833.88
Brown, Lee	Police	2,679.32	238.00	2,917.32
Jensen, Daniel	Police	400.03	4.23	404.26
Rettus, Beverly	Police	1,542.71	184.18	1,726.89
Broadus, Michael	Fire	905.66	20.17	925.83
Mc Elgunn, James	Police	1,611.94	60.08	1,672.02
Stein, Norman	Fire	2,538.40	249.10	2,787.50
Pegram, L. R.	Police	439.01	4.19	443.20
		\$ 43,568.36	\$ 4,811.72	\$ 48,380.08

\* Elam Bone deceased on 3-10-69.

\* John Collins deceased on 5-17-69.

POLICE AND FIRE RETIREMENT PLAN

HIGHLIGHTS AND GENERAL FEATURES OF THE PLAN

1. Both the employer and the employees make monthly payments into the Retirement Fund. Rates of Contributions are as follows:

<u>Current Service</u>		<u>Prior Service</u>	
By Members	4.4% of payroll	By City	8% of payroll
By City	11.6% of payroll		

2. The Board members serve without pay. The support services (City Attorney, City Finance, and Personnel Departments) budgets are not charged to the Plan and the consultants' fees are set by contract.
3. A member of the Police and Fire Retirement Plan normally may retire at age 55 with 20 years of service on a pension of approximately 50% of his average salary for a period of three years. More than 20 years of service above 55 years of age give a larger pension. Retirement is possible at age 50, although at a smaller pension. Retirement is mandatory at age 65.
4. Due to a previous negative vote of employees of the emergency service departments, Police and Fire personnel do not contribute to or receive benefits from the O. A. S. D. I. provisions of the Social Security Act.
5. Employees' membership in the Plan increased from 938 as of December 31, 1968, to 992 as of December 31, 1969, an increase of 54 members.
6. Two members retired for service and six members retired because of disability during 1969.
7. There are 82 members and 10 survivors receiving benefits from the Plan as of December 31, 1969.
8. During the reporting period 20 members left the membership of the Retirement Plan and had their contributions refunded.
9. The fund balance as of December 31, 1969, was \$15,381,953, an increase of \$2,819,321 during 1969.
10. Payment of pensions or survivors benefits were about \$29,445 per month during the reporting period.
11. Interest on long term investments for the year was \$612,211 and averaged about \$51,017 per month for the year of 1969.
12. Short term investing in Federal Securities earned \$214,690 for 1969.
13. Income on investments total \$706,855 while employees contributions were \$454,017.
14. On October 22, 1969, the Board made it's first purchase of common stock in the amount of \$680,000.
15. Yield on investments averaged 7.65% for the year which raised the annual return for the entire portfolio to 5.23% as of December 31, 1969.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PENDING BOARD RECOMMENDED CODE REVISIONS

1. On September 6, 1966, the Board recommended that all military leave credits should be paid for by the City.
2. On September 6, 1966, the Board recommended that an amendment be made to the San Jose Municipal Code for designation of a beneficiary for retirement and survivorship benefits.

CODE REVISIONS ENACTED IN 1969

1. Ordinance 14633 adopted on 4-21-69 defined "mental incapacity" and included it in disability provisions.
2. Ordinance 14701 adopted 5-26-69 provided for service retirements before age 55 with reduced pension and survivor allowances.
3. Ordinance 14730 adopted 6-30-69 added new Topic 12 relating to deaths while on military leave of absence without pay.
4. Ordinance 14731 adopted 6-30-69 added new Topic 8A providing school allowances for certain survivors of deceased members.
5. Ordinance 14851 adopted 9-2-69 provided for limited investment in preferred and common stock.
6. Ordinance 14928 adopted 10-14-69 provided for credit for holidays, sick leave, disability leave, vacation, or leave of absence.