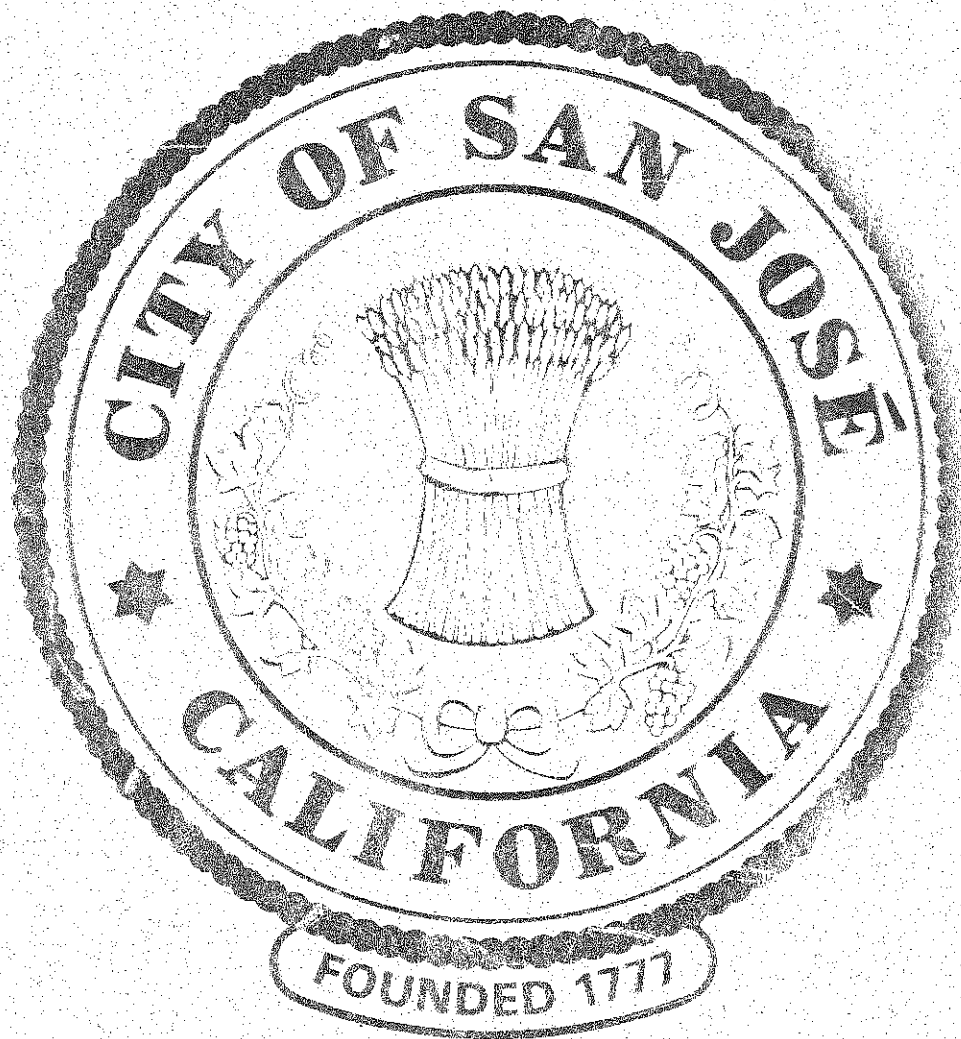


Barry
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**POLICE & FIRE
DEPARTMENT
RETIREMENT PLAN**





CITY OF SAN JOSE

801 NORTH FIRST STREET
SAN JOSE, CALIFORNIA 95110

BOARD OF ADMINISTRATION
POLICE AND FIRE DEPARTMENT
RETIREMENT PLAN

(408) 277-5137

December 5, 1989

The Honorable Mayor & City Council
City of San Jose
San Jose, California

Dear Mayor and Councilmembers:

The Board of Administration for the Police and Fire Department Retirement Plan is pleased to present its Annual Report for the period July 1, 1988 through June 30, 1989. Some of the significant events worthy of note were:

- * During fiscal year 1988-89, investments earned 14.1 percent, increasing the market value of the portfolio by \$68.8 million. Investments contributed 59.7 percent of the Fund's income.
- * The Board approved purchase of Airport Commercenter, an office and warehouse complex in Ontario, California, as the Plan's fourth real estate holding.

The Board believes that the professional services rendered by the actuary, auditors, investment counselors, and the Fund performance evaluators have produced a sound fund capable of continued growth. The Board of Administration and its staff are available to provide additional information when requested.

Sincerely,

CARMEN J. GRANDE, Chairman
Board of Administration

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

BOARD OF ADMINISTRATION

The Retirement Plan is administered by a five-member Board of Administration 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 2.08.400 of the San Jose Municipal Code.

As of June 30, 1989, the members of the Board were as follows:

- | | |
|-------------------|--|
| CARMEN J. GRANDE | - Chairman. He was first elected in November 1980 as the employee representative for sworn police personnel. His current term expires on November 30, 1989. |
| PATRICIA SAUSEDÓ | - 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 January 17, 1989. |
| RICHARD P. SANTOS | - Vice-Chairman. He was elected as a representative of the employees of the Fire Department in November, 1987. His current term expires on November 30, 1991. |
| JOE HEAD | - He is a member of the City Council and is one of its official representatives on the Board. He became a member of the Board January 17, 1989. |
| LOUIS ZARATE | - He is a member of the Civil Service Commission. He was selected to serve on the Board by the members of the Commission in March, 1988. His term expires November 30, 1989. |

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

- | | |
|--------------------|--|
| ACTUARY | - Martin E. Segal Company. |
| INVESTMENT COUNSEL | - Investment Advisors, Inc.; Loomis, Sayles & Company, Inc.; NBS Realty Advisors, Inc.; Scudder, Stevens & Clark, Inc.; Smoot, Miller, Cheney & Company. |
| AUDITOR | - Peat Marwick Main & Co. |

The Board meets on the first Wednesday of each month and holds special meetings as the occasion demands. The meetings are currently held in the City Council Chambers, City Hall, at 8:00 a.m. The meetings are open to the public.

ANNUAL REPORT
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

HIGHLIGHTS OF THE SYSTEM

1. There were 1,685 contributing members in the Plan as of June 30, 1989.
2. Three members retired for service during the period July 1, 1988 through June 30, 1989.
3. Eighteen members retired because of disabilities during the period of July 1, 1988 through June 30, 1989.
4. There were 448 members and 102 survivors receiving benefits from the Plan as of June 30, 1989.
5. There are 25 deferred vested members who terminated and left their contributions in the System and, therefore, will be eligible for benefits when they reach age 55.
6. During the reporting period, 14 Police and Fire members left the membership of the Retirement Plan and had their contributions refunded.
7. The Retirement Fund balance as of June 30, 1989 was \$352,091,082 in the Regular Fund and \$100,534,182 in the Cost-of-Living Fund.
8. Payment of pensions and survivors' benefits increased monthly from \$946,204 in June 1988 to \$921,678 for Pension and Survivor Benefits and \$111,914 for Medical and Dental for a total of \$1,033,592 in June 1989.
9. The annual time-weighted return for the entire portfolio was 14.1 percent as of June 30, 1989.
10. Interest, dividends, rents, and net gain on sale of investments for the period was \$41,479,870 and averaged about \$3,456,656 per month.

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

The following persons were granted a monthly retirement allowance during the period of July 1, 1988 to June 30, 1989.

SERVICE RETIREMENT

POLICE DEPARTMENT

Calderon, John
Kaminsky, Glen

FIRE DEPARTMENT

Rice, Philip K.

NON-SERVICE CONNECTED DISABILITY

POLICE DEPARTMENT

None

FIRE DEPARTMENT

None

SERVICE-CONNECTED DISABILITY RETIREMENTS

POLICE DEPARTMENT

Britton, Rosemarie
Guyton, Terry
Hogate, Charles
Horton, Stan
McClure, Earl
Messimer, Dwight
Moss, David H.
Pitts, Phillip

FIRE DEPARTMENT

Ashby, Kay B.	Perkins, Robert M.
Clark, Joseph H.	Powers, Ronald
Diquisto, John A.	Vierra, Martin
Gardner, George G.	
Herold, Hilton	
Knutzen, Emmett	
Mehrkens, Les	
Penaflor, Joseph	

DEATHS - AFTER RETIREMENT

POLICE DEPARTMENT

Blackmore, John	12-12-88
Mauldin, William	03-04-89
Ricketts, Edward	11-04-88
Kidder, Donald R.	11-29-88

FIRE DEPARTMENT

Anderson, Ernest	01-06-89
Batti, George	01-24-89
Matson, Robert	04-05-89
Weisendanger, Edwin	11-04-88

DEATHS - BEFORE RETIREMENT

POLICE DEPARTMENT

Falcao, Joseph	03-22-89
Silva, Gordon	01-20-89
Simpson, Gene	01-20-89
Wirht, Robert	09-08-88
Rosas, Miguel	02-19-89

FIRE DEPARTMENT

None

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SUMMARY OF THE PRINCIPAL PROVISIONS OF
THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
San Jose, California

MEMBERSHIP - Mandatory for all full-time employees.

MEMBER CONTRIBUTIONS - All members contribute 9.39% of base salary.

CITY'S CONTRIBUTIONS - The City contributes 27.46% of base salary.

INTEREST - Two percent annual interest is calculated each bi-weekly pay period and added to employee contributions. This interest is derived from investments.

TERMINATION BENEFITS - Upon termination, the member shall be paid all of his accumulated contributions and interest in full satisfaction of all rights and benefits under this Retirement Plan. The City's contributions will not be refunded to the employee.

MILITARY LEAVE CREDIT - A member is entitled to credit for City service if military service was performed during: (1) a time of war, (2) a national emergency proclaimed by the President or the Congress, (3) under orders requested by the United Nations outside the United States or territories, and/or (4) the time a National Conscription Act was in effect.

VESTING OF PENSION CREDIT - After 10 years of service, a member may resign his position with the Police or Fire Department and leave his contributions in the Retirement Plan.

SERVICE RETIREMENT - Retirement at age 55 with at least 20 years service, or at any age with 30 years of service.

SERVICE-CONNECTED DISABILITY - Retirement resulting from an injury or disease arising out of and in the course of such member's employment with the City. No minimum period of service required.

NON-SERVICE-CONNECTED DISABILITY - Retirement resulting from other than a service-connected disability with at least 2 years of service.

MANDATORY RETIREMENT - Age 70.

EARLY SERVICE RETIREMENT - Retirement at age 50 with at least 20 years service. Member's retirement allowance shall be reduced by that amount which the value of such allowance as deferred to age 55 would purchase at the actual age of retirement.

CALCULATIONS FOR RETIREMENT ALLOWANCE

For a Vested Retirement, Service Retirement, Service-Connected Disability with 20 years service, and Non-Service Connected Disability with 20 years service:

CALCULATE: $2\frac{1}{2}\% \times \text{years of service} \times \text{final compensation} = \text{monthly retirement allowance}$. There is a maximum of 75% (30 years of service equals 75%).

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For Service-Connected Disability with less than 20 years' service, any age:

CALCULATE: 50% X final compensation* = monthly retirement allowance.

For Non-Service Connected Disability (2 to 19 years of service, any age).

There is no non-service connected disability retirement under 2 years service:

CALCULATE: 32% x final compensation* for first 2 years plus 1% for additional year = monthly retirement allowance.

*FINAL COMPENSATION - "Final Compensation" is the average monthly compensation during the highest 12 consecutive months of service (usually the last 12 months), limited to 108% of the 12 months immediately preceding the last 12 months of service.

SURVIVORSHIP ALLOWANCE

The Spouse will receive:

37 1/2%
x Final
compensation

If you:

- A. die while entitled to immediate retirement for service.
- B. die at any age due to a service-connected injury or illness.
- C. retired for service.
- D. retired for service-connected disability.

OR

24% of final compensation for two years of service and 0.75% for each year thereafter.
(Maximum 37-1/2%.)

If you:

- A. die before age 55 due to a non-service connected injury or illness with 2 or more years' service.
- B. retired for non-service connected disability.

Children conceived prior to retirement will receive:

1 Child	25%	x	final compensation
2 Children	37 1/2%	x	final compensation
3+ Children	50%	x	final compensation

Except that, if death arose out of and in the cause of your employment,:

1 Child	will receive	25%	x final compensation
2 Children	will receive	50%	x final compensation
3+ Children	will receive	75%	x final compensation

The maximum family benefit is 75% of final compensation. If the sum of spousal benefit plus the children's benefit is greater than 75%, the children's benefit is reduced. Dependent children are paid to age 18 or to age 22 if full-time students.

MANAGEMENT - The Plan is under the management of a Board of Administration of five members consisting of two City Councilpersons, a Civil Service Commissioner, and two elected employees who are members of the Retirement Plan.

The Board of Administration is a policy-making body and responsible for the proper operation of the Plan. The Plan operates as an independent trust, separate and distinct from the City and other entities. The administration of the Plan is under its guidance and direction and is subject to such rules, regulations and directives as it may adopt from time to time. Members serve without compensation. The City Attorney provides legal advice and counsel.

ADMINISTRATION - A full-time Retirement and Benefits Administrator is employed by the City. He heads the Employee Services Division of the City Personnel Department and serves as Secretary and Executive Officer to the Board of Administration.

The Fund pays the cost of the personnel who are employed for the purpose of managing the Retirement Plan. It also pays any directly related administrative costs.

Bankers Trust is employed as custodian of fund assets and collector of investment income.

ACTUARIAL SOUNDNESS - Plan and benefit provisions are periodically reviewed by an enrolled actuary to assure continuing soundness.

INVESTMENT AUTHORITY AND POLICY - The investment authority is broad and flexible, allowing maximum utilization of the Plan's resources. Investment Advisors, Inc.; Loomis Sayles & Company; NBS Realty Advisors, Inc.; Scudder, Stevens and Clark, Inc.; and Smoot, Miller, Cheney & Company are retained for full-time investment counsel.

COST OF LIVING - The Board of Administration determines the change in the cost of living (COL) each year using the December Consumer Price Index for the San Francisco-Oakland Metropolitan Area published by the Bureau of Labor Statistics of the United States Department of Labor. The Board determines the change to be effective beginning April 1st each year. A maximum of 3% is granted with any excess accumulated for use in future years. A retiree draws no COL increase for the first year, then a pro-rata increase for the months before the next April 1st.

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
D ADAMS, VIRGINIA S	22	6/14/77
S ALIAS, EVA M	03	6/23/85
D ALLEN, ROBERT L	21	4/01/78
S ALVARES, VIRGINIA	23	6/05/84
S AMBURGEY, DORINE	35	2/28/77
D ANASTACIO, OLIVER J	29	8/08/82
D ANDERSON, ALGIE	29	11/30/83
D ANDERSON, DENNIS G	30	12/16/85
S ANDERSON, ELSIE H	26	9/06/81
ANDERSON, ERNEST D	26	8/01/55
S ANDERSON, IRENE C	17	6/13/63
S ANDERSON, KATHLEEN	23	6/08/38
S ANDERSON, VIVIAN I	26	1/07/89
D ANDERSON, WILLIAM E	09	11/14/67
D ANGELL, MERRIL K	21	11/06/84
D ANGELO, ANTHONY E	24	4/01/75
ANKENBAUER, FRANK J	24	7/05/70
D ASHBY, KAY B	31	6/07/89
D AZZARELLO, JOSEPH S	33	5/01/75
D BAILEY, WILLIAM S	29	4/05/87
BALLARD, BUCK B	24	2/17/79
D BALLARD, GORDON G	29	2/03/88
D BARIKMO, JON W	22	12/04/85
D BARNETT, JAMES E	30	7/12/80
S BAROZZI, MARYANN	26	10/23/79
D BARR, JACK L	21	7/14/69
D BARTOLINI, HERBERT R	08	4/01/68
D BATTEN, RUSSEL L	28	3/01/71
D BATTI, GEORGE J	34	5/11/64
S BATTI, MAY	34	1/25/89
D BAZIUK, LEO	25	1/08/83
S BELL, CHERYL J	02	9/11/77
D SELL, DONALD A	30	1/06/88
D BELL, ROBERT M	22	4/03/84
D BENNETT, WILLIAM G	08	1/10/78
D BENSON, LLOYD L	31	6/05/86
D BERNARDO, C DONALD	27	3/01/72
S BERNARDO, ELIZABETH	30	4/11/88
D BIAS, JAMES B	13	1/02/74
D BIBBY, RICHARD A	15	12/01/71
BLACKMORE, JOHN R	42	5/17/71
S BLACKMORE, RUBY L	42	11/23/88
D BLACKSTOCK, M CARROLL	21	4/09/83
S BLEDSOE, LINDSEY	03	4/17/84
S BLOOMFIELD, JEAN M	24	3/31/85
D BOHN, THEODORE M JR	20	1/06/81
D BOLTON, HILBERT	30	7/12/77
D BOND, WILLIAM R	23	3/02/82
D BOOZEL, BENJAMIN F	21	5/07/85
D BORCH, HENRY H	25	1/13/81

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTM
D BRADFORD, GEORGE H	37	8/07/82
D BRAZIL, LA VERN F	30	8/02/83
D BRENNEMAN JR, VIRGIL A	06	2/15/73
D BREWER, GLENN J	10	2/10/69
D BREWTON JR, JOHN L	20	4/01/87
D BRIDGES, RICHARD S	03	9/03/86
D BRITTON, ROSEMARIE	20	6/07/89
S BROWDER, LUCILLE E	22	9/25/85
D BROWN, EUGENE T	29	12/03/86
D BROWN, WILLIAM J	29	1/17/81
D BRUCE, GORDON J	05	7/01/73
D BRUNE, RALPH F	29	6/01/77
S BUCK, LILLIAN M	20	5/15/74
S BUNCH, NANCY N	04	7/30/85
S BUNCH, NICOLE	04	7/30/85
D BURROUGHS, BOBBY	28	2/18/86
D BUSH, WILBERT E	16	6/03/81
D BYFIELD JR, PAUL J	20	6/03/87
CALDERON, JOHN	12	8/26/88
D CALTABIANO, ROBERT A	11	6/06/82
CAMPBELL, LAWRENCE B	31	2/01/63
S CAMPBELL, VIRGINIA M	25	7/10/86
D CAMPOS, ARTHUR J	10	6/04/86
D CANCELLA, JOSEPH	24	7/12/81
D CANEPA, ALLAN	09	9/02/87
D CANNELL, GEORGE H	33	1/16/71
D CAPP, WALTER M	27	3/05/86
S CAPURSC, KAREN L	14	7/20/86
CARDONA, VELMA F	20	7/16/72
S CARDONA, VELMA F	30	7/08/75
S CAROTTA, SHIRLEY R	29	11/05/74
D CARROLL, RICHARD	07	6/04/85
D CASTLIO, GLEN	21	6/15/83
D CATANIA, SEBASTIAN J	08	10/01/86
D CATES, LOWELL D	12	12/04/84
S CECIL, GEORGIA L	18	1/26/72
D CHAMBERS, ROYCE R	15	3/06/84
S CHEW, ELIZABETH	01	10/28/85
D CHOYCE, JAMES A	14	3/01/74
D CIRAULO, SALVADOR J	33	3/30/80
S CISELL, JANE M	15	12/09/78
D CLARK, JOSEPH H	26	8/03/88
S CLEARY, MARIAN L	28	2/08/86
D CLET, VINCENT H	21	11/06/84
D COBURN, ETHAN M	32	5/06/87
D COBURN, JIMMIE C	18	6/15/74
D COLE, VERNON S	24	6/13/76
S COLLINS, ANTOINETTE N	26	11/20/72
D COLLINS, BARTON L	38	3/01/74
S CONNETT, CATHERINE M	31	11/20/85

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
CONROW, DAN R	28	1/05/74
D CONYERS JR, FRANCIS E	24	9/13/80
COOK, JOE W	26	3/23/86
D COOMER, SAM D	09	2/09/71
D CORDONI, JULIUS L	11	12/01/73
CORNELIUS, JAMES H	25	8/10/85
D COSSEY, KENT H	16	9/03/86
D COTTLE, EDWARD M	26	3/30/80
S CRAWFORD, IDA M	10	6/04/81
D CRAWFORD, JAMES L	14	1/02/74
D CROSBY, JAMES	29	1/14/71
D CROWDER, ROBERT J	26	1/08/86
D CUFFARO, MARCO S	26	6/10/75
D CUMMINS, GAYLE L	22	12/04/85
D CUNNINGHAM, ELIZABETH J	23	3/15/80
D CURTISS, MARVIN W	27	1/04/72
D DAVIS, DALE D	08	9/01/70
DAVIS, HARVEY	39	9/01/65
DE CAMP, HOWARD	24	7/06/77
D DE LISE, JOSEPH S	23	3/30/80
D DE LUCA, PETER P	31	9/15/79
S DEDINI, ROBYNNE	10	2/22/81
D DEVENS, LEE E	28	4/17/77
D DEVITT, FRANCIS M	28	2/01/75
D DI QUISTO, JOHN A	30	10/29/88
D DOBSON, RICHARD	22	3/05/86
D DONALD, HOWARD C	28	1/01/76
S DONALD, PEGGY J	28	5/15/75
D DONALD, PEGGY J	24	4/01/75
D DONOHUE, JAMES W	06	3/04/73
D DORR, DONALD R	20	5/13/80
D DOWLING, RONALD A	19	5/04/88
D DOYLE, PATRICK B	14	10/06/81
S DUPONT, EDNA J	13	5/25/85
S DUPONT, SAMANTHA R	13	5/25/85
D DWYER, GEORGE J	27	3/20/77
D DYE, DONALD A	25	7/10/83
D EARNSHAW, JOSEPH W JR	22	6/07/83
D ECKSTROM, RICHARD	06	5/06/87
EDES, HUGH A	36	7/01/62
D EDWARDS, DONALD E	23	10/15/78
D EDWARDS, ROBERT W	25	4/01/87
D ELORREAGA, PAUL	14	1/12/77
D EMERY, LOUIS W	15	8/20/64
D EMMONS, JAMES L	21	2/05/86
S ERICKSON, MICHAEL S	13	8/25/81
D ERICKSON, RICHARD A	29	2/02/82
S ERICKSON, SCOTT G	13	6/25/81
ERLANDSON, JOHN K	25	7/01/70
D ESCOBAR, JOSEPH R	21	10/14/78

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
ESCOBAR, PATRICIA M	21	10/14/78
D EVANS I, HAROLD H	28	8/14/79
D EVANS, CARL L	26	8/01/71
D EVANS, DAVID T	26	8/01/73
EVANS, FRANKLYNN	00	11/01/85
D EVANS, MERLIN C	26	11/01/85
D EWING, DONALD E	27	9/11/82
S FALCAO, CONNIE	07	3/23/89
D FANUCCHI, ROSCOE	32	1/16/82
FAVORITE, LAWRENCE R	35	6/12/74
FERDINANDSEN, EDWARD S	28	8/02/85
S FERNANDEZ, BEVERLY J	23	3/11/73
D FERNANDEZ, GABRIEL J	29	1/06/76
S FISHER, PEARL	22	12/17/84
FISHER, VERN	25	1/03/71
D FLAIR, GARY L	09	10/12/71
FLESNER, FREDERICK J	25	7/28/63
D FONSECA, CHARLES	30	4/01/75
D FORD, CHARLES L	26	8/06/86
D FRATES, CHARLES W	27	11/02/82
D FRIDAY, JAMES E	25	9/03/85
D FRIES, JOSEPH J	22	2/15/72
D FUNK, HAROLD S	24	1/14/79
D FUSCO, GEORGE W	22	6/10/67
S GARCIA, JENNIE S	27	5/07/74
GARCIA, SIMON	30	2/27/62
D GARDINER, GEORGE	12	8/02/83
D GARINO, KENNETH J	21	3/03/81
D GARRINGER, ESTIEL L	26	3/01/74
D GEPPERT, KENNETH J	12	10/04/83
D GERBINO, FRED W	28	4/01/87
D GERDTS, HANS B	30	2/05/85
GERHARD, JOHN K	30	3/04/78
D GERMANO, EUGENE J	32	1/12/80
S GIBSON, HENRIETTA	25	2/04/71
D GILBERT, GEORGE	27	3/15/73
S GILCHREST, DOROTHY M	24	5/16/73
D GINGERICH, FREEMAN A	26	4/06/88
D GIVIN, WILBUR	27	1/16/82
S GOMES, GRACE	22	4/07/81
S GOULD, CYNTHIA	09	12/07/85
D GRANOSKI, NICKLAS A	25	1/06/88
D GRANT, ROBERT A	14	12/06/83
D GRAY, LOREN B	30	4/01/73
D GRAY, LYLE L	09	10/05/82
GRAY, RAYMOND T	37	4/01/65
D GREEN, LEON R	35	2/01/72
GREEN, MARJORIE	35	2/01/72
D GREEN, NORMAN W	19	7/30/83
D GREEN, ROBERT H	27	1/06/83

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
D GREER, DENNY R	28	10/14/79
D GREER, DON R	17	9/03/85
S GUERIN, HELEN M	22	11/11/78
D GUIDO, JAMES J JR	25	2/28/81
GUIDO, WILMA E	25	2/28/81
S GUPTILL, PEARL	24	12/10/87
D GURLEY, EDWARD E	26	5/06/87
D GUYTON, TERRY W	14	1/04/89
D HAAS, CARL G	21	6/07/86
S HALL, BENITA	15	2/06/82
S HALL, EFFIE L	15	2/06/82
D HALL, RICHARD R	25	4/12/81
S HALLER, JEAN M	25	9/06/72
D HARRIS, COY M	27	9/12/73
D HART, JAMES H	01	12/03/69
D HARTMAN, LEONARD J	23	9/02/87
S HASLEMANN, MARY L	20	12/01/86
HEIKEN, ALBERT L	29	1/25/86
D HERNANDEZ, EUSEVIO	30	4/06/88
D HEROLD, MILTON R	30	1/04/89
D HEWETT, RUSSELL	23	10/07/87
HICKEY, JANET S	31	4/23/77
D HIGGINS JR, THOMAS J	24	3/01/72
D HILL, RICHARD N	25	3/31/81
HILSCHER, ARTHUR J	29	1/03/76
D HOFFMAN, FRED	29	6/01/73
D HOFFMAN, VERNON D	20	12/06/65
D HOGATE, CHARLES S	22	6/07/89
S HOLDEN, GERTRUDE	16	8/18/75
D HOLMES, DANNY R	11	5/14/78
D HOLMES, MARK A	30	9/02/87
S HORNBECK, ESTHER M	36	5/21/85
D HORTON, STANLEY W	32	8/09/88
D HOULIHAN, EARL E	08	11/11/71
D HOUSTON, HERRELL J	20	4/03/84
D HOWARD, ORRIN J	20	4/01/73
D HUBBARD, GERALD A	24	2/05/86
HUNT, LYLE W	31	3/09/85
HUNTER, RICHARD D	27	1/07/88
D ILSE, ROY	28	3/05/86
D JACOBSON, GEORGE A	15	6/01/75
D JAEGER, GEORGE N	10	4/20/80
D JOHNS, MERLE W	26	9/01/81
JONES, IVOR A	34	8/21/57
D JONES, ROBERT A	10	7/12/77
S JONES, RUTH E	34	9/30/87
S JONES, RUTH L	32	10/24/85
D JOST, FRANKLIN D	20	4/29/79
D JURADO, JOHN J	19	2/19/80
KAMINSKY, GLENN F	23	4/29/89

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/OTH
D KASICH, ROBERT C	09	4/11/77
D KEENEY, WILLIAM H	24	3/15/80
KEISER, BETTY J	20	1/02/76
D KEITH, GARY L	13	10/18/75
D KELLY, JAMES D	17	6/04/86
D KELSEY, BERT E	27	4/01/87
D KENNEDY, EDWIN	24	5/01/71
D KEY, BILLY P	24	3/05/83
KEYSER, ELAINE L	00	9/19/76
D KEYSER, ORVILLE J	28	9/19/76
KIDDER, DONALD R	29	9/01/66
D KINCAID, RICHARD R	32	3/27/75
KING, BERNICE M	25	6/01/74
D KING, JAMES R	27	4/01/79
D KINNEY, THOMAS R	29	4/01/75
KLEIN, ELMER L	32	1/03/73
D KLEIN, THEODORE P	31	3/19/77
D KNAPP, JOHN F	30	7/15/71
KNOPF, ARTHUR E	30	11/03/86
D KNUTZEN, EMMETT	26	11/02/88
D KOCINA, KENNETH R	24	5/04/88
S KORTH, RAYLENE	29	1/06/87
D KOSIK, VICTOR A	28	1/03/76
D KRAEMER, CLIVER F	23	9/13/86
D KREGEL, JOHN H	18	9/03/85
KUEHNIS, FLOYD E	34	2/07/76
S LA COUR, JOYCE	12	6/15/73
LAIL, HAROLD A	24	5/25/80
D LAMB, WILLIAM J	19	9/15/72
D LANCH, KENNETH D	25	8/06/85
D LANE, GAYLORD R	24	8/28/83
D LARSEN, JAMES D	13	1/15/73
D LEE, RAYMOND W	29	3/14/77
D LEMMONS, LOREN M	25	6/01/88
D LEROY, JAMES A	20	12/03/86
D LESLIE, SEAN R	08	3/01/72
D LIMA, SAM	28	1/02/75
D LINDEN, LAWRENCE D	26	3/04/87
S LINTERN, LYNDA	15	12/13/87
LIRA, ALICE	34	2/05/86
D LIRA, ROBERT P	34	2/05/86
D LIVINGSTONE, JOHN H	28	8/19/86
D LLORCA, JOHN E	21	11/17/86
D LONG, GEORGE	21	3/23/85
D LOPEZ, DANIEL M	10	6/04/86
S LOPEZ, JESSIE CONVERSA	30	8/29/76
S LORENZ, RUTH H	25	5/23/79
D LOWE, WILLIAM C	22	7/15/71
D LUCCHESI, GEORGE	28	3/30/80
S LUNSFORD, PHYLLIS M	37	6/25/65

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
MAC KENZIE, WILLIAM H	29	4/01/74
D MAC LEAN, ARTHUR A	16	11/27/57
MADDOX, WILLIAM A	28	8/14/76
D MALECH, KEITH R	10	10/07/87
D MALVINI, MERRILL J	30	2/05/86
D MANTHEY, JAMES E	19	12/01/71
MARAL, MANUEL G	40	3/01/72
D MARKS JR, LEONARD G	18	10/01/73
D MARSH, LEONARD H	16	3/16/79
D MARTIN, W J TILMON	23	6/03/37
D MARTINELLI, WALTER L	28	2/01/74
D MASON, ROLAND S	07	6/22/71
D MATHIS, JERRY L	14	4/06/88
MATRANGA, JOHN	22	2/01/53
S MATSON, ALICE T	08	4/06/89
D MATSON, ROBERT K	08	8/01/70
D MATTERN, JOHN A	16	7/16/66
S MAULDIN, CLOVER O	17	3/04/89
D MAULDIN, WILLIAM P	17	9/26/44
D MAYER, NICK S	31	9/09/84
D MAZZONE, RICHARD T	13	11/03/81
S MC CARGAR, LOIS	02	12/15/85
S MC CARGAR, PAUL B	02	12/15/85
S MC CARGAR-ESCALANTE, SA	02	12/15/85
MC CAY, E D	27	2/01/70
D MC CLURE, EARL R	28	4/05/89
S MC CUISTION, EVELYNN M	18	1/20/78
D MC FERSON, ARTHUR J	25	4/06/86
D MC GREW, JAMES M	08	9/09/79
D MC KAY, EDWARD D	32	3/17/79
D MC VEA, IRVIN G	24	7/07/81
D MEAGHER, ROBERT W	24	1/01/81
D MEHRKENS, LES L	27	9/07/88
S MELZ, HELEN C	24	3/25/86
D MESSIMER, DWIGHT R	22	4/05/89
D MICHAELSON, ELIZABETH A	22	1/06/88
D MILLER, ARTHUR R	24	5/01/72
D MILLER, DAVID P	31	7/02/72
D MILLER, DOROTHY H	20	3/16/80
D MILLER, HERBERT W	35	1/03/72
D MILLER, JESSE E	25	12/01/72
S MILLER, LAURA L	14	11/03/78
D MILLER, ROLAND D	31	10/07/87
D MINFORD, ROBERT I	25	2/03/88
S MITCHELL, BETTY	23	7/15/86
D MOGILEFSKY, ARTHUR A	09	7/04/76
D MOIR, ROBERT C	30	2/09/85
S MOLINA, NORMA L	03	6/23/85
S MOODY, NORMA J	30	2/23/85
D MOORE, ANN C	21	1/05/82

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
D MOORE, BRUCE	27	5/01/84
D MOORE, DONALD E	28	1/09/82
D MOORE, SHARON A	14	3/03/81
MORSS, KENNETH G	30	9/21/57
D MORTON, BRUCE	30	3/02/88
D MOSS, DAVID H	15	9/07/88
D MOSS, GENE D	19	7/14/79
D MULLINS, FRED R	14	1/12/81
S MURRAY, VERA E	32	10/04/79
D MURRAY, WILLIAM C	26	3/10/85
S MURTHA, MARY F	27	4/07/78
D MURTHA, WILLIAM J	09	4/01/76
D MUSSER, MARILYN J	12	1/05/82
D NAGENGAST, THOMAS C	25	3/11/80
D NEIBAUR, RICHARD J	21	7/08/78
D NELSON, MURRAY E	31	9/02/77
D NELSON, ROBERT P	30	3/21/76
D NEWMAN, DON M	21	9/14/80
D NEWMAN, TERRY	27	1/06/88
D NEWTON, JACK N	26	2/04/87
D NORTON, PHILLIP O	20	3/02/82
D NOSEWORTHY, ALEC	31	2/15/79
D NUFER, JOSEPH M	14	1/02/74
D NURISIO, LOUIS G	14	12/01/74
D O NEILL, WILLIAM F	25	6/03/87
D ONZO, JOSEPH J	24	4/13/80
D OSTERMEIER, CLIFFORD C	05	5/20/69
OTTER, LORRENCE J	31	3/07/85
D OWEN, LESLIE B	25	2/01/83
D OZGA, JAN	10	5/09/78
D PAPA, RICK L	03	1/11/78
D PARADISO, JOSEPH	33	7/05/80
PARKER, HAROLD C	22	5/01/64
D PENAFLO, JOSEPH	29	9/07/88
D PERKINS, ROBERT H	20	3/03/88
S PERRY, LUCILLE A	27	5/25/75
D PETERSEN, GUNNER	26	3/01/72
S PETERSON, CHARLOTTE K	26	1/07/87
D PETERSON, COURTNEY	21	2/01/81
PIERCE, JOHN R	27	3/08/87
D PINCK, GREGORY J	09	10/09/79
D PIPKINS, ROBERT W	20	8/04/79
D PITTS, PHILLIP J	14	10/07/87
D PLACE, ROBERT R	11	8/01/71
D PLINSKI, LEO G	26	6/17/83
S POELLE, JEAN A	17	2/16/79
D POLLOCK, DAVID A	19	3/15/80
S POWERS, ANNETTE	39	4/07/83
POWERS, RONALD R	24	3/02/88
POWERS, SHARON	24	9/07/88

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
PRACNA, EDWARD S	36	9/13/63
PROVASI, DANTE C	27	3/01/74
D PUGH, TOMMY E	13	6/04/86
D PULLIAM, NORVEL	25	2/07/84
D PURSER, OWEN	21	12/04/84
S QUAIN, DOROTHY	22	4/29/88
RAGSDALE, ELWIN G	28	11/11/79
D RAIKES, FOSTER P	17	7/06/80
D RALSTON, LLOYD W	30	1/06/79
D RAMBOER, LEO M	28	6/01/75
S REBHAN, ETHEL M	21	4/23/74
S REINMUTH, LORRAINE	27	7/29/87
D RICCIERI, FRANK J	28	4/01/76
RICE, PHILLIP K	29	2/05/89
RICHARDS, BARBARA	14	5/01/75
D RICHARDS, JOHN K	14	5/01/75
D RICKETTS, EDWARD B	21	9/01/71
D RIOLO, JOHN R	09	6/03/87
D RIST, WAYNE H	25	3/29/80
D ROBERTS, MICHAEL	12	11/04/87
D ROBERTSON, HARRY A	06	9/06/75
D ROBERTSON, ROBERT A	29	6/13/78
D ROBISON, MANOAH F	23	6/01/88
D RODRIGUES, ORLANDO W	26	2/03/88
D ROLSTON, CHAD C	26	7/01/71
D ROMO-LEROUX, GONZALO A	01	1/15/83
D ROORDA, JAMES R	07	12/18/77
D ROSAS, JOSEFINA P	20	2/20/89
D ROY, CHARLES D	24	1/12/30
D RUILOBA, LUIS	14	5/06/87
D RUSSELL, STANLEY M	19	8/06/85
S RUSSO, JOSEPHINE	39	2/09/67
D RYAN, ELLSWORTH J	25	4/10/82
D SADLER, BERNICE L	24	2/15/73
D SAMARRON, LAWRENCE L	27	3/05/85
D SAN FILIPPO, ROY F	25	3/30/80
D SANCHEZ, JOSEPH X	14	4/01/73
S SAPENA, ANN	29	9/15/85
D SARGENT, GREGORY S	30	10/14/78
D SATARIANO, ANTHONY S	27	11/14/73
S SAWYER, BARBARA E	18	1/01/64
D SAWYER, HOWARD D	13	4/01/75
D SCARPACE, SAM J	30	4/01/72
D SCHAAR, JOHN G	31	1/05/82
D SCHAEFER, CHARLES L	29	2/14/73
D SCHNEICKERT, EDWARD T J	17	4/02/85
D SCHNEICKERT, EDWARD T S	27	7/14/84
S SCHWANDT, CATHERINE M	34	2/01/82
D SCOTT, JOHN N	25	4/11/82
S SCRIBNER, BETTY J	28	11/14/76

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/OTH
D SEATON, CHARLES	15	8/02/83
D SEIBERT, SAM H	29	3/28/76
D SEKANY, GREGORY A	06	1/03/77
D SHACKELFORD, JEFF	24	4/03/84
D SHANNON, CLARENCE M	22	9/11/77
D SHANNON, GRETAAANN	13	1/01/79
S SHANNON, MARJORIE D	35	1/26/73
D SHANNON, RONALD D	25	7/07/81
S SIEBENTHALL, ROBYN J	08	10/28/78
D SILFVAST, ROBERT E	17	2/01/74
D SILVA, EDWARD N	25	10/01/73
SILVA, RAYMOND J	23	4/01/75
S SIMPSON, GRANT	19	1/21/89
S SIMPSON, ROBERTA	19	1/21/89
S SIMS, ETHEL J	23	6/14/79
D SINCLAIR, ERNEST R	15	3/22/88
D SINNOTT, GLENN V	28	4/01/75
S SMITH, WILLIAM	10	10/31/82
D SPAULDING, BENJAMIN W	27	9/11/83
D SPINLER, JACK	30	3/05/85
D STAGG, KENNETH E	28	8/06/82
S STANLEY, RUTH M	23	6/19/79
D STEELE, EDWARD T	33	4/07/85
D STEFANINI, MARIO P	29	4/01/74
D STENZEL, EUGENE F	08	8/01/70
D STEWART, JOSEPH	24	6/04/86
D STOUT, BERNARD	24	9/01/70
D STRUTHERS, RICHARD M	25	1/01/81
D STUEFLOTEN, LARRY N	27	1/07/87
STURDIVANT, MARCUS	26	1/12/85
D SULLIVAN, MARIS S	24	3/20/76
D SWANSON, FRANCIS E	08	4/06/36
S SWARNER, JEANINE A	14	4/04/88
D TAMBELLINI, LAWRENCE J	26	4/01/78
D TANNER, FRANCIS	20	5/01/71
D TENBRINK, ROBERT	09	9/11/79
D TERRY, GLENN	24	1/04/83
S THANNISCH, SHIRLEY	23	10/27/87
D THOMAS, RICHARD F	30	1/10/87
D THOMPSON, GARY R	16	9/11/79
D THOMPSON, M EARL	26	8/12/85
D TOLLENAAR, CORNEAL S	20	4/01/72
D TONEY, JERRY A	22	11/18/84
D TORGUSON, DONALD L	11	1/02/74
D TOUSSAINT, HAROLD P	29	8/01/72
TOWNEND, BARBARA C	24	4/03/84
D TOWNEND, STEWART	24	4/03/84
D TRUE, ROBERT	31	1/11/71
D TRUJILLO, DON	28	6/03/87
D TUMA, FRANK J	27	4/01/73

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH
D TURNAGE, GORDON E	08	3/08/68
D TUSH, RICHARD M	25	2/03/83
D TYSON, DONALD I	22	12/04/85
D URBANI, EDWARD	31	3/31/79
S URZI, LAURA J	21	4/10/83
UTZ, RONALD A	28	6/04/88
D VAN DYCK, JON M	16	11/14/78
D VAN ETEN, DAVID	31	3/18/79
S VASQUEZ, LUPE	22	9/25/73
D VASQUEZ, RICHARD C	05	3/02/83
D VICKERS, WILSON R	28	3/05/86
D VIERRA, MARTIN	20	10/05/88
D VITTOE, JOSEPH B	29	1/07/78
D VOLPE, LAWRENCE M	20	8/05/87
S WAKEMAN, LELA C	31	9/08/67
D WALLACE, GORDON M	25	6/08/80
D WALTON, J C	04	4/01/73
D WARNING, DONALD A	22	3/14/78
WARNING, LOREN R	22	8/01/79
S WARRICK, ANTOINETTE D	27	8/11/80
D WARTHAN, LLOYD C	31	1/05/82
D WEBB, ROBERT L	28	5/07/85
D WEESNER, STEVEN LEE	12	4/24/83
D WELCH, BRADFORD M	05	5/13/78
D WELLS, WILLIAM J	31	4/02/85
D WESTERHOUSE, JAMES	27	3/01/72
D WHALEN, RICHARD J	30	6/07/83
D WHEATLEY, MERLIN W	30	1/05/78
D WHEATLEY, WINSFORD R	27	12/03/86
D WHEELER, HENRY A	28	1/29/84
D WIEN, WILLIAM A	27	3/30/79
D WIENS, GEORGE M	24	4/13/80
D WIESENDANGER, EDWIN	30	4/02/86
S WIESENDANGER, THERINE	30	11/05/88
S WILLIAM, JANICE E	24	3/01/84
D WILLIAMS, RONALD T	13	11/14/78
D WILLIS, RONALD L	10	1/15/74
WILSON, JACK E	34	9/01/70
D WILSON, ROGER	26	4/06/86
D WINDISCH, STEPHEN F	30	3/31/78
S WIRHT, KIMBERLY	15	9/29/88
S WIRHT, ROBERT J	15	9/09/88
D WITMER, DAVID F	15	1/07/87
WITMER, JANIS M	15	1/07/87
WITTMAN, DOROTHY M	30	11/03/86
D WITTMANN, WILLIAM J	30	11/03/86
D WRIGHT, DOUGLAS D	25	6/03/87
D YELTON, BOB	27	5/04/88
S ZAMZOW, CAROL E	28	7/20/87
D ZENAHLIK, THOMAS P	09	12/14/77

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
D MAULDIN, WILLIAM P	17	9/26/44	97.89	523.10	5,588.91
MATRANGA, JOHN	22	2/01/53	170.65	556.56	8,535.90
ANDERSON, ERNEST D	26	8/01/55	226.54	663.87	5,342.46
JONES, IVOR A	34	9/21/57	216.42	680.02	10,522.29
MORSS, KENNETH G	30	9/21/57	217.31	649.37	10,173.00
D MAC LEAN, ARTHUR A	16	11/27/57	250.86	598.97	9,975.21
GARCIA, SIMON	30	2/27/62	278.02	663.47	11,051.10
EDES, HUGH A	36	7/31/62	325.50	783.70	13,019.61
CAMPBELL, LAWRENCE B	31	2/01/63	417.58	659.28	14,987.61
S ANDERSON, IRENE C	17	6/13/63	156.44	228.15	4,514.28
FLESNER, FREDERICK J	25	7/28/63	342.48	692.85	12,152.52
PRACNA, EDWARD S	36	9/13/63	431.27	907.38	15,712.89
S SAWYER, BARBARA E	18	1/01/64	224.69	435.60	7,750.41
PARKER, HAROLD C	22	5/01/64	440.09	795.04	14,497.83
D BATTI, GEORGE J	34	5/11/64	352.28	730.20	7,577.36
D EMERY, LOUIS W	15	8/20/64	282.94	511.12	9,320.55
GRAY, RAYMOND T	37	4/01/65	326.78	727.92	12,379.92
S LUNSFORD, PHYLLIS M	37	6/25/65	345.38	611.87	11,236.08
DAVIS, HARVEY	39	9/01/65	371.32	794.09	13,679.46
D HOFFMAN, VERNON D	20	12/06/65	341.08	609.53	11,158.11
D HAAS, CARL G	21	6/07/66	337.29	599.73	11,005.65
D MATTERN, JOHN A	16	7/16/66	391.56	623.24	11,911.56
KIDDER, DONALD R	29	9/01/66	398.52	696.94	5,477.30
S RUSSO, JOSEPHINE	39	2/09/67	159.89	394.59	6,508.41
D FUSCO, GEORGE W	22	6/10/67	352.07	563.56	10,747.53
S WAKEMAN, LELA C	31	9/08/67	207.15	400.64	7,134.16
D ANDERSON, WILLIAM E	09	11/14/67	377.00	486.71	10,138.08
D TURNAGE, GORDON E	08	3/08/68	365.59	466.55	9,767.52
D BARTOLINI, HERBERT R	08	4/01/68	366.77	467.84	9,796.53
D BREWER, GLENN J	10	2/10/69	385.15	495.64	10,338.63
D OSTERMEIER, CLIFFORD C	05	5/20/69	384.77	434.78	9,619.77
D BARR, JACK L	21	7/14/69	394.05	554.35	11,132.22
D HART, JAMES H	01	12/03/69	383.42	397.05	9,161.07
MC CAY, E D	27	2/01/70	999.77	1,213.99	25,984.80
ERLANDSON, JOHN K	25	7/01/70	595.43	751.10	15,805.33
ANKENBAUER, FRANK J	24	7/05/70	576.31	714.21	13,147.93
D MATSON, ROBERT K	08	8/01/70	461.00	462.34	3,310.06
D STENZEL, EUGENE F	08	8/01/70	461.00	490.04	11,163.13
D DAVIS, DALE D	03	9/01/70	461.00	490.04	11,163.13
D STOUT, BERNARD	24	9/01/70	569.48	707.80	14,992.56
WILSON, JACK E	34	9/01/70	955.53	1,142.14	24,622.14
FISHER, VERN	25	1/03/71	599.37	743.59	15,769.35
D TRUE, ROBERT	31	1/11/71	1,147.89	1,300.57	28,739.73
D CROSBY, JAMES	29	1/14/71	839.24	996.86	21,551.88
D CANNELL, GEORGE H	33	1/16/71	1,486.60	1,632.49	36,611.43
S GIBSON, HENRIETTA	25	2/04/71	345.75	414.68	3,925.81
D COOMER, SAM D	09	2/09/71	376.90	418.47	9,335.91
D BATTEN, RUSSEL L	28	3/01/71	1,105.24	1,238.89	27,515.04
D TANNER, FRANCIS	20	5/01/71	546.62	628.53	13,793.73
BLACKMORE, JOHN R	42	5/17/71	1,953.51	1,916.16	19,348.35

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
D MASON, ROLAND S	07	6/22/71	511.45	503.07	11,908.29
D ROLSTON, CHAD C	26	7/01/71	680.42	790.35	17,263.63
D KNAPP, JOHN F	30	7/15/71	1,484.00	1,503.56	35,067.54
D LOWE, WILLIAM C	22	7/15/71	662.48	733.14	16,381.59
D EVANS, CARL L	26	8/01/71	655.23	753.64	16,560.63
D KENNEDY, EDWIN	24	8/01/71	744.57	818.77	18,350.31
D PLACE, ROBERT R	11	8/01/71	413.82	438.21	10,000.98
D RICKETTS, EDWARD B	21	9/01/71	77.75	87.60	13,482.03
D FLAIR, GARY L	09	10/12/71	506.35	504.14	11,861.01
D HOULIHAN, EARL E	03	11/11/71	510.71	500.69	11,871.66
D BIBBY, RICHARD A	15	12/01/71	508.13	546.09	12,374.25
D MANTHEY, JAMES E	19	12/01/71	648.63	699.49	15,824.01
D MILLER, HERBERT W	35	1/03/72	973.81	1,096.81	24,304.65
D CURTISS, MARVIN W	27	1/04/72	766.04	858.95	19,073.91
S CECIL, GEORGIA L	18	1/26/72	318.63	476.21	9,329.73
D GREEN, LEON R	35	2/01/72	824.68	872.99	19,926.99
GREEN, MARJORIE	35	2/01/72	494.81	523.81	11,956.41
D FRIES, JOSEPH J	22	2/15/72	691.49	758.32	17,017.65
D HIGGINS JR, THOMAS J	24	3/01/72	1,040.20	1,075.30	24,831.42
D LESLIE, SEAN R	08	3/01/72	530.28	517.69	12,300.96
MARAL, MANUEL G	40	3/01/72	769.75	955.72	20,253.30
D WESTERHOUSE, JAMES	27	3/01/72	857.69	938.50	21,083.40
D SCARPACE, SAM J	30	4/01/72	771.56	885.35	19,448.58
D TOLLENAAR, CORNEAL S	20	4/01/72	647.13	705.44	15,876.24
D MILLER, ARTHUR R	24	5/01/72	815.35	635.82	19,381.23
D MILLER, DAVID P	31	7/02/72	944.25	752.81	19,919.85
CARDONA, VELMA F	20	7/16/72	351.67	230.37	7,418.79
D BERNARDO, C DONALD	27	8/01/72	753.53	600.77	15,896.55
D PETERSEN, GUNNER	26	8/01/72	845.49	674.10	17,336.74
D TOUSSAINT, HAROLD P	29	8/01/72	1,013.45	808.00	21,379.95
S HALLER, JEAN M	25	9/06/72	1,397.95	946.85	27,522.90
D LAMB, WILLIAM J	19	9/15/72	637.31	508.10	13,444.68
S COLLINS, ANTOINETTE N	26	11/20/72	449.36	358.27	9,479.88
D MILLER, JESSE E	25	12/01/72	834.28	705.00	18,654.75
KLEIN, ELMER L	32	1/03/73	1,643.50	1,310.31	34,671.45
D LARSEN, JAMES D	13	1/15/73	605.17	482.51	12,767.04
S SHANNON, MARJORIE D	35	1/26/73	651.44	519.39	13,743.06
D SCHAEFER, CHARLES L	29	2/14/73	904.83	721.39	19,088.31
D BRENNEMAN JR, VIRGIL A	06	2/15/73	535.00	426.54	11,286.39
D SADLER, BERNICE L	24	2/15/73	546.03	435.32	11,518.98
D DONOHUE, JAMES W	06	3/04/73	387.73	309.12	8,179.50
S FERNANDEZ, BEVERLY J	23	3/11/73	305.26	655.34	12,191.16
D GILBERT, GEORGE	27	3/15/73	731.12	582.92	15,424.05
D GRAY, LOREN B	30	4/01/73	853.13	680.18	17,997.78
D HOWARD, ORRIN J	20	4/01/73	575.00	458.44	12,130.38
D SANCHEZ, JOSEPH X	14	4/01/73	658.00	524.59	13,881.12
D TUMA, FRANK J	27	4/01/73	776.12	618.77	16,373.01
D WALTON, J C	04	4/01/73	527.18	420.29	11,121.24
S GILCHREST, DOROTHY M	24	5/16/73	387.31	422.42	9,504.54
D HOFFMAN, FRED	29	6/01/73	1,031.78	768.60	21,132.60

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTM	---FINAL MONTH--- BASE	CCL	TOTAL
S LA COUR, JOYCE	12	6/15/73	492.69	367.03	10,091.28
D BRUCE, GORDON J	05	7/01/73	601.42	448.03	12,318.27
D EVANS, DAVID T	26	8/01/73	955.34	696.80	19,392.60
D HARRIS, COY M	27	9/12/73	810.23	590.95	16,446.87
S VASQUEZ, LUPE	22	9/25/73	564.38	411.63	11,456.25
D MARKS JR, LEONARD G	18	10/01/73	1,062.50	774.95	21,567.72
D SILVA, EDWARD N	25	10/01/73	870.38	634.78	17,667.36
D SATARIANO, ANTHONY S	27	11/14/73	807.78	589.14	16,396.83
D CORDONI, JULIUS L	11	12/01/73	664.20	484.43	13,482.42
D BIAS, JAMES B	13	1/02/74	594.64	433.69	12,070.41
D CRAWFORD, JAMES L	14	1/02/74	638.00	501.78	13,965.51
D NUFER, JOSEPH M	14	1/02/74	688.00	501.78	13,965.51
D TORGUSON, DONALD L	11	1/02/74	558.96	407.65	11,345.97
CONROW, DAN R	28	1/05/74	974.21	710.53	19,775.25
D WILLIS, RONALD L	10	1/15/74	478.61	349.08	9,715.29
D MARTINELLI, WALTER L	28	2/01/74	843.22	615.04	17,116.89
D SILFVAST, ROBERT E	17	2/01/74	703.59	513.17	14,282.16
D CHOYCE, JAMES A	14	3/01/74	603.25	439.99	12,245.37
D COLLINS, BARTON L	38	3/01/74	1,709.63	1,246.91	34,703.49
D GARRINGER, ESTIEL L	26	3/01/74	965.43	704.13	19,597.05
PROVASI, DANTE C	27	3/01/74	868.46	633.37	17,628.30
MAC KENZIE, WILLIAM H	29	4/01/74	1,549.13	1,129.86	31,445.61
D STEFANINI, MARIO P	29	4/01/74	939.06	684.92	19,062.06
S REBHAN, ETHEL M	21	4/23/74	210.56	362.26	6,723.72
S GARCIA, JENNIE S	27	5/07/74	535.99	363.93	10,563.15
S BUCK, LILLIAN M	20	5/15/74	557.90	378.81	10,995.00
KING, BERNICE M	25	6/01/74	392.86	266.75	7,742.43
FAVORITE, LAWRENCE R	35	6/12/74	1,074.00	729.22	21,165.96
D COBURN, JIMMIE C	18	6/15/74	619.86	420.86	12,215.85
S CAROTTA, SHIRLEY R	29	11/05/74	549.38	591.02	13,385.82
D NURISIO, LOUIS G	14	12/01/74	663.37	440.39	12,955.77
D LIMA, SAM	28	1/02/75	346.83	362.14	16,538.28
D DEVITT, FRANCIS M	28	2/01/75	1,051.73	698.17	20,540.07
D KINCAID, RICHARD R	32	3/27/75	984.49	653.54	19,226.97
D ANGELO, ANTHONY E	24	4/01/75	801.11	531.80	15,645.54
D DONALD, PEGGY J	24	4/01/75	535.28	355.35	10,454.10
D FONSECA, CHARLES	30	4/01/75	1,140.75	757.28	22,278.84
D KINNEY, THOMAS R	29	4/01/75	1,161.73	771.20	22,688.46
D SAWYER, HOWARD D	13	4/01/75	657.32	436.36	12,837.51
SILVA, RAYMOND J	23	4/01/75	774.72	514.28	15,130.14
D SINNOTT, GLENN V	28	4/01/75	869.53	577.23	16,991.86
D AZZARELLO, JOSEPH S	33	5/01/75	1,600.25	984.76	30,342.51
RICHARDS, BARBARA	14	5/01/75	398.17	245.04	1,286.42
D RICHARDS, JOHN K	14	5/01/75	398.17	245.04	13,813.39
S DONALD, PEGGY J	28	5/15/75	1,010.52	621.84	19,160.46
D JACOBSON, GEORGE A	15	6/01/75	771.43	474.75	14,628.06
D RAMBOER, LEO M	28	6/01/75	883.98	543.99	16,761.33
D CUFFARO, MARCO S	26	6/10/75	1,040.01	640.00	19,719.75
S CARDONA, VELMA F	30	7/08/75	547.94	399.65	11,122.68
S HOLDEN, GERTRUDE	16	8/18/75	157.75	305.32	5,441.34

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RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL BASE	MONTH--- COL	TOTAL
S PERRY, LUCILLE A	27	8/25/75	518.46	215.74	1,403.98
D ROBERTSON, HARRY A	06	9/06/75	708.69	425.72	13,315.56
D KEITH, GARY L	13	10/18/75	700.91	421.07	13,169.64
D DONALD, HOWARD C	23	1/01/76	1,740.78	1,045.70	32,707.32
KEISER, BETTY J	20	1/02/76	390.67	234.66	7,340.07
HILSCHER, ARTHUR J	29	1/03/76	1,433.45	861.06	26,932.65
D KOSIK, VICTOR A	23	1/03/76	1,039.31	624.62	19,536.84
D FERNANDEZ, GABRIEL J	29	1/06/76	948.11	569.53	17,813.88
KUEHNIS, FLOYD E	34	2/07/76	1,475.52	886.33	27,723.33
D SULLIVAN, MARIS S	24	3/20/76	1,026.50	616.62	19,286.70
D NELSON, ROBERT P	30	3/21/76	993.62	596.36	18,668.88
D SEIBERT, SAM H	29	3/28/76	1,216.75	730.92	22,861.47
D MURTHA, WILLIAM J	09	4/01/76	663.30	398.44	12,462.60
D PICCERI, FRANK J	28	4/01/76	940.03	564.68	17,662.05
D COLE, VERNON S	24	6/13/76	1,033.41	572.58	18,850.86
D MOGILEFSKY, ARTHUR A	09	7/04/76	755.16	407.63	13,648.65
MADDOX, WILLIAM A	28	8/14/76	1,239.51	669.11	22,403.13
S LOPEZ, JESSIE CONVERSA	30	8/29/76	637.37	382.87	11,975.40
KEYSER, ELAINE L	00	9/19/76	275.00	16.75	3,424.50
D KEYSER, ORVILLE J	23	9/19/76	947.16	643.00	18,665.04
S SCRIBNER, BETTY J	28	11/14/76	747.77	496.42	14,604.12
D SEKANY, GREGORY A	06	1/03/77	765.70	413.33	13,839.30
D ELORREAGA, PAUL	14	1/12/77	792.82	427.98	14,329.56
S AMBURGEY, DORINE	35	2/28/77	801.16	638.74	16,901.34
D LEE, RAYMOND W	29	3/14/77	1,376.86	743.23	24,885.93
D KLEIN, THEODORE P	31	3/19/77	1,881.55	1,015.70	34,007.49
D DWYER, GEORGE J	27	3/20/77	1,264.22	682.46	22,849.86
D KASICH, ROBERT C	09	4/11/77	790.82	391.42	13,877.01
D DEVENS, LEE E	28	4/17/77	1,671.95	827.56	29,338.92
HICKEY, JANET S	31	4/23/77	1,213.72	600.76	21,298.11
D BRUNE, RALPH F	29	6/01/77	1,390.32	688.17	24,397.02
D ADAMS, VIRGINIA S	22	6/14/77	825.44	408.53	14,484.78
DE CAMP, HOWARD	24	7/06/77	1,114.57	536.24	19,377.00
D BOLTON, HILBERT	30	7/12/77	1,369.66	658.98	23,811.87
D JONES, ROBERT A	10	7/12/77	733.07	352.68	12,744.42
D NELSON, MURRAY E	31	9/02/77	1,185.95	570.61	20,618.23
S BELL, CHERYL J	02	9/11/77	767.45	369.24	13,342.29
D SHANNON, CLARENCE M	22	9/11/77	979.86	471.45	17,035.29
D ZENAHLIK, THOMAS P	09	12/14/77	841.81	405.02	14,635.08
D ROORDA, JAMES R	07	12/18/77	818.44	393.77	14,223.73
D WHEATLEY, MERLIN W	30	1/05/78	1,698.59	817.24	29,530.44
D VITTOE, JOSEPH B	29	1/07/78	1,230.11	591.85	21,385.89
D BENNETT, WILLIAM G	08	1/10/78	844.35	406.50	14,688.15
D PAPA, RICK L	03	1/11/78	731.55	351.98	12,718.32
S MC CUISTION, EVELYNN M	18	1/20/78	688.33	331.18	11,966.91
GERHARD, JOHN K	30	3/04/78	2,832.64	1,362.85	49,246.08
D WARNING, DONALD A	22	3/14/78	946.43	455.38	16,454.85
D WINDISCH, STEPHEN F	30	3/31/78	1,987.32	956.16	34,550.19
D ALLEN, ROBERT L	21	4/01/78	1,631.93	785.18	28,371.72
D TAMBELLINI, LAWRENCE J	26	4/01/78	1,532.87	737.53	26,649.63

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 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
S MURTHA, MARY F	27	4/07/78	128.17	359.51	6,428.61
D OZGA, JAN	10	5/09/78	831.98	364.40	14,042.91
D WELCH, BRADFORD M	05	5/13/78	859.09	376.27	14,500.50
D HOLMES, DANNY R	11	5/14/78	832.53	364.64	14,052.21
D ROBERTSON, ROBERT A	29	6/13/78	1,243.36	544.58	20,936.56
D NEIBAUR, RICHARD J	21	7/08/78	1,060.24	450.13	17,728.53
D ESCOBAR, JOSEPH R	21	10/14/78	531.68	225.72	8,890.26
ESCOBAR, PATRICIA M	21	10/14/78	531.67	225.72	8,890.14
D SARGENT, GREGORY S	30	10/14/78	1,738.26	737.96	29,065.56
D EDWARDS, DONALD E	23	10/15/78	1,339.74	568.79	22,402.05
S SIEDENTHALL, ROBYN J	08	10/28/78	632.93	260.20	10,483.47
S MILLER, LAURA L	14	11/03/78	865.65	367.53	14,474.88
S GUERIN, HELEN M	22	11/11/78	197.47	340.87	6,318.96
D VAN DYCK, JON M	16	11/14/78	1,001.37	425.13	16,744.05
D WILLIAMS, RONALD T	13	11/14/78	1,001.37	417.14	16,650.24
S CISELL, JANE M	15	12/09/78	505.88	335.83	9,879.84
D SHANNON, GRETAAANN	13	1/01/79	720.86	306.05	12,053.97
D RALSTON, LLOYD W	30	1/06/79	1,502.06	637.71	25,116.36
D FUNK, HAROLD S	24	1/14/79	1,185.54	503.32	19,823.61
D NOSEWORTHY, ALEC	31	2/15/79	1,257.92	534.06	21,034.05
S POELLE, JEAN A	17	2/16/79	312.33	404.80	8,417.55
BALLARD, BUCK B	24	2/17/79	1,238.06	525.62	20,701.83
D MC KAY, EDWARD D	32	3/17/79	2,329.43	988.94	38,950.59
D MARSH, LEONARD H	16	3/18/79	971.60	412.49	16,246.29
D VAN ETEN, DAVID	31	3/18/79	1,905.82	809.13	31,667.68
D WIEN, WILLIAM A	27	3/30/79	1,397.10	543.15	23,361.27
D URBANI, EDWARD	31	3/31/79	1,457.39	618.74	24,369.33
D KING, JAMES R	27	4/01/79	1,156.51	491.01	19,338.33
D JOST, FRANKLIN D	20	4/29/79	1,014.36	388.55	16,467.13
S LORENZ, RUTH H	25	5/23/79	216.42	334.05	6,461.37
S SIMS, ETHEL J	23	6/14/79	344.70	441.40	9,227.10
S STANLEY, RUTH M	23	6/19/79	204.11	312.86	6,068.10
D MOSS, GENE D	19	7/14/79	1,002.33	370.87	16,118.40
WARNING, LOREN R	22	8/01/79	725.24	268.35	11,662.62
D PIPKINS, ROBERT W	20	8/04/79	990.59	366.54	15,929.79
D EVANS I, HAROLD H	28	8/14/79	1,397.28	517.03	22,469.88
D MC GREW, JAMES M	08	9/09/79	418.65	320.31	7,823.58
D TENBRINK, ROBERT	09	9/11/79	844.90	312.62	13,586.85
D THOMPSON, GARY R	16	9/11/79	1,002.51	370.95	15,121.52
D DE LUCA, PETER P	31	9/15/79	1,301.18	481.46	20,924.40
S MURRAY, VERA E	32	10/04/79	179.87	402.55	6,836.40
D PINCK, GREGORY J	09	10/09/79	843.90	312.24	13,570.65
D GREER, DENNY R	28	10/14/79	1,391.65	514.92	22,379.07
S BAROZZI, MARYANN	26	10/23/79	449.30	358.36	9,482.55
RAGSDALE, ELWIN G	28	11/11/79	1,022.91	378.50	16,449.54
D GERMANO, EUGENE J	32	1/12/80	1,675.15	619.81	26,937.96
D ROY, CHARLES D	24	1/12/80	1,430.19	529.19	22,998.93
D JURADO, JOHN J	19	2/19/80	1,024.49	379.06	16,474.68
D NAGENGAST, THOMAS C	25	3/11/80	1,315.26	486.65	21,150.60
D CUNNINGHAM, ELIZABETH J	23	3/15/80	979.74	362.50	15,755.07

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 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
D KEENEY, WILLIAM H	24	3/15/80	1,101.14	407.45	17,707.62
D POLLOCK, DAVID A	19	3/15/80	1,206.83	446.55	19,407.72
D MILLER, DOROTHY H	20	3/16/80	842.39	311.63	13,546.35
D RIST, WAYNE H	25	3/29/80	1,335.07	493.99	21,469.29
D CIRAULO, SALVADOR J	33	3/30/80	1,556.84	576.06	25,035.72
D COTTLE, EDWARD M	26	3/30/80	1,396.64	516.77	22,459.35
D DE LISE, JOSEPH S	23	3/30/80	1,082.04	400.38	17,400.42
D LUCCHESI, GEORGE	28	3/30/80	1,504.12	556.54	24,187.74
D SAN FILIPPO, ROY F	25	3/30/80	1,332.57	493.05	21,428.91
D ONZO, JOSEPH J	24	4/13/80	1,107.69	406.91	17,778.21
D WIENS, GEORGE M	24	4/13/80	1,277.75	469.41	20,507.91
D JAEGER, GEORGE N	10	4/20/80	911.80	334.95	14,634.21
D DORR, DONALD R	20	5/13/80	943.28	342.77	15,095.46
LAIL, HAROLD A	24	5/25/80	987.47	358.81	15,802.47
D WALLACE, GORDON M	25	6/08/80	1,319.76	476.03	21,078.78
D PARADISO, JOSEPH	33	7/05/80	1,586.08	545.27	25,017.48
D RAIKES, FOSTER P	17	7/06/80	873.09	300.16	13,771.47
D BARNETT, JAMES E	30	7/12/80	1,622.22	557.69	25,587.51
S WARRICK, ANTOINETTE D	27	8/11/80	448.41	492.18	11,040.48
D CONYERS JR, FRANCIS E	24	9/13/80	1,273.51	431.14	20,067.60
D NEWMAN, DON M	21	9/14/80	975.00	328.78	15,303.63
D MEAGHER, ROBERT W	24	1/01/81	1,146.07	371.36	17,811.36
D STRUTHERS, RICHARD M	25	1/01/81	1,384.31	448.56	21,514.02
D BOHN, THEODORE M JR	20	1/06/81	1,434.65	464.86	22,296.15
D MULLINS, FRED R	14	1/12/81	952.00	308.46	14,795.13
D BORCH, HENRY H	25	1/13/81	1,788.64	579.59	27,797.94
D BROWN, WILLIAM J	29	1/17/81	2,172.83	704.05	33,768.45
D PETERSON, COURTNEY	21	2/01/81	1,163.64	373.97	18,048.30
S DEDINI, ROBYNNE	10	2/22/81	1,449.83	465.98	22,488.12
D GUIDO, JAMES J JR	25	2/28/81	1,162.15	401.29	18,351.42
GUIDO, WILMA E	25	2/28/81	240.00	46.82	3,366.69
D GARINO, KENNETH J	21	3/03/81	1,012.83	321.54	15,663.21
D MOORE, SHARON A	14	3/03/81	762.67	224.94	11,592.39
D HILL, RICHARD N	25	3/31/81	1,651.18	527.33	25,688.46
S GOMES, GRACE	22	4/07/81	240.11	358.31	7,024.17
D HALL, RICHARD R	25	4/12/81	1,867.12	516.42	27,977.70
D BUSH, WILBERT E	16	6/03/81	992.32	239.95	14,464.23
S CRAWFORD, IDA M	10	6/04/81	217.32	275.94	5,789.79
D MC VEA, IRVIN G	24	7/07/81	1,218.23	310.01	17,938.29
D SHANNON, RONALD D	25	7/07/81	1,196.57	304.49	17,619.24
D CANCELLA, JOSEPH	24	7/12/81	1,210.96	308.17	17,831.31
S ERICKSON, MICHAEL S	13	8/25/81	391.80	98.73	5,757.75
S ERICKSON, SCOTT G	13	8/25/81	391.80	98.73	5,757.75
D JOHNS, MERLE W	26	9/01/81	1,560.79	392.56	23,162.88
S ANDERSON, ELSIE H	26	9/06/81	474.50	365.89	9,864.36
D DOYLE, PATRICK B	14	10/06/81	1,054.36	258.46	15,409.68
D MAZZONE, RICHARD T	13	11/03/81	1,083.64	262.43	15,799.95
D MOORE, ANN C	21	1/05/82	1,205.76	284.58	17,493.39
D MUSSER, MARILYN J	12	1/05/82	967.82	228.44	14,041.56
D SCHAAR, JOHN G	31	1/05/82	1,548.29	365.43	22,462.98

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTN	---FINAL MONTH--- BASE	CCL	TOTAL
D WARTHAN, LLOYD C	31	1/05/82	1,949.57	450.17	28,286.37
D MOORE, DONALD E	28	1/09/82	1,855.52	437.94	26,920.32
D FANUCCHI, ROSCOE	32	1/16/82	1,974.05	465.93	28,640.13
D GIVIN, WILBUR	27	1/16/82	1,549.83	365.79	22,495.33
S SCHWANDT, CATHERINE M	34	2/01/82	116.48	347.22	5,442.81
D ERICKSON, RICHARD A	29	2/02/82	1,695.42	396.01	24,548.83
S HALL, GENITA	15	2/06/82	621.74	347.41	11,375.73
S HALL, EFFIE L	15	2/06/82	414.50	209.94	7,329.57
D BOND, WILLIAM R	23	3/02/82	1,339.88	308.00	19,342.56
D NORTON, PHILLIP O	20	3/02/82	1,570.47	361.01	22,671.42
D RYAN, ELLSWORTH J	25	4/10/82	1,669.68	383.32	24,103.71
D SCOTT, JOHN N	25	4/11/82	1,470.29	337.97	21,225.09
D CALTABIANO, ROBERT A	11	6/06/82	1,168.81	268.59	16,873.17
D STAGG, KENNETH E	28	8/06/82	2,314.83	504.47	33,092.52
D BRADFORD, GEORGE H	37	8/07/82	2,064.06	449.83	29,507.70
D ANASTACIO, OLIVER J	29	8/08/82	1,628.90	354.99	23,286.66
D EWING, DONALD E	27	9/11/82	2,232.61	486.56	31,917.24
D GRAY, LYLE L	09	10/05/82	1,280.25	279.02	18,302.46
S SMITH, WILLIAM	10	10/31/82	934.32	203.62	13,357.02
D FRATES, CHARLES W	27	11/02/82	1,879.44	409.58	26,368.21
D TERRY, GLENN	24	1/04/83	1,773.71	386.55	25,356.84
D GREEN, ROBERT H	27	1/06/83	1,673.91	364.80	23,930.10
D BAZIUK, LEO	25	1/08/83	2,273.85	495.54	32,506.74
D ROMO-LEROUX, GONZALO A	01	1/15/83	954.09	207.93	13,639.59
D OWEN, LESLIE B	25	2/01/83	1,571.13	342.39	22,460.67
D KEY, BILLY P	24	3/05/83	1,563.23	340.67	22,347.75
S POWERS, ANNETTE	39	4/07/83	156.20	426.62	6,541.02
D BLACKSTOCK, M CARROLL	21	4/09/83	1,604.16	345.82	22,888.56
S URZI, LAURA J	21	4/10/83	205.92	307.27	6,023.73
D WEESNER, STEVEN LEE	12	4/24/83	1,299.24	280.08	18,537.84
D EARNSHAW, JOSEPH W JR	22	6/07/83	1,496.76	313.82	21,252.30
D WHALEN, RICHARD J	30	6/07/83	2,209.91	463.32	31,378.02
D CASTLIO, GLEN	21	6/15/83	1,643.89	344.64	23,341.08
D PLINSKI, LEO G	26	6/17/83	1,758.84	368.75	24,973.35
D DYE, DONALD A	25	7/10/83	1,899.38	369.02	26,626.17
D GREEN, NORMAN W	19	7/30/83	1,331.05	258.59	18,658.98
D BRAZIL, LA VERN F	30	8/02/83	1,958.37	375.90	27,399.33
D SEATON, CHARLES	15	8/02/83	1,325.31	254.39	18,542.31
D LANE, GAYLORD R	24	8/28/83	1,582.84	303.81	22,145.25
D SPAULDING, BENJAMIN W	27	9/11/83	1,634.08	307.92	22,794.96
D GEPPERT, KENNETH J	12	10/04/83	1,414.16	263.16	19,688.19
D ANDERSON, ALGIE	29	11/30/83	2,007.00	366.44	27,859.11
D GRANT, ROBERT A	14	12/06/83	1,567.07	282.45	21,709.41
D WHEELER, HENRY A	28	1/29/84	1,964.63	347.18	27,135.75
D PULLIAM, NORVEL	25	2/07/84	2,331.97	406.65	32,145.51
S WILLIAM, JANICE E	24	3/01/84	841.68	167.47	11,845.29
D CHAMBERS, ROYCE R	15	3/06/84	1,402.69	239.67	19,277.76
D BELL, ROBERT M	22	4/03/84	2,143.06	339.43	29,139.09
D HOUSTON, HERRELL J	20	4/03/84	1,631.38	258.38	22,181.76
D SHACKELFORD, JEFF	24	4/03/84	2,003.08	317.26	27,235.86

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE COL	TOTAL
TOWNEND, BARBARA C	24	4/03/84	506.36 80.19	1,173.10
D TOWNEND, STEWART	24	4/03/84	1,200.34 190.20	22,039.58
S BLEDSCE, LINDSEY	03	4/17/84	602.89 90.60	8,140.08
D MOORE, BRUCE	27	5/01/84	2,600.03 403.01	35,249.25
S ALVARES, VIRGINIA	23	6/05/84	187.60 346.81	6,272.79
D SCHNEICKERT, EDWARD T S	27	7/14/84	2,282.81 322.64	30,582.39
D MAYER, NICK S	31	9/09/84	2,153.43 292.29	28,707.57
D ANGELL, MERRIL K	21	11/06/84	1,825.59 237.59	24,217.35
D CLET, VINCENT H	21	11/06/84	3,070.94 399.66	40,737.39
D TONEY, JERRY A	22	11/18/84	1,663.28 216.47	22,064.25
D CATES, LOWELL D	12	12/04/84	1,439.54 134.12	19,058.31
D PURSER, OWEN	21	12/04/84	1,769.65 226.35	23,428.74
S FISHER, PEARL	22	12/17/84	286.86 385.25	7,389.10
STURDIVANT, MARCUS	26	1/12/85	2,213.02 275.62	29,211.36
D GERDTS, HANS B	30	2/05/85	2,531.13 309.58	33,344.46
D MOIR, ROBERT C	30	2/09/85	2,920.20 357.17	38,469.30
S MOODY, NORMA J	30	2/23/85	493.50 370.22	10,138.20
D SAMARRON, LAWRENCE L	27	3/05/85	2,146.64 255.34	28,194.12
D SPINLER, JACK	30	3/05/85	2,203.40 262.10	28,939.71
OTTER, LORRENCE J	31	3/07/85	3,411.23 405.79	44,803.62
HUNT, LYLE W	31	3/09/85	3,408.08 405.40	44,762.13
D MURRAY, WILLIAM C	26	3/10/85	2,879.42 342.51	37,818.60
D LONG, GEORGE	21	3/23/85	1,411.17 167.86	18,534.45
D SCHNEICKERT, EDWARD T J	17	4/02/85	1,550.59 176.00	20,266.47
D WELLS, WILLIAM J	31	4/02/85	2,553.98 289.90	33,381.09
D STEELE, EDWARD T	33	4/07/85	2,563.81 291.02	33,509.61
D BOOZEL, BENJAMIN F	21	5/07/85	1,421.99 156.73	18,531.42
D WEBB, ROBERT L	28	5/07/85	2,129.96 234.85	27,757.80
S HORNBECK, ESTHER M	36	5/21/85	731.49 527.38	14,770.41
S DUPONT, EDNA J	13	5/25/85	1,854.73 200.43	23,870.43
S DUPONT, SAMANTHA R	13	5/25/85	370.95 44.95	5,134.51
D CARROLL, RICHARD	07	6/04/85	1,332.36 144.01	17,329.44
S ALIAS, EVA M	03	6/23/85	838.74 90.66	10,909.17
S MOLINA, NORMA L	03	6/23/85	419.37 45.34	5,454.66
S BUNCH, NANCY N	04	7/30/85	1,123.55 117.80	14,570.76
S BUNCH, NICOLE	04	7/30/85	749.03 78.52	9,713.70
FERDINANDSEN, EDWARD S	28	8/02/85	1,990.71 204.40	25,765.86
D LANCH, KENNETH D	25	8/06/85	1,884.65 193.51	24,393.15
D RUSSELL, STANLEY M	19	3/06/85	1,497.33 153.79	19,386.45
CORNELIUS, JAMES H	25	8/10/85	2,210.91 227.01	28,615.95
D THOMPSON, M EARL	26	8/12/85	3,480.05 357.32	45,042.51
S BLOOMFIELD, JEAN M	24	8/31/85	493.70 286.20	9,154.32
D FRIDAY, JAMES E	25	9/03/85	2,247.73 223.49	29,006.82
D GREER, DON R	17	9/03/85	1,512.28 150.36	19,515.81
D KREGEL, JOHN H	18	9/03/85	1,500.33 149.16	19,361.52
S SAPENA, ANN	29	9/15/85	772.98 492.70	14,856.42
S BROWDER, LUCILLE E	22	9/25/85	205.23 335.57	6,347.85
S JONES, RUTH L	32	10/24/85	995.52 339.12	16,252.71
S CHEW, ELIZABETH	01	10/28/85	280.06 279.22	5,564.75
EVANS, FRANKLYNN	00	11/01/85	619.02 58.19	7,949.04

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NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	CCL	TOTAL
D EVANS, MERLIN C	26	11/01/85	1,718.70	161.58	22,070.43
S CONNETT, CATHERINE M	31	11/20/85	417.89	482.03	10,563.15
D BARIKMO, JON W	22	12/04/85	1,883.75	173.02	24,142.17
D CUMMINS, GAYLE L	22	12/04/85	1,649.14	151.46	21,135.24
D TYSON, DONALD I	22	12/04/85	1,764.35	162.04	22,611.69
S GOULD, CYNTHIA	09	12/07/85	324.75	224.44	6,446.28
S MC CARGAR, LOIS	02	12/15/85	153.75	121.84	3,234.81
S MC CARGAR, PAUL B	02	12/15/85	153.75	121.84	3,234.81
S MC CARGAR-ESCALANTE, SA	02	12/15/85	153.75	121.84	3,234.81
D ANDERSON, DENNIS G	30	12/16/85	2,671.63	245.37	34,230.36
D CROWDER, ROBERT J	26	1/08/86	2,331.21	206.53	29,787.69
HEIKEN, ALBERT L	29	1/25/86	2,617.13	231.86	33,441.06
D EMMONS, JAMES L	21	2/05/86	1,926.17	166.48	24,563.25
D HUBBARD, GERALD A	24	2/05/86	2,178.34	186.27	27,778.95
LIRA, ALICE	34	2/05/86	1,063.76	91.94	13,565.46
D LIRA, ROBERT P	34	2/05/86	1,626.42	140.58	20,740.77
D MALVINI, MERRILL J	30	2/05/86	2,589.85	232.49	34,302.00
S CLEARY, MARIAN L	28	2/08/86	889.12	443.77	15,645.30
D BURROUGHS, BOBBY	28	2/18/86	2,549.12	220.31	32,507.22
D CAPP, WALTER M	27	3/05/86	2,444.26	203.31	31,076.85
D DOBSON, RICHARD	22	3/05/86	1,777.19	147.83	22,595.61
D ILSE, ROY	28	3/05/86	3,023.32	251.47	38,439.06
D VICKERS, WILSON R	28	3/05/86	2,533.36	218.78	32,304.24
COOK, JOE W	26	3/23/86	2,401.36	199.74	30,531.36
S MELZ, HELEN C	24	3/25/86	2,631.55	254.78	36,705.16
D WIESENDANGER, EDWIN	30	4/02/86	1,277.53	116.15	11,231.40
D MC FERSON, ARTHUR J	25	4/06/86	2,324.46	188.41	29,495.73
D SWANSON, FRANCIS E	08	4/06/86	1,410.55	114.33	17,898.87
D WILSON, ROGER	26	4/06/86	2,187.50	177.31	27,757.80
D CAMPOS, ARTHUR J	10	6/04/86	1,283.35	122.99	19,685.86
D KELLY, JAMES D	17	6/04/86	1,573.50	122.54	19,907.38
D LOPEZ, DANIEL M	10	6/04/86	1,572.42	122.46	19,894.23
D PUGH, TOMMY E	13	6/04/86	1,580.08	123.05	19,991.07
D STEWART, JOSEPH	24	6/04/86	2,224.01	173.19	28,138.02
D BENSON, LLOYD L	31	6/05/86	2,110.18	164.33	26,697.87
S CAMPBELL, VIRGINIA M	25	7/10/86	694.65	364.60	12,433.35
S MITCHELL, BETTY	23	7/15/86	952.91	391.37	15,779.01
S CAPURSO, KAREN L	14	7/20/86	591.67	276.18	10,186.68
D FORD, CHARLES L	26	8/06/86	2,480.52	182.65	31,259.91
D LIVINGSTONE, JOHN H	28	8/19/86	2,635.55	194.07	33,213.66
D BRIDGES, RICHARD S	03	9/03/86	1,601.80	116.24	20,166.12
D COSSEY, KENT H	16	9/03/86	1,603.75	116.38	20,190.66
D KRAEMER, OLIVER F	23	9/13/86	2,165.90	157.17	27,267.90
D CATANIA, SEBASTIAN J	08	10/01/86	1,430.01	100.75	17,967.81
KNOPF, ARTHUR E	30	11/03/86	3,231.70	220.81	40,525.08
WITTMAN, DOROTHY M	30	11/03/86	809.33	55.30	10,148.94
D WITTMANN, WILLIAM J	30	11/03/86	1,981.47	135.39	24,847.38
D LLORCA, JOHN E	21	11/17/86	1,531.73	104.65	19,207.62
S HASLEMANN, MARY L	20	12/01/86	1,716.43	249.83	23,079.69
D BROWN, EUGENE T	29	12/03/86	2,760.93	182.78	34,552.86

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NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
D LEROY, JAMES A	20	12/03/86	1,686.03	111.62	21,100.56
D WHEATLEY, WINSFORD R	27	12/03/86	2,222.81	147.16	27,818.37
S KORTH, RAYLENE	29	1/06/87	1,409.69	91.83	17,624.67
S PETERSON, CHARLOTTE K	26	1/07/87	2,332.36	151.94	29,160.36
D STUEFLOTEN, LARRY N	27	1/07/87	4,084.83	266.11	51,070.71
D WITMER, DAVID F	15	1/07/87	1,629.65	106.17	18,539.64
WITMER, JANIS M	15	1/07/87	295.77	10.09	1,835.16
D THOMAS, RICHARD F	30	1/10/87	2,833.13	184.55	35,421.15
D NEWTON, JACK N	26	2/04/87	2,188.40	137.92	27,306.00
D LINDEN, LAWRENCE D	26	3/04/87	2,140.44	130.35	26,654.22
PIERCE, JOHN R	27	3/08/87	2,228.18	135.70	27,746.91
D BREWTON JR, JOHN L	20	4/01/87	1,747.10	102.80	21,713.88
D EDWARDS, ROBERT W	25	4/01/87	2,419.39	142.35	30,069.39
D GERBINO, FRED W	28	4/01/87	3,376.59	198.67	41,965.95
D KELSEY, BERT E	27	4/01/87	2,593.75	132.62	32,236.53
D BAILEY, WILLIAM S	29	4/05/87	2,852.78	167.86	35,455.86
D COBURN, ETHAN M	32	5/06/87	2,476.92	138.09	30,694.59
D ECKSTROM, RICHARD	06	5/06/87	1,071.80	93.65	20,208.55
D GURLEY, EDWARD E	26	5/06/87	2,225.10	124.05	27,574.02
D RUILOBA, LUIS	14	5/06/87	1,923.85	107.26	23,340.38
D BYFIELD JR, PAUL J	20	6/03/87	1,699.24	91.23	21,016.29
D MARTIN, W J TILMON	23	6/03/87	2,242.01	120.38	27,729.39
D O NEILL, WILLIAM F	25	6/03/87	2,492.26	133.81	30,324.43
D RIOLO, JOHN R	09	6/03/87	1,920.49	103.11	23,752.74
D TRUJILLO, DON	28	6/03/87	3,144.67	168.84	38,893.53
D WRIGHT, DOUGLAS D	25	6/03/87	2,426.66	130.28	30,013.05
S ZAMZOW, CAROL E	28	7/20/87	1,043.25	170.33	14,222.31
S REINMUTH, LORRAINE	27	7/29/87	1,443.95	73.06	17,777.62
D VOLPE, LAWRENCE M	20	8/05/87	1,731.57	84.05	21,249.18
D CANEPA, ALLAN	09	9/02/87	1,515.44	68.88	18,528.30
D HARTMAN, LEONARD J	23	9/02/87	1,926.55	87.56	23,554.68
D HOLMES, MARK A	30	9/02/87	2,919.05	132.68	35,639.38
S JONES, RUTH E	34	9/30/87	1,082.40	834.66	22,419.63
D HEWETT, RUSSELL	23	10/07/87	2,311.35	100.29	26,187.32
D MALECH, KEITH R	10	10/07/87	1,959.13	85.01	23,891.94
D MILLER, ROLAND D	31	10/07/87	2,955.10	128.23	36,037.99
D PITTS, PHILLIP J	14	10/07/87	1,668.75	72.40	20,350.65
S THANNISCH, SHIRLEY	23	10/27/87	3,429.48	148.80	41,823.06
D ROBERTS, MICHAEL	12	11/04/87	1,706.85	68.79	20,756.85
S GUPTILL, PEARL	24	12/10/87	122.44	370.73	5,766.00
S LINTERN, LYNDIA	15	12/13/87	2,135.88	81.68	25,926.87
D BELL, DONALD A	30	1/06/88	2,969.33	104.39	35,980.83
D GRANOSKI, NICKLAS A	25	1/06/88	2,199.23	77.31	26,644.69
D MICHAELSON, ELIZABETH A	22	1/06/88	2,102.22	73.89	25,469.33
D NEWMAN, TERRY	27	1/06/88	2,386.50	83.88	28,913.50
HUNTER, RICHARD D	27	1/07/88	2,678.89	94.16	32,455.94
D BALLARD, GORDON G	29	2/03/88	3,903.47	129.17	47,240.86
D MINFORD, ROBERT I	25	2/03/88	2,571.50	85.09	31,120.93
D RODRIGUES, ORLANDO W	26	2/03/88	2,244.50	74.27	27,163.54
D TUSH, RICHARD M	25	2/03/88	2,204.12	72.93	26,674.84

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NAME	YRS SERV	DATE RET/OTH	---FINAL MONTH--- BASE COL	TOTAL
D MORTON, BRUCE	30	3/02/88	3,022.30 90.67	36,539.61
POWERS, RONALD R	24	3/02/88	3,994.71 .00	29,821.88
D VASQUEZ, RICHARD C	05	3/02/88	1,714.65 51.44	20,730.12
D SINCLAIR, ERNEST R	15	3/22/88	1,542.05 46.26	18,643.38
S SWARNER, JEANINE A	14	4/04/88	2,191.85 61.37	26,424.94
D GINGERICH, FREEMAN A	26	4/06/88	3,341.71 93.57	40,287.66
D HERNANDEZ, EUSEVIO	30	4/06/88	4,697.74 131.54	56,635.96
D MATHIS, JERRY L	14	4/06/88	1,734.58 48.57	20,912.10
S BERNAPDO, ELIZABETH	30	4/11/88	436.62 267.33	8,255.70
S GUAIN, DOROTHY	22	4/29/88	252.33 425.48	7,949.12
D DOWLING, RONALD A	19	5/04/88	2,024.78 50.62	24,347.98
D KOCINA, KENNETH R	24	5/04/88	2,478.32 61.96	29,801.80
D YELTON, BOB	27	5/04/88	2,148.02 53.70	25,829.94
D LEMMONS, LOREN M	25	6/01/88	2,532.46 .00	30,389.52
D ROBISON, MANOAH F	23	6/01/88	2,774.06 .00	33,288.72
UTZ, RONALD A	28	6/04/88	3,921.71 .00	47,060.52
S ANDERSON, KATHLEEN	23	6/03/88	354.75 400.93	9,068.16
D GARDINER, GEORGE	12	8/02/88	1,748.98 .00	19,132.36
D CLARK, JOSEPH H	26	8/03/88	2,672.41 .00	29,224.10
D PERKINS, ROBERT H	20	8/03/88	1,597.64 .00	17,470.97
D HORTON, STANLEY W	32	8/09/88	5,374.67 .00	57,734.36
CALDERON, JOHN	12	8/26/88	516.33 .00	5,263.23
D MEHRKENS, LES L	27	9/07/88	2,381.18 .00	23,335.56
D MOSS, DAVID H	15	9/07/88	1,747.20 .00	17,122.56
D PENAFLO, JOSEPH	29	9/07/88	3,013.38 .00	29,531.12
POWERS, SHARON	24	9/07/88	200.00 .00	1,800.00
S WIRHT, KIMBERLY	15	9/09/88	2,205.00 .00	21,462.00
S WIRHT, ROBERT J	15	9/09/88	441.00 .00	4,292.40
D VIERRA, MARTIN	20	10/05/88	1,828.76 .00	16,222.87
D DI QUISTO, JOHN A	30	10/29/88	3,070.42 .00	24,360.50
D KNUTZEN, EMMETT	26	11/02/88	2,117.25 .00	16,867.43
S WIESENDANGER, THERINE	30	11/05/88	1,171.64 58.03	8,608.04
S BLACKMORE, RUBY L	42	11/23/88	976.76 928.80	12,326.78
D GUYTON, TERRY W	14	1/04/89	1,728.43 .00	10,203.30
D HEROLD, MILTON R	30	1/04/89	2,672.67 .00	15,777.37
S ANDERSON, VIVIAN I	26	1/07/89	165.55 373.43	3,080.56
S SIMPSON, GRANT	19	1/21/89	891.27 .00	4,772.61
S SIMPSON, ROBERTA	19	1/21/89	1,336.90 .00	7,158.88
S BATTI, MAY	34	1/25/89	50.83 231.91	1,413.70
RICE, PHILLIP K	29	2/05/89	2,361.22 .00	11,468.78
D ROSAS, JOSEFINA P	20	2/20/89	1,335.65 .00	5,771.92
S MAULDIN, CLOVER C	17	3/04/89	60.25 304.72	1,074.15
S FALCAO, CONNIE	07	3/23/89	1,774.47 .00	5,838.59
D MC CLURE, EARL R	28	4/05/89	2,957.24 .00	8,477.42
D MESSIMER, DWIGHT R	22	4/05/89	2,337.53 .00	6,700.92
S MATSON, ALICE T	08	4/06/89	345.75 245.02	1,832.36
KAMINSKY, GLENN F	23	4/29/89	1,399.86 .00	2,893.04
D ASHBY, KAY B	31	6/07/89	2,517.92 .00	2,517.92
D BRITTON, ROSEMARIE	20	6/07/89	1,762.96 .00	1,762.96
D HOGATE, CHARLES S	22	6/07/89	1,628.53 .00	1,628.53

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM
 RETIREES AND BENEFICIARIES FOR THE YEAR ENDING JUNE 30, 1989

NAME	YRS SERV	DATE RET/DTH	---FINAL MONTH--- BASE	COL	TOTAL
TOTAL RETIREES	00550		706,929.90		10,483,548.79
					215,664.01

CODES:

D = DISABILITY
 S = SURVIVOR
 # = NOT ENTITLED TO COST-OF-LIVING

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PLAN REVENUES

The Plan's Retirement Fund has three principal sources of income. One is the payments made by the City. Another is the payments made by the employee members of the Plan. The third is the interest earnings from the monies invested in bonds and other securities.

The pattern of revenues for the last decade is shown in the following table:

Fiscal Year Ending In June	Employer Payments	Employee Payments	Interest and Other Income	Total
1989	\$21,116,000	\$6,907,000	\$41,480,000	\$69,503,000
1988	19,298,000	6,610,000	35,935,000	61,843,000
1987	18,833,000	6,424,000	42,302,000	67,559,000
1986	17,808,000	5,931,000	28,166,000	51,905,000
1985	16,545,000	5,440,000	23,263,000	45,248,000
1984*	19,349,000	5,925,000	19,472,000	44,746,000
1983	18,058,000	5,496,000	17,442,000	40,996,000
1982	15,425,000	4,651,000	12,397,000	32,473,000
1981	12,000,000	3,069,000	8,652,000	23,721,000
1980	7,764,000	2,500,000	6,049,000	16,313,000

*1984 Employee payments were shown net of refunds in prior years' reports.

10 Year Total	\$166,196,000	\$52,953,000	\$204,066,000	\$454,307,000
------------------	---------------	--------------	---------------	---------------

SIZE OF SYSTEM

	<u>6/81</u>	<u>6/82</u>	<u>6/83</u>	<u>6/84</u>	<u>6/85</u>	<u>6/86</u>	<u>6/87</u>	<u>6/88</u>	<u>6/89</u>
Active	1,523	1,527	1,580	1,576	1,635	1,680	1,677	1,631	1,710
Retired	286	303	313	338	345	371	401	415	448
Survivors	52	60	63	68	65	77	83	91	102
TOTAL	1,861	1,890	1,956	1,982	2,045	2,128	2,161	2,137	2,260

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

CONTRIBUTIONS AND REVENUE

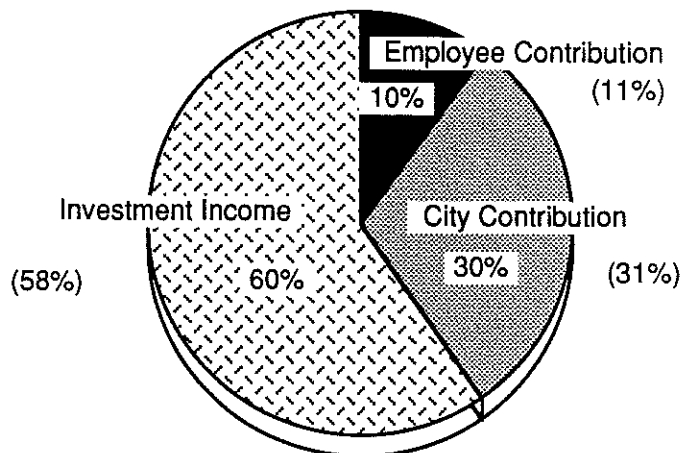
Each member of the Retirement Plan contributes the following percentage of pay:

	<u>Employee</u>	<u>City</u>
Current Service	6.23%	16.62%
Prior Service	-0-	.44
Cost of Living	2.33	9.02
1985 COL Adjustment	-0-	.38
Medical	.75	.75
Dental	<u>.08</u>	<u>.25</u>
TOTAL	9.39%	27.46%

The following sources contributed their share of the revenues received by the Retirement Fund in 1988-89:

Employee Contribution	09.94%	\$ 6,907,000
City Contribution	30.38%	21,116,000
Investment Income	<u>59.68%</u>	<u>41,480,000</u>
TOTAL REVENUE	100.00%	\$69,503,000

SOURCES OF RETIREMENT FUND INCOME



1988-1989

* Prior year's percents shown in parentheses

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PORTFOLIO PERFORMANCE REPORT

Measured On Basis of Dividends And Interest Received

	06/30/89 Portfolio Cost	Annual Income	Income Rate of Return
Investment Advisors	\$ 38,532,817	\$ 1,150,545	3.0%
Loomis	56,884,714	2,556,022	4.5%
NBS	32,867,533	2,073,218	6.3%
Scudder	274,583,519	23,343,398	8.5%
Smoot	49,756,681	2,273,898	4.6%

Measured on Basis of Total Increase in Market Value

	06/30/89 Market Value	06/30/88 Market Value	Total Yield
Investment Advisors	\$ 43,125,448	\$ 36,938,099	19.0%
Loomis	66,490,845	54,913,525	17.8%
NBS	32,981,673	29,466,298	N/A
Scudder	273,817,141	233,904,537	12.9%
Smoot	57,494,966	49,881,143	16.6%

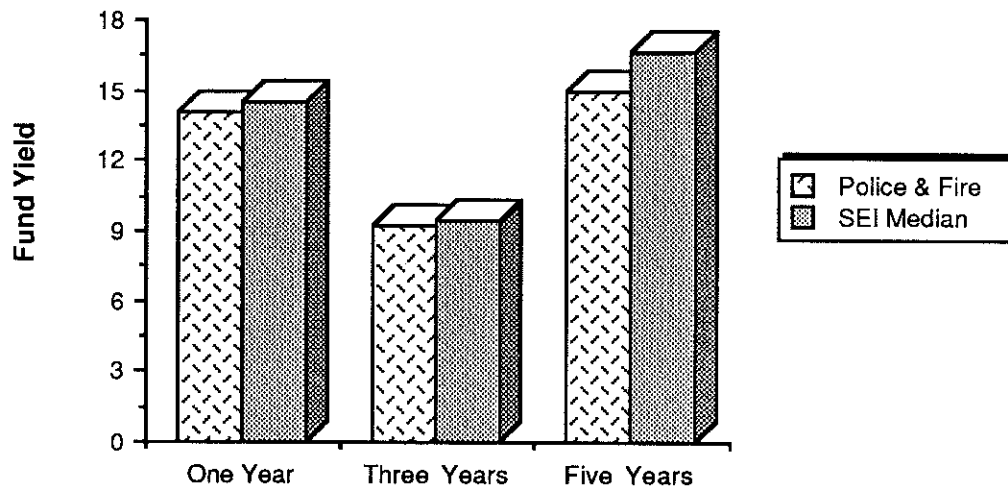
PERFORMANCE BENCHMARK COMPARISON

	One <u>Year</u>	Three <u>Years</u>	Five <u>Years</u>
<u>BOND PERFORMANCE</u>			
Scudder	12.9%++	9.0%++	14.4%+
SEI Bond Funds Median	10.5%	8.0%	13.6%
Shearson Lehman Gov't Corp. Bond Index	12.3%	8.1%	14.4%
<u>STOCK PERFORMANCE</u>			
Investment Advisors	19.0%++	10.0%+	N/A
Loomis	17.8%+	10.6%+	N/A
Smoot	16.6%+	9.3%+	16.5%+
SEI Equity Funds Median	18.0%	11.0%	19.2%
Standard & Poor 500	20.5%	12.0%	20.1%
New York Stock Exchange	15.2%	7.3%	15.0%
<u>TOTAL PERFORMANCE</u>			
Total Fund	14.1%	9.2%	15.0%
SEI Public Funds Median	14.5%	9.4%	16.7%

Note: Each "+" represents a benchmark the manager has out performed.

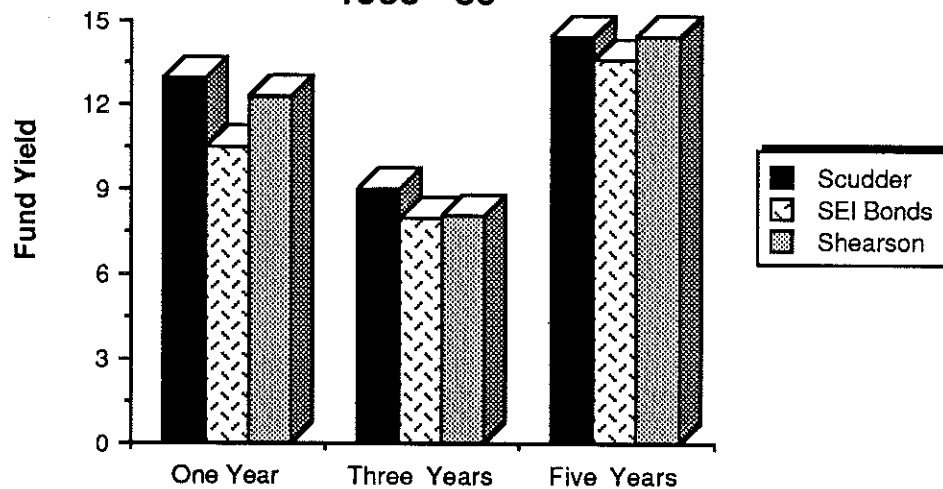
TOTAL FUND PERFORMANCE

1988 - 89



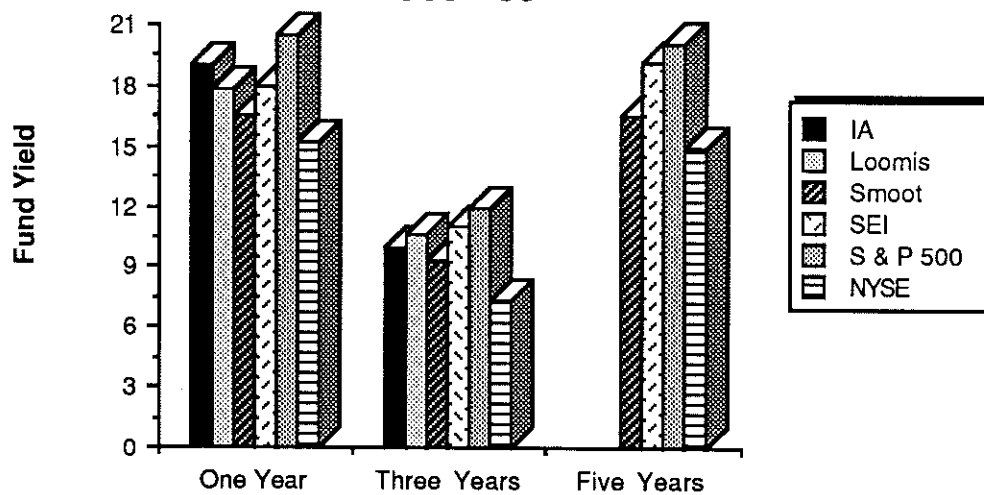
BOND PERFORMANCE

1988 - 89



STOCK PERFORMANCE

1988 - 89



MARTIN E. SEGAL COMPANY

SUITE 3750
525 MARKET STREET
SAN FRANCISCO, CA 94105
(415) 882-4700
FAX (415) 979-0510

STATEMENT OF THE ACTUARY

We prepared an actuarial valuation as of July 1, 1987 of the Police and Fire Department Retirement Plan for the City of San Jose. The actuarial method used was a variation of entry-age normal cost, with the unfunded supplemental present value amortized over 30 years from the valuation date.

We wish to thank the Secretary to the Board of Administration and his staff for provisions of excellent data and for answering our many questions.

An experience review was performed for the July 1, 1981 to July 1, 1987 period. There were calculations performed on the standard entry-age normal actuarial cost method, as well as the current "new entrant" variation specified in the City Code. Based on these results, the Board recommended that City Council adopt an actuarial report with the recommended new assumptions and method, and that certain benefit improvements be made. The Council has not approved any changes, and no report as of July 1, 1987 has yet been adopted by the Council.

This statement, therefore, presents results as of July 1, 1988 on the old basis.

The contribution rates for members and the City were computed in accordance with the City Charter. In our opinion, the recommended contribution rates are sufficient to maintain and improve the sound financial condition of the Retirement Plan.

MARTIN E. SEGAL COMPANY

SUITE 3750
525 MARKET STREET
SAN FRANCISCO, CA 94105
(415) 882-4700
FAX (415) 979-0510

October 6, 1989

Mr. Edward F. Overton
Secretary, Board of Retirement
Police and Fire Department Retirement
Plan
801 North First Street, Room 216
San Jose, California 95110

Re: GASB 5

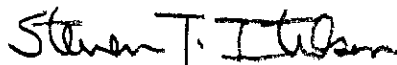
Dear Ed:

We have estimated the Pension Benefit Obligation (PBO) as of July 1, 1988, based on the July 1, 1987 valuation. No census data was collected as of July 1, 1988. The plan of benefits and actuarial assumptions have not been changed. The employer-financed, non-vested PBO was determined as the PBO for non-vested members net of their accumulated contribution accounts. The estimated PBO is as follows as of July 1, 1988:

Retirees, beneficiaries and deferred vested terminated members	\$118,919,000
Current employees: Employee contributions with credited interest	53,019,000
Employer-financed vested	209,943,000
Employer-financed non-vested	34,972,000
Total all participants	<u>\$416,853,000</u>

Please call if you have questions on this material.

Sincerely,



Steven T. Itelson
Fellow, Society of Actuaries

hd

cc: Mary Ellen Dick

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
 INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE -----	SECURITY -----	PERCENT -----	MATURING -----	TOTAL COST -----	MARKET VALUE -----
CASH & CASH EQUIVALENTS -----					
67.000	UNITS OF FHA PROJECT #37	.000		5,423,299	5,737,178.59
5,000,000.000	LOCAL AGENCY INVT FD	.000		5,000,000	5,000,000.00
*TOTAL CAT A					
5,000,067.000				10,423,299	10,737,178.59

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
-----	-----	-----	-----	-----	-----
INTERMEDIATE TERM BONDS					
1,000,000.000	G E CAPITAL CORP	9.469	07/03/89	1,000,000	1,000,000.00
2,000,000.000	G E FINANCIAL SVCS	9.446	07/05/89	2,000,000	2,000,000.00
3,250,000.000	HOUSEHOLD FINANCE	9.266	07/06/89	3,250,000	3,250,000.00
1,650,000.000	CHEVRON OIL FINANCE	9.269	07/12/89	1,650,000	1,650,000.00
750,000.000	ASSOCIATES CORP OF N.A.	9.264	07/12/89	750,000	750,000.00
5,250,000.000	FORD MOTOR CREDIT CORP	9.269	07/13/89	5,250,000	5,250,000.00
1,500,000.000	HOUSEHOLD FINANCE	9.317	07/13/89	1,500,000	1,500,000.00
2,000,000.000	WEYERHAUSER	.000	07/14/89	1,983,689	1,983,688.89
3,500,000.000	EXXON CREDIT CORP	9.340	07/14/89	3,500,000	3,500,000.00
1,000,000.000	G E FINANCIAL SERVICES	9.300	07/19/89	1,000,000	1,000,000.00
1,400,000.000	AMERICAN EXPRESS	9.250	07/19/89	1,400,000	1,400,000.00
3,000,000.000	BARCLAYS AMERICAN	9.280	07/20/89	3,000,000	3,000,000.00
3,700,000.000	ASSOCIATES CORP OF NORTH AMERICA	9.411	07/25/89	3,700,000	3,700,000.00
3,000,000.000	CHEVRON OIL FINANCE	9.421	07/26/89	3,000,000	3,000,000.00
5,600,000.000	SEARS	9.401	07/27/89	5,600,000	5,600,000.00
4,000,000.000	NESTLE CAPITAL CORP	.000	07/28/89	3,970,033	3,970,033.33
1,250,000.000	NORWEST FINANCIAL	9.401	07/28/89	1,250,000	1,250,000.00
4,000,000.000	PEPSICO INC	.000	08/03/89	3,960,839	3,960,838.89
100,000.000	TIME DEP MUNICIPAL EMPLOYEES CR UNION	8.550	08/24/89	100,000	100,000.00
5,500,000.000	UNITED STATES TREAS NTS	7.750	08/31/89	5,498,913	5,492,245.00
2,500,000.000	C/D TEXAS COMMERCE NATL ASSOC	12.000	09/01/89	2,499,442	2,510,025.00
3,000,000.000	UNITED STATES TREAS NTS	11.875	10/15/89	2,999,729	3,025,770.00
3,250,000.000	UNITED STATES TREAS NTS	12.750	11/15/89	3,249,524	3,298,750.00
7,550,000.000	UNITED STATES TREAS BILLS	.000	02/15/90	6,896,539	6,896,539.12
2,050,000.000	SOUTHWESTERN BELL CAP CORP	7.950	04/05/90	2,046,664	2,043,522.00
500,000.000	UNITED STATES TREAS NTS	10.500	04/15/90	499,984	507,655.00
1,750,000.000	UNITED STATES TREAS NTS	11.375	05/15/90	1,747,672	1,793,750.00
3,000,000.000	HOUSEHOLD FIN	8.200	07/16/90	2,998,458	2,974,230.00
5,000,000.000	GENERAL MTRS ACCEP CORP	7.500	08/15/90	5,005,398	4,922,600.00
3,250,000.000	ASSOCIATES CORP OF NORTH AMERICA	8.375	11/15/90	3,217,484	3,228,127.50
1,500,000.000	NCR CORP	9.350	12/13/90	1,500,000	1,513,950.00
3,000,000.000	HERCULES INC	9.600	06/06/91	2,998,783	3,041,400.00
2,000,000.000	U S WEST FINL SVCS	8.850	08/02/91	1,980,805	2,011,000.00
2,500,000.000	EASTMAN KODAK CO	8.750	11/01/91	2,497,719	2,477,125.00
3,000,000.000	GANNETT INC DEL	7.125	11/01/91	2,982,959	2,896,260.00
2,500,000.000	SEARS ROEBUCK & CO	8.000	02/13/92	2,500,000	2,454,750.00
3,000,000.000	UNITED STATES TREAS NTS	9.125	02/15/92	2,996,321	3,070,320.00
2,500,000.000	SEARS ROEBUCK	8.150	02/20/92	2,500,000	2,474,125.00
1,500,000.000	UNITED STATES TREAS NTS	13.750	05/15/92	1,499,545	1,710,930.00
1,000,000.000	INTERNATIONAL BK FOR RECON &	14.750	06/01/92	1,000,000	1,151,970.00

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
 INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
2,750,000.000	GENERAL MTRS ACCEP CORP	8.625	06/15/92	2,745,151	2,733,665.00
2,000,000.000	ONTARIO PROV CDA	14.625	08/31/92	2,000,000	2,321,820.00
*TOTAL CAT B					
112,550,000.000				111,725,653	112,415,089.73

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
LONG TERM BONDS					
2,000,000.000	UNITED STATES TREAS NTS	8.750	08/15/93	1,997,690	2,042,180.00
1,500,000.000	CHEMICAL BK CR CARD TR 1988-A	9.300	09/15/93	1,497,865	1,480,890.00
3,500,000.000	GENERAL MTR ACCEP CORP	8.000	10/15/93	3,491,948	3,404,800.00
2,000,000.000	UNITED STATES TREAS NTS	7.125	10/15/93	1,902,965	1,928,120.00
3,500,000.000	FORD MOTOR CR CORP	8.950	11/08/93	3,415,921	3,425,100.00
5,250,000.000	UNITED STATES TREAS NTS	7.000	04/15/94	5,068,022	5,013,750.00
2,500,000.000	UNITED STATES TREAS NTS	8.000	07/15/94	2,485,453	2,489,850.00
2,500,000.000	ALBERTA PROV CDA	9.250	11/23/94	2,504,817	2,595,050.00
2,750,000.000	MARRIOTT CORP	9.000	05/24/95	2,685,679	2,731,052.50
500,000.000	HOUSEHOLD FIN CORP	7.500	08/01/95	500,000	461,910.00
3,000,000.000	UNITED STATES TREAS NTS	8.625	10/15/95	2,985,427	3,066,570.00
4,000,000.000	FEDERAL HOME LN BKS	7.750	04/25/96	4,015,632	3,843,760.00
2,750,000.000	FORD MTR CR CO	8.250	05/15/96	2,734,519	2,651,467.50
3,000,000.000	UNITED STATES TREAS NTS	7.250	11/15/96	2,710,657	2,850,930.00
3,250,000.000	BECTON DICKINSON & CO	7.875	12/15/96	3,246,956	2,980,185.00
2,500,000.000	TRANAMERICA FINACIAL CORP	7.875	02/15/97	2,473,815	2,362,550.00
650,000.000	MANITOBA PROV CDA	14.750	03/15/97	628,275	786,396.00
3,000,000.000	UNITED STATES TREAS NTS	8.625	08/15/97	2,937,498	3,081,570.00
3,250,000.000	UNITED STATES TREAS NTS	8.875	11/15/97	3,229,080	3,388,125.00
1,500,000.000	HERSHEY FOODS CORP	8.875	02/03/98	1,500,000	1,493,205.00
2,750,000.000	UNITED STATES TREAS NOTES	8.125	02/15/98	2,572,702	2,743,977.50
350,000.000	EXXON CORP	6.500	07/15/98	350,000	303,625.00
404,827.010	FEDERAL NATL MTG ASSN	11.500	08/01/98	401,963	424,181.79
200,000.000	BETHLEHEM STL CORP	6.875	03/01/99	199,604	153,250.00
18,405,699.910	GOVERNMENT SECURITIES STIF- GEBT	6.820	12/31/99	18,405,700	18,405,699.91
1,000,000.000	GENERAL MTRS ACCEP CORP	8.750	02/01/00	997,827	974,950.00
1,503,438.900	FEDERAL HOME LN MTG CORP	17.000	10/01/01	1,455,146	1,452,697.84
525,000.000	MOBIL OIL CORP	7.375	10/01/01	525,000	467,391.75
500,000.000	PROCTER & GAMBLE CO	7.000	05/15/02	497,863	440,000.00
14,000,000.000	TINT 08/15/2002	.000	08/15/02	5,542,924	4,884,460.00
500,000.000	UNITED STATES TREAS BDS	10.750	05/15/03	502,611	604,220.00
181,539.170	GOVERNMENT NATL MTG ASSN	6.500	06/15/03	171,832	161,965.62
8,000,000.000	TREASURY INVT GROWTH RCPTS	.000	11/15/03	2,856,899	2,456,880.00
1,000,000.000	ILLINOIS BELL TEL CO	8.000	12/10/04	995,870	947,790.00
500,000.000	BETHLEHEM STL CORP	8.450	03/01/05	500,000	416,250.00
1,250,000.000	GENERAL MTRS ACCEP CORP	8.250	11/15/06	1,178,668	1,165,837.50
500,000.000	BRITISH COLUMBIA HYDRO & PWR	8.625	12/01/06	2,340,356	2,407,375.00
314,613.890	GOVERNMENT NATL MTG ASSN	8.000	12/15/06	318,135	297,407.66
367,680.910	GOVERNMENT NATL MTG ASSN	8.000	12/15/06	372,086	347,572.44
398,130.740	GOVERNMENT NATL MTG ASSN	8.000	12/15/06	396,843	376,356.97

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
346,994.880	GOVERNMENT NATL MTG ASSN	8.000	01/15/07	351,271	328,017.73
3,000,000.000	HOME MAC MTG SECS CORP	7.900	03/01/07	2,636,344	2,709,375.00
520,230.130	FEDERAL HOME LN MTG CORP	16.000	06/01/07	451,444	486,415.17
3,978,967.370	FEDERAL NATL MTG ASSN	7.500	07/01/07	3,783,530	3,633,274.68
2,542,042.070	FEDERAL NATL MTG ASSN	8.000	04/01/08	2,452,098	2,372,030.30
1,274,113.690	FEDERAL NATL MTG ASSN	6.500	09/01/08	1,010,049	1,125,997.97
2,116,182.890	FEDERAL HOME LN MTG CORP	17.000	10/01/08	1,807,715	2,013,018.97
1,782,215.010	FEDERAL HOME LN MTG CORP	16.000	12/01/08	1,636,853	1,657,459.96
909,209.810	FEDERAL HOME LN MTG CORP	20.500	11/01/09	804,485	916,592.59
522,053.130	FEDERAL NATL MTG ASSN	8.000	01/01/10	440,495	487,138.22
3,600,000.000	FEDERAL NATL MTG ASSN	9.050	02/25/10	3,583,622	3,526,875.00
438,774.860	FEDERAL NATL MTG ASSN	8.500	08/01/11	367,086	419,166.01
3,000,000.000	FEDERAL HOME LN MTG CORP	9.450	09/15/11	2,977,164	2,969,062.50
2,500,000.000	NEW YORK TEL CO	8.300	08/15/12	2,376,916	2,365,500.00
1,500,000.000	COLLATERALIZED MTG OBLIG	5.000	09/20/12	1,256,829	1,323,750.00
471,727.190	FEDERAL NATL MTG ASSN	11.750	08/01/13	440,309	491,775.60
515,684.350	FEDERAL HOME LN MTG CORP	24.000	02/01/14	526,020	543,402.38
5,000,000.000	NEW YORK TEL CO	8.250	10/15/15	4,629,665	4,661,200.00
2,500,000.000	SOUTHERN BELL TEL & TELEG CO	8.250	04/15/16	2,326,336	2,434,400.00
6,786,242.760	FEDERAL HOME LN MTG CORP	18.000	06/01/16	6,698,712	6,565,689.87
2,000,000.000	GUARANTEED MTG CORP II	8.450	07/01/16	1,831,325	1,851,250.00
5,680,479.580	GOVERNMENT NATL MTG ASSN	9.000	09/15/16	5,648,517	5,556,190.69
3,000,000.000	ANHEUSER BUSCH COS INC	8.625	12/01/16	3,020,731	2,797,890.00
5,000,000.000	K MART CORP	8.375	01/15/17	4,798,413	4,489,150.00
5,000,000.000	PHILIP MORRIS COS INC	8.375	01/15/17	4,838,681	4,547,150.00
2,921,096.520	GS TR 7	9.100	04/27/17	2,851,929	2,911,968.09
4,750,000.000	SOUTHERN BELL TEL & TELEG CO	8.125	05/01/17	4,425,749	4,400,020.00
5,489,629.420	GOVERNMENT NATL MTG ASSN	8.000	06/15/17	5,050,008	5,113,919.18
1,861,547.730	GOVERNMENT NATL MTG ASSN	8.000	08/15/17	1,720,312	1,734,143.40
5,923,645.150	ML TR V	6.000	03/20/18	5,206,192	4,963,126.09
3,000,000.000	PRUDENTIAL BACHE	7.965	03/01/19	2,548,984	2,634,375.00
3,750,000.000	SOUTHWESTERN BELL TEL CO	8.625	04/15/20	3,693,380	3,565,612.50
2,500,000.000	FEDERAL HOME LN MTG CORP	8.000	06/15/20	2,351,500	2,437,500.00
7,500,000.000	PACIFIC BELL	8.750	08/15/25	7,221,970	7,175,475.00
*TOTAL CAT C					
209,231,767.070				188,358,881	186,717,261.89

BOND & PREFERRED CONVERTIBLES

350,000.000	USX CORP	5.750	07/01/01	345,648	262,062.50
*TOTAL CAT D					
350,000.000				345,648	262,062.50

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
COMMON STOCKS					
13,500.000	AMR CORP DEL COM	.000		673,133	825,187.50
20,000.000	ARCO CHEM CO COM	2.500		646,360	682,500.00
11,000.000	ABBOTT LABS COM	1.400		535,865	638,000.00
21,000.000	AETNA LIFE & CAS CO COM	2.760		1,168,662	1,162,875.00
62,000.000	AHMANSON H F & CO COM	.880		1,195,715	1,364,000.00
26,000.000	AIR PRODS & CHEMS INC COM	1.320		1,035,940	1,043,250.00
33,000.000	ALLIED SIGNAL INC COM	1.800		1,246,132	1,089,000.00
39,000.000	ALUMINUM CO AMER COM	2.720		1,896,721	2,500,875.00
30,200.000	AMERICAN CYANAMID CO COM	1.350		1,315,253	1,611,925.00
34,000.000	AMERICAN EXPRESS CO COM	.840		877,639	1,130,500.00
11,300.000	AMERICAN HOME PRODS CORP COM	3.900		955,562	1,065,025.00
31,000.000	AMERICAN INTL GROUP INC COM	.480		2,263,811	2,538,125.00
10,000.000	AMP INC COM	1.200		642,150	407,500.00
30,000.000	AMOCO CORP COM	1.900		1,092,203	1,323,750.00
79,000.000	ARCHER DANIELS MIDLAND CO COM	.100		1,647,473	2,251,500.00
28,000.000	ARMSTRONG WORLD INDS INC COM	1.060		617,994	1,242,500.00
29,000.000	ASHLAND OIL INC COM	1.000		837,571	1,120,125.00
15,000.000	AUTOMATIC DATA PROCESSING INC COM	.600		655,350	601,875.00
79,000.000	BANK NEW ENGLAND CORP COM	1.360		2,415,946	1,688,625.00
10,000.000	BANKERS TR N Y CORP COM	2.080		478,410	481,250.00
49,000.000	BARNETT BKS INC COM	1.200		1,686,670	1,776,250.00
33,000.000	BORDEN INC COM	1.800		941,685	2,190,375.00
16,000.000	BROWNING FERRIS INDS INC COM	.560		212,720	532,000.00
14,400.000	BURLINGTON RES INC	.580		367,200	651,600.00
11,500.000	CATERPILLAR INC DEL	1.200		679,020	667,000.00
35,000.000	CHRYSLER CORP COM	1.200		1,178,778	866,250.00
16,500.000	CHUBB CORP COM	2.320		957,224	1,128,187.50
30,000.000	COASTAL CORP COM	.400		1,027,075	1,237,500.00
10,000.000	COCA COLA CO COM	1.360		375,455	563,750.00
30,000.000	COLUMBIA GAS SYS INC COM	2.000		949,252	1,402,500.00
22,500.000	COMMUNITY PSYCHIATRIC CTRS	.360		571,770	680,625.00
30,000.000	CONSOLIDATED RAIL CORP	1.200		942,363	1,080,000.00
30,000.000	COOPER INDS INC COM	1.000		944,175	945,000.00
30,750.000	CYPRUS MINERALS CORP COM	.800		807,185	757,218.75
20,000.000	DATA GEN CORP COM	.000		912,278	342,500.00
7,000.000	DIGITAL EQUIP CORP COM	.000		1,040,110	642,250.00
5,000.000	WALT DISNEY CO COM	.480		108,969	473,125.00
11,000.000	DOW CHEM CO COM	3.200		767,301	924,000.00
27,000.000	DRESSER INDS INC COM	1.000		851,850	1,103,625.00
16,000.000	DU PONT E I DE NEMOURS & CO COM	4.200		1,568,454	1,740,000.00

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
9,000.000	DUN & BRADSTREET CORP COM	2.000		497,910	514,125.00
33,500.000	EASTMAN KODAK CO COM	2.000		1,508,883	1,574,500.00
18,000.000	EATON CORP COM	2.000		735,214	1,089,000.00
20,000.000	ECHLIN INC COM	.700		365,550	335,000.00
18,000.000	EMERSON ELEC CO COM	1.120		605,040	609,750.00
18,400.000	EXXON CORP COM	2.200		861,911	809,600.00
30,000.000	FEDERAL NATL MTG ASSN COM	1.280		1,215,337	2,673,750.00
42,000.000	FLEET/NORSTAR FINL GROUP INC	1.280		1,036,145	1,134,000.00
23,000.000	FORD MTR CO DEL COM	3.000		1,003,884	1,115,500.00
20,000.000	GANNETT INC COM	1.080		775,650	872,500.00
41,800.000	GENERAL ELEC CO COM	1.640		1,329,626	2,157,925.00
9,000.000	GENERAL MLS INC COM	2.200		507,519	583,875.00
17,400.000	GENERAL RE CORP COM	1.360		1,125,201	1,135,350.00
9,600.000	GENERAL SIGNAL CORP COM	1.800		476,610	531,600.00
22,500.000	GENUINE PARTS CO COM	1.200		673,205	877,500.00
13,400.000	GEORGIA GULF CORP COM	1.000		524,310	509,200.00
10,800.000	GERBER PRODS CO COM	1.600		598,660	831,600.00
18,000.000	GOODYEAR TIRE & RUBR CO COM	1.800		1,090,068	940,500.00
11,000.000	GREAT NORTHN NEKOOSA CORP COM	1.320		415,540	412,500.00
15,000.000	HONEYWELL INC COM	2.100		950,867	1,100,625.00
19,000.000	IMC FERTILIZER GROUP INC COM	1.080		853,952	636,500.00
19,000.000	ITT CORP COM	1.480		1,083,120	1,080,625.00
35,000.000	INCO LTD COM	.800		1,088,050	953,750.00
23,000.000	INTERNATIONAL BUSINESS MACHS CORP COM	4.840		2,881,514	2,573,125.00
.000	INTERNATIONAL PAPER CO COM	1.480		0	.00
57,000.000	JAMES RIV CORP VA COM	.600		1,831,427	1,724,250.00
41,000.000	JOHNSON & JOHNSON COM	1.160		1,788,153	1,962,875.00
53,000.000	K MART CORP COM	1.640		1,804,092	1,908,000.00
31,250.000	KEYSTONE INTL INC COM	.560		588,675	558,593.75
23,000.000	LOCKHEED CORP COM	1.800		1,117,584	1,101,125.00
12,000.000	LOEWS CORP COM	1.000		684,763	1,311,000.00
40,000.000	LUBRIZOL CORP COM	1.360		1,565,997	1,665,000.00
.000	MACMILLAN INC COM	.800		0	.00
20,000.000	MCDONALDS CORP COM	.321		491,499	585,000.00
9,000.000	MCGRAW HILL INC COM	2.000		622,665	626,625.00
23,400.000	MEAD CORP COM	.880		804,313	909,675.00
8,000.000	MEDTRONIC INC COM	1.400		804,807	771,000.00
28,000.000	MERCK & CO INC COM	1.640		595,163	1,872,500.00
10,000.000	MINNESOTA MNG & MFG CO COM	2.600		565,450	710,000.00
34,000.000	MOBIL CORP COM	2.600		1,434,495	1,678,750.00
11,000.000	MONSANTO CO COM	3.400		1,045,660	1,159,125.00
26,500.000	MORGAN J P & CO INC COM	1.660		815,510	1,010,312.50
19,500.000	MORGAN STANLEY GROUP INC COM	.900		850,378	1,267,500.00

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
-----	-----	-----	-----	-----	-----
39,800.000	MOTOROLA INC COM	.760		1,774,888	2,094,475.00
18,500.000	NCR CORP COM	1.320		1,391,809	971,250.00
40,000.000	NATIONAL MED ENTERPRISES INC COM	.680		915,838	1,245,000.00
15,000.000	NYNEX CORP COM	4.360		800,226	1,181,250.00
25,000.000	PPG INDS INC COM	1.520		877,562	1,103,125.00
40,000.000	PACIFIC GAS & ELEC CO COM	1.400		705,323	810,000.00
21,000.000	PACIFICORP COM	2.760		784,787	845,250.00
12,000.000	PARAMOUNT COMMUNICATIONS INC	.700		288,450	711,000.00
38,400.000	PENNEY J C INC COM	2.240		1,239,457	2,131,200.00
20,000.000	PEPSICO INC COM	1.000		700,170	1,065,000.00
20,000.000	PERKIN ELMER CORP COM	.680		761,415	490,000.00
16,500.000	PFIZER INC COM	2.200		866,490	946,687.50
36,000.000	PHILIP MORRIS COS INC COM	4.500		2,063,292	4,990,500.00
27,000.000	PLACER DOME INC COM	.300		533,194	371,250.00
18,000.000	POTLATCH CORP COM	1.040		447,204	625,500.00
16,380.000	PREMIER INDL CORP COM	.480		511,668	507,780.00
5,300.000	PROCTER & GAMBLE CO COM	3.200		487,256	574,387.50
15,000.000	QUAKER OATS CO COM	1.200		661,548	933,750.00
7,000.000	RAYTHEON CO COM	2.200		510,980	508,375.00
.000	RITE AID CORP COM	.820		0	.00
32,000.000	ROYAL DUTCH PETE CO	3.316		1,505,499	2,008,000.00
10,000.000	ST JUDE MED INC COM	.000		247,500	348,750.00
15,000.000	SALOMON INC COM	.640		730,235	365,625.00
30,000.000	SCHLUMBERGER LTD COM	1.200		1,200,354	1,192,500.00
26,000.000	SCOTT PAPER CO COM	.800		641,530	1,163,500.00
.000	SMITHKLINE BECKMAN CORP COM	1.840		0	.00
20,000.000	SOUTHWEST AIRLS CO COM	.140		476,900	545,000.00
28,000.000	SQUIBB CORP COM	2.000		1,796,337	2,131,500.00
20,000.000	STONE CONTAINER CORP COM	.720		689,300	507,500.00
25,000.000	STUDENT LN MARKETING ASSN	1.000		499,117	1,002,500.00
20,000.000	SUNDSTRAND CORP COM	1.800		1,029,200	1,322,500.00
20,000.000	SUNTRUST BKS INC COM	.760		481,800	480,000.00
20,000.000	SYSCO CORP COM	.360		636,670	947,500.00
23,000.000	TRW INC COM	1.770		1,116,365	989,000.00
14,000.000	TAMBRANDS INC COM	2.040		876,925	843,500.00
24,000.000	TANDY CORP COM	.600		982,900	1,071,000.00
42,500.000	TEXTRON INC COM	1.000		1,238,157	1,089,062.50
29,000.000	TRAVELERS CORP COM	2.400		1,297,540	1,178,125.00
19,500.000	UNION CAMP CORP COM	1.480		836,982	684,937.50
33,500.000	UNISYS CORP COM	1.000		776,290	824,937.50
21,500.000	U S AIR GROUP INC COM	.120		788,048	978,250.00
17,000.000	U S WEST INC COM	3.760		796,735	1,173,000.00
24,000.000	UNITED TECHNOLOGIES CORP COM	1.600		1,025,357	1,206,000.00

SAN JOSE POLICE & FIRE CITY EMPLOYEE RETIREMENT SYSTEM
INVESTMENT HELD AS OF JUNE 30, 1989

MATURITY VALUE	SECURITY	PERCENT	MATURING	TOTAL COST	MARKET VALUE
58,000.000	UPJOHN CO COM	.880		1,959,226	1,732,750.00
23,000.000	WARNER LAMBERT CO COM	2.560		1,244,105	2,029,750.00
33,000.000	WASTE MGMT INC COM	.600		1,034,616	1,703,625.00
20,000.000	WENDYS INTL INC COM	.240		346,800	117,500.00
32,000.000	WESTINGHOUSE ELEC CORP COM	2.400		1,028,346	1,984,000.00
.000	WHITMAN CORP	1.020		0	.00
21,000.000	WOOLWORTH F W CO COM	1.880		999,202	1,086,750.00
12,000.000	XEROX CORP COM	3.000		709,255	748,500.00
*TOTAL CAT E 3,143,580.000				122,014,660	143,907,217.50
REAL ESTATE					
5,830,402.110	REAL ESTATE PROPERTY	.000		5,830,402	5,830,402.11
6,253,361.230	REAL ESTATE PPTY	.000		6,269,638	6,253,361.23
2,750,000.000	REAL ESTATE PROPERTY	.000		2,768,097	2,925,000.00
4,862,500.000	REAL ESTATE PROPERTY	.000		4,888,985	4,862,500.00
*TOTAL CAT F 19,696,263.340				19,757,123	19,871,263.34
TOTAL 349,971,677.410				452,625,264	473,910,073.55

SAN JOSE POLICE & FIRE CITY EMPLOYEES RETIREMENT SYSTEM
INDUSTRY ANALYSIS OF EQUITIES
AS OF JUNE 30, 1989

	MARKET VALUE	% OF PORTFOLIO
	-----	-----
BUILDING-FOREST PRODUCTS	625,500	.43
CHEMICAL	11,074,625	7.70
METALS-ALUMINUM	2,500,876	1.74
METALS-OTHER	1,325,000	.92
PAPER	5,738,363	3.99
 *TOTAL BASIC INDUSTRY STOCK		
	21,264,364	14.78
 AEROSPACE	2,815,501	1.96
ELECTRICAL EQUIPMENT	6,363,901	4.42
ELECTRONICS	4,080,975	2.84
MACHINERY-OTHER	6,674,783	4.64
OFFICE EQUIPMENT	7,805,064	5.42
POLLUTION CONTROL	2,235,625	1.55
 *TOTAL CAPITAL GOODS STOCK		
	29,975,849	20.83
 AUTOMOTIVE	4,283,250	2.98
TIRE AND RUBBER	940,500	.65
 *TOTAL CONSUMER DURABLE STOCK		
	5,223,750	3.63
 BEVERAGE	1,628,750	1.13
CONTAINER	507,500	.35
FOOD	7,738,600	5.38
HOTEL-RESTAURANT	702,500	.49
LEISURE RECREATION	473,125	.33
PHOTOGRAPHIC	2,284,500	1.59
PUBLISHING	2,013,250	1.40
RETAILING	6,196,951	4.31
SOAP	574,388	.40
TOBACCO	4,990,500	3.47
TV-RADIO BROADCASTERS	711,000	.49
 *TOTAL CONSUMER NON-DURABLE STOCK		
	27,821,064	19.33
 OIL-INTERNATIONAL	4,496,350	3.12
OIL-DOMESTIC	2,732,569	1.90
OIL-SERVICE	3,550,125	2.47
 *TOTAL ENERGY RELATED STOCK		
	10,779,044	7.49

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SAN JOSE POLICE & FIRE CITY EMPLOYEES RETIREMENT SYSTEM
INDUSTRY ANALYSIS OF EQUITIES
AS OF JUNE 30, 1989

	MARKET VALUE	% OF PORTFOLIO
BANKS	5,436,439	3.78
BUILDING-OTHER	1,242,500	.86
FINANCE	5,175,876	3.60
INSURANCE	9,584,164	6.66
INVESTMENT COMPANIES	1,267,500	.88
SAVINGS AND LOAN	1,364,000	.95
*TOTAL FINANCE AND BUILDING STOCK	24,070,479	16.73
DRUG	10,416,213	7.24
MEDICAL SUPPLY AND SERVICES	5,008,251	3.48
*TOTAL HEALTH CARE STOCK	15,424,464	10.72
MISCELLANEOUS	507,780	.35
*TOTAL MISCELLANEOUS STOCK	507,780	.35
TRANSPORTATION-AIR TRANSPORT	2,348,438	1.63
TRANSPORTATION-OTHER	1,080,000	.75
*TOTAL TRANSPORTATION STOCK	3,428,438	2.38
UTILITY-ELECTRIC	1,655,250	1.15
UTILITY-NATURAL GAS	1,402,500	.97
UTILITY-TELEPHONE	2,354,250	1.64
*TOTAL UTILITY STOCK	5,412,000	3.76
TOTAL	143,907,232	100.00

BOARD OF ADMINISTRATION
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
INVESTMENT POLICY STATEMENT

GENERAL ENVIRONMENT

It is the policy of the San Jose Police and Fire Department Retirement Plan to effect economy and efficiency in the public service by providing a means whereby employees who become super-annuated or otherwise incapacitated, without hardship or prejudice, may be replaced by more capable employees, and to that end provide a retirement plan consisting of retirement allowances and death benefits.

Investments in such Retirement Plan are subject to the restrictions specified in the San Jose Retirement Code 3.36.540. Further investment management guidelines are imposed by the Retirement Board.

INVESTMENT GUIDELINES

General

The Board Shall:

- (1) Require that the Retirement System be fully funded to assure that all disbursement obligations will be met.
- (2) Attempt to insure that investment earnings be sufficiently high to provide a funding source, along with contributions from City employees and the City, in order to offset liabilities in perpetuity.
- (3) Strive for the highest total return on invested funds consistent with safety in accordance with accepted investment practices.

Fixed Income

The Board shall require that the majority of the portfolio be invested in high quality, marketable bonds as provided in Section 3.36.540. Specifically, retirement funds may be invested only in bonds that meet one or more of the following criteria:

- (1) Securities which are legal investment for Savings Banks in California or Massachusetts or New York.
- (2) Bonds which are direct obligations of, or secured by the full faith and credit of, the Dominion of Canada or any of its provinces, cities, or municipal corporations.
- (3) Bonds guaranteed by any solvent corporation which are not in default either as to principal and interest provided:
 - (a) In the case of public utilities, net earnings available for fixed charges for the previous five fiscal years have averaged

not less than two times average fixed charges after depreciation and taxes, and net earnings during either of the last two years have been not less than two times fixed charges.

- (b) In the case of finance companies, net earnings in the last five fiscal years have averaged one and one-half times average fixed charges, and during either of the last two years, net earnings have not been less than one and one-half times fixed charges.
- (c) In the case of any solvent institution other than those described above, the net earnings for its fixed charges for the last five fiscal years have averaged per year not less than three times its average annual fixed charges; and during either of the last two years, net earnings have not been less than three times its fixed charges.

(4) Public Improvement Bonds of San Jose.

Active bond management, including the use of bond swaps to improve total yield, is encouraged. In pursuing this objective, it is possible that certain transactions will temporarily lower the return or change the maturity of the portfolio. Transactions of this type are allowed as long as an optimum balance is achieved between yield to maturity, quality, and marketability based on expected market changes.

Common Stock

The primary emphasis of the common stock portfolio will be on high quality, readily marketable securities offering potential for above average growth as protection against inflation. The maximum amount of common stock to be held is 40% of the Fund's assets valued at cost. Common stock investments are limited to those meeting all of the following criterial as set forth in Section 3.36.540:

- (1) 96% of stocks must be registered on a national exchange, although this is not required with preferred stocks or banks and insurance companies which have a net worth of at least \$50 million.
- (2) Corporation must have total assets of at least \$50 million or gross sales of at least \$150 million and at least 5 million shares of common stock outstanding.
- (3) 90% of stocks pay a cash dividend in each of five years next preceding the date of the investment.
- (4) Investment in any corporation shall not exceed 5% of the outstanding shares of the corporation.
- (5) Not more than 5% of the total assets at cost may be invested in preferred stocks.
- (6) Not more than 2% of the total fund at cost shall be invested in the common stock of any corporation.
- (7) Each common and preferred stock purchase must be approved by independent investment counsel.

- (8) Securities issued by corporations doing business in South Africa must be with corporations that are signatories to the "Statement of Principles" and which have received compliance monitoring rating of Category I or Category II.

Real Estate

The Board may elect to invest in commercial, industrial, and residential real estate or real estate related debt instruments provided that:

- (1) The real estate is defined as any real property within the United States improved by multifamily dwelling, industrial or commercial buildings.
- (2) Real estate related debt instruments shall be defined as first mortgages.
- (3) The fund shall at no time:
 - a. Invest directly or indirectly more than 25% of the fund's assets, valued at cost, in real estate investment as defined hereinabove; nor,
 - b. Invest directly or indirectly more than 5% of the fund's assets, valued at cost, in any one property, project, or debt instrument regardless of the manner of investment.
- (4) The investment advisors employed by the Board to assist in the location and acquisition of real estate must bring their proposal to the Board for approval. Any such proposal must be approved by an affirmative vote of four (4) of the Board members before any funds may be invested.

Credit Unions

No retirement fund monies shall be deposited in any such institution in excess of an amount insured by an agency of the Federal Government, and shall be made only if the rate of return and degree of safety offered are competitive with other investment opportunities.

Supervision

The Investment Counsel shall continually supervise the investment securities in the Fund, and shall initiate such recommendations for purchase, sale, substitution, redemption, or conversion of securities as it should deem advisable.

Performance Goals

Investment performance will be measured quarterly but it is not expected that the performance goals identified below will be satisfied in any single quarter or year. It is, however, expected that these goals will be satisfied over a full market cycle or, if shorter, a five-year period.

Common stocks will outperform two of the following three measures:

- (1) Standard and Poor's 500 Index
- (2) New York Stock Exchange Index
- (3) SEI Equity Median (300 Institutional Funds)

Fixed income investments will outperform one of the following two measures:

- (1) SEI Median Bond Index
- (2) Shearson Lehman Government-Corporate Bond Index

Investment Reports

The Investment Counsel meets with the Board to discuss the economy and the security markets to assist the Board in determining and re-examining basic investment policies.

The Investment Counsel reviews the policies between meetings in light of changing market conditions or changes in the requirements of the Fund and recommends the appropriate action to the Board.

The Investment Counsel prepares quarterly appraisals giving a listing of securities held and showing the composition, average cost, and market values of the assets under supervision.

Investment Advisors, Inc.

ECONOMIC AND MARKET REVIEW

SUMMER 1989

ECONOMIC AND MARKET REVIEW

After six and one-half years of erratic business expansion, the outlook in the second half of 1989 is for slow economic growth of 2.0% or less. The inevitable question is whether this slowdown will lead to a recession. Evidence of a downshift to a sluggish economy comes from weakened consumption resulting from higher gasoline prices, large final income tax payments in April, slowing job growth in the last few months, and higher interest rates caused by tight monetary policy. In addition, the manufacturing economy declined in June for the second consecutive month as the surging dollar impacted export growth. Looking ahead, an expected slowdown in export trade will exert a drag on real gross national product in the second half of the year. The slowdown in consumer spending has been concentrated in goods purchased rather than services resulting in weaker factory orders plus involuntary inventory accumulation. Current evidence does not indicate that the economy is unraveling.

The U.S. economy has been amazingly resilient because rolling recessions have been experienced in various sectors and regions. Initially, it was agriculture, then the oil patch and then the industrial heartland. Eventually, agriculture recovered from the grain embargo. The declining value of the dollar made agriculture and U.S. manufactured goods more competitive. Oil prices bottomed and then rebounded. Now the interest sensitive areas such as real estate and autos are correcting their excesses. This type of environment fosters a lengthy economic cycle without the traditional inventory and speculative excesses that, in the past, have led to a policy induced recession to cleanse the system.

Concerns over inflation remain in the forefront. An economy that has reached a high level of resource utilization creates its own inflation momentum. All-inclusive data indicate that wholesale inflation advanced at a 7.6% annual rate for the first six months and consumer inflation at a 6.7% annual rate for the first five months of 1989. The inflationary problems were primarily in food and fuel, and they are expected to moderate in the second half. Inflation at the wholesale level is now showing signs of ebbing because of slower demand and price resistance. But, inflation is expected to remain a stubborn problem through the remainder of 1989. For the year, wholesale inflation is forecast to approximate 6.0% versus 4.0% in 1988. Consumer inflation is expected to approximate 5.0% versus 4.4% in 1988. By comparison, wholesale inflation is currently 6.2% and consumer inflation is 5.4% on a trailing twelve month basis. During the second quarter, widespread rain helped to alleviate drought problems in many agricultural areas. Also, energy prices stabilized after rising significantly in the first quarter. Whenever an economic cycle approaches maturity, there is a risk that inflation will accelerate because tight labor and high capacity utilization lead to wage and price pressures. Slower economic growth is the normal containment remedy. Dollar strength, in contrast to dollar weakness, is a present day factor that has also exerted a dampening influence on inflation.

The preferred path for the U.S. economy has been a "soft landing" in which there is a slowdown in growth that avoids a recession. Short-term interest rates are the primary policy tool to achieve the desired objective. An extended period of rising rates was necessary in order to slow the economy and to stamp out growing inflationary pressures. Short-term rates had backed up for fifteen months prior to modest Fed ease in early June. The current Federal Reserve commentary acknowledges that economic activity

for most of the nation continues to advance, but at ebbing rates of expansion. The positive tone in the stock market along with softening commodity prices supports the soft landing thesis. The current level of rates suggests that the Fed will ease short term rates gradually.

A growing concern is that a recession or "hard landing" might occur either accidentally or on purpose. Money supply has been shrinking for a number of months, and every post-war recession has been preceded by tight monetary policy. The monetarists believe that monetary data support the view that inflation is likely to decline sharply over the next several years. Should this occur, interest rates would also decline significantly. The major risk of a recession is near-term should the momentum of the economy decelerate sharply. However, it should be noted that there is no political mandate for a recession and none of the traditional reasons to induce one. Further, excess debt creation during the 1980's poses a monumental challenge to the policy makers in the event of a recession. Several closely watched economic indicators are decelerating, but not yet to a point that forecasts a recession. Industrial sector operating momentum is receding. Unemployment insurance claims have not reached a critical level. Concern has been expressed that readings below 50% in the Purchasing Managers Composite Index signal a slowing economy, but not until the Purchasing Managers Composite Index reaches 43% has there been an 80% correlation with a recession. To counter the recession risk, the Fed eased monetary policy in early June.

Will economic growth decelerate, stabilize and then resume? This would occur should short-term rates decline significantly if the Fed over-reacted in easing monetary policy in response to signs of economic weakness but prior to a deceleration in year over year inflation. Should this occur, long-term interest rates would eventually back-up because of the concern of renewed inflationary pressures from wages and the decline in the value of the dollar. This happened following the 1985-86 economic contraction, but then a cutback in production coupled with a reduction in inventories provided the basis for the recent period of economic acceleration. Following the stock market crash in October 1987, a recession was also avoided because the Fed eased monetary conditions. A gradual easing in monetary policy and a rebound in consumer spending now has the prospect of containing the slowdown in economic activity.

The recent currency volatility has worldwide economic implications as well as significant ramifications for dollar denominated financial assets. The United States has recently benefited from conditions that created dollar strength. With all their problems and uncertainties, international investors began to regard the United States as the stable and safe place to invest. Bond and stock markets have witnessed the positive side of the foreign capital flight into dollar denominated assets, with the dollar advancing 25% in value during the first half of 1989. The immediate effect was the foreign purchase of dollars and dollar assets, followed by the rise of stock and bond prices and the decline in commodity prices. The dollar rally also enabled the Federal Reserve to move towards a more flexible monetary policy. The dark side of dollar strength is that it drove up inflation and interest rates outside the United States. Factors influencing the dollar other than market sentiment include relative monetary policy, relative prices, the trade and current account deficit, and interest rate differentials. Currency volatility adds a new dimension to the worldwide investment decision making process.

Summer, 1989

ECONOMIC ENVIRONMENT

- o Eightieth month of the economic expansion
- o Late economic cycle symptoms
 - Uncertainty on state and direction of the economy
 - Economy near full employment
 - Wage and price pressures
 - Restrictive monetary policy until early June
 - Inverted yield curve until early July
- o Economic activity moderating
 - Slowing manufacturing
 - Sluggish construction
 - Mixed retail sales, with autos soft
 - Purchasing Managers Index at 48%
 - Decline in Leading Economic Indicators three of the past four months
- o Dollar strength a second quarter positive
 - Reduced commodity prices
 - Reduced cost of imported goods
 - Attracted foreigners to U.S. markets
- o Dollar outlook changing
 - Exports growing at a slower pace
 - Oil prices stabilized
 - Interest rate differentials narrowed
 - Coordinated Central Bank intervention
- o Reasons to avoid a recession
 - Budget deficit worsens significantly
 - Capital spending evaporates
 - Corporate profits plunge
 - Unemployment rises dramatically
 - The debt burden bailouts become monumental

Summer, 1989

FIXED INCOME

Comments and Strategy

On June 6, 1989, the Federal Reserve Board eased credit conditions by allowing the Federal Funds rate to fall for the first time in fifteen months. This move was made in reaction to indications of a slowing economy and a surging dollar. Monetary policy began tightening in February 1988 in order to contain economic growth and rising inflationary pressures. During the intervening months the Federal funds rate advanced from 6 1/2% to 9 7/8%. The subsequent reduction of twenty-five basis points in the funds rate signaled that interest rate pressures had abated.

The dollar surge in May was a major reversal in what had been a weak currency for the past four years. Foreigners bid up the dollar 25% because of global political and economic uncertainty. A rising dollar, in concert with declining foreign currencies, drove foreign investors into U.S. financial assets causing a second quarter surge in bond prices. Declining interest rates were also helped by indications that the economy was decelerating more abruptly than anticipated. The strength in the dollar has helped avoid further monetary policy tightening. The inflation dampening effect of a strong dollar allows flexibility of monetary policy in order to prevent the economic downturn from intensifying into a recession.

Long-term interest rates declined in the second quarter while the yield curve remained inverted. This indicated that bond investors were confident that the restrictive monetary policy would eventually contain inflationary pressures. As evidence accumulated that the economy was weakening and monetary policy was likely to become less restrictive, maturities were extended. A portion of assets remained invested in high-yielding, short-term agencies pending verification that the initial easing in monetary policy represented a longer term policy shift toward easing credit conditions. This environment would benefit the short to intermediate sector of the yield curve. A monetary policy move in this direction is expected to be gradual in order not to renew inflationary pressures or to accelerate economic growth.

In the post-war period every recession has been preceded by an inverted yield curve with yields on short-term securities higher than yields on long-term securities. For example, after the long economic expansion of the 1960's, monetary policy eased and interest rates declined as the economy slowed. Then, economic growth reaccelerated, inflationary pressures intensified, thereby leading to another period of monetary tightening and another yield curve inversion. This is the risk in attempting to prolong the economic expansion.

Since there is no mandate for a recession, monetary policies are being formulated and implemented to sustain economic growth. Investors will be watching to see the effect this will have on the inflation and the interest rate outlook in the months ahead. In the meantime, an environment in which the prime rate is declining is positive for bond investors.

Summer, 1989

FIXED INCOME ENVIRONMENT

- o What has changed?
 - Economic growth decelerated
 - Inflation concern turned to inflation optimism
 - Dollar broke out of its trading range to the upside
 - Foreign investors stampeded into dollar denominated assets
 - Bond yields fell below their 8 3/4% to 9 1/4% trading range
- o Monetary condition preceding the change
 - Money growth slowed
 - Fed funds rose 325 basis points
 - Yield curve inverted
- o Dollar surge the dominant market factor because of
 - Trade deficit improvement
 - Political instability overseas
 - Diverging world economies
 - Arbitrage opportunities between financial markets
- o Monetary policy reaction
 - Changed from tight to less restrictive
 - Federal Funds rate decline of twenty-five basis points
 - Flattening of yield curve
- o Bond Market Risk
 - Interest rates traditionally peak after the onset of a recession
 - Long bonds at 8% and 5% CPI = 3% real interest rates
 - Inflationary pressures do not ease significantly
- o Conditions that would cause significantly lower interest rates
 - Dollar strength
 - Economic recession
 - Declining industrial commodity prices
 - Declining inflation
 - Relaxing of monetary policy

Summer, 1989

STOCK MARKET

Comments and Strategy

The stock market has maintained a steady upward advance since the October 19, 1987 decline. Record corporate profits in 1987 and 1988 produced strong earnings growth. This also masked a deterioration in the price investors have been willing to pay for stocks. The price earnings ratio for the Dow Industrials closed the quarter at 11.3 times versus 14.7 times earnings a year ago. In the summer of 1987, stocks were priced at 22.0 times earnings.

Investors' attitude has been moderated by indications of slower corporate earnings growth resulting in a near-term loss in price momentum. A consolidation/corrective phase is the general expectation. Individuals may be more inclined to realize profits rather than wait for a more advantageous tax rate since it now appears that Congress will not lower the capital gains tax.

The stock market is expected to benefit from the decline in interest rates which will close the bond/stock yield gap and improve the relative valuation of the quantitative oriented dividend discount models. However, investors will have to contend with corporate profit disappointments as well as increased uncertainty. Absent a near-term recession, the markets do not appear vulnerable to a major correction under present conditions. The biggest potential risk is deteriorating economic conditions that would indicate a higher probability of recession. At this point, the slowdown in economic activity has not reduced profitability enough to off-set the benefits of lower interest rates.

Within the current economic and market framework, the performance of growth stocks has improved in comparison to the S&P 500. Also, growth stocks are now cheap relative to past values. So called value buyers are now buying stocks from the growth stock universe since they are showing up on value screens. We expect these trends to continue.

We continue to own a core of stable growth companies such as those in the drug and food areas. As these stocks get overextended and overpriced, they are replaced with more attractive issues from the core growth area. In the past quarter we trimmed our positions in the more cyclically oriented growth stocks as the prospect for a slower economy became more evident. It should be noted, however, that these stocks have value and deserve our attention if we get some future indication that the economy is about to reaccelerate. We are increasing our exposure to selected financial companies since they tend to perform well in a slower economic growth and lower interest rate environment. Finally, we are adding stocks in the telecommunications area which combine the stability of local telephone operations with the higher growth long distance and cellular communications services. The growth rate of these companies is expected to accelerate over the next several years.

Summer, 1989

STOCK MARKET ENVIRONMENT

- o Factors propelling stocks to a post-crash high
 - Shrinking supply of equities
 - Surprising strength of the dollar
 - Lower interest rates
 - Optimistic outlook for corporate profits
 - Pessimistic attitude of investors

- o Near-Term Constraints
 - Averages up 22% since November
 - Dollar consolidation
 - Economic uncertainty
 - Potential corporate earnings weakness
 - Deteriorating advance/decline index

- o Stock market is fairly valued
 - Price earnings ratio
 - Dividend yield
 - Buyout activity necessary to justify book value multiples

- o Growth stocks attractive
 - Relative earnings growth
 - Price valuation

Summer, 1989

INVESTMENT
DEVELOPMENTS

PREPARED FOR CLIENTS BY
THE RESEARCH DEPARTMENT OF LOOMIS, SAYLES & COMPANY

July 1989

Getting Used to a Sluggish Economy

All of a sudden it has become difficult to find much evidence of strength in the economy. Auto sales have sagged continuously since April as the promotional incentives introduced that month have steadily lost appeal. Several domestic car manufacturers are reported to be planning near-term production cuts that could bring auto assemblies to their lowest rate in nearly two decades. Major chain stores appear to have fared somewhat better than auto dealers recently, but there is no evidence that retail sales rebounded materially in June after several months of below-par results. Further, new orders for durable goods, which have been a pillar of strength for the economy, were reported down from April to May. The message over the past few months is that demand has turned sluggish, and this message seems to have gotten through to employers loudly and clearly. Since the opening stanza of 1989, businesses have attempted to bring production into alignment with weaker final sales growth by sharply curtailing new hiring and trimming weekly hours. A softer job market pushed the unemployment rate up a tick to 5.3% in June.

These developments have caused some to wonder whether the economy is about to topple over into recession. Indeed, this risk exists and is greater now than it was a year ago. But a number of factors should keep the economy moving forward this year and next. As indicated by recent government surveys of capital spending plans and a strong backlog of durable goods orders, nonresidential fixed investment is likely to continue boosting demand this year and next. In addition, strong economic growth in countries such as Germany and Japan should spur exports throughout the remainder of 1989, although the dollar's current strength implies that net export stimulus will cease during 1990. Finally, households appear to have sufficient real purchasing power to modestly expand outlays for services and nondurable goods. Certainly, these are not the ingredients of a robust economic outlook, but they do suggest that real G.N.P. can expand at a 2.0% to 2.5% annualized clip this year and at a somewhat slower 1.5% to 2.0% pace in 1990.

For the financial markets, the most significant potential negative implication of this forecast involves corporate profits, whose growth and quality will likely decline in future quarters. Now that the expansion has slowed, the financial press has begun to focus on the near-term possibility of disappointing earnings reports. This could prove unsettling to the stock market if it has become overly accustomed to the double-digit profits gains that have been commonplace during the past two years. Offsetting this risk is the prospect that inflation rates will flatten in response to below-trend economic growth, which has encouraged the Fed to back down from the restrictive stance it implemented between March, 1988 and March, 1989. However, since productivity remains mired in a slow-growth rut, inflation rates are not likely to move quickly and significantly lower, so the central bank probably will ease cautiously to avoid reigniting the economy and inflation. Thus, short-term interest rates are not apt to decline sharply during the next several months, which, along with the expected stickiness of inflation, probably will block a move to materially lower long-term interest rates and higher earnings multiples. Nonetheless, the transition to below-trend real growth and less restrictive monetary policy has minimized the price risk to owning stocks and bonds. At present, these assets appear to be well-positioned to earn investors a solid total return advantage over cash.

POLICE AND FIRE DEPARTMENT RETIREMENT SYSTEM

REAL ESTATE OUTLOOK of NBS REALTY ADVISORS, INC. June 30, 1989

The economic recession widely forecast for 1989 now seems likely to be deferred at least until 1990; if and when it occurs, it will probably be moderate and of relatively short duration. Meanwhile, the Federal Reserve continues to pursue a moderate expansionary policy in dealing with a national economy which shows surprising elements of strength. Currently available figures suggest that inflation should continue at about a 5 percent annual rate, with a possible decline to levels of 4 percent or so during 1990-91. The prime interest rate may yet show further decline prior to year-end, perhaps approaching 9 percent.

Mortgage and other rates affecting real estate directly are less predictable, although any significant decline over the near term seems unlikely; slightly higher mortgage rates seem the more plausible scenario. The recent upheaval in the savings and loan industry and subsequent federal legislation has created an industry which will emerge from its present transition period significantly smaller, and with substantially less lending power with the imposition of more stringent regulatory and capital requirements. These circumstances should prove in the long run beneficial to the real estate industry to the extent that they signal a return to a marketplace driven by the basic economics of supply-and-demand, rather than the "capital-driven" practices which have all too often in recent years helped to create an over-supply situation in a number of market areas around the country.

As the decade draws to a close, the commercial real estate market is a market in transition and one which challenges the prudent institutional investor wishing to create or enhance a quality portfolio. The 1980's have seen the entry of pension funds and, to a lesser (but perhaps more visible) extent, foreign investors, as significant players on the U.S. real estate scene. The result has been an ever-increasing flow of capital pursuing a limited number of quality real estate investments, tending thereby to support higher prices on such product. At the same time, an oversupply resulting from over-construction in many areas has tended to inhibit rent increases which might support such prices, to the extent that initial returns are often minimal.

In short, the current real estate scene present a significant challenge to the prudent investor seeking an acceptable return in quality, institutional-grade real estate in markets which offer an opportunity for growth and therefore

future enhancement in value of the properties acquired. Fortunately, many of these markets are located in areas of primary interest to the San Jose Police and Fire Department Retirement Plan: for example, in California, San Diego; Orange County; Los Angeles and the "Inland Empire" to the east of the metropolitan area; San Jose and the San Francisco Bay Area, including the East Bay; and, in the Pacific Northwest, Seattle and Portland.

The Office Market

While characterized the past several years by high vacancy factors in many market areas - particularly in the so-called "energy belt" - there is a growing body of evidence to suggest that the office market has reached the bottom of the present cycle. Developmental constraints related to planning, zoning, and environmental issues along with a growing reluctance or inability on the part of lenders to finance speculative development is restricting development activity and allowing normal growth in demand slowly to absorb existing inventories of space. In representative California markets current vacancy factors for office space are approximately as follows: San Francisco, 15%; Seattle, 12%; Los Angeles, 15%; Orange County, 21%; San Diego, 7%. Selectivity and careful underwriting are particularly important in considering the current office market.

The Retail Market

Retail properties in all categories - regional malls; community, neighborhood and strip centers; and "off-price" and other specialty centers - continue to attract strong investor interest in spite of low initial returns, no doubt partly because of the ability of this particular asset class to respond relatively quickly to changing market conditions. However, success in the individual case will continue to depend not only on location but on activist management and creative leasing and releasing programs.

With larger metropolitan area centers generally in the hands of strong- and long-term ownership, most buying activity will be in the smaller centers in promising but secondary areas, and in rehabilitation projects to up-grade older centers.

The Industrial Market

While institutional demand has historically been heavily oriented toward office and retail, prevailing vacancy rates in the former category and heavy buying competition in the latter have generated considerable recent interest in the industrial market, a trend which likely to continue for the foreseeable future.

Industrial properties, less costly to construct than most other property types, generally provide a more stable income

stream and somewhat higher returns, while providing a needed element of diversification to the institutional portfolio. Early in 1989, furthermore, the national vacancy rate for industrial properties stood at about 6 percent with warehouse/distribution properties in most areas showing the greatest strength in leasing activity, in contrast to the more costly research and development projects.

There are a number of other factors which suggest that industrial properties will continue to be an attractive potential investment. Among these are: the recent decline of the dollar, making the U.S. economy more competitive in the marketplace; the relative scarcity of well-located sites in major distribution centers; high employment rates in most areas; a reduction in the number of purely speculative industrial projects; and, finally, a growing realization on the part of developers of the necessity to up-grade their planned projects with amenities in a business park - like environment, thereby making this product more attractive to institutional investors.

We at NBS Realty Advisors, Inc., hope that this brief overview has been both interesting and informative. We look forward to participating with your Board in continuing to develop a quality real estate portfolio reflective of your long-term investment goals.

SAN JOSE
POLICE & FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT REPORT

of

SCUDDER, STEVENS & CLARK, INC.
INVESTMENT COUNSEL

June 30, 1989

As we close this fiscal year, it appears as if the economy has achieved a "soft landing" due in part to the diligence exhibited by Federal Reserve policy. The financial markets have applauded the performance and the prospect of continued, slow expansion. The dollar rose by more than 10% between December and June; long bond yields dropped from 9-1/4% to 8-1/4% during the last quarter, and the stock market rallied.

However, the economy is a dynamic system; action leads to reaction. The rise in the dollar has reinforced the impact of the Federal Reserve's restrictive monetary policy at a time when the economy is already slowing. The risk of recession is creating political and economic pressure on the monetary authorities to ease policy to relieve the shortage of liquidity visible in the dollar's appreciation, the slow growth of the monetary aggregates and high interest rates. If monetary conditions are relaxed too aggressively however, the economy and inflation with it could reaccelerate too rapidly. In between these two outcomes lies the path of slow growth. The Federal Reserve will attempt to steer the economy down this path. We expect they will succeed, but inflation is likely to remain uncomfortably high.

Since the early 1980's, the economy has expanded in tag team mode as consumption and production have alternated as the economy's engine. Now both sides of the economy are slowing down. Consumer spending, particularly on autos and other durable goods, has been dampened by high interest rates and high debt levels. Housing starts have subsided to under a 1.4 million annual rate for the same reason. Business activity has also slowed. The year to year percentage gain in industrial production has declined to under 4% from 6% a year ago. Employment gains, which averaged 230,000 a month in 1988, have dropped to an average of 140,000 over the last three months.

As the economy has slowed, inflation has risen to over 5%, eating into confidence and income. Energy and food prices have accounted for much of the bulge. The rate of underlying or core inflation (excluding food and energy prices) has recently been stable near 4-1/2%. However, the trend probably remains gently upwards because of the cyclical pressures resulting from high capacity utilization and tight labor markets.

While the economy has followed the script of a "soft landing," the attention has moved to the foreign exchange and capital markets. The dollar improved sharply -- rising against the yen, for example, from under 125 yen at year end to over 150 in mid-June before subsiding again. This rise in the dollar's value reflected a shortage of international dollar liquidity. As the Federal Reserve tightened its monetary policy in 1988 and early 1989, arresting the growth of the monetary aggregates in the U.S., and as activity and inflation rose abroad, the demand for dollars exceeded the supply provided by our ongoing current account deficit. The dollar shortage and the spike in its price were further fuelled by interest rate differentials favoring dollar investments, by political instability in Germany, Japan, and China which has enhanced the dollar's role as a "safe haven," and, finally and importantly, by speculation.

This rise in the dollar's value and in the demand for dollar assets was the primary force behind the rally in bond prices. In the past, interest rate trends have usually driven currency movements. In recent months, the opposite has occurred. As the dollar appreciated, it created a virtuous circle of diminishing inflation expectations and rising bond prices which encouraged additional capital inflows.

The Federal Reserve is in an uncomfortable spot. Gradual restraint and the rising dollar have slowed the economy without the painful side effects of previous credit crunches. If the rate of economic growth can remain balanced at a 1-1/2% to 2-1/2% pace, cyclical inflation pressures should moderate. What the Federal Reserve didn't bargain for is the rise in the dollar. The rise in the dollar has applied an additional layer of restraint on an already subdued economy. Consumer spending and housing have been slowed by high interest rates. Now the strong dollar risks dampening export production and capital spending and, in time, inducing a renewed deterioration in the trade deficit. If the Federal Reserve waits too long to ease, the cutbacks on both the production and consumption sides of the economy could feed on each other. If the monetary brakes are released too fast, the dollar could enter a downward spiral and another inflationary bout of consumer-led growth could begin.

In May and early June, central bank coordination and intervention to stabilize the currency markets were overwhelmed by speculative capital flows. This experience has been another reminder to the policy institutions of different countries of the need to cooperate and coordinate appropriate fiscal and monetary policies globally. The central banks have already renewed their efforts to regain currency stability. In coming months this goal is likely to be reinforced by lower short term interest rates in the U.S. and increasing monetary restraint overseas. As these adjustments occur, the dollar shortage should be relieved and the dollar's price should weaken.

Over the next year, reflecting the currency and monetary restraint in place currently, we anticipate that the pace of business activity as measured by real GNP will remain in a range of 1% to 2%. For many sectors of the economy, this slow growth may feel like recession. The unemployment rate will rise; capacity utilization rates will decline; auto sales and housing activity will be stagnant. By the second half of 1990, activity should revive in response to lower interest rates and a weaker dollar. The stage will be set for stronger growth in 1991. These changes in economic direction are occurring faster than in much of the post World War II period, thanks to the deregulation of many industries, globalization of goods, services, and capital flows, computerization of many business services and operations, and global policy cooperation.

While the economy remains sluggish, inflation will be uncomfortably high. In the next several months the high dollar and reduced pressure from food and energy prices should produce a temporary reduction in the official inflation rate. The underlying rate of inflation, however, is likely to remain near 5%. Upward pressure on wages and disappointing productivity gains as the pace of activity slows should put a floor under inflation. Wage push inflation will in turn erode profit margins. With only modest increases in volume, corporate profits are expected to weaken.

The critical variable in the outlook for the economy is global coordination and the dollar. With the deregulation and integration of the world's capital and currency markets, the U.S. has become vulnerable to global forces that are bigger than the domestic economy or our economic policy tools. Our assumption that the central banks can stabilize the dollar may prove to be wishful thinking. Should the flood of speculative capital push the dollar to an extreme in either direction, the odds on a period of orderly, slow growth will diminish. Instead the economy would be faced with the alternatives of recession, produced by the restrictive combination of dollar appreciation and tight money, or an inflationary consumer boom, resulting from Federal Reserve ease and a weak dollar. Our outlook that these risky alternatives can be avoided rests on the view that the Federal Reserve and other central banks are learning to steer the global economy through the powerful forces created by integrated capital and currency markets.

INVESTMENT COMMENTS

FROM

SMOOT, MILLER, CHENEY & CO.

JUNE 30, 1989

With the passing of the political leadership baton from the Reagan Administration to the Bush Administration, investors in the United States as well as around the world seem to be pleased with the new Administration's policies and handling of problems addressed to date. The financial markets, particularly the stock market, have exhibited significant strength over the past several months and the coordinated effort of the major industrial powers to stabilize the dollar against other currencies has resulted in foreign capital inflows resuming after a period of substantial outflows in 1987 and 1988.

One major reason for the Bush Administration's success in resolving sensitive issues is the definite willingness and desire to seek bipartisan agreement and support before submitting proposals to Congress. It remains to be seen if this spirit of cooperation between the Administration and Congress will continue as differences in spending and budget cutting priorities as well as the Administration's position on taxes are put to the test.

In the meantime, investors are focusing on the Federal Reserve's monetary policy. Over the past several quarters, the Federal Reserve has maintained a relatively tight monetary policy in order to prevent the economy from expanding at a more rapid pace. A more acceptable level of 2.5% to 3% GNP growth in order to curb inflation before it gets out of control is the Federal Reserve's stated goal. A modest policy change toward ease occurred in May as the Federal Reserve is striving to engineer a soft landing for the economy rather than pushing the economy into a recession. Whether or not the Federal Reserve will be successful will have to be monitored very closely over the months ahead. At this time, the sentiment indicates a positive outcome.

Consumer's, because of the earlier Federal Reserve tight monetary policies, have reduced their spending while increasing their savings level. However, the recent lowering of interest rates has again helped stimulate auto sales as well as pulled home sales out of an earlier slump in many parts of the country. As the economy appears to be embarking on a slower growth path, investors as well as speculators are shifting their emphasis from the marginally operated companies that dominated last year toward the financially sound companies that command market share in their respective industries and should come safely through unforeseen economic storms that may lie ahead. It is precisely these kinds of fundamentally strong and conservatively run companies that we have always emphasized in the portion of your retirement assets under our stewardship. These securities have provided satisfying returns in the past and we anticipate continued rewarding returns to be achieved over the longer term.

KPMG Peat Marwick

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Financial Statements and
Supplementary Information

June 30, 1989 and 1988

(With Independent Auditors' Report Thereon)

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

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KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.

50 West San Fernando Street
San Jose, CA 95113

Independent Auditors' Report

Board of Administration
City of San Jose Police and Fire Department
Retirement Plan:

We have audited the accompanying balance sheets of the City of San Jose Police and Fire Department Retirement Plan (the Plan, a component unit of the City of San Jose) as of June 30, 1989 and 1988, and the related statements of revenues, expenses and changes in fund balance, and changes in financial position for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 1989 and 1988, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for Schedules 4 and 5, which are marked "Unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Peat Marwick Main & Co.

October 16, 1989

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Balance Sheets

June 30, 1989 and 1988

(In thousands)

	<u>1989</u>	<u>1988</u>
Assets:		
Cash	\$ 965	65
Receivable from City of San Jose:		
Employee contributions	134	331
Employer contributions	391	999
Receivable from brokers	3,025	1,089
Accrued interest receivable	4,500	4,034
Investments, at amortized cost (Note 4)	451,752	399,716
Other assets	<u>21</u>	<u>60</u>
	<u>460,788</u>	<u>406,294</u>
Liabilities:		
Mortgage notes payable	2,822	2,845
Payable to brokers	-	1,953
Other liabilities	<u>90</u>	<u>65</u>
	<u>2,912</u>	<u>4,863</u>
Net assets available for benefits	\$ <u>457,876</u>	<u>401,431</u>
Fund balance:		
Employee contributions	\$ 60,222	53,839
Employer contributions and undistributed earnings	<u>397,654</u>	<u>347,592</u>
	\$ <u>457,876</u>	<u>401,431</u>

See accompanying notes to financial statements.

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Statements of Revenues, Expenses and Changes in Fund Balance

Years ended June 30, 1989 and 1988

(In thousands)

	<u>1989</u>	<u>1988</u>
Operating revenues:		
Contributions (Note 5)	\$ 28,023	25,908
Interest	26,467	23,192
Dividends	4,473	3,870
Net gain on sale of investments	10,569	8,531
Rental income, net	<u>583</u>	<u>342</u>
Total operating revenues	<u>70,115</u>	<u>61,843</u>
Operating expenses:		
Retirement benefits	10,483	9,230
Health insurance premiums	1,318	1,154
Professional fees and other	1,406	970
Refunds to terminated employees	<u>463</u>	<u>132</u>
Total operating expenses	<u>13,670</u>	<u>11,486</u>
Net operating income	56,445	50,357
Fund balance at beginning of year	<u>401,431</u>	<u>351,074</u>
Fund balance at end of year	\$ <u>457,876</u>	<u>401,431</u>

See accompanying notes to financial statements.

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Statements of Changes in Financial Position

Years ended June 30, 1989 and 1988

(In thousands)

	<u>1989</u>	<u>1988</u>
Resources provided from operations:		
Net operating income	\$ 56,445	50,357
Item not requiring resources currently - depreciation	<u>399</u>	<u>251</u>
Total resources provided	<u>56,844</u>	<u>50,608</u>
Resources used:		
Acquisition of real estate investment	5,830	6,270
Decrease in mortgage notes payable	<u>23</u>	<u>17</u>
Total resources used	<u>5,853</u>	<u>6,287</u>
Net increase in working capital	\$ <u>50,991</u>	<u>44,321</u>
Elements of net increase (decrease) in working capital:		
Cash	\$ 900	(180)
Receivable from City of San Jose	(805)	182
Receivable from brokers	1,936	(2,055)
Accrued interest receivable	466	(35)
Investments, excluding real estate, at amortized cost	46,605	46,521
Other assets	(39)	20
Bank overdraft	-	302
Payable to terminated employees	-	183
Payable to brokers	1,953	(574)
Other liabilities	<u>(25)</u>	<u>(43)</u>
Net increase in working capital	\$ <u>50,991</u>	<u>44,321</u>

See accompanying notes to financial statements.

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Notes to Financial Statements

June 30, 1989 and 1988

(1) Description of Plan

The following description of the City of San Jose Police and Fire Department Retirement Plan (the Plan) is provided for general information purposes only. Employees and members should refer to the City of San Jose Municipal Code for more complete information.

(a) General

The Plan, a single employer defined benefit plan, was established in 1961 to provide retirement benefits for employees of the Police and Fire Department of the City of San Jose (the City). The Plan is considered a part of the City's financial reporting entity and is included in the City's general purpose financial statements as a pension trust fund. The Plan is administered by the Retirement and Benefits Administrator, an employee of the City, under the direction of a Board of Administration. The contribution and benefit provisions and all other requirements are established by City ordinance. In 1989 and 1988, all direct administrative costs were borne by the Plan.

All sworn officers of the City's Police and Fire Department are required to be members of the Plan. There were 1,685 and 1,631 participants in the Plan at June 30, 1989 and 1988, respectively.

As of June 30, 1989 and 1988, employee membership data related to the Plan was as follows:

	<u>1989</u>	<u>1988</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>550</u>	<u>506</u>
Current employees:		
Vested	984	985
Nonvested	<u>701</u>	<u>646</u>
Total	<u>1,685</u>	<u>1,631</u>

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

(Continued)

CITY OF SAN JOSE
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Notes to Financial Statements

(b) Pension Benefits

An employee with 10 or more years of service who resigns and leaves his/her contributions in the Plan; an employee who reaches the normal retirement age of 55 with 20 years of service or; an employee of any age with 30 years of service, is entitled to monthly pension benefits equal to 2-1/2% of their final average monthly salary (final salary) for each year of service up to a maximum benefit of 75% of their final salary. Final salary is the average monthly salary during the highest 12 consecutive months of service, limited to 108% of salary in the 12 months immediately preceding the last 12 months of service. In addition, retirement benefits are adjusted for an annual cost-of-living allowance (COLA). The current maximum increase in the COLA is 3% per year.

If employees terminate employment before completing 10 years of service, the right to receive their portion of the accumulated plan benefits attributable to the City's contributions is forfeited; however, an employee's accumulated contribution plus earnings thereon is refunded. Refunds are paid out on a lump sum basis. The forfeited amount of the City's contributions remains in the Plan.

(c) Medical Benefits

Retired employees with 15 years or more of service, their survivors, or those retired employees who are receiving at least 37.5% of final compensation are entitled to payment of a portion of their medical insurance premiums.

(d) Death Benefits

An annual annuity of 37.5% of an employee's final compensation is paid to a surviving spouse until remarriage if: (1) an employee's death is service related, or (2) an employee's death is non-service related and occurs with at least 20 years of service, or (3) a retiree dies who was retired from service or who received a service related disability. Additionally, an annual benefit for dependent children up to 18 years of age, or 22 years of age if a full-time student, is paid at a rate of 25% of final compensation per child with a maximum family benefit of 75% of final compensation if death is service related.

If an employee's death is non-service related and the employee has at least two years of service, the Plan allows for an annual annuity of 24% of the employee's final compensation for the first two years of service, plus .75% for each year thereafter, to be paid to his/her surviving spouse until remarriage (maximum of 37.5% of final compensation). These benefits are also paid to the

(Continued)

CITY OF SAN JOSE
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Notes to Financial Statements

surviving spouse of a retiree on a non-service related disability. Additionally, annual benefits for dependent children up to 18 years of age, or 22 years of age if a full-time student, are as follows:

- one child - 25% of final compensation;
- two children - 37.5% of final compensation; and,
- three or more children - 50% of final compensation.

The maximum annual benefit paid to a family under any circumstances is 75% of final compensation. If no spouse or children, a lump sum equal to the greater of the employee's accumulated contributions or \$1,000 is paid to the employee's estate.

(e) Disability Benefits

If an employee suffers a service related disability before retirement, an annual benefit is paid equal to the greater of: (1) 50% of final compensation, or (2) 2.5% of final compensation, multiplied by the number of years of service (maximum of 30 years).

If an employee with at least 2 years of service suffers a non-service related disability, an annual benefit is paid equal to 32% of final compensation for the first 2 years of service plus 1% of final compensation for each year of service beyond 2 years, up to a maximum of 50% of final compensation for an employee with up to 20 years of service. For employees with more than 20 years of service, the benefit paid is 2.5% of final compensation multiplied by the number of years of service (maximum of 30 years).

(f) Plan Termination

In the event the Plan is terminated, there is no provision for the distribution of net assets.

(g) Funding Policy

The City's policy is to fund the pension benefit obligation as determined by the actuarial valuation, providing for amortization of the unfunded past service liability over a closed 40-year period.

(2) Basis of Financial Statement Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employee services are performed. Transactions are required to be accounted for in two funds, a Retirement Fund and a Cost of Living Fund.

(Continued)

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Notes to Financial Statements

(3) Summary of Significant Accounting Policies

(a) Investments

Investment recommendations are made by investment advisors and acted upon by the Board of Administration. Substantially all investments of the Plan are held by Bankers Trust Company, the Plan Custodian.

Investments in debt securities are recorded at original cost, adjusted for the amortization of premiums and discounts (the difference between purchase cost and maturity value), over the remaining life of the issue using a method which approximates the effective interest method, subject to adjustment for market declines judged to be other than temporary. Investments in equity securities are recorded at cost, subject to adjustment for market declines judged to be other than temporary. Gains or losses on investment securities are recognized as of the trade date on a weighted average cost basis. Investment income is recognized as earned. Investments in real estate are stated at cost less accumulated depreciation, calculated on a straight-line basis over the useful lives of the related buildings.

(b) Allocation of Investment Income

Earnings on investments, and gains and losses upon sale of investments are recorded first in the undistributed earnings category of fund balance. An allocation is made monthly therefrom to the employee contributions category of fund balance based on the balance in that account at an annual rate of 2%, as specified by the City of San Jose Municipal Code.

(4) Investments

The Plan's investments are categorized to give an indication of the level of risk assumed by the Plan at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a qualifying financial institution's trust department or agent, or by a broker's or dealer's agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker or dealer, or by its trust department or agent, or by a qualifying financial institution's trust department or agent, but not in the Plan's name. There were no investments in Category 2 as of June 30, 1989.

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CITY OF SAN JOSE
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Notes to Financial Statements

The approximate carrying values, at amortized cost, and market value of the Plan's investments at June 30, 1989 were as follows:

	(In thousands)			
	Category <u>1</u>	Category <u>3</u>	Carrying value	Market value
Negotiable certificates of deposit	\$ 2,599	-	2,599	2,610
U.S. Treasury bonds and notes	21,218	-	21,218	20,667
U.S. government sponsored agencies	59,447	-	59,447	59,540
Corporate bonds	146,151	-	146,151	144,228
Equity securities	121,427	-	121,427	143,083
International agencies	1,000	-	1,000	1,152
Canadian government (denominated in U.S. dollars)	6,048	-	6,048	6,593
Short-term investment fund	<u>-</u>	<u>18,406</u>	<u>18,406</u>	<u>18,406</u>
	\$ <u>357,890</u>	<u>18,406</u>	376,296	396,279
Real estate, net			19,034	19,871
Local agency investment fund			5,000	5,000
Loaned securities			<u>51,422</u>	<u>52,610</u>
			\$ <u>451,752</u>	<u>473,760</u>

At June 30, 1988, the approximate carrying value, at amortized cost, and market value of the Plan's investments were \$399,716,000 and \$405,106,000, respectively.

The short-term investment fund is used for overnight investment of all excess cash in the Plan's funds. It is invested by the Plan's custodian, and held in the custodian's name. This fund consists of:

- Short-term fixed obligations of the U.S. government or any federal agency, or of other issuers that are fully guaranteed by the U.S. government or a federal agency as to repayment of principal and the payment of interest;
- Repurchase agreements with major banks and U.S. government securities dealers that are collateralized by obligations of the U.S. government or a federal agency, or obligations fully guaranteed by the U.S. government or a federal agency; and,
- Fully insured bank deposits.

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CITY OF SAN JOSE
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(A Component Unit of the City of San Jose)

Notes to Financial Statements

The loaned securities represent securities on loan to brokers or dealers or other borrowers. The custodial agreement with Bankers Trust Company authorizes the custodian to loan securities in the Plan's investment portfolio under such terms and conditions as the custodian deems advisable and to permit the loaned securities to be transferred into the name of the borrowers. The Plan receives a fee from the borrower for the use of the loaned securities. In the event the loaned securities are not returned by the borrower, the custodian is responsible for replacement of the loaned securities with other securities of the same issuer, class and denomination, or if such securities are not available on the open market, the custodian is required to credit the Plan's account with the market value of such unreturned loaned securities. The loaned securities at June 30, 1989 consist of U.S. Treasury bonds and notes, U.S. government sponsored agency securities, corporate bonds, equity securities and Canadian government securities.

(5) Contributions Required and Contributions Made

Contributions to the Plan are made by both the City and participating employees based upon an actuarially determined percentage of each employee's base salary sufficient to provide adequate assets to pay benefits when due. The normal cost is determined on the entry age normal actuarial cost method for basic and cost-of-living benefits. In addition, contributions are made to amortize the unfunded past service liability over a closed 40-year period, and for retiree medical benefits and retiree dental benefits.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation.

The contribution to the Plan for 1989 of \$28,023,000 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 1987. The contribution consisted of (a) \$25,270,000 normal cost (33% of current covered payroll) and (b) \$2,753,000 amortization of the unfunded actuarial accrued liability (4% of current covered payroll). The City contributed \$21,116,000 (28% of current covered payroll); employees contributed \$6,907,000 (9% of current covered payroll).

(6) Funding Status and Progress

The amount shown on the next page as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits.

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CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Notes to Financial Statements

The pension benefit obligation was computed as part of an update as of July 1, 1988 to the actuarial valuation performed as of July 1, 1987 (the most recent valuation date). Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8% a year compounded annually, (b) projected salary increases of 5% a year compounded annually, attributable to inflation, plus an average of 2.13% per year due to merit and seniority, and (c) projected postretirement benefit increases of 3% a year compounded annually.

The unfunded pension benefit obligation applicable to the City's employees was \$15,422,000 at July 1, 1988, as follows (in thousands):

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 118,919
Current employees:	
Accumulated employee contributions including allocated investment earnings	53,019
Employer-financed vested	209,943
Employer-financed nonvested	<u>34,972</u>
Total pension benefit obligation	416,853
Net assets available for benefits, at cost (market value is \$406,821)	<u>401,431</u>
Unfunded pension benefit obligation	\$ <u>15,422</u>

SUPPLEMENTARY INFORMATION

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Combining Schedule of Assets, Liabilities
and Fund Balance

June 30, 1989

(In thousands)

	Retirement Fund	Cost of Living Fund	Total
Assets:			
Cash	\$ 643	322	965
Receivable from City of San Jose:			
Employee contributions	101	33	134
Employer contributions	263	128	391
Receivable from brokers	2,893	132	3,025
Accrued interest receivable	3,412	1,088	4,500
Investments, at amortized cost	351,399	100,353	451,752
Other assets	<u>17</u>	<u>4</u>	<u>21</u>
	<u>358,728</u>	<u>102,060</u>	<u>460,788</u>
Liabilities:			
Mortgage notes payable	2,258	564	2,822
Other liabilities	<u>73</u>	<u>17</u>	<u>90</u>
	<u>2,331</u>	<u>581</u>	<u>2,912</u>
Net assets available for benefits	\$ <u>356,397</u>	<u>101,479</u>	<u>457,876</u>
Fund balance:			
Employee contributions	\$ 44,822	15,400	60,222
Employer contributions and un- distributed earnings	<u>311,575</u>	<u>86,079</u>	<u>397,654</u>
	\$ <u>356,397</u>	<u>101,479</u>	<u>457,876</u>

Schedule 2

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Combining Schedule of Revenues, Expenses
and Changes in Fund Balance

Year ended June 30, 1989

(In thousands)

	Retirement Fund	Cost of Living Fund	Total
Operating revenues:			
Contributions	\$ 19,516	8,507	28,023
Interest	20,518	5,949	26,467
Dividends	3,386	1,087	4,473
Net gain on sale of investments	9,718	851	10,569
Rental income, net	<u>466</u>	<u>117</u>	<u>583</u>
Total operating revenues	<u>53,604</u>	<u>16,511</u>	<u>70,115</u>
Operating expenses:			
Retirement benefits	8,728	1,755	10,483
Health insurance premiums	1,318	-	1,318
Professional fees and other	1,325	81	1,406
Refunds to terminated employees	<u>403</u>	<u>60</u>	<u>463</u>
Total operating expenses	<u>11,774</u>	<u>1,896</u>	<u>13,670</u>
Net operating income	41,830	14,615	56,445
Fund balance at beginning of year	<u>314,567</u>	<u>86,864</u>	<u>401,431</u>
Fund balance at end of year	\$ <u>356,397</u>	<u>101,479</u>	<u>457,876</u>

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
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Combining Schedule of Changes in Fund Balance

Year ended June 30, 1989

(In thousands)

	<u>Retirement Fund</u>		<u>Cost of Living Fund</u>		<u>Total</u>	
	Employee contri- butions	Employer contributions and undistributed earnings	Employee contri- butions	Employer contributions and undistributed earnings	Employee contri- butions	Employer contributions and undistributed earnings
Balance at beginning of year	\$ 40,107	274,460	13,732	73,132	53,839	347,592
Employee contributions, net of refunds	4,791	-	1,653	-	6,444	-
Employer contributions	-	14,322	-	6,794	-	21,116
Investment income, including gain on sale of investments	-	34,088	-	8,004	-	42,092
Allocation of investment income	810	(810)	277	(277)	1,087	(1,087)
Retirement benefits	-	(8,728)	-	(1,755)	-	(10,483)
Health insurance premiums	-	(1,318)	-	-	-	(1,318)
Transfers upon retirement of employees	(886)	886	(262)	262	(1,148)	1,148
Professional fees and other	-	(1,325)	-	(81)	-	(1,406)
Balance at end of year	\$ <u>44,822</u>	<u>311,575</u>	<u>15,400</u>	<u>86,079</u>	<u>60,222</u>	<u>397,654</u>

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Ten-Year Comparative Summary of
Revenues by Source and Expenses by Type

(Unaudited - See accompanying independent auditors' report.)

Ten years ended June 30, 1989

(In thousands)

<u>Fiscal year</u>	<u>Revenues by source</u>			<u>Total</u>
	<u>Employee contributions</u>	<u>Employer contributions</u>	<u>Investment income</u>	
1989	\$ 6,907	21,116	42,092	70,115
1988	6,609	19,299	35,935	61,843
1987	6,424	18,833	42,302	67,559
1986	5,931	17,808	28,166	51,905
1985	5,440	16,545	23,263	45,248
1984	5,925	19,349	19,472	44,746
1983	5,496	18,058	17,442	40,996
1982	4,651	15,425	12,397	32,473
1981	3,069	12,000	8,652	23,721
1980	2,500	7,764	6,049	16,313

	<u>Expenses by type</u>			<u>Total</u>
	<u>Refunds</u>	<u>Benefits and health insurance premiums</u>	<u>Professional fees and other</u>	
1989	\$ 463	11,801	1,406	13,670
1988	132	10,384	970	11,486
1987	204	9,158	644	10,006
1986	225	7,382	500	8,107
1985	277	6,404	286	6,967
1984	261	5,319	208	5,788
1983	177	4,819	200	5,196
1982	318	4,346	158	4,822
1981	314	3,910	129	4,353
1980	390	3,276	42	3,708

Contributions were made in accordance with actuarially determined contribution requirements.

CITY OF SAN JOSE
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
(A Component Unit of the City of San Jose)

Ten-Year Comparative Summary of Funding Progress

(Unaudited - See accompanying independent auditors' report.)

Ten years ended June 30, 1989

(In thousands)

<u>Fiscal year</u>	<u>Net assets available for benefits</u>	<u>Pension benefit obligation(2)</u>	<u>Percentage funded</u>	<u>Unfunded pension benefit obligation</u>	<u>Annual covered payroll(3)</u>	<u>Unfunded pension benefit obligation as a percent of covered payroll</u>
1989	\$ 457,876	458,700 (1)	99.8%	\$ (824)	77,724 (1)	(1.1)%
1988	401,431	416,853	96.3	(15,422)	73,864	(20.9)
1987	351,074	379,406	92.5	(28,332)	70,196	(40.4)
1986	293,521	344,823	85.1	(51,302)	65,977	(77.8)
1985	249,723	308,523	80.9	(58,800)	62,012	(94.8)
1984	211,442	274,631	77.0	(63,189)	57,707	(109.5)
1983	172,484	244,462	70.6	(71,978)	53,701	(134.0)
1982	136,684	265,121	51.6	(128,437)	46,383	(276.9)
1981	109,033	256,752	42.5	(147,719)	40,063	(368.7)
1980	88,281	232,500	38.0	(144,219)	34,282	(420.7)

(1) Preliminary information provided by the Plan's actuary.

(2) Starting in fiscal year 1987, the City incorporated pension benefit obligation information into its ten-year historical trend information. This value must be disclosed in accordance with Governmental Accounting Standards Board Statement No. 5 (GASB 5). The pension benefit obligation in the preceding years (1980-1986) has been retroactively restated using an estimate provided by the actuary under the present value funding method adjusted for projected salary increases.

(3) Annual covered payroll, as determined by the Plan's actuary, represents an estimate of the covered payroll for the fiscal year plus projected salary increases for the following year.