

police & fire retirement

OFFICIAL COPY

annual report 1972

city of san jose



1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

RETIREMENT BOARD

The Retirement Plan is administered by a five member Board composed of two representatives from the City Council, a representative from the Civil Service Commission and two representatives who are city employees, one from the Police Department and one from the Fire Department, in accordance with Section 2222.1 of the San Jose Municipal Code.

As of December 31, 1972, the members of the Board were as follows:

- | | |
|-------------------|---|
| JOSEPH A. COLLA | - 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 on July 10, 1967. |
| BARTON L. COLLINS | - First elected as a representative of the employees of the Police Department on Sept. 26, 1946. His present term expires October 10, 1976. |
| JANET GRAY HAYES | - 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 July 12, 1971. |
| RAYMOND E. JONES | - First elected as a representative of the employees of the Fire Department on October 11, 1962. His present term expires on November 30, 1974. |
| DOROTHY D. SILVA | - She is a member of the Civil Service Commission and serves on the Board at the pleasure of that body. She was appointed on April 6, 1970, and serves as the President of the Board. |

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

- | | |
|--------------------|--|
| ACTUARY | - Representative of Mitchell & Kadoyama, Inc. |
| INVESTMENT COUNSEL | - Representative of Scudder, Stevens & Clark, Inc. |
| AUDITOR | - Representative of Ernst & Ernst |

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

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

*Financial report as of December 31, 1972

RETIREMENT FUND

ASSETS:

Cash in Bank	\$ 20,063	
Interest Receivable	353,172	
Contributions Receivable	300,776	
Investments - short term	320,000	
Investments (at Cost)	<u>25,630,203</u>	
		<u>26,624,214</u>

RETIREMENT FUND LIABILITIES AND FUND BALANCE

Fund Balance		<u>26,624,214</u>
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*ANALYSIS OF CHANGES IN FUND BALANCE

Year Ended 12/31/72

Fund balance 12/31/71		22,837,508
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Add Revenues:

Employee's Contributions:

Old Plan	\$ 1,702	
New Plan	<u>612,418</u>	

614,120

City's Contributions:

Temporary Pension Increase	34,511	
Old Plan, Current Service	4,537	
Old Plan, Prior Service	4,024	
New Plan, Current Service	1,612,168	
New Plan, Prior Service	<u>1,064,844</u>	

2,720,084

Income on Investments

Long term	1,308,888	
Short term	11,690	
Dividend Income	64,772	
Accrued Interest	4,751	
Loss on Sales	(20,282)	

1,369,819

Total Revenue

4,704,023

Deduct Expenditures:

Pension & Survivor Benefits	865,929	
Temporary Pension Increase	34,469	
Contributions Refunded	<u>16,919</u>	

Total Expenditures

- 917,317

Fund balance 12/31/72

\$26,624,214

*All figures subject to final audit.

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

*Financial report as of December 31, 1972

COST OF LIVING FUND

ASSETS:

Cash in Bank	\$ 6,976	
Interest Receivable	4,965	
Contributions receivable	14,396	
Investments - short term	30,000	
Investments (at Cost)	<u>334,823</u>	
Total Assets		<u>\$391.160</u>

COST OF LIVING FUND LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$391.160</u>
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*ANALYSIS OF CHANGES IN FUND BALANCE

Year Ended 12/31/72

Fund balance 12/31/71	\$244,854
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Add Revenues:

Employee's Contributions	43,927	
City Contributions	<u>114,230</u>	
		158,157

Income on Investments

Interest	19,809	
Accrued Interest	(54)	
Gain on Sales	<u>2,276</u>	
		22,031

Total Revenue	180,188
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Deduct Expenditures:

Pension & Survivor Benefits	33,325	
Contributions Refunded	<u>557</u>	
		<u>-33,882</u>

Fund Balance 12/31/72	<u>\$391,160</u>
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*All Figures Subject To Final Audit

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT REPORT

December 31, 1972

During the year the cost basis of the Police and Fire Department Retirement Plan investment portfolio was increased \$3,580,000 to a year end total of \$25,631,000. With the income produced by the securities on an annual basis amounting to \$1,469,000, the rate of return on the fund is 5.73%.

The Boards' investment philosophy requires that the bulk of the portfolio be high quality bonds and that high yield and non-callable clauses be factors in purchases. The portfolio is reviewed by the investment counsel so that bonds with a lower yield may be replaced with those of a higher yield if income over the long term will offset the penalty of selling the lower yielding bonds before maturity. The over all goal is to obtain the highest yield while protecting the earnings assumption rate which assures that retirement benefits may be paid.

The percentage in common stocks the past year was increased to 13% of the cost value of the fund compared to 8% in 1971. The total investment return (income plus appreciation) on the common stocks in 1972 was 24.1%. The total investment return on common stocks since the first purchase in the fall of 1969 has been at a compound annual rate of 14.4%.

The investment philosophy behind the purchase of common stocks for the retirement system is that over a period of years well-selected common stocks of good quality have shown considerable growth in principal value as well as the amount of income produced because of the growth of the economy of the United States. There is reason to believe that, in view of the further growth anticipated from our economy, there will be a continuation in the growth of earnings and dividends of the leading American corporations. Consequently, purchases of common stocks are appropriate for the retirement system based on the fact that they should show a higher rate of long-term return during most periods and provide some protection against the possibility of continued long-term inflation.

PORTFOLIO PERFORMANCE REPORT

JUNE 30, 1959 TO DECEMBER 29, 1972

GROSS BOND PURCHASE HISTORY

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Annual Rate of Return</u>
12/29/72	\$3,284,000	\$237,000	7.22%
12/31/71	3,650,000	257,000	7.04
12/31/70	3,866,000	312,000	8.07
12/31/69	1,495,000	114,000	7.65
12/31/68	1,940,000	124,000	6.40
12/31/67	1,840,000	105,000	5.71
12/31/66	1,385,000	72,000	5.20
12/31/65	2,313,000	105,400	4.56
6/30/64	967,000	40,000	4.14
--	--	--	--
--	--	--	--
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--	--	--	--
6/30/59	475,000	19,000	4.07

OCTOBER 1969 TO DECEMBER 1972

GROSS STOCK PURCHASE

HISTORY (INCL. CONV.)

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Annual Rate of Return</u>
12/29/72	\$2,104,720	\$45,298	2.20%
12/31/71	918,869	29,954	3.26
12/31/70	560,430	19,270	3.44
12/31/69	897,300	24,000	2.68

DECEMBER 31, 1968 TO DECEMBER 29, 1972

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Year End Annual Rate of Income</u>	<u>Rate of Return</u>
12/29/72	\$25,631,000	\$1,469,000	5.73%
12/31/71	22,051,000	1,272,000	5.77
12/31/70	18,484,000	1,044,000	5.65
12/31/69	14,418,000	733,000	5.08
12/31/68	12,125,000	599,000	4.94

The Cost-of-Living Fund, which amounts to approximately \$335,000 is invested in high coupon bonds and convertibles providing an income of \$22,900 for a current rate of 6.84%.

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Contributions Refunded

January 1, 1971 - December 31, 1971

NAME	<u>RETIREMENT FUND</u> <u>CONTRIBUTIONS</u>	<u>COST OF LIVING</u> <u>CONTRIBUTIONS</u>	TOTAL REFUND
<u>FIRE:</u>	- 0 -	- 0 -	- 0 -
 <u>POLICE:</u>			
Bush, Thomas	\$ 226.70	\$ 16.25	\$ 242.95
Corcoran, Michael	684.18	32.02	716.20
Flores, James	1,831.74	106.20	1,937.94
Mc Cormack, G.	1,908.34	55.53	1,963.87
Meier, Gary	4,538.52	104.21	4,642.73
Meltzer, Verner	1,824.16	80.51	1,904.67
Ozuna, George	3,725.11	57.45	3,782.56
Potter, Larry	2,181.31	104.27	2,285.58
	<u>\$16,920.06</u>	<u>\$556.44</u>	<u>\$17,476.50</u>
 Centless Adjustment	- 1.06	+ .56	
	<u>\$16,919.00</u>	<u>\$557.00</u>	

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PENSION AND SURVIVOR BENEFITS PAID JANUARY 1, 1972 TO DECEMBER 31, 1972

<u>NAME</u>	<u>AMOUNT OF MONTHLY PENSION</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>DATE RETIRED</u>
Andrew F. Crawford	\$ 422.18	\$ 5,029.26	4-5-68
Dolores M. Pierce	526.63	6,273.54	*
William H. Anderson	847.77	4,238.85	7-1-72
Francis Tanner	546.62	6,559.44	5-1-71
Joseph J. Fries	691.49	7,272.57	2-15-72
Earl E. Houlihan	510.71	6,128.52	11-11-71
William E. Anderson	411.96	4,907.52	11-4-67
Herbert R. Bartolini	400.77	4,774.23	4-1-68
Georgia L. Cecil	328.88	3,670.73	*
Roland S. Holden	350.57	4,176.21	4-26-62
Dale D. Davis	473.91	5,648.19	9-1-70
Glenn J. Brewer	420.86	5,013.54	2-10-69
Ronald Le Beau	1,832.73	21,843.00	10-1-70
James E. Manthey	648.63	8,434.19	12-1-71
Corneal S. Tollenaar	647.13	5,824.17	4-1-72
Gary L. Flair	506.35	6,076.20	10-12-71
Robert B. Warrick	814.32	9,771.84	10-5-71
John A. Mattern	458.67	5,463.96	7-16-66
Gordon E. Turnage	399.49	4,758.96	3-8-68
Edward B. Ricketts	583.10	6,997.20	9-1-71
Jesse E. Miller	884.28	884.28	12-1-72
William P. Poelle	455.04	5,420.73	9-11-68
Clifford C. Ostermeier	408.20	4,862.73	5-20-69
Jack H. Stanley	396.50	4,723.35	1-14-68
Stanley M. Hardman	939.61	8,456.49	4-1-72
Lawrence B. Campbell	513.79	6,120.60	2-1-63
Jean D. Ayer	--0--	8,613.77	*
Marie F. Huerta	492.97	5,875.35	*
Curtis F. Bishop	962.43	7,699.44	5-1-72
Bela E. Rebhan	441.67	5,261.46	*
Arthur R. Miller	815.35	6,522.80	5-1-72
E. D. McCay	1,060.65	12,635.13	2-1-70
Thomas J. Higgins, Jr.	1,040.20	10,402.00	3-1-72
Paul J. Ratkovich	--0--	1,081.75	4-1-68
William P. Mauldin	210.93	2,512.74	9-26-44
James H. Hart	406.77	4,845.69	12-3-69
Harold F. Atwell	404.49	4,818.54	12-19-66
Patrick F. Murphy	233.33	2,779.56	4-19-50
Sam D. Coomer	387.45	4,617.75	1-11-71
Thomas J. Higgins	304.35	3,625.62	8-1-53
Dwight E. Salisbury	--0--	585.44	2-1-59
Gerald J. Murphy	863.82	10,290.36	10-28-69
Barbara E. Sawyer	479.18	5,708.28	*
Frank Basile	272.17	3,242.25	1-14-52
William A. Malpass	335.15	3,992.52	10-7-56
Samuel D. Browder	434.58	5,176.98	4-1-65

<u>NAME</u>	<u>AMOUNT OF MONTHLY PENSION</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>DATE RETIRED</u>
Robert Heeren	\$ 771.56	\$ 6,944.04	4-1-72
Charles D. Bernardo	753.53	3,767.65	8-1-72
Nadalie M. Bone	376.32	4,482.96	*
Gunner Petersen	845.49	4,227.45	8-1-72
John F. Knapp	1,484.00	17,808.00	4-15-71
Chad C. Rolston	680.42	8,165.04	7-1-71
Russel L. Batten	1,136.19	13,541.43	3-1-71
John K. Erlandson	612.10	7,295.19	7-1-70
William M. Creamer	402.55	4,795.44	4-15-67
Charles J. Bosque	353.07	4,206.00	5-3-66
Jessie B. Luchessi	641.65	5,325.70	*
Robert True	1,180.03	14,063.94	1-11-71
Sam J. Scarpace	771.56	6,944.04	4-1-72
Arnold W. Chew	396.15	4,719.18	4-21-69
Velma F. Cardona	351.67	1,939.86	7-16-72
Artie Alvares	390.67	4,653.90	2-1-66
Vernon D. Hoffman	406.25	4,839.51	12-6-65
Joseph A. Pinkston	451.04	5,373.06	4-16-66
Herman E. Lorenz	420.42	5,008.29	3-15-68
Chris B. Shannon	1,302.88	6,514.40	7-14-72
Ralph C. Quain	413.96	4,931.34	4-1-63
Lela C. Wakeman	246.73	2,939.19	*
James Crosby	862.74	10,282.38	1-14-71
Antoinette North	2-0--	8,185.35	*
Joseph M. Acouistapace	390.67	4,653.90	2-1-66
William J. Lamb	637.31	2,251.83	9-15-72
Arthur A. MacLean	343.21	4,088.52	11-27-57
Carl L. Evans	655.23	7,862.76	8-1-71
John Matrange	248.57	2,961.12	2-1-53
Walter R. Gadsby	422.92	5,038.08	9-1-63
Robert E. Sims	487.59	5,808.48	4-27-69
James Westerhouse	857.69	8,576.90	3-1-72
Donald R. Kidder	466.82	5,561.04	9-1-66
Frederick J. Flesner	421.38	5,019.75	7-28-63
Robert M. Emerson	89.18	1,062.36	12-10-58
Carl A. Burgstrom	578.81	6,898.41	11-1-70
Anna L. Ogden	291.47	3,472.17	*
Herman J. Schwandt	283.28	3,374.61	1-1-57
John J. Powers	330.07	3,932.01	8-22-55
John A. O'Brien	827.56	7,006.80	4-17-72
Jack L. Barr	418.05	4,980.06	7-14-69
Louis W. Emery	342.57	4,080.90	8-20-64
Doris D. Collins	410.79	4,893.60	*
Robert R. Place	413.82	4,965.84	8-1-71
Hilvie A. Vitek	307.94	3,668.37	*
John B. Canuel	787.86	9,389.94	1-5-71
Ernest J. Barozzi	796.40	3,185.60	9-1-72
Herold P. Toussaint	1,013.45	5,067.25	8-1-72
Harold C. Parker	532.83	6,347.40	5-1-64

<u>NAME</u>	<u>AMOUNT OF MONTHLY PENSION</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>DATE RETIRED</u>
Edwin Kennedy	\$ 744.57	\$ 8,934.84	8-1-71
William C. Lowe	662.48	7,949.76	7-15-71
Mary A. Bruegmann	528.33	6,293.79	*
Simon Garcia	347.54	4,140.12	2-27-62
Emmett C. Miller	372.94	4,442.70	11-1-59
Edward W. Powers	363.50	4,330.23	6-1-59
**Walter Humburg	252.26	3,005.07	3-4-53
Charles A. Murray	399.73	4,761.84	3-12-62
Ivor A. Jones	296.07	3,526.98	8-21-57
Ernest D. Anderson	329.97	3,930.81	8-1-55
Henri Kirby	477.32	5,686.14	7-1-62
Darwin Cecil	- 0 -	409.71	7-5-66
Phyllis M. Lunsford	411.36	4,900.38	*
Eugene F. Stenzel	473.91	5,648.19	8-1-70
Marvin W. Curtiss	766.04	9,118.35	1-4-72
David P. Miller	944.25	5,635.04	7-2-72
Hans C. Thaysen	619.70	7,436.40	9-1-71
George H. Cannell	1,528.22	18,213.78	1-16-71
Bernard Stout	585.43	6,977.31	9-1-70
Josephine Russo	199.86	2,380.86	*
Fred G. Petersen	1,062.13	12,745.56	7-1-71
Irene C. Anderson	156.44	1,877.28	*
Irene Ratkovich	599.65	5,528.31	*
Carl G. Haas	395.80	4,715.01	6-7-66
Henrietta Gibson	355.43	4,236.12	*
Frank J. Ankenbauer	592.45	7,060.98	7-5-70
Clarence W. Anderson	560.63	6,681.75	12-21-70
Kenneth G. Morss	297.30	3,541.62	9-21-57
Robert J. Foley	241.36	2,875.23	5-13-42
Arthur B. Jones	937.50	8,437.50	4-1-72
Robert K. Matson	1.00	289.95	8-1-70
Anthony Gomes	466.44	5,556.51	1-15-68
Peter C. Guerin	411.22	4,898.70	2-15-66
George W. Fusco	384.72	4,583.01	6-10-67
John R. Blackmore	1,953.51	23,442.12	5-17-71
Charles Spadafore	- 0 -	2,365.68	3-1-60
Hugh A. Edes	406.90	4,847.25	7-1-62
Henry A. Anderson	331.60	3,950.22	11-1-55
Herbert W. Miller	973.81	11,622.89	1-3-72
Leon R. Green	1,319.49	14,514.39	2-1-72
Donald O. Demers	1,602.32	8,011.60	7-1-72
Ralph R. Jennings	375.10	4,468.41	9-5-60
George J. Batti	426.51	5,080.86	5-11-64
Edward S. Pracna	530.64	6,321.30	9-13-63
Raymond T. Gray	389.22	4,636.62	4-1-65
Francis E. Conyers, Sr.	412.28	4,911.33	10-26-62
Jack E. Wilson	982.28	11,707.11	9-1-70
Harvey Davis	442.27	5,268.60	9-1-65
James H. Morton	236.79	2,820.78	1-14-52
Vincent D. Murtha	398.45	4,746.57	4-1-65

<u>NAME</u>	<u>AMOUNT OF MONTHLY PENSION</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>DATE RETIRED</u>
Manuel G. Maral	\$ 769.75	\$ 7,697.50	3-1-72
Walter Emery	323.73	3,856.47	5-26-60
Richard A. Bibby	457.31	5,487.72	2-1-71
Lovell E. Guptill	317.05	3,776.91	7-1-54
Louis J. Volonte	188.13	2,241.12	5-2-49
Robert L. Fernandez	431.81	5,143.98	12-11-69
Raymond H. Fisher	417.94	4,978.77	1-1-69
Vern Fisher	616.67	7,349.64	1-3-71
Theron F. Connett	859.19	10,240.08	10-1-70
Robert S. Urzi	400.02	4,765.29	3-18-68
Harley Adams	287.95	3,430.23	7-14-53
Sean R. Leslie	530.28	5,302.80	3-1-72
Ruth M. Davis	184.49	<u>2,213.88</u>	*
		\$934,681.63	

*Receiving survivor benefits

**Less charge to fun 001-09610 as
an industrial award to Mr. Humburg

-962.52

SUB-TOTAL:

\$933,719.11

Plus centless adjustment

3.89

\$933,723.00

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

THE FOLLOWING PERSONS WERE GRANTED A MONTHLY RETIREMENT ALLOWANCE DURING THE PERIOD OF JANUARY 1, 1972 TO DECEMBER 31, 1972:

SERVICE RETIREMENT

FIRE:

Manuel G. Maral
Robert Heeren
Charles D. Bernardo

POLICE:

Ernest J. Barozzi

SERVICE CONNECTED DISABILITY RETIREMENT

FIRE:

Thomas J. Higgins, Jr.
James J. Westerhouse
Sean R. Leslie
Corneal S. Tollenaar
Arthur B. Jones
Salvatore Scarpace
David P. Miller
John A. O'Brien
William H. Anderson
Gunner Peterson
William J. Lamb
Robert Heeren

POLICE:

Stanley M. Hardman
Arthur R. Miller
Curtis F. Bishop
Harold P. Toussaint
Donald O. DeMers
Jesse E. Miller

NON-SERVICE CONNECTED DISABILITY RETIREMENT

FIRE:

Joseph J. Fries
Christopher B. Shannon

POLICE:

Leon R. Green

1946 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

SERVICE RETIREMENT

FIRE:

POLICE:

Velma Cardona

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

HIGHLIGHTS OF THE PERIOD JANUARY 1, 1972 TO DECEMBER 31, 1972

1. Membership in the Plan was 1,128 as of December 31, 1972
2. Four members retired for service and eighteen members retired because of disabilities during 1972.
3. There are 138 members and 20 survivors receiving benefits from the Plan as of December 31, 1972.
4. During the reporting period no Fire members and eight Police members left the membership of the Retirement Plan and had their contributions refunded.
5. The Retirement Fund balance as of December 31, 1972 was \$26,624,24.00.
6. Payment of pensions or survivors benefits increased from about \$60,000 per month to about \$80,000 per month during the reporting period.
7. Interest on investments for the year was \$1,369,819 and averaged about \$114,000 per month for the year of 1972.
8. Short-Term Investments earned \$11,690 during 1972.
9. The annual return for the entire portfolio was 5.73% as of December 31, 1972.

THE FOLLOWING RETIRED MEMBERS DIED DURING THE PERIOD OF JANUARY 1, 1972 TO DECEMBER 31, 1972:

FIRE:

Darwin Cecil	Died January 26, 1972
Angelo Luchessi	Died April 21, 1972
Paul Ratkovich	Died March 24, 1972
Charles Spadafore	Died August 14, 1972

POLICE:

Cecil Ayer	Died September 6, 1972
Alvy North	Died November 19, 1972
Dwight Salisbury	Died February 28, 1972

1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Contributions and Revenues

1. Each member of the Retirement Plan contributes 4.05% of his salary for retirement benefits and an additional .29% for cost of living benefits, for a total employee contribution equalling 4.34% of payroll.
2. The City contributes to the Retirement Plan the following percentage of payroll:

Current service	10.80%
Prior service	<u>7.09%</u>
Retirement benefit total	17.89%
Cost of Living	<u>.77%</u>
Total City contribution	18.66%

3. The following sources contributed their share of the \$4,700,000 revenues received by the Retirement Fund in 1972:

Employee contribution	13.05%	=	\$ 614,120
City contribution	57.83%	=	2,720,084
Investment Income	<u>29.12%</u>	=	<u>1,369,819</u>
Total revenues	100.00%	=	\$4,704,023