

BOARD OF POLICE & FIRE PENSION FUND COMMISSIONERS  
MINUTES OF NOVEMBER 27, 2007 MEETING

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Chairperson Kim Denton called the meeting of the Board of Police & Fire Pension Fund Commissioners to order at 10:06 AM on November 27, 2007 in the Cityhall Conference Room.

ROLL CALL

Present: Board Members Richard Courtney, Jewel Okawachi, Jacqueline Bucholz, Carla Hertzog and Chairperson Kim Denton. Guest: Charles Adams, City of Albany Finance Director.

CONSENT CALENDAR

1. Approval of pension payments for the month of November 2007 in the amount of \$111,686.15.

Staff recommendation: Approve

2. Presentation of Dodge & Cox's Monthly Report of Transactions as of October 31, 2007.

Staff recommendation: Note and file

3. Approval of invoice from Union Bank of California in the amount of \$10,577.79 for trustee/custody services for the quarter ended September 30, 2007.

Staff recommendation: Approve

4. Presentation of the Component Unit Financial Statements for the Police & Fire Relief or Pension Fund for the Fiscal Year Ended June 30, 2007 as audited by OUM.

Staff recommendation: Note and file

MOTION: Motion was made to approve the items on the consent calendar.

Moved by: Board Member Bucholz, Seconded by: Board Member Okawachi.

AYES: Board Members: Bucholz, Courtney, Okawachi, Hertzog, and Denton.

NAYS: None

ABSENT: None

ABSTAINED: None

Motion carried.

## APPROVAL OF MINUTES

1. Minutes of the regular meeting of October 30, 2007.

Staff recommendation: Approve

MOTION: Motion was made to approve the minutes of October 30, 2007.

Moved by: Board Member Bucholz, Seconded by: Board Member Okawachi.

AYES: Board Members: Bucholz, Courtney, Okawachi, Hertzog, and Denton.

NAYS: None

ABSENT: None

ABSTAINED: None

Motion carried.

## PUBLIC COMMENT

There was no Public Comment on this agenda.

## DISCUSSION & POSSIBLE ACTION ON MATTERS RELATED TO THE FOLLOWING ITEMS

1. Invoice from the City of Albany in the amount of \$1,788.48 for city administrative services for the month of November, 2007.

Staff recommendation: Approve.

MOTION: The motion was made to approve the invoice from the City of Albany in the amount of \$1,788.48 for City administrative services for the month of November, 2007.

Moved by: Board Member Okawachi, Seconded by: Board Member Bucholz.

AYES: Board Members: Bucholz, Okawachi and Denton.

NAYS: Board Members: Courtney and Hertzog

ABSENT: None

ABSTAINED: None

Motion carried.

2. Transfer of pension fund assets currently in individual investments at Dodge and Cox to Dodge & Cox's funds with the target allocation as follows: 40% stock fund, 50% income fund, and 10% international stock funds.

Charles Adams led the discussion by summarizing the events leading up to the Board entertaining the above change in the investment portfolio. International exposure has been discussed for some time as well as being recommended by Wurts and Associates and this move would be giving the fund exposure without too great a risk. Also with a declining portfolio, administrative costs are going to be an increasing factor. By putting into the listed funds, the administrative costs would be lower. Another point this would provide a bit more security through dispersion of funds. By moving to these funds, the dispersion is greater providing that shelter.

The mortgage-backed securities are in the news and currently the fund is over weighted in allocations in some of those types of securities. The type of securities the fund has are not those of the commercial types that have been in the news, but rather the Freddy (Fannie) Mae and Freddy Mac. These two funds are not federal but are private and now are starting to be in the news also. No one ever thought the type of market conditions would exist as they do now.

Freddy Mac even though being chartered by Congress the public perceives them as being “protected”. They may need to call upon the government in the future to help them out.

By making a change now we would protect the fund. If there are no reservations, Mr. Adams felt the time to change is at this point. Carla Herzog agrees to getting out since no one knows if the government will back any loans in the future as things are currently going.

Chairperson Denton shared that Wurts & Associates will be redoing the investment policy December 7<sup>th</sup> and Wurts did make the recommendation to provide some flexibility. Denton agreed we can get into the change now rather than wait until the first of the year.

MOTION: To transfer of pension fund assets currently in individual investments at Dodge and Cox to Dodge & Cox’s funds with the target allocation as follows: 40% stock fund, 50% income fund, and 10% international stock funds with the change to take place as soon as Wurts provides the investment policy.

Moved by: Board Member Hertzog, Seconded by: Board Member Bucholz.

AYES: Board Members: Bucholz, Courtney, Okawachi, Hertzog, and Denton.

NAYS: None

ABSENT: None

ABSTAINED: None

Motion carried.

### FUTURE AGENDA ITEMS

Discussion regarding the next meeting determined the next Police & Fire Pension Board Meeting will be December 27, 2007.

### ADJOURNMENT

The motion to adjourn was made and carried to adjourn. Meeting ended at 10:21 AM.

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Kim Denton, Chairperson

ATTEST:

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Eileen A. Harrington, Secretary