



Commission Agenda Report

City of Kalamazoo

TO: Scott Borling, City Clerk

FROM: Charles Elliott, Investment Committee Chair
Prepared By: Jeanette Meyer, Pension Analyst
Date Prepared: April 11, 2007

SUBJECT: 2006 Annual Report: City of Kalamazoo Employees' Retirement System Investment Committee

The Investment Committee held four (4) regular meetings and one special meeting during the year in 2006. At each of the regular meetings the performance of the funds was reviewed. There was a report produced by the Investment Consultant to the Investment Committee that was sent to the City Commission each quarter. A recap of the year's results is as follows:

For the period ending December 31, 2006, the ending market value of the fund was \$523.3 million. This is the first year the assets were over \$500 million. The total return for the year was 14.2%. The annualized compounded return since September 1982 net of fees and expenses was 13.2%.

The Investment Consultant and City Staff reallocated the assets to comply with Public Act 485, which states equities couldn't be more than 70% of the total fund.

The Investment Committee held several due diligence meetings in 2006. The Committee met with BGI, DFA, Jennison and RREEF to review asset strategy and management style and to ensure conformity with all applicable laws and regulations.

Two (2) meetings were held with State Street Bank to ensure the Trustee is executing its responsibilities within all applicable laws and guidelines.