

# POLICE AND FIRE RETIREMENT PLAN

## Special Investment Committee Summary

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 6, 2008

### Present:

#### Committee Members

Mark Skeen

Ken Heredia

Bret Muncy

#### Also Present:

Russell Crosby	-Director/Secretary	Susan Devencenzi	-Staff
Tom Webster	-Deputy Director		
Donna Busse	-Staff		
Ron Kumar	-Staff		
Cristin James	-Staff		

## MEETING SUMMARY

### RECOMMENDATIONS

None

### APPROVAL ITEMS

#### 1. Discussion and action on the Investment Consultant RFP.

The Secretary reported that a new RFP has been opened and responses are due by Wednesday, March 12, 2008.

Member Heredia stated that the Committee's visit to NEPC went well but they did not have sufficient time during the presentation on alternative investments. Since alternative investments are a large part of why the Trustees are looking at NEPC, this still leaves some open questions that will need to be addressed.

The Secretary stated that NEPC has an office in Redwood City so the Trustees could attend a video conference with the alternative investments staff from Boston for an in-depth presentation.

Chair Skeen recommended that the Committee further discuss the RFP on March 19, 2008.

#### 2. Discussion and possible action on the Large Cap Growth and Small Cap Value manager searches.

The Secretary stated that State Street Global Markets ("SSGM") was selected as Transition Manager by the Board and will manage a portfolio to a specific benchmark until a new manager is selected. SSGM does not charge any fees for this service.

Member Heredia was concerned that a large part of the portfolio is in a holding pattern and that the portfolio in transition was not available to capture value in this volatile market.

The Secretary explained that Mercer failed by not preparing the Plan for a downturn in the market. There are products that do not have sharp down cycles that would insulate assets in a volatile market. Mercer has been evaluating manager performance but not preparing new managers to be ready to replace a manager that is terminated.

The Secretary stated that the Boston Company portfolio may need to be moved in the near future if performance does not improve.

**Approved:**

  
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**RUSSELL U. CROSBY, SECRETARY  
BOARD OF ADMINISTRATION**