



**CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR MEETING OF THE INVESTMENT COMMITTEE**

ACTION AGENDA

February 21, 2007

Investment Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 9:30 AM on the day above written.

ROLL CALL AT 9:30 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Brian Burry, Carla Lombardi, Ken Nerland, K.C. Chen, Daniel Ray
Members Absent: None

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Assistant Retirement Administrator; Board Memb
Frank Balekian; Michael Schlachter of Wilshire Associates

APPROVE AGENDA

Approve agenda of February 21, 2007, Investment Committee meeting.

ACTION: Approved/Adopted

TIMED SCHEDULED HEARINGS AND MATTERS

1. Educational presentations and discussions on Algorithm Trading and Transition Management Services

9:30 am	Ramirez & Company
10:15 am	Russell Investment Group
11:00 am	BGI
11:45 am	Global Transitions

ACTION: No Action

The Committee conducted an educational session on Algorithm trading and transition management services with presentations from four different firms, Ramirez & Company, Russell Investment Group, BGI and Global Transitions and took no action.

A. AGENDA ITEMS

1. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ending December 31, 2006.

ACTION: Approved/Adopted

The Committee reviewed and accepted the Investment Performance reports from Wilshire Associates for the period ending December 31, 2006.

2. Review, discussion and direction as to whether any investment managers should remain or be placed on watch status.

ACTION: Approved/Adopted

The Committee reviewed, discussed and accepted the report provided by staff, and provided direction to add Kalmar and keep Emerald Advisors on Watch status based upon their three year underperformance of their stated benchmark. The Committee also directed the Investment Consultant, Michael Schlachter, to review, evaluate and provide to the Committee a list of all possible alternatives and ways to improve the Systems' performance in the small cap asset class.

3. Review, discuss and consider request from Pyramis Global Advisors to invest in SES Global S.A., a global telecom company headquartered in Luxembourg, a non-EAFE country.

ACTION: Approved/Adopted

The Committee reviewed, discussed and approved the request from Pyramis to invest in SES Global S.A. a global telecom company which is headquartered in Luxembourg, a non-EAFE country, but has it major operations in Europe.

4. Review, discussion and direction on Compliance Statement notification from Heitman concerning a holding, Equity Office Properties (EOP).

ACTION: Received

The Committee reviewed the issues surrounding the action taken by Heitman and concluded that under the circumstances the action may have been reasonable and in the best interest of the Systems.

5. Review and provide direction on the updated draft of proposed modifications to Part IV, Section 10.0 of the Boards' Investment Objectives and Policy Statement.

ACTION: Approved/Adopted

The Committee approved the proposed modifications to Part IV, Section 10.0 of the Boards' Investment Objectives and Policy Statement and directed that the policy be referred to the Boards for review and approval.

6. Consider staff recommendation for monthly drawback for operating and benefit payroll costs

ACTION: Approved/Adopted

The Committee approved staff's recommendation to withdraw \$8.0 million from the Heitman REIT portfolio and \$8.5 million from the Principal REIT portfolio and to use \$6.0 million of the proceeds to fund payroll and operating accounts for March 2007, investing the remainder of the proceeds withdrawn into the BGI SP500 Equity Index fund.

7. Review, discuss and prioritize Investment Committee projects and activities.

ACTION: No Action

The Committee reviewed and took no action.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of December 31, 2006 and January 31, 2007.

ACTION: Received

2. Northern Trust Monthly Asset Allocation Overviews as of December 31, 2006 and January 31, 2007.

ACTION: Received

3. Monthly Fixed Income Analysis Reports as of December 31, 2007 and January 31, 2007.

ACTION: Received

4. Action Agenda, Investment Committee Meeting January 17 and 24, 2007.

ACTION: Received

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5. January 2007, letter from Frank Latuda, Jr. CFA, Portfolio Manager Kennedy Capital Management.
ACTION: Received
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6. January 2007, Prudential Investment Management-Fixed Income, Emerging Markets Perspectives.
ACTION: Received
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7. January 22, 2007, FUNDfire article, Ennis Knupp Advocates Flexible Manager Hires.
ACTION: Received
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8. January 25, 2007, letter from Dodge & Cox Investment Managers on changes in the firm.
ACTION: Received
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9. January 26, 2007, Wall Street Journal article, Outside Influence: How Borrowed Shares Swing Company Votes, SEC and Others Fear Hedge-Fund Strategy May Subvert Elections.
ACTION: Received
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10. January 2007, Northern Trust response to the Wall St. Journal article of January 26, 2007 on Outside Influence: How Borrowed Shares Swing Company Votes.
ACTION: Received
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11. January 29, 2007, Wilshire Consulting, 2007 Asset Allocation Return and Risk Assumptions.
ACTION: Received
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12. January 30, 2007, FUNDfire article, Fidelity Plots Institutional Product Blitz.
ACTION: Received
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13. February 1, 2007, letter from Lewis A. Sanders, Chairman and CEO of AllianceBernstein, announcing that Lisa Shalett will become global research director of Alliance Growth Equities.
ACTION: Received
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14. February 6, 2007, email message from Joseph Azelby at JPMorgan Asset Management, As we head into 2007...a note from JPMorgan -- Real Estate.
ACTION: Received
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15. February 8, 2007, letter from Blake Grossman, Chief Executive Officer of BGI on the recent announcement by the State Street Corporation's intent to acquire Investors Financial Services Corporation.
ACTION: Received
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16. February 12, 2007, Pensions & Investment article, CalPERS CIO Rips Hedge Fund Fees.
ACTION: Received

C. UNSCHEDULED ORAL COMMUNICATIONS

None

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

E. PUBLIC COMMENTS

None

ADJOURNMENT 1:10 PM

There being no further business to bring before the Committee, and hearing no objections, the Chair declares the Investment Committee meeting adjourned.

