



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

ACTION AGENDA

August 15, 2007

Investment Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 8:30 AM on the day above written.

ROLL CALL AT 8:30 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Brian Burry, Carla Lombardi, Ken Nerland

Members Absent: KC Chen, Daniel Ray

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Frank Balekian, Board Member, and Michael Schlacter

APPROVE AGENDA

Approve the Investment Committee Agenda of August 15, 2007.

ACTION: Approved/Adopted

ON MOTION by Member Lombardi seconded by Member Nerland to approve the Investment Committee agenda of August 15, 2007, DULY CARRIED by the following vote:

AYES: Cliby, Lombardi, Burry, Nerland

NOES: None

ABSTAIN: None

ABSENT: Chen, Ray

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and portfolio review of the AllianceBernstein Large Cap Core Equity portfolio managed by Cathy Woods, Portfolio Manager and Liz Smith, Managing Director, Public Funds.

ACTION: Received

Ms. Catherine Wood, Chief Investment Officer and Ms. Liz Smith, Managing Director of Public Funds at AllianceBernstein provided a detailed review of the US Strategic Research product including a review of the portfolio's style, issues surrounding the sub-prime market, technology and the energy sector. Ms. Wood continues to state that the portfolio is positioned well for strong growth potential because of stock appreciation. The Committee reviewed and accepted the AllianceBernstein presentation report.

9:30 AM Presentation and annual review of Securities Lending and Commission Recapture programs managed by Kerry Nelson, Sr. VP, Manager of Public Funds, Don Anderson, VP, Securities Lending Relationship Manager and Robert Ernst, VP, Custody Relationship Manager of Northern Trust.

ACTION: Received

The Committee accepted the reports provided by Messrs. Kerry Nelson, Don Anderson and Robert Ernst of Northern Trust. The report contained a brief update on Northern Trust, the custodial bank, securities lending – the program, along with a summary of the Systems' securities lending and brokerage recapture programs earnings. Since inception with Northern Trust in October 2003, the cumulative net earnings from securities lending exceeds \$3.0 million, of which \$1.1 million was earned in FY2007, the period ending June 30, 2007. In addition, the Systems' participation in the Northern Trust Commission Recapture program during FY2007 provided net income of \$95,000 with an overall participation rate of 16.58% of trades for the Systems' investment managers. The reduction in income from FY2006 is reflective of the

decision to not require a stated target percentage for directed brokerage with new investment managers.

A. AGENDA ITEMS

1. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ending June 30, 2007.

ACTION: Received

The Committee reviewed and accepted the quarterly performance reports for the 2nd Quarter 2007 from Wilshire Associates.

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2. Review, discuss and consider Due Diligence Site Visitation Sub-Committee recommendations concerning on-site visitations with finalists in the core plus fixed income manager search and address policy issues.

ACTION: Laid Over

LAID OVER PENDING COMPLETION OF ASSET ALLOCATION STUDY

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3. Review, discussion and direction on Fee Proposal submitted for renewal of the Northern Trust's Master Trust and Custodial Bank contract.

ACTION: To Staff for More Info

The Committee reviewed the renewal contract propose by Northern Trust and directed staff to negotiate on their behalf with Northern Trust, bringing a final proposal for review by the Investment Committee prior to making its recommendation to the Boards to renew the contract.

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4. Status update on action to terminate The Boston Company international core equity portfolio and transition of assets to BGI.

ACTION: Received

Staff reviewed details of the actions taken by direction of the Committee to terminate The Boston Company international core equity portfolio and transition the holdings of that portfolio into the BGI International Alpha Tilts EAFE Fund._ The Committee accepted the report.

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

ACTION: Received

The Committee accepted the staff report which detailed the action taken by the Committee last month to fund benefit payments for August, September and October 2007, no further action was taken.

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6. Review, discussion and direction on report provided by Michael Schlachter, Investment Consultant, evaluating all possible alternatives and ways to improve the Systems small cap equity asset class performance.

ACTION: Laid Over

LAID OVER PENDING COMPLETION OF ASSET ALLOCATION STUDY

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

ACTION: No Action

The Committee discussed further education to be presented in October or November and

several members indicated that they would be attending the CalPERS conference on State Funding in September.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of July 31, 2007.
ACTION: Received

2. Northern Trust Monthly Asset Allocation Overview as of July 31, 2007.
ACTION: Received

3. Monthly Fixed Income Analysis Report as of July 31, 2007.
ACTION: Received

4. Action Agenda, Investment Committee Meeting July 18, 2007 and August 8, 2007.
ACTION: Received

5. February 2007, Greenwich Associates, Investment Management: The Calm Before the Liability Storm?
ACTION: Received

6. July 16, 2007, Bloomberg.com article, Stocks in US Poised for 10 Percent Drop, Options Bet Show.
ACTION: Received

7. July 24, 2007, Times article, State pension funds outshine Foreign stocks, private equity and other risky investments boost CalPERS and CalSTRS.
ACTION: Received

8. July 27, 2007, Wilshire Consulting, Rule 144A & the Capital Formation Landscape
ACTION: Received

9. July 27, 2007, email from Stuart Schweitzer, JPMorgan Asset Management, Reaction to the selloff.
ACTION: Received

10. August 2, 2007, email from Corey Griffin, Boston Co. re: resignation of Patrick Sheppard, President and Chief Operating Officer.
ACTION: Received

11. August 8, 2007, FUNDfire article, Goldman Hedge Fund Continues to Fall
ACTION: Received

12. August 9, 2007, FUNDfire article, Boston Co. Loses Mandate After Liftout.
ACTION: Received

13. August 9, 2007, email from Robert Thompson, Dodge & Cox, Subprime thoughts from Bob Thompson.

ACTION: Received

14. August 2007, AllianceBernstein, From Drought to Deluge: The Return of Volatility to the Fixed-Income Markets.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

None

D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

ADJOURNMENT 10:45 AM

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