



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

ACTION AGENDA

May 16, 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, K.C. Chen, Ken Nerland, Daniel Ray
Members Absent: None

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Frank Balekian, Board Member, and Michael Schlacter, and Paul VonSteenburg of Wilshire Associates

APPROVE AGENDA

Approve the Investment Committee Agenda of May 16, 2007.

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and portfolio review by Mr. Rich Bruder, Portfolio Manager of Loomis-Sayles.

ACTION: Received

Mr. Bruder presented a thorough review of the portfolio's characteristics and overriding compliance guidelines along with performance by allocation in quality, duration and sectors. He provided an in-depth discussion of the Systems' Loomis Sayles High Yield Fixed Income portfolio performance since inception returns and for the calendar year as of April 30, 2007.

9:30 AM Educational presentation by Mr. Paul Von Steenburg, Wilshire Associates on derivatives.

ACTION: Received

Mr. Von Steenburg provided an educational presentation on derivatives which included the definition and characteristics of derivatives, a list of the basic derivative instruments, and background information and trade examples relating to each of the derivative instruments.

A. AGENDA ITEMS

1. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ending March 31, 2007.

ACTION: Received

The Committee reviewed and accepted the Investment Performance reports from Wilshire Associates for the period ending March 31, 2007.

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.

LAI D O V E R P E N D I N G C O M P L E T I O N O F A S S E T A L L O C A T I O N S T U D Y

ACTION: Laid Over

LAI D O V E R P E N D I N G C O M P L E T I O N O F A S S E T A L L O C A T I O N S T U D Y

3. Update, discussion and direction on Policy Provisions for the developed and Emerging Markets International Equity Portfolios

ACTION: To Staff for More Info

The Committee discussed proposed policy revisions and directed staff to allow both developed and emerging market managers to invest in securities incorporated in Hong Kong. The proposed policy will be reviewed by the Committee at its next meeting.

4. Review, discuss and consider change in Proxy Voting Policy to grant authority for portfolio managers to cease voting proxies in so-called "share-blocking" markets.

ACTION: Approved/Adopted

The Committee approved the proposed changes and will recommend that the Boards' adopt the modifications to the Proxy Voting Policy in June 2007.

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

ACTION: Approved/Adopted

The Committee approved staff's recommendation to withdraw \$12.0 million from the Acadian international equity portfolio to use the proceeds to fund payroll and operating expenses for two months (June and July 2007).

6. Annual performance review of Investment Consultant, relating to the Agreement between Wilshire Associates and the City of Fresno Retirement Systems dated May 1, 2003.

LAI D OVER TO JUNE

ACTION: Laid Over

LAI D OVER TO JUNE

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

ACTION: Received

The Committee reviewed the list of projects and activities and took no action.

8. 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.

LAI D OVER PENDING COMPLETION OF ASSET ALLOCATION STUDY

ACTION: Laid Over

LAI D OVER PENDING COMPLETION OF ASSET ALLOCATION STUDY.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of April 30, 2007.

ACTION: Received

2. Northern Trust Monthly Asset Allocation Overview as of April 30, 2007.

ACTION: Received

3. Monthly Fixed Income Analysis Report as of April 30, 2007.

ACTION: Received

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4. Action Agenda, Investment Committee Meeting April 18, 2007.

ACTION: Received

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5. April 17, 2007, FUNDfire.com article, Wilshire Breaks Into Private Bank Market.

ACTION: Received

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6. April 23, 2007, Investment Manager Presentation and Portfolio Review Meeting Schedule.

ACTION: Received

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7. April 24, 2007, FUNDfire.com article, Three Ex-Ohio Bureau Officials Sentenced.

ACTION: Received

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8. April 25, 2007, FUNDfire.com article, Legg Heir Apparent Steps Down as President.

ACTION: Received

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9. April 30, 2007, InvestmentNews.com article, Flying High With Derivatives Can Be Risky.

ACTION: Received

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10. April 30, 2007, Pensions&Investments.com article, Fundamental Indexing Superiority Disputed.

ACTION: Received

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11. May 8, 2007, Wilshire Consulting, The Subprime Story.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

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D. UNSCHEDULED ORAL COMMUNICATIONS

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E. PUBLIC COMMENTS

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ADJOURNMENT 11:50 AM

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