



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

ACTION AGENDA

July 18, 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

APPROVE AGENDA

Approve the Investment Committee Agenda of July 18, 2007.

ACTION: Approved/Adopted

ON MOTION by Member Burry seconded by Member Chen to approve the Investment Committee agenda of July 18, 2007, DULY CARRIED by the following vote:

AYES: Cliby, Burry, Lombardi, Nerland, Chen

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and portfolio review by Mr. Michael Nyeholt and Mr. Terry Ragsdale, Investment Specialist and Research Portfolio Coordinator, of Capital Guardian.

ACTION: Received

The Committee accepted the presentation, portfolio review and report provided by Messrs. Nyholt and Ragsdale which provided detailed information on the domestic equity management team, the investment process and investment results of the portfolio. The Committee reviewed the summary attribution analysis along with the attribution methodology, and the objectives guidelines for the portfolio. The Committee was advised that Alan Wilson is the current RP Coordinator taking over from Andy Barth who moved approximately eighteen months ago from being the US Research RPC to the Global Research RPC.

A. AGENDA ITEMS

1. 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

2. Review, discussion and direction on Asset Liability Valuation Education presentation by Michael Schlachter, Wilshire Associates.

ACTION: Received

The Committee accepted the educational presentation by Michael Schlachter and directed

that the additional decision factors discussed could be added into the process for preparation of the Asset Allocation Study.

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

ACTION: Received

The Committee reviewed the overall performance of its Investment Consultant and the firm, Wilshire Associates, separately. The Committee concluded that it would retain the firm, Wilshire Associates, through the next year at which time it may consider conducting a Request for Proposal bid to review Investment Consulting firms. The Consultant was asked to work with all Board members and staff, to communicate well with everyone, and to bring new, fresh ideas to the Board, to provide more education. The Committee requested that KC Chen interact with Mr. Schlachter to challenge and refresh the academic process.

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

ACTION: Received

The Committee accepted staff's recommendation to withdraw funds from the small cap equity managers over the next three months pending review of the asset allocation study and authorized drawbacks of \$6.0 million to fund benefit payments for the months of August (from Emerald and BGI), September (from Kalmar) and October (from Kennedy Capital).

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5. 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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6. Review, discuss and prioritize Investment Committee projects and activities.

ACTION: No Action

The Committee reviewed the projects list and took no action.

B. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

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4. Action Agenda, Investment Committee Meeting June 30, 2007.

ACTION: Received

5. April 2007, Vol. II, Prudential Investment Management Fixed Income, Where is the Tail? Why Short-Selling Makes Sense in Fixed Income.

ACTION: Received

6. May 7, 2007, Memorandum from Frank Latuda, Jr. CFA, CIO, Kennedy Capital, re: New Director of Research, Michael Bertz.

ACTION: Received

7. May 23, 2007, JPMorgan Asset Management, letter from Eve Guernsey, CEO Americas, announcement of the appointment of John H. Hunt to CEO of JPMorgan Asset Management's Institutional business in the Americas.

ACTION: Received

8. June 21, 2007, Article, Institutional Consultant Pay on The Rise

ACTION: Received

9. July 2007, Post Merger note to Current Genesis Asset Managers, LLP Clients

ACTION: Received

10. July 2, 2007, Wilshire Consulting, MSCI Barra Index Methodology Changes.

ACTION: Received

11. July 5, 2007, Wilshire Consulting, What TIPS the Balance? Thoughts on History vs. Theory in TIPS Forecasting.

ACTION: Received

12. July 11, 2007, FUNDfire article, Anticipated Delaware Lift-Out Goes Ahead.

ACTION: Received

13. July 11, 2007, FUNDfire article, Western Enters Managed Accts at Smith Barney.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE 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.