



CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR MEETING OF THE INVESTMENT COMMITTEE

ACTION AGENDA

December 20, 2006

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, K.C. Chen, and Daniel Ray

Members Absent: Carla Lombardi, Ken Nerland

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

A. TIMED SCHEDULED HEARINGS AND MATTERS

9:30 AM Presentation and portfolio review of the Enhanced Fixed Income Portfolio by Peter Taggart, Institutional Client Relations, Geraldine McAteer, Account Manager and James Herbst, Portfolio Manager of Prudential Investment Management.

ACTION: Received

Mr. Herbst provided a detailed review of Prudential's Enhanced Fixed Income Portfolio performance, objectives and investment approach and the firm's outlook on credit and mortgages.

B. AGENDA ITEMS

1. Update to include additional investment management firm for active core and core plus domestic fixed income presentations in January 2007.

ACTION: Approved/Adopted

The Committee agreed to include an additional investment management firm in the active core plus semi-finalists presentations as the only reason the firm had been excluded was because of delayed reporting of performance data to Wilshire.

2. Review, discussion and direction concerning the transition of the Systems' Select International account from Fidelity Management Trust Company to Pyramis Global Advisors.

ACTION: To Board

The Committee reviewed and discussed comments from staff and Legal Counsel and will recommend approval of the transition from FMTC to Pyramis Global Advisors to the Boards at their meeting

3. Review, discussion and direction on merger of Genesis Asset Managers, LLP (GAM) with and into its parent entity Genesis Fund Managers, LLP (GFM) and GFM changing its name to Genesis Asset Managers, LLP.

ACTION: To Board

The Committee reviewed the proposed merger and name change set forth in the November 30, 2006 letter from Paul Greatbatch and Jeremy Paulson-Ellis and will recommend that the Boards approve the merger at their next meeting.

4. Review, discussion and direction on Kennedy Capital Management's announcement of personnel changes related to next generation transitioning of responsibilities.

ACTION: No Action

The Committee reviewed and discussed the changes at Kennedy Capital Management, accepting the information and concluding that there was no action to be taken.

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5. Review, discussion and direction on announcement of Mellon's merger with The Bank of New York.

ACTION: No Action

The Committee reviewed and discussed the Mellon merger with The Bank of New York and took no action.

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6. Review, discussion and direction on results shown in the SACRS Public Fund Universe Analysis Report for Period Ending June 30, 2006.

ACTION: Received

This report was provided for information purposes and provides a background for further discussion for the Asset Allocation Study to be conducted in Spring 2007.

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

ACTION: Approved/Adopted

The Committee approved staff's recommendation to drawback \$6.0 million from BGI SP500 Equity Index Fund to fund payroll and operating accounts for January 2007.

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

ACTION: To Staff for More Info

No new items added to the list of projects and activities. Staff will check directly with CalPERS to see whether there could be a change in the reciprocity agreement that would allow CFRS members eligibility for the CalPERS Home Loan Program.

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9. Review, discussion and direction on proposed modifications to Part IV, Section 10.0 of the Boards' Investment Objective and Policy Statement

ACTION: Laid Over

Laid over for discussion next month along with a review of the Retirement Board Policy on Committee Charters.

C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of November 30, 2006.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overviews as of November 30, 2006.

ACTION: Received

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3. Monthly Fixed Income Analysis Reports as of November 30, 2006

ACTION: Received

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4. Action Agenda, Investment Committee Meeting November 28, 2006.

ACTION: Received

5. September 2006, BGI Investment Insights, Funds of Hedge Funds Take the Wrong Risks.
ACTION: Received
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6. November 2006, AllianceBernstein, What Lies Beneath: Navigating the Hedge-Fund Market.
ACTION: Received
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7. December 1, 2006, article, Wilshire Debuts Hedge Funds of Funds in U.S.
ACTION: Received
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

F. PUBLIC COMMENTS

None

ADJOURNMENT 11:30 AM

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

