



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

**ACTION AGENDA**

**April 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.**

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**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

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**APPROVE AGENDA**

Approve the Investment Committee Agenda of March 21, 2007

ACTION: Approved/Adopted

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**TIMED SCHEDULED HEARINGS AND MATTERS**

**8:30 AM** Presentation and portfolio review by Mr. Frank Latuda, Portfolio Manager and Mr. Charles Bryant, VP Marketing, of Kennedy Capital Management, Inc.

ACTION: Received

Action: Mr. Bryant provided an overview of Kennedy Capital Management - the firm, reviewing the recent developments with management changes and hiring opportunities, organizational structure and ownership provisions which have taken place over the last few years. Mr. Latuda provided an indepth review of the portfolio, explaining the portfolio management team's research and stock selection processes. Mr. Latuda noted that REITs are the source of the recent under performance in the portfolio and he discussed the increases in the allocation of the REIT sector in the benchmark index.

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**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: To Staff for More Info

Action: The Committee reviewed the findings of the Due Diligence Site Visitation Sub-Committee and directed staff to establish a formal Sub-Committee review process before finalization of the report to the Investment Committee for future manager searches. The Committee decided to wait for the Asset Allocation Study to be completed before making its final determination on the core plus fixed income manager search and address policy issues identified.

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2. Review, discussion and direction on requests from The Boston Company and Pyramis regarding policy provisions for the developed markets International Equity Portfolios.

ACTION: To Staff for More Info

Action: The Committee directed staff to review the proposed policy changes with developed and emerging market managers and will bring the proposed policy back to the Committee for final review next month.

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3. Review, discussion and direction on renewal of the Agreement with IRSS to provide securities litigation monitoring services.  
ACTION: To Board  
Action: The Committee accepted staff's analysis concerning the services provided by IRSS and will take a recommendation to the Boards for renewal of the IRSS service agreement for a minimum of one additional year.
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4. Review, discuss and consider change in Proxy Voting Policy, as requested by Acadian Asset Management effective May 1, 2007, to cease voting proxies in so-called "share-blocking" markets.  
ACTION: To Committee for Review  
Action: The Committee reviewed the issues concerning shareholders that vote proxies in share blocking markets. The Committee directed staff to modify and review with Legal Counsel the Board's Proxy Voting Policy and present a draft policy with changes for review at the next Investment Committee meeting.
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5. Consider staff recommendation for monthly drawback for operating and benefit payroll costs.  
ACTION: Approved/Adopted  
Action: The Committee approved staff's recommendation to withdraw \$6.0 million from the BGI Equity (S&P 500) Index Fund to fund benefit payments for May 2007.
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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  
Action: LAID OVER PENDING COMPLETION OF ASSET ALLOCATION STUDY
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7. Review, discuss and prioritize Investment Committee projects and activities.  
ACTION: Received  
Action: An updated list was provided as an information item no action taken.
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**B. INFORMATION ONLY ITEMS**

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

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

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

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  4. Action Agenda, Investment Committee Meeting March 21, 2007.  
ACTION: Received
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5. March 19, 2007, Plonline.com article, CalPERS adapts equity strategy to bonds, Shift to 130/30 targets a lethargic international portfolio.

ACTION: Received

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6. March 29, 2007, PlanSponsor.com article, MSCI Barra Releases Global Investable Market Indices Methodology

ACTION: Received

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7. April 2, 2007, Plonline.com article, Wilshire ready to put its name on 2 new mutual fund offerings.

ACTION: Received

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8. April 4, 2007, FUNDFire.com article, Consultants Predict Surge in Searches.

ACTION: Received

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**C. UNSCHEDULED ORAL COMMUNICATIONS**

None.

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**D. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING**

None.

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**E. PUBLIC COMMENTS**

None.

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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.

