



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

ACTION AGENDA

November 28, 2006

Investment Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 9:00 AM on the day above written.

ROLL CALL AT 9:00 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Brian Burry, Carla Lombardi, K.C. Chen, Ken Nerland and Daniel Ray

Members Absent: None

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Assistant Retirement Administrator; Board Member Frank Balekian and Danny Aguirre; Michael Schlachter and Paul von Steenberg of Wilshire Associates

APPROVE AGENDA

Approve Agenda of November 28, 2006.

ACTION: Approved/Adopted

TIMED SCHEDULED HEARINGS AND MATTERS

10:15 AM Presentation and portfolio review by Mike Nyeholt, Senior Vice President, Relationship Manager and Eric Stern, Portfolio Manager of Capital Guardian.

ACTION: Received

Mr. Nyeholt and Mr. Stern provided a detailed review of Capital Guardian's U.S. Equity Diversified Research Portfolio performance objectives and investment approach and acknowledged the portfolio's recent short-term underperformance.

A. AGENDA ITEMS

1. Review, discussion and direction on the Wilshire active core and core plus domestic fixed income search reports presented by Mr. Michael Schlachter.

ACTION: To Committee for Review

Messrs. Schlachter and Von Steenburg of Wilshire Associates reviewed the fundamental differences between the Core Plus and Core Fixed Income Search products examined. The Committee agreed that it would consider a Core Plus approach and will request five firms make presentations in Fresno in January, 2007.

2. Review and accept the Investment Performance Report from Wilshire Associates for the period ending September 30, 2006.

ACTION: Approved/Adopted

The Committee reviewed and accepted the Investment Performance reports from Wilshire Associates for the period ending September 30, 2006.

3. Review, discussion and direction on proposed historical policy weighted benchmark for comparison to the Systems' total fund performance.

ACTION: To Staff for More Info

The Committee reviewed the historical policy weighted benchmark proposed for use in comparison to the Systems' total fund performance and provided direction accept the weighted benchmark proposed with a further simplification to use the Wilshire 5000 for the

total domestic equity policy weighted benchmark.

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4. Review, discussion and direction on proposed policy for Proxy Voting.

ACTION: To Board

The Committee reviewed and accepted the proposed changes to Part IV, Section 7.0 of the Boards' Investment Objectives and Policy Statement and will recommend the proposed changes to the Boards' at their next meeting.

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5. Review, discussion and direction on implementation of the Boards' new policy for International Equity Portfolios – Developed and Emerging Markets.

ACTION: To Staff for More Info

The Committee reviewed the issues involved with implementing the new policy and provided direction for staff to work with Investment Managers to resolve any issues pertaining to securities incorporated outside EAFE countries or where operations exist outside EAFE countries. In addition, the Committee acknowledged that staff will work with Genesis to revise the Investment Manager Agreement to reflect the emerging market investment changes adopted by the Boards.

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6. Review, discussion and direction on proposed changes to the Boards' Investment Objectives and Policy Statement.

ACTION: Laid Over

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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 withdraw \$12.0 million from the Kennedy Capital Small Cap Value Portfolio to fund benefit payments through February 2007 and to drawback \$6.0 million to fund payroll and operating accounts for December 2006.

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8. Consider Board Member Balekian request to discuss investments in Green Opportunities /Clean Energy Technology.

ACTION: Received

The Committee heard Board Member Balekian's report from SACRS on the Green Opportunities/Clean Energy Technology issue. The Board's Investment Consultant, Mr. Schlachter advised that he would keep us informed as to the progress made by CalPERS with its Infrastructure Fund, stating that it could be several months or more before the program is developed fully by CalPERS. The Committee's projects and activities calendar will be revised to reflect a future consideration of this issue.

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

ACTION: Received

The Committee reviewed and discussed upcoming projects and activities adding the Core Plus investment manager presentations to the calendar for January 2007, the workshop/educational presentations on Transition Management Services in February and the addition of a Commodities educational session as a sub-category for discussion during the Asset Allocation Study presentation in the Spring 2007.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of October 31, 2006.
ACTION: Received

2. Northern Trust Monthly Asset Allocation Overviews as of October 31, 2006.
ACTION: Received

3. Monthly Fixed Income Analysis Reports as of October 31, 2006.
ACTION: Received

4. Action Agenda, Investment Committee Meeting October 18, 2006.
ACTION: Received

5. September 1, 2006, FUNDfire article, Callan Sued by Retiree Over Pay-to-Play.
ACTION: Received

6. October 23, 2006, FUNDfire article, San Diego Calls Lawyers, Parts with Rocaton.
ACTION: Received

7. October 27, 2006, letter from David Allen, Director – Client Relations, AllianceBernstein, regarding the equity trading environment.
ACTION: Received

8. October 2006, Prudential Investment Management Fixed Income – Investing in Emerging Market Debt: Myths, Legends, and Fact.
ACTION: Received

9. November 8, 2006, FUNDfire article, Fidelity on Watch as Int'l Manager Exits.
ACTION: Received

10. November 10, 2006, FUNDfire article, Barton Biggs Warns of Private Equity Bubble.
ACTION: Received

11. November 10, 2006, FUNDfire article, CalPERS to Launch Pilot Commodities Program.
ACTION: Received

12. November 21, 2006, Plansponsor.com article, DB-The Point of No Return: Alpha Bets.
ACTION: Received

C. UNSCHEDULED ORAL COMMUNICATIONS

None

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

E. PUBLIC COMMENTS

None

ADJOURNMENT 11:40 AM

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

