



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

**ACTION AGENDA**

**March 21, 2007**

**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.**

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**ROLL CALL AT 9:30 AM**

COMMITTEE MEMBERS PRESENT: Paul Cliby, Brian Burry, Carla Lombardi, Ken Nerland, Daniel Ray

Members Absent: KC Chen

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Assistant Retirement Administrator; Board Member Frank Balekian; Michael Schlachter, Investment Consultant

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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**

**9:30 AM** Presentation and portfolio review by Mr. Ford Draper, Jr. and Mr. Jeff Stroble, Portfolio Manager and Marketing Executive of Kalmar Investments.

ACTION: Received

Mr. Ford Draper and Mr. Jeff Stroble provided a review of Kalmar, the firm, their investment philosophy and process. The Committee expressed concerns over inception to date performance of the portfolio and considered information offered to explain the short-term underperformance. With the portfolio on Watch List status the Committee will continue to monitor its performance.

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**10:30 AM** Presentation and portfolio review by Mr. Ken Mertz and Ms. Stacey Sears, portfolio managers of Emerald Investments.

ACTION: Received

Mr. Kenneth Mertz and Ms. Stacey Sears, provided a review of the investment process and portfolio fund performance from inception to date. The Committee expressed concerns over inception to date performance and reexamined the investment process to determine reasons for the short-term under performance of the portfolio. With the portfolio on Watch List status the Committee will continue to monitor its performance.

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**A. AGENDA ITEMS**

1. 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

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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.

The Committee referred this matter to the Investment Consultant, Michael Schlachter for review and discussion at the next Investment Committee meeting in April.

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3. Consider staff recommendation for monthly drawback for operating and benefit payroll costs. The Committee approved staff's recommendation to withdraw \$10.0 million from the Genesis emerging markets portfolio to fund payroll and operating accounts for April, additional amounts needed to fully fund payment of the FORCE litigation settlement will be withdrawn from the BGI S&P 500 Equity Index fund.

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4. Review, discuss and prioritize Investment Committee projects and activities. The Committee upon request of members will change the regular meeting time from 9:30 am to 8:30 am due to conflicts with member schedules. No action taken was taken on the projects and activities list.

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5. Update on New Performance Report from Northern Trust as of February 28, 2007. The Committee accepted the new net of fees excess benchmark performance report created by staff and implemented by Northern Trust. Hence forth this report will be presented on a monthly basis to the Committee as an information item.

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**B. INFORMATION ONLY ITEMS**

1. Northern Trust Monthly Portfolio Performance Reports as of February 28, 2007.  
ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overviews as of February 28, 2007.  
ACTION: Received

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3. Monthly Fixed Income Analysis Reports as of February 28, 2007.  
ACTION: Received

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4. Action Agenda, Investment Committee Meeting February 21, 2007.  
ACTION: Received

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5. Annual Profile as of December 31, 2006, for each of the Systems' Investment Managers provide by Wilshire Associates.  
ACTION: Received

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6. Annual Report 2006, JPMorgan Asset Management, Strategic Property Fund.  
ACTION: Received

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7. February 15, 2007, Email on News from JPMorgan Asset Management – Real Estate, Joseph Azelby, JPMorgan Asset Management.  
ACTION: Received

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8. February 22, 2007, Letter from David Bergman, Global Transition Solutions, Re: February 21 Investment Committee Presentation on Transition Consulting.  
ACTION: Received

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9. February 26, 2007, article by Chris Larson, Pensions Hungry for New Strategies.  
ACTION: Received
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10. March 1, 2007, email from Sandra Dzinski, Subject: Grassley/Baucus ask GAO to Study Pension Investments in Hedge Funds.  
ACTION: Received
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11. March 14, 2007, FUNDfire article, Delaware Warns of Fixed Income Departures.  
ACTION: Received
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12. March 15, 2007, revised Investment Manager Presentation schedule.  
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.