



**CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR JOINT MEETING OF THE RETIREMENT BOARDS**

MINUTES

September 14, 2011

The Employees and Fire and Police Retirement Boards met in a joint session in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 11:05 AM on the day above written.

ROLL CALL AT 11:25 AM

Members Present for the EMPLOYEES RETIREMENT BOARD
Jeff Beatty, Marvell French, Randy Nason, Mark Scott

Members Absent: Joe Gray

Members present for the FIRE AND POLICE BOARD
Paul Cliby, Oscar Williams, David Newton, Mike Reid

Members absent: None

Also Present: Stanley McDivitt-Retirement Administrator and Russ Richeda, Legal Counsel, Kathleen Riley, Asst Retirement Administrator, Yvonne Arellano, Retirement Benefits Manager, Pattie Laygo, Executive Assistant

APPROVE MINUTES

Approve the minutes of June 8, 2011, Regular Meeting of the Joint Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member French seconded by Member Nason to approve the minutes of June 8, 2011, Regular Meeting of the Joint Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Williams seconded by Member Reid to approve the minutes of June 8, 2011, Regular Meeting of the Joint Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

APPROVE AGENDA

Approve the agenda of September 14, 2011, Regular Meeting of the Joint Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member French seconded by Member Nason to approve the agenda of September 14, 2011, Regular Meeting of the Joint Retirement Boards, DULY CARRIED RESOLVED BY THE FOLLOWING VOTE:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Williams seconded by Member Reid to approve the agenda of September 14, 2011, Regular Meeting of the Joint Retirement Boards, DULY CARRIED RESOLVED BY THE FOLLOWING VOTE:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

None

A. CONSENT CALENDAR

1. Approve date of the next regular meeting of the Joint Retirement Boards scheduled on October 12, 2011.

ACTION: Approved/Adopted

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2. Approve monthly budget report for the Retirement Office as of May 31, 2011.

ACTION: Approved/Adopted

ON MOTION of Member French seconded by Member Nason to approve the consent calendar DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION of Member Williams seconded by Member Newton to approve the consent calendar DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

B. EMPLOYEE PERSONNEL ISSUES

None

C. STAFF INITIATED ITEMS

1. Accept the Annual Report of Board Travel for Fiscal Year 2011.

ACTION: Approved/Adopted

The Board reviewed and accepted the annual report of Board Travel.

ON MOTION by Member French seconded by Member Nason to accept the Annual Report of Board Travel for Fiscal Year 2011, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Williams seconded by Member Reid to accept the Annual Report of Board Travel for Fiscal Year 2011, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

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2. Discussion and direction to schedule AB 1234 Certified Ethics Training session with Saltzman and Johnson.

ACTION: Discussed

The Board considered and discussed AB1234 training for the Retirement Boards and staff and direction is made to schedule training and education by Saltzman and Johnson at the October Board meeting.

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3. Discussion and direction regarding Retirement Boards and Committee structure and the best meeting dates/times.

The Board discussed and considered potential Board meeting dates and committee structure. Direction is made that staff and legal counsel amend Board rules and policies for review at the next Board meeting with a proposed meeting structure of two Retirement Board meetings per month on the 2nd Wednesday and 4th Tuesday at 2:00 p.m..

D. BOARD INITIATED ITEMS

1. Review and Consider recommendation by IT Subcommittee and staff to issue a Request for Proposal for Pension Administration System as prepared by L.R. Wechsler, INC.

ACTION: Approved/Adopted

The Board received background, reviewed RFP, cost and timelines and discussed staff recommendations.

ON MOTION by Member French seconded by Member Nason to approve the issuance of an Request for Proposal (RFP) for a Pension Administration System, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Newton seconded by Member Williams to approve the issuance of an Request for Proposal (RFP) for a Pension Administration System, DULY CARRIED RESOLVED by

the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

2. Consider modifications to the Boards' Investment Objectives and Policy Statement for Domestic Equity Portfolios - Small Capitalization.

ACTION: Approved/Adopted

The Board reviewed proposed language modifying Policy for Domestic Equity Portfolios-Small Capitalization to define the market capitalization range as that of the respective Russell 2000 (Growth or Value) Index rather a permanent fixed dollar amount.

ON MOTION by Member French seconded by Member Nason to adopt modification to Policy for Domestic Equity Portfolios-Small Capitalization (Sections 5.5.4) to require investments to be primarily in the market capitalization range as stated by their respective Russell 2000 (Growth or Value) Index, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Williams seconded by Member Newton to adopt modification to Policy for Domestic Equity Portfolios-Small Capitalization (Sections 5.5.4) to require investments to be primarily in the market capitalization range as stated by their respective Russell 2000 (Growth or Value) Index, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

3. Review and consider recommendation by the Investment Committee to authorize purchase of YPF SA ADR in the Baillie Gifford portfolio.

ACTION: Approved/Adopted

The Board considered request from Baillie Gifford for a waiver of the Boards' policy requiring that ACWIXUS portfolios shall only invest in securities of developed and emerging market countries that are contained in the MSCI ACWIXUS index, reviewed report provided by Investment Consultant Tom Toth and discussed concerns of Member Reid regarding the instability of frontier markets with direction to staff to request response from Baillie Gifford with further review by Investment Consultant and report back to Retirement Boards.

ON MOTION by Member French seconded by Member Nason to approve authorization to purchase, hold and supplement purchases as desired of Yacimientos Petroliferos Fiscales Sociedad Anonima (YPF SA) ADR in the Systems' Baillie Gifford ACWIXUS Alpha portfolio until sold, subject to response from Baillie Gifford with clarification from Tom Toth Investment Consultant, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, French, Nason, Scott

NOES: None

ABSTAIN: None

ABSENT: Gray

ON MOTION by Member Newton seconded by Member Williams to approve authorization to purchase, hold and supplement purchases as desired of Yacimientos Petroliferos Fiscales Sociedad Anonima (YPF SA) ADR in the Systems' Baillie Gifford ACWixUS Alpha portfolio until sold, subject to response from Baillie Gifford with clarification from Tom Toth Investment Consultant, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Williams, Newton, Reid

NOES: None

ABSTAIN: None

ABSENT: None

4. CLOSED SESSION –EMPLOYEE PERFORMANCE EVALUATION – Government Code section 54957
A. Annual Review - Retirement Administrator

ACTION: No Action

Chair Beatty reports out of closed session that a format has been distributed to Boards and will review with legal counsel for discussion at the next Board meeting.

Chair Cliby reports that the two Chairs will be meeting with legal counsel for further review and discussion.

E. GENERAL DISCUSSION

1. Report by the Retirement Administrator of ongoing projects and Committee actions.

ACTION: Received

The Board received updates regarding RFP for Pension Administration System, Asset Allocation, transition of solid waste employees, Board policy amendments, power of attorney. A scheduling conflict of the Investment Committee is discussed and time is revised to 8:00 am.

2. Report by Legal Counsel of pending legal actions.

ACTION: Received

The Board received legal updates regarding Policy review, RFP for Pension Administration System, domestic relations issues, and DROP.

3. August 29, 2011 - Legal Update - July 2001 CalPERS Position Paper "Vested Rights of CalPERS Members: Protecting the Pension Promises Made to Public Employees."

ACTION: Received

4. August 1, 2011 - Various Legal Updates from Legal Counsel

ACTION: Received

5. July 26, 2011 - Legal Update (Kern County Employees' Retirement Association v. Wilshire Associates, Inc.)
ACTION: Received
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F. INFORMATION ONLY ITEMS

1. Conference Evaluation by Fire & Police Board Member Oscar Williams - International Investing and Emerging Markets, July 25-27, 2011
ACTION: Received

 2. Conference Evaluation by Employees Board Member Randy Nason - IFEBP Portfolio Concepts and Management, May 23-26, 2011
ACTION: Received

 3. July 2011 - Vested Rights of CalPERS Members (CalPERS)
ACTION: Received

 4. June 29, 2011 - Court Says Pension Data Must be Released (SignonSanDiego)
ACTION: Received

 5. June 12, 2011 - Take Heed of San Jose Pension Case (The Fresno Bee)
ACTION: Received
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G. UNSCHEDULED ORAL COMMUNICATIONS

None

H. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

None

I. PUBLIC COMMENTS

None

J. ADJOURNMENT

12:30 pm

Jeff Beatty
Employees Retirement Board

Paul Cliby
Fire and Police Retirement Board