



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

MINUTES

September 27, 2011

Investment Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 8:00 AM on the day above written.

ROLL CALL AT 8:04 AM

COMMITTEE MEMBERS PRESENT: Jeff Beatty, Paul Cliby, Marvell French, Tim Henry, Randy Nason, David Newton (arrived 8:10 am), Michael Reid, Mark Scott (arrived 8:10 am), Oscar Williams, and Daniel Ray
Members Absent: None

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Tom Toth, Wilshire Investment Consultants, Pattie Laygo, Executive Assistant.

APPROVE MINUTES

Approve minutes of August 23, 2011, Regular Meeting of the Investment Committee.

AYES: Beatty, Nason, Cliby, French, Newton, Reid, Scott, Williams

NOES: None

ABSTAIN: None

ABSENT: None

APPROVE AGENDA

Approve agenda of September 27, 2011, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member French to approve the agenda of September 27, 2011, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Cliby, French, Henry, Nason, Newton, Reid, Scott, Williams

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

8:00 AM Conduct swearing-in of Tim Henry, Appointed Member of the Fire and Police Retirement System.

ACTION: Received

Mr. Tim Henry is sworn-in by Stanley McDivitt, Retirement Administrator.

A. CONSENT CALENDAR

None

B. AGENDA ITEMS

1. Review, discuss and consider proposed Investment Consultant Contract Amendment provisions from Investment Counsel and revised Scope of Services Language.

ACTION: Approved/Adopted

The Board reviewed and discussed proposed amendments to the Investment Consultant contract summarized and presented by Tom Hickey, Legal Counsel. The Board also reviewed expectations of due diligence with Tom Toth, Investment Consultant.

ON MOTION by Member Reid seconded by Member Williams to accept contract amendments and forward to Wilshire for review and comment, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Cliby, French, Henry, Nason, Newton, Reid, Scott, Williams

NOES: None

ABSTAIN: None

ABSENT: None

2. Review, discussion and direction on Investment Manager Monitoring and Evaluation Report for the period ending August 31, 2011.

ACTION: Accepted

The Committee reviewed and accepted monitoring and evaluation reports presented by Tom Toth, for the period ending 08/31/2011, and discussed list of managers designated Under Review status, managers not designated Under Review but with negative excess benchmark net of fee returns inception to date, and managers with positive excess benchmark net of fee returns inception to date. Also discussed pending Wellington presentation and a presentation by TCW Small Cap Growth Equity portfolio. Pros and cons of video conferencing was also discussed.

3. Review, discuss and consider modification to domestic equity portfolios - Small Capitalization Policy to restrict ADRs in Emerging markets.

ACTION: Approved/Adopted

The Committee considered staffs recommendation and reviewed modifications with Tom Toth, Investment Consultant, to the Investment Objectives and Policy Statement Part III, Section 5.5.4 Domestic Equity Portfolios - Small Capitalization restricting investment in emerging market country ADRs and discussed TCWs investment in ADRs.

ON MOTION by Member Cliby seconded by Member French to approve recommendation to the Boards to modify Domestic Equity Portfolios - Small Capitalization as stated in Part III, Section 5.5.4 of the Boards' Investment Objectives and Policy statement to restrict investments in emerging market country ADRs, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Cliby, French, Henry, Nason, Newton, Reid, Scott, Williams

NOES: None

ABSTAIN: None

ABSENT: None

4. Review asset allocation of the portfolio and drawback for October and November 2011 expenses.

ACTION: Approved/Adopted

The Committee reviewed and accepted asset allocation spreadsheet as of August 31, 2011.

ON MOTION by Member Cliby seconded by Member Williams to approve staff's recommendation and authorize a withdrawal of approximately \$5.1 million for funding of benefit payments for October 2011 and up to \$5.9 million for funding of benefit payments for November 2011 from BlackRock (S&P 500) Equity Index Fund, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Cliby, French, Henry, Nason, Newton, Reid, Scott, Williams

NOES: None

ABSTAIN: None

ABSENT: None

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- Continued Education pertaining to Asset Allocation presented by Thomas Toth, of Wilshire Associates.

ACTION: Received

The Committee received continuing asset allocation educational review and presentation of Value Add Real Estate by Thomas Toth, Managing Director of Wilshire Associates.

C. INFORMATION ONLY ITEMS

- Northern Trust Monthly Portfolio Performance Reports as of August 31, 2011.

ACTION: Received

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- Northern Trust Monthly Asset Allocation Overview as of August 31, 2011.

ACTION: Received

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- Monthly Fixed Income Analysis Report as of August 31, 2011.

ACTION: Received

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- Quarterly Report June 30, 2011, JPMCB Strategic Property Fund.

ACTION: Received

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- September 14, 2011, Pensions & Investments article, 29 at CalPERS settle over undisclosed gifts.

ACTION: Received

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- September 16, 2011, letter from Marc Stern, CEO, TCW Group Inc.

ACTION: Received

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Asset Allocation Education Continues
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2. Presentation and portfolio review by TCW Small Cap Growth Portfolio Managers.
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E. UNSCHEDULED ORAL COMMUNICATIONS

None

F. ADJOURNMENT

10:40 am
