

CITY OF FRESNO
RETIREMENT SYSTEMS
FISCAL YEAR

2012 ADOPTED BUDGET



CITY OF FRESNO RETIREMENT SYSTEMS

ADOPTED BUDGET

FISCAL YEAR 2011/2012

Issued by:
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CITY OF FRESNO
 RETIREMENT SYSTEMS
 FISCAL YEAR
2012 **ADOPTED**
BUDGET

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Retirement Administrator's Message

June 8, 2011

CFRS's stewardship of the City of Fresno Retirement Trust Funds requires adherence to the highest standard of fiduciary conduct in our management of the System's flow of funds. The Adopted Administrative Operating Budget sets forth management's reports and best estimates of the budgets during the current and next fiscal year.

2010 marked the first full year of recovery from the Great Recession in the United States. Yet despite the fact that the economy has experienced some positive economic growth, there seems to be little to celebrate. Unemployment hovers at an unacceptable level and euphoria sparked by an occasional positive economic report is invariably squashed by bad news a few days later. In fact, the only constant throughout 2010 and continuing in the first half of 2011 was a very high uncertainty in the global markets. Decision-making becomes challenging when warnings of impending high inflation are mixed with reports showing borderline deflation, and when exchange rates remain hostage to a tug of war between quantitative easing on one side of the Atlantic and a sovereign debt crisis on the other.

Despite these overwhelming challenges of the global economy, the Retirement Systems are well funded at or near a fully funded status on a market value basis. From a long-term perspective the Retirement Systems are positioned to provide a solid rate of return that is equal to or better than the respective asset classes market indices even as we enter yet another year that is filled with uncertainty in the global financial markets.

AUTHORITY

CFRS's is administered pursuant to the Charter of the City of Fresno, Articles 3, 4 and 5 of the Fresno Municipal Code, other relevant State and Federal governing statutes, regulations and case law.

CFRS POLICIES DRIVE THE ALLOCATION OF RESOURCES

CFRS's Administrative Budget is managed in accordance with the law and the Board's adopted policies, including but not limited to the Board Rules of the Retirement Boards, CFRS's Mission and Goals and CFRS's Annual Budget Resolutions.

These key policies drive the allocation of staff and contractual resources within the budget process. These key policies are also mirrored in CFRS's Investment Objectives and Policy Statement, which governs the allocation of pension contributions, investment income and investment expenses.

Likewise, retirement benefit payments, refunds and actuarial matters are governed in accordance with the policies of the Retirement Boards.

CHALLENGES AND ACCOMPLISHMENTS

In addition to CFRS's normal activities, the following accomplishments with unique challenges were met during the current fiscal year and new challenges for the coming fiscal year have been identified.

ACTUARIAL

The Boards, with the assistance of its actuary and staff, completed the annual actuarial valuations for June 30, 2010 which incorporated changes in certain Economic Actuarial Assumptions reviewed and adopted for the prior fiscal year period. The actuaries have also completed a Surplus Projection Report and DROP Cost Neutrality Study for both Systems were reviewed by the Administrative Committee and Boards in May.

INVESTMENT SERVICES

Investment Services Updates: The Boards' Investment Committee focused its attention on risk budgeting and determined some changes were warranted in domestic small cap growth equity and large cap (core) equity and conducted manager searches for replacements. The Boards terminated Kalmar (small cap growth); Capital Guardian (large cap core) and Alliance Bernstein (large cap core) portfolios and retained Eagle and TCW to manage small cap growth equity portfolios and JP Morgan to manage a large cap core equity portfolio.

Based upon additional review of the risk budget, the Board's Investment Committee recommended a realignment of risk associated with the Systems' international (non-U.S.) equity portfolios. EAFE (Europe, Australasia, Far East) represents large and mid cap stocks of developed non-US countries excluding emerging markets; while ACWI ex-US (All Country World Index ex-US) includes large and mid cap stocks in EAFE and EM (emerging markets) with developed and emerging market splits of the ACWIxUS Index fluctuating with changes in market weights. Therefore, to fully replicate the overall ACWIxUS (developed and emerging) markets over time the Investment Committee concluded that a specific allocation to ACWIxUS would realign the Systems' overall international equity portfolios. The Boards' approved the realignment of international (non-US) equity markets in line with the ACWIxUS index weightings, terminated Acadian an EAFE portfolio due to organizational issues and inception-to-date under performance and retained BlackRock to transition the Acadian EAFE portfolio into the BlackRock ACWIexUS Super Fund effective February 28, 2011.

Given the current economic environment, the Board's Investment Committee evaluated fixed income portfolio options to identify potential options for increasing the excess return for the overall fixed income portion of the Systems' portfolio. Based upon discussions with the Boards' fixed income managers (Dodge & Cox, Prudential and Loomis-Sayles), a recommendation was proposed and approved by the Boards' to modify the Boards' policies for Domestic Fixed Income and High Yield Fixed Income Portfolios, expanding the guidelines to incorporate some of the current managers' standard guidelines. The Investment Committee plans to resume its evaluation of real estate opportunities given the current market conditions and expects to resume these efforts following a review of its current Asset Allocation Plan.

During the latter half of fiscal year 2011, the Investment Committee conducted specific ongoing educational sessions with its Investment Consultant to gain further information and knowledge about real assets the Asset Allocation Study process, procedures including an in-depth review of the key assumptions for both asset allocation of core investments and liability analysis for actuarial valuation reports.

BOARD & MANAGEMENT SUPPORT SERVICES

Benefits Administration: As part of an ongoing effort to improve our processes and procedures, staff completely updated the existing Disability Processes and Procedures and is developing a comprehensive Disability Retirement Handbook to be used as a reference guide by participants considering a disability retirement, as well as a reference guide to Retirement staff and the Boards. The increased workload has been extreme due to the number of disabilities and employees eligible for refunds, rollovers or retirement benefits due to the many layoffs which occurred over the past year.

Benefits Administration System: Business Continuity of PensionGold is of utmost important in the continuous operations of our benefit payment system. The Boards' Secure Platinum support agreement enables staff to continue operations regardless of the state of our own building in the case of a disaster. The Secure Platinum support has been operational for three years and annual backup testing is conducted each year with LRS to ensure off-site recovery for processing monthly retirement benefit payments.

Compliance Programs: We began the plan to further upgrade our Compliance Programs during fiscal year 2010 to include internal auditing of the benefit program, contract compliance and a review of our internal controls in accounting. We have added systematic review of contract renewal dates to ensure timely renegotiations of our major agreements with trustee/custodial banks, actuaries, auditors and legal counsel.

CFRS's Risk Management Program: Staff continues to further strengthened elements of CFRS's risk management effort working closely with the Northern Trust Compliance System to implement and maintain policy risk controls for asset classes as a result of changes in the Boards' Investment Objectives and Policy Guidelines. Staff strengthened elements of CFRS's risk and investment management efforts by creating new investment manager performance and evaluation reports and by documenting issues of concern and adherence with the Boards' policies. Overall the use of the eVestment Alliance's database continues to provide invaluable information for review and analysis of investment managers with in-depth historical firm, product, and performance information as well as providing the necessary details on product characteristics and risk analysis for added review and evaluation of the risks associated with the individual portfolio manager.

Business Continuity Program and Image Document Management System: During the coming fiscal year, staff will initiate an RFP for a new Pension Administration System which will begin the process for building a solid foundation for the business continuity program and implementation of a sustainable image document management system. When all of the Systems' pertinent documents and files are digitized and a copy of that data is stored off site, the business continuity backup plans will be fully established.

IRS Compliance Review and Filing for Tax Determination Letter: The Internal Revenue Service has in recent years increased its focus upon governmental defined benefit plans and has encouraged such plans to apply with the Internal Revenue Service for a determination that the plan complies with the applicable provisions of the Internal Revenue Code.

In this regard, the Boards retained the services of the law firm of Ice Miller to assist in reviewing the plans from a tax compliance perspective, assist in deciding whether it is appropriate to apply for a determination letter and to submit the plans into the IRS's voluntary compliance program for any corrections of minor issues.

Ice Miller completed its review of our two Retirement Plans and the Retirement Boards reviewed and approved Ice Miller's proposed tax compliance amendments for both Retirement Systems. The proposed amendments enhance compliance with Internal Revenue Code provisions were incorporated into two ordinances which were submitted to the City Council for approval. Each Board has filed with the Internal Revenue Service for a tax determination letter and the plans were submitted into the IRS's voluntary compliance program (VCP).

Mayor's Pension Best Practices Task Force: Staff provided ongoing support to the Mayor's Pension Task Force, established in March 2010, to assess the financial health and structure of our retirement systems and to determine if any modifications or corrective actions were needed. Over the past year, the Task Force conducted open meetings which covered an in-depth review of the history of the City of Fresno Retirement Systems, including detailed financial and actuarial analysis of the Systems; an analysis of the Systems' investment objectives and returns, including pension best practices analysis; a review of the most recent Surplus Projection Reports as of June 30, 2010 from the Retirement Boards; a comparative analysis of the other 83 California defined benefit public pension systems; a review of other types of pension systems, the State of California's Little Hoover Commission Report on Public Pensions for Retirement Security and finally a review of Governor Brown's proposed twelve point pension reform plan.

The overriding determination of the Task Force is that the City retirement systems are fully funded and across the nation, Fresno ranks as one of the best run, healthiest retirement systems.

Pension Administration System: Staff initiated a request for proposals for pension administration system consulting services to assist in the development of the Request for Proposal (RFP) bid document for IT systems needed by the Systems.

The Boards' approved retention of an IT Consultant, L.R. Wechsler, Ltd. to provide consulting services to differentiate and identify, through knowledgeable business analysis and comparison of Vendor proposals, appropriate, cost-effective quality proposals for the Retirement Systems' new pension administration system. The RFP bid document is in the final stage of development and the Boards anticipate its issuance by fiscal year-end. The fiscal year 2012 Retirement System Trust Fund Budgets each include a contingency for IT projects which will be appropriated by the Boards once action is taken following conclusion of the RFP for a Pension Administrative System.

This Report consists of the following sections:

Introduction

- Transmittal Report from Retirement Administrator
- CFRS's Budget Report for the Systems
- Strategic Staff Services
- CFRS's Budget Initiatives and Results for Fiscal Year 2010-2011
- CFRS's Budget Goals and Initiatives 2011-2012
- Administrative Organizational Structure
- Professional Services Providers

Retirement Office Operating Budget

- Budget Report
- Annual Appropriation Resolution
- Annual Budget for Retirement Office
- Employee Detail – authorized positions
- Deferred Compensation Budget

Trust Fund Budgets

- Employees Retirement System Trust Fund Budget for FY 2012
- Fire and Police Retirement System Trust Fund Budget for FY 2012
- Combined Trust Fund Budgets for information purposes

All CFRS staff members have contributed to the development of our adopted budgets and I want to personally thank staff and our consultants.

For those wishing to review additional sources and uses information, CFRS's Comprehensive Annual Financial Reports, CFRS's Investment Objectives and Policy Statement and Actuarial Valuation Reports can be viewed at the CFRS's Office or on our website at CFRS-CA.org.

Respectfully submitted,

Stanley L. McDivitt
Retirement Administrator

Organizational Structure



The EMPLOYEES RETIREMENT SYSTEM was established on June 1, 1939 and is maintained and governed by Article 5 of the Fresno Municipal Code. The Employees Retirement System provides retirement benefits for all qualified non-sworn employees of the City of Fresno.

KEN NERLAND, Chair

Appointed by the Mayor and confirmed by the City Council.

Ken is the Assistant Director of Transportation for the City of Fresno. Ken was appointed in 2005. His term is continuous.

MARVELL FRENCH, Vice Chair

Appointed by the Board

Marvell is Senior Vice-President of Premier Valley Bank. Marvell was appointed by the Employees Retirement Board in 2000. Marvell's term is continuous.

JEFFREY BEATTY

Elected by Clerical and Supervisory Workers

Jeff is a Management Analyst III in the Payroll Division of the Finance Department. Jeff also serves as the Chair of the Investment Committee. Jeff was elected in June 2008. Jeff's term ends in 2012.

JOE GRAY

Appointed by the Mayor and confirmed by the City Council.

Joe Gray is the Controller for the City of Fresno and was appointed to serve on the Employees Retirement Board in June 2010. His term is continuous.

RANDY NASON

Elected by Manual Workers

Randy is a Light Equipment Mechanic for the City of Fresno Fleet Maintenance Division. Randy was elected to the Employees Retirement Board in 2010. Randy's term ends in 2014.



The FIRE AND POLICE RETIREMENT SYSTEM was established on July 1, 1955 and is maintained and governed by Articles 3 and 4 of the Fresno Municipal Code. The Fire and Police Retirement System provides retirement allowances to all full-time sworn safety members employed by the City of Fresno. The System provides lifetime retirement, disability, and death benefits to its safety members.

PAUL CLIBY, Chair

Elected by the Fire Members.

Paul is a Firefighter Specialist for the City of Fresno Fire Department.

Paul joined the Fire and Police Board in 2002. Paul's term expires on June 30, 2014.

OSCAR WILLIAMS, Vice Chair

Appointed by the Board

Oscar is retired Finance Manager for the Internal Revenue Service. Oscar was appointed by the Fire and Police Retirement Board in September 2008. He currently serves as the Chair of the Administrative Committee. Oscar's term is continuous.

JOEL ARANAZ

Appointed by the Mayor and confirmed by the City Council.

Joel is Fire Chief for the City of Fresno. Joel was appointed in 2011. His term is continuous.

JERRY DYER

Appointed by the Mayor and confirmed by the City Council. Jerry is the Chief of Police for the City of Fresno. Jerry was appointed in 2011. His term is continuous.

DAVID NEWTON

Elected by the Police Members.

David is a Lieutenant for the City of Fresno Police Department. David was elected in 2011 by Special Election to replace a retiring Board Member. David's term expires on June 30, 2012.

RETIREMENT BOARDS

AUDITORS

- Brown Armstrong Accountancy Corporation

PORTFOLIO MANAGERS as of June 2011

- Baille Gifford
- BlackRock
- Batterymarch
- Dodge & Cox
- Eagle
- Heitman Real Estate Securities
- JP Morgan
- Kennedy Capital Mgt
- Loomis Sayles
- Principal
- Prudential Investment Mgt. Inc.
- Pyramis Global Advisors
- TCW
- Wellington

LEGAL COUNSEL

- Saltzman & Johnson Law Corporation
- K & L Gates
- Foley & Lardner
- Ice Miller LLP

ACTUARY

- The Segal Company

INVESTMENT CONSULTANT

- Wilshire Associates

MEDICAL ADVISOR

- Benchmark Medical Advisors

RETIREMENT ADMINISTRATOR

EXECUTIVE ASSISTANT

MEMBER SERVICES

INVESTMENT COMPLIANCE AND FINANCIAL REPORTING

Strategic Staff Services

MEMBER BENEFIT & ACTUARIAL SERVICES

- Implement the Benefit Services Plan, including individual member counseling
- Establish Eligibility & Process Applications for Membership & Benefits
- Provide for & Monitor Payment of Benefits & Refunds
- Accurately Maintain & Monitor Member & Benefit Databases
- Provide Timely, Accurate & Useful Services, Reports & Recommendations for Members, Retirees, Beneficiaries & the Board

INVESTMENT MANAGEMENT and FINANCIAL REPORTING SERVICES

- Implement the Investment Plan
- Monitor Manager & Custodial Activity
- Project & Monitor Retirement Fund Cash Flows
- Provide Timely, Accurate & Useful Investment and Financial Reports to the Boards
- Manage Contracts
- Compliance Program

BOARD SUPPORT SERVICES

- Faithfully execute the Duties & Responsibilities Delegated by the Boards
- Support the Boards in its execution of their Powers & Duties
- Provide Timely, Accurate & Useful Information & Recommendations to the Boards
- Direct the Benefits, Investments & Management Services Programs
- Provide Member Education, Public Information & Inter-Agency Services
- Propose, Implement & Monitor Internal Control Systems

MANAGEMENT SERVICES PLAN

- Implement the Management Services Plan, including Human Resources, Information Systems
- Fiscal, Accounting, Analytical, Facilities & Support Services
- Maintain liaison with providers of City support services

Administration of the Systems

CFRS is managed in accordance with the City Charter, the Municipal Code and the Board's adopted policies, including but not limited to the Regulations of the Retirement Boards, CFRS's Mission and Goals, CFRS's Strategic Services and CFRS's Annual Budget Initiatives.

These key policies are also mirrored in CFRS's Investment Objectives and Policy Statement, which governs the allocation and management of employer and member contributions and investment income, as well as investment expense.

Likewise, benefit payments, refunds, and actuarial matters are governed in accordance with the Board Rules and Regulations of the Retirement Boards.

The Board defines its duties as follows:

- Grant Earned Benefits & Provide for the Disbursement of those Benefits
- Provide for the Investment & Safekeeping of Retirement Fund Assets
- Assure the Actuarial Soundness of the System
- Establish & Arrange for the Collection of Contributions
- Manage the Systems in accordance with the Law
- Define Fiduciary & Ministerial Responsibilities and Effectively Delegate them to Designated Fiduciaries
- Select & Monitor the Performance of Designated Fiduciaries, including but not limited to investment managers, consultants and other advisors
- Approve & Monitor Internal Controls & Audit Programs

The Boards have delegated responsibility for the management of the Systems to its Retirement Administrator.

CFRS's Staff: CFRS's operations are managed by the Retirement Administrator who serves at the pleasure of the Retirement Boards. The Administrator is a City employee and CFRS member who serves under contract to the Boards. CFRS's staff is responsible for administering the policies and programs approved by the Boards. Reporting to the Administrator are the Assistant Retirement Administrator, the Benefits Manager and the Executive Assistant. The Benefits Manager and her staff administer CFRS's Benefit & Information Technology programs.

The Assistant Retirement Administrator and her staff are responsible for (1) establishing and maintaining internal controls designed to protect the assets of the Fund; (2) overseeing and monitoring the Board's independent investment managers and other consultants; (3) maintaining the accounting records of the Systems; (4) developing accounting/internal controls and enhancing compliance monitoring functions; (5) compiling data necessary for, and preparing, financial statements in conformity with generally accepted accounting principals and applicable requirements; and (6) preparing and monitoring CFRS's annual budgets.

	2011	2010
Total Staffing	10	10
Benefits Section	5	5
Investment/Financial Reporting Section	3	3
Executive Section	2	2

Professional Services: The Boards retain independent advisors to perform specific professional services essential to the Funds. The Actuary provides the Systems with a review of the demographics and actuarial funded status of the Systems and recommends modifications to the economic and non-economic assumptions and member and employer contribution rates. The Investment Consultant assists the Boards with the development, implementation and monitoring of the Fund's asset allocation and manager structure; the maintenance of CFRS's Investment Plan; and the measurement of the managers' and the Fund's performance. Style-specific Asset Class Investment Managers are retained to invest and reinvest the assets of the Systems. A global custodian holds in trust the Fund's actively managed assets and provides accounting and performance reports for all investment assets.

City Services: CFRS utilizes the City where it is cost-effective to do so. Currently, CFRS uses the services of the Information Services Department for technical support and maintenance such as telecommunications, internet, and local area network (LAN), and Central Printing Services for City interoffice routing, regular and certified mail, courier services, mass printing and copier maintenance.

CFRS's Benefit Programs

CFRS exists for the sole purpose of administering the funding for and payment of benefits authorized by the City of Fresno Charter and Municipal Code.

Administrative and Professional Budget Policy:

- CFRS's budgets are a tool for financial planning and operational control.
- The budgets spell out how resources are being used in the current fiscal year and will be used in the coming fiscal year to accomplish the goals, programs, and projects identified in the budgets.
- The administrative and professional budgets shall be presented to the Retirement Boards annually.
- The Retirement Boards shall revise and approve the administrative budget annually.
- The Board shall approve its professional budgets in the individual contracts for professional services. Staff shall provide the Board with a projection of estimated contractual expenditures for the Board's review and acceptance annually.
- Quarterly comparisons of amounts spent versus the amounts budgeted shall be provided to the Board with routine checks that expenditures are being made according to plan in accordance with the Board's Administrative Oversight Policy.
- Comparisons of investment performance to various performance goals shall be provided to the Investment Committee monthly and quarterly.
- The aggregate expenditure level approved by the Boards may not be amended without the approval of the Boards.
- The Boards may amend Budget Category appropriations throughout the Fiscal Year. Such changes shall be by amendment to the Board's Budget Resolution for the fiscal year.
- The Boards have delegated the Retirement Administrator authority to approve on-going reallocation of monies among line items within each Category. However, the Boards have retained unto themselves the authority to reallocate monies between Categories. The Retirement Administrator will inform the Boards of all reallocations.

CFRS Benefits

CFRS administers retirement, disability and death benefits based on defined benefit formulas as defined in the Fresno Municipal Code.

CFRS's Professional Services Expenses

Staff prepares a professional services budget annually for review by the Boards. The professional services budget is utilized by the Boards to assess, meet, and monitor its contractual obligations related to the management of the Systems. The expenditure authority for each professional services contract is set forth in the terms of the contract. The Boards are authorized under the Charter and Municipal Code to expend funds from the Systems for specific professional services.

Professional Services expenses include investment management, investment consulting, global custody, actuarial and legal.

The Retirement Boards employ professional investment managers to maximize the return on assets and minimize risk. Investment Management expenses are primarily dependent upon the market value of the assets under management and the negotiated fee schedule of the individual Investment Management Agreements. They are performance driven to the extent that as market values increase so does management fees. The converse relationship is also true. Other professional service expenses related to investments are driven by contractual agreement.

Although investment fees are netted from investment income for financial reporting purposes, they are reflected at gross for budgetary purposes.

Investment management expenses are budgeted to increase at the same rate as projected annual market values. The accrual basis of accounting is used to record professional expenses for budget and financial statement purposes.

Performance of the investment managers is reviewed monthly and quarterly by the Investment Committee.

Professional service expenses are reviewed quarterly by the Administrative Committee to verify conformance with the respective contracts.

CFRS's Benefit Disbursements

Included within benefit disbursements are Service Retirements, Service Connected Disability Retirements, Non Service Connected Disability Retirements, DROP program benefits, QDRO benefits, monthly continuance benefits for Beneficiaries and Survivors of deceased members, one-time Lump Sum Death Benefits, refunds of Member Contributions and Interest, and Post Retirement Supplemental Benefits.

The budgeting of benefit disbursements is primarily dependent upon the projected number of employees in retirement, the projected number of beneficiaries and survivors receiving benefits, the number of active employees eligible for disability benefits, the number of active employees leaving the employment of the City prior to receiving pension benefits and the annual cost-of-living adjustments. In order to project annual benefit disbursements, a computation of historical increases in these categories is made, adjusted for any known variances and the expected cost-of-living adjustment, and the resulting factor is applied to the previous year's actual expenses. Benefit disbursements are vested rights and not subject to the Board's appropriation authority although the Boards do approve an appropriation for control purposes.

CFRS Budget Initiatives Results for Fiscal Year 2011 (2010-2011)

I. Member Benefit Services Plan

- a) Enhanced member educational programs, including programs for New Employee Orientation and the Employee Retirement Incentive.
- b) Continued evaluation of web based presentations to supplement member educational programs.
- c) Developed drafts of the update of CRFS' Disability Policy and Procedures, including development of a comprehensive Disability Retirement Handbook.
- d) Conducted ongoing review and evaluation of the Joint Board's Retirement Policies and Procedures.
- e) Provided ongoing technical support to the City and labor unions regarding MOU and retirement related issues.
- f) Conducted ongoing review and evaluation of Member Benefit Services from a risk, compliant and value-added perspective.
- g) Continued cross training of Retirement Counselors in compliance with sound business succession planning.

II. Actuarial Services Plan

- a) Assisted actuary with the June 30, 2010 Actuarial Valuations, including an update of the PensionGold extracts from which the valuation is based and experience studies for both systems.
- b) Provided Technical Support to City and unions regarding retirement issues. This is an ongoing assignment that staff completes as necessary.
- c) Assisted Actuary in the Revision of Surplus Projection Modeling and Analysis.
- d) Assisted Actuary with the June 30, 2010 Actuarial Experience Studies for both Retirement Systems.

III. Investment Management Services Plan

- a) Enhanced and documented risk-monitoring procedures. This is an ongoing project that staff updates as necessary.
- b) Reviewed and amended CFRS's Investment Objectives and Policy Statement to enhance guidelines for core fixed income and high yield fixed income portfolios.
- c) Evaluated the Systems' investment managers based on risk budgeting and realigned risks adding specific allocation to ACWIXUS and increasing active management allocation of core fixed income assets.
- d) Performed Investment Manager search(es) and due diligence reviews for domestic Small Cap Growth, Large Cap Growth and Value, and International ACWIXUS asset classes and maintained the implemented Asset Allocation Plan and Target Mix.
- e) Continued the review and inclusion of risk evaluations with the monthly analytical reports.
- f) Strengthen as needed the investment manager monitoring program by adjusting and implementing new Compliance testing reports for monthly monitoring and interaction as needed with the Investment Committee, Investment Managers and Boards.
- g) Incorporated the routine use of analytical database services in processes and procedures to enhance validation and transparency of the investment data used in manager searches and in monthly evaluation reviews.

IV. Board Support Services

- a) Evaluated CFRS's Total Plan Risk. This is an ongoing project.
- b) Continued the process to strengthen the Internal Control / Compliance Programs by documenting policies into accounting desk level procedures.
- c) Completed the Annual Independent Audit of CFRS's Financial Statements and Published Annual Comprehensive Annual Financial Reports.
- d) Reviewed the Board's essential policy resolutions. Review is an ongoing assignment.

V. Management Services Plan

- a) Conducted the ongoing review of CFRS' technological infrastructure to ensure that the infrastructure is secure and capable of supporting current and new application.
- b) Began planning for CFRS' image processing project and Pension Administrative System with development of an RFP for consulting services and selection of IT consultant.
- c) Developed an RFP bid document for request for proposals for the Retirement Systems' new pension administrative system.

VI. Human Resources Plan

- a) Initiated the recruitment of two Retirement Benefit Counselors.
- b) Continued Professional Development & Training of staff through ongoing attendance at CALAPRS Roundtable meetings.

CFRS Budget Goals and Initiatives for Fiscal Year 2012 (2011-2012)

Goal 1 – Invest CFRS’ portfolio prudently to achieve a stable long-term rate of return.

INITIATIVES:

- Develop an investment program that measures and optimizes expected return and risk.
 - Implement a new strategic asset allocation that uses risk effectively and further diversifies the portfolio.
 - Develop a database for tracking manager due diligence and surveillance information.
 - Develop a risk budget based on quantitative analysis of both systematic and structural sources of return.
 - Collaborate with Investment Consultant to develop a factor-based approach to managing exposures.

- Identify and develop Investment Team’s core competencies.
 - Determine the best approach to managing resources.
 - Identify critical resources.
 - Develop competencies within the Investment Team:
 - Develop a quantitative analysis function that focuses on risk budgeting, portfolio construction/optimization, tactical asset allocation, and smart rebalancing.
 - Enhance the existing expertise in the area of manager selection and skill identification.

Goal 2 – Deliver high quality customer service and education that enables our members to make informed benefit decisions.

INITIATIVES:

- Develop and implement a communications plan to strengthen stakeholder understanding of CFRS.
 - Evaluate public relations strategy.
 - Evaluate implementation of 1 on 1 member counseling.
 - Evaluate the use of automated emails to members.
 - Evaluate enhancements to telephone system.
 - Evaluate effectiveness of emerging technologies, i.e. social media.

- Assess and improve efficiency of processes (improve accuracy, completeness and timeliness of benefits and services).
 - Expand Member Services quality control program.
 - Consider electronic business processes for disability application processing.
 - Update and expand online business resource information (guides, policies, procedures).
 - Develop employer education and customer service program.

- Refine and effectively measure performance standards, metrics and member feedback.
 - Review/refine performance standards.
 - Develop tools to effectively measure and report results

Goal 3 – Foster a culture that values accountability and achievement.

INITIATIVES:

- Offer programs to enhance skills and advance development of staff.
 - Offer targeted employee training in communication, interpersonal skills, professional development and time management.
 - Develop employee business knowledge training.
 - Grow and promote mentoring program.

- Optimize CFRS' organizational structure.
 - Evaluate CFRS operational activities for efficiencies, consider consolidation where practical, i.e. mail/scanning.
 - Evaluate and consider institution of “hot site” with other Retirement Systems.

- Integrate CFRS values throughout the organization.
 - Clearly define CFRS values.
 - Promote and educate staff about CFRS values.
 - Incorporate CFRS mission and values into performance management.


Goal 4 – Administer CFRS effectively and efficiently.**INITIATIVES:**

- Implement a new pension administration system.
 - Develop a change management plan to support staff readiness.
 - Complete selection of consultant and initiate the RFP process.
 - Study cost/benefit of various pension administration systems.
 - Determine timetable for vendor selection, final data conversion and parallel system testing and production launch (“Go live”).
 - Plan for post implementation support.
 - Begin Phase II planning for web services.

- Ensure organizational quality and performance through continuous improvement.
 - Study cost/benefit of expanding electronic document imaging across CFRS.
 - Evaluate vendor services to replace/upgrade Accounting General Ledger to take advantage of more interactive software.



REPORT TO THE JOINT RETIREMENT BOARDS

Agenda Item No.	
Board Meeting	June 8, 2011
Reviewed by	
Retirement Administrator	

May 18, 2011

FROM: ADMINISTRATIVE COMMITTEE

BY: STANLEY L. MCDIVITT, Retirement Administrator

SUBJECT: CONSIDER FISCAL YEAR 2012 RETIREMENT ADMINISTRATION OFFICE BUDGET AND DEFERRED COMPENSATION BUDGET

BACKGROUND:

Attached is the proposed Fiscal Year 2012 Budget for the Retirement Office and a proposed Deferred Compensation Budget for the City in accordance with the Deferred Compensation Agreement between the City and the Boards. The budget formats are consistent with the prior year and reflect the following changes:

Retirement Office Operating Budget:

- 1) Retirement Office Operating budget contains employee services, Pension Obligation Bond debt service, Vehicle allowances and Interdepartmental Charges. The total Retirement Office budget for FY2012 is \$1,137,700 which is funded from the two Retirement Trusts net of revenue from the City's payment for the Deferred Compensation Administrative fee of \$47,500 ($\$1,137,700 - \$47,500 = \$1,074,500 / 2 = \$545,100$ per System, less prior year carryover).
- 2) Given the issues surrounding the City Budget for FY2012, we will postpone our request that one of our Retirement Benefit Counselor positions be reclassified as a Retirement Benefit Supervisor position to assist the Retirement Benefit Manager who will be tasked with the implementation of the various Information Systems identified above. However, given the complexities involved with implementation of the new Pension Administrative System, we have proposed additional funding for temporary services necessary to employ an in-house project manager to provide independent audit functions.

Deferred Compensation Budget:

- 1) Deferred Compensation Administrative budget is an allocation of the Retirement Office operating costs and is projected to be \$47,500.

BOARD ACTION: APPROVED LAID OVER REC REVIEW

Page 2

**Retirement Boards Report – Proposed FY2012 Retirement Administration and
Deferred Compensation Budgets**

June 8, 2011

ISSUE:

Should the Boards adopt the attached Joint Annual Appropriation Resolution for the Retirement Office Fiscal Year 2012 Budget as recommended by the Administrative Committee and the Proposed Budget to the City for the Administration of the City's Deferred Compensation Plan?

RECOMMENDATION:

It is the Administrative Committee's recommendation that the Boards adopt the attached Joint Annual Appropriation Resolution for the Retirement Office Fiscal Year 2012 Budget and the Proposed Budget to the City for the Administration of the City's Deferred Compensation Plan.

BOARD ACTION: APPROVED LAID OVER REC REVIEW

RESOLUTION NO. 2011-

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF
FRESNO FIRE AND POLICE AND EMPLOYEES RETIREMENT
SYSTEMS ADOPTING THE OPERATING BUDGET FOR THE
RETIREMENT OFFICE FOR FISCAL YEAR 2012**

WHEREAS, the Fire and Police and the Employees Retirement Boards meeting and budget hearing having been duly noticed in the Boards' agenda for the June 8, 2011 Board meeting, and all necessary findings having been made,

BE IT RESOLVED by the Retirement Boards for the City of Fresno Fire and Police Retirement System and the Employees Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budget of the City of Fresno Retirement Office, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2012 BUDGET. There is a budget for the Retirement Office Operating Fund for employee services, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, as may be approved by the Retirement Boards.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members from each Board.

Section 3. CONTRADICTION OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Boards, respecting the administration of the fiscal year 2012 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Boards' secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Boards.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Fire and Police Retirement Board and the Employees Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Boards hereby direct responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Boards. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Boards in adopting this budget resolution.

PART III

THAT the following amounts, as detailed in the attached exhibits, are allocated to the Retirement Office Operating Fund for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, STANLEY L. MCDIVITT, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Fire and Police Retirement Board and the Employees Retirement Board, Fresno, California at a regular meeting thereof, held on the 8th Day of June, 2011.

STANLEY L. MCDIVITT, RETIREMENT
ADMINISTRATOR AND EX-OFFICIO SECRETARY OF
THE RETIREMENT BOARDS

By: _____
Deputy

**ADMINISTRATORS PROPOSED BUDGET -- FY 2012
RETIREMENT OFFICE OPERATING BUDGET**

Acct #	Account Description	FY2011 Amended Budget	FY2012: Base Budget Submission	Net Change	Proposed FY2012 Budget	Change from FY2011
Employee Services						
55101	Permanent Salaries	648,400	676,300	27,900	697,800	49,400
51102/4/5	Permanent Fringe	102,700	109,400	6,700	109,400	6,700
51103	Employee Leave Payoff-Non Term	24,500	29,700	5,200	29,700	5,200
51107	Permanent Fringe - Pension ER contribution	43,200	69,100	25,900	67,900	24,700
51109	Leave Payoff - At Termination	0	5,600	5,600	5,600	5,600
51190	Furlough Savings	0	0	0	0	0
51401	Premium Pay	0	0	0	0	0
Employee Services Total		818,800	890,100	71,300	910,400	91,600
Operations & Maintenance						
51403	Commission Stipends (Board Members)	7,200	7,200	0	7,200	0
52302	Gen Svc Pens Oblig Bond Dbt Svc	18,200	21,900	3,700	21,900	3,700
52403	HRA Payments	4,600	200	(4,400)	200	(4,400)
52601	Worker's Compensation	100	200	100	200	100
52901	Recurring Vehicle Allowance	3,600	3,600	0	3,600	0
Operations & Maintenance Total		33,700	33,100	(600)	33,100	(600)
InterDepartmental Charges						
59102	City Attorney - Variable Charges	4,300	300	(4,000)	300	(4,000)
59103	Budget (BMSD) - Variable Charges	1,200	2,100	900	2,000	800
59106	HR-Operations - Variable Charges	4,000	4,400	400	4,000	0
59107	Training Unit Charges HR	1,100	900	(200)	900	(200)
59108	HR-Labor Relations - Variable Charges	0	1,200	1,200	1,200	1,200
59109	Finance - Variable Charges	5,300	6,100	800	5,800	500
59114	Internal Audit - Variable Charges	300	0	(300)	0	(300)
59201	Fixed Interdept Reimb - Gen Fund	0	7,800	7,800	7,800	7,800
59302	Info Systems Service Charge	13,900	40,400	26,500	37,000	23,100
59303	Info Systems Equip Charge	6,000	29,000	23,000	29,000	23,000
59304	Property Self-Insurance Charges	100	100	0	100	0
59305	Liability Self-Insurance Charges	100	100	0	100	0
59306	Messenger / Mail / Copier Service Charges	73,500	94,500	21,000	94,500	21,000
59307	Telephone Service Charges	9,700	8,600	(1,100)	8,400	(1,300)
59309	Facilities Management Charge	0	700	700	700	700
59315	Employee/Visitor Parking Permit	100	200	100	200	100
59320	Call Center Charges	200	200	0	0	(200)
59321	Microsoft Migration	1,600	2,200	600	2,200	600
InterDepartmental Charges Total		121,400	198,800	77,400	194,200	72,800
Contingency						
61001	Contingency / Reserve	5,100	0	(5,100)	0	(5,100)
Grand Total		979,000	1,122,000	143,000	1,137,700	158,700

**Retirement Office
FY 2012 Budgeted Revenues**

Account Description	Budget Amended FY2011: Year End Estimate	Budget FY2012	Net Change	Dept Submission Budget FY2012	Change from FY2011
Charges for Services					
Carryover from prior year	102,700	102,628	(72)	39,500	(63,200)
Interest	2,500				
Reimb from City Def. Comp.	40,500	47,500	7,000	47,500	7,000
Reimb fm Employees Retirement Trust	432,250	485,936	53,686	525,350	93,100
Reimb fm Fire & Police Retirement Trust	432,250	485,936	53,686	525,350	93,100
Total Charges for Services	1,010,200	1,122,000	114,372	1,137,700	130,000

Job Class	Employee Name	Class Title
135045	Arellano, Yvonne	Retirement Benefits Manager
135051	Basquez, Patti	Retirement Counselor II
135051	Carbajal, Phillip	Retirement Counselor II
135051	Ketch, Andrea	Retirement Counselor II
135051	Salvador, Lorinda	Retirement Counselor II
110052	Laygo, Pattie	Executive Assistant
135030	McDivitt, Stanley	Retirement Administrator
135040	Riley, Kathleen	Assistant Retirement Administrator
130013	Magallanes, Alberto	Senior Accountant-Auditor
130012	Rolle, Karen	Accountant-Auditor

**ADMINISTRATOR'S PROPOSED FY2012 TRAVEL BUDGET
RETIREMENT ADMINISTRATION
FY 2012**

5278 Retirement Staff Education and Conference		Airline or Mileage	Reg. Fees	Hotel Costs	Meals	Total
Retirement Administrator						
	(4) CALAPRS Administrators roundtable meetings	850	200	400	200	1,650
	(1) SACR'S Conferences	150	100	700	100	1,050
	CALAPRS General Assembly Conference	250	0	800	100	1,150
	CALAPRS Administrators Training Institute	200	700	0	100	1,000
	Risk Mgt/Investment/Manager/Custodian Conference	500	600	600	100	1,800
	Due Diligence Image Processing Travel	700		700	300	1,700
	Miscellaneous business travel	200			100	300
Assistant Retirement Administrator						
	(4) CALAPRS Roundtable meetings	800	200	400	200	1,600
	(1) P2F2 Conference	150	100	600	100	950
	(1) Brown Armstrong Conference	100	100	0	0	200
	Risk Mgt/Investment Conference	500	600	600	100	1,800
Benefits Manager						
	(4) CALAPRS Benefits Roundtable meetings	800	200	400	200	1,600
	Pension Gold Conference	600	0	500	100	1,200
	Additional Training/Conference As Needed	500	200	400	100	1,200
Senior Accountant-Auditor						
	(2) CALAPRS Accountant Roundtable meetings	400	100	200	100	800
	(1) Brown Armstrong Conference	100	100	0	0	200
	CALAPRS Management Program	600	200	400	100	1,300
Executive Assistant						
	(4) CALAPRS Roundtable meetings	800	200	400	200	1,600
	Additional Training/Conference As Needed	200	400	400	100	1,100
Accountant-Auditor						
	(2) CALAPRS Roundtable meetings	400	100	200	100	800
Benefits Counselor						
	Pension Gold Conference	600	0	500	100	1,200
	CEBS Programs	0	0	0	0	0
	CALAPRS Benefits Roundtable	0	50	200	50	300
Benefits Counselor						
	Pension Gold Conference	600	0	500	100	1,200
	CEBS Programs	0	1,000	0	0	1,000
	CALAPRS Benefits Roundtable	0	50	200	50	300
Benefits Counselor						
	CEBS Programs	0	1,000	0	0	1,000
	CALAPRS Roundtable	0	50	200	50	300
Benefits Counselor						
	CEBS Programs	0	1,000	0	0	1,000
	CALAPRS Roundtable	0	50	200	50	300
5278	Total Budget for Retirement Staff Education & Conference	10,000	7,300	9,500	2,800	29,600
5277 Administrative Expense						
Retirement Staff Memberships & Dues						
	GFOA					200
	AICPA Retirement Administrator					200
	CSCPA Retirement Administrator					100
	CPA License Retirement Administrator					100
5277	Total Retirement Staff Administrative Expense Memberships & Dues					600
5277 Subscriptions	Retirement Staff Subscriptions					600
5277	Total Budget Retirement Staff Memberships, Dues & Subscriptions					1,200

ADMINISTRATORS PROPOSED BUDGET - FY 2011

RETIREMENT OFFICE OPERATING BUDGET
Deferred Compensation Budget

Acct #	Account Description	Budget FY 2012:	Deferred Compensation
Employee Services			
55101	Permanent Salaries	697,800	29,500
51102/4/5	Permanent Fringe Statutory	109,400	4,800
51103	Employee Leave Payoff-Non Term	29,700	0
51107	Permanent Fringe - Pension ER Contribution	67,900	3,000
51109	Leave Payoff - at Termination	5,600	
51190	Furlough Savings	0	
51401	Premium Pay excluded in 51102	0	0
Employee Services Total		910,400	37,300
Operations & Maintenance			
51403	Commission Stipends (Board members)	7,200	320
52302	Gen Svc Pens Oblig Bond Dbt Svc	21,900	950
52403	HRA Payments	200	10
52601	Worker's Compensation	200	10
52901	Recurring Vehicle Allowance	3,600	160
Operations & Maintenance Total		33,100	1,450
InterDepartmental Charges			
59102	City Attorney - Variable Charges	300	15
59103	Budget (BMSD) - Variable Charges	2,000	100
59106	HR-Operations - Variable Charges	4,000	200
59107	HR- Training Unit	900	40
59108	HR-Labor Relations - Variable Charges	1,200	55
59109	Finance - Variable Charges	5,800	250
59114	Internal Audit - Variable Charges	0	
59201	Fixed Interdept Reimb - Gen Fund	7,800	325
59302	Info Systems Service Charge	37,000	1,800
59303	Info Systems Equip Charge	29,000	1,250
59304	Property Self-Insurance Charges	100	5
59305	Liability Self-Insurance Charges	100	5
59306	Messenger / Mail / Copier Service Charges	94,500	4,100
59307	Telephone Service Charges	8,400	375
59309	Facilities Management Charge	700	30
59315	Employee/Visitor Parking Permit	200	10
59320	Call Center Charges	0	10
59321	Microsoft Migration	2,200	100
InterDepartmental Charges Total		194,200	8,670
Contingency			
61001	Contingency / Reserve	0	0
Grand Total		1,137,700	47,500



REPORT TO THE EMPLOYEES RETIREMENT BOARD

Agenda Item No.	
Board Meeting	6/08/2011

Reviewed by	
Retirement Administrator	

May 18, 2011

FROM: ADMINISTRATIVE COMMITTEE

BY: STANLEY L. MCDIVITT, Retirement Administrator

SUBJECT: REVIEW AND ADOPT THE FISCAL YEAR 2012 EMPLOYEES RETIREMENT SYSTEM TRUST FUND BUDGET

BACKGROUND:

The Fiscal Year 2012 Employees Retirement System Trust Fund Budget reflects:

1. Increases in the benefit payments to reflect the addition of the normal number of new retirees and additional retirements due to additional layoffs anticipated.
2. The appropriation level for the PRSB payments for the period July 1, 2011 through June 30, 2012 using the 2010 actuarial report which shows based upon the actuary's projections PRSB payments for Employees of \$7.37 for 2011. Estimates show that the Employees PRSB surplus may be exhausted prior to the end of the 2011 calendar year, thus we estimate zero for calendar year 2012 as actual will not be known until November 2011.
3. The DROP distributions increased slightly for Employees although these distributions continue to be extremely difficult to project.
4. Changes in investment management fees projected for FY2012 include anticipated growth in various asset classes and adjustments for the implementation of active and passive management changes in the domestic large cap equity and ACWixUS equity asset classes.
5. Renewals of premiums and fees for fiduciary liability insurance, securities litigation class action filing monitoring services and eVestment Alliance database software services.
6. Increases in the Consultant/Temporary Employee Services to reflect additional staffing for IT projects.

BOARD ACTION: APPROVED LAID OVER REC REVIEW

Page 2

Board Report - Employees Retirement System Trust Fund Budget - Fiscal Year 2012

May 18, 2011

7. Includes a Contingency line item for Computer Systems of \$1.0 million. Once action is taken following the conclusion of the RFP – IT Projects there will be a request to the Board for a re-appropriation to the Budget moving the expenses from Contingency to Professional Services for the Computer System project implementation. This re-appropriation could include additional consulting services, hardware and other expenses.

THE ISSUE

Should the Board adopt the attached Annual Appropriation Resolution for the Employees Retirement System Trust Fund Budget for FY 2012 as recommended by the Administrative Committee?

CONCLUSION AND RECOMMENDATION

It is the Administrative Committee's recommendation that the Board adopt the attached Annual Appropriation Resolution for the Employees Retirement System Trust Fund Budget for FY 2012 as recommended by the Administrative Committee.

BOARD ACTION: APPROVED LAID OVER REC REVIEW

RESOLUTION NO. 2011-

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY
OF FRESNO EMPLOYEES RETIREMENT BOARD
ADOPTING THE BUDGET FOR FISCAL YEAR 2012**

Whereas the Employees Retirement Board's meeting and budget hearing having been duly noticed in the Boards' agenda for the June 8, 2011, Board meeting, and all necessary findings having been made,

Be it resolved by the Retirement Board for the City of Fresno Employees Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budgets of the City of Fresno Employees Retirement System, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2012 BUDGET. There is a budget for the City of Fresno Employees Retirement Trust Fund for retiree benefits, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, including the reimbursement of the Retirement Office operating budget, as may be approved by the Retirement Board.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members.

Section 3. CONTRADICTION OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Board, respecting the administration of the fiscal year 2012 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Boards' secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Board.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Employees Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Board hereby directs responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Board. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Board in adopting this budget resolution.

PART III

THAT the following amounts, as detailed in the attached exhibits, are allocated to the trust funds for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, STANLEY L. MCDIVITT, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Employees Retirement Board, Fresno, California at a regular meeting thereof, held on the 8th day of June 2011.

STANLEY L. MCDIVITT, RETIREMENT ADMINISTRATOR
AND EX-OFFICIO SECRETARY OF THE
RETIREMENT BOARDS

By: _____
Deputy

City of Fresno Employees Retirement System
 Employees Retirement System Annual Appropriation Resolution
 Proposed FY 2012

	Line Item Description	Budget FY 2011	Est. FY2011	Budget FY 2012	Net Change
5100	<u>Benefit Services</u>				
5101	Monthly Benefit Payments	33,000,000	33,900,000	36,000,000	3,000,000
5102	Post Retirement Supplemental Benefit	0	1,600,000	66,500	66,500
5103	Deferred Retirement Option Payments	5,000,000	5,400,000	6,700,000	1,700,000
5104	Employee Contribution Refunds	2,000,000	1,800,000	2,250,000	250,000
5100	Total Benefit Services	40,000,000	42,700,000	45,016,500	5,016,500
5200	<u>Operations</u>				
5210	<u>Investment Expenses</u>				
5211	Foreign Income Taxes	700,000	650,000	700,000	-
	Total Foreign Income Taxes	700,000	650,000	700,000	-
5220	<u>Professional Investment Svcs - Portfolio Mgrs & Consultants</u>				
5221	Domestic Equity - Large Cap, Small Cap	1,030,000	988,000	1,090,000	60,000
5221	International Equity - EAFE, ACWIxUS, EM	1,825,000	1,680,000	1,690,000	(135,000)
5221	Fixed Income - Domestic Core and High Yield	495,000	490,000	540,000	45,000
5221	Real Estate - Public and Private	685,000	640,000	815,000	130,000
5221	Analytical Database Services	5,700	5,700	5,700	-
5221	Investment Legal Counsel	2,300	4,000	10,000	7,700
5221	Investment Consultant	110,000	103,000	110,000	-
5221	Global Custodian	60,000	50,000	60,000	-
5221	Total Professional Investment Svcs - Portfolio Mgrs & Consultants	4,213,000	3,960,700	4,320,700	107,700
5221	Total Investment Expenses	4,913,000	4,610,700	5,020,700	107,700
5221	<u>Professional Services - Consultants & Other</u>				
5221	Legal Services	100,000	85,000	100,000	-
5221	Actuarial Services	110,000	80,000	110,000	-
5221	Computer Systems and Maintenance	45,000	25,000	45,000	-
5222	Independent Auditor	19,000	17,800	19,000	-
5225	Publishing Svcs (Annual Reports, Employee Booklets)	19,000	7,000	19,000	-
5223	Hearing Officers, Medical Examiners	35,000	25,000	35,000	-
5224	Securities Litigation Monitoring Service	12,500	12,500	12,500	-
5220	Consultants/Temporary Employment Services	125,000	54,500	150,000	25,000
	Other	12,000		12,000	-
	Total Professional Services - Consultants & Other	477,500	306,800	502,500	25,000
5270	<u>Administrative Expenses</u>				
5271	Reimbursement to City for Board Member Time	15,000	15,000	30,000	15,000
5272	Education & Conference	35,000	3,500	35,000	-
5273	Due Diligence Site Visitation (Travel Costs)	40,000	2,200	40,000	-
5277	Membership & Dues	2,600	2,700	3,000	400
5275	Transfer to Retirement Office Fund (Emp.Svc & Id charges)	438,400	435,000	525,350	86,950
5276	Lease Office Space including Common Area Maint	90,000	85,100	90,000	-
5274	Fiduciary Liability Insurance	105,000	92,500	96,155	(8,845)
5278	Retirement Staff Education and Conference	15,000	5,000	15,000	-
5279	Postage and Overnight mail	2,000	2,000	2,000	-
5279	Stationary and Supplies	7,000	7,000	7,000	-
5277	Subscriptions & Publications	600	600	600	-
5270	Miscellaneous Expense	1,100	620	1,100	-
5271	Total Administrative Expenses	751,700	651,220	845,205	93,505
5900	<u>Capital Budget</u>				
	Furniture, computer equipment	0	650	2,750	2,750
5900	Total Capital Budget	0	650	2,750	2,750
	Total Administrative Expenses and Capital Budget	751,700	651,870	847,955	96,255
	Total System Budget without contingency	46,142,200	48,269,370	51,387,655	5,245,455
6000	<u>Contingency Budget</u>				
	General Contingency	2,000,000	0	2,000,000	-
	Computer Systems (Pension System Software, Hardware, etc.)	1,000,000	0	1,000,000	-
	Total Contingency Budget	3,000,000	0	3,000,000	-
	Total System Budget	49,142,200	48,269,370	54,387,655	5,245,455

City of Fresno Employees Retirement System
 Employees Retirement System Annual Appropriation Resolution
 Proposed FY 2012

	Professional Investment Svcs - Portfolio Management Fees	Budget	Est. FY2011	Budget	Net Change
	Line Item Description	FY2011		FY 2012	
5221	Domestic Equity - Large Cap, Small Cap	1,030,000	988,000	1,090,000	60,000
	Alliance Bernstein terminated Previously budgeted	245,000	190,000	0	(245,000)
	BlackRock (R1000 and SP500 Equity Index)	55,000	45,000	35,000	(20,000)
	JPMorgan (US Analyst Large Cap Core) Prev. CapGuardian	160,000	148,000	230,000	70,000
	Eagle (Small Cap Growth) Previously budgeted for Kalmar	180,000	165,000	205,000	25,000
	TCW (Small Cap Growth)		80,000	200,000	200,000
	Kennedy (Small Cap Value)	390,000	360,000	420,000	30,000
5221	International Equity - EAFE, ACWixUS, EM	1,825,000	1,680,000	1,690,000	(135,000)
	Baillie Gifford (ACWixUS)	375,000	355,000	430,000	55,000
	BlackRock (ACWixUS Index) Previously budgeted for Acadian	330,000	285,000	50,000	(280,000)
	Principal (EAFE)	315,000	290,000	350,000	35,000
	Pyramis (EAFE)	315,000	290,000	330,000	15,000
	Batterymarch (EM)	245,000	240,000	290,000	45,000
	Wellington (EM)	245,000	220,000	240,000	(5,000)
5221	Fixed Income - Domestic Core and High Yield	495,000	490,000	540,000	45,000
	Dodge & Cox (Domestic Core)	150,000	145,000	200,000	50,000
	Prudential (Domestic Core Index and Transition Account)	105,000	110,000	100,000	(5,000)
	Loomis Sayles (HY)	240,000	235,000	240,000	-
5221	Real Estate - Public and Private	685,000	640,000	815,000	130,000
	Heitman REIT	100,000	60,000	115,000	15,000
	Principal (REIT)	110,000	105,000	130,000	20,000
	JPMorgan (RE-Strategic Property Fund)	475,000	475,000	570,000	95,000
	Total Portfolio Management Fees	4,035,000	3,798,000	4,135,000	100,000


REPORT TO THE FIRE & POLICE RETIREMENT BOARD

Agenda Item No. _____

Board Meeting

June 8, 2011

Reviewed by

Retirement Administrator

May 18, 2011

FROM: ADMINISTRATIVE COMMITTEE

BY: STANLEY L. MCDIVITT, Retirement Administrator

SUBJECT: REVIEW AND ADOPT THE FISCAL YEAR 2012 FIRE AND POLICE RETIREMENT SYSTEM TRUST FUND BUDGET

BACKGROUND

The Fiscal Year 2012 Fire and Police Retirement System Trust Fund Budget reflects:

1. Increases in the benefit payments to reflect the normal addition of new retirees.
2. The appropriation level for the PRSB payments for the period July 1, 2011 through June 30, 2012 using 2010 projections based upon the actuary's projections which show PRSB payments for Fire and Police of \$46.52 for calendar year 2010. The PRSB payments for the last six months of FY2012 are estimated at zero using current rate projections as actual projections for calendar year 2012 will not be known until November 2011.
3. The DROP distributions increased slightly for Fire and Police although these distributions continue to be extremely difficult to project and the amount of the monthly benefit payment attributable to DROP benefit payments is an increasingly higher portion of the total benefit payment.
4. Changes in investment management fees projected for FY2012 include anticipated growth in various asset classes and adjustments for the implementation of proposed active/passive management changes in domestic large cap equity and ACWIXUS equity asset classes.
5. Renewals of premiums and fees for fiduciary liability insurance, securities litigation class action filing monitoring services and eVestment Alliance database software services.
6. Increase in the Consultant/Temporary Employee Services to reflect additional staffing for IT projects.

 BOARD ACTION: APPROVED LAID OVER REC REVIEW

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**Board Report - Fire & Police Retirement System Trust Fund Budget - Fiscal Year 2012
May 18, 2011**

7. Includes a Contingency line item for Computer System of \$1.0 million. Once action is taken following the conclusion of the RFP for IT Projects there will be a request to the Board for a re-appropriation to the Budget moving the expenses from Contingency to Professional Services for the Computer System project implementation. This re-appropriation could include additional consulting services, hardware and other expenses.

THE ISSUE

Should the Board adopt the attached Annual Appropriation Resolution for the Fire and Police Retirement System Trust Fund Budget for FY 2012 as recommended by the Administrative Committee?

CONCLUSION AND RECOMMENDATION

It is the Administrative Committee's recommendation that the Board adopt the attached Annual Appropriation Resolution for the Fire and Police Retirement System Trust Fund Budget for FY 2012 as recommended by the Administrative Committee.

BOARD ACTION: APPROVED LAID OVER REC REVIEW

RESOLUTION NO. 2011-

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF
FRESNO FIRE AND POLICE AND EMPLOYEES RETIREMENT
SYSTEMS ADOPTING THE OPERATING BUDGET FOR THE
RETIREMENT OFFICE FOR FISCAL YEAR 2012**

WHEREAS, the Fire and Police and the Employees Retirement Boards meeting and budget hearing having been duly noticed in the Boards' agenda for the June 8, 2011 Board meeting, and all necessary findings having been made,

BE IT RESOLVED by the Retirement Boards for the City of Fresno Fire and Police Retirement System and the Employees Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budget of the City of Fresno Retirement Office, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2012 BUDGET. There is a budget for the Retirement Office Operating Fund for employee services, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, as may be approved by the Retirement Boards.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members.

Section 3. CONTRADICTION OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Board, respecting the administration of the fiscal year 2012 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Board's secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Board.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Fire and Police Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Board hereby directs responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Board. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Board in adopting this budget resolution.

PART III

THAT the following amounts, as detailed in the attached exhibits, are allocated to the trust funds for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, STANLEY L. MCDIVITT, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Fire and Police Retirement Board, Fresno, California at a regular meeting thereof, held on the 8th day of June 2011.

STANLEY L. MCDIVITT, RETIREMENT ADMINISTRATOR
AND EX-OFFICIO SECRETARY OF THE
RETIREMENT BOARDS

By: _____
Deputy

City of Fresno Fire & Police Retirement System
 Fire & Police Retirement System Annual Appropriation Resolution
 Proposed FY 2012

	<u>Line Item Description</u>	<u>Budget FY 2011</u>	<u>Est. FY2011</u>	<u>Budget FY 2012</u>	<u>Net Change</u>
5100	<u>Benefit Services</u>				
5101	Monthly Benefit Payments	42,000,000	39,000,000	42,000,000	-
5102	Post Retirement Supplemental Benefit	3,000,000	1,700,000	230,000	(2,770,000)
5103	Deferred Retirement Option Payments	10,000,000	10,300,000	13,000,000	3,000,000
5104	Employee Contribution Refunds	1,000,000	700,000	1,000,000	-
5100	Total Benefit Services	56,000,000	51,700,000	56,230,000	230,000
5200	<u>Operations</u>				
5210	Investment Expenses				
5211	Foreign Income Taxes	900,000	710,000	900,000	-
	Total Foreign Income Taxes	900,000	710,000	900,000	-
5220	Professional Investment Svcs - Portfolio Mgrs & Consultants				
5221	Domestic Equity - Large Cap, Small Cap	1,030,000	1,112,000	1,450,000	420,000
5221	International Equity - EAFE, ACWIxUS, EM	1,825,000	1,875,000	1,850,000	25,000
5221	Fixed Income - Domestic Core and High Yield	495,000	515,000	595,000	100,000
5221	Real Estate - Public and Private	755,000	725,000	885,000	130,000
5222	Analytical Database Services	6,300	6,300	6,300	-
	Investment Legal Counsel	2,700	4,700	10,000	7,300
5223	Investment Consultant	120,000	117,000	125,000	5,000
5224	Global Custodian	70,000	60,000	70,000	-
5220	Total Professional Investment Svcs - Portfolio Mgrs & Consultants	4,304,000	4,415,000	4,991,300	687,300
	Total Investment Expenses	5,204,000	5,125,000	5,891,300	687,300
5250	Professional Services - Consultants & Other				
5251	Legal Services	155,000	95,000	155,000	-
5252	Actuarial Services	125,000	90,000	125,000	-
5253	Computer Systems and Maintenance	45,000	25,000	45,000	-
5254	Independent Auditor	20,000	20,300	22,000	2,000
5255	Publishing Svcs (Annual Reports, Employee Booklets)	15,000	5,000	15,000	-
5256	Hearing Officers, Medical Examiners	55,000	20,000	55,000	-
5257	Securities Litigation Monitoring Services	12,500	12,500	12,500	-
5258	Consultants/Temporary Employment Services	125,000	54,500	150,000	25,000
5259	Other	15,000		15,000	-
5250	Total Professional Services - Consultants & Other	567,500	322,300	594,500	27,000
5270	Administrative Expenses				
5271	Reimbursement to City for Board Member Time	20,000	9,500	40,000	20,000
5272	Board Member Education & Conference	35,000	9,000	35,000	-
5273	Due Diligence Site Visitation (Travel Costs)	40,000	4,500	40,000	-
5277	Membership & Dues	2,000	2,800	3,000	1,000
5275	Transfer to Retirement Office Operating Fund (Emp Services & Id's)	438,400	435,000	525,350	86,950
5276	Lease Office Space including Common Area Maint.	90,000	84,000	90,000	-
5274	Fiduciary Liability Insurance	120,000	92,500	96,155	(23,845)
5278	Retirement Staff Education and Conference	15,000	5,000	15,000	-
5279	Postage and Overnight mail	2,200	2,200	2,200	-
5279	Stationary and Supplies	7,000	7,000	7,000	-
5277	Subscriptions & Publications	600	600	600	-
5270	Miscellaneous Expense	1,200	625	1,200	-
5270	Total Administrative Expenses	771,400	652,725	855,505	84,105
5900	Capital Budget				
	Furniture, Computer Equipment	0	650	2,750	2,750
5900	Total Capital Budget	0	650	2,750	2,750
			0		-
	Total Administrative Expenses and Capital Budget	771,400	653,375	858,255	86,855
	Total System Budget without contingency	62,542,900	57,800,675	63,574,055	1,031,155
6000	Contingency Budget				0
	General Contingency	2,000,000	0	2,000,000	-
	Computer Systems (Pension System Software, Hardware, etc.)	1,000,000	0	1,000,000	-
	Total Contingency Budget	3,000,000	0	3,000,000	-
	Total System Budget	65,542,900	57,800,675	66,574,055	1,031,155

City of Fresno Fire & Police Retirement System
Fire & Police Retirement System Annual Appropriation Resolution
Proposed FY 2012

Professional Investment Svcs - Portfolio Management Fees		Budget	Est. FY2011	Budget	Net Change
Line Item	Description	FY2011		FY 2012	
5221	Domestic Equity - Large Cap, Small Cap	1,030,000	1,112,000	1,450,000	420,000
	Alliance Bernstein terminated Previously budgeted	245,000	220,000	245,000	-
	BlackRock (R1000 and SP500 Equity Index)	55,000	55,000	40,000	(15,000)
	JPMorgan (US Analyst Large Cap Core) Prev. CapGuardian	160,000	167,000	260,000	100,000
	Eagle (Small Cap Growth) Previously budgeted for Kalmar	180,000	185,000	225,000	45,000
	TCW (Small Cap Growth)		85,000	220,000	220,000
	Kennedy (Small Cap Value)	390,000	400,000	460,000	70,000
5221	International Equity - EAFE, ACWlxUS, EM	1,825,000	1,875,000	1,850,000	25,000
	Baillie Gifford (ACWlxUS)	375,000	400,000	470,000	95,000
	BlackRock (ACWlxUS Index) Previously budgeted for Acadian	330,000	315,000	55,000	(275,000)
	Principal (EAFE)	315,000	325,000	395,000	80,000
	Pyramis (EAFE)	315,000	325,000	370,000	55,000
	Batterymarch (EM)	245,000	265,000	315,000	70,000
	Wellington (EM)	245,000	245,000	245,000	-
5221	Fixed Income - Domestic Core and High Yield	495,000	515,000	595,000	100,000
	Dodge & Cox (Domestic Core)	150,000	150,000	220,000	70,000
	Prudential (Domestic Core Index and Transition Account)	105,000	125,000	110,000	5,000
	Loomis Sayles (HY)	240,000	240,000	265,000	25,000
5221	Real Estate - Public and Private	755,000	725,000	885,000	130,000
	Heitman REIT	110,000	70,000	120,000	10,000
	Principal (REIT)	120,000	115,000	135,000	15,000
	JPMorgan (RE-Strategic Property Fund)	525,000	540,000	630,000	105,000
	Total Portfolio Management Fees	4,105,000	4,227,000	4,780,000	675,000

City of Fresno Retirement Systems Combined
 Combined Retirement Systems Annual Appropriation Resolution
 Proposed FY 2012

	Line Item Description	Budget FY2011	Est. FY2011	Budget FY 2012	Net Change
5100	Benefit Services				
5101	Monthly Benefit Payments	75,000,000	72,900,000	78,000,000	(3,000,000)
5102	Post Retirement Supplemental Benefit	3,000,000	3,300,000	296,500	2,703,500
5103	Deferred Retirement Option Payments	15,000,000	15,700,000	19,700,000	4,700,000
5104	Employee Contribution Refunds	3,000,000	2,500,000	3,250,000	(250,000)
5100	Total Benefit Services	96,000,000	94,400,000	101,246,500	5,246,500
5200	Operations				
5210	Investment Expenses				
5211	Foreign Income Taxes	1,600,000	1,360,000	1,600,000	0
	Total Foreign Income Taxes	1,600,000	1,360,000	1,600,000	0
5220	Professional Investment Svcs - Portfolio Mgrs & Consultants				
5221	Domestic Equity - Large Cap, Small Cap	2,060,000	2,100,000	2,540,000	480,000
5221	International Equity - EAFE, ACWI/US, EM	3,650,000	3,555,000	3,540,000	(110,000)
5221	Fixed Income - Domestic Core and High Yield	990,000	1,005,000	1,135,000	145,000
5221	Real Estate - Public and Private	1,440,000	1,365,000	1,700,000	260,000
5222	Analytical Database Services	12,000	12,000	12,000	0
	Investment Legal Counsel	5,000	8,700	20,000	15,000
5223	Investment Consultant	230,000	220,000	235,000	5,000
5224	Global Custodian	130,000	110,000	130,000	0
5220	Total Professional Investment Svcs - Portfolio Mgrs & Consultants	8,517,000	8,375,700	9,312,000	795,000
	Total Investment Expenses	10,117,000	9,735,700	10,912,000	795,000
5250	Professional Services - Consultants & Other				
5251	Legal Services	255,000	180,000	255,000	0
5252	Actuarial Services	235,000	170,000	235,000	0
5253	Computer Systems and Maintenance	90,000	50,000	90,000	0
5254	Independent Auditor	39,000	38,100	41,000	2,000
5255	Publishing Svcs (Annual Reports, Employee Booklets)	34,000	12,000	34,000	0
5256	Hearing Officers, Medical Examiners	90,000	45,000	90,000	0
5257	Securities Litigation Monitoring Services	25,000	25,000	25,000	0
5258	Consultants/Temporary Employment Services	250,000	109,000	300,000	50,000
5259	Other	27,000	0	27,000	0
5250	Total Professional Services - Consultants & Other	1,045,000	629,100	1,097,000	52,000
5270	Administrative Expenses				
5271	Reimbursement to City for Board Member Time	35,000	24,500	70,000	35,000
5272	Board Member Education & Conference	70,000	12,500	70,000	0
5273	Due Diligence Site Visitation (Travel Costs)	80,000	6,700	80,000	0
5277	Membership & Dues	4,600	5,500	6,000	1,400
5275	Transfer to Retirement Office Operating Fund (Emp Services & Id's)	876,800	870,000	1,050,700	173,900
5276	Lease Office Space including Common Area Maint.	180,000	169,100	180,000	0
5274	Fiduciary Liability Insurance	225,000	185,000	192,310	(32,690)
5278	Retirement Staff Education and Conference	30,000	10,000	30,000	0
5279	Postage and Overnight mail	4,200	4,200	4,200	0
5279	Stationary and Supplies	14,000	14,000	14,000	0
5277	Subscriptions & Publications	1,200	1,200	1,200	0
5270	Miscellaneous Expense	2,300	1,245	2,300	0
5270	Total Administrative Expenses	1,523,100	1,303,945	1,706,710	177,610
5900	Capital Budget				
	Furniture, Computer Equipment	0	1,300	5,500	5,500
5900	Total Capital Budget	0	1,300	5,500	5,500
	Total Administrative Expenses and Capital Budget	1,523,100	1,305,245	1,706,210	188,110
	Total System Budget without contingency	108,685,100	106,070,045	114,961,710	6,276,610
6000	Contingency Budget				
	General Contingency	4,000,000	0	4,000,000	0
	Computer Systems (Pension System Software, Hardware, etc.)	2,000,000	0	2,000,000	0
	Total Contingency Budget	6,000,000	0	6,000,000	0
	Total System Budget	114,685,100	106,070,045	120,961,710	6,276,610

City of Fresno Employees and Fire & Police Retirement Systems
 Combined Retirement Systems Annual Appropriation Resolution
 Proposed FY 2012

Professional Investment Svcs - Portfolio Management Fees		Budget	Est. FY2011	Budget	Net Change
Line Item Description		FY2011		FY 2012	
5221	Domestic Equity - Large Cap, Small Cap	2,060,000	2,100,000	2,540,000	480,000
	Alliance Bernstein terminated Previously budgeted	490,000	410,000	245,000	(245,000)
	BlackRock (R1000 and SP500 Equity Index)	110,000	100,000	75,000	(35,000)
	JPMorgan (US Analyst Large Cap Core) Prev. CapGuardian	320,000	315,000	490,000	170,000
	Eagle (Small Cap Growth) Previously budgeted for Kalmar	360,000	350,000	430,000	70,000
	TCW (Small Cap Growth)	0	165,000	420,000	420,000
	Kennedy (Small Cap Value)	780,000	760,000	880,000	100,000
5221	International Equity - EAFE, ACWlxUS, EM	3,650,000	3,555,000	3,540,000	(110,000)
	Baillie Gifford (ACWlxUS)	750,000	755,000	900,000	150,000
	BlackRock (ACWlxUS Index) Previously budgeted for Acadian	660,000	600,000	105,000	(555,000)
	Principal (EAFE)	630,000	615,000	745,000	115,000
	Pyramis (EAFE)	630,000	615,000	700,000	70,000
	Batterymarch (EM)	490,000	505,000	605,000	115,000
	Wellington (EM)	490,000	465,000	485,000	(5,000)
5221	Fixed Income - Domestic Core and High Yield	990,000	1,005,000	1,135,000	145,000
	Dodge & Cox (Domestic Core)	300,000	295,000	420,000	120,000
	Prudential (Domestic Core Index and Transition Account)	210,000	235,000	210,000	-
	Loomis Sayles (HY)	480,000	475,000	505,000	25,000
5221	Real Estate - Public and Private	1,440,000	1,365,000	1,700,000	260,000
	Heitman REIT	210,000	130,000	235,000	25,000
	Principal (REIT)	230,000	220,000	265,000	35,000
	JPMorgan (RE-Strategic Property Fund)	1,000,000	1,015,000	1,200,000	200,000
	Total Portfolio Management Fees	8,140,000	8,025,000	8,915,000	775,000