



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

January 21, 2009

Investment Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 8:30 AM on the day above written.

ROLL CALL AT 8:30 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Danny Aguirre, Jeff Beatty, Brian Burry, Marvell French, Ken Nerland and Daniel Ray

Members Absent: Carla Lombardi

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator and Thomas Toth of Wilshire Associates

APPROVE MINUTES

Approve minutes of December 17, 2008, regular meeting of the Investment Committee;

ACTION: Approved/Adopted

ON MOTION BY Member Burry seconded by Member Williams to approve the minutes of December 17, 2008, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Aguirre, Beatty, Burry, French, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Lombardi

APPROVE AGENDA

Approve agenda of January 21, 2009, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Williams seconded by Member French to approve the agenda of January 21, 2009, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Aguirre, Beatty, Burry, French, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Lombardi

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Educational Presentation by Gregg S. Hymowitz, EnTrust, Managing Partner of EnTrust Capital a hedge fund management firm.

ACTION: Received

The Committee received educational presentation by Gregg S. Hymowitz Managing partner and Mark Swebner of Entrust Capital regarding the market crisis of 2008.

9:30 AM Presentation and Large Cap Core Equity portfolio performance review by Lawrence Remstedt and Maureen Freeman, Portfolio Managers of AXA Rosenberg.

ACTION: Received

(9:44 a.m.)

The Committee accepted the presentation by Lawrence Remstedt and Maureen Freeman, Portfolio Managers from AXA Rosenberg regarding the Systems' large cap equity portfolios and AXA's investment philosophy and process, a general market overview and portfolio attribution, organizational update and overview of the Systems portfolio positioning and fundamental characteristics as of 12/31/2008.

A. AGENDA ITEMS

1. AXA Rosenberg portfolio evaluation provided by Mr. Michael Schlachter for review, discussion and direction.

ACTION: Received

The Committee reviewed and accepted portfolio evaluation regarding AXA Rosenberg US Large Cap Equity as of September 30, 2008, as presented by Thomas Toth of Wilshire Consulting.

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2. Conduct a Self-Evaluation of Our Historical Asset Allocation Decisions, Prior Manager Searches Including Processes and Procedures, and Compare Investment Performance To Other Public Pension Systems.

ACTION: To Staff to schedule

A SPECIAL FULL DAY MEETING OF THE INVESTMENT COMMITTEE TO BE SCHEDULED

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3. Preliminary review and discussion of the monthly update of the Investment Manager Monitoring and Evaluation report for the month ending December 30, 2008.

ACTION: Received

The Committee reviewed and accepted investment manager monitoring and evaluation report with questions and potential actions to be reviewed and considered subsequent to the Committee's self evaluation review.

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4. Review, discuss and consider information provided by Investment Managers concerning the financial crisis and effects on the firms managing systems' asset.

ACTION: Received

The Committee reviewed, discussed and accepted the summary of investment manager responses to questions concerning the financial crisis and effects to their firms.

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5. Status update and review of issues relating to declared deficiency in the Northern Trust Securities Lending - USA Core Cash Collateral Pool.

ACTION: Received

The Committee reviewed, discussed and accepted the report and will continue to monitor information as necessary.

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6. Consider staff recommendation for monthly drawback for operating and payroll costs.

ACTION: Received

The Committee reviewed, discussed accepted staff's recommendation and directed staff to provide an updated rebalancing model of the alternatives available for rebalancing the portfolio for review and discussion by the Committee and Investment Consultant.

ON MOTION by Member Cliby seconded by Member Nerland to approve the drawback of \$21.0 million from Prudential in February 2009 to cover benefit expenses for February, March, April 2009, DULY CARRIED RESOLVED by

AYES: Cliby, Aguirre, Beatty, Burry, French, Nerland, Williams
NOES: None
ABSTAIN: None
ABSENT: Lombardi

7. Status update on assignments/projects provided for K&L | Gates.
ACTION: Laid Over
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8. Update and prioritize Committee projects, activities and manager presentations for Calendar Year 2009.
ACTION: Received
The Committee accepted the report and took no further action.
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B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of December 31, 2008.
ACTION: Received
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2. Northern Trust Monthly Asset Allocation Overview as of December 31, 2008.
ACTION: Received
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3. Monthly Fixed Income Analysis Report as of November 30 and December 31, 2008.
ACTION: Received
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4. December 11 and 16, 2008, articles concerning Bernard L. Madoff Securities, LLC.
ACTION: Received
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5. December 19, 2008, P&I online article: San Diego County takes foot off alpha engine pedal.
ACTION: Received
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6. December 2008, Heitman Perspective: Assessing Risk in U.S. Real Estate.
ACTION: Received
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7. 2008 in Review, Acadian.
ACTION: Received
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8. December 31, 2008, Fundfire article and letter from Aberdeen Asset Management regarding Acquisition of Credit Suisse Investment business.
ACTION: Received
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9. January 6, 2009, FUNDfire article: CalPERS, CalSTRS to Review Alts.
ACTION: Received
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10. January 6, 2009, Sacramento BEE Editorial: CalPERS made a bet – and lost.

ACTION: Received

11. January 9, 2009, P&I online article: San Bernardino to seek redemptions from 3 funds.

ACTION: Received

12. January 9, 2009, Bloomberg.com article: Gross Wins "Game of Chicken" Shunning GMAC Debt Swap.

ACTION: Received

13. January 2009, 1st Quarter 2009 Outlook Prudential Fixed Income Management.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentations and Portfolio Review with AllianceBernstein February 18, 2009
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

11:45 a.m.
