



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

September 22, 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 8:32 AM

COMMITTEE MEMBERS PRESENT: Carla Lombardi-Vice Chair, Danny Aguirre, Jeff Beatty, Brian Burry, Marvell French (arrived 8:40 am), Ken Nerland, Oscar Williams and Daniel Ray

Members Absent: Paul Cliby (Conference)

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Andrew Junkin and Julia Bonafede of Wilshire Investment Consultants, Pattie Laygo, Executive Assistant

APPROVE MINUTES

Approve minutes of August 25, 2009, Regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by member Williams seconded by Member Beatty, to approve the minutes of August 25, 2009, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Aguirre, Beatty, Burry, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Cliby, French

APPROVE AGENDA

Approve agenda of September 22, 2009, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Williams seconded by Member Nerland to approve the agenda of September 22, 2009, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Aguirre, Beatty, Burry, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Cliby, French

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and Large Cap Core Equity Portfolio Review by Terry Ragsdale , Portfolio Manager Capital Guardian.

ACTION: Received

The Committee received and accepted a comprehensive presentation provided by Terry Ragsdale, Investment Specialist for Capital Guardian, who apologized for Mr. Mike Nyholt who could not be present.

The Committee reviewed and thoroughly discussed, a summary of Capital Guardian's four-step investment process, investment results of the systems, year-to-date, market overview of S&P 500 index, attribution summary, twenty largest holdings of the Systems and top holdings by sector, as well as notable purchases and sales from Dec 31, 2008 to August 31, 2009.

A. AGENDA ITEMS

1. Capital Guardian large cap core equity portfolio evaluation provided by Mr. Thomas Toth for review, discussion and direction.

ACTION: Accepted

The Committee thoroughly reviewed and discussed Cap Guardian's presentation and accepted performance evaluation report submitted by Tom Toth and determined that a due diligence trip to Cap Guardian may be prudent.

2. Presentation on Universe Comparison Analysis and Prioritizing Tasks by Mr. Thomas Toth, Investment Consultant, for review, discussion and direction.

ACTION: Accepted

The Committee accepted report by Tom Toth who reviewed and discussed the highlights of the Analysis, Wilshire's Asset Allocation assumptions, considered educational subjects, and recommended review of existing manager structure with an emphasis on risk budgeting, to continue private real estate search early next year, and that the Committee consider a asset allocation review once actuarial report is final. The Committee provided direction to conduct educational sessions over the next three months regarding: 1) opportunistic debt; and 2) inflation protected asset classes; and 3) private equity.

3. Review, discuss and consider notice of potential reduction of client payables via reversal of securities lending collateral pool deficiency and settlement of costs related to realized losses in Northern Trust Securities Lending - USA Core Cash Collateral Pool

ACTION: Approved/Adopted

The Committee reviewed and discussed recommendations presented, recommending Board approval of payment and that staff continue to monitor the declared deficiency situation and to request additional information from Northern Trust as necessary to assess the risk in the Securities Lending Core USA commingled pool.

ON MOTION by Member Nerland seconded by Member Burry to recommend Board approval of the payment of \$579,616 to Northern Trust on or before December 15, 2009, DULY CARRIED RESOLVED BY THE FOLLOWING VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: Cliby

4. Review, discuss and consider Aberdeen request to hold non-rated security, FBL Financial Group.

ACTION: Received

The Committee received report and accepted recommendation to support the recommendations provided by its investment managers and discussed the issue of holding a non-rated security with the Investment Consultant.

ON MOTION by Member Nerland seconded by Member Beatty to approve Aberdeen's request to continue to hold non-rated security, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Cliby

5. Review and approval rebalancing of the portfolio and drawback for October 2009 expenses.
ACTION: Received
The Committee reviewed the updated asset allocation spreadsheet as of August 31, 2009, and discussed and considered future drawbacks, withdrawals and reinvestment with the Investment Consultant.
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6. Review, update and prioritize Topics, Potential Projects and Educational Opportunities for the Investment Committee, Staff and Investment Consultant for Fiscal Year 2009/2010
ACTION: Received
The Committee briefly reviewed and accepted report as submitted and directed staff to add educational presentations requested by Tom Toth.
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B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of August 31, 2009.
ACTION: Received
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2. Northern Trust Monthly Asset Allocation Overview as of August 31, 2009.
ACTION: Received
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3. Monthly Fixed Income Analysis Report as of August 31, 2009.
ACTION: Received
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4. June 2009, The Institutional Real Estate Letter – North America, The Next Wave ~ Restructuring Real Estate Funds and Fund Managers.
ACTION: Received
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5. August 14, 2009, Global Pensions, Illinois TRS puts BGI on watch, plans to invest \$1.2b in private equity
ACTION: Received
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6. September 8, 2009, SACRS Letter RE: Political Contributions by Certain Investment Advisors.
ACTION: Received
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C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentation and Portfolio Review ~ Heitman REIT Portfolio
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

11:33 p.m.

