



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

MINUTES

August 4, 2010

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, Jeff Beatty, Marvell French (arrived 8:35 am), Joe Gray, Randy Nason, Ken Nerland, Oscar Williams, and Daniel Ray

Members Absent: Brian Burry

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

APPROVE MINUTES

Approve minutes of June 22, 2010, Regular Meeting of the Investment Committee

ACTION: Approved/Adopted

ON MOTION by Member Nerland seconded by Member Williams, to approve the minutes of June 22, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

APPROVE AGENDA

Approve agenda of August 4, 2010, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Nerland seconded by Member Williams to approve the agenda of August 4, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Conduct Annual Election for Chair and Vice Chair of the Investment Committee.

ACTION: Other

Upon call by Chair Cliby nominations are accepted.

ON MOTION BY Member Nerland seconded by Member Gray to elect Jeff Beatty as Chair of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

ON MOTION BY Member Nerland seconded by Member Williams to elect Joe Gray as Vice Chair of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

8:35 AM

Presentation and portfolio review of Batterymarch Emerging Markets portfolio provided by Patricia A. Crane, Director – Client Service and Nathalie Wallace, Sr. Portfolio Manager.

ACTION: Received

The Committee received and accepted Global Emerging Markets Equity presentation by Nathalie Wallace and Patricia A. Crane of Batterymarch that included an update of the firm, people and process, philosophies, reviewing portfolio performance and macro environmental factors impacting the portfolio.

A. CONSENT CALENDAR

1. Approve date and time for the next Regular Meeting of the Investment Committee scheduled at 8:30 am on August 24, 2010.

ACTION: Approved/Adopted

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

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

B. AGENDA ITEMS

1. Batterymarch Emerging Markets portfolio evaluation provided by Mr. Thomas Toth for review, discussion and direction.

ACTION: Received

The Committee reviewed and discussed portfolio and accepted report as presented by the Investment Consultant.

2. Review, discussion and direction on investment manager monitoring and evaluation reports.

ACTION: Accepted

The Committee reviewed and considered report, discussed list of firms under review and accepted staff recommendations to continue to monitor those firms.

3. Review, discussion and direction concerning:

a. Heitman Performance Fee Proposal

b. Pre-trade Analysis Transition Proposal

ACTION: Accepted

The Committee reviewed and discussed memorandum and recommendation presented by Investment Consultant to accept the performance fee structure proposal. No action taken with regard to the pre-trade analysis transition proposal.

ON MOTION by Member Cliby seconded by Member Williams to accept Heitman Performance fee proposal dated July 13, 2010, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

4. Acadian personnel changes evaluation provided by Mr. Thomas Toth for review, discussion and direction.

ACTION: Accepted

The Committee reviewed and discussed Acadian's organizational changes presented by Investment Consultant. The Committee accepted recommendation from the Investment Consultant to reevaluate the Acadian mandate once the Board has reviewed the international equity structure. Direction was given for Consultant to provide disciplined structure analysis of non-US equity for review at the next Committee meeting.

5. Review, discussion and direction on final recommendation and policy changes for Small Cap Growth managers.

ACTION: Accepted

The Committee reviewed and accepted revised language for Domestic Equity portfolios - Small Capitalization in the Boards' Investment Objectives and Policy Statement.

ON MOTION by Member Nerland and seconded by Member French to recommend Board approval of revisions to Part III, Section 5.5.4, Domestic Equity Portfolios-Small Capitalization of the Boards' Investment Objectives and Policy Statement, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

6. Review, discussion and direction regarding::

a. Historical review and analysis of 2004 Large Cap manager search and changes in manager screening process.

B. Preliminary Large Cap manager search report.

ACTION: 6a) Accepted; 6b) laid over

The Committee extensively reviewed, accepted, evaluated changes in search criteria developed by staff and investment consultant, and recommended further review and discussion at the next Committee meeting.

7. Annual review, discussion and direction on the Boards' policy concerning Independent Advisory Member to the Investment Committee.

ACTION: Accepted

The Committee accepted proposed amendment to Policy with recommendation to the Retirement Boards.

ON MOTION by Member Nerland seconded by Member Cliby to accept and recommend Board approval of proposed amendment to Board Policy Section 2-13 which incorporates AB1584 into the list of ethical training subjects included in the written agreement with the Investment advisory member, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

8. Annual performance review of Investment Consulting Firm, relating to the Agreement between Wilshire Associates and the City of Fresno Retirement Systems dated May 1, 2003.

ACTION: Laid Over

Laid Over. The Committee is directed to submit completed evaluation forms to staff.

9. Review and approve rebalancing of the portfolio and drawback for July/August 2010 Expenses.

ACTION: Accepted

The Committee reviewed current cash flow projections and discussed staff estimates and recommendations.

ON MOTION by Member Cliby seconded by Member Gray to authorize a withdrawal of \$7.0 million for funding of benefit payments for August 2010, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Beatty, French, Gray, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry

10. Review, update and prioritize Committee projects, activities and manager presentations for Calendar Year 2010.
ACTION: Accepted
The Committee reviewed, discussed and accepted the list of current projects and anticipated dates for completion.

C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of June30, 2010.
ACTION: Received

2. Northern Trust Monthly Asset Allocation Overview as of June 30, 2010.
ACTION: Received

3. Monthly Fixed Income Analysis Report as of June 30, 2010.
ACTION: Received

4. July 15, 2010, Bloomberg.com article, Goldman Sachs to Pay \$550 Million to Settle SEC Fraud Lawsuit
ACTION: Received

5. July 16, 2010, The Sacramento Bee article, CalPERS portfolio rises 11.4%
ACTION: Received

6. July 20, 2010, FUNDfire article, CalSTRS Beats CalPERS with 12.3% Gain
ACTION: Received

7. July 29, 2010, FUNDfire article, Consultants Split on Capital Guardian Outlook
ACTION: Received

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

JPMorgan Strategic Property Fund presentation and portfolio review August 24, 2010.

E. UNSCHEDULED ORAL COMMUNICATIONS

None

F. PUBLIC COMMENTS

None

G. ADJOURNMENT

11:55 am
