



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

**November 24, 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.**

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**ROLL CALL AT 8:33 AM**

COMMITTEE MEMBERS PRESENT: Paul Cliby, Carla Lombardi, Jeff Beatty, Brian Burry (arrived 8:35 am), Marvell French (arrived 8:35 am), Ken Nerland, Oscar Williams and Daniel Ray

Members Absent: Danny Aguirre

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

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**APPROVE MINUTES**

Approve the minutes of October 27, 2009, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Nerland seconded by Member Williams to approve the minutes of October 27, 2009, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Lombardi, Beatty, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Aguirre, Burry, French

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**APPROVE AGENDA**

Approve the agenda of November 24, 2009, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Beatty seconded by Member Williams to approve the agenda of November 24, 2009, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Lombardi, Beatty, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Aguirre, Burry, French

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**TIMED SCHEDULED HEARINGS AND MATTERS**

None

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**A. CONSENT CALENDAR**

1. Confirm date and time of the next meeting of the Investment Committee scheduled at 8:30 a.m. on December 22, 2009.

ACTION: Approved/Adopted

Member Beatty noted that he is not available for this meeting.

ON MOTION by Member Williams seconded by Member Nerland to approve the consent calendar DULY CARRIED RESOLVED by the following vote:

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

NOES: None  
ABSTAIN: None  
ABSENT: Aguirre, French

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**B. AGENDA ITEMS**

1. Educational presentation on Alternative or Opportunistic Debt provided by Mr. Thomas Toth.

ACTION: Received

The Committee received an Introduction to Alternative Debt presentation by Thomas Toth, CFA Vice President of Wilshire Associates that included the characteristics of Distressed Debt, Leveraged Bank Loans, Emerging Markets Debt, and Mezzanine Debt. Some discussion followed.

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2. Review, discuss and consider the Manager Risk Budgeting structure analysis for all asset classes provided by Mr. Thomas Toth, Wilshire Associates.

ACTION: Received

The Committee received an introduction to the subject of Manager Risk Budgeting by Karyn Williams, Senior Consultant of Wilshire Associates Santa Monica Office, and by Mr. Tom Toth, who provided a presentation on Manager Risk Budgeting with a total fund overview which was a road map to examining US Equity, Non-US Equity, Real Estate and Fixed Income to determine the best risk adjusted return by asset class.

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3. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ended June 30, 2009.

ACTION: Received

The Committee extensively reviewed, discussed and accepted the Investment Performance Reports for the quarter ended September 30, 2009. In conjunction with the Manager Risk Budgeting educational presentation and recommendation by Mr. Toth, the Committee decided to terminate Aberdeen and appoint Prudential to transition assets from Aberdeen into the Prudential Enhanced Fixed Income portfolio and directed staff to review the transition proposed by Prudential.

ON MOTION BY Member Burry seconded by Member Lombardi to terminate Aberdeen and appoint Prudential to transition assets from Aberdeen into the Prudential Enhanced Fixed Income portfolio and directed staff to review the transition proposed by Prudential, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Aguirre

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4. Review, discussion and direction on Investment Manager Monitoring and Evaluation report for the period ending September 30, 2009.

ACTION: Received

The Committee received the quarterly performance update and approved the recommendation to reclassify Dodge and Cost to Good Standing, add AXA to Under Review status, retain Under Review status for all other portfolios currently Under Review and to terminate Aberdeen.

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

ACTION: Received

The Committee reviewed and accepted the update on securities lending core USA collateral pool. The Committee will continue to monitor the liability in the pool and will request additional information from Northern Trust as necessary to assess the future risk in the pool.

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

ACTION: No Action

The Committee reviewed staff report and update of model report and activity for the month of October.

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7. Review, update and prioritize Committee projects, activities and manager presentations for Calendar Year 2009.

ACTION: Received

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### C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of October 31, 2009.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview as of October 31, 2009.

ACTION: Received

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3. Monthly Fixed Income Analysis Report as of October 31, 2009.

ACTION: Received

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4. RVKuhns& Associates, Inc. City of Fresno Retirement Systems Public Fund Universe Analysis Period Ending June 30, 2009.

ACTION: Received

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5. November 2009, Loomis Sayles, Bond Market Conditions & Opportunities: Where do we go from here? By Teri Mason, Associate Director of Credit Research.

ACTION: Received

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6. November 10, 2009, Letter from Kenneth Olivier, President Dodge & Cox Announcing opening the Dodge & Cox Worldwide Funds plc.

ACTION: Received

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7. November 10, 2009, Bloomberg.com article, Ex-Bear Fund Managers Not Guilty of Subprime Fraud.

ACTION: Received

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8. November 11, 2009, CalPERS Office of the President, Rob Feckner, letter and press release regarding Placement Agents.

ACTION: Received

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9. November 12, 2009, Bloomberg.com article, Barofsky Says TARP "Almost Certainly" Will Bring Loss.

ACTION: Received

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10. Pyramis Global Advisors Research Paper, May 27, 2009, US Pensions Maintain Long-Term Investment Views, Assess Next Steps.

ACTION: Received

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11. November 16, 2009, P&I article, Missouri Fund Sues State Street Over Securities Lending.

ACTION: Received

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12. November 18, 2009, Investment News article, No Discount for Alpha.

ACTION: Received

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**D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING**

None

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**E. UNSCHEDULED ORAL COMMUNICATIONS**

None

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**F. PUBLIC COMMENTS**

None

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**G. ADJOURNMENT**

12:50 p.m.

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