



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

MINUTES

June 22, 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 8:33 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Jeff Beatty, Brian Burry, Marvell French, Ken Nerland, Oscar Williams, Joe Gray, and Daniel Ray

Members Absent: None

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

APPROVE MINUTES

Approve minutes of April 30, 2010, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Nerland seconded by Member Burry to approve the minutes of April 30, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

APPROVE AGENDA

Approve agenda of June 22, 2010, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Beatty seconded by Member French to approve the agenda of June 22, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and portfolio review of Principal EAFE international equity portfolio provided by Paul Stover, Senior Relationship Manager and Paul Blankenhaven, Portfolio Manager of Principal Global Investors.

ACTION: Received

The Committee received and accepted presentation by Paul Stover of Principal Global Investors who provided an organizational update, portfolio performance results, attribution and comparisons; and reviewed quantitative research initiatives.

A. CONSENT CALENDAR

1. Approve date and time of the next Regular Meeting of the Investment Committee scheduled at 8:30 am on Tuesday, July 27, 2010.
ACTION: Approved/Adopted
The Committee reviewed and considered calendars and rescheduled July 27, 2010 meeting to August 4, 2010.
ON MOTION by Member Nerland seconded by member
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B. AGENDA ITEMS

1. Principal International Equity portfolio evaluation provided by Mr. Thomas Toth for review, discussion and direction.
ACTION: Accepted
The Committee reviewed and discussed portfolio and accepted report presented by Investment Consultant.

2. Review and accept the Investment Performance Reports from Wilshire Associates for the Quarter ending March 31, 2010.
ACTION: Accepted
The Committee reviewed and accepted summary report by Tom Toth, Investment Consultant.

3. Review, discussion and direction on Investment Manager Monitoring and Evaluation reports.
ACTION: Received
The Committee reviewed and accepted report, discussed firms Under Review and considered staff recommendations to continue to review and monitor those firms and to consider postponement pending completion and review of the Large Cap Growth Value Manager search results and further review of the quarterly performance analysis for the period ending March 31, 2010. The Committee directed staff to obtain information on transition of Heitman REIT to Principal REIT.

4. Review, discussion and direction on recommendation from the Due Diligence Sub-Committee following on-site visits with Small Cap Growth equity search finalists.
ACTION: To Committee for Review
The Committee reviewed and considered information provided for each finalist, considered funding sources for the new small cap growth managers, and directed staff to submit proposed policy changes for review and recommendation by the Committee.
ON MOTION by Member Burry seconded by Member Gray to recommend Board approval to hire Eagle and TCW for Small Cap Growth equity portfolio, DULY CARRIED RESOLVED by the following vote:
AYES: Cliby, Beatty, Burry, French, Nerland, Williams, Gray
NOES: None
ABSTAIN: None

ABSENT: None

5. Review, discussion and direction on request from Wellington to gradually divest Israeli domiciled stocks by the end of the year.

ACTION: Approved/Adopted

The Committee reviewed and discussed allocations with Investment Consultant and approved request from Wellington for authorization to gradually divert emerging markets portfolio of the Israeli holdings throughout the remainder of the year.

ON MOTION by Member Burry seconded by Member Gray to recommend Board approval of request from Wellington to gradually divest Israeli domiciled stocks by end of year, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

6. Review, discussion and direction on updated investment policy for the Disclosure of Placement Agent Fees.

ACTION: To Board

The Committee reviewed, considered and recommended Board approval of the revised language to the updated Disclosure of Placement Agent Fees policy and further accepted amendments to Board policy to incorporate AB1584 into the list of ethical training subjects.

ON MOTION by Member Burry seconded by Member Gray to recommend Board approval of revised language to the updated disclosure of Placement Agent Fees Policy and amendments to incorporate AB1584 into list of ethical training, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

ACTION: Laid Over

Laid Over

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

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

ACTION: Approved/Adopted

The Committee reviewed asset allocation as of May 31, 2010 and authorized withdrawal of \$6.6 million from the BlackRock Equity Index (S&P 500) fund to fund benefit payments for June 2010.

ON MOTION by Member Nerland seconded by Member Burry to approve withdrawal of \$6.6 million from the BlackRock Equity Index (S&P500) fund to fund benefit payments for June 2010, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

10. Review, discussion and direction on the evaluation of the change of Thomas Hickey III, to Foley & Lardner from K&L | Gates.

ACTION: Approved/Adopted

The Committee reviewed and considered options presented and recommended Board approval to retain Foley & Lardner to provide legal services related to institutional investment of Public Pension Funds.

ON MOTION by Member Nerland seconded by Member Gray to recommend Board approval to retain Foley & Lardner to provide legal services related to institutional investment of Public Pension Funds, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

11. 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 topics and potential projects, added REIT transition and review of Acadian personnel changes.

C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of April 30 and May 31, 2010.

ACTION: Received

2. Northern Trust Monthly Asset Allocation Overview as of April 30 and May 31, 2010.

ACTION: Received

3. Monthly Fixed Income Analysis Report as of April 30 and May 31, 2010.

ACTION: Received

4. First Quarter 2010 Financial Highlights – Northern Trust.
ACTION: Received
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5. May 11, 2010, Pyramis Global Advisors, establishment of separate Asset Management and Distribution organizations.
ACTION: Received
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6. May 2010, K&L | Gates Investment Management Alert.
ACTION: Received
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7. June 8, 2010, Update from Acadian, changes to Acadian's marketing team.
ACTION: Received
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8. June 9, 2010, Pensions & Investments article, AXA Investment Managers to buy remaining AXA Rosenberg stake.
ACTION: Received
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. JPMorgan Strategic Property Fund presentation and portfolio review July 20, 2010.
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F. PUBLIC COMMENTS

None

G. ADJOURNMENT

None
