



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

**November 19, 2008**

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 8:31 AM**

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

Members Absent: Danny Aguirre, Marvell French, Carla Lombardi

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator and Michael Schlacter of Wilshire Associates

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**APPROVE AGENDA**

Approve agenda of November 19, 2008, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

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**TIMED SCHEDULED HEARINGS AND MATTERS**

**8:30 AM** Presentation and Enhanced Fixed Income portfolio review by Mr. Jim Herbst, Portfolio Manager, and Geraldine McAteer, VP Client Services, of Prudential.

ACTION: Received

The Committee accepted the report from Prudential, discussed issues surrounding the current economic environment, changes in index from Lehman Aggregate Index to Barclays Capital Aggregate Index and received a candid evaluation of the credit market conditions and outlook from Mr. Herbst.

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**A. AGENDA ITEMS**

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

ACTION: Received

The Committee accepted the report and evaluation of Prudential provided by Wilshire.

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2. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ended June 30, 2008.

ACTION: Received

The Committee accepted the Wilshire quarterly report and acknowledged concerns over the current and longer term performance of the Systems' investment managers.

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3. Review, discuss and consider the Quarterly Investment Manager Monitoring and Evaluation report for September 30, 2008 and monthly update for October 31, 2008.

ACTION: Received

The Committee accepted the staff report, placed AllianceBernstein on under review status and provided direction to staff and the Boards' Investment Consultant to conduct a self-evaluation of our historical asset allocation decisions, prior manager searches including processes and procedures; and review investment performance as compared to other similar sized Public Pension Systems.

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4. Review, discussion and action as necessary regarding Northern Trust Securities Lending Program and the Northern Trust USA Collateral Pool  
ACTION: Received  
The Committee accepted the report, discussed issues and determined that it would be prudent for the new investment legal counsel to review the contract with Northern Trust and authorized the Retirement Administrator to sign letter to Northern Trust on behalf of the Systems.
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5. Review, discuss and consider issues related to notifications from Aberdeen, Dodge & Cox, and Loomis-Sayles regarding the positions in certain financial holdings.  
ACTION: Received  
The Committee reviewed and discussed the issues related to holdings in each managers' portfolio and accepted staff's recommendation to support the recommendations provided by the investment managers.
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6. Review, discussion and action as necessary regarding potential assignments/projects for K&L Gates.  
ACTION: Received  
The Committee reviewed and accepted list of investment related work assignments for K&L Gates, our new investment legal counsel, recommending and providing direction for the review of our Master Investment Manager Agreement, evaluation of agreements and disclosures related to the products under consideration in the Core and Value-Added real estate manager search, as well as potential educational sessions on other investment related topics and asset classes. The Committee provided direction for staff to obtain cost estimates and project schedule
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7. Consider staff recommendation for monthly drawback for operating and payroll costs.  
ACTION: Received  
The Committee reviewed staff's report and approved the drawback for December, recognizing that further direction will be required next month given the amount available in the BGI S&P 500 Equity Index portfolio to fund future drawbacks.
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8. Update and prioritize Committee projects, activities and manager presentations for the remainder of Calendar Year 2008.  
ACTION: Received  
The Committee reviewed projects and determined that it begin the self-evaluation review at its next meeting in December 2008.
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**B. INFORMATION ONLY ITEMS**

1. Northern Trust Monthly Portfolio Performance Reports as of October 31, 2008.  
ACTION: Received

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  2. Northern Trust Monthly Asset Allocation Overview as of October 31, 2008.  
ACTION: Received

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  3. Monthly Fixed Income Analysis Report as of October 31, 2008.  
ACTION: Received
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4. Action Agenda, Investment Committee Meeting October 15 and 23, 2008.  
ACTION: Received
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5. September 22, 2008, Governing.com article, Pension Plans Put a Squeeze on Short Sellers.  
ACTION: Received
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6. October 16, 2008, NEPC Securities Lending Task Force – Securities Lending Program Outlook  
ACTION: Received
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7. October 20, 2008, P&I Online.com article, Kentucky plans' performance "unacceptable".  
ACTION: Received
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8. October 21, 2008, USA Today article, Hedge funds add to markets' pain.  
ACTION: Received
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9. October 22, 2008, FUNDfire article, BlackRock Assets Drop, But "Solutions" Soar  
ACTION: Received
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10. October 27, 2008, P&I Online.com article, CalPERS cuts toxicity  
ACTION: Received
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11. October 27 and 29, 2008, Bloomberg.com articles, FBI Probe of JPMorgan Fees Focuses on Swaps Rolling Muni Debt and JPMorgan Swap With Alabama Drawn into Criminal Probe.  
ACTION: Received
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12. October 31, 2008, FUNDfire article, B of A Sues Bear, Managers over Losses.  
ACTION: Received
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13. November 5, 2008, Stu Schweitzer of JPMorgan, Post-election market update.  
ACTION: Received
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14. November 12, 2008, P&I Online article, CalPERS to discuss allocation drift.  
ACTION: Received
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**C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING**

1. Presentations and Portfolio Review with AXA December 2008.
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**D. UNSCHEDULED ORAL COMMUNICATIONS**

1. The Committee reviewed a presentation by EnTrust Capital as recommended by Member Burry.
  2. Discussion followed regarding a potential notice to members with respect to the PRSB.
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**E. PUBLIC COMMENTS**

None

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**F. ADJOURNMENT**

11:35 a.m.

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