



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

**June 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 8:30 AM**

COMMITTEE MEMBERS PRESENT: Paul Cliby, Danny Aguirre, Jeff Beatty, Brian Burry, Marvell French, Carla Lombardi, Ken Nerland, Oscar Williams and Daniel Ray

Members Absent: None

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Tom Toth of Wilshire Investment Consultants

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**APPROVE MINUTES**

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

ACTION: Approved/Adopted

ON MOTION by Member Williams seconded by Member Nerland to approve the minutes of May 27, 2009, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

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**APPROVE AGENDA**

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

ACTION: Approved/Adopted

ON MOTION by Member Williams seconded by Member Nerland to approve the agenda of June 24, 2009, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

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**TIMED SCHEDULED HEARINGS AND MATTERS**

**8:30 AM** Presentation and JPMorgan Strategic Property Fund portfolio performance review by Ann Cole, Client Portfolio Manager and Anne Pfeiffer, Portfolio Manager of JPMorgan Asset Management

ACTION: Received

The Committee accepted the presentation provided by Ms. Ann Pfeiffer, Portfolio Manager and Ann Cole, Client Portfolio Manager of the Strategic Property Fund. Ms. Pfeiffer, discussed in-depth the characteristics of the Strategic Property Fund, the current and historical investment performance of the portfolio, and confirmed that portion of the Systems' redemption request which will be distributed to the Systems for the quarter ending June 30, 2009. Further discussion ensued concerning the portfolio's risk management strategy and elements of the strategic property fund. Discussion followed with questions from the Committee and Ms. Cole and Ms. Pfeiffer responding.

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9:30 AM Presentation of formal legal review of the Boards' Master Investment Manager, Master Custodial Bank, and Securities Lending Agreements provided by K&L | Gates.

ACTION: Received

The Committee thoroughly reviewed and discussed by phone with Mr. Tom Hickey of K&L | Gates and Mr. Gordon Cleary, Associate of Mr. Hickey, the comments and suggestions offered to incorporate best practices into the provisions of the Systems' Master Investment Manager and Master Custodian Agreements, Securities Lending Authorization Agreement, Securities Lending Collateral Schedule and Master Securities Borrowing Agreement with Northern Trust.

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**A. AGENDA ITEMS**

1. JPMorgan Strategic Property Fund portfolio evaluation provided by Mr. Michael Schlachter for review, discussion and direction.

ACTION: Received

The Committee review and discussed the portfolio evaluation provided by Mr. Thomas Toth, Vice-President of Wilshire Associates, and suggested that the ODCE and NCREIF (unlevered) index returns be used consistently for index comparison with the portfolio returns.

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2. Review, discussion and direction on the formal legal review of the Boards' Master Investment Manager, Master Custodial Bank and Securities Lending Agreements provided by K&L | Gates.

ACTION: Received

The Committee continued with discussion and review of the proposed changes.

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3. 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: Received

The Committee discussed and reviewed issues of due diligence, performance of consultant and consulting firm's level of service with Mr. Thomas Toth, VP of Wilshire Consulting. Staff will collect Committee evaluations and bring back a summary next month for further review.

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4. Review, discuss and consider issues relating to BlackRock, Inc.'s purchase of Barclays Global Investors (BGI).

ACTION: Received

The Committee reviewed and discussed issues with Investment Consultant and determined no action is necessary at this time.

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

ACTION: Received

The Committee accepted the status update, reviewed the current declared deficiency in the Northern Trust Securities Lending Pool, the collateral and earnings summary for the fiscal year to date and the month periods ended May 30, 2009, and notification that Northern Trust has repaid in full the TARP Capital Purchase Program funds received from the government.

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

ACTION: Received

The Committee reviewed and accepted staff's recommendation and authorized a

drawback of \$6.0 million from the BGI S&P 500 Equity portfolio to fund benefit payments for July 2009 and will consider further drawbacks to replenish the BGI S&P500 and/or fund benefit payments for August, September and October.

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7. Review, discuss and consider Aberdeen Asset Management request to hold downgraded security.

ACTION: Received

The Committee discussed and concurred that Aberdeen should be allowed to follow their own analysis and hold the security requested.

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8. Review, discuss and approve an amendment to the Committee Rules to change the dates of the Regular Committee meeting.

ACTION: Approved/Adopted

The Committee reviewed and approved amendment as presented.

ON MOTION by Member Lombardi, seconded by Member French to approve the amendment to the Committee Rules to Change the Date of the Regular Committee meeting, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

ACTION: Received

The Committee accepted report as submitted.

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10. Review, discuss and consider proposed Investment Policy for the Disclosure of Placement Agent Fees.

ACTION: Laid Over

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#### **B. INFORMATION ONLY ITEMS**

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

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4. Acadian Process Update – March/April/May 2009

ACTION: Received

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5. Financial Times: January 13 2009, Fund to repay investors in securities not cash

ACTION: Received

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6. May 2009, The NAPPA REPORT  
ACTION: Received

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7. May 2009, Batterymarch: Emerging Markets Report  
ACTION: Received

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8. May 2009, K&L| Gates Investment Management Alert  
ACTION: Received

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9. May 28, 2009, FUNDfire article, Calif. Targets Firms in Pension Probe  
ACTION: Received

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10. May 29, 2009, Bloomberg.com article, Pimco's Gross Says Harvard, Yale May Need to Alter Investments  
ACTION: Received

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11. May 29, 2009, Bloomberg.com article, Bond Vigilantes Confront Obama as Housing Falters  
ACTION: Received

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12. June 1, 2009, FUNDfire article, Westridge Assets Only Meet 60% of Client Claims  
ACTION: Received

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13. June 4, 2009, P&I online article, L.A. Council Mulls Recommendations to City Plans  
ACTION: Received

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14. June 4, 2009, InvestmentNews article, Ex-Countrywide CEO Mozilo charged with Fraud  
ACTION: Received

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15. June 9, 2009, Bloomberg.com article, JPMorgan, Morgan Stanley Among 10 Banks Repaying TARP  
ACTION: Received

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16. June 11, 2009, Bloomberg.com article, Option ARMS Threaten Housing Rebound as Rests Peak  
ACTION: Received

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

1. Presentation and Portfolio Review with Prudential Enhanced Fixed Income

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**D. UNSCHEDULED ORAL COMMUNICATIONS**

Member Brian Burry provided a brief overview of his meeting with Mayor Ashley Swearingin, reported that she would also like to meet with Stan and the Chairs to review and discuss the upcoming surplus projection studies.

ACTION: Received

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**E. PUBLIC COMMENTS**

None

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**F. ADJOURNMENT**

11:47 p.m.

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