



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

February 18, 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.

ROLL CALL AT 8:30 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Danny Aguirre, Jeff Beatty, Brian Burry, Marvell French, Carla Lombardi (departed 9:30 a.m.), Ken Nerland, Oscar Williams

Members Absent: Daniel Ray

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

APPROVE MINUTES

Approve minutes of January 21, 2009, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Burry seconded by Member Nerland to approve the minutes of January 21, 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

APPROVE AGENDA

Approve agenda of the February 18, 2009, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION BY Member Burry seconded by Member Williams to approve the agenda of February 18, 2009, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and Large Cap Core Equity portfolio performance review by Catherine Wood, Portfolio Manager and James Thyne, Director, Western U.S., of AllianceBernstein

ACTION: Received

The Committee accepted the presentation and the Fourth Quarter 2008 portfolio review of the Systems AllianceBernstein US Thematic Research portfolio given by Catherine Wood, CIP of Thematic Research and Thomas Zottner, Senior Portfolio Manager. The review provided an overview of their performance objective, investment approach, research resources, summarized the Systems' performance, performance attribution for Jan-Dec 2008, Bear Market, the economy of the US, increase to cyclical exposure, new and long term themes, technology update, allocation, stock selection, and fundamental analysis of 10 largest equity holdings.

A. AGENDA ITEMS

1. AllianceBernstein large cap core equity portfolio evaluation provided by Mr. Michael Schlachter for review, discussion and direction.

ACTION: Received

The Committee reviewed and accepted report submitted by Investment Consultant.

2. Conduct a Self-Evaluation of Our Historical Asset Allocation Decisions, Prior Manager Searches Including Processes and Procedures, and Compare Investment Performance To Other Public Pension Systems.

MARCH 17, 2009, SPECIAL MEETING OF THE INVESTMENT COMMITTEE

ACTION: Laid Over

3. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ending December 31, 2008.

ACTION: Received

The Committee accepted, reviewed and discussed report and updated report distributed by Michael Schlachter, Investment Consultant.

4. Wilshire Associates review and presentation of 2009 Asset Allocation Return and Risk Assumptions

ACTION: Received

The Committee reviewed and discussed long term return and risk assumptions for the major asset classes defined to span at least the next ten years as forecasted by Wilshire Associates.

5. Review, discussion and direction on the quarterly update of the Investment Manager Monitoring and Evaluation report for the month ending December 31, 2008.

ACTION: Received

The Committee reviewed quarterly performance update and determined additional discussion and further actions will be discussed at the scheduled self evaluation review meeting.

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

ACTION: No Action

The Committee reviewed, discussed and accepted the updated asset allocation spreadsheet provided and in March, the Committee will consider actions related to rebalancing equity portfolios.

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

ACTION: Received

The Committee reviewed, discussed and accepted staff report and will continue to monitor and request information from Northern Trust as necessary.

8. Review status update on securities litigation monitoring services provided by IRSS and Northern Trust and consider recommendation on renewal of monitoring services agreement.

ACTION: Received

The Committee accepted the status update, discussed and directed staff to implement a renewal of the service agreement with IRSS for a two-year period effective May 1, 2009.

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9. Consider fee estimates from K&L | Gates Investment Legal Counsel and direction to staff.

ACTION: Approved/Adopted

The Committee reviewed and accepted staff's report with recommendation for Board's to authorize K&L Gates to conduct a review of the master portfolio manager agreement and custodial/securities lending agreements and discussed future potential review of core/value added real estate search.

ON MOTION by Member Burry seconded by Member Cliby to approve the recommendation to the Retirement Boards to authorize K&L Gates to review our master portfolio manager agreement and custodial/securities lending agreements DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Lombardi

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

ACTION: Received

B. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

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4. December 31, 2008, Market Commentary Aberdeen City of Fresno Retirement Systems

ACTION: Received

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5. Market Outlook for 2009, Baillie Gifford

ACTION: Received

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6. Quarter 2009 Outlook, Prudential

ACTION: Received

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7. Annual Report 2008, JPMorgan Asset Management Strategic Property Fund

ACTION: Received

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8. January 2009, Monthly Commentary from Pyrford International Ltd.

ACTION: Received

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9. January 2009, Prudential- Bank Loans Higher Quality Loans: A Buying Opportunity?

ACTION: Received

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10. January 13, 2009, Bloomberg.com, Junk Debt Showing Great Depression Defaults Lures TCW

ACTION: Received

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11. January 22, 2009, The Wall St. Journal article, Hancock at Center of 'Tranche Warfare'

ACTION: Received

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12. January 23, 2009, Bloomberg.com , Madoff Shows Banks Must Become Whistleblowers:
Michael R. Sesit

ACTION: Received

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13. January 26, 2009, P&IOnline.com article, \$5 trillion in pension assets evaporate in '08

ACTION: Received

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14. January 27, 2009, Plonline article, Browne named Northern Trust CIO

ACTION: Received

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15. January 27, 2009, GlobalPensions.com article, Watson Wyatt expands deal with eVestment

ACTION: Received

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16. January 28, 2009, FUNDfire article, Pensions Struggling with Risk Management

ACTION: Received

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17. January 28, 2009, letter from Patricia Crane, Director Client Service, Batterymarch Financial
Management, Inc. regarding resignation of Emin Rasulov.

ACTION: Received

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18. February 3, 2009, Aberdeen appoints Paul Griffiths Global Head of Fixed Income Philadelphia
Fixed Income Team Update

ACTION: Received

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19. February 4, 2009, Bloomberg.com article, Madoff Tipster Markopolos Cites SEC's Ineptitude

ACTION: Received

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20. February 5, 2009, Bloomberg.com article, U.S. Must Spend to Avoid Mini Depression, Gross Says

ACTION: Received

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21. February 5, 2009, InvestmentNews article, SEC charges seven with insider tradin

ACTION: Received

22. PNC Global Investment Servicing, Securities Lending Lessons for Lenders
ACTION: Received
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23. February 9, 2009, Financial Week, Commission top cop Thomsen gets Madoff concession, resigns
ACTION: Received
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24. February 9, 2009, Pyramis Client Update: Lehman Brothers, Proceedings
ACTION: Received
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25. February 11, 2009, Bloomberg.com, Pimco Says World Economic Crisis Faces "Second Wave"
ACTION: Received
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C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentations and Portfolio Review with Acadian and Pyramis
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

11:14 a.m.
