



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

April 15, 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 (arrived 8:34 am), Ken Nerland (arrived 8:35 am), and Daniel Ray

Members Absent: Lombardi

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

APPROVE MINUTES

Approve minutes of March 17, 2009, Special meeting and March 18, 2009, Regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Williams seconded by Member Burry to approve the minutes of March 17, 2009, Special Meeting and March 18, 2009, Regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Aguirre, Beatty, Burry, Williams

NOES: None

ABSTAIN: None

ABSENT: French, Lombardi, Nerland

APPROVE AGENDA

Approve agenda of April 15, 2009, Regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Beatty seconded by Member Williams to approve the agenda of April 15, 2009, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Aguirre, Beatty, Burry, Williams

NOES: None

ABSTAIN: None

ABSENT: French, Lombardi, Nerland

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and Fixed Income portfolio performance review by Christopher Gagnier, of Aberdeen Asset Management

ACTION: Received

The Committee accepted the presentation given by Christopher Gagnier of Aberdeen Asset Management, who presented an overview of organizational review and team changes, overview of performance and strategy, acquisition of CreditSuisse, overview of businesses acquired, fixed income and money markets/short duration, and market review for March.

9:30 AM Presentation and Fixed Income portfolio performance review by Robert B. Thompson, of Dodge & Cox.
ACTION: Received
The Committee accepted the presentation by Robert Thompson of Dodge and Cox who presented an investment review, showing current strategy and outlook, portfolio composition, corporate spread comparison by quality rating, credit analysis review, below investment grade holdings, and appraisal as of March 31, 2009.

10:30 AM Demonstration and presentation of eVestment Analytics Services by Paul Loudon Vice President, Business Development eVestment Alliance, LLC.; consider Committee recommendation to the Boards to retain eVestment Alliance Analytics Services following review of the eVestment Alliance Service Agreement by staff and legal counsel.
ACTION: Received
The Committee received presentation by Paul Loudon, Vice President, eVestment Alliance and directed staff to review the contract and to prepare a recommendation to the Committee.

A. AGENDA ITEMS

1. Aberdeen and Dodge & Cox domestic fixed income portfolio evaluations provided by Mr. Michael Schlachter for review, discussion and direction.

ACTION: Approved/Adopted

The Committee reviewed and discussed the domestic fixed income portfolio evaluations provided by Investment Consultant and accepted the reports.

2. Review, discussion and direction on the monthly update of the Investment Manager Monitoring and Evaluation report for the month ending March 31, 2009.

Information not yet available.

ACTION: Laid Over

3. Review, discussion and direction concerning changes proposed by Principal Global Investors to the Boards' policy for International Equity Developed Countries to allow warrants and rights offered in conjunction with corporate actions on dividends.

ACTION: Approved/Adopted

ON MOTION by Member Burry seconded by Member Nerland to approve amendment to the Boards' policy for International Equity Developed Countries allowing warrants and rights offered in conjunction with corporation actions on dividends, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Lombardi

4. Review, discussion and direction concerning proposed changes to the Boards' high yield fixed income policy proposed by Loomis Sayles to allow receipt of common stock in the event of a bond restructuring.

ACTION: Approved/Adopted

ON MOTION by Member Burry seconded by Member Aguirre to recommend Board approval

to add language to the Boards' Investment Objectives and Policy Statement to authorize common stock as a result of bond restructuring to be permitted as an eligible security in the High Yield Fixed Income portfolio, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Lombardi

5. Review, discussion and direction regarding a partial withdrawal from JPMorgan Strategic Property Fund given the JPMorgan SPF Redemption Policy and Queue established.

ACTION: Approved/Adopted

The Committee discussed and reevaluated their real estate objectives as it relates to increased allocation and considered timing of potential reallocations of the real estate asset class and the partial withdrawal from JPMorgan strategic property fund.

ON MOTION by Member Nerland seconded by Member Burry to approve a June 30, 2009, redemption request of \$40 million from the JPMorgan Strategic Property Fund, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Lombardi

6. Review, discussion and direction concerning Acadian's organizational changes and policy guidelines.

ACTION: Received

The Committee discussed the effect of the organizational changes at Acadian Asset Management LLC.

7. Review and approve rebalancing of the portfolio and drawback for May 2009 expenses.

ACTION: Received

The Committee reviewed asset allocations, investment activity for the month of March, payroll accounts, and determined no drawback action is required this month for funding benefit payments for April and the withdrawals from Aberdeen and Dodge & Cox, will be used to fund April 30 benefit payments. The Committee reviewed and discussed the allocations for the remaining withdrawn from fixed income portfolios to rebalance fixed income and equity portfolios closer to their low band target allocation.

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

ACTION: Received

The Committee accepted report as submitted and determined the Committee will resume the review by requesting updated data and materials from finalists of the Core and value added real estate search.

9. Review responses to Member Lombardi's survey request of the Systems' Investment Managers to determine which firms, if any, have received TARP, TALF or other government assistance to the current financial crisis.

ACTION: Received

The Committee reviewed and discussed the responses to email distributed to Systems investment managers if their firms have received any any TARP, TALF or other government assistance to the current financial crisis. Staff reported responses were received from all eighteen of the Systems' investment management firms and determined that one firm is applying for TARP and one firm received funds. Michael Schlachter provided additional information of two other firms who have received TARP.

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10. Review, discuss and approve an amendment to the Committee Rules to change the regular Investment Committee meeting date.

ACTION: Approved/Adopted

The Committee reviewed and discussed the schedules of the Committee and Investment Consultant.

ON MOTION by Member Burry seconded by Member Nerland to approve the amendment to the Committee Rules of the Investment Committee that the regular meeting of the Investment Committee will be held on the fourth Wednesday of each month, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Lombardi

B. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

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4. March 11, 2009, Insurance Journal.com, AIG Bailout Good for Goldman Sachs, Other Banks But Not for Investors.

ACTION: Received

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5. March 16, 2009, WSJ.com article, Pension Bills to Surge Nationwide.

ACTION: Received

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6. March 20, 2009, FUNDfire article, California Governments Ponder CalPERS Bailout.

ACTION: Received

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7. March 20, 2009, FUNDfire article, Consultants Boost Due Diligence Demands.

ACTION: Received

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8. March 23, 2009, P&I online.com article, More public plans shift to indexing.

ACTION: Received

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9. March 26, 2009, FUNDfire article, Consultant Demands More Detail from Managers.

ACTION: Received

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10. March 26, 2009, InvestmentNews.com, Schapiro outlines sweeping SEC reform agenda.

ACTION: Received

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11. March 30, 2009, Global Pensions.com, CalPERS to overhaul hedge fund relationships.

ACTION: Received

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12. March 31, 2009, Bloomberg.com, Goldman Hedge-Fund Managers Carhart, Iwanowski Retire.

ACTION: Received

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13. April 1, 2009, GlobalPensions & P&Online articles, Northern Trust sued over sec-lending losses.

ACTION: Received

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14. April 3, 2009, Bloomberg.com, CalPERS Apollo Bet Sours as Private Equity Doubles Down on Debt.

ACTION: Received

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15. April 4, 2009, Pittsburgh Post-Gazette, CMU ends relationship with financial adviser.

ACTION: Received

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16. April 7, 2009, POnline.com article, Religious order sues State Street, SSgA over losses.

ACTION: Received

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17. April 7, 2009, New York Times article, Madoff Scandal Casts Light on Investment Advisers.

ACTION: Received

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18. April 8, 2009, FUNDfire article, CalPERS Plans "Midstream" Investment Review.

ACTION: Received

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19. April 8, 2009, Northern Trust Short Term Market Update and Weekly Securities Lending Reporting.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentations and Portfolio Review with Heitman and Principal REIT managers.

D. UNSCHEDULED ORAL COMMUNICATIONS

Member Burry reported that he will be attending the International Foundation's Washington Legislative Update conference in May 2009.

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

11:37 a.m.
