



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

October 27, 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 8:32 AM

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

Members Absent: Brian Burry, Marvell French

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

APPROVE MINUTES

Approve minutes of September 22, 2009, regular meeting of the Investment Committee.

ON MOTION by MEMBER Beatty seconded by Member Lombardi to approve the minutes of September 22, , Regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Burry, French

APPROVE AGENDA

Approve agenda of October 27, 2009, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by MEMBER Nerland seconded by Member Williams to approve the agenda of October 27, 2009, Regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Cliby, Lombardi, Aguirre, Beatty, nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Burry, French

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Review and discussion of recent REIT portfolio key personnel changes by Christina Polito, Client Relationship Manager and Tim Pire, Portfolio Manager of HEITMAN Real Estate Securities LLC

ACTION: Received

Ron Frashure, CEO, President and Co-Chief Investment Officer and Douglas Coughlin, Vice Present and Client Relationship Manger addressed the issues relating to under performance of the Acadian International Equity Portfolio with detailed information about the portfolio's investment process.

9:30 AM Presentation and review of Acadian International Equity portfolio by Douglas C. Coughlin, CFA Vice President, and Ron Frashure, CEO & President, Co-Chief Investment Officer, Acadian Asset Management LLC.

ACTION: Received

Tim Pire, Managing Director of Public Real Estate Securities at Heitman and Christino Polito, Client Relationship Manager provided an indepth review of the REIT team, portfolio performance and REIT market outlook. Mr. Pire addressed the issue of key personnel changes with the departure of one of the team's portfolio mangers. Team is fully staffed, changes were not expense related, dynamics have changed but the structure of the portfolio has not.

A. CONSENT CALENDAR

1. Confirm date and time of the next regular meeting of the Investment Committee scheduled at 8:30 a.m. on Tuesday, November 17, 2009.

ACTION: Approved/Adopted

Corrected to Tuesday, November 24, 2009.

ON MOTION by Member Williams seconded by Member Lombardi to approve the consent calendar DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Burry, French

B. AGENDA ITEMS

1. Wilshire evaluation of Heitman REIT portfolio provided by Mr. Thomas Toth for review, discussion and direction.

ACTION: Received

Mr. Toth provided his evaluation of the Heitman REIT portfolio and confirmed that changes in the portfolio management team were acceptable to Wilshire as the Heitman investment process has not changed indicating that the prospects are good on a relative basis. The asset class itself presents some concerns.

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2. Wilshire evaluation of Acadian International Equity portfolio provided by Mr. Thomas Toth for review, discussion and direction.

ACTION: Received

Mr. Toth provided an evaluation on Acadian with discussion concerning the portfolio's characteristics.

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3. Review, discuss and consider Wilshire's Capital Guardian Presentation Review and Recommendation.

ACTION: Received

The Committee reviewed, accepted and extensively discussed presentation by Tom Toth of the positive and negative points, lay out areas for further performance monitoring for the Capital Guardian US Equity Diversified Research Portfolio product.

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4. Review, discuss and consider Wilshire's BGI Alpha Tilts Recommendation.

ACTION: Approved/Adopted

The Committee reviewed and discussed the Wilshire recommendation to transition the BGI Alpha Tilts portfolio into the BGI S&P 500 Equity Index Fund and will recommend approval by the Boards.

ON MOTION BY Member Nerland, seconded by Member Lombardi DULY CARRIED RESOLVED

to recommend Board approval to transition the BGI Alpha Tilts portfolio into the BGI S&P 500 Equity Index Fund, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Burry, French

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5. Educational presentation on Alternative or Opportunistic Debt provided by Mr. Thomas Toth.
ACTION: Laid Over

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6. Review, discuss and consider announcement from Aberdeen concerning Fixed Income Team updates and Wilshire's Aberdeen Recommendation.

ACTION: Received

The Committee reviewed and discussed the issues concerning Aberdeen presented by Mr. Toth. Further discussion will occur next month during discussions on manager risk budgeting.

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

ACTION: To Committee for Review

The Committee reviewed status of the securities lending pool, discussed update to the process, fees and expense recovery, payable receivables, and recommended the Committees continued monitoring of the declared deficiencies situation.

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

ACTION: Approved/Adopted

The Committee reviewed and discussed recommendations to withdraw amounts from portfolios which exceeded their high band ranges and approved staff recommendations for drawbacks and withdrawals in November from Kennedy Capital, Wellington, Loomis-Sayles and allocation of additional money to Dodge & Cox and replenishing of the BGI S&P500 Equity Index.

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9. Review, discuss and consider revision to current redemption requested from JPMorgan Strategic Property Fund.

ACTION: Received

The Committee reviewed and discussed staff recommendation to suspend the current redemption requests from JPMorgan Strategic Property Fund.

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

ACTION: No Action

C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of September 30, 2009.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview as of September 30, 2009.

ACTION: Received

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3. Monthly Fixed Income Analysis Report as of September 30, 2009.

ACTION: Received

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4. Fall 2009, Heitman Perspective, Investing in a Turbulent Market: How to Deploy Capital in This Environment.

ACTION: Received

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5. October 1, 2009, iimagazine article, Pension Pay to Play Casts Shadows Nationwide.

ACTION: Received

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6. October 6, 2009, IRS Applicability of Bank Secrecy Act Reporting to Public Pension Plans.

ACTION: Received

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7. October 14, 2009, Plansponsor.com, CalPERS to Examine Fees Paid to Advisors.

ACTION: Received

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8. October 14, 2009, P&I, CapGuardian out in San Bernardino's passive move.

ACTION: Received

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9. October 15, 2009, Wall St. Journal, CalPERS Rocked by "Pay to Play".

ACTION: Received

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10. October 15, 2009, Bloomberg.com, Former SEC Chairman Levitt Calls for Probe of Public Pensions.

ACTION: Received

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11. October 19, 2009, P&I, REIT firms first to feel pain of global real estate volatility.

ACTION: Received

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12. October 19, 2009, P&I, A 30% nose dive for real estate money managers.

ACTION: Received

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13. October 19, 2009, P&I, Bond giant PIMCO plans push into active equities.

ACTION: Received

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14. October 20, 2009, P&I, California sues State Street for "unconscionable fraud".

ACTION: Received

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15. October 21, 2009, Asset International, Harvard Confirms Swap, Real Estate Losses.

ACTION: Received

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

E. UNSCHEDULED ORAL COMMUNICATIONS

None

F. PUBLIC COMMENTS

None

G. ADJOURNMENT

12:20 pm
