



CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR MEETING OF THE INVESTMENT COMMITTEE

ACTION AGENDA

August 20, 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.

ROLL CALL AT 8:30 AM

COMMITTEE MEMBERS PRESENT: Paul Cliby, Danny Aguirre, Jeff Beatty, KC Chen, and Daniel Ray

Members Absent: Brian Burry, Marvell French, Carla Lombardi, and Ken Nerland

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

APPROVE AGENDA

Approve agenda of the August 20, 2008, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM Presentation and Principal REIT portfolio review by Mr. Kelly Rush, Portfolio Manager and Mr. Jake Anonson, Client Relationship Manager of Principal Global Advisors, LLC

ACTION: Received

Mr. Jake Anonson provided a brief introduction and overview of Principal Global Investors, the firm, US REIT assets under management, and the portfolio team managing the Systems' REIT portfolio. Mr. Rush now has responsibilities for managing people outside the US and the US team has increased from four to seven members. Mr. Kelly Rush, portfolio manager, presented an overview of the philosophy and process which remains unchanged except for the enhancement in the analysis of securities through use of a global research platform tool. Mr. Rush commented on the REIT market outlook and described the current market conditions and expectations for the REIT market going forward. The Committee reviewed and accepted the Principal presentation report.

9:30 AM Northern Trust service review, presentation and annual review of Securities Lending and Commission Recapture programs presented by Julie A Gonsch, Custody Relationship Manager, Christopher Harlin, Sr. Vice-President, Northern Trust Global Investments and Terrance Ransford, Sr. Vice-President, NTSI Director of Trading and Technology.

ACTION: Received

The Committee accepted the reports provided by Ms. Julie Gonsch, Christopher Harlin and Terrance Ransford of Northern Trust. The report contained a brief update on Northern Trust, the custodial bank, securities lending – the program, along with a summary of the Systems' securities lending and brokerage recapture programs earnings. Since inception with Northern Trust in October 2003, the cumulative net earnings from securities lending exceeds \$5.2 million, of which \$2.1 million was earned in FY2008, the period ending June 30, 2008. In addition, the Systems' participation in the Northern Trust Commission Recapture program during FY2008 provided net income of \$100,193 with an overall participation rate of 17.22% of trades for the Systems' investment managers. The participation rate for Brokerage Commission Recapture is reflective of the policy which does not require a stated target percentage for directed brokerage with new investment managers.

A. AGENDA ITEMS

1. Discussion and direction regarding Operating Rules and Procedures for New Committee Structure.
ACTION: Approved/Adopted
The Committee requested that the Boards' legal counsel write the same provision as discussed with the Administrative Committee.

2. Principal REIT portfolio evaluation provided by Mr. Michael Schlachter for review, discussion and direction
ACTION: Approved/Adopted
The Committee reviewed and accepted the portfolio evaluation provided by Mr. Schlachter.

3. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ended June 30, 2008.
ACTION: Approved/Adopted
The Committee reviewed and accepted the quarterly performance reports for the 2nd Quarter 2008 from Wilshire Associates.

4. Investment Manager Monitoring and Evaluation quarterly review and summary report
ACTION: Approved/Adopted
The Committee reviewed, discussed and accepted the quarterly evaluation report provided for the period ended June 30, 2008, and took no further action.

5. Review, discuss and consider an amendment to Addendum A of the Investment Management Agreement with Capital Guardian to reduce the minimum annual management fee.
ACTION: Approved/Adopted
The Committee reviewed and accepted the report and letter from Capital Guardian and requested that the item be taken to the Boards with a recommendation for adoption of the amendment to lower the minimum account size requirement.

6. Review, discuss and consider notification from JPMorgan concerning Amendments Adopted to the Strategic Property Fund's Declaration of Trust.
ACTION: Approved/Adopted
The Committee reviewed and accepted the notification from JPMorgan concerning the Amendments to the Strategic Property Fund's Declaration of Trust.

7. Consideration of rebalancing and drawback for September 2008.
ACTION: Approved/Adopted
The Committee accepted the staff report which detailed the action taken by the Committee last month to fund benefit payments for August and September 2008, no further action was taken.

8. Review, discuss, update and prioritize Investment Committee projects, activities and schedule investment manager presentation for the remainder of Calendar Year 2008.
ACTION: To Staff for More Info
The Committee requested that Mr. Schlachter provide the search criteria used for the 2007

Core/Core Plus fixed income search to the Committee for review, discussion and direction at their meeting on September 17, 2008.

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9. Review, discuss and reconsider the Due Diligence Site Visitation Sub-Committee recommendation concerning on-site visitations conducted with finalists in the core plus fixed income manager search and address policy issues.

ACTION: Laid Over

Laid Over to October, following review of search criteria in September.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of July 31, 2008.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview as of July 31, 2008.

ACTION: Received

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3. Monthly Fixed Income Analysis Report as of July 31, 2008.

ACTION: Received

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4. Action Agenda, Investment Committee Meeting July 24, 2008.

ACTION: Received

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5. June 25, 2008, Bloomberg.com article, Ennis, eVestment Build Real Estate Database

ACTION: Received

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6. June 30, 2008, INDYSTAR.com article, Are pension funds adding to oil price woes?

ACTION: Received

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7. July 2008, The Institutional Letter by Brad Berton, Seeking Redemption – Can REITs and CMBS Products Rally in 2008?

ACTION: Received

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8. July 14, 2008, Bloomberg.com article, Fannie Plan a “Disaster” to Rogers; Goldman Says Sell

ACTION: Received

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9. July 21, 2008, Global Pensions.com article, California fund record losses.

ACTION: Received

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10. July 23, 2008, P&Online.com article, Draft bill includes energy, swaps ban.

ACTION: Received

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11. July 24, Bloomberg.com article, Mortgage Writedowns to Total \$1 Trillion, Gross Says.

ACTION: Received

12. July 30, Bloomberg.com article, Connecticut Aims Legal Action at Moody's, S&P, Fitch.
ACTION: Received

13. July 2008, letter from Randall L. Kirkland, CFA President and CEO Kennedy Capital Management on retirement of Patricia Row.
ACTION: Received

14. August 2008 Schedule for Investment Manager Presentations.
ACTION: Received

15. August 14, 2008, P&I Online article, Wilshire/Mercer see plan performance fall.
ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

Presentations and portfolio review with Loomis Sayles.

D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

12:10 p.m.
