



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

December 17, 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

COMMITTEE MEMBERS PRESENT: Paul Cliby, Danny Aguirre, Jeff Beatty, Brian Burry, Marvell French(arrived 8:43 am, Carla Lombardi, Ken Nerland and Daniel Ray

Members Absent: None

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

APPROVE MINUTES

Approve minutes of November 19, 2008, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Burry seconded by Member Nerland to approve the minutes of November 19, 2008, regular meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: French

APPROVE AGENDA

Approve agenda of the December 17, 2008, regular meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Nerland seconded by Member Williams to approve the agenda of December 17, 2008, regular meeting of the Investment Committee DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: French

TIMED SCHEDULED HEARINGS AND MATTERS

None

A. AGENDA ITEMS

1. Conduct a self-evaluation of our investment related processes, procedures and policies, and consider possible recommendations.

ACTION: Received

The Committee reviewed and extensively discussed the report introduced by Administrator McDivitt. The Committee determined that it would coordinate a date for a full day special meeting with all Board members to review, discuss, analyze and evaluate our historical Asset Allocation decisions and assumptions; investment performance including our manager

searches over the past five years; policies and procedures relating to consultant, portfolio manager and Global Custodian searches including an indepth review of the search criteria, evaluation and due diligence processes for the purpose of self-evaluating and preparing for the future.

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2. Review, discuss and consider the Investment Manager Monitoring and Evaluation report monthly update for November 30, 2008

ACTION: Received

The Committee reviewed and accepted the Investment Monitoring Report as presented .

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3. Update regarding Northern Trust Securities Lending Program and the Northern Trust USA Collateral Pool and direction to transfer funds.

ACTION: Received

The Committee reviewed and accepted the update regarding Northern Trust Securities Lending Program regarding a response to the System's concerns. Administrator McDivitt reported that Northern Trust has retained Blackrock to review securities lending and that staff will request an accounting for Blackrock. The Committee approved staff's recommendation to transfer the cash provided by Northern Trust as relief for their collateral deficiencies (approximately \$446K) to the Payroll Account to reduce our monthly drawback for benefit payments.

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4. Review and approve rebalancing of the portfolio and drawback for January 2008 expenses.

ACTION: Received

The Committee reviewed and approved staff recommendation for drawback from BGI S&P 500 Equity Fund and if necessary a further drawback from Prudential to cover benefit payments for January 2008 based on the asset allocation spreadsheet as of November 30, 2008 . The Committee discussed alternatives for rebalancing the portfolio and determined that future funding would likely come from withdrawals of all three fixed income managers and reallocation to the BGI S&P 500 portfolio for future drawbacks. The Committee reviewed and discussed recommendation for financial action submitted by Member Williams.

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5. Update regarding fee estimates from Investment Legal Counsel K&L Gates.

ACTION: Received

The Committee reviewed and accepted staff reports.

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6. Update and prioritize Committee projects, activities and manager presentations for the remainder of Calendar Year 2008.

ACTION: Received

The Committee accepted the report and took no further action.

B. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of November 30, 2008.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview as of November 30, 2008.

ACTION: Received

3. Monthly Fixed Income Analysis Report as of November 30, 2008.

ACTION: Received

4. Action Agenda, Investment Committee Meeting November 19, 2008.

ACTION: Received

5. November 21, 2008, FUNDfire article, Cap Guardian Pulls Back from Inst'l Market.

ACTION: Received

6. November 24, 2008, response from Mr. Barth of Capital Guardian re: FUNDfire article.

ACTION: Received

7. November 25, 2008, Release from Kalmar Investments, re: Sub-Advisor for the Vanguard Morgan Growth Fund.

ACTION: Received

8. December 3, 2008, P&I online.com article, Wellington cuts work force.

ACTION: Received

9. December 4, 2008, Letter from Northern Trust Chairman, William Osborn in response to letter from California Public Pension Plan clients.

ACTION: Received

10. December 4, 2008, FUNDfire article, State Street, Wellington Latest to Cut Jobs.

ACTION: Received

11. December 5, 2008, Aberdeen Asset Management announcement on hiring members for Interest Rates team.

ACTION: Received

12. December 9, 2008, FUNDfire article, ILL. Pension Drops Northern for State Street.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentations and portfolio review with AXA .
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D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

F. ADJOURNMENT

9:54 a.m.
