CITY OF FRESNO RETIREMENT SYSTEMS

REGULAR MEETING OF THE INVESTMENT COMMITTEE

MINUTES

September 28, 2010

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: Jeff Beatty, Joe Gray (arrived 8:35 am), Brian Burry, Paul Cliby, Randy Nason, Marvell French (arrived 8:33 am), Ken Nerland, Oscar Williams, and Daniel Ray (arrived 8:40 am)

Members Absent: None

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

APPROVE MINUTES

Approve minutes of August 24, 2010, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION BY Member Cliby seconded by Member Williams to approve the minutes of August 24, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Burry, Cliby, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Gray, French

APPROVE AGENDA

Approve agenda of September 28, 2010, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member Williams to approve agenda of September 28, 2010, Regular Meeting of the Investment Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Beatty, Burry, Cliby, Nason, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Gray, French

TIMED SCHEDULED HEARINGS AND MATTERS

9:00 AM JPMorgan Analyst Large Cap Core

ACTION: Received

The Committee received presentation by Joel Damon, Vice President, Robert Bowman, Managing Director, and Eileen Cohen, Client Portfolio Manager of JP Morgan US Analyst Strategy.

10:00 AM Wellington Quality Equity

ACTION: Received

The Committee received presentation of Wellington Quality Equity by Terry Burgess, VP Investment Director, Elise Carner, VP Account Manager, and Nataliya Kofman, VP Equity Research Analyst.

11:00 AM ING Research Advantage

ACTION: Received

The Committee received presentation of ING Research Advantage Strategy by Erica Evans, Sr VP Head of Institutional Sales and Service, Christopher Corapi, CIO and Co-Head of Equities, and Michael Pytosh Co-Head of US Equities.

1:30 PM Columbia Contrarian Large Cap Core

ACTION: Received

The Committee received presentation of Columbia Contrarian Large Cap Core by Brian A Reed, Regional VP and Guy W. Pope, CFA Portfolio Manager.

2:30 PM MFS Core Equity

ACTION: Received

The Committee received presentation of MFS Core Equity by Kevin Beatty, Investment Officer Director of Research, US Equity Portfolio Manager, and Karen C. Jordan, Managing Director, Institutional Public Fund Sales.

A. CONSENT CALENDAR

1. Approve date and time for the next regular meeting of the Investment Committee scheduled at 8:30 a.m. on October 26, 2010.

   ACTION: Approved/Adopted

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

   AYES: Beatty, Burry, Cliby, Nason, Nerland, Williams

   NOES: None

   ABSTAIN: None

   ABSENT: Gray, French

B. AGENDA ITEMS

1. Review, discussion and direction pertaining to results of the Large Cap Equity Manager Search Report and Semi-Finalists Presentations.

   ACTION: Received

   Prior to the presentations, the Committee received summary review and update from the Investment Consultant.

   Following the presentations, the Committee extensively discussed active and passive management of the large cap equity asset class, evaluated semi-finalists' presentations, and considered schedule and selected finalists for on-site due diligence visitations. The Committee reviewed calendars, tentatively selected Paul Cliby, Joe Gray, Jeff Beatty, and Dan Ray, and directed staff to consider Nov 2-5, for due diligence travel.

---

2. Monthly status update of Investment Manager Monitoring and Evaluation report for the period ending August 31, 2010.

   ACTION: Accepted

   The Committee accepted status update; discussed and approved the policy modification recommendation to add a procedure for the Investment Consultant to provide a quarterly report on the progress of managers on watch, and directed staff to move forward with the policy modificaiton to the Boards' for approval.

---

3. Review, discussion and direction on proposed modification to the Boards' investment policy for Domestic Small Capitalization portfolios.

   The Committee received staff recommendation and reviewed proposed modification for Domestic Equity portfolios-Small Capitalization in the Boards' Investment Objectives Policy Statement that clarifies the applicable Russell benchmark index for small capitalization portfolios is the Russell 2000 Growth or Value Index.

   ON MOTION BY Member Nerland seconded by Member Cliby to accept and recommend Board approval of the modification for Domestic Equity Portfolios - Small Capitalization in the Boards' Investment Objectives and Police Statement, DULY CARRIED RESOLVED by the following vote:

   AYES: Beatty, Gray, Burry, Cliby, French, Nason, Nerland, Williams

   NOES: None

   ABSTAIN: None

   ABSENT: None

---

4. Review Asset Allocation of the Portfolio and Drawback for September/October expenses.

   ACTION: Accepted

   The Committee received update and took no action.

---

5. Review, discuss and consider Non-U.S. Equity Structure update provided by Mr. Thomas Toth, Wilshire Associates.

   LAID OVER TO OCTOBER

   ACTION: Laid Over

---

6. Review, discuss and consider new policy for the evaluation of key service providers.

   The Committee reviewed, discussed and considered proposed new policy, offering comments to amend the Procedures section for review at the next meeting.

---

7. Annual performance review of Investment Consulting Firm, relating to the Agreement between Wilshire Associates and the City of Fresno Retirement Systems dated May 1, 2003.

   LAID OVER TO OCTOBER
   ACTION: Laid Over

C. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of August 31, 2010.
   ACTION: Received

---

2. Northern Trust Monthly Asset Allocation Overview as of August 31, 2010.
   ACTION: Received

---

3. Monthly Fixed Income Analysis Report as of August 31, 2010.
   ACTION: Received

---

4. Prudential Fixed Income Market Commentary: Week Ended 08/06/2010.
   ACTION: Received

---

5. August 18, 2010, Moneynews article, Jeremy Siegel Warns of Bond Bubble.
   ACTION: Received

---

6. August 19, 2010, latimes.com article, CalPERS investment staff receive luxury travel, gifts, from financial firms.
   ACTION: Received

---

7. September 1, 2010, email from Loomis-Sayles, Chris Gootkind Joins Loomis Sayles as Director of Credit Research & Credit Strategist.
   ACTION: Received

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

Wellington Emerging Markets Presentation and Portfolio Review

---

E. UNSCHEDULED ORAL COMMUNICATIONS

None

F. PUBLIC COMMENTS

None

G. ADJOURNMENT

4:47 pm
