



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

August 25, 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, Jeff Beatty, Brian Burry, Ken Nerland, Oscar Williams

Members Absent: Marvell French, Carla Lombardi

Stanley McDivitt, Retirement Administrator, Kathleen Riley, Asst. Retirement Administrator, Andrew Junkin and Julia Bonafede of Wilshire Investment Consultants, Pattie Laygo, Executive Assistant

APPROVE MINUTES

Approve minutes of July 28, 2009, Regular meeting of the Investment Committee.

ACTION: Approved/Adopted

Member Burry made corrections to motion for agenda Item A2. Upon call by Chair Cliby there were no objections or comments.

ON MOTION BY Member Williams seconded by Member Beatty to approve the minutes of July 28, 2009, Regular Meeting of the Investment Committee as revised, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: French, Lombardi

APPROVE AGENDA

Approve agenda of August 25, 2009, Regular Meeting of the Investment Committee.

ACTION: Approved/Adopted

ON MOTION BY Member Williams seconded by Member Burry to approve the agenda of August 25, 2009, DULY CARRIED RESOLVED by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: French, Lombardi

TIMED SCHEDULED HEARINGS AND MATTERS

8:30 AM

Northern Trust service review, presentation and annual review of Securities Lending and Commission Recapture programs presented by Christopher Harlin, Sr. Vice-President, Northern Trust Global Investments.

ACTION: Received

The Committee received and accepted a comprehensive presentation provided by Mr. Christopher Harlin, Securities Lending Relationship Manager. Mr. Harlin provided a program overview, philosophy and background of the securities lending process, and summarized the risk management framework. In response to questions, Mr. Harlin reported the loss of three clients, reviewed and clarified the stage withdrawal process, borrower schedule changes, and market timeline, and the impact of the collateral deficiencies. The Committee reviewed and thoroughly discussed, Northern Trust's current investment strategies and objectives.

A. AGENDA ITEMS

1. Review and accept the Investment Performance Reports from Wilshire Associates for the quarter ended June 30, 2009.
ACTION: Received
The Committee extensively reviewed, discussed and accepted the Investment Performance Reports for the quarter ended June 30, 2009.

2. Review, discussion and direction on Investment Manager Monitoring and Evaluation report as of June 30, 2009.
ACTION: Received
The Committee received quarterly performance update and determined the Committee will continue diligent review of performance and discussions with the Investment Consultant.

3. Status update and review of declared deficiency in the Northern Trust Securities Lending-USA Core Cash Collateral Pool.
ACTION: Received
The Committee reviewed, discussed and accepted reports and determined the Committee will continue to monitor the declared deficiency situation and directed staff to request a direct response to the Committee concerns from Northern Trust.

4. Review and approve rebalancing of the portfolio and drawback for September 2009 expenses.
ACTION: No Action
The Committee reviewed the rebalancing report for September 2009 expenses. No action was required.

5. Review, discuss and consider proposed Request for Proposals for Investment Consulting Services.
ACTION: Laid Over
Member Burry requested that item be laid over to be considered by the Retirement Boards. Upon call by Chair Cliby, there were no objections or comments and item is laid over.

6. Review, discuss and direction concerning Heitman Reit Portfolio Management team changes.
ACTION: Received
The Committee briefly reviewed their concerns and directed staff to schedule a presentation by Heitman in the near future.

7. Review, discussion and direction on new Investment for the Disclosure of Placement Agent Fees.
ACTION: Approved/Adopted
The Committee reviewed and accepted the draft language as presented and provided direction to recommend approval by the Board.

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

ACTION: Received

The Committee accepted report as submitted, and requested further review, report and update by the Investment Consultant of the Value Added Real Estate search.

B. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

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4. June 30, 2009, Prudential Higher Quality High Yield.

ACTION: Received

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5. June 2009, Heitman Perspective Self-Storage Industry.

ACTION: Received

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6. July 29, 2009, Newsmax.com, Gross: Wall Street to Blame for High Fees.

ACTION: Received

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7. August 3, 2009, Global Pensions, Pension Fund to Sue JPMorgan Chase, Fitch and Moody's.

ACTION: Received

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8. August 6, 2009, SanDiego.com, County Retirement Board to Outsource Investments Job.

ACTION: Received

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9. August 7, 2009, FUNDfire.com, Credit Suisse Toxic Bonus Fund Jumps 17%.

ACTION: Received

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10. August 2009, Prudential, Opportunities & Challenges in High Yield: Striking the Balance in a Dislocated Market.

ACTION: Received

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11. August 17, 2009, Bloomberg.com, Fed Extends TALF Program for Commercial Real Estate.

ACTION: Received

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12. August 17, 2009, Wilshire Consulting, PPIP Brief.

ACTION: Received

13. August 2009, Acadian Asset Management, Quants at the Crossroads - Where Do We Go From Here?

ACTION: Received

C. UNSCHEDULED ORAL COMMUNICATIONS

None

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

1. Presentation and Portfolio Review with Capital Guardian.
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E. PUBLIC COMMENTS

None

F. ADJOURNMENT

11:39 p.m.
