



Agenda Item No. 23

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Steven J. Jolly, Chair
Alan Cade, Jr., Vice Chair
Michael Cardenas
Nick Cornacchia
Vicki Crow
Eulalio Gomez
James E. Hackett
Phil Larson
John P. Souza
Ronald S. Frye, Alternate

Roberto L. Peña
Retirement Administrator

DATE: June 4, 2008
TO: Trustees, Board of Retirement
FROM: Roberto L. Peña *Roberto L. Peña*
Retirement Administrator
SUBJECT: Oechsle International Advisors Request for an Exception to the Investment Guidelines

I have attached a request from Oechsle in which they ask FCERA for an exception of the account guidelines to hold a US Company stock, Doctor Pepper Snapple that was acquired via a corporate spin-off from its holding in the UK Company, Cadbury Schweppes. Their request, of course, is necessary as they are an international equity manager that is asking to hold a domestic stock until they decide liquidation of the security is warranted by investment considerations.

In any event, to meet the exception request deadline, FCERA Administration approved Oechsle's exception letter request as recommended by Wurts & Associates, as our Investment Consultant. Their e-mail communications, as well as copy of Oechsle's Investment guidelines are also attached for your reference.

As a result, I recommend your Board ratify FCERA Administration's decision on this matter.

Please let me know if you have any questions. Thank you.



Oechsle International Advisors, LLC

Via UPS

4/30/08

Roberto Pena
Fresno County Employees' Retirement Association
1111 H. Street
Fresno, CA 93721
United States

Re: Amendment to Investment Management Agreement

Dear Roberto,

Further to recent discussions, Oechsle is seeking to hold a US company, Doctor Pepper Snapple, that was acquired via a corporate spin-off from its holding in the UK Company, Cadbury Schweppes. Oechsle would like to hold this security within the portfolio up to the point when, in the sole judgment of Oechsle, liquidation of the security is warranted by investment considerations.

If this meets with your approval, please sign below and return to me one copy for our files. If you have any questions or concerns regarding this proposal, please feel free to call me at (617) 330-8742.

Very truly yours,


John O' Callaghan

Fresno County Employees' Retirement Association

By: Roberto L. Pena (PRINT)

By: Roberto L. Pena (SIGNATURE)

Title: Retirement Administrator

Date: 4/8/08

RECEIVED

MAY - 2 2008 

Fresno County Employees' Retirement Association

Pena, Roberto

From: Jeffrey MacLean [jmaclean@wurts.com]
Sent: Friday, May 02, 2008 4:22 PM
To: Pena, Roberto
Subject: RE: Cadbury Schweppes Exception Letter from Oechsle

recommend that you attach the email as support, sign, send back, and file. I think that should suffice. It protects both parties.

Hope you have a great weekend.

From: Pena, Roberto [mailto:RPena@co.fresno.ca.us]
Sent: Friday, May 02, 2008 2:53 PM
To: Jeffrey MacLean
Cc: Hinds, Conor
Subject: FW: Cadbury Schweppes Exception Letter from Oechsle

Hi Jeff,

I have forwarded the exception letter you requested from Oechsle on the Cadbury Schweppes for your reference and comment.

The letter while basic and to the point, seems a bit "lacking" of information for FCERA to sign off on it. Not that we disagree with their request but I wish there was more information in the letter (such as in the e-mail, which of course I can attach to it) to support our approval.

Please let me know at your earliest convenience.

Thank you.

Roberto L. Peña
 Retirement Administrator
 Fresno County Employees' Retirement Association
 111 H Street, Fresno, CA 93721
 (559) 457-0350
 (559) 457-0318 FAX
rope@co.fresno.ca.us

From: Srisukwatana, Thanaphat
Sent: Friday, May 02, 2008 2:45 PM
To: Pena, Roberto
Subject: scanned doc

Here you go.

Thanaphat "Pat" Srisukwatana
 Systems and Procedures Analyst
 Fresno County Employees' Retirement Association

5/5/2008

Pena, Roberto

From: Jeffrey MacLean [jmaclean@wurts.com]
Sent: Tuesday, April 29, 2008 8:26 AM
To: JOCallaghan@Oechsle.com
Cc: Pena, Roberto
Subject: FW: Cadbury Schweppes

John,

Roberto forwarded your email to me.

We have recommend to FCERA that you draft an exception letter for execution by Roberto Pena for Oechsle to hold his security within the portfolio up until when, in the sole judgment of Oechsle, liquidation of the security is warranted by investment considerations.

Please feel free to call me at 310-297-1777 should you have any questions.

From: John O'Callaghan [mailto:JOCallaghan@Oechsle.com]
Sent: Monday, April 28, 2008 9:01 AM
To: Pena, Roberto
Subject: Cadbury Schweppes

Roberto,

On May 2, 2008, Cadbury Schweppes will spin off into two independent companies: CADBURY (formerly Cadbury Schweppes) and DR PEPPER SNAPPLE GROUP (DPS group). Cadbury will trade in the United Kingdom and DPS Group will trade on the New York Stock Exchange in New York. The CUSIP number for DPS is 26138E109.

The Cadbury Schweppes holding currently represents 1% of your portfolio.

Once the two entities split, for every 100 shares, shareholders will receive 64 shares of CADBURY in the UK and 12 shares in DPS Group in the USA. The ex-date of the spin off is expected to be on May 2, 2008, and DPS Group is expected to start trading on the New York Stock Exchange (NYSE) on May 7, 2008.

DPS Group is expected to start trading on a "when-issued" basis on April 28, 2008. The shareholders of CADBURY SCHWEPES have approved the scheme.

We are requesting your permission to hold on to the U.S.-listed DPS Group to allow us time to better capitalize on the depressed valuation of the combined businesses currently reflected in the prevailing price for Cadbury Schweppes.

We believe that the pending corporate action has created a huge overhang on Cadbury Schweppes' current stock price. We remain attracted to its core confectionary business and feel that best, and most successful way to capture the upside potential in this holding is to hold on to the Cadbury Schweppes stock through the corporate action and not sell it at this time. As such, all of our clients will receive shares in the confectionary business as well as the U.S. beverage business on May 2. We are requesting permission to hold on to the U.S. business, as we feel its fundamental value will be heavily depressed initially. After a short, but reasonable period of time we believe its value will be unlocked and we will sell the stake. We feel that immediately selling the stake due to client restrictions would be negative and value detracting.

Please let us know by the end of this week if we have your permission to hold the new U.S. holding of DPS Group in your portfolio or if you would like us to sell it immediately upon receipt.

5/2/2008

Pena, Roberto

From: Pena, Roberto
Sent: Friday, May 02, 2008 2:53 PM
To: 'Jeffrey MacLean'
Cc: Hinds, Conor
Subject: FW: Cadbury Schweppes Exception Letter from Oechsle

Attachments: Scanned 050208.pdf

Hi Jeff,

I have forwarded the exception letter you requested from Oechsle on the Cadbury Schweppes for your reference and comment.

The letter while basic and to the point, seems a bit "lacking" of information for FCERA to sign off on it. Not that we disagree with their request but I which there was more information in the letter (such as in the e-mail, which of course I can attach to it) to support our approval.

Please let me know at your earliest convenience.

Thank you.

Roberto L. Peña
Retirement Administrator
Fresno County Employees' Retirement Association
1111 H Street, Fresno, CA 93721
(559) 457-0350
(559) 457-0318 FAX
rpena@co.fresno.ca.us

From: Srisukwatana, Thanaphat
Sent: Friday, May 02, 2008 2:45 PM
To: Pena, Roberto
Subject: scanned doc



Scanned
050208.pdf (245 KB)

Here you go.

Thanaphat "Pat" Srisukwatana
Systems and Procedures Analyst
Fresno County Employees' Retirement Association
1111 H Street, Fresno, CA 93721
(559) 457-0681 EXT 105
(559) 457-0318 FAX
tsrisukwatana@co.fresno.ca.us

OECHSLE INTERNATIONAL ADVISORS, LLC

Separate Account Developed Markets International Equity Assignment

I. Investment Assignment

The Oechsle International Advisors, LLC will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. The Oechsle International Advisors, LLC will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. The Oechsle International Advisors, LLC shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

II. Investment Objectives

The investment objectives for Oechsle International Advisors, LLC will be for the asset value exclusive of contribution or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the long term (5 years).

Long Term Performance Objectives: The total equity segment of the portfolio is to exceed the Morgan Stanley Capital International Europe, Australia, and Far East (MSCI EAFE) Index as well as the median equity return in a representative international equity performance universe.

III. Investment Guidelines

It is the intention of the Board of Trustees to allow the investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The investment manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Equity Securities: Oechsle International Advisors, LLC can invest in listed issuers located in countries included in the Morgan Stanley Capital International Europe, Australia, and Far East (MSCI EAFE) Index as well as Bermuda, Canada, and Cayman Islands. The account may invest in American Depository Receipts (ADRs), European Depository Receipts (EDRs), and Global Depository Receipts (GDRs).

Derivatives: Investment in derivative securities is prohibited.

Diversification: The securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 5% of the equity portfolio may be invested in one equity security at market.

Prohibited Investments: The portfolio will not engage in investment transactions involving stock options, short sales, purchase on margin, letter stocks, private placement securities, and commodities without the written consent of the Association.

Quality and Marketability: Common and convertible preferred stocks should be listed on a major local country exchange which have adequate market liquidity relative to the size of the investment. Further, no single equity position in the portfolio may comprise more than 5% of the company's total market capitalization.

*To Elizabeth
12/19/06*

Quality and security should be emphasized over maximum return in all short-term cash investments. Investment managers will have discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Capitalization: The weighted average market capitalization of the portfolio should not fall below \$1 billion.

Volatility: It is expected that the volatility of the investment manager's portfolio will be reasonably close to the volatility of the benchmark defined in the Investment Objectives section of this addendum.

IV. Statement of Acknowledgement

As an authorized representative of the Oechsle International Advisors, LLC, provider of investment management services of the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of the Oechsle International Advisors, LLC and agree on behalf of the Oechsle International Advisors, LLC to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

Date: 09/13/05

OECHSLE INTERNATIONAL ADVISORS, LLC

By: Oechsle Group, LLC

Signature

By: [Signature]
Managing Principal