

MINUTES  
REGULAR MEETING OF THE  
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM  
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD  
APRIL 16, 1984

DRAFT

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 103, 801 - 9th Street, at 1:00 p.m.

PRESENT: Crist, D'Agostini, Sperling, Wolford

ABSENT: Rees

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD MARCH 19, 1984

APPROVED

Mr. Crist moved to approve the minutes of the regular meeting held March 19, 1984. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

The Board received the Treasurer's Monthly Investment Summary for March, 1984 which included the February 1984 portfolio report, and the March 1984 reports on Fixed Income Activity, Gold and Silver, and Common Stock Activity.

Assistant City Treasurer Donald Sperling informed the Board that a new format is being devised for the portfolio report which will be submitted in the April 1984 Monthly Investment Summary.

The Chairman requested that the Treasurer's Office obtain the name and address of former emerging growth stock manager Boniface "Buzz" Zaino's

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SACRAMENTO CITY EMPLOYEES RETIREMENT SYSTEM  
 PORTFOLIO REPORT  
 FOR THE MONTH OF  
 FEBRUARY 1984

| INVESTMENTS                                | COST           | ESTIMATED<br>YEARLY<br>INCOME | ESTIMATED<br>CURRENT<br>RETURN % | %<br>PORT-<br>FOLIO | %<br>AUTHOR-<br>IZED | %<br>OVER<br>(UNDER) | DOLLARS<br>AUTHORIZED | DOLLARS<br>OVER<br>(UNDER) |
|--|----------------|-------------------------------|----------------------------------|---------------------|----------------------|----------------------|-----------------------|----------------------------|
| Cash: Pool A                               | \$ 11,975,140  | \$ 1,269,365                  | 10.60                            | 6.49                | 0.00                 | 6.49                 | \$ -0-                | \$ 11,975,140              |
| Overland M. M. Fund                        | 7,430,338      | 673,932                       | 9.07                             | 4.03                | 0.00                 | 4.03                 | -0-                   | 7,430,338                  |
| Fixed:                                     |                |                               |                                  |                     |                      |                      |                       |                            |
| Corporate Bonds                            | 72,383,966     | 6,609,128                     | 9.13                             | 39.25               | 40.00                | (0.75)               | 73,756,020            | 1,372,054                  |
| 2nd Trust Deeds                            | 1,863,872      | 328,507                       | 17.625                           | 1.01                | 2.00                 | (0.99)               | 3,687,800             | 1,823,928                  |
| Mortgage-Backed Certs.                     | 17,141,298     | 1,689,423                     | 9.86                             | 9.30                | 10.00                | (0.70)               | 18,439,005            | 1,297,707                  |
| Miscellaneous Mortgages                    | 3,207,973      | 341,692                       | 10.65                            | 1.74                | 5.00                 | (3.26)               | 9,219,503             | 6,011,530                  |
| TOTAL FIXED:                               | \$ 94,597,109  | \$ 8,968,750                  | 9.48                             | 51.30               | 57.00                | (5.70)               | \$ 105,102,328        | \$ (10,505,219)            |
| Equity:                                    |                |                               |                                  |                     |                      |                      |                       |                            |
| Common Stocks:                             |                |                               |                                  |                     |                      |                      |                       |                            |
| Alliance                                   | \$ 21,241,122  | \$ 537,775                    | 2.53                             | 11.52               | 13.50                | (1.98)               | \$ 24,892,657         | ( 3,651,535)               |
| Batterymarch                               | 21,631,481     | 1,159,729                     | 5.36                             | 11.73               | 13.50                | (1.77)               | 24,892,657            | ( 3,261,176)               |
| Emerging Growth                            | 9,920,454      | 210,573                       | 2.12                             | 5.33                | 5.00                 | (0.38)               | 9,219,501             | 700,953                    |
| Sub-Total Common Stocks:                   | \$ 52,793,057  | \$ 1,908,077                  | 3.61                             | 28.63               | 32.00                | (3.37)               | \$ 59,004,815         | \$ ( 6,211,758)            |
| Full Options Management                    | \$ 11,836,577  | \$ 299,397                    | 2.53                             | 6.42                | 5.00                 | 1.42                 | 9,219,503             | \$ 2,617,074               |
| Gold & Silver                              | 1,620,550      | -0-                           | 0.00                             | 0.88                | 1.00                 | (0.12)               | 1,843,901             | ( 223,351)                 |
| Real Estate Equity                         | 4,694,458      | 450,199                       | 9.59                             | 2.55                | 3.00                 | (0.45)               | 5,531,702             | ( 837,244)                 |
| Miscellaneous Equity                       | -0-            | -0-                           | 0.00                             | 0.00                | 2.00                 | (2.00)               | 3,687,801             | (3,687,801)                |
| TOTAL EQUITY:                              | 70,944,642     | \$ 2,657,673                  | 3.75                             | 38.48               | 43.00                | (4.52)               | \$ 79,287,722         | (8,343,080)                |
| TOTAL INVESTED ASSETS:                     |                |                               |                                  |                     |                      |                      |                       |                            |
| Less:                                      |                |                               |                                  |                     |                      |                      |                       |                            |
| Full Options Contracts<br>Outstanding      | \$ (557,179)   | \$ ( 59,061)                  | 10.60                            | (0.30)              | 0.00                 | (0.30)               | \$ -0-                | \$ (557,179)               |
| TOTAL INVESTED ASSETS<br>LESS OPTIONS O/S: | \$ 184,390,050 | \$ 13,510,659                 | 7.33                             | 100.00              | 100.00               | 0.00                 | \$ 184,390,050        | \$ -0-                     |
| STOCK @ MARKET:                            |                |                               |                                  |                     |                      |                      |                       |                            |
| - Alliance                                 | \$ 21,014,569  | \$ 537,775                    | 2.56                             |                     |                      |                      |                       |                            |
| - Batterymarch                             | 23,531,824     | 1,159,729                     | 4.93                             |                     |                      |                      |                       |                            |
| - Emerging Growth                          | 9,404,982      | 210,573                       | 2.24                             |                     |                      |                      |                       |                            |
| - Full Options                             | 9,323,417      | 299,397                       | 3.21                             |                     |                      |                      |                       |                            |
| TOTAL:                                     | \$ 63,274,792  | 2,207,474                     | 3.48                             |                     |                      |                      |                       |                            |

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SEE ATTACHMENT A-1 FOR DESCRIPTION OF FOOTNOTES

( ) - Parenthesis denotes negative figures

new firm, for future reference of the Board.

Mr. Crist moved to accept the investment activity report. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Wolford

NOES: None

Mrs. Rees arrived at 1:10 p.m.

#### REPORTS OF CONSULTANTS AND ADVISORS

##### REAL ESTATE ADVISOR'S REPORT

##### ACCEPTED

Real Estate Advisor W. Jim Smith submitted and reviewed the March 1984 Real Estate Advisor Report. He informed the Board that the Atherton Industries (Lucky Stores) loan has not been finalized due to a title problem, which is now being cleared. As the commitment period has expired, the interest rate quoted is no longer valid. Lucky Stores has agreed to increase their rent guarantee to cover a 13.75% rate on a \$1,400,000 loan on the new building instead of the original \$2,100,000 wrap-around loan at 13%. This would provide a yield of 14.15%.

Mr. Smith stated that he and Deputy City Attorney William Carnazzo have not met with Ron Watkins as previously planned regarding the delinquent rents owed by Mr. Watkins, as Mr. Watkins has not been available. Mr. Smith requested authorization from the Board to proceed with legal action to collect the overdue rents and to have outside legal counsel, Don Pach, represent the System in the action.

Mr. Crist moved that the Board authorize Mr. Smith and Mr. Carnazzo to seek legal action against Ron Watkins Properties for overdue rents on the 1414 K Street Building and that the Chairman be authorized to sign the legal

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documents on behalf of the Board and the System. Seconded by Mr. Wolford and carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Rees, Wolford

NOES: None

Mr. Crist moved to approve the Atherton Industries (Lucky Store) loan amendment. Seconded by Mrs. Rees and carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Rees, Wolford

NOES: None

Mrs. Rees moved to accept the real estate advisor's report. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Rees, Wolford

NOES: None

BATTERYMARCH - CHANGE OF PERSONNEL  
ACCEPTED AS INFORMATIONAL

The Board received a letter from Dean Williams, President, Batterymarch Financial Management, informing them of a change in their personnel. The Board accepted the letter as informational.

GENERAL COMMUNICATIONS

ALLIANCE CAPITAL SPONSORED CONFERENCE  
ACCEPTED AS INFORMATIONAL

The Board received a notice from Alliance Capital Management Corporation regarding a conference entitled "1994". The Board accepted the item as informational.

FY 84-85 INTEREST RATE CREDIT  
ADOPTED

Mr. Crist and Mr. Friery submitted a resolution to adopt an 11.0% rate of interest to credit to members' contributions effective July 1, 1984,

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based on the prior three years' rate of return on investable assets. The Board also received a letter from Mr. Friery outlining his concerns on the Board's interest rate credit policy and requesting a study be undertaken on the absolute interest rate credit and the policy employed by other agencies.

After discussion, Mr. Crist moved to adopt the 11.0% interest rate for credit of members' contributions to be effective July 1, 1984. The motion was seconded by Mrs. Rees and carried by the following vote:

AYES: Crist, D'Agostini, Sperling, Rees, Wolford

NOES: None

Mr. Wolford moved that the Board not proceed with Mr. Friery's request. The motion was seconded by Mrs. Rees and carried by the following vote:

AYES: Crist, D'Agostini, Rees, Wolford

NOES: Sperling

There being no further business, the meeting was adjourned at 1:35 p.m. to meet again at the call of the chair.