

MINUTES  
REGULAR MEETING OF THE  
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM  
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD  
OCTOBER 27, 1986

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 1:30 p.m. on October 27, 1986. Vice Chairman Jack Crist presiding.

PRESENT: Crist, DeCamilla, Frierson, Sperling, Wolford

ABSENT: None

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD SEPTEMBER 22, 1986  
APPROVED

The Board received and reviewed the minutes of the regular meeting held September 22, 1986. Mr. Wolford moved the minutes be approved. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Crist, DeCamilla, Frierson, Sperling, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT  
ACCEPTED

The Board received the September 1986 Treasurer's Investment Activity Report. Assistant City Treasurer Donald Sperling reviewed the report with the Board. Investment Officer Deborah Carter reviewed the gold and silver report with the Board.

After discussion, Mr. DeCamilla moved to accept the investment activity report. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Crist, DeCamilla, Frierson, Sperling, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT  
ACCEPTED

The Board received the September 1986 Real Estate Advisor's Report submitted by W. Jim Smith of WJS & Associates. Mr. Smith was not present. The Chairman continued the item to the next regular meeting.

SEI JUNE 30, 1986 QUARTERLY REPORT ON PERFORMANCE  
CONTINUED

The Board received the June 30, 1986 SEI quarterly report on performance. Joseph Perna of SEI reviewed the report with the Board. After discussion, Mr. Crist requested the City Treasurer submit a report explaining the loss of \$228,000 in real estate debt as reported by SEI for the quarter ending June 30, 1986.

Mr. Crist requested an affirmative report be filed each month regarding the Ron Watkins' suit until resolution of the matter.

Mr. Sperling moved to accept the report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Crist, DeCamilla, Frierson, Sperling, Wolford

NOES: None

BATTERYMARCH - STATEMENT OF CHANGE IN NET ASSETS  
ACCEPTED AS INFORMATIONAL

The Board received a statement of change in net assets for the period 9/01/86 to 9/30/86 from Batterymarch Financial Management. The Board accepted the item as informational.

ALLIANCE CAPITAL THIRD QUARTER INVESTMENT REVIEW  
ACCEPTED AS INFORMATIONAL

John Story of Alliance Capital submitted a third quarter 1986 investment review which outlined the performance for the last three months. The Board accepted the item as informational.

REPORTS OF SECRETARY

ARTICLE - "WHY INVEST IN REAL ESTATE NOW?"  
ACCEPTED AS INFORMATIONAL

Richard Snyder, Secretary, submitted copies of an article by Sol Rabin entitled "Why Invest in Real Estate Now?". The Board accepted the item as informational.

There being no further business, the meeting was adjourned at 2:35 p.m. to meet again at the call of the chair.

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT  
AS OF AUGUST 31, 1986

	CASH		SCERS INVESTMENT POOLS	INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	PAC HOR			
EXTERNAL CONTRIBUTIONS	1,223,447	0	0	0	1,223,447
FIXED:					
BCNDS, 2ND TD'S, & MTG. BK. CERTS	1,547,203	841,677	0	126,079,941	128,468,721
REAL ESTATE MORTGAGE	1,744,738	0	0	4,543,971	6,288,709
TOTAL FIXED	<u>3,291,941</u>	<u>841,677</u>	<u>0</u>	<u>130,623,812</u>	<u>134,757,430</u>
EQUITY:					
ALLIANCE	0	1,404,331	0	21,578,752	22,983,083
BATTERYMARCH	0	201,902	0	21,446,426	21,648,328
EMERGING GROWTH	0	6,786	0	0	6,786
DELAWARE	0	939,256	0	21,500,685	22,439,941
NEWBOLD'S	0	2,338,944	0	20,243,863	22,582,807
UTILITY STOCK	0	90,546	0	11,489,643	11,580,199
IN-HOUSE EQUITY	0	1,878	0	0	1,878
GOLD & SILVER	1,610,609	0	0	768,708	2,379,317
REAL ESTATE EQUITY	387,452	0	3,914,680	11,090,207	15,392,339
TOTAL EQUITY	<u>1,998,061</u>	<u>4,983,643</u>	<u>3,914,680</u>	<u>108,118,284</u>	<u>119,014,668</u>
TOTAL	<u>6,513,449</u>	<u>5,825,320</u>	<u>3,914,680</u>	<u>238,742,096</u>	<u>254,995,545</u>

1/ This column represents the amount available for investment for each category derived by adding to or subtracting from the previous period's balance all invested income (interest, dividend, gains, losses, etc.) and all contribution transfers.

SCERS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT  
FOR THE PERIOD 7/31/86 TO 8/31/86

	BALANCE 7/31/86	INTEREST INCOME			DIV.	GAIN (LOSS) ON SALES	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST PURCH.	BALANCE 8/31/86
		POOL A	PAC HOR	INVESTMENT							
EXTERNAL CONTRIBUTION	1,023,302							200,145			1,223,447
FIXED:											
BONDS, 2ND TB'S, & HTG. BK. CERTS	126,923,491		4,983	721,119		907,593				(88,465)	128,468,721
REAL ESTATE MORTGAGES	6,242,441			46,268							6,288,709
EQUITY:											
ALLIANCE	22,910,984		12,841		25,556	33,702					22,983,083
BATTERY/MARCH	21,629,174		1,485		17,661	8					21,648,328
EMERGING GROWTH	6,756		30		0						6,786
DELANARE	22,519,851		3,543		54,539	(137,992)					22,439,941
NEUBOLD'S	22,546,519		15,450		20,838						22,582,807
UTILITY STOCK	11,432,944		5,883		49,093	92,269					11,580,189
IN-HOUSE EQUITY	10,190		12		1,760	(10,684)					1,878
GOLD & SILVER	2,366,548			12,769							2,379,317
REAL ESTATE EQUITY	15,289,034			66,384			37,921				15,392,339
TOTAL	252,900,234	0	44,227	846,540	169,447	885,496	37,921	200,145	0	(88,465)	254,995,545

SCERS - STATEMENT OF ESTIMATED INCOME & RATES OF RETURN  
AS OF AUGUST 31, 1986

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
<b>CASH</b>					
CITY POOL A	6,513,449	6,513,449	541,919	8.32%	8.32%
PAC HORIZONS MONEY MARKET FUND	5,825,320	5,825,320	346,607	5.95%	5.95%
SCERS INVESTMENT POOLS	3,914,680	3,914,680	261,892	6.69%	6.69%
<b>FIXED:</b>					
BONDS, 2ND TD'S, & MTG. BK. CERTS	126,079,841	128,791,234	11,608,156	9.21%	9.01%
REAL ESTATE MORTGAGE	4,543,971	4,941,103	556,241	12.24%	11.26%
<b>EQUITY:</b>					
ALLIANCE	21,578,752	26,763,450	447,862	2.08%	1.67%
BATTERYMARCH	21,446,426	24,703,620	766,500	3.57%	3.10%
EMERGING GROWTH.	0	0	0	0.00%	0.00%
DELAWARE	21,500,685	22,020,390	1,026,412	4.77%	4.66%
NEWBOLD'S	20,243,863	20,621,338	749,125	3.70%	3.65%
UTILITY STOCK	11,489,643	13,120,663	698,030	6.08%	5.32%
IN-HOUSE EQUITY	0	0	0	0.00%	0.00%
GOLD & SILVER	768,708	772,050	0	0.00%	0.00%
REAL ESTATE EQUITY	11,090,207	11,368,133	802,506	7.24%	7.06%
<b>TOTAL</b>	<b>254,995,545</b>	<b>269,355,430</b>	<b>17,805,250</b>	<b>6.98%</b>	<b>6.61%</b>

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON  
COST/MARKET AS OF AUGUST 31, 1986

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	1/ OVER (UNDER) INVESTED BASED UPON COST	1/ OVER (UNDER) INVESTED BASED UPON MARKET
<b>CASH</b>						
CITY POOL A	6,513,449	6,513,449	0.00%	0	6,513,449	6,513,449
PAC HORIZONS MONEY MARKET FUND	5,825,320	5,825,320	0.00%	0	5,825,320	5,825,320
SCERS INVESTMENT POOLS	3,914,680	3,914,680	0.00%	0	3,914,680	3,914,680
<b>FIXED:</b>						
BONDS, 2ND TD'S, & MTG. BK. CERTS	126,079,841	128,791,234	48.50%	123,672,839	2,407,002	5,118,395
REAL ESTATE MORTGAGE	4,543,971	4,941,103	2.50%	6,374,889	(1,830,918)	(1,433,786)
<b>EQUITY:</b>						
ALLIANCE	21,578,752	26,763,450	10.00%	25,499,555	(3,920,803)	1,263,896
BATTERYMARCH	21,446,426	24,703,620	9.00%	22,949,599	(1,503,173)	1,754,021
EMERGING GROWTH	0	0	0.00%	0	0	0
DELAWARE	21,500,685	22,020,390	9.00%	22,949,599	(1,448,914)	(929,209)
NEWBOLD'S	20,243,863	20,621,338	9.00%	22,949,599	(2,705,736)	(2,328,261)
UTILITY STOCK	11,489,643	13,120,663	5.00%	12,749,777	(1,260,134)	370,886
IN-HOUSE EQUITY	0	0	0.00%	0	0	0
GOLD & SILVER	768,708	772,050	1.00%	2,549,955	(1,781,247)	(1,777,905)
REAL ESTATE EQUITY	11,090,207	11,368,133	6.00%	15,299,733	(4,209,526)	(3,931,600)
TOTAL	254,995,545	269,355,430	100.00%	254,995,545	(0)	14,359,885

1/ These two columns represent the amount over (under) invested for each category (Cost/Market) based upon the Board's asset allocation policy. These are the amounts to be considered should the Board decide to reallocate assets as of this date. The last reallocation was as of 2/28/86 and became effective 6/2/86. The cash position of each asset category is shown in Attachment A-1.

SCERS - STATEMENT OF PURCHASES AND SALES ACTIVITY  
FOR SEPTEMBER 1986

PORTFOLIO MANAGER	PURCHASES (COST)	(PROCEEDS)	SALES (COST)	GAIN/(LOSS)
<b>FIXED:</b>				
BONDS, MTG BACKED, 2ND TD'S	\$5,977,500	\$6,348,341	(\$6,366,700)	(\$18,359)
REAL ESTATE MORTGAGES:				
CAPITAL SQUARE PARKING	\$0	\$10,896	(\$10,896)	\$0
CHI INVESTORS	\$0	\$3,886	(\$3,886)	\$0
FHA TITLE II	\$0	\$343	(\$343)	\$0
D.B. FITE	\$0	\$807	(\$807)	\$0
ATHERTON INDUSTRIES	\$0	\$1,190	(\$1,190)	\$0
BIG 5 SPORTING GOODS	\$0	\$366	(\$366)	\$0
<b>TOTAL FIXED</b>	<b>\$5,977,500</b>	<b>\$6,365,829</b>	<b>(\$6,384,188)</b>	<b>(\$18,359)</b>
<b>EQUITY:</b>				
ALLIANCE	\$2,135,000	\$856,314	(\$717,731)	\$138,583
BATTERYMARCH	\$176,443	\$1,290,669	(\$846,236)	\$444,433
DELAWARE	\$224,748	\$969,078	(\$1,034,882)	(\$65,804)
NEWBOLD'S	\$467,708	\$0	\$0	\$0
UTILITY STOCKS	\$1,272,748	\$1,104,733	(\$1,011,852)	\$92,881
GOLD & SILVER	\$99,375	\$284,500	(\$256,236)	\$28,264
<b>TOTAL EQUITY</b>	<b>\$4,376,022</b>	<b>\$4,505,294</b>	<b>(\$3,866,937)</b>	<b>\$638,357</b>
<b>TOTAL</b>	<b>\$10,353,522</b>	<b>\$10,871,123</b>	<b>(\$10,231,125)</b>	<b>\$619,998</b>

1) For detailed listings of activity, see Attachments 'B' through 'H'.