

August 28, 2000

**MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
August 28, 2000**

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 101, 921 Tenth Street, at 1:30 p.m. on August 28, 2000.

PRESENT: Nishimoto, Masuoka, Sperling, Berke, DeCamilla*

ABSENT: None

*Mr. DeCamilla arrived at 1:42 p.m.

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD July 24, 2000

APPROVED

The Board received and reviewed the minutes of the regular meeting held July 24, 2000. Mr. Sperling moved the minutes be approved. The motion was seconded by Mr. Nishimoto and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Berke

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT JULY 2000

ACCEPTED

The Board received the July 2000 Treasurer's Investment Activity Report.

Mr. Thomas Berke, Chief Investment Officer, reviewed the report with the Board.

Ms. Masuoka moved to accept the report. The motion was seconded by Mr. Nishimoto and was carried by the following vote:

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AYES: Nishimoto, Masuoka, Sperling, Berke

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S LOAN PROPOSAL

APPROVED

Mr. DeCamilla arrived at 1:42 p.m.

The Board received a proposed real estate loan from Mr. Jim Smith, Real Estate Advisor, in the estimated amount of \$24.9 to \$31.5 million secured by a first mortgage on 11 acres of land and a 124,024 square foot building located within the campus of the UCD Davis Medical Center. The project will house the Medical Investigation of Neuro-developmental Disorders, the MIND Institute.

Mr. Smith reviewed the loan proposal and recommended the board commitment to a loan in an amount between \$24.9 to \$31.5 million.

Mr. Smith informed the Board that at the present time there is approximately \$4 million of uncommitted funds in the commercial mortgage allocation. Treasury staff recommends selling less favorable bonds and increase the allocation percentage to commercial mortgages for this transaction. All loan documents, leases, guarantees, title policies, etc. will be subject to review and approval by the City Attorney's office.

The Board discussed the current asset allocation policy and percentages and the procedural need to reduce the allocated percentage to bonds and increase the allocated percentage to mortgages to accommodate this transaction.

Mr. Sperling moved to approve the mortgage commitment

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and requested staff to return with an amended asset allocation resolution reducing the percentage allocated to bonds and increasing the percentage allocated to real estate mortgages. The motion was seconded by Mr. Nishimoto and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Berke, DeCamilla

NOES: None

AXE-HOUGHTON ASSOCIATES, INC. JUNE 30, 2000, QUARTERLY REPORT PRESENTATION
ACCEPTED

The Board received the June 30, 2000 Quarterly Report from Axe-Houghton Associates. Ms. Robin Kerr reviewed the report with the Board.

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

AYES: Nishimoto, Masuoka, Sperling, Berke, DeCamilla

NOES: None

LARGE CAP/GROWTH STOCK PORTFOLIO, JUNE 30, 2000 QUARTERLY REPORT
AND
FIXED ALTERNATIVE EQUITY INCOME FUND, JUNE 30, 2000 QUARTERLY REPORT
AND
BIO TECHNOLOGY PORTFOLIO, JUNE 30, 2000 QUARTERLY REPORT
ACCEPTED

The Board received and reviewed the June 30, 2000 Quarterly Reports on the Large CAP, Fixed Alternative and Bio Technology portfolios.

Ms. Masuoka moved to accept the three reports. The motion was seconded by Mr. Nishimoto and was carried by the

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following vote:

AYES: Nishimoto, Masuoka, Sperling, Berke, DeCamilla

NOES: None

SCERS INVESTMENT MANAGEMENT FEES CHARGED BY CITY TREASURER, JUNE 30, 2000, FOURTH QUARTER
ACCEPTED AS INFORMATIONAL

The Board accepted the report as informational.

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

GASB STATEMENT #27 REFUND OF EMPLOYER CONTRIBUTION OVER-PAYMENT
APPROVED

The Board received a report from Susan Mayer, Accounting Division Manager, informing the Board that the City over contributed to the System in fiscal years 1992 and 1993, totaling \$1,396,000.00. GASB #27 requires employers to contribute only the actuarial computed pension cost each year and requires a ten-year look-back of prior contributions to determine if over-or-under-payments have been made. Ms. Mayer recommended the Board approve the reimbursement of the overpayment along with interest credited at the City's general investment pool (Pool A). The total amount of the over-payment and interest would be \$2,143,798.00. Ms. Mayer informed the Board that the City Attorney's office has opined that the Board has the authority to approve the reimbursement.

After discussion Mr. Sperling moved to adopt the resolution approving the reimbursement of the overpayment with interest credited at the City's general investment Pool A. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Berke, DeCamilla

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NOES: None

There being no further business the meeting was adjourned at 2:20 p.m. to meet at the call of the chair.