

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
MAY 21, 1984

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, Friery, Rees, Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD APRIL 16, 1984

APPROVED

Mr. Friery requested the minutes be amended as follows: Under Real Estate Advisor's Report delete the dollar sign from 14.15%.

Mr. Friery moved to approve the minutes of the regular meeting held April 16, 1984 as amended. The motion was seconded by Mrs. Rees and was carried by the following vote:

AYES: D'Agostini, Friery, Rees, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

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

Mr. Friery submitted revised copies of the Asset Statements as of March 31, 1984. The new Asset Statement format was explained to the members by Alen Keang, Treasury Operations Supervisor.

Mr. Crist arrived at 1:10 p.m.

Mr. Friery reviewed the investment summary report with the Board.

(Continued)

#1 6/18/84

Statement of ASSETS Available for Investment
as of 3-31-84

Prepared by	Checked	Date
Reviewed by		

	Cash Bal. A.	Cash B.V.R. land	Investments at Cost	Amount ① Available for Investment	% Authorized	Dollars Authorized	Dollars Over ② <Under>
External Contrib	43301029			43301029	0.00		43301029
Fixed:							
Corp Bonds	1998008	508796	2534097	27471751	10.00	78312661	38510110
2nd Trust Deed	1110717		1841501	1872598	11.00	18670117	147011
Mort Backed	1010000	310000	16918809	18234751	10.00	18578165	3556586
Subtotal	3109726	818796	4425987	17771079	51.00	14718009	3100277
Real Estate Mortgages	6095107	22707	31117745	9259919	5.00	9229082	3091037
Total Fixed	9204833	841503	7537762	27030998	56.00	89183725	31001214
Equity							
Alliance	160349	831110	21599120	22491079	18.00	36009231	35118352
Batterymarch		320524	22007706	22328500	18.00	26009437	31680937
Emerging Growth	5161503	3110718	10392287	12211508	7.00	13001716	1189214
Full Options	51424	1455	100927153	100927153	5.00	9294683	801744
Gold & Silver	5583		18158510	1817457	1.00	1257016	1180591
Real Estate Equity	723115		29611158	5458403	3.00	5523450	1151047
Options O/S			553881	553881	0.00		553881
Total Equity	1791622	4341407	69118255	74441184	44.00	81742127	7317243
Total	13541819	9411776	17258057	185781652	100.00	185281652	

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 investment income (interest, dividend, gains, losses, etc.) and all contribution transfers.

② This column represents the variance between the amount available for investments (column 4) and the amount authorized as a percentage of the total assets (column 7). As a result of Board action taken February 27, 1984 investment asset diversification was accomplished in compliance with Board direction. Such direction requires the City Treasurer to recommend asset reallocation policy every 6 months, at which time adjustments will be made to investment asset classification in compliance with Board directives. Therefore, please disregard the over and under invested column as it has no bearing until the asset diversification time period.

Recommended and Council
as of May 21, 1984

SCERS - Statement of Changes in Assets
 Available for Investment
 12/31/83 - 3/31/84

Prepared By:	Initials:	Date:
Checked By:		

	12/31/83	2001A	Investment Income	Dividends	Gain/Loss or Full	Options Sales Proceeds	Net Rental Income	Net External Contrib	Contrib Transfers	Adjusted Purchase	Change in Options	Total 3/31/84
External Contrib	4275100	①						4275100	4275100			4301000
Fixed												
Corp Bonds	7611830	⑥	1745	1131764		20300				<115181>		7767175
2nd Trust Deal	1788790	⑧		83750								1872540
Mort backed	1728710	④		140750		<11615>						1824724
Real Estate Mortgage	894970	③		215720								924970
Equity												
Alliance	241125	①	241125		14327	70800			<310000>			224125
Bullseye	232711	①	7515		31675	8400			<140000>			223030
Emerging Growth	246074	①	211		52211	22111			1000			122112
Full Options	1140074	①	1422		72011	<112700>	7770		<123000>			1000150
Gold & Silver	239372	①				<28012>			<31000>			180175
Real Estate Equity	536675	②					92000					542010
Options o/s	<675321>										121137	<553319>
	1787482	⑤	40132	197178	10054	<24094>	10470	92000	401521	<115181>	121137	1857815

- 1/ The balances for these categories were derived by adding or subtracting all contribution transfers and all investment income from inception to 12/31/83.
- 2/ 3% of Total Assets (\$178,079,827)
- 3/ 5% of Total Assets
- 4/ 10% of Total Assets
- 5/ 1% of Total Assets
- 6/ 10% of Total Assets plus allocation transferred from miscellaneous equity and 2nd trust deeds pursuant to Board action taken at its 12/19/83 meeting
- 7/ The external contribution balance was derived by subtracting the amounts available for all other categories from the total assets as of 12/31/83.

*Reviewed and Correct
 as of May 21, 1984*

Mrs. Rees 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, Friery, Rees, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT

ACCEPTED

The Board received copies of the April 1984 Real Estate Advisor's Report submitted by W. Jim Smith, who was not present. Mr. Friery reviewed the report for the Board.

The report included a request from Thrifty Stores for an extension of the June 30, 1984 loan commitment expiration date on the Big Five Store to September 30, 1984. In exchange, the borrowers will agree to pay an extension fee of 1/4 of 1% of the loan amount or \$1,632. This would increase the system cash on cash return to 13.75% plus 15% of any overages received by the borrower.

After discussion, Mr. Crist moved to approve the extension request conditioned on a 1-1/4% extension fee and increase the 15% of overages to 20%.

The motion was seconded by Mrs. Rees and was carried by the following vote:

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

NOES: None.

Mr. D'Agostini asked what actions, if any, have been taken on the 1414 K Street Building delinquent rent issue. William Carnazzo, Deputy City Attorney, stated that the System has filed suit against Ron Watkins for the delinquent rent. Mr. Crist requested that the rental income report also include any rent delinquencies.

Mrs. Rees moved to accept the real estate advisor's report. The

(Continued)

motion was seconded by Mr. Crist and was carried by the following vote:

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

NOES: None

ALLIANCE CAPITAL MANAGEMENT MARCH 31, 1984 QUARTERLY EQUITY REPORT
ACCEPTED

John Story, Senior Vice President, Alliance Capital Management Corporation, submitted and reviewed the March 31, 1984 quarterly equity report. Mrs. Rees moved to accept the report. The motion was seconded by Mr. Friery and was carried by the following vote:

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

NOES: None

BATTERYMARCH FINANCIAL MANAGEMENT MARCH 31, 1984 QUARTERLY EQUITY REPORT
ACCEPTED

Dean Williams, Senior Vice President, Batterymarch Financial Management, submitted and reviewed the March 31, 1984 quarterly equity report. Mrs. Rees moved to accept the report. The motion was seconded by Mr. Crist and was carried by the following vote:

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

NOES: None

LEHMAN MANAGEMENT MARCH 31, 1984 QUARTERLY EMERGING GROWTH EQUITY REPORT
ACCEPTED

H. Scott Higgins and Ronald Worobel of Lehman Management Company, Inc. submitted and reviewed the March 31, 1984 quarterly emerging growth equity report.

Mr. Higgins informed the Board that Boniface Zaino left the company effective March 22, 1984 and Mr. Worobel will now be managing our account. The Board was also informed that Lehman Brothers has been acquisitioned by

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American Express and will now be known as Shearson Lehman American Express. The Board was presented with a consent letter for assignment of our contract with Lehman Management Company, Inc.

Mr. Friery moved to accept the report and to have the consent letter reviewed by legal counsel for recommendation prior to authorizing the Chairman's signature on the consent letter. The motion was seconded by Mrs. Rees and was carried by the following vote:

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

NOES: None

LOOMIS, SAYLES & COMPANY MARCH 31, 1984 QUARTERLY OPTIONS REPORT
ACCEPTED

William Mullen, Options Manager, Loomis, Sayles & Company submitted and reviewed the March 31, 1984 quarterly options program report. Mr. Friery questioned if stop loss parameters were established for the options program.

After discussion, the consensus of the Board was not to impose restrictions on the Options Manager via stop loss parameters.

Mr. Friery also requested Board consideration of reinstating the covered call option program. Mr. Mullen stated that market conditions at this time do not warrant reinstatement of the program.

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

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

NOES: None

SEI MARKET INDEXES - FIRST QUARTER 1984
ACCEPTED AS INFORMATIONAL

The Board received copies of SEI Market Indexes - First Quarter 1984. The Board received the booklet as informational.

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POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

SECTIONS 13000 AND 13001 OF THE FINANCIAL CODE - SURVEY OF SYSTEM
DENIED

Mr. Crist submitted for Board determination a request he received from the Office of the Auditor General, State of California, for the completion of a survey of the system. The survey responds to California Financial Code Sections 13000 and 13001. Counsel to the Board has opined that the system's authority rests in the City Charter and the system is not bound by the California Financial Code Sections.

The consensus of the Board was to not comply with the request but respond by cover letter and a copy of the system's annual financial report.

GENERAL COMMUNICATIONS

ADDRESS OF FORMER EMERGING GROWTH STOCK MANAGER
ACCEPTED AS INFORMATIONAL

As requested by the Board, Mr. Friery submitted the name and address of Boniface Zaino's new firm, Trust Company of the West. The Board accepted the item as informational.

ALLIANCE CAPITAL SPONSORED CONFERENCE
ACCEPTED AS INFORMATIONAL

The Board received a copy of the Alliance Capital Management Corporation Sponsored Conference agenda submitted by John Story. The Board accepted the item as informational.

REPORTS OF SECRETARY

SYSTEM CONTRACTS

Secretary Richard E. Snyder submitted a listing of the system's contracts for the Board's review. The listing included fees, contract expiration dates, and terms. Mr. Snyder informed the Board that the SEI contract for fund performance measurement is due to expire on June 30, 1984.

(Continued)

Mr. D'Agostini moved the Secretary be authorized to negotiate a new contract with SEI Corporation to be for fund performance measurement services to be effective July 1, 1984. The motion was seconded by Mr. Crist and was carried by the following vote:

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

NOES: None.

ANNUAL REPORT TRANSMITTAL LETTER - DRAFT

Secretary Richard E. Snyder submitted a draft of the annual report transmittal letter. The Board reviewed the letter and submitted changes.

There being no further business, the meeting was adjourned at 3:40 p.m. to meet again at the call of the chair.