

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
SEPTEMBER 17, 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

ABSENT: Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD AUGUST 20, 1984

APPROVED

Mrs. Rees moved to approve the minutes of the regular meeting held August 20, 1984. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: D'Agostini, Friery, Rees

ABSTAIN: Crist

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

City Treasurer Thomas Friery submitted and reported on the August 1984 Monthly Investment Activity Report.

Mrs. Rees moved to accept the investment activity report.

The motion was seconded by Mr. Crist and was carried by the

following vote:

AYES: Crist, D'Agostini, Friery, Rees

NOES: None

(Continued)

Item 1

10/15/84



CITY OF SACRAMENTO

OFFICE OF THE TREASURER
800 - 10TH STREET
SUITE 1
SACRAMENTO, CA 95814
TELEPHONE (916) 449-5318

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASSISTANT TREASURER

September 7, 1984

TO: Administration, Investment & Fiscal Management Board (AI & FM)
FROM: Thomas P. Friery, City Treasurer
SUBJECT: Investment Activity Report, August, 1984

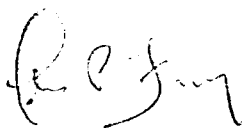
The following attachments describe the cash and investments outstanding for the Sacramento City Employees Retirement System as of the end of July, 1984:

<u>ATTACHMENT</u>	<u>NAME OF REPORT</u>	<u>BOARD ACTION</u>
A-1	Statement of Assets Available for Investment	Informational
A-2	Statement of Estimated Income Rates of Return	Informational
A-3	Statement of Changes in Assets Available for Investment	Informational

The following attachments describe the investment activity consummated during the month of August, 1984:

B	Fixed Income Activity	Approve
C	Common Stock Activity (Core Equity Alliance)	Approve
D	Common Stock Activity (Core Equity Batterymarch)	Approve
E	Common Stock Activity (Core Equity Emerging Growth)	Approve
F	Common Stock Activity (Core Equity Full Options)	Approve
G	Gold & Silver Report (Hard Asset Program)	Approve

Respectfully Submitted,


THOMAS P. FRIERY
City Treasurer

ATTACHMENT A-1

SCERS Statement of Assets Available for Investment
As of July 31, 1984

	Cash Pool A	Cash Overland	Investment @ Cost	Amount 1/ Available for Investment	% Authorized	Dollar Authorized	Dollar 2/ Over (Under)
External Contributions	\$ 5,692,874	\$ -0-	\$ -0-	\$ 5,692,874	0.00	\$ -0-	\$ 5,692,874
Fixed:							
Corp Bonds	4,602,266	824,410	75,282,747	80,709,423	40.00	76,629,172	4,080,251
2nd Trust Deed	390,800	-0-	1,583,762	1,974,562	1.00	1,915,729	58,833
Mortgage Backed	1,860,283	367,123	16,575,442	18,802,848	10.00	19,157,293	(354,445)
Subtotal	6,853,349	1,191,533	93,441,951	101,486,833	51.00	97,702,194	3,784,639
Real Estate Mortgages	4,982,297	45,535	4,291,881	9,319,713	5.00	9,578,646	(258,933)
Total Fixed	11,835,646	1,237,068	97,733,832	110,806,546	56.00	107,280,840	3,525,706
Equity							
Alliance	-0-	1,440,272	20,687,496	22,127,768	14.00	26,820,210	(4,692,442)
Batterymarch	-0-	169,052	22,799,896	22,968,948	14.00	26,820,210	(3,851,262)
Emerging Growth	-0-	1,305,170	11,826,555	13,131,725	7.00	13,410,105	(278,380)
Full Options	-0-	98,291	9,934,678	10,032,969	5.00	9,578,646	454,323
Gold & Silver	(5,593)	-0-	1,815,350	1,809,757	1.00	1,915,729	(105,972)
Real Estate Equity	896,285	-0-	4,694,458	5,590,743	3.00	5,747,189	(156,446)
Options	-0-	-0-	(588,402)	(588,402)	0.00	-0-	(588,402)
Total Equity	890,692	3,012,785	71,170,031	75,073,508	44.00	84,292,088	(9,218,580)
TOTAL	\$ 18,419,212	\$ 4,249,853	\$ 168,903,863	\$ 191,572,928	100.00	\$ 191,572,929	\$ -0-

- 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 investment (column 4) and the amount authorized as a percentage of the total assets (column 6). 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 investment column as it has no bearing until the asset diversification time period.

SCERS - Statement of Estimated
Income & Rates of Return
As of July 31, 1984

	<u>Cost</u>	<u>Market</u>	<u>Estimated Annual Income</u>	<u>Est. Rate At Cost</u>	<u>Est. Ra At Cost</u>
Cash					
City Pool A	\$ 18,419,212	\$ 18,419,213	\$ 2,145,838	11.65	11.65
Overland Money Market Fund	4,249,853	4,249,853	462,384	10.88	10.88
Fixed					
Corp. Bonds	75,282,747	57,305,206	7,595,043	10.09	13.25
2nd Trust Deet	1,583,762	1,669,444	279,217	17.63	16.73
Mtg. Backed Cert.	16,575,442	13,603,674	1,648,841	9.95	12.12
Real Estate Mortgages	4,291,881	4,023,401	501,577	11.69	12.47
Equity:					
Alliance	20,687,496	18,920,726	700,756	3.39	3.70
Batterymarch	22,799,896	21,173,942	1,165,494	5.11	5.50
Emerging Growth	11,826,555	10,395,319	229,537	1.94	2.21
Full Options	9,934,678	8,419,964	351,529	3.54	4.17
Gold & Silver	1,815,350	1,228,500	-0-	-0-	-0-
Real Estate Equity	4,694,458	4,694,458	387,641	8.26	8.26
Options O/S	(588,402)	(484,415)	-0-	-0-	-0-
TOTAL	<u>191,572,928</u>	<u>163,619,285</u>	<u>15,467,857</u>	<u>8.07</u>	<u>9.45</u>

SCERS - Statement of Changes in Assets
Available for Investment
July 31, 1984

	7/31/84	Pool A	Interest Income Overland	Investment	Dividend	Gain (Loss) on Sales	Options Sales Proceeds	Net Rental Income	Net External Contrib.	Contrib Transf.	Interest Purchase	Changes in Options O/S	Balance 8/3/84
External Contribution	\$ 5,201,228	\$	\$	\$	\$	\$	\$	\$	\$491,646	\$	\$	\$	\$ 5,692,874
Fixed:													
Corp Bonds	79,885,013		4,482	819,928									80,709,423
2nd Trust Deed	1,951,982			22,580									1,974,562
Mortgage Backed	18,596,962			197,456									18,802,848
Real Estate Mortgages	9,294,598			25,115		8,430							9,319,713
Equity:													
Alliance	22,261,200		9,494		48,596	(191,522)							22,127,768
Batterymarch	22,894,179		2,393		72,376								22,968,948
Emerging Growth	13,055,367		14,384		15,658	46,316							13,131,725
Full Options	10,071,309		1,982		25,755	(239,475)	173,398						10,032,969
Gold & Silver	1,809,757							16,000				(127,291)	1,809,757
Real Estate Equity	5,574,743												5,590,743
Options O/S	(461,111)												(588,402)
	\$190,135,227	\$	\$ 32,735	\$ 1,065,079	\$ 162,385	\$ (376,251)	\$ 173,398	\$ 16,000	\$ 491,646	\$	\$	\$ (127,291)	\$ 191,572,928

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

Real Estate Advisor W. Jim Smith submitted and reviewed the September 1984 Real Estate Advisor's Report and the August 1984 Real Estate Property Management Report. Mr. Smith also submitted Requests for Approval of the 1984-85 Operating Budgets for the 1414 K Street Building and the Larchmont Square Office Building.

Mr. Crist moved to accept the Real Estate Advisor's Reports and approve the 1984-85 operating budget requests.

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

AYES: Crist, D'Agostini, Friery, Rees

NOES: None

SEI JUNE 30, 1984 QUARTERLY AND ANNUAL PERFORMANCE MEASUREMENT REPORTS
ACCEPTED AND CONTINUED

Phil Fox of SEI submitted the June 30, 1984 quarterly and annual performance reports. Mr. Fox informed the Board that the report requires revisions which he will submit at the next regular meeting. Mr. Fox reviewed the report with the Board.

Mrs. Rees moved to accept the report and continue the item to the next regular meeting.

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

AYES: Crist, D'Agostini, Friery, Rees

NOES: None

(Continued)

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

LOOMIS, SAYLES AND COMPANY OPTIONS PROGRAM CONTRACT
CONTINUED

The Board received a memorandum from Jack Crist requesting the Board review the investment results of William Mullen, Options Manager, Loomis, Sayles & Company and consider the termination of the Options Program Contract. The Board also received a letter from Mr. Mullen responding to Mr. Crist's memorandum.

The Board discussed the program at length. By consensus, the Board decided to retain the options program; directed that Mr. Mullen be notified by the Secretary that the Board is anxious for performance, that he clarify his performance criteria, that he devise a program to achieve that performance, and that he respond to this at the November 1984 meeting.

RESOLUTION ESTABLISHING PROCEDURES FOR VALUATION OF REAL ESTATE EQUITY
PORTFOLIO
ADOPTED

Deputy City Attorney William Carnazzo submitted a draft resolution establishing procedures for valuation of real estate equity portfolio, as previously approved by the Board, for the Board's review and adoption.

Mr. Crist moved to adopt the resolution as submitted. The motion was seconded by Mrs. Rees and was carried by the following vote:

AYES: Crist, D'Agostini, Friery, Rees

NOES: None

RESOLUTION RESCINDING RESOLUTIONS NOS. 83-003 AND 83-010, AND ADOPTING
INVESTMENT ASSET INCREMENT REALLOCATION PROCEDURES
ADOPTED

Deputy City Attorney submitted a draft resolution which rescinds resolutions 83-003 and 83-010 and adopts the investment asset increment

(Continued)

reallocation procedures, as previously revised and approved by the Board, for the Board's review and adoption.

Mr. Crist moved to adopt the resolution as submitted. The motion was seconded by Mrs. Rees and carried by the following vote:

AYES: Crist, D'Agostini, Friery, Rees

NOES: None

REPORTS OF SECRETARY

SCERS ACTIVITY SCHEDULE FOR 1983-84 ANNUAL REPORT
DISCUSSED

Secretary Richard E. Snyder verbally gave a progress report on the activity schedule.

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