

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
JUNE 23, 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 1:40 p.m. on June 23, 1986.

PRESENT: Crist, DeCamilla, Friery, Moore

ABSENT: Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD MAY 19, 1986

APPROVED

The Board received and reviewed the minutes of the regular meeting held May 19, 1986. Mr. Crist moved the minutes of approved. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

The Board received the May 1986 Treasurer's Investment Activity Report. Donald Sperling, Assistant City Treasurer, reviewed the investment report with the Board. Thomas Friery, City Treasurer, reviewed the gold and silver investment portion with the Board.

Mr. Friery also submitted and reviewed his reports on the Full Options Management Program Termination and the Full Options Final Report.

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

AYES: Crist, DeCamilla, Friery, Moore

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

The Board received the Real Estate Advisor's Report for the month of June 1986, which included a proposal for a \$1,625,000 equity purchase of an office building located at 10395 Old Placerville Road. W. Jim Smith of WJS & Associates reviewed the report with the Board. The Board was informed that 1) the equity purchase proposal was lost to another bidder, and, 2) the trial date on the Ron Watkins case is scheduled for July 21, 1986.

As requested at the last meeting, Mr. Smith submitted an amendment to the Real Estate Equity Policy Standards and Criteria for the Board's review and adoption. The Board reviewed and made changes to the submitted amendment.

Mr. Moore moved to accept the monthly report and to adopt as amended the change to the Real Estate Equity Policy Standards and Criteria. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore.

NOES: None.

SEI'S PERFORMANCE REVIEW FOR FIRST QUARTER 1986
ACCEPTED AS INFORMATIONAL

Joseph Perna of SEI submitted copies of SEI's Performance Review for the first quarter of 1986. The Board accepted the item as informational.

SEI'S MARCH 31, 1986 QUARTERLY REPORT ON PERFORMANCE
ACCEPTED

The Board received the SEI quarterly report on investment performance for the quarter ending March 31, 1986. Joseph Perna of SEI reviewed the report with the Board.

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

AYES: Crist, DeCamilla, Friery, Moore

NOES: None

REPORTS OF SECRETARY

AUTOMATIC RENEWAL OF CONTRACTS ON JULY 1, 1986
ACCEPTED AS INFORMATIONAL

Secretary Richard Snyder informed the Board that the following system contracts will automatically renew on July 1, 1986: Alliance Capital Management, Batterymarch Financial Management, and SEI. The Board accepted the item as informational.

CITY COUNCIL INTERVIEW OF BOARD MEMBER CANDIDATE
ACCEPTED AS INFORMATIONAL

Secretary Richard Snyder informed the Board that the Personnel and Public Employees' Committee will be interviewing a candidate for Board membership on June 26, 1986 to fill the vacancy on the Board due to the resignation of Donald Moore. The Board accepted the item as informational.

There being no further business, the meeting was adjourned at 3:05 p.m. to meet again at the call of the chair.

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT
AS OF APRIL 30, 1986

	CASH		SCERS INVESTMENT POOLS	INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	PAC HOR			
EXTERNAL CONTRIBUTIONS	5,458,706	0	0	0	5,458,706
FIXED:					
BONDS, 2ND TD'S, & MTG. BK. CERTS	4,109,193	959,761	0	118,549,377	123,618,331
REAL ESTATE MORTGAGE	1,455,770	0	0	4,612,774	6,068,544
TOTAL FIXED	5,564,963	959,761	0	123,162,151	129,686,575
EQUITY:					
ALLIANCE	0	1,817,761	0	33,506,991	35,324,752
BATTERYMARCH	0	947,094	0	31,108,899	32,055,993
EMERGING GROWTH	0	559,555	0	13,090,271	13,649,826
IN-HOUSE EQUITY	0	1,042,325	0	10,584,750	11,627,075
OVER-WRITE OPTIONS	0	26,878	0	0	26,878
GOLD & SILVER	1,592,664	0	0	285,383	1,878,047
REAL ESTATE EQUITY	2/ (4,137,131)	0	6,218,476	4,690,207	6,771,552
MISC EQUITY	0	0	0	0	0
TOTAL EQUITY	(2,544,467)	4,393,613	6,218,476	93,266,501	101,334,123
TOTAL	8,479,402	5,353,374	6,218,476	216,428,652	236,479,904

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.

2/ This balance is negative because we have invested monies earmarked for the Real Estate Equity fund prior to the allocation to take place on June 2, 1986.

SCERS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT
FOR THE PERIOD 3/31/86 TO 4/30/86

	BALANCE 3/31/86	INTEREST INCOME			DIV.	GAIN (LOSS) ON SALES	OPTION SALES PROCEEDS	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST PURCH.	CHANGE IN OPTIONS D/S	BALANCE 4/30/86
		POOL A	PAC HOR	INVESTMENT									
EXTERNAL CONTRIBUTION	5,656,322								(177,716)				5,453,906
FILED:													
BONDS, END TO S, & MTB. EX. CERTS	122,868,977		5,923	771,066		(28,555)							123,618,221
REAL ESTATE MORTGAGES	6,021,776			46,768									6,068,544
EQUITY:													
ALLIANCE	33,820,735		13,466		83,655	1,406,896							35,324,752
BATTERYMARCH	31,870,915		1,373		85,344	98,361							32,055,793
EMERGING GROWTH	13,158,391		3,857		11,920	475,658							13,649,826
IN-HOUSE EQUITY	10,668,744		1,792		17,492	939,047							11,627,075
OVER-WRITE OPTIONS	24,541		2,337										26,878
GOLD & SILVER	2,061,256			17,241		(200,450)							1,878,047
REAL ESTATE EQUITY	6,738,215							33,337					6,771,552
MISC EQUITY	0												0
TOTAL	232,890,372	0	29,748	835,095	198,411	2,690,857	0	33,337	(177,916)	0	0	0	236,479,904

SCERS - STATEMENT OF ESTIMATED INCOME & RATES OF RETURN
AS OF APRIL 30, 1986

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
CASH					
CITY POOL A	8,479,402	8,479,402	870,241	10.26%	10.26%
PAC HORIZONS MONEY MARKET FUND	5,353,374	5,353,374	372,066	6.95%	6.95%
SCERS INVESTMENT POOLS	6,218,476	6,218,476	437,221	7.03%	7.03%
FIXED:					
BONDS, 2ND TD'S, & MTG. BK. CERTS	118,549,377	122,354,129	11,187,999	9.44%	9.14%
REAL ESTATE MORTGAGE	4,612,774	5,237,532	561,766	12.18%	10.73%
EQUITY:					
ALLIANCE	33,506,991	42,736,729	873,204	2.61%	2.04%
BATTERYMARCH	31,108,899	38,015,947	1,355,862	4.36%	3.57%
EMERGING GROWTH	13,090,271	15,102,779	119,349	0.91%	0.79%
IN-HOUSE EQUITY	10,584,750	11,422,887	423,638	4.00%	3.71%
OVER-WRITE OPTIONS	0	0	0		
GOLD & SILVER	285,383	281,985	0	0.00%	0.00%
REAL ESTATE EQUITY	4,690,207	4,968,133	388,347	8.28%	7.82%
MISC EQUITY	0	0	0	0.00%	0.00%
TOTAL	236,479,904	260,171,373	16,589,693	7.02%	6.38%

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON
COST/MARKET AS OF APRIL 30, 1986

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	1/ OVER (UNDER) INVESTED BASED UPON COST	1/ OVER (UNDER) INVESTED BASED UPON MARKET
CASH						
CITY POOL A	8,479,402	8,479,402	0.00%	0	8,479,402	8,479,402
FAC HORIZONS MONEY MARKET FUND	5,353,374	5,353,374	0.00%	0	5,353,374	5,353,374
SCERS INVESTMENT POOLS	6,218,476	6,218,476	0.00%	0	6,218,476	6,218,476
FIXED:						
BONDS, 2ND TD'S, & MTG. BK. CERTS	118,549,377	122,354,129	53.50%	126,516,749	(7,967,372)	(4,162,620)
REAL ESTATE MORTGAGE	4,612,774	5,237,532	2.50%	5,911,998	(1,299,224)	(674,466)
EQUITY:						
ALLIANCE	33,506,991	42,736,729	15.00%	35,471,986	(1,964,995)	7,264,743
BATTERYMARCH	31,108,899	38,015,947	14.00%	33,107,187	(1,998,288)	4,908,760
EMERGING GROWTH	13,090,271	15,102,779	7.00%	16,553,593	(3,463,322)	(1,450,814)
IN-HOUSE EQUITY	10,584,750	11,422,887	0.00%	0	10,584,750	11,422,887
OVER-WRITE OPTIONS	0	0	0.00%	0	0	0
GOLD & SILVER	285,383	281,985	1.00%	2,364,799	(2,079,416)	(2,082,814)
REAL ESTATE EQUITY	4,690,207	4,968,133	6.00%	14,188,794	(9,498,587)	(9,223,661)
MISC EQUITY	0	0	1.00%	2,364,799	(2,364,799)	(2,364,799)
TOTAL	236,479,904	260,171,373	100.00%	236,479,904	(0)	23,691,469

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 12/31/84 and became effective 3/1/85. The actual amount of cash available for each asset category is shown in Attachment A-1.

SCERS. - STATEMENT OF PURCHASES AND SALES ACTIVITY
FOR MAY 1986

PORTFOLIO MANAGER	PURCHASES (COST)	(PROCEEDS)	SALES (COST)	GAIN/ (LOSS)
FIXED:				
BONDS, MTG BACKED, 2ND TD'S	\$0	\$1,915	(\$1,915)	\$0
REAL ESTATE MORTGAGES:				
CAPITAL SQUARE PARKING	\$0	\$10,610	(\$10,610)	\$0
CMI INVESTORS	\$0	\$3,819	(\$3,819)	\$0
FHA TITLE II	\$0	\$337	(\$337)	\$0
D.B. FITE	\$0	\$774	(\$774)	\$0
ATHERTON INDUSTRIES	\$0	\$1,137	(\$1,137)	\$0
BIG 5 SPORTING GOODS	\$0	\$350	(\$350)	\$0
TOTAL FIXED	\$0	\$18,942	(\$18,942)	\$0
EQUITY:				
ALLIANCE	\$2,048,794	\$16,517,062	(\$12,888,123)	\$3,628,939
BATTERYMARCH	\$466,744	\$13,571,280	(\$10,422,916)	\$3,148,364
EMERGING GROWTH	\$58,525	\$13,931,656	(\$12,219,666)	\$1,711,990
IN-HOUSE EQUITY	\$1,134,750	\$4,933,631	(\$4,334,094)	\$599,537
GOLD & SILVER	\$0	\$0	\$0	\$0
MISC EQUITY	\$0	\$0	\$0	\$0
TOTAL EQUITY	\$3,708,813	\$48,953,629	(\$39,864,799)	\$9,088,830
TOTAL	\$3,708,813	\$48,972,571	(\$39,883,741)	\$9,088,830