

FEBRUARY 24, 2004

MINUTES

**Regular Meeting of the
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
Monday, February 24, 2003**

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 101, 921-10th Street, on Monday, February 24, 2003 at 1:30 p.m.

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:36 p.m. by Chairperson DeCamilla.

PRESENT: Sperling, DeCamilla, Friery

ABSENT: Vina, Nishimoto

1. ELECTION OF CHAIRPERSON FOR 2003

Board Member Sperling nominated David DeCamilla to be Chairperson. Board Member Friery seconded the motion.

AYES: Sperling, Friery, Decamilla

NOES: None

ABSENT: Vina, Nishimoto

2. ELECTION OF VICE CHAIRPERSON FOR 2003

Board Member Sperling nominated Tom Friery to be Vice Chairperson. Board Chairperson DeCamilla seconded the motion.

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

CONSENT CALENDAR

3. MINUTES OF REGULAR MEETING OF NOVEMBER 25, 2002

APPROVE

The Board received and reviewed the minutes of the regular meeting held November 25, 2002. Mr. Sperling moved the minutes be approved. The motion was seconded by Mr. Friery and was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

4. INVESTMENT – TREASURER ACTIVITY REPORT FOR OCTOBER, NOVEMBER, DECEMBER 2002 AND JANUARY 2003

Tom Berke, Chief Investment Officer, of the Treasurer's Office walked the Committee through the January 2003 report since it was the most recent. Mr. Sperling moved the reports be accepted and it was seconded by Mr. DeCamilla and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

5. AXE HOUGHTON ASSOC., INC, DECEMBER 31, 2002, QUARTERLY REPORT

Mr. Sperling moved the reports be accepted and it was seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

6. BIOTECH – TECHNOLOGY GROWTH FUND, DECEMBER 31, 2002 QUARTERLY REPORT

7. FIXED ALTERNATIVE EQUITY INCOME REPORT, DECEMBER 31, 2002 QUARTERLY REPORT

8. LARGE CAPITALIZATION/GROWTH STOCK PORTFOLIO, DECEMBER 31, 2002, QUARTERLY REPORT

Mr. Sperling moved the reports for Biotech, Fixed Alternative Equity Income and Large Capitalization Growth be accepted and it was seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

9. BOARD ACTION ADOPTING INTEREST RATE CREDITED TO MEMBERS' ACCOUNT IN FISCAL YEAR 2002/03

Mr. Friery thanked Mr. Sperling for pointing out that there was an error on this report when it was presented in November. Mr. Sperling moved the reports be accepted and it was Seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

10. RESOLUTION ADOPTING CITY CONTRIBUTION RATES EFFECTIVE JULY 1, 2003

Mr. Sperling moved the reports be accepted and it was seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

11. 2003 ASSET ALLOCATION AND STRATEGY RECOMMENDATION

Tom Berke of the City Treasurer's Office gave a brief overview of this item. He explained that the City Treasurer is recommending the same asset allocation as we have had in years before. He explained that the City Treasurer was liquidating a substantial amount of bonds so that we would have enough cash available to pay for benefits. \$15 million is needed to pay benefits and \$5 million was needed to bring the account up to date. Mr. Friery said that

he considered not having an allocation this year, but decided to recommend this strategy contained in the report again.

Mr. Sperling moved the reports be accepted and it was seconded by Mr. DeCamilla and the motion was carried on the following vote:

AYES: Sperling, Friery, DeCamilla

NOES: None

ABSENT: Vina, Nishimoto

12. LOAN – WALGREEN DRUG STORE

Jim Smith gave a brief overview of this item regarding SCERS providing a Loan to Walgreen Drug Stores in the amount of \$3.6 million – for 25 years. The borrowers have \$1 million invested this project. They also have substantial other investments. Walgreen is highly rated. The loan is at 6-1/2% and a non-refundable 1/2% closing cost with a yield of 6.68% yield. Mr. Smith explained that the borrower's credit report indicated that in some of their smaller creditors they were a slow pay. He mitigated the danger here with a lock box wherein Walgreen would send the check directly to SCERS and the borrower has agreed to this. Mr. Smith explained the SCERS is the only lender. If there happened to be a foreclosure, then SCERS would be first. SCERS would receive notice of any lien on the property.

Mr. DeCamilla moved the report be accepted and it was Seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, Decamilla

NOES: None

ABSENT: Vina, Nishimoto

REPORTS OF SECRETARY

13. MEETING SCHEDULE FOR CALENDAR YEAR 2003

Marti Flores, Secretary, presented the schedule for Calendar Year 2003. The Committee accepted the report. Mr. Sperling moved the reports be accepted and it was Seconded by Mr. Friery and the motion was carried on the following vote:

AYES: Sperling, Friery, Decamilla

NOES: None

ABSENT: Vina, Nishimoto

GENERAL COMMUNICATIONS

NONE

CITIZENS and MEMBERS ADDRESSING THE BOARD ON MATTERS NOT ON THE AGENDA

NONE

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

NONE

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:10 p.m. to meet again at the call of the Chair.