

RESOLUTION NO. 79-002

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD

May 21, 1979

BE IT RESOLVED BY THE ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD OF THE SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM:

WHEREAS, the Administration, Investment and Fiscal Management Board is vested with the exclusive control of the administration of the funds of the Sacramento City Employees Retirement System, provided that all investments shall be investments permissible by law for investment of trust funds,

WHEREAS, eligible investments include amongst other investment vehicles, common stocks and corporate bonds, which provide owners of these instruments the right and responsibility to vote by proxy on proposals which are related to the conduct of business in the underlying corporation, and

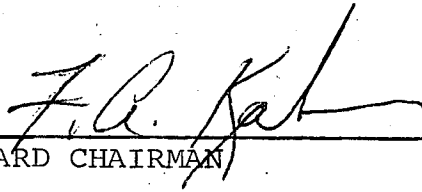
WHEREAS, in recent years certain special interest groups have used the proxy proposal process in an effort to accomplish social and/or public policy changes which are common to their interest, and

WHEREAS, these social and/or public policy proxy proposals are easily recognizable, lend themselves to great research resulting in extensive political and/or emotional debate on issues for which either the political arena, Federal and/or State regulatory bodies and agencies or U. S. public policy is the appropriate or vested authority to resolve such issues, and


WHEREAS, these social and/or public policy proxy proposals if implemented would result in a "double standards policy" for businesses in the United States as they would be implemented on a company by company basis and could cause irrevocable financial harm to the U. S. Public and companies operating in compliance with all Federal, State and Local, Foreign and Domestic policies, laws and regulations.

NOW, THEREFORE BE IT RESOLVED THAT:


1. All proxy proposals of corporations owned by the Retirement System will be reviewed and evaluated by the Treasurer. In general, proxies will be voted by the Treasurer to support management recommendations unless in the Treasurers' opinion, such support would not be in the best financial interest of the Retirement System. Should the Treasurer's non-support of management recommendations be numerous and/or onerous, the underlying security shall be sold irregardless of financial considerations.
2. To assist the Treasurer, the following proxy voting benchmarks are established;
 - Proxies are ordinarily voted against surrendering pre-emptive rights unless there is value in so surrendering;
 - Proxies shall be voted in favor of resolutions which permit or authorize cumulative voting for directors;
 - Proxies will be brought to the Board for decision in cases of stock raids, forced mergers, proxy fights or unusual situations.
3. As a matter of policy, the Board instructs the Treasurer to vote only those proxy matters as covered by the "proxy voting benchmarks" or with other matters dealing with the company's financial or structural factors. It shall not be a policy of this Board to attempt to pass judgment on so-called social or public policy considerations as the Board recognizes its primary fiduciary duty to its members and retirees of the fund and to the taxpayers who contribute to this fund.
4. The Treasurer shall report annually, the results of all proxy votes.


BOARD CHAIRMAN

APPROVED AS TO FORM:


CITY ATTORNEY, COUNSEL OF THE BOARD

ATTEST:


SECRETARY TO THE BOARD