

MINUTES  
REGULAR MEETING OF THE  
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM  
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD  
May 23, 1988

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 1:45 p.m. on May 23, 1988.

PRESENT: Masuoka, Friery, DeCamilla

ABSENT: Frierson, Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING APRIL 25, 1988  
APPROVED

The Board received and reviewed the minutes of the regular meeting held April 25, 1988. Mr. Friery moved the minutes be approved. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT  
ACCEPTED

The Board received the March, 1988 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report with the Board.

Mr. Friery informed the Board that attachment A-3 of the Treasurer's Investment Activity Report will be amended to reflect only estimated annual income.

Ms. Masuoka moved to accept the investment activity report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

TERMINATION OF ARCO ARENA/SECURITY PACIFIC NATIONAL BANK  
ACCEPTED AS INFORMATIONAL

The Board accepted as informational a memorandum from Thomas P. Friery, City Treasurer, regarding the Arco Arena/Security Pacific National Bank (Negotiable Certificate of Deposit with Letter of Credit). Mr. Friery informed the Board that the Letter of Credit and Investment Agreement was terminated, resulting in the release of the commitment of SCERS to hold the SPNB Negotiable Certificate of Deposit. Also, he stated the return on this transaction was exceptional.

HARD ASSET, MARCH 31, 1988 QUARTERLY REPORT  
ACCEPTED

The Board received the Hard Asset, March 31, 1988 Quarterly report. Mr. Friery reviewed the report with the Board. Ms. Masuoka moved to accepted the report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

CITY TREASURER'S UTILITY STOCK MARCH 31, 1988 QUARTERLY REPORT  
ACCEPTED

The Board received the Treasurer's Utility Stock Fixed Income Alternative Portfolio and Portfolio Results for the quarter ending March 31, 1988. Mr. Friery reviewed the report with the Board

After discussion, Ms. Masuoka moved to accept the report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

REAL ESTATE ADVISOR'S REPORT  
ACCEPTED

The Board received the May, 1988 Real Estate Advisor's Report, submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

Mr. Smith informed the Board renovation on 1414 K Street building continues on schedule and that it will be necessary to install protective coverings over the southern windows.

Mr. Smith informed the Board that it will be necessary to take legal action on the two tenants of the Enterprise Buildings, Natural Grocers and Diamond National, who moved out with time remaining on each of their leases. Mr. Carnazzo, Counsel to the Board, recommend these two matters be handle by Mr. Pach, outside counsel.

After discussion, Mr. Friery moved to accept the Real Estate Advisor's Report, approve installing protective coverings on windows at the 1414 K Street Building and instruct Mr. Pach to proceed with legal action against Natural Grocers and Diamond National and also attempt to recover all incurred attorney fees. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

NEWBOLD'S ASSET MANAGEMENT MARCH 31, 1988 QUARTERLY REPORT  
ACCEPTED

The Board received the March 31, 1988 quarterly report from Newbold's Asset. Harry K. Hiestand reviewed the report with the Board.

Mr. Friery moved to accept the report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS MARCH 31, 1988 QUARTERLY REPORT  
ACCEPTED

The Board received the March 31, 1988 quarterly report from Delaware Investment Advisers. George Deming reviewed the report with the Board.

Mr. Friery moved to accept the report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

BATTERYMARCH MARCH 31, 1988 QUARTERLY REPORT  
ACCEPTED

The Board received the March 31, 1988 quarterly report from Batterymarch. Richard Gula reviewed the report with the Board.

Mr. Friery moved to accept the report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

ALLIANCE CAPITAL MARCH 31, 1988 PERFORMANCE REVIEW  
ACCEPTED AS INFORMATIONAL

The Board accepted as informational Alliance Capital's March 31, 1988 Performance Review.

SEI PERFORMANCE SUMMARY AND MARKET INDEXES, MARCH 1988  
ACCEPTED AS INFORMATIONAL

The Board accepted as informational SEI's March 1988 Performance Summary and Market Indexes.

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

CONSENT AND AGREEMENT OF REORGANIZATION OF DELAWARE INVESTMENT ADVISERS  
APPROVED

The Board received and reviewed the documents submitted by Delaware Investment Advisers regarding change in ownership. After discussion, Mr. Friery moved the Chair execute the consent agreement. The motion was seconded

by Ms. Masuoka and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

AGREEMENT AMENDMENT, LEXINGTON CAPITAL MANAGEMENT, INC. AND AGREEMENT  
AMENDMENT, AXE-HOUGHTON MANAGEMENT, INC.  
APPROVED

Richard E. Snyder, Secretary to the Board, informed the Board that Lexington Capital Management, Inc. and Axe-Houghton Management, Inc. have submitted for Board's approval amended language of Exhibit C which recognizes their individual investment style.

Ms. Masuoka moved to approve the amended language of each Exhibit C. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Masuoka, Friery, DeCamilla

NOES: None

REPORTS OF SECRETARY

Secretary Richard Snyder informed the Board that at the May 17, 1988 City Council meeting Mr. DeCamilla and Mr. Friery reviewed the 1986-87 Annual Report with the Council.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Friery recommended the Board make an annual presentation to the City Council of the SCERS annual report.

Mr. Friery has written to Barron's publication to correct erroneous articles that appeared in the March 14, 1988 and March 21, 1988 issues regarding investments of the City and SCERS.

Mr. Friery attended a meeting of the International Real Estate Management Group and made a presentation on the system's unfunded liability and real estate investment assets.

Mr. Friery has finalized his response to the Mayor regarding the system's real estate investment policy. Board members will be receiving a copy.

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