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DEPARTMENT OF  
FINANCE

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 14  
915 I STREET  
SACRAMENTO, CA  
95814-2685

September 15, 1987  
FA:87154:BM:KMF

916-449-5736

BETTY MASUOKA  
DIRECTOR OF  
FINANCE

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Status of Local Government Financial System (LGFS) Implementation

**SUMMARY**

The attached report to City Council provides a status report on Phase I of the LGFS project and presents a proposed budget for Phase II. The main components of Phase II include automated cash accountability and investment management and terminal/micro computer hardware. The budget for Phase II is \$598,610 and can be funded with the COP Contingency (\$473,610) and the Sacramento City Employees Retirement Fund (\$125,000).

**RECOMMENDATION**

It is recommended that the Budget and Finance Committee approve the attached report and resolution and forward to the full City Council.

Respectfully submitted,

BETTY MASUOKA  
Director of Finance

RECOMMENDATION APPROVED:

JACK R. CRIST  
Deputy City Manager

Attachments

All Districts  
September 23, 1987



DEPARTMENT OF  
FINANCE

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 11  
915 I STREET  
SACRAMENTO, CA  
95811-2685

September 15, 1987  
FA:87129:BM:KMF

916-49-5736

BETTY MASUOKA  
DIRECTOR OF  
FINANCE

City Council  
Sacramento, California

Honorable Members in Session

**SUBJECT:** Status of Local Government Financial System (LGFS) Implementation

**SUMMARY**

This report which was presented to the Budget and Finance Committee on September 23rd, describes the highly successful citywide implementation of Phase I of the Local Government Financial System (LGFS). It also describes the additional functions soon to be implemented as part of Phase II of the project. Funding for Phase II is available within the resources remaining in the 1986 COP as supplemented by the City Employees Retirement Fund. Phase II City requirements related to Cash Accountability and Investment Management have been identified, resulting in recommendations that the City Council, by Resolution:

1. Authorize execution of an agreement with American Management Systems (AMS) and their designated subcontractor (ADS) for Cash Accountability/Investment Management information system software and required local area network hardware, and services for an amount not to exceed \$264,600.
2. Execute an agreement with Touche Ross & Co. for implementation support for Cash Accountability and Investment Management in an amount not to exceed \$73,000.
3. Authorize the purchase of additional terminals/microcomputers and associated communication equipment in an amount not to exceed \$179,000. This equipment will facilitate better access to the system by the various user departments.
4. Authorize the purchase of one disk drive to facilitate mainframe support of the LGFS system, acquisition not to exceed \$50,000.

The overall status of the LGFS program budget and the impact of the above recommendations on the Certificate of Participation (COP) contingency and the

Sacramento City Employees Retirement System (SCERS) Fund are detailed. Total additional project costs are estimated to be \$598,610 and can be accommodated within the identified funding sources.

#### BACKGROUND: PHASE I IMPLEMENTATION

Immediately upon City Council approval of the LGFS project on March 4, 1986, the project team began implementation activities. By early April, the computer site had been prepared and new computer equipment was installed. A few days later, the core LGFS software packages (General Ledger, Accounts Payable, Accounts Receivable, Budget, Grant and Project Accounting, and Purchasing) were loaded on the computer. During the next three months City staff, consultants, and vendors revised the chart of accounts, loaded and converted numerous files, developed coding schemes for capital projects, prepared automated interfaces to other City systems, designed on-line communication networks, trained users, and tested the new system. These prodigious and concerted efforts resulted in one of the fastest successful financial system implementations ever achieved by a city of similar size.

On July 1, 1986, the City began using the new system productively to record the financial transactions of the City. For the first time, users citywide were able to review yesterday's budget status and other timely financial information using on-line terminals. The integrated purchasing/accounts payable functions facilitated the requisition, purchase order, and invoice matching processes. Improved cost accounting tools provided City staff better management information on which to base decisions.

As City staff developed expertise in using the basic functions of the system, staff also achieved the following milestones:

- o The advanced budget module was used for the first time during the preparation of the 1987-88 budget. This was a full year earlier than originally scheduled.
- o A Sacramento user's manual tailored to the needs of both regular and infrequent LGFS users was prepared and distributed to all City departments in December 1986.
- o During May, 1987, the City acted as the test site for the new release of LGFS (Release 9.0) and became the first user nationwide to fully implement LGFS Release 9.0, the latest annual enhanced version of the LGFS software.
- o Citywide hands-on training courses were developed and conducted by Finance department staff during April and May 1987. One course was focused toward beginning users while another course provided advanced training for regular users. Approximately 200 City staff attended at least one of the 20-25 sessions conducted.

- o During the weeks following the LGFS training sessions, selected users were trained in the use of Focus/Tabletalk, a sophisticated report-writing tool that provides easy ad-hoc access to LGFS information.
- o The LGFS accounts receivable system replaced the manually maintained systems that various City departments were utilizing. This has improved accountability for receivables.
- o The first transition from old-year (FY 87) to new-year (FY 88) using the new system was successfully conducted at the end of June, 1987.
- o During August, 1987, an integrated cashiering system was installed in the Revenue Division. This system enhances the City's ability to accurately and timely process all cash receipts. During the balance of the fiscal year, other City cashiering operations will be added to the LGFS which will significantly improve cash handling controls.

Computer Equipment. Phase I of the LGFS implementation also included the purchase of the basic hardware and software necessary to run the system, including the 4381 IBM mainframe and terminals for departmental users to access LGFS. The original Phase I purchases were scheduled over an 18 month period beginning in the spring of 1986. The final acquisitions of this phase were recently approved by City Council on September 1, 1987. All Phase I equipment was fully funded in the 1986 Certificate of Participation (COP).

Several other functions are scheduled as part of Phase II LGFS implementation during the next year as described in the next section.

#### PROPOSED: PHASE II IMPLEMENTATION

Cash Accountability and Investment Management. Phase I of the Local Government Financial System provided the "front-end" foundation required to ultimately integrate the financial transactions of both Treasury and Finance and thereby automate the cash accountability process. Currently, substantial staff time from both departments is required to maintain accountability. Furthermore, the City Treasurer's current Investment Management software (Moneymax) is not interfaced with LGFS, nor does it accommodate the full range of investment instruments utilized by the Treasurer in behalf of the Sacramento City Employees Retirement System (SCERS). In fact, due to the benefit that would accrue to SCERS as a result of an upgraded investment management package the Administration, Investment and Financial Management (AIFM) board authorized an expenditure of retirement funds up to \$150,000 to support the upgrade (See Exhibit C). The actual contribution being requested from the retirement system is only \$125,000. The total cost of the Investment Management Module is about \$208,000 which includes software, hardware and implementation.

Beginning in January, 1987, City staff began reviewing previously defined investment management and cash accountability requirements with American Management Systems (AMS) staff preparatory to implementing these functions. During the process, additional City requirements were identified and the

capabilities of the AMS investment management module were reviewed. City staff determined that the existing AMS investment management module would not satisfy the City's requirements and that further detailed definition of requirements was warranted. A \$20,000 contract with AMS was authorized by the City Manager to prepare a detailed requirements document.

In the resulting requirements analysis document (dated April 4, 1987), AMS suggested that some of the City's investment management requirements could be cost-effectively satisfied using existing investment packages available on personal computers rather than custom designing programs on the City's mainframe computer to provide those functions. After careful consideration, City staff agreed that investment inventory and portfolio management functions could be cost effectively provided using existing packages, but that cash accountability requirements would be more effectively satisfied with enhancements to the LGFS programs on the mainframe.

In addition, because of the necessity for close integration between cash accountability, investment inventory and portfolio management, City staff believes that AMS should continue to be responsible for a complete turnkey solution. This means that any personal computer investment software package providers must act as subcontractors to AMS when providing software, personal computer equipment, or services to the City.

ADS, providers of one of the leading personal computer investment management software packages, has agreed to subcontract with AMS for this purpose. After a review of other investment packages on the market, the City Treasurer's staff conducted a detailed analysis of the software provided by ADS. This included a visit to company headquarters for hands-on training and phone interviews with ADS clients. They have determined that the ADS system will cost-effectively satisfy the City's investment inventory and portfolio management requirements.

City staff is preparing a proposed revised contract with AMS to provide additional investment management software and services and a contract with Touche Ross to provide implementation services. Implementation of the investment management and cash accountability functions are expected to take up to one year. Financial implications of the expanded scope of the investment management project are described in detail in the Budget Status section of this report.

Indirect Cost Allocation. Preliminary discussions have been held with AMS to review the functions provided by the Cost Allocation module. This software module has already been installed on the City mainframe computer, but due to other priorities it has not yet been implemented. As resources permit, initial testing of functions will be conducted. This module is scheduled to be ready for production use within six months. This module can be used in conjunction with the results of the Fee and Charge Study to allow for full assessment of fees for service.

Computer Equipment. The computer equipment required for Phase II will provide additional terminals, work stations and printers for the expanding number of LGFS users in the City including a local area network configuration for the City Treasurer to utilize the Investment Management package. The Budget

Office is currently in the process of reviewing specific departmental requests for terminals and micro computers. These requests will be accommodated on a priority basis up to the recommended funding level of \$179,000. In addition, one disk drive for data storage will be required to support management decisions to keep 18 months of financial information available for on-line access by users as well as other unanticipated growth on the IBM mainframe.

Phase III computer equipment capacity requirements are currently being defined and will evaluate ongoing requirements. Whereas the requirements for Phase I were developed based on assumptions and estimates developed before the computer was installed, Phase II requirements to support LGFS are based on nearly two years of experience of running the computer in the City's environment. Phase III requirements will consider the impact of the soon to be acquired utility billing system and other recent management decisions on computer capacity requirements.

#### **BUDGET STATUS**

Phase I Budget Status. The total budget for Phase I is currently \$2,666,662. Of this amount \$2,593,522 was funded from the 1986 COP project funds and \$73,140 was later appropriated from the 1986 COP Contingency. At this point all project funds have been either expended or encumbered. All acquisitions proposed for Phase I of the LGFS budget have been accommodated within the budgeted amounts. Phase I implementation is on schedule.

Phase II Budget Status. The total proposed budget for Phase II is \$598,610. Funding will be provided from the COP Contingency (\$473,610) and the Sacramento City Employees Retirement Fund (\$125,000). The costs involved with Phase II are for additional software, hardware, and consulting services. The software is needed to automate Cash Accountability and to replace the Treasurer's existing Investment Management package with an upgraded package which will be integrated with LGFS. The hardware component includes terminals, personal computers and communication equipment to increase departmental access to LGFS, a local area micro computer network for the Treasurer's Investment Management package and one disk drive for the mainframe to accommodate the growing size of the LGFS files. A supplemental contract is also being requested to provide Touche Ross consulting services to help with the implementation of the new software.

The following table highlights the various components of the Phase II costs. Detail cost information is provided in Exhibits A and B.

LGFS PHASE II  
BUDGET

AMS Cash Accountability Software (Exhibit A)	\$ 94,100
ADS Investment Management Software (Exhibit B)	118,500
Local Area Network Equipment for Investment Management	52,000
Additional Terminals/Personal Computers/ Communication Equipment	179,000
One 3380 Disk Drive	50,000
Touche Ross Consulting Contract	73,000
Project Contingency	<u>32,010</u>
	<u>\$598,610</u>

LGFS PHASE II  
FUNDING

1986 COP Contingency	\$473,610
Sacramento City Employees Retirement System	<u>125,000</u>
	<u>\$598,610</u>

The 1986 COP was structured such that in addition to fully funding each of the designated project amounts a Contingency fund was also established. Funding for the COP Contingency comes from interest earnings on the borrowed funds. As of July 31, 1987 the COP Contingency was estimated at \$1,091,188. Of this amount a total of \$238,140 has been appropriated to the Public Safety and the LGFS systems. Remaining projected contingency is \$853,048, of which staff recommends \$473,610 be appropriated to Phase II of the LGFS project. In addition, \$125,000 is being requested from the SCERS fund. The following table summarizes the status of the 1986 COP Contingency as well as its proposed uses.

STATUS OF  
1986 COP CONTINGENCY  
AS OF 7-31-87

1986 COP Contingency Projection	\$1,091,188
LESS: Appropriations	
o Public Safety Project	(165,000)
o LGFS Phase I	(73,140)
	\$ 853,048
Projected Use of Contingency	
o LGFS Phase II	\$ 473,610
o Additional 90-Gallon Containers	150,000
o Stockton Boulevard Library Contingency	229,438
	\$ 853,048

On going costs related to Phase II consist of software maintenance. These costs, estimated to be \$8,000 - \$9,000 per year will begin in 1988-89 and will be included in Data Management's operating budget.

**RECOMMENDATION**

It is recommended that the City Council approve the attached resolutions to:

1. Authorize the City Manager to negotiate a contract with AMS for Investment Management and Cash Accountability software and peripherals not to exceed \$264,600. This amount includes funding for the Local Area Network which the City may, at its option exclude from this specific contract. If excluded, this equipment will be purchased separately.
2. Authorize the City Manager to negotiate a contract with Touche Ross for continued implementation support not to exceed \$73,000.
3. Authorize purchase of additional terminals/microcomputers and associated computer equipment to increase accessibility to LGFS not to exceed \$179,000.
4. Authorize the appropriation of \$473,610 from the 1986 COP Contingency to the LGFS budget. (AA01)

5. Authorize the appropriation of \$125,000 from the Sacramento City Employees Retirement System Fund to the LGFS budget. (AA01)

Respectfully Submitted,



BETTY MASUOKA  
Director of Finance

RECOMMENDATION APPROVED:

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WALTER J. SLIPE  
City Manager

Attachment

September 29, 1987  
All Districts

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

## RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE NECESSARY AGREEMENTS TO IMPLEMENT PHASE II OF THE LGFS PROJECT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager is hereby authorized to negotiate a contract with American Management Systems (AMS) and their subcontractor ADS Associates, Inc. for the development and installation of the Cash Accountability and Investment Management Systems for a total amount not to exceed \$264,600, and
2. The City Manager is hereby authorized to negotiate a contract with Touche Ross for consulting services not to exceed \$73,000 necessary for the implementation of the Cash Accountability and Investment Management subsystems, and
3. A total of \$598,610 is hereby appropriated to the LGFS project (AA01), of which \$473,610 is from the 1986 COP Contingency (Fund 702) and \$125,000 is from the Sacramento City Employees Retirement Fund.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

EXHIBIT A  
CASH ACCOUNTABILITY/INVESTMENT MANAGEMENT  
COST WORKSHEET

AMS		
Investment Management Subsystem*		\$ 8,200
Custom Modifications		
Negative Balances in Funds	\$ 0	
Cash Sweep/Income apportionment	32,400	
ADS Interface	16,200	
Investment Cost Recovery	8,100	
Reports (5 reports @ 5 days/report)	9,000	
Subtotal Custom Modifications		65,700
Consulting		
20 days on-site consulting @ \$45/hr	7,200	
--5 days training		
--10 days testing		
--5 days post-implementation		
5 days project management @ \$75/hr	0	
--To be paid within Master Agreement**		
Subtotal Consulting		7,200
Travel		
1 - Detail Design	1,000	
1 - Installation and Training	1,000	
2 - Testing	2,000	
2 - Post Implementation Support	2,000	
\$1,000 per trip for 6 trips		6,000
Computer Costs @ \$1,900 for 8 months		15,200
		<u>102,300</u>
		(8,200)*
		<u>\$94,100</u>
TOTAL AMS ONE-TIME COSTS		
MAINTENANCE		
10% of Current License Agreement Cost	\$82/Year	
of Investment Subsystem Increased each		
year by the Consumer Price Index		

\* This amount previously included in the Master Contract for LGFS.

\*\* As of September 2, there are 22 consultant days remaining (@ \$75/hr) in the Master Contract. Up to 5 days of project management for the Cash Accountability module can be charged to these days.





EXHIBIT C

OFFICE OF THE  
CITY MANAGER

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 109  
915 I STREET  
SACRAMENTO, CA  
95814-2684

November 17, 1986

916-449-5704

Administration, Investment & Fiscal Management Board  
Sacramento, California

SUBJECT: Investment Management Computer Software

SUMMARY

The City of Sacramento is currently installing a fully integrated financial management information system. This system will provide basic investment management and control systems. The City Treasurer has requested that the core investment management computer software programs be enhanced to provide investment management reporting features to benefit the Pension Board. This report requests approval to expend pension funds for the requested enhancements.

BACKGROUND

As a part of the City's new financial management information system, meetings were held between the City staff and the computer software firm of American Management Systems (AMS). Project scope additions to the basic system were identified which would almost entirely benefit the Administration, Investment and Fiscal Management Board reporting process from the City Treasurer's Office to the Pension Board. These enhancements include such things as improved stock manager activity reporting, bond activity reporting and improved investment management performance reporting to the AIFM Board.

Because these proposed project scope changes primarily benefit the Pension System, Tom Friery and Jack Crist met with Bill Carnazzo on October 31, 1986 to determine if the Pension Fund could legally fund the computer software. After much discussion, Bill Carnazzo agreed to review the matter and prepare a legal opinion. Bill Carnazzo's legal opinion dated October 21, 1986 is attached. Bill's opinion indicates that the Pension System may fund such costs but they must be prorated between the City and the Pension System.

AMS will be asked to work with City staff during the system design phase to develop an equitable proration ratio.

FINANCIAL

The proposed investment management computer software costs are estimated as follows:

AMS Software Development	\$130,000
Touche Ross Consulting Assistance	20,000
	<hr/>
Estimated Total Cost	\$150,000

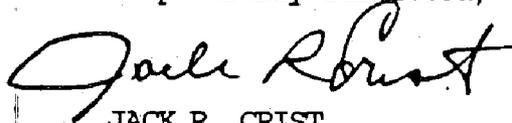
The above costs would be prorated between the Pension System and the City based on proration ratio's developed during the system design.

Finally, the agreement with AMS includes a royalty provision whereby should AMS sell this investment management enhancement to any other government, Sacramento would receive a 15% royalty. Therefore, it is possible that SCERS and the City may eventually recoup some or all of the cost.

RECOMMENDATION

It is recommended that the Administration, Investment and Fiscal Management Board approve the attached resolution approving pension funding of a prorata portion of the \$150,000 investment management computer software.

Respectfully submitted,



JACK R. CRIST  
Deputy City Manager

Attachments (2)

CITY OF SACRAMENTO



DEPARTMENT OF LAW  
#12 TENTH STREET SACRAMENTO, CA 95814  
SUITE 201 TELEPHONE (916) 448-5346

JAMES P. JACKSON  
City Attorney  
THEODORE H. KOBEY, JR.  
Assistant City Attorney  
SAMUEL L. JACKSON  
WILLIAM P. CARNAZZO  
LAWRENCE M. LUNARDINI  
DIANE B. BALTER  
RICHARD F. ANTOINE  
TAMARA L. MILLIGAN-HARMON  
Deputy City Attorneys

October 21, 1986

MEMORANDUM

TO: Jack Crist, Deputy City Manager  
Tom Friery, City Treasurer

FROM: James P. Jackson, City Attorney  
William P. Carnazzo, Deputy City Attorney

RE: Expense of Pension Plan Increment to LGFS

ISSUE

Is the required expenditure in creating the necessary software and program as described in this opinion more properly characterized as one related to "administration" or to "asset management"?

ANSWER

The expenditure required to create the necessary software and program as described in this opinion relates partially to "administration" of the "system", and partially to "management" of the "funds" of the system, and must be allocated between those two categories of expense.

BACKGROUND

At a cost of approximately \$5,000,000, the City has begun to put into place an advanced automated data processing system called the "Local Government Financial Accounting System", or "LGFS". While the agreement with the system design consultant included a pension system investment accounting increment, the currently available software for pension systems is so inadequate that it is necessary to develop a new program which will provide for: (i) direct interface with the various retirement system independent investment managers so that their daily investment decisions can be more closely monitored by the Board; (ii) accurate instant analysis of the various portions of the pension system portfolio as to which the Treasurer is designated as the

manager (e.g., gold and silver; bonds; utility stocks); and (iii) automated production of the various monthly, quarterly and annual reports as are required by the Board in carrying out its duty of managing all of the assets of the system.

Automated processing of asset investment fiscal data and production of the necessary reports and compilations in a timely manner will produce a number of additional benefits to the Board. For example, the Board has contracted with S.E.I., Inc., for performance analysis services, whereby S.E.I. periodically evaluates the performance of each asset manager (including the Treasurer) and measures that performance as against other public retirement systems and asset managers. This, of course, serves the Board's interest in "prudence" of its investments; through objective analysis of those to whom it has entrusted assets for investment, the Board has a rational basis for making informed decisions regarding retention of its managers. In the past, there has been a great deal of difficulty in providing "numbers" which are both timely and accurate. As envisioned, the new program will minimize or eliminate those problems. Additionally, the system's actuary requires timely, up-to-date and accurate data in order to perform the necessary annual audit and actuarial rate-setting services. The new system will assist the Board and the actuary in performance of these functions.

The cost of designing this new pension accounting software program for the retirement system is \$130,000. The question which must be decided is whether and to what extent the retirement system is required to pay for this expense.

### ANALYSIS

The analysis must begin with City Charter §393, which reads as follows:

#### §393 . Costs.

All usual, normal and reasonable costs of administering the retirement system, including actuarial fees and costs, shall be borne by the city. When an agreement is entered into by the board with professional financial advisors, such as investment counsel, trust companies, or trust department of banks in regard to the management and investment of the funds in the system, any fee stipulated in such agreement to be paid to such financial advisors shall not be considered a cost of administration but shall be considered as a charge against the assets of the retirement system to be apportioned among the fund or funds of the retirement system as determined

by the board. In addition, any other ordinary costs incurred in regard to the management and investment of the funds in the system, including, but not limited to, brokers' fees, attorneys' fees, insurance, taxes, and property management fees, shall not be considered a cost of administration but shall be considered as a charge against the assets of the retirement system to be apportioned among the fund or funds of the retirement system as determined by the board. (Adopted November 2, 1976)

The question of what expenses are "administration expenses" of the system, and which are "management and investment" expenses regarding the "funds in the system", has been discussed extensively in past opinions. Our May 12, 1986 opinion reviewed and summarized six prior opinions on this same subject. Of particular relevance to the question at hand are the May 12, 1986 and December 12, 1980 opinions, wherein we concluded that City Treasurer staff and related costs are "administration" expenses which must be borne by the City itself.

Nevertheless, the new system described above is multifunctional; i.e., it serves varied purposes, some of which benefit the Board in carrying out its duties of asset management, and some of which benefit the Treasurer and staff in carrying out ongoing tasks. For example, the Treasurer has provided certain reports to the Board in the past. While these reports have largely been prepared manually, the new system will result in less staff time because of automation. However, the cost of producing these reports, whether staff costs or data processing system costs, retain their character as "administration" expenses payable by the City.

On the other hand, the new system will serve the interests of the Board in carrying out its many functions. For example, as pointed out above, the Board must prepare and deliver fiscal information and data to its actuaries, who in turn determine contribution rates and assess the fiscal health and integrity of the system; it must prepare and deliver the fiscal and related data to the auditors for audit purposes; it must closely monitor the performance of its independent asset managers into whose possession the Board has entrusted approximately \$100,000,000 of the system's trust funds; it must constantly provide data on all managers' performance (including the Treasurer) to its independent performance appraisal firm (S.E.I.) so that that firm can prepare and render objective analyses to the Board as required under the applicable written agreements; it must establish the annual interest rate for crediting of members' accounts, which function requires analysis of overall fund investment performance data; it must periodically allocate and reallocate funds from and between the various asset categories and managers in order to assure that the Board's asset allocation guidelines are being

complied with; it must periodically reevaluate its asset allocation guidelines in order to assure that the system's funds are being invested in an appropriately diversified manner, and that the categories set out in the guidelines are currently viable investment vehicles.

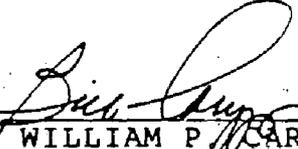
While these are not all of the Board's functions, each of the named functions requires accurate, reliable and current data. In the past, obtaining such data has been difficult, especially with respect to its recency. The new system will provide the Board with the essential data in a more current and reliable form. All of these functions relate to asset management (i.e., "funds"), and not to "administration" of the "system".

From the above analysis, it is apparent that the new system will serve both "administration" and "asset management". On balance, it appears that the greater proportion of use relates to the Board's asset management function, with the only part falling into administration being the staff time savings for the Treasurer in more efficiently performing the same tasks as he has always undertaken for the Board. There is therefore a need to apportion the expense of creating the new system between these two broad functions, utilizing some reasonably accurate allocation method. That task should be undertaken by the Board when and if it determines to expend the funds for the new system.

#### CONCLUSION

The expenditure required to create the necessary software and program as described in this opinion relates partially to "administration" of the "system", and partially to "management" of the "funds" of the system, and must be allocated between those two categories of expense.

JAMES P. JACKSON, City Attorney

By   
WILLIAM P. CARNAZZO  
Deputy City Attorney

WPC:je

ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD

Date: 11/24

SUBJECT: \_\_\_\_\_

ITEM NO. 11

ITEM: Investment Mgmt Computer Software

ACTION: Jack Crist submitted the request

MOVED BY: D F

SECONDED BY: D F

VOTE	AYES	NOES	ABSTAIN	ABSENT
CRIST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DE CAMILLA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FRIERSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FRIERY/SPERLING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
WOLFORD/SLIPE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOTES:

RESOLUTION NO. 86-008

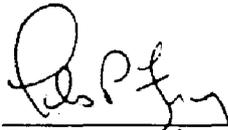
Adopted by the Administration, Investment  
and Fiscal Management Board of the  
Sacramento City Employees' Retirement System  
on November 24, 1986

A RESOLUTION OF THE ADMINISTRATION, INVESTMENT AND  
FISCAL MANAGEMENT BOARD RELATING TO INVESTMENT  
MANAGEMENT COMPUTER SOFTWARE

BE IT RESOLVED BY THE ADMINISTRATION, INVESTMENT AND FISCAL  
MANAGEMENT BOARD OF THE SACRAMENTO CITY EMPLOYEES RETIREMENT SYSTEM  
(SCERS) THAT:

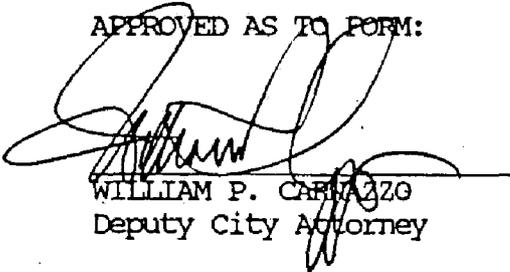
1. The City Director of Finance is hereby authorized to expend up  
to \$150,000 of SCERS funds for a new investment management  
computer software system to be designed by American Management  
Systems (AMS) and
2. The estimated total cost of \$150,000 is to be prorated between  
the City and SCERS based on proration factors developed during  
the computer system design.

APPROVED:



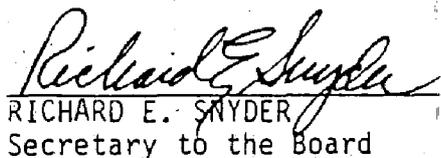
Board President  
Thomas P. Friery

APPROVED AS TO FORM:



WILLIAM P. CARRAZZO  
Deputy City Attorney

ATTEST:



RICHARD E. SNYDER  
Secretary to the Board