

January 24, 2000

**MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
January 24, 2000**

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 101, 921 Tenth Street, at 1:35 p.m. on January 24, 2000.

PRESENT: Nishimoto, Masuoka, Sperling, Friery, DeCamilla*
*Mr. DeCamilla arrived at 1:55 p.m.

ABSENT: None

ELECTION OF CHAIRPERSON FOR 2000

Mr. DeCamilla was re-elected as Chairperson for 2000.

ELECTION OF VICE CHAIRPERSON FOR 2000

Mr. Friery was re-elected as Vice Chairperson for 2000.

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD JANUARY 3, 2000

APPROVED

The Board received and reviewed the minutes of the regular meeting held January 3, 2000. Mr. Sperling moved the minutes be approved. The motion was seconded by Mr. Nishimoto and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT NOVEMBER 1999

ACCEPTED

The Board received the November 1999 Treasurer's Investment Activity Reports.

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Mr. Thomas Berke, Chief Investment Officer, briefly reviewed the reports with the Board.

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORTS DECEMBER 1999 AND JANUARY 2000

ACCEPTED

The Board received the December 1999 and January 2000 reports. Mr. Jim Smith reviewed the reports with the Board.

Mr. Smith gave a brief update on the Allen Group's purchase of 1414 K and 1401 L.

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

POTENTIAL SALE OF LARCHMONT SQUARE

APPROVED

Mr. DeCamilla arrived at 1:55 p.m.

Mr. Jim Smith, Real Estate Advisor, presented a sale of the Larchmont Square property to Transnational Printing Company at \$638,000, \$100,000 down with a loan back at 7.5% fully amortized in 10 years.

Mr. Smith recommended the Board approve the sale at

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\$638,000 with 20% down and increase the interest rate on the loan to 8% fully amortized in 10 years.

After discussion, Ms. Masuoka moved the approval of the sale based on Mr. Smith's recommendation. The motion was seconded by Mr. Sperling and carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery, DeCamilla

NOES: None

CORRESPONDENCE FROM THE CITY TREASURER

ACCEPTED AS INFORMATIONAL

The Treasurer's office submitted an informational report regarding an investment strategy that was executed in the Large Cap portfolio. The Board accepted the report as informational.

DELAWARE INVESTMENT ADVISERS' DECEMBER 1999 PERFORMANCE REPORT

ACCEPTED AS INFORMATIONAL

The Board accepted as informational the December 1999 performance report.

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON
2000 ASSET ALLOCATION AND STRATEGY RECOMMENDATION

ADOPTED

The Board received the 2000 Asset Allocation and Strategy recommendation from Mr. Thomas P. Friery, City Treasurer. Mr. Friery recommended the following asset allocation which included a new equity portfolio called Technology/Biotech:

Fixed:	Bonds/2nd TDs/Mortgage Backs	56%
	Real Estate Mortgages	8%
	Utility Stocks	<u>6%</u>
		70%
Equity:	Axe Houghton	9%
	Delaware	5%
	Large CAP	11%
	Technology/Biotech	4%
	Real Estate Equity (Net)	<u>1%</u>
		30%

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The Board had a lengthy discussion regarding the Delaware Investment Advisers performance, style of investment, stock selection and whether to continue using their services.

The Board also discussed the creation of the new Technology/Biotech equity portfolio.

Ms. Masuoka moved to accepted the staff recommendation. the motion was seconded by Mr. Sperling.

Mr. DeCamilla made a substitute motion to adopt the new concept of the Technology/Biotech portfolio, discontinue the services of Delaware Investment Advisers and to readjust the asset allocation as follows:

Fixed:	Bonds/2nd TDs/Mortgage Backs	56%
	Real Estate Mortgages	8%
	Utility Stocks	<u>6%</u>
		70%
Equity:	Axe Houghton	11%
	Large CAP	13%
	Technology/Biotech	5%
	Real Estate Equity (Net)	<u>1%</u>
		30%

The motion was seconded by Mr. Nishimoto and was passed by the following vote:

AYES: Nishimoto, Masuoka, Sperling, DeCamilla

NOES: None

ABSTAINED: Friery

There being no further business the Board adjourned at 3:15 p.m. to meet again at the call of the chair.