

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
JUNE 22, 1987

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 1:40 p.m. on June 22, 1987. Vice Chairman Terry Wolford presided.

PRESENT: DeCamilla, Frierson, Sperling, Wolford

ABSENT: Masuoka

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD MAY 18, 1987

APPROVED

The Board received and reviewed the minutes of the regular meeting held May 18, 1987. Mr. DeCamilla moved the minutes be approved. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Sperling, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

The Board received the April 1987 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report and the gold and silver report with the Board.

Mr. DeCamilla requested that Mr. Friery respond to the advantages and disadvantages of owning mortgage backed securities.

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

AYES: DeCamilla, Frierson, Sperling, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT

APPROVED

The Board received the June, 1987 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 that he is currently reviewing leases and income projections on the Truxell Avenue Shopping Center, for a possible future investment offer.

The renovation of the 1414 K building continues to be on schedule. However, to meet additional building and fire code requirements Mr. Smith recommended increasing the approved renovation cost from \$425,000 to \$475,000.

The Watkins matter has been settled for \$72,500.00. Mr. Sperling informed the Board that the cashier's check was received and deposited.

Mr. Sperling moved to approve the monthly report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: DeCamilla, Frierson, Sperling, Wolford

NOES: None

REAL ESTATE COMMINGLED FUND INVESTMENTS - VERBAL REPORT BY COUNSEL TO THE BOARD
DEFERRED

William Carnazzo, Counsel to the Board, informed the Board that he could not render a legal opinion on this issue until an actual proposal was presented to the Board for consideration.

The Board deferred this matter until a proposal is presented.

SEI MARCH 31, 1987 QUARTERLY REPORT ON PERFORMANCE
ACCEPTED

The Board received SEI's performance reports for the quarter ending March 31, 1987. John McLaughlin, the new account executive from SEI, reviewed the reports with the Board.

In response to Mr. Friery's request, the utility stock portfolio was compared to bond funds rather than equity funds. The Board agreed that it was difficult to find the appropriate comparative measurement standards for the utility stock portfolio.

Mr. McLaughlin informed the Board that future quarterly reports will include Batterymarch's combined and foreign reports.

In response to Mr. Friery's request, SEI prepared an investment performance comparison between Batterymarch, Alliance, and the six other equity managers considered in the 1982 Manager Search. The Board briefly reviewed and discussed the comparison and felt the system had achieved a good diversification of investment styles.

As this was Mr. McLaughlin first meeting, he continued with the presentation format established by Mr. Perna. With the Board's permission, Mr. McLaughlin's future presentation will focus on the funds' performance in light of the Board's objectives and guidelines and to make the presentation oriented to exceptions.

EXECUTIVE SUMMARY BATTERYMARCH, APRIL 1987
ACCEPTED AS INFORMATIONAL

The Board received the Batterymarch executive summary for April 1987. The Board accepted the item as informational.

CORRESPONDENCE FROM ALLIANCE CAPITAL
ACCEPTED AS INFORMATIONAL

The Board received correspondence from Alliance Capital regarding investment returns for 1987 through the month of May. The Board accepted the item as informational.

REPORTS OF SECRETARY

Richard Snyder, Secretary to the Board, informed the Board that the following system contracts have or will automatically renew: Delaware

Investment, June 1, 1987; Newbold's Asset, June 1, 1987; Alliance Capital, July 1, 1987; Batterymarch Financial Management, July 1, 1987; and, SEI, July 1, 1987. The Board accepted the item as informational.

Mr. McLaughlin, of SEI, informed the Board he would be submitting, for consideration, a renewal contract with a revised fee.

GENERAL COMMUNICATIONS

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM JUNE 30, 1986 ANNUAL FINANCIAL REPORT ACCEPTED AS INFORMATIONAL

The Board received the Sacramento City Employees' Retirement System June 30, 1986 Annual Financial Report. The Board accepted the report as informational.

In an attempt to expedite the publication of the next annual report, Ms. Masuoka, Director of Finance, requested that the Secretary contact the system's actuary to see if the FY 1986-87 actuarial report could be submitted to the Board sooner than the December meeting.

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