

**MINUTES**  
**REGULAR MEETING OF THE**  
**SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM**  
**ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD**  
**February 24, 1997**

**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 1:37 p.m. on February 24, 1997.

PRESENT: Nishimoto, Masuoka, Sperling, Friery

ABSENT: DeCamilla

**CONSENT CALENDAR**

**MINUTES OF REGULAR MEETING HELD JANUARY 6, 1997-CONTINUED**  
**APPROVED**

The Board received and reviewed the minutes of the regular meeting held January 6, 1997. Mr. Sperling moved the minutes be approved. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Masuoka, Sperling, Friery

NOES: None

ABSTAINED: Nishimoto

**MINUTES OF REGULAR MEETING HELD JANUARY 27, 1997**  
**APPROVED**

The Board received and reviewed the minutes of the regular meeting held January 27, 1997. In order to have the minutes approved, for voting purposes only on this item, Mr. Friery relinquished the chair to Mr. Medema who was Mr. Friery's designee at that meeting. Mr. Sperling moved the minutes be approved. The motion was seconded by Mr. Medema and was carried by the following vote:

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AYES: Nishimoto, Sperling, Medema

NOES: None

ABSTAINED: Masuoka

Mr. Friery returned to chair the meeting.

**INVESTMENTS - TREASURER'S ACTIVITY REPORT NOVEMBER, 1996**  
ACCEPTED

The Board received the December, 1996 Treasurer's Investment Activity Report. Mr. Glenn Hosokawa, Investment Officer, reviewed the investment report with the Board.

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

**REPORTS OF CONSULTANTS AND ADVISORS**

**REAL ESTATE ADVISOR'S REPORT, FEBRUARY 1997**  
ACCEPTED

The Board received the February, 1997 Real Estate Advisor's report. Mr. Smith reviewed the report with the Board.

Mr. Smith informed the Board the sale of Discovery Plaza should be finalized by the end of February.

Mr. Sperling 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

**SETTLEMENT BEL AIR/DISCOVERY PLAZA CAM CHARGES**  
APPROVED

The Board received a report from Mr. Smith, Real Estate

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Advisor, chronicling the events regarding the Bel Air over/under payment of CAM charges.

Mr. Smith informed the Board all attorneys for Bel Air and the System, including the City Attorneys Office, have seen and approved the settlement agreement. Mr. Smith recommended the Board approve the settlement agreement.

After discussion, Ms. Masuoka moved to approve the settlement agreement. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**FIXED UTILITY HIGH INCOME STOCK PORTFOLIO DECEMBER 31, 1996  
QUARTERLY REPORT PRESENTATION**  
ACCEPTED

The Board received the Fixed Utility High Income Stock Portfolio December 31, 1996 report. Mr. Hosokawa and Mr. Friery reviewed the report with the Board.

Following discussion, Ms. Masuoka 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

**LARGE CAP/GROWTH STOCK PORTFOLIO, DECEMBER 31, 1996 QUARTERLY  
REPORT PRESENTATION**  
ACCEPTED

The Board received the Large CAP/Growth Stock Portfolio December 31, 1996 report. Mr. Hosokawa and Mr. Friery reviewed the report.

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The Board discussed the overall performance of the fund and the objectives.

Ms. Masuoka 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

**DELAWARE INVESTMENT ADVISERS, DECEMBER 31, 1996 QUARTERLY REPORT**  
ACCEPTED

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**AXE-HOUGHTON, INC., DECEMBER 31, 1996 QUARTERLY REPORT**  
ACCEPTED

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**NEWBOLD'S ASSET MANAGEMENT, INC., DECEMBER 31, 1996 QUARTERLY REPORT**  
ACCEPTED

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

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POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

1997 ASSET ALLOCATION AND STRATEGY RECOMMENDATION  
ADOPTED

The Board received the 1997 Asset Allocation and Strategy recommendation prepared and submitted by the Treasurer's staff. Mr. Mike Medema, Assistant City Treasurer, reviewed the report with the Board.

In summary the report recommended that the Board authorize the asset allocation to continue to reflect a 70% fixed to 30% equity ratio, directed the City Treasurer to notify the external managers of the Board's action, and to transfer real estate equity monies, which are deferred until real estate assets can be sold, to the bond fund asset allocation.

The Board discussed a policy issue addressed in the report regarding the City Charter restrictions preventing the City to recover administrative costs including in-house investment management of the SCERS fund.

Following a discussion, Mr. Sperling moved to adopt the resolution reallocating the SCERS portfolio retaining a 70% fixed asset and 30% equity asset ratio as of January 1, 1997 by establishing the 1997 asset allocation as follows:

Fixed:	Bonds/2nd Trust/Mortgage Backs	58.0%
	Real Estate Mortgages	5.0
	Utility Stocks	<u>7.0</u>
	Total Fixed	70.0
Equity:	Axe Houghton	8.0
	Delaware	8.0
	Large Cap/Growth	8.0
	Newbold's	4.0
	Real Estate Equity (Net)	<u>2.0</u>
	Total Equity	30.0
	Total Fixed & Equity	100.0%

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The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

Ms. Masuoka moved to direct the Secretary to the Board to explore a 1998 Charter amendment with respect to reimbursing the general fund for costs incurred with the administration of SCERS. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**FY 1996/97 SCERS DIRECT INVESTMENT COST ADJUSTMENT**  
ADOPTED

The City Treasurer submitted for adoption a resolution approving additional direct investment costs of \$9,750 for upgrade of Bloomberg services. These services are directly attributable to the management of the SCERS' investments.

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

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**REPORTS OF SECRETARY**

**REAPPOINTMENT OF DAVID DECAMILLA**

Ms. Donna Giles, Secretary to the Board, informed the Board that Mr. David Decamilla was reappointed to the Board with the term expiring on January 4, 2000.

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There being no further business the meeting was adjourned  
at 3:23 p.m. to meet at the call of the chair.