

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
OCTOBER 26, 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 1:30 p.m. on October 26, 1987.

PRESENT: DeCamilla, Frierson, Friery, Masuoka

ABSENT: Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD SEPTEMBER 28, 1987
APPROVED AS AMENDED

The Board received and reviewed the minutes of the regular meeting held September 28, 1987. Mr. Friery requested that the minutes be amended as follows:

REAL ESTATE ADVISORS'S REPORT

The Board received the August, 1987 Real Estate Advisor's Report submitted by W. Jim Smith of WJS & Associates. Mr. Smith informed Mr. Friery that he would not be present. The Board continued this matter to the next regular meeting in October.

GENERAL COMMUNICATIONS

Mr. Friery submitted a letter, for the Board's consideration, from John McLaughlin, SEI Account Executive, concerning performing a study to develop an asset allocation plan in view of the high exposure in equities.

Mr. DeCamilla moved the minutes be approved as amended. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Masuoka

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

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

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

AYES: DeCamilla, Frierson, Friery, Masuoka

NOES: None

In light of the dramatic developments in the financial markets in October, Mr. Friery submitted and reviewed, with the Board, a statement on the potential financial impact on the system.

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
CONTINUED/ACCEPTED

The Board received the August 1987 Real Estate Advisor's Report, continued from the September 28, 1987 meeting, submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

Based on Mr. Smith's recommendation the Board decided not to have M.A.I. appraisals on current properties but to continue with WJS's annual appraisals based on current income less expenses and capitalized by current rates.

The Board received the September 1987 Real Estate Advisor's Report submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

Mr. Smith reported that renovation of 1414 K Street building is 95% completed. Mr. Smith recommended that the Board approve an additional \$25,000 expenditure for removal and resealing of the roof around the former

skylights. After a lengthy discussion on the approximate \$100,000 cost overruns, Ms. Frierson moved to approve the additional \$25,000 expenditure. The motion was seconded by Mr. DeCamilla and was carried by the following vote:
AYES: DeCamilla, Frierson, Friery, Masuoka

NOES: None

The Board requested Mr Smith to prepare and submit, to William Carnazzo, Counsel to the Board, a breakdown of all cost overruns on the 1414 K Street building along with a copy of the engineering firm's contract. After Mr. Carnazzo's review, he will advise the Board if any legal action can be taken to recover any cost overruns.

Mr. DeCamilla moved to accept the August and September Real Estate Advisor's Reports. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Masuoka

NOES: None

BOARD COUNSEL REPORT REGARDING TAX QUALIFICATION OF RETIREMENT SYSTEM
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational William Carnazzo's report regarding tax qualification of the retirement system.

ALLIANCE CAPITAL THIRD QUARTER PERFORMANCE
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of Alliance Capital's third quarter performance.

BATTERYMARCH THIRD QUARTER PERFORMANCE
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of Batterymarch's third quarter performance.

DELAWARE INVESTMENT ADVISERS THIRD QUARTER PERFORMANCE
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of Delaware Investment Advisers' third quarter performance.

REPORTS OF SECRETARY

Richard Snyder, Secretary to the Board, informed the Board that the draft actuarial report will be available for the November 1987 meeting. Mr. Snyder requested that data for the Annual Report cover letter be submitted by November 6, 1987.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

The Board discussed, in general, asset allocation and diversification.

There being no further business the meeting was ajourned at 2:40 p.m. to meet again at the call of the chair.