

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
September 23, 1991

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 1:30 p.m. on September 23, 1991.

PRESENT: Crist, Masuoka, Friery

ABSENT: Frierson, DeCamilla

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD AUGUST 26, 1991
APPROVED

The Board received and reviewed the minutes of the regular meeting held August 26, 1991. Ms. Masuoka moved to approve the minutes. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Masuoka, Friery

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the July 1991 Treasurer's Investment Activity Report. Deborah Kanner, Investment Officer, reviewed the investment report with the Board.

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

AYES: Crist, Masuoka, Friery

NOES: None

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REPORTS OF CONSULTANTS AND ADVISORS

Ms. Frierson arrived at 1:40 p.m.

UTILITY STOCK FIXED INCOME ALTERNATIVE PORTFOLIO AND PORTFOLIO RESULTS
QUARTER ENDING JUNE 30, 1991 (continued)
ACCEPTED

The Board received the quarterly SCERS Utility Stock Portfolio for the period ending June 30, 1991. Deborah Carter reviewed the report with the Board.

Mr. Crist moved to accept the Utility Stock Portfolio report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

The Board received the September 1991 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 had received three bids to replace the roof on the "Penthouse" level of the 1414 K Street building. The low bid was \$19,210.00. Mr. Smith recommended the expenditure providing the bid included encapsulating the asbestos. The Board discussed in length the asbestos issue and the possible increased cost if the asbestos needs to be removed rather than encapsulating and having Mr. Smith return to the Board with a bid to remove the asbestos.

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Ms. Masuoka moved that the Board give authority to the Chair or Vice Chair to authorize the approval of the roof replacement depending on the reasonableness of the bid to either encapsulate or remove the asbestos. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

Mr. Smith distributed to the Board two bids to remove, repave and re-strip the parking lot at Discovery Plaza. Mr. Smith recommended the Board contract with A&B Asphalt for \$51,103.00.

Ms. Masuoka moved to accept the real estate advisors report and approve the expenditure to repave the Discovery Plaza parking lot. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

Joseph McInerney, counsel to the Board, recommended a formal contract be drawn with A&B Asphalt.

SEI JUNE 30, 1991 QUARTERLY REPORT ON PERFORMANCE
ACCEPTED

The Board received SEI's performance report for the quarter ending June 30, 1991. John McLaughlin, from SEI, reviewed the report with the Board.

After discussion, Mr. Friery moved to accept the report. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

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TERMINATION OF AGREEMENT WITH BATTERYMARCH FINANCIAL MANAGEMENT
ADOPTED

Michael Medema, Assistant City Treasurer, presented to the Board a report recommending the Board adopt a resolution to terminate the Board's agreement with Batterymarch Financial Management and reallocate the funds to the fixed income investment class of SCERS.

After a discussion, Mr. Crist moved to adopt the resolution to terminate the investment contract with Batterymarch Financial Management. The motion was seconded by Ms. Frierson and carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

INVESTMENT POLICY EXEMPTION - AXE HOUGHTON MANAGEMENT, INC.
ADOPTED

Michael Medema, Assistant City Treasurer, presented to the Board a report recommending the Board adopt a resolution granting an exemption to the Board's investment policy with Axe-Houghton Management, Inc. to provide Axe-Houghton Management, Inc. sufficient latitude to implement the investment strategy approved by the Board and eliminate the conflict created by the AIFM Board's investment standards and investment objectives.

Mr. Medema informed the Board that there had been a similar prior experience when the Board hired Lehman Management Co., Inc. in 1982 where Lehman's investment style conflicted with the Board's investment standards. The Board's agreement with Lehman included a special investment policy for emerging growth stock investments.

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Similar authority should have been given Axe-Houghton Management, Inc. at the time of the initial agreement. Mr. Medema noted that the Board had received and approved the investment activity and portfolio reports submitted by Axe-Houghton Management, Inc. since inception of the agreement.

After discussion, Mr. Crist moved to adopt the resolution to permit the investment policy exemption for Axe-Houghton Management, Inc. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

REVIEW OF DRAFT SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT ON EXPANSION OF SACRAMENTO COMMUNITY CENTER
ADOPTED

Michael Medema, Assistant City Treasurer, presented to the Board a report recommending the Board adopt a resolution which ratifies the execution of an agreement by the Board's Vice Chair with Dowling Associates to conduct a review of the Draft Supplemental Environmental Impact Report on the expansion of the Sacramento Convention Center and approve payment for services not to exceed \$2,500.

As directed by the Board, at the August 26, 1991 meeting, Mr. Friery (Vice Chair) and Ms. Masuoka negotiated and executed an agreement in partnership with the League of California Cities with a qualified consultant to conduct a review of the draft environmental impact report on the expansion of the community center.

Mr. Crist moved to adopt the resolution ratifying the agreement between the Board and the League of California Cities with Dowling

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

AYES: Crist, Frierson, Masuoka, Friery

NOES: None

AXE-HOUGHTON MANAGEMENT, INC., JULY 1991 PERFORMANCE REPORT
ACCEPTED AS INFORMATIONAL

The Board accepted as informational Axe-Houghton's July 1991 performance report.

DELAWARE INVESTMENT ADVISERS, AUGUST 1991 PERFORMANCE REPORT
ACCEPTED AS INFORMATIONAL

The Board accepted as informational Delaware's August 1991 performance report.

REPORTS OF SECRETARY

REPORT ON TERMS OF APPOINTED BOARD MEMBERS

Margaret Allen, Secretary to the Board, informed the Board that she will prepare a staff report for the City Council's consideration recommending the AIFM Board's appointed members be excluded from the term limitations imposed by City Ordinance 90-040. The report will be presented at the next Board meeting.

CLOSED SESSION - REAL PROPERTY TRANSACTIONS

The Board adjourned to closed session to discussion a real estate transaction.

The Board reconvened in open session. There being no further business, the meeting was adjourned at 3:15 p.m. to meet again at the call of the chair.