

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
SEPTEMBER 16, 1985

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 1:00 p.m. on September 16, 1985. Donald Sperling, Assistant City Treasurer, represented Thomas Friery, City Treasurer.

PRESENT: Crist, Moore, Sperling, Wolford

ABSENT: DeCamilla

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD AUGUST 19, 1985
APPROVED

The Board received and reviewed the minutes of the regular meeting held August 19, 1985. Mr. Moore moved to approve the minutes. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Crist, Moore, Sperling

NOES: None

ABSTAIN: Wolford

MINUTES OF SPECIAL MEETING HELD SEPTEMBER 6, 1985
APPROVED

The Board received and reviewed the minutes of the special meeting held September 6, 1985. Mr. Moore moved to approve the minutes. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Crist, Moore, Sperling

NOES: None

ABSTAIN: Wolford

Item 1

10/21/85

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the August 1985 Treasurer's Investment Activity Report. Donald Sperling, Assistant City Treasurer, reviewed the report with the Board, highlighting the changes made to the Gold and Silver report.

Mr. Moore moved to accept the investment activity report. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, Moore, Sperling, Wolford

NOES: None

Mr. Friery arrived at 1:06 p.m.

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

W. Jim Smith of WJS & Associates submitted and reviewed the Real Estate Advisors Report for September 1985.

Mr. Smith reported that no response was received regarding the system's settlement counteroffer to Ron Watkins on the 1414 K Street past due rent, the response period has expired, and that the system's real estate counsel is expected to proceed with the lawsuit.

Mr. Smith also reported that the purchase offer for the Executive Place Building located at 12th and H Streets is being prepared and will be submitted to the seller this week.

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

AYES: Crist, Friery, Moore, Wolford

NOES: None

ATTACHMENT A-1

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT
AS OF JULY 31, 1985

	CASH		INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	OVERLAND		
EXTERNAL CONTRIBUTIONS	2,039,226	0	0	2,039,226
FIXED:				
CORP. BONDS	4,932,668	877,085	86,036,345	91,846,098
2ND TRUST BEED	215,429	0	818,659	1,034,088
MORTGAGE BACKED CERT.	1,503,885	433,532	19,468,021	21,405,438
	<u>6,651,982</u>	<u>1,310,617</u>	<u>106,323,025</u>	<u>114,285,624</u>
REAL ESTATE MORTGAGE	796,900	22,768	4,761,044	5,580,712
	<u>7,448,882</u>	<u>1,333,385</u>	<u>111,084,069</u>	<u>119,866,336</u>
EQUITY:				
ALLIANCE	0	833,314	26,863,709	27,697,023
BATTERYMARCH	0	233,900	29,951,524	30,185,424
EMERGING GROWTH	0	1,030,217	14,325,619	15,355,836
BUY-WRITE OPTIONS	0	25,724	10,864,092	10,889,816
O/S BUY-WRITE OPTIONS	0	0	(253,192)	(253,192)
OVER-WRITE OPTIONS	0	221,785	0	221,785
O/S OVER-WRITE OPTIONS	0	0	(272,132)	(272,132)
GOLD & SILVER	20,518	0	1,995,050	2,015,568
REAL ESTATE EQUITY	1,647,964	0	4,694,458	6,342,422
	<u>1,668,482</u>	<u>2,344,940</u>	<u>88,169,128</u>	<u>92,182,550</u>
TOTAL EQUITY				
TOTAL	<u>11,156,590</u>	<u>3,678,325</u>	<u>199,253,197</u>	<u>214,088,112</u>

1/ This column represents the amount available for investment for each category derived by adding to or subtracting from the previous period's balance all investment income (interest, dividends, gains, losses, etc.) and all contribution transfers.

ATTACHMENT A-2

SCERS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT
FOR THE PERIOD 6/30/85 TO 7/31/85

	BALANCE 6/30/85	INTEREST INCOME			DIV.	GAIN (LOSS) ON SALES	OPTION SALES PROCEEDS	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST PURCH.	CHANGE IN OPTIONS B/S	BALANCE 7/31/85
		POOL A	OVERLAND	INVESTMENT									
EXTERNAL CONTRIBUTION	2,330,896								(291,670)				2,039,226
FIXED:													
CORP. BONDS	90,969,013		3,759	873,326									91,846,099
2ND TRUST DEED	1,022,443			11,645									1,034,088
MORTGAGE BACKED CERT.	21,116,454			282,075		6,909							21,405,433
REAL ESTATE MORTGAGES	5,533,007			47,705									5,580,712
EQUITY:													
ALLIANCE	27,155,097		1,621		51,985	488,320							27,697,022
BATTERYMARCH	30,085,116		2,214		87,494	10,600							30,185,424
EMERGING GROWTH	15,317,913		11,293		13,800	12,830							15,355,833
BUY-WRITE OPTIONS	10,990,816		1,461		36,210	238,039	(376,710)						10,889,016
O/S BUY-WRITE OPTIONS	(328,342)										73,150		(253,192)
OVER-WRITE OPTIONS	287,057		1,792			(85)	(66,979)						221,780
O/S OVER-WRITE OPTIONS	(295,139)											23,007	(272,132)
GOLD & SILVER	2,015,395			173									2,015,568
REAL ESTATE EQUITY	6,301,484						40,938						6,342,422
TOTAL	212,503,210	0	22,140	1,214,924	189,489	756,613	(443,689)	40,938	(291,670)	0	0	96,157	214,000,111

SCERS - STATEMENT OF ESTIMATED INCOME & RATES OF RETURN
AS OF JULY 31, 1985

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
ASH					
CITY POOL A	11,156,590	11,156,590	1,155,600	10.36%	10.78%
OVERLAND MONEY MARKET FUND	3,678,325	3,678,325	267,022	7.26%	7.26%
FIXED:					
CORP. BONDS	86,036,345	76,674,868	8,123,252	9.44%	10.59%
2ND TRUST DEED	818,659	909,066	144,289	17.63%	15.87%
MORTGAGE BACKED CERT.	19,468,021	18,260,856	1,960,820	10.07%	10.74%
REAL ESTATE MORTGAGE	4,761,044	4,814,469	573,633	12.05%	11.91%
EQUITY:					
ALLIANCE	26,863,709	32,991,348	625,231	2.33%	1.90%
BATTERYMARCH	29,951,524	32,772,500	1,344,704	4.49%	4.10%
EMERGING GROWTH	14,325,619	14,550,036	145,723	1.02%	1.00%
BUY-WRITE OPTIONS	10,864,092	10,793,146	413,346	3.80%	3.83%
O/S BUY-WRITE OPTIONS	(253,192)	(193,373)	0	0.00%	0.00%
OVER-WRITE OPTIONS	0	0	0	0.00%	0.00%
O/S OVER-WRITE OPTIONS	(272,132)	(312,330)	0	0.00%	0.00%
GOLD & SILVER	1,995,050	1,256,800	0	0.00%	0.00%
REAL ESTATE EQUITY	4,694,458	4,694,458	408,269	8.70%	8.70%
TOTAL	214,088,112	212,046,759	15,161,888	7.08%	7.15%

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON
COST/MARKET AS OF JULY 31, 1985

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	1/ OVER (UNDER) INVESTED BASED UPON COST	1/ OVER (UNDER) INVESTED BASED UPON MARKET
CASH						
CITY POOL A	11,156,590	11,156,590	0.00%	0	11,156,590	11,156,590
OVERLAND MONEY MARKET FUND	3,678,325	3,678,325	0.00%	0	3,678,325	3,678,325
-FIXED:						
CORP. BONDS	86,036,345	76,674,868	43.00%	92,057,888	(6,021,543)	(15,383,020)
2ND TRUST DEED	818,659	909,066	0.50%	1,070,441	(251,782)	(161,375)
MORTGAGE BACKED CERT.	19,468,021	18,240,656	10.00%	21,408,811	(1,940,790)	(3,147,955)
REAL ESTATE MORTGAGE	4,761,044	4,814,469	2.50%	5,352,203	(591,159)	(537,734)
EQUITY:						
ALLIANCE	26,863,709	32,991,348	14.00%	29,972,336	(3,108,627)	3,019,012
BATTERYMARCH	29,951,524	32,772,500	14.00%	29,972,336	(20,812)	2,800,164
EMERGING GROWTH	14,325,619	14,550,036	7.00%	14,986,168	(660,549)	(436,132)
BUY-WRITE OPTIONS	10,864,092	10,793,146	5.00%	10,704,406	159,686	88,740
0/5 BUY-WRITE OPTIONS	(253,192)	(193,373)	0.00%	0	(253,192)	(193,373)
OVER-WRITE OPTIONS	0	0	0.00%	0	0	0
0/5 OVER-WRITE OPTIONS	(272,132)	(312,330)	0.00%	0	(272,132)	(312,330)
GOLD & SILVER	1,995,050	1,256,800	1.00%	2,140,881	(145,831)	(884,081)
REAL ESTATE EQUITY	4,694,458	4,694,458	3.00%	6,422,643	(1,728,185)	(1,728,185)
TOTAL	214,088,112	212,046,759	100.00%	214,088,112	(0)	(2,041,353)

1/ These two columns represent the amount over (under) invested for each category (Cost/Market) based upon the Board's asset allocation policy. These are the amounts to be considered should the Board decide to reallocate assets as of this date. The last reallocation was as of 12/31/84 and became effective 3/1/85. The actual amount of cash available for each asset category is shown in Attachment A-1.

SEI JUNE 30, 1985 QUARTERLY PERFORMANCE REPORT
ACCEPTED

The Board received the June 30, 1985 Investment Performance Evaluation Report and the final revision to the June 30, 1984 report from SEI Corporation. Joseph Perna, Senior Consultant, SEI Corporation, reviewed the 1985 report with the Board. Mr. Friery, Bond Manager, questioned the performance figures on the bond portfolio for the last quarter. Mr. Perna stated he would review the bond performance for accuracy.

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

AYES: Crist, Friery, Moore, Wolford

NOES: None

There being no further business, the meeting was adjourned at 1:57 p.m. to meet again at the call of the chair.