

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
JULY 15, 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 July 15, 1985.

PRESENT: Crist, Friery, Moore, Wolford

ABSENT: DeCamilla

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD JUNE 17, 1985
APPROVED

The Board received and reviewed the minutes of the regular meeting held June 17, 1985. Mr. Moore moved to approve the minutes. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, Friery, Moore, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the June 1985 City Treasurer's Investment Activity Report.

Mr. DeCamilla arrived at 1:05 p.m.

Mr. Friery reviewed the report with the Board, discussing at length the hard asset program.

Mr. Crist moved to accept the investment activity report. The

motion was seconded by Mr. Moore and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

W. Jim Smith of WJS & Associates submitted and reviewed the July 1985 Real Estate Advisors Report. Mr. Smith reported that he has not received a response from Ron Watkins regarding the system's counter offer to settle the lawsuit on the 1414 K Street past due rent. After discussion, the Chairman directed that Don Pach, the system's real estate attorney, send a letter to Mr. Watkins stating that the system's counter offer is good only through July 1985 and that if the case is not settled by that date the system will proceed with the litigation.

Mr. Moore moved to accept the real estate advisor's report. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore, Wolford

NOES: None

CONSENT TO TRANSFER BATTERYMARCH AGREEMENT FROM SOLE PROPRIETORSHIP TO A TRUST
CONTINUED

The Board received a letter from Batterymarch Financial informing the system that the business structure of Batterymarch is converting from a sole proprietorship to a Massachusetts Business Trust. Batterymarch requested the Board consent to assign the contract agreement to the trust.

The Board questioned the effect of the conversion on the system. The Chairman requested William Carnazzo, counsel to the Board, contact Batterymarch for more information on the trust.

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

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	OVER (UNDER) INVESTED BASED UPON COST	OVER (UNDER) INVESTED BASED UPON MARKET
CASH						
CITY POOL A	15,663,162	15,663,162	0.00%	0	15,663,162	15,663,162
OVERLAND MONEY MARKET FUND	4,245,386	4,245,386	0.00%	0	4,245,386	4,245,386
FIXED:						
CORP. BONDS	79,044,442	70,988,190	43.00%	90,385,445	(11,341,003)	(19,397,253)
2ND TRUST DEED	950,206	1,045,846	0.50%	1,050,994	(100,788)	14,852
MORTGAGE BACKED CERT.	19,704,029	18,557,430	10.00%	21,019,871	(1,315,842)	(2,462,441)
REAL ESTATE MORTGAGE	4,791,804	4,644,300	2.50%	5,254,968	(463,164)	(610,668)
EQUITY:						
ALLIANCE	26,566,661	32,024,462	14.00%	29,427,819	(2,861,158)	2,596,643
BATTERYMARSH	29,535,810	31,741,281	14.00%	29,427,819	107,991	2,313,462
ENERGINS GROWTH	13,266,993	13,288,010	7.00%	14,713,910	(1,446,917)	(1,425,900)
BUY-WRITE OPTIONS	10,375,937	10,682,507	5.00%	10,509,935	(133,998)	172,572
O/S BUY-WRITE OPTIONS	(312,234)	(512,376)	0.00%	0	(312,234)	(512,376)
OVER-WRITE OPTIONS	0	0	0.00%	0	0	0
O/S OVER-WRITE OPTIONS	(322,995)	(401,002)	0.00%	0	(322,995)	(401,002)
GOLD & SILVER	1,995,050	1,231,200	1.00%	2,101,987	(106,937)	(870,787)
REAL ESTATE EQUITY	4,694,458	4,694,458	3.00%	6,305,961	(1,611,503)	(1,611,503)
TOTAL	210,198,709	207,912,854	100.00%	210,198,709	(0)	(2,285,853)

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

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
CASH					
CITY POOL A	15,663,162	15,663,162	1,687,862	10.78%	10.78%
OVERLAND MONEY MARKET FUND	4,245,386	4,245,386	361,669	8.52%	8.52%
FIXED:					
CORP. BONDS	79,044,442	70,988,190	7,407,002	9.37%	10.43%
2ND TRUST DEED	950,206	1,065,846	167,474	17.63%	15.71%
MORTGAGE BACKED CERT.	19,704,029	18,557,430	1,984,704	10.07%	10.69%
REAL ESTATE MORTGAGE	4,791,804	4,644,300	576,028	12.02%	12.40%
EQUITY:					
ALLIANCE	26,566,661	32,024,462	648,094	2.44%	2.02%
BATTERYMARCH	29,535,810	31,741,281	1,301,248	4.41%	4.10%
EMERGING GROWTH	13,266,993	13,288,010	173,183	1.31%	1.30%
BUY-WRITE OPTIONS	10,575,937	10,682,507	402,782	3.88%	3.77%
O/S BUY-WRITE OPTIONS	(312,234)	(512,376)	0	0.00%	0.00%
OVER-WRITE OPTIONS	0	0	0	0.00%	0.00%
O/S OVER-WRITE OPTIONS	(322,995)	(401,002)	0	0.00%	0.00%
GOLD & SILVER	1,995,050	1,231,200	0	0.00%	0.00%
REAL ESTATE EQUITY	4,694,458	4,694,458	384,357	8.19%	8.19%
TOTAL	210,198,709	207,912,854	15,094,603	7.18%	7.26%

SCENS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT
FOR THE PERIOD 4/30/85 TO 5/31/85

	BALANCE 4/30/85	INTEREST INCOME	DIV.	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST INCOME	CHANGE IN O/S OPTIONS	BALANCE 5/31/85
EXTERNAL CONTRIBUTION	002,490				1,434,260				2,316,750
FIELD:									
COMP. BONDS	09,250,257	4,722							09,999,440
TRUST REE	979,305								991,390
MORTGAGE BACKED CERT.	20,795,567								20,960,971
REAL ESTATE MORTGAGES	5,337,722								5,407,716
ALLIANCE	24,002,493	1,015	17,062	(17,927)					24,014,283
BATTERYMANCH	29,043,005	3,533	30,232	365					29,006,015
EMERGING GROWTH	14,015,737	11,740	8,377	199,040					15,033,710
BUY-WRITE OPTIONS	10,459,500	769	20,935	150,947	27,935			37,569	10,840,126
O/S BUY-WRITE OPTIONS	(349,003)			(50,906)	197,002			(190,016)	204,434
OVER-WRITE OPTIONS	137,404	054							132,993
O/S OVER-WRITE OPTIONS	(132,979)								(132,993)
GOLD & SILVER	2,015,026								2,015,213
REAL ESTATE EQUITY	6,222,203			107					6,233,754
TOTAL	207,250,975	0	23,441	1,006,503	93,426	297,963	224,957	11,551	210,190,709

SCL₂ - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT
AS OF MAY 31, 1985

	CASH		INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	OVERLAND		
EXTERNAL CONTRIBUTIONS	2,316,758	0	0	2,316,758
FIXED:				
CORP. BONDS	10,205,815	749,351	79,044,442	89,999,608
2ND TRUST DEED	41,184	0	950,206	991,390
MORTGAGE BACKED CERT.	969,570	307,372	19,704,029	20,980,971
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SUB-TOTAL	11,216,569	1,056,723	99,698,677	111,971,969
REAL ESTATE MORTGAGE	570,376	45,536	4,791,804	5,407,716
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TOTAL FIXED	11,786,945	1,102,259	104,490,481	117,379,685
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EQUITY:				
ALLIANCE	0	247,582	26,566,661	26,814,243
BATTERYMARCH	0	350,205	29,535,810	29,886,015
EMERGING GROWTH	0	1,768,717	13,266,993	15,035,710
BUY-WRITE OPTIONS	0	492,189	10,375,937	10,868,126
O/S BUY-WRITE OPTIONS	0	0	(312,234)	(312,234)
OVER-WRITE OPTIONS	0	284,434	0	284,434
O/S OVER-WRITE OPTIONS	0	0	(322,995)	(322,995)
GOLD & SILVER	20,163	0	1,995,050	2,015,213
REAL ESTATE EQUITY	1,539,296	0	4,694,458	6,233,754
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TOTAL EQUITY	1,559,459	3,143,127	85,799,680	90,502,266
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TOTAL	15,663,162	4,245,386	190,290,161	210,198,709
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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 invested income (interest, dividend, gains, losses, etc.) and all contribution transfers.

REPORTS OF SECRETARY

STATUS REPORT - REQUEST OF DALLAS MCCOLLUM

Richard E. Snyder, Secretary, informed the Board that Jon King of TPF&C, the system's actuary, will submit reports on the questions raised by Mr. McCollum on the social security offset provisions and also on benefit reduction due to members' retirement contribution deficits. The reports should be available for consideration at the next regular meeting. Mr. Snyder will also submit a staff report outlining the issues for the Board.

TPF&C PERSONNEL CHANGE

The Secretary informed the Board that Charles Thorne is no longer working for TPF&C Consulting Actuaries. Mr. Thorne served as assistant to the system's principal actuary, Jon King.

LOOMIS, SAYLES & COMPANY OPTIONS PROGRAM STOCK SELECTION

As requested at the last regular meeting, the Secretary contacted William Mullen, Options Program Manager, Loomis, Sayles & Company, to determine the manner in which he chooses stocks to be optioned. Mr. Mullen stated he has sufficient flexibility of stock selection for our portfolio.

There being no further business, the meeting was adjourned at 2:00 p.m. to meet again at the call of the chair.