

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYERS' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
AUGUST 20, 1984

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 103, 601 - 9th Street, at 1:00 p.m.

PRESENT: D'Agostini, Friery, Rees, Wolford

ABSENT: Leland

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD JULY 16, 1984
APPROVED

Mrs. Rees moved to approve the minutes of the regular meeting held July 16, 1984. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: D'Agostini, Friery, Rees, Wolford

NOES: None

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

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

City Treasurer Thomas Friery submitted and reported on the July 1984 Monthly Investment Activity Report.

Mrs. Rees moved to accept the investment activity report.

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

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

(Continued)

Item 1

9/17/84



CITY OF SACRAMENTO

RECEIVED

AUG 10 1984

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASST. TREASURER

OFFICE OF THE TREASURER
800 10TH STREET
SUITE 1
SACRAMENTO, CA 95814
TELEPHONE (916) 443-5318

EMPLOYEE SERVICES

August 10, 1984

TO: Administration, Investment & Fiscal Management Board (AI & FM)
FROM: Thomas P. Friery, City Treasurer
SUBJECT: Investment Activity Report, July, 1984

The following attachments describe the cash and investments outstanding for the Sacramento City Employees Retirement System as of the end of June, 1984:

<u>ATTACHMENT</u>	<u>NAME OF REPORT</u>	<u>BOARD ACTION</u>
A-1	Statement of Assets Available for Investment	Informational
A-2	Statement of Estimated Income Rates of Return	Informational
A-3	Statement of Changes in Assets Available for Investment	Informational

The following attachments describe the investment activity consummated during the month of July, 1984:

B	Fixed Income Activity	Approve
C	Common Stock Activity (Core Equity Alliance)	Approve
D	Common Stock Activity (Core Equity Batterymarch)	Approve
E	Common Stock Activity (Core Equity Emerging Growth)	Approve
F	Common Stock Activity (Core Equity Full Options)	Approve
G	Gold & Silver Report (Hard Asset Program)	Approve

Respectfully Submitted,

Donald E. Sperling
THOMAS P. FRIERY
City Treasurer

TPF/naw

Attachment (9)

SCERS Statements of Assets Available for Investment
As of June 30, 1984

	Cash Pool A	Cash Overland	Investment @ Cost	Amount 1/ Available For Investment	% Authorized	Dollar Authorized	Dollar 2/ Over (Under)
External Contributions	\$ 5,201,228	\$ -0-	\$ -0-	\$ 5,201,228	0.00	\$ -0-	\$ 5,201,228
Fixed:							
Corp Bonds	4,268,286	333,980	75,282,747	79,885,013	40.00	76,054,091	3,830,922
2nd Trust Deed	232,730	-0-	1,719,252	1,951,982	1.00	1,901,352	50,630
Mortgage Backed	1,642,380	217,904	16,736,678	18,596,962	10.00	19,013,523	(415,561)
Subtotal	6,143,396	551,884	93,738,677	100,433,957	51.00	96,968,965	3,464,991
Real Estate Mortgages	6,140,471	-0-	3,154,122	9,294,598	5.00	9,506,761	(212,163)
Total Fixed	12,283,872	551,884	96,892,799	109,728,555	56.00	106,475,727	3,252,828
Equity:							
Alliance	-0-	1,263,250	20,997,950	22,261,200	14.00	26,618,932	(4,357,732)
Batterymarch	-0-	433,757	22,460,422	22,894,179	14.00	26,618,932	(3,724,753)
Emerging Growth	-0-	1,030,145	12,025,222	13,055,367	7.00	13,309,469	(254,099)
Full Options	-0-	89,719	9,981,590	10,071,309	5.00	9,506,761	564,548
Gold & Silver	(5,593)	-0-	1,815,350	1,809,757	1.00	1,901,352	(91,595)
Real Estate Equity	880,285	-0-	4,694,458	5,574,743	3.00	5,704,057	(129,314)
Options	-0-	-0-	(461,111)	(461,111)	0.00	-0-	(461,111)
Total Equity	867,692	2,816,871	71,513,881	75,198,444	44.00	83,659,500	(8,454,056)
TOTAL	\$ 18,359,792	\$ 3,368,755	\$168,406,680	\$190,135,227	100.00	\$190,135,227	\$ -0-

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, dividend, gains, losses, etc.) and all contribution transfers.

2/ This column represents the variance between the amount available for investments (column 4) and the amount authorized as percentage of the total assets (column 6). As a result of Board action taken February 27, 1984 investment asset diversification was accomplished in compliance with Board direction. Such direction requires the City Treasurer to recommend asset reallocation policy every 6 months, at which time adjustments will be made to investment asset classification in compliance with Board Directives. Therefore, please disregard the over and under investment column as it has

SCERS - Statement of Estimated
Income & Rates of Return
As of June 30, 1984

	<u>Cost</u>	<u>Market</u>	<u>Estimated Annual Income</u>	<u>Est. Rate At Cost</u>	<u>Est. Rate At Market</u>
Cash					
City Pool A	\$ 18,359,792	\$ 18,359,792	\$ 2,127,900	11.59	11.5
Overland Money Market Fund	3,368,755	3,368,755	349,840	10.385	10.3
Fixed:					
Corp. Bonds	75,282,747	55,118,428	6,951,000	9.23	12.6
2nd Trust Deed	1,719,252	1,767,219	303,104	17.63	17.1
Mtg. Backed Cert.	16,736,678	13,166,701	1,657,960	9.91	12.5
Real Estate Mortgages	3,154,122	2,884,143	344,380	10.91	11.9
Equity:					
Alliance	20,997,950	19,631,633	726,620	3.46	3.7
Batterymarch	22,460,422	21,889,780	1,167,474	5.20	5.3
Emerging Growth	12,025,222	11,146,529	231,215	1.92	2.0
Full Options	9,981,590	8,381,108	350,369	3.51	4.1
Gold & Silver	1,815,350	1,466,500	-0-	-0-	-0-
Real Estate Equity	4,694,458	4,694,458	450,200	9.59	9.1
Options O/S	(461,111)	(427,716)	-0-	-0-	-0-
TOTAL	<u>\$190,135,227</u>	<u>\$161,447,330</u>	<u>\$ 14,660,062</u>	<u>7.71</u>	<u>9.1</u>

SCERS - Statement of Changes in Assets
 Available for Investment
 5/31/84 - 6/30/84

ATTACHMENT A-3

	5/31/84	Interest Income			Dividend	Gain (Loss) On Sales	Option Sales Proceeds	Net Rental Income	Net External Contrib.	Contrib. Transf.	Interest Purchase	Changes in Options O/S	Balance 6/30/84
		Pool A	Overland	Investment									
External Contribution	\$ 4,591,340	\$	\$	\$	\$	\$	\$	\$	\$609,888	\$	\$	\$	\$ 5,201,228
Fixed:													79,895,013
Corp. Bonds	79,391,100	159,853	6,396	327,584									1,951,987
2nd Trust Deed	1,926,358			25,624		3,440							12,595,967
Mortgage Backed	18,447,437			146,036									9,294,598
Real Estate Mortgages	9,088,092	174,564		31,942									
Equity:													22,261,200
Alliance	22,507,590		17,907	87,667	(351,964)								22,834,177
Batterymarch	22,574,100		3,551	136,945	179,495								13,055,367
Emerging Growth	12,992,168		22,828	26,790	13,581								10,071,309
Full Options	10,124,183		1,333	34,691	(373,616)	284,718							1,809,751
Gold & Silver	1,309,767							34,567					5,574,741
Real Estate Equity	5,618,669	21,517										(127,021)	(451,111)
Options O/S	(334,090)												
TOTAL	\$188,636,912	\$355,934	\$ 52,015	\$531,185	\$286,093	\$(529,064)	\$284,718	\$34,567	\$609,888	\$	\$	\$(127,021)	\$190,135,222

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT

ACCEPTED

Real Estate Advisor W. Jim Smith submitted and reviewed the July 1984 Real Estate Advisor's Report and the July 1984 Real Estate Property Management Report. The Board also received Requests for Approval of the 1984-85 Operating Budgets for the 1414 K Street Building and the Larchmont Square Office Building. Mr. Smith withdrew the budget requests, which will be resubmitted at the next meeting.

Mr. Smith requested approval for expending funds for the rebalancing of the heating/air conditioning system and for the extension of a hallway in the approximate amounts of \$2,500 and \$3,500, respectively, as improvements on the 1414 K Street Building.

Mr. Friery moved to accept the July 1984 Real Estate Advisor's Reports and approve the improvement expenditures as requested.

The motion was seconded by Mrs. Rees and was carried by the following vote:

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

ALLIANCE CAPITAL MANAGEMENT JUNE 30, 1984 QUARTERLY EQUITY REPORT

ACCEPTED

John Story, Senior Vice President of Alliance Capital Management, submitted and reported on the June 30, 1984 quarterly equity report.

Mrs. Rees moved to accept the report. The motion was seconded by Mr. Leland and was carried by the following vote:

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

(Continued)

BATTERYMARCH FINANCIAL MANAGEMENT JUNE 30, 1984 QUARTERLY EQUITY REPORT
ACCEPTED

Dean Williams, Senior Vice President of Batterymarch Financial Management, submitted and reported on the June 30, 1984 quarterly equity report. Mr. Williams also introduced his associate Larry Spydell.

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

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

LEHMAN MANAGEMENT JUNE 30, 1984 QUARTERLY EMERGING GROWTH EQUITY REPORT
ACCEPTED

Ronald Worobel and H. Scott Higgins of Lehman Management Company, Inc., submitted and reported on the June 30, 1984 quarterly emerging growth equity report.

Mrs. Rees moved to accept the report. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

LOOMIS, SAYLES AND COMPANY JUNE 30, 1984 QUARTERLY OPTION PROGRAM REPORT
ACCEPTED

William Mullen, Options Manager, Loomis, Sayles & Company, submitted and reported on the June 30, 1984 quarterly options report.

The Board briefly discussed the reinstatement of the covered call options program with Mr. Mullen. The Chairman continued the discussion to the next meeting.

Mr. Leland moved to accept the report. The motion was seconded by Mrs. Rees and was carried by the following vote:

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

(Continued)

SEI MARKET INDEXES
INFORMATIONAL

The Board received copies of SEI Market Indexes for the second quarter of 1984. The Board accepted the item as informational.

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

RESOLUTION ADOPTING INVESTMENT ASSET INCREMENT REALLOCATION PROCEDURES
ADOPTED

The Board received a draft resolution which rescinds Resolution Nos. 83-003 and 83-010 and adopts investment asset increment reallocation procedures.

The Board discussed and amended the draft resolution and continued the item to the next regular meeting.

RESOLUTION ADOPTING GUIDELINES DELEGATING CERTAIN AUTHORITY TO REAL ESTATE
MANAGER, REGARDING PROPERTIES OWNED BY THE SCERS
ADOPTED

Deputy City Attorney William Carnazzo and Real Estate Advisor W. Jim Smith submitted the Real Estate Equity Delegation and Approval Guidelines and enacting resolution for the Board's review and approval.

Mrs. Rees moved to approve the guidelines and adopt the resolution. The motion was seconded by Mr. Leland and was carried by the following vote:

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

ANNUAL VALUATION OF REAL ESTATE EQUITY PORTFOLIO
ADOPTED

As requested by the Board, Real Estate Advisor W. Jim Smith submitted his recommendation for the valuation of the real estate equity portfolio. Mr. Smith recommended an MAI appraisal be done every three years and that the properties values be estimated yearly for reporting purposes.

Mr. Leland moved that the Board adopt Mr. Smith's recommendation and that counsel draft a resolution for adoption by the Board.

(Continued)

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

AYES: Leland, D'Agostini, Friery, Rees, Wolford

NOES: None

REPORTS OF SECRETARY

SCERS ACTIVITY SCHEDULE FOR 1983-84 ANNUAL REPORT
INFORMATIONAL

Secretary Richard E. Snyder submitted a memorandum outlining the activity schedule to insure a timely preparation and distribution of the fiscal year 1983-84 Sacramento City Employees' Retirement System Annual Report.

The Board accepted the item as informational.

There being no further business, the meeting was adjourned at 3:40 p.m. to meet again at the call of the chair.