

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
FEBRUARY 22, 1988

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 1:33 p.m. on February 22, 1988.

PRESENT: DeCamilla, Frierson, Friery, Stamper, Wolford

ABSENT: None

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD JANUARY 25, 1988
APPROVED

The Board received and reviewed the minutes of the regular meeting held January 25, 1988. Mr. Friery requested the minutes be amended to reflect that during the discussion of asset reallocation the Treasurer's staff will be preparing a report, to be explored with other pension plans and investment managers, on the concept of cash rate of return versus total rate of return.

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

AYES: Frierson, Wolford, Friery, DeCamilla

NOES: None

ABSTAIN: Stamper

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the December, 1987 Treasurer's Investment Activity Report. Don Sperling, Assistant City Treasurer, and Deborah Carter, Investment Officer, reviewed the investment report with the Board.

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

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

CITY TREASURER'S UTILITY STOCK DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the Treasurer's Utility Stock Fixed Income Alternative Portfolio and Portfolio Results for the quarter ending December 31, 1987. Mr. Friery distributed to the Board copies of charts reflecting price comparisons, from May 5, 1987 to February 17, 1988, on the individual stocks within the fixed utility portfolio. Mr. Friery reviewed the report and charts with the Board

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

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

HARD ASSET PROGRAM DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED AS STATED

Mr. Friery informed the Board that the report was not ready. Mr. Friery verbally informed the Board of the quarterly performance and will follow-up with a written quarterly report at the March, 1988 meeting.

Ms. Frierson moved to accepted the verbal report as stated by Mr. Friery. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

REAL ESTATE ADVISOR'S REPORT
APPROVED

The Board received the January, 1988 Real Estate Advisor's Report, submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

Mr. Smith recommended the Board authorize the following additional expenditures to complete the renovation on the 1414 K Building:

1. \$138,821 to complete the second and third floors; and
2. \$164,657 to change the corridor lighting on the second through sixth floor to be identical with the lobby.

This would bring the total expenditure for remodeling to \$802,678. The total system's investment in the property, including original purchase price will be \$4,609,678. There was discussion about the proposed adjacent parking lot.

After discussion, Ms. Frierson moved to approve the Real Estate Advisor's Report. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

ALLIANCE CAPITAL DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1987 quarterly report from Alliance Capital. John Story reviewed the report with the Board.

Ms. Frierson moved to accept the report. The motion was seconded by Mr. Stamper and was carried by the following vote:

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

BATTERYMARCH DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1987 quarterly report from Batterymarch. Dean LeBaron and Richard Gula were present. Mr. LeBaron reviewed the report with the Board and discussed investment strategies.

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

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1987 quarterly report from Delaware Investment Advisers. George Deming reviewed the report with the Board.

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

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

NEWBOLDS ASSET DECEMBER 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1987 quarterly report from Newbolds Asset. Steve Mozur reviewed the report with the Board.

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

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

SEI PERFORMANCE SUMMARY, MARKET INDEXES FOURTH QUARTER
INFORMATIONAL

The Board accepted as informational SEI's Performance Summary, Market Indexes, and Retirement Fund Universe for the fourth quarter.

ASSET REALLOCATION
APPROVED

The Board received and reviewed the recommended asset reallocation report in accordance with resolution 84-007 based on December 31, 1987 values. Don Sperling, Assistant City Treasurer, reviewed the report with the Board and informed the Board that all investment managers have been contacted. In compliance with resolution 84-007 the reallocation is as follows:

Fixed	58%
Alliance	8%
Batterymarch	9%
Delaware	9%
Newbold's	9%
Hard Assets	1%
Real Estate Equity	6%
	<u>100%</u>

After discussion, Mr. Wolford moved to approve the asset reallocation. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

REPORTS OF SECRETARY

REQUEST FOR PROPOSAL FOR SYSTEM ACTUARY

The Board received a report and a proposal for actuarial services submitted by Richard E. Snyder, Secretary to the Board. Also submitted, was correspondence from David C. LeSueur, Principal Actuary, Towers, Perrin, Forster & Crosby (TPF&C), requesting the Board to reconsider its policy on changing actuaries. Mr. Snyder reviewed the report which outlined the Board's

two alternatives: 1) confirm the current policy and proceed with a proposal for actuarial services and selection process, or 2) change current policy and retain TPF&C.

After a lengthy discussion, Mr. Wolford moved to change current policy and retain the services of TPF&C for an additional six years with annual automatic renewal with the provision that an annual actuarial audit be performed in conjunction with the City's annual external audit. The motion was seconded by Mr. Stamper and was carried by the following vote:

AYES: Frierson, Stamper, Wolford, Friery, DeCamilla

NOES: None

SCERS INVESTMENT MANAGER PAYMENTS FOR 1987
ACCEPTED AS INFORMATIONAL

Richard E. Snyder, Secretary to the Board, submitted a summary of payments made to the investment managers, who were under contract to the Sacramento City Employees' Retirement System during fiscal year 1986-87. The Board accepted the item as informational

CITIZENS ADDRESSING THE BOARD ON MATTERS NOT ON THE AGENDA

Deborah Carter, Investment Officer, informed the board that by October, 1989 the Treasurer's office will prepare and submit a report regarding cash rate of return versus total rate of return.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Friery discussed with the Board the need to respond to the mayor's request regarding the Board's Real Estate Investment Policy. There was general discussion about this subject but no action was taken by the Board.

There being no further business the meeting was adjourned at 4:40 p.m. to meet again at the call of the chair.