

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
SEPTEMBER 28, 1987

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 1:30 p.m. on September 28, 1987. Vice Chairman Terry Wolford presided. Deborah Carter represented Mr. Friery.

PRESENT: Carter, Frierson, Masuoka, Wolford

ABSENT: DeCamilla

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD AUGUST 24, 1987
APPROVED

The Board received and reviewed the minutes of the regular meeting held August 24, 1987. Ms. Frierson moved the minutes be approved. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Carter, Frierson, Masuoka, Wolford

NOES: None

Mr. DeCamilla arrived at 1:40 p.m.

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the July, 1987 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report with the Board.

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

AYES: Carter, DeCamilla, Frierson, Masuoka, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORSREAL ESTATE ADVISOR'S REPORT
CONTINUED

The Board received the August, 1987 Real Estate Advisor's Report submitted by W. Jim Smith of WJS & Associates. As Mr. Smith was not present to review the report, the Board continued this matter to the next regular meeting in October.

SEI JUNE 30, 1987 QUARTERLY REPORT ON PERFORMANCE
ACCEPTED

The Board received SEI's performance reports for the quarter ending June 30, 1987. John McLaughlin, from SEI, reviewed the report and the system's current investment policies and objectives of each investment manager.

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

AYES: Carter, DeCamilla, Frierson, Masuoka, Wolford

NOES: None

Mr. McLaughlin distributed to the Board a new report format for review. With the new format SEI can prepare a report faster from their system and the performance comparison would be against SEI's balance fund universe rather than local government.

SEI PERFORMANCE REVIEW FOR SECOND QUARTER
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of SEI's Performance Review for the second quarter.

SEI RESEARCH REPORT
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of SEI's Research Report.

BATTERYMARCH AUGUST 1987 PERFORMANCE
ACCEPTED AS INFORMATIONAL

The Board received and accepted as informational copies of Batterymarch's August 1987 Performance.

REPORTS OF SECRETARY

Richard Snyder, Secretary to the Board, informed the Board that the draft actuarial report should be available for the November 1987 meeting.

Mr. Snyder requested that the Annual Report cover letter be completed no later than four weeks from this date.

GENERAL COMMUNICATIONS

Mr. Friery submitted a letter, for the Board's consideration, from John McLaughlin, SEI Account Executive, concerning performing a study to develop an asset allocation plan in view of the unusual nature of the system (closed fund).

After discussion, the Board decided to wait until the system's actuary submitted the draft actuarial report, which will address specifically the system's assets, investment performance, asset allocation and funding obligations, as these items relate to active members' declining contributions.

There being no further business, the meeting was adjourned at 3:00 p.m.

AMENDED

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT
AS OF AUGUST 31, 1987

4
September 1987

	CASH		SCERS INVESTMENT POOLS	INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	PAC HOR			
EXTERNAL CONTRIBUTIONS	263,510	0	0	0	263,510
FIXED:					
BONDS, 2ND TD'S, & MTG. BK. CERTS	(3,088,726)	1,415,637	0	139,941,474	138,268,385
REAL ESTATE MORTGAGE	2,914,624	0	0	3,717,289	6,631,913
TOTAL FIXED	(174,102)	1,415,637	0	143,658,763	144,900,298
EQUITY:					
ALLIANCE	0	1,806,083	0	28,747,758	30,553,841
BATTERYMARCH	0	1,513,179	0	26,267,875	27,781,054
DELAWARE	0	2,858,054	0	24,850,556	27,708,610
NEUBOLD'S	0	6,695,734	0	20,099,802	26,795,536
UTILITY STOCK	0	536,400	0	13,723,077	14,259,477
GOLD & SILVER	248,719	0	0	3,076,522	3,325,241
REAL ESTATE EQUITY	5,667,305	0	0	11,090,207	16,757,512
TOTAL EQUITY	5,916,024	13,409,450	0	127,855,797	147,181,271
TOTAL	6,005,432	14,825,087	0	271,514,560	292,345,079

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.

SCERS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT
FOR THE PERIOD 7/31/87 TO 8/31/87

	BALANCE 7/31/87	INTEREST INCOME			DIV.	GAIN (LOSS) ON SALES	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST PURCH.	BALANCE 8/31/87
		POOL A	PAC HOR	INVESTMENT							
EXTERNAL CONTRIBUTION	889,585							(626,075)			263,510
FIXED:											
BONDS, 2ND TD'S. & MTG. BK. CERTS	137,110,983		4,807	1,025,256		127,339					138,268,385
REAL ESTATE MORTGAGES	6,594,051			37,862							6,631,913
EQUITY:											
ALLIANCE	29,870,848		9,008		51,672	622,313					30,553,841
BATTERYMARCH	24,761,110		7,379		30,273	2,982,292					27,781,054
DELAWARE	27,264,089		9,683		45,651	389,187					27,708,610
NEWBOLD'S	26,706,132		40,596		48,808						26,795,536
UTILITY STOCK	13,957,034		637		64,460	237,346					14,259,477
GOLD & SILVER	3,293,491					31,750					3,325,241
REAL ESTATE EQUITY	16,673,080			28,432			56,000				16,757,512
TOTAL	287,120,403	0	72,110	1,091,550	240,864	4,390,227	56,000	(626,075)	0	0	292,345,079

ATTACHMENT A-3

SCERS - STATEMENT OF ESTIMATED INCOME & RATES OF RETURN
AS OF AUGUST 31, 1987

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
CASH					
CITY POOL A	5,005,432	6,005,432	488,241	8.13%	8.13%
PAC HORIZONS MONEY MARKET FUND	14,825,087	14,825,087	949,477	5.73%	5.73%
SCERS INVESTMENT POOLS	0	0	0	0.00%	0.00%
FIXED:					
BONDS, 2ND TD'S, & MTG. BK. CERTS	139,941,474	133,213,630	12,297,930	8.79%	9.23%
REAL ESTATE MORTGAGE	3,777,289	4,075,223	455,383	12.25%	11.17%
EQUITY:					
ALLIANCE	28,747,758	36,437,131	671,483	2.34%	1.84%
BATTERYMARCH	26,267,875	34,827,345	667,069	2.54%	1.92%
DELANARE	24,850,556	30,427,250	1,239,352	4.99%	4.07%
NEWBOLD'S	20,099,802	24,431,553	807,570	4.02%	3.31%
UTILITY STOCK	13,723,077	13,979,713	843,320	6.15%	6.03%
GOLD & SILVER	3,076,522	2,852,100	1,200	0.04%	0.04%
REAL ESTATE EQUITY	11,090,207	11,368,133	631,000	5.69%	5.55%
TOTAL	292,345,079	312,442,607	18,952,025	6.48%	6.07%

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON
COST/MARKET AS OF AUGUST 31, 1987

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	1/ OVER (UNDER) INVESTED BASED UPON COST	1/ OVER (UNDER) INVESTED BASED UPON MARKET
CITY POOL A	6,005,432	6,005,432	0.00%	0	6,005,432	6,005,432
PAC HORIZONS MONEY MARKET FUND	14,825,087	14,825,087	0.00%	0	14,825,087	14,825,087
SCERS INVESTMENT POOLS	0	0	0.00%	0	0	0
BONDS, 2ND TD'S, & MTG. BK. CERTS	139,941,474	133,213,630	48.50%	141,787,363	(1,845,889)	(8,573,733)
REAL ESTATE MORTGAGE	3,717,289	4,075,223	2.50%	7,308,627	(3,591,338)	(3,233,404)
ALLIANCE	28,747,758	36,437,131	10.00%	29,234,508	(486,750)	7,202,623
BATTERYMARCH	26,267,875	34,827,345	9.00%	26,311,057	(43,182)	8,516,288
DELAWARE	24,850,556	30,427,250	9.00%	26,311,057	(1,460,501)	4,116,193
NEWBOLD'S	20,099,802	24,431,563	9.00%	26,311,057	(6,211,255)	(1,879,494)
UTILITY STOCK	13,723,077	13,979,713	5.00%	14,617,254	(894,177)	(637,541)
GOLD & SILVER	3,076,522	2,852,100	1.00%	2,923,451	153,071	(71,351)
REAL ESTATE EQUITY	11,090,207	11,368,133	6.00%	17,540,705	(6,450,498)	(6,172,572)
TOTAL	292,345,079	312,442,607	100.00%	292,345,079	0	20,097,528

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 12/31/86 and became effective 2/27/87. The cash position of each asset category is shown in Attachment A-1.

1]

SCERS - STATEMENT OF PURCHASES AND SALES ACTIVITY
FOR AUGUST 1987

PORTFOLIO MANAGER	PURCHASES (COST)	(PROCEEDS)	SALES (COST)	GAIN/(LOSS)
FIXED:				
BONDS	\$1,980,469	\$1,407,922	(\$1,284,025)	\$123,897
MTG BACKED	\$0	\$134,507	(\$131,065)	\$3,442
2ND TD'S	\$0	\$1,027	(\$1,027)	\$0
REAL ESTATE MORTGAGES:				
CAPITAL SQUARE PARKING	\$0	\$11,723	(\$11,723)	\$0
FHA TITLE II	\$0	\$358	(\$358)	\$0
D.B. FITE	\$0	\$905	(\$905)	\$0
ATHERTON INDUSTRIES	\$0	\$1,349	(\$1,349)	\$0
TOTAL FIXED	\$1,980,469	\$1,557,791	(\$1,430,452)	\$127,339
EQUITY:				
UTILITY STOCKS	\$891,548	\$1,221,309	(\$983,963)	\$237,346
ALLIANCE	\$3,516,302	\$4,005,072	(\$3,382,759)	\$622,313
BATTERYMARCH	\$4,749,896	\$4,934,468	(\$1,952,176)	\$2,982,292
DELAWARE	\$588,300	\$1,246,033	(\$856,846)	\$389,187
NEWBOLD'S	\$728,284	\$0	\$0	\$0
GOLD & SILVER	\$2,895,272	\$419,250	(\$387,500)	\$31,750
TOTAL EQUITY	\$13,369,602	\$11,826,132	(\$7,563,244)	\$4,262,888
TOTAL	\$15,350,071	\$13,383,923	(\$8,993,696)	\$4,390,227

1] For detailed listings of activity, see Attachments 'B' through 'H'.