

RESOLUTION NO. 86-001

Adopted by the Administration, Investment
and Fiscal Management Board of the Sacramento
City Employees' Retirement System
on February 14, 1986

**A RESOLUTION ADOPTING REVISED ASSET
ALLOCATION PROCEDURES AND OTHER
MATTERS RELATING TO ASSET MANAGERS**

BE IT RESOLVED BY THE ADMINISTRATION, INVESTMENT AND
FISCAL MANAGEMENT BOARD OF THE SACRAMENTO CITY EMPLOYEES'
RETIREMENT SYSTEM AS FOLLOWS:

1. The Board's counsel shall prepare for adoption by the
Board, a resolution amending existing resolutions regarding asset
allocation, to accomplish the following:

a. The split between "fixed" and "equity" assets
shall remain at 56% and 44%, respectively.

b. Within the "fixed" category, those categories
identified as: "(a) Bonds; (b) Second trust deeds;
(c) Mortgage certificates (GNMA, etc.)", shall be
combined into a single category labeled "fixed income",
and the remaining categories shall be renumbered
accordingly.

c. Within the "equity" category, "full options
management - 5%" shall be eliminated.

d. Under the subcategory "Common stocks", the
35% figure shall become 36%, and sub-allocated on a
temporary basis as follows:

Alliance	15%
Batterymarch	14%
Lehman	7%

e. Under the subcategory "Real estate equity
funds", the 3% figure shall become 6%.

f. The category "hard money assets - 1%" shall
remain unchanged.

g. A new category shall be added on a temporary
basis, called "other", and 1% shall be allocated to
that category.

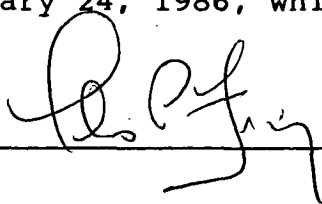
2. The Board's secretary and its legal counsel are directed to work with S.E.I. to prepare for submission to the Board a proposal for S.E.I. to conduct a study regarding long term policies for asset allocation, taking into consideration market projections and the actuarial concepts and assumptions of the System, given that it is a closed-end system.

3. The Board's Secretary and its legal counsel are directed to work with S.E.I. to prepare for submission to the Board at its regular meeting on March 17, 1986, a proposal for S.E.I. to conduct search for one or more common stock managers from among those prospects having at least 10 years' performance within the upper 33-1/3 percentile within the applicable S.E.I. universe. The cost of the services shall not exceed \$20,000. S.E.I. shall immediately commence procedures to screen the universe for prospects, during the process of negotiating for an acceptable agreement with the Board.

4. The options agreement between the System and Loomis-Sayles, dated August 1, 1983 as amended March 19, 1985, shall be terminated in its entirety effective at the earliest possible legal date, including both the full options management program and the covered call options program. However, until a new agreement is executed with Loomis-Sayles for a revised covered call program, Loomis-Sayles shall operate the current covered call program under and pursuant to the August 1, 1983 agreement, as amended March 19, 1985.


5. The City Treasurer is directed to report back to the Board at its next regular meeting regarding the potential for, and the method of implementation of, a program for purchase of electric utility securities as a bond substitute.

6. Pending final decision of the Board, Shearson-Lehman Brothers shall retain funds in its possession, except that it shall return to the System all cash in its portfolio as of December 31, 1985 or as of February 24, 1986, whichever amount is greater.




CHAIRMAN

Approved as to Form:


WILLIAM P. CARNAZZO
Deputy City Attorney

ATTEST:


RICHARD E. SNYDER
Secretary to the Board