

May 24, 1993

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
May 24, 1993

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 101, 921 Tenth Street, at 1:30 p.m. on May 24, 1993.

PRESENT: Frierson, Masuoka, Friery

ABSENT: Crist, DeCamilla

Mr. Friery introduced Mr. John Worcester, the new Retirement System Manager replacing Ms. Margaret Allen.

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD MARCH 22, 1993
APPROVED

Mr. DeCamilla arrived at 1:35 p.m.

The Board received and reviewed the minutes of the regular meeting held March 22, 1993. Ms. Masuoka moved to approve the minutes. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Frierson, Masuoka, Friery, DeCamilla

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the February and March, 1993 Treasurer's Investment Activity Reports. Ms. Deborah Kanner, Investment Officer, reviewed the investment reports with the Board.

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Ms. Kanner distributed, for the Board's information, a chart comparing the book and market value of the fund from July, 1992 to present.

Mr. Friery briefly discussed the performance of the new Large Cap Growth fund and advised the Board that staff will present the March 31, 1993 quarterly report at the next meeting.

Ms. Frierson moved to accept the February and March, 1993 investment activity reports. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Frierson, Masuoka, Friery, DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORTS APRIL AND MAY, 1993
ACCEPTED

The Board received the April and May, 1993, Real Estate Advisor's reports. Jim Smith, of WJS & Associates, reviewed the reports 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, Masuoka, Friery, DeCamilla

NOES: None

1414 K STREET - PRESERVATION BOARD DECISION
CONTINUED

The Board received the Sacramento Design Review/Preservation Board's decision not to remove the system's property located at 1414 K Street from the Historical Preservation Register.

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Mr. Smith informed the Board that they could appeal the decision to the City Council; however, recognizing the wide opposition to the system's proposal along with the system's basic reasons for removal, he did not recommend the Board appeal the decision.

The Board discussed possible options, however, since Mr. Crist was not in attendance and the Board wanted to receive his comments the matter was continued to the next meeting.

The Board did direct Ms. Leslie Lopez, Counsel to the Board, to review and report back on the Board's options under the Historical Preservation Ordinance.

Mr. Friery moved to accept the paper, have Counsel report back at the next meeting on the Boards options and continue the matter to the next meeting. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Frierson, Masuoka, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS, MARCH 31, 1993, QUARTERLY REPORT
PRESENTATION
ACCEPTED

The Board received the March 31, 1993 quarterly report from Delaware Investment Advisers. Bernard P. Schaffer 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, Masuoka, Friery, DeCamilla

NOES: None

Ms. Masuoka left at 2:45 p.m. Before leaving Ms. Masuoka requested that item 10, Resolution Amending Axe-Houghton Assoc., Fees be

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continued to the next regular meeting because she wanted to participate in the discuss before any action was taken on the item. The Board agreed to continue the item to the next regular meeting.

NEWBOLD'S ASSET MANAGEMENT, MARCH 31, 1993, QUARTERLY REPORT PRESENTATION ACCEPTED

The Board received the March 31, 1993 quarterly report from Newbold's Asset Management. Lynn Wharton 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, Friery, DeCamilla

NOES: None

AXE-HOUGHTON ASSOCIATES, INC., MARCH 31, 1993, QUARTERLY REPORT ACCEPTED

The Board received and reviewed the March 31, 1993 quarterly report submitted by Axe-Houghton Associates.

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

AYES: Frierson, Friery, DeCamilla

NOES: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

RESOLUTION AMENDING AXE-HOUGHTON ASSOCIATES, INC. FEES CONTINUED

At the request of Ms. Masuoka and agreement of the Board this item was continued to the next regular meeting.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Friery briefly commented on the proposed Axe-Houghton fee increase. Mr. Friery requested that Board members contact him if they

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have any concerns or questions regarding the fee increase so staff can be prepared to respond at the next meeting

Mr. Friery stated Axe-Houghton first approached staff with a higher fee structure correlated to their performance which Mr. Friery felt was inappropriate. However, he stated that when the Board initially hired Axe-Houghton five years ago the fee structure was artificially lower than one would expect to pay a specialty investment manager.

Mr. Friery felt the proposed fee structure was reasonable. He stated that if the Board were to terminate the services of Axe-Houghton and replace them with another specialty investment manager the Board could expect to pay comparable fees.

Mr. Friery stated it was fair to consider a fee increase based on the facts of their performance, the additional funds they are managing and that they have not increased their fees since the Board initially hired them.

There being no further business the meeting was adjourned at 3:05 p.m. to meet again at the call of the chair.