

MINUTES

Regular Meeting of the
**SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD**
Monday, February 28, 2005

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 101, 921-10th Street, on Monday, February 28, 2005 at 1:37 p.m.

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:37 p.m. by Chairperson DeCamilla.

PRESENT: Kauffman, Woods, Sperling, Friery and DeCamilla

ABSENT: None

1. MINUTES OF REGULAR MEETING OF JANUARY 24, 2005

APPROVED

The Board received and reviewed the minutes of the regular meeting held January 24, 2005. Mr. Sperling moved the minutes be approved as submitted. The motion was seconded by Mr. Kauffman and was carried on the following vote:

AYES: Kauffman, Woods, Sperling, Friery and DeCamilla

NOES: None

ABSENT: None

2. INVESTMENT – TREASURER ACTIVITY REPORT FOR JANUARY 2005

John Colville of the Treasurer's Office walked the Committee through the January 2005 report. Mr. Woods moved the reports be accepted and it was seconded by Mr. Sperling. The motion was carried by the following vote:

AYES: Kauffman, Woods, Sperling, Friery and DeCamilla

NOES: None

ABSENT: None

3. Biotech-Technology Growth Fund – June 30, 2004 Quarterly Report
4. Large Capitalization/Growth Stock Portfolio, June 30, 2004 Quarterly Report
5. Fixed Alternative Equity Income Report, June 30, 2004 Quarterly Report
6. S&P Barra Value Report, June 30, 2004 Quarterly Report

A motion was made by Mr. Sperling to accept Items 3, 4, 5, and 6. The motion was seconded by Mr. Kauffman and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

7. CRA/ROGERS CASEY QUARTERLY REPORT AS OF DECEMBER 31, 2005

This report was for Board information and no action was required. CRA/RogersCasey was scheduled to be present, but due to illness was not able to make the trip.

Mr. Friery commented that the actuarial earning rate of 7.5% may be too high and that the Board should take a good look at lowering it. Mr. Woods stated that we need to know what the plan needs to earn in order to make the payments for the future. The Board's Attorney, Bob Tokunaga, stated that this should be put on the Board's Agenda and then it can be discussed. Mr. Friery stated that when the actuary makes its presentation would be a good time for this discussion.

Mr. Woods made a motion to accept the report. The motion was seconded by Mr. Sperling and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

8. SCERS FINANCIAL STATEMENTS

Mr. Kauffman presented the SCERS Financial Statements for the year ending 2004. Mr. Kauffman stated that we had a clean audit. The Board thanked Mr. Kauffman for the fine report. Mr. Woods made a motion to accept the report. The motion was seconded by Mr. Sperling and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

9. RESOLUTION ADOPTING CITY CONTRIBUTION RATES EFFECTIVE JULY 1, 2005

This item was presented by Mr. Berke of the Treasurer's Office. The City does not need to come up with a contribution for FY 2005-06. The Board may want to revisit this matter before June 30, 2006.

Mr. Woods made a motion to accept the report. The motion was seconded by Mr. Sperling and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

10. RESOLUTION ADOPTING 2005 ASSET ALLOCATION AND STRATEGY RECOMMENDATION

Assistant Chairperson Friery presented the Asset Allocation report. He explained that the fund is 70% Fixed and 30% Equity. Mr. Friery explained that because this is a closed plan that he has to invest differently from plans that will be around from a very long time. Chairperson DeCamilla remarked that the system needs \$30 Million a year. Mr. Friery explained that they have to be concerned with the cash flow.

Mr. DeCamilla stated that the Board needed to be aware that as the year goes on, if there is no improvement in the Bond Market, the Board will need to relook at asset allocation. Mr. Woods made a motion to accept the report and approve the 70/30 allocation. The motion was seconded by Mr. Splerling and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

11. RESOLUTION ADOPTING BOARD ACTION ON INTEREST RATE CREDITED TO MEMBERS ACCOUNTS EFFECTIVE JULY 1, 2005

Mr. Sperling asked how the interest rate affects member's accounts and what effect it has on people retiring. Ms. Flores, Secretary, stated that the matter would be researched and she would report back.

Mr. Sperling made a motion to accept the report. The motion was seconded by Mr. Woods and the motion carried as follows:

AYES: Sperling, Kauffman, Woods, Friery and DeCamilla

NOES: None

ABSENT: None

12. DISCUSSION REGARDING REAL ESTATE MANAGEMENT FIRMS FOR SCERS

Vice Chairperson Friery recommended that the Board pass on hiring another real estate firm. He further stated that the system should not look into the real estate area.

Board Attorney, Tokunaga stated that there was currently a Chapter 11 proceeding regarding one of the system's properties and he needed to know who was the paying agent for certain property. He stated that they were seeking to put a junior loan on the SCERS property to finance another property elsewhere. Board Member Friery stated that he did not think it was right that they would put debt on SCERS owned property. Mr. Tokunaga stated that he would research this issue and schedule a closed session.

This item required no action. It was for Board information only.

REPORTS OF SECRETARY

NONE

GENERAL COMMUNICATIONS

NONE

CITIZENS & MEMBERS ADDRESSING THE BOARD ON MATTERS NOT ON THE AGENDA

NONE

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

NONE

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:07 p.m. to meet again at the call of the Chair.