

February 26, 1990

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
February 26, 1990

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 February 26, 1990.

PRESENT: Frierson, Masuoka, Wolford, Friery, DeCamilla

ABSENT: None

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD FEBRUARY 26, 1990

APPROVED

The Board received and reviewed the minutes of the regular meeting held February 26, 1990. Mr. Friery requested the minutes be amended to reflect that Lexington Capital Management, Inc. also submitted a response to the recommended asset allocation policy. Mr. Friery moved the amended minutes be approved. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT

ACCEPTED

The Board received the December 1989 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report with the Board.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

February 26, 1990

REPORTS OF CONSULTANTS AND ADVISORS

CITY TREASURER'S UTILITY STOCK, DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the Treasurer's Utility Stock Fixed Income Alternative Portfolio Results for the quarter ending December 31, 1989. Ms. Carter reviewed the report with the Board.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

HARD ASSET PROGRAM DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the Hard Asset Quarterly Report for the quarter ending December 31, 1989. Ms. Carter reviewed the report with the Board and reminded the Board the Hard Asset Program will be liquidated by February 28, 1990 in accordance with the newly adopted asset allocation policy.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

The Board received the February, 1990 Real Estate Advisor's Report, submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

February 26, 1990

Per the Board's request, Mr. Smith presented a report updating the Board on the 1414 K Street Building since renovation and leasing on the the investment is now complete.

After discussion, Mr. Friery moved to accept the Real Estate Advisor's reports. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1989 quarterly report from Delaware Investment Advisers. George Deming reviewed the report with the Board.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

AXE-HOUGHTON MANAGEMENT DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1989 quarterly report from Axe-Houghton. Porter H. Sutro reviewed the report with the Board.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

February 26, 1990

NEWBOLD'S ASSET MANAGEMENT DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1989 quarterly report from Newbold's Asset Management. Lynn Wharton reviewed the report with the Board.

Ms. Wharton advised the Board that Newbold's parent company, Provident Mutual Life, has placed the firm up for sale. Mr. Friery stated it was important to the Board to be informed who the new owners will be.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

LEXINGTON CAPITAL MANAGEMENT DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1989 quarterly report from Lexington Capital. Ralph D'Agostini reviewed the report with the Board.

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

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

BATTERYMARCH DECEMBER 31, 1989 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1989 quarterly report from Batterymarch. Richard Gula reviewed the report with the Board.

February 26, 1990-

The Board discussed Batterymarch's performance since inception. Mr. Friery moved to accept the report. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

RESOLUTION AMENDING ASSET ALLOCATION POLICY
ADOPTED

At the January 22, 1990 meeting, the Board adopted an amended asset allocation policy. To formalize this action the Board received and reviewed a resolution. The Board requested the resolution be corrected to include language stating the ultimate result of the allocation will be 70% fixed and 30% equity to be accomplished by reducing the equity exposure by 2% each year and Attachment "A" percentages be corrected.

Ms. Masuoka moved the resolution be adopted and the corrected resolution be distributed at the next meeting as informational. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

RECOMMENDED ASSET REDISTRIBUTION
APPROVED

The Board received and reviewed the recommended asset redistribution report which is in accordance with the new asset allocation policy and in compliance with resolution #84-007.

Mr. Wolford moved to approve the redistribution of assets in compliance with resolution #84-007. The motion was seconded by Mr. Friery

February 26, 1990

and was carried by the following vote:

AYES: Frierson, Masuoka, Wolford, Friery, DeCamilla

NOES: None

REPORTS OF SECRETARY

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM ANNUAL FINANCIAL REPORT,
JUNE 30, 1990
ACCEPTED AS INFORMATIONAL

The Board accepted as informational the Sacramento City Employees' Retirement System Annual Financial Report, June 30, 1989. The Board complimented the Director of Finance Betty Masuoka and her staff for an excellent report.

Mr. Friery and Mr. DeCamilla will present the report to the City Council.

GENERAL COMMUNICATIONS

The Board received a copy of an article from the Business Journal regarding the SCERS plan to diversify the portfolio as it begins to mature. The Board accepted the article as informational.

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