

February 25, 1991

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
February 25, 1991

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 25, 1991.

PRESENT: Friery, Masuoka, Crist, DeCamilla

ABSENT: Frierson

CONSENT CALENDAR

ELECTION OF VICE CHAIRMAN FOR 1991

Mr. Crist nominated Thomas Friery to be Vice Chairman for 1991. The nomination was seconded by Ms. Masuoka. Mr. Friery was elected Vice Chairman by the following vote:

AYES: Friery, Masuoka, Crist, DeCamilla

NOES:

MINUTES OF REGULAR MEETING HELD JANUARY 28, 1991

APPROVED

The Board received and reviewed the minutes of the regular meeting held January 28, 1991. Mr. Friery moved the minutes be approved. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the December 1990 Treasurer's Investment Activity Report. Michelle Stenoski, Investment Officer, reviewed the investment report with the Board.

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

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

CITY TREASURER'S UTILITY STOCK, DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the Treasurer's Utility Stock Fixed Income Alternative Portfolio results for the quarter ending December 30, 1990. Mr. Friery reviewed the report with the Board.

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

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

The Board received the February, 1991 Real Estate Advisor's Report, submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

Currently there is \$3.4 million in cash in the Real Estate Equity Pool A fund. Mr. Smith informed the Board that he is hesitate to purchase any real estate during this current market economics.

Mr. Smith informed the Board that he is awaiting the Board's decision on removing the three trees and repairing the sidewalk on the Discovery Plaza property.

After a brief discussion, Mr. Friery moved the trees be removed

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and replaced with the type of tree the City's arborist recommended, proceed with the repair of the damaged sidewalk and to accept the Real Estate Advisor's Report. The motion was seconded by Mr. DeCamilla and was carried by the following vote:

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

Mr. DeCamilla informed the Board that he is still working on the draft letter to the City Council regarding the Community Center Expansion project.

CHANGE OF SERVICE AGREEMENT ON D. B. FITE LOAN
APPROVE

The Board received a consent to assignment from Old Stone Mortgage Corporation to Meridian Mortgage Corporation.

Mr. Smith, Real Estate Advisor, informed the Board that currently the Old Stone Mortgage Corporation is servicing the the D. B. Fite Loan. The Old Stone Mortgage Corporation has been sold to the Meridian Mortgage Corporation. The Meridian Mortgage is a quality loan servicer active within the mortgage banking field and he recommended the Board execute the documents giving consent to the assignment.

Mr. Crist moved to execute the documents giving consent to the assignment. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

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AXE-HOUGHTON MANAGEMENT, INC., DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1990 quarterly report from Axe-Houghton Management. Stephen J. Darby, President and CEO, and Porter Sutro, Vice President, reviewed the report with the Board.

Mr. Darby spoke on Axe-Houghton's recent reorganization and wanted to assure the Board that even though USF&G Financial Services is having problems, Axe-Houghton a subsidiary of USF&G, is a profitable organization.

After a lengthy discussion on the funds performance, and observations regarding the current equity environment from Mr. Sutro, Mr. Friery moved to accept the report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

BATTERYMARCH, DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1990 quarterly report from Batterymarch. Larry Spiedel reviewed the report with the Board.

The Board discussed in length their disappointment with the performance of Batterymarch since inception albeit a 10% compounded rate of return is nothing to be ashamed of; however, it does not meet the Board's investment objectives.

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

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

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BATTERYMARCH, JANUARY, 1991 PERFORMANCE REPORT
ACCEPTED AS INFORMATIONAL

The Board accepted as informational Batterymarch's January 1991 performance report.

LEXINGTON CAPITAL MANAGEMENT, INC., DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1990 quarterly report from Lexington Capital Management, Inc. 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: Crist, Masuoka, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS, DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1990 quarterly report from Delaware Investment Advisers. In accordance with the Board's new policy on semi-annual presentations from investment managers, Delaware Investment Advisers submitted their quarterly report for review but were not present to make a verbal presentation.

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

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS, JANUARY 1991 PERFORMANCE REPORT
ACCEPTED AS INFORMATIONAL

The Board accepted as informational Delaware Investment Advisers' January 1991 performance report.

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NEWBOLD'S ASSET MANAGEMENT, INC., DECEMBER 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the December 31, 1990 quarterly report from Newbold's Asset Management, Inc. In accordance with the Board's new policy on semi-annual presentations from investment managers, Newbold's Asset Management, Inc. submitted their quarterly report for review but were not present to make a verbal presentation.

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

AYES: Crist, Masuoka, Friery, DeCamilla

NOES: None

GENERAL COMMUNICATIONS

The Board accepted as informational an article from Pensions & Investments, January 7, 1991, issue regarding Batterymarch and an article from the December 1990 Institutional Investor regarding Axe-Houghton.

There being no further business, the meeting was adjourned at 4:10 p.m. to meet again at the call of the chair.