

MINUTES

Regular Meeting of the Sacramento City Employees' Retirement System Administration, Investment and Fiscal Management Board Monday, June 25, 2007

The Administration, Investment and Fiscal Management Board met in Regular session in the Historic City Hall Hearing Room, 915 I Street, on Monday, June 25, 2007, at 1:30 p.m.

CALL TO ORDER AND ROLL CALL

Vice Chairperson Thomas Friery called the meeting to order at 1:30 p.m.

PRESENT: Kauffman, Fehr, Friery, Sperling, and DeCamilla*

ABSENT: None

*Chairperson David DeCamilla arrived at 1:36p.m. and was not present at roll call or the review of the minutes.

CONSENT CALENDAR

1. Minutes of regular meeting held May 21, 2007

The Board received and reviewed the minutes of the meeting held April 23, 2007. Mr. Kauffman moved the minutes be approved as submitted. The motion was seconded by Mr. Fehr. The motion was carried by the following vote:

AYES: Kauffman, Fehr, Friery, Sperling

NOES: None

2. Investment Activity – Treasurer Activity Report: May 2007

Sr. Investment Officer John Colville gave a general overview of the report. Mr. Sperling moved to accept the Treasurer's Activity report as submitted. Mr. Fehr seconded the motion. The motion was carried by the following vote:

AYES: Fehr, Friery, Sperling and DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

3. Rogers Casey Quarterly Performance Report for quarter ending March 31, 2007

Ms. Sarah Cleveland from Rogers and Casey presented the report. Mr. Fehr moved to accept the report. Mr. Friery seconded the motion. The motion was carried by the following vote:

AYES: Kauffman, Fehr, Friery, Sperling and DeCamilla

NOES: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

4. Subordination of SCERS loan secured by Granite Office Park to Covenants, Conditions, and Restrictions and Grant of Easement

Mr. Bob Tokunaga, Attorney to the Board, advised that staff received a request from developers of the Granite Office Park for subordination of the system's deed of trust recorded against one of the parcels in the office park development. The loan previously approved by the Board to the developers of the office park and secured by one of the buildings in the park is current. The principal balance is approximately \$10 million dollars and is to be paid off September 1, 2008. The request is specific subordination to Covenants, Conditions, and Restrictions with a grant of easement. All of the owners of various parcels in the office development have agreed to record against the property. The CC& R's cover items like maintenance of common areas, parking lots, common area open space, architectural controls of improvements in the development, and other language to facilitate common ownership of grounds. It would require parcel owners to pay an assessment to support the association, for upkeep and activities of association. The request is for subordination from all holders of mortgages of all parcels. Mr. Tokunaga reported that our interest would not be subordinate to the assessment liens created by the CC& R's. The CC&R's are expressed that any foreclosure on any assessment liens would not impair our security whatsoever. Mr. Tokunaga's recommendation is to approve the request.

Mr. Friery moved the Board approve the request for subordination of the SCERS loan secured by Granite Office Park to Covenants, Conditions and Restrictions, and Grant of Easement. Mr. Kauffman seconded the motion. The motion was carried by the following vote:

AYES: Kauffman, Fehr, Friery, Sperling and DeCamilla

NOES: None

5. Report back from City Attorney regarding method of calculation of interest earned on contributions and direction to staff

Mr. Bob Tokunaga, Attorney to the Board, reported on his review of the calculation for setting the rate of interest for purposes of crediting interest to member accounts to ensure consistency of Board action. Mr. Tokunaga reported the adopted policy - the calculation is based on a ~~one~~ three-year rolling average return minus twenty basis points and rounded down to the next quarter percent. He reported that his findings were that the Board's action of setting the rate at 3.000% was appropriate and consistent with previous year's action. The interest rate has been calculated out to three decimal points, and other years it was calculated out to two decimal points. Mr. Friery suggested that the Board policy be to calculate the rate out to three decimal places. Mr. Fehr moved to restate the policy for the record and adopt a methodology by resolution calculating the rate out to the nearest thousandth of a percent at the next meeting or the meeting after. Mr. Kauffman seconded the motion. The motion was carried by the following vote:

AYES: Kauffman, Fehr, Friery, Sperling and DeCamilla

NOES: None

REPORTS OF THE SECRETARY

None

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

None

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Fehr requested to place an information item on the Board's agenda for either the October or November meeting on the Governmental Accounting Standards Board's new requirement to disclose retiree medical and other post employment benefits other than pension on an accrued actuarial basis and disclose our status. In the case of the City it would be a rather large unfunded liability in our comprehensive annual financial report. Mr. Fehr reported that he has formed a task force to review this issue and recommend a course of action to City Council. He indicated that this issue does not really impact SCERS, but could potentially bring out further information about the benefits status for the people who retire under SCERS. It is part of our city-wide outreach to bring this information to the Board as well as other bodies. He explained that Bartel and Associates will have a report available that will provide policy options confronting the City and he will submit the report for the Board's review.

The Board received a request from Ms. Sarah Cleveland, from Rogers Casey to present the Rogers Casey report twice a year in person and twice a year via phone conference. Mr. Tokunaga, Attorney to the Board will research any Brown Act implications regarding this request and advise the Board accordingly.

CLOSED SESSION

None

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:53p.m. to meet again at the call of the Chair.