

The Board questioned Mr. Smith on the clean-up of asbestos at 1414 K Street and approved up to \$10,000 to be used for asbestos clean-up without the need to come back to the Board for approval. The Board also requested the inclusion of a clause stipulating approval of any new tenants in Discovery Plaza.

Following the discussion, Mr. Friery moved to accept the real estate report with the inclusion of a clause stipulating approval of any new tenants in Discovery Plaza. The motion was seconded by Jo Ann Frierson and was carried by the following vote:

AYES: Frierson, Masuoka, Friery, DeCamilla  
 ABSENT: Crist

**Jack Crist arrived at 2:00 p.m.**

Mr. Smith reported to the Board on an investment proposal concerning a mortgage loan on an office complex located at 2300 Stockton Boulevard, Sacramento, California. The subject property is located directly across Stockton Boulevard from the main entrance to the University of California Med Center.

The Board discussed the proposal. There was some concern voiced regarding the issue of asset liquidity in light of the current discussions regarding a SCERS to PERS transfer of miscellaneous members. The Board also discussed the need to allocate, from SCERS fixed bonds, the amount of monies, as well as, percentage of assets needed to accommodate the purchase for real estate mortgage, of the SCERS portfolio. Following the discussion, it was moved by Tom Friery and seconded by Jack Crist to authorize the loan. The motion carried by the following vote:

AYES: Crist, Frierson, Friery, DeCamilla  
 NOES: Masuoka

At this time, Tom Friery requested that the motion regarding Discovery Plaza be amended as follows: Mr. Friery moved to accept the real estate report with the inclusion of a clause stipulating approval of any new tenants in Discovery Plaza and approval of up to \$10,000 to be used for asbestos clean-up without the need to come back to the Board for approval. The amended motion was seconded by Jo Ann Frierson and was carried by the following vote:

AYES: Crist, Frierson, Masuoka, Friery, DeCamilla  
 NOES: None

**REPORTS OF SECRETARY - Taken out of order**

**CORRESPONDENCE FROM SACRAMENTO HOUSING & REDEVELOPMENT AGENCY REGARDING 1414 K STREET**  
**REPORT BACK**

The Board discussed the April 9, 1992 letter from the Sacramento Housing and Redevelopment Agency regarding the proposed Historic

**GENERAL COMMUNICATIONS**

Jack Crist requested a copy of the CALAPRS 1992 Membership Roster that had been distributed at the previous meeting.

There being no further business, the meeting was adjourned at 2:25 p.m. to meet again at the call of the chair.

May 18, 1992

REPORTS OF CONSULTANTS AND ADVISORSREAL ESTATE ADVISOR'S REPORT  
ACCEPTED/APPROVED

The Board received the real estate advisor's report for May, 1992. Mr. Smith reviewed the report with the Board.

Mr. Smith recommended the Board approve the cost of installing additional parking lot lighting at Discovery Plaza. Bel Air Market, the major tenant, has requested the additional lighting for greater security. The total cost will be \$18,075.00 of which Bel Air would pay \$7,915.00.

Also, Mr. Smith recommended the Board accept the bid from Asbestos Control Group, Inc., of \$64,760.00, to remove the asbestos at 1414 K.

Ms. Frierson moved to accept the Real Estate Advisor's report, approve the expenditure of \$10,160.00 for additional lighting at Discovery Plaza and the expenditure of \$64,760.00 to clean up the asbestos at 1414 K. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Frierson, Friery, DeCamilla

NOES: None

CITY COUNCIL PROPOSED HISTORIC PRESERVATION STRATEGY/1414 K STREET

The Board received notice from the Sacramento Housing and Redevelopment Agency that the City Council will be hearing the proposed Historic Preservation Strategy on May 19, 1992. The Board was informed that the System's property located at 1414 K will be included on the Historic Preservation Protected List.

After discussion, Mr. Crist moved that Mr. Smith, Real Estate Advisor, initiate the process to remove 1414 K from the protected list. The motion was seconded by Mr. Friery and was carried by the following vote:

AYES: Crist, Frierson, Friery, DeCamilla

May 18, 1992

LEXINGTON CAPITAL MANAGEMENT, INC., MARCH 31, 1992 QUARTERLY REPORT  
ACCEPTED

The Board received and reviewed the March 31, 1992 quarterly report submitted by Lexington Capital Management, Inc.

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

AYES: Crist, Frierson, Friery, DeCamilla

NOES: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

AMENDMENT TO ASSET REALLOCATION RESOLUTION #92-002  
ADOPTED

At the April 20, 1992 meeting, the Board approved a real estate mortgage loan which exceeded the current real estate allocation. To fund this action, the City Treasurer recommended the adoption of the amended asset reallocation resolution to change the real estate allocation from 4% to 5% by decreasing the bond allocation by 1%.

Mr. Crist moved to adopt the amended asset reallocation resolution. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: Crist, Frierson, Friery, DeCamilla

NOES: None

REPORTS OF SECRETARY

CALAPRS - PENSION FUND INVESTING  
ACCEPTED AS INFORMATIONAL

The Board accepted as informational an announcement from CALAPRS regarding a seminar on Pension Fund Investing.

ATTACHMENT A-1

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT  
AS OF MARCH 31, 1992

	CASH		INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	PAC HOR		
OPERATING CASH	1,150,384			1,150,384
FIXED:				
BONDS, 2ND TD'S, & MTO. BK. CERTS.	2,020,741	1,657,713	159,491,834	163,170,288
REAL ESTATE MORTGAGE	22,514	1,656,313	10,573,837	12,252,665
UTILITY STOCKS	282,930	266,936	13,740,955	14,290,820
TOTAL FIXED	2,326,184	3,580,962	183,806,626	189,713,773
EQUITY:				
AXE-HOUGHTON		2,038,792	10,184,257	12,223,050
DELAWARE		218,653	31,647,317	31,865,969
LEXINGTON		39,820	13,165,362	13,205,183
HEMBOLDS		2,960,751	23,311,629	26,272,380
REAL ESTATE EQUITY	(24,733)	3,016,911	24,447,735	27,439,912
LESS: LOAN PAYABLE			(6,000,000) 2/	(6,000,000)
TOTAL EQUITY	(24,733)	8,274,927	96,756,300	105,006,493
GRAND TOTAL	3,451,835	11,855,889	280,562,926	295,870,650

1/ This column represents the amount available for investment for each category derived by adding to or subtracting from the previous period's balance all invested income (interest, dividend, gains, losses, etc.) and all contribution transfers.

2/ \$6,000,000 is an outstanding loan on Discovery Plaza.

ATTACHMENT A-2

SCRS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT  
FOR THE PERIOD 02/29/92 - 03/31/92

	BALANCE 2/29/92	INTEREST INCOME			DIV	GAIN (LOSS) ON SALES	NET RENTAL INCOME	INTEREST EXPENSE	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	BALANCE 3/31/92
		POOL A	PAC NOR	INVESTMENT							
OPERATING CASH	1,362,402	5,177							(2,120,041)	1,903,566	1,150,304
FIXED:											
BONDS, 2ND TD'S, & NYC. BK. CERTS	153,925,640	90,002	19,998	1,179,439		103,923				7,051,270	163,170,280
REAL ESTATE MORTGAGES	13,060,501	27,650		96,527						(940,092)	12,252,666
UTILITY STOCKS	15,021,761	24,272	1,506		43,280	0				(800,000)	14,290,819
EQUITY:											
LEE-HOUGHTON	13,719,211		3,603		1,621	1,190,614				(2,700,000)	12,223,049
1/ BATTERYMARCH	0		156		0	0				(156)	0
DELAWARE	32,622,601		1,376		229,913	12,000				(1,000,000)	31,865,970
LEXINGTON	14,270,165		230		26,255	1,000,532				(2,100,000)	13,205,183
NEWBOLDS	27,240,710		107,656		16,005	0				(1,100,000)	26,272,379
REAL ESTATE EQUITY LOAN PAYABLE	20,474,654 (6,006,000)	(2,050)		0			106,750	(90,750)		(1,120,684) 6,000	27,439,912 (6,000,000)
GRAND TOTAL	293,707,813	145,044	134,526	1,275,966	317,074	2,323,070	106,750	(90,750)	(2,120,041)	0	295,070,651
YEAR TO DATE:	203,003,423	350,015	1,296,902	10,373,365	2,221,505	9,623,345	1,304,900	(444,375)	(12,010,509)	0	295,070,651

1/ On 10/31/91 the Board terminated Batterymarch.

## ATTACHMENT A-4

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON  
COST/MARKET AS OF MARCH 31, 1992

	1/ COST	1/ MARKET	2/ % AUTHORIZED	DOLLARS AUTHORIZED	3/ OVER (UNDER) INVESTED, BASED UPON COST/MARKET
OPERATING CASH	1,150,384	1,150,384			1,150,384
FIXED:					
BONDS, 2ND TD'S, & MTC BK. CERTS.	163,170,288	170,057,504	55.00%	171,142,758	(1,085,255)
REAL ESTATE MORTGAGE	12,252,665	12,696,488	4.00%	12,446,746	249,742
UTILITY STOCKS	14,290,820	14,788,628	5.00%	15,558,433	(769,805)
TOTAL FIXED	189,713,773	197,542,619	64.00%	199,147,937	(1,605,318)
EQUITY:					
AXE-HOUGHTON	12,223,050	13,083,992	4.00%	12,446,746	637,246
DELAWARE	31,865,969	35,166,965	11.00%	34,228,552	938,413
LEXINGTON	13,205,183	14,647,785	5.00%	15,558,433	(910,648)
NEWBOLDS	26,272,380	27,946,898	9.00%	28,005,179	(58,281)
REAL ESTATE EQUITY	27,439,912	27,630,008	7.00%	21,781,806	(151,798)
LESS: LOAN PAYABLE	(6,000,000)	(6,000,000)		0	
TOTAL EQUITY	105,006,493	112,475,649	36.00%	112,020,715	454,934
GRAND TOTAL	295,870,650	311,168,652	100.00%	311,168,652	(0)

1/ Includes cash for each investment category. See Attachment A-1 and Attachment A-1A for the breakdown of cash and investments at cost and market respectively.

2/ The present allocation became effective 1/1/92. The transfer of cash will be completed by March 31, 1992.

3/ This column represents the amount over (under) invested for each category using the higher of Cost or Market based upon the Board's asset allocation policy.