

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
MAY 18, 1987

CALL TO ORDER AND ROLL CALL

The Administration, Investment and Fiscal Management Board met in regular session in Conference Room 103, 801 - 9th Street, at 1:35 p.m. on May 18, 1987.

PRESENT: DeCamilla, Friery, Masuoka

ABSENT: Frierson, Wolford

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD APRIL 27, 1987
APPROVED AS AMENDED

The Board received and reviewed the minutes of the regular meeting held April 27, 1987. Mr. Friery requested that the minutes be amended to change the wording from "dying systems" to "systems moving towards payout." Mr. DeCamilla moved the amended minutes be approved. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: DeCamilla, Friery, Masuoka

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the March 1987 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report and the gold and silver report with the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

CITY TREASURER'S UTILITY STOCK MARCH 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the Treasurer's Utility Stock Fixed Income Alternative Portfolio and Portfolio Results for the quarter ending March 31, 1987. Mr. Friery reviewed the report with the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

BATTERYMARCH FINANCIAL MARCH 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the Batterymarch Financial quarterly report. Richard Gula of Batterymarch informed the Board that data contained in the report was through April 30, 1987. Mr. Gula reviewed strategic scores and the international portfolio.

Dean LeBaron of Batterymarch spoke to the Board about the recent reorganization of Batterymarch and discussed global investments and values and his concept of the "global model."

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

NEWBOLD'S ASSET MANAGEMENT MARCH 31, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the Newbold's Asset Management March 31, 1987 quarterly report. Madelyn Wharton of Newbold's reviewed the report with the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

DELAWARE INVESTMENT MARCH 31, 1987 QUARTERLY REPORT

ACCEPTED

The Board received the Delaware Investment quarterly report. Edwin Powell of Delaware informed the Board that data contained in the report was through April 30, 1987. Mr. Powell reviewed the report with the Board. Winthrop S. Jessup of Delaware spoke briefly to the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

ALLIANCE CAPITAL MARCH 31, 1987 QUARTERLY REPORT

ACCEPTED

The Board received the Alliance Capital March 31, 1987 quarterly report. John Story of Alliance Capital reviewed the report with the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

REAL ESTATE ADVISOR'S REPORT

ACCEPTED

The Board received the April 1987 Real Estate Advisor's Report submitted by W. Jim Smith of WJS & Associates. Mr. Smith reviewed the report with the Board.

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

AYES: DeCamilla, Friery, Masuoka

NOES: None

REAL ESTATE COMMINGLED FUND INVESTMENTS
DISCUSSED

The Board received WJS & Associates report on Commingled Fund Investments submitted by W. Jim Smith. Mr. Smith reviewed the report with the Board.

Mr. Smith informed the Board presently there is approximately \$5 million allocated to real estate equity investment that has not be invested. During the last two years Mr. Smith has reviewed projects but has been unable to invest the remaining allocation due to real estate market conditions, as most projects cost above \$5 million. Mr. Smith feels that commingled fund investments offer another means to diversify the portfolio without abandoning the Board's equity investment philosophy.

Mr. Friery asked William Carnazzo, Counsel to the Board, if investing into commingled funds is within the Board's fiduciary standards. Mr. Carnazzo responded that this could present a problem and further research and information is required.

After discussion Mr. DeCamilla moved that Mr. Smith be directed to pursue additional information on commingled funds. The motion was seconded by Mr. Friery and carried by the following vote:

AYES: DeCamilla, Friery, Masuoka

NOES: None

During further discussion Mr. DeCamilla suggested that the Board consider expanding real estate equity investments by purchasing an apartment building, investing into Real Estate Investment Trusts, or leveraging if the available equity is not enough.

SEI PERFORMANCE SUMMARY, MARKET INDEXES AND RETIREMENT UNIVERSE MARCH 31, 1987
ACCEPTED AS INFORMATIONAL

The Board received and accepted copies of SEI's Performance Summary and Market Indexes for the March 1987 quarter as informational.

COMMUNICATION FROM JOSEPH P. PERNA
ACCEPTED AS INFORMATIONAL

The Board received a letter from Mr. Perna informing the Board that he is no longer with SEI.

Richard Snyder, Secretary to the Board, informed the Board that John McLaughlin will be the system's new account executive from SEI.

REPORTS OF SECRETARY

Richard Snyder, Secretary to the Board, requested and received permission from the Board to write to each investment manager to remind them of the importance of submitting quarterly reports on a timely basis.

Mr. DeCamilla suggested, for future consideration, that semi-annual reports be presented to the Board rather than quarterly.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

It was discussed that the Gold and Silver report be presented to the Board quarterly rather than monthly.

Ms. Masuoka informed the Board that the 1985-86 Sacramento City Employees' Retirement System Annual Financial Report is being printed and will be agendized for the next Board meeting.

There being no further business, the meeting was adjourned at 4:00 p.m. to meet again at the call of the chair.