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May 14, 1990

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
May 14, 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 May 14, 1990.

PRESENT: Crist, Masuoka, Sperling, DeCamilla

ABSENT: Frierson

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD APRIL 23, 1990
APPROVED

The Board received and reviewed the minutes of the regular meeting held April 23, 1990. Ms. Masuoka moved the minutes be approved. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the March 1990 Treasurer's Investment Activity Report. Deborah Carter, Investment Officer, reviewed the investment report with the Board.

Michelle Stenoski gave a verbal report on the system's fixed asset activity transactions.

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

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

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REPORTS OF CONSULTANTS AND ADVISORS

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

Deborah Carter, Investment Officer, informed the Board that due to the the rescheduling of the regular meeting to an earlier date the formal written report will be distributed at the next meeting. Ms. Carter distributed a brief overview report highlighting the first quarter performance.

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

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

HARD ASSET PROGRAM FEBRUARY 28, 1990 FINAL REPORT
ACCEPTED

The Board received the Hard Asset final report. Ms. Carter reviewed the report with the Board. As recommended and approved by the Board the hard asset program was liquidated February 28, 1990. The \$1,692,972.67 was reallocated to the portfolio based upon Board policy. Since inception (March, 1982) the hard asset program realized a net loss of \$472,566.

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

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

REAL ESTATE ADVISOR'S REPORT
CONTINUED

W. Jim Smith, Real Estate Advisor, informed the Board the regular report for May 1990 will be given at the next meeting.

May 14, 1990

DRAFT LETTER TO CITY COUNCIL REGARDING COMMUNITY CONVENTION CENTER
EXPANSION
AMENDED

The Board received the draft letter prepared by W. Jim Smith, Real Estate Advisor, concerning the expansion of the community convention center and the impact on the System's investment property at 1414 K.

Solon Wisham, Assistant City Manager and concerned member of the system, spoke before the Board regarding the proposed letter to the City Council. Mr. Wisham recommended the Board amend the letter to respectfully convey its concerns and to express its desire to have input in the planning process.

W. Jim Smith, Real Estate Advisor, agreed that the Board needs to definitely express their concerns to the City Council as it is the Board's responsibility to maintain the integrity of the investment.

After discussion, Ms. Masuoka moved that Mr. Smith and William Carnazzo, Counsel to the Board, redraft the letter and forward it to the City Council. The motion was second Mr. Sperling and was carried by the following vote:

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

AXE-HOUGHTON MANAGEMENT MARCH 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the March 31, 1990 quarterly report from Axe-Houghton. Porter H. Sutro reviewed the report with the Board.

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

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

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NEWBOLD'S ASSET MANAGEMENT MARCH 31, 1990 QUARTERLY REPORT

ACCEPTED

The Board received the March 31, 1990 quarterly report from Newbold's Asset Management. Harry Hiestand reviewed the report with the Board.

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

AYES: Crist, Masuoka, Sperling, DeCamilla

NOES: None

LEXINGTON CAPITAL MANAGEMENT MARCH 31, 1990 QUARTERLY REPORT

ACCEPTED

The Board received the March 31, 1990 quarterly report from Lexington Capital. Janet Acheatel reviewed the report with the Board.

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

Ms. Masuoka left the meeting at 2:30 p.m.

AYES: Crist, Sperling, DeCamilla

NOES: None

BATTERYMARCH MARCH 31, 1990 QUARTERLY REPORT

ACCEPTED

The Board received the March 31, 1990 quarterly report from Batterymarch. Larry Speidell reviewed the report with the Board.

The Board had a lengthy discussion regarding Batterymarch's performance since inception, the portfolio's exposure to non-US equities and the investment limitations imposed by the Board's investment policy. Mr. Crist moved to accept the report. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Crist, Sperling, DeCamilla

NOES: None

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DELAWARE INVESTMENT ADVISERS MARCH 31, 1990 QUARTERLY REPORT
ACCEPTED

The Board received the March 31, 1990 quarterly report from Delaware Investment Advisers. George Deming reviewed the report with the Board.

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

AYES: Crist, Sperling, DeCamilla

NOES: None

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON
RESOLUTION ESTABLISHING 10.25% INTEREST RATE CREDIT
ADOPTED

The Board received the resolution formalizing the adoption of 10.25% interest rate credit to members' accounts effective July 1, 1990. Mr. Sperling moved to adopt the resolution. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Sperling, DeCamilla

NOES: None

RESOLUTION ESTABLISHING POLICY RELATED TO THE TRANSFER OF BOND INCOME
DIRECTLY TO OPERATING CASH
ADOPTED

The Board received the resolution establishing a policy to periodically transfer bond income directly to operating cash because employer and employee contributions are now less than the benefit payments and investment expenses of the system. The City Treasurer shall determine when the periodic transfers will occur.

Mr. Sperling moved to adopt the resolution. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Sperling, DeCamilla

NOES: None

May 14, 1990

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Crist recommended the agenda format be amended to read, Citizens and Members Addressing the Board on Matters Not on the Agenda.

CLOSED SESSION - REAL PROPERTY TRANSACTIONS

The Board met in executive session to discuss a real estate proposal submitted by Jim Smith, Real Estate Advisor.

The Board reconvened. There being no further business, the meeting was adjourned at 3:30 p.m. to meet again at the call of the chair.