

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
JANUARY 25, 1988

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 January 25, 1988.

PRESENT: DeCamilla, Frierson, Friery, Wolford

ABSENT: Masuoka

CONSENT CALENDAR

ELECTION OF CHAIRMAN FOR YEAR 1988:

Chairman Thomas Friery opened the nominations for Chairman of the Board for calendar year 1988 and reviewed, for the benefit of the Board, historical data on previous elections for chairman and vice-chairman. Mr. Wolford nominated David DeCamilla as Chairman. The nomination was seconded by Ms. Frierson. There were no other nominations. Mr. DeCamilla was elected Chairman by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

ELECTION OF VICE-CHAIRMAN FOR YEAR 1988

The Chairman opened the nominations for Vice-Chairman of the Board for calendar year 1988. Ms. Frierson nominated Thomas Friery. The nomination was seconded by Mr. Wolford. There were no other nominations. Mr. Friery was elected Vice-Chairman by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

MINUTES OF REGULAR MEETING HELD JANUARY 4, 1988
APPROVED

The Board received and reviewed the minutes of the regular meeting held January 4, 1988. Mr. Wolford moved the minutes be approved. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the November, 1987 Treasurer's Investment Activity Report. Don Sperling, Assistant City Treasurer, reviewed the investment report with the Board.

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

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

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

Mr. Smith recommended that the Board authorize spending \$20,000 to split 21,600 square feet in the Enterprise Building into smaller bays of around 10,000 square feet, for ease of rental. After discussion, Mr. Wolford moved to approve an expenditure authorization of up to \$20,000 to split the 21,600 square feet into two smaller bays. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford.

NOES: None

Mr. Wolford moved to accept the Real Estate Advisor's Report. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

SEI CORRESPONDENCE - ASSET ALLOCATION/MANAGER SELECTION
INFORMATIONAL

The Board received and discussed correspondence from SEI regarding asset allocation and selection of a new investment manager. The Board accepted this item as informational.

DELAWARE INVESTMENT ADVISER'S PORTFOLIO MANAGER'S REPORT
INFORMATIONAL

The Board accepted as informational the Delaware Investment Adviser's Portfolio Manager's Report.

BATTERYMARCH EXECUTIVE SUMMARY
INFORMATIONAL

The Board accepted as informational Batterymarch's Executive Summary report.

POLICY MATTERS TO BE CONSIDERED AND ACTED UPON

RESOLUTION ESTABLISHING DATES AND TIME FOR REGULAR MEETING
ADOPTED

The Board received and reviewed the resolution establishing dates and time for regular meetings. Ms. Frierson moved to adopt the resolution. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

RESOLUTION RELATING TO SIGNATURE AUTHORITY
ADOPTED

The Board received and reviewed the resolution authorizing the Vice-Chairman, in the event of the absence or inability of the Chairperson, to execute any document as authorized by this resolution. Mr. Wolford moved to adopt the resolution. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

ASSET ALLOCATION AND DIVERSIFICATION AND EQUITY MANAGERS' PERFORMANCE AND SELECTION PROCESS - CONTINUED

These matters were continued from the January 4, 1988 meeting. The Board discussed in length the obligation of the Board to meet the long-term goals of the system by meeting actuarial assumptions and by moving toward reducing equity and increasing the fixed income. The Board also discussed in length the performance of Alliance Capital and the hiring of a new investment manager.

Mr. Friery moved to increase the fixed income by 2% by specifically reducing Alliance Capital. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

After discussion, Mr. Friery moved that the 2% increase in the fixed income be designated to corporate bonds. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

After discussion, Mr. Friery moved the following:

1. The Secretary to the Board call a special meeting, in early March, for the specific purpose of interviewing five investment management firms.
2. The Treasurer's staff prepare a written report on the performances of the three firms recommended by Mr. Friery: Lexington Capital Management, Inc.; Axe-Houghton Management, Inc.; Beacon Capital Management.

3. Select the top two firms that were interviewed during the previous Management Search but were not selected and, if necessary, authorize up to \$2,000 to have SEI prepare a current performance overview.

4. Each firm is to be allotted 15 minutes for a presentation.

The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

REPORTS OF SECRETARY

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SYSTEM JUNE 30, 1987 ANNUAL REPORT TRANSMITTAL LETTER - CONTINUED APPROVED

This matter was continued from the January 4, 1988 meeting. Richard E. Snyder, Secretary to the Board, submitted the annual transmittal letter for approval. Mr. Friery moved to approve the annual transmittal letter. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Wolford

NOES: None

REAL ESTATE ADVISOR'S CONTRACT

The Secretary informed the Board that the real estate advisor's contract with WJS & Associates had expired on December 31, 1987. The Board directed the Secretary to execute a new contract.

IDEAS AND QUESTIONS, MEMBERS OF THE BOARD

Mr. Friery informed the Board that he had received a letter from the Mayor regarding the Board's Real Estate Investment Policy and, in response, he will draft a report for the Board's consideration.

There being no further business the meeting was adjourned at 3:15 p.m. to meet again at the call of the chair.