

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
MARCH 18, 1985

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 1:00 p.m. on March 18, 1985.

PRESENT: Crist, DeCamilla, Friery, Moore, Wolford

ABSENT: None

CONSENT CALENDAR

INTRODUCTION OF NEW BOARD MEMBERS

Secretary Richard E. Snyder introduced new members David DeCamilla and Donald Moore, who are replacing Ralph D'Agostini who has resigned from the Board and Yvonne Rees whose term expired. Mr. D'Agostini's term was to expire January 1987 and the new term formerly filled by Mrs. Rees will expire January 1988. The determination on which of the terms will be filled by Mr. Moore and Mr. DeCamilla will be decided at the next regular meeting. The Board welcomed the new members.

MINUTES OF REGULAR MEETING HELD FEBRUARY 25, 1985

APPROVED

The Board received and reviewed the minutes of the regular meeting held February 25, 1985. Mr. Wolford moved to approve the minutes. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore, Wolford

NOES: None

(Continued)

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the City Treasurer's Investment Activity Report for February 1985. Donald Sperling, Assistant City Treasurer, reviewed the report with the Board. Thomas Friery, City Treasurer, reviewed the gold and silver report with the Board.

Mr. Crist moved to accept the investment activity report. The motion was seconded by Mr. Moore and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT
ACCEPTED

Real Estate Advisor W. Jim Smith of WJS & Associates submitted and reviewed the March 1985 Real Estate Advisors Report with the Board. The Board also received copies of a letter from the Chairman authorizing the expenditure of up to an additional \$12,000 for the air conditioning repairs on the 1414 K Street Building.

Mr. Smith reported that after the dismantling of the HVAC (air conditioning/heating) unit in the 1414 K Street Building, additional and extensive repairs were found to be badly needed and that the total additional amount needed is approximately \$14,000 instead of \$12,000.

Mr. Moore moved to accept the real estate advisor's report. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Moore, Wolford

NOES: None

SCERS - STATEMENT OF ASSETS AVAILABLE FOR INVESTMENT
AS OF JANUARY 31, 1985

	CASH		INVESTMENTS @ COST	AMOUNT 1/ AVAILABLE FOR INVESTMENT
	POOL A	OVERLAND		
EXTERNAL CONTRIBUTIONS	3,061,372	0	0	3,061,372
FIXED:				
CORP. BONDS	11,504,170	897,405	72,263,317	84,664,892
2ND TRUST DEED	1,018,632	0	1,086,505	2,105,137
MORTGAGE BACKED CERT.	1,706,343	236,309	18,169,402	20,112,053
SUB-TOTAL	14,229,145	1,123,713	91,519,224	106,872,082
REAL ESTATE MORTGAGE	5,239,769	22,767	4,954,128	10,116,664
TOTAL FIXED	19,468,914	1,146,480	96,373,352	116,988,746
EQUITY:				
ALLIANCE	0	1,509,539	22,859,364	24,369,403
BATTERYMARCH	0	1,629,046	25,267,964	26,897,010
EMERGING GROWTH	0	1,197,377	12,637,870	13,837,247
FULL OPTIONS	0	15,268	9,771,645	9,786,913
GOLD & SILVER	25,344	0	1,891,550	1,916,894
REAL ESTATE EQUITY	1,320,367	0	4,694,458	6,014,825
D/S OPTIONS	0	0	(431,663)	(431,663)
TOTAL EQUITY	1,345,711	4,351,230	76,493,688	82,390,629
TOTAL	23,875,997	5,497,710	173,067,040	202,440,747

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.

SEERS - STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR INVESTMENT
FOR THE PERIOD 12/31/84 TO 1/31/85

	BALANCE 12/31/84	POOL A	INTEREST INCOME OVERLAND INVESTMENT	DIV.	GAIN (LOSS) ON SALES	OPTION SALES PROCEEDS	NET RENTAL INCOME	NET EXTERNAL CONTRIB.	CONTRIB. TRANSFER	INTEREST PURCH.	CHANGE IN OPTIONS D/S	BALANCE 1/31/85
EXTERNAL CONTRIBUTION	2,957,993	0						103,379				3,061,372
FIXED:												
CORP. BONDS	83,579,641	0	1,736		155,257					(1,208)		84,654,892
2ND TRUST DEED	2,089,275	0			3,478							2,105,137
MORTGAGE BACKED CERT.	19,542,946	0										20,112,053
REAL ESTATE MORTGAGES	10,068,354	0										10,116,865
EQUITY:												
ALLIANCE	24,521,501		6,560	73,069	(231,727)						(84,983)	24,369,403
DATERMARCH	26,331,012		6,092	107,291	452,615							26,897,010
EMERGING GROWTH	13,831,370		18,100	12,985	(25,208)							13,837,247
FULL OPTIONS	9,518,832		750	40,152	11,169	216,010						9,786,913
COLD & SILVER	1,916,659						49,902					1,916,894
REAL ESTATE EQUITY	5,964,973	0										6,014,825
D/S OPTIONS	(346,679)											(346,679)
TOTAL	200,375,827	0	33,238	233,497	365,584	216,010	49,902	103,379	0	(1,208)	(84,983)	202,440,717

SCERS - STATEMENT OF ESTIMATED INCOME & RATES OF RETURN
AS OF JANUARY 31, 1985

	COST	MARKET	ESTIMATED ANNUAL INCOME	EST. RATE AT COST	EST. RATE AT MARKET
CASH					
CITY POOL A	23,875,997	23,875,997	2,835,856	11.89%	11.89%
OVERLAND MONEY MARKET FUND	5,497,710	5,497,710	435,803	7.93%	7.93%
FIXED:					
CORP. BONDS	72,263,317	61,275,734	6,604,863	9.14%	10.76%
2ND TRUST DEED	1,026,505	1,196,581	191,497	17.65%	16.14%
MORTGAGE BACKED CERT.	18,169,402	16,770,026	1,819,893	10.02%	10.85%
REAL ESTATE MORTGAGE	4,854,128	4,744,330	580,995	11.97%	12.25%
EQUITY:					
ALLIANCE	22,859,854	25,945,866	758,592	3.32%	2.92%
BATTERYMARCH	25,267,964	27,000,338	1,169,047	4.71%	4.40%
EMERGING GROWTH	12,639,870	13,729,462	154,996	1.23%	1.13%
FULL OPTIONS	9,771,645	10,162,763	364,181	3.73%	3.58%
GOLD & SILVER	1,891,550	1,175,120	0	0.00%	0.00%
REAL ESTATE EQUITY	4,694,458	4,694,458	370,132	7.88%	7.88%
D/S OPTIONS	(431,663)	(835,551)	0	0.00%	0.00%
TOTAL	202,440,747	195,222,934	15,308,855	7.56%	7.64%

SCERS - STATEMENT OF OVER (UNDER) INVESTMENT BASED UPON
 COST/MARKET AS OF JANUARY 31, 1985

	COST	MARKET	% AUTHORIZED	DOLLARS AUTHORIZED	OVER (UNDER) INVESTED BASED UPON COST	OVER (UNDER) INVESTED BASED UPON MARKET
CASH						
CITY POOL A	23,875,997	23,875,997	0.00%	0	23,875,997	23,875,997
OVERLAND MONEY MARKET FUND	5,497,710	5,497,710	0.00%	0	5,497,710	5,497,710
FIXED:						
CORP. BONDS	72,263,317	61,275,734	43.00%	87,049,521	(14,786,204)	(25,773,787)
2ND TRUST DEED	1,086,505	1,186,681	0.50%	1,012,294	74,301	174,477
MORTGAGE BACKED CERT.	18,169,402	16,770,026	10.00%	20,244,075	(2,074,673)	(3,474,049)
REAL ESTATE MORTGAGE	4,954,128	4,744,330	2.50%	5,051,019	(206,891)	(316,699)
EQUITY:						
ALLIANCE	22,859,864	25,945,866	14.00%	28,341,705	(5,481,841)	(2,395,839)
BATTERYMARCH	25,267,964	27,000,338	14.00%	28,341,705	(3,073,741)	(1,341,367)
EMERGING GROWTH	12,639,870	13,729,462	7.00%	14,170,852	(1,530,982)	(441,390)
FULL OPTIONS	9,771,645	10,162,763	5.00%	10,122,037	(350,392)	40,726
GOLD & SILVER	1,891,550	1,175,120	1.00%	2,024,407	(132,857)	(849,287)
REAL ESTATE EQUITY	4,694,458	4,694,458	3.00%	6,073,222	(1,378,764)	(1,378,764)
O/S OPTIONS	(431,663)	(836,561)	0.00%	0	(431,663)	(836,561)
TOTAL	202,440,747	195,222,934	100.00%	202,440,747	(7,217,813)	(7,217,813)

SEI DECEMBER 31, 1984 QUARTERLY PERFORMANCE REPORT
ACCEPTED

The Board received SEI's December 31, 1984 quarterly performance reports. Phil Fox of SEI reviewed the reports with the Board. Mr. Fox informed the Board that the September 30, 1984 Combined Fund report has not yet been finalized due to a slight difference between SEI's and the City Treasurer's numbers.

Mr. Moore left the meeting at 2:05 p.m.

Mr. Wolford commented that SEI reports are not being submitted on a timely basis to be useful in tying SEI figures to the reports submitted by the investment managers. Mr. Fox stated that there are problems on his firm's part and that hopefully the problems will be rectified soon.

Mr. Wolford moved to accept the reports. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Wolford

NOES: None

POLICY MATTERS TO BE DISCUSSED AND ACTED UPON

LOOMIS, SAYLES & COMPANY CONTRACT AMENDMENT
APPROVED

William Carnazzo, Deputy City Attorney, submitted a draft of the amendment to the contract agreement with Loomis, Sayles & Company for option management programs services. The Board reviewed and revised the draft.

Mr. Crist moved to approve the contract amendment as amended and to authorize the Chairman to execute the contract amendment. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: Crist, DeCamilla, Friery, Wolford

NOES: None

REPORTS OF SECRETARY

PENSIONERS' JULY 1, 1985 COST OF LIVING INCREASE
ACCEPTED AS INFORMATIONAL

Richard Snyder, Secretary, submitted for the Board information, copies of a memorandum which approves a 3% cost of living increase to pensioners effective July 1, 1985. The Board accepted the memorandum as informational.

CERTIFICATES OF APPRECIATION

The Secretary informed the Board that certificates of appreciation have been send to Ralph D'Agostini and Yvonne Rees.

BATTERYMARCH RESPONSE REGARDING FOREIGN TRANSACTION REPORTING REQUIREMENT

The Board received copies of a letter from Batterymarch regarding the Foreign Transaction Reporting Requirement which was brought to the attention of Batterymarch by the Secretary. The Board accepted the letter as informational.

There being no further business, the meeting was adjourned at 2:45 p.m. to meet again at the call of the chair.