

MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
NOVEMBER 23, 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 November 23, 1987.

PRESENT: DeCamilla, Frierson, Friery, Wolford

ABSENT: Masuoka

CONSENT CALENDAR

MINUTES OF REGULAR MEETING HELD OCTOBER 26, 1987
APPROVED

The Board received and reviewed the minutes of the regular meeting held October 26, 1987. Mr. DeCamilla 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

Ms. Masuoka arrived at 1:38 p.m.

INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

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

Mr. Friery informed all the investment managers, if their cash balance exceeds \$2 million they could transfer the excess to the City's internally managed investment pool (Pool A) to take advantage of the higher investment earnings rate.

The Board received the first quarterly report on Gold and Silver Hard Asset Program. Mr. Friery reviewed the report with the Board.

After discussion, Mr. Wolford moved to accept the investment activity report and the gold and silver quarterly report. The motion was seconded by Ms. Frierson and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

UTILITY STOCK FIXED INCOME ALTERNATIVE PORTFOLIO AND PORTFOLIO RESULTS ACCEPTED

The Board received the September 30, 1987 Utility Stock Portfolio Report. Mr. Friery 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, Frierson, Friery, Masuoka, Wolford

NOES: None

REAL ESTATE ADVISOR'S REPORT ACCEPTED

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

There was discussion about merging the real estate mortgage fund, \$1.5 million, and the real estate equity fund, \$1.7 million, to provide \$3.2 million for an equity purchase. Mr. Smith, Mr. Friery, and William Carnazzo, Counsel to the Board, are to meet to discuss this issue.

There was discussion about the Board purchasing an apartment complex. Mr. Carnazzo advised the Board that this would require amending the

real estate investment guidelines. Mr. Smith, Mr. Friery and Mr. Carnazzo are to meet to discuss this issue.

The scheduled "walk through" of the 1414 K Street Building was canceled and will be rescheduled for the January meeting.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

REAL ESTATE ADVISOR'S ANNUAL ESTIMATE OF REAL ESTATE EQUITY VALUATIONS
ACCEPTED

The Board received and reviewed the annual Real Estate Equity Valuation Report submitted by W. Jim Smith of WJS and Associates.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

DELAWARE INVESTMENT SEPTEMBER 30, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the September 30, 1987 quarterly report from Delaware Investment. George Deming reviewed the report with the Board.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

ALLIANCE CAPITAL SEPTEMBER 30, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the September 30, 1987 quarterly report from Alliance Capital. John Story reviewed the report with the Board.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

BATTERYMARCH SEPTEMBER 30, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the September 30, 1987 quarterly report from Batterymarch. Richard Gula reviewed the report with the Board.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

NEWBOLDS ASSET SEPTEMBER 30, 1987 QUARTERLY REPORT
ACCEPTED

The Board received the September 30, 1987 quarterly report from Newbolds Asset. Harry Hiestad reviewed the report with the Board.

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

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

TOWERS, PERRIN, FORSTER AND CROSBY JUNE 30, 1987 ACTUARIAL VALUATION
ACCEPTED/RATES ADOPTED

The Board received the June 30, 1987 Actuarial Valuation report from Towers, Perrin, Forster and Crosby. David LeSueur, Actuary, reviewed the report with the Board and discussed the effects of the declining contributions to the system.

After discussion, Ms. Masuoka moved to accept the report and adopt Resolution 87-003 establishing new contribution rates as recommended by the actuary. The motion was seconded by Mr. Wolford and was carried by the following vote:

AYES: DeCamilla, Frierson, Friery, Masuoka, Wolford

NOES: None

SEI PERFORMANCE SUMMARY MARKET INDEXES
ACCEPTED AS INFORMATIONAL

The Board accepted as informational SEI's Performance Summary Market Indexes report.

BOARD COUNSEL REPORT REGARDING 1414 K STREET BUILDING COST OVERRUNS
DISCUSSED

As requested by the Board, W. Jim Smith of WJS and Associates submitted to William Carnazzo, Counsel to the Board, a complete analysis of all change orders made on the 1414 K Street Building renovation.

Mr. Carnazzo reviewed the report and informed the Board there was nothing unusual about the change orders, given the magnitude of the renovation project.

There being no further business the meeting was adjourned at 4:10 p.m. to meet again at the call of the chair.