

January 3, 1994

**MINUTES
REGULAR MEETING OF THE
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD
January 3, 1994**

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 1:35 p.m. on January 3, 1994.

PRESENT: Crist, Benoit, Sperling, Friery, DeCamilla

ABSENT: None

INTRODUCTION OF NEW BOARD MEMBER

Ms. Sandy Benoit was introduced as the Director of Finance's designee.

CONSENT CALENDAR

**MINUTES OF REGULAR MEETING HELD NOVEMBER 22, 1993
APPROVED AS AMENDED**

The Board received and reviewed the minutes of the regular meeting held November 22, 1993. Mr. Crist requested the minutes be amended to reflect that the Board accepted Mr. Smith's recommendation that it would not be economically feasible to comply with the State's seismic requirements on 1414 K Street in order to retain the State as a tenant.

Mr. Friery moved to approve the minutes as amended. The motion was seconded by Mr. Crist and was carried by the following vote:

AYES: Crist, Benoit, Sperling, Friery, DeCamilla

NOES: None

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INVESTMENTS - TREASURER'S ACTIVITY REPORT
ACCEPTED

The Board received the October 1993 Treasurer's Investment Activity Report. Mr. Glen Hosokawa, Investment Officer, reviewed the investment report with the Board.

Mr. Sperling moved to accept the October 1993 Treasurer's Investment Activity Report. The motion was seconded by Ms. Benoit and was carried by the following vote:

AYES: Crist, Benoit, Sperling, Friery, DeCamilla

NOES: None

REPORTS OF CONSULTANTS AND ADVISORS

REAL ESTATE ADVISOR'S REPORT, NOVEMBER 1993
ACCEPTED

The Board received the November 1993 Real Estate Advisor's Report submitted by Jim Smith, of WJS & Associates. Mr. Smith reviewed the report with the Board.

Mr. Smith reported the renovation work at Discovery Plaza was completed and early results of the renovation appear to be favorable with most tenants. The chronic delinquents have been served three-day notices to Pay Rent or Quit and Unlawful Detainer actions are pending.

Mr. Friery requested that Mr. Smith speak with Dick Hastings, Principal Planner with the City's Preservation Section, regarding the possibility of obtaining an exemption to seismic requirements on 1414 K because the building is listed on the Historical Preservation Register. Mr. Smith stated that he has spoken with the State and that there has been no specific ruling

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issued because a structure is deemed historical. Mr. Smith will contact Mr. Hastings and report back to the Board.

At the request of Ms. Benoit, Mr. Smith will include occupancy and turnover rates on each system property.

As directed by the Board, Mr. Smith included a summarization of the Indio and Modesto CHP properties and the loan commitment to West Davis Associates.

Per the Board's request, Mr. Smith solicited three bids from local M.A.I. Appraisal Firms. Mr. Smith recommended the Board hire Stover Company, for a fee of \$20,500, to perform the appraisals to be completed March 31, 1994.

The Board had a lengthy discussion about the appraisals. Mr. Friery stated that he didn't realize the system funds could be lowered for a selected class of investments and asked if the properties appraised less than cost would the system write the property down and, if so, he was concerned about the effect on the unfunded liability.

Ms. Benoit responded that for accounting standards it is the lower of cost or market rule that applies. For accounting purposes the system can obtain three types of appraisals, income, market and replacement and if any one of the appraisals is above cost the property is not written down. The property would not be written down unless there is a permanent substantive change in value.

After further discussion, Mr. Friery moved to accept the Real Estate Report, the reports on Indio and Modesto CHP properties

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and West Davis Associates and to hire the Stover Company to perform the appraisals and direct the Stover Company to perform the three methods of appraisals, income, market and replacement and to have appraisals tied to fiscal year end date of June 30, 1994. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Crist, Benoit, Sperling, Friery, DeCamilla

NOES: None

The Board directed Mr. Smith to keep them informed on the status of the appraisals and to inquire if the Stover Company can provide updated appraisals for a reduced fee.

**LARGE CAPITALIZATION/GROWTH STOCK PORTFOLIO, SEPTEMBER 30, 1993
QUARTERLY PRESENTATION - CONTINUED**
ACCEPTED

The Board received the Large Capitalization/Growth Stock Portfolio, September 30, 1993, quarterly report. Mr. Friery reviewed the report with the Board.

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

AYES: Crist, Benoit, Sperling, Friery, DeCamilla

NOES: None

DELAWARE INVESTMENT ADVISERS NOVEMBER, 1993 PERFORMANCE REPORT
ACCEPTED AS INFORMATIONAL

The Board accepted as informational the Delaware Investment Advisers November, 1993 performance report.

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REPORTS OF SECRETARY

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM ANNUAL REPORT, JUNE 30, 1993

ACCEPTED AS INFORMATIONAL

The Board accepted as informational the annual SCERS Financial Report for fiscal year ending June 30, 1993. Mr. DeCamilla and Mr. Friery will make their annual presentation of the report to the City Council.

CLOSED SESSION - REAL PROPERTY TRANSACTIONS
(Government Code Section 54956.8)

The Board adjourned to closed session at 2:45 p.m. to discuss a proposed sale of the Enterprise Property.

The Board reconvened at 2:55 p.m.

During closed session the Board passed a motion authorizing Mr. Smith, Real Estate Advisor, to proceed with negotiating the sale of the Enterprise Property to P.M. Realty Advisors.

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