

RESOLUTION NO. 81-001

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATION, INVESTMENT, AND FISCAL MANAGEMENT BOARD

BE IT RESOLVED BY THE ADMINISTRATION, INVESTMENT, AND FISCAL MANAGEMENT BOARD OF THE SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM:

WHEREAS, Charter Section 387 requires, for purposes of interest credit to members' accounts, that the Board adopt an interest rate reasonably related to the actual rate of return on invested assets;

WHEREAS, The Board has previously adopted a three-year moving average rate, less 20 basic points, policy; and

WHEREAS, The three-year moving average actual rate of return approximates 6.879%;

NOW, THEREFORE, BE IT RESOLVED THAT:

Effective July 1, 1981, the rate of interest for purposes of crediting interest to members' accounts will be 6.75% (6-3/4%) interest compounded annually.


BOARD CHAIRMAN

ATTEST:


SECRETARY TO THE BOARD

APPROVED AS TO FORM:


DEPUTY CITY ATTORNEY

CITY OF SACRAMENTO EMPLOYEES' RETIREMENT SYSTEM

ANALYSIS OF NET INVESTMENT INCOME

	Year Ended June 30, 1980			Year Ended June 30, 1979			Year Ended June 30, 1978		
	Investment- Amortized Cost	Investment- Market	Investment Revenues (Expenses)	Investment- Amortized Cost	Investment- Market	Investment Revenues (Expenses)	Investment- Amortized Cost	Investment- Market	Investment Revenues (Expenses)
<u>Investments and Cash</u>									
Bonds	\$63,790,397	\$52,422,243	\$ 4,761,275	\$58,961,942	\$50,515,417	\$ 4,121,180	\$57,843,341	\$49,944,079	\$ 3,971,167
Mortgage-backed certificate	14,769,440	12,878,080	1,353,385	11,483,805	11,178,660	701,223	3,073,417	2,998,708	45,587
Equity securities	21,372,137	22,375,174	835,710	19,670,757	18,725,391	1,083,159	15,682,475	14,093,380	556,548
Mortgage loans	1,541,305	1,541,305	127,908	1,656,663	1,656,663	100,989	1,806,358	1,806,358	108,639
Improvement bonds	138	138	45	1,664	1,664	19,712	6,344	6,344	155,402
Subtotal	101,473,417	89,216,940		91,774,831	82,077,795		78,411,935	68,848,869	
Cash	6,090,368	6,090,368	730,496	5,222,984	5,222,984	711,602	11,952,030	11,952,030	374,482
	<u>\$107,563,785</u>	<u>\$95,307,308</u>	<u>7,808,819</u>	<u>\$96,997,815</u>	<u>\$87,300,779</u>	<u>6,737,865</u>	<u>\$90,363,965</u>	<u>\$80,800,899</u>	<u>5,211,825</u>

Additional investment revenues (expenses):

Gain (loss) on disposition of assets	(932,926)	(146,841)	(23,668)
Administrative expense	(59,232)	(51,952)	(24,667)
Net investment income	<u>\$ 6,816,661</u>	<u>\$ 6,539,072</u>	<u>\$ 5,163,490</u>

*Net Rate of Return 6.894%

**7.233%

**6.510%

$$*\text{Net Rate of Return} = \frac{A + B}{2} - \frac{I}{2}$$

I = Net Investment Income
A = Beginning Investable Assets
B = Ending Investable Assets

*3 yr. Average
Net rate of return = 6.879%

**\$4 million June 30, 1978 City contribution excluded from ending investable assets for calculation of 77-78 rate but included in beginning investable assets for calculation of 78-79 rate.