



# Sacramento Regional Transit District Agenda

## COMBINED MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

WEDNESDAY, MARCH 13, 2024 AT 1:00 P.M.

REGIONAL TRANSIT AUDITORIUM

1400 29<sup>TH</sup> STREET, SACRAMENTO, CALIFORNIA

(29th Street. Light Rail Station/Bus Routes 38, 67, 68)

Website Address: [www.sacrt.com](http://www.sacrt.com)

**MEETING NOTE:** *This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.*

**ROLL CALL**

ATU Retirement Board:	Directors: Li, Kennedy, McGee Lee, Scott Alternates: Valenton, Smith
IBEW Retirement Board:	Directors: Li, Kennedy, Bibbs, Pickering Alternates: Valenton, D. Thompson
AEA Retirement Board:	Directors: Li, Kennedy, Devorak, McGoldrick Alternates: Valenton, Santhanakrishnan
AFSCME Retirement Board:	Directors: Li, Kennedy, Guimond, L. Thompson Alternates: Valenton, Elder
MCEG Retirement Board:	Directors: Li, Kennedy, Bobek, Hinz Alternates: Valenton, Flores

### **PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA**

At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. Members of the public wishing to address one or more of the Boards may submit a "Public Comment Speaker Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

### **CONSENT CALENDAR**

		<b><u>ATU</u></b>	<b><u>IBEW</u></b>	<b><u>AEA</u></b>	<b><u>AFSCME</u></b>	<b><u>MCEG</u></b>
1. Motion:	Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (ATU). (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (AEA). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# AGENDA FOR 3/13/2024 MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

4. Motion:	Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (MCEG). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2023 for the ATU Pension Plan (ATU). (Johnson)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2023 for the IBEW Pension Plan (IBEW). (Johnson)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2023 for the Salaried Pension Plan (AEA/AFSCME/ MCEG). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Motion:	Receive and File the Fiscal Year 2023 State Controller's Report for the ATU Pension Plan (ATU). (Johnson)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Receive and File the Fiscal Year 2023 State Controller's Report for the IBEW Pension Plan (IBEW). (Johnson)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Motion:	Receive and File the Fiscal Year 2023 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
12. Motion:	Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2023 (ALL). (Johnson)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
13. Information	Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
14. Motion:	Authorize Execution of Amendment to Extend Term of the Contract with Cheiron Inc. for Actuarial Services for the Retirement Boards (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## **NEW BUSINESS**

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
15. Information:	Investment Performance Review by Boston Partners for the ATU, IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended December 31, 2023 (ALL). (Johnson)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
16. Motion:	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2023 (ALL). (Johnson)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
17. Motion:	Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25. (ATU) (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Motion:	Accept Actuarial Valuation and Approve Actuarially Determined	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# AGENDA FOR 3/13/2024 MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

Contribution Rates for Fiscal Year 2024-25. (IBEW) (Gobel)

19. Motion: Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25. (AEA/AFSCME/MCEG) (Gobel) ☐ ☐ ☒ ☒ ☒

## **REPORTS, IDEAS AND COMMUNICATIONS**

- |   | <u>ATU</u>                          | <u>IBEW</u>                         | <u>AEA</u>                          | <u>AFSCME</u>                       | <u>MCEG</u>                         |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 20. Information: Senior Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

## **ADJOURN**

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### NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting. An agenda, in final form, is posted to SacRT's website at [www.sacrt.com](http://www.sacrt.com) and at the front of the Sacramento Regional Transit District's administration building on 1400 29<sup>th</sup> Street. Persons requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Retirement Services Administrator at (916) 556-0296 (voice) or (916) 483-4327 (TDD) at least 72 business hours in advance of the Board meeting.

Any staff reports or other documentation submitted for items on the agenda are available online at [www.sacrt.com](http://www.sacrt.com), on file with the Retirement Services Administrator and the Clerk to the Board of Directors of the Sacramento Regional Transit District, and available for public inspection at 1400 29th Street, Sacramento, CA. Persons with questions regarding those materials should contact the Retirement Services Administrator (916) 556-0296.

**Sacramento Regional Transit District  
Special Retirement Board Meeting (AEA)  
Wednesday, February 21, 2024  
Meeting Minutes**

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The Retirement Board was brought to order at 1:02 p.m. A quorum was present and comprised as follows: Director Kennedy, Alternate Valenton, Director Devorak, and Director McGoldrick. Alternate Santhanakrishnan also attended the meeting but could not and did not vote on any items before the Retirement Board. Director Li was absent.

Director Kennedy presided over this meeting as Common Chair of the Retirement Boards.

**PUBLIC COMMENT**

John Gobel, Senior Manager of Pension and Retirement Services, introduced Colleen Elder as the new Alternate member of the AFSCME Retirement Board. Thereafter, Mr. Gobel asked if there were any comments from the public regarding items on the consent calendar or matters not on the agenda. There were none.

**CONSENT CALENDAR**

3. Motion: Approving the Minutes for the January 22, 2024 Quarterly Retirement Board Meeting (AEA). (Gobel)

Director Kennedy moved to adopt Agenda Item 3. The motion was seconded by Alternate Valenton. Agenda Item 3 was carried unanimously by roll call vote: Ayes – Devorak, McGoldrick, Kennedy, and Valenton; Noes – None.

**NEW BUSINESS**

6. Information: Preliminary Results of Actuarial Valuation Process for Retirement Plans (All). (Gobel)

Mr. Gobel introduced consulting actuary Graham Schmidt of Cheiron to present the preliminary results of the actuarial valuation reports (AVRs) for all three Retirement Plans, i.e., the ATU Plan, the IBEW Plan, and the Salaried Plan. Mr. Gobel explained that the item was informational and did not require Board action, and that the AVRs for the July 1, 2023 valuation date and the discrete contribution rates for the fiscal year beginning July 1, 2024 would be submitted for adoption at the next Retirement Board meeting on March 13<sup>th</sup>.

Mr. Schmidt explained that his presentation would address how the actuarial assessment has changed since the prior valuation date and where the Retirement Plans are projected to be in future years. He noted that the Retirement Plans cover approximately 2,400 total members, less than half of whom are active members who continue to earn or “accrue”



## February 21, 2024 Meeting Minutes – Continued

service credit. Mr. Schmidt explained that, although more than one-half of the active members are PEPRA members, most of the Retirement Plans' liabilities are associated with benefits for legacy or Classic members (who generally have more years of service and a higher benefit formula for earlier retirement ages).

Mr. Schmidt compared the actuarial value of assets (which accounts for the smoothing of investment returns over a five-year period) to the actuarial liabilities for the required benefits, and reported funded ratios for all three Retirement Plans: 76.1% for the ATU Plan, 74.7% for the IBEW Plan, and 69.2% for the Salaried Plan. Mr. Schmidt also reviewed the employer's normal cost for each plan, the amortization of the unfunded actuarial liability (UAL), and the required administrative expenses, and provided blended actuarially determined contribution (ADC) rates for the 2025 fiscal year: 25.9% for the ATU Plan, 29.7% for the IBEW Plan, and 37.2% for the Salaried Plan.

While discussing the change in the ADC for the 2025 fiscal year, Mr. Schmidt referenced investment returns in excess of the 6.75% assumption for the year ended June 30, 2023 and an increasing payroll. Mr. Schmidt also cited the growing number of PEPRA members (since PEPRA members are required by statute to pay one-half of the normal cost of their benefits). When compared to the previous year, Mr. Schmidt noted that the ADC rate was decreasing about 1% for the ATU Plan, decreasing about 1-½% for the IBEW Plan, and not materially changing for the Salaried Plan.

In response to a question from ATU Director Scott about the impact of new hires on the employer's pension expense, Mr. Schmidt clarified that that dividing the actuarially determined contribution (ADC) over a larger payroll base reduces the employer's contribution rate -- but does not reduce the total dollars required for the ADC.

To illustrate the impact of current trends on future contributions, Mr. Schmidt referenced projections for the ATU Plan on Slide 32 of the presentation included in the agenda package. Mr. Schmidt explained that, if future experience aligned with current assumptions (including the 6.75% assumption for investment returns), then employer contribution rates would gradually decline for the next eight years (as the number of PEPRA members continued to grow) and drop significantly after the July 1, 2032 valuation date (when the Retirement Plans were scheduled to pay-off a large layer of UAL incurred and amortized during an earlier valuation period). Mr. Schmidt also confirmed that projections for the IBEW Plan and the Salaried Plan show very similar results and clarified that the anticipated decrease in employer contribution rates was projected (but not guaranteed) to go into effect with the fiscal year beginning July 1, 2033.

In response to a question from ATU Director Scott regarding the importance of the size of the employee base to each valuation, Mr. Schmidt explained that the AVR employee count is a "snapshot in time" and discussed the annual receipt and review of census data from SacRT.

Finally, Mr. Schmidt explained that Cheiron is not recommending any actuarial assumption changes for the Retirement Plans and is not anticipating changes in

## **February 21, 2024 Meeting Minutes – Continued**

employee contribution rates for PEPRA members for the 2024-2025 fiscal year (but does anticipate the possibility of a change for PEPRA members in the Salaried Plan with a subsequent AVR).

Following the presentation by Mr. Schmidt, Mr. Gobel noted that final contribution rates will be presented to the Retirement Boards for adoption with the final AVRs at the March Retirement Board meeting. Mr. Gobel further explained that, although the blended employer contribution rates for ATU Plan and the IBEW Plan were decreasing, and there would be no material change for the Salaried Plan, the total employer contribution to the Retirement Plans was expected to increase approximately \$700,000 because of the larger payroll base.

7. Information:        Senior Manager, Pension & Retirement Services, Verbal Update (ALL). (Gobel)

Mr. Gobel informed the Retirement Boards that a banking error had led to a temporary reversal of the direct deposit of Plan benefit payments for many retirees on Friday, February 9<sup>th</sup>. In most cases, those deposits were restored by Monday, February 12<sup>th</sup>.

Moving forward, Mr. Gobel explained that he was preparing to distribute written notice to the affected persons by week's end. Mr. Gobel also explained that the forthcoming notice would give individual retirees the opportunity to share e-mail addresses with the Retirement Services division -- for the express and limited purpose of facilitating Plan-related communications with persons outside the SacRT e-mail network.

ATU Director McGee Lee noted that ATU had fielded many calls from concerned retirees about the issue and suggested consideration of a process for providing all retirees with electronic access to Plan-related information going forward. As an example, ATU Director McGee Lee advised Mr. Gobel to consider other means of communicating with retirees in real time, including posting information to the limited use portal available to retirees.

Mr. Gobel also reminded Board members that they would soon receive annual Form 700 requests from the Clerk to the SacRT Board. As in prior years, Mr. Gobel noted that all Directors and Alternates should complete and return the required form and applicable schedules by the end of March 2024. Mr. Gobel also noted that Shayna van Hoften, Legal Counsel to the Retirement Boards, is available to answer any questions from Board members regarding completion of Form 700.

## **ADJOURN**

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 1:55 p.m.

**February 21, 2024 Meeting Minutes – Continued**

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Russel Devorak, Board Chair

ATTEST:

Henry Li, Secretary

By: \_\_\_\_\_  
John Gobel, Assistant Secretary



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 8  
**TO:** Sacramento Regional Transit Retirement Boards – AEA/AFSCME/MCEG  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED DECEMBER 31, 2023 FOR THE SALARIED PENSION PLAN (AEA/AFSCME/MCEG). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2023 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Table 1 below shows the employer and employee contribution rates for the Sacramento Regional Transit District Salaried Retirement Plan, by tier, as of the date indicated.

**Table 1**

**Employer Contribution Rates  
As of December 31, 2023**

	<b>Salary</b>
	<b>Contribution Rate</b>
Classic	42.74%
PEPRA*	30.43%

\*PEPRA employee rates: 6.50%

## Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2023. The financial statements are presented on an accrual basis and consist of a Statement of Fiduciary Net Position (balance sheet) (Attachment 1), a Statement of Changes in Fiduciary Net Position (income statement) for the quarter ended December 31, 2023 (Attachment 2), and a year-to-date Statement of Changes in Fiduciary Net Position (Attachment 3).

The Statement of Fiduciary Net Position includes a summary of fund assets showing the amounts in the following categories: investments, prepaid assets, and other receivables. This statement also provides amounts due from/to the District and Total Fund Equity (net position).

The Statement of Changes in Fiduciary Net Position includes activities in the following categories: investment gains/losses, dividends, interest income, unrealized gains/losses, benefit contributions/payouts, and investment management and administrative expenses.

## Asset Rebalancing

Pursuant to Section IV, Asset Rebalancing Policy of the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Statement of Investment Objectives and Policy Guidelines), the Retirement Boards have delegated authority to manage pension plan assets in accordance with the approved rebalancing policy to the District's VP, Finance/CFO or designee. The VP, Finance/CFO is required to report asset rebalancing activity to the Boards at their quarterly meetings.

Rebalancing can occur for one or more of the following reasons:

1. The Pension Plan ended the month with an accounts receivable or payable balance due to the District. A payable or receivable is the net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the Salaried Plan's Schedule of Cash Activities for the three months ended December 31, 2023. The schedule of cash activities includes a summary of Plan activities showing the amounts in the following categories: District's pension contributions to the Plan, payments to retirees, and the Pension Plan's cash expenditures paid. This schedule also lists the rebalancing activity that occurred for the three months ended December 31, 2023. The District reimbursed \$33,522.62 to the Salaried Plan as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of December 31, 2023. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and Northern Trust Company using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position (Attachment 2) as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2023 as compared to their benchmarks.

# Sacto Regional Transit District Retirement Plan - Salaried Statement of Fiduciary Net Position

Accrual Basis

As of December 31, 2023

	Dec 31, 23
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	139,039,995.23
Total Long-Term Investments	139,039,995.23
Total Checking/Savings	139,039,995.23
Accounts Receivable	
1110101 · Contribution Receivable from RT	117,362.37
1110109 · Distributions Receivable	46,248.75
Total Accounts Receivable	163,611.12
Other Current Assets	
1110120 · Prepays	5,076.74
Total Other Current Assets	5,076.74
Total Current Assets	139,208,683.09
<b>TOTAL ASSETS</b>	<b>139,208,683.09</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	15,040.00
3110122 · TCW	23,273.84
3110124 · Boston Partners	28,620.45
3110125 · Callan	4,162.71
3110128 · Atlanta Capital	23,535.83
3110129 · S&P Index - SSgA	1,098.04
3110130 · EAFE - SSgA	629.17
3110132 · Pyrford	21,111.57
3110133 · Northern Trust	8,502.57
3110134 · Clarion	14,671.05
Total Accounts Payable	140,645.23
Total Current Liabilities	140,645.23
Total Liabilities	140,645.23
Equity	
3340101 · Retained Earnings	130,990,426.56
Net Income	8,077,611.30
Total Equity	139,068,037.86
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>139,208,683.09</b>

# Sacto Regional Transit District Retirement Plan - Salaried Statement of Changes in Fiduciary Net Position

Accrual Basis

October through December 2023

	Oct - Dec 23	% of Income
<b>Income</b>		
RT Required Contribution		
6630101 · Employer Contributions	3,008,505.06	21.5%
6630110 · Employee Contribution	236,639.28	1.7%
<b>Total RT Required Contribution</b>	<b>3,245,144.34</b>	<b>23.2%</b>
<b>Total Investment Earnings</b>		
Interest, Dividend, & Other Inc		
6830101 · Dividend	318,767.63	2.3%
6830102 · Interest	309,467.02	2.2%
6830103 · Other Income	0.00	0.0%
6830104 · Dividend - Distributions	46,248.75	0.3%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>674,483.40</b>	<b>4.8%</b>
<b>Investment Income</b>		
6530900 · Gains/(Losses) - All	1,544,635.45	11.1%
6530915 · Increase(Decrease) in FV	8,501,554.27	60.9%
<b>Total Investment Income</b>	<b>10,046,189.72</b>	<b>71.9%</b>
<b>Total Total Investment Earnings</b>	<b>10,720,673.12</b>	<b>76.8%</b>
<b>Total Income</b>	<b>13,965,817.46</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531210 · AEA - Retirement Benefits Paid	836,236.07	6.0%
8531211 · AFSCME-Retirement Benefits Paid	1,039,769.98	7.4%
8531212 · MCEG - Retirement Benefits Paid	1,105,959.93	7.9%
8531213 · Employee Contribution Refunds	0.00	0.0%
8532004 · Invest Exp - TCW	23,273.84	0.2%
8532013 · Invest Exp - Boston Partners	28,620.45	0.2%
8532020 · Invest Exp - Callan	12,468.34	0.1%
8532024 · Invest Exp - Atlanta Capital	23,535.83	0.2%
8532025 · Invest Exp - S&P Index SSgA	1,098.04	0.0%
8532026 · Invest Exp - EAFE SSgA	629.17	0.0%
8532027 · Invest Exp - AQR	14,267.88	0.1%
8532028 · Invest Exp - Pyrford	21,111.57	0.2%
8532029 · Invest Exp - Northern Trust	8,502.57	0.1%
8532030 · Invest Exp - Clarion	14,671.05	0.1%
8532031 · Invest Exp - Morgan Stanley	18,166.96	0.1%
<b>Total COGS</b>	<b>3,148,311.68</b>	<b>22.5%</b>
<b>Gross Profit</b>	<b>10,817,505.78</b>	<b>77.5%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	7,373.34	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	218.82	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,620.10	0.0%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	1.49	0.0%
8533026 · Admin Exp - Legal Services	15,999.99	0.1%
8533029 · Admin Exp - Administrator	20,401.00	0.1%
8533050 · Admin Exp - Misc Exp	23.83	0.0%
<b>Total Expense</b>	<b>47,638.57</b>	<b>0.3%</b>
<b>Net Income</b>	<b>10,769,867.21</b>	<b>77.1%</b>



**Sacto Regional Transit District Retirement Plan - Salaried**  
**Statement of Changes in Fiduciary Net Position**  
 July through December 2023

Accrual Basis

	<u>Jul - Dec 23</u>	<u>% of Income</u>
<b>Income</b>		
RT Required Contribution		
6630101 · Employer Contributions	5,972,315.23	41.2%
6630110 · Employee Contribution	470,736.47	3.2%
<b>Total RT Required Contribution</b>	<b>6,443,051.70</b>	<b>44.4%</b>
<b>Total Investment Earnings</b>		
Interest, Dividend, & Other Inc		
6830101 · Dividend	598,592.52	4.1%
6830102 · Interest	566,061.09	3.9%
6830103 · Other Income	0.00	0.0%
6830104 · Dividend - Distributions	95,416.88	0.7%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>1,260,070.49</b>	<b>8.7%</b>
<b>Investment Income</b>		
6530900 · Gains/(Losses) - All	1,091,312.73	7.5%
6530915 · Increase(Decrease) in FV	5,714,486.89	39.4%
<b>Total Investment Income</b>	<b>6,805,799.62</b>	<b>46.9%</b>
<b>Total Total Investment Earnings</b>	<b>8,065,870.11</b>	<b>55.6%</b>
<b>Total Income</b>	<b>14,508,921.81</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531210 · AEA - Retirement Benefits Paid	1,672,879.85	11.5%
8531211 · AFSCME-Retirement Benefits Paid	2,086,698.18	14.4%
8531212 · MCEG - Retirement Benefits Paid	2,195,842.84	15.1%
8531213 · Employee Contribution Refunds	40,343.73	0.3%
8532004 · Invest Exp - TCW	42,927.23	0.3%
8532013 · Invest Exp - Boston Partners	57,033.23	0.4%
8532020 · Invest Exp - Callan	24,900.57	0.2%
8532024 · Invest Exp - Atlanta Capital	45,788.04	0.3%
8532025 · Invest Exp - S&P Index SSgA	2,200.54	0.0%
8532026 · Invest Exp - EAFE SSgA	1,255.63	0.0%
8532027 · Invest Exp - AQR	28,630.48	0.2%
8532028 · Invest Exp - Pyrford	42,296.24	0.3%
8532029 · Invest Exp - Northern Trust	16,971.93	0.1%
8532030 · Invest Exp - Clarion	29,519.10	0.2%
8532031 · Invest Exp - Morgan Stanley	32,159.49	0.2%
<b>Total COGS</b>	<b>6,319,447.08</b>	<b>43.6%</b>
<b>Gross Profit</b>	<b>8,189,474.73</b>	<b>56.4%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	15,754.60	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	4,346.78	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	7,240.20	0.0%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	321.49	0.0%
8533026 · Admin Exp - Legal Services	31,999.98	0.2%
8533029 · Admin Exp - Administrator	52,153.03	0.4%
8533050 · Admin Exp - Misc Exp	47.35	0.0%
8533051 · Admin Exp - Audit	0.00	0.0%
<b>Total Expense</b>	<b>111,863.43</b>	<b>0.8%</b>
<b>Net Income</b>	<b>8,077,611.30</b>	<b>55.7%</b>

**Sacramento Regional Transit District  
Retirement Fund - Salaried  
Schedule of Cash Activities  
For the Three Months Period Ended December 31, 2023**

	October 2023	November 2023	December 2023	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2023	(47,324.82)	6,084.66	7,717.54	(47,324.82)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 30.43% - 42.74%	980,565.58	976,597.23	1,051,342.25	3,008,505.06
Employee Pension Contributions	78,530.59	75,045.32	83,063.37	236,639.28
Total Deposits	1,059,096.17	1,051,642.55	1,134,405.62	3,245,144.34
<u>Expenses</u>				
Payout to Retirees:				
AEA	(278,606.62)	(278,594.90)	(279,034.55)	(836,236.07)
AFSCME	(347,448.66)	(346,160.66)	(346,160.66)	(1,039,769.98)
MCEG	(368,653.31)	(368,653.31)	(368,653.31)	(1,105,959.93)
Employee Contribution Refunds	-	-	-	-
Payout to Retirees Subtotal	(994,708.59)	(993,408.87)	(993,848.52)	(2,981,965.98)
Fund Investment Management Expenses:				
Atlanta Capital	-	(22,252.21)	-	(22,252.21)
Boston Partners	-	(28,412.78)	-	(28,412.78)
SSgA S&P 500 Index	-	(1,102.50)	-	(1,102.50)
SSgA EAFE MSCI	-	(626.46)	-	(626.46)
TCW	(19,653.39)	-	-	(19,653.39)
Pyrford	(21,184.67)	-	-	(21,184.67)
Northern Trust	(8,469.36)	-	-	(8,469.36)
Callan	(4,146.47)	-	(8,305.63)	(12,452.10)
Fund Invest. Mgmt Exp. Subtotal	(53,453.89)	(52,393.95)	(8,305.63)	(114,153.47)
Administrative Expenses				
Legal Services	(5,333.33)	(5,333.33)	(5,333.33)	(15,999.99)
Pension Administration	(8,239.21)	(5,606.02)	(6,555.77)	(20,401.00)
Actuarial Services	(3,201.67)	(2,617.92)	(3,000.00)	(8,819.59)
Investigation Information Services	(1.49)	-	-	(1.49)
CALAPRS Training	(218.82)	-	-	(218.82)
Miscellaneous	(23.83)	-	-	(23.83)
Administrative Exp. Subtotal	(17,018.35)	(13,557.27)	(14,889.10)	(45,464.72)
Total Expenses	(1,065,180.83)	(1,059,360.09)	(1,017,043.25)	(3,141,584.17)
Monthly Net Owed from/(to) District	(6,084.66)	(7,717.54)	117,362.37	103,560.17
Payment from/(to) the District	47,324.82	(6,084.66)	(7,717.54)	33,522.62
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	6,084.66	7,717.54	(117,362.37)	(117,362.37)

**RT Combined Pension Plans - ATU, IBEW and Salaried**  
**Asset Allocation \***  
**As of December 31, 2023**

Asset Class	Net Asset Market Value 12/31/2023	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
<b>FUND MANAGERS:</b>						
<b>Domestic Equity:</b>						
Large Cap Value - Boston Partners - Z8	\$ 63,569,611	16.20%	16.00%	0.20%	\$ 775,243	
Large Cap Growth - SSgA S&P 500 Index - XH	64,849,102	16.52%	16.00%	0.52%	2,054,734	
<b>Total Large Cap Domestic Equity</b>	<b>128,418,713</b>	<b>32.72%</b>	<b>32.00%</b>	<b>0.72%</b>	<b>2,829,978</b>	<b>\$ 125,588,735</b>
<b>Small Cap - Atlanta Capital - XB</b>	<b>33,222,257</b>	<b>8.47%</b>	<b>8.00%</b>	<b>0.47%</b>	<b>1,825,074</b>	<b>31,397,184</b>
<b>International Equity:</b>						
<b>Large Cap Growth:</b>						
Pyrford - ZD	37,904,739	9.66%	9.50%	0.16%	620,584	
<b>Large Cap Core:</b>						
SSgA MSCI EAFE - XG	18,902,092	4.82%				
Total Core	18,902,092	4.82%	4.50%	0.32%	1,241,176	
<b>Small Cap:</b>						
AQR - ZB	21,799,242	5.55%	5.00%	0.55%	2,176,003	
<b>Emerging Markets</b>						
DFA - ZA	23,654,623	6.03%	6.00%	0.03%	106,735	
<b>Total International Equity</b>	<b>102,260,696</b>	<b>26.06%</b>	<b>25.00%</b>	<b>1.06%</b>	<b>4,144,497</b>	<b>98,116,199</b>
<b>Fixed Income:*</b>						
<b>TCW- XD</b>	<b>95,555,665</b>	<b>24.35%</b>	<b>25.00%</b>	<b>(0.65)%</b>	<b>(2,560,534)</b>	<b>98,116,199</b>
<b>Real Estate:*</b>						
Clarion - Lion	16,090,053	4.10%	5.00%	(0.90)%	(3,533,187)	
Morgan Stanley	16,917,412	4.31%	5.00%	(0.69)%	(2,705,828)	
<b>Total Real Estate</b>	<b>33,007,466</b>	<b>8.41%</b>	<b>10.00%</b>	<b>(1.59)%</b>	<b>(6,239,014)</b>	<b>39,246,480</b>
<b>Total Combined Net Asset</b>	<b>\$ 392,464,796</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>\$ -</b>	<b>\$ 392,464,796</b>

Asset Allocation Policy Ranges*:	Minimum	Target	Maximum
<b>Domestic Equity</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>
Large Cap (50/50 value/growth)	28%	32%	36%
Small Cap	5%	8%	11%
<b>International Equity</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>
Large Cap Developed Markets	10%	14%	18%
Small Cap Developed Markets	3%	5%	7%
Emerging Markets	4%	6%	8%
<b>Domestic Fixed Income</b>	<b>20.0%</b>	<b>25.0%</b>	<b>30.0%</b>
<b>Real Estate</b>	<b>6.0%</b>	<b>10.0%</b>	<b>14.0%</b>

\* Per the Statement of Investment Objectives and Policy Guidelines as of 6/21/2023.

**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Balance Sheet  
As of December 31, 2023**

**Per Both Pension Fund Balance Sheets:**

ATU Allocated Custodial Assets	174,729,844
ATU Accrued Clarion Distributions Receivable	69,525 **
IBEW Allocated Custodial Assets	78,694,957
IBEW Accrued Clarion Distributions Receivable	30,120 **
Salaried Allocated Custodial Assets	139,039,995
Salaried Accrued Clarion Distributions Receivable	46,249 **

<b>Total Consolidated Net Asset</b>	<u><u>392,610,689</u></u>
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**Per Callan Report:**

Total Investments	<u><u>392,619,379</u></u>
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<b>Net Difference</b>	<u><u>(8,690) *</u></u>
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\* The "Net Difference" amounts shown are the results of Callan and Northern Trust using different valuations for the same securities.

\*\*Callan includes Clarion distributions receivable in total investments and Northern Trust recognizes the balance the following quarter when cash is received.

**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Investment Income  
For the Quarter Ended December 31, 2023**

**Per Both Pension Fund Income Statements:**

ATU - Investment Earnings	13,049,700
ATU - Management Fees	(66,793)
IBEW - Investment Earnings	5,927,498
IBEW - Management Fees	(29,251)
Salaried - Investment Earnings	10,720,673
Salaried - Management Fees	(47,283)
<b>Total Investment Income</b>	<u><u>29,554,544</u></u>

**Per Callan Report:**

Investment Returns	<u><u>29,562,476</u></u>
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<b>Net Difference</b>	<u><u>(7,932) ***</u></u>
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\*\*\* The "Net Difference" amounts shown are the results of Callan and Northern Trust using different valuations for the same securities.

**Reconciliation between Callan Report  
and  
Consolidated Schedule of Cash Activities  
For the Quarter Ended December 31, 2023**

	October	November	December	Total
<b>Payments from/(to) the District</b>				
Boston Partners - ATU	(294,377)	(1,877,289)	-	(2,171,665)
Boston Partners - IBEW	(46,500)	(828,068)	-	(874,568)
Boston Partners - Salaried	47,325	(1,531,937)	-	(1,484,612)
S&P 500 Index - ATU	-	(826,559)	(194,896)	(1,021,455)
S&P 500 Index - IBEW	-	(402,679)	(20,009)	(422,688)
S&P 500 Index - Salaried	-	(770,762)	(7,718)	(778,480)
Atlanta Capital - ATU	-	(807,532)	-	(807,532)
Atlanta Capital - IBEW	-	(381,787)	-	(381,787)
Atlanta Capital - Salaried	-	(810,681)	-	(810,681)
TCW - ATU	-	3,314,252	-	3,314,252
TCW - IBEW	-	1,578,453	-	1,578,453
TCW - Salaried	-	3,107,295	-	3,107,295
<b>Total Payments from/(to) the District</b>	<u>(293,552)</u>	<u>(237,293)</u>	<u>(222,622)</u>	<u>(753,467)</u>
<b>Transfers In/(Out) of Investment Funds</b>				
Boston Partners	(293,552)	(4,237,293)	-	(4,530,845)
S&P 500 Index	-	(2,000,000)	(222,622)	(2,222,622)
Atlanta Capital	-	(2,000,000)	-	(2,000,000)
TCW	-	8,000,000	-	8,000,000
<b>Total Transfers In/(Out) of Investment Funds</b>	<u>(293,552)</u>	<u>(237,293)</u>	<u>(222,622)</u>	<u>(753,467)</u>
<b>Variance between Payments and Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Per Callan Report:</b>				
Net New Investment/(Withdrawals)				<u>(753,467)</u>
<b>Net Difference</b>				<u><u>(0)</u></u>

**Consolidated Schedule of Cash Activities  
For the 12-Months December 31, 2023**

	1Q23	2Q23	3Q23	4Q23	Total
<b>Payments from/(to) the District</b>					
Boston Partners - ATU	(145,887)	(138,723)	(397,584)	(2,171,665)	(2,853,860)
Boston Partners - IBEW	(34,337)	(26,873)	(86,767)	(874,568)	(1,022,545)
Boston Partners - Salaried	44,562	74,143	(10,297)	(1,484,612)	(1,376,204)
S&P 500 Index - ATU	-	(39,250)	-	(1,021,455)	(1,060,705)
S&P 500 Index - IBEW	-	-	-	(422,688)	(422,688)
S&P 500 Index - Salaried	-	39,250	-	(778,480)	(739,229)
Atlanta Capital - ATU	(415,444)	(370,247)	-	(807,532)	(1,593,223)
Atlanta Capital - IBEW	(146,415)	(163,013)	-	(381,787)	(691,215)
Atlanta Capital - Salaried	(49,697)	45,070	-	(810,681)	(815,308)
Pyrford - ATU	-	(24,897)	-	-	(24,897)
Pyrford - Salaried	-	24,897	-	-	24,897
EAFE - ATU	-	(12,037)	-	-	(12,037)
EAFE - Salaried	-	12,037	-	-	12,037
AQR - ATU	-	(13,459)	-	-	(13,459)
AQR - Salaried	-	13,459	-	-	13,459
DFA - ATU	-	(14,625)	-	-	(14,625)
DFA - Salaried	-	14,625	-	-	14,625
TCW - ATU	-	(57,719)	-	3,314,252	3,256,533
TCW - IBEW	-	-	-	1,578,453	1,578,453
TCW - Salaried	-	57,719	-	3,107,295	3,165,014
Clarion - ATU	-	(12,332)	-	-	(12,332)
Clarion - Salaried	-	12,332	-	-	12,332
Morgan Stanley - ATU	-	(11,989)	-	-	(11,989)
Morgan Stanley - Salaried	-	11,989	-	-	11,989
<b>Total Payments from/(to) the District</b>	<u>(747,219)</u>	<u>(579,644)</u>	<u>(494,648)</u>	<u>(753,467)</u>	<u>(2,574,977)</u>

**Sacramento Regional Transit District  
ATU, IBEW and Salaried Retirement Plans  
Schedule of Fund Investment Returns and Expenses  
12/31/23**

	1 Year	%	Net of Fees Returns	1 Year Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	3 Years	%	Net of Fees Returns	3 Years Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts
<b>Boston Partners</b>										
Investment Returns	7,724,298	100.00%				23,583,313	100.00%			
Investment Expense	(318,545)	4.12%				(969,836)	4.11%			
Net Gain/(Loss)	7,405,753	95.88%	12.67%	11.46%	121.00	22,613,477	95.89%	12.47%	8.86%	361.00
<b>S&amp;P 500</b>										
Investment Returns	13,878,882	100.00%				18,673,790	100.00%			
Investment Expense	(12,013)	0.09%				(36,383)	0.19%			
Net Gain/(Loss)	13,866,869	99.91%	26.23%	26.29%	(6.00)	18,637,407	99.81%	9.95%	10.00%	(5.00)
<b>Atlanta Capital</b>										
Investment Returns	6,416,699	100.00%				8,898,944	100.00%			
Investment Expense	(259,083)	4.04%				(770,148)	8.65%			
Net Gain/(Loss)	6,157,616	95.96%	21.68%	16.93%	475.00	8,128,796	91.35%	8.86%	2.22%	664.00
<b>Pyrford</b>										
Investment Returns	4,936,523	100.00%				5,326,114	100.00%			
Investment Expense	(237,879)	4.82%				(691,297)	12.98%			
Net Gain/(Loss)	4,698,644	95.18%	14.21%	18.24%	(403.00)	4,634,817	87.02%	4.53%	4.02%	51.00
<b>EAFE</b>										
Investment Returns	2,964,567	100.00%				2,263,803	100.00%			
Investment Expense	(7,022)	0.24%				(20,530)	0.91%			
Net Gain/(Loss)	2,957,545	99.76%	18.48%	18.24%	24.00	2,243,273	99.09%	4.25%	4.02%	23.00
<b>AQR</b>										
Investment Returns	3,502,405	100.00%				3,589,054	100.00%			
Investment Expense	(166,514)	4.75%				(498,995)	13.90%			
Net Gain/(Loss)	3,335,891	95.25%	19.14%	13.16%	598.00	3,090,059	86.10%	5.97%	(0.69)%	666.00
<b>DFA</b>										
Investment Returns	3,166,311	100.00%				603,865	100.00%			
Investment Expense	(84,533)	2.67%				(305,958)	50.67%			
Net Gain/(Loss)	3,081,778	97.33%	15.45%	9.83%	562.00	297,907	49.33%	0.72%	(5.08)%	580.00
<b>TCW</b>										
Investment Returns	5,527,956	100.00%				(7,947,241)	100.00%			
Investment Expense	(237,526)	4.30%				(709,480)	-8.93%			
Net Gain/(Loss)	5,290,430	95.70%	6.03%	5.53%	50.00	(8,656,721)	108.93%	(3.16)%	(3.31)%	15.00
<b>Clarion</b>										
Investment Returns	(3,191,893)	100.00%				N/A	0.00%			
Investment Expense	(195,671)	-6.13%				N/A	0.00%			
Net Gain/(Loss)	(3,387,564)	106.13%	(16.66)%	(12.02)%	(464.00)	-	-	N/A	N/A	N/A
<b>Morgan Stanley</b>										
Investment Returns	(1,039,503)	100.00%				N/A	0.00%			
Investment Expense	(193,941)	-18.66%				N/A	0.00%			
Net Gain/(Loss)	(1,233,444)	118.66%	(5.99)%	(12.02)%	603.00	-	-	N/A	N/A	N/A
<b>Total Fund</b>										
Investment Returns	43,886,245	100.00%				54,991,642	100.00%			
Investment Expense	(1,712,726)	3.90%				(4,002,627)	7.28%			
Net Gain/(Loss)	42,173,519	96.10%	12.21%	13.45%	(124.00)	50,989,015	92.72%	5.11%	3.24%	187.00



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 11  
**TO:** Sacramento Regional Transit Retirement Boards – AEA/AFSCME/MCEG  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE THE FISCAL YEAR 2023 STATE CONTROLLER'S  
REPORT FOR THE SALARIED PENSION PLAN (AEA/AFSCME/MCEG).  
(JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File the Fiscal Year 2023 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

The financial data for the annual State Controller's Public Retirement Systems Financial Transactions Report is prepared in accordance with California Government Code Section 7504. This statute requires all state and local retirement systems to annually submit audited financial statements of their Pension Plans to the State Controller's Office within six months of the close of the fiscal year. The State Controller's Public Retirement Systems Financial Transactions Report (Attachment #1) for the fiscal year ended June 30, 2023 was filed on December 19, 2023.

**PUBLIC RETIREMENT SYSTEM  
FINANCIAL TRANSACTIONS REPORT  
COVER PAGE**

**Sacramento Regional Transit District Salaried Employees' Retirement Plan**

Fiscal Year: **2023**

ID Number: **16383440511**

For the Fiscal Year Ended: 06/30/2023 (MM/DD/YYYY)

**Certification:**

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the agency in accordance with the requirements as prescribed by the California State Controller.

Retirement Administrator

Signature



VP of Finance/CFO

Title

Jason B. Johnson

Name (Please Print)

12/19/23

Date

Per Government Code section 7504, this report is due within six months after the end of the fiscal year. Public Employee Retirement Systems are also required to furnish an audited financial statement on an annual basis and, for defined benefit systems, an actuarial valuation report at least every three years. To meet the filing requirements, all portions must be received by the State Controller's Office.

If submitted manually, please complete, sign, and mail this cover page to either address below:

**Mailing Address:**

State Controller's Office  
Local Government Programs and Services Division  
Local Government Reporting Section  
P.O. Box 942850  
Sacramento, CA 94250

**Express Mailing Address:**

State Controller's Office  
Local Government Programs and Services Division  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 12/19/2023 3:52:00 PM



Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
General Information

Reporting Year: 2023

Form #1

## Mailing Address

Street 1	<input type="text" value="PO Box 2110"/>	Type of Plan	<input type="text" value="Defined Benefit"/>
Street 2	<input type="text"/>	Retirement Administrator	<input type="text" value="Jason Johnson"/>
City	<input type="text" value="Sacramento"/>	Telephone	<input type="text" value="(916) 708-4485"/>
State	<input type="text" value="CA"/>	Zip	<input type="text" value="95812"/>
		Email	<input type="text" value="jjohnson@sacrt.com"/>
<input checked="" type="checkbox"/> Has Address Changed?			

## Report Prepared By

First Name	<input type="text" value="Lynda"/>	Firm Name	<input type="text" value="Sacramento Regional Transit District"/>
Middle Initial	<input type="text"/>	Telephone	<input type="text" value="(916) 516-3441"/>
Last Name	<input type="text" value="Volk"/>	Fax No.	<input type="text"/>
Title	<input type="text" value="Senior Accountant"/>	Email	<input type="text" value="lvolk@sacrt.com"/>

## Independent Auditor

Firm Name	<input type="text" value="Crowe LLP"/>	Street 1	<input type="text" value="400 Capitol Mall"/>
First Name	<input type="text" value="Brad"/>	Street 2	<input type="text" value="Suite 1400"/>
Middle Initial	<input type="text"/>	City	<input type="text" value="Sacramento"/>
		State	<input type="text" value="CA"/>
		Zip	<input type="text" value="95814"/>
Last Name	<input type="text" value="Schelle"/>	Telephone	<input type="text" value="(317) 208-2551"/>
		Email	<input type="text" value="brad.schelle@crowe.com"/>

## Additional Information

Actuary/Actuary Firm	<input type="text" value="Cheiron, Inc."/>	Street 1	<input type="text" value="3685 Mt. Diablo Blvd, Suite 250"/>
		Street 2	<input type="text" value="3685 Mt. Diablo Blvd, Suite 250"/>
Contact Name	<input type="text" value="Graham Schmidt"/>	P.O. Box	<input type="text"/>
		City	<input type="text" value="Lafayette"/>
		State	<input type="text" value="CA"/>
		Zip	<input type="text" value="94549"/>
Date of Valuation Report	<input type="text" value="07012022"/>	Telephone	<input type="text" value="(703) 893-1456"/>
		Email	<input type="text" value="gschmidt@cheiron.us"/>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Comments for the Retirement Report

**Reporting Year: 2023**

Form #2

Comments

John Gobel is our Pension & Retirement Services Manager  
phone: (916) 261-1198  
email: jgobel@sacrt.com

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Fiduciary Net Position

Reporting Year: 2023

Form #3

**Assets**

R01. Cash and Cash Equivalents	6,625,345
Receivables	
R02. Contributions	
R03. Investments	2,537,365
R04. Other Receivables	43,849
R05. Total Receivables	2,581,214
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	16,453,934
R08. Municipal Bonds	145,142
R09. Domestic Corporate Bonds	8,252,423
R10. International Bonds	
R11. Domestic Stocks	59,995,882
R12. International Stocks	31,303,829
R13. Real Estate	13,024,488
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	1,732,868
R17. Total Investments	130,908,566
R18. Securities Lending Collateral	
Capital Assets	
R19. Capital Assets, Not Being Depreciated/Amortized	
R20. Capital Assets, Net of Depreciation/Amortization	
R21. Other Assets	
R22. Total Assets	\$140,115,125

**Deferred Outflows of Resources**

R23. Related to Pensions	
R24. Related to OPEB	
R25. Related to Debt Refunding	
R26. Other Deferred Outflows of Resources	
R27. Total Deferred Outflows of Resources	\$0
R28. Total Assets and Deferred Outflows of Resources	\$140,115,125

**Liabilities**

R29. Benefits Payable	
R30. Accounts Payable	138,825
R31. Investment Purchases Payable	8,985,872
R32. Securities Lending Obligation	
R33. Other Liabilities	
R34. Total Liabilities	\$9,124,697

**Deferred Inflows of Resources**

R35. Related to Pensions	
--------------------------	--

R36. Related to OPEB	<div></div>
R37. Related to Debt Refunding	<div></div>
R38. Other Deferred Inflows of Resources	<div></div>
R39. <b>Total Deferred Inflows of Resources</b>	<div>\$0</div>
R40. <b>Total Liabilities and Deferred Inflows of Resources</b>	<div>\$9,124,697</div>
R41. <b>Total Restricted Net Position</b>	<div>\$130,990,428</div>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Changes in Fiduciary Net Position -- Additions

Reporting Year: 2023

Form #4

**Contributions**

## Employer

R01.	General	11,561,711
R02.	Safety	
R03.	Combined	
R04.	Total Employer	11,561,711

## Member

R05.	General	858,224
R06.	Safety	
R07.	Combined	
R08.	Total Member	858,224

## Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	<b>Total Contributions</b>	\$12,419,935

**Investment Income (Loss)**

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	8,114,860
R15.	Interest	964,161
R16.	Dividends	1,316,857
R17.	Other Investment Income	
R18.	(Investment Expense)	-621,476

## Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0
R22.	<b>Net Investment Income (Loss)</b>	\$9,774,402
R23.	<b>Other Income</b>	248,765
R24.	<b>Total Additions</b>	\$22,443,102

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Changes in Fiduciary Net Position -- Deductions and Net Position

**Reporting Year: 2023**

Form #5

**Benefit Payments**

## Service Retirement

R01.	General	11,531,393
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	11,531,393

## Disability Retirement

R05.	General	123,226
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	123,226

## Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	<b>Total Benefit Payments</b>	11,654,619

**Member Refunds**

R14.	General	127,258
R15.	Safety	
R16.	Combined	
R17.	<b>Total Member Refunds</b>	127,258
R18.	<b>Administrative Expenses</b>	253,898
R19.	<b>Other Expenses</b>	

R20.	<b>Total Deductions</b>	\$12,035,775
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R21.	<b>Net Increase (Decrease) in Net Position</b>	10,407,327
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R22.	<b>Net Position Restricted for Pension Benefits, Beginning of Year</b>	120,583,101
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R23.	<b>Adjustment 1</b>	
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R24.	<b>Adjustment 2</b>	
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R25.	<b>Net Position Restricted for Pension Benefits, End of Year</b>	\$130,990,428
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Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Schedule of Changes in Net Pension Liability and Related Ratios

Reporting Year: 2023

Form #6

**Total Pension Liability**

R01. Service Cost	5,169,296
R02. Interest	12,094,257
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	1,243,109
R05. Changes of Assumptions	0
R06. Benefit Payments, Including Refunds of Member Contributions	-11,781,877
R07. <b>Net Change in Total Pension Liability</b>	6,724,785
R08. <b>Total Pension Liability – Beginning</b>	182,426,485
R09. <b>Adjustments</b>	249,432
R10. <b>Total Pension Liability – Ending (a)</b>	189,400,702

**Plan Fiduciary Net Position**

R11. Contributions – Employer	11,561,711
R12. Contributions – Member	858,224
R13. Contributions – Other	0
R14. Net Investment Income	9,774,402
R15. Other Income	248,765
R16. Benefit Payments, Including Refunds of Member Contributions	-11,781,877
R17. Administrative Expenses	-253,898
R18. Other Expenses	0
R19. <b>Net Change in Plan Fiduciary Net Position</b>	10,407,327
R20. <b>Plan Fiduciary Net Position – Beginning</b>	120,583,101
R21. <b>Adjustments</b>	0
R22. <b>Plan Fiduciary Net Position – Ending (b)</b>	130,990,428
R23. <b>Net Pension Liability – Ending (a) - (b)</b>	58,410,274
R24. <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)</b>	69.16%
R25. <b>Covered-Employee Payroll</b>	30,417,243
R26. <b>Net Pension Liability as a Percentage of Covered-Employee Payroll (%)</b>	192.03%

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Schedule of Employer Contributions

Form #7

**Reporting Year: 2023**

R01. Actuarially Determined Contributions	11,561,711
R02. Contributions in Relation to the Actuarially Determined Contributions	11,561,711
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	30,417,243
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	38.01%

**Notes to Schedule**

R06. Valuation Date

7/1/2021

**Methods and assumptions used to determine contribution rates**

R07. Actuarial Cost Method	Entry Age
R08. Amortization Method	Level Percentage of Payroll
R09. Remaining Amortization Period	11
R10. Asset Valuation Method	The actuarial value of Plan assets is calculated on a modified market-related value. The market value of assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment earnings on the market value of assets.
R11. Inflation (%)	2.5
R12. Salary Increases	2.75 + merit
R13. Investment Rate of Return (%)	6.75
R14. Other Information	

**Note:***(R08) Amortization Method: Level Percentage of Payroll**(R09) Remaining Amortization Period: 11**(R12) Salary Increases: 2.75 + merit*



Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Plan Membership

Reporting Year: 2023

Form #8

## Members

Member Type	Tier	System Status	Active		Inactive	Retirement				Total Members
			Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General	Non-PEPRA	Closed ▼	131	2	39	333	5		23	533
General	PEPRA	Open ▼	34	105	2	1			6	148
Select ▼		Select ▼								
Grand Total Members			165	107	41	334	5		29	681

## Employers

	State	Counties	Cities	Special Districts	School Districts	Other Agencies	Total
Number of Agencies				1			1
Number of Members				681			681

## Members' Annual Payroll

Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	17,517,742
General	PEPRA	12,899,501
Grand Total Payroll		\$30,417,243

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Contributions

Reporting Year: 2023

## Employer and Member Rates - Recommended by Actuary

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost						Sir
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Age 25	Age 35	Age 45	R
General	Non-PEPRA	19.77		19.77	24.28		24.28	44.05	0.00	44.05				
General	PEPRA	6.79		6.79	24.28		24.28	31.07	0.00	31.07				

## Employer and Member Rates - Adopted by Governing Body

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost						Sir
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Age 25	Age 35	Age 45	R
General	Non-PEPRA	19.77		19.77	23.51		23.51	43.28	0.00	43.28				
General	PEPRA	6.79		6.79	23.51		23.51	30.30	0.00	30.30				

## Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,463,258	4,118,421	7,581,679
General	PEPRA	875,876	3,032,673	3,908,549
<b>Grand Total Employer Contributions</b>		<b>\$4,339,134</b>	<b>\$7,151,094</b>	<b>\$11,490,228</b>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Plan Identification

Reporting Year: 2023

Form #10

## Economic Assumption Rates

R01. Select Plan

Single-Employer Plan ▼

## Return on Investments

R02. Real Rate of Return

4.25

R03. Inflation Component

2.5

R04. Total Return on Investments

6.75%

## Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82
R06. Inflation Component	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
R07. Total Salary Scale	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	5.75	6.75	7.75
R09. Net Pension Liability	79,339,867	58,410,274	40,616,467

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Plan Identification: Rate of Return

Reporting Year: 2023

Form #11

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.69	8.41	6.64
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2023	2022	2021	2020	2019	2018	2017
R04. Annual Money-Weighted Rate of Return, Net of Investment Expense %	7.78	-7.30	27.60	1.98	6.23	6.93	12.09

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Plan Identification: Demographic Assumption Rates - Age

Reporting Year: 2023

Form #12a

## Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.0000				
R02. Age 30		0.0000				
R03. Age 35		0.0000				
R04. Age 40		0.0000				
R05. Age 45		0.0000				
R06. Age 50		0.0000				
R07. Age 55	5.0000	0.0000				
R08. Age 60	15.0000	0.0000				
R09. Age 65	25.0000	0.0000				
R10. Age 70	100.0000	0.0000				

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.0000				
R12. Age 30		0.0000				
R13. Age 35		0.0000				
R14. Age 40		0.0000				
R15. Age 45		0.0000				
R16. Age 50		0.0000				
R17. Age 55	5.0000	0.0000				
R18. Age 60	15.0000	0.0000				
R19. Age 65	25.0000	0.0000				
R20. Age 70	100.0000	0.0000				

Safety - Male	Service	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal
	Retirement					(Termination)
	Rate	Ordinary	Service	Ordinary	Service	Rate
R21. Age 25	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R22. Age 30	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R23. Age 35	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R24. Age 40	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R25. Age 45	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R26. Age 50	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R27. Age 55	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R28. Age 60	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R29. Age 65	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R30. Age 70	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Safety - Female	Service	Disability Retirement Rate		Mortality of Active		Withdrawal
	Retirement	Ordinary	Service	Members Rate		(Termination)
	Rate			Ordinary	Service	Rate
R31. Age 25	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R32. Age 30	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R33. Age 35	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R34. Age 40	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R35. Age 45	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R36. Age 50	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R37. Age 55	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R38. Age 60	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R39. Age 65	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R40. Age 70	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Plan Identification: Demographic Assumption Rates - Years of Service

Reporting Year: 2023

Form #12b

## Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	<input type="text"/>	5.0000
R02. Year 10	<input type="text"/>	3.0000
R03. Year 15	<input type="text"/>	3.0000
R04. Year 20	<input type="text"/>	1.5000
R05. Year 25	<input type="text"/>	1.5000
R06. Year 30	<input type="text"/>	1.5000
R07. Year 35	<input type="text"/>	1.5000
R08. Year 40	<input type="text"/>	1.5000
R09. Year 45	<input type="text"/>	1.5000
R10. Year 50	<input type="text"/>	1.5000

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5	<input type="text"/>	5.0000
R12. Year 10	<input type="text"/>	3.0000
R13. Year 15	<input type="text"/>	3.0000
R14. Year 20	<input type="text"/>	1.5000
R15. Year 25	<input type="text"/>	1.5000
R16. Year 30	<input type="text"/>	1.5000
R17. Year 35	<input type="text"/>	1.5000
R18. Year 40	<input type="text"/>	1.5000
R19. Year 45	<input type="text"/>	1.5000
R20. Year 50	<input type="text"/>	1.5000

<b>Safety - Male</b>	<b>Service</b>	<b>Withdrawal</b>
<b>Years of Service</b>	<b>Retirement</b>	<b>(Termination)</b>
	<b>Rate</b>	<b>Rate</b>
R21. Year 5	<input type="text"/>	<input type="text"/>
R22. Year 10	<input type="text"/>	<input type="text"/>
R23. Year 15	<input type="text"/>	<input type="text"/>
R24. Year 20	<input type="text"/>	<input type="text"/>
R25. Year 25	<input type="text"/>	<input type="text"/>
R26. Year 30	<input type="text"/>	<input type="text"/>
R27. Year 35	<input type="text"/>	<input type="text"/>
R28. Year 40	<input type="text"/>	<input type="text"/>
R29. Year 45	<input type="text"/>	<input type="text"/>
R30. Year 50	<input type="text"/>	<input type="text"/>

<b>Safety - Female</b>	<b>Service</b>	<b>Withdrawal</b>
<b>Years of Service</b>	<b>Retirement</b>	<b>(Termination)</b>
	<b>Rate</b>	<b>Rate</b>
R31. Year 5	<input type="text"/>	<input type="text"/>
R32. Year 10	<input type="text"/>	<input type="text"/>
R33. Year 15	<input type="text"/>	<input type="text"/>
R34. Year 20	<input type="text"/>	<input type="text"/>
R35. Year 25	<input type="text"/>	<input type="text"/>
R36. Year 30	<input type="text"/>	<input type="text"/>
R37. Year 35	<input type="text"/>	<input type="text"/>
R38. Year 40	<input type="text"/>	<input type="text"/>
R39. Year 45	<input type="text"/>	<input type="text"/>
R40. Year 50	<input type="text"/>	<input type="text"/>



Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Funding Position and UAAL Amortization Method

Reporting Year: 2023

Form #13

**Funding Position**

R01. Valuation Date (MM/DD/YYYY)	<input type="text" value="07/01/2022"/>
R02. Name of Actuarial Firm	<input type="text" value="Cheiron Inc"/>
R03. Actuarial Accrued Liability (AAL)	<input type="text" value="183,590,990"/>
R04. Actuarial Value of Assets (AVA)	<input type="text" value="124,607,538"/>
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	<input type="text" value="58,983,452"/>
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="67.87"/>
R07. Annual Covered Payroll (ACP)	<input type="text" value="30,417,243"/>
R08. UAAL as a Percentage of ACP (AVA Basis)	<input type="text" value="193.91%"/>
R09. Method Used to Determine AAL	<input type="text" value="Entry Age"/>
R10. Please Specify "Other" Method	<input type="text"/>
R11. Market Value of Assets (MVA)	<input type="text" value="120,583,101"/>
R12. UAAL (MVA Basis)	<input type="text" value="63,007,889"/>
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="65.68"/>

**UAAL Amortization**

R14. Method Used to Amortize the Total UAAL	<input type="text" value="Level Percentage of Projected Covered Payroll"/>
R15. Please Specify "Other" Method	<input type="text"/>
R16. Total UAAL Amortization Period (in years)	<input type="text" value="20"/>
R17. Years Remaining in Total UAAL Amortization Period	<input type="text" value="20"/>
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	<input type="text" value="2042"/>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Service Retirement Benefit Policies

Reporting Year: 2023

Form #14a

## Eligibility

Member Type	Tier	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age Regardless of Service	Years of Service Regardless of Age
General	Non-PEPRA	55	5								25
General	PEPRA	52	5								

## Cost of Living

Member Type	Tier	Granted Position Last Held	Index to Active Member Increase	Index to Consumer Price Index	Maximum Annual Increase	None	Other Basis
General	Non-PEPRA	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Y <input type="text"/>	<input type="text"/>
General	PEPRA	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Y <input type="text"/>	<input type="text"/>

## Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA	<input type="text"/>	4	<input type="text"/>	<input type="text"/>
General	PEPRA	<input type="text"/>	4	<input type="text"/>	<input type="text"/>

## Percent Per Year of Service and Social Security Coverage

Member Type	Tier	Age 50	Age 55	Age 60	Age 65	Social Security Coverage
General	Non-PEPRA	<input type="text"/>	2.00	2.50	2.50	Supplemental <input type="text"/>
General	PEPRA	<input type="text"/>	1.30	1.80	2.30	Supplemental <input type="text"/>

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Service Retirement Benefit Policies: Benefit Comments

**Reporting Year: 2023**

Form #14b

Comments

None.

Sacramento Regional Transit District Salaried Employees' Retirement Plan  
Public Retirement Systems' Financial Transactions Report  
Statement of Disability Benefit Policies

Reporting Year: 2023

Form #15

## Disability Benefits as a Percentage of Final Average Salary

Member Type	Tier	Nonservice Disability Per Year (%)	Nonservice Disability Maximum (%)	Service Disability Per Year (%)	Service Disability Maximum (%)
General	Non-PEPRA	<input type="text" value="2"/>	<input type="text" value="2.5"/>	<input type="text" value="2"/>	<input type="text" value="2.5"/>
General	PEPRA	<input type="text" value="1"/>	<input type="text" value="2.5"/>	<input type="text" value="1"/>	<input type="text" value="2.5"/>

Note or Special  
Requirements

**Sacramento Regional Transit District Salaried Employees' Retirement Plan**  
**Public Retirement Systems Financial Transactions Report**  
**Footnotes**

<b>Fiscal Year: 2023</b>		
<b>FORM DESC</b>	<b>FIELD NAME</b>	<b>FOOTNOTES</b>
NetPosition	(R01)CashandCashEquivalents	In the fiscal year ended June 30, 2023, the increase in cash and short-term investments is primarily due to an increased position in US Treasuries which was due to the extension of the Fixed Income portfolio's duration profile alongside rising rates due to the Federal Reserve's hawkish policy throughout the period. The overall duration profile was extended from approximately 6.6 years (~0.1 years long versus the Aggregate Index) as of June 30, 2022 to 7.0 years by June 30, 2023 (~0.7 years long relative to the Index). This was effectuated largely in shorter dated maturities, i.e., the front end of the yield curve, given expectations for an eventual "normalization" of the Treasury curve from deeply inverted levels.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager. Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
Additions	(R05)Member-General	There were more PEPRAs employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation)inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R15)Interest	Interest income fluctuates based on annual market performance and portfolio market performance.
Additions	(R17)OtherInvestmentIncome	The majority of other investment income in prior years consisted of futures/forwards and other activity that was not specifically interest or dividend income. There was no such activity in FY23.
Additions	(R23)OtherIncome	Per provisions of a legally binding Arbitration between the District and the ATU, when a non-vested ATU employee transfers to the Salaried plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. This amount is employee transfers that occurred in Fiscal Year 2023. The number of transfers were less in FY23 than in FY22.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. This amount is employee transfers that occurred in Fiscal Year 2023.

Total Footnote: 10



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 12  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE THE FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT FOR THE TWELVE MONTH  
PERIOD ENDED JUNE 30, 2023 (ALL). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File the Financial Statements with Independent Auditor's Report, Auditor's Report to the Board of Directors, and the Report on Internal Control for the Twelve-Month Period Ended June 30, 2023 (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

In accordance with California Government Code Section 7504, the Retirement Plans for employees of the Sacramento Regional Transit District (District) are required to have an annual audit performed. Crowe LLC conducted the Plans' audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The standards require that the auditors plan and perform the audit to obtain reasonable assurance that the Plans' financial statements are free of material misstatements.

For the fiscal year ended June 30, 2023, the investment assets for the ATU, IBEW and Salaried Plans continued to be held in a commingled trust. Within that commingled trust, the balance of investments for the ATU, IBEW and Salaried Plans are calculated based on a percentage of ownership as determined by the ATU, IBEW and Salaried Plans' custodian.

As noted in the report (Attachment 1), the combined net position held in trust for pension benefits increased \$24,500,987, or 6.59% from the beginning-of-year balance of \$347,023,188 to the end-of-year balance of \$371,524,175. The audit confirmed that the District made 100% of its actuarially determined contribution of \$ 26,557,004.

The audit also determined that the Retirement Plans' financial statements are free of material misstatements and that the Retirement Plans are operated with appropriate internal controls.

### **Staff Recommendation**

The following documents (Attachments 1-3) are submitted to the Board for receipt and filing:

- The Audited Financial Statements – Attachment 1
- Report to the Board of Directors – Attachment 2
- Report on Internal Control – Attachment 3

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**



**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES**

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**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MEMBERS OF THE RETIREMENT BOARD AND ADMINISTRATIVE STAFF**

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**Amalgamated Transit Union Local 256**

Crystal Lee, Chairperson  
Lee Scott, Member  
Anthony Smith, Alternate

**International Brotherhood of Electrical Workers Local 1245**

Constance Bibbs, Chairperson  
Neal Pickering, Member  
David Thompson, Alternate

**Administrative Employees Association**

Russel Devorak, Chairperson  
Timothy McGoldrick, Member  
Jayanthi Santhanakrishnan, Alternate

**American Federation of State, County & Municipal Employees, Local 146, AFL-CIO**

Peter Guimond, Chairperson  
Lisa Thompson, Member

**Management and Confidential Employees**

Sandy Bobek, Chairperson  
Lisa Hinz, Member  
Christopher Flores, Alternate

**Sacramento Regional Transit District**

Patrick Kennedy, Common Chairperson  
Henry Li, Member  
Shelly Valenton, Alternate

**Assistant Secretary**

John Gobel, Senior Manager, Pension & Retirement Services

**Legal Counsel**

Shayna M. van Hoften, Partner  
Liz Masson, Partner  
Hanson Bridgett

**Finance Department**

Jason Johnson, VP, Finance/CFO  
Lynda Volk, Senior Accountant

**Pension and Retirement Services**

Jessy Mathew, Retirement Services Analyst II  
Jessica Cruz Mendoza, Administrative Assistant I

## INDEPENDENT AUDITOR'S REPORT

Members of the Retirement Board of Directors  
Sacramento Regional Transit District  
Sacramento, California

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the plan net position of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees, as of June 30, 2023, and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plans, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of District Contributions, and Schedule of Investment Returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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(Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The Schedules of Investment and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Investment and Administrative Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Members of the Retirement Board and Administrative Staff but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plans' internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California  
November 17, 2023

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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This section presents Management's Discussion and Analysis (MD&A) of the financial activities of the defined-benefit Retirement Plans for the Sacramento Regional Transit District Employees (the Plans) for the fiscal year ended June 30, 2023 (FY 2023). We encourage readers to consider the information presented here in conjunction with the financial information and notes that we have furnished in this report.

**FINANCIAL HIGHLIGHTS**

As of June 30, 2023, the Plans' net position restricted for pension benefits and program administration (net position) totaled \$371,524,175. This represented an increase of \$24,500,987, or 7.1%, from the \$347,023,188 of the Plans' net position as of June 30, 2022. Higher investment performance was the primary reason for the increase.

Additions to net position increased by \$55,184,066, or 5327.2%, for FY 2023. Higher investment performance was the primary reason for the increase in additions.

Deductions from net position increased by \$877,584, or 2.8%, for FY 2023. The primary reason for the increase is a result of increased monthly benefit payments due to an increase in the number of retirees.

The Plans' funding objective is to meet long-term benefit obligations through contributions and investment earnings. To help achieve level and predictable contribution costs from one year to the next, the Plans base the determination of contribution rates on an actuarial asset valuation method that gradually adjusts to the market (fair) value of assets (asset smoothing). Under this actuarial asset valuation methodology, any investment market returns for the fiscal year that are above or below the assumed investment return rate of 6.75% (which was used to determine the contribution rates for FY 2023) are recognized over five years (the asset smoothing period). This smoothed value is referred to as the Actuarial Value of Assets. By using the Actuarial Value of Assets to determine the contribution rates, the Plans can lower the year-to-year volatility in contribution rates that would come from using the fair value of assets.

As of June 30, 2023, the Plans' total pension liability was \$508,336,652, up from \$492,406,135 as of June 30, 2022. The fiduciary net position as a percentage of total pension liability increased to 73.1% as of June 30, 2023, from 70.5% as of June 30, 2022.

**Overview of Financial Statements**

This MD&A serves as an introduction to the basic financial statements and other information accompanying the basic financial statements, which are comprised of the following components:

- Statement of Plan Net Position - Pension Trust Funds
- Statement of Changes in Plan Net Position - Pension Trust Funds
- Notes to the Basic Financial Statements

A Statement of Plan Net Position and a Statement of Changes in Plan Net Position are presented for the Pension Trust funds as of and for FY 2023, along with comparative total information as of and for the fiscal year ended June 30, 2022. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries as of year-end, and the changes in those resources during the year.

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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The Pension Trust funds' statements report the Plans' net position restricted for pension benefits and program administration. Over time, increases or decreases in net position serve as one indicator of whether the Plans' financial health is improving or deteriorating. Other factors, such as market conditions or the Plans' fiduciary net position as a percentage of the employers' total pension liability, should also be considered in measuring the Plans' overall health.

The Notes to the Basic Financial Statements are an integral part of the financial reports and provide additional information that is essential for a full understanding of the data provided in the financial statements.

In addition to the financial statements and accompanying notes, this report presents certain Required Supplementary Information which includes the employer's changes in net pension liability and related ratios, the employer's actuarially determined contribution rates (ADC), actuarial assumptions used to calculate the ADC, historical money-weighted rates of return, and other required supplementary information as required by GASB Statement No. 67.

Schedules of investment and administrative expenses are presented as Other Supplemental Information following the Required Supplementary Information.

**Fiduciary Net Position**

As summarized above, as of June 30, 2023, the Plans' net position restricted for pension benefits and program administration (net position) totaled \$371,524,175. This represented an increase of \$24,500,987, or 7.1%, over the Plans' net position of \$347,023,188 as of June 30, 2022. The increase in net position for FY 2023 was due to investment income, offset to some degree by benefits and expenses paid during the fiscal year exceeding the contributions received. For FY 2023, the total fund return, gross of fees, of 8.27%, was 1.02% less than the investment policy benchmark of 9.29%, but exceeded the fiscal year ended June 30, 2022, total fund loss, gross of fees, of 6.90%. During fiscal year ended June 30, 2023, investments with the strongest returns came from the U.S. equity and international equity investments.

In FY 2023, the increase in cash and short-term investments was primarily due to an increased position in US Treasuries, attributable to the extension of the Fixed Income portfolio's duration profile alongside rising rates due to the Federal Reserve's hawkish interest-rate policy throughout the period. The overall duration profile was extended from approximately 6.6 years (~0.1 years long versus the Aggregate Index) as of June 30, 2022 to 7.0 years by June 30, 2023 (~0.7 years long relative to the Index).

The decrease in receivables and securities payable as of June 30, 2023 was the result of a decrease in trading activity at year-end by the external investment managers. The decrease in accounts payable is due to the timing of payments to third parties at year-end.

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table below compares the Plans' net position for the fiscal years ended June 30, 2023 and 2022.

**PLAN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
<b>Assets</b>				
Cash and short-term investments	\$ 19,787,498	\$ 11,990,488	\$ 7,797,010	65.0%
Receivables	7,789,738	11,312,385	(3,522,647)	(31.1%)
Investments	371,977,709	353,009,514	18,968,195	5.4%
<b>Total Assets</b>	<u>399,554,945</u>	<u>376,312,387</u>	<u>23,242,558</u>	6.2%
<b>Liabilities</b>				
Securities payable	27,346,822	28,540,071	(1,193,249)	(4.2%)
Accounts payable	683,948	749,128	(65,180)	(8.7%)
<b>Total Liabilities</b>	<u>28,030,770</u>	<u>29,289,199</u>	<u>(1,258,429)</u>	(4.3%)
<b>Net position restricted for pension benefits</b>	<u>\$ 371,524,175</u>	<u>\$ 347,023,188</u>	<u>\$ 24,500,987</u>	7.1%

GASB Statement No. 67 replaced GASB Statement No. 25 and redefined pension liability and expense for financial reporting purposes but does not apply to contribution amounts for pension funding purposes. When measuring the total pension liability, GASB uses the same actuarial cost method and the same type of discount rate as the Plans use for funding. Therefore, the employers' total pension liability measured for financial reporting shown in this report is determined on the same basis as the Plans' actuarial accrued liability measured for funding.

The Plans retain an independent actuarial firm, Cheiron, to perform the annual actuarial valuations to determine the employers' total pension liability (expected future benefits) and ADC. The annual actuarial valuation measures the current and projected assets and liabilities of the retirement system, as well as the Plans' funded status. This information forms the basis for establishing the actuary's recommendations for the employer and member contribution rates for the upcoming fiscal year to pay expected future benefits.

As of June 30, 2023, the employer's total pension liability was \$508,336,652, and the net pension liability (the total pension liability less the Plans' fiduciary net position) was \$136,812,477. The Plans' fiduciary net position as a percentage of the total pension liability was 70.5%. In general terms, this ratio means that as of June 30, 2023, the Plans had approximately 71 cents available for each dollar of anticipated future liability.

The Required Supplementary Information presents additional information regarding the net pension liability.



**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Changes in Plan Net Position**

The following table presents the changes in the Plans' net position for the fiscal years ended June 30, 2023 and 2022.

**CHANGES IN PLAN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30**

	<b>2023</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>Additions</b>				
Member contributions	\$ 26,557,004	\$ 25,575,022	\$ 981,982	3.8%
Employee contributions	2,873,527	2,385,092	488,435	20.5%
Change in bargaining group	248,765	667,990	(419,225)	-62.8%
Net investment income (loss)	26,540,669	(27,592,205)	54,132,874	(196.2%)
<b>Total Additions</b>	<b>56,219,965</b>	<b>1,035,899</b>	<b>55,184,066</b>	<b>5,327.2%</b>
<b>Deductions</b>				
Benefits paid	30,702,604	29,407,690	1,294,914	4.4%
Change in bargaining group	248,765	667,990	(419,225)	-62.8%
Administrative expenses	767,609	765,714	1,895	0.2%
<b>Total Deductions</b>	<b>31,718,978</b>	<b>30,841,394</b>	<b>877,584</b>	<b>2.8%</b>
Increase (decrease) in net position	24,500,987	(29,805,495)	54,306,482	(182.2%)
Net position, beginning	347,023,188	376,828,683	(29,805,495)	(7.9%)
Net position, ending	<b>\$ 371,524,175</b>	<b>\$ 347,023,188</b>	<b>\$ 24,500,987</b>	<b>7.1%</b>

**Additions to Net Position**

Financing for the benefits the Plans provided to its members comes primarily through the collection of employer and member contributions and from investment earnings. For the fiscal years ended June 30, 2023 and 2022, total additions were \$56,219,965 thousand and \$1,035,899, respectively.

For the fiscal years ended June 30, 2023 and 2022, the combined employer and member contributions were \$29,430,531 and \$27,960,114, respectively, for an increase of \$1,470,417. Employer contributions increased by \$981,982 for FY 2023 compared to the fiscal year ended June 30, 2022, or about 3.8%, was mainly due to an approximate 5% increase in the employer's aggregate payroll for the year ended June 30, 2023, which was offset by an actual reduction in the employer's contribution rate of approximately 1%. The increase in member contributions of \$488,435, or about 20.5%, is partially due to an increase in the employer's aggregate payroll for year-ended June 30, 2023, and increased further by the growth in the PEPRA tiers of the Plans.

Changes in bargaining group occur when non-vested members of the ATU Plan transfer to the Salaried Plan. The District calculates the total normal cost contributions made to the ATU plan on the employees' behalf along with the interest earned on those contributions and transfers that balance to the Salaried Plan. Changes from year to year are based on the number of individuals who transfer between the ATU Plan and Salaried Plan.

Net investment income/(loss) after investment fees and expenses was \$26,540,669 and \$(27,592,205) for fiscal years ended June 30, 2023 and 2022, respectively. The net investment gains and losses were primarily driven by the investment performance of the portfolio.

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Deductions from Net Position**

The Plans' net position was primarily used for the payment of benefits to members and their beneficiaries, for the payment of contribution refunds to terminated employees, and for the cost of administering the Plans. For the fiscal years ended June 30, 2023 and 2022, total deductions were \$31,718,978 and \$30,841,394, respectively.

Deductions increased by \$877,584, or 2.8%, in FY 2023. The primary cause of the increase was due to the increase in the number of retirees and beneficiaries receiving benefits.

**THE PLANS' FIDUCIARY RESPONSIBILITIES**

The Plans' Retirement Boards and management staff are fiduciaries of the pension trust funds. Under the California Constitution and California state law, the net position must be used exclusively for the benefit of plan participants and their beneficiaries.

**REQUESTS FOR INFORMATION**

This report is designed to provide the Retirement Boards, the Plans' members, participating employers, taxpayers, and other stakeholders and interested parties with a general overview of the Plans' finances and to show accountability for the money the Plans receive.

Questions about this report or requests for additional financial information may be addressed to:

Sacramento Regional Transit District  
Attn: Retirement Services  
P.O. Box 2110  
Sacramento, CA 95812-2110

Copies of this report are available at the above address and on the Plans' website at [www.sacrt.com](http://www.sacrt.com).

## **BASIC FINANCIAL STATEMENTS**

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES**

**STATEMENT OF PLAN NET POSITION**

**JUNE 30, 2023**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
<b>Assets</b>				
<b>Investments:</b>				
Equity securities	\$ 110,120,195	\$ 49,824,454	\$ 91,300,409	\$ 251,245,058
Fixed income securities	40,256,470	17,682,606	28,355,454	86,294,530
Real estate	16,108,690	7,076,728	11,252,703	34,438,121
Total investments	<u>166,485,355</u>	<u>74,583,788</u>	<u>130,908,566</u>	<u>371,977,709</u>
<b>Cash and short-term investments</b>	9,126,920	4,035,233	6,625,345	19,787,498
<b>Receivables</b>				
Securities sold	3,301,193	1,450,253	2,327,121	7,078,567
Interest and dividends	296,802	130,469	210,244	637,515
Other receivables and prepaids	15,907	13,900	43,849	73,656
Total receivables	<u>3,613,902</u>	<u>1,594,622</u>	<u>2,581,214</u>	<u>7,789,738</u>
<b>Total assets</b>	<u>179,226,177</u>	<u>80,213,643</u>	<u>140,115,125</u>	<u>399,554,945</u>
<b>Liabilities</b>				
Securities purchased payable	12,757,315	5,603,635	8,985,872	27,346,822
Accounts payable	395,186	149,937	138,825	683,948
Total liabilities	<u>13,152,501</u>	<u>5,753,572</u>	<u>9,124,697</u>	<u>28,030,770</u>
<b>Net position restricted for pension benefits</b>	<u>\$ 166,073,676</u>	<u>\$ 74,460,071</u>	<u>\$ 130,990,428</u>	<u>\$ 371,524,175</u>

(Schedule of Changes in the Net Position Liability and Related Ratios for the Plans are presented on pages 30 through 34.)

The accompanying notes to the financial statements are an integral part of these financial statements.

**RETIREMENT PLANS FOR  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES**

**STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

	ATU	IBEW	Salaried	Total
<b>Additions</b>				
Contributions:				
Employer	\$ 10,500,021	\$ 4,495,272	\$ 11,561,711	\$ 26,557,004
Member	1,429,978	585,325	858,224	2,873,527
Change in bargaining group	-	-	248,765	248,765
Total contributions	<u>11,929,999</u>	<u>5,080,597</u>	<u>12,668,700</u>	<u>29,679,296</u>
Investment income:				
Net appreciation in fair value of investments	9,347,186	4,313,999	8,114,860	21,776,045
Interest, dividends, and other income	2,977,294	1,316,610	2,281,018	6,574,922
Investment expenses	<u>(823,418)</u>	<u>(365,404)</u>	<u>(621,476)</u>	<u>(1,810,298)</u>
Net investment income	<u>11,501,062</u>	<u>5,265,205</u>	<u>9,774,402</u>	<u>26,540,669</u>
Total additions	<u>23,431,061</u>	<u>10,345,802</u>	<u>22,443,102</u>	<u>56,219,965</u>
<b>Deductions</b>				
Benefits paid to participants	13,450,294	5,470,433	11,781,877	30,702,604
Change in bargaining group	248,765	-	-	248,765
Administrative expenses	<u>289,981</u>	<u>223,730</u>	<u>253,898</u>	<u>767,609</u>
Total deductions	<u>13,989,040</u>	<u>5,694,163</u>	<u>12,035,775</u>	<u>31,718,978</u>
<b>Net increase in plan net position</b>	9,442,021	4,651,639	10,407,327	24,500,987
<b>Net position restricted for pension benefits - Beginning of fiscal year</b>	<u>156,631,655</u>	<u>69,808,432</u>	<u>120,583,101</u>	<u>347,023,188</u>
<b>Net position restricted for pension benefits - End of fiscal year</b>	<u>\$ 166,073,676</u>	<u>\$ 74,460,071</u>	<u>\$ 130,990,428</u>	<u>\$ 371,524,175</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### 1. DESCRIPTION OF THE PLANS

The financial statements of the Retirement Plans for the Sacramento Regional Transit District Employees encompass the financial position and changes therein, for the ATU, IBEW, and Salaried Plans. The combined plans are reported as pension trust funds in the Sacramento Regional Transit District's (District) financial statements.

#### **ATU and IBEW Plans**

The Retirement Plan for Sacramento Regional Transit District Employees who are Members of ATU Local 256 (ATU Plan) and the Retirement Plan for International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District Employees (IBEW Plan) are single employer defined benefit pension plans covering contract employees of the District. Participants should refer to their respective plan agreements for more complete information. The ATU Plan and IBEW Plan were accounted for as one plan for accounting purposes prior to 2017 (collectively, the ATU/IBEW Plan). Effective July 1, 2016, separate trust agreements and financial record keeping was created for the ATU Plan and IBEW Plan based on actuarial calculations and trustee transactions. Each trust allows for accumulation of assets solely for the payment of benefits to plan members. The changes were approved and required by the Internal Revenue Service in order to establish the individual trusts.

#### **Salaried Plan**

The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees (Salaried Plan) is a single employer defined benefit pension plan covering full- or part-time employees in the following employee groups: Operating Engineers Local 3 which remain under the Administrative Employees Association (AEA), Management and Confidential Employees Group (MCEG), and the American Federation of State, County & Municipal Employees, Local 146, AFL-CIO (AFSCME). AFSCME is further split into two groups AFSCME-Technical and AFSCME-Supervisors. Participants should refer to the Salaried Plan agreement for more complete information. The Salaried Plan is reported as a pension trust fund in the District's financial statements.

**Plan Tier Definition** – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act of 2013 (PEPRA), Tier 2 was created in the ATU, IBEW and Salaried Plans, as well as a Tier 3 for the ATU only. The Tiers effective dates are directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of June 30, 2023 the following tiers apply to employees, based on their date of hire.

- ATU – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2016, Tier 3 consists of all employees hired during the time period January 1, 2015 to December 31, 2015.
- IBEW – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.
- Salaried – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.

Tier 1 and Tier 3 are closed to new entrants as all newly hired employees will be placed into the respective Tier 2 plans.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 1. DESCRIPTION OF THE PLANS (Continued)

#### General Provisions ATU, IBEW and Salaried Plans

Contributions to the ATU, IBEW and Salaried Plans are authorized or amended by the Retirement Board based on an actuarial basis. The authority under which benefit provisions are established and amended rests with the District's Board of Directors as a result of labor negotiations. Assembly Bill 1064, effective January 1, 2004, mandates that the Retirement Boards be comprised of equal representation of management and Bargaining Group employees. The Retirement Board shall consist of not more than 4 members and 2 alternates. Two (2) voting members and one (1) alternate shall be appointed by the District's Board of Directors and two (2) voting members and one (1) alternate shall be appointed by the ATU, IBEW, AEA, AFSCME, and MCEG member groups.

The ATU, IBEW and Salaried Plans provide defined pension, disability, and death benefits to employees who are members of the ATU, IBEW, AEA, MCEG, AFSCME-Technical, and AFSCME-Supervisors bargaining units.

Plan membership for Tier 1, Tier 2 and Tier 3, at June 30, 2023, consisted of:

	ATU	IBEW	Salaried
Retirees and beneficiaries currently receiving benefits	497	175	368
Terminated members entitled to but not yet collecting benefits	35	18	41
Current active members	549	214	272
	<u>1,081</u>	<u>407</u>	<u>681</u>

**Change in Bargaining Group** - Changes in bargaining groups occur when an active employee of any Plan accepts a new position with a bargaining unit that participates in another Plan. When a change in bargaining group occurs, contributions made on behalf of that employee must be assessed to determine if the assets need to be moved to the new Plan. Amounts related to a change in bargaining group are recorded upon final verification and approval of calculated amounts by the District and the related bargaining group's retirement board. During the year ending June 30, 2023 assets were moved from the ATU Plan to the Salaried Plan in the amount of \$248,765. The effects of the change can be seen on the Statement of Changes in Net Position as Change in Bargaining Group within the additions and deductions categories.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 1. DESCRIPTION OF THE PLANS (Continued)

#### RETIREMENT BENEFITS

Table 1 below presents a summary of the retirement benefits for Tier 1 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans. Table 1 also includes the summary for ATU Tier 3.

Table 1

<b>TIER 1 &amp; TIER 3</b>	<b>ATU Plan</b>	<b>IBEW Plan</b>	<b>Salaried Plan</b>			
<b>Employee Unions/Groups</b>	<b>ATU</b>	<b>IBEW</b>	<b>AFSCME - Technical</b>	<b>AFSCME - Supervisors</b>	<b>AEA</b>	<b>MCEG</b>
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	5 - 100%	5 - 100%
Vacation and sick leave sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					



# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 1. DESCRIPTION OF THE PLANS (Continued)

Table 2 below presents a summary of the retirement benefits for Tier 2 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans.

Table 2

TIER 2	ATU Plan	IBEW Plan	Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%
Vacation and sick sell back towards pension calculation	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 1% if age and service are not met. Vesting required					

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. For Tier 1 and Tier 3 members, the multipliers and years of service range from 2% at age 55 or 25 years of service to 2.5% at age 60 or 30 or more years of service. All Tier 2 participants fall under PEPRA requirements.

The benefits for vested members begin at retirement and continue for the participant's life with no cost of living adjustment. The participant can elect to receive reduced benefits with continuing benefits to a beneficiary after death.

**Disability Benefits** – A participant is eligible for a disability benefit if the participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Members are required to be vested in their respective union or employee group to qualify for disability retirement. The disability benefit is equal to the retirement allowance, as defined by the ATU, IBEW or Salaried Plan, multiplied by service accrued through the date of disability. The disability benefit cannot exceed the retirement benefit. The benefit begins at disability and continues until recovery or for the participant's life unless the participant elects to receive reduced benefits with continuing benefits to a beneficiary after death.

**Pre-Retirement Death Benefit** – A participant's surviving spouse is eligible for a pre-retirement death benefit if the participant is vested, based on the respective bargaining agreements. The pre-retirement death benefit is the actuarial equivalent of the normal retirement benefit, as if the participant retired on the date of death. The death benefit begins when the participant dies and continues for the life of the surviving spouse.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### 1. DESCRIPTION OF THE PLANS (Continued)

**Administration** – The ATU, IBEW, and Salaried Plans are administered by five Retirement Boards. All expenses incurred in the administration of the ATU, IBEW, and Salaried Plans are paid by the respective plan.

**Plan Termination** – Should the ATU, IBEW or the Salaried Plan be terminated, the Plans' net position will first be applied to provide for retirement benefits to retired members. Any remaining net position will be allocated to other members, oldest first both active and inactive, on the basis of the actuarial present value of their benefits.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reporting guidelines set forth by the Government Accounting Standards Board (GASB). The ATU, IBEW and Salaried Plans are reported as pension trust funds which report resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plans. The ATU, IBEW and Salaried Plans are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting.

The District's contributions to the ATU, IBEW and Salaried Plans are recognized in the period in which the contributions are due pursuant to formal commitments or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the ATU, IBEW and Salaried Plans' agreements.

**Cash and Short-Term Investments** – The ATU, IBEW and Salaried Plans consider all highly liquid investments with an original maturity of three months or less to be short-term investments.

**Investments** – Investments consist of securities or other assets held primarily for the purpose of income or profit and their present service capacity is based solely on their ability to generate cash or to be sold to generate cash. Realized gains or losses on the sale of investments are recorded on the trade date as the difference between proceeds received and the fair value at the beginning of the year, or cost if acquired during the year. Net appreciation (depreciation) in fair value of investments includes net unrealized market appreciation and depreciation of investments and net realized gains and losses on the sale of investments during the period. Interest income includes dividends and interest paid on the ATU, IBEW and Salaried Plans' investments. The investment assets for the ATU, IBEW and the Salaried Plans are combined into one commingled investment portfolio. The balances of investments owned by the plans are calculated based on a percentage of ownership as determined by the Plans' custodian, Northern Trust.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the ATU, IBEW and Salaried Plans' administrators to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**New Pronouncements** – For the fiscal year ended June 30, 2023, the ATU, IBEW and Salaried Plans did not implement new GASB pronouncements as they did not apply to the ATU, IBEW and Salaried Plans' financial activity or were immaterial.

The District will evaluate the impact of new GASB pronouncements in the year they are implemented or effective.

# **RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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### **3. CONTRIBUTION REQUIREMENTS**

#### **EMPLOYER CONTRIBUTIONS**

The ATU, IBEW and Salaried Plans' funding policies provides for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method. During the fiscal year ended June 30, 2023, the District made contributions to the ATU, IBEW, and Salaried Plan of \$10,500,021, \$4,495,272, and \$11,561,711 respectively.

#### **TIER 1 EMPLOYEES**

For the fiscal year ended June 30, 2023, the actuarially determined rate for the ATU Plan was 30.23% of covered payroll, the IBEW Plan was 34.11% of covered payroll, and the Salaried Plan was 43.28% of covered payroll. No contributions are required by the ATU, IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

#### **TIER 2 EMPLOYEES**

As of January 1, 2015, all new employees were required to contribute to their pension based upon the terms of the bargaining groups MOU or based on PEPRAs.

ATU employees are required to contribute 50% of normal cost which is currently 7.25% of their annual salary. The employer portion of the actuarially determined rate for the ATU members was 22.39% of covered payroll for the fiscal year ending June 30, 2023. The total contribution by Tier 2 employees of the ATU Plan for the fiscal year ended June 30, 2023 was \$1,392,482.

IBEW employees are required to contribute 50% of normal cost which is currently 7.00% of their annual salary. The employer portion of the actuarially determined rate for the IBEW members was 25.68% of covered payroll for the fiscal year ending June 30, 2023. The total contribution by Tier 2 employees of the IBEW Plan for the fiscal year ended June 30, 2023 was \$585,325.

Members of AEA, MCEG, AFSCME-Supervisors, and AFSCME-Technical are required to contribute 50% of normal cost which is currently 6.50% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME-Supervisors members was 30.30% of covered payroll for the fiscal year ending June 30, 2023. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2023 was \$858,224.

The employee contribution rates calculated in compliance with PEPRAs, for the fiscal year ended June 30, 2023, were actuarially determined as part of the valuations dated July 1, 2021.

#### **TIER 3 EMPLOYEES**

ATU employees hired during the time period January 1, 2015 and December 31, 2015, are required to contribute 3% of pay. The employer portion of the actuarially determined rate for the ATU members was 28.45% of covered payroll for the fiscal year ending June 30, 2023. The total contribution by Tier 3 employees of the ATU Plan for the fiscal year ended June 30, 2023 was \$37,496.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS

#### CASH AND SHORT-TERM INVESTMENTS

At June 30, 2023, the reported amount of cash and short-term investments of the ATU, IBEW and Salaried Plans was \$19,787,498. The amount was collateralized with securities held by the counterparty's trust department or agent in the District's name on behalf of the Retirement Plans.

#### INVESTMENTS

An annual Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans" (Policy), governs the ATU, IBEW and Salaried Plans' investments. The Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions. The Retirement Boards have the authority to amend the asset allocation targets as well as establish and amend investment policies. The following was the Plans' adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Domestic Equity Large Cap	32%
Domestic Equity Small Cap	8%
International Equity Developed Large Cap	14%
International Equity Developed Small Cap	5%
International Equity Emerging Markets	6%
Domestic Fixed Income	25%
Real Estate	10%

For the years ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

The following table identifies the investment types that are authorized by the ATU, IBEW and Salaried Plans' Retirement Boards. The table also identifies certain provisions of the Investment Objectives and Policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity (1)	Minimum Rating (3)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Cash	None	N/A	None	None
U.S. Treasury Bills	None	N/A	None	None
Agency Discount Notes	None	N/A	None	None
Certificates of Deposit	None	N/A	None	None
Bankers Acceptances	None	N/A	None	None
Commercial Paper	None	A2/P2	None	None
Asset-Backed Commercial Paper	None	A2/P2	None	None
Money Market Funds and Bank Short-Term Investment Funds (STIF)	None	N/A	None	None
Repurchase Agreements	None	N/A	None	None
U.S. Government and Agency Securities	None	N/A	None	None
Credit Securities/Corporate Debt (4)	None	N/A	None	None
Securitized Investments (5)	None	N/A	None	None
Emerging Markets	None	N/A	None	None
International Fixed Income Securities	None	N/A	None	None
Other Fixed Income Securities (6)	None	N/A	None	None
Mutual Funds and Interest in Collective and Commingled Funds	N/A	N/A	25% (2)	5%
Real Estate Investment Trust	N/A	N/A	25% (2)	5%
Depository Receipt	N/A	N/A	25% (2)	5%
Stocks	N/A	N/A	25% (2)	5%
Other Equity Securities (7)	N/A	N/A	25% (2)	5%
Real Estate	None	N/A	None	None

- (1) The fixed income portion of the ATU, IBEW and Salaried Plans shall be limited in duration to between 75% and 125% of the Bloomberg Aggregate Index benchmark.
- (2) No more than 25% of the fair value on the purchase cost basis of the total common stock portfolio (equity securities) shall be invested in a single industry at the time of purchase.
- (3) The investment managers shall maintain a minimum overall portfolio quality rating of "A" equivalent or better at all times (based on market-weighted portfolio average). Minimum quality (at purchase) must be at least 80% Baa or above.
- (4) Credit Securities and Corporate Debt include: debentures, medium-term notes, capital securities, trust preferred securities, Yankee bonds, Eurodollar securities, floating rate notes and perpetual floaters, structured notes, municipal bonds, preferred stock, private placements (bank loans and 144(a) securities), and Enhanced Equipment Trust Certificates (EETCs).
- (5) Securitized investments includes: agency and non-agency mortgage-backed securities, asset-backed securities (144(a) securities), and commercial mortgage-backed securities.
- (6) Other Fixed Income Securities includes: fixed income commingled and mutual funds, futures and options, swap agreements, and reverse repurchase agreements.
- (7) Other Equity Securities include: rights and warrants.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

#### INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Such factors as interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities.

#### INTEREST RATE RISK

Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter duration.

The following table provides information about the interest rate risks associated with the ATU, IBEW and Salaried Plans' investments at June 30, 2023.

	Maturity in Years				Amount
	Less than 1	1 - 5	6 - 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ 182,656	\$ 167,899	\$ 5,041,545	\$ 5,392,100
Corporate Bonds	354,313	10,145,913	7,892,680	6,721,805	25,114,711
Municipal Bonds	-	-	-	441,714	441,714
U.S. Government Agency Obligations	1,889,890	2,980	344,485	31,226,819	33,464,174
U.S. Government Issued Obligations	-	7,340,632	1,953,325	7,316,344	16,610,301
Asset-Backed Securities	116,265	435,715	234,417	4,485,133	5,271,530
Total	<u>\$ 2,360,468</u>	<u>\$ 18,107,896</u>	<u>\$ 10,592,806</u>	<u>\$ 55,233,360</u>	<u>\$ 86,294,530</u>

In accordance with the ATU, IBEW and Salaried Plans' investment policy, investments may include collateralized mortgage obligations, mortgage pass-through securities, asset-backed securities, callable bonds and corporate debts that are considered to be highly sensitive to changes in interest rates.

# **RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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### **4. CASH AND INVESTMENTS (Continued)**

#### **COLLATERALIZED MORTGAGE OBLIGATIONS**

Collateralized mortgage obligations (CMOs) are bonds that represent claims to specific cash flow from large pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests.

CMOs are often highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise pre-pay their loans. Investors in these securities may not only be subjected to such prepayment risk, but also exposed to significant market and liquidity risks.

#### **MORTGAGE PASS-THROUGH SECURITIES**

These securities, disclosed as U.S. Government Agency Obligations in the interest rate risk table above, are issued by Government Sponsored Enterprises (GSEs) which are a group of financial services corporations created by the United States Congress. The GSEs include: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks. Another institution that issues these securities is the Government National Mortgage Association (Ginnie Mae). These securities are highly sensitive to interest rate fluctuations because they are subject to early payment. In a period of declining interest rates, the resulting reduction in expected total cash flows affects the value of these securities.

#### **ASSET-BACKED SECURITIES**

Asset-backed securities generate a return based upon either the payment of interest or principal on obligations in an underlying pool. The relationship between interest rates and prepayments make the value highly sensitive to changes in interest rates.

#### **CALLABLE BONDS**

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The Plans must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2023, the ATU, IBEW and Salaried Plans held callable bonds with a value of \$22,750,797.

#### **CREDIT RISK**

Fixed income securities are subject to credit risk, which is the risk that a bond issuer or other counterparty to a debt instrument will not fulfill its obligation to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Services (Moody's). The lower the rating the greater the chance, in the rating agency's opinion, the bond issuer will default, or fail to meet their payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

For the fiscal year ending June 30, 2023, the ATU, IBEW and Salaried Plans were in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines which require a minimum overall portfolio quality rating and a minimum credit rating at the time of purchase.

The following table provides information on the credit ratings and fair value associated with the ATU, IBEW and Salaried Plans' investments as of June 30, 2023.

Investment Rating	Amount	Percentage of Portfolio
Not Applicable	\$ 285,683,179	76.80%
Not Rated	40,777,066	10.96%
Aaa	17,024,720	4.58%
Aa1	534,981	0.14%
Aa2	917,907	0.25%
Aa3	551,673	0.15%
A1	5,114,664	1.37%
A2	1,076,212	0.29%
A3	4,858,887	1.31%
Baa1	2,127,609	0.57%
Baa2	3,714,842	1.00%
Baa3	3,657,196	0.98%
Ba1	1,522,593	0.41%
Ba2	464,861	0.12%
Ba3	484,185	0.13%
B1	982,513	0.26%
B2	436,951	0.12%
B3	1,050,052	0.28%
Caa1	331,723	0.09%
Caa2	63,357	0.02%
Caa3	15,000	0.00%
WR	587,538	0.17%
	<u>\$ 371,977,709</u>	<u>100.00%</u>



# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### 4. CASH AND INVESTMENTS (Continued)

#### **CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The investment policies of the ATU, IBEW and Salaried Plans state that an investment in each domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2023, the Plans held more than 5% of the Plans' fiduciary net position and more than 5% of total investments in the following fixed-income securities investments.

Federal National Mortgage Association \$23,190,193

#### **CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The ATU, IBEW and Salaried Plans' investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. The ATU, IBEW and Salaried Plans' investment securities are not exposed to custodial credit risk because all securities are held by the ATU, IBEW and Salaried Plans' custodian bank in the District's name.

#### **FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The ATU, IBEW and Salaried Plans' investment policy states international equity securities shall be comprised of American Depositary Receipts (ADR) of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

The following table provides information on deposits and investments held in foreign currencies, which are stated in U.S. dollars. The ATU, IBEW and Salaried Plans do have foreign currency deposits and investments which may be used for hedging purposes.

As of June 30, 2023, the U.S. dollar balances organized by investment type and currency denomination for the ATU, IBEW and Salaried Plans are as follows:

	Foreign Currency	U.S. Dollars
Cash	Euro Currency	\$ 4,476
Corporate Bonds	Euro Currency	152,757
Government Agencies	Euro Currency	116,375
Total		<u>\$ 273,608</u>

### FAIR VALUE MEASUREMENTS

The ATU, IBEW and Salaried Plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The ATU, IBEW and Salaried Plans had the following recurring fair value measurements as of June 30, 2023:

	6/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Collateralized mortgage obligations	\$ 5,392,100	\$ -	\$ 5,392,100	\$ -
Corporate bonds	25,114,711	-	25,114,711	-
Municipal bonds	441,714	-	441,714	-
U.S. Government Agency obligations	33,464,174	-	33,464,174	-
U.S. Government issued obligations	16,610,301	-	16,610,301	-
Asset backed obligations	5,271,530	-	5,271,530	-
Equity Securities				
Common stock	92,908,146	92,908,146	-	-
Depository receipts	430,230	430,230	-	-
Rights/Warrants	2,127	2,127	-	-
Total investments by fair value level	<u>179,635,033</u>	<u>\$ 93,340,503</u>	<u>\$ 86,294,530</u>	<u>\$ -</u>
Investments measured at the net asset value				
S&P 500 index fund	62,164,518			
MSCI EAFE index fund	17,845,877			
International large capital equity fund	36,286,881			
International small capital equity fund	19,342,499			
International emerging markets fund	22,264,780			
Real estate funds	34,438,121			
Total investments measured at NAV	<u>192,342,676</u>			
Total investments	<u>\$ 371,977,709</u>			

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Net asset value (NAV) securities are valued based on the net asset value of the pooled investments. The NAV per unit is determined by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding units of the fund.

Investment measured at the net asset value (NAV)

	June 30, 2023	Unfunded Commitments	Redemptions Frequency	Redemptions Notice Period
S&P 500 index fund <sup>1</sup>	\$ 62,164,518	\$ -	Daily	1 day
MSCI EAFE index fund <sup>2</sup>	17,845,877	-	Semi-monthly	6-8 days
International large capital equity fund <sup>3</sup>	36,286,881	-	Monthly	7 days
International small capital equity fund <sup>4</sup>	19,342,499	-	Monthly	2 days
International emerging markets fund <sup>5</sup>	22,264,780	-	Daily	1 day
Real estate funds <sup>6</sup>	34,438,121	-	Daily, Quarterly	90 days, 1 quarter
Total investments measured at the NAV	<u>\$ 192,342,676</u>	<u>\$ -</u>		

1. S&P 500 index fund. This type includes an investment in a S&P 500 index fund that invests to match the S&P 500® Index. The S&P 500 is made up of primarily U.S. common stocks. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The NAV per unit of the investment are determined each business day. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.
2. MSCI EAFE index fund. This type includes an investment in the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE) Index fund that invest to approximate as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term. The MSCI EAFE Index is made up of primarily International stocks. The per unit NAV of the fund is determined as of the last business day of each month and at least one other business day during the month. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.
3. International large capital equity fund. This type includes an investment in an International Equity Fund that seeks total return from long-term capital growth and income, while attempting to outperform the MSCI EAFE Index over a market cycle, gross of fees. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The Trust has one dealing day per month, which is the first business day, and units are issued based upon a valuation on the last business day of the preceding month.
4. International small capital equity fund. The fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on security selection procedures geared to assist the fund in meeting its investment objectives. The fund generally will be managed by underweighting and overweighting securities relative to the benchmark. The investment objective is to outperform the MSCI EAFE Small Cap Index over a full market cycle. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The fund has one dealing day per month, which is the first business day, and notification is required at least two business days in advance of a subscription or withdrawal.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 4. CASH AND INVESTMENTS (Continued)

5. International emerging markets fund. This type invests substantially all of its assets in the Emerging Market Series. The Emerging Market Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development), authorized for investment by the Advisor's Investment Committee. As a non-fundamental policy, under normal circumstances, the Emerging Markets Series will invest at least 80% of its net assets in emerging markets investments that are defined in the Prospectus as Approved Market securities. The fair values of the investments in this type have been determined using the NAV per unit of the investments. Investors may purchase or redeem units of the fund on any business day.
6. Real estate funds. Real estate investments are held in Clarion Lion Properties Fund, LP and Prime Property Fund, LLC. The funds are core-style, open-end commingled real estate investment funds diversified by property type and location. The primary performance objective is to combine an attractive income yield with long-term capital growth. The fair value of the investments have been determined using the NAV per share of the respective fund. The ability to redeem funds is subject to the availability of liquid assets. To the extent that liquid assets of the funds are insufficient to satisfy redemption requests, redemptions will be redeemed on a pro rata basis as liquid assets become available. Prime Property Fund, LLC had a redemption queue of \$4.1 billion at June 30, 2023. Prime Property Fund, LLC estimates the redemption queue will remain in effect at least through December 2024. The current redemption queue has been in effect since June 30, 2022. Clarion Lion Properties Fund, LP had a redemption queue of \$2.8 billion at June 30, 2023. Clarion Lion Properties Fund, LP is unable to provide an estimate on when the restriction on redemptions will be removed. The current redemption queue has been in effect since September 30, 2022.

### 5. NET PENSION LIABILITY

#### ATU Plan

The components of the net pension liability of the ATU Plan at June 30, 2023, were as follows:

Total pension liability	\$ 217,701,522
Plan fiduciary net position	(166,073,676)
ATU net pension liability	<u>\$ 51,627,846</u>
Plan fiduciary net position as a percentage of the total pension liability	76.29%

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Cheiron ATU Healthy Annuitant mortality, adjusted by 95% for males and 105% for females, with generational improvements using Scale MP-2020 from 2016

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the ATU Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 5. NET PENSION LIABILITY (Continued)

contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (10 years remaining as of the July 1, 2022 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Valuation of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

Based on those assumptions, the ATU Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current ATU Plan members. Therefore, the long-term expected rate of return on the ATU Plan's investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the ATU Plan, calculated using the discount rate of 6.75 percent, as well as what the ATU Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 240,193,228	\$ 217,701,522	\$ 198,495,423
Plan fiduciary net position	(166,073,676)	(166,073,676)	(166,073,676)
Net pension liability	<u>\$ 74,119,552</u>	<u>\$ 51,627,846</u>	<u>\$ 32,421,747</u>
Plan fiduciary net position as a percentage of the total pension liability	69.14%	76.29%	83.67%

### IBEW Plan

The components of the net pension liability of the IBEW Plan at June 30, 2023, were as follows:

Total pension liability	\$ 101,234,428
Plan fiduciary net position	(74,460,071)
IBEW net pension liability	<u>\$ 26,774,357</u>
Plan fiduciary net position as a percentage of the total pension liability	73.55%

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Cheiron ATU Healthy Annuitant mortality, adjusted by 95% for males and 105% for females, with generational improvements using Scale MP-2020 from 2016

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 5. NET PENSION LIABILITY (Continued)

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the IBEW Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (10 years remaining as of the July 1, 2022 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Value of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

Based on those assumptions, the IBEW Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current IBEW Plan members. Therefore, the long-term expected rate of return on the IBEW Plan's investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the IBEW Plan, calculated using the discount rate of 6.75 percent, as well as what the IBEW Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 112,175,676	\$ 101,234,428	\$ 91,931,449
Plan fiduciary net position	(74,460,071)	(74,460,071)	(74,460,071)
Net pension liability	<u>\$ 37,715,605</u>	<u>\$ 26,774,357</u>	<u>\$ 17,471,378</u>
Plan fiduciary net position as a percentage of the total pension liability	66.38%	73.55%	81.00%

### Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2023, were as follows:

Total pension liability	\$ 189,400,702
Plan fiduciary net position	(130,990,428)
Salaried net pension liability	<u>\$ 58,410,274</u>
Plan fiduciary net position as a percentage of the total pension liability	69.16%

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 5. NET PENSION LIABILITY (Continued)

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Private Retirement (Pri) 2012 Bottom Quartile Tables for Healthy Annuitants Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 105% for females.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Salaried Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (10 years remaining as of the July 1, 2022 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Value of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

Based on those assumptions, the Salaried Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current Salaried Plan members. Therefore, the long-term expected rate of return on Salaried Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 6.75 percent, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 210,330,295	\$ 189,400,702	\$ 171,606,895
Plan fiduciary net position	(130,990,428)	(130,990,428)	(130,990,428)
Net pension liability	<u>\$ 79,339,867</u>	<u>\$ 58,410,274</u>	<u>\$ 40,616,467</u>
Plan fiduciary net position as a percentage of the total pension liability	62.28%	69.16%	76.33%

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

### 5. NET PENSION LIABILITY (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation. Actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations.

#### ATU, IBEW and Salaried Plan

The ATU, IBEW, and Salaried Plans' investments are invested as one comingled fund for economies of scale. The long-term expected rate of return on pension plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	8.60%
Domestic Equity Small Cap	9.60%
International Equity Developed	9.00%
International Equity Emerging	10.45%
Domestic Fixed Income	4.25%
Real Estate	6.60%



## **REQUIRED SUPPLEMENTARY INFORMATION**

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 FOR THE FISCAL YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

	2023	2022	2021	2020	2019	2018	2017
<b>Total pension liability</b>							
Service cost	\$ 6,147,536	\$ 5,953,419	\$ 5,457,843	\$ 5,197,253	\$ 5,084,840	\$ 4,765,696	\$ 4,835,944
Interest (includes interest on service cost)	14,092,064	13,712,873	13,411,008	13,012,883	12,664,533	12,761,359	12,885,195
Changes of benefit terms	-	-	-	-	-	-	(11,268)
Difference between expected and actual experience	(1,144,821)	(285,600)	1,531,462	(87,109)	(519,304)	(261,689)	(5,577,742)
Change of assumptions	-	-	10,690,055	-	(172,948)	3,663,543	-
Change in bargaining group	(306,032)	(515,525)	-	-	(314,880)	(5,129,398)	-
Benefit payments, including refunds of member contributions	(13,450,294)	(13,239,168)	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
<b>Net change in total pension liability</b>	<b>5,338,453</b>	<b>5,625,999</b>	<b>18,016,035</b>	<b>5,667,205</b>	<b>5,196,869</b>	<b>4,495,399</b>	<b>1,355,143</b>
<b>Total pension liability - beginning</b>	<b>212,363,069</b>	<b>206,737,070</b>	<b>188,721,035</b>	<b>183,053,830</b>	<b>177,856,961</b>	<b>173,361,562</b>	<b>172,006,419</b>
<b>Total pension liability - ending</b>	<b>\$ 217,701,522</b>	<b>\$ 212,363,069</b>	<b>\$ 206,737,070</b>	<b>\$ 188,721,035</b>	<b>\$ 183,053,830</b>	<b>\$ 177,856,961</b>	<b>\$ 173,361,562</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 10,500,021	\$ 10,417,845	\$ 9,579,205	\$ 8,783,426	\$ 8,533,307	\$ 7,863,420	\$ 7,987,367
Contributions - member	1,429,978	1,191,796	1,041,899	766,861	493,597	337,009	168,463
Change in bargaining group	(248,765)	(667,990)	-	-	(343,707)	(2,638,467)	-
Net investment income (loss)	11,501,062	(12,345,778)	36,857,731	2,523,724	8,012,792	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(13,450,294)	(13,239,168)	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
Administrative expense	(289,981)	(269,615)	(283,989)	(243,847)	(279,016)	(260,006)	(306,539)
<b>Net change in plan fiduciary net position</b>	<b>9,442,021</b>	<b>(14,912,910)</b>	<b>34,120,513</b>	<b>(625,658)</b>	<b>4,871,601</b>	<b>2,589,654</b>	<b>11,492,013</b>
<b>Plan fiduciary net position - beginning</b>	<b>156,631,655</b>	<b>171,544,565</b>	<b>137,424,052</b>	<b>138,049,710</b>	<b>133,178,109</b>	<b>130,588,455</b>	<b>119,096,442</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 166,073,676</b>	<b>\$ 156,631,655</b>	<b>\$ 171,544,565</b>	<b>\$ 137,424,052</b>	<b>\$ 138,049,710</b>	<b>\$ 133,178,109</b>	<b>\$ 130,588,455</b>
<b>Net pension liability - ending</b>	<b>\$ 51,627,846</b>	<b>\$ 55,731,414</b>	<b>\$ 35,192,505</b>	<b>\$ 51,296,983</b>	<b>\$ 45,004,120</b>	<b>\$ 44,678,852</b>	<b>\$ 42,773,107</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>76.29%</b>	<b>73.76%</b>	<b>82.98%</b>	<b>72.82%</b>	<b>75.41%</b>	<b>74.88%</b>	<b>75.33%</b>
<b>Covered payroll</b>	<b>\$ 39,651,360</b>	<b>\$ 38,050,032</b>	<b>\$ 35,334,877</b>	<b>\$ 34,174,428</b>	<b>\$ 30,125,788</b>	<b>\$ 31,575,118</b>	<b>\$ 30,212,311</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>130.20%</b>	<b>146.47%</b>	<b>99.60%</b>	<b>150.10%</b>	<b>149.39%</b>	<b>141.50%</b>	<b>141.58%</b>

**Notes to Schedule:** Payroll amounts are based on actual pensionable compensation from the employer

-FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. The ATU and IBEW Plans were separated; previous years not available.

-FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

-FY2019: amounts are reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPPRA members to account for missed pay periods.

-FY2021: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245

FOR THE FISCAL YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

	2023	2022	2021	2020	2019	2018	2017
<b>Total pension liability</b>							
Service cost	\$ 2,213,369	\$ 2,184,369	\$ 1,935,920	\$ 1,806,472	\$ 1,792,845	\$ 1,596,227	\$ 1,640,651
Interest (includes interest on service cost)	6,480,988	6,284,031	6,010,122	5,716,051	5,449,300	5,338,451	4,742,855
Changes of benefit terms	-	-	-	-	-	-	(105,379)
Difference between expected and actual experience	393,923	(291,610)	(149,316)	845,009	499,642	(978,363)	2,420,299
Changes of assumptions	-	-	7,111,874	-	(98,047)	1,630,101	-
Benefit payments, including refunds of member contributions	(5,470,433)	(5,082,251)	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
<b>Net change in total pension liability</b>	3,617,847	3,094,539	10,321,332	4,197,553	3,864,664	3,964,731	5,417,259
<b>Total pension liability - beginning</b>	97,616,581	94,522,042	84,200,710	80,003,157	76,138,493	72,173,762	66,756,502
<b>Total pension liability - ending</b>	<u>\$ 101,234,428</u>	<u>\$ 97,616,581</u>	<u>\$ 94,522,042</u>	<u>\$ 84,200,710</u>	<u>\$ 80,003,157</u>	<u>\$ 76,138,493</u>	<u>\$ 72,173,761</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 4,495,272	\$ 4,163,949	\$ 3,578,685	\$ 3,230,879	\$ 3,299,013	\$ 3,195,912	\$ 3,315,379
Contributions - member	585,325	488,243	342,404	304,593	209,531	103,415	39,287
Net investment income (loss)	5,265,205	(5,444,825)	16,461,248	1,082,659	3,482,632	3,629,568	5,332,230
Benefit payments, including refunds of member contributions	(5,470,433)	(5,082,251)	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
Administrative expense	(223,730)	(234,081)	(256,797)	(218,135)	(229,569)	(225,752)	(239,188)
<b>Net change in plan fiduciary net position</b>	4,651,639	(6,108,965)	15,538,272	230,017	2,982,531	3,081,458	5,166,541
<b>Plan fiduciary net position - beginning</b>	69,808,432	75,917,397	60,379,125	60,149,108	57,166,577	54,085,119	48,918,578
<b>Plan fiduciary net position - ending</b>	<u>\$ 74,460,071</u>	<u>\$ 69,808,432</u>	<u>\$ 75,917,397</u>	<u>\$ 60,379,125</u>	<u>\$ 60,149,108</u>	<u>\$ 57,166,577</u>	<u>\$ 54,085,119</u>
<b>Net pension liability - ending</b>	<u>\$ 26,774,357</u>	<u>\$ 27,808,149</u>	<u>\$ 18,604,645</u>	<u>\$ 23,821,585</u>	<u>\$ 19,854,049</u>	<u>\$ 18,971,916</u>	<u>\$ 18,088,642</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	73.55%	71.51%	80.32%	71.71%	75.18%	75.08%	74.94%
<b>Covered payroll</b>	\$ 15,215,157	\$ 14,720,399	\$ 13,777,698	\$ 14,166,689	\$ 13,300,633	\$ 13,137,945	\$ 12,473,480
<b>Net pension liability as a percentage of covered payroll</b>	175.97%	188.91%	135.03%	168.15%	149.27%	144.41%	145.02%

### Notes to Schedule:

- Payroll amounts are based on actual pensionable compensation from the employer
- FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. The ATU and IBEW Plans were separated; previous years not available.
- FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.
- FY2019: amounts are reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.
- FY2021: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256 AND IBEW 1245  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015 AND 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 5,760,060	\$ 5,753,143	\$ 5,599,479
Interest	16,758,356	16,384,487	15,740,342
Difference between expected and actual returns	(1,456,639)	(2,941,777)	-
Changes of assumptions	8,176,501	1,621,574	-
Change in bargaining group	-	-	(174,166)
Benefit payments, including refunds of member contributions	<u>(13,180,874)</u>	<u>(13,157,985)</u>	<u>(12,877,177)</u>
<b>Net change in total pension liability</b>	16,057,404	7,659,442	8,288,478
<b>Total pension liability - beginning</b>	<u>222,705,517</u>	<u>215,046,075</u>	<u>206,757,597</u>
<b>Total pension liability - ending</b>	<u><u>\$ 238,762,921</u></u>	<u><u>\$ 222,705,517</u></u>	<u><u>\$ 215,046,075</u></u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 10,447,190	\$ 10,343,620	\$ 9,711,107
Contributions - member	54,714	3,682	22,425
Net investment income (loss)	(1,121,417)	4,609,506	22,631,819
Change in bargaining group	-	-	(174,166)
Benefit payments, including refunds of member contributions	(13,180,874)	(13,157,985)	(12,877,177)
Administrative expense	<u>(290,647)</u>	<u>(190,442)</u>	<u>(230,365)</u>
<b>Net change in plan fiduciary net position</b>	(4,091,034)	1,608,381	19,083,643
<b>Plan fiduciary net position - beginning</b>	<u>172,106,054</u>	<u>170,497,673</u>	<u>151,414,030</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 168,015,020</u></u>	<u><u>\$ 172,106,054</u></u>	<u><u>\$ 170,497,673</u></u>
<b>Net pension liability - ending</b>	<u><u>\$ 70,747,901</u></u>	<u><u>\$ 50,599,463</u></u>	<u><u>\$ 44,548,402</u></u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	70.37%	77.28%	79.28%
 <b>Covered payroll</b>	\$ 39,996,326	\$ 37,950,269	\$ 38,857,668
 <b>Net pension liability as a percentage of covered payroll</b>	176.89%	133.33%	114.65%

**Notes to Schedule:**

-Beginning in FY2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports

-FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%

-FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study

-FY2017: the ATU and IBEW Plans were separated; combined disclosures are not available going forward. See schedules of the individual plans on pages 30 and 31.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES WHO ARE MEMBERS OF SALARIED EMPLOYEES LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 5,169,296	\$ 4,836,477	\$ 4,265,105	\$ 4,024,291	\$ 3,831,831
Change in bargaining group	249,432	836,523	-	-	474,438
Interest (includes interest on service cost)	12,094,257	11,663,422	11,359,811	10,794,658	10,288,390
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	1,243,109	311,027	1,861,545	2,669,480	1,215,057
Changes of assumptions	-	-	8,967,358	-	(17,295)
Benefit payments, including refunds of member contributions	(11,781,877)	(11,086,271)	(10,182,471)	(9,453,326)	(8,373,494)
<b>Net change in total pension liability</b>	6,974,217	6,561,178	16,271,348	8,035,103	7,418,927
<b>Total pension liability - beginning</b>	182,426,485	175,865,307	159,593,959	151,558,856	144,139,929
<b>Total pension liability - ending</b>	\$ 189,400,702	\$ 182,426,485	\$ 175,865,307	\$ 159,593,959	\$ 151,558,856
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 11,561,711	\$ 10,993,228	\$ 9,807,539	\$ 9,159,513	\$ 8,503,815
Contributions - member	858,224	705,053	466,141	360,051	193,293
Change in bargaining group	248,765	667,990	-	-	343,707
Net investment income (loss)	9,774,402	(9,801,602)	28,976,644	1,526,151	5,649,123
Benefit payments, including refunds of member contributions	(11,781,877)	(11,086,271)	(10,182,471)	(9,453,326)	(8,373,494)
Administrative expense	(253,898)	(262,018)	(253,303)	(226,310)	(260,441)
<b>Net change in plan fiduciary net position</b>	10,407,327	(8,783,620)	28,814,550	1,366,079	6,056,003
<b>Plan fiduciary net position - beginning</b>	120,583,101	129,366,721	100,552,171	99,186,092	93,130,089
<b>Plan fiduciary net position - ending</b>	\$ 130,990,428	\$ 120,583,101	\$ 129,366,721	\$ 100,552,171	\$ 99,186,092
<b>Net pension liability - ending</b>	\$ 58,410,274	\$ 61,843,384	\$ 46,498,586	\$ 59,041,788	\$ 52,372,764
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	69.16%	66.10%	73.56%	63.00%	65.44%
<b>Covered payroll</b>	\$ 30,417,243	\$ 28,436,264	\$ 27,147,142	\$ 26,295,215	\$ 22,220,418
<b>Net pension liability as a percentage of covered payroll</b>	192.03%	217.48%	171.28%	224.53%	235.70%

### Notes to Schedule:

-FY2019: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.

-FY2021: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

-Beginning in FY2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES WHO ARE MEMBERS OF SALARIED EMPLOYEES LAST 10 FISCAL YEARS (Continued)

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 3,647,115	\$ 3,873,148	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Change in bargaining group	5,129,398	-	-	-	174,166
Interest (includes interest on service cost)	9,485,966	8,960,042	8,807,953	8,434,365	7,978,675
Changes of benefit terms	-	(298,430)	-	-	-
Difference between expected and actual experience	1,856,563	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	3,291,931	-	(680,161)	930,863	-
Benefit payments, including refunds of member contributions	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
<b>Net change in total pension liability</b>	15,631,607	7,417,880	4,679,690	6,586,111	5,809,778
<b>Total pension liability - beginning</b>	128,508,322	121,090,442	116,410,752	109,824,641	104,014,863
<b>Total pension liability - ending</b>	\$ 144,139,929	\$ 128,508,322	\$ 121,090,442	\$ 116,410,752	\$ 109,824,641
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 7,669,178	\$ 7,321,138	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	143,094	53,706	21,014	261	1,678
Change in bargaining group	2,638,467	-	-	-	174,166
Net investment income (loss)	6,073,483	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	(247,077)	(289,067)	(269,624)	(194,209)	(176,367)
<b>Net change in plan fiduciary net position</b>	8,497,779	9,295,291	740,719	3,771,352	10,241,804
<b>Plan fiduciary net position - beginning</b>	84,632,310	75,337,019	74,596,300	70,824,948	60,583,144
<b>Plan fiduciary net position - ending</b>	\$ 93,130,089	\$ 84,632,310	\$ 75,337,019	\$ 74,596,300	\$ 70,824,948
<b>Net pension liability - ending</b>	\$ 51,009,840	\$ 43,876,012	\$ 45,753,423	\$ 41,814,452	\$ 38,999,693
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	64.61%	65.86%	62.22%	64.08%	64.49%
<b>Covered payroll</b>	\$ 24,283,580	\$ 23,435,642	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
<b>Net pension liability as a percentage of covered payroll</b>	210.06%	187.22%	187.96%	181.63%	177.20%

### Notes to Schedule:

-FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%.

-FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.

-FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit.

-FY2018: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

-Beginning in FY2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF DISTRICT CONTRIBUTIONS EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 FOR THE FISCAL YEARS ENDING JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017 (Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 10,500	\$ 10,418	\$ 9,579	\$ 8,783	\$ 8,533	\$ 7,863	\$ 7,987
Contributions in relation to the actuarially determined contribution	10,500	10,418	9,579	8,783	8,533	7,863	7,987
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,651	\$ 38,050	\$ 35,335	\$ 34,174	\$ 30,126	\$ 31,575	\$ 30,212
Contributions as a percentage of covered payroll	26.48%	27.38%	27.11%	25.70%	28.33%	24.90%	26.44%

### Notes to Schedule

Valuation Date 7/1/2021 (to determine FY22-23 contribution)  
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

### Key methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age  
Amortization method The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 11-year closed period as of 6/30/2021. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.  
Asset valuation method 5-year smoothed market  
Discount Rate 6.75%  
Amortization growth rate 2.75%  
Price inflation 2.50%  
Salary Increases 2.75%, plus merit component on employee classification and years of service  
Mortality Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016.Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016.

### Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023, can be found in the July 1, 2021 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information is not available.

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
EMPLOYEES WHO ARE MEMBERS OF  
IBEW LOCAL 1245  
FOR THE FISCAL YEARS ENDING JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017  
(Dollar amounts in thousands)**

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 4,495	\$ 4,164	\$ 3,579	\$ 3,231	\$ 3,299	\$ 3,196	\$ 3,315
Contributions in relation to the actuarially determined contribution	4,495	4,164	3,579	3,231	3,299	3,196	3,315
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,215	\$ 14,720	\$ 13,778	\$ 14,167	\$ 13,301	\$ 13,138	\$ 12,473
Contributions as a percentage of covered payroll	29.54%	28.29%	25.98%	22.81%	24.80%	24.33%	26.58%

**Notes to Schedule**

Valuation Date 7/1/2021 (to determine FY22-23 contribution)  
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

**Key methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age
Amortization method	The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 11-year closed period as of 6/30/2021. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.
Asset valuation method	5-year smoothed market
Discount Rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.50%
Salary Increases	2.75%, plus merit component on employee classification and years of service
Mortality	Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016. Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016

**Other information:**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023, can be found in the July 1, 2021 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information is not available.



# **RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

## **SCHEDULE OF DISTRICT CONTRIBUTIONS EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 AND IBEW LOCAL 1245 FOR THE FISCAL YEARS ENDING JUNE 30, 2016, 2015 AND 2014 (Dollar amounts in thousands)**

	2016	2015	2014
Actuarially determined contribution	\$ 10,447	\$ 10,344	\$ 9,711
Contributions in relation to the actuarially determined contribution	10,447	10,344	9,711
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 39,996	\$ 37,950	\$ 38,858
Contributions as a percentage of covered payroll	26.12%	27.26%	24.99%

Note: Beginning in FYE2015, payroll amounts are based on actual total payroll of the District. In previous years the schedule used covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

### **Notes to Schedule**

Valuation Date 7/1/2014 (to determine FY15-16 contribution)  
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

### **Key methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 18 year period as of 6/30/2014
Asset valuation method	5-year smoothed market
Discount Rate	7.65%
Amortization growth rate	3.15%
Price inflation	3.15%
Salary Increases	3.15%, plus merit component on employee classification and years of service
Mortality	Sex Distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females

### **Other information:**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, no additional information will be available for the combined Plans.

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## SCHEDULE OF DISTRICT CONTRIBUTIONS EMPLOYEES WHO ARE MEMBERS OF SALARIED EMPLOYEES LAST 10 FISCAL YEARS (Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,562	\$ 10,993	\$ 9,808	\$ 9,160	\$ 8,504	\$ 7,669	\$ 7,321	\$ 7,577	\$ 7,335	\$ 6,609
Contributions in relation to the actuarially determined contribution	11,562	10,993	9,808	9,160	8,504	7,669	7,321	7,577	7,335	6,609
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 30,417	\$ 28,436	\$ 27,147	\$ 26,295	\$ 22,220	\$ 24,284	\$ 23,436	\$ 24,342	\$ 23,022	\$ 22,009
Contributions as a percentage of covered payroll	38.01%	38.66%	36.13%	34.84%	38.27%	31.58%	31.24%	31.13%	31.86%	30.03%

Note: Beginning in FYE2015, payroll amounts are based on actual total payroll of the District. In previous years the schedule used covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

### Notes to Schedule

Valuation Date 7/1/2021 (to determine FY22-23 contribution)  
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

### Key methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age  
Amortization method The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 11-year closed period as of 6/30/2021. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.  
Asset valuation method 5-year smoothed market  
Discount Rate 6.75%  
Amortization growth rate 2.75%  
Price inflation 2.50%  
Salary Increases 2.75%, plus merit component on employee classification and years of service  
Mortality Healthy annuitants: Pri-2012 Bottom Quartile Table for Healthy Annuitants projected with Scale MP-2020, base tables adjusted 105% for females. Disabled annuitants: RP 2014 Disabled Retiree Mortality w/ Scale MP-2020, base tables adjusted 130% for males and 115% for females

### Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023, can be found in the July 1, 2021 actuarial valuation report.

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT  
DISTRICT EMPLOYEES**

**SCHEDULE OF INVESTMENT RETURNS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256 AND IBEW LOCAL 1245  
AND SALARIED EMPLOYEES  
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.69%	-7.30%	27.60%	1.98%	6.23%	6.93%	12.09%	-0.19%	3.25%	15.64%

Note: To achieve economies of scale, assets are combined and invested as one pool for the ATU, IBEW and Salaried Plans.

## **SUPPLEMENTAL SCHEDULES**

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Investment Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Boston Partners Investment Management	Asset Management	\$ 137,907
Atlanta Capital Management Co.	Asset Management	109,674
Metropolitan West Asset Management, L.L.C.	Asset Management	102,321
Clarion	Asset Management	102,200
Pyrford	Asset Management	100,968
Morgan Stanley	Asset Management	85,831
AQR	Asset Management	70,966
SSgA S&P 500	Asset Management	5,025
SSgA MSCI EAFE	Asset Management	2,913
Northern Trust Company	Custodian Services	43,130
Callan Associates, Inc.	Investment Advisor	62,483
Total		<u>\$ 823,418</u>

**Administrative Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Plan Administration	\$ 148,973
Hanson Bridgett	Consulting Services	76,455
Cheiron EFI	Actuarial Services	34,917
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,514
Sacramento Area Council of Governments	Audit Services	8,836
National Disability Evaluations Inc	Medical Evaluations	4,205
Other	Misc	2,081
Total		<u>\$ 289,981</u>

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES**

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
EMPLOYEES WHO ARE MEMBERS OF  
IBEW LOCAL 1245  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Investment Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Boston Partners Investment Management	Asset Management	\$ 61,633
Atlanta Capital Management Co.	Asset Management	49,017
Metropolitan West Asset Management, L.L.C.	Asset Management	45,728
Pyrford	Asset Management	45,126
Clarion	Asset Management	44,227
Morgan Stanley	Asset Management	38,199
AQR	Asset Management	30,734
SSgA S&P 500	Asset Management	2,246
SSgA MSCI EAFE	Asset Management	1,302
Northern Trust Company	Custodian Services	19,275
Callan Associates, Inc.	Investment Advisor	27,917
Total		<u>\$ 365,404</u>

**Administrative Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Plan Administration	\$ 90,564
Hanson Bridgett	Consulting Services	76,455
Cheiron EFI	Actuarial Services	28,333
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,464
Sacramento Area Council of Governments	Audit Services	8,836
CALAPRS	Dues & Training Courses	3,167
Other	Misc	1,911
Total		<u>\$ 223,730</u>

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES****SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
SALARIED EMPLOYEES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023****Investment Expenses:**

Vendor Names	Type of Services	Amount
Boston Partners Investment Management	Asset Management	\$ 107,437
Atlanta Capital Management Co.	Asset Management	85,463
Metropolitan West Asset Management, L.L.C.	Asset Management	79,709
Pyrford	Asset Management	78,675
Clarion	Asset Management	67,800
Morgan Stanley	Asset Management	62,723
AQR	Asset Management	51,289
SSgA S&P 500	Asset Management	3,915
SSgA MSCI EAFE	Asset Management	2,270
Northern Trust Company	Custodian Services	33,595
Callan Associates, Inc.	Investment Advisor	48,600
Total		<u>\$ 621,476</u>

**Administrative Expenses:**

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Pension Administration	\$ 116,815
Hanson Bridgett	Consulting Services	76,455
Cheiron EFI	Actuarial Services	32,125
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,514
Sacramento Area Council of Governments	Audit Services	8,836
CALAPRS	Dues & Training Courses	3,167
Other	Miscellaneous	1,986
Total		<u>\$ 253,898</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Retirement Board of Directors  
Sacramento Regional Transit District  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated November 17, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plans' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plans' financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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(Continued)



## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California  
November 17, 2023



Crowe LLP  
Independent Member Crowe Global

Members of the Retirement Board of Directors  
Sacramento Regional Transit District  
Sacramento, California

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the ATU Plan, IBEW Plan, and Salaried Plan for Sacramento Regional Transit District Employees ("the Plans") for further information on the responsibilities of management and of Crowe LLP.

### **AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS**

As part of obtaining reasonable assurance about whether the Plans' financial statements are free of material misstatement, we performed tests of the Plans' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE PLANS**

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Plans under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the Plans that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

### **PLANNED SCOPE AND TIMING OF THE AUDIT**

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between the entity and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

## **SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES**

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. There were no such accounting changes or significant policies requiring communication.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Plans' year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

<b>Significant Accounting Estimate</b>	<b>Process Used by Management</b>	<b>Basis for Our Conclusions</b>
Classification of Investment Securities Within the Fair Value Hierarchy	GASB Statement No.72, Fair Value Measurements and Application requires the reporting of by classification level within a fair value hierarchy.	We reviewed the documentation maintained by management and performed procedures to test the reasonableness of management's judgments and accounting estimates related to the classification levels of investments within the fair value hierarchy as defined by GASB 72.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Actuarial Present Value of Accumulated Plan Benefits.	The actuarial present value of accumulated plan benefits is determined by the Plans' actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for disability, withdrawal or retirement) between the valuation date and the expected date of payment.	We reviewed the reasonableness of the actuarial assumptions.

## AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Plans' accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

**Uncorrected Misstatements:** We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

## OTHER COMMUNICATIONS

Communication Item	Results
<p><b>Other Information Included in an Annual Report</b> Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"> <li>• Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or</li> <li>• A material misstatement of fact exists, or the other information is otherwise misleading.</li> </ul> <p>If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared other information to accompany the audited financial statements.</p>
<p><b>Significant Difficulties Encountered During the Audit</b> We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Disagreements with Management</b> We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Plans' financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p><b>Difficulties or Contentious Matters</b> We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>
<p><b>Circumstances that Affect the Form and Content of the Auditor's Report</b> We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>There are no such circumstances that affect the form and content of the auditor's report.</p>

Communication Item	Results
<b>Consultations with Other Accountants</b> If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.
<b>Representations the Auditor Is Requesting from Management</b> We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
<b>Significant Issues Discussed, or Subject to Correspondence, With Management</b> We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
<b>Significant Related Party Findings or Issues</b> We are to communicate to you significant findings or issues arising during the audit in connection with the Plans' related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
<b>Other Findings or Issues We Find Relevant or Significant</b> We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve your Plans as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Members of the Retirement Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

  
 Crowe LLP

Sacramento, California  
 November 17, 2023



Crowe LLP  
Independent Member Crowe Global

Members of the Retirement Board of Directors  
Sacramento Regional Transit District  
Sacramento, California

In planning and performing our audit of the financial statements of the ATU Plan, IBEW Plan, and Salaried plan for Sacramento Regional Transit District Employees ("the Plans") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Plans' internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the Plans' internal control over financial reporting. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting. Accordingly, this letter is not suitable for any other purpose.

  
Crowe LLP

Sacramento, California  
November 17, 2023



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 13  
**TO:** Sacramento Regional Transit Retirement Board – ALL  
**FROM:** John Gobel, Senior Manager, Pension and Retirement Services  
**SUBJ:** UPDATE ON ROLES AND RESPONSIBILITIES RELATED TO PENSION  
ADMINISTRATION - QUARTER ENDED DECEMBER 31, 2023 (ALL).  
(Gobel)

## **RECOMMENDATION**

No Recommendation - Information Only

## **RESULT OF RECOMMENDED ACTION**

No recommended action.

## **FISCAL IMPACT**

There is no fiscal impact associated with this action.

## **DISCUSSION**

Every quarter, three reports are distributed to apprise the Retirement Boards of functions performed by Staff and Legal Counsel in support of the pension plans. The reports prepared for the quarter ended December 31, 2023 are attached for review and identified below:

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs Attributable and Charged to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter

For the quarter ended December 31<sup>st</sup> (which considers new pension payments effected between October 10<sup>th</sup> and December 22<sup>nd</sup>), staff processed pensions for 6 new retirees and the average waiting period for initial payment was 54 days. That activity represents a decline from the prior quarter, when staff processed a total of 16 new retirements. It also represents a decline from the same period one year earlier, when staff processed a total of 11 new retirements (albeit with an average waiting period of 59 days).



For the current quarter ending March 31<sup>st</sup> (which is still in progress and presently considers new pension payments effected between January 10<sup>th</sup> and February 23<sup>rd</sup>), staff has processed pensions for 10 new retirees with an average waiting period of 51 days.

As indicated in the attached matrix of Staff Roles and Responsibilities, a total of four positions are allotted for the Retirement Services team. As previously reported, the Retirement Services Analyst I position was unexpectedly vacated in mid-October; the Senior Manager, Pension and Retirement Services, conducted panel interviews for Retirement Services Analyst I candidates during the last week of February 2024 and hopes to onboard a new staff member later this month.

## Pension Administration Staff Roles and Responsibilities

### Pension Plan Member Relations:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Respond to Employee and Retiree Inquiries	Retirement Services Analyst (I & II), Administrative Assistant II	Manager - Pension & Retirement
Conduct Educational Sessions	Manager - Pension & Retirement	Retirement Services Analyst II
Create Pension Estimates	Retirement Services Analyst II	Retirement Services Analyst I
Process Disability Retirements	Retirement Services Analyst II	Manager - Pension & Retirement
Process Employee and Retiree Deaths	Retirement Services Analyst I	Retirement Services Analyst II
Administer Active and Term Vested Retirement Process	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Prepare 48-Month Salary Calculations	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Verify Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Retirement Service Analysts (I & II), Payroll Analyst	Payroll Manager
Facilitate Employees' Required Contributions (per contracts and/or PEPPRA)	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Convert Employees to Retirees in SAP	Retirement Services Analysts (I & II)	Retirement Services Analysts (I & II)
Process Lump-Sum Distribution or "Refund" of Employee Contributions for Terminated PEPPRA Members	Retirement Services Analyst I	Manager - Pension & Retirement
Retrieve Undeliverable Retiree Mail and Facilitate Required Changes of Address	Administrative Assistant II	Retirement Services Analyst I
Conduct Lost Participant Searches and Related Processes for Returned Checks/stubs	Retirement Services Analyst I	Administrative Assistant II
Retiree Medical – Initial Enrollment	HR Analyst II	HR Department
Print, Stuff and Mail Pay Stubs	Payroll Analyst	Payroll Manager
Manage Stale and Lost Check Replacement	Payroll Analyst	Payroll Manager
Issue Copies of Retiree Pay Stubs and 1099-R Forms	Payroll Analyst	Payroll Manager

### Plan Documents:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Negotiate Benefits, Provisions	VP, Employee Development and Engagement	Senior Manager, Labor Relations
Incorporate Negotiated Benefits/Provisions into Plan Documents	Chief Counsel, RT	External Counsel
Interpret Plan Provisions	Manager – Pension & Retirement,	External Counsel

	Hanson Bridgett	
Provide Guidance to Staff Regarding New Plan Provisions & Regulations	Manager – Pension & Retirement	Chief Counsel, RT

### **Contracting & Contract Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Contract Management, including Oversight of RFP Processes	Manager – Pension & Retirement	VP - Finance
Legal Services (Hanson Bridgett) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Actuarial Services (Cheiron) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Investment Manager Services (Callan) Contract Procurement	Accountant II	VP - Finance
Ensure Adherence to Contract Provisions	Manager – Pension & Retirement	VP - Finance
Process Retirement Board Vendor Invoices	Retirement Services Analyst II	Manager - Pension & Retirement
Pay Invoices	Manager – Pension & Retirement	VP - Finance
Collect Form 700 Statements of Economic Interests from Retirement Board Vendors	Retirement Services Analyst I	Manager - Pension & Retirement

### **Retirement Board Meetings:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Manage Retirement Board Meeting Content and Process	Manager - Pension & Retirement	VP – Finance
Draft Staff Reports and Resolutions, Compile Attachments	Staff Presenting Issue to Board	Manager – Pension & Retirement, VP - Finance
Post Retirement Board Agenda Materials	Retirement Services Analyst I	Administrative Assistant II
Moderate Retirement Board Meetings	Manager - Pension & Retirement	VP - Finance

### **Retirement Board Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Train Staff/Board Members	Manager – Pension & Retirement	Staff/Vendor with Subject Matter Expertise
Prepare and Process Travel Arrangements for Retirement Board Members for Training	Retirement Services Analyst I	Administrative Assistant II
Facilitate Annual Fiduciary Liability Insurance Renewal	Manager – Pension & Retirement	VP – Finance
Renew Fiduciary Liability Coverage & Communicate Waiver of Recourse Info. to Retirement Board Members	Manager - Pension & Retirement	VP – Finance
Develop and Administer Retirement Board Policies	Manager – Pension & Retirement	VP - Finance

Respond to Public Records Act Requests	Manager – Pension & Retirement	Retirement Service Analysts (I & II)
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### **Coordinate Actuarial Activities:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Valuation Study and Establish Contribution Rates (annual)	Manager – Pension & Retirement	VP - Finance
Experience Study (every 3-5 years)	Manager – Pension & Retirement	VP - Finance

### **Asset Management:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Asset Rebalancing	Accountant II	VP - Finance
Account Reconciliations	Accountant II	VP - Finance
Cash Transfers	Accountant II	VP - Finance
Fund Accounting	Accountant II	VP - Finance
Investment Management	Accountant II	VP - Finance
Financial Statement Preparation	Accountant II	VP - Finance
Annual Audit	Accountant II	VP – Finance
State Controller's Office Reporting	Accountant II	Manager – Pension & Ret. VP – Finance
U.S. Census Bureau Reporting	Accountant II	Manager – Pension & Ret., VP - Finance
Work with Investment advisors (Callan), Custodian (Northern Trust), Fund Managers, Auditors, and Actuary (Cheiron)	Accountant II	Manager – Pension & Ret., VP - Finance
Review Monthly Asset Rebalancing	Accountant II	VP – Finance
Review/Update of Statement of Investment Objectives and Policy Guidelines management (at least annually)	Accountant II	VP – Finance

**Pension Administration Costs**  
**For the Time Period: October 1, 2023 to December 31, 2023**

Sum of Value TranCurr			
WBS Element	Source object name	Per	Total
SAXXXX.PENATU	Accounting &Treasury / Cruz Mendoza, Jessic	004	594.83
		005	817.20
		006	772.72
	Accounting &Treasury / Gobel, John	004	2,463.01
		005	1,975.28
		006	1,841.15
	Accounting &Treasury / Mathew, Jessica	004	3,316.51
		005	2,894.13
		006	3,660.71
	Accounting &Treasury / Matthews, Rosalie	004	272.90
	SAXXXX.PENATU Total		18,608.44
	SAXXXX.PENIBEW	Accounting &Treasury / Cruz Mendoza, Jessic	004
005			180.68
006			62.82
Accounting &Treasury / Gobel, John		004	1,219.31
		005	768.16
		006	1,072.99
Accounting &Treasury / Mathew, Jessica		004	1,454.91
		005	1,978.97
		006	1,095.08
Accounting &Treasury / Matthews, Rosalie		004	160.53
SAXXXX.PENIBEW Total		8,320.34	
SAXXXX.PENSALA		Accounting &Treasury / Cruz Mendoza, Jessic	004
	005		105.64
	006		190.69
	Accounting &Treasury / Gobel, John	004	414.58
		005	97.54
		006	256.06
	Accounting &Treasury / Mathew, Jessica	004	1,971.13
		005	1,243.71
		006	1,462.71
	Accounting &Treasury / Matthews, Rosalie	004	224.74
	SAXXXX.PENSALA Total		6,250.34
	SAXXXX.PENSION	Accounting &Treasury / Cruz Mendoza, Jessic	004
005			461.41
006			1,125.71
Accounting &Treasury / Gobel, John		004	6,974.40
		005	5,669.75
		006	9,108.17
Accounting &Treasury / Limon, Brenda		005	124.41
		006	123.28
Accounting &Treasury / Mathew, Jessica		004	2,823.75
		005	2,197.99
		006	1,885.09
Accounting &Treasury / Matthews, Rosalie		004	1,091.58
Accounting &Treasury / Mouton, Wendy		004	585.53
		005	479.07
		006	266.15
Accounting &Treasury / Volk, Lynda		004	3,985.03
		005	3,397.49
		006	1,430.53
Accounting &Treasury / Singleton, Marvin		005	147.27
SAXXXX.PENSION Total		42,451.98	
Grand Total		75,631.10	

**HANSON BRIDGETT LLP &  
SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS**

**LEGAL SERVICES SUMMARY**

Set forth below is a broad summary report of significant legal matters addressed by Hanson Bridgett LLP for the Sacramento Regional Transit District (SacRT) Retirement Boards during the Quarter ended December 31, 2023.

1. Weekly client conference calls and as-needed client and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Prepare for and participate in quarterly and special Board Meetings, including review and markup of agenda materials.
3. Provide counsel on issues including, but not limited to:
  - a. Investment consultant contract extension;
  - b. Spousal consent waivers and revocations;
  - c. Overpayment corrections policy;
  - d. Financial audit reports; and
  - e. Tax issues for out-of-state retirees.

Respectfully Submitted,

/s/ Shayna M. van Hoften



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 14  
**TO:** Sacramento Regional Transit Retirement Board - All  
**FROM:** John Gobel – Senior Manager, Pension and Retirement Services  
**SUBJ:** Authorize Execution of Amendment to Extend Term of the Contract with Cheiron Inc. for Actuarial Services for the Retirement Boards (ALL). (Gobel)

## **RECOMMENDATION**

Adopt the attached Resolutions.

## **RESULT OF RECOMMENDED ACTION**

Authorize execution of an amendment to the Retirement Boards' contract with Cheiron Inc. (Cheiron) for actuarial services, to extend the contract for one additional year and increase the total contract amount by \$110,000.

## **FISCAL IMPACT**

Approval of the recommended action would increase the contract capacity by \$110,000, from \$917,000 to \$1,027,000. As with other costs required for plan administration, these administrative expenses will be paid from the commingled trust for the three Retirement Plans.

The services considered in the proposed contract extension include preparation of the actuarial valuation reports (AVRs) for the July 1, 2024 valuation date, as well as benefit calculations and other actuarial tasks required for a full valuation cycle. The proposed amendment includes the cost components shown in Attachment 1.

## **DISCUSSION**

Cheiron provides actuarial and pension administration services for the Retirement Plans under a contract that the Retirement Boards approved on June 15, 2016. As contemplated and permitted by that contract, the Retirement Boards have exercised their options to extend actuarial services for a full valuation cycle on two separate occasions: once on December 9, 2020 and again on June 8, 2022. The contract was subsequently amended a third time, effective May 3, 2023, for an additional year and without an increase in the contract capacity.

The contract is set to expire on June 30, 2024. The Retirement Boards will receive AVRs for the July 1, 2023 valuation date at their March 13, 2024 meeting. To avoid a lapse in actuarial support after that date, as requested by Staff, Cheiron prepared the quote for a one-year extension of the contract included as Attachment 1. For these reasons, Staff recommends that the Retirement Boards approve a one-year extension of the contract with Cheiron and authorize Sacramento Regional Transit District's General Manager/CEO to execute the contract amendment and take any other actions necessary to give effect to the action.

Prior to the conclusion of the current fiscal year, Staff will begin working on a new procurement for actuarial services, with contract award anticipated within twelve months.



**RESOLUTION NO. 2024-03-238**

**SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION**

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AEA on this date:

**March 13, 2024**

**Authorize Amendment to  
Actuarial Services Contract with Cheiron Inc.**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AEA AS FOLLOWS:

THAT, the Sacramento Regional Transit District General Manager/CEO, or designee, is authorized to execute an amendment to the Retirement Boards' contract with Cheiron Inc. for actuarial services, to increase the aggregate not-to-exceed compensation by \$110,000 and extend the contract for an additional year to include preparation of the actuarial valuation reports for July 1, 2024, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution. Pursuant to this amendment, contract capacity will increase to \$1,027,000 in the aggregate.

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Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By:

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John Gobel, Assistant Secretary

## ATTACHMENT 1

<b>Component 1: Actuarial Services Routine (Core) Tasks 1-7</b>			<b>Year Nine (Extension Year) \$6,375 x 12 = \$76,500</b>		
	Task	Unit of Frequency	Unit Cost	Units Per Year	Annual Cost
Task 1	Assistance as Required	Monthly	\$108	12	\$1,296
Task 2	Assistance as Required	Monthly	N/A	12	N/A
Task 3	3 reports	Annually	\$45,120	1	\$45,120
Task 4	3 reports	Annually	\$15,900	1	\$15,900
Task 5	Board presentation on actuarial studies	Twice Annually	\$3,900	2	\$7,800
Task 6	Board presentation on actuarial studies	At Least Annually	\$3,216	1	\$3,216
Task 7	Notice of Changes and Corresponding Advice	Monthly	\$265	12	\$3,180

<b>Component 1: Additional Routine Actuarial Services (Non-Core Routine) Tasks A1-A2: Fixed Fee Proposal</b>			<b>Year Nine (Extension Year)</b>		
	Task	Unit of Frequency	Unit Cost	Estimated Quantity	Estimated Cost
Task A1	Standard Benefit Calculation	As Needed	\$385	65	\$25,025
Task A2	QDRO	As Needed	\$1,280	3	\$3,840

<b>Component 1: Potential Additional Non-Routine Actuarial Services (Non-Core Special): Hourly Billing Rates</b>	
Position	Year Nine (Extension Year)
Principal Consulting Actuary	\$427 - \$546
Consulting Actuary	\$309 - \$524
Associate Actuary	\$225 - \$343
Senior Actuarial Analyst	\$205 - \$264
Actuarial Analyst	\$170 - \$225
Administrative Assistant	\$128 - \$169

<b>Component 1 (Non-Core Special): Core Team Hourly Billing Rates</b>	
Team Member	Year Nine (Extension Year)
Anne Harper	\$475
Graham Schmidt	\$495
Leighann Maloney	\$240
Jack Erikson	\$195
Sandy Bucher	\$135
Kari Fredrickson	\$235

<b>Component 2: Pension Calculation System</b>	
Cost to Operate for Year Nine (Extension Year)	\$4,440



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 15

**TO:** Sacramento Regional Transit Retirement Boards – ALL

**FROM:** Jason Johnson, VP, Finance/CFO

**SUBJ:** Investment Performance Review by Boston Partners for the ATU, IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended December 31, 2023 (ALL). (Johnson)

## **RECOMMENDATION**

No Recommendation – For Information Only.

## **RESULT OF RECOMMENDED ACTION**

Information Only

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). Under the Policy, the Boards meet at least once every eighteen (18) months with each investment manager to review the performance of the manager's investment, the manager's adherence to the Policy, and any material changes to the manager's organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity, (5) International Emerging Markets, (6) Domestic Fixed-Income, and (7) Real Estate.

Boston Partners is one of the Retirement Boards' Domestic Large Capitalization Equity fund managers. Boston Partners will be presenting performance results for the quarter ended December 31, 2023, shown in Attachment 1, and answering any questions.



Large Cap Value

March 13, 2024

## Sacramento Regional Transit District



**John C. Forelli, CFA**

Head of Portfolio Research Group  
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**William J. Supple**

Head of Taft-Hartley and Public Funds  
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**Timothy Strakosch**

Director of Taft-Hartley and Public Funds  
Investor Relations  
tstrakosch@boston-partners.com  
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**Regional  
Transit**



**John C. Forelli, CFA**  
 Head of Portfolio Research Group  
[jforelli@boston-partners.com](mailto:jforelli@boston-partners.com)  
 +1 (617) 832-8272

Mr. Forelli is the Head of Portfolio Research Group for Boston Partners. In this position, he directs our team of investment professionals in formulating, developing, and communicating the investment narrative for Boston Partners. Prior to this role, he was a senior portfolio analyst and has extensive experience with all of the firm's strategies. Mr. Forelli has 12 years of experience as a portfolio manager focused on large cap equities. He joined the firm in May 2010 from Independence Investments where he was large cap core portfolio manager, senior partner and member of the investment committee. Mr. Forelli was also a research analyst specializing in health care, chemical, capital goods and industrial companies. He began his career as an investment banker with Prudential Securities focusing on raising capital for emerging growth companies and merger and acquisition transactions. Mr. Forelli holds a B.A. degree in economics from Dartmouth College and an M.B.A. degree from the Tuck School of Business at Dartmouth College. He holds the Chartered Financial Analyst® designation and FINRA licenses 7 and 66. Mr. Forelli began his career in the investment industry in 1984.



**William J. Supple**  
 Head of Taft-Hartley and Public Funds  
 Investor Relations  
[bsupple@boston-partners.com](mailto:bsupple@boston-partners.com)  
 +1 (617) 832-8193

Mr. Supple is the Head of Taft-Hartley & Public Funds and has national Marketing and Relationship Management oversight responsibility for all Taft-Hartley and Public Sector clients. He joined the firm in March 2002 from Mellon Institutional Asset Management, where he was a Vice President with responsibility for Taft-Hartley clients in the Northeast and Midwest. Previously, he was Managing Director and Chief Operating Officer of the Leveraged Finance and Fixed Income Groups, and was also National Sales Manager, with BankBoston. Prior to his thirteen years at BankBoston, Mr. Supple was with Chase in New York City for six years. Mr. Supple is a former member of the Amalgamated Meatcutters and Butcher Workmen of North America, Local 2, AFL-CIO and the Service Employees International Union, Local 254 (Fenway Park Ushers). He served for seven years as a founding Trustee of the Commonwealth of Massachusetts Health Care Security Trust (Tobacco Settlement Funds). He has been elected to public office six times in Needham, MA, serving two terms as Chairman of the Trust Funds Commission, and served twelve years as an elected Town Meeting Member. Mr. Supple is a Member of the Sponsor Council of the Christian Brothers Institute of Massachusetts and is a past Chair of the Board of Directors at Catholic Memorial School. He is a Trustee of Newton Country Day School of the Sacred Heart and also served on the Finance Committee for the Jesuit's USA Northeast Province. He is a member of the Board of Advisors of the College of the Holy Cross, past Chair of the President's Council, and served as a member of the Institutional Advancement Committee of the Holy Cross Board of Trustees. Mr. Supple holds a B.A. degree (Cum Laude) from the College of the Holy Cross, an M.B.A. degree in finance from New York University, and FINRA licenses 7 and 63. Mr. Supple began his career in the industry in 1981.





**Timothy Strakosch**  
Director of Taft-Hartley and Public  
Funds  
Investor Relations  
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Mr. Strakosch is responsible for business development and relationship management of the firm's Public Fund and Taft-Hartley clients. He joined the firm in 2023 from AllianceBernstein where he was a vice president in the Institutional Client Group with responsibility for Public Fund and Taft-Hartley clients throughout North America. Previously, he was at Putnam Investments responsible for marketing Putnam Investment solutions to Financial Advisors at the wire house firms. Mr. Strakosch is a member of the Leadership Advisory Council at The Cristo Rey Boston High School and a team captain for the Pan-Mass Challenge. He serves on the Gold Leadership Council at Boston College and is a Class Agent at The Belmont Hill School. Mr. Strakosch holds a B.A. degree in finance from the Carroll School of Management at Boston College and holds the FINRA securities licenses 7 and 63. He began his career in the industry in 2013.

# Boston Partners At a Glance

As of December 31, 2023

## Firm Profile

- Founded in 1995; offices in Boston, New York, Los Angeles, Greenbrae and London
- One investment philosophy and process across all strategies
- All established strategies have outperformed their benchmark since inception\*

## Distinguishing Characteristics

- A thriving investment ecosystem that forms a merit-based culture with common purpose and low employee turnover
- A clear alpha thesis: we consistently embed attractive value, fundamentals/quality, and momentum characteristics in portfolios
- A disciplined, time-tested investment process that utilizes comprehensive fundamental analysis combined with robust quantitative tools

## \$94.1 Billion Assets Under Management - Details

Investment Strategies	Assets(\$ Millions)
Large Cap Value, Large Cap Value Select	\$31,302
Premium Equity (U.S. All-Cap Value)	\$10,679
Mid Cap Value	\$30,166
Small/Mid Cap Value	\$2,138
Small Cap Value	\$2,554
Small Cap Value II	\$737
U.S. Long/Short	\$872
Global, Global Long/Short	\$9,337
International, International Select, International Long/Short	\$5,004
Emerging Markets Dynamic Equity, Emerging Markets	\$181
WPG Small Cap Value, Micro Cap Value	\$930
Sustainable and Socially Screened Investments**	\$16,770

\*Boston Partners' established long-only strategies have a minimum track record of 5 years. Results are net of fees. Past performance is not an indication of future results. \*\*Sustainable and Socially Screened Investments are a subset of the Assets Under Management table above, comprised of Global Sustainability; Sustainable Investment mandates; and socially screened portfolios. Organizational information can be found in the appendix.

# Boston Partners: Positive Value Added Over Every Time Period

*EXCESS RETURN net of fees relative to benchmarks since inception*

BP Strategy	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	25 Year	Since Inception
<b>Large Cap Value</b> vs. Russell 1000® Value Index	2.85	3.86	1.73	0.79	1.26	1.59	1.79	1.22
<b>Premium Equity</b> vs. Russell 3000® Value Index	0.76	2.69	2.38	1.53	1.79	2.47	3.77	2.80
<b>Mid Cap Value</b> vs. Russell Midcap® Value Index	4.56	3.47	3.04	1.84	2.19	2.20	1.46	1.67
<b>Small Cap Value</b> vs. Russell 2000® Value Index	1.79	1.10	1.57	0.30	1.73	1.04	1.12	1.88
<b>Global Equity</b> vs. MSCI World Value Index-Net	3.08	2.69	2.55	1.67	2.20			2.05
<b>International Equity</b> vs. MSCI EAFE Value Index-Net	0.34	1.17	2.24	1.43	1.86			1.57
<b>Emerging Markets</b> vs. MSCI Emerging Markets Index-Net	10.21	3.44	3.36					0.99
<b>Average</b>	3.37	2.63	2.41	1.26	1.84	1.83	2.04	1.74
<b>Median</b>	2.85	2.69	2.38	1.48	1.83	1.90	1.63	1.67



Above benchmark net of fees



Below benchmark net of fees

Data as of December 31, 2023. Source: Boston Partners.

Returns reflect composite results net of fees and individual results may vary. A GIPS® compliant report is contained herein. Past performance is not an indication of future results. Inception dates: Large Cap Value is June 1, 1995; Premium Equity is June 1, 1995; Mid Cap Value is May 1, 1995; Small Cap Value is July 1, 1995; Global Equity is July 1, 2008; International Equity is July 1, 2008; and Emerging Markets is July 1, 2017. Please refer to the appendix for other important disclosures.



# Boston Partners Taft-Hartley and Public Funds Team

*Dedicated to outstanding client relationships*



Data as of December 31, 2023. For more information please contact: [PublicTaftHartley@boston-partners.com](mailto:PublicTaftHartley@boston-partners.com)

# Boston Partners

## *Representative institutional client list*

### **Taft-Hartley**

Electrical Workers Pension Plan, Local 103, IBEW  
Georgia Stevedore Association - International Longshoremen's Association  
Heavy & General Laborers Locals 172 & 472  
Iron Workers District Council New England  
Iron Workers Locals 40, 361 & 417  
Ironworkers National Pension Plan  
IUOE Local 4 - Pension Fund  
IUOE Local 30 Pension Trust Fund  
IUOE Local 132 Pension Fund  
Mason Tenders' District Council Trust Funds  
Metal Trades Pension Fund  
National Roofing Industry Pension Fund  
Nevada Resort Association – I.A.T.S.E. Local 720 Retirement Plan  
North Central States Council of Carpenters'  
Painters & Allied Trades District Council 35 - MA  
PAMCAH-UA Local 675 Trust Funds  
Pipefitters Local Union 537 Annuity & Pension Funds  
Plumbers and Steamfitters Local 7  
Producer-Writers Guild of America Pension Plan  
Radio, Television & Recording Arts Pension Fund  
Steamfitters' Industry Security Benefit & Pension Funds  
Teamsters Local 992 - Hagerstown Motor Carriers  
Teamsters Pension Trust Funds of Philadelphia  
UA Local Union 373  
UFCW - So. CA Drug Fund  
UFCW Unions & Employers Pension Plan  
United Furniture Workers Insurance & Pension Funds  
Western Pennsylvania Laborers District Council

### **Public**

Arkansas Judicial Retirement System  
California Department of Human Resources  
Charlotte Firefighters' Retirement System  
City of Clearwater Employees' Pension Fund  
City of Miami Firefighters' & Police Officers' Retirement Trust  
City of North Miami Beach General Employees, Police Officers & Firefighters  
City of Phoenix Employees' Retirement System  
Dallas Police & Fire Pension System  
Government of Guam Retirement Fund  
Joint Investment Committee as Trustees of the Wichita Retirement Systems  
Los Angeles Fire & Police Pensions  
Los Angeles Water & Power Employees' Retirement Plan  
Massachusetts Bay Transportation Authority Retirement Fund  
Metropolitan Atlanta Rapid Transit Authority (MARTA)  
Miami Fire Fighters' Relief & Pension Fund  
Milwaukee County Employees' Retirement System  
Mississippi Prepaid Affordable College Tuition Program  
New Mexico Educational Retirement Board  
New York State Deferred Compensation Board  
Norfolk County Retirement System  
Oklahoma Police Pension and Retirement System  
Sacramento Regional Transit District  
San Luis Obispo County  
Taunton Contributory Retirement System  
Teachers' Retirement System of Louisiana  
Texas Emergency Services Retirement System  
The Army & Air Force Exchange Service  
Town of Darien Pension Funds  
Tulare County Employees' Retirement Association

### **Corporate**

Alyeska Pipeline Service Company  
Ameren Services Company  
American Family Insurance  
American Medical Association  
Boehringer Ingelheim Corp.  
Caleres, Inc.  
DENSO  
General Mills, Inc.  
Manulife  
Mutual of Enumclaw  
Rotary International  
Texas Mutual Insurance Company  
The Directed Account Plan  
Toyota Motor Sales USA, Inc.  
Verizon  
XCEL Energy

### **Endowment/Foundation**

Catholic Diocese of Toledo  
Covenant Pension Trust  
Ferncliff Cemetery Association  
Foundation of the Catholic Diocese of Columbus  
Highland Street Foundation  
Kemper & Ethel Marley Foundation  
Sisters of St. Joseph of Carondelet  
University of Southern California

### **Healthcare**

CentraCare Health System  
Methodist LeBonheur Healthcare  
Nicklaus Children's Hospital  
Owensboro Health Regional Hospital  
Presbyterian Healthcare  
ProMedica  
Redington - Fairview Hospital  
Southern California Permanente Medical Group  
Trinity Health  
UMass Memorial Health System

As of February 12, 2024, this list is made up of clients who have consented to disclosing their name. It is not known whether all the listed clients approve or disapprove of Boston Partners or the advisory services provided.



# Equity Investment Team

Long tenured investment team employing the same process across all strategies

## Portfolio Management and Portfolio Research

**Joseph Feeney, Jr., CFA**  
CEO, CIO, Long/Short Research  
38 years experience

**David Cohen, CFA**  
Large Cap Value  
19 years experience

**Mark Donovan, CFA**  
Large Cap Value  
42 years experience

**David Pyle, CFA**  
Large Cap Value  
28 years experience

**Joshua White, CFA**  
Large Cap Value  
17 years experience

**Duilio Ramallo, CFA**  
Premium Equity  
28 years experience

**George Gumpert, CFA**  
Small/SMID Value  
24 years experience

**Steven Pollack, CFA**  
Mid Cap Value  
39 years experience

**Tim Collard**  
Mid Cap Value  
18 years experience

**Christopher Hart, CFA**  
Global, International,  
Global Long/Short  
32 years experience

**Joshua Jones, CFA**  
Global, International,  
Global Long/Short  
19 years experience

**Soyoun Song**  
Global Sustainability,  
Global, International,  
18 years experience

**David Kim**  
Emerging Markets,  
Emerging Markets Dynamic  
10 years experience

**Patrick Regan, CFA**  
Long/Short Equity  
28 years experience

**John Forelli, CFA**  
Head of Portfolio Research Group  
39 years experience

**Michael McCune, CFA**  
Portfolio Research  
29 years experience

**Brandon Smith, CFA, CAIA**  
Portfolio Research  
17 years experience

**Michael Mullaney**  
Director of Global  
Markets Research  
42 years experience

**Christopher Eagan**  
Global Markets Analyst  
38 years experience

**Daniel Farren**  
Global Markets Analyst  
29 years experience

## Fundamental and Quantitative Research

**Todd Knightly**  
Director of Fundamental Research  
34 years experience

**Jack Anton, CFA**  
Long/Short Equity Generalist  
6 years experience

**Brian Boyden, CFA, FRM, CAIA**  
EM Industrials, Retail,  
Transportation, REITs, Utilities  
25 years experience

**Scott Burgess, CFA**  
Technology  
22 years experience

**Charles Clapp, CFA**  
Developed Non-U.S. Consumer  
and Business Services, Paper  
& Packaging, Home Builders &  
Building Products, Consumer Staples  
8 years experience

**Matthew Donovan**  
EM Financials, Telecommunications,  
Food, Beverage & Tobacco,  
Restaurants, Hotels and Personal  
Products  
2 years experience

**Paul Donovan, CFA**  
Cable & Telecom, Gaming &  
Lodging, Media & Advertising,  
Interactive Media, Chemicals, Paper  
& Packaging  
12 years experience

**Kevin Duggan, CFA**  
Banks, Financial Services,  
Life Insurance  
28 years experience

**Jett Dziana**  
Equity Generalist  
1 year experience

**Colin Egan, CFA**  
Developed Non-U.S. Technology,  
Media, Telecom, Autos  
8 years experience

**Jonah Frank**  
EM Energy, Materials  
2 years experience

**Trevor Frankel, CFA**  
Developed Non-U.S.  
Healthcare & Financial  
Services, EM Healthcare  
13 years experience

**Volkan Gulen, CFA**  
Small Cap Equities  
17 years experience

**Jacklyn Y. Hall**  
Retail, Property & Casualty  
Insurance, REITs, Internet  
Retail  
15 years experience

**Andrew Hatem, CFA**  
U.S. Healthcare  
28 years experience

**David Hinton, CFA**  
Small Cap Equities  
21 years experience

**Tim Horan**  
Industrials, Utilities, Autos  
26 years experience

**Jennifer Mace, CFA**  
Restaurants, Food, Beverage &  
Tobacco, Consumer Products,  
Transportation, Payment  
Services  
5 years experience

**Edward Odre, CFA**  
Aerospace & Defense, Home  
Builders & Building Products,  
Engineering & Construction,  
Consumer/Business/IT  
Services  
14 years experience

**Soyoun Song**  
Developed Non-U.S.  
Industrials, Materials,  
Transportation  
18 years experience

**Edward Stansky**  
Energy, Metals & Mining  
7 years experience

**John Zhao**  
EM Technology  
8 years experience

**Eric Connerly, CFA**  
Director of Quantitative  
Research  
30 years experience

**Carissa Wong, CFA**  
Director of Portfolio Risk  
Quantitative Strategies  
22 years experience

**Jason Bartlett, CFA**  
Quantitative Strategies  
21 years experience

**Pete Cady, CFA**  
Quantitative Strategies  
8 years experience

**Mark LeVie, CFA**  
Quantitative Strategies  
27 years experience

**Rubina Moin**  
Quantitative Strategies  
23 years experience

**Maggie Pietropaolo, CFA**  
Quantitative Strategies  
33 years experience

**Joseph Urlick**  
Quantitative Strategies  
34 years experience

## Trading

**Mark Kuzminskas**  
Chief Operating Officer  
33 years experience

**Matthew Ender**  
Equity Trader  
14 years experience

**Thomas Walsh**  
Senior Equity Trader  
29 years experience

**Christopher Bowker**  
Director of Equity Trading  
24 years experience

**Stephen Ferrara**  
Equity Trader  
9 years experience

**Marlon Thompson**  
Equity Trading Assistant  
12 years experience

## Sustainability and Engagement Research

**William Butterly, Esq.**  
Director of Sustainability  
39 years experience

**Molly Clements**  
Research Analyst  
1 year experience

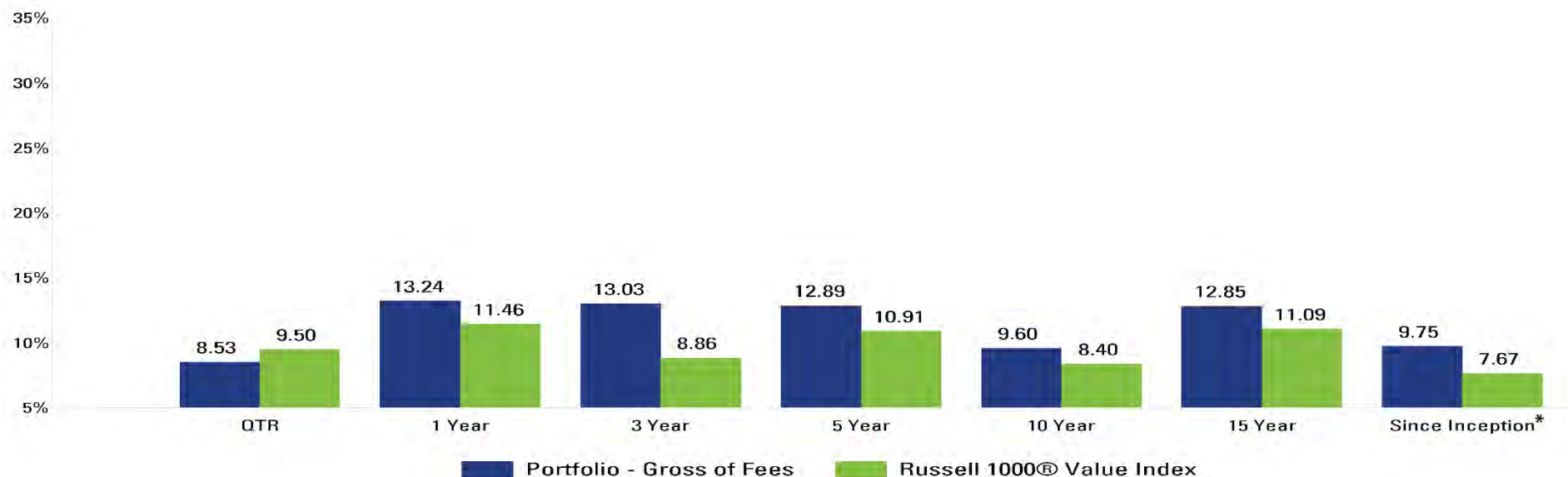
**Jonathan Corning**  
Research Analyst  
2 years experience

**Katie Zona**  
Research Analyst  
2 years experience

As of January 4, 2024.

# Investment Performance

As of December 31, 2023



## Statement of Cash Flows

Beginning Assets (6/29/05)	\$25.9 M
Contributions	12.5 M
Withdrawals	(53.9 M)
Net Cash Flows	(\$41.4 M)
Investment Returns	\$79.0 M
<b>Current Assets (12/31/23)</b>	<b>\$63.5 M</b>

## Annualized Performance (%)

	4Q 2023	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*
Sacramento Regional Transit District Retirement Plans - Gross of Fees	8.53	13.24	13.03	12.89	9.60	12.85	9.75
Sacramento Regional Transit District Retirement Plans - Net of Fees	8.39	12.66	12.46	12.31	9.01	12.23	9.13
Russell 1000® Value Index	9.50	11.46	8.86	10.91	8.40	11.09	7.67
Relative Performance - Net of Fees	-1.11	1.20	3.60	1.40	0.61	1.14	1.46

\* Inception date is July 1, 2005.

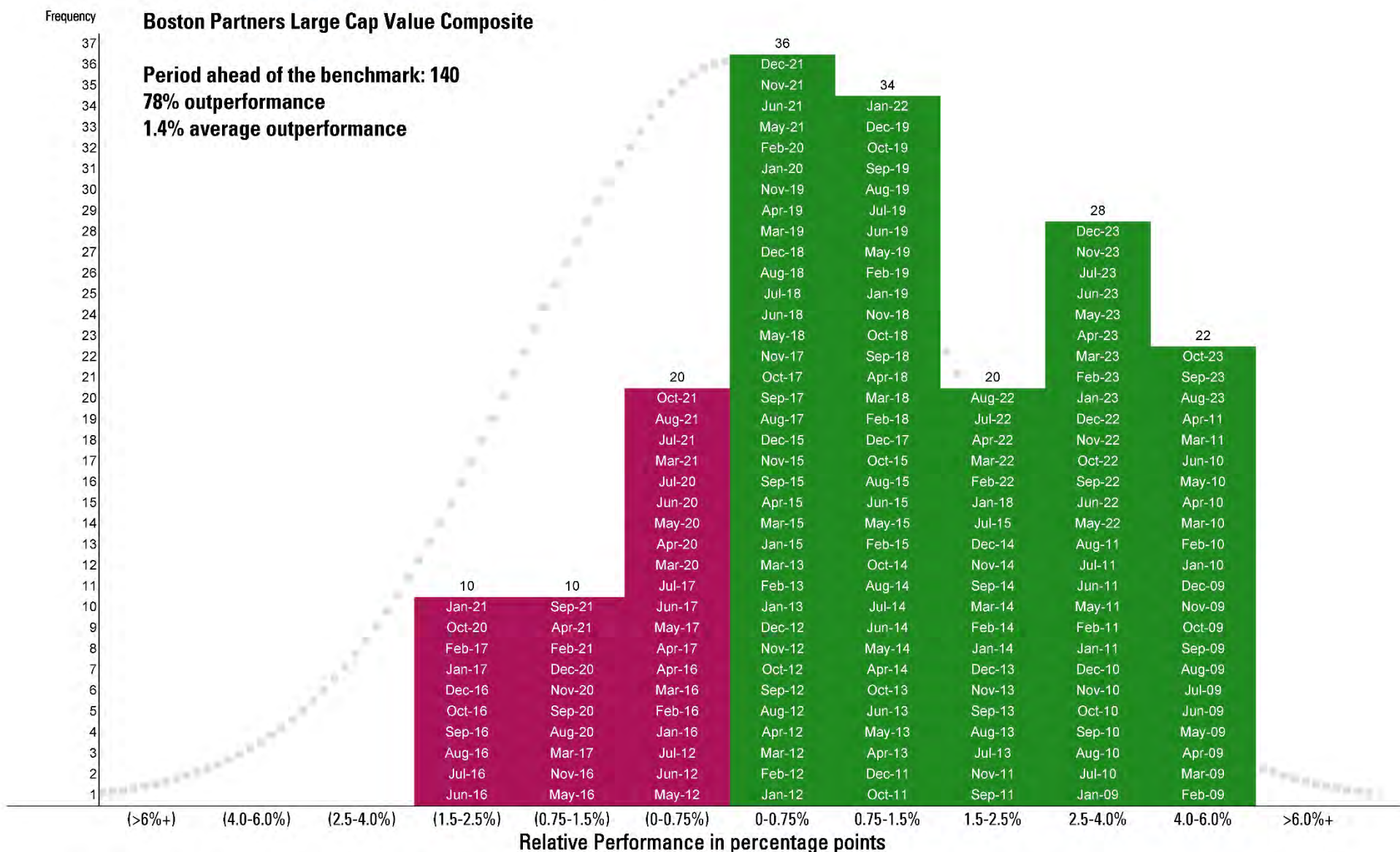
Data are for Sacramento Regional Transit District as of December 31, 2023.

Past performance is not an indication of future results. Performance for periods over one year are annualized. Please refer to the appendix for other important disclosures.



# Seeking to Tilt the Probabilities in Your Favor - The Results

*Distribution of rolling three-year excess returns - net of fees*

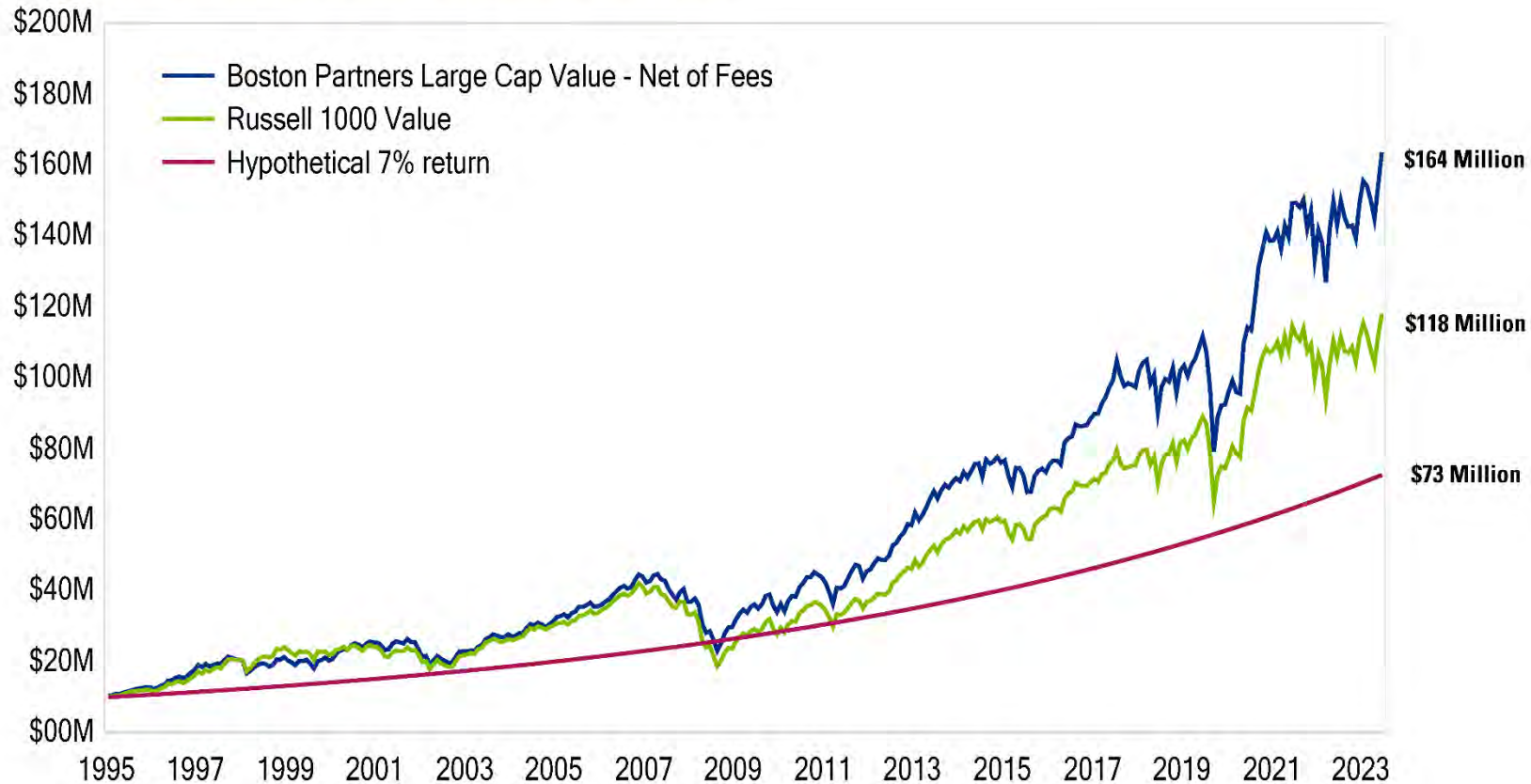


The chart reflects 15 years, 180 month as of December 31, 2023. Relative Performance of Boston Partners Large Cap Value versus the Russell 1000® Value Index. Returns reflect composite results net of fees and individual portfolio results may vary. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures. A GIPS® compliant report is contained herein.

# Benefits of Active Management

*Selecting the right manager can lead to higher growth of capital*

**Proposed Cumulative Growth of \$10 Million Investment**



Data is for as of December 31, 2023.

This is a hypothetical illustration of the growth of \$10 million had it been invested to the Large Cap Value strategy on June 1, 1995 which assumes the reinvestment of dividends, capital gains, and a 7 % representative actuarial rate. 7% is based on a 2015 Milliman Consulting study of approximately 1,300 multi - employer plan Form 5500 filings. Results would vary depending on investment guidelines, cash flow, and the assumptions mentioned. A GIPS® compliant report is contained herein.



# Three Circle Stock Selection Process

*In our experience, portfolios with all three characteristics tend to outperform over time*

**We buy stocks where we find the intersection of the three circles**

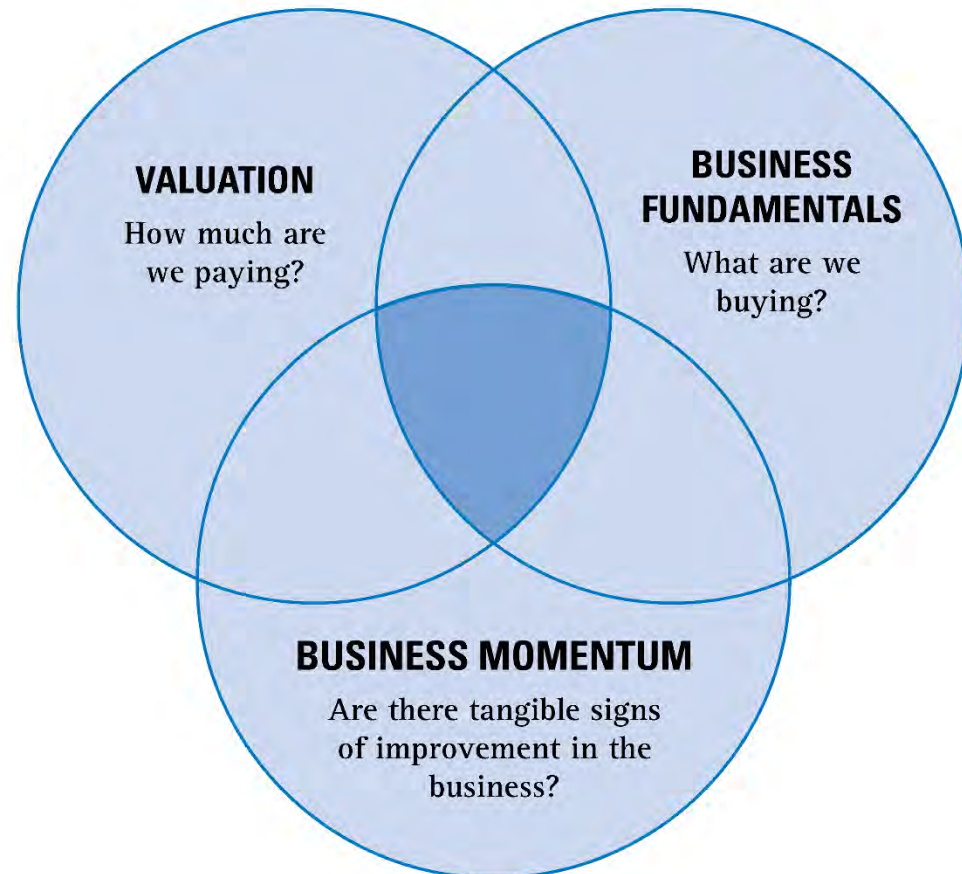


**We sell stocks due to:**

- Appreciation to target price
- Weakening business fundamentals
- A deterioration in business momentum

**Risk management begins with:**

- A value driven approach
- A well-defined sell discipline
- Portfolio diversification

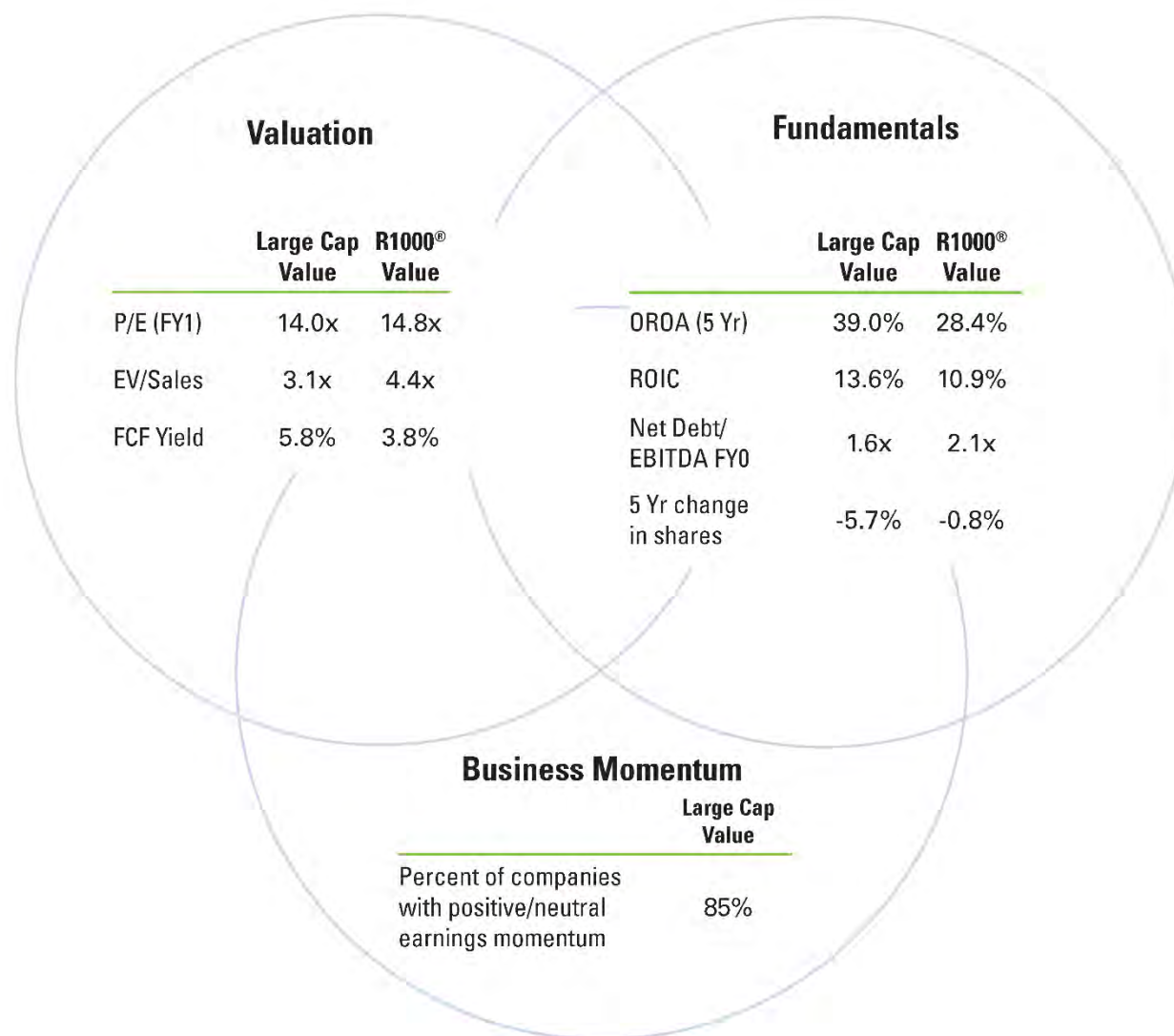
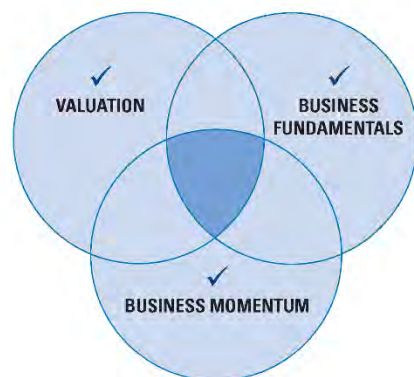


# Large Cap Value

*A proof statement that the stock selection process results in a 'three-circle' portfolio*

## "Three Circles"

An attractive valuation, strong business fundamentals, and positive business momentum. Portfolios with all three characteristics tend to outperform over time.



Data are for a representative account as of December 31, 2023 and are subject to change. Individual portfolio characteristics may vary. Please refer to the appendix for applicable disclosures. A GIPS® compliant report is contained herein.



# Portfolio Positioning - Large Cap Value

*Our assessment of where the opportunities exist*

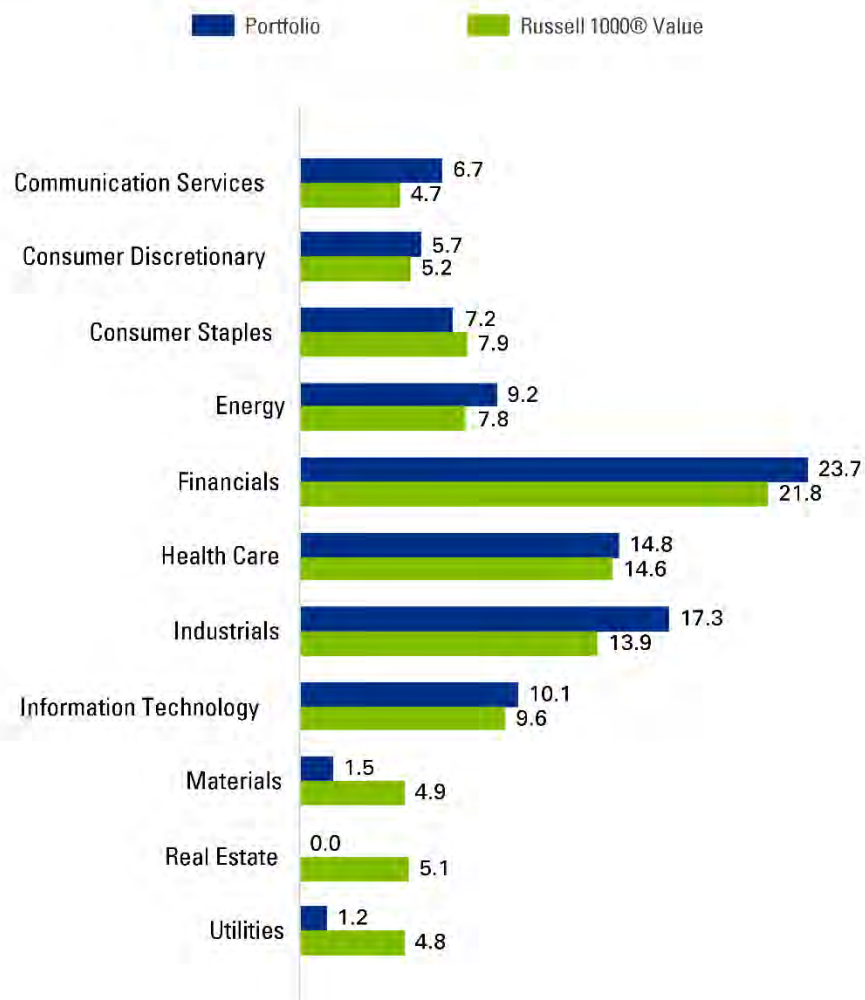
## Largest Holdings (%)

JPMorgan Chase & Co	4.5
Berkshire Hathaway Inc Cl B	3.5
Walmart Inc	3.4
Alphabet Inc	3.3
Morgan Stanley	2.3
Exxon Mobil Corp	2.0
Bristol-Myers Squibb Co	1.9
AutoZone Inc	1.9
Wells Fargo & Co	1.8
Discover Financial Services Inc	1.8
<b>Total</b>	<b>26.4</b>

## Portfolio Statistics

	Portfolio	Russell 1000® Value
Number of Securities	88	849
Wtd. Avg. Mkt. Cap (\$M)	\$160,016	\$128,833
Dividend Yield	1.6%	2.3%
Turnover (Trailing 1 Year)	49.0%	-

## Sector Weightings (% of Portfolio)



Data are for Sacramento Regional Transit District Retirement Plans as of December 31, 2023.  
Please refer to the appendix for applicable disclosures.

# Largest Positions: Overweight and Underweight

*What we don't own is as important as what we do own*

## What We Own

Stock	LCV % Portfolio	Russell 1000® Value Index % Benchmark	Active Weight Percentage
Alphabet Inc	3.3	0.0	3.3
Walmart Inc	3.4	1.1	2.3
JPMorgan Chase & Co	4.5	2.4	2.1
AutoZone Inc	1.9	0.0	1.8
Morgan Stanley	2.3	0.6	1.8
Discover Financial Services Inc	1.8	0.1	1.6
United Rentals Inc	1.7	0.2	1.5
Cencora Inc	1.4	0.0	1.4
Bristol-Myers Squibb Co	1.9	0.5	1.4
Fleetcor Technologies Inc	1.4	0.0	1.4
<b>Total</b>	<b>23.4</b>	<b>5.0</b>	<b>18.5</b>

## What We Do Not Own

Stock	Russell 1000® Value Index % Benchmark
Johnson & Johnson	1.9
Procter & Gamble Co	1.4
Chevron Corporation	1.3
Bank of America Corp	1.2
Merck & Co Inc	1.1
Intel Corporation	1.1
Cisco Systems Inc	1.0
Linde Plc	0.9
Comcast Corporation Class A	0.9
Walt Disney Company	0.8
<b>Total</b>	<b>11.4</b>

Data are for Sacramento Regional Transit District Retirement Plans as of December 31, 2023  
Please refer to the appendix for applicable disclosures.



# Portfolio Holdings - Large Cap Value

Position changes over time: October 1, 2023 through December 31, 2023

Key: ◆ = New Holding | ⬆ = Increased Position | ⬇ = Decreased Position | ⓧ = Liquidated | Unchanged

<b>Communication Services</b>	<b>6.7</b>
⬇ Alphabet Inc	3.3
Omnicom Group Inc	0.9
Take-Two Interactive Software Inc	0.4
T-Mobile US Inc	1.5
Warner Bros Discovery Inc	0.6
ⓧ Match Group, inc.	0.0
<b>Consumer Discretionary</b>	<b>5.7</b>
⬆ Mgm Resorts International	0.8
⬇ AutoZone Inc	1.9
⬇ BorgWarner Inc	0.3
⬇ LKQ Corp	0.6
⬇ Mohawk Industries Inc	0.4
Booking Holdings Inc	0.9
Ulta Beauty Inc	0.6
Whirlpool Corp	0.3
<b>Consumer Staples</b>	<b>7.2</b>
⬆ Kenvue Inc	0.9
⬇ Keurig Dr Pepper Inc	1.0
Coca-Cola European Partners Plc	0.8
US Foods Holding Corp	1.1
Walmart Inc	3.4
<b>Energy</b>	<b>9.2</b>
◆ Phillips 66	1.0
⬇ Cenovus Energy Inc	1.0
⬇ Exxon Mobil Corp	2.0
⬇ Halliburton Co	0.7
⬇ Marathon Petroleum Corp	1.4
⬇ Schlumberger NV	1.1
ConocoPhillips	1.5
Peabody Energy Corp	0.5
ⓧ Pioneer Natural Resources Compan	0.0
<b>Financials</b>	<b>23.7</b>

<b>Financials (cont...)</b>	
◆ Charles Schwab Corp	0.9
◆ Huntington Bancshares Inc	0.5
⬆ American Express Co	1.2
⬆ Discover Financial Services Inc	1.8
⬆ JPMorgan Chase & Co	4.5
⬆ Morgan Stanley	2.3
⬇ Arthur J Gallagher & Co	0.7
⬇ Berkshire Hathaway Inc Cl B	3.5
⬇ Chubb Ltd	0.9
Aon Plc Cl A	0.5
Ares Management Corp	0.4
Fleetcor Technologies Inc	1.4
Global Payments Inc	1.3
Goldman Sachs Group Inc	1.1
Intercontinental Exchange Inc	1.0
Wells Fargo & Co	1.8
ⓧ Progressive Corporation	0.0
<b>Health Care</b>	<b>14.8</b>
◆ Abbott Laboratories	1.4
⬇ Bristol-Myers Squibb Co	1.9
⬇ Cigna Group/the	1.4
Amgen Inc	1.2
Avantor Inc	1.0
Cencora Inc	1.4
Centene Corp	1.3
ICON Public Limited Company	1.3
McKesson Corp	1.4
Sanofi SA	0.8
UnitedHealth Group Inc	1.7
<b>Industrials</b>	<b>17.3</b>
◆ Boeing Co	1.3
◆ Builders FirstSource Inc	0.4

<b>Industrials (cont...)</b>	
◆ Willscot Mobile Mini Holdings	0.5
⬆ Jacobs Solutions Inc	0.8
⬆ Masco Corp	0.9
⬆ United Rentals Inc	1.7
⬇ Deere & Company	0.6
⬇ RTX Corp	1.0
⬇ SS&C Technologies Holdings Inc	0.5
Allegion Plc	0.7
Caterpillar Inc	0.5
Dover Corp	0.6
Eaton Corp Plc	1.0
Fortive Corp	1.0
General Dynamics Corp	1.6
Howmet Aerospace Inc	1.1
Leidos Holdings Inc	0.9
Otis Worldwide Corp	0.4
Wabtec Corp	0.9
WESCO International Inc	0.9
<b>Information Technology</b>	<b>10.1</b>
◆ Nice Ltd	0.2
◆ Oracle Corp	1.4
⬆ Advanced Micro Devices Inc	1.3
⬇ Qualcomm Inc	0.5
Applied Materials Inc	1.3
Cognizant Technology Solutions	0.9
Dell Technologies Inc	1.2
Lam Research Corp	0.7
Microchip Technology Inc	1.3
Micron Technology Inc	1.4
ⓧ Cisco Systems, inc.	0.0
<b>Materials</b>	<b>1.5</b>
⬇ DuPont de Nemours Inc	0.5

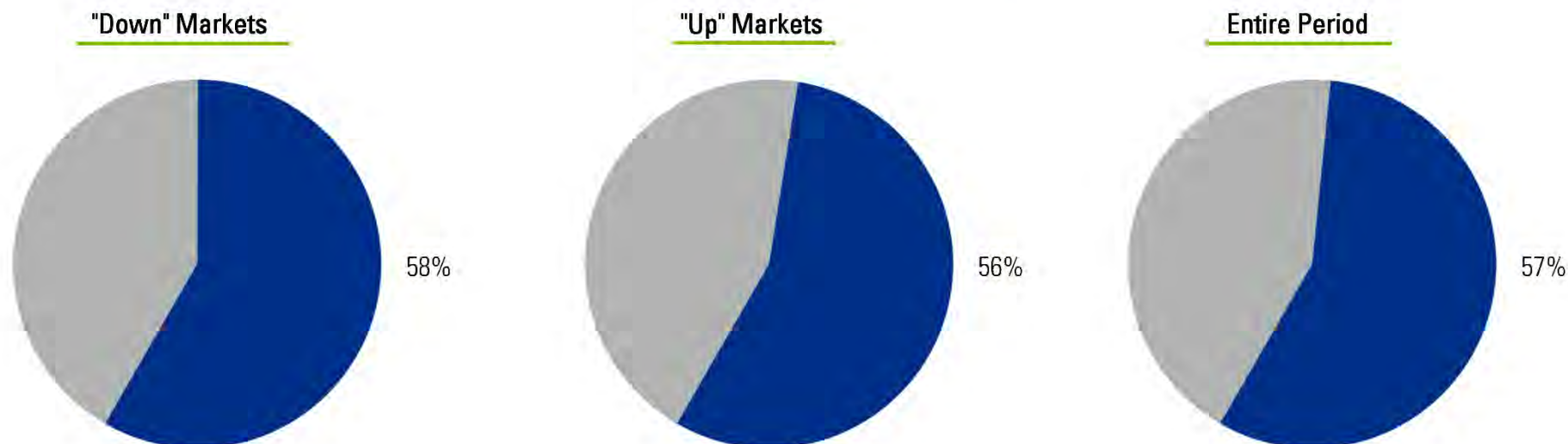
<b>Materials (cont...)</b>	
Olin Corp	0.4
Teck Resources Ltd	0.7
ⓧ Corteva Inc	0.0
<b>Utilities</b>	<b>1.2</b>
CenterPoint Energy Inc	0.5
FirstEnergy Corp	0.8

Data are for Sacramento Regional Transit District Retirement Plans.

Values are percent of portfolio. It should not be assumed that an investment in these securities was or will be profitable.

# Performance Through Market Cycles

*Preserved capital and compounded returns for favorable long-term performance*



■ Percentage of the time that Large Cap Value composite has outperformed the Russell 1000® Value Index - net of fees.

- There have been 127 months in which the Index has produced a negative return
- Composite has outperformed the Index 58% of the time
- There have been 215 months in which the Index has produced a positive return
- Composite has outperformed the Index 56% of the time
- The entire period is 342 months
- Composite has outperformed the Index 57% of the time

Data are for Large Cap Value as of December 31, 2023, for Since Inception period, 342 months.

Returns reflect composite results net of fees and individual portfolio results may vary. A GIPS® compliant report is contained herein. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.



# Large Cap Value a Leader in Performance and Efficiency Rankings

## ◆ Boston Partners Large Cap Value - Net of Fees



eVestment U.S. Large Cap Value Equity Universe	Return Since Inception	Information Ratio Since Inception	Batting Average Since Inception
Boston Partners Large Cap Value - Net of Fees	10.19	0.36	0.57
Ranking in Universe	15	7	1

Data as of September 30, 2023. Inception date is June 1, 1995. Source: eVestment U.S. Large Cap Value Equity Universe peer group rankings and quarterly observations compared to the Russell 1000® Value Index. There are 68 strategies in the U.S. Large Cap Value Equity Universe over this since inception period. Returns reflect composite results, are net of fees and individual portfolio results may vary. A GIPS® compliant report is contained herein. Please refer to the appendix for applicable disclosures.



# **Boston Partners**

## *Appendix*

# Performance Attribution - Large Cap Value

Calendar Year 2023

GICS SECTOR	Portfolio			Russell 1000® Value Index			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Sector Allocation	Stock Selection	Total Effect
Communication Services	7.07	33.16	2.15	6.61	41.65	2.83	-0.54	-0.38	-0.92
Consumer Discretionary	5.92	9.27	0.49	5.53	17.12	0.91	-0.08	-0.43	-0.51
Consumer Staples	6.57	9.32	0.62	7.85	-1.75	-0.15	0.17	0.65	0.82
Energy	11.26	-1.88	-0.62	8.23	-1.04	-0.21	-0.42	-0.14	-0.57
Financials	20.78	13.58	2.75	20.57	14.18	2.97	-0.01	-0.17	-0.19
Health Care	18.74	-0.30	-0.60	15.81	-5.10	-1.05	-0.64	0.78	0.14
Industrials	14.33	23.16	3.50	12.16	21.48	2.62	0.25	0.37	0.63
Information Technology	10.97	46.78	4.94	8.68	34.17	2.81	0.60	1.13	1.73
Materials	2.67	11.18	0.29	4.62	10.74	0.53	0.06	0.07	0.12
Real Estate	0.00	0.00	0.00	4.67	12.19	0.60	-0.06	0.00	-0.06
Utilities	1.68	-6.00	-0.12	5.27	-7.13	-0.40	0.73	0.02	0.75
Total	100.00	13.40	13.40	100.00	11.46	11.46	0.05	1.90	1.94

Data are for Sacramento Regional Transit District Retirement Plans, are gross of fees and are shown as a percentage.  
 Attribution is calculated by Factset using end of day security prices. Returns shown reflect equities only and exclude cash.  
 Past performance is not an indication of future results. Please refer to the back for other important disclosures.

# Risk Management

*A clear definition with tools designed to measure intended and unintended risks*

## **"True investment risk" is a permanent impairment or loss of capital**

- True investment risk is not a statistical measure of volatility, variance or estimated tracking error
- Minimize capital losses because it takes a 100% capital gain to fully recoup a 50% loss

## **Capital impairments stem from three sources, all of which are best evaluated bottom-up, stock by stock**

- Valuation Risk – overpaying for an investment
- Balance Sheet Risk – solvency risk of the business
- Earnings Risk – earnings ultimately drive stock prices

## **We employ a multi-layered set of checks & balances designed to buffer against capital losses**

- Quantitative ranking codes of all securities have helped create portfolios with better-than-benchmark valuation, momentum and quality attributes
- Target prices for all owned stocks (upside vs. downside risk)
- Fundamental research creates a layer of objectivity for portfolio management Buy/Hold/Sell decisions
- Portfolio analysts provide monthly attribution feedback loop to portfolio managers
- Independent risk manager conducts quarterly portfolio review
- Northfield analytics utilized to monitor common factor risks
- Quantitative codes capture subtle changes in portfolio characteristics

## **There are no substitutes for Diversification and a Sell Discipline**

- The very best fundamental research and analysis will be wrong on occasion so you must *diversify*
- Keep your winners until valuation, momentum or fundamentals breakdown; when this happens cut losses quickly and *sell*



### **Sustainability and Engagement at Boston Partners:**

- Dedicated Sustainability and Engagement research team
- Total return orientation supplemented by original ESG research
- Risk avoidance and robust engagement philosophy
- Dedicated ESG Global and Global Long/Short strategies

### **Boston Partners Sustainability and Engagement Process:**

- The Boston Partners Sustainability and Engagement team produces original research and engages with our analysts and companies where we invest to address issues of concern
- Original, internal research utilized by Portfolio Managers and fundamental analyst team
- Internally developed, comprehensive proxy policy implemented by Governance Committee
- Engaged with 1,046 companies and voted against management in 9% of proxy votes in 2023

### **Expectations of companies we own:**

- Corporate Responsibility Report prepared using industry recognized standards such as GRI (or similar website disclosure) that provides disclosure on all material topics
- Supply chain management policy that sets standards, provides for audits, and details results
- Environmental disclosure including disclosure of GHG emissions, waste reduction efforts and water use and environmental initiatives; preferably participate in the CDP or equivalent industry reporting function
- Good corporate governance including Code of Ethics; independent chairman; rights of shareholders to call special meetings and act by written consent; recognition of diversity in its workforce; independent directors; absence of excessive compensation; equal voting rights
- Absence of recent material litigation/regulatory actions that suggest a deficient compliance, risk management or supervisory function

# Boston Partners Sustainable Portfolios

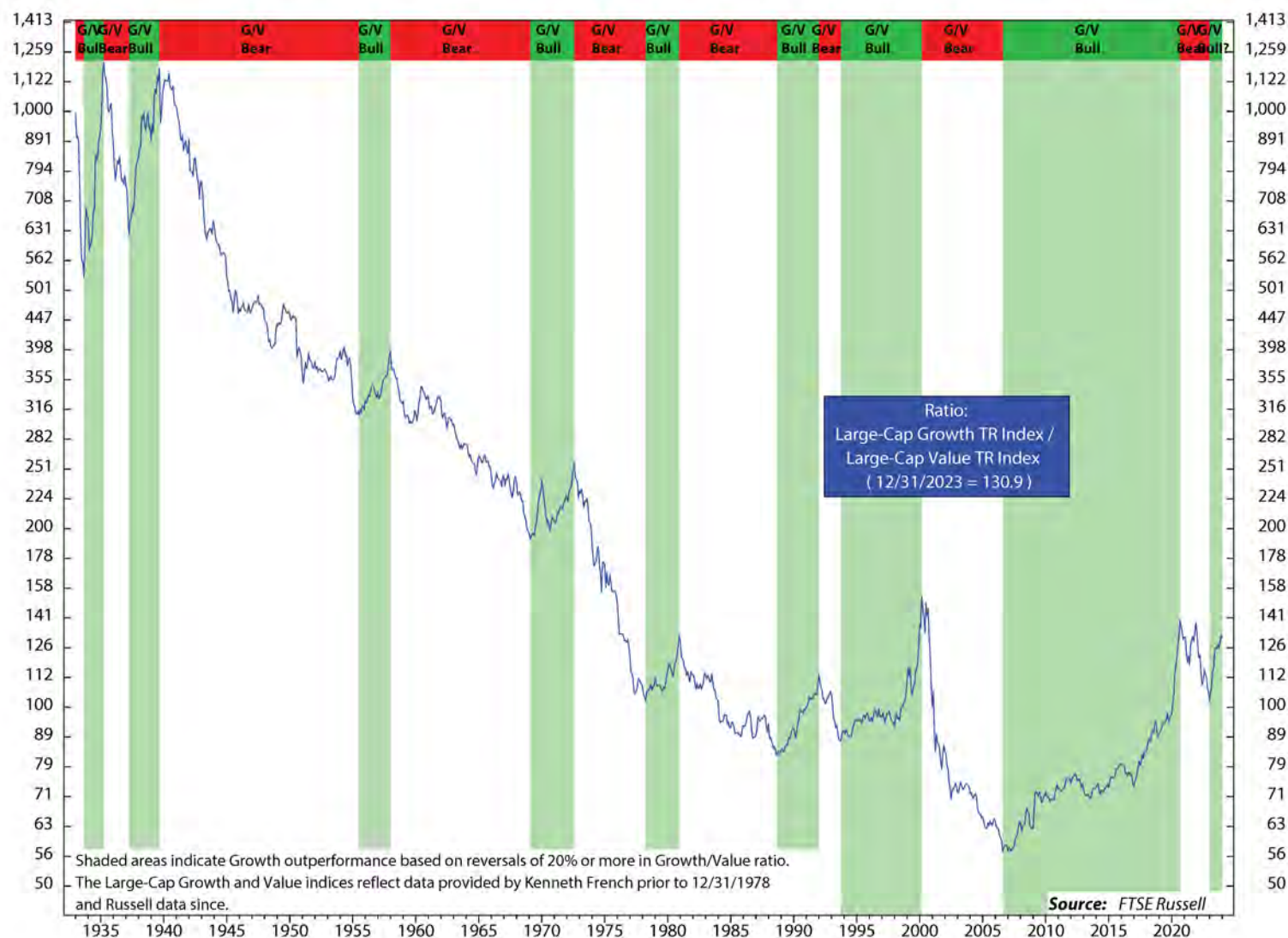
As of December 31, 2023

## Assets Under Management and Investment Vehicles

Classification	Assets	Description	Vehicle	Investment Category
Global Sustainability	\$26 mm	Total return oriented Value Style Original ESG Research	U.S. Mutual Fund Separate Account Model Delivery	Global Equity
Long/Short Global Sustainability	\$12 mm	Variable Long/Short Value style Original ESG Research	Separate Account	Global Equity Long/Short
Sustainable Investments	\$1.6 B	Exclusion List ESG Research Override Client Approval	Custom Separate Account	Global Equity
UCITS Funds	\$12.6 B	Article 8 Designation Classifies as ESG Integration 3% Limit on Severe Risk Investments UN Global Governance Compact Compliant Net Zero Carbon Emissions by 2050 Exclusion List of 800+ names Moving towards 50% of portfolios to be classified as sustainable per Advisor	UCITs Custom Separate Account	U.S. Large Cap U.S. All Cap U.S. Mid Cap Global Equity
Socially Screened	\$2.5 B	Client Specific Mandate	Custom Separate Account	U.S. Large Cap U.S. All Cap U.S. Mid Cap U.S. Small Cap U.S. Small/Mid Cap Global Equity Global Equity Long/Short International ADR
<b>Total</b>	<b>\$16.7 B</b>			

# Growth Leadership has Returned

Long-term trends in large cap growth/value relative performance



Data as of December 31, 2023.

Source: Ned Davis Research, Inc. (NDR); FTSE Russell. Monthly data December 31, 1932 to December 31, 2023 (Log Scale). Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-001



# Cap Weighted S&P 500 Index Returns Outperformance was 2nd Largest Over the Past 53 Years

Year	S&P 500 Index	S&P 500 Equal Weighted	S&P - EQ	Year	S&P 500 Index	S&P 500 Equal Weighted	S&P - EQ
1971	14.3%	16.6%	-2.3%	1997	33.4%	29.0%	4.3%
1972	19.0%	9.8%	9.2%	1998	28.6%	12.2%	16.4%
1973	-14.7%	-21.5%	6.9%	1999	21.0%	12.0%	9.0%
1974	-26.5%	-22.9%	-3.6%	2000	-9.1%	9.6%	-18.7%
1975	37.2%	54.4%	-17.2%	2001	-11.9%	-0.4%	-11.5%
1976	23.9%	35.7%	-11.8%	2002	-22.1%	-18.2%	-3.9%
1977	-7.2%	-2.0%	-5.2%	2003	28.7%	41.0%	-12.3%
1978	6.6%	8.2%	-1.7%	2004	10.9%	17.0%	-6.1%
1979	18.6%	28.7%	-10.1%	2005	4.9%	8.1%	-3.1%
1980	32.5%	30.2%	2.3%	2006	15.8%	15.8%	0.0%
1981	-4.9%	4.8%	-9.8%	2007	5.5%	1.5%	4.0%
1982	21.5%	30.2%	-8.7%	2008	-37.0%	-39.7%	2.7%
1983	22.6%	30.3%	-7.7%	2009	26.5%	46.3%	-19.8%
1984	6.3%	3.6%	2.7%	2010	15.1%	21.9%	-6.8%
1985	31.7%	30.6%	1.1%	2011	2.1%	-0.1%	2.2%
1986	18.7%	17.9%	0.8%	2012	16.0%	17.7%	-1.7%
1987	5.3%	4.9%	0.4%	2013	32.4%	36.2%	-3.8%
1988	16.6%	20.2%	-3.6%	2014	13.7%	14.5%	-0.8%
1989	31.7%	25.8%	5.9%	2015	1.4%	-2.2%	3.6%
1990	-3.1%	-11.9%	8.8%	2016	12.0%	14.8%	-2.8%
1991	30.5%	35.5%	-5.0%	2017	21.8%	18.9%	2.9%
1992	7.6%	15.6%	-8.0%	2018	-4.4%	-7.6%	3.3%
1993	10.1%	15.1%	-5.0%	2019	31.5%	29.2%	2.2%
1994	1.3%	1.0%	0.4%	2020	18.4%	12.8%	5.6%
1995	37.6%	32.0%	5.5%	2021	28.7%	29.6%	-0.9%
1996	23.0%	19.0%	3.9%	2022	-18.1%	-11.4%	-6.7%
				2023	26.3%	13.9%	12.4%

Cap weighted outperforms equal weight

Cap weighted underperforms equal weight

1972-1973 Nifty Fifty

1998-1999 Tech Bubble

2023 Magnificent 7

Data as of December 31, 2023.

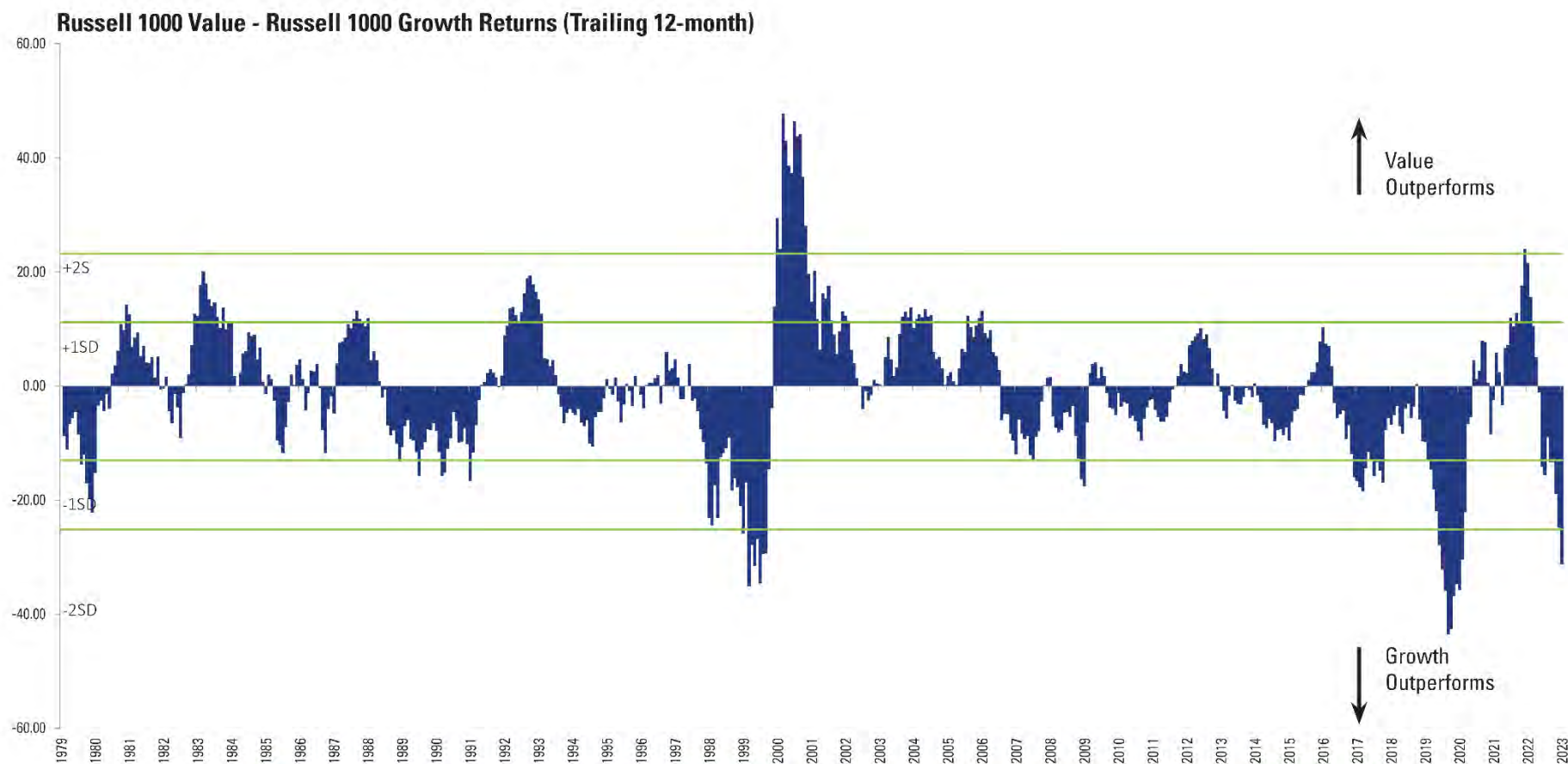
Source: Morningstar.

Magnificent 7 stocks: The group is made up of mega-cap stocks Apple (AAPL), Alphabet (GOOGL), Microsoft (MSFT), Amazon.com (AMZN), Meta Platforms (META), Tesla (TSLA) and Nvidia (NVDA). Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-002

# Value and Growth Rotate Leadership Frequently

Over 45 years of style indices, leadership has changed 27 times



## Annualized Returns (%)

	January 1979 through December 2023
<b>Russell 1000® Value Index</b>	<b>11.57</b>
<b>Russell 1000® Growth Index</b>	<b>11.96</b>

## Growth of \$1 Million

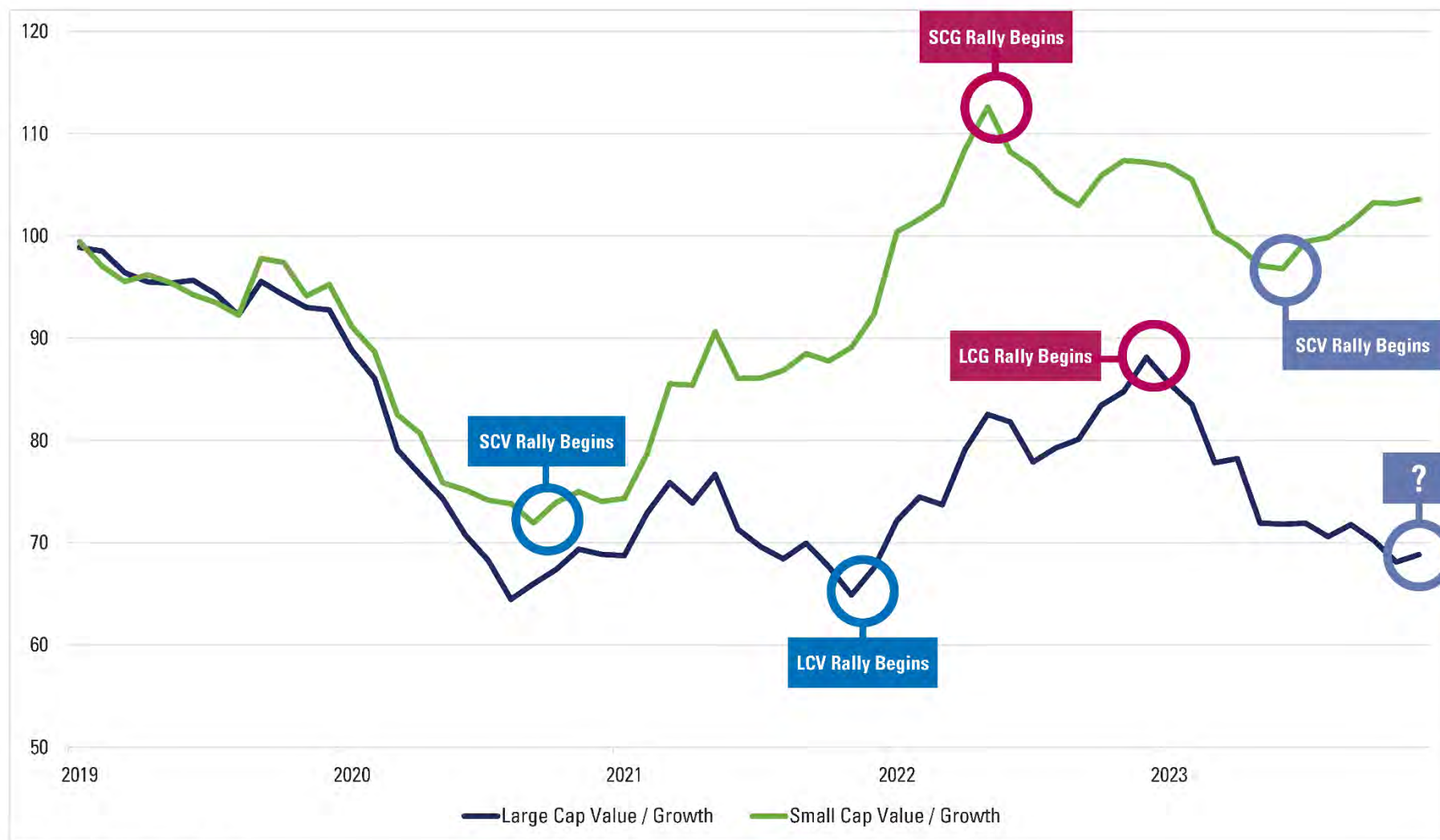
	January 1979 through December 2023
<b>Russell 1000® Value Index</b>	<b>\$138 M</b>
<b>Russell 1000® Growth Index</b>	<b>\$162 M</b>

Data as of December 31, 2023. Source: Boston Partners. SD: Standard Deviation. Chart reflects Trailing Twelve Month Relative Performance of Russell 1000® Value Index versus Russell 1000® Growth Index. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-003



## Small Cap Value Rally Began in July 2023, Perhaps a Harbinger for Large Cap Value Outperformance.



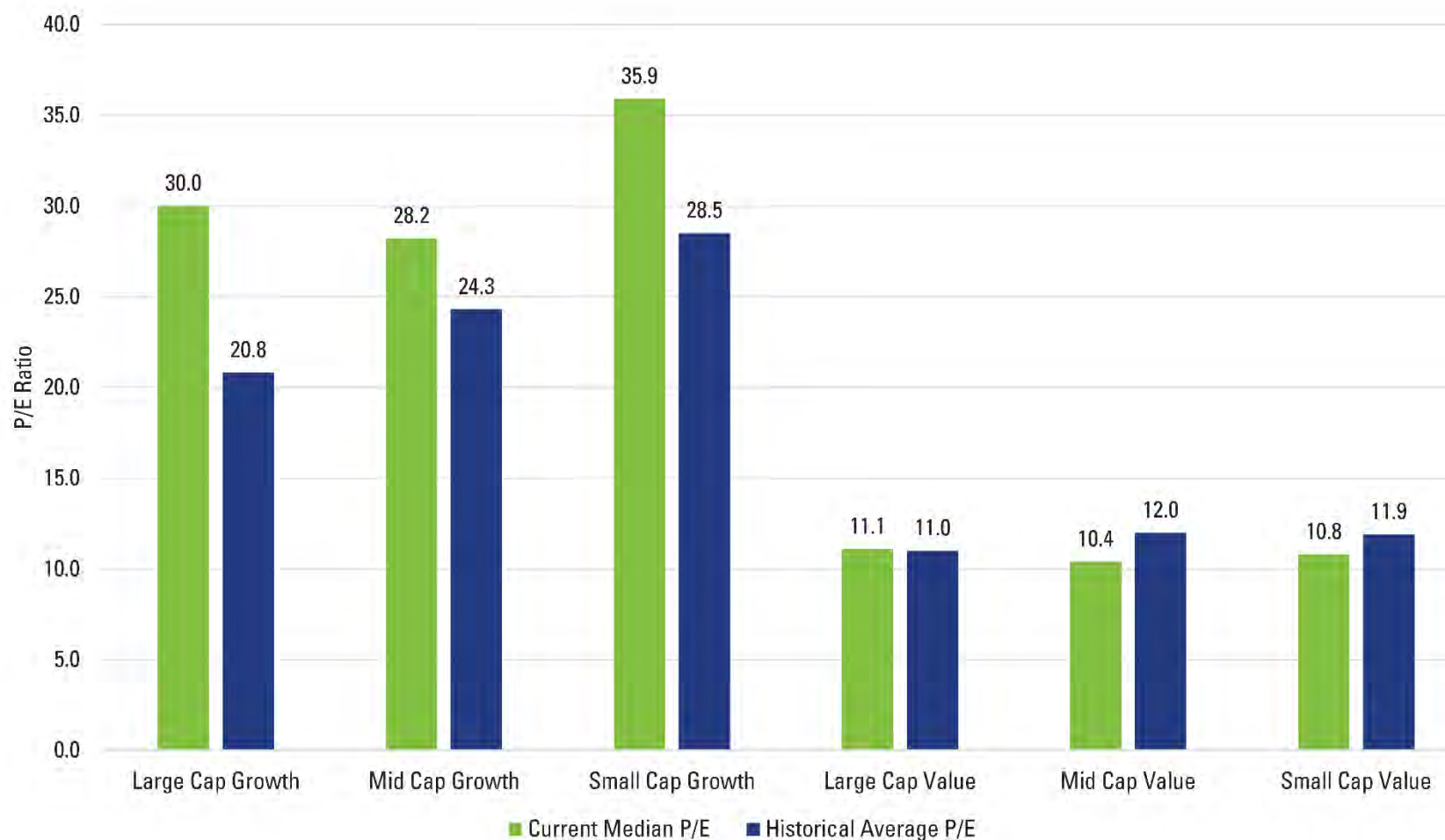
Data as of December 31, 2023.

Source: FactSet.

Large Cap indices are Russell 1000® Value and Russell 1000® Growth and Small Cap indices are Russell 2000® Value and Russell 2000® Growth. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-004

## Value Looks Attractive Relative to Growth Across all Capitalizations



Data as of December 31, 2023.

Source: The Leuthold Group.

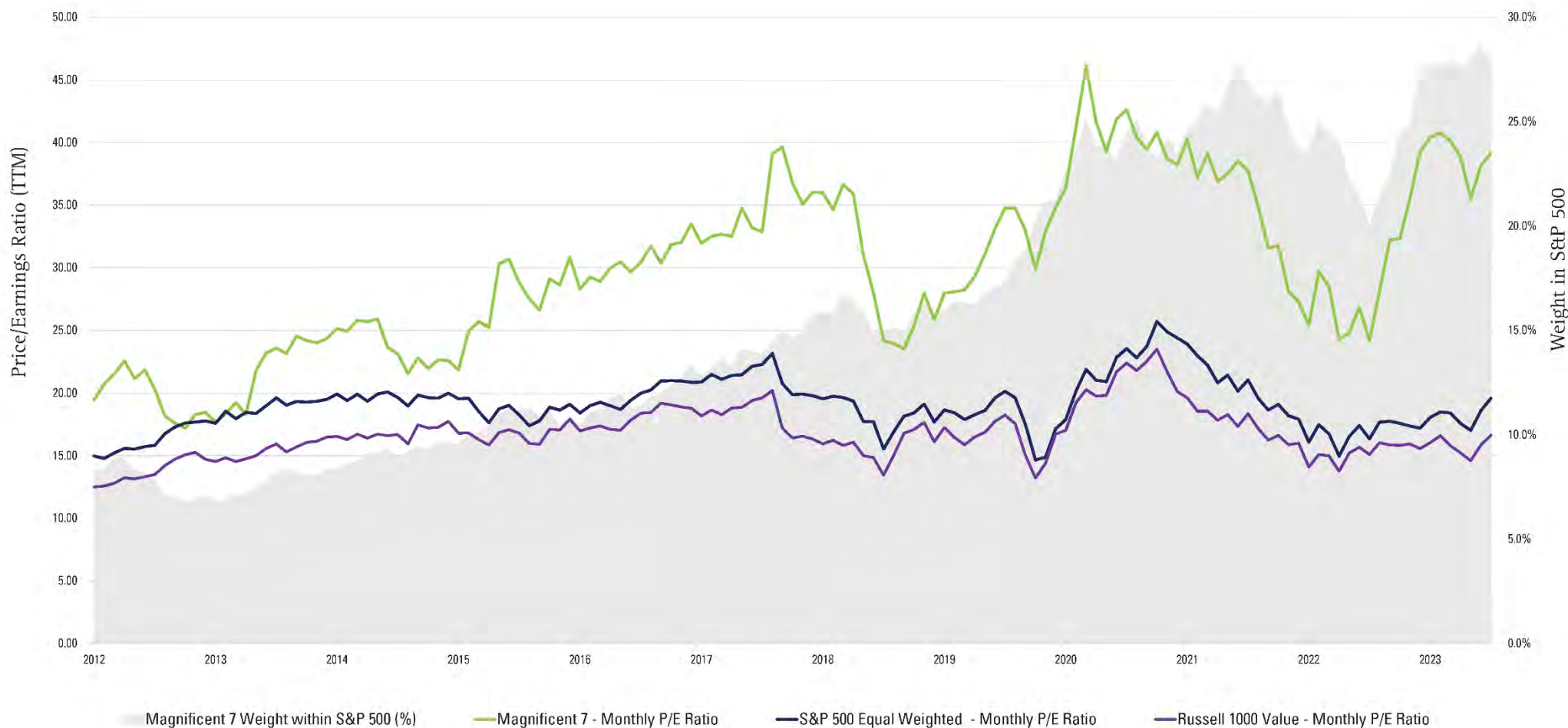
Market caps and universes are defined by Leuthold.

Median Valuations: Largest 3,000 companies Large Cap > \$39.1B; Mid Cap \$5.8B - \$39.1B; Small Cap \$1.4B - \$5.8B.

Historical average median 12 month forward P/E period is from January 1982 to September 2023. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-005

# The Magnificent 7 are Near a Peak Concentration and Valuation Discrepancy within the S&P 500 Index



Data as of December 31, 2023.

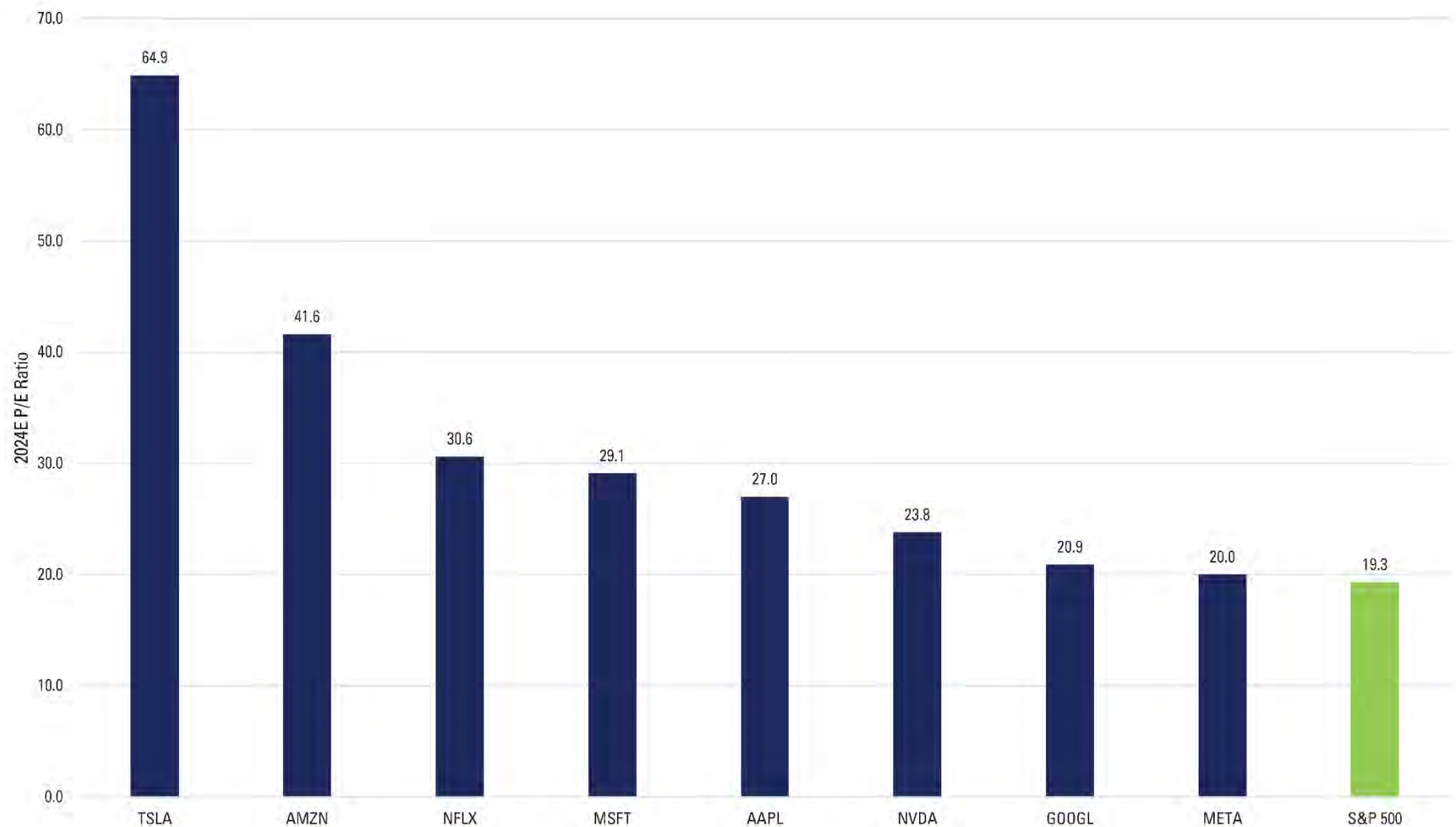
Source: Factset.

(RHS): Right hand side. (LHS): Left hand side. Magnificent 7 companies include Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla. Past performance is not an indication of future results. Information is provided for illustrative purposes only. It should not be considered a solicitation to buy or an offer to sell a security. Please refer to the appendix for other important disclosures.

123123 LC PR-006



## Top Benchmark Companies Continue to Look Very Expensive

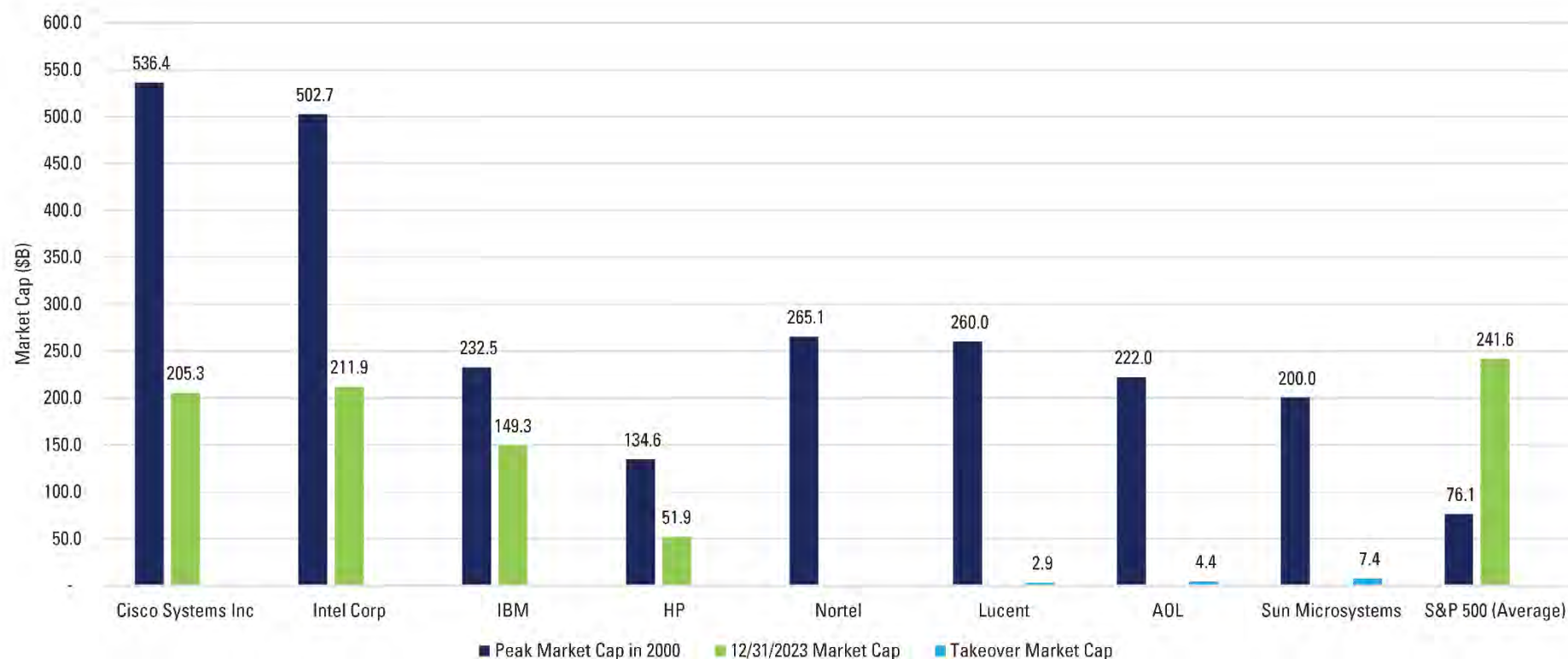


Data as of December 31, 2023. Source: FactSet.

It should not be considered a solicitation to buy or an offer to sell a security. Please refer to the appendix for applicable disclosures.

123123 LC PR-007

## Valuation Matters! Tech Bubble Favorites Current Market Caps are Well Below 2000 Peak Valuations

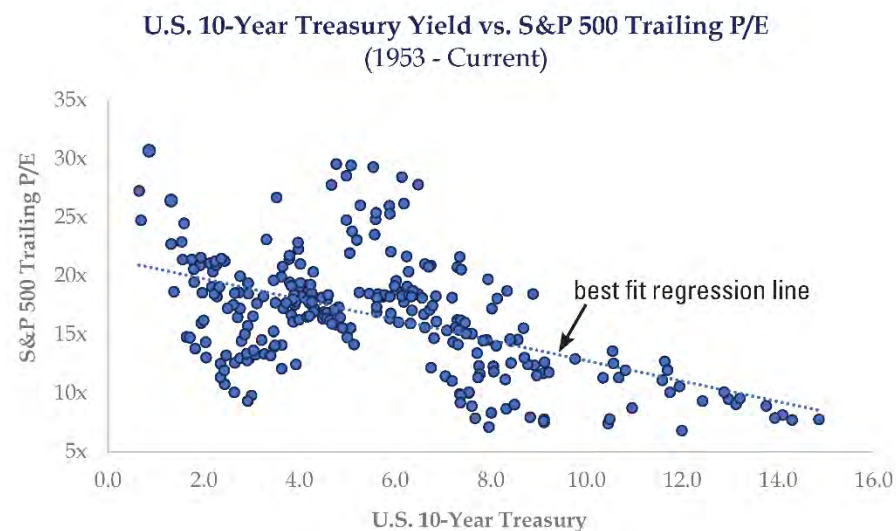
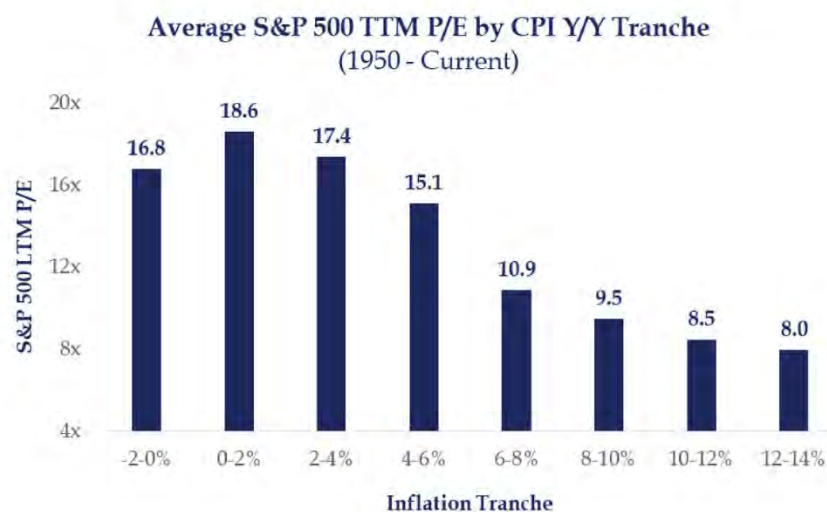


Data as of December 31, 2023. Source: FactSet.

It should not be considered a solicitation to buy or an offer to sell a security. Please refer to the appendix for applicable disclosures.

123123 LC PR-008

## Rising Inflation and 10-Year Yields Historically have Led to P/E Multiple Compression as Cost of Capital Rises

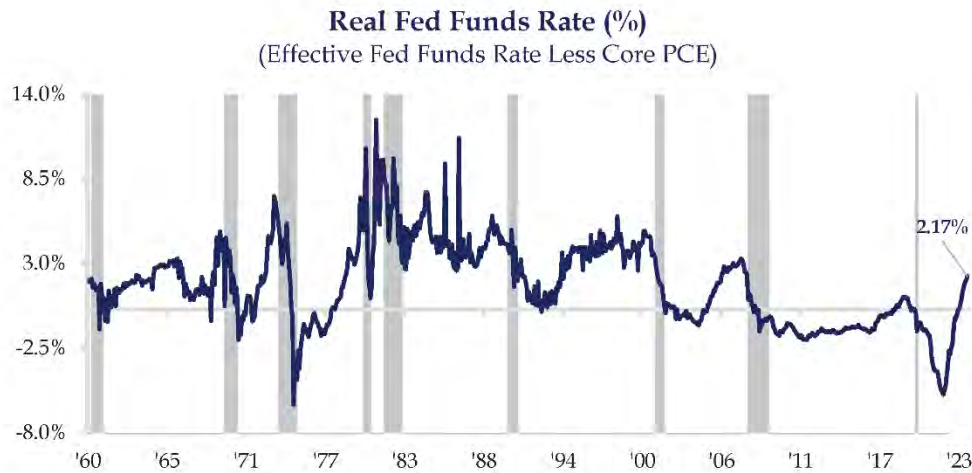


Data as of December 31, 2023.

Source: Strategas, Federal Reserve Bank of St. Louis, FactSet, and Boston Partners.  
Please refer to the appendix for applicable disclosures.

123123 LC PR-009

## The Real Fed Funds Rate and Real 10-Year Yield Still Below Levels When Recessions Historically Begin



Data as of December 31, 2023.

Source: Strategas.

Shaded areas denote U.S. recessions as recognized by the National Bureau of Economic Research. Past Performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123123 LC PR-010



# Value Active Management Net of Fees has Fared Well vs. Benchmarks While Growth has Struggled

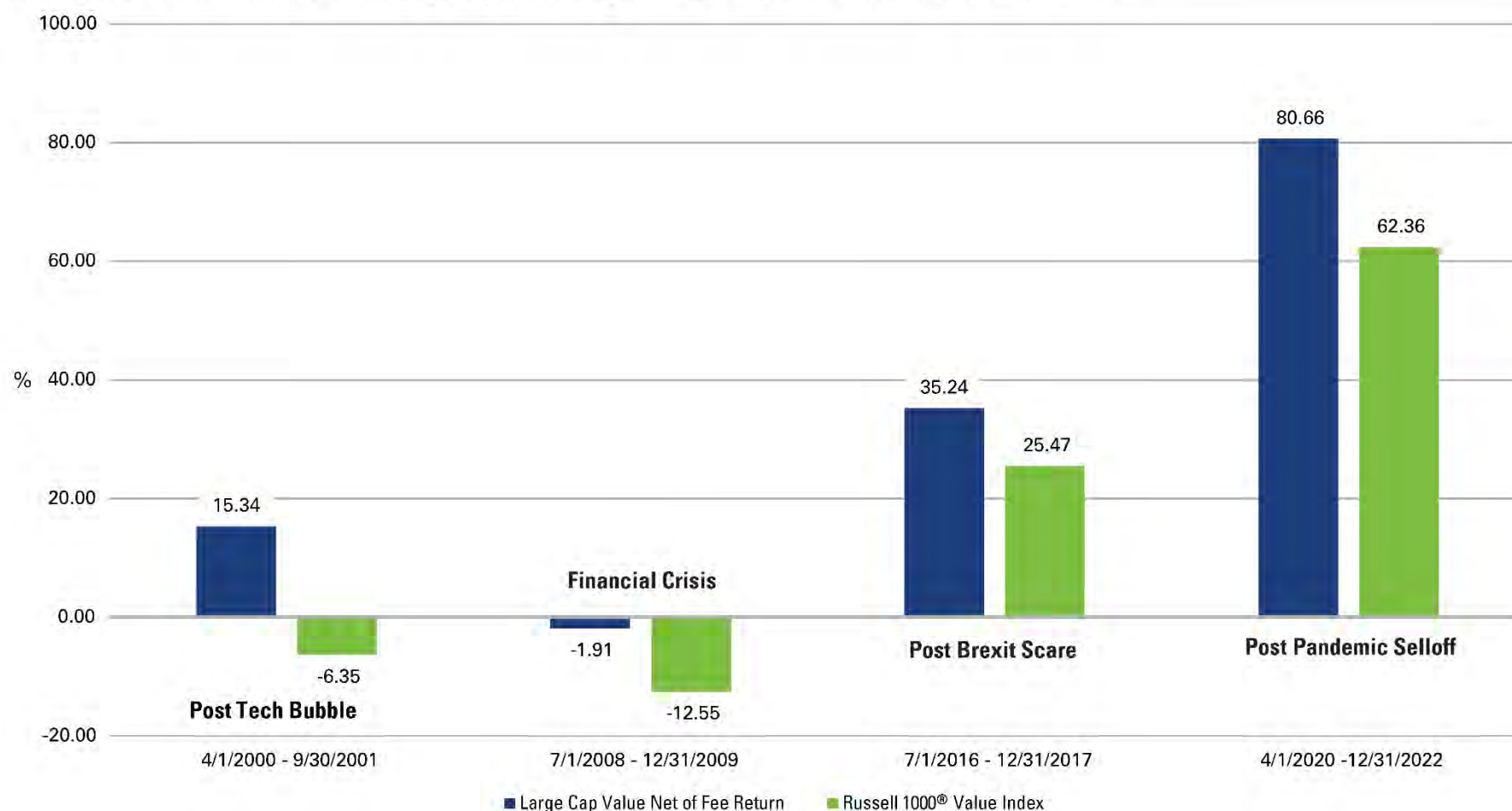
		Value	Growth	Core	
Large	Benchmark	Russell 1000® Value Index	Russell 1000® Growth Index	Russell 1000® Index	<div>≥75% of managers beating benchmark</div> <div>50% to 74% of managers beating benchmark</div> <div>26% to 49% of managers beating benchmark</div> <div>≤ 25% of managers beating benchmark</div>
	Universe	US Large Cap Value Equity	US Large Cap Growth Equity	US Large Cap Core Equity	
	5 yr Rank	65	10	26	
	10 yr Rank	62	6	21	
	15 yr Rank	67	5	24	
Mid	Benchmark	Russell Midcap® Value Index	Russell Midcap® Growth Index	Russell Midcap® Index	
	Universe	US Mid Cap Value Equity	US Mid Cap Growth Equity	US Mid Cap Core Equity	
	5 yr Rank	63	48	59	
	10 yr Rank	50	42	55	
	15 yr Rank	66	38	61	
Small	Benchmark	Russell 2000® Value Index	Russell 2000® Growth Index	Russell 2000® Index	
	Universe	US Small Cap Value Equity	US Small Cap Growth Equity	US Small Cap Core Equity	
	5 yr Rank	83	85	87	
	10 yr Rank	71	86	77	
	15 yr Rank	90	87	86	
Global	Benchmark	MSCI World Value Index	MSCI World Growth Index	MSCI World Index	
	Universe	Global Value Equity	Global Growth Equity	Global Core Equity	
	5 yr Rank	65	10	32	
	10 yr Rank	59	18	29	
	15 yr Rank	66	35	43	
International	Benchmark	MSCI EAFE Value Index	MSCI EAFE Growth Index	MSCI EAFE Index	
	Universe	EAFE Value Equity	EAFE Growth Equity	EAFE Core Equity	
	5 yr Rank	57	38	38	
	10 yr Rank	69	44	66	
	15 yr Rank	75	62	81	
Emerging Markets	Benchmark	MSCI EM Value Index	MSCI EM Growth Index	MSCI EM Index	
	Universe	Global Emerging Mkts All Cap Value Equity	Global Emerging Mkts All Cap Growth Equity	Global Emerging Mkts All Cap Core Equity	
	5 yr Rank	91	58	71	
	10 yr Rank	91	41	67	
	15 yr Rank	87	70	61	

Source: eVestment. Ranking of the respective index compared to the eVestment universe of active managers. 5 Year, 10 Year and 15 Year time periods are as of September 30, 2023. All data is net of fees. Please refer to the appendix for applicable disclosures.

123123 LCV PR-011

# Sticking to our Process has Paid Off After Extreme Market Environments

Cumulative Returns: Boston Partners Large Cap Value Composite (Net of Fees) and Russell 1000® Value Index



Data as of December 31, 2022.

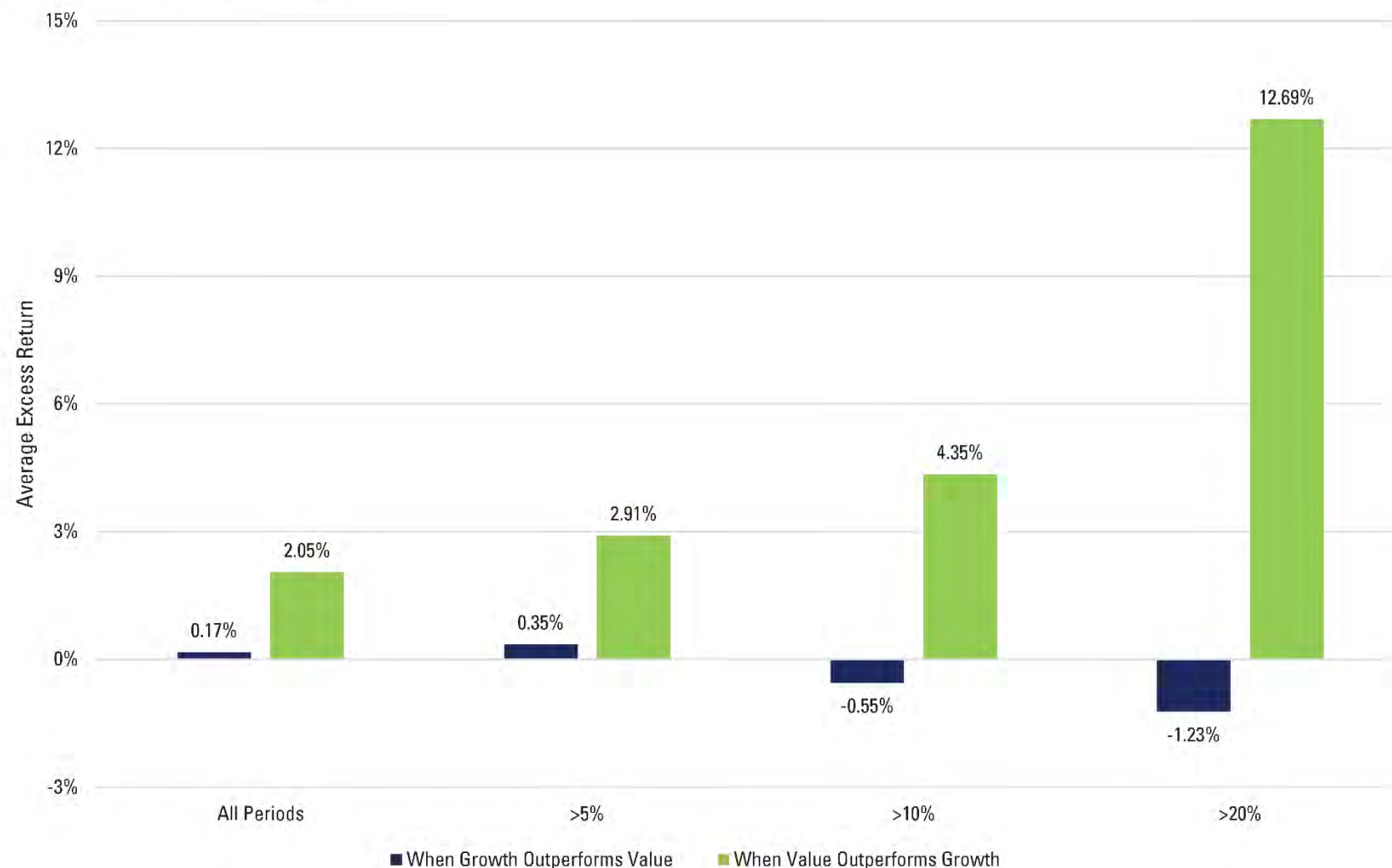
Source: Boston Partners and FactSet.

Past performance is not an indication of future results. A GIPS® compliant report is contained herein. Please refer to the appendix for other important disclosures.

123122 LC PR-008

# Does Boston Partners Offer Genuine Value?

Average annual excess returns of Boston Partners Large Cap Value vs. Russell 1000® Value Index  
June 1995 – December 2023



Data as of December 31, 2023.

Source: Morningstar Direct, Boston Partners.

Russell 1000® Growth and Russell 1000® Value Indices were utilized to measure growth versus value in the chart above.

Timeline returns, other than those noted, reflect composite results, net of fees and individual portfolio results will vary. A GIPS® compliant report is contained herein. Please refer to the appendix for applicable disclosures.

123123 LC PR-013



# Investment Performance - Large Cap Value

*As of December 31, 2023*

## Annualized Performance (%)

	4Q 2023	1 Year	3 Year	5 Year	10 Year	20 Year	25 Year	Since Inception*
<b>Large Cap Value - Gross of Fees</b>	9.00	14.67	13.08	12.99	9.53	9.95	9.26	10.80
<b>Large Cap Value - Net of Fees</b>	8.91	14.31	12.72	12.64	9.19	9.58	8.88	10.42
Russell 1000® Value Index	9.50	11.46	8.86	10.91	8.40	7.99	7.09	9.20

## Calendar Year Performance (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Large Cap Value - Gross of Fees</b>	14.67	-3.78	31.03	2.59	24.18	-8.70	20.07	14.74	-4.08	11.85
<b>Large Cap Value - Net of Fees</b>	14.31	-4.08	30.63	2.27	23.79	-8.99	19.71	14.40	-4.37	11.49
Russell 1000® Value Index	11.46	-7.54	25.16	2.80	26.54	-8.27	13.66	17.34	-3.83	13.45

\*Inception date is June 1, 1995.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results gross and net of fees and individual portfolio results may vary. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.



Performance (%)																	
	4Q 2023	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Large Cap Value - Gross of Fees</b>	9.00	14.67	13.08	12.99	9.53	12.73	10.80	14.67	-3.78	31.03	2.59	24.18	-8.70	20.07	14.74	-4.08	11.85
<b>Large Cap Value - Net of Fees</b>	8.91	14.31	12.72	12.64	9.19	12.35	10.42	14.31	-4.08	30.63	2.27	23.79	-8.99	19.71	14.40	-4.37	11.49
Russell 1000® Value Index	9.50	11.46	8.86	10.91	8.40	11.09	9.20	11.46	-7.54	25.16	2.80	26.54	-8.27	13.66	17.34	-3.83	13.45
S&P 500® Index	11.69	26.29	10.00	15.69	12.03	13.97	10.01	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69
<b>Large Cap Value Select - Gross of Fees</b>	7.70	10.71	14.18	14.04	-	-	11.24	10.71	0.58	33.67	2.74	26.11	-8.86	13.71	-	-	-
<b>Large Cap Value Select - Net of Fees</b>	7.51	9.98	13.46	13.29	-	-	10.50	9.98	-0.05	32.87	2.03	25.23	-9.51	13.32	-	-	-
Russell 1000® Value Index	9.50	11.46	8.86	10.91	-	-	8.23	11.46	-7.54	25.16	2.80	26.54	-8.27	8.61	-	-	-
<b>Premium Equity - Gross of Fees</b>	8.88	13.18	12.22	13.93	10.46	13.46	12.60	13.18	-1.53	26.81	5.38	28.88	-11.06	18.91	15.73	1.71	13.22
<b>Premium Equity - Net of Fees</b>	8.70	12.42	11.50	13.22	9.81	12.82	12.01	12.42	-2.18	26.05	4.78	28.12	-11.60	18.22	15.08	1.15	12.65
Russell 3000® Value Index	9.83	11.66	8.81	10.84	8.28	11.03	9.21	11.66	-7.98	25.37	2.87	26.26	-8.58	13.19	18.40	-4.13	12.70
S&P 500® Index	11.69	26.29	10.00	15.69	12.03	13.97	10.01	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69
<b>Mid Cap Value - Gross of Fees</b>	11.94	17.62	12.17	14.57	10.47	15.09	12.93	17.62	-6.28	28.03	6.55	31.26	-14.03	16.55	16.29	2.84	14.37
<b>Mid Cap Value - Net of Fees</b>	11.86	17.27	11.83	14.20	10.10	14.59	12.32	17.27	-6.57	27.63	6.18	30.80	-14.33	16.16	15.90	2.49	14.00
Russell Midcap® Value Index	12.11	12.71	8.36	11.16	8.26	12.40	10.65	12.71	-12.03	28.34	4.96	27.06	-12.29	13.34	20.00	-4.78	14.75

\* Inception dates are as follows: Large Cap Value is June 1, 1995; Large Cap Value Select is July 1, 2017; Premium Equity is June 1, 1995; and Mid Cap Value is May 1, 1995. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

Performance (%)																	
	4Q 2023	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Small/Mid Cap Value - Gross of Fees</b>	10.75	17.37	10.83	13.39	8.31	12.97	10.79	17.37	-9.12	27.64	4.49	31.79	-18.56	13.64	25.35	-3.06	5.34
<b>Small/Mid Cap Value - Net of Fees</b>	10.59	16.69	10.19	12.73	7.63	12.21	10.02	16.69	-9.65	26.90	3.87	31.01	-19.08	12.90	24.51	-3.71	4.65
Russell 2500™ Value Index	13.76	15.98	8.81	10.79	7.42	11.34	9.52	15.98	-13.08	27.78	4.88	23.56	-12.36	10.36	25.20	-5.49	7.11
Russell 2500™ Index	13.35	17.42	4.24	11.67	8.36	12.66	9.46	17.42	-18.37	18.18	19.99	27.77	-10.00	16.81	17.59	-2.90	7.07
<b>Small Cap Value - Gross of Fees</b>	11.18	17.23	9.76	12.33	7.83	12.85	12.19	17.23	-11.12	26.90	3.12	31.15	-15.69	11.29	25.63	-3.77	4.76
<b>Small Cap Value - Net of Fees</b>	11.00	16.44	9.04	11.57	7.06	12.00	11.32	16.44	-11.72	26.12	2.41	30.22	-16.27	10.49	24.69	-4.53	3.93
Russell 2000® Value Index	15.26	14.65	7.94	10.00	6.76	10.27	9.44	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22
Russell 2000® Index	14.03	16.93	2.22	9.97	7.16	11.30	8.59	16.93	-20.44	14.82	19.96	25.52	-11.01	14.65	21.31	-4.41	4.89
<b>Small Cap Value II - Gross of Fees</b>	11.39	17.78	10.15	12.11	8.00	13.25	11.54	17.78	-10.61	26.95	2.37	29.43	-15.38	11.05	27.35	-3.27	5.35
<b>Small Cap Value II - Net of Fees</b>	11.11	16.63	9.07	11.03	6.98	12.16	10.41	16.63	-11.48	25.70	1.45	28.18	-16.19	10.05	26.21	-4.19	4.37
Russell 2000® Value Index	15.26	14.65	7.94	10.00	6.76	10.27	7.94	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22
<b>Long/Short Equity - Gross of Fees</b>	8.69	16.06	19.39	12.79	8.55	14.45	12.30	16.06	8.47	35.18	-4.03	11.75	-13.34	5.41	25.71	1.15	7.16
<b>Long/Short Equity - Net of Fees</b>	7.89	14.32	18.05	11.60	7.39	13.03	10.03	14.32	7.45	33.92	-4.94	10.70	-14.22	4.30	24.03	0.17	6.04
S&P 500® Index	11.69	26.29	10.00	15.69	12.03	13.97	8.26	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69
<b>Long/Short Research - Gross of Fees</b>	5.27	6.39	13.07	8.99	6.25	8.59	7.55	6.39	8.30	25.45	-6.79	14.16	-9.37	11.63	5.21	3.02	8.68
<b>Long/Short Research - Net of Fees</b>	4.90	4.89	11.47	7.54	4.88	7.21	6.20	4.89	6.77	23.67	-7.92	12.75	-10.50	10.27	3.91	1.74	7.34
S&P 500® Index	11.69	26.29	10.00	15.69	12.03	13.97	8.88	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69
HFRI Equity Hedge Total Index	5.52	10.44	3.49	8.24	5.21	6.50	5.41	10.44	-10.13	11.67	17.90	13.69	-7.14	13.29	5.47	-0.97	1.81

\* Inception dates are as follows: Small/Mid Cap Value is April 1, 1999; Small Cap Value is July 1, 1995; Small Cap Value II is July 1, 1998; Long/Short Equity is August 1, 1997; and Long/Short Research is April 1, 2002. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.



Performance (%)																	
	4Q 2023	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Global Equity - Gross of Fees</b>	9.47	15.21	11.61	12.07	8.27	11.42	8.46	15.21	-2.10	23.27	5.88	20.07	-12.50	21.53	9.47	1.89	5.54
<b>Global Equity - Net of Fees</b>	9.32	14.59	11.02	11.42	7.56	10.65	7.70	14.59	-2.62	22.63	5.23	19.27	-13.10	20.67	8.65	1.11	4.74
MSCI World Index - Net	11.42	23.79	7.27	12.80	8.60	10.70	7.45	23.79	-18.14	21.82	15.90	27.67	-8.71	22.40	7.51	-0.87	4.94
MSCI World Value Index - Net	9.30	11.51	8.33	8.87	5.89	8.45	5.65	11.51	-6.52	21.94	-1.16	21.75	-10.78	17.10	12.33	-4.82	3.69
<b>International Equity - Gross of Fees</b>	7.38	20.13	9.53	10.09	5.34	8.68	5.26	20.13	-4.12	14.09	5.46	16.69	-18.07	26.38	0.76	3.54	-3.65
<b>International Equity - Net of Fees</b>	7.19	19.29	8.76	9.32	4.59	7.88	4.48	19.29	-4.80	13.29	4.74	15.86	-18.67	25.48	0.01	2.77	-4.37
MSCI EAFE Index - Net	10.42	18.24	4.02	8.16	4.28	6.93	3.63	18.24	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81	-4.90
MSCI EAFE Value Index - Net	8.22	18.95	7.59	7.08	3.16	6.02	2.91	18.95	-5.58	10.89	-2.63	16.09	-14.78	21.44	5.02	-5.68	-5.39
<b>Global Long/Short - Gross of Fees</b>	5.04	10.77	16.53	11.34	7.44	-	7.95	10.77	18.45	20.58	1.75	6.29	-7.68	9.60	4.34	8.73	4.36
<b>Global Long/Short - Net of Fees</b>	4.52	8.60	14.24	9.15	5.35	-	5.86	8.60	16.13	18.22	-0.25	4.19	-9.53	7.44	2.28	6.59	2.55
MSCI World Index - Net	11.42	23.79	7.27	12.80	8.60	-	9.79	23.79	-18.14	21.82	15.90	27.67	-8.71	22.40	7.51	-0.87	4.94
MSCI World Value Index - Net	9.30	11.51	8.33	8.87	5.89	-	7.08	11.51	-6.52	21.94	-1.16	21.75	-10.78	17.10	12.33	-4.82	3.69
HFRI Equity Hedge Total Index	5.52	10.44	3.49	8.24	5.21	-	5.82	10.44	-10.13	11.67	17.90	13.69	-7.14	13.29	5.47	-0.97	1.81

\* Inception dates are as follows: Global Equity is July 1, 2008; International Equity is July 1, 2008; and Global Long/Short is July 1, 2013. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

Performance (%)														
	4Q 2023	1 Year	3 Year	5 Year	Since Inception*	2023	2022	2021	2020	2019	2018	2017	2016	2015
Emerging Markets Dynamic Equity - Gross of Fees	3.66	9.75	1.26	7.08	5.18	9.75	-1.18	-4.25	13.43	19.53	-16.64	27.89	8.08	-3.67
Emerging Markets Dynamic Equity - Net of Fees	3.35	8.46	0.08	5.77	3.59	8.46	-2.33	-5.37	12.08	17.82	-17.87	25.69	5.69	-5.47
MSCI Emerging Markets Index - Net	7.86	9.83	-5.08	3.68	2.85	9.83	-20.09	-2.54	18.31	18.42	-14.57	37.28	11.19	-17.97
HFRI Equity Hedge Total Index	5.52	10.44	3.49	8.24	5.50	10.44	-10.13	11.67	17.90	13.69	-7.14	13.29	5.47	-2.60
Emerging Markets - Gross of Fees	8.44	21.18	-0.71	8.03	4.63	21.18	-17.13	-2.51	15.69	29.91	-20.32	14.45	-	-
Emerging Markets - Net of Fees	8.18	20.04	-1.64	7.04	3.66	20.04	-17.91	-3.43	14.73	28.69	-21.09	13.33	-	-
MSCI Emerging Markets Index - Net	7.86	9.83	-5.08	3.68	2.67	9.83	-20.09	-2.54	18.31	18.42	-14.57	15.92	-	-

\* Inception dates are as follows: Emerging Markets Dynamic Equity is March 1, 2015; Emerging Markets Equity is July 1, 2017. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.



Past performance is not an indication of future results.

## Page Title

**Portfolio Characteristics:** FY1: projected 12 months; EV/Sales and FCF Yield: weighted average excluding financials of underlying securities; ROIC, 5 Yr Change and 1 Yr Div Growth: median; Net Debt/EBITDA: median excluding financials of underlying securities. Earnings growth is not a measure of future performance.

**Largest Positions:** Overweight and Underweight: Specific securities identified and described do not represent all securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable.

**Portfolio Positioning:** Specific securities identified and described do not represent all securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable.

**Large Cap Value a Leader in Performance and Efficiency Rankings:** Rankings are from 1 to 100, with 1 being the best and 100 being the worst. Batting average measures a manager's ability to meet or beat an index; it is preferable to have a higher batting average. Information ratio is defined as excess return over the benchmark divided by tracking error. Boston Partners compensates eVestment with a subscription fee that enables Boston Partners to access the eVestment database; however, Boston Partners does not specifically pay eVestment to obtain the rankings set forth above.

**Top Benchmark Companies Continue to Look Very Expensive:** Information is provided for illustrative purposes only.

**Valuation Matters! Tech Bubble Favorites Current Market Caps are Well Below 2000 Peak Valuations?:** Information is provided for illustrative purposes only. It should not be considered a solicitation to buy or an offer to sell a security.

**Rising Inflation and 10-Year Yields Historically have Led to P/E Multiple Compression as Cost of Capital Rises:** Inflation is defined as the Consumer Price Index (CPI).

**Value Active Management Net of Fees has Fared Well vs. Benchmarks While Growth has Struggled: Comparison of the eVestment Ranking Universe**

Ranking of the respective Index compared to the eVestment universe of active managers for the 5 Year, 10 Year and 15 Year time periods. Results as of September 31, 2023 are as follows:

**Large Cap Value:** Russell 1000® Value Index/US Large Value Equity Universe 5-year 62/375; 10-year 61/319; 15-year 64/250. Russell 1000® Growth Index/US Large Growth Equity 5-year 8/261; 10-year 9/222; 15-year 5/191. Russell 1000® Core Index/US Large Core Equity 5-year 29/305; 10-year 21/241; 15-year 24/178.

**Mid Cap Value:** Russell Midcap Value Index/US Mid Cap Value Equity 5-year 60/89; 10-year 52/80; 15-year 66/65. Russell Midcap Growth Index/US Mid Cap Growth Equity 5-year 45/90; 10-year 48/80; 15-year 47/70. Russell Midcap Index/US Mid Cap Core Equity 5-year 57/58; 10-year 52/44; 15-year 50/35.

**Small Cap Value:** Russell 2000® Value Index/US Small Cap Value Equity 5-year 81/208; 10-year 74/183; 15-year 84/150. Russell 2000® Growth Index/US Small Cap Growth Equity 5-year 89/160; 10-year 86/138; 15-year 83/117. Russell 2000® Index/US Small Cap Core Equity 5-year 88/164; 10-year 78/136; 15-year 76/104.

**Global Equity:** MSCI World Value Index/Global Value Equity 5-year 60/162; 10-year 66/119; 15-year 69/77. MSCI World Growth Index/Global Growth Equity 5-year 11/200; 10-year 20/120; 15-year 36/65. MSCI World Index/Global Core Equity 5-year 30/393; 10-year 27/259; 15-year 37/145.

**International Equity:** MSCI EAFE Value Index/EAFE Value Equity 5-year 68/83; 10-year 76/60; 15-year 82/49. MSCI EAFE Growth Index/EAFE Growth Equity 5-year 30/52; 10-year 44/37; 15-year 62/29. MSCI EAFE Index/EAFE Core Equity 5-year 38/196; 10-year 65/149; 15-year 78/109.

**Emerging Markets:** MSCI EM Value Index/Global Emerging Mkts All Cap Value Equity 5-year 82/33; 10-year 88/23; 15-year 84/13. MSCI EM Growth Index/Global Emerging Mkts All Cap Growth Equity 5-year 58/51; 10-year 45/35; 15-year 75/15. MSCI EM Index/Global Emerging Mkts All Cap Core Equity 5-year 66/131; 10-year 69/104; 15-year 67/54.

**Does Boston Partners Offer Genuine Value?:** The data includes all monthly rolling 1-year periods from June 1, 1995 through December 31, 2023. Performance for periods over one year are annualized.



# Boston Partners

## Performance disclosures

Boston Partners Global Investors, Inc. ("Boston Partners") is an Investment Adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. Boston Partners is an indirect, wholly owned subsidiary of ORIX Corporation of Japan ("ORIX"). Boston Partners updated its firm description as of November 2018 to reflect changes in its divisional structure. Boston Partners is comprised of two divisions, Boston Partners and Weiss, Peck & Greer Partners ("WPG").

Boston Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS®. Boston Partners has been independently verified for the periods 2007 through 2021. Before then, Boston Partners Asset Management ("BPAM"), the previous entity name, and WPG were independently verified on an annual basis from 1995 through 2006 and 1993 through 2006, respectively. A firm that claims compliance with the GIPS® must establish policies and procedures for complying with all the applicable requirements of the GIPS®. Verification provides assurance on whether a firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

The composites have had a performance examination for the following periods: Boston Partners Large Cap Value Equity, 1995 to 2021; Boston Partners Premium Equity, 1995 to 2021; Boston Partners Mid Cap Value Equity, 1995 to 2006 and 2010 to 2021; Boston Partners Small/Mid Cap Value Equity, 1999 to 2021; Boston Partners Small Cap Value Equity, 1995 to 2021; Boston Partners Small Cap Value II Equity, 1998 to 2021; Boston Partners Long/Short Research, 2011 to 2021; Boston Partners Global Equity II, 2012 to 2021; Boston Partners International Equity II, 2008 to 2021; Boston Partners Global Long/Short, 2013 to 2021; Boston Partners Emerging Markets Dynamic Equity, 2016 to 2021; Boston Partners Emerging Markets Equity, 2021; and Boston Partners Global Sustainability composite, 2021. The verification and performance examination reports are available upon request. A list of composite descriptions is available upon request. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this

organization, nor does it warrant the accuracy or quality of the content contained herein.

Past performance is not indicative of future results. This document is not an offering of securities nor is it intended to provide investment advice. It is intended for informational purposes only.

### Composite Construction(s)

Performance results attained at Boston Partners are linked to the results achieved at BPAM beginning on January 1, 2007 in compliance with the GIPS® standards on performance record portability. Composites include all separately managed and commingled vehicles, fully discretionary, fee-paying accounts under management with a similar investment mandate. Prior to January 1, 2007 the minimum account size for inclusion in all the composites in existence noted above was \$5 million. After January 1, 2007, the minimum account size for composite inclusion was lowered to \$1 million for all composites, except for the Boston Partners Small Cap Value Equity and Small Cap Value II Equity composites; the account minimum for inclusion remained at \$5 million for those composites. No composites have a minimum account size for inclusion as of June 1, 2019. Some composites contain proprietary assets.

The inception and creation date of the Boston Partners Large Cap Value Equity composite is June 1, 1995. The strategy is composed of securities with market capitalizations primarily greater than \$3 billion and is benchmarked against Russell 1000® Value Index and the S&P 500 Index (secondary). Prior to December 1, 1995, there was no minimum market value requirement for inclusion in the Boston Partners Large Cap Value Equity composite. Accounts that did not meet the established minimum balance requirement on that date were removed.

The inception and creation date of the Boston Partners Large Cap Value Select Equity composite is July 1, 2017. Under normal market conditions, the strategy is composed of 35 – 40 securities with market capitalizations primarily in the same capitalization range as the Russell 1000® Value Index. The composite is benchmarked against the Russell 1000® Value Index. (The Boston Partners Large Cap Value Select Equity composite was formerly known as Boston Partners Large Cap Concentrated Equity.)

The inception and creation date of the Boston Partners Premium Equity composite is June 1, 1995. The strategy is a hybrid of Boston Partners' other equity products. It has the

flexibility to invest across the capitalization spectrum and to invest in securities with equity-like return and risk profiles. Boston Partners Premium Equity is benchmarked against the Russell 3000® Value Index and the S&P 500 Index (secondary). The inception and creation date of the Boston Partners Mid Cap Value Equity composite is May 1, 1995. Effective March 1, 2006, the Mid Cap Value Equity strategy is composed of securities primarily in the same market capitalization range, at time of purchase, as the Russell Midcap® Value Index. Effective January 1, 2005, the Boston Partners Mid Cap Value composite revised its benchmark from the Russell 2500™ Value Index to the Russell Midcap® Value Index. The Russell Midcap® Value Index has less of a bias toward smaller capitalization stocks and thus more accurately reflects the composition of Boston Partners holdings.

The inception and creation date of the Boston Partners Small/Mid Cap Value Equity composite is April 1, 1999. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2500™ Index. The composite is benchmarked against the Russell 2500™ Value Index. The Russell 2500™ Index is presented as supplemental information.

The inception and creation date of the Boston Partners Small Cap Value Equity composite is July 1, 1995. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2000® Index. The composite is benchmarked against the Russell 2000® Value Index. The Russell 2000® Index is presented as supplemental information. The inception date of the Boston Partners Small Cap Value II Equity composite is July 1, 1998. The composite was created in 2000. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2000® Index and in accordance with the product's selective investment in micro cap companies. The composite is benchmarked against the Russell 2000® Value Index.

The inception date and creation date of the Boston Partners Long/Short Equity composite is August 1, 1997. The strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500. However, this product is not risk neutral. It is exposed to style, capitalization, sector and short-implementation risks.



Prior to October 1, 1998, the composite was managed on a non-fee paying basis. Participant results would have been substantially different if fee waivers were not applied. The composite is benchmarked against the S&P 500 Index and the Russell 3000® Value/Russell 3000® Growth for comparative purposes only since the strategy is not correlated to equity market returns.

The inception and creation date of the Boston Partners Long/Short Research Equity composite is April 1, 2002. This strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500 Index. The strategy is benchmarked against the S&P 500 Index. The HFRI Equity Hedge (Total) Index is presented as supplemental information.

The inception and creation date of the Boston Partners Global Equity II composite is July 1, 2008. This strategy is unconstrained and primarily invests in equity securities in the global market without using hedges on currency. The strategy is benchmarked against the MSCI World Index-Net. Prior to August 1, 2017, the strategy was benchmarked to the MSCI World Index. Non-performance related statistics are measured against the MSCI World Index. The MSCI World Value Index-Net and the MSCI ACWI Index-Net are presented as supplemental information.

The inception date and creation date of the Boston Partners International Equity II composite is July 1, 2008. This strategy is unconstrained and primarily invests in non-U.S. markets without using currency hedges. The strategy is benchmarked against the MSCI EAFE Index-Net as of August 1, 2017. From July 1, 2008 to June 30, 2010 the primary benchmark was MSCI EAFE Value Index and on July 1, 2010 the primary benchmark changed to the MSCI EAFE Index. This change to the MSCI EAFE Index was made retroactively to July 1, 2008. Non-performance related statistics are measured against the MSCI EAFE Index. The MSCI EAFE Value Index-Net and the MSCI ACWI ex U.S. Index-Net are presented as supplemental information.

The inception and creation date of the Boston Partners Global Long/Short Equity composite is July 1, 2013. The strategy is composed of securities with market capitalizations primarily greater than \$50 million and is benchmarked against the MSCI World Index-Net. Non-performance related statistics are measured against the MSCI World Index. Prior to August 1, 2017, the strategy was benchmarked to the MSCI World Index. The MSCI World Value Index-Net and the HFRI Equity Hedge

(Total) Index are presented as supplemental information. The inception and creation of the Boston Partners Emerging Markets Dynamic Equity composite is March 1, 2015. The strategy is composed of securities with market capitalizations primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index-Net. Non-performance related statistics are measured against the MSCI Emerging Markets Index. Prior to August 1, 2017, the strategy was benchmarked to the MSCI Emerging Markets Index. The HFRI Equity Hedge (Total) Index is presented as supplemental information.

The inception and creation of the Boston Partners Emerging Markets Equity composite is July 1, 2017. The strategy is composed of securities with market capitalizations primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index-Net. Prior to August 1, 2017, the strategy was benchmarked to the MSCI Emerging Markets Index. Non-performance related statistics are measured against the MSCI Emerging Markets Index.

The inception date and creation date of the Boston Partners Global Sustainability Composite is November 1, 2019. This strategy is unconstrained and primarily invests in equity securities in the global market without using hedges on currency. The strategy is benchmarked against the MSCI World Index-Net. Non-performance related statistics are against MSCI World Index. The MSCI ACWI Index-Net is presented as supplemental information.

### Benchmarks

Index returns are provided for comparison purposes only to show how the composite's returns compare to a broad-based index of securities, as the indices do not have costs, fees, or other expenses associated with their performance. In addition, securities held in indices may not be similar to securities held in the composite's accounts.

The S&P 500® Index is an unmanaged index of the common stocks of 500 widely held U.S. companies.

All Russell® Indices are registered trademarks of the Frank Russell Company. The Russell® Value Indices typically measure the performance of universes of stocks displaying low price-to-book ratios and low forecasted growth values. The Russell® Growth Indices typically measure the performance of universes of stocks displaying high price-to-book ratios and high forecasted growth values. The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It includes the 1,000 largest companies

in the Russell 3000® Index. The Russell 3000® Index measures performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2500™ and 2000® Indices measure performance of the 2,500 and 2,000 smallest companies in the Russell 3000® Index respectively. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index.

The MSCI Indices cover the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI style indices use a multi-factor approach, which uses three variables (book value to price, 12-month forward earnings to price and dividend yield) to define the value investment style characteristics and five variables (long-term forward earnings per share ("EPS") growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend) to define the growth investment style characteristics. The MSCI EAFE Index captures large and mid-cap equities across developed markets around the world, excluding the U.S. and Canada. The MSCI World Index represents large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. The MSCI Emerging Markets Index captures large and mid cap representation across 27 emerging market countries covering approximately 85% of the free float-adjusted market capitalization in each country. The MSCI ACWI (All Country World Index) captures both the MSCI World and MSCI Emerging Markets Index covering approximately 85% of the global investable equity opportunity set. The MSCI ACWI ex-U.S. Index excludes the equity opportunity set within the U.S. The HFRI Equity Hedge (Total) Index constituent funds typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities or equity derivative securities, both long and short. Constituents use a wide variety of investment processes and techniques, net exposure levels, leverage employed, holding periods, market capitalizations concentrations, and valuation ranges. Data cannot be shared or distributed without written consent.

Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.



# Boston Partners

## Performance disclosures (continued)

### Calculation Methodology

Composite account returns are asset value weighted using beginning of month asset values and composite account returns are calculated on a total return, time-weighted basis using trade date valuations. Composite returns are geometrically linked on a monthly basis. Effective January 1, 2011, Boston Partners adopted a significant cash flow policy. Accounts are temporarily removed from the composite when a significant external cash flow occurs, which is typically defined as a flow that is greater than or equal to 10% of the beginning market value of an account on the day of the flow; and greater than or equal to 10% of the beginning market value of the composite for that month. An account is generally added back to the composite as of the first full month following the significant cash flow. Returns reflect the reinvestment of dividends and other earnings and are expressed in U.S. Dollars unless otherwise noted. Additional information regarding policies for valuing accounts, calculating performance, and preparing compliant reports is available upon request.

### Fees and Expenses

Composite returns are provided on a gross and net of fee basis. Composite account returns will be reduced by any fees and expenses incurred in the management of the account. Net of fee composite returns are asset weighted and reflect the deduction of management fees, which may include performance-based fees, commissions and transaction costs, and are calculated by deducting actual fees charged to the accounts in a composite. Gross composite returns are calculated by deducting commissions and transaction costs charged to accounts in a composite. Fees are applied to gross returns at month end. Actual fees may vary depending on the applicable fee schedule and account size. Additional information regarding policies for valuing accounts, calculating performance, and preparing compliant reports is available upon request. Investment advisory fees are listed herein and are fully described in Boston Partners' Form ADV, Part 2.

### Composite Dispersion

The measurement of composite dispersion is calculated by the weighted average standard deviation of the annual account gross-of-fee returns within the composite. Dispersion in composites with less than five accounts included for the entire year is not considered meaningful and is denoted with "N/A". Prior to January 1, 2007, the measurement of composite

dispersion was calculated by determining the difference between the highest and lowest annual account returns within the composite. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. This calculation has been adopted effective with the period ended December 31, 2011.

### Large Cap Value:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev. <sup>1</sup>	Bench. 3-Yr. Std. Dev. <sup>2</sup>	% of Firm AUM
2021:	92	\$22.7 bn	0.13%	20.30%	19.06%	17.17%	24%
2020:	105	\$20.7 bn	0.27%	20.91%	19.62%	18.53%	27%
2019:	133	\$25.3 bn	0.29%	12.48%	11.85%	11.94%	28%
2018:	142	\$22.4 bn	0.19%	12.16%	10.82%	10.80%	27%
2017:	141	\$25.4 bn	0.33%	11.57%	10.20%	9.92%	26%
2016:	156	\$25.3 bn	0.23%	11.95%	10.77%	10.59%	29%
2015:	167	\$24.6 bn	0.16%	11.28%	10.68%	10.47%	31%
2014:	151	\$25.2 bn	0.11%	9.83%	9.20%	8.98%	34%
2013:	129	\$16.5 bn	0.62%	13.77%	12.70%	11.94%	32%
2012:	105	\$8.6 bn	0.24%	16.50%	15.51%	15.09%	30%

<sup>1</sup> Russell 1000® Value Index <sup>2</sup> S&P 500 Index

### Large Cap Value Select:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	2	\$33 mm	n/a	20.22%	19.06%	0%
2020:	2	\$23 mm	n/a	20.77%	19.62%	0%
2019:	1	\$8 mm	n/a	n/a	n/a	0%
2018:	1	\$4 mm	n/a	n/a	n/a	0%
2017*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2017 performance period is from July 1.

### Premium Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev. <sup>1</sup>	Bench. 3-Yr. Std. Dev. <sup>2</sup>	% of Firm AUM
2021:	32	\$4.4 bn	0.06%	20.43%	19.34%	17.17%	5%
2020:	30	\$3.6 bn	0.32%	21.45%	19.95%	18.53%	5%
2019:	37	\$4.1 bn	0.12%	13.35%	12.01%	11.94%	5%
2018:	36	\$3.7 bn	0.11%	12.58%	11.06%	10.80%	5%
2017:	35	\$4.3 bn	0.17%	11.47%	10.33%	9.92%	4%
2016:	35	\$3.4 bn	0.10%	12.30%	10.97%	10.59%	4%
2015:	35	\$3.3 bn	0.09%	11.46%	10.74%	10.47%	4%
2014:	29	\$3.1 bn	0.14%	9.92%	9.36%	8.98%	4%
2013:	29	\$2.7 bn	0.53%	13.76%	12.90%	11.94%	5%
2012:	26	\$2.2 bn	0.17%	16.17%	15.81%	15.09%	7%

<sup>1</sup> Russell 3000® Value Index <sup>2</sup> S&P 500 Index

### Mid Cap Value:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	33	\$28.0 bn	0.09%	21.73%	21.95%	29%
2020:	36	\$18.9 bn	0.05%	22.45%	22.62%	25%
2019:	40	\$20.1 bn	0.04%	13.25%	12.79%	22%
2018:	41	\$16.0 bn	0.16%	13.26%	11.96%	20%
2017:	36	\$20.9 bn	0.09%	11.56%	10.33%	21%
2016:	35	\$18.5 bn	0.09%	12.45%	11.30%	21%
2015:	37	\$15.3 bn	0.01%	10.97%	10.71%	20%
2014:	29	\$11.6 bn	0.12%	10.27%	9.81%	16%
2013:	16	\$7.6 bn	0.24%	14.83%	13.69%	15%
2012:	9	\$2.9 bn	0.01%	17.76%	16.76%	10%

### Small/Mid Cap Value:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	21	\$2.0 bn	0.09%	26.78%	24.15%	2%
2020:	21	\$1.7 bn	0.11%	27.83%	25.05%	2%
2019:	19	\$1.5 bn	0.08%	15.66%	14.23%	2%
2018:	20	\$1.1 bn	0.19%	14.64%	13.58%	1%
2017:	18	\$1.3 bn	0.30%	12.72%	11.81%	1%
2016:	18	\$1.0 bn	0.14%	13.90%	13.17%	1%
2015:	13	\$814 mm	0.14%	12.21%	12.02%	1%
2014:	10	\$499 mm	0.08%	11.65%	11.25%	1%
2013:	7	\$481 mm	0.13%	15.30%	15.07%	1%
2012:	7	\$367 mm	0.08%	18.30%	18.41%	1%

### Small Cap Value:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	19	\$1.8 bn	0.23%	26.66%	25.00%	2%
2020:	18	\$1.5 bn	0.52%	27.43%	26.12%	2%
2019:	20	\$1.6 bn	0.34%	15.31%	15.68%	2%
2018:	20	\$1.3 bn	0.24%	14.79%	15.76%	2%
2017:	20	\$1.4 bn	0.14%	13.46%	13.97%	1%
2016:	19	\$1.2 bn	0.21%	14.71%	15.50%	1%
2015:	19	\$1.0 bn	0.19%	13.03%	13.45%	1%
2014:	18	\$1.1 bn	0.26%	12.36%	12.79%	2%
2013:	16	\$1.1 bn	0.56%	15.69%	15.82%	2%
2012:	16	\$957 mm	0.20%	18.66%	19.89%	3%



# Boston Partners

## Performance disclosures (continued)

### Small Cap Value II:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	4	\$968 mm	n/a	26.71%	25.00%	1%
2020:	2	\$754 mm	n/a	27.47%	26.12%	1%
2019:	3	\$720 mm	n/a	15.37%	15.68%	1%
2018:	3	\$597 mm	n/a	14.78%	15.76%	1%
2017:	4	\$935 mm	n/a	13.21%	13.97%	1%
2016:	4	\$878 mm	n/a	14.36%	15.50%	1%
2015:	3	\$478 mm	n/a	12.78%	13.45%	1%
2014:	4	\$444 mm	n/a	12.11%	12.79%	1%
2013:	4	\$370 mm	n/a	15.63%	15.82%	1%
2012:	4	\$304 mm	n/a	18.46%	19.89%	1%

### Long/Short Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	2	\$169 mm	n/a	16.63%	17.17%	0%
2020:	2	\$169 mm	n/a	12.81%	18.53%	0%
2019:	2	\$311 mm	n/a	9.53%	11.93%	0%
2018:	2	\$515 mm	n/a	9.81%	10.80%	1%
2017:	2	\$1.1 bn	n/a	9.09%	9.92%	1%
2016:	2	\$1.1 bn	n/a	9.68%	10.77%	1%
2015:	2	\$687 mm	n/a	8.41%	10.47%	1%
2014:	2	\$958 mm	n/a	6.77%	8.98%	1%
2013:	2	\$965 mm	n/a	5.46%	11.94%	2%
2012:	2	\$829 mm	n/a	11.93%	15.09%	3%

### Long/Short Research:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	2	\$844 mm	n/a	12.38%	17.17%	1%
2020:	2	\$967 mm	n/a	11.98%	18.53%	1%
2019:	2	\$3.1 bn	n/a	7.57%	11.94%	4%
2018:	2	\$4.9 bn	n/a	7.11%	10.80%	6%
2017:	2	\$7.4 bn	n/a	6.40%	9.92%	7%
2016:	2	\$6.9 bn	n/a	6.64%	10.59%	8%
2015:	1	\$7.2 bn	n/a	6.13%	10.47%	9%
2014:	1	\$6.0 bn	n/a	5.52%	8.98%	8%
2013:	1	\$2.9 bn	n/a	7.95%	11.94%	6%
2012:	1	\$492 mm	n/a	9.86%	15.09%	2%

### Global Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	10	\$1.6 bn	0.10%	20.35%	17.06%	2%
2020:	11	\$1.6 bn	0.28%	20.80%	18.27%	2%
2019:	9	\$1.7 bn	0.15%	11.28%	11.14%	2%
2018:	9	\$1.5 bn	0.09%	11.02%	10.38%	2%
2017:	8	\$1.5 bn	0.11%	10.49%	10.23%	2%
2016:	4	\$699 mm	n/a	11.28%	10.94%	1%
2015:	3	\$438 mm	n/a	10.76%	10.80%	1%
2014:	1	\$27 mm	n/a	10.48%	10.22%	0%
2013:	2	\$66 mm	n/a	13.73%	13.52%	0%
2012:	2	\$18 mm	n/a	17.23%	16.72%	0%

### International Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	4	\$2.7 bn	n/a	19.47%	16.92%	3%
2020:	4	\$2.4 bn	n/a	19.90%	17.90%	3%
2019:	4	\$1.8 bn	n/a	11.41%	10.81%	2%
2018:	6	\$1.4 bn	0.05%	11.98%	11.24%	2%
2017:	5	\$1.2 bn	0.10%	11.31%	11.83%	1%
2016:	3	\$603 mm	n/a	11.81%	12.48%	1%
2015:	1	\$261 mm	n/a	11.07%	12.47%	0%
2014:	2	\$33 mm	n/a	11.77%	12.99%	0%
2013:	2	\$20 mm	n/a	14.28%	16.21%	0%
2012:	2	\$18 mm	n/a	18.16%	19.34%	0%

### Global Long/Short:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	1	\$106 mm	n/a	12.10%	17.06%	0%
2020:	1	\$121 mm	n/a	10.97%	18.27%	0%
2019:	1	\$558 mm	n/a	5.24%	11.14%	1%
2018:	1	\$861 mm	n/a	5.09%	10.38%	1%
2017:	1	\$1.0 bn	n/a	4.92%	10.23%	1%
2016:	1	\$868 mm	n/a	5.33%	10.94%	1%
2015:	1	\$629 mm	n/a	n/a	n/a	1%
2014:	1	\$125 mm	n/a	n/a	n/a	0%
2013*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2013 performance period is from July 1.

### Emerging Markets Dynamic Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	2	\$176 mm	n/a	10.87%	18.33%	0%
2020:	2	\$205 mm	n/a	12.51%	19.60%	0%
2019:	2	\$210 mm	n/a	10.80%	14.17%	0%
2018:	1	\$177 mm	n/a	9.48%	14.60%	0%
2017:	1	\$211 mm	n/a	n/a	n/a	0%
2016:	1	\$11 mm	n/a	n/a	n/a	0%
2015*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2015 performance period is from March 1.

### Emerging Markets Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2021:	1	\$22 mm	n/a	18.76%	18.33%	0%
2020:	1	\$19 mm	n/a	20.56%	19.60%	0%
2019:	1	\$10 mm	n/a	n/a	n/a	0%
2018:	1	\$4 mm	n/a	n/a	n/a	0%
2017*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2017 performance period is from July 1.

### Firm Assets:

Year	Assets (mm)	Year	Assets (mm)
2021:	\$96,320	2016:	\$87,222
2020:	\$77,120	2015:	\$78,363
2019:	\$89,368	2014:	\$73,250
2018:	\$81,550	2013:	\$52,334
2017:	\$99,241	2012:	\$29,023

### Other Disclosures

GICS (Global Industry Classification Standard) sector classification is used. All product characteristics and sector weightings are calculated using a representative account. Risk statistics are calculated using composite data. Account composition is subject to change and information contained in this publication may not be representative of the current account. Foreign investors may have taxes withheld. Investing involves risk including the risk of loss of principal. Value investing involves buying the stocks of companies that are out of favor or are undervalued. This may adversely affect an account's value and return. Stock values fluctuate in response to issuer, political, regulatory, market or economic developments. The value of small and mid-capitalization securities may be more volatile than those of larger issuers, but larger issuers could fall out of favor. Investments in foreign issuers may be more volatile than in the U.S. market, and international investing is subject to special risks including, but not limited to, currency risk associated with non - U.S. dollar denominated securities, which may be affected by fluctuations in currency exchange rates, political, social or economic instability, and differences in taxation, auditing and other financial practices. Investments in emerging markets may increase risks.

For those composites that utilize short selling, short sales theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. This may have the effect of increased leverage and constitutes the use of leverage. For those composites that utilize derivatives, derivative investments may involve risks such as potential

illiquid markets and additional risk of loss of principal. For those composites that utilize a sustainability criterion, that criterion may cause avoidance of certain industries or issuers causing over (under)weights relative to the benchmark and varying sensitivities to such industries and issuers.

Boston Partners participates in Initial Public Offerings (IPOs) as described in its Form ADV, Part 2. IPO contributions to performance vary from year to year depending on availability and prevailing market conditions. IPO contributions may have a significant positive effect on performance when initially purchased. Such positive performance should not be expected for future performance periods.

### **Annual Fee Schedules**

**Large Cap and Large Cap Select:** 70 basis points ("bp") on the first \$10 million in assets; 50 bp on the next \$40 million; 40 bp on the next \$50 million; 30 bp thereafter. **Premium Equity:** 80 bp on the first \$25 million of assets; 60 bp on the next \$25 million; 50 bp on the next \$50 million; 40 bp thereafter. **Mid Cap:** 80 bp on the first \$25 million of assets; 60 bp thereafter. **Small/Mid Cap, Small Cap, and Small Cap II:** 100 bp on the first \$25 million of assets; 80 bp thereafter. **Long/Short:** 100 bp on total assets under management; plus 20% profit participation. **Long/Short Research:** 150 bp on total assets under management. **Global Equity, International Equity, and Global Sustainability:** 75 bp on the first \$25 million in assets; 65 bp on the next \$25 million; 55 bp on the next \$50 million; 50 bp thereafter. **Global Long/Short:** 200 bp on total assets under management. **Emerging Markets Dynamic Equity:** 150 bp on total assets under management. **Emerging Markets Equity:** 95 bp on the first \$25 million in assets; 85 bp on the next \$25 million; 75 bp on the next \$50 million; 70 bp thereafter.

### **Corporate Information**

Boston Partners is affiliated with listed corporations through common ownership. ORIX Corporation Europe N.V. services may be offered in the U.S. through Robeco Institutional Asset Management, U.S., an SEC Registered Investment Adviser registered under the Investment Advisers Act of 1940. Transtrend products may be offered in the U.S. through Boston Partners Securities, LLC, member FINRA, SIPC. Boston Partners is authorized to transact as an Investment Adviser and maintains a Securities License by the Government of Guam Department of Revenue and Taxation. It also maintains a Certificate of Authority to transact business in Guam as a Foreign Corporation. In addition, Boston Partners is registered in Korea with the Financial Services Commission (FSC).





# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 16  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE INVESTMENT PERFORMANCE RESULTS FOR  
THE ATU, IBEW AND SALARIED EMPLOYEE RETIREMENT PLANS  
FOR THE QUARTER ENDED DECEMBER 31, 2023 (ALL). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2023 (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Pension funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines adopted by each Retirement Board. Attached are the two investment performance reports prepared by the Boards' pension investment consultants. The first report is the Fourth Quarter 2023 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 31, 2023 (Attachment 2). These reports provide a detailed analysis of the performance of each of the investment managers retained by the Retirement Boards to manage the Retirement Funds for the quarter ended December 31, 2023. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

### **Investment Compliance Monitoring**

In accordance with the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Investment Policy), Northern Trust Company performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of December 31, 2023, there was a compliance breach reported; however, the report was investigated and it was determined that the breach report was due to restructuring of a company held by the Plans' fixed income manager (Intelsat, held by TCW) as part of a corporate action. Northern Trust's compliance monitoring settings were set to flag equity common stock as a compliance breach. The Intelsat investments were

originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock will continue to be monitored until TCW disposes of the security. The final attached report includes the monitoring summary (Attachment 3).

The table below provides an overview of the quarter performance, quarter ending December 31, 2023 – gross of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/ (Losses)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	9.50%	8.55%	\$5,068,948	\$(530,845)
S&P 500 Index (large cap value) S&P 500	11.69%	<b>11.71%</b>	\$6,935,486	\$(222,622)
Atlanta Capital (small cap) Russell 2000	14.03%	12.37%	\$3,690,254	-
Pyrford (international equities) MSCI EAFE	10.42%	8.74%	\$3,047,609	-
MSCI EAFE Index (international equities) MSCI EAFE	10.42%	<b>10.43%</b>	\$1,785,340	-
AQR (small cap international equities) MSCI EAFE SC	11.14%	9.92%	\$1,925,939	-
Dimensional Fund Advisors (emerging markets) MSCI EM	7.86%	<b>7.97%</b>	\$1,723,593	-
TCW (fixed income) Bloomberg Agg.	6.82%	<b>7.58%</b>	\$6,548,225	-
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	(4.83)%	<b>(4.59)%</b>	\$(781,500)	-
Morgan Stanley Prime Property Fund (real estate)	(4.83)%	<b>(2.20)%</b>	\$(381,418)	-
Total Plan	8.57%	8.16%	\$29,562,476	\$(753,467)

**Bold** – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of December 31, 2023 – gross of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/(Loss)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	11.46%	<b>13.26%</b>	\$7,724,298	\$(1,252,609)
S&P 500 Index (large cap value) S&P 500	26.29%	26.29%	\$13,878,882	\$(222,622)
Atlanta Capital (small cap) Russell 2000	16.93%	<b>22.65%</b>	\$6,416,699	\$(1,099,746)
Pyrford (international equities) MSCI EAFE	18.24%	14.97%	\$4,936,523	-
MSCI EAFE Index (international equities) MSCI EAFE	18.24%	<b>18.60%</b>	\$2,964,567	-
AQR (small cap international equities) MSCI EAFE SC	13.16%	<b>20.15%</b>	\$3,502,405	-
Dimensional Fund Advisors (emerging markets) MSCI EM	9.83%	<b>15.91%</b>	\$3,166,311	-
TCW (fixed income) Bloomberg Agg.	5.53%	<b>6.24%</b>	\$5,527,956	-
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	(12.02)%	(15.71)%	\$(3,191,893)	-
Morgan Stanley Prime Property Fund (real estate)	(12.02)%	<b>(5.19)%</b>	\$(1,039,503)	-
Total Plan	13.45%	12.70%	\$43,886,245	\$(2,574,977)

**Bold** – fund exceeding respective benchmark

# Callan



March 13, 2024

## **Sacramento Regional Transit District**

4Q23 Market Update

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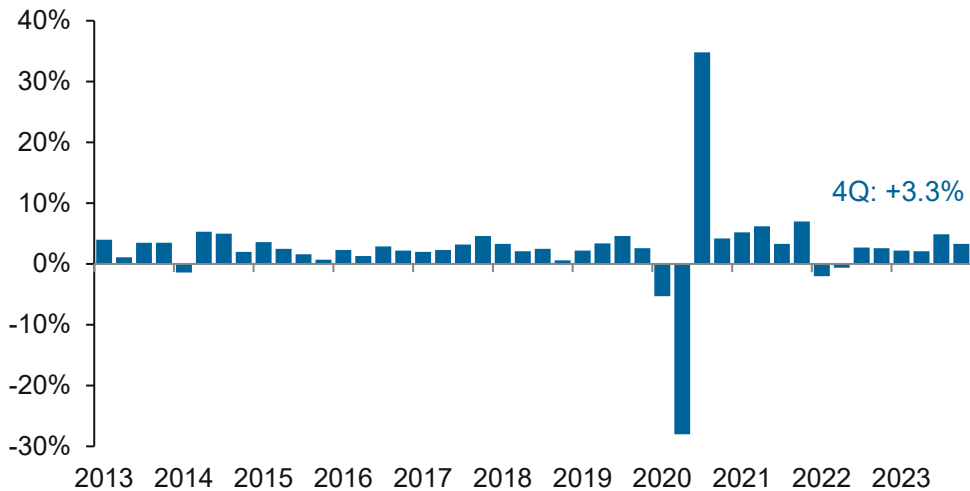
**Anne Heaphy**  
Fund Sponsor Consulting

**Uvan Tseng, CFA**  
Fund Sponsor Consulting

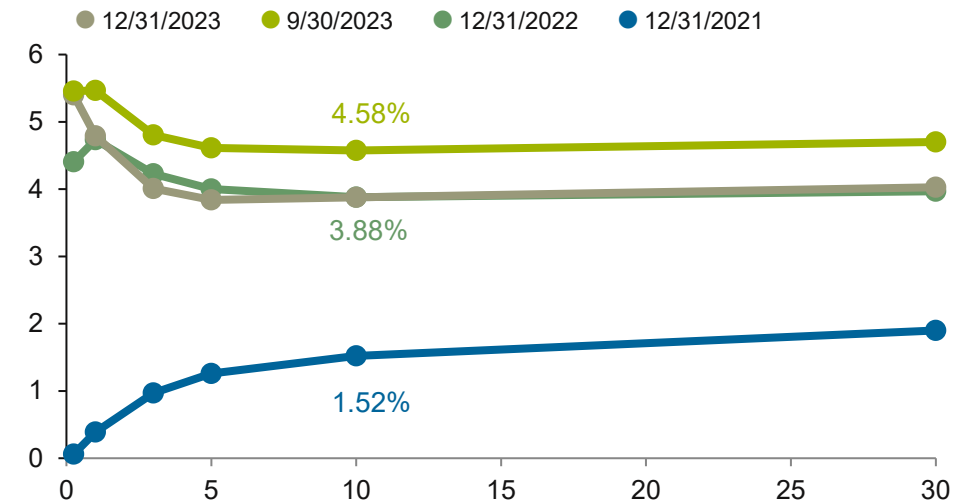
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# Economic Commentary

## Quarterly Real GDP Growth



## U.S. Treasury Yield Curves



4Q GDP finished the year at a healthy 3.3% clip after clocking a stunning 4.9% gain in 3Q.

- This despite the Federal Reserve's rate hikes, elevated inflation, and geopolitical turmoil
- Wage growth boosted consumer incomes and spending

2.2% GDP growth in 1Q and another 2.1% in 2Q.

- Thanks to the strong job market, generational low unemployment rate, rising wages, and the pressure from millions of unfilled jobs
- Inflation down from the 9% spike in summer 2022 to 3.4% in December 2023

The Fed may be close to completing its mission to raise interest rates to fight inflation.

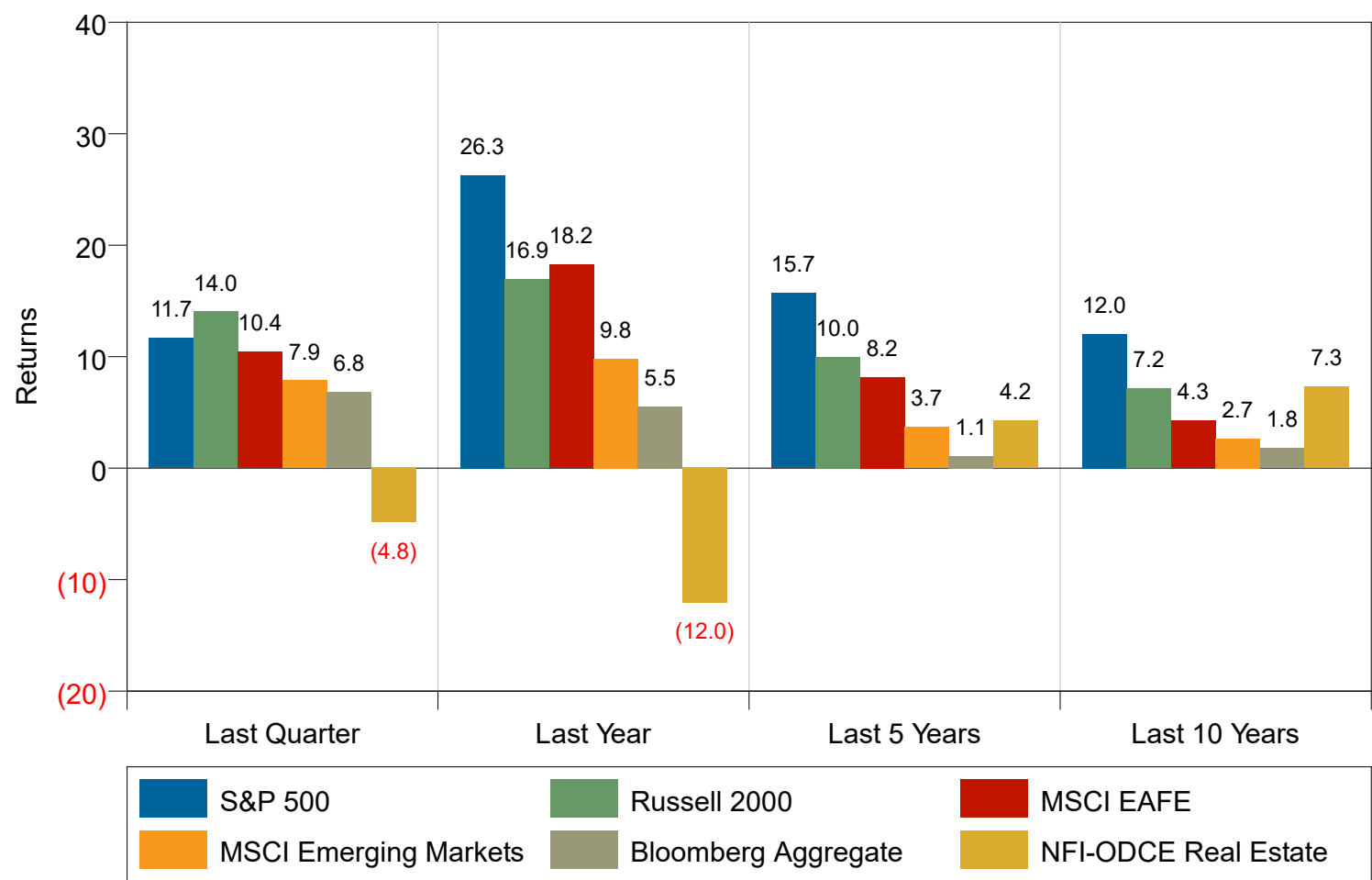
- 525 bps since March 2022, from 0.0%-0.25% to the current target range of 5.25%–5.5%
- Inverted yield curve since July 2022 (!)

Sources: Bloomberg, Bureau of Labor Statistics, Callan

# Asset Class Performance

Periods Ended December 31, 2023

Asset Class Performance  
for Periods Ended December 31, 2023



YTD as of 03/12/2024:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

Bloomberg Aggregate:



# Public Markets Surge in 4Q, Following Decline in 3Q

Stocks have recovered losses of 2022, bonds still have ground to make up

## S&P 500 soared 11.7% in 4Q23

- Loss through first three quarters of 2022 was 23.9%; the rebound in the following five quarters brought the index back to a positive return of 1.7% over the past two years.

## Fixed income recovered in 4Q, up 6.8% after a sharp loss of 3.2% in 3Q

- The Bloomberg Aggregate was on track for another negative year through 3Q; softening Fed language on rates and a dot plot that showed cuts on the horizon in 4Q turned the market around.
- CPI-U declined in 4Q compared to 3Q, though up 3.4% year-over-year; the index is still 10% higher than it was at the start of 2022.

## Economic data defied expectations of recession in 2023

- GDP growth came in at 2.1% in 1Q, 2.2% in 2Q, jumped to a stunning 4.9% in 3Q, and 3.3% in 4Q.
- Job market remains solid, providing support to Fed efforts to fight inflation.

Returns for Periods ended 12/31/23

	Quarter	1 Year	2 Years	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	12.07	25.96	0.88	15.16	11.48	7.74
S&P 500	11.69	26.29	1.69	15.69	12.03	7.56
Russell 2000	14.03	16.93	-3.55	9.97	7.16	7.91
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	10.51	17.94	0.54	8.45	4.32	4.62
MSCI Emerging Markets	7.86	9.83	-6.32	3.69	2.66	--
MSCI ACWI ex USA Small Cap	10.12	15.66	-3.79	7.89	4.88	7.28
<b>Fixed Income</b>						
Bloomberg Aggregate	6.82	5.53	-4.19	1.10	1.81	3.85
90-day T-Bill	1.37	5.01	3.22	1.88	1.25	1.90
Bloomberg Long Gov/Credit	13.24	7.13	-11.62	1.12	3.22	5.21
Bloomberg Global Agg ex-US	9.21	5.72	-7.29	-1.56	-0.79	2.25
<b>Real Estate</b>						
NCREIF Property*	-1.37	-8.39	3.12	5.26	7.40	8.31
FTSE Nareit Equity	16.22	13.73	-7.25	7.39	7.65	9.27
<b>Alternatives</b>						
HFRI Fund Weighted	3.59	7.52	1.52	7.00	4.53	6.30
Cambridge Private Equity*	1.60	2.78	3.19	15.18	14.78	13.61
Bloomberg Commodity	-4.63	-7.91	3.40	7.23	-1.11	2.83
Gold Spot Price	11.02	13.45	6.44	10.09	5.59	8.19
<b>Inflation - CPI-U</b>	-0.34	3.35	4.89	4.07	2.79	2.54

\*Cambridge PE data as of 6/30/23; NCREIF Property data as of 9/30/23

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

# U.S. Equity Performance: 4Q23

The U.S. equity market rallied in 4Q, closing the year near record highs

## U.S. equity markets rebounded in the last two months of 2023

- The impact of possible rate cuts in 2024 started to get priced in.

## Narrow leadership

- 2023 saw the narrowest breadth of leadership (“the Magnificent Seven”) since 1987 with just 27% of stocks outperforming the S&P 500. Historically, such concentrated leadership has not been the sign of a healthy market. However, gains started broadening out in the last two months of the year with the equal-weighted S&P index outperforming the capitalization-weighted version.

## Small cap versus large cap

- Smaller cap stocks also outperformed their large cap counterparts in 4Q23, further proof of the broadening out of returns; for the full year, large cap stocks outperformed small cap stocks by almost 10 percentage points.

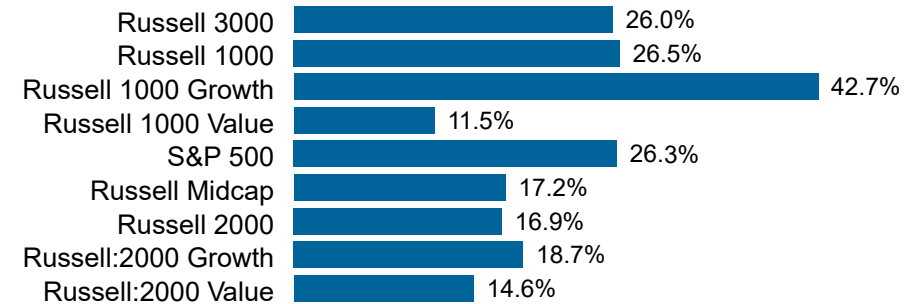
## Growth versus value

- Growth vs. value performance was mixed across market capitalization during the quarter. Within large cap, growth outperformed value, while the opposite was true within small cap.

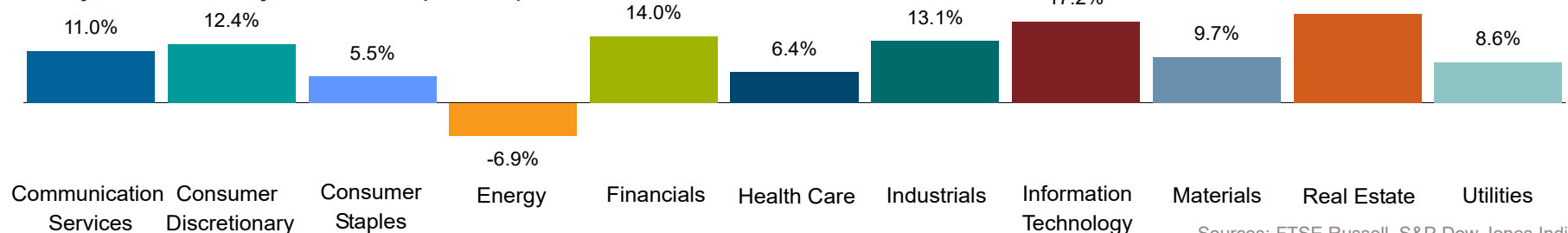
## U.S. Equity: Quarter Ended 12/31/23



## U.S. Equity: One Year Ended 12/31/23



## Industry Sector Quarterly Performance (S&P 500) as of 12/31/23



Sources: FTSE Russell, S&P Dow Jones Indices

# Global/Global ex-U.S. Equity Performance: 4Q23

Dovish central banks drove market higher

## Global markets in the black for 4Q

### Broad market

- Dovish signaling from central banks and dropping yields led to a broad market rally in 4Q.
- Global ex-U.S. small caps reclaimed some of their lagging performance in 4Q but ended the year as the worst-performing broad-based index, albeit up over 12%. Elevated borrowing costs and the persistent risk of a recession have kept investors away.
- Japan's low rates have benefited exporters, and the threat of being delisted spurred a stock buy-back spree. Coupled with an increased focus on governance, this spurred Japan to a multi-decade high.

### Emerging markets

- Emerging markets underperformed developed markets.
- India's rally couldn't overcome China's weakness, whose economic growth was near the government's target, but investor concerns around stimulus and a surprisingly sluggish reopening drove stocks lower.

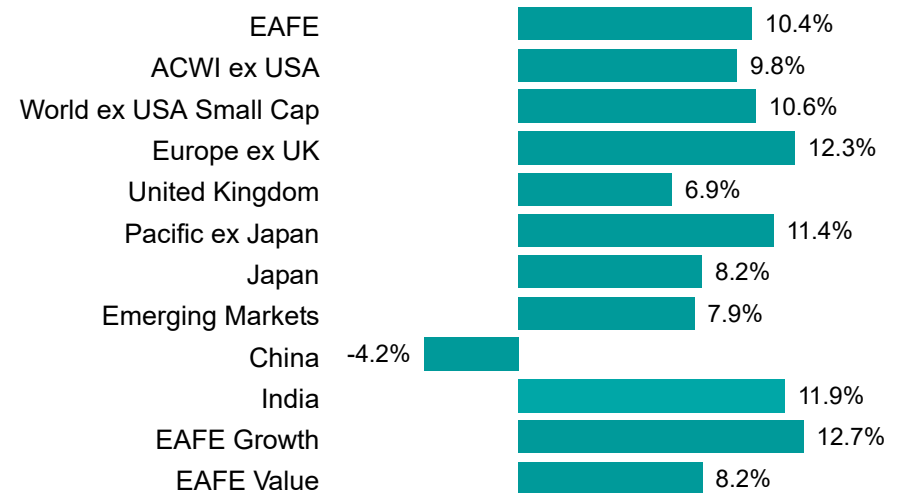
### Growth vs. value

- Energy, a volatile area in the market, pulled back value's rally after having a strong 3Q. Global ex-U.S. growth rallied on lowering yields but couldn't overcome earlier underperformance and ended the year behind its value peers in both emerging and developed markets.

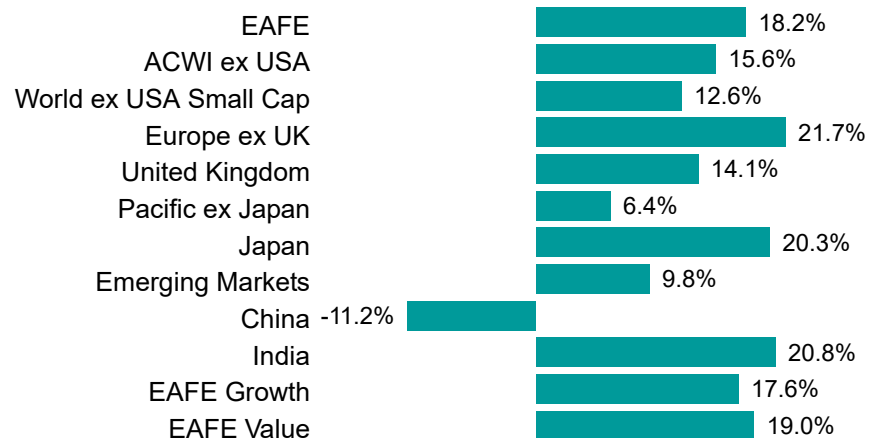
### U.S. dollar vs. other currencies

- The U.S. dollar weakened in 4Q as investors believed that U.S. interest rates would fall faster than much of the developed world.

## Global Equity Returns: Quarter Ended 12/31/23



## Global Equity Returns: One Year Ended 12/31/23



Source: MSCI

# U.S. Fixed Income Performance: 4Q23

## Bonds bounce back at year-end; U.S. Treasury yield has volatile 2023

### Strong returns at end of year

- Driven by falling rates and strong risk-on sentiment, the Aggregate Index returned 6.8%, the highest quarterly return since 2Q89 (when the 90-day T-bill was over 8% and inflation hit 14% earlier in the decade)!
- 10-year U.S. Treasury yield closed the year at 3.88%.
  - A round trip from 12/2022, masking significant volatility during the year
  - High was 4.98% in October and low was 3.30% in April
- Corporates and mortgages outperformed Treasuries for the quarter and year.
- High yield corporates soared as defaults remained low, economy resilient.

### U.S. Treasury yield curve remained inverted, but less so

- 106 bps as of 6/30; 44 bps as of 9/30; 35 bps as of 12/31

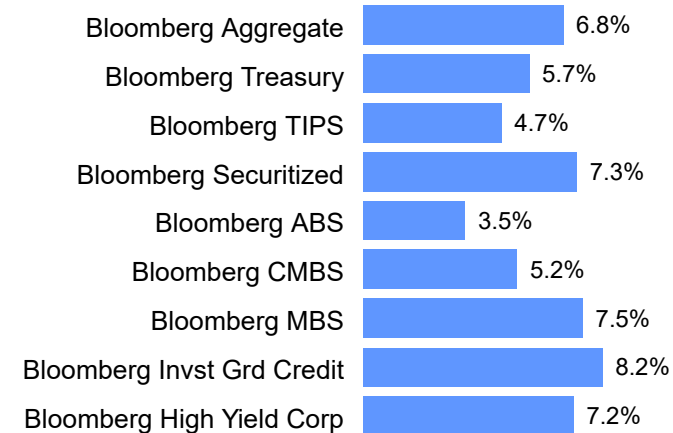
### Fed kept Fed Funds rate on hold and softened language

- Pivoted from “higher for longer” to projected rate cuts in 2024
- Inflation over past six months below Fed’s 2% target
  - Core PCE Price Index was 1.9% annualized in November
- Markets expect six rate cuts in 2024 versus three in the Fed’s Summary of Economic Projections

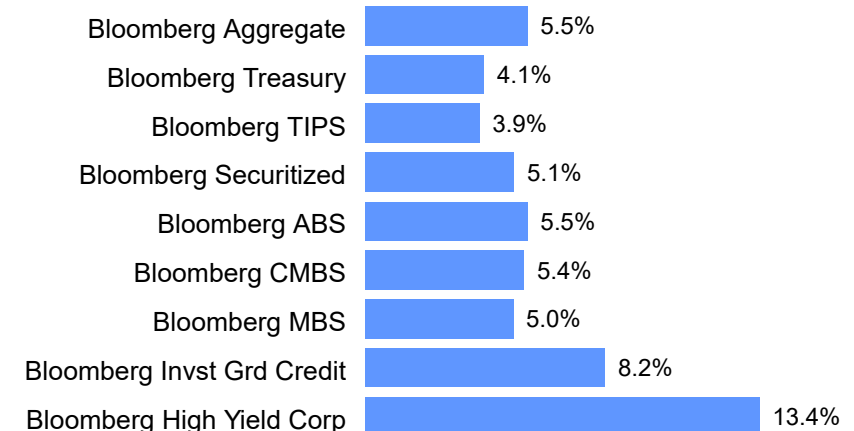
### Valuations

- Investment grade and high yield corporate spreads now below 10-year averages

### U.S. Fixed Income Returns: Quarter Ended 12/31/23



### U.S. Fixed Income Returns: One Year Ended 12/31/23



Sources: Bloomberg, Callan, S&P Dow Jones Indices

# U.S. Private Real Estate Performance: 4Q23

Income returns positive but appreciation returns negative once again

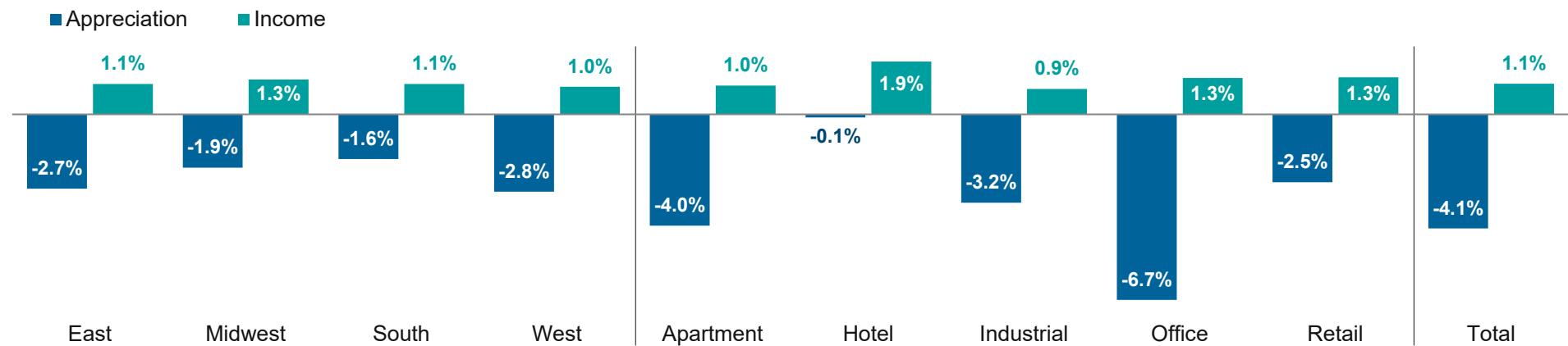
## Valuations reflect higher interest rates

- Income returns were positive across sectors and regions.
- All property sectors and regions experienced negative appreciation.
- Valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-5.0%	-12.7%	4.0%	3.3%	6.3%
Income	0.7%	2.8%	2.8%	2.9%	3.3%
Appreciation	-5.7%	-15.2%	1.2%	0.4%	3.0%
NCREIF Property Index	-3.0%	-7.9%	4.6%	4.3%	6.8%
Income	1.1%	4.3%	4.1%	4.2%	4.6%
Appreciation	-4.1%	-11.8%	0.4%	0.1%	2.2%

Returns are geometrically linked

## NCREIF Property Index Quarterly Returns by Region and Property Type



Source: NCREIF, ODCE return is net

# Callan Periodic Table of Investment Returns

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate	Large Cap Equity	Small Cap Equity	Emerging Market Equity	U.S. Fixed Income	Large Cap Equity	Small Cap Equity	Large Cap Equity	High Yield	Large Cap Equity
15.02%	1.38%	21.31%	37.28%	0.01%	31.49%	19.96%	28.71%	-11.19%	26.29%
Large Cap Equity	U.S. Fixed Income	High Yield	Dev ex-U.S. Equity	High Yield	Small Cap Equity	Large Cap Equity	Real Estate	U.S. Fixed Income	Dev ex-U.S. Equity
13.69%	0.55%	17.13%	24.21%	-2.08%	25.52%	18.40%	26.09%	-13.01%	17.94%
U.S. Fixed Income	Real Estate	Large Cap Equity	Large Cap Equity	Global ex-U.S. Fixed Income	Dev ex-U.S. Equity	Emerging Market Equity	Small Cap Equity	Dev ex-U.S. Equity	Small Cap Equity
5.97%	-0.79%	11.96%	21.83%	-2.15%	22.49%	18.31%	14.82%	-14.29%	16.93%
Small Cap Equity	Dev ex-U.S. Equity	Emerging Market Equity	Small Cap Equity	Large Cap Equity	Real Estate	Global ex-U.S. Fixed Income	Dev ex-U.S. Equity	Large Cap Equity	High Yield
4.89%	-3.04%	11.19%	14.65%	-4.38%	21.91%	10.11%	12.62%	-18.11%	13.44%
High Yield	Small Cap Equity	Real Estate	Global ex-U.S. Fixed Income	Real Estate	Emerging Market Equity	Dev ex-U.S. Equity	High Yield	Global ex-U.S. Fixed Income	Emerging Market Equity
2.45%	-4.41%	4.06%	10.51%	-5.63%	18.44%	7.59%	5.28%	-18.70%	9.83%
Emerging Market Equity	High Yield	Dev ex-U.S. Equity	Real Estate	Small Cap Equity	High Yield	U.S. Fixed Income	U.S. Fixed Income	Emerging Market Equity	Real Estate
-2.19%	-4.47%	2.75%	10.36%	-11.01%	14.32%	7.51%	-1.54%	-20.09%	9.67%
Global ex-U.S. Fixed Income	Global ex-U.S. Fixed Income	U.S. Fixed Income	High Yield	Dev ex-U.S. Equity	U.S. Fixed Income	High Yield	Emerging Market Equity	Small Cap Equity	Global ex-U.S. Fixed Income
-3.08%	-6.02%	2.65%	7.50%	-14.09%	8.72%	7.11%	-2.54%	-20.44%	5.72%
Dev ex-U.S. Equity	Emerging Market Equity	Global ex-U.S. Fixed Income	U.S. Fixed Income	Emerging Market Equity	Global ex-U.S. Fixed Income	Real Estate	Global ex-U.S. Fixed Income	Real Estate	U.S. Fixed Income
-4.32%	-14.92%	1.49%	3.54%	-14.57%	5.09%	-9.04%	-7.05%	-25.10%	5.53%

Sources: ● Bloomberg Aggregate ● Bloomberg Corp High Yield ● Bloomberg Global Aggregate ex US ● FTSE EPRA Nareit Developed  
 ● MSCI Emerging Markets ● MSCI World ex USA ● Russell 2000 ● S&P 500

Callan

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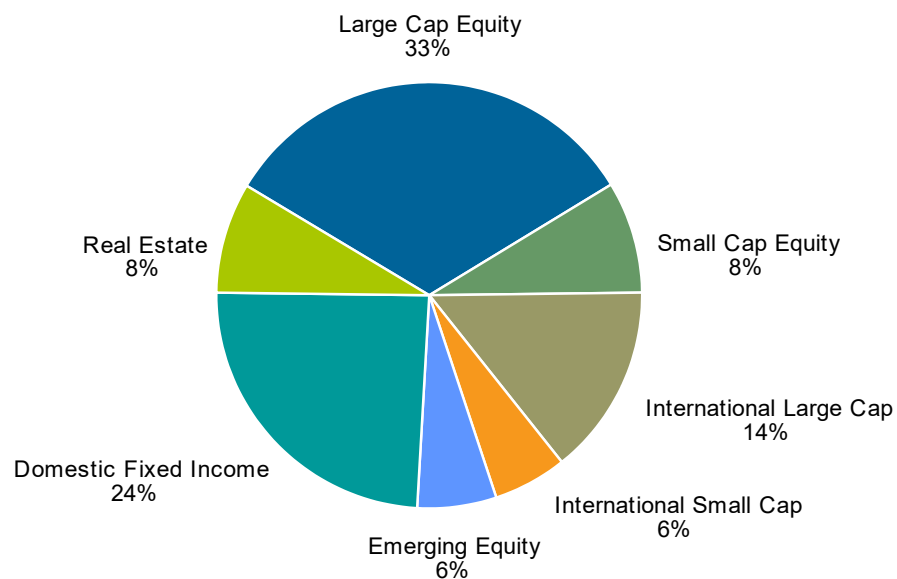
## Total Fund Overview



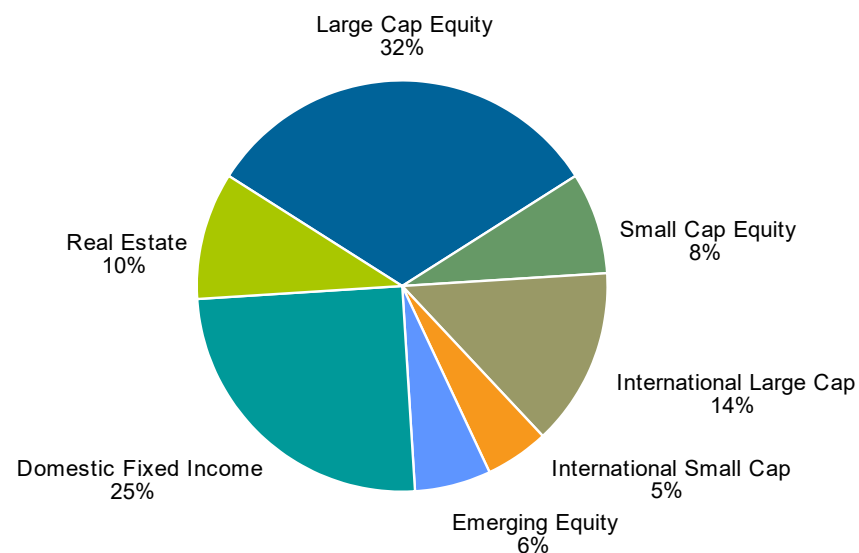
# RT Asset Allocation

As of December 31, 2023

**Actual Asset Allocation**



**Target Asset Allocation**



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	128,419	32.7%	32.0%	0.7%	2,781
Small Cap Equity	33,222	8.5%	8.0%	0.5%	1,813
International Large Cap	56,807	14.5%	14.0%	0.5%	1,840
International Small Cap	21,799	5.6%	5.0%	0.6%	2,168
Emerging Equity	23,655	6.0%	6.0%	0.0%	97
Domestic Fixed Income	95,556	24.3%	25.0%	(0.7%)	(2,599)
Real Estate	33,162	8.4%	10.0%	(1.6%)	(6,100)
Total	392,619	100.0%	100.0%		

## Total Fund – Performance Attribution

### Relative Attribution Effects for Quarter ended December 31, 2023

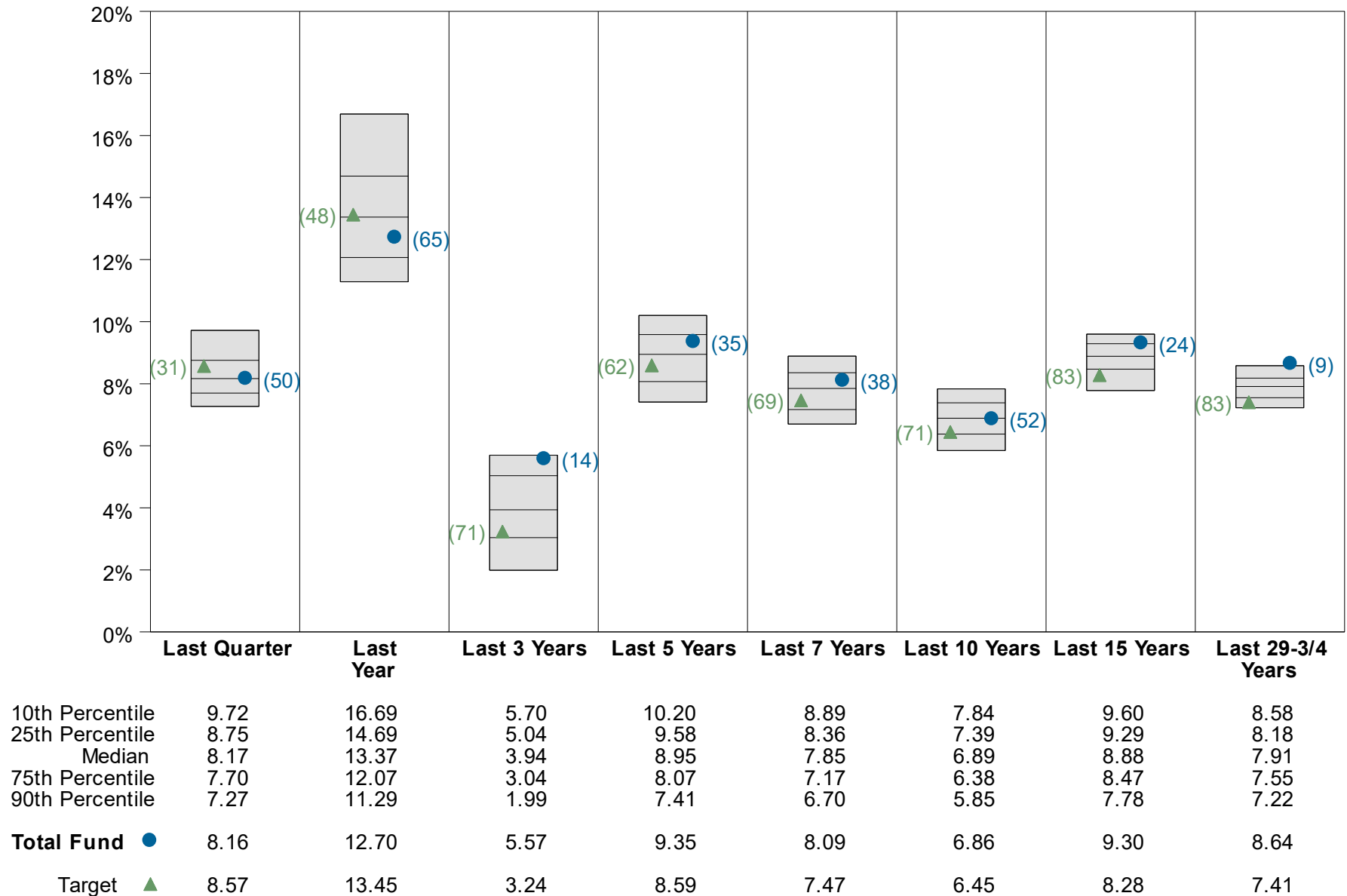
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	10.08%	11.69%	(0.55%)	0.05%	(0.49%)
Small Cap Equity	8%	8%	12.37%	14.03%	(0.14%)	(0.01%)	(0.15%)
International Large Cap	14%	14%	9.30%	10.42%	(0.16%)	0.00%	(0.16%)
International Small Cap	5%	5%	9.92%	11.14%	(0.07%)	0.01%	(0.06%)
Emerging Equity	6%	6%	7.97%	7.86%	0.01%	(0.00%)	0.01%
Domestic Fixed Income	23%	25%	7.58%	6.82%	0.18%	0.02%	0.21%
Real Estate	9%	10%	(3.39%)	(4.83%)	0.17%	0.07%	0.24%
<b>Total</b>			<b>8.16%</b>	<b>= 8.57%</b>	<b>+ (0.56%)</b>	<b>+ 0.15%</b>	<b>(0.41%)</b>

### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	19.32%	26.29%	(2.08%)	0.09%	(2.00%)
Small Cap Equity	9%	8%	22.65%	16.93%	0.46%	(0.07%)	0.39%
International Large Cap	14%	14%	16.16%	18.24%	(0.29%)	(0.02%)	(0.31%)
International Small Cap	5%	5%	20.15%	13.16%	0.37%	(0.01%)	0.36%
Emerging Equity	6%	6%	15.91%	9.83%	0.36%	(0.02%)	0.35%
Domestic Fixed Income	23%	25%	6.24%	5.53%	0.18%	0.11%	0.29%
Real Estate	10%	10%	(10.65%)	(12.02%)	0.19%	0.00%	0.19%
<b>Total</b>			<b>12.70%</b>	<b>= 13.45%</b>	<b>+ (0.83%)</b>	<b>+ 0.08%</b>	<b>(0.75%)</b>

# Total Fund – Performance as of December 31, 2023

## Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



## Total Fund – Manager Asset Allocation

	December 31, 2023				September 30, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$161,640,970</b>	<b>41.17%</b>	<b>\$(8,753,467)</b>	<b>\$15,694,688</b>	<b>\$154,699,749</b>	<b>42.52%</b>
<b>Large Cap</b>	<b>\$128,418,713</b>	<b>32.71%</b>	<b>\$(6,753,467)</b>	<b>\$12,004,434</b>	<b>\$123,167,745</b>	<b>33.85%</b>
Boston Partners	63,569,611	16.19%	(4,530,845)	5,068,948	63,031,508	17.33%
SSgA S&P 500	64,849,102	16.52%	(2,222,622)	6,935,486	60,136,238	16.53%
<b>Small Cap</b>	<b>\$33,222,257</b>	<b>8.46%</b>	<b>\$(2,000,000)</b>	<b>\$3,690,254</b>	<b>\$31,532,004</b>	<b>8.67%</b>
Atlanta Capital	33,222,257	8.46%	(2,000,000)	3,690,254	31,532,004	8.67%
<b>International Equity</b>	<b>\$102,260,696</b>	<b>26.05%</b>	<b>\$0</b>	<b>\$8,482,481</b>	<b>\$93,778,215</b>	<b>25.78%</b>
<b>International Large Cap</b>	<b>\$56,806,831</b>	<b>14.47%</b>	<b>\$0</b>	<b>\$4,832,949</b>	<b>\$51,973,882</b>	<b>14.29%</b>
SSgA EAFE	18,902,092	4.81%	0	1,785,340	17,116,751	4.70%
Pyrford	37,904,739	9.65%	0	3,047,609	34,857,131	9.58%
<b>International Small Cap</b>	<b>\$21,799,242</b>	<b>5.55%</b>	<b>\$0</b>	<b>\$1,925,939</b>	<b>\$19,873,304</b>	<b>5.46%</b>
AQR	21,799,242	5.55%	0	1,925,939	19,873,304	5.46%
<b>Emerging Equity</b>	<b>\$23,654,623</b>	<b>6.02%</b>	<b>\$0</b>	<b>\$1,723,593</b>	<b>\$21,931,030</b>	<b>6.03%</b>
DFA Emerging Markets	23,654,623	6.02%	0	1,723,593	21,931,030	6.03%
<b>Fixed Income</b>	<b>\$95,555,665</b>	<b>24.34%</b>	<b>\$8,000,000</b>	<b>\$6,548,225</b>	<b>\$81,007,440</b>	<b>22.27%</b>
TCW	95,555,665	24.34%	8,000,000	6,548,225	81,007,440	22.27%
<b>Real Estate</b>	<b>\$33,162,048</b>	<b>8.45%</b>	<b>\$0</b>	<b>\$(1,162,918)</b>	<b>\$34,324,966</b>	<b>9.43%</b>
Clarion Lion Fund	16,244,635	4.14%	0	(781,500)	17,026,135	4.68%
Morgan Stanley	16,917,412	4.31%	0	(381,418)	17,298,831	4.75%
<b>Total Fund</b>	<b>\$392,619,379</b>	<b>100.0%</b>	<b>\$(753,467)</b>	<b>\$29,562,476</b>	<b>\$363,810,370</b>	<b>100.0%</b>

The plan was rebalanced in November (taking assets from the overweight US equity managers and contributing them to underweight fixed income) to get the asset class weights closer to their targets.

## Total Fund – Returns as of December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>10.54%</b>	<b>20.03%</b>	<b>11.20%</b>	<b>14.31%</b>	<b>12.13%</b>
Domestic Equity Benchmark**	12.22%	24.55%	8.51%	14.64%	12.28%
<b>Large Cap Equity</b>	<b>10.08%</b>	<b>19.32%</b>	<b>11.57%</b>	<b>14.52%</b>	<b>12.17%</b>
Boston Partners	8.55%	13.26%	13.06%	13.02%	10.69%
Russell 1000 Value Index	9.50%	11.46%	8.86%	10.91%	8.32%
SSgA S&P 500	11.71%	26.29%	10.00%	15.68%	13.42%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
<b>Small Cap Equity</b>	<b>12.37%</b>	<b>22.65%</b>	<b>9.66%</b>	<b>13.40%</b>	<b>11.89%</b>
Atlanta Capital	12.37%	22.65%	9.66%	13.40%	11.89%
Russell 2000 Index	14.03%	16.93%	2.22%	9.97%	7.33%
<b>International Equity</b>	<b>9.12%</b>	<b>16.93%</b>	<b>4.36%</b>	<b>8.30%</b>	<b>7.37%</b>
International Benchmark***	9.96%	15.23%	0.94%	6.89%	6.36%
<b>International Large Cap</b>	<b>9.30%</b>	<b>16.16%</b>	<b>4.90%</b>	<b>8.34%</b>	<b>7.18%</b>
SSgA EAFE	10.43%	18.60%	4.35%	8.55%	7.28%
Pyrford	8.74%	14.97%	5.18%	8.17%	-
MSCI EAFE Index	10.42%	18.24%	4.02%	8.16%	6.91%
<b>International Small Cap</b>	<b>9.92%</b>	<b>20.15%</b>	<b>6.87%</b>	<b>9.79%</b>	<b>7.95%</b>
AQR	9.92%	20.15%	6.87%	9.79%	7.95%
MSCI EAFE Small Cap Index	11.14%	13.16%	(0.69%)	6.58%	5.98%
<b>Emerging Markets Equity</b>	<b>7.97%</b>	<b>15.91%</b>	<b>1.11%</b>	<b>6.64%</b>	<b>7.08%</b>
DFA Emerging Markets	7.97%	15.91%	1.11%	6.64%	7.08%
MSCI Emerging Markets Index	7.86%	9.83%	(5.08%)	3.69%	4.98%
<b>Domestic Fixed Income</b>	<b>7.58%</b>	<b>6.24%</b>	<b>(2.92%)</b>	<b>1.92%</b>	<b>2.03%</b>
TCW	7.58%	6.24%	(2.92%)	1.92%	2.03%
Bloomberg Aggregate Index	6.82%	5.53%	(3.31%)	1.10%	1.29%
<b>Real Estate</b>	<b>(3.39%)</b>	<b>(10.65%)</b>	-	-	-
Clarion Lion Fund	(4.59%)	(15.71%)	-	-	-
Morgan Stanley	(2.20%)	(5.19%)	-	-	-
NCREIF NFI-ODCE Value Weight	(4.83%)	(12.02%)	4.92%	4.25%	5.32%
<b>Total Plan</b>	<b>8.16%</b>	<b>12.70%</b>	<b>5.57%</b>	<b>9.35%</b>	<b>8.09%</b>
Target*	8.57%	13.45%	3.24%	8.59%	7.47%

## Total Fund – Calendar Year Returns

	2023	2022	2021	2020	2019
<b>Domestic Equity</b>	<b>20.03%</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>	<b>27.71%</b>
Domestic Equity Benchmark**	24.55%	(18.54%)	25.93%	18.94%	30.32%
<b>Large Cap Equity</b>	<b>19.32%</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>	<b>27.77%</b>
Boston Partners	13.26%	(3.17%)	31.78%	2.99%	23.91%
Russell 1000 Value Index	11.46%	(7.54%)	25.16%	2.80%	26.54%
SSgA S&P 500	26.29%	(18.10%)	28.70%	18.36%	31.50%
S&P 500 Index	26.29%	(18.11%)	28.71%	18.40%	31.49%
<b>Small Cap Equity</b>	<b>22.65%</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>	<b>27.38%</b>
Atlanta Capital	22.65%	(11.15%)	21.00%	11.67%	27.38%
Russell 2000 Index	16.93%	(20.44%)	14.82%	19.96%	25.52%
<b>International Equity</b>	<b>16.93%</b>	<b>(11.12%)</b>	<b>9.38%</b>	<b>8.48%</b>	<b>20.83%</b>
International Benchmark***	15.23%	(17.10%)	7.67%	11.39%	21.78%
<b>International Large Cap</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>	<b>22.34%</b>
SSgA EAFE	18.60%	(14.08%)	11.52%	8.27%	22.49%
Pyrford	14.97%	(6.49%)	8.22%	4.09%	22.30%
MSCI EAFE Index	18.24%	(14.45%)	11.26%	7.82%	22.01%
<b>International Small Cap</b>	<b>20.15%</b>	<b>(10.51%)</b>	<b>13.52%</b>	<b>7.35%</b>	<b>21.73%</b>
AQR	20.15%	(10.51%)	13.52%	7.35%	21.73%
MSCI EAFE Small Cap Index	13.16%	(21.39%)	10.10%	12.34%	24.96%
<b>Emerging Markets Equity</b>	<b>15.91%</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>	<b>16.64%</b>
DFA Emerging Markets	15.91%	(16.06%)	6.25%	14.40%	16.64%
MSCI Emerging Markets Index	9.83%	(20.09%)	(2.54%)	18.31%	18.44%
<b>Domestic Fixed Income</b>	<b>6.24%</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>	<b>9.41%</b>
TCW	6.24%	(13.48%)	(0.46%)	9.85%	9.41%
Bloomberg Aggregate Index	5.53%	(13.01%)	(1.54%)	7.51%	8.72%
<b>Real Estate</b>	<b>(10.65%)</b>	<b>8.39%</b>	-	-	-
Clarion Lion Fund	(15.71%)	9.69%	-	-	-
Morgan Stanley	(5.19%)	7.02%	-	-	-
NCREIF NFI-ODCE Value Weight	(12.02%)	7.47%	22.17%	1.19%	5.34%
<b>Total Plan</b>	<b>12.70%</b>	<b>(9.79%)</b>	<b>15.71%</b>	<b>11.42%</b>	<b>19.25%</b>
Target*	13.45%	(14.03%)	12.81%	13.82%	20.58%

## Watch List

Manager/ Mandate	Date Added to Watch	Reason	Recommended Action
<b>Boston Partners Large Cap Value</b>	Q1 2024	<ul style="list-style-type: none"> <li>➤ Boston Partners announced that David Pyle, a portfolio manager for over 15 years on the Large Cap Value strategy, will retire in September 2024. The team consists of four members: David Pyle, Mark Donovan, Josh White, and David Cohen. Pyle and Donovan (who founded Boston Partners) represent the more veteran, seasoned portfolio managers on the strategy. Boston Partners has incrementally promoted White and Cohen into portfolio management roles over the last decade to plan for these eventual transitions. Pyle's responsibilities will be primarily assumed by White and Cohen.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Callan is not overly concerned given the tenure of the team and the long-standing succession plan. However, the Boards and the investment consultant will continue to monitor the strategy on a quarterly and annual basis for a minimum of two years as they move through this transition.</li> </ul>
<b>TCW Fixed Income</b>	Q3 2023	<ul style="list-style-type: none"> <li>➤ TCW/MetWest announced upcoming senior fixed income leadership transitions. Laird Landmann and Steve Kane, both of whom are Generalist Portfolio Managers and are part of the original team that came to TCW from MetWest in 2010, will be retiring at the end of 2023 (Landmann) and 2024 (Kane). TCW had been hinting at major leadership changes for some time given the tenure of the senior members on the team and the promotion of Ruben Hovhannisyan to Associate Generalist Portfolio Manager in 2021. Hovhannisyan and Jerry Cudzil, Global Head of Credit Trading, will now join Co-CIO Bryan Whalen as Generalists, along with Landmann and Kane until they step away. Whalen joined TCW in 2010 from MetWest alongside Landmann, Kane, and Tad Rivelle who retired in 2021. Cudzil has been with TCW since 2012, and Hovhannisyan since 2007.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Callan does not have immediate concerns with this change given the tenure and experience of Whalen, Hovhannisyan, and Cudzil along with the deep teams of specialists that support them. However, the performance, team, and portfolio will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years as they move through this transition.</li> </ul>



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## **Callan Research & Events Updates**

## Published Research Highlights from 4Q23

### 2023 Nuclear Decommissioning Funding Study



### 2023 Investment Management Fee Study



### 2023 Asset Manager ESG Study



### Callan's Retirement Conundrum Webinar



### Recent Blog Posts

#### ILS on Pace for Banner Year in 2023

Sean Lee

#### Carbon- Footprinting Basics for Institutional Investors

Amit Bansal

#### Key Issues to Know for the Proposed Fiduciary Rule

Jana Steele

### Additional Reading

*Alternatives Focus* quarterly newsletter

Active vs. Passive quarterly charts

*Capital Markets Review* quarterly newsletter

Monthly Updates to the Periodic Table

*Market Pulse Flipbook* quarterly markets update

*Real Estate Indicators* market outlook

# Callan Institute Events

Upcoming conferences, workshops, and webinars

## Callan College

### Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

- March 19-21, 2024 – Virtual Session via Zoom
- June 18-19, 2024 – In Person Session in Chicago

### Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

- February 21–22, 2024 – Virtual Session via Zoom

Please visit our website at [callan.com/events-education](https://callan.com/events-education) as we add dates to our 2024 calendar!

## Mark Your Calendar

### 2024 National Conference

April 8–10, 2024 – San Francisco

### 2024 Regional Workshops

June 25, 2024 – Atlanta

June 27, 2024 – San Francisco

October 22, 2024 – Denver

October 24, 2024 – Location TBD

*Watch your email for further details and an invitation.*

## Webinars & Research Café Sessions

### Webinar: Capital Markets Assumptions

January 17, 2024 – Virtual Session via Zoom

### Webinar: Market Intelligence

January 19, 2024 – Virtual Session via Zoom

### Research Café: ESG Interview Series

March 12, 2024 – Virtual Session via Zoom

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# Callan

December 31, 2023



## **Sacramento Regional Transit District Retirement Plans**

**Investment Measurement Service  
Quarterly Review**

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<b>Definitions</b>	<b>96</b>
<b>Callan Research/Education</b>	<b>99</b>
<b>Disclosures</b>	<b>102</b>

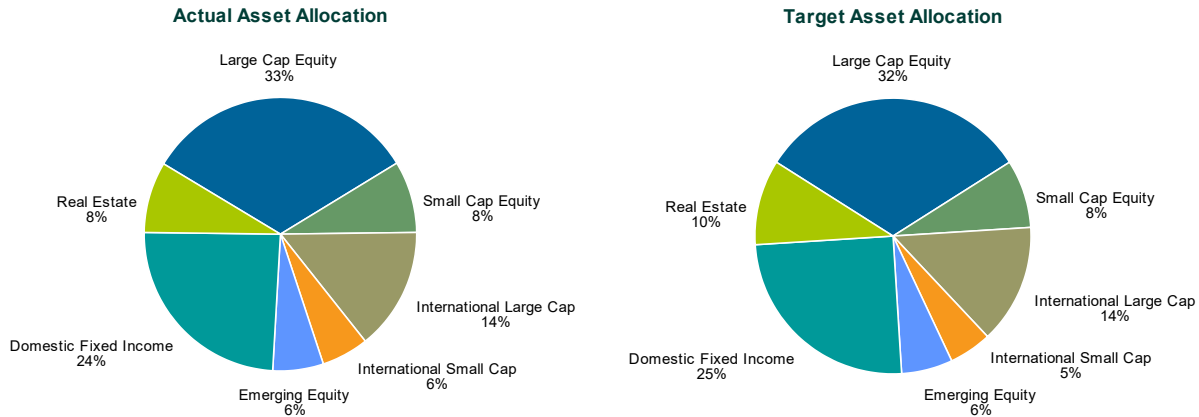




# Sacramento Regional Transit District

## Executive Summary for Period Ending December 31, 2023

### Asset Allocation



### Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	8.16%	12.70%	5.57%	9.35%	8.09%
Target*	8.57%	13.45%	3.24%	8.59%	7.47%

### Recent Developments

Boston Partners announced that David Pyle, a portfolio manager for over 15 years on the Large Cap Value strategy, will retire in September 2024. The team consists of four members: David Pyle, Mark Donovan, Josh White, and David Cohen. Pyle and Donovan (who founded Boston Partners) represent the more veteran, seasoned portfolio managers on the strategy. Boston Partners has incrementally promoted White and Cohen into portfolio management roles over the last decade to plan for these eventual transitions. Pyle's responsibilities will be primarily assumed by White and Cohen. Callan will continue to monitor the strategy during this transition but is not overly concerned given the tenure of the team.

### Organizational Issues

N/A

### Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	48	18	25
Atlanta Capital	13	29	17
Pyrford	93	25	[59]
AQR	11	11	28
DFA	20	12	22
TCW	83	78	71
Clarion	91	[99]	[71]
Morgan Stanley	3	[28]	[23]

Brackets indicate performance linked with manager's composite

### Watch List

TCW is on the watch list to monitor the portfolio manager transitions and senior leadership retirements. Boston Partners will also be added to the watch list to monitor their transition.

\* Current Quarter Target = 32.0% S&P 500, 25.0% Bloomberg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Value Weighted, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets. and 5.0% MSCI EAFE Small Cap.

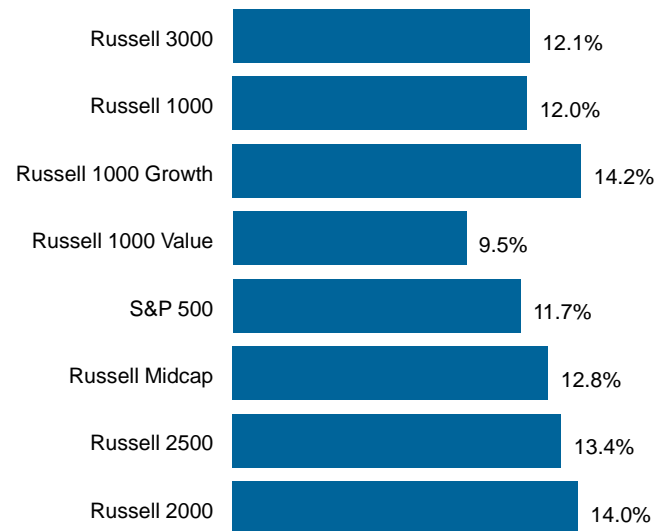


## U.S. EQUITY

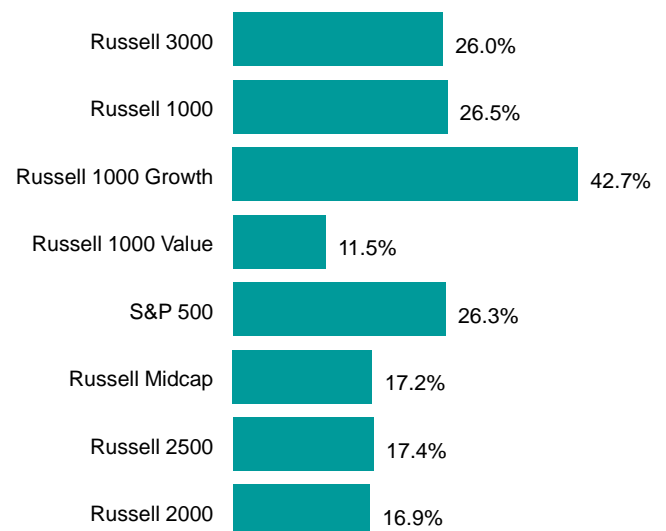
## End-of-the-year rally

- U.S. equity markets rebounded in the last two months of the year as the impact of possible rate cuts in 2024 started to get priced in.
- The S&P 500 Index approached a record high as the year closed. Of note, 2023 was the first year since 2012 that the S&P failed to reach a high-water mark. That said, the index was up an impressive 11.7% in 4Q and 26.3% for the year.
- The tech sector was the clear winner for the quarter and the year (+17.2%; +57.8%) while Energy (-6.9%; -1.3%) was the only sector to register both a 4Q and 2023 decline.
- 2023 saw the narrowest breadth of leadership ("the Magnificent Seven") since 1987, with just 27% of stocks outperforming the S&P 500. Historically, such concentrated leadership has not been the sign of a healthy market.
- Fourth quarter and 2023 returns for the bunch were impressive: Alphabet: +6.8%, +58.8%; Amazon: +19.5%, +80.9%; Apple: +12.6%, +49.0%; Meta: +17.9%; +194.1%; Microsoft: +19.3%, +58.2%; NVIDIA: +13.9%, +239.0%; Tesla: -0.7%, +101.7%.
- The index would have been up only about 10% for the year without these stocks, and the equal-weighted S&P 500 returned 11.9% in 4Q and 13.9% in 2023.
- However, gains started broadening out in the last two months of the year with the equal-weighted S&P index outperforming the capitalization-weighted version.
- Smaller cap stocks also outperformed their large cap counterparts in 4Q23, further proof of the broadening out of returns.
- For the full year, large cap stocks outperformed small cap stocks by almost 10 percentage points.
- Growth vs. value performance was mixed across market capitalization during the quarter. Within large cap, growth outperformed value, while the opposite was true within small cap.

## U.S. Equity: Quarterly Returns

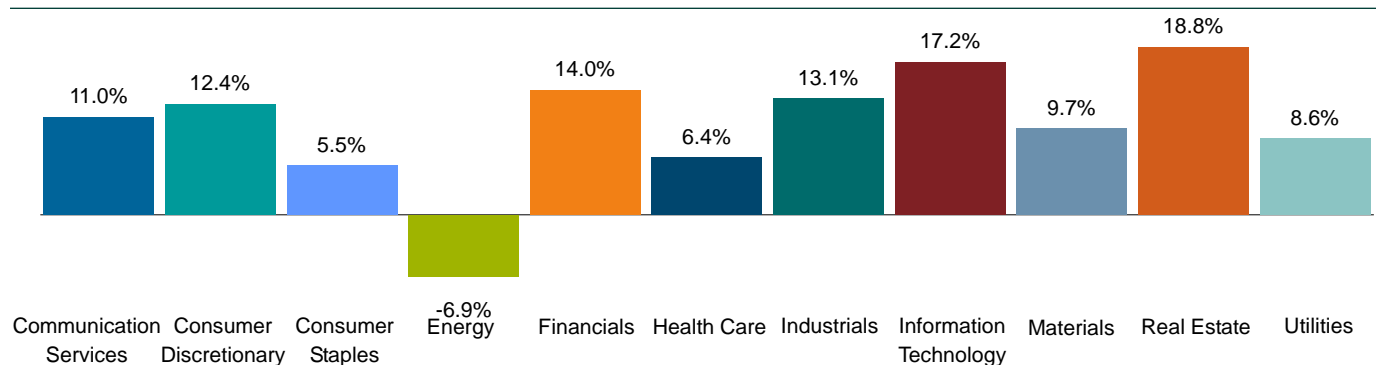


## U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&amp;P Dow Jones Indices

## S&amp;P Sector Returns, Quarter Ended 12/31/23



Source: S&amp;P Dow Jones Indices

## Global markets in the black for 4Q

## Broad market

- Dovish signaling from central banks and dropping yields led to a broad market rally in 4Q23.
- Global ex-U.S. small caps reclaimed some of their lagging performance in 4Q but ended the year as the worst-performing broad-based index, albeit up over 12%. Elevated borrowing costs and the persistent risk of a recession have kept investors away.
- Japan's low rates have benefited exporters, and the threat of being delisted spurred a stock buy-back spree. Coupled with an increased focus on governance, this spurred Japan to a multi-decade high.

## Emerging markets

- Emerging markets underperformed developed markets.
- India's rally couldn't overcome China's weakness, whose economic growth was near the government's target, but investor concerns around stimulus and a surprisingly sluggish reopening drove stocks lower.

## Growth vs. value

- Energy, a volatile area in the market, pulled back value's rally after having a strong 3Q. Global ex-U.S. growth rallied on lowering yields but couldn't overcome earlier underperformance and ended the year behind its value peers in both emerging and developed markets.

## U.S. dollar vs. other currencies

- The U.S. dollar weakened in 4Q as investors believed that U.S. interest rates would fall faster than much of the developed world.

## China: Danger or opportunity?

## Long-term growth potential

- China has the second-largest GDP and the world's largest population of consumers.

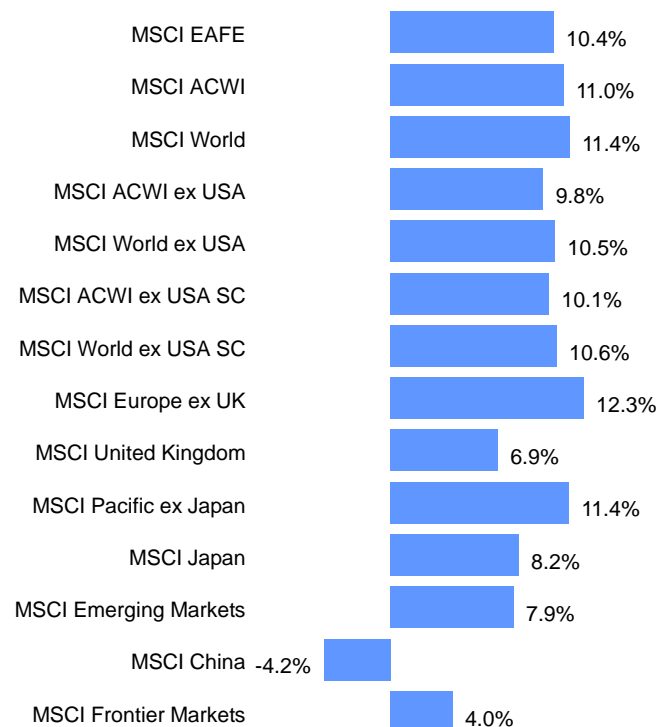
## Valuation

- Valuations remain attractive on a forward P/E basis.

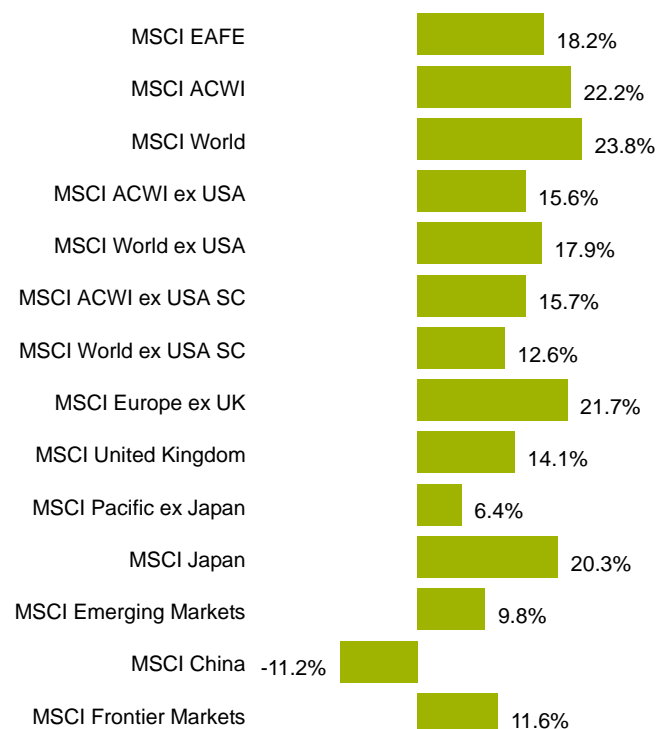
## Structural challenges

- Inbound foreign direct investment (FDI) for China went negative for the first time as local markets remained weak and geopolitical tensions persisted.
- China is run by an authoritarian regime that may act against investors' best interests.

## Global Equity: Quarterly Returns



## Global Equity: One-Year Returns



Source: MSCI

## U.S. FIXED INCOME

### Strong returns at end of year

- Driven by falling rates and strong risk-on sentiment, the Agg returned 6.8%, the highest quarterly return since 2Q89 (when the 90-day T-bill was over 8% and inflation hit 14% earlier in the decade)!
- 10-year U.S. Treasury yield closed the year at 3.88%
- A round trip from December 2022, masking significant volatility during the year
- High was 4.98% in October and low was 3.30% in April
- Corporates and mortgages outperformed Treasuries for the quarter and year.
- High yield corporates soared as defaults remained low and the economy resilient.

### U.S. Treasury yield curve remained inverted, but less so

- 106 bps as of 6/30; 44 bps as of 9/30; 35 bps as of 12/31

### Fed kept Fed Funds rate on hold and softened language

- Pivoted from “higher for longer” to projected rate cuts in 2024
- Inflation over past six months below Fed’s 2% target
- Core PCE Price Index was 1.9% annualized in November.
- Markets expect six rate cuts in 2024 versus three in the Fed’s Summary of Economic Projections.

### Valuations

- Investment grade and high yield corporate spreads now below 10-year averages

## MUNICIPAL BONDS

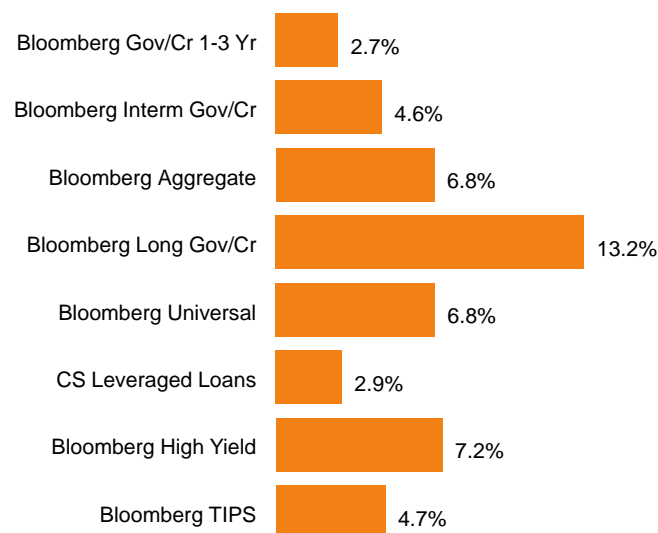
### Gains in 4Q and a superb November

- November was the best month since August 1982.
- Helped by falling yields, muted issuance, and strong demand
- Reversed the -1.4% year-to-date return as of 9/30

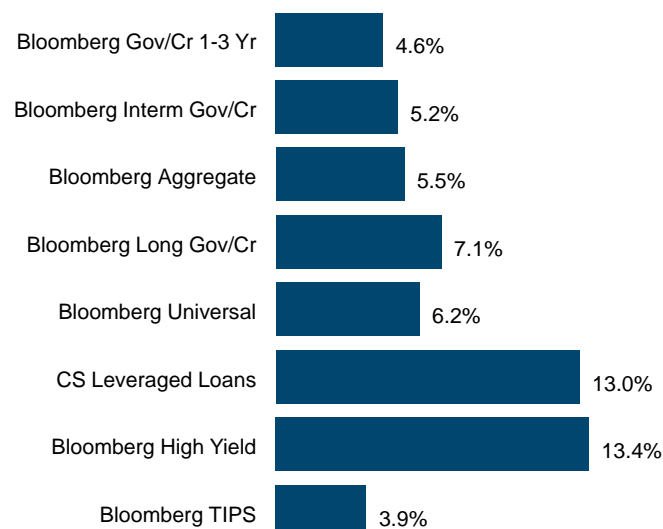
### BBBs performed best for quarter and year

- AAA: +8.4%; +5.8%
- AA: +7.6%; +5.9%
- A: +8.0%; +7.3%
- BBB: +9.2%; +8.9%

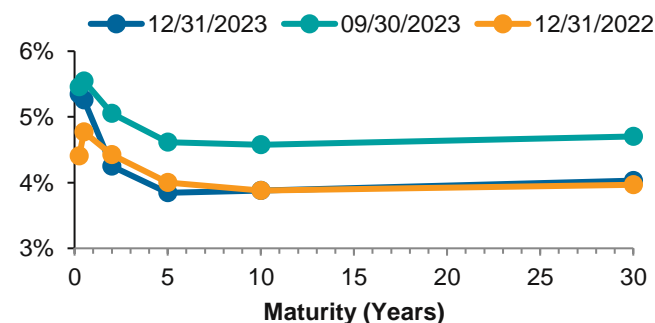
## U.S. Fixed Income: Quarterly Returns



## U.S. Fixed Income: One-Year Returns



## U.S. Treasury Yield Curves



Sources: Bloomberg, Credit Suisse

**MUNICIPAL BONDS (continued)****Valuations**

- Credit spreads close to historical averages
- Mortgage spreads widened on interest rate volatility and slowing prepayments.

**Valuations vs. U.S. Treasuries richened**

- 10-year AAA Muni/10-year U.S. Treasury yield ratio 59%, down from 75% as of 9/30
- Well below 10-year median of 87%
- After-tax yields remain attractive at 5.4% (source: Morgan Stanley).

**Fundamentals for state, local governments remain sound**

- Upgrades exceeded downgrades in 2023.

**GLOBAL FIXED INCOME****Falling rates bolstered 4Q returns globally**

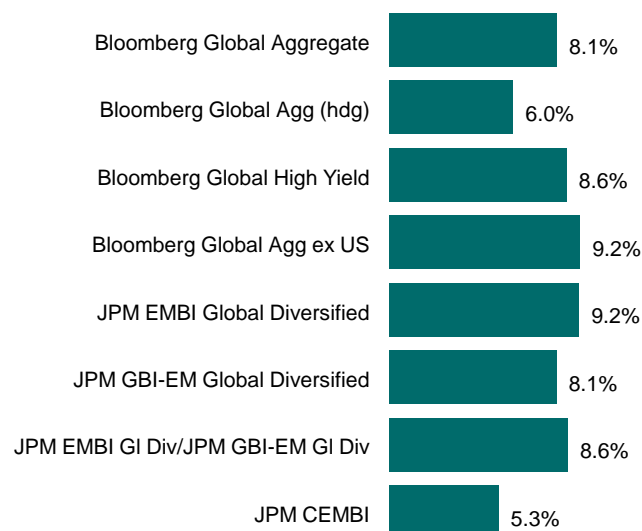
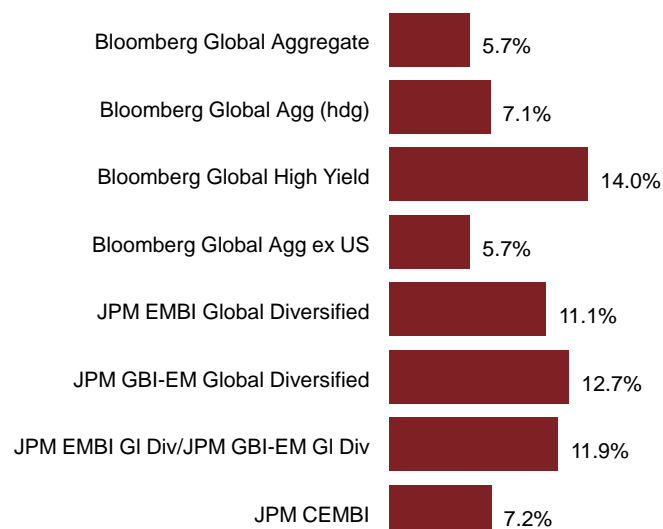
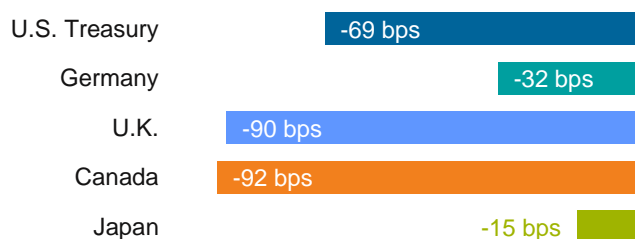
- Central banks seen as moving closer to cutting rates as inflation moderated
- Gains were broad-based across countries with the U.S. lagging other developed markets in unhedged terms.
- Emerging markets also posted strong results with gains across most countries.

**U.S. dollar weakened**

- Major currencies rose compared to the dollar in 4Q.

**Emerging markets also posted strong results**

- Gains across most countries

**Global Fixed Income: Quarterly Returns****Global Fixed Income: One-Year Returns****Change in 10-Year Global Government Bond Yields****3Q23 to 4Q23**

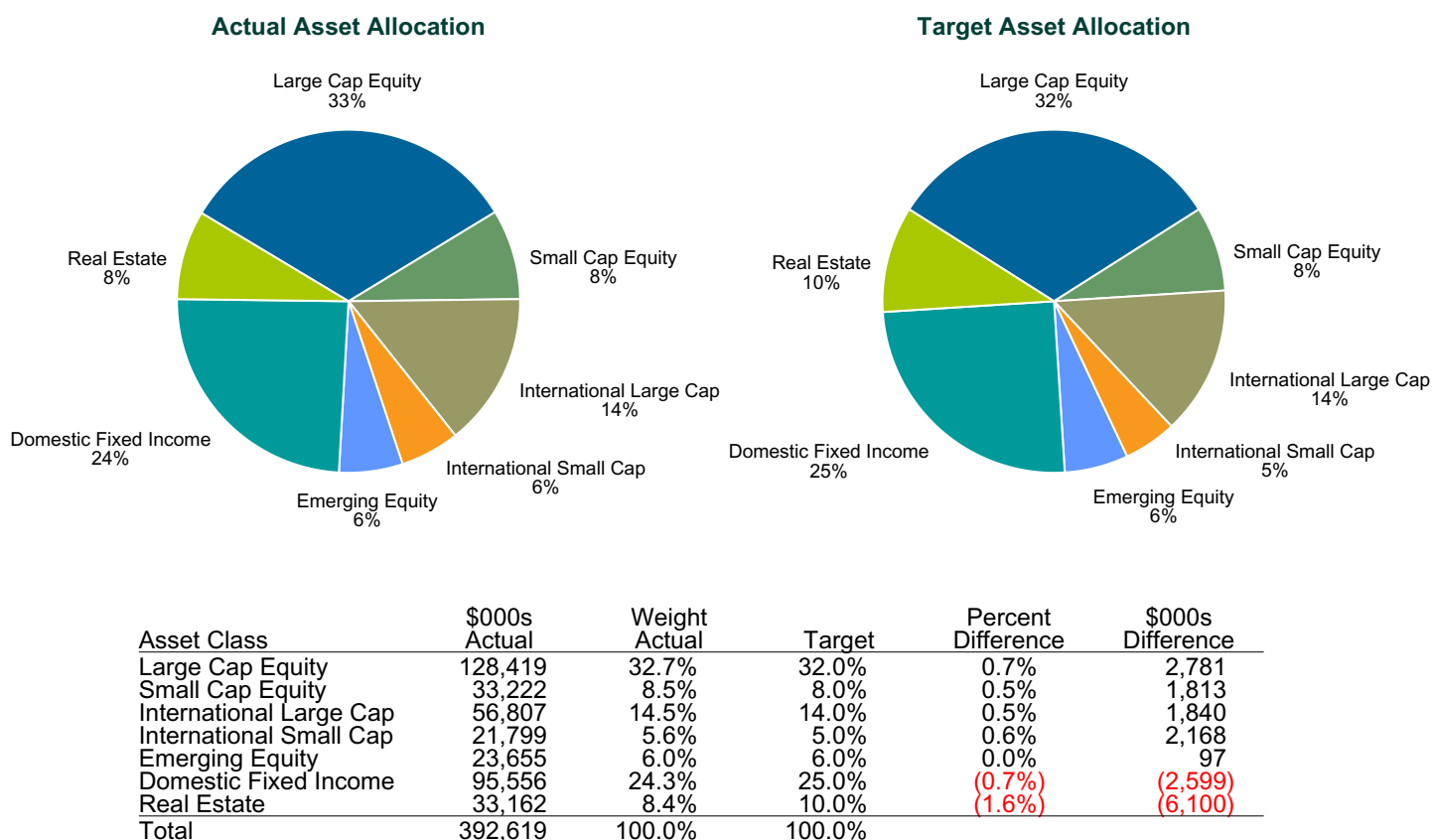
Sources: Bloomberg, JP Morgan



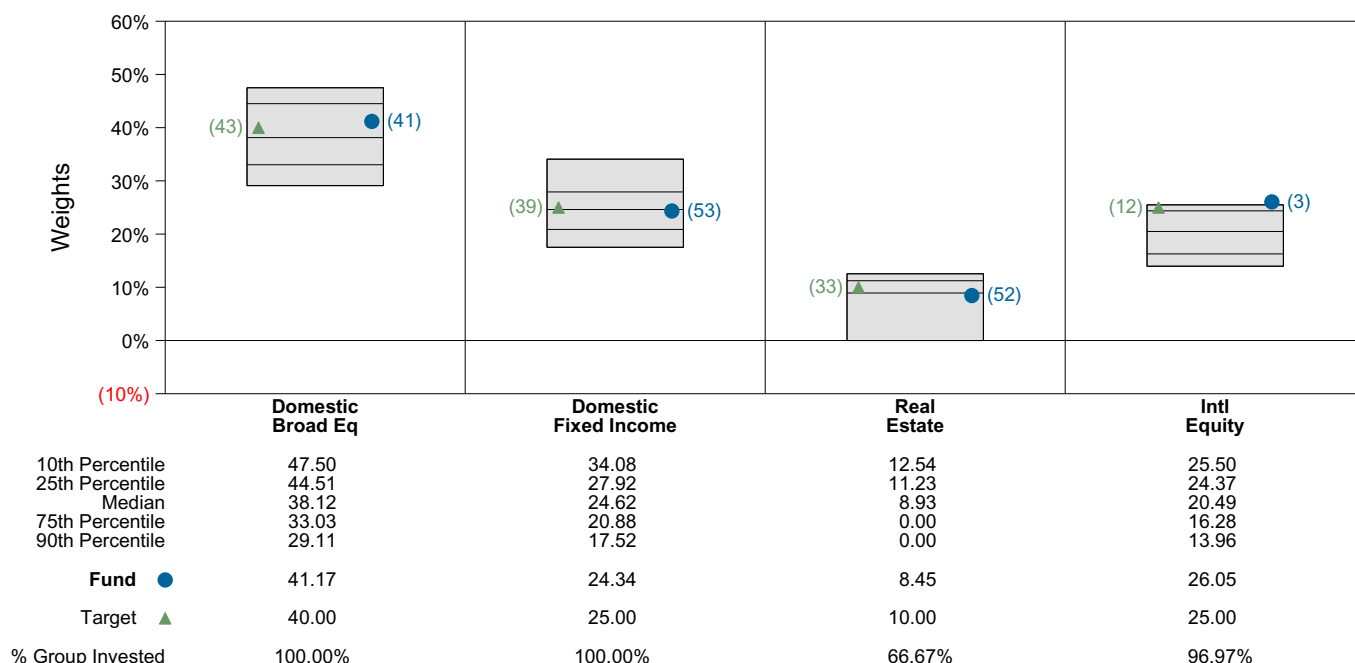


## Actual vs Target Asset Allocation As of December 31, 2023

The top left chart shows the Fund's asset allocation as of December 31, 2023. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Callan Public Fund Spons- Mid (100M-1B).



### Asset Class Weights vs Callan Public Fund Spons- Mid (100M-1B)

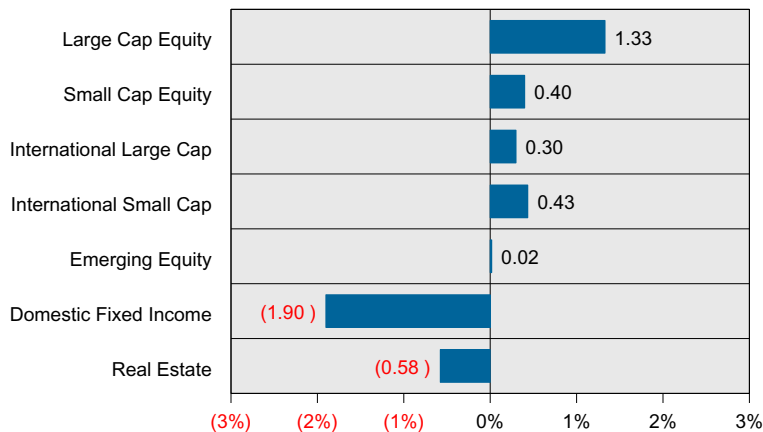


\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

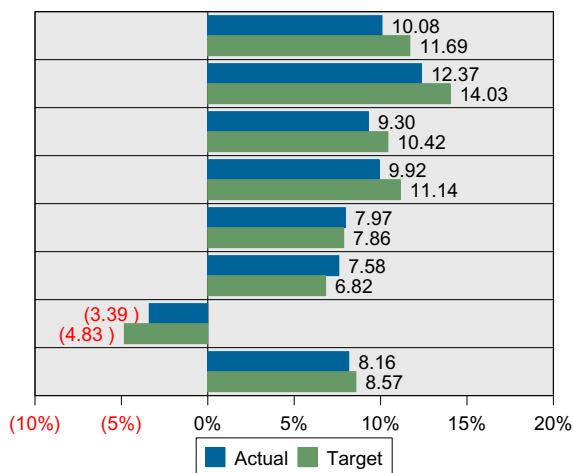
## Quarterly Total Fund Relative Attribution - December 31, 2023

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

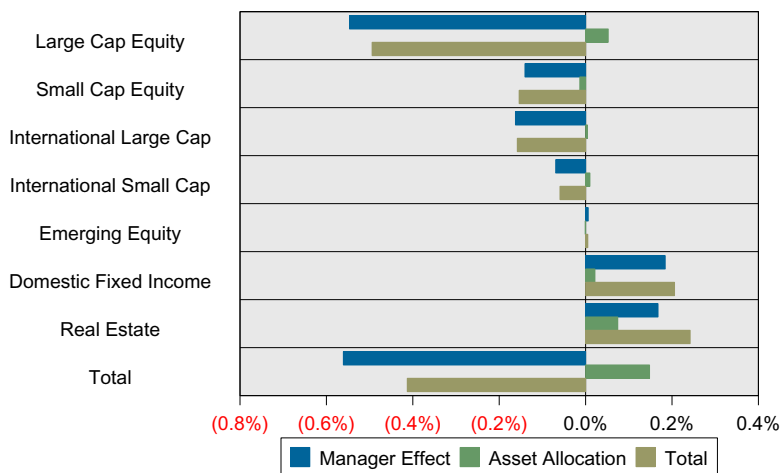
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended December 31, 2023

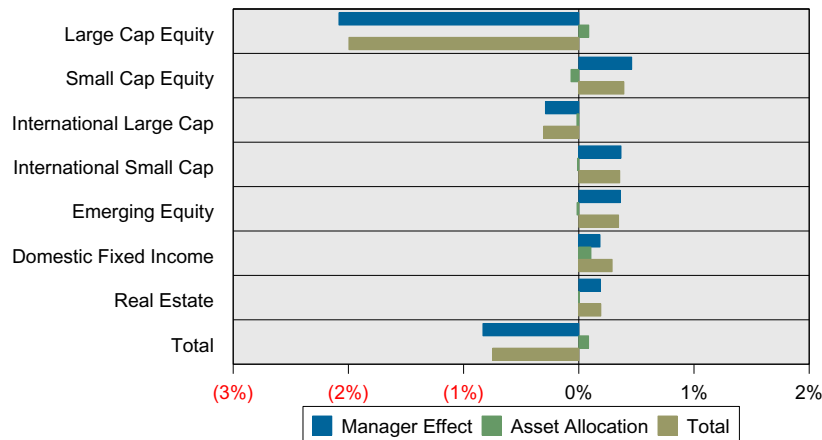
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	10.08%	11.69%	(0.55%)	0.05%	(0.49%)
Small Cap Equity	8%	8%	12.37%	14.03%	(0.14%)	(0.01%)	(0.15%)
International Large Cap	14%	14%	9.30%	10.42%	(0.16%)	0.00%	(0.16%)
International Small Cap	5%	5%	9.92%	11.14%	(0.07%)	0.01%	(0.06%)
Emerging Equity	6%	6%	7.97%	7.86%	0.01%	(0.00%)	0.01%
Domestic Fixed Income	23%	25%	7.58%	6.82%	0.18%	0.02%	0.21%
Real Estate	9%	10%	(3.39%)	(4.83%)	0.17%	0.07%	0.24%
<b>Total</b>			<b>8.16%</b>	<b>8.57%</b>	<b>(0.56%)</b>	<b>0.15%</b>	<b>(0.41%)</b>

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

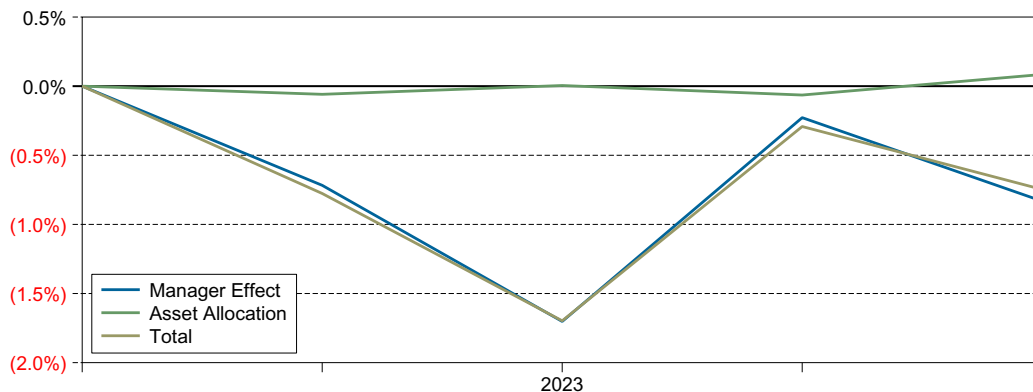
## Cumulative Total Fund Relative Attribution - December 31, 2023

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

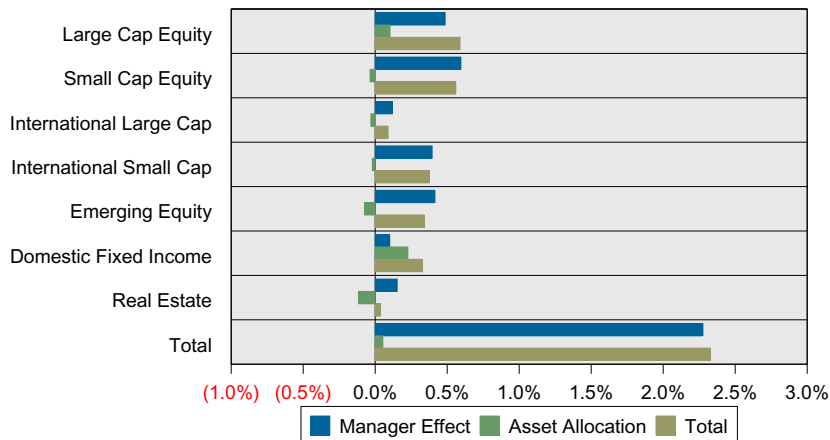
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	19.32%	26.29%	(2.08%)	0.09%	(2.00%)
Small Cap Equity	9%	8%	22.65%	16.93%	0.46%	(0.07%)	0.39%
International Large Cap	14%	14%	16.16%	18.24%	(0.29%)	(0.02%)	(0.31%)
International Small Cap	5%	5%	20.15%	13.16%	0.37%	(0.01%)	0.36%
Emerging Equity	6%	6%	15.91%	9.83%	0.36%	(0.02%)	0.35%
Domestic Fixed Income	23%	25%	6.24%	5.53%	0.18%	0.11%	0.29%
Real Estate	10%	10%	(10.65%)	(12.02%)	0.19%	0.00%	0.19%
<b>Total</b>			<b>12.70%</b>	<b>13.45%</b>	<b>+ (0.83%)</b>	<b>+ 0.08%</b>	<b>(0.75%)</b>

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

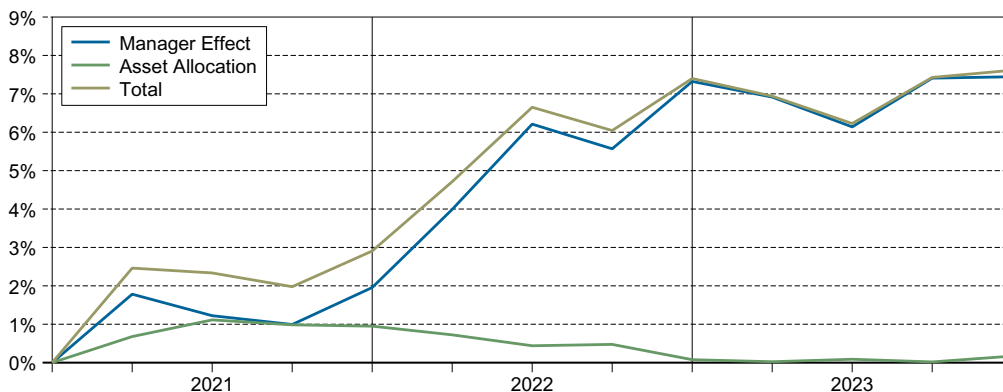
## Cumulative Total Fund Relative Attribution - December 31, 2023

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	11.57%	10.00%	0.49%	0.10%	0.59%
Small Cap Equity	9%	8%	9.66%	2.22%	0.59%	(0.04%)	0.56%
International Large Cap	14%	14%	4.90%	4.02%	0.12%	(0.03%)	0.09%
International Small Cap	5%	5%	6.87%	(0.69%)	0.40%	(0.02%)	0.38%
Emerging Equity	6%	6%	1.11%	(5.08%)	0.41%	(0.07%)	0.34%
Domestic Fixed Income	24%	26%	(2.92%)	(3.31%)	0.10%	0.23%	0.33%
Real Estate	8%	9%	5.72%	4.48%	0.15%	(0.12%)	0.04%
<b>Total</b>			<b>5.57%</b>	<b>3.24%</b>	<b>2.28%</b>	<b>0.05%</b>	<b>2.33%</b>

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

## Total Fund Period Ended December 31, 2023

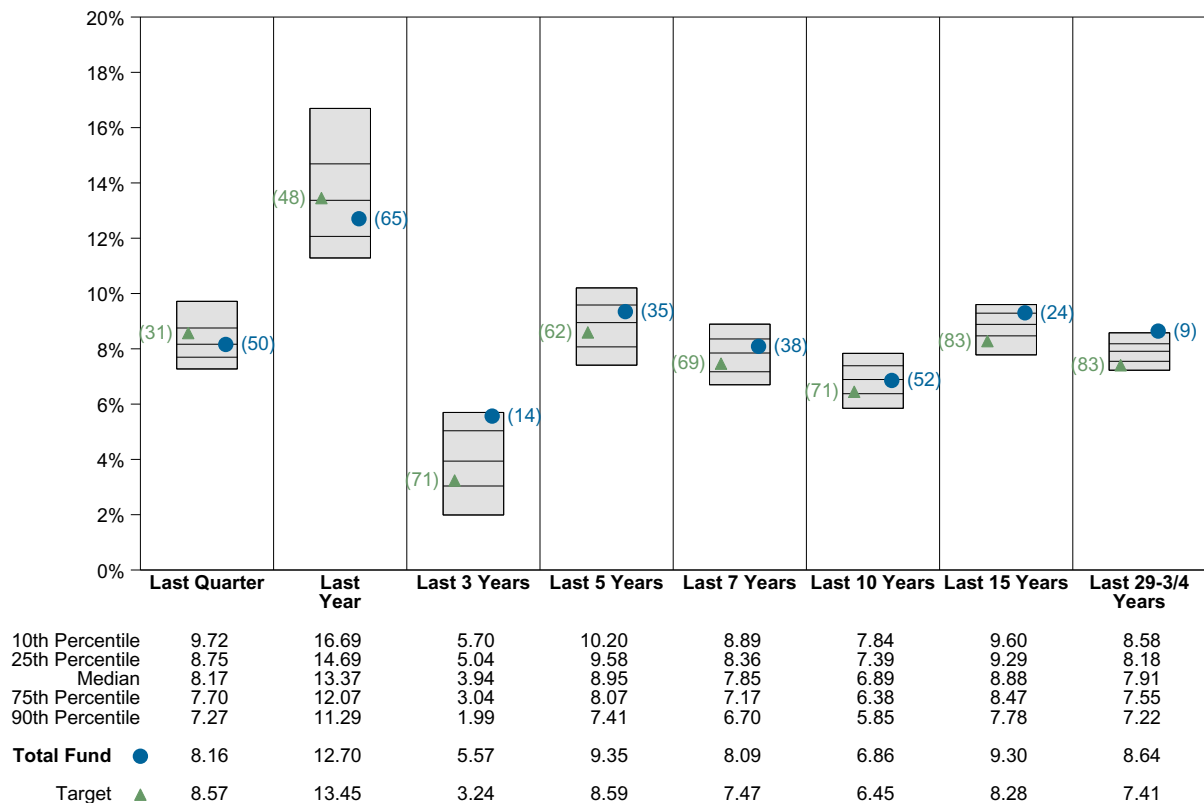
### Investment Philosophy

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Bloomberg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Value Weight Gross, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets and 5.0% MSCI EAFE Small.

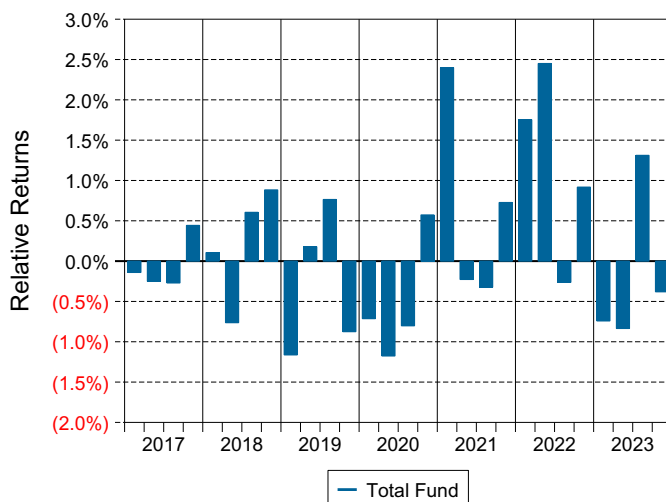
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 8.16% return for the quarter placing it in the 50 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 65 percentile for the last year.
- Total Fund's portfolio underperformed the Target by 0.41% for the quarter and underperformed the Target for the year by 0.75%.

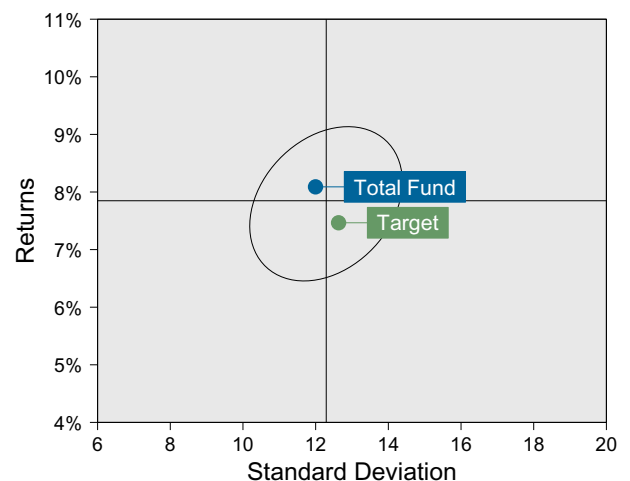
### Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



### Relative Return vs Target



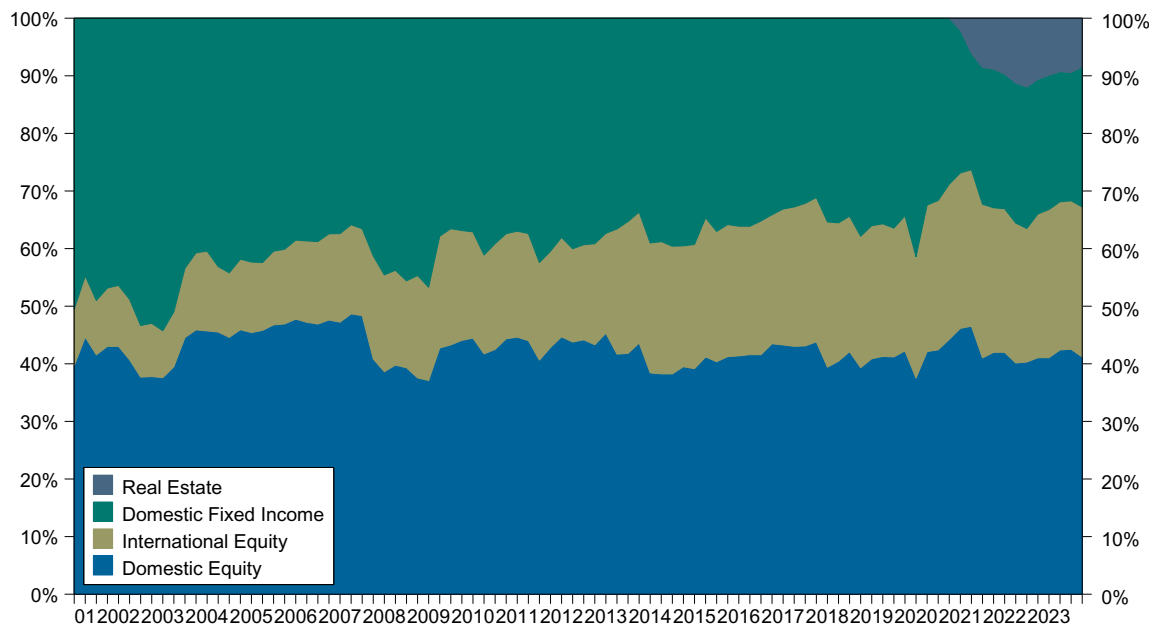
### Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



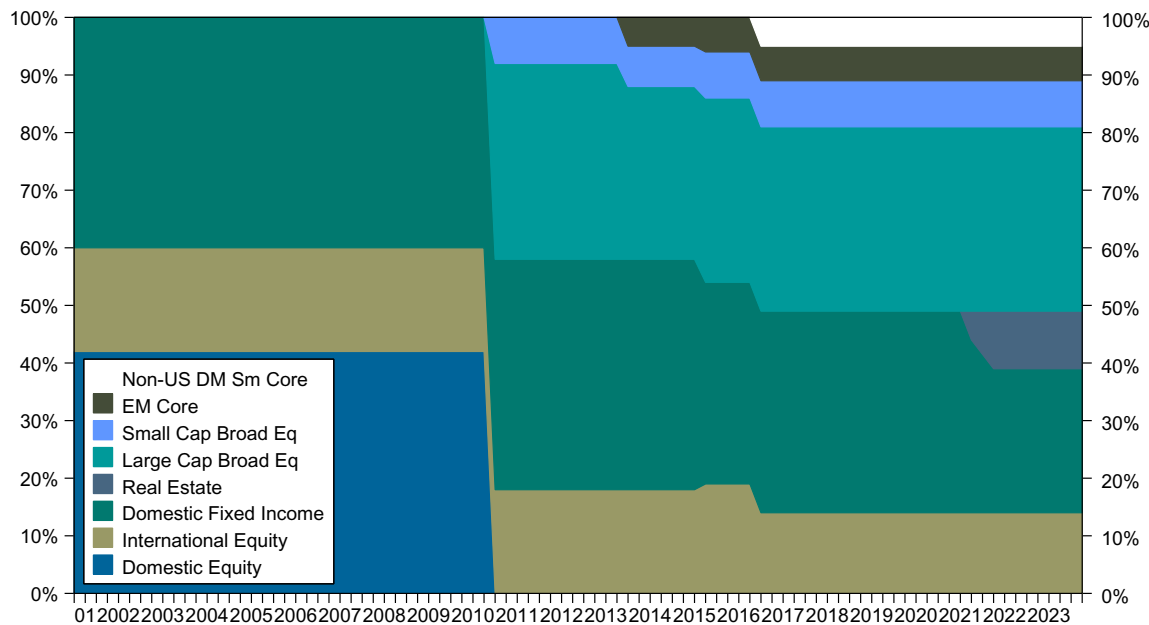
# Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

## Actual Historical Asset Allocation



## Target Historical Asset Allocation



\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2023, with the distribution as of September 30, 2023. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	December 31, 2023		Net New Inv.	Inv. Return	September 30, 2023	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equity</b>	<b>\$161,640,970</b>	<b>41.17%</b>	<b>\$(8,753,467)</b>	<b>\$15,694,688</b>	<b>\$154,699,749</b>	<b>42.52%</b>
<b>Large Cap</b>	<b>\$128,418,713</b>	<b>32.71%</b>	<b>\$(6,753,467)</b>	<b>\$12,004,434</b>	<b>\$123,167,745</b>	<b>33.85%</b>
Boston Partners	63,569,611	16.19%	(4,530,845)	5,068,948	63,031,508	17.33%
SSgA S&P 500	64,849,102	16.52%	(2,222,622)	6,935,486	60,136,238	16.53%
<b>Small Cap</b>	<b>\$33,222,257</b>	<b>8.46%</b>	<b>\$(2,000,000)</b>	<b>\$3,690,254</b>	<b>\$31,532,004</b>	<b>8.67%</b>
Atlanta Capital	33,222,257	8.46%	(2,000,000)	3,690,254	31,532,004	8.67%
<b>International Equity</b>	<b>\$102,260,696</b>	<b>26.05%</b>	<b>\$0</b>	<b>\$8,482,481</b>	<b>\$93,778,215</b>	<b>25.78%</b>
<b>International Large Cap</b>	<b>\$56,806,831</b>	<b>14.47%</b>	<b>\$0</b>	<b>\$4,832,949</b>	<b>\$51,973,882</b>	<b>14.29%</b>
SSgA EAFE	18,902,092	4.81%	0	1,785,340	17,116,751	4.70%
Pyrford	37,904,739	9.65%	0	3,047,609	34,857,131	9.58%
<b>International Small Cap</b>	<b>\$21,799,242</b>	<b>5.55%</b>	<b>\$0</b>	<b>\$1,925,939</b>	<b>\$19,873,304</b>	<b>5.46%</b>
AQR	21,799,242	5.55%	0	1,925,939	19,873,304	5.46%
<b>Emerging Equity</b>	<b>\$23,654,623</b>	<b>6.02%</b>	<b>\$0</b>	<b>\$1,723,593</b>	<b>\$21,931,030</b>	<b>6.03%</b>
DFA Emerging Markets	23,654,623	6.02%	0	1,723,593	21,931,030	6.03%
<b>Fixed Income</b>	<b>\$95,555,665</b>	<b>24.34%</b>	<b>\$8,000,000</b>	<b>\$6,548,225</b>	<b>\$81,007,440</b>	<b>22.27%</b>
TCW	95,555,665	24.34%	8,000,000	6,548,225	81,007,440	22.27%
<b>Real Estate</b>	<b>\$33,162,048</b>	<b>8.45%</b>	<b>\$0</b>	<b>\$(1,162,918)</b>	<b>\$34,324,966</b>	<b>9.43%</b>
Clarion Lion Fund	16,244,635	4.14%	0	(781,500)	17,026,135	4.68%
Morgan Stanley	16,917,412	4.31%	0	(381,418)	17,298,831	4.75%
<b>Total Fund</b>	<b>\$392,619,379</b>	<b>100.0%</b>	<b>\$(753,467)</b>	<b>\$29,562,476</b>	<b>\$363,810,370</b>	<b>100.0%</b>



## Sacramento Regional Transit District Asset Growth

Ending December 31, 2023 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
<b>Total Plan</b>							
1/4 Year Ended 12/2023	392,619.4		363,810.4		(753.5)		29,562.5
1/4 Year Ended 9/2023	363,810.4		372,143.2		(494.6)		(7,838.2)
1/4 Year Ended 6/2023	372,143.2		364,299.7		(579.6)		8,423.2
1/4 Year Ended 3/2023	364,299.7		351,308.1		(747.2)		13,738.8
1/4 Year Ended 12/2022	351,308.1		327,300.8		(985.8)		24,993.1
1/4 Year Ended 9/2022	327,300.8		347,657.9		(997.6)		(19,359.4)
1/4 Year Ended 6/2022	347,657.9		382,375.5		(994.6)		(33,723.0)
1/4 Year Ended 3/2022	382,375.5		393,985.6		(384.8)		(11,225.3)
1/4 Year Ended 12/2021	393,985.6		375,389.0		(1,982.1)		20,578.8
1/4 Year Ended 9/2021	375,389.0		379,228.3		(1,967.9)		(1,871.4)
1/4 Year Ended 6/2021	379,228.3		362,366.9		(522.5)		17,384.0
1/4 Year Ended 3/2021	362,366.9		346,973.1		(2,096.5)		17,490.2
1/4 Year Ended 12/2020	346,973.1		311,751.8		(339.6)		35,560.9
1/4 Year Ended 9/2020	311,751.8		299,942.5		(1,344.8)		13,154.1
1/4 Year Ended 6/2020	299,942.5		268,251.1		(1,217.2)		32,908.6
1/4 Year Ended 3/2020	268,251.1		315,424.7		(567.1)		(46,606.5)
1/4 Year Ended 12/2019	315,424.7		301,283.6		(1,479.0)		15,620.2
1/4 Year Ended 9/2019	301,283.6		298,139.2		(1,322.2)		4,466.6
1/4 Year Ended 6/2019	298,139.2		289,020.0		(1,111.4)		10,230.6
1/4 Year Ended 3/2019	289,020.0		269,114.0		(1,021.9)		20,927.9

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>10.54%</b>	<b>20.03%</b>	<b>11.20%</b>	<b>14.31%</b>	<b>12.13%</b>
Domestic Equity Benchmark**	12.22%	24.55%	8.51%	14.64%	12.28%
<b>Large Cap Equity</b>	<b>10.08%</b>	<b>19.32%</b>	<b>11.57%</b>	<b>14.52%</b>	<b>12.17%</b>
Boston Partners	8.55%	13.26%	13.06%	13.02%	10.69%
Russell 1000 Value Index	9.50%	11.46%	8.86%	10.91%	8.32%
SSgA S&P 500	11.71%	26.29%	10.00%	15.68%	13.42%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
<b>Small Cap Equity</b>	<b>12.37%</b>	<b>22.65%</b>	<b>9.66%</b>	<b>13.40%</b>	<b>11.89%</b>
Atlanta Capital	12.37%	22.65%	9.66%	13.40%	11.89%
Russell 2000 Index	14.03%	16.93%	2.22%	9.97%	7.33%
<b>International Equity</b>	<b>9.12%</b>	<b>16.93%</b>	<b>4.36%</b>	<b>8.30%</b>	<b>7.37%</b>
International Benchmark***	9.96%	15.23%	0.94%	6.89%	6.36%
<b>International Large Cap</b>	<b>9.30%</b>	<b>16.16%</b>	<b>4.90%</b>	<b>8.34%</b>	<b>7.18%</b>
SSgA EAFE	10.43%	18.60%	4.35%	8.55%	7.28%
Pyrford	8.74%	14.97%	5.18%	8.17%	-
MSCI EAFE Index	10.42%	18.24%	4.02%	8.16%	6.91%
<b>International Small Cap</b>	<b>9.92%</b>	<b>20.15%</b>	<b>6.87%</b>	<b>9.79%</b>	<b>7.95%</b>
AQR	9.92%	20.15%	6.87%	9.79%	7.95%
MSCI EAFE Small Cap Index	11.14%	13.16%	(0.69%)	6.58%	5.98%
<b>Emerging Markets Equity</b>	<b>7.97%</b>	<b>15.91%</b>	<b>1.11%</b>	<b>6.64%</b>	<b>7.08%</b>
DFA Emerging Markets	7.97%	15.91%	1.11%	6.64%	7.08%
MSCI Emerging Markets Index	7.86%	9.83%	(5.08%)	3.69%	4.98%
<b>Domestic Fixed Income</b>	<b>7.58%</b>	<b>6.24%</b>	<b>(2.92%)</b>	<b>1.92%</b>	<b>2.03%</b>
TCW	7.58%	6.24%	(2.92%)	1.92%	2.03%
Bloomberg Aggregate Index	6.82%	5.53%	(3.31%)	1.10%	1.29%
<b>Real Estate</b>	<b>(3.39%)</b>	<b>(10.65%)</b>	-	-	-
Clarion Lion Fund	(4.59%)	(15.71%)	-	-	-
Morgan Stanley	(2.20%)	(5.19%)	-	-	-
NCREIF NFI-ODCE Value Weight	(4.83%)	(12.02%)	4.92%	4.25%	5.32%
<b>Total Plan</b>	<b>8.16%</b>	<b>12.70%</b>	<b>5.57%</b>	<b>9.35%</b>	<b>8.09%</b>
Target*	8.57%	13.45%	3.24%	8.59%	7.47%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended December 31, 2023				
	Last 10 Years	Last 15 Years	Last 20 Years	Last 29-3/4 Years
<b>Domestic Equity</b>	<b>10.98%</b>	<b>14.12%</b>	<b>10.07%</b>	-
Domestic Equity Benchmark**	11.15%	13.59%	9.50%	10.32%
Russell 1000 Value Index	8.40%	11.09%	7.99%	9.48%
S&P 500 Index	12.03%	13.97%	9.69%	10.38%
Russell 2000 Index	7.16%	11.30%	8.11%	8.74%
<b>International Equity</b>	<b>4.52%</b>	<b>6.62%</b>	<b>5.86%</b>	-
MSCI EAFE Index	4.28%	6.93%	5.59%	5.14%
<b>Domestic Fixed Income</b>	<b>2.39%</b>	<b>4.60%</b>	<b>4.36%</b>	-
TCW	2.39%	4.60%	4.36%	-
Bloomberg Aggregate Index	1.81%	2.68%	3.17%	4.55%
<b>Total Plan</b>	<b>6.86%</b>	<b>9.30%</b>	<b>7.38%</b>	<b>8.64%</b>
Target*	6.45%	8.28%	6.57%	7.41%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	2023	2022	2021	2020	2019
<b>Domestic Equity</b>	<b>20.03%</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>	<b>27.71%</b>
Domestic Equity Benchmark**	24.55%	(18.54%)	25.93%	18.94%	30.32%
<b>Large Cap Equity</b>	<b>19.32%</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>	<b>27.77%</b>
Boston Partners	13.26%	(3.17%)	31.78%	2.99%	23.91%
Russell 1000 Value Index	11.46%	(7.54%)	25.16%	2.80%	26.54%
SSgA S&P 500	26.29%	(18.10%)	28.70%	18.36%	31.50%
S&P 500 Index	26.29%	(18.11%)	28.71%	18.40%	31.49%
<b>Small Cap Equity</b>	<b>22.65%</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>	<b>27.38%</b>
Atlanta Capital	22.65%	(11.15%)	21.00%	11.67%	27.38%
Russell 2000 Index	16.93%	(20.44%)	14.82%	19.96%	25.52%
<b>International Equity</b>	<b>16.93%</b>	<b>(11.12%)</b>	<b>9.38%</b>	<b>8.48%</b>	<b>20.83%</b>
International Benchmark***	15.23%	(17.10%)	7.67%	11.39%	21.78%
<b>International Large Cap</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>	<b>22.34%</b>
SSgA EAFE	18.60%	(14.08%)	11.52%	8.27%	22.49%
Pyrford	14.97%	(6.49%)	8.22%	4.09%	22.30%
MSCI EAFE Index	18.24%	(14.45%)	11.26%	7.82%	22.01%
<b>International Small Cap</b>	<b>20.15%</b>	<b>(10.51%)</b>	<b>13.52%</b>	<b>7.35%</b>	<b>21.73%</b>
AQR	20.15%	(10.51%)	13.52%	7.35%	21.73%
MSCI EAFE Small Cap Index	13.16%	(21.39%)	10.10%	12.34%	24.96%
<b>Emerging Markets Equity</b>	<b>15.91%</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>	<b>16.64%</b>
DFA Emerging Markets	15.91%	(16.06%)	6.25%	14.40%	16.64%
MSCI Emerging Markets Index	9.83%	(20.09%)	(2.54%)	18.31%	18.44%
<b>Domestic Fixed Income</b>	<b>6.24%</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>	<b>9.41%</b>
TCW	6.24%	(13.48%)	(0.46%)	9.85%	9.41%
Bloomberg Aggregate Index	5.53%	(13.01%)	(1.54%)	7.51%	8.72%
<b>Real Estate</b>	<b>(10.65%)</b>	<b>8.39%</b>	-	-	-
Clarion Lion Fund	(15.71%)	9.69%	-	-	-
Morgan Stanley	(5.19%)	7.02%	-	-	-
NCREIF NFI-ODCE Value Weight	(12.02%)	7.47%	22.17%	1.19%	5.34%
<b>Total Plan</b>	<b>12.70%</b>	<b>(9.79%)</b>	<b>15.71%</b>	<b>11.42%</b>	<b>19.25%</b>
Target*	13.45%	(14.03%)	12.81%	13.82%	20.58%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

Returns are for annualized calendar years.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	2018	2017	2016	2015	2014
<b>Domestic Equity</b>	<b>(4.64%)</b>	<b>19.78%</b>	<b>14.58%</b>	<b>0.06%</b>	<b>10.85%</b>
Domestic Equity Benchmark**	(5.69%)	20.41%	13.85%	0.26%	12.07%
Boston Partners	(8.27%)	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	(8.27%)	13.66%	17.34%	(3.83%)	13.45%
S&P 500 Index	(4.38%)	21.83%	11.96%	1.38%	13.69%
Russell 2000 Index	(11.01%)	14.65%	21.31%	(4.41%)	4.89%
<b>International Equity</b>	<b>(13.93%)</b>	<b>28.25%</b>	<b>2.55%</b>	<b>(4.17%)</b>	<b>(3.72%)</b>
MSCI EAFE Index	(13.79%)	25.03%	1.00%	(0.81%)	(4.90%)
<b>Domestic Fixed Income</b>	<b>0.75%</b>	<b>3.89%</b>	<b>2.87%</b>	<b>0.51%</b>	<b>6.37%</b>
TCW	0.75%	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	0.01%	3.54%	2.65%	0.55%	5.97%
<b>Total Plan</b>	<b>(5.05%)</b>	<b>16.14%</b>	<b>7.65%</b>	<b>(0.97%)</b>	<b>5.61%</b>
Target*	(5.82%)	16.39%	7.40%	(0.71%)	5.82%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

Returns are for annualized calendar years.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Net of Fee Returns</b>					
<b>Domestic Equity</b>	<b>10.43%</b>	<b>19.55%</b>	<b>10.77%</b>	<b>13.89%</b>	<b>11.72%</b>
Domestic Equity Benchmark**	12.22%	24.55%	8.51%	14.64%	12.28%
<b>Large Cap Equity</b>	<b>10.00%</b>	<b>18.97%</b>	<b>11.24%</b>	<b>14.21%</b>	<b>11.88%</b>
Boston Partners	8.41%	12.67%	12.47%	12.47%	10.13%
Russell 1000 Value Index	9.50%	11.46%	8.86%	10.91%	8.32%
SSgA S&P 500	11.69%	26.23%	9.95%	15.63%	13.36%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
<b>Small Cap Equity</b>	<b>12.15%</b>	<b>21.68%</b>	<b>8.86%</b>	<b>12.56%</b>	<b>11.04%</b>
Atlanta Capital	12.15%	21.68%	8.86%	12.56%	11.04%
Russell 2000 Index	14.03%	16.93%	2.22%	9.97%	7.33%
<b>International Equity</b>	<b>8.97%</b>	<b>16.30%</b>	<b>3.83%</b>	<b>7.71%</b>	<b>6.76%</b>
International Equity Benchmark***	9.96%	15.23%	0.94%	6.89%	6.36%
<b>International Large Cap</b>	<b>9.17%</b>	<b>15.60%</b>	<b>4.44%</b>	<b>7.85%</b>	<b>6.67%</b>
SSgA EAFE	10.40%	18.48%	4.25%	8.44%	7.18%
Pyrford	8.56%	14.21%	4.53%	7.49%	-
MSCI EAFE Index	10.42%	18.24%	4.02%	8.16%	6.91%
<b>International Small Cap</b>	<b>9.69%</b>	<b>19.14%</b>	<b>5.97%</b>	<b>8.86%</b>	<b>7.01%</b>
AQR	9.69%	19.14%	5.97%	8.86%	7.01%
MSCI EAFE Small Cap Index	11.14%	13.16%	(0.69%)	6.58%	5.98%
<b>Emerging Markets Equity</b>	<b>7.86%</b>	<b>15.45%</b>	<b>0.72%</b>	<b>6.18%</b>	<b>6.58%</b>
DFA Emerging Markets	7.86%	15.45%	0.72%	6.18%	6.58%
MSCI Emerging Markets Index	7.86%	9.83%	(5.08%)	3.69%	4.98%
<b>Domestic Fixed Income</b>	<b>7.58%</b>	<b>6.03%</b>	<b>(3.16%)</b>	<b>1.65%</b>	<b>1.76%</b>
TCW	7.58%	6.03%	(3.16%)	1.65%	1.76%
Bloomberg Aggregate Index	6.82%	5.53%	(3.31%)	1.10%	1.29%
<b>Real Estate</b>	<b>(3.62%)</b>	<b>(11.53%)</b>	-	-	-
Clarion Lion Fund	(4.86%)	(16.66%)	-	-	-
Morgan Stanley	(2.41%)	(5.99%)	-	-	-
NCREIF NFI-ODCE Value Weight	(4.83%)	(12.02%)	4.92%	4.25%	5.32%
<b>Total Plan Target*</b>	<b>8.05%</b>	<b>12.21%</b>	<b>5.11%</b>	<b>8.90%</b>	<b>7.65%</b>
	8.57%	13.45%	3.24%	8.59%	7.47%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.





## Domestic Equity Period Ended December 31, 2023

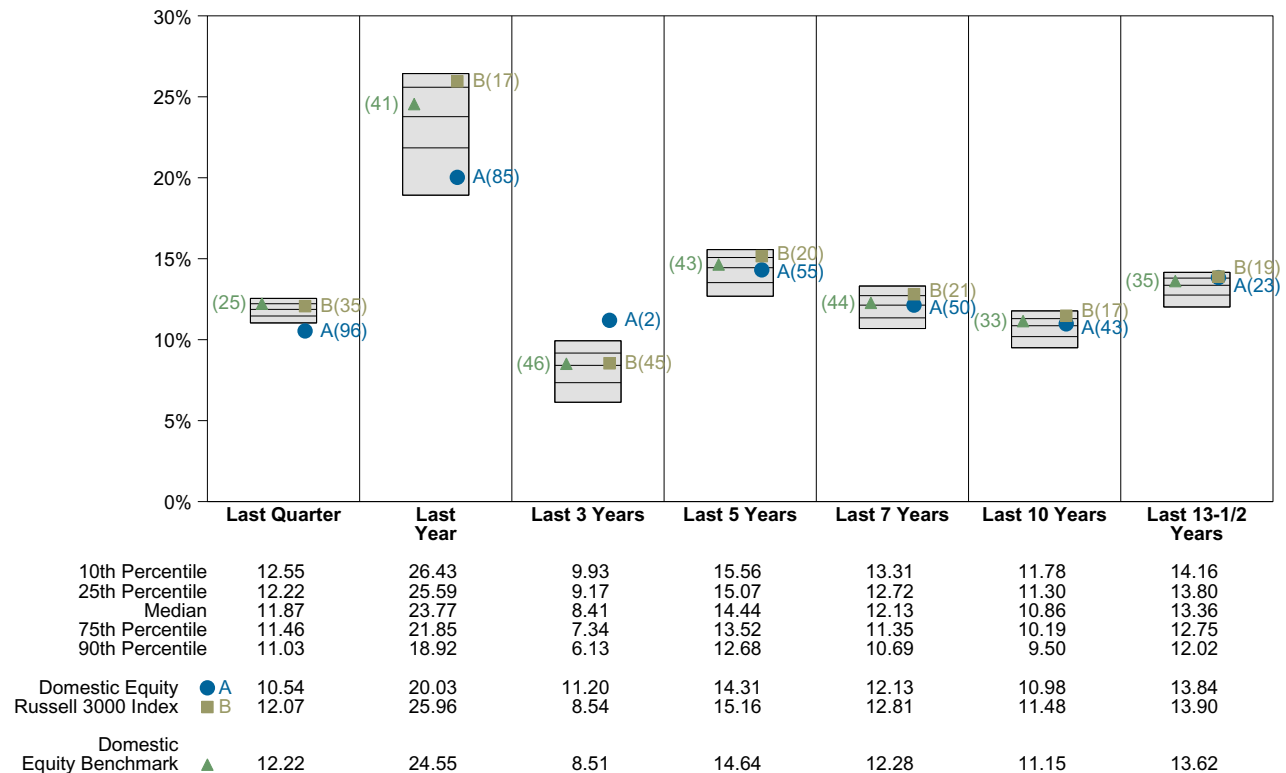
### Investment Philosophy

Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

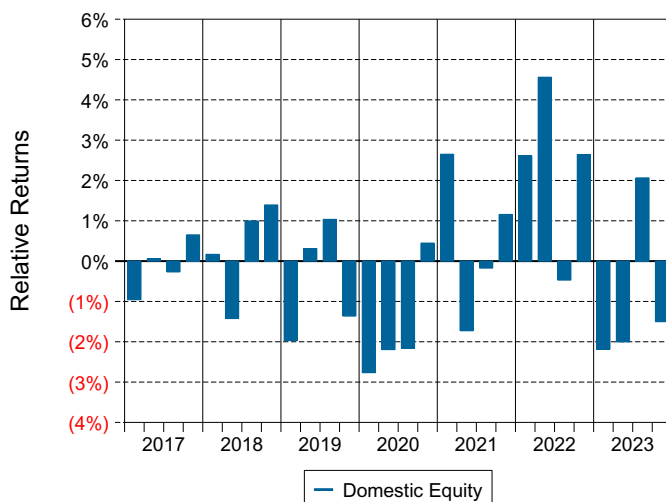
### Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 10.54% return for the quarter placing it in the 96 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 85 percentile for the last year.
- Domestic Equity's portfolio underperformed the Domestic Equity Benchmark by 1.68% for the quarter and underperformed the Domestic Equity Benchmark for the year by 4.53%.

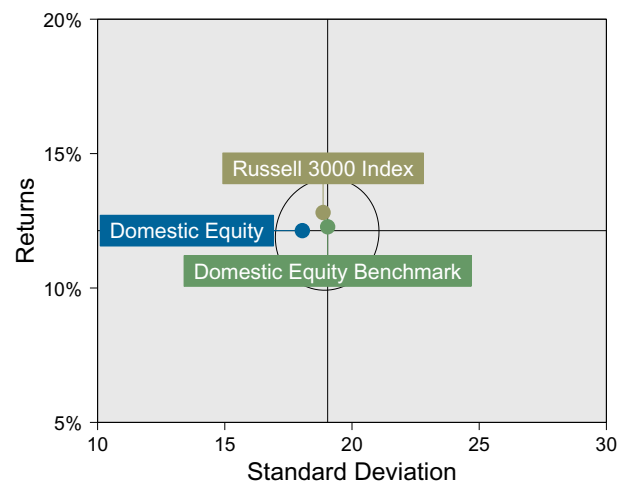
### Performance vs Fund Sponsor - Domestic Equity (Gross)



### Relative Returns vs Domestic Equity Benchmark



### Fund Sponsor - Domestic Equity (Gross) Annualized Seven Year Risk vs Return

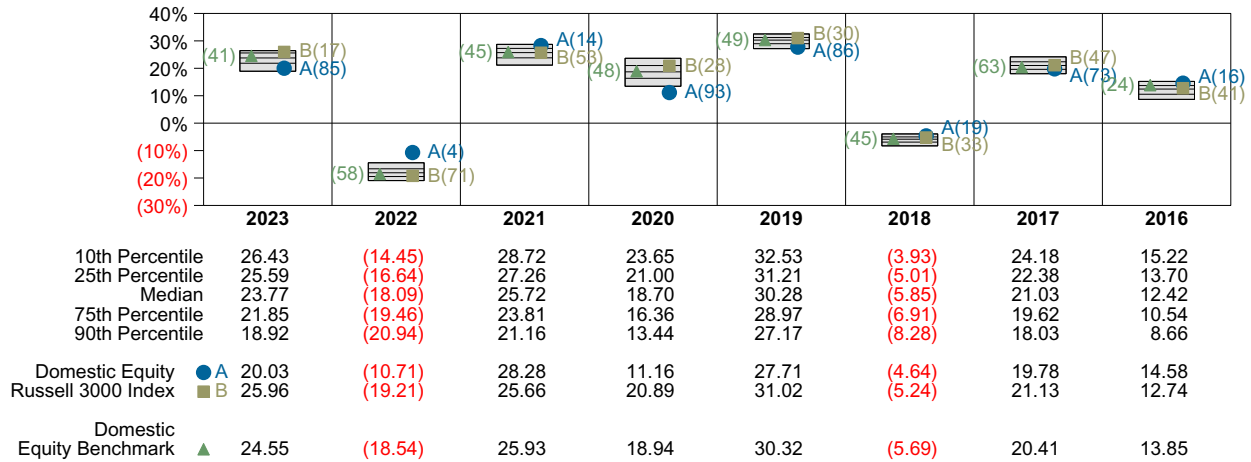


## Domestic Equity Return Analysis Summary

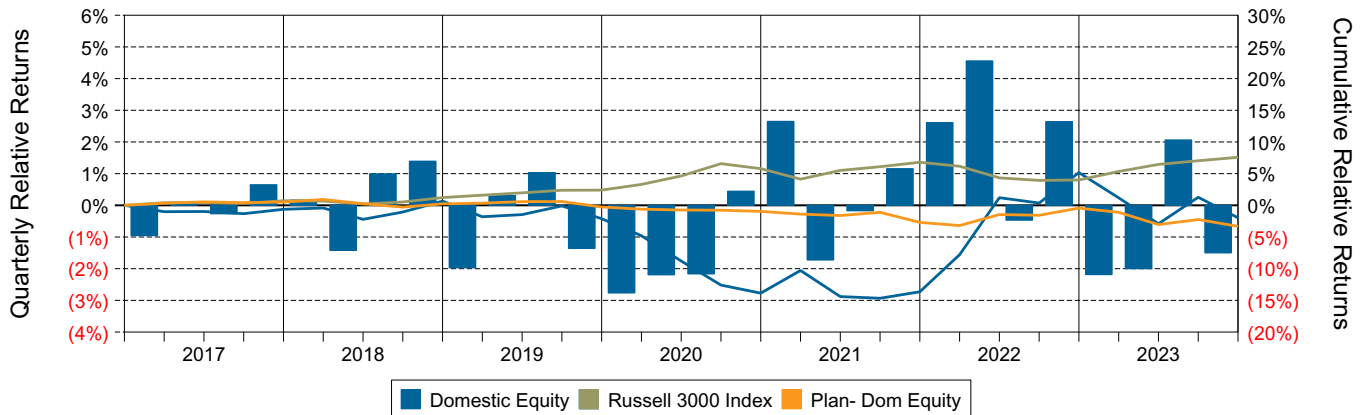
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs Fund Sponsor - Domestic Equity (Gross)



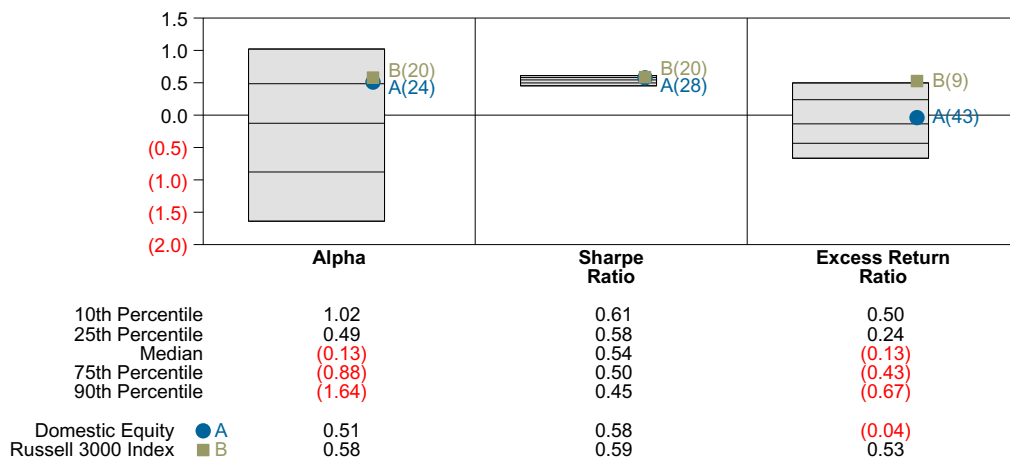
### Cumulative and Quarterly Relative Returns vs Domestic Equity Benchmark



### Risk Adjusted Return Measures vs Domestic Equity Benchmark

#### Rankings Against Fund Sponsor - Domestic Equity (Gross)

Seven Years Ended December 31, 2023

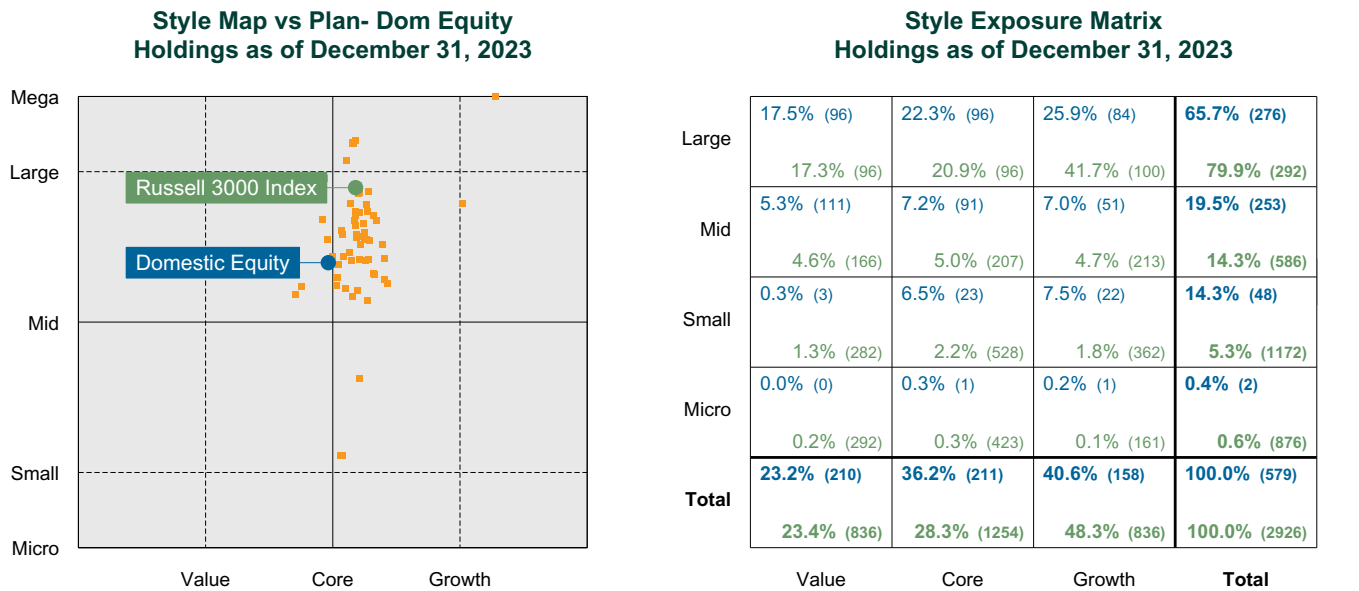


# Current Holdings Based Style Analysis

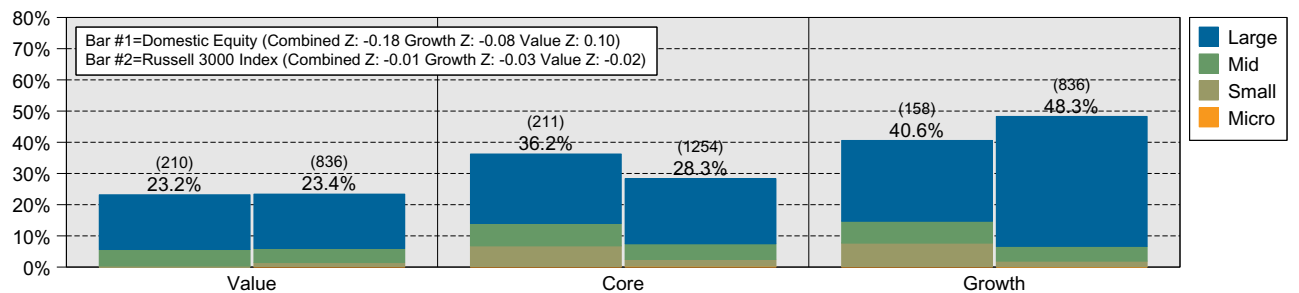
## Domestic Equity

### As of December 31, 2023

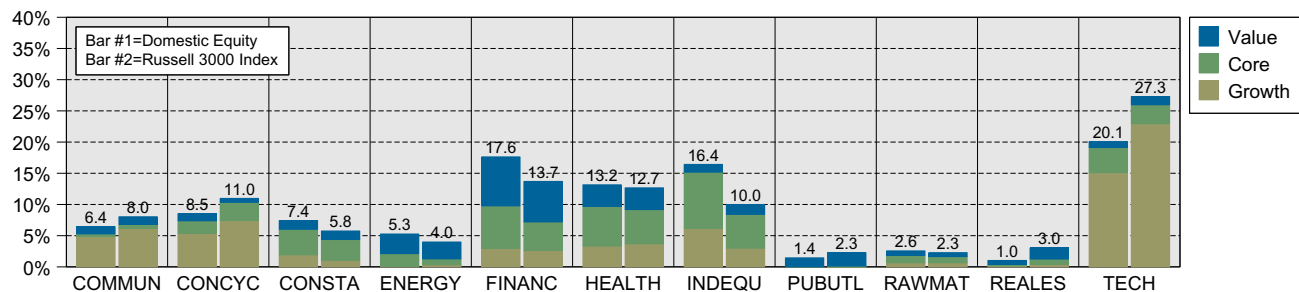
This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.



## Combined Z-Score Style Distribution Holdings as of December 31, 2023



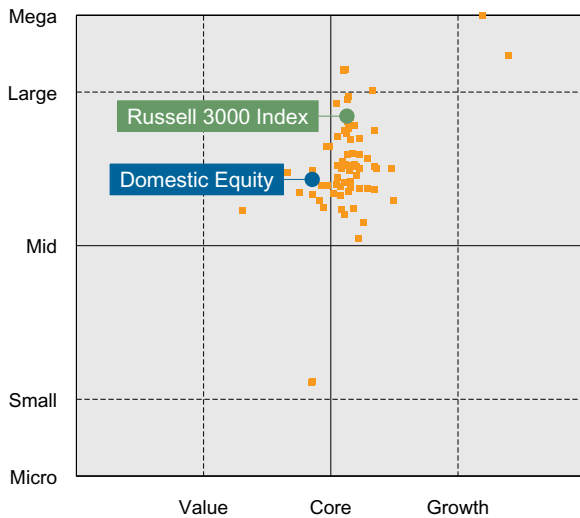
## Sector Weights Distribution Holdings as of December 31, 2023



## Historical Holdings Based Style Analysis Domestic Equity For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

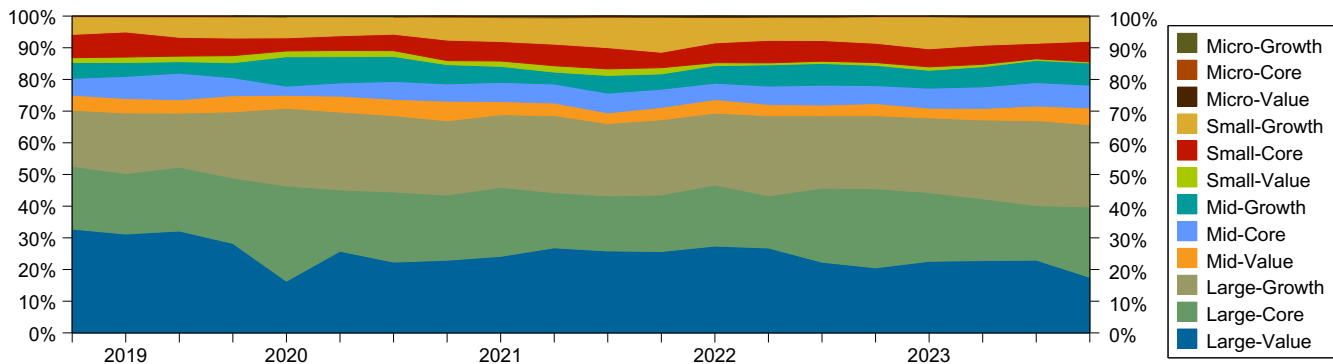
**Average Style Map vs Plan- Dom Equity  
Holdings for Five Years Ended December 31, 2023**



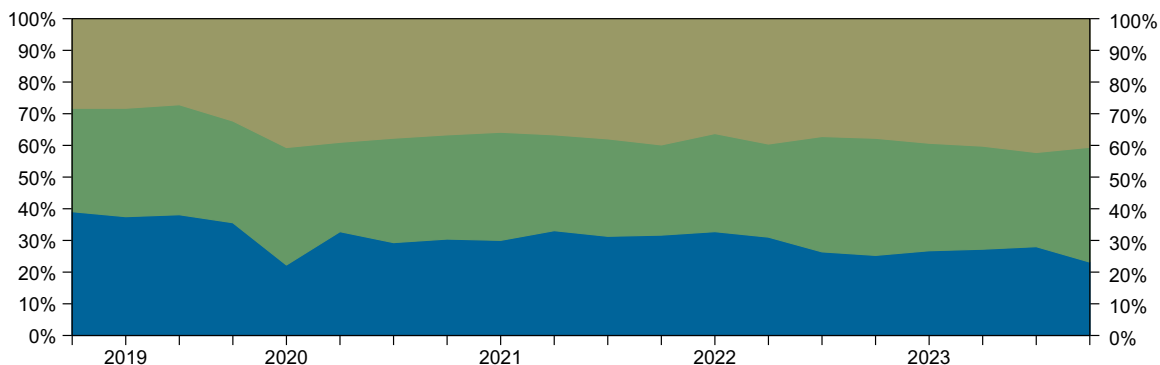
**Average Style Exposure Matrix  
Holdings for Five Years Ended December 31, 2023**

	Value	Core	Growth	Total
Large	24.9% (97) 20.2% (98)	20.6% (96) 20.6% (96)	23.0% (87) 37.1% (103)	68.4% (280) 77.9% (297)
Mid	4.3% (103) 4.6% (166)	6.0% (83) 5.2% (208)	6.0% (57) 5.6% (222)	16.3% (243) 15.5% (596)
Small	1.4% (10) 1.5% (305)	6.0% (22) 2.3% (503)	7.5% (23) 2.0% (383)	15.0% (55) 5.9% (1191)
Micro	0.0% (0) 0.2% (310)	0.2% (1) 0.3% (416)	0.1% (1) 0.1% (167)	0.3% (2) 0.7% (893)
<b>Total</b>	<b>30.6% (210)</b> <b>26.6% (879)</b>	<b>32.7% (202)</b> <b>28.5% (1223)</b>	<b>36.7% (168)</b> <b>44.9% (875)</b>	<b>100.0% (580)</b> <b>100.0% (2977)</b>

**Domestic Equity Historical Cap/Style Exposures**



**Domestic Equity Historical Style Only Exposures**

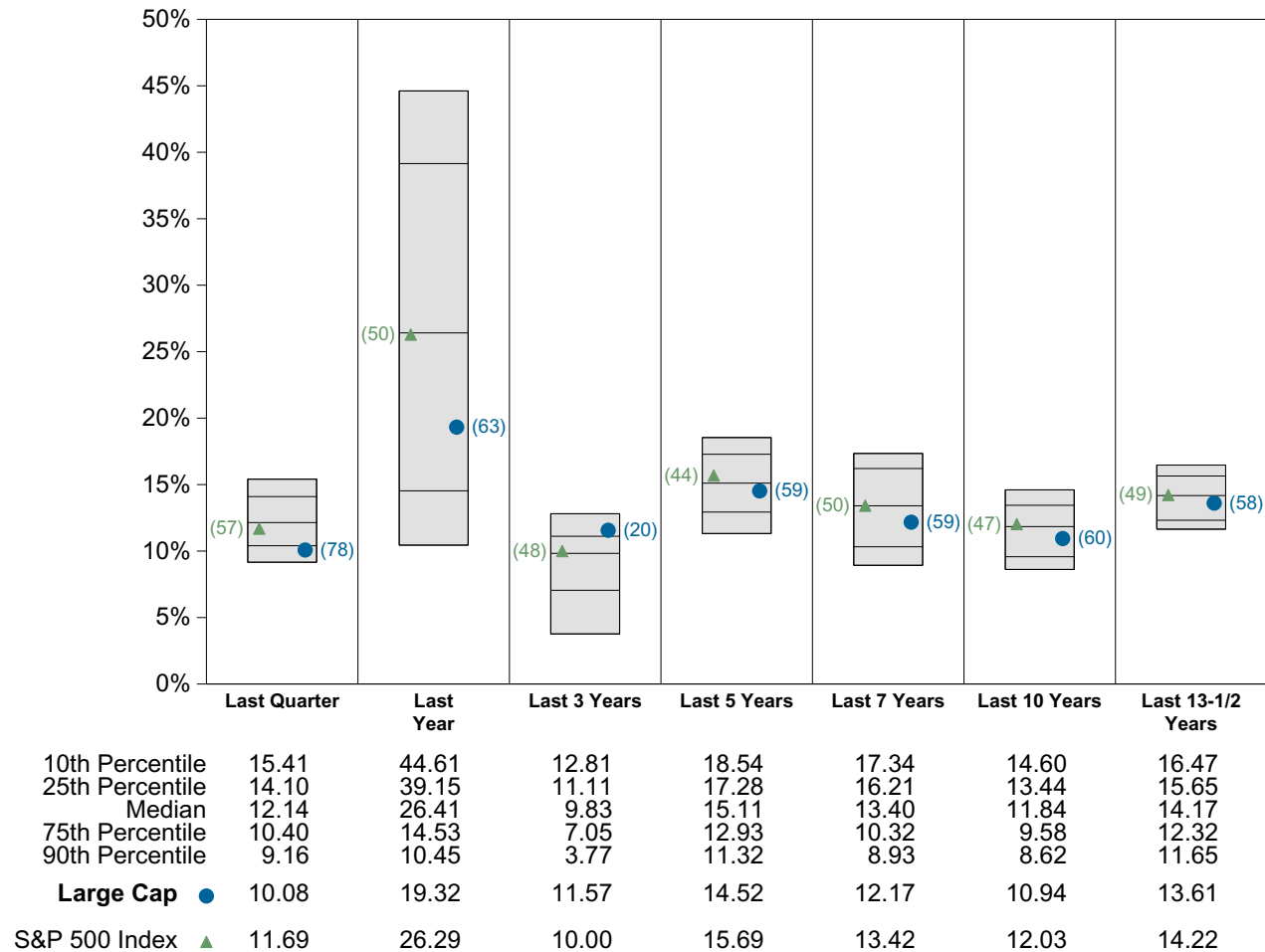


## Large Cap Period Ended December 31, 2023

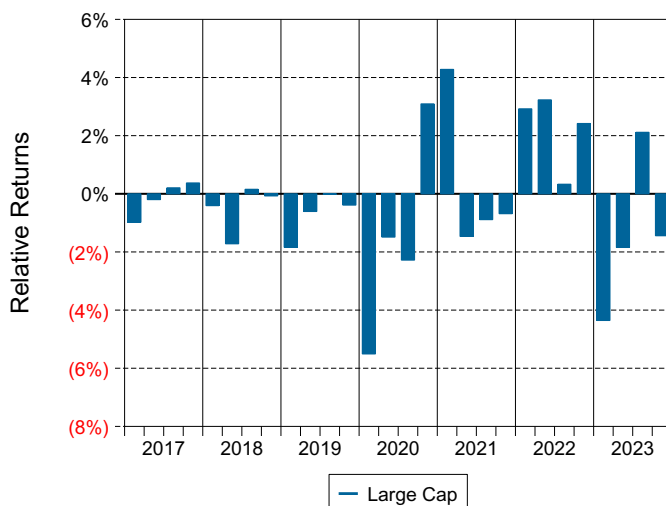
### Quarterly Summary and Highlights

- Large Cap's portfolio posted a 10.08% return for the quarter placing it in the 78 percentile of the Callan Large Capitalization group for the quarter and in the 63 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 1.61% for the quarter and underperformed the S&P 500 Index for the year by 6.97%.

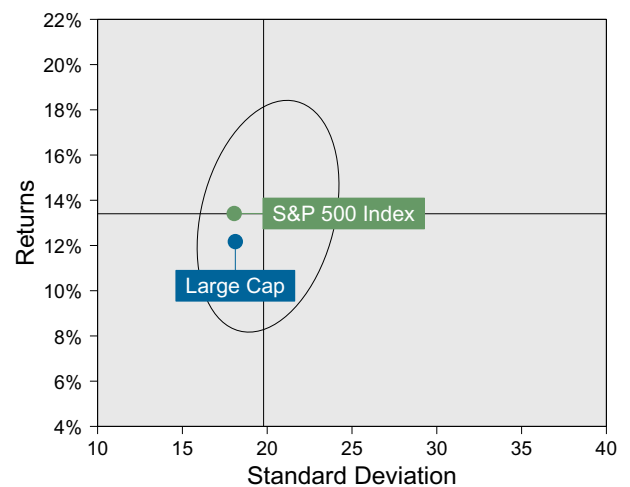
### Performance vs Callan Large Capitalization (Gross)



### Relative Return vs S&P 500 Index



### Callan Large Capitalization (Gross) Annualized Seven Year Risk vs Return

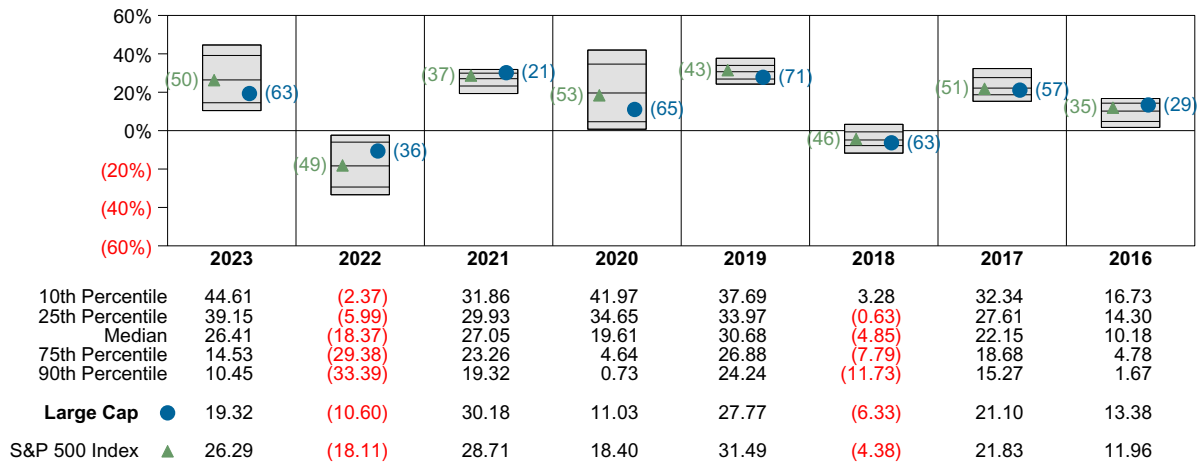


## Large Cap Return Analysis Summary

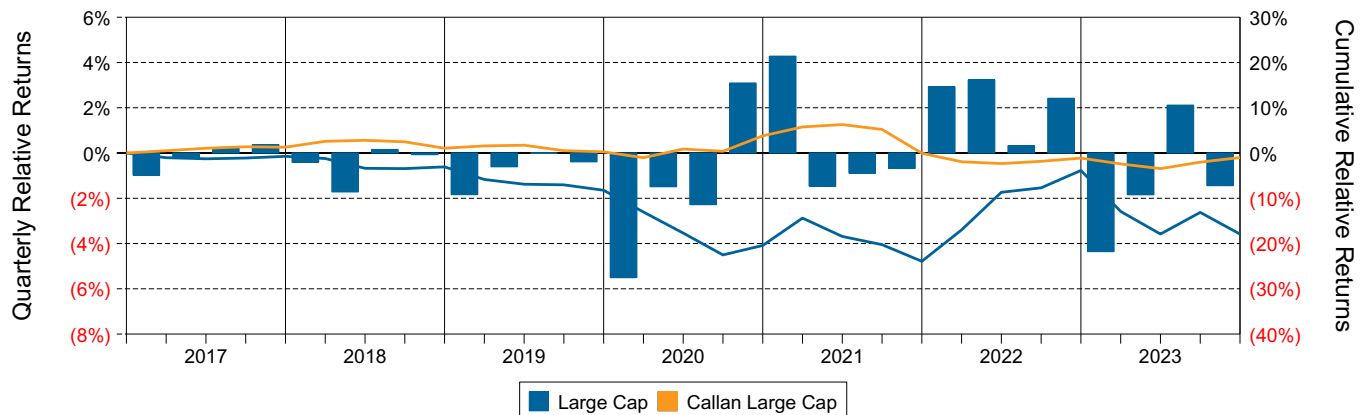
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

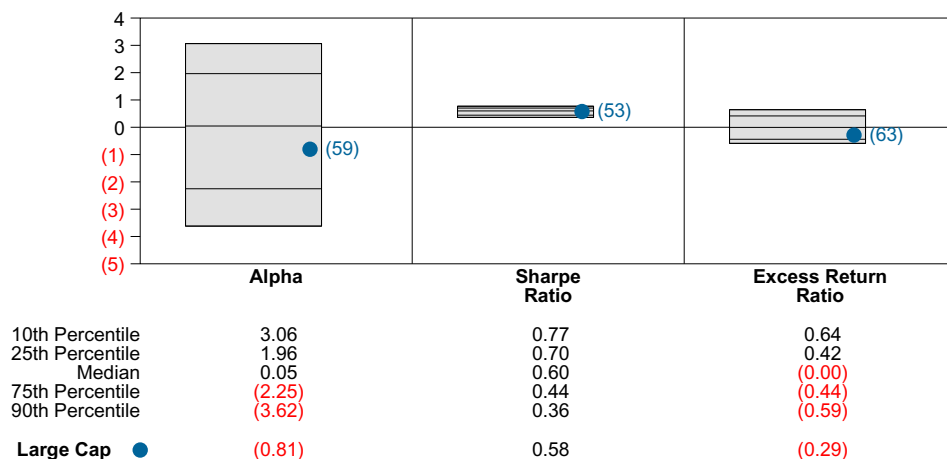
### Performance vs Callan Large Capitalization (Gross)



### Cumulative and Quarterly Relative Returns vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Capitalization (Gross) Seven Years Ended December 31, 2023

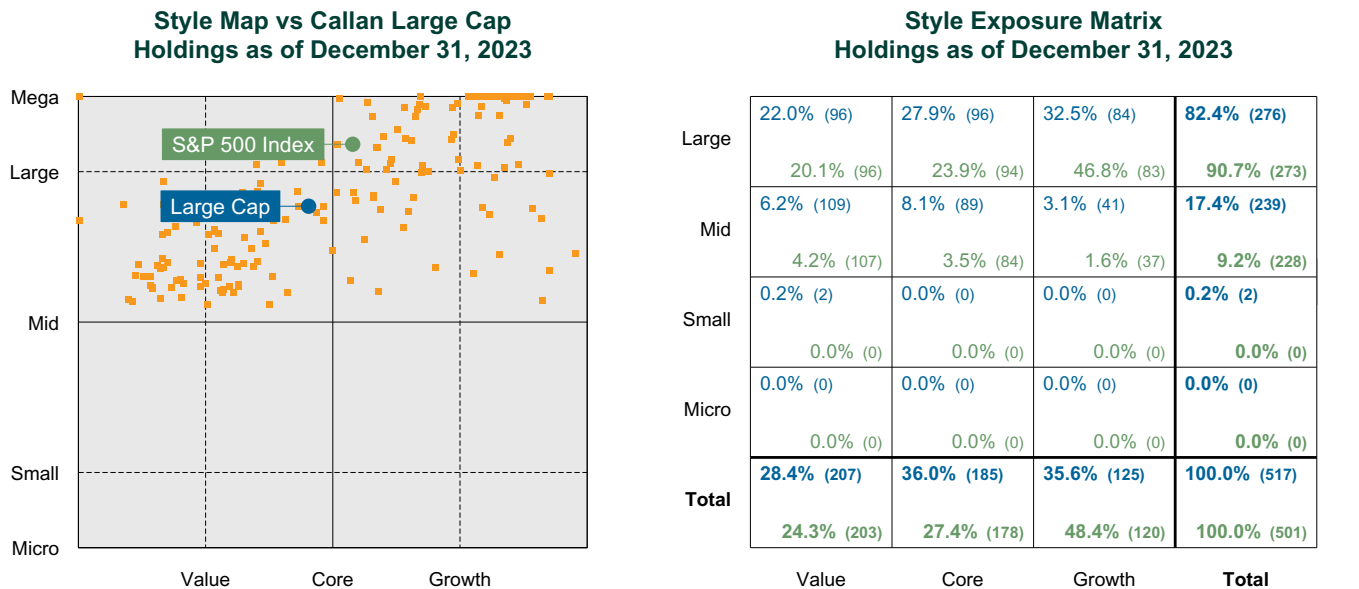


# Current Holdings Based Style Analysis

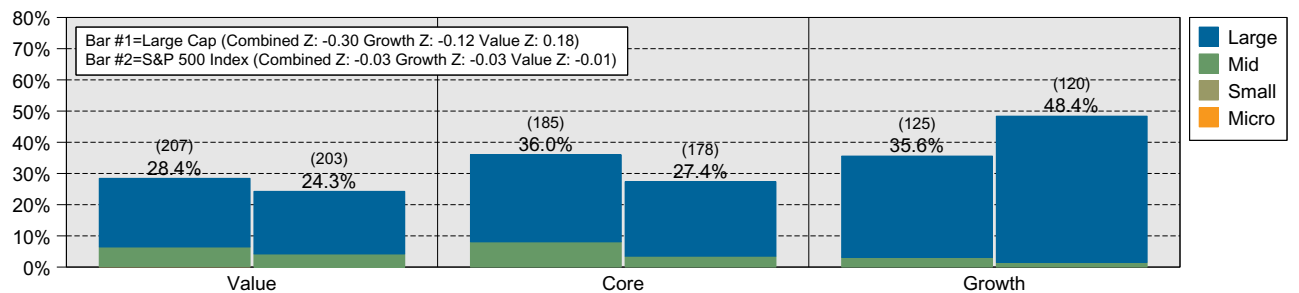
## Large Cap

### As of December 31, 2023

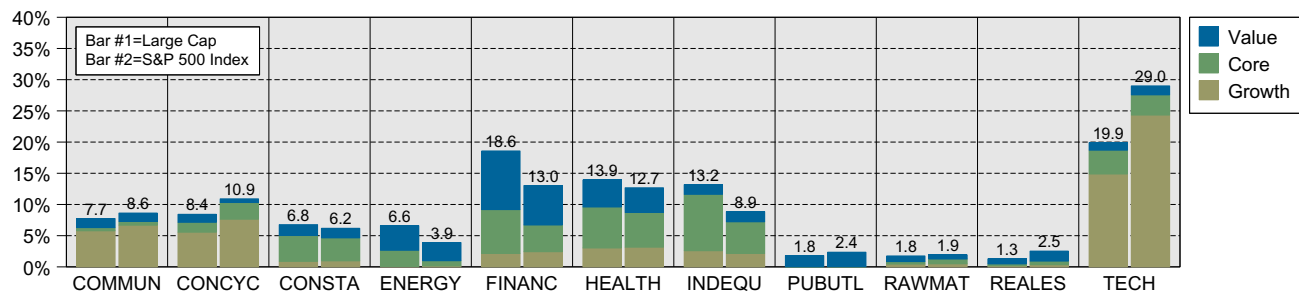
This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.



## Combined Z-Score Style Distribution Holdings as of December 31, 2023



## Sector Weights Distribution Holdings as of December 31, 2023

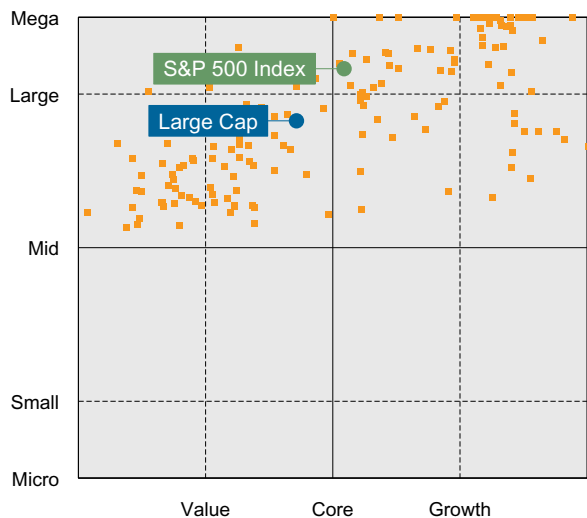




# Historical Holdings Based Style Analysis Large Cap For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

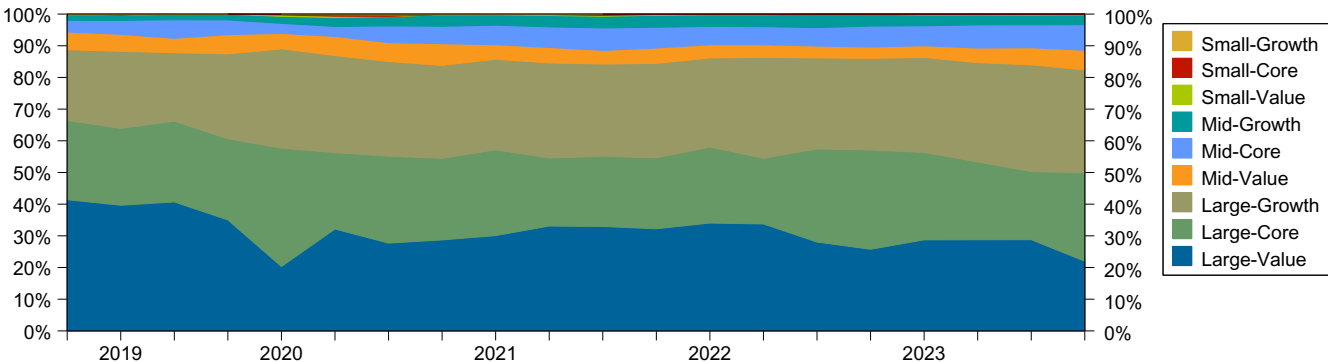
Average Style Map vs Callan Large Cap Holdings for Five Years Ended December 31, 2023



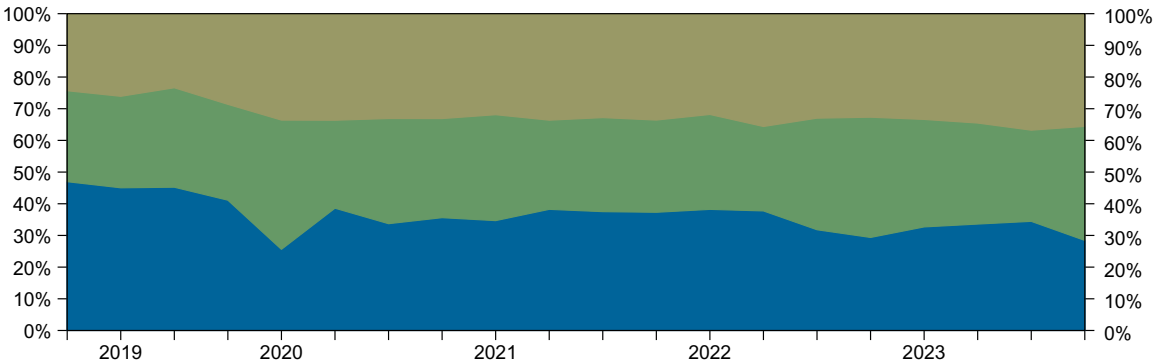
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023

	31.2% (97)	25.8% (96)	28.9% (88)	85.9% (281)
Large	23.9% (96)	24.4% (94)	42.0% (86)	90.3% (276)
Mid	5.0% (102)	5.7% (80)	3.1% (49)	13.8% (231)
Small	0.1% (4)	0.1% (2)	0.0% (1)	0.3% (7)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	36.3% (203)	31.6% (178)	32.0% (138)	100.0% (519)
	28.0% (200)	27.7% (172)	44.3% (133)	100.0% (505)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



# SSgA S&P 500 Period Ended December 31, 2023

## Investment Philosophy

Returns prior to 6/30/2012 are linked to a composite history.

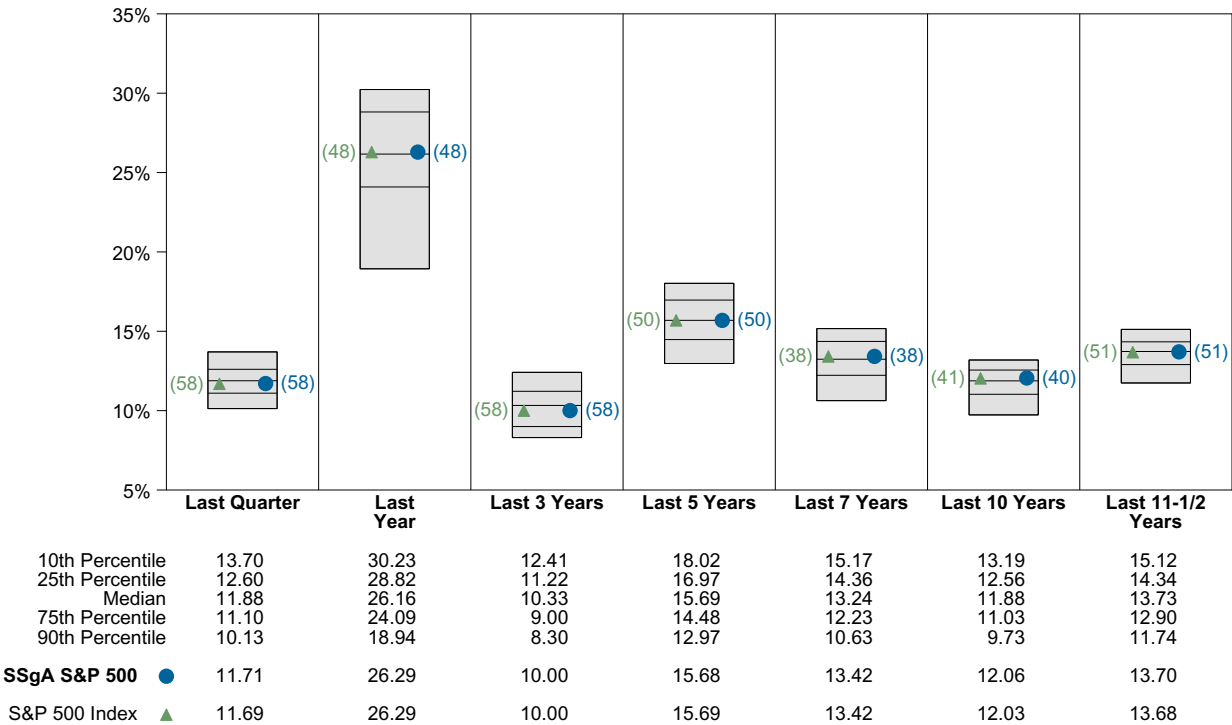
## Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 11.71% return for the quarter placing it in the 58 percentile of the Callan Large Cap Core group for the quarter and in the 48 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.00%.

## Quarterly Asset Growth

Beginning Market Value	\$60,136,238
Net New Investment	\$-2,222,622
Investment Gains/(Losses)	\$6,935,486
Ending Market Value	\$64,849,102

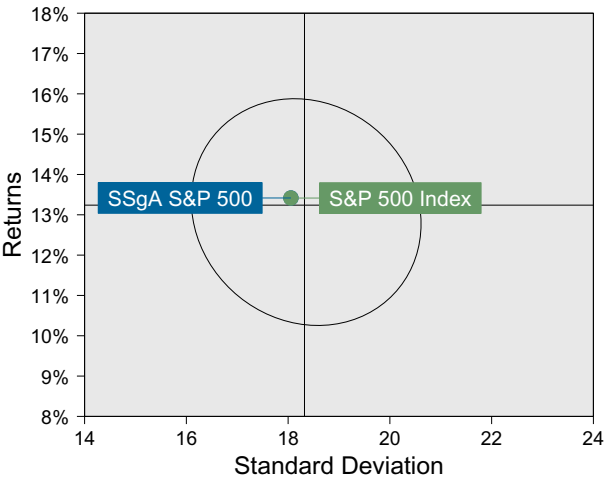
## Performance vs Callan Large Cap Core (Gross)



## Relative Return vs S&P 500 Index



## Callan Large Cap Core (Gross) Annualized Seven Year Risk vs Return

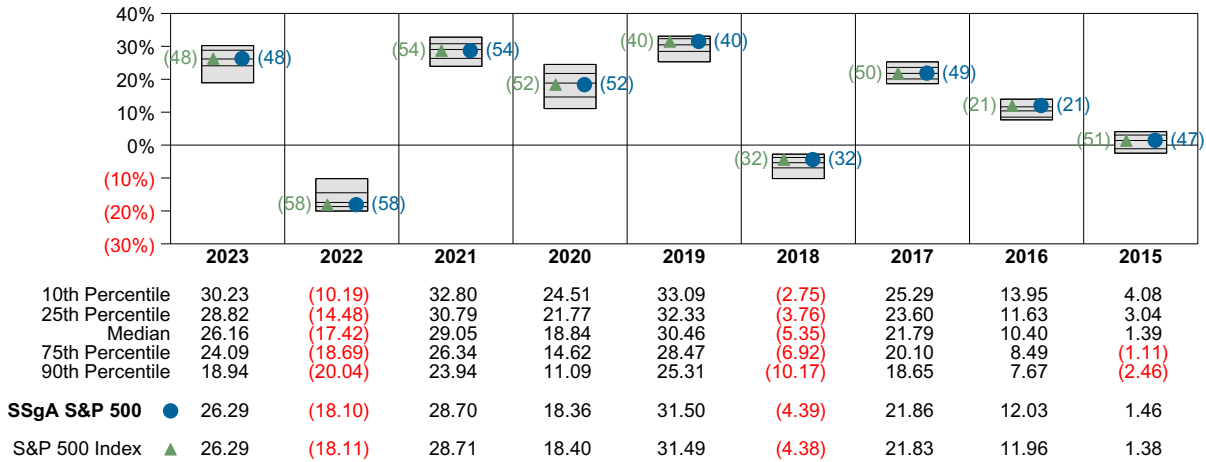


## SSgA S&P 500 Return Analysis Summary

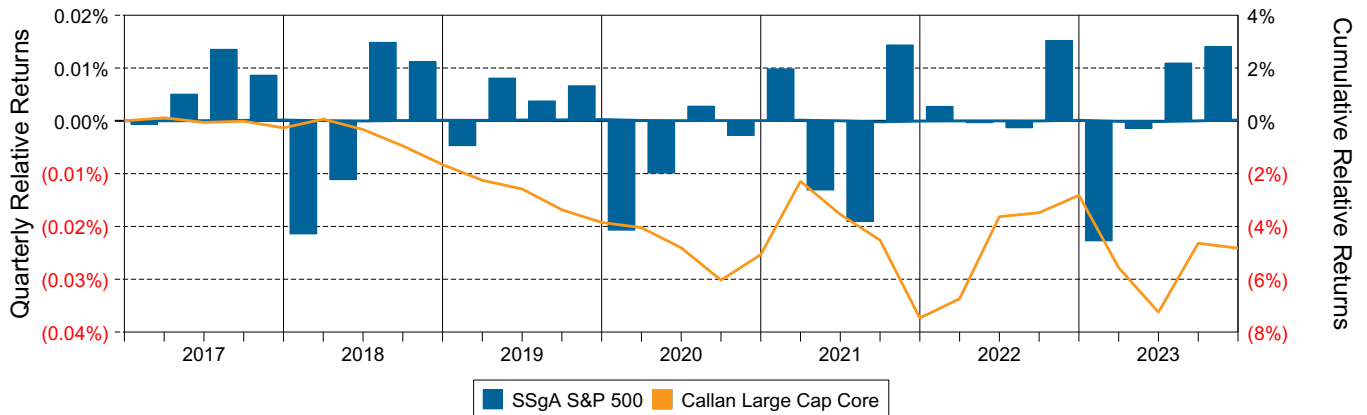
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

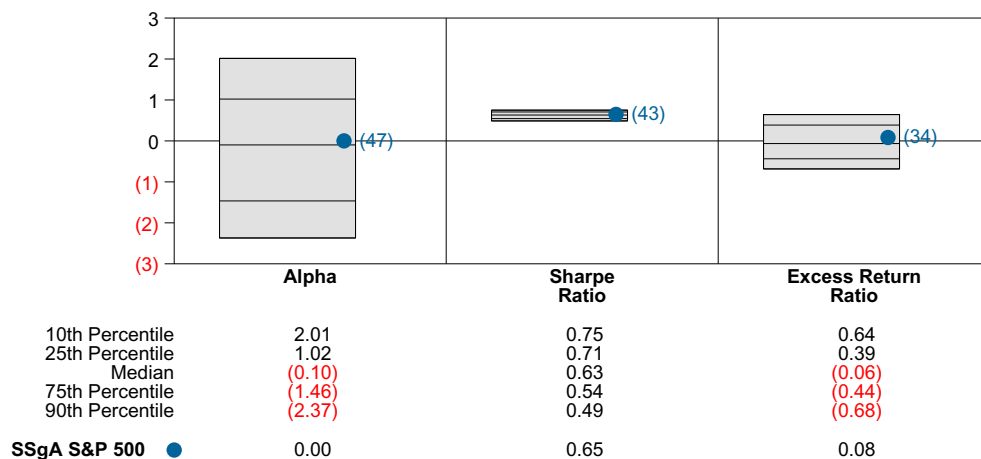
### Performance vs Callan Large Cap Core (Gross)



### Cumulative and Quarterly Relative Returns vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended December 31, 2023

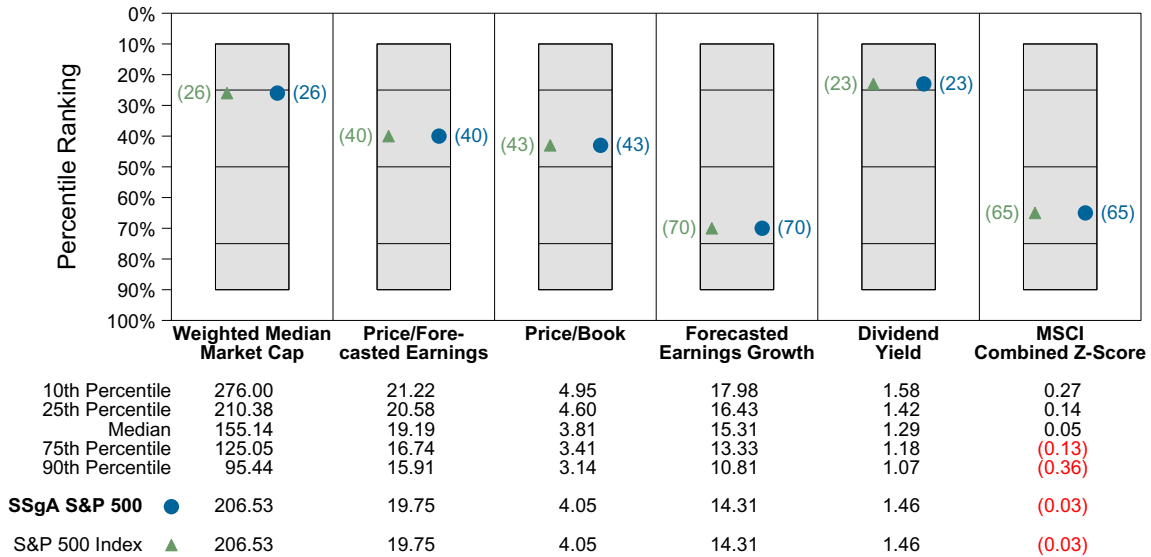


## SSgA S&P 500 Equity Characteristics Analysis Summary

### Portfolio Characteristics

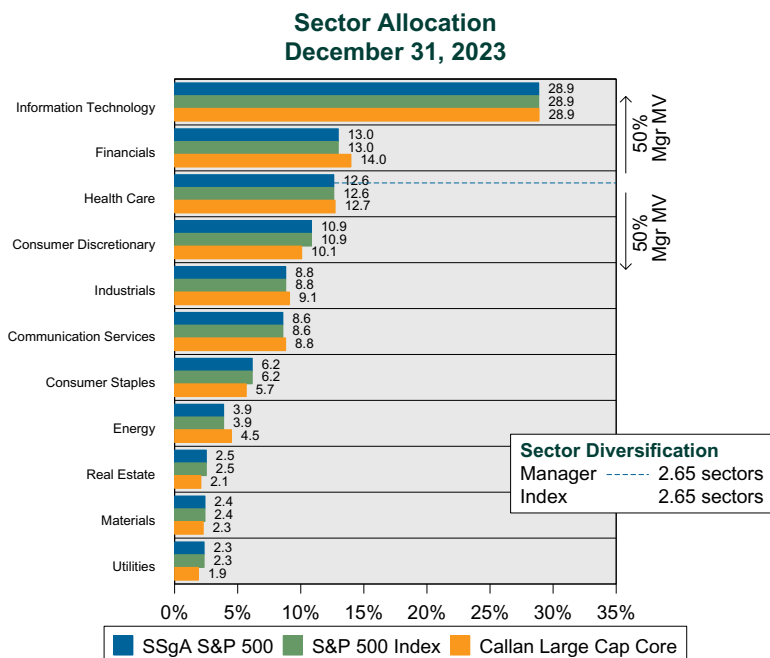
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of December 31, 2023

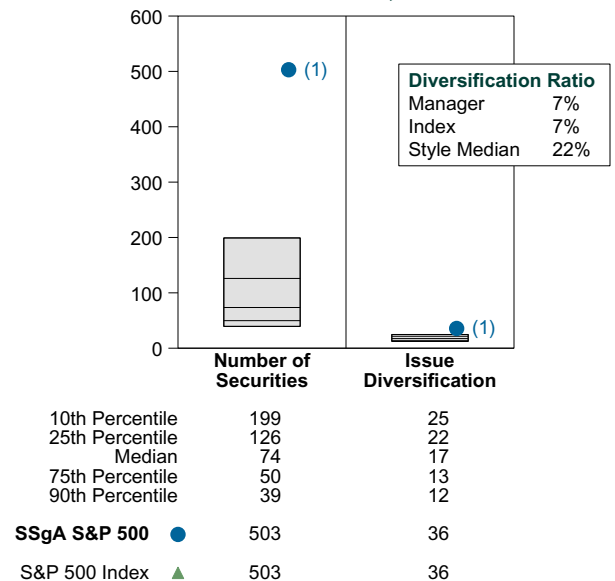


### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



### Diversification December 31, 2023

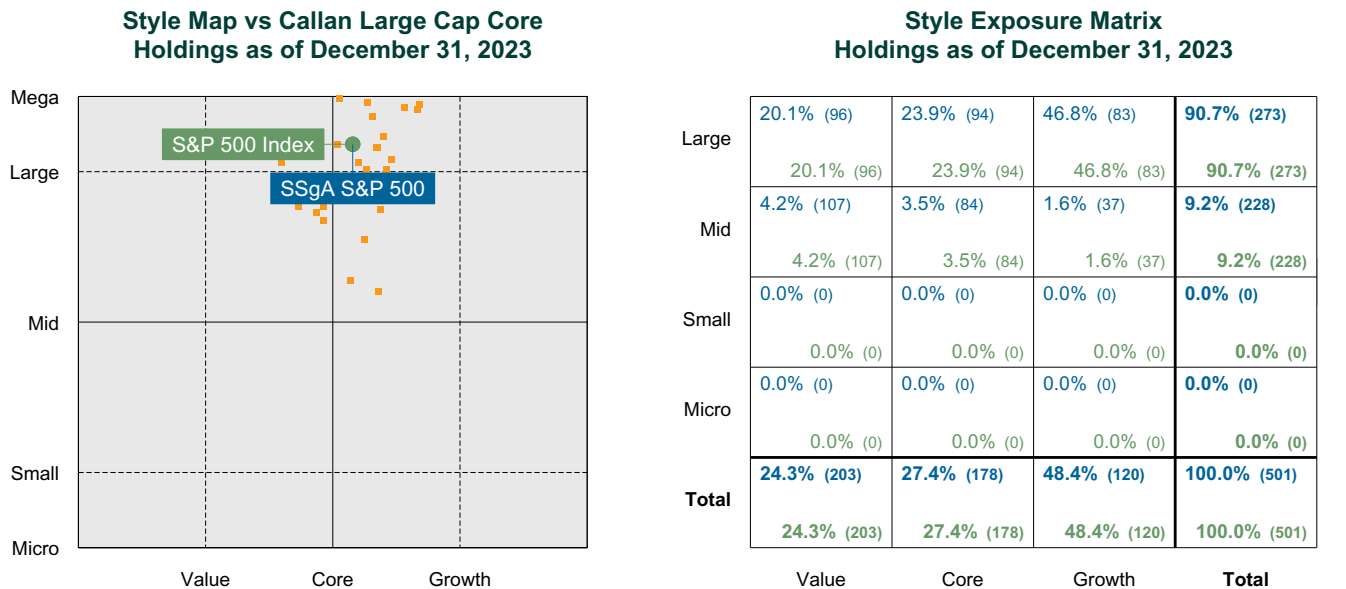


# Current Holdings Based Style Analysis

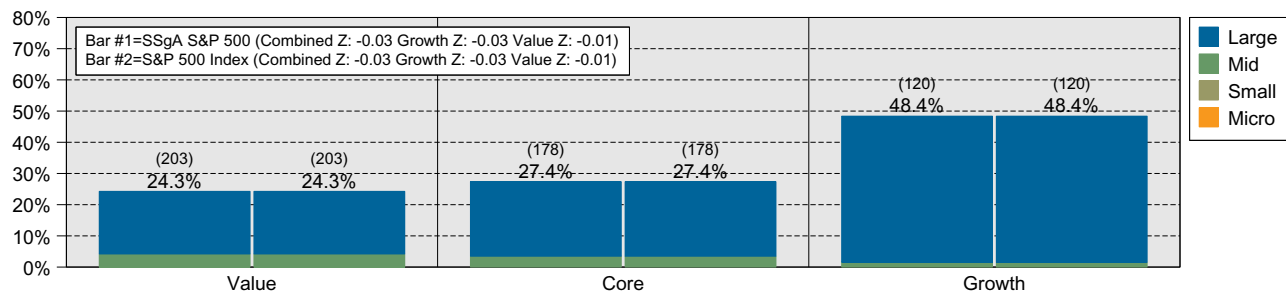
## SSgA S&P 500

### As of December 31, 2023

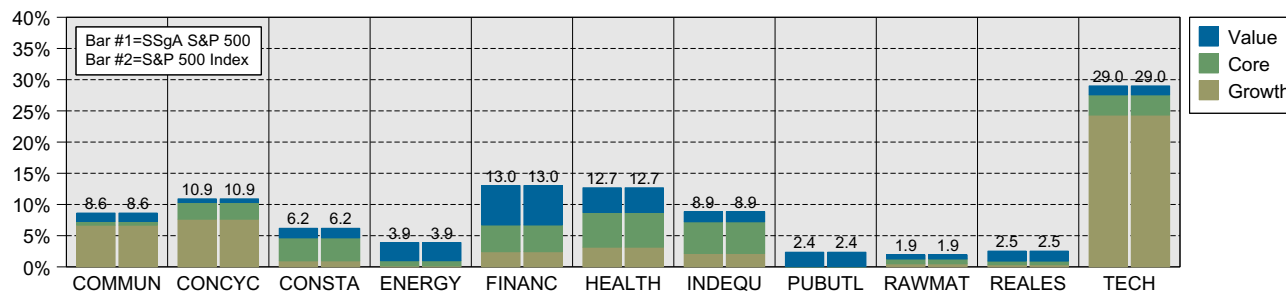
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## Combined Z-Score Style Distribution Holdings as of December 31, 2023



## Sector Weights Distribution Holdings as of December 31, 2023



## Boston Partners Period Ended December 31, 2023

### Investment Philosophy

Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter 2005.

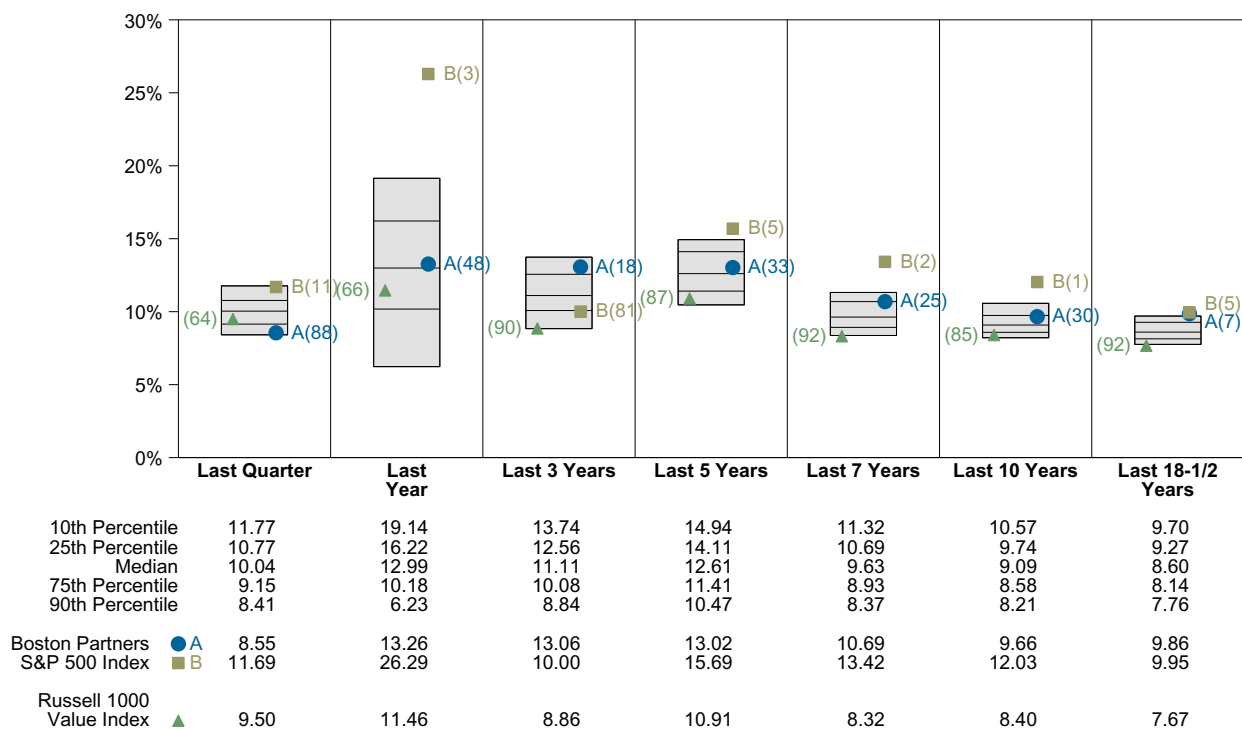
### Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 8.55% return for the quarter placing it in the 88 percentile of the Callan Large Cap Value group for the quarter and in the 48 percentile for the last year.
- Boston Partners's portfolio underperformed the Russell 1000 Value Index by 0.95% for the quarter and outperformed the Russell 1000 Value Index for the year by 1.80%.

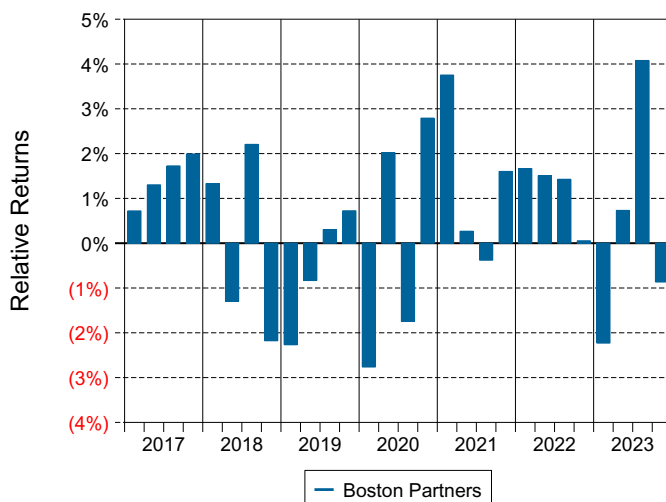
### Quarterly Asset Growth

Beginning Market Value	\$63,031,508
Net New Investment	\$-4,530,845
Investment Gains/(Losses)	\$5,068,948
Ending Market Value	\$63,569,611

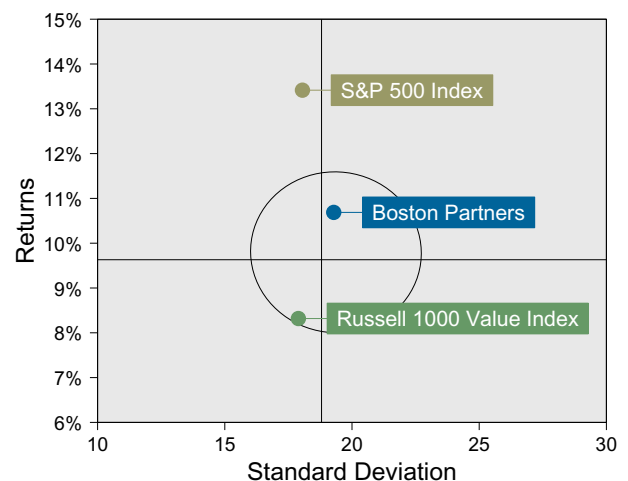
### Performance vs Callan Large Cap Value (Gross)



### Relative Return vs Russell 1000 Value Index



### Callan Large Cap Value (Gross) Annualized Seven Year Risk vs Return

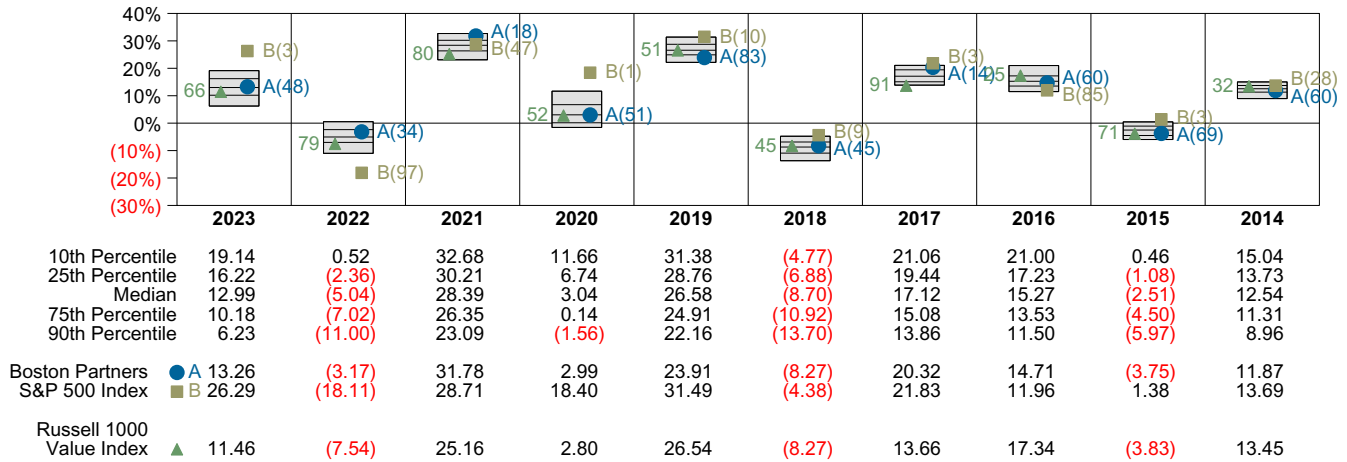


## Boston Partners Return Analysis Summary

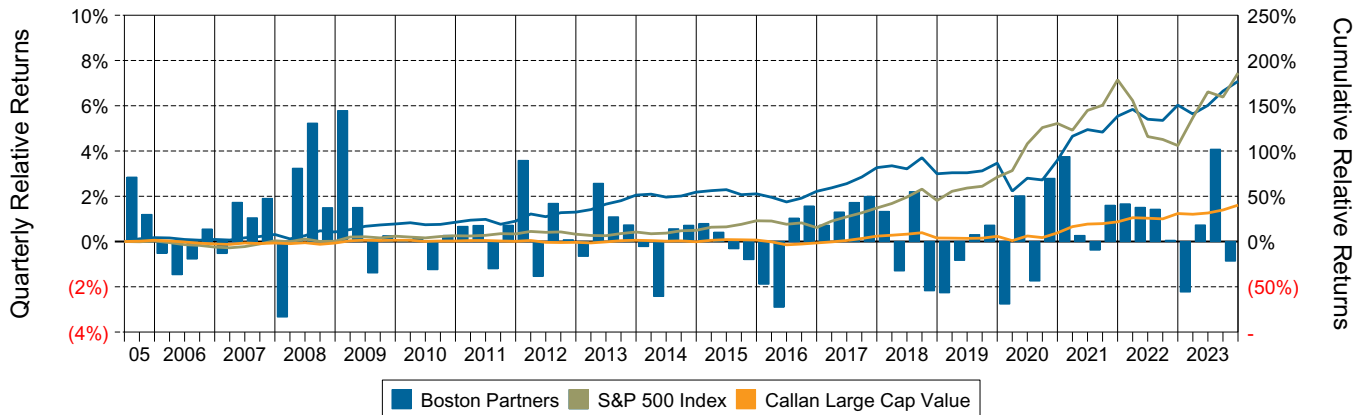
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

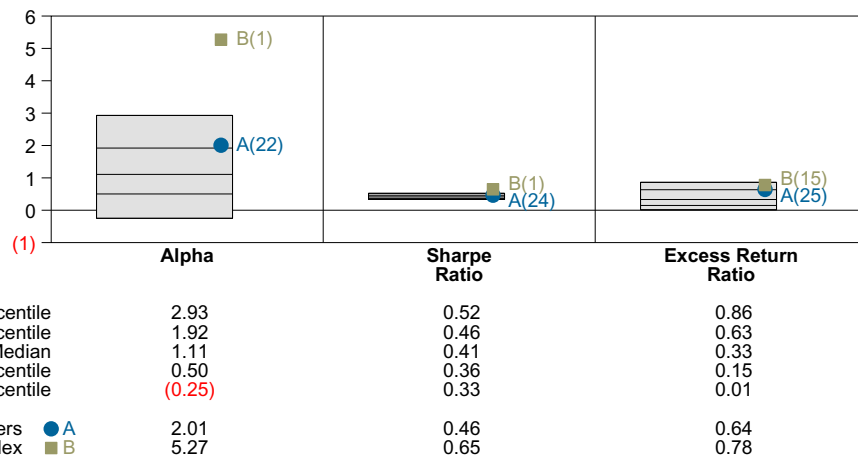
### Performance vs Callan Large Cap Value (Gross)



### Cumulative and Quarterly Relative Returns vs Russell 1000 Value Index



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2023



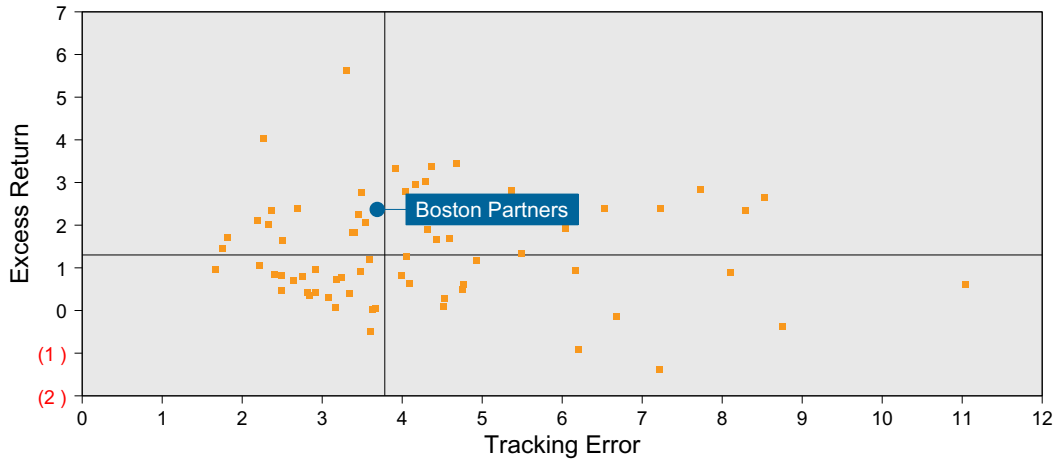


## Boston Partners Risk Analysis Summary

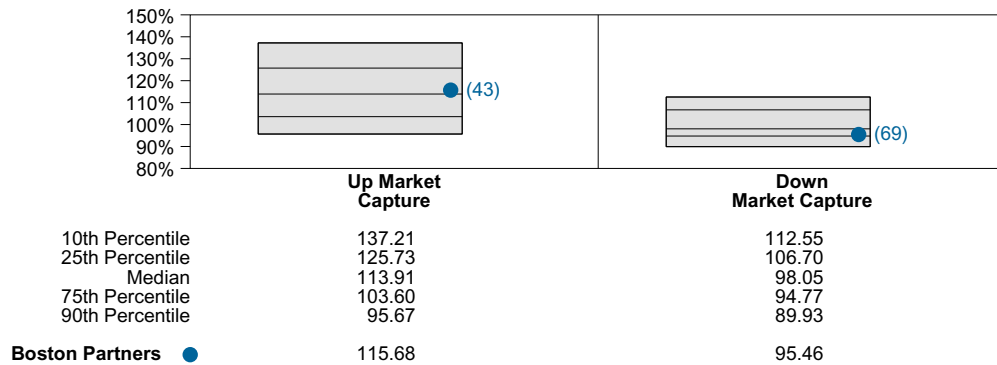
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

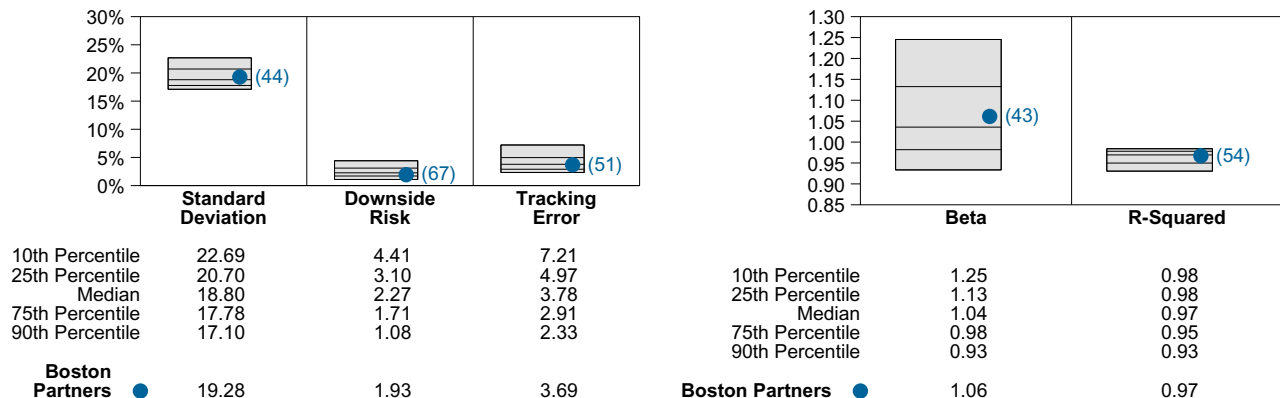
### Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended December 31, 2023



### Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2023



### Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2023

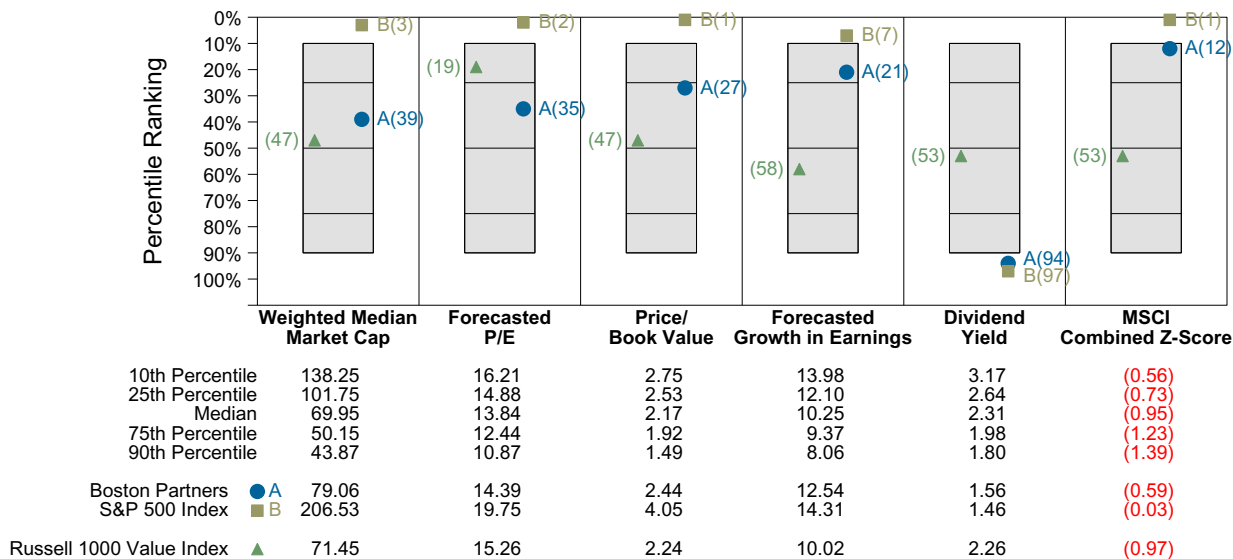


## Boston Partners Equity Characteristics Analysis Summary

### Portfolio Characteristics

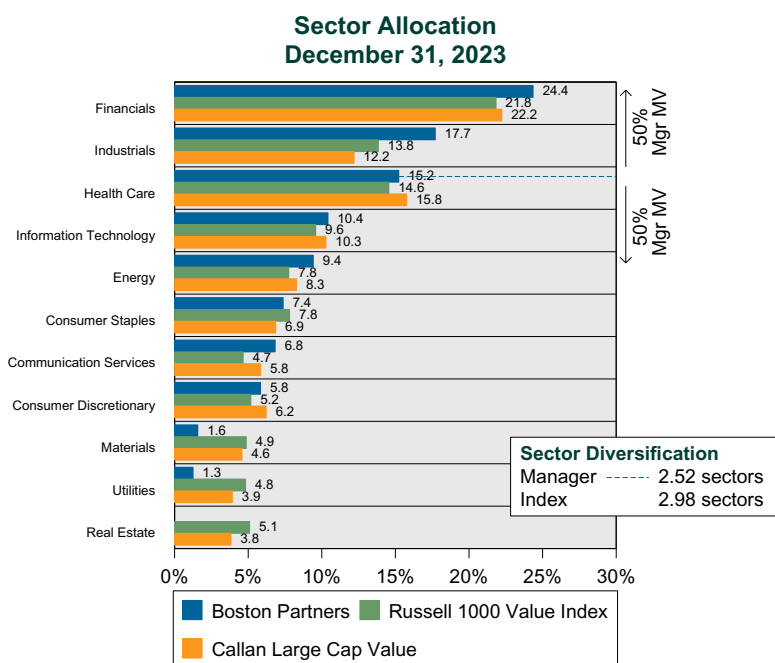
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of December 31, 2023

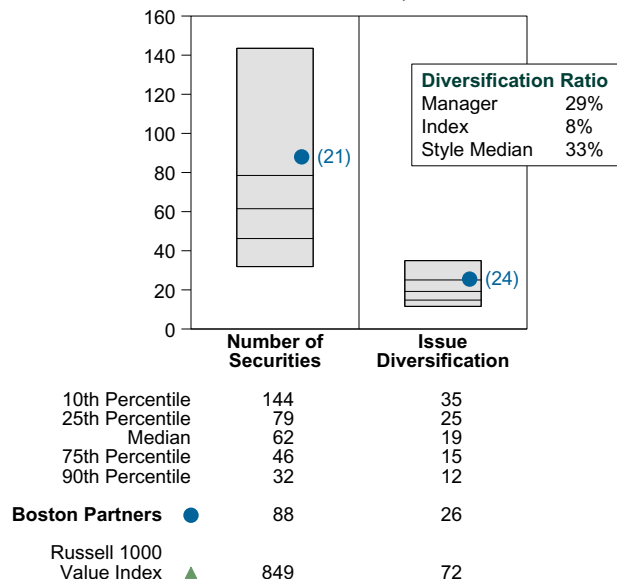


### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



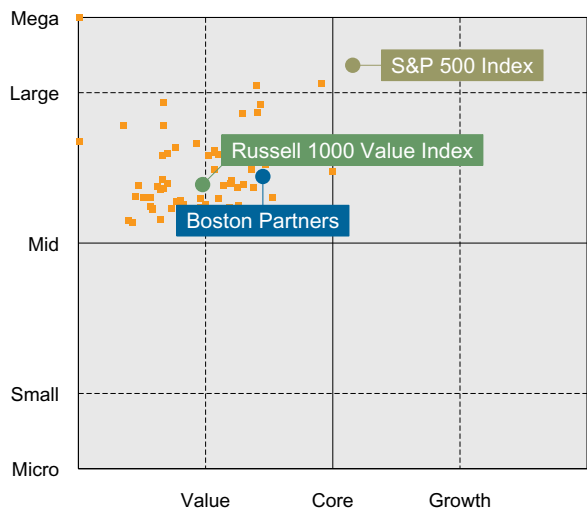
### Diversification December 31, 2023



Current Holdings Based Style Analysis  
Boston Partners  
As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

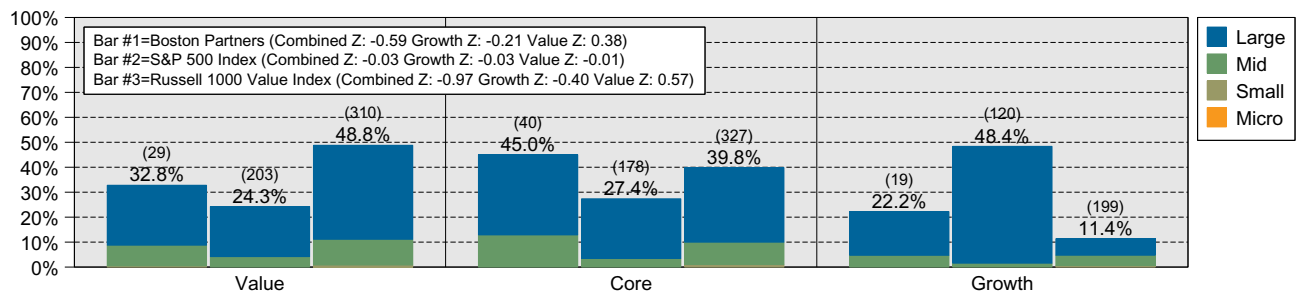
Style Map vs Callan Large Cap Value Holdings as of December 31, 2023



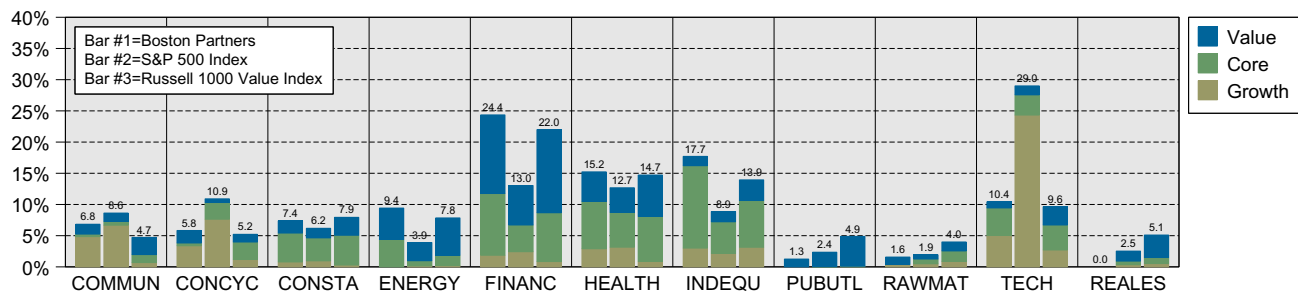
Style Exposure Matrix Holdings as of December 31, 2023

	Value	Core	Growth	Total
Large	24.0% (16) 20.1% (96) 37.7% (94)	32.1% (25) 23.9% (94) 29.9% (85)	17.5% (12) 46.8% (83) 6.6% (40)	73.6% (53) 90.7% (273) 74.1% (219)
Mid	8.3% (12) 4.2% (107) 10.3% (162)	12.9% (15) 3.5% (84) 9.0% (177)	4.7% (7) 1.6% (37) 4.2% (117)	25.9% (34) 9.2% (228) 23.4% (456)
Small	0.5% (1) 0.0% (0) 0.8% (54)	0.0% (0) 0.0% (0) 1.0% (65)	0.0% (0) 0.0% (0) 0.6% (42)	0.5% (1) 0.0% (0) 2.4% (161)
Micro	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)
Total	32.8% (29) 24.3% (203) 48.8% (310)	45.0% (40) 27.4% (178) 39.8% (327)	22.2% (19) 48.4% (120) 11.4% (199)	100.0% (88) 100.0% (501) 100.0% (836)

Combined Z-Score Style Distribution Holdings as of December 31, 2023



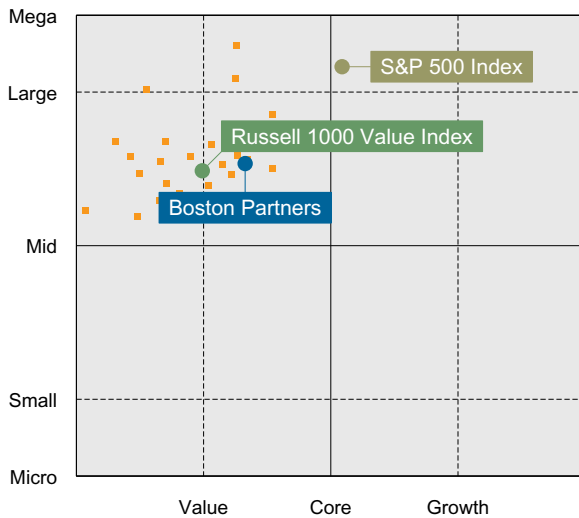
Sector Weights Distribution Holdings as of December 31, 2023



## Historical Holdings Based Style Analysis Boston Partners For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

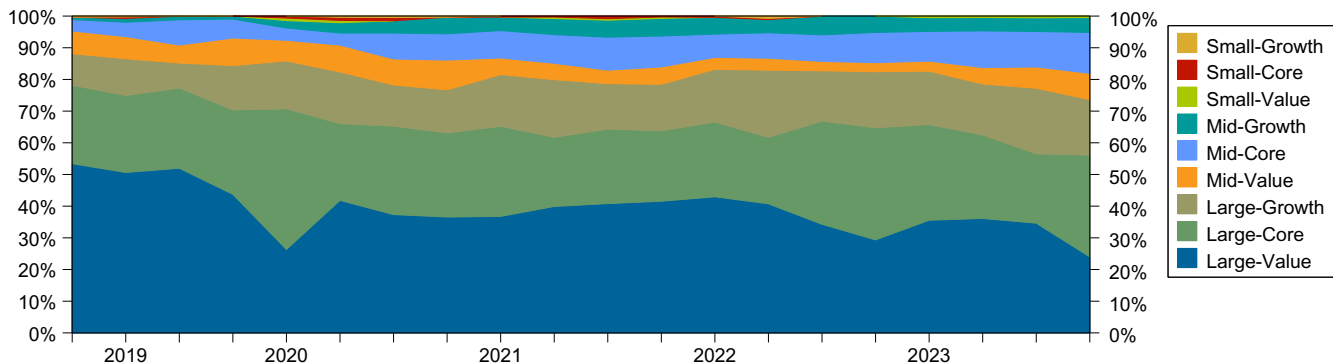
**Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended December 31, 2023**



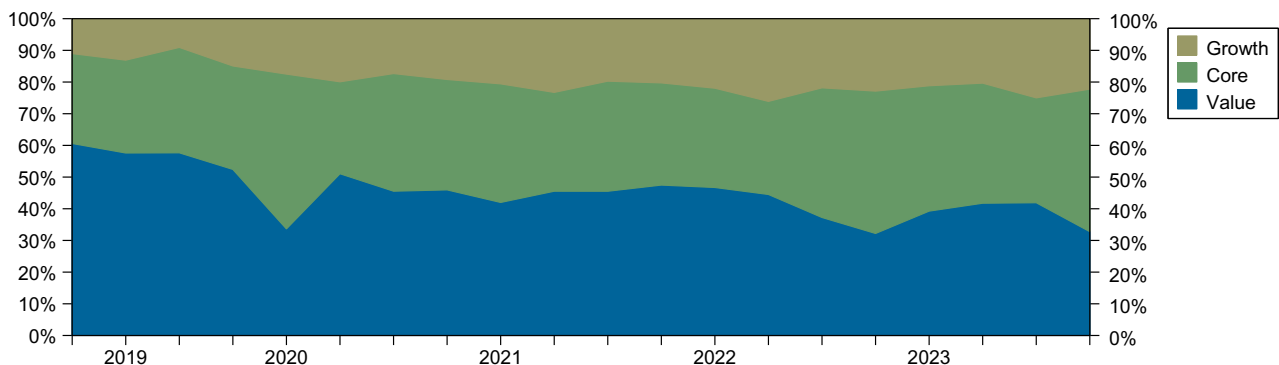
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023**

	Value	Core	Growth	Total
Large	38.9% (24) 23.9% (96) 40.6% (97)	27.2% (22) 24.4% (94) 27.5% (84)	15.4% (12) 42.0% (86) 7.9% (41)	81.5% (58) 90.3% (276) 76.0% (222)
Mid	5.9% (9) 4.1% (100) 9.6% (159)	8.1% (12) 3.3% (76) 8.4% (177)	3.9% (6) 2.2% (46) 3.7% (108)	17.9% (27) 9.7% (222) 21.7% (444)
Small	0.2% (1) 0.0% (4) 1.0% (56)	0.3% (1) 0.0% (2) 1.0% (62)	0.1% (0) 0.0% (1) 0.4% (32)	0.7% (2) 0.1% (7) 2.3% (150)
Micro	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)
Total	45.1% (34) 28.0% (200) 51.2% (312)	35.6% (35) 27.7% (172) 36.9% (323)	19.4% (18) 44.3% (133) 12.0% (181)	100.0% (87) 100.0% (505) 100.0% (816)
	Value	Core	Growth	Total

**Boston Partners Historical Cap/Style Exposures**



**Boston Partners Historical Style Only Exposures**



# Atlanta Capital

## Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 6/30/2010 are linked to a composite history.

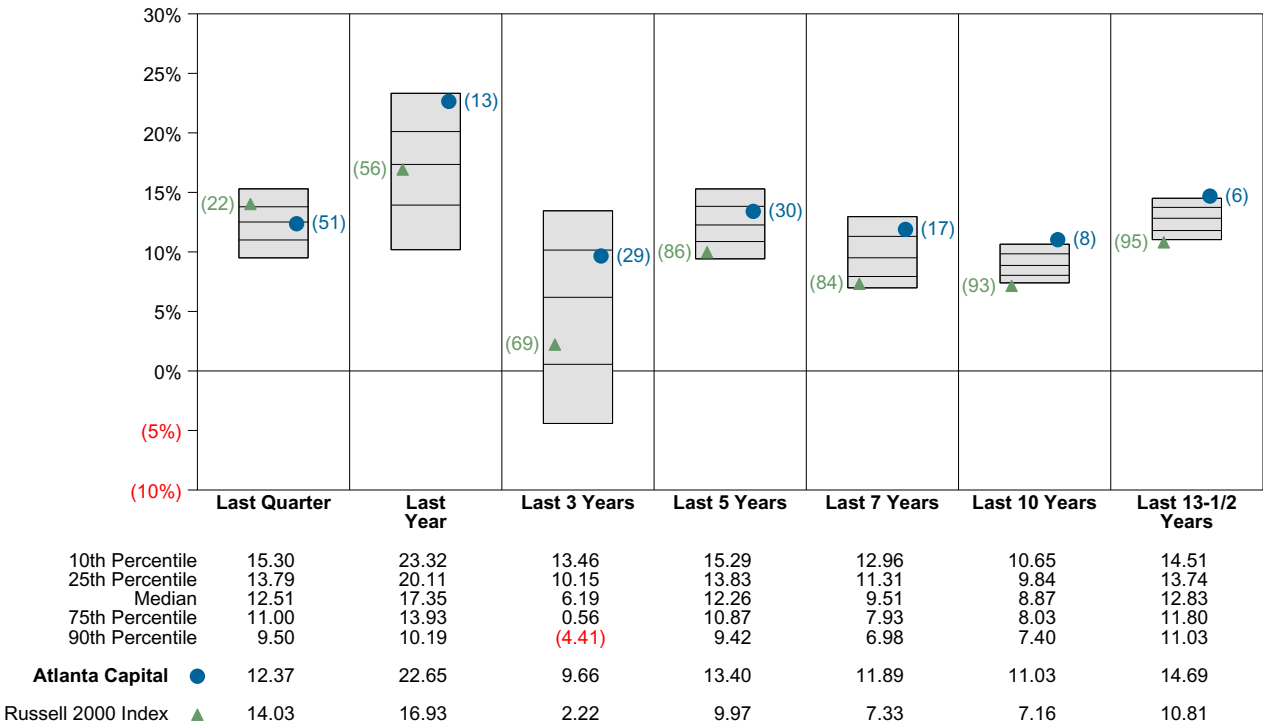
### Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 12.37% return for the quarter placing it in the 51 percentile of the Callan Small Capitalization group for the quarter and in the 13 percentile for the last year.
- Atlanta Capital's portfolio underperformed the Russell 2000 Index by 1.66% for the quarter and outperformed the Russell 2000 Index for the year by 5.72%.

### Quarterly Asset Growth

Beginning Market Value	\$31,532,004
Net New Investment	\$-2,000,000
Investment Gains/(Losses)	\$3,690,254
Ending Market Value	\$33,222,257

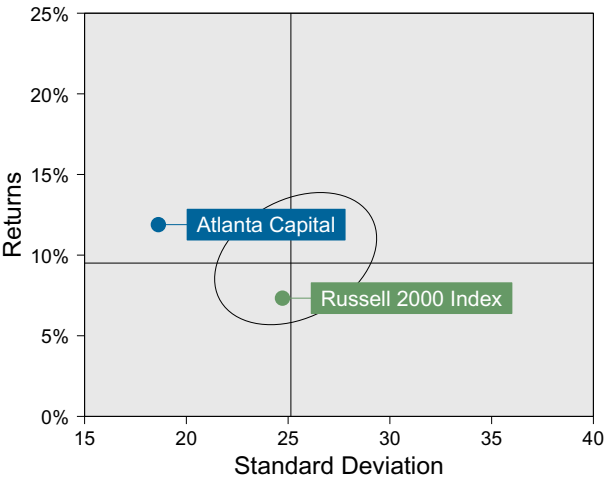
### Performance vs Callan Small Capitalization (Gross)



### Relative Return vs Russell 2000 Index



### Callan Small Capitalization (Gross) Annualized Seven Year Risk vs Return

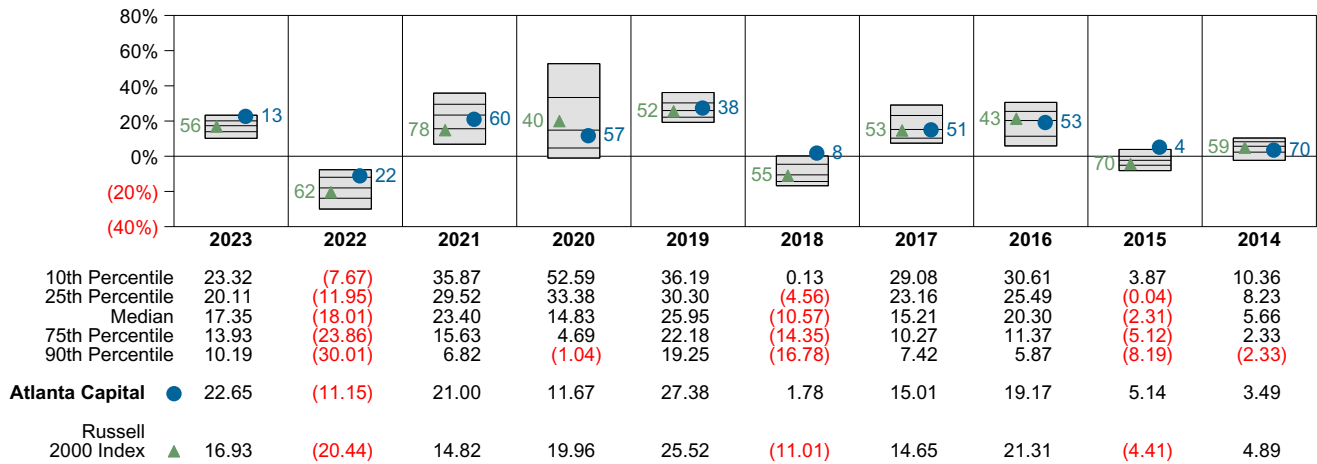


# Atlanta Capital Return Analysis Summary

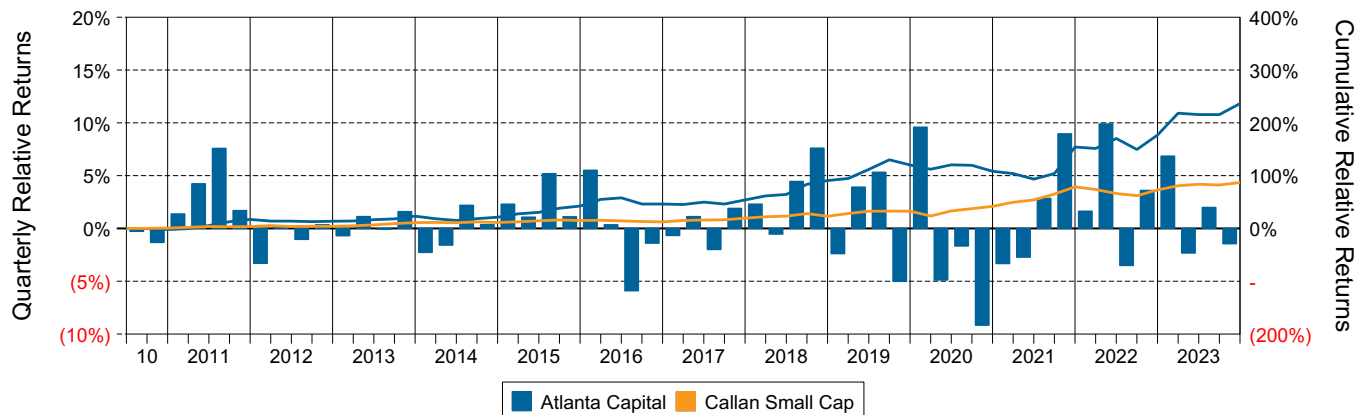
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

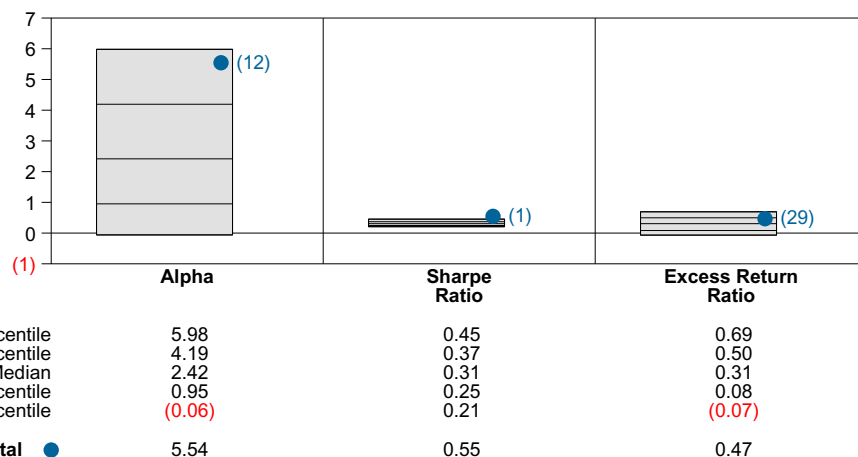
### Performance vs Callan Small Capitalization (Gross)



### Cumulative and Quarterly Relative Returns vs Russell 2000 Index



### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2023

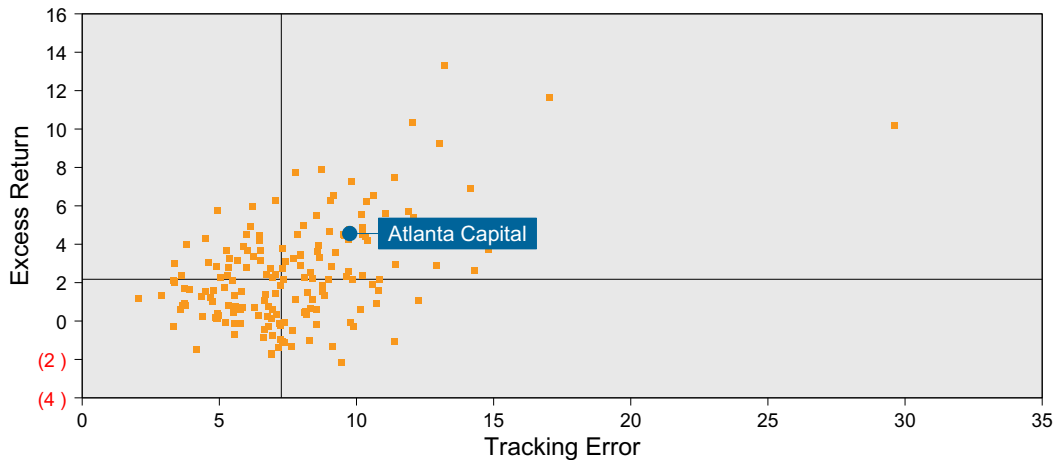


# Atlanta Capital Risk Analysis Summary

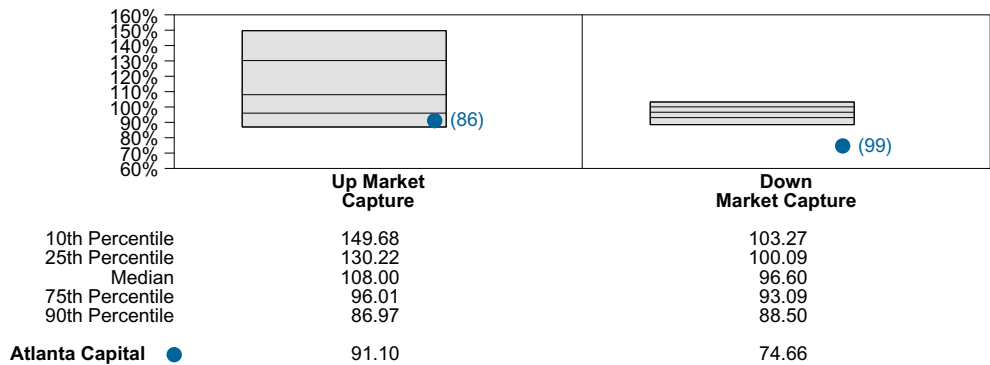
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

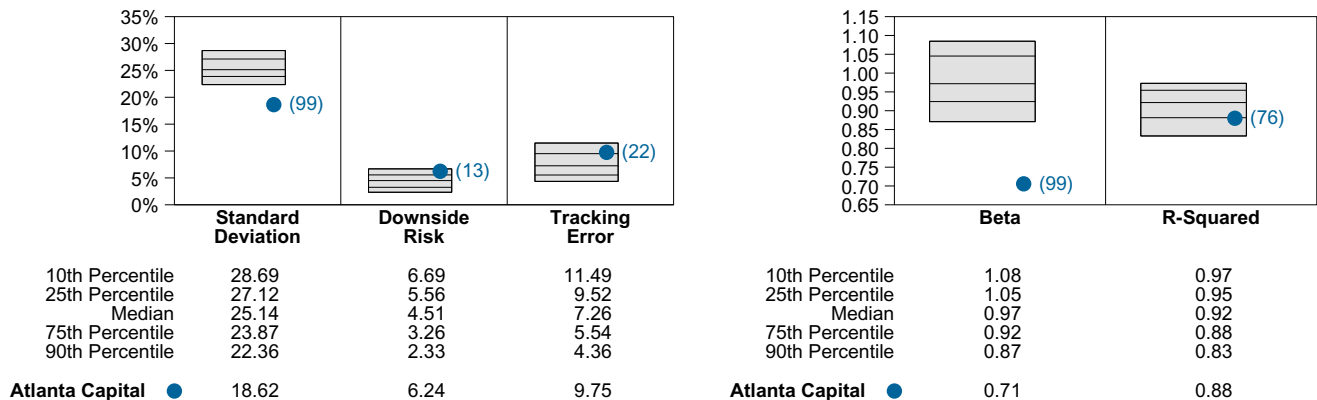
### Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended December 31, 2023



### Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2023



### Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2023



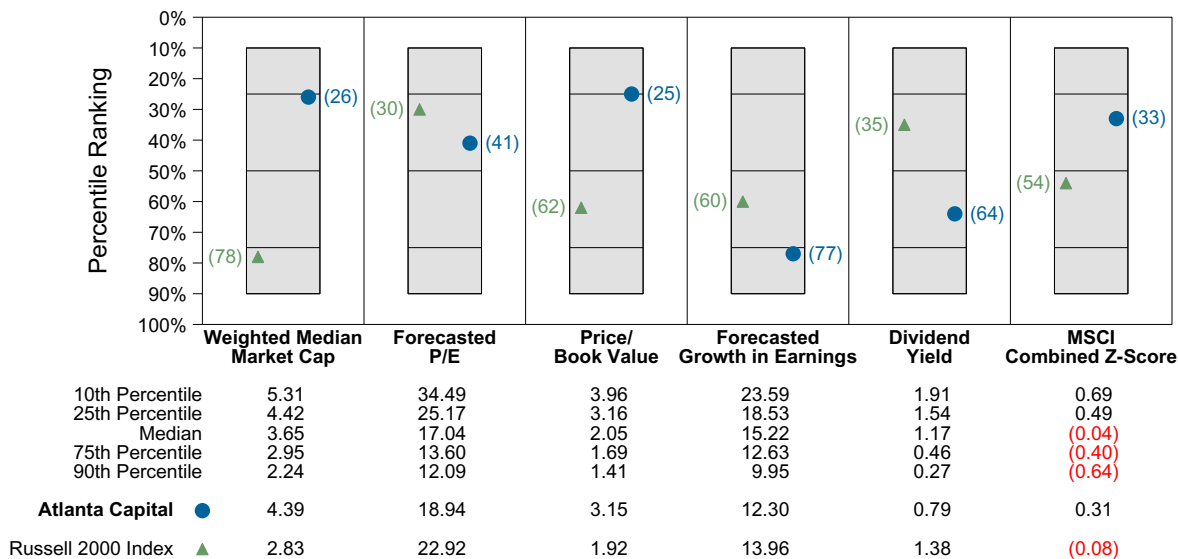


# Atlanta Capital Equity Characteristics Analysis Summary

## Portfolio Characteristics

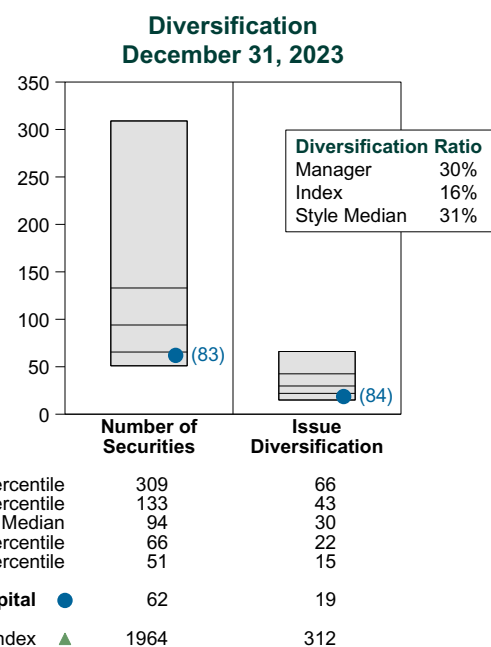
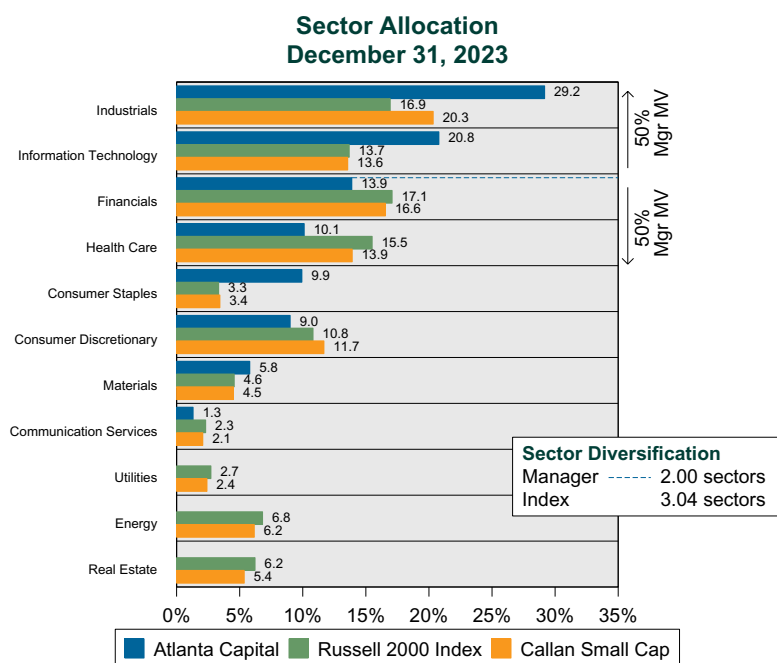
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of December 31, 2023



## Sector Weights

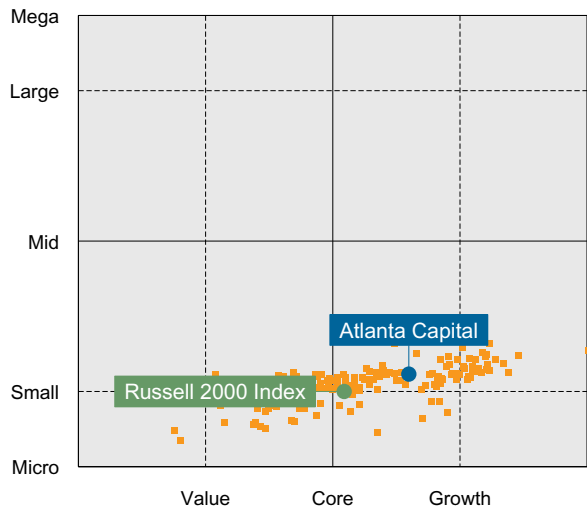
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



Current Holdings Based Style Analysis  
Atlanta Capital  
As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

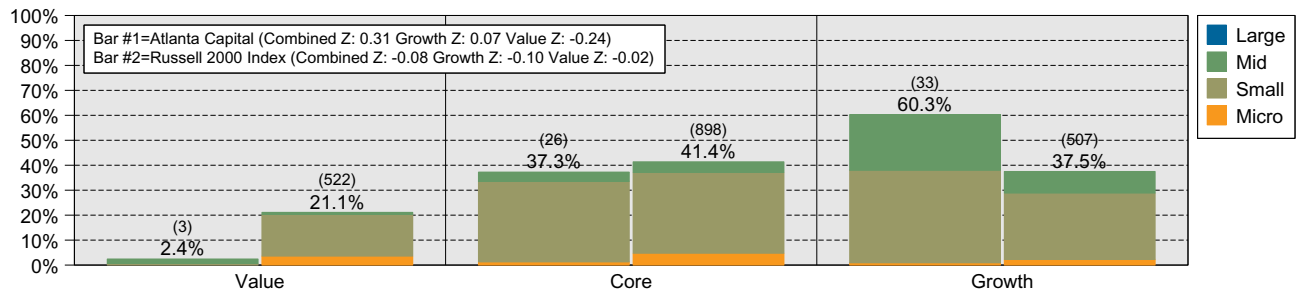
Style Map vs Callan Small Cap Holdings as of December 31, 2023



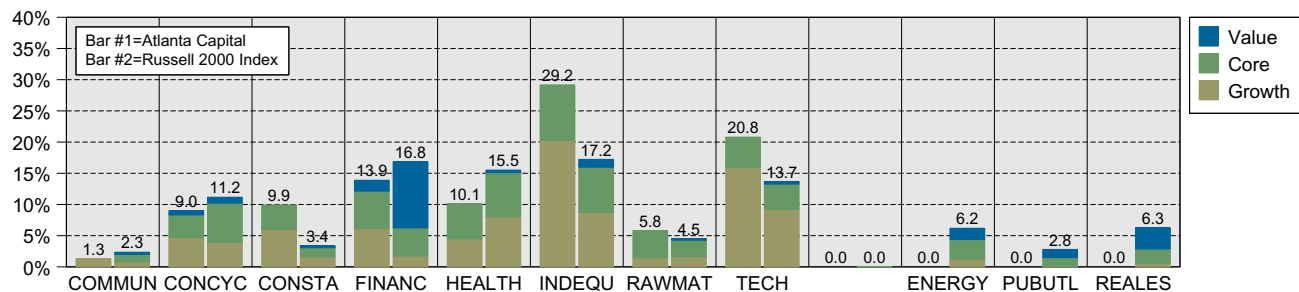
Style Exposure Matrix Holdings as of December 31, 2023

	Value	Core	Growth	Total
Large	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)
Mid	1.7% (2) 0.8% (4)	3.7% (2) 4.2% (20)	22.4% (10) 8.6% (33)	27.8% (14) 13.7% (57)
Small	0.7% (1) 16.7% (228)	32.3% (23) 32.4% (456)	37.0% (22) 26.6% (313)	70.0% (46) 75.7% (997)
Micro	0.0% (0) 3.6% (290)	1.3% (1) 4.7% (422)	0.9% (1) 2.3% (161)	2.2% (2) 10.6% (873)
Total	2.4% (3) 21.1% (522)	37.3% (26) 41.4% (898)	60.3% (33) 37.5% (507)	100.0% (62) 100.0% (1927)

Combined Z-Score Style Distribution Holdings as of December 31, 2023



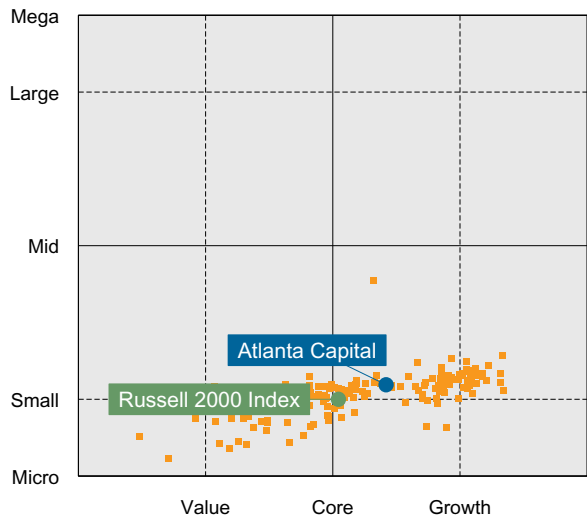
Sector Weights Distribution Holdings as of December 31, 2023



# Historical Holdings Based Style Analysis Atlanta Capital For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

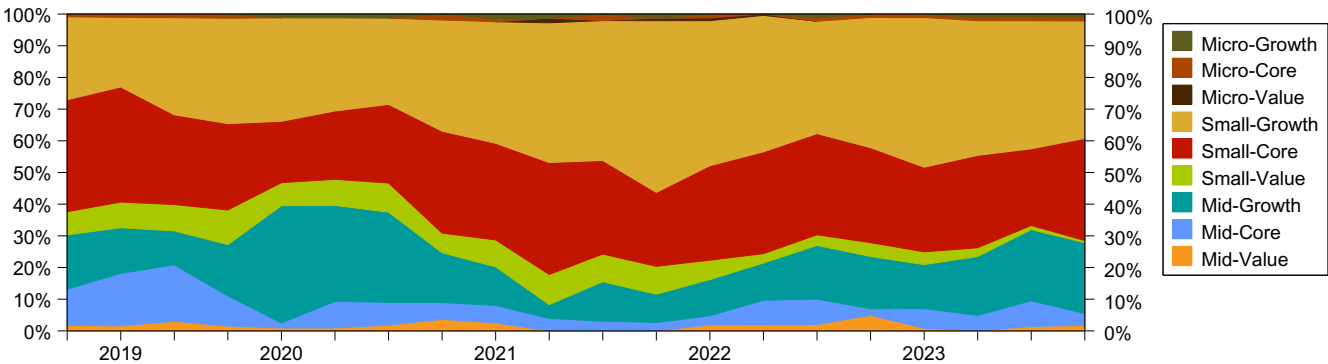
Average Style Map vs Callan Small Cap Holdings for Five Years Ended December 31, 2023



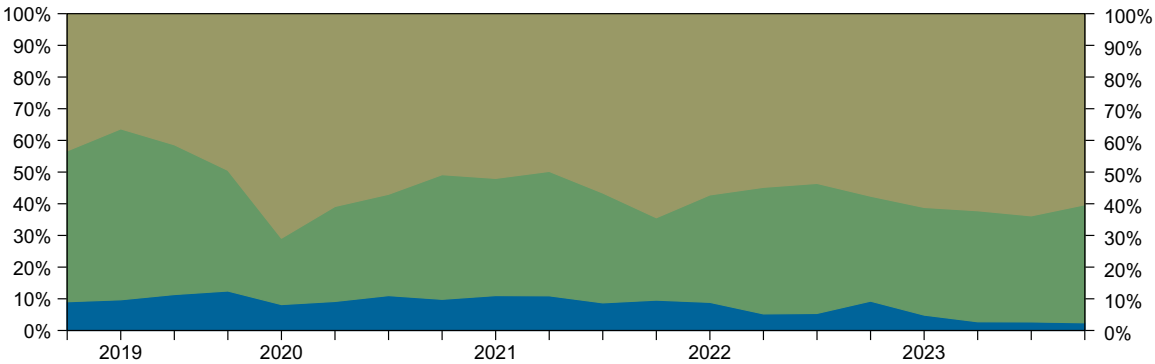
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	1.6% (1)	6.8% (3)	17.1% (8)	25.5% (12)
Small	6.3% (5)	29.0% (19)	37.5% (22)	72.8% (46)
Micro	0.2% (0)	0.9% (1)	0.6% (1)	1.6% (2)
Total	8.1% (6)	36.7% (23)	55.2% (31)	100.0% (60)
	22.9% (561)	38.6% (870)	38.5% (544)	100.0% (1975)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures





## International Equity Period Ended December 31, 2023

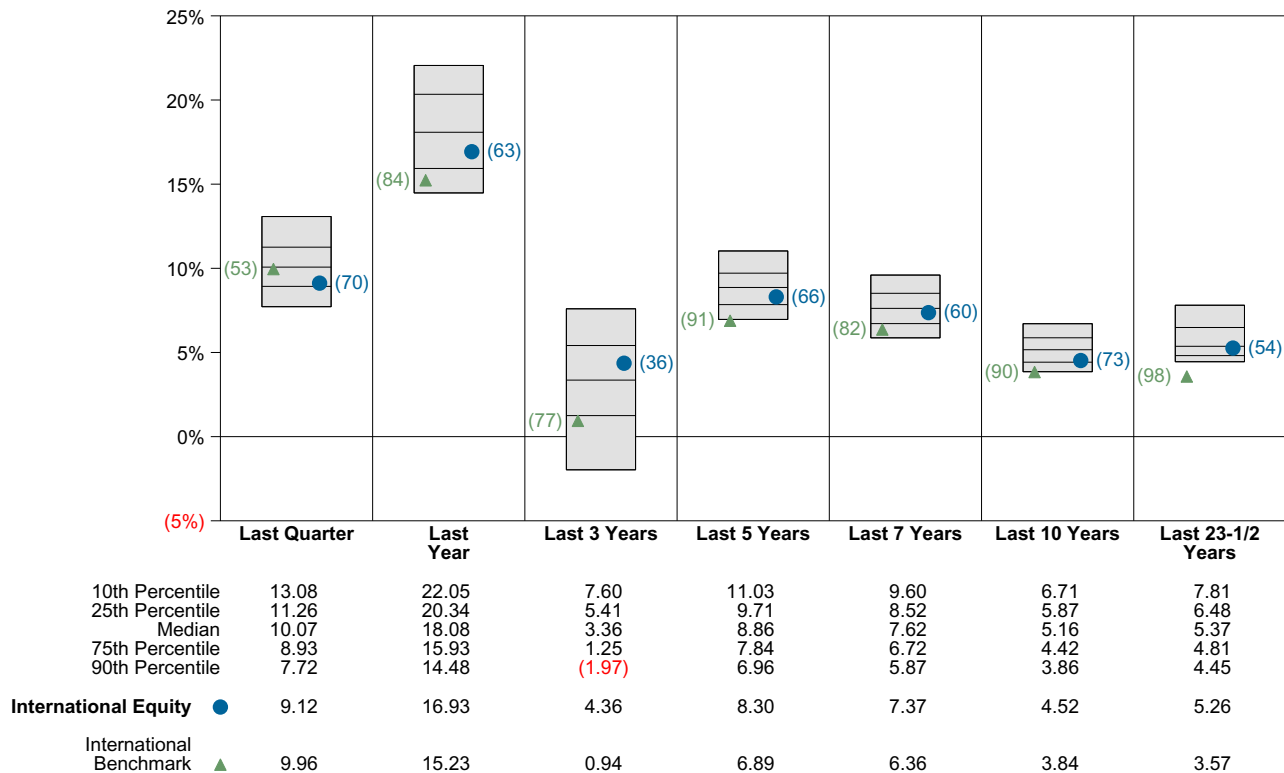
### Investment Philosophy

International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

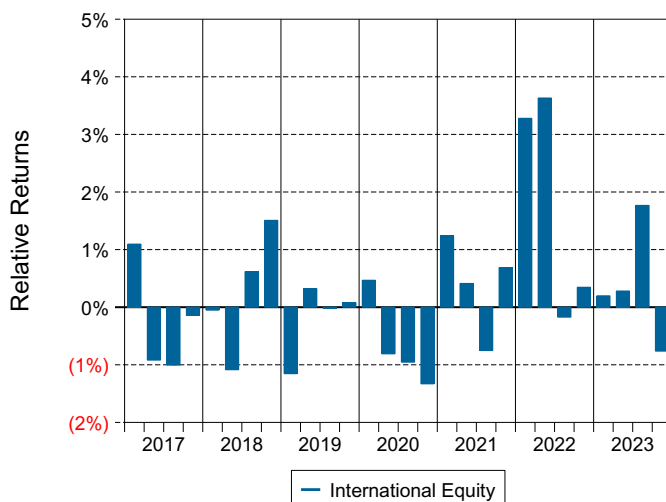
### Quarterly Summary and Highlights

- International Equity's portfolio posted a 9.12% return for the quarter placing it in the 70 percentile of the Callan Non-US Equity group for the quarter and in the 63 percentile for the last year.
- International Equity's portfolio underperformed the International Benchmark by 0.84% for the quarter and outperformed the International Benchmark for the year by 1.70%.

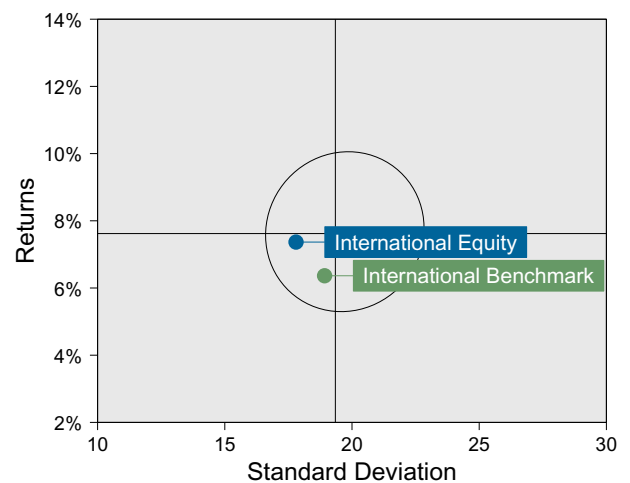
### Performance vs Callan Non-US Equity (Gross)



### Relative Return vs International Benchmark



### Callan Non-US Equity (Gross) Annualized Seven Year Risk vs Return

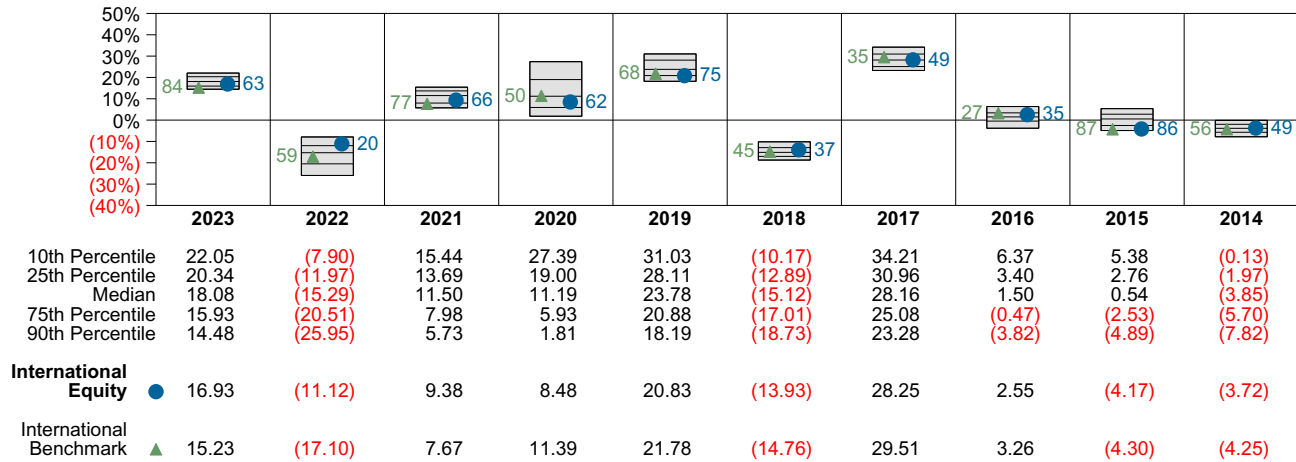


## International Equity Return Analysis Summary

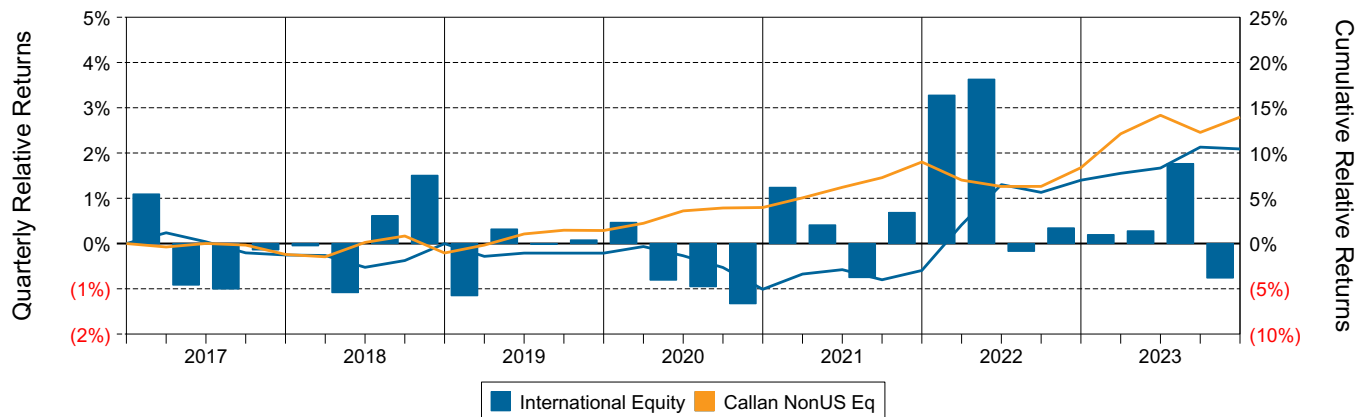
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

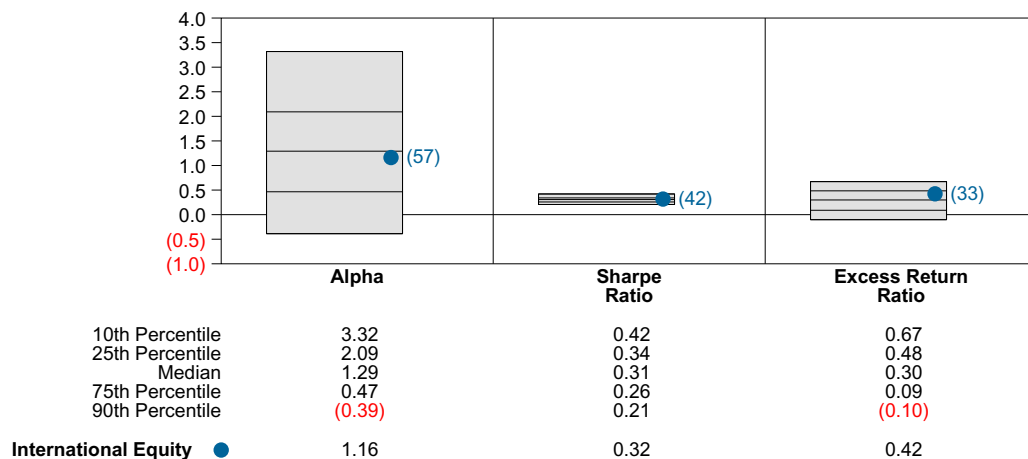
### Performance vs Callan Non-US Equity (Gross)



### Cumulative and Quarterly Relative Returns vs International Benchmark



### Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended December 31, 2023

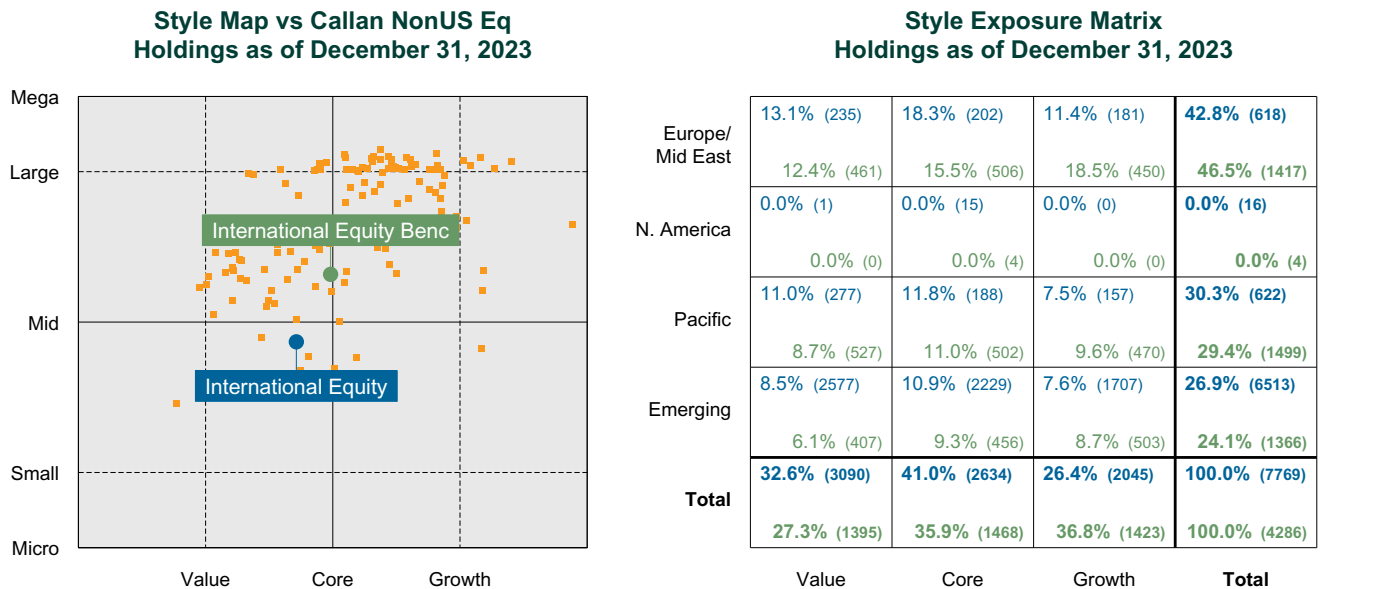


# Current Holdings Based Style Analysis

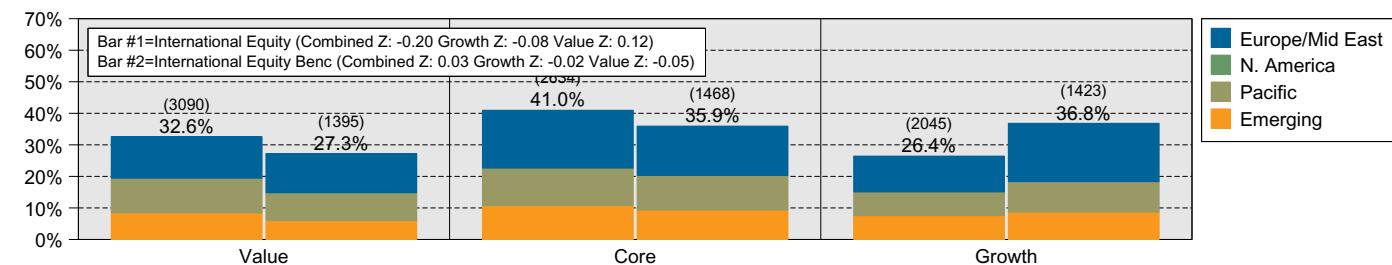
## International Equity

### As of December 31, 2023

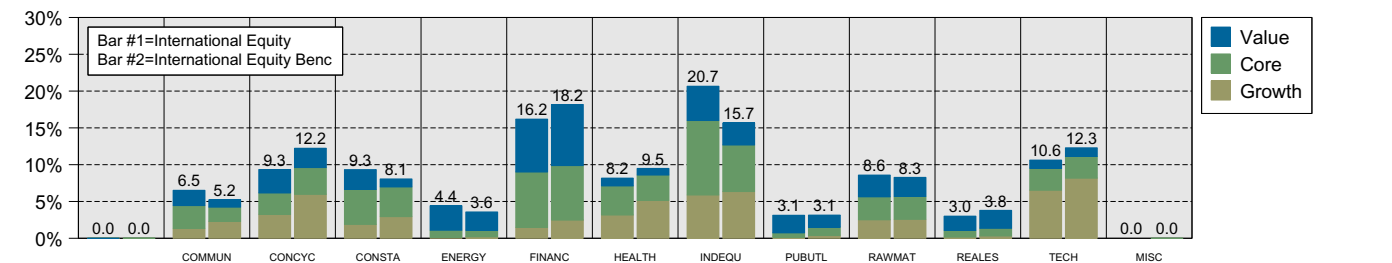
This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.



## Combined Z-Score Style Distribution Holdings as of December 31, 2023



## Sector Weights Distribution Holdings as of December 31, 2023

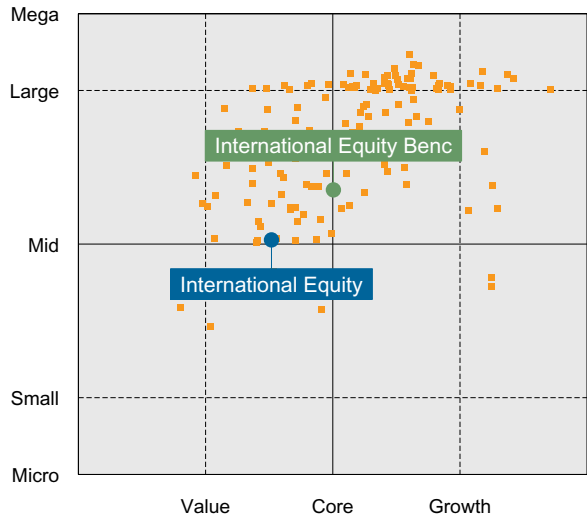




# Historical Holdings Based Style Analysis International Equity For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

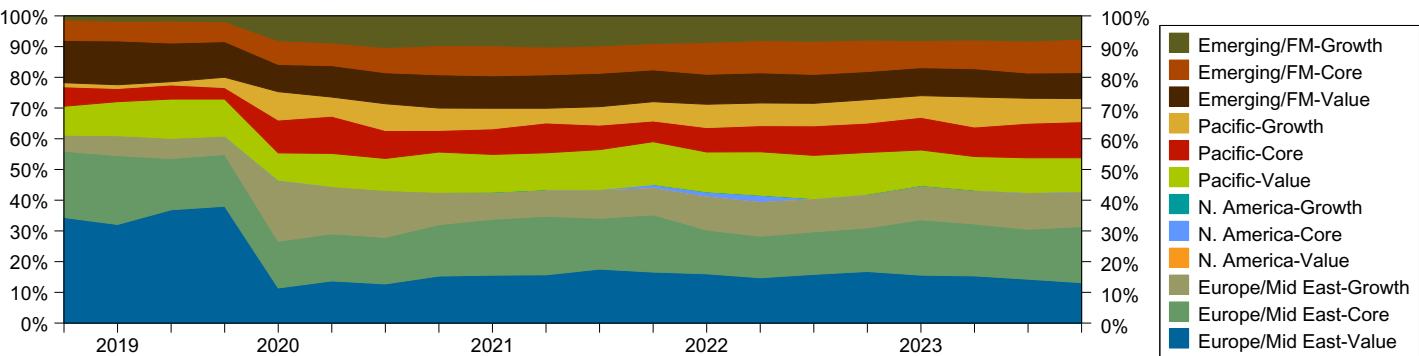
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended December 31, 2023



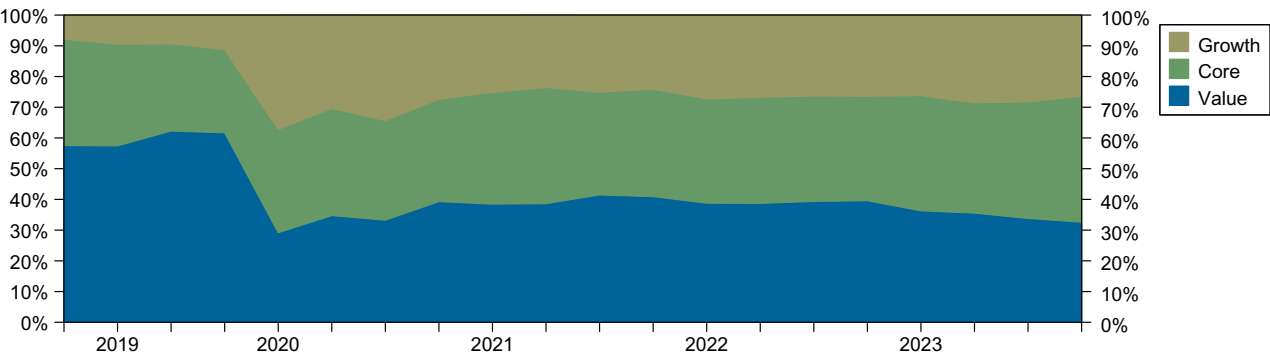
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023

Europe/ Mid East	19.1% (237)	16.9% (200)	10.5% (195)	46.5% (632)
	13.4% (469)	14.5% (523)	18.7% (496)	46.5% (1488)
N. America	0.0% (1)	0.2% (5)	0.0% (0)	0.2% (6)
	0.0% (1)	0.0% (4)	0.0% (1)	0.0% (6)
Pacific	12.0% (276)	8.5% (221)	6.2% (182)	26.7% (679)
	9.2% (552)	9.5% (559)	10.8% (538)	29.6% (1649)
Emerging/ FM	10.4% (2236)	8.9% (1871)	7.3% (1318)	26.6% (5425)
	6.3% (453)	7.6% (421)	10.0% (435)	23.8% (1309)
Total	41.5% (2750)	34.5% (2297)	24.1% (1695)	100.0% (6742)
	28.9% (1475)	31.6% (1507)	39.5% (1470)	100.0% (4452)
	Value	Core	Growth	Total

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



## Country Allocation

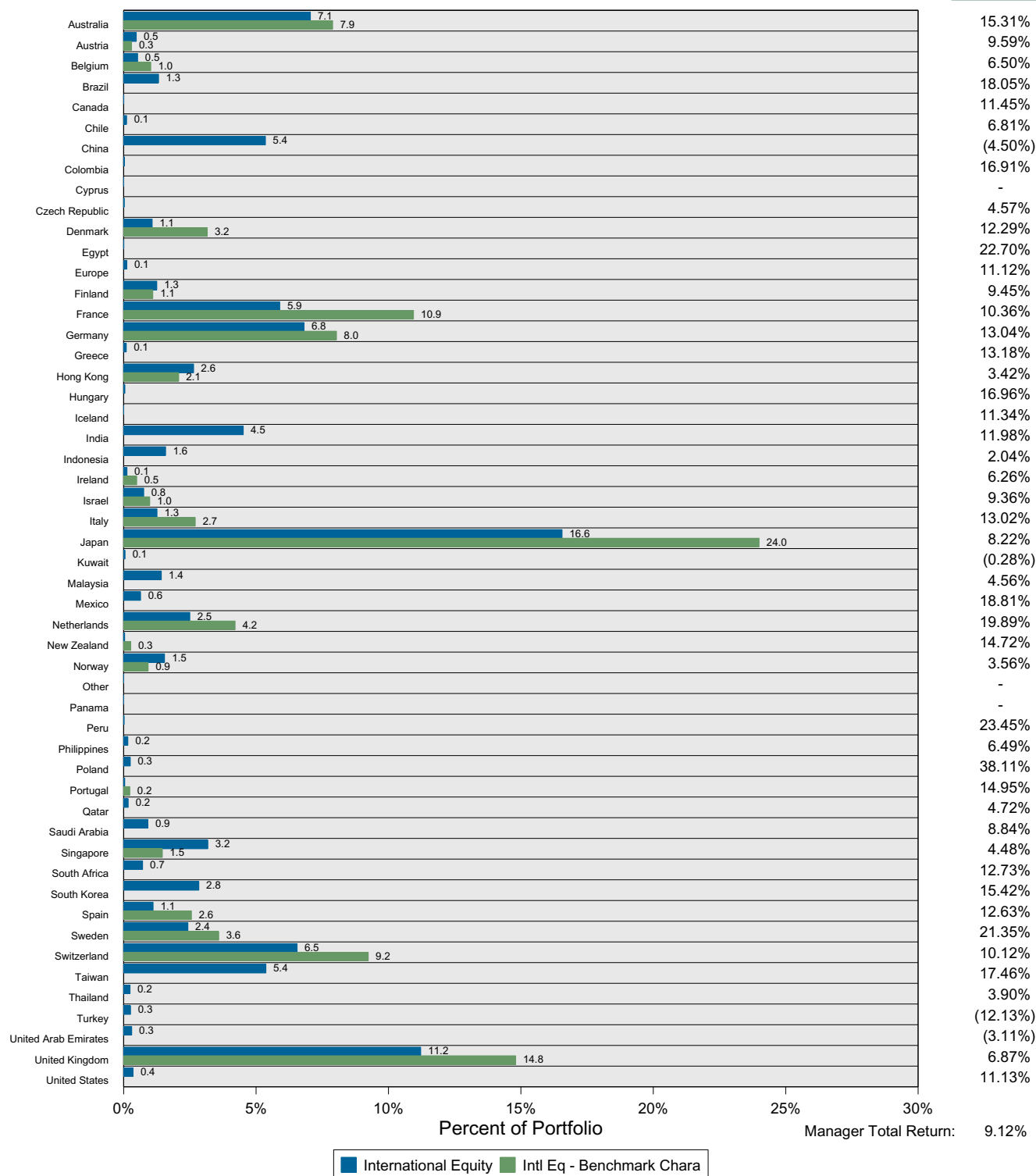
### International Equity VS Intl Eq - Benchmark Characteristics

#### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2023. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

#### Country Weights as of December 31, 2023

#### Index Rtns



## SSgA EAFE Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 6/30/2012 are linked to a composite history.

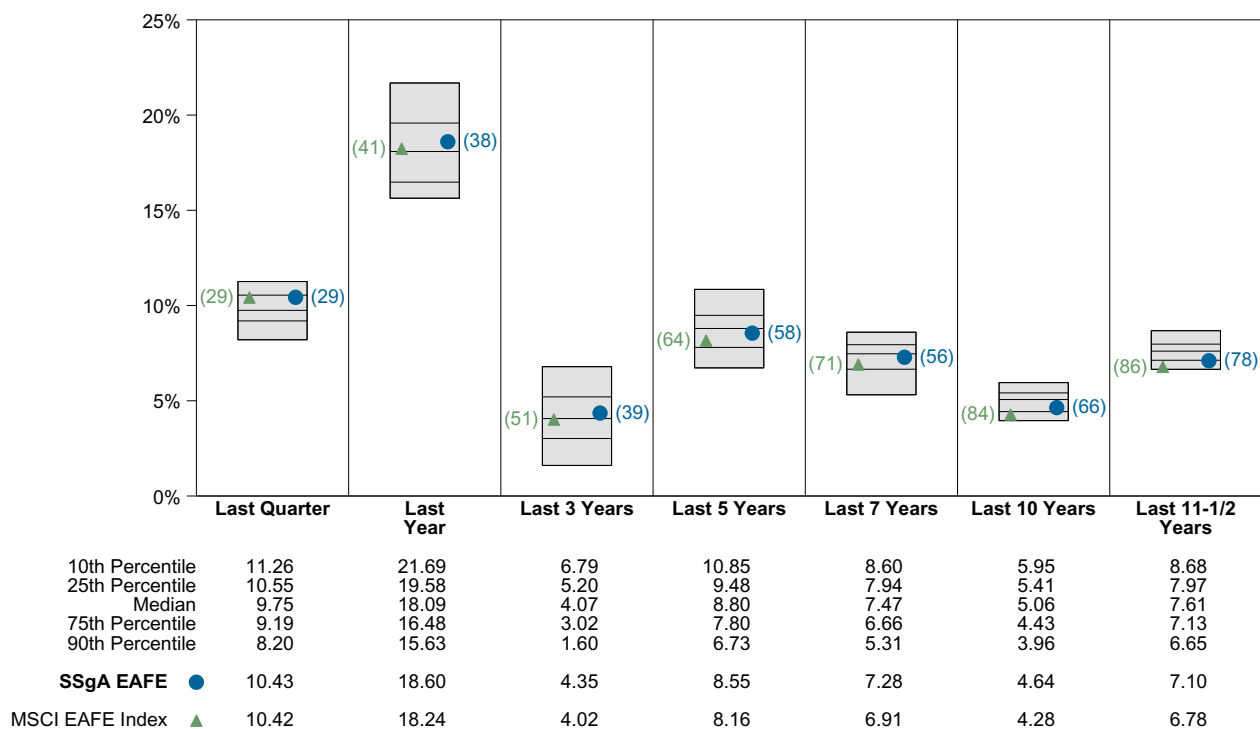
### Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 10.43% return for the quarter placing it in the 29 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 38 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.01% for the quarter and outperformed the MSCI EAFE Index for the year by 0.36%.

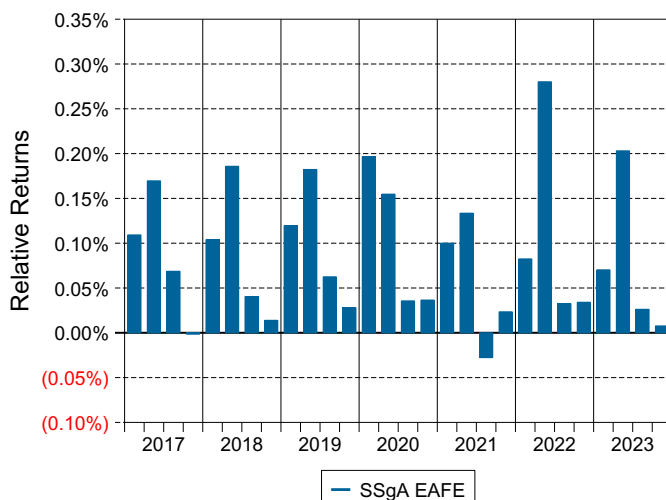
### Quarterly Asset Growth

Beginning Market Value	\$17,116,751
Net New Investment	\$0
Investment Gains/(Losses)	\$1,785,340
Ending Market Value	\$18,902,092

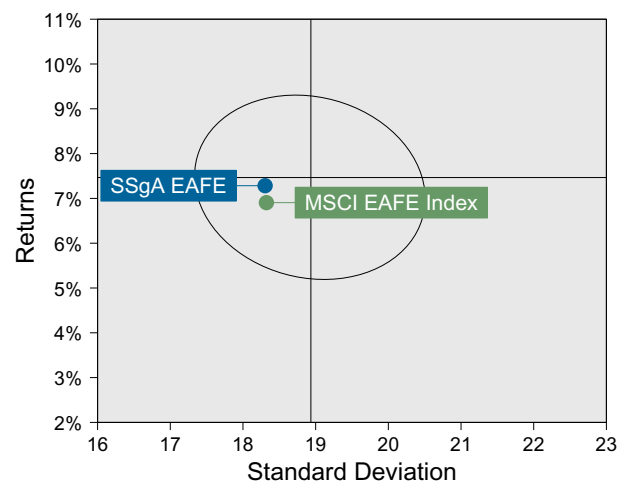
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Relative Return vs MSCI EAFE Index



### Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

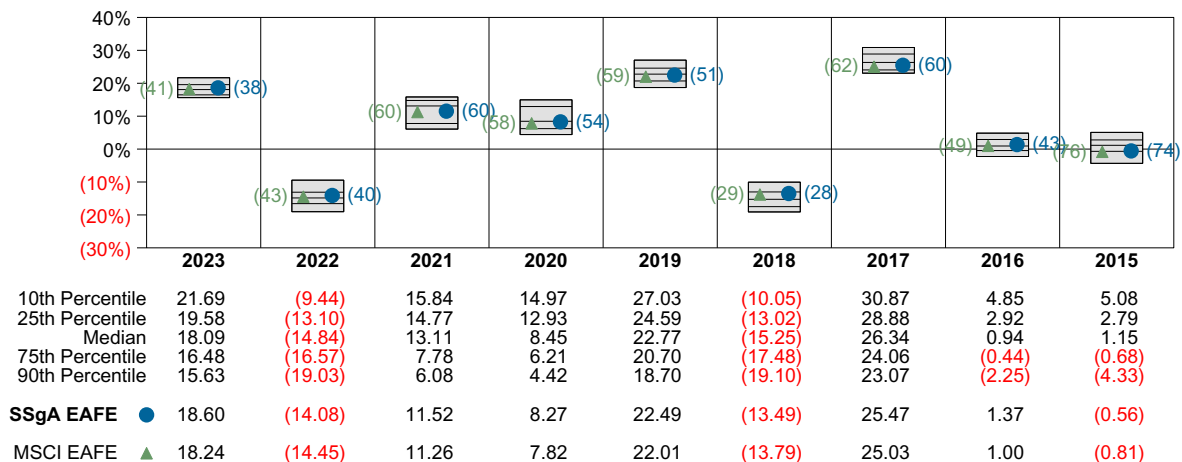


## SSgA EAFE Return Analysis Summary

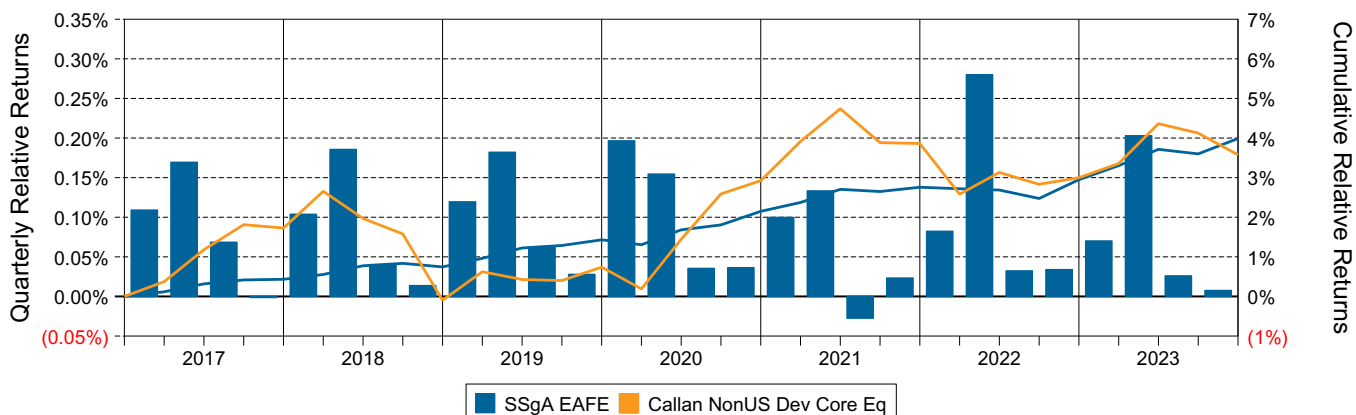
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

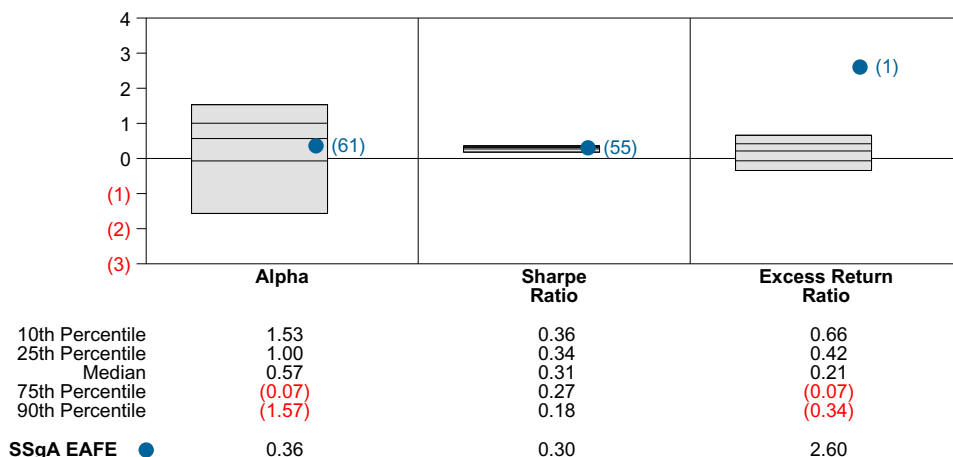
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE



### Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2023



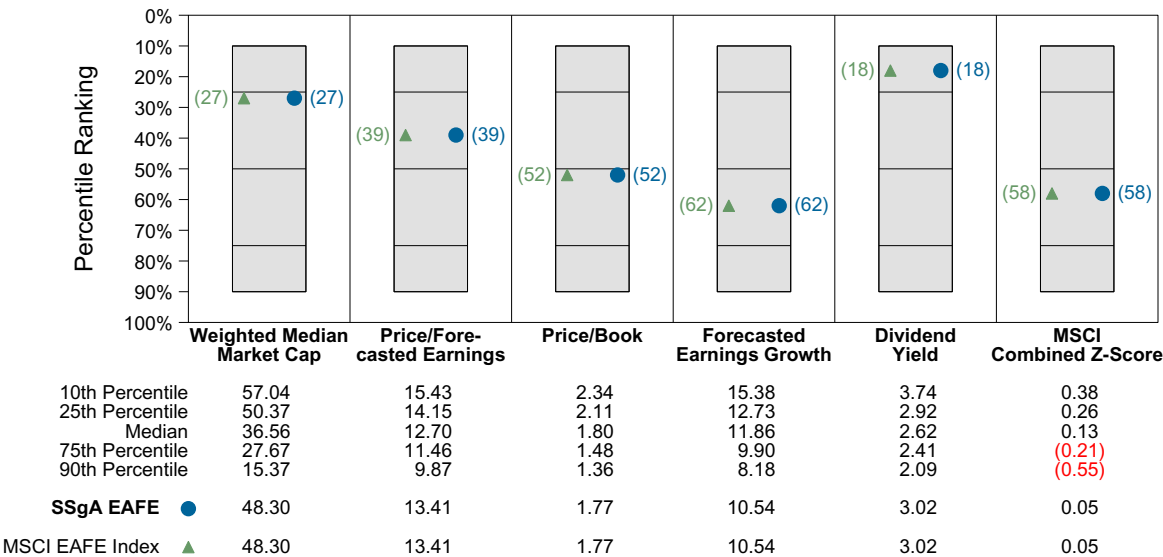
# SSgA EAFE

## Equity Characteristics Analysis Summary

### Portfolio Characteristics

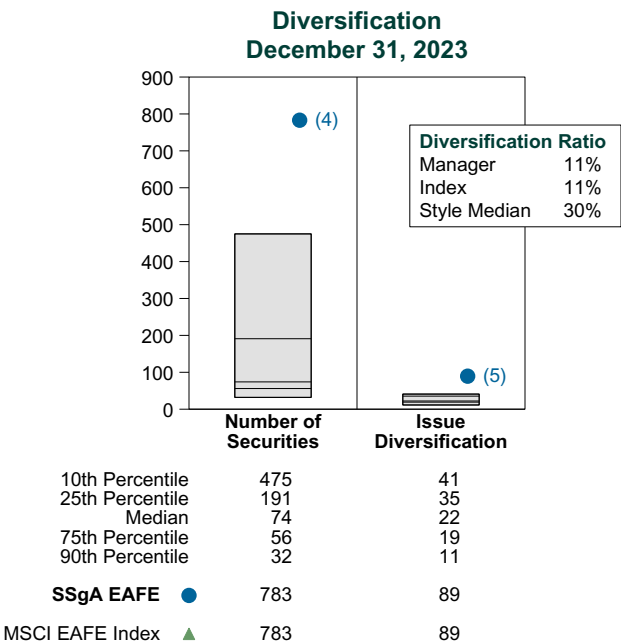
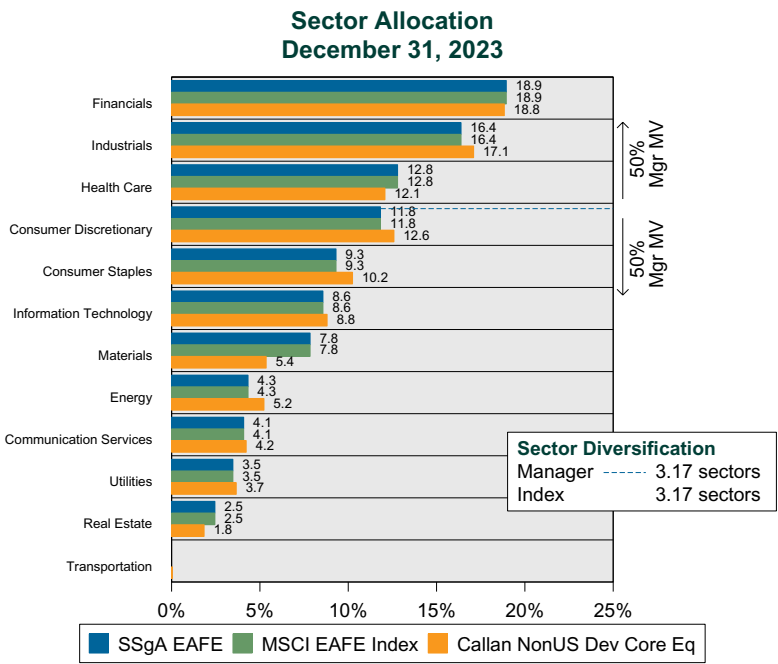
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2023



### Sector Weights

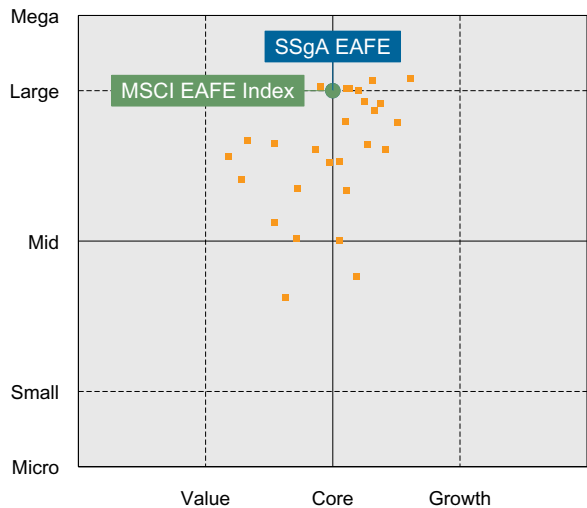
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



Current Holdings Based Style Analysis
SSgA EAFE
As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

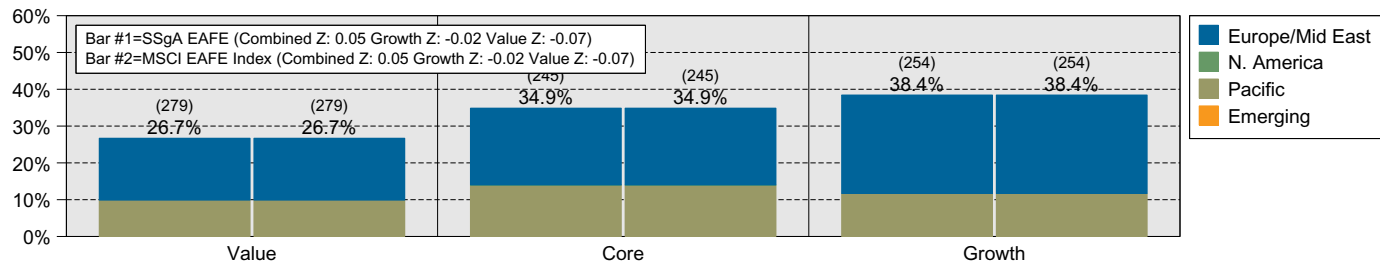
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2023



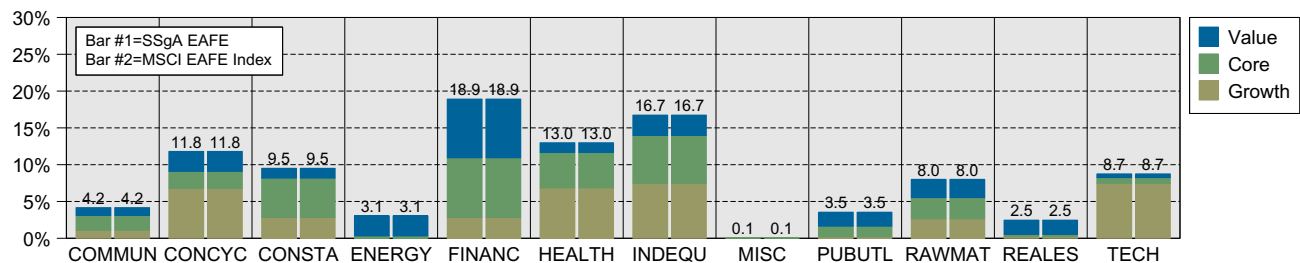
Style Exposure Matrix Holdings as of December 31, 2023

Europe/ Mid East	16.8% (147)	20.8% (137)	26.7% (149)	64.4% (433)
	16.8% (147)	20.8% (137)	26.7% (149)	64.4% (433)
N. America	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
Pacific	9.9% (132)	13.9% (107)	11.7% (105)	35.5% (344)
	9.9% (132)	13.9% (107)	11.7% (105)	35.5% (344)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	26.7% (279)	34.9% (245)	38.4% (254)	100.0% (778)
	26.7% (279)	34.9% (245)	38.4% (254)	100.0% (778)
	Value	Core	Growth	Total

Combined Z-Score Style Distribution Holdings as of December 31, 2023



Sector Weights Distribution Holdings as of December 31, 2023



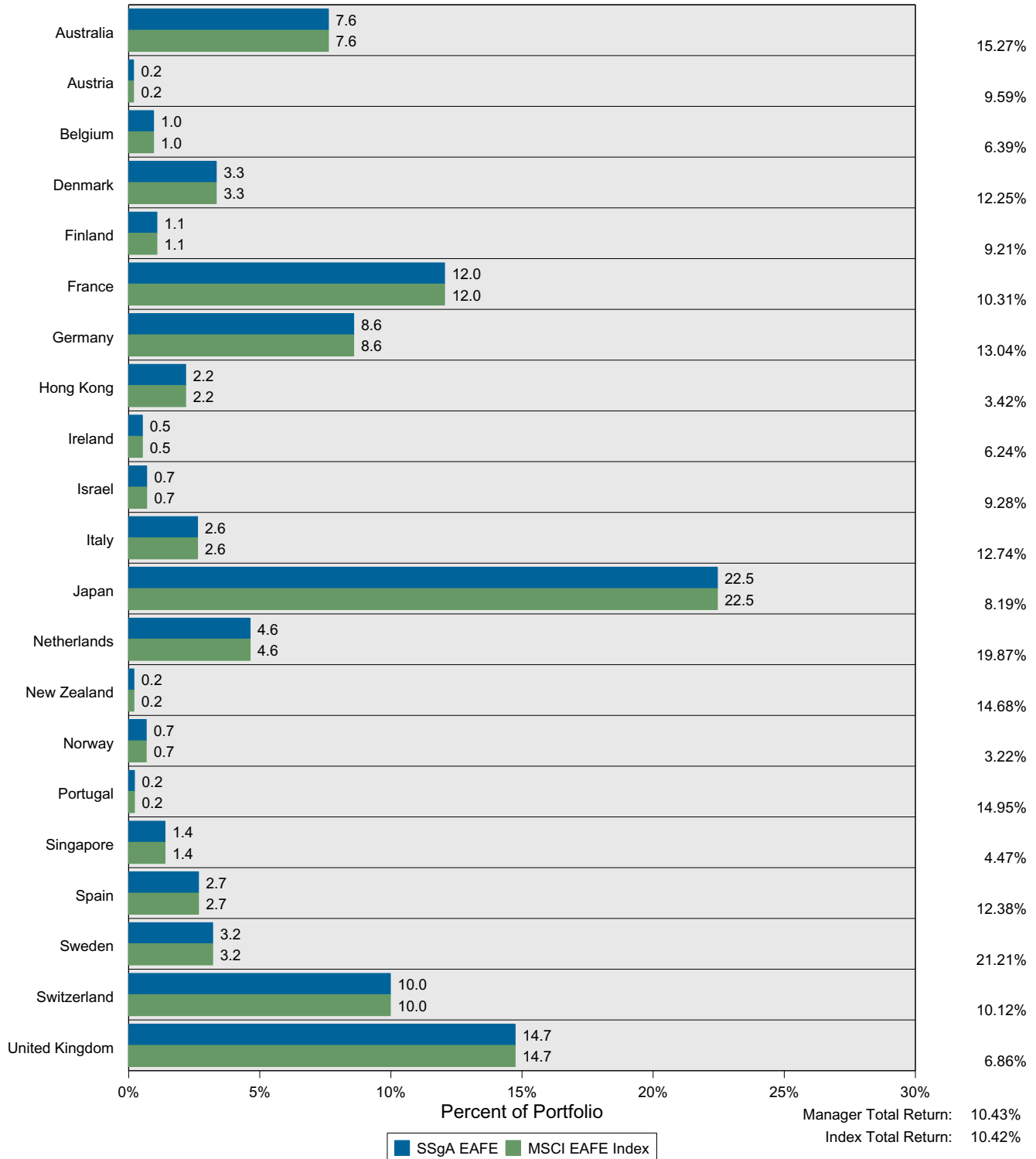
## Country Allocation SSgA EAFE VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2023. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

### Country Weights as of December 31, 2023

### Index Rtns





## SSgA EAFE

### Top 10 Portfolio Holdings Characteristics as of December 31, 2023

#### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Novo-Nordisk A S Almindelig Aktie	Health Care	\$394,325	2.1%	13.15%	355.36	31.00	1.00%	30.80%
Nestle S A Shs Nom New	Consumer Staples	\$361,323	1.9%	2.16%	309.33	19.17	2.93%	4.95%
Asml Holding N V Asml Rev Stk Spl	Information Technology	\$354,600	1.9%	27.54%	303.59	34.70	0.87%	20.64%
Lvmh Moet Hennessy Lou Vuitt Ord	Consumer Discretionary	\$261,372	1.4%	7.68%	406.86	22.09	1.68%	6.99%
Astrazeneca Plc Ord	Health Care	\$244,636	1.3%	(0.28)%	209.44	16.16	2.24%	11.60%
Novartis	Health Care	\$241,427	1.3%	3.68%	242.30	14.11	3.65%	10.96%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$238,396	1.3%	6.11%	204.09	12.27	3.76%	2.25%
Toyota Motor Corp	Consumer Discretionary	\$227,611	1.2%	3.54%	299.79	8.40	2.40%	24.60%
Bhp Billiton Ltd Shs	Materials	\$203,653	1.1%	22.15%	174.35	12.66	5.04%	(2.50)%
Sap Se Shs	Information Technology	\$187,931	1.0%	18.45%	189.45	23.27	1.45%	22.20%

#### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Adyen NV Common Stock	Financials	\$32,685	0.2%	72.48%	39.98	46.58	0.00%	21.52%
Lasertec	Information Technology	\$23,230	0.1%	69.41%	24.86	49.38	0.46%	65.37%
Fastighets Ab Balder Shs B	Real Estate	\$5,405	0.0%	56.56%	7.72	16.25	0.00%	14.30%
Be Semiconductor Inds NV Bes Ord Shs	Information Technology	\$13,573	0.1%	53.08%	12.23	41.03	2.06%	12.10%
Allied Mining & Proc.	Materials	\$39,169	0.2%	49.36%	60.97	12.53	5.86%	(9.25)%
Unibail Rodamco Se Shs	Real Estate	\$10,205	0.1%	49.35%	10.28	7.13	0.00%	(3.56)%
Vestas Wind Sys As Shs	Industrials	\$37,459	0.2%	47.57%	32.07	47.33	0.00%	(34.47)%
James Hardie Inds Plc Chess Dep Int	Materials	\$19,816	0.1%	47.54%	16.79	22.86	2.39%	14.20%
Latour Investment Ab Shs B	Industrials	\$4,501	0.0%	46.87%	15.43	39.43	1.36%	14.25%
Shin Etsu Chemical Co Ltd Shs	Materials	\$89,308	0.5%	44.21%	84.95	19.12	1.69%	21.93%

#### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Hellofresh	Consumer Staples	\$2,870	0.0%	(46.83)%	2.75	13.04	0.00%	31.24%
Alstom	Industrials	\$4,530	0.0%	(43.78)%	5.17	7.34	2.03%	(10.79)%
Worldline	Financials	\$4,862	0.0%	(38.65)%	4.90	7.57	0.00%	10.29%
Rentokil Initial	Industrials	\$16,557	0.1%	(24.55)%	14.17	17.67	1.78%	12.11%
Igo Ltd Shs	Materials	\$4,916	0.0%	(23.25)%	4.68	10.76	6.23%	72.66%
Bayer A G Namen -Akt	Health Care	\$42,630	0.2%	(22.60)%	36.57	5.71	5.86%	(6.53)%
Argen-X	Health Care	\$26,185	0.1%	(22.19)%	22.42	(266.47)	0.00%	-
Burberry Group Plc Shs	Consumer Discretionary	\$7,664	0.0%	(21.60)%	6.47	13.20	4.40%	5.90%
Volvo Car Ab Ser'b'npv	Consumer Discretionary	\$2,249	0.0%	(21.16)%	9.61	6.20	0.00%	24.40%
Tecmo Koei Holdings Co	Communication Services	\$1,568	0.0%	(19.90)%	3.83	15.54	2.96%	25.12%

# Pyrford

## Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 6/30/2017 are linked to a composite history.

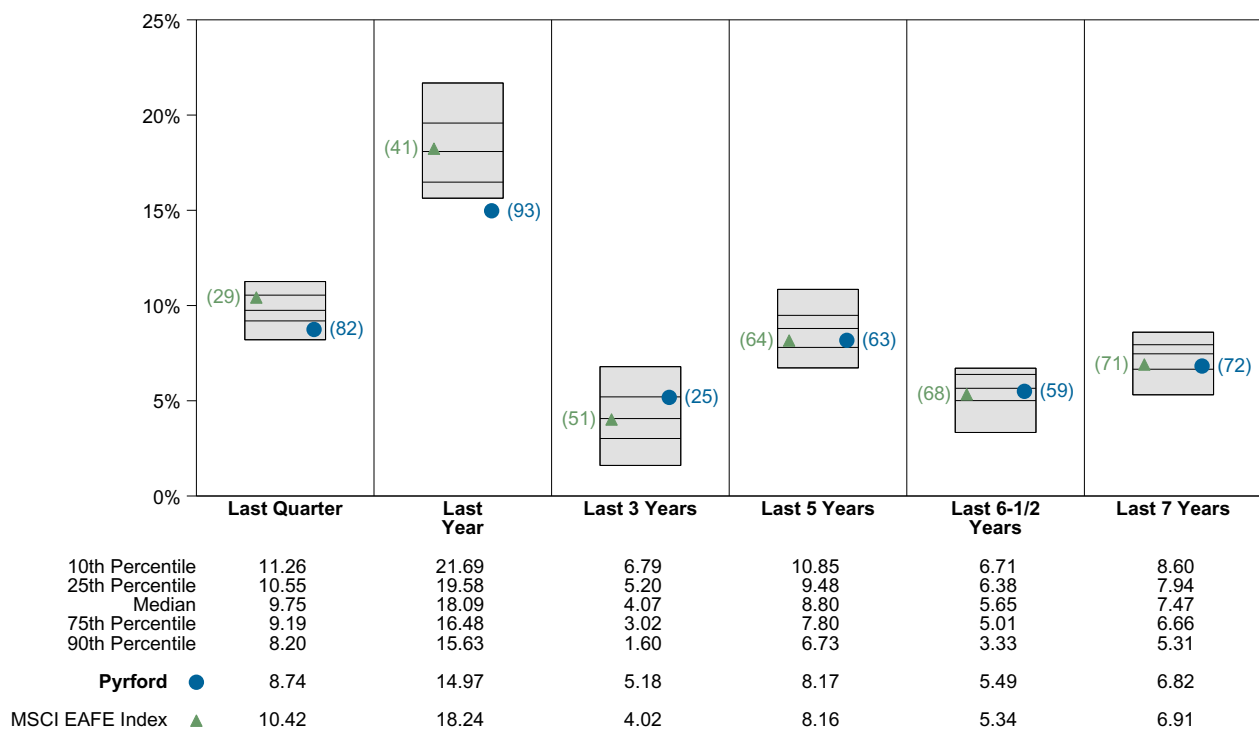
### Quarterly Summary and Highlights

- Pyrford's portfolio posted a 8.74% return for the quarter placing it in the 82 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 93 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 1.68% for the quarter and underperformed the MSCI EAFE Index for the year by 3.26%.

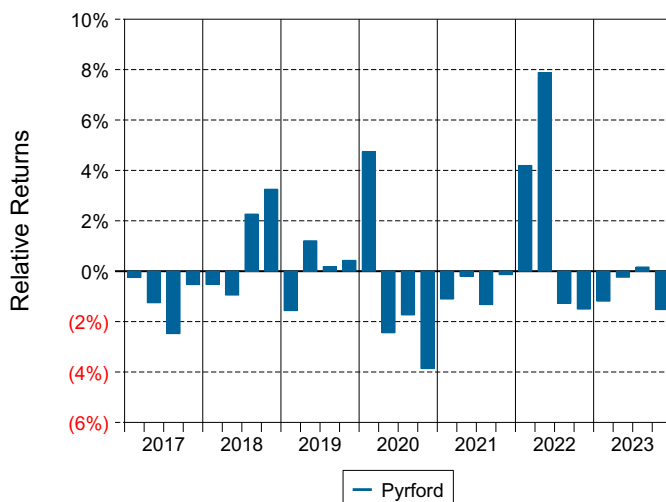
### Quarterly Asset Growth

Beginning Market Value	\$34,857,131
Net New Investment	\$0
Investment Gains/(Losses)	\$3,047,609
Ending Market Value	\$37,904,739

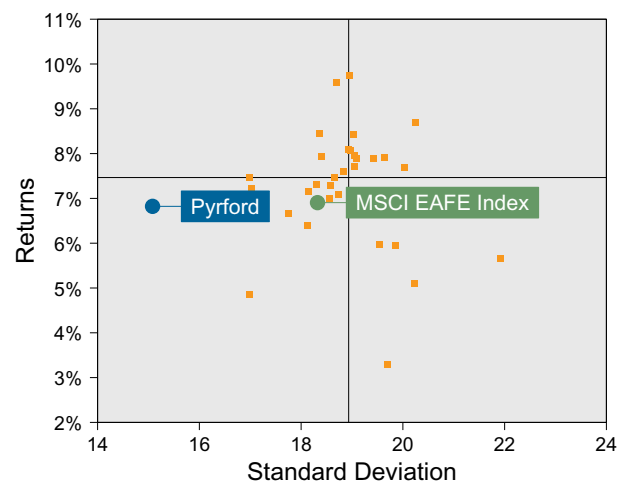
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Relative Return vs MSCI EAFE Index



### Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

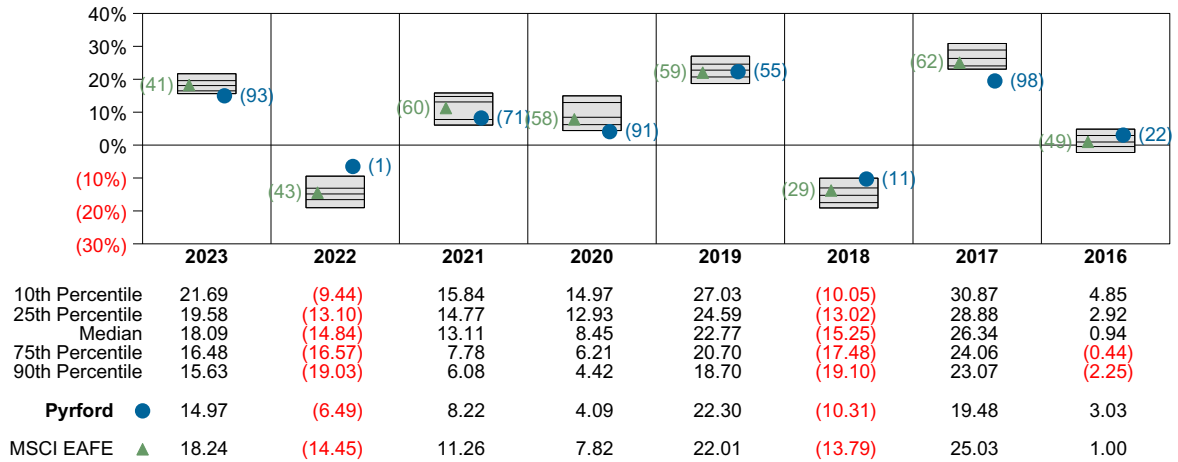


# Pyrford Return Analysis Summary

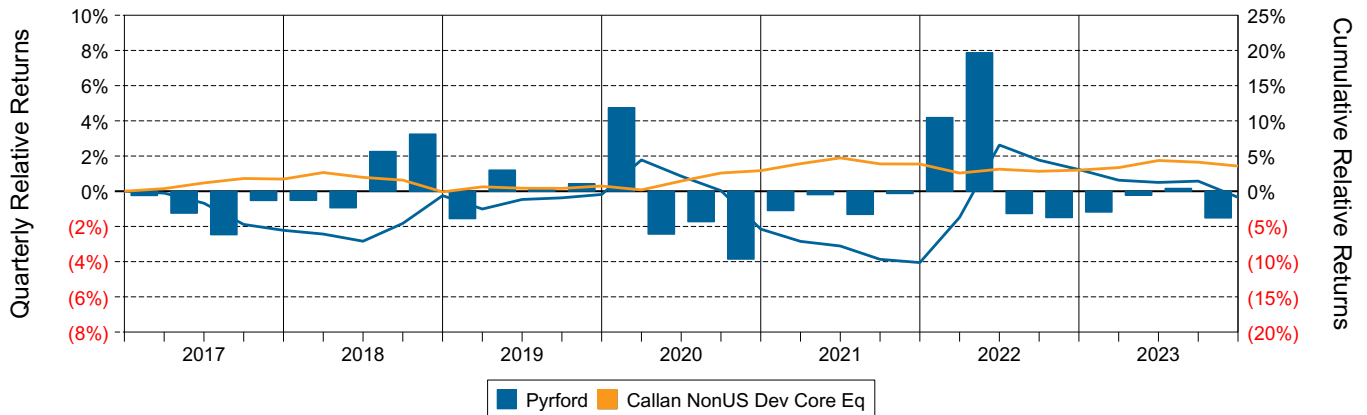
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

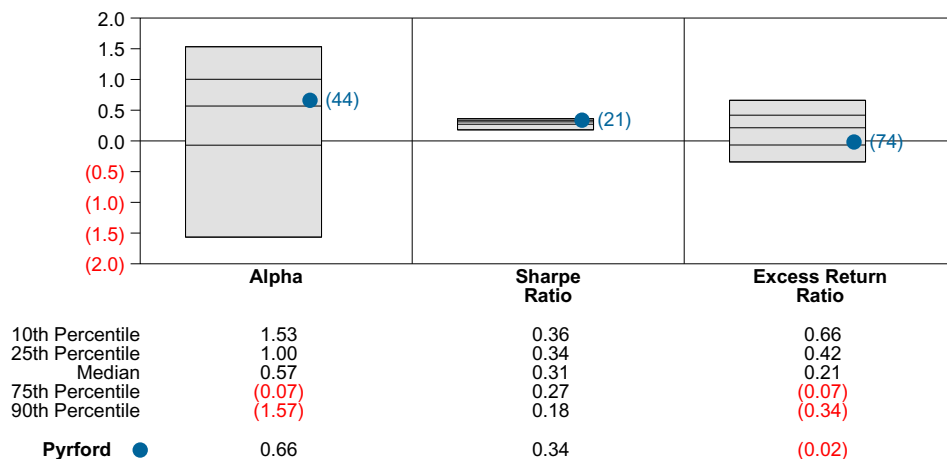
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE



### Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2023



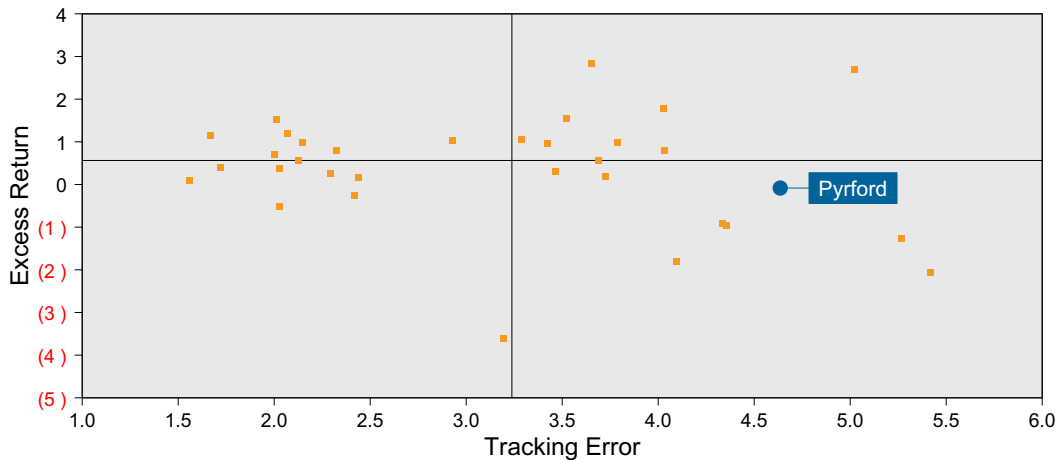
# Pyrford

## Risk Analysis Summary

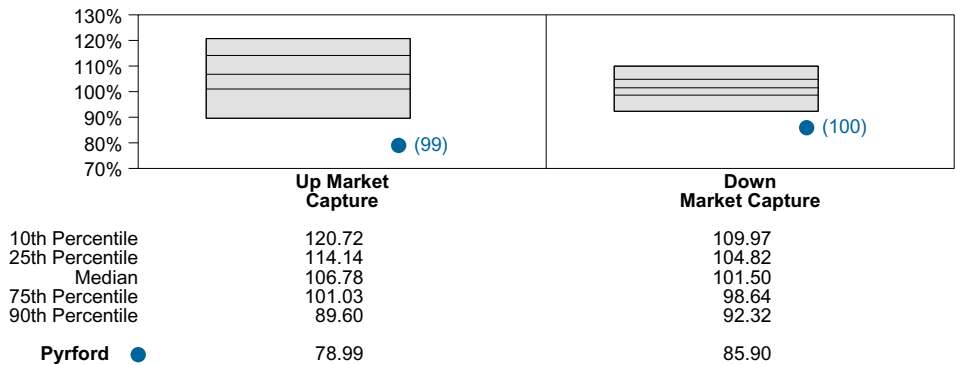
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

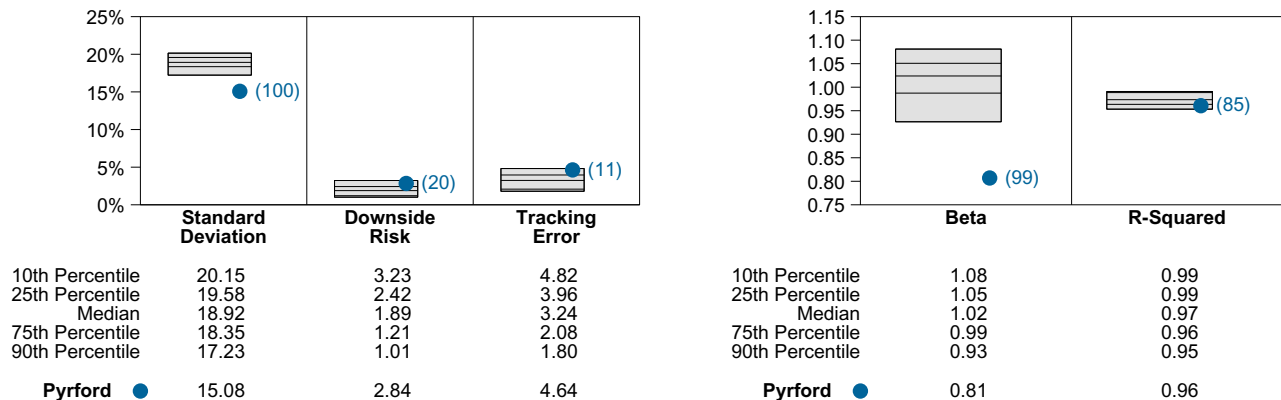
### Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2023



### Market Capture vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2023



### Risk Statistics Rankings vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2023

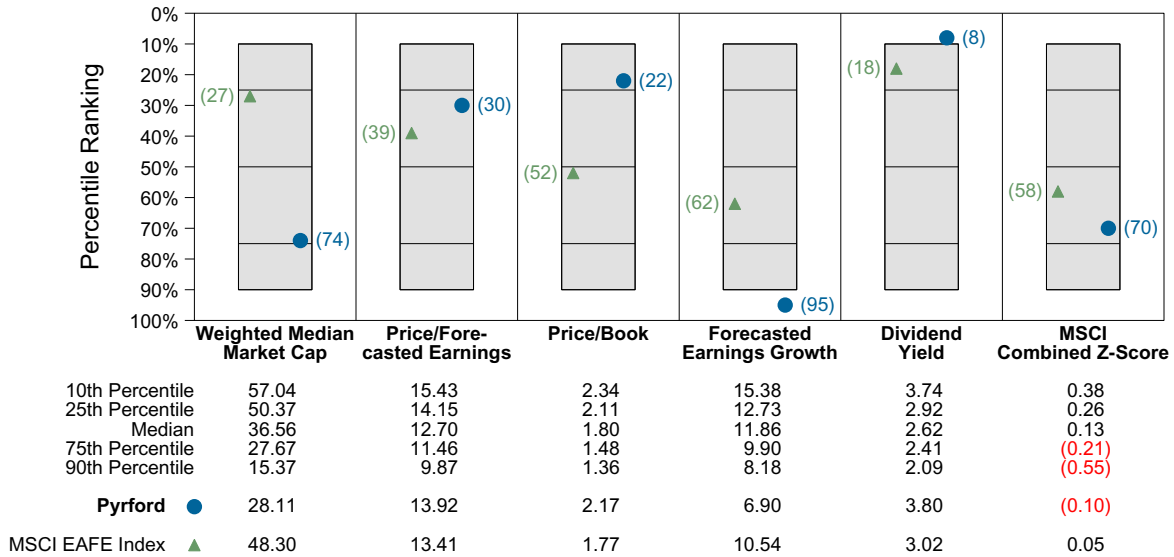


# Pyrford Equity Characteristics Analysis Summary

## Portfolio Characteristics

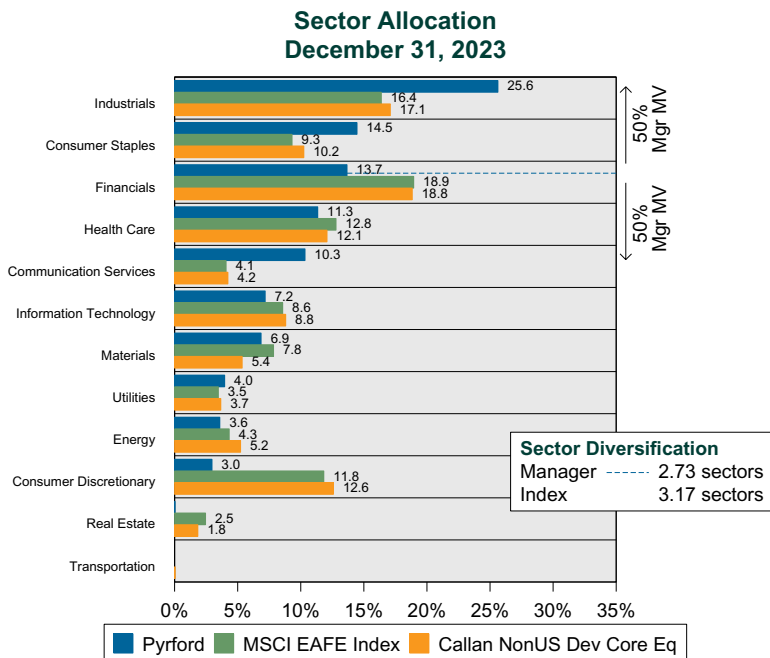
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2023

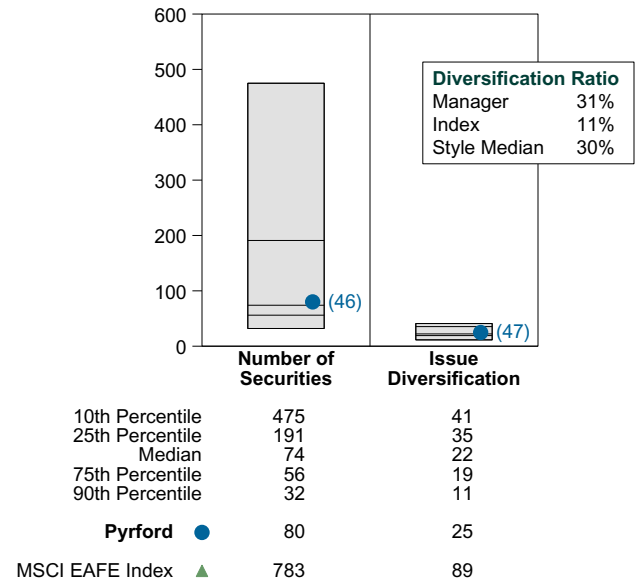


## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



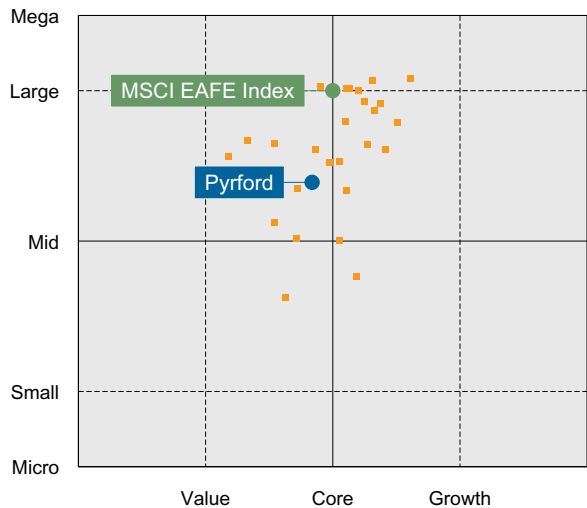
## Diversification December 31, 2023



Current Holdings Based Style Analysis  
Pyrford  
As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

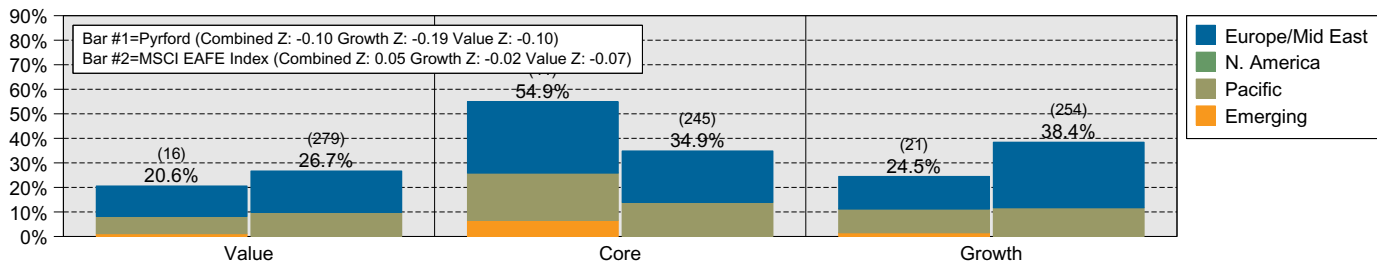
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2023



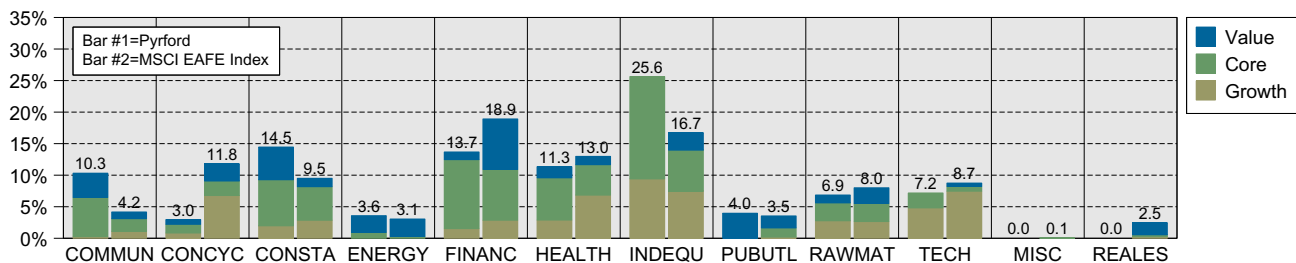
Style Exposure Matrix Holdings as of December 31, 2023

	Value	Core	Growth	Total
Europe/ Mid East	12.3% (10) 16.8% (147)	29.1% (21) 20.8% (137)	13.3% (13) 26.7% (149)	54.8% (44) 64.4% (433)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.1% (1)	0.0% (0) 0.0% (0)	0.0% (0) 0.1% (1)
Pacific	7.1% (5) 9.9% (132)	19.3% (14) 13.9% (107)	9.7% (6) 11.7% (105)	36.0% (25) 35.5% (344)
Emerging	1.1% (1) 0.0% (0)	6.6% (6) 0.0% (0)	1.5% (2) 0.0% (0)	9.2% (9) 0.0% (0)
Total	20.6% (16) 26.7% (279)	54.9% (41) 34.9% (245)	24.5% (21) 38.4% (254)	100.0% (78) 100.0% (778)

Combined Z-Score Style Distribution Holdings as of December 31, 2023



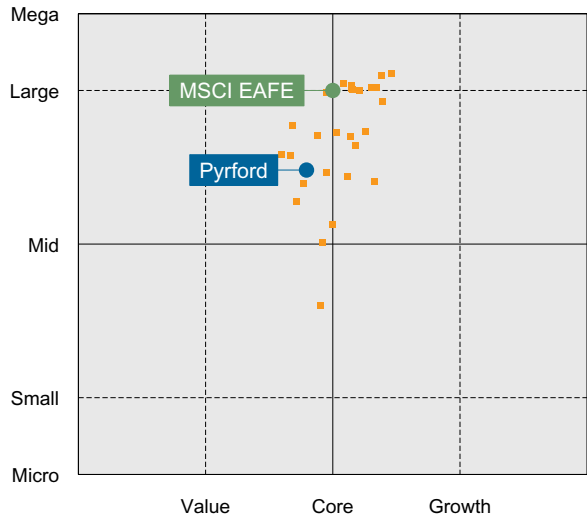
Sector Weights Distribution Holdings as of December 31, 2023



# Historical Holdings Based Style Analysis Pyrford For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

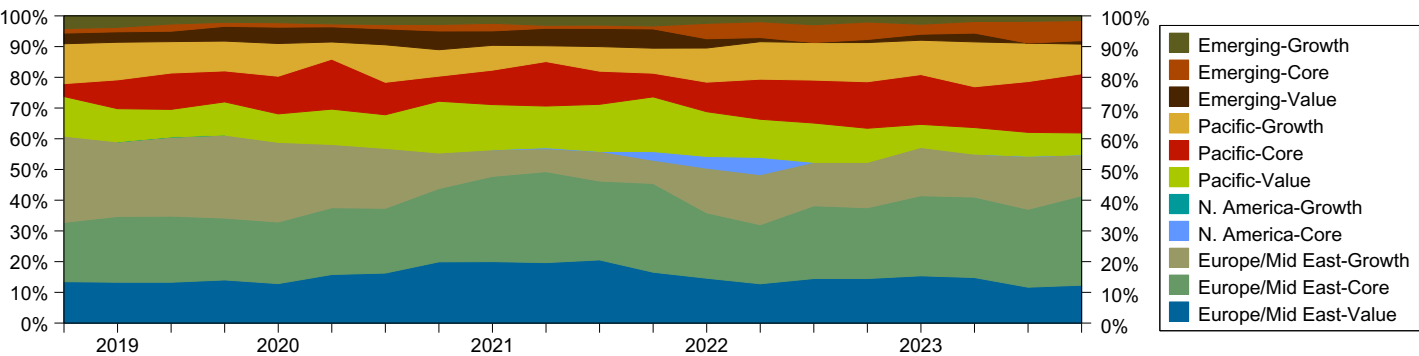
Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended December 31, 2023



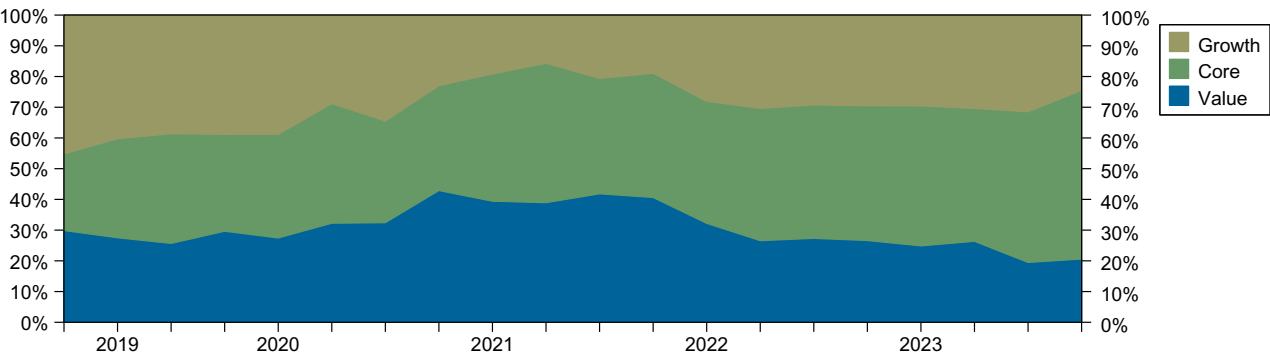
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023

Europe/ Mid East	15.3% (10)	23.8% (15)	16.8% (13)	55.9% (38)
	18.7% (147)	18.3% (126)	26.2% (167)	63.3% (440)
N. America	0.0% (0)	0.6% (0)	0.0% (0)	0.6% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.8% (7)	12.2% (8)	10.4% (7)	34.4% (22)
	11.7% (143)	11.2% (125)	13.8% (139)	36.7% (407)
Emerging	3.5% (2)	3.0% (3)	2.6% (3)	9.1% (8)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	30.6% (19)	39.6% (26)	29.8% (23)	100.0% (68)
	30.4% (290)	29.5% (251)	40.0% (306)	100.0% (847)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures





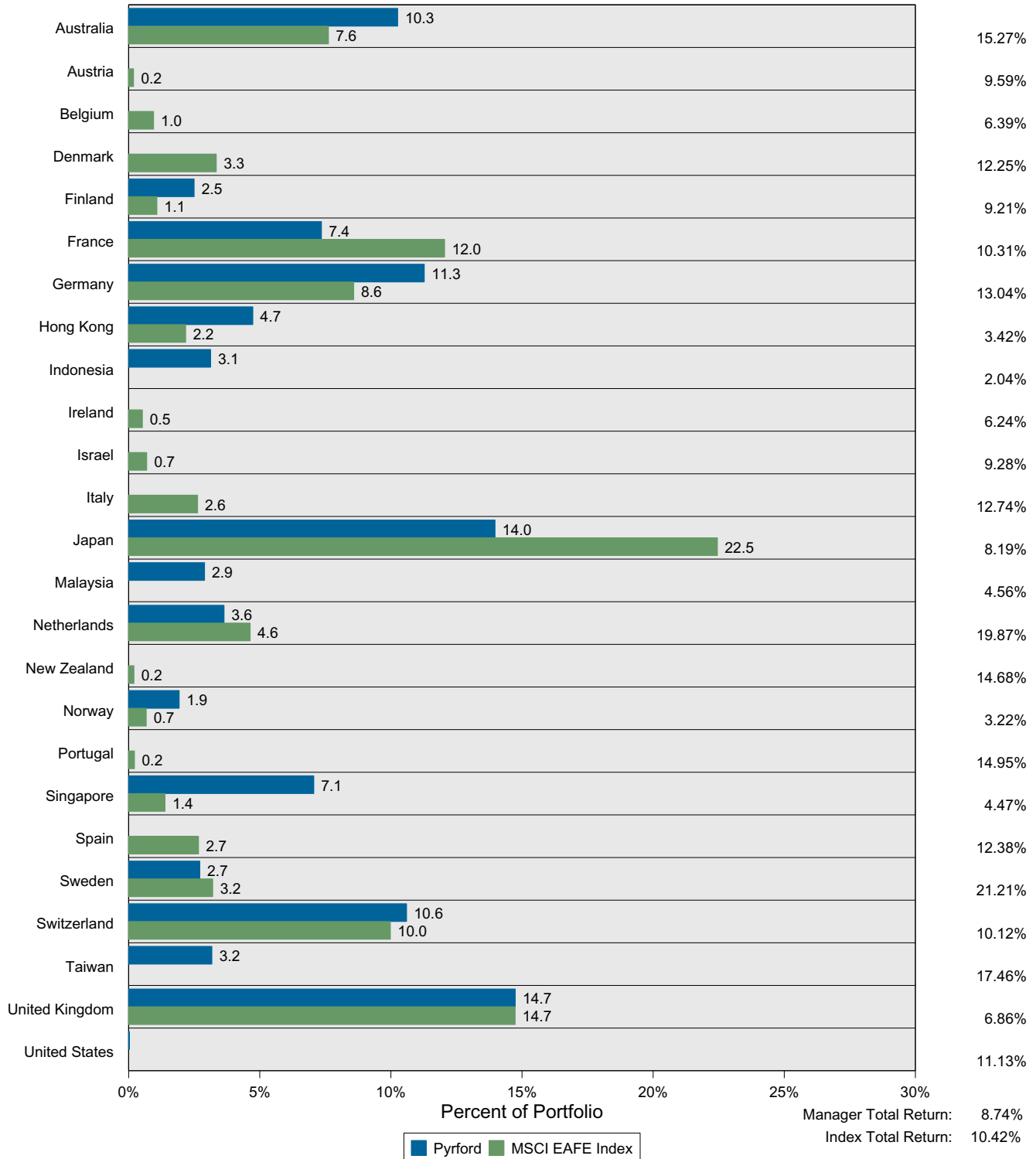
## Country Allocation Pyrford VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2023. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

### Country Weights as of December 31, 2023

### Index Rtns



## Pyrford Top 10 Portfolio Holdings Characteristics as of December 31, 2023

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Japan Tobacco Inc Ord	Consumer Staples	\$957,083	2.5%	15.07%	51.71	13.42	5.42%	10.77%
Nestle S A Shs Nom New	Consumer Staples	\$918,547	2.4%	2.16%	309.33	19.17	2.93%	4.95%
United Overseas Bk Ltd Shs	Financials	\$900,681	2.4%	3.29%	36.36	8.22	5.56%	3.00%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$867,100	2.3%	6.11%	204.09	12.27	3.76%	2.25%
Mitsubishi Elec Corp Shs	Industrials	\$820,722	2.2%	14.44%	30.45	14.80	2.19%	16.70%
Kddi	Communication Services	\$802,377	2.1%	3.74%	73.27	12.88	2.98%	7.43%
Brambles Ltd Npv	Industrials	\$801,252	2.1%	1.14%	12.91	16.63	2.82%	12.06%
Air Liquide Sa	Materials	\$790,605	2.1%	14.96%	101.90	25.22	1.66%	9.20%
Novartis	Health Care	\$757,620	2.0%	3.68%	242.30	14.11	3.65%	10.96%
Nihon Kohden Corp Shs	Health Care	\$748,587	2.0%	27.95%	2.79	22.86	1.51%	8.26%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nemetschek Nm	Information Technology	\$327,972	0.9%	41.36%	10.02	48.74	0.56%	10.54%
Assa Abloy A B Ord B	Industrials	\$327,320	0.9%	32.90%	30.44	20.11	1.48%	8.30%
Atlas Copco Ab Shs A	Industrials	\$318,624	0.8%	28.23%	57.89	28.45	1.16%	9.09%
Nihon Kohden Corp Shs	Health Care	\$748,587	2.0%	27.95%	2.79	22.86	1.51%	8.26%
Rio Tinto Ltd Ord	Materials	\$460,075	1.2%	27.83%	34.36	11.75	4.21%	(4.90)%
Geberit Ag Jona Namen-Akt	Industrials	\$257,652	0.7%	27.64%	22.54	29.67	2.26%	(0.39)%
Givaudan Ag Duebendorf Ord	Materials	\$233,388	0.6%	26.48%	38.22	32.69	1.86%	6.95%
Schindler Part	Industrials	\$208,597	0.6%	24.91%	10.17	23.63	1.84%	(0.83)%
Fielmann	Consumer Discretionary	\$308,429	0.8%	23.43%	4.52	25.42	1.52%	21.95%
Deutsche Post Ag Bonn Namen Akt	Industrials	\$746,035	2.0%	22.34%	61.39	13.42	4.08%	(4.48)%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nissan Chemical Ind	Materials	\$309,371	0.8%	(8.35)%	5.46	18.71	2.84%	14.19%
Sanofi Shs	Health Care	\$652,654	1.7%	(7.71)%	125.41	11.21	3.92%	7.01%
Woodside Petroleum	Energy	\$430,130	1.1%	(7.64)%	40.24	13.21	10.63%	(9.70)%
Bp Plc Shs	Energy	\$295,739	0.8%	(6.19)%	102.06	6.04	4.82%	(1.50)%
Merck Kgaa Darmstadt Shs	Health Care	\$368,831	1.0%	(5.52)%	20.47	15.90	1.52%	0.79%
British American Tobacco	Consumer Staples	\$539,366	1.4%	(4.61)%	65.44	6.12	9.70%	3.33%
Abc-Mart	Consumer Discretionary	\$471,343	1.2%	(2.93)%	4.33	16.20	2.19%	5.07%
Axiata Group Bhd Shs	Communication Services	\$245,506	0.6%	(2.33)%	4.75	30.47	4.14%	(10.58)%
Reckitt Benckiser Group Plc	Consumer Staples	\$502,111	1.3%	(2.30)%	49.33	15.48	3.43%	2.49%
Koninklijke Vopak NV Rotterd Shs	Energy	\$252,676	0.7%	(2.04)%	4.23	9.75	4.22%	7.63%

# AQR

## Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 9/30/2016 are linked to a composite history.

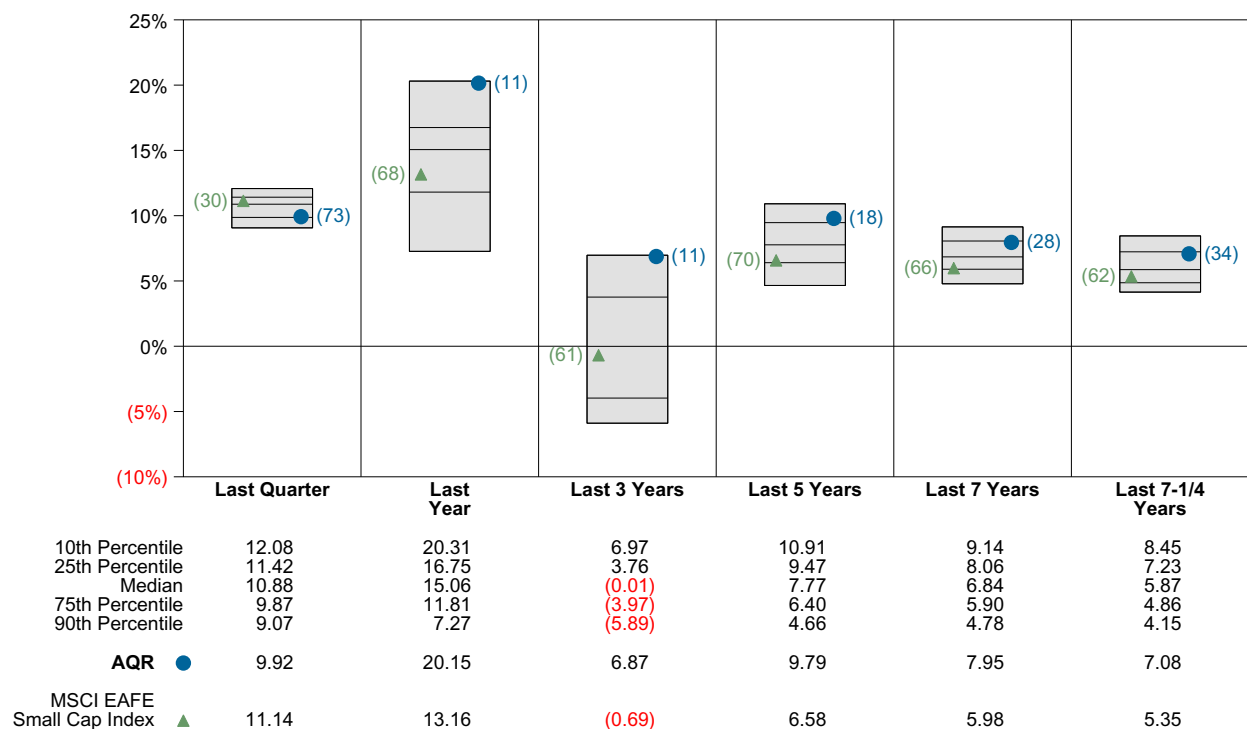
### Quarterly Summary and Highlights

- AQR's portfolio posted a 9.92% return for the quarter placing it in the 73 percentile of the Callan International Small Cap group for the quarter and in the 11 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 1.21% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 6.99%.

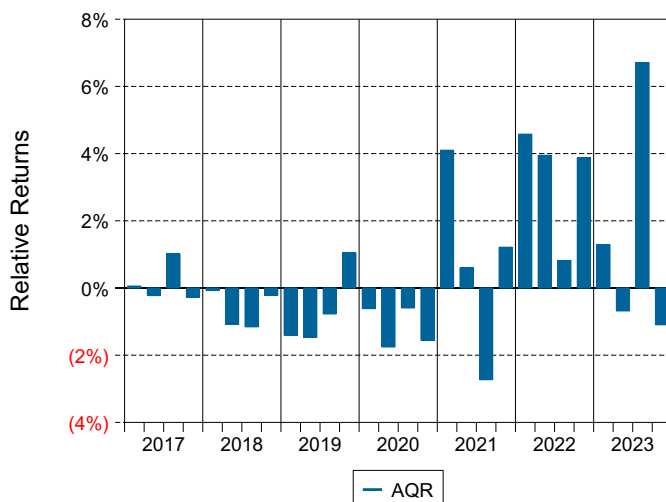
### Quarterly Asset Growth

Beginning Market Value	\$19,873,304
Net New Investment	\$0
Investment Gains/(Losses)	\$1,925,939
Ending Market Value	\$21,799,242

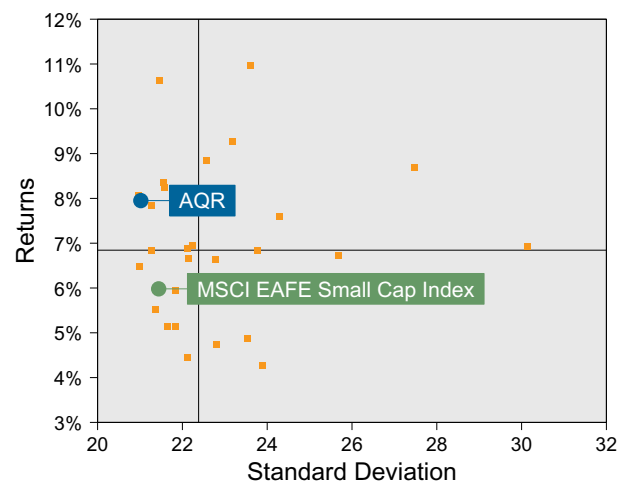
### Performance vs Callan International Small Cap (Gross)



### Relative Returns vs MSCI EAFE Small Cap Index



### Callan International Small Cap (Gross) Annualized Seven Year Risk vs Return

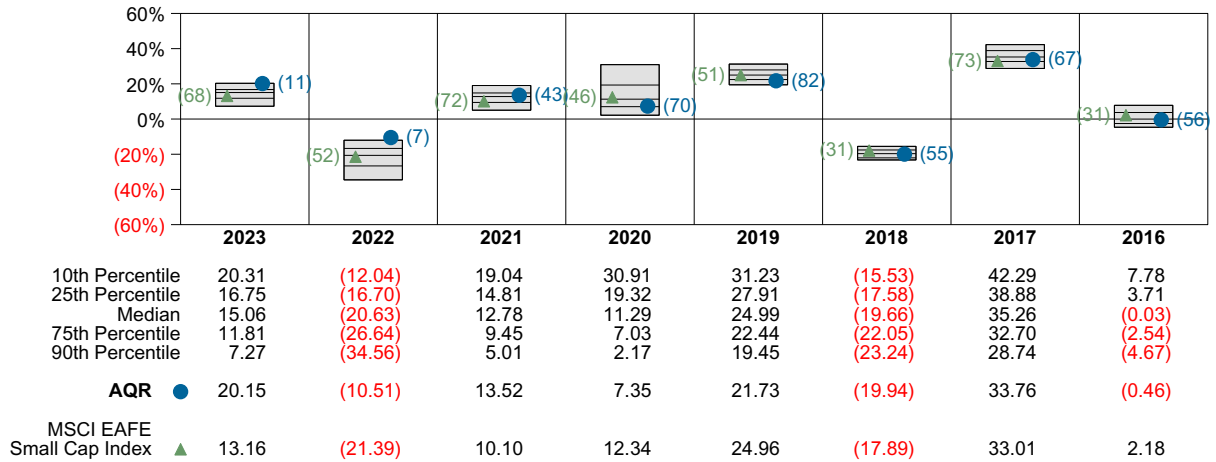


## AQR Return Analysis Summary

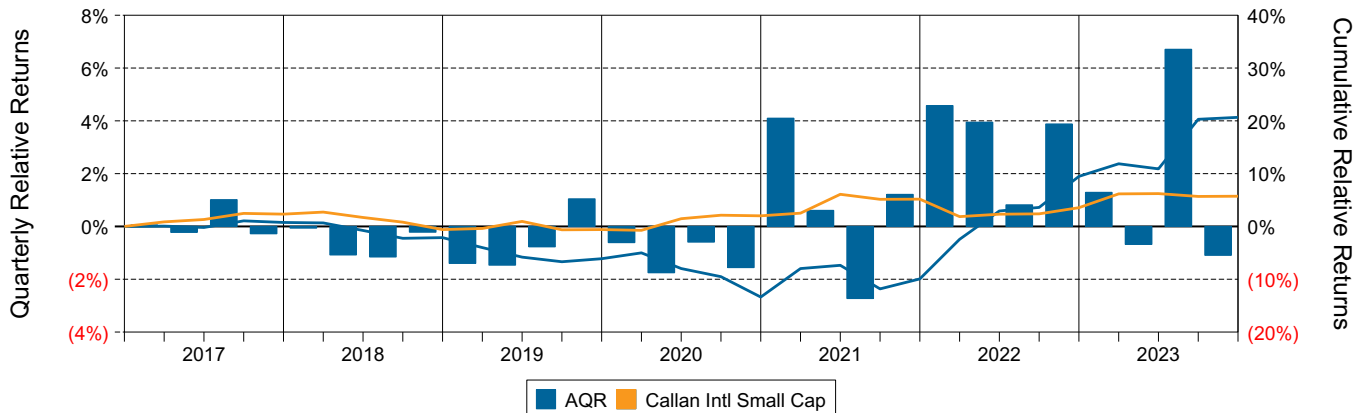
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

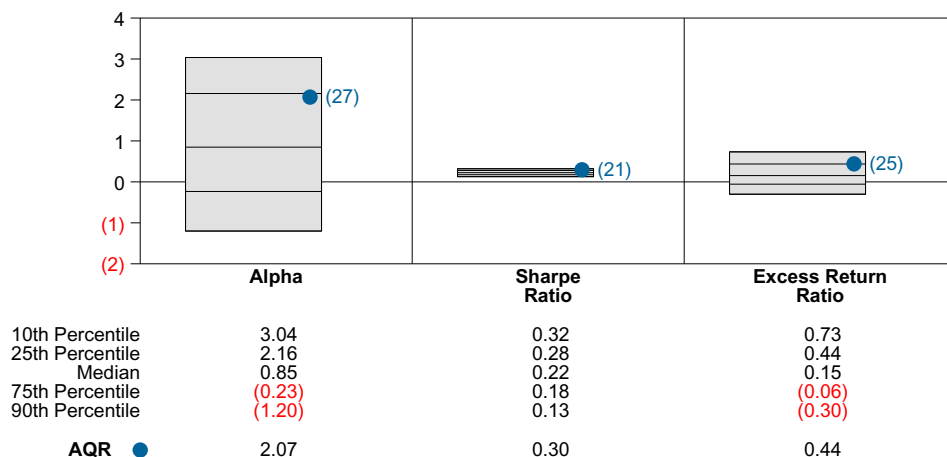
### Performance vs Callan International Small Cap (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE Small Cap Index



### Risk Adjusted Return Measures vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2023

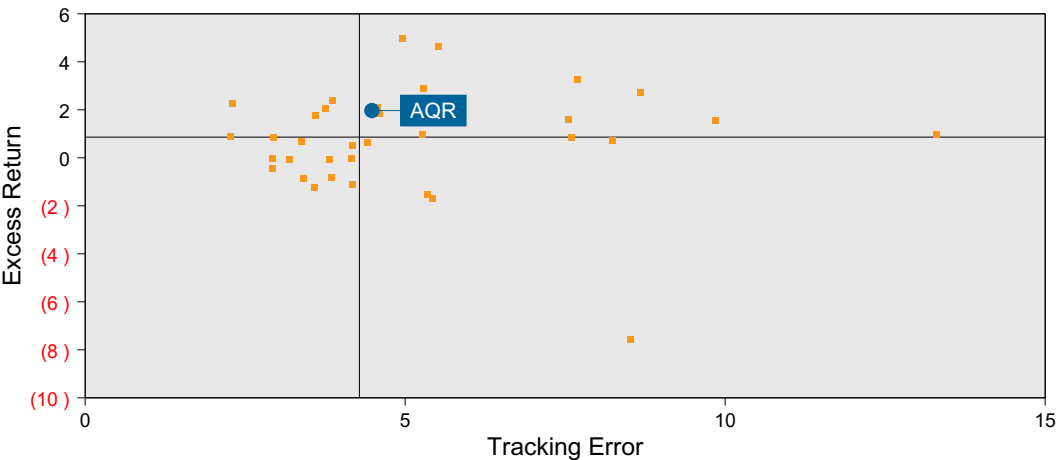


AQR  
Risk Analysis Summary

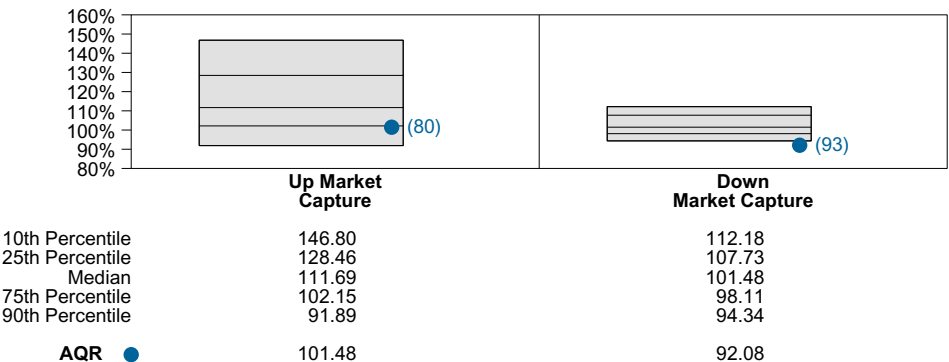
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

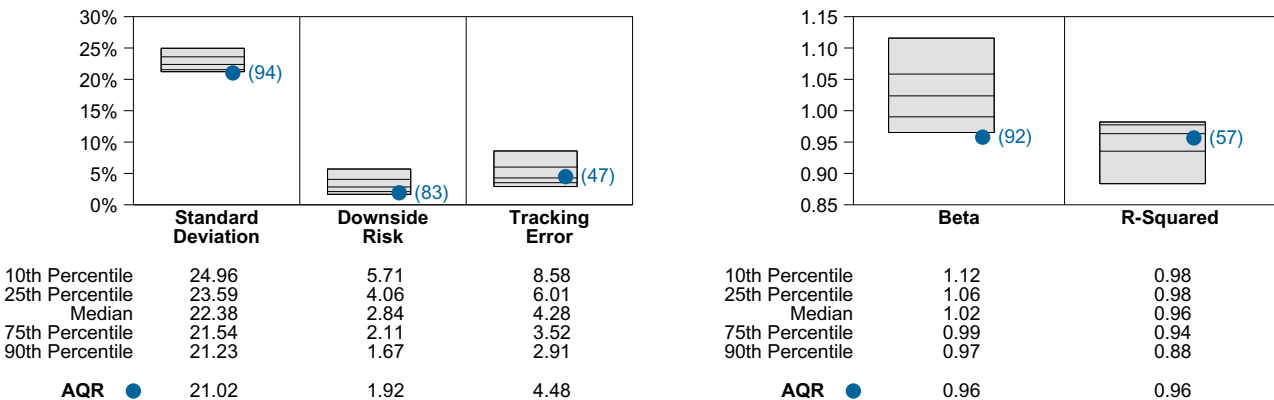
Risk Analysis vs Callan International Small Cap (Gross)  
Seven Years Ended December 31, 2023



Market Capture vs MSCI EAFE Small Cap Index  
Rankings Against Callan International Small Cap (Gross)  
Seven Years Ended December 31, 2023



Risk Statistics Rankings vs MSCI EAFE Small Cap Index  
Rankings Against Callan International Small Cap (Gross)  
Seven Years Ended December 31, 2023

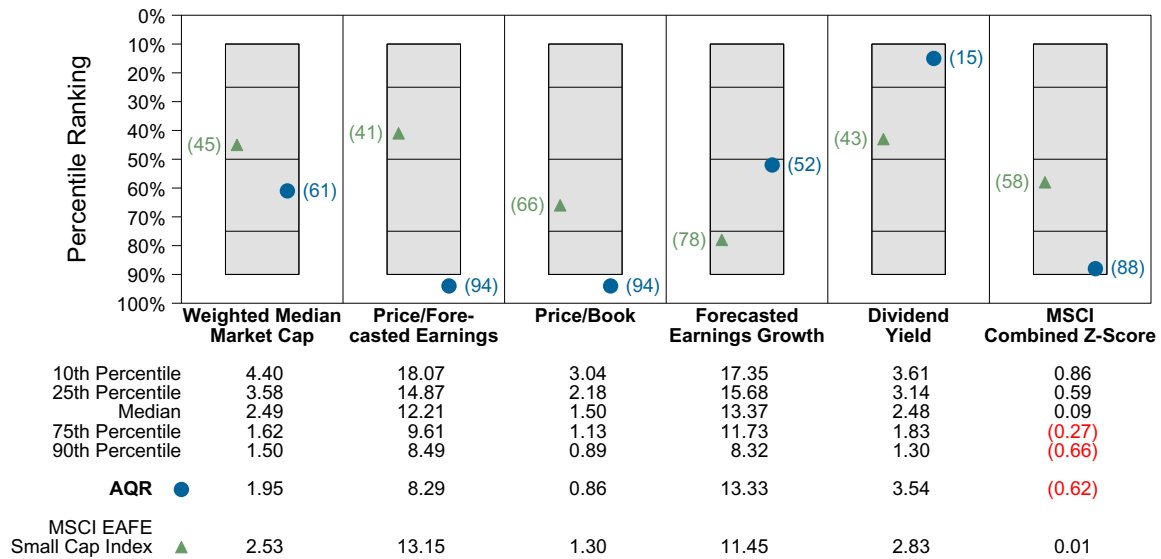


## AQR Equity Characteristics Analysis Summary

### Portfolio Characteristics

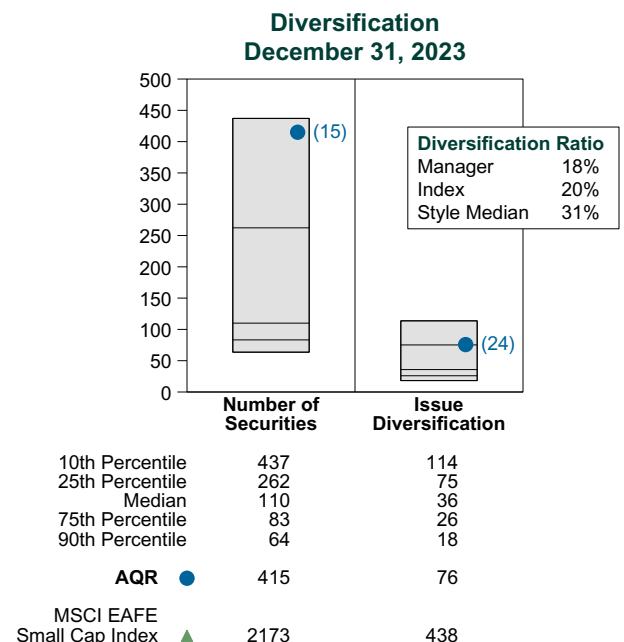
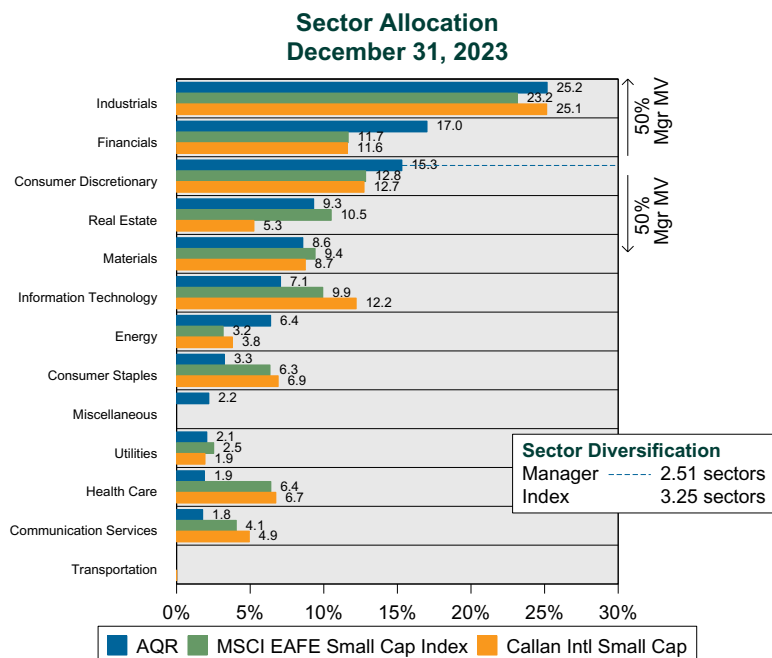
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of December 31, 2023



### Sector Weights

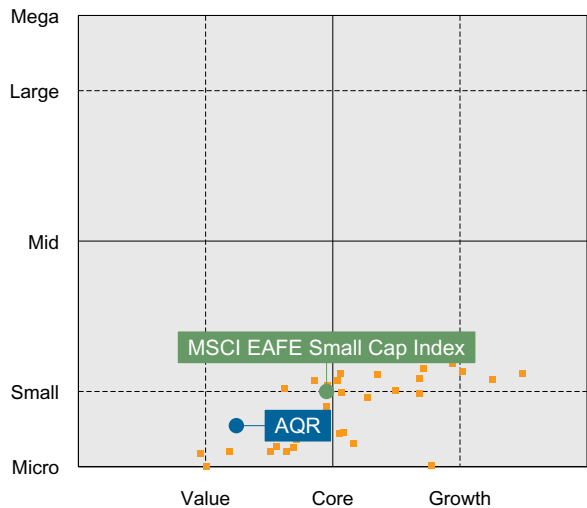
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



Current Holdings Based Style Analysis
AQR
As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

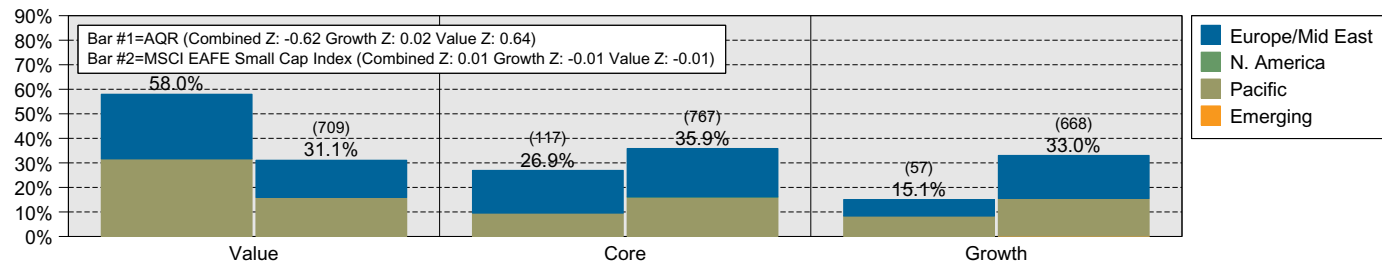
Style Map vs Callan Intl Small Cap Holdings as of December 31, 2023



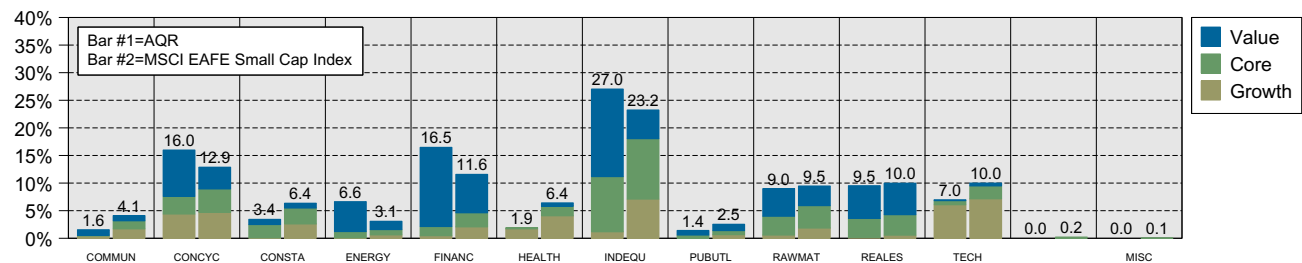
Style Exposure Matrix Holdings as of December 31, 2023

Europe/ Mid East	26.4% (87)	17.4% (62)	6.8% (30)	50.6% (179)
	15.1% (314)	19.7% (370)	17.5% (301)	52.4% (985)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.1% (4)	0.0% (0)	0.1% (4)
Pacific	31.6% (124)	9.5% (55)	8.3% (27)	49.4% (206)
	16.0% (395)	16.0% (393)	15.4% (365)	47.3% (1153)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.1% (2)	0.1% (2)
Total	58.0% (211)	26.9% (117)	15.1% (57)	100.0% (385)
	31.1% (709)	35.9% (767)	33.0% (668)	100.0% (2144)
	Value	Core	Growth	Total

Combined Z-Score Style Distribution Holdings as of December 31, 2023



Sector Weights Distribution Holdings as of December 31, 2023

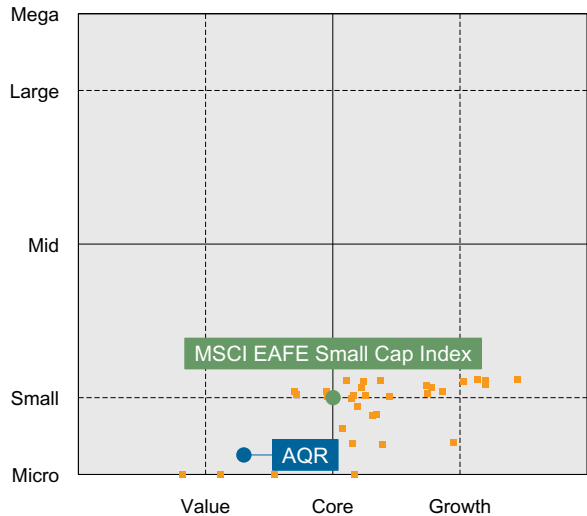




# Historical Holdings Based Style Analysis AQR For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

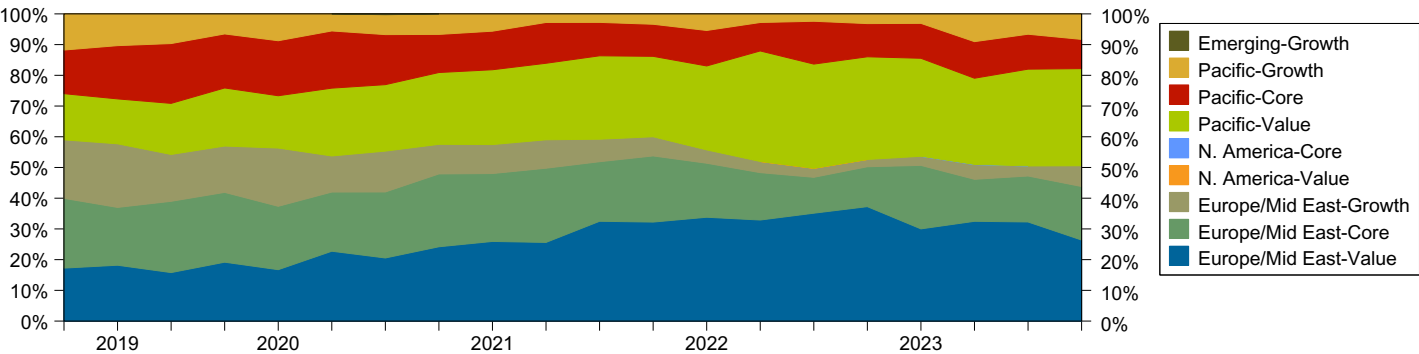
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended December 31, 2023



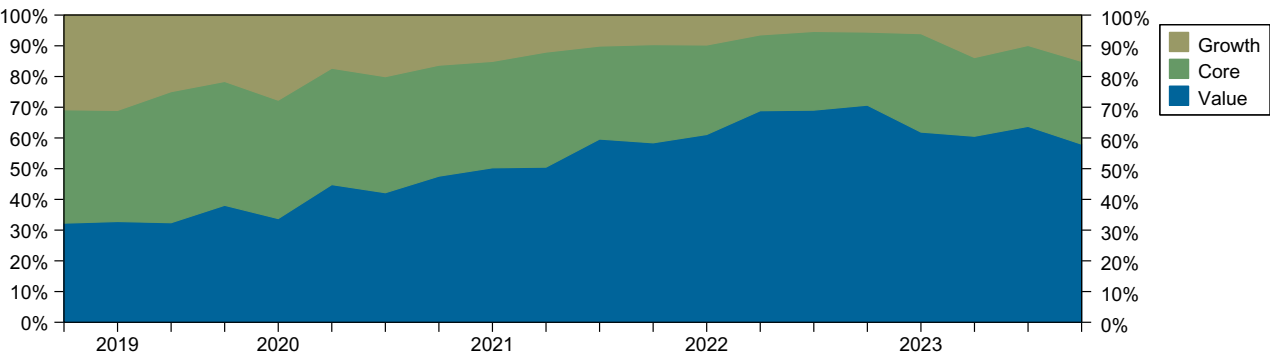
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023

	26.6% (94)	19.2% (76)	9.3% (34)	55.1% (204)
Europe/ Mid East	14.4% (322)	21.0% (397)	19.9% (329)	55.2% (1048)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.1% (3)	0.0% (0)	0.1% (4)
Pacific	25.3% (122)	13.5% (76)	6.1% (32)	44.9% (230)
	13.2% (408)	16.1% (433)	15.3% (399)	44.6% (1240)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (1)	0.1% (2)
Total	51.8% (216)	32.7% (152)	15.4% (66)	100.0% (434)
	27.6% (731)	37.2% (834)	35.2% (729)	100.0% (2294)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures



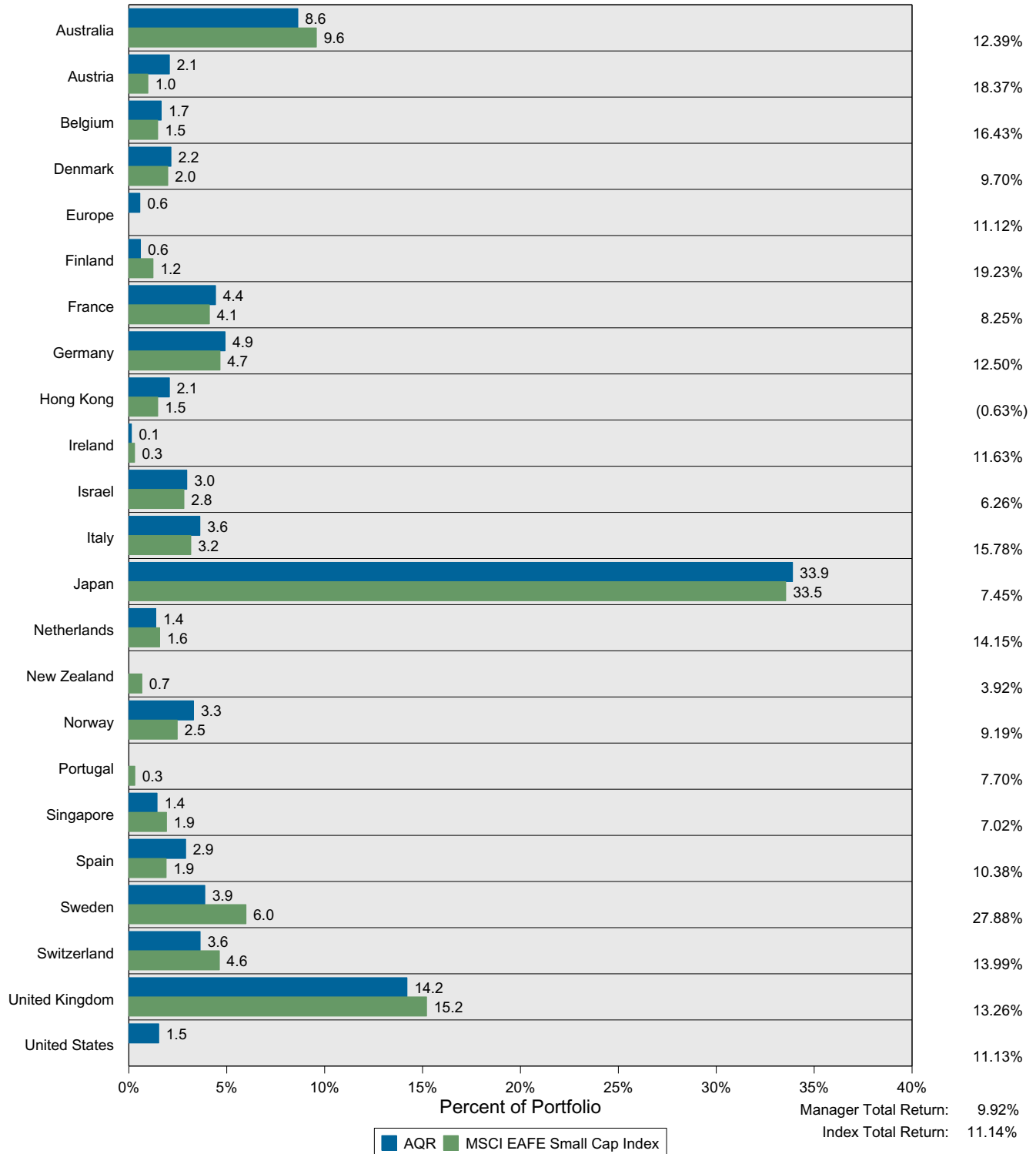
## Country Allocation AQR VS MSCI EAFE Small Cap Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2023. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

### Country Weights as of December 31, 2023

### Index Rtns



## AQR

### Top 10 Portfolio Holdings Characteristics as of December 31, 2023

#### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Sojitz Corp Shs New	Industrials	\$286,309	1.3%	2.85%	5.08	6.78	3.89%	11.10%
Sankyo Co Ltd Gunma Shs	Consumer Discretionary	\$266,929	1.2%	26.99%	3.62	8.05	2.79%	80.51%
Kandenko Co	Industrials	\$266,073	1.2%	5.93%	2.01	10.88	2.35%	4.14%
Yamada Denki Co Ltd Japan Shs	Consumer Discretionary	\$250,503	1.1%	0.99%	3.01	9.42	2.61%	(3.27)%
Hanwa Co Ltd Shs	Industrials	\$220,350	1.0%	11.43%	1.50	5.52	3.15%	39.10%
Unipol Gruppo Finanziario Sp Shs	Financials	\$208,023	1.0%	5.15%	4.09	4.65	7.08%	23.23%
Hokuhoku Finl Group Inc Shs	Financials	\$203,208	0.9%	0.78%	1.35	9.61	2.32%	7.20%
Mitsubishi Motors Corp Shs New	Consumer Discretionary	\$198,539	0.9%	(27.05)%	4.75	4.62	2.13%	(3.40)%
Kumagai Gumi Co Ltd Shs	Industrials	\$197,034	0.9%	8.28%	1.11	10.23	3.44%	(21.31)%
Japan Petroleum Exp.	Energy	\$195,176	0.9%	(1.07)%	2.02	7.01	6.28%	40.87%

#### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Camurus	Health Care	\$7,956	0.0%	86.95%	2.97	63.29	0.00%	-
Nyfosa Ab Common Stock Sek.5	Real Estate	\$14,947	0.1%	77.65%	1.82	18.45	3.86%	(6.04)%
Screen Hldgs Co Ltd Shs New	Information Technology	\$126,605	0.6%	74.29%	8.60	17.59	1.39%	14.00%
Regis Resources NI Shs	Materials	\$16,634	0.1%	54.69%	1.12	19.83	0.90%	39.70%
Trustpilot Group	Communication Services	\$6,820	0.0%	51.05%	0.79	472.50	0.00%	-
Silver Lake Resources Ltd Pe Shs	Materials	\$134,287	0.6%	48.89%	0.76	11.60	0.00%	57.08%
Raiffeisen Bk Intl Ag Wien Shs	Financials	\$169,732	0.8%	48.50%	6.78	3.59	4.23%	(18.70)%
Taisho Pharmaceutical Co Ltd Ord	Health Care	\$21,587	0.1%	48.48%	5.22	42.94	1.10%	(15.52)%
Paragon Group of Companies P Shs	Financials	\$138,916	0.6%	48.07%	1.94	7.44	4.30%	(3.10)%
Gni	Health Care	\$20,022	0.1%	46.98%	1.00	76.90	0.00%	54.53%

#### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Mitsubishi Motors Corp Shs New	Consumer Discretionary	\$198,539	0.9%	(27.05)%	4.75	4.62	2.13%	(3.40)%
Theme Intl	Industrials	\$6,131	0.0%	(25.93)%	0.83	7.62	0.00%	90.10%
Orient Res. Gp.	Energy	\$7,536	0.0%	(25.84)%	2.83	5.45	0.00%	55.78%
Sega Sammy Holdings Inc Shs	Consumer Discretionary	\$106,689	0.5%	(24.34)%	3.37	9.17	3.00%	24.85%
Stillfront Group	Communication Services	\$9,530	0.0%	(17.78)%	0.63	4.71	0.00%	32.46%
Megaport	Information Technology	\$102,752	0.5%	(17.36)%	1.00	57.07	0.00%	-
J G C Corp Ord	Industrials	\$50,460	0.2%	(17.16)%	3.00	12.30	2.23%	19.75%
Amg Advanced Metal Eur0.02	Materials	\$20,861	0.1%	(16.46)%	0.82	9.46	3.47%	27.49%
Delek Group Ltd Israel Shs	Energy	\$34,507	0.2%	(13.48)%	2.39	3.34	5.25%	24.35%
Kuraray Co Ltd Ord	Materials	\$8,602	0.0%	(13.30)%	3.59	8.78	3.21%	18.95%

## DFA Emerging Markets Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 6/30/2013 are linked to a composite history.

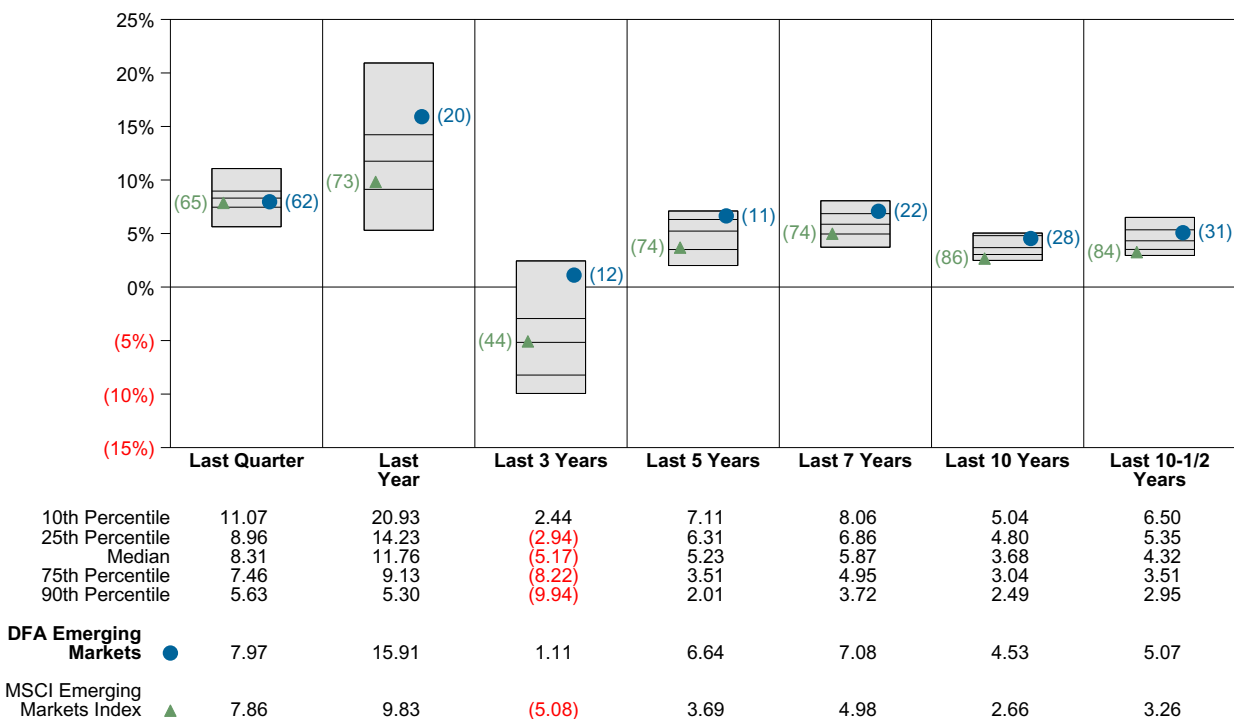
### Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 7.97% return for the quarter placing it in the 62 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 20 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.10% for the quarter and outperformed the MSCI Emerging Markets Index for the year by 6.09%.

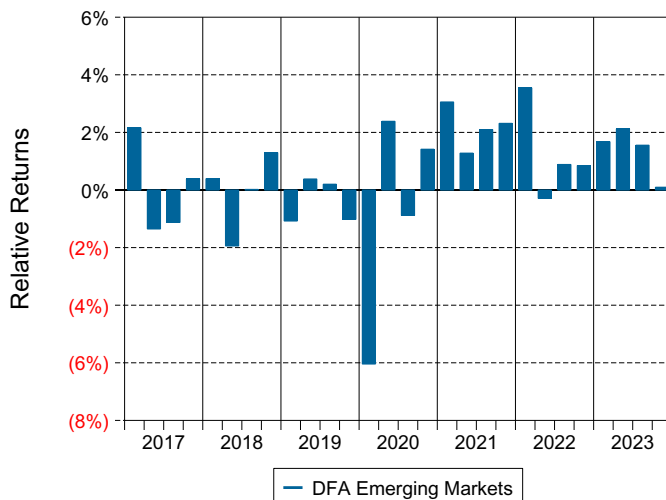
### Quarterly Asset Growth

Beginning Market Value	\$21,931,030
Net New Investment	\$0
Investment Gains/(Losses)	\$1,723,593
Ending Market Value	\$23,654,623

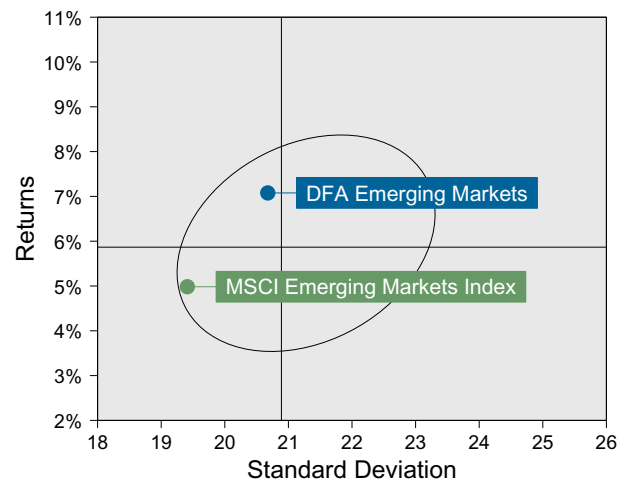
### Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



### Relative Returns vs MSCI Emerging Markets Index



### Callan Emerging Markets Equity Mut Funds (Gross) Annualized Seven Year Risk vs Return

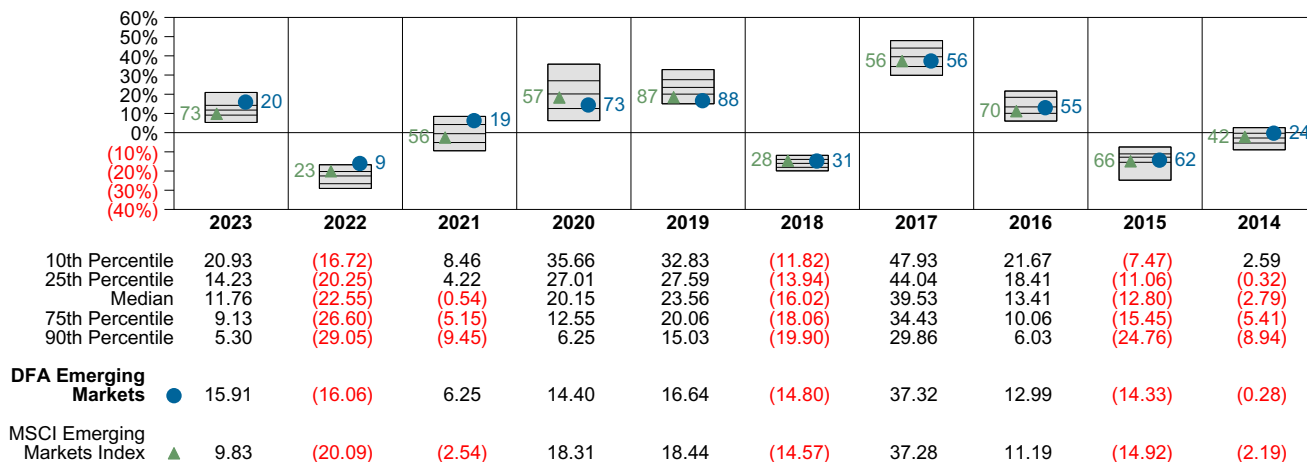


## DFA Emerging Markets Return Analysis Summary

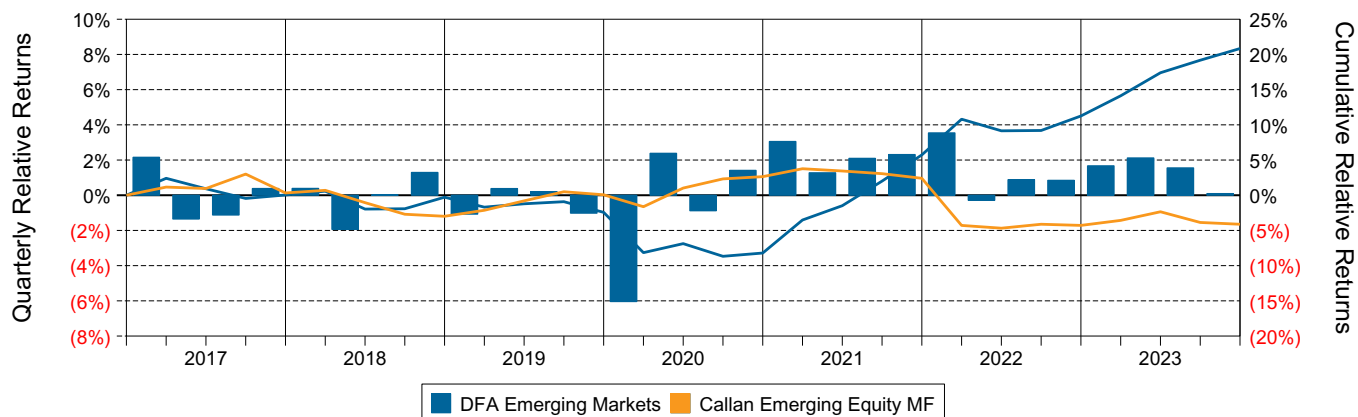
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

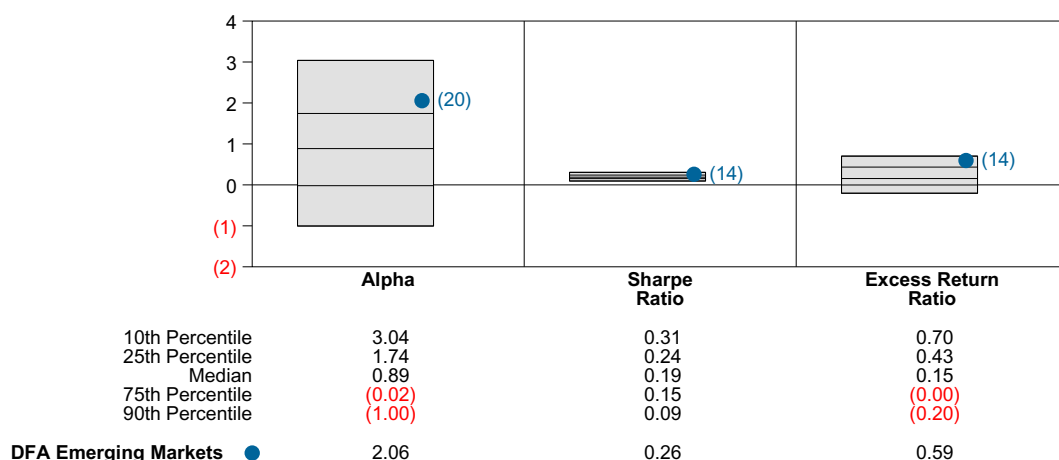
### Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI Emerging Markets Index



### Risk Adjusted Return Measures vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2023

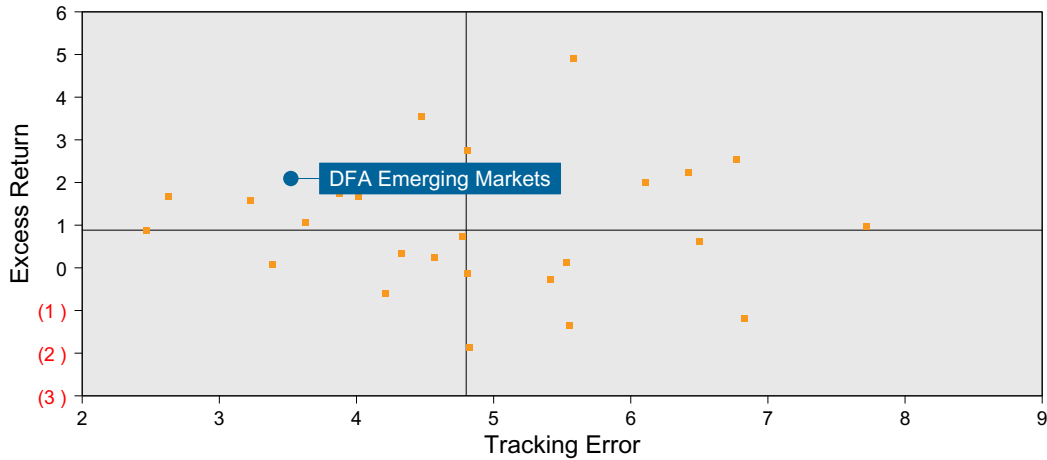


## DFA Emerging Markets Risk Analysis Summary

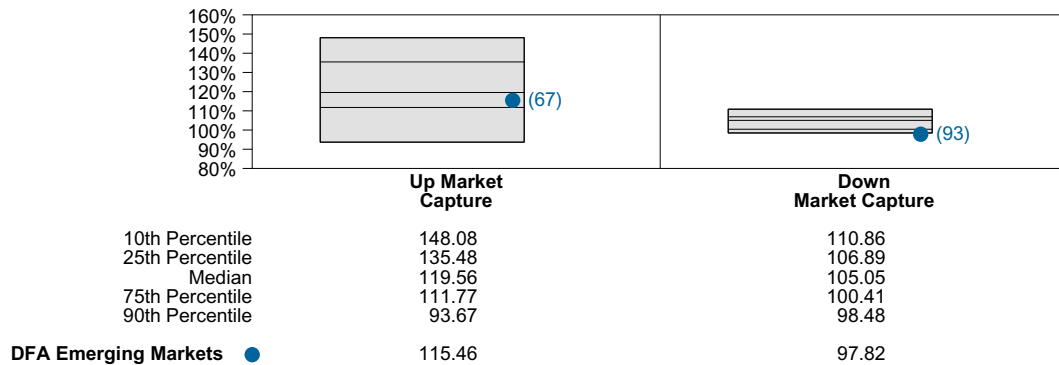
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

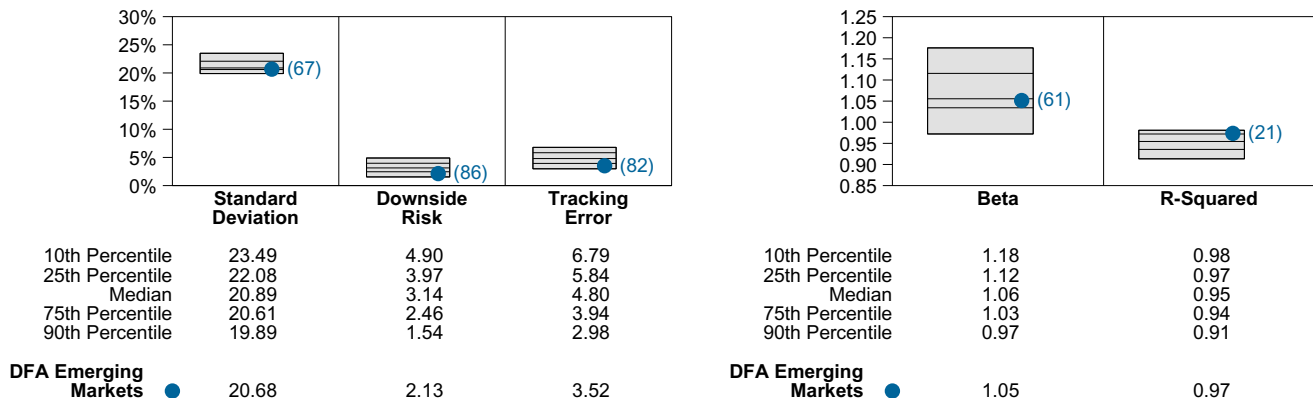
### Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2023



### Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2023



### Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2023

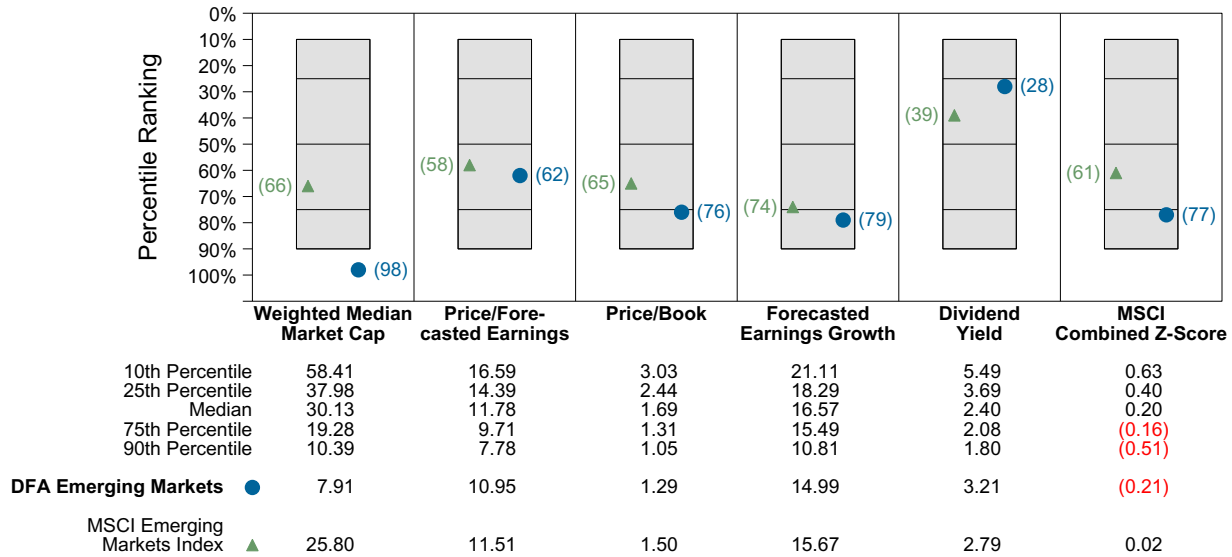


## DFA Emerging Markets Equity Characteristics Analysis Summary

### Portfolio Characteristics

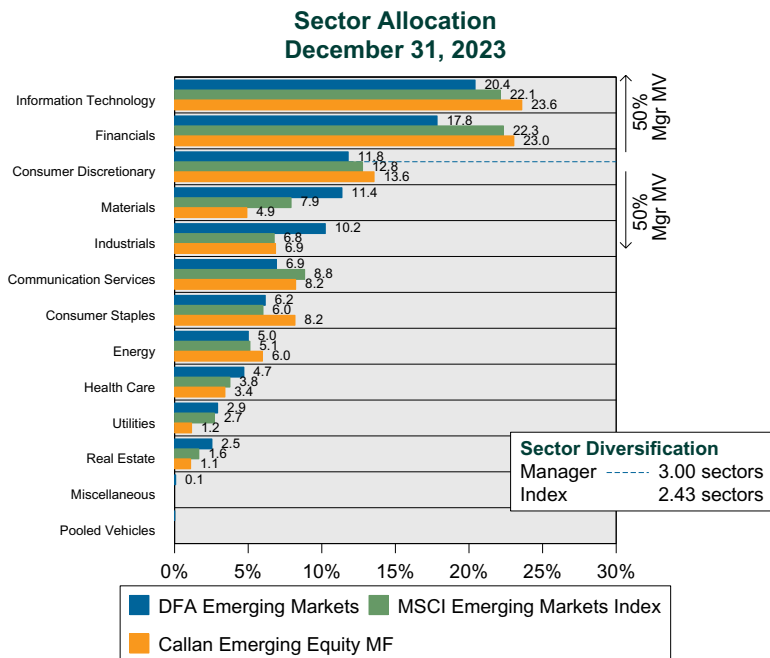
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of December 31, 2023

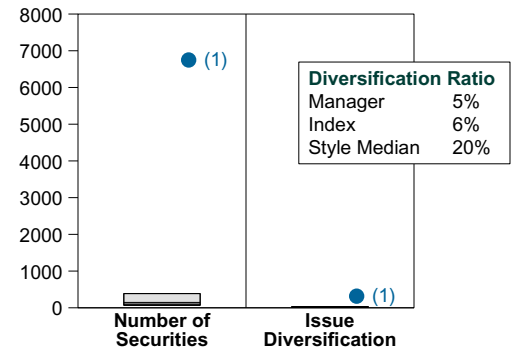


### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



### Diversification December 31, 2023



10th Percentile	387	33
25th Percentile	147	26
Median	103	20
75th Percentile	80	17
90th Percentile	69	14
<b>DFA Emerging Markets</b>	6749	317
<b>MSCI Emerging Markets Index</b>	1440	87

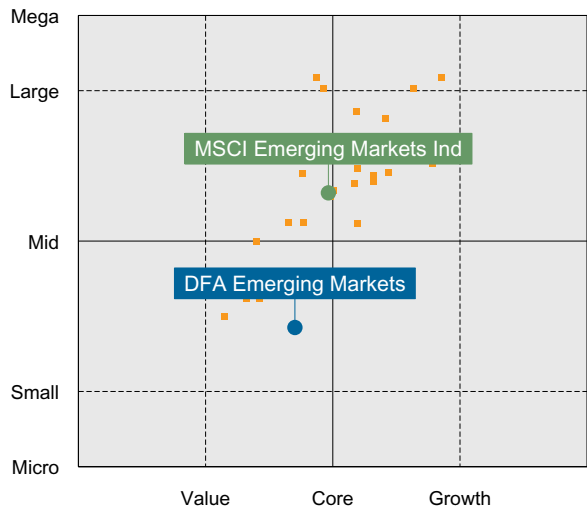
# Current Holdings Based Style Analysis

## DFA Emerging Markets

### As of December 31, 2023

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

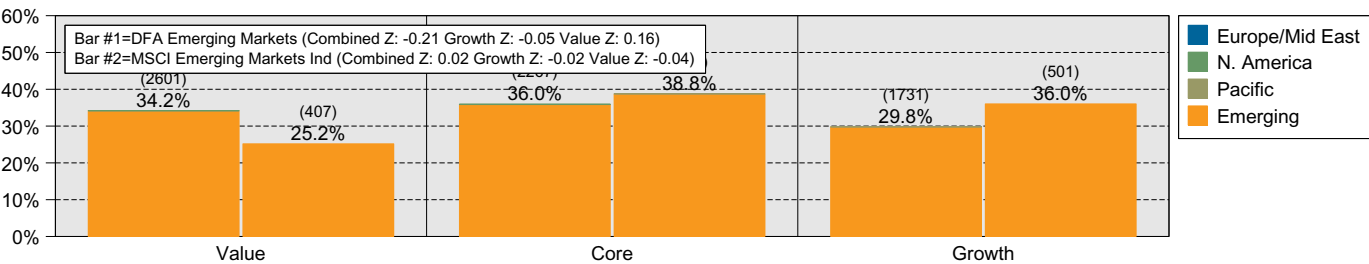
Style Map vs Callan Emerging Equity MF Holdings as of December 31, 2023



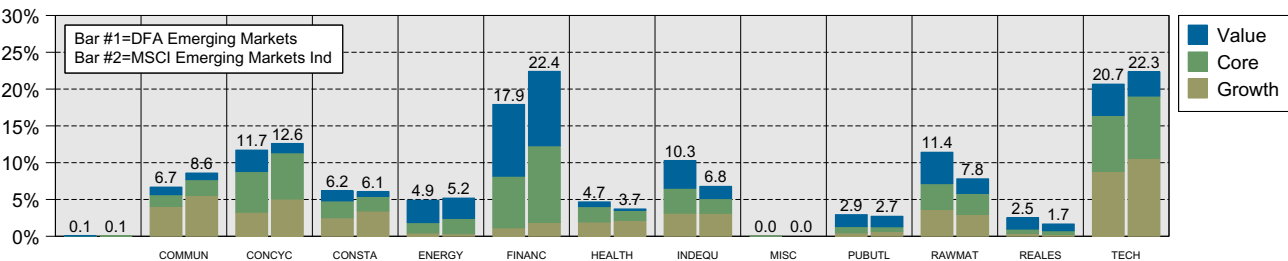
Style Exposure Matrix Holdings as of December 31, 2023

Europe/ Mid East	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.1% (16)	0.0% (0)	0.1% (17)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	0.0% (21)	0.1% (24)	0.1% (25)	0.2% (70)
	0.0% (0)	0.1% (2)	0.0% (0)	0.1% (2)
Emerging	34.1% (2579)	35.8% (2227)	29.7% (1706)	99.7% (6512)
	25.2% (407)	38.7% (456)	36.0% (501)	99.9% (1364)
Total	34.2% (2601)	36.0% (2267)	29.8% (1731)	100.0% (6599)
	25.2% (407)	38.8% (458)	36.0% (501)	100.0% (1366)
	Value	Core	Growth	Total

Combined Z-Score Style Distribution Holdings as of December 31, 2023



Sector Weights Distribution Holdings as of December 31, 2023





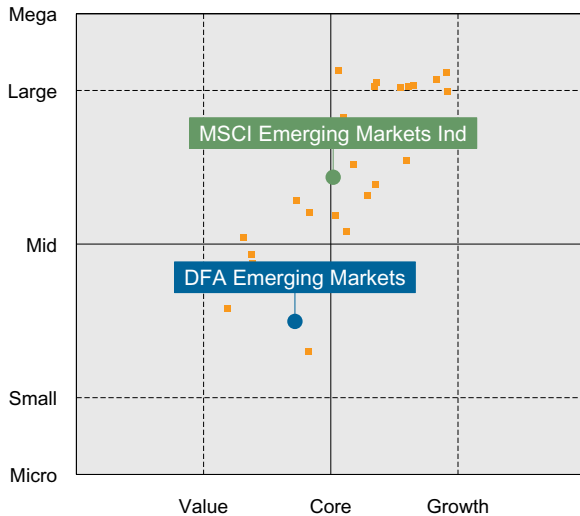
## Historical Holdings Based Style Analysis

### DFA Emerging Markets

#### For Five Years Ended December 31, 2023

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

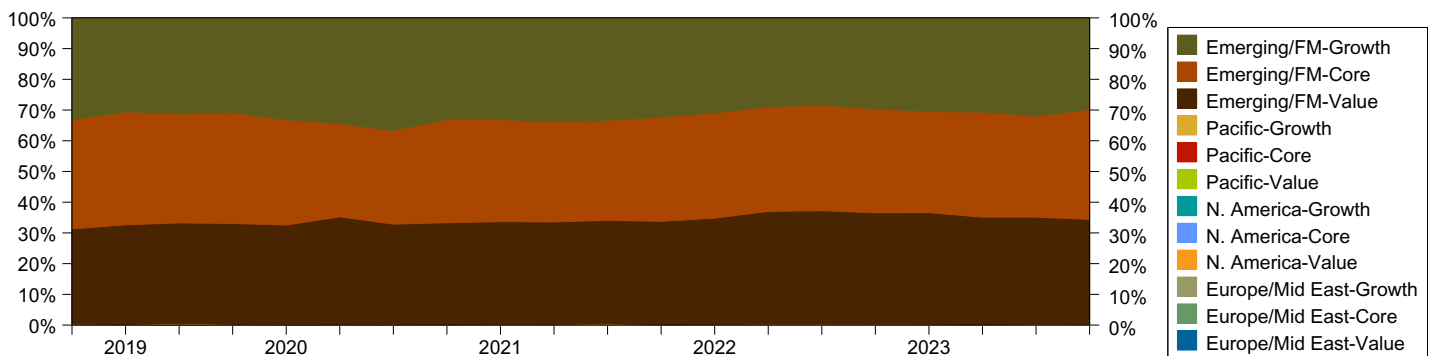
**Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended December 31, 2023**



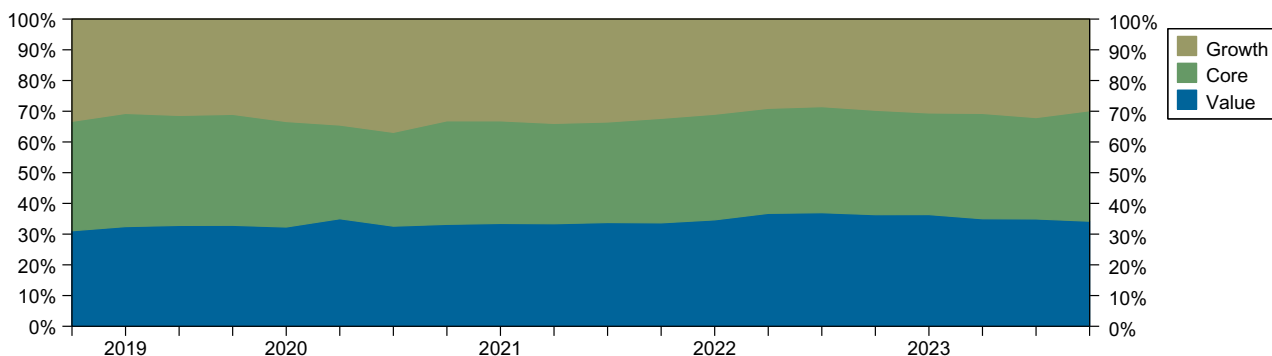
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2023**

Europe/ Mid East	0.0% (1) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (2) 0.0% (0)
N. America	0.0% (1) 0.0% (0)	0.0% (6) 0.1% (1)	0.0% (0) 0.0% (1)	0.1% (7) 0.1% (2)
Pacific	0.0% (16) 0.0% (0)	0.1% (26) 0.0% (1)	0.1% (17) 0.0% (0)	0.2% (59) 0.0% (1)
Emerging/ FM	34.0% (2236) 26.3% (453)	33.9% (1869) 31.9% (420)	31.8% (1318) 41.7% (434)	99.7% (5423) 99.9% (1307)
<b>Total</b>	<b>34.1% (2254)</b> <b>26.3% (453)</b>	<b>34.0% (1902)</b> <b>32.0% (422)</b>	<b>31.9% (1335)</b> <b>41.7% (435)</b>	<b>100.0% (5491)</b> <b>100.0% (1310)</b>
	Value	Core	Growth	Total

**DFA Emerging Markets Historical Region/Style Exposures**



**DFA Emerging Markets Historical Style Only Exposures**



## Country Allocation

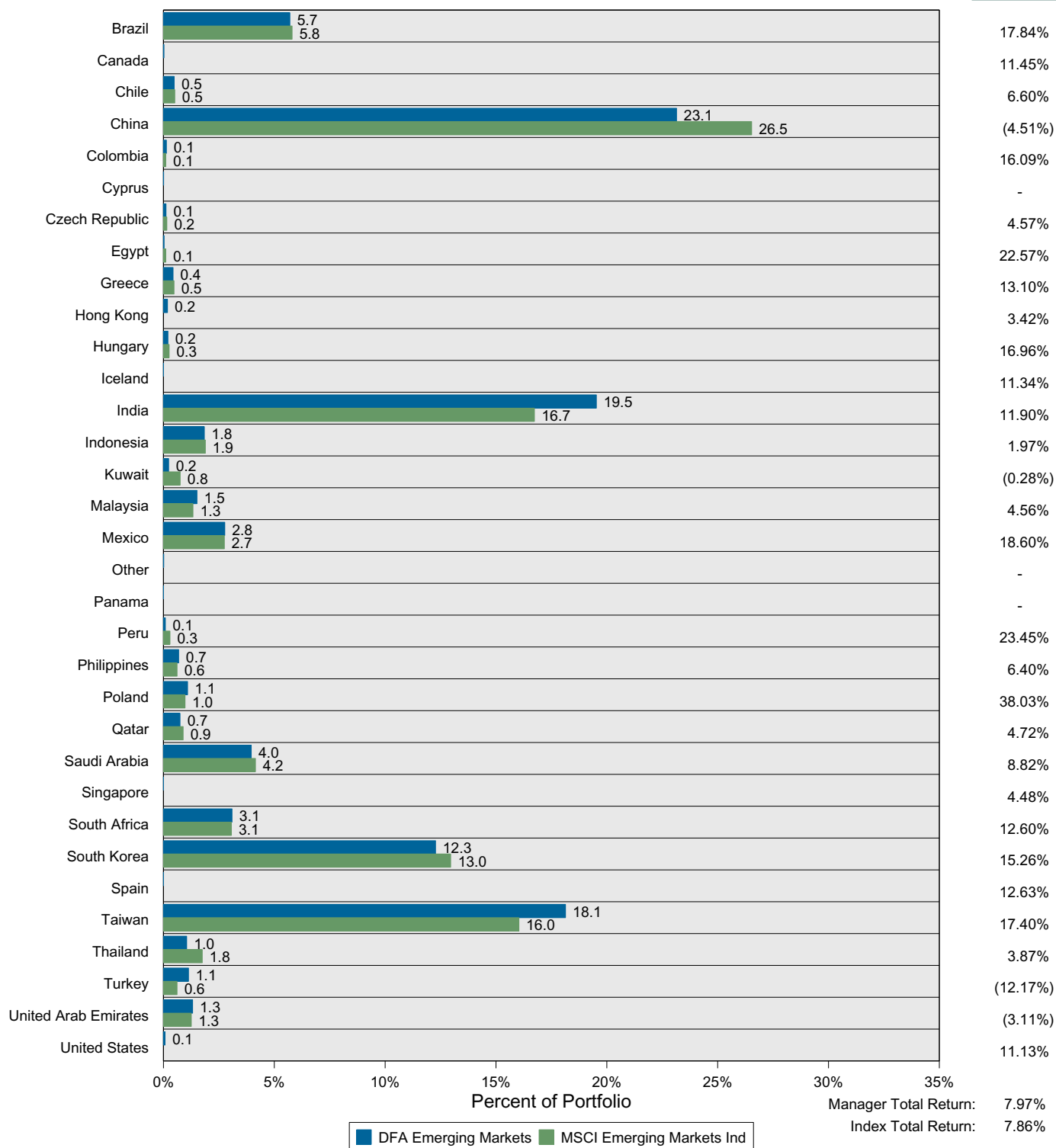
### DFA Emerging Markets VS MSCI Emerging Markets Index

#### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2023. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

#### Country Weights as of December 31, 2023

#### Index Rtns



## DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 31, 2023

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Taiwan Semicond Manufac Co L Shs	Information Technology	\$763,631	3.2%	19.87%	501.06	15.76	2.03%	4.70%
Samsung Electronics Co Ltd Ord	Information Technology	\$640,773	2.7%	20.88%	363.87	17.26	1.83%	(6.00)%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$581,589	2.5%	(1.89)%	356.56	14.15	0.82%	27.00%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$305,673	1.3%	26.57%	501.06	15.76	2.03%	4.70%
Alibaba Group Holding Ltd	Consumer Discretionary	\$246,768	1.0%	(8.42)%	197.26	7.99	1.29%	(1.11)%
Petroleo Brasileiro Sa Petro Pfd Shs	Energy	\$155,343	0.7%	15.29%	42.95	4.44	18.87%	48.61%
China Construction Bank Shs H	Financials	\$153,193	0.6%	7.64%	143.17	3.09	9.53%	1.60%
Sk Hynix Inc Shs	Information Technology	\$144,143	0.6%	29.61%	79.98	14.62	0.85%	38.40%
Infosys Technologies	Information Technology	\$135,849	0.6%	8.67%	76.74	23.59	2.30%	12.30%
Reliance Industries Ltd Shs Demateri	Energy	\$133,883	0.6%	10.00%	210.17	21.61	0.35%	17.00%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Emerging Mem.&logic Sln.	Information Technology	\$1,486	0.0%	251.84%	0.37	29.72	0.00%	-
Alcor Micro	Information Technology	\$661	0.0%	245.66%	0.37	(152.00)	0.43%	-
Ls Cable&system Asia	Industrials	\$786	0.0%	170.69%	0.50	48.59	1.20%	6.43%
Weiqiao Textile Company Ltd Shs H	Consumer Discretionary	\$1,237	0.0%	160.06%	0.18	(7.34)	0.00%	-
Gafisa Sa Shs	Consumer Discretionary	\$111	0.0%	159.03%	0.14	(2.90)	0.00%	-
Inox Wind	Industrials	\$2,299	0.0%	158.30%	1.96	52.72	0.00%	-
Cafe24	Information Technology	\$704	0.0%	156.87%	0.49	45.29	0.00%	-
Ifa Hotels & Resorts	Consumer Discretionary	\$63	0.0%	152.28%	0.48	12.68	0.00%	-
Varo Vision	Financials	\$241	0.0%	144.84%	0.35	227.95	0.39%	-
Shin Yang P&p	Information Technology	\$2,033	0.0%	130.08%	0.49	59.80	0.00%	(50.21)%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Konya Cimento	Materials	\$1,543	0.0%	-	1.19	398.63	0.00%	-
Shengjing Bank 'h'	Financials	\$65	0.0%	(85.33)%	0.23	8.33	0.00%	-
Silverman Holdings	Consumer Discretionary	\$3	0.0%	(79.82)%	0.01	-	39.45%	-
Hywin Hdg.Amer. Depy. Shs.1:2	Financials	\$8	0.0%	(74.12)%	0.05	2.25	0.00%	-
Nam Fong Intl.Hldg.	Real Estate	\$25	0.0%	(71.72)%	0.19	(13.50)	0.00%	-
Metro Healthcare Indonesia	Health Care	\$420	0.0%	(66.54)%	0.35	-	0.00%	-
Nanjing Sample Tech. H	Information Technology	\$11	0.0%	(64.86)%	0.03	26.20	0.00%	-
City Interactive	Consumer Staples	\$443	0.0%	(61.56)%	0.10	18.93	0.00%	3.54%
Cosmopolitan Intl Holdings L Shs	Real Estate	\$25	0.0%	(61.51)%	0.49	(35.64)	0.00%	-
Gubre Fabrikalari	Materials	\$120	0.0%	(60.44)%	1.74	104.20	0.00%	-



# TCW

## Period Ended December 31, 2023

### Investment Philosophy

The first full quarter for this portfolio is 3rd quarter 2001

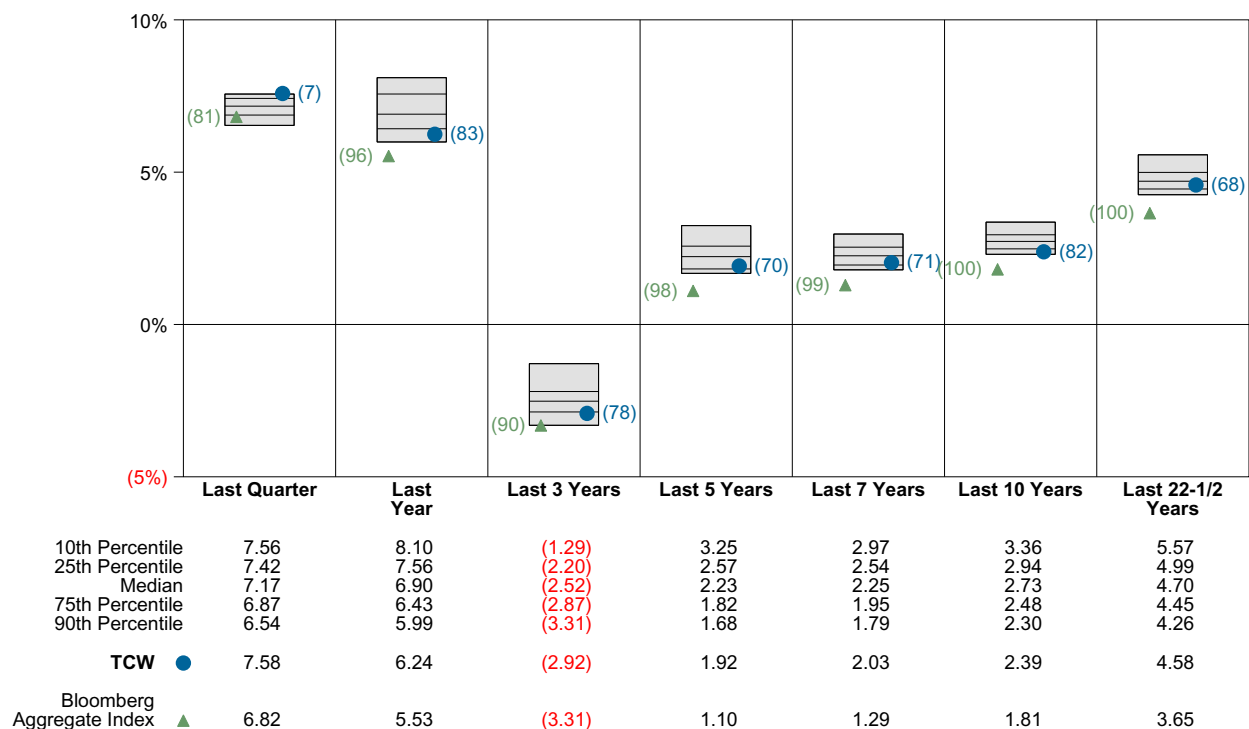
### Quarterly Summary and Highlights

- TCW's portfolio posted a 7.58% return for the quarter placing it in the 7 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 83 percentile for the last year.
- TCW's portfolio outperformed the Bloomberg Aggregate Index by 0.77% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.72%.

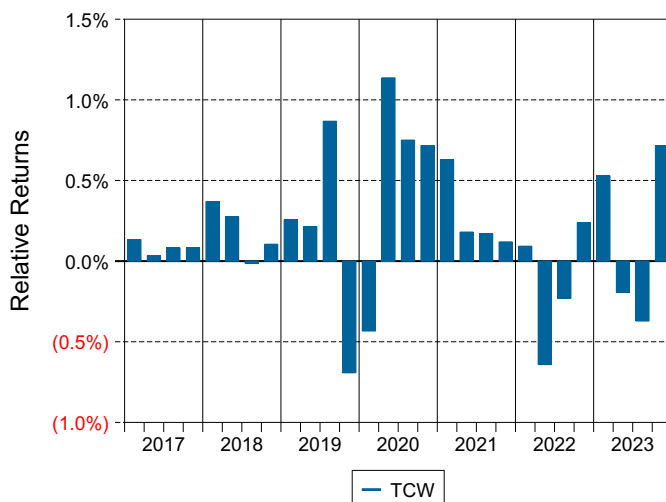
### Quarterly Asset Growth

Beginning Market Value	\$81,007,440
Net New Investment	\$8,000,000
Investment Gains/(Losses)	\$6,548,225
Ending Market Value	\$95,555,665

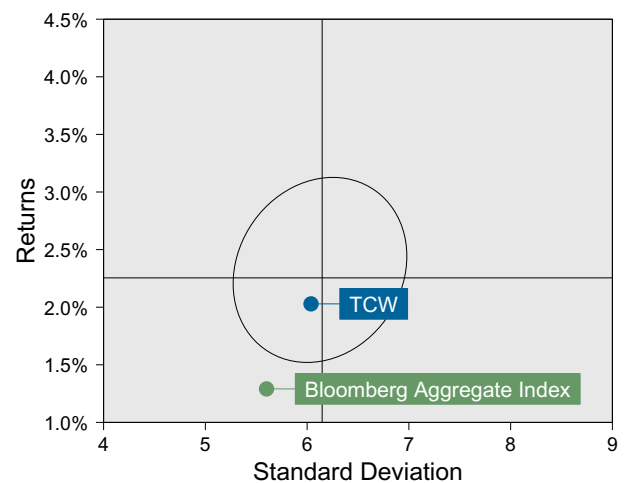
### Performance vs Callan Core Plus Fixed Income (Gross)



### Relative Returns vs Bloomberg Aggregate Index



### Callan Core Plus Fixed Income (Gross) Annualized Seven Year Risk vs Return

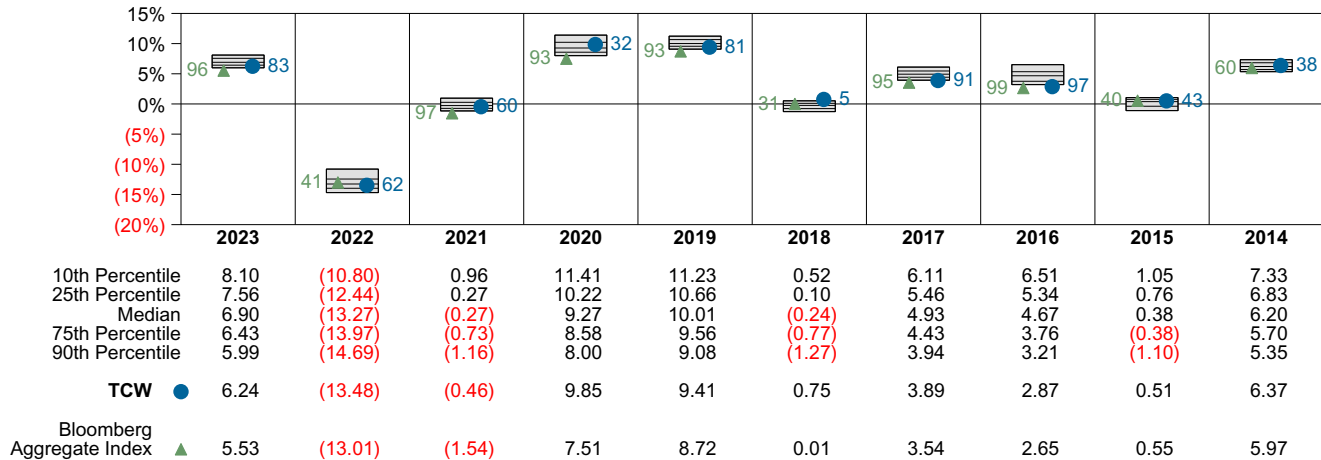


## TCW Return Analysis Summary

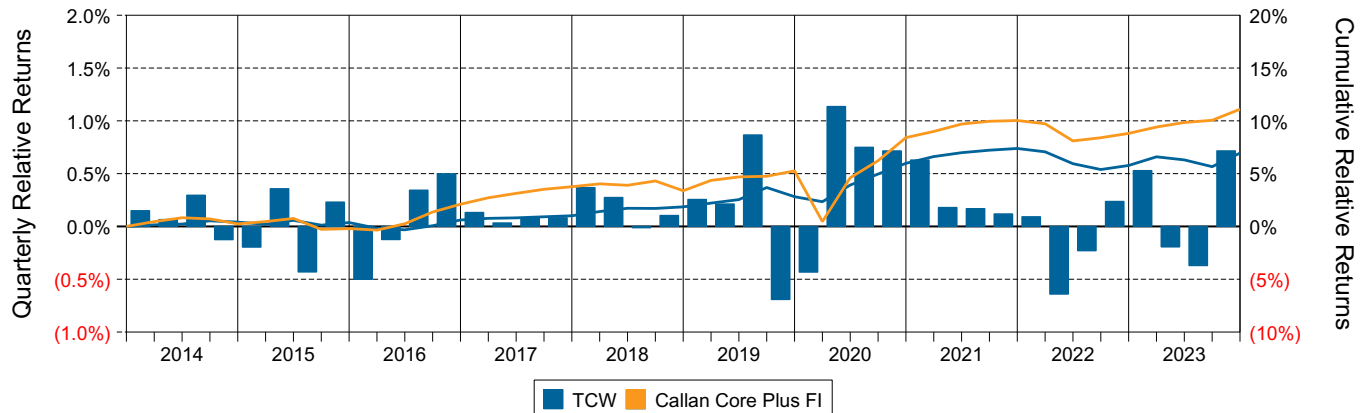
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

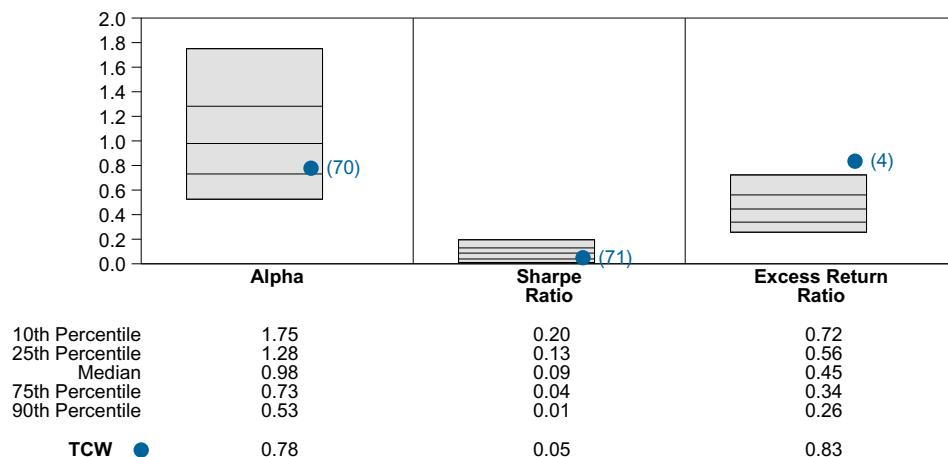
### Performance vs Callan Core Plus Fixed Income (Gross)



### Cumulative and Quarterly Relative Returns vs Bloomberg Aggregate Index



### Risk Adjusted Return Measures vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2023

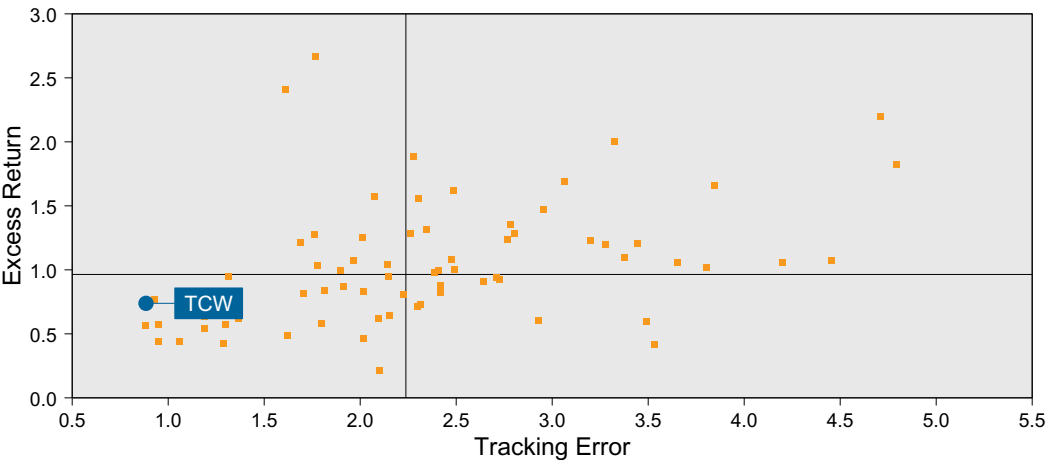


TCW  
Risk Analysis Summary

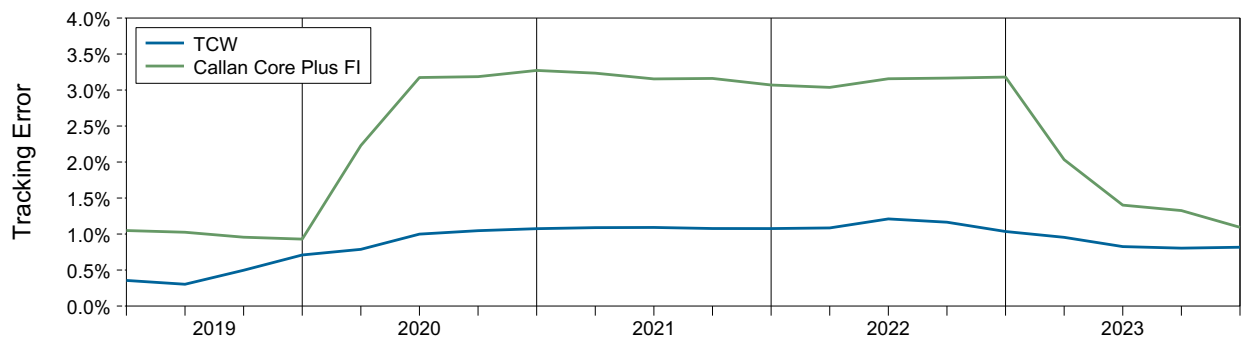
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

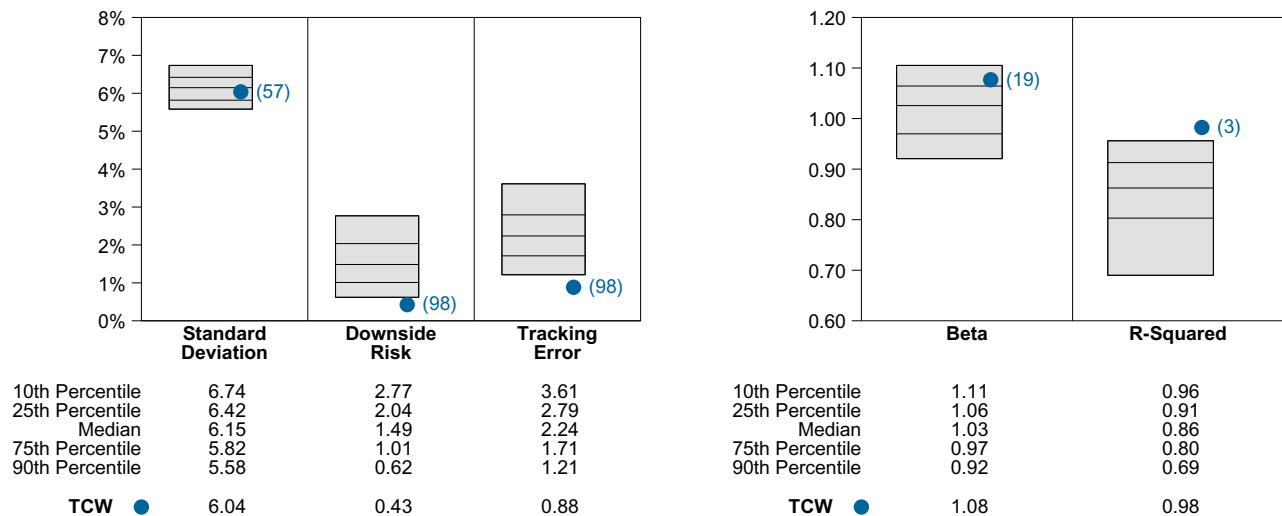
Risk Analysis vs Callan Core Plus Fixed Income (Gross)  
Seven Years Ended December 31, 2023



Rolling 12 Quarter Tracking Error vs Bloomberg Aggregate Index



Risk Statistics Rankings vs Bloomberg Aggregate Index  
Rankings Against Callan Core Plus Fixed Income (Gross)  
Seven Years Ended December 31, 2023



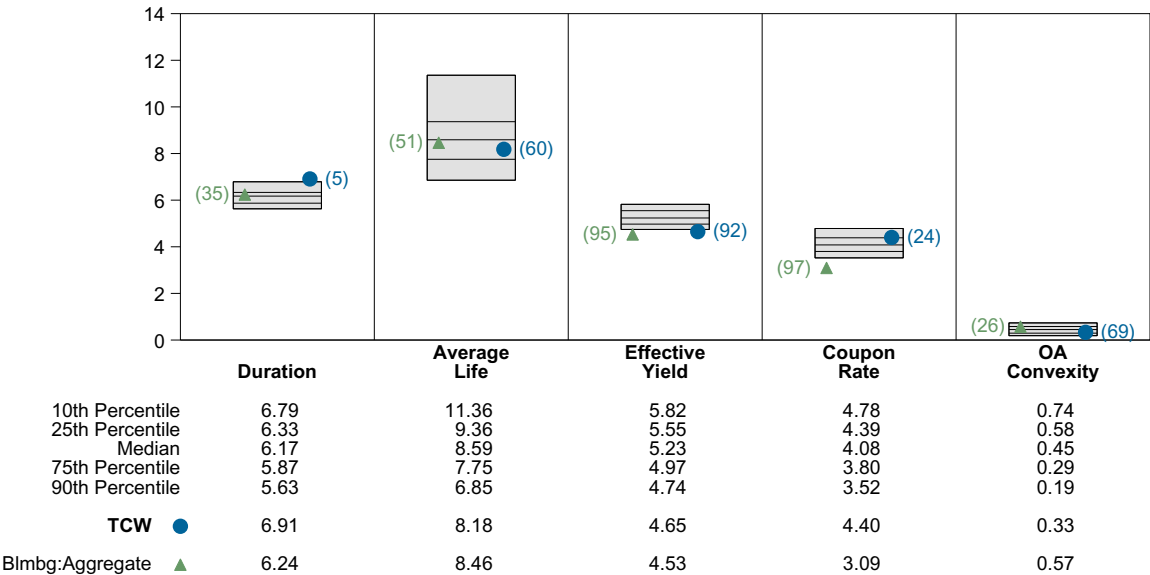
# TCW

## Bond Characteristics Analysis Summary

### Portfolio Characteristics

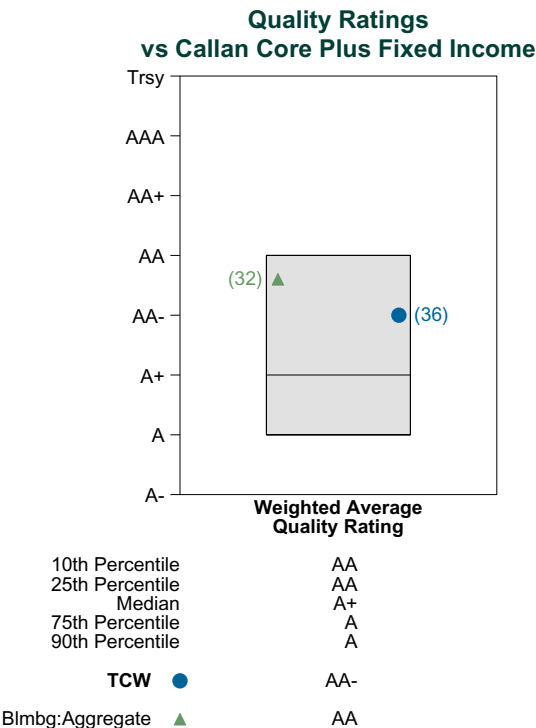
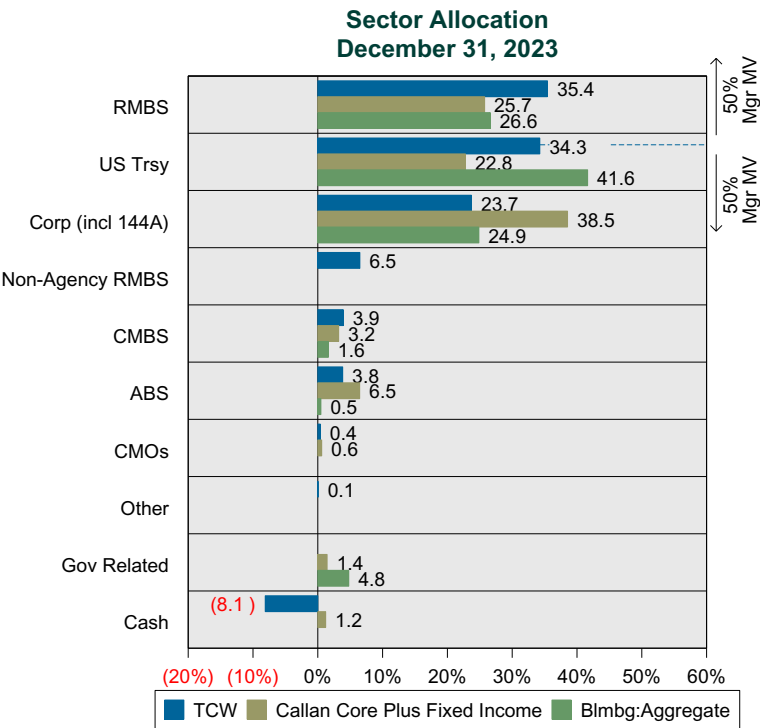
This graph compares the manager’s portfolio characteristics with the range of characteristics for the portfolios which make up the manager’s style group. This analysis illustrates whether the manager’s current holdings are consistent with other managers employing the same style.

### Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of December 31, 2023



### Sector Allocation and Quality Ratings

The first graph compares the manager’s sector allocation with the average allocation across all the members of the manager’s style. The second graph compares the manager’s weighted average quality rating with the range of quality ratings for the style.



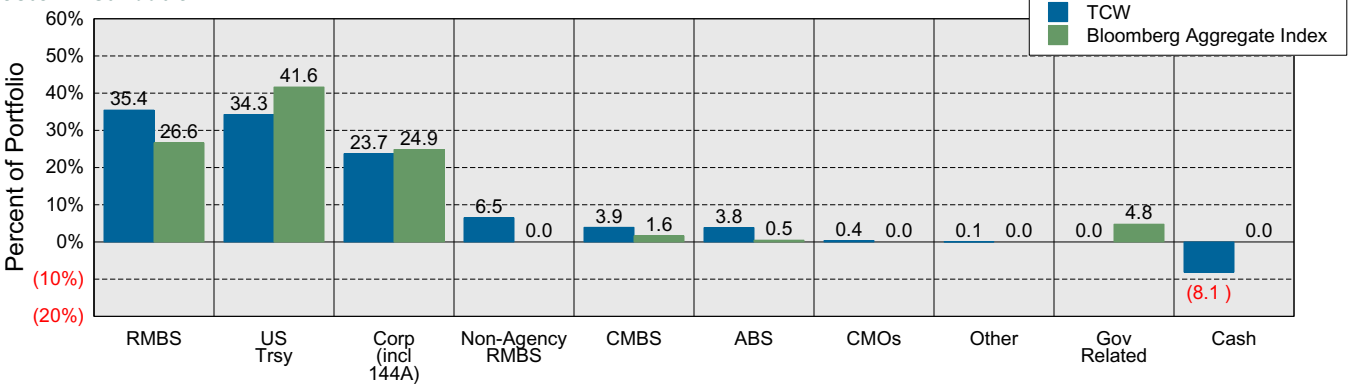


TCW  
Portfolio Characteristics Summary  
As of December 31, 2023

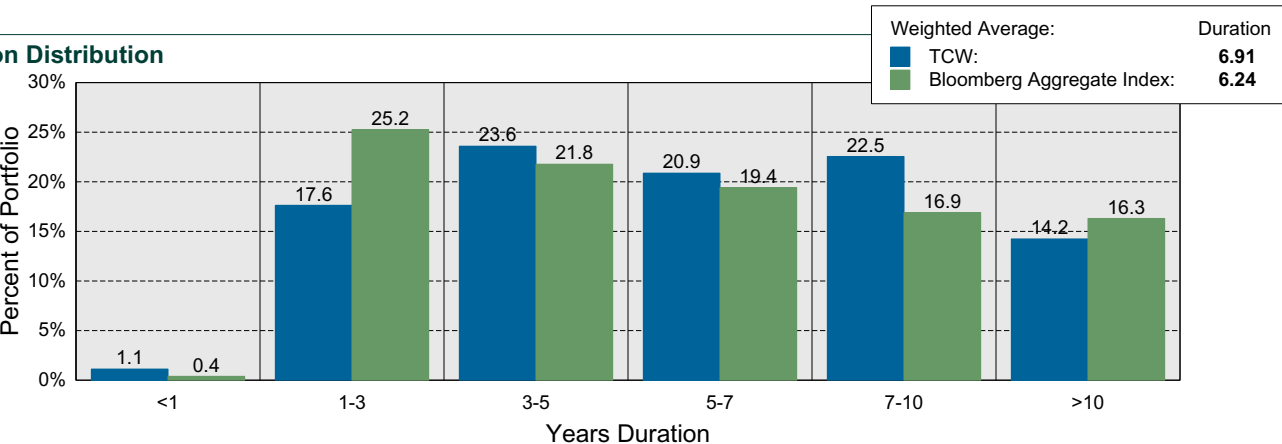
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

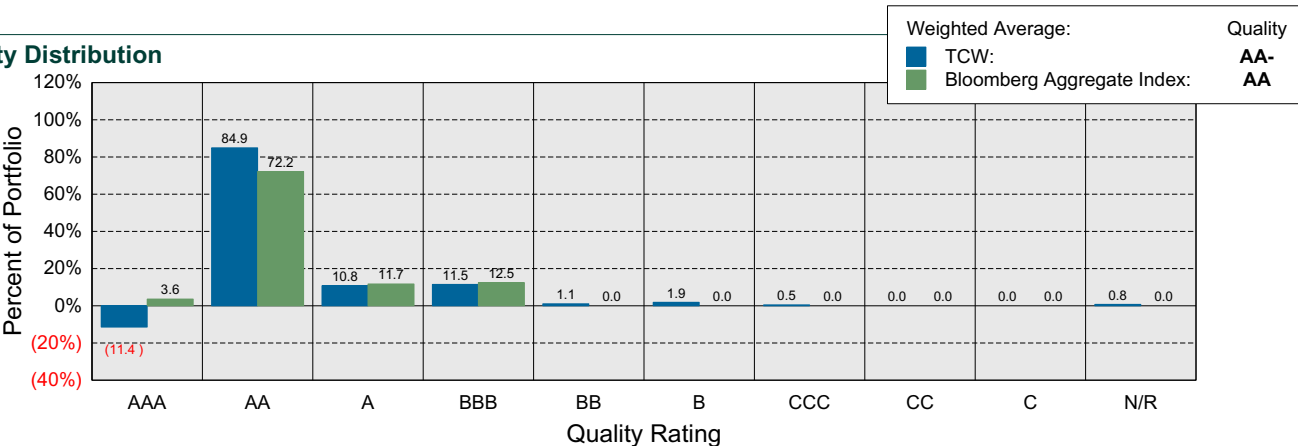
Sector Distribution



Duration Distribution



Quality Distribution





## Real Estate Period Ended December 31, 2023

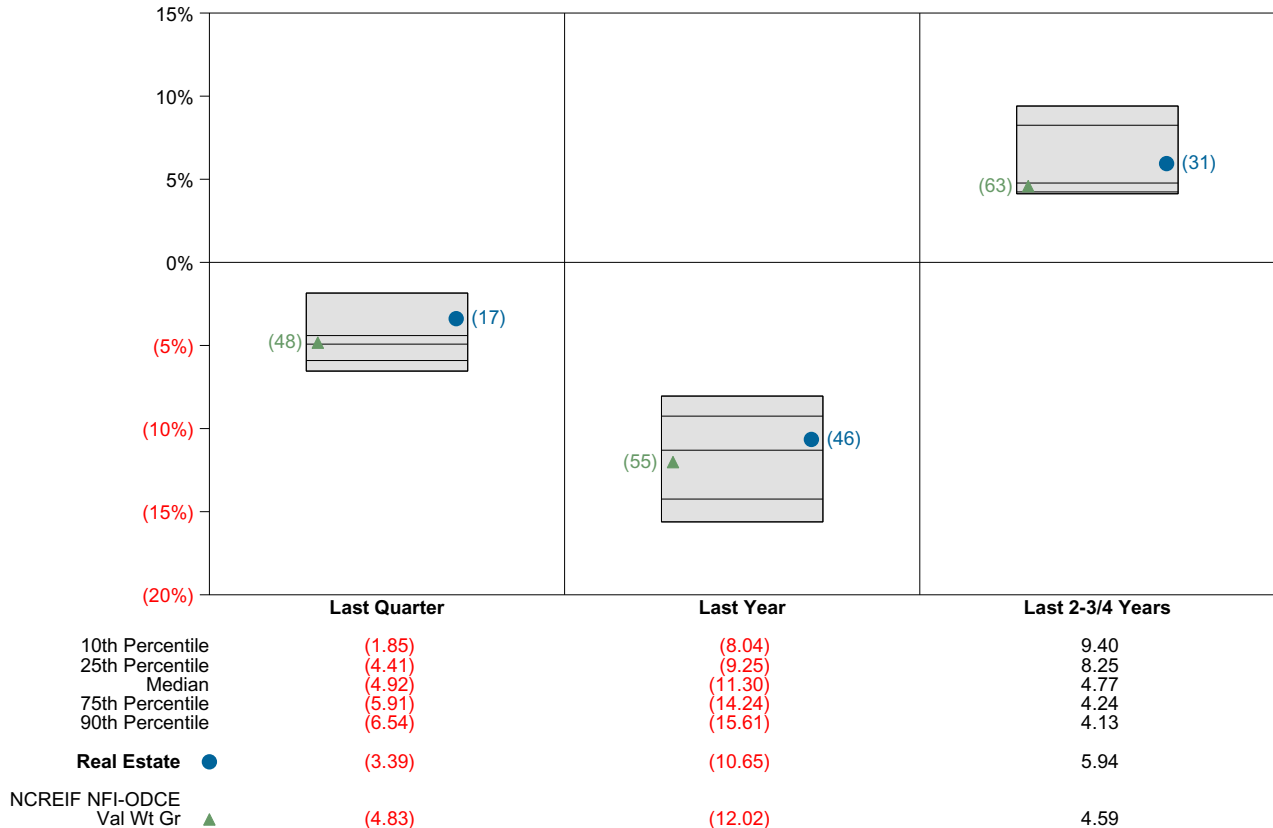
### Quarterly Summary and Highlights

- Real Estate's portfolio posted a (3.39)% return for the quarter placing it in the 17 percentile of the Callan Real Estate ODCE group for the quarter and in the 46 percentile for the last year.
- Real Estate's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 1.44% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 1.36%.

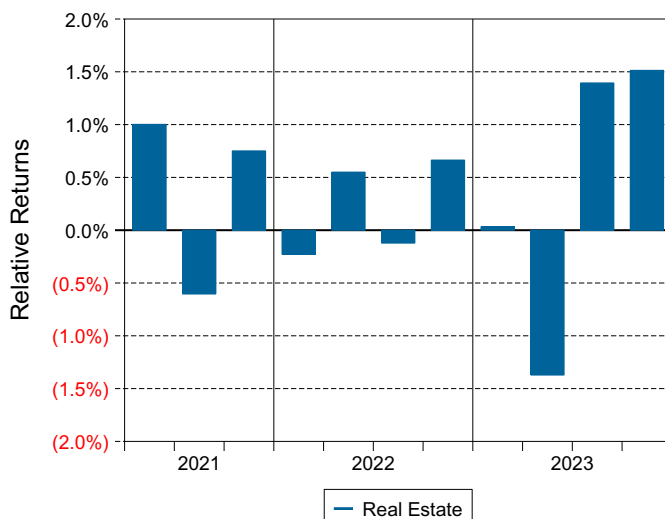
### Quarterly Asset Growth

Beginning Market Value	\$34,324,966
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,162,918
Ending Market Value	\$33,162,048

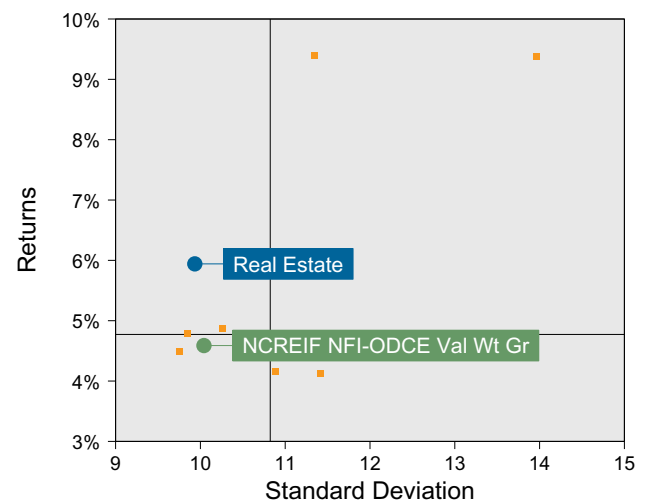
### Performance vs Callan Real Estate ODCE (Gross)



### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Callan Real Estate ODCE (Gross) Annualized Two and Three-Quarter Year Risk vs Return

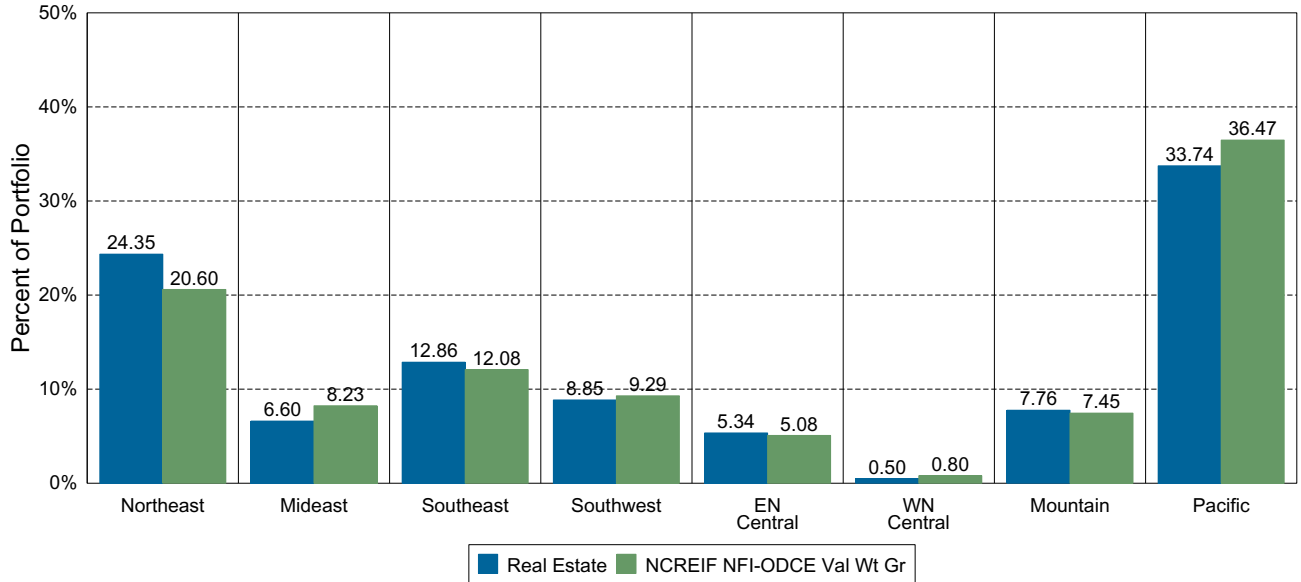


## Real Estate Diversification Analysis as of December 31, 2023

### Diversification Analysis

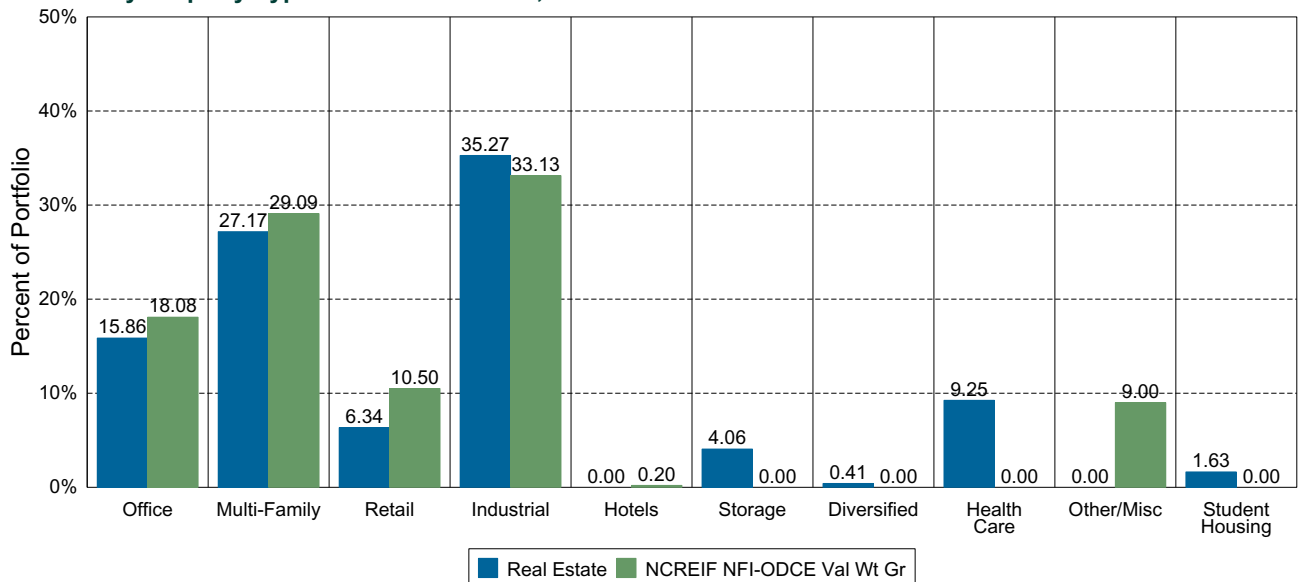
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

#### Diversification by Geographic Region as of December 31, 2023



Real Estate	24.35%	6.60%	12.86%	8.85%	5.34%	0.50%	7.76%	33.74%
NCREIF NFI-ODCE Val Wt Gr	20.60%	8.23%	12.08%	9.29%	5.08%	0.80%	7.45%	36.47%

#### Diversification by Property Type as of December 31, 2023



Real Estate	15.86%	27.17%	6.34%	35.27%	0.00%	4.06%	0.41%	9.25%	0.00%	1.63%
NCREIF NFI-ODCE Val Wt Gr	18.08%	29.09%	10.50%	33.13%	0.20%	0.00%	0.00%	0.00%	9.00%	0.00%

# Clarion Lion Fund

## Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 3/31/2021 are linked to the fund's history.

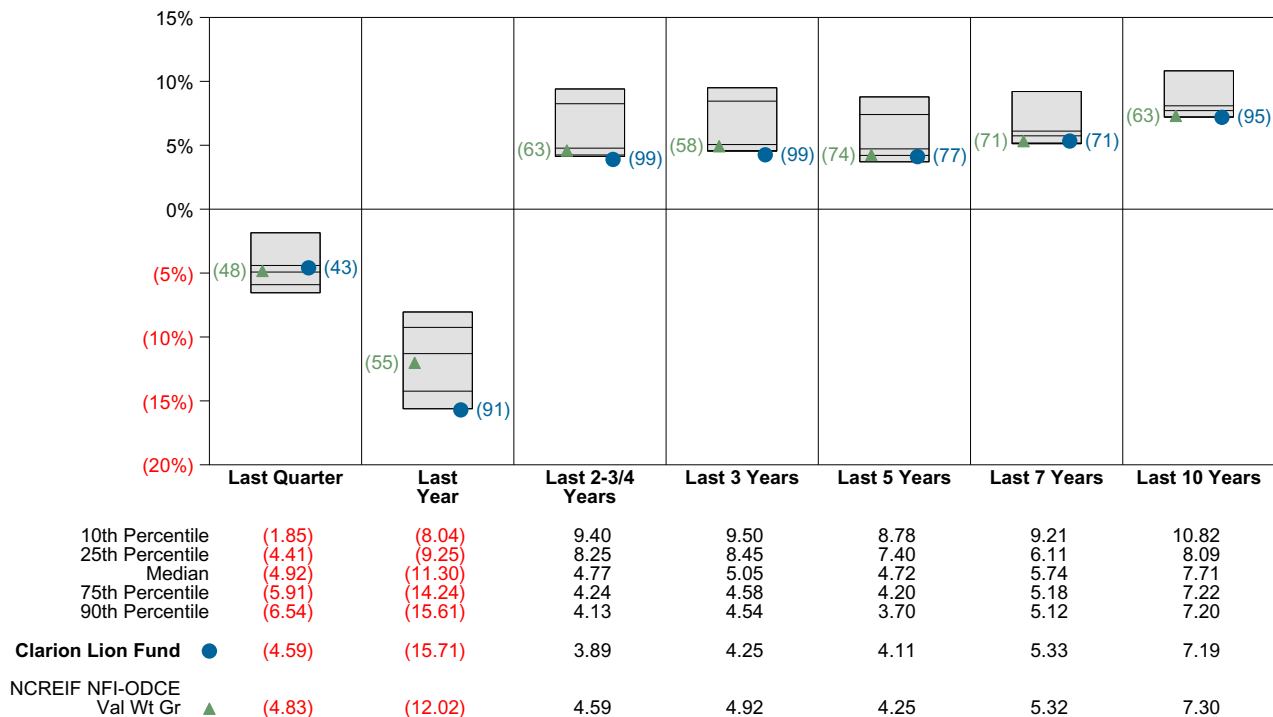
### Quarterly Summary and Highlights

- Clarion Lion Fund's portfolio posted a (4.59)% return for the quarter placing it in the 43 percentile of the Callan Real Estate ODCE group for the quarter and in the 91 percentile for the last year.
- Clarion Lion Fund's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 0.24% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 3.69%.

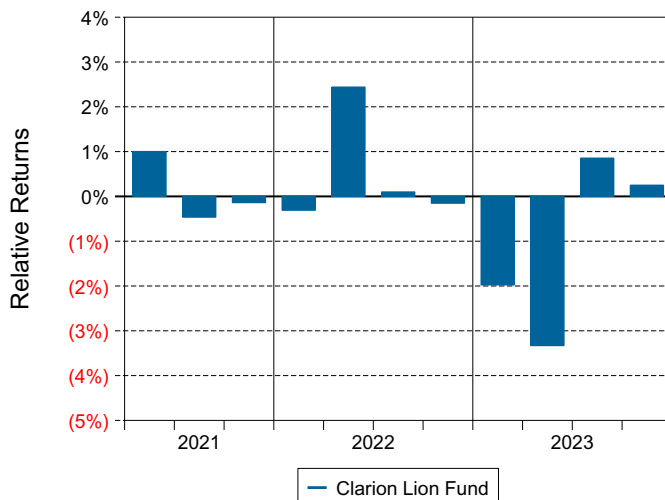
### Quarterly Asset Growth

Beginning Market Value	\$17,026,135
Net New Investment	\$0
Investment Gains/(Losses)	\$-781,500
Ending Market Value	\$16,244,635

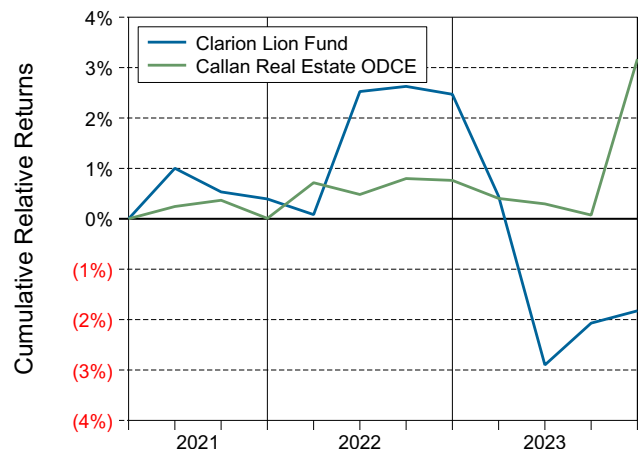
### Performance vs Callan Real Estate ODCE (Gross)



### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

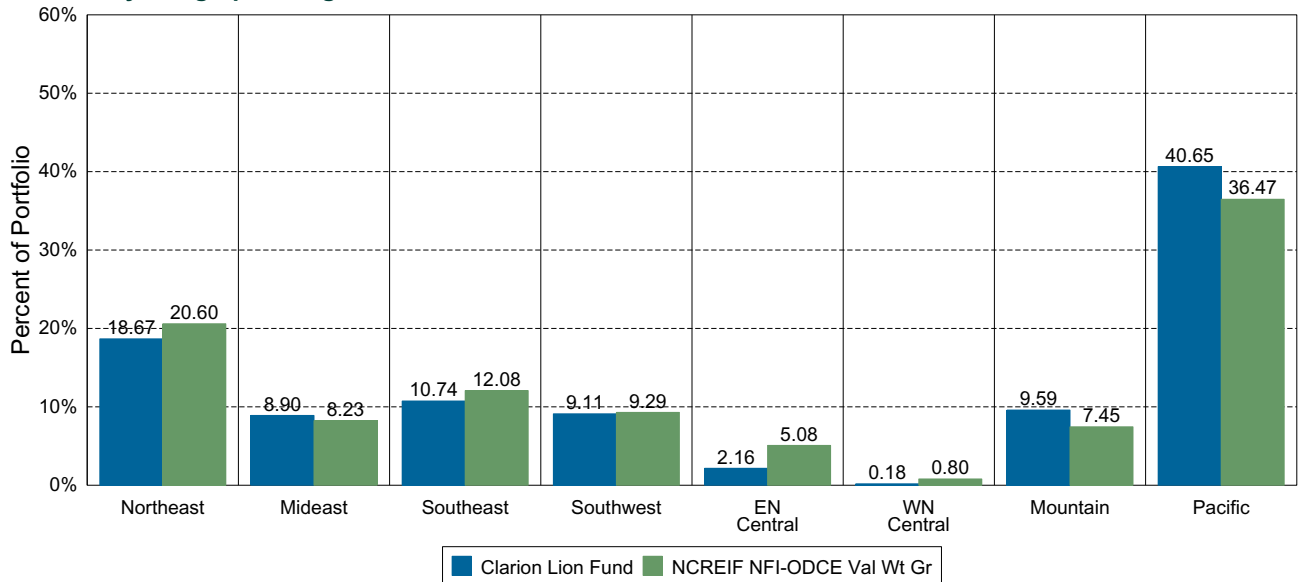


## Clarion Lion Fund Diversification Analysis as of December 31, 2023

### Diversification Analysis

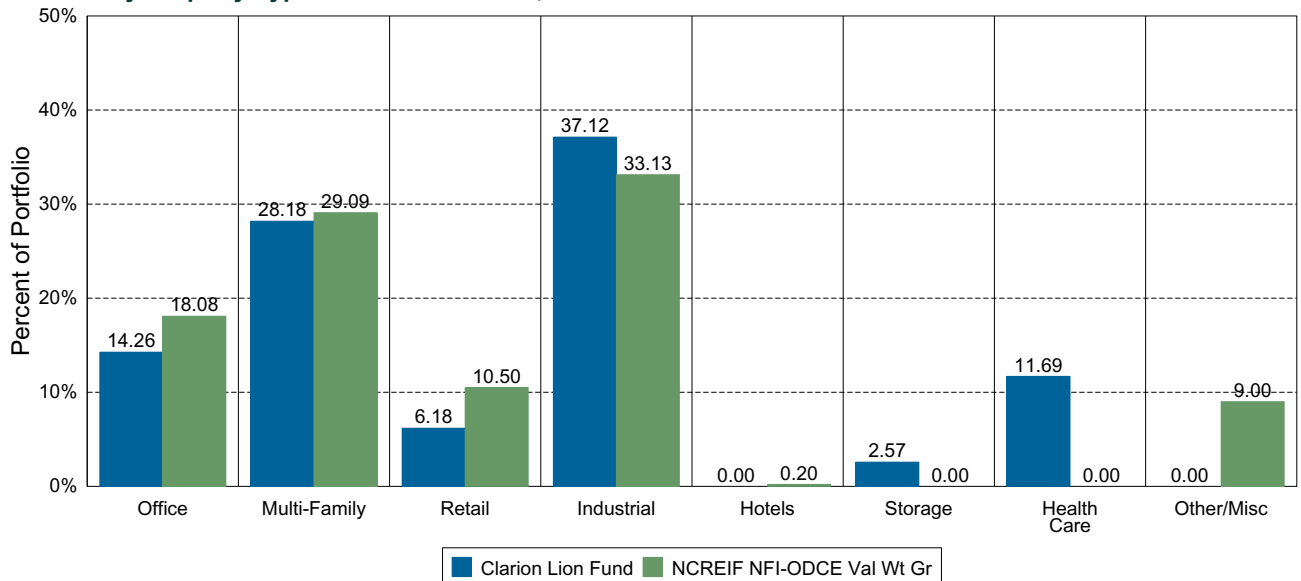
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

#### Diversification by Geographic Region as of December 31, 2023



Clarion Lion Fund	18.67%	8.90%	10.74%	9.11%	2.16%	0.18%	9.59%	40.65%
NCREIF NFI-ODCE Val Wt Gr	20.60%	8.23%	12.08%	9.29%	5.08%	0.80%	7.45%	36.47%

#### Diversification by Property Type as of December 31, 2023



Clarion Lion Fund	14.26%	28.18%	6.18%	37.12%	0.00%	2.57%	11.69%	0.00%
NCREIF NFI-ODCE Val Wt Gr	18.08%	29.09%	10.50%	33.13%	0.20%	0.00%	0.00%	9.00%

# Morgan Stanley

## Period Ended December 31, 2023

### Investment Philosophy

Returns prior to 6/30/2021 are linked to the fund's history.

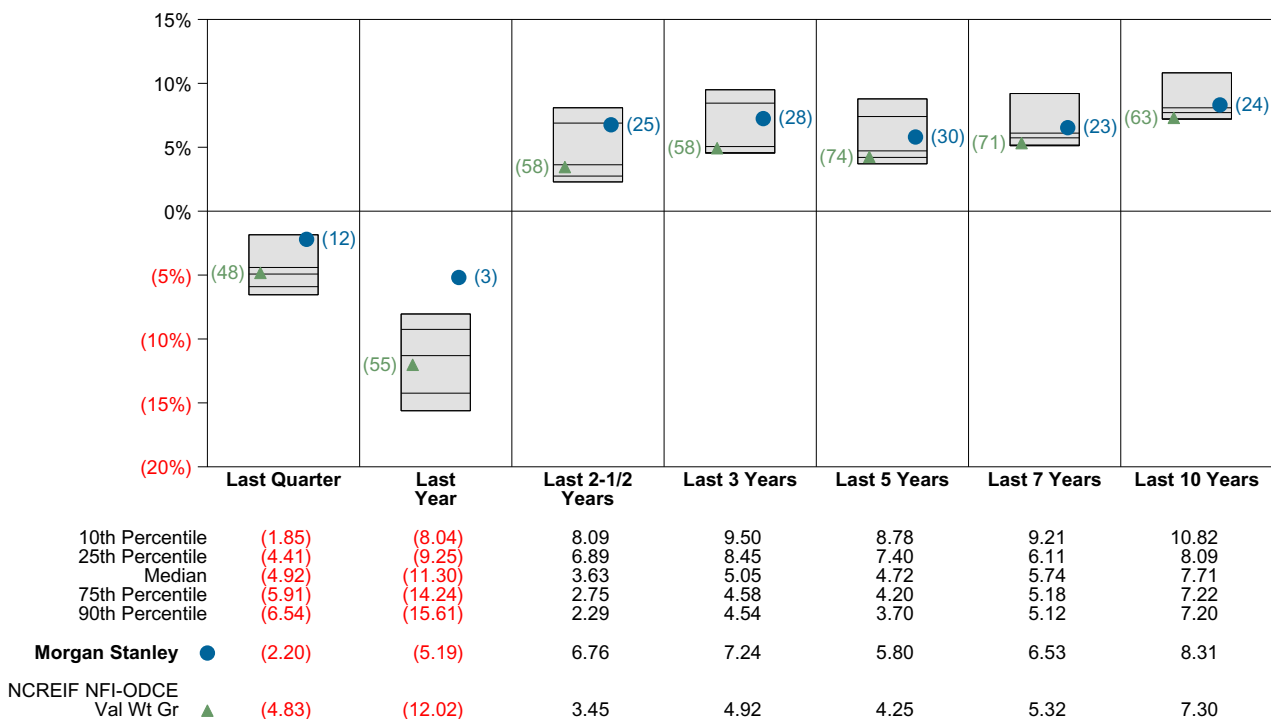
### Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a (2.20)% return for the quarter placing it in the 12 percentile of the Callan Real Estate ODCE group for the quarter and in the 3 percentile for the last year.
- Morgan Stanley's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 2.62% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 6.83%.

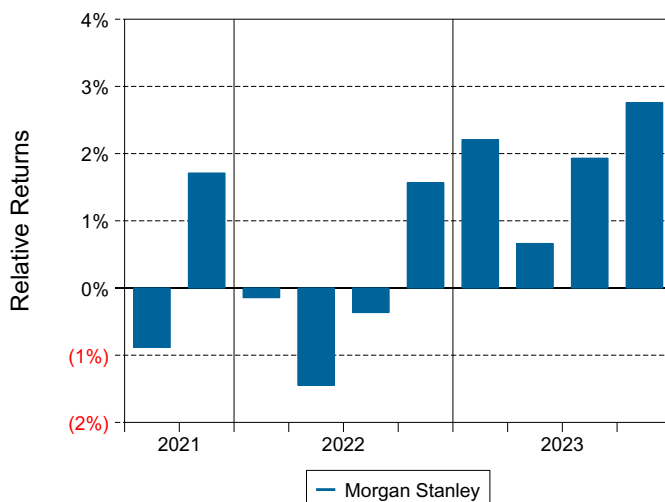
### Quarterly Asset Growth

Beginning Market Value	\$17,298,831
Net New Investment	\$0
Investment Gains/(Losses)	\$-381,418
Ending Market Value	\$16,917,412

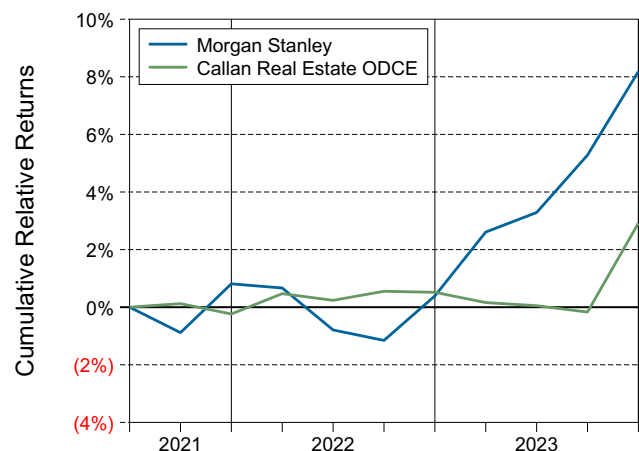
### Performance vs Callan Real Estate ODCE (Gross)



### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

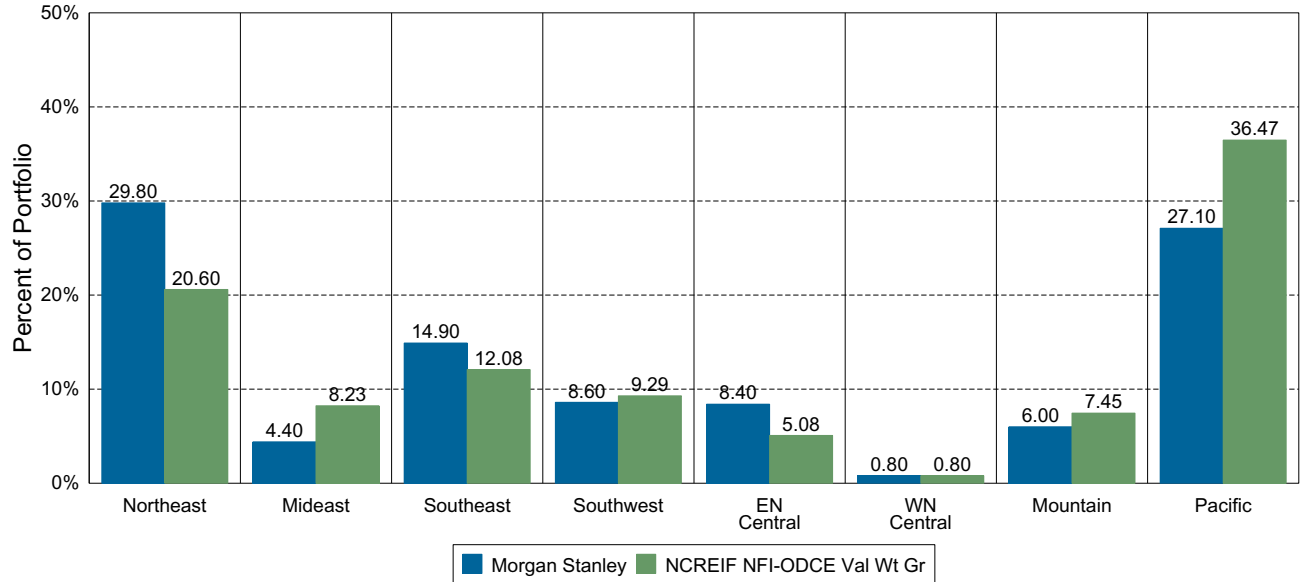


## Morgan Stanley Diversification Analysis as of December 31, 2023

### Diversification Analysis

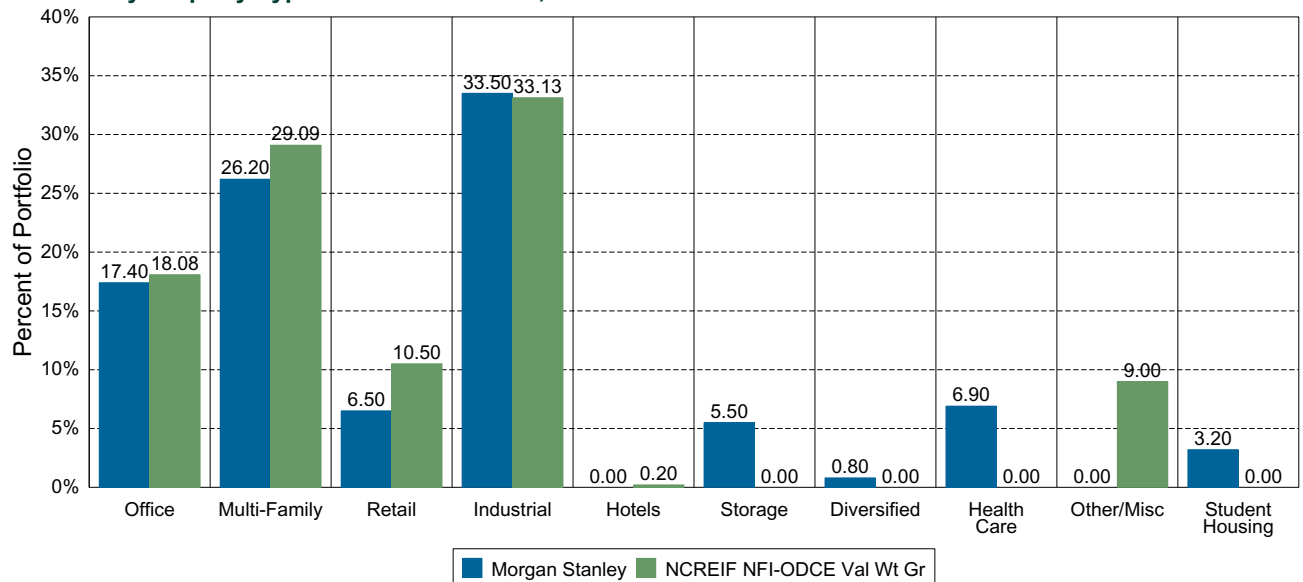
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

#### Diversification by Geographic Region as of December 31, 2023



Morgan Stanley	29.80%	4.40%	14.90%	8.60%	8.40%	0.80%	6.00%	27.10%
NCREIF NFI-ODCE Val Wt Gr	20.60%	8.23%	12.08%	9.29%	5.08%	0.80%	7.45%	36.47%

#### Diversification by Property Type as of December 31, 2023



Morgan Stanley	17.40%	26.20%	6.50%	33.50%	0.00%	5.50%	0.80%	6.90%	0.00%	3.20%
NCREIF NFI-ODCE Val Wt Gr	18.08%	29.09%	10.50%	33.13%	0.20%	0.00%	0.00%	0.00%	9.00%	0.00%





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## Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

**Alpha** measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

**Beta** measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

**Downside Risk** stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

**Excess Return Ratio** is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

**Information Ratio** measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

**R-Squared** indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

**Relative Standard Deviation** is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

**Residual Portfolio Risk** is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

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## Risk/Reward Statistics

**Rising Declining Periods** refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

**Sharpe Ratio** is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

**Sortino Ratio** is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

**Standard Deviation** is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

**Total Portfolio Risk** is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

**Tracking Error** is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

**Treynor Ratio** represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.



## Quarterly Highlights

The Callan Institute provides research to update clients on the latest industry trends, carefully structured educational programs to enhance the knowledge of industry professionals, and events to enhance dialogue among investing professionals. Visit [www.callan.com/research-library](http://www.callan.com/research-library) to see all of our publications, and [www.callan.com/blog](http://www.callan.com/blog) to view our blog. For more information contact Barb Gerraty at 415-274-3093 / [institute@callan.com](mailto:institute@callan.com).

## New Research from Callan's Experts

**[2023 Nuclear Decommissioning Funding Study](#)** | Callan's annual study offers key insights into the status of nuclear decommissioning funding to make peer comparisons more accurate and relevant.

**[2023 Investment Management Fee Study](#)** | The purpose of the study is to provide a detailed analysis on fee levels and trends across multiple asset classes and mandate sizes, for both active and passive management.

**[2023 Asset Manager ESG Study](#)** | Callan's inaugural ESG Study analyzes responses to various environmental, social, and governance questions in Callan's manager database by firm size, asset class, country of domicile, and ownership structure.

## Webinar Replays

**[Research Cafe: Office-to-Residential Conversions](#)** | During this interview, Callan specialists Aaron Quach and Christine Mays of Callan's Real Assets Consulting Group discuss office -to-residential conversions.

**[Webinar: Callan's Retirement Conundrum](#)** | During this discussion, representatives from Callan and October Three (a human resource and actuarial consulting firm) discuss how a small provision in SECURE 2.0 has paved the way for cash-balance pension plans to meet retirement income needs.

## Blog Highlights

**[How Your Public DB Plan's Returns Compare](#)** | This 3Q23 update to our quarterly series of blog posts provides context for public defined benefit (DB) plans about their returns over time.

**[ILS on Pace for Banner Year in 2023](#)** | When reviewing hedge fund portfolios, those investing in insurance-linked securities (ILS) are finding that this oft-overlooked strategy is buoying performance.

## Quarterly Updates

**[Private Equity Update, 3Q23](#)** | A high-level summary of private equity activity in the quarter through all the investment stages

**[Active vs. Passive Charts, 3Q23](#)** | A comparison of active managers alongside relevant benchmarks over the long term

**[Market Pulse, 3Q23](#)** | A quarterly market reference guide covering trends in the U.S. economy, developments for institutional investors, and the latest data on the capital markets

**[Capital Markets Review, 3Q23](#)** | Analysis and a broad overview of the economy and public and private markets activity each quarter across a wide range of asset classes

**[Hedge Fund Update, 3Q23](#)** | Commentary on developments for hedge funds and multi-asset class (MAC) strategies

**[Real Assets Update, 3Q23](#)** | A summary of market activity for real assets and private real estate during the quarter

**[Private Credit Update, 3Q23](#)** | A review of performance and fund-raising activity for private credit during the quarter

**[Callan Target Date Index™, 3Q23](#)** | Tracks the performance and asset allocation of available target date mutual funds and CITs

**[Callan DC Index™, 3Q23](#)** | Provides underlying fund performance, asset allocation, and cash flows of more than 100 large defined contribution plans representing approximately \$400 billion in assets

## Events

A complete list of all upcoming events can be found on our website: [callan.com/events-education](https://callan.com/events-education).

*Please mark your calendar and look forward to upcoming invitations:*

### 2024 National Conference

**April 8-10, 2024 – San Francisco**

### June Regional Workshops

**June 25, 2024 – Atlanta**

**June 27, 2024 – San Francisco**

**For more information about events, please contact Barb Gerraty: 415-274-3093 / [gerraty@callan.com](mailto:gerraty@callan.com)**

## Education: By the Numbers

**50+**

Unique pieces of research the Institute generates each year

**525**

Attendees (on average) of the Institute's annual National Conference

**4,845**

Total attendees of the "Callan College" since 1994

## Education

Founded in 1994, the "Callan College" offers educational sessions for industry professionals involved in the investment decision-making process.

### Alternative Investments

**Feb. 21-22, 2024 – Virtual**

Alternative investments like private equity, hedge funds, and real estate can play a key role in any portfolio. In our "Callan College" on Alternatives, you will learn about the importance of allocations to alternatives, and how to consider integrating, evaluating, and monitoring them.

### Introduction to Investments

**March 19-21, 2024 – Virtual**

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. This course is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities.

Our virtual sessions are held over two to three days with virtual modules of 2.5-3 hours, while in-person sessions run either a full day or one-and-a-half days. Virtual tuition is \$950 per person and includes instruction and digital materials. In-person tuition is \$2,350 per person and includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Additional information including registration can be found at: [callan.com/events-education](https://callan.com/events-education)



**"Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialogue to raise the bar across the industry."**

Greg Allen, CEO and Chief Research Officer



## List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry, and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor, and disclose potential conflicts on an ongoing basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database, or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on a complimentary basis (e.g., attending an educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group, and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance department.

### Manager Name

abrdn  
ABS Global Investments  
Acadian Asset Management LLC  
Adams Street Partners, LLC  
Aegon Asset Management  
AEW Capital Management, L.P.  
AllianceBernstein  
Allspring Global Investments, LLC  
Altrinsic Global Advisors, LLC  
American Century Investments  
Amundi US, Inc.  
Antares Capital LP  
Apollo Global Management, Inc.  
AQR Capital Management  
Ares Management LLC  
Ariel Investments, LLC  
Aristotle Capital Management, LLC  
Atlanta Capital Management Co., LLC

### Manager Name

AXA Investment Managers  
Baillie Gifford International, LLC  
Baird Advisors  
Barings LLC  
Baron Capital Management, Inc.  
Barrow, Hanley, Mewhinney & Strauss, LLC  
Belle Haven Investments L.P.  
BentallGreenOak  
Beutel, Goodman & Company Ltd.  
BlackRock  
Blackstone Group (The)  
Blue Owl Capital, Inc.  
BNY Mellon Asset Management  
Boston Partners  
Brandes Investment Partners, L.P.  
Brandywine Global Investment Management, LLC  
Brookfield Asset Management Inc.  
Brown Brothers Harriman & Company



Manager Name
Brown Investment Advisory & Trust Company
Capital Group
CastleArk Management, LLC
CIBC Asset Management Inc.
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments NA
Comvest Partners
Covenant Capital Group
CQS
Credit Suisse Asset Management, LLC
D.E. Shaw Investment Management, LLC
DePrince, Race & Zollo, Inc.
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors L.P.
Doubleline
DWS
EARNEST Partners, LLC
Fayez Sarofim & Company
Federated Hermes, Inc.
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
First Sentier Investors
Fisher Investments
Franklin Templeton
Fred Alger Management, LLC
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GoldenTree Asset Management, LP
Goldman Sachs
Golub Capital
Guggenheim Investments
GW&K Investment Management
Harbor Capital Advisors
Harding Loevner LP
Hardman Johnston Global Advisors LLC
Heitman LLC
Hotchkis & Wiley Capital Management, LLC

Manager Name
Impax Asset Management LLC
Income Research + Management
Insight Investment
Intech Investment Management LLC
Intercontinental Real Estate Corporation
Invesco
J.P. Morgan
Janus
Jennison Associates LLC
Jobs Peak Advisors
KeyCorp
Kohlberg Kravis Roberts & Co. L.P. (KKR)
Lazard Asset Management
LGIM America
Lincoln National Corporation
Longview Partners
Loomis, Sayles & Company, L.P.
Lord, Abbett & Company
LSV Asset Management
Mackay Shields LLC
Macquarie Asset Management (MAM)
Manulife Investment Management
Marathon Asset Management, L.P.
MetLife Investment Management
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
MUFG Union Bank, N.A.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Northern Trust Asset Management
Nuveen
Oaktree Capital Management, L.P.
P/E Investments
Pacific Investment Management Company
Pantheon Ventures
Parametric Portfolio Associates LLC

**Manager Name**

Partners Group (USA) Inc.

Pathway Capital Management, LP

PFM Asset Management LLC

PGIM DC Solutions

PGIM Fixed Income

PGIM Quantitative Solutions LLC

Pictet Asset Management

PineBridge Investments

Polen Capital Management, LLC

Pretium Partners, LLC

Principal Asset Management

Putnam Investments, LLC

Raymond James Investment Management

RBC Global Asset Management

Regions Financial Corporation

Robeco Institutional Asset Management, US Inc.

Rockpoint

S&amp;P Dow Jones Indices

Sands Capital Management

Schroder Investment Management North America Inc.

Segall Bryant &amp; Hamill

SLC Management

Smith Graham &amp; Co. Investment Advisors, L.P.

State Street Global Advisors

**Manager Name**

Strategic Global Advisors, LLC

T. Rowe Price Associates, Inc.

TD Global Investment Solutions – TD Epoch

The Carlyle Group

The TCW Group, Inc.

Thompson, Siegel &amp; Walmsley LLC

Top Tier Capital Partners

Tri-Star Trust Bank

Turning Rock Partners, L.P.

UBS Asset Management

VanEck

Versus Capital Group

Victory Capital Management Inc.

Virtus Investment Partners, Inc.

Vontobel Asset Management

Voya

Walter Scott &amp; Partners Limited

WCM Investment Management

Wellington Management Company, LLP

Western Asset Management Company LLC

Westfield Capital Management Company, LP

William Blair &amp; Company LLC

Xponance, Inc.

### Important Disclosures

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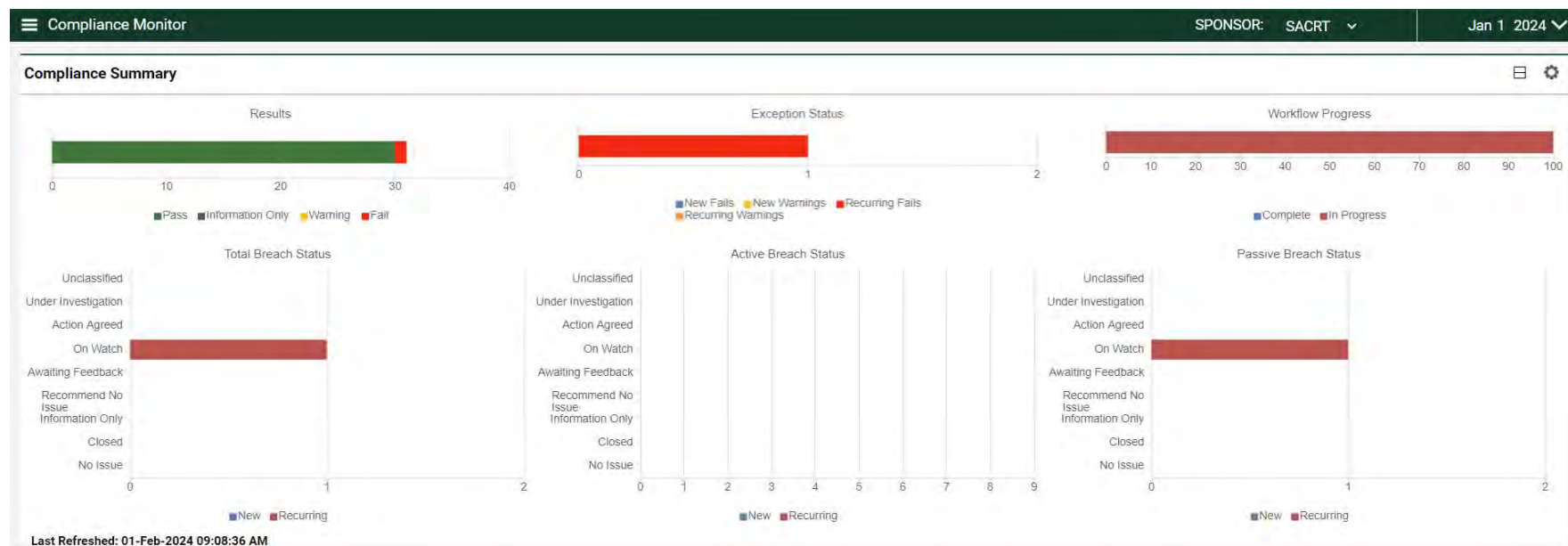
The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.



The compliance breach was caused by a restructuring of Intelsat, a global provider of satellite communications services (original holdings Intelsat Jackson CUSIPs 45824TAY1 and 45824TBA2 and current holding CUSIP L5217E120); which is part of TCW's portfolio holdings. As a result of the restructuring, there will be an equity line item in the portfolio for some period as TCW seeks an opportunistic disposition to maximize the realized value. In time, execution on Intelsat's business plan should improve the liquidity and value of Intelsat common shares, leading to a full liquidation from the portfolio. Northern Trust's compliance monitoring settings were set to flag equity common stock as a compliance breach. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock will continue to be monitored until TCW disposes of the securities.

Type Filters Applied:All,Fail,Information Only,Warning    Breach Status Filters Applied:All,Active,Passive

Breach ID	Rule Processin g Frequency	Account / Consolidation Name	Rule Name	Rule Category	Result Type	Valuation Date	Run Date	Age	Lin k	Active Passive Marker	Breach Cause	Breach Status	Workflow Status	Commentary	Linked Commentary
SACR03.R1.524	DAILY	SACRT - METWEST	PA44271 - SACRT SACR03 Permitted Investments	Permitted Assets	Fail	29-Dec-2023	31-Dec-2023	586	Link ed	Passive	Corporate Action	On Watch	Under Investigation		

## Compliance Results

Breach Result Numerator: 58,542.75 Denominator: 95,554,226.09

<b>Account ID</b>	<b>Account Name</b>	<b>Total Market Value</b>	<b>Securities Triggered</b>	<b>% Results</b>
SACR03	SACRT - METWEST	58,542.75	1	0.06

<b>Reference Date:</b> 01-Jan-2024	<b>Sponsor:</b> SACRT	<b>Compliance Breach Result:</b> Fail - Permitted Assets	<b>Valuation Date:</b> 01-Jan-2024
<b>Rule Name:</b> PA44271 - SACRT SACR03 Permitted Investments	<b>Rule Run Date:</b> 01-Jan-2024	<b>Rule Narrative:</b> Flags Prohibited Investments only. Please refer to IMA Language for more details.	<b>Breach Id:</b> SACR03.R1.525
<b>Benchmark:</b>	<b>Active/Passive:</b> Passive	<b>Breach Status:</b> On Watch	<b>Breach Cause:</b> Corporate Action
<b>Commentary:</b>	<b>Linked Commentary:</b>		

Asset Category/Name	Country of Risk	Security Identifier	Id Type	Shares/Par Value	Market Value Base	Security Weight %
Equities						
Common Stock						
Common Stock						
INTELSAT S.A.	Luxembourg	LU2445093128	ISIN	2,124.00	58,542.75	0.06



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 13, 2024 Agenda Item: 19  
**TO:** Sacramento Regional Transit Retirement Boards– AEA, AFSCME & MCEG  
**FROM:** John Gobel - Senior Manager, Pension and Retirement Services  
**SUBJ:** Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25 (Salaried). (Gobel)

## **RECOMMENDATION**

Adopt the attached Resolution(s)

## **RESULT OF RECOMMENDED ACTION**

Accept the actuarial valuation report (AVR) for the July 1, 2023 valuation date and approve the actuarially determined contribution (ADC) rates for Fiscal Year (FY) 2024-25.

## **FISCAL IMPACT**

The estimated fiscal impact to the Salaried Plan of the proposed ADC rates for FY 2024-25 is \$11,634,130, which is the annual employer contribution presented in the current AVR (as of July 1, 2023) and reflects a \$575,162 increase over the amount presented in the prior AVR (as of July 1, 2022). The actual fiscal impact will be determined by applying the discrete contribution rates recommended for Classic members and PEPRA members to the covered payroll for FY 2024-25.

## **DISCUSSION**

During the special Retirement Board meeting on February 21, 2024, Graham Schmidt of Cheiron presented the preliminary results of the annual actuarial valuation process for all three Retirement Plans, which are commonly referred to as the ATU Plan, the IBEW Plan, and the Salaried Plan. A recap of Mr. Schmidt's presentation to and discussion with the Retirement Boards is provided in the minutes of last month's meeting, which are presented for approval as agenda Items 3, 4, and 5 for this Quarterly Retirement Board Meeting. Of note, Mr. Schmidt did not recommend any changes in the assumptions used to prepare the AVR for the July 1, 2023 valuation date.

As a reminder, the annual AVR measures the current and projected assets and liabilities of a defined benefit plan, and those measures are used to determine the plan's funded

ratio. The Plan's funded ratio and the normal costs associated with benefits prescribed by the Plan are used to establish the ADC and expressed as a percentage of covered payroll.

Within the AVR for the Salaried Plan, Cheiron offers an Executive Summary and reviews data points and developments for the July 1, 2023 valuation date. Items of note from the Executive Summary are cited below:

- The actuarially determined employer contribution rate decreased from 37.32% of payroll last year to 37.21% of payroll for the current valuation. This year's rate decreased due to offsetting factors but primarily from greater than expected payroll growth.
- The Plan's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 67.9% as of July 1, 2022 to 69.2% as of July 1, 2023.
- During the year ended June 30, 2023, the return on Plan assets was 8.08% on a market value basis net of investment expenses, as compared to the 6.75% assumption.
- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members and they contribute approximately 50% of the PEPRA Normal Cost. As of June 30, 2023, PEPRA members make up over 50% of the active workforce.

By accepting the AVR, the Retirement Boards are accepting the funded ratio determined by the actuary and adopting the contribution rates (for both the employer and employees, in the case of PEPRA members) for the next fiscal year. Per Section V, Table V-4 of the AVR for the July 1, 2023 valuation date, Cheiron is recommending the following new contribution rates for the Salaried Plan for the fiscal year beginning July 1, 2024:

Classic Members

Employer Contribution Rate	42.79%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.46%
Member Contribution Rate	6.50% (unchanged from FY 2024)



**RESOLUTION NO. 2024-03-237**

**SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION**

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AEA on this date:

**March 13, 2024**

**Accept Actuarial Valuation and Approve  
Actuarially Determined Contribution Rates for Fiscal Year 2024-25**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AEA AS FOLLOWS:

THAT the Retirement Board hereby accepts the Actuarial Valuation Report as of July 1, 2023 for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees which is attached as Exhibit A.

THAT the Retirement Board hereby approves new Actuarially Determined Contribution Rates defined in the Actuarial Valuation Report for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees , to be effective July 1, 2024, as follows:

Classic Members

Employer Contribution Rate	42.79%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.46%
Member Contribution Rate	6.50%

---

Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By:

---

John Gobel, Assistant Secretary



# **Retirement Plan for Sacramento Regional Transit District Salaried Employees**

## **Actuarial Valuation Report as of July 1, 2023**

**Produced by Cheiron**

**March 2024**

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March 4, 2024

Retirement Boards of  
Sacramento Regional Transit District  
2830 G Street  
Sacramento, CA 95816

Dear Members of the Boards:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Salaried Employees of the Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2023. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Boards and the auditors in preparing financial reports in accordance with applicable law and accounting requirements.

This report was prepared solely for the Retirement Boards for the purposes described herein, and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron

A handwritten signature in blue ink, reading "Graham Schmidt".

Graham A. Schmidt, FSA, EA, FCA, MAAA  
Principal Consulting Actuary

A handwritten signature in blue ink, reading "Anne Harper".

Anne D. Harper, FSA, EA, MAAA  
Principal Consulting Actuary

## FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2023. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- In Section II, **Disclosures Related to Risk**, we review the primary risks facing the District, and quantify these using various risk and maturity measures.
- The **Main Body** of the report presents details on the Plan's
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

## **SECTION I – EXECUTIVE SUMMARY**

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan,
- Employer and member contribution rates for Plan Year 2024-2025, and
- An assessment and disclosure of key risks.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2023 provided to the Boards in September 2023.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of the historical trends, and I the projected financial outlook for the Plan.

### **A. Valuation Basis**

This valuation determines the employer and PEPRAs member contributions for the plan year.

The Plan's funding policy is for the District to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method, net of any contributions by the members,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

A summary of the assumptions and methods used in the current valuation are shown in Appendix B. There have been no changes in assumptions or methods since the prior valuation.

## SECTION I – EXECUTIVE SUMMARY

### B. Key Findings of this Valuation

The key results of the July 1, 2023 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 37.32% of payroll last year to 37.21% of payroll for the current valuation. This year's rate decreased due to offsetting factors but primarily from greater than expected payroll growth.
- The Plan's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 67.9% as of July 1, 2022 to 69.2% as of July 1, 2023. As a point of comparison, a funding ratio of 62.3% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This ratio is sometimes referred to as the Inactive Funded Ratio.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced an increase in the UAL from \$58,983,452 to \$59,250,602 as of July 1, 2023. This increase in the UAL was primarily due to demographic experience losses on the actuarial liability.
- During the year ended June 30, 2023, the return on Plan assets was 8.08% on a market value basis net of investment expenses, as compared to the 6.75% assumption. This resulted in a market value gain on investments of \$1,614,030. The Actuarial Value of Assets recognizes 20% of the annual difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.29% on the smoothed value of assets, an actuarial asset loss of \$578,763.
- The Actuarial Value of Assets is currently 101.6% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$2.1 million, primarily due to the FYE 2022 asset experience) that will be reflected in the smoothed value in future years.
- During the year, \$248,765 of assets and \$249,432 of liabilities were transferred from ATU to the Salaried plan for active Salaried plan members with prior ATU service. This transfer resulted in a \$689 actuarial loss (including interest at the assumed rate through the end of the year).
- The Plan experienced a liability loss of \$2,936,106 due primarily to higher than expected salary increases among actives. The Plan experienced a \$30,759 gain from expenses being less than expected, and a gain of \$271,612 from contributions being more than the actuarial cost. Combining all sources of actuarial experience, the Plan experienced a total loss of \$3,213,188.
- There were 27 new hires and rehires since July 1, 2022 and the total active population decreased by one. Total projected payroll increased 5.36% from \$30,260,855 to \$31,883,356 for 2023-2024.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

## SECTION I – EXECUTIVE SUMMARY

- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members and they contribute approximately 50% of the PEPRA Normal Cost. As of June 30, 2023, PEPRA members make up over 50% of the active workforce.

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1					
Summary of Principal Plan Results					
Valuation Date	July 1, 2022		July 1, 2023	% Change	
<b><u>Participant Counts</u></b>					
Active Participants	273		272	-0.37%	
Participants Receiving a Benefit	368		381	3.53%	
Terminated Vested Participants	52		49	-5.77%	
Transferred Participants	1		2	100.00%	
Non-Vested Participants Due Refund	9		18	100.00%	
<b>Total</b>	<b>703</b>		<b>722</b>	<b>2.70%</b>	
Annual Pay of Active Members	\$	30,260,855	\$	31,883,356	5.36%
<b><u>Assets and Liabilities</u></b>					
Actuarial Liability (AL)	\$	183,590,990	\$	192,344,323	4.77%
Actuarial Value of Assets (AVA)		124,607,538		133,093,721	6.81%
Unfunded Actuarial Liability (UAL)	\$	58,983,452	\$	59,250,602	0.45%
Funded Ratio (AVA)		67.9%		69.2%	1.32%
Market Value of Assets (MVA)	\$	120,583,101	\$	130,990,428	8.63%
Funded Ratio (MVA)		65.7%		68.1%	2.42%
Inactive Funded Ratio		62.4%		62.3%	-0.03%
<b><u>Contributions</u></b>					
Employer Contribution Payable Monthly	\$	11,058,968	\$	11,634,130	5.20%
Employer Contribution (after phase in)	\$	11,058,966	\$	11,634,130	
Employer Contribution as a Percentage of Payroll		37.32%		37.21%	-0.11%



## SECTION I – EXECUTIVE SUMMARY

### C. Changes in Contributions

Table I-2 summarizes the impact of actuarial experience on contributions.

Table I-2 Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2024 Employer Contribution Rate	37.32%	14.22%	22.16%	0.94%
Change due to phase-in of assumption changes	0.00%	0.00%	0.00%	0.00%
Change due to asset losses	0.13%	0.00%	0.13%	0.00%
Change due to PEPRA	-0.16%	-0.16%	0.00%	0.00%
Change due to demographic losses	0.51%	-0.16%	0.67%	0.00%
Change due to amortization payroll	-0.58%	0.00%	-0.55%	-0.03%
Change due to contribution surplus	-0.07%	0.00%	-0.07%	0.00%
Change due to ATU Transfer	<u>0.06%</u>	<u>0.06%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Change	-0.11%	-0.26%	0.18%	-0.03%
FYE 2025 Employer Contribution Rate	37.21%	13.96%	22.34%	0.91%

An analysis of the cost changes from the prior valuation reveals the following:

- Asset experience produced an investment loss on an actuarial basis.

The actuarial return on assets was 6.29%, which is less than the assumed rate of 6.75%. This resulted in an increase in the contribution rate by 0.13% of payroll.

The Market Value of Assets is less than the actuarial value; there are approximately \$2.1 million in net deferred asset losses.

- Liability experience and changes in demographics (including PEPRA new hires) resulted in a net increase in the contribution rate.

The liability experience of the Plan – including rates of retirement, death, disability, and termination – was somewhat different than predicted by the actuarial assumptions in aggregate, causing an actuarial loss that increased the contribution rate by 0.51% of payroll. In particular, there were losses caused by higher than expected salary increases among continuing actives.

This was offset by the fact that the employer portion of the normal cost for the new hires under the PEPRA benefit formula is lower than the normal cost for the non-PEPRA membership. The growth in the PEPRA membership resulted in a decrease in the average employer normal cost rate of 0.16% of payroll.

The net impact on the contribution rate from changes in liabilities and demographics was an increase of 0.35% of payroll.

## SECTION I – EXECUTIVE SUMMARY

- Overall payroll growth was greater than expected.

The projected payroll grew by 5.4%, more than the assumed rate of 2.75%, which decreased the contribution rate by 0.58% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions were slightly greater than the actuarially determined contribution.

Actual contributions were more than the total actuarially determined contribution (including expenses), which resulted in a decrease in the contribution rate by 0.07%.

- Salaried members with prior ATU service had the liabilities and assets associated with their ATU service transferred into the Salaried plan.

As a result of an arbitration agreement, the assets and liabilities associated with Salaried members with prior ATU service (but who did not become vested in the ATU plan) were transferred from the ATU plan into the Salaried plan. The net impact on the employer contribution rate was an increase of 0.06% of payroll.

The total impact on employer Plan contribution from all changes is a decrease of 0.11% of pay.

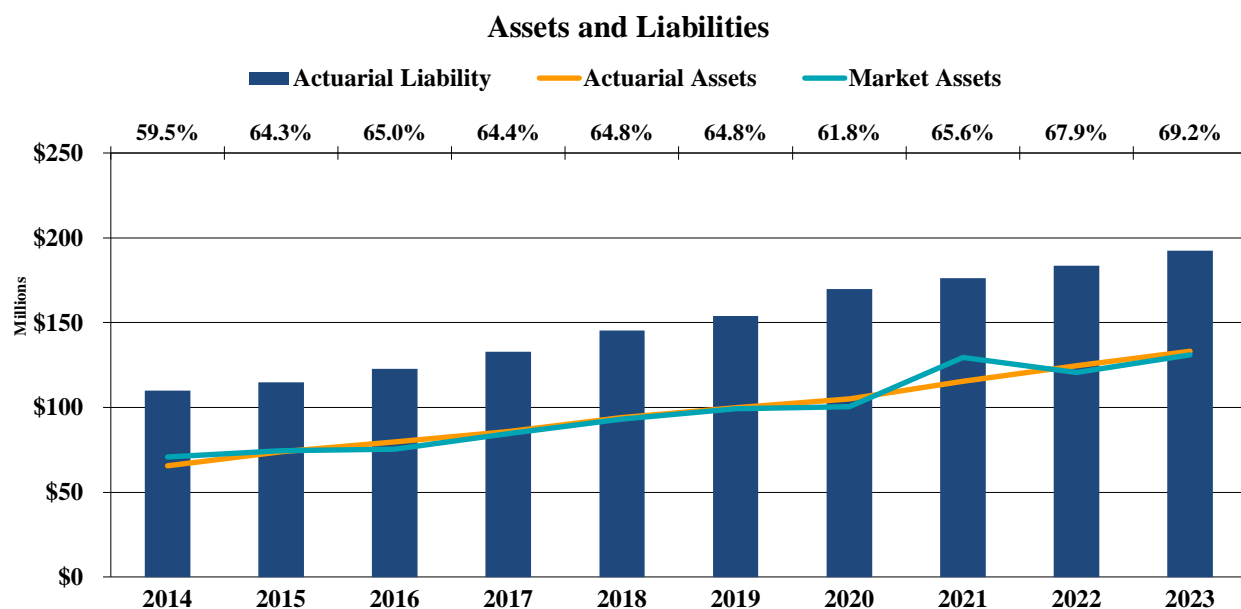
## SECTION I – EXECUTIVE SUMMARY

### D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is also important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

#### Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown at the top of the chart below is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio increased from 59.5% in 2014 to 69.2% in 2023, due to net gains on the AVA and contributions made to the Plan, despite decreases in the assumed rate of return from 7.75% to 6.75% over the same time period.

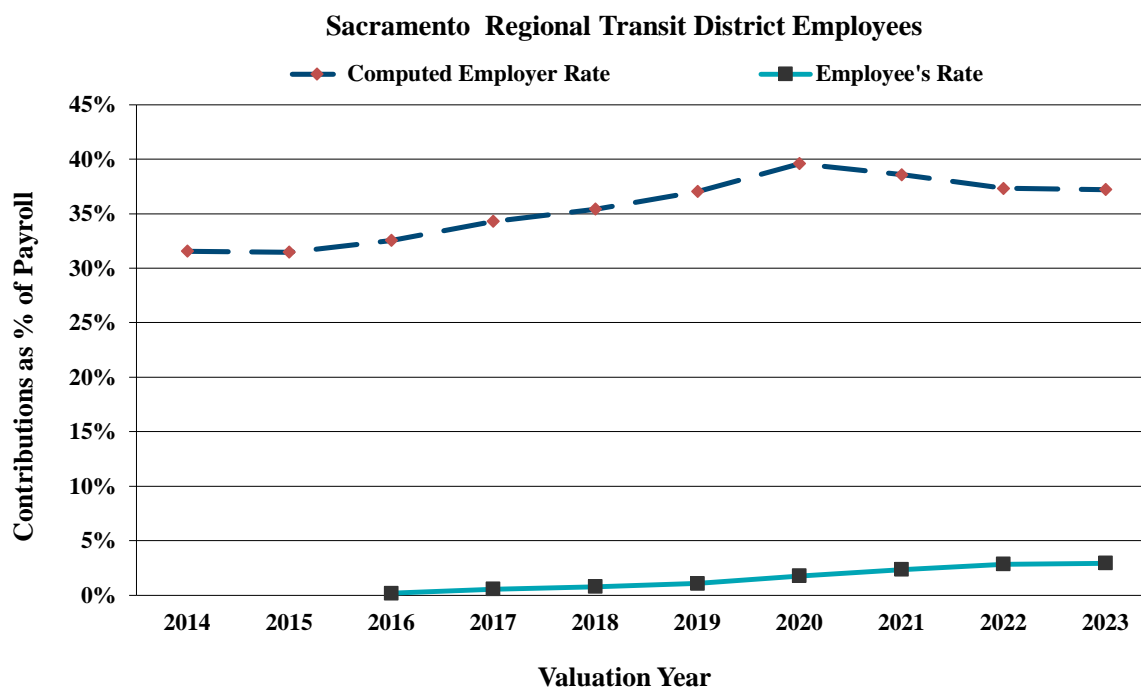


## SECTION I – EXECUTIVE SUMMARY

### Contribution Trends

In the following chart, we present the Plan's historical actuarially determined contribution rates and employee contribution rates. Employer contribution rates remained relatively stable from 2014 to 2016. Continual increases occurred from 2017 to 2020 due to changes in assumptions in 2017 and 2020, as well as actuarial losses each year (starting in 2018) on both assets and liabilities. The employer rates shown include the three-year phase-in of the impact of the 2020 assumption changes on the UAL payment. The contribution rate decreased in 2021 due to favorable investment experience and also decreased in 2022 due to greater than expected payroll growth and increasing PEPRA membership whose contributions offset the employer cost.

The average employee contribution rate continues to increase as more PEPRA members enter and contribute to the plan.

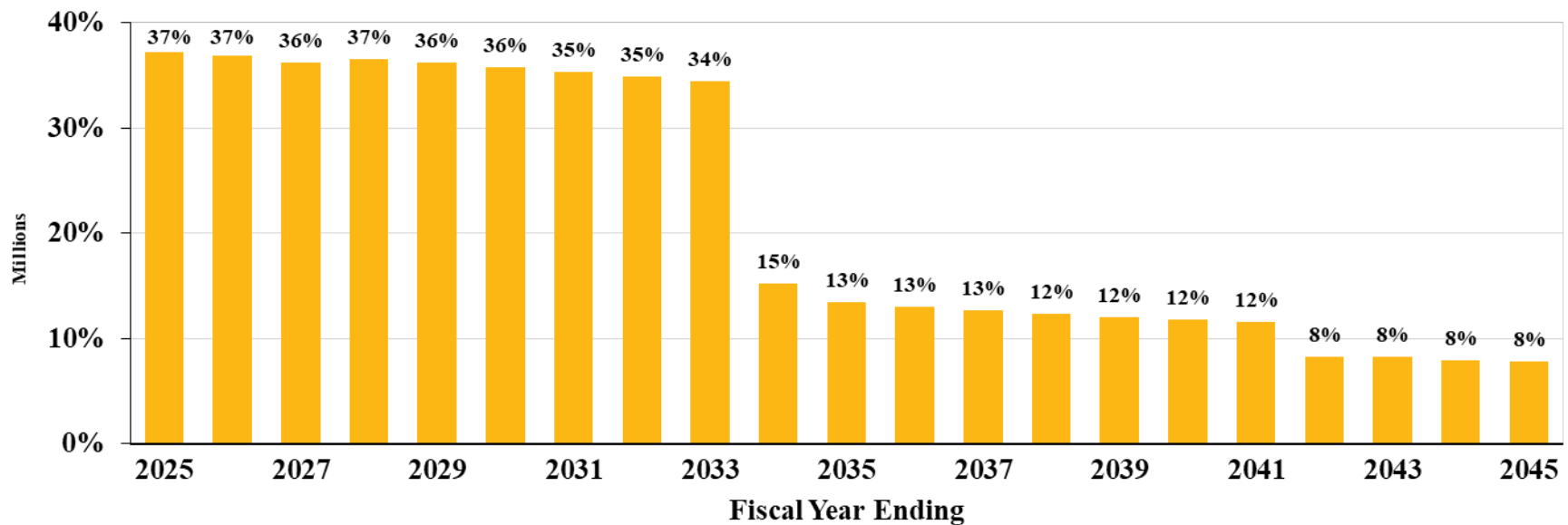


## SECTION I – EXECUTIVE SUMMARY

### E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2023 valuation results in terms of contribution levels and benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will achieve exactly the 6.75% assumption each year, which is clearly an impossibility. We have also assumed future payroll growth of 2.75% per year and that there are no actuarial gains or losses or changes to the assumptions or funding policy.

#### Projection of Employer Contributions 6.75% return each year



The graph shows that the District's contribution rate is expected to remain relatively level over the next several years, declining gradually as the current year asset losses continue to be recognized, offsetting the prior year gains, and as the employer-paid portion of

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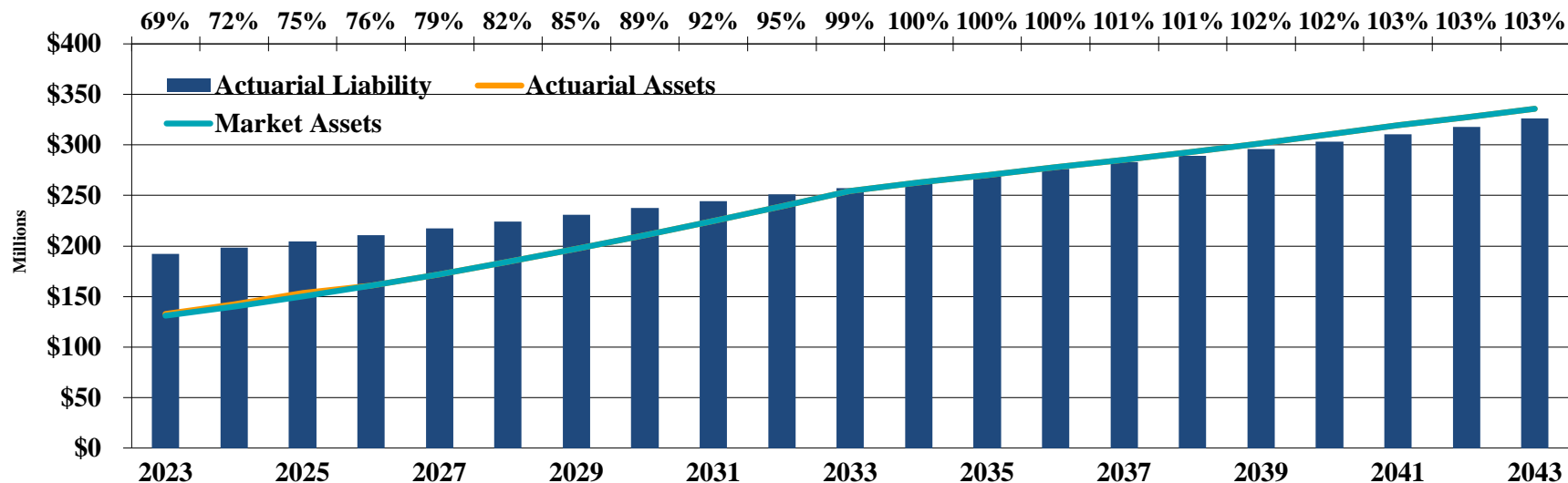
**SECTION I – EXECUTIVE SUMMARY**

the normal cost decreases as PEPPRA membership increases. The employer contribution rate is expected to decline substantially in FYE 2034, once the largest layer of the unfunded liability (the UAL that existed as of June 30, 2019) is fully amortized.

The employer actuarial cost will be approximately \$12.2 million in 2024-2025, and is expected to increase to \$14.0 million in 2032-2033 with payroll growth, then expected to drop significantly between \$4.3 million and \$6.4 million in the following years, when the bulk of the unfunded liability amortization payment disappears.

The following graph shows the projection of assets and liabilities assuming that assets will earn 6.75% each year during the projection period and that all other actuarial assumptions are met. The graph shows that the funded status is expected to increase steadily as the existing unfunded liability is fully amortized. The Plan is expected to be fully funded in 2034, equal to the projection in the July 1, 2022 valuation. However, it is primarily the actual return on Plan assets that will determine the future funding status and contribution rate to the Plan.

**Projection of Assets and Liabilities 6.75% return each year**



## SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly.

Actuarial Standard of Practice (ASOP 51) requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition.” This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

### Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. Even in the case that the Plan remains affordable, the contributions needed to support the Plan may differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk,
- Longevity and other demographic risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

*Investment Risk* is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan’s asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

*Assumption change risk* is the potential for the environment to change such that future valuation assumptions are different than the current assumptions. For example, declines in interest rates over the last three decades (which have recently reversed) resulted in higher investment returns for fixed-income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

*Longevity and other demographic risks* are the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time and are often dwarfed by other changes, particularly those due to

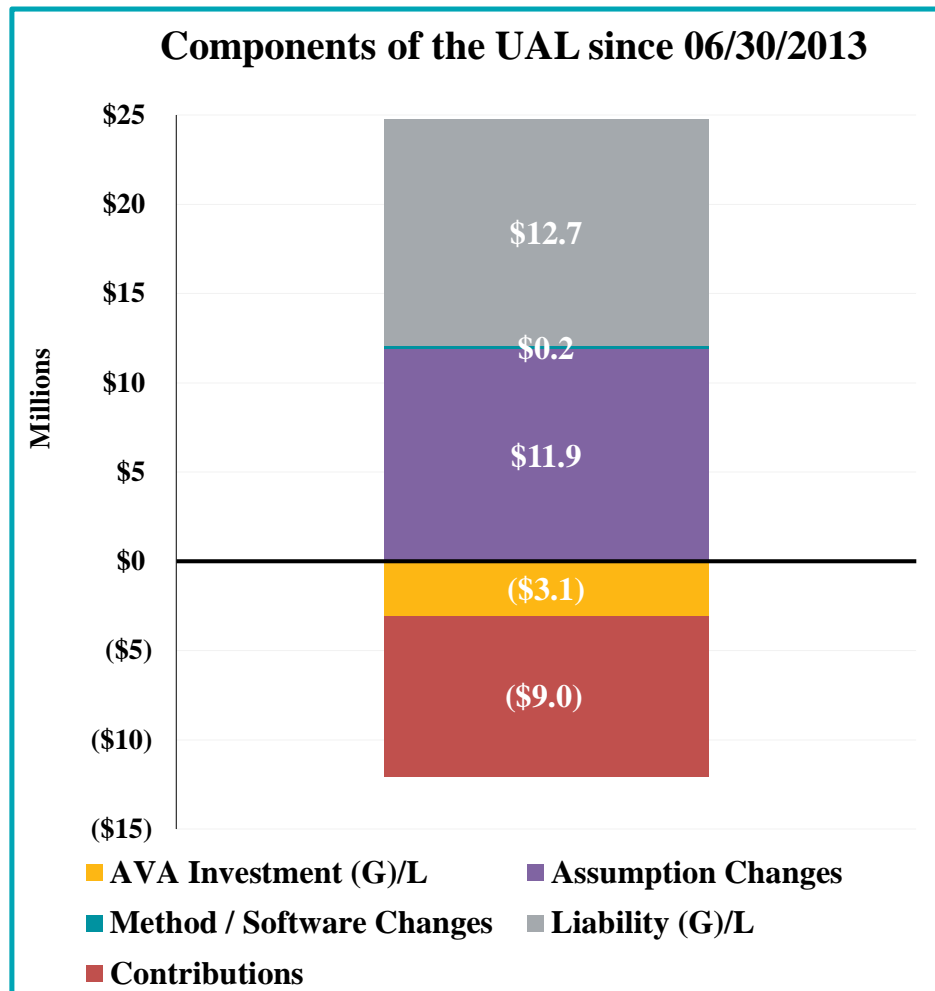
## SECTION II – DISCLOSURES RELATED TO RISK

investment returns. However, for this plan there have been substantial liability losses over the last five years, driven by higher-than-expected pay increases for continuing active members.

*Contribution risk* is the potential for actual future contributions to deviate from expected future contributions. There are different sources of contribution risk ranging from the sponsor choosing to not make contributions in accordance with the funding policy to material changes in the contribution base (e.g., covered employees, covered payroll, sponsor revenue) that affect the amount of contributions the Plan can collect.

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from June 30, 2013 through June 30, 2023. Over the last 10 years, the UAL has increased by approximately \$12.7 million. The liability losses (gray bar) resulting in a total UAL increase of \$12.7 million is the largest source of UAL growth, followed by assumption changes (\$11.9 million, purple bar). The contributions have been above the “tread water” level (described later in this section, shown in the red bar), resulting in a decrease of \$9.0 million in the UAL. Net investment gains (gold bar) have decreased the UAL by \$3.1 million over the 10-year period.

Chart II-1



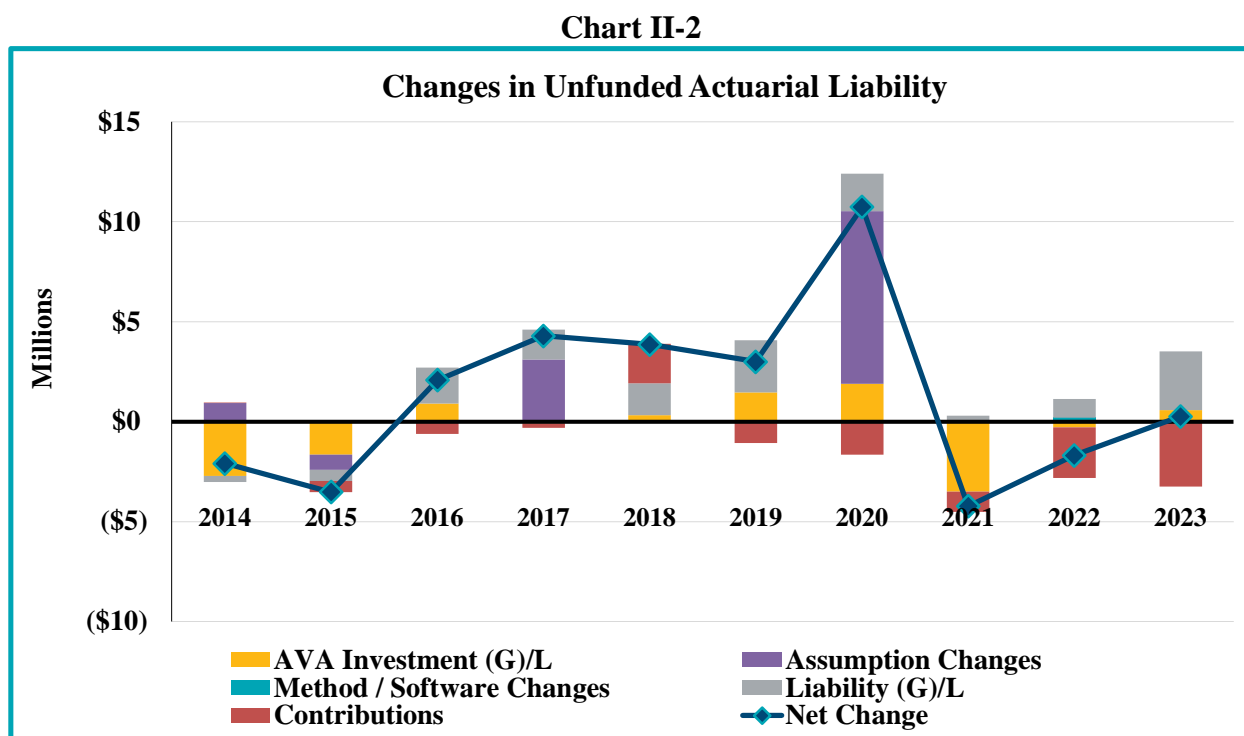


## SECTION II – DISCLOSURES RELATED TO RISK

Each year, the UAL is expected to increase for benefits earned in the current year (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the contribution-timing lag) can impact whether or not the contributions exceed the tread water level. Contributions above the “tread-water” level (red bar) have decreased the UAL by \$9.0 million.

In addition, actuarial method and software changes (teal bar) have increased the UAL by \$0.2 million since June 30, 2013.

Chart II-2 below details the annual sources of the UAL change (colored bars) for each valuation year. The net UAL change for each year is represented by the blue diamonds.



The impact of all assumption changes is represented by the purple bars. In 2015 and 2020, there were experience studies performed. The experience study in 2015 resulted in a slight reduction in the liabilities. In 2020, significant increases were primarily due to salary merit and retirement rate changes and reductions in the discount rate. The assumed rate of return was also reduced in 2014 and 2017.

On the liability side (gray bars), the Plan has mostly experienced losses, increasing the UAL by approximately \$12.7 million over the 10-year period resulting from participants retiring, terminating, becoming disabled and dying at rates different from the actuarial assumptions as well as unexpected changes in salaries. Most of this type of activity is normal in the course of

## SECTION II – DISCLOSURES RELATED TO RISK

Plan experience. The Plan will experience actuarial gains and losses over time because we cannot predict exactly how people will behave. However, the Plan experienced some significant liability losses from 2016 to 2020, which indicated the potential need to update some of the assumptions, which was done as part of the 2020 experience study.

The shortening of the amortization period has resulted in UAL reductions from contributions over the last several years, except in 2018, where the shortfall was due to the phase-in of the 2017 assumption change impact.

While the net investment gains and losses have not been the largest driver of UAL changes over the past 10 years, the year-to-year investment volatility can have a large impact on the UAL and is unpredictable. For example, the actuarial investment gain in 2021 was \$3.5 million compared to the \$1.9 million actuarial loss in the 2020 valuation.

Table II-1 below shows the same information as Chart II-2, but the annual source of the UAL change is shown numerically.

Table II-1 Unfunded Actuarial Liability (UAL) Change by Source						
Valuation Year	Assumption Changes	Method / Software Changes	Contributions	Investment Experience	Liability Experience	Total UAL Change
2014	933,160	0	5,520	(2,704,686)	(323,933)	(2,089,939)
2015	(757,047)	0	(562,761)	(1,662,717)	(541,993)	(3,524,518)
2016	0	0	(614,979)	917,324	1,775,915	2,078,260
2017	3,108,901	0	(229,830)	(85,065)	1,495,305	4,289,311
2018	(18,542)	0	1,958,532	321,313	1,603,565	3,864,868
2019	0	0	(1,060,592)	1,451,131	2,611,134	3,001,672
2020	8,637,242	0	(1,661,284)	1,894,074	1,867,525	10,737,558
2021	0	0	(1,025,135)	(3,497,592)	290,705	(4,232,022)
2022	0	191,914	(2,550,308)	(277,153)	945,804	(1,689,742)
2023	0	0	(3,247,719)	578,763	2,936,106	267,150
<b>Total</b>	<b>\$ 11,903,714</b>	<b>\$ 191,914</b>	<b>\$ (8,988,555)</b>	<b>\$ (3,064,608)</b>	<b>\$ 12,660,133</b>	<b>\$ 12,702,598</b>

## SECTION II – DISCLOSURES RELATED TO RISK

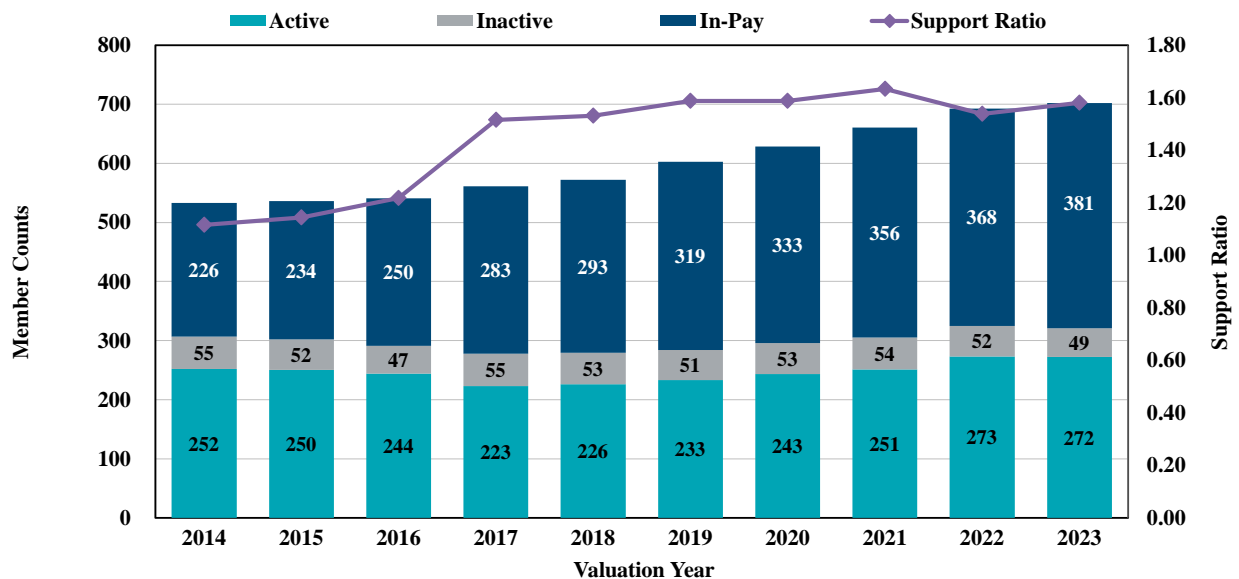
### Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the plan compared to other plans and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures on the following pages have been selected as the most important in understanding the primary risks identified for the plan.

#### Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or inactives – those entitled to a deferred benefit) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the Support Ratio has gradually grown from 1.1 in 2014 to 1.6 in 2023 as the number of retired members increased at a faster rate than the number of active members, particularly from 2016 to 2017 when the active population declined while the retiree population grew by 13%.



#### Leverage Ratios

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets to active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the

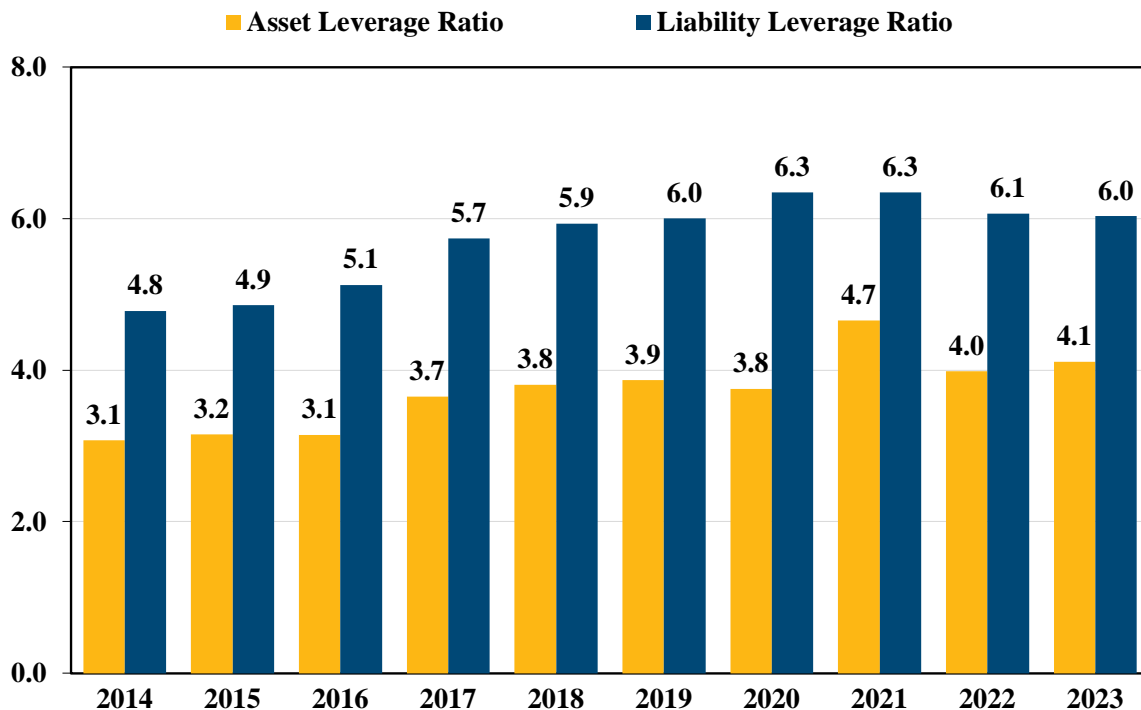
## SECTION II – DISCLOSURES RELATED TO RISK

Plan's Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The Plan assets are currently just above four times of covered payroll. As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be six and equal the Actuarial Liability (AL) leverage ratio. Although both of these ratios are lower than those of many other public plans, the increase in the asset leverage ratio expected to accompany an improvement in the Plan's funding still represents a substantial increase in the volatility of the contributions.

An asset leverage ratio of 4.1 means that if the Plan's assets lose 10% of their value (a 16.75% actuarial loss compared to the expected return of 6.75%), the loss is about 69% of payroll ( $4.1 \times 16.75\%$ ). Based on the proposed amortization policy, the contribution rate would ultimately increase by approximately 5.0% of payroll if asset smoothing were not applied and the loss were amortized over 20 years. The same investment loss if the Plan were 100% funded would be around 101% of payroll and an ultimate contribution rate increase of about 7.3% of payroll, if amortized over 20 years.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have increased since 2014.

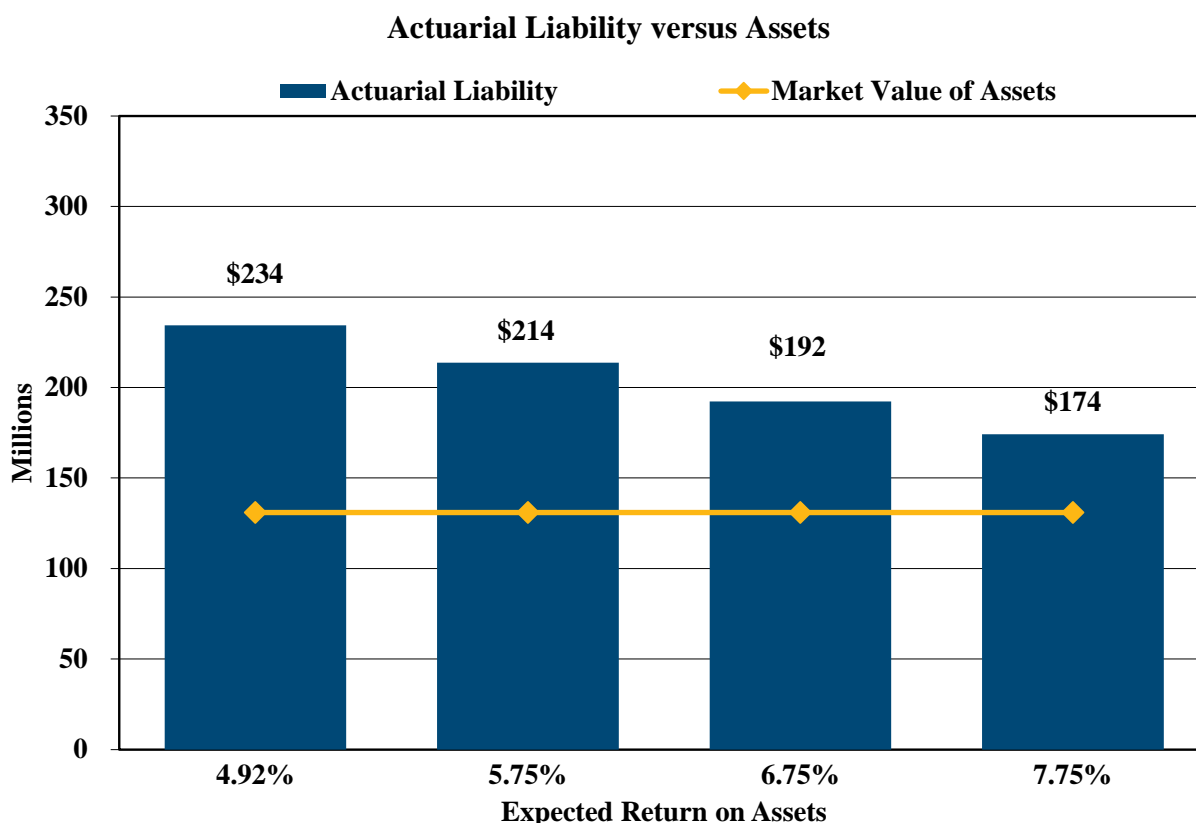


## SECTION II – DISCLOSURES RELATED TO RISK

### Assessing Costs and Risks

#### Sensitivity to Investment Returns

The chart below compares the Market Value of Assets (line) to the Actuarial Liabilities (bars) discounted at the current expected rate of return (6.75%) and at discount rates 100 basis points above and below the expected rate of return. In addition, we have added an additional measurement, the Low Default Risk Obligation Measure (LDROM), which is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.



If investments return 6.75% annually, the Plan would need approximately \$192 million in assets today to pay the benefits associated with service earned to date, compared to the current Market Value of Assets of \$131 million. If investment returns are only 5.75%, the Plan would need approximately \$214 million in assets today, and if investment returns are 7.75%, the Plan would need approximately \$174 million in assets today.

The Plan is invested in a diversified portfolio to achieve the best possible returns at an acceptable level of risk. The average geometric return over the last 10 years is 7.0%. Please refer to Table III-5 (page 25) for the asset returns by year since 2010.

## SECTION II – DISCLOSURES RELATED TO RISK

The low-risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows approximately match the benefit cash flows of the plan. However, such a portfolio would have a lower expected rate of return (4.92% as of June 30, 2023<sup>1</sup>) than the diversified portfolio (6.75%). The LDROM represents what the present value of future benefits would be if the Plan's assets were invested in such a portfolio. As of June 30, 2023, the LDROM is \$234 million compared to the Actuarial Liability of \$192 million for the Plan. The \$42 million difference can be viewed as the expected savings from taking on the investment risk of the diversified portfolio. Alternatively, it can be viewed as the potential cost of minimizing the investment risk.

If the Plan were to be invested in the LDROM portfolio and not a diversified portfolio, the funded status would be lower, and the expected contribution requirements would increase. The security of the Plan's pension benefits relies on current assets, future investment earnings, and the ability and willingness of employers to make future contributions. If the Plan were to be invested in the LDROM portfolio, it would not change current assets, but it could potentially reduce future investment earnings, potentially changing the level of reliance on future employer contributions. However, investing in an LDROM portfolio would generate more predictable future investment earnings and future contributions.

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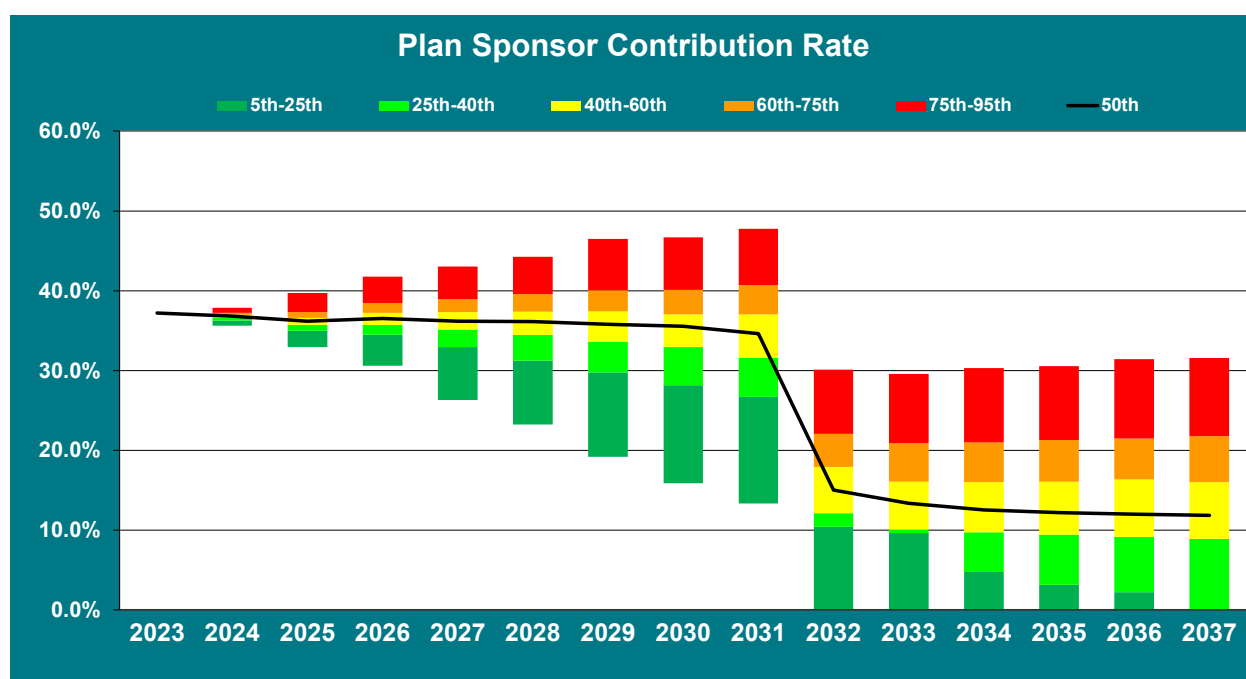
<sup>1</sup> Assumes a 4.92% discount rate, which is based on the June 30, 2023 FTSE Pension Liability Index and all other assumptions and methods as used to calculate the Actuarial Liability.

## SECTION II – DISCLOSURES RELATED TO RISK

### Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The chart below and on the following page show the projected range of the employer contribution rate and of the funded ratio on an Actuarial Value of Assets basis. The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 12.4% standard deviation of annual returns, as provided by the Plan's investment consultant and described in the 2020 Experience Study Report). The stochastic projections of investment returns are based on an assumption that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods.

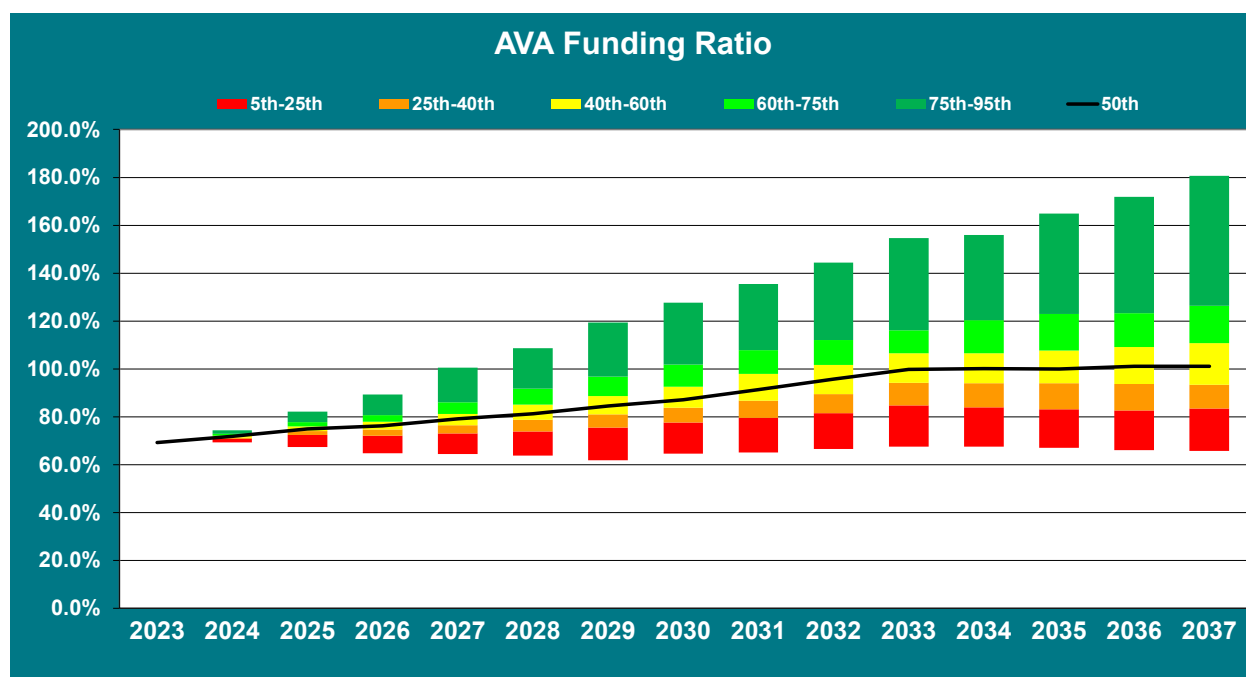
### Stochastic Projection of Employer Contributions as a Percent of Pay



The stochastic projection of employer contributions, shown here as of the valuation date and payable the following fiscal year, shows the probable range of future contribution rates as a percentage of pay. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75%, aligns closely with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95<sup>th</sup> percentile, the projected employer contribution rate is about 48% of pay for the 2031 valuation (FYE 2033). Conversely, the most optimistic scenario shown, the 5<sup>th</sup> percentile, the projected employer contribution falls below 20% starting with the 2029 valuation (FYE 2031). We note that these projections set the employer contribution to not fall below the normal cost unless the funded ratio exceeds 120%, as required under PEPRA.

## SECTION II – DISCLOSURES RELATED TO RISK

### Stochastic Projection of Funded Ratio on an Actuarial Value of Assets Basis



The graph above shows the projection of the funded ratio based on the Actuarial Value of Assets. It is based on the Plan's layered amortization policy, where the UAL as of July 1, 2019 is paid off over the next nine years, and all future gains or losses are amortized over a new closed 20-year period. While the baseline-funded ratio (black line) is projected to be nearly 100% at the end of the period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%.

Under the current funding policy of the Plan, even in scenarios with unfavorable investment returns the Plan is projected to remain close to 60-65% funded on an Actuarial Value of Assets basis, as long as the actuarially determined contributions continue to be made.

### Contribution Risk

While investment returns are typically the dominant factor in volatility, contribution rates can also be sensitive to future salary increases and the hiring of new members. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels, though this will generally only present a funding issue if there is an extended period of payroll reductions.

There is also a risk of the contribution rate increasing even higher when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments increase at the assumed payroll growth rate of 2.75%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected



## **SECTION II – DISCLOSURES RELATED TO RISK**

2.75% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, making the Plan less affordable for those sponsors with declining payroll bases.

For example, the UAL Amortization rate as of June 30, 2023 for the FYE 2025 is 22.34% after reflecting the phase in. If the projected payroll for FYE 2025 were 2.75% lower, all else being equal, the UAL Amortization rate would increase to 22.97%.

### **More Detailed Assessment**

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

### SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2022 and June 30, 2023
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

#### Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table III-1 discloses and compares each component of the market asset value as of June 30, 2022 and June 30, 2023.

Table III-1 Statement of Assets at Market Value June 30,			
	2022		2023
<b>Investments</b>			
Cash and Cash Equivalents	\$ 4,053,487	\$	6,625,345
Equity Securities	79,141,858		91,300,409
Fixed Income Securities	30,436,954		28,355,454
Real Estate	12,685,497		11,252,703
Total Investments	\$ 126,317,796	\$	137,533,911
<b>Receivables:</b>			
Securities Sold	\$ 3,464,477	\$	2,327,121
Interest and Dividends	205,687		210,244
Other Receivable	94,197		43,849
Total Receivables	\$ 3,764,361	\$	2,581,214
<b>Payables</b>			
Accounts Payable	\$ (140,577)	\$	(138,825)
Benefits Payable	0		0
Other Payable	(9,358,479)		(8,985,872)
Total Payables	\$ (9,499,056)	\$	(9,124,697)
<b>Market Value of Assets</b>	<b>\$ 120,583,101</b>	<b>\$</b>	<b>130,990,428</b>

### SECTION III – ASSETS

#### Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 shows the components of a change in the Market Value of Assets during 2022 and 2023.

Table III-2 Changes in Market Values		
	<u>2022</u>	<u>2023</u>
<b>Contributions</b>		
Employer's Contribution	\$ 10,993,228	\$ 11,561,711
Members' Contributions	705,053	858,224
Total Contributions	\$ <u>11,698,281</u>	\$ <u>12,419,935</u>
<b>Investment Income</b>		
Interest & Dividends	\$ 1,790,970	\$ 2,281,018
Realized & Unrealized Gain/(Loss)	(10,960,741)	8,114,860
Other Investment Income	0	0
Investment Expenses	(631,831)	(621,476)
Total Investment Income	\$ <u>(9,801,602)</u>	\$ <u>9,774,402</u>
<b>Disbursements</b>		
Benefit Payments	\$ (11,086,271)	\$ (11,781,877)
Administrative Expenses	(262,018)	(253,898)
Transfer from/(to) Union Plans	667,990	248,765
Total Disbursements	\$ <u>(10,680,299)</u>	\$ <u>(11,787,010)</u>
<b>Net increase (Decrease)</b>	\$ (8,783,620)	\$ 10,407,327
<b>Net Assets Held in Trust for Benefits:</b>		
Beginning of Year	\$ <u>129,366,721</u>	\$ <u>120,583,101</u>
End of Year	\$ <u>120,583,101</u>	\$ <u>130,990,428</u>
Approximate Return	-7.55%	8.08%
Administrative Expenses as a Percentage of Mean Assets	0.22%	0.19%

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**SECTION III – ASSETS**

**Actuarial Value of Assets (AVA)**

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results that could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return.

<b>Table III-3</b> <b>Development of Actuarial Value of Assets</b> <b>as of July 1, 2023</b>							
	(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (e) x (f)
Year	Total Contributions	Total Disbursements	Expected Return	Actual Return	Additional Earnings	Not Recognized	Unrecognized Earnings
2018-2019	8,697,108	(8,290,228)	6,766,681	5,649,123	(1,117,558)	0%	0
2019-2020	9,519,564	(9,679,636)	7,185,291	1,526,151	(5,659,140)	20%	(1,131,828)
2020-2021	10,273,680	(10,435,774)	6,781,890	28,976,644	22,194,754	40%	8,877,902
2021-2022	11,698,281	(10,680,299)	8,766,050	(9,801,602)	(18,567,652)	60%	(11,140,591)
2022-2023	12,419,935	(11,787,010)	8,160,372	9,774,402	1,614,030	80%	1,291,224
1. Total Unrecognized Dollars							(2,103,293)
2. Market Value of Assets as of June 30, 2023							130,990,428
3. Actuarial Value of Assets as of June 30, 2023: [(2) - (1)]							133,093,721
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							101.61%

### SECTION III – ASSETS

#### Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation's long-term 6.75% assumption.

Table III-4 Asset Gain/(Loss)		
	Market Value	Actuarial Value
<b>July 1, 2022 value</b>	<b>\$ 120,583,101</b>	<b>\$ 124,607,538</b>
Employer Contributions	11,561,711	11,561,711
Employee Contributions	858,224	858,224
Benefit Payments and Expenses	(12,035,775)	(12,035,775)
Transfer In / (Out) from ATU	248,765	248,765
Expected Investment Earnings (6.75%)	8,160,372	8,432,021
Expected Value June 30, 2023	<b>\$ 129,376,398</b>	<b>\$ 133,672,484</b>
Investment <b>Gain</b> / ( <b>Loss</b> )	<b>1,614,030</b>	<b>(578,763)</b>
<b>July 1, 2023 value</b>	<b>\$ 130,990,428</b>	<b>\$ 133,093,721</b>
Return	8.08%	6.29%

### SECTION III – ASSETS

The table below shows the historical annual asset returns on a market value and actuarial value basis.

Table III-5 Historical Return on Assets		
Year Ended June 30	Market Value Return	Actuarial Value Return
2010	14.58%	2.04%
2011	19.71%	5.16%
2012	1.95%	3.62%
2013	13.96%	6.88%
2014	15.23%	12.42%
2015	2.98%	10.16%
2016	-0.53%	6.27%
2017	12.47%	7.61%
2018	7.07%	6.88%
2019	6.05%	5.71%
2020	1.54%	5.35%
2021	28.84%	10.08%
2022	-7.55%	6.99%
2023	8.08%	6.29%

## SECTION IV – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities on July 1, 2022 and July 1, 2023
- Statement of **changes** in these liabilities during the year

### Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the normal cost rate is equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. The dollar amount of the normal cost equal to the normal cost rate multiplied by each member's projected pay. The Actuarial Liability is the portion of the present value of future benefits not covered by future expected normal costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 discloses each of these liabilities for the current and prior valuations.

Table IV-1			
Liabilities/Net (Surplus)/Unfunded		July 1, 2022	July 1, 2023
<b><u>Present Value of Future Benefits</u></b>			
Active Participant Benefits	\$	109,162,656	\$ 113,439,077
Retiree and Inactive Benefits		114,503,572	119,903,019
<b>Present Value of Future Benefits (PVB)</b>	<b>\$</b>	<b>223,666,228</b>	<b>\$ 233,342,096</b>
<b><u>Actuarial Liability</u></b>			
Present Value of Future Benefits (PVB)	\$	223,666,228	\$ 233,342,096
Present Value of Future Normal Costs (PVFNC)		40,075,238	40,997,773
<b>Actuarial Liability (AL = PVB – PVFNC)</b>	<b>\$</b>	<b>183,590,990</b>	<b>\$ 192,344,323</b>
Actuarial Value of Assets (AVA)		124,607,538	133,093,721
<b>Net (Surplus)/Unfunded (AL – AVA)</b>	<b>\$</b>	<b>58,983,452</b>	<b>\$ 59,250,602</b>

## SECTION IV – LIABILITIES

### Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software
- Transfers of liabilities from one plan to another

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets
- Transfer of assets from one plan to another

Table IV-2 Changes in Actuarial Liability		
Actuarial Liability at July 1, 2022	\$	183,590,990
Actuarial Liability at July 1, 2023	\$	192,344,323
Liability Increase (Decrease)		8,753,333
Change due to:		
Actuarial Methods / Software Changes	\$	0
Plan Changes		0
Assumption Changes		0
Transfer In / (Out) from ATU		249,432
Accrual of Benefits		5,168,554
Actual Benefit Payments		(11,781,877)
Interest		12,181,118
Actuarial (Gain)/Loss		2,936,106



RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**SECTION IV – LIABILITIES**

Table IV-3 Development of Actuarial Gain / (Loss)		
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	58,983,452
2. Employer Normal Cost at Middle of Year		5,168,554
3. Interest on 1. and 2. to End of Year		4,152,973
4. Expected Contributions and Admin Expenses in Prior Year		11,873,382
5. Interest on 4. to End of Year		394,183
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		0
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	56,037,414
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		59,250,602
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(3,213,188)
Actuarial Gain / (Loss) From Liabilities more than expected		(2,936,106)
Actuarial Gain / (Loss) From Actuarial Asset returns less than expected		(578,763)
Actuarial Gain / (Loss) From Expenses less than expected		30,759
Actuarial Gain / (Loss) From Contributions more than Actuarial Cost		271,612
Actuarial Gain / (Loss) From Transfer from ATU		(689)

## SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

The normal cost rate for each member is determined with the normal cost percentage equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. Normal cost contributions are assumed to be made throughout the year, or on average mid-year.

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a nine year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2019, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year. Effective July 1, 2020, unexpected changes in the UAL are amortized over new closed 20-year schedules, known as layered amortization. The payment for the UAL layer associated with the assumption changes adopted as part of the July 1, 2020 actuarial valuation was phased-in over a three-year period.

Beginning with the July 1, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

Members hired on or after January 1, 2015 contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members is adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changes by more than 1% of payroll. For the Fiscal Year 2023-2024, the contribution rate for PEPRAs members was 6.50% of payroll (based on 1/2 of 13.08%, rounded to the nearest quarter). The normal cost rate for the PEPRAs members as of the July 1, 2023 valuation is 13.71%, and since the increase is less than 1%, the rate for the following fiscal year will not change. Table V-2 contains the details of this calculation.

The tables on the following pages present the employer contributions for the Plan for the current and prior valuations as well as details on the amortization of the UAL.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
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**SECTION V – CONTRIBUTIONS**

Table V-1 Development of Employer Contribution Amount		
	July 1, 2022	July 1, 2023
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 424,361	\$ 416,798
b. Retirement	4,313,018	4,499,876
c. Disability	-	-
d. Death	102,019	104,821
e. Refunds	49,391	89,759
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 4,888,789	\$ 5,111,254
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ 349,583	\$ 680,075
b. Retirement	67,853,568	70,909,697
c. Disability	-	-
d. Death	1,037,511	1,124,726
e. Refunds	(153,244)	(273,194)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 69,087,418	\$ 72,441,304
<u>Inactive Members</u>		
g. Termination	\$ 6,488,732	\$ 5,904,769
h. Retirement	101,818,425	107,329,047
i. Disability	912,338	895,499
j. Death	5,210,660	5,658,180
k. Non-Vested Due Refund	67,257	106,704
l. Transfer	6,160	8,820
m. Total Inactive Liability: (g) + (h) + (i) + (j) + (k) + (l)	\$ 114,503,572	\$ 119,903,019
n. Total Entry Age Actuarial Liability: (2f) + (2m)	\$ 183,590,990	\$ 192,344,323
3. Actuarial Value of Assets	\$ 124,607,538	\$ 133,093,721
4. Unfunded Actuarial Liability: (2n) - (3)	\$ 58,983,452	\$ 59,250,602
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll	\$ 6,704,828	\$ 7,122,115
6. Expected Administrative Expenses	\$ 283,669	\$ 290,760
7. Expected Member Contributions	\$ (818,317)	\$ (889,999)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 11,058,968	\$ 11,634,130
9. Covered Payroll (Normal Cost)	\$ 28,618,777	\$ 30,238,083
10. Covered Payroll (UAL Amort and Expenses)	\$ 30,260,855	\$ 31,883,356
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	37.32%	37.21% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2024.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**SECTION V – CONTRIBUTIONS**

Table V-2 Development of Amortization Payment						
<u>Type of Base</u>	<u>Date Established</u>	<u>Initial Amount</u>	<u>Initial Amortization Years</u>	<u>07/01/2023 Outstanding Balance</u>	<u>Remaining Amortization Years</u>	<u>Amortization Amount</u>
Remaining UAL as of 2019	07/01/2019	\$ 54,167,658	13	\$ 45,028,381	9	\$ 5,993,253
7/1/2020 Experience	07/01/2020	3,804,295	20	3,689,881	17	299,131
Assumption changes <sup>1</sup>	07/01/2020	8,637,242	20	9,001,056	17	729,697
7/1/2021 Experience	07/01/2021	(2,388,330)	20	(2,346,919)	18	(182,768)
7/1/2022 Experience	07/01/2022	669,966	20	665,015	19	49,897
7/1/2023 Experience	07/01/2023	3,213,188	20	3,213,188	20	232,904
<b>Total Unfunded Actuarial Liability (UAL)</b>				<b>\$ 59,250,602</b>		<b>\$ 7,122,115</b>

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**SECTION V – CONTRIBUTIONS**

Table V-3 shows the allocation of the cost calculation between the groups.

Table V-3 Allocation of Liabilities, Assets, and Cost among Groups						
	AEA	AFSCME	MCEG	AFST	PEPRA	Total
Actuarial Liability						
Active	6,428,437	24,870,246	29,471,018	4,052,175	7,619,429	72,441,304
Inactive	<u>37,348,450</u>	<u>31,505,526</u>	<u>43,610,060</u>	<u>7,104,074</u>	<u>334,908</u>	<u>119,903,019</u>
Total Actuarial Liability	43,776,887	56,375,772	73,081,078	11,156,249	7,954,337	192,344,323
Market Value of Assets						130,990,428
Actuarial Value of Assets						133,093,721
Unfunded Actuarial Liability (UAL)						59,250,602
UAL Amortization (Middle of Year)	387,262	1,871,189	1,433,373	225,088	3,205,203	7,122,115
Total Normal Cost (Middle of Year)	300,082	1,611,488	1,127,782	194,106	1,877,796	5,111,254
Expected Employee Contributions	0	0	0	0	(889,999)	(889,999)
Administrative Expense	<u>15,810</u>	<u>76,391</u>	<u>58,517</u>	<u>9,189</u>	<u>130,852</u>	<u>290,760</u>
Employer Contribution Payable Monthly	703,154	3,559,068	2,619,673	428,384	4,323,852	11,634,130
Covered Payroll (Normal Cost)	1,677,672	7,705,242	6,197,627	965,249	13,692,293	30,238,083
Covered Payroll (UAL Amort and Admin)	1,733,644	8,376,694	6,416,738	1,007,646	14,348,634	31,883,356
Total Normal Cost as a % of Payroll	17.89%	20.91%	18.20%	20.11%	13.71%	16.90%
Employee Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>( 6.50%)</u>	<u>( 2.94%)</u>
Employer Normal Cost as a % of Payroll	17.89%	20.91%	18.20%	20.11%	7.21%	13.96%
UAL Amortization Rate	22.34%	22.34%	22.34%	22.34%	22.34%	22.34%
Administrative Expense Rate	<u>0.91%</u>	<u>0.91%</u>	<u>0.91%</u>	<u>0.91%</u>	<u>0.91%</u>	<u>0.91%</u>
Total Contribution as a % of Payroll	41.14%	44.16%	41.45%	43.36%	30.46%	37.21% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2024.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**SECTION V – CONTRIBUTIONS**

Table V-4 shows the allocation of the cost calculation between PEPRA and Non-PEPRA members.

Table V-4 Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	\$ 3,233,458	\$ 1,877,796	\$ 5,111,254
2. Covered Payroll (Normal Cost)	\$ 16,545,790	\$ 13,692,293	\$ 30,238,083
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	19.54%	13.71%	16.90%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	( 6.50%)	( 2.94%)
5. Entry Age Actuarial Liability	\$ 184,389,986	\$ 7,954,337	\$ 192,344,323
6. Actuarial Value of Assets			\$ 133,093,721
7. Unfunded Actuarial Liability: (5) - (6)			\$ 59,250,602
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll	\$ 3,916,912	\$ 3,205,203	\$ 7,122,115
9. Expected Administrative Expenses	\$ 159,908	\$ 130,852	\$ 290,760
10. Expected Employee Contributions	\$ 0	\$ (889,999)	\$ (889,999)
11. Employer Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,310,278	\$ 4,323,852	\$ 11,634,130
12. Covered Payroll (UAL Amort and Expenses)	\$ 17,534,722	\$ 14,348,634	\$ 31,883,356
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	42.79%	30.46%	37.21% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2024.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2023.

Active Participants	July 1, 2022	July 1, 2023
Classic	137	133
PEPRA	136	139
Total Number	273	272
Number Vested	160	165
Average Age	47.0	48.0
Average Service	10.3	10.4
Average Pay	\$110,846	\$117,218
<b>Retired</b>		
Number	340	350
Average Age	68.7	69.2
Average Annual Benefit	\$29,677	\$30,681
<b>Beneficiaries</b>		
Number	22	25
Average Age	69.5	70.1
Average Annual Benefit	\$24,720	\$23,845
<b>Disabled</b>		
Number	6	6
Average Age	66.1	67.3
Average Annual Benefit	\$17,921	\$17,921
<b>Term Vested</b>		
Number	52	49
Average Age	48.1	47.9
Average Annual Benefit	\$14,404	\$14,223
<b>Transferred</b>		
Number	1	2
Average Age	61.6	54.8
Average Annual Benefit	\$422	\$441
<b>Terminated Due Refund of Employee Contributions</b>		
Number	9	18
Average Estimated Refund	\$7,473	\$5,928

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AEA								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2022	34	0	0	17	5	179	10	245
New Entrants	5	0	0	0	0	0	0	5
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(1)	0	0	(3)	0	4	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(2)	2	0
Transfers	2	0	0	0	0	0	0	2
Died, No Beneficiary, & Other Terminations	(2)	0	2	0	0	(1)	0	(1)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2023	<b>37</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>5</b>	<b>180</b>	<b>12</b>	<b>251</b>

<sup>1</sup> Transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.



RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AFSC								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2022	107	1	2	8	1	64	1	184
New Entrants	3	0	0	0	0	0	0	3
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(7)	0	0	0	0	7	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(1)	1	0
Transfers	4	1	0	0	0	0	0	5
Died, No Beneficiary, & Other Terminations	(2)	0	2	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2023	<b>103</b>	<b>2</b>	<b>4</b>	<b>9</b>	<b>1</b>	<b>70</b>	<b>2</b>	<b>191</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AFST								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2022	40	0	4	8	0	22	1	75
New Entrants	10	0	0	0	0	0	0	10
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(2)	0	0	0	0	2	0	0
Vested Terminations	0	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	(4)	0	0	0	0	0	0	(4)
Died, No Beneficiary, & Other Terminations	(4)	0	4	0	0	(1)	0	(1)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(3)	0	(2)	0	0	0	0	(5)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2023	<b>37</b>	<b>0</b>	<b>6</b>	<b>8</b>	<b>0</b>	<b>23</b>	<b>1</b>	<b>75</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: MCEG								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2022	92	0	3	19	0	75	10	199
New Entrants	9	0	0	0	0	0	0	9
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	0	0	0	(3)	0	3	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	4	0	0	0	0	0	0	4
Died, No Beneficiary, & Other Terminations	(4)	0	4	0	0	(1)	0	(1)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(5)	0	(1)	0	0	0	0	(6)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2023	<b>95</b>	<b>0</b>	<b>6</b>	<b>17</b>	<b>0</b>	<b>77</b>	<b>10</b>	<b>205</b>

<sup>1</sup> Transfers with service from another Non-Contract group excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: All Non-Contract								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2022	273	1	9	52	6	340	22	703
New Entrants	27	0	0	0	0	0	0	27
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(10)	0	0	(6)	0	16	0	0
Vested Terminations	(3)	0	0	3	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(3)	3	0
Transfers	6	1	0	0	0	0	0	7
Died, No Beneficiary, & Other Terminations	(12)	0	12	0	0	(3)	0	(3)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(9)	0	(3)	0	0	0	0	(12)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2023	<b>272</b>	<b>3</b>	<b>18</b>	<b>49</b>	<b>6</b>	<b>350</b>	<b>25</b>	<b>723</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Age / Service Distribution Of Non-Union Active Participants As of July 1, 2023													
Age	Service												Total
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	1	0	0	0	0	0	0	0	0	0	0	1
25 to 29	3	5	1	1	0	0	0	0	0	0	0	0	10
30 to 34	2	2	2	0	2	8	0	0	0	0	0	0	16
35 to 39	4	2	4	2	6	9	5	1	0	0	0	0	33
40 to 44	4	7	3	2	5	8	4	9	2	0	0	0	44
45 to 49	2	5	3	3	3	7	6	9	11	1	0	0	50
50 to 54	3	1	3	5	2	4	6	15	6	1	1	0	47
55 to 59	3	0	2	6	1	4	5	7	9	2	1	0	40
60 to 64	3	1	0	0	1	3	3	2	7	4	0	0	24
65 to 69	1	0	0	0	1	2	0	1	0	0	0	0	5
70 & up	0	0	0	0	0	0	0	0	0	2	0	0	2
Total	25	24	18	19	21	45	29	44	35	10	2	0	272

Average Age = 48.0

Average Service = 10.4

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

Payroll Distribution Of Non-Union Active Participants As of July 1, 2023													
Age	Service												Total
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	71,561	0	0	0	0	0	0	0	0	0	0	71,561
25 to 29	70,703	73,923	84,062	56,725	0	0	0	0	0	0	0	0	72,251
30 to 34	72,634	109,718	92,959	0	99,672	109,656	0	0	0	0	0	0	101,701
35 to 39	88,281	117,446	85,613	120,640	116,691	111,733	117,234	124,910	0	0	0	0	108,745
40 to 44	130,979	99,864	92,864	88,568	120,209	110,020	125,775	124,905	101,902	0	0	0	113,430
45 to 49	86,243	92,123	114,949	81,229	101,087	116,645	98,738	122,584	150,948	92,986	0	0	115,810
50 to 54	72,210	143,055	122,371	119,473	122,657	113,445	132,080	141,832	137,122	151,640	88,339	0	127,786
55 to 59	128,775	0	126,417	107,085	121,040	128,488	130,800	152,189	136,588	177,124	169,460	0	134,725
60 to 64	84,440	102,510	0	0	126,468	112,615	113,404	88,380	123,260	144,311	0	0	115,716
65 to 69	80,578	0	0	0	109,120	91,560	0	150,856	0	0	0	0	104,735
70 & up	0	0	0	0	0	0	0	0	0	198,143	0	0	198,143
Total	93,750	95,864	103,101	103,090	114,559	112,627	119,600	133,471	136,545	157,240	128,899	0	117,218

Average Salary = \$ 117,218

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2023

**APPENDIX A – MEMBERSHIP INFORMATION**

**Service Retired Participants and Beneficiaries**

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	6	\$3,446
55-59	42	\$2,749
60-64	69	\$2,484
65-69	93	\$2,765
70-74	86	\$2,738
75-79	48	\$1,977
80-84	20	\$1,684
85-89	7	\$1,933
90-94	3	\$716
95+	1	\$193
<b>Total</b>	<b>375</b>	<b>\$2,519</b>

**Disabled Participants**

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	1	\$579
50-54	1	\$2,517
55-59	1	\$1,739
60-64	0	\$0
65-69	0	\$0
70-74	1	\$2,561
75-79	1	\$978
80-84	0	\$0
85-89	1	\$586
90-94	0	\$0
95+	0	\$0
<b>Total</b>	<b>6</b>	<b>\$1,493</b>

**Terminated Vested Participants**

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	1	\$637
35-39	1	\$325
40-44	16	\$836
45-49	11	\$1,138
50-54	19	\$1,630
55-59	0	\$0
60-64	0	\$0
65-69	1	\$263
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
<b>All Ages</b>	<b>49</b>	<b>\$1,185</b>

**Transferred Participants**

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	0	\$0
40-44	0	\$0
45-49	1	\$25
50-54	0	\$0
55-59	0	\$0
60-64	1	\$49
65-69	0	\$0
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
<b>All Ages</b>	<b>2</b>	<b>\$37</b>

## **APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methods used in the actuarial valuation reflect the results of an experience study performed by Cheiron covering the period from July 1, 2015 through June 30, 2020 and adopted by the Board at their May 5, 2021 meeting. More details on the rationale for the demographic and economic assumptions can be found in the experience study presentation from that meeting. The combined effect of the assumptions is expected to have no significant bias for the purpose of this measurement.

### **A. Contribution Allocation Procedure**

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of actuarially determined contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due. There were no changes to the contribution allocation procedures from the prior valuation.

#### **1. Actuarial Cost Method**

The Entry Age Normal actuarial funding method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each Member's date of hire and assumed retirement. The Actuarial Liability is the difference between the Present Value of Future Benefits and the Present Value of Future Normal Cost. The Unfunded Actuarial Liability (UAL) is the difference between the Actuarial Liability and the Actuarial Value of Assets.

#### **2. Amortization Method**

The UAL is amortized as a percentage of projected payroll.

- The amortization period as of July 1, 2023 is 9 years for the UAL determined as of July 1, 2019 with 20-year layered amortization for UAL changes after 2019.
- Effective July 1, 2020, unexpected changes in the UAL are amortized over new closed 20-year amortization layers.
- The payment for the UAL layer associated with the assumption changes adopted as part of the July 1, 2020 actuarial valuation was phased-in over a three-year period.

#### **3. Actuarial Value of Plan Assets**

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.



## **APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

### **B. Modeling**

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic and stochastic projections in this valuation report were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

### **C. Actuarial Assumptions**

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2015 through June 30, 2020.

#### **1. Rate of Return**

The annual rate of return on all Plan assets is assumed to be 6.75% for the current valuation net of investment, but not administrative, expenses.

#### **2. Low-Default-Risk Obligation Measure Discount Rate (effective June 30, 2023)**

The discount rate used to calculate the Low-Default-Risk Obligation Measure (LDROM) is the FTSE Pension Liability Index as of the valuation date. This index was selected because it reflects the types of fixed-income securities the Plan would likely invest in if the Trustees wanted to match cash flows. The rate for this valuation is 4.92%.

#### **3. Cost of Living**

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year.

#### **4. Increases in Pensionable Payroll / Amortization Payments**

Overall pensionable compensation (used in the calculation of amortization payments) is expected to grow by 2.75% per year. The PEPPRA Compensation Limit is assumed to increase by 2.50% per year (in line with the increase in the CPI).

## APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

### 5. Plan Expenses

Administrative expenses are assumed to be \$290,760 for Fiscal Year 2023-24 and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

### 6. Increases in Pay

Assumed pay increases for active Participants consist of increases due to wage inflation and those due to longevity and promotion.

Based on an analysis of pay levels and service for the Salaried Plan Participants, we assume that pay increases due to longevity and promotion will occur in accordance with the following table:

Pay Increases	
Base Increase	2.75%
Longevity & Promotion	2.50%
Total (Compound)	5.32%

### 7. Family Composition

85% of participants are assumed to be married. Males are assumed to be three years older than their spouses, and females are assumed to be three years younger than their spouses. This assumption is applied to active members, as well as retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

### 8. Terminal Payments

Retirement benefits are assumed to be increased by 7% due to the application of payments for unused vacation and sick leave to Average Final Monthly Earnings.

No liability adjustment for retirement is used for members who joined the plan on or after January 1, 2015.

### 9. Bridging Service

The Plan has been modified to enable members who are rehired after a previous period of non-vested service to use this prior service for benefit and eligibility purposes. As the impact on the liabilities and contribution level of the Plan is expected to be minor and will depend on the number of members actually rehired (if any), no additional liability is currently being included for this provision.

## APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

### 10. Missed Pay Periods

A 0.57% load is applied to the normal cost for Salaried PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

### 11. Employment Status

No Plan Participants are assumed to transfer between the Salaried Plan and the ATU or IBEW Plans.

### 12. Rates of Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant's age, service, and sex.

Representative rates are shown in the following table:

Termination Rates <sup>1</sup>	
Years of Service	Rate
0-4	10.00%
5-9	5.00%
10-19	3.00%
20+	1.50%

<sup>1</sup> No terminations are assumed after eligibility for normal retirement or after 25 years of service for non-PEPRA members. PEPRA members terminating with at least five years of service are expected to receive a deferred annuity benefit; those terminating with less than five years of service are expected to receive a refund of contributions (with interest).

### 13. Rates of Disability

No assumed incidence of disability.

### 14. Rates of Mortality for Active Healthy Lives

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 130% for females.

### 15. Rates of Mortality for Disabled Retirees

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 130% for males and 115% for females.

## APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

### 16. Retired Member and Beneficiary Mortality

Rates of mortality for retired Participants and their beneficiaries are given by the Private Retirement (Pri) 2012 Bottom Quartile Tables for Healthy Annuitants Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 105% for females.

### 17. Rates of Retirement

Rates of service retirement among all Participants eligible to retire are given by the following table:

Rates of Retirement <sup>1</sup>					
Age	Years of Service				
	5-9	10-19	20-24	25-29	30+
Under 55	0.00%	0.00%	0.00%	10.00%	15.00%
55-59	5.00%	5.00%	10.00%	10.00%	15.00%
60	15.00%	15.00%	20.00%	25.00%	35.00%
61-64	8.25%	15.00%	20.00%	25.00%	35.00%
65+	25.00%	25.00%	20.00%	35.00%	35.00%

<sup>1</sup> The rate of service retirement among all Participants eligible to retire with 30 or more years of service is assumed to be 25.0% per year, and 100% per year for all Participants 70 or older. PEPRAs members are assumed to begin retiring at age 52, with at least five years of service.

### 18. Since Last Valuation

The LDROM discount rate assumption was added.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

### 1. Definitions

Average Final  
Monthly  
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' Compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if the last 48 months of compensation are used in the calculation, except for PEPRA members.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation for PEPRA members is limited to the PEPRA Compensation Limit (for 2024, \$151,446 for those participating in Social Security; increased by the CPI-U in subsequent years).

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases. Service includes time with the District or predecessor companies immediately prior to August 1, 1968 and subsequent to hire.

For AFSCME employees, service earned prior to January 1, 2015 is measured in completed quarters of a year and completed months for service earned on or after January 1, 2015. For MCEG and AEA employees, service is measured in completed months.

### 2. Participation

Eligibility:

Any person employed by the District in a full or part-time position in an authorized job classification covered by one of the defined employee groups of (i) Non-union Management and Confidential Employees, (ii) Employee members of the Administrative Employee Association (AEA), or (iii) Employee members of American Federation of State, County and Municipal Employees (AFSCME), is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1, 2015 is a New Member and will follow PEPRA provisions. Employees

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

### 2. Retirement Benefit

**Eligibility:** Prior to January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing nine or more years of service.

On and after January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing five or more years of service.

Effective January 1, 2000, employees with 25 years of credited service will be eligible for an early retirement option.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

**Benefit Amount:** The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect prior to February 1, 1994 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement. For AFSCME members with at least five but less than nine years of service, a vesting schedule is applied unless the member has reached age 62.

For retirements and terminations prior to January 1, 2005, the percentage is equal to:

- 2.0%, if the member retires prior to age 65, and
- 2.5%, if the member retires at age 65 or later.

For AEA and MCEG retirements and terminations on and after July 1, 2006 and prior to January 1, 2008, the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.125%, if the member retires at age 56 or with 26 years of service,
- 2.25%, if the member retires between the ages of 57 and 64 or with 27 or more years of service, and
- 2.5%, if the member retires at age 65 or later.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

For retirements and terminations on and after January 1, 2008 (July 1, 2006 for AFSCME members), the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.1%, if the member retires at age 56 or with 26 years of service,
- 2.2%, if the member retires at age 57 or with 27 years of service,
- 2.3%, if the member retires at age 58 or with 28 years of service,
- 2.4%, if the member retires at age 59 or with 29 years of service, and
- 2.5%, if the member retires at age 60 or later or with 30 or more years of service.

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

### 3. Disability Benefit

Eligibility: A Participant is eligible for a disability benefit if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Nine years of service is required to qualify for disability. Effective January 1, 2006, five years of service is needed to qualify for disability retirement for AEA and MCEG members.

Benefit Amount: For AEA and MCEG members, the disability benefit is equal to the Normal Retirement Benefit, using the Participant's Average Final Monthly Earnings and service accrued through the date of disability. For AFSCME members, the disability benefit is equal to 2% of the Participant's Average Final Monthly Earnings multiplied by service accrued through the date of disability. The disability benefit cannot exceed the Retirement Benefit the member would be entitled to on the

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

basis of Average Final Monthly Earnings determined at the date of disability multiplied by the service the member would have attained had employment continued until age 62.

**Form of Benefit:** The benefit begins at disability and continues until recovery or for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

### 5. Pre-Retirement Death Benefit

**Eligibility:** For deaths prior to January 1, 2006, a Participant's surviving spouse, Domestic Partner or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed nine years of service with the District.

For deaths on and after January 1, 2006, a Participant's surviving spouse, Domestic Partner, or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District.

**Benefit Amount:** The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day prior to his/her death. The amount payable to the spouse or Domestic Partner is equal to the Life benefit payable under Article V of the Plan document.

**Form of Benefit:** The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner, or until the death, marriage, or attainment of 21 years of age of a dependent minor child. No optional form of benefit may be elected. No cost of living increases are payable.

### 6. Termination Benefit

**Eligibility:** A Participant is eligible for a termination benefit after earning five years of service. The Participant will be eligible to commence benefits at age 55.

**Benefit Amount:** For AFSCME terminations, and AEA and MCEG terminations prior to January 1, 2006, the benefit payable to a vested terminated Participant is a percentage of the Normal Retirement Benefit earned on the date of termination, based on the age, service, and Average Final Monthly



## APPENDIX C – SUMMARY OF PLAN PROVISIONS

Earnings accrued by the Participant at that point. The percentage is based on the Participant's service with the District, as shown in the table below:

Service	Vested Percentage
5	20%
6	40%
7	60%
8	80%
9 or more	100%

For AEA and MCEG terminations on and after January 1, 2006, a Participant is eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the age, service, and Average Final Monthly Earnings accrued by the Participant at that point.

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit is payable for the life of the Participant only beginning at age 55. For PEPRA members the benefit can begin as early as age 52. No cost of living increases are payable.

### 7. Withdrawal Benefit

Eligibility: PEPRA members who are not eligible for a termination benefit upon termination.

Benefit Amount: The withdrawal benefit is a refund of the Participant's accumulated contributions with interest.

Form of Benefit: The withdrawal benefit is paid in a lump sum upon election by the Participant.

### 8. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Union Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

- Benefit Amount:** The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Union Plan together, as if the plans were a single plan.
- Form of Benefit:** The reciprocity benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

### 9. Funding

Members hired on or after January 1, 2015 contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members is adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changes by more than 1% of payroll. For the Fiscal Year 2023-2024, the contribution rate for PEPRAs members was 6.50% of payroll (based on 1/2 of 13.08%, rounded to the nearest quarter). The normal cost rate for the PEPRAs members as of the July 1, 2023 valuation is 13.71%, and since the increase is less than 1%, the rate for the following fiscal year will not change.

The remaining cost of the Plan is paid by the District.

### 10. Changes in Plan Provisions

None.

## **APPENDIX D – GLOSSARY**

### **1. Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

### **2. Actuarial Cost Method**

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

### **3. Actuarial Gain (Loss)**

The difference between actual experience and that expected based upon a set of actuarial Assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

### **4. Actuarial Liability**

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

### **5. Actuarial Present Value (Present Value)**

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

### **6. Actuarial Valuation**

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

### **7. Actuarial Value of Assets**

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

### **8. Actuarially Equivalent**

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

## **APPENDIX D – GLOSSARY**

### **9. Amortization Payment**

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

### **10. Entry Age Normal Actuarial Cost Method**

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

### **11. Funded Ratio**

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

### **12. Normal Cost**

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

### **13. Projected Benefits**

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

### **14. Unfunded Actuarial Liability**

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



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