



Sacramento Regional Transit District Agenda

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

9:00 A.M., WEDNESDAY, JUNE 15, 2016

REGIONAL TRANSIT AUDITORIUM

1400 29TH STREET, SACRAMENTO, CALIFORNIA

Website Address: www.sacrt.com

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

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: Wiley, Morin, Niz, De La Torre
Alternates: Jennings, Muniz

IBEW Retirement Board: Directors: Wiley, Morin, Ohlson, Burdick
Alternates: Jennings, Gallow

AEA Retirement Board: Directors: Wiley, Morin, Drake, Devorak
Alternates: Jennings, Robison

AFSCME Retirement Board: Directors: Wiley, Morin, Mallonee, Hoslett
Alternates: Jennings, Kent

MCEG Retirement Board: Directors: Wiley, Morin, Masui, Thorn
Alternates: Jennings, Sanchez-Ochoa

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

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Motion:	Approving the Minutes for the February 19, 2016 Special Retirement Board Meeting (AEA). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the March 16, 2016 Quarterly Retirement Board Meeting (AEA). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
3. Motion:	Approving the Minutes for the April 27, 2016 Special Retirement Board Meeting (AEA). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the February 19, 2016 Special Retirement Board Meeting (AFSCME). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Motion:	Approving the Minutes for the March 16, 2016 Quarterly Retirement Board Meeting (AFSCME). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Approving the Minutes for the April 27, 2016 Special Retirement Board Meeting (AFSCME). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Motion:	Approving the Minutes for the February 19, 2016 Special Retirement Board Meeting (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Approving the Minutes for the March 16, 2016 Quarterly Retirement Board Meeting (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Motion:	Approving the Minutes for the April 27, 2016 Special Retirement Board Meeting (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the ATU/IBEW Pension Plan (ATU/IBEW). (Bernegger)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Motion:	Approving the Minutes for the February 19, 2016 Special Retirement Board Meeting (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Motion:	Approving the Minutes for the March 16, 2016 Quarterly Retirement Board Meeting (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Motion:	Approving the Minutes for the April 27, 2016 Special Retirement Board Meeting (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the ATU/IBEW Pension Plan (ATU/IBEW). (Bernegger)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Approving the Minutes for the February 19, 2016 Special Retirement Board Meeting (MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18. Motion:	Approving the Minutes for the March 16, 2016 Quarterly Retirement Board Meeting (MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19. Motion:	Approving the Minutes for the April 27, 2016 Special Retirement Board Meeting (MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2016 the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

NEW BUSINESS

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
21. Information: Investment Performance Review by Met West for the ATU/IBEW and Salaried Retirement Funds for the International Equity Asset Class for the Quarter Ended March 31, 2016 (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
22. Motion: Receive and File the Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2016 (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23. Motion: Receive and File Asset Allocation Study Review for the ATU/IBEW and Salaried Employees' Retirement Plans (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
24. Resolution: Adopting Revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
25. Resolution: Adopting Revised Policy for the Allocation of Vendor Costs (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
26. Resolution: Adopting Revised Policy for the Allocation of Staff Costs (ALL). (Bonnel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
27. Resolution: Approving A Contract with Cheiron to Provide Actuarial Services for ATU, IBEW and Salaried Retirement Plans (ALL). (Bonnel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
28. Information: Update on Group Trust Agreements (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
29. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Bonnel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
30. Information: Staff Update on Status of Legal Services Request for Proposals (ALL). (Bonnel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

REPORTS FROM COMMITTEES

REPORTS, IDEAS AND COMMUNICATIONS

ADJOURN

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 being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to RT's website at www.sacrt.com.

Any person(s) requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Human Resources Manager at 916-556-0280 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the Human Resources Administrative Technician at 916-556-0298 and/or Clerk to the Board of Directors of the Sacramento Regional Transit District and are available for public inspection at 1400 29th Street, Sacramento, CA. Any person who has questions concerning any agenda item may call the Human Resources Administrative Technician of Sacramento Regional Transit District to make inquiry.

**Sacramento Regional Transit District
AFSCME Special Retirement Board Meeting
Friday, February 19, 2016
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 8:35 a.m.. A quorum was present comprised as follows: Directors Wiley, Morin, Mallonee and Hoslett were present. Alternates Jennings and Kent were absent.

This meeting was held as a common meeting of the five Sacramento Regional Transit District Retirement Boards.

By AFSCME Resolution No. 14-12-120 for calendar year 2016, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

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

None.

Consent Calendar: None

New Business:

1. Resolution: Selection of a Chair and Vice Chair to Preside over All Retirement Board Meetings (ALL). (Bonnel)

Donna Bonnel, presented Item 1 to name Andy Morin as Common Chair and Mike Wiley as Common Vice Chair for 2016.

AEA Retirement Board Chair James Drake recognized the service of former AEA Retirement Board member Mark Bennett. James Drake also recognized Russel Devorak and welcomed new AEA Alternate, Sue Robison.

Director Morin moved to adopt Item 1. Director Wiley seconded the motion. Item 1 was carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

2. Resolution: Confirm or Adjust the Assumed Rate of Return and Assumed Inflation Rate for Fiscal Year 2017 and Accept the 2015 Actuarial Valuation and Experience Study Completed by Cheiron (ALL). (Bonnel)

Assistant Secretary, Donna Bonnel introduced Graham Schmidt, from Cheiron, who provided an overview of the Actuarial Valuation Study for Fiscal Year 2017 and presented the Actuarial Valuation Study for 2015.

Director Morin asked if the mortality rates included in the presentation (Page 39) were RT mortality rates. Mr. Schmidt noted that Cheiron analyzes broad tables that have been prepared and compares those tables to Sacramento Regional Transit's aggregate experience.

MCEG Director Thorn asked how do the years of service factor into the calculations. Mr. Schmidt noted that the calculations are based on averages, not on individual employees.

AEA Director Drake asked if the changes in terminal pay take into consideration the changes in state law. Mr. Schmidt noted Cheiron does not generally apply the terminal pay loads to PEPRA members as they do to legacy employees.

Director Wiley asked if the changes in terminal pay take labor contracts into consideration. Mr. Schmidt noted that if it was found that the changes applied to current employees, then an adjustment could be made to those terminal pay assumptions.

Brent Bernegger left the room at 9:26 a.m.

Brent Bernegger returned at 9:28 a.m.

ATU Director De La Torre left the room at 9:27 a.m.

ATU Director De La Torre returned at 9:30 a.m.

Brent Bernegger left the room at 9:33 a.m.

Brent Bernegger returned at 9:34 a.m.

ATU Director Niz asked when would the final report be completed? Mr. Schmidt noted that Cheiron is aiming for the March meeting.

Jamie Adelman presented a spreadsheet which detailed a pension investment rate of return analysis for fiscal year 2017 budget impact. Director Wiley asked if the spreadsheet displayed only reflected the total contribution changes comparison; it does not address the source of where the contributions are coming from. Ms. Adelman confirmed that is correct, there is a small employee contribution included. Director Wiley noted that moving forward, we would need to factor in the employee contribution.

Donna Bonnel noted that we are not adopting any rates at this time. The Boards are providing instructions to Cheiron on how they would like to see the final rates calculated.

Director Morin remarked it would appear reasonable to do a more conservative assumption of 7.5%.

ATU Director Niz remarked that the Boards should take a break to discuss these items further. Donna Bonnel remarked that the meeting would take a five minute break at 10:01 a.m. The meeting resumed at 10:07 a.m.

IBEW Director Ohlson provided instruction to see the final rates calculated display the assumed rate of interest 7.5%.

Director Wiley asked ATU and IBEW Retirement Boards their thoughts on the smoothing the physical impact over a three to five year period. Mr. Wiley noted that the cost of this is shared; the contribution varies.

Director Morin noted that he does not have an issue with a smoothing period but his appeal would be to smooth over a two to three year period.

ATU Director Niz noted that they would consider it.

Director Wiley noted he would modify his recommendation to reflect a three year smoothing period.

Director Mallonee provided instruction to see the final rates calculated display the assumed rate of 7.5% and maintain the assumed rate of inflation of 3.15%. These adjustments should be smoothed over a three-year period.

AEA Director Drake noted that he wouldn't oppose a smoothing period due to the impact on the District. Director Drake provided instruction to see the final rates calculated display the assumed rate of 7.5% and maintain the assumed rate of inflation of 3.15%. These adjustments should be smoothed over a three-year period.

MCEG Director Thorn provided instruction to see the final rates calculated display the assumed rate of 7.5% and maintain the assumed rate of inflation of 3.15%. These adjustments should be smoothed over a three-year period.

The Boards provided instruction to Cheiron that the assumed rate of interest should be reduced to 7.5% by reducing the assumed investment rate of return to 4.35% and maintaining the assumed rate of inflation at 3.15%. However, the Boards instructed Cheiron that these adjustments should be smoothed over a three-year period, allowing Sacramento Regional Transit District, as Plan sponsor, the opportunity to gradually phase in adjustments to the ADC.

3. Resolution: Receive International Fund Manager Candidate Presentations, Select Additional International Fund Manager, and Adjust Allocations to Direct Funds to International Small Cap Market Investments (ALL). (Bernegger)

Brent Bernegger introduced Andy Iseri from Callan Associates, Inc. (Callan) provided a detailed review of each manager candidate and provided background on staffing, returns, investment philosophy, risk, and other contributes.

Andy Iseri introduced Iwan Djanali Gabriel Feghali AQR Capital Management to present an International Fund Manager search candidate presentation.

Andy Iseri asked how many signals were used in this small-cap model. Mr. Feghali noted that this particular stock includes about one hundred signals.

Director Wiley asked if the signals included in the categories were weighted the same. Mr. Djanali remarked that value and momentum receive more weight.

MCEG Director Thorn asked how many stocks does the international small-cap fund hold. Mr. Djanali remarked that AQR holds about 620 stocks.

AEA Director Drake asked as an organization, what happens in the long run as there continues to be pressure to keep fees low. Mr. Feghali noted that AQR is a unique culture and the environment is very academic. AQR believes their fees are competitive and that they will try to remain competitive.

Brent Bernegger asked, with all of the market uncertainty, what does AQR do to protect on the downside? AQR expectation every year is to somewhat beat the benchmark. Mr. Feghali noted that they have diversified strategies including market mutual head funds. AQR expectation every year is to somewhat beat the benchmark.

Andy Iseri introduced John Reifsnider and Brandon Harrell from Thomas, Siegel, & Walmsley LLC (TS&W) to present an International Fund Manager search candidate presentation.

Brent Bernegger asked, with all of the market uncertainty, what does TS&W do to protect on the downside? What has your history been on the downside?

Brandon Harrell noted that the most important factor in protecting from downside risk is paying the right price to begin with. Having a broadly diversified portfolio with limited position sizes can also assist in protecting on the downside.

Director Hoslett left the room at 10:57 a.m.

Director Hoslett returned at 10:57 a.m.

MCEG Director Thorn left the room at 10:58 a.m.

MCEG Director Thorn returned at 11:01 a.m.

MCEG Director Masui left the room at 11:02 a.m.

MCEG Director Masui returned at 11:04 a.m.

Andy Iseri was available to answer questions regarding the International Fund Manager presentations.

MCEG Director Thorn asked if there is a lot of volatility in international small cap funds. Mr. Iseri remarked that typically, international small cap are pretty stable due to many investors view it as a long term investment.

Jamie Adelman left at 11:27 a.m.

Jamie Adelman returned at 11:29 a.m.

MCEG Director Thorn left the room at 11:33 a.m.

MCEG Director Thorn returned at 11:35 a.m.

Director Morin moved to approve the following:

RECOMMENDED ACTION

1. A. Adopt Resolution Directing Staff to Negotiate a Contract with AQR Capital Management to Provide International Small Cap Fund Manager Services and Authorizing the Sacramento Regional Transit District General Manager/CEO to Execute Said Contract, in a Form Acceptable to Legal Counsel

AND

2. Adopt Resolution Adjusting Asset Allocation to Create New Asset Class for International Small Cap Equity Investments and Assigning a 5% Target for the New Asset Class; Reducing the Asset Allocation Target for International Equity Core Investments by 5%; Redirecting a Portion of Assets Invested in SSgA MSCI EAFE Index to be Invested in International Small Cap Equities through AQR, and Instructing the Chief Financial Officer to Make the Necessary Related Changes to the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans

Director Wiley suggested we amend the motion to include we include that fees are not to exceed 110 basis points.

Director Morin amended his motion to include the AQR fees are not to exceed 110 basis points. Director Wiley seconded the motion.

Director Morin moved to adopt Item 1. Director Wiley seconded the motion. Item 1 was carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

With no further business to discuss, the AFSCME Special Meeting was adjourned by Assistant Secretary Bonnel at 11:53 a.m.

Charles Mallonee, Chair

ATTEST:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
AFSCME Retirement Board Meeting
Wednesday, March 16, 2016
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:04 a.m. A quorum was present comprised as follows: Directors Morin, Mallonee, Hoslett and Alternate Kent. Director Wiley was absent. Alternate Hansen was absent.

This meeting was held as a common meeting of the five Sacramento Regional Transit District Retirement Boards.

By AFSCME Resolution No. 14-12-120 for calendar year 2015, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

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

None.

Consent Calendar:

- 5. Motion: Approving the Minutes for the December 16, 2015 Quarterly Retirement Board Meeting (AFSCME). (Bonnel)
- 6. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2015 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)
- 7. Motion: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2015 (ALL). (Bernegger)
- 8. Motion: Receive and File the Fiscal Year 2015 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)

Donna Bonnel noted a typo on items 3, 7, 11, 15, and 19 regarding the independent auditors report. The issue paper(s) reference the auditors as Gilbert & Associates, the correct company name is Crow Horwath.

Director Mallonee moved to adopt Items 5 through 8. Director Hoslett seconded the motion. Items 5 through 8 were carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

Director Wiley left the room at 9:04 a.m.

Director Wiley returned at 9:05 a.m.

New Business:

21. Information: Investment Performance Review by JP Morgan for the ATU/IBEW and Salaried Retirement Funds for the International Equity Asset Class for the Quarter Ended December 31, 2015 (ALL). (Bernegger)

Brent Bernegger introduced Tess from JP Morgan, who provided the performance results for the quarter ended December 31, 2015 for the international emerging markets asset class and to be available for questions.

22. Motion: Receive and File the Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2015 (ALL). (Bernegger)

Jamie Adelman introduced Ann Heaphy and Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended December 31, 2015 and to be available for questions.

AEA Director Drake asked if Atlanta Capital was actually 5% positive when the target was 4% (Attachment 1, Page 10). Ms. Heaphy noted that they were underweighted on energy and utilities so that was a benefit for them.

Please note that the actual return was 4.75% and the target return was 3.59%.

Director Morin moved to adopt Item 22. Director Wiley seconded the motion. Item 22 was carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

23. Information: Receive Updated Information on Status of Retirement Plans Experience and Valuation Studies and Resulting Actuarially Determined Contribution Rate (ALL). (Bonnell)

Donna Bonnell introduced Graham Schmidt, from Cheiron, who provided an update on the status of retirement plans experience and valuation studies.

Based upon the information presented, Donna Bonnell noted that at the April 27 meeting, if everyone agrees upon the smoothing time period, the Contract Plans would instruct the District to have an actuarial determined contribution rate of 27.10%, beginning on July 01, 2016. The Salaried Plans would instruct the District to have an actuarial determined contribution rate of 31.48%, beginning on July 01, 2016. Lastly, PEPRA members in the Salaried Plans, would have their contribution drop from 5.75% to 3.75% for the next fiscal year. Mr. Schmidt noted that the PEPRA rate only changes when the normal cost changes by more than 1% of pay.

Mike Wiley asked Staff if they have reviewed what the new rates will look like with the fiscal year 2017 budget. Jamie Adelman presented a spreadsheet which included the multiple contribution options for fiscal year 2017.

24. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Bonnell)

Donna Bonnel provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans.

25. Information: Update on Status of Trust Document (ALL). (Bernegger)

Jamie Adelman reported that the Plan document along with the Trust Document were submitted to the IRS by the deadline. RT estimates that it will be 18-24 to receive a final letter from the IRS but in that time there will likely be back and forth communications about changes.

Jamie Adelman noted that Finance will be working on a Group Trust Agreement. This agreement will allow the Trusts to invest together but still have separate financial accountability. There will need to be a separation of financial record keeping for the ATU and IBEW. Since the inception of the Plans, ATU and IBEW have been accounted for together. During this process Finance will work with Actuaries, Investment Managers, and the Boards to determine how the assets will be split for that Plan. Since there are two separate Trust Documents and two separate Plan Documents, ATU and IBEW have to be split. There will be no changes to the Salaried Plans due their only being one Plan document and one Trust Document. Currently, there is no estimate the cost of a Group Trust Agreement. Deputy Chief Counsel, Olga Sanchez-Ochoa gave Staff and Legal Counsel, Ann Heaphy permission to work with Bernard Alexander with Hanson Bridgett. Ms. Heaphy and Mr. Alexander will work with State Street to determine how we can get the Group Trust Agreement established in time for the response from the IRS. Staff is in the very preliminary stages but are actively working on it.

ATU Director Niz how long will it take to have a draft of the trust documents for review. Legal Counsel, Ann Heaphy with Hanson Bridgett noted that it will be some time before we have the draft trust documents.

26. Information: Staff Update on Status of Actuary and Legal Services Request for Proposals (ALL). (Bonnel)

Donna Bonnel provided an update on the status of the Actuary and Legal Services request for proposals.

The Actuary Request for Proposal was released on March 8. The pre-proposal meeting is on March 21 and bids are due back on April 6. The request was sent to eight proposers.

The Legal RFP will be released on April 4. Pre-proposal and due dates will be established at that point.

27. Information: Update on 2016 Work Plan (ALL). (Bonnel)

Valarie Weekly provided an update on the 2016 work plan. A few overpayments have been identified. Staff will work with the District to see how those will be handled. In the instance where the overpayments may be taken back from the participant, programming needs to be set up in the SAP system so these payments can be deducted from their checks. Also, letter notifications that will be sent to participants also need to be finalized.

AEA Director Drake noted that he thought we previously processed some overpayments. Ms. Weekly and Donna Bonnel noted that we previously processed underpayments but have not yet processed overpayments.

Ms. Weekly reported that Staff has found some issues with the Trust Documents and Plan Documents when administering the Plan; the language could use some clarification. Staff will work with the District and the District will work with the Unions to clarify new language.

28. Information: Addition of Second Staff Member to Support Pension Plan Activities (ALL). (Bonnel)

Donna Bonnel provided information on the addition of a second staff member to support Pension Plan activities. Ms. Bonnel noted that the additional staff member salary will be charged 80% to the pension plan and 20% to the District. Ms. Bonnel also noted that as the second staff member comes on, a number of her tasks will be transitioned over to Ms. Weekly and Ms. Weekly will transfer a number of day to day tasks over to the new staff person.

Director Morin asked after reviewing some comparisons of the other agency's included in the Issue Paper, do any of those positions include in-house legal services? Ms. Bonnel noted that the information included only reflects administrative staff members.

29. Resolution: Approving a Contract Renewal with Federal Insurance Company (CHUBB) for Fiduciary Insurance for All Retirement Boards (ALL). (Bonnel)

Donna Bonnel provided an overview of the proposed contract renewal with CHUBB for Fiduciary Insurance. The premium amount will remain the same at \$58,476.00. Legal Counsel reviewed the policy and confirmed that it is identical to last year's policy. The policy will be effective from 5/6/2016 – 5/6/2017.

Ms. Bonnel also noted that the \$25.00 fiduciary insurance cost must be paid by the individual, not by the Union.

Director Morin moved to adopt Item 29. Director Wiley seconded the motion. Item 29 was carried unanimously by roll call vote. Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

30. Resolution: Approving the First Amendment to the Agreement with Hanson Bridgett and Non-Core Task Work Orders with Hanson Bridgett for Legal Services Under the Principal Agreement (ALL). (Bonnel)

Donna Bonnel provided an overview of the proposed first amendment to the agreement with Hanson Bridgett and non-core task work orders with Hanson Bridgett for legal services under the principal agreement. Ms. Bonnel noted that Hanson Bridgett provides legal services to the Retirement Boards under a five-year agreement due to expire on June 30, 2016. The contract extension through September 30, 2016, is necessary to facilitate continued work on several ongoing and upcoming projects, including the conclusion of contract negotiations with the Internal Fund Manager, the actuarial RFP, the IRS determination letter process for the Trust as well as ongoing legal representation. The contract extension proposed is as follows:

Contract Extension Amount: \$60,832.68

- June 2016 - \$15,208.17
- July 2016 - \$15,208.17
- August 2016 - \$15,208.17
- September 2016 - \$15,208.17

Staff recommends that the Boards (1) approve an amendment to the agreement between the Retirement Boards and Hanson Bridgett and (2) authorize the Sacramento Regional Transit District's General Manager/CEO to execute the amendment and take any other actions necessary to give effect to this action.

In addition to approving the contract extension, the Boards need to consider the approval of Work Orders for two upcoming projects. During 2016, Pension Plan staff will administer two key RFPs, one for an International Fund Manager and pending Actuary search and subsequent contract. The work order proposed is as follows:

Work order amounts not to exceed:

International Fund Manager Search - \$25,000

Actuary Request for Proposal - \$25,000

Total contract consideration for the 5.5 year contract not to exceed \$1,100,000.00

Staff recommends that the Board approve the Hanson Bridgett contract extension as well as Work Orders 8 and 9.

AEA Director Drake noted that the amendment is not included on the Resolution. The amount is reflected in the Issue Paper but not in the Resolution. Ms. Bonnel noted that the amendment has not been put through to Legal as of yet. Ms. Bonnel noted that authority can be delegated to the General Manager to sign the amendment and that the Work Orders are present for review and for all Chair Persons to sign. AEA Director Drake noted that was fine.

Director Morin moved to adopt Item 30 as stipulated. Director Wiley seconded the motion. Item 30 was carried unanimously by roll call vote. Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

With no further business to discuss, the AFSCME Retirement Board meeting was adjourned by Assistant Secretary Bonnel at 10:23 a.m.

Charles Mallonee, Chair

ATTEST:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
AFSCME Special Retirement Board Meeting
Wednesday, April 27, 2016
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:02 a.m.. A quorum was present comprised as follows: Directors Wiley, Morin, Mallonee, Hoslett and Alternate Kent were present. Alternate Jennings was absent.

This meeting was held as a common meeting of the five Sacramento Regional Transit District Retirement Boards.

By AFSCME Resolution No. 14-12-120 for calendar year 2016, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

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

Consent Calendar: None

New Business:

1. Resolution: Accept Experience and Actuarial Valuation Studies and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2017. (AEA/AFSCM/MCEG). (Bonnel)

Donna Bonnel introduced Graham Schmidt, from Cheiron, who provided an overview of the Actuarial Valuation Study for Fiscal Year 2017 for Salaried Employees'.

MCEG Director Thorn asked what was assumed with respect to PEPRA benefits for the Union plans in this analysis.

Mr. Schmidt indicated that they did not. What was assumed was the ATU additional contribution of 3% of pay for new hires and the negotiated benefit changes for IBEW members he does not believe is the same multiplier as the PEPRA multiplier.

Jamie Adelman asked, at what point would Mr. Schmidt recommend RT re-amortize or go into layered amortization? Mr. Schmidt recommended we look at this in the next one to two years.

AGM of Administration, Henry Li asked, How RT is doing in comparison to its peers regarding the inactive fund ratio (Attachment 1, Page 2). Are we in the mid or lower range? Mr. Schmidt noted that for the Union Plan is in the mid-seventies, closer to the mid-range. The Salaried Plan is in the sixties closer to the bottom half of the range.

AGM of Administration, Henry Li asked, Year end June 30, 2015, the return on plan assets was 2.98, the assumption was 7.65%. Why was the previous year's performance not close to RT goal? Mr. Schmidt remarked as Callan is not here to comment, he has little to say in regards to the investment of the assets.

Director Wiley noted that Chair, Andy Morin is leaving at 9:30 a.m. Mr. Wiley suggested we move on due to time constraints in efforts to get to a vote before his exodus.

Based on (1) the Experience Study and Actuarial Valuation findings, and (2) the Boards' instructions (including the three-year smoothing), Cheiron recommends adjusting the ADC rate from the FY 2016 level of 31.55%, to a FY 2017 level of 31.48% of gross Salaried payroll. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff recommends the Boards accept Cheiron's Experience and Actuarial Valuation studies and instruct the Sacramento Regional Transit District to implement the new Actuarially Determined Contribution rate, previously known as the Annual Required Contribution, at the levels established by the Boards.

Director Morin moved to adopt Item 1, with a monthly contributions to be made to the Salaried Employees' Retirement Plan fund on a monthly basis in the amount of 31.48%, effective July 1, 2016. Director Wiley seconded the motion. Item 1 was carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Wiley and Morin. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnel noted that we have one walk on item regarding the Actuary Request for Proposal. Valerie Weekly noted that the review committee has completed their evaluation and Cheiron was the successful bidder. Ms. Weekly noted that there was a dramatic difference in cost between Cheiron and the other bidder. Staff is looking at exceptions to the contract language and hopes to have something at the June meeting for board consideration.

Ms. Bonnel also reminded board members of the \$25.00 fiduciary insurance payment for May 6, 2016 through May 06, 2017. Payments can be made to Isis in the form of cash or check.

With no further business to discuss the AFSCME Retirement Board meeting was adjourned by Assistant Secretary Bonnel at 9:26 a.m.

Charles Mallonee, Chair

ATTEST:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Page 1 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	06/15/16	Retirement	Action	04/19/16

Subject: Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

FISCAL IMPACT

None.

DISCUSSION

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2016. The financial statements are presented on an accrual basis and consist of a Statement of Plan Net Position (balance sheet) (Attachment 1), a Statement of Changes in Plan Net Position (income statement) for the quarter ended March 31, 2016 (Attachment 2), and a year-to-date Statement of Changes in Plan Net Position (Attachment 3).

The Statement of Plan Net Position includes a summary of fund assets showing the amounts in the following categories: cash, money market, and securities. This statement also provides amounts due from/to the District and Total Fund Equity (net position).

The Statement of Changes in Plan 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 ATU/IBEW and Salaried Employees' Retirement Funds, the Retirement Boards have delegated authority to manage pension plan assets in accordance with the approved rebalancing policy to the District's Director of Finance/Treasury. The Director 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:

Approved:

Presented:

Final 05/31/16

Director, Finance/Treasury

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

Page 2 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	06/15/16	Retirement	Action	04/19/16

Subject: Receive and File Administrative Reports for the Quarter Ended March 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

1. The Pension Plan ended the month with an accounts receivable or payable balance due to the District. A payable or receivable 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 March 31, 2016. 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 March 31, 2016. The Salaried Plan received \$189,654.83 from the District 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 March 31, 2016. 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 State Street 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 Assets 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 March 31, 2016 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the ATU/IBEW Plan to the Salaried Plan during the three months ended March 31, 2016.

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

Accrual Basis

As of March 31, 2016

	Mar 31, 16
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	73,707,597.45
Total Long-Term Investments	73,707,597.45
Total Checking/Savings	73,707,597.45
Accounts Receivable	
1110104 · Other Rec - Due from RT	226,694.92
Total Accounts Receivable	226,694.92
Other Current Assets	
1110120 · Prepays	2,417.94
Total Other Current Assets	2,417.94
Total Current Assets	73,936,710.31
TOTAL ASSETS	73,936,710.31
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	17,791.01
3110122 · MetWest	18,299.91
3110124 · Boston Partners	16,242.06
3110125 · Callan	3,049.38
3110126 · State Street	6,864.31
3110127 · JP Morgan	11,023.88
3110128 · Atlanta Capital	13,196.60
3110129 · S&P Index - SSgA	1,454.76
3110130 · EAFE - SSgA	1,538.26
Total Accounts Payable	89,460.17
Total Current Liabilities	89,460.17
Total Liabilities	89,460.17
Equity	
3340101 · Retained Earnings	74,596,300.45
Net Income	-749,050.31
Total Equity	73,847,250.14
TOTAL LIABILITIES & EQUITY	73,936,710.31

Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
January through March 2016

Accrual Basis

	Jan - Mar 16	% of Income
Income		
Interest, Dividend, & Other Inc	243,920.21	8.5%
Investment Income	630,934.19	22.1%
RT Required Contribution	1,978,113.31	69.2%
6630110 · Employee Contribution	6,547.96	0.2%
Total Income	2,859,515.67	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	811,671.77	28.4%
8531211 · AFSCME-Retirement Benefits Paid	250,022.13	8.7%
8531212 · MCEG - Retirement Benefits Paid	472,332.90	16.5%
8532004 · Invest Exp - MetropolitanWest	18,299.91	0.6%
8532013 · Invest Exp - Boston Partners	16,242.06	0.6%
8532020 · Invest Exp - Callan	9,122.65	0.3%
8532021 · Invest Exp - State Street	10,379.09	0.4%
8532023 · Invest Exp - JP Morgan	11,023.88	0.4%
8532024 · Invest Exp - Atlanta Capital	13,196.60	0.5%
8532025 · Invest Exp - S&P Index SSgA	1,454.76	0.1%
8532026 · Invest Exp - EAFE SSgA	1,538.26	0.1%
Total COGS	1,615,284.01	56.5%
Gross Profit	1,244,231.66	43.5%
Expense		
8533002 · Admin Exp - EFI	14,840.00	0.5%
8533007 · CALPRS Dues & courses	250.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	7,253.88	0.3%
8533020 · Admin Exp - Procurement Costs	432.53	0.0%
8533025 · Admin Exp - Information Service	39.00	0.0%
8533026 · Admin Exp - Hanson Bridgett Leg	18,210.01	0.6%
8533029 · Admin Exp - Administrator	16,293.68	0.6%
8533050 · Admin Exp - Misc Exp	331.40	0.0%
Total Expense	57,650.50	2.0%
Net Income	1,186,581.16	41.5%

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

Accrual Basis

July 2015 through March 2016

	Jul '15 - Mar 16	% of Income
Income		
Interest, Dividend, & Other Inc	804,491.75	18.8%
Investment Income	-2,200,622.75	-51.5%
RT Required Contribution	5,659,395.42	132.4%
6630110 · Employee Contribution	12,367.89	0.3%
Total Income	4,275,632.31	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	2,482,531.32	58.1%
8531211 · AFSCME-Retirement Benefits Paid	775,607.25	18.1%
8531212 · MCEG - Retirement Benefits Paid	1,339,406.78	31.3%
8532004 · Invest Exp - MetropolitanWest	54,093.74	1.3%
8532013 · Invest Exp - Boston Partners	48,164.46	1.1%
8532020 · Invest Exp - Callan	27,246.52	0.6%
8532021 · Invest Exp - State Street	30,585.54	0.7%
8532023 · Invest Exp - JP Morgan	35,067.52	0.8%
8532024 · Invest Exp - Atlanta Capital	37,821.26	0.9%
8532025 · Invest Exp - S&P Index SSgA	4,444.28	0.1%
8532026 · Invest Exp - EAFE SSgA	4,845.55	0.1%
Total COGS	4,839,814.22	113.2%
Gross Profit	-564,181.91	-13.2%
Expense		
8533002 · Admin Exp - EFI	44,542.08	1.0%
8533007 · CALPRS Dues & courses	750.00	0.0%
8533010 · Admin Exp - Travel	178.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	21,761.64	0.5%
8533020 · Admin Exp - Procurement Costs	432.53	0.0%
8533025 · Admin Exp - Information Service	414.00	0.0%
8533026 · Admin Exp - Hanson Bridgett Leg	69,391.35	1.6%
8533028 · Admin Exp - Staff Training	739.52	0.0%
8533029 · Admin Exp - Administrator	46,271.39	1.1%
8533050 · Admin Exp - Misc Exp	387.89	0.0%
Total Expense	184,868.40	4.3%
Net Income	-749,050.31	-17.5%

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended March 31, 2016**

	January 2016	February 2016	March 2016	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2015	(104,715.17)	(189,654.82)	(68,815.90)	(104,715.17)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 25.80 - 31.55%	674,922.43	615,352.86	687,838.02	1,978,113.31
Employee Pension Contributions	1,379.95	1,740.59	3,427.42	6,547.96
Total Deposits	676,302.38	617,093.45	691,265.44	1,984,661.27
<u>Expenses</u>				
Payout to Retirees:				
AEA	(270,766.05)	(270,766.05)	(270,139.67)	(811,671.77)
AFSCME	(83,340.71)	(83,340.71)	(83,340.71)	(250,022.13)
MCEG	(148,938.33)	(158,135.29)	(165,259.28)	(472,332.90)
Payout to Retirees Subtotal	(503,045.09)	(512,242.05)	(518,739.66)	(1,534,026.80)
Fund Investment Management Expenses:				
Atlanta Capital	(12,631.74)	-	-	(12,631.74)
Metropolitan West	(17,887.95)	-	-	(17,887.95)
Boston Partners	(15,841.26)	-	-	(15,841.26)
JPMorgan	(12,034.22)	-	-	(12,034.22)
SSgA S&P 500 Index	(1,522.48)	-	-	(1,522.48)
SSgA EAFE MSCI	(1,657.47)	-	-	(1,657.47)
Callan	(3,033.18)	(3,029.50)	(3,043.77)	(9,106.45)
State Street	(10,263.07)	(3,514.78)	-	(13,777.85)
Fund Invest. Mgmt Exp. Subtotal	(74,871.37)	(6,544.28)	(3,043.77)	(84,459.42)
Administrative Expenses				
Cheiron	-	(14,840.00)	-	(14,840.00)
CALAPRS Dues	(250.00)	-	-	(250.00)
Investigation Information Services	(39.00)	-	-	(39.00)
Hanson Bridgett Legal Services	(7,311.62)	(7,730.62)	(7,311.62)	(22,353.86)
Procurement Costs	-	-	(432.53)	(432.53)
Pension Administration	(5,711.75)	(7,023.09)	(3,558.84)	(16,293.68)
Miscellaneous	(133.90)	102.50	(300.00)	(331.40)
Administrative Exp. Subtotal	(13,446.27)	(29,491.21)	(11,602.99)	(54,540.47)
Total Expenses	(591,362.73)	(548,277.54)	(533,386.42)	(1,673,026.69)
Monthly Net Owed from/(to) District	84,939.65	68,815.91	157,879.02	311,634.58
Payment from/(to) the District	-	189,654.83	-	189,654.83
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	(189,654.82)	(68,815.90)	(226,694.92)	(226,694.92)

**RT Combined Pension Plans - ATU/IBEW and Salaried
Asset Allocation ***
As of 3/31/2016

Asset Class	Net Asset Market Value 03/31/2016	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 38,344,878	15.94%	16.00%	-0.06%	\$ (135,936)	
Large Cap Growth - SSgA S&P 500 Index - XH	39,636,013	16.48%	16.00%	0.48%	1,155,199	
Total Large Cap Domestic Equity	77,980,891	32.42%	32.00%	0.42%	1,019,262	\$ 76,961,629
Small Cap - Atlanta Capital - XB	21,530,314	8.95%	8.00%	0.95%	2,289,906	19,240,407
International Equity:						
Growth						
JPMorgan - Z9	21,309,845	8.86%	9.50%	-0.64%	(1,538,138)	
Emerging Markets						
DFA - ZA	12,005,838	4.99%	6.00%	-1.01%	(2,424,467)	
Core						
SSgA MSCI EAFE - XG	20,812,936	8.65%				
Value - Brandes - XE	11,563	0.00%				
Total Core	20,824,499	8.66%	9.50%	-0.84%	(2,023,484)	
Total International Equity	54,140,183	22.51%	25.00%	-2.49%	(5,986,089)	60,126,272
Fixed Income:						
Met West - XD	86,853,701	36.11%	35.00%	1.11%	2,676,920	84,176,781
Total Combined Net Asset	\$ 240,505,089	100.00%	100.00%	0.00%	\$ (1)	\$ 240,505,089

Asset Allocation Policy Ranges*:	Minimum	Target	Maximum
Domestic Equity	35%	40%	45%
Large Cap (50/50 value/growth)	28%	32%	36%
Small Cap	5%	8%	11%
International Equity	20%	25%	30%
Developed Markets	15%	19%	23%
Emerging Markets	4%	6%	8%
Domestic Fixed Income	30%	35%	40%

* Per the Statement of Investment Objectives and Policy Guidelines as of 6/17/2015.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of March 31, 2016**

Per Both Pension Fund Balance Sheets:

ATU/IBEW Allocated Custodial Assets	166,797,492
Salaried Allocated Custodial Assets	<u>73,707,597</u>

Total Consolidated Net Asset	<u><u>240,505,089</u></u>
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Per Callan Report:

Total Investments	<u><u>240,502,256</u></u>
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Net Difference	<u><u>2,833</u></u> *
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* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended March 31, 2016**

Per Both Pension Fund Income Statements:

ATU/IBEW - Interest, Dividends, and Other Income	566,324
ATU/IBEW - Investment Income	1,216,523
Salaried - Interest, Dividends, and Other Income	243,920
Salaried - Investment Income	<u>630,934</u>
Total Investment Income	<u><u>2,657,702</u></u>

Per Callan Report:

Investment Returns	<u><u>2,662,563</u></u>
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Net Difference	<u><u>(4,861)</u></u> **
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** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended March 31, 2016**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
Payments from/(to) the District				
Metropolitan West - ATU/IBEW	-	(639,700)	-	(639,700)
DFA - Salaried	-	189,655	-	189,655
Total Payments from/(to) the District	-	(450,045)	-	(450,045)
Transfers In/(Out) of Investment Funds				
Metropolitan West	-	(639,700)	-	(639,700)
DFA	-	189,655	-	189,655
Total Transfers In/(Out) of Investment Funds	-	(450,045)	-	(450,045)
Variance between Payments and Transfers	-	-	-	-
Per Callan Report:				
Net New Investment/(Withdrawals)				(450,045)
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months March 31, 2016**

	<u>2Q15</u>	<u>3Q15</u>	<u>4Q15</u>	<u>1Q16</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU/IBEW	934,507	-	-	-	934,507
Boston Partners - Salaried	530,638	-	-	-	530,638
Atlanta Capital - ATU/IBEW	711,305	(243,158)	-	-	468,147
Atlanta Capital - Salaried	530,638	-	-	-	530,638
Metropolitan West - ATU/IBEW	(7,443,937)	(364,832)	(266,918)	(639,700)	(8,715,387)
Metropolitan West - Salaried	(3,183,827)	-	-	-	(3,183,827)
JP Morgan - ATU/IBEW	1,240,656	-	-	-	1,240,656
JP Morgan - Salaried	530,638	-	-	-	530,638
DFA - ATU/IBEW	1,240,656	-	-	-	1,240,656
DFA - Salaried	1,012,612	324,198	166,206	189,655	1,692,671
S&P 500 Index - ATU/IBEW	827,397	(251,113)	(629,754)	-	(53,470)
S&P 500 Index - Salaried	530,638	-	(85,930)	-	444,708
EAFE - ATU/IBEW	1,240,656	-	-	-	1,240,656
EAFE - Salaried	530,637	-	-	-	530,637
Total Payments from/(to) the District	(766,786)	(534,905)	(816,396)	(450,045)	(2,568,132)

**Sacramento Regional Transit District
ATU/IBEW and Salaried Retirement Fund
Schedule of Fund Investment Returns and Expenses
03/31/16**

	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
Boston Partners										
Investment Returns	(1,661,599)	100.00%				10,486,325	100.00%			
Investment Expenses	(212,012)	-12.76%				(628,462)	5.99%			
Net Gain/(Loss)	(1,873,611)	112.76%	-4.61%	-1.54%	(307.00)	9,857,863	94.01%	9.19%	9.38%	(19.00)
Atlanta Capital										
Investment Returns	511,761	100.00%				7,215,553	100.00%			
Investment Expenses	(167,232)	32.68%				(477,319)	6.62%			
Net Gain/(Loss)	344,529	67.32%	1.56%	-9.76%	1132.00	6,738,234	93.38%	11.88%	6.84%	504.00
Metropolitan West										
Investment Returns	1,352,524	100.00%				7,141,578	100.00%			
Investment Expenses	(236,051)	17.45%				(728,696)	10.20%			
Net Gain/(Loss)	1,116,473	82.55%	1.34%	1.96%	(62.00)	6,412,882	89.80%	2.36%	2.50%	(14.00)
Brandes										
Investment Returns	426	100.00%				(2,071)	100.00%			
Investment Expenses	-	0.00%				-	0.00%			
Net Gain/(Loss)	426	100.00%	N/A	N/A	N/A	(2,071)	100.00%	N/A	N/A	N/A
JPMorgan										
Investment Returns	(2,495,955)	100.00%				429,244	100.00%			
Investment Expenses	(157,428)	-6.31%				(459,407)	107.03%			
Net Gain/(Loss)	(2,653,383)	106.31%	-10.34%	-8.09%	(225.00)	(30,163)	-7.03%	0.58%	2.23%	(165.00)
S&P 500										
Investment Returns	735,354	100.00%				12,729,696	100.00%			
Investment Expenses	(19,655)	2.67%				(56,746)	0.45%			
Net Gain/(Loss)	715,699	97.33%	1.84%	1.78%	6.00	12,672,950	99.55%	11.82%	11.82%	0.00
EAFE										
Investment Returns	(1,879,085)	100.00%				1,091,400	100.00%			
Investment Expense	(21,716)	-1.16%				(61,096)	5.60%			
Net Gain/(Loss)	(1,900,801)	101.16%	-8.09%	-8.27%	18.00	1,030,304	94.40%	2.36%	2.23%	13.00
DFA										
Investment Returns	(1,414,201)	100.00%				(1,726,606)	100.00%			
Investment Expense	(76,695)	-5.42%				(208,825)	-12.09%			
Net Gain/(Loss)	(1,490,896)	105.42%	-8.78%	-11.70%	292.00	(1,935,431)	112.09%	N/A	N/A	N/A
Total Fund										
Investment Returns	(4,850,775)	100.00%				37,365,119	100.00%			
Investment Expenses	(890,788)	-18.36%				(2,620,551)	7.01%			
Net Gain/(Loss)	(5,741,563)	118.36%	-2.17%	-1.71%	(46.00)	34,744,568	92.99%	5.29%	5.41%	(12.00)

CPI: 0.85%
Core CPI: 2.19%

0.77%
1.90%

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: January 1, 2016 to March 31, 2016

Transfers:

Employee #	Transferred From Position	Tranferred To Position	Transferred From ATU//IBEW	Tranferred To ATU/IBEW	Plan Assets Transferred To/(From) Salaried Plan	Plan Assets Transferred To/(From) ATU/IBEW Plan
None to report						

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
1590	Term Vested	IBEW	03/01/2016
900	Bus Operator	ATU	03/01/2016
357	Bus Operator	ATU	03/01/2016
3071	Bus Operator	ATU	03/16/2016
470	Bus Operator	ATU	02/25/2016
586	Bus Operator	ATU	02/01/2016
1428	AGM - Business Support Services	MCEG	02/02/2016
1635	Term Vested	ATU	02/10/2016
2272	LR Vehicle Technician	IBEW	02/02/2016
2321	Storekeeper	IBEW	02/02/2016
3214	AGM - Planing	MCEG	02/02/2016
1606	Customer Service Representative	ATUL	01/01/2016
1006	HR Analyst I	MCEG	01/02/2016
525	Bus Operator	ATUL	01/01/2016
2526	Bus Operator	ATUL	01/02/2016
2953	Bus Operator	ATUL	01/01/2016
2970	Bus Operator	ATUL	01/16/2016
3002	Bus Operator	ATUL	01/02/2016
1706	Sr. Financial Anlayst	MCEG	01/01/2016

REGIONAL TRANSIT **ISSUE PAPER**

Page 1 of 1

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	06/15/16	Retirement	Information	04/20/16

Subject: Investment Performance Review by Met West for the ATU/IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

ISSUE

Investment Performance Review by Met West for the ATU/IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

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). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its 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 Equity, (4) International Emerging Markets, and (5) Domestic Fixed-Income.

Met West is the Retirement Boards' Domestic Fixed Income fund manager. Met West will be presenting performance results for the quarter ended March 31, 2016, shown in Attachment 1, and answering any questions.

Approved:

Presented:

Final 05/31/16

Director, Finance/Treasury

Senior Accountant

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NOT FOR GENERAL DISTRIBUTION



Fixed Income Review Sacramento Regional Transit District

JUNE 15, 2016

Presented by:

David B. Vick, CFA | Managing Director | Client Services – Fixed Income

Jamie Franco | Senior Vice President | Client Services – Fixed Income

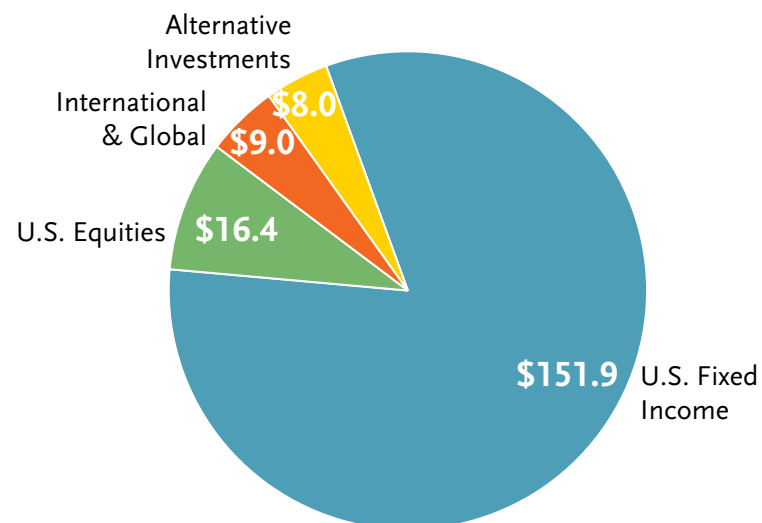
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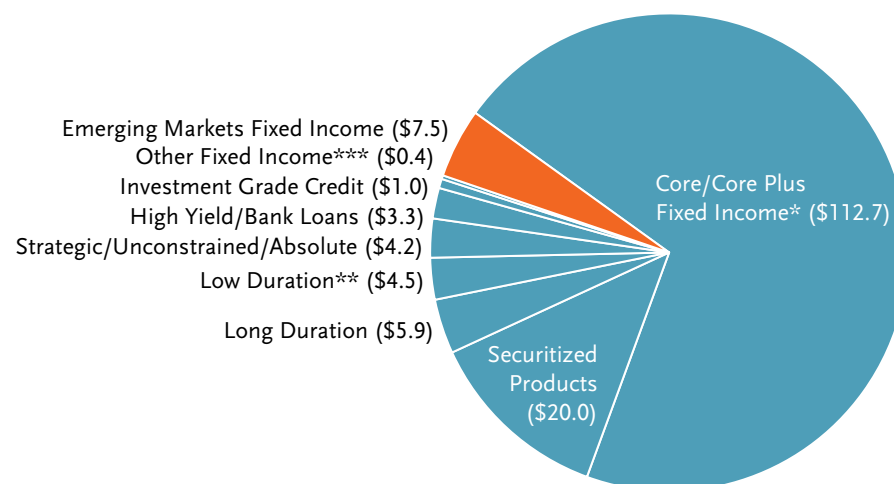
TCW Assets Under Management

AS OF MARCH 31, 2016

FIRM AUM: \$185.2 BILLION



**TOTAL FIXED INCOME ASSETS: \$159.5 BILLION
BY STRATEGY**



Source: TCW

Note: Totals may not reconcile due to rounding.

Comprises the assets under management, or committed to management, of The TCW Group, Inc. and its subsidiaries.

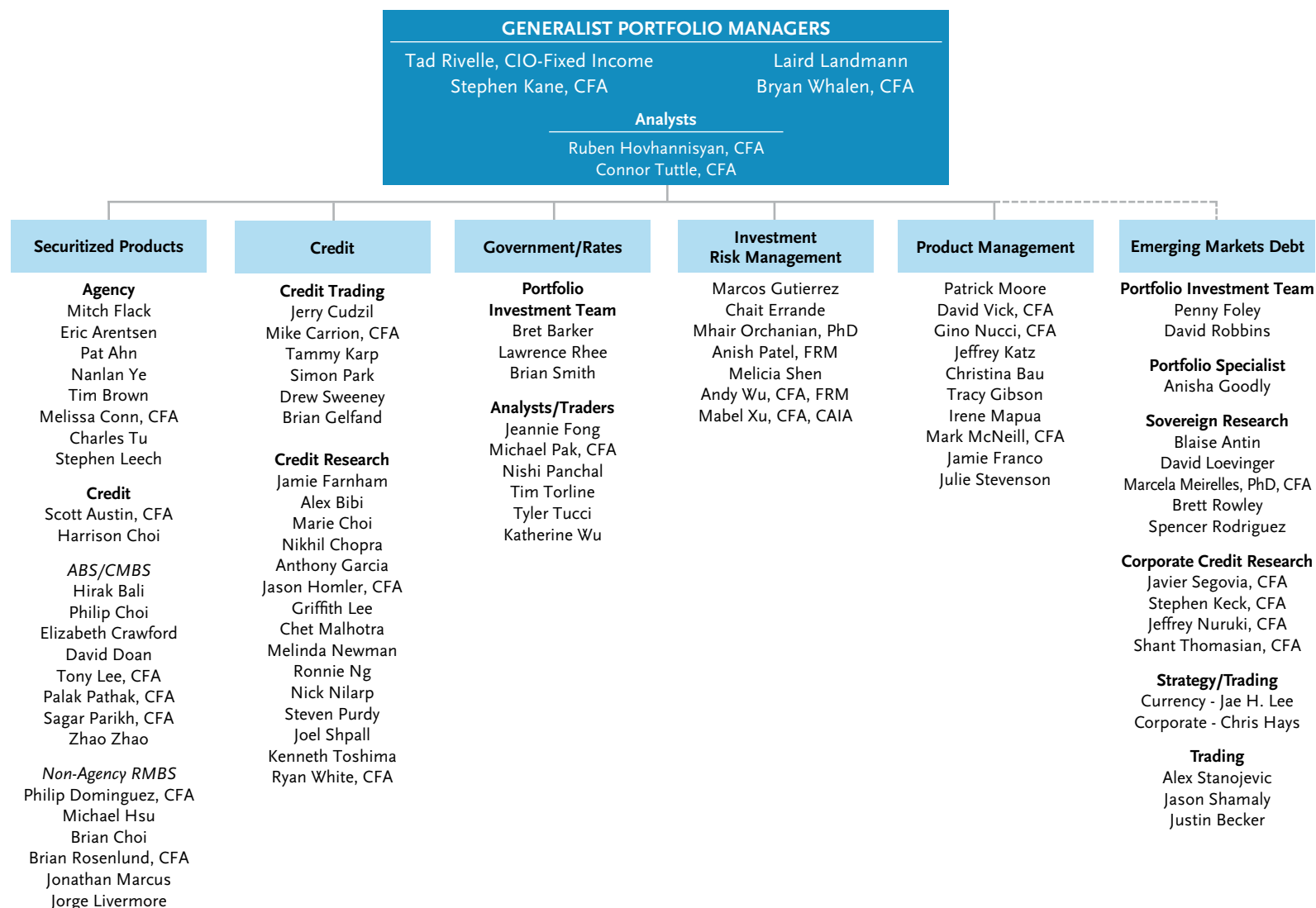
* Includes Intermediate Fixed Income and Opportunistic Core Plus Fixed Income.

** Includes Low Duration and Ultra Short/Cash Management.

*** Includes U.S. Government, Government/Credit, Global, and Other Fixed Income.

Fixed Income Expertise

AS OF MAY 2016



Sacramento Regional Transit District

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670) / BENCHMARK: BARCLAYS AGGREGATE

AS OF MARCH 31, 2016

Executive Summary

Base Currency: US Dollar

Ending Market Value

\$ 87,002,742.96

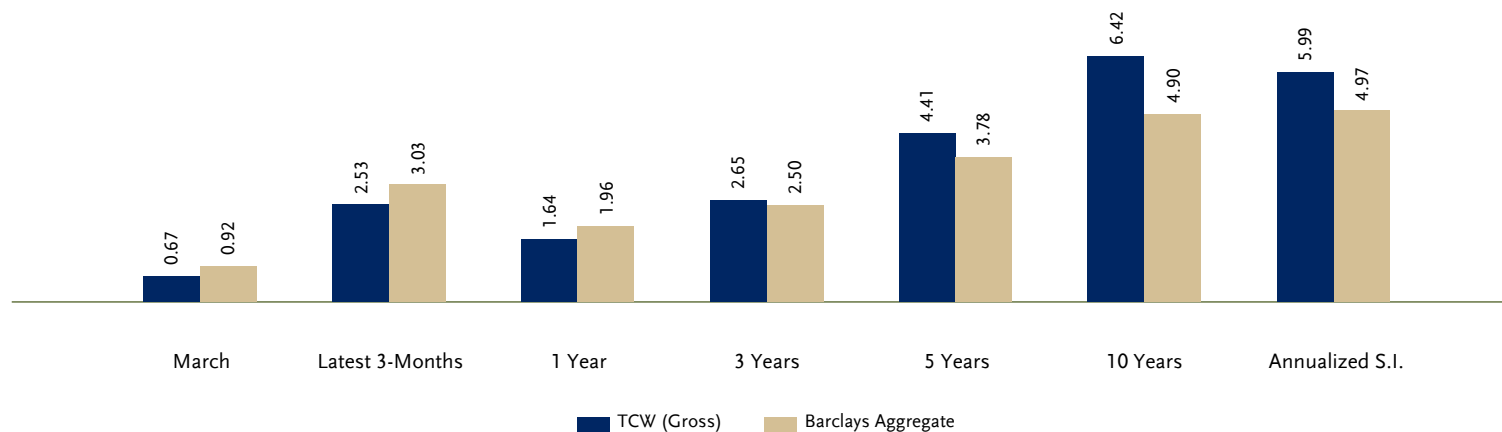
Total Rate of Return (%)

Portfolio Characteristics

	Portfolio	Index
Yield To Worst	2.50%	2.16%
Duration	4.79 yrs	5.47 yrs
Spread Duration	3.99 yrs	3.56 yrs
Quality	AA	AA+
U.S. Government	29.22%	39.26%
Credit	23.54%	30.26%
Mortgage Backed	39.91%	29.98%
Asset Backed	9.40%	0.50%
Cash and Equivalents	(2.08)%	0.00%
Other	0.00%	0.00%

Sector Allocation Highlights

	Portfolio	Index
Mortgage Backed	39.91%	29.98%
Agency MBS	26.57%	28.21%
Non-Agency MBS	6.83%	0.00%
CMBS	6.51%	1.76%
Credit	23.54%	30.26%
Corporate Credit	22.70%	24.47%
Investment Grade	19.86%	24.47%
High Yield	2.84%	0.00%
Non Corp Credit	0.00%	2.60%
Devel/Emerging Mkts	0.00%	2.00%
Other	0.84%	1.19%



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

1Q 2016 Index Returns

Fixed Income	1Q 2016 Total Return	1Q 2016 Excess Return*	12 Month Total Return	12 Month Excess Return*	Yield-to-Maturity	OAS (bps)
Treasury	3.2%	0.0%	2.4%	0.0%	1.3%	0
3 mo T-Bills	0.1%	0.0%	0.1%	0.0%	0.2%	12
1-3 Year	0.9%	0.0%	0.9%	0.0%	0.7%	0
TIPS	4.5%	0.0%	1.5%	0.0%	1.8%	-
Corporate	4.0%	0.2%	0.9%	-1.8%	3.2%	163
AA-Rated	3.6%	0.3%	2.5%	0.0%	2.3%	89
BBB-Rated	4.1%	0.3%	-0.7%	-3.4%	3.8%	215
High Yield	3.4%	0.8%	-3.7%	-6.1%	8.4%	656
Agency MBS	2.0%	-0.4%	2.4%	0.1%	2.3%	22
Commercial MBS	3.6%	0.6%	2.8%	-0.1%	2.4%	109
Asset Backed	1.4%	0.2%	1.7%	0.5%	1.6%	74
Non U.S. Sovereign	8.9%	4.6%	7.6%	4.7%	0.6%	22
Emerging Markets	5.2%	1.1%	4.3%	1.1%	5.4%	363

Source: Barclays

*Excess returns are calculated by Barclays and represent the return of a sector excluding the impact of interest rate changes.

Equity	1Q 2016 Total Return	12 Month Total Return	Yield-to-Maturity	OAS (bps)
S&P 500	1.3%	1.8%	-	-
DJIA	2.2%	2.1%	-	-
NASDAQ	-2.4%	0.7%	-	-

Source: Bloomberg

For period ending 3/31/16

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1Q 2016 Core and Core Plus Performance Attribution

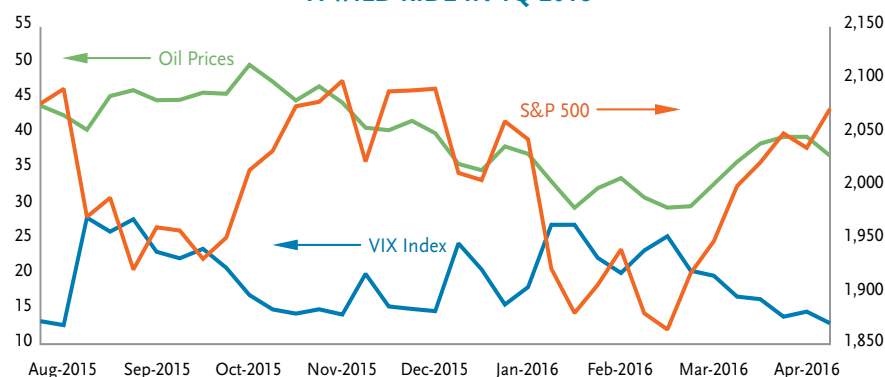
	Positioning	Market Action	Result
Duration	Maintained duration around 0.7 years shorter than the index throughout the quarter	Rates were lower across the curve with the 10-Year down by 50 basis points (bps) to end the quarter at 1.77%	Negative
Yield Curve	Maintained mostly neutral curve position throughout the quarter	The curve steepened 15 bps between the 5-Year and the 30-Year	Neutral
Sector	<ul style="list-style-type: none"> Underweight governments Underweight exposure to investment grade corporates overall, with a small allocation to high yield where allowed Underweight agency residential MBS Overweight structured products including non-agency MBS, CMBS, and ABS 	<ul style="list-style-type: none"> Non-government sectors were mixed in the first quarter, with the overall index behind Treasuries by just 4 bps Investment grade and high yield corporates recovered early quarter losses, outperforming Treasuries by 16 and 77 bps, respectively Agency MBS lagged Treasuries by 38 bps Non-agency MBS underperformed while other structured product sectors generated stronger returns than the Treasury market 	Small Negative
Issue Selection	<ul style="list-style-type: none"> Small overweight to financials, with an emphasis on healthcare REITS and large banks Hold substantial position in current pay, senior, non-agency MBS backed by subprime and alt-A loans Favor lower coupon agency MBS which offers protection from future prepayments Emphasis on non-traditional ABS sectors such as student loans, AAA CLOs, and small balance commercial deals, with a modest position in high quality auto ABS Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors 	<ul style="list-style-type: none"> Financials were the worst performing corporate sector along with energy, though most other sectors outperformed Treasuries The shorter duration, higher quality issues held up better than longer dated names, but were still down for the quarter Lower coupon MBS lagged as fears of prepayments rose in the falling rate environment Most ABS sectors performed well for the quarter, though student loan spreads widened as the market waited for potential downgrades by the rating agencies Non-U.S. credit performed well, despite the negative first half of the quarter. Weakness continued in energy, particularly the more volatile oil field services sector 	Negative

Portfolio characteristics and holdings are subject to change at any time. Past performance is no guarantee of future results.

1Q 2016 Prices Changed But Fundamentals Did Not

- Despite no tangible change in economic fundamentals, the risk off sentiment that dominated the beginning of the quarter completely reversed by quarter end. To start the year, depressed oil prices and global growth concerns, particularly in China, led to significant spread widening across the credit markets, a sharp drop in equity markets, and a rally in Treasuries. However, the market rebounded in mid-February on little data causing oil prices to rise by nearly 10%, the S&P 500 to post a positive 1.4% return for the quarter, and high yield and emerging market debt to recover amidst significant inflows.

A WILD RIDE IN 1Q 2016

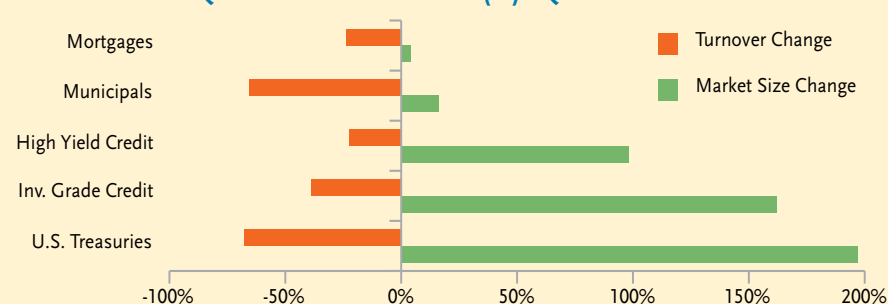


Source: Bloomberg, BAML

- Large movements in commodity prices both pressured and provided relief to the credit markets over the quarter as high yield corporates in particular traded in lock step with oil prices. High yield energy fell a notable 16.8% through February 11 when oil prices touched \$26 and then staged a dramatic recovery as oil surged to nearly \$40, returning almost 26% through March. Recent firming in oil prices may not be sustainable, however, as production and inventories both remain high.

- Given the realization and persistence of lower oil prices, rating agencies lowered their outlook and in the first quarter, downgrading approximately \$62 billion of debt from investment grade to high yield, an amount higher than any full-year total since the 2008 crisis. Downgrade activity is likely to continue at an elevated pace, particularly since many U.S. producers are nearing borrowing limits. Ultimately, we believe tighter financial conditions and low oil prices will lead to increased defaults and losses in energy and commodity related sectors this year as distressed borrowers struggle to keep up with their cash needs.
- Poor liquidity conditions magnified market volatility in the first quarter. The depth to which the markets fell and the speed at which prices rebounded without any significant fundamental catalyst are evidence of the challenges investors face in this illiquid environment. Trading volumes have failed to keep pace with an increase in issuance across corporate and sovereign bonds, increasing the likelihood that smaller trading volumes will have an outsized impact on market pricing. As a result, we expect that volatility will remain a feature of fixed income markets for the foreseeable future.

THE CONSEQUENCES OF THE NEW (IL)LIQUIDITY ENVIRONMENT?



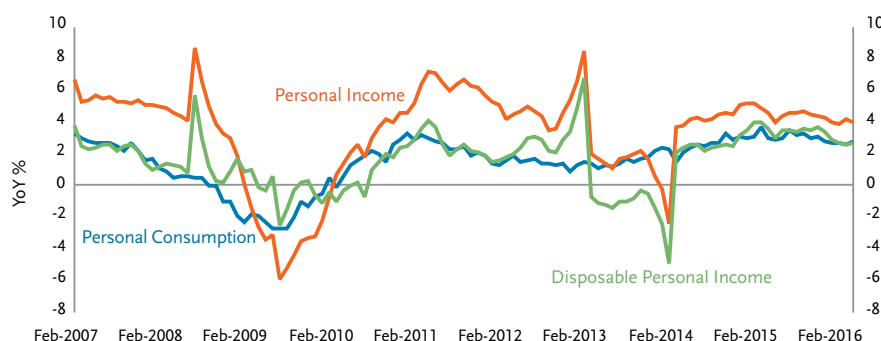
Source: SIFMA, FINRA TRACE, BofA Merrill Lynch, TCW. From 2006-2015.

Our View: The current rally is not based on any meaningful fundamental support and is typical of a “bear market rally”. We continue to believe we are at the end of the credit cycle and are likely to enter a more difficult period of deleveraging across markets, which started in energy and commodity related issuers but is likely to spill over to other sectors in the credit markets. Poor liquidity exacerbates the challenges of deleveraging, suggesting that the path ahead is likely to be a bumpy one.

1Q 2016 U.S. Economic Growth is Weak

- Consumer data softened during the quarter, undermining the potential for a consumer-led growth resurgence. Wages and salary income dropped and personal spending weakened slightly despite the backdrop of lower oil prices, while household savings rates increased, raising questions about whether consumers will drive growth higher this year. This data combined with the widening trade deficit caused many economists to revise down their estimates of Q1 GDP. The Atlanta Fed's GDP now forecast model currently estimates real GDP growth of 0.6 percent for Q1, down from 1.4% at the beginning of March.

INCOME GROWTH SLOWS: IS CONSUMER STRENGTH FLAGGING?

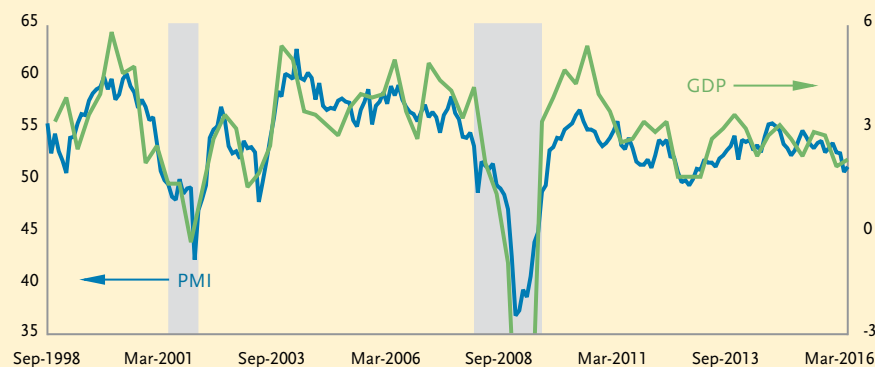


Source: Bureau of Economic Analysis, Bloomberg

- Despite the recent weakness in consumer data, the labor market is still showing signs of strength. Nearly 230,000 jobs a month were created this past quarter, while unemployment stands at 4.9%, and the participation rate has marginally increased to roughly 63%. While modest improvements in labor conditions may finally put pressure on wages in Q2, at 2.2%, growth in average hourly earnings is still significantly short of the 3.25% historic average over the past two decades.

- Corporate profits remain high relative to history, however, corporate profit growth is estimated to have declined 7.8% quarter-over-quarter, the biggest fall since Q1 2011. The largest declines came in the energy, commodity, and manufacturing related sectors which have been hit hardest by a stronger dollar and collapsing commodity prices. If the recent trend continues, sustained profit weakness will likely lead to decreases in capital spending and job losses, which will ultimately restrain overall growth.
- Looking globally, while growth concerns have moderated recently, the outlook remains challenging. Weakness in manufacturing, trade and investment globally looks to have approached recessionary levels. Manufacturing surveys suggest major contractions in China, Japan, and a slowdown in Europe. Chinese policy measures announced this quarter diminished concerns about a hard landing, however the effectiveness of new stimulus is still uncertain and China's growing debt burden remains unresolved.

GLOBAL MANUFACTURING AND GROWTH DISAPPOINTS



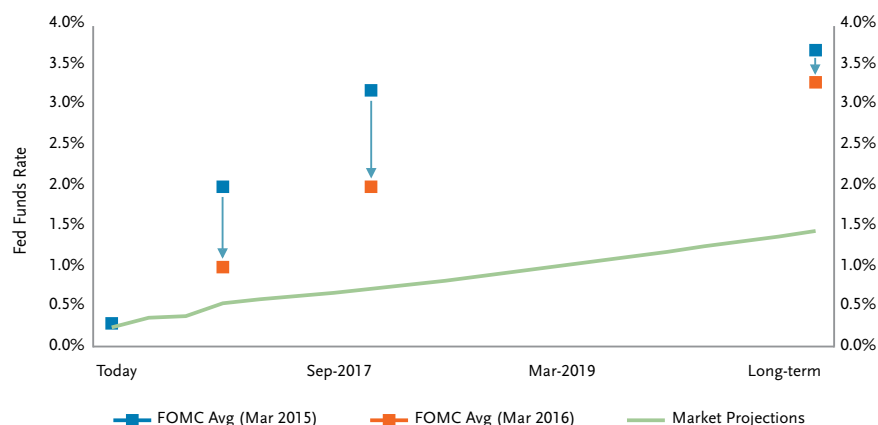
Source: JPM

Our View: Data this quarter have not altered our view that the U.S. is headed for a period of weak growth of 2% or less for the year with an increased possibility of a recession. While it is difficult to identify a catalyst to drive growth substantially higher, the downside risks are numerous and include additional rate hikes by the Fed, increasing corporate defaults, excess volatility, emerging market currency valuations, Chinese growth, and the new risks of a UK exit from the European Union, Brazilian political uncertainty, and the upcoming U.S. election.

1Q 2016 While the Fed Pauses, Global Central Banks Double Down

- Given the volatility that dominated the beginning of the year and mounting evidence of a slowing U.S. economy, the market largely expected the Fed to keep rates on hold at their March meeting. The Fed delivered, keeping the benchmark lending rate steady at 0.25 – 0.50%. The Fed emphasized the uncertainty surrounding the outlook and the rising risks from abroad as some of the key factors weighing on their decision, which was perceived as very dovish.
- More surprisingly, Fed officials scaled back their forecast for rate hikes this year and now expect to act only twice in 2016, compared to their December projection of four times. Fed members also revised their median forecast for 2016 growth down to 2.2% from 2.4%, a change that brings Fed forecasts much more into line with market sentiment, reinforcing the view that the Fed is reacting to the market's more realistic expectations.

FED'S EXPECTATIONS FOR FUTURE RATE HIKES HAVE FALLEN



Source: Federal Reserve, Bloomberg

- By focusing on financial market turmoil as a key element that factored into their decision, the Fed appears to be reversing course on the importance of market volatility. Previously, the Fed dismissed volatility in oil prices or markets as a normal phenomenon that did not drive policy. Now, the Fed has stated it is uncomfortable raising rates in the context of market volatility like that seen in Q1. While this was assumed by many, the explicit statement is a confirmation of that assumption and an important indicator of the Fed's future reaction function.
- While the Fed waited, other key central banks took aggressive action to ease policy in light of weakening growth and deteriorating inflation. In March, the European Central Bank announced additional rate cuts and QE measures, including the purchase of corporate bonds. Across the Pacific, the Bank of Japan, lacking many monetary options, pushed forward with negative rates, following several European central banks down that path. This has pushed the yield on some \$7.5 trillion of sovereign debt into negative territory.

NEGATIVE RATES INCREASE ACROSS THE YIELD CURVE

	US	Germany	Japan	Switzerland
1Y	0.58	-0.46	-0.19	-1.03
2Y	0.72	-0.49	-0.19	-0.96
3Y	0.85	-0.48	-0.22	-0.98
5Y	1.21	-0.36	-0.19	-0.81
10Y	1.77	0.12	-0.03	-0.36
30Y	2.61	0.82	0.54	0.20

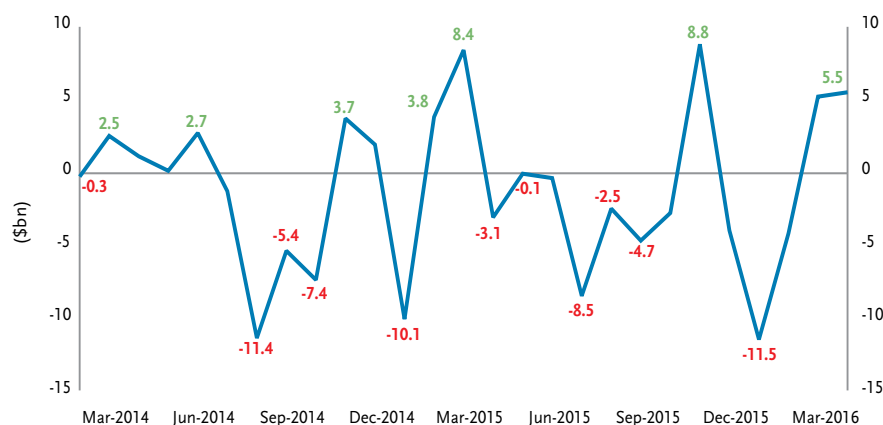
Source: Bloomberg

Our View: The Fed has finally acknowledged what we have long suspected - it is following rather than leading the markets. Chairwoman Yellen's comments suggest that the Fed is now market driven as opposed to data driven and future rate hikes are likely to be driven by market expectations rather than actual economic data. Further, the tacit endorsement of markets pricing in future Fed action and acting as a shock absorber in volatile times seems to imply recognition that markets have a better idea of the Fed's future course of action than the Fed itself does.

1Q 2016 Investment Grade and High Yield Review and Outlook

- Stresses that were evident in the high yield market towards the end of 2015 carried over into the first half of the quarter, with commodity related credit spreads peaking on February 11th at nearly 1900bps. However, markets turned as risk sentiment improved and high yield total returns for the quarter ended at 3.4%.
- As risk appetite returned mid-quarter, weekly flows into HY ETFs since mid-February were the highest on record. Over the last five weeks, HY retail funds saw nearly \$12 billion in new cash, fully reversing the funds that were withdrawn since the start of the year. The increased demand for bonds fueled an increase in new issuance which picked up during the quarter. Despite the increase, activity continued to be mostly focused on higher quality issues while lower quality deals struggled to find support.

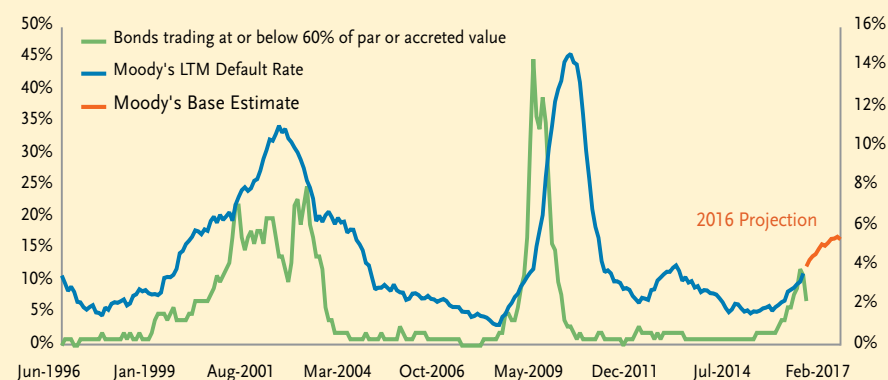
HIGH YIELD NET INFLOWS PICK UP



Source: JP Morgan

- Investment grade credit spreads widened relative to last quarter, though the average yield was just 3.6% at quarter end. Issuance continued to be brisk and was up 4.8% year-over-year. Much of the recent issuance has been used to fund share repurchases with major U.S. companies such as Cisco Systems, FedEx, and General Motors buying back their stock at record levels this quarter. When viewed against the backdrop of increasing leverage and M&A activity, this level of share buybacks is one more indication of late-cycle dynamics.
- Despite the improvement in prices, performance still remains bifurcated by quality and between commodity and non-commodity credits. For example, in February, distressed issuers were down nearly 13% while BB credits led returns for the month at 1.3%. Downgrade and default activity also picked up with Moody's currently projecting the 2016 default rate at 5.4% with the potential to reach 15% if downside risks materialize.

HIGH YIELD DEFAULTS AND DISTRESSED ISSUERS ON THE RISE



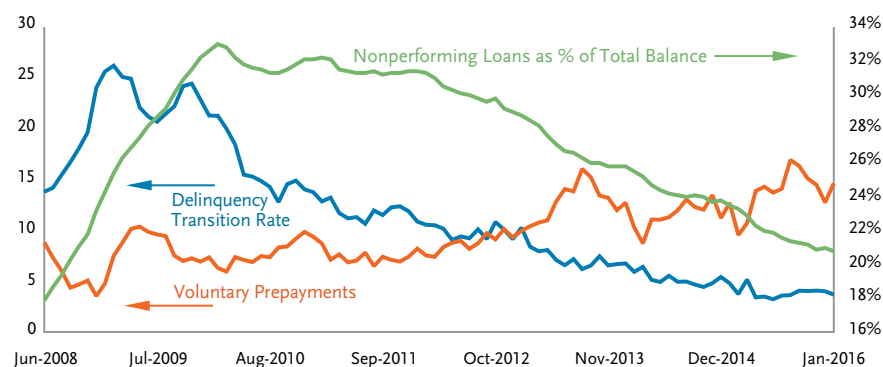
Source: Moody's, JPM

Our View: We expect default rates to rise materially in 2016, with most of the activity concentrated in the commodity related sectors, and a subsequent spillover to other sectors. As spreads remain wide of long-term averages we will look to add “bendable” investment grade issues that are likely to survive the next downturn. High yield, on the other hand, remains a “breakable” asset class and valuations do not currently compensate for the risk of increasing default rates, though opportunities should arise once the markets have “broken” which is typically characterized by forced sellers, panicked investors, gaps in pricing, and increasingly negative sentiment.

1Q 2016 MBS and ABS Review and Outlook

- Agency MBS lagged in the first quarter as market volatility weighed on performance. The Fed's projected lower path of rate hikes raised the prospect of faster than expected prepayments. With prepays seemingly ready to accelerate, TBAs have struggled as investors sought the more stable cash flows available in specified pools with more favorable characteristics. However, given that accommodative policy is likely to persist into 2016, the Fed is expected to remain a significant buyer of agency MBS, helping to support prices.
- Contrary to performance patterns over the past several years, the non-agency MBS sector struggled despite a favorable technical environment and improving fundamentals. Housing data remained supportive, as Case-Shiller futures continued to reflect expectations for a broad recovery in home prices, predicting a three percent rise annually during the next four to five years. Nevertheless, as a credit sensitive asset class, the sector experienced weakness during the quarter as market makers widened quoted spreads in sympathy with high yield markets.

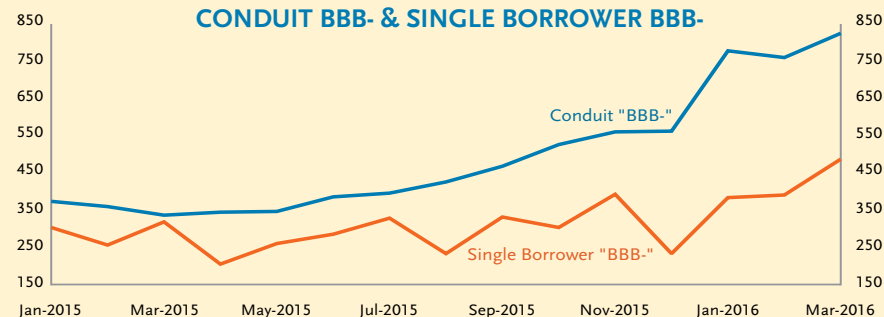
CONTINUED IMPROVEMENT IN NON-AGENCY FUNDAMENTALS



Source: Amherst Pierpont Securities

- CMBS largely traded in line with the broader credit markets, recovering from losses by the end of the quarter. While low issuance in the first quarter supported returns, deterioration in underwriting standards combined with weakness in the broader commercial real estate market continues to present fundamental headwinds. As an example, well underwritten single asset deals have seen spreads widen less than traditional conduit deals with many loans underlying, as investors have begun to differentiate risk profiles within the sector.

SPREAD DIVERGENCE BETWEEN CMBS CONDUIT BBB- & SINGLE BORROWER BBB-



Source: Standard & Poor's

*There was only one available BBB category single borrower pricing in Dec. 2015.

Monthly simple averages for deals priced within those months, based on available data.

- ABS generally performed well, but challenges emerged in subprime auto ABS. In March, Fitch noted concerns regarding the rise in delinquency rates on U.S. subprime auto loans, which rose over 11% year-over-year. Many attribute this to the rise of independent, non-bank companies that are willing to extend credit to riskier borrowers and the overall deterioration in lending standards in the sector, reminiscent of the decline in lending standards witnessed in the corporate market.

Our View: Structured products generally offer good risk-adjusted yields and protection from excesses in the credit markets. Non-agency MBS remains among the most attractive sectors, though allocations are likely to drift lower as prices rise. CMBS and ABS holdings are focused on the senior most parts of the capital structure and high quality (no subprime cards/auto) collateral, often with government guarantees. Finally, though agency MBS is a high quality, higher yielding, and fairly liquid alternative to Treasuries, yield compensation is still relatively small compared to history.

1Q 2016 Core and Core Plus Strategies Positioning Summary

Recent spread tightening has made certain fixed income sectors less attractive, though we will look for opportunities to add in bendable asset classes as spreads widen.

Characteristic		Positioning		Comments
Duration	▶	Approximately 0.7 years shorter than the Index	▶	<ul style="list-style-type: none"> Stay short duration as long as rates remain near the lows Make modest adjustments to positioning, with a bias to extend as rates near boundaries of recent trading range
Curve	▶	Mostly neutral exposure	▶	All parts of the curve bear some risk of rising rates
Governments	▶	Underweight with an emphasis on on-the-run securities	▶	<ul style="list-style-type: none"> On-the-run securities provide greater liquidity for a small give up in yield May look to Treasury futures market to further enhance liquidity
MBS	▶	<ul style="list-style-type: none"> Agency MBS – underweight Non-Agency MBS – overweight with bias to trim 	▶	<ul style="list-style-type: none"> Focus holdings in lower coupon and low loan balance pools given more stable duration profiles Reduce allocation to TBAs as benefits of the dollar roll decline and pools offer better collateral characteristics Maintain emphasis on higher quality, shorter duration, currently amortizing bonds Look to reduce longer duration, higher beta securities that are most at risk of liquidity based spread widening
ABS	▶	Overweight	▶	<ul style="list-style-type: none"> Hold short duration, high quality credit card and auto issues to boost liquidity Maintain student loan position with bias to add if forced sellers emerge
CMBS	▶	Overweight – bias to trim	▶	<ul style="list-style-type: none"> Maintain small allocation to non-agency CMBS but trim agency CMBS given potential for higher liquidity premiums Emphasize seasoned issues and select more recent issues created before the downturn in underwriting standards
Credit	▶	Underweight – bias to add	▶	<ul style="list-style-type: none"> Emphasize financials due to limited re-leveraging risk and reasonable yield premiums Maintain significant underweight in industrials with emphasis on defensive sectors like pharmaceuticals, hospitals, food & beverage, and communications Underweight non-U.S. credit in favor of taxable munis
High Yield	▶	Small allocation – bias to add	▶	Look for defensive, relatively high quality credits away from volatile sectors like energy, metals, mining, and transportation
Emerging Markets	▶	Minimal allocation	▶	Slowing growth in the developed markets, volatile energy prices, and susceptibility to changing liquidity conditions suggest caution is warranted

Portfolio characteristics and holdings are subject to change at any time. The views and forecasts expressed in this quarterly review are as of April 2016, are subject to change without notice and may not come to pass. TCW reserves the right to change its investment perspective and outlook without notice as market conditions dictate. Source: Bloomberg, TCW

1Q 2016 Sector Highlight: Banks Exposure to Energy Loans

Given the drop in oil and gas prices, investors have raised concerns about the banking sectors' ability to manage increased energy loan losses and fears of contagion to other portfolios. Exposure to energy loans varies by bank size and region, with the biggest impact felt by regional banks that have outsized energy exposures.

	Big 5 U.S. Banks					Regional U.S. Banks		European Banks		
Company/Rating (Moody's/S&P)	Wells Fargo	JPMorgan Chase & Co.	Bank of America Corporation	Citigroup	Morgan Stanley	BOK Financial Corporation	Cullen/Frost Bankers, Inc.	BNP Paribas	Barclays	Credit Suisse Group AG
Market Cap (\$bn)	\$242.7	\$216.1	\$138.5	\$122.4	\$48.4	\$3.5	\$3.3	\$62.1	\$35.8	\$27.4
Total Assets (\$bn)	\$1,787.6	\$2,351.7	\$2,144.3	\$1,731.2	\$787.5	\$31.5	\$28.6	\$1,994.2	\$1,120.0	\$820.8
Total Loans (\$bn)	\$936.4	\$837.3	\$910.5	\$645.3	\$131.4	\$16.2	\$11.5	\$798.7	\$404.1	\$273.9
Tier 1 Capital (\$bn)	\$164.6	\$200.5	\$180.8	\$164.0	\$66.7	\$2.8	\$2.2	\$76.9	\$52.6	\$53.1
Energy Reserves (\$billion)*	\$1.2	\$0.8	\$0.5	\$0.8	\$0.2*	\$0.1	\$0.1	\$28.5*	\$7.3*	\$8.3*
Energy Loans Outstanding (\$bn)	\$17.4	\$13.8	\$21.3	\$21.0	\$4.8	\$3.1	\$1.8	\$18.0	\$6.3	\$2.4
Energy Loans Committed (\$bn)	\$42.0	\$44.0	\$43.8	\$58.0	\$16.0	\$5.6	\$3.1	\$39.1	\$26.2	\$9.1
Energy Loans Outstanding as % of Total Assets	1%	1%	1%	1%	1%	10%	6%	1%	1%	0%
Energy Loans Committed as % of Total Assets	2%	2%	2%	3%	2%	18%	11%	2%	2%	1%
Energy Loans Outstanding as % of Tier 1 Capital	11%	7%	12%	13%	7%	109%	81%	23%	12%	5%
Energy Loans Committed as % of Tier 1 Capital	26%	22%	24%	35%	24%	197%	144%	51%	50%	17%

Source: Bloomberg and public company filings

*Reserves for total loan losses for Morgan Stanley, BNP Paribas, Barclays PLC and Credit Suisse Group

Our View: Large U.S. and non-U.S. banks maintain a low exposure to energy related loans, have provisioned against potential losses, and have ample capital should these provisions be insufficient. The same may not be true for the smaller regional banks should energy prices remain as low as they are today. We continue to favor large banks as re-leveraging risk is limited by regulatory oversight and yield premiums remain reasonable.

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An investment in the strategy described herein has risks, including the risk of losing some or all of the invested capital. An investor should carefully consider the risks and suitability of an investment strategy based on their own investment objectives and financial position. There is no assurance that the investment objectives and/or trends will come to pass or be maintained. The information contained herein may include preliminary information and/or “forward-looking statements.” Due to numerous factors, actual events may differ substantially from those presented herein. TCW assumes no duty to update any forward-looking statements or opinions in this document. This material comprises the assets under management of The TCW Group, Inc. and its subsidiaries, including TCW Investment Management Company LLC, TCW Asset Management Company LLC, and Metropolitan West Asset Management, LLC. Any opinions expressed herein are current only as of the time made and are subject to change without notice. The investment processes described herein are illustrative only and are subject to change. Past performance is no guarantee of future results. © 2016 TCW



REGIONAL TRANSIT ISSUE PAPER

Page 1 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	06/15/16	Retirement	Action	04/19/16

Subject: Receive and File Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

ISSUE

Receive and File Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

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 First Quarter 2016 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of March 31, 2016 (Attachment 2). These reports provide a detailed analysis of the performance of each of the seven investment managers retained by the Retirement Boards to manage the Retirement Funds for the quarter ended March 31, 2016. 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), State Street Bank performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of March 31, 2016, there were no compliance warnings or alerts to be reported; therefore, the investments are in compliance with the Investment Policy. The final attached report includes the monitoring summary (Attachment 3).

Approved:

Presented:

Final 05/31/16

Director, Finance/Treasury

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

Page 2 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	06/15/16	Retirement	Action	04/19/16

Subject: Receive and File Investment Performance Results for the ATU/IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2016 (ALL). (Bernegger)

The table below provides an overview of the quarter performance, quarter ending March 31, 2016 – 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	1.64%	(0.28%)	\$(107,003)	-
S&P 500 Index	1.35%	1.37%	\$534,892	-
Atlanta Capital (small cap) Russell 2000	(1.52%)	3.92%	\$811,823	-
Brandes (international equities) MSCI EAFE	-	-	\$475	-
JPMorgan (international equities) MSCI EAFE	(3.01%)	(4.13%)	\$(917,559)	-
MSCI EAFE Index	(3.01%)	(2.93%)	\$(627,256)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	5.75%	7.43%	\$826,651	\$189,655
Metropolitan West (fixed income) Barclays Agg.	3.03%	2.52%	\$2,141,541	\$(639,700)
Totals	1.25%	1.13%	\$2,662,564	\$(450,045)

Bold – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of March 31, 2016 – net 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	(1.54%)	(4.61%)	\$(1,873,611)	\$1,465,145
S&P 500 Index	1.78%	1.84%	\$715,699	\$391,238
Atlanta Capital (small cap) Russell 2000	(9.76%)	1.56%	\$344,529	\$998,785
Brandes (international equities) MSCI EAFE	-	-	\$426	-
JPMorgan (international equities) MSCI EAFE	(8.27%)	(10.34%)	\$(2,653,383)	\$1,771,294
MSCI EAFE Index	(8.27%)	(8.09%)	\$(1,900,801)	\$1,771,293
Dimensional Fund Advisors (emerging markets) MSCI EM	(11.70%)	(10.43%)	\$(1,490,896)	\$2,933,327
Metropolitan West (fixed income) Barclays Agg.	1.96%	1.34%	\$1,116,473	\$(11,899,214)
Totals	(1.71%)	(2.25%)	\$(5,741,563)	\$(2,568,132)

Bold – fund exceeding respective benchmark

Callan

June 15, 2016



Sacramento Regional Transit District

First Quarter 2016
Market Update

Anne Heaphy

Vice President

SF Fund Sponsor Consulting

Uvan Tseng, CFA

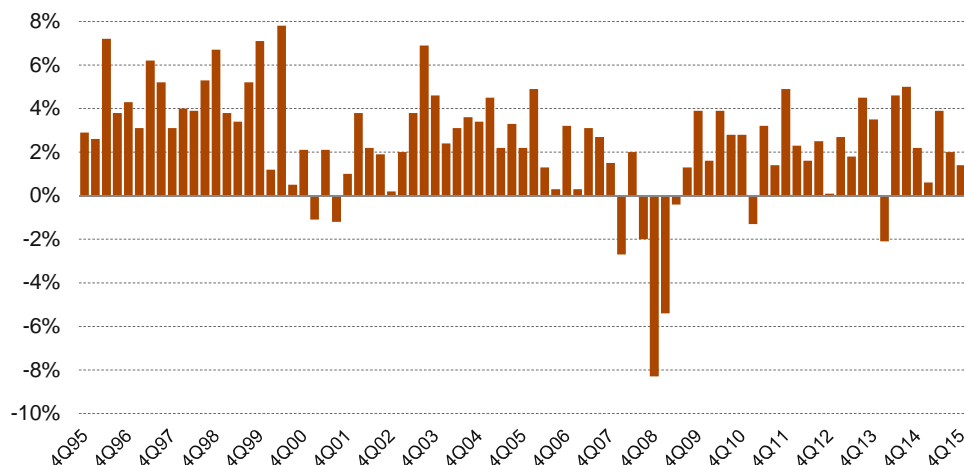
Vice President

SF Fund Sponsor Consulting

Economic Commentary

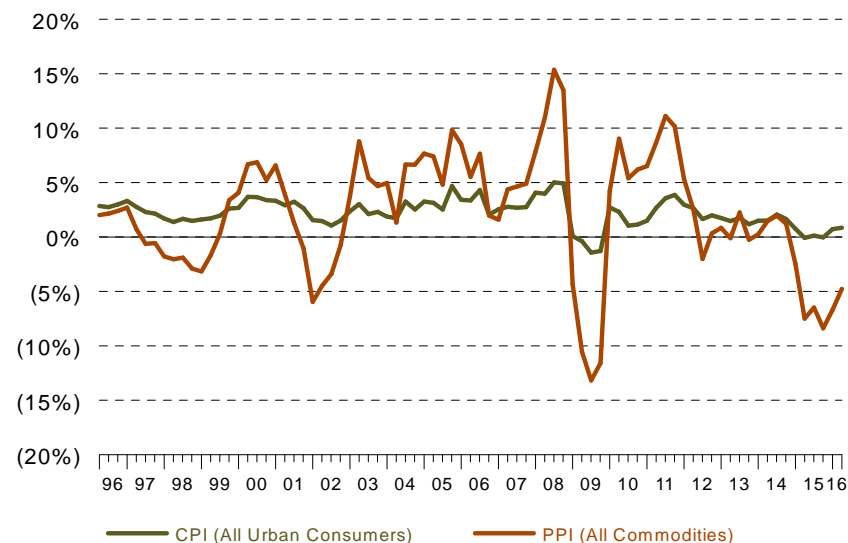
First Quarter 2016

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

In spite of volatility in financial markets, US economy continues to chug along. Fourth quarter U.S. GDP was revised upward to 1.4% from an initial estimate of 0.7%, bolstered by consumer spending. On a forward basis, real GDP forecasts from the Fed have been declining. Fed trimmed down its expectations for growth in 2016 to 2.2% from 2.4%.

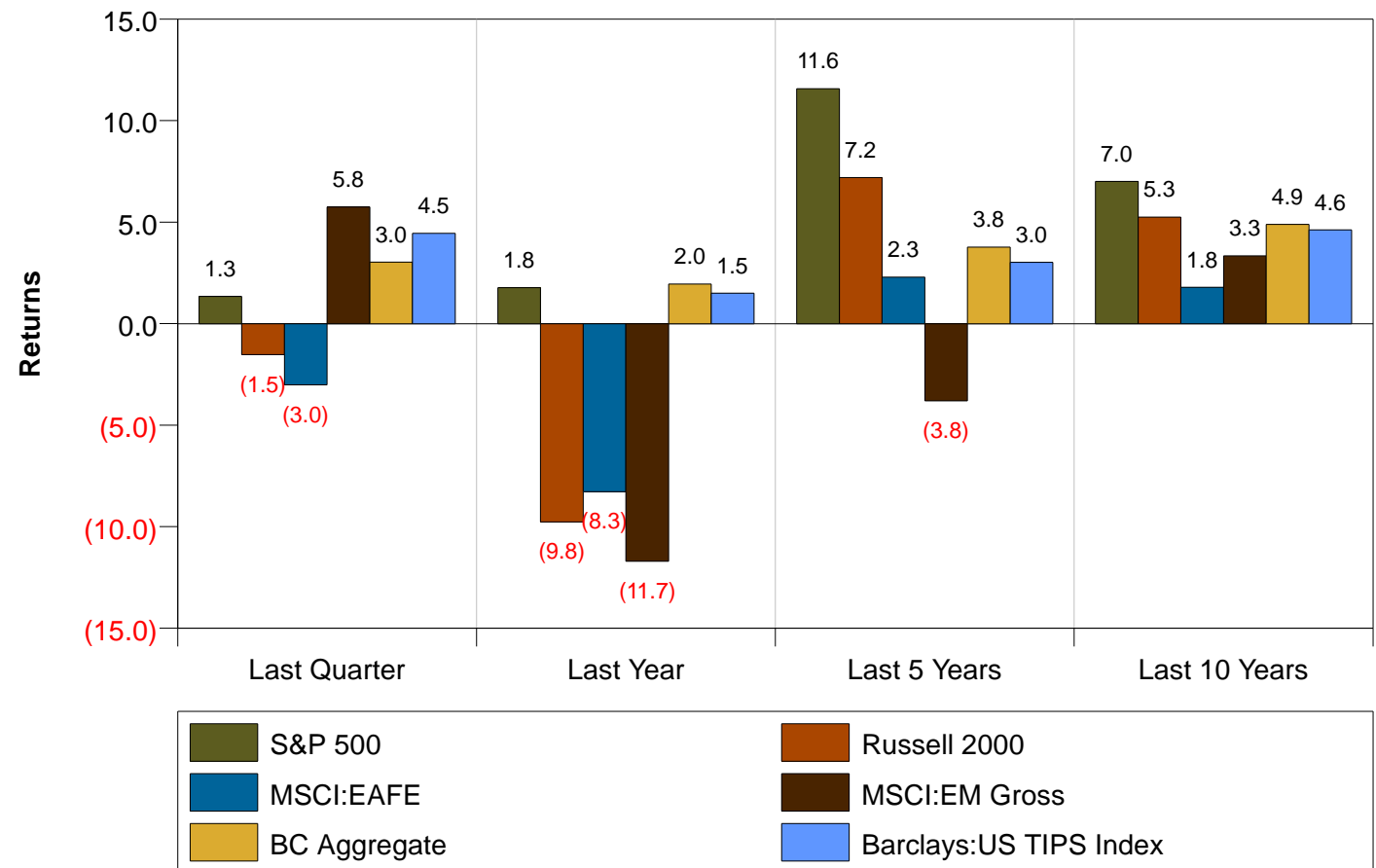
The labor market also continued to improve with robust job growth and an improvement in the labor force participation rate to 63%, the highest level in two years. Unemployment ticked up slightly to 5% given the increase in the labor force. Wages rose an encouraging 2.3% from a year earlier.

Inflation continued to remain tepid. For the trailing 12 months ended March, headline CPI was muted at 0.9%, while Core CPI (excluding food and energy) climbed 2.2%.

Asset Class Performance

Periods Ended March 31, 2016

**Asset Class Performance
for Periods Ended March 31, 2016**



YTD as of 6/14/16:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI EM:

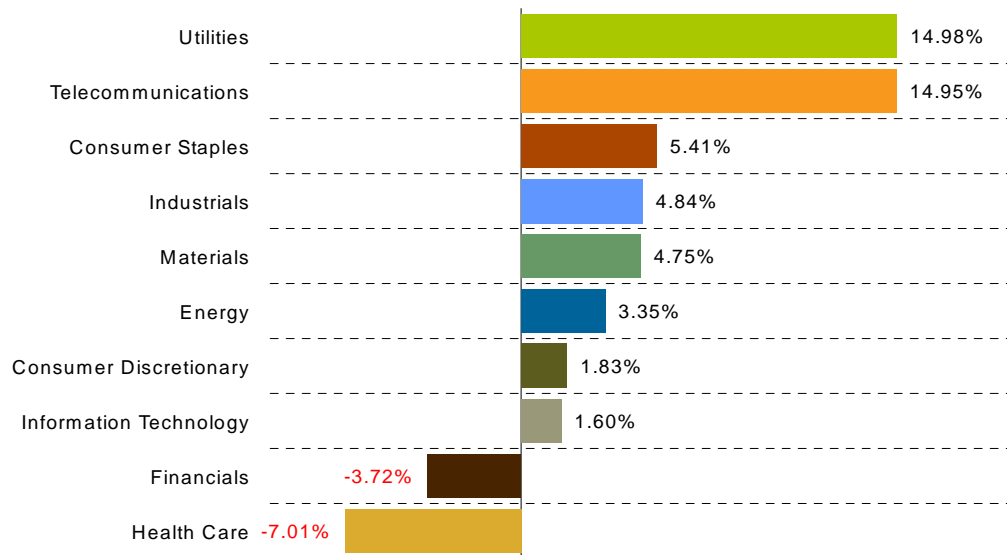
BC Aggregate:

BC TIPS:

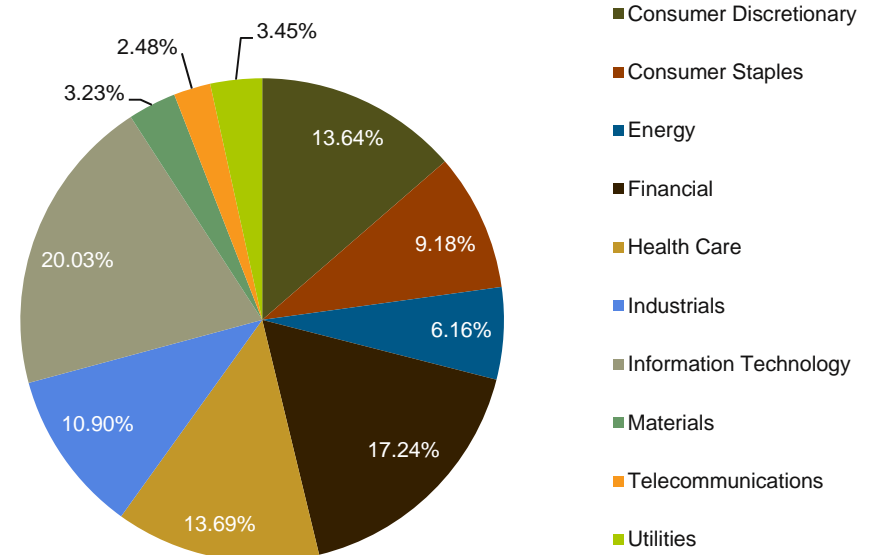
U.S. Equity

First Quarter 2016

Economic Sector Quarterly Returns (Russell 3000)



Economic Sector Exposure (Russell 3000)



First Quarter Index Returns

Russell 3000:	0.97%
S&P 500:	1.34%
Russell Mid Cap:	2.24%
Russell 2000:	(1.52%)

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended March 31, 2016

1Q 2016			Annualized 1 Year Returns				
	Value	Core	Growth		Value	Core	Growth
Large	0.7%	0.7%	0.8%	Large	-0.7%	2.6%	5.7%
Mid	3.9%	2.2%	0.6%	Mid	-3.4%	-4.0%	-4.8%
Small	1.7%	-1.5%	-4.7%	Small	-7.7%	-9.8%	-11.8%

Represents 3 best performing asset classes in time period

Represents 3 middle performing asset classes in time period

Represents 3 worst performing asset classes in time period

Last Quarter: Mid cap stocks had the strongest performance, and value outperformed growth.

Trailing Year: Large cap stocks largely outperformed small and mid cap stocks across the style spectrum.

Large Cap Core is represented by the Russell Top 200 Index, Large Cap Value is represented by the Russell Top 200 Value Index and Large Cap Growth is represented by the Russell Top 200 Growth Index. Mid Cap Core is represented by the Russell Mid Cap Index, Mid Cap Value is represented by the Russell Mid Cap Value Index and Mid Cap Growth is represented by the Russell Mid Cap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

Non-US Equity

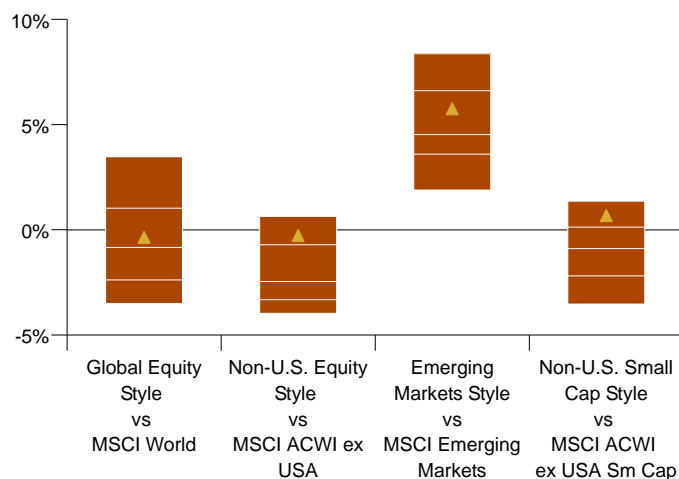
First Quarter 2016

Developed markets endured a rocky January and February but rallied in March to finish the quarter at a modest loss (MSCI ACWI ex-US: -0.3%). A weaker dollar helped to mitigate the underperformance of developed markets (MSCI ACWI ex-US Local: -3.9%).

Emerging markets was the notable exception and rallied about 20% from its January nadir to finish with a nearly 6% gain.

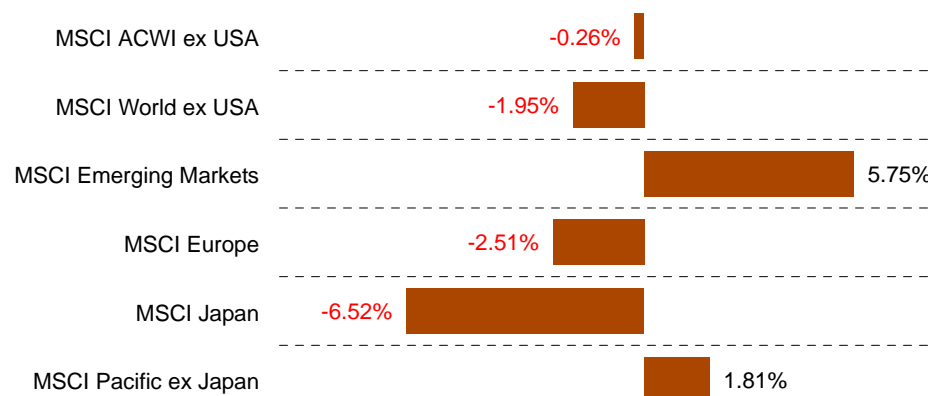
Regionally, European stocks (-2.5%) were unable to complete their rebound despite further rate cuts and bond purchases by the ECB; and Japan (-6.52%) battled with tepid economic growth and large losses in the banking sector.

Callan Style Group Quarterly Returns



10th Percentile	3.47	0.64	8.37	1.36
25th Percentile	1.03	-0.71	6.62	0.14
Median	-0.83	-2.46	4.53	-0.89
75th Percentile	-2.38	-3.32	3.60	-2.19
90th Percentile	-3.50	-3.97	1.89	-3.53
Benchmark ▲	-0.35	-0.26	5.75	0.68

Regional Quarterly Performance (U.S. Dollar)



Sources: Callan, MSCI

Source: MSCI

Fixed Income

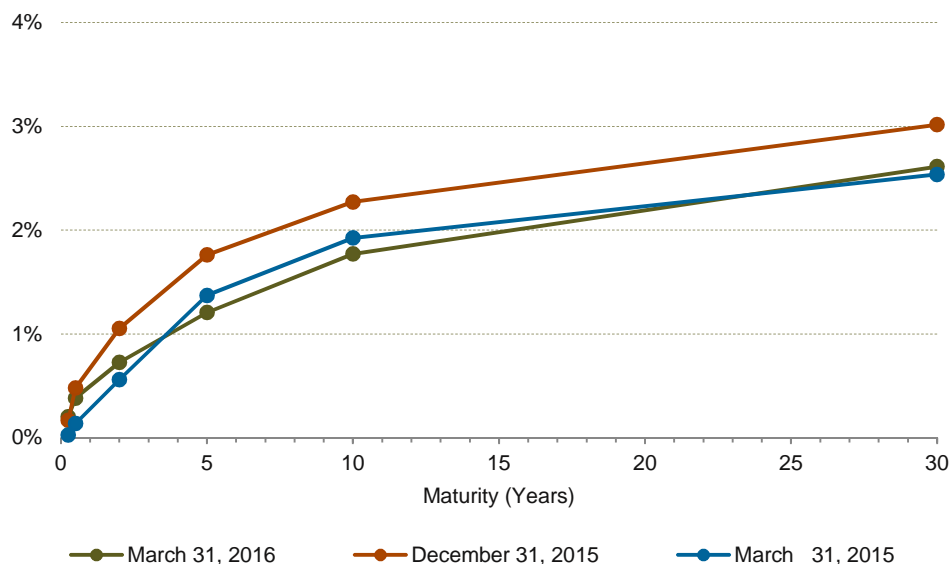
First Quarter 2016

U.S. Treasuries posted their best first quarter return since 2008 as yields dropped nearly 50 bps from year-end in a volatile quarter. The yield curve flattened further in markets abundant with uncertainty over global economic growth.

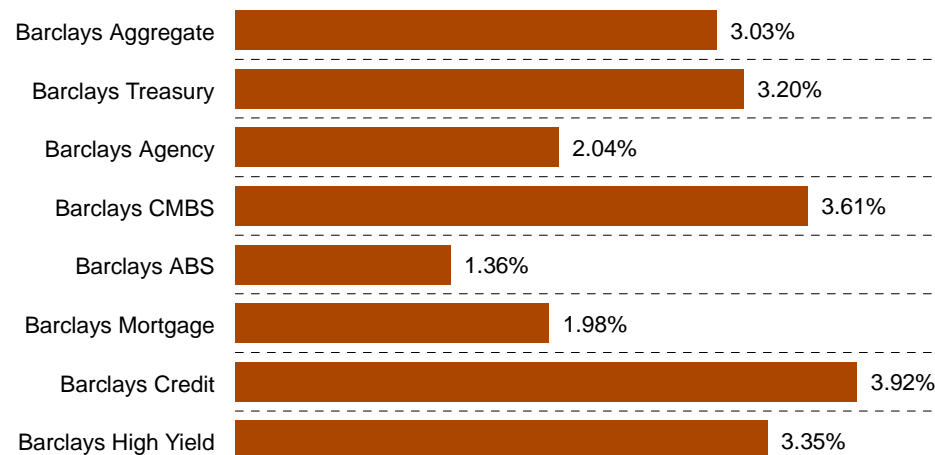
The 10-year U.S. Treasury yield tumbled to 1.77% at quarter end, down from 2.27% as of December 31, 2015. The breakeven inflation rate (the difference between nominal and real yields) on 10-year Treasuries ticked up 1.63% as TIPS fell 55 bps, in line with their nominal counterparts.

Investment grade credit, mortgage-backed (MBS), commercial mortgage-backed (CMBS), and high yield spreads all tightened, while asset-backed spreads widened. The Barclays Aggregate Index gained 3.03%.

U.S. Treasury Yield Curves



Absolute Returns for Quarter ended March 31, 2016





**Sacramento Regional
Transit District**

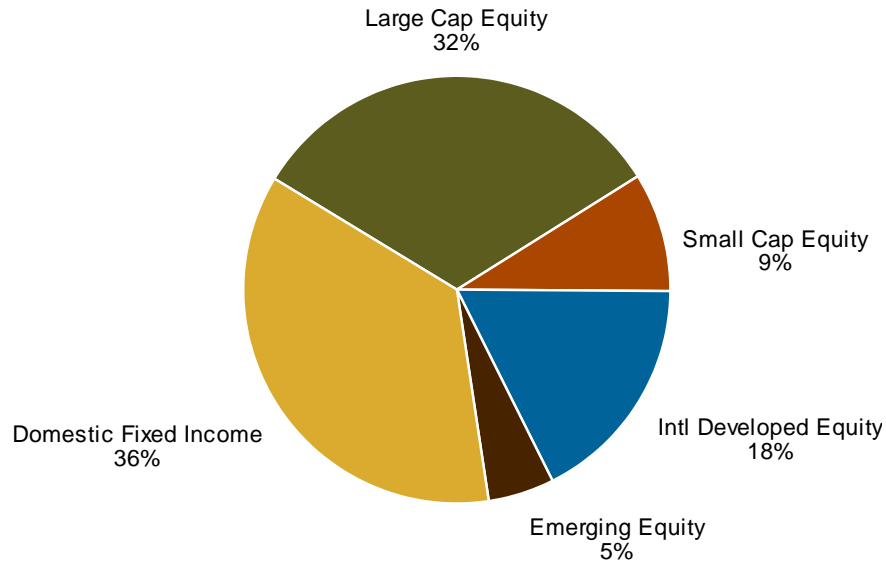


Total Fund Overview

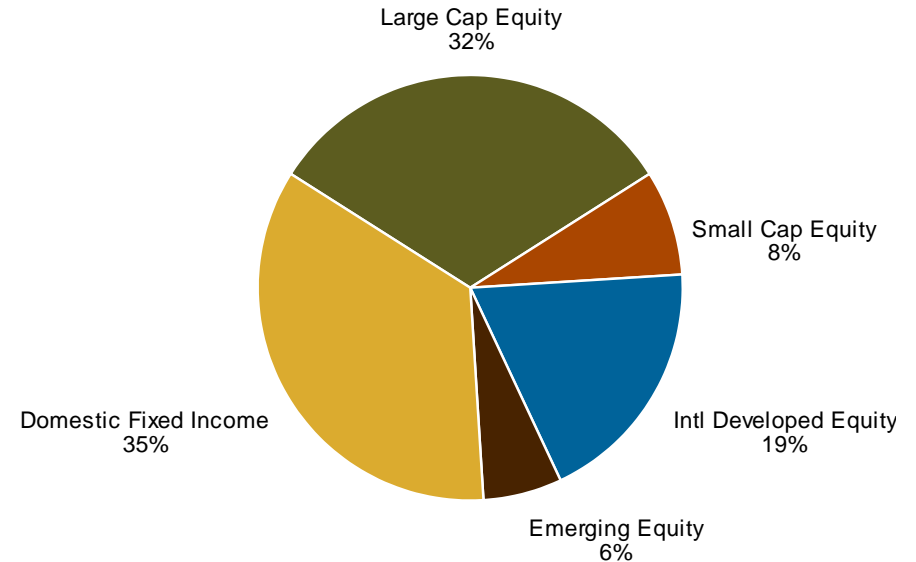
RT Asset Allocation

As of March 31, 2016

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	77,978	32.4%	32.0%	0.4%	1,017
Small Cap Equity	21,530	9.0%	8.0%	1.0%	2,290
Intl Developed Equity	42,134	17.5%	19.0%	(1.5%)	(3,561)
Emerging Equity	12,006	5.0%	6.0%	(1.0%)	(2,424)
Domestic Fixed Income	86,854	36.1%	35.0%	1.1%	2,678
Total	240,502	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended March 31, 2016

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	0.55%	1.35%	(0.26%)	(0.01%)	(0.27%)
Small Cap Equity	9%	8%	3.92%	(1.52%)	0.46%	(0.02%)	0.44%
Domestic Fixed Income	37%	35%	2.52%	3.03%	(0.19%)	(0.04%)	(0.23%)
International Developed	18%	19%	(3.54%)	(3.01%)	(0.10%)	0.03%	(0.07%)
Emerging Equity	5%	6%	7.43%	5.75%	0.07%	(0.07%)	0.00%
Total			1.13%	= 1.25%	+ (0.01%)	+ (0.11%)	(0.13%)

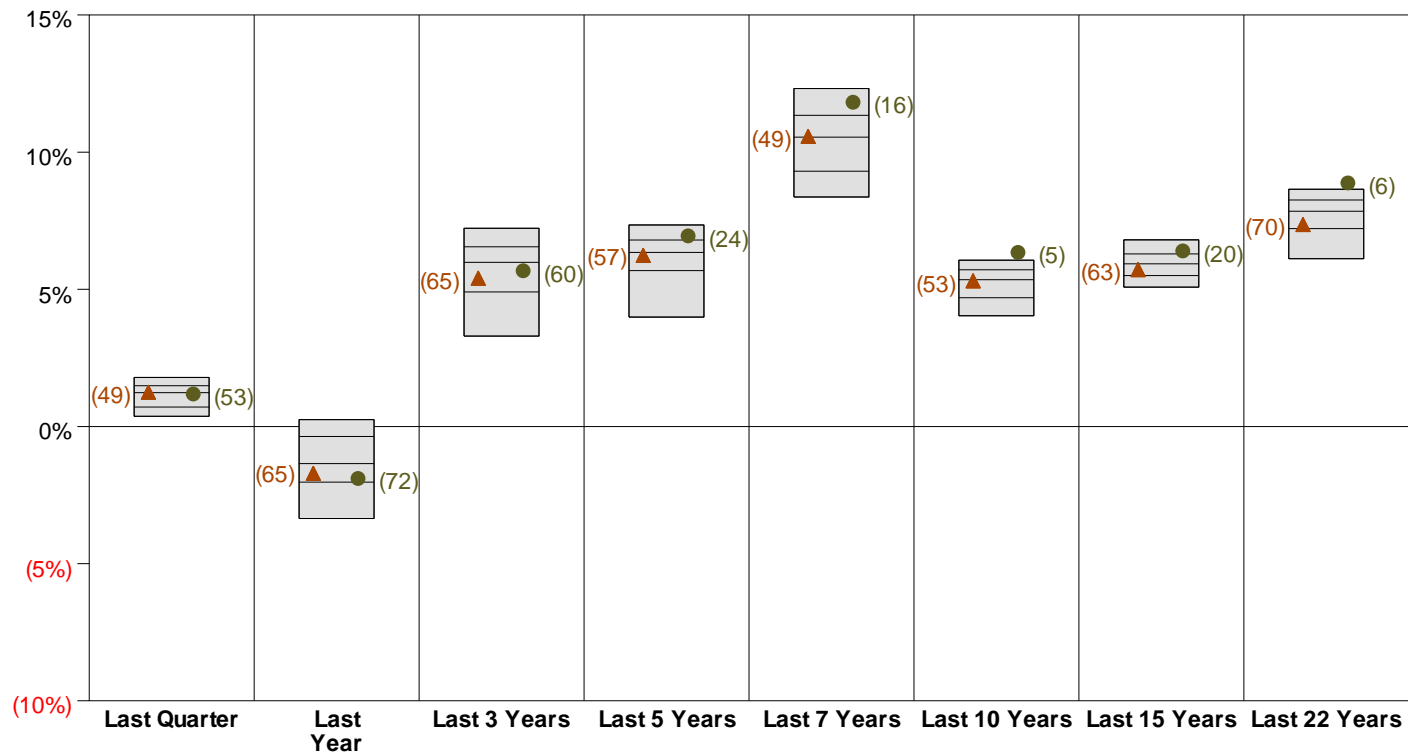
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	(1.12%)	1.78%	(0.92%)	(0.02%)	(0.94%)
Small Cap Equity	9%	8%	2.38%	(9.76%)	1.05%	(0.11%)	0.95%
Domestic Fixed Income	36%	35%	1.61%	1.96%	(0.13%)	(0.11%)	(0.24%)
International Developed	18%	19%	(9.10%)	(8.27%)	(0.17%)	(0.01%)	(0.18%)
Emerging Equity	5%	6%	(9.87%)	(11.70%)	0.09%	0.07%	0.16%
Total			(1.96%)	= (1.71%)	+ (0.07%)	+ (0.18%)	(0.25%)

Total Fund

Performance as of March 31, 2016

Performance vs Public Fund - Mid (100mm-1B) (Gross)



10th Percentile	1.79	0.25	7.23	7.35	12.32	6.06	6.80	8.65
25th Percentile	1.48	(0.36)	6.55	6.80	11.34	5.71	6.29	8.25
Median	1.23	(1.35)	5.99	6.34	10.55	5.35	5.93	7.85
75th Percentile	0.71	(2.03)	4.90	5.68	9.31	4.69	5.50	7.21
90th Percentile	0.37	(3.35)	3.29	3.99	8.36	4.04	5.08	6.11
Total Fund ●	1.13	(1.96)	5.62	6.89	11.76	6.28	6.34	8.82
Target ▲	1.25	(1.71)	5.41	6.24	10.58	5.31	5.72	7.36

Total Fund

Manager Asset Allocation

	March 31, 2016 Market Value	Net New Inv.	Inv. Return	December 31, 2015 Market Value
Consolidated Plan				
Domestic Equity	\$99,508,371	\$0	\$1,239,711	\$98,268,661
Large Cap	\$77,978,058	\$0	\$427,888	\$77,550,170
Boston Partners	38,342,045	0	(107,003)	38,449,048
SSgA S&P 500	39,636,013	0	534,892	39,101,122
Small Cap	\$21,530,313	\$0	\$811,823	\$20,718,491
Atlanta Capital	21,530,313	0	811,823	20,718,491
International Equity	\$54,140,183	\$189,655	\$(718,689)	\$54,669,218
International Dev eloped Equity	\$42,134,345	\$0	\$(1,544,340)	\$43,678,685
Brandes	11,563	0	475	11,088
JP Morgan	21,309,845	0	(917,559)	22,227,405
SSgA EAFE	20,812,936	0	(627,256)	21,440,192
Emerging Equity	\$12,005,838	\$189,655	\$825,651	\$10,990,533
DFA Emerging Markets	12,005,838	189,655	825,651	10,990,533
Fixed Income	\$86,853,701	\$(639,700)	\$2,141,541	\$85,351,860
Metropolitan West	86,853,701	(639,700)	2,141,541	85,351,860
Total Plan - Consolidated	\$240,502,256	\$(450,045)	\$2,662,563	\$238,289,738

Total Fund

Manager Returns as of March 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	1.26%	(0.39%)	11.28%	12.03%	17.45%
Custom Benchmark**	0.80%	(0.48%)	10.91%	10.79%	16.91%
Large Cap Equity	0.55%	(1.12%)	10.84%	11.87%	-
Boston Partners	(0.28%)	(4.08%)	9.79%	11.22%	16.94%
Russell 1000 Value Index	1.64%	(1.54%)	9.38%	10.25%	16.31%
SSgA S&P 500	1.37%	1.89%	11.87%	-	-
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Small Cap Equity	3.92%	2.38%	12.76%	12.65%	-
Atlanta Capital	3.92%	2.38%	12.76%	12.65%	-
Russell 2000 Index	(1.52%)	(9.76%)	6.84%	7.20%	16.42%
International Equity	(1.35%)	(9.35%)	0.70%	1.47%	8.61%
Custom International Benchmark***	(1.10%)	(8.90%)	1.41%	1.80%	9.31%
International Developed Equity	(3.54%)	(9.10%)	1.77%	-	-
JP Morgan	(4.13%)	(10.16%)	1.12%	2.35%	9.97%
SSgA EAFE	(2.93%)	(7.99%)	2.47%	-	-
MSCI EAFE Index	(3.01%)	(8.27%)	2.23%	2.29%	9.69%
Emerging Equity	7.43%	(9.87%)	(3.98%)	-	-
DFA Emerging Markets	7.43%	(9.87%)	-	-	-
MSCI Emerging Mkts Idx	5.75%	(11.70%)	(4.15%)	(3.80%)	8.56%
Domestic Fixed Income	2.52%	1.61%	2.64%	4.42%	7.84%
Met West	2.52%	1.61%	2.64%	4.42%	7.84%
BC Aggregate Index	3.03%	1.96%	2.50%	3.78%	4.52%
Total Plan	1.13%	(1.96%)	5.62%	6.89%	11.76%
Target*	1.25%	(1.71%)	5.41%	6.24%	10.58%

*Current quarter target = 35% BC Agg, 32% S&P 500, 19% MSCI EAFE, 6% MSCI Emerging Markets Index and 8% Russell 2000



March 31, 2016

A decorative graphic consisting of two vertical bars, one orange and one green, with horizontal bars at the top and bottom, forming a stylized 'C' shape.

**Sacramento Regional Transit District
Retirement Plans**

**Investment Measurement Service
Quarterly Review**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. Callan does not provide advice regarding, nor shall Callan be responsible for, the purchase, sale, hedge or holding of individual securities, including, without limitation securities of the client (i.e., company stock) or derivatives in the client's accounts. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the conformity of individual security holdings with the client's investment policies and guidelines, nor has it assumed any responsibility to do so. Advice pertaining to the merits of individual securities and derivatives should be discussed with a third party securities expert. Copyright 2016 by Callan Associates Inc.

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Sacramento Regional Transit District

Executive Summary for Period Ending March 31, 2016

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	1.13%	(1.96%)	5.62%	6.89%	11.76%
Target*	1.25%	(1.71%)	5.41%	6.24%	10.58%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	72	46	27
Atlanta Capital	2	5	[23]
JP Morgan	86	89	71
DFA	45	[29]	[10]
MetWest	79	68	5

Brackets indicate performance linked with manager's composite

Watch List

- No managers are currently on Watch

Items Outstanding

N/A

Anne Heaphy
Vice President

Uvan Tseng, CFA
Vice President

*Current quarter target = 35% BC Agg, 32% S&P 500, 19% MSCI EAFE, 6% MSCI Emerging Markets Index and 8% Russell 2000

First Quarter 2016

Don't Believe the Hype (or the Markets)

ECONOMY

2 The U.S. economy's expansion is now entering its seventh year. However, you'd hardly know it if you looked at the capital markets' reaction over the past nine months. First quarter GDP growth came in at a weak 0.5%, down from 1.4% the prior quarter.

Progress Discounted

FUND SPONSOR

4 Global financial markets made little progress in the first quarter. Corporate funds beat other fund types, due in part to their high U.S. fixed income exposure. Endowments/foundations trailed due to more exposure to non-U.S. equity and less to U.S. fixed income.

Broad Market Quarterly Returns

U.S. Equity (Russell 3000)	0.97%
Non-U.S. Equity (MSCI ACWI ex USA)	-0.38%
Emerging Equity (MSCI Em. Mkts.)	5.71%
U.S. Fixed (Barclays Aggregate)	3.03%
Non-U.S. Fixed (Citi Non-U.S.)	9.10%
Real Estate (NCREIF Property)	2.21%
Hedge Funds (CS HFI)	-2.20%
Commodities (Bloomberg)	0.34%
Cash (90-Day T-Bills)	0.07%

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

Tale of Two Halves

U.S. EQUITY

6 The first quarter of 2016 was a tale of two halves. The **S&P 500 Index** declined in the first half only to reverse course and post a positive quarterly return (+1.35%). Large capitalization companies held their lead over small cap, but in a trend of reversals, value overtook growth across capitalizations.

Mr. Draghi's Wild Ride

NON-U.S. EQUITY

9 Non-U.S. equity markets endured a rocky January and February, but managed to rally in March to finish at a modest loss (**MSCI ACWI ex USA Index**: -0.38%). The **MSCI Emerging Markets Index** (+5.71%) bounced much higher than its developed counterpart (**MSCI World ex USA**: -1.95%).

More T-Bills, Please

U.S. FIXED INCOME

12 Yields plummeted during a volatile first quarter. A dovish Fed fostered uncertainty over global economic growth. The **Barclays Aggregate Index** gained 3.03% and the **Barclays Corporate High Yield Index** was up 3.35%.

A Dole of Doves

NON-U.S. FIXED INCOME

15 Sovereign debt surged in the first quarter, driven by risk-on sentiment and the U.S. dollar's relative weakness. The **Citi Non-U.S. World Government Bond Index** jumped 9.10%. The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%.

Slow and Low

REAL ESTATE

17 The **NCREIF Property Index** advanced 2.21% and the **NCREIF Open End Diversified Core Equity Index** earned 2.18%, the lowest quarterly return since 2010. Capital flows to core funds continued to decline, as more investors reached their allocation targets.

Drip, Drip, Drip

PRIVATE EQUITY

19 Liquidity in the private equity market declined notably. Fundraising and company investments held relatively steady. Venture capital fundraising was surprisingly strong given the drop-off in IPO activity due to zig-zagging public equity markets.

Market Tremors Panic Hedge Funds

HEDGE FUNDS

20 Investor pessimism over softening global growth slammed stocks and commodities. The **Credit Suisse Hedge Fund Index** sank 2.20% and the median manager in the **Callan Hedge Fund-of-Funds Database** fell 2.99%.

Strong Quarter Can't Save 2015

DEFINED CONTRIBUTION

21 The Callan DC Index™ finished 2015 with a strong 3.50% gain in the fourth quarter. Nonetheless, the DC Index turned out a negative 2015 calendar year return: -0.34%, the weakest annual return since 2011.

Don't Believe the Hype (or the Markets)

ECONOMY | Jay Kloepfer

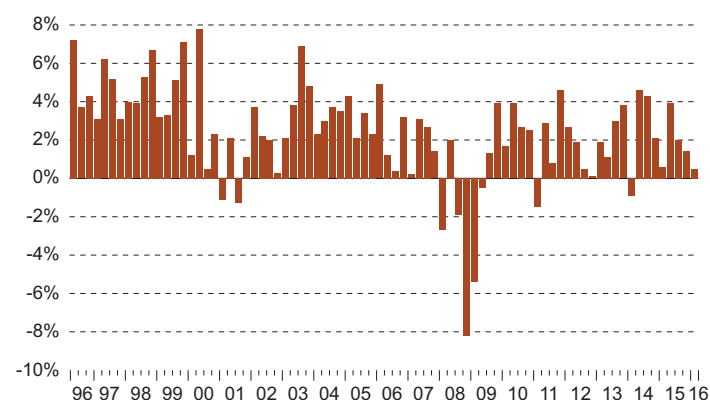
The U.S. economy's expansion—while subpar relative to past expansions in the 1980s and 1990s—has been slowly building strength and is now entering its seventh year. However, you'd hardly know it if you looked at the capital markets' reaction over the past nine months. Concerns about China, a slowing global recovery, political uncertainty in more than a few countries, and an unclear path as to future interest rates have all spurred investors to swing wildly from lows to highs and back again, all while the broad underlying economic data remain solid.

The National Bureau of Economic Research tracks four monthly indicators in order to identify turning points in the economic cycles. Only one of those—industrial production—is declining, and that decline began back in 2014, when the collapse in oil prices hit the mining sector and the U.S. dollar began to rally, hampering U.S. manufacturing and exports. The other three indicators show no signs of a slowdown, let alone a decline: employment, personal incomes, and real business sales. Adding to this incongruity is the first report on GDP growth for the first quarter of 2016. It came in at a weak 0.5%, down from 1.4% in the fourth quarter of 2015. Almost all economic indicators have been more upbeat than GDP over the past year or two, suggesting that the sum has been less than the parts, that we are misrepresenting economic growth with our GDP calculation, or that we are misreading the headwinds to aggregate growth.

Real GDP growth has continued a familiar pattern, showing anemic first-quarter growth in five of the past six years. Such a pattern is a recent development in U.S. economic history, and suggests (to us) that part of this weakness may in fact be a problematic seasonal-adjustment process within the data calculation. Consumer spending grew 1.9% in the quarter, with the bulk of that growth occurring in services (2.7% gain). The brightest spot was a 14.8% jump in housing, which contributed almost 0.5% to total GDP growth. The residential housing market has finally turned the corner after the plunge that began in late 2005, and several markets on the coasts and in a few other

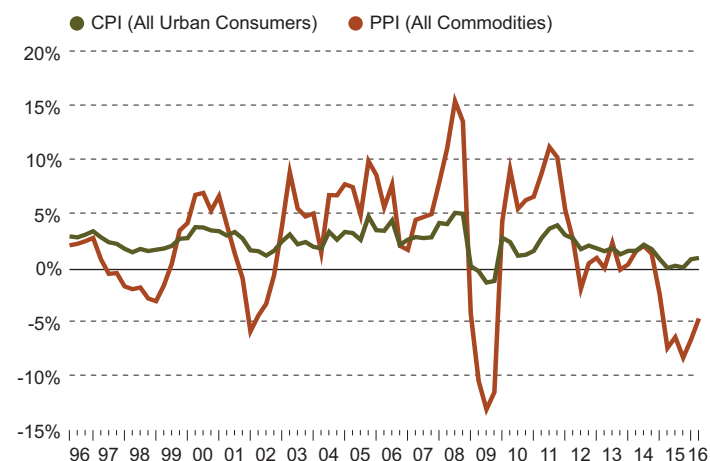
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

large metro areas are seeing substantial gains in existing home prices and sales. However, housing was the only bright spot in private domestic investment as non-residential sectors suffered declines, led by a 10.7% drop in structures.

The plunge in oil prices early in 2016 triggered another sharp decline in energy-sector capital spending, a trend that has hampered the sector since the initial oil price collapse in 2014. The cause of the drop in equipment spending is less

clear, but may be traced to corporate caution following the stock market turmoil that began last summer and reappeared with a vengeance this past January and February.

The continuing drag from inventories was larger than expected in the first quarter, but on the plus side, it appears that the bulk of the inventory adjustment is now behind us. The rebound in energy prices in March may spell the end of the rout in the energy sector. These factors, combined with signs of continuing economic growth, give businesses confidence and are likely to limit the decline in business fixed investment. The forward-looking Institute for Supply Management activity indices, which measure sentiment for business investment in manufacturing and non-manufacturing areas, are both back above 50, the dividing line between expansion and contraction, and are at levels consistent with GDP growth in excess of 2%.

Concerns about China's growth and its role in restraining confidence elsewhere in the global economy have fueled negative investor sentiment and subsequent capital market volatility. China adopted a new Five-Year Plan with a goal of GDP growth averaging at least 6.5% during 2016-2020. History suggests that goal may be ambitious for an economy that has reached China's level of current development. Official figures stated growth averaging 7.8% per year from 2011-2015, but economists from Capital Economics, a research consultancy based in London, and other forecasters estimate that growth has been closer to 6.5%. A more reasonable estimate for China's economy for the next five years may be closer to 5%; however, a figure that far below the official target could spur further stimulus from the Chinese government, increasing the medium-term risks to growth.

Recent Quarterly Indicators

Economic Indicators	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14
Employment Cost–Total Compensation Growth	1.9%	2.0%	2.0%	2.0%	2.6%	2.2%	2.2%	2.0%
Nonfarm Business–Productivity Growth	-0.3%*	-2.2%	2.0%	3.1%	-0.8%	-1.7%	3.1%	2.4%
GDP Growth	0.5%	1.4%	2.0%	3.9%	0.6%	2.1%	4.3%	4.6%
Manufacturing Capacity Utilization	75.4%	75.4%	75.6%	75.5%	75.5%	76.0%	75.7%	75.1%
Consumer Sentiment Index (1966=100)	91.5	91.3	90.8	94.2	95.5	89.8	83.0	82.8

*Estimate.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, IHS Economics, Reuters/University of Michigan.

The Long-Term View

Index	2016 1st Qtr	Periods ended December 31, 2015			
		Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	0.97	0.48	12.18	7.35	10.03
S&P 500	1.35	1.38	12.57	7.31	9.82
Russell 2000	-1.52	-4.41	9.19	6.80	10.50
Non-U.S. Equity					
MSCI EAFE	-3.01	-0.81	3.60	3.03	5.40
MSCI Emerging Markets	5.71	-14.92	-4.80	3.61	–
S&P ex-U.S. Small Cap	0.52	5.92	5.51	5.33	6.80
Fixed Income					
Barclays Aggregate	3.03	0.55	3.25	4.51	6.15
90-Day T-Bill	0.07	0.05	0.07	1.24	2.93
Barclays Long G/C	7.30	-3.30	6.98	6.45	8.08
Citi Non-U.S. Govt	9.10	-5.54	-1.30	3.05	5.37
Real Estate					
NCREIF Property	2.21	13.33	12.18	7.76	8.05
FTSE NAREIT Equity	6.00	3.20	11.96	7.41	12.13
Alternatives					
CS Hedge Fund	-2.20	-0.71	3.55	4.97	–
Cambridge PE*	–	8.66	14.70	11.80	15.74
Bloomberg Commodity	0.42	-24.66	-13.47	-6.43	–
Gold Spot Price	16.54	-10.46	-5.70	7.41	4.02
Inflation – CPI-U	0.68	0.73	1.53	1.86	2.30

*Private equity data are time-weighted returns for periods ended September 30, 2015.

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

The strong dollar has been a significant drag on U.S. exports and manufacturing. It has also certainly lowered the cost of imports, particularly energy. The dollar reached its most recent peak in January, but has since declined sharply. The rebound in commodity prices and a scaling back of expectations for the Fed to raise rates will continue to dictate the dollar's course over the next two years.

Progress Discounted

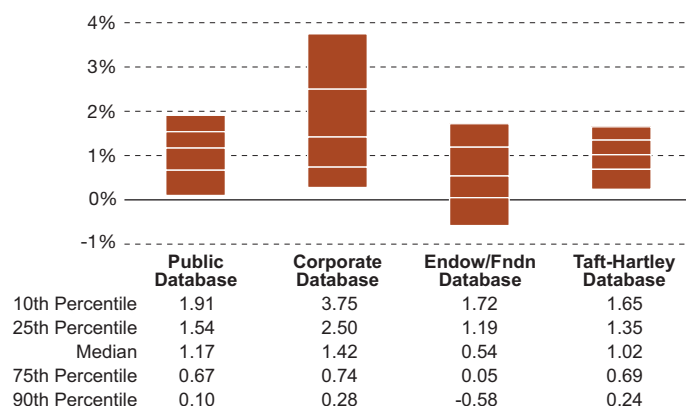
FUND SPONSOR | Rufash Lama

Global financial markets made little progress in the first quarter, as concerns over sluggish economic growth and falling oil prices led to sharp declines through mid-February. However, U.S. equity and fixed income markets staged a strong rally to end the quarter in the black. Non-U.S. equity markets (**MSCI ACWI ex USA Index**: -0.38%) lagged U.S. equity markets (**S&P 500 Index**: +1.35%) amid concerns over economic growth. The Federal Reserve's decision to delay rate hikes supported U.S. bonds (**Barclays Aggregate**: +3.03%), which nonetheless trailed the non-U.S. fixed income markets (**Citi Non-U.S. World Government Bond Index**: +9.10%).

The funded status of corporate plans deteriorated over the quarter as liabilities outgrew assets. The median and average funded status of U.S. corporate defined benefit plans fell to 80.0% and 79.9%, respectively, based on a peer group* of seven different funded ratio measures. While assets grew for the quarter, liabilities rose faster due to a fall in discount rates.

Looking at the Callan Fund Sponsor Quarterly Returns table, we see corporate funds outperformed other fund types at the median and across percentiles. Performance dispersion was highest in the 10th percentile: corporate funds gained 3.75%,

Callan Fund Sponsor Returns for the Quarter



Source: Callan

due in part to their high U.S. fixed income exposure, while at the low end of the spectrum Taft-Hartley funds ended the quarter at +1.65%. Endowments/foundations trailed significantly in the 90th percentile at -0.58%. Overall, endowments/foundations performed the worst due to a relatively high exposure to non-U.S. equity and low exposure to U.S. fixed income. Public funds were buoyed by greater exposure to non-U.S. fixed income as accommodative central bank policies helped fixed income markets stage a strong rally. The Barclays Global Aggregate Index gained 5.90% for the quarter.

Callan Database Median and Index Returns** for Periods ended March 31, 2016

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	1.17	-1.03	6.02	6.41	5.39	6.09
Corporate Database	1.42	-1.91	5.47	6.41	5.54	6.17
Endowments/Foundations Database	0.54	-2.72	4.79	5.48	5.11	5.85
Taft-Hartley Database	1.02	-0.13	6.56	6.73	5.27	5.76
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	0.76	-2.12	6.00	6.41	5.72	6.48
U.S. Balanced Database	1.46	-1.59	5.78	6.33	5.57	6.12
Global Balanced Database	0.45	-4.20	3.11	4.60	5.08	7.30
60% Russell 3000 + 40% Barclays Agg	1.79	0.73	7.73	8.35	6.53	6.27
60% MSCI World + 40% Barclays Gbl Agg	2.15	-0.11	4.51	4.77	4.58	5.38

* The peer group includes funded ratio measures provided by large, institutional investment and actuarial consultants, as well as investment management firms.

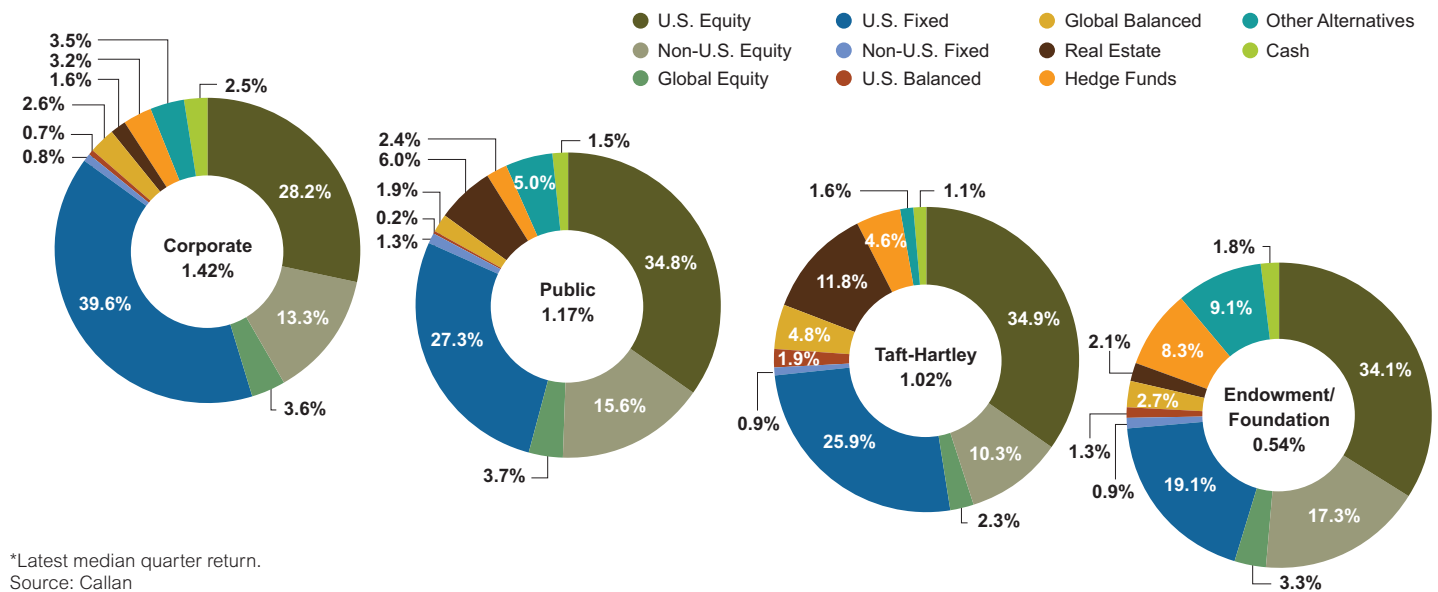
**Returns less than one year are not annualized.

Sources: Callan, Barclays, MSCI, Russell Investment Group.

While one-year returns were consistently in the red, all fund types maintained performance in the +5% – +7% range for longer time periods. Taft-Hartley funds kept their lead over other fund types during three- and five-year periods, and corporate funds boasted the top returns over longer periods (10 and 15 years). Although the blended 60% Russell 3000 + 40% Barclays

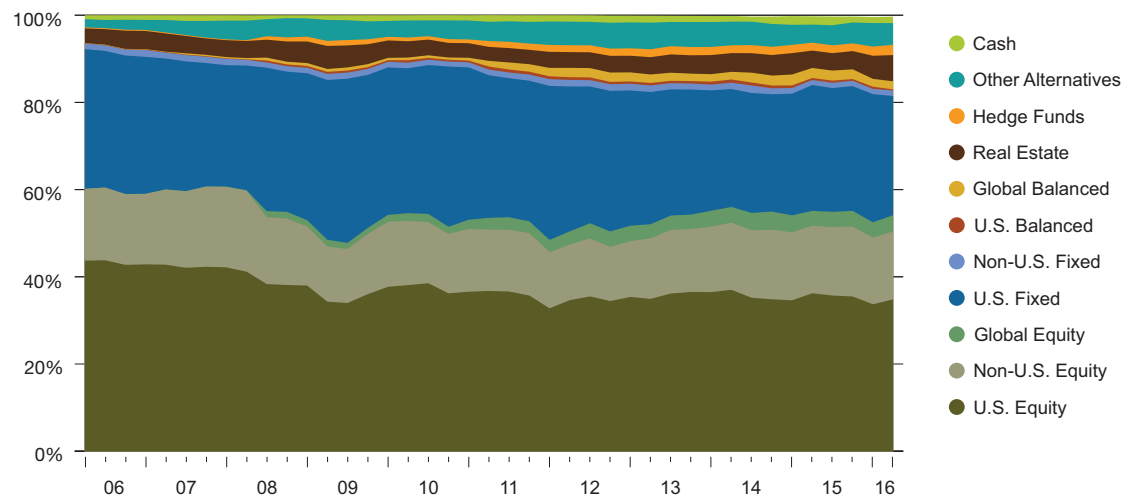
Aggregate Index (+1.79%) trailed the 60% MSCI World + 40% Barclays Global Aggregate Index (+2.15%) for the quarter, the U.S.-based benchmark continues to outperform over longer time periods. Callan's U.S. Balanced Database group maintained its edge over the Global Balanced Database group across all but the longest time periods shown in the table.

Callan Fund Sponsor Average Asset Allocation



Callan Public Fund Database Average Asset Allocation

(10 Years)



Tale of Two Halves

U.S. EQUITY | Lauren Mathias, CFA

The first quarter of 2016 was a tale of two halves: the **S&P 500 Index** declined in the first half only to reverse course and post a positive quarterly return (+1.35%). Large cap companies held their lead over small cap, but in the trend of reversals, value overtook growth in all capitalizations. (**Russell 1000 Index**: +1.17% and **Russell 2000 Index**: -1.52%; **Russell 1000 Value Index**: +1.64% and **Russell 1000 Growth Index**: +0.74%).

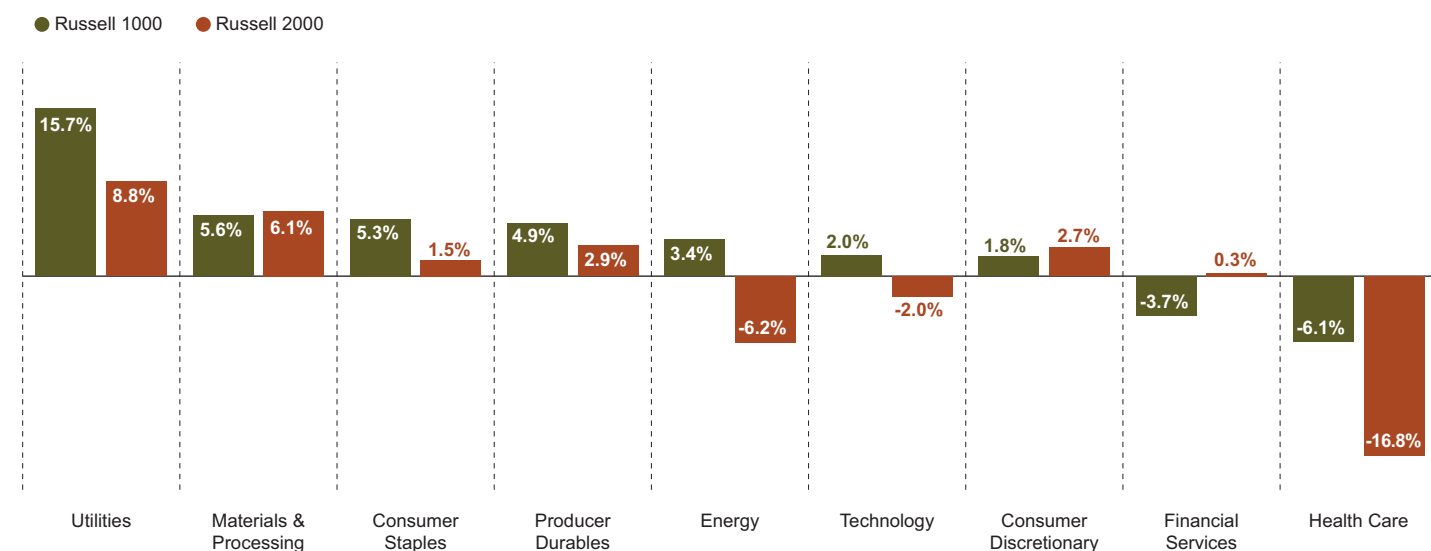
Though the S&P 500 Index ended in positive territory, during the quarter performance dipped 10%. This is the first time since the Great Depression that the S&P fell to this depth only to rebound and end in the black. January was a disappointing month as economic concerns lingered from 2015. But in February and March, U.S. manufacturing activity grew, fourth-quarter 2015 GDP was revised to 1.4% from 1.0%, the labor force participation rate expanded to 63% (from 62.4%), and the U.S. economy added 215,000 jobs in March alone. Global concerns around

the price of oil abated as the crude oil spot price ended the quarter at \$38/barrel after bottoming at \$26/barrel in mid-February. Investor sentiment rose in tandem with these positive developments. Despite some improvement, the U.S. Federal Reserve stated that global economic and financial developments continued to pose risks, and thus maintained the target range for the federal funds rate at 0.25%–0.50%.

Growth lost its lead over value. The difference was most significant within small cap (**Russell 2000 Growth Index**: -4.68% and **Russell 2000 Value Index**: +1.70). Micro and small cap companies declined while mid and large cap advanced (**Russell Microcap Index**: -5.43%, **Russell 2000 Index**: -1.52%, and **Russell Midcap Index**: +2.24%, **Russell 1000 Index**: +1.17%).

Sector performance over the quarter also revealed reversals. Cyclical areas like Energy, Industrials, and Materials added

Economic Sector Quarterly Performance



Source: Russell Investment Group

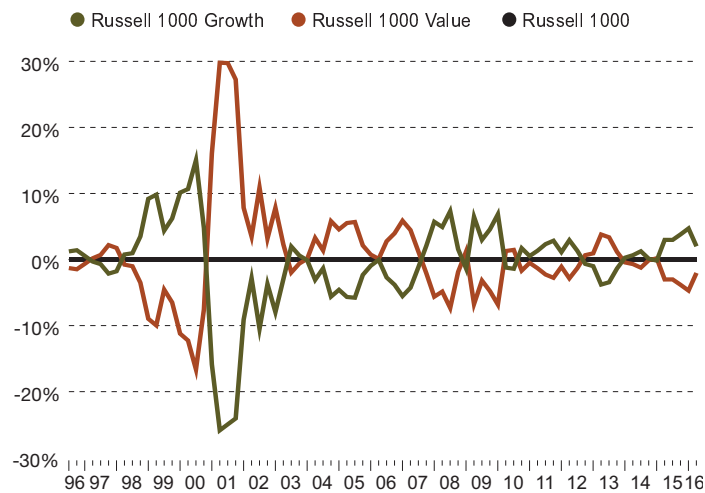
Note: As of the fourth quarter of 2015, the Capital Markets Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing ten sectors.

value, and the interest rate-sensitive Utilities sector expanded, but typically defensive Health Care trailed. Not only did sectors turnabout, so did factors—valuation metrics such as price/book and yield outpaced growth metrics such as projected EPS growth and price momentum. Volatility of stocks, as measured by the daily VIX, increased during February's pullback, ending the quarter near average levels. Correlations remained well above long-term averages and spreads between stock returns

were below average (both based on the S&P 500 universe)—a difficult environment for stock-picking strategies.

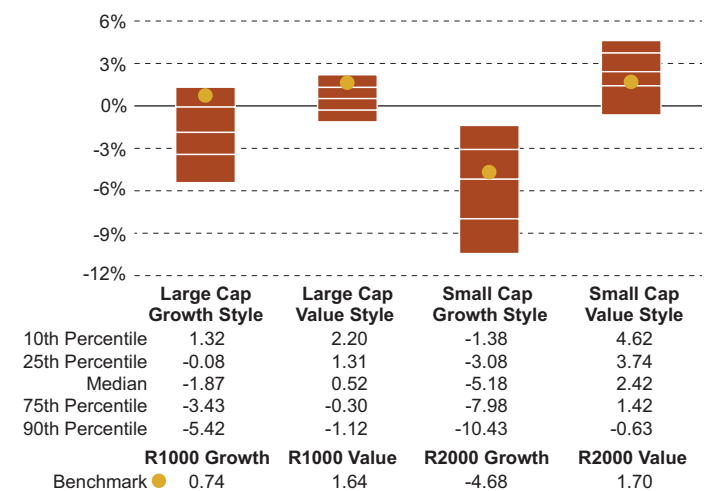
The U.S. equity market had a tumultuous start to the year, but found itself in positive territory by quarter end. This tale of two halves made it challenging for active management, with just 19% of large cap funds outperforming the S&P 500 Index during the quarter.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns



Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2016

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min (\$mm)	1,401	5	147	147	5	5
Cap Range Max (\$bn)	604.30	627.89	627.89	20.34	5.97	3.77
Number of Issues	504	2,978	1,017	818	2,468	1,957
% of Russell 3000	82%	100%	92%	27%	17%	7%
Wtd Avg Mkt Cap (\$bn)	128.89	107.53	116.14	12.43	4.13	1.90
Price/Book Ratio	2.7	2.6	2.6	2.4	2.1	1.9
Forward P/E Ratio	16.7	17.0	16.8	18.4	18.5	18.8
Dividend Yield	2.2%	2.1%	2.1%	1.8%	1.7%	1.6%
5-Yr Earnings (forecasted)	10.3%	10.7%	10.5%	9.4%	11.5%	13.1%

Sources: Russell Investment Group, Standard & Poor's.

U.S. EQUITY (Continued)

Callan Style Median and Index Returns* for Periods ended March 31, 2016

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	-0.12	-0.84	11.55	11.43	7.32	6.67
Large Cap Growth Style	-1.87	0.44	13.05	11.51	8.10	6.14
Large Cap Value Style	0.52	-2.37	9.67	10.25	6.40	7.20
Aggressive Growth Style	-3.86	-1.09	11.81	9.50	7.24	6.65
Contrarian Style	0.34	-4.94	9.21	9.77	6.14	7.33
Yield-Oriented Style	2.30	-0.92	9.16	9.88	6.97	7.63
Russell 3000	0.97	-0.34	11.15	11.01	6.90	6.38
Russell 1000	1.17	0.50	11.52	11.35	7.06	6.28
Russell 1000 Growth	0.74	2.52	13.61	12.38	8.28	6.03
Russell 1000 Value	1.64	-1.54	9.38	10.25	5.72	6.41
S&P Composite 1500	1.57	1.18	11.53	11.34	7.05	6.37
S&P 500	1.35	1.78	11.82	11.58	7.01	5.99
NYSE	1.33	-3.91	6.67	8.39	5.70	6.31
Dow Jones Industrials	2.20	2.08	9.29	10.27	7.54	6.55
Mid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	1.04	-3.68	10.56	10.37	7.71	9.87
Mid Cap Growth Style	-2.14	-7.69	9.55	8.50	7.47	8.31
Mid Cap Value Style	2.03	-4.34	9.72	10.02	7.85	10.16
Russell Midcap	2.24	-4.04	10.45	10.30	7.45	9.11
S&P MidCap 400	3.79	-3.60	9.46	9.52	7.78	9.42
Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	-0.20	-6.50	9.29	9.75	7.07	10.28
Small Cap Growth Style	-5.18	-13.12	7.24	7.69	6.31	8.07
Small Cap Value Style	2.42	-4.93	8.92	9.09	6.92	10.77
Russell 2000	-1.52	-9.76	6.84	7.20	5.26	7.65
S&P SmallCap 600	2.66	-3.20	10.39	10.41	6.99	9.60
NASDAQ	-2.43	0.55	15.63	13.28	8.78	7.67
Smid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Broad Style	0.09	-7.42	8.93	8.73	7.57	9.73
Smid Cap Growth Style	-3.51	-9.97	8.27	8.34	6.78	8.92
Smid Cap Value Style	3.00	-5.56	8.32	8.43	7.42	10.79
Russell 2500	0.39	-7.31	8.16	8.58	6.47	8.76
S&P 1000	3.45	-3.47	9.75	9.80	7.51	9.46
Russell 3000 Sectors	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	1.88	2.43	13.87	15.59	9.79	—
Consumer Staples	5.22	12.19	13.98	15.64	12.35	—
Energy	3.13	-18.92	-6.73	-3.91	2.57	—
Financial Services	-3.30	-2.34	10.03	9.91	0.69	—
Health Care	-7.05	-7.62	15.51	17.25	10.20	—
Materials & Processing	5.70	-4.62	6.38	5.70	5.56	—
Producer Durables	4.76	0.59	11.59	10.27	6.42	—
Technology	1.73	4.51	15.91	11.85	8.91	—
Utilities	15.23	15.78	10.78	11.98	8.16	—

*Returns less than one year are not annualized.

Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market.

Mr. Draghi's Wild Ride

NON-U.S. EQUITY | Kevin Nagy

Non-U.S. equity markets endured a rocky January and February but rallied in March to finish at a modest loss (**MSCI ACWI ex USA Index**: -0.38%). Emerging markets (**MSCI Emerging Markets Index**: +5.71%) did better than their developed counterparts (**MSCI World ex USA**: -1.95%).

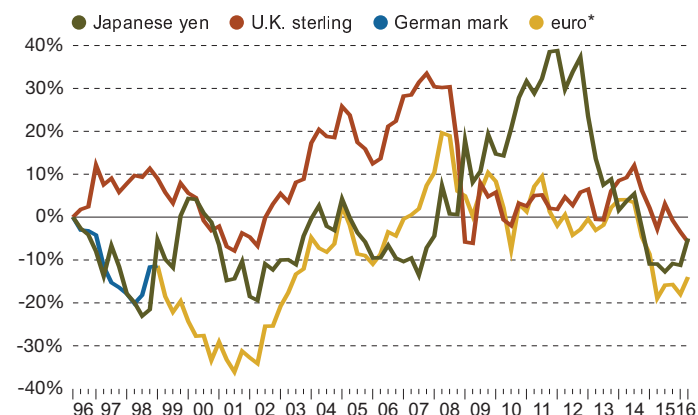
Falling oil prices, concerns about global economic growth, and declining corporate profits prompted a January sell-off, as many investors switched to a "risk-off" footing. Announcements of further European Central Bank (ECB) monetary stimulus and a modest rebound in commodity prices helped kick-start a comeback in February and March, but were not enough to drive the broader non-U.S. indices into the black.

The MSCI Emerging Markets Index (+5.71%) handily surpassed the MSCI World ex USA Index (-1.95%). Small cap stocks rode the rally further than large cap and posted a slight positive return, due to strong performance in the Utilities sector (**MSCI ACWI ex USA Small Cap Index**: +0.68%). Sector results were mixed: Energy (+9.81%) and Materials (+7.20%) were strongest while Health Care and Financials retreated (-7.50% and -4.96%, respectively).

European stocks were unable to complete their rebound despite further rate cuts and bond purchases by the ECB (**MSCI Europe Index**: -2.51%). The banking sector was hurt by slashed interest rates. Health Care also struggled, dropping 7.45% amid renewed political tension over rising drug prices. The Netherlands (+3.35%) was the top performer in Europe due to strong domestic performance from Energy (+15.73%) and Consumer Discretionary (+12.32%). Italy (-11.66%) was the worst performer; its Financial sector lost 25.84% due to Italian banks carrying massive amounts of non-performing loans on their balance sheets.

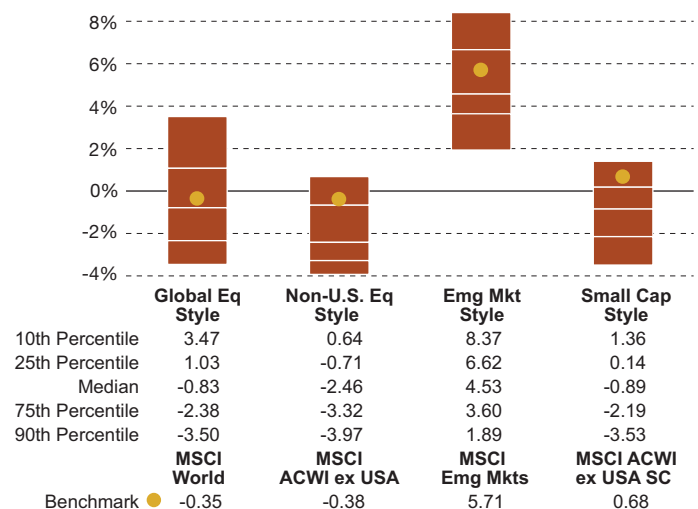
Southeast Asia and the Pacific (**MSCI Pacific Index**: -3.79%) underperformed Europe and other broad benchmarks. Japan

Major Currencies' Cumulative Returns (vs. U.S. Dollar)



Source: MSCI

Callan Style Group Quarterly Returns



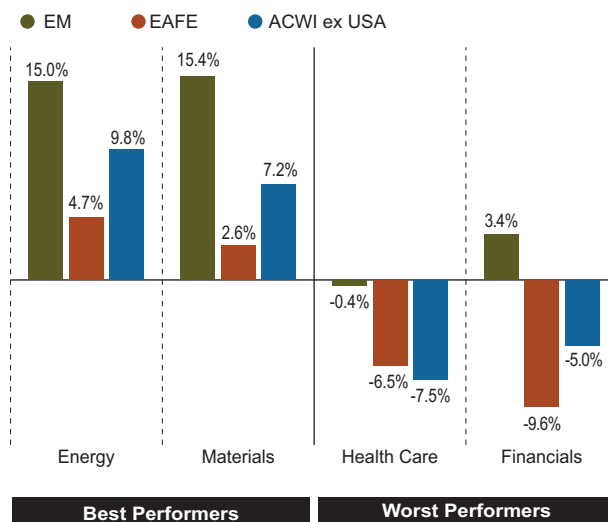
Sources: Callan, MSCI

(-6.52%) battled with tepid economic growth and large losses in the banking sector. The Financial sector was hit especially hard, losing 13.58%. Exporters also struggled due to the strengthening yen. Things were less gloomy in the rest of the region with New Zealand (+11.60%), Singapore (+5.05%), and Australia (+2.10%) benefitting from a commodities rally.

NON-U.S. EQUITY (Continued)

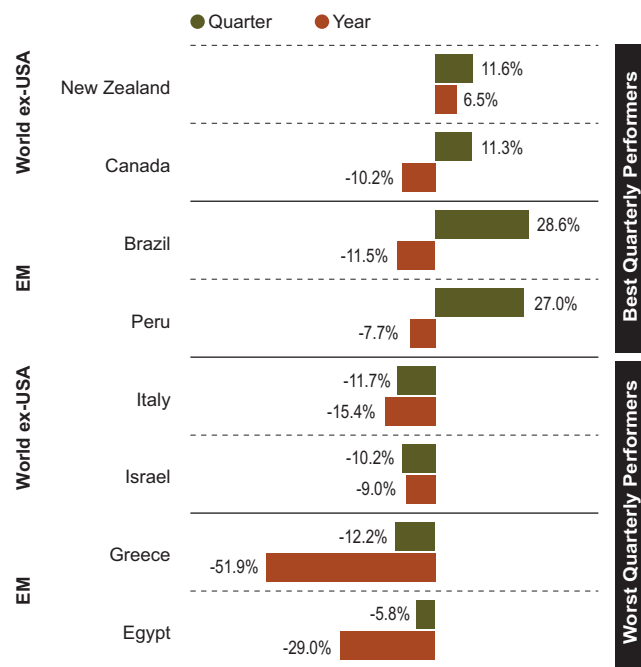
China (-4.80%) continued to struggle due to concerns over slowing growth and ineffective monetary policy. In an effort to sustain the economy's growth, Chinese authorities implemented selective capital controls to slow asset withdrawals and cut the required reserve ratio. Consumer Discretionary (-10.75%), Financials (-9.68%), and Health Care (-6.65%) were three significant detractors. In keeping with the rest of the world, surging commodity prices buoyed Energy (+6.75%) and Materials (+7.26%). Latin America was the big winner of the first quarter as Brazil, Colombia, Chile, and Peru (+28.58%, +22.49%, +13.25%, and +27.02%) made the **MSCI Latin America Index** the top-performing regional index at +19.23%. The real appreciated 12% against the dollar on the back of the commodities rally and the prospect of political change.

Quarterly Returns: Strong and Struggling Sectors



Source: MSCI

Quarterly and Annual Country Performance Snapshot



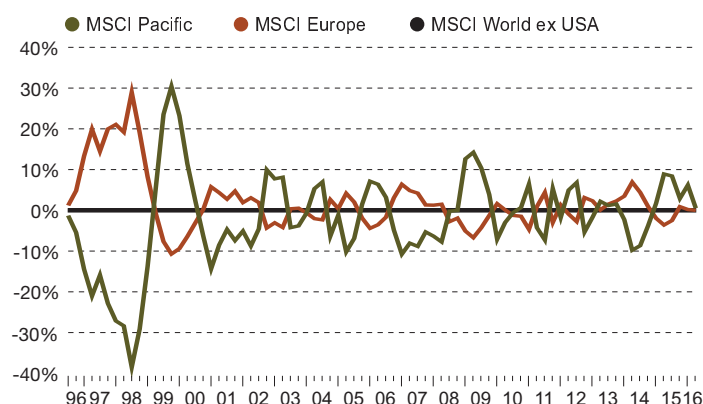
Source: MSCI

Quarterly Return Attribution for EAFE (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	2.10%	-3.44%	5.73%	7.16%
Austria	-0.52%	-5.17%	4.90%	0.18%
Belgium	-2.43%	-6.99%	4.90%	1.45%
Denmark	-0.96%	-5.75%	5.08%	1.99%
Finland	-5.19%	-9.62%	4.90%	1.01%
France	0.12%	-4.56%	4.90%	9.98%
Germany	-2.50%	-7.06%	4.90%	9.17%
Hong Kong	-0.55%	-0.47%	-0.08%	3.31%
Ireland	-4.15%	-8.63%	4.90%	0.50%
Israel	-10.16%	-12.84%	3.50%	0.71%
Italy	-11.66%	-15.79%	4.90%	2.18%
Japan	-6.52%	-12.66%	7.03%	22.48%
Netherlands	3.35%	-1.30%	4.90%	3.08%
New Zealand	11.60%	10.04%	1.42%	0.18%
Norway	1.72%	-4.94%	7.01%	0.58%
Portugal	3.24%	-1.59%	4.90%	0.17%
Singapore	5.05%	-0.20%	5.35%	1.36%
Spain	-4.09%	-8.57%	4.90%	3.15%
Sweden	-0.22%	-4.05%	4.00%	2.94%
Switzerland	-5.51%	-9.60%	4.53%	9.12%
U.K.	-2.34%	0.15%	-2.48%	19.30%

Sources: MSCI, Russell Investment Group, Standard & Poor's.

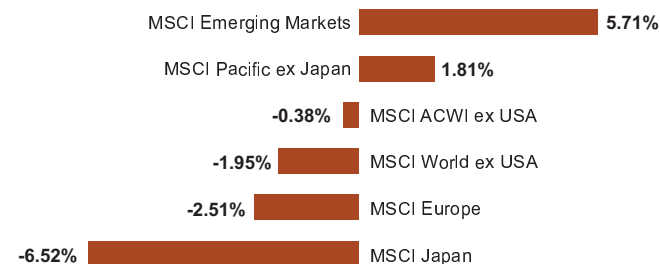
Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance

(U.S. Dollar)



Source: MSCI

Style Median and Index Returns* for Periods ended March 31, 2016

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	-2.46	-6.23	3.54	3.45	3.00	6.32
MSCI EAFE	-3.01	-8.27	2.23	2.29	1.80	4.35
MSCI EAFE (local)	-6.52	-11.17	6.47	6.20	1.72	2.76
MSCI ACWI ex USA	-0.38	-9.19	0.32	0.31	1.94	4.99
MSCI ACWI ex USA Growth	-0.34	-6.08	1.92	1.61	2.72	4.88
MSCI ACWI ex USA Value	-0.42	-12.31	-1.34	-1.03	1.11	5.03
Global Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	-0.83	-3.45	7.27	7.11	5.15	6.48
MSCI World	-0.35	-3.45	6.82	6.51	4.27	4.97
MSCI World (local)	-1.96	-4.56	8.86	8.38	4.12	4.19
MSCI ACWI	0.24	-4.34	5.53	5.22	4.08	5.10
Regional Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe	-2.51	-8.44	2.71	2.07	2.05	4.46
MSCI Europe (local)	-4.92	-10.63	5.87	5.42	2.56	2.97
MSCI Japan	-6.52	-7.06	3.84	4.03	-0.42	2.27
MSCI Japan (local)	-12.66	-12.90	10.21	10.57	-0.91	1.53
MSCI Pacific ex Japan	1.81	-9.65	-2.95	0.68	5.60	9.18
MSCI Pacific ex Japan (local)	-2.11	-10.23	3.69	4.53	4.67	6.72
Emerging/Frontier Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	4.53	-10.27	-3.47	-2.64	4.08	10.96
MSCI Emerging Markets	5.71	-12.03	-4.50	-4.13	3.02	9.35
MSCI Emerging Markets (local)	2.73	-7.70	1.91	1.33	5.33	10.24
MSCI Frontier Markets	-0.94	-12.54	1.75	1.30	-0.78	--
Non-U.S. Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	-0.89	2.36	7.94	7.23	5.28	10.34
MSCI World ex USA Small Cap	0.60	1.99	5.54	3.84	3.09	8.66
MSCI ACWI ex USA Small Cap	0.68	-0.60	3.67	2.39	3.87	8.91
MSCI Emerging Market Small Cap	0.97	-9.20	-2.69	-2.56	5.07	10.96

*Returns less than one year are not annualized.

Sources: Callan, MSCI.

More T-Bills, Please

U.S. FIXED INCOME | Irina Sushch

Yields plummeted during a volatile first quarter. A dovish Fed fostered uncertainty over global economic growth. **The Barclays Aggregate Index** gained 3.03% and the **Barclays Corporate High Yield Index** was up 3.35%.

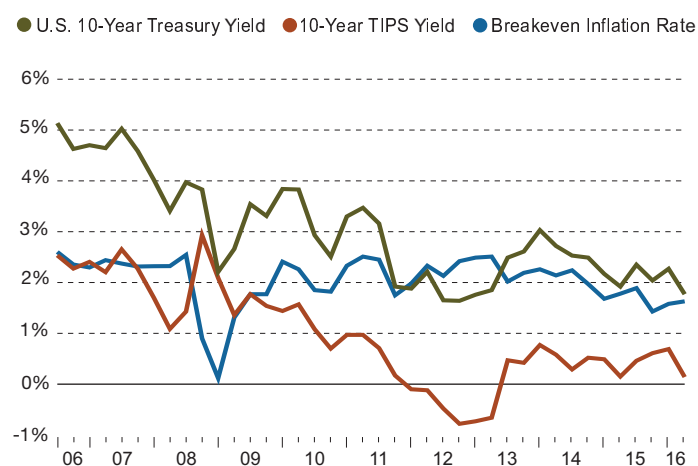
Yields fell nearly 50 bps during a volatile first quarter. The yield curve flattened further in markets abundant with uncertainty over global economic growth. Investment grade credit, mortgage-backed (MBS), commercial mortgage-backed (CMBS), and high yield spreads all tightened, while asset-backed spreads widened.

Following December's federal funds rate hike, the Federal Reserve took on a neutral outlook. The Fed stated that financial and economic conditions are less favorable than they had been in December. The U.S. economy experienced modest growth despite improving employment and housing numbers. Fed chair Janet Yellen stated that the U.S. economy would have to get much worse before the Fed would consider the use of negative interest rates (six other central banks have implemented negative interest rates). The 10-year U.S. Treasury yield tumbled to

1.77%. The breakeven inflation rate (the difference between nominal and real yields) on 10-year Treasuries ticked up 1.63% as TIPS fell 55 bps, in line with their nominal counterparts.

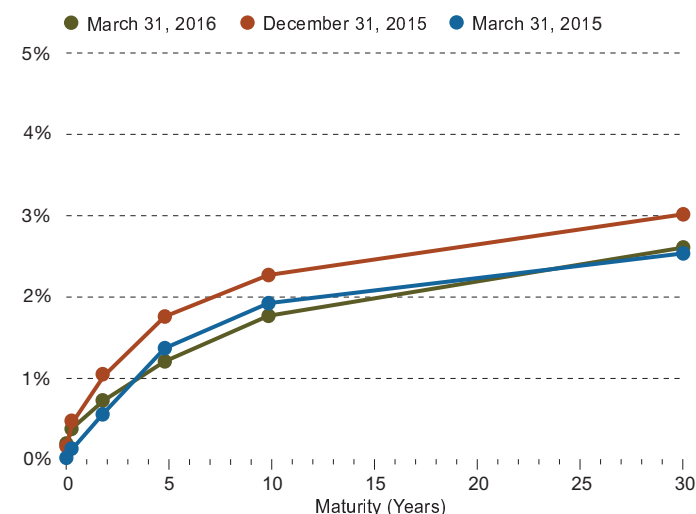
Sectors in the Barclays Aggregate posted positive returns across the board. CMBS outperformed like-duration Treasuries by 0.58% and rose 3.61% for the quarter. Credit was the highest returning sector (+3.92%), but only beat like-duration Treasuries

Historical 10-Year Yields



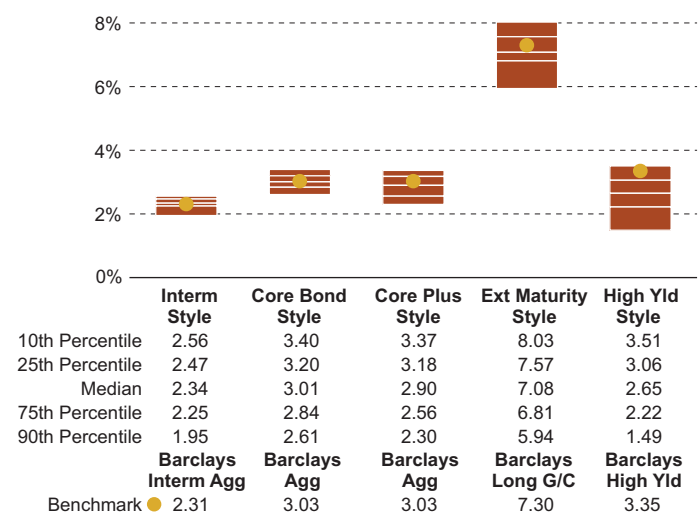
Source: Bloomberg

U.S. Treasury Yield Curves



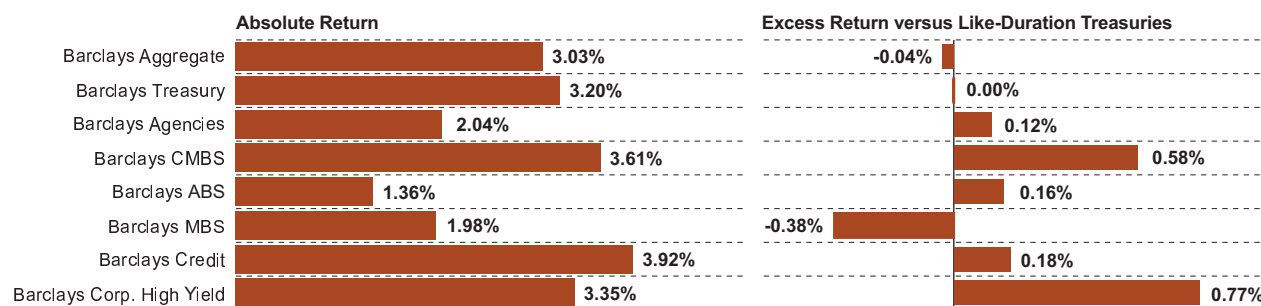
Source: Bloomberg

Callan Style Group Quarterly Returns



Sources: Barclays, Callan

Fixed Income Index Quarterly Returns

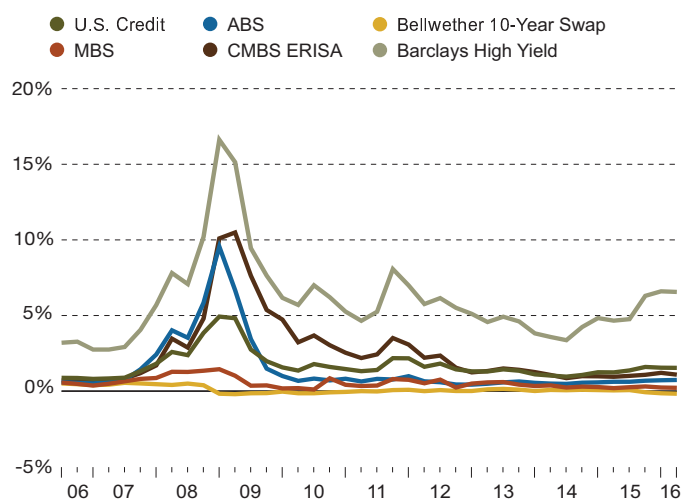


Source: Barclays

by 0.18%. MBS was the only sector to trail like-duration Treasuries (down by 0.38%), yet still rose 1.98%. Investment grade Financials, hurt by worries over persistent low or negative interest rates, underperformed like-duration Treasuries by nearly 100 bps; Industrials, buoyed by a rebound in commodity prices, outperformed by 70 bps.

High yield corporate bonds rebounded from severe underperformance in January and early February (down 5% through February 11) to finish in the black. The Barclays Corporate High Yield Index was up 3.35%, outpacing Treasuries by 77 bps. Including an upsurge in issuance in the last few weeks of the quarter, new high yield issuance was \$35.9 billion—60% lower than one year ago.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2016

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.16	5.47	7.79		100.00
Barclays Govt/Credit	2.09	6.48	8.73	100.00	69.44
Intermediate	1.63	4.04	4.39	78.18	54.29
Long-Term	3.74	15.22	24.30	21.82	15.15
Barclays Govt	1.31	5.96	7.29	56.54	39.26
Barclays Credit	3.10	7.15	10.61	43.46	30.18
Barclays MBS	2.35	3.06	5.70		28.21
Barclays ABS	1.57	2.31	2.47		0.50
Barclays CMBS	2.43	5.23	5.87		1.76
Barclays Corp High Yield	8.18	4.22	6.25		

Source: Barclays

U.S. FIXED INCOME (Continued)

Callan Style Median and Index Returns* for Periods ended March 31, 2016

Broad Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	3.01	2.11	2.76	4.22	5.35	5.41
Core Bond Plus Style	2.90	1.35	2.65	4.47	5.76	5.97
Barclays Aggregate	3.03	1.96	2.50	3.78	4.90	4.97
Barclays Govt/Credit	3.47	1.75	2.42	4.04	4.93	5.03
Barclays Govt	3.12	2.37	2.11	3.42	4.52	4.57
Barclays Credit	3.92	0.93	2.86	5.00	5.70	5.79
Citi Broad Investment Grade	3.04	1.93	2.49	3.78	4.98	5.04
Long-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Style	7.08	0.36	4.95	8.90	8.14	7.74
Barclays Long Govt/Credit	7.30	0.39	4.81	8.51	7.57	7.38
Barclays Long Govt	8.06	2.80	6.04	9.52	7.88	7.43
Barclays Long Credit	6.82	-1.08	4.10	7.77	7.25	7.40
Citi Pension Discount Curve	9.21	1.02	7.27	11.67	9.36	9.74
Intermediate-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	2.34	2.11	2.00	3.30	4.82	4.86
Barclays Intermediate Aggregate	2.31	2.20	2.14	3.11	4.53	4.62
Barclays Intermediate Govt/Credit	2.45	2.06	1.83	3.01	4.34	4.46
Barclays Intermediate Govt	2.28	2.21	1.52	2.48	3.97	4.03
Barclays Intermediate Credit	2.70	1.82	2.36	3.98	5.16	5.26
Short-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	1.01	1.26	1.16	1.59	3.13	3.28
Active Duration Style	2.78	2.22	2.23	3.83	4.84	5.05
Money Market Funds (net of fees)	0.01	0.02	0.01	0.01	1.07	1.32
ML Treasury 1–3-Year	0.90	0.92	0.77	0.87	2.48	2.71
90-Day Treasury Bills	0.07	0.12	0.07	0.08	1.15	1.51
High Yield	Quarter	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	2.65	-2.87	2.37	5.17	6.87	7.59
Barclays Corporate High Yield	3.35	-3.69	1.84	4.93	7.01	7.38
ML High Yield Master	3.23	-3.90	1.76	4.71	6.78	7.20
Mortgage/Asset-Backed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mortgage Style	1.91	2.40	2.94	3.77	5.14	5.29
Barclays MBS	1.98	2.43	2.70	3.24	4.85	4.85
Barclays ABS	1.36	1.71	1.39	2.46	3.40	3.87
Barclays CMBS	3.61	2.80	2.84	4.41	5.63	5.82
Municipal	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays Muni	1.67	3.98	3.63	5.59	4.86	4.97
Barclays Muni 1–10-Year	1.24	2.86	2.50	3.68	4.21	4.17
Barclays Muni 3-Year	0.77	1.54	1.31	1.80	3.07	3.11
TIPS	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays TIPS Full Duration	4.46	1.51	-0.71	3.02	4.62	5.49
Barclays TIPS 1-10 Year	3.60	1.84	-0.72	1.88	4.00	4.78

*Returns for less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch.

A Dole of Doves

NON-U.S. FIXED INCOME | Kyle Fekete

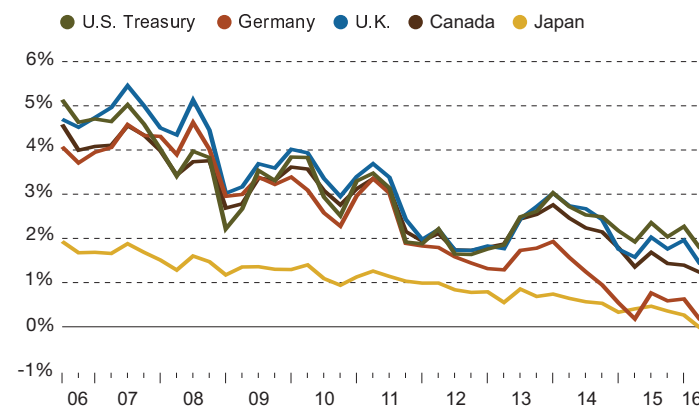
Sovereign debt rallied in the first quarter, driven by risk-on sentiment and the impact of the U.S. dollar's relative weakness. The **Citi Non-U.S. World Government Bond Index** jumped 9.10% (+4.16% on a hedged basis). The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%.

The U.S. dollar weakened versus most currencies during the quarter, providing a tailwind to unhedged foreign bond returns. The yen gained 7% versus the dollar as investors sought its safe-haven status amid market turbulence in China and concerns over the health of the European banking sector. The euro was also stronger versus the dollar (+5%). In March, the ECB continued its accommodative stance, slashing interest rates and increasing asset purchases. For the first time, the ECB included

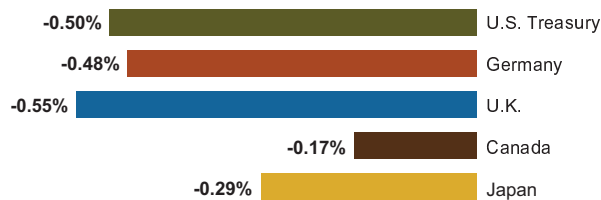
non-bank investment grade corporate bonds in its asset purchase program. Interest rates fell across developed markets, further bolstering returns. The **Barclays Global Aggregate** rose 5.90% (+3.28% hedged).

On an unhedged basis, returns approached 10% for many countries, including Japan, which was up 12% on the back of falling rates combined with yen strength. Yield on the Japanese 10-year bond reached negative territory after a surprise move by the Bank of Japan (BoJ) in January to adopt a negative interest rate policy, indicating bond investors would have to pay-to-own before adjusting for inflation. The BoJ owns approximately one-third of outstanding Japanese bonds as a result of its

10-Year Global Government Bond Yields



Change in 10-Year Yields from 4Q15 to 1Q16



Source: Bloomberg

Quarterly Return Attribution for Non-U.S. Gov't Indices (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	8.29%	2.42%	5.73%	2.11%
Austria	8.73%	3.64%	4.90%	1.79%
Belgium	9.93%	4.79%	4.90%	2.98%
Canada	8.60%	1.12%	7.39%	2.30%
Denmark	9.88%	4.57%	5.08%	0.79%
Finland	8.12%	3.07%	4.90%	0.76%
France	9.18%	4.08%	4.90%	11.62%
Germany	8.88%	3.79%	4.90%	8.66%
Ireland	7.62%	2.59%	4.90%	0.95%
Italy	7.60%	2.57%	4.90%	11.44%
Japan	12.05%	4.69%	7.03%	33.67%
Malaysia	12.49%	2.22%	10.05%	0.53%
Mexico	3.48%	2.68%	0.78%	1.14%
Netherlands	8.98%	3.88%	4.90%	2.88%
Norway	8.84%	1.71%	7.01%	0.36%
Poland	7.82%	1.62%	6.10%	0.73%
Singapore	10.26%	4.66%	5.35%	0.45%
South Africa	12.34%	6.63%	5.35%	0.50%
Spain	7.64%	2.61%	4.90%	6.45%
Sweden	7.02%	2.90%	4.00%	0.58%
Switzerland	5.75%	1.17%	4.53%	0.34%
U.K.	2.66%	5.28%	-2.48%	8.96%

Source: Citigroup

NON-U.S. FIXED INCOME (Continued)

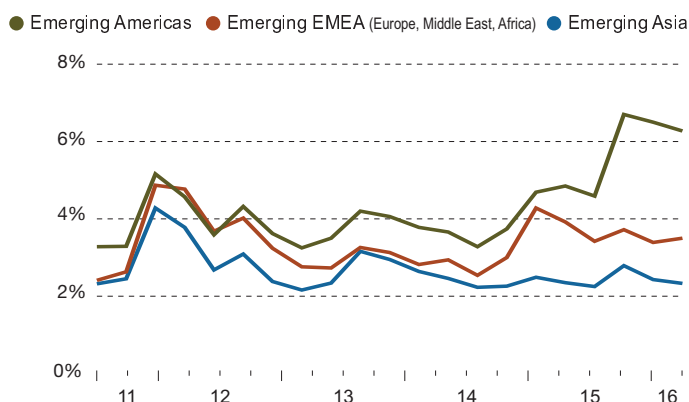
quantitative easing program. Regulations require the nation's banks, insurers, and pension funds to carry Japanese bonds on their balance sheets.

The unhedged U.K. gilt advanced 2.66%, hampered by the pound's 3% fall. Worries over a potential Brexit put pressure on the currency. Yield on the 10-year U.K. gilt declined more than 50 bps, hitting an all-time low early in the quarter. The Bank of England elected to maintain its relaxed monetary policy for the seventh straight year, citing weak growth and global market turmoil.

Emerging market bonds rebounded. In late February and March, commodity prices stabilized, risk appetite returned, and confidence in the Chinese renminbi stabilized. The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%, bolstered by the dollar's relative weakness. Brazil led both indices as investors cheered the prospect of an impeachment of President Dilma Rousseff, hoping a new government could bring better days for the beleaguered country.

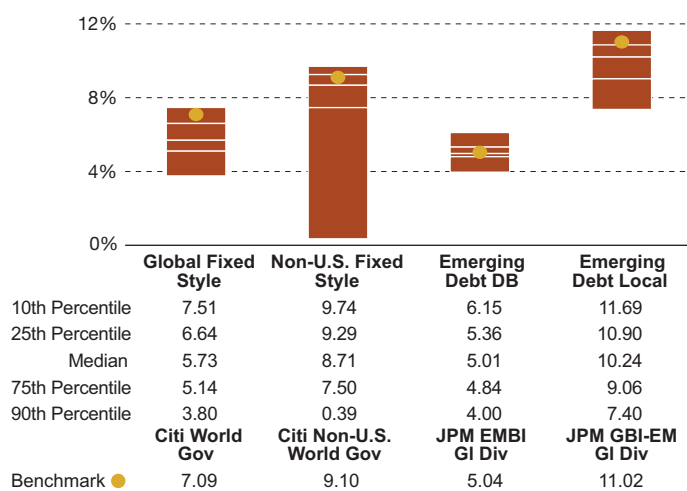
Emerging Spreads Over Developed

(By Region)



Source: Barclays

Callan Style Group Quarterly Returns



Sources: Callan, Citigroup, JPMorgan Chase

Callan Style Median and Index Returns* for Periods ended March 31, 2016

Global Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Style	5.73	3.39	0.90	2.15	4.98	5.98
Citi World Govt	7.09	5.92	0.49	1.16	4.19	5.28
Citi World Govt (Local)	3.68	2.84	4.20	4.88	4.27	4.19
Barclays Global Aggregate	5.90	4.57	0.87	1.81	4.35	5.25
Non-U.S. Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Style	8.71	5.38	0.01	1.22	4.69	6.27
Citi Non-U.S. World Govt	9.10	7.74	-0.16	0.24	3.97	5.39
Citi Non-U.S. World Govt (Local)	3.95	3.10	5.11	5.48	4.29	4.14
European Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Citi Euro Govt Bond	8.50	6.95	2.45	2.49	4.57	7.15
Citi Euro Govt Bond (Local)	3.43	0.79	5.97	6.71	5.01	5.22
Emerging Markets Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
JPM EMBI Global Diversified	5.04	4.19	3.45	6.22	7.20	9.12
JPM GBI-EM Global Diversified	11.02	-1.65	-6.72	-2.00	4.95	--

*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase.

Slow and Low

REAL ESTATE | Avery Robinson

The **NCREIF Property Index** advanced 2.21%, recording a 1.17% income return and a 1.04% appreciation return during the quarter. Industrial (+2.96%) and Retail (+2.96%) led property sector performance for the quarter while Hotels (+1.16%) lagged. Regionally, the West bested other areas with a 2.75% return and the East brought up the rear with 1.66%.

During the quarter there were 184 asset trades representing \$7.5 billion of overall transactional volume. This marks a considerable decline from the fourth quarter of 2015's \$11.3 billion, but it is still above the five-year quarterly transaction average of \$6.4 billion. During the first quarter of 2016, appraisal capitalization rates decreased from 4.59% to 4.54%, setting an all-time low.

The **NCREIF Open End Diversified Core Equity Index** earned 2.18%, comprising a 1.11% income return and a 1.07% appreciation return. This marks the lowest quarterly return for the Index since 2010. Capital flows to core funds continued to decline, as a growing number of institutional investors are reaching or surpassing their real estate allocation targets. As a result, entry queues have also declined by more than 40% for the ODCE funds over the past six months.

In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** gained 5.43% and U.S. REITs tracked by the **FTSE NAREIT Equity REITs Index** advanced 6.00%.

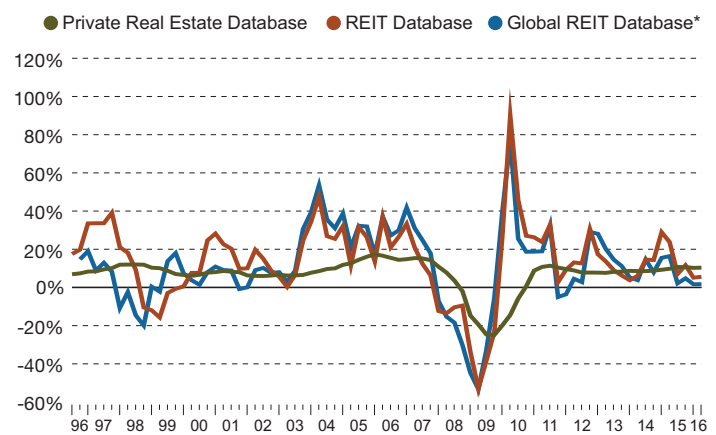
In the U.S., volatility continued as REIT sectors rebounded sharply in March to generate positive returns for the quarter. Sector performance was led once again by Self-Storage (+10.85%), followed by Retail (+8.21%), Residential (+8.38%), and Industrial (+6.49%). The only negative was single family homes (-1.03%). As of March 31, U.S. REITs were trading at a 3% premium to net asset value. This marked the first time REITs have traded at a premium over the past 10 months. U.S.

REITs raised \$15.1 billion, despite no IPO activity for the quarter. There were 24 secondary equity offerings and 14 secondary debt offerings.

In Europe, the momentum in core markets was put on pause during the first quarter as a result of the uncertainty surrounding a potential "Brexit." According to Lambert Smith Hampton, investment volume in central London offices totaled £2.2 billion—31% below the 10-year average and less than half of the £4.6 billion recorded in the previous quarter. Optimism remains strong for the medium and long term, however, as capital raising remains robust and investors continue to see value on the continent. Despite continued concerns about the economic growth outlook for China, Asian real estate funds are still attracting new capital flows, with 2015 totals surpassing 2014.

CMBS issuance reached \$19.3 billion, significantly down from the first quarter of 2015 (\$27.0 billion). This decline was widely credited to the instability in the broader financial market.

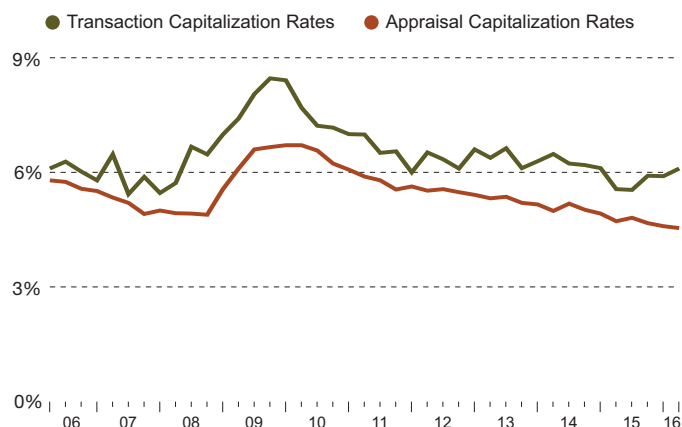
Rolling One-Year Returns



*Global REIT returns from 3Q96
Source: Callan

REAL ESTATE (Continued)

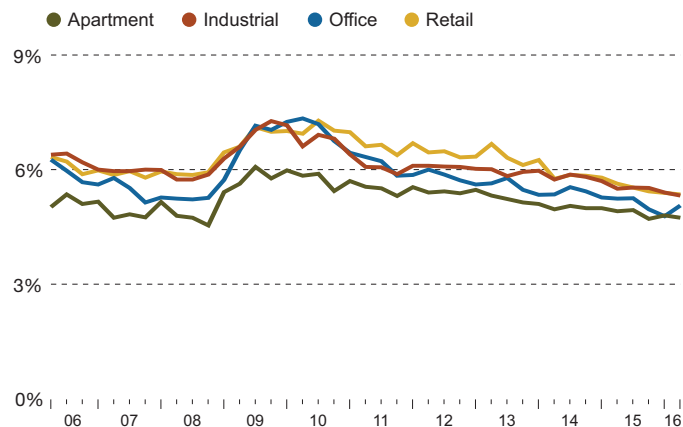
NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF

Note: Transaction capitalization rate is equal-weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF

Note: Capitalization rates are appraisal-based.

Callan Database Median and Index Returns* for Periods ended March 31, 2016

Private Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Real Estate Database (net of fees)	2.42	13.40	13.11	12.66	5.23	7.44
NCREIF Property	2.21	11.84	11.91	11.93	7.61	8.95
NFI-ODCE (value wtd. net)	1.95	12.62	12.59	12.20	5.38	6.93
Public Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
REIT Database	5.33	4.87	11.57	12.46	7.36	12.70
FTSE NAREIT Equity	6.00	4.43	10.47	11.89	6.56	11.57
Global Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global REIT Database	4.80	1.69	7.32	9.28	5.18	10.60
FTSE EPRA/NAREIT Developed REIT	5.43	1.27	6.31	8.47	4.58	9.97

*Returns for less than one year are not annualized.

All REIT returns are reported gross in USD.

Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may fluctuate over time.

Drip, Drip, Drip

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that new first-quarter commitments totaled \$53.1 billion with 177 new partnerships formed. This represents a moderate start to the year. The number of funds raised increased 20% from 147 in the first quarter of 2015, but the dollar volume dropped 5% from \$56.2 billion. According to the National Venture Capital Association (NVCA), venture capital had the strongest fundraising quarter in 10 years.

According to *Buyouts* newsletter, the investment pace by funds into companies totaled 329 transactions, a 32% fall from 484 deals in the first quarter of 2015. The announced aggregate dollar volume was \$57.9 billion, up 56% from \$37.1 billion a year ago. The \$14.2 billion take-private of Keurig Green Mountain helped boost the announced value. Twelve deals with announced values of \$1 billion or more closed in the quarter.

According to the NVCA, new investments in venture capital companies totaled \$12.1 billion in 969 rounds of financing. The dollar volume and number of rounds decreased compared to the first quarter of 2015's \$13.6 billion and 1,063 rounds.

Regarding exits, *Buyouts* reports that steep declines occurred in the first quarter of 2016. There were 107 private M&A exits of buyout-backed companies, with 31 deals disclosing values totaling

Funds Closed January 1 to March 31, 2016

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	94	8,881	17%
Buyouts	60	38,237	72%
Subordinated Debt	1	158	0%
Distressed Debt	6	2,265	4%
Secondary and Other	1	94	0%
Fund-of-funds	15	3,513	7%
Totals	177	53,147	100%

Source: Private Equity Analyst

\$14.6 billion. The M&A exits count was down 27% year-over-year from 147, and the announced value declined 53% from \$30.9 billion. There were no buyout-backed IPOs in the first quarter.

Venture-backed M&A exits totaled 79 transactions, with 20 disclosing a total dollar volume of \$4.8 billion. The number of exits declined but the announced dollar volume increased from the first quarter of 2015, which had 97 sales with 18 announcing dollar values totaling \$2.8 billion. There were six VC-backed IPOs in the first quarter with a combined float of \$575 million. For comparison, the first quarter of 2015 had 17 IPOs and total issuance of \$1.4 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through Sept. 30, 2015*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	24.2	15.2	14.9	9.8	9.5	27.4
Growth Equity	1.8	20.1	14.9	15.1	13.5	13.0	15.0
All Buyouts	-0.8	15.1	15.3	15.5	14.0	11.8	13.4
Mezzanine	2.6	12.5	13.1	12.1	11.0	8.3	10.2
Distressed	0.5	13.1	16.0	13.9	11.4	11.7	11.8
All Private Equity	0.2	16.7	15.3	15.1	12.8	11.4	14.6
S&P 500 Index	1.1	19.7	23.0	15.7	8.1	4.9	9.6

Private equity returns are net of fees.

Sources: Standard & Poor's, Thomson/Cambridge.

*Most recent data available at time of publication.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to update in subsequent versions of Capital Market Review and other Callan publications.

Market Tremors Panic Hedge Funds

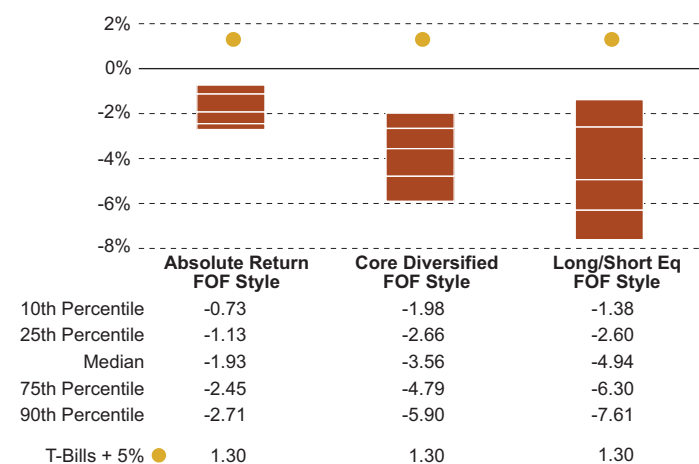
HEDGE FUNDS | Jim McKee

Investor pessimism over softening global growth slammed stocks and commodities at the opening of 2016. The 10-Year Treasury yield fell 50 bps during the quarter as investors fled to the sidelines. Despite foreign central bankers pushing their funding rates into the negative, the dollar unexpectedly lost ground to the euro (+4.90%) and yen (+7.03%). After oil fell to new cyclical lows in February, talk of production freeze excited oil buyers. Similarly, chatter of China reopening the credit spigot to jumpstart its sagging growth revved markets. After initially falling 10% or more, stocks around the globe—particularly emerging markets—rebounded to finish mostly positive.

Illustrating performance of an unmanaged hedge fund universe, the **Credit Suisse Hedge Fund Index (CS HFI)** sank 2.20%, gross of implementation costs. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** fell 2.99%, net of all fees.

Within the CS HFI, *Managed Futures* (+4.35%) topped other strategies thanks to trend-following factors. Given the highly unusual incidence of crowded trades and related short squeezes in a de-risking market, *Event-Driven Multi-Strategy* (-5.58%) and *Long/Short Equity* (-3.85%) performed worst.

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Market exposures did not seem to help in the first quarter within Callan's Hedge Fund-of-Funds Database. Despite mildly positive equity tailwinds, the median *Callan Long/Short Equity FOF* (-4.94%) trailed the *Callan Absolute Return FOF* (-1.93%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* dropped 3.56%.

Callan Database Median and Index Returns* for Periods ended March 31, 2016

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	-2.99	-6.38	2.22	2.53	3.27	4.73
CS Hedge Fund Index	-2.20	-5.25	2.33	2.65	4.19	5.80
CS Equity Market Neutral	-0.36	3.88	2.79	2.19	-1.82	1.10
CS Convertible Arbitrage	-0.39	-0.05	0.65	1.79	3.82	4.48
CS Fixed Income Arbitrage	-1.22	-0.49	1.76	4.11	3.51	4.26
CS Multi-Strategy	-0.58	0.24	5.72	5.77	5.53	6.71
CS Distressed	-1.95	-7.39	1.71	2.86	4.16	7.22
CS Risk Arbitrage	2.12	1.85	1.90	1.47	3.44	3.54
CS Event-Driven Multi-Strategy	-5.58	-13.72	-0.63	-0.71	4.00	5.85
CS Long/Short Equity	-3.85	-2.23	5.59	3.94	4.69	6.06
CS Dedicated Short Bias	-0.90	5.97	-7.71	-8.79	-8.43	-7.89
CS Global Macro	-2.23	-6.25	1.03	3.10	5.96	8.37
CS Managed Futures	4.35	-3.67	4.77	2.30	4.23	5.35
CS Emerging Markets	-1.23	-2.77	1.37	1.96	4.15	7.97

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse.

Strong Quarter Can't Save 2015

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ finished the year with a strong 3.50% gain in the fourth quarter. The rebound helped offset third-quarter losses, which were among the worst ever in the Index's 10-year history. This strong finish did not keep the DC Index out of negative territory for the year; a 2015 calendar year return of -0.34% is the weakest since 2011. 2016 marks the 10th anniversary of the Callan DC Index. Since inception, the Index's annualized return is 5.18%, compared to the Age 45 Target Date return of 5.25%.

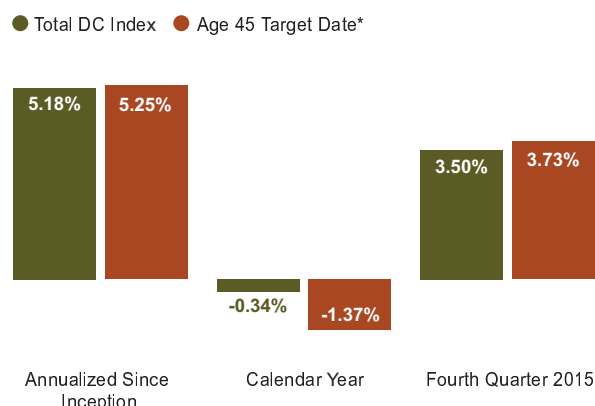
The Age 45 Target Date Fund—the average of target date funds that would be selected by participants age 45 and retiring at age 65—beat the DC Index for the quarter, but underperformed it by 1.03% for the year. Both results were driven by the fact that the Age 45 Target Date Fund has a higher allocation to equities than the average DC plan: 74% for the Age 45 Target Date Fund versus 66% for the average DC plan.

The year was noteworthy for target date funds, which overtook large cap equity as the single-largest holding in the typical DC plan. As usual, target date funds absorbed a majority of cash flows during the quarter, taking in more than 80 cents of every dollar. Stable value funds continued net inflows for the third consecutive quarter. In contrast, many asset classes saw net outflows—U.S. equity (both large and small/mid cap) and company stock in particular.

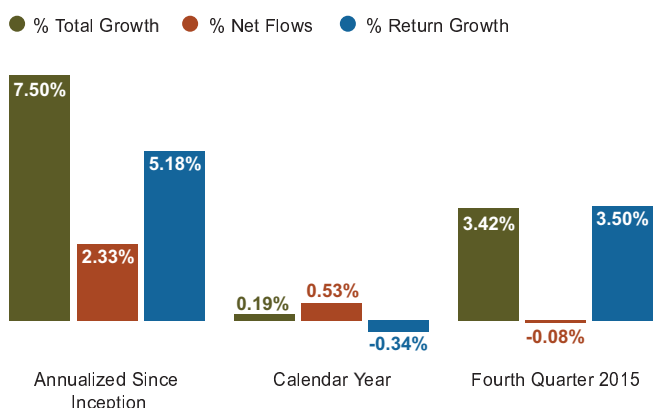
Fourth quarter turnover (i.e., net transfer activity) in the DC Index was 0.46%. Turnover has been steadily increasing since the beginning of the year, but remains below the historical average of 0.65%.

The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over \$135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance*



Growth Sources*



Net Cash Flow Analysis (Fourth Quarter 2015)* (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	81.15%
Stable Value	7.15%
U.S./Global Balanced	-16.88%
U.S. Large Cap	-28.91%
Total Turnover**	0.46%

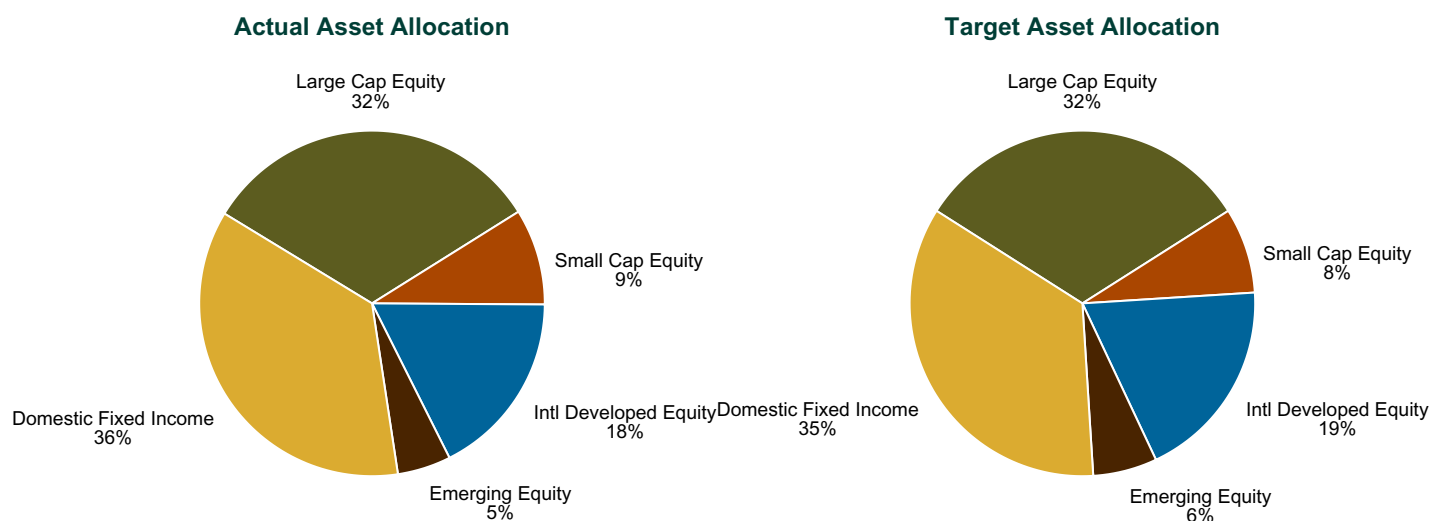
Source: Callan DC Index
Data provided here is the most recent available at time of publication.

* DC Index inception date is January 2006. DB plan performance is gross of fees.

**Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

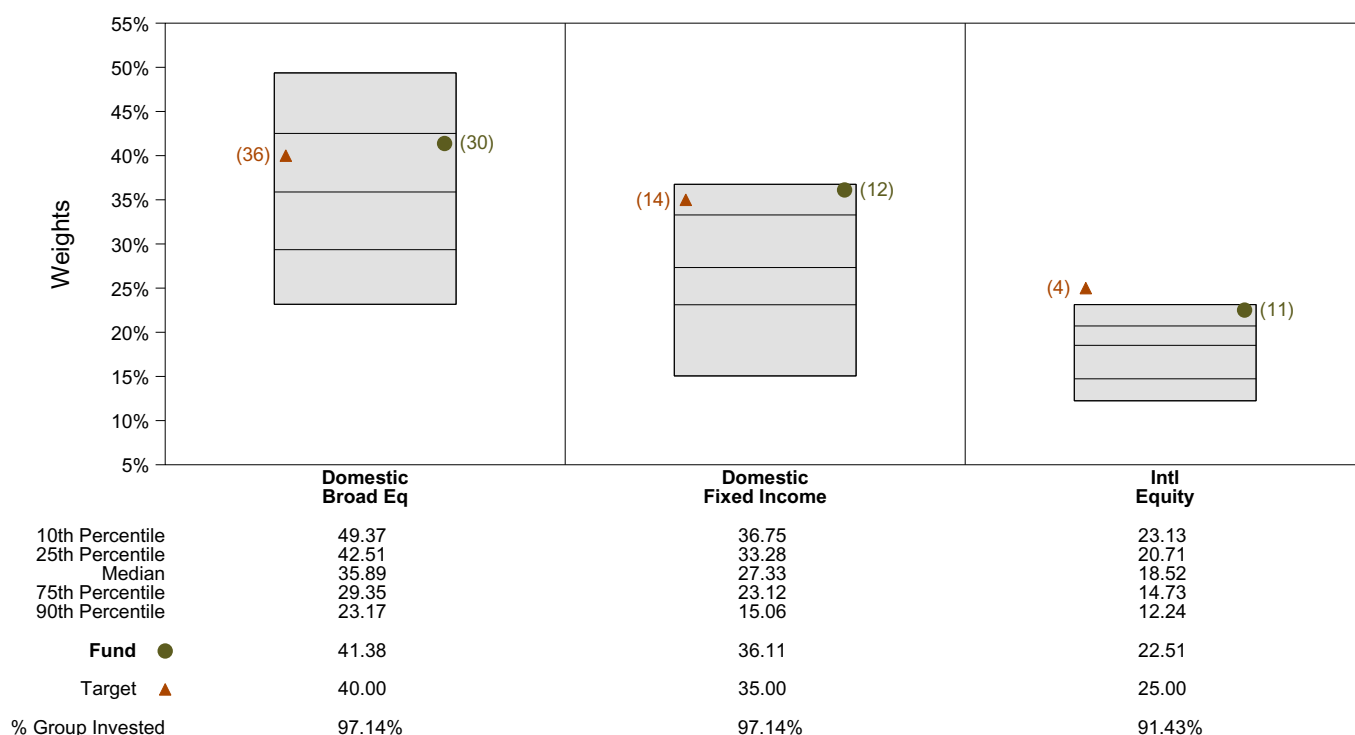
Actual vs Target Asset Allocation As of March 31, 2016

The top left chart shows the Fund's asset allocation as of March 31, 2016. 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 Public Fund - Mid (100mm-1B).



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	77,978	32.4%	32.0%	0.4%	1,017
Small Cap Equity	21,530	9.0%	8.0%	1.0%	2,290
Intl Developed Equity	42,134	17.5%	19.0%	(1.5%)	(3,561)
Emerging Equity	12,006	5.0%	6.0%	(1.0%)	(2,424)
Domestic Fixed Income	86,854	36.1%	35.0%	1.1%	2,678
Total	240,502	100.0%	100.0%		

Asset Class Weights vs Public Fund - Mid (100mm-1B)

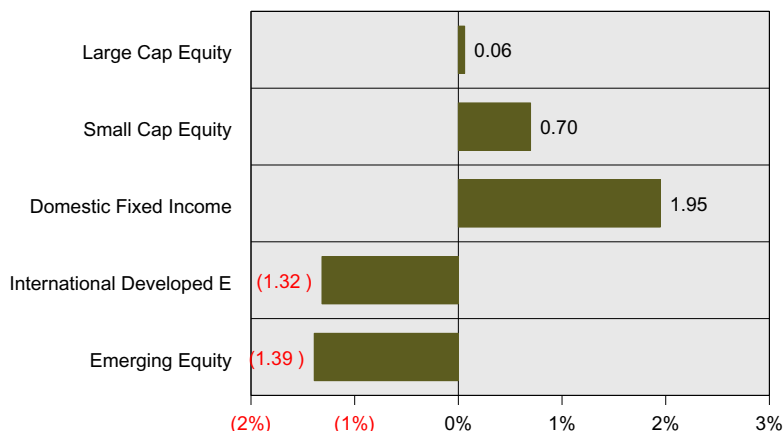


* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

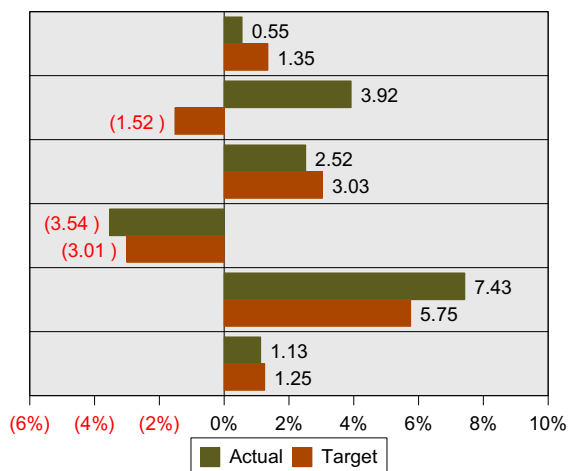
Quarterly Total Fund Relative Attribution - March 31, 2016

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.

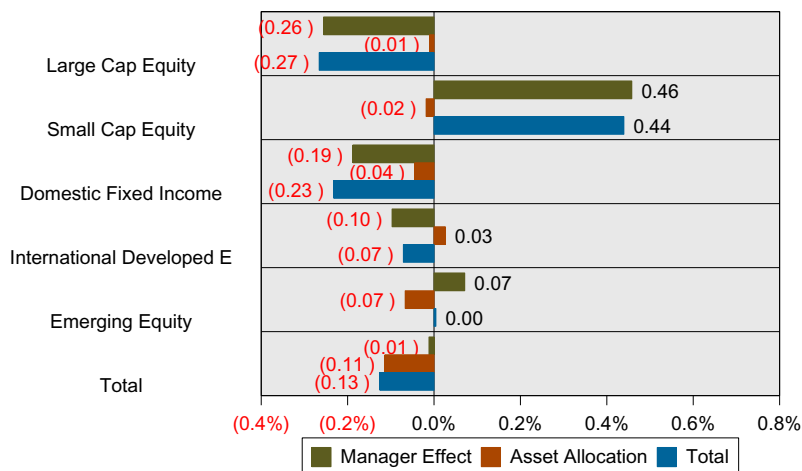
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2016

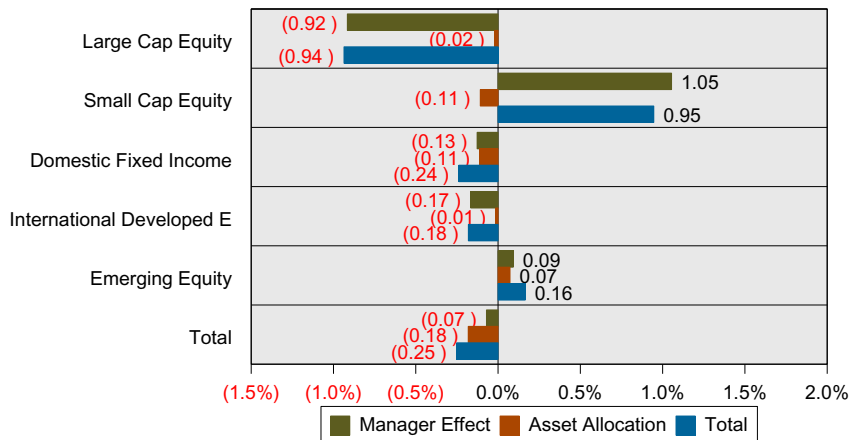
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	0.55%	1.35%	(0.26%)	(0.01%)	(0.27%)
Small Cap Equity	9%	8%	3.92%	(1.52%)	0.46%	(0.02%)	0.44%
Domestic Fixed Income	37%	35%	2.52%	3.03%	(0.19%)	(0.04%)	(0.23%)
International Developed E	18%	19%	(3.54%)	(3.01%)	(0.10%)	0.03%	(0.07%)
Emerging Equity	5%	6%	7.43%	5.75%	0.07%	(0.07%)	0.00%
Total			1.13%	1.25%	(0.01%)	(0.11%)	(0.13%)

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

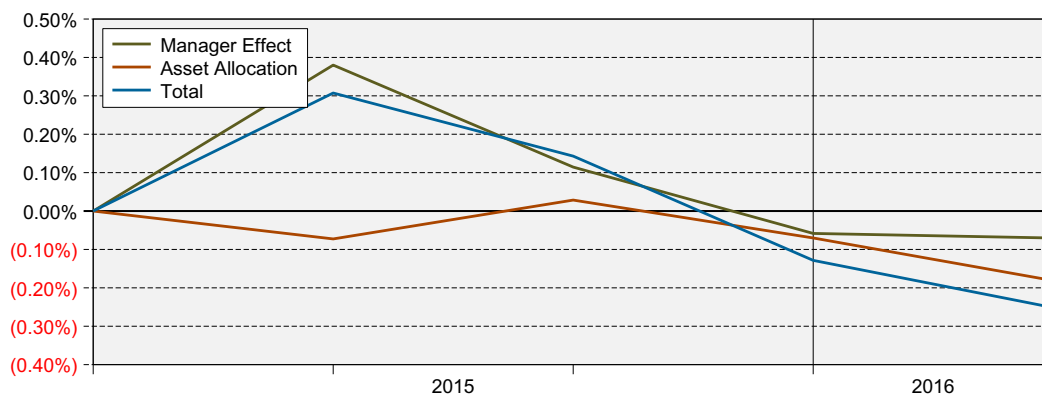
Cumulative Total Fund Relative Attribution - March 31, 2016

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

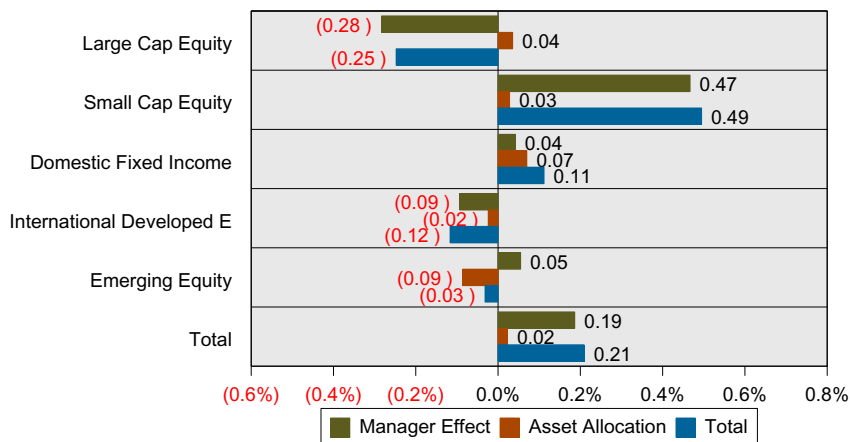
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	(1.12%)	1.78%	(0.92%)	(0.02%)	(0.94%)
Small Cap Equity	9%	8%	2.38%	(9.76%)	1.05%	(0.11%)	0.95%
Domestic Fixed Income	36%	35%	1.61%	1.96%	(0.13%)	(0.11%)	(0.24%)
International Developed E	18%	19%	(9.10%)	(8.27%)	(0.17%)	(0.01%)	(0.18%)
Emerging Equity	5%	6%	(9.87%)	(11.70%)	0.09%	0.07%	0.16%
Total			(1.96%)	(1.71%)	(0.07%)	(0.18%)	(0.25%)

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

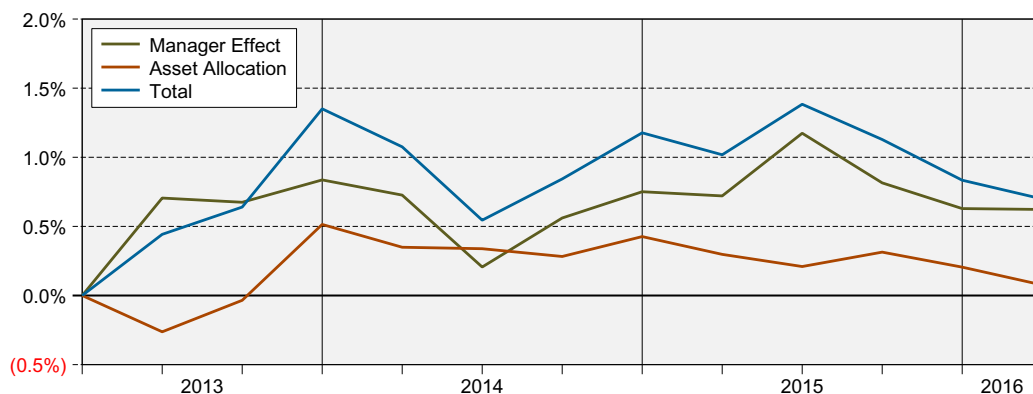
Cumulative Total Fund Relative Attribution - March 31, 2016

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	32%	31%	10.84%	11.82%	(0.28%)	0.04%	(0.25%)
Small Cap Equity	8%	7%	12.76%	6.84%	0.47%	0.03%	0.49%
Domestic Fixed Income	37%	38%	2.64%	2.50%	0.04%	0.07%	0.11%
International Developed E	18%	18%	1.77%	2.23%	(0.09%)	(0.02%)	(0.12%)
Emerging Equity	4%	5%	(3.98%)	(5.10%)	0.05%	(0.09%)	(0.03%)
Total			5.62%	5.41%	+ 0.19%	+ 0.02%	0.21%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

Total Fund Period Ended March 31, 2016

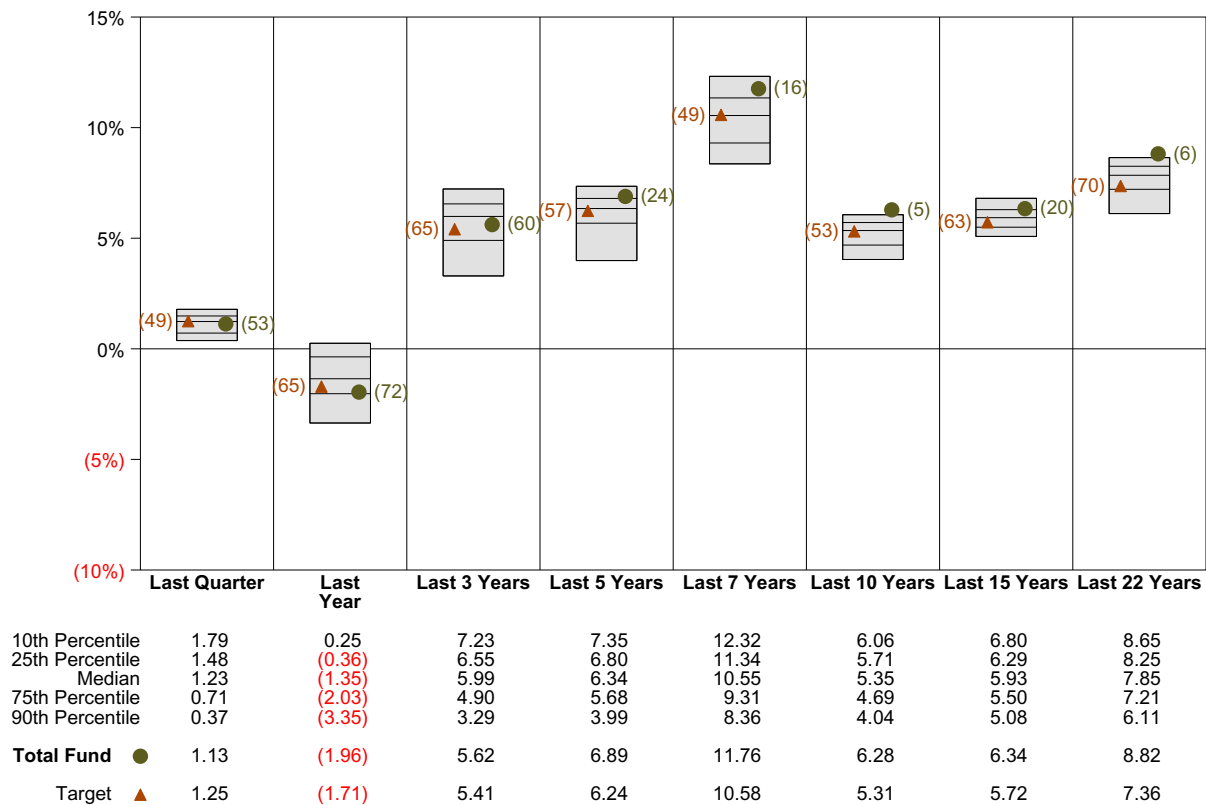
Investment Philosophy

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE Index, 8.0% Russell 2000 Index and 6.0% MSCI Emerging Mkts Idx.

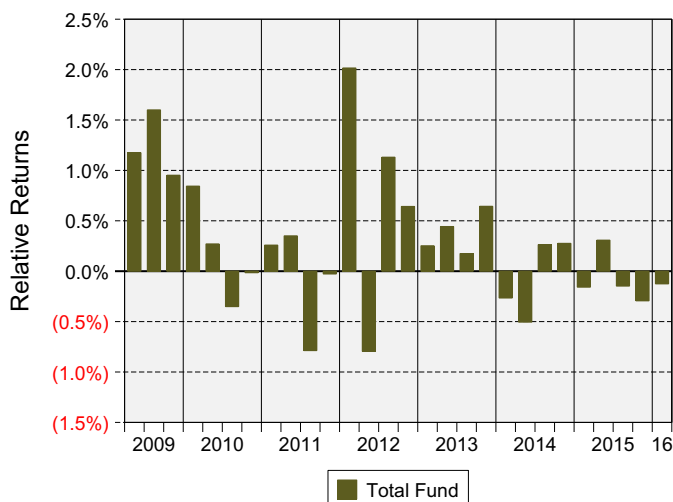
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 1.13% return for the quarter placing it in the 53 percentile of the Public Fund - Mid (100mm-1B) group for the quarter and in the 72 percentile for the last year.
- Total Fund's portfolio underperformed the Target by 0.13% for the quarter and underperformed the Target for the year by 0.25%.

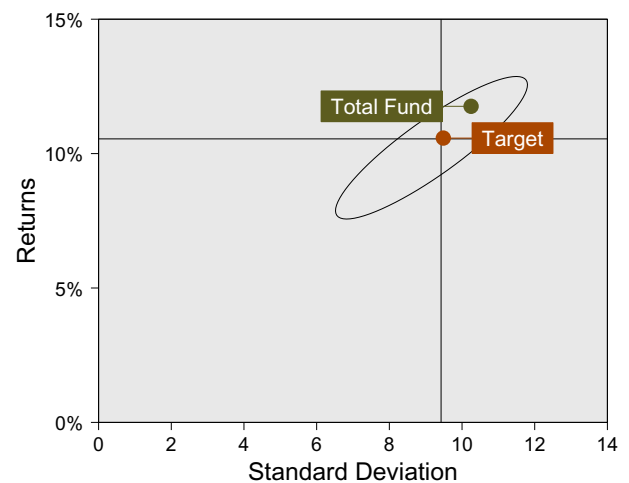
Performance vs Public Fund - Mid (100mm-1B) (Gross)



Relative Return vs Target



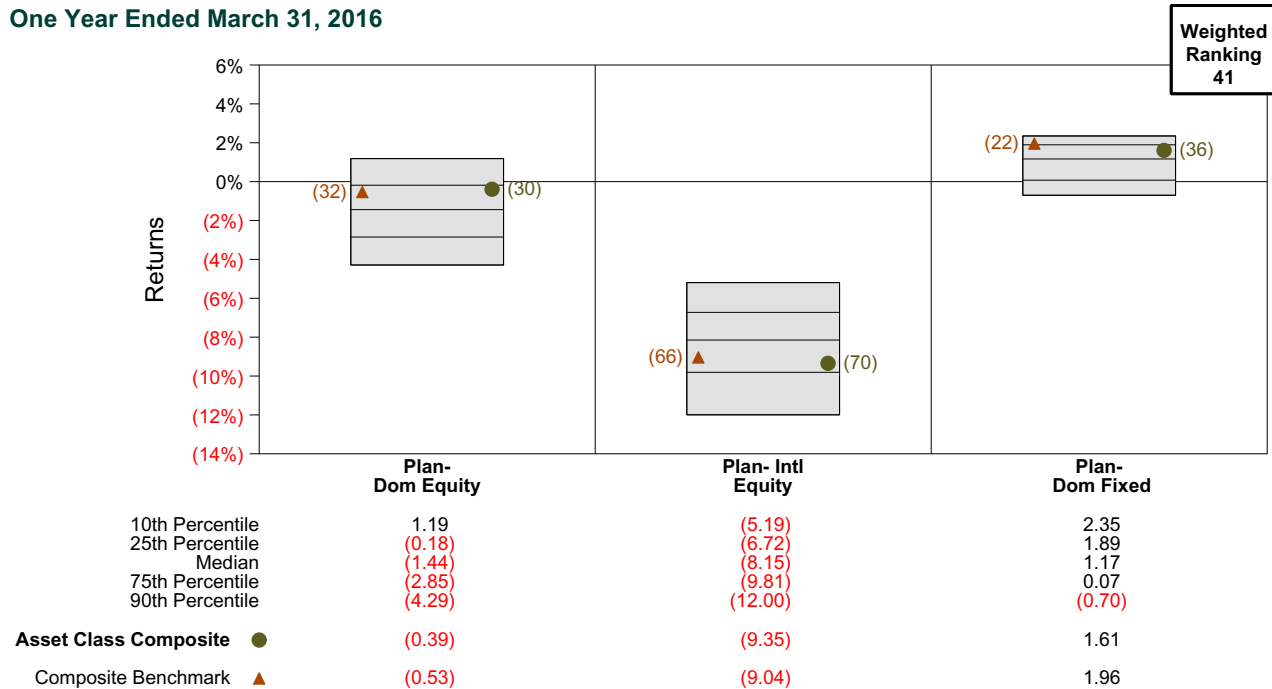
Public Fund - Mid (100mm-1B) (Gross) Annualized Seven Year Risk vs Return



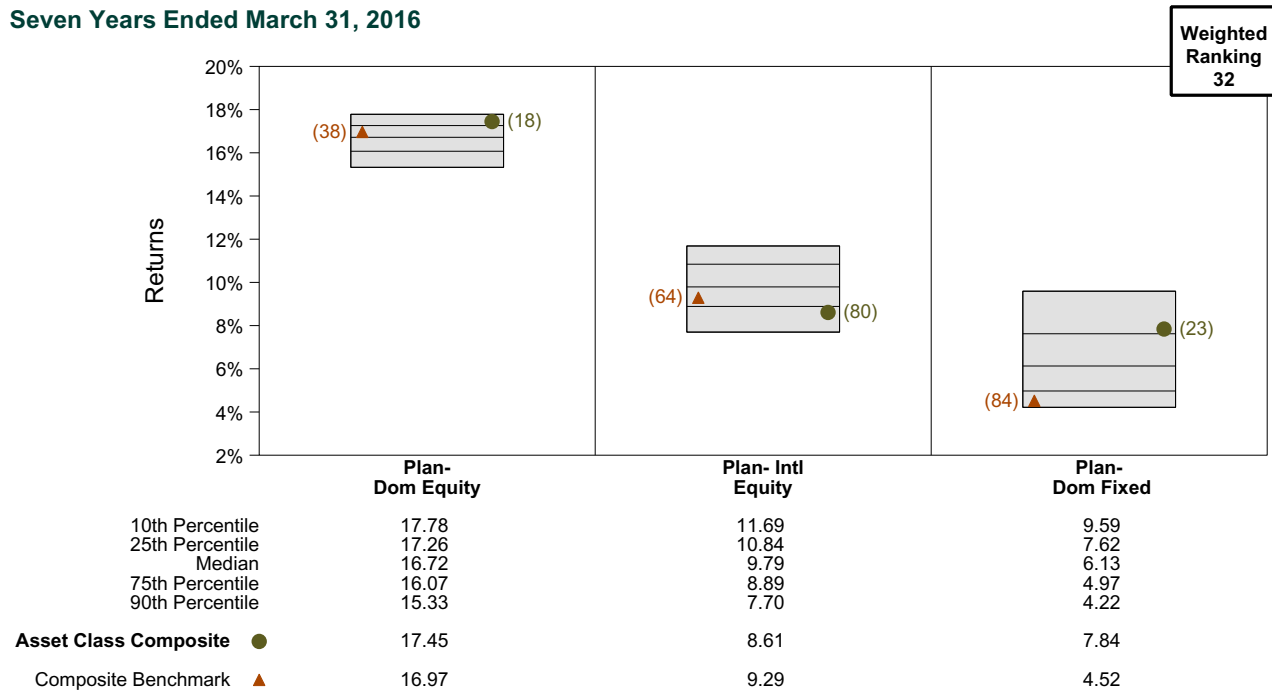
Asset Class Rankings

The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

Total Asset Class Performance One Year Ended March 31, 2016



Total Asset Class Performance Seven Years Ended March 31, 2016

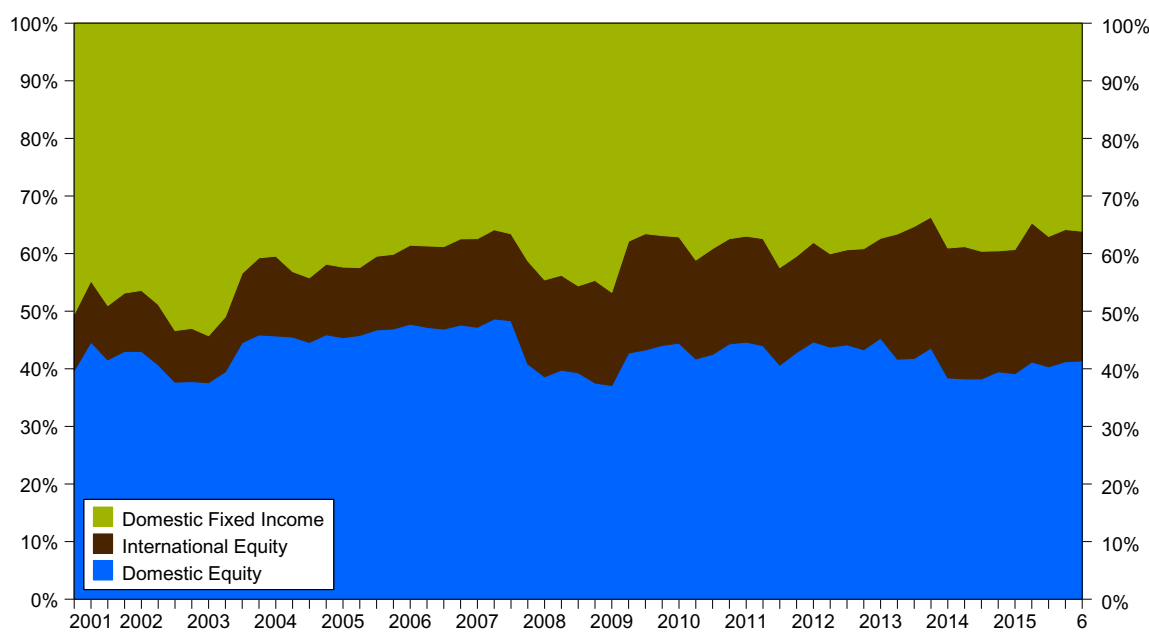


* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

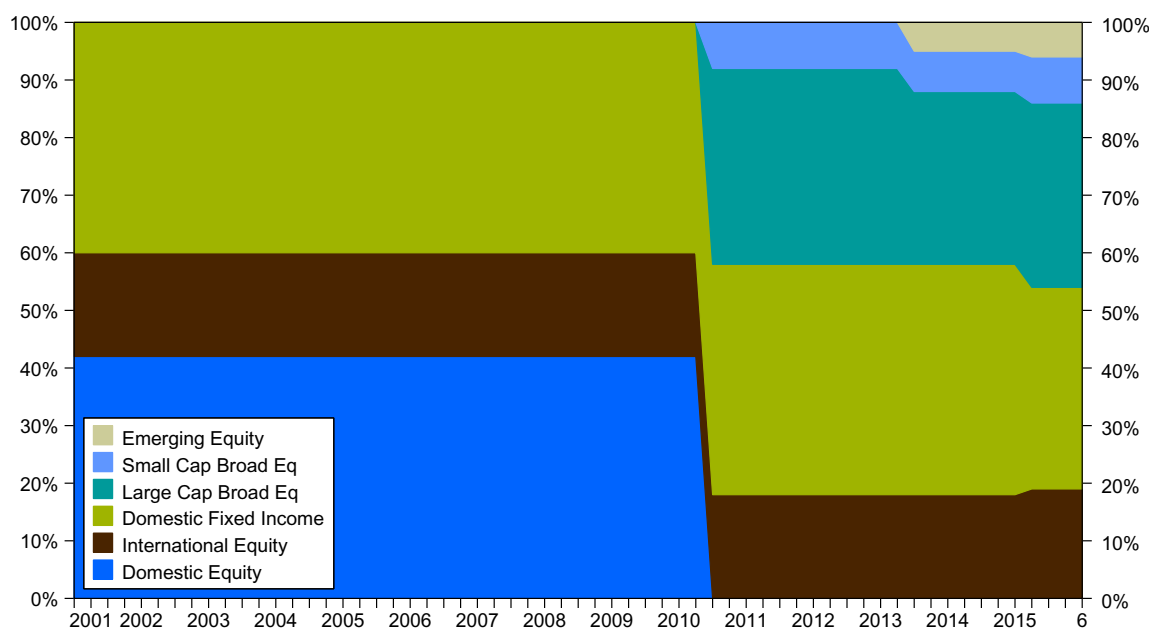
Actual vs Target Historical Asset Allocation

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 = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2016, with the distribution as of December 31, 2015. 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

	March 31, 2016 Market Value	Net New Inv.	Inv. Return	December 31, 2015 Market Value
Consolidated Plan				
Domestic Equity	\$99,508,371	\$0	\$1,239,711	\$98,268,661
Large Cap	\$77,978,058	\$0	\$427,888	\$77,550,170
Boston Partners	38,342,045	0	(107,003)	38,449,048
SSgA S&P 500	39,636,013	0	534,892	39,101,122
Small Cap	\$21,530,313	\$0	\$811,823	\$20,718,491
Atlanta Capital	21,530,313	0	811,823	20,718,491
International Equity	\$54,140,183	\$189,655	\$(718,689)	\$54,669,218
International Developed Equity	\$42,134,345	\$0	\$(1,544,340)	\$43,678,685
Brandes	11,563	0	475	11,088
JP Morgan	21,309,845	0	(917,559)	22,227,405
SSgA EAFE	20,812,936	0	(627,256)	21,440,192
Emerging Equity	\$12,005,838	\$189,655	\$825,651	\$10,990,533
DFA Emerging Markets	12,005,838	189,655	825,651	10,990,533
Fixed Income	\$86,853,701	\$(639,700)	\$2,141,541	\$85,351,860
Metropolitan West	86,853,701	(639,700)	2,141,541	85,351,860
Total Plan - Consolidated	\$240,502,256	\$(450,045)	\$2,662,563	\$238,289,738

Sacramento Regional Transit District Asset Growth

Ending March 31, 2016 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 3/2016	240,502.3		238,289.7		(450.0)		2,662.6
1/4 Year Ended 12/2015	238,289.7		232,085.4		(816.4)		7,020.7
1/4 Year Ended 9/2015	232,085.4		246,970.5		(534.9)		(14,350.2)
1/4 Year Ended 6/2015	246,970.5		247,920.3		(766.8)		(183.0)
1/4 Year Ended 3/2015	247,920.3		243,017.9		(295.4)		5,197.8
1/4 Year Ended 12/2014	243,017.9		238,642.3		(1,001.3)		5,377.0
1/4 Year Ended 9/2014	238,642.3		241,859.7		(632.5)		(2,584.9)
1/4 Year Ended 6/2014	241,859.7		235,305.8		(752.1)		7,306.0
1/4 Year Ended 3/2014	235,305.8		233,171.6		(781.9)		2,916.1
1/4 Year Ended 12/2013	233,171.6		222,071.8		(913.1)		12,012.9
1/4 Year Ended 9/2013	222,071.8		212,659.5		(1,311.0)		10,723.3
1/4 Year Ended 6/2013	212,659.5		212,527.3		(1,129.6)		1,261.9
1/4 Year Ended 3/2013	212,527.3		202,131.0		(1,047.2)		11,443.5
1/4 Year Ended 12/2012	202,131.0		199,766.3		(1,446.2)		3,810.9
1/4 Year Ended 9/2012	199,766.3		190,468.1		(1,283.9)		10,582.1
1/4 Year Ended 6/2012	190,468.1		196,081.9		(1,011.3)		(4,602.5)
1/4 Year Ended 3/2012	196,081.9		180,738.3		(1,404.0)		16,747.5
1/4 Year Ended 12/2011	180,738.3		171,355.1		(1,398.2)		10,781.4
1/4 Year Ended 9/2011	171,355.1		191,013.6		(1,609.4)		(18,049.0)
1/4 Year Ended 6/2011	191,013.6		190,138.2		(1,909.6)		2,785.0

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2016. 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 March 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	1.26%	(0.39%)	11.28%	12.03%	17.45%
Custom Benchmark**	0.80%	(0.48%)	10.91%	10.79%	16.91%
Large Cap Equity	0.55%	(1.12%)	10.84%	11.87%	-
Boston Partners	(0.28%)	(4.08%)	9.79%	11.22%	16.94%
Russell 1000 Value Index	1.64%	(1.54%)	9.38%	10.25%	16.31%
SSgA S&P 500	1.37%	1.89%	11.87%	-	-
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Small Cap Equity	3.92%	2.38%	12.76%	12.65%	-
Atlanta Capital	3.92%	2.38%	12.76%	12.65%	-
Russell 2000 Index	(1.52%)	(9.76%)	6.84%	7.20%	16.42%
International Equity	(1.35%)	(9.35%)	0.70%	1.47%	8.61%
Custom International Benchmark***	(1.10%)	(8.90%)	1.41%	1.80%	9.31%
International Developed Equity	(3.54%)	(9.10%)	1.77%	-	-
JP Morgan	(4.13%)	(10.16%)	1.12%	2.35%	9.97%
SSgA EAFE	(2.93%)	(7.99%)	2.47%	-	-
MSCI EAFE Index	(3.01%)	(8.27%)	2.23%	2.29%	9.69%
Emerging Equity	7.43%	(9.87%)	-	-	-
DFA Emerging Markets	7.43%	(9.87%)	-	-	-
MSCI Emerging Mkts Idx	5.75%	(11.70%)	(4.15%)	(3.80%)	8.56%
Domestic Fixed Income	2.52%	1.61%	2.64%	4.42%	7.84%
Met West	2.52%	1.61%	2.64%	4.42%	7.84%
BC Aggregate Index	3.03%	1.96%	2.50%	3.78%	4.52%
Total Plan	1.13%	(1.96%)	5.62%	6.89%	11.76%
Target*	1.25%	(1.71%)	5.41%	6.24%	10.58%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

** Custom Benchmark = 81% S&P500, 19% Russell 2000

*** Custom International Benchmark = MSCI EAFE until 6/30/2013 when it becomes 78.261% MSCI EAFE, 21.739% MSCI Emerging Markets

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2016. 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 March 31, 2016				
	Last 10 Years	Last 15 Years	Last 20 Years	Last 22 Years
Domestic Equity	7.69%	6.95%	7.97%	-
Custom Benchmark**	6.72%	6.36%	7.99%	9.22%
Russell 1000 Value Index	5.72%	6.41%	8.31%	9.48%
S&P 500 Index	7.01%	5.99%	7.98%	9.31%
Russell 2000 Index	5.26%	7.65%	7.68%	8.47%
International Equity	1.58%	5.23%	9.12%	-
MSCI EAFE Index	1.80%	4.35%	4.12%	4.57%
Domestic Fixed Income	6.47%	5.98%	6.32%	-
Met West	6.47%	-	-	-
BC Aggregate Index	4.90%	4.97%	5.59%	5.79%
Total Plan	6.28%	6.34%	7.73%	8.82%
Target*	5.31%	5.72%	6.70%	7.36%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

** Custom Benchmark = 81% S&P500, 19% Russell 2000

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.

	12/2015- 3/2016	2015	2014	2013	2012
Domestic Equity	1.26%	0.06%	10.85%	36.44%	19.19%
Custom Benchmark**	0.80%	0.30%	12.05%	33.61%	16.08%
Large Cap Equity	0.55%	(1.17%)	12.81%	34.96%	21.29%
Boston Partners	(0.28%)	(3.75%)	11.87%	37.52%	21.95%
Russell 1000 Value Index	1.64%	(3.83%)	13.45%	32.53%	17.51%
SSgA S&P 500	1.37%	1.46%	13.77%	32.36%	-
S&P 500 Index	1.35%	1.38%	13.69%	32.39%	16.00%
Small Cap Equity	3.92%	5.14%	3.49%	41.51%	11.96%
Atlanta Capital	3.92%	5.14%	3.49%	41.51%	11.96%
Russell 2000 Index	(1.52%)	(4.41%)	4.89%	38.82%	16.35%
International Equity	(1.35%)	(4.17%)	(3.72%)	16.66%	17.28%
International Developed Equity	(3.54%)	(1.17%)	(4.41%)	20.27%	-
JP Morgan	(4.13%)	(1.75%)	(4.28%)	18.12%	21.23%
SSgA EAFE	(2.93%)	(0.56%)	(4.55%)	22.80%	-
MSCI EAFE Index	(3.01%)	(0.81%)	(4.90%)	22.78%	17.32%
Emerging Equity	7.43%	(14.33%)	(0.28%)	-	-
DFA Emerging Markets	7.43%	(14.33%)	(0.28%)	-	-
MSCI Emerging Mkts Idx	5.75%	(14.60%)	(1.82%)	(2.27%)	18.63%
Domestic Fixed Income	2.52%	0.51%	6.37%	(1.03%)	9.48%
Met West	2.52%	0.51%	6.37%	(1.03%)	9.48%
BC Aggregate Index	3.03%	0.55%	5.97%	(2.02%)	4.21%
Total Plan	1.13%	(0.97%)	5.61%	17.71%	14.80%
Target*	1.25%	(0.69%)	5.84%	16.00%	11.68%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

Returns are for annualized calendar years.

** Custom Benchmark = 81% S&P500, 19% Russell 2000

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.

	2010	2009	2008	2007	2006
Domestic Equity	2.08%	15.93%	32.93%	(36.27%)	6.46%
Custom Benchmark**	0.97%	17.25%	26.65%	(36.35%)	4.14%
Boston Partners	1.27%	13.61%	27.06%	(32.69%)	4.02%
Russell 1000 Value Index	0.39%	15.51%	19.69%	(36.85%)	(0.17%)
S&P 500 Index	2.11%	15.06%	26.47%	(37.00%)	5.49%
Russell 2000 Index	(4.18%)	26.85%	27.17%	(33.79%)	(1.57%)
International Equity	(10.64%)	6.51%	28.99%	(39.41%)	7.68%
MSCI EAFE Index	(12.14%)	7.75%	31.78%	(43.38%)	11.17%
Domestic Fixed Income	6.10%	12.52%	19.88%	(3.11%)	7.50%
Met West	6.10%	12.52%	19.88%	(3.11%)	7.50%
BC Aggregate Index	7.84%	6.54%	5.93%	5.24%	6.97%
Total Plan	1.22%	12.70%	26.91%	(23.45%)	7.29%
Target*	1.52%	11.85%	20.02%	(23.33%)	6.92%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

Returns are for annualized calendar years.

** Custom Benchmark = 81% S&P500, 19% Russell 2000

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2016. 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 March 31, 2016					
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	1.16%	-	-	-	-
Large Cap Equity	0.48%	-	-	-	-
Boston Partners	(0.41%)	(4.61%)	9.19%	10.64%	16.42%
Russell 1000 Value Index	1.64%	(1.54%)	9.38%	10.25%	16.31%
SSgA S&P 500	1.36%	1.84%	11.82%	-	-
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Small Cap Equity	3.72%	-	-	-	-
Atlanta Capital	3.72%	1.56%	11.88%	11.80%	-
Russell 2000 Index	(1.52%)	(9.76%)	6.84%	7.20%	16.42%
International Equity	(1.43%)	-	-	-	-
International Developed Equity	(3.63%)	-	-	-	-
JP Morgan	(4.30%)	(10.34%)	0.58%	1.74%	9.33%
SSgA EAFE	(2.95%)	(8.09%)	2.36%	-	-
MSCI EAFE Index	(3.01%)	(8.27%)	2.23%	2.29%	9.69%
Emerging Equity	7.26%	-	-	-	-
DFA Emerging Markets	7.26%	(10.43%)	-	-	-
MSCI Emerging Mkts Idx	5.75%	(11.70%)	(4.15%)	(3.80%)	8.56%
Domestic Fixed Income	2.45%	-	-	-	-
Met West	2.45%	1.34%	2.36%	4.14%	7.54%
BC Aggregate Index	3.03%	1.96%	2.50%	3.78%	4.52%
Total Plan	1.04%	(2.25%)	5.26%	6.48%	11.28%
Target*	1.25%	(1.71%)	5.41%	6.24%	10.58%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

** Custom International Benchmark = MSCI EAFE until 6/30/2013 when it becomes 78.261% MSCI EAFE, 21.739% MSCI Emerging Markets

Domestic Equity Period Ended March 31, 2016

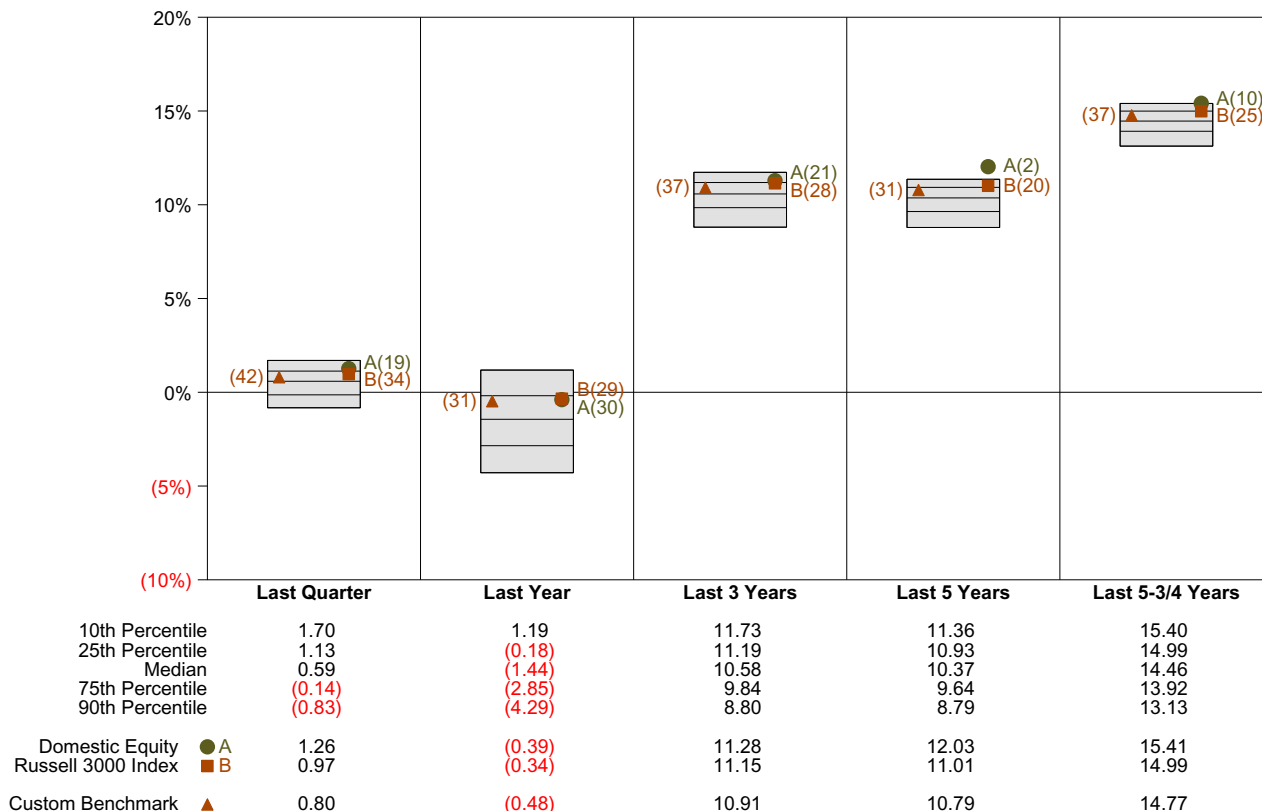
Investment Philosophy

The Custom Benchmark consists of 81.0% S&P 500 index and 19.0% Russell 2000 Index.

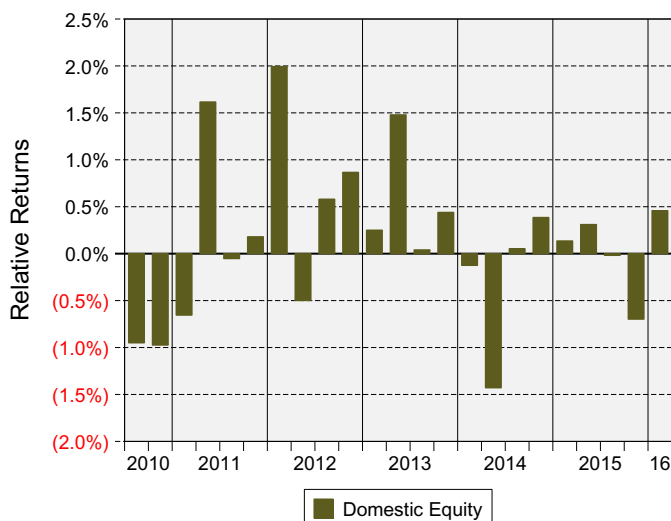
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 1.26% return for the quarter placing it in the 19 percentile of the Fund Spnsr- Domestic Equity group for the quarter and in the 30 percentile for the last year.
- Domestic Equity's portfolio outperformed the Custom Benchmark by 0.46% for the quarter and outperformed the Custom Benchmark for the year by 0.08%.

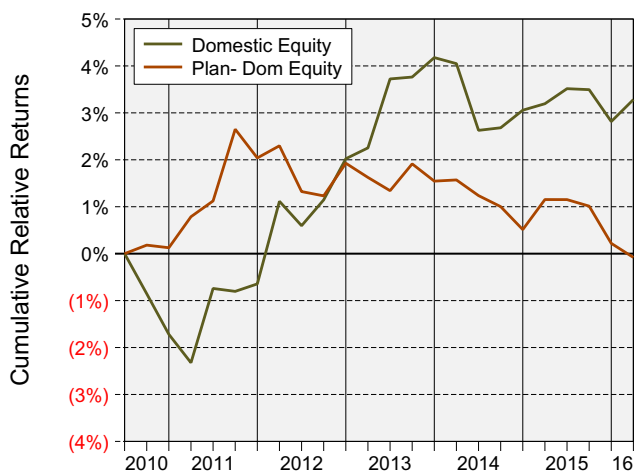
Performance vs Fund Spnsr- Domestic Equity (Gross)



Relative Return vs Custom Benchmark



Cumulative Returns vs Custom Benchmark



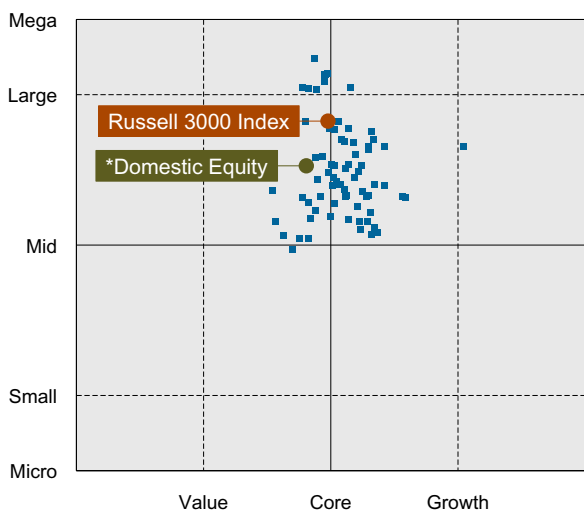
Current Holdings Based Style Analysis

Domestic Equity

As of March 31, 2016

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.

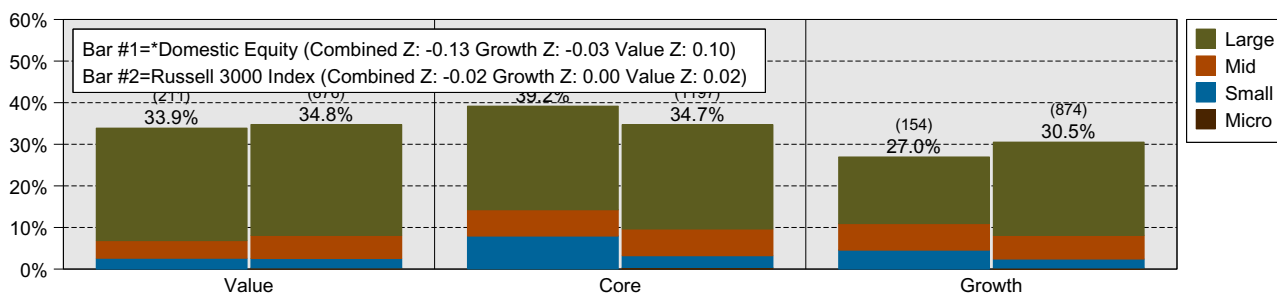
Style Map vs Plan- Dom Equity Holdings as of March 31, 2016



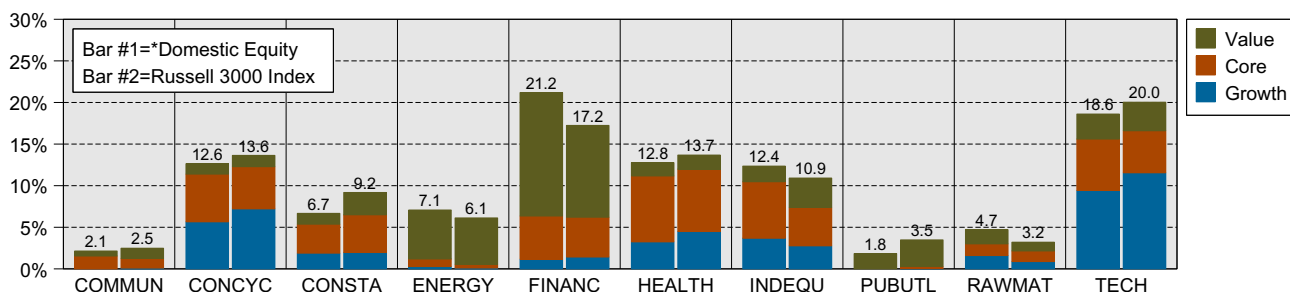
Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Large	27.0% (105) 26.7% (103)	24.9% (101) 25.1% (105)	16.0% (86) 22.4% (86)	68.0% (292) 74.2% (294)
Mid	4.2% (91) 5.6% (178)	6.3% (81) 6.4% (222)	6.4% (55) 5.7% (190)	17.0% (227) 17.7% (590)
Small	2.6% (15) 2.2% (343)	7.9% (31) 2.8% (464)	4.5% (13) 2.2% (372)	15.1% (59) 7.2% (1179)
Micro	0.0% (0) 0.3% (252)	0.0% (1) 0.4% (406)	0.0% (0) 0.3% (226)	0.0% (1) 0.9% (884)
Total	33.9% (211) 34.8% (876)	39.2% (214) 34.7% (1197)	27.0% (154) 30.5% (874)	100.0% (579) 100.0% (2947)

Combined Z-Score Style Distribution Holdings as of March 31, 2016



Sector Weights Distribution Holdings as of March 31, 2016

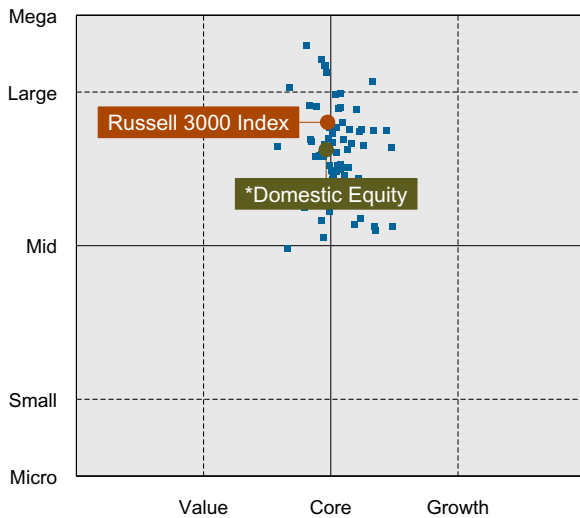


*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Historical Holdings Based Style Analysis Domestic Equity For Five and 3/4 Years Ended March 31, 2016

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.

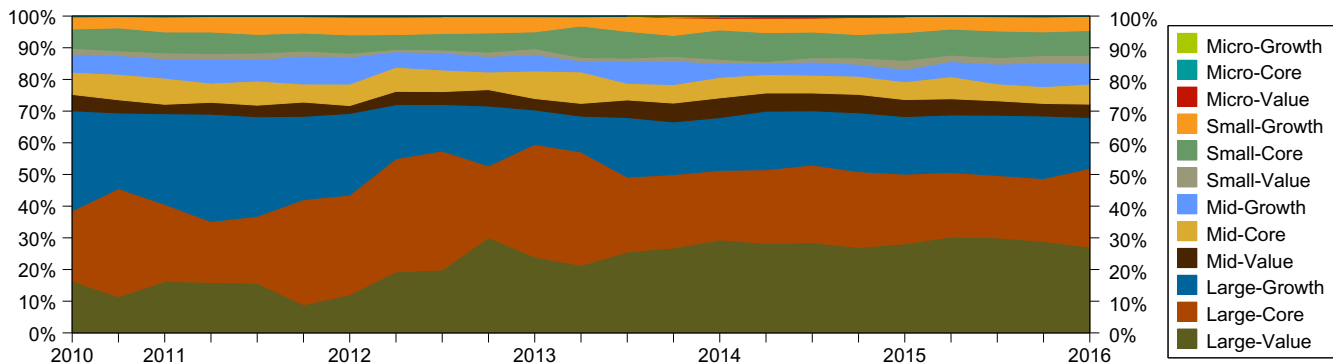
Average Style Map vs Plan- Dom Equity
Holdings for Five and 3/4 Years Ended March 31, 2016



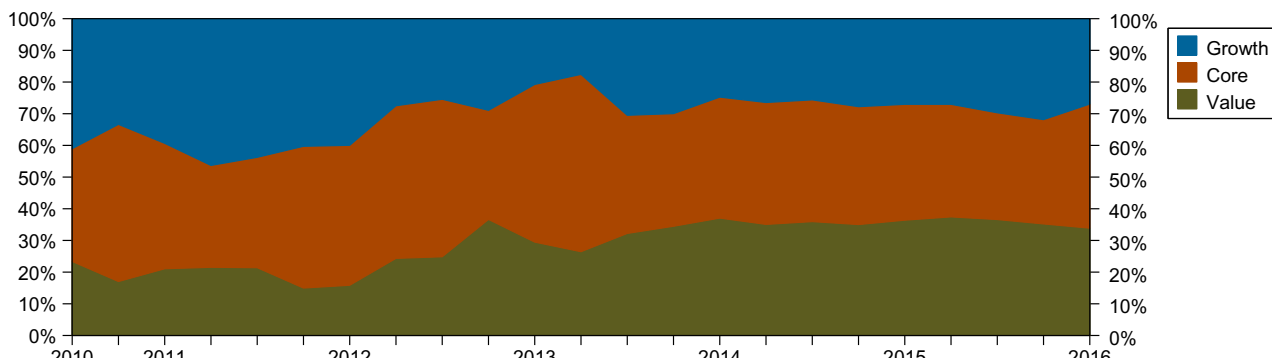
Average Style Exposure Matrix
Holdings for Five and 3/4 Years Ended March 31, 2016

	22.6% (68)	26.1% (85)	20.5% (77)	69.2% (230)
Large	23.7% (87)	25.7% (107)	23.8% (104)	73.1% (298)
Mid	4.6% (66)	6.6% (67)	5.7% (48)	17.0% (181)
	5.4% (175)	6.2% (213)	6.5% (209)	18.1% (597)
Small	1.6% (9)	7.2% (26)	4.7% (16)	13.5% (51)
	2.3% (345)	3.0% (461)	2.4% (387)	7.7% (1193)
Micro	0.1% (0)	0.2% (1)	0.0% (0)	0.3% (1)
	0.4% (304)	0.4% (352)	0.3% (211)	1.1% (867)
Total	29.0% (143)	40.1% (179)	31.0% (141)	100.0% (463)
	31.8% (911)	35.3% (1133)	32.9% (911)	100.0% (2955)
	Value	Core	Growth	Total

***Domestic Equity Historical Cap/Style Exposures**



***Domestic Equity Historical Style Only Exposures**



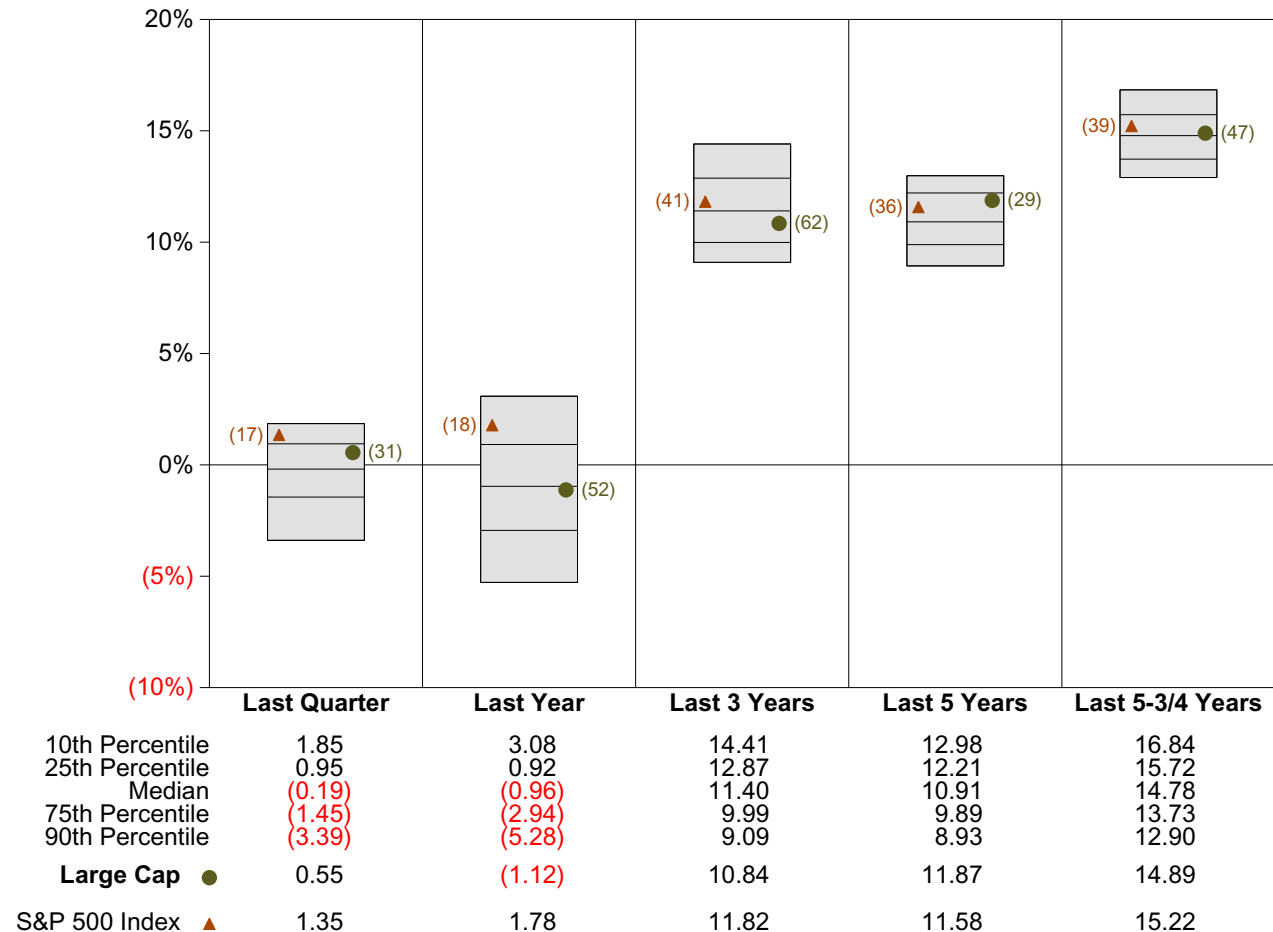
* 3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Large Cap Period Ended March 31, 2016

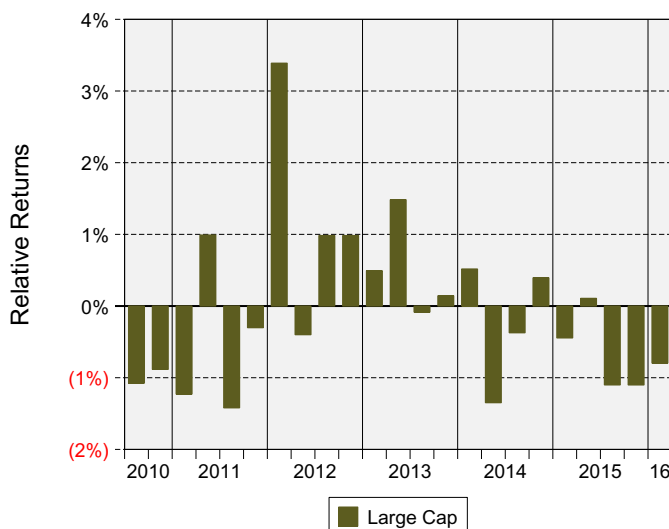
Quarterly Summary and Highlights

- Large Cap's portfolio posted a 0.55% return for the quarter placing it in the 31 percentile of the CAI Large Capitalization Style group for the quarter and in the 52 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 0.80% for the quarter and underperformed the S&P 500 Index for the year by 2.91%.

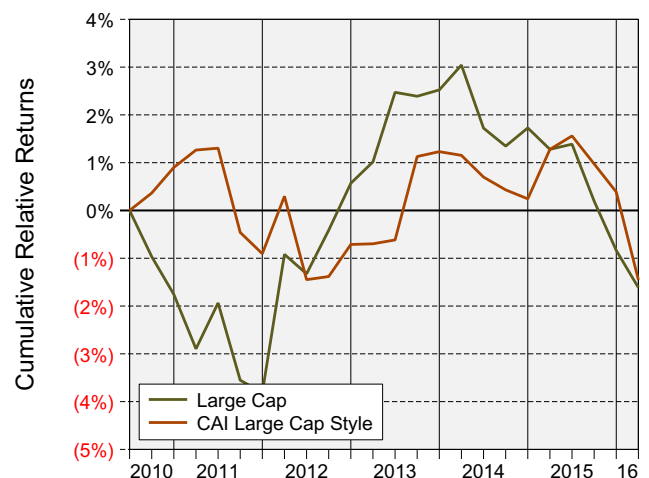
Performance vs CAI Large Capitalization Style (Gross)



Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



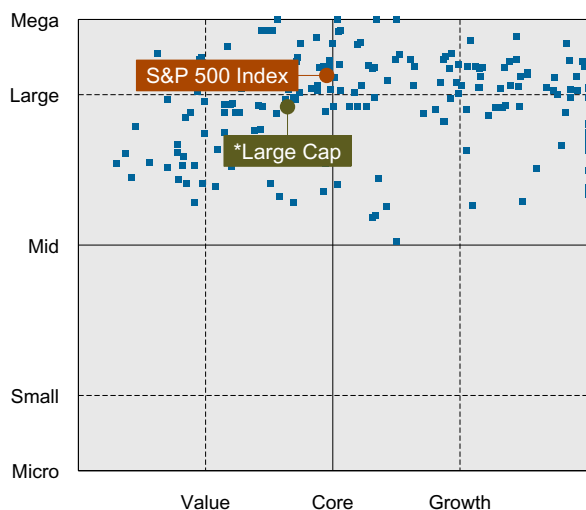
Current Holdings Based Style Analysis

Large Cap

As of March 31, 2016

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 CAI Large Cap Style Holdings as of March 31, 2016

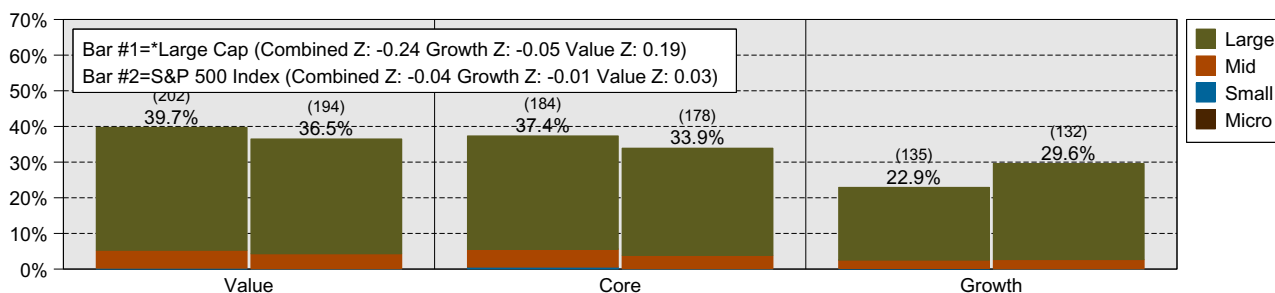


Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Large	34.5% (105) 32.2% (103)	31.8% (101) 30.1% (100)	20.4% (86) 26.9% (84)	86.6% (292) 89.2% (287)
Mid	5.0% (90) 4.2% (88)	5.0% (76) 3.8% (75)	2.3% (47) 2.6% (47)	12.4% (213) 10.7% (210)
Small	0.2% (7) 0.0% (3)	0.5% (6) 0.0% (3)	0.2% (2) 0.0% (1)	1.0% (15) 0.1% (7)
Micro	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)
Total	39.7% (202) 36.5% (194)	37.4% (184) 33.9% (178)	22.9% (135) 29.6% (132)	100.0% (521) 100.0% (504)

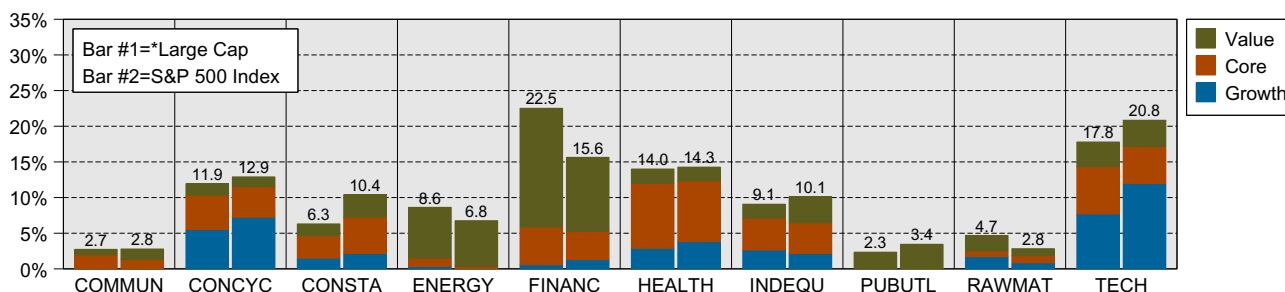
Combined Z-Score Style Distribution

Holdings as of March 31, 2016



Sector Weights Distribution

Holdings as of March 31, 2016



*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

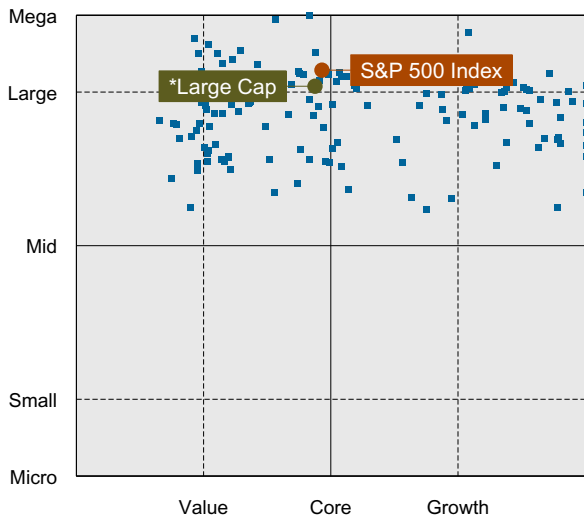
Historical Holdings Based Style Analysis

Large Cap

For Five and 3/4 Years Ended March 31, 2016

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.

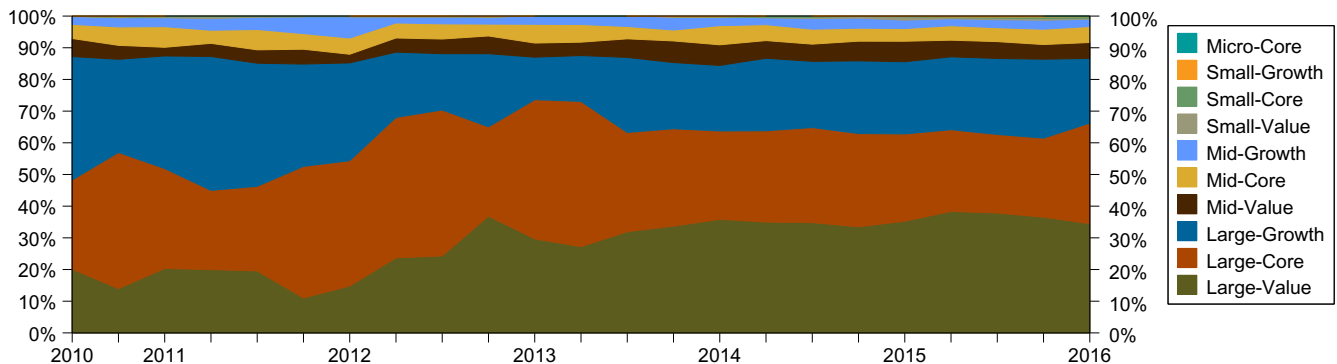
Average Style Map vs CAI Large Cap Style Holdings for Five and 3/4 Years Ended March 31, 2016



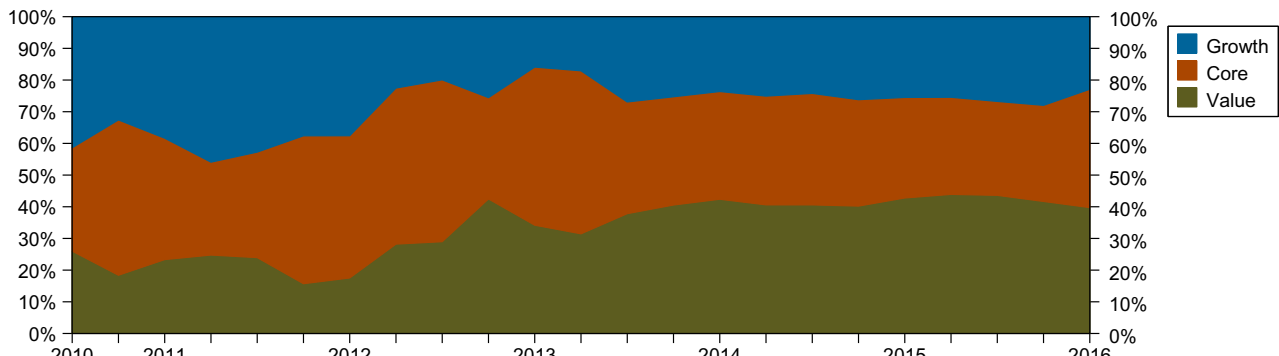
Average Style Exposure Matrix Holdings for Five and 3/4 Years Ended March 31, 2016

	28.2% (68)	32.9% (86)	25.4% (77)	86.5% (231)
Large	29.2% (85)	31.4% (103)	28.4% (94)	89.1% (282)
Mid	5.0% (64)	4.9% (60)	3.1% (41)	13.0% (165)
	3.9% (82)	3.8% (76)	3.1% (53)	10.8% (211)
Small	0.2% (4)	0.2% (2)	0.1% (1)	0.5% (7)
	0.1% (4)	0.0% (2)	0.0% (1)	0.1% (7)
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)
Total	33.4% (136)	38.0% (148)	28.6% (119)	100.0% (403)
	33.3% (171)	35.3% (181)	31.5% (148)	100.0% (500)
	Value	Core	Growth	Total

***Large Cap Historical Cap/Style Exposures**



***Large Cap Historical Style Only Exposures**



*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

SSgA S&P 500 Period Ended March 31, 2016

Investment Philosophy

SSGA believes that their passive investment strategy can provide market-like returns with minimal transaction costs. Returns prior to 6/30/2012 are linked to a composite history.

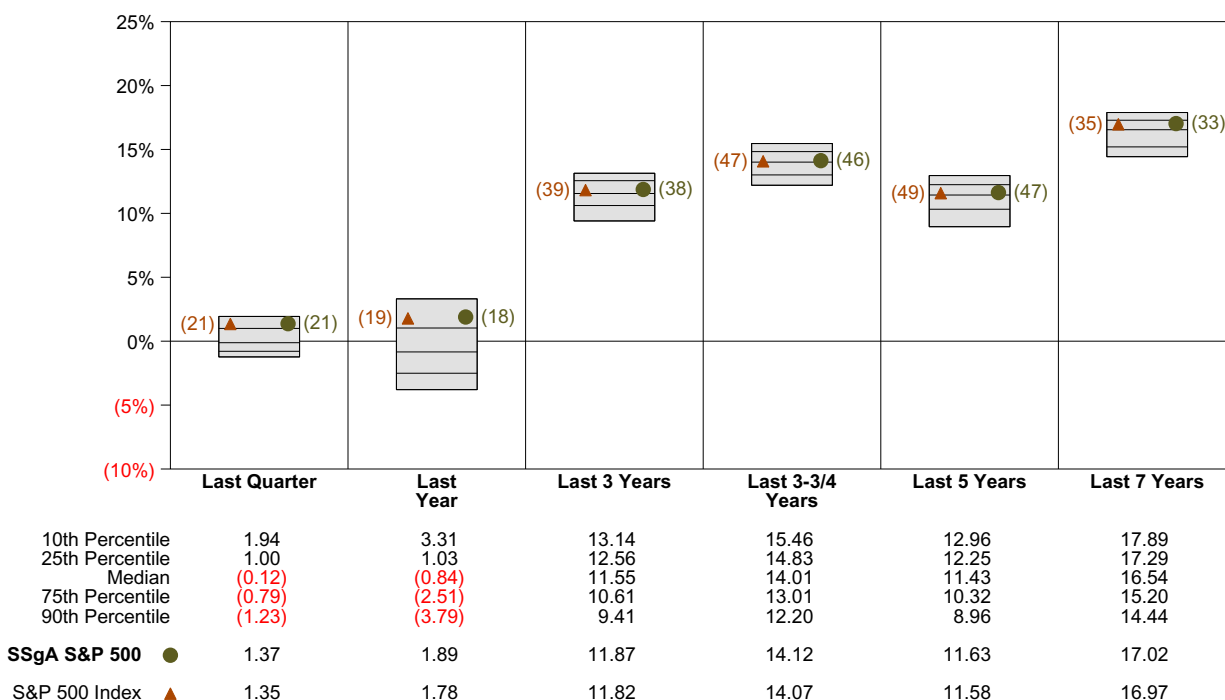
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 1.37% return for the quarter placing it in the 21 percentile of the CAI Large Cap Core Style group for the quarter and in the 18 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 0.11%.

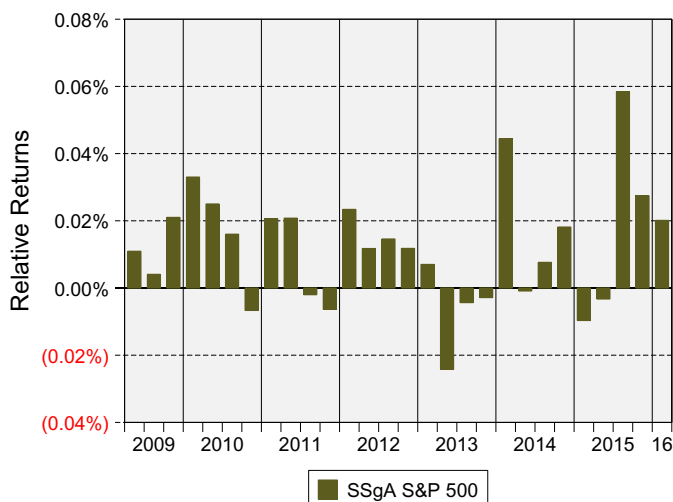
Quarterly Asset Growth

Beginning Market Value	\$39,101,122
Net New Investment	\$0
Investment Gains/(Losses)	\$534,892
Ending Market Value	\$39,636,013

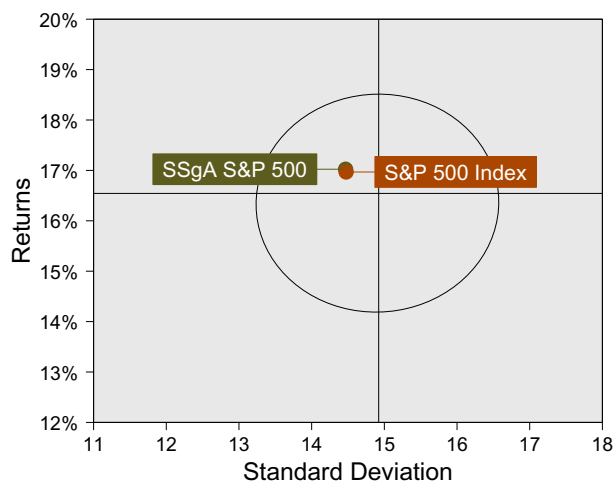
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



CAI Large Cap Core Style (Gross) Annualized Seven Year Risk vs Return

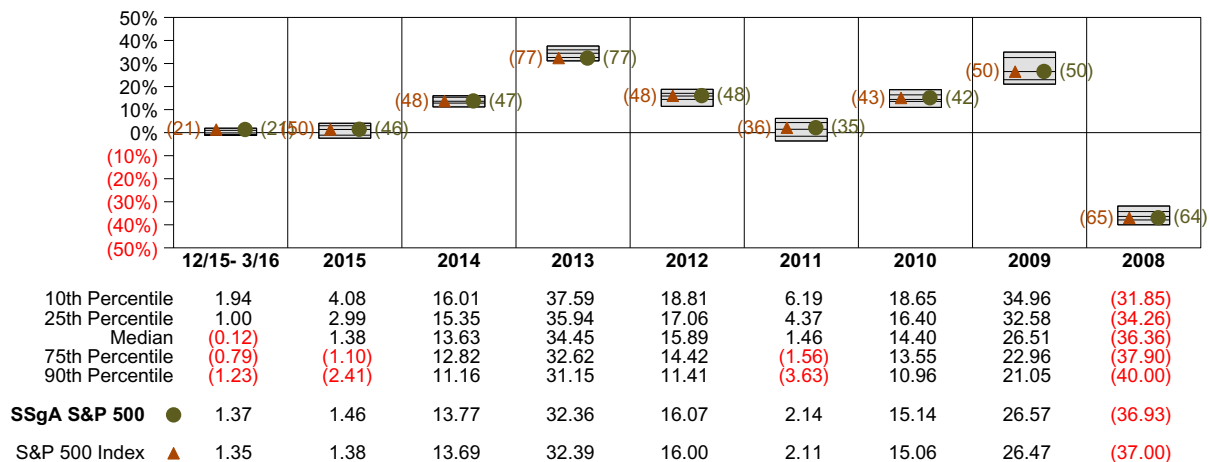


SSgA S&P 500 Return Analysis Summary

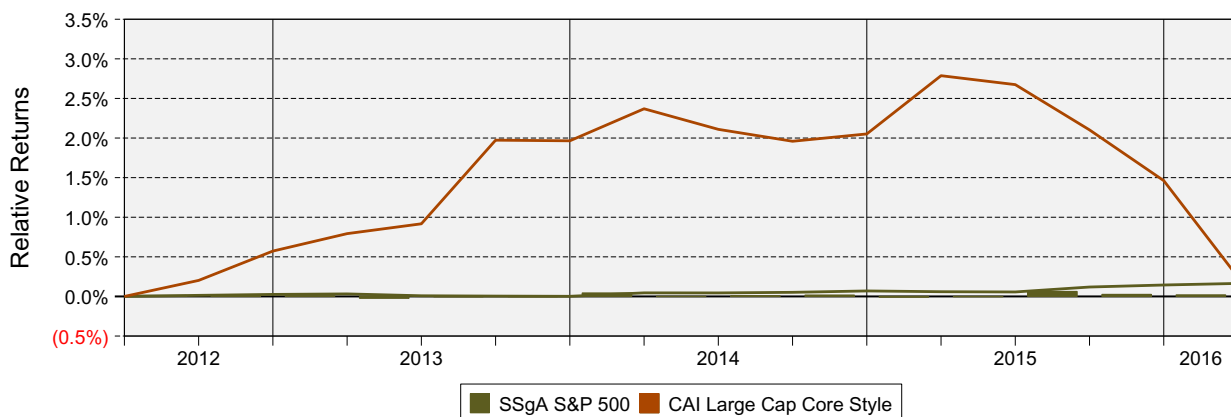
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

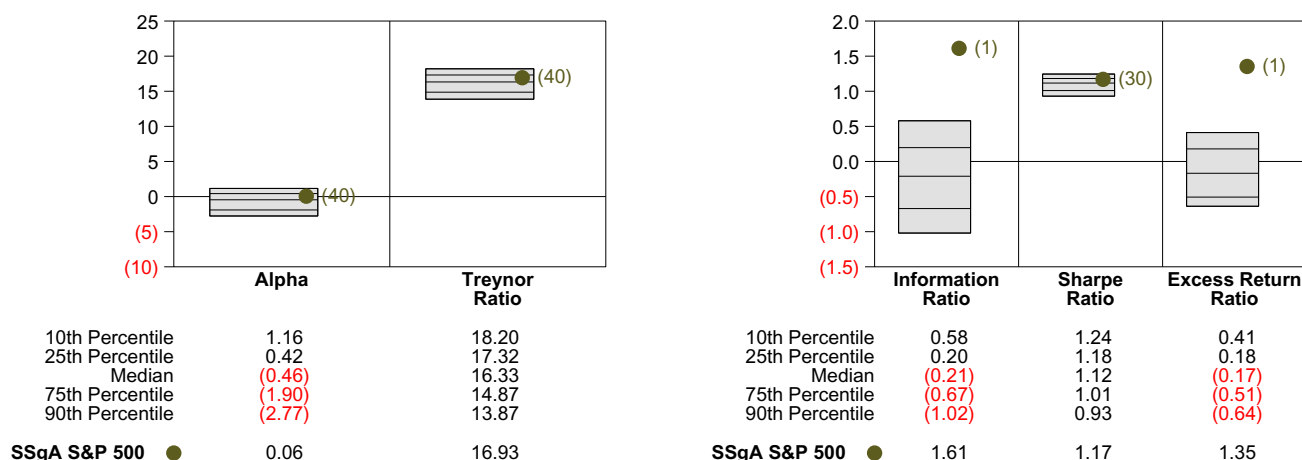
Performance vs CAI Large Cap Core Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Core Style (Gross) Seven Years Ended March 31, 2016

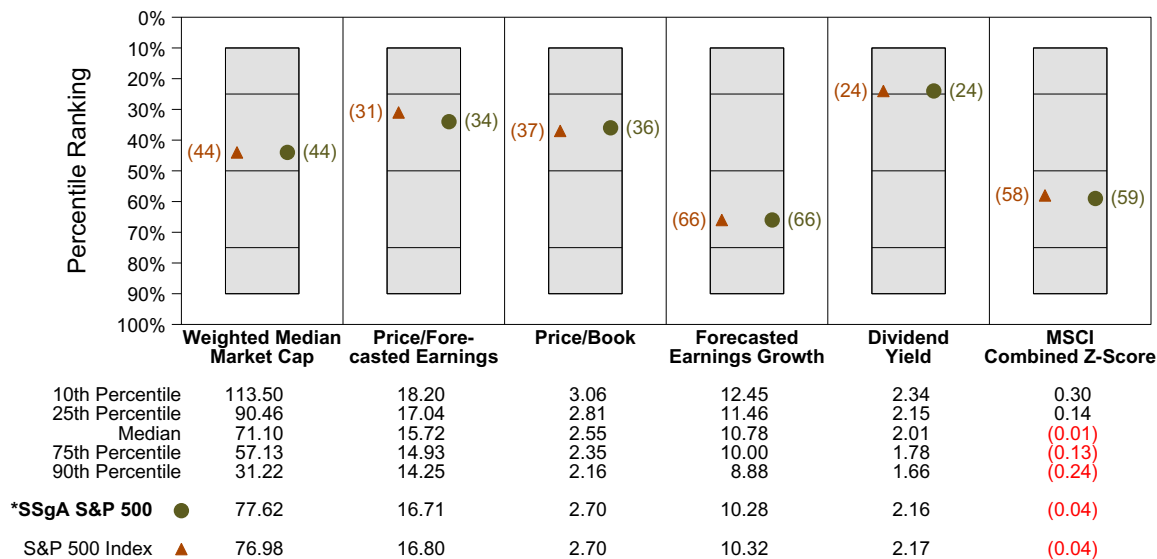


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

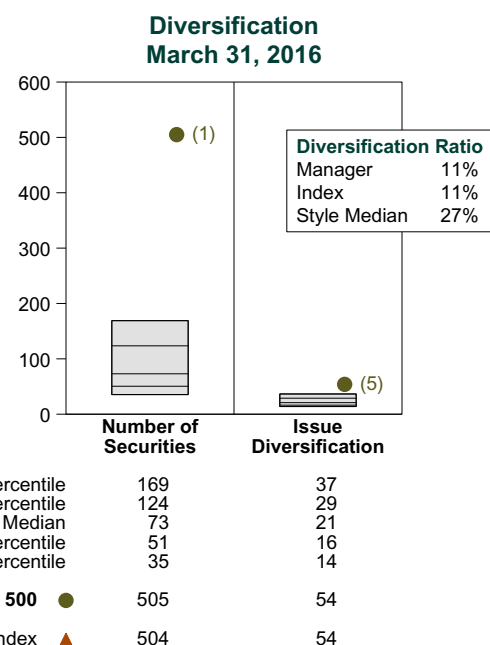
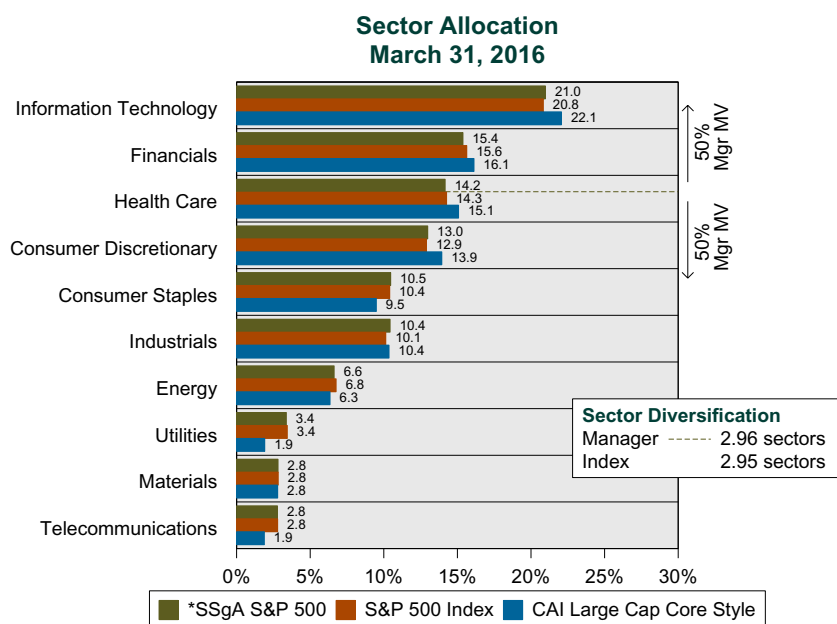
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Core Style as of March 31, 2016



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.



*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

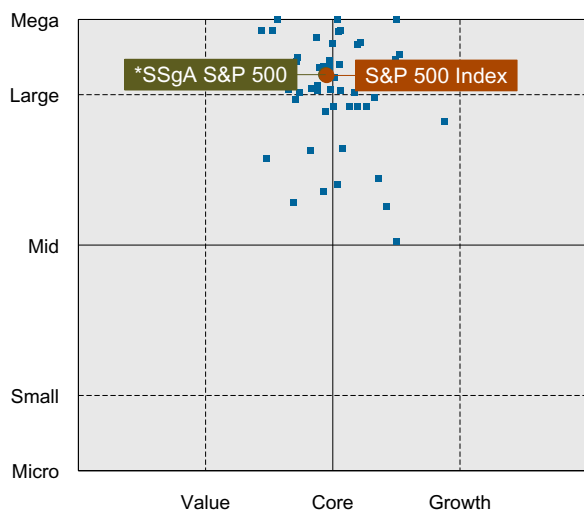
Current Holdings Based Style Analysis

SSgA S&P 500

As of March 31, 2016

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.

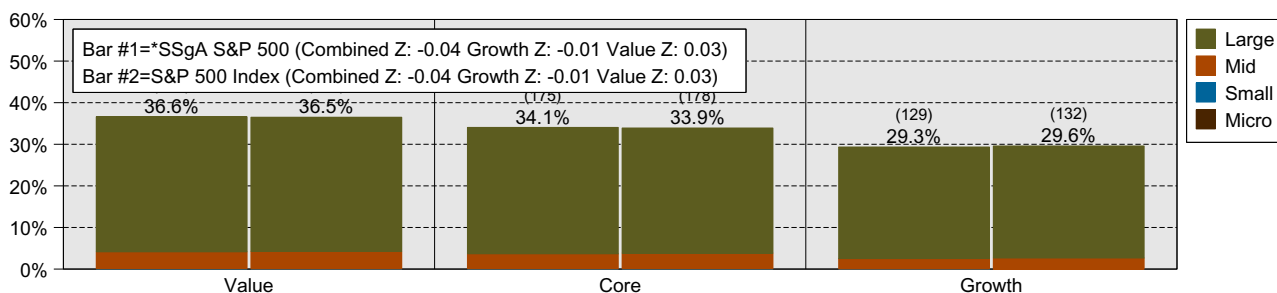
Style Map vs CAI Large Cap Core Style
Holdings as of March 31, 2016



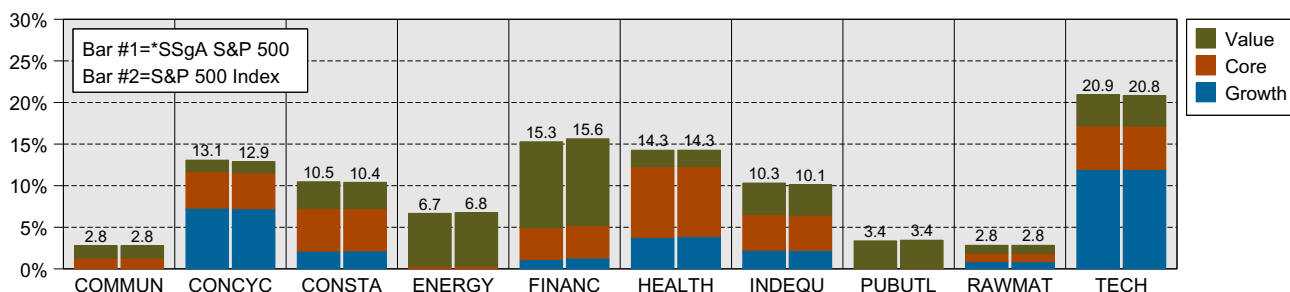
Style Exposure Matrix
Holdings as of March 31, 2016

	Value	Core	Growth	Total
Large	32.5% (103) 32.2% (103)	30.4% (100) 30.1% (100)	26.8% (84) 26.9% (84)	89.6% (287) 89.2% (287)
Mid	4.1% (86) 4.2% (88)	3.6% (72) 3.8% (75)	2.5% (44) 2.6% (47)	10.3% (202) 10.7% (210)
Small	0.1% (6) 0.0% (3)	0.0% (3) 0.0% (3)	0.0% (1) 0.0% (1)	0.1% (10) 0.1% (7)
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)
Total	36.6% (195) 36.5% (194)	34.1% (175) 33.9% (178)	29.3% (129) 29.6% (132)	100.0% (499) 100.0% (504)

Combined Z-Score Style Distribution
Holdings as of March 31, 2016



Sector Weights Distribution
Holdings as of March 31, 2016



*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Boston Partners Period Ended March 31, 2016

Investment Philosophy

Boston Partners attempts to implement a disciplined investment process designed to find undervalued securities issued by companies with sound fundamentals and positive business momentum. Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter 2005.

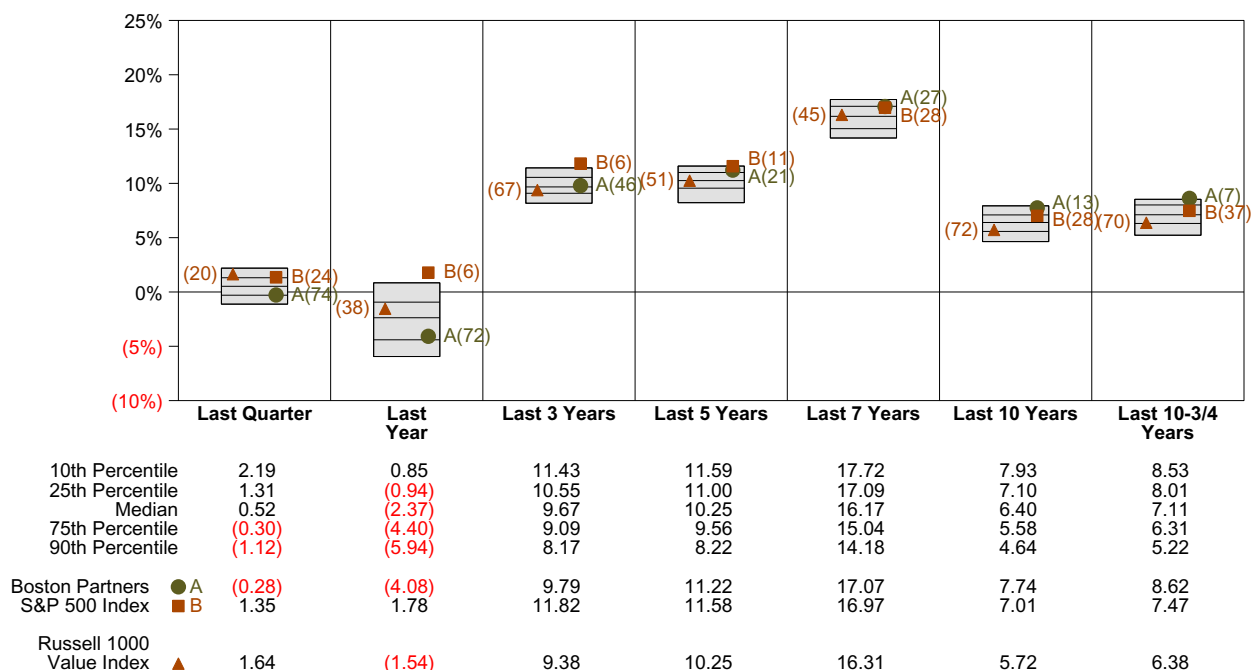
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a (0.28)% return for the quarter placing it in the 74 percentile of the CAI Large Cap Value Style group for the quarter and in the 72 percentile for the last year.
- Boston Partners's portfolio underperformed the Russell 1000 Value Index by 1.92% for the quarter and underperformed the Russell 1000 Value Index for the year by 2.54%.

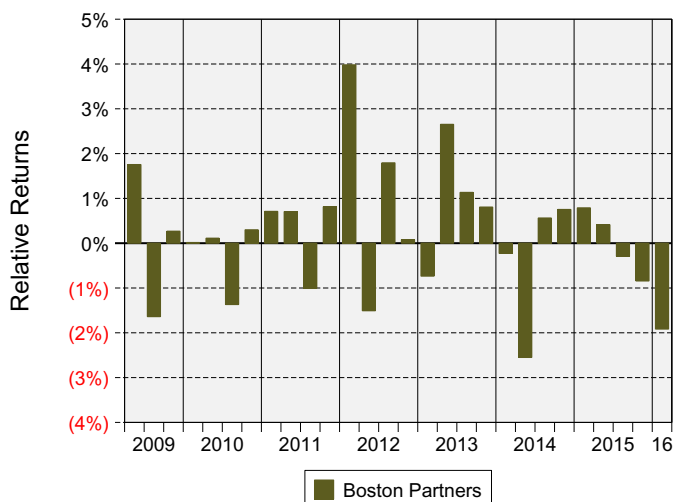
Quarterly Asset Growth

Beginning Market Value	\$38,449,048
Net New Investment	\$0
Investment Gains/(Losses)	\$-107,003
Ending Market Value	\$38,342,045

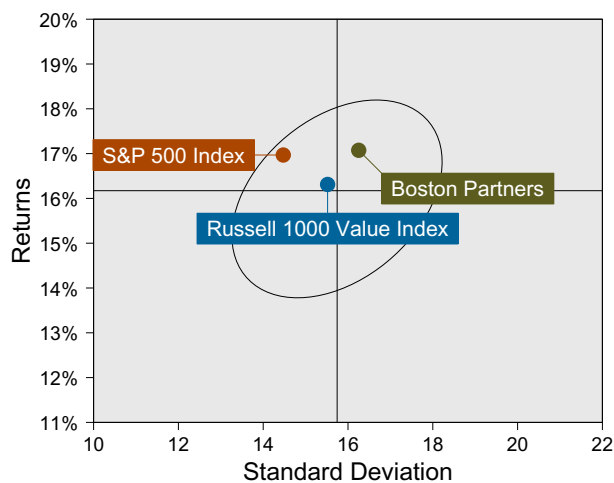
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Value Index



CAI Large Cap Value Style (Gross) Annualized Seven Year Risk vs Return

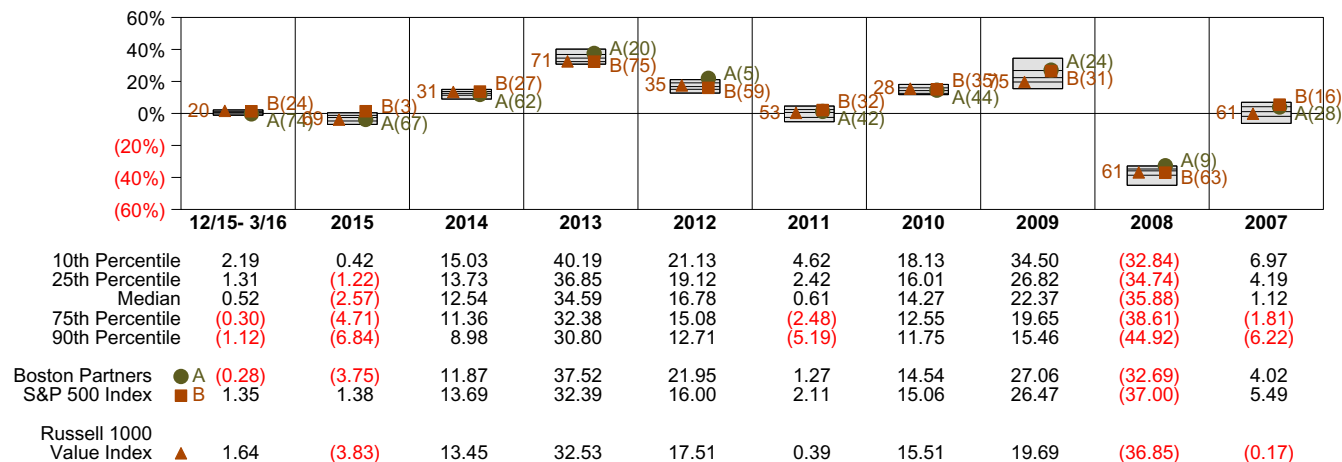


Boston Partners Return Analysis Summary

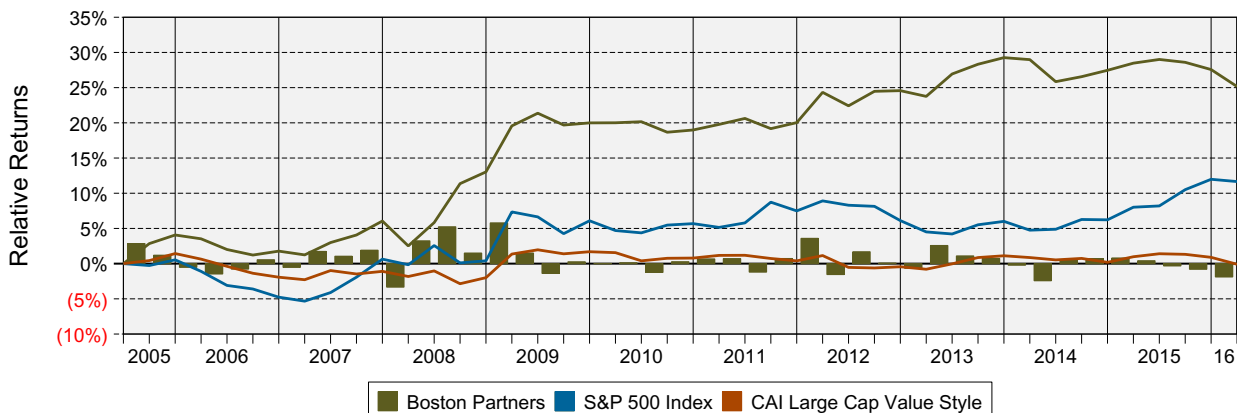
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

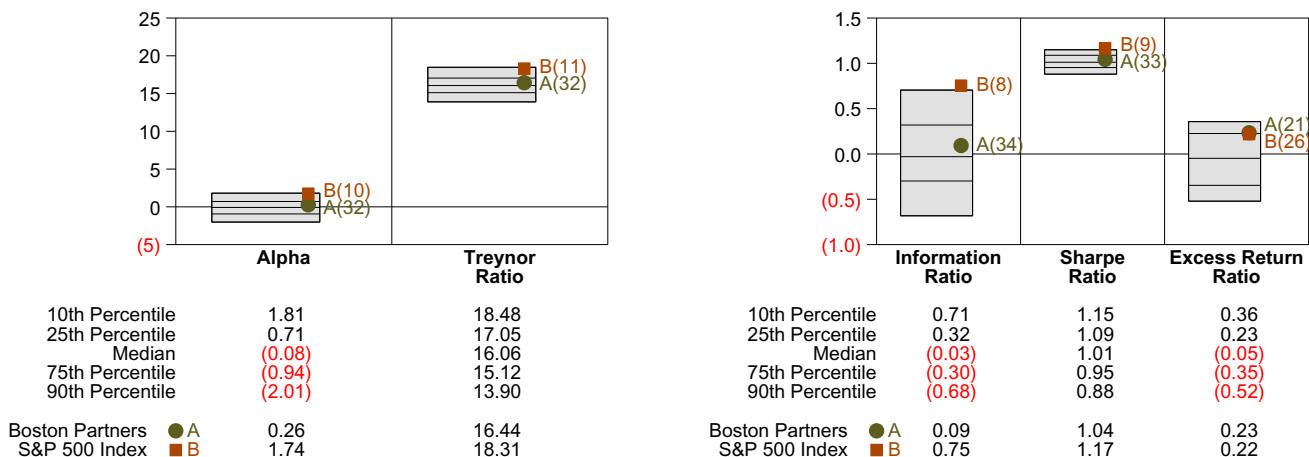
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI Large Cap Value Style (Gross) Seven Years Ended March 31, 2016

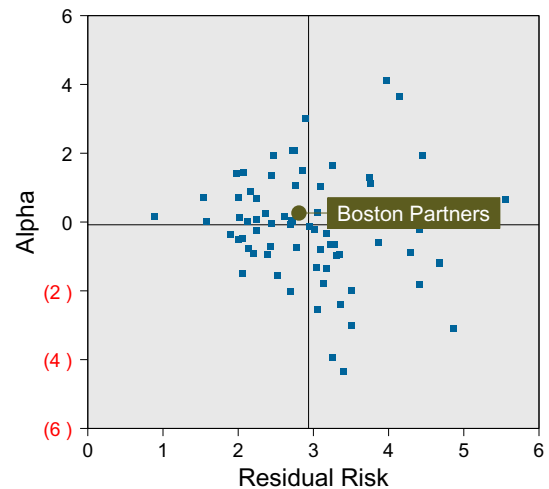
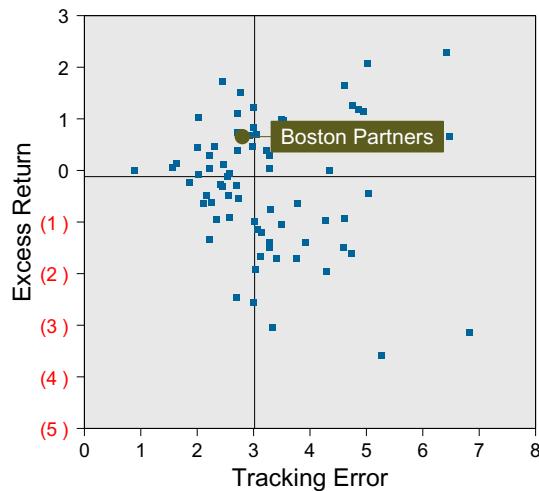


Boston Partners Risk Analysis Summary

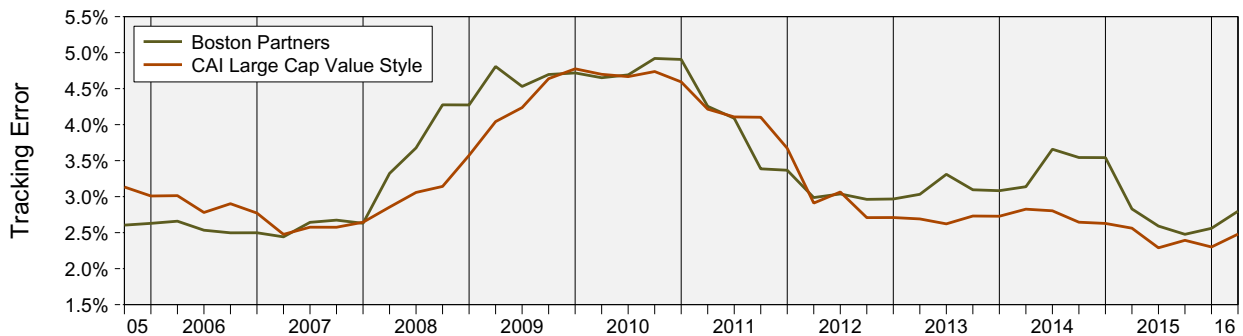
Risk Analysis

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 scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third 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.

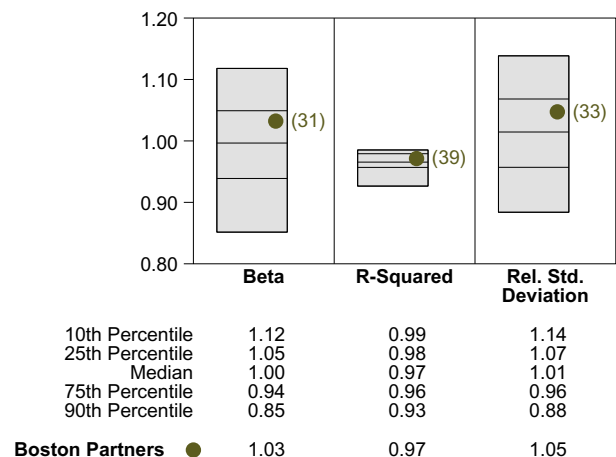
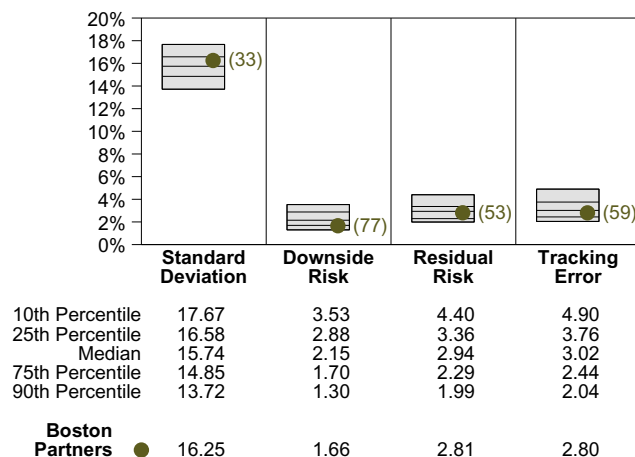
Risk Analysis vs CAI Large Cap Value Style (Gross) Seven Years Ended March 31, 2016



Rolling 12 Quarter Tracking Error vs Russell 1000 Value Index



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against CAI Large Cap Value Style (Gross) Seven Years Ended March 31, 2016

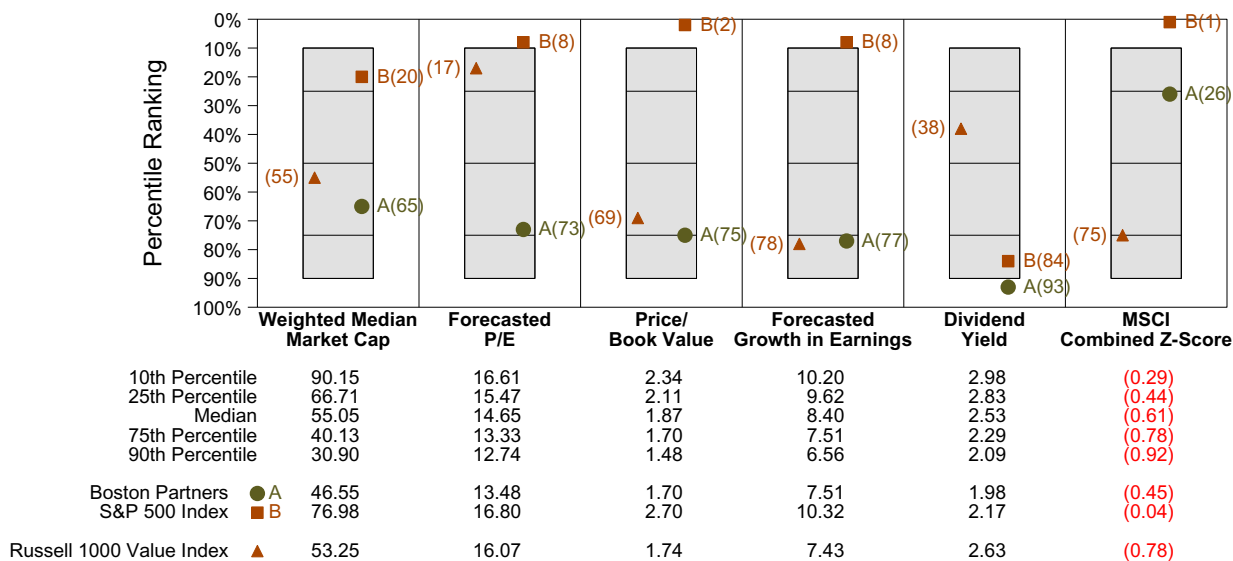


Boston Partners Equity Characteristics Analysis Summary

Portfolio Characteristics

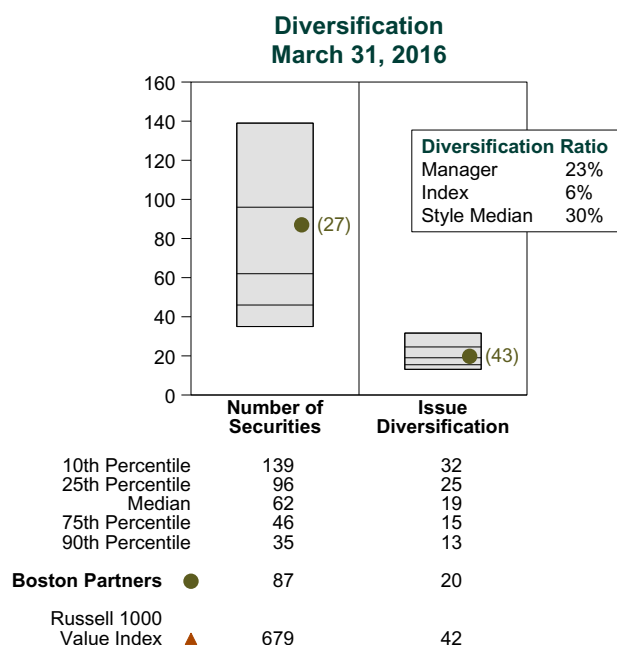
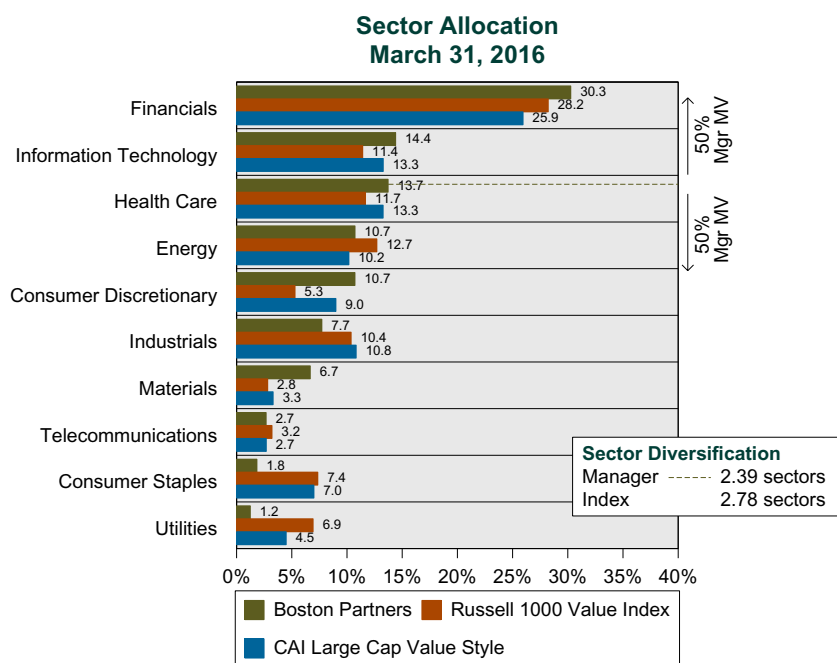
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value Style as of March 31, 2016



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.



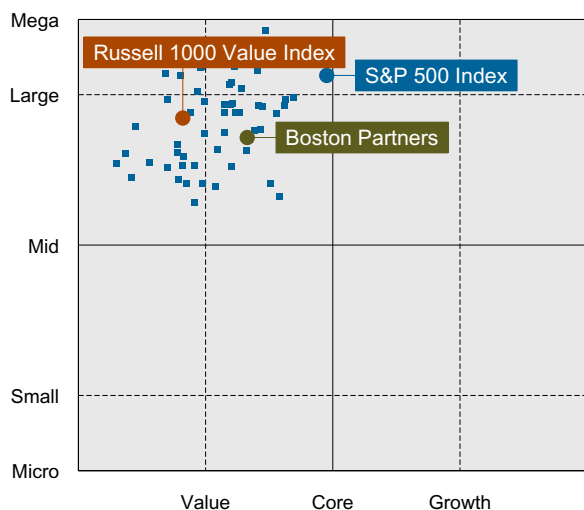
Current Holdings Based Style Analysis

Boston Partners

As of March 31, 2016

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.

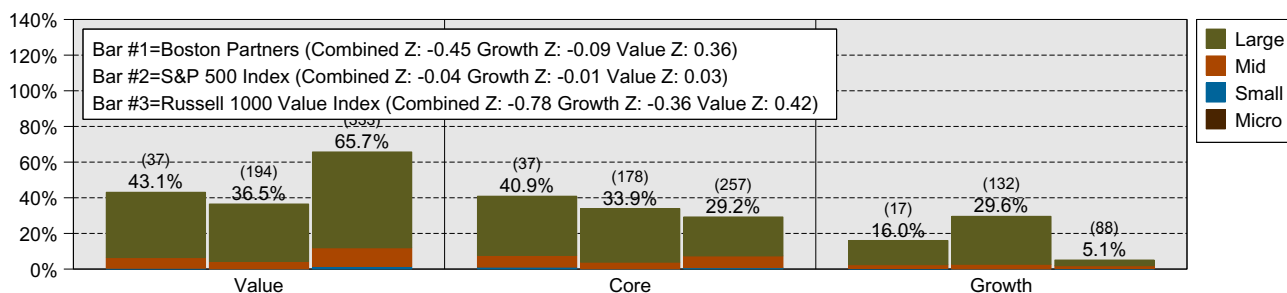
Style Map vs CAI Large Cap Value Style
Holdings as of March 31, 2016



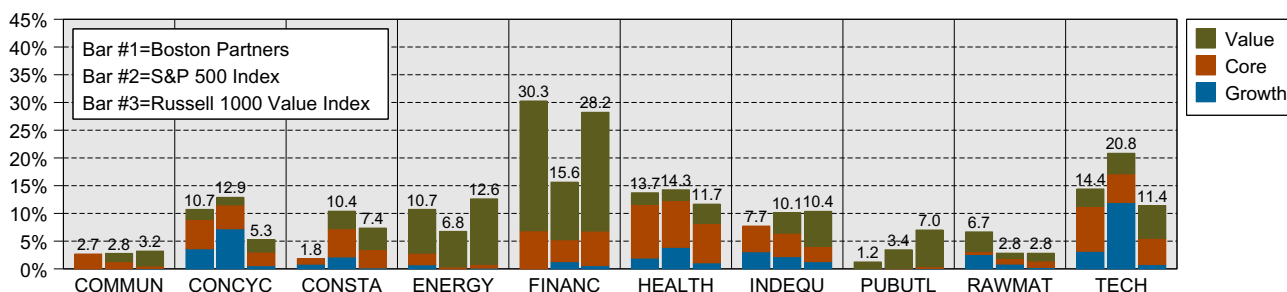
Style Exposure Matrix
Holdings as of March 31, 2016

	Value	Core	Growth	Total
Large	36.6% (26) 32.2% (103) 53.8% (99)	33.2% (23) 30.1% (100) 21.8% (70)	13.6% (13) 26.9% (84) 3.2% (22)	83.4% (62) 89.2% (287) 78.8% (191)
Mid	6.0% (10) 4.2% (88) 10.3% (157)	6.6% (10) 3.8% (75) 6.6% (136)	2.1% (3) 2.6% (47) 1.6% (47)	14.7% (23) 10.7% (210) 18.6% (340)
Small	0.4% (1) 0.0% (3) 1.6% (76)	1.1% (3) 0.0% (3) 0.8% (47)	0.4% (1) 0.0% (1) 0.3% (19)	1.9% (5) 0.1% (7) 2.6% (142)
Micro	0.0% (0) 0.0% (0) 0.0% (1)	0.0% (1) 0.0% (0) 0.0% (4)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0) 0.0% (5)
Total	43.1% (37) 36.5% (194) 65.7% (333)	40.9% (37) 33.9% (178) 29.2% (257)	16.0% (17) 29.6% (132) 5.1% (88)	100.0% (91) 100.0% (504) 100.0% (678)

Combined Z-Score Style Distribution
Holdings as of March 31, 2016



Sector Weights Distribution
Holdings as of March 31, 2016



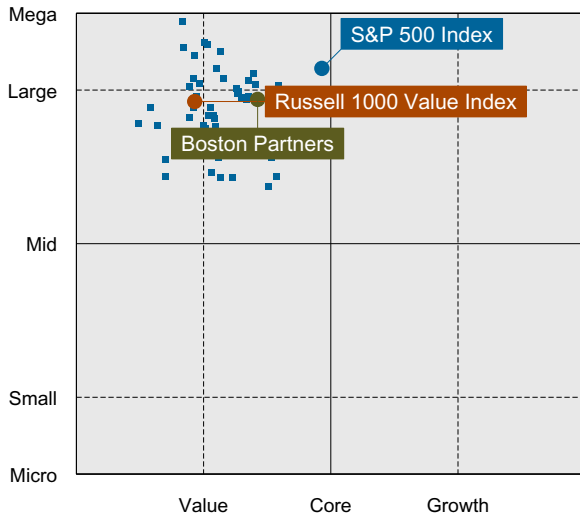
Historical Holdings Based Style Analysis

Boston Partners

For Three Years Ended March 31, 2016

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.

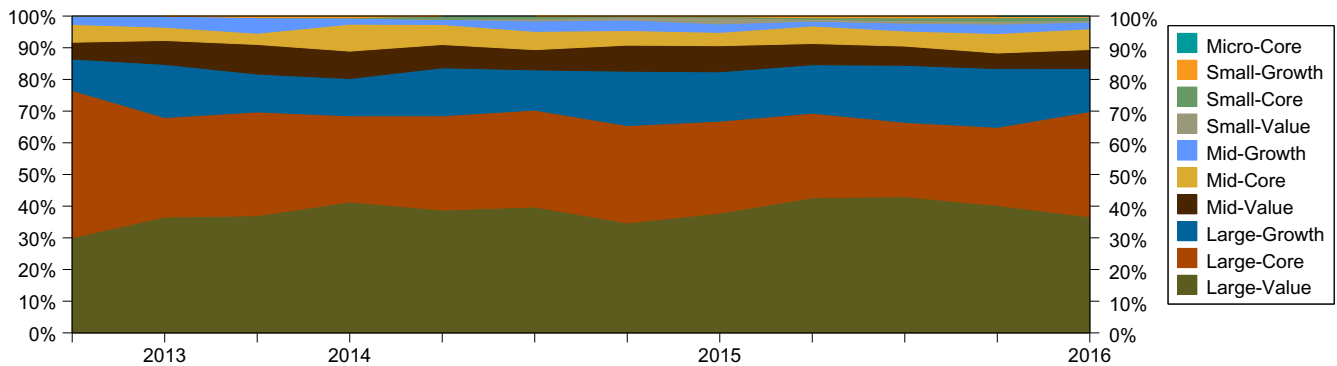
Average Style Map vs CAI Large Cap Value Style Holdings for Three Years Ended March 31, 2016



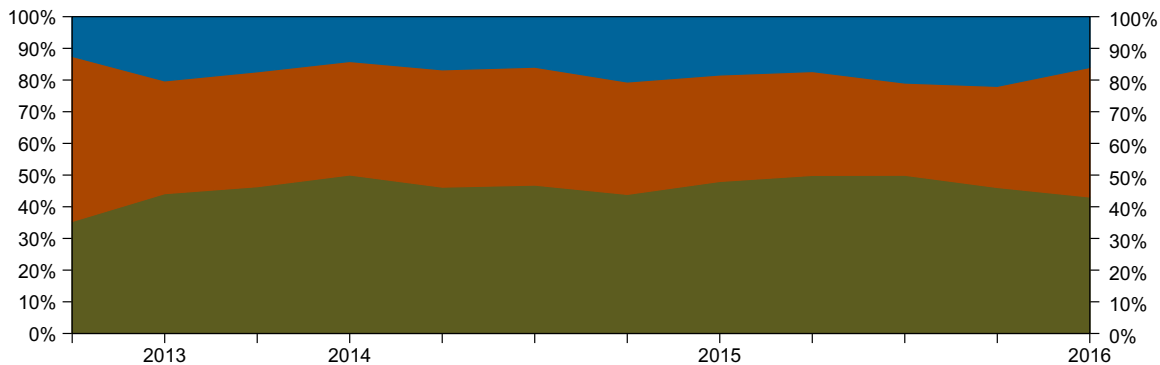
Average Style Exposure Matrix Holdings for Three Years Ended March 31, 2016

	Value	Core	Growth	Total
Large	38.2% (24) 31.1% (89) 49.8% (85)	30.5% (25) 28.9% (99) 22.7% (73)	14.7% (13) 28.9% (97) 5.9% (32)	83.4% (62) 88.9% (285) 78.4% (190)
Mid	7.1% (11) 4.2% (86) 10.7% (166)	5.5% (9) 3.9% (77) 6.2% (138)	2.7% (4) 2.9% (50) 2.0% (51)	15.3% (24) 11.0% (213) 18.9% (355)
Small	0.5% (2) 0.0% (3) 1.5% (64)	0.5% (2) 0.0% (1) 1.0% (54)	0.3% (1) 0.0% (0) 0.2% (13)	1.3% (5) 0.1% (4) 2.7% (131)
Micro	0.0% (0) 0.0% (0) 0.0% (1)	0.0% (0) 0.0% (0) 0.0% (1)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (2)
Total	45.8% (37) 35.4% (178) 62.0% (316)	36.5% (36) 32.7% (177) 29.9% (266)	17.7% (18) 31.9% (147) 8.1% (96)	100.0% (91) 100.0% (502) 100.0% (678)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

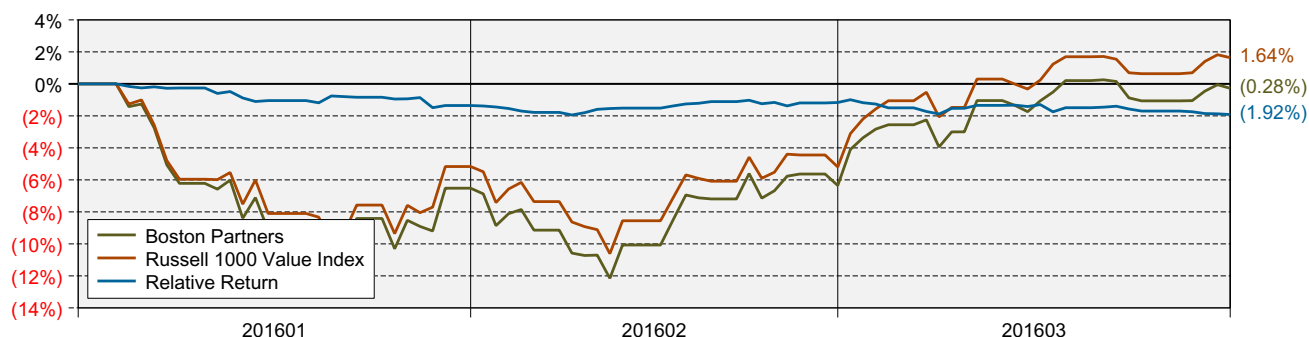


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended March 31, 2016

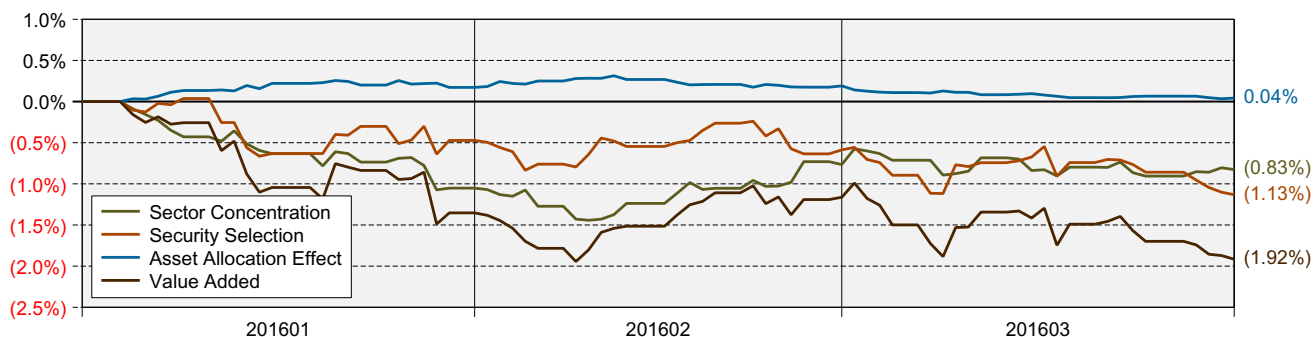
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 1000 Value Index



Attribution Effects by Sector vs. Russell 1000 Value Index One Quarter Ended March 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	9.71%	5.18%	4.13%	3.68%	0.10%	0.04%	-
Consumer Staples	2.00%	7.38%	15.76%	5.13%	(0.18)%	0.21%	-
Energy	10.66%	12.40%	2.69%	4.16%	(0.02)%	(0.17)%	-
Financials	29.61%	29.23%	(4.18)%	(5.26)%	(0.01)%	0.33%	-
Health Care	16.65%	12.08%	(4.66)%	(1.63)%	(0.09)%	(0.55)%	-
Industrials	9.12%	10.20%	(1.25)%	5.21%	(0.07)%	(0.53)%	-
Information Technology	13.43%	11.28%	(1.21)%	2.75%	(0.01)%	(0.51)%	-
Materials	5.37%	2.61%	5.34%	7.84%	0.24%	(0.12)%	-
Telecommunications	2.42%	3.06%	18.20%	14.11%	(0.09)%	0.08%	-
Utilities	1.04%	6.60%	24.73%	15.35%	(0.70)%	0.09%	-
Non Equity	2.46%	0.00%	-	-	-	-	0.04%
Total	-	-	(0.28)%	1.64%	(0.83)%	(1.13)%	0.04%

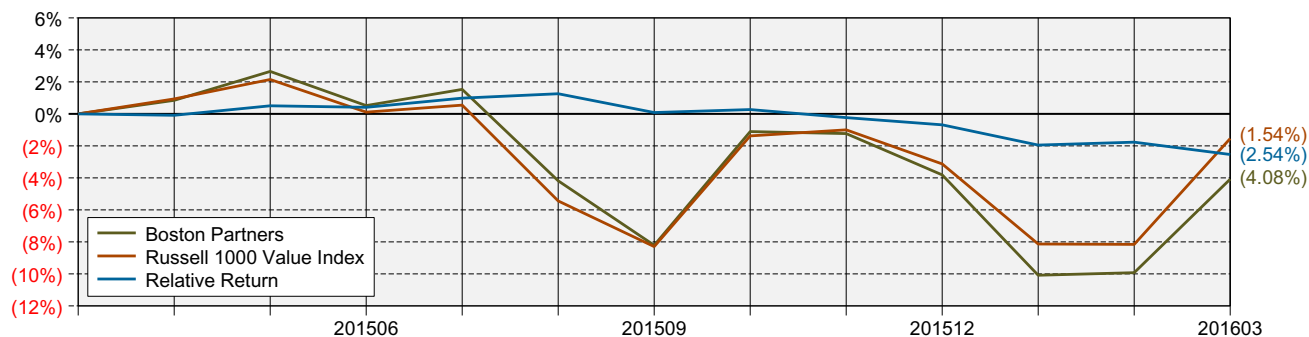
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(0.28)%		1.64%		(0.83)%		(1.13)%		0.04%

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended March 31, 2016

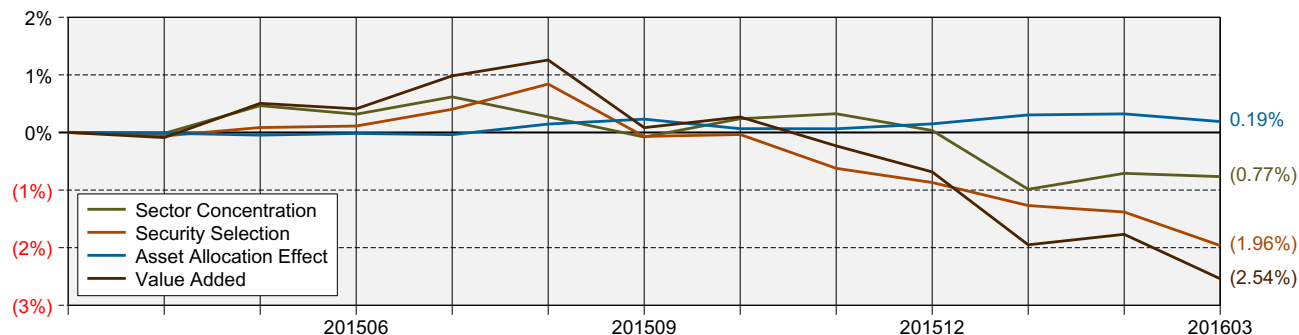
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 1000 Value Index



Attribution Effects by Sector vs. Russell 1000 Value Index One Year Ended March 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Miscellaneous	0.00%	0.00%	(0.06)%	0.00%	(0.00)%	0.00%	-
Consumer Discretionary	9.08%	5.63%	(8.77)%	(6.60)%	(0.14)%	(0.20)%	-
Consumer Staples	2.94%	7.00%	34.31%	5.48%	(0.31)%	0.60%	-
Energy	10.09%	12.56%	(15.26)%	(16.30)%	0.49%	0.05%	-
Financials	29.49%	29.77%	(4.94)%	(4.97)%	(0.01)%	(0.04)%	-
Health Care	17.89%	12.54%	(3.86)%	(1.67)%	(0.03)%	(0.38)%	-
Industrials	9.00%	10.17%	(0.54)%	6.08%	(0.06)%	(0.51)%	-
Information Technology	14.57%	10.70%	0.34%	4.88%	0.10%	(0.58)%	-
Materials	4.20%	2.83%	(21.42)%	(4.96)%	0.16%	(0.73)%	-
Telecommunications	1.66%	2.66%	16.45%	20.63%	(0.16)%	0.00%	-
Utilities	1.08%	6.14%	(4.39)%	14.94%	(0.82)%	(0.19)%	-
Non Equity	2.44%	0.00%	-	-	-	-	0.19%
Total	-	-	(4.08)%	(1.54)%	(0.77)%	(1.96)%	0.19%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(4.08%)		(1.54%)		(0.77%)		(1.96%)		0.19%

Boston Partners vs Russell 1000 Value Index **Domestic Equity Top 10 Contribution Holdings** **One Quarter Ended March 31, 2016**

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Citigroup Inc	Financials	2.64%	91	1.42%	(19.22)%	(19.22)%	(0.57)%	(0.27)%
JPMorgan Chase & Co	Financials	4.33%	91	2.37%	(9.69)%	(9.69)%	(0.44)%	(0.23)%
Wells Fargo & Co New	Financials	3.46%	91	2.48%	(10.35)%	(10.34)%	(0.40)%	(0.12)%
Verizon Communications Inc	Telecommunications	2.36%	91	0.15%	18.20%	18.46%	0.40%	0.29%
Express Scripts Hldg Co	Health Care	1.46%	91	0.09%	(21.45)%	(21.42)%	(0.39)%	(0.35)%
Berkshire Hathaway Inc Del Cl B New	Financials	4.78%	91	2.43%	7.45%	7.45%	0.37%	0.12%
Activision Blizzard Inc	Information Technology	0.97%	91	0.19%	(11.64)%	(11.87)%	(0.28)%	(0.12)%
Johnson & Johnson	Health Care	3.86%	91	2.66%	5.71%	6.09%	0.27%	0.00%
Aes Corp	Utilities	1.01%	91	0.07%	24.73%	24.73%	0.25%	0.21%
Tyson Foods Inc Cl A	Consumer Staples	0.98%	91	0.17%	25.34%	25.28%	0.25%	0.18%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Bank Amer Corp	Financials	1.50%	53	1.61%	1.52%	(19.37)%	(0.35)%	0.31%
At&t Inc	Telecommunications	-	-	2.30%	-	15.44%	0.34%	(0.27)%
Citigroup Inc	Financials	2.64%	91	1.42%	(19.22)%	(19.22)%	(0.31)%	(0.27)%
Exxon Mobil Corp	Energy	-	-	3.48%	-	8.21%	0.29%	(0.20)%
Wells Fargo & Co New	Financials	3.46%	91	2.48%	(10.35)%	(10.34)%	(0.27)%	(0.12)%
JPMorgan Chase & Co	Financials	4.33%	91	2.37%	(9.69)%	(9.69)%	(0.24)%	(0.23)%
Berkshire Hathaway Inc Del Cl B New	Financials	4.78%	91	2.43%	7.45%	7.45%	0.19%	0.12%
Johnson & Johnson	Health Care	3.86%	91	2.66%	5.71%	6.09%	0.16%	0.00%
Pfizer	Health Care	2.40%	91	2.00%	(6.59)%	(7.25)%	(0.15)%	(0.01)%
Chevron Corp New	Energy	-	-	1.72%	-	7.39%	0.14%	(0.10)%

Positions with Largest Positive Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Bank Amer Corp	Financials	1.50%	53	1.61%	1.52%	(19.37)%	0.18%	0.31%
Verizon Communications Inc	Telecommunications	2.36%	91	0.15%	18.20%	18.46%	0.40%	0.29%
Aes Corp	Utilities	1.01%	91	0.07%	24.73%	24.73%	0.25%	0.21%
Barrick Gold Corp	Materials	0.44%	91	-	82.95%	-	0.24%	0.21%
Tyson Foods Inc Cl A	Consumer Staples	0.98%	91	0.17%	25.34%	25.28%	0.25%	0.18%
Cbs Corp New Cl B	Consumer Discretionary	1.19%	91	-	16.85%	-	0.24%	0.18%
Berkshire Hathaway Inc Del Cl B New	Financials	4.78%	91	2.43%	7.45%	7.45%	0.37%	0.12%
Ppg Industries	Materials	0.81%	86	-	16.68%	-	0.17%	0.12%
Target Corp	Consumer Discretionary	1.41%	91	0.46%	14.21%	14.22%	0.17%	0.12%
Canadian Nat Res Ltd	Energy	0.50%	91	-	21.82%	-	0.16%	0.12%

Positions with Largest Negative Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Express Scripts Hldg Co	Health Care	1.46%	91	0.09%	(21.45)%	(21.42)%	(0.39)%	(0.35)%
Citigroup Inc	Financials	2.64%	91	1.42%	(19.22)%	(19.22)%	(0.57)%	(0.27)%
At&t Inc	Telecommunications	-	-	2.30%	-	15.44%	-	(0.27)%
JPMorgan Chase & Co	Financials	4.33%	91	2.37%	(9.69)%	(9.69)%	(0.44)%	(0.23)%
Exxon Mobil Corp	Energy	-	-	3.48%	-	8.21%	-	(0.20)%
McKesson Corp	Health Care	0.73%	91	-	(20.13)%	-	(0.16)%	(0.17)%
Ebay	Information Technology	1.13%	91	-	(12.85)%	-	(0.15)%	(0.17)%
Gilead Sciences	Health Care	1.54%	91	-	(8.79)%	-	(0.14)%	(0.16)%
Liberty Global Inc Com Ser C	Consumer Discretionary	1.22%	91	-	(7.91)%	-	(0.19)%	(0.14)%
Harris Corp Del	Information Technology	1.16%	91	0.09%	(9.83)%	(9.83)%	(0.12)%	(0.13)%

Atlanta Capital Period Ended March 31, 2016

Investment Philosophy

Atlanta believes that high quality companies produce consistently increasing earnings and dividends, thereby providing attractive returns with moderate risk over the long-term. Performance prior to inception on 6/30/2010 is linked to the composite strategy.

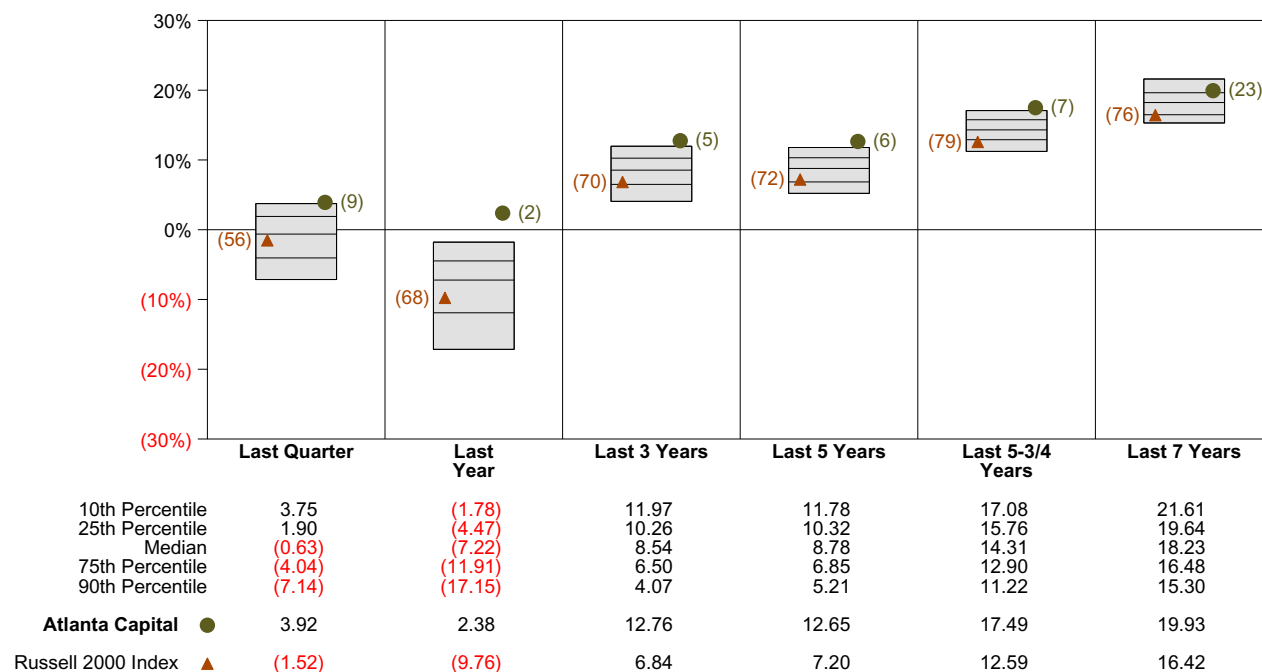
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 3.92% return for the quarter placing it in the 9 percentile of the CAI Small Capitalization Style group for the quarter and in the 2 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 5.44% for the quarter and outperformed the Russell 2000 Index for the year by 12.14%.

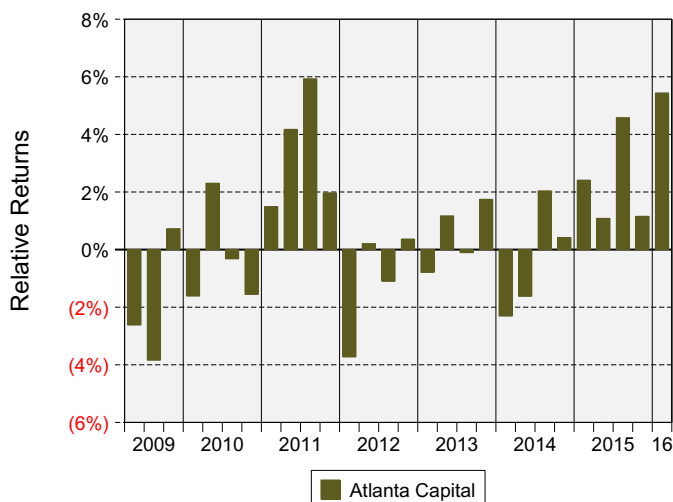
Quarterly Asset Growth

Beginning Market Value	\$20,718,491
Net New Investment	\$0
Investment Gains/(Losses)	\$811,823
Ending Market Value	\$21,530,313

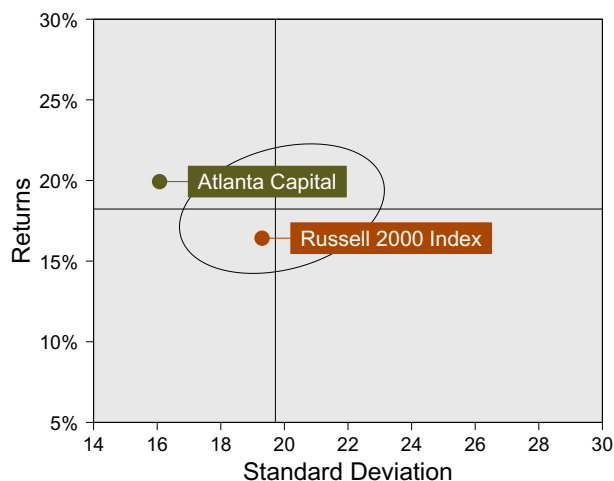
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



CAI Small Capitalization Style (Gross) Annualized Seven Year Risk vs Return

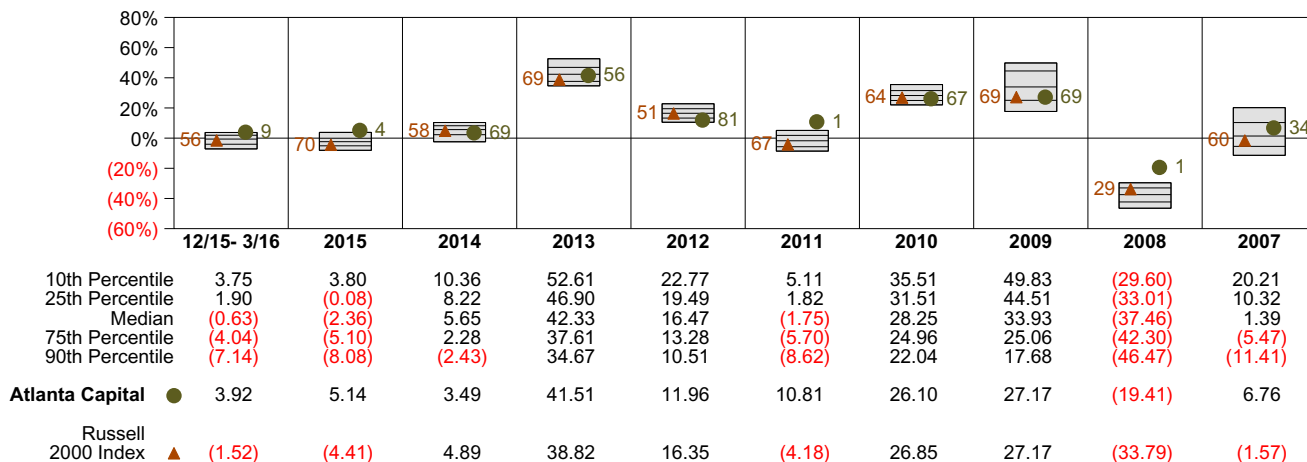


Atlanta Capital Return Analysis Summary

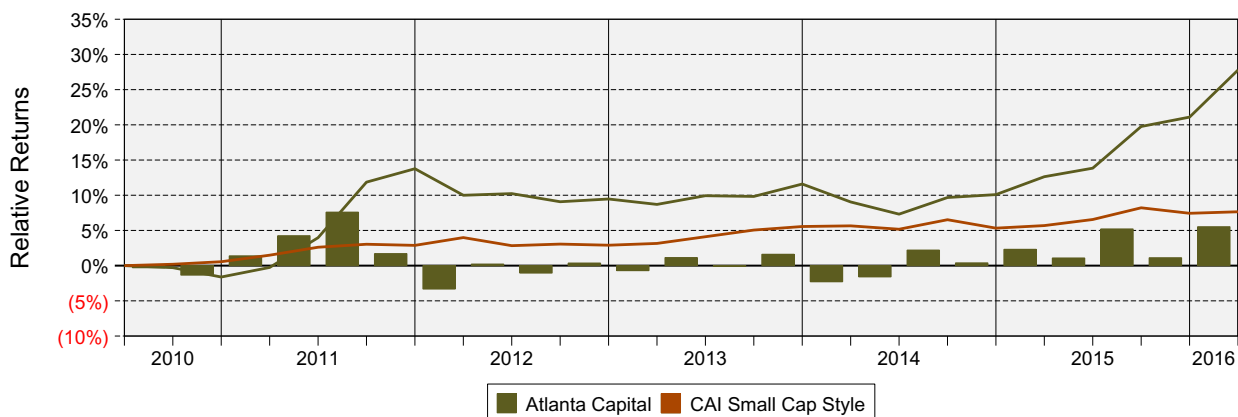
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

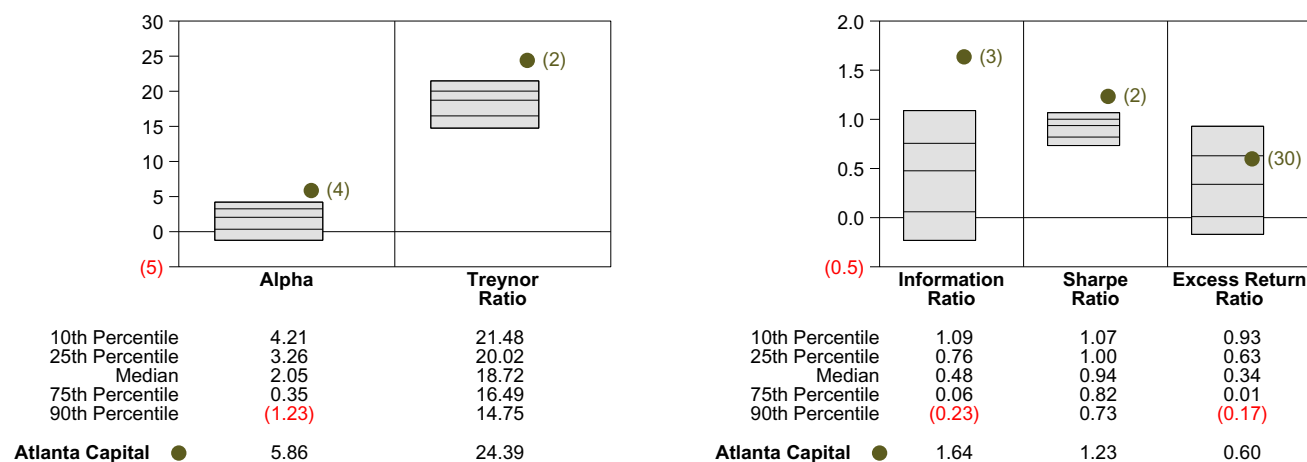
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Seven Years Ended March 31, 2016

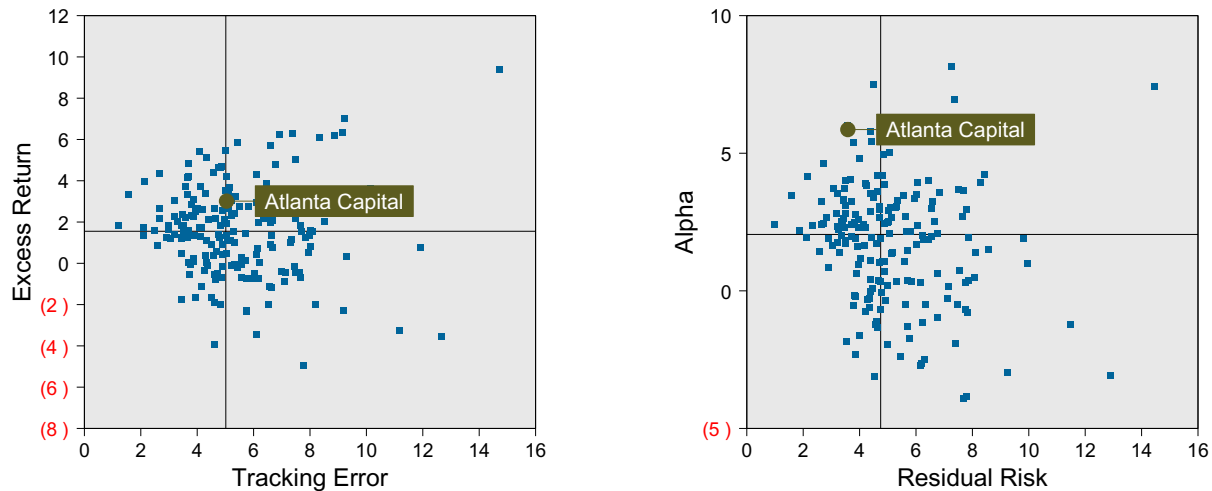


Atlanta Capital Risk Analysis Summary

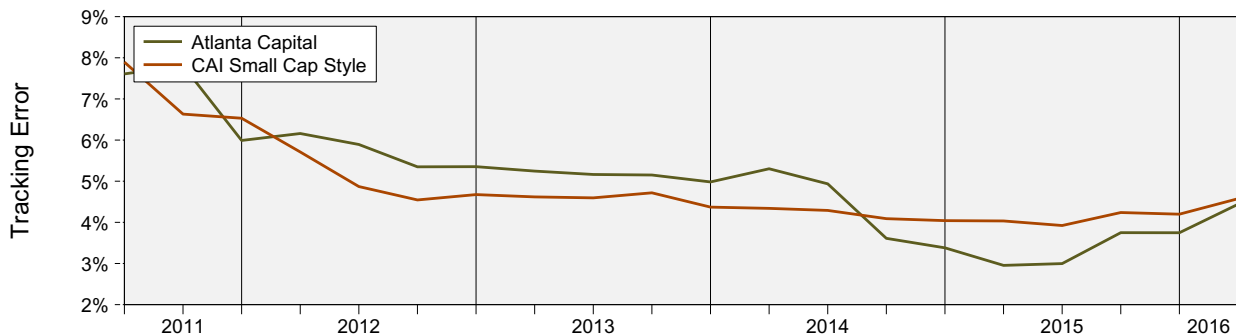
Risk Analysis

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 scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third 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.

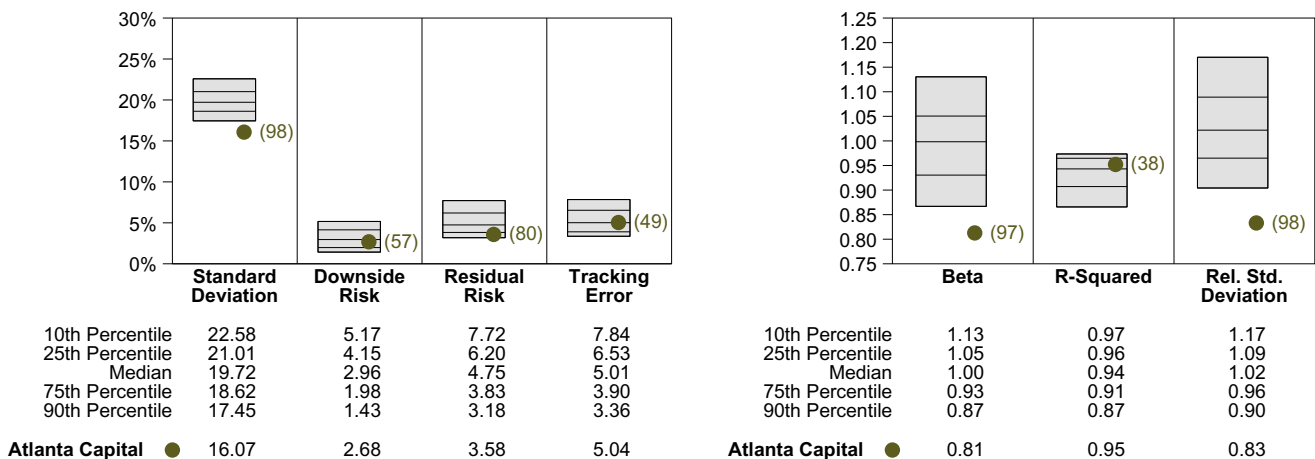
Risk Analysis vs CAI Small Capitalization Style (Gross) Seven Years Ended March 31, 2016



Rolling 12 Quarter Tracking Error vs Russell 2000 Index



Risk Statistics Rankings vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Seven Years Ended March 31, 2016

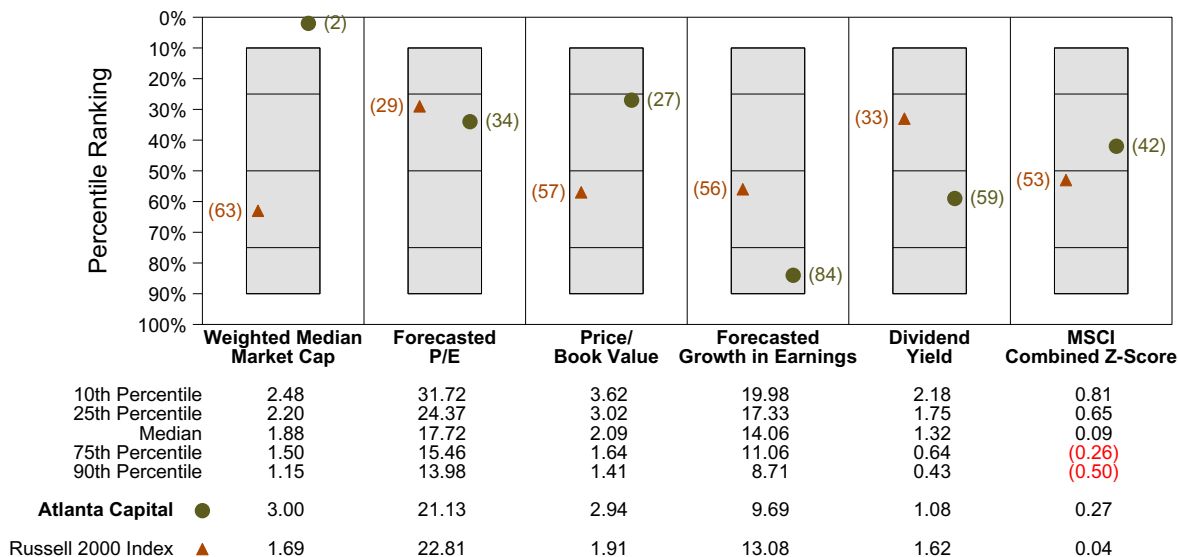


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

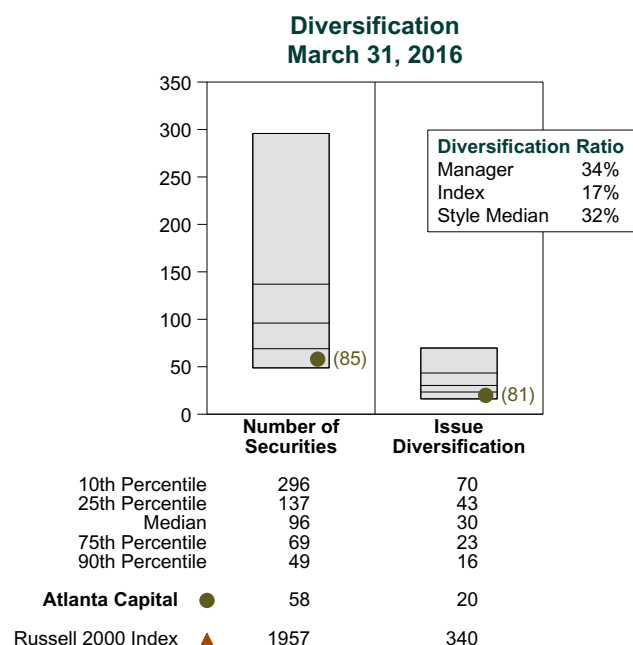
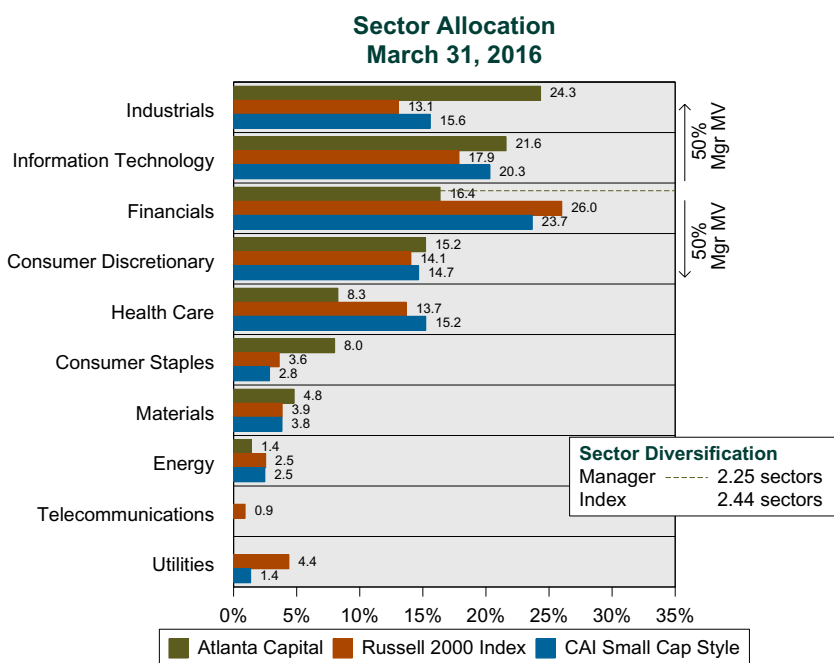
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of March 31, 2016



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.



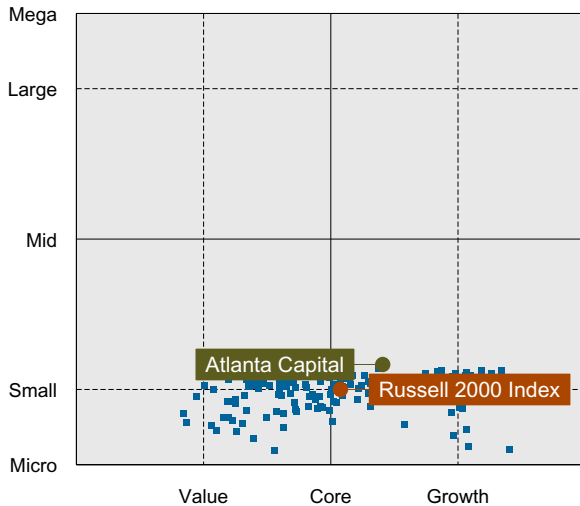
Current Holdings Based Style Analysis

Atlanta Capital

As of March 31, 2016

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.

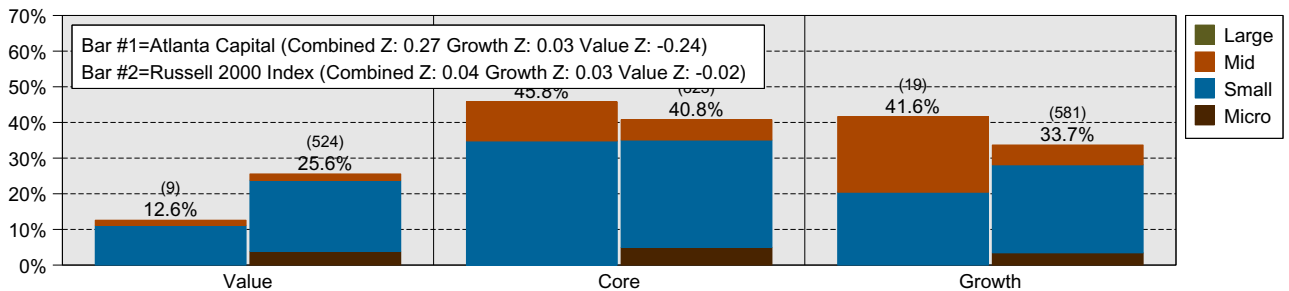
Style Map vs CAI Small Cap Style
Holdings as of March 31, 2016



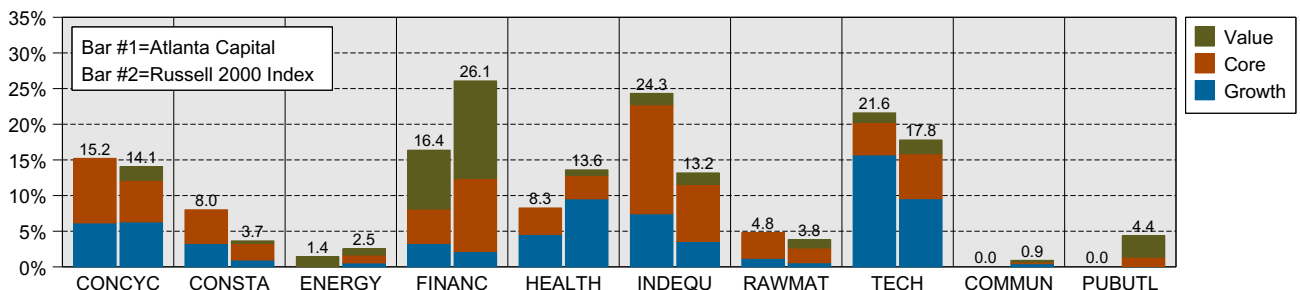
Style Exposure Matrix
Holdings as of March 31, 2016

	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	1.4% (1) 1.8% (9)	11.0% (5) 5.7% (26)	21.2% (8) 5.5% (24)	33.6% (14) 13.0% (59)
Small	11.2% (8) 20.0% (264)	34.8% (25) 30.1% (398)	20.4% (11) 24.7% (331)	66.4% (44) 74.7% (993)
Micro	0.0% (0) 3.8% (251)	0.0% (0) 5.0% (399)	0.0% (0) 3.4% (226)	0.0% (0) 12.2% (876)
Total	12.6% (9) 25.6% (524)	45.8% (30) 40.8% (823)	41.6% (19) 33.7% (581)	100.0% (58) 100.0% (1928)

Combined Z-Score Style Distribution
Holdings as of March 31, 2016



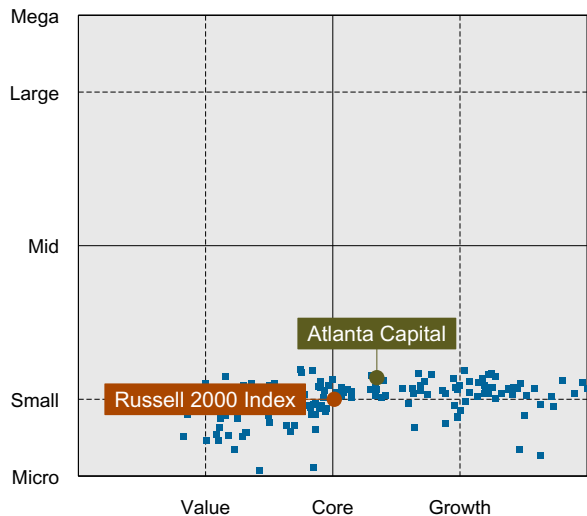
Sector Weights Distribution
Holdings as of March 31, 2016



Historical Holdings Based Style Analysis Atlanta Capital For Five and 3/4 Years Ended March 31, 2016

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.

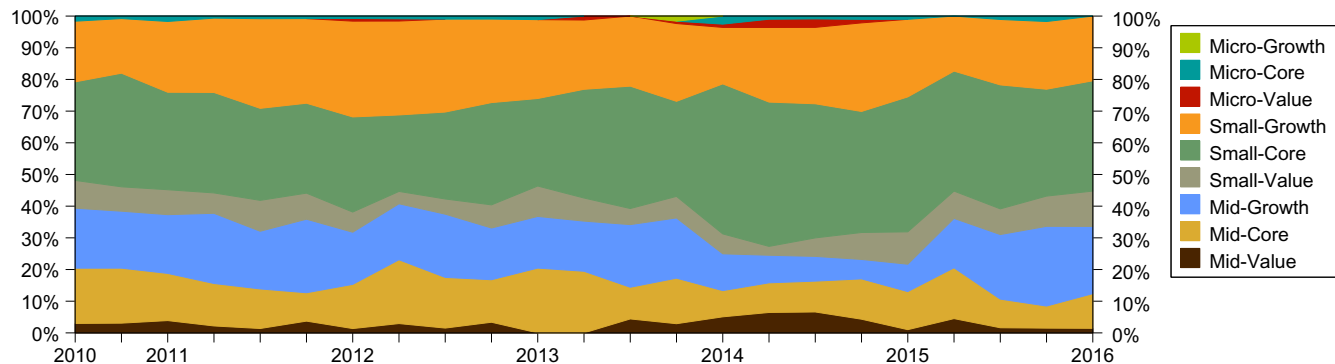
Average Style Map vs CAI Small Cap Style Holdings for Five and 3/4 Years Ended March 31, 2016



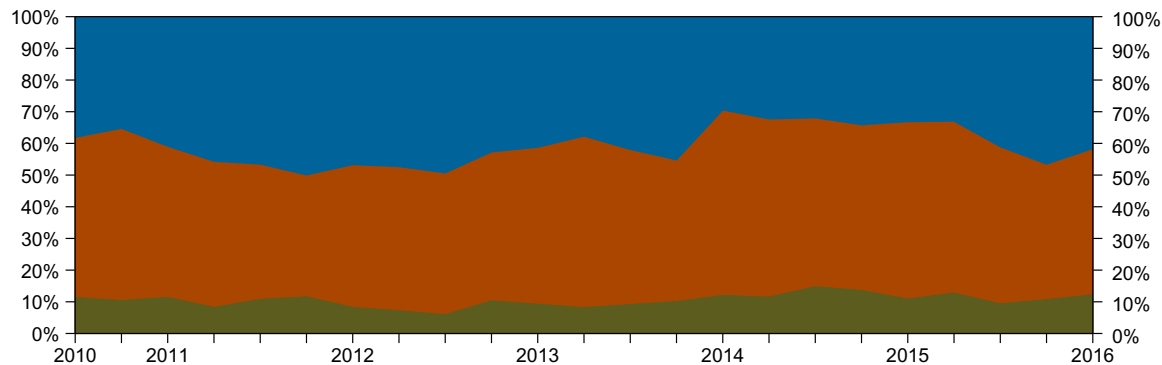
Average Style Exposure Matrix Holdings for Five and 3/4 Years Ended March 31, 2016

	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	2.9% (2) 1.4% (7)	13.4% (7) 2.4% (13)	16.8% (7) 5.4% (26)	33.0% (16) 9.2% (46)
Small	7.4% (6) 21.0% (283)	34.5% (23) 29.7% (403)	23.7% (15) 26.5% (358)	65.6% (44) 77.2% (1044)
Micro	0.5% (0) 4.9% (304)	0.9% (1) 5.2% (350)	0.1% (0) 3.4% (211)	1.4% (1) 13.6% (865)
Total	10.8% (8) 27.3% (594)	48.7% (31) 37.4% (766)	40.5% (22) 35.3% (595)	100.0% (61) 100.0% (1955)

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures



Atlanta Capital vs Russell 2000 Index

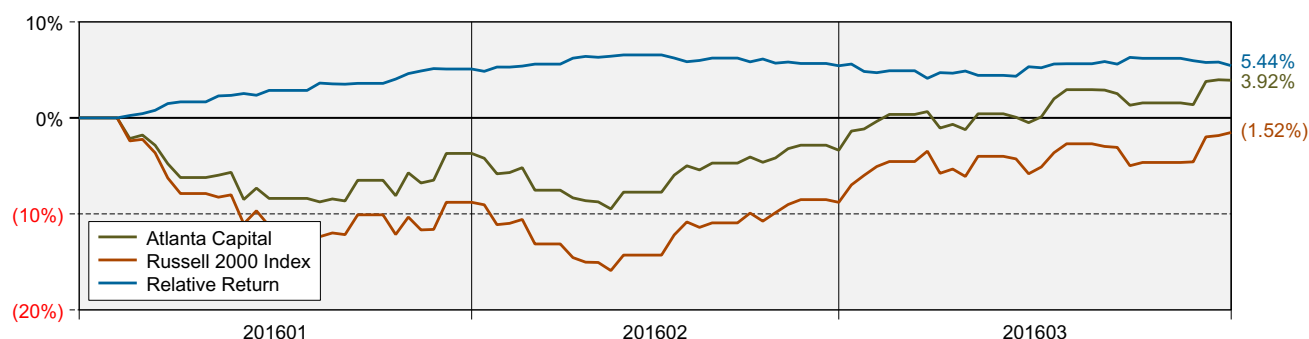
Domestic Equity Daily Performance Attribution

One Quarter Ended March 31, 2016

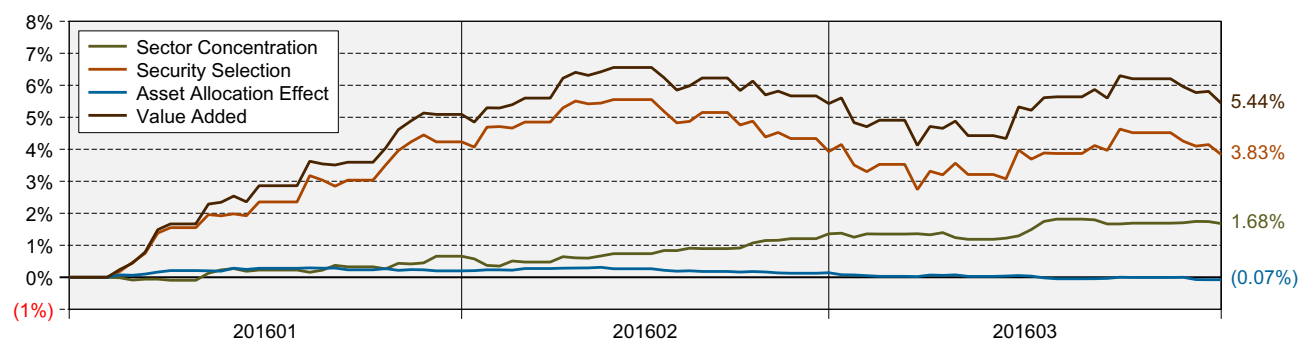
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 2000 Index



Attribution Effects by Sector vs. Russell 2000 Index

One Quarter Ended March 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	14.70%	13.90%	13.39%	2.32%	0.04%	1.52%	-
Consumer Staples	7.94%	3.57%	1.33%	3.23%	0.23%	(0.15)%	-
Energy	1.42%	2.53%	2.25%	(8.32)%	0.10%	0.14%	-
Financials	17.07%	25.99%	1.16%	0.32%	(0.12)%	0.16%	-
Health Care	7.97%	14.87%	6.32%	(16.89)%	1.20%	2.01%	-
Industrials	24.21%	12.37%	3.23%	4.54%	0.71%	(0.38)%	-
Information Technology	21.94%	18.00%	0.78%	(1.42)%	0.02%	0.47%	-
Materials	4.75%	3.66%	7.31%	5.04%	0.08%	0.07%	-
Telecommunications	0.00%	0.90%	0.00%	5.91%	(0.06)%	0.00%	-
Utilities	0.00%	4.22%	0.00%	11.80%	(0.51)%	0.00%	-
Non Equity	2.87%	0.00%	-	-	-	-	(0.07)%
Total	-	-	3.92%	(1.52)%	1.68%	3.83%	(0.07)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
3.92%		(1.52)%		1.68%		3.83%		(0.07)%

Atlanta Capital vs Russell 2000 Index

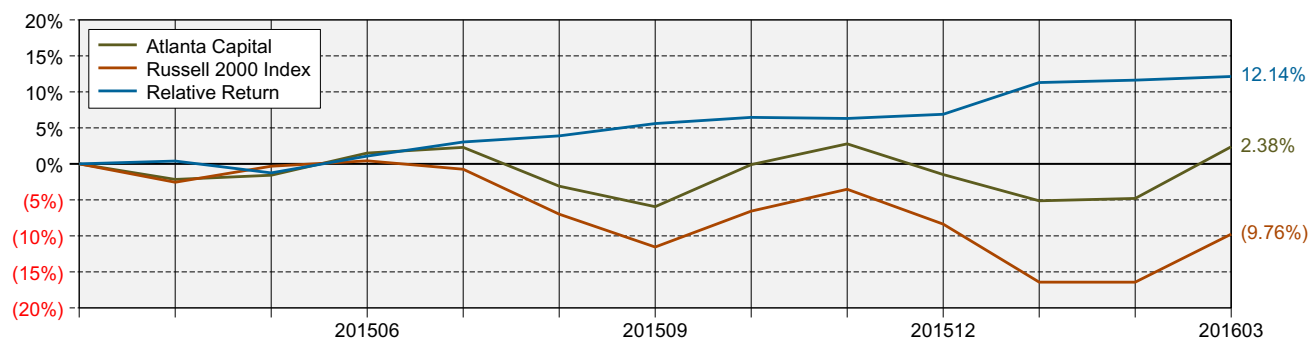
Domestic Equity Daily Performance Attribution

One Year Ended March 31, 2016

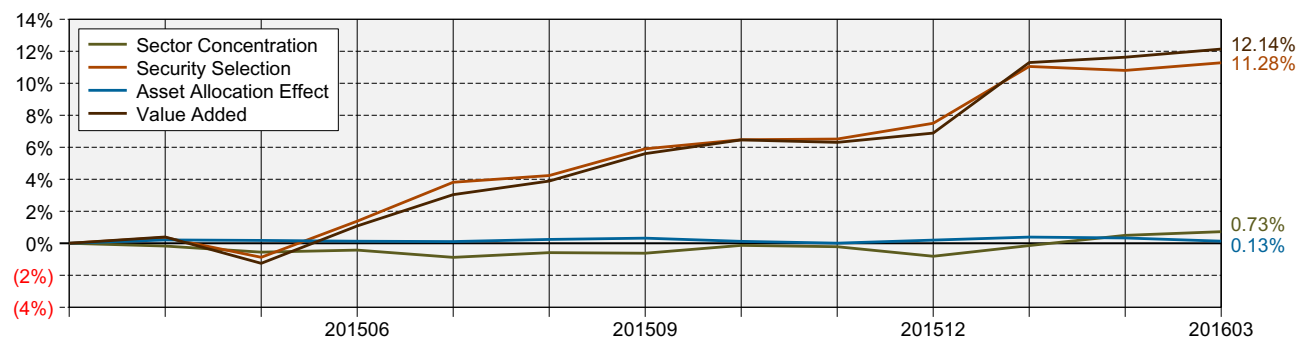
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 2000 Index



Attribution Effects by Sector vs. Russell 2000 Index

One Year Ended March 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	16.21%	14.07%	(0.03)%	(12.93)%	0.02%	2.05%	-
Consumer Staples	7.53%	3.30%	14.43%	(0.12)%	0.46%	0.96%	-
Energy	1.58%	3.15%	(11.45)%	(43.93)%	0.74%	0.63%	-
Financials	17.12%	25.02%	1.12%	(1.65)%	(0.66)%	0.51%	-
Health Care	8.23%	15.66%	7.59%	(20.03)%	0.72%	2.36%	-
Industrials	23.50%	12.69%	(7.33)%	(11.15)%	(0.05)%	0.82%	-
Information Technology	21.41%	17.68%	7.60%	(3.82)%	0.26%	2.23%	-
Materials	4.43%	3.89%	24.04%	(19.59)%	0.03%	1.72%	-
Telecommunications	0.00%	0.83%	0.00%	5.44%	(0.11)%	0.00%	-
Utilities	0.00%	3.71%	0.00%	9.82%	(0.68)%	0.00%	-
Non Equity	3.09%	0.00%	-	-	-	-	0.13%
Total	-	-	2.38%	(9.76)%	0.73%	11.28%	0.13%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
2.38%		(9.76%)		0.73%		11.28%		0.13%

Atlanta Capital vs Russell 2000 Index

Domestic Equity Top 10 Contribution Holdings

One Quarter Ended March 31, 2016

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	4.36%	91	0.28%	(13.79)%	(14.05)%	(0.49)%	(0.53)%
Inter Parfums Inc	Consumer Staples	1.57%	91	0.03%	30.36%	30.36%	0.45%	0.44%
Moog Inc CI A	Industrials	1.52%	91	0.12%	(24.62)%	(24.62)%	(0.44)%	(0.36)%
Sally Beauty Hldgs Inc	Consumer Discretionary	2.77%	91	-	16.10%	-	0.43%	0.42%
Columbia Sportswear Co	Consumer Discretionary	1.91%	91	0.10%	23.69%	23.59%	0.40%	0.36%
Clarcor Inc	Industrials	1.86%	91	0.15%	16.85%	16.88%	0.35%	0.32%
West Pharmaceutical Svsc Inc	Health Care	2.06%	91	0.27%	15.36%	15.36%	0.32%	0.29%
Advisory Brd Co	Industrials	0.76%	91	0.11%	(34.99)%	(34.99)%	(0.32)%	(0.24)%
Morningstar Inc	Financials	3.10%	91	-	10.08%	-	0.32%	0.34%
Graco Inc	Industrials	1.81%	91	-	17.09%	-	0.30%	0.30%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Anacor Pharmaceuticals Inc	Health Care	-	-	0.22%	-	(52.69)%	(0.15)%	0.14%
Ultragenyx Pharmaceutical In	Health Care	-	-	0.18%	-	(43.56)%	(0.11)%	0.10%
Tyler Technologies Inc	Information Technology	-	-	0.32%	-	(26.22)%	(0.10)%	0.09%
Portola Pharmaceuticals Inc	Health Care	-	-	0.12%	-	(60.35)%	(0.10)%	0.09%
Neurocrine Biosciences Inc	Health Care	-	-	0.24%	-	(30.09)%	(0.09)%	0.08%
Restoration Hardware Hldgs I	Consumer Discretionary	-	-	0.13%	-	(47.26)%	(0.08)%	0.07%
Celldex Therapeutics Inc New	Health Care	-	-	0.06%	-	(75.89)%	(0.07)%	0.07%
J2 Global Inc	Information Technology	-	-	0.23%	-	(24.86)%	(0.06)%	0.06%
Burlington Stores Inc	Consumer Discretionary	-	-	0.25%	-	31.10%	0.06%	(0.06)%
Radius Health Inc	Health Care	-	-	0.08%	-	(48.91)%	(0.06)%	0.05%

Positions with Largest Positive Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Inter Parfums Inc	Consumer Staples	1.57%	91	0.03%	30.36%	30.36%	0.45%	0.44%
Sally Beauty Hldgs Inc	Consumer Discretionary	2.77%	91	-	16.10%	-	0.43%	0.42%
Columbia Sportswear Co	Consumer Discretionary	1.91%	91	0.10%	23.69%	23.59%	0.40%	0.36%
Morningstar Inc	Financials	3.10%	91	-	10.08%	-	0.32%	0.33%
Clarcor Inc	Industrials	1.86%	91	0.15%	16.85%	16.88%	0.35%	0.32%
Fair Isaac Corp	Information Technology	2.57%	91	0.19%	12.67%	12.67%	0.29%	0.32%
Graco Inc	Industrials	1.81%	91	-	17.09%	-	0.30%	0.30%
West Pharmaceutical Svsc Inc	Health Care	2.06%	91	0.27%	15.36%	15.36%	0.32%	0.29%
Dorman Products Inc	Consumer Discretionary	1.87%	91	0.08%	14.64%	14.64%	0.29%	0.27%
Scansource	Information Technology	1.13%	91	0.06%	25.33%	25.33%	0.28%	0.26%

Positions with Largest Negative Contribution to Excess Return

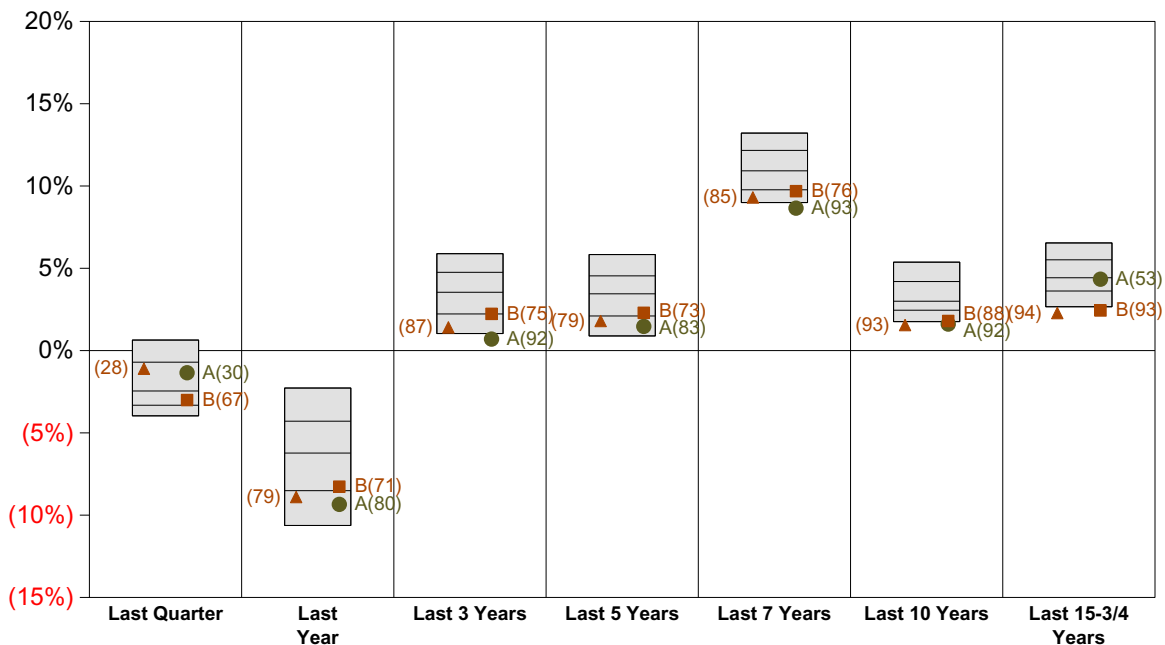
Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	4.36%	91	0.28%	(13.79)%	(14.05)%	(0.49)%	(0.53)%
Moog Inc CI A	Industrials	1.52%	91	0.12%	(24.62)%	(24.62)%	(0.44)%	(0.36)%
Advisory Brd Co	Industrials	0.76%	91	0.11%	(34.99)%	(34.99)%	(0.32)%	(0.24)%
Artisan Partners Asset Mgmt CI A	Financials	1.32%	91	-	(10.77)%	-	(0.16)%	(0.12)%
Caseys General Stores	Consumer Staples	3.17%	91	0.29%	(5.37)%	(5.74)%	(0.15)%	(0.11)%
J & J Snack Foods Corp	Consumer Staples	1.65%	91	0.11%	(6.85)%	(6.85)%	(0.11)%	(0.09)%
Blackbaud Inc	Information Technology	2.95%	91	0.18%	(4.31)%	(4.31)%	(0.13)%	(0.07)%
State Bk Finl Corp	Financials	1.55%	91	0.04%	(5.37)%	(5.37)%	(0.09)%	(0.06)%
Burlington Stores Inc	Consumer Discretionary	-	-	0.25%	-	31.10%	-	(0.06)%
Iberiabank Corp	Financials	1.28%	91	0.12%	(6.27)%	(6.27)%	(0.08)%	(0.05)%

International Equity Period Ended March 31, 2016

Quarterly Summary and Highlights

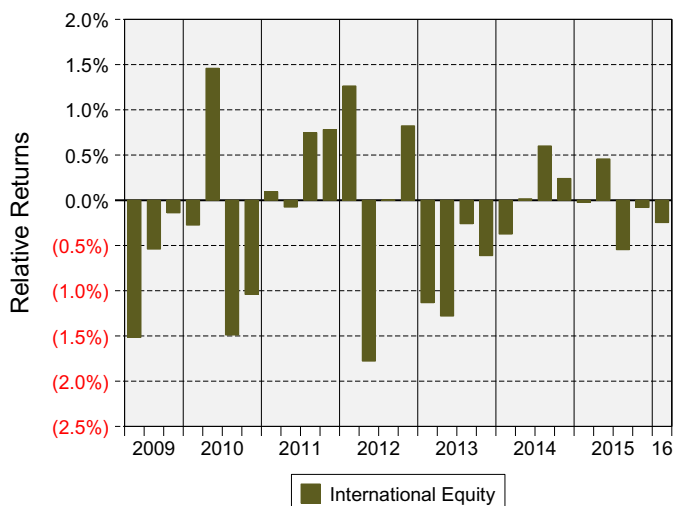
- International Equity's portfolio posted a (1.35)% return for the quarter placing it in the 30 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 80 percentile for the last year.
- International Equity's portfolio underperformed the Custom International Benchmark by 0.25% for the quarter and underperformed the Custom International Benchmark for the year by 0.45%.

Performance vs CAI Non-U.S. Equity Style (Gross)

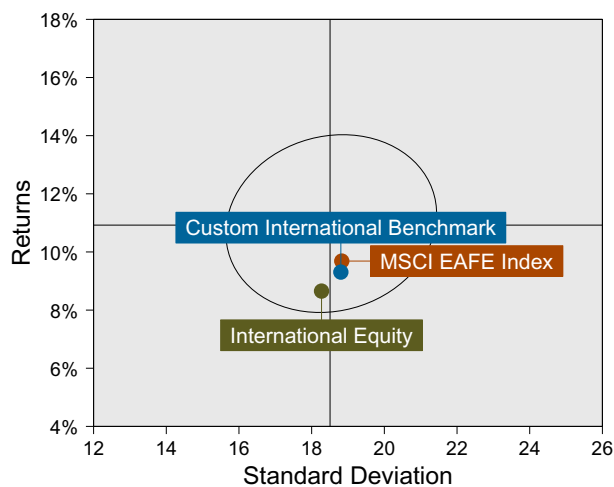


10th Percentile	0.64	(2.27)	5.89	5.84	13.22	5.37	6.54
25th Percentile	(0.70)	(4.29)	4.75	4.54	12.16	4.20	5.51
Median	(2.46)	(6.23)	3.54	3.45	10.92	3.00	4.42
75th Percentile	(3.32)	(8.51)	2.23	2.10	9.77	2.45	3.62
90th Percentile	(3.97)	(10.63)	1.03	0.89	8.99	1.76	2.66
International Equity	● A (1.35)	(9.35)	0.70	1.47	8.65	1.61	4.34
MSCI EAFE Index	■ B (3.01)	(8.27)	2.23	2.29	9.69	1.80	2.44
Custom International Benchmark	▲ (1.10)	(8.90)	1.41	1.80	9.31	1.55	2.28

Relative Returns vs Custom International Benchmark



CAI Non-U.S. Equity Style (Gross) Annualized Seven Year Risk vs Return

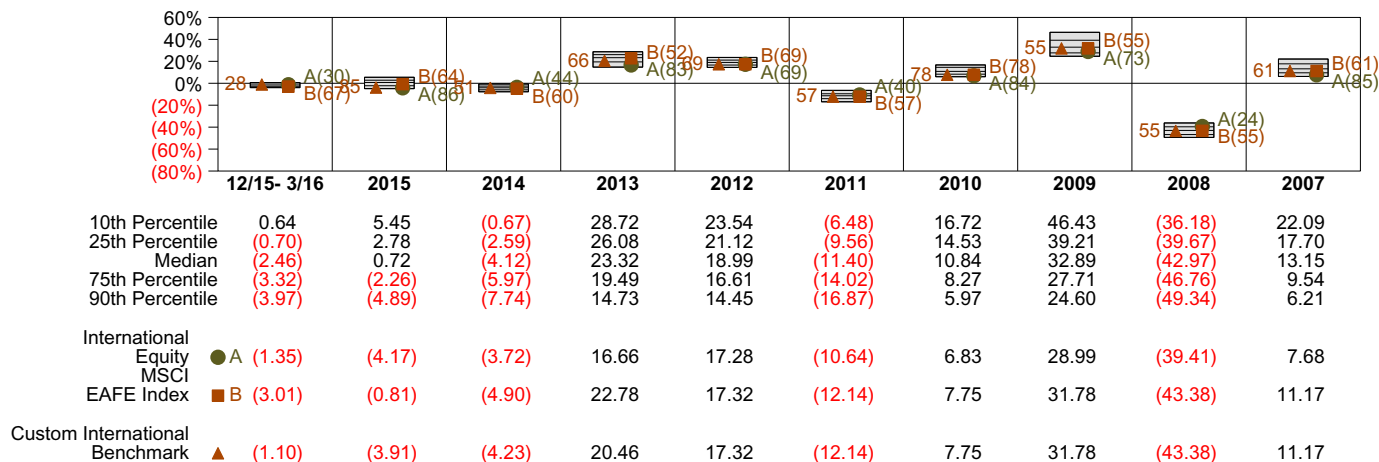


International Equity Return Analysis Summary

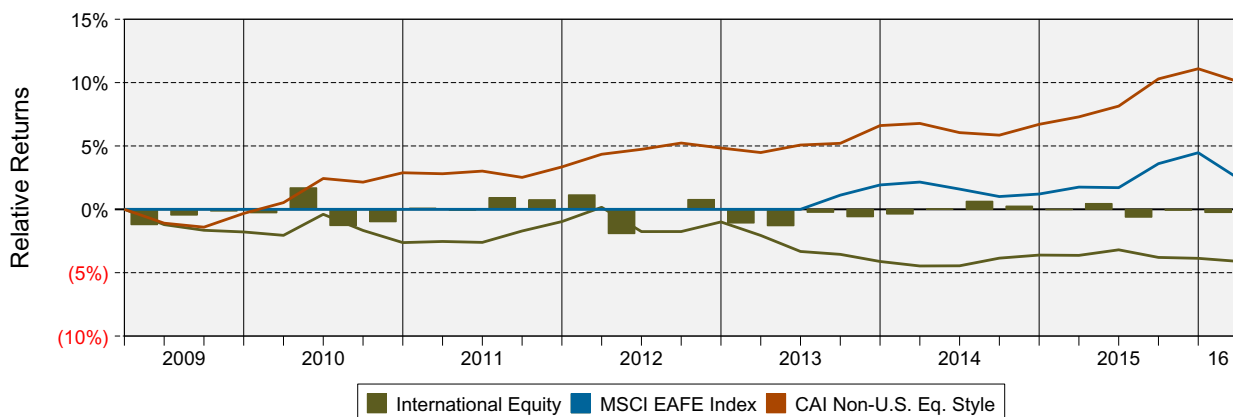
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

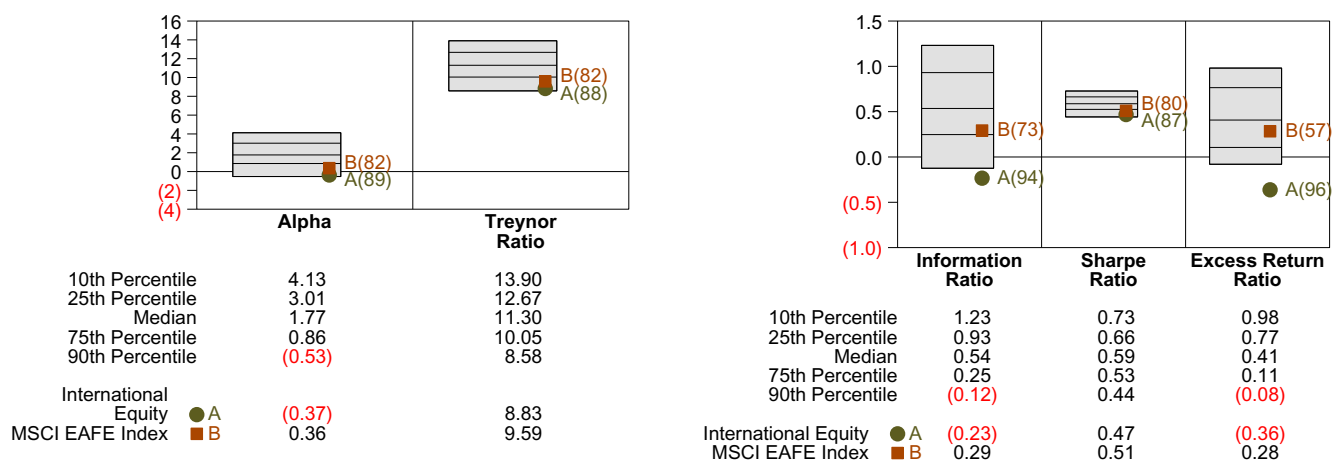
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs Custom International Benchmark



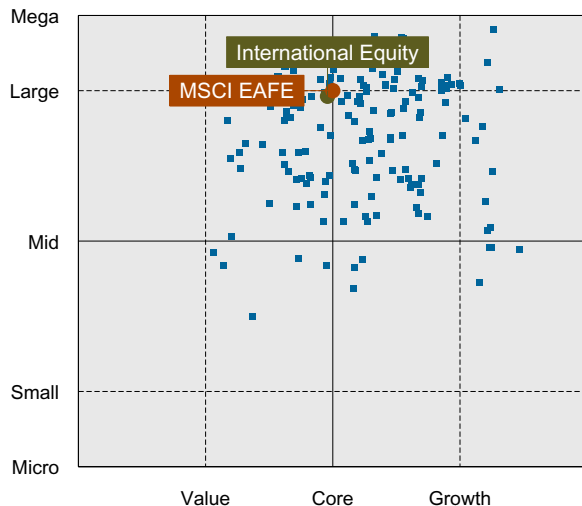
Risk Adjusted Return Measures vs Custom International Benchmark Rankings Against CAI Non-U.S. Equity Style (Gross) Seven Years Ended March 31, 2016



Current Holdings Based Style Analysis International Equity As of March 31, 2016

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.

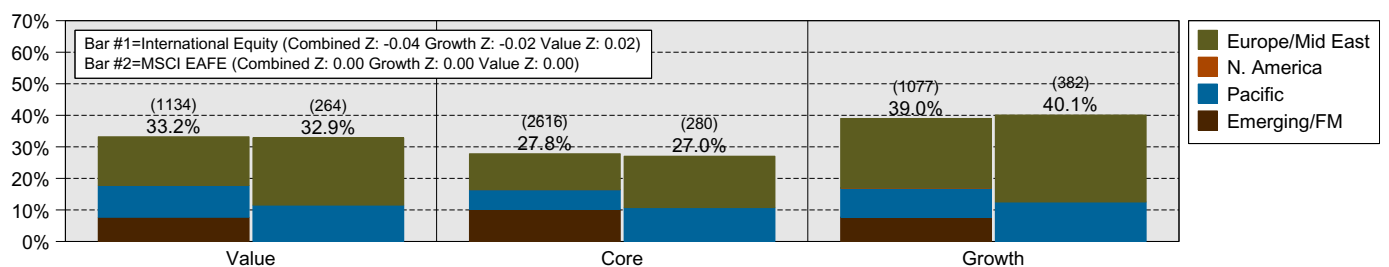
Style Map vs CAI Non-U.S. Eq. Style Holdings as of March 31, 2016



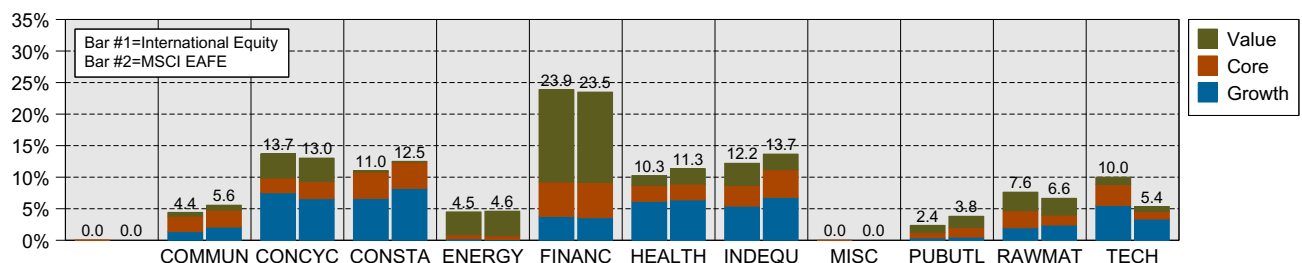
Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	15.4% (125) 21.3% (125)	11.4% (135) 16.3% (132)	22.0% (203) 27.6% (200)	48.8% (463) 65.2% (457)
N. America	0.0% (0) 0.0% (0)	0.0% (3) 0.0% (0)	0.0% (2) 0.0% (0)	0.0% (5) 0.0% (0)
Pacific	10.1% (144) 11.5% (139)	6.3% (185) 10.7% (148)	9.3% (184) 12.5% (182)	25.6% (513) 34.8% (469)
Emerging/ FM	7.7% (865) 0.0% (0)	10.2% (2293) 0.0% (0)	7.7% (688) 0.0% (0)	25.5% (3846) 0.0% (0)
Total	33.2% (1134) 32.9% (264)	27.8% (2616) 27.0% (280)	39.0% (1077) 40.1% (382)	100.0% (4827) 100.0% (926)

Combined Z-Score Style Distribution Holdings as of March 31, 2016



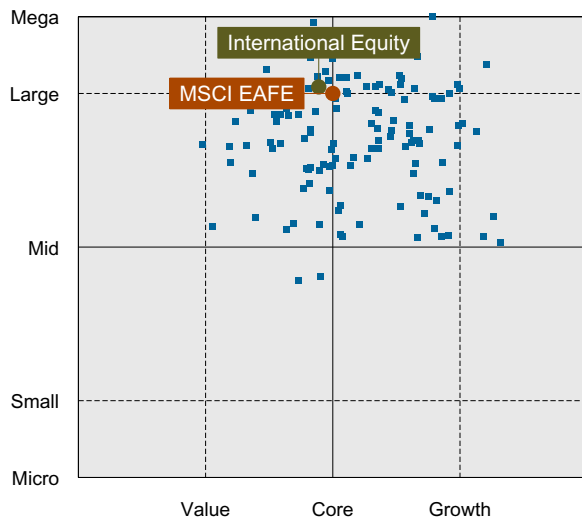
Sector Weights Distribution Holdings as of March 31, 2016



Historical Holdings Based Style Analysis International Equity For Five and 3/4 Years Ended March 31, 2016

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.

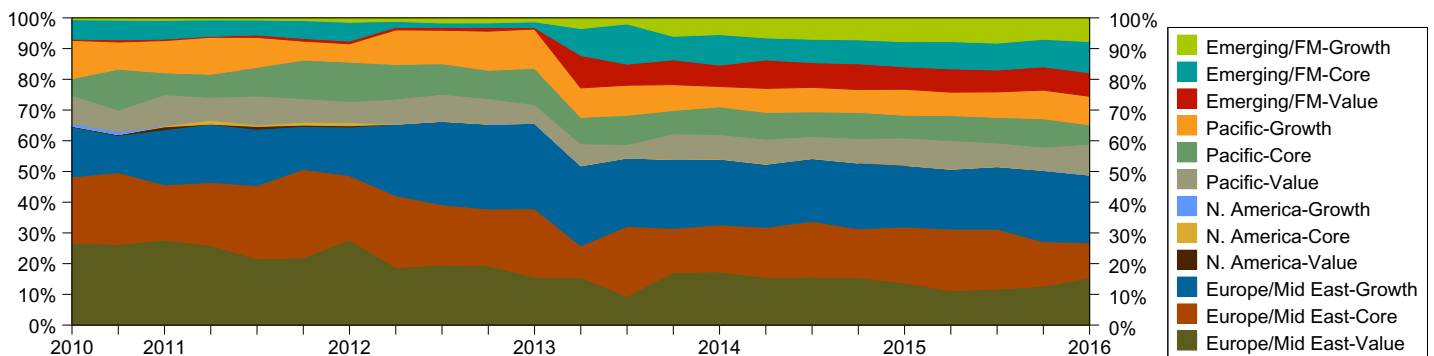
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Five and 3/4 Years Ended March 31, 2016



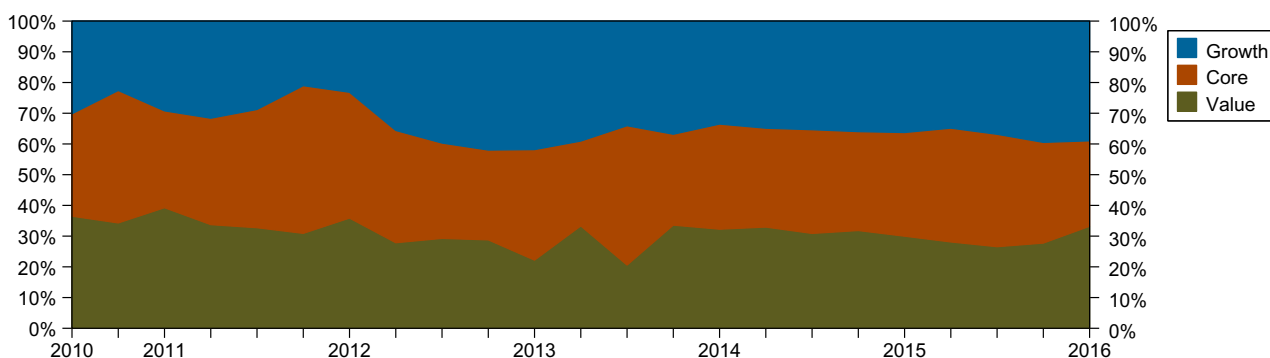
Average Style Exposure Matrix Holdings for Five and 3/4 Years Ended March 31, 2016

	18.3% (100)	19.0% (101)	20.8% (142)	58.2% (343)
Europe/ Mid East	20.3% (133)	19.9% (127)	24.7% (194)	64.9% (454)
N. America	0.1% (1)	0.2% (2)	0.1% (0)	0.4% (3)
	0.0% (0)	0.0% (0)	0.3% (1)	0.4% (1)
Pacific	8.0% (104)	9.1% (125)	9.3% (125)	26.4% (354)
	10.2% (136)	12.7% (161)	11.8% (168)	34.7% (465)
Emerging/ FM	4.5% (600)	6.7% (824)	3.8% (352)	15.0% (1776)
	0.0% (0)	0.0% (0)	0.0% (0)	0.1% (0)
Total	31.0% (805)	35.0% (1052)	34.0% (619)	100.0% (2476)
	30.5% (269)	32.7% (288)	36.8% (363)	100.0% (920)
	Value	Core	Growth	Total

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



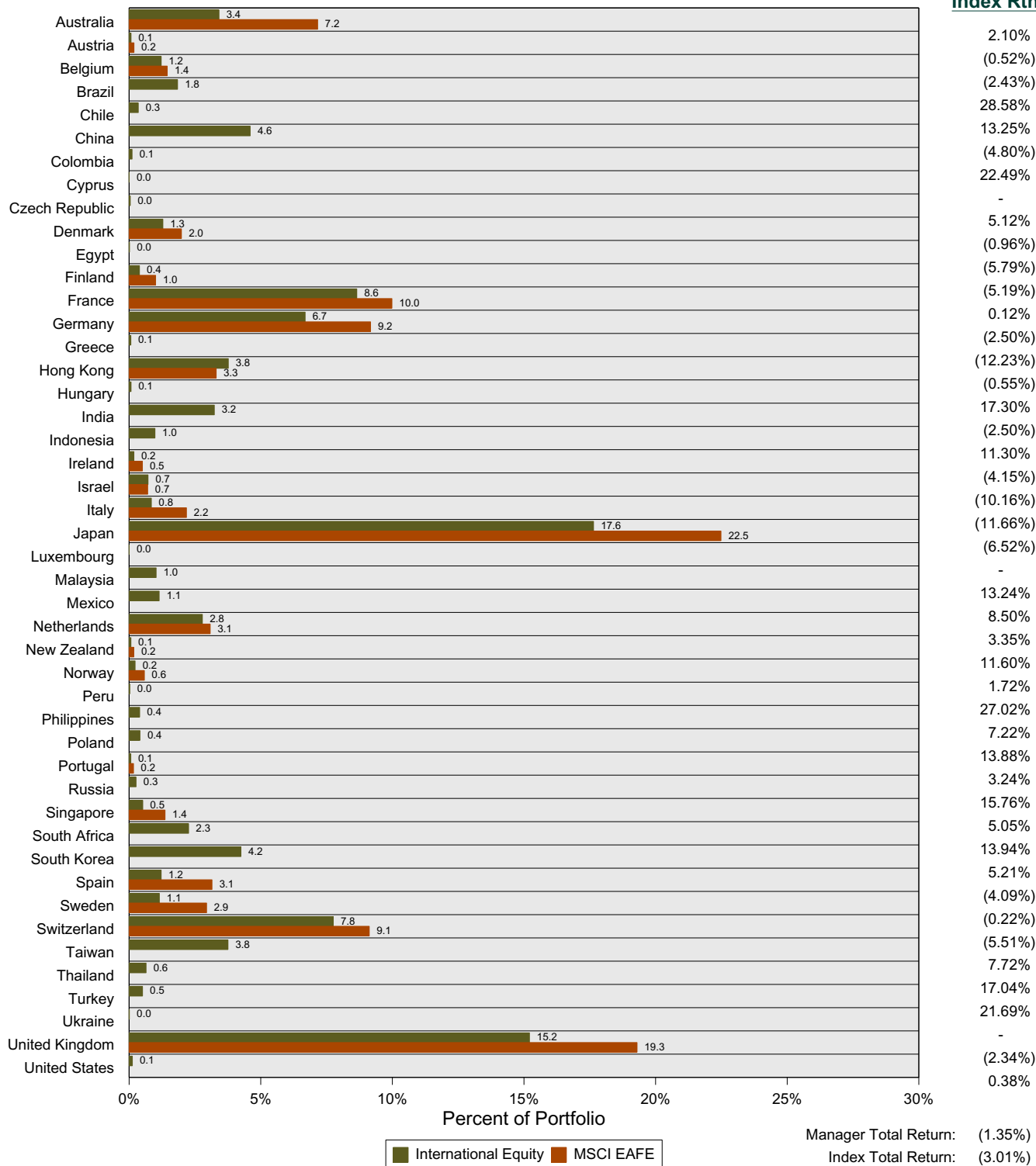
Country Allocation International Equity VS MSCI EAFE Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2016. 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 March 31, 2016

Index Rtns



SSgA EAFE Period Ended March 31, 2016

Investment Philosophy

SSGA's objective is to provide the most cost-effective implementation of passive investing with stringent risk control and tracking requirements through a replication method. Returns prior to 6/30/2012 are linked to a composite history.

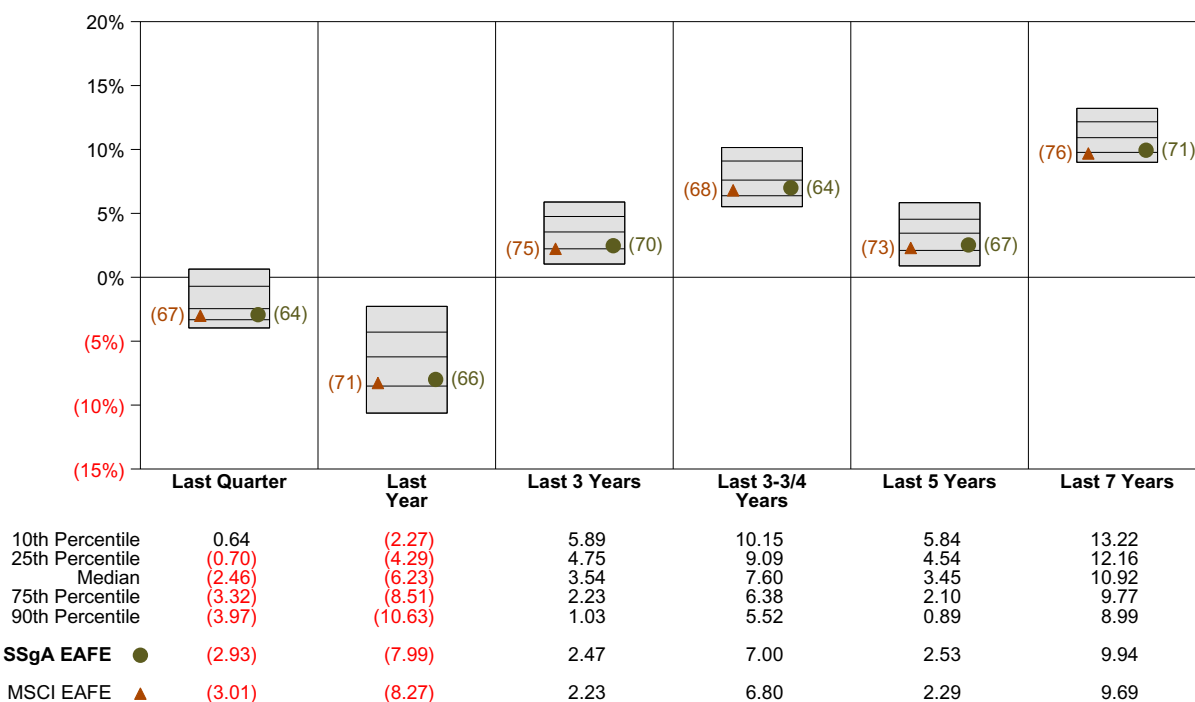
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (2.93)% return for the quarter placing it in the 64 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 66 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE by 0.08% for the quarter and outperformed the MSCI EAFE for the year by 0.28%.

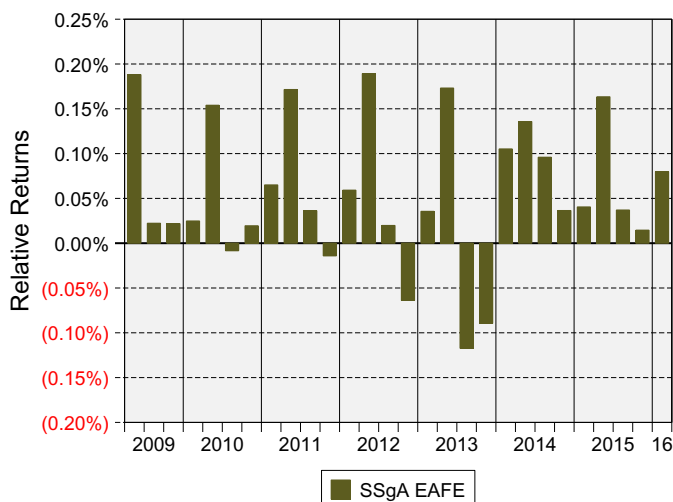
Quarterly Asset Growth

Beginning Market Value	\$21,440,192
Net New Investment	\$0
Investment Gains/(Losses)	\$-627,256
Ending Market Value	\$20,812,936

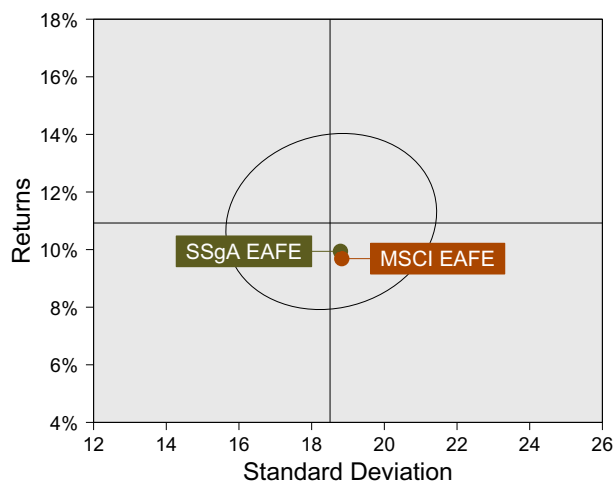
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE



CAI Non-U.S. Equity Style (Gross) Annualized Seven Year Risk vs Return

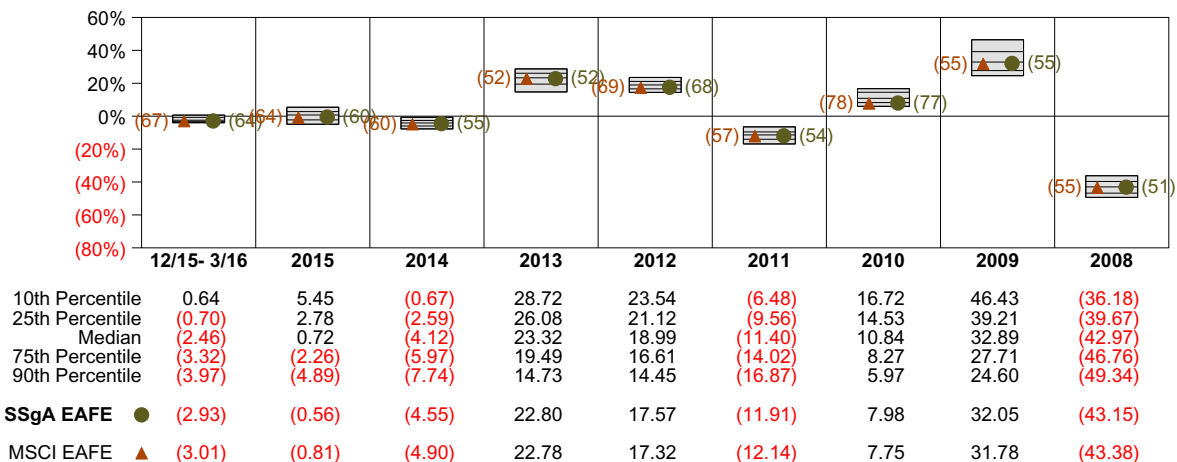


SSgA EAFE Return Analysis Summary

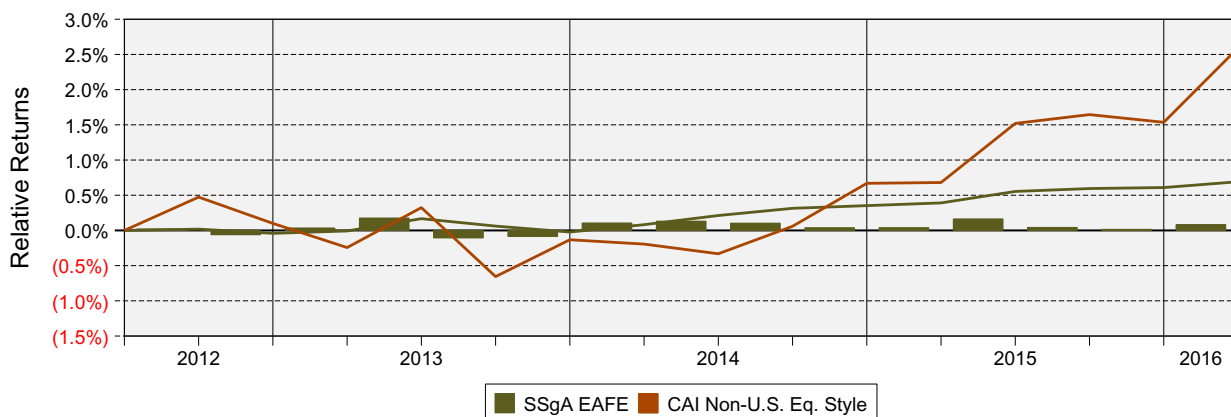
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

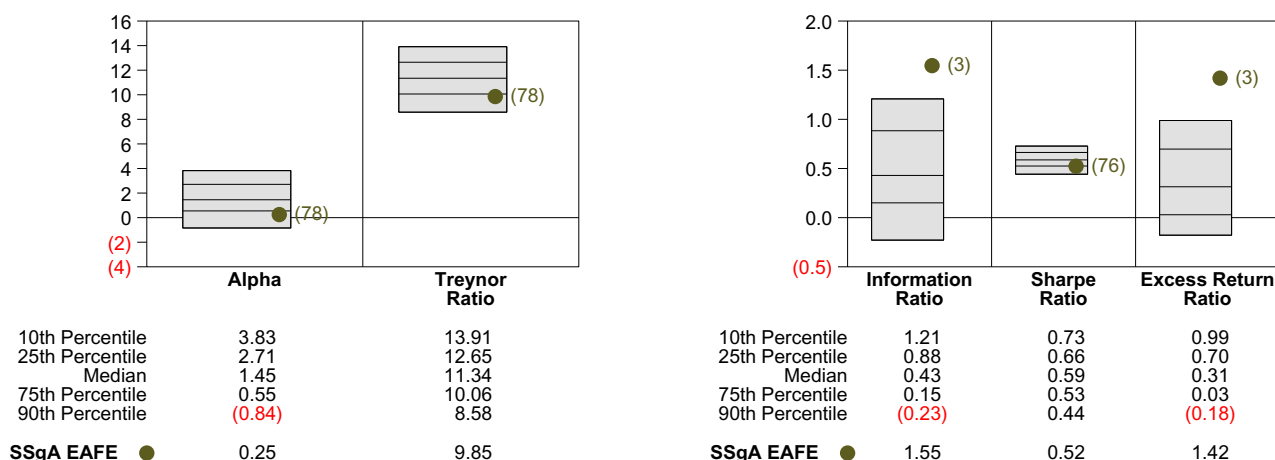
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against CAI Non-U.S. Equity Style (Gross) Seven Years Ended March 31, 2016

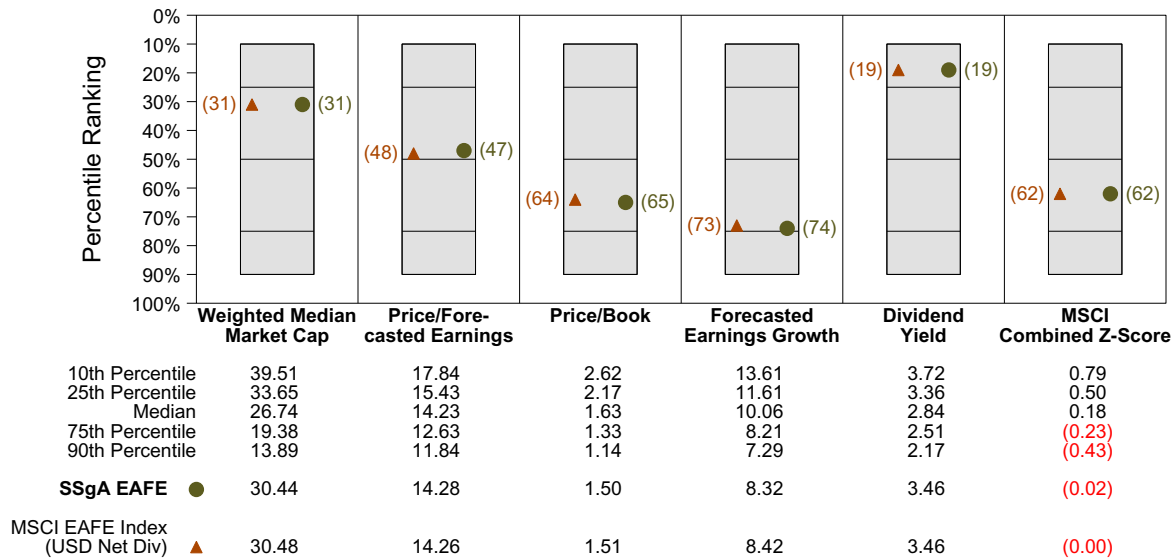


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

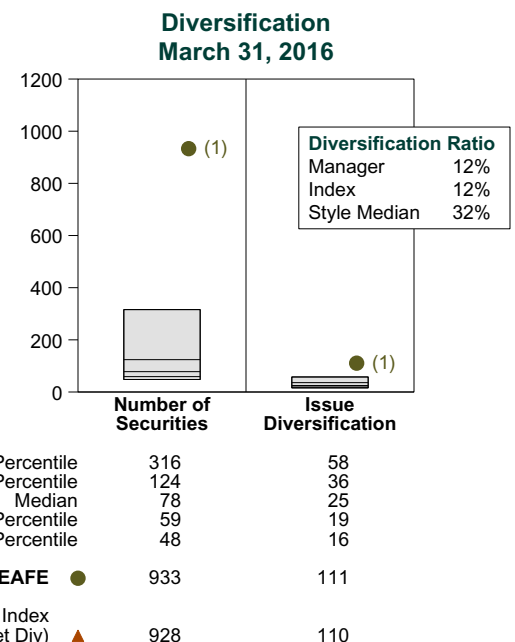
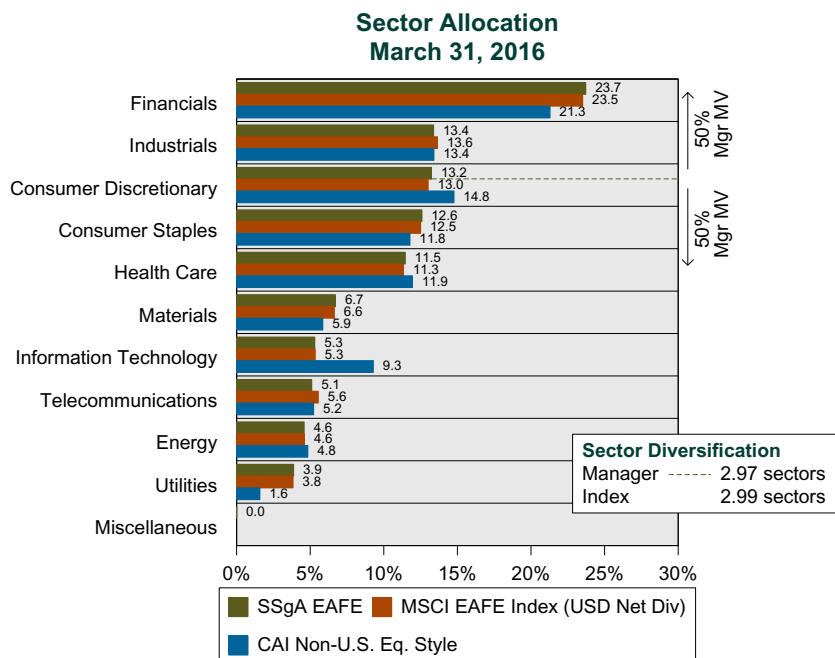
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of March 31, 2016



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.



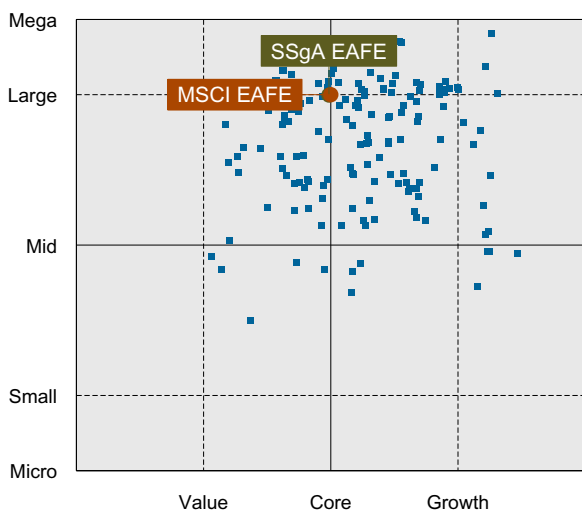
Current Holdings Based Style Analysis

SSgA EAFE

As of March 31, 2016

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.

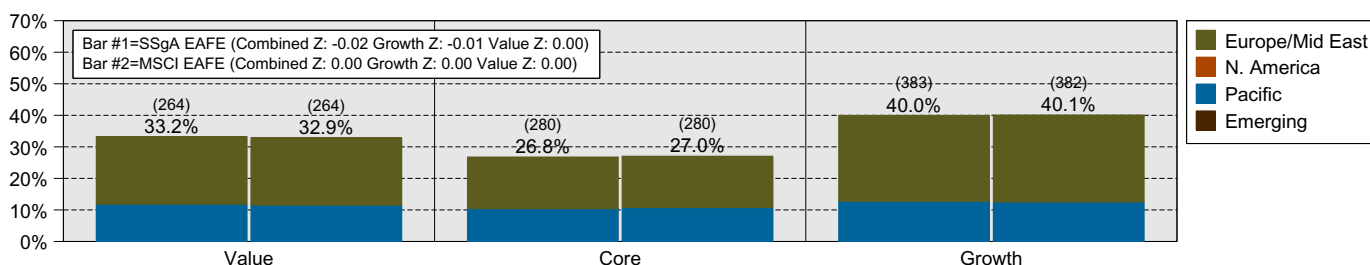
Style Map vs CAI Non-U.S. Eq. Style Holdings as of March 31, 2016



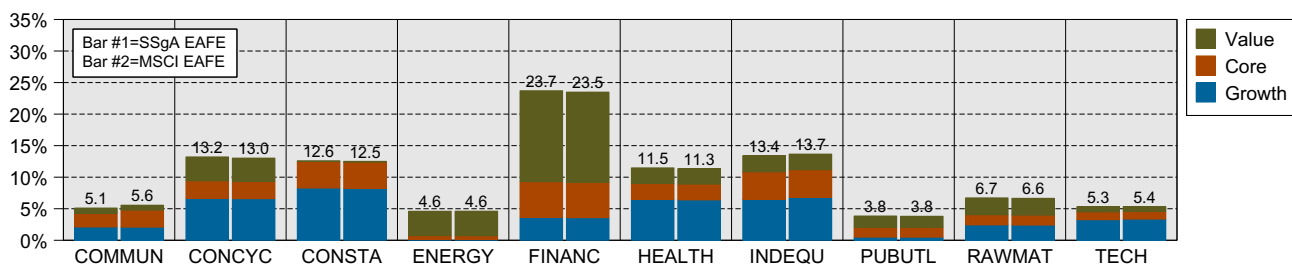
Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	21.4% (125) 21.3% (125)	16.4% (132) 16.3% (132)	27.2% (201) 27.6% (200)	65.0% (458) 65.2% (457)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)
Pacific	11.8% (139) 11.5% (139)	10.4% (148) 10.7% (148)	12.7% (182) 12.5% (182)	35.0% (469) 34.8% (469)
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	33.2% (264) 32.9% (264)	26.8% (280) 27.0% (280)	40.0% (383) 40.1% (382)	100.0% (927) 100.0% (926)

Combined Z-Score Style Distribution Holdings as of March 31, 2016



Sector Weights Distribution Holdings as of March 31, 2016



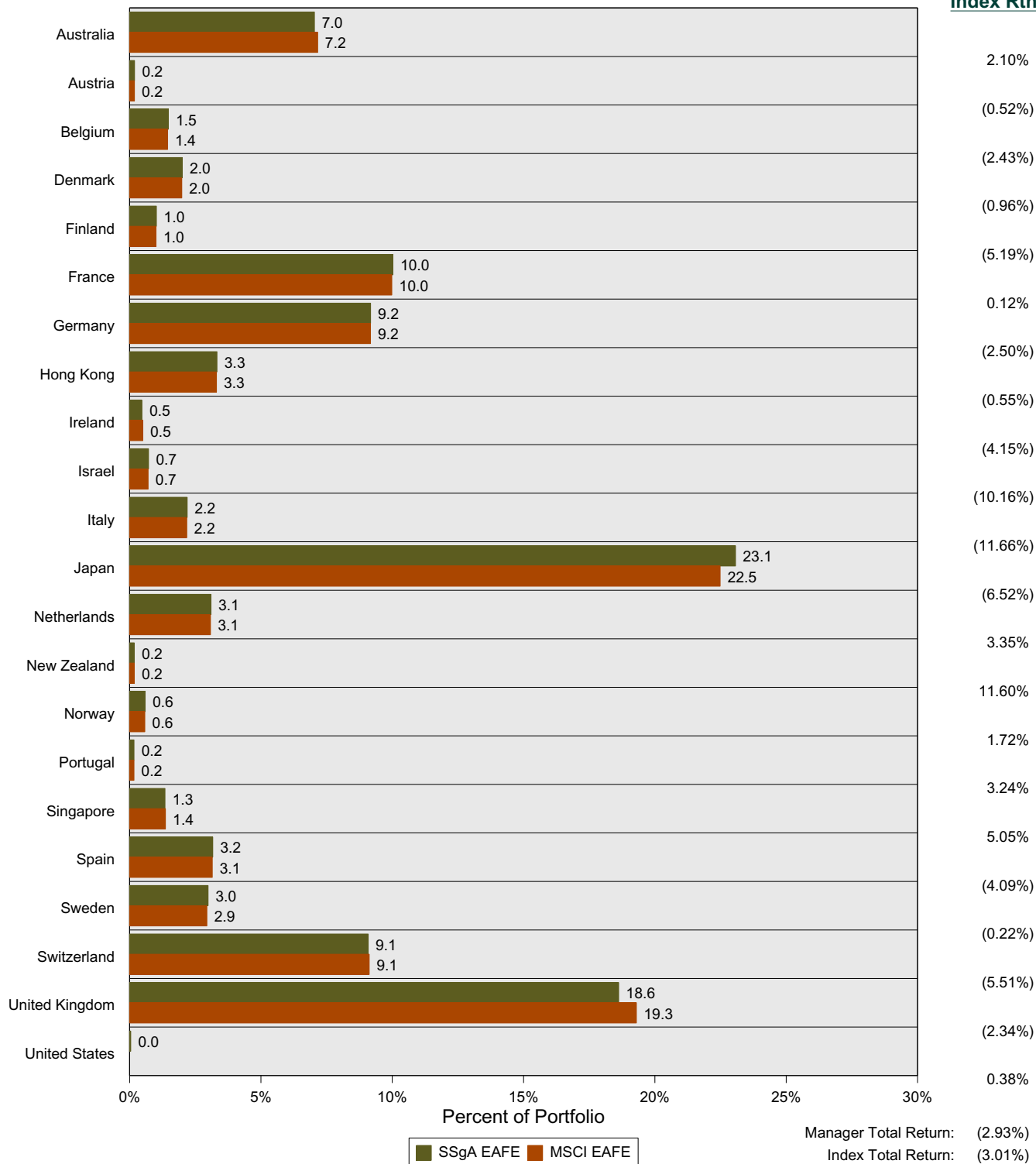
Country Allocation SSgA EAFE VS MSCI EAFE Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2016. 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 March 31, 2016

Index Rtns



SSgA EAFE

Top 10 Portfolio Holdings Characteristics as of March 31, 2016

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
Nestle S A Shs Nom New	Consumer Staples	\$416,342	2.0%	0.75%	239.23	20.78	3.13%	5.60%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$302,231	1.5%	(7.60)%	173.66	15.67	3.42%	8.40%
Novartis	Health Care	\$288,242	1.4%	(12.89)%	194.85	14.31	3.87%	8.10%
Toyota Motor Corp	Consumer Discretionary	\$257,149	1.2%	(14.93)%	176.77	8.02	3.78%	6.14%
Hsbc Holdings (Gb)	Financials	\$206,007	1.0%	(18.49)%	123.22	9.30	8.01%	(2.14)%
Novo Nordisk B	Health Care	\$187,756	0.9%	(5.01)%	112.06	22.32	1.80%	13.83%
British American Tobacco	Consumer Staples	\$184,843	0.9%	8.50%	109.59	17.59	3.77%	8.50%
Anheuser-Busch Inbev Sa Shs	Consumer Staples	\$178,388	0.9%	0.18%	200.22	26.24	2.43%	6.00%
Total Sa Act	Energy	\$175,840	0.8%	3.34%	112.03	14.51	6.09%	0.62%
Bayer A G Namen -Akt	Health Care	\$170,184	0.8%	(6.74)%	97.32	13.82	2.42%	8.80%

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
Anglo American Plc Shs	Materials	\$18,653	0.1%	79.79%	11.13	22.24	10.37%	19.75%
Glencore International W/I	Materials	\$46,699	0.2%	69.52%	32.54	38.97	0.00%	(16.69)%
Leighton Holdings Ltd Shs	Industrials	\$4,601	0.0%	52.58%	8.82	21.02	2.76%	9.79%
Randgold Resources	Materials	\$14,440	0.1%	50.96%	8.56	36.08	1.38%	3.30%
Medibank Private Ltd	Financials	\$10,663	0.1%	46.66%	6.21	20.31	5.02%	13.61%
South32 Ltd Common Stock Npv	Materials	\$10,311	0.0%	45.42%	6.00	32.20	0.00%	5.39%
Allied Mining & Proc.	Materials	\$5,177	0.0%	45.10%	6.11	23.92	1.96%	33.40%
Newcrest Mng Ltd Ord	Materials	\$17,171	0.1%	38.25%	10.00	24.80	0.00%	14.76%
Arcelormittal Sa	Materials	\$13,470	0.1%	37.92%	13.89	(53.93)	0.00%	(24.62)%
Hoshizaki Electric	Industrials	\$5,939	0.0%	32.97%	6.05	29.51	0.64%	8.69%

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
Saipem Ord	Energy	\$4,294	0.0%	(60.83)%	4.06	12.94	0.00%	(50.80)%
Banco Popolare Societa Coope Shs New	Financials	\$4,386	0.0%	(50.50)%	2.49	8.67	2.48%	3.90%
Unione Di Banche Italiane Sc Ubi Ban	Financials	\$5,875	0.0%	(44.98)%	3.34	10.29	3.38%	25.72%
Alps Elec Ltd Shs	Information Technology	\$5,554	0.0%	(36.18)%	3.41	8.78	1.02%	11.44%
Sports Direct International Shs	Consumer Discretionary	\$2,478	0.0%	(36.10)%	3.25	10.56	0.00%	4.70%
Hiroshima Bank	Financials	\$3,270	0.0%	(35.62)%	2.29	8.57	2.55%	18.96%
Unicredit Spa Roma Az Post Raggrupp	Financials	\$30,343	0.1%	(35.24)%	21.60	7.03	3.79%	16.59%
Hokuhoku Finl Group Inc Shs	Financials	\$2,940	0.0%	(34.78)%	1.78	8.15	2.87%	11.94%
Credit Suisse Group Ord Cl D	Financials	\$44,405	0.2%	(34.41)%	27.82	10.49	5.14%	58.59%
Fukuoka Financial Gp Inc Fuk Shs	Financials	\$4,652	0.0%	(34.21)%	2.81	8.15	3.41%	1.50%

JP Morgan Period Ended March 31, 2016

Investment Philosophy

JPMorgan adds value by using the best ideas of their regional specialist teams, overlaid by global sector research, combined with the application of disciplined portfolio construction and formal risk control. The first full quarter of performance is 1Q 2008.

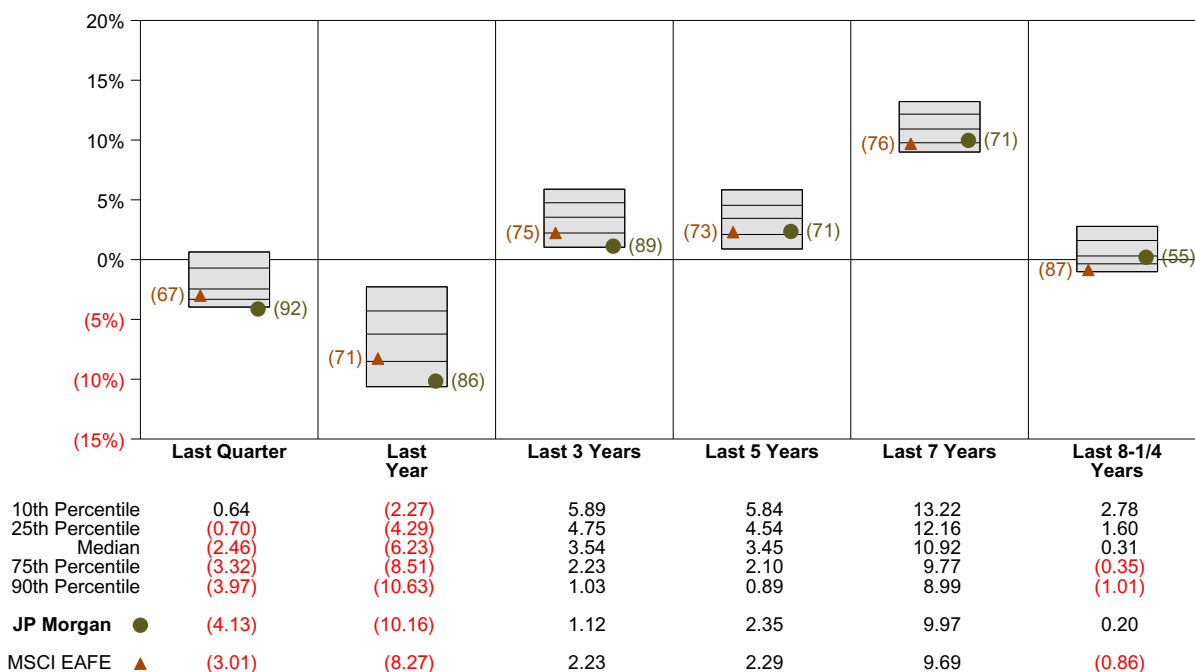
Quarterly Summary and Highlights

- JP Morgan's portfolio posted a (4.13)% return for the quarter placing it in the 92 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 86 percentile for the last year.
- JP Morgan's portfolio underperformed the MSCI EAFE by 1.12% for the quarter and underperformed the MSCI EAFE for the year by 1.89%.

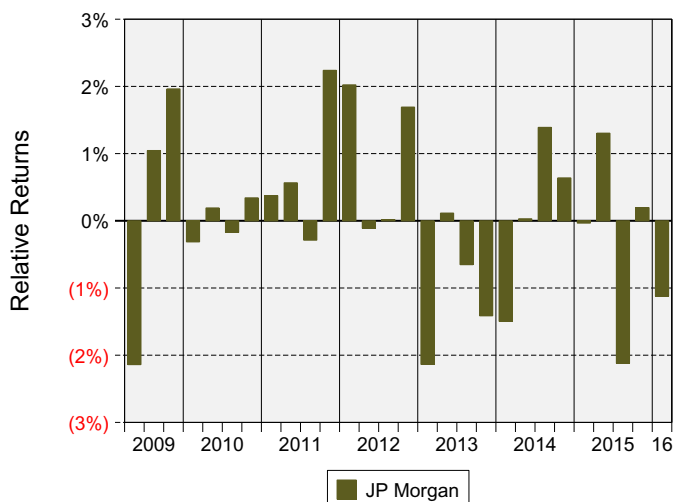
Quarterly Asset Growth

Beginning Market Value	\$22,227,405
Net New Investment	\$0
Investment Gains/(Losses)	\$-917,559
Ending Market Value	\$21,309,845

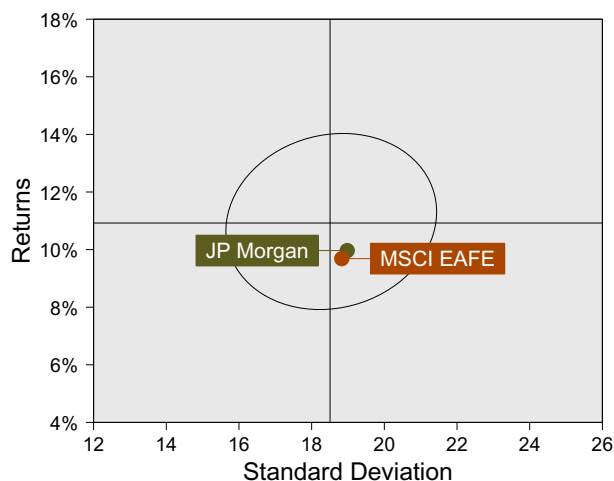
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE



CAI Non-U.S. Equity Style (Gross) Annualized Seven Year Risk vs Return

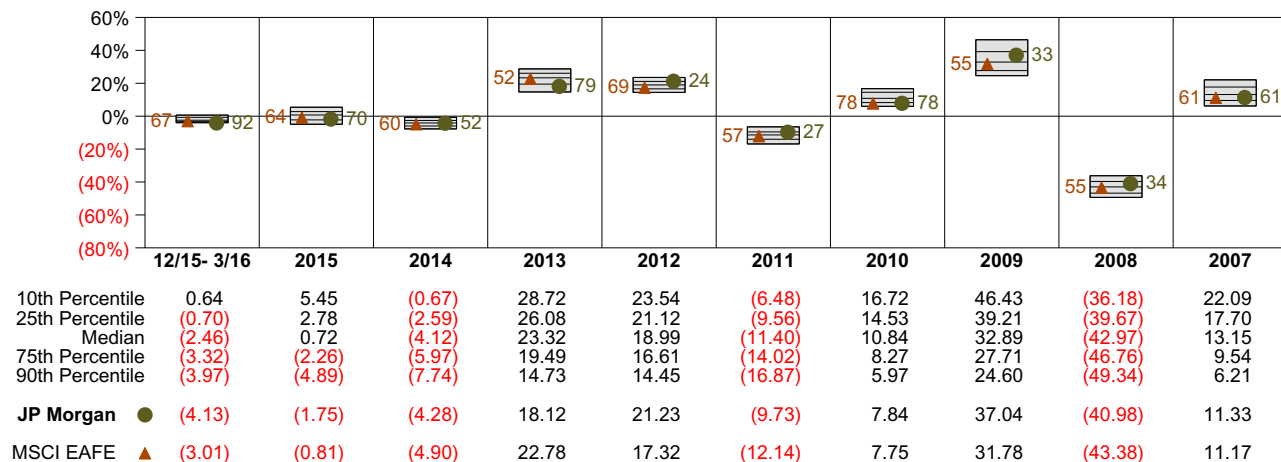


JP Morgan Return Analysis Summary

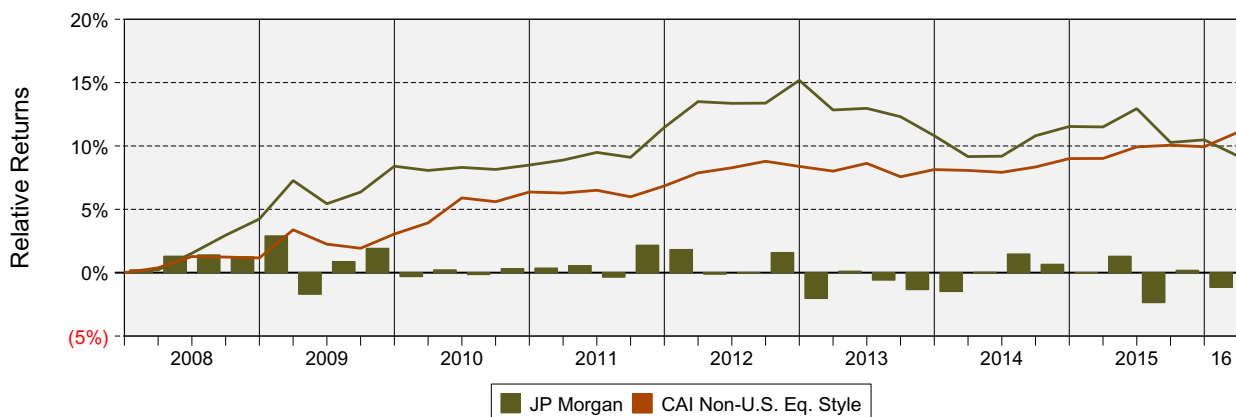
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

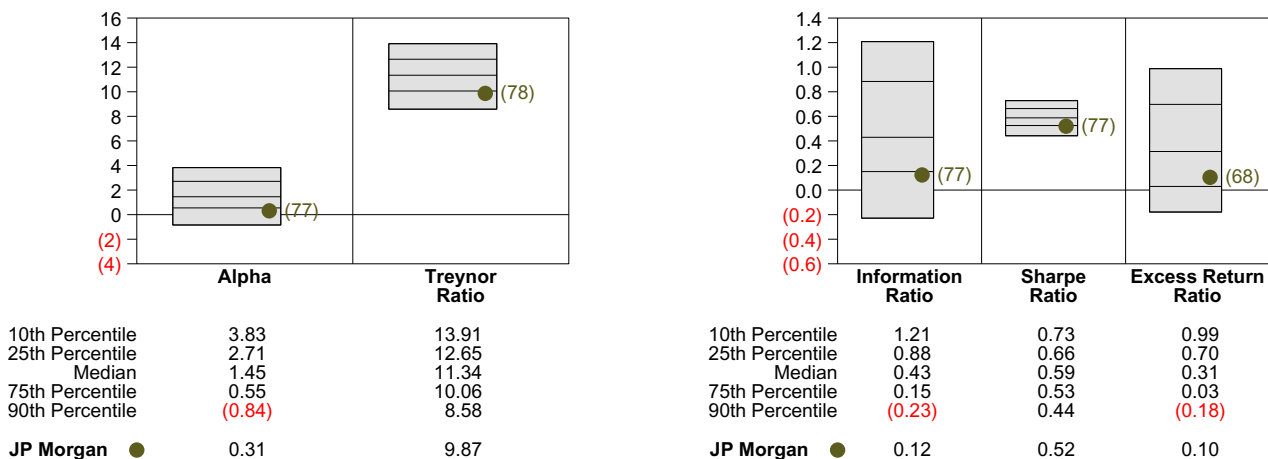
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against CAI Non-U.S. Equity Style (Gross) Seven Years Ended March 31, 2016

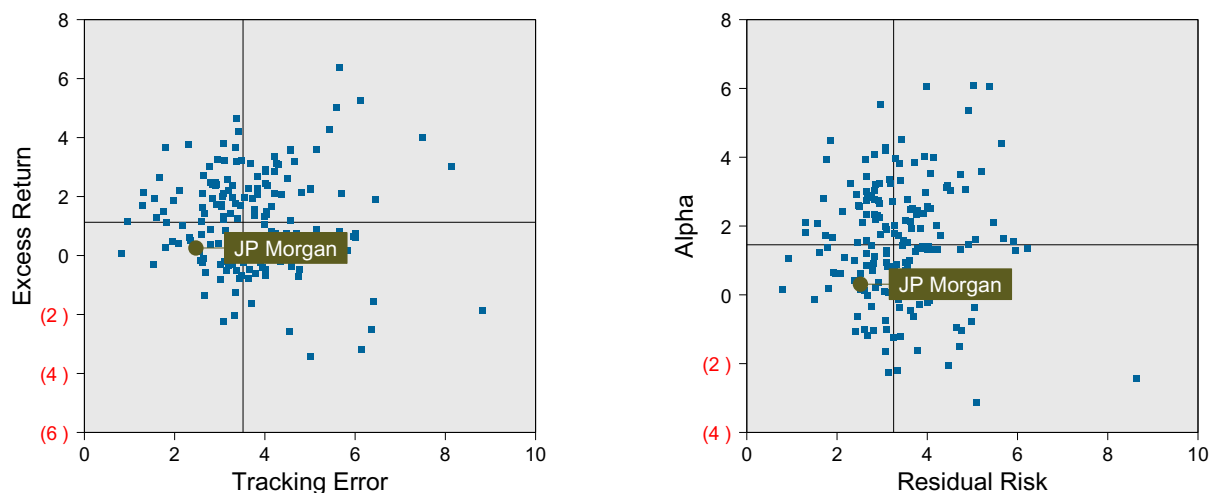


JP Morgan Risk Analysis Summary

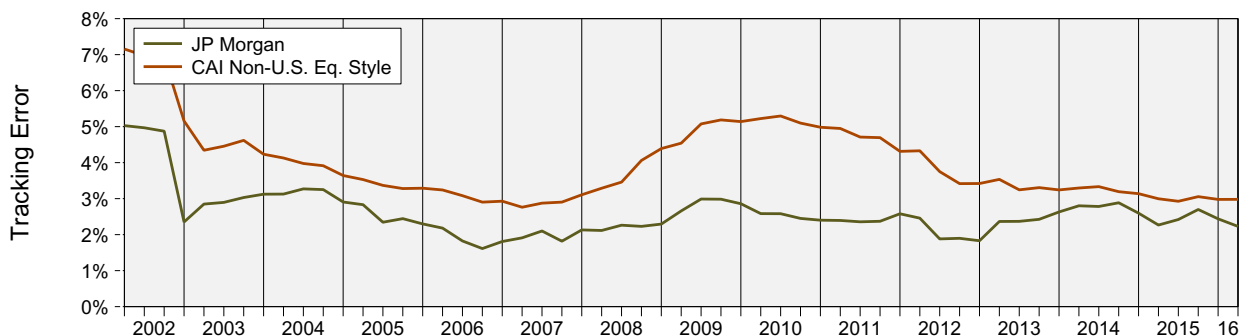
Risk Analysis

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 scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third 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.

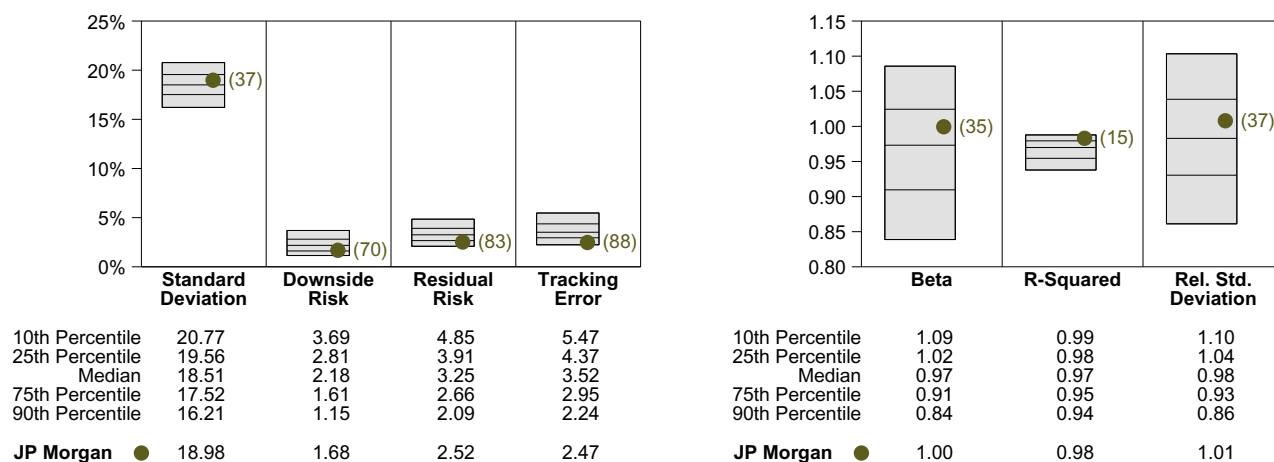
Risk Analysis vs CAI Non-U.S. Equity Style (Gross) Seven Years Ended March 31, 2016



Rolling 12 Quarter Tracking Error vs MSCI EAFE Index (USD Net Div)



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against CAI Non-U.S. Equity Style (Gross) Seven Years Ended March 31, 2016

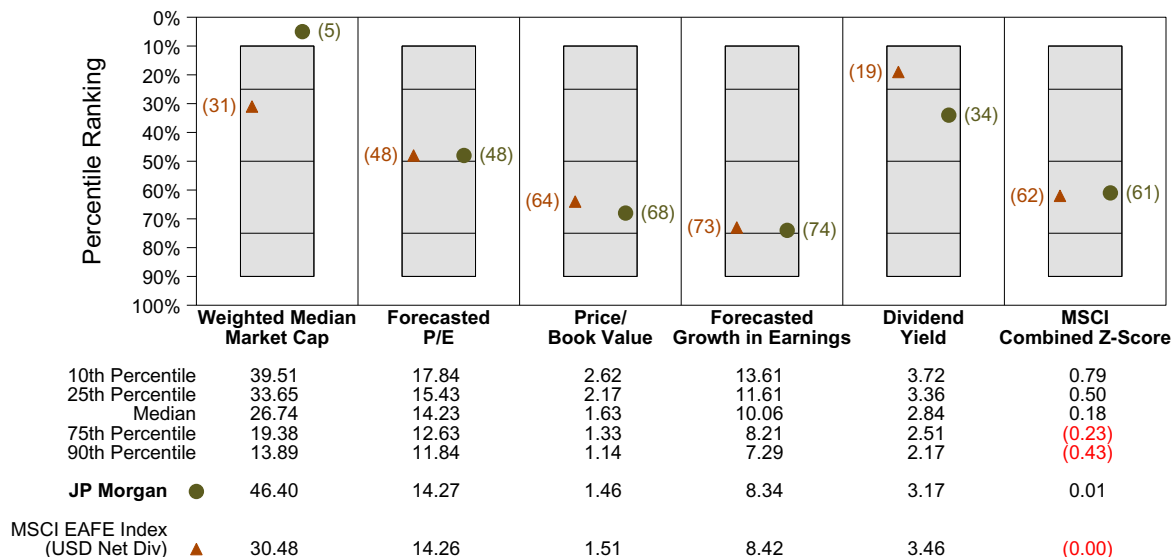


JP Morgan Equity Characteristics Analysis Summary

Portfolio Characteristics

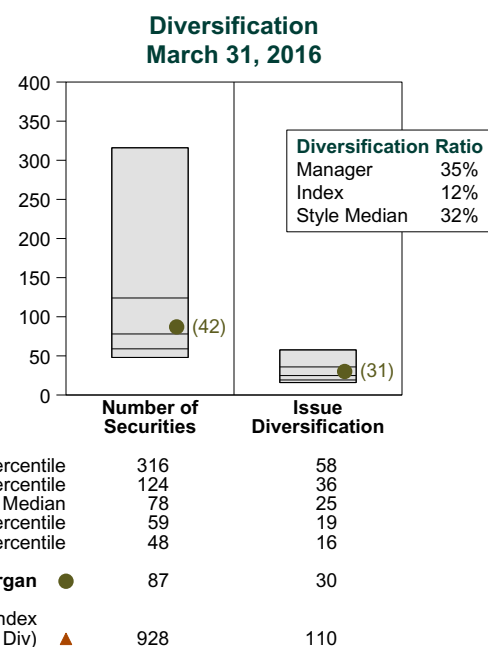
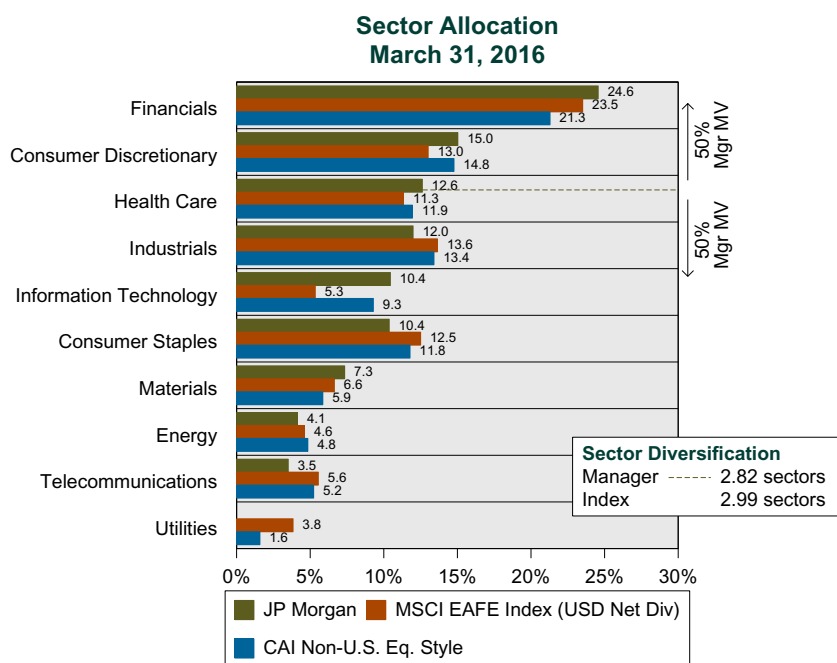
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of March 31, 2016



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.



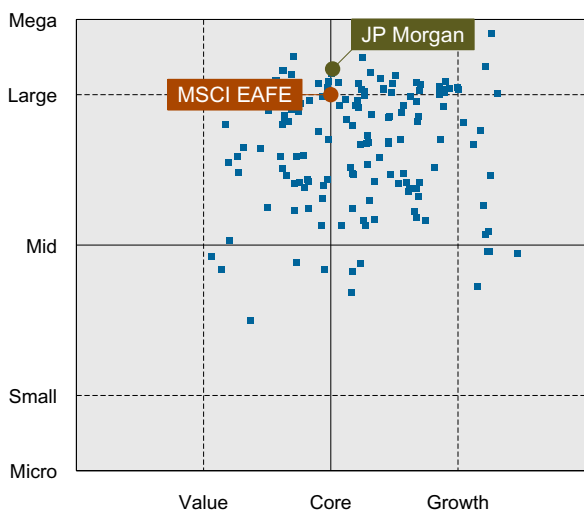
Current Holdings Based Style Analysis

JP Morgan

As of March 31, 2016

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 CAI Non-U.S. Eq. Style Holdings as of March 31, 2016

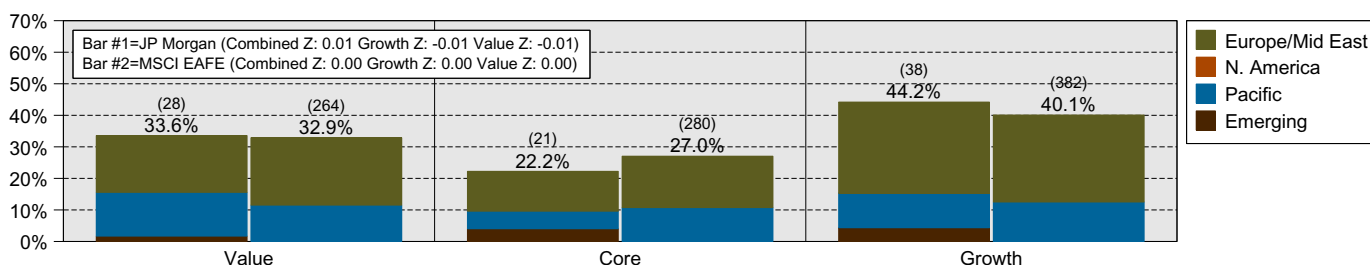


Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	18.0% (14) 21.3% (125)	12.6% (11) 16.3% (132)	28.9% (23) 27.6% (200)	59.5% (48) 65.2% (457)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)
Pacific	13.9% (12) 11.5% (139)	5.6% (6) 10.7% (148)	10.9% (11) 12.5% (182)	30.4% (29) 34.8% (469)
Emerging	1.7% (2) 0.0% (0)	4.0% (4) 0.0% (0)	4.4% (4) 0.0% (0)	10.1% (10) 0.0% (0)
Total	33.6% (28) 32.9% (264)	22.2% (21) 27.0% (280)	44.2% (38) 40.1% (382)	100.0% (87) 100.0% (926)

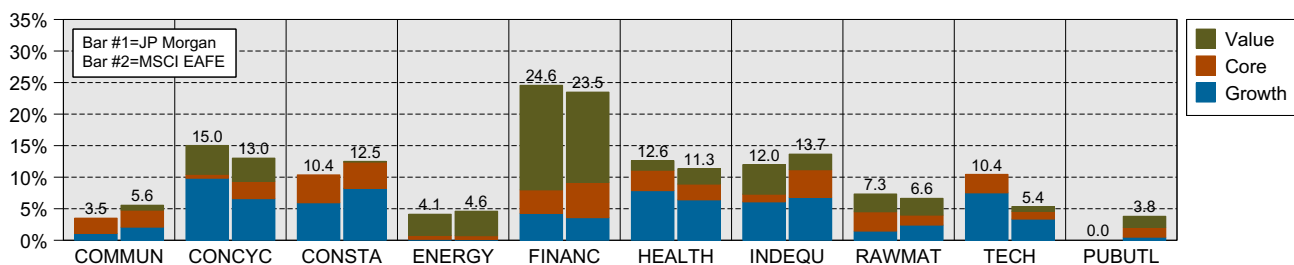
Combined Z-Score Style Distribution

Holdings as of March 31, 2016



Sector Weights Distribution

Holdings as of March 31, 2016



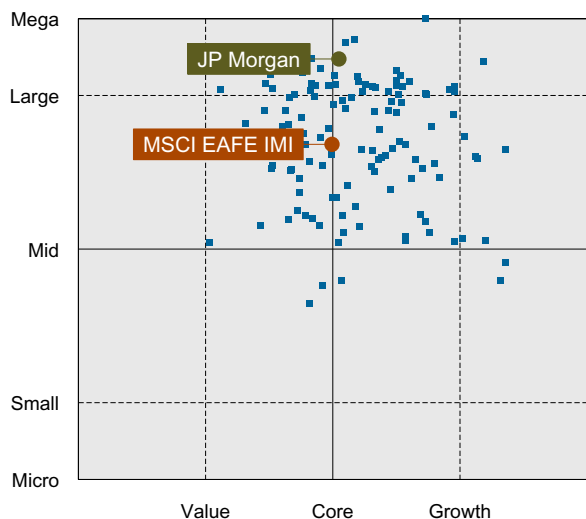
Historical Holdings Based Style Analysis

JP Morgan

For Three Years Ended March 31, 2016

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.

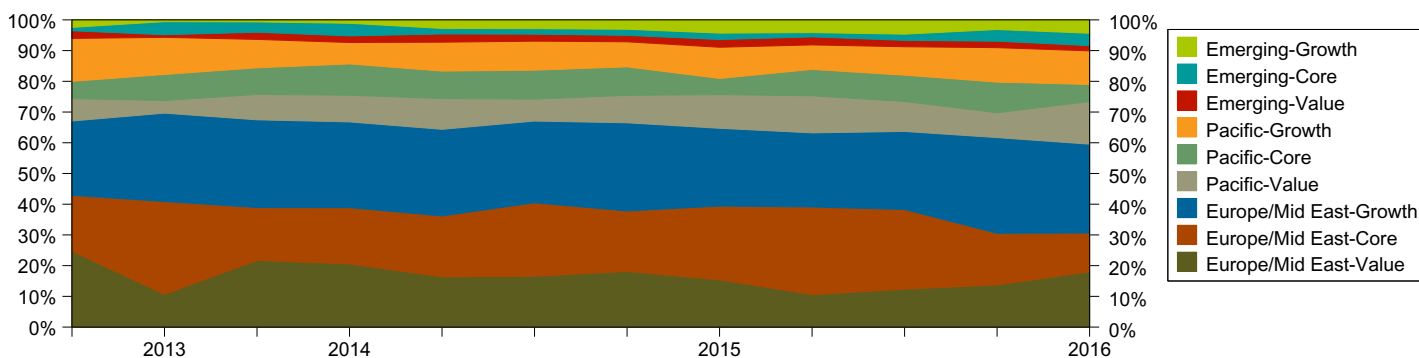
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Three Years Ended March 31, 2016



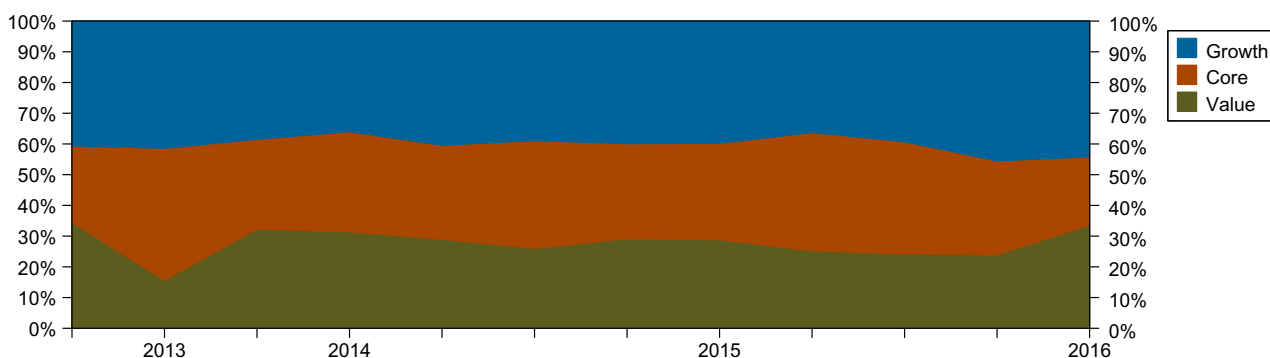
Average Style Exposure Matrix Holdings for Three Years Ended March 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	16.6% (12) 19.2% (430)	21.3% (18) 20.9% (484)	27.3% (23) 24.4% (481)	65.1% (53) 64.5% (1395)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (1)	0.0% (0) 0.0% (0)	0.0% (0) 0.1% (1)
Pacific	9.1% (8) 11.1% (571)	8.2% (7) 12.7% (583)	9.9% (10) 11.7% (519)	27.2% (25) 35.5% (1673)
Emerging	2.2% (3) 0.0% (0)	2.6% (3) 0.0% (0)	2.8% (4) 0.0% (0)	7.6% (10) 0.0% (0)
Total	27.8% (23) 30.2% (1001)	32.1% (28) 33.6% (1068)	40.1% (37) 36.1% (1000)	100.0% (88) 100.0% (3069)

JP Morgan Historical Region/Style Exposures



JP Morgan Historical Style Only Exposures



Country Allocation

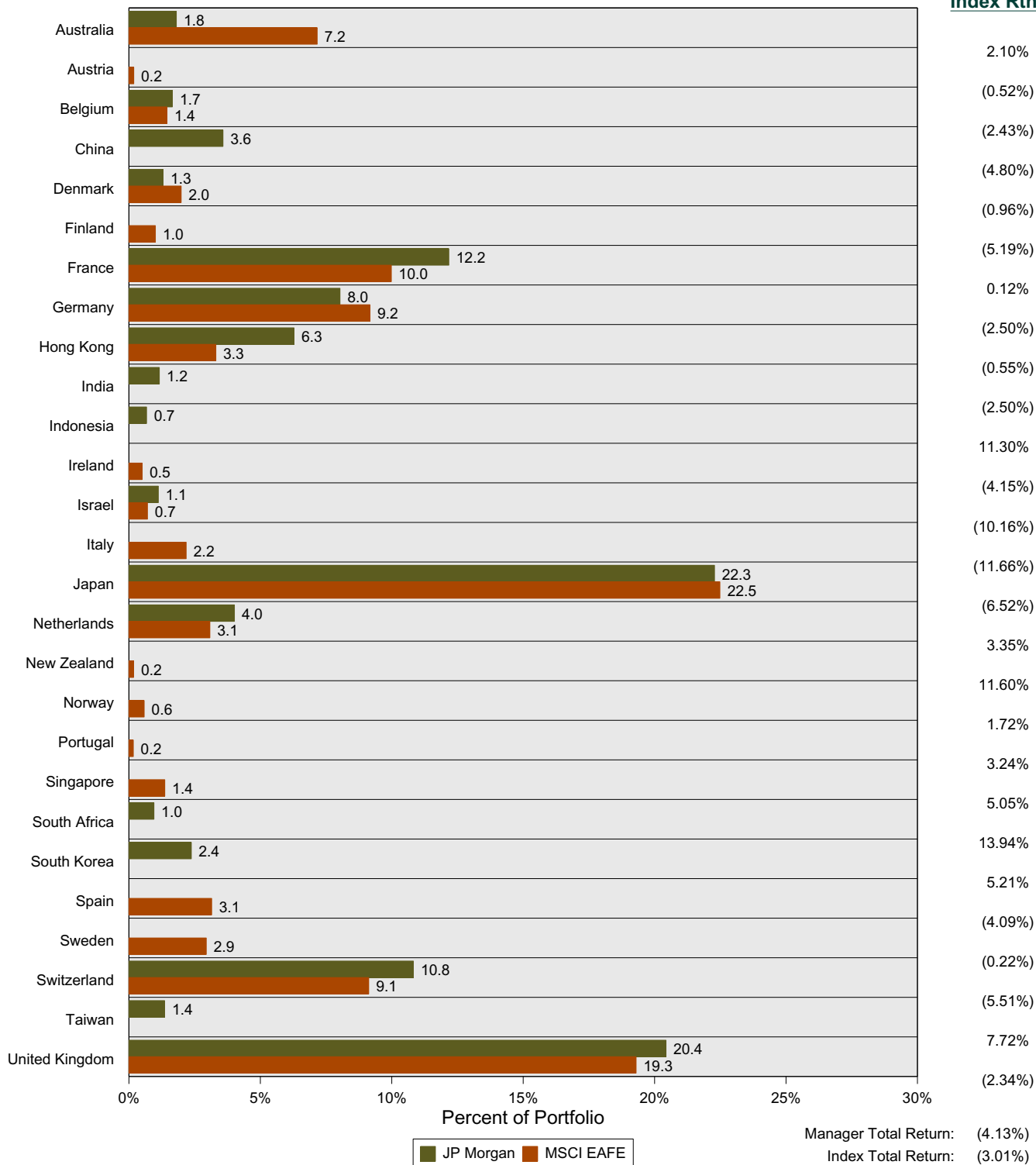
JP Morgan VS MSCI EAFE Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2016. 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 March 31, 2016

Index Rtns



JP Morgan
Top 10 Portfolio Holdings Characteristics
as of March 31, 2016

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
Vodafone Group Plc New Shs New	Telecommunications	\$513,486	2.4%	(2.39)%	84.44	39.26	5.11%	10.89%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$490,936	2.3%	(7.60)%	173.66	15.67	3.42%	8.40%
Japan Tobacco Inc Ord	Consumer Staples	\$473,035	2.2%	12.47%	83.46	19.83	2.52%	5.18%
Novartis	Health Care	\$444,785	2.1%	(12.89)%	194.85	14.31	3.87%	8.10%
Prudential	Financials	\$431,945	2.0%	(14.76)%	48.11	10.75	2.98%	10.00%
Hsbc Holdings (Hk)	Financials	\$398,052	1.9%	(20.40)%	123.22	9.30	8.01%	(2.14)%
Sumitomo Mitsui Finl Grp Inc Shs	Financials	\$384,317	1.8%	(18.88)%	42.93	6.11	4.54%	(1.90)%
Ubs Ag Shs New	Financials	\$380,204	1.8%	(17.05)%	62.28	10.86	5.49%	8.42%
Samsung Electronics Co Ltd Ord	Information Technology	\$370,816	1.7%	8.47%	166.43	10.28	1.60%	3.25%
Sap Se Shs	Information Technology	\$366,822	1.7%	0.77%	99.37	17.38	1.62%	8.95%

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
Glencore International W/I	Materials	\$144,312	0.7%	69.52%	32.54	38.97	0.00%	(16.69)%
South32 Ltd Common Stock Npv	Materials	\$18,364	0.1%	45.42%	6.00	32.20	0.00%	5.39%
Wynn Macau Ltd Hkd0.001	Consumer Discretionary	\$76,678	0.4%	32.28%	8.04	26.22	0.00%	(9.20)%
Pt Astra International Tbk Shs New	Consumer Discretionary	\$141,516	0.7%	24.00%	22.13	15.71	2.98%	5.09%
Sands China Ltd Usd0.01 Reg's'	Consumer Discretionary	\$192,944	0.9%	23.73%	32.87	23.15	6.30%	(15.20)%
Tullow Oil Plc Shs	Energy	\$29,163	0.1%	15.88%	2.58	26.95	0.00%	7.30%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$286,626	1.3%	15.16%	130.52	13.00	2.78%	10.38%
Aggreko Plc Shs New	Industrials	\$86,918	0.4%	14.91%	3.96	15.89	2.35%	0.60%
Asml Holding N V Asml Rev Stk Spl	Information Technology	\$249,546	1.2%	13.45%	44.09	25.23	1.18%	18.59%
Cnooc Ltd Shs	Energy	\$218,836	1.0%	13.41%	52.73	40.72	5.46%	27.74%

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
Credit Suisse Group Ord CI D	Financials	\$229,161	1.1%	(34.41)%	27.82	10.49	5.14%	58.59%
Barclays Plc Shs	Financials	\$238,465	1.1%	(31.71)%	36.40	8.44	4.33%	13.90%
Nitto Denko Corp Ord	Materials	\$71,309	0.3%	(24.03)%	9.67	12.48	2.16%	16.80%
Inpex Corp Tokyo Shs	Energy	\$142,760	0.7%	(22.22)%	11.10	21.62	2.11%	6.70%
Hsbc Holdings (Hk)	Financials	\$398,052	1.9%	(20.40)%	123.22	9.30	8.01%	(2.14)%
Sumitomo Mitsui Finl Grp Inc Shs	Financials	\$384,317	1.8%	(18.88)%	42.93	6.11	4.54%	(1.90)%
Standard Chartered Plc Ord Usd .50	Financials	\$213,045	1.0%	(18.25)%	22.27	20.76	1.98%	(20.50)%
Teva Pharmaceutical Inds Ltd ADR	Health Care	\$236,078	1.1%	(18.00)%	55.07	9.50	2.66%	0.80%
Ubs Ag Shs New	Financials	\$380,204	1.8%	(17.05)%	62.28	10.86	5.49%	8.42%
Hang Lung Properties Limited Shs	Financials	\$128,243	0.6%	(16.06)%	8.59	12.91	5.06%	(6.78)%

DFA Emerging Markets Period Ended March 31, 2016

Investment Philosophy

DFA Performance prior to 6/30/2013 is linked to published fund returns.

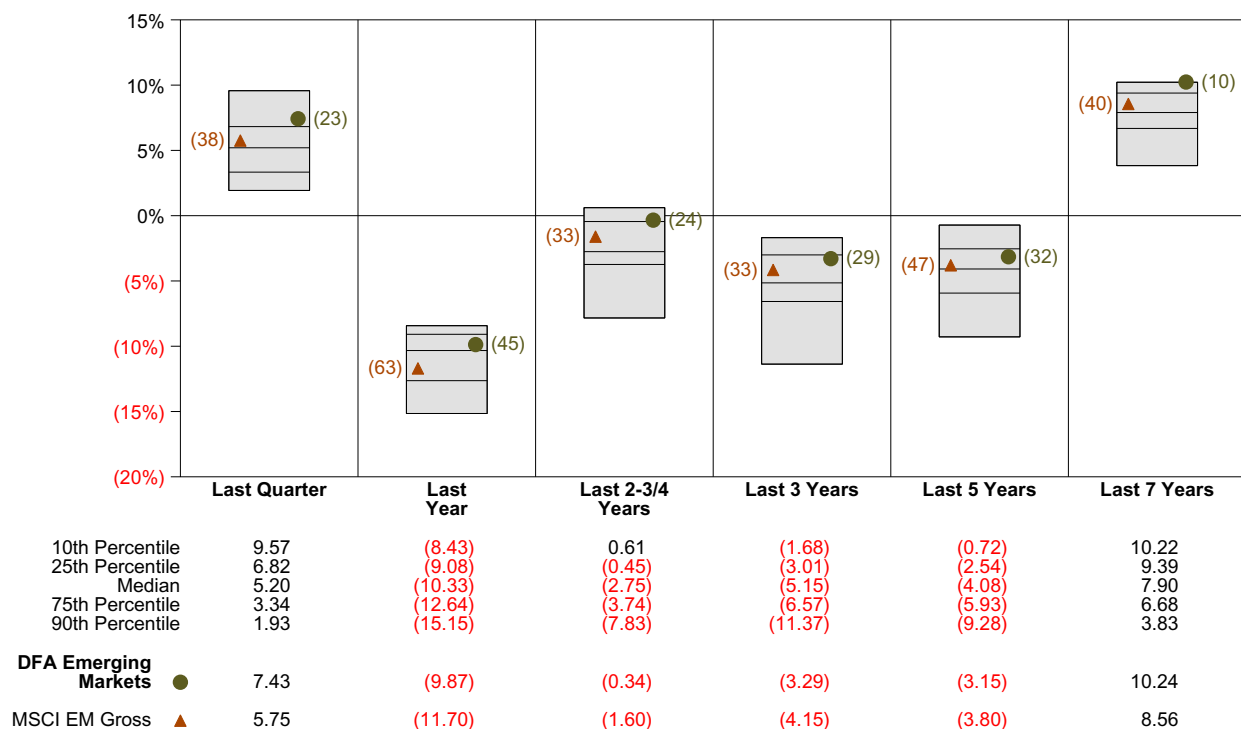
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 7.43% return for the quarter placing it in the 23 percentile of the CAI MF - Emerging Markets Style group for the quarter and in the 45 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI EM Gross by 1.67% for the quarter and outperformed the MSCI EM Gross for the year by 1.83%.

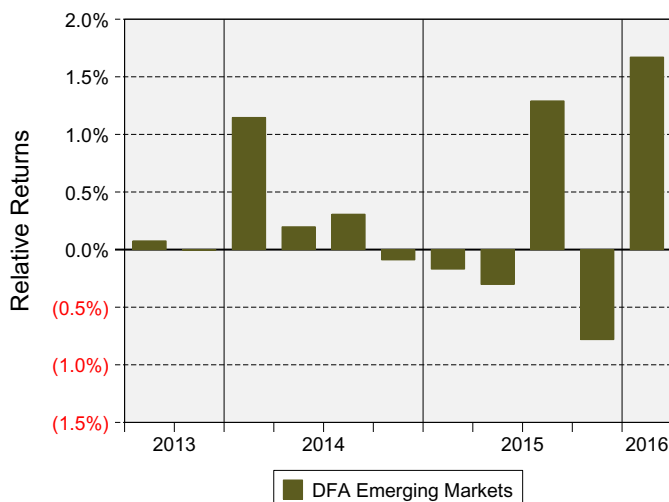
Quarterly Asset Growth

Beginning Market Value	\$10,990,533
Net New Investment	\$189,655
Investment Gains/(Losses)	\$825,651
Ending Market Value	\$12,005,838

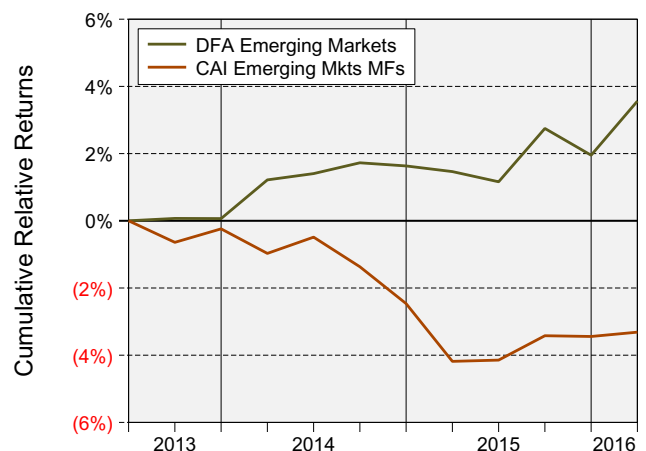
Performance vs CAI MF - Emerging Markets Style (Net)



Relative Return vs MSCI EM Gross



Cumulative Returns vs MSCI EM Gross

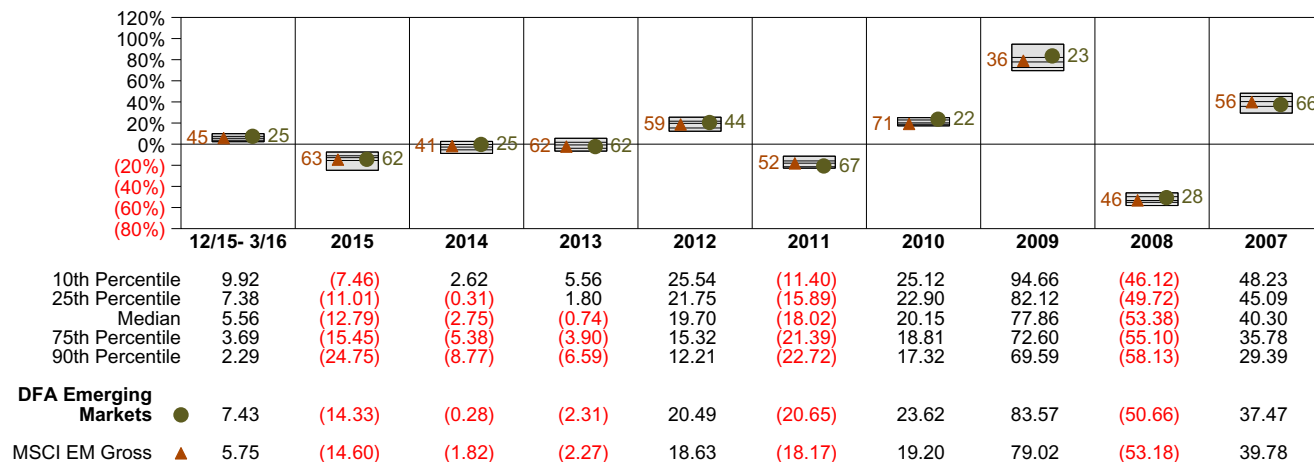


DFA Emerging Markets Return Analysis Summary

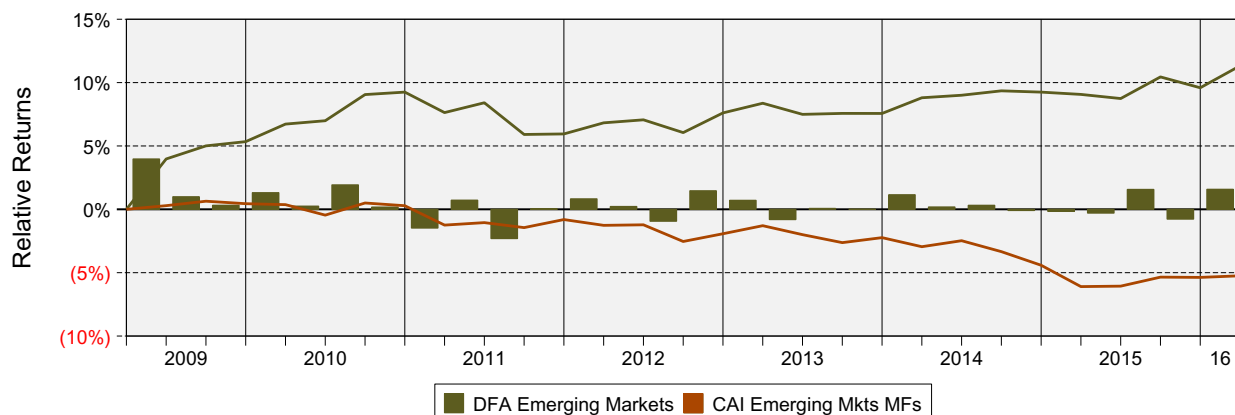
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

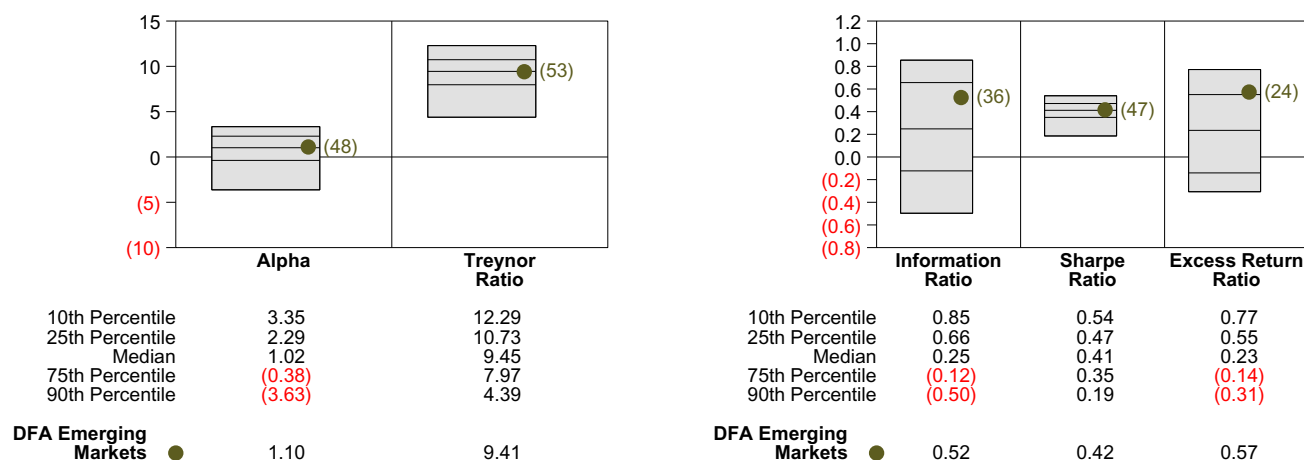
Performance vs CAI MF - Emerging Markets Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EM Gross



Risk Adjusted Return Measures vs MSCI EM Gross Rankings Against CAI MF - Emerging Markets Style (Gross) Seven Years Ended March 31, 2016

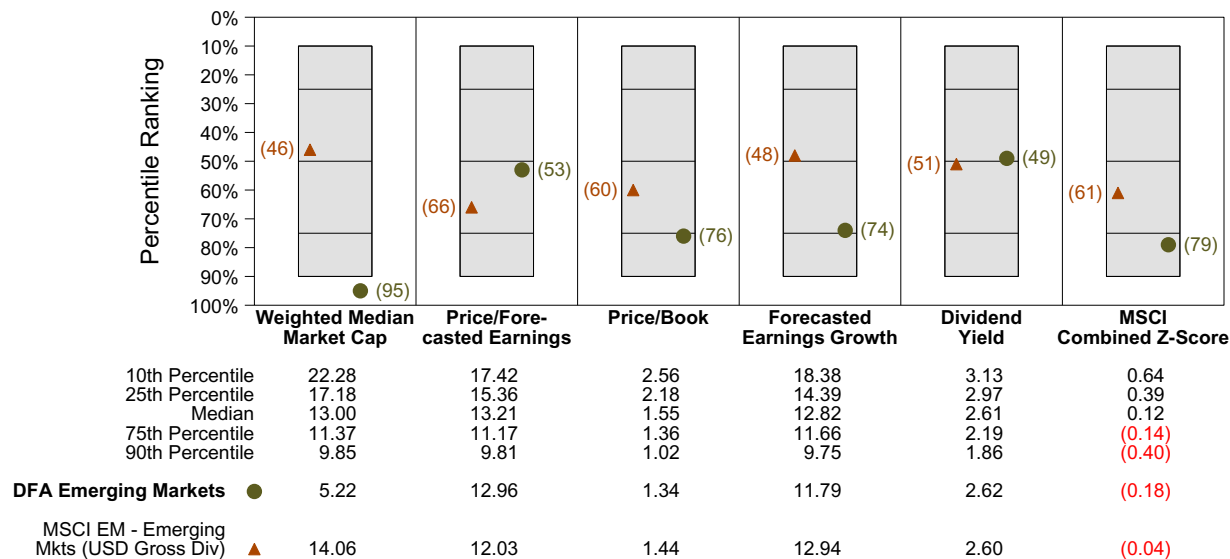


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

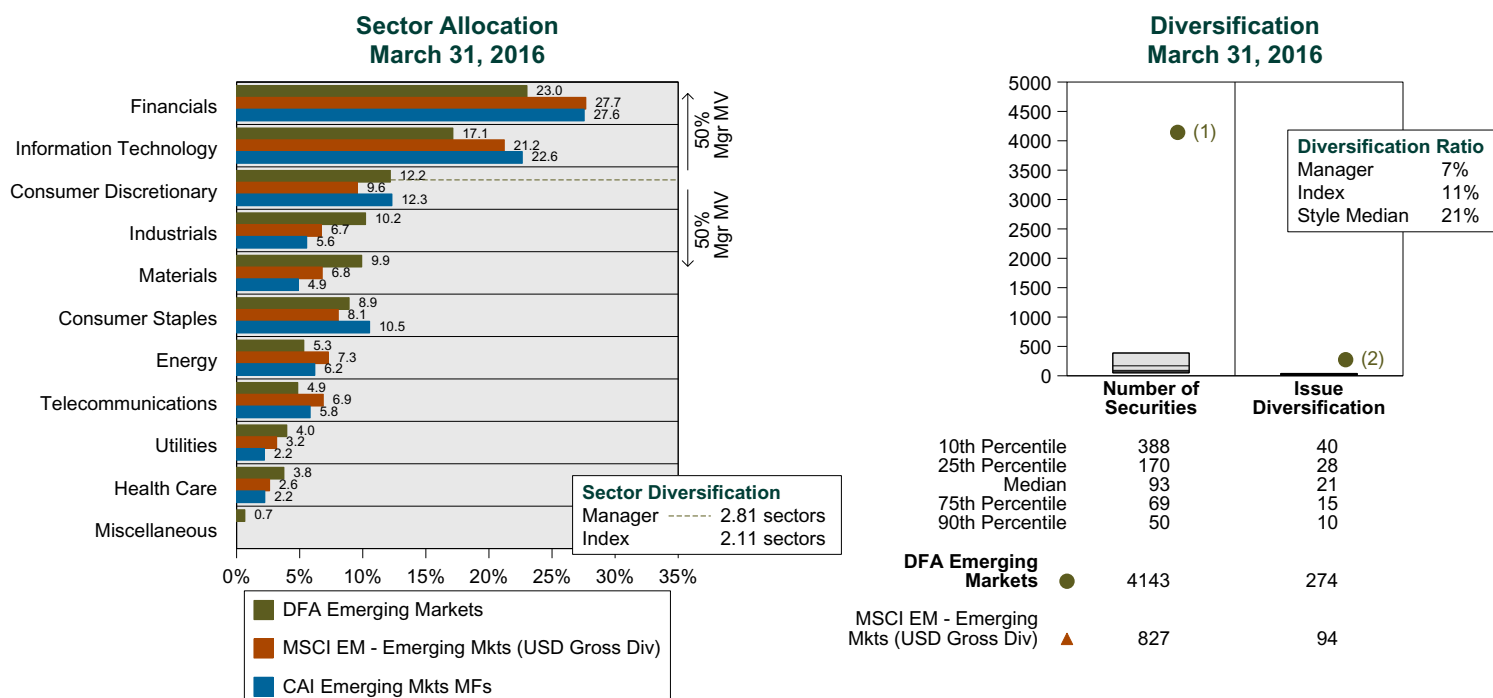
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Emerging Markets Style as of March 31, 2016



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.



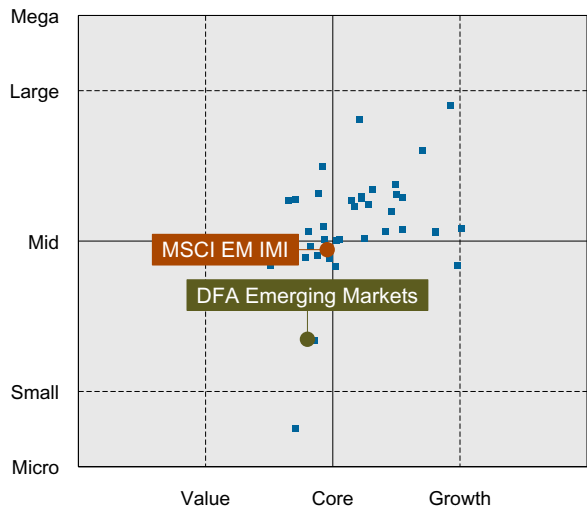
Current Holdings Based Style Analysis

DFA Emerging Markets

As of March 31, 2016

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.

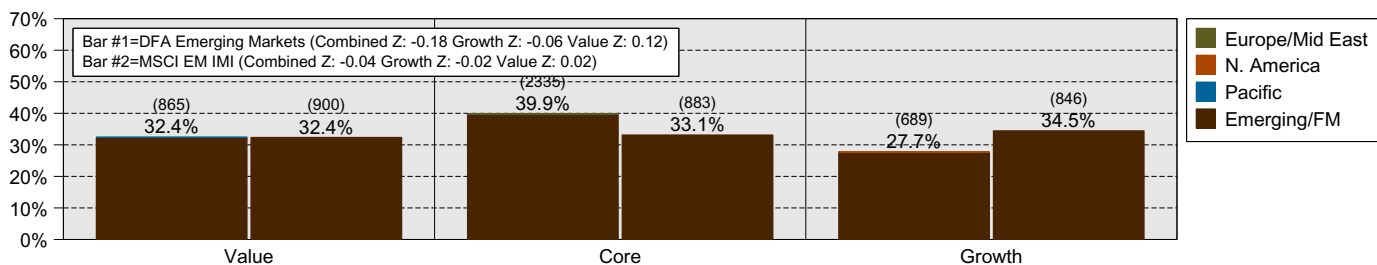
Style Map vs CAI Emerging Mkts MFs Holdings as of March 31, 2016



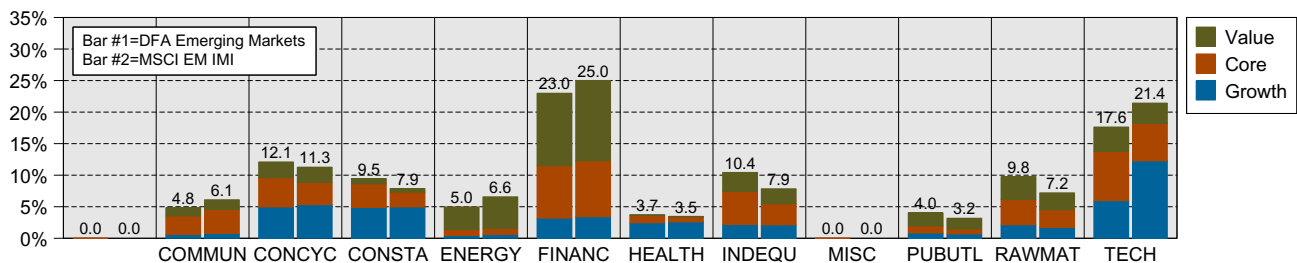
Style Exposure Matrix Holdings as of March 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.1% (2) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (2) 0.0% (0)
N. America	0.0% (0) 0.0% (0)	0.0% (3) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (4) 0.0% (0)
Pacific	0.0% (4) 0.0% (0)	0.1% (37) 0.0% (0)	0.0% (2) 0.0% (0)	0.1% (43) 0.0% (0)
Emerging/ FM	32.4% (861) 32.4% (900)	39.8% (2293) 33.1% (883)	27.7% (686) 34.5% (846)	99.9% (3840) 100.0% (2629)
Total	32.4% (865) 32.4% (900)	39.9% (2335) 33.1% (883)	27.7% (689) 34.5% (846)	100.0% (3889) 100.0% (2629)

Combined Z-Score Style Distribution Holdings as of March 31, 2016



Sector Weights Distribution Holdings as of March 31, 2016



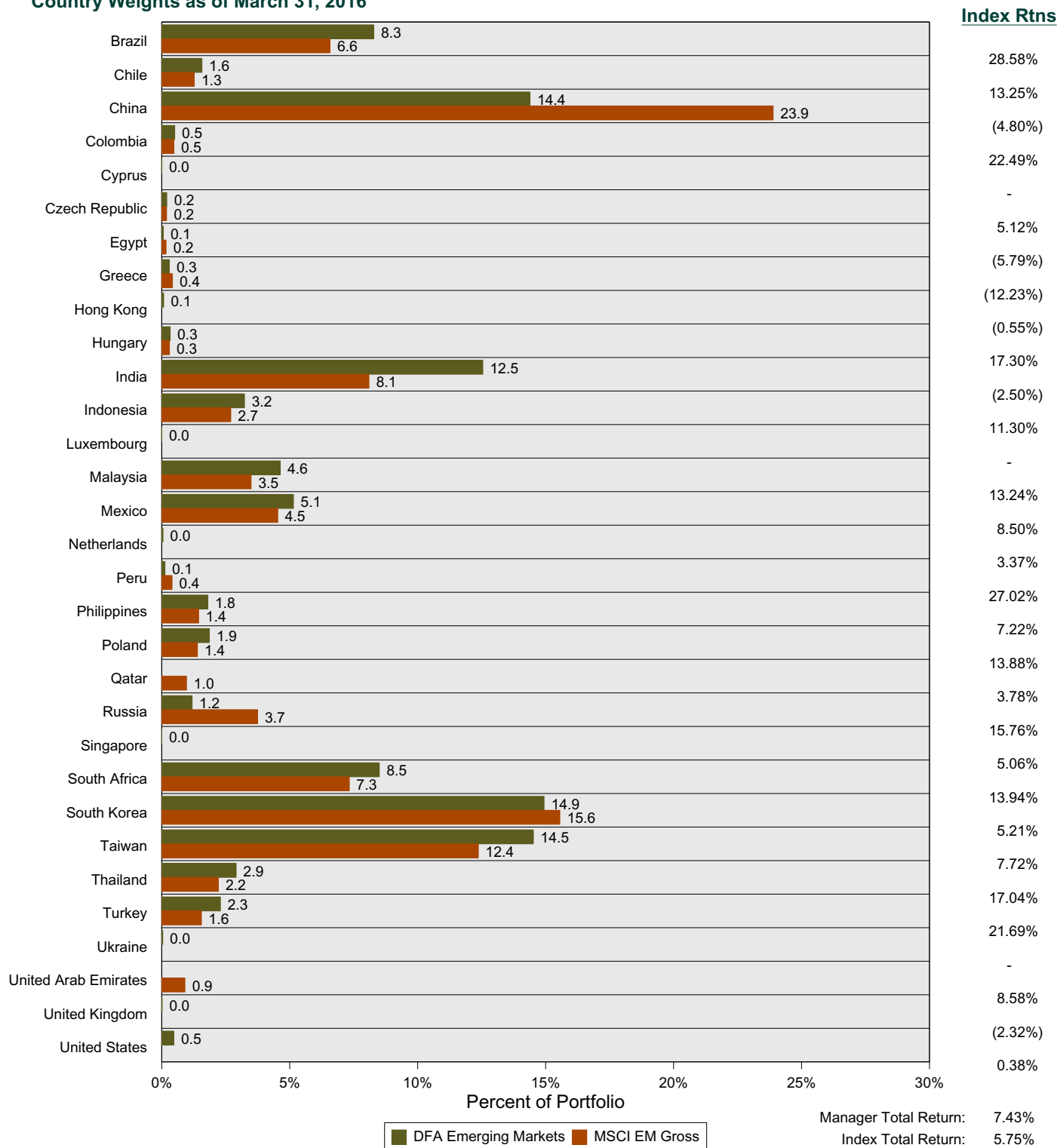
Country Allocation

DFA Emerging Markets VS MSCI EM - Emerging Mkts (USD Gross Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2016. 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 March 31, 2016



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of March 31, 2016

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
Samsung Electronics Co Ltd Ord	Information Technology	\$322,198	2.7%	8.47%	166.43	10.28	1.60%	3.25%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$157,409	1.3%	15.62%	130.52	13.00	2.78%	10.38%
Tencent Holdings Limited Shs Par Hkd	Information Technology	\$142,084	1.2%	3.78%	192.10	28.84	0.30%	25.60%
China Construction Bank Shs H	Financials	\$108,675	0.9%	(6.85)%	153.43	4.66	6.63%	0.88%
Hon Hai Precision Inds Ltd Ord	Information Technology	\$100,282	0.8%	7.11%	41.20	9.39	4.27%	5.44%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$85,832	0.7%	15.16%	130.52	13.00	2.78%	10.38%
China Mobile Limited Sponsored ADR	Telecommunications	\$77,797	0.6%	(1.56)%	228.21	12.85	3.76%	7.82%
Industrial and Comm Bk of Cn Hkd Shs	Financials	\$73,223	0.6%	(7.33)%	48.56	4.79	6.43%	15.70%
Mtn Group Ltd Shs	Telecommunications	\$68,908	0.6%	14.16%	16.96	10.19	9.69%	3.35%
Itau Unibanco Holding Sa Pfd Shs	Financials	\$63,951	0.5%	36.13%	26.74	8.53	4.44%	0.93%

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
Harmony Gold Mng Ltd	Materials	\$9,003	0.1%	291.82%	1.58	12.85	0.00%	(32.62)%
Harmony Gold Mining Co	Materials	\$4,474	0.0%	257.86%	1.58	12.85	0.00%	(32.62)%
Assore	Materials	\$1,250	0.0%	176.43%	1.53	17.80	3.11%	(50.50)%
Le Lis Blanc On	Consumer Discretionary	\$645	0.0%	173.96%	0.45	27.23	5.04%	(17.82)%
Sibanye Gold Ltd	Materials	\$9,370	0.1%	165.62%	3.53	10.91	1.77%	68.35%
Top Frontier Inv.Hdg.	Consumer Staples	\$443	0.0%	165.52%	1.27	(17.14)	0.00%	-
S-Mac	Information Technology	\$464	0.0%	156.25%	0.12	(3.94)	0.00%	37.45%
Drdgold Limited Spon ADR Repstg	Materials	\$14	0.0%	154.42%	0.17	8.04	3.69%	(22.99)%
Sibanye Gold Ltd Sponsored ADR	Materials	\$10,569	0.1%	152.99%	3.53	10.91	1.77%	68.35%
Durban Rood.Deep	Materials	\$828	0.0%	145.55%	0.17	8.04	3.69%	(22.99)%

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
Frigoglass	Industrials	\$31	0.0%	(79.35)%	0.02	(6.36)	0.00%	58.11%
China Hanking Holdings	Materials	\$181	0.0%	(71.78)%	0.25	(4.21)	0.00%	-
Jintian Pharmaceutical Gp.	Health Care	\$346	0.0%	(71.66)%	0.22	2.97	5.53%	-
Infopia	Health Care	\$102	0.0%	(66.67)%	0.04	(8.43)	0.00%	-
Amtek India	Consumer Discretionary	\$25	0.0%	(61.38)%	0.03	-	1.90%	70.79%
Matsunichi Comm. Hdg.	Financials	\$29	0.0%	(58.31)%	1.72	20.04	0.00%	-
Tree House Ed.& Accs.	Consumer Discretionary	\$83	0.0%	(56.96)%	0.05	4.73	2.65%	28.97%
Boer Power Holdings	Industrials	\$889	0.0%	(56.21)%	0.61	4.90	7.35%	25.40%
Marksans Pharma	Health Care	\$1,015	0.0%	(55.82)%	0.29	10.94	0.26%	159.21%
Oi S A Sponsored ADR Ne	Telecommunications	\$14	0.0%	(53.44)%	0.05	(0.49)	0.00%	(50.21)%

Metropolitan West Period Ended March 31, 2016

Investment Philosophy

Metropolitan West Asset Management (MWAM) attempts to add value by limiting duration, managing the yield curve, rotating among bond market sectors and using proprietary quantitative valuation techniques.

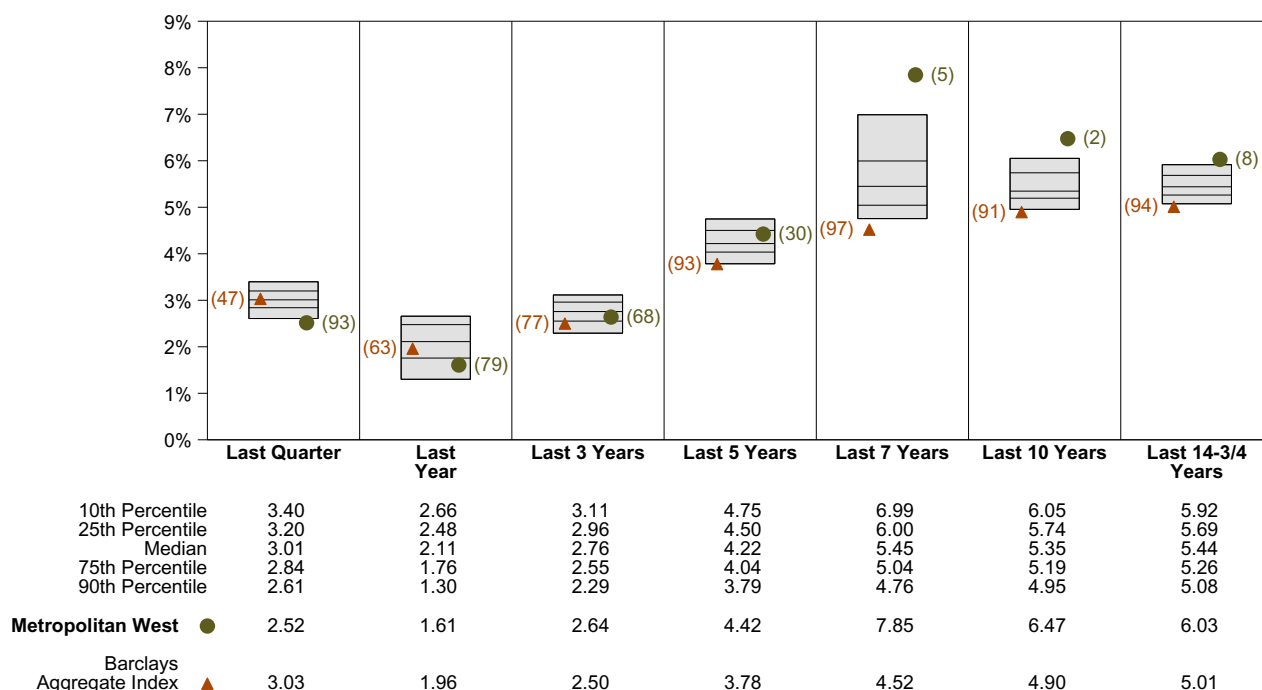
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 2.52% return for the quarter placing it in the 93 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 79 percentile for the last year.
- Metropolitan West's portfolio underperformed the Barclays Aggregate Index by 0.52% for the quarter and underperformed the Barclays Aggregate Index for the year by 0.35%.

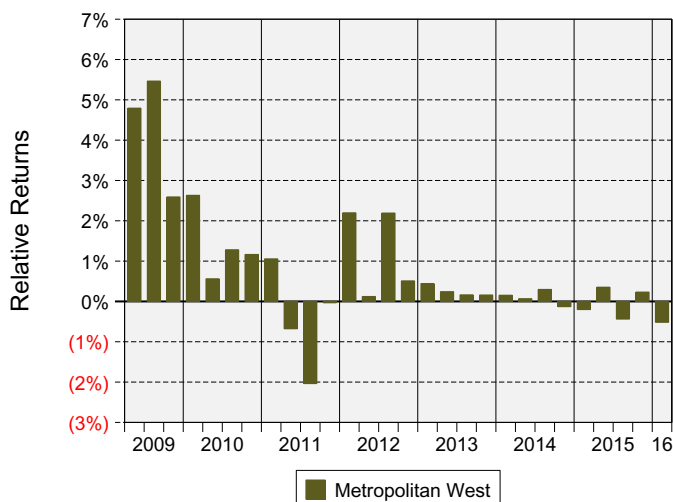
Quarterly Asset Growth

Beginning Market Value	\$85,351,860
Net New Investment	\$-639,700
Investment Gains/(Losses)	\$2,141,541
Ending Market Value	\$86,853,701

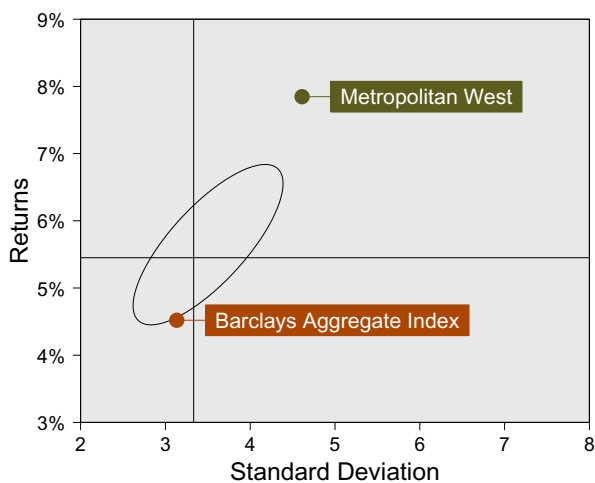
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Seven Year Risk vs Return

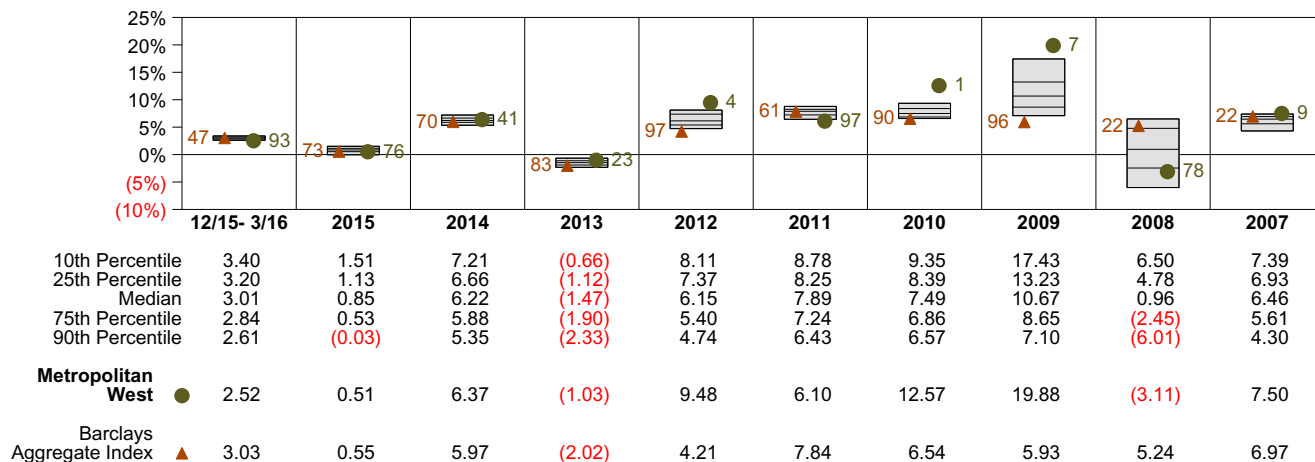


Metropolitan West Return Analysis Summary

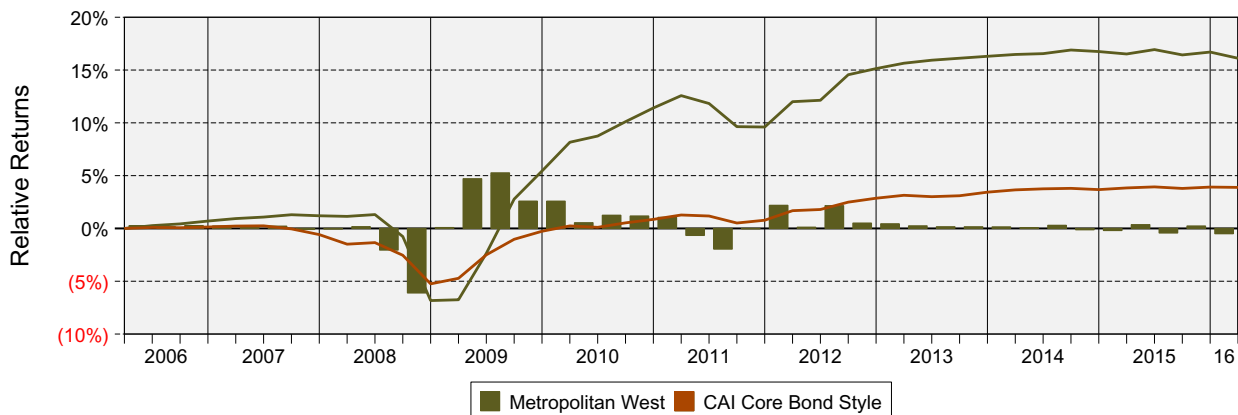
Return Analysis

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 two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

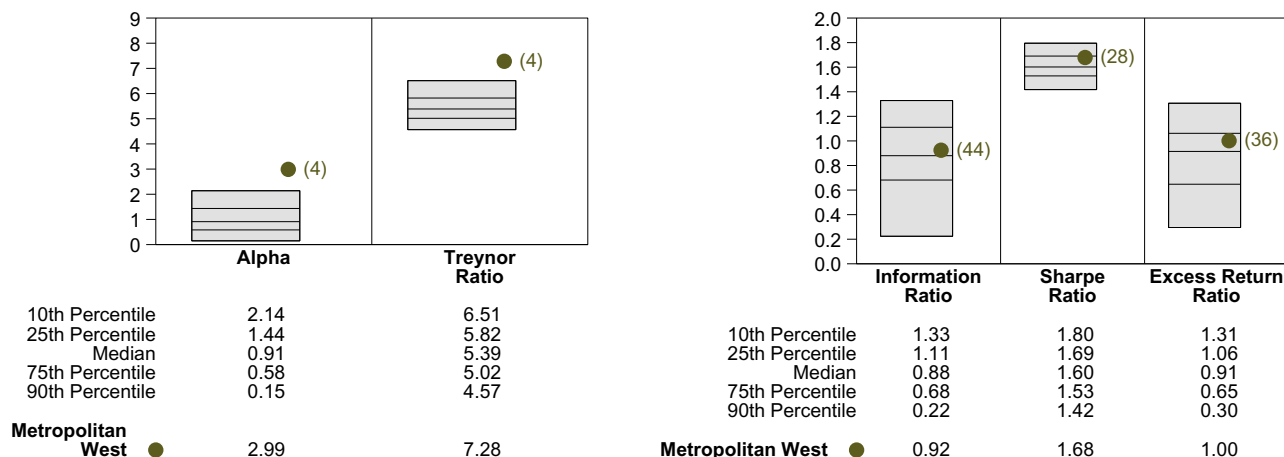
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against CAI Core Bond Fixed-Inc Style (Gross) Seven Years Ended March 31, 2016

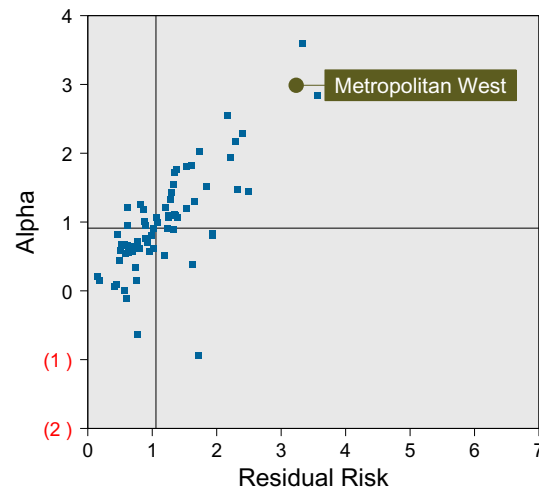
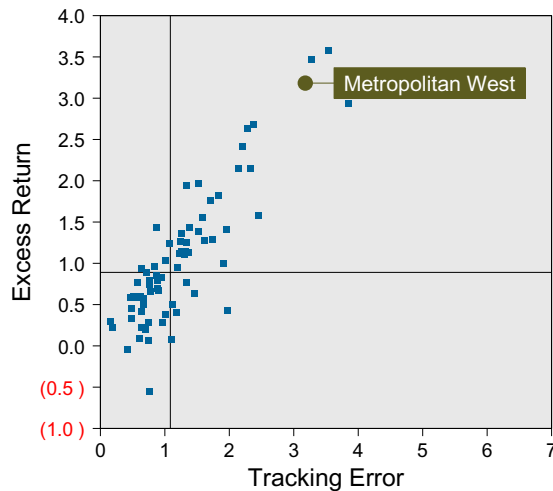


Metropolitan West Risk Analysis Summary

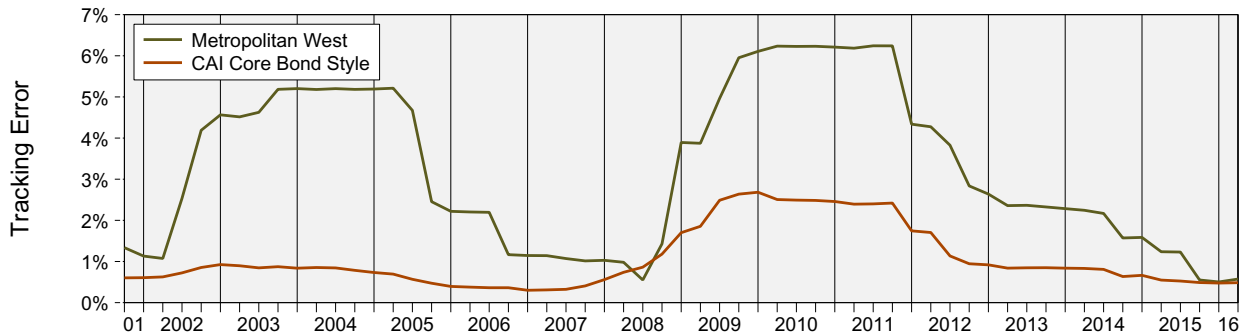
Risk Analysis

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 scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third 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.

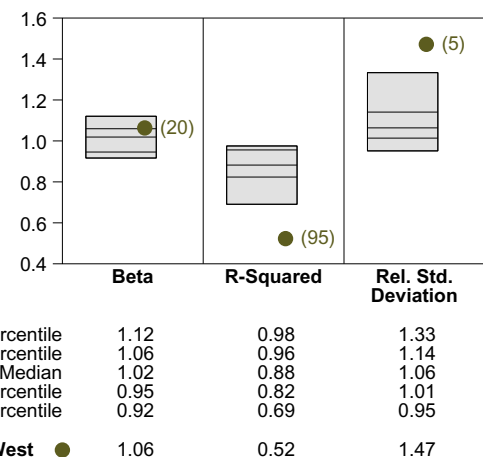
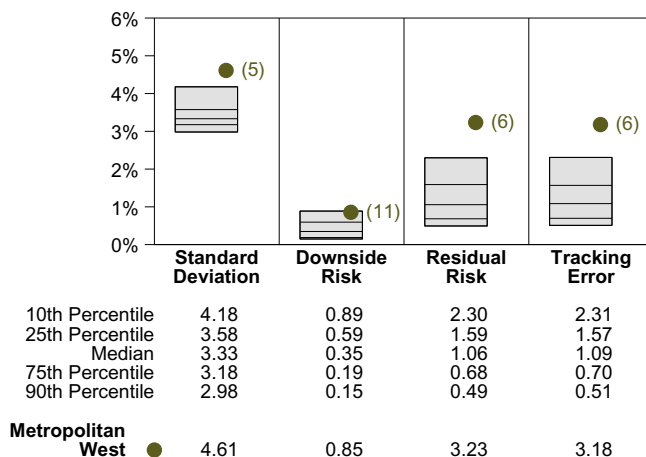
Risk Analysis vs CAI Core Bond Fixed-Inc Style (Gross) Seven Years Ended March 31, 2016



Rolling 12 Quarter Tracking Error vs Barclays Aggregate Index



Risk Statistics Rankings vs Barclays Aggregate Index Rankings Against CAI Core Bond Fixed-Inc Style (Gross) Seven Years Ended March 31, 2016

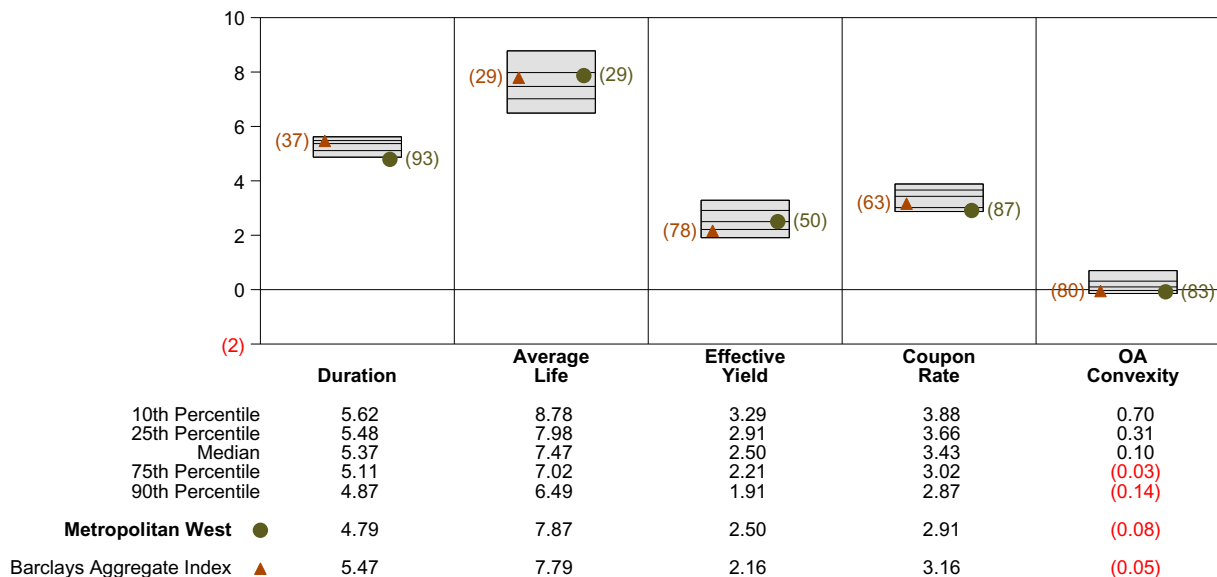


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

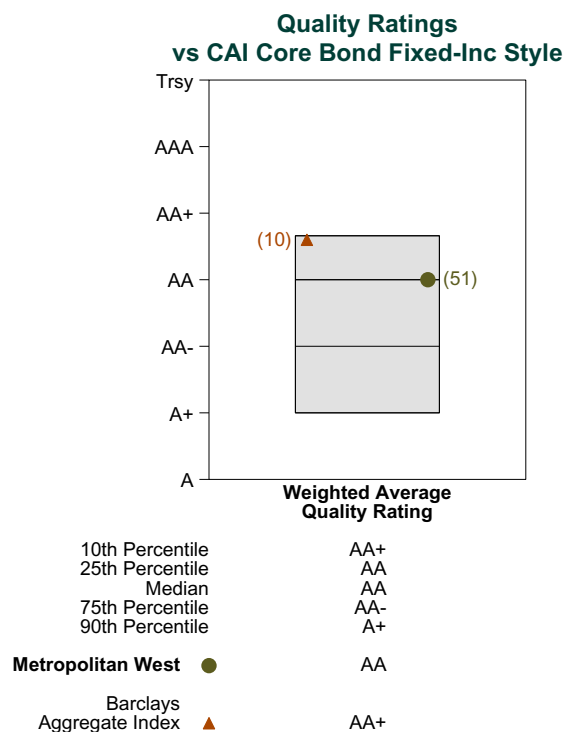
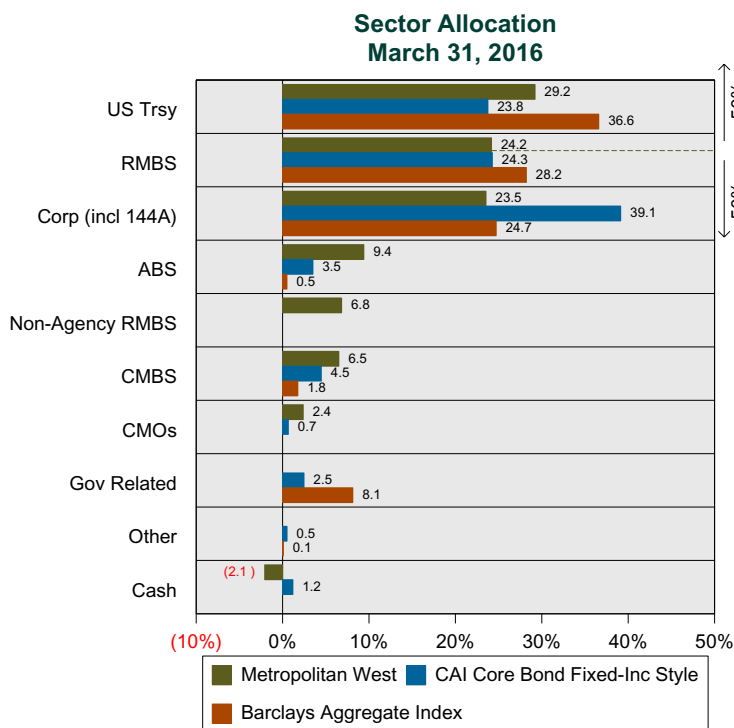
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of March 31, 2016



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.

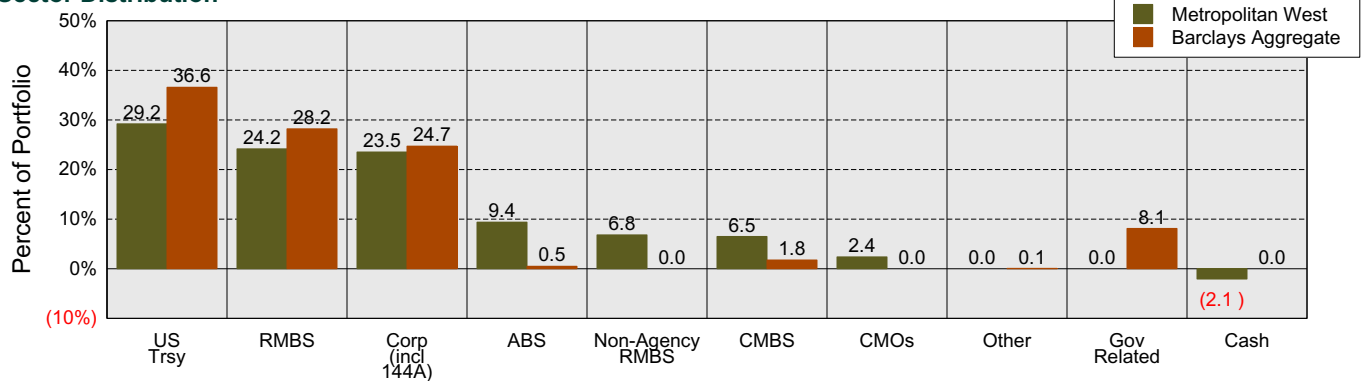


Metropolitan West Portfolio Characteristics Summary As of March 31, 2016

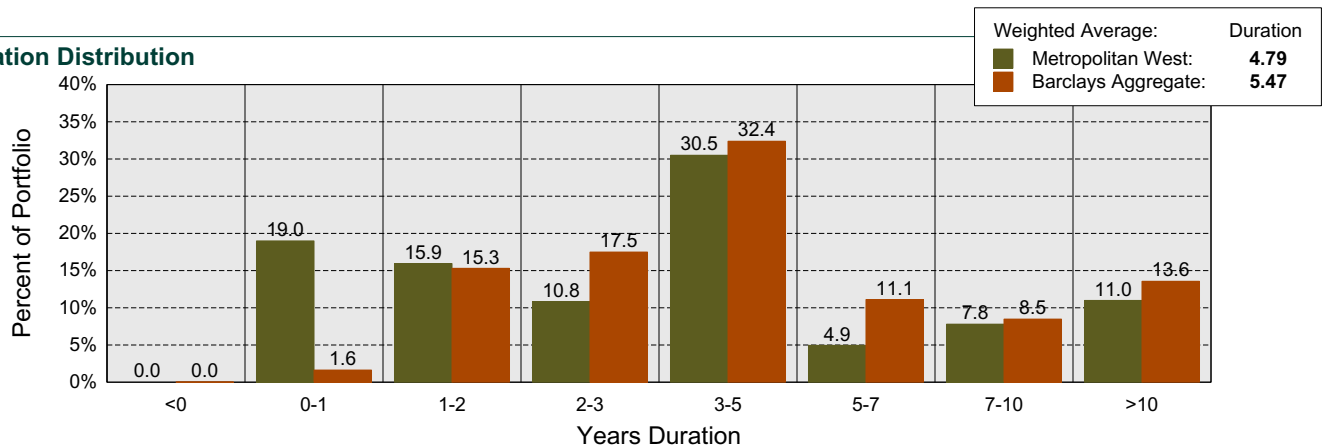
Portfolio Structure Comparison

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.

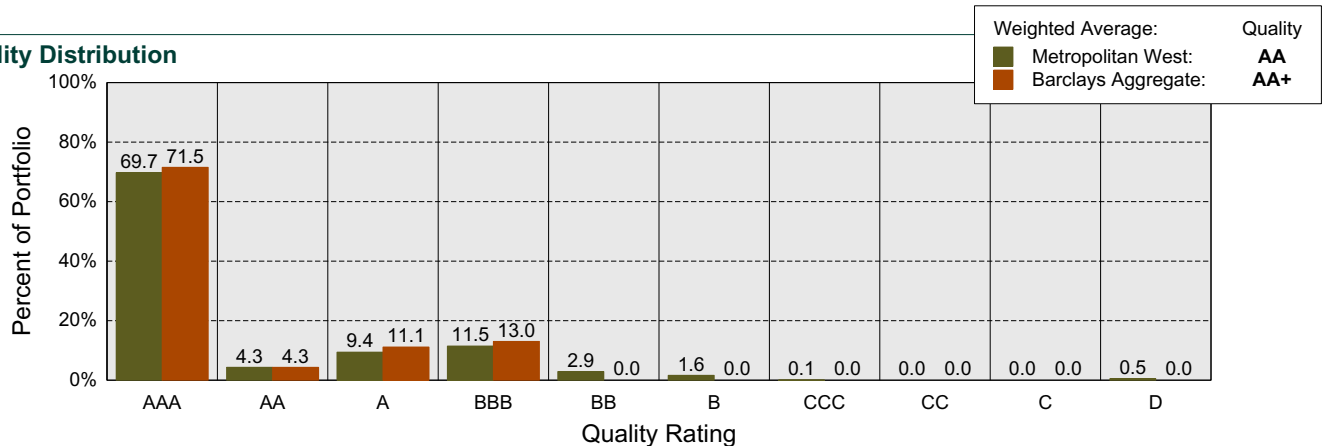
Sector Distribution



Duration Distribution



Quality Distribution



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.

Risk/Reward Statistics

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.

Research and Educational Programs

The Callan Investments Institute provides research that updates clients on the latest industry trends while helping them learn through carefully structured educational programs. Visit www.callan.com/research to see all of our publications, or for more information contact Anna West at 415.974.5060 / institute@callan.com.

Recent Research



2016 DC Survey & Key Findings Callan's 2016 DC Trends Survey highlights plan sponsors' key themes from 2015 and expectations for 2016; the Key Findings summarize the Survey.

Periodic Table & Periodic Table Collection Depicts annual investment returns for 10 major asset classes, ranked from best to worst. The Collection includes 10 additional variations.

Spotlight: Six Key Themes Callan reflects on some of the ongoing trends within institutional investing and considers how they may develop in the coming year.

Inside Callan's Database, 4th Quarter 2015 This report graphs performance and risk data from Callan's proprietary database alongside relevant market indices.

Capital Market Review, 4th Quarter 2015 Insights on the economy and recent performance in equities, fixed income, alternatives, real estate, and more.

Market Pulse Flipbook, 4th Quarter 2015 A quarterly reference guide covering investment and fund sponsor trends in the U.S. economy, the capital markets, and defined contribution.

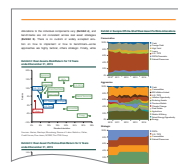
October Regional Workshop Summary We reviewed real assets and the implementation implications of building out a robust real assets allocation in portfolios.

Capital Market Projections This charticle summarizes key figures from Callan's 2016 capital market projections.

Global Equity Benchmark Review This annual report examines FTSE, MSCI, Russell, and S&P indices alongside Callan Active Manager Style Groups.

Hedge Fund Monitor, 4th Quarter 2015 Our cover story, "David versus Goliath: Sizing Up the Odds," compares the respective advantages and challenges of smaller and larger hedge funds.

The Renaissance of Stable Value In this paper, we seek to answer questions about stable value funds, and how they have evolved since the financial crisis.



Real Assets Reporter, Winter/Spring 2016 In this issue, we look at implementing diversified real asset portfolios, focusing on a process that helps evaluate financial and operational risks.

U.S. Equity Benchmark Review This annual report compares CRSP, Russell, and S&P index metrics alongside Callan Active Manager Style Groups.

DC Observer, 4th Quarter 2015 Cover story: In-Plan Annuities: The Stuff That Dreams Are Made Of?

The Costs of Closing: Nuclear Decommissioning Trusts In this video, Julia Moriarty discusses hedging costs, the impact of license extension, and more.

Private Markets Trends, Winter 2016 Gary Robertson summarizes the market environment, recent events, performance, and other issues involving private equity.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: <https://www.callan.com/education/CII/>

Our next **Regional Workshop**, June 28 in Atlanta and June 29 in San Francisco, will consist of two separate one-hour presentations given by our specialists. This year, we look at the impact the Pension Protection Act has had on defined benefit and defined contribution retirement plans a decade after its enactment, and look ahead to the next 10 years.

Save the date for our fall **Regional Workshop**, October 25 in New York and October 26 in Chicago, and our **National Conference**, January 23–25, 2017, at the Palace Hotel in San Francisco.

For more information about events, please contact Barb Geraty: 415.974.5060 / institute@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the “Callan College,” provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next session is:

Introduction to Investments

San Francisco, CA, July 19–20, 2016

Chicago, IL, October 18–19, 2016

This session familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory “Callan College” session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

The “Callan College” is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at <https://www.callan.com/education/college/> or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

500

Attendees (on average) of the Institute's annual National Conference

50+

Unique pieces of research the Institute generates each year

3,300

Total attendees of the “Callan College” since 1994

1980

Year the Callan Investments Institute was founded



“We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years.”

Ron Peyton, Chairman and CEO

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 on-going 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 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
13D Management
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
AlphaOne Investment Services
American Century Investment Management
Amundi Smith Breeden LLC
Analytic Investors
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Babson Capital Management
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Baring Asset Management
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Asset Management, Corp.
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC

Manager Name
Brown Brothers Harriman & Company
Cambiar Investors, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Charles Schwab Investment Management
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Corbin Capital Partners, L.P.
Cornerstone Capital Management
Cramer Rosenthal McGlynn, LLC
Crawford Investment Counsel, Inc.
Credit Suisse Asset Management
Crestline Investors, Inc.
DE Shaw Investment Management, LLC
Delaware Investments
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Investments
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Global Asset Management
First Eagle Investment Management, LLC
First Hawaiian Bank
Fisher Investments
Fort Washington Investment Advisors, Inc.
Franklin Templeton Institutional
Fred Alger Management, Inc.

Manager Name
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GE Asset Management
GMO
Goldman Sachs Asset Management
Grand-Jean Capital Management
Guggenheim Investments
Guggenheim Real Estate LLC
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
Institutional Capital LLC
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Janus Capital Management, LLC
Jensen Investment Management
J.P. Morgan Asset Management
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Martin Currie Inc.
Mellon Capital Management
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Capital Management
Nicholas Investment Partners
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management

Manager Name
Opus Capital Management Inc.
Pacific Investment Management Company
Parametric Portfolio Associates
Peregrine Capital Management, Inc.
PGIM
PineBridge Investments
Pinnacle Asset Management L.P.
Pioneer Investments
PNC Capital Advisors, LLC
Polen Capital Management
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Scout Investments
SEI Investments
Seminole Advisory Services, LLC
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Systematic Financial Management
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Investment Management (fka ING)
Waddell & Reed Asset Management Group
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company



STATE STREET

Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	15

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 03/31/2016

Securities + Cash	21,516,787.04	Base Currency	USD	Net Assets	21,530,314
Rule Name	Limit Type	Limit Value	Result	Result Status	
<u>144A and Private Placem</u>					
1 Private Placements are prohibited (gap item 4a) (143653)	Maximum	0.00%	0.00 %	Pass	
<u>Asset Measures</u>					
2 AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			21,516,787.04 Value	Pass	
<u>Asset Type</u>					
3 International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (gap item 4g) (143658)	Maximum	5.00%	0.00 %	Pass	
4 Investments in commodities are prohibited (gap item 4a) (143655)	Maximum	0.00%	0.00 %	Pass	
5 Margin Securities are prohibited (gap item 4a) (143651)	Maximum	0.00%	0.00 %	Pass	
6 Ownership of shares/debt issued limit 5% ex null (gap item 4e) (143652)	Maximum	5.00%	0.04 %	Pass	
7 The Fund may not enter into short sales (gap item 4a) (143654)	Maximum	0.00%	0.00 %	Pass	
8 The Fund may not hold any Options (144454)	Maximum	0	0 Num Bkts	Pass	
9 The Fund may not hold any Options (gap item 4a) (143657)	Maximum	0.00%	0.00 %	Pass	
10 The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (gap item 4e) (143659)	Maximum	5.00%	0.04 %	Pass	
<u>Cash</u>					
11 No more than 10% of the Fund in cash and cash equivalents (gap item 4d) (143656)	Maximum	10.00%	2.77 %	Pass	
<u>Exchange</u>					
12 Flag any non-US exchange traded futures (gap item 4b) (143670)	Maximum	0.00%	0.00 %	Pass	
<u>Industry</u>					
13 Industry Sector GICS - Max 25% at cost (gap item 4f) (143660)	Maximum	25.00%	7.68 %	Pass	
14 The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (gap item 2) (143650)	Maximum	0.00%	0.00 %	Pass	
<u>Issuer</u>					
15 Investments in a single domestic equity issuer shall not exceed 5% at cost (gap item 4e) (143661)	Maximum	5.00%	1.92 %	Pass	



STATE STREET

Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	8

A5XD SACRT - METWEST

Production Date: 03/31/2016

Securities + Cash		90,873,884.12	Base Currency USD		Net Assets	86,809,220
Rule Name			Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>						
1	The Fund is not permitted to hold any Private Placements excluding 144a (gap item 8a) (143666)		Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>						
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)				90,873,884.12 Value	Pass
<u>Asset Type</u>						
3	A5XD: Flag all prohibited security types (gap items 9 & 10) (143665)		Maximum	0.00%	0.00 %	Pass
4	Asset-Backed Commercial Paper - Minimum Quality of A2/P2 (157603)		Maximum	0	0 Num Bkts	Pass
<u>Credit Quality</u>						
5	Minimum Quality must be at lesst 80% Baa or above (157604)		Minimum	80.00%	93.20 %	Pass
6	No Commercial Paper rated < A2/P2 at time of purchase (gap item 9a) (143662)		Maximum	0.00%	0.00 %	Pass
7	The Weighted Average Credit Rating of the Fund must be A or better (gap item 8c) (143663)		Minimum	20	22.92 Rank	Pass
<u>Industry</u>						
8	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (gap item 2) (143650)		Maximum	0.00%	0.00 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	15

A5Z8 SACRT - ROBECO

Production Date: 03/31/2016

Securities + Cash		37,892,663.76	Base Currency	USD	Net Assets	38,344,878
Rule Name			Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>						
1	Private Placements are prohibited (gap item 4a) (143653)	Maximum	0.00%		0.00 %	Pass
<u>Asset Measures</u>						
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)				37,892,663.76 Value	Pass
<u>Asset Type</u>						
3	International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (gap item 4g) (143658)	Maximum	5.00%		3.23 %	Pass
4	Investments in commodities are prohibited (gap item 4a) (143655)	Maximum	0.00%		0.00 %	Pass
5	Margin Securities are prohibited (gap item 4a) (143651)	Maximum	0.00%		0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (gap item 4e) (143652)	Maximum	5.00%		0.01 %	Pass
7	The Fund may not enter into short sales (gap item 4a) (143654)	Maximum	0.00%		0.00 %	Pass
8	The Fund may not hold any Options (144454)	Maximum	0		0 Num Bkts	Pass
9	The Fund may not hold any Options (gap item 4a) (143657)	Maximum	0.00%		0.00 %	Pass
10	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (gap item 4e) (143659)	Maximum	5.00%		0.01 %	Pass
<u>Cash</u>						
11	No more than 10% of the Fund in cash and cash equivalents (gap item 4d) (143656)	Maximum	10.00%		2.96 %	Pass
<u>Exchange</u>						
12	Flag any non-US exchange traded futures (gap item 4b) (143670)	Maximum	0.00%		0.00 %	Pass
<u>Industry</u>						
13	Industry Sector GICS - Max 25% at cost (gap item 4f) (143660)	Maximum	25.00%		11.22 %	Pass
14	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (gap item 2) (143650)	Maximum	0.00%		0.00 %	Pass
<u>Issuer</u>						
15	Investments in a single domestic equity issuer shall not exceed 5% at cost (gap item 4e) (143661)	Maximum	5.00%		3.23 %	Pass

REGIONAL TRANSIT ISSUE PAPER

Page 1 of 1

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
23	06/15/16	Retirement	Action	04/20/16

Subject: Receive and File Asset Allocation Study Review for the ATU/IBEW and Salaried Employees' Retirement Plans (ALL). (Bernegger)

ISSUE

Receive and File Asset Allocation Study Review for the ATU/IBEW and Salaried Employees' Retirement Plans (ALL). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Asset Allocation Study Review for the ATU/IBEW and Salaried Employees' Retirement Plans (ALL). (Bernegger)

FISCAL IMPACT

None.

DISCUSSION

In 2014, Callan Associates, Inc. performed an Asset/Liability Study for the ATU/IBEW and Salaried Employees Retirement Plans. This study takes an in-depth look at the current investment strategy used by the Pension Plans as well as the liabilities associated with the Plans. The Asset/Liability Study is only required once every three to five years, unless there is a significant change in market conditions or a significant change to the asset allocation mix.

Per the Statement of Investment Objectives and Policy Guidelines, an Asset Allocation Study is to be performed annually, and the Board is required to review and approve the study. The Asset Allocation Study is an evaluation of the Plans' investment goals, objectives, and risk tolerance (risk versus return). There have been no significant changes to the Plans' 2015/2016 asset allocations, since the Asset Liability Study completed in 2014. Staff recommends that the Boards approve the 2016 Asset Allocation Study, with the understanding that the Boards can make modifications to the fund manager structure without having an impact to the study, as the study assumes passive management.

Callan Associates has completed the Asset Allocation Study Review and will be presenting the Study (see Attachment 1) and answering any questions.

Staff recommends that the Boards receive and file the Asset Allocation Study Review.

Approved:

Presented:

Final 05/31/16

Director, Finance/Treasury

Senior Accountant

Callan



June 15, 2016

**Sacramento Regional
Transit District**

Asset Allocation Review

Anne Heaphy
Vice President

Uvan Tseng, CFA
Senior Vice President

Where Does Asset Allocation Fit In?

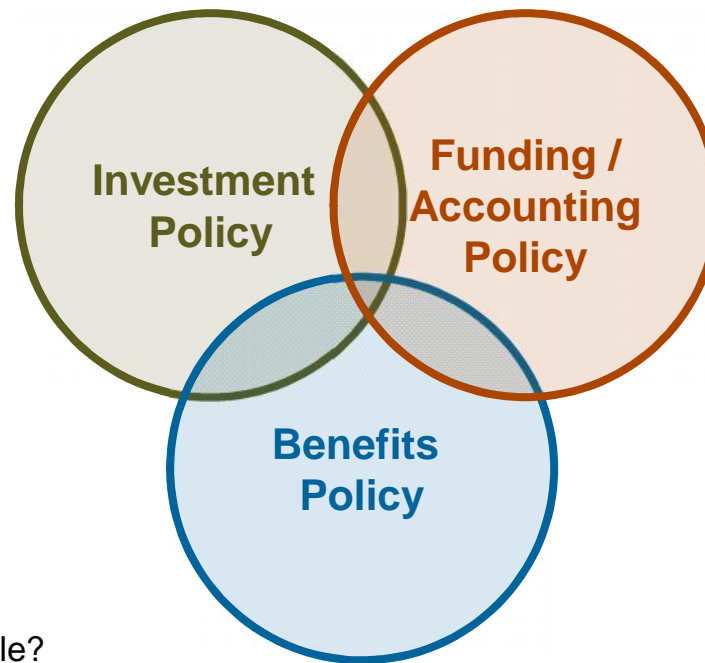
We evaluate the interaction of the three key policies that govern a pension plan with the goal of establishing the best investment policy

Investment Policy

- How will the assets supporting the benefits be invested?
- What risk and return objectives?
- How to manage cash flows?

Benefits Policy

- What type/kind of benefits?
- What level of benefit?
- When and to whom are they payable?



Funding / Accounting Policy

- How will the benefits be paid for (funded)?
- What actuarial discount rate?
- How will deficits be paid for?
- How will costs be recognized?

Investment Policy

Overview of Investment Goals

The investment policy, or asset allocation, is one of the three key components of a benefit plan (along with contribution and benefit policy)

Asset allocation is the process of determining the optimal allocation of a portfolio among broad asset classes based on several factors:

- Capital market expectations
- Cash flow considerations
- Recent experience
- Investment goals and objectives
- Risk tolerance
- Time horizon

A well engineered asset allocation considers:

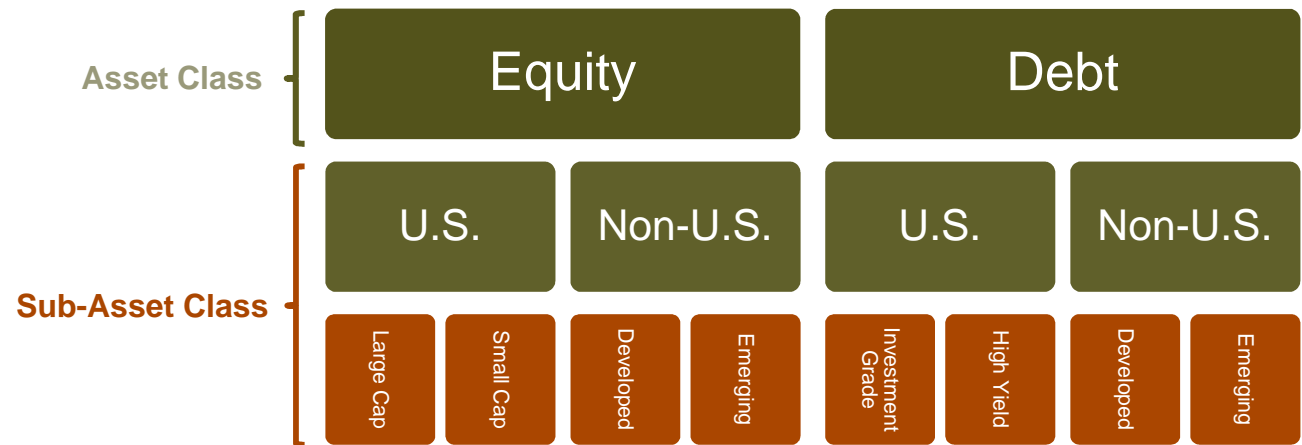
- All appropriate asset classes for inclusion
- Liquidity needs, asset class limitations, implementation challenges, administrative and legal burdens, size or capacity constraints
- Rebalancing discipline

The Focus is on Broad Asset Classes

Breakdowns between investment styles within asset classes (growth vs. value, large cap vs. small cap) are best addressed in a manager structure analysis

Primary asset classes and important sub-asset classes include:

- U.S. Stocks
- U.S. Bonds
- Non-U.S. Stocks
- Non-U.S. Bonds
- Real Estate
- Alternative Investments
 - *Private equity*
 - *Absolute return*
- Cash



Callan's Capital Market Projection Process

Economic Outlook Drives Our Projections

Evaluate the current environment and economic outlook for the U.S. and other major industrial countries:

- Business cycles, relative growth, inflation

Examine the relationships between the economy and asset class performance patterns

Consider recent and long-run trends in asset class performance

Apply market insight:

- Consultant experience – Plan Sponsor, Manager Search, Specialty
- Industry consensus
- Client Policy Review Committee

Test the projections for reasonable results

Themes Explored in Setting the 2016 Expectations

Despite sideways capital markets during 2015, most asset classes appear to be at least fairly valued or overpriced.

Things were looking up for the economy as 2015 progressed, but market sentiment turned back sharply, twice (mid year and as the year ended). Is this pessimism warranted?

- Current U.S. economic data and the outlook are positive, but long-term growth expectations are lower.
- Anemic growth and the fear of deflation hang over Europe and Japan, yet both regions show positive response to continuing stimulus.
- Emerging markets appear to be one of the few areas of the capital markets to show compelling value, both equity and debt. Is it time? Economic growth will be muted relative to past cycles, given weakness in developed ex-U.S. and reliance on commodities.
- China, now the second largest economy, is adjusting to slower growth, with attendant volatility.

How far can yields in the U.S. rise?

- Stimulus in Europe and elsewhere has led to even lower yields overseas; U.S. yields even more attractive.
- Market is debating how long the Fed will take to raise rates, and how high they can go. Divergent economic progress and rate policies between U.S. and other central banks challenge U.S. policy effectiveness.
- Do rising rates doom the return expectations for fixed income?

Are Non-U.S. equity markets poised to rebound, or will they continue to re-price to reflect weakening expectations?

Are low oil prices good or bad? Is prolonged distress in the commodity complex cause for concern?

Sharp contrast remains between a long term, strategic vision for an investor (10+ years), the short term (1-3 years) reality, and the path from the current conditions to the long term expectations.

Economic Outlook and Callan's Capital Market Projections

Broad market bond returns held at 3.0%

- We expect interest rates to rise, especially if the economy continues to expand and the Fed executes on its stated monetary policy. Bonds will suffer capital loss before higher yields kick in. We expect cash yields to move toward 2.5% and 10-year Treasury yields to reach 3.3% over the ten-year projection – a reversion to mean, but lower than the long run averages.
- Project an upward sloping yield curve, but a very slim risk premium for bonds over cash (0.75%)
- Cash returns held at 2.25%, reflecting an expected rise in Fed Funds rate
- Longer duration returns raised, reflecting sharp reduction in yields in 2014

Domestic Equity reduced to 7.35%, Non-U.S. Equity to 7.55%, both 0.25% reductions

- U.S. markets went sideways in 2015, but the U.S. economic outlook is more muted; fundamentals remain reasonable
- Building equity returns from long-term fundamentals, we can build an expectation to just shy of 7.5%:
 - 2.5 - 3.0% real GDP growth, which means roughly 4.75 - 5.25% nominal earnings growth,
 - 2.5% dividend yield,
 - Expect something more from return on free cash flow, besides dividends (The “buyback yield” has been exceptional, one good use of all that cash), perhaps 0.5% - 1.0%,
 - Small premium for Non-U.S. over Domestic, largely due to Emerging Markets

Real Estate return held to 6.0%

- Reflects downward pressure on income returns at 4 - 5% with increased competition for investment
- Asset class eyed by those hungering for yield

Hedge Fund return held at 5.25%

- Expectations of T-bill plus 3%

Callan's 2016 Capital Market Assumptions

		PROJECTED RETURN			PROJECTED RISK	
Asset Class	Index	1-Year Arithmetic	10-Year Geometric*	Real	Standard Deviation	Projected Yield
Equities						
Broad Domestic Equity	Russell 3000	8.85%	7.35%	5.10%	18.70%	2.40%
Large Cap	S&P 500	8.60%	7.25%	5.00%	17.95%	2.50%
Small/Mid Cap	Russell 2500	9.85%	7.55%	5.30%	22.75%	1.90%
Global ex-US Equity	MSCI ACWI ex USA	9.55%	7.55%	5.30%	21.30%	2.70%
International Equity	MSCI World ex USA	9.00%	7.25%	5.00%	20.05%	3.00%
Emerging Markets Equity	MSCI Emerging Markets	11.15%	7.60%	5.35%	27.85%	1.70%
Fixed Income						
Short Duration	Barclays 1-3 Yr G/C	2.60%	2.60%	0.35%	2.25%	2.80%
Domestic Fixed	Barclays Aggregate	3.05%	3.00%	0.75%	3.75%	4.60%
Long Duration	Barclays Long G/C	4.30%	3.70%	1.45%	11.40%	5.10%
TIPS	Barclays TIPS	3.10%	3.00%	0.75%	5.30%	4.20%
High Yield	Barclays High Yield	5.40%	5.00%	2.75%	10.50%	8.00%
Non-US Fixed	Barclays Global Aggregate ex-USD	1.80%	1.40%	-0.85%	9.20%	4.00%
Emerging Market Debt	EMBI Global Diversified	5.00%	4.60%	2.35%	9.90%	6.50%
Other						
Real Estate	Callan Real Estate Database	7.20%	6.00%	3.75%	16.45%	5.00%
Private Equity	TR Post Venture Capital	13.15%	8.15%	5.90%	32.80%	0.00%
Hedge Funds	Callan Hedge FoF Database	5.55%	5.25%	3.00%	9.30%	2.25%
Commodities	Bloomberg Commodity	4.40%	2.75%	0.50%	18.50%	2.25%
Cash Equivalents	90-Day T-Bill	2.25%	2.25%	0.00%	0.90%	2.25%
Inflation	CPI-U		2.25%		1.50%	

* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

Most capital market expectations represent passive exposure (beta only); however, return expectations for private real estate, private equity, and hedge funds reflect active management because no effective market proxies exist

All return expectations are net of fees

Callan's 2016 Capital Market Assumptions

		Broad	Lg Cap	Sm/Mid	GlobxUS	Int'l Eq	Emerge	Sht Dur	Dom Fix	Long D	TIPS	Hi Yield	NUS Fix	EMD	Real Est	Pvt Eq	Hedge Fd	Comm	Cash Eq	Inflation
1	Broad Domestic Equity	1.000																		
2	Large Cap	0.997	1.000																	
3	Small/Mid Cap	0.965	0.940	1.000																
4	Global ex-US Equity	0.882	0.879	0.853	1.000															
5	International Equity	0.852	0.850	0.820	0.986	1.000														
6	Emerging Markets Equity	0.861	0.855	0.840	0.933	0.860	1.000													
7	Short Duration	-0.240	-0.230	-0.260	-0.254	-0.230	-0.280	1.000												
8	Domestic Fixed	-0.108	-0.100	-0.130	-0.123	-0.105	-0.150	0.870	1.000											
9	Long Duration	0.136	0.138	0.121	0.106	0.119	0.069	0.681	0.925	1.000										
10	TIPS	-0.050	-0.045	-0.065	-0.053	-0.045	-0.065	0.530	0.580	0.527	1.000									
11	High Yield	0.640	0.640	0.610	0.629	0.610	0.610	-0.170	0.020	0.220	0.060	1.000								
12	Non-US Fixed	0.014	0.050	-0.100	0.013	0.060	-0.090	0.480	0.510	0.542	0.340	0.120	1.000							
13	EMD	0.579	0.580	0.550	0.550	0.530	0.540	-0.120	0.030	0.159	0.150	0.600	0.010	1.000						
14	Real Estate	0.735	0.730	0.715	0.669	0.650	0.645	-0.140	-0.020	0.188	0.005	0.560	-0.050	0.450	1.000					
15	Private Equity	0.948	0.945	0.915	0.934	0.905	0.905	-0.240	-0.190	0.062	-0.100	0.640	-0.060	0.560	0.710	1.000				
16	Hedge Funds	0.797	0.795	0.765	0.760	0.735	0.740	-0.120	0.080	0.303	0.055	0.570	-0.080	0.540	0.600	0.770	1.000			
17	Commodities	0.167	0.165	0.165	0.177	0.170	0.175	-0.220	-0.120	-0.045	0.100	0.100	0.050	0.190	0.200	0.180	0.210	1.000		
18	Cash Equivalents	-0.043	-0.030	-0.080	-0.040	-0.010	-0.100	0.300	0.100	-0.049	0.070	-0.110	-0.090	-0.070	-0.060	0.000	-0.070	0.070	1.000	
19	Inflation	-0.011	-0.020	0.020	0.010	0.000	0.030	-0.200	-0.280	-0.284	0.180	0.070	-0.150	0.000	0.100	0.000	0.200	0.400	0.000	1.000

Relationships between asset classes are as important, or more important, than the levels of individual asset class assumptions

These relationships will have a large impact on the generation of efficient asset mixes using mean-variance optimization

Policy Target Allocation

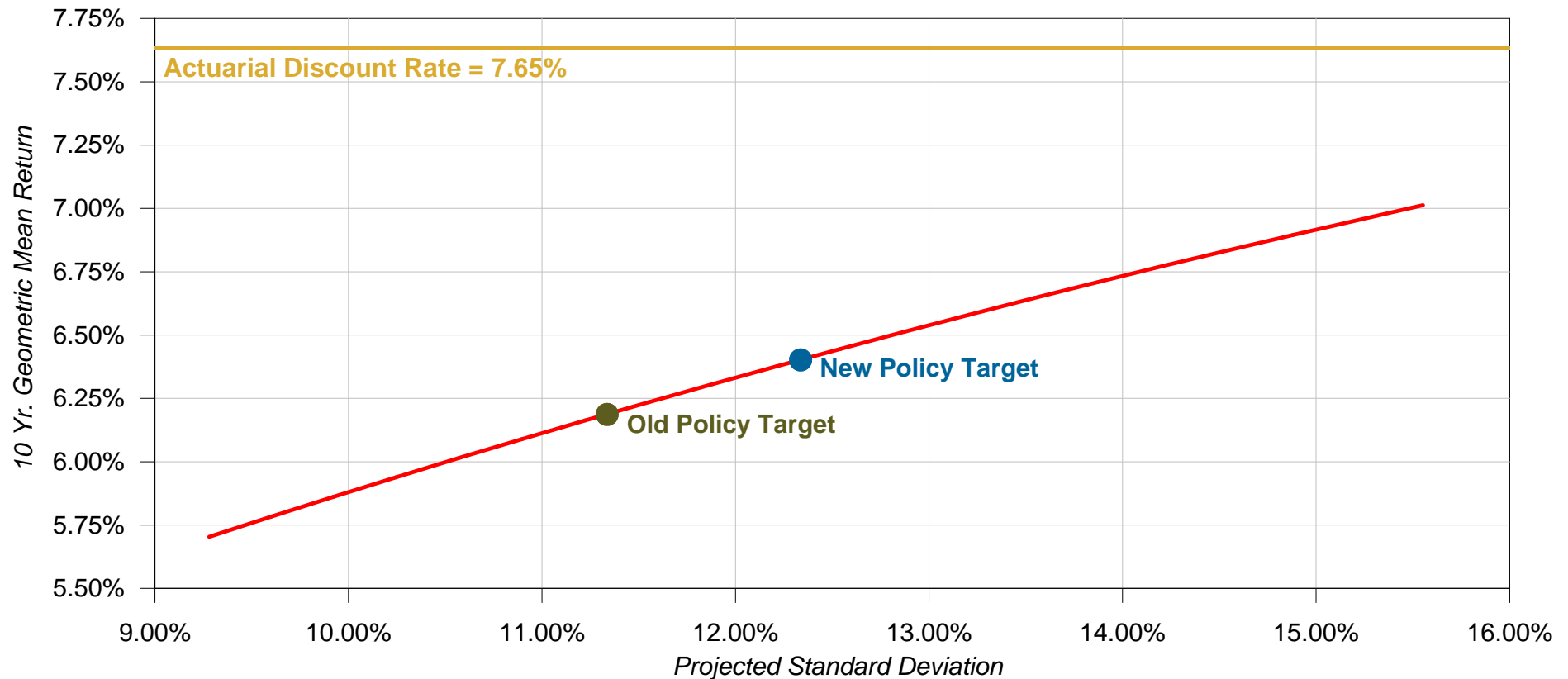
Asset Class	Old Policy Target	New Policy Target
Global Equity	60.0%	65.0%
Large Cap U.S. Equity	30.0%	32.0%
Small Cap U.S. Equity	7.0%	8.0%
Non-U.S. Developed Equity	18.0%	19.0%
Emerging Markets Equity	5.0%	6.0%
Fixed Income	40.0%	35.0%
U.S. Fixed Income	40.0%	35.0%
Expected Geometric Return	6.19%	6.40%
Expected Standard Deviation	11.34%	12.34%

RT currently has an expected return assumption of 7.65% which is based on a 3.15% inflation expectation while Callan uses a 2.25% inflation expectation.

Callan expects lower inflation to flow through the liabilities and result in a lower liability growth rate of 6.75% (vs. the actuarial discount rate of 7.65%).

Expected returns assume passive implementation; however, roughly 75% of RT's assets are actively managed.

The Efficient Frontier



The efficient frontier represents mixes which optimally trade off between expected return and expected risk.

The efficient frontier demonstrates that Callan does not expect the capital markets to deliver a return close to the expected liability growth rate at a reasonable level of risk.

REGIONAL TRANSIT ISSUE PAPER

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	06/15/16	Retirement	Action	04/20/16

Subject: Adoption of Revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Bernegger)

ISSUE

Adoption of Revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Bernegger)

RECOMMENDED ACTION

Adopt Resolution No. 16-16-____, Adopting a Revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans.

FISCAL IMPACT

None.

DISCUSSION

Pension funds are invested by and for the five Sacramento Regional Transit District Retirement Boards (Boards) consistent with the Pension Plans' Statement of Investment Objectives and Policy Guidelines (Policy). The Policy was last revised and approved by the Boards on June 17, 2015 by Resolutions 15-06-162, 15-06-130, 15-06-164, 15-06-0263, 15-16-161 for the AEA, AFSCME, MCEG, ATU, and IBEW, respectively.

On February 19, 2016, the Retirement Boards adopted Resolutions 16-02-172, 16-02-139, 16-02-172, 16-02-0275, 16-02-173, for the AEA, AFSCME, MCEG, ATU, and IBEW, respectively, by which the Boards reduced the International Equity Core investment allocation from 19% to 14% of Plan assets, redirecting 5% to a new International Small Capital Equity asset class. This change necessitates a change to the Policy.

The District's Finance Staff, working with Callan Associates, Inc., and Hanson Bridgett, has prepared a restatement of the Policy. The restated Policy, which is proposed to be effective June 15, 2016, includes revisions reflecting the above described asset allocation changes, revisions to benchmarks used to measure fund manager performance, and other minor revisions to reflect the Plans' intended operation. The following is attached for your review:

Exhibit A – The proposed restatement of the Policy

Attachment 1 – Red-lined version showing the proposed changes to the current version of the Policy.

Staff recommends that the Retirement Boards approve the restated Policy by adopting the attached resolutions.

Approved:
Final 05/31/2016

Presented:

Director, Finance/Treasury

Senior Accountant

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

June 15, 2016

**ADOPTING A REVISED STATEMENT OF INVESTMENT OBJECTIVES AND POLICY
GUIDELINES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT
RETIREMENT PLANS**

WHEREAS, each Retirement Board is responsible for investing assets under its respective Plan and, as part of this responsibility, is authorized to modify the Statement of Investment Objectives and Policy Guidelines, as appropriate.

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, the Retirement Board hereby adopts the revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans, attached as Exhibit A.

RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

June 15, 2016

ADOPTING A REVISED STATEMENT OF INVESTMENT OBJECTIVES AND POLICY GUIDELINES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLANS

WHEREAS, each Retirement Board is responsible for investing assets under its respective Plan and, as part of this responsibility, is authorized to modify the Statement of Investment Objectives and Policy Guidelines, as appropriate.

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, the Retirement Board hereby adopts the revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans, attached as Exhibit A.

ERIC OHLSON, Chair

A T T E S T:

Lorrin Burdick, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

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

June 15, 2016

**ADOPTING A REVISED STATEMENT OF INVESTMENT OBJECTIVES AND POLICY
GUIDELINES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT
RETIREMENT PLANS**

WHEREAS, each Retirement Board is responsible for investing assets under its respective Plan and, as part of this responsibility, is authorized to modify the Statement of Investment Objectives and Policy Guidelines, as appropriate.

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

THAT, the Retirement Board hereby adopts the revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans, attached as Exhibit A.

James Drake, Chair

A T T E S T:

Russel Devorak, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

June 15, 2016

**ADOPTING A REVISED STATEMENT OF INVESTMENT OBJECTIVES AND POLICY
GUIDELINES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT
RETIREMENT PLANS**

WHEREAS, each Retirement Board is responsible for investing assets under its respective Plan and, as part of this responsibility, is authorized to modify the Statement of Investment Objectives and Policy Guidelines, as appropriate.

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

THAT, the Retirement Board hereby adopts the revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans, attached as Exhibit A.

CHARLES MALLONEE, Chair

A T T E S T:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

June 15, 2016

**ADOPTING A REVISED STATEMENT OF INVESTMENT OBJECTIVES AND POLICY
GUIDELINES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT
RETIREMENT PLANS**

WHEREAS, each Retirement Board is responsible for investing assets under its respective Plan and, as part of this responsibility, is authorized to modify the Statement of Investment Objectives and Policy Guidelines, as appropriate.

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

THAT, the Retirement Board hereby adopts the revised Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans, attached as Exhibit A.

Alane Masui, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

Sacramento Regional Transit District

Statement of Investment Objectives and Policy Guidelines For the Sacramento Regional Transit District Retirement Plans

Restated Effective June ~~17, 2015~~15, 2016

Sacramento Regional Transit District
Statement Of Investment Objectives and Policy Guidelines
For the Sacramento Regional Transit District Retirement Plans

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Sacramento Regional Transit District
Statement Of Investment Objectives and Policy Guidelines
For the Sacramento Regional Transit District Retirement Plans

I. Purpose

The Sacramento Regional Transit District (the "District") sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256, ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245, ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association, ("AEA"), the Management and Confidential Employees Group, ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME Plan. Each Board must operate and administer its respective Plan in accordance with ~~the~~such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the registered investment adviser(s) retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment manager(s); and
- Serves as a review document to guide the Boards' ongoing supervision of the investment of Plans' assets.

II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an ~~Asset Allocation Policy; Investment Objectives; Investment Restrictions; and~~asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of the District to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select qualified investment managers, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the ~~Asset Allocation Study~~annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the ~~Asset Allocation Policy~~Plans' asset allocation policy, the ~~Investment Objectives; the Plans' investment objectives, these~~ Investment Policies and Guidelines, and the ~~Investment Restrictions~~Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment ~~in this investment strategy to this~~ Statement of Investment Objectives and Policy Guidelines.

Review of Investment Managers

The Boards will meet at least every eighteen (18) months with each investment manager and quarterly with its investment consultant to review the performance of its investment managers. Additionally, with or without the presence of the investment managers, the Boards will review the investment performance of each manager quarterly. The quarterly performance reviews will focus on:

Sacramento Regional Transit District
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- The investment manager's adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager's results against funds using similar investment styles;
- Comparison of the investment manager's performance as measured against the applicable index;
- Material changes in the investment manager's organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

III. Asset Allocation Policy

On an annual basis, the Boards' investment consultant will complete an ~~Asset Allocation Study~~ asset allocation study, and the Boards will review and approve the study. An ~~Asset Allocation Study~~ asset allocation study is an evaluation of the Plans' investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans' ~~Asset Allocation Policy~~ asset allocation policy.

The Boards have determined that the long-range ~~Asset Allocation Policy~~ asset allocation policy for the Plans is as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Equity	35%	40%	45%
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
International Equity	20%	25%	30%
Developed Markets <u>Large Cap</u> Equity	15%	19%	
23 <u>10%</u>	14%	18%	
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
Domestic Fixed-Income	30%	35%	40%

The ~~Asset Allocation Policy~~ asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic

**Sacramento Regional Transit District
Statement Of Investment Objectives and Policy Guidelines
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and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions and projections are reviewed annually. If significant changes in projections occur, the Boards' intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment manager(s).

IV. Asset Rebalancing Policy

The Boards established the aforementioned ~~Asset Allocation Policy~~asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

When, due to the aforementioned rebalancing policy, it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the higher funded of these two mandates. Similarly, when assets are contributed to the large cap asset or international equity class, they should first go to the lower funded of these two mandates.

It is understood that the Plans are periodically required to pay benefits and administrative expenses. Distributions for these capital outlays should comply with the rebalancing policy so that capital is taken from the over-funded managers in such a manner so as to preserve the asset allocation targets.

To minimize Plans' expenses, the transfer of funds will occur in the following order. First, contributions and withdrawals of cash will be used to maintain target allocations. The second priority is to transfer funds among managers. When capital distributions are required, the first priority is to use income from dividends and interest payments. If this does not satisfy the obligation, manager securities will be liquidated from the over-funded managers until the target allocations are met. Thereafter, the obligation will be met on a pro rata basis.

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Statement Of Investment Objectives and Policy Guidelines
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The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to the Director of Finance/Treasury to manage pension plan assets in accordance with the approved rebalancing policy. The Director of Finance/Treasury shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

V. Manager Search and Due Diligence Process

To implement the ~~Asset Allocation Policy~~asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria; analysis and due diligence review of potential managers; and interviews when appropriate. Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;
- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fund manager searches to replace or augment the Plans' existing fund managers.

VI. Investment Manager Discretion, Requirements, and Co-Fiduciary Status

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of ~~Plan~~the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with ~~these Investment Objectives~~the investment objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with the District.

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For the Sacramento Regional Transit District Retirement Plans**

Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to insure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to ~~these Investment Guidelines~~the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to ~~these Investment Guidelines~~the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

VII. Investment Objectives, Policies, Guidelines, and Restrictions

Evaluation Time Periods

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular manager as determined by the Board.

While it is the Boards intention to maintain long standing relationships with their managers, the Boards reserve the right at any time to terminate a relationship with any manager for any reason including, but not limited to, changes to the Asset Allocation Policy and manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

All Asset ~~Fund~~Class Objectives

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The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the consultant.

- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

~~The objectives for investment of the domestic equity component of the total portfolio are:~~

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Benchmark¹ and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees²;

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¹ The Custom Benchmark currently consists of 81% S&P 500 Index and 19% Russell 2000 Index

² Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;
- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers- The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be ~~governed~~determined by the respective fund's ~~prospectus~~governing documents.
- All Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio, and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.

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- Active Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;
- Active Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
- Active Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depositary Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.
- Passive Managers - Securities shall be diversified by industry and in number in accordance with the S&P 500 Index;

International Equity Investments

Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index excluding United States (ACWI ex-US IMI) and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;

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- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;
- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Managers - Unless specifically authorized by the Boards, International Equity managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers - International Equity managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be governed/determined by the respective fund's prospectus/governing documents.
- Active Developed and Emerging Markets Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including

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debentures convertible to common stocks, and cash equivalents. Refer to Appendix A for definition of the term “non-U.S.”;

- Active Developed and Emerging Markets Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
- Active Developed and Emerging Markets Managers - Defensive currency hedging is permitted;
- Active Developed Managers - No more than 15% of the fund market value will be invested in emerging market countries;
- Emerging Markets Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
- Passive Managers – The International Equity manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

Domestic Fixed-Income Investments

Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the Barclays Capital Aggregate Bond Index and

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**Sacramento Regional Transit District
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ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and

- For Core Plus Bond Fixed-Income Managers, achieve net of fee returns greater than the Barclays Capital Aggregate Bond Index and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the Barclays Capital Aggregate Bond Index;

The investment managers shall maintain a minimum overall portfolio quality rating of "A" equivalent or better at all times (based on a market-weighted portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- ~~The~~ applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody's Investors Service Inc. (Moody's), Standard and Poor's Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be governed/determined by the respective fund's prospectus/governing documents;
- The following instruments are acceptable at purchase:
 - Cash
 - U.S. Treasury Bills

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- Agency Discount Notes
- Certificates of Deposit (CDs) and Bankers' Acceptances (BAs)
- Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
- Asset-Backed Commercial Paper – Minimum Quality of A2/P2
- Money Market Funds and Bank Short-Term Investment Funds (STIF)
- Repurchase Agreements (Repo)

- U.S. Government and Agency Securities

- Credit Securities/Corporate Debt (both U.S. and Foreign issuers)
 - Debentures
 - Medium-Term Notes
 - Capital Securities
 - Trust Preferred Securities
 - Yankee Bonds
 - Eurodollar Securities
 - Floating Rate Notes and Perpetual Floaters
 - Structured Notes (with fixed income characteristics)
 - Municipal Bonds
 - Preferred Stock
 - Private Placements
 - Bank Loans
 - 144(a) Securities
 - EETCs

- Securitized Investments
 - Agency and Non-Agency Mortgage-Backed Securities (MBS)
 - Asset-Backed Securities (ABS)
 - 144(a) Securities
 - Commercial Mortgage-Backed Securities (CMBS)

- Emerging Markets Securities

- International Fixed Income Securities (including non-dollar denominated securities)

- Other
 - Fixed Income Commingled and Mutual Funds

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- Futures and Options (for duration/yield curve management or hedging purposes only)
 - Swap Agreements (for duration/yield curve management or hedging purposes only)
 - Reverse Repurchase Agreements (Reverse Repo)
- Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

VIII. Manager “Watch List” or Termination “Guidelines”

The Boards may maintain a "Watch List" for managers that are not meeting prescribed objectives. If the Boards place a manager on the "Watch List", the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years. The Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing a manager on a "Watch List" or terminating a manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

IX. Proxy Voting Policy

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with the District. In determining the Boards' vote, the investment manager should not subordinate the economic interests of the District or the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

X. Investment Manager Reporting Requirements

Investment managers are expected to communicate with the Boards in writing at the end of each quarter or more frequently if requested. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, oral presentations shall be made to the Boards on a regular basis.

Written quarterly reports should include:

- Current investment strategy;
- Recent investment performance;
- Demonstration of compliance with these guidelines;
- List of securities in the portfolio, including at cost and at market values;
- Personnel changes;
- New/Lost accounts; and
- Pending litigation.

The Boards are interested in fostering healthy working relationships with its managers through a discipline of effective two-way communication. The information outlined above is intended to provide the Boards with an effective means of understanding their managers' specific management styles and strategies, and to effectively evaluate the results.

XI. Investment Consultant Responsibilities

The Boards' investment consultant will have the responsibilities set forth in its agreement with the District and will also be expected to take the actions set forth below or otherwise stated in this policy.

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The investment consultant is responsible for providing to the Boards timely and accurate quarterly performance measurement reports for each individual investment manager and for the Plans. The investment consultant shall present the performance reports to the Boards at its quarterly meetings.

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual ~~Asset Allocation~~asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

APPENDIX A **Definitions**

~~Barclays Capital Aggregate Bond Index~~ – is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Corporate Bond Index. Barclays Capital Aggregate Bond Index - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). ~~The Government/Corporate Bond Index is a composite of all publicly issued, fixed rate, non-convertible, domestic bonds. The issues are rated at least BBB, have a minimum outstanding principal of \$100 million for U.S. Government issues or \$50 million for corporate bonds, and have a maturity of at least one year. The index is capitalization-weighted. The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.~~

Commingled Fund – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

Emerging Markets – a financial market of a developing country, usually a small market with a short operating history. The ~~Plans~~Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

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Fitch Ratings - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

International Equity Security (Non-U.S.) - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.

Market Cycles - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

Moody's Investors Rating Service - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

Morgan Stanley Capital International (MSCI) All Country World Index — excluding United States Investable Market Index (ACWI ex-U.S.), IMI Index — ~~is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance captures large, mid and small cap representation across 22 of developed and emerging markets 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 6,140 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.~~

Morgan Stanley Capital International (MSCI) EAFE Index - ~~is a composite of approximately 1100 common stock issues and covers comprised of stocks traded in the developed markets of Europe, Australia, Asia, and the Far East countries. The index is capitalization weighted.~~

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Morgan Stanley Capital International (MSCI) Emerging Markets Index – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) EAFE Small Cap Index – is an equity index which captures small cap representation across developed market in countries around the world, excluding the US and Canada. With 2,178 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

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Russell 2000 Index – is ~~composed~~comprised of the 2000 smallest stocks in the Russell 3000 Index, representing approximately ~~40~~11% of the U.S. equity market capitalization.

The Russell 3000 Index is ~~a composite~~comprised of the largest 3000 U.S. companies by market capitalization. The smallest company's market capitalization is roughly ~~\$478~~20 million and the largest is ~~\$520~~roughly \$72.5 billion. The index is capitalization weighted.

Standard & Poor's 500 Index - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Standard & Poor's Rating Service - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.

Sacramento Regional Transit District

Statement of Investment Objectives and Policy Guidelines For the Sacramento Regional Transit District Retirement Plans

Restated Effective June 15, 2016

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**Sacramento Regional Transit District
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For the Sacramento Regional Transit District Retirement Plans**

I. Purpose

The Sacramento Regional Transit District (the "District") sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association ("AEA"), the Management and Confidential Employees Group ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME Plan. Each Board must operate and administer its respective Plan in accordance with such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the registered investment adviser(s) retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment manager(s); and
- Serves as a review document to guide the Boards' ongoing supervision of the investment of Plans' assets.

II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of the District to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select qualified investment managers, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the Plans' asset allocation policy, the Plans' investment objectives, these Investment Policies and Guidelines, and the Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment to this Statement of Investment Objectives and Policy Guidelines.

Review of Investment Managers

The Boards will meet at least every eighteen (18) months with each investment manager and quarterly with its investment consultant to review the performance of its investment managers. Additionally, with or without the presence of the investment managers, the Boards will review the investment performance of each manager quarterly. The quarterly performance reviews will focus on:

- The investment manager's adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager's results against funds using similar investment styles;

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- Comparison of the investment manager's performance as measured against the applicable index;
- Material changes in the investment manager's organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

III. Asset Allocation Policy

On an annual basis, the Boards' investment consultant will complete an asset allocation study, and the Boards will review and approve the study. An asset allocation study is an evaluation of the Plans' investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans' asset allocation policy.

The Boards have determined that the long-range asset allocation policy for the Plans is as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Equity	35%	40%	45%
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
International Equity	20%	25%	30%
Developed Large Cap Equity	10%	14%	18%
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
Domestic Fixed-Income	30%	35%	40%

The asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions and projections are reviewed annually. If significant changes in projections occur, the Boards' intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment manager(s).

IV. Asset Rebalancing Policy

The Boards established the aforementioned asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

When, due to the aforementioned rebalancing policy, it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the higher funded of these two mandates. Similarly, when assets are contributed to the large cap asset or international equity class, they should first go to the lower funded of these two mandates.

It is understood that the Plans are periodically required to pay benefits and administrative expenses. Distributions for these capital outlays should comply with the rebalancing policy so that capital is taken from the over-funded managers in such a manner so as to preserve the asset allocation targets.

To minimize Plans' expenses, the transfer of funds will occur in the following order. First, contributions and withdrawals of cash will be used to maintain target allocations. The second priority is to transfer funds among managers. When capital distributions are required, the first priority is to use income from dividends and interest payments. If this does not satisfy the obligation, manager securities will be liquidated from the over-funded managers until the target allocations are met. Thereafter, the obligation will be met on a pro rata basis.

The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to the Director of Finance/Treasury to manage pension plan assets in accordance with the approved rebalancing policy. The Director of Finance/Treasury shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

V. Manager Search and Due Diligence Process

To implement the asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria;

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analysis and due diligence review of potential managers; and interviews when appropriate. Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;
- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fund manager searches to replace or augment the Plans' existing fund managers.

VI. Investment Manager Discretion, Requirements, and Co-Fiduciary Status

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with the investment objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with the District.

Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to insure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

VII. Investment Objectives, Policies, Guidelines, and Restrictions

Evaluation Time Periods

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular manager as determined by the Board.

While it is the Boards intention to maintain long standing relationships with their managers, the Boards reserve the right at any time to terminate a relationship with any manager for any reason including, but not limited to, changes to the Asset Allocation Policy and manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

All Asset Class Objectives

The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the consultant.

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- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Benchmark¹ and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees²;
- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;
- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers- The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small

¹ The Custom Benchmark currently consists of 81% S&P 500 Index and 19% Russell 2000 Index

² Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

- Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
 - All Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio, and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.
 - Active Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;
 - Active Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
 - Active Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depositary Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.
 - Passive Managers - Securities shall be diversified by industry and in number in accordance with the S&P 500 Index;

International Equity Investments

Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index excluding United States (ACWI ex-US IMI) and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;
- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Managers - Unless specifically authorized by the Boards, International Equity managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;

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- All Managers - International Equity managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- Active Developed and Emerging Markets Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs 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. Refer to Appendix A for definition of the term "non-U.S.";
- Active Developed and Emerging Markets Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
- Active Developed and Emerging Markets Managers - Defensive currency hedging is permitted;
- Active Developed Managers - No more than 15% of the fund market value will be invested in emerging market countries;
- Emerging Markets Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
- Passive Managers – The International Equity manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

Domestic Fixed-Income Investments

Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the Barclays Capital Aggregate Bond Index and ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and
- For Core Plus Bond Fixed-Income Managers, achieve net of fee returns greater than the Barclays Capital Aggregate Bond Index and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the Barclays Capital Aggregate Bond Index;

The investment managers shall maintain a minimum overall portfolio quality rating of “A” equivalent or better at all times (based on a market-weighted portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- The applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody’s Investors Service Inc. (Moody’s), Standard and Poor’s Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund’s governing documents;
- The following instruments are acceptable at purchase:
 - Cash

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- U.S. Treasury Bills
- Agency Discount Notes
- Certificates of Deposit (CDs) and Bankers' Acceptances (BAs)
- Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
- Asset-Backed Commercial Paper – Minimum Quality of A2/P2
- Money Market Funds and Bank Short-Term Investment Funds (STIF)
- Repurchase Agreements (Repo)

- U.S. Government and Agency Securities

- Credit Securities/Corporate Debt (both U.S. and Foreign issuers)
 - Debentures
 - Medium-Term Notes
 - Capital Securities
 - Trust Preferred Securities
 - Yankee Bonds
 - Eurodollar Securities
 - Floating Rate Notes and Perpetual Floaters
 - Structured Notes (with fixed income characteristics)
 - Municipal Bonds
 - Preferred Stock
 - Private Placements
 - Bank Loans
 - 144(a) Securities
 - EETCs

- Securitized Investments
 - Agency and Non-Agency Mortgage-Backed Securities (MBS)
 - Asset-Backed Securities (ABS)
 - 144(a) Securities
 - Commercial Mortgage-Backed Securities (CMBS)

- Emerging Markets Securities

- International Fixed Income Securities (including non-dollar denominated securities)

- Other

- Fixed Income Commingled and Mutual Funds
 - Futures and Options (for duration/yield curve management or hedging purposes only)
 - Swap Agreements (for duration/yield curve management or hedging purposes only)
 - Reverse Repurchase Agreements (Reverse Repo)
- Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

VIII. Manager “Watch List” or Termination “Guidelines”

The Boards may maintain a "Watch List" for managers that are not meeting prescribed objectives. If the Boards place a manager on the "Watch List", the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years. The Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing a manager on a "Watch List" or terminating a manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

IX. Proxy Voting Policy

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with the District. In determining the Boards' vote, the investment manager should not subordinate the economic interests of the District or the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

X. Investment Manager Reporting Requirements

Investment managers are expected to communicate with the Boards in writing at the end of each quarter or more frequently if requested. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, oral presentations shall be made to the Boards on a regular basis.

Written quarterly reports should include:

- Current investment strategy;
- Recent investment performance;
- Demonstration of compliance with these guidelines;
- List of securities in the portfolio, including at cost and at market values;
- Personnel changes;
- New/Lost accounts; and
- Pending litigation.

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The Boards' investment consultant will have the responsibilities set forth in its agreement with the District and will also be expected to take the actions set forth below or otherwise stated in this policy.

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Statement Of Investment Objectives and Policy Guidelines
For the Sacramento Regional Transit District Retirement Plans**

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

APPENDIX A

Definitions

Barclays Capital Aggregate Bond Index - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.

Commingled Fund – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

Emerging Markets – a financial market of a developing country, usually a small market with a short operating history. The Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

Fitch Ratings - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

International Equity Security (Non-U.S.) - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.

Market Cycles - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

Moody's Investors Rating Service - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

Morgan Stanley Capital International (MSCI) All Country World excluding United States Investable Market Index (ACWI ex-U.S. IMI) Index – captures large, mid and small cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 6,140 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.

Morgan Stanley Capital International (MSCI) EAFE Index - is comprised of stocks traded in the developed markets of Europe, Asia, and the Far East. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) Emerging Markets Index – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) EAFE Small Cap Index – is an equity index which captures small cap representation across developed market in countries around the world, excluding the US and Canada. With 2,178 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

Russell 2000 Index – is comprised of the 2000 smallest stocks in the Russell 3000 Index, representing approximately 11% of the U.S. equity market capitalization.

The Russell 3000 Index is comprised of the largest 3000 U.S. companies by market capitalization. The smallest company's market capitalization is roughly \$20 million and the largest is roughly \$72.5 billion. The index is capitalization weighted.

Standard & Poor's 500 Index - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Standard & Poor's Rating Service - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.

REGIONAL TRANSIT ISSUE PAPER

Page 1 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
25	06/15/16	Retirement	Action	05/24/16

Subject: Adopting Revised Policy for the Allocation of Vendor Costs (ALL). (Bernegger)

ISSUE

Whether to adopt a revised Policy on Allocation of Vendor Costs (ALL).

RECOMMENDED ACTION

Adopt Resolution No. 15-06-____, Adopting a Revised Policy on Allocation of Vendor Costs (ALL).

FISCAL IMPACT

There are no increased costs associated with this item. The policy revisions only reflect a change to how existing costs will be allocated. This revised policy requires staff costs related to the three Retirement Plans to be separately accounted for and allocated across all three plans (ATU, IBEW and Salaried) rather than only two plans (Union and Salaried), in accordance with IRS requirements.

DISCUSSION

The Retirement Boards for the pension plans for employees and retirees of the Sacramento Regional Transit District (District) adopted a Policy on Allocation of Vendor Costs at their June 17, 2015 meeting by resolutions 15-06-0262 (ATU), 15-06-162 (IBEW), 15-06-129 (AFSCME), 15-06-163 (MCEG) and 15-06-163 (AEA).

At the March 16, 2016 Quarterly Retirement Board Meeting, Staff informed the Boards that the District applied to the Internal Revenue Service (IRS) for a "Determination Letter" and also filed a Voluntary Correction Program (VCP) application for each of the three Retirement Plans. The District and Staff anticipated a response from the IRS with respect to these applications within six to nine months.

The District has already received an IRS response to the VCP application. That response provides the District with a 150-day window to correct the deficiencies that the District identified to the IRS in its application. As explained during the March 16, 2016 Retirement Board meeting, each Retirement Plan must enter into a group trust agreement, in addition to its separate trust agreement. Further, each Retirement Plan must be accounted for and tracked separately.

Revision of the Policy on Allocation of Vendor Costs is one of the first steps toward satisfying the IRS requirement that the ATU and IBEW Plans be accounted for and tracked separately.

Approved:

Presented:

Final 05/31/16

Director, Finance and Treasury

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

Page 2 of 2

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
25	06/15/16	Retirement	Action	05/24/16

Subject: Adopting Revised Policy for the Allocation of Vendor Costs (ALL). (Bernegger)

Staff proposes that the Boards adopt this revised and restated Policy on Allocation of Vendor Costs, attached as Exhibit A. This policy will take effect on July 1, 2016, and describes the procedures for allocating vendor costs to each of the three Plans.

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

June 15, 2016

ADOPTING REVISED POLICY ON ALLOCATION OF VENDOR COSTS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, this Retirement Board hereby adopts the revised and restated Policy on Allocation of Vendor Costs attached as Exhibit A, to take effect on July 1, 2016.

RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

June 15, 2016

ADOPTING REVISED POLICY ON ALLOCATION OF VENDOR COSTS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, this Retirement Board hereby adopts the revised and restated Policy on Allocation of Vendor Costs attached as Exhibit A, to take effect on July 1, 2016.

ERIC OHLSON, Chair

A T T E S T:

Lorrin Burdick, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

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

June 15, 2016

ADOPTING REVISED POLICY ON ALLOCATION OF VENDOR COSTS

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

THAT, this Retirement Board hereby adopts the revised and restated Policy on
Allocation of Vendor Costs attached as Exhibit A, to take effect on July 1, 2016.

JAMES DRAKE, Chair

A T T E S T:

Russel Devorak, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

June 15, 2016

ADOPTING REVISED POLICY ON ALLOCATION OF VENDOR COSTS

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

THAT, this Retirement Board hereby adopts the revised and restated Policy on Allocation of Vendor Costs attached as Exhibit A, to take effect on July 1, 2016.

CHARLES MALLONEE, Chair

A T T E S T:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

June 15, 2016

ADOPTING REVISED POLICY ON ALLOCATION OF VENDOR COSTS

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

THAT, this Retirement Board hereby adopts the revised and restated Policy on Allocation of Vendor Costs attached as Exhibit A, to take effect on July 1, 2016.

ALANE MASUI, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**SACRAMENTO REGIONAL TRANSIT DISTRICT
RETIREMENT PLANS
(ATU Plan, IBEW Plan and Salaried Plan)**

POLICY ON ALLOCATION OF VENDOR COSTS

PURPOSE

To create formal Retirement Board-approved guiding principles for allocating various pension expenses to the three pension plans – the ATU, IBEW and Salaried Plans ("Pension Plans" or "Plans") – for financial reporting purposes.

POLICY

It is the Policy of the Sacramento Regional Transit District Retirement Boards to maintain and follow a mutually-agreeable and reasonable methodology for allocating costs to the three Pension Plans.

RESPONSIBILITIES

The RT Director of Human Resources is responsible for ensuring that all costs charged to the Pension Plans are appropriately allocated and charged. The RT Director of Finance and Treasury ensures that all costs have been approved by the proper individual(s) prior to processing any and all invoices for payment. All costs incurred are then reported to the Retirement Boards on a quarterly basis through the administrative reports.

ALLOCATION OF COSTS

There are two main categories of expenses that are incurred by the Pension Plans: Investment Expenses and Administrative Expenses. Depending on the nature of an expense, the expense can be split as follows:

1. Split evenly between the three Plans,
2. Split based on percentage of assets held by the Plan (percentage calculated by the funds custodian), or
3. Charged 100% to a single Plan.

Investment Expenses:

Currently there are three types of Investment Expenses: *Fund Manager Fees*, *Investment Manager Fees*, and *Custodial Charges*.

Fund Manager Fees are the fees negotiated by each individual Fund Manager and the Board to compensate the managers for their time and expertise. These expenses are driven by the contract with each of the Fund Managers hired by the Boards. The

negotiated fees are based on an agreed-upon fee table (shown in basis points) multiplied by the assets held under management for the time period covered.

For example: Boston Partners charges 70 basis points for the first \$10 million invested and 50 basis points for the next \$40 million invested, on an annualized basis. The average balance of assets held under management for the time period January 1, 2015 to March 31, 2015 was \$38,371,310. The fee charged for the month of March is \$52,964.14.

Because these Fund Management fees are based on assets held under management, the fees are allocated to the three Plans based on the percentage of assets held by each Plan at the end of the quarter.

For example: An invoice covering January 1, 2015, to March 31, 2015 is allocated using the ending asset balances as of March 31, 2015.

Investment Management Fees are the cost for hiring an investment advisor to provide the Boards with strategic guidance and direction on the Boards' overall investment objectives. The Boards' current investment advisor is Callan Associates. These fees are based on the assets held under management.

Custodial Charges represent an investment cost associated with safeguarding the Plans' assets. These charges also are based on the amount of assets held under management.

To summarize, because all three types of Investment Expenses described above are determined based on assets under management, it is deemed appropriate to allocate these costs between the three Plans based on percentage of assets in each Plan using the appropriate month end asset balances.

Administrative Expenses:

There are numerous types of administrative expenses incurred by the Plans, which include (but are not limited to): legal services, actuarial services, medical evaluations, fiduciary insurance, staff time, lost participant searches, training, travel, subscriptions and dues, procurements, arbitration, and other miscellaneous costs.

Each of the administrative costs incurred are handled individually when allocating to the Plans, as the nature of the expense drives how it is allocated.

For example, the legal services monthly retainer is divided into thirds and each one-third is charged to the three Plans, as all three plans require the legal services and the work is not related to the investments held by any one Plan. However, if Legal Counsel works on an issue (i.e. under/over payment) that can be attributed to a single Plan, that Plan incurs 100% of the cost.

The same methodology is applied to actuarial services and all other administrative expenses. If there is a cost that results in a mutual benefit to the Plans, each Plan incurs one-third of the cost. If the cost is specific to a single Plan (e.g., an IBEW disability retirement medical evaluation), that cost is charged to the specific Plan.

Coding of administrative costs is completed by the RT Director of Human Resources and then sent to RT Accounts Payable for review before payment.

REGIONAL TRANSIT **ISSUE PAPER**

Page 1 of 1

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
26	06/15/16	Retirement	Action	05/23/16

Subject: Adopting Revised Policy for the Allocation of Staff Costs (ALL). (Bonnel)

ISSUE

Whether to Adopt a revised Policy on Allocation of Staff Costs (ALL).

RECOMMENDED ACTION

Adopt Resolution No. 16-06-____, Adopting a revised Policy on Allocation of Staff Costs (ALL).

FISCAL IMPACT

The policy change will not result in any new staff costs, just reallocation of existing costs. The revision to the policy will result in staff costs being allocated across 3 plans (ATU, IBEW and Salaried), rather than 2 plans (Union and Salaried).

DISCUSSION

At the March 16, 2016 quarterly Retirement Board meeting, Staff informed the Boards that the District was applying to the Internal Revenue Service (IRS) for a "Determination Letter" and a Voluntary Correction Program (VCP) for each of the three Retirement Plans. The District and Staff anticipated a response from the IRS with respect to these applications within six to nine months.

RT has already received an IRS response which provides a 150-day window for the Plans to correct deficiencies. As mentioned during the March 16, 2016 Retirement Board meeting, each Retirement Plan must enter into a group trust agreement, in addition to its separate trust agreement, and each Retirement Plan must be accounted for and tracked separately. Revision of the Policy on Allocation of Staff Costs is one of the first steps toward satisfying the requirement that the ATU and IBEW plans be accounted for and tracked separately.

Plan Staff proposes that the Boards adopt this revised Policy on Allocation of Staff Costs, attached as Exhibit A. This policy will take effect on July 1, 2016 and reflects a procedure for the allocation of staff costs to each of the three Plans.

Approved:

Presented:

Final 06/06/2016

Chief Administrative Officer

Director, Human Resources

J:\Retirement Board\2016\IP's\June 15, 2016\IP Revised Staff Cost Allocation Policy.2016.docx

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

June 15, 2016

ADOPTING POLICY ON ALLOCATION OF STAFF COSTS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, this Retirement Board hereby adopts the Policy on Allocation of Staff Costs (Exhibit A).

Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

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

June 15, 2016

ADOPTING POLICY ON ALLOCATION OF STAFF COSTS

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

THAT, this Retirement Board hereby adopts the Policy on Allocation of Staff Costs (Exhibit A).

James Drake, Chair

A T T E S T:

Russell Devorak, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

June 15, 2016

ADOPTING POLICY ON ALLOCATION OF STAFF COSTS

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

THAT, this Retirement Board hereby adopts the Policy on Allocation of Staff Costs (Exhibit A).

Charles Mallonee, Chair

A T T E S T:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

June 15, 2016

ADOPTING POLICY ON ALLOCATION OF STAFF COSTS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, this Retirement Board hereby adopts the Policy on Allocation of Staff Costs (Exhibit A).

Eric Ohlson, Chair

A T T E S T:

Lorrin Burdick, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

June 15, 2016

ADOPTING POLICY ON ALLOCATION OF STAFF COSTS

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

THAT, this Retirement Board hereby adopts the Policy on Allocation of Staff Costs (Exhibit A).

Alane Masui, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLANS (ATU Plan, IBEW Plan and Salaried Plan)

POLICY ON ALLOCATION OF STAFF COSTS

PURPOSE

To create formal Retirement Board-approved guiding principles for allocating staff time worked on tasks/projects related to the three Pension Plans – the ATU, IBEW and Salaried Plans (“Pension Plans” or “Plans”).

POLICY

It is the Policy of the Sacramento Regional Transit District Retirement Boards to maintain and follow a reasonable methodology for allocating staff costs to the three Pension Plans that is mutually agreeable to the Retirement Boards and the Sacramento Regional Transit District (RT).

RESPONSIBILITIES

The RT Director, Human Resources/Pension Plan Administrator is responsible for ensuring that all costs charged to the Pension Plans are appropriately allocated and charged. The RT Director, Finance and Treasury ensures that all costs have been approved by the proper individual(s) prior to processing any transfer of funds associated with the staff costs. Staff costs incurred by/for the Pension Plans are reported to the Retirement Boards on a quarterly basis through the administrative reports.

ALLOCATION OF COSTS

Pension Administration Activities

RT Staff performs numerous administrative tasks on behalf of the Pension Plans, including, but not limited to:

- coordinating with legal/actuarial firms,
- arranging medical evaluations,
- obtaining fiduciary insurance,
- conducting lost participant searches,
- drafting and compiling agenda packages for Retirement Board meetings,
- managing responses to and compliance with Qualified Domestic Relations Orders,
- generating and communicating with members and beneficiaries regarding pension estimates,

- processing retirements,
- processing numerous pension-related forms,
- processing retiree payroll,
- attending trainings (sometimes requiring travel),
- procuring services for the Pension Plans and monitoring consultant performance,
- engaging in arbitration,
- managing investments and investment consultants, and
- financial record-keeping and reporting.

Costs Associated with Staff Time

The role of RT staff members varies from Department to Department and project to project. In most cases, it is well established who will perform what tasks, and the majority of Pension Plan staff work is associated with the administrative tasks listed above.

When dedicating time to the Pension Plans, RT employees utilize timecodes to track the number of hours billable to the Plans. Approval of the coding of staff time related to the Pension Plans is completed by the RT Director, Human Resources or the Director, Finance and Treasury as the department head who approves staff timesheets.

In instances where a staff member from another Department charges time to the Pension Plans, the Director, Human Resources/Pension Plan Administrator receives a report from Payroll notifying them of the time code charge.

At the end of each month the Senior Accountant will run an SAP report, by WBS SAXXXX.PENSION, SAXXXX.PENATU, SAXXXX.PENIBEW and SAXXXX.PENSALA to determine the amount of labor that needs to be charged to each Plan. The amount is determined by taking the number of hours times the fully burdened rate (includes benefits and accruals) that is generated by the RT project system.

Allocation Timecodes and Utilization

Staff members are required to account for time using timecodes as follows:

Plan Administration: SAXXXX.PENSION

- Plan administration is used for activities that benefit both plans equally.
- Examples include: processing retiree semi-monthly payments, financial and investment management, preparation of Retirement Board meeting issue papers, development of policies and procedures, etc.

ATU Specific: SAXXXX.PENATU

- ATU Specific is used for activities that pertain only to the ATU Plan.

- Examples include: Over payments, under payments, disability retirements, etc.

IBEW Specific: SAXXXX.PENIBEW

- IBEW Specific is used for activities that pertain only to the IBEW Plan.
- Examples include: Over payments, under payments, disability retirements, etc.

Salary Specific: SAXXXX.PENSALA

- Salary Specific will be used for activities that pertain only to the Salaried Plan
- Examples include: Over payments, under payments, disability retirements, etc.

Based on time sheet coding, staff expense are split as follows:

1. Split evenly (as opposed to on a pro rata basis or otherwise) between the Plans, if charged to Plan Administration, or
2. For other time codes, allocate directly to the specific Plan based on the timecode used.

Effective Date: July 1, 2016

Agenda Item #27

Resolution: Approving A Contract with Cheiron to Provide Actuarial Services for ATU, IBEW and Salaried Retirement Plans (ALL). (Bonne)

Issue Paper and Resolutions to follow.

REGIONAL TRANSIT ISSUE PAPER

Page 1 of 1

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
28	06/15/16	Retirement	Information	05/23/16

Subject: Update on Group Trust Agreements (ALL). (Bernegger)

ISSUE

Update on Group Trust Agreements.

RECOMMENDED ACTION

There is no action associated with this matter.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

The Sacramento Regional Transit District (District) submitted all three of its employees' and retirees' Retirement Plans (Plans), including related trust documents, to the IRS for a Determination Letter by the January 31, 2016 deadline. At the same time, the District also submitted the Plans to the IRS under its Voluntary Correction Program (VCP) to correct various Plan errors that the District identified. The VCP allows plan sponsors to identify and correct errors with IRS approval to maintain the tax-qualified status of a retirement plan.

As explained at the March Quarterly Retirement Board meeting, all Plan assets must be administered through a group trust agreement to invest assets jointly. The group trust agreement is an additional IRS requirement when assets of more than one retirement plan are commingled for investment purposes. Additionally, each (ATU, IBEW and Salaried) Plan's assets must be accounted for and tracked separately.

District staff recently received the IRS Compliance Letter approving the prospective adoption of a group trust agreement, as well as implementation of separate accounting for the ATU and IBEW Plans, as an acceptable correction. (The Salaried Plan already has separate accounting.) The District and the Retirement Boards now have 150 days to implement these requirements. The 150-day time frame expires on October 7, 2016.

As such, District staff, including the District's Deputy Counsel, Olga Sanchez-Ochoa, are working together with the Plans' legal counsel at Hanson Bridgett and actuary at Cheiron to ensure timely compliance. Staff and legal counsel expect to provide the Boards with a draft group trust agreement for review this summer and in ample time for the Boards to adopt the agreement at one of the two scheduled Retirement Board meetings prior to the October deadline.

The separate accounting rules also require discussions with State Street Bank, the Plans' custodian, to ensure that State Street Bank timely implements separate accounting for the ATU and IBEW Plans. Legal counsel will be reviewing the State Street Bank contract and working with District staff and State Street Bank to determine whether any amendments to the contract or other tasks are required for the implementation.

Approved:

Presented:

Final 06/06/2016

Director, Finance/ Treasury

Senior Accountant

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REGIONAL TRANSIT ISSUE PAPER

Page 1 of 1

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
29	06/15/16	Retirement	Information	05/23/16

Subject: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Bonnel)

ISSUE

Presentation regarding the roles and responsibilities of various District staff members and Legal Counsel related to administration of the Pension Plans (ALL). (Bonnel)

RECOMMENDED ACTION

None associated with this matter.

FISCAL IMPACT

None associated with this matter.

DISCUSSION

In March 2014, staff proposed that the Sacramento Regional Transit District create and fill a new position, Pension and Retiree Services Administrator, that would be dedicated to and paid for by the Pension Plans. The position was filled with the hiring of Valerie Weekly in November 2014. The transition of various pension administration duties previously performed by District-funded positions to the new position has been ongoing since that time.

This presentation by Donna Bonnel, Pension Plan Administrator, and the attached documents are provided to ensure the Boards have a greater understanding of the various duties of RT staff and consultants (including the Retirement Boards' Legal Counsel) as related to administration of the Pension Plans.

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs (Excluding the Pension and Retiree Services Administrator)
Attributable (but Not Charged) to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter Ending June 30, 2015

Approved:

Presented:

Final 06/06/2016

Chief Administrative Officer

Director, Human Resources

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Attachment A

**Pension Administration
Staff Roles and Responsibilities**

In order to ensure efficient management of the administration of the RT sponsored pension plans, the following roles and responsibilities have been established.

Plan Documents

Task	Primary Responsibility	Back Up Responsibility	Status
Negotiation of Benefits, Provisions	Director, Labor Relations	To be determined	Pending 2017 Negotiations
Incorporate Negotiated Benefits/Provisions into Plan Documents	Deputy Chief Counsel, RT	Chief Counsel, RT	ATU/IBEW and AFSCME A/T changes will be part of 2017 negotiations; AEA, AFSMCE Supv., and MCEG review/amendments will begin Summer 2015
Interpretation of Provisions	Deputy Chief Counsel, RT	Chief Counsel, RT	As needed
Guidance to Staff regarding legal changes that affect Plans	Deputy Chief Counsel, RT	Chief Counsel, RT	As needed

Plan Administration

Customer Relations:

Task	Primary Responsibility	Back Up Responsibility	Status
Creation of Pension Estimates	Pension and Retiree Services Administrator	Director, Human Resources	Ongoing
Retirement Meetings	Pension and Retiree Services Administrator	Director, Human Resources	Ongoing
Administration of Active and Term Vested Retirement Process, including: <ul style="list-style-type: none">• Collection of all required documents• Legal/Compliance Review• Approval by General Manager	Pension and Retiree Services Administrator	Director, Human Resources	Ongoing
48-Month Salary Calculations	Payroll Analyst and Pension and Retiree Services Administrator	Payroll Supervisor and Director, Human Resources	Ongoing

Customer Relations – continued:					
Task	Primary Responsibility	Back Up Responsibility	Status		
Enrollment/Changes in employee information including: <ul style="list-style-type: none"> • Medical benefits • W4P/DE4P • Addresses 	HR Analysts/Pension and Retiree Services Administrator	Sr. HR Analysts/Director, Human Resources	Ongoing		
Copies of Retiree Pay Stubs and 1099R's	Payroll Analyst	Payroll Supervisor	Ongoing		
Printing, Stuffing, and Mailing Pay Stubs	Payroll Analyst	Payroll Supervisor	Ongoing		
Special Payouts, Direct Deposit Changes, Withholding Orders, Final Checks, Benefit Changes	Payroll Analyst	Payroll Supervisor	Ongoing		
Verification of Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Payroll Analyst	Payroll Supervisor	Ongoing		
Managing Stale Dated and Lost Check Replacement	Payroll Analyst and Senior Accountant	Payroll Supervisor	Ongoing		

Administration:

Task	Primary Responsibility	Back Up Responsibility	Status
Legal Services (Hanson Bridgett) Contract Procurement	Director, Finance and Director, Human Resources	Pension and Retiree Services Administrator, Senior Accountant	As needed
Actuarial Services (Cheiron) Contract Procurement	Pension and Retiree Services Administrator	Director, Human Resources	RFP Issue paper presented at June 2015 Quarterly Retirement Board Meeting
Retirement Board Policy Development and Administration	Pension and Retiree Services Administrator and Senior Accountant Hanson Bridgett and Cheiron	Director, Human Resources or Director, Finance Hanson Bridgett and Cheiron	As needed

Retirement Board Administration:

Task	Primary Responsibility	Back Up Responsibility	Status
Creation of Agenda/IPs	Staff Presenting Issue to Board	n/a	As needed, at least quarterly
Creation and Distribution of Retirement Board Packages	Pension and Retiree Services Administrator	Director, Human Resources	As needed, at least quarterly
Management of Retirement Board Meetings	Assistant Secretary to the Retirement Boards	Pension and Retiree Services Administrator	As needed, at least quarterly
Training of Staff/Board Members	Pension and Retiree Services Administrator		As needed
New Retirement Board Member Training	Director, Human Resources or Director, Finance	Pension and Retiree Services Administrator or Sr. Accountant	As needed

Semi-Annual/Annual/Bi-Annual Administration:

Task	Primary Responsibility	Back Up Responsibility	Status
Valuation Study	Director, Finance and Director, Human Resources	Pension and Retiree Services Administrator, Senior Accountant	Commences in July/August of each year with target completion date of November
Experience Study	Director, Finance and Director, Human Resources	Pension and Retiree Services Administrator, Senior Accountant	Will commence in conjunction with the Valuation Study (every 5 years)
Fiduciary Liability Insurance	Pension and Retiree Services Administrator	Director, Human Resources	Annual policy placement/renewal; Current policy period: 5/2015-5/2016
OPEB Valuation Study	Director, Finance and Director, Human Resources	Pension and Retiree Services Administrator, Senior Accountant	Completed; results pending from Actuary
Responses to Public Records Act Requests	Director, Human Resources	Pension and Retiree Services Administrator	As needed
Statement of Investment Objectives and Policy Guidelines management	Sr. Accountant	Director, Finance	Proposed revision to the Policy presented to the Board on June 17, 2015

Contract Administration:

Task	Primary Responsibility	Back Up Responsibility	Status
Adherence to contract provisions	Pension and Retiree Services Administrator or Sr. Accountant	Director, Human Resources or Director, Finance	On-going
Payment of Invoices	Sr. Accountant or Director, Human Resources	Director, Finance	On-going
Contract Management, including RFP process	Director, Human Resources or Director, Finance	Pension and Retiree Services Administrator or Sr. Accountant	On-going

Asset Management:

Task	Primary Responsibility	Back Up Responsibility	Status
Asset Rebalancing	Sr. Accountant	Director, Finance	On-going
Account Reconciliations	Sr. Accountant	Director, Finance	On-going
Cash Transfers	Sr. Accountant	Director, Finance	On-going
Fund Accounting	Sr. Accountant	Director, Finance	On-going
Investment Management	Sr. Accountant	Director, Finance	On-going
Financial Statement Preparation	Sr. Accountant	Director, Finance	On-going
Annual Audit	Sr. Accountant	Director, Finance	Commences each year during Sept/Oct
State Controller's Office Reporting	Sr. Accountant	Director, Finance	Commences each year during Nov/Dec
U.S. Census Bureau Reporting	Sr. Accountant	Director, Finance	Commences each year during Nov/Dec
Work with Contractors (Investment advisors (Callan), Custodian (State Street), Fund Managers, Auditors, and Actuary (Cheiron))	Sr. Accountant	Director, Finance	On-going
Review Monthly Asset Rebalancing	Director, Finance	CFO	On-going

Attachment B

Charagable to RT Pension Plans, but current paid for by the District

Time Period: January 1, 2016 to March 31, 2016

Sum of Value TranCurr			
WBS Element	Source object name	Period	Total
SAXXXX.PENATIB	Finance And Treasury / Adelman, Jamie	8	70.87
	Finance And Treasury / Mata, Jennifer	7	98.51
		8	612.93
	Human Resources / Ung, Elaine	7	50.34
	Human Resources / Weekly, Valerie	7	2,759.83
		8	4,027.86
		9	3,692.21
	Legal / Sanchez, Olga	8	135.03
SAXXXX.PENATIB Total			11,447.58
SAXXXX.PENSALA	Finance And Treasury / Mata, Jennifer	7	46.76
	Human Resources / Weekly, Valerie	7	1,118.85
		8	1,640.98
		9	1,193.44
	Legal / Sanchez, Olga	8	62.52
SAXXXX.PENSALA Total			4,062.55
SAXXXX.PENSION	Board Support / Brooks, Cynthia	7	237.88
		9	109.79
	Chief Financial Off / Bernegger, Brent	7	455.41
		8	227.70
		9	683.10
	Finance And Treasury / Adelman, Jamie	7	1,098.49
		8	1,222.51
		9	478.37
	Finance And Treasury / Gardner, Leona	7	472.15
		8	242.43
		9	167.83
	Finance And Treasury / Mata, Jennifer	7	763.82
		8	436.46
		9	955.23
	Human Resources / Bonnel, Donna	7	3,435.48
		8	3,435.48
		9	4,771.50
	Human Resources / Humphrey, Isis	8	1,913.93
		9	3,104.57
	Human Resources / Ung, Elaine	7	50.34
		8	251.67
		9	83.90
	Human Resources / Weekly, Valerie	7	1,640.98
		8	2,909.01
		9	2,125.82
	Legal / Sanchez, Olga	7	937.73
SAXXXX.PENSION Total			32,211.58
Grand Total			47,721.71



**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 Retirement Boards during the Quarter ended March 31, 2016.

1. Weekly client conference calls and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Preparation for and participation in Quarterly and Special Retirement Board Meetings, including review and markup of agenda materials and quarterly Board Chair conference calls.
3. Support issuance of RFP for actuarial services contract, including special attention to Scope of Work, technology options, cyber security, risk management and warranties.
4. Provide counsel regarding potential forfeiture of pension funds.
5. Review preliminary valuation and experience study results.
6. Provide legal support for hiring of new international small-cap investment manager and negotiate associated contract.
7. Support update of procedures for processing retirement applications and service retirement application documentation.
8. Advise on class action notice.
9. Coordinate with RT on new Pension Plan trust agreement(s), analyze IRS rulings on group trust requirements, and explore potential approaches to and concerns regarding development of group trust requirements.
10. Assist with renewal of fiduciary liability insurance, including analysis of issues relating to prior notice of circumstances/potential claims.
11. Support compliance with IRS notice requirements related to rollovers.
12. Analyze issues relative to rehiring retirees.

Respectfully Submitted,

/s/ Shayna M. van Hoften

REGIONAL TRANSIT **ISSUE PAPER**

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	06/15/16	Retirement	Information	05/23/16

Subject: Staff Update on Status Legal Services Request for Proposal (ALL). (Bonnel)

ISSUE

Staff Update on Status of Legal Services Request for Proposal. (ALL). (Bonnel)

RECOMMENDED ACTION

None associated with this matter.

FISCAL IMPACT

None associated with this matter.

DISCUSSION

Donna Bonnel, Pension Plan Administrator, will provide an update on status of the Legal Services Requests for Proposal.

Approved:

Presented:

Final 6/6/2016

Chief Administrative Officer

Director, Human Resources

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