



# Sacramento Regional Transit District Agenda

**SPECIAL RETIREMENT BOARD MEETING**  
**9:00 A.M. WEDNESDAY, AUGUST 31, 2016**  
**REGIONAL TRANSIT AUDITORIUM**  
**1400 29<sup>th</sup> ST., 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.*

<b><u>ROLL CALL</u></b>	ATU Retirement Board:	Directors: Li, Morin, Niz, De La Torre Alternates: Jennings, Muniz
	IBEW Retirement Board:	Directors: Li, Morin, Ohlson, Burdick Alternates: Jennings, Gallow
	AEA Retirement Board:	Directors: Li, Morin, Drake, Devorak Alternates: Jennings, Devorak
	AFSCME Retirement Board:	Directors: Li, Morin, Mallonee, Hoslett Alternates: Jennings, Kent
	MCEG Retirement Board:	Directors: Li, Morin, 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.

**NEW BUSINESS**

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Resolution:	Approving a Contract with Hanson Bridgett LLP To Provide Legal 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"/>
2. Resolution:	Amending the Contract with JP Morgan to Adopt Performance-Based Pricing for International Equity Fund Management (All). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

- 3. Resolution: Authorizing Execution of Plan Trust Documents (ALL). (Bonnel)
- 4. Information: Public Record Act Request/Brown Act Training (ALL). (Bonnel)

**REPORTS FROM COMMITTEES**

**REPORTS, IDEAS AND COMMUNICATIONS**

Update on the status of AQR Contract (ALL). (Bernegger)

**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 – 29<sup>th</sup> Street and posted to RT's website at [www.sacrt.com](http://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 29<sup>th</sup> 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.

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
1	08/31/16	Retirement	Action	08/23/16

Subject: Approving a Contract with Hanson-Bridgett LLP To Provide Legal Services for the ATU, IBEW, and Salaried Retirement Plans (ALL). (Bonnell)

## ISSUE

Whether to Approve a Five-Year Contract with the option of two one-year extensions with Hanson-Bridgett, to Provide Legal Services for the ATU, IBEW and Salaried Retirement Plans.

## RECOMMENDED ACTION

Adopt Resolution 16-08-\_\_\_\_\_, Approving a Five-Year Contract with the option of two one-year extensions with Hanson-Bridgett to Provide Legal Services for the ATU, IBEW and Salaried Retirement Plans.

## FISCAL IMPACT

See contract pricing comparison, attached as Attachment 1.

Budgeted:	Yes	This FY:	\$	171,000
Budget Source:	Pension Funds	Next FY:	\$	234,840
Funding Source:		Annualized:	\$	246,984
Cost Cntr/GL Acct(s) or Capital Project #:	210037, 210038	Total Amount:	\$	NTE \$1,500,000

Total Budget: \$Not to Exceed \$1,500,000

Since a portion of the contract contains non-core tasks that may increase/decrease each year, staff is seeking a Not To Exceed authorization.

## DISCUSSION

At the request of RT staff on behalf of the Retirement Boards, RT's Procurement Department was engaged to provide all services related to the RFP, and on June 6, 2016, three proposers responded and were deemed to satisfy the requirements of the RFP. The RFP Evaluation Committee unanimously determined that Hanson-Bridgett was the successful bidder. Based on the fact that the Retirement Boards have worked with Hanson-Bridgett, for many years and have been satisfied with their performance, the Committee instructed Procurement staff to proceed with negotiations with Hanson-Bridgett regarding their pricing structure.

The Procurement Department and Hanson-Bridgett engaged in contract negotiations to resolve Hanson-Bridgett's pricing proposal. Hanson-Bridgett subsequently provided a revised proposal that the committee found acceptable and the Procurement Department then engaged Hanson-Bridgett in a discussion related to the exceptions to the Retirement Board's contract language.

Approved:

Presented:

Final 8/23/2016

Director, Human Resources

Director, Human Resources

# REGIONAL TRANSIT ISSUE PAPER

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1	08/31/16	Retirement	Action	08/23/16

Subject: Approving a Contract with Hanson-Bridgett LLP To Provide Legal Services for the ATU, IBEW, and Salaried Retirement Plans (ALL). (Bonnel)

RT's Procurement Department presented the Hanson-Bridgett single exception to the contract to RT's Legal Department, who engaged Hanson-Bridgett in discussion regarding the exception and have subsequently determined that the exception was acceptable.

Based on Hanson-Bridgett's proposal and the successful contract modification negotiations, the RFP Evaluation Committee recommends the selection of Hanson-Bridgett to provide legal services for a five-year term with the option of two one-year extensions for the ATU, IBEW and Salaried retirement plans.

RESOLUTION NO. 16-08-\_\_\_\_\_

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

August 31, 2016

**APPROVING A CONTRACT WITH HANSON-BRIDGETT TO PROVIDE LEGAL SERVICES FOR THE ATU, IBEW AND SALARIED RETIREMENT PLANS**

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

THAT, subject to Legal Counsel's review, negotiation and approval of the Contract between the Sacramento Regional Transit District's Retirement Boards, therein referred to as "RT," and Hanson-Bridgett, therein referred to as "Consultant," the Contract is hereby approved.

THAT, the Chair is hereby authorized and directed to execute said Contract.

\_\_\_\_\_  
\_\_\_\_\_, Chair

A T T E S T:

\_\_\_\_\_, Secretary

By:

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	08/31/16	Retirement	Action	08/06/16

Subject: Amend the Contract with JP Morgan to Adopt Performance-Based Pricing for International Equity Fund Management (All). (Bernegger)

## ISSUE

Amend the Contract with JP Morgan to Adopt Performance-Based Pricing for International Equity Fund Management (All). (Bernegger)

## RECOMMENDED ACTION

Adopt Resolution No. 16-08\_\_\_\_, Amending the Contract with JP Morgan to Adopt Performance-Based Pricing for International Equity Fund Management.

## FISCAL IMPACT

Savings are expected.

Fiscal Year 2015-16 costs for investment with JP Morgan were \$152,937, representing 70 Basis Points (BPs).

For Fiscal Year 2016-17, fees would be between 15 and 75 BPs (~\$31,920 - \$159,610) under the proposed pricing structure of 15 basis points per year plus 20% of over-performance as compared to the benchmark, subject to an aggregate cap of 75 BPs.

## DISCUSSION

At their June 15, 2016 Quarterly Retirement Board Meeting, the Sacramento Regional Transit District Retirement Boards (Retirement Boards) put JP Morgan on "watch." Per the Retirement Boards' Statement of Investment Objectives and Policy Guidelines, when an investment manager is placed on the Watch List, the manager's performance is monitored in more depth by the Retirement Boards and their investment consultant on a quarterly and annual basis for a minimum of two years. The Retirement Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant or staff, or as deemed necessary by the Boards.

In July 2016, Andrew Knapp and Kit Rodrigo of JP Morgan reached out to staff to discuss JP Morgan's performance over the past three years. During these discussions, staff informed JP Morgan that they had officially been placed on watch by the Retirement Boards and that the Retirement Boards had instructed Callan Associates to perform a search for a replacement International Equity fund manager. JP Morgan appreciated the forthrightness of staff and offered performance-based pricing to help ease the cost of investment with the manager.

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Approved:

Presented:

Final 8/23/2016

Chief Financial Officer, Acting

Senior Accountant

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	08/31/16	Open	Action	08/06/16

Subject: Amend the Contract with JP Morgan to Adopt Performance-Based Pricing for International Equity Fund Management (All). (Bernegger)

Under the performance-based pricing model, there would be two fees, 1) the base fee and 2) a performance rate. The base fee would be charged on a quarterly basis and would equate to 15 BPs per annum. The performance rate would be equal to 20% of the fund's outperformance over the MSCI EAFE Index benchmark (after subtraction of the 15 BP base fee) over a three-year term, and would be assessed annually for the first three years, then quarterly thereafter. For example, in Year One:

Quarters 1 through 3: The Plans would pay 1/4 of the 15 BP base fee each quarter  
Quarter 4: The Plans would pay the final 1/4 of the 15 BP base fee and the applicable performance rate.

If JP Morgan outperformed the benchmark by 100 BP during the prior year, the performance rate would be calculated as follows:

$$100 \text{ BP Outperformance} - 15 \text{ BP Base Fee} = 85 \text{ BP}$$

$$85 \text{ BP} \times 20\% = 17 \text{ BP}$$

$$\text{Total fees for year 1} = 15 \text{ BP (base fee)} + 17 \text{ BP (performance rate)} = 32 \text{ BP}$$

Each year the performance rate would be based on one more year of returns until a three-year rolling return is established. Once the three-year rolling return is established, the performance fee would be assessed and updated quarterly.

In addition, JP Morgan offered to cap total annual fees at 75 BP (including the minimum annual 15 BP base fee). JP Morgan did not condition the offer on a time commitment; therefore, the Retirement Board could accept the new pricing structure and still replace JP Morgan at any time.

Staff provided this pricing structure to Uvan Tseng and Anne Heaphy of Callan Associates, who deemed it to be quite favorable.

Based on discussions with JP Morgan and the advice of and consultation with Callan Associates, staff recommends that the Retirement Boards authorize amendment of their contract with JP Morgan to change the fee structure to performance-based pricing as set forth above and authorize the Sacramento Regional Transit District's GM/CEO to execute the amendment.

RESOLUTION NO. 16-08-\_\_\_\_\_

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:

August 31, 2016

AMENDING THE CONTRACT WITH JP MORGAN TO CHANGE TO PERFORMANCE-BASED PRICING FOR INTERNATIONAL EQUITY FUND MANAGEMENT

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, General Manager/CEO of the Sacramento Regional Transit District is authorized to execute an amendment to the Sacramento Regional Transit District's Retirement Boards' contract with JP Morgan for international fund management, subject to Legal Counsel's review, negotiation and approval, in order to change the fee structure to consist of (a) a base fee of 15 basis points per annum, and (b) performance pay of 20% of over-performance over a rolling three-year period, as compared to the MSCI EAFE Index benchmark, (c) subject to an annual aggregate fee limit of 75 basis points.

\_\_\_\_\_  
\_\_\_\_\_, Chair

A T T E S T:

\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
Donna Bonnel, Assistant Secretary



# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	8/31/16	Retirement	Action	08/06/16

Subject: Authorizing Execution of Plan Trust Documents (ALL). (Bonnel)

## ISSUE

Whether to Authorize Execution of the Sacramento Regional Transit District Retirement Plans Master Trust

## RECOMMENDED ACTION

Adopt Resolution No. 16-08-\_\_\_\_, Authorizing Execution of the Sacramento Regional Transit District Retirement Plans Master Trust.

## FISCAL IMPACT

There is no fiscal impact associated with this action.

## DISCUSSION

At both the March and June 2016 Quarterly Board meetings, District staff updated the Retirement Boards with information about the status of a group trust agreement for the Retirement Plans (Plans). As explained at those meetings, all Plan assets must be administered through a group trust agreement to invest assets jointly. Historically, the Plans' assets have been commingled for investment purposes. Further, each (ATU, IBEW and Salaried) Plan's assets must be accounted for and tracked separately, even if commingled for investment purposes. These are IRS requirements.

The District submitted a Voluntary Correction Program (VCP) application for all three Plans to the Internal Revenue Service (IRS) in January 2016, proposing corrections to maintain the Plans' tax-qualified status. The IRS approved the District's proposed correction to prospectively adopt a group trust agreement, as well as to implement separate accounting for the ATU and IBEW Plans. (The Salaried Plan already has separate accounting.) These corrective actions must take place by the IRS deadline of October 7, 2016.

Accordingly, District staff implemented separate accounting for the ATU and IBEW Plans, effective July 1, 2016, in accordance with the IRS-approved methodology set forth in the VCP application. Implementation of the separate accounting does not require any amendments to the State Street Bank contract. It also does not increase fees for State Street Bank's services.

The last step to implement the IRS-required corrective action is for the Retirement Boards to adopt a group trust agreement. The District's Deputy Counsel, Olga Sanchez-Ochoa, worked with the Plans' legal counsel at Hanson Bridgett to draft the group trust agreement, which is titled the "Sacramento Regional District Retirement Plans Master Trust."

Approved:

Presented:

Final 8/23/2016

Director, Human Resources

Director, Human Resources

C:\Temp\IP #3 [HB edits] Updated Master Trust IP 8\_23\_16\_15EA827.DOC

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	8/31/16	Retirement	Action	08/06/16

Subject: Authorizing Execution of Plan Trust Documents (ALL). (Bonnel)

Staff recommends that each Retirement Board approve the Sacramento Regional District Retirement Plans Master Trust and authorize its Board Chairperson (and, alternatively, the District's General Manager) to execute the master trust. Further, staff recommends that the Boards authorize the District's General Manager or his designees to take any other steps necessary or appropriate to give effect to this resolution.

RESOLUTION NO. 16-08-\_\_\_\_\_

Adopted by the MCEG Retirement Board for the Retirement Plan for RT Employees  
Who Are Members of MCEG on this date:

August 31, 2016

**AUTHORIZING EXECUTION OF THE PENSION PLAN DECLARATION OF TRUST  
AND REQUESTING IMPLEMENTATION BY THE DISTRICT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE  
RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF MCEG AS  
FOLLOWS:

THAT, Legal Counsel has advised the Retirement Board that it should adopt a  
master trust agreement to commingle, solely for investment purposes, the assets of the  
Sacramento Regional Transit District Retirement Plans, and to serve as the funding  
medium for each Plan, in accordance with IRS requirements; and

THAT, this Retirement Board hereby approves the Sacramento Regional District  
Retirement Plans Master Trust, and authorizes its Chairperson, and alternatively the  
General Manager of Sacramento Regional Transit, to execute the trust, and further  
authorizes the General Manager or his designees to take all other necessary and  
appropriate actions to give effect to this resolution.

\_\_\_\_\_  
\_\_\_\_\_, Chair

A T T E S T:

\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
Donna Bonnel, Assistant Secretary

**SACRAMENTO REGIONAL TRANSIT DISTRICT**  
**RETIREMENT PLANS**  
**MASTER TRUST**

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**SACRAMENTO REGIONAL TRANSIT DISTRICT  
RETIREMENT PLANS  
MASTER TRUST**

Effective July 1, 2016, the Retirement Boards of the SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLAN FOR AFSCME, AEA, AND NON-REPRESENTED EMPLOYEES (the "Salaried Plan"), the RETIREMENT PLAN FOR REGIONAL TRANSIT EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 (the "ATU Plan"), and the RETIREMENT PLAN BETWEEN INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1245, AFL-CIO AND SACRAMENTO REGIONAL TRANSIT DISTRICT (the "IBEW Plan") (referred to collectively herein as the "Retirement Boards" and the "Master Trustee") make and enter into this MASTER TRUST AGREEMENT ("Agreement").

WHEREAS, each Retirement Board serves as the Trustee of the Salaried Plan, the ATU Plan, and the IBEW Plan (referred to collectively herein as the "Plans"), respectively, with the exclusive power and authority to hold all assets of the Plan in trust for the exclusive purpose of providing benefits to Members and their Beneficiaries and defraying the reasonable expenses of the Plan and Trust; and

WHEREAS, each of the Plans is a governmental defined benefit pension plan and trust qualified under sections 401(a) and 501(a) of the Code; and

WHEREAS, the Retirement Boards wish to establish a master trust to commingle, solely for investment purposes, the assets of the Plans, and to serve as the funding medium for each Plan; and

WHEREAS, this Agreement is intended to set forth the agreement of the parties relating to the master trust maintained in connection with the Plans and the trustee services to be provided by the Master Trustee;

NOW, THEREFORE, for and in consideration of the terms, covenants and conditions herein set forth, the Retirement Boards agree as follows:

## **ARTICLE 1 DEFINITIONS**

Unless otherwise specified below, capitalized terms used in this Master Trust Agreement are defined in the Plan.

1.1 “Master Trust” means this Sacramento Regional Transit District Retirement Plans Master Trust.

1.2 “Master Trustee” means the Retirement Boards.

1.3 “Plan” or “Plans” means the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees, the Retirement Plan for Regional Transit Employees who are Members of ATU Local 256, the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District, each referred to individually as the “Plan” and collectively referred to as the “Plans” under this Agreement.



## **ARTICLE 2 ESTABLISHMENT AND PURPOSE OF THE MASTER TRUST**

2.1 Purpose. The Master Trustee will operate and maintain the Master Trust exclusively for the commingling and collective investment of Plan assets. The Master Trustee will hold the Master Trust as a commingled fund, and will separately account for each Plan's proportionate interest in the Master Trust. The value of each Plan's interest in the Master Trust will be the fair market value of the portion of the Master Trust assets held for that Plan, determined in accordance with generally recognized valuation procedures.

2.2 Retirement Boards. Each Retirement Board will be solely responsible for interpreting any terms of its Plan affecting any provision of this Agreement and for verifying that, while any assets of its Plan are held in the Master Trust, that Plan (a) is "qualified" within the meaning of section 401(a) of the Code, (b) is permitted by existing or future rulings of the United States Treasury Department to pool its funds in a group trust, and (c) by its terms permits its assets to be commingled for investment purposes with the assets of other such plans by investing such assets in the Master Trust.

2.3 Exclusive Benefit. In accordance with Article XVI, section 17, of the California Constitution and section 99159 of the Public Utilities Code, the Master Trustee will hold the assets of the Master Trust for the exclusive purpose of providing benefits to Members of the Plans and their Beneficiaries and defraying reasonable expenses of administering the Plans, the Trusts, and the Master Trust.

2.4 Diversion. It will be prohibited at any time prior to the satisfaction of all liabilities with respect to Members and Beneficiaries for any part of the Master Trust, other than such part as is required to pay taxes and reasonable expenses of administration of the Plans, the Trusts, and the Master Trust, to be used for or diverted to purposes other than for the exclusive benefit of Members and Beneficiaries.

2.5 Spendthrift Provision. No right or claim to, or interest in, any part of the Master Trust assets, or any payment from the Master Trust, is assignable, transferable, or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution, or levy of any kind, nor will any portion of the Master Trust assets be made subject to the bankruptcy estate of any Member or Beneficiary under the Plans, except as specifically permitted by the Plans or required by law. The Master Trustee will disregard any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute, anticipate, garnish, attach, execute upon or levy against any portion of the Master Trust assets except to the extent specifically permitted by the Plans and the Trusts and only as directed by the Retirement Board of the particular Plan or required by law.

**ARTICLE 3**  
**GENERAL POWERS AND DUTIES OF THE MASTER TRUSTEE**

3.1 Contributions. The Master Trustee will receive all contributions made by the District under the Plans to the Trust in cash; provided, however, that the Master Trustee may direct the District in writing to pay all or any portion of such contributions directly to a custodian, corporate co-trustee or insurance company designated by the Master Trustee under Section 3.5 to receive such contributions.

3.2 Distributions. The Master Trustee must make distributions from the Master Trust to such persons, at such time, in such manner, and in such amount as each Retirement Board determines, based on the information provided to it by the District, are required under the terms of its respective Plan. All payments of benefits under the Plans must be made solely and exclusively from the assets of the Trust Fund as they may exist at the time or times of payments, and no person will be entitled to look to any other source for such payments.

3.3 Investment Powers. Consistent with Article XVI, section 17 of the California Constitution and section 99159 of the California Public Utilities Code, the Master Trustee has the full power and authority to invest all Trust assets and to keep all funds invested, without distinction between principal and income, in any and all assets, whether domestic or foreign, of any kind, class or character as the Master Trustee deems appropriate. If the Master Trustee does not enter into a contract of insurance under which the insurance company handles the investment of the Master Trust, the Master Trustee may purchase or sell securities in accordance with the advice of a corporate co-trustee or investment advisor designated by the Master Trustee pursuant to Section 3.6. Except as provided in the preceding sentence, the Master Trustee has, and may exercise, any and all rights and privileges of an absolute owner of Master Trust assets as the Master Trustee deems to be for the best interests of the Master Trust.

3.4 Title to Trust Assets. The Master Trustee is vested with title to all of the Master Trust assets and has full power and authority to do all acts necessary or appropriate to carry out its duties. No Member, Beneficiary, or any other person will have any right or interest in the Master Trust except as provided in the Plans, the Trusts and this Agreement.

3.5 Custody of Trust Assets. Subject to legal approval, the Master Trustee may designate another person to act as custodian or corporate co-trustee of the Master Trust assets. The Master Trustee is authorized to re-delegate such custodial or co-trustee duties to one or more banks within the meaning of section 408(n) of the Code. Each custodian or corporate co-trustee so designated will receive and hold as part of the Master Trust any Plan assets as may be transferred to it by the Master Trustee, a Trustee, or contributions paid to it by the District pursuant to the Master Trustee's written direction.

3.6 Designation of Investment Advisors. The Master Trustee may designate one or more corporate co-trustees or investment advisors to advise it regarding the investment and reinvestment of the Master Trust assets. In selecting any investment advisor, the Master Trustee must choose from among firms of national or regional reputation and must not designate any person or firm which derives a profit from the sale or purchase of any securities but, on the contrary, derives income solely from fees for investment advice. The Master Trustee may rely upon the advice of such a selected advisor in method and program of investments except to the extent that any particular investment or proportion of investment is precluded by applicable law.

**ARTICLE 4**  
**SPECIFIC POWERS AND DUTIES OF THE MASTER TRUSTEE**

4.1 Powers. Solely for purposes of example, and, except as specifically provided in the Plans, the Trusts or this Agreement, without limitation of any power, authority, rights, or privileges conferred herein or otherwise by law, the Master Trustee has all of the following powers and authority, to be exercised in its sole discretion:

(a) Purchase – To purchase, subscribe for, or otherwise acquire any forms of property from any source.

(b) Nominee – To keep any or all securities or other property in the name of a nominee with or without power of attorney for a transfer or in its own name without disclosing its fiduciary capacity, or in bearer of book entry form.

(c) Instruments – To make, execute, acknowledge and deliver any and all instruments deemed necessary or appropriate to carry out the powers herein granted.

(d) Agents – To employ suitable agents, including, but not limited to, auditors, actuaries, accountants, and legal and other counsel, and to pay their expenses and reasonable compensation for services to the Master Trust from the Master Trust assets to assist the Master Trustee in performing any of its duties or obligations hereunder. The Master Trustee may consult, from time to time, with legal counsel who may, but need not be, legal counsel for the Plans with respect to any of its duties or obligations hereunder and will be fully protected in acting or refraining from acting upon the advice of any counsel with respect to such duties and obligations.

(e) Securities trades – To settle securities trades through a securities depository that uses an institutional delivery system, in which event the Master Trustee may deliver or receive securities in accordance with appropriate trade reports or statements given to the Master Trustee by such depository.

(f) Certain Rights – To vote upon any stock, bonds or other securities of any corporation, association or trust at any time comprised by the Master Trust, or otherwise consent to or request any action on the part of such entity, and to give general or special proxies or powers of attorney, with or without power of substitution, and to exercise any conversion privileges, subscription rights or other options; to participate in reorganizations, recapitalizations, consolidations, mergers and similar transactions with respect to such securities; and to deposit such securities in any voting trust, or with any protective or like committee, or with a trustee, or with depositories designated thereby.

(g) Custodians – To appoint custodians to hold property in any place, or organize in any jurisdiction any number of corporations, partnerships or other entities for the purpose of holding or dealing in any manner with such assets.

(h) Options, etc. – To sell at public or private sale, to lease for any period of time, to grant or otherwise deal in options in any form, and to convert, exchange, transfer, dispose of, and otherwise deal with any property in any manner, including engaging in short sales of securities.

(i) Cash – To deposit cash for interest (or without interest in the Master Trustee’s discretion) with any banking or saving institution.

(j) Leverage – To borrow or raise moneys, to establish margin accounts with brokers and financial institutions, to borrow money from banks and other financial institutions, and from time to time, without limitation as to the amount or manner and time of repayment, to issue, accept, endorse and execute promissory notes, drafts, bills of exchange, warrants, bonds, debentures, variable rate notes and other negotiable or nonnegotiable instruments and evidences of indebtedness, and to secure the payment of such or other obligations of the Master Trust by mortgage upon, or hypothecation or pledge of, all or part of the property of the Master Trust, whether at the time owned or thereafter acquired.

(k) Allocations – To allocate any property received or charge incurred (paid, accrued or anticipated, liquidated or unliquidated) to principal or income, or partly to each, as the Master Trustee may determine to be proper, which may include any appropriate estimated amount pending definite determination of any such charge which is unliquidated at such time.

(l) Reserves – To establish reserves for capital commitments, depreciation, debt service or amortization of costs or expenses in connection with any income producing real estate or other investments.

(m) Foreign Exchange – To enter into foreign exchange contracts in connection with any investment.

(n) Modifications, etc. – To agree to modify, extend or renew in any manner any instrument made or received in connection with such assets.

(o) Lending – To lend any Trust assets on such terms and conditions and for such duration as the Master Trustee deems appropriate.

(p) Certain Contracts – To purchase, enter, sell, hold, and generally deal in any manner in contracts for the immediate or future delivery of financial instruments of any issuer; to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner and all forms of options in any combination.

4.2 Prohibited Transactions. The Master Trustee may not engage in a transaction known by the Master Trustee to be a “prohibited transaction” under section 503 of the Code. In the event of any uncertainty or dispute respecting whether a proposed transaction constitutes a prohibited transaction, the Master Trustee will not be required to act or be liable to any person for failing to act on any direction to engage in the proposed transaction unless and until (a) a final administrative or judicial determination is obtained by any person interested in such transaction and duly served upon the Master Trustee, and (b) the Master Trustee thereafter has a reasonable opportunity to comply with such direction if it is determined to be lawful under the terms of the Plan, the Code or other applicable law.

#### 4.3 Legal Action.

(a) If the Master Trustee must commence or defend any action, administrative, judicial or otherwise, the Master Trustee may retain professionals, including legal or financial advisors to represent the Master Trustee in its capacity as Master Trustee

hereunder. The reasonable expenses of retaining such professionals will be paid from the Master Trust. The Master Trustee will promptly notify the District of any such pending or threatened administrative, judicial or other action concerning the Master Trust.

(b) No Member or Beneficiary of the Plans will be considered necessary parties in any legal action or proceeding with respect to the Master Trust except insofar as such action or proceeding relates specifically to such person. Except as provided in subsection (a) of this section, no other person having an interest in the Master Trust will be entitled to notice of any such action or proceeding. Any judgment entered on any such action or proceeding will be binding on all persons claiming under the Master Trustee.

4.4 Standard of Care. In accordance with Article XVI, section 17, of the California Constitution, the Master Trustee will discharge its duties under this Agreement (a) solely in the interest of, and for the exclusive purpose of providing benefits to, Members and their Beneficiaries and paying reasonable expenses of administering the Plans, the Trusts, and the Master Trust, and (b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. The Master Trustee will diversify the investments of the Master Trust assets so as to minimize the risk of loss and to prudently and reasonably maximize the rate of return.

## **ARTICLE 5 RECORDKEEPING, VALUATION AND ACCOUNTING**

5.1 Valuation. Not less frequently than annually, the assets of the Master Trust will be valued at their fair market value as of the close of business on the date of valuation, as determined by the Master Trustee in good faith, in accordance with Generally Accepted Accounting Principles (GAAP). Valuation by the Master Trustee of the assets in accordance with GAAP will be conclusive and binding on all parties affected by this Master Trust.

5.2 Records. The Master Trustee will maintain accurate records and detailed accounts of all investments, receipts, disbursements, and other transactions hereunder. Such records will be available at all reasonable times for inspection by the District, or any Member or Beneficiary or authorized representative of such persons. The Master Trustee will submit, or cause to be submitted, in a timely manner to the District such information as the District may reasonably require to prepare the various audited financial statements or other reports or statements required by applicable State or federal law to be prepared or furnished by the District.

5.3 Interest of Plan in Trust Fund. A Plan's Retirement Board may specify that all or a part of a Plan's interest in the Master Trust assets will be held in a segregated account for that Plan and invested separately from the remainder of the Master Trust assets. In that case, assets of such segregated account will be held and administered solely for the benefit of that Plan. Except in cases of such segregation, no Plan has any right, title, or interest in, or to, any specific asset of the Trust Fund, but has an undivided beneficial interest in the unsegregated Master Trust assets.

5.4 Separate Accounting. The Master Trustee will maintain, or cause to be maintained, a separate account to reflect the interest of each Plan, including separate accounting for contributions to the Master Trust by each Plan, disbursements made from each Plan's account, and the investment experience of the Master Trust assets allocable to that account. Except as provided in Section 5.3, such account will be a bookkeeping or notional account only, representing the Plan's undivided interest in the Master Trust assets. Each Plan's account will be debited or credited (as the case may be) (a) for the entire amount of every contribution received on behalf of that Plan, every benefit payment, or other expense attributable solely to that Plan, and every other transaction relating only to that Plan, and (b) for its proportionate share of every item of collected or accrued income, gain or loss, and general expense, and other transactions attributable to the Master Trust assets as a whole. The Master Trustee will ensure that all transfers to, withdrawals from, and other transactions regarding the Master Trust will be conducted in a manner that ensures that each Plan's proportionate interest in the Master Trust assets, and the fair market value of that interest, may be determined at any time. As of each Master Trust valuation date, the Master Trustee will adjust, or cause to be adjusted, the value of each Plan's interest therein to reflect the net increase or decrease in such values since the last valuation date.

**ARTICLE 6**  
**TAXES, EXPENSES, AND COMPENSATION OF THE TRUSTEE**

6.1 Taxes. The Master Trustee will deduct from, and charge against, Master Trust assets any taxes paid by it which may be imposed upon the Master Trust or income thereon that the Master Trustee is required to pay with respect to the interest of any person therein.

6.2 Expenses. All reasonable expenses of administering the Master Trust, including but not limited to auditing, actuarial, administrative, and legal fees of the Master Trust, will be paid from the Master Trust.

6.3 Master Trustee Compensation. The Master Trustee will not receive any form of compensation for its services as Master Trustee hereunder (other than reimbursement for reasonable expenses incurred in administering the Master Trust).

**ARTICLE 7**  
**AMENDMENT, TERMINATION OR REVOCATION OF TRUST**

7.1 Amendment. The Master Trustee may amend this Agreement at any time. No amendment, however, will be effective at any time before the satisfaction of all liabilities with respect to Members and their Beneficiaries to the extent that it would cause any part of the Master Trust to be used for, or diverted to, purposes other than for the exclusive benefit of Members and Beneficiaries and defraying the reasonable expenses of administering the Plans, the Trusts, and the Master Trust.

7.2 Termination. The Master Trustee reserves the right to terminate the Trust. If the Master Trust is terminated, the Master Trustee will distribute the Master Trust assets in accordance with the Plans, the Trusts and the Master Trust. The Master Trustee may reserve such reasonable amounts as the Master Trustee may deem necessary for outstanding and accrued charges against the Plans, including Master Trustee's and custodian's expenses. Upon termination of the Master Trust, the Master Trustee will continue to have all of the powers provided in this Agreement as are necessary or desirable for the orderly liquidation of the Master Trust.



**ARTICLE 8  
MISCELLANEOUS**

8.1 Governing Law. The Master Trust will be construed, administered and governed in accordance with the laws of the State of California to the extent not preempted by applicable federal law.

8.2 Severability. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions will continue to be fully effective.

**ARTICLE 9  
EXECUTION**

IN WITNESS WHEREOF, this Agreement has been executed on the \_\_\_\_\_ day  
of \_\_\_\_\_, 2016.

**RETIREMENT BOARDS GOVERNING THE  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT RETIREMENT PLAN FOR  
AFSCME, AEA, AND NON-REPRESENTED  
EMPLOYEES**

**AEA**

By: \_\_\_\_\_  
Name:  
Title:

**AFSCME**

By: \_\_\_\_\_  
Name:  
Title:

**MCEG**

By: \_\_\_\_\_  
Name:  
Title:

**RETIREMENT BOARD OF THE  
RETIREMENT PLAN FOR REGIONAL  
TRANSIT EMPLOYEES WHO ARE  
MEMBERS OF ATU LOCAL 256**

By: \_\_\_\_\_  
Name:  
Title:

**RETIREMENT BOARD OF THE  
RETIREMENT PLAN BETWEEN  
INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS LOCAL UNION**

**1245, AFL CIO AND SACRAMENTO  
REGIONAL TRANSIT DISTRICT**

By: \_\_\_\_\_  
Name:  
Title:

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	08/31/16	Retirement	Information	08/08/16

Subject: Public Records Act Request/Brown Act Training (ALL). (Bonnel)

## ISSUE

Public Records Act Request/Brown Act Training (ALL). (Bonnel)

## RECOMMENDED ACTION

Information Only. (Training Session)

## FISCAL IMPACT

None.

## DISCUSSION

It is important for trustees (and alternate trustees) of any retirement system to continuously review their Public Records Act Request and Brown Act responsibilities.

Shayna van Hoften, Retirement Board counsel, will provide this fiduciary responsibility and liability training.

The presentation materials include a PowerPoint presentation which will be provided at the meeting.

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Approved:

Final 8/19/2016

Director, Human Resources

Presented:

Director, Human Resources

C:\Temp\IP #4 Public Records Request and Brown Act Training\_FC2E35.doc