



Sacramento Regional Transit District Agenda

Revised:
Agenda Item 34

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

9:00 A.M., WEDNESDAY, MARCH 22, 2017

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: Li, Morin, Niz, De La Torre Alternates: Jennings, Muniz
IBEW Retirement Board:	Directors: Li, Morin, Ohlson, Bibbs Alternates: Jennings, Flanders
AEA Retirement Board:	Directors: Li, Morin, Devorak, Robison Alternates: Jennings, McGoldrick
AFSCME Retirement Board:	Directors: Li, Morin, Mallonee, Hoslett Alternates: Jennings
MCEG Retirement Board:	Directors: Li, Morin, Lonergan, 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 December 14, 2016 Quarterly 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 February 1, 2017 Special Retirement Board Meeting (AEA). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the Salaried Pension Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(AEA/AFSCME/MCEG). (Bernegger)

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
4. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Motion:	Approving the Minutes for the December 14, 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 February 1, 2017 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 December 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:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU (ATU). (Bernegger)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Motion:	Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of ATU Local 256 and IBEW Local 1245 (ATU/IBEW). (Bernegger)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Resolution:	Proposed Addition to the By-Laws for the Sacramento Regional Transit District Employees Who are Members of ATU Local 256 (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (Bernegger)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Motion:	Receive and File the Independent Auditor's Report for the Twelve	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Month Period Ended June 30, 2016 (ALL). (Bernegger)

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
21. Motion:	Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of ATU Local 256 and IBEW Local 1245 (ATU/IBEW). (Bernegger)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26. Motion:	Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (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>
27. Information:	Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2016 (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
28. Motion:	Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2016 (ALL). (Bernegger)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
29. Resolution:	Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District (District) Employees who are Members of the International Brotherhood of Electrical Workers Local Union 1245 (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. Resolution:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for ATU Employees' Retirement Plan for Fiscal Year 2018 (ATU). (Bonnel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. Resolution:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW). (Bonnel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32. Resolution:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2018 (AEA/AFSCME/MCEG). (Bonnel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
33. 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"/>
34. Resolution:	Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Bonnel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

35. Resolution: Approving Disability Retirement Application for Donae Hanible (ATU).
(Bonnell)

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 Retirement Board Meeting
Wednesday, December 14, 2016
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:03 a.m. A quorum was present comprised as follows: Directors Li, Mallonee, Hoslett and Alternate Kent were present. Director Morin and Alternate Jennings were absent.

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

By AFSCME Resolution No. 16-02-137 for calendar year 2016, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

Legal Counsel Shayna van Hoften with Hanson Bridgett introduced Catherine Groves with Hanson Bridgett LLP to the Retirement Boards.

Donna Bonnel noted that a CALAPRS pension management training will take place on August 28-31 and requested that all new board members place the dates on their calendars. Scheduling for the training can be coordinated with Mariza Montung-Fuller.

Consent Calendar:

- 4. Motion: Approving the Minutes for the August 31, 2016 Special Retirement Board Meeting (AFSCME). (Bonnel)
- 5. Motion: Approving the Minutes for the September 14, 2016 Quarterly Retirement Board Meeting (AFSCME). (Bonnel)
- 6. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

Director Li moved to adopt AFSCME Retirement Board Items 4 through 6. Director Mallonee seconded the motion. Items 4 through 6 were carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Hoslett. Noes: None.

New Business:

- 16. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2016 (ALL). (Bernegger)

Jamie Adelman introduced Ted Simpson from DFA, who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2016 and to be available for questions.

17. Information: Investment Performance Review of the S&P 500 Index and MSCI EAFE Funds by State Street Global Advisors (SSgA) for the ATU/IBEW and Salaried Employee Retirement Funds for the Quarter Ended September 30, 2016 (ALL). (Bernegger)

Jamie Adelman introduced Mark Levin from State Street Global Advisors, who presented the investment performance results of the S&P 500 Index and MSCI EAFE Funds for the quarter ended September 30, 2016 and to be available for questions.

18. Motion: Receive and File the Investment Performance Reports for the ATU/IBEW and Salaried Employee Funds for Quarter Ended September 30, 2016 (ALL). (Bernegger)

Jamie Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended September 30, 2016 and to be available for questions.

Director Li moved to adopt Item 18. Director Mallonee seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Hoslett. Noes: None.

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

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

19. Resolution: Selection of a Common Chair and Vice Chair for Retirement Board Meetings (ALL). (Bonnell)

Donna Bonnell presented Item 19 for approval.

Director Li moved to adopt the resolution approving Andy Morin as Common Chair and Henry Li as Common Vice Chair. Director Mallonee seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Hoslett. Noes: None.

Donna Bonnell noted that it was mentioned on one of the Retirement Board Chair calls that the ATU Retirement Board might want to review the By-laws. Recently, two Retirement Boards have lost participants and the By-laws require a resignation from the person that was appointed. If the will of the Board(s) was to change the By-laws, the hope would be that all five Boards would adopt the change so we can continue to manage the five Boards with the same By-laws.

ATU Director Ralph Niz commented that the ATU has elections every three years and that they just completed elections. The election was as follows: Ralph Niz, President, Crystal Lee, Vice President and Corina De La Torre, Financial Secretary. He remarked that if a board member has elections within their bargaining unit and they don't retain their seat, they should be removed from their position on the Retirement Board to allow for educational opportunities for the newly elected officials.

Legal Counsel Shayna van Hoften noted that this item could be discussed in more depth with the Board Chairs to get a sense of how each of the entities works because every group does not work the same as the ATU.

Staff will bring this item back in March for more discussion.

The AEA, AFSCME, IBEW and MCEG Retirement Boards recessed at 9:43 a.m.

The AEA, AFSCME, IBEW and MCEG Retirement Boards returned to the room at 9:48 a.m.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

NEW BUSINESS (CONTINUED):

21. Information: AB 1234 Ethical Standards Training (ALL). (Bonnel)

A 2-hour AB 1234-compliant local government ethics training was presented by Legal Counsel Shayna van Hoften and Catherine Groves.

The meeting was adjourned upon the departure of Dir. Li at 11:36.

The remainder of those directors present completed the training at 11:52.

Charles Mallonee, Chair

ATTEST:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
AFSCME Special Retirement Board Meeting
Wednesday, February 1, 2017
MEETING SUMMARY**

ROLL CALL

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

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

By AFSCME Resolution No. 16-12-152 for calendar year 2017, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

Natalie Wilson of the Retirement Boards' counsel, Hanson Bridgett LLP, and Lance Kjeldgaard fiduciary counsel contracted through the board's Legal Counsel, were also present.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

Consent Calendar:

None.

New Business:

The order of New Business items was adjusted to reverse items 1 and 2.

2. Information: Introduce the 2016 Actuarial Valuation Completed by Cheiron (ALL).
(Bonnell)

Assistant Secretary Donna Bonnell introduced Graham Schmidt, from Cheiron, who introduced the Actuarial Valuation Study for Fiscal Year 2016 and was available for questions.

Jamie Adelman noted that Staff would be reaching out to members of the ATU and IBEW Retirement Boards to discuss the asset split. This needs to be done in order to finalize the valuation.

1. Resolution: Receive International Fund Manager Candidate Presentations and Select Replacement Fund Manager (ALL). (Bernegger)

Jamie Adelman introduced Andy Iseri and Uvan Tseng from Callan Associates, Inc. (Callan), who provided a detailed review of each manager candidate and provided background on staffing, returns, investment philosophy, risk and other attributes.

Andy Iseri introduced Kamila Kowalke and Daniel McDonagh from Pырford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pырford International PLC's investment decision model and methodology.

Director Andy Morin thanked the presenters for their detailed and concise presentation.

Mr. Iseri introduced Michael Powers and George Sands from Lazard Asset Management to present their firm as an International Fund Manager candidate, and to introduce the Lazard Asset Management's investment decision model and methodology.

Brent Bernegger noted that Lazard's investment process area of focus seems to be in stock selection and relative to value. He asked how their investment process differs from an investment firm that does stock selection that is country specific, and about the advantages of this approach.

Mr. Powers noted that their starting point in the stock selection process is looking at an entire opportunity set of stocks and discuss the stocks merits from the "bottom up", as opposed to "top down" management style that utilizes a macro view.

Ms. Adelman asked if Lazard has an average duration for which they hold a stock. Mr. Powers noted that they hold a stock on an average of two to three years.

Director Morin thanked Mr. Powers and Mr. Sands for their time and presentation.

Director Li asked for additional details on the management fees.

Mr. Tseng indicated the options were as follows:

- A. Lazard Asset Management (Lazard) – Maximum annual fee of 80 basis points (BP) or \$179,917.
- B. Pырford International PLC (Pырford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or \$188,912.
- C. Pырford – New Hampshire Investment Trust maximum annual fee of 70 BP or \$157,427.

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pырford New Hampshire Trust option and Lazard's mutual fund option. The New Hampshire Trust is governed by New Hampshire law. The mutual fund is governed by the Department of Labor and SCC. The mutual fund can be traded daily; the New Hampshire Trust can only be traded monthly.

Mr. Tseng noted that Pырford is registered with the SEC and DOL, they are GIPS compliant and they have Arizona Mission insurance.

Mr. Bernegger asked for clarification on the holding periods for Pырford and Lazard.

Mr. Iseri noted that Pырford typically has a five to seven year holding period where as Lazard typically has a two to three year holding period.

Ms. Adelman noted that Staff is seeking direction from the Boards on how they would like to proceed.

Ms. Bonnel asked if the committee had a preference toward one of the two managers.

Ms. Adelman noted that the committee preferred Pyrford.

Ms. Bonnel asked what were JP Morgan's fees prior to the fee reduction.

Ms. Adelman noted that the fee prior to the fee reduction was 70 basis points.

Ms. Bonnel asked if the Boards were interested in retaining JP Morgan. The consensus of all Boards was in the negative.

Discussion ensued.

Director Morin moved to approve the following:

RECOMMENDED ACTION

- C. Adopt Resolution 17-02-____, Directing Staff to Negotiate a Contract with Pyrford International PLC to Provide International Large Cap Fund Manager Services within the New Hampshire Investment Trust and Authorizing the Sacramento Regional Transit District General Manager/CEO to Execute Said Contract, in a Form Acceptable to Legal Counsel

FISCAL IMPACT

- C. Pyrford – New Hampshire Investment Trust maximum annual fee of 70 BP or \$157,427

Director Li seconded the motion. Item 1, option C. was carried unanimously by roll call vote: Ayes: Directors Mallonee, Hoslett, Li and Morin. Noes: None

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Ms. Bonnel noted that the March 15 Quarterly Retirement Board meeting has been moved to March 22 at 9:00 a.m. The March 15 date will be utilized for new board member orientation.

None.

The meeting was adjourned by Assistant Secretary Bonnel at 11:10 a.m.

Charles Mallonee, Chair

ATTEST:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/22/17	Retirement	Action	02/11/17

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

ISSUE

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

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 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 December 31, 2016. The financial statements are presented on an accrual basis and consist of a Statement of Fiduciary Net Position (balance sheet) (Attachment 1), a Statement of Changes in Fiduciary Net Position (income statement) for the quarter ended December 31, 2016 (Attachment 2), and a year-to-date Statement of Changes in Fiduciary Net Position (Attachment 3).

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

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

Asset Rebalancing

Pursuant to Section IV, Asset Rebalancing Policy of the Statement of Investment Objectives and Policy Guidelines for the 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

Approved:

Presented:

FINAL 03/08/17

Chief Financial Officer, Acting

Senior Accountant

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/22/17	Retirement	Action	02/11/17

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

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:

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 December 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 December 31, 2016. The Salaried Plan reimbursed \$232,512.85 to 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 December 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 Position as “Other Income,” which is combined in the category of “Interest, Dividend, & Other Inc”.

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers’ quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2016 as compared to their benchmarks.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/22/17	Retirement	Action	02/11/17

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

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 or IBEW Plan to the Salaried Plan during the three months ended December 31, 2016.

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

Accrual Basis

As of December 31, 2016

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	78,949,591.40
Total Long-Term Investments	78,949,591.40
Total Checking/Savings	78,949,591.40
Other Current Assets	
1110120 · Prepaids	9,746.00
Total Other Current Assets	9,746.00
Total Current Assets	78,959,337.40
TOTAL ASSETS	78,959,337.40
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	40,484.01
3110110 · Other Pay - Due to RT	20,230.14
3110122 · MetWest	18,520.82
3110124 · Boston Partners	17,998.93
3110125 · Callan	3,227.71
3110126 · State Street	16,578.10
3110127 · JP Morgan	2,643.29
3110128 · Atlanta Capital	14,659.44
3110129 · S&P Index - SSgA	1,635.80
3110130 · EAFE - SSgA	705.01
3110131 · AQR	3,070.86
Total Accounts Payable	139,754.11
Total Current Liabilities	139,754.11
Total Liabilities	139,754.11
Equity	
3340101 · Retained Earnings	75,337,018.65
Net Income	3,482,564.64
Total Equity	78,819,583.29
TOTAL LIABILITIES & EQUITY	78,959,337.40

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

Accrual Basis

October through December 2016

	<u>Oct - Dec 16</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	291,327.87	10.8%
Investment Income	674,565.68	25.0%
RT Required Contribution	1,721,659.09	63.8%
6630110 · Employee Contribution	9,815.30	0.4%
Total Income	<u>2,697,367.94</u>	<u>100.0%</u>
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	848,357.58	31.5%
8531211 · AFSCME-Retirement Benefits Paid	330,023.30	12.2%
8531212 · MCEG - Retirement Benefits Paid	611,089.65	22.7%
8532004 · Invest Exp - MetropolitanWest	18,520.82	0.7%
8532013 · Invest Exp - Boston Partners	17,998.93	0.7%
8532020 · Invest Exp - Callan	9,670.85	0.4%
8532021 · Invest Exp - State Street	9,946.86	0.4%
8532023 · Invest Exp - JP Morgan	2,643.29	0.1%
8532024 · Invest Exp - Atlanta Capital	14,659.44	0.5%
8532025 · Invest Exp - S&P Index SSgA	1,635.80	0.1%
8532026 · Invest Exp - EAFE SSgA	705.01	0.0%
8532027 · Invest Exp - AQR	9,039.00	0.3%
Total COGS	<u>1,874,290.53</u>	<u>69.5%</u>
Gross Profit	823,077.41	30.5%
Expense		
8533002 · Admin Exp - EFI	19,972.93	0.7%
8533007 · CALPRS Dues & courses	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	7,309.50	0.3%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Hanson Bridgett Leg	22,125.26	0.8%
8533029 · Admin Exp - Administrator	22,557.62	0.8%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	11,196.66	0.4%
Total Expense	<u>83,161.97</u>	<u>3.1%</u>
Net Income	<u><u>739,915.44</u></u>	<u><u>27.4%</u></u>

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July through December 2016**

Accrual Basis

	<u>Jul - Dec 16</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	582,653.35	8.0%
Investment Income	3,077,048.34	42.0%
RT Required Contribution	3,650,720.43	49.8%
6630110 · Employee Contribution	18,006.10	0.2%
Total Income	7,328,428.22	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	1,687,180.45	23.0%
8531211 · AFSCME-Retirement Benefits Paid	633,090.53	8.6%
8531212 · MCEG - Retirement Benefits Paid	1,202,006.19	16.4%
8532004 · Invest Exp - MetropolitanWest	37,453.76	0.5%
8532013 · Invest Exp - Boston Partners	35,025.95	0.5%
8532020 · Invest Exp - Callan	19,299.89	0.3%
8532021 · Invest Exp - State Street	14,959.51	0.2%
8532023 · Invest Exp - JP Morgan	15,016.73	0.2%
8532024 · Invest Exp - Atlanta Capital	28,498.68	0.4%
8532025 · Invest Exp - S&P Index SSgA	3,266.75	0.0%
8532026 · Invest Exp - EAFE SSgA	1,417.59	0.0%
8532027 · Invest Exp - AQR	14,945.43	0.2%
Total COGS	3,692,161.46	50.4%
Gross Profit	3,636,266.76	49.6%
Expense		
8533002 · Admin Exp - EFI	31,671.68	0.4%
8533007 · CALPRS Dues & courses	0.00	0.0%
8533009 · Admin Exp - Shipping	5.87	0.0%
8533014 · Admin Exp - Fiduciary Insurance	14,619.00	0.2%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Hanson Bridgett Leg	33,350.95	0.5%
8533029 · Admin Exp - Administrator	62,707.96	0.9%
8533050 · Admin Exp - Misc Exp	150.00	0.0%
8533051 · Admin Exp - Audit	11,196.66	0.2%
Total Expense	153,702.12	2.1%
Net Income	<u>3,482,564.64</u>	<u>47.5%</u>

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

	October 2016	November 2016	December 2016	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2016	80,132.35	43,167.97	109,212.53	80,132.35
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 27.73 to 31.48%	569,074.03	569,922.31	582,662.75	1,721,659.09
Employee Pension Contributions	2,524.29	3,105.86	4,185.15	9,815.30
Total Deposits	<u>571,598.32</u>	<u>573,028.17</u>	<u>586,847.90</u>	<u>1,731,474.39</u>
<u>Expenses</u>				
Payout to Retirees:				
AEA	(284,570.79)	(282,503.03)	(281,283.76)	(848,357.58)
AFSCME	(102,871.49)	(117,144.04)	(110,007.77)	(330,023.30)
MCEG	(203,696.55)	(203,696.55)	(203,696.55)	(611,089.65)
Payout to Retirees Subtotal	<u>(591,138.83)</u>	<u>(603,343.62)</u>	<u>(594,988.08)</u>	<u>(1,789,470.53)</u>
Fund Investment Management Expenses:				
Atlanta Capital		(13,839.24)	-	(13,839.24)
Metropolitan West		(18,932.94)	-	(18,932.94)
Boston Partners		(17,027.02)	-	(17,027.02)
JPMorgan		(12,373.44)	-	(12,373.44)
SSgA S&P 500 Index	(1,630.95)	-	-	(1,630.95)
SSgA EAFE MSCI		(712.58)	-	(712.58)
Callan	(3,217.34)	(3,218.13)	(3,225.01)	(9,660.48)
State Street	-	-	-	-
Fund Invest. Mgmt Exp. Subtotal	<u>(4,848.29)</u>	<u>(66,103.35)</u>	<u>(3,225.01)</u>	<u>(74,176.65)</u>
Administrative Expenses				
Cheiron	(3,193.75)		(2,700.00)	(5,893.75)
Consulting Services				-
CALAPRS Training				-
CALAPRS Dues				-
Travel				-
Fiduciary Insurance				-
Shipping				-
Arbitration services				-
Investigation Information Services				-
IRS - filing fee Salaried				-
Medical Evaluations				-
Hanson Bridgett Legal Services	(6,543.74)	(5,283.14)	(159.60)	(11,986.48)
Procurement Costs				-
Staff Training				-
Pension Administration	(9,041.68)	(7,510.59)	(6,005.35)	(22,557.62)
Miscellaneous				-
Administrative Exp. Subtotal	<u>(18,779.17)</u>	<u>(12,793.73)</u>	<u>(8,864.95)</u>	<u>(40,437.85)</u>
Total Expenses	<u>(614,766.29)</u>	<u>(682,240.70)</u>	<u>(607,078.04)</u>	<u>(1,904,085.03)</u>
Monthly Net Owed from/(to) District	(43,167.97)	(109,212.53)	(20,230.14)	(172,610.64)
Payment from/(to) the District	<u>(80,132.35)</u>	<u>(43,167.97)</u>	<u>(109,212.53)</u>	<u>(232,512.85)</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>43,167.97</u>	<u>109,212.53</u>	<u>20,230.14</u>	<u>20,230.14</u>

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 12/31/2016**

Asset Class	Net Asset Market Value 12/31/2016	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 43,640,767	17.24%	16.00%	1.24%	\$ 3,135,179	
Large Cap Growth - SSgA S&P 500 Index - XH	42,917,899	16.95%	16.00%	0.95%	2,412,311	
Total Large Cap Domestic Equity	86,558,666	34.19%	32.00%	2.19%	5,547,490	\$ 81,011,176
Small Cap - Atlanta Capital - XB	23,503,858	9.28%	8.00%	1.28%	3,251,064	20,252,794
International Equity:						
Large Cap Growth:						
JPMorgan - Z9	22,648,733	8.95%	9.50%	-0.55%	(1,401,460)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,185,714	3.63%				
Value - Brandes - XE	8,808	0.00%				
Total Core	9,194,522	3.63%	4.50%	-0.87%	(2,197,675)	
Small Cap:						
AQR - ZB	11,888,496	4.70%	5.00%	-0.30%	(769,500)	
Emerging Markets						
DFA - ZA	12,981,753	5.13%	6.00%	-0.87%	(2,207,843)	
Total International Equity	56,713,504	22.40%	25.00%	-2.60%	(6,576,477)	63,289,981
Fixed Income:						
Met West - XD	86,383,897	34.12%	35.00%	-0.88%	(2,222,077)	88,605,973
Total Combined Net Asset	\$ 253,159,924	100.00%	100.00%	0.00%	\$ -	\$ 253,159,924

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%
Large Cap Developed Markets	10%	14%	18%
Small Cap Developed Markets	3%	5%	7%
Emerging Markets	4%	5%	8%
Domestic Fixed Income	30%	35%	40%

* Per the Statement of Investment Objectives and Policy Guidelines as of 6/15/2016.

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

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	127,224,889
IBEW Allocated Custodial Assets	46,985,443
Salaried Allocated Custodial Assets	<u>78,949,591</u>
Total Consolidated Net Asset	<u><u>253,159,923</u></u>
Per Callan Report:	
Total Investments	<u><u>253,159,141</u></u>
Net Difference	<u><u>782</u></u> *

* 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 December 31, 2016**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	473,300
ATU - Investment Income	762,356
IBEW - Interest, Dividends, and Other Income	173,815
IBEW - Investment Income	293,718
Salaried - Interest, Dividends, and Other Income	285,360
Salaried - Investment Income	<u>674,566</u>
Total Investment Income	<u><u>2,663,115</u></u>
Per Callan Report:	
Investment Returns	<u><u>2,663,176</u></u>
Net Difference	<u><u>(61)</u></u> **

** 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 December 31, 2016**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU	-	-	(323,598)	(323,598)
Boston Partners - IBEW	-	-	(37,279)	(37,279)
Boston Partners - Salaried	-	-	(109,213)	(109,213)
S&P 500 Index - ATU	-	(250,612)	-	(250,612)
S&P 500 Index - IBEW	-	(28,278)	-	(28,278)
S&P 500 Index - Salaried	-	(43,168)	-	(43,168)
Atlanta Capital - ATU	(242,374)	-	-	(242,374)
Atlanta Capital - IBEW	(24,357)	-	-	(24,357)
Atlanta Capital - Salaried	(80,132)	-	-	(80,132)
Total Payments from/(to) the District	<u>(346,863)</u>	<u>(322,058)</u>	<u>(470,090)</u>	<u>(1,139,011)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	(470,090)	(470,090)
S&P 500 Index	-	(322,058)	-	(322,058)
Atlanta Capital	(346,863)	-	-	(346,863)
Total Transfers In/(Out) of Investment Funds	<u>(346,863)</u>	<u>(322,058)</u>	<u>(470,090)</u>	<u>(1,139,011)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,139,011)</u>
Net Difference				<u>-</u>

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

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU				(323,598)	(323,598)
Boston Partners - IBEW				(37,279)	(37,279)
Boston Partners - Salaried	-	-	-	(109,213)	(109,213)
S&P 500 Index - ATU			(563,941)	(250,612)	(814,553)
S&P 500 Index - IBEW			(75,751)	(28,278)	(104,029)
S&P 500 Index - Salaried			102,128	(43,168)	58,960
Atlanta Capital - ATU/IBEW	-	(450,701)	-	-	(450,701)
Atlanta Capital - ATU			(234,429)	(242,374)	(476,803)
Atlanta Capital - IBEW			(25,776)	(24,357)	(50,133)
Atlanta Capital - Salaried			-	(80,132)	(80,132)
EAFE - ATU			(6,178,332)	-	(6,178,332)
EAFE - IBEW			(2,258,554)	-	(2,258,554)
EAFE - Salaried			(3,764,715)	-	(3,764,715)
AQR - ATU			6,178,332	-	6,178,332
AQR - IBEW			2,258,554	-	2,258,554
AQR - Salaried			3,764,715	-	3,764,715
DFA - Salaried	189,655	262,195	137,839	-	589,689
Metropolitan West - ATU/IBEW	(639,700)	(496,034)	-	-	(1,135,734)
Metropolitan West - ATU			(248,710)	-	(248,710)
Metropolitan West - IBEW			(29,127)	-	(29,127)
Total Payments from/(to) the District	<u>(450,045)</u>	<u>(684,540)</u>	<u>(937,767)</u>	<u>(1,139,011)</u>	<u>(3,211,363)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/16**

	1 Year		1 Year			3 Years		3 Years		
	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	
Boston Partners										
Investment Returns	5,661,029	100.00%					8,283,684	100.00%		
Investment Expenses	(218,785)	3.86%					(637,848)	7.70%		
Net Gain/(Loss)	5,442,244	96.14%	14.13%	17.34%	(321.00)		7,645,836	92.30%	6.72%	8.59%
										(187.00)
S&P 500										
Investment Returns	4,676,400	100.00%					10,041,242	100.00%		
Investment Expenses	(51,625)	1.10%					(89,930)	0.90%		
Net Gain/(Loss)	4,624,775	98.90%	11.98%	11.96%	2.00		9,951,312	99.10%	8.89%	8.87%
										2.00
Atlanta Capital										
Investment Returns	3,843,137	100.00%					5,326,839	100.00%		
Investment Expenses	(178,487)	4.64%					(486,301)	9.13%		
Net Gain/(Loss)	3,664,650	95.36%	18.23%	21.31%	(308.00)		4,840,538	90.87%	8.19%	6.74%
										145.00
JPMorgan										
Investment Returns	421,328	100.00%					(1,081,898)	100.00%		
Investment Expenses	(122,129)	28.99%					(436,379)	-40.33%		
Net Gain/(Loss)	299,199	71.01%	1.18%	1.00%	18.00		(1,518,277)	140.33%	-1.93%	-1.60%
										(33.00)
EAFE										
Investment Returns	(52,877)	100.00%					(1,258,838)	100.00%		
Investment Expense	(14,843)	-28.07%					(56,975)	-4.53%		
Net Gain/(Loss)	(67,720)	128.07%	1.27%	1.00%	27.00		(1,315,813)	104.53%	-1.38%	-1.60%
										22.00
Brandes										
Investment Returns	(2,281)	100.00%					(4,002)	100.00%		
Investment Expenses	-	0.00%					-	0.00%		
Net Gain/(Loss)	(2,281)	100.00%	N/A	N/A	N/A		(4,002)	100.00%	N/A	N/A
										N/A
AQR										
Investment Returns	(293,966)	100.00%					(293,966)	100.00%		
Investment Expenses	(48,125)	-16.37%					(48,125)	-16.37%		
Net Gain/(Loss)	(342,091)	116.37%	N/A	N/A	N/A		(342,091)	116.37%	N/A	N/A
										N/A
DFA										
Investment Returns	1,401,531	100.00%					(732,018)	100.00%		
Investment Expense	(84,183)	6.01%					(230,636)	-31.51%		
Net Gain/(Loss)	1,317,348	93.99%	12.30%	11.60%	70.00		(962,654)	131.51%	-1.79%	-2.19%
										40.00
Metropolitan West										
Investment Returns	2,445,606	100.00%					8,517,851	100.00%		
Investment Expenses	(240,617)	9.84%					(744,186)	8.74%		
Net Gain/(Loss)	2,204,989	90.16%	2.58%	2.65%	(7.00)		7,773,665	91.26%	2.94%	3.03%
										(9.00)
Total Fund										
Investment Returns	18,099,907	100.00%					28,798,894	100.00%		
Investment Expenses	(958,794)	5.30%					(2,730,380)	9.48%		
Net Gain/(Loss)	17,141,113	94.70%	7.26%	7.49%	(23.00)		26,068,514	90.52%	3.68%	4.15%
										(47.00)

CPI: 2.07%
Core CPI: 2.20%

1.20%
2.00%

**Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: October 1, 2016 to December 31, 2016**

Transfers:

Employee #	Transferred From Position	Transferred To Position	Transferred From ATU or IBEW	Transferred To ATU or IBEW	Plan Assets Transferred To/(From) Salaried Plan	Plan Assets Transferred To/(From) ATU or IBEW Plan
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N/A

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
349	Transportation Supervisor	AFSC	10/01/2016
2562	Sr. Facilities Specialist	AFST	10/01/2016
587	Bus Operator	ATU	10/06/2016
3079	Facilities Service Worker	IBEW	11/01/2016
3948	Survivor	AEA	11/01/2016
3154	Bus Operator	ATU	11/02/2016
1651	Term Vested	AEA	12/01/2016
701	Transit Fare Inspector	ATU	12/01/2016
398	Light Rail Operator	ATU	12/01/2016
2982	Bus Operator	ATU	12/01/2016
2664	Light Rail Operator	ATU	12/17/2016
524	Bus Operator	ATU	12/17/2016
387	Bus Operator	ATU	12/24/2016

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	03/22/17	Retirement	Action	02/11/17

Subject: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)

ISSUE

Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)

FISCAL IMPACT

None

DISCUSSION

In accordance with California Government Code Section 7504, the Retirement Plans are required to have an annual audit performed. Crowe Horwath LLC conducted the Plans' audit in accordance with generally accepted auditing standards. The standards require that the auditors plan and perform the audit to obtain reasonable assurance that the Plans' financial statements are free of material misstatements.

For the fiscal year ended June 30, 2016, the investment assets for the ATU, IBEW and Salaried Plans were combined into one commingled investment portfolio. The balance of investments owned by the ATU, IBEW and Salaried Plans are calculated based on a percentage of ownership as determined by the ATU, IBEW and Salaried Plans' custodian.

The financial results are shown on a comparative basis. As noted in the report (Attachment 1), the combined net position held in trust for pension benefits decreased \$3,350,315 or 1.38% from the beginning of year balance of \$246,702,354 to the end of year balance of \$243,352,039. The audit confirmed that the District made 100% of its actuarially determined contribution of \$18,024,056.

Please note that as of the balance sheet date of June 30, 2016 the ATU and IBEW Plans were still reported as a combined Plan. Beginning with fiscal year 2017 there will be separate reporting for the ATU and IBEW Plans.

Approved:

Presented:

FINAL 03/08/17

Chief Financial Officer, Acting

Senior Accountant

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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

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

Amalgamated Transit Union Local 256

Ralph Niz, Chairperson
Corina De La Torre, Member
Steve Muniz, Alternate

International Brotherhood of Electrical Workers Local 1245

Eric Ohlson, Chairperson
Lorrin Burdick, Member
Stevie Gallow, Alternate

Administrative Employees Association

James Drake, Chairperson
Russel Devorak, Member
Sue Robison, Alternate

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

Charles Mallonee, Chairperson
Rob Hoslett, Member
Tim Kent, Alternate

Management and Confidential Employees

Alane Masui, Chairperson
Roger Thorn, Member
Olga Sanchez-Ochoa, Alternate

Sacramento Regional Transit District

Andy Morin, Common Chairperson
Michael R. Wiley, Member
Steve Hansen, Alternate

Assistant Secretary

Donna Bonnel, Director of Human Resources

Legal Counsel

Shayna M. van Hoften, Partner
Anne C. Hydorn, Partner
Hanson Bridgett

Finance Department

Brent Bernegger, Chief Financial Officer, Acting
Jamie Adelman, Senior Accountant

Human Resources Department

Valerie Weekly, Pension and Retiree Services Administrator

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the ATU/IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plans' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the ATU/IBEW Plan and the Salaried Plan for Sacramento Regional Transit District Employees as of June 30, 2016, and the respective changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ATU/IBEW Plan's and the Salaried Plan's basic financial statements. The accompanying supplemental Schedules of Investment and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying Schedules of Investment and Administrative Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Investment and Administrative Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 18, 2016

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

**STATEMENT OF PLAN NET POSITION
JUNE 30, 2016**

	<u>ATU/IBEW</u>	<u>Salaried</u>	<u>Total</u>
Assets			
Investments:			
Equity securities	\$ 104,654,815	\$ 49,118,441	\$ 153,773,256
Fixed income securities	65,711,732	26,721,665	92,433,397
Total investments	<u>170,366,547</u>	<u>75,840,106</u>	<u>246,206,653</u>
Cash and short-term investments	4,559,094	2,004,465	6,563,559
Receivables			
Securities sold	2,571,938	1,054,136	3,626,074
Interest and dividends	272,803	114,090	386,893
Other receivables and prepaids	28,758	164,130	192,888
Total receivables	<u>2,873,499</u>	<u>1,332,356</u>	<u>4,205,855</u>
Total assets	<u>177,799,140</u>	<u>79,176,927</u>	<u>256,976,067</u>
Liabilities			
Securities purchased payable	9,037,058	3,720,412	12,757,470
Accounts payable	747,062	119,496	866,558
Total liabilities	<u>9,784,120</u>	<u>3,839,908</u>	<u>13,624,028</u>
Net position restricted for pension benefits	<u>\$ 168,015,020</u>	<u>\$ 75,337,019</u>	<u>\$ 243,352,039</u>

(Schedules of Changes in the Net Pension Liability and Related Ratios for the Plans are presented on pages 25 and 26.)

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

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

**STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

	<u>ATU/IBEW</u>	<u>Salaried</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 10,447,190	\$ 7,576,866	\$ 18,024,056
Member	54,714	21,014	75,728
Total contributions	<u>10,501,904</u>	<u>7,597,880</u>	<u>18,099,784</u>
Investment income/(expense):			
Net depreciation in fair value of investments	(2,920,947)	(1,169,412)	(4,090,359)
Interest, dividends, and other income	2,537,731	1,097,799	3,635,530
Investment expenses	<u>(738,201)</u>	<u>(324,943)</u>	<u>(1,063,144)</u>
Net investment income/(expense)	<u>(1,121,417)</u>	<u>(396,556)</u>	<u>(1,517,973)</u>
Total additions	<u>9,380,487</u>	<u>7,201,324</u>	<u>16,581,811</u>
Deductions			
Benefits paid to participants	13,180,874	6,190,981	19,371,855
Administrative expenses	290,647	269,624	560,271
Total deductions	<u>13,471,521</u>	<u>6,460,605</u>	<u>19,932,126</u>
Net increase/(decrease) in plan net position	(4,091,034)	740,719	(3,350,315)
Net position restricted for pension benefits - Beginning of fiscal year	<u>172,106,054</u>	<u>74,596,300</u>	<u>246,702,354</u>
Net position restricted for pension benefits - End of fiscal year	<u>\$ 168,015,020</u>	<u>\$ 75,337,019</u>	<u>\$ 243,352,039</u>

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

1. DESCRIPTION OF THE PLANS

ATU/IBEW Plan

The Retirement Plan for Sacramento Regional Transit District Employees who are Members of Amalgamated Transit Union (ATU) Local 256 and International Brotherhood of Electrical Workers (IBEW) Local 1245 (the ATU/IBEW Plan) is a single employer defined benefit pension plan covering contract employees of Sacramento Regional Transit District (the District). Participants should refer to their respective plan agreements for more complete information. The ATU Plan and the IBEW Plan are accounted for by the District as one Plan (collectively, the ATU/IBEW Plan). The ATU/IBEW Plan is reported as a pension trust fund in the District's financial statements.

Salaried Plan

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

Plan Tier Definition – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act, a new tier was created in both the ATU/IBEW and Salaried Plans (Tier 2). The Tier effective date was directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of December 30, 2014, the ATU, IBEW, and AFSCME-Technical unions were bound by a current MOU. Whereas, the AEA, MCEG, and AFSCME-Supervisors had not settled negotiations and were not bound by a current MOU; therefore, PEPRAs were required to be implemented for these groups.

- ATU, IBEW, and AFSCME-Technical – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.
- AEA, MCEG, and AFSCME-Supervisors – Tier 1 consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.

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

PEPRA Employees

The Public Employees' Pension Reform Act (PEPRA) of 2013 created new pension rules for employees hired after January 1, 2013. 'PEPRA employees' were hired under both the ATU/IBEW Plan and the Salaried Plan and the employees are required to contribute 50% of the normal cost of their plan. The benefits under PEPRA were reduced in an effort to reduce the pension liability of local agencies in the state of California.

On October 4, 2013 Assembly Bill 1222 provided a temporary exemption to the January 1, 2013 PEPRA law for employees of transit agencies. Along with changes to employee retirement benefits, this exemption eliminated employee contributions through January 1, 2015. Therefore all contributions received were refunded in November 2013 and the employees hired between January 1, 2013 and October 4, 2013 were included in the Tier 1 Plans. On September 28, 2014 Assembly Bill 1783 was signed by Governor Brown which extended the District's and the Plans' PEPRA exemption to January 1, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

1. DESCRIPTION OF THE PLANS (Continued)

On December 30, 2014 a court ruling was released in which PEPRA became a requirement for transit agencies in the state of California. The ruling indicated that if a bargaining group was within a current MOU, PEPRA would not apply until the expiration of said MOU. As of December 30, 2014, the ATU, IBEW, and AFSCME-Technical groups were under a current MOU. For all other employee groups not under current contract (MCEG, AEA, and AFSCME-Supervisors), PEPRA applied to all new hires as of December 30, 2014.

General Provisions ATU/IBEW and Salaried Plans

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

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

ATU/IBEW Plan membership for both Tier 1 and Tier 2, at June 30, 2016, consisted of:

Retirees and beneficiaries currently receiving benefits	530
Terminated members entitled to but not yet collecting benefits	41
Current active members	<u>730</u>
	<u><u>1,301</u></u>

Salaried Plan membership for both Tier 1 and Tier 2, as of June 30, 2016, consisted of:

Retirees and beneficiaries currently receiving benefits	242
Terminated members entitled to but not yet collecting benefits	41
Current active members	<u>244</u>
	<u><u>527</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

1. DESCRIPTION OF THE PLANS (Continued)

RETIREMENT BENEFITS

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

Table 1

TIER 1	ATU/IBEW Plan		Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
Employer Contribution	26.51%	26.51%	31.55%	31.55%	31.55%	31.55%
Employee Contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Vacation sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Sick leave sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Retirement Age Eligible and Multiplier	See Table 3	See Table 3	See Table 3	See Table 3	See Table 3	See Table 3
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

1. DESCRIPTION OF THE PLANS (Continued)

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

Table 2

TIER 2	ATU/IBEW Plan		Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	MOU	MOU	MOU	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	10 - 100%	10 - 100%	5 - 10% 6 - 30% 7 - 50% 8 - 70% 9 - 90% 10 - 100%	5 - 100%	5 - 100%	5 - 100%
Employer Contribution	23.51%	23.51% to 25.01%	28.55% to 30.05%	25.80%	25.80%	25.80%
Employee Contribution	3.0%	1.5% to 4.5%	1.5% to 4.5%	1/2 Normal Cost	1/2 Normal Cost	1/2 Normal Cost
Vacation sell back towards pension calculation	Allowable	Allowable	Allowable	Not Allowable	Not Allowable	Not Allowable
Sick sell back towards pension calculation	Allowable	Allowable	Allowable	Not Allowable	Not Allowable	Not Allowable
Retirement Age Eligible and Multiplier	See Table 4	See Table 4	See Table 4	See Table 4	See Table 4	See Table 4
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

1. DESCRIPTION OF THE PLANS (Continued)

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. The specific benefits for the ATU/IBEW and Salaried Plan Tier 1 and Tier 2 employees are outlined below in Table 3 and Table 4, respectively:

Table 3

Tier 1			
Employee Unions/ Groups	Age	Years of Service	Multiplier
ATU	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
IBEW	55-59	25-29 or more	2.00%
	60	30 or more	2.50%
Salaried (AEA, MCEG, and AFSCME)	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%

Table 4

Tier 2			
Employee Unions/ Groups	Age	Years of Service	Multiplier
ATU	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
IBEW	55-62	N/A	2.00%
	63	N/A	2.10%
	64	N/A	2.20%
	65	N/A	2.30%
	66	N/A	2.40%
AFSCME- Technical	67	N/A	2.50%
	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
AEA, MCEG, and AFSCME - Supervisors	59	29	2.40%
	60	30 or more	2.50%
	55	N/A	1.30%
	56	N/A	1.40%
	57	N/A	1.50%
	58	N/A	1.60%
	59	N/A	1.70%
	60	N/A	1.80%
	61	N/A	1.90%
	62	N/A	2.00%
63	N/A	2.10%	
64	N/A	2.20%	
65	N/A	2.30%	
66	N/A	2.40%	
67	N/A	2.50%	

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

1. DESCRIPTION OF THE PLANS (Continued)

The benefits for both Tier 1 and Tier 2 members begin at retirement and continue for the participant's life with no cost of living adjustment. The participant can elect to receive reduced benefits with continuing benefits to a beneficiary after death.

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

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

Administration – The ATU/IBEW Plan is administered by the ATU/IBEW Plan's Retirement Board. All expenses incurred in the administration of the ATU/IBEW Plan are paid by the ATU/IBEW Plan. The Salaried Plan is administered by the Salaried Plan's Retirement Boards. All expenses incurred in the administration of the Salaried Plan are paid by the Salaried Plan.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The ATU/IBEW and Salaried Plans have adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, as their source of accounting and reporting principles. The District's contributions to the ATU/IBEW and Salaried Plans are recognized in the period in which the contributions are due pursuant to formal commitments or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the ATU/IBEW and Salaried Plans' agreements.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

New Pronouncements – For the fiscal year ended June 30, 2016, the ATU/IBEW and Salaried Plans implemented GASB Statement 72, *Fair Value Measurement and Application*. Implementation of this statement has created additional investment disclosures; however, there was no impact on the basic financial statements.

There are currently no future pronouncements that will be applicable to the ATU/IBEW and Salaried Plans' financial statements.

3. CONTRIBUTION REQUIREMENTS

EMPLOYER CONTRIBUTIONS

The ATU/IBEW and Salaried Plans' funding policy provides for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method. During the fiscal year ended June 30, 2016, the District made 100% of the actuarially determined contributions to the ATU/IBEW and Salaried Plans of \$18,024,056, for all employees.

TIER 1 EMPLOYEES

For the fiscal year ended June 30, 2016, the actuarially determined rate for the ATU/IBEW Plan was 26.51% of covered payroll. For the fiscal year ended June 30, 2016, the actuarially determined rate for the Salaried Plan was 31.55% of covered payroll. No contributions are required by the ATU/IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

TIER 2 EMPLOYEES

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

ATU employees are required to contribute 3.00% of their annual salary. The employer portion of the actuarially determined rate for the ATU members was 23.51% of covered payroll for the fiscal year ending June 30, 2016. IBEW employees are required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. The employer portion of the actuarially determined rate for the IBEW members ranged from 23.51% to 25.01% of covered payroll for the fiscal year ending June 30, 2016. The total contribution by Tier 2 employees of the ATU/IBEW Plan for the fiscal year ended June 30, 2016 was \$54,714.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

3. CONTRIBUTION REQUIREMENTS (Continued)

AFSCME-Technical employees are required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. The employer portion of the actuarially determined rate for the AFSCME-Technical members ranged from 28.55% to 30.05% of covered payroll for the fiscal year ending June 30, 2016. Members of AEA, MCEG, and AFSCME-Supervisors are required to contribute 50% of normal cost which is currently 5.75% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME-Supervisors members was 25.80% of covered payroll for the fiscal year ending June 30, 2016. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2016 was \$21,014.

The PEPRA related contribution rate for June 30, 2016, was actuarially determined on April 20, 2015, using the member data from actuarial valuations of the ATU/IBEW and Salaried Plans as of June 30, 2014.

4. CASH AND INVESTMENTS

CASH AND SHORT-TERM INVESTMENTS

At June 30, 2016, the reported amount of cash and short-term investments of the ATU/IBEW and Salaried Plans was \$6,563,559. The amount was collateralized with securities held by the counterparty's trust department or agent in the District's name on behalf of the Retirement Plans.

INVESTMENTS

An annual Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans" (Policy), governs the ATU/IBEW and Salaried Plans' investments. This Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions. The Retirement Boards have the authority to amend the asset allocation targets as well as establish and amend investment policies. The following was the Plans' adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity Large Cap	32%
Domestic Equity Small Cap	8%
International Equity Developed Large Cap	14%
International Equity Developed Small Cap	5%
International Equity Emerging Markets	6%
Domestic Fixed Income	35%

For the years ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -0.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

INVESTMENT RISK FACTORS

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

INTEREST RATE RISK

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

The following table provides information about the interest rate risks associated with the ATU/IBEW and Salaried Plans' investments at June 30, 2016.

	Maturity in Years				Amount
	Less than 1	1 – 5	6 – 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ 1,089,677	\$ 452,552	\$ 5,092,203	\$ 6,634,432
Corporate Bonds	1,946,133	6,313,010	7,491,959	4,933,543	20,684,645
Municipal Bonds	-	-	462,901	277,339	740,240
U.S. Government Agency Obligations	-	661,410	798,333	23,336,561	24,796,304
U.S. Government Issued Obligations	1,570,536	18,841,122	3,115,509	4,901,890	28,429,057
Auto Loan Receivables	-	518,052	-	-	518,052
Credit Card Receivables	-	220,136	-	-	220,136
Asset-Backed Securities	-	-	1,273,142	9,137,389	10,410,531
Total	\$ 3,516,669	\$ 27,643,407	\$ 13,594,396	\$ 47,678,925	\$ 92,433,397

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

4. CASH AND INVESTMENTS (Continued)

COLLATERALIZED MORTGAGE OBLIGATIONS

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

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

CORPORATE DEBT – RANGE NOTES

Range notes are securities which pay two different interest rates depending on whether or not a benchmark index falls within a pre-determined range as structured per the note. If the benchmark index rate does not fall within the pre-determined range, the note will not earn the coupon rate for that time period. With this pre-determined range feature, range notes are highly sensitive to changes in interest rates. As of June 30, 2016, the ATU/IBEW and Salaried Plans held range notes with a value of \$389,597.

MORTGAGE PASS-THROUGH SECURITIES

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

ASSET-BACKED SECURITIES

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

CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The Plans must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2016, the ATU/IBEW and Salaried Plans held callable bonds with a value of \$5,381,862.

CREDIT RISK

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

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

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

For the fiscal year ending June 30, 2016, the ATU/IBEW and Salaried Plans were in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines which require a minimum overall portfolio quality rating and a minimum credit rating at the time of purchase.

The following table provides information on the credit ratings and fair value associated with the ATU/IBEW and Salaried Plans' investments as of June 30, 2016.

Investment Rating	Amount	Percentage of Portfolio
Not Applicable	\$ 153,773,258	62.46%
Not Rated	29,396,518	11.94%
Aaa	36,966,595	15.01%
Aa1	560,218	0.23%
Aa2	1,126,331	0.46%
Aa3	355,785	0.14%
A1	1,987,906	0.81%
A2	2,425,477	0.99%
A3	4,877,036	1.98%
Baa1	3,921,304	1.59%
Baa2	3,580,644	1.45%
Baa3	2,364,999	0.96%
Ba1	785,010	0.32%
Ba2	620,450	0.25%
Ba3	1,198,809	0.49%
B1	570,760	0.23%
B2	81,822	0.03%
B3	134,413	0.05%
Caa3	439,445	0.18%
Ca	7,134	0.00%
WR	1,032,739	0.42%
	\$ 246,206,653	100.00%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

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

The investment policies of the ATU/IBEW and Salaried Plans state that an investment in each domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2016, the ATU/IBEW and Salaried Plans did not have domestic or international equity fund managers' investments in a single issuer that exceeded 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2016, the Plans held more than 5% of the Plans' investments and fiduciary net position in the following fixed-income securities investments:

Federal Home Loan Bank	\$ 12,384,797
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CUSTODIAL CREDIT RISK

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

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

FOREIGN CURRENCY RISK

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

At June 30, 2016, the U.S. dollar balances organized by investment type and currency denominations for the ATU/IBEW and Salaried Plans are as follows:

Foreign Currency	U.S. Dollars
Swiss Franc	\$ 6,108
EURO	429
Japanese Yen	104
Total	\$ 6,641

Fair Value Measurements

The ATU/IBEW and Salaried Plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The ATU/IBEW and Salaried Plans had the following recurring fair value measurements as of June 30, 2016:

	06/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Collateralize mortgage obligations	\$ 6,634,432	\$ -	\$ 6,634,432	\$ -
Corporate bonds	20,684,645	-	20,684,645	-
Municipals	740,240	-	740,240	-
U.S. Government Agency obligations	24,796,304	-	24,796,304	-
U.S. Government issued obligations	28,429,057	28,429,057	-	-
Asset backed obligations	10,410,531	-	10,410,531	-
Other debt securities	738,188	-	738,188	-
Equity securities	-			
Common stock	57,798,157	57,798,157	-	-
Depository receipts	609,755	609,755	-	-
Real estate investment trust	390,976	390,976	-	-
Total investments by fair value level	151,232,285	\$ 87,227,945	\$ 64,004,340	\$ -
Investments measured at the net asset value (NAV)				
S&P 500 index fund	40,604,536			
MSCI EAFE index fund	20,550,873			
International equity fund	21,281,757			
International emerging markets fund	12,537,202			
Total investments measured at NAV	94,974,368			
Total investments measured at fair value	\$ 246,206,653			

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

4. CASH AND INVESTMENTS (Continued)

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

Investment measured at the net asset value (NAV)

	06/30/2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
S&P 500 index fund ⁽¹⁾	\$ 40,604,536	\$ 40,604,536	\$ -	Daily	1 day
MSCI EAFE index fund ⁽²⁾	20,550,873	20,550,873	-	Semi-monthly	6-8 days
International equity fund ⁽³⁾	21,281,757	21,281,757	-	Daily	1 day
International emerging markets fund ⁽⁴⁾	12,537,202	12,537,202	-	Daily	1 day
Total investments measured at the NAV	<u>\$ 94,974,368</u>	<u>\$ 94,974,368</u>	<u>\$ -</u>		

1. S&P 500 index fund. This type includes an investment in a S&P 500 index fund that invests to match the S&P 500® Index. The S&P 500 is made up of primarily U.S. common stocks. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The NAV per unit of the investment are determined each business day. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.

2. MSCI EAFE index fund. This type includes an investment in the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE) Index fund that invest to approximate as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term. The MSCI EAFE Index is made up of primarily International stocks. The per unit NAV of the fund is determined as of the last business day of each month and at least one other business day during the month. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.

3. International equity fund. This type includes an investment in an International Equity Fund that seeks total return from long-term capital growth and income, while attempting to outperform the MSCI EAFE Index over a market cycle, gross of fees. The fair value of the investment in this type has been determined using the NAV per unit of the investment. Issuances and redemptions of fund shares can be performed on any business day, based on the closing market value on the valuation date of the purchase or sale.

4. International emerging markets fund. This type invests substantially all of its assets in the Emerging Market Series. The Emerging Market Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development), authorized for investment by the Advisor's Investment Committee. As a non-fundamental policy, under normal circumstances, the Emerging Markets Series will invest at least 80% of its net assets in emerging markets investments that are defined in the Prospectus as Approved Market securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investors may purchase or redeem shares of the fund on any business day.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

5. NET PENSION LIABILITY

ATU/IBEW Plan

The components of the net pension liability of the ATU/IBEW Plan at June 30, 2016, were as follows:

Total pension liability	\$ 238,762,921
Plan fiduciary net position	(168,015,020)
ATU/IBEW net pension liability	<u>\$ 70,747,901</u>
Plan fiduciary net position as a percentage of the total pension liability	70.37%

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.15%
Salary increases	3.15%, plus merit component
Investment Rate of Return	7.50%, net of investment expense
Post-retirement mortality	Sex Distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	8.85%
Domestic Equity Small Cap	9.85%
International Equity Developed	9.55%
International Equity Emerging	11.15%
Domestic Fixed Income	3.05%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

5. NET PENSION LIABILITY (Continued)

The discount rate used to measure the Total Pension Liability was 7.50%. The discount rate was decreased during the fiscal year ended June 30, 2016 to 7.50% from 7.65%. The reduction is due to a review of potential investment returns over the next ten to twenty year horizon. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the ATU/IBEW Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (17 years remaining as of the July 1, 2015 actuarial valuation).

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

The following presents the net pension liability of the ATU/IBEW Plan, calculated using the discount rate of 7.50 percent, as well as what the ATU/IBEW Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 263,781,397	\$ 238,762,921	\$ 217,400,628
Plan fiduciary net position	(168,015,020)	(168,015,020)	(168,015,020)
Net pension liability	\$ 95,766,377	\$ 70,747,901	\$ 49,385,608
 Plan fiduciary net position as a percentage of the total pension liability	63.69%	70.37%	77.28%

Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2016, were as follows:

Total pension liability	\$ 121,090,442
Plan fiduciary net position	(75,337,019)
Salaried net pension liability	\$ 45,753,423
 Plan fiduciary net position as a percentage of the total pension liability	62.22%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

5. NET PENSION LIABILITY (Continued)

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.15%
Salary increases	3.15%, plus merit component
Investment Rate of Return	7.50%, net of investment expense
Post-retirement mortality	Sex Distinct RP-2000 Combined White Collar Mortality, 3 year setback for females

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Large Cap	8.85%
Domestic Equity Small Cap	9.85%
International Equity Developed	9.55%
International Equity Emerging	11.15%
Domestic Fixed Income	3.05%

The discount rate used to measure the Total Pension Liability was 7.50%. The discount rate was decreased during the fiscal year ended June 30, 2016, to 7.50% from 7.65%. The reduction is due to a review of potential investment returns over the next ten to twenty year horizon. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Salaried Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (17 years remaining as of the July 1, 2015 actuarial valuation).

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

5. NET PENSION LIABILITY (Continued)

The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 7.50 percent, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 135,273,142	\$ 121,090,442	\$ 109,059,306
Plan fiduciary net position	(75,337,019)	(75,337,019)	(75,337,019)
Net pension liability	\$ 59,936,123	\$ 45,753,423	\$ 33,722,287
 Plan fiduciary net position as a percentage of the total pension liability	55.69%	62.22%	69.08%

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

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

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

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

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

Notes to Schedule:

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

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

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SALARIED EMPLOYEES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016, 2015 AND 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service Cost	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Transfers In - ATU/IBEW Plan	-	-	174,166
Interest (includes interest on service cost)	8,807,953	8,434,365	7,978,675
Difference between expected and actual returns	(852,040)	(753,076)	-
Changes of assumptions	(680,161)	930,863	-
Benefit payments, including refunds of member contributions	<u>(6,190,981)</u>	<u>(5,502,144)</u>	<u>(5,664,400)</u>
Net change in total pension liability	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	<u>116,410,752</u>	<u>109,824,641</u>	<u>104,014,863</u>
Total pension liability - ending	<u>\$ 121,090,442</u>	<u>\$ 116,410,752</u>	<u>\$ 109,824,641</u>
Plan fiduciary net position			
Contributions - employer	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	21,014	261	1,678
Transfers in - ATU/IBEW Plan	-	-	174,166
Net investment income/(Expense)	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	<u>(269,624)</u>	<u>(194,209)</u>	<u>(176,367)</u>
Net change in plan fiduciary net position	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	<u>74,596,300</u>	<u>70,824,948</u>	<u>60,583,144</u>
Plan fiduciary net position - ending	<u>\$ 75,337,019</u>	<u>\$ 74,596,300</u>	<u>\$ 70,824,948</u>
Net pension liability - ending	<u>\$ 45,753,423</u>	<u>\$ 41,814,452</u>	<u>\$ 38,999,693</u>
Plan fiduciary net position as a percentage of the total pension liability	62.22%	64.08%	64.49%
Covered employee payroll	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
Net pension liability as a percentage of covered employee payroll	187.96%	181.63%	177.20%

Notes to Schedule:

- FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%
- FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study
- Beginning in FY2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 10,447	\$ 10,344	\$ 9,711	\$ 8,694	\$ 7,885	\$ 6,809	\$ 7,426	\$ 6,937	\$ 7,681	\$ 7,088
Contributions in relation to the actuarially determined contribution	10,447	10,344	9,711	8,694	7,885	6,809	7,426	6,937	7,681	7,088
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 39,996	\$ 37,950	\$ 38,858	\$ 37,110	\$ 38,558	\$ 38,343	\$ 43,626	\$ 44,916	\$ 44,718	\$ 42,897
Contributions as a percentage of covered-employee payroll	26.12%	27.26%	24.99%	23.43%	20.45%	17.76%	17.02%	15.44%	17.18%	16.52%

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

Notes to Schedule

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

Key methods and assumptions used to determine contribution rates:

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

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF DISTRICT CONTRIBUTIONS
SALARIED EMPLOYEES
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 7,577	\$ 7,335	\$ 6,609	\$ 5,800	\$ 4,580	\$ 3,718	\$ 4,269	\$ 3,820	\$ 4,132	\$ 3,694
Contributions in relation to the actuarially determined contribution	7,577	7,335	6,609	5,800	4,580	3,718	4,269	3,820	4,132	3,694
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 24,342	\$ 23,022	\$ 22,009	\$ 19,627	\$ 19,105	\$ 19,466	\$ 22,602	\$ 21,115	\$ 21,929	\$ 21,363
Contributions as a percentage of covered-employee payroll	31.13%	31.86%	30.03%	29.55%	23.97%	19.10%	18.89%	18.09%	18.84%	17.29%

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

Notes to Schedule

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

Key methods and assumptions used to determine contribution rates:

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

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report.

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

**SCHEDULE OF INVESTMENT RETURNS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
AND SALARIED EMPLOYEES
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-0.19%	3.25%	15.64%

Note: Information prior to 2014 was not available.

SUPPLEMENTAL SCHEDULES

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Investment Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 165,270
Boston Partners Investment Management	Asset Management	146,695
Atlanta Capital Management Co.	Asset Management	116,590
JP Morgan Investment Management, Inc.	Asset Management	106,183
SSgA MSCI EAFE	Asset Management	14,697
SSgA S&P 500	Asset Management	13,620
Callan Associates, Inc.	Investment Advisor	82,953
State Street Bank and Trust Company	Custodian Services	92,193
Total		<u><u>\$ 738,201</u></u>

Administrative Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Hanson Bridgett	Consulting Services	\$ 98,404
Sacramento Regional Transit District	Plan Administration	88,955
Cheiron EFI	Actuarial Services	67,099
AON Risk Services, Inc.	Fiduciary Insurance	28,978
CALAPRS	Dues & Training Course	3,250
Sacramento Occupational Medical Group	Medical Evaluation	1,128
Procurement Costs	Advertising Contracts	1,032
Information Services	Technical Support	414
Other	Misc	1,387
Total		<u><u>\$ 290,647</u></u>

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 72,795
Boston Partners Investment Management	Asset Management	64,609
Atlanta Capital Management Co.	Asset Management	51,366
JP Morgan Investment Management, Inc.	Asset Management	46,754
SSgA MSCI EAFE	Asset Management	6,472
SSgA S&P 500	Asset Management	5,999
Callan Associates, Inc.	Investment Advisor	36,447
State Street Bank and Trust Company	Custodian Services	40,501
Total		<u>\$ 324,943</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Hanson Bridgett	Consulting Services	\$ 98,404
Sacramento Regional Transit District	Pension Administration	76,488
Cheiron EFI	Actuarial Services	59,835
AON Risk Services, Inc.	Fiduciary Insurance	28,815
CALAPRS	Dues & Training Course	3,250
Media Outlets	Advertising Contracts	1,032
Information Services	Technical Support	414
Other	Miscellaneous	1,386
Total		<u>\$ 269,624</u>

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	03/22/17	Retirement	Action	02/11/17

Subject: Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)

ISSUE

Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2016 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Salaried Employees (AEA/AFSCME/MCEG). (Bernegger)

FISCAL IMPACT

None

DISCUSSION

The financial data for the annual State Controller's Public Retirement Systems Financial Transactions Report is prepared in accordance with California Government Code Section 7504. This statute requires all state and local retirement systems to annually submit audited financial statements of their Pension Plans to the State Controller's Office by the close of each calendar year. The State Controller's Public Retirement Systems Financial Transactions Report (Attachment 1) for the fiscal year ended June 30, 2016 was filed on December 19, 2016.

Approved:

Presented:

FINAL 03/08/17

Chief Financial Officer, Acting

Senior Accountant

**PUBLIC RETIREMENT SYSTEMS
FINANCIAL TRANSACTIONS REPORT**

COVER PAGE

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

SCO Reporting Year: **2016**

ID Number: **16383440511**

For the Fiscal Year Ended: 06/30/16 (MM/DD/YY)

Certification:

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

Fiscal Officer



Signature

CFO, Acting

Title

Brent Bernegger

Name (Please Print)

(916)557-4671

Telephone Number

12/19/16

Date

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

Please complete, sign, and mail this cover page to either address below.

Mailing Address:

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

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 740
Sacramento, CA 95816

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Public Retirement Systems Financial Transactions Report

General Information

Fiscal Year **2016** System ID **16383440511**

Mailing Address

Street1 Retirement Administrator
Street2 Email
City
State Zip Is Address Changed?

Report Prepared By

First Firm Name
Middle Initial Telephone
Last Fax No.
Title Email

Independent Auditor

Firm Name Street1
First Street2
Middle Initial City State Zip
Last Telephone
Email

Additional Information

Actuary/Actuary Firm
Date of Valuation Report Street1
Type of Plan Street2
P.O. Box
City State Zip
Telephone

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Annual Report - Statement of Plan Net Assets

Assets

Fiscal Year 2016

System ID 16383440511

Assets

Cash and Cash Equivalents	2,004,465
Receivables	
Contributions	0
Investments	1,168,226
Other	164,130
Investments, At Fair Value	
U.S. Government Obligations	15,386,974
International Bonds	0
Municipal Bonds	213,997
Domestic Corporate Bonds	6,193,148
Domestic Stocks	32,162,172
International Stocks	16,826,958
Mortgages	1,917,955
Real Estate	0
Venture Capital	0
Short Term Investments	0
Other Investments	3,138,902
Fixed Assets (Net of Accumulated Depreciation)	
Other Assets	
Total Assets	\$79,176,927

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Public Retirement Systems Annual Report - Statement of Plan Net Assets

Liabilities

Fiscal Year 2016

System ID 16383440511

Liabilities

Accounts Payable	119,496
Investment Purchases Payable	3,720,412
Accrued Expenses	
Other Liabilities	
Total Liabilities	\$3,839,908
Net Assets Available for Benefits	\$75,337,019

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Annual Report - Statement of Changes in Plan Net Assets

Additions

Fiscal Year 2016 **System ID** 16383440511

Contributions

Employer

General 7,576,866

Safety

Combined

Employee

General 21,014

Safety

Combined

Other

General

Safety

Combined

Investments

Interest 652,957

Dividends 440,321

Net Appreciation (Depreciation) in
Fair Value of Investments -1,169,412

Other Investment Revenue 4,522

(Investment Expense) -324,943

Other Revenue 0

Total Additions **\$7,201,325**

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Annual Report - Statement of Changes in Plan Net Assets

Deductions

Fiscal Year 2016
System ID 16383440511

Benefit Payments

Service Retirement

General	6,010,356
Safety	
Combined	

Disability

General	180,625
Safety	
Combined	

Other

General	
Safety	
Combined	

Member Refunds

General	
Safety	
Combined	
Administrative Expenses	269,625
Other Expenses	

Total Deductions \$6,460,606

Net Increase(Decrease) in Plan Assets \$740,719

Beginning of the Year Net Assets Held in Trust for Pension Benefits \$74,596,300

Adjustment 1

Adjustment 2

End of the Year Net Assets Held in Trust for Pension Benefits \$75,337,019

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Plan Membership

System ID: 16383440511 **Fiscal Year:** 2016

Employee Members

	System Status	Active		Inactive		Retired Members			Total
		Vested	Non-Vested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General Members									
Tier I	Open	197	47	41	218	6	0	18	527
Grand Total		197	47	41	218	6	0	18	527

Employer Members

	State	Counties	Cities	Special Districts	School Districts	Other	Total Members
Number of Agencies				1			1
Number of Members				527			527

Members' Annual Payroll

General Members	Annual Payroll
Tier I	\$24,342,000
Grand Total	<u>\$24,342,000</u>

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Contributions

System ID: 16383440511 **Fiscal Year:** 2016

Employer and Employee Rates - Recommended by Actuary

General Members

	Employer Rates			Employee Rates			
	Normal Cost	UAAL Amortization	Total	Age 25	Age 35	Age 45	Single Rate
Tier I	15.91	15.64	31.55				

Employer and Employee Rates - Adopted by Governing Body

General Members

	Employer Rates			Employee Rates			
	Normal Cost	UAAL Amortization	Total	Age 25	Age 35	Age 45	Single Rate
Tier I	15.91	15.64	31.55				

Contribution Amounts

Annual Required Contributions (ARC)	7,576,866
Contributions Made	\$7,576,866
Percentage of ARC Recognized (%)	100.0

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Plan Identifications

System ID: 16383440511 **Fiscal Year:** 2016

Economic Assumption Rates

Select Plan	SINGLE-EMPLOYER PLAN
Return on Investments	
Real Rate of Return	4.35
Inflation Component	3.15
Total	7.50
Salary Scale	
Merit, Longevity, and Productivity	1.55
Inflation Component	3.15
Total	4.70

Rate of Return - Optional

	1 Year	3 Year	5 Year
Dollar-Weighted Rate of Return			
Time-Weighted Rate of Return	-0.16	6.02	6.95

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Funding Position and UAAL Amortization Method

System ID: 16383440511

Fiscal Year: 2016

Funding Position

Valuation Date (MM/DD/YYYY)	07/01/2015
Name of Actuary	Cheiron, Inc
Actuarial Accrued Liability	114,862,997
Actuarial Value of Assets	73,912,395
Unfunded Actuarial Accrued Liability (UAAL)	\$40,950,602
Funded Ratio (Rounded To Nearest Tenth, Example: 99.9) (%)	64.3
Annual Covered Payroll (ACP)	24,342,000
UAAL as a Percentage of ACP (%)	168.2
Select the Method Used to Determine Actuarial Accrued Liability	Entry Age

UAAL Amortization

Select Method Used to Amortize the Total Unfunded Actuarial Liability	Level Percentage of Projected Covered Payroll
Total Unfunded Actuarial Liability Amortization period (In Years)	30
Years Remaining in Total Unfunded Actuarial Liability Amortization Period	17
Year Which the Total Unfunded Actuarial Liability is Expected to be Fully Amortized	2032

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
27	03/22/17	Retirement	Information	02/11/17

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 December 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 December 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). Under the Policy, the Boards meet at least once every eighteen (18) months with each investment manager to review the performance of the manager's investment, the manager's adherence to the Policy, and any material changes to the manager's organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity, (5) International Emerging Markets, and (6) 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 December 31, 2016, shown in Attachment 1, and answering any questions.

Approved:

Presented:

FINAL 03/08/17

Chief Financial Officer, Acting

Senior Accountant

Fixed Income Review TCW Core and Core Plus Strategies

FOURTH QUARTER 2016

PRESENTATION TO:

Sacramento Regional Transit District

MARCH 22, 2017

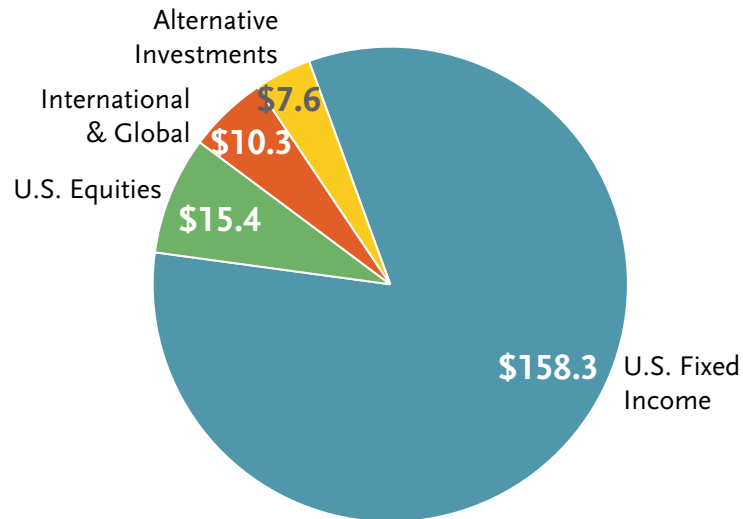
Presented by:

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

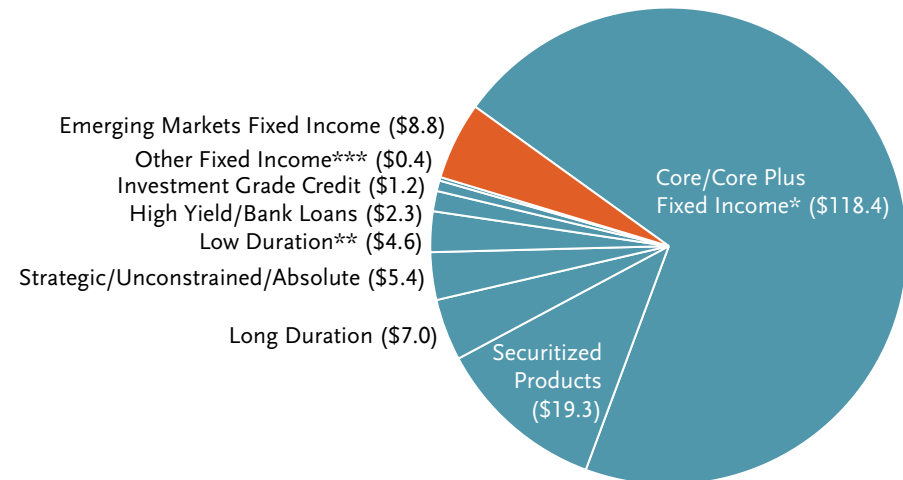
TCW Assets Under Management

AS OF DECEMBER 31, 2016

FIRM AUM: \$191.5 BILLION



TOTAL FIXED INCOME ASSETS: \$167.6 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.

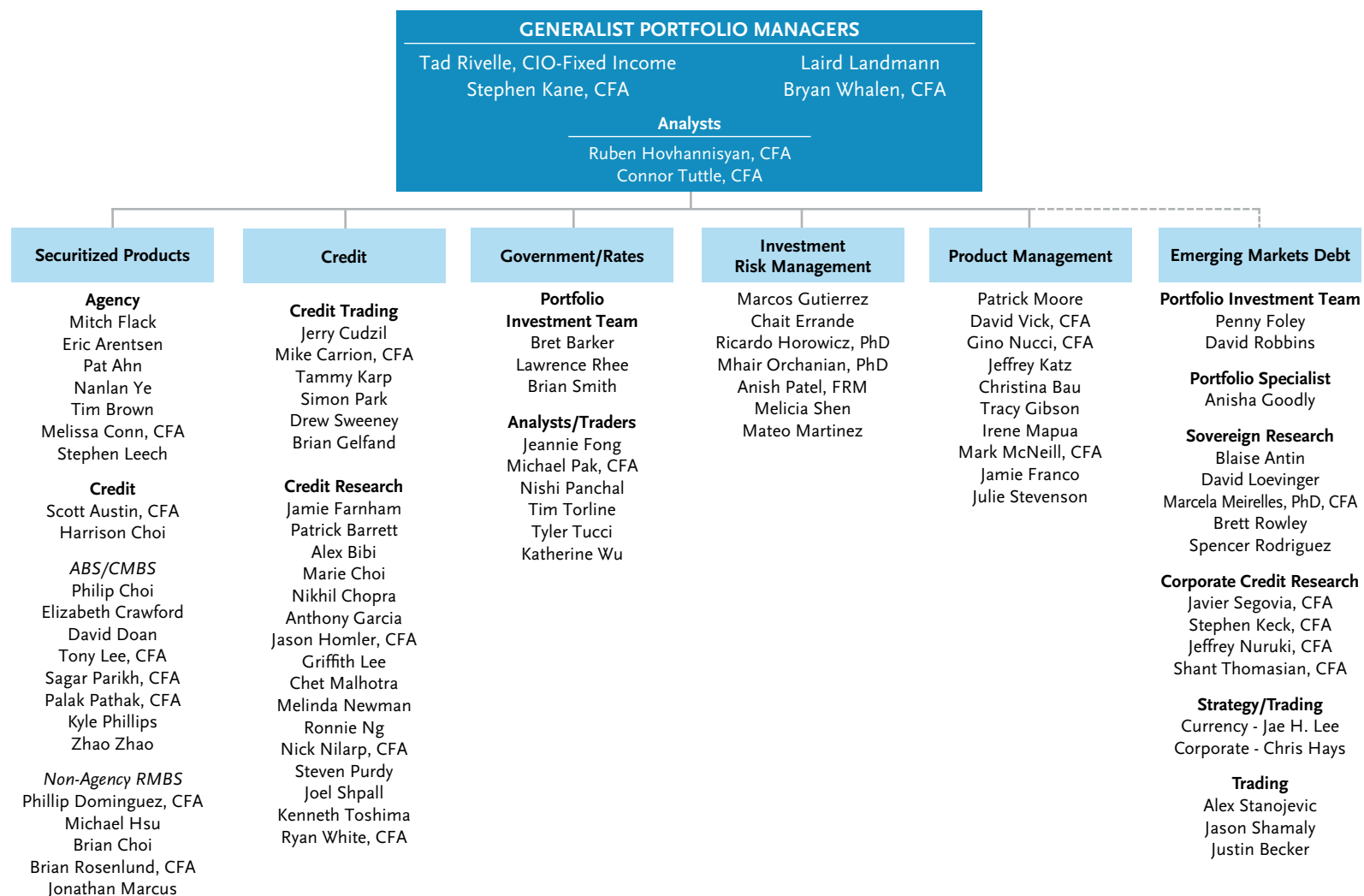
* Includes Core, Core Plus, Intermediate, and Opportunistic Core Plus Fixed Income.

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

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

Fixed Income Expertise

AS OF FEBRUARY 2017



Sacramento Regional Transit District - Contract Employees

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670) / BENCHMARK: BLOOMBERG BARCLAYS AGGREGATE
AS OF JANUARY 31, 2017

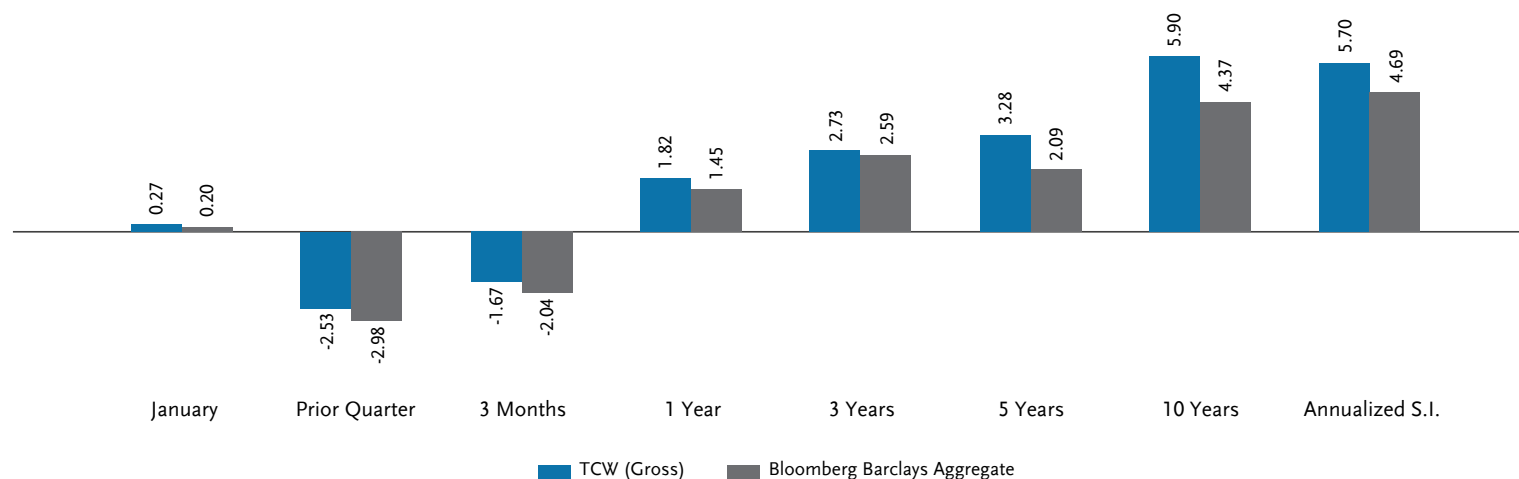
Executive Summary

Base Currency: US Dollar

Ending Market Value

86,730,399.52

Total Rate of Return (%)



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

Portfolio Characteristics

	Portfolio	Index
Yield To Worst	2.90%	2.61%
Duration	5.60 yrs	5.95 yrs
Spread Duration	3.98 yrs	3.87 yrs
Quality	AA	AA+
U.S. Government	35.69%	38.45%
Credit	24.83%	31.36%
Mortgage Backed	37.73%	29.73%
Asset Backed	6.68%	0.46%
Cash and Equivalents	(4.93)%	0.00%
Other	0.00%	0.00%

Sector Allocation Highlights

	Portfolio	Index
Mortgage Backed	37.73%	29.73%
Agency MBS	26.70%	28.02%
Non-Agency MBS	5.55%	0.00%
CMBS	5.48%	1.71%
Credit	24.83%	31.36%
Corporate Credit	23.15%	25.41%
Investment Grade	20.44%	25.41%
High Yield	2.71%	0.00%
Non Corp Credit	1.44%	3.98%
Non USD Developed	0.00%	0.00%
Emerging Markets	0.24%	1.97%
Other	0.00%	0.00%

4Q 2016 – Index Returns

Fixed Income	4Q 2016 Total Return	4Q 2016 Excess Return*	12 Month Total Return	12 Month Excess Return*	Yield-to-Maturity	OAS (bps)
Treasury	-3.8%	0.0%	1.0%	0.0%	1.9%	0
3 mo T-Bills	0.1%	0.0%	0.3%	0.0%	0.5%	6
1-3 Year	-0.5%	0.0%	0.9%	0.0%	1.2%	0
TIPS	-2.4%	0.0%	4.7%	0.0%	2.2%	-
Corporate	-2.8%	1.9%	6.1%	4.9%	3.4%	123
AA-Rated	-3.0%	1.1%	3.6%	2.5%	2.7%	76
BBB-Rated	-2.5%	2.2%	8.0%	6.8%	3.7%	154
High Yield	1.8%	4.1%	17.1%	15.7%	6.5%	409
Agency MBS	-2.0%	-0.4%	1.7%	-0.1%	2.8%	15
Commercial MBS	-3.0%	0.5%	3.3%	2.4%	2.8%	75
Asset Backed	-0.7%	0.0%	2.0%	0.9%	1.9%	59
Non U.S. Sovereign	-11.3%	-5.9%	1.9%	0.8%	0.6%	21
Emerging Markets	-4.5%	0.4%	9.4%	8.3%	5.4%	313

Source: Bloomberg Barclays

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

Equity	4Q 2016 Total Return	12 Month Total Return	Yield-to-Maturity	OAS (bps)
S&P 500	3.82%	11.95%	-	-
DJIA	8.66%	16.50%	-	-
NASDAQ	1.69%	8.97%	-	-

Source: Bloomberg

For period ending 12/31/16

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4Q 2016 – Core and Core Plus Performance Attribution

	Positioning	Market Action	Result
Duration	<p>Extended duration from 0.6 years shorter than the Index to approximately 0.3 years short as Treasury yields increased over the quarter</p>	<p>The 10-Year led the rise in Treasury yields, ending the quarter 85 bps higher at 2.45%, followed closely by the 5-Year yield up 78 bps to 1.93% and the 30-Year up 75 bps to end at 3.07%</p>	Positive
Yield Curve	<p>Underweight the long end with a slight preference for 5-Year maturities</p>	<p>The yield curve steepened by more than 30 bps between the 2-Year and the 30-Year, but flattened modestly between intermediate and long maturities</p>	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 Small underweight position in agency residential MBS versus the Index Overweight structured products including non-agency MBS, CMBS, and ABS 	<ul style="list-style-type: none"> Non-government sectors outperformed in the quarter, with the overall Aggregate Index ahead of Treasuries by nearly 40 bps Investment grade and high yield corporates outpaced Treasuries by approximately 185 and 407 bps, respectively, with nearly all sectors tightening during the quarter Agency MBS trailed Treasuries by nearly 40 bps as extension risk concerns kept investors on the sidelines Non-agency MBS led fixed income markets, while CMBS beat Treasuries but lagged the corporate sector and ABS underperformed 	Neutral
Issue Selection	<ul style="list-style-type: none"> Small overweight to financials, with an emphasis on large U.S. banks, insurance, and REITs Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors Emphasis on non-traditional ABS sectors such as student loans, with a modest position in other high quality ABS Preference for agency versus non-agency CMBS, with a small allocation to single asset single borrower deals Hold 3-month JGB T-bills, hedging Yen exposure with a dollar-yen cross-currency swap where allowed (see sector highlight) 	<ul style="list-style-type: none"> Financials trailed industrials and the broader corporate market, though insurance companies outperformed Uncertainty following the U.S. election weighed on emerging markets, though commodities outperformed on expectations for increased infrastructure spending and reduced regulation Government sponsored student loan ABS outpaced Treasuries as rating agencies neared the end of their review Non-agency CMBS and agency CMBS both benefitted from stronger sponsorship as yields increased over the quarter, outpacing Treasuries by nearly 70 and 10 bps, respectively, though agency CMBS remained weighed down by heavy issuance Market imbalances create opportunities to add additional yield above comparable U.S. T-bills 	Positive

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

2016 – Core and Core Plus Performance Attribution

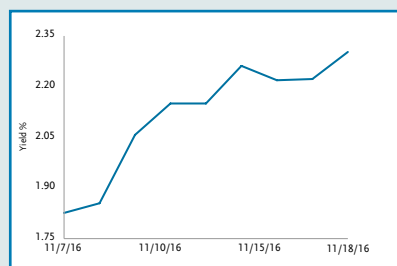
	Positioning	Market Action	Result
Duration	Remained defensive versus the benchmark through 2016, but extended duration from -0.7 to -0.3 years short as Treasury yields increased in the latter part of the year	Treasury rates fell during the first half of the year but increased with rising expectation for a Fed Funds rate hike, ending the year modestly higher	Neutral
Yield Curve	Equally underweight most parts of the curve early, followed by a growing preference for 5-Year maturities as risks to the long-end grew	The yield curve shifted up but was little changed as rates increased by 13 to 17 bps across short and intermediate rates, while the 30-Year was 5 bps higher	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 Small underweight position in agency residential MBS versus the Index Small reduction in overweight to structured products including non-agency MBS, CMBS, and ABS 	<ul style="list-style-type: none"> Non-government sectors generally outperformed for the year, with the overall Aggregate Index ahead of Treasuries by nearly 140 bps Investment grade and high yield corporates benefitted from the ongoing search for yield, outpacing Treasuries by 493 and 1,573 bps, respectively Agency MBS was the only sector to lag Treasuries on a duration-adjusted basis, weighed down by the sell-off in Treasuries late in the year as extension risk concerns kept investors on the sidelines Structured products held up well throughout the year, outperforming Treasuries, but lagged the corporate sector 	Small Positive
Issue Selection	<ul style="list-style-type: none"> Small overweight to financials, with an emphasis on large U.S. banks, insurance, and REITs Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors Hold substantial position in current pay, senior, non-agency MBS backed by subprime and alt-A loans Emphasis on non-traditional ABS sectors such as student loans, with a modest position in other high quality ABS Among CMBS, preference shifted from non-agency to agency-backed bonds Hold 3-month JGB T-bills, hedging Yen exposure with a dollar-yen cross-currency swap where allowed (see sector highlight) 	<ul style="list-style-type: none"> Financials underperformed the broader corporate market which was led by commodity-related industrial sectors Non-U.S. sovereign credit and commodity-related sectors outperformed as commodity prices rebounded from year-to-date lows in February Non-agency MBS, largely floating rate, held up well against rising rates, and continued to benefit from steady sponsorship and solid fundamentals, with an additional tailwind from bank settlements throughout the year Rating uncertainty in the FFELP student loan ABS space held back returns during the first half of the year, but the sector rebounded as rating actions began to materialize and proved to be less negative than anticipated Non-agency CMBS outpaced Treasuries by 320 bps as private label issuance for 2016 remained well below year-ago levels, while agency CMBS, up 100 bps versus duration-matched Treasuries, was weighed down by continued heavy issuance Market imbalances create opportunities to add additional yield above comparable U.S. T-bills 	Small Positive

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

4Q 2016 – Have We Entered an Economic Paradigm Shift?

- Before the U.S. presidential election, most analysts predicted that a surprise Trump victory would drive the stock market sharply lower. Instead, the expectation of increased growth and inflation fueled by potential fiscal stimulus, tax reform, and infrastructure spending by the new administration caused a general re-pricing across markets. What was a few months ago a largely consensus view of lackluster growth and low rates for the foreseeable future has now shifted to a more optimistic assessment of the U.S. economy.

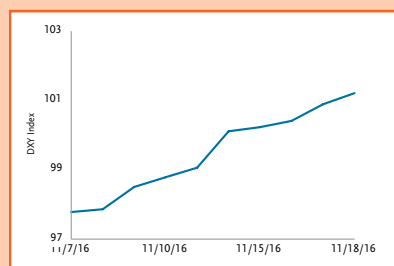
10-Year Treasury



10-Year Treasury yields had the largest one-day jump in more than three years immediately post-election and subsequently sold off over 60 basis points to end the year at 2.45%.

Rising yields reflect shifting expectations among investors of better growth, higher inflation, and potentially a faster pace of interest rate increases by the Federal Reserve, in contrast to the low rates and low growth narrative that has dominated market sentiment over the past several years.

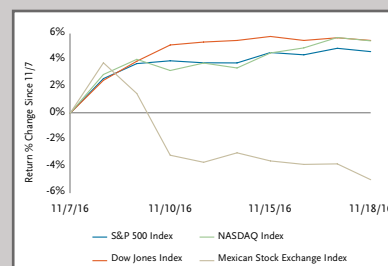
Dollar



The dollar surged higher in the wake of the election driven largely by higher inflation and interest rate expectations. The dollar climbed over 4% against a basket of currencies to 101.7, the highest level in over 10 years.

Higher inflation and interest rates in the U.S. would likely increase demand for U.S. dollar assets, particularly in light of divergent central bank policies abroad. However, a stronger dollar presents a significant headwind to U.S. growth.

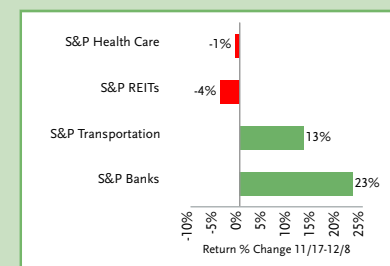
Equity Markets



Following the election results, equity markets rose on the expectation that potential fiscal stimulus, tax cuts, and deregulation, would lead to increased profits for U.S. corporations.

Equity markets outside of the U.S. however were down, underscoring concerns of a new protectionist U.S. policy approach.

Sector Winners & Losers



The election exposed potential winners and losers in the immediate aftermath. With expectations of decreased regulation, **banks** stand to benefit. However, interest rate sensitive sectors such as **REITs** stand to lose if yields continue to rise due to a rising fiscal deficit.

Infrastructure spending boosted construction-related stocks and transportation companies. **Transportation** companies listed on the S&P Index gained over 10%.

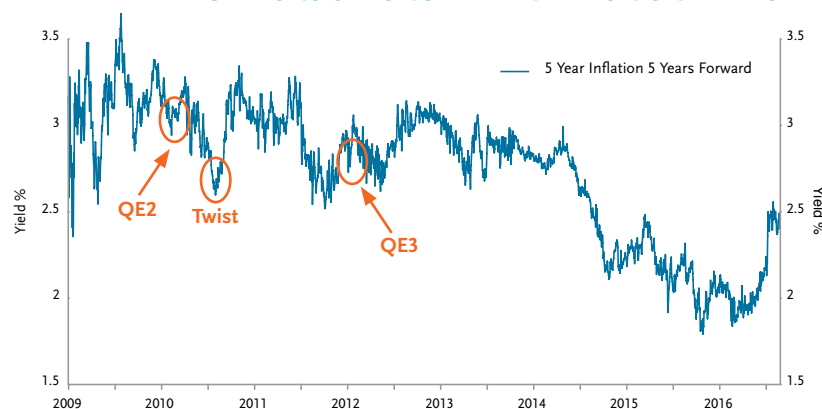
Meanwhile, **health-care** companies took a hit as concerns that repealing the ACA could mean less coverage for Medicaid/Exchange covered patients, leading to lower demand for health-care companies and providers.

Our View: The fundamental outlook for fixed income markets has not changed – we still see signs of late cycle excesses in the credit markets while central banks have little ability to lean against poor fundamentals given prevailing low rates. What was already a vulnerable environment is magnified by the significant uncertainty introduced by the election. Markets appear to have priced in only the most optimistic scenario for growth that could result from tax policy reform, deregulation, and increased fiscal stimulus. Meanwhile, the negative growth impact that could result from anti-trade and anti-immigration policies or the headwinds from a stronger dollar, higher rates, and increasing inflation has not been appropriately taken into account.

4Q 2016 – The Fed Delivered on Market Expectations

- On the basis of improvements in the labor market and core PCE inflation numbers that were trending toward 1.7% year-over-year, the Fed raised its target range for rates by 25 basis points in December, as was widely expected by the market. In what was viewed as a somewhat hawkish surprise, the Committee's median forecast now reflects three rate hikes in 2017, rather than two.
- Supporting the Fed's decision to hike rates in December, market expectations of long-term inflation have risen. One of the measures the Fed looks at to gauge market inflation sentiment is the 5 year inflation rate, 5 years from today. That measure has increased almost 70 basis points since the low in June this year and is back to the levels last seen in mid-2015. In its December statement, the Fed pointed to this increase, but noted that market-based measures of inflation expectations are still low.

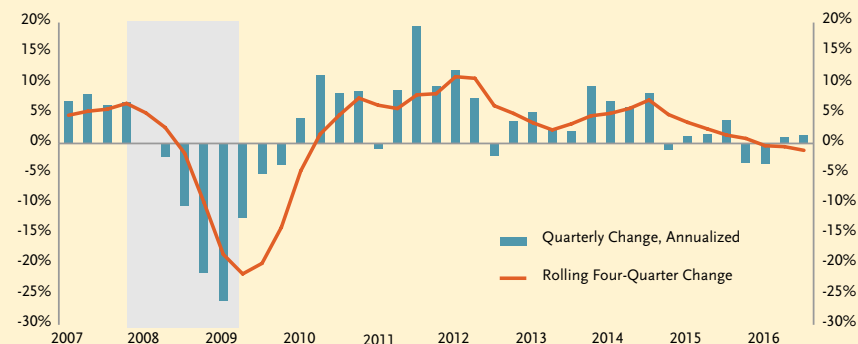
MARKET EXPECTATIONS OF LONG-TERM INFLATION ON THE RISE



Source: Bloomberg

- Economic growth reached 3.5% in the third quarter, supported mainly by consumer spending. However, data for the fourth quarter paints a weaker picture of the consumer as both personal income and spending were lower and wages and salaries were down 0.1%. Disappointing trade data appears to suggest that trade will be an additional drag on growth. The latest estimate from the Atlanta Fed's GDPNOW model projects 2.5% growth for the fourth quarter which, if accurate, implies that the economy only grew 2% in 2016.
- Looking ahead to 2017, one particularly worrying trend for growth prospects is the continued weakness in business fixed investment – spending on structures, equipment, software, and research and development, which has been on the decline since 2014. Initially the slowdown was attributed to a decline in oil-related investment as low oil prices hurt energy related producers, but non-oil related investment has also slowed. This dynamic could shift in 2017 should tax and regulatory policy changes incentivize investment.

CONTINUED WEAKNESS IN BUSINESS FIXED INVESTMENT



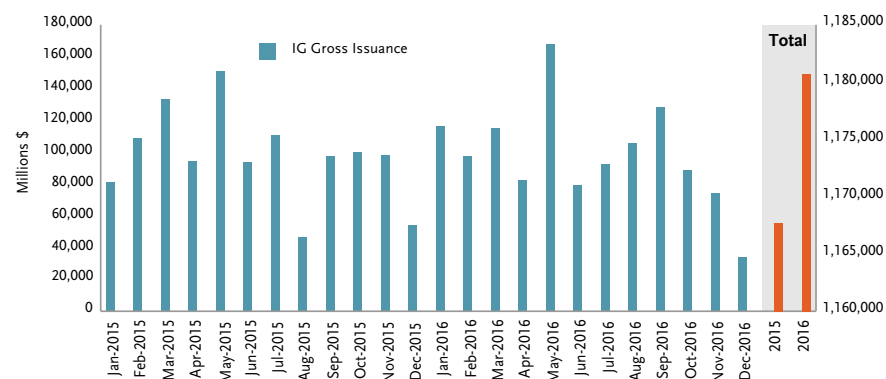
Source: Bureau of Economic Analysis

Our View: With signs that U.S. growth appears to have stabilized around 2%, expectations are for the continued normalization of rates in 2017. However, headwinds in the form of cycle-high debt levels, higher rates, a stronger dollar, and a pickup in inflation inform caution to the downside that could be exacerbated by a fiscal stimulus package that will add further to government debt levels. There is also the risk that the Fed hikes more aggressively than the market currently anticipates which would tighten financial conditions further and potentially precipitate a broader market deleveraging.

4Q 2016 – Investment Grade Credit Review and Outlook

- The bond market retreated considerably under the shadow of rising rates this quarter as expectations for improved growth and higher inflation that had been building since October accelerated post-election. Investment grade credit yields rose by 55 basis points with the sell-off in Treasuries. This led to a 3.0% decline in the Bloomberg Barclays Credit Index, though most sectors outpaced duration-matched Treasuries as credit spreads continued to narrow during the quarter.
- Notwithstanding the large negative return for the quarter, investment grade credit returned 5.6% for the year. Low rates fueled by supportive monetary policy drew a record \$1.2 trillion of corporate issuance in 2016, which was met by seemingly insatiable demand from yield seeking investors, both in the U.S. and abroad. Credit spreads narrowed across all sectors, but tightening was most pronounced in those that are economically sensitive or commodity dependent, recovering substantially from a very difficult 2015.

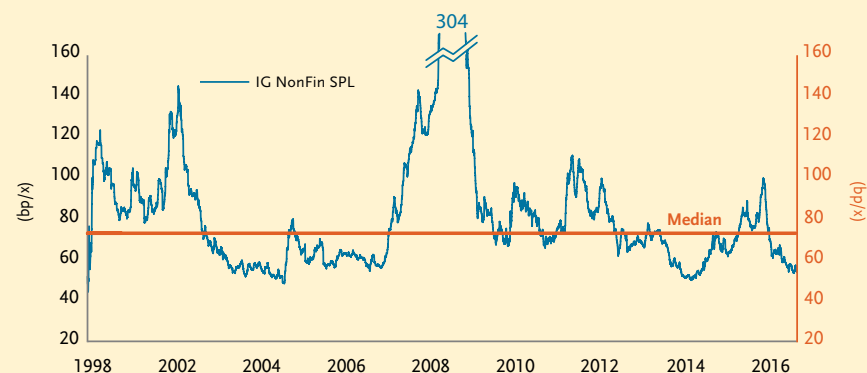
RECORD-BREAKING YEAR FOR INVESTMENT GRADE ISSUANCE



Source: JP Morgan

- Current valuations, however, still are not commensurate with fundamental risks that remain elevated. Leverage, a key indicator in the credit cycle, has reached record levels and has been relatively broad-based across credit markets, even excluding M&A activity. When leverage is factored into current spread levels, these risks become even more apparent, with compensation per unit of leverage now within reach of cycle highs. The sharp growth in debt, combined with relatively weak earnings over several quarters, has also driven a decline in interest coverage which has now dropped below pre-2007 levels for the first time this cycle.

IG SPREAD PER UNIT OF LEVERAGE (GROSS)



Source: Morgan Stanley

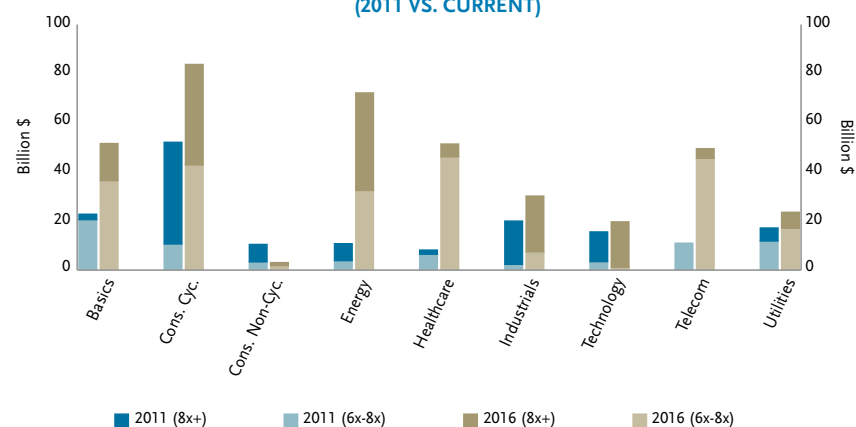
- Historically, the largest declines in leverage come after a credit cycle has ended. As such, it seems unlikely that improved growth at this point in the cycle would result in the corporate sector to de-lever gradually. Existing headwinds to profitability such as higher wages, weak productivity, and a stronger dollar argue for a more typical credit-event driven deleveraging. While higher rates may indicate a stronger economy, they may also raise overall borrowing costs which could spur more defaults and losses in 2017.

Our View: The prospect of improving U.S. growth, higher oil prices, and continued strong foreign demand for higher-yielding U.S. credit may provide the conditions to extend the cycle further but cannot prevent the inevitable. Rising leverage and deteriorating interest coverage, particularly in an environment of tightening financial conditions, may be difficult to offset. With rising uncertainty and the risk of market volatility, we are holding higher quality and relatively shorter duration securities, with an eye toward opportunities to add solid names when levels are attractive.

4Q 2016 – High Yield and Bank Loan Review and Outlook

- Since hitting lows in mid-February, the high yield bond market has rallied in nearly nonstop fashion. The asset class led fixed income with a total return of 1.8% in the fourth quarter and over 17% for the year, driven by CCC-rated bonds which posted over 30% returns in 2016. Even with post-U.S. election volatility, high yield spreads held in at 400 basis points over Treasuries. However, when adjusted for potential losses, yield spreads do not provide adequate compensation for the risks.
- Despite dropping modestly from the cycle peak in the third quarter, high yield gross leverage is still near historic highs and this aggregate statistic belies the underlying metrics. More specifically, the absolute size of the 'tail' in the high yield market (i.e., the weakest cohort, those credits with 6x or worse leverage) has more than doubled since 2011. Additionally, this trend has not just been concentrated in the energy space, but broadly across different sectors.

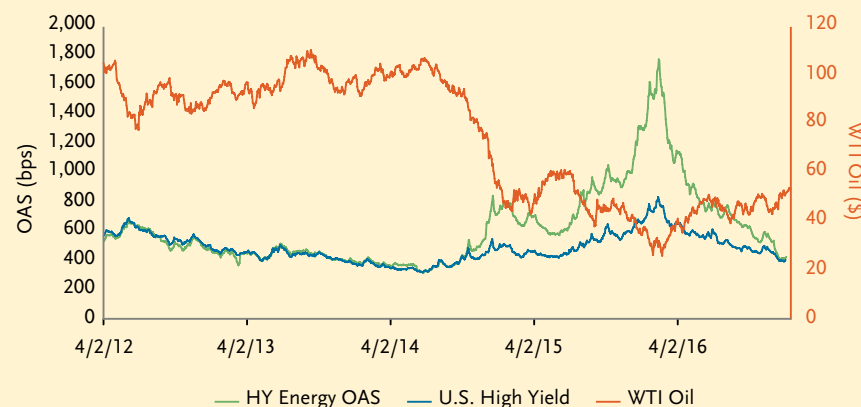
ALREADY HIGHLY LEVERED SECTORS TAKE ON ADDITIONAL LEVERAGE (2011 VS. CURRENT)



Source: Morgan Stanley

- While investors spent late 2015 and the better part of 2016 quoting high yield valuations in two distinct ways - high yield on the whole and high yield ex-energy - this distinction is no longer relevant. After the relentless rally in commodity paper, this cohort is now trading tighter than non-commodity high yield, a dynamic that hasn't occurred since June 2014 when oil was trading near \$100/bbl. Given that WTI Crude oil is now trading around \$50/bbl, caution is warranted in terms of downside potential for the sector.

HY AND HY-ENERGY SPREADS CONVERGING AT LOWER OIL PRICES



Source: Bank of America Merrill Lynch

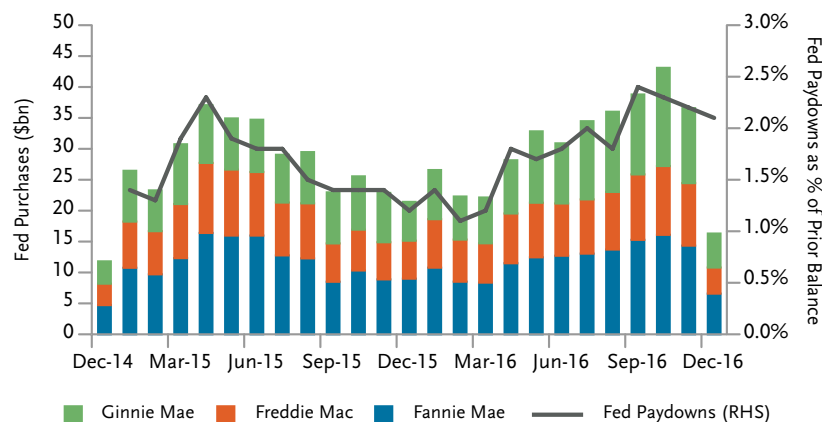
- The technical backdrop for leveraged finance has provided significant support for returns. High yield issuance was particularly light in the fourth quarter, due in part to holiday seasonality but also the sustained rise in Treasury yields which increased borrowing costs for most companies. Year-to-date issuance for developed market high yield was approximately \$236 billion, 20% below 2015's total. Meanwhile, demand was strong as reflected by inflows, markedly so for leveraged loan funds in view of a risk-on backdrop combined with investors seeking out floating rate paper amidst rising rates.

Our View: Mounting evidence that we are late in the credit cycle warrants an elevated degree of caution and a strict focus on fundamentals. While the timing is difficult to predict, valuations appear increasingly expensive. Nonetheless, we stand ready to capitalize on volatility in 2017 with sufficient liquidity to invest in opportunities, particularly in lower beta, higher quality names.

4Q 2016 – Agency MBS and CMBS Review and Outlook

- After four consecutive months of outperformance relative to Treasuries, the November sell-off in rates overtook year-to-date gains in agency MBS, resulting in a deficit of 11 basis points for the year. In November alone, the 30-year fixed mortgage rate rose steeply from roughly 3.7% to 4.1%, and ended December near 4.3%. While higher rates reduce the likelihood of increased prepayments and temper supply, a higher term structure of interest rates and the subsequent extension in MBS average lives are headwinds to performance.
- Potentially lower origination volumes should be supportive to agency MBS valuations, though less prepayments activity also reduces the Fed reinvestment demand and offsets much of the benefit of lower supply. While the Fed has said it would reduce MBS reinvestments once the hiking process was “well under way” it is possible that the market will begin pricing in a much earlier tapering. Currently, the Fed reinvests around \$40 billion per month, which could drop regardless as a result of slower prepayment speeds. However, an end to Fed support could significantly increase MBS supply.

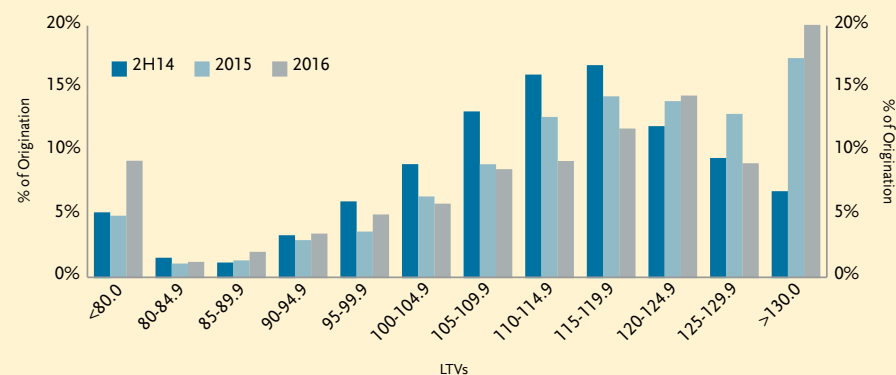
FED PAYDOWNS AND PURCHASES DECLINING



Source: Bloomberg, Barclays

- Similar to corporates, commercial MBS (CMBS) fell on a total return basis during the quarter, but outperformed duration-matched Treasuries and other securitized sectors as spreads tightened over the quarter and year. Despite a recent increase in supply, non-agency CMBS benefitted from declining issuance in 2016 while agency CMBS supply increased by over 18%. As rates increased during the quarter, both sectors benefitted from increased demand as yield buyers returned to the market.
- On the face of it, underwriting standards in the CMBS market seem to have improved, with smaller deal sizes having larger concentrations of higher quality loans, leading to better average LTVs. However, a closer look at the distribution of stressed LTVs within these smaller pools shows that issuers have sharply increased the incidence of “barbelling” within the pools, leading to large variations in loan qualities across collateral pools, increasing risks for the investor.

BARBELLING OF LTVs HAS BECOME MORE PROMINENT IN 2016, HIGHLIGHTING UNDERLYING RISKS



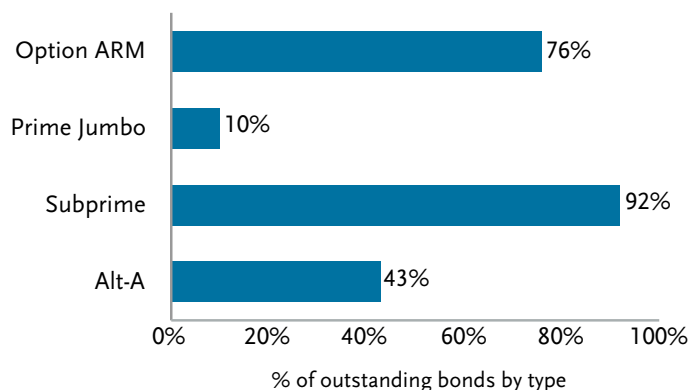
Source: JP Morgan, Moody's

Our View: Given the late stage in the cycle, the better liquidity characteristics and minimal credit risk of agency MBS remain attractive and while increased rate volatility poses challenges for the sector, wider spreads provide an opportunity. However, caution is warranted going forward given the potential for the Fed to taper reinvestments if projected interest rate hikes for 2017 materialize. Agency CMBS, and high-quality, single asset single borrower non-agency CMBS deals continue to offer good risk-adjusted returns though care must be taken in the CMBS market to avoid weaker deals.

4Q 2016 – Non-Agency MBS and ABS Review and Outlook

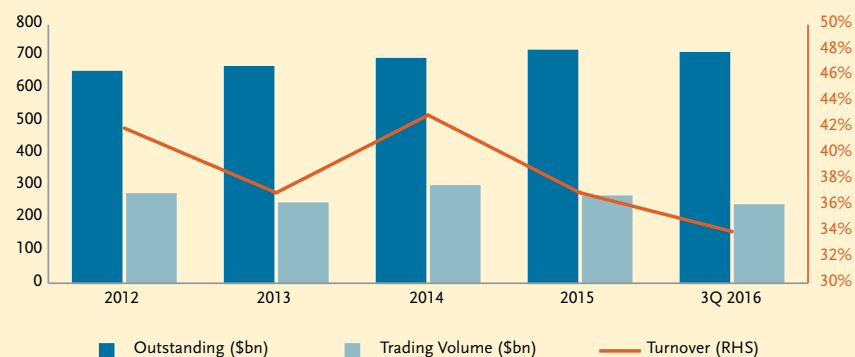
- The non-agency MBS market had another strong year with ongoing improvements across a variety of loan fundamentals. The sector continues to benefit from increasing home prices and faster loan amortization, as a larger portion of payments from seasoned borrowers are paying down principal. As a result, the borrowers' loan-to-value (LTV) ratio continues to improve, which has led to larger year-over-year voluntary prepayments than anticipated.
- Beyond improving fundamentals, the majority of non-agency MBS coupons are floating rate and indexed to LIBOR, providing a hedge against the risks associated with a rising rate environment. As short-term rates, including LIBOR, have risen over the quarter, non-agency MBS coupons have increased, resulting in higher yields for investors. Additionally, any increase in prepayment speeds as borrowers look to lock in still low fixed rates, benefits the sector as most non-agency MBS bonds are priced at a discount.
- Asset-backed securities (ABS) fell 0.7% and posted only 3 basis points in excess return versus Treasuries as rates rose over the quarter, but ended the year ahead of Treasuries by over 90 basis points. Floating rate student loans led the ABS sector with positive returns, including FFELP bonds which benefitted from the prospect of a near-term conclusion to the rating agency review of bonds at risk of extending due to income based repayment plans. Moody's has completed its review, with ~40% of the bonds on watch affirmed at AAA, and only 8% of the remainder downgraded to below investment grade.
- While ABS issuance in 2016 exceeded last year's total by over 5%, trading volumes fell year-over-year, raising concerns about market liquidity. With supply projected to continue growing in 2017 due to a large stock of maturing debt in the credit card sector, the declining presence of primary dealers and lack of robust trading volume may create hazardous conditions for investors who have been looking for liquidity and the safety of higher-quality collateral.

MAJORITY OF NON-AGENCY MBS COUPONS ARE FLOATING RATE



Source: Intex, Morgan Stanley Research

ABS BOND TURNOVER DECLINED IN 2016



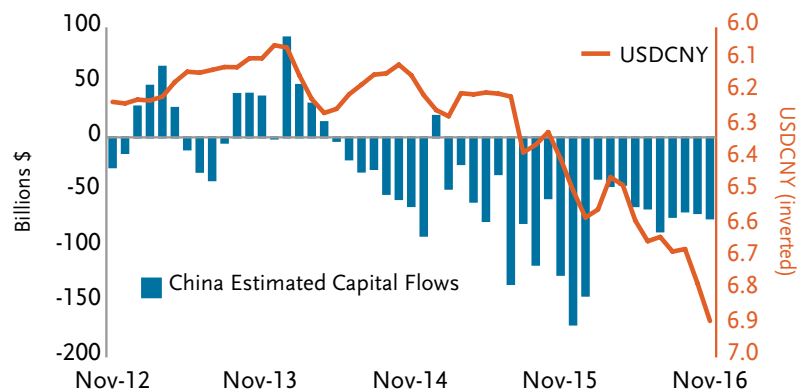
Source: Bloomberg, Barclays

Our View: Non-agency MBS is still the most attractive fixed income sector available, and it will likely continue to benefit from a diminishing asset base as supply declines, as well as improving loan fundamentals, though careful analysis will be required to identify undervalued issues. Senior, short, high-quality parts of the ABS market provide an attractive alternative to corporate credit though liquidity concerns are rising and current spread levels, which are near multi-year tight, make it harder to find value across the market.

4Q 2016 – Global and Emerging Markets Review and Outlook

- Despite another challenging year for emerging markets with concerns about a deceleration in China's growth, economic and political turmoil in Brazil, depressed commodity prices, the Fed hiking rates, and a 5% appreciation in the dollar against a basket of currencies for the year, yield seeking investors helped emerging markets outperform the broad U.S. bond market on a currency adjusted and a local currency basis.
- Chinese economic growth, which appeared to falter in Q1 2016 sending markets into a tailspin, seems to have improved with recent strong trade and manufacturing data indicating upside risks to Q4 growth. However, concerns remain about capital outflows that have accelerated over the quarter due to the depreciation of the Chinese Renminbi (CNY) against the USD. FX reserves fell by \$69 billion in November to \$3.05 trillion, the lowest level since April 2011.

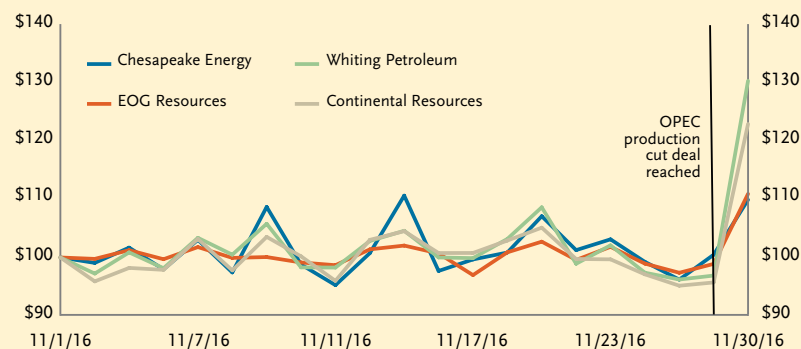
CAPITAL FLIGHT CONTINUES AS CNY DEPRECIATES AGAINST THE DOLLAR



Source: Bloomberg

- This quarter OPEC and non-OPEC countries agreed to the first cut in global production since the late 1990s. As a result, oil rose above \$50 with expectations that prices will stabilize in that higher range. This should help combat global deflationary pressures and boost the balance sheets of oil producing emerging market countries. However, increased prices may encourage U.S. shale producers, who were not party to the deal, to increase output, adding supply to the global market.

U.S. SHALE PRODUCER SHARES RISE WITH OPEC DEAL



Source: Bloomberg

- With the Fed hiking rates, the divergence in policies between major central banks continued to widen this year. The Bank of Japan (BoJ) and the European Central Bank (ECB) are largely pursuing easing policies, though 2017 might reflect a turning point. The ECB recently stated it will reduce its monthly purchases from EUR 80 billion to EUR 60 billion starting in April 2017 and the BoJ shifted its monetary policy last quarter to target higher 10-Year JGB yields rather than additional QE measures. While growth remains weak across the Euro area and Japan, deflationary fears have eased.

Our View: While global deflationary pressures have eased and global growth looks to be improving, there are significant uncertainties such as, a lack of clarity around the new U.S. administration's anti-trade policies - the impact of higher U.S. rates and a stronger dollar on emerging markets, and the potential for unmanageable capital outflows in China. These developments bear watching and could challenge global markets in 2017. As a result, there is still too much uncertainty and potential for downside volatility to increase our allocation to emerging markets.

4Q 2016 – Core and Core Plus Strategies Positioning Summary

Caution is warranted in the current environment where asset prices remain well ahead of fundamental valuations. As such, positioning remains defensive, with a bias to add opportunistically in bendable asset classes as spreads widen.

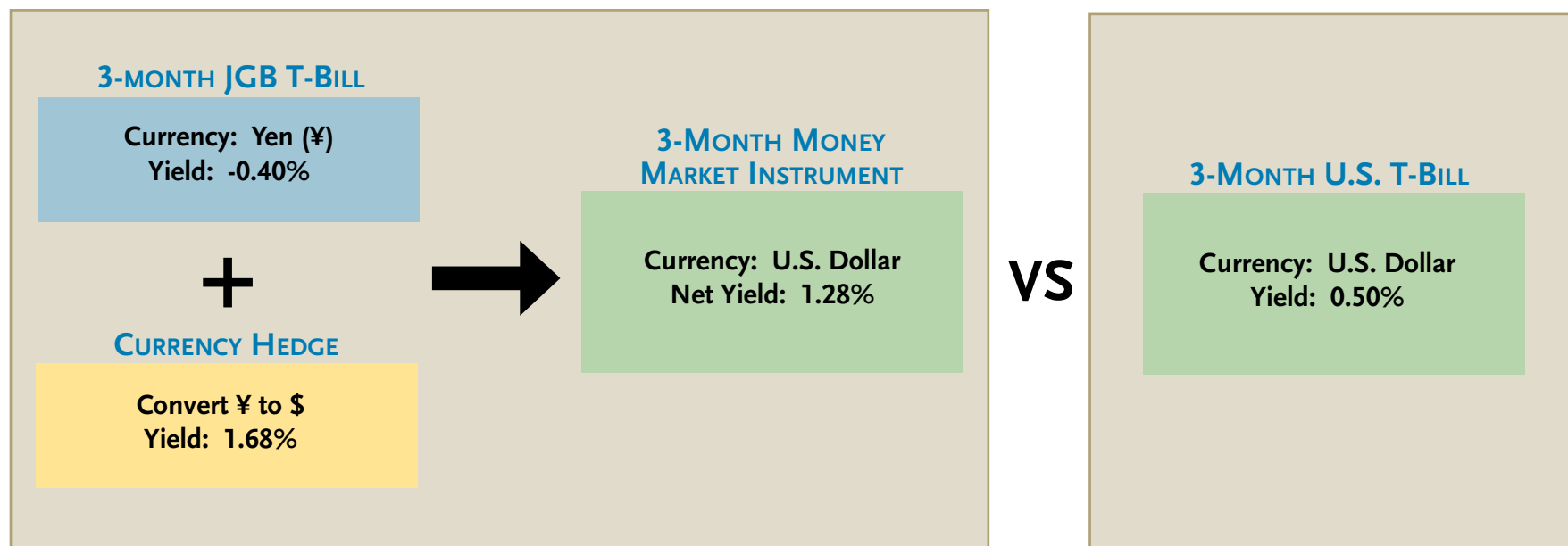
Characteristic	Positioning	Comments
Duration	Approximately 0.3 years shorter than the Index	<ul style="list-style-type: none"> Remain short duration as long as rates remain below the long-term fair value Look to extend duration as rates rise, with a preference for adding in the 5-year part of the curve
Curve	Slightly favor 5-year maturities	All parts of the curve bear some risk of rising rates, though 10 and 30-year maturities are more vulnerable given the current flatness of the yield curve
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 – small underweight, bias to add Non-Agency MBS – maintain allocation 	<ul style="list-style-type: none"> Preference for new production specified pools given better carry TBA exposure has liquidity benefits, but will continue to be swapped into specified pools when levels are attractive Maintain emphasis on higher quality, shorter duration, currently amortizing bonds Continue to optimize relative value within the sector as additional loan data becomes available and as the distributions from legal settlements present opportunities
ABS	Overweight	<ul style="list-style-type: none"> Emphasis on government guaranteed student loans with a bias to sell if spreads continue to tighten Hold short duration, high quality credit card and auto issues to boost liquidity, and top of the capital structure CLOs
CMBS	Overweight, preference for agency CMBS	<ul style="list-style-type: none"> Maintain allocation to agency CMBS which offers high quality cash flows and a yield advantage to Treasuries Favor seasoned non-agency issues and select more recent vintages given better structures and collateral, with a preference for single asset single borrower deals
Credit	Underweight, bias to add on weakness	<ul style="list-style-type: none"> Emphasize financials with a preference for large U.S. banks while avoiding continental European financial institutions Maintain underweight in industrials with emphasis on defensive sectors like pharmaceuticals, food & beverage, and communications, as well as airline EETCs which benefit from solid asset coverage Underweight non-corporate credit, particularly non-U.S. issues
High Yield	Small allocation	Prefer defensive, relatively high quality credits away from volatile sectors like energy, metals, and transportation
Emerging Markets	Minimal allocation	Elevated risks remain due to weak growth in the developed markets, currency volatility, and susceptibility to changing liquidity conditions

Portfolio characteristics and holdings are subject to change at any time. The views and forecasts expressed in this quarterly review are as of January 2017, 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

4Q 2016 – Sector Highlight: Extracting Positive Yield From Negative Yielding Securities

Due to negative yields on Japanese Treasury bills and bonds, the demand from Japanese investors for U.S. dollar denominated securities like Treasury securities has swelled significantly. To hedge the currency risk associated with that trade, investors are forced to convert dollars to yen, driving demand for that currency swap and creating an imbalance in the market. That imbalance creates opportunities for investors willing to take the other side of the trade (i.e. converting yen into dollars) allowing them to generate additional yield in the portfolio above what could be earned by just investing in U.S. T-bills.

HOW IS THE TRADE STRUCTURED?



BENEFITS

- Compelling way to generate yield advantage versus U.S. T-bills of approximately 80 basis points in current low yield environment.
- A 3% to 4% allocation to the strategy as a cash substitute results in incremental performance gains of 3 to 4 basis points.
- Japanese government bills are a high quality, highly liquid money market instrument

RISKS

- Given that the trade involves the purchase of short-dated, high quality Japanese government debt, credit and interest rate risks are negligible.
- Although the Japanese bill is denominated in Yen, the currency hedge eliminates any currency risk for US investors.
- Using derivatives to hedge the currency, does introduce counterparty risk. However, these risks are largely mitigated by trading with approved, high quality counterparties, and collateralizing positions on a continuous basis.

Source: TCW, Bloomberg

Biography



Jamie Franco
Senior Vice President
Client Services – Fixed Income

Ms. Franco joined the TCW Fixed Income Client Services/Product Management team in 2014 as a product specialist. Prior to joining TCW, she worked for the past 10 years at the U.S. Department of the Treasury in roles that included Senior Advisor to the Assistant Secretary for Financial Markets, International Economist, and Deputy Director of the International Banking and Securities Markets Office. She also spent two years at the International Monetary Fund as an Advisor to the U.S. Executive Director. Ms. Franco holds a BA in Political Science from The Johns Hopkins University and an MA in International Economics from Johns Hopkins School of Advanced International Studies.

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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. © 2017 TCW

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
28	03/22/17	Retirement	Action	02/11/17

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

ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 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 December 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 Fourth Quarter 2016 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 31, 2016 (Attachment 2). These reports provide a detailed analysis of the performance of each of the investment managers retained by the Retirement Boards to manage the Retirement Funds for the quarter ended December 31, 2016. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

At the February 1, 2017 Special Retirement Board meeting, the Boards made the decision to terminate JP Morgan and move forward with the New Hampshire Investment Trust vehicle offered by Pyrford International PLC (Pyrford). Staff is currently working with legal counsel to review all of the subscription documents. Staff anticipates investment in Pyrford by July 1, 2017 barring any contract negotiation delays.

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 December 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 03/08/17

Chief Financial Officer, Acting

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
28	03/22/17	Retirement	Action	02/11/17

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

The table below provides an overview of the quarter performance, quarter ending December 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	6.68%	8.35%	\$3,404,057	\$(470,090)
S&P 500 Index (large cap value) S&P 500	3.82%	3.85%	\$1,598,554	\$(322,058)
Atlanta Capital (small cap) Russell 2000	8.83%	7.30%	\$1,590,477	\$(346,863)
Brandes (international equities) MSCI EAFE*	-	-	\$(485)	-
JPMorgan (international equities) MSCI EAFE	(0.71)%	(1.95)%	\$(449,417)	-
MSCI EAFE Index (international equities) MSCI EAFE	(0.71)%	(0.68)%	\$(63,029)	-
AQR (small cap international equities) MSCI EAFE SC	(2.86)%	(3.91)%	\$(513,168)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(4.08)%	(4.95)%	\$(696,999)	-
Metropolitan West (fixed income) Barclays Agg.	(2.98)%	(2.49)%	\$(2,206,815)	-
Totals	0.54%	1.08%	\$2,663,176	\$(1,139,011)

Bold – fund exceeding respective benchmark

*The investments held in Brandes are foreign tax reclaim receivables. Currently, staff and the custodian do not have an estimated time of receipt. Until receipt of funds, Brandes will remain as a fund manager.

The table below provides an overview of the year to date performance, as of December 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	17.34%	14.13%	\$5,442,244	\$(470,090)
S&P 500 Index (large cap value) S&P 500	11.96%	11.98%	\$4,624,775	\$(859,622)
Atlanta Capital (small cap) Russell 2000	21.31%	18.23%	\$3,664,650	\$(1,057,769)
Brandes (international equities) MSCI EAFE	-	-	\$(2,281)	-
JPMorgan (international equities) MSCI EAFE	1.00%	1.18%	\$299,199	-
MSCI EAFE Index (international equities) MSCI EAFE	1.00%	1.27%	\$(67,720)	\$(12,201,601)
AQR (small cap international equities) MSCI EAFE SC**	-	-	\$(342,091)	\$12,201,601
Dimensional Fund Advisors (emerging markets) MSCI EM	11.60%	12.30%	\$1,317,348	\$589,689
Metropolitan West (fixed income) Barclays Agg.	2.65%	2.58%	\$2,204,989	\$(1,413,571)
Totals	7.49%	7.26%	\$17,141,113	\$(3,211,363)

Bold – fund exceeding respective benchmark

**AQR was added as a fund manager on August 1, 2016. Information about returns will be included here when a full year of performance history is available.

Callan

March 22, 2017



**Sacramento Regional
Transit District**

Fourth Quarter 2016
Market Update

Anne Heaphy

SF Fund Sponsor Consulting

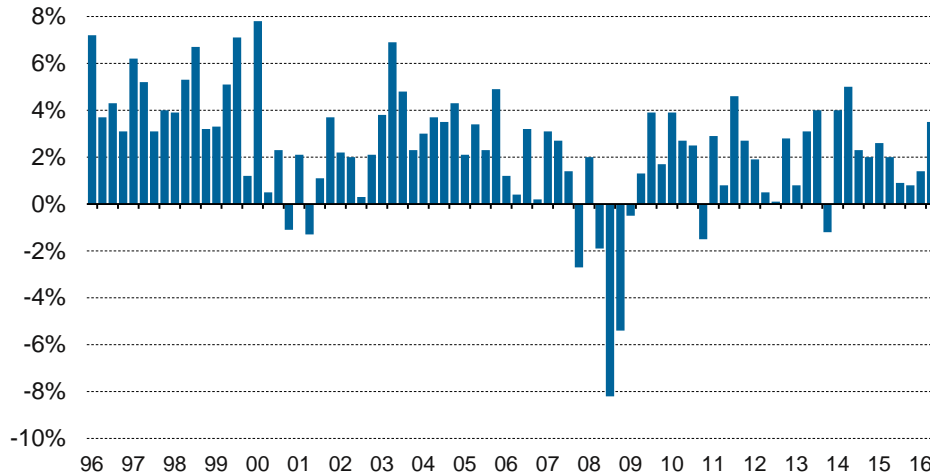
Uvan Tseng, CFA

SF Fund Sponsor Consulting

Economic Commentary

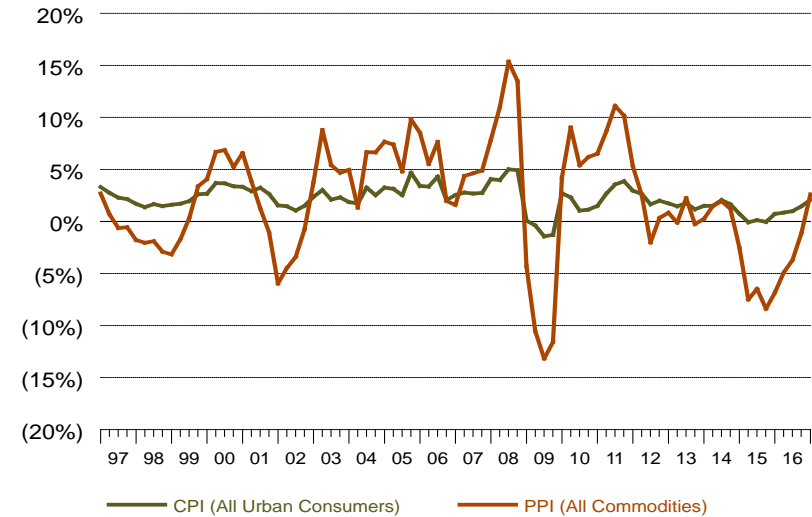
Fourth Quarter 2016

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



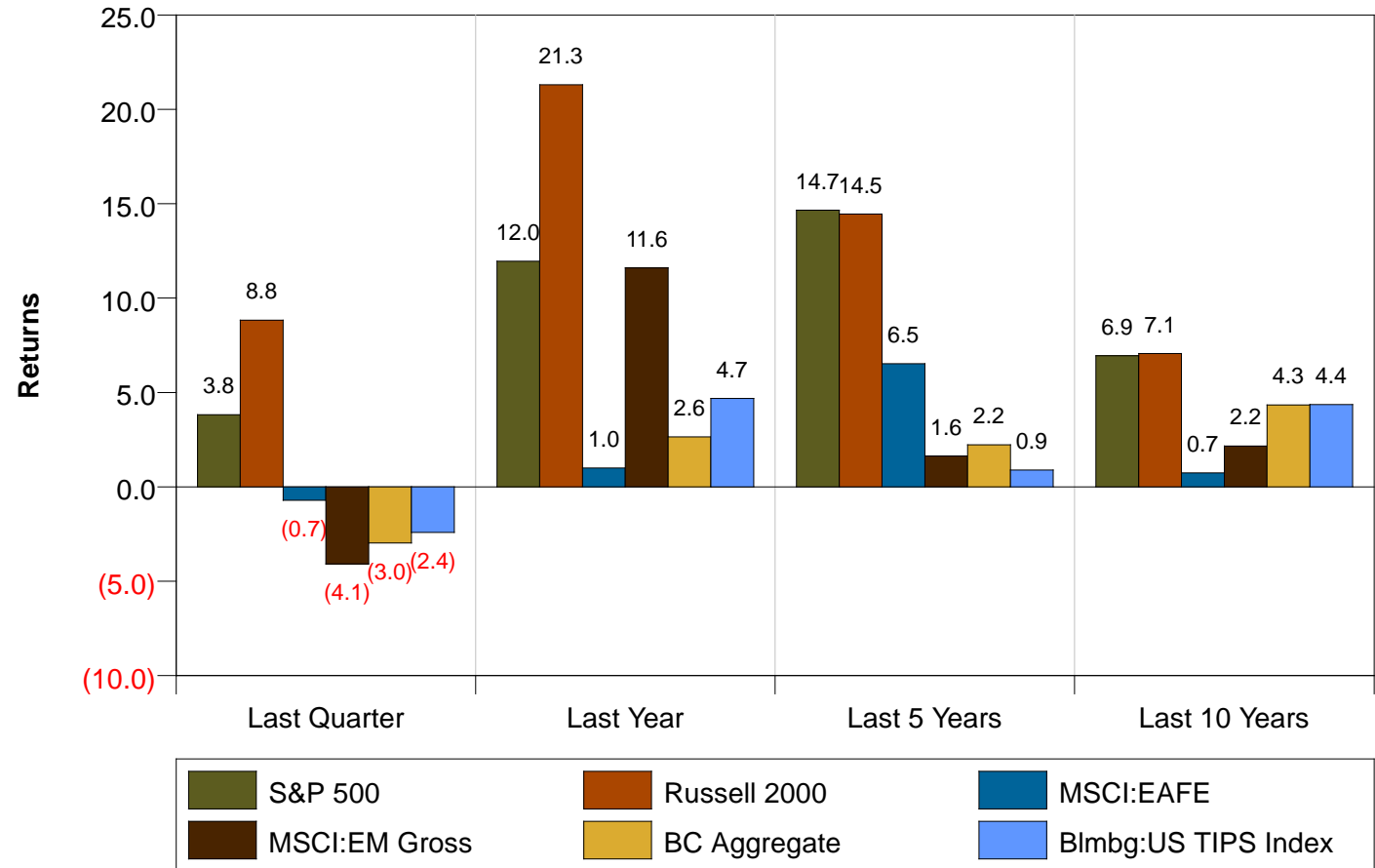
Source: Bureau of Labor Statistics

- The U.S. economic picture continued to improve during the final quarters of 2016. Third quarter GDP was revised up to 3.5% (1.7% year-over-year), the sharpest quarterly increase in two years. Growth was supported by exports, inventories, and consumer spending.
- Job growth averaged 165,000 in the fourth quarter and totaled 2.2 million in 2016, down from 2.7 million in 2015. Unemployment reached a nine-year low of 4.6% in November before ticking up slightly to 4.7% in December. The labor force participation rate remained range bound at 62.7%. Expectations of higher inflation from wage growth resurfaced as average hourly earnings increased 0.4% in December and are up 2.9% over the year.
- Inflation, while still tame, is rising. For the trailing 12 months ended December, headline CPI was +2.1%, the most since 2014, and Core CPI (excluding food and energy) was slightly higher at +2.2%.

Asset Class Performance

Periods Ended December 31, 2016

Asset Class Performance
for Periods Ended December 31, 2016



YTD as of 03/21/17:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI EM:

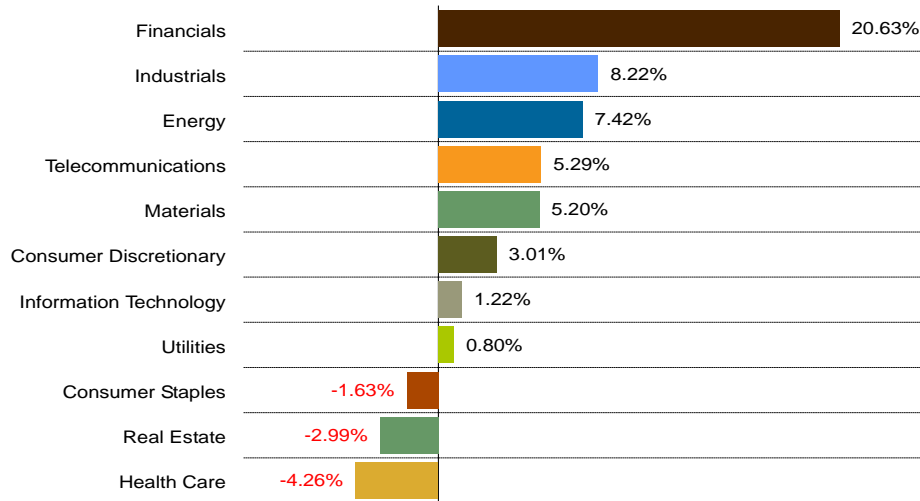
BC Aggregate:

BC TIPS:

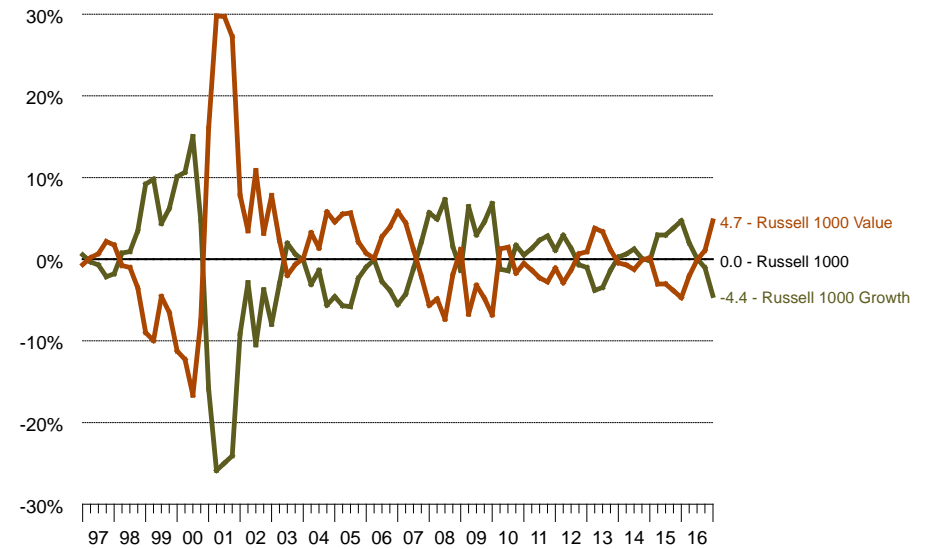
U.S. Equity

Fourth Quarter 2016

Russell 3000 Sector Returns



Rolling One-Year Relative Returns (versus Russell:1000 Index)



Source: Russell Investment Group

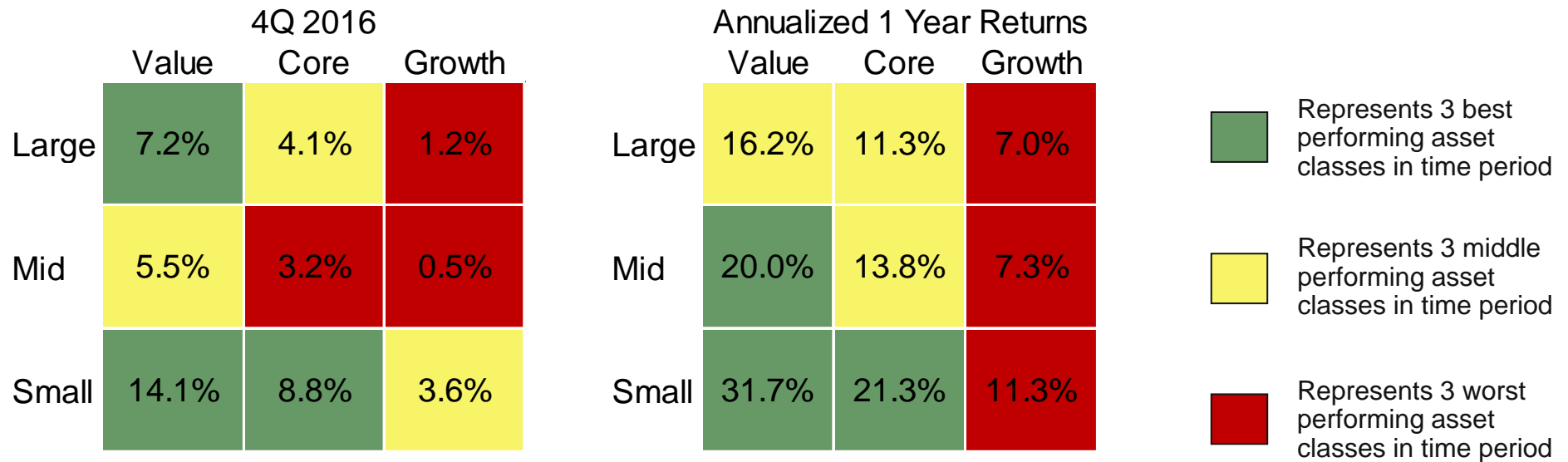
Fourth Quarter Index Returns

Russell 3000:	4.21%
S&P 500:	3.82%
Russell Mid Cap:	3.21%
Russell 2000:	8.83%

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended December 31, 2016



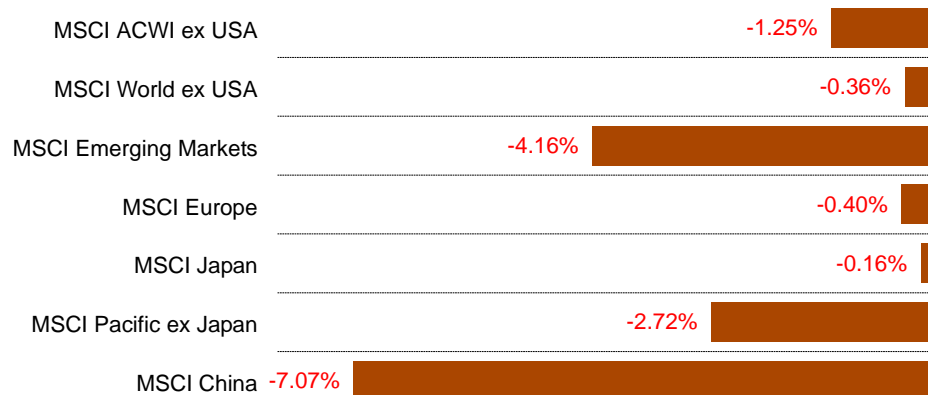
- Last Quarter: Value generally outperformed growth across the market cap spectrum but performance by size was mixed.
- Trailing Year: Value/smaller cap stocks tended to come out ahead over the last 12 months but performance was positive on an absolute basis across the board.

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

Fourth Quarter 2016

Regional Quarterly Performance (U.S. Dollar)



- During the final quarter of 2016, foreign developed and emerging markets floundered in U.S. dollar terms despite hearty local returns. The U.S. dollar hit a multi-year high versus the euro and the yen and appreciated roughly 7% compared to a basket of currencies.
- Dollar strength eroded overseas returns for U.S. investors. The MSCI ACWI ex USA was down 1.3% for the quarter (but up 4.9% in local currency). Despite multiple headwinds, the index ended the year on a positive note, up 4.5%.
- Despite the Emerging Markets Index's decline during the quarter, it jumped a robust 11.2% during 2016, supported by strengthening commodity prices, reform efforts and accommodative monetary policies in several countries.

Sources: Callan, MSCI

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

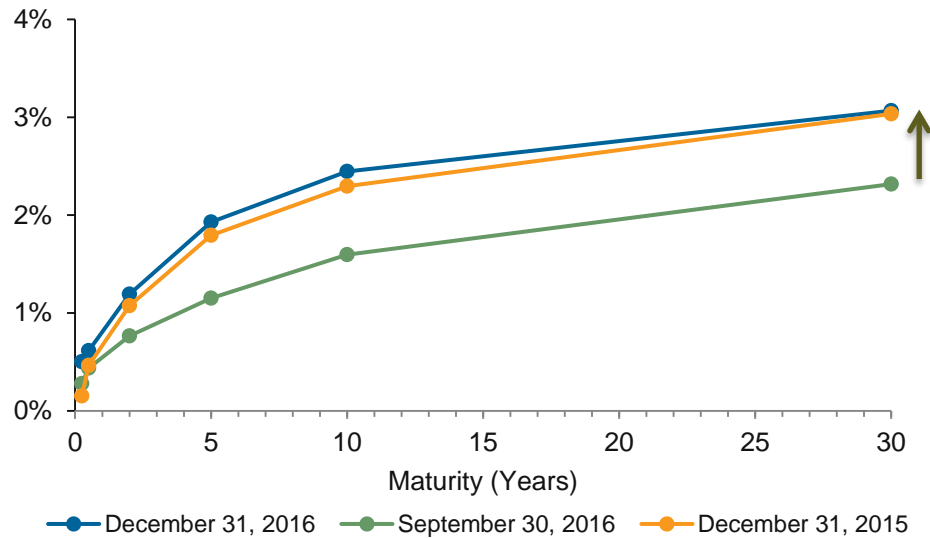
Country	Total	Local	Currency	Weight
Australia	0.69%	6.41%	-5.38%	7.40%
Austria	6.51%	13.48%	-6.14%	0.20%
Belgium	-11.80%	-6.03%	-6.14%	1.18%
Denmark	-8.74%	-2.90%	-6.01%	1.65%
Finland	-4.40%	1.86%	-6.14%	0.96%
France	2.93%	9.67%	-6.14%	10.18%
Germany	1.45%	8.10%	-6.14%	9.30%
Hong Kong	-8.97%	-9.00%	0.04%	3.25%
Ireland	0.14%	6.69%	-6.14%	0.47%
Israel	-11.32%	-9.61%	-2.51%	0.68%
Italy	10.75%	18.01%	-6.14%	2.08%
Japan	-0.16%	14.99%	-13.18%	24.13%
Netherlands	-2.10%	3.72%	-6.14%	3.31%
New Zealand	-10.88%	-7.06%	-4.11%	0.18%
Norway	2.40%	10.29%	-7.15%	0.66%
Portugal	-2.92%	3.44%	-6.14%	0.15%
Singapore	-3.64%	2.02%	-5.62%	1.24%
Spain	2.24%	8.94%	-6.14%	3.14%
Sweden	-0.84%	5.15%	-5.69%	2.84%
Switzerland	-3.86%	0.80%	-4.62%	8.66%
U.K.	-0.90%	4.19%	-4.88%	18.34%

Source: MSCI

Fixed Income

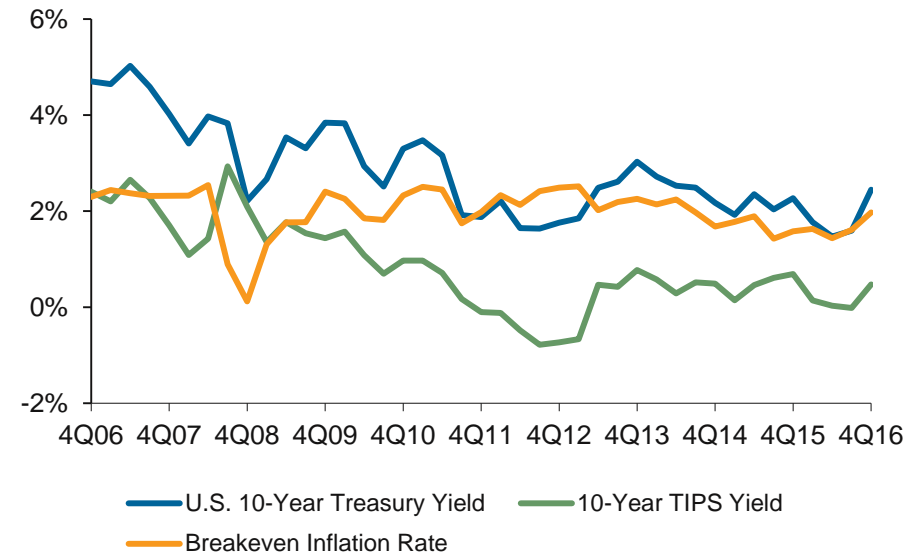
Fourth Quarter 2016

U.S. Treasury Yield Curves




Source: Bloomberg

Historical 10-Year Yields



Source: Bloomberg

- Markets entered 2016 expecting four rate hikes, but the Fed increased the Federal Funds rate only once, by 25 bps to a range of 0.50%-0.75% in December. While the increase was expected, Treasuries still sold off and pushed interest rates upward following the announcement.
- The yield curve rose given encouraging economic data and the potential inflationary effect of the new administration's pro-growth agenda.
- Yields rose sharply across the maturity spectrum. The benchmark 10-year Treasury Note showed the biggest change, ending the quarter at 2.45% (an increase of 85 bps and the largest quarterly increase since 1994). Yields on the 5-year and 30-year finished at 1.93% and 3.07%, respectively.



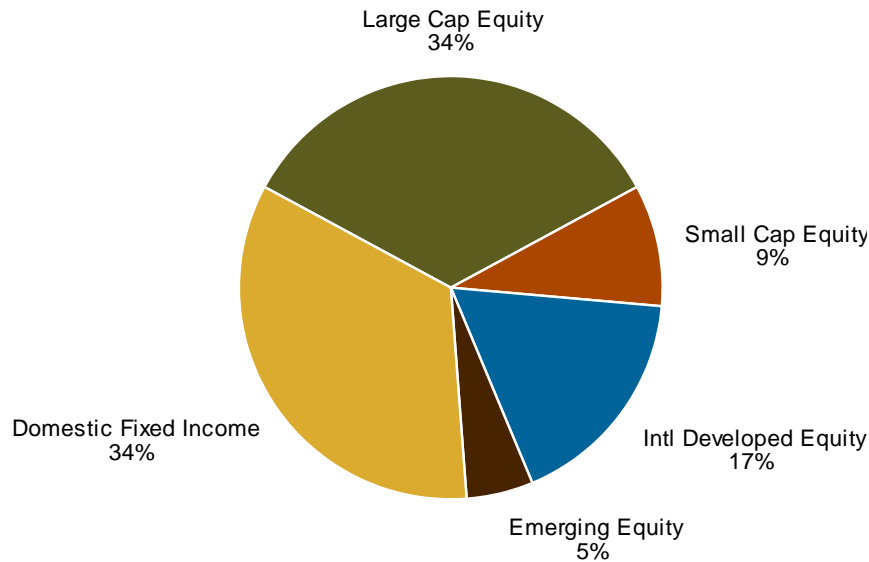
**Sacramento Regional
Transit District**

Total Fund Overview

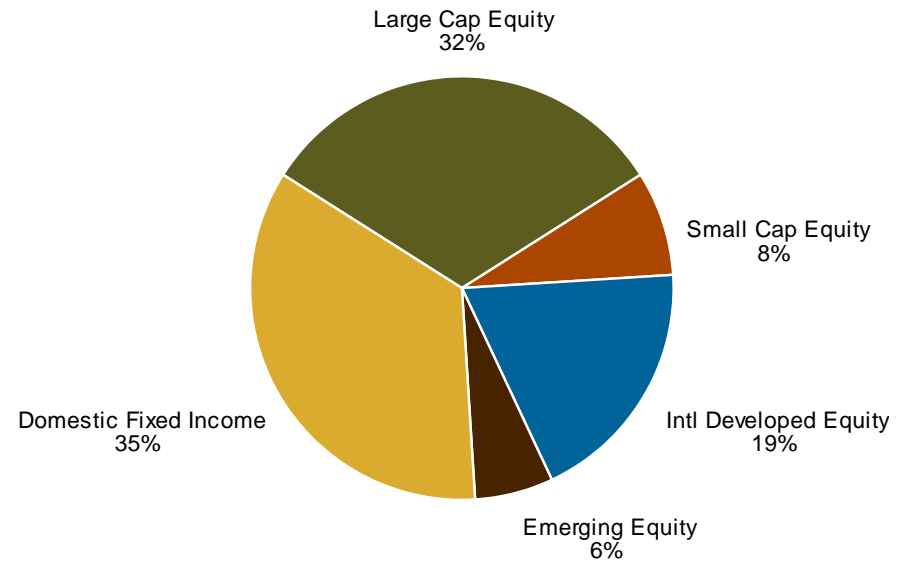
RT Asset Allocation

As of December 31, 2016

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	86,558	34.2%	32.0%	2.2%	5,547
Small Cap Equity	23,504	9.3%	8.0%	1.3%	3,251
Intl Developed Equity	43,732	17.3%	19.0%	(1.7%)	(4,368)
Emerging Equity	12,982	5.1%	6.0%	(0.9%)	(2,208)
Domestic Fixed Income	86,384	34.1%	35.0%	(0.9%)	(2,222)
Total	253,159	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended December 31, 2016

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	6.08%	3.82%	0.73%	0.03%	0.76%
Small Cap Equity	9%	8%	7.30%	8.83%	(0.15%)	0.05%	(0.10%)
Domestic Fixed Income	35%	35%	(2.49%)	(2.98%)	0.17%	(0.01%)	0.17%
International Developed	18%	19%	(2.23%)	(0.71%)	(0.27%)	0.01%	(0.26%)
Emerging Equity	5%	6%	(4.95%)	(4.08%)	(0.05%)	0.02%	(0.02%)
Total			1.08%	= 0.54%	+ 0.44%	+ 0.10%	0.55%

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	13.38%	11.96%	0.47%	0.02%	0.49%
Small Cap Equity	9%	8%	19.17%	21.31%	(0.23%)	0.10%	(0.13%)
Domestic Fixed Income	36%	35%	2.87%	2.65%	0.07%	(0.08%)	(0.01%)
International Developed	18%	19%	0.03%	1.00%	(0.18%)	0.03%	(0.16%)
Emerging Equity	5%	6%	12.99%	11.60%	0.05%	(0.09%)	(0.04%)
Total			7.65%	= 7.49%	+ 0.18%	+ (0.02%)	0.16%

Total Fund

Performance as of December 31, 2016

Performance vs CAI Public Fund Sponsor - Mid (100M-1B) (Gross)



10th Percentile	1.55	8.97	5.32	9.80	9.12	5.96	6.96	8.61
25th Percentile	1.20	8.31	4.91	9.10	8.31	5.66	6.46	8.31
Median	0.77	7.50	4.40	8.04	7.62	5.04	6.17	7.81
75th Percentile	0.21	6.92	3.84	7.46	7.05	4.65	5.71	7.31
90th Percentile	(0.07)	5.95	3.03	6.73	6.28	3.94	5.46	5.94
Total Fund	● 1.08	7.65	4.03	8.75	8.19	6.11	6.68	8.81
Target	▲ 0.54	7.49	4.15	7.92	7.53	5.04	6.03	7.39

Total Fund

Manager Asset Allocation

	December 31, 2016			September 30, 2016
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$110,061,744	\$(1,139,011)	\$6,593,088	\$104,607,667
Large Cap	\$86,557,887	\$(792,148)	\$5,002,611	\$82,347,424
Boston Partners	43,639,988	(470,090)	3,404,057	40,706,020
SSgA S&P 500	42,917,899	(322,058)	1,598,554	41,641,404
Small Cap	\$23,503,858	\$(346,863)	\$1,590,477	\$22,260,244
Atlanta Capital	23,503,858	(346,863)	1,590,477	22,260,244
International Equity	\$56,713,500	\$0	\$(1,723,098)	\$58,436,598
International Developed Equity	\$43,731,748	\$0	\$(1,026,099)	\$44,757,846
Brandes	8,808	0	(485)	9,292
JP Morgan	22,648,733	0	(449,417)	23,098,150
SSgA EAFE	9,185,714	0	(63,029)	9,248,743
AQR	11,888,493	0	(513,168)	12,401,661
Emerging Equity	\$12,981,753	\$0	\$(696,999)	\$13,678,752
DFA Emerging Markets	12,981,753	0	(696,999)	13,678,752
Fixed Income	\$86,383,897	\$0	\$(2,206,815)	\$88,590,711
Metropolitan West	86,383,897	0	(2,206,815)	88,590,711
Total Plan - Consolidated	\$253,159,141	\$(1,139,011)	\$2,663,176	\$251,634,977

Total Fund

Manager Returns as of December 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	6.33%	14.58%	8.32%	15.63%	13.63%
Custom Benchmark**	4.78%	13.73%	8.53%	14.67%	12.96%
Large Cap Equity	6.08%	13.38%	8.12%	15.65%	-
Boston Partners	8.35%	14.71%	7.29%	15.68%	13.21%
Russell 1000 Value Index	6.68%	17.34%	8.59%	14.80%	12.72%
SSgA S&P 500	3.85%	12.03%	8.95%	-	-
S&P 500 Index	3.82%	11.96%	8.87%	14.66%	12.83%
Small Cap Equity	7.30%	19.17%	9.05%	15.49%	-
Atlanta Capital	7.30%	19.17%	9.05%	15.49%	-
Russell 2000 Index	8.83%	21.31%	6.74%	14.46%	13.24%
International Equity	(2.86%)	2.55%	(1.83%)	5.30%	3.03%
Custom International Benchmark***	(1.45%)	3.30%	(1.67%)	6.08%	3.50%
International Developed Equity	(2.23%)	0.03%	(1.87%)	-	-
JP Morgan	(1.95%)	1.90%	(1.41%)	6.53%	4.22%
SSgA EAFE	(0.68%)	1.37%	(1.28%)	-	-
MSCI EAFE Index	(0.71%)	1.00%	(1.60%)	6.53%	3.81%
AQR	(3.91%)	-	-	-	-
MSCI EAFE Small Cap	(2.86%)	2.18%	2.10%	10.56%	7.82%
Emerging Equity	(4.95%)	12.99%	(1.17%)	-	-
DFA Emerging Markets	(4.95%)	12.99%	(1.17%)	-	-
MSCI Emerging Mkts Idx	(4.08%)	11.60%	(2.19%)	1.64%	0.81%
Domestic Fixed Income	(2.49%)	2.87%	3.22%	3.57%	5.16%
Met West	(2.49%)	2.87%	3.22%	3.57%	5.16%
BC Aggregate Index	(2.98%)	2.65%	3.03%	2.23%	3.63%
Total Plan	1.08%	7.65%	4.03%	8.75%	8.19%
Target*	0.54%	7.49%	4.15%	7.92%	7.53%

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



December 31, 2016



**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 2017 by Callan Associates Inc.

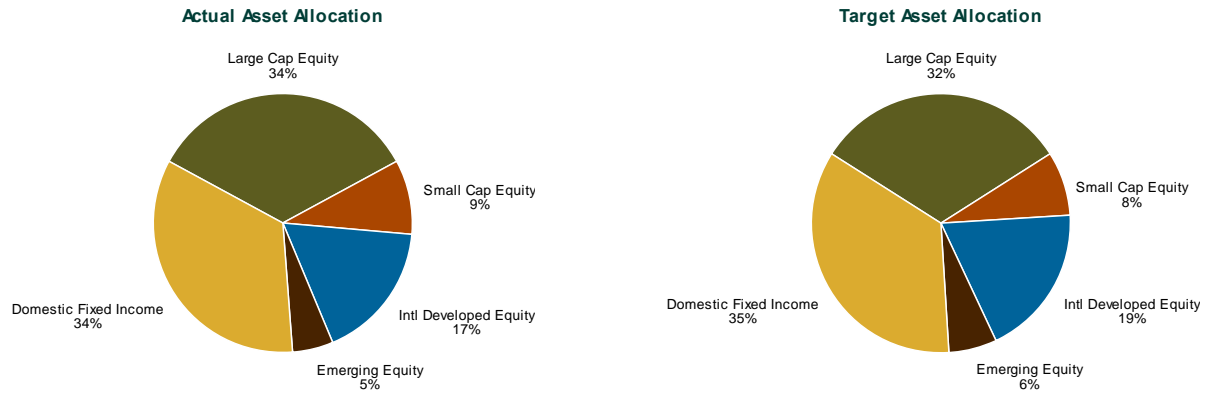
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Sacramento Regional Transit District
Executive Summary for Period Ending December 31, 2016

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	1.08%	7.65%	4.03%	8.75%	8.19%
Target*	0.54%	7.49%	4.15%	7.92%	7.53%

Recent Developments

AQR International Small Cap was funded August 1, 2016.

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	61	74	25
Atlanta Capital	51	30	[21]
JP Morgan	43	63	76
DFA	38	[17]	[23]
MetWest	84	80	4

Brackets indicate performance linked with manager's composite

Watch List

- JP Morgan

Items Outstanding

N/A

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



Fourth Quarter 2016

A Sentimental Journey

ECONOMY

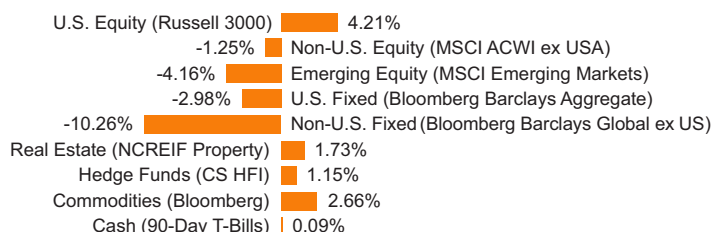
2 Real GDP grew 1.9% in the fourth quarter and **PAGE** 1.6% for the year. The dollar strengthened, raising the cost of exports. The unemployment rate stood at 4.7% at the end of the year, the lowest since August 2007.

Friends Mattered

FUND SPONSOR

4 Funds faced a tough **PAGE** fourth quarter. Taft-Hartley plans fared best, up 1.20%, while corporate funds had the weakest returns, falling 0.09%. Results stemmed primarily from how they chose “friends” in the securities markets.

Broad Market Quarterly Returns



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

Election Rally

U.S. EQUITY

6 The **S&P 500 Index** hit **PAGE** an all-time high during the quarter and ended up 3.82% amid a bullish rally in the wake of the presidential election and a string of encouraging economic reports. Value dominated growth during the quarter, and small cap particularly benefited from Trump-fueled enthusiasm.

A Depressing Dollar

NON-U.S. EQUITY

9 The dollar's strength **PAGE** hampered returns for U.S. investors from non-U.S. equity markets in the fourth quarter; local investors fared better. For the year most world stock markets posted positive results, driven by economic improvements, accommodative central bank policies, and price hikes for commodities.

Treacherous Treasuries

U.S. FIXED INCOME

12 The **Bloomberg Barclays U.S. Aggregate Bond Index** **PAGE** fell 2.98% during the tumultuous quarter, but ended up 2.65% for the year. Rising yields sent returns across the fixed income sector down for the quarter, and spreads tightened as record new bond issuances met strong global demand.

Big-League Yields

NON-U.S. FIXED INCOME

15 Yields overseas **PAGE** increased and the dollar surged, weighing heavily on sovereign debt performance. The **Bloomberg Barclays Global Aggregate ex US** fell 10.26%. Geopolitical risk dominated the quarter, with the U.S. election, the Brexit vote, and a referendum in Italy.

Rates Trump Fundamentals

REAL ESTATE

17 The **NCREIF Property Index** again turned in **PAGE** its worst performance since the first quarter of 2010, and the **NCREIF Open End Diversified Core Equity Index** barely eclipsed the third quarter's five-year low return. U.S. REITs outperformed global REITs, but still posted negative returns.

Down but Far From Out

PRIVATE EQUITY

19 Company investments **PAGE** and exits trended down during the year and the quarter for both buyouts and venture capital, but activity continued at relatively high levels (except for IPOs). The one other anomaly was that the announced dollar volume for buyouts in 2016 reached an eight-year high.

Making Alpha Great Again

HEDGE FUNDS

20 The **Credit Suisse Hedge Fund Index** **PAGE** advanced 1.15% in the quarter, while the **Callan Hedge Fund-of-Funds Database**, a proxy for live portfolios, grew 1.33%. The best-performing strategy was *Global Macro* (+4.59%), while *Managed Futures* (-5.65%) took the worst hit.

A Case of the Jitters

DEFINED CONTRIBUTION

21 The average DC plan **PAGE** gained 3.92% in the third quarter, as measured by the Callan DC Index™, but trailed the Age 45 Target Date Fund's return of 4.53%. Plan balances grew 3.67%, although money flowed out of plans on a net basis at the highest level since the third quarter of 2006.

A Sentimental Journey

ECONOMY | Jay Kloepfer

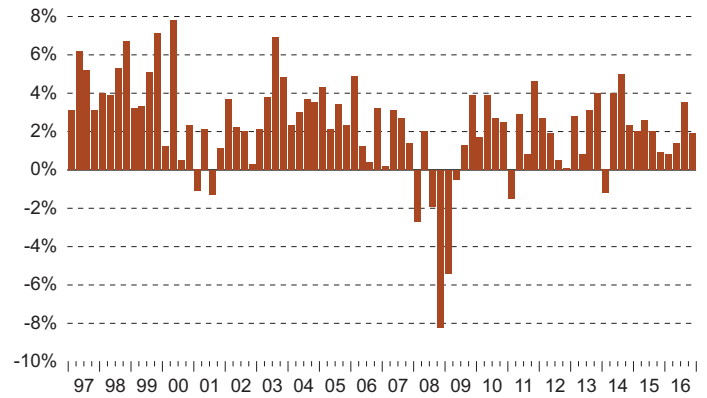
Last year turned out to be a tumultuous one, with two essentially non-economic events jolting the capital markets for reasons solely related to investor sentiment: the U.K. Brexit vote in June and the U.S. presidential election in November. In both instances, wild swings in sentiment and in confidence about the future moved markets around the globe without regard to the underlying economic data. Interest rates and the stock market were taken on a wild ride through the year, with stocks plunging through the summer and then surging following the U.S. election, and interest rates sliding while bonds rallied, only to see rates head back up in a hurry in November and December. This journey was driven almost entirely by sentiment rather than any sudden changes in economic fortune or financial fundamentals.

Real GDP growth in the U.S. came in at a modest 1.9% in the fourth quarter, down from the 3.5% gain in the third quarter. Combined with the weak growth in the first two quarters, total GDP growth for the year was 1.6%, down from the 2.6% gain in 2015. A sustained inventory correction that began in 2015 hung a black cloud over business sentiment during the first half of 2016, and the lingering effect of the bust in energy-sector investment spurred by the collapse in oil prices in 2015 held back economic growth for much of the year. The dollar strengthened over the course of the year, raising the cost of U.S. exports. The stronger dollar combined with anemic growth in Europe and Japan and slowing growth in developing markets held back demand for U.S. exports, while suppressing the cost of imports and driving demand for them higher. Imports are a negative in the GDP calculation and weigh on the measure of total GDP growth. As a result, net exports (exports minus imports) subtracted a hefty 1.7% from GDP growth during the fourth quarter, a reduction equal to the 1.7% gain provided by growth in consumption, which accounts for 70% of total GDP.

One bright spot in the fourth quarter GDP report was a rebound in fixed non-residential investment, which means capital spending: equipment, structures, and intellectual property. To give an

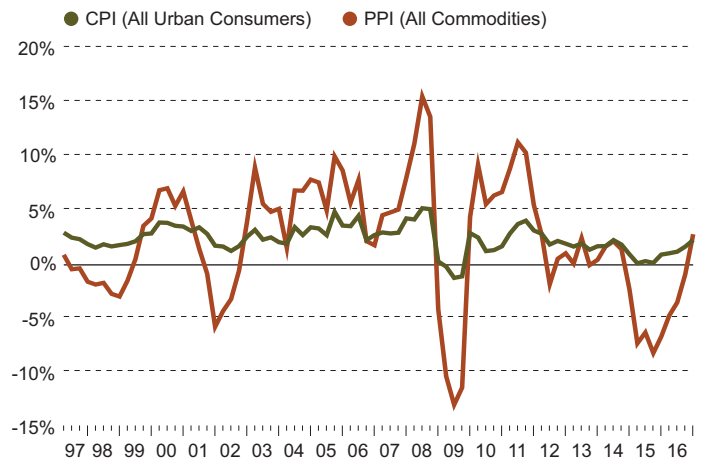
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

idea of just how depressed the domestic oil and gas industry got, the drilling rig count published by Baker Hughes dropped to a 71-year low of 404 in May 2016; the count rebounded to more than 650 by the end of the year, as energy prices appear to have moved off of a bottom. The downward pressure on capital spending from energy has therefore abated, and capital spending was further aided in the third and fourth quarters by a rebound in aircraft investment.

Consumption spending rose 2.5%, leading GDP gains, supported by gains in real disposable income and household net worth. As the year drew to a close, household finances appeared to be in great shape on an aggregate basis, helped by the post-election stock market rally, rising home prices, and almost a decade of restraint in consumer borrowing. Consumer sentiment indices took big hits in October as the U.S. election loomed, only to spike back up in November and December to levels last seen in 2004. The job market has cooperated, showing a strong 204,000 gain in November after a weak October report, and adding another 156,000 in December. The unemployment rate is now 4.7%, near a nine-year low and well below any target once articulated by policymakers as sufficient to handle a rise in interest rates.

With the economy at or near full employment, interest in inflation has perked up once again, although the measures of inflation remain relatively benign. The headline all-urban CPI was up 2.1% in December year-over-year, and core inflation (less food and energy) rose 2.2%, while the GDP deflator used by the Fed to target inflation was up 2.2%. Energy prices dragged down headline inflation until the second half of 2016, when the energy index increased for four consecutive months through December. Tight labor markets, confident consumers, and a potential for continued capital spending all point to the chance for inflation to move beyond the 1% to 2% range in which it has been bound for the past several years; countering this upward pressure is the strong U.S. dollar, which allows the U.S. to import deflationary pressure through falling import prices.

The Long-Term View

Index	2016 4th Qtr	Periods ended Dec. 31, 2016			
		1 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	4.21	12.74	14.67	7.07	9.29
S&P 500	3.82	11.96	14.66	6.95	9.15
Russell 2000	8.83	21.31	14.46	7.07	9.69
Non-U.S. Equity					
MSCI EAFE	-0.71	1.00	6.53	0.75	4.95
MSCI Emerging Markets	-4.16	11.19	1.28	1.84	-
S&P ex-U.S. Small Cap	-3.12	3.78	9.67	3.03	6.70
Fixed Income					
Bloomberg Barclays Agg	-2.98	2.65	2.23	4.34	5.63
90-Day T-Bills	0.09	0.33	0.12	0.80	2.71
Bloomberg Barclays Long G/C	-7.84	6.67	4.07	6.85	7.58
Bloomberg Barclays GI Agg ex US	-10.26	1.49	-1.39	2.44	4.73
Real Estate					
NCREIF Property	1.73	7.97	10.91	6.93	8.63
FTSE NAREIT Equity	-2.89	8.52	12.01	5.08	11.13
Alternatives					
CS Hedge Fund	1.15	1.25	4.34	3.75	-
Cambridge PE*	-	3.95	10.89	10.33	14.35
Bloomberg Commodity	2.66	11.77	-8.95	-5.57	2.55
Gold Spot Price	-12.56	8.63	-5.97	6.08	4.82
Inflation – CPI-U	0.00	2.07	1.36	1.81	2.26

*Private equity returns show pooled horizon IRRs for periods ended June 30, 2016. Most recent quarterly data not available.

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

Recent Quarterly Economic Indicators

	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15
Employment Cost–Total Compensation Growth	2.2%	2.3%	2.3%	1.9%	2.0%	2.0%	2.0%	2.6%
Nonfarm Business–Productivity Growth	-0.2%*	3.1%	-0.2%	-0.6%	-1.7%	2.0%	3.1%	-0.8%
GDP Growth	1.9%	3.5%	1.4%	0.8%	0.9%	2.0%	2.6%	2.0%
Manufacturing Capacity Utilization	74.8%	74.8%	74.9%	75.3%	75.4%	75.6%	75.5%	75.5%
Consumer Sentiment Index (1966=100)	93.2	90.3	92.4	91.5	91.3	90.8	94.2	95.5

*Estimate.

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

Friends Mattered

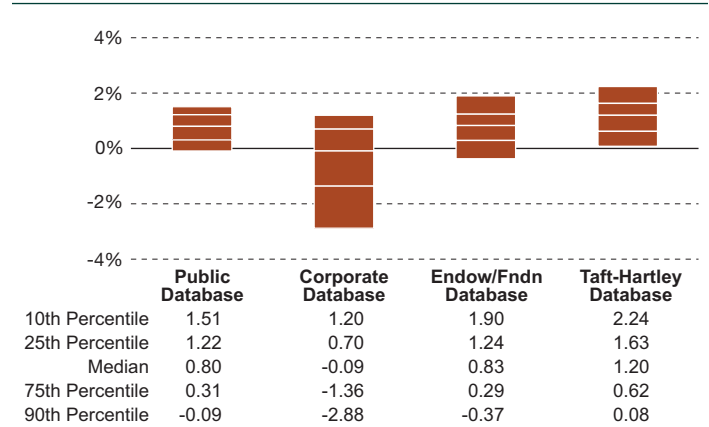
FUND SPONSOR | Kitty Lin

The surprising election results in the U.S.—and the unsurprising December interest rate hike—spurred a significant divergence in U.S. securities markets. Despite some predictions otherwise, U.S. stocks caught fire with the election of what investors saw as a pro-business president who will lower taxes and cut regulations. U.S. fixed income markets, on the other hand, were sharply lower as they prepared for higher interest rates in the future.

These events had a significant impact on the results of institutional funds tracked by Callan, as all types experienced weaker performance compared to the previous quarter. According to Callan's database, the median return for all fund types was +0.65% in the fourth quarter, compared to +3.44% in the third. But how funds did depended on how well they chose their "friends" in the markets. Corporate plans performed the worst with a -0.09% return and Taft-Hartley plans the best at +1.20%.

Taft-Hartley plans saw better results because they had higher allocations to U.S. equity than other plan types, and the lowest among all types to non-U.S. equity. The **S&P 500 Index** jumped 3.82% for the quarter, while the **MSCI ACWI ex USA Index** dropped 1.25%. Although non-U.S. equities helped performance in the third quarter, major upcoming elections in Europe and Asia may have contributed to the shift in sentiment, contributing to the lackluster performance by stocks in the fourth quarter.

Callan Fund Sponsor Returns for the Quarter



Source: Callan

On the other end of the spectrum, the weak performance by corporate plans may have stemmed from their higher allocations to U.S. fixed income. While Taft-Hartley plans had an average of 25% of their portfolios allocated to U.S. fixed income, corporate plans had an average of 40%, and the lowest allocation to U.S. equity among the types of plans Callan tracks. The **Bloomberg Barclays U.S. Aggregate Index** was off 2.98% for the quarter, whereas the **Russell 2000 Index** jumped 8.83% and the **Russell 1000 Index** rose 3.83%. Although corporate plans had a tough fourth quarter, they topped all other institutional funds in the past year with a +7.88% return. In addition to their solid

Callan Database Median Returns* for Periods ended December 31, 2016

Fund Sponsor	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Public Funds	0.80	7.49	7.49	4.62	8.32	5.25	6.34
Corporate Funds	-0.09	7.88	7.88	4.70	8.02	5.36	6.37
Endowments/Foundations	0.83	7.09	7.09	3.59	7.84	4.94	6.13
Taft-Hartley	1.20	7.81	7.81	5.26	8.87	5.23	6.01

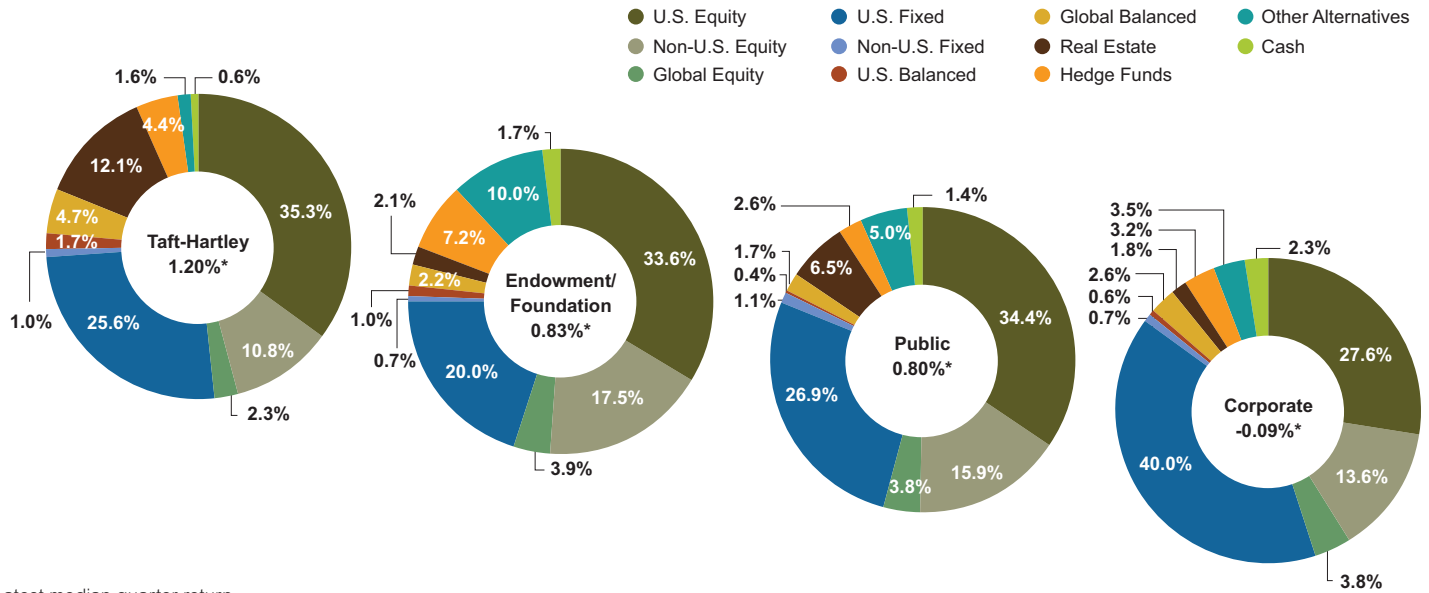
*Returns less than one year are not annualized.

Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

performance this quarter, Taft-Hartley plans have performed well over the past one, three, and five years compared to other institutional funds.

By size, small funds led during the fourth quarter with a median return of +0.72% while large funds had the lowest return at +0.56%. On the other hand, large funds performed the best when looking at funds in the 10th percentile, up 1.82%.

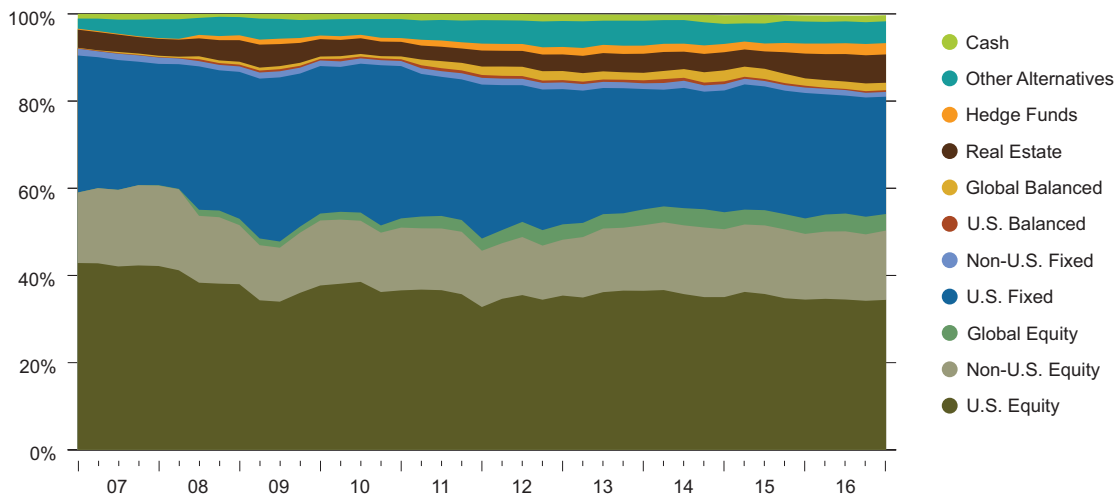
Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return.
 Note: charts may not sum to 100% due to rounding.
 Source: Callan

Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Election Rally

U.S. EQUITY | Lauren Mathias, CFA

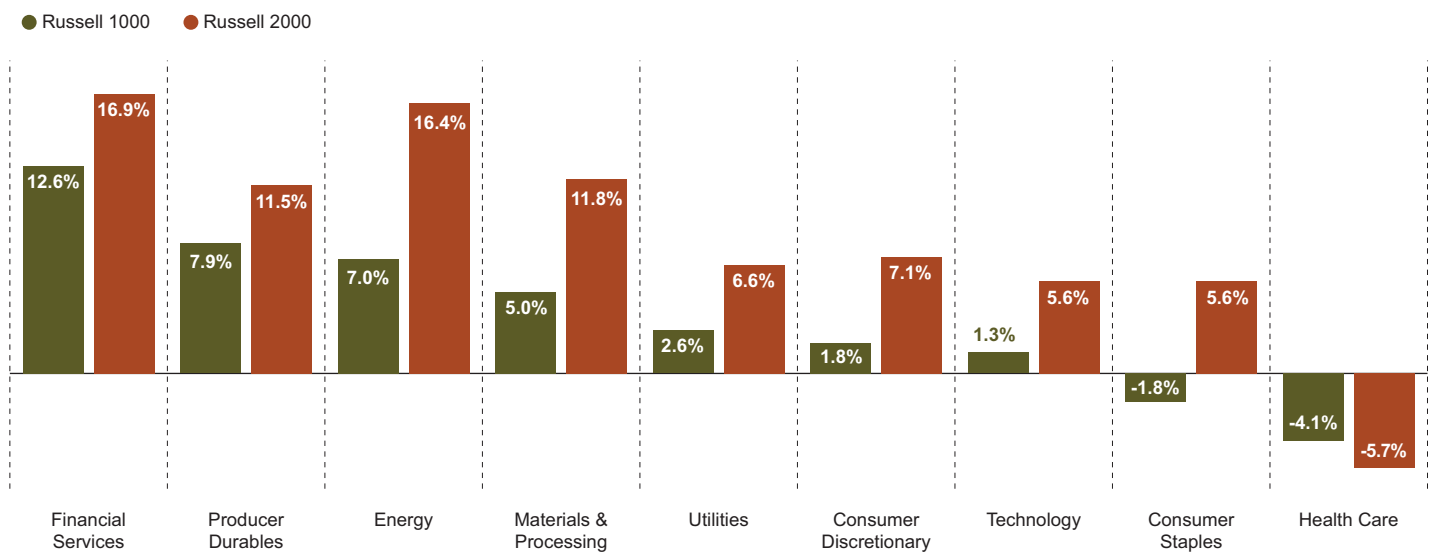
The **S&P 500 Index** notched a +3.82% return for the fourth quarter after reaching an all-time high (2,239) just days before the end of 2016. Even more impressive was the return from small-capitalization companies (**Russell 2000 Index**: +8.83%), as was the divergence between value and growth across the size spectrum (**Russell 1000 Value Index**: +6.68% vs. **Russell 1000 Growth Index**: +1.01%; **Russell 2000 Value Index**: +14.07% vs. **Russell 2000 Growth Index**: +3.57%).

The market in the fourth quarter was trumped by politics as the incoming administration promised to lower personal and corporate income taxes, decrease business and environmental regulation, and increase infrastructure spending. Investors appeared to approve; November saw the highest monthly return of the quarter (+3.70%). Other tailwinds furthered the frenzy, including upwardly revised third-quarter GDP (to +3.5%), subdued initial jobless claims, unemployment at the lowest level in nine years (4.6%), average wage growth of 2.9% in December,

and a surging U.S. dollar; home and automobile prices hit all-time highs, as did consumer confidence. In light of the progress, the Fed Funds rate was increased in December to a range of 0.50% to 0.75%. There are still pockets of uncertainty, however; across the pond the European Central Bank continued quantitative easing and back at home a Trump government could mean higher debt and subsequently inflation. Sentiment is nonetheless revved up, at least for now.

U.S. equity was the preferred market globally; small cap particularly benefited from Trump-fueled enthusiasm. Micro and small capitalization companies outpaced mid and large cap stocks (**Russell Microcap Index**: +10.05%, **Russell 2000 Index**: +8.83%, **Russell Midcap Index**: +3.21%, and **Russell 1000 Index**: +3.83%). Value regained its lead over growth in all capitalizations; the dispersion in style returns was broad across market capitalizations, with the widest (1,050 bps) in small cap (Russell 2000 Value minus Russell 2000 Growth)—the most since the technology bubble burst in 2001.

Economic Sector Quarterly Performance



Source: Russell Investment Group

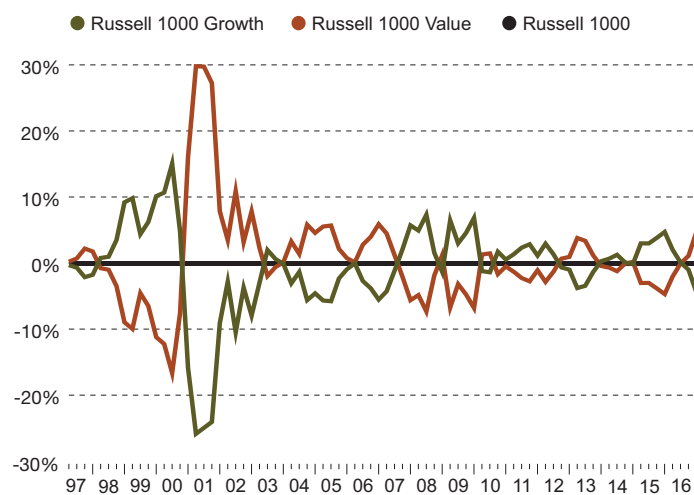
Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing 11 sectors.

Sector performance reflected the style shift; the best-performing sectors in the S&P 500 during the quarter were value-oriented, including Financials (+21.10%), Energy (+7.28%), and Materials (+4.70%). Within Financials, banks did especially well, benefiting from both an increase in interest rates and talk of deregulation. The Organization of Petroleum Exporting Countries (OPEC) agreed on oil production cuts in the quarter, boosting Energy stocks. In general, investors preferred companies with lower leverage and higher operating margins and return on equity. The growth-oriented, momentum areas of the market declined, including Health Care (-4.00%) and Consumer

Staples (-2.02%). The new Real Estate sector, representing 2.9% of the S&P 500, finished the quarter down 4.41% as these investments tend to move in the opposite direction of interest rates.

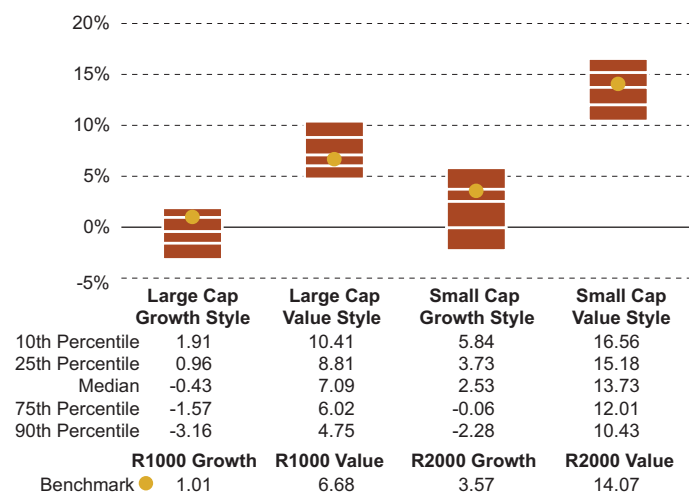
U.S. equity valuations were elevated; the S&P 500 Index Forward P/E was 16.9x at the end of the year versus the 25-year average of 15.9x. In this environment active managers were challenged; outflows from this group have totaled over \$1 trillion since 2005. However, a future with more volatility, lower returns, and higher interest rates should favor active management.

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 December 31, 2016

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Number of Issues	505	2,972	994	793	2,473	1,978
Wtd Avg Mkt Cap (\$bn)	139.0	115.8	125.6	13.0	4.2	2.1
Price/Book Ratio	2.8	2.7	2.7	2.4	2.2	2.1
Forward P/E Ratio	17.1	17.6	17.4	18.9	20.0	21.1
Dividend Yield	2.1%	2.0%	2.0%	1.7%	1.5%	1.4%
5-Yr Earnings (forecasted)	12.3%	12.3%	12.2%	10.9%	11.8%	12.8%

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

U.S. EQUITY (Continued)

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

Large Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	3.83	10.40	10.40	8.30	14.44	7.22	7.26
Russell 3000	4.21	12.74	12.74	8.43	14.67	7.07	7.11
Russell 1000	3.83	12.05	12.05	8.59	14.69	7.08	7.00
S&P 500	3.82	11.96	11.96	8.87	14.66	6.95	6.69
Large Cap Growth Style	-0.43	3.42	3.42	7.31	13.98	8.18	6.55
Russell 1000 Growth	1.01	7.08	7.08	8.55	14.50	8.33	6.42
Large Cap Value Style	7.09	15.25	15.25	8.28	14.69	6.51	8.11
Russell 1000 Value	6.68	17.34	17.34	8.59	14.8	5.72	7.41
Mid Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	5.47	14.48	14.48	8.53	15.49	8.83	10.13
Russell Midcap	3.21	13.80	13.80	7.92	14.72	7.86	9.51
Mid Cap Growth Style	0.30	4.23	4.23	4.36	12.33	8.09	8.30
Russell Midcap Growth	0.46	7.33	7.33	6.23	13.51	7.83	7.96
Mid Cap Value Style	6.55	17.10	17.10	8.26	15.03	8.41	10.45
Russell Midcap Value	5.52	20.00	20.00	9.45	15.70	7.59	10.28
Small Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	9.76	20.58	20.58	8.53	16.32	8.47	10.60
Russell 2000	8.83	21.31	21.31	6.74	14.46	7.07	8.49
Small Cap Growth Style	2.53	8.63	8.63	3.44	13.40	8.62	8.54
Russell 2000 Growth	3.57	11.32	11.32	5.05	13.74	7.76	7.48
Small Cap Value Style	13.73	27.75	27.75	9.13	16.43	8.61	11.17
Russell 2000 Value	14.07	31.74	31.74	8.31	15.07	6.26	9.22
Smid Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Core Style	5.56	16.00	16.00	6.84	15.17	9.47	-
Russell 2500	6.12	17.59	17.59	6.93	14.54	7.69	9.17
Smid Cap Growth Style	1.81	7.70	7.70	3.95	13.11	8.95	8.91
Russell 2500 Growth	2.60	9.73	9.73	5.45	13.88	8.24	8.03
Smid Cap Value Style	10.12	22.16	22.16	7.93	14.78	8.59	10.96
Russell 2500 Value	9.34	25.20	25.20	8.22	15.04	6.94	9.72
Russell 3000 Sectors	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	2.22	6.85	6.85	6.90	16.75	10.79	-
Consumer Staples	-1.57	5.79	5.79	10.14	13.53	10.79	-
Energy	7.31	26.29	26.29	-4.45	2.64	3.40	-
Financial Services	13.04	17.96	17.96	10.65	18.18	1.41	-
Health Care	-4.22	-3.33	-3.33	9.10	17.25	10.15	-
Materials & Processing	5.95	23.09	23.09	5.65	11.94	6.42	-
Producer Durables	8.23	20.13	20.13	8.07	15.81	7.44	-
Technology	1.55	14.82	14.82	12.56	15.52	9.81	-
Utilities	2.87	20.49	20.49	11.26	11.34	6.41	-

*Returns less than one year are not annualized.

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

A Depressing Dollar

NON-U.S. EQUITY | Irina Sushch

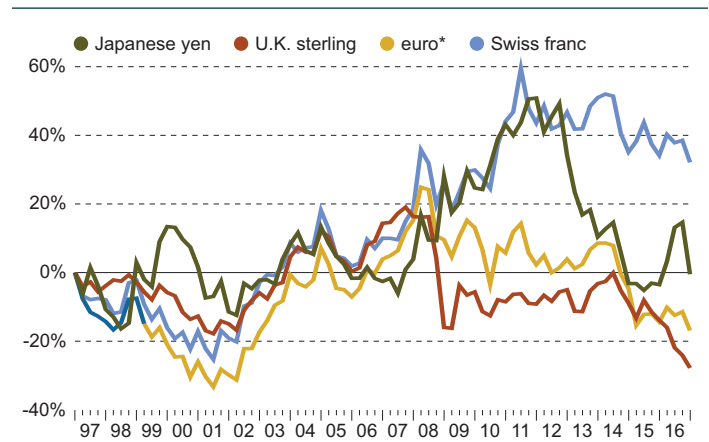
During the final quarter of 2016, foreign developed and emerging markets floundered in U.S. dollar terms despite hearty local returns. Donald Trump's election drove U.S. stocks to record highs, as investors reacted positively to his business-friendly stances on taxes, trade, and regulations. The U.S. dollar hit a multi-year high versus the euro and the yen and appreciated roughly 7% compared to a basket of currencies.

That broad-based dollar strength detracted from overseas returns for U.S. investors. The **MSCI ACWI ex USA Index** was down 1.25% for the quarter (but up 4.93% in local currency). As in the previous quarter, the defensive-oriented sectors dragged down returns (Consumer Staples: -10.09%, Health Care: -8.08%, REITs: -7.90%, Utilities: -7.19%). The interest rate-sensitive sectors helped limit the damage (Energy: +8.32%, Financials: +6.84%).

In dollar-denominated results, emerging markets (**MSCI Emerging Markets Index**: -4.16%) trailed their developed peers (**MSCI World ex USA Index**: -0.36%, **MSCI EAFE Index**: -0.71%). The **MSCI ACWI ex USA Value Index** (+3.29%) fared much better than the **MSCI ACWI ex USA Growth Index** (-5.72%). Small cap stocks joined growth and emerging market stocks at the bottom of the barrel (**MSCI ACWI ex USA Small Cap Index**: -3.52%). Despite multiple headwinds, the **MSCI ACWI ex USA Index** ended the year up 4.50%.

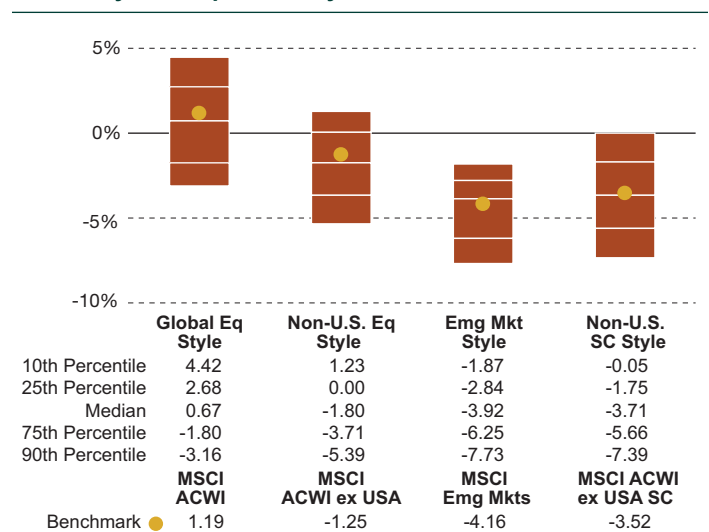
The European Central Bank announced that it would extend its bond purchase program, although it plans to lower investments from €80 billion to €60 billion per month. The unemployment rate in the euro zone declined to 9.8%, the lowest since July 2009. Consumer prices ticked up 0.6% year-over-year in November, and GDP was on track to increase at a 0.4% to 0.5% pace from 0.3% in the third quarter, based on early indications ahead of the release of the official figures in early 2017. Against this backdrop, the **MSCI Europe Index** rose 5.44% in the fourth quarter and 7.23% during the year for local investors; however, in U.S. dollar terms, the Index was essentially flat for the quarter

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



* German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



Sources: Callan, MSCI

and year (-0.40% for both periods). Italy (+10.75%) led the pack during the quarter, while Belgium (-11.80%) brought up the rear. Across the euro zone, economically sensitive Financial (+11.45%) and Energy (+11.16%) stocks posted healthy returns, while defensively oriented REIT (-9.96%) and Utility (-9.40%) stocks faltered.

NON-U.S. EQUITY (Continued)

In Southeast Asia and the Pacific, Japan's stimulus measures boosted returns for local investors (+14.99%). But the dollar hit a 14-year high versus the yen, hammering returns for U.S. investors (-0.16%). New Zealand had a rough quarter (-10.88%), although it closed out the year up 18.37%. Australia was the only country in the region to end the quarter in the black, up 0.69% (and +11.45% for the year), buoyed by rebounding commodity prices and higher interest rates. The **MSCI Pacific Index** slumped 1.03% for the quarter, but rose for the year (+4.18%).

Despite the MSCI Emerging Markets Index's decline during the quarter, it jumped a robust 11.19% during 2016, buttressed by strengthening commodity prices as well as reform efforts and accommodative monetary policies in several countries. Russia, up 18.56% in the quarter and 54.82% for the year, benefited richly from rising prices for oil and industrial commodities. China fell

during the quarter (-7.07%) but ended the year essentially flat (+0.90%). Most emerging Asian markets gained ground during the year (**MSCI EM Asia**: +6.14%), despite a rough fourth quarter (-6.06%), driven by economic reform and technology stocks. Mexico dropped 7.88% for the quarter and 9.16% for the year, hurt by peso weakness and Trump's election.

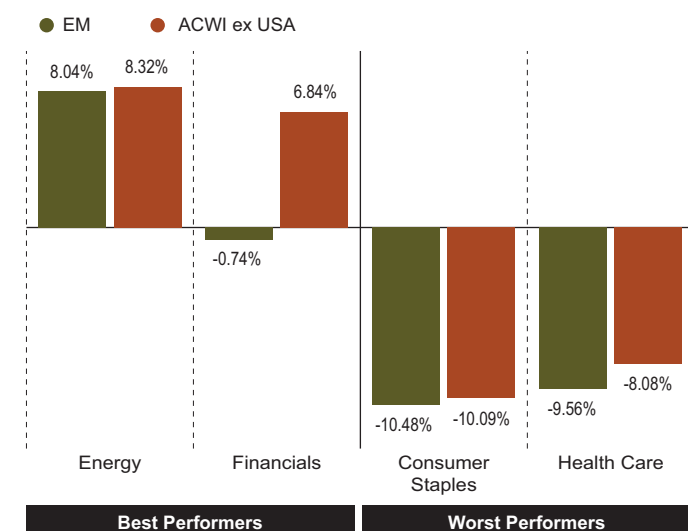
Quarterly Returns for Non-U.S. Developed Countries

Country	Equity Index			Weight*
	(US\$)	(Local Currency)	Local Currency	
Australia	0.69%	6.41%	-5.38%	5.20%
Austria	6.51%	13.48%	-6.14%	0.14%
Belgium	-11.80%	-6.03%	-6.14%	0.83%
Canada	3.26%	5.36%	-2.00%	7.05%
Denmark	-8.74%	-2.90%	-6.01%	1.16%
Finland	-4.40%	1.86%	-6.14%	0.68%
France	2.93%	9.67%	-6.14%	7.16%
Germany	1.45%	8.10%	-6.14%	6.53%
Hong Kong	-8.97%	-9.00%	0.04%	2.28%
Ireland	0.14%	6.69%	-6.14%	0.33%
Israel	-11.32%	-9.61%	-2.51%	0.48%
Italy	10.75%	18.01%	-6.14%	1.46%
Japan	-0.16%	14.99%	-13.18%	16.95%
Netherlands	-2.10%	3.72%	-6.14%	2.33%
New Zealand	-10.88%	-7.06%	-4.11%	0.13%
Norway	2.40%	10.29%	-7.15%	0.47%
Portugal	-2.92%	3.44%	-6.14%	0.11%
Singapore	-3.64%	2.02%	-5.62%	0.87%
Spain	2.24%	8.94%	-6.14%	2.21%
Sweden	-0.84%	5.15%	-5.69%	2.00%
Switzerland	-3.86%	0.80%	-4.62%	6.08%
U.K.	-0.90%	4.19%	-4.88%	12.89%

*Weight in the MSCI ACWI ex USA Index

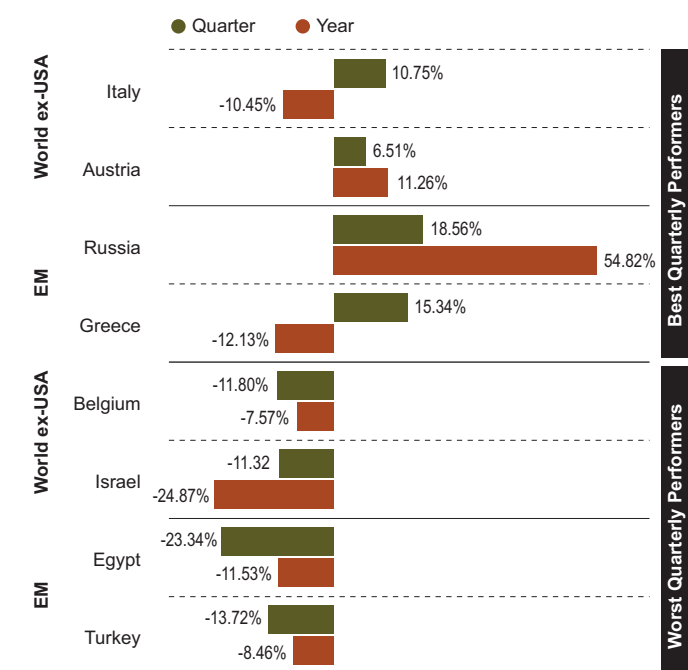
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



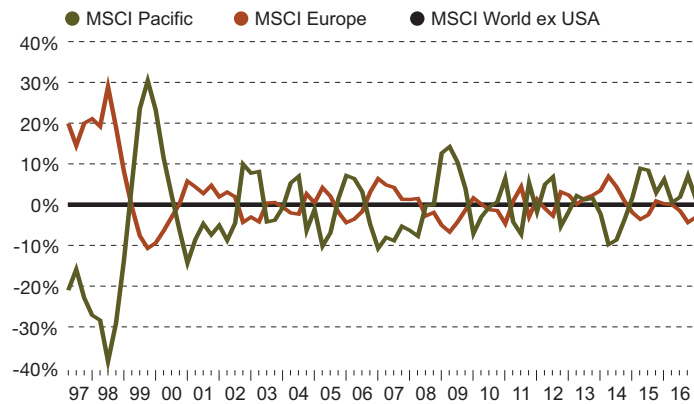
Source: MSCI

Quarterly and Annual Country Performance Snapshot



Source: MSCI

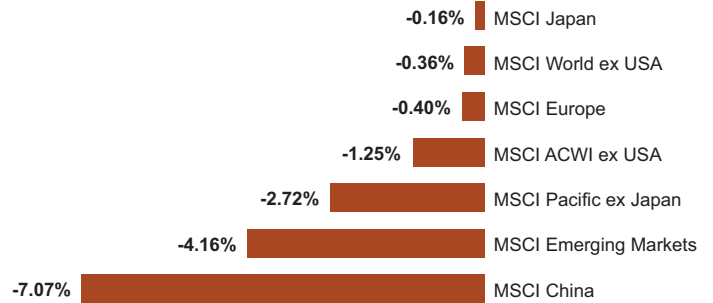
Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance

(U.S. Dollar)



Source: MSCI

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

Global Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	0.67	6.41	6.41	3.53	10.74	4.86	7.11
MSCI World	1.86	7.51	7.51	3.80	10.41	3.83	5.83
MSCI ACWI	1.19	7.86	7.86	3.13	9.36	3.56	5.92
Non-U.S. Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	-1.80	1.47	1.47	-0.55	7.39	2.01	7.00
MSCI World ex USA	-0.36	2.75	2.75	-1.59	6.07	0.86	5.45
MSCI ACWI ex USA	-1.25	4.50	4.50	-1.78	5.00	0.96	5.87
Regional Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
MSCI China	-7.07	0.90	0.90	0.14	5.02	3.76	11.62
MSCI Europe ex UK	-0.20	-0.56	-0.56	-2.62	7.41	0.36	5.22
MSCI Japan	-0.16	2.38	2.38	2.49	8.17	0.54	4.69
MSCI Japan (local)	14.99	-0.74	-0.74	6.11	17.56	0.32	3.88
MSCI Pacific	-1.03	4.18	4.18	1.43	7.15	1.62	6.05
MSCI Pacific (local)	10.16	2.26	2.26	5.34	14.46	1.24	4.70
MSCI Pacific ex Japan	-2.72	7.85	7.85	-0.59	5.24	3.94	9.45
MSCI Pacific ex Japan (local)	1.23	8.34	8.34	4.28	10.08	4.25	7.43
MSCI United Kingdom	-0.90	-0.10	-0.10	-4.40	3.97	0.32	4.51
MSCI United Kingdom (local)	4.19	19.16	19.16	5.41	8.85	5.05	5.66
Emerging/Frontier Markets	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	-3.92	11.66	11.66	-1.25	3.09	3.06	10.94
MSCI Emerging Markets	-4.16	11.19	11.19	-2.55	1.28	1.84	9.50
MSCI Emerging Markets (local)	-1.44	9.69	9.69	2.83	5.64	4.35	10.02
MSCI Frontier Markets	0.49	2.66	2.66	-2.10	5.16	-0.62	-
Global/Non-U.S. Small Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	-3.71	-0.17	-0.17	2.35	11.72	4.69	11.27
MSCI World Small Cap	2.74	12.71	12.71	4.62	12.21	5.59	9.40
MSCI ACWI Small Cap	1.76	11.59	11.59	3.97	11.29	5.66	9.66
MSCI World ex USA Small Cap	-2.74	4.32	4.32	1.36	8.96	2.69	9.26
MSCI ACWI ex USA Small Cap	-3.52	3.91	3.91	0.76	7.74	2.89	9.64

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

Treacherous Treasuries

U.S. FIXED INCOME | Rufash Lama

The U.S. bond market experienced a tumultuous fourth quarter, triggered by the unexpected election results and strong economic data, among other factors. The **Bloomberg Barclays U.S. Aggregate Bond Index** dropped 2.98%, while the **Bloomberg Barclays High Yield Index** rose 1.75%. But the year ended on an upbeat note, with the Aggregate up 2.65% and the High Yield Index delivering equity-like returns at 17.13%.

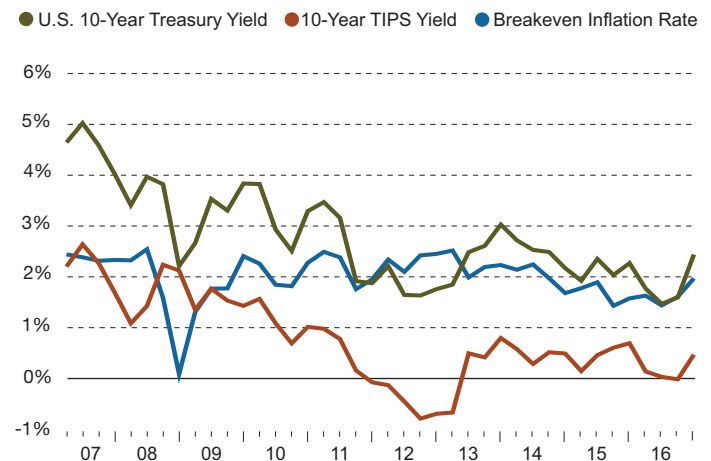
The yield curve rose following the presidential election and an upward revision for third-quarter GDP to 3.5%, the highest quarterly increase in two years. Yields rose across the maturity spectrum. The benchmark 10-year Treasury note showed the biggest change, ending the quarter at 2.45% (an increase of 85 bps). Yields on the 5-year and 30-year finished at 1.93% and 3.07%, respectively.

Markets entered 2016 expecting four rate hikes, but the Fed increased the Federal Funds rate only once, by 25 bps to a range of 0.50% to 0.75% in December. As a result of rising yields, returns across the broad fixed income sector were negative for the quarter. Tax-exempt municipal bonds and Treasuries dropped 3.62% and 3.84%, respectively. On a duration-adjusted

basis, Treasuries underperformed credit securities by 156 bps. Long Treasuries were hit particularly hard, falling 11.67%.

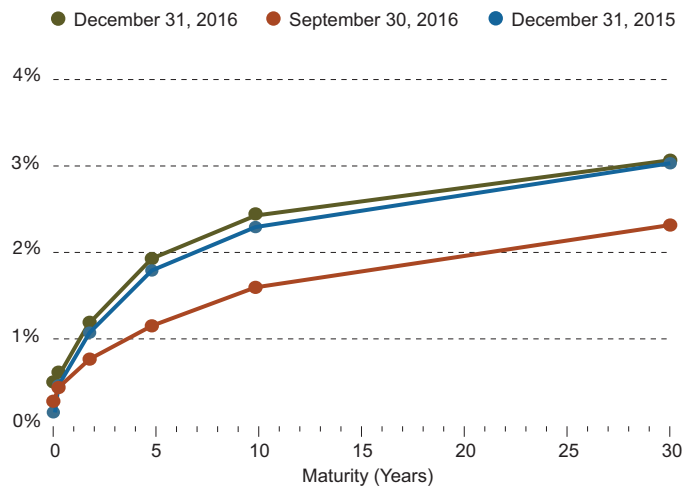
Spreads tightened during the quarter. Investment-grade corporate spreads over comparable Treasuries tightened 42 bps and ended the year at 123 bps—a stark contrast to the first half of the year, in which spreads had widened up to 214 bps in February.

Historical 10-Year Yields



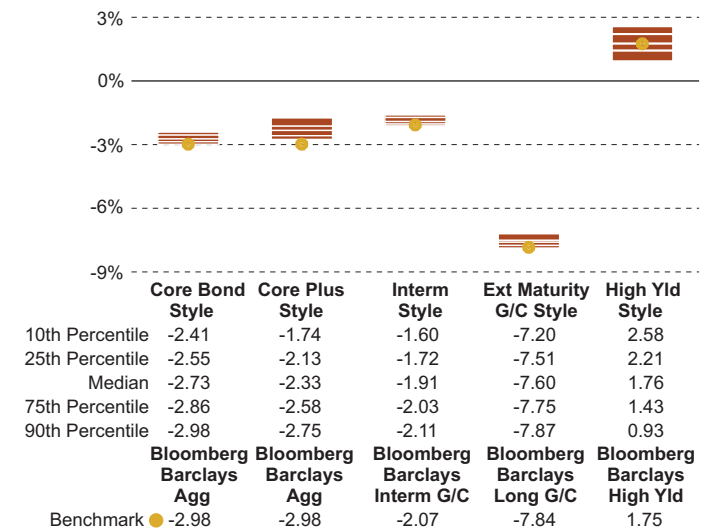
Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

Callan Style Group Quarterly Returns



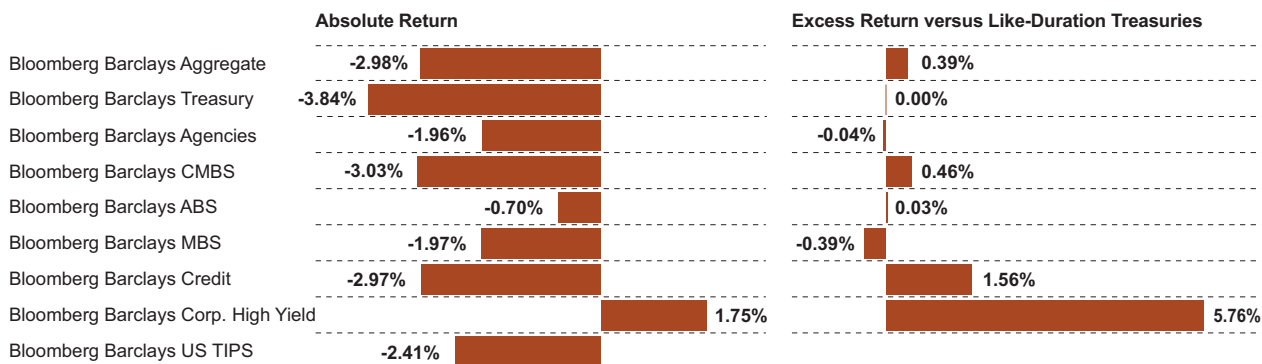
Sources: Bloomberg Barclays, Callan

Corporates declined 2.8% for the quarter, but generated a strong return (+6.11%) for the year. On a duration-adjusted basis, long credit outperformed intermediate credit by 330 bps. Despite a slow start, high yield corporates made a powerful comeback to end the year on a strong note; they delivered 407 bps of excess returns for the quarter. Mortgage-backed securities (MBS), plagued by rate volatility and elevated prepayment concerns, fell 1.97% for the quarter (but were up 1.67% for the year) and underperformed duration-matched Treasuries by 39 bps.

Asset-backed securities (ABS) were off 0.70% for the quarter but up 2.03% for the year. Commercial mortgage-backed securities (CMBS) experienced a similar divergence, falling 3.03% in the quarter but rising 3.32% over the year.

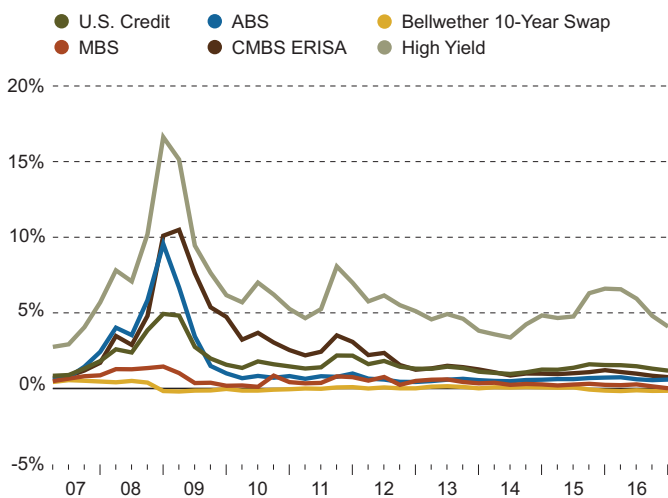
In 2016, U.S. corporations set a milestone with new high yield and investment-grade issuances that totaled \$1.5 trillion. The municipal bond market also set a record with new offerings totaling \$445 billion.

Fixed Income Index Quarterly Returns



Source: Bloomberg Barclays

Effective Yield Over Treasuries



Source: Bloomberg Barclays

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

Bloomberg Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity
Bloomberg Barclays Aggregate	2.61	5.89	8.19
Bloomberg Barclays Universal	2.99	5.69	7.97
Bloomberg Barclays Gov/Credit	2.51	6.45	8.74
1-3 Year	1.45	1.92	1.98
Intermediate	2.11	4.05	4.39
Long-Term	3.95	14.97	24.18
Bloomberg Barclays Long Credit	4.55	13.57	23.77
Bloomberg Barclays Corp High Yield	6.12	4.11	6.30
Bloomberg Barclays TIPS	2.20	4.87	8.25
Bloomberg Barclays Muni Bond 1-5 Year	1.76	2.69	3.17
Bloomberg Barclays Muni 1-10 Year	2.11	4.04	5.79
Bloomberg Barclays Municipal	2.65	6.24	12.82

Source: Bloomberg Barclays

U.S. FIXED INCOME (Continued)

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

Broad Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	-2.73	3.13	3.13	3.39	2.86	4.90	5.05
Core Bond Plus Style	-2.33	4.67	4.67	3.54	3.72	5.35	5.67
Bloomberg Barclays Aggregate	-2.98	2.65	2.65	3.03	2.23	4.34	4.58
Bloomberg Barclays Universal	-2.61	3.91	3.91	3.27	2.78	4.57	4.92
Long-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Credit Style	-5.33	10.77	10.77	7.47	6.09	7.27	-
Bloomberg Barclays Long Credit	-5.40	10.22	10.22	6.98	5.20	6.87	7.15
Extended Maturity Gov/Credit Style	-7.60	7.28	7.28	7.33	4.64	7.45	7.46
Bloomberg Barclays Long Gov/Credit	-7.84	6.67	6.67	7.16	4.07	6.85	7.03
Intermediate-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	-1.91	2.33	2.33	2.31	2.27	4.27	4.50
Bloomberg Barclays Interm Gov/Credit	-2.07	2.08	2.08	2.09	1.85	3.84	4.07
Short-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	-0.33	1.54	1.54	1.19	1.29	2.74	2.98
Bloomberg Barclays Gov/Credit 1-3 Yr	-0.39	1.28	1.28	0.90	0.92	2.44	2.72
Bank Loans	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Bank Loan Style	2.13	9.38	9.38	3.90	5.43	4.89	5.17
Credit Suisse Leveraged Loans	2.25	9.88	9.88	3.76	5.21	4.26	4.87
High Yield	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	1.76	14.74	14.74	4.61	7.36	7.42	8.26
Bloomberg Barclays Corp High Yield	1.75	17.13	17.13	4.66	7.36	7.45	8.35
Unconstrained	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Unconstrained Fixed Style	0.79	5.07	5.07	2.34	3.89	4.59	6.33
90 Day T-Bill + 3%	0.82	3.33	3.33	3.14	3.12	3.80	4.34
Stable Value	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Stable Value Style	0.48	1.87	1.87	1.78	1.89	2.76	3.44
iMoneyNet Mutual Fund Avg	0.05	0.13	0.13	0.05	0.04	0.71	-
TIPS	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Inflation-Linked Style	-2.34	4.82	4.82	2.27	0.93	4.44	5.39
Bloomberg Barclays TIPS	-2.41	4.68	4.68	2.26	0.89	4.36	5.30
Municipal	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Short Municipal Style	-0.91	-0.10	-0.10	0.45	0.64	1.65	1.88
Bloomberg Barclays Municipal 1-5 Yr	-1.36	0.00	0.00	1.08	1.25	2.86	2.99
Intermediate Municipal Style	-3.47	-0.29	-0.29	2.84	2.35	3.47	3.77
Bloomberg Barclays Municipal 1-10 Yr	-2.62	-0.10	-0.10	2.32	2.03	3.69	3.87
Long Municipal Style	-3.50	0.50	0.50	4.32	3.60	4.54	4.97
Bloomberg Barclays Municipal	-3.62	0.25	0.25	4.14	3.28	4.25	4.67

*Returns for less than one year are not annualized.

Sources: Bloomberg Barclays, Callan, Credit Suisse, Merrill Lynch

Big-League Yields

NON-U.S. FIXED INCOME | Kyle Fekete

The U.S. dollar skyrocketed against a trade-weighted basket of currencies on the back of the November U.S. election and higher U.S. interest rates. Investment strategies with foreign currency exposure faced strong headwinds as the **Bloomberg Barclays Global Aggregate ex US** fell 10.26% (-1.86% on a hedged basis).

Continuing 2016's anti-establishment geopolitical theme, Italians voted against reforms proposed by the government, leading to Italian President Matteo Renzi's resignation. In December, European Central Bank President Mario Draghi announced the extension of its stimulus program out to December 2017; however, the bond buying will be dialed

Quarterly Returns for Non-U.S. Government Indices

Country	Country Debt (\$)	Country Debt	Local Currency	Weight*
Australia	-9.22%	-4.06%	-5.38%	2.45%
Austria	-8.58%	-2.60%	-6.14%	1.85%
Belgium	-9.47%	-3.54%	-6.14%	3.03%
Canada	-5.79%	-3.87%	-2.00%	2.55%
Denmark	-8.77%	-2.93%	-6.01%	0.77%
Finland	-8.12%	-2.11%	-6.14%	0.72%
France	-9.35%	-3.42%	-6.14%	11.80%
Germany	-8.47%	-2.48%	-6.14%	8.85%
Ireland	-7.81%	-1.77%	-6.14%	0.93%
Italy	-9.24%	-3.30%	-6.14%	11.41%
Japan	-14.72%	-1.78%	-13.18%	33.08%
Malaysia	-10.17%	-2.55%	-7.81%	0.52%
Mexico	-11.18%	-5.46%	-6.06%	0.94%
Netherlands	-8.70%	-2.73%	-6.14%	2.82%
Norway	-8.54%	-1.50%	-7.15%	0.33%
Poland	-10.13%	-1.98%	-8.31%	0.72%
Singapore	-8.91%	-3.49%	-5.62%	0.45%
South Africa	0.72%	0.16%	0.56%	0.64%
Spain	-8.80%	-2.83%	-6.14%	6.61%
Sweden	-7.73%	-2.16%	-5.69%	0.56%
Switzerland	-6.03%	-1.48%	-4.62%	0.29%
U.K.	-8.40%	-3.70%	-4.88%	8.69%

*Weight in the Citi Non-U.S. World Government Bond Index.
Source: Citigroup

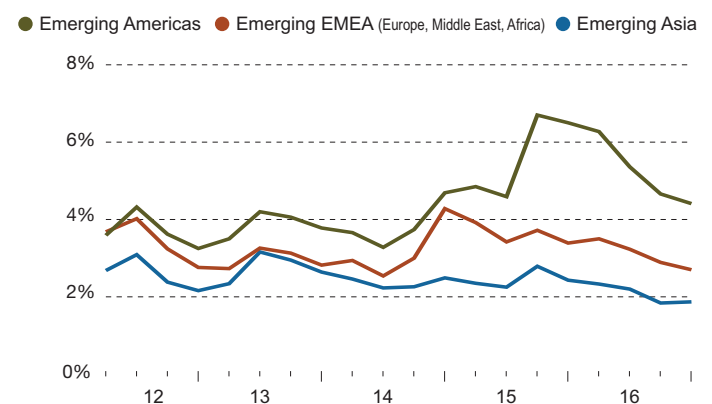
back to €60 billion per month, down from €80 billion. The quantitative easing program reached approximately €1.7 trillion in 2016, and should top €2.2 trillion by the end of 2017.

Yields on 10-year German government bonds increased to 0.21%, 224 bps below that of the 10-year Treasury. The U.S./German 10-year debt spread reached the widest it has been since 1990. The euro declined 6.14% against the dollar.

Ahead of the uncertainty surrounding the Brexit process, the Bank of England (BOE) elected to hold the benchmark rate at 0.25% and maintain the same rate of bond purchasing, saying the sterling's recent appreciation against the euro may curtail inflation. The U.K. 10-year yield jumped 49 bps to 1.24% and the sterling declined 4.9% against the dollar. Changes to Japan's monetary policy were also put on hold as the unemployment rate reached a healthy level and a weakened yen stood poised to boost potential earnings growth. The Bank of Japan upheld its pledge to keep the yield of 10-year Japanese debt near 0%; its yield settled at 0.05%.

Emerging market debt weakened and underperformed developed markets. The local currency-denominated **JP Morgan GBI-EM Global Diversified Index** fell 6.09%. The USD-denominated **JPM EM Global Diversified Index** fell 4.02%.

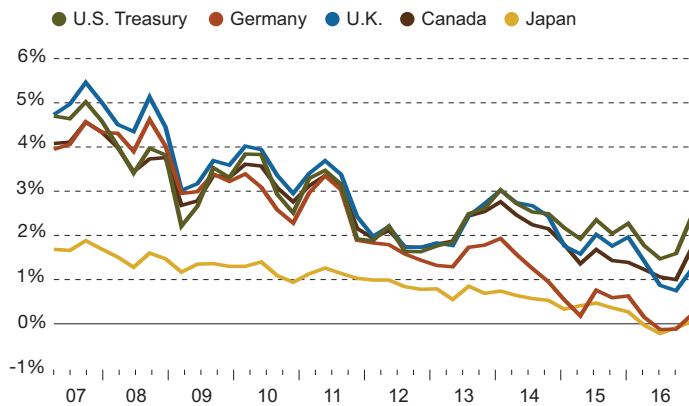
Emerging Spreads Over Developed (By Region)



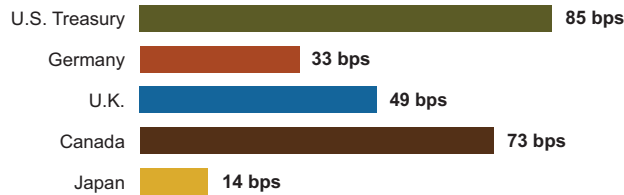
Source: Bloomberg Barclays

NON-U.S. FIXED INCOME (Continued)

10-Year Global Government Bond Yields



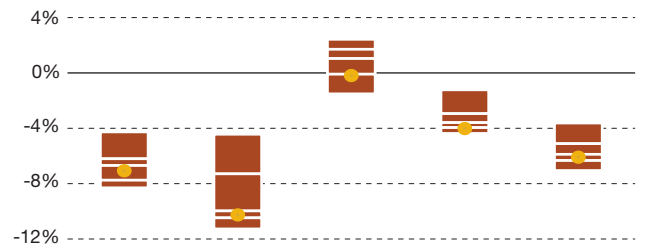
Change in 10-Year Yields from 3Q16 to 4Q16



Source: Bloomberg

Turkey and Mexico were among the worst performers in both indices. However, emerging market sovereign debt proved to be one of the strongest asset classes in 2016, gaining roughly 10% in both JP Morgan indices, benefiting from the tailwind of increased commodity prices.

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Global High Yield	Em Debt USD DB	Em Debt Local
10th Percentile	-4.21	-4.38	2.48	-1.17	-3.57
25th Percentile	-6.15	-7.24	1.76	-2.89	-5.06
Median	-6.64	-9.92	1.09	-3.54	-5.83
75th Percentile	-7.70	-10.42	-0.04	-3.90	-6.28
90th Percentile	-8.25	-11.22	-1.46	-4.32	-7.00
Benchmark	-7.07	-10.26	-0.19	-4.02	-6.09

Sources: Bloomberg Barclays, Callan, JPMorgan Chase

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

Global Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Global Fixed Income Style	-6.64	2.23	2.23	0.08	0.69	3.77	5.69
Bloomberg Barclays Global Aggregate	-7.07	2.09	2.09	-0.19	0.21	3.29	4.79
Global Fixed Income Style (hedged)	-2.32	4.37	4.37	4.29	4.17	4.96	5.36
Bloomberg Barclays Global Aggregate (hedged)	-2.34	3.95	3.95	4.15	3.59	4.39	4.55
High Yield	1.09	14.82	14.82	3.10	6.43	6.76	9.15
Bloomberg Barclays Global High Yield	-0.19	14.27	14.27	3.60	7.37	7.35	9.18
Non-U.S. Fixed Income	-9.92	2.28	2.28	-1.70	-0.15	3.48	5.70
Bloomberg Barclays Global Aggregate ex US	-10.26	1.49	1.49	-2.59	-1.39	2.44	4.96
Emerging Markets Fixed Income	-3.54	12.05	12.05	5.46	5.94	7.28	10.23
JPM EMBI Global Diversified	-4.02	10.15	10.15	6.19	5.91	6.89	9.02
Emerging Debt Style (local)	-5.83	9.97	9.97	-3.77	-0.93	3.64	7.04
JPM GBI-EM Global Diversified	-6.09	9.94	9.94	-4.10	-1.29	3.82	-
Emerging Debt Blend Style	-3.98	10.25	10.25	0.69	2.48	6.50	11.84
JPM EMBI GI Div/JPM GBI-EM GI Div	-5.06	10.24	10.24	1.05	2.36	5.44	-
Emerging Debt Corporate Style	-1.19	11.51	11.51	5.42	6.51	-	-
JPM CEMBI	-1.29	11.11	11.11	5.33	5.90	6.74	7.83

*Returns less than one year are not annualized.

Sources: Bloomberg Barclays, Callan, JPMorgan

Rates Trump Fundamentals

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** advanced 1.73% during the fourth quarter (1.14% from income and 0.59% from appreciation). This was the lowest return since 2010, eclipsing the third quarter's mark of 1.78%. Appreciation fell for the seventh consecutive quarter.

Industrial (+2.89%) was the best-performing sector for the third quarter in a row and Apartments (+1.67%) and Retail (+1.65%) also posted strong relative returns; Hotels (+0.37%) were the worst performers. The West region posted the strongest results (+2.22%), and the Midwest was the weakest (+1.29%). Transaction volume totaled \$14 billion, the highest on record, a 45% jump over the previous quarter, and a 24% increase over the same period in 2015. Appraisal capitalization rates fell to 4.43%, a new all-time low, undercutting the third quarter's 4.48%. Transaction capitalization rates fell sharply from 6.2% to 5.7% in the fourth quarter, tightening the spread between appraisal and transactional rates to 123 basis points.

Occupancy rates stayed steady at 93.22%, a 15-year high hit in the third quarter. For the second straight quarter Retail and Apartment occupancy rates fell slightly, and Industrial and Office rates increased.

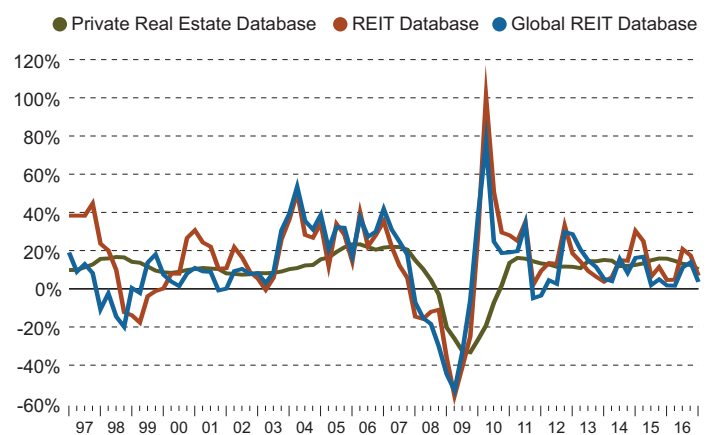
The **NCREIF Open End Diversified Core Equity Index** rose 1.88% (0.84% from income and 1.04% from appreciation). This marked a 5 bps increase over the third quarter return of 1.83%, which was the lowest for the Index since 2010. Income returns fell slightly, but appreciation bounced back from a five-year low in the third quarter.

Global real estate investment trusts (REITs), tracked by the **FTSE EPRA/NAREIT Developed REIT Index (USD)**, lagged behind their U.S. counterparts and dropped 5.39%. U.S. REITs, as measured by the **FTSE NAREIT Equity REITs Index**, lost 2.89% for the quarter.

In the U.S., REITs started the quarter with a sharp decline due to an increase in interest rates. Donald Trump's surprise victory in the presidential election sent rates even higher and further punished many REIT sectors, especially those that represent a higher weight in the Index. Health Care (-10.80%) was the worst performer, hammered by the possibility that the incoming Republican administration would repeal the Affordable Care Act. Retail (-10.73%) and Infrastructure (-6.95%) also suffered large losses. The biggest winner for the quarter was the Hotel sector, which skyrocketed 20.39% with the election of Donald Trump, a hotelier. Specialty (+6.67%) and Data Centers (+0.82%) were other strong-performing sectors for the quarter. Politics and interest rates drove some REIT valuations downward, despite generally strong fundamentals.

Political issues also impacted the European market. Fears of a hard Brexit slowed transaction volume in the U.K., despite strong economic data suggesting that the economy was still on track. On the continent, pricing and transactions were weighed down by fears of an Italian banking crisis and uncertainty concerning France's upcoming elections.

Rolling One-Year Returns

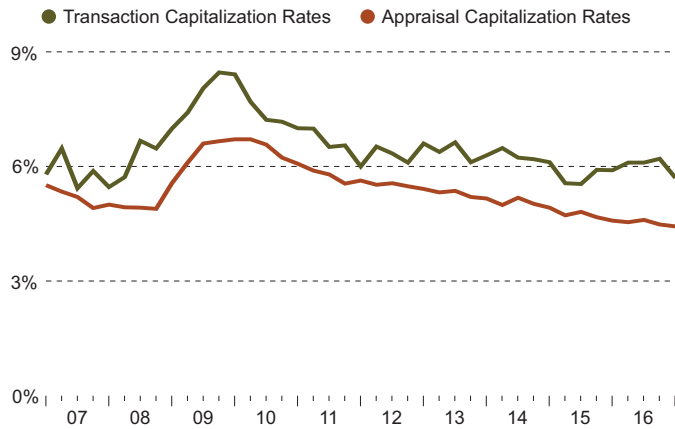


Source: Callan

*Index subreturns are calculated separately from index return and may not total.

REAL ESTATE (Continued)

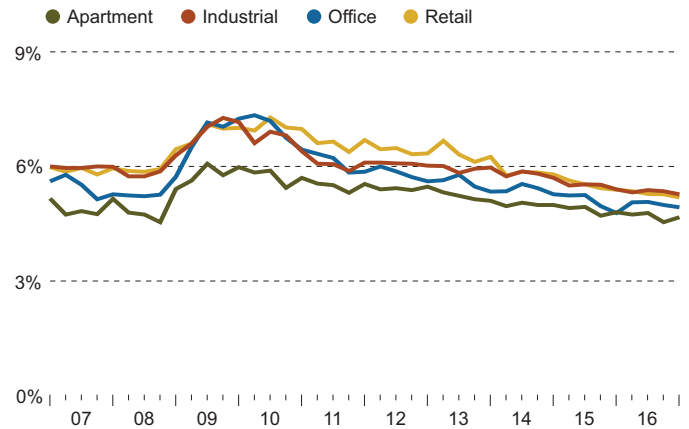
NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF

Note: Transaction capitalization rate is equal weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF

Note: Capitalization rates are appraisal-based.

Commercial mortgage-backed securities (CMBS) issuance for the quarter jumped 31% to \$26.0 billion from the \$19.8 billion in the third quarter. This also represented a 19.3% increase over the fourth quarter of 2015 (\$21.8 billion).

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

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Private Real Estate							
Real Estate Database (net of fees)	1.87	8.34	8.34	11.89	11.89	4.56	7.57
NCREIF Property	1.73	7.97	7.97	11.02	10.91	6.93	9.00
NFI-ODCE (value wtd. net)	1.88	7.79	7.79	11.04	11.16	4.84	7.15
Public Real Estate							
REIT Database	-2.66	6.87	6.87	13.59	12.26	5.65	11.85
FTSE NAREIT Equity	-2.89	8.52	8.52	13.38	12.01	5.08	10.80
Global Public Real Estate							
Global REIT Database	-5.11	3.97	3.97	7.26	10.83	2.82	10.55
FTSE EPRA/NAREIT Developed REIT	-5.39	4.99	4.99	6.78	10.34	2.23	9.84
Global ex U.S. Public Real Estate							
Global ex-U.S. REIT Database	-7.77	0.48	0.48	1.13	8.95	-0.12	10.03
EPRA/NAREIT Dev REITs ex-U.S.	-7.68	1.97	1.97	0.61	8.42	0.12	9.24

*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.

Down but Far From Out

PRIVATE EQUITY | Gary Robertson

Based on preliminary data, private equity funds raised \$281 billion in 2016, a moderate \$24.2 billion (9%) increase over 2015, and 783 partnerships were formed, up by 101 (15%) over the previous year, according to *Private Equity Analyst*.

In the fourth quarter, commitments totaled \$86.9 billion and 267 funds were created. The amount raised skyrocketed by 125% compared to the third quarter's \$38.6 billion, and the number of new funds jumped by 87% from the prior quarter's 143.

Private equity firms purchased 1,728 companies in 2016, down 14% from 2,006 in 2015, according to *Buyouts* newsletter. The year's announced dollar volume was \$163.2 billion, an eight-year high and up 39% from \$117.5 billion in 2015. The fourth quarter saw 322 transactions, down from 385 in the third quarter, and disclosed dollar volume totaled \$28.3 billion, down from \$39.0 billion.

The year produced 8,136 rounds of new investment in venture capital companies, down 22% from 2015's 10,468, according to the National Venture Capital Association. The announced volume of \$69.1 billion for the year was down 13% from \$79.3 billion in 2015. Fourth quarter VC investments totaled 1,744 rounds and \$12.7 billion of announced financing, down from 1,979 rounds and \$15.7 billion in the previous quarter.

Funds Closed January 1 to December 31, 2016

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	401	41,060	15%
Buyouts	278	168,798	60%
Subordinated Debt	22	17,739	6%
Distressed Debt	20	21,972	8%
Secondary and Other	23	22,525	8%
Fund-of-funds	39	8,808	3%
Totals	783	280,902	100%

Source: Private Equity Analyst

Buyouts reports that 2016's 505 private M&A exits of buyout-backed companies was down 11% from the 567 in 2015. The year's aggregate disclosed M&A exit values of \$85.7 billion was down 35% from 2015's \$131.4 billion. In the fourth quarter, there were 105 M&A exits, and announced values totaled \$18.1 billion, down from 142 exits totaling \$27.5 billion in the third quarter. There were three buyout-backed IPOs, with a total value of \$2.0 billion, and eight for the full year, raising a total of \$4.1 billion.

Venture-backed M&A exits for the year totaled 687, down 22% from 884 in 2015, with announced values of \$43.9 billion, up 3.8% from \$42.3 billion in 2015. The quarter had 184 exits with announced values totaling \$7.52 billion, compared to 192 and \$13.4 billion in the third quarter. The year produced 39 venture-backed IPOs raising \$2.9 billion, down from the 77 IPOs in 2015 that raised \$8.1 billion.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through June 30, 2016*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	0.26	-0.09	19.18	13.63	10.38	5.66	20.65
Growth Equity	1.60	1.83	12.86	10.13	11.25	10.25	13.65
All Buyouts	2.85	6.29	12.91	10.81	10.40	12.32	12.62
Mezzanine	2.25	7.09	8.79	9.67	9.35	8.12	9.19
Distressed	2.34	1.41	7.34	8.73	9.26	10.50	10.55
All Private Equity	2.13	3.95	13.11	10.89	10.33	10.32	13.26
S&P 500	2.46	3.99	11.66	12.10	7.42	5.75	7.87
Russell 3000	2.63	2.14	11.13	11.60	7.40	6.09	7.96

*Most recent data available at time of publication.

Notes: Private equity returns are net of fees. 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.

Sources: Russell Investment Group, Standard & Poor's, Thomson Reuters/Cambridge

Making Alpha Great Again

HEDGE FUNDS | Jim McKee

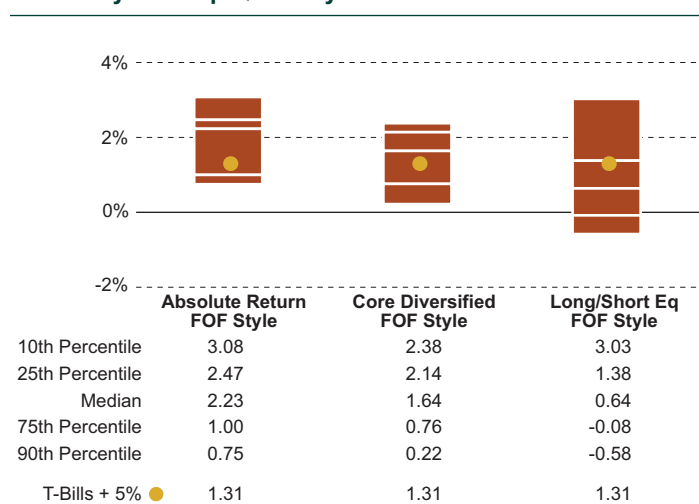
In the wake of the U.S. presidential election, the reflation trade exploded as U.S. stocks jumped and Treasuries were dumped. The dollar also strengthened dramatically. During this rapid market paradigm shift, the average hedge fund appeared to gain little over embedded betas, as most conservatively positioned their gross and net exposures going into the election. However, the hedge fund community will likely see a combination of more fiscal policy and less monetary policy as a better trading environment.

Representing the average fund's performance without implementation costs, the **Credit Suisse Hedge Fund Index (CS HFI)** rose 1.15% in the fourth quarter. As a proxy for live portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** advanced 1.26%, net of all fees.

Within CS HFI, the best-performing strategy was *Global Macro* (+4.59%), aided by a stronger dollar. *Distressed* gained 3.57%. The sharp reversals following the election across currencies, rates, and equities upset the trend-following mantra of *Managed Futures* (-5.65%). *Long/Short Equity* (-0.20%) was also caught flat-footed by the unexpected Trump effect.

Within Callan's Hedge Fund-of-Funds Database, market exposures marginally affected performance in the fourth quarter. Aided by tightening credits and supportive fundamentals, the median *Callan Absolute Return FoF* (+2.23%) outpaced the *Callan Long/Short Equity FoF* (+0.64%). With diversifying exposures to both non-directional and directional styles, the *Callan Core Diversified FoF* gained 1.64%.

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

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

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	1.26	1.19	1.19	1.43	4.91	3.31	4.74
CS Hedge Fund Index	1.15	1.25	1.25	1.54	4.34	3.75	5.74
CS Equity Market Neutral	-2.65	-4.58	-4.58	-1.40	1.11	-2.93	0.47
CS Convertible Arbitrage	0.42	6.60	6.60	1.85	3.85	3.69	4.43
CS Fixed Income Arbitrage	1.85	4.29	4.29	3.07	4.76	3.42	4.25
CS Multi-Strategy	1.16	4.41	4.41	4.78	7.30	5.19	6.81
CS Distressed	3.57	6.38	6.38	1.09	6.02	3.96	6.94
CS Risk Arbitrage	0.77	5.89	5.89	1.62	2.51	3.33	3.66
CS Event-Driven Multi-Strategy	1.77	1.25	1.25	-1.50	3.95	3.67	6.07
CS Long/Short Equity	-0.20	-3.43	-3.43	1.82	6.10	4.03	6.00
CS Dedicated Short Bias	1.82	-16.87	-16.87	-7.04	-13.65	-9.95	-8.11
CS Global Macro	4.59	3.58	3.58	2.28	3.14	5.82	8.07
CS Managed Futures	-5.65	-6.84	-6.84	2.99	0.66	2.67	4.77
CS Emerging Markets	-0.27	4.47	4.47	1.91	4.89	3.68	7.97

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

A Case of the Jitters

DEFINED CONTRIBUTION | Tom Szkwarla

The average defined contribution (DC) plan gained 3.92% in the third quarter of 2016, as measured by the Callan DC Index™. Still, the Index trailed 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—which gained 4.53%. Since inception, the DC Index's annual return of 5.41% has trailed the Age 45 Target Date Fund by 74 basis points.

During the third quarter, DC plan balances grew by 3.67%, driven entirely by market returns. Participants appeared to be jittery; money flowed out of plans on a net basis, reducing total balance growth by 25 basis points. The quarter's outflows were the highest since the third quarter of 2006. And third quarter turnover (i.e., net transfer activity levels within DC plans) in the DC Index came in at 0.82%, its highest level since the third quarter of 2012.

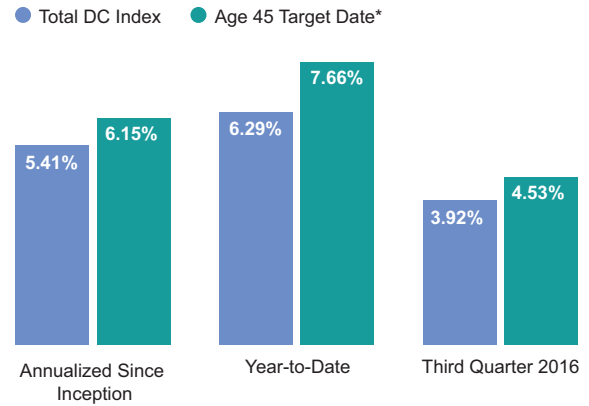
Stable value experienced its fifth quarter in a row of net inflows—and the highest of the five—during the period. Meanwhile, U.S. large, small, and mid cap equity saw significant outflows. Even non-U.S. equity experienced outflows, despite its exceptional performance during the quarter. Target date funds held fast; for the third quarter, over 55 cents of every dollar that moved within DC plans flowed to TDFs. Target date funds now make up 27.7% of the average DC plan.

The Callan DC Index's overall equity allocation ended the quarter at 68%, modestly above the Index's historical average (67%).

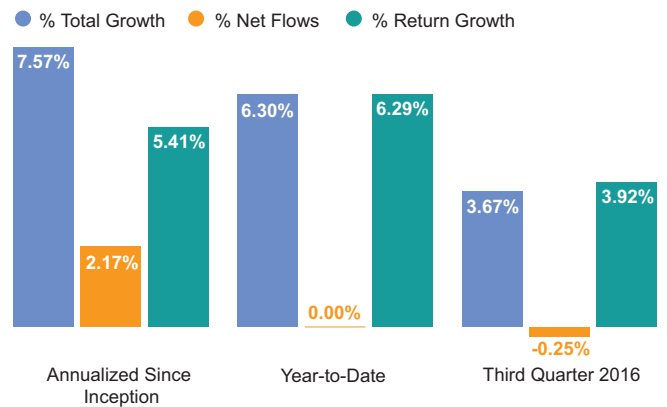
Target date funds are less prevalent than U.S. large cap equity; however, when target date funds are available in a DC plan, they hold a much greater portion of assets (32%) than U.S. large cap equity funds (23%).

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 (Third Quarter 2016) (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	55.31%
Stable Value	28.35%
Company Stock	-20.41%
U.S. Large Cap	-33.88%
Total Turnover**	0.82%

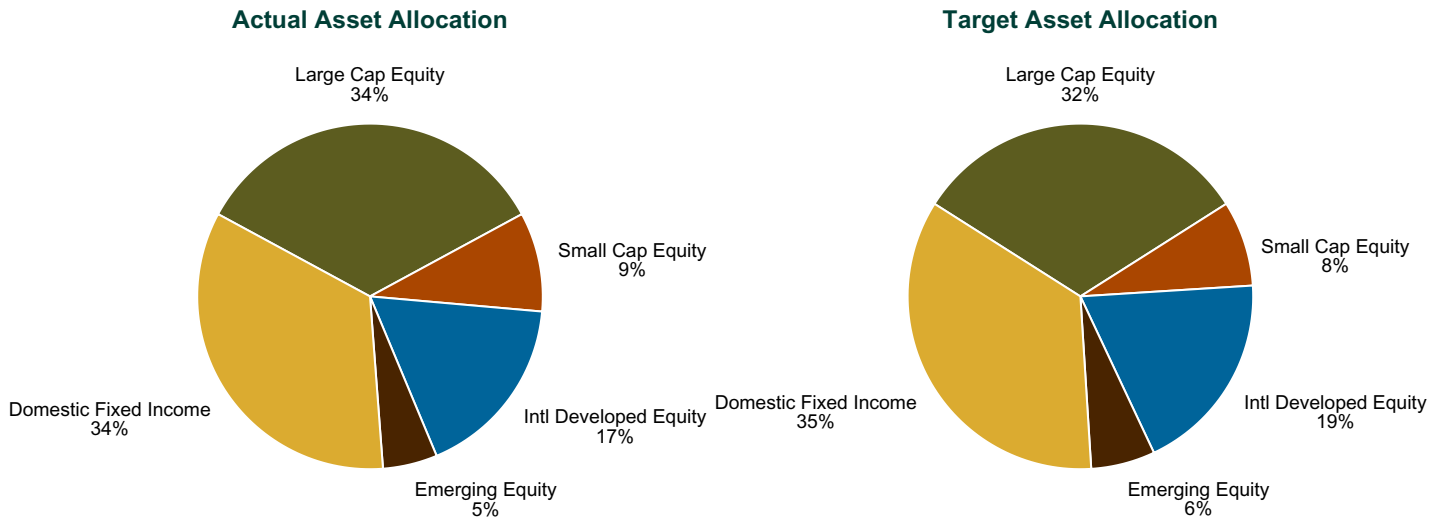
Source: Callan DC Index
Data provided here is the most recent available at time of publication.

* DC Index inception date is January 2006.

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

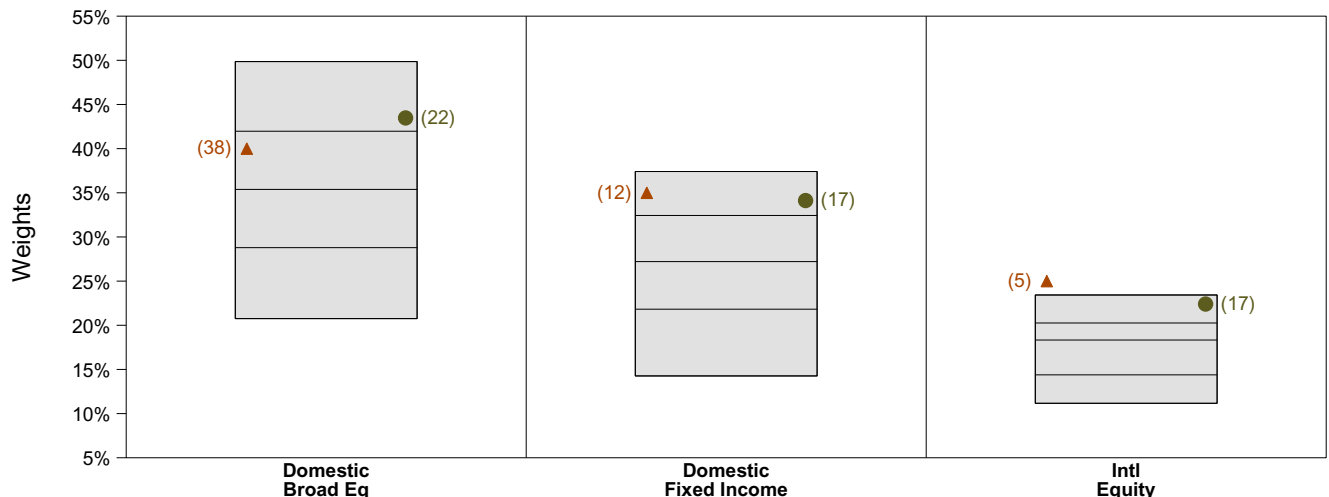
Actual vs Target Asset Allocation As of December 31, 2016

The top left chart shows the Fund's asset allocation as of December 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 CAI Public Fund Sponsor - Mid (100M-1B).



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	86,558	34.2%	32.0%	2.2%	5,547
Small Cap Equity	23,504	9.3%	8.0%	1.3%	3,251
Intl Developed Equity	43,732	17.3%	19.0%	(1.7%)	(4,368)
Emerging Equity	12,982	5.1%	6.0%	(0.9%)	(2,208)
Domestic Fixed Income	86,384	34.1%	35.0%	(0.9%)	(2,222)
Total	253,159	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor - Mid (100M-1B)



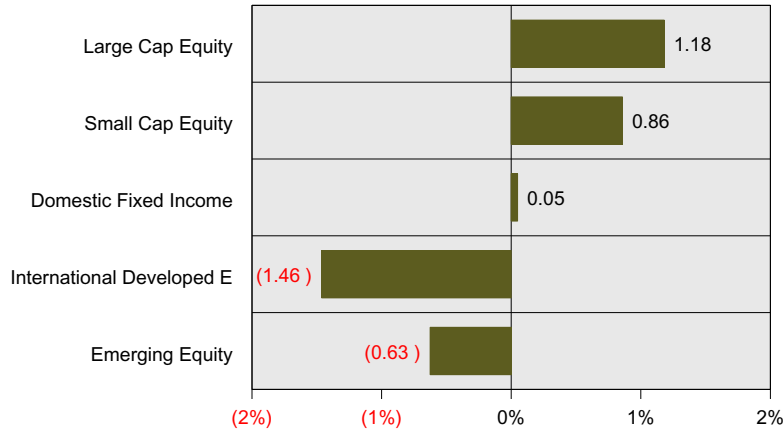
10th Percentile	49.86	37.41	23.43
25th Percentile	41.97	32.43	20.26
Median	35.38	27.21	18.33
75th Percentile	28.79	21.82	14.39
90th Percentile	20.76	14.26	11.17
Fund	43.48	34.12	22.40
Target	40.00	35.00	25.00
% Group Invested	97.06%	98.53%	92.65%

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

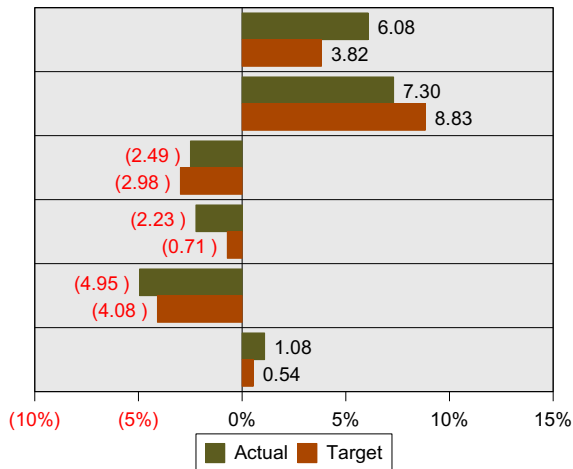
Quarterly Total Fund Relative Attribution - December 31, 2016

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.

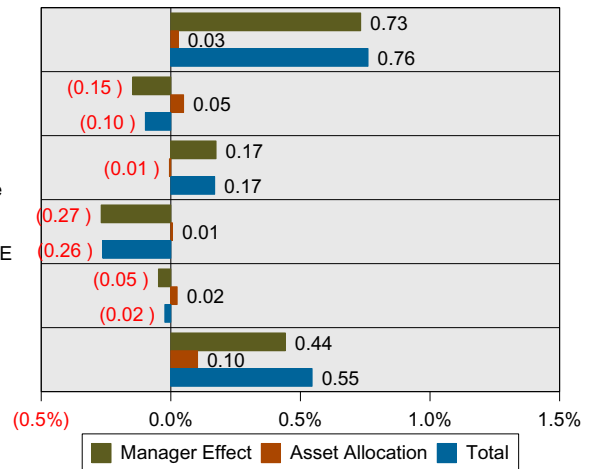
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 2016

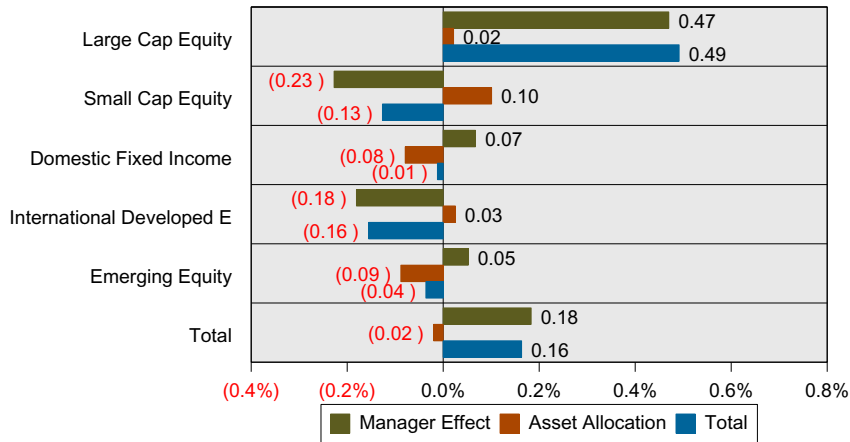
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	6.08%	3.82%	0.73%	0.03%	0.76%
Small Cap Equity	9%	8%	7.30%	8.83%	(0.15%)	0.05%	(0.10%)
Domestic Fixed Income	35%	35%	(2.49%)	(2.98%)	0.17%	(0.01%)	0.17%
International Developed E	18%	19%	(2.23%)	(0.71%)	(0.27%)	0.01%	(0.26%)
Emerging Equity	5%	6%	(4.95%)	(4.08%)	(0.05%)	0.02%	(0.02%)
Total			1.08%	0.54%	+ 0.44%	+ 0.10%	0.55%

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

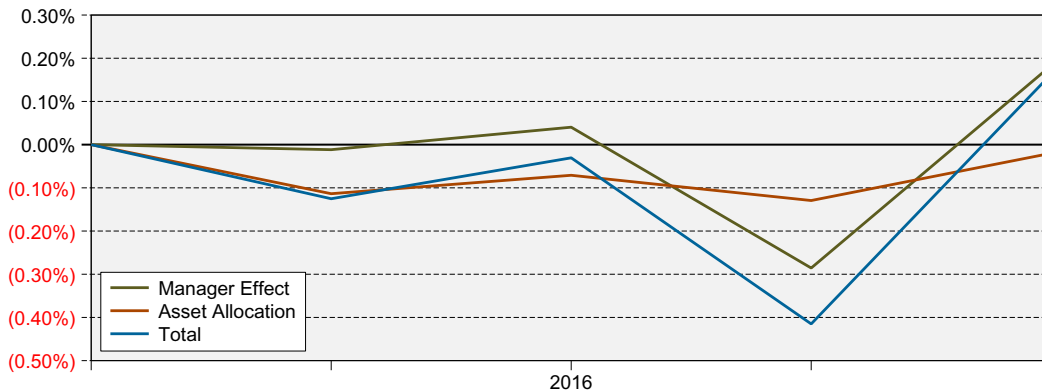
Cumulative Total Fund Relative Attribution - December 31, 2016

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

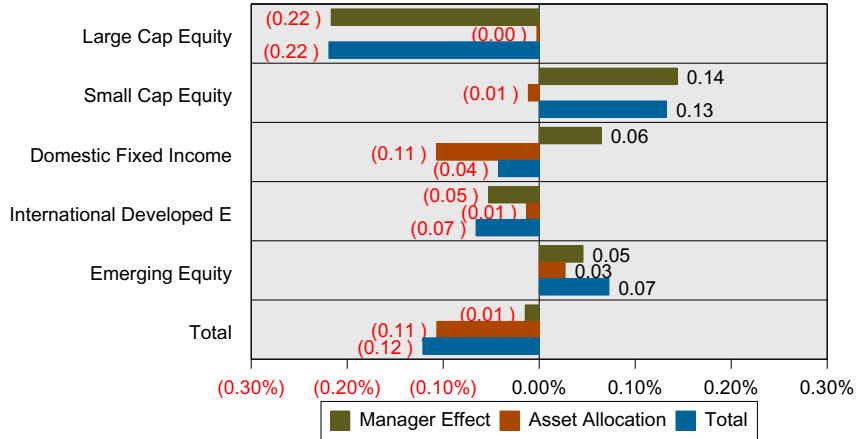
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	13.38%	11.96%	0.47%	0.02%	0.49%
Small Cap Equity	9%	8%	19.17%	21.31%	(0.23%)	0.10%	(0.13%)
Domestic Fixed Income	36%	35%	2.87%	2.65%	0.07%	(0.08%)	(0.01%)
International Developed E	18%	19%	0.03%	1.00%	(0.18%)	0.03%	(0.16%)
Emerging Equity	5%	6%	12.99%	11.60%	0.05%	(0.09%)	(0.04%)
Total			7.65%	7.49%	+ 0.18%	+ (0.02%)	0.16%

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

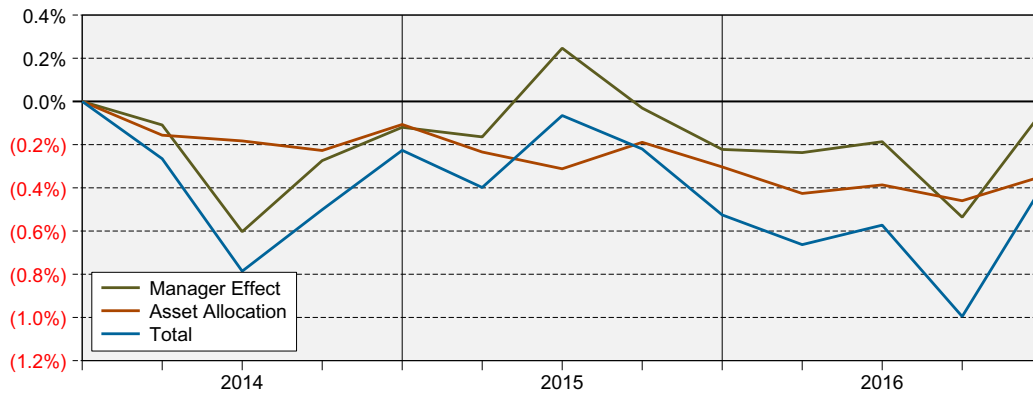
Cumulative Total Fund Relative Attribution - December 31, 2016

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%	8.12%	8.87%	(0.22%)	(0.00%)	(0.22%)
Small Cap Equity	8%	8%	9.05%	6.74%	0.14%	(0.01%)	0.13%
Domestic Fixed Income	37%	37%	3.22%	3.03%	0.06%	(0.11%)	(0.04%)
International Developed E	18%	19%	(1.87%)	(1.60%)	(0.05%)	(0.01%)	(0.07%)
Emerging Equity	5%	6%	(1.17%)	(2.19%)	0.05%	0.03%	0.07%
Total			4.03%	4.15%	(0.01%)	(0.11%)	(0.12%)

* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 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 December 31, 2016

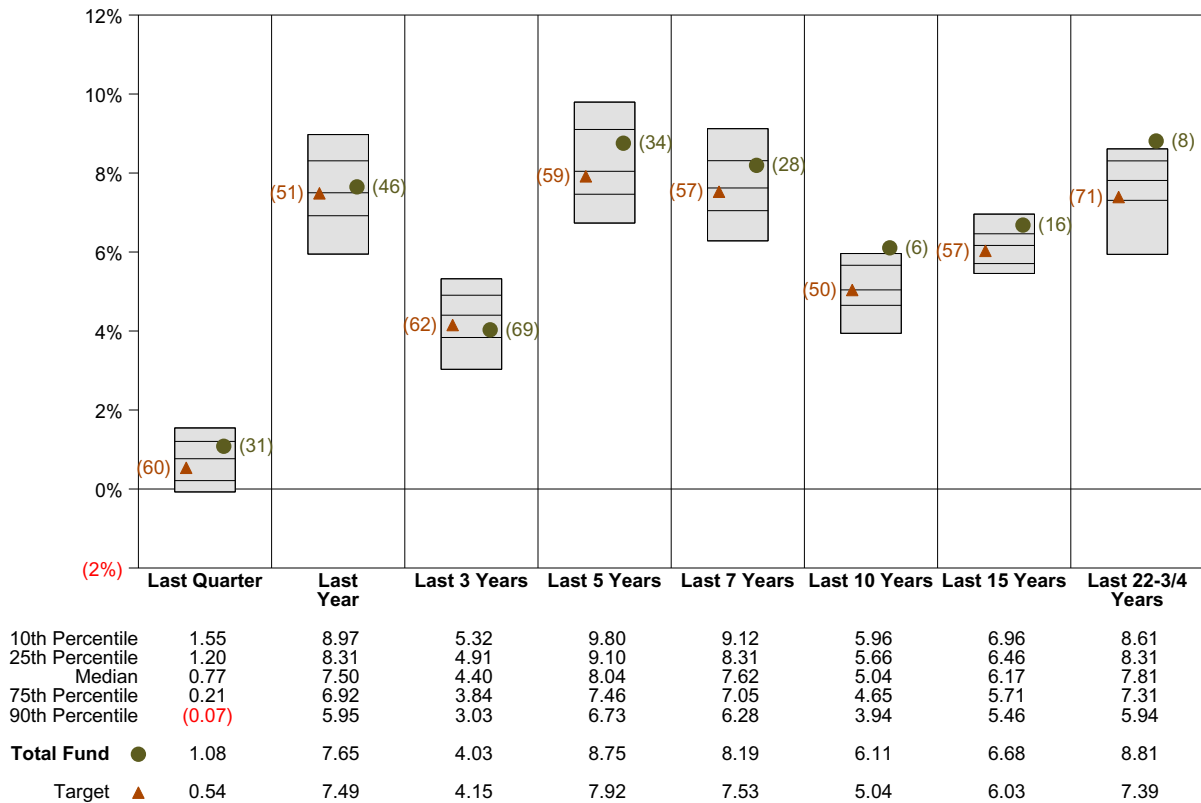
Investment Philosophy

* 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.

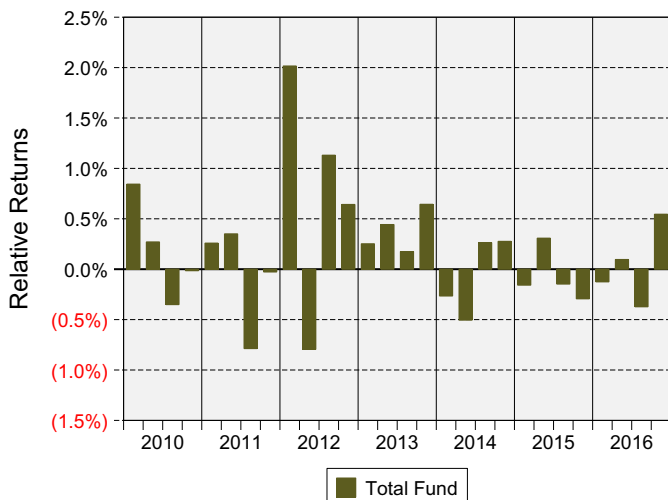
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 1.08% return for the quarter placing it in the 31 percentile of the CAI Public Fund Sponsor - Mid (100M-1B) group for the quarter and in the 46 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.55% for the quarter and outperformed the Target for the year by 0.16%.

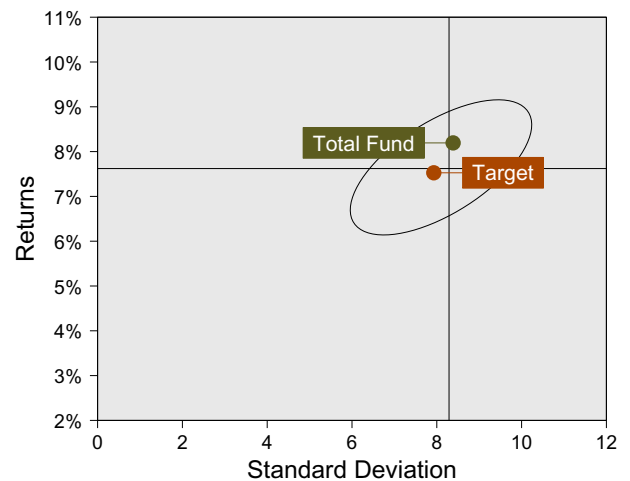
Performance vs CAI Public Fund Sponsor - Mid (100M-1B) (Gross)



Relative Return vs Target



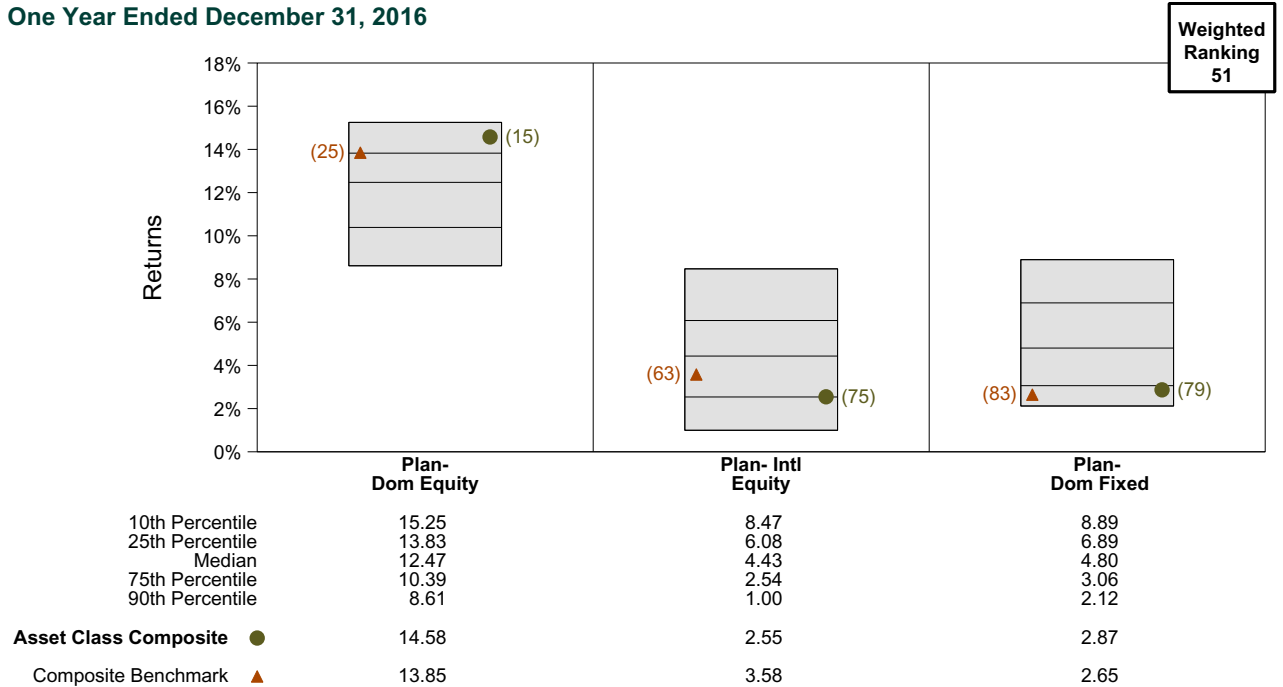
CAI Public Fund Sponsor - Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



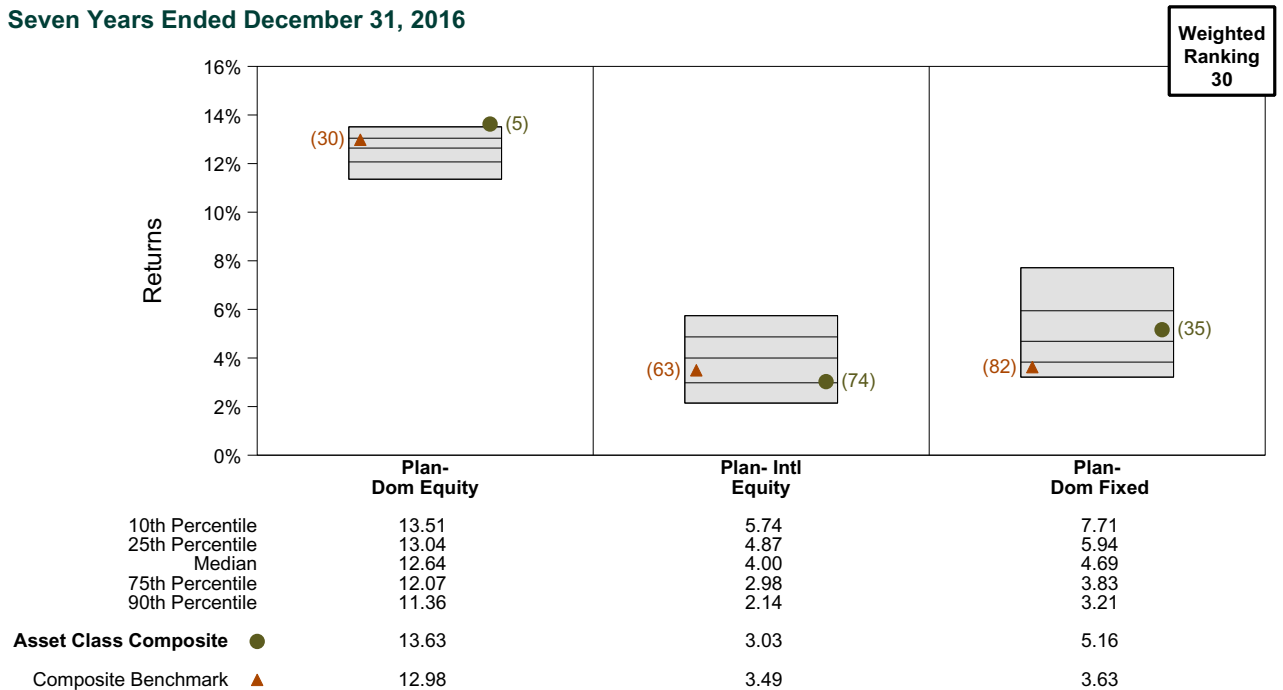
Asset Class Rankings

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 December 31, 2016



Total Asset Class Performance Seven Years Ended December 31, 2016

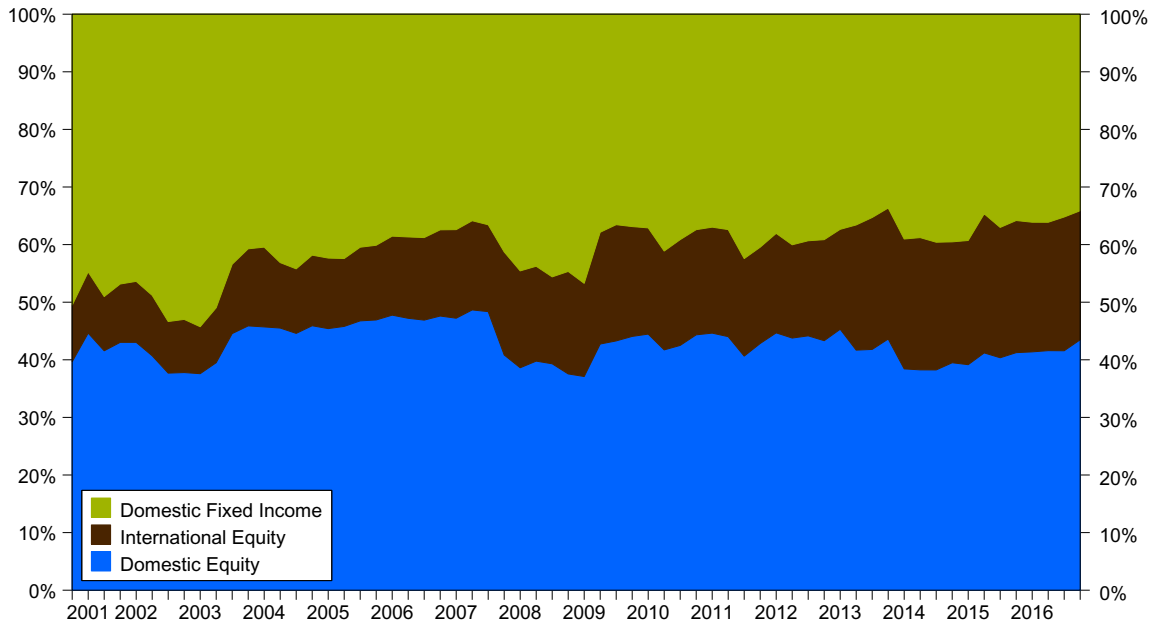


* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 32.0% S&P 500 Index, 19.0% MSCI EAFE, 8.0% Russell 2000 Index and 6.0% MSCI EM Gross.

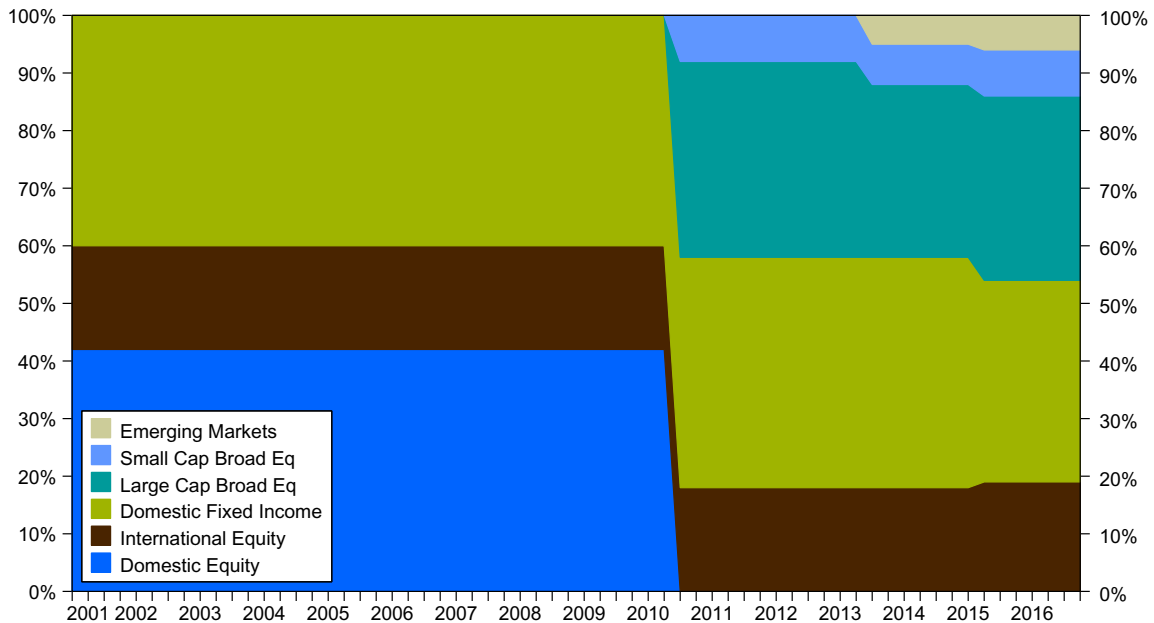
Actual vs Target Historical Asset Allocation

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% Blmbg Aggregate Idx, 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 December 31, 2016, with the distribution as of September 30, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	December 31, 2016			September 30, 2016
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$110,061,744	\$(1,139,011)	\$6,593,088	\$104,607,667
Large Cap	\$86,557,887	\$(792,148)	\$5,002,611	\$82,347,424
Boston Partners	43,639,988	(470,090)	3,404,057	40,706,020
SSgA S&P 500	42,917,899	(322,058)	1,598,554	41,641,404
Small Cap	\$23,503,858	\$(346,863)	\$1,590,477	\$22,260,244
Atlanta Capital	23,503,858	(346,863)	1,590,477	22,260,244
International Equity	\$56,713,500	\$0	\$(1,723,098)	\$58,436,598
International Developed Equity	\$43,731,748	\$0	\$(1,026,099)	\$44,757,846
Brandes	8,808	0	(485)	9,292
JP Morgan	22,648,733	0	(449,417)	23,098,150
SSgA EAFE	9,185,714	0	(63,029)	9,248,743
AQR	11,888,493	0	(513,168)	12,401,661
Emerging Equity	\$12,981,753	\$0	\$(696,999)	\$13,678,752
DFA Emerging Markets	12,981,753	0	(696,999)	13,678,752
Fixed Income	\$86,383,897	\$0	\$(2,206,815)	\$88,590,711
Metropolitan West	86,383,897	0	(2,206,815)	88,590,711
Total Plan - Consolidated	\$253,159,141	\$(1,139,011)	\$2,663,176	\$251,634,977

Sacramento Regional Transit District Asset Growth

Ending December 31, 2016 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 12/2016	253,159.1		251,635.0		(1,139.0)		2,663.2
1/4 Year Ended 9/2016	251,635.0		244,029.2		(937.8)		8,543.5
1/4 Year Ended 6/2016	244,029.2		240,502.3		(684.5)		4,211.5
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 12/2016	253,159.1		251,635.0		(1,139.0)		2,663.2
1/4 Year Ended 9/2016	251,635.0		244,029.2		(937.8)		8,543.5

Investment Manager Returns

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

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	6.33%	14.58%	8.32%	15.63%	13.63%
Custom Benchmark**	4.78%	13.73%	8.53%	14.67%	12.96%
Large Cap Equity	6.08%	13.38%	8.12%	15.65%	-
Boston Partners	8.35%	14.71%	7.29%	15.68%	13.21%
Russell 1000 Value Index	6.68%	17.34%	8.59%	14.80%	12.72%
SSgA S&P 500	3.85%	12.03%	8.95%	-	-
S&P 500 Index	3.82%	11.96%	8.87%	14.66%	12.83%
Small Cap Equity	7.30%	19.17%	9.05%	15.49%	-
Atlanta Capital	7.30%	19.17%	9.05%	15.49%	-
Russell 2000 Index	8.83%	21.31%	6.74%	14.46%	13.24%
International Equity	(2.86%)	2.55%	(1.83%)	5.30%	3.03%
Custom International Benchmark***	(1.45%)	3.30%	(1.67%)	6.08%	3.50%
International Developed Equity	(2.23%)	0.03%	(1.87%)	-	-
JP Morgan	(1.95%)	1.90%	(1.41%)	6.53%	4.22%
SSgA EAFE	(0.68%)	1.37%	(1.28%)	-	-
MSCI EAFE Index	(0.71%)	1.00%	(1.60%)	6.53%	3.81%
AQR	(3.91%)	-	-	-	-
MSCI EAFE Small Cap	(2.86%)	2.18%	2.10%	10.56%	7.82%
Emerging Equity	(4.95%)	12.99%	(1.17%)	-	-
DFA Emerging Markets	(4.95%)	12.99%	(1.17%)	-	-
MSCI Emerging Mkts Idx	(4.08%)	11.60%	(2.19%)	1.64%	0.81%
Domestic Fixed Income	(2.49%)	2.87%	3.22%	3.57%	5.16%
Met West	(2.49%)	2.87%	3.22%	3.57%	5.16%
BC Aggregate Index	(2.98%)	2.65%	3.03%	2.23%	3.63%
Total Plan	1.08%	7.65%	4.03%	8.75%	8.19%
Target*	0.54%	7.49%	4.15%	7.92%	7.53%

* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 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 December 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 December 31, 2016

	Last 10 Years	Last 15 Years	Last 20 Years	Last 22-3/4 Years
Domestic Equity	8.23%	7.84%	8.07%	-
Custom Benchmark**	7.02%	7.08%	7.86%	9.48%
Russell 1000 Value Index	5.72%	7.41%	8.33%	9.85%
S&P 500 Index	6.95%	6.69%	7.68%	9.47%
Russell 2000 Index	7.07%	8.49%	8.25%	9.17%
International Equity	0.36%	5.80%	8.39%	-
MSCI EAFE Index	0.75%	5.28%	4.17%	4.60%
Domestic Fixed Income	5.91%	5.69%	6.11%	-
Met West	5.91%	5.69%	-	-
BC Aggregate Index	4.34%	4.58%	5.29%	5.58%
Total Plan	6.11%	6.68%	7.63%	8.81%
Target*	5.04%	6.03%	6.54%	7.39%

* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 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.

	2016	2015	2014	2013	2012
Domestic Equity	14.58%	0.06%	10.85%	36.44%	19.19%
Custom Benchmark**	13.73%	0.30%	12.05%	33.61%	16.08%
Large Cap Equity	13.38%	(1.17%)	12.81%	34.96%	21.29%
Boston Partners	14.71%	(3.75%)	11.87%	37.52%	21.95%
Russell 1000 Value Index	17.34%	(3.83%)	13.45%	32.53%	17.51%
SSgA S&P 500	12.03%	1.46%	13.77%	32.36%	-
S&P 500 Index	11.96%	1.38%	13.69%	32.39%	16.00%
Small Cap Equity	19.17%	5.14%	3.49%	41.51%	11.96%
Atlanta Capital	19.17%	5.14%	3.49%	41.51%	11.96%
Russell 2000 Index	21.31%	(4.41%)	4.89%	38.82%	16.35%
International Equity	2.55%	(4.17%)	(3.72%)	16.66%	17.28%
International Developed Equity	0.03%	(1.17%)	(4.41%)	20.27%	-
JP Morgan	1.90%	(1.75%)	(4.28%)	18.12%	21.23%
SSgA EAFE	1.37%	(0.56%)	(4.55%)	22.80%	-
MSCI EAFE Index	1.00%	(0.81%)	(4.90%)	22.78%	17.32%
Emerging Equity	12.99%	(14.33%)	(0.28%)	-	-
DFA Emerging Markets	12.99%	(14.33%)	(0.28%)	-	-
MSCI Emerging Mkts Idx	11.60%	(14.60%)	(1.82%)	(2.27%)	18.63%
Domestic Fixed Income	2.87%	0.51%	6.37%	(1.03%)	9.48%
Met West	2.87%	0.51%	6.37%	(1.03%)	9.48%
BC Aggregate Index	2.65%	0.55%	5.97%	(2.02%)	4.21%
Total Plan	7.65%	(0.97%)	5.61%	17.71%	14.80%
Target*	7.49%	(0.69%)	5.84%	16.00%	11.68%

* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 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.

	2011	2010	2009	2008	2007
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% Blmbg Aggregate Idx, 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 December 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 December 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	6.24%	14.14%	-	-	-
Large Cap Equity	6.02%	13.07%	-	-	-
Boston Partners	8.25%	14.13%	6.72%	15.06%	12.65%
Russell 1000 Value Index	6.68%	17.34%	8.59%	14.80%	12.72%
SSgA S&P 500	3.84%	11.98%	8.89%	-	-
S&P 500 Index	3.82%	11.96%	8.87%	14.66%	12.83%
Small Cap Equity	7.09%	18.23%	-	-	-
Atlanta Capital	7.09%	18.23%	8.19%	14.61%	-
Russell 2000 Index	8.83%	21.31%	6.74%	14.46%	13.24%
International Equity	(3.02%)	2.09%	-	-	-
International Developed Equity	(2.39%)	(0.48%)	-	-	-
JP Morgan	(2.12%)	1.18%	(1.93%)	5.90%	3.58%
SSgA EAFE	(0.71%)	1.27%	(1.38%)	-	-
MSCI EAFE Index	(0.71%)	1.00%	(1.60%)	6.53%	3.81%
AQR	(3.91%)	-	-	-	-
MSCI EAFE Small Cap	(2.86%)	2.18%	2.10%	10.56%	7.82%
Emerging Equity	(5.10%)	12.30%	-	-	-
DFA Emerging Markets	(5.10%)	12.30%	(1.79%)	-	-
MSCI Emerging Mkts Idx	(4.08%)	11.60%	(2.19%)	1.64%	0.81%
Domestic Fixed Income	(2.56%)	2.58%	-	-	-
Met West	(2.56%)	2.58%	2.94%	3.28%	4.88%
BC Aggregate Index	(2.98%)	2.65%	3.03%	2.23%	3.63%
Total Plan	0.98%	7.26%	3.68%	8.36%	7.75%
Target*	0.54%	7.49%	4.15%	7.92%	7.53%

* Current Quarter Target = 35.0% Blmbg Aggregate Idx, 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 December 31, 2016

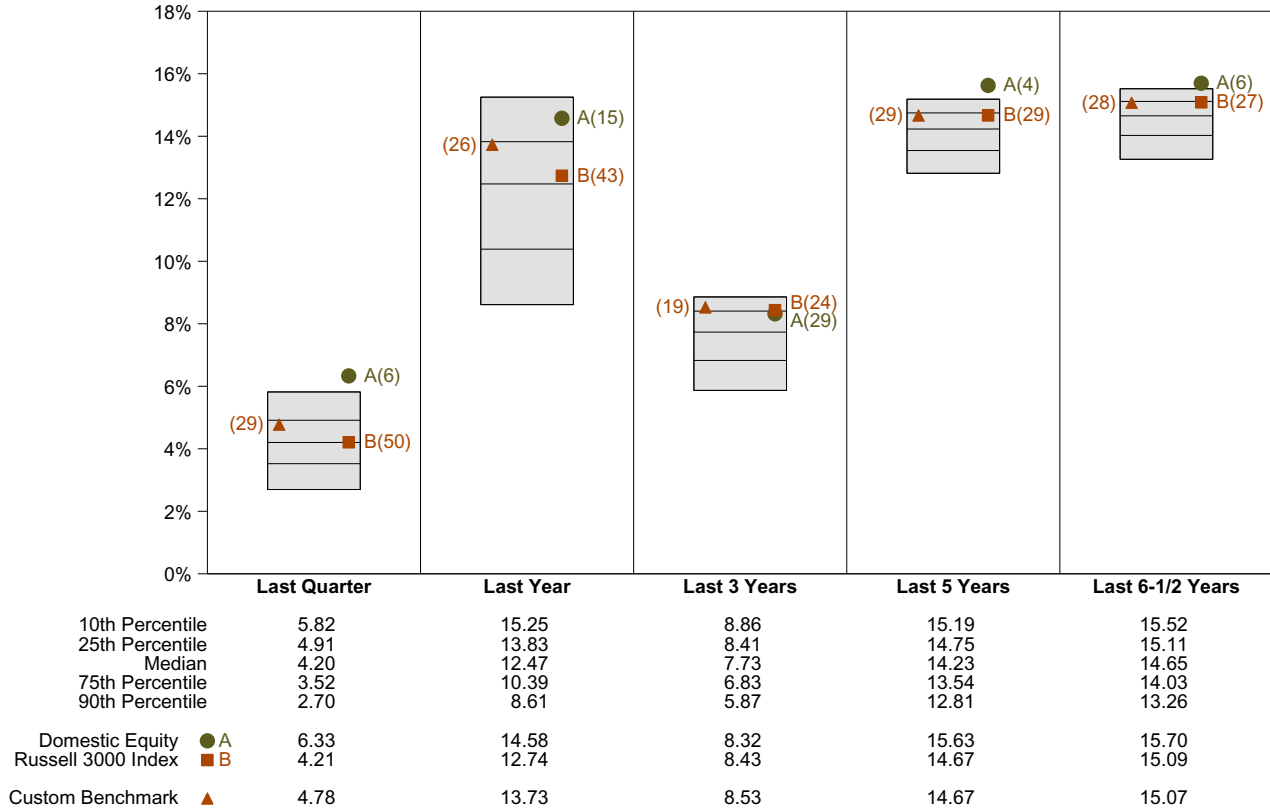
Investment Philosophy

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

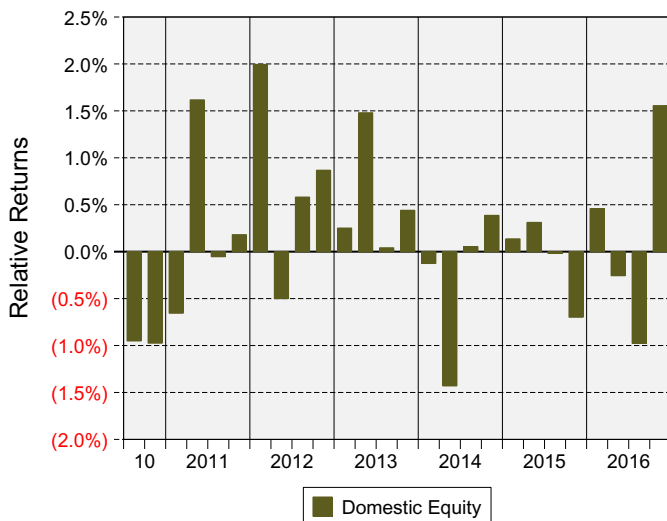
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 6.33% return for the quarter placing it in the 6 percentile of the Fund Spnsr-Domestic Equity group for the quarter and in the 15 percentile for the last year.
- Domestic Equity's portfolio outperformed the Custom Benchmark by 1.56% for the quarter and outperformed the Custom Benchmark for the year by 0.85%.

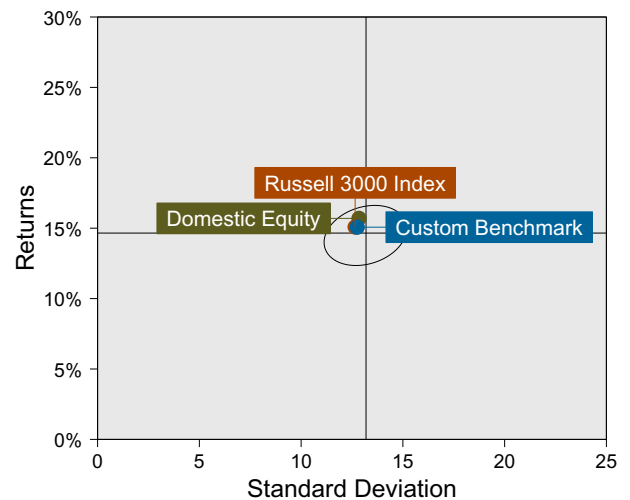
Performance vs Fund Spnsr- Domestic Equity (Gross)



Relative Return vs Custom Benchmark



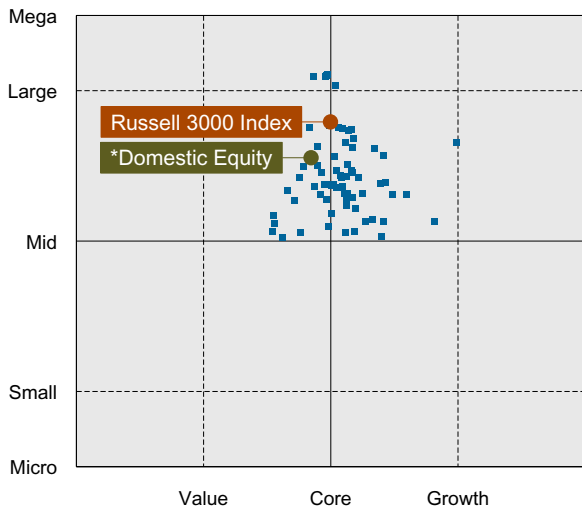
Fund Spnsr- Domestic Equity (Gross) Annualized Six and One-Half Year Risk vs Return



Current Holdings Based Style Analysis Domestic Equity As of December 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.

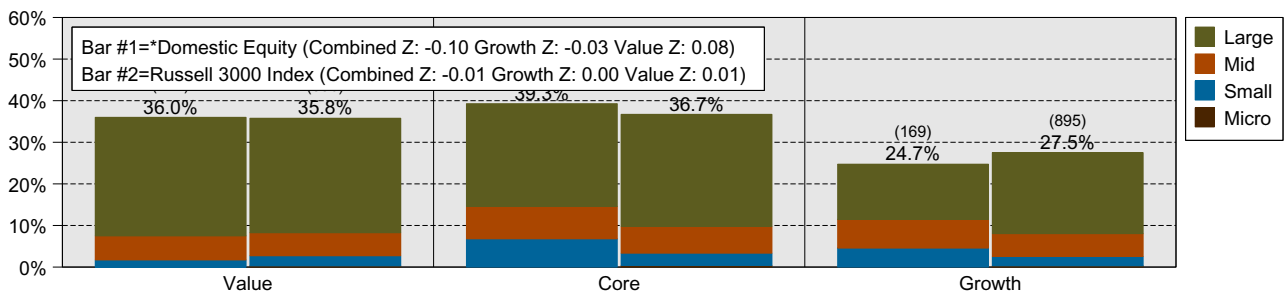
Style Map vs Plan- Dom Equity Holdings as of December 31, 2016



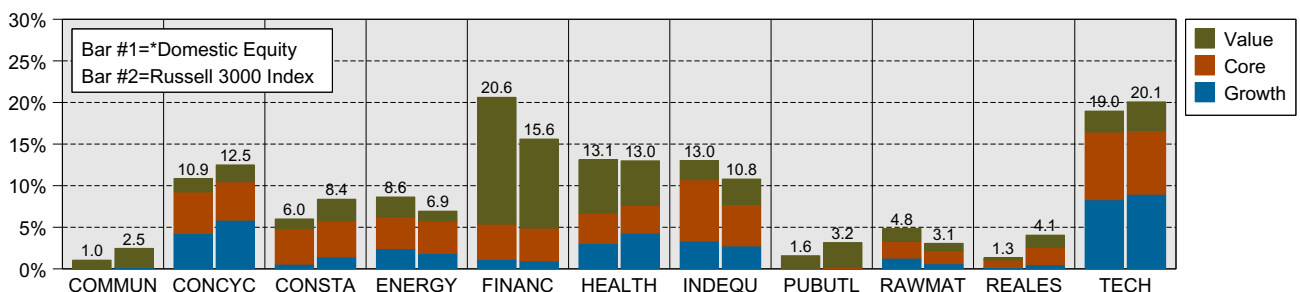
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	28.5% (105)	24.7% (100)	13.3% (90)	66.5% (295)
	27.5% (102)	26.9% (101)	19.5% (91)	73.9% (294)
Mid	5.8% (83)	7.8% (92)	6.9% (64)	20.4% (239)
	5.5% (184)	6.4% (223)	5.5% (184)	17.4% (591)
Small	1.7% (11)	6.8% (24)	4.6% (15)	13.1% (50)
	2.4% (356)	2.9% (460)	2.2% (370)	7.6% (1186)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.3% (254)	0.4% (385)	0.3% (250)	1.0% (889)
Total	36.0% (199)	39.3% (216)	24.7% (169)	100.0% (584)
	35.8% (896)	36.7% (1169)	27.5% (895)	100.0% (2960)

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



Sector Weights Distribution Holdings as of December 31, 2016



* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) 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.

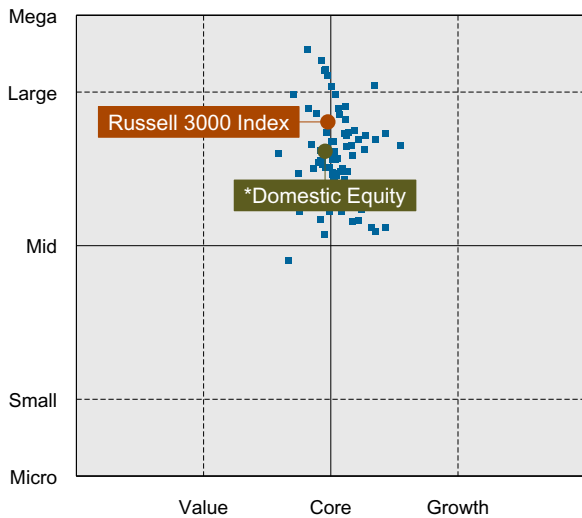
Historical Holdings Based Style Analysis

Domestic Equity

For Six and 1/2 Years Ended December 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.

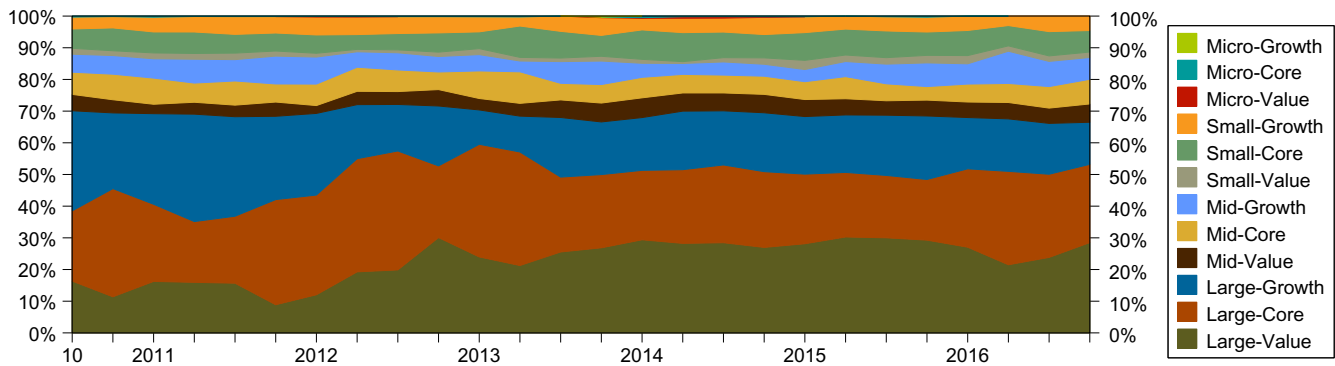
Average Style Map vs Plan- Dom Equity Holdings for Six and 1/2 Years Ended December 31, 2016



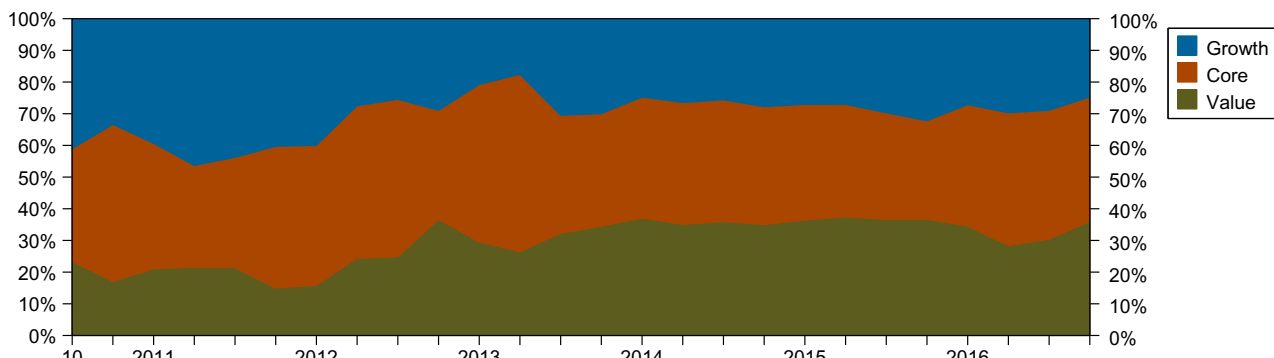
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	Value	Core	Growth	Total
Large	22.9% (72)	26.1% (87)	19.9% (79)	68.9% (238)
	23.8% (88)	26.0% (107)	23.4% (103)	73.3% (298)
Mid	4.7% (68)	6.6% (69)	6.0% (50)	17.4% (187)
	5.4% (175)	6.2% (214)	6.4% (209)	18.1% (598)
Small	1.6% (9)	7.1% (26)	4.6% (16)	13.4% (51)
	2.3% (347)	3.0% (463)	2.4% (388)	7.6% (1198)
Micro	0.1% (0)	0.2% (1)	0.0% (0)	0.2% (1)
	0.4% (303)	0.4% (353)	0.3% (212)	1.1% (868)
Total	29.4% (149)	40.0% (183)	30.6% (145)	100.0% (477)
	31.9% (913)	35.6% (1137)	32.5% (912)	100.0% (2962)

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



***Domestic Equity Historical Style Only Exposures**



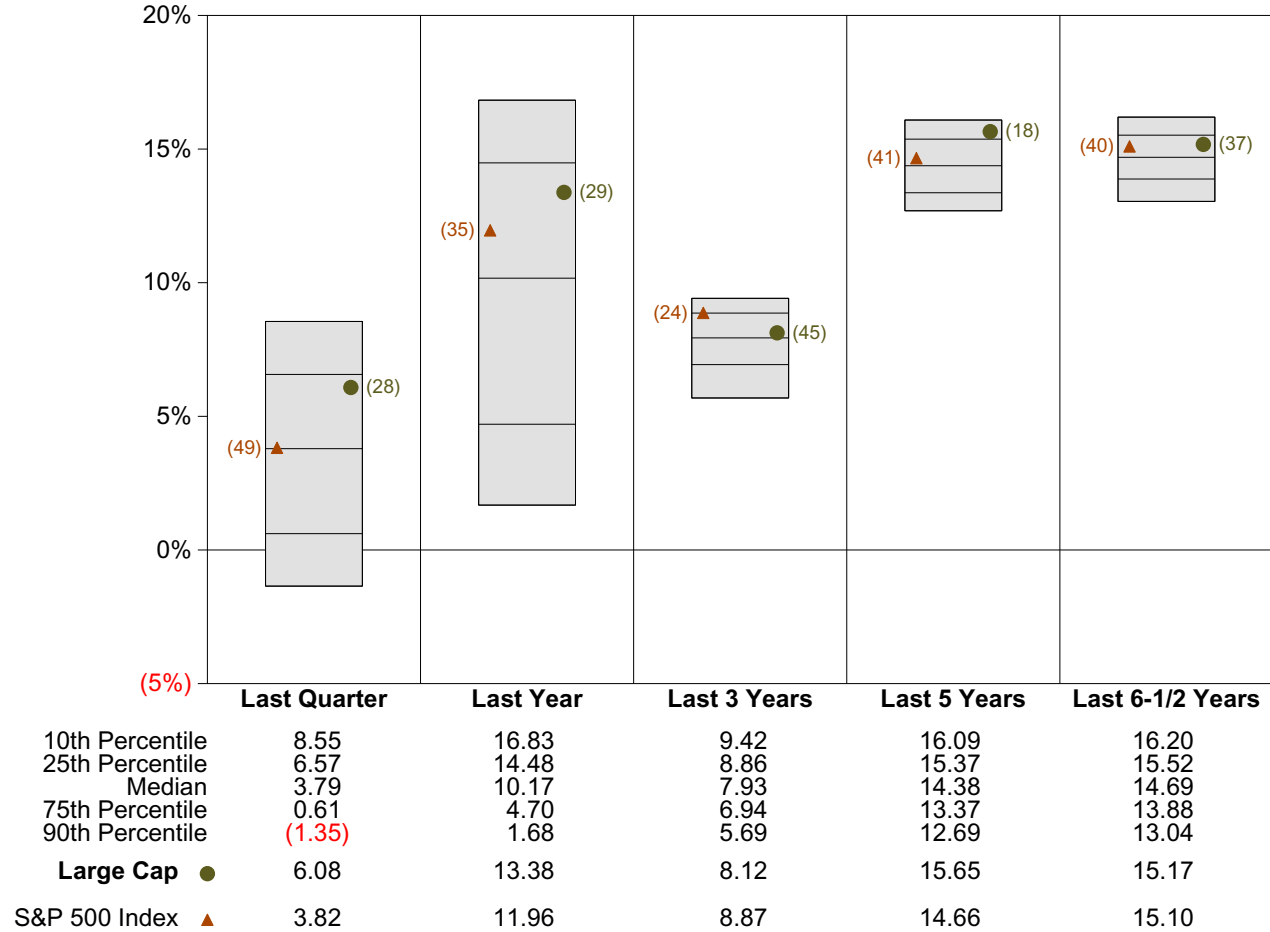
* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Large Cap Period Ended December 31, 2016

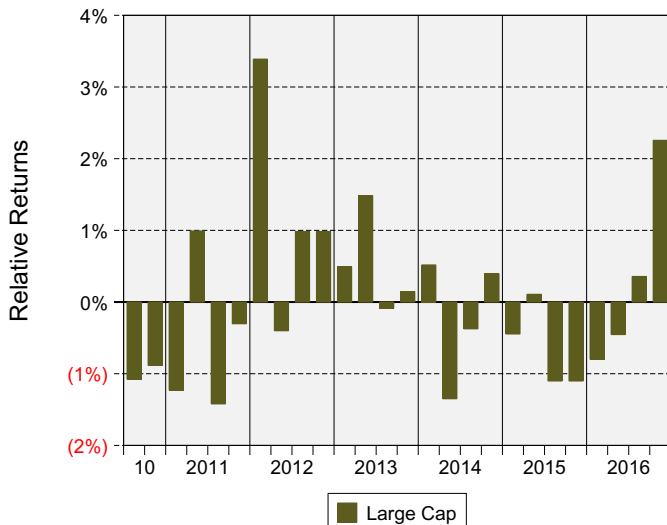
Quarterly Summary and Highlights

- Large Cap's portfolio posted a 6.08% return for the quarter placing it in the 28 percentile of the CAI Large Capitalization group for the quarter and in the 29 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 2.26% for the quarter and outperformed the S&P 500 Index for the year by 1.42%.

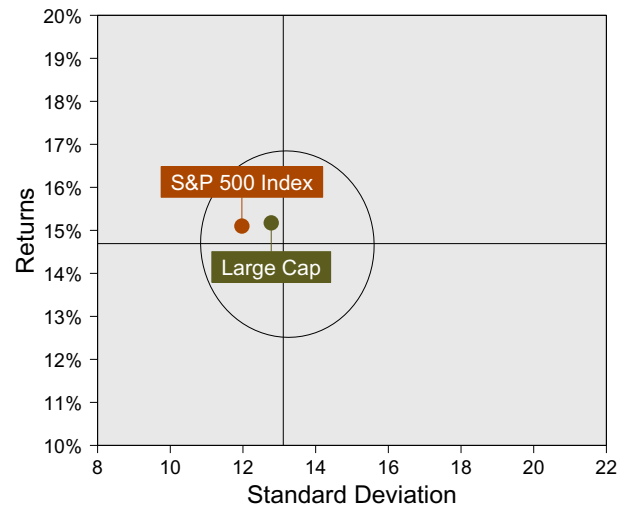
Performance vs CAI Large Capitalization (Gross)



Relative Return vs S&P 500 Index



CAI Large Capitalization (Gross)
Annualized Six and One-Half Year Risk vs Return



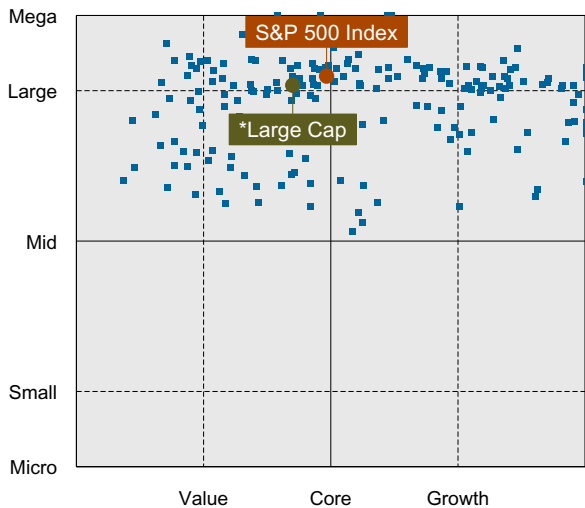
Current Holdings Based Style Analysis

Large Cap

As of December 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.

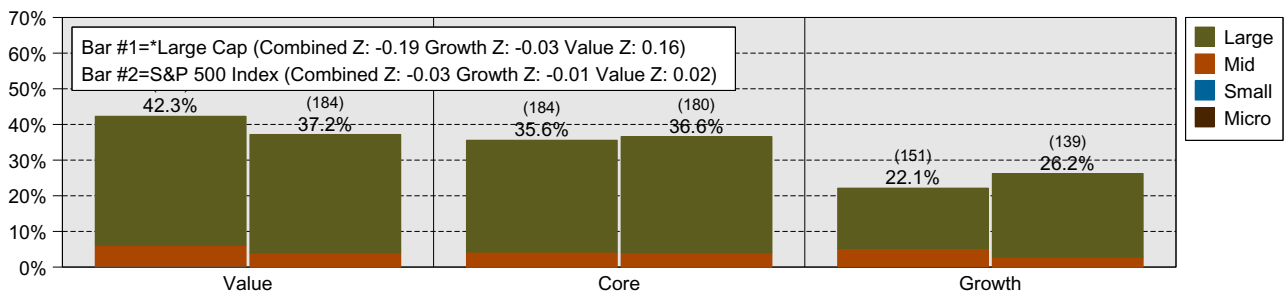
Style Map vs CAI Large Capitalization Holdings as of December 31, 2016



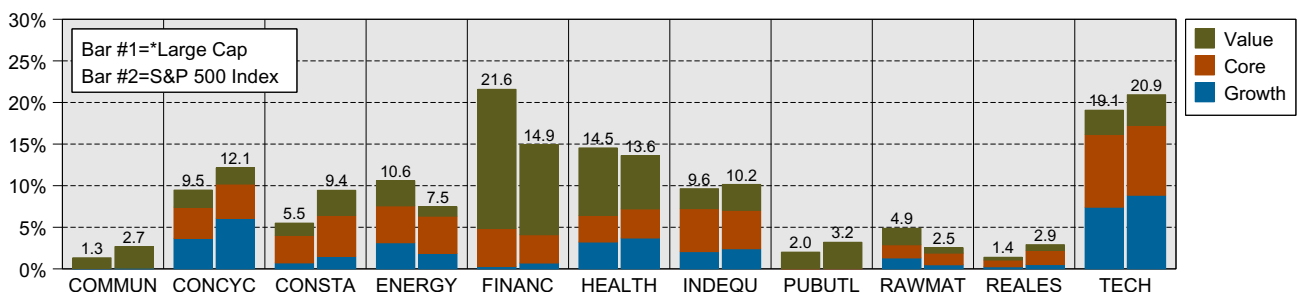
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	36.2% (105)	31.4% (100)	16.9% (90)	84.4% (295)
	33.2% (101)	32.5% (99)	23.4% (84)	89.2% (284)
Mid	5.9% (80)	4.2% (82)	5.1% (58)	15.2% (220)
	3.9% (79)	4.0% (80)	2.8% (53)	10.7% (212)
Small	0.2% (6)	0.0% (2)	0.2% (3)	0.4% (11)
	0.0% (4)	0.0% (1)	0.0% (2)	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	42.3% (191)	35.6% (184)	22.1% (151)	100.0% (526)
	37.2% (184)	36.6% (180)	26.2% (139)	100.0% (503)

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



Sector Weights Distribution Holdings as of December 31, 2016



* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) 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.

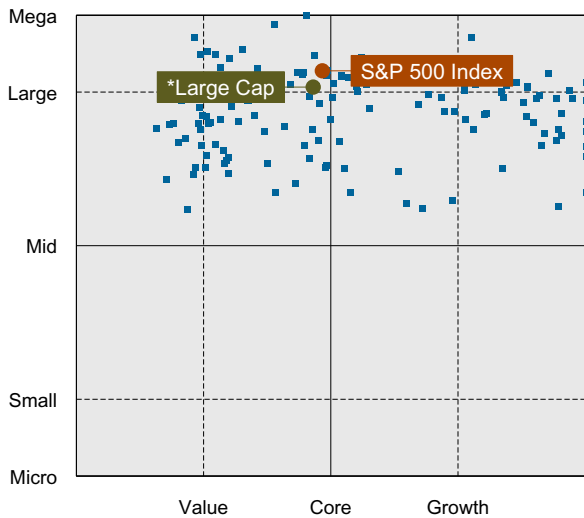
Historical Holdings Based Style Analysis

Large Cap

For Six and 1/2 Years Ended December 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.

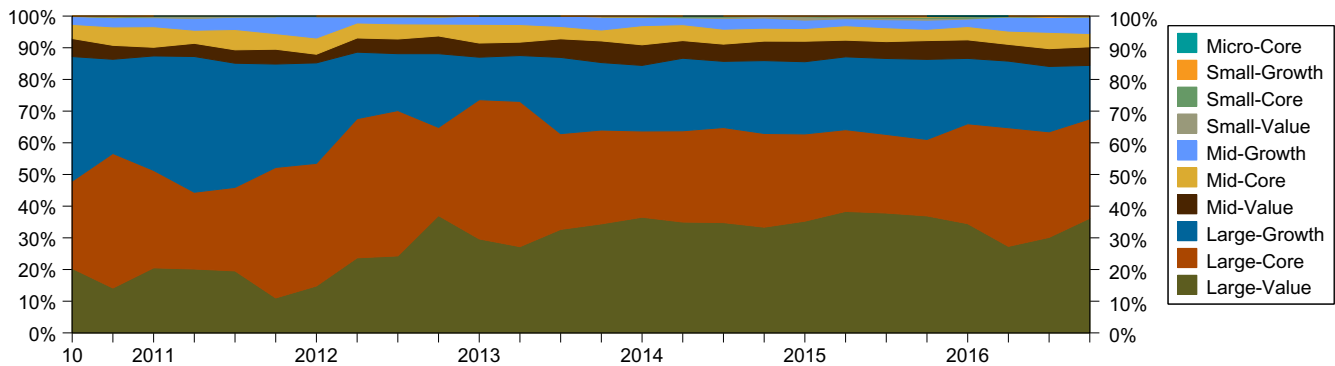
Average Style Map vs CAI Large Capitalization Holdings for Six and 1/2 Years Ended December 31, 2016



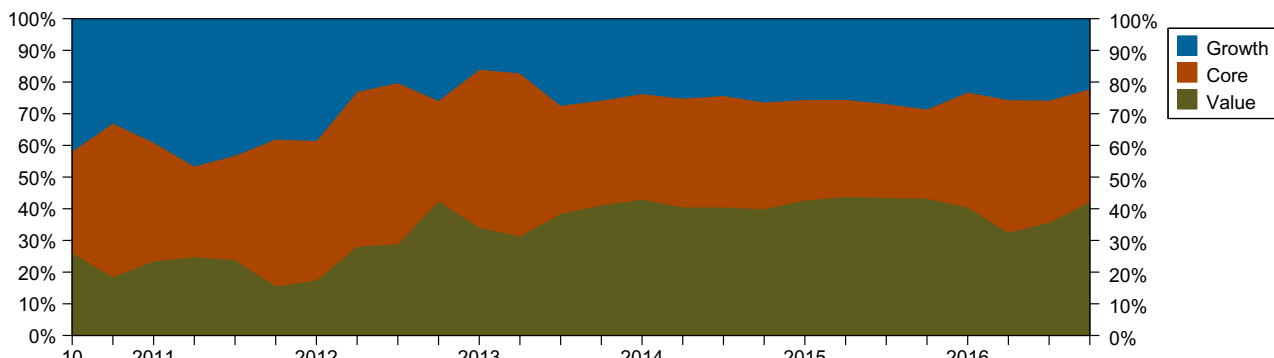
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	28.7% (72)	32.7% (87)	24.9% (79)	86.3% (238)
Large	29.3% (87)	31.8% (103)	27.9% (93)	89.1% (283)
Mid	5.2% (66)	4.8% (62)	3.3% (43)	13.2% (171)
	3.9% (82)	3.8% (76)	3.1% (54)	10.8% (212)
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	34.0% (142)	37.7% (151)	28.3% (123)	100.0% (416)
	33.3% (173)	35.6% (181)	31.0% (148)	100.0% (502)
	Value	Core	Growth	Total

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



***Large Cap Historical Style Only Exposures**



* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) 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 December 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.

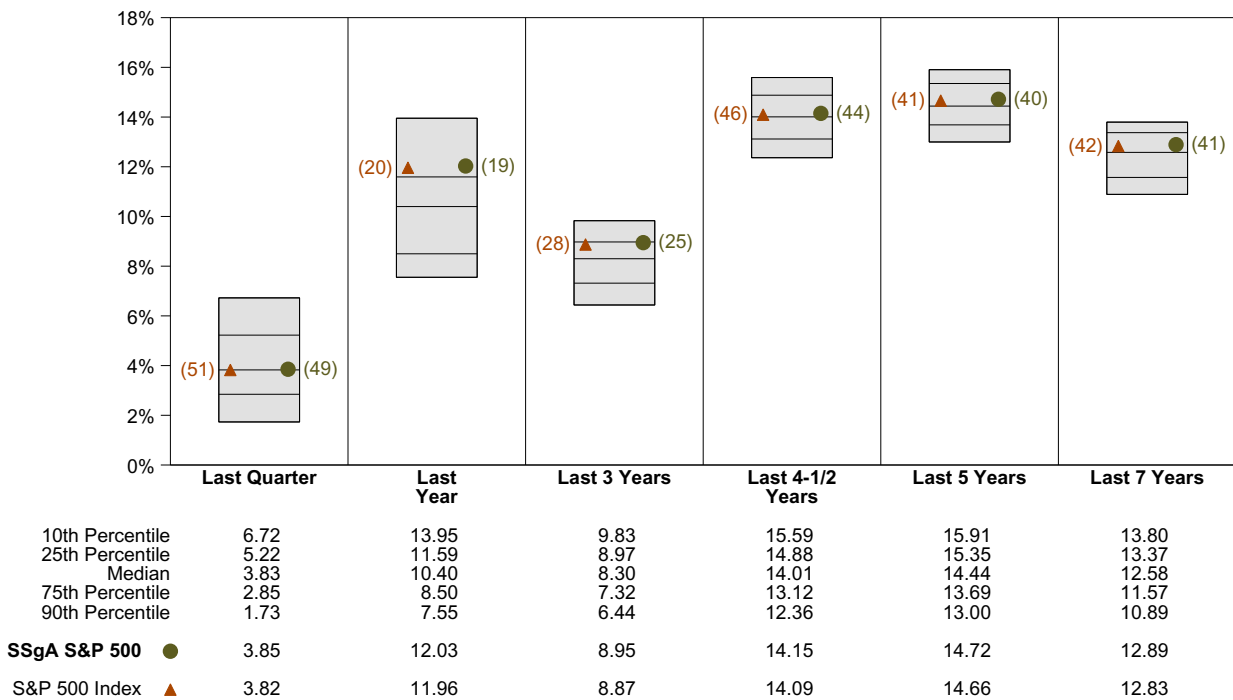
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 3.85% return for the quarter placing it in the 49 percentile of the CAI Large Cap Core group for the quarter and in the 19 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.03% for the quarter and outperformed the S&P 500 Index for the year by 0.07%.

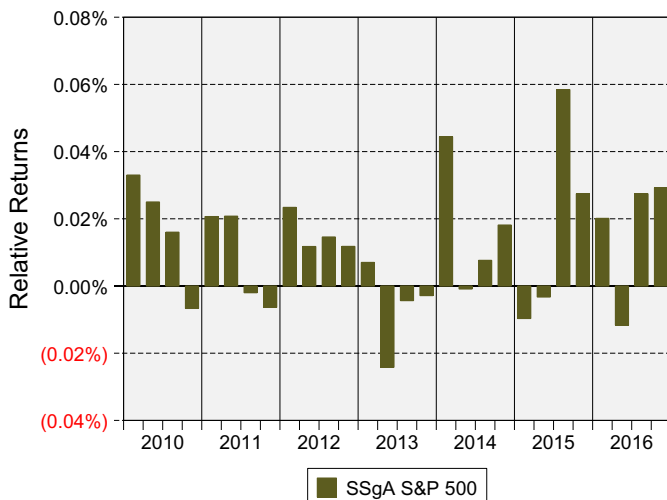
Quarterly Asset Growth

Beginning Market Value	\$41,641,404
Net New Investment	\$-322,058
Investment Gains/(Losses)	\$1,598,554
Ending Market Value	\$42,917,899

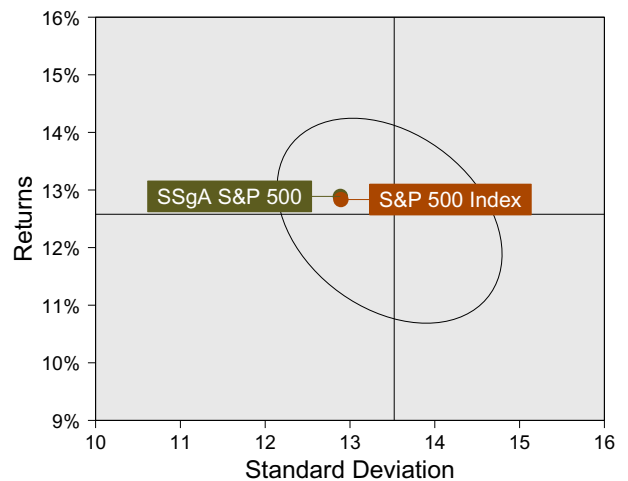
Performance vs CAI Large Cap Core (Gross)



Relative Return vs S&P 500 Index



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

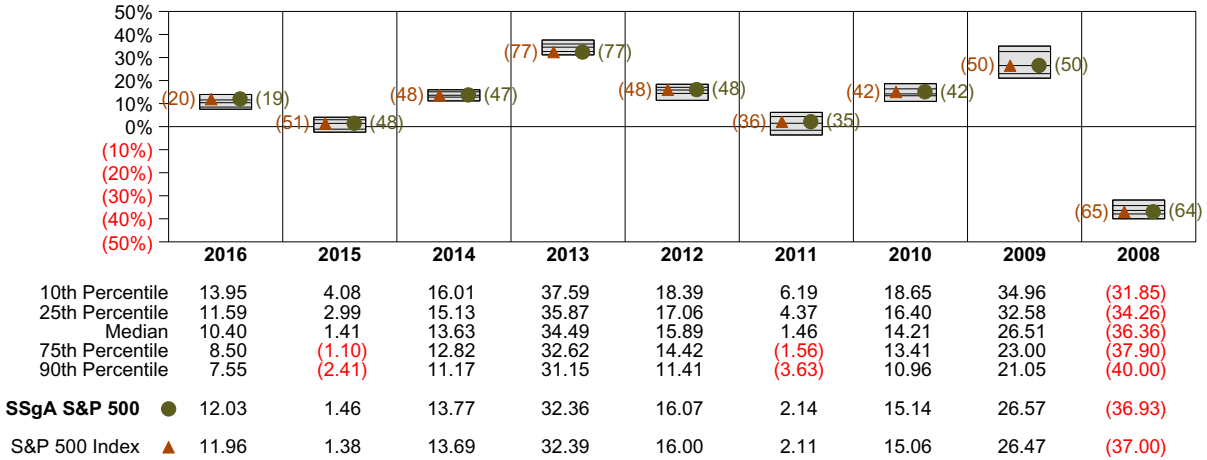


SSgA S&P 500 Return Analysis Summary

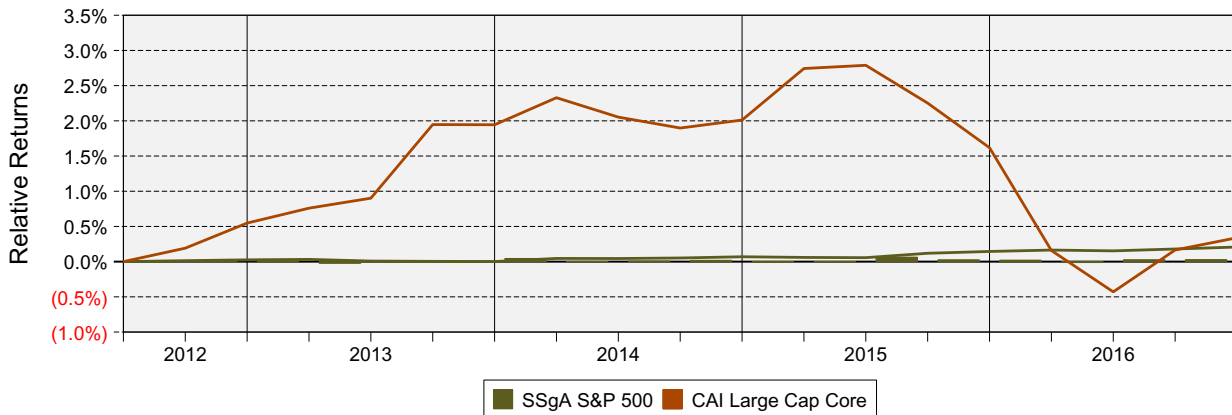
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures and returns for rising/declining periods.

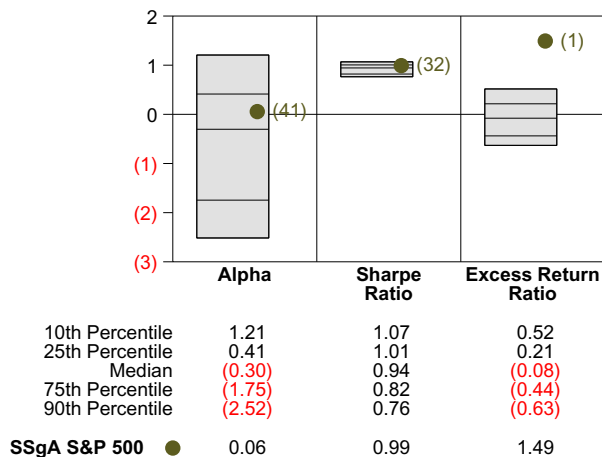
Performance vs CAI Large Cap Core (Gross)



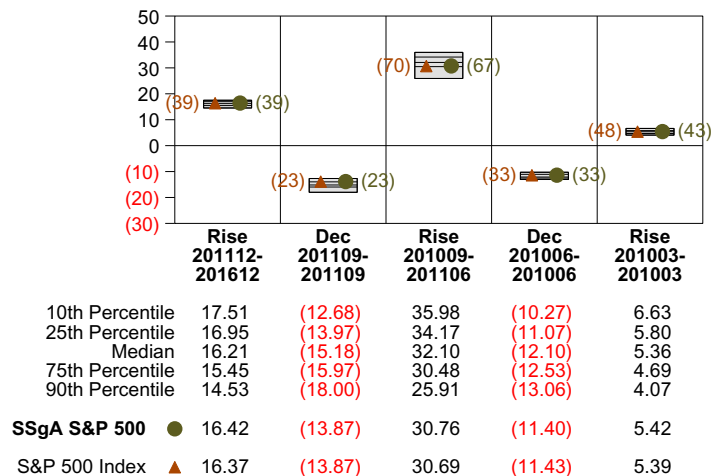
Cumulative and Quarterly Relative Return vs S&P 500 Index



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



Returns for Domestic Equity Rising/Declining Periods Seven Years Ended December 31, 2016

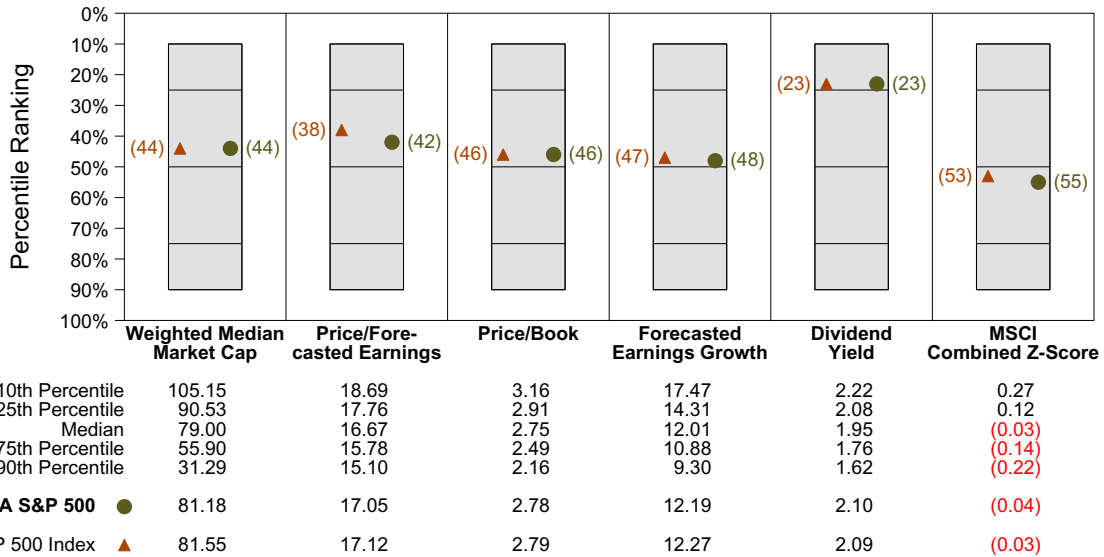


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

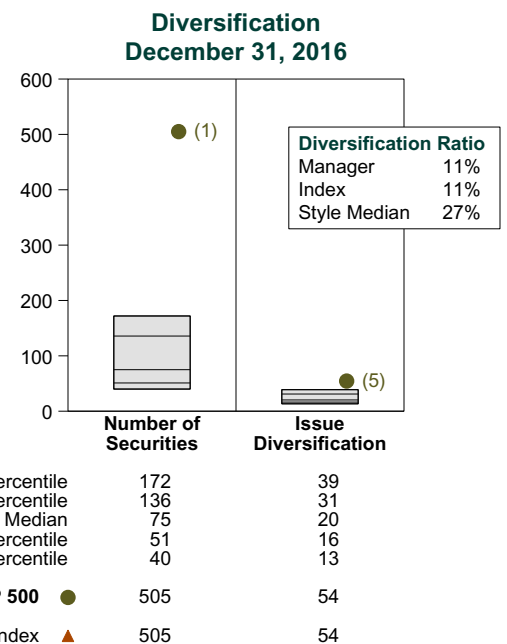
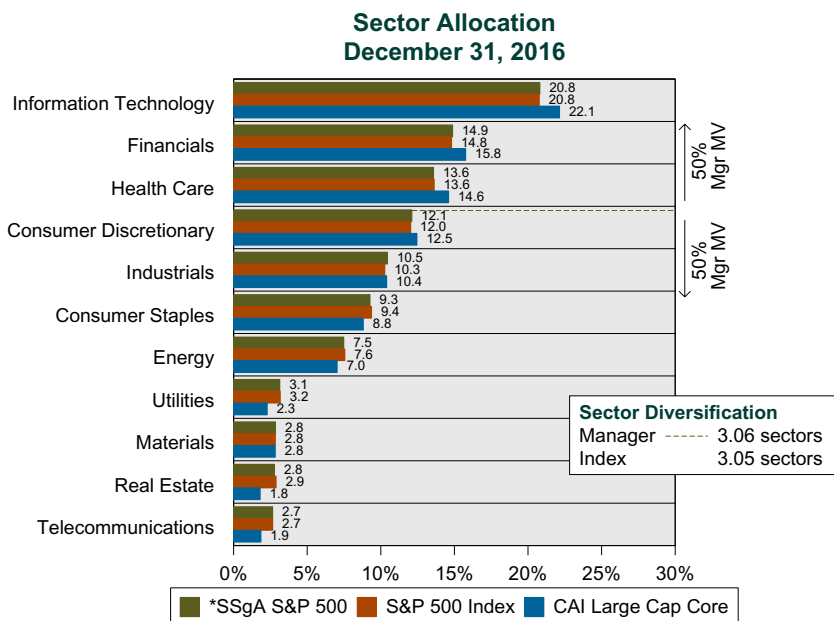
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Core as of December 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.



*12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) 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.

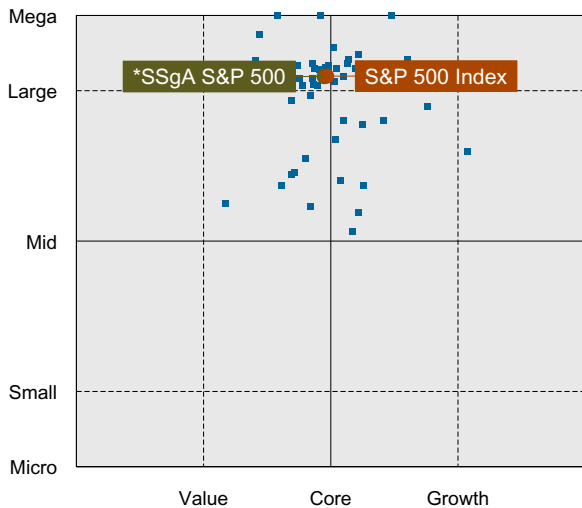
Current Holdings Based Style Analysis

SSgA S&P 500

As of December 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.

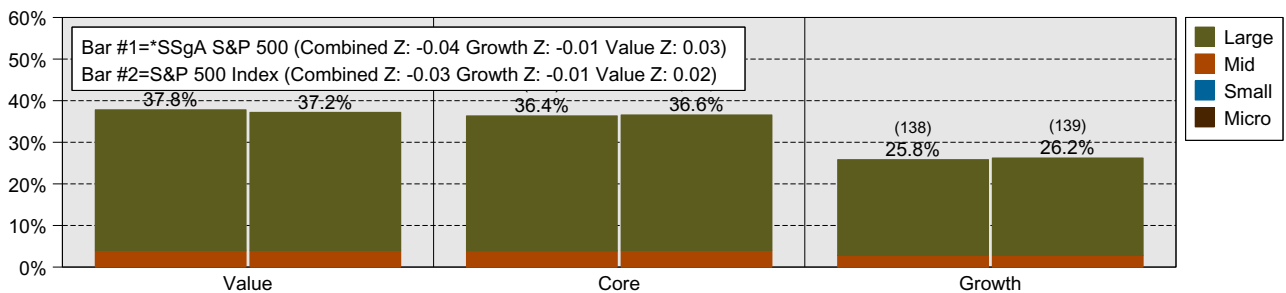
Style Map vs CAI Large Cap Core Holdings as of December 31, 2016



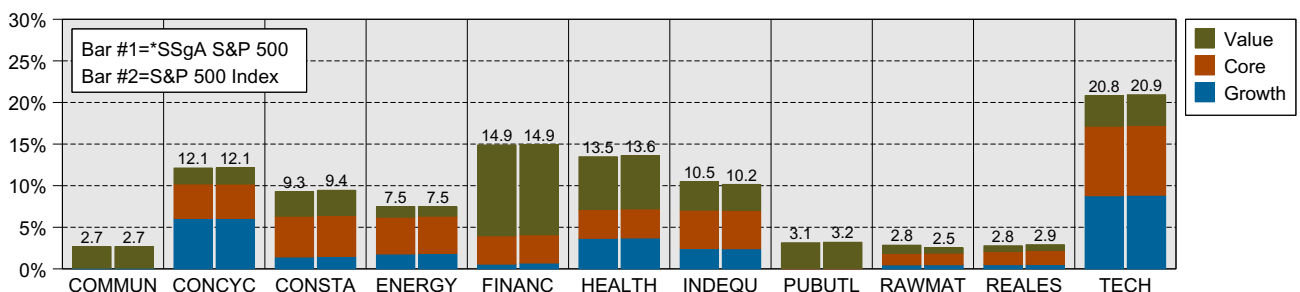
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	33.9% (104)	32.4% (99)	23.0% (84)	89.4% (287)
Mid	3.9% (77)	3.9% (79)	2.8% (53)	10.5% (209)
Small	0.1% (5)	0.0% (2)	0.0% (1)	0.1% (8)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	37.8% (186)	36.4% (180)	25.8% (138)	100.0% (504)
	37.2% (184)	36.6% (180)	26.2% (139)	100.0% (503)

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



Sector Weights Distribution Holdings as of December 31, 2016



* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) 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 December 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.

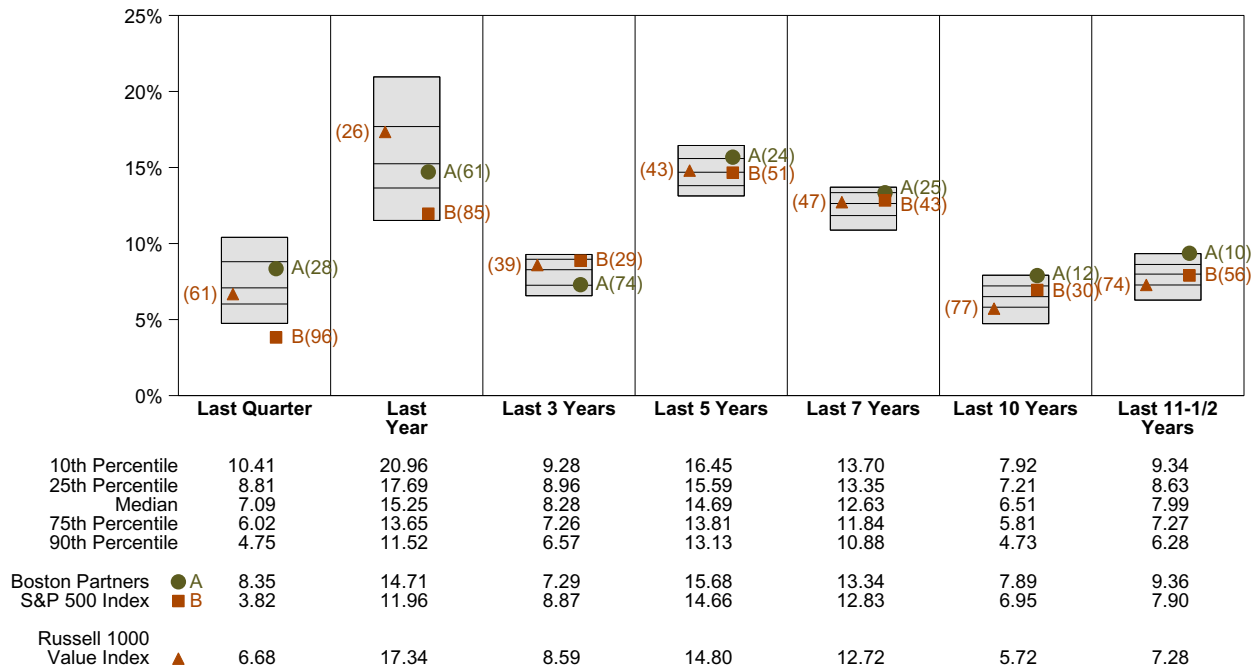
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 8.35% return for the quarter placing it in the 28 percentile of the CAI Large Cap Value group for the quarter and in the 61 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 1.67% for the quarter and underperformed the Russell 1000 Value Index for the year by 2.63%.

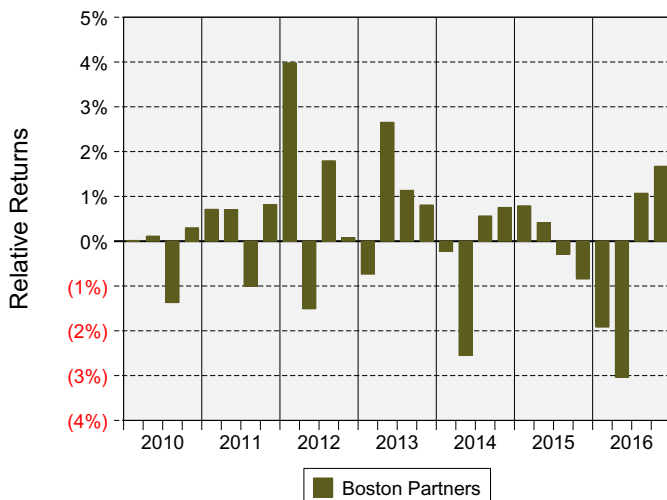
Quarterly Asset Growth

Beginning Market Value	\$40,706,020
Net New Investment	\$-470,090
Investment Gains/(Losses)	\$3,404,057
Ending Market Value	\$43,639,988

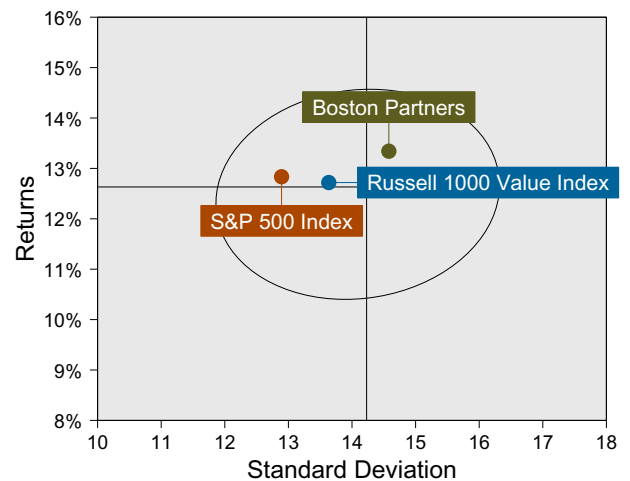
Performance vs CAI Large Cap Value (Gross)



Relative Return vs Russell 1000 Value Index



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

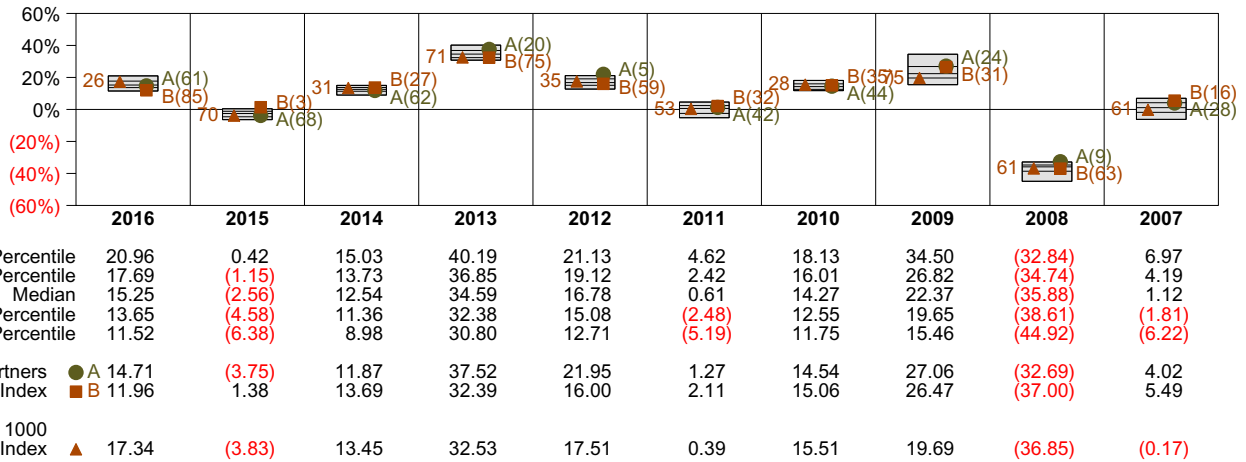


Boston Partners Return Analysis Summary

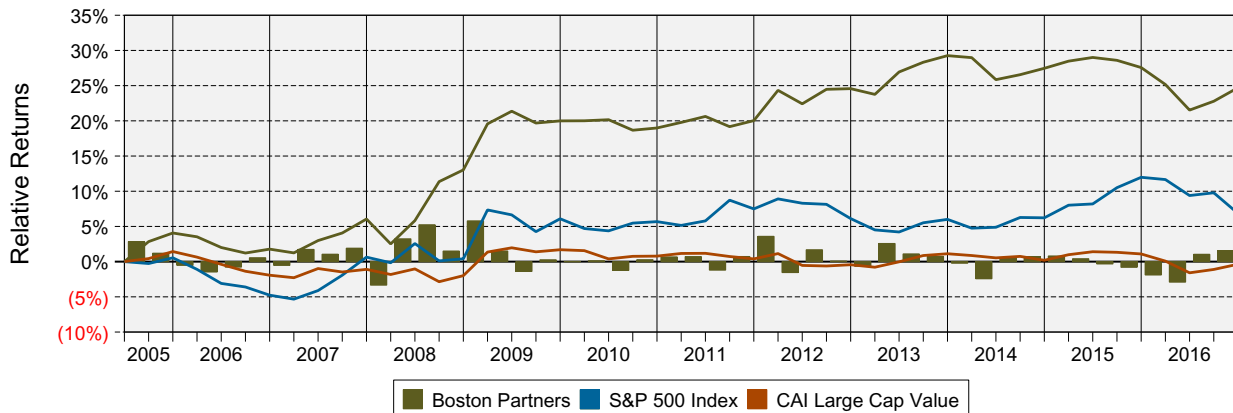
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures and returns for rising/declining periods.

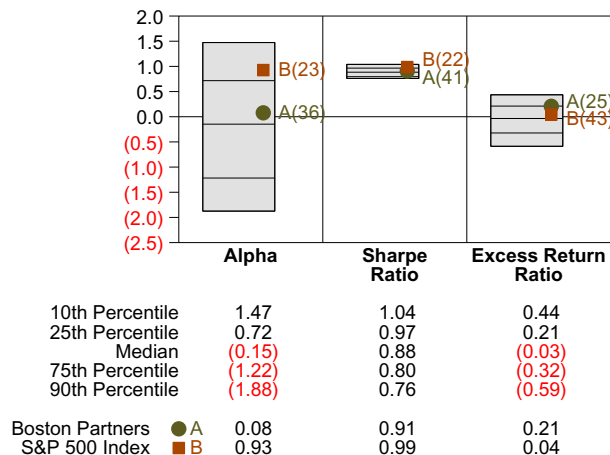
Performance vs CAI Large Cap Value (Gross)



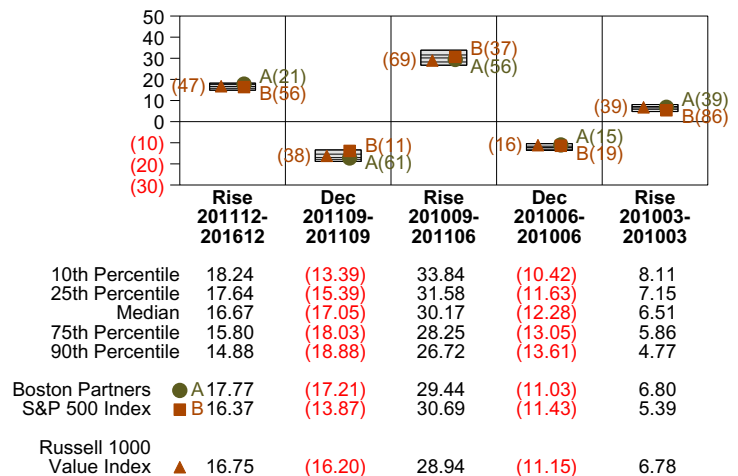
Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



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



Returns for Domestic Equity Rising/Declining Periods Seven Years Ended December 31, 2016

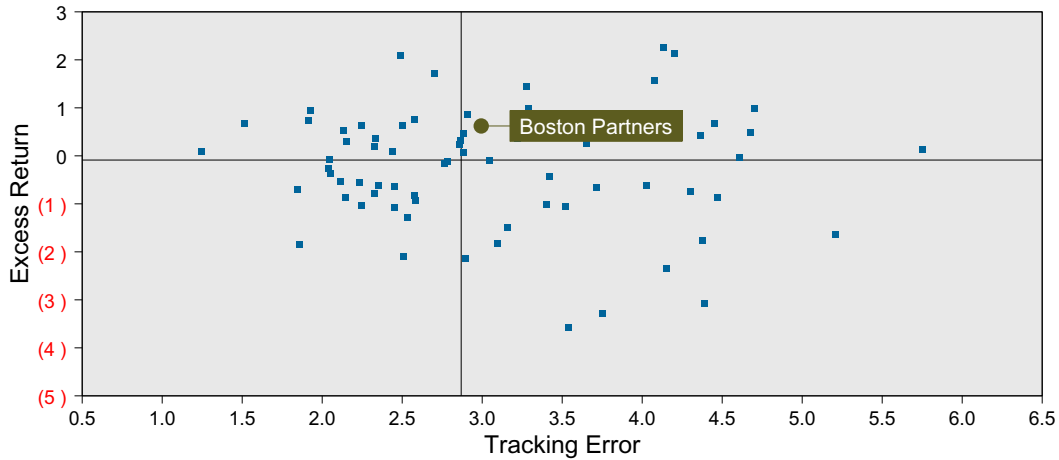


Boston Partners Risk Analysis Summary

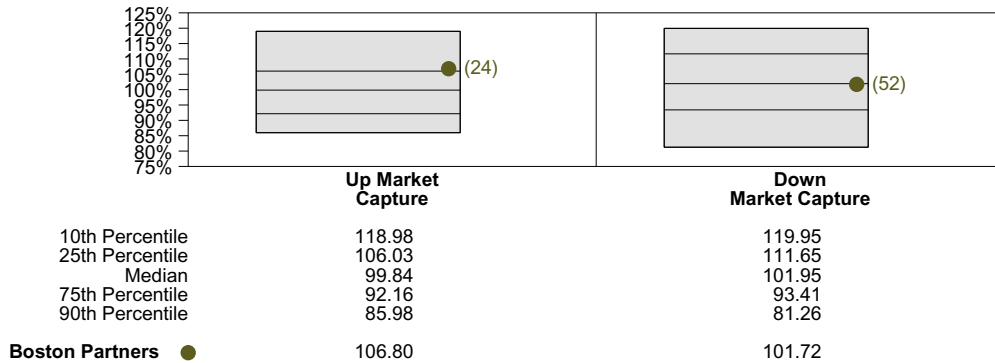
Risk Analysis

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 chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

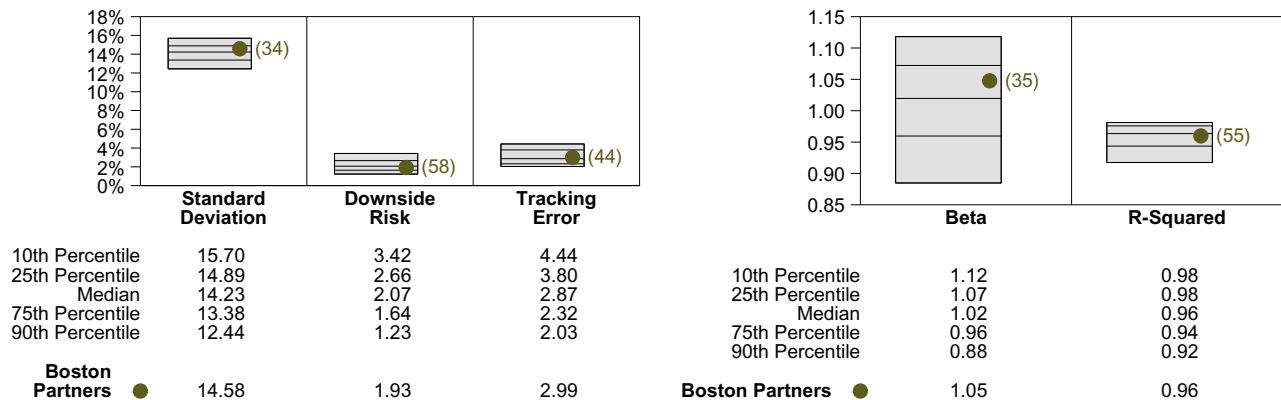
Risk Analysis vs CAI Large Cap Value (Gross) Seven Years Ended December 31, 2016



Market Capture vs Russell 1000 Value Index Rankings Against CAI Large Cap Value (Gross) Seven Years Ended December 31, 2016



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

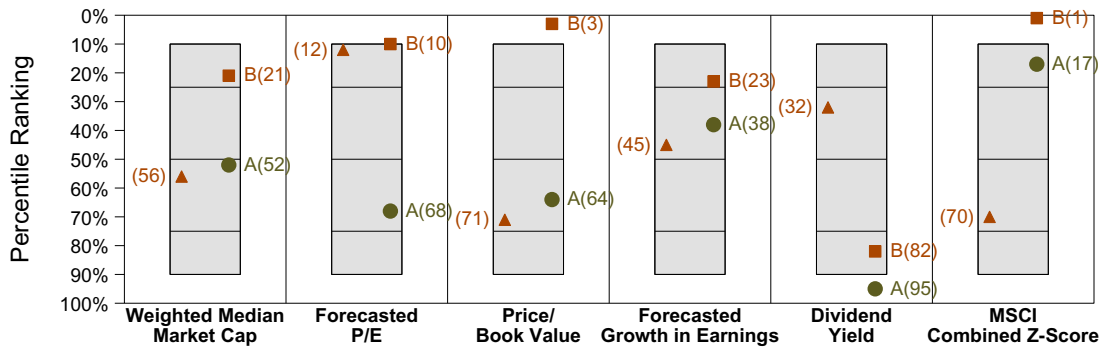


Boston Partners Equity Characteristics Analysis Summary

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 as of December 31, 2016

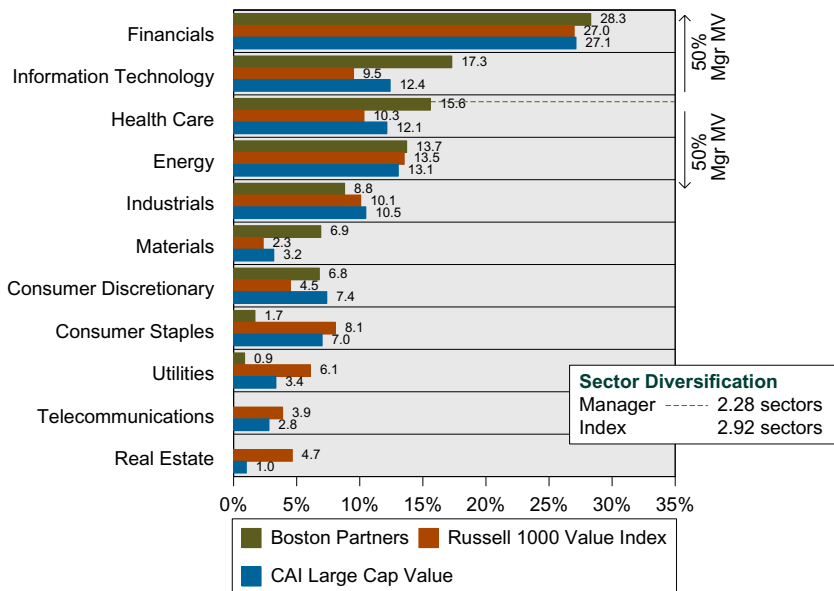


	Weighted Median Market Cap	Forecasted P/E	Price/Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile	96.58	17.09	2.47	15.16	2.84	(0.25)
25th Percentile	76.11	16.22	2.23	12.03	2.56	(0.38)
Median	64.08	15.37	2.01	9.80	2.32	(0.53)
75th Percentile	44.01	14.70	1.85	8.16	2.15	(0.67)
90th Percentile	32.04	14.22	1.66	6.74	1.94	(0.80)
Boston Partners	62.00	14.83	1.93	11.04	1.83	(0.33)
S&P 500 Index	81.55	17.12	2.79	12.27	2.09	(0.03)
Russell 1000 Value Index	58.23	16.68	1.87	10.34	2.45	(0.65)

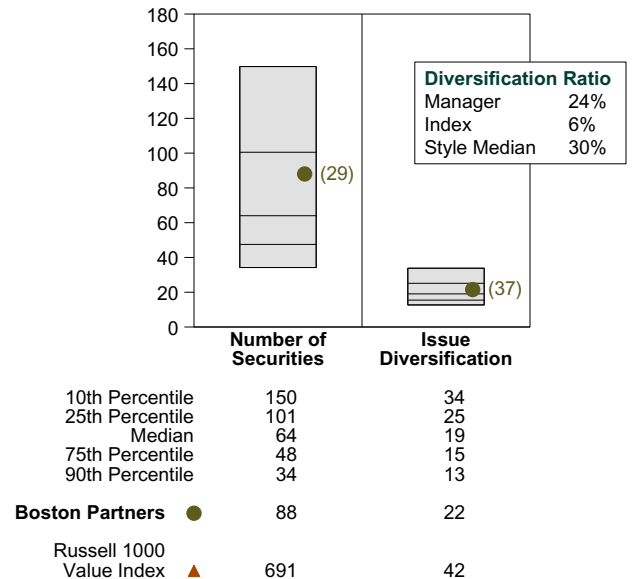
Sector Weights

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.

Sector Allocation December 31, 2016



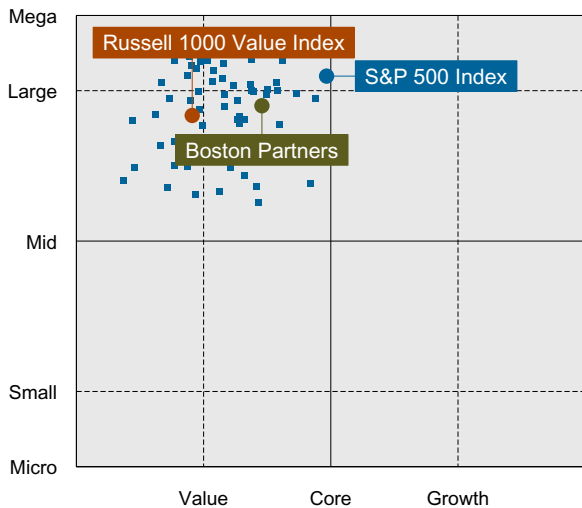
Diversification December 31, 2016



Current Holdings Based Style Analysis Boston Partners As of December 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.

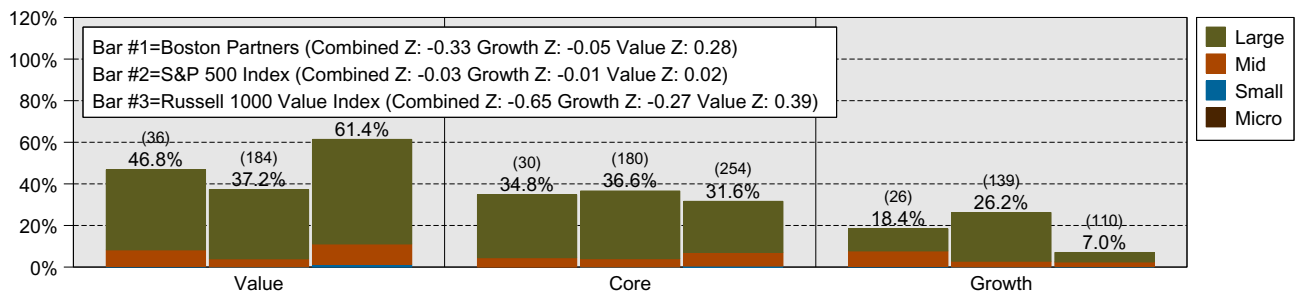
Style Map vs CAI Large Cap Value Holdings as of December 31, 2016



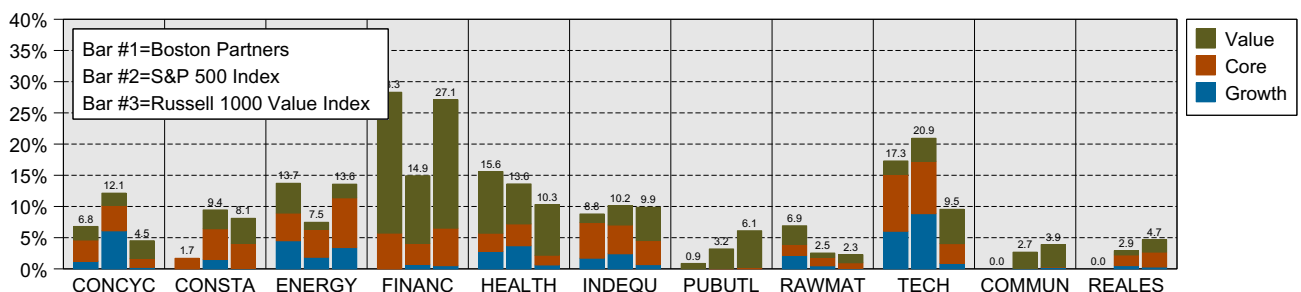
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	38.5% (23)	30.3% (23)	10.7% (14)	79.5% (60)
	33.2% (101)	32.5% (99)	23.4% (84)	89.2% (284)
	50.3% (98)	24.5% (70)	4.6% (28)	79.3% (196)
Mid	7.9% (12)	4.5% (7)	7.4% (10)	19.8% (29)
	3.9% (79)	4.0% (80)	2.8% (53)	10.7% (212)
	9.8% (160)	6.6% (149)	2.2% (62)	18.6% (371)
Small	0.4% (1)	0.0% (0)	0.3% (2)	0.7% (3)
	0.0% (4)	0.0% (1)	0.0% (2)	0.1% (7)
	1.4% (65)	0.5% (32)	0.2% (19)	2.1% (116)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (3)	0.0% (1)	0.0% (4)
Total	46.8% (36)	34.8% (30)	18.4% (26)	100.0% (92)
	37.2% (184)	36.6% (180)	26.2% (139)	100.0% (503)
	61.4% (323)	31.6% (254)	7.0% (110)	100.0% (687)

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



Sector Weights Distribution Holdings as of December 31, 2016



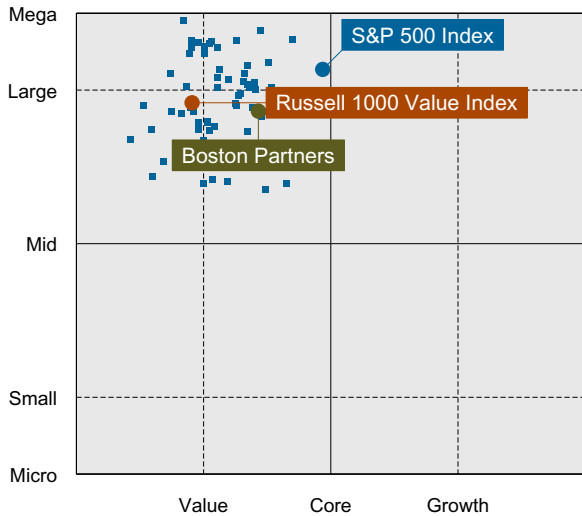
Historical Holdings Based Style Analysis

Boston Partners

For Three Years Ended December 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.

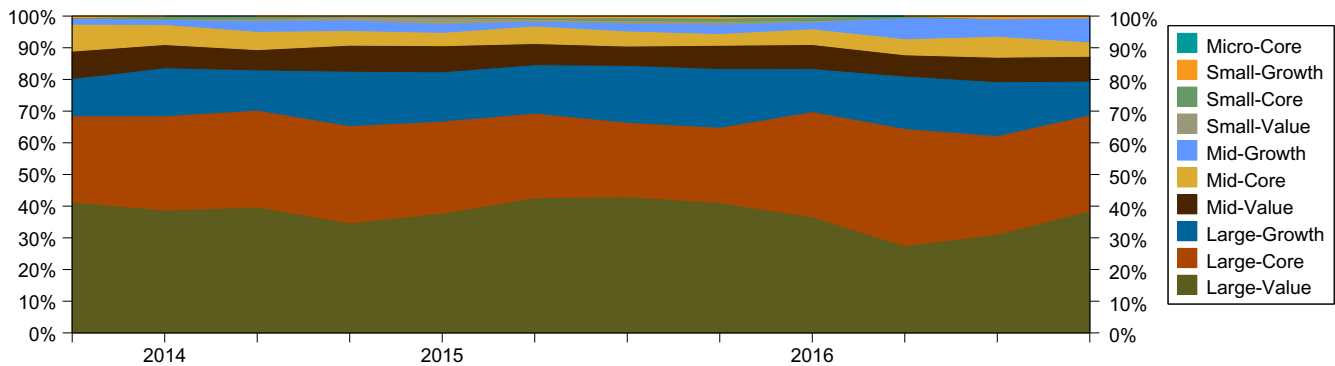
Average Style Map vs CAI Large Cap Value Holdings for Three Years Ended December 31, 2016



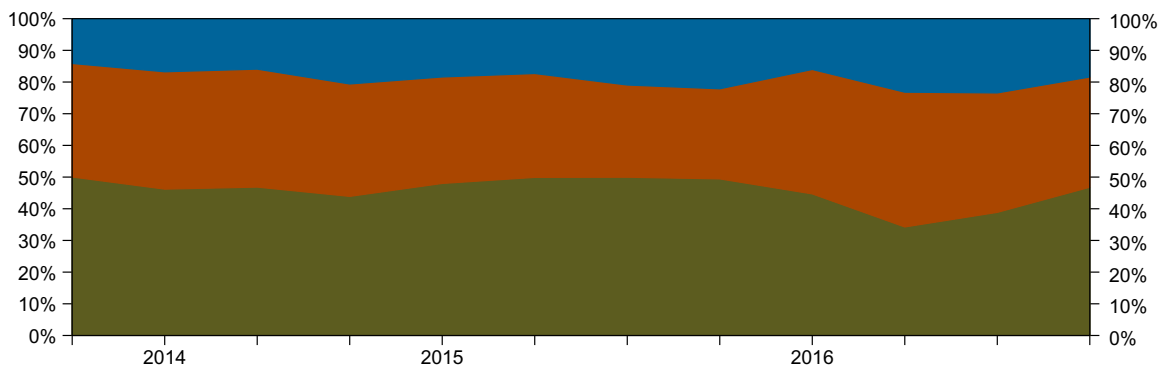
Average Style Exposure Matrix Holdings for Three Years Ended December 31, 2016

	Value	Core	Growth	Total
Large	37.7% (24)	29.4% (23)	15.2% (14)	82.3% (61)
	31.5% (93)	29.2% (98)	28.3% (95)	89.0% (286)
Mid	50.0% (89)	23.5% (72)	4.9% (31)	78.4% (192)
	7.4% (11)	5.4% (9)	3.4% (6)	16.2% (26)
Small	4.2% (86)	3.7% (74)	3.0% (52)	10.9% (212)
	10.7% (167)	6.2% (139)	2.2% (58)	19.1% (364)
Micro	0.6% (2)	0.5% (2)	0.3% (1)	1.4% (5)
	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
Total	1.4% (63)	0.9% (49)	0.2% (15)	2.5% (127)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (2)	0.0% (0)	0.0% (2)
Total	45.7% (37)	35.3% (34)	18.9% (21)	100.0% (92)
	35.8% (182)	32.9% (173)	31.3% (148)	100.0% (503)
Total	62.1% (319)	30.6% (262)	7.3% (104)	100.0% (685)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

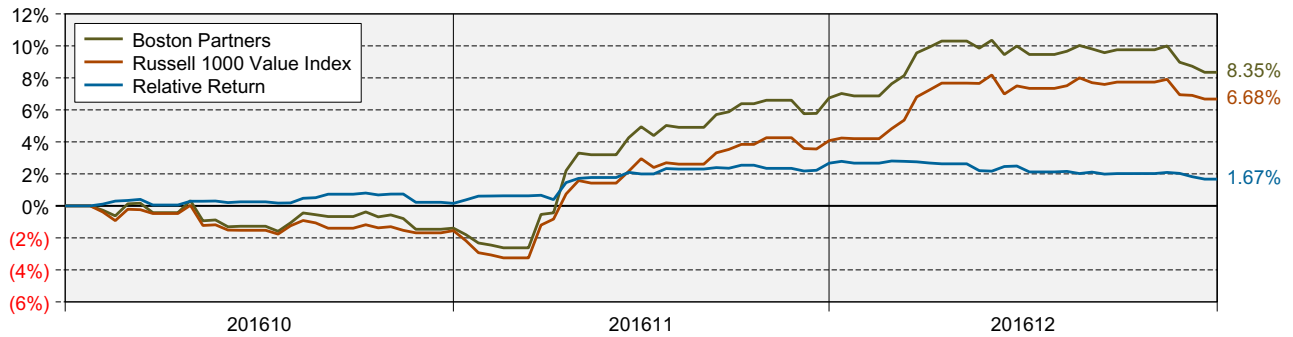


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2016

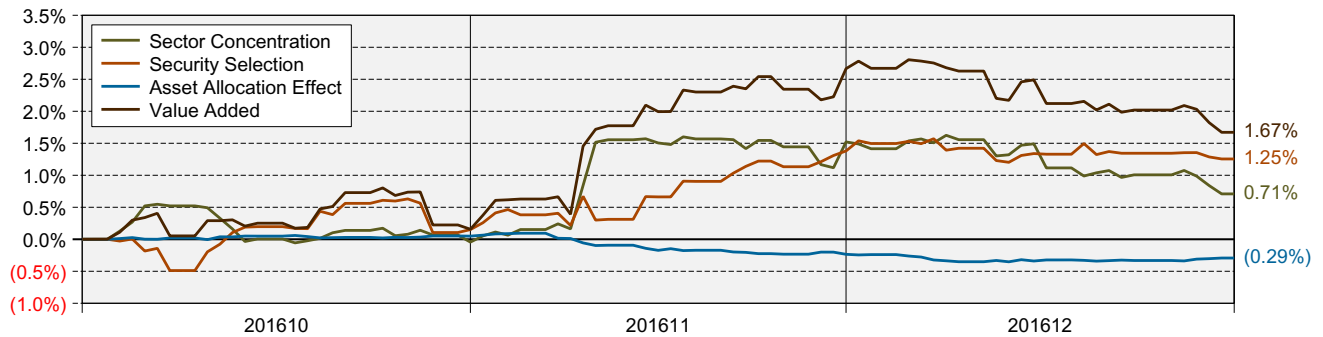
Return Sources and Timing

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 December 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	7.82%	4.59%	4.87%	4.81%	(0.03)%	(0.05)%	-
Consumer Staples	2.43%	8.59%	(12.82)%	(3.26)%	0.63%	(0.28)%	-
Energy	13.16%	13.46%	6.33%	7.37%	(0.00)%	(0.14)%	-
Financials	26.13%	24.76%	23.29%	21.95%	0.20%	0.36%	-
Health Care	15.25%	11.04%	(3.89)%	(5.00)%	(0.49)%	0.13%	-
Industrials	9.63%	9.94%	13.08%	8.62%	0.02%	0.44%	-
Information Technology	16.88%	9.89%	5.36%	0.68%	(0.43)%	0.80%	-
Materials	7.28%	2.82%	9.01%	7.42%	0.03%	0.10%	-
Real Estate	0.03%	4.85%	(4.97)%	(3.54)%	0.50%	0.00%	-
Telecommunications	0.42%	3.75%	(6.42)%	5.40%	(0.04)%	0.00%	-
Utilities	0.98%	6.31%	(8.70)%	0.33%	0.34%	(0.11)%	-
Non Equity	3.42%	0.00%	-	-	-	-	(0.29)%
Total	-	-	8.35%	6.68%	0.71%	1.25%	(0.29)%

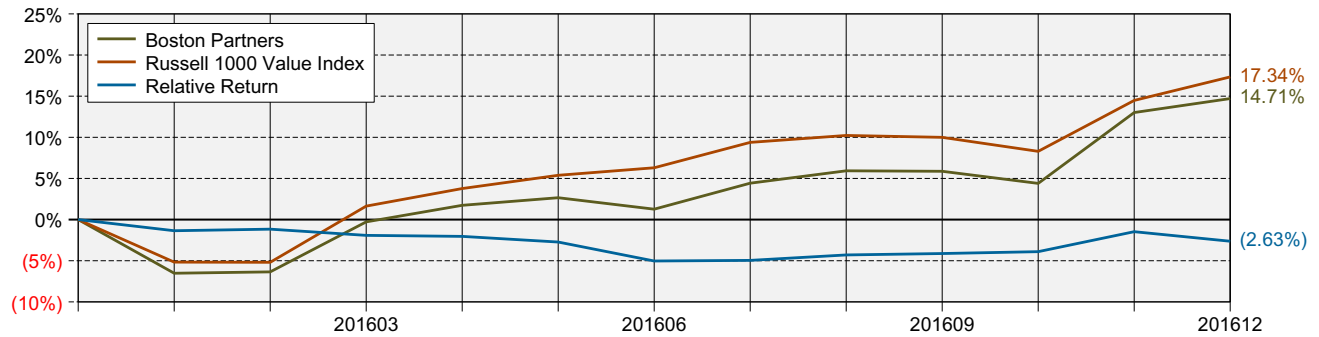
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
8.35%		6.68%		0.71%		1.25%		(0.29)%

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

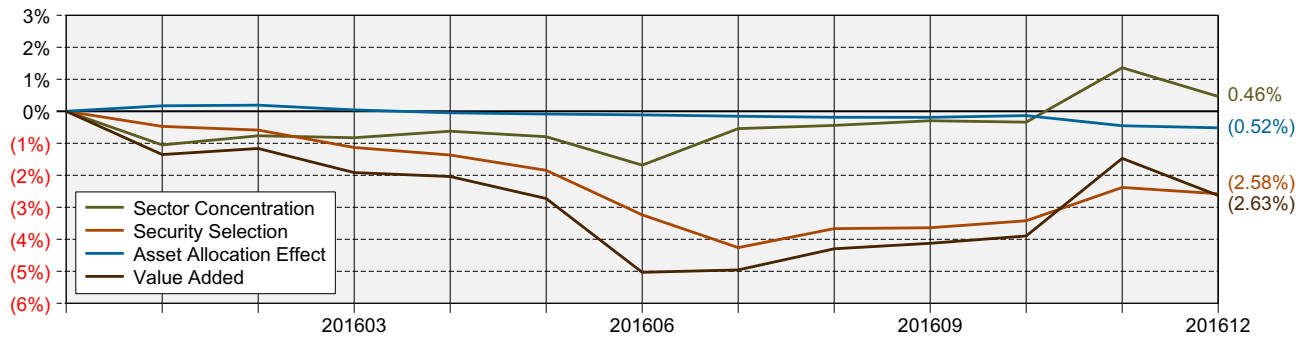
Return Sources and Timing

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 December 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Real Estate	0.04%	1.64%	(0.63)%	(4.77)%	0.61%	0.03%	-
Miscellaneous	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
Consumer Discretionary	9.12%	4.91%	9.47%	8.90%	(0.38)%	0.01%	-
Consumer Staples	2.22%	8.06%	(0.79)%	8.24%	0.63%	(0.20)%	-
Energy	11.65%	13.03%	20.21%	26.84%	(0.11)%	(0.73)%	-
Financials	26.91%	27.28%	27.56%	24.07%	(0.00)%	0.86%	-
Health Care	16.17%	11.58%	(3.42)%	3.11%	(0.61)%	(1.38)%	-
Industrials	9.47%	10.05%	10.98%	23.22%	0.02%	(1.02)%	-
Information Technology	14.51%	10.46%	18.15%	18.55%	(0.11)%	0.12%	-
Materials	6.98%	2.79%	23.91%	28.86%	0.43%	(0.31)%	-
Telecommunications	1.83%	3.53%	8.45%	24.45%	(0.02)%	(0.07)%	-
Utilities	1.10%	6.65%	26.36%	16.78%	0.01%	0.12%	-
Non Equity	2.93%	0.00%	-	-	-	-	(0.52)%
Total	-	-	14.71%	17.34%	0.46%	(2.58)%	(0.52)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
14.71%		17.34%		0.46%		(2.58%)		(0.52%)

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 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
JPMorgan Chase & Co	Financials	4.55%	92	2.50%	30.48%	30.52%	1.30%	0.44%
Bank Amer Corp	Financials	3.26%	92	1.74%	41.02%	41.72%	1.23%	0.45%
McKesson Corp	Health Care	1.97%	28	-	(26.84)%	-	(0.57)%	(0.50)%
Discover Finl Svcs	Financials	2.14%	92	0.16%	28.16%	28.16%	0.57%	0.40%
Goldman Sachs Group Inc	Financials	1.33%	88	0.69%	43.83%	48.93%	0.57%	0.20%
Citigroup Inc	Financials	2.17%	92	1.43%	26.14%	26.25%	0.52%	0.13%
Berkshire Hathaway Inc Del Cl B New	Financials	3.62%	92	2.69%	12.81%	12.81%	0.45%	0.05%
Chevron Corp New	Energy	2.75%	92	1.91%	15.37%	15.50%	0.41%	0.06%
Time Warner Inc	Consumer Discretionary	1.71%	92	0.22%	21.60%	21.78%	0.35%	0.18%
Delta Air Lines Inc Del	Industrials	1.31%	92	0.07%	25.50%	25.54%	0.33%	0.22%

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
JPMorgan Chase & Co	Financials	4.55%	92	2.50%	30.48%	30.52%	0.71%	0.44%
Bank Amer Corp	Financials	3.26%	92	1.74%	41.02%	41.72%	0.65%	0.45%
Wells Fargo & Co New	Financials	-	-	2.08%	-	25.50%	0.50%	(0.35)%
Citigroup Inc	Financials	2.17%	92	1.43%	26.14%	26.25%	0.35%	0.13%
Berkshire Hathaway Inc Del Cl B New	Financials	3.62%	92	2.69%	12.81%	12.81%	0.34%	0.05%
Goldman Sachs Group Inc	Financials	1.33%	88	0.69%	43.83%	48.93%	0.29%	0.20%
Chevron Corp New	Energy	2.75%	92	1.91%	15.37%	15.50%	0.29%	0.06%
Medtronic Plc Shs	Health Care	-	-	1.08%	-	(17.06)%	(0.20)%	0.27%
General Electric Co	Industrials	-	-	2.12%	-	7.49%	0.16%	(0.02)%
Exxon Mobil Corp	Energy	-	-	3.42%	-	4.32%	0.15%	0.07%

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	3.26%	92	1.74%	41.02%	41.72%	1.23%	0.45%
JPMorgan Chase & Co	Financials	4.55%	92	2.50%	30.48%	30.52%	1.30%	0.44%
Discover Finl Svcs	Financials	2.14%	92	0.16%	28.16%	28.16%	0.57%	0.40%
Medtronic Plc Shs	Health Care	-	-	1.08%	-	(17.06)%	-	0.27%
Procter & Gamble Co	Consumer Staples	-	-	2.14%	-	(5.58)%	-	0.27%
Delta Air Lines Inc Del	Industrials	1.31%	92	0.07%	25.50%	25.54%	0.33%	0.22%
Goldman Sachs Group Inc	Financials	1.33%	88	0.69%	43.83%	48.93%	0.57%	0.20%
Time Warner Inc	Consumer Discretionary	1.71%	92	0.22%	21.60%	21.78%	0.35%	0.18%
Cisco Sys Inc	Information Technology	-	-	1.48%	-	(3.94)%	-	0.16%
Steel Dynamics Inc	Materials	0.55%	92	0.06%	42.92%	42.92%	0.21%	0.15%

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
McKesson Corp	Health Care	1.97%	28	-	(26.84)%	-	(0.57)%	(0.50)%
Wells Fargo & Co New	Financials	-	-	2.08%	-	25.50%	-	(0.35)%
Gilead Sciences	Health Care	1.77%	92	-	(8.94)%	-	(0.16)%	(0.28)%
Ebay	Information Technology	1.12%	92	-	(10.15)%	-	(0.13)%	(0.18)%
Johnson & Johnson	Health Care	4.32%	92	2.50%	(1.80)%	(1.80)%	(0.09)%	(0.16)%
Tyson Foods Inc Cl A	Consumer Staples	0.72%	52	0.10%	(23.86)%	(17.08)%	(0.21)%	(0.15)%
Pulte Group Inc	Consumer Discretionary	1.05%	92	0.04%	(7.61)%	(7.85)%	(0.09)%	(0.15)%
Alphabet Inc Cl A	Information Technology	1.73%	92	-	(1.44)%	-	(0.03)%	(0.15)%
Aes Corp	Utilities	0.95%	92	0.08%	(8.70)%	(8.72)%	(0.11)%	(0.14)%
Liberty Global Lilac Class C	Consumer Discretionary	0.40%	92	-	(24.53)%	-	(0.11)%	(0.14)%

Atlanta Capital Period Ended December 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.

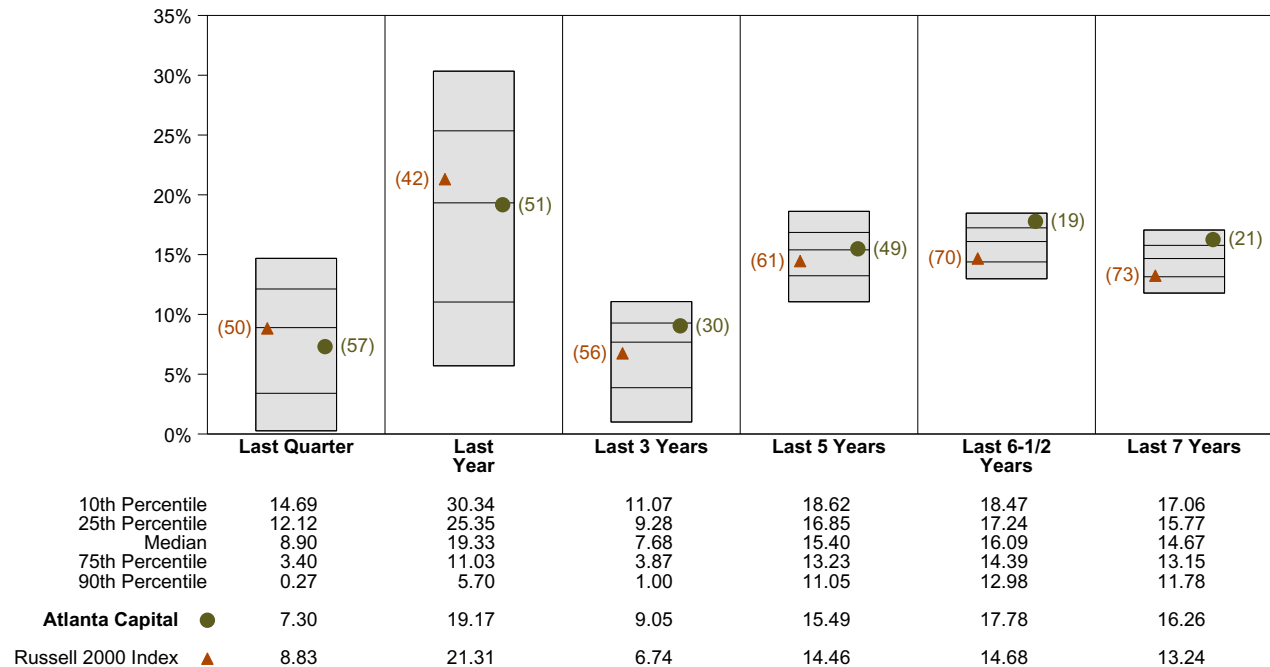
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 7.30% return for the quarter placing it in the 57 percentile of the CAI Small Capitalization group for the quarter and in the 51 percentile for the last year.
- Atlanta Capital's portfolio underperformed the Russell 2000 Index by 1.53% for the quarter and underperformed the Russell 2000 Index for the year by 2.14%.

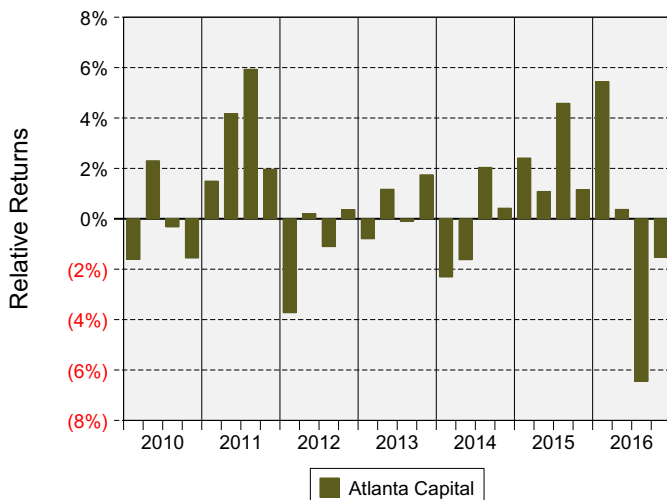
Quarterly Asset Growth

Beginning Market Value	\$22,260,244
Net New Investment	\$-346,863
Investment Gains/(Losses)	\$1,590,477
Ending Market Value	\$23,503,858

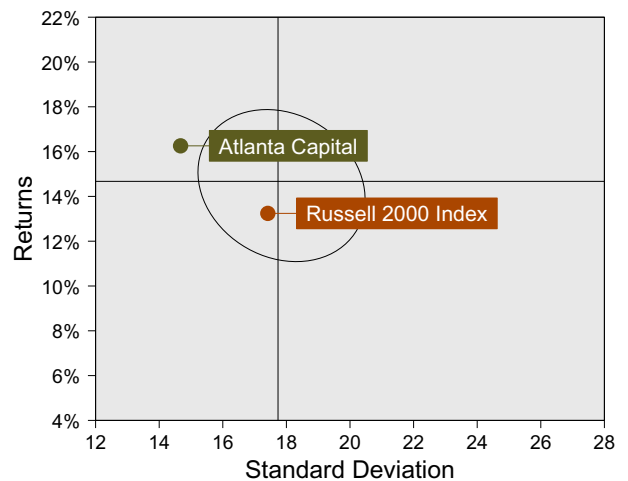
Performance vs CAI Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

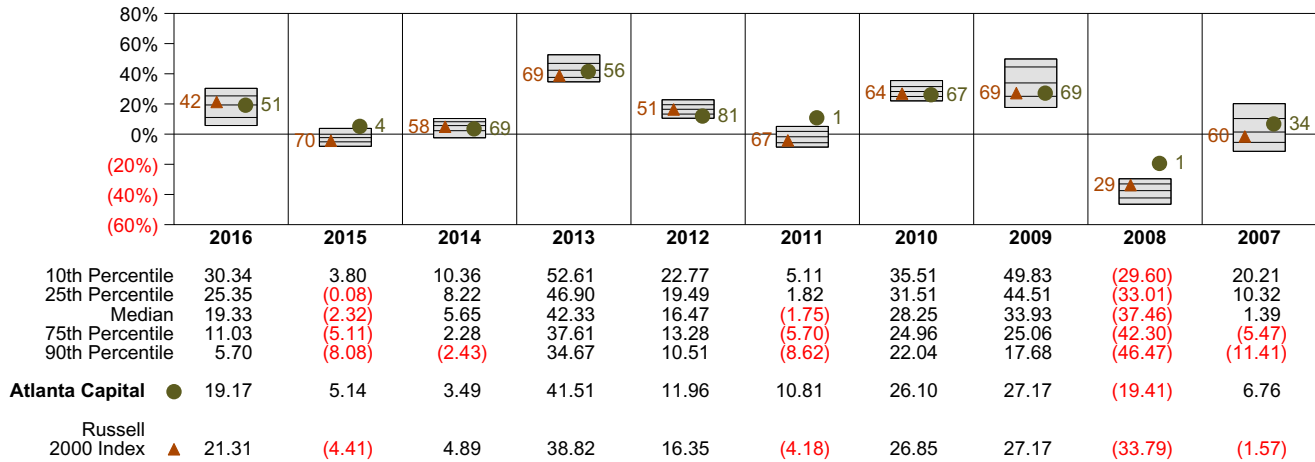


Atlanta Capital Return Analysis Summary

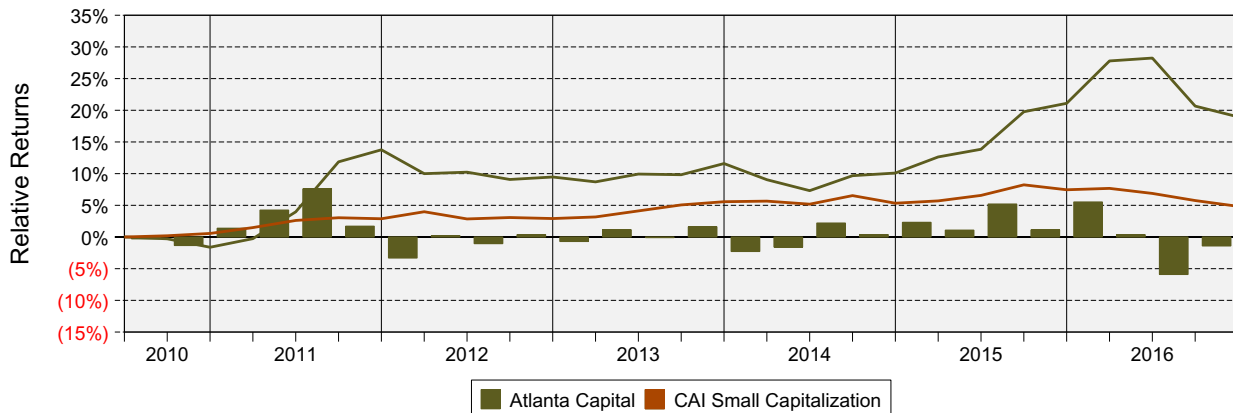
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures and returns for rising/declining periods.

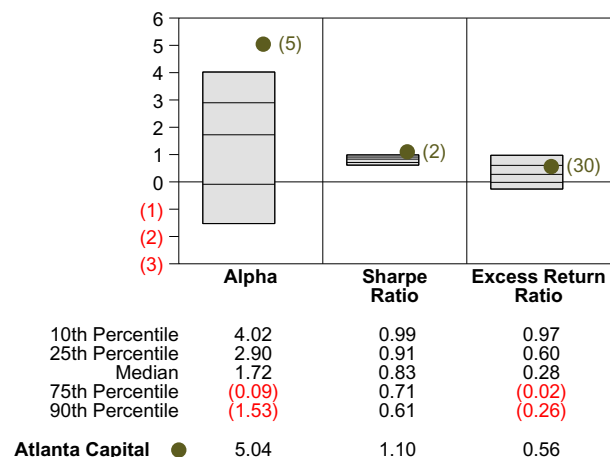
Performance vs CAI Small Capitalization (Gross)



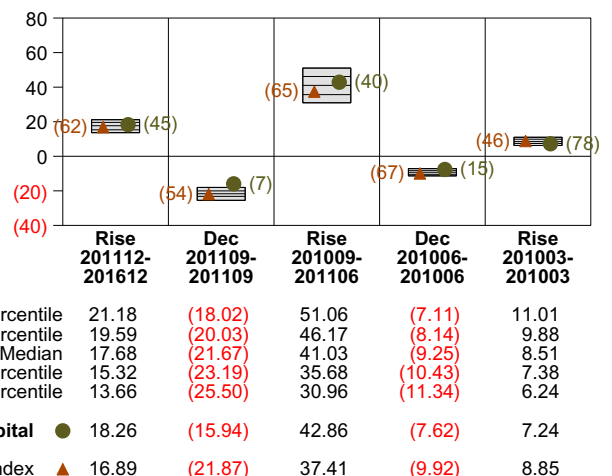
Cumulative and Quarterly Relative Return vs Russell 2000 Index



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



Returns for Domestic Equity Rising/Declining Periods Seven Years Ended December 31, 2016

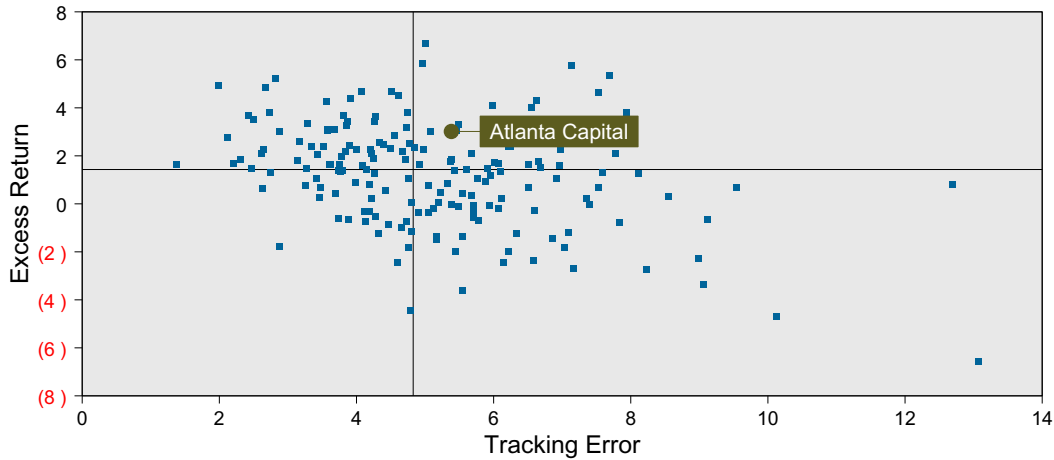


Atlanta Capital Risk Analysis Summary

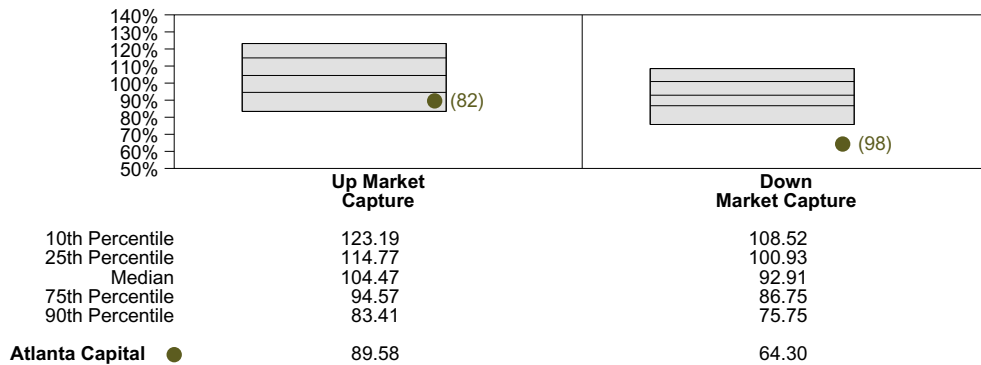
Risk Analysis

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 chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

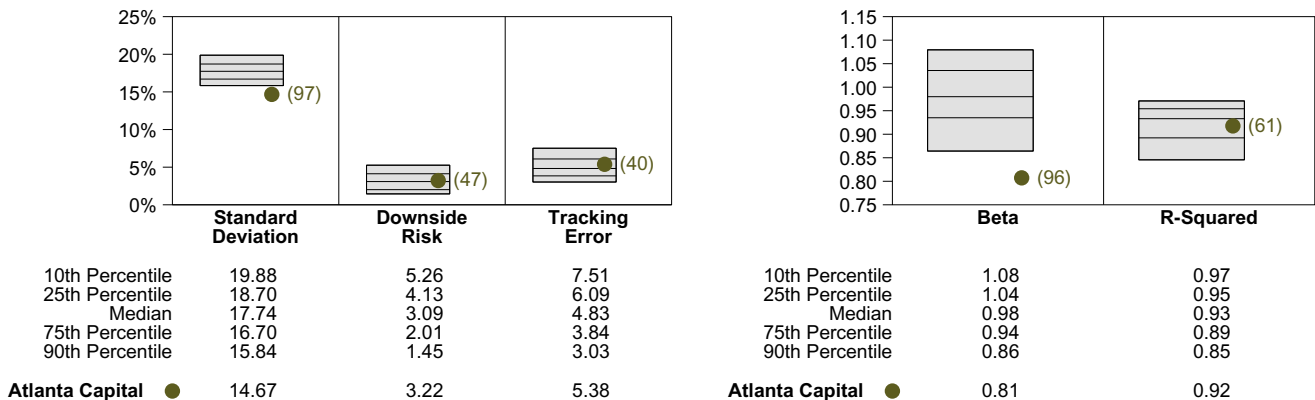
Risk Analysis vs CAI Small Capitalization (Gross) Seven Years Ended December 31, 2016



Market Capture vs Russell 2000 Index Rankings Against CAI Small Capitalization (Gross) Seven Years Ended December 31, 2016



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

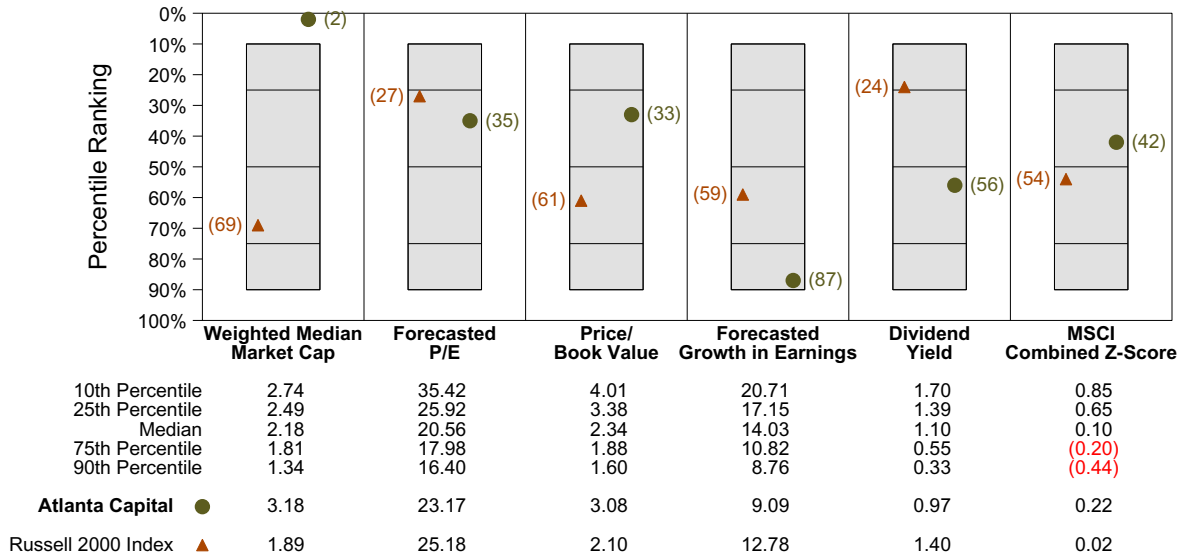


Atlanta Capital Equity Characteristics Analysis Summary

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.

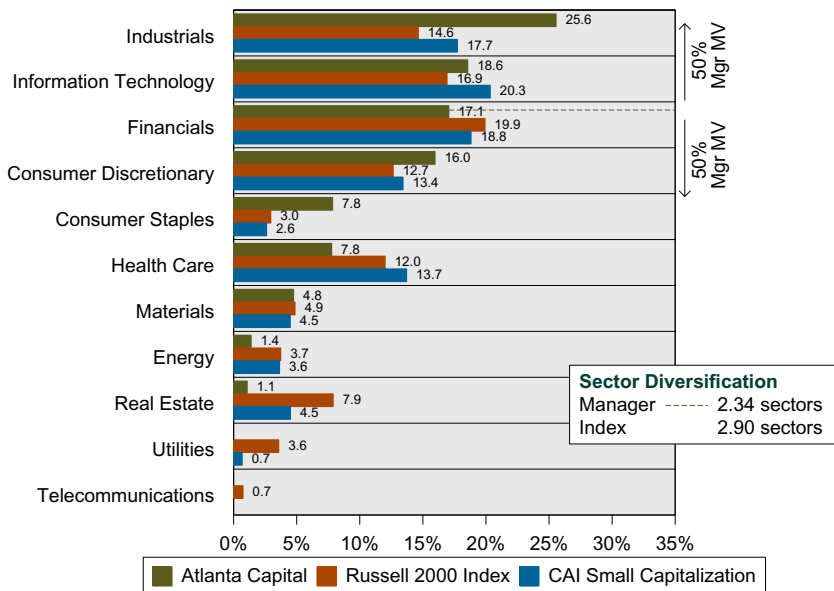
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization as of December 31, 2016



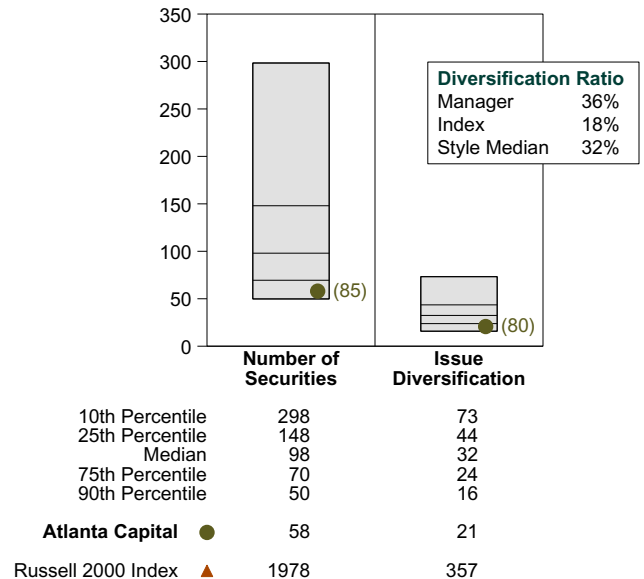
Sector Weights

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.

Sector Allocation December 31, 2016



Diversification December 31, 2016



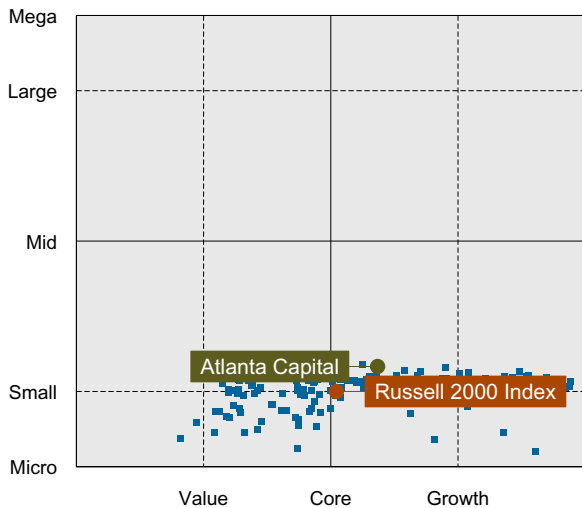
Current Holdings Based Style Analysis

Atlanta Capital

As of December 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.

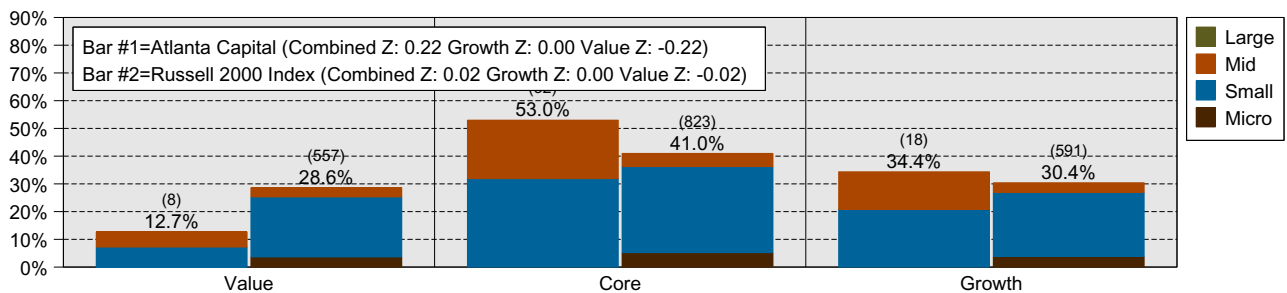
Style Map vs CAI Small Capitalization Holdings as of December 31, 2016



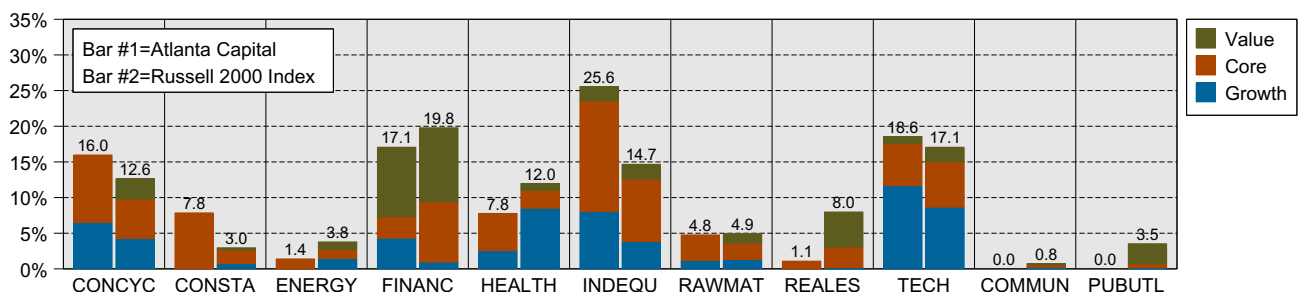
Style Exposure Matrix Holdings as of December 31, 2016

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	5.4% (3)	21.1% (10)	13.5% (6)	40.0% (19)
Small	7.2% (5)	31.9% (22)	20.8% (12)	60.0% (39)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	12.7% (8)	53.0% (32)	34.4% (18)	100.0% (58)
	28.6% (557)	41.0% (823)	30.4% (591)	100.0% (1971)
	Value	Core	Growth	Total

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



Sector Weights Distribution Holdings as of December 31, 2016



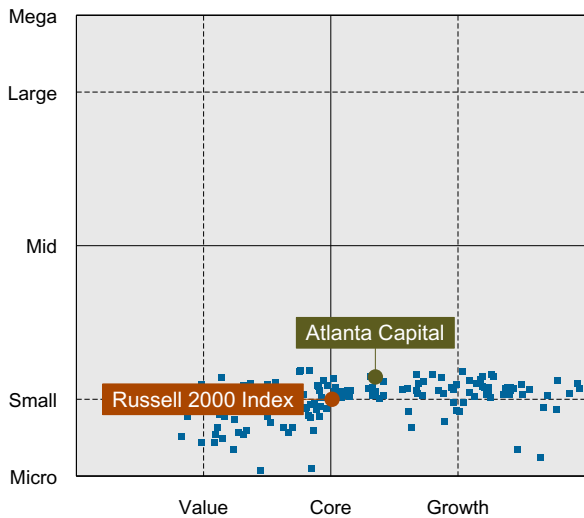
Historical Holdings Based Style Analysis

Atlanta Capital

For Six and 1/2 Years Ended December 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.

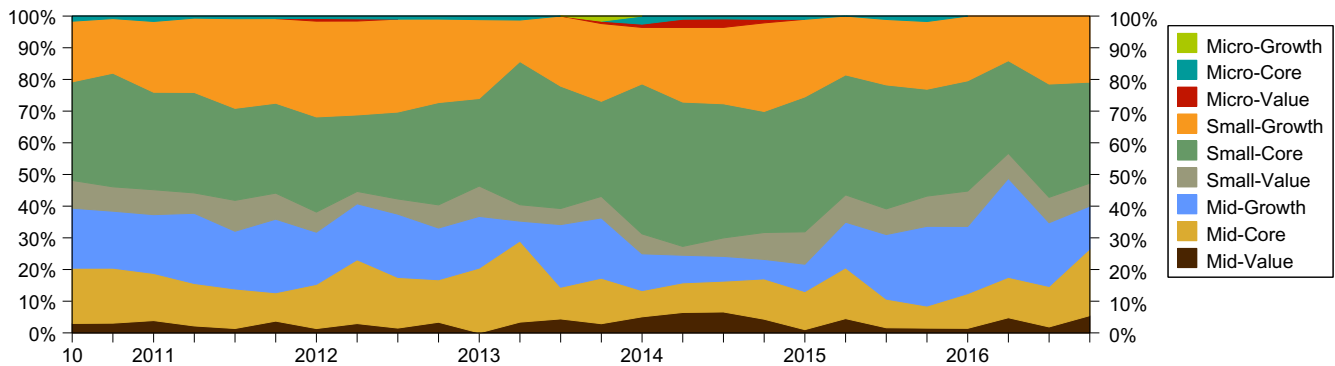
Average Style Map vs CAI Small Capitalization Holdings for Six and 1/2 Years Ended December 31, 2016



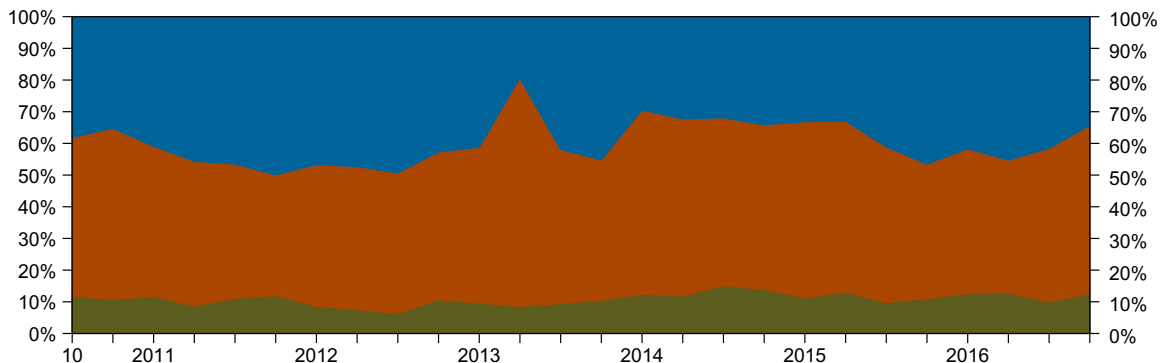
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	3.1% (2)	13.9% (7)	16.9% (7)	33.9% (16)
Small	7.4% (6)	34.6% (24)	22.8% (14)	64.8% (44)
Micro	0.4% (0)	0.8% (1)	0.1% (0)	1.3% (1)
Total	10.9% (8)	49.3% (32)	39.8% (21)	100.0% (61)
	27.3% (594)	37.8% (773)	34.9% (596)	100.0% (1963)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

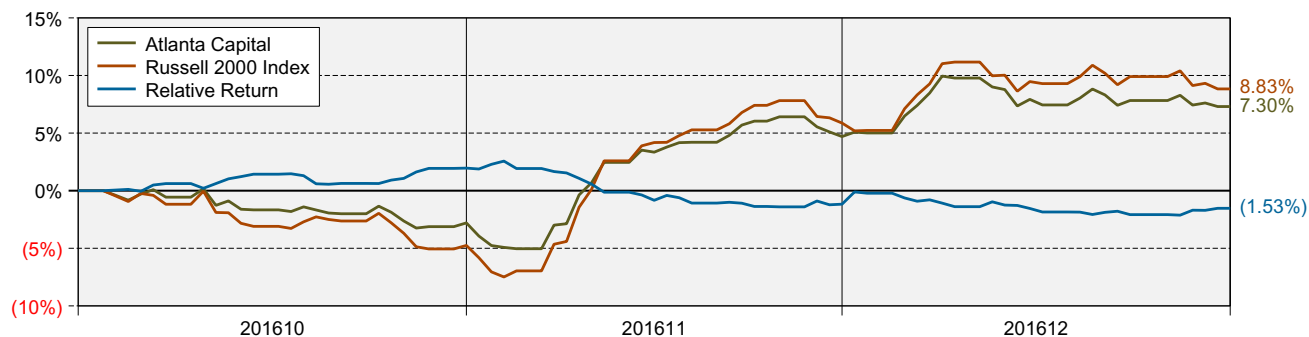


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2016

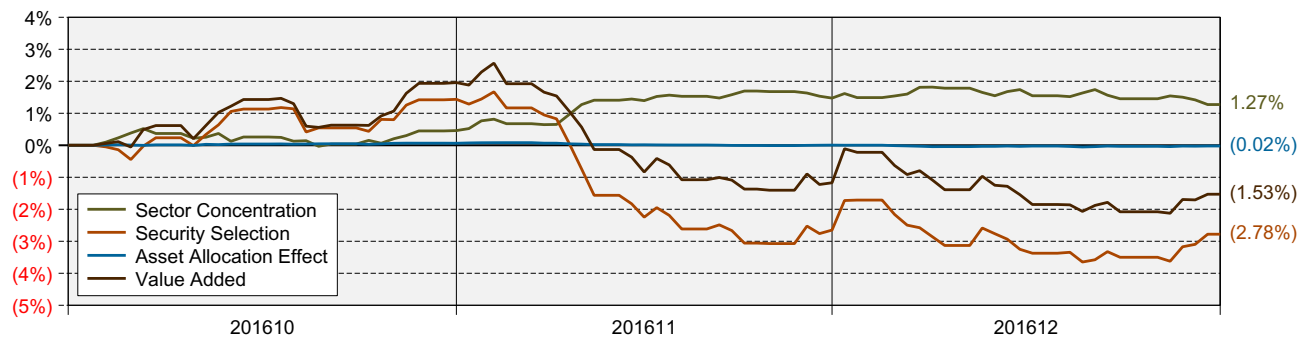
Return Sources and Timing

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 December 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	16.31%	12.78%	6.17%	7.76%	(0.03)%	(0.25)%	-
Consumer Staples	8.00%	3.02%	4.33%	6.39%	(0.11)%	(0.17)%	-
Energy	1.30%	3.35%	7.73%	18.34%	(0.19)%	(0.15)%	-
Financials	16.57%	18.33%	15.62%	23.29%	(0.25)%	(1.18)%	-
Health Care	7.71%	13.22%	4.27%	(5.95)%	0.90%	0.83%	-
Industrials	25.86%	14.39%	10.89%	12.52%	0.46%	(0.45)%	-
Information Technology	18.32%	17.52%	0.16%	5.12%	(0.01)%	(0.92)%	-
Materials	4.87%	4.81%	1.67%	11.37%	0.01%	(0.49)%	-
Real Estate	1.05%	8.04%	5.18%	3.86%	0.36%	0.01%	-
Telecommunications	0.00%	0.74%	0.00%	9.12%	(0.00)%	0.00%	-
Utilities	0.00%	3.80%	0.00%	5.35%	0.14%	0.00%	-
Non Equity	1.45%	0.00%	-	-	-	-	(0.02)%
Total	-	-	7.30%	8.83%	1.27%	(2.78)%	(0.02)%

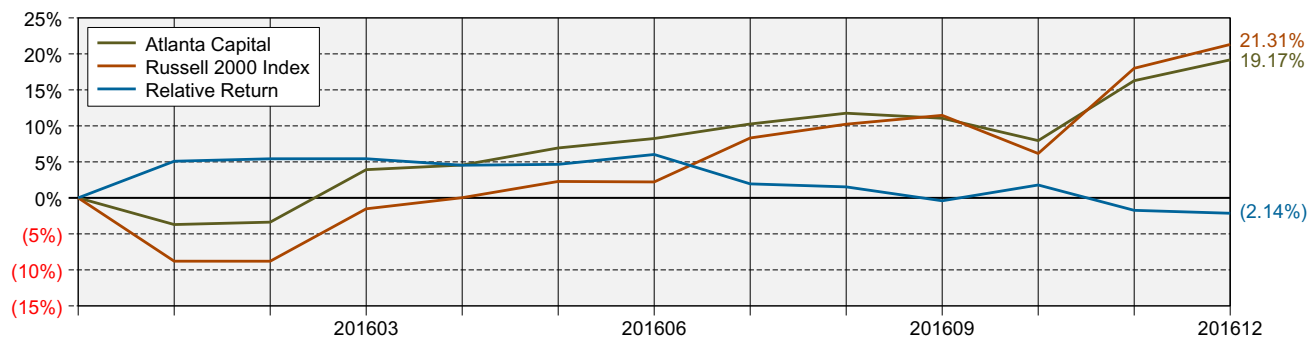
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
7.30%		8.83%		1.27%		(2.78)%		(0.02)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended December 31, 2016

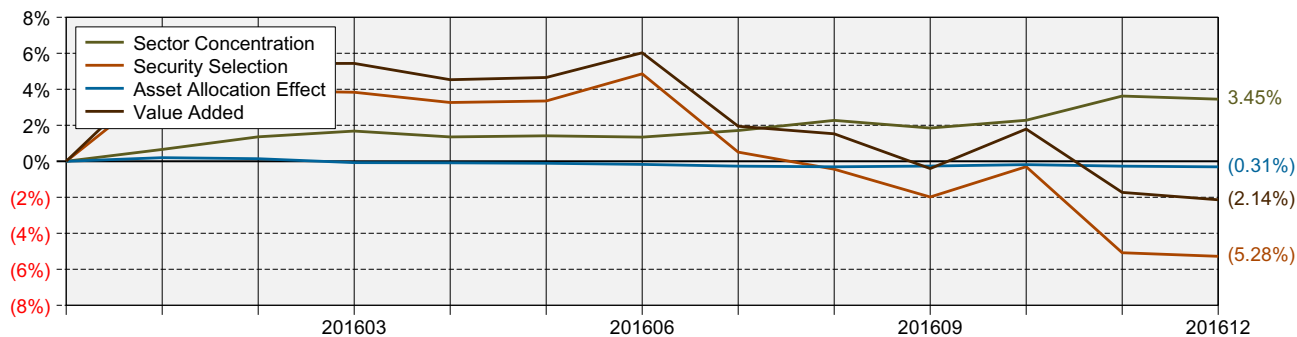
Return Sources and Timing

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 December 31, 2016

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Real Estate	0.35%	2.72%	8.82%	1.07%	0.75%	0.09%	-
Consumer Discretionary	15.77%	13.44%	16.05%	12.58%	(0.30)%	0.48%	-
Consumer Staples	8.05%	3.31%	16.05%	22.41%	0.04%	(0.54)%	-
Energy	1.41%	2.90%	1.05%	28.24%	(0.17)%	(0.44)%	-
Financials	17.02%	23.38%	24.18%	39.28%	(0.56)%	(2.38)%	-
Health Care	7.98%	13.93%	30.01%	(7.05)%	2.22%	3.26%	-
Industrials	24.84%	13.48%	25.72%	32.19%	1.31%	(1.71)%	-
Information Technology	19.85%	17.61%	8.90%	23.62%	0.06%	(2.76)%	-
Materials	4.72%	4.30%	20.44%	47.89%	0.21%	(1.29)%	-
Telecommunications	0.00%	0.86%	0.00%	23.23%	(0.00)%	0.00%	-
Utilities	0.00%	4.06%	0.00%	23.93%	(0.12)%	0.00%	-
Non Equity	2.62%	0.00%	-	-	-	-	(0.31)%
Total	-	-	19.17%	21.31%	3.45%	(5.28)%	(0.31)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
19.17%		21.31%		3.45%		(5.28)%		(0.31)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 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
Clarcor Inc	Industrials	2.18%	92	0.18%	27.39%	27.39%	0.58%	0.35%
Prosperity Bancshares Inc	Financials	1.90%	92	0.23%	31.47%	31.41%	0.57%	0.34%
Choice Hotels Intl Inc	Consumer Discretionary	2.22%	92	-	24.81%	-	0.52%	0.29%
Exponent Inc	Industrials	2.71%	92	0.08%	18.46%	18.45%	0.47%	0.18%
Pinnacle Finl Partners Inc	Financials	1.65%	92	0.14%	28.47%	28.50%	0.47%	0.28%
Landstar System	Industrials	1.83%	92	-	25.55%	-	0.46%	0.26%
Iberiabank Corp	Financials	1.68%	92	0.17%	25.30%	25.30%	0.41%	0.23%
Knight Transn Inc	Industrials	2.24%	92	0.12%	15.49%	15.39%	0.38%	0.15%
Umpqua Hldgs Corp	Financials	1.52%	92	0.20%	25.84%	25.84%	0.37%	0.20%
Cass Information Sys Inc	Information Technology	1.12%	92	0.04%	30.29%	30.29%	0.33%	0.22%

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
Advanced Micro Devices Inc	Information Technology	-	-	0.32%	-	64.11%	0.19%	(0.15)%
Webster Finl Corp Conn	Financials	-	-	0.22%	-	43.70%	0.09%	(0.07)%
Sarepta Therapeutics Inc	Health Care	-	-	0.12%	-	(55.33)%	(0.09)%	0.10%
Microsemi Corp	Information Technology	-	-	0.30%	-	28.56%	0.08%	(0.05)%
Bank of The Ozarks Inc	Financials	-	-	0.21%	-	37.54%	0.08%	(0.06)%
Ak Steel Holding Corp	Materials	-	-	0.09%	-	111.39%	0.07%	(0.07)%
Ophthotech Corp	Health Care	-	-	0.07%	-	(89.53)%	(0.07)%	0.08%
Chemours Co Com	Materials	-	-	0.20%	-	38.25%	0.07%	(0.05)%
Prosperity Bancshares Inc	Financials	1.90%	92	0.23%	31.47%	31.41%	0.07%	0.34%
Mentor Graphics Corp	Information Technology	-	-	0.19%	-	39.73%	0.07%	(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
Clarcor Inc	Industrials	2.18%	92	0.18%	27.39%	27.39%	0.58%	0.35%
Prosperity Bancshares Inc	Financials	1.90%	92	0.23%	31.47%	31.41%	0.57%	0.34%
Choice Hotels Intl Inc	Consumer Discretionary	2.22%	92	-	24.81%	-	0.52%	0.29%
Pinnacle Finl Partners Inc	Financials	1.65%	92	0.14%	28.47%	28.50%	0.47%	0.28%
Landstar System	Industrials	1.83%	92	-	25.55%	-	0.46%	0.26%
Iberiabank Corp	Financials	1.68%	92	0.17%	25.30%	25.30%	0.41%	0.23%
Cass Information Sys Inc	Information Technology	1.12%	92	0.04%	30.29%	30.29%	0.33%	0.22%
Umpqua Hldgs Corp	Financials	1.52%	92	0.20%	25.84%	25.84%	0.37%	0.20%
Westamerica Bancorporation	Financials	1.34%	92	0.08%	24.68%	24.68%	0.32%	0.19%
Exponent Inc	Industrials	2.71%	92	0.08%	18.46%	18.45%	0.47%	0.18%

Positions with Largest Negative Contribution to Excess Return

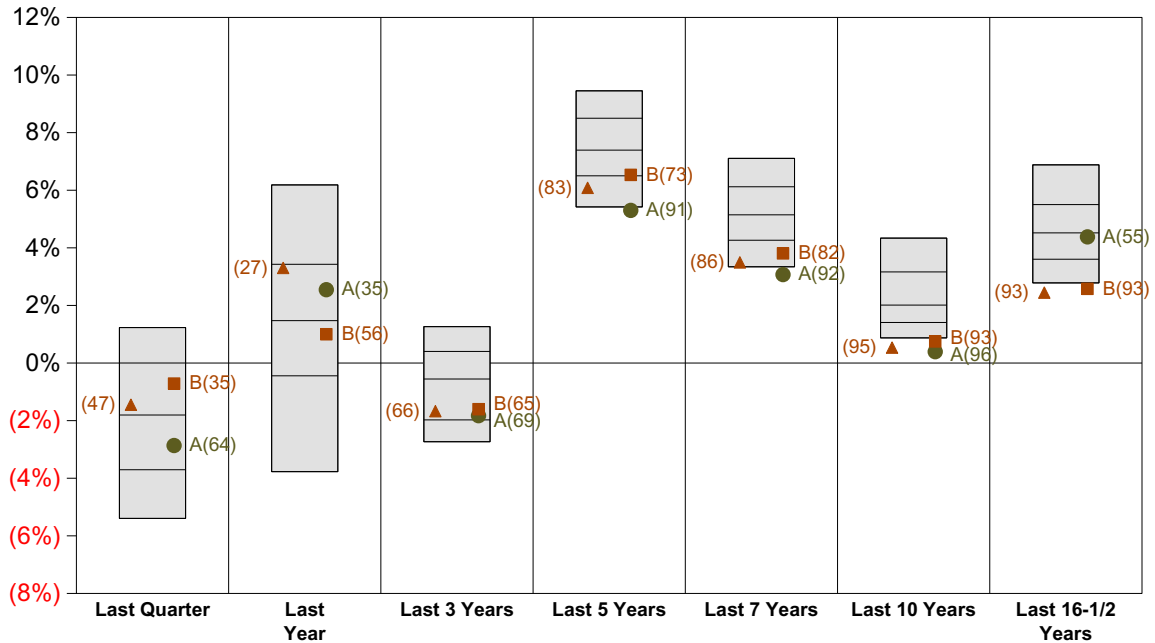
Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	3.79%	92	-	(7.94)%	-	(0.30)%	(0.63)%
Morningstar Inc	Financials	2.86%	92	-	(6.94)%	-	(0.21)%	(0.45)%
Advisory Brd Co	Industrials	1.14%	92	0.09%	(25.68)%	(25.68)%	(0.33)%	(0.39)%
Corelogic Inc	Information Technology	2.24%	92	-	(6.34)%	-	(0.14)%	(0.38)%
Aptargroup Inc	Materials	2.70%	92	-	(4.69)%	-	(0.13)%	(0.37)%
Huron Consulting Group Inc	Industrials	1.42%	92	0.07%	(15.24)%	(15.24)%	(0.23)%	(0.34)%
Fair Isaac Corp	Information Technology	2.62%	92	0.21%	(4.29)%	(4.29)%	(0.13)%	(0.34)%
Blackbaud Inc	Information Technology	2.80%	92	0.17%	(3.35)%	(3.35)%	(0.10)%	(0.32)%
Caseys General Stores	Consumer Staples	2.82%	92	-	(0.85)%	-	(0.02)%	(0.27)%
Bio-Techne Corp	Health Care	1.74%	92	-	(5.80)%	-	(0.10)%	(0.26)%

International Equity Period Ended December 31, 2016

Quarterly Summary and Highlights

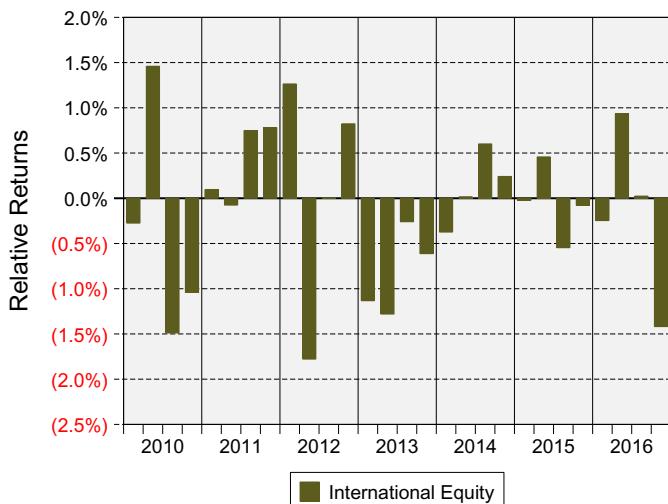
- International Equity's portfolio posted a (2.86)% return for the quarter placing it in the 64 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 35 percentile for the last year.
- International Equity's portfolio underperformed the Custom International Benchmark by 1.42% for the quarter and underperformed the Custom International Benchmark for the year by 0.76%.

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

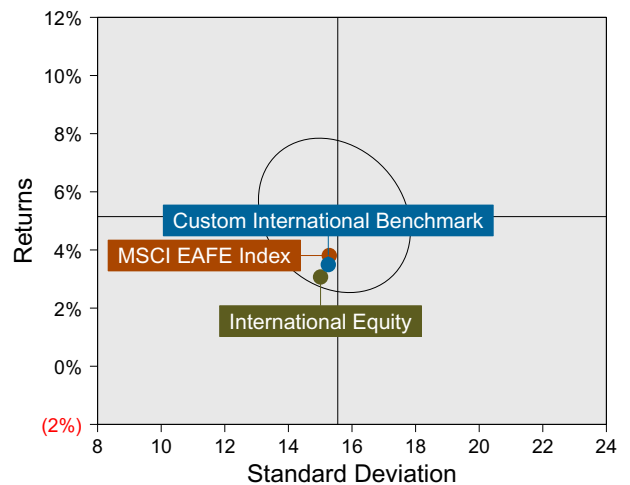


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	1.23	6.19	1.26	9.45	7.11	4.34	6.88
25th Percentile	0.00	3.43	0.40	8.50	6.12	3.16	5.50
Median	(1.80)	1.47	(0.55)	7.39	5.15	2.01	4.52
75th Percentile	(3.70)	(0.44)	(1.97)	6.50	4.26	1.41	3.61
90th Percentile	(5.39)	(3.77)	(2.73)	5.42	3.34	0.87	2.78
International Equity ● A	(2.86)	2.55	(1.83)	5.30	3.07	0.39	4.38
MSCI EAFE Index ■ B	(0.71)	1.00	(1.60)	6.53	3.81	0.75	2.58
Custom International Benchmark ▲	(1.45)	3.30	(1.67)	6.08	3.50	0.54	2.45

Relative Returns vs Custom International Benchmark



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

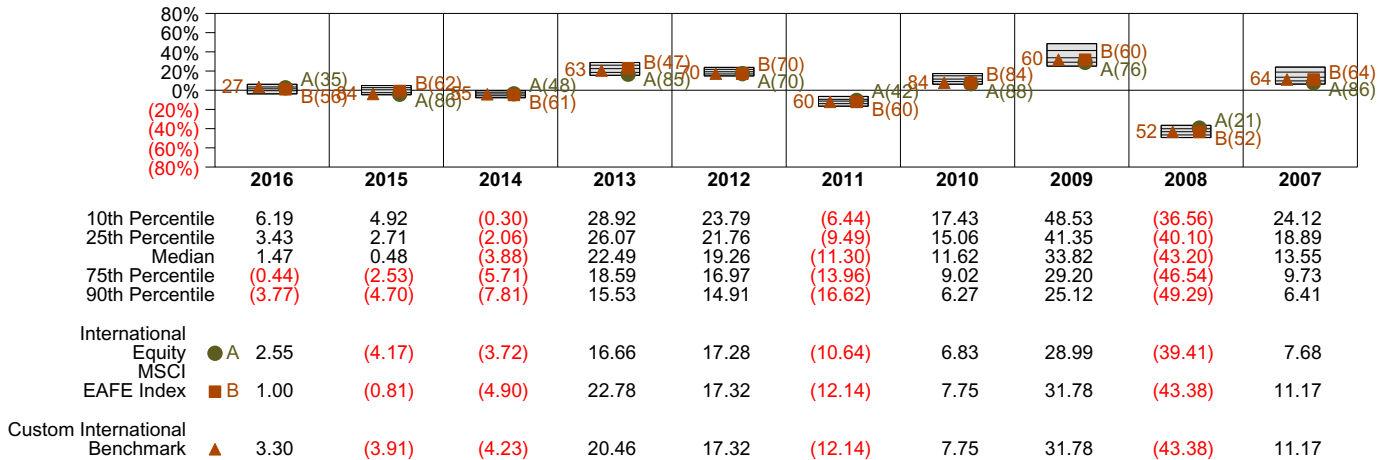


International Equity Return Analysis Summary

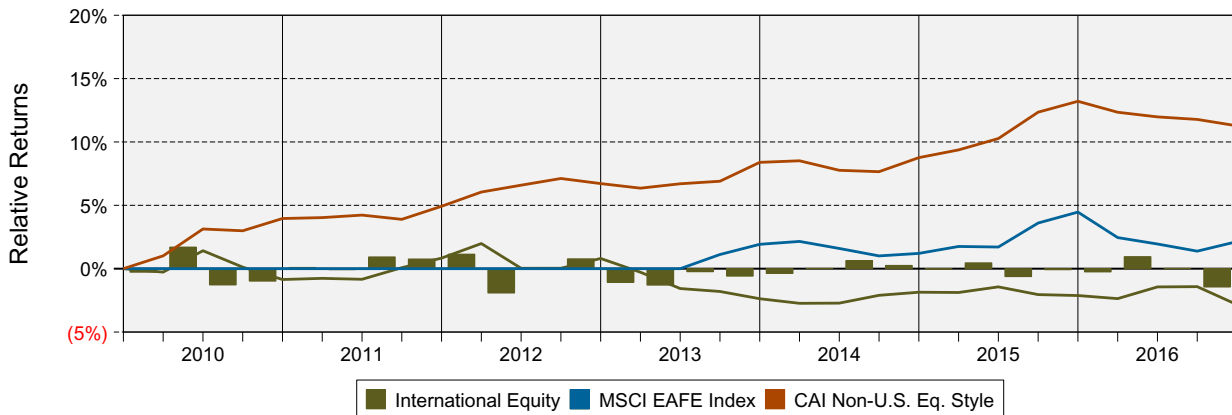
Return Analysis

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 and returns for rising/declining periods.

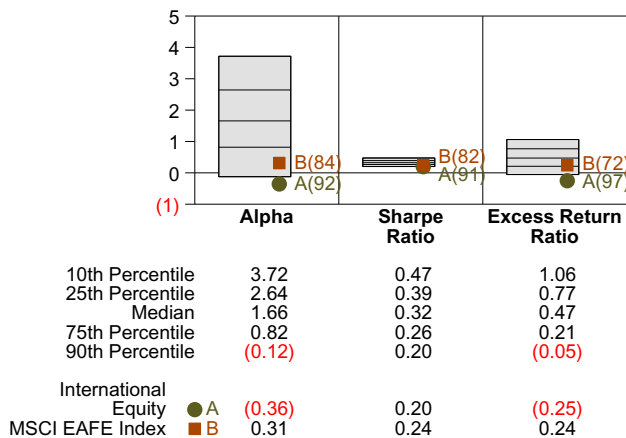
Performance vs CAI Non-U.S. Equity Style (Gross)



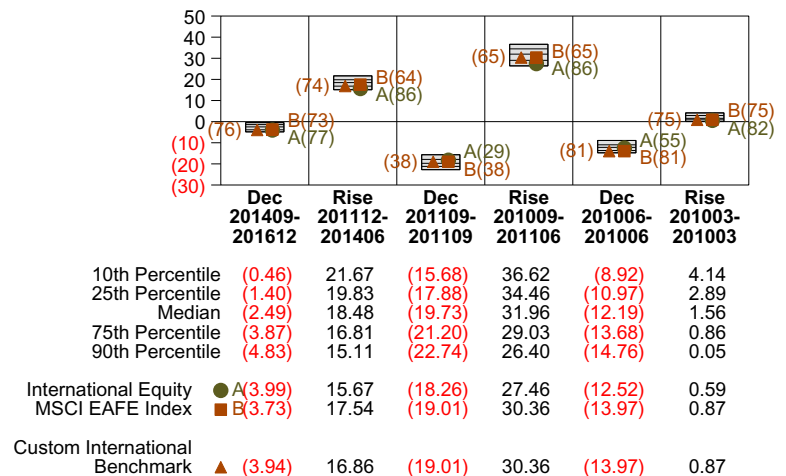
Cumulative and Quarterly Relative Return vs Custom International Benchmark



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



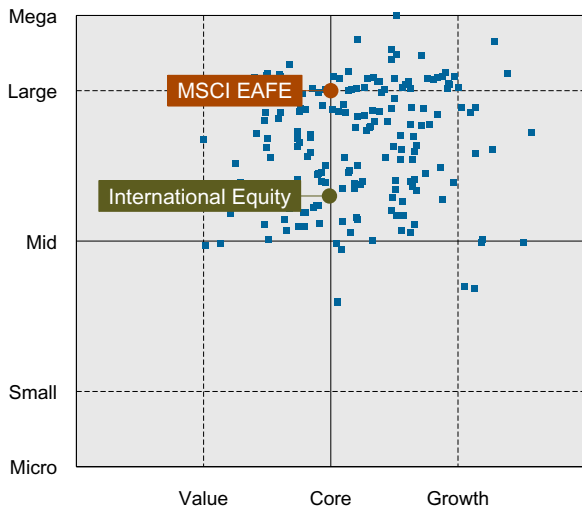
Returns for International Equity Rising/Declining Periods Seven Years Ended December 31, 2016



Current Holdings Based Style Analysis International Equity As of December 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.

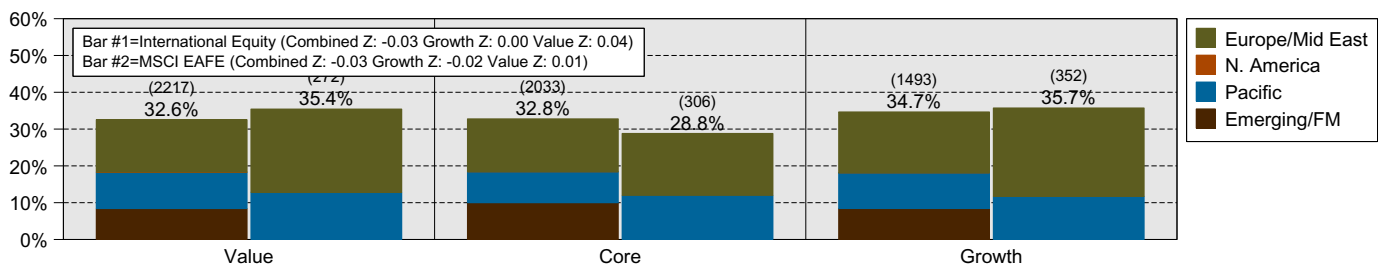
Style Map vs CAI Non-U.S. Eq. Style Holdings as of December 31, 2016



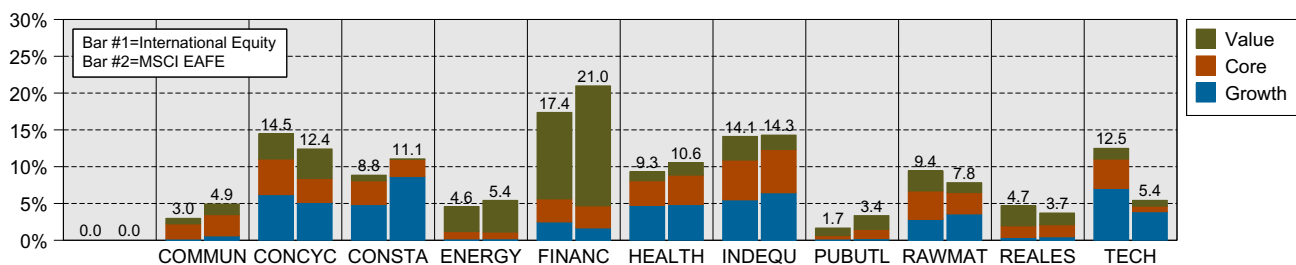
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	14.2% (254)	14.4% (263)	16.6% (274)	45.2% (791)
N. America	22.6% (140)	16.8% (138)	24.0% (183)	63.5% (461)
Pacific	0.0% (2)	0.0% (2)	0.0% (1)	0.0% (5)
Emerging/ FM	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	32.6% (2217)	32.8% (2033)	34.7% (1493)	100.0% (5743)
	35.4% (272)	28.8% (306)	35.7% (352)	100.0% (930)

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



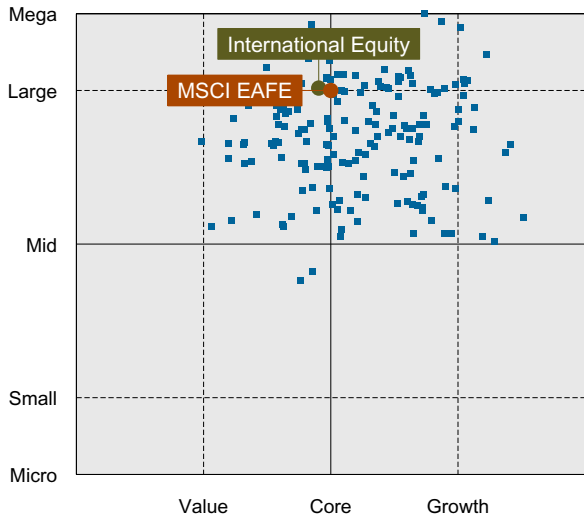
Sector Weights Distribution Holdings as of December 31, 2016



Historical Holdings Based Style Analysis International Equity For Six and 1/2 Years Ended December 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.

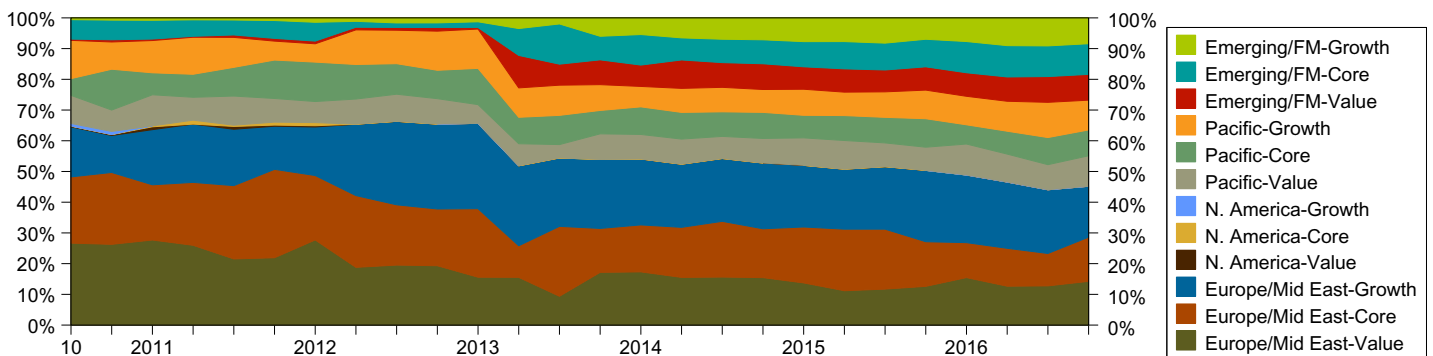
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Six and 1/2 Years Ended December 31, 2016



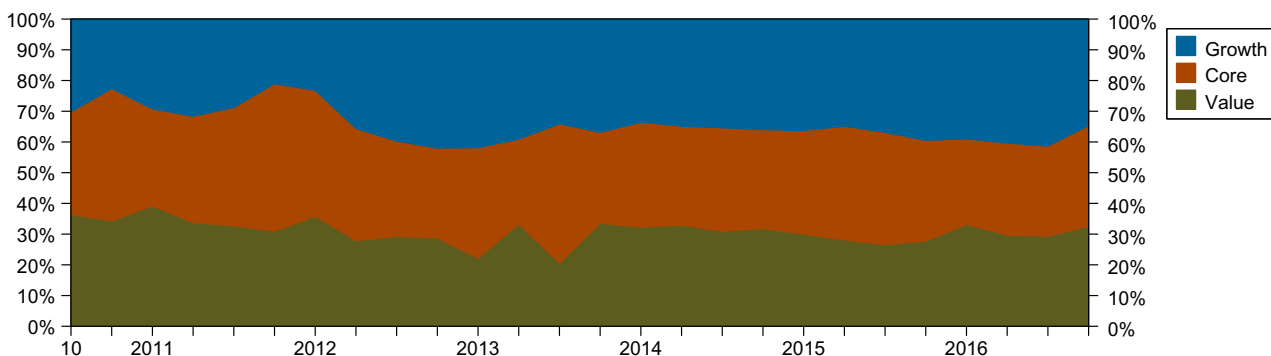
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	17.7% (113)	18.3% (115)	20.7% (154)	56.7% (382)
Europe/ Mid East	20.3% (133)	19.5% (128)	24.9% (193)	64.7% (454)
N. America	0.1% (1)	0.2% (2)	0.1% (0)	0.4% (3)
	0.0% (0)	0.0% (0)	0.3% (1)	0.3% (1)
Pacific	8.1% (118)	9.0% (139)	9.4% (137)	26.5% (394)
	10.5% (136)	12.5% (161)	11.9% (169)	34.9% (466)
Emerging/ FM	4.9% (669)	7.1% (855)	4.4% (399)	16.4% (1923)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	30.9% (901)	34.5% (1111)	34.6% (690)	100.0% (2702)
	30.8% (269)	32.1% (289)	37.1% (363)	100.0% (921)
	Value	Core	Growth	Total

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



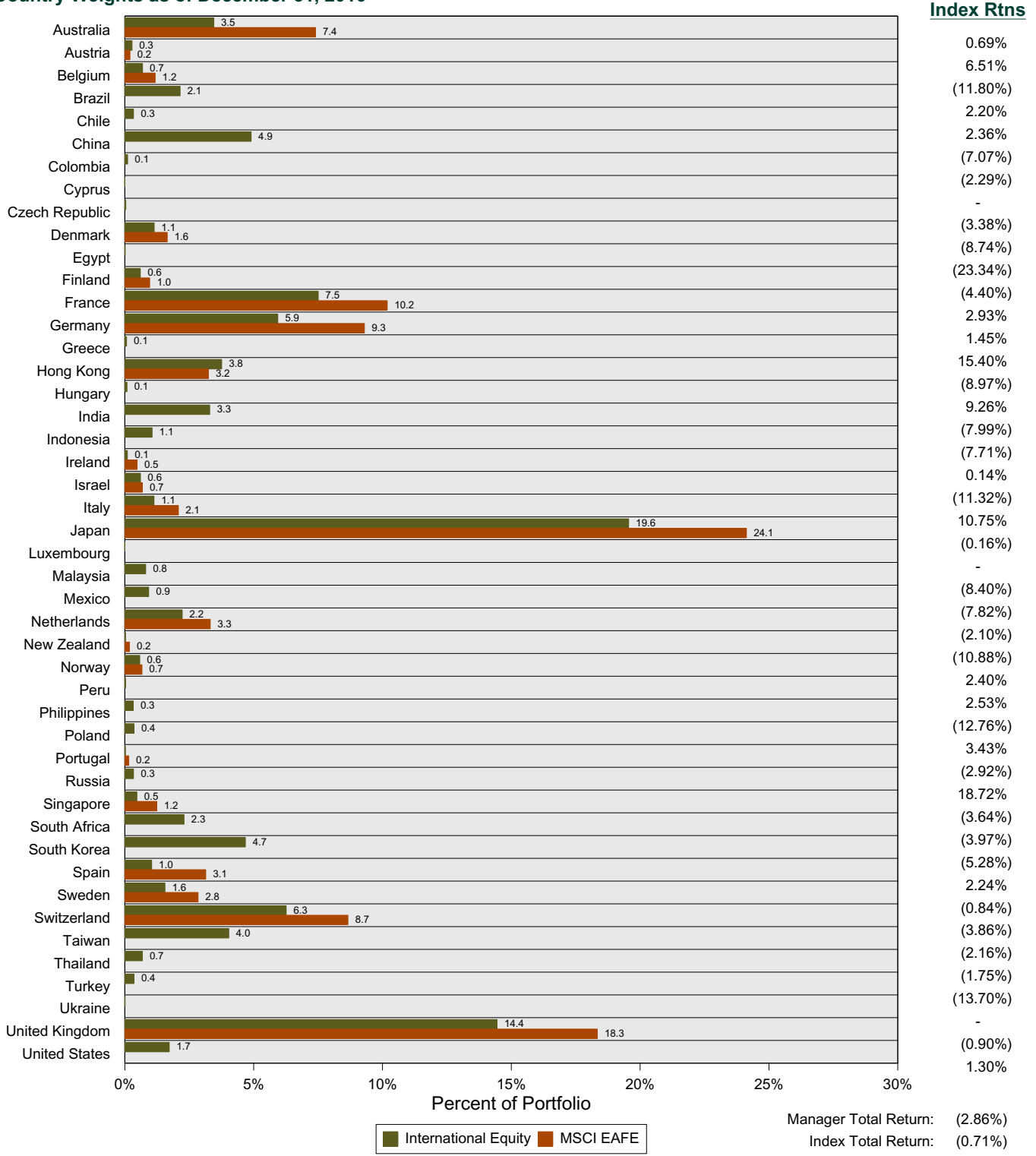
Country Allocation

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 December 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 December 31, 2016



SSgA EAFE

Period Ended December 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.

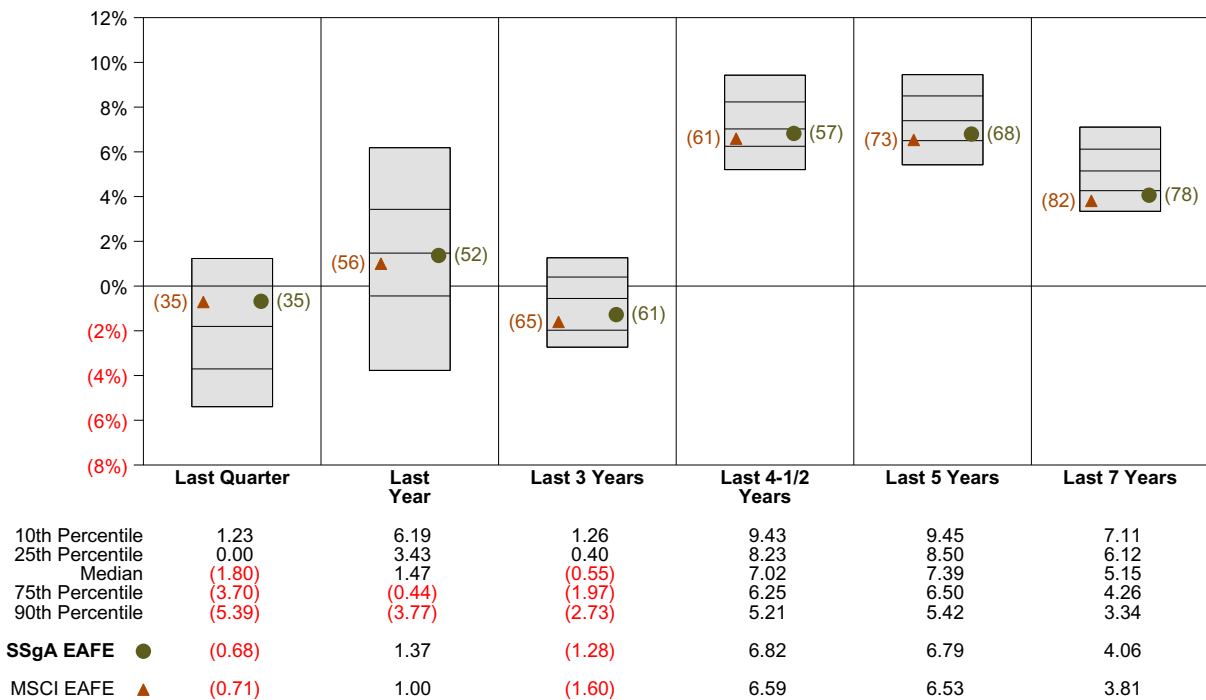
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (0.68)% return for the quarter placing it in the 35 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 52 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE by 0.03% for the quarter and outperformed the MSCI EAFE for the year by 0.37%.

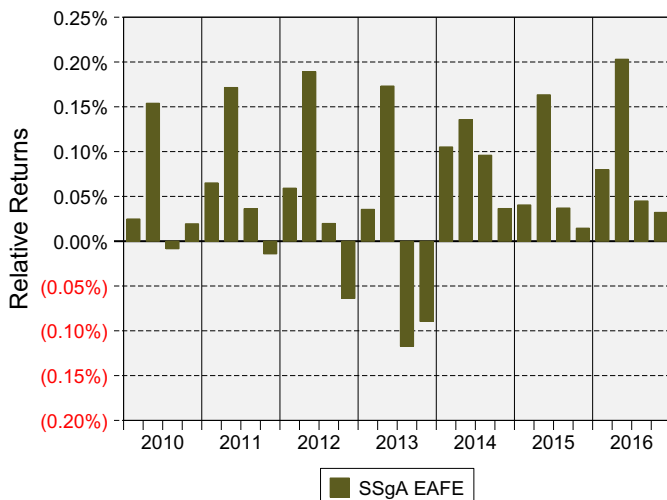
Quarterly Asset Growth

Beginning Market Value	\$9,248,743
Net New Investment	\$0
Investment Gains/(Losses)	\$-63,029
Ending Market Value	\$9,185,714

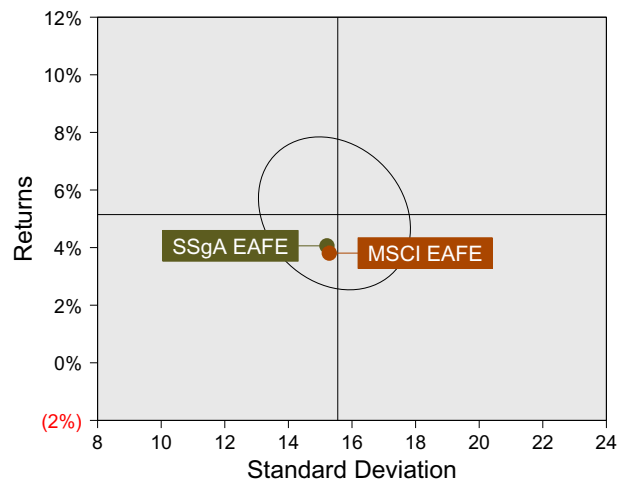
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE



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

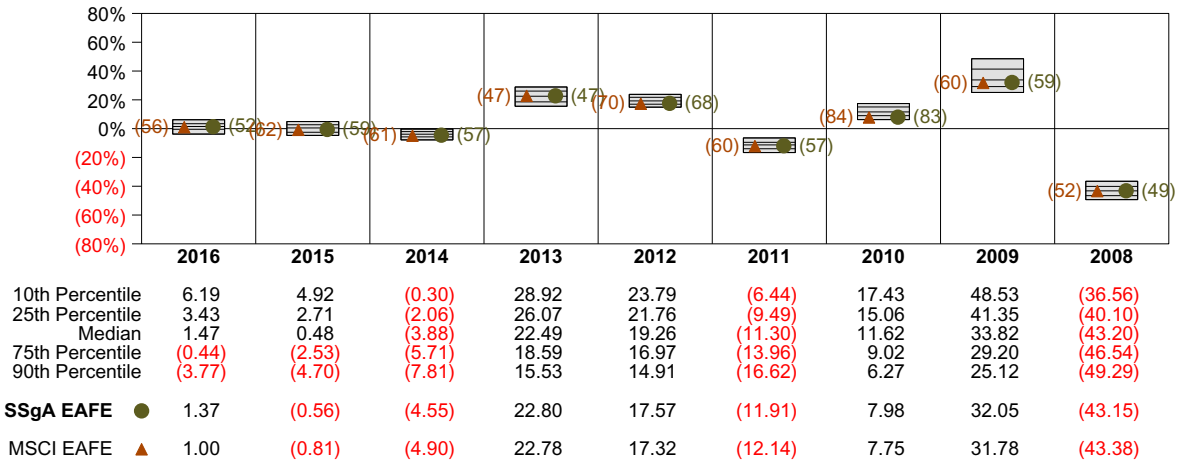


SSgA EAFE Return Analysis Summary

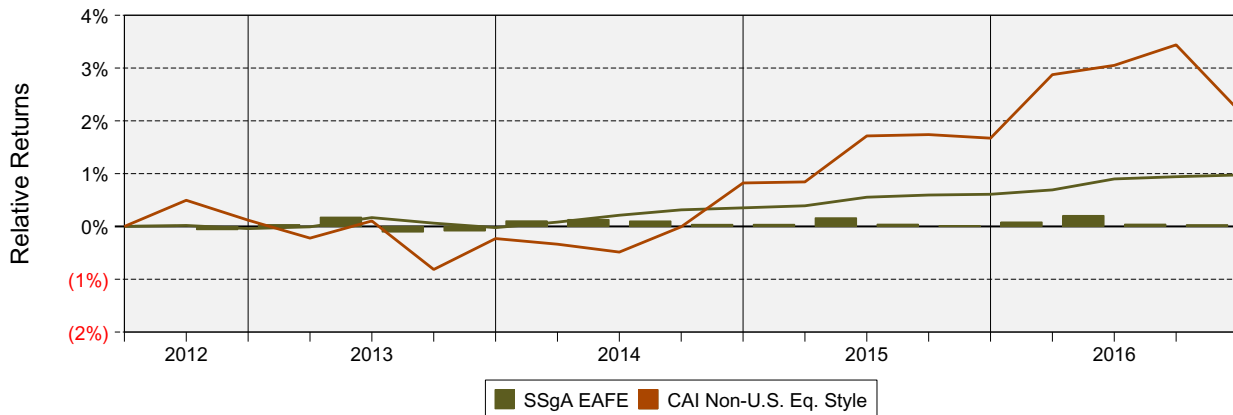
Return Analysis

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 and returns for rising/declining periods.

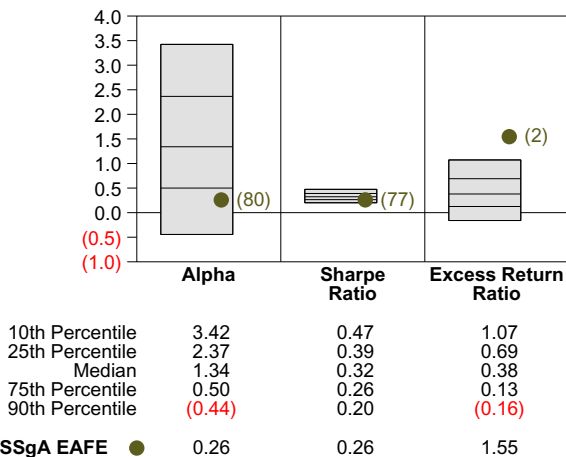
Performance vs CAI Non-U.S. Equity Style (Gross)



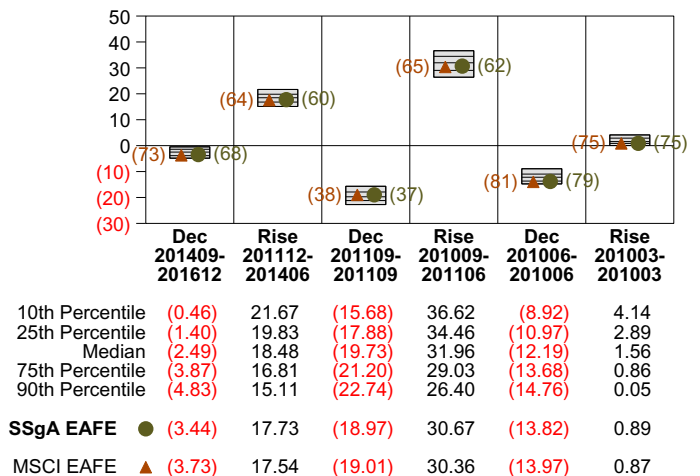
Cumulative and Quarterly Relative Return vs MSCI EAFE



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



Returns for International Equity Rising/Declining Periods Seven Years Ended December 31, 2016

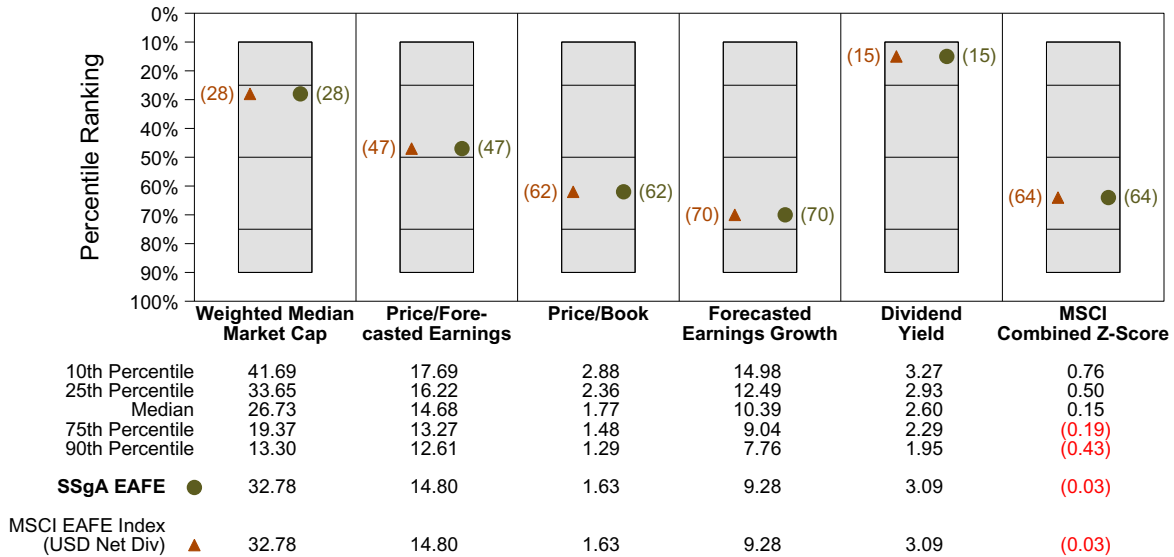


SSgA EAFE Equity Characteristics Analysis Summary

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.

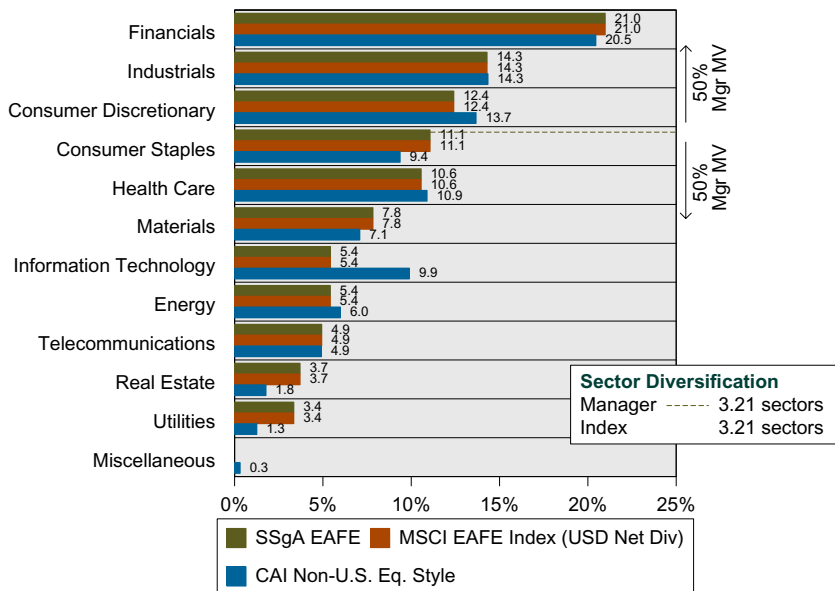
Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of December 31, 2016



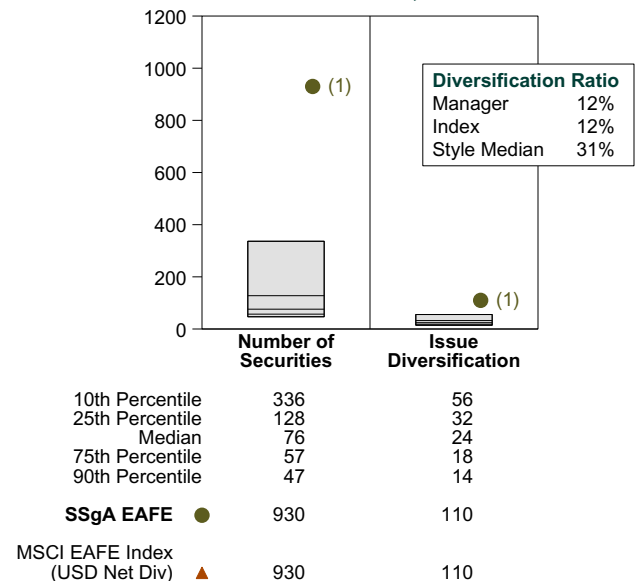
Sector Weights

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.

Sector Allocation December 31, 2016



Diversification December 31, 2016



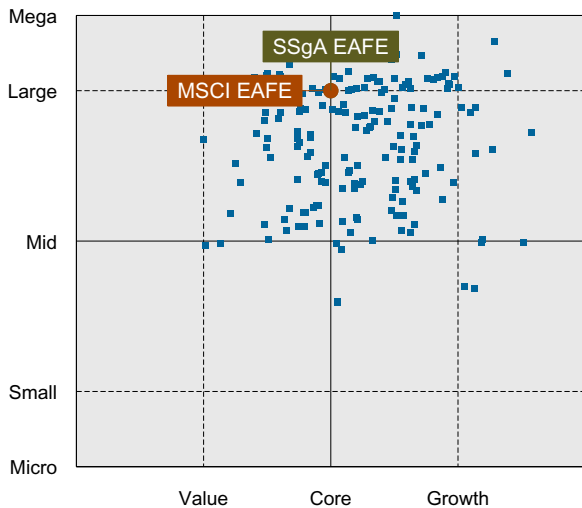
Current Holdings Based Style Analysis

SSgA EAFE

As of December 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.

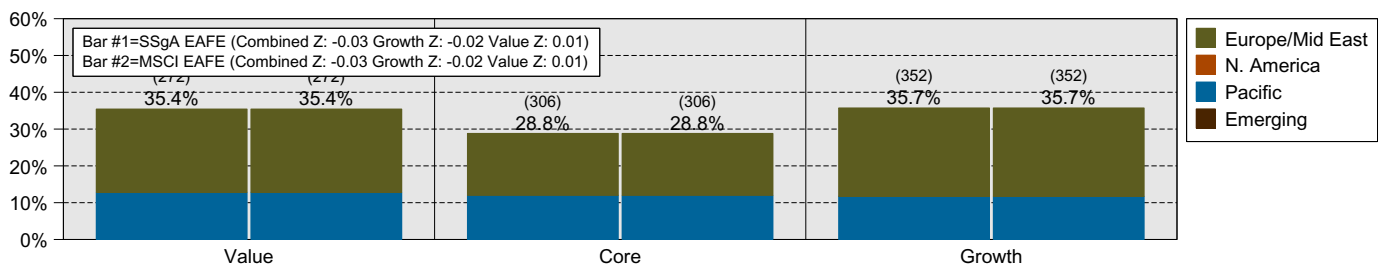
Style Map vs CAI Non-U.S. Eq. Style Holdings as of December 31, 2016



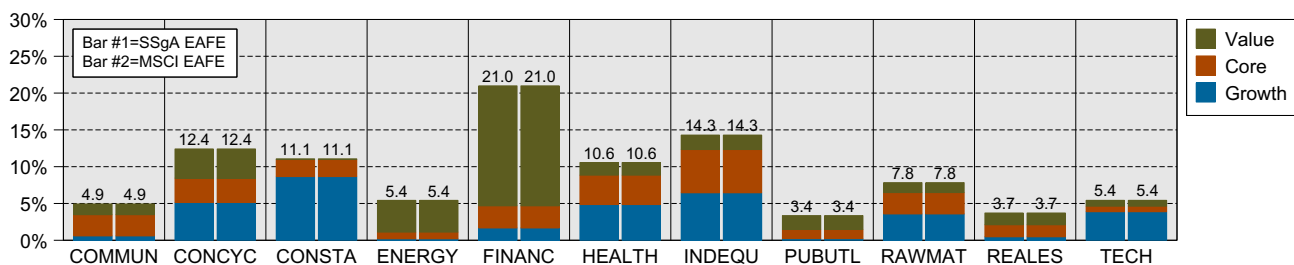
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	22.6% (140)	16.8% (138)	24.0% (183)	63.5% (461)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	12.8% (132)	12.0% (168)	11.7% (169)	36.5% (469)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	35.4% (272)	28.8% (306)	35.7% (352)	100.0% (930)

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



Sector Weights Distribution Holdings as of December 31, 2016

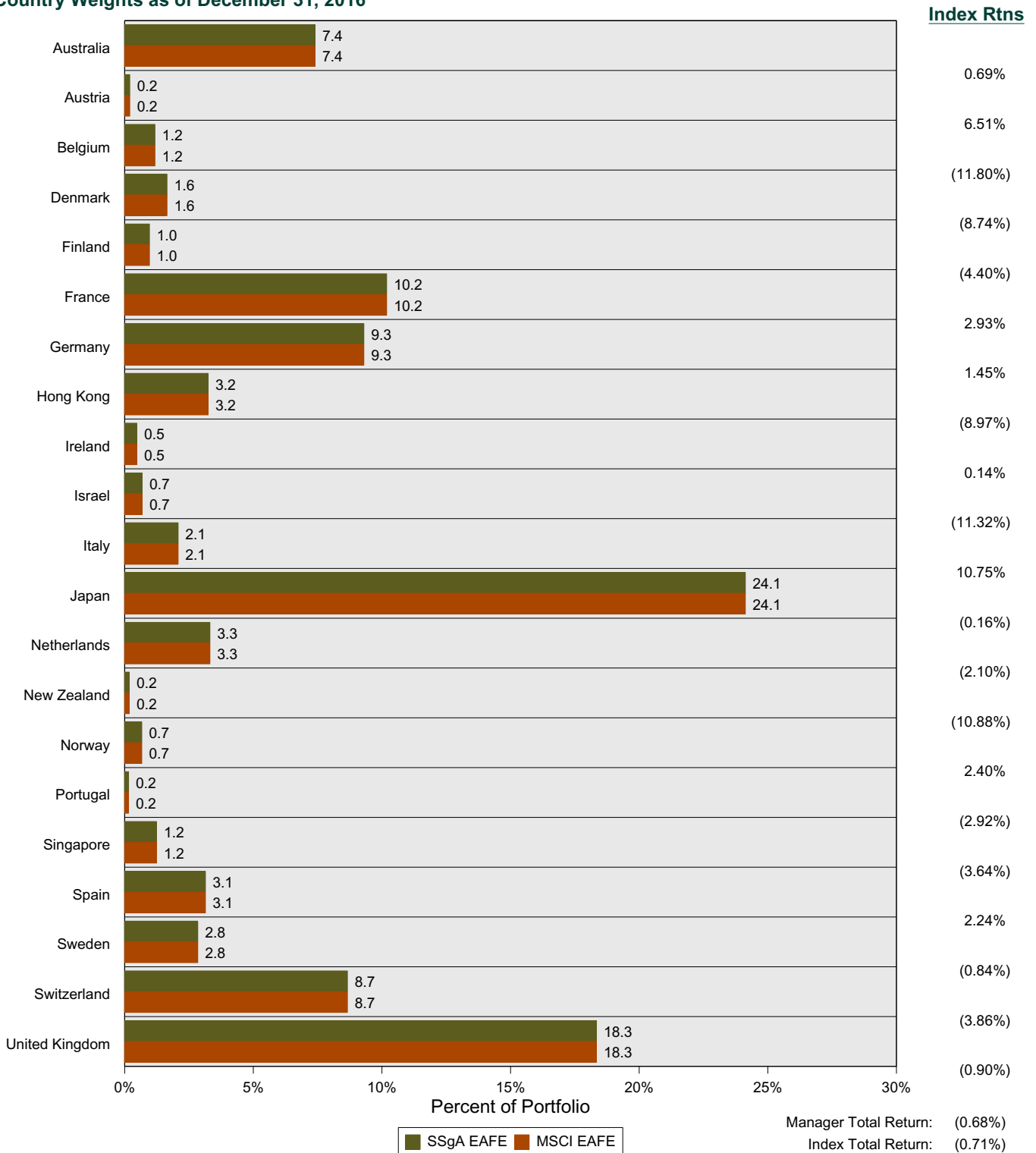


Country Allocation SSgA EAFE VS MSCI EAFE Index (USD Net Div)

Country Allocation

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



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of December 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	\$166,791	1.8%	(8.56)%	223.69	20.29	3.08%	5.68%
Novartis	Health Care	\$121,396	1.3%	(8.80)%	191.54	14.94	3.64%	4.60%
Hsbc Holdings (Gb)	Financials	\$120,395	1.3%	9.40%	161.25	13.31	5.72%	0.70%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$119,890	1.3%	(7.77)%	160.79	14.73	3.48%	7.33%
Toyota Motor Corp	Consumer Discretionary	\$117,420	1.3%	3.00%	192.42	11.52	3.05%	4.12%
Royal Dutch Shell A Shs	Energy	\$89,379	1.0%	13.03%	121.39	14.35	6.55%	11.06%
Bp Plc Shs	Energy	\$88,194	1.0%	8.33%	122.62	16.15	5.73%	14.30%
Total Sa Act	Energy	\$86,321	0.9%	9.58%	124.78	12.44	5.01%	0.50%
Royal Dutch Shell 'b' Shs	Energy	\$81,235	0.9%	19.06%	108.95	15.56	5.87%	11.06%
British American Tobacco	Consumer Staples	\$79,384	0.9%	(7.37)%	106.47	16.44	3.37%	13.37%

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
Sharp Corp Osaka Shs	Consumer Discretionary	\$2,580	0.0%	66.40%	11.54	(110.00)	0.00%	49.04%
Mitsubishi Motors Corp Shs New	Consumer Discretionary	\$2,855	0.0%	54.83%	8.51	(49.22)	1.95%	(11.60)%
Aegon	Financials	\$7,536	0.1%	44.92%	11.44	8.17	4.97%	3.10%
Stmicroelectronics N V Shs	Information Technology	\$5,401	0.1%	42.49%	10.35	23.19	2.36%	39.03%
Fiat Chrysler Automobiles N Shs	Consumer Discretionary	\$6,149	0.1%	42.42%	11.74	5.10	0.00%	16.90%
Nomura Hldgs Inc Shs	Financials	\$15,998	0.2%	41.78%	22.58	13.16	1.74%	17.26%
Sga Societe Generale Accept Act A	Financials	\$28,207	0.3%	40.82%	39.82	10.48	4.28%	1.10%
Deutsche Bank Ag Namen Akt	Financials	\$18,712	0.2%	38.69%	25.10	11.82	0.00%	(3.00)%
K Plus S Ag Namen -Akt	Materials	\$3,416	0.0%	34.73%	4.59	20.49	5.05%	(9.60)%
Natexis Bq Pop.	Financials	\$3,967	0.0%	34.03%	17.74	12.76	4.66%	3.05%

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
First Wine Fund	Telecommunications	\$1,097	0.0%	(40.75)%	1.74	10.61	4.01%	13.20%
Dena Co Ltd Tokyo Shs	Information Technology	\$1,724	0.0%	(36.51)%	3.30	15.50	0.78%	47.21%
Fresnillo	Materials	\$2,487	0.0%	(34.32)%	11.12	21.87	0.73%	97.43%
Healthscope	Health Care	\$2,145	0.0%	(29.42)%	2.88	19.51	3.23%	7.78%
Ucb Act	Health Care	\$6,056	0.1%	(28.44)%	12.50	17.06	1.32%	31.65%
Line Corp	Information Technology	\$1,112	0.0%	(28.18)%	7.48	33.81	0.00%	60.84%
Rwe Ag Neu Essen Germany Act A	Utilities	\$4,547	0.0%	(27.99)%	7.17	10.82	0.00%	(19.84)%
Sohgo Secs.	Industrials	\$2,053	0.0%	(27.82)%	3.93	19.31	1.28%	35.55%
Mg Technologies	Industrials	\$5,498	0.1%	(27.66)%	7.75	18.44	2.10%	12.30%
Snam Spa Shs	Energy	\$7,543	0.1%	(26.62)%	14.45	15.07	5.27%	(0.51)%

JP Morgan Period Ended December 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.

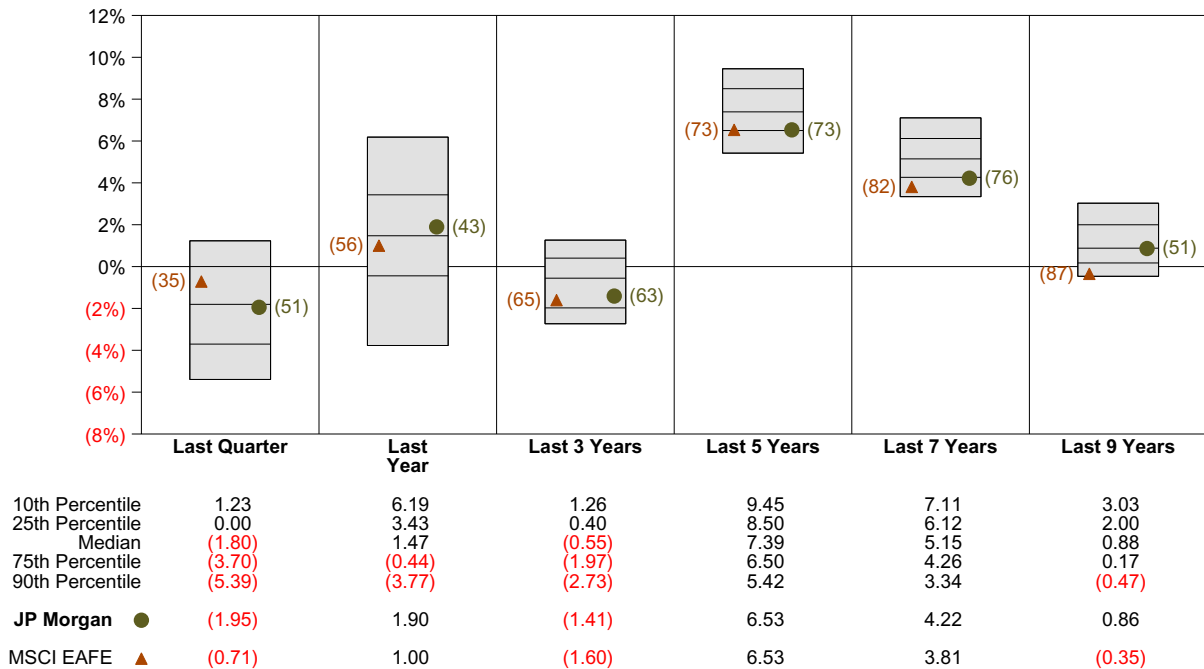
Quarterly Summary and Highlights

- JP Morgan's portfolio posted a (1.95)% return for the quarter placing it in the 51 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 43 percentile for the last year.
- JP Morgan's portfolio underperformed the MSCI EAFE by 1.23% for the quarter and outperformed the MSCI EAFE for the year by 0.90%.

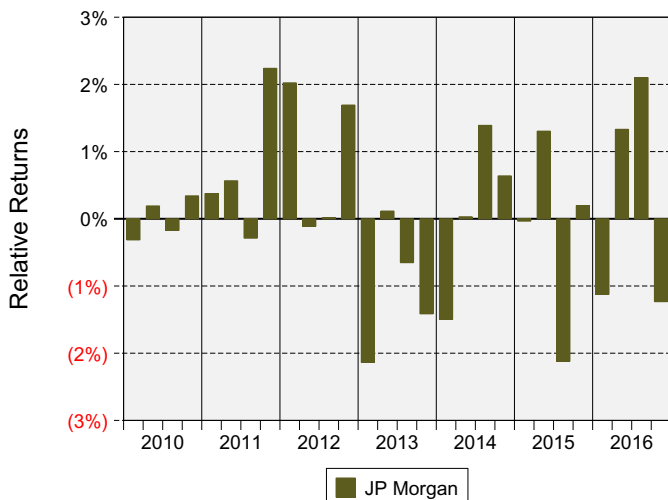
Quarterly Asset Growth

Beginning Market Value	\$23,098,150
Net New Investment	\$0
Investment Gains/(Losses)	\$-449,417
Ending Market Value	\$22,648,733

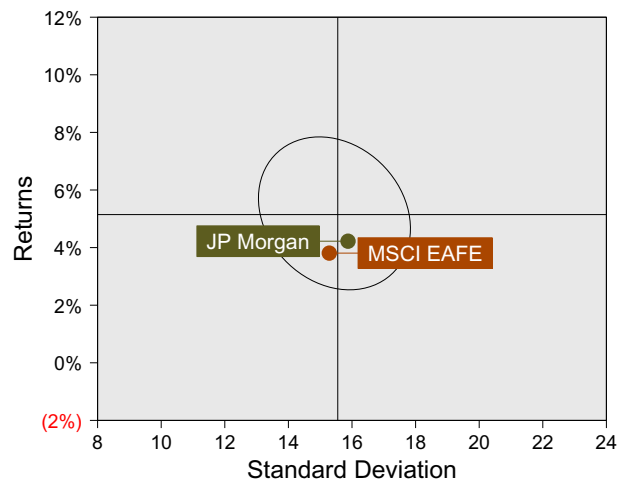
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE



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

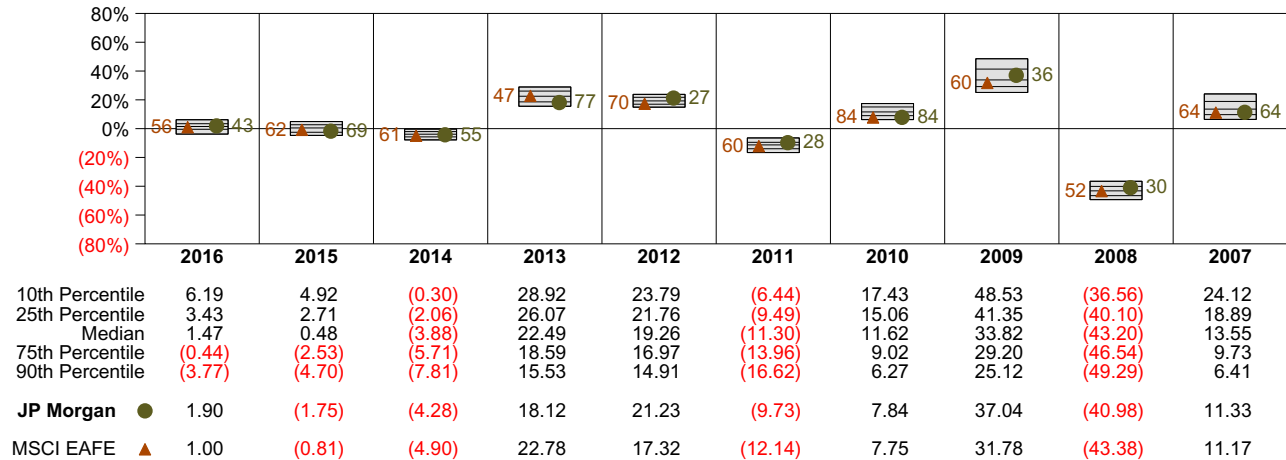


JP Morgan Return Analysis Summary

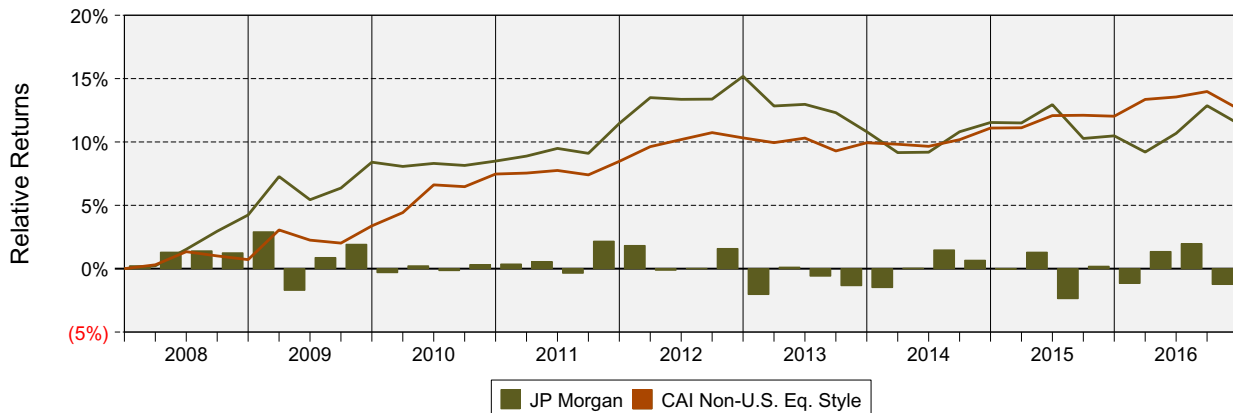
Return Analysis

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 and returns for rising/declining periods.

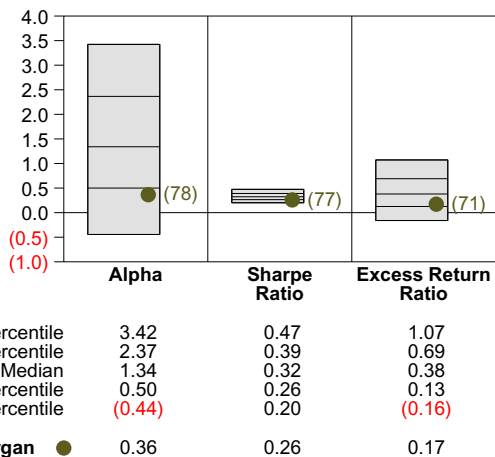
Performance vs CAI Non-U.S. Equity Style (Gross)



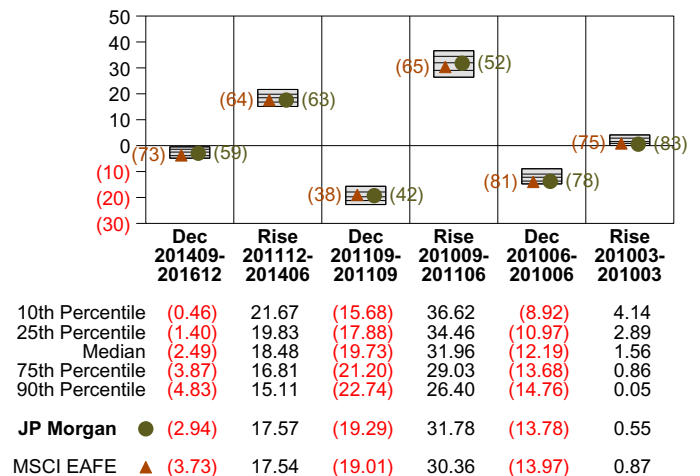
Cumulative and Quarterly Relative Return vs MSCI EAFE



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



Returns for International Equity Rising/Declining Periods Seven Years Ended December 31, 2016

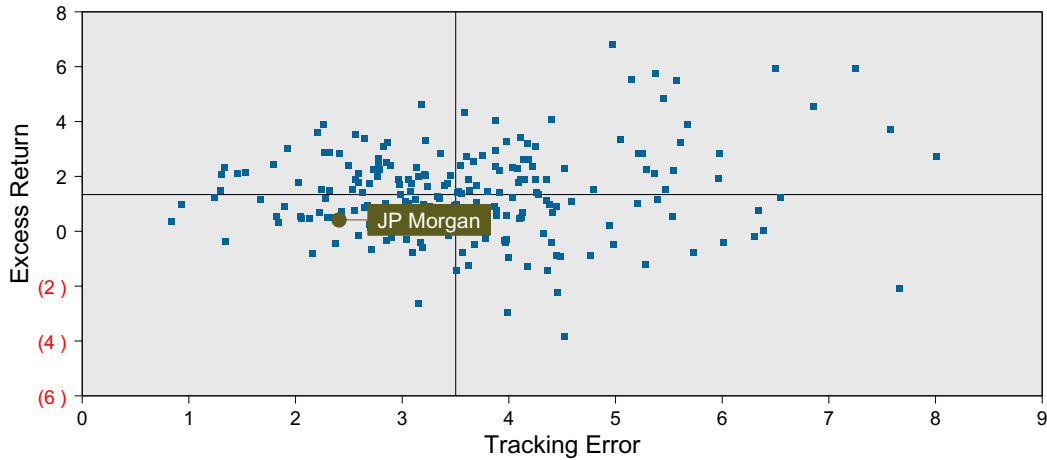


JP Morgan Risk Analysis Summary

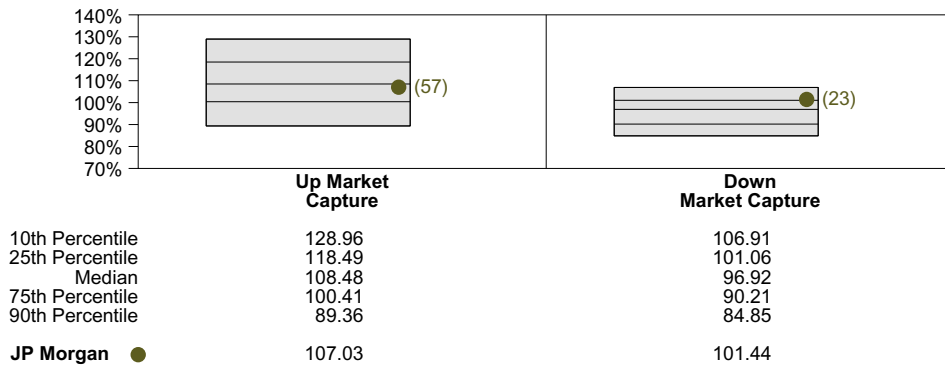
Risk Analysis

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 chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

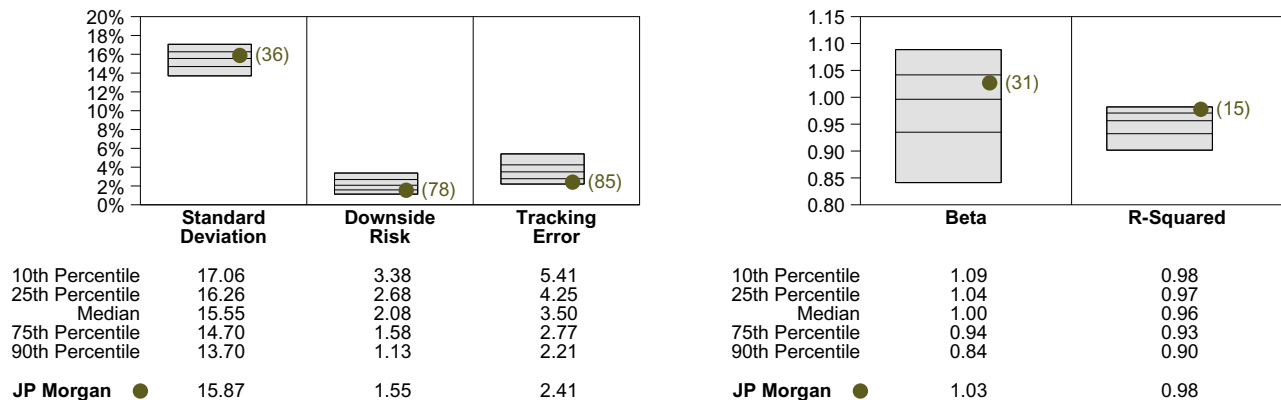
Risk Analysis vs CAI Non-U.S. Equity Style (Gross) Seven Years Ended December 31, 2016



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



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

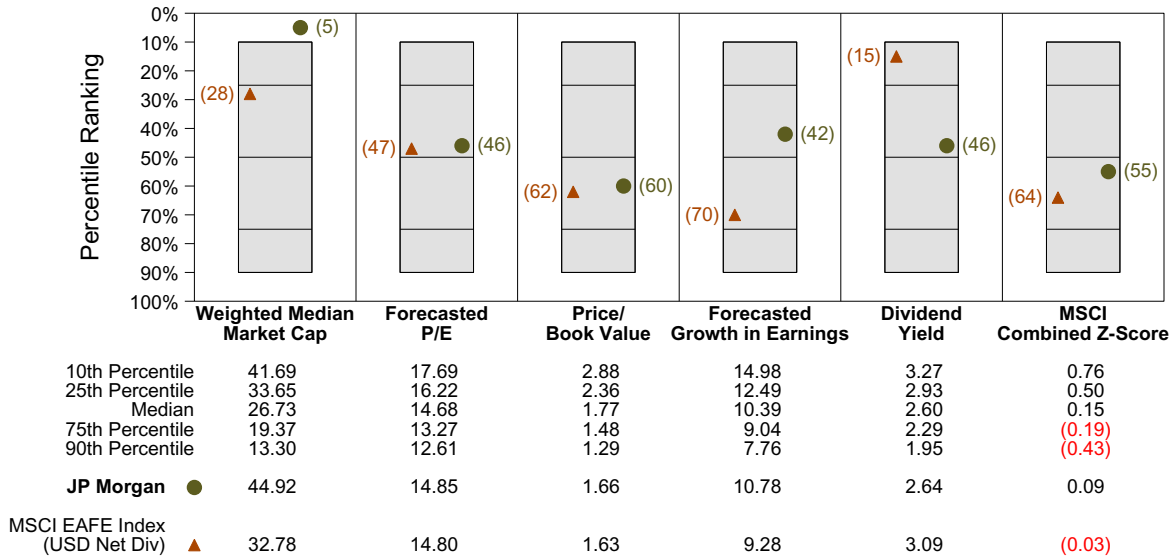


JP Morgan Equity Characteristics Analysis Summary

Portfolio Characteristics

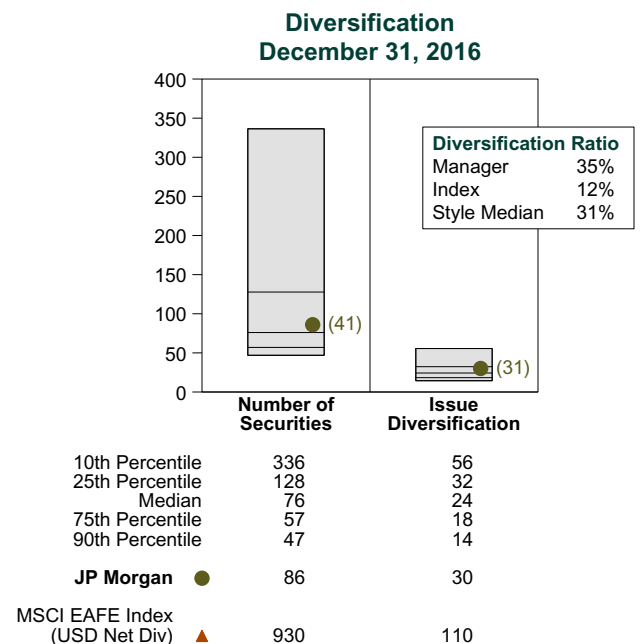
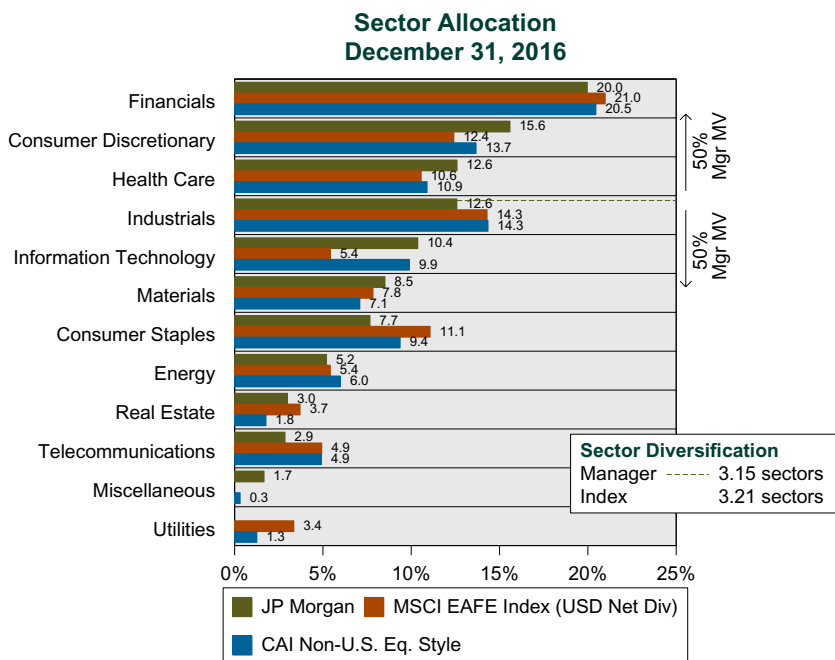
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of December 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.



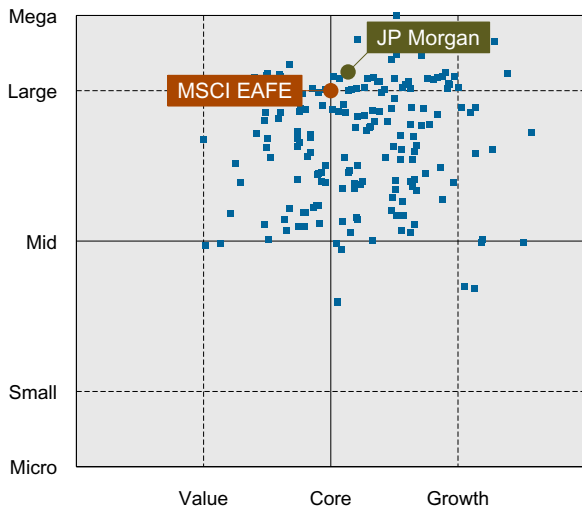
Current Holdings Based Style Analysis

JP Morgan

As of December 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.

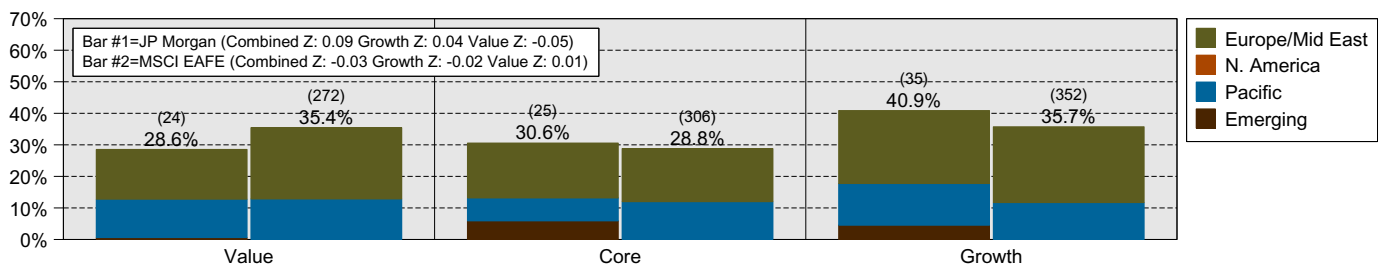
Style Map vs CAI Non-U.S. Eq. Style Holdings as of December 31, 2016



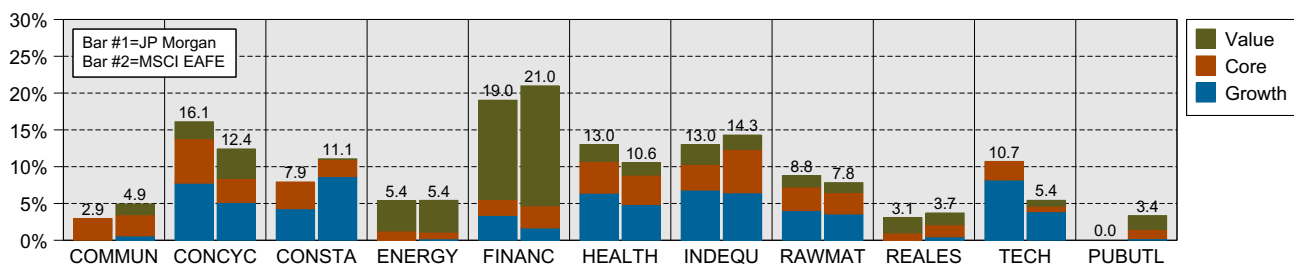
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	15.8% (14)	17.4% (14)	23.1% (19)	56.3% (47)
N. America	22.6% (140)	16.8% (138)	24.0% (183)	63.5% (461)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	12.2% (9)	7.3% (6)	13.2% (12)	32.6% (27)
	12.8% (132)	12.0% (168)	11.7% (169)	36.5% (469)
Emerging	0.6% (1)	5.9% (5)	4.5% (4)	11.0% (10)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	28.6% (24)	30.6% (25)	40.9% (35)	100.0% (84)
	35.4% (272)	28.8% (306)	35.7% (352)	100.0% (930)

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



Sector Weights Distribution Holdings as of December 31, 2016



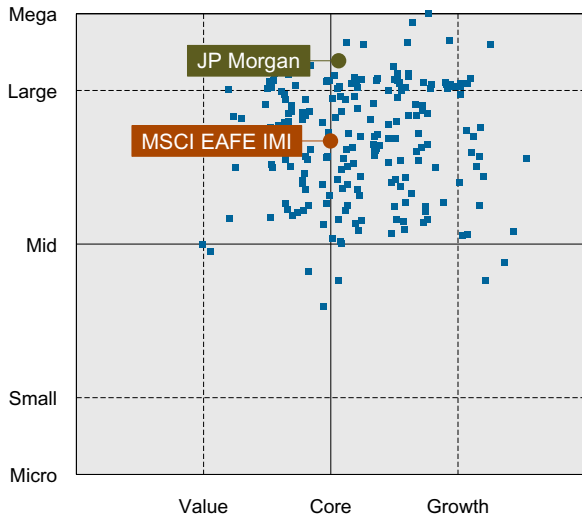
Historical Holdings Based Style Analysis

JP Morgan

For Three Years Ended December 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.

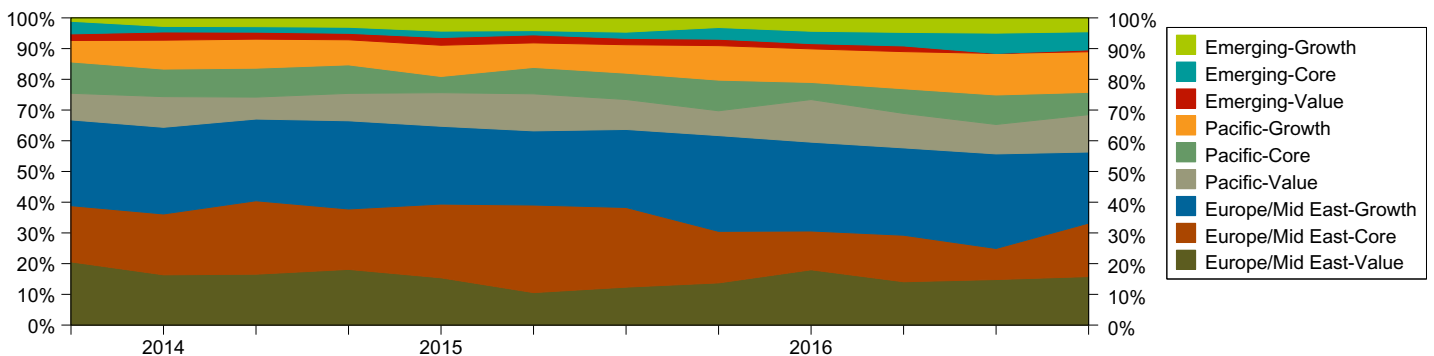
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Three Years Ended December 31, 2016



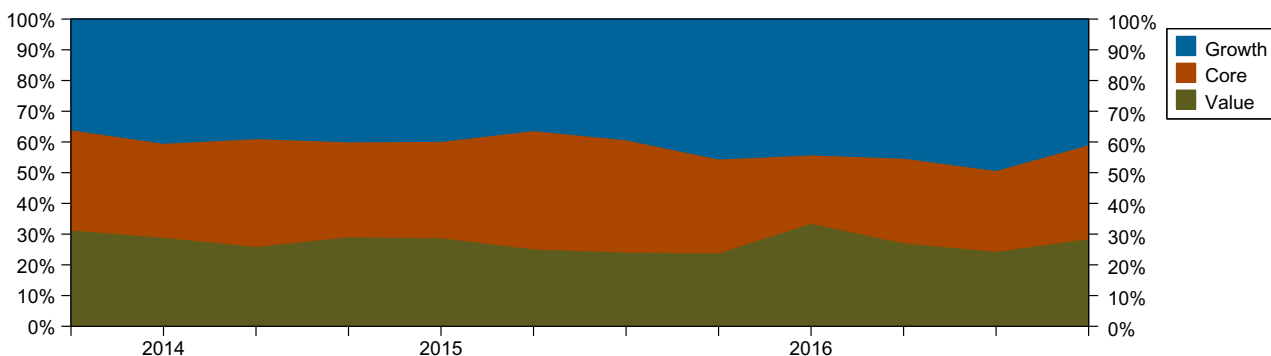
Average Style Exposure Matrix Holdings for Three Years Ended December 31, 2016

	Value	Core	Growth	Total
Europe/Mid East	15.5% (13)	19.4% (16)	27.4% (22)	62.3% (51)
	19.5% (440)	19.8% (487)	24.8% (484)	64.1% (1411)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Pacific	10.2% (9)	8.4% (7)	10.2% (10)	28.8% (26)
	11.6% (569)	12.4% (583)	11.9% (525)	35.9% (1677)
Emerging	1.9% (3)	3.3% (3)	3.7% (4)	8.9% (10)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	27.6% (25)	31.1% (26)	41.3% (36)	100.0% (87)
	31.1% (1009)	32.2% (1071)	36.7% (1009)	100.0% (3089)

JP Morgan Historical Region/Style Exposures



JP Morgan Historical Style Only Exposures

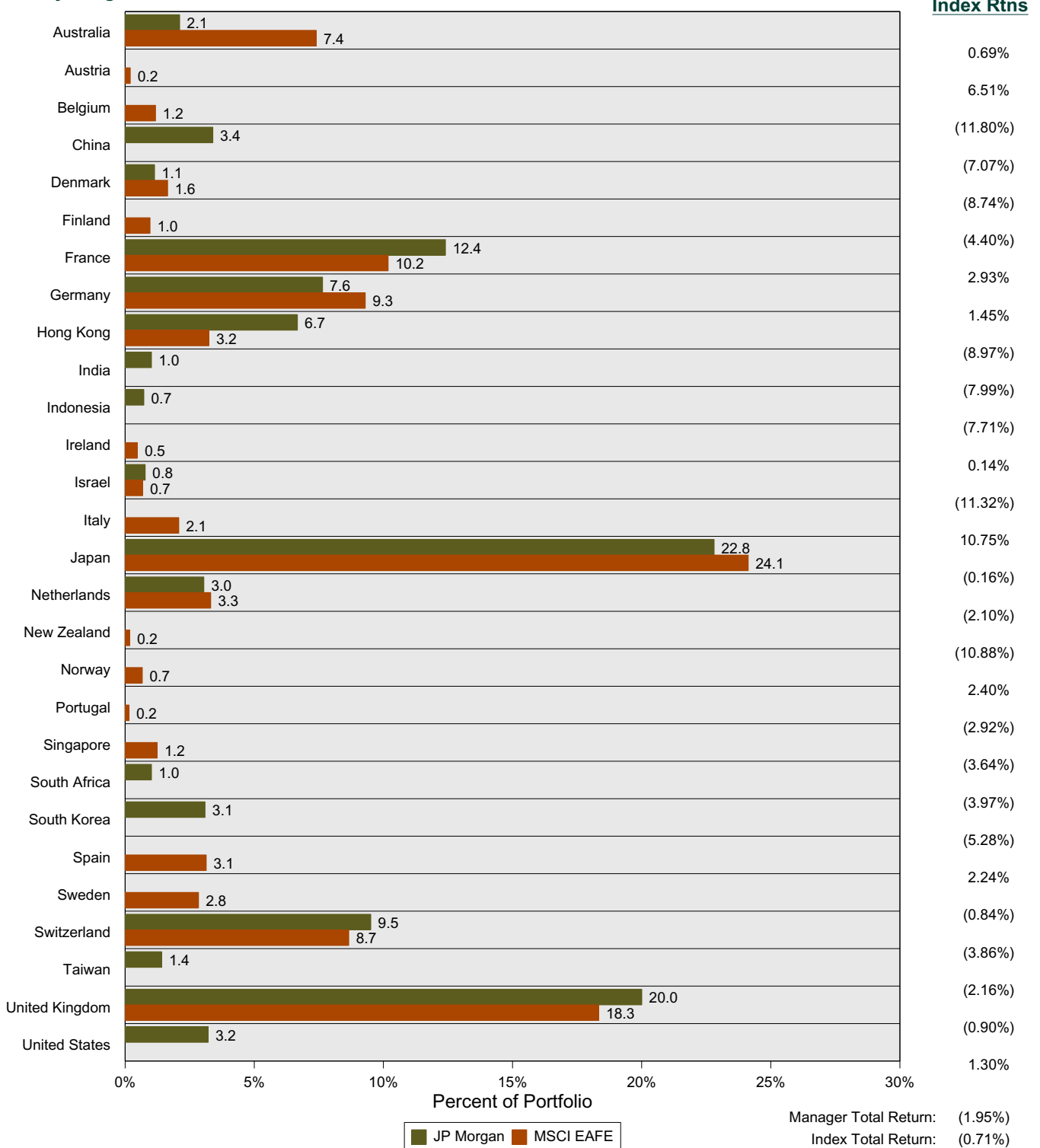


Country Allocation JP Morgan VS MSCI EAFE Index (USD Net Div)

Country Allocation

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



JP Morgan
Top 10 Portfolio Holdings Characteristics
as of December 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	\$547,118	2.4%	2.82%	209.89	9.97	1.17%	17.33%
Hsbc Holdings (Hk)	Financials	\$530,293	2.3%	10.28%	161.25	13.31	5.72%	0.70%
Prudential	Financials	\$505,113	2.2%	8.19%	51.91	12.34	2.42%	11.00%
Sumitomo Mitsui Finl Grp Inc Shs	Financials	\$496,604	2.2%	20.60%	54.07	8.85	3.36%	4.40%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$479,217	2.1%	(7.77)%	160.79	14.73	3.48%	7.33%
Royal Dutch Shell A Shs	Energy	\$469,879	2.1%	13.03%	121.39	14.35	6.55%	11.06%
Novartis	Health Care	\$460,701	2.0%	(8.80)%	191.54	14.94	3.64%	4.60%
Vodafone Group Plc New Shs New	Telecommunications	\$427,604	1.9%	(14.16)%	65.73	30.12	6.32%	23.80%
Ubs Ag Shs New	Financials	\$406,815	1.8%	15.53%	60.43	12.55	5.33%	(0.40)%
Allianz Ag Muenchen Namen Akt Vink	Financials	\$380,993	1.7%	11.10%	75.41	10.21	4.67%	3.10%

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
Nitto Denko Corp Ord	Materials	\$108,413	0.5%	24.55%	13.36	23.37	1.62%	10.40%
Glencore International W/I	Materials	\$207,921	0.9%	24.34%	49.33	14.29	0.00%	21.26%
Barclays Plc Shs	Financials	\$133,556	0.6%	23.93%	46.83	10.91	2.91%	16.80%
Bnp Paribas Ord	Financials	\$163,256	0.7%	21.30%	79.60	10.23	3.82%	5.31%
Rio Tinto Ltd Ord	Materials	\$202,341	0.9%	20.90%	18.40	13.99	4.95%	(5.72)%
Sumitomo Mitsui Finl Grp Inc Shs	Financials	\$496,604	2.2%	20.60%	54.07	8.85	3.36%	4.40%
Axa Paris Act Ord	Financials	\$320,171	1.4%	18.02%	61.30	10.03	4.59%	3.10%
Rio Tinto Plc Ord	Materials	\$135,344	0.6%	17.27%	53.66	12.08	3.42%	(3.60)%
Tullow Oil Plc Shs	Energy	\$42,713	0.2%	16.21%	3.53	20.32	0.00%	(23.11)%
Ubs Ag Shs New	Financials	\$406,815	1.8%	15.53%	60.43	12.55	5.33%	(0.40)%

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
China Overseas Land &inv	Real Estate	\$133,106	0.6%	(20.59)%	29.04	5.57	3.70%	13.00%
Teva Pharmaceutical Inds Ltd Adr	Health Care	\$174,261	0.8%	(20.48)%	36.90	6.25	3.84%	(1.99)%
Kddi	Telecommunications	\$213,332	0.9%	(18.86)%	66.49	12.55	2.53%	8.95%
Hang Lung Properties Limited Shs	Real Estate	\$113,904	0.5%	(17.24)%	9.54	14.32	4.56%	6.43%
Japan Tobacco Inc Ord	Consumer Staples	\$372,562	1.6%	(16.66)%	65.92	16.47	3.33%	(0.40)%
Cheung Kong Property Holding Common	Real Estate	\$207,956	0.9%	(15.96)%	23.45	9.84	3.01%	4.09%
Smc Corp Shs	Industrials	\$291,753	1.3%	(15.81)%	16.12	18.38	0.72%	6.90%
Hdfc Bank Ltd Adr Reps 3 Shs	Financials	\$228,876	1.0%	(15.59)%	45.41	17.95	0.79%	22.51%
Unilever Plc Shs	Consumer Staples	\$275,567	1.2%	(14.49)%	52.22	19.00	3.17%	14.10%
Cie Generale D'optique Ess I Act	Health Care	\$237,675	1.0%	(14.19)%	24.73	25.26	1.03%	9.85%

AQR

Period Ended December 31, 2016

Investment Philosophy

AQR consider themselves fundamental investors who employ quantitative tools to maintain a diversified portfolio that is overweight cheap securities with good momentum and underweight expensive securities with poor momentum. They believe that the value and momentum factors are negatively correlated and therefore produce an investment that preserves the expected return of both strategies but with lower volatility. They believe that their diversified mix of fundamental signals is a proxy for what diligent fundamental analysts examine in evaluating securities, and that their process applies these signals across a broad set of securities in a consistent fashion.

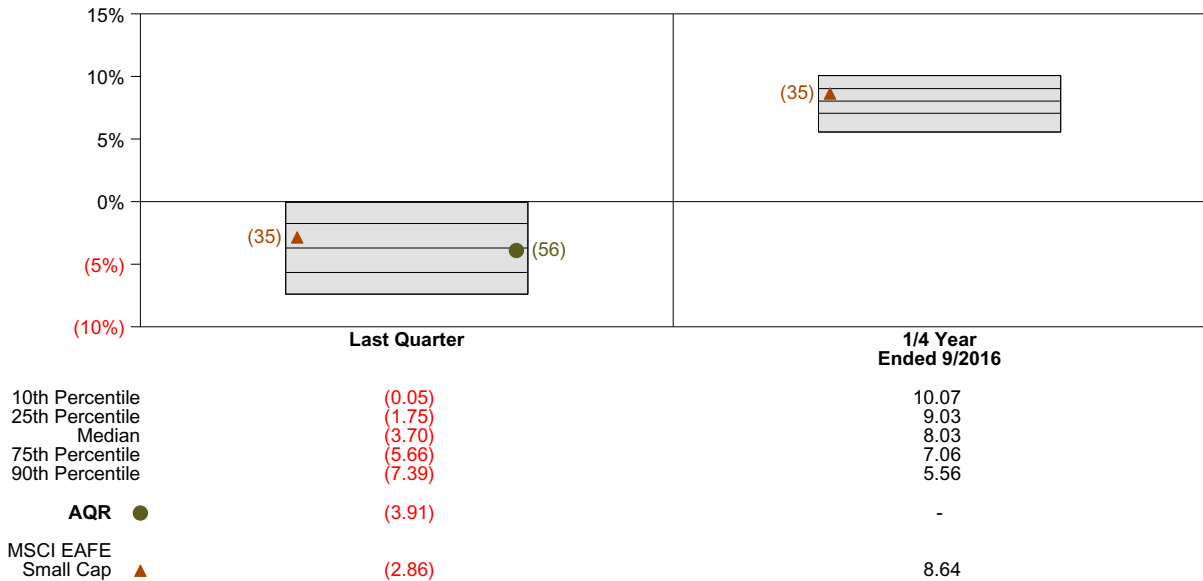
Quarterly Summary and Highlights

- AQR's portfolio posted a (3.91)% return for the quarter placing it in the 56 percentile of the CAI International Small Cap group for the quarter.
- AQR's portfolio underperformed the MSCI EAFE Small Cap by 1.05% for the quarter.

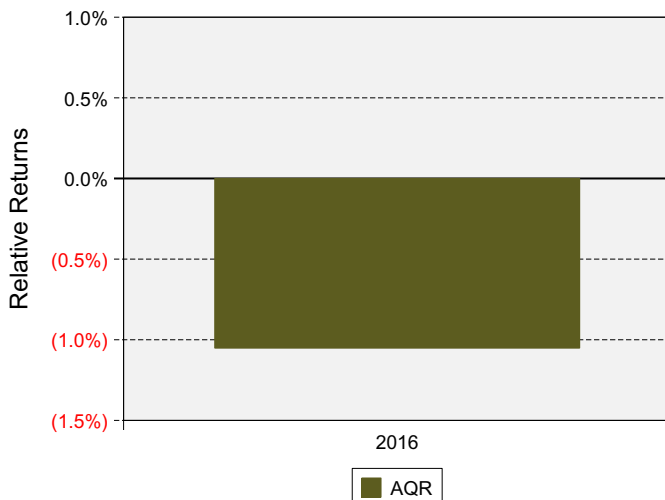
Quarterly Asset Growth

Beginning Market Value	\$12,401,661
Net New Investment	\$0
Investment Gains/(Losses)	\$-513,168
Ending Market Value	\$11,888,493

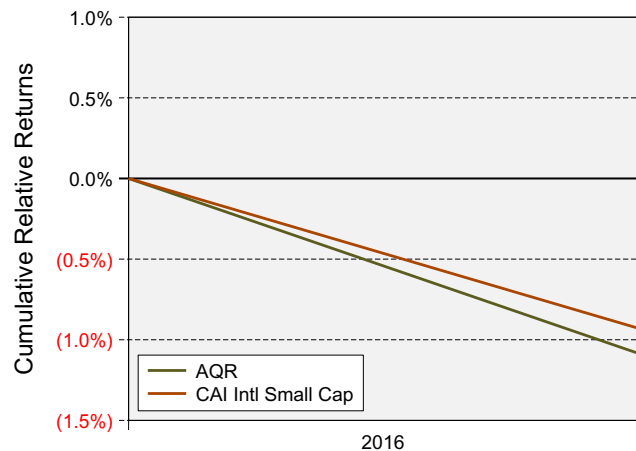
Performance vs CAI International Small Cap (Gross)



Relative Return vs MSCI EAFE Small Cap



Cumulative Returns vs MSCI EAFE Small Cap

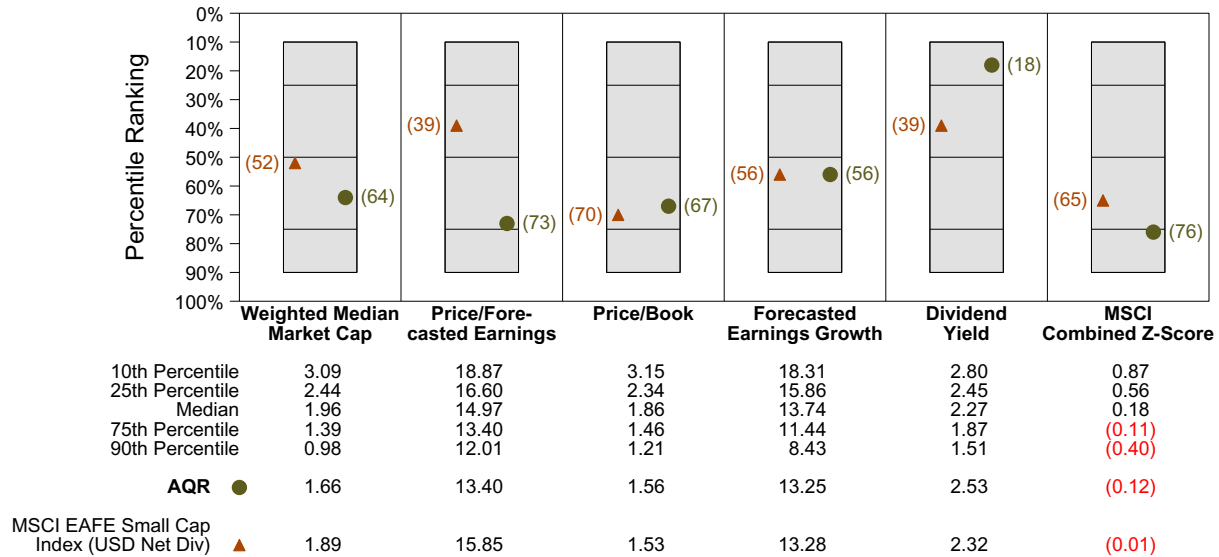


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

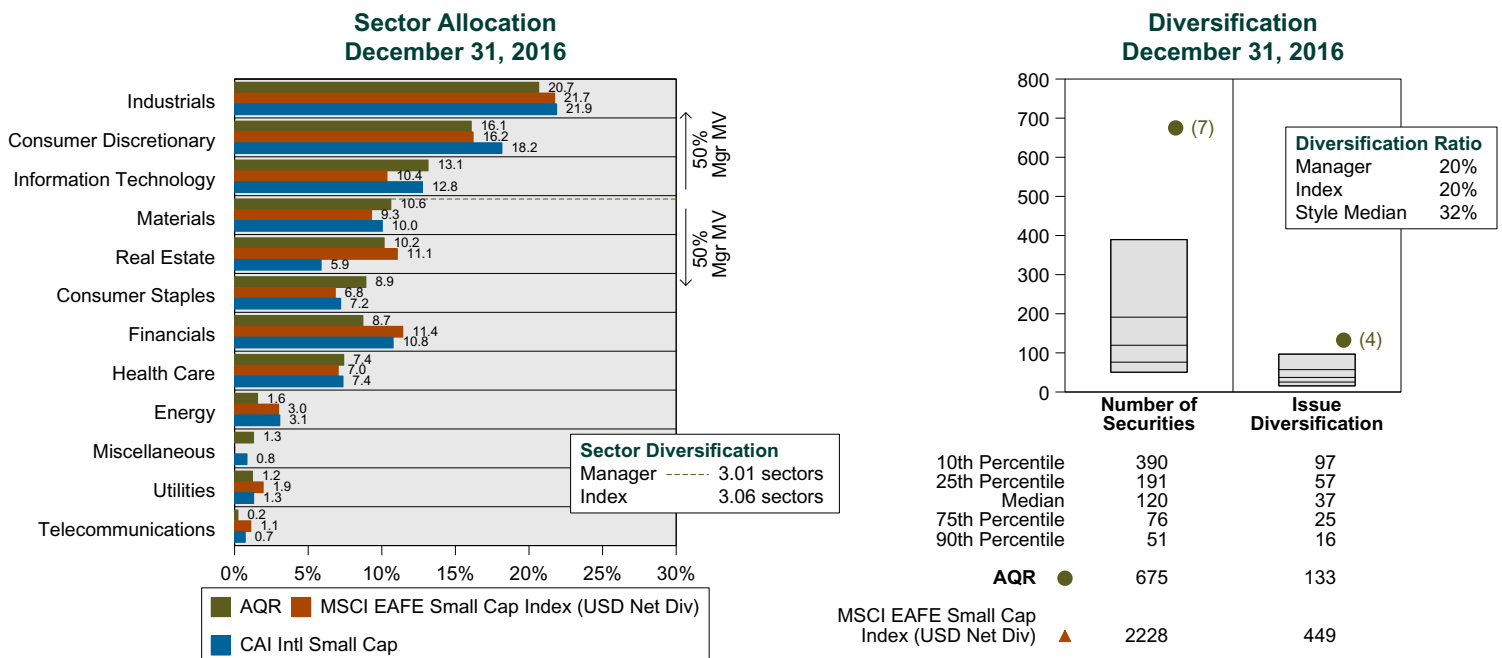
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI International Small Cap as of December 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.



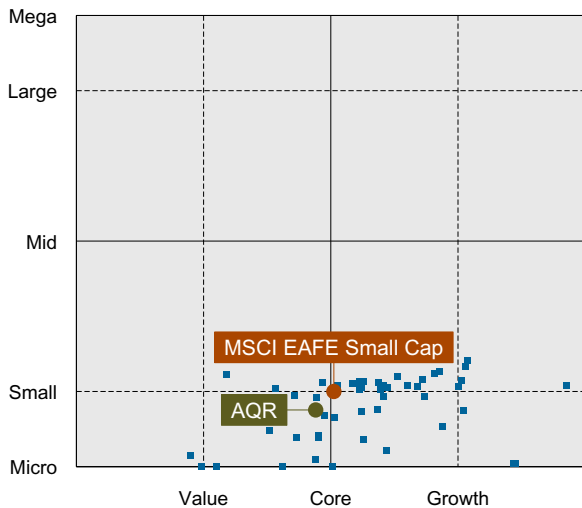
Current Holdings Based Style Analysis

AQR

As of December 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 chart 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.

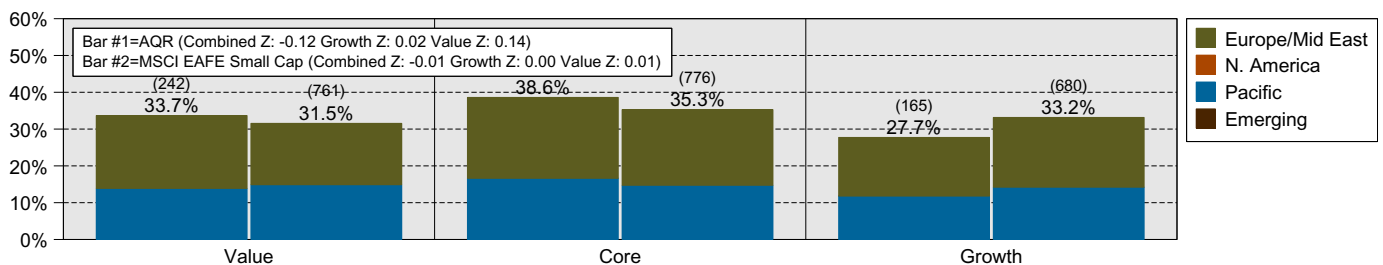
Style Map vs CAI Intl Small Cap Holdings as of December 31, 2016



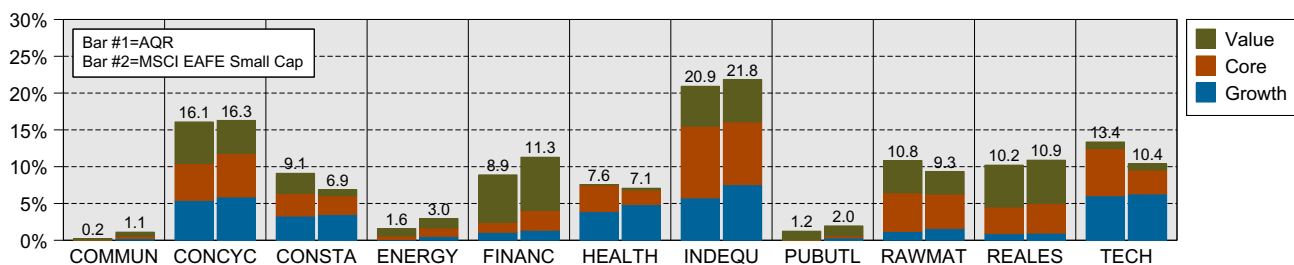
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	19.8% (114)	22.0% (124)	15.9% (91)	57.7% (329)
N. America	16.7% (322)	20.6% (361)	19.0% (310)	56.2% (993)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	33.7% (242)	38.6% (253)	27.7% (165)	100.0% (660)
	31.5% (761)	35.3% (776)	33.2% (680)	100.0% (2217)

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



Sector Weights Distribution Holdings as of December 31, 2016

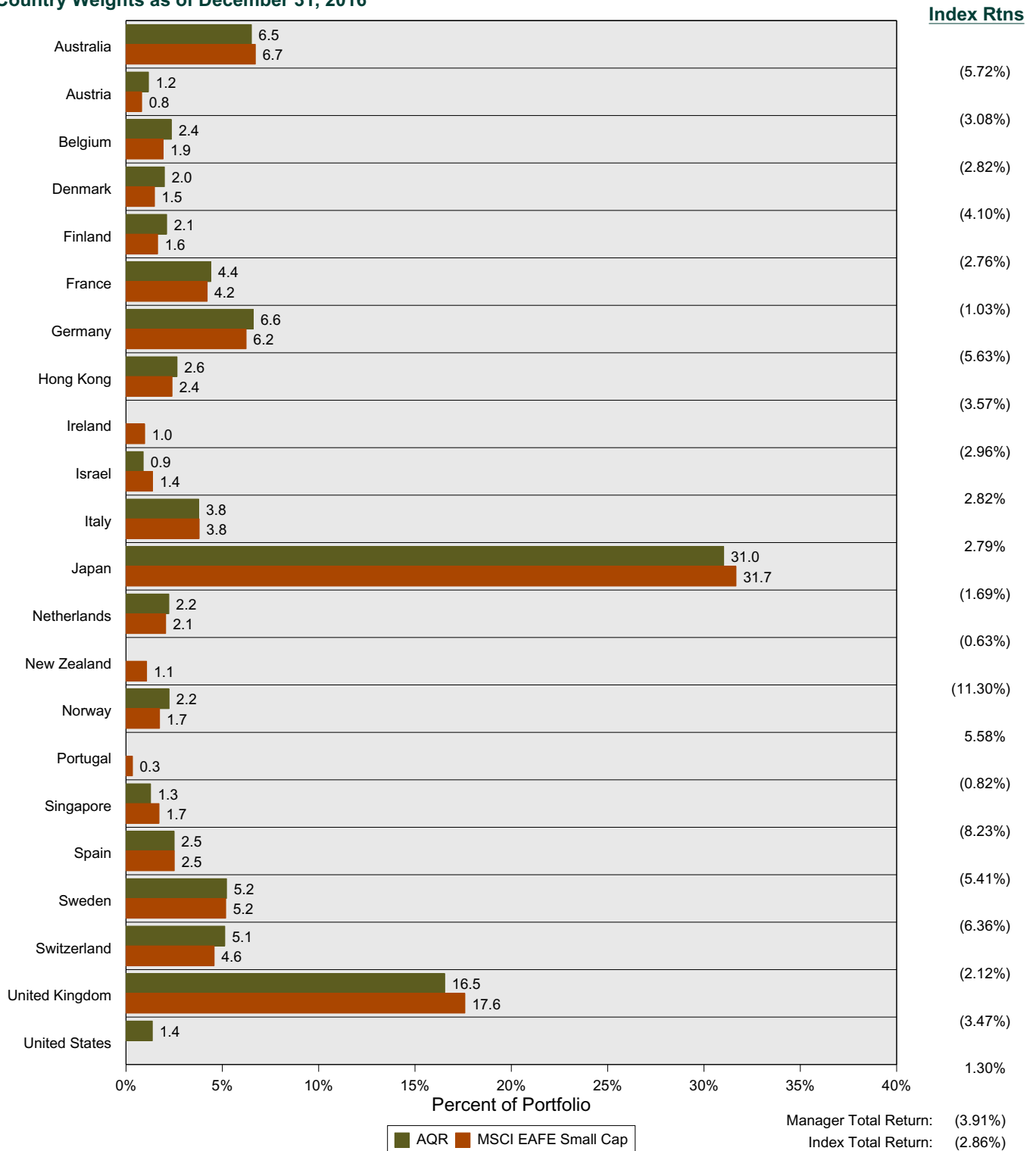


Country Allocation AQR VS MSCI EAFE Small Cap Index (USD Net Div)

Country Allocation

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



AQR Top 10 Portfolio Holdings Characteristics as of December 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
Austevoll Seafood Nok0.50	Consumer Staples	\$94,453	0.8%	15.72%	1.97	8.36	8.36%	32.63%
Suedzucker Ag Mannheim/Ochse Akt	Consumer Staples	\$91,103	0.8%	(13.90)%	4.90	17.81	1.32%	27.10%
Bluescope Steel Ltd Shs New	Materials	\$87,308	0.7%	13.30%	3.86	11.05	0.65%	29.20%
A2a Spa Shs	Utilities	\$86,207	0.7%	(8.16)%	4.06	13.66	3.33%	5.30%
Indivior Plc Ord Usd2	Health Care	\$84,198	0.7%	(8.07)%	2.64	11.09	3.17%	(9.60)%
Stada Arzneimittel Ag Bad Vi Namen A	Health Care	\$81,506	0.7%	(15.12)%	3.23	15.49	1.43%	9.65%
Ulvac	Information Technology	\$81,436	0.7%	3.85%	1.51	11.07	0.84%	66.94%
Be Semiconductor Inds NV Bes Shs	Information Technology	\$77,348	0.7%	(2.31)%	1.34	15.98	3.79%	48.55%
Seino Transportation Co	Industrials	\$76,784	0.6%	6.53%	2.31	13.96	2.16%	14.35%
Software	Information Technology	\$75,142	0.6%	(13.18)%	2.87	13.91	1.59%	5.90%

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
Fred. Olsen Energy	Energy	\$3,184	0.0%	165.92%	0.25	(1.04)	0.00%	(11.48)%
Makino Milling Machine Co Lt Shs	Industrials	\$9,207	0.1%	69.72%	0.94	14.79	1.75%	40.43%
Calsonic Kansei Corp	Consumer Discretionary	\$14,729	0.1%	66.82%	4.19	18.09	0.70%	10.64%
Yamabiko	Industrials	\$4,368	0.0%	55.96%	0.62	16.06	1.84%	31.87%
Vedanta Resources	Materials	\$34,180	0.3%	54.72%	3.01	10.45	4.57%	(47.04)%
Karoon Gas Australia Ltd Shs	Energy	\$1,182	0.0%	52.70%	0.32	(21.66)	0.00%	119.00%
Astaldi	Industrials	\$6,165	0.1%	50.94%	0.56	5.04	3.70%	4.19%
Oz Minerals Ltd Shs	Materials	\$69,945	0.6%	48.70%	1.73	19.43	2.53%	(22.83)%
Enquest Plc	Energy	\$2,307	0.0%	44.70%	0.60	10.40	0.00%	43.00%
Bca.Ppo.Emilia Romagna	Financials	\$20,185	0.2%	43.40%	2.57	11.00	1.98%	(25.88)%

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
Ig Group Holdings Plc London Shs	Financials	\$10,887	0.1%	(46.04)%	2.24	10.78	6.35%	6.70%
Colopl	Information Technology	\$24,895	0.2%	(44.88)%	1.07	14.25	1.71%	(27.57)%
Plus500 (Di)	Financials	\$55,121	0.5%	(44.79)%	0.55	5.05	10.25%	33.69%
St Barbara Ltd Shs New	Materials	\$28,327	0.2%	(39.49)%	0.73	5.64	0.00%	16.81%
Fone Zone Group	Consumer Discretionary	\$8,056	0.1%	(38.38)%	0.36	11.81	4.33%	8.19%
International Personal Finance	Financials	\$20,721	0.2%	(36.96)%	0.47	5.39	7.20%	4.48%
Resolute Mining	Materials	\$22,214	0.2%	(36.23)%	0.69	6.15	1.31%	(19.12)%
Nihon Trim	Industrials	\$4,681	0.0%	(35.35)%	0.34	14.71	1.33%	18.12%
Mfi Furniture Group Plc Ord	Industrials	\$8,072	0.1%	(34.27)%	2.98	13.86	2.71%	20.33%
Berendsen Plc Shs	Industrials	\$4,970	0.0%	(33.44)%	1.86	12.72	3.50%	5.60%

DFA Emerging Markets Period Ended December 31, 2016

Investment Philosophy

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

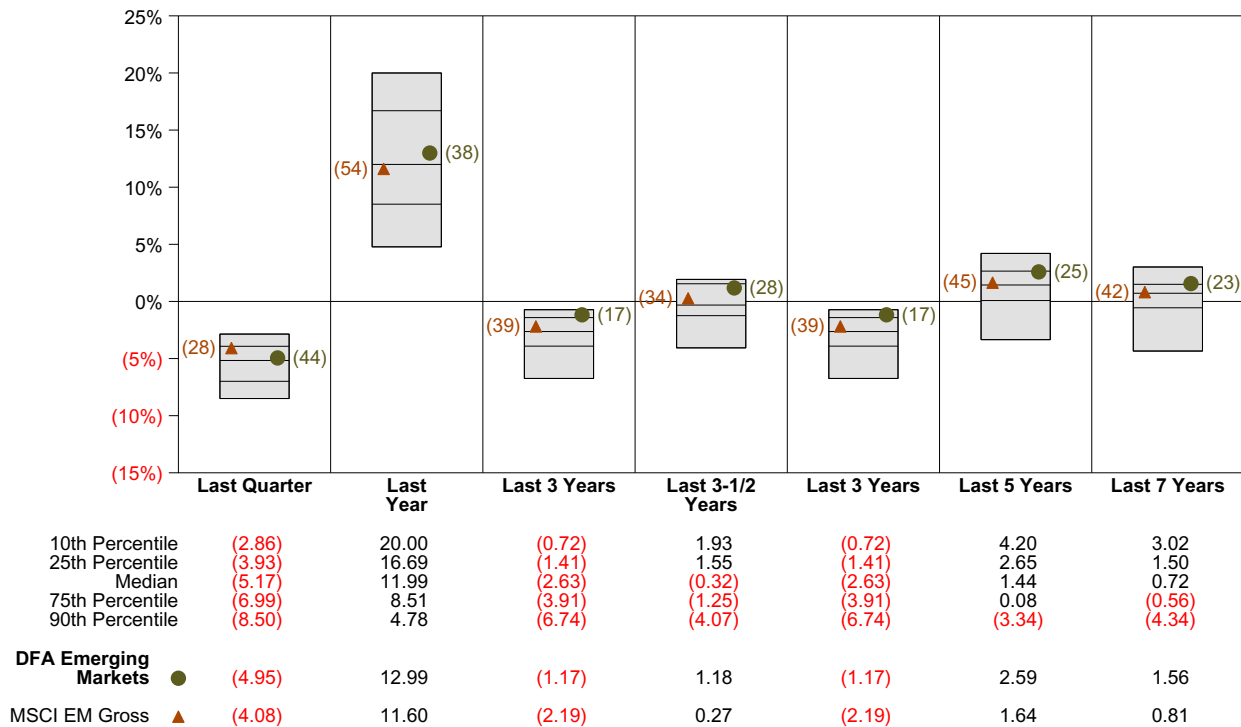
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a (4.95)% return for the quarter placing it in the 44 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 38 percentile for the last year.
- DFA Emerging Markets's portfolio underperformed the MSCI EM Gross by 0.86% for the quarter and outperformed the MSCI EM Gross for the year by 1.39%.

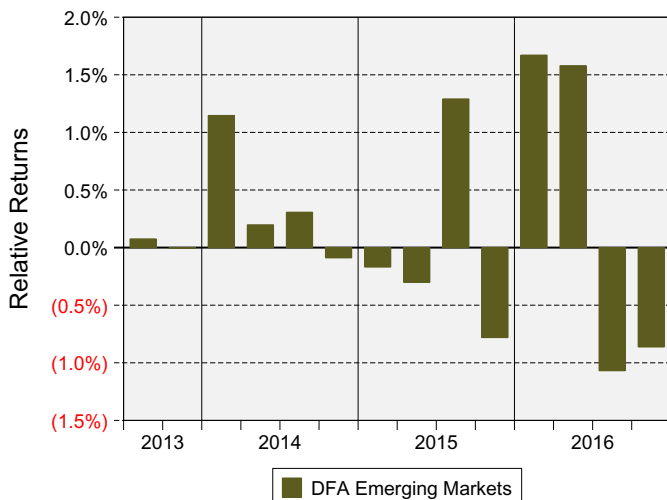
Quarterly Asset Growth

Beginning Market Value	\$13,678,752
Net New Investment	\$0
Investment Gains/(Losses)	\$-696,999
Ending Market Value	\$12,981,753

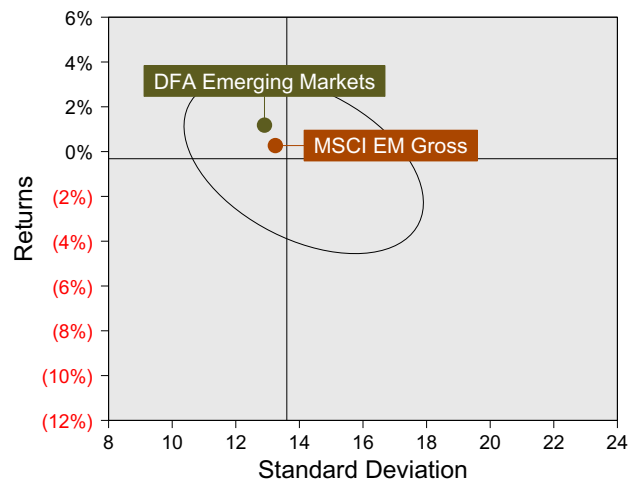
Performance vs CAI Emerging Markets Equity Mut Funds (Net)



Relative Return vs MSCI EM Gross



CAI Emerging Markets Equity Mut Funds (Net) Annualized Three and One-Half Year Risk vs Return

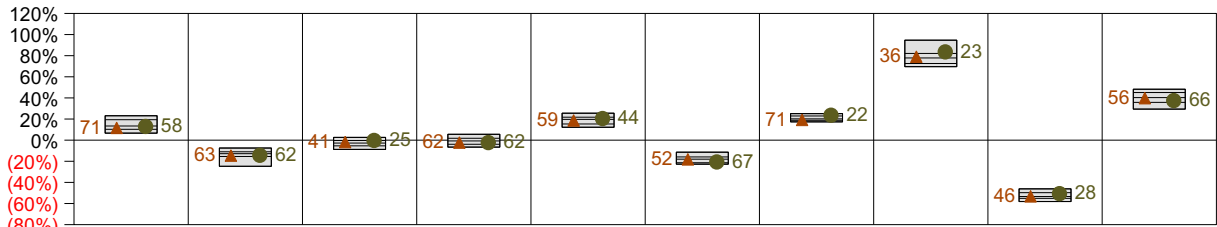


DFA Emerging Markets Return Analysis Summary

Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures and returns for rising/declining periods.

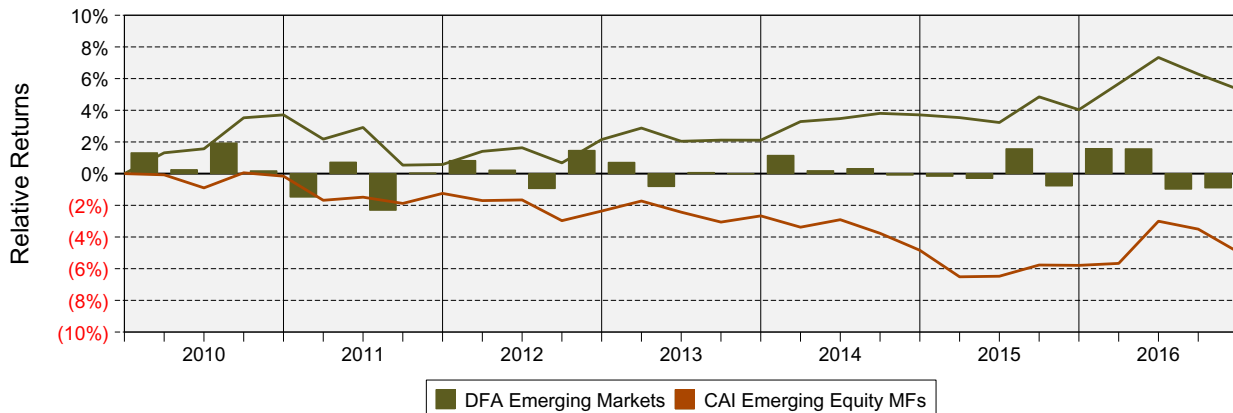
Performance vs CAI Emerging Markets Equity Mut Funds (Gross)



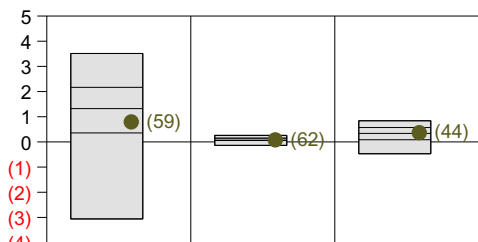
10th Percentile	23.10	(7.46)	2.62	5.56	25.54	(11.40)	25.12	94.66	(46.12)	48.23
25th Percentile	19.36	(11.01)	(0.31)	1.80	21.75	(15.89)	22.90	82.12	(49.72)	45.09
Median	13.40	(12.79)	(2.75)	(0.74)	19.70	(18.02)	20.15	77.86	(53.38)	40.30
75th Percentile	10.28	(15.45)	(5.38)	(3.90)	15.32	(21.39)	18.81	72.60	(55.10)	35.78
90th Percentile	6.64	(24.74)	(8.77)	(6.59)	12.21	(22.72)	17.32	69.59	(58.13)	29.39

DFA Emerging Markets	●	12.99	(14.33)	(0.28)	(2.31)	20.49	(20.65)	23.62	83.58	(50.66)	37.49
MSCI EM Gross	▲	11.60	(14.60)	(1.82)	(2.27)	18.63	(18.17)	19.20	79.02	(53.18)	39.78

Cumulative and Quarterly Relative Return vs MSCI EM Gross



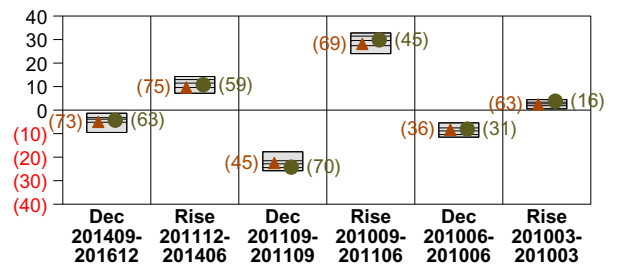
Risk Adjusted Return Measures vs MSCI EM Gross Rankings Against CAI Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2016



10th Percentile	3.51	0.26	0.84
25th Percentile	2.17	0.16	0.57
Median	1.32	0.12	0.34
75th Percentile	0.36	0.06	0.09
90th Percentile	(3.06)	(0.14)	(0.47)

DFA Emerging Markets	●	0.79	0.08	0.37
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Returns for International Equity Rising/Declining Periods Seven Years Ended December 31, 2016



10th Percentile	(1.31)	14.28	(17.69)	32.81	(5.42)	4.47
25th Percentile	(3.20)	12.99	(21.53)	31.47	(7.56)	3.38
Median	(3.86)	11.49	(22.83)	29.58	(8.85)	2.69
75th Percentile	(5.16)	9.60	(24.44)	27.40	(10.40)	1.88
90th Percentile	(9.50)	7.16	(25.77)	24.01	(11.50)	0.54

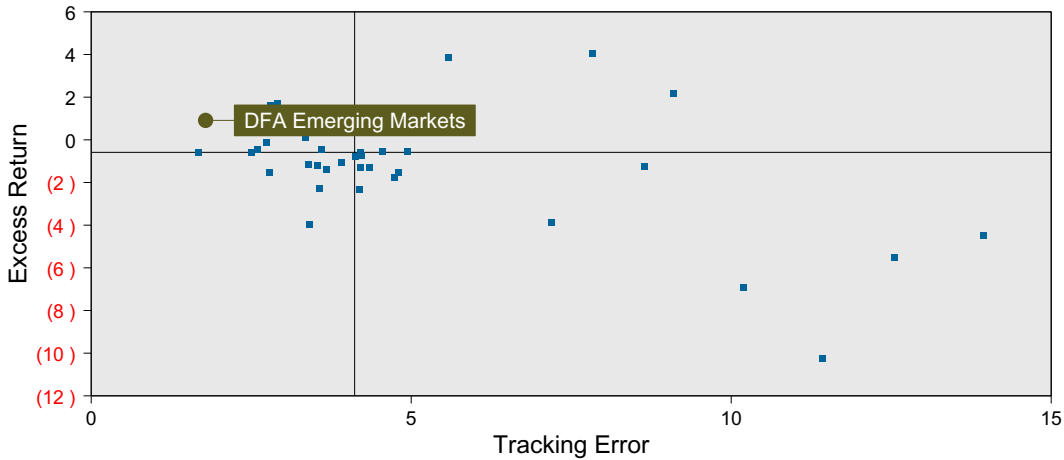
DFA Emerging Markets	●	(4.30)	10.78	(24.25)	29.87	(8.06)	3.80
MSCI EM Gross	▲	(4.98)	9.62	(22.46)	28.17	(8.29)	2.45

DFA Emerging Markets Risk Analysis Summary

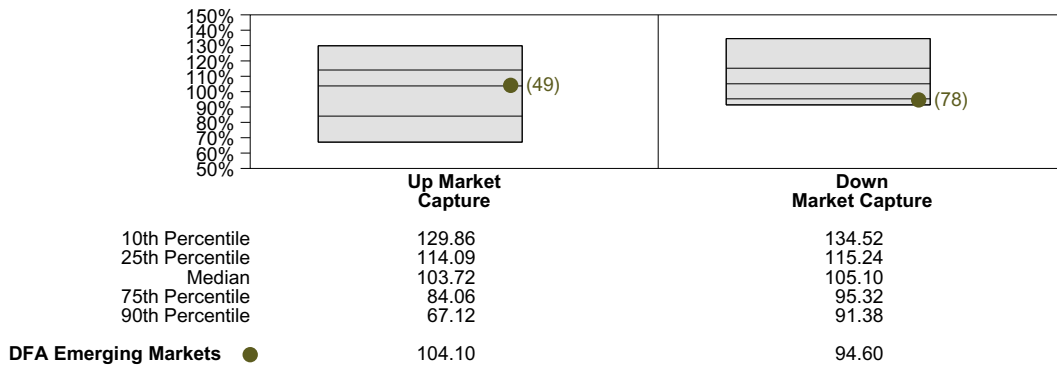
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

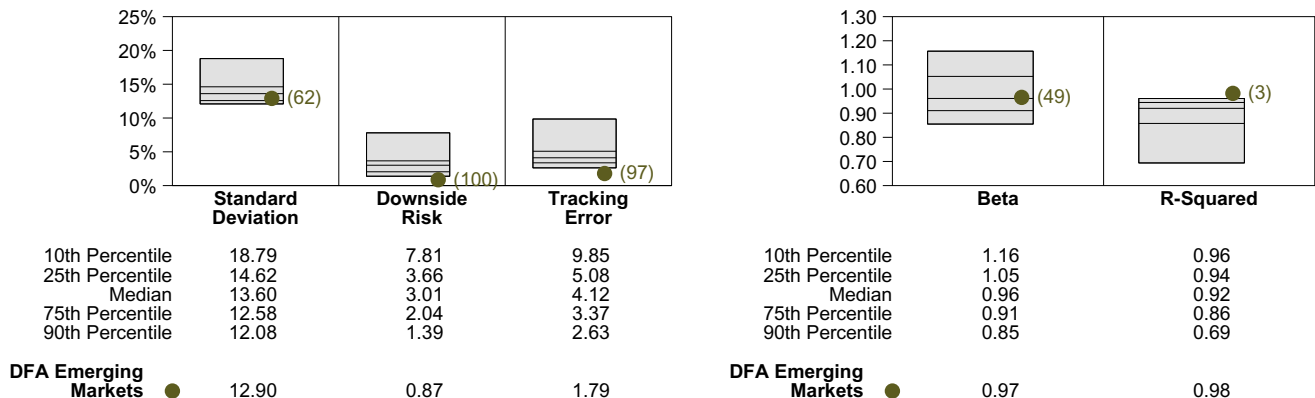
Risk Analysis vs CAI Emerging Markets Equity Mut Funds (Net) Three and One-Half Years Ended December 31, 2016



Market Capture vs MSCI EM - Emerging Mkts (USD Gross Div) Rankings Against CAI Emerging Markets Equity Mut Funds (Net) Three and One-Half Years Ended December 31, 2016



Risk Statistics Rankings vs MSCI EM - Emerging Mkts (USD Gross Div) Rankings Against CAI Emerging Markets Equity Mut Funds (Net) Three and One-Half Years Ended December 31, 2016

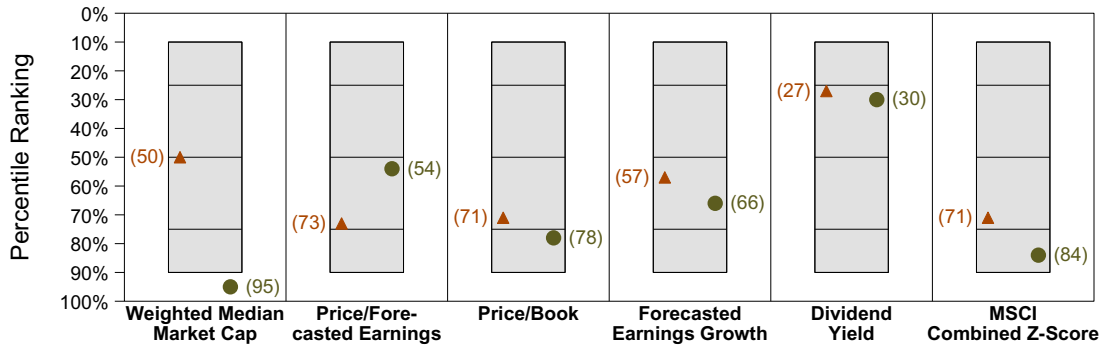


DFA Emerging Markets Equity Characteristics Analysis Summary

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 Emerging Markets Equity Mut Funds as of December 31, 2016

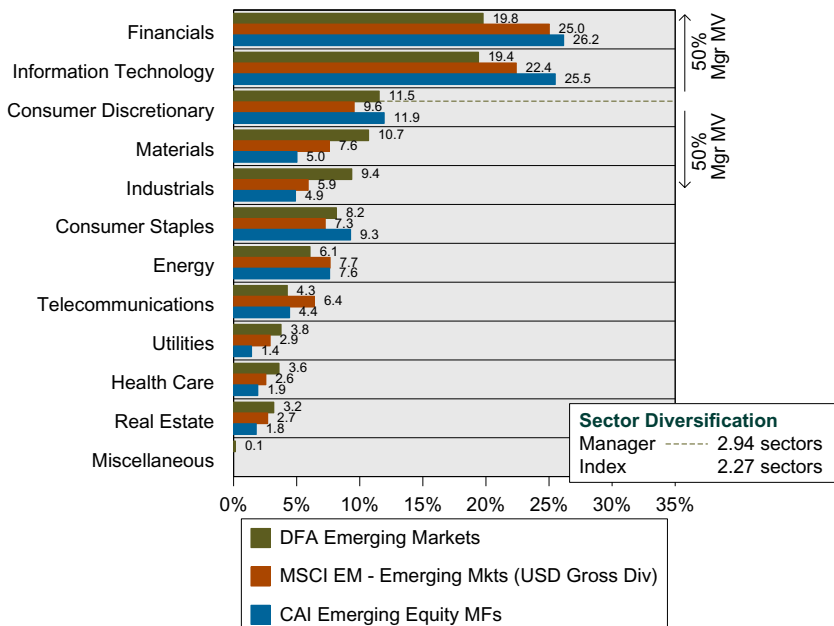


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	26.25	17.21	2.67	20.05	3.05	0.81
25th Percentile	20.87	15.05	2.27	16.31	2.79	0.50
Median	16.63	13.32	1.85	13.57	2.34	0.13
75th Percentile	12.76	11.58	1.47	10.61	2.01	(0.07)
90th Percentile	7.87	10.28	1.15	8.57	1.68	(0.45)
DFA Emerging Markets ●	5.16	12.67	1.38	12.37	2.48	(0.18)
MSCI EM - Emerging Mkts (USD Gross Div) ▲	16.56	11.84	1.51	13.25	2.60	(0.04)

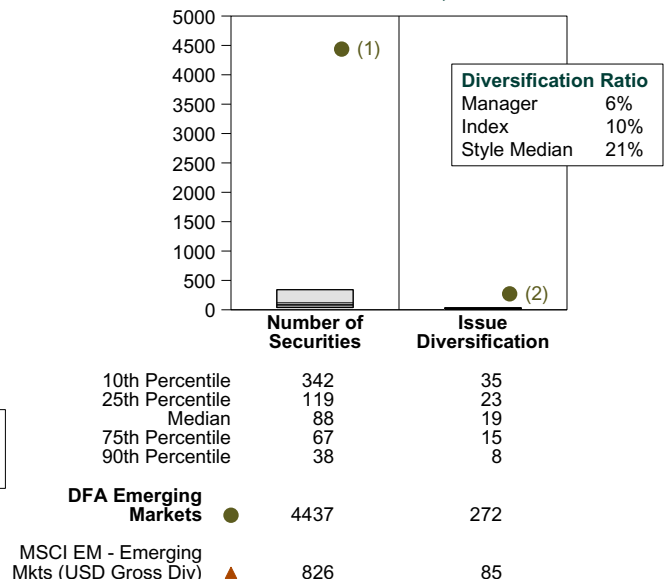
Sector Weights

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.

Sector Allocation December 31, 2016



Diversification December 31, 2016



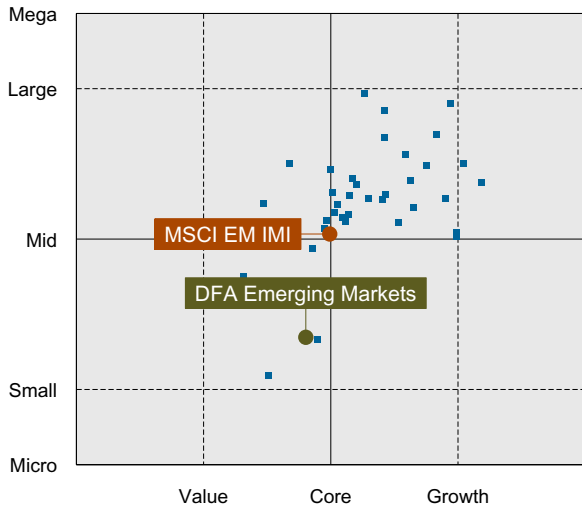
Current Holdings Based Style Analysis

DFA Emerging Markets

As of December 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.

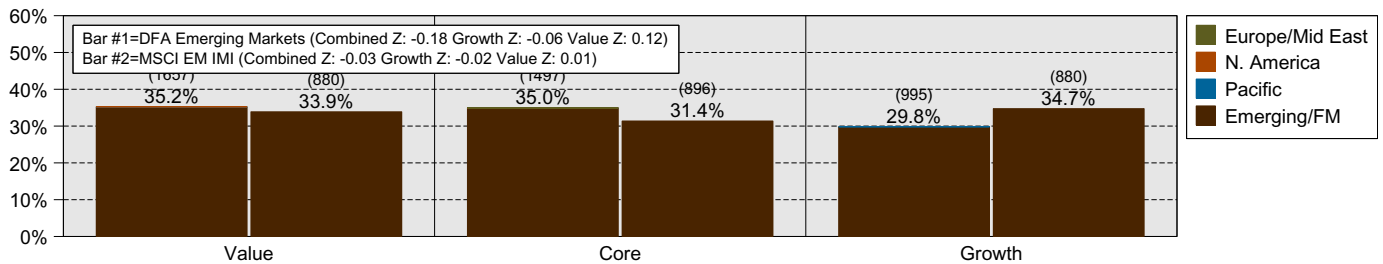
Style Map vs CAI Emerging Equity MFs Holdings as of December 31, 2016



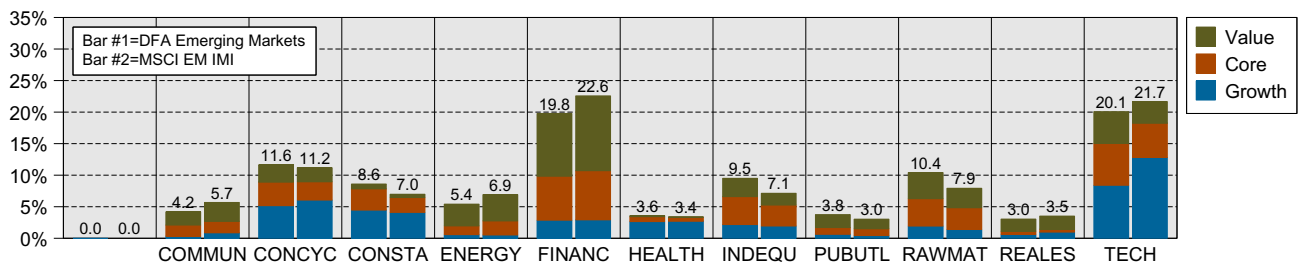
Style Exposure Matrix Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
N. America	0.0% (2)	0.0% (0)	0.0% (0)	0.0% (4)
Pacific	0.0% (20)	0.0% (14)	0.0% (6)	0.1% (40)
Emerging/ FM	35.2% (1635)	34.8% (1480)	29.8% (989)	99.8% (4104)
Total	35.2% (1657)	35.0% (1497)	29.8% (995)	100.0% (4149)

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



Sector Weights Distribution Holdings as of December 31, 2016

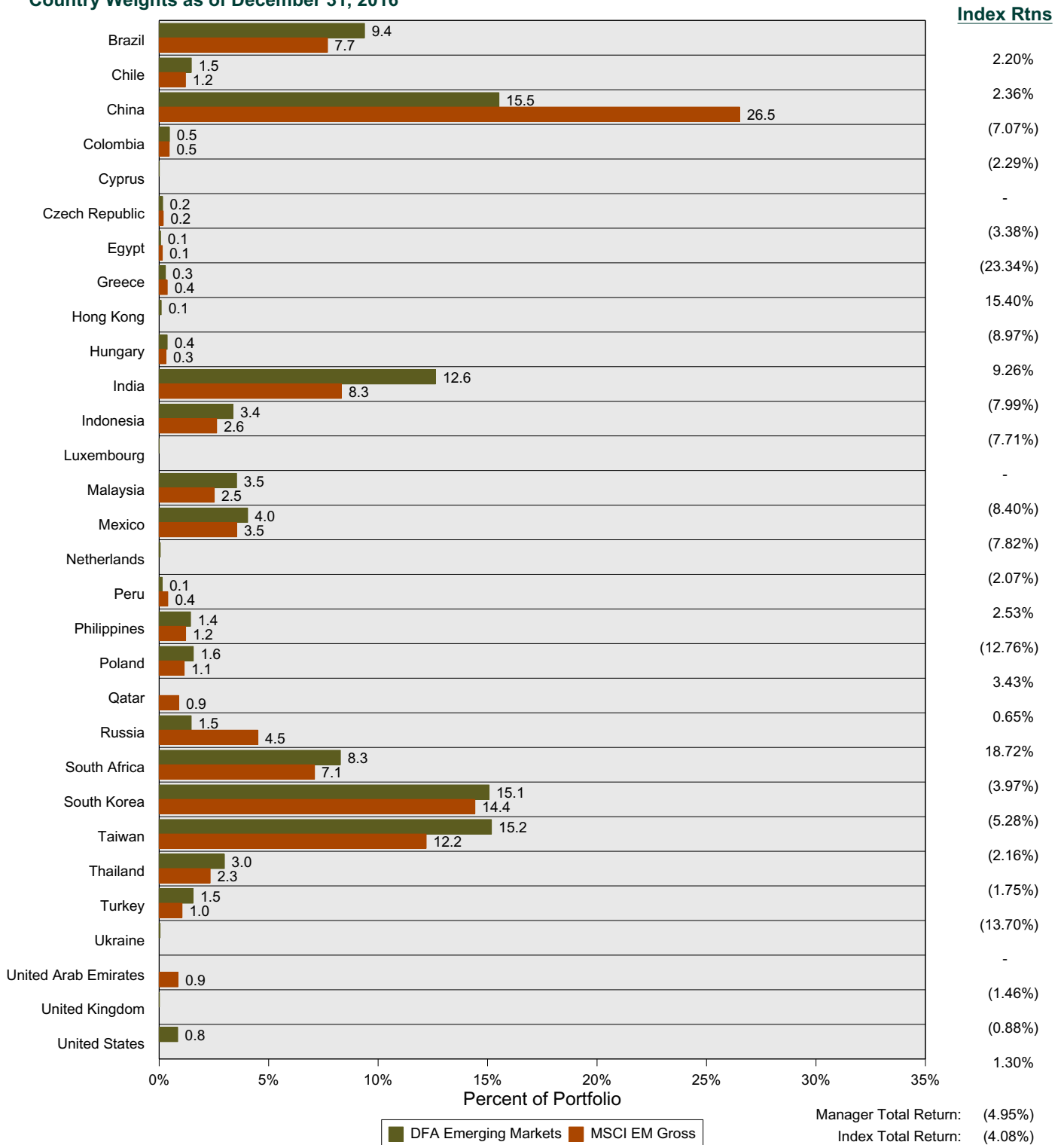


Country Allocation DFA Emerging Markets VS MSCI EM - Emerging Mkts (USD Gross Div)

Country Allocation

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



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 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	\$418,202	3.2%	2.82%	209.89	9.97	1.17%	17.33%
Tencent Holdings Limited Shs Par Hkd	Information Technology	\$185,819	1.4%	(11.14)%	231.88	28.39	0.25%	31.17%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$168,654	1.3%	(3.27)%	146.03	13.00	3.31%	11.52%
China Construction Bank Shs H	Financials	\$132,337	1.0%	9.97%	185.12	5.83	5.49%	1.85%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$129,380	1.0%	(6.02)%	146.03	13.00	3.31%	11.52%
Hon Hai Precision Inds Ltd Ord	Information Technology	\$106,387	0.8%	3.66%	45.27	10.08	4.32%	(1.50)%
Itau Unibanco Holding Sa Pfd Shs	Financials	\$80,720	0.6%	6.29%	33.60	9.22	4.67%	0.29%
Industrial and Comm Bk of Cn Hkd Shs	Financials	\$75,158	0.6%	(5.81)%	52.06	5.36	6.01%	1.68%
China Mobile Limited Sponsored Adr	Telecommunications	\$70,446	0.5%	(14.78)%	217.08	12.88	3.81%	6.07%
Mtn Group Ltd Shs	Telecommunications	\$66,201	0.5%	18.53%	17.72	14.70	8.56%	16.40%

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
Daeyu Orchid Indo.	Consumer Discretionary	\$279	0.0%	150.00%	0.32	13.33	0.00%	-
Fine Dnc	Information Technology	\$171	0.0%	125.00%	0.14	698.18	0.43%	-
Genius Electronic Optc.	Information Technology	\$1,952	0.0%	106.98%	0.35	(23.84)	0.00%	-
Mechel Oao Sponsored Adr Ne	Materials	\$1,088	0.0%	100.35%	1.24	(28.29)	0.00%	-
Monalisa	Consumer Discretionary	\$204	0.0%	100.00%	0.21	52.41	0.73%	-
Bank Pmbgn.Djb.Dan Bat.	Financials	\$7,774	0.1%	100.00%	2.42	17.86	2.50%	17.38%
Semen Baturaja (Persero)	Materials	\$2,165	0.0%	100.00%	2.04	210.00	0.32%	(1.36)%
Link Net Pt	Telecommunications	\$334	0.0%	100.00%	1.16	15.83	0.82%	30.60%
Yfc-Boneagle Elec.Co.	Information Technology	\$289	0.0%	99.23%	0.23	9.84	2.08%	-
Hilong Holding	Energy	\$816	0.0%	95.84%	0.49	14.50	0.89%	(14.06)%

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
Transasia Airways	Industrials	\$25	0.0%	(88.68)%	0.02	(0.19)	0.00%	-
Lippo Karawaci	Real Estate	\$6,118	0.0%	(75.61)%	1.23	12.50	0.49%	19.10%
Xpec Entertainment	Information Technology	\$79	0.0%	(62.01)%	0.07	45.56	0.92%	-
Seven Star Works Co Ltd	Information Technology	\$8	0.0%	(56.25)%	0.05	34.62	0.00%	-
Garware Shipping	Industrials	\$3	0.0%	(54.69)%	0.02	(12.54)	2.11%	-
Kj Pretech	Industrials	\$32	0.0%	(52.63)%	0.06	(12.62)	0.00%	-
Seti	Information Technology	\$630	0.0%	(52.17)%	0.24	8.30	0.00%	-
Samkang M & T	Materials	\$48	0.0%	(52.17)%	0.08	5.45	0.00%	35.13%
Choong Wae Holdings	Health Care	\$988	0.0%	(51.67)%	0.45	(163.33)	0.51%	-
Hanmi Pharm.Ind.	Health Care	\$1,139	0.0%	(51.13)%	2.95	77.47	0.82%	-

Metropolitan West Period Ended December 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.

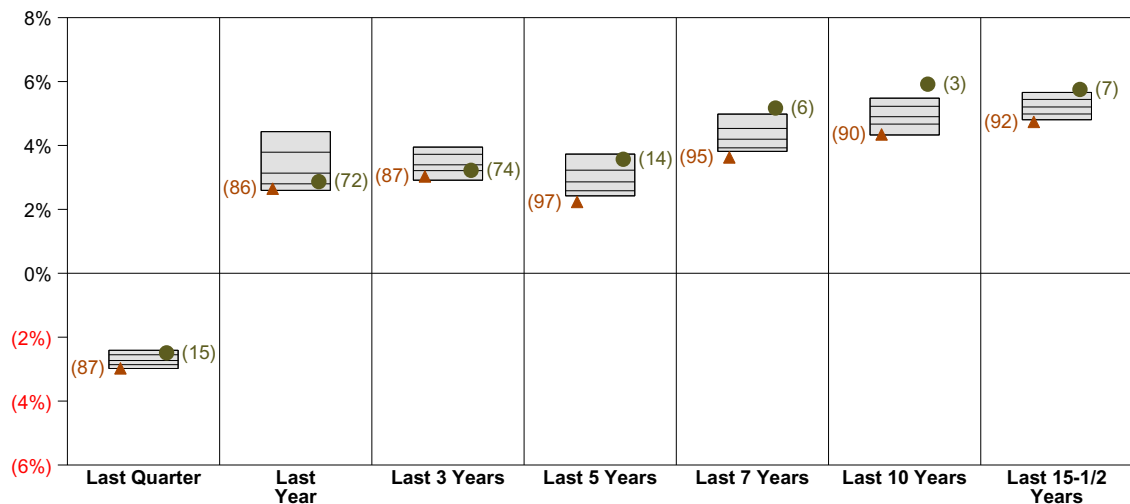
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a (2.49)% return for the quarter placing it in the 15th percentile of the CAI Core Bond Fixed Income group for the quarter and in the 72nd percentile for the last year.
- Metropolitan West's portfolio outperformed the Blmbg Aggregate Idx by 0.48% for the quarter and outperformed the Blmbg Aggregate Idx for the year by 0.22%.

Quarterly Asset Growth

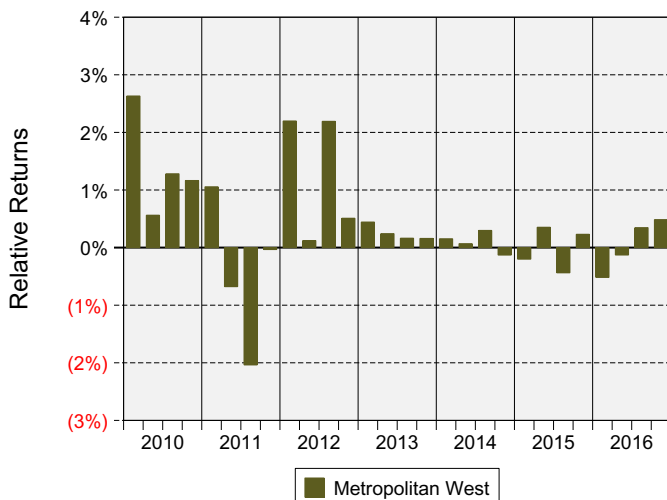
Beginning Market Value	\$88,590,711
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,206,815
Ending Market Value	\$86,383,897

Performance vs CAI Core Bond Fixed Income (Gross)

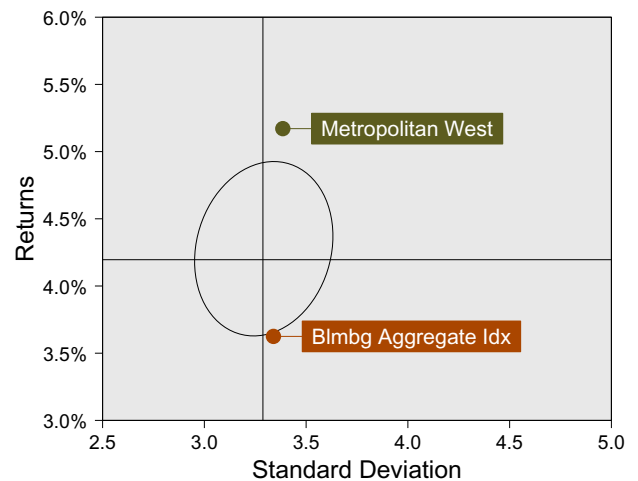


10th Percentile	(2.41)	4.43	3.95	3.73	4.98	5.48	5.66
25th Percentile	(2.55)	3.79	3.72	3.23	4.53	5.23	5.44
Median	(2.73)	3.13	3.39	2.86	4.20	4.90	5.20
75th Percentile	(2.86)	2.80	3.21	2.58	3.92	4.67	4.98
90th Percentile	(2.98)	2.59	2.91	2.42	3.81	4.33	4.80
Metropolitan West	● (2.49)	2.87	3.22	3.57	5.17	5.92	5.75
Blmbg Aggregate Idx	▲ (2.98)	2.65	3.03	2.23	3.63	4.34	4.74

Relative Return vs Blmbg Aggregate Idx



CAI Core Bond Fixed Income (Gross) Annualized Seven Year Risk vs Return

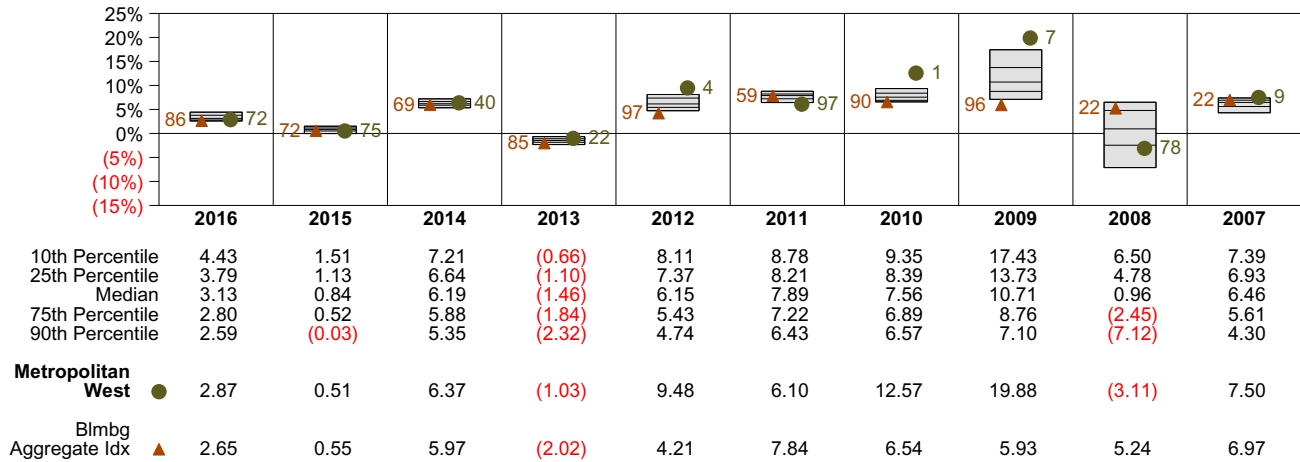


Metropolitan West Return Analysis Summary

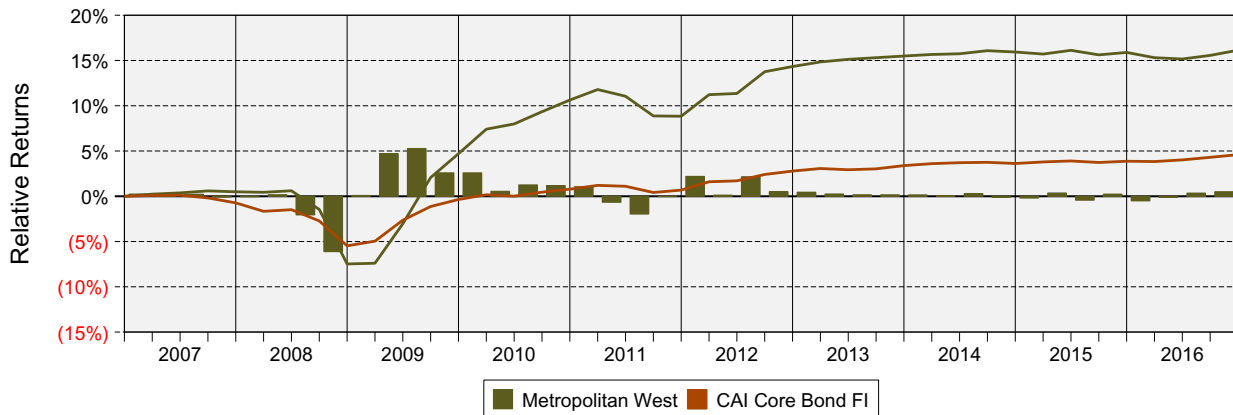
Return Analysis

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 and returns for rising/declining periods.

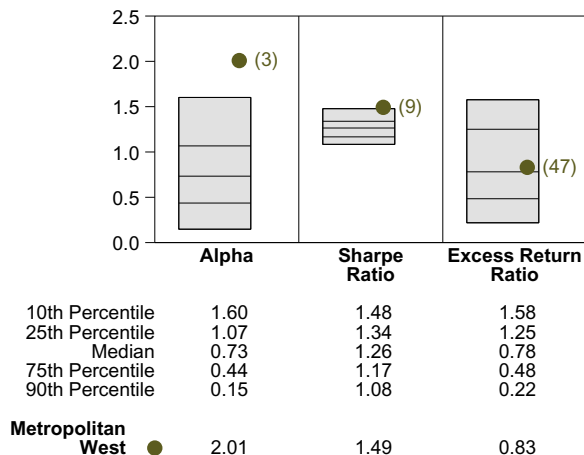
Performance vs CAI Core Bond Fixed Income (Gross)



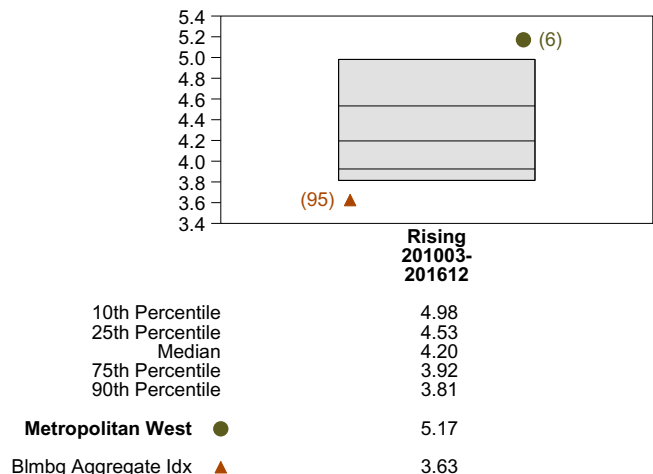
Cumulative and Quarterly Relative Return vs Blmbg Aggregate Idx



Risk Adjusted Return Measures vs Blmbg Aggregate Idx Rankings Against CAI Core Bond Fixed Income (Gross) Seven Years Ended December 31, 2016



Returns for Domestic Fixed-Income Rising/Declining Periods Seven Years Ended December 31, 2016

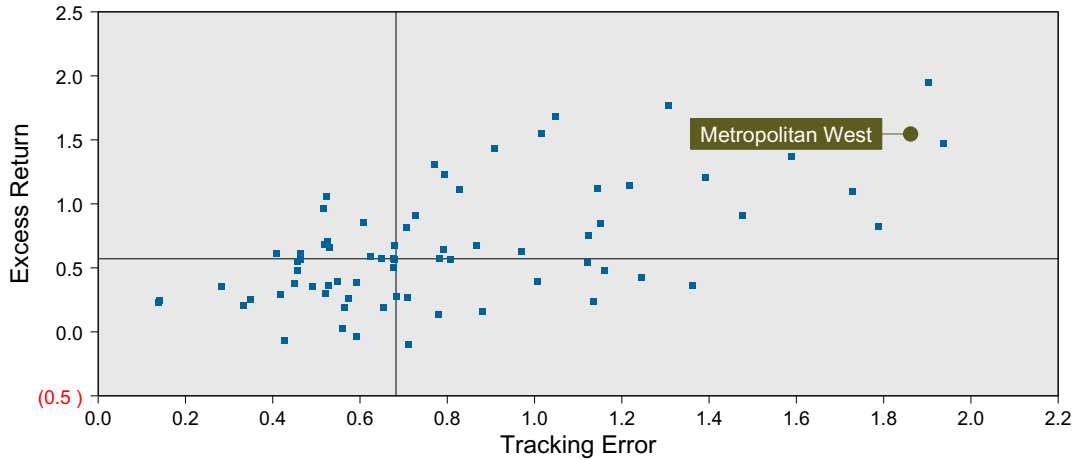


Metropolitan West Risk Analysis Summary

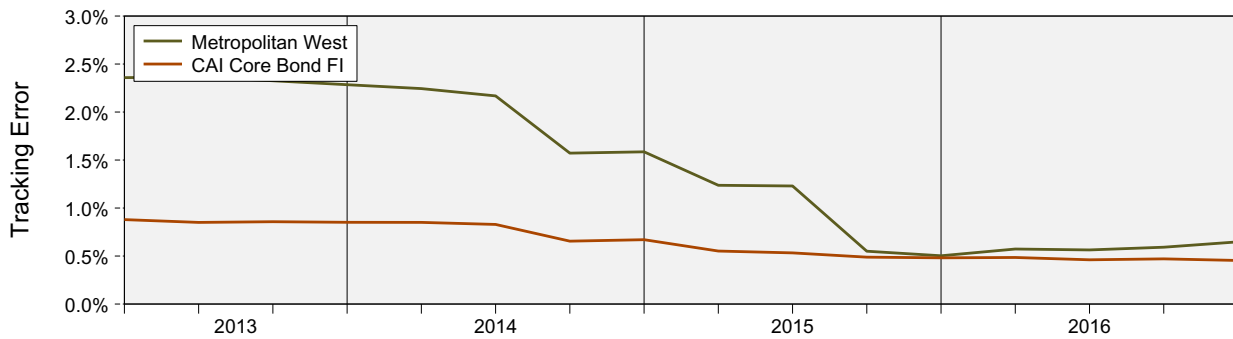
Risk Analysis

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 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.

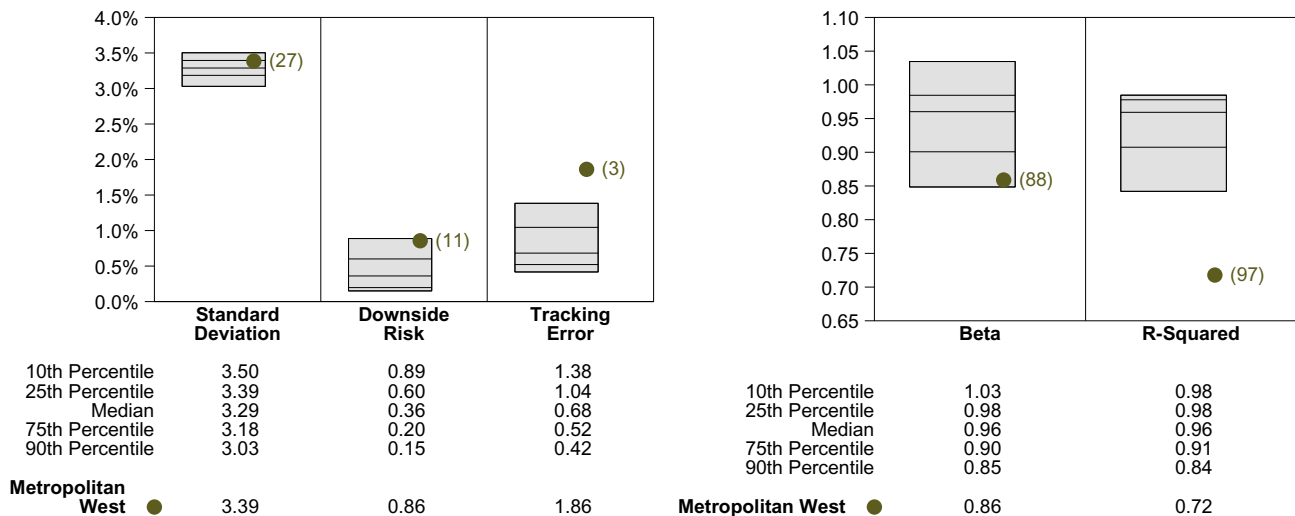
Risk Analysis vs CAI Core Bond Fixed Income (Gross) Seven Years Ended December 31, 2016



Rolling 12 Quarter Tracking Error vs Bloomberg Barclays Aggregate Index



Risk Statistics Rankings vs Bloomberg Barclays Aggregate Index Rankings Against CAI Core Bond Fixed Income (Gross) Seven Years Ended December 31, 2016

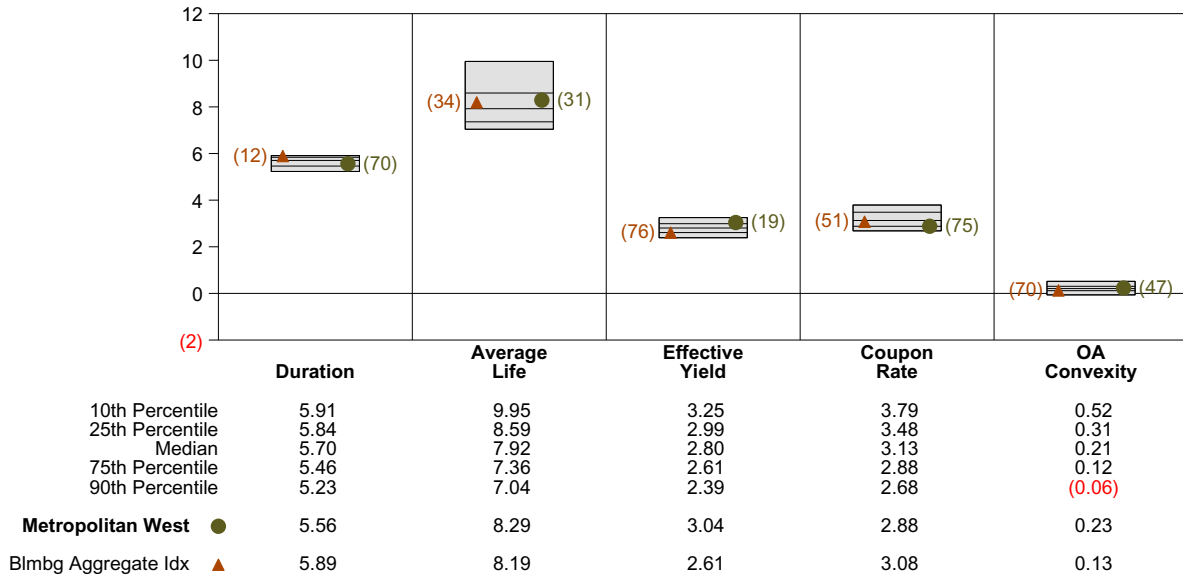


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

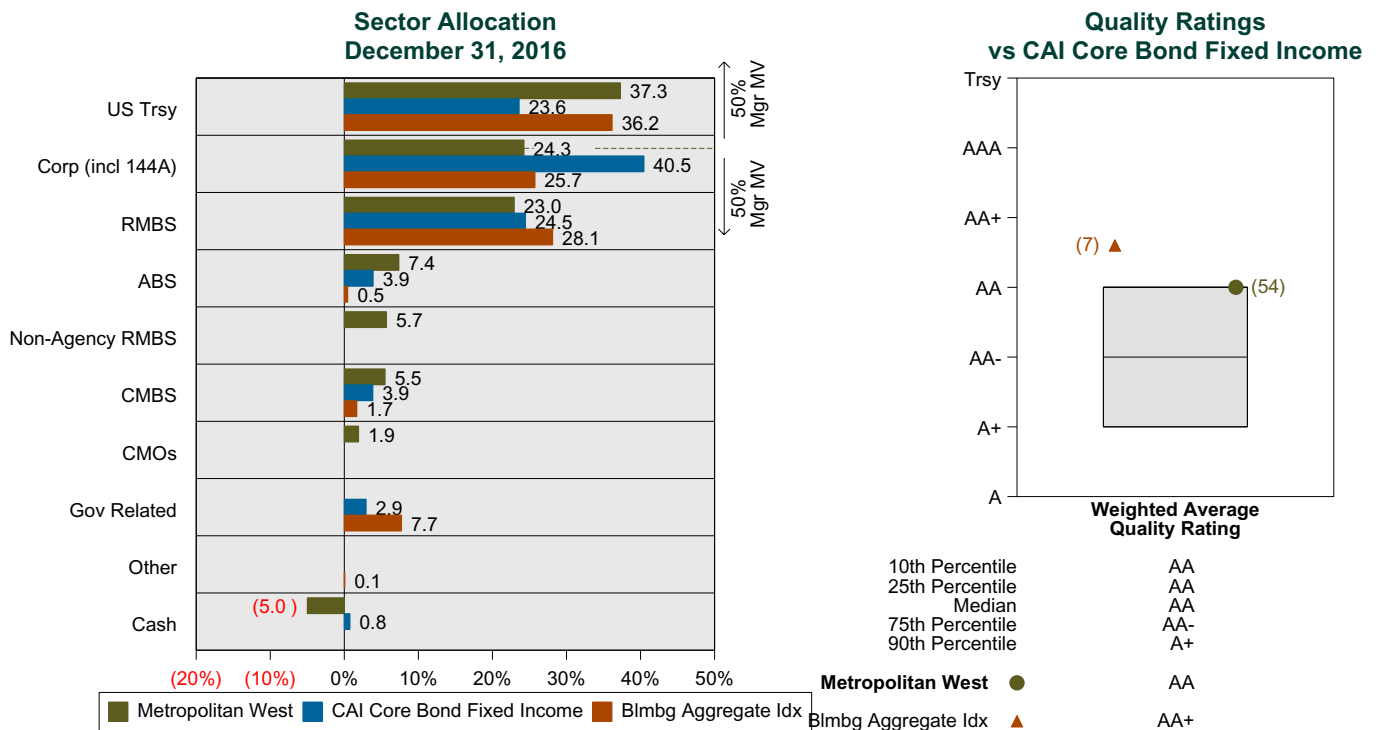
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed Income as of December 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.

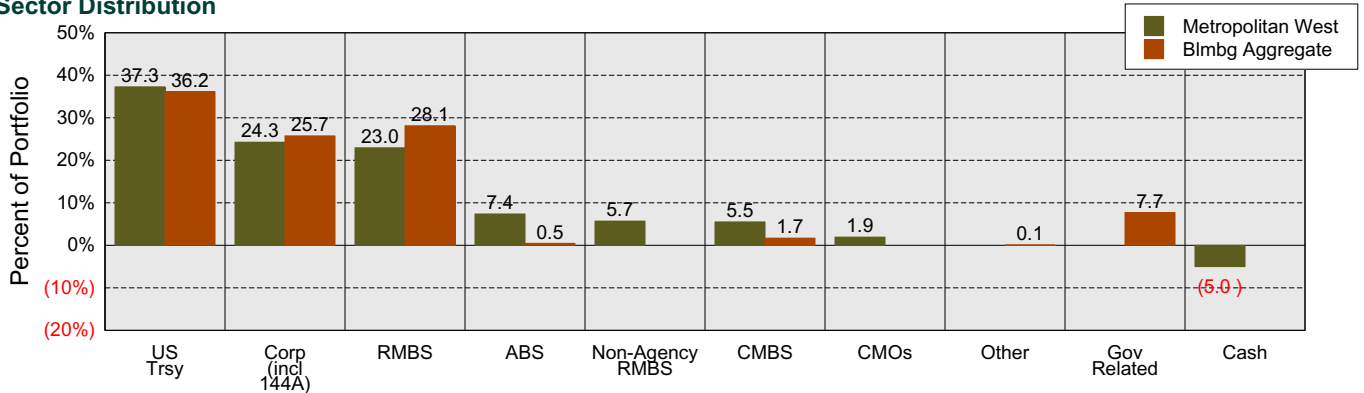


Metropolitan West Portfolio Characteristics Summary As of December 31, 2016

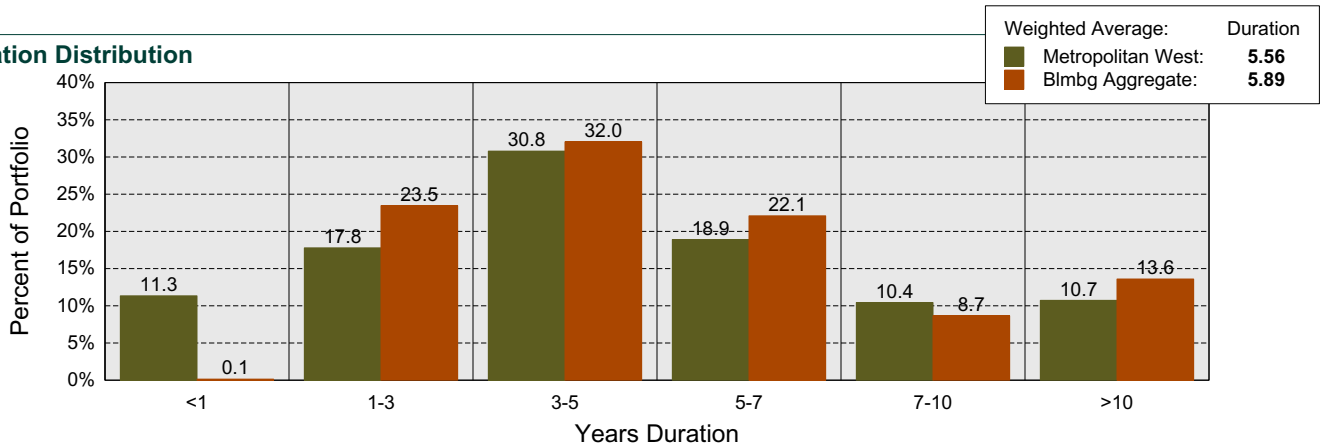
Portfolio Structure Comparison

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.

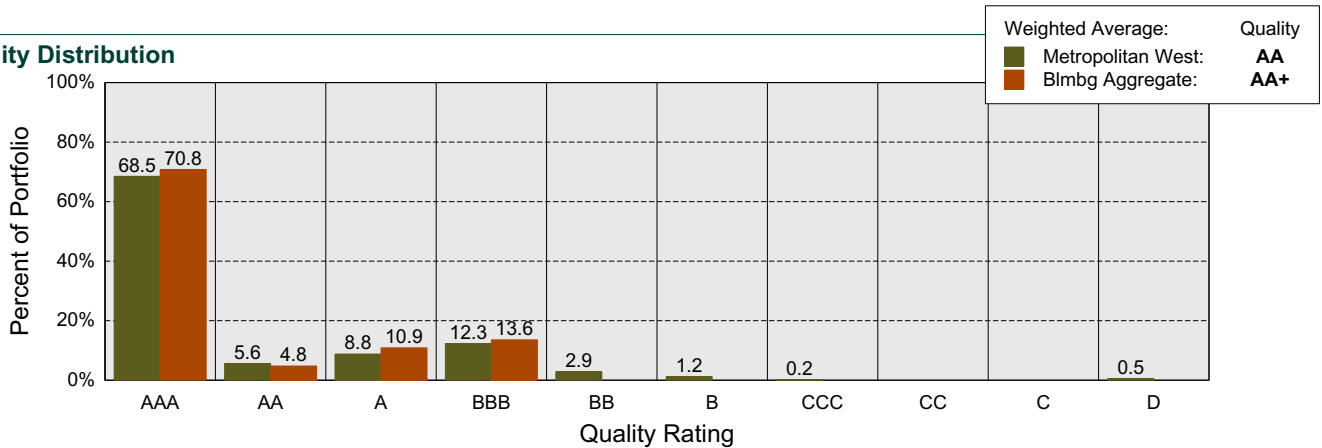
Sector Distribution



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 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.

New Research from Callan's Experts

2017 Defined Contribution Trends Survey | Callan's 10th Annual DC Trends Survey highlights plan sponsors' key themes from 2016 and expectations for 2017.

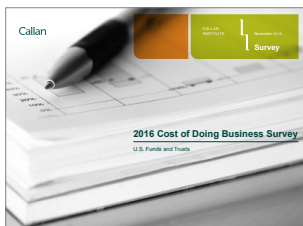
ESG Factors: U.S. Investor Usage Crystallizes | This charticle looks at environmental, social, and governance (ESG) factors from the perspectives of U.S. asset owners and global investment managers, revealing the growing incorporation of ESG factors in investment decision making.



Fixed Income: A Macroeconomic Lightning Rod | Callan's October 2016 Regional Workshop addressed alternative fixed income strategies to deal with the shifting market and economic environment investors face, as the extended period of low yields in the wake of the Global Financial Crisis appears to be ending.

ESG Interest and Implementation Survey | Callan's fourth annual survey on the status of ESG factor integration in the U.S. institutional market reflects responses from 84 funds representing approximately \$843 billion in assets.

2016 Cost of Doing Business Survey | In this survey, Callan compares the costs of administering and operating



funds and trusts across all types of tax-exempt and tax-qualified organizations in the U.S. We identify practices and trends to help institutional investors manage expenses.

ESG and Investors: What, Why, and Who | In this video, Mark Wood, CFA, of Callan's Global Manager Research group explains ESG investing principles and how asset managers can implement them.

Momentum: The Trend Is Your Friend | Callan's director of Hedge Fund Research, Jim McKee, explores the advantages of momentum-based investing strategies, which profit from market trends in whichever direction. He discusses the rationale behind them, how they are defined and harnessed for different diversification needs, and whether they are appropriate for fund sponsors.

Periodicals

Private Markets Trends, Fall 2016 | Gary Robertson, manager of Callan's Private Equity Research group, discusses the steady performance of private markets in 2016, with year-to-date figures tracking very close to 2015's levels.

DC Observer, 3rd Quarter 2016 | This quarter's cover story is "Merging DC Plans: Making the Transition Smooth."

Hedge Fund Monitor, 3rd Quarter 2016 | This quarter's cover story is "Musketeers or Mercenaries..." on the growing appeal of the multi-strategy hedge fund category.

Capital Market Review, 3rd Quarter 2016 | A quarterly macroeconomic newsletter providing thoughtful insights on the economy and recent performance in equity, fixed income, alternatives, international, real estate, and other capital markets.

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/>

Mark your calendars for our **National Conference**, January 23–25, 2017, at the Palace Hotel in San Francisco.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@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 sessions are:

Introduction to Investments

San Francisco, April 18-19, 2017

San Francisco, July 25-26, 2017

Chicago, October 24-25, 2017

This program 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

3,500 Total attendees of the “Callan College” since 1994

1980 Year the Callan 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
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
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
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Global Asset Management
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company

Manager Name
Cambiar Investors, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Channing Capital Management, LLC
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbia Threadneedle Investments
Columbus Circle Investors
Corbin Capital Partners, L.P.
Cornerstone Capital Management
Cramer Rosenthal McGlynn, LLC
Credit Suisse Asset Management
Crestline Investors, Inc.
D.E. Shaw Investment Management, L.L.C.
Delaware Investments
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Capital Management, Inc.
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 Wealth Management Division
First Quadrant L.P.
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
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Henderson Global Investors
Holland Capital Management
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
Ivy Investments
Janus Capital Management, LLC
Jennison Associates LLC
Jensen Investment Management
J.P. Morgan Asset Management
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Logan Capital Management
Logan Circle Partners, L.P.
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manning & Napier Advisors, LLC
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 Investment Management (fka 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
PGIM Fixed Income
Pictet Asset Management Ltd.
PineBridge Investments
Pinnacle Asset Management L.P.
Pioneer Investments
PNC Capital Advisors, LLC
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
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 Davis Companies
The Hartford
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Timberland Investment Resources, LLC
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Financial
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
Windham Capital Management, LLC



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 12/30/2016

Securities + Cash	23,506,363.86	Base Currency	USD	Net Assets	23,503,859
Rule Name		Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>					
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			23,506,363.86 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 (143658)	Maximum	5.00%	0.00 %	Pass
4	Investments in commodities are prohibited (143655)	Maximum	0.00%	0.00 %	Pass
5	Margin Securities are prohibited. (143651)	Maximum	0.00%	0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (143652)	Maximum	5.00%	0.04 %	Pass
7	The Fund may not enter into short sales. (143654)	Maximum	0.00%	0.00 %	Pass
8	The Fund may not hold any Options. (143657)	Maximum	0.00%	0.00 %	Pass
9	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659)	Maximum	5.00%	0.04 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	1.89 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	6.95 %	Pass
13	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass
<u>Issuer</u>					
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	2.19 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	8

A5XD SACRT - METWEST

Production Date: 12/30/2016

Securities + Cash	94,550,044.35	Base Currency	USD	Net Assets	86,371,047
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 (143666)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			94,550,044.35 Value	Pass
<u>Asset Type</u>					
3	A5XD: Flag all prohibited security types (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 lest 80% Baa or above (157604)	Minimum	80.00%	92.53 %	Pass
6	No Commercial Paper rated < A2/P2 at time of purchase (143662)	Maximum	0.00%	0.00 %	Pass
7	The Weighted Average Credit Rating of the Fund must be A or better (143663)	Minimum	20	22.95 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 (143650)	Maximum	0.00%	0.00 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5Z8 SACRT - ROBECO

Production Date: 12/30/2016

Securities + Cash	44,115,755.99	Base Currency	USD	Net Assets	44,110,858
Rule Name		Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>					
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_PREFERRED_Denominator (34662)			44,115,755.99 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 (143658)	Maximum	5.00%	2.12 %	Pass
4	Investments in commodities are prohibited (143655)	Maximum	0.00%	0.00 %	Pass
5	Margin Securities are prohibited. (143651)	Maximum	0.00%	0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (143652)	Maximum	5.00%	0.01 %	Pass
7	The Fund may not enter into short sales. (143654)	Maximum	0.00%	0.00 %	Pass
8	The Fund may not hold any Options. (143657)	Maximum	0.00%	0.00 %	Pass
9	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659)	Maximum	5.00%	0.01 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	3.49 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	11.82 %	Pass
13	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass
<u>Issuer</u>					
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	2.91 %	Pass



Account Compliance Summary

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT - ROBECO

Production Date: 12/30/2016

Securities + Cash	44,115,755.99	Base Currency	USD	Net Assets	44,110,858
Rule Name		Limit Type	Limit Value	Result	Result Status

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REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
32	03/22/17	Retirement	Action	03/07/17

Subject: Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2018 (AEA/AFSCME/MCEG). (Bonnell)

ISSUE

Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2018 (AEA/AFSCME/MCEG).

RECOMMENDED ACTION

Adopt Resolution No. 17-03_____, Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for the Salaried Employees' Retirement Plan for Fiscal Year 2018.

FISCAL IMPACT

Budgeted: FY18 Budget not yet approved

General Ledger #: 520002

Current FY 2017: \$6,896,899

Estimate FY 2018:

DISCUSSION

Cheiron, the Pension Plans' actuary, has developed the annual Actuarial Valuation for the Salaried Employees' Retirement Plan as of July 1, 2016 (Exhibit A).

The purpose of the actuarial valuation is to compute the annual actuarially determined contribution rate (ADC) required to fund the Plan according to actuarial principles and to present items required for disclosure under Statement No. 67 of the Governmental Accounting Standards Board (GASB).

At the Retirement Boards' February 1, 2017 special meeting, Cheiron presented the draft actuarial valuation study used to establish the ADC for Fiscal Year (FY) 2018. The proposed ADC for FY 18 is ____%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Approved:

Presented:

Final 03/14/17

VP, Administration

Director, Human Resources

J:\Retirement Board\2017\IP's\March 22, 2017\HB edits] Salaried Actuarial Valuation.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
32	03/22/17	Retirement	Action	03/07/17

Subject: Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2018 (AEA/AFSCME/MCEG). (Bonnel)

Staff Recommendation:

Staff recommends the Boards accept Cheiron's actuarial valuation study and instruct the Sacramento Regional Transit District to contribute to the Salaried Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for the Salaried Employees, effective July 1, 2017.

Approved:

Presented:

Final 03/14/17

VP, Administration

Director, Human Resources

J:\Retirement Board\2017\IP's\March 22, 2017\HB edits] Salaried Actuarial Valuation.docx

RESOLUTION NO. 17-03_____

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

March 22, 2017

ACCEPT ACTUARIAL VALUATION STUDY AND APPROVE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR SALARIED EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2018

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 accepts the Actuarial Valuation Study for the Salaried Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

THAT, the Retirement Board hereby authorizes contributions to be made to the Salaried Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for the Salaried Employees, effective July 1, 2017.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03-_____

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

March 22, 2017

ACCEPT ACTUARIAL VALUATION STUDY AND APPROVE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR SALARIED EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2018

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 accepts the Actuarial Valuation Study for the Salaried Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

THAT, the Retirement Board hereby authorizes contributions to be made to the Salaried Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for the Salaried Employees, effective July 1, 2017.

Charles Mallonee, Chair

A T T E S T:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03_____

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

March 22, 2017

ACCEPT ACTUARIAL VALUATION STUDY AND APPROVE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR SALARIED EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2018

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 accepts the Actuarial Valuation Study for the Salaried Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

THAT, the Retirement Board hereby authorizes contributions to be made to the Salaried Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for the Salaried Employees, effective July 1, 2017.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

Issue Paper #32

Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for Salaried Employees' Retirement Plan for Fiscal Year 2018 (AEA/AFSCME/MCEG). (Bonnell)

Exhibit A will be provided under a separate cover.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
33	03/22/17	Retirement	Information	03/07/17

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

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 December 31, 2016

Approved:

Presented:

Final 3/13/17

Director, Human Resources

Director, Human Resources

Pension Administration Staff Roles and Responsibilities

Plan Administration

Customer Relations:

Task	Primary Responsibility	Back Up Responsibility
Retirement Meetings	Director, Human Resources	Pension and Retirement Services Administrator (PRSA)
Research and address benefit discrepancies	Pension and Retirement Services Administrator (PRSA)	Pension Analyst
Disability Retirements	PRSA	Director, HR
Conduct Educational Sessions	PRSA	Pension Analyst
Respond to all Employee and Retiree inquiries	Pension Analyst	PRSA
Creation of Pension Estimates	Pension Analyst	PRSA
Processing Employee and Retiree Deaths	Pension Analyst	PRSA
Administration of Active and Term Vested (TV) Retirement Process, including: <ul style="list-style-type: none"> • Notifications • Lost Participant Process (TV) • Collection of all required documents • Legal/Compliance Review • Approval by General Manager 	Pension Analyst	PRSA
Converting Employees to Retirees in SAP	Pension Analyst	Sr. HR Analyst - HRIS
Lost participant process for returned checks/stubs	Pension Analyst	PRSA
48-Month Salary Calculations	Pension Analyst	Payroll Supervisor and PRSA
Distribution of employee required contributions (per contract or PEPRA): <ul style="list-style-type: none"> • Send notification • Collect documentation • Lost participant process • Apply interest • Process check 	Pension Analyst	PRSA
Conduct Lost Participant Searches	Pension Analyst	PRSA
Administer Retiree Medical	Pension Analyst	Sr. HR Analyst
Managing Stale Dated and Lost Check Replacement	Payroll Analyst and Senior Accountant	Payroll Supervisor
Copies of Retiree Pay Stubs and 1099R's	Payroll Analyst	Payroll Supervisor
Printing, Stuffing, and Mailing Pay Stubs	Payroll Analyst	Payroll Supervisor
Verification of Retiree Wages: gross pay, net wages, no pre-tax	Administrative Technician (HR) and Payroll Analyst	PRSA and/or Payroll Supervisor

deductions, taxes		
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Plan Documents:

Task	Primary Responsibility	Back Up Responsibility
Negotiation of Benefits, Provisions	Director, Labor Relations	To be determined
Incorporate Negotiated Benefits/Provisions into Plan Documents	Deputy Chief Counsel, RT	Chief Counsel, RT
Interpretation of Provisions	Pension and Retiree Services Administrator (PRSA) and Deputy Chief Counsel, RT	Chief Counsel, RT
Guidance to Staff regarding legal changes that affect Plans	Pension and Retiree Services Administrator (PRSA) and Deputy Chief Counsel, RT	Chief Counsel, RT

Vendor Administration:

Task	Primary Responsibility	Back Up Responsibility
Legal Services (Hanson Bridgett) Contract Procurement	PRSA and Sr. Accountant	Director, Human Resources and Director, Finance
Actuarial Services (Cheiron) Contract Procurement	PRSA and Sr. Accountant	Director, Human Resources and Director, Finance
Retirement Board Policy Development and Administration	PRSA and Senior Accountant Hanson Bridgett and Cheiron	Director, Human Resources or Director, Finance Hanson Bridgett and Cheiron

Retirement Board Administration:

Task	Primary Responsibility	Back Up Responsibility
Creation of Agenda/IPs	Staff Presenting Issue to Board	n/a
Creation and Distribution of Retirement Board Packages	PRSA	Director, Human Resources
Management of Retirement Board Meetings	Assistant Secretary to the Retirement Boards	PRSA
Training of Staff/Board Members	PRSA	Staff/Vendor SME
New Retirement Board Member Training	PRSA and/or Sr. Accountant	Staff/Vendor SME

Semi-Annual/Annual/Bi-Annual Administration:

Task	Primary Responsibility	Back Up Responsibility
Valuation Study	PRSA and Senior Accountant	Director, Finance and Director, Human Resources
Experience Study	PRSA and Senior Accountant	Director, Finance and Director, Human Resources
Fiduciary Liability Insurance	PSRA	Director, Human Resources
OPEB Valuation Study	PRSA and Senior Accountant	Director, Finance and Director, Human Resources
Responses to Public Records Act Requests	Director, Human Resources	PRSA
Statement of Investment Objectives and Policy Guidelines management	Sr. Accountant	Director, Finance

Contract Administration:

Task	Primary Responsibility	Back Up Responsibility
Adherence to contract provisions	PRSA and/or Sr. Accountant	Director, Human Resources or Director, Finance
Payment of Invoices	Sr. Accountant or Director, Human Resources	Director, Finance
Contract Management, including RFP process	PRSA and/or Sr. Accountant	Director, Human Resources or Director, Finance

Asset Management:

Task	Primary Responsibility	Back Up Responsibility
Asset Rebalancing	Sr. Accountant	Director, Finance
Account Reconciliations	Sr. Accountant	Director, Finance
Cash Transfers	Sr. Accountant	Director, Finance
Fund Accounting	Sr. Accountant	Director, Finance
Investment Management	Sr. Accountant	Director, Finance
Financial Statement Preparation	Sr. Accountant	Director, Finance
Annual Audit	Sr. Accountant	Director, Finance
State Controller's Office Reporting	Sr. Accountant	Director, Finance
U.S. Census Bureau Reporting	Sr. Accountant	Director, Finance
Work with Contractors (Investment advisors (Callan), Custodian (State Street), Fund Managers, Auditors, and Actuary (Cheiron))	Sr. Accountant	Director, Finance
Review Monthly Asset Rebalancing	Director, Finance	CFO

Attachment B

Pension administration costs charged to the Plans

Time Period: October 1, 2016 to December 31, 2016

Sum of Value TranCurr			
WBS Element	Source object name	Period	Total
SAXXXX.PENATU	Finance And Treasury / Adelman, Jamie	4	196.20
	Human Resources / Montung-Fuller, Mari	4	2,435.40
		5	2,678.94
		6	2,273.04
	Human Resources / Ung, Elaine	5	106.41
	Human Resources / Weekly, Valerie	4	3,230.80
		5	1,694.20
		6	1,379.00
	Legal / Sanchez, Olga	4	65.84
		5	65.83
		6	164.59
	SAXXXX.PENATU Total		
SAXXXX.PENIBEW	Finance And Treasury / Adelman, Jamie	4	196.20
	Human Resources / Montung-Fuller, Mari	4	1,055.34
		5	852.39
		6	527.67
	Human Resources / Weekly, Valerie	4	512.20
		5	788.00
		6	1,300.20
	Legal / Sanchez, Olga	4	32.92
		5	22.38
	SAXXXX.PENIBEW Total		
SAXXXX.PENSALA	Finance And Treasury / Adelman, Jamie	4	117.72
	Human Resources / Montung-Fuller, Mari	4	1,867.14
		5	1,380.06
		6	852.39
	Human Resources / Weekly, Valerie	4	1,418.40
		5	1,221.40
		6	1,063.80
	Legal / Sanchez, Olga	4	32.92
		5	65.83
		6	32.92
SAXXXX.PENSALA Total			8,052.58
SAXXXX.PENSION	Board Support / Brooks, Cynthia	4	286.95
	Finance And Treasury / Adelman, Jamie	4	1,746.18
		5	1,471.50
		6	902.52
	Finance And Treasury / Gardner, Leona	5	538.93
	Finance And Treasury / Mata, Jennifer	4	1,221.00
		5	840.05

SAXXXX.PENSION	Finance And Treasury / Mata, Jennifer	6	965.08
	Human Resources / Bonnel, Donna	4	2,951.40
		5	1,278.94
		6	1,967.60
	Human Resources / Humphrey, Isis	4	1,938.89
		5	1,891.60
		6	2,364.50
	Human Resources / Montung-Fuller, Mari	4	5,073.75
		5	5,926.14
		6	4,140.18
	Human Resources / Weekly, Valerie	4	3,506.60
		5	2,521.60
		6	1,339.60
	VP Administration / Bernegger, Brent	4	91.73
		5	61.16
		6	489.24
SAXXXX.PENSION Total			43,515.14
Grand Total			71,145.27



**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 December 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 Board Meeting, including review and markup of agenda materials and related Board Chair conference calls.
3. Support fund manager search.
4. Assist with analysis of potential under-and over-payments.
5. Review and edit tax notices and related distribution forms.
6. Prepare for and present AB 1234-compliant local government ethics training.
7. Provide counsel on issues including, but not limited to:
 - a. Retirement Board Bylaws and Boardmember transitions;
 - b. IRS compliance statement letter;
 - c. Indirect rollovers;
 - d. Small cash-out rules;
 - e. Pre-retirement survivor benefit provisions;
 - f. Class action notice;
 - g. Withholding for periodic and nonperiodic payments;
 - h. Pension garnishment rules.

Respectfully Submitted,

/s/ Shayna M. van Hoften

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
34	03/22/17	Retirement	Action	03/07/17

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

ISSUE

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

RECOMMENDED ACTION

Adopt Resolution No. 17-03-_____, Approving Contract Renewal with Federal Insurance Company (CHUBB) for Fiduciary Insurance for All Retirement Boards (ALL).

FISCAL IMPACT

Budgeted:	Yes	This FY:	:	
Budget Source:	Retirement Fund	Next FY:	:	TBD
Funding Source:	Retirement Fund	Annualized:	:	
Cost Cntr/GL Acct(s) or	210037	Total Amount:	:	
Capital Project #:	210038			
Total Budget:				

DISCUSSION

Each year, staff contacts the District's insurance broker, Alliant, to secure fiduciary liability insurance for the Boards.

The Boards' current policy, which expires May 6, 2017, provides a \$10 million limit, with a deductible of \$25,000, for an annual premium of \$_____. Sacramento Regional Transit District's insurance broker, Alliant, informed staff on _____ that CHUBB has agreed to renew coverage and write a policy for the next year with _____ changes from the current policy terms, including the coverage limit, deductible or premium.

The policy includes provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, and including personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage (\$25 each).

Staff seeks authorization to bind the policy, thereby providing continuous coverage for the Boards.

Approved:

Final 3/14/17

VP, Administration

Presented:

Director, Human Resources

J:\Retirement Board\2017\IP's\March 22, 2017\HB edits] IP and resos for(CHUBB) Fiduciary InsurancePolicy.DOCX

RESOLUTION NO. 17-03-_____

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

March 22, 2017

**APPROVING CONTRACT RENEWAL WITH FEDERAL INSURANCE COMPANY
(CHUBB) FOR FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional
Transit District Employees Who are Members of the AEA (Retirement Board) hereby
authorizes the General Manager/CEO of the Sacramento Regional Transit District to
execute an agreement with Federal Insurance Company (CHUBB) and take any other
steps necessary to secure fiduciary liability insurance coverage for the Boards through
May [TBD], 2018, with a \$10 million policy limit and deductible of \$25,000 at an annual
premium of \$_____.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03-_____

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

March 22, 2017

**APPROVING CONTRACT RENEWAL WITH FEDERAL INSURANCE COMPANY
(CHUBB) FOR FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the AFSCME (Retirement Board) hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute an agreement with Federal Insurance Company (CHUBB) and take any other steps necessary to secure fiduciary liability insurance coverage for the Boards through May, 2018, with a \$10 million policy limit and deductible of \$25,000 at an annual premium of \$_____.

Charles Mallonee, Chair

A T T E S T:

Rob Hoslett, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03-_____

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

March 22, 2017

**APPROVING CONTRACT RENEWAL WITH FEDERAL INSURANCE COMPANY
(CHUBB) FOR FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional
Transit District Employees Who are Members of the MCEG (Retirement Board) hereby
authorizes the General Manager/CEO of the Sacramento Regional Transit District to
execute an agreement with Federal Insurance Company (CHUBB) and take any other
steps necessary to secure fiduciary liability insurance coverage for the Boards through
May, 2018, with a \$10 million policy limit and deductible of \$25,000 at an annual
premium of \$_____.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03-_____

Adopted by the Retirement Board for the Retirement Plan for RT Employees
Who Are Members of IBEW, Local Union 1245 on this date:

March 22, 2017

**APPROVING CONTRACT RENEWAL WITH FEDERAL INSURANCE COMPANY
(CHUBB) FOR FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE
RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF THE IBEW,
LOCAL UNION 1245 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional
Transit District Employees Who are Members of the IBEW, Local Union 1245
(Retirement Board) hereby authorizes the General Manager/CEO of the Sacramento
Regional Transit District to execute an agreement with Federal Insurance Company
(CHUBB) and take any other steps necessary to secure fiduciary liability insurance
coverage for the Boards through May, 2018, with a \$10 million policy limit and
deductible of \$25,000 at an annual premium of \$_____.

Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Donna Bonnel, Assistant Secretary

RESOLUTION NO. 17-03-_____

Adopted by the Retirement Board for the Retirement Plan for RT Employees
Who Are Members of ATU, Local Union 256 on this date:

March 22, 2017

**APPROVING CONTRACT RENEWAL WITH FEDERAL INSURANCE COMPANY
(CHUBB) FOR FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE
RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF ATU, LOCAL
UNION 256 AS FOLLOWS:

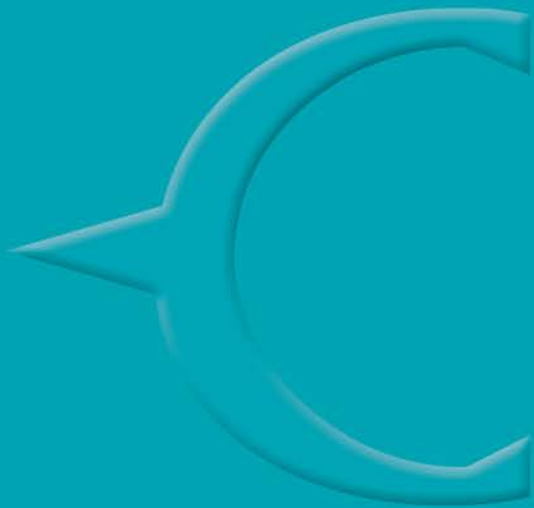
THAT, the Board of Directors of the Retirement Plan for Sacramento Regional
Transit District Employees Who are Members of the ATU, Local Union 256 (Retirement
Board) hereby authorizes the General Manager/CEO of the Sacramento Regional
Transit District to execute an agreement with Federal Insurance Company (CHUBB)
and take any other steps necessary to secure fiduciary liability insurance coverage for
the Boards through May, 2017, with a \$10 million policy limit and deductible of
\$25,000 at an annual premium of \$_____.

Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Donna Bonnel, Assistant Secretary



Retirement Plan for Sacramento Regional Transit District Salaried Employees

**Actuarial Valuation Report
as of July 1, 2016**

Produced by Cheiron

March 2017

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March 17, 2017

Retirement Boards of
Sacramento Regional Transit District
2830 G Street
Sacramento, CA 95816

Dear Members of the Boards:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Salaried Employees of the Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2016. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Boards and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This report was prepared solely for the Retirement Boards for the purposes described herein, and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such party.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

A handwritten signature in blue ink, appearing to read "D. Holland".

David Holland, FSA, FCA, EA, MAAA
Consulting Actuary

A handwritten signature in blue ink, appearing to read "Graham Schmidt".

Graham A. Schmidt, ASA, FCA, EA, MAAA
Consulting Actuary

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees as of July 1, 2016. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- The **Main Body** of the report presents details on the Plan's
 - Section II - Assets
 - Section III - Liabilities
 - Section IV - Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- Employer contribution rates for Plan Year 2017-2018.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2016 provided to the Boards in September 2016.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) an examination of the historical trends, and (D) the projected financial outlook for the Plan.

A. Valuation Basis

This valuation determines the employer contributions for the plan year.

The Plan's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There was one change in plan provisions relating to the actuarial adjustment factors for the Pre-Retirement Death Benefit.

A summary of the assumptions and methods used in the current valuation are shown in Appendix B. There have been no changes in assumptions or methods since the prior valuation.

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2016 actuarial valuation are as follows:

- The actuarially determined employer contribution rate increased from 31.48% of payroll last year to 32.52% of payroll for the current valuation, reflecting an adjustment for the second year of the three-year phase-in of the impact of changes to the economic and demographic assumptions from the experience study completed last year. Without the phase-in, the employer contribution rate would have increased to 32.78% of payroll.

The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 64.3% last year to 65.0% as of July 1, 2016. The unfunded liability increased as a dollar amount, but the relative size of the unfunded liability compared to the total liability declined. As a point of comparison, a funding ratio of 51.7% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This is sometimes referred to as the Inactive Funded Ratio.

- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced an increase in the UAL from \$40,950,602 to \$43,011,087 as of July 1, 2016. This increase in UAL was primarily due to a lower than expected rate of return on the Actuarial Value of Assets and a demographic experience loss.
- During the year ended June 30, 2016, the return on Plan assets was -0.53% on a market value basis net of investment expenses, as compared to the 7.50% assumption. This resulted in a market value loss on investments of \$6,033,926. The Actuarial Value of Assets recognizes 20% of the difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.27% on the smoothed value of assets, an actuarial asset loss of \$917,324.
- The Actuarial Value of Assets is currently 105.8% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$4.4 million) that will be reflected in the smoothed value in future years.
- The Plan experienced a loss on the Actuarial Liability of \$1,775,915. Combining the liability loss and the asset loss, the Plan experienced a total loss of \$2,693,240.
- This Plan experienced a decrease in the liabilities of \$17,055 due to administrative plan changes modifying the calculation of the Pre-Retirement Death benefit.
- There were 10 new hires and rehires since July 1, 2015 and the total active population decreased by six. Total projected payroll increased 1.27% from \$23,653,330 to \$23,952,817 for 2016-2017.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year. We have also presented the employer contribution rate both before and after the phase in of the effect of assumption changes adopted as of July 1, 2015 (except for the change in administrative expenses, which was fully recognized in the prior valuation).

Table I-1 Summary of Preliminary Principal Plan Results			
Valuation Date	July 1, 2015	July 1, 2016	% Change
<u>Participant Counts</u>			
Active Participants	250	244	-2.40%
Participants Receiving a Benefit	234	250	6.84%
Terminated Vested Participants	52	47	-9.62%
Transferred Participants	77	73	-5.19%
Total	613	614	0.16%
Annual Pay of Active Members	\$ 23,653,330	\$ 23,952,817	1.27%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 114,862,997	\$ 122,730,230	6.85%
Actuarial Value of Assets (AVA)	73,912,395	79,718,423	7.86%
Unfunded Actuarial Liability (UAL)	\$ 40,950,602	\$ 43,011,807	5.03%
Funded Ratio (AVA)	64.3%	65.0%	0.94%
Market Value of Assets (MVA)	\$ 74,596,300	\$ 75,337,019	0.99%
Funded Ratio (MVA)	64.9%	61.4%	-5.48%
Inactive Funded Ratio	51.0%	51.7%	1.25%
<u>Contributions</u>			
Employer Contribution (Beginning of Year)	\$ 7,190,288	\$ 7,460,170	3.75%
Employer Contribution Payable Monthly	\$ 7,455,049	\$ 7,734,869	3.75%
Employer Contribution as a Percentage of Payroll (before phase in)	31.99%	32.78%	0.79%
Employer Contribution as a Percentage of Payroll (after phase in)	31.48%	32.54%	1.06%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

C. Changes in Plan Cost

Table I-2 summarizes the impact of actuarial experience and changes in benefits on Plan cost prior to the reduction for phasing in the assumption changes over three years.

Table I-2 Employer Contribution Reconciliation - No Phase In				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2017 Employer Contribution Rate	31.99%	16.41%	14.40%	1.18%
Change due to asset losses	0.33%	0.00%	0.33%	0.00%
Change due to demographic losses	0.19%	-0.42%	0.61%	0.00%
Change due to amortization payroll	0.31%	0.00%	0.29%	0.02%
Change due to contribution surplus	-0.05%	0.00%	-0.05%	0.00%
Change due to plan changes	<u>0.01%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.00%</u>
FYE 2018 Employer Contribution Rate	32.78%	16.00%	15.58%	1.20%

An analysis of the cost changes from the prior valuation reveals the following:

- Asset experience produced an investment loss on an actuarial basis.

The actuarial return on assets was 6.27%, lower than the assumed rate of 7.50%. This resulted in an increase in the contribution rate by 0.33% of payroll.

The Market Value of Assets is lower than the actuarial value; there are approximately \$4.4 million in deferred asset losses.

- Demographic experience resulted in an increase in cost.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was somewhat different than predicted by the actuarial assumptions in aggregate, causing an actuarial loss which increased the contribution rate by 0.61% of payroll. In particular, there were losses caused by lower mortality rates than expected among retirees, and larger salary increases than expected for returning members.

This was offset by the fact that the employer portion of the normal cost for the new hires under the PEPRA benefit formula is lower than the normal cost for the non-PEPRA membership, which contributed to an overall decrease in the employer normal cost rate of 0.42% of payroll.

The net impact on the contribution rate from changes in demographics was an increase of 0.19% of payroll.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

- Overall payroll growth was less than expected.

Slower than expected growth in the projected payroll increased the contribution rate by 0.31% of pay, since it results in the Plan’s Unfunded Actuarial Liability and administrative expenses being spread over a smaller payroll base.

- Contributions exceeded expectations.

Actual contributions slightly exceeded expected employer and member contributions, which resulted in a decrease in the contribution rate by 0.05%.

- Plan changes had almost no impact on cost.

Updates to the administration and calculation of the active death benefit resulted in only a 0.01% of pay decrease in the contribution rate.

The total impact on employer Plan cost is an increase of 0.79% of pay, prior to the phase-in.

Table I-3 summarizes the impact on Plan cost of phasing in the 2015 assumption changes over three years.

Table I-3 Employer Contribution Reconciliation - Projected Phase In				
Item	Full Contribution	Phased Contribution	Interest	Total
FYE 2018 Employer Contribution Rate	32.78%	32.50%	0.02%	32.52%
FYE 2019 Employer Contribution Rate	36.27%	36.27%	0.00%	36.27%
FYE 2020 Employer Contribution Rate	34.91%	34.93%	0.00%	34.93%

The net impact on the FYE 2017 contribution rate due to assumption changes adopted by the Boards, excluding the expense assumption, was an increase of 0.83%. Last year, the Boards chose to phase in this increase over three years, or 0.28% annually. This results in a FYE 2018 Net Employer Contribution Rate of 32.52%, based on an original rate of 32.78% minus the 0.28% phase-in, and then adjusted for interest on the contribution shortfall of 0.02% of pay.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

Table I-4 on the following page shows the ratio of assets to active member payroll for the Plan.

Table I-4 Asset to Payroll Ratio as of June 30, 2016	
Active Member Payroll	23,952,817
Assets (Market Value)	75,337,019
Ratio of Assets to Payroll	3.15
Ratio with 100% Funding	5.12

One of the most important measures of a plan’s risk is the ratio of plan assets to payroll. The table above shows the Plan’s assets as a percentage of active member payroll. This ratio indicates the sensitivity of the plan to the returns earned on plan assets. We note in the table that plan assets currently are over three times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to over five times payroll, perhaps higher depending on the Plan’s future demographic makeup. Although, both of these ratios are lower than those of many other public plans, the increase in the asset to payroll ratio expected to accompany an improvement in the Plan’s funding still represents a substantial increase in the volatility of the contributions.

To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the assets are so small.

On the other hand, consider the situation for the Plan. Suppose the Plan’s assets lose 10% of their value in a year. Since they were assumed to earn 7.50%, there is an actuarial loss of 17.50% of plan assets. Based on the current ratio of asset to payroll (315%), that means the loss in assets is about 55% of active payroll (315% of the 17.50% loss). There is only one source of funding to make up for this loss: contributions. Consequently, barring future offsetting investment gains, the employer has to make up the asset loss in future contributions. In this example of a one-year loss of 10%, this shortfall would eventually require an additional amortization payment near 4.8% of payroll, amortized over 16 years.

Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of asset to payroll at 100% funding (512%), the asset loss would be about 90% of active payroll (512% of the 17.50% loss). In this example, the shortfall could require an additional amortization payment of approximately 7.8% of payroll, amortized over 16 years.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

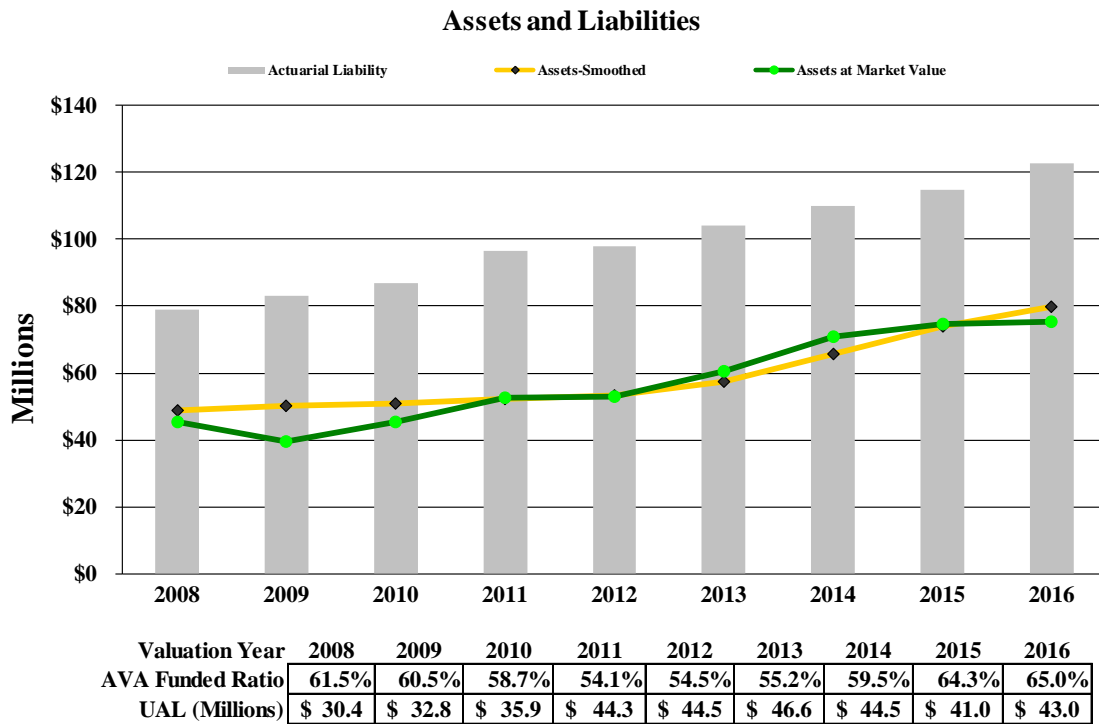
SECTION I – EXECUTIVE SUMMARY

D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown in the chart below the graph is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio decreased from 61.5% in 2008 to 54.1% in 2011, and has increased since to 65.0% as of July 1, 2016, primarily as a result of the recovery in the investment markets.

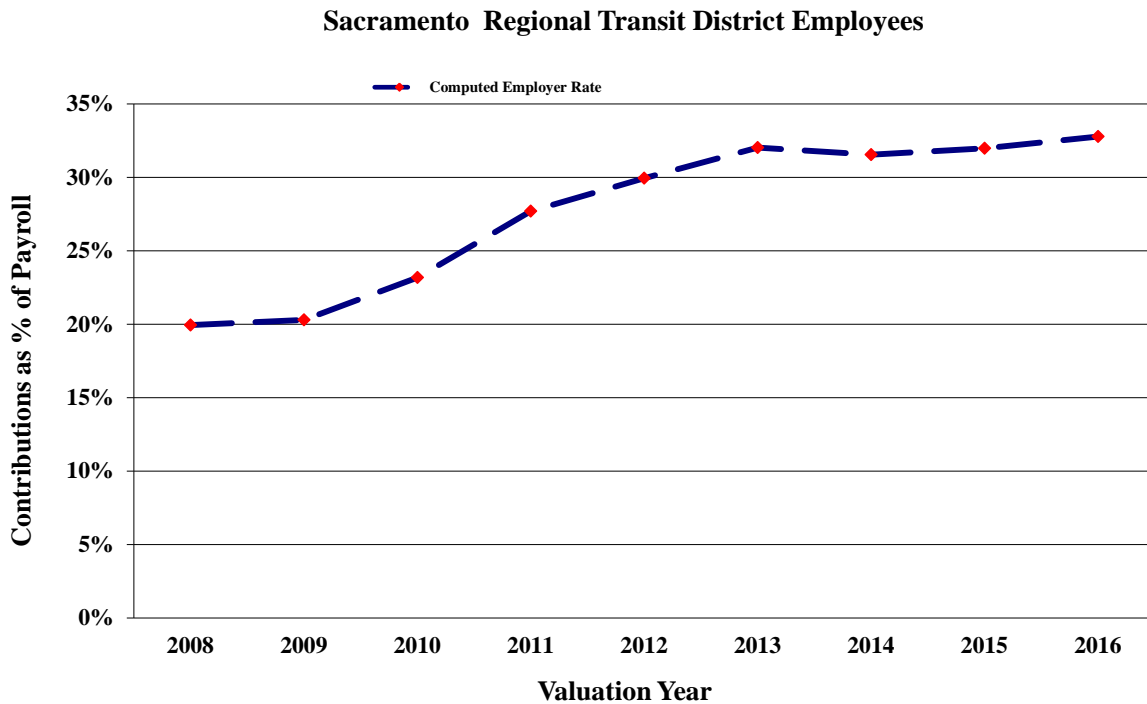


RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016

SECTION I – EXECUTIVE SUMMARY

Contribution Trends

In the chart, we present the historical trends for the Plan’s actuarially determined contribution rates (excluding the impact of any phase-in of assumption changes.) Contribution rates increased from 2008 through 2013 as losses from the 2009 Fiscal Year were recognized and assumptions were changed. Contribution rates have remained relatively stable since 2013.

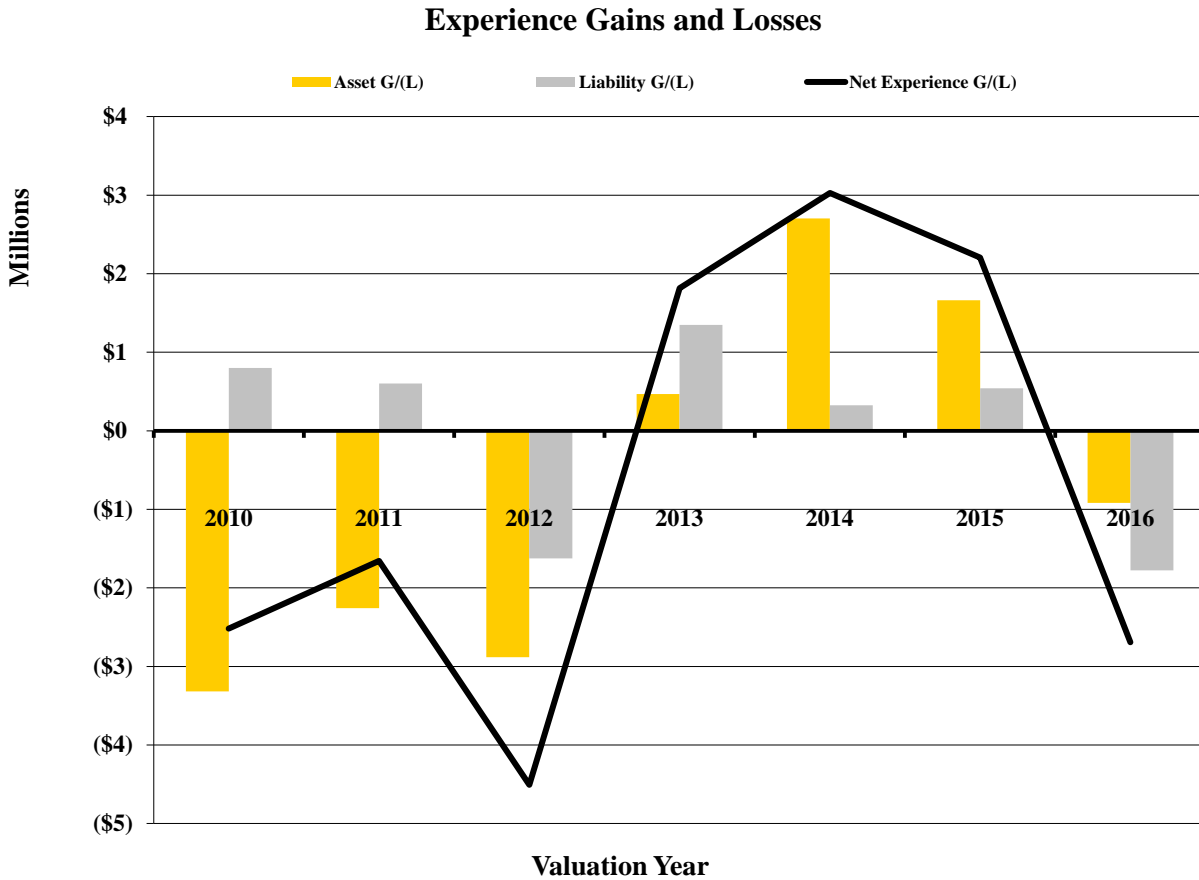


**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION I – EXECUTIVE SUMMARY

Gains and Losses

The following chart presents the pattern of annual gains and losses for the overall Plan, broken into the investment and liability components. The investment gains and losses represent the changes on a smoothed basis (i.e., based on the Actuarial Value of Assets). The chart does not include any changes in the Plan’s assets and liabilities attributable to changes to actuarial methods, assumptions or plan benefit changes.



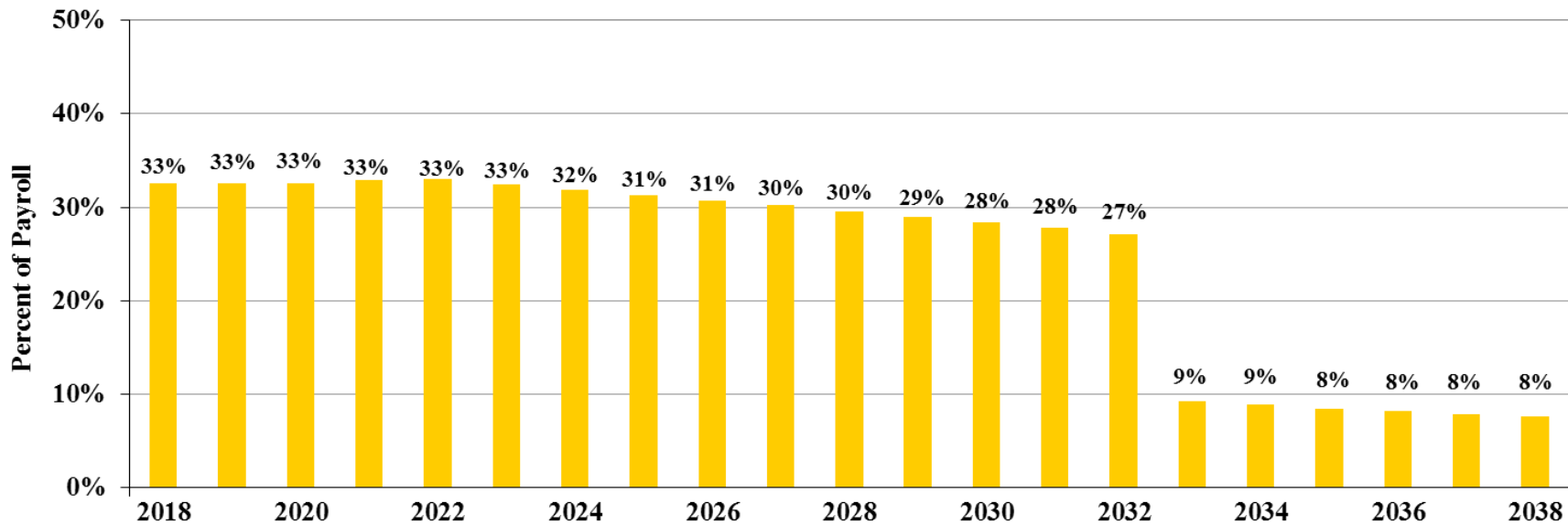
RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016

SECTION I – EXECUTIVE SUMMARY

E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this Section, we present our assessment of the implications of the July 1, 2016 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the 7.50% assumption each year, which is clearly an impossibility. We have also assumed future salary increases of 3.15% per year.

Projection of Employer Contributions 7.50% return each year



The contribution rate graph shows that the District’s contributions are expected to remain relatively flat over the next few years. Costs are expected to increase slightly as the deferred asset losses are recognized, but these increases will be offset by a decline in the employer-paid portion of the normal cost as the PEPRA membership increases. The employer contribution rate is expected to decline substantially in FYE 2032 once the current unfunded liability is fully amortized. The dollar actuarial cost will be approximately \$8.0

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

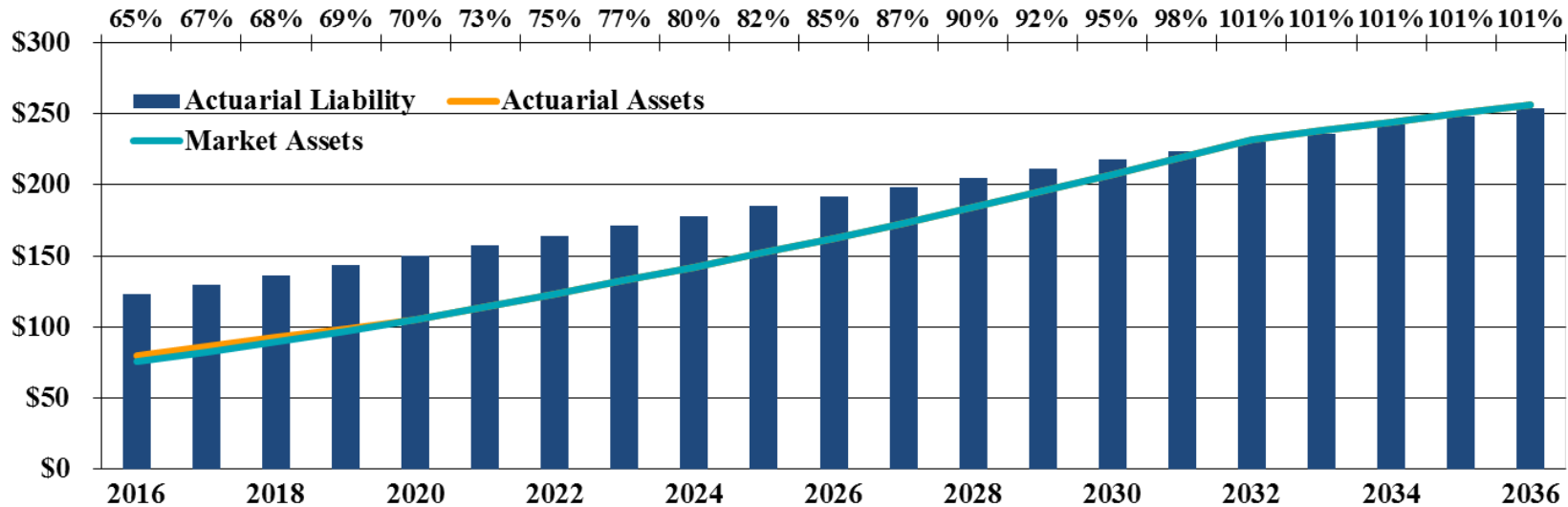
SECTION I – EXECUTIVE SUMMARY

million in 2017-2018, growing as pay increases to around \$10.3 million in 2031-32, then dropping significantly the following years when the unfunded liability amortization payment disappears, at which point the cost will approach the level of the employer’s share of the normal cost and administrative expenses.

Note that the graph on the prior page does not forecast any actuarial gains or losses or changes to the assumptions or funding policy. Even relatively modest losses relative to the 7.50% assumed return could push the employer contribution rate up to 35% of pay or higher over the next few years.

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.50% assumption each year during the projection period. The graph shows that the funded status is expected increase over the next 16 years as the current unfunded liability is fully amortized, assuming the actuarial assumption is achieved. However, as above, it is the actual return on Plan assets that will determine the future funding status and contribution rate to the Plan.

Projection of Assets and Liabilities 7.50% return each year



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION II – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2015 and June 30, 2016
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets which reflect smoothing of annual investment returns.

Table II-1 discloses and compares each components of the market asset value as of June 30, 2015 and June 30, 2016.

Table II-1 Statement of Assets at Market Value June 30,			
Investments		2015	2016
Cash and Cash Equivalents	\$	1,209,251	\$ 2,004,465
Equity Securities		49,875,031	49,118,441
Fixed Income Securities		<u>26,496,478</u>	<u>26,721,665</u>
Total Investments	\$	77,580,760	\$ 77,844,571
Receivables:			
Securities Sold	\$	197,273	\$ 1,054,136
Interest and Dividends		68,825	114,090
Other Receivable		<u>165,256</u>	<u>164,130</u>
Total Receivables	\$	431,354	\$ 1,332,356
Payables			
Accounts Payable	\$	(76,321)	\$ (119,496)
Benefits Payable		0	0
Other Payable		<u>(3,339,493)</u>	<u>(3,720,412)</u>
Total Payables	\$	(3,415,814)	\$ (3,839,908)
Market Value of Assets	\$	74,596,300	\$ 75,337,019

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION II – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table II-2 shows the components of a change in the Market Value of Assets during 2015 and 2016.

Table II-2		
Changes in Market Values		
	<u>2015</u>	<u>2016</u>
Contributions		
Employer's Contribution	\$ 7,335,308	\$ 7,576,866
Members' Contributions	261	21,014
Total Contributions	\$ <u>7,335,569</u>	\$ <u>7,597,880</u>
Investment Income		
Interest & Dividends	\$ 925,197	\$ 1,097,799
Realized & Unrealized Gain/(Loss)	1,523,789	(1,169,412)
Other Investment Income	0	0
Investment Expenses	<u>(316,850)</u>	<u>(324,943)</u>
Total Investment Income	\$ <u>2,132,136</u>	\$ <u>(396,556)</u>
Disbursements		
Benefit Payments	\$ (5,502,144)	\$ (6,190,981)
Expenses	(194,209)	(269,624)
Transfer from (to) Union Plan	<u>0</u>	<u>0</u>
Total Disbursements	\$ <u>(5,696,353)</u>	\$ <u>(6,460,605)</u>
Net increase (Decrease)	\$ 3,771,352	\$ 740,719
Net Assets Held in Trust for Benefits:		
Beginning of Year	\$ <u>70,824,948</u>	\$ <u>74,596,300</u>
End of Year	\$ <u><u>74,596,300</u></u>	\$ <u><u>75,337,019</u></u>
Approximate Return	2.98%	-0.53%
Administrative Expenses as a Percentage of Mean Assets	0.26%	0.36%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION II – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return.

**Table II-3
Development of Actuarial Value of Assets
as of July 1, 2016**

	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2011-2012	4,579,907	(5,099,160)	4,056,412	887,093	(3,169,319)	0%	0
2012-2013	5,799,546	(5,447,437)	4,118,726	7,261,699	3,142,973	20%	628,595
2013-2014	6,610,761	(5,666,601)	4,731,780	9,297,644	4,565,864	40%	1,826,346
2014-2015	7,335,569	(5,696,353)	5,480,809	2,132,136	(3,348,673)	60%	(2,009,204)
2015-2016	7,597,880	(6,460,605)	5,637,370	(396,556)	(6,033,926)	80%	<u>(4,827,141)</u>
1. Total Unrecognized Dollars							(4,381,404)
2. Market Value of Assets as of June 30, 2016							75,337,019
3. Actuarial Value of Assets as of June 30, 2016: [(2) - (1)]							79,718,423
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							105.82%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION II – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a Market Value and an Actuarial Value basis. The Market Value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation's long-term 7.50% assumption.

Table II-4 Asset Gain/(Loss)		
	Market Value	Actuarial Value
July 1, 2015 value	\$ 74,596,300	\$ 73,912,395
Employer Contributions	7,576,866	7,576,866
Employee Contributions	21,014	21,014
Benefit Payments and Expenses	(6,460,605)	(6,460,605)
Expected Investment Earnings (7.50%)	<u>5,637,370</u>	<u>5,586,077</u>
Expected Value June 30, 2016	\$ 81,370,945	\$ 80,635,747
Investment Gain / (Loss)	<u>(6,033,926)</u>	<u>(917,324)</u>
July 1, 2016 value	\$ 75,337,019	\$ 79,718,423
Return	-0.53%	6.27%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2015 and July 1, 2016
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the Normal Cost rate is equal to the total Projected Value of Benefits at Entry Age, divided by Present Value of Future Salary at Entry Age. The dollar amount of the Normal Cost equal to the Normal Cost rate multiplied by each member’s projected pay. The Actuarial Liability is the portion of the Present Value of Future Benefits not covered by future expected Normal Costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table III-1 discloses each of these liabilities for the current and prior valuations.

Table III-1			
Liabilities/Net (Surplus)/Unfunded			
	July 1, 2015		July 1, 2016
<u>Present Value of Future Benefits</u>			
Active Participant Benefits	\$	87,814,071	\$ 90,120,760
Retiree and Inactive Benefits		<u>58,633,122</u>	<u>63,432,219</u>
Present Value of Future Benefits (PVB)	\$	146,447,193	\$ 153,552,979
<u>Actuarial Liability</u>			
Present Value of Future Benefits (PVB)	\$	146,447,193	\$ 153,552,979
Present Value of Future Normal Costs (PVFNC)		<u>31,584,196</u>	<u>30,822,749</u>
Actuarial Liability (AL = PVB – PVFNC)	\$	114,862,997	\$ 122,730,230
Actuarial Value of Assets (AVA)		<u>73,912,395</u>	<u>79,718,423</u>
Net (Surplus)/Unfunded (AL – AVA)	\$	40,950,602	\$ 43,011,807

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION III – LIABILITIES

Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

Table III-2 Changes in Actuarial Liability		
Actuarial Liability at July 1, 2015	\$	114,862,997
Actuarial Liability at July 1, 2016	\$	122,730,230
Liability Increase (Decrease)		7,867,233
Change due to:		
Actuarial Methods / Software Changes	\$	0
Plan Changes		(17,055)
Accrual of Benefits		3,777,689
Actual Benefit Payments		(6,190,981)
Interest		8,521,665
Actuarial (Gain)/Loss		1,775,915

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION III – LIABILITIES

**Table III-3
Development of Actuarial Gain / (Loss)**

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	40,950,602
2. Employer Normal Cost at Middle of Year		3,777,689
3. Interest on 1. and 2. to End of Year		3,210,397
4. Contributions, Admin Expenses and Transfers in Prior Year		7,328,256
5. Interest on 4. to End of Year		274,810
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		0
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		(17,055)
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	40,318,567
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		43,011,807
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(2,693,240)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

The normal cost rate is determined with the normal cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by Present Value of Future Salary at Entry Age. Normal cost contributions are assumed to be made throughout the year, or on average mid-year.

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a 16-year amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2016, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year.

Beginning with the June 30, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

Members hired on or after January 1, 2015 will contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the contribution rate for PEPRA members was 3.75% of payroll (1/2 of 7.64%, rounded to the nearest quarter). However, the normal cost rate for the PEPRA members as of the July 1, 2016 valuation is 10.27%, therefore we expect the rate to change for the following fiscal year to 5.25% (1/2 of 10.27%, rounded to the nearest quarter).

The tables on the following pages present the employer contributions for the Plan for the current and prior valuations.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION IV – CONTRIBUTIONS

Table IV-1 Development of Employer Contribution Amount		
	July 1, 2015	July 1, 2016
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 161,656	\$ 164,386
b. Retirement	3,413,401	3,390,759
c. Disability	94,224	95,422
d. Death	107,893	104,454
e. Refunds	516	2,402
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 3,777,690	\$ 3,757,423
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ (213,193)	\$ (262,696)
b. Retirement	53,968,426	57,041,551
c. Disability	1,164,422	1,214,085
d. Death	1,310,220	1,304,823
e. Refunds	-	248
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 56,229,875	\$ 59,298,011
<u>Inactive Members</u>		
g. Termination	\$ 3,199,006	\$ 2,899,718
h. Retirement	51,892,351	56,226,086
i. Disability	1,172,355	1,149,877
j. Death	2,369,410	3,156,538
k. Total Inactive Liability: (g) + (h) + (i) + (j)	\$ 58,633,122	\$ 63,432,219
l. Total Entry Age Actuarial Liability: (2f) + (2k)	\$ 114,862,997	\$ 122,730,230
3. Actuarial Value of Assets	\$ 73,912,395	\$ 79,718,423
4. Unfunded Actuarial Liability: (2l) - (3)	\$ 40,950,602	\$ 43,011,807
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (17/16 Years Remaining)	\$ 3,405,444	\$ 3,731,398
6. Expected Administrative Expenses	\$ 279,535	\$ 288,340
7. Expected Member Contributions	\$ (7,620)	\$ (42,292)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 7,455,049	\$ 7,734,869
9. Covered Payroll (Normal Cost)	\$ 22,979,389	\$ 23,229,731
10. Covered Payroll (UAL Amort and Expenses)	\$ 23,653,330	\$ 23,952,817
11. Employer Contribution as a Percent of Covered Payroll: [(1) + (7)] / (9) + [(5) + (6)] / (10)	31.99%	32.78%
12. Employer Net Phased-in Contribution as a Percent of Covered Payroll	31.48%	32.54% *

* The District will begin paying this percentage of payroll July 1, 2017.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION IV – CONTRIBUTIONS

Table IV-2 Allocation of Liabilities, Assets, and Cost among Groups						
	AEA	AFSCME	MCEG	AFST	PEPRA	Total
Actuarial Liability						
Active	6,978,040	19,627,114	26,098,746	6,551,168	42,944	59,298,012
Inactive	<u>34,662,955</u>	<u>8,218,176</u>	<u>20,065,675</u>	<u>485,413</u>	<u>0</u>	<u>63,432,219</u>
Total Actuarial Liability	41,640,995	27,845,290	46,164,421	7,036,581	42,944	122,730,231
Market Value of Assets						75,337,019
Actuarial Value of Assets						79,718,423
Unfunded Actuarial Liability (UAL)						43,011,808
UAL Amortization (Middle of Year)	474,903	1,348,948	1,316,661	458,726	132,161	3,731,398
Total Normal Cost (Middle of Year)	468,578	1,475,704	1,261,507	468,939	82,696	3,757,423
Expected Employee Contributions	0	0	0	0	(42,292)	(42,292)
Administrative Expense	<u>36,698</u>	<u>104,239</u>	<u>101,744</u>	<u>35,448</u>	<u>10,213</u>	<u>288,340</u>
Employer Contribution Payable Monthly	980,178	2,928,890	2,679,911	963,112	182,777	7,734,869
Covered Payroll (Normal Cost)	2,968,173	8,430,007	8,258,083	2,767,913	805,555	23,229,731
Covered Payroll (UAL Amort and Admin)	3,048,524	8,659,249	8,451,990	2,944,681	848,373	23,952,817
Total Normal Cost as a % of Payroll	15.79%	17.51%	15.28%	16.94%	10.27%	16.18%
Employee Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(5.25%)</u>	<u>(0.18%)</u>
Employer Normal Cost as a % of Payroll	15.79%	17.51%	15.28%	16.94%	5.02%	16.00%
UAL Amortization Rate	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%
Administrative Expense Rate	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>
Total Contribution as a % of Payroll	32.57%	34.29%	32.06%	33.72%	21.80%	32.78%
Total Phased-in Contribution as a % of Payroll	32.34%	34.04%	31.83%	33.48%	21.64%	32.54%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

SECTION IV – CONTRIBUTIONS

Table IV-3			
Salaried PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	\$ 3,674,727	\$ 82,696	\$ 3,757,423
2. Covered Payroll (Normal Cost)	\$ 22,424,176	\$ 805,555	\$ 23,229,731
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.39%	10.27%	16.18%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.25%)	(0.18%)
5. Entry Age Actuarial Liability	\$ 122,687,286	\$ 42,944	\$ 122,730,230
6. Actuarial Value of Assets			\$ 79,718,423
7. Unfunded Actuarial Liability: (5) - (6)			\$ 43,011,807
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (16 Years Remaining)	\$ 3,599,237	\$ 132,161	\$ 3,731,398
9. Expected Administrative Expenses	\$ 278,127	\$ 10,213	\$ 288,340
10. Expected Employee Contributions	\$ 0	\$ (42,292)	\$ (42,292)
11. Employer Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,552,092	\$ 182,777	\$ 7,734,869
12. Covered Payroll (UAL Amort and Expenses)	\$ 23,104,444	\$ 848,373	\$ 23,952,817
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	33.17%	21.80%	32.78%
14. Total Phased-in Contribution as a Percent of Covered Payroll	32.93%	21.64%	32.54% *

* The District will begin paying this percentage of payroll July 1, 2017.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2016.

Active Participants	July 1, 2015	July 1, 2016
Number	250	244
Number Vested	218	209
Average Age	49.9	50.2
Average Service	13.4	13.8
Average Pay	\$90,375	\$93,864
Retired		
Number	214	229
Average Age	66.7	67.0
Average Annual Benefit	\$23,796	\$24,290
Beneficiaries		
Number	14	15
Average Age	69.1	71.5
Average Annual Benefit	\$18,546	\$22,656
Disabled		
Number	6	6
Average Age	67.1	68.1
Average Annual Benefit	\$26,330	\$26,330
Term Vested		
Number	52	47
Average Age	49.1	47.8
Average Annual Benefit	\$7,776	\$8,351
Transferred		
Number	77	73
Average Age	49.4	49.5
Average Annual Benefit	\$15,406	\$15,567

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator on electronic media.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AEA							
	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	37	57	38	5	152	8	297
New Entrants	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	0	0	(7)	0	7	0	0
Vested Terminations	(3)	(1)	3	0	0	0	(1)
Died, With Beneficiary, QDRO	0	0	0	0	(1)	1	0
Transfers	0	0	0	0	0	0	0
Died, No Beneficiary, & Other Terminations	0	0	0	0	(2)	0	(2)
Transfer Retirement	0	(5)	0	0	1	0	(4)
Beneficiary Deaths	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Data Corrections	0	0	(2)	0	0	0	(2)
July 1, 2016	34	51	32	5	157	9	288

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFSC							
	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	84	8	2	1	24	1	120
New Entrants	2	0	0	0	0	0	2
Rehires	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	(2)	0	0	0	2	0	0
Vested Terminations	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0
Transfers	0	1	0	0	0	0	1
Died, No Beneficiary, & Other Terminations	0	0	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0
July 1, 2016	83	9	2	1	26	0	121

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFST							
	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	46	3	3	0	1	0	53
New Entrants	4	0	0	0	0	0	4
Rehires	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	(1)	0	0	0	1	0	0
Vested Terminations	(1)	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0
Transfers	3	0	0	0	0	0	3
Died, No Beneficiary, & Other Terminations	0	0	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	(2)	0	0	0	0	0	(2)
Data Corrections	0	0	0	0	0	0	0
July 1, 2016	49	3	4	0	2	0	58

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: MCEG							
	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	83	9	9	0	37	5	143
New Entrants	3	0	0	0	0	0	3
Rehires	1	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	(7)	0	(1)	0	8	0	0
Vested Terminations	(2)	0	2	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	(1)	1	0
Transfers	1	1	0	0	0	0	2
Died, No Beneficiary, & Other Terminations	0	0	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0
July 1, 2016	78	10	9	0	44	6	147

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: All Non-Contract							
	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	250	77	52	6	214	14	613
New Entrants	9	0	0	0	0	0	9
Rehires	1	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	(10)	0	(8)	0	18	0	0
Vested Terminations	(6)	(1)	6	0	0	0	(1)
Died, With Beneficiary, QDRO	0	0	0	0	(2)	2	0
Transfers	4	2	0	0	0	0	6
Died, No Beneficiary, & Other Terminations	0	0	0	0	(2)	0	(2)
Transfer Retirement	0	(5)	0	0	1	0	(4)
Beneficiary Deaths	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	(4)	0	0	0	0	0	(4)
Data Corrections	0	0	(2)	0	0	0	(2)
July 1, 2016	244	73	47	6	229	15	614

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Non-Union Active Participants As of July 1, 2016														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	1	1	0	0	0	1	0	0	0	0	0	0	0	3
30 to 34	0	1	3	4	1	4	3	0	0	0	0	0	0	16
35 to 39	1	1	1	2	0	5	10	3	0	0	0	0	0	23
40 to 44	2	1	0	0	2	5	13	6	0	0	0	0	0	29
45 to 49	2	1	1	1	2	6	12	16	6	0	0	0	0	47
50 to 54	1	0	3	0	0	6	10	10	5	4	0	0	0	39
55 to 59	0	0	0	1	1	2	15	15	2	6	1	1	1	44
60 to 64	0	1	0	0	0	2	7	12	4	5	2	2	2	35
65 to 69	0	0	0	0	0	3	2	2	0	1	0	0	0	8
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	6	8	8	6	34	72	64	17	16	3	3	3	244

Average Age = 50.2

Average Service = 13.8

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of Non-Union Active Participants As of July 1, 2016													
Age	Service												Total
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	66,181	49,941	0	0	0	45,690	0	0	0	0	0	0	53,937
30 to 34	0	84,599	71,531	54,039	68,817	56,274	79,448	0	0	0	0	0	65,475
35 to 39	88,728	99,740	94,547	69,655	0	73,627	80,672	57,126	0	0	0	0	76,894
40 to 44	49,867	96,600	0	0	72,981	76,735	108,699	100,820	0	0	0	0	94,620
45 to 49	62,876	91,132	112,967	54,176	65,438	75,358	107,956	115,272	100,010	0	0	0	100,147
50 to 54	186,744	0	86,226	0	0	93,886	89,933	108,510	112,612	101,070	0	0	101,551
55 to 59	0	0	0	70,530	79,088	105,153	88,345	96,191	92,673	115,962	99,469	97,974	95,603
60 to 64	0	89,286	0	0	0	81,288	92,306	94,554	103,433	122,339	129,629	219,956	107,350
65 to 69	0	0	0	0	0	57,793	73,529	66,451	0	96,318	0	0	68,707
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	81,020	85,216	85,098	60,021	70,791	76,009	94,046	100,252	103,659	113,004	119,576	179,295	93,864

Average Salary = \$93,864

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Participants and Beneficiaries

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	1	\$394
50-54	3	\$1,411
55-59	36	\$1,246
60-64	63	\$2,458
65-69	73	\$2,326
70-74	30	\$1,873
75-79	18	\$1,628
80-84	13	\$2,047
85-89	4	\$615
90-94	3	\$1,044
95+	0	\$0
Total	244	\$2,016

Disabled Participants

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	1	\$1,739
55-59	0	\$0
60-64	0	\$0
65-69	3	\$1,812
70-74	1	\$5,404
75-79	0	\$0
80-84	1	\$586
85-89	0	\$0
90-94	0	\$0
95+	0	\$0
Total	6	\$2,194

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	3	\$310
35-39	8	\$540
40-44	6	\$894
45-49	8	\$1,057
50-54	17	\$676
55-59	2	\$463
60-64	2	\$169
65-69	1	\$885
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	47	\$696

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	3	\$298
35-39	5	\$497
40-44	12	\$900
45-49	22	\$942
50-54	9	\$1,629
55-59	16	\$1,960
60-64	5	\$2,576
65-69	1	\$890
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	73	\$1,297

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2016 are:

Actuarial Method

As of July 1, 2012, the Normal Cost (and resulting Actuarial Liability) is determined as a single result for each individual, with the Normal Cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by the Present Value of Future Salary at Entry Age. This variation is known as the Entry-Age-to-Final-Decrement.

The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability. Prior to July 1, 2007, this liability was amortized as a level percentage of payroll over the remainder of a 30-year period beginning January 1, 1997. As of July 1, 2007, the amortization period has been reset to a new 30-year period, decreasing two years with each valuation until a 20-year amortization period has been achieved. The amortization period as of July 1, 2016 is 16 years. Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses.

The total Plan cost is the sum of the Normal Cost, the amortization of the Unfunded Actuarial Liability, and the expected Administrative Expenses.

Actuarial Value of Plan Assets

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.

Actuarial Assumptions

The actuarial assumptions were developed based on an Experience Study covering the period from July 1, 2011 through June 30, 2015.

1. Rate of Return

The annual rate of return on all Plan assets is assumed to be 7.50% for the current valuation net of investment, but not administrative, expenses.

2. Cost of Living

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.15% per year.

3. Plan Expenses

Administrative expenses are assumed to be \$297,493 for Fiscal Year 2017-18, and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

4. Increases in Pay

Assumed pay increases for active Participants consist of increases due to inflation (cost of living adjustments) and those due to longevity and promotion.

Based on an analysis of pay levels and service for the Salaried Plan Participants, we assume that pay increases due to longevity and promotion will occur in accordance with the following table:

Pay Increases			
	Years of Service		
	0-9	10-19	20+
Base Increase	3.15%	3.15%	3.15%
Longevity & Promotion			
AFSME	2.00%	2.00%	0.00%
AEA/MCEG	3.25%	0.50%	0.50%
Total (Compound)			
AFSME	5.21%	5.21%	3.15%
AEA/MCEG	6.50%	3.67%	3.67%

5. Family Composition

85% of participants are assumed to be married. Male spouses of active employees are assumed to be three years older than their wives. This assumption is also applied to retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

6. Terminal Payments

Retirement benefits are assumed to be increased by 7% due to the application of payments for unused vacation and sick leave to Average Final Monthly Earnings.

No liability adjustment for retirement is used for members who joined the plan on or after January 1, 2015.

7. Bridging Service

The Plan has been modified to enable members who are rehired after a previous period of non-vested service to use this prior service for benefit and eligibility purposes. As the impact on the liabilities and contribution level of the Plan is expected to be minor, and

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

will depend on the number of members actually rehired (if any), no additional liability is currently being included for this provision.

8. Employment Status

No Plan Participants are assumed to transfer between the Salaried Plan and the ATU/IBEW Plan.

9. Rates of Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant’s age, service, and sex.

Representative rates are shown in the following table:

Termination Rates*		
	0-4 Years	5+ Years
Age	All	All
20-34	5.00%	8.00%
35-44	5.00%	3.00%
45	5.00%	0.25%
46	5.00%	0.20%
47	5.00%	0.15%
48	5.00%	0.10%
49	5.00%	0.50%
50+	5.00%	0.00%

* No terminations are assumed after eligibility for normal retirement or after 25 years of service for non-PEPRA members. PEPRA members terminating with at least five years of service are expected to receive a deferred annuity benefit; those terminating with less than five years of service are expected to receive a refund of contributions (with interest).

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SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2016**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

10. Rates of Disability

Rates of disability are based on the age of the Participant. Representative rates are as follows:

Rates of Disability	
Age	Rate
22	0.0184%
27	0.0237%
32	0.0289%
37	0.0368%
42	0.0525%
47	0.0814%
52	0.1418%
57	0.2599%
62	0.5382%

Rates are applied after the Participant becomes eligible to receive a disability benefit. Disabled Participants are assumed not to return to active service.

11. Rates of Mortality for Healthy Lives

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 130% for females.

12. Rates of Mortality for Disabled Retirees

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 130% for males and 115% for females.

13. Retired Member and Beneficiary Mortality

Rates of mortality for retired Participants and their beneficiaries are given by the Retired Pensioners (RP) 2014 Male and Female Healthy Annuitants Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 130% for females.

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APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

14. Rates of Retirement

Rates of service retirement among all Participants eligible to retire are given by the following table:

Rates of Retirement			
Age	Years of Service		
	5-24	25-29	30+
50-54	0.00%	5.00%	25.00%
55-59	5.00%	5.00%	25.00%
60	15.00%	15.00%	15.00%
61-64	8.25%	8.25%	8.30%
65+	25.00%	25.00%	25.00%

*The rate of service retirement among all Participants eligible to retire with 30 or more years of service is assumed to be 25.0% per year, and 100% per year for all Participants 70 or older. PEPRA members are assumed to begin retiring at age 52, with at least five years of service.

15. Changes Since Last Valuation

None

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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APPENDIX C - SUMMARY OF PLAN PROVISIONS

1. Definitions

Average Final

Monthly
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' Compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if the last 48 months of compensation are used in the calculation, except for PEPRA members.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation is limited to an amount not to exceed a specific capped amount, originally tied to the Social Security Taxable Wage Base in 2013, and subsequently adjusted annually by the increase in the CPI-U.

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases. Service includes time with the District or predecessor companies immediately prior to August 1, 1968 and subsequent to hire.

Service is measured in completed quarters of a year for AFSCME employees. For MCEG and AEA employees, service is measured in completed months.

2. Participation

Eligibility:

Any person employed by the District in a full or part-time position in an authorized job classification covered by one of the defined employee groups of (i) Non-union Management and Confidential Employees, (ii) Employee members of the Administrative Employee Association (AEA), or (iii) Employee members of American Federation of State, County and Municipal Employees (AFSCME), is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1, 2015 is a New Member and will follow PEPRA provisions. Employees who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

3. Retirement Benefit

Eligibility: Prior to January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing nine or more years of service.

On and after January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing five or more years of service.

Effective January 1, 2000, employees with 25 years of credited service will be eligible for an early retirement option.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect prior to February 1, 1994 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement. For AGSCME members with at least five but less than nine years of service, a vesting schedule is applied unless the member has reached age 62.

For retirements and terminations prior to January 1, 2005, the percentage is equal to:

- 2.0%, if the member retires prior to age 65, and
- 2.5%, if the member retires at age 65 or later.

For AEA and MCEG retirements and terminations on and after July 1, 2006 and prior to January 1, 2008, the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.125%, if the member retires at age 56 or with 26 years of service,
- 2.25%, if the member retires between the ages of 57 and 64 or with 27 or more years of service, and
- 2.5%, if the member retires at age 65 or later.

For retirements and terminations on and after January 1, 2008 (July 1, 2006 for AFSCME members), the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.1%, if the member retires at age 56 or with 26 years of service,
- 2.2%, if the member retires at age 57 or with 27 years of service,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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APPENDIX C - SUMMARY OF PLAN PROVISIONS

- 2.3%, if the member retires at age 58 or with 28 years of service,
- 2.4%, if the member retires at age 59 or with 29 years of service, and
- 2.5%, if the member retires at age 60 or later or with 30 or more years of service.

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

4. Disability Benefit

Eligibility: A Participant is eligible for a disability benefit if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Nine years of service is required to qualify for disability. Effective January 1, 2006, five years of service is needed to qualify for disability retirement for AEA and MCEG members.

Benefit Amount: For AEA and MCEG members, the disability benefit is equal to the Normal Retirement Benefit, using the Participant's Average Final Monthly Earnings and service accrued through the date of disability. For AFSCME members, the disability benefit is equal to 2% of the Participant's Average Final Monthly Earnings multiplied by service accrued through the date of disability. The disability benefit cannot exceed the Retirement Benefit the member would be entitled to on the basis of Average Final Monthly Earnings determined at the date of disability multiplied by the service the member would have attained had employment continued until age 62.

Form of Benefit: The benefit begins at disability and continues until recovery or for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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APPENDIX C - SUMMARY OF PLAN PROVISIONS

5. Pre-Retirement Death Benefit

Eligibility: For deaths prior to January 1, 2006, a Participant's surviving spouse, Domestic Partner or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed nine years of service with the District.

For deaths on and after January 1, 2006, a Participant's surviving spouse, Domestic Partner, or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District.

Benefit Amount: The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day prior to his/her death. The amount payable to the spouse or Domestic Partner is equal to the Life benefit payable under Article V of the Plan document.

Form of Benefit: The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner, or until the death, marriage, or attainment of 21 years of age of a dependent minor child. No optional form of benefit may be elected. No cost of living increases are payable.

6. Termination Benefit

Eligibility: A Participant is eligible for a termination benefit after earning five years of service. The Participant will be eligible to commence benefits at age 55.

Benefit Amount: For AFSCME terminations, and AEA and MCEG terminations prior to January 1, 2006, the benefit payable to a vested terminated Participant is a percentage of the Normal Retirement Benefit earned on the date of termination, based on the age, service, and Average Final Monthly Earnings accrued by the Participant at that point. The percentage is based on the Participant's service with the District, as shown in the table below:

Service	Vested Percentage
5	20%
6	40%
7	60%
8	80%
9 or more	100%

For AEA and MCEG terminations on and after January 1, 2006, a Participant is eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the age,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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APPENDIX C - SUMMARY OF PLAN PROVISIONS

service, and Average Final Monthly Earnings accrued by the Participant at that point.

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit is payable for the life of the Participant only beginning at age 55. For PEPRA members the benefit can begin as early as age 52. No cost of living increases are payable.

7. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Union Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

Benefit Amount: The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Union Plan together, as if the plans were a single plan.

Form of Benefit: The reciprocity benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

8. Funding

Members hired on or after January 1, 2015 will contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the initial contribution rate for PEPRA members was 3.75% of payroll. However, the normal cost rate for the PEPRA members as of the 7/1/2016 valuation is 10.27%, therefore we expect the rate to change for the following fiscal year to 5.25% (1/2 of 10.27%, rounded to the nearest quarter).

The remaining cost of the Plan is paid by the District.

9. Changes in Plan Provisions

The basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit was updated.

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a Normal Cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

4. Actuarial Liability

The portion of the Actuarial Present Value of Projected Benefits which will not be paid by future Normal Costs. It represents the value of the past Normal Costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The Actuarial Present Value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

APPENDIX D – GLOSSARY

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal Actuarial Present Value, determined as of a given date, with each value based on the same set of actuarial assumptions.

9. Amortization Payment

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of Actuarial Assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



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