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

		ATU	IBEW	AEA	AFSCME	MCEG
1. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (AEA). (Bonnel)	☐	☐	☒	☐	☐
2. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (AEA). (Bonnel)	☐	☐	☒	☐	☐
3. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the Salaried Pension Plan	☐	☐	☒	☐	☐

(AEA/AFSCME/MCEG). (Bernegger)

		ATU	IBEW	AEA	AFSCME	MCEG
4. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	☐	☐	☒	☐	☐
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)	☐	☐	☒	☐	☐
6. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (AFSCME). (Bonnel)	☐	☐	☐	☒	☐
7. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (AFSCME). (Bonnel)	☐	☐	☐	☒	☐
8. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	☐	☐	☐	☒	☐
9. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	☐	☐	☐	☒	☐
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)	☐	☐	☐	☒	☐
11. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (ATU). (Bonnel)	☒	☐	☐	☐	☐
12. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (ATU). (Bonnel)	☒	☐	☐	☐	☐
13. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU (ATU). (Bernegger)	☒	☐	☐	☐	☐
14. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	☒	☐	☐	☐	☐
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)	☒	☐	☐	☐	☐
16. Resolution:	Proposed Addition to the By-Laws for the Sacramento Regional Transit District Employees Who are Members of ATU Local 256 (ATU). (Bonnel)	☒	☐	☐	☐	☐
17. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (IBEW). (Bonnel)	☐	☒	☐	☐	☐
18. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (IBEW). (Bonnel)	☐	☒	☐	☐	☐
19. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (Bernegger)	☐	☒	☐	☐	☐
20. Motion:	Receive and File the Independent Auditor's Report for the Twelve	☐	☒	☐	☐	☐

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

		ATU	IBEW	AEA	AFSCME	MCEG
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)	☐	☒	☐	☐	☐
22. Motion:	Approving the Minutes for the December 14, 2016 Quarterly Retirement Board Meeting (MCEG). (Bonnel)	☐	☐	☐	☐	☒
23. Motion:	Approving the Minutes for the February 1, 2017 Special Retirement Board Meeting (MCEG). (Bonnel)	☐	☐	☐	☐	☒
24. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)	☐	☐	☐	☐	☒
25. Motion:	Receive and File the Independent Auditor’s Report for the Twelve Month Period Ended June 30, 2016 (ALL). (Bernegger)	☐	☐	☐	☐	☒
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)	☐	☐	☐	☐	☒

NEW BUSINESS

		ATU	IBEW	AEA	AFSCME	MCEG
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)	☒	☒	☒	☒	☒
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)	☒	☒	☒	☒	☒
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)	☐	☒	☐	☐	☐
30. Resolution:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for ATU Employees' Retirement Plan for Fiscal Year 2018 (ATU). (Bonnel)	☒	☐	☐	☐	☐
31. Resolution:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW). (Bonnel)	☐	☒	☐	☐	☐
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)	☐	☐	☒	☒	☒
33. Information:	Update on Roles and Responsibilities Related to Pension Administration (ALL). (Bonnel)	☒	☒	☒	☒	☒
34. Resolution:	Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Bonnel)	☒	☒	☒	☒	☒

35. Resolution: Approving Disability Retirement Application for Donae Hanible (ATU). (Bonnel) ☒ ☐ ☐ ☐ ☐

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
AEA 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, Devorak, Robison and Alternate McGoldrick. 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 AEA Resolution No. 16-02-170 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:

1. Motion: Approving the Minutes for the August 31, 2016 Special Retirement Board Meeting (AEA). (Bonnel)

2. Motion: Approving the Minutes for the September 14, 2016 Quarterly Retirement Board Meeting (AEA). (Bonnel)

3. 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 AEA Retirement Board Items 1 through 3. Director Devorak seconded the motion. Items 1 through 3 were carried unanimously by roll call vote: Ayes: Directors Li, Devorak and Robison. 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 Devorak seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Directors Li, Devorak and Robison. Noes: None.

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

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

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

Donna Bonnel 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 Devorak seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Directors Li, Devorak and Robison. Noes: None.

Donna Bonnel 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.

____
Russell Devorak, Chair

ATTEST:

Sue Robison, Secretary

By:____________________________________
Donna Bonnel, Assistant Secretary

Sacramento Regional Transit District
AEA 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, Devorak, Robison and Alternate McGoldrick. Alternate Jennings was absent.

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

By AEA Resolution No. 16-12-186 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). (Bonnel)

Assistant Secretary Donna Bonnel 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 Pyrford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pyrford 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. Pyrford International PLC (Pyrford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or $188,912.

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

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pyrford 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 Pyrford 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 Pyrford and Lazard.

Mr. Iseri noted that Pyrford 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:

<u>RECOMMENDED ACTION</u>

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

<u>FISCAL IMPACT</u>

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 Devorak, Robison, 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.

____
Russel Devorak, Chair

ATTEST:

Sue Robison, Secretary

By:____________________________________
Donna Bonnel, Assistant Secretary

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	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
3	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 <u>both</u> investment activities and the pension fund's inflows and outflows. Callan's report <u>only</u> 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.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	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**

	Oct - Dec 16	% of Income
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	2,697,367.94	100.0%
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	1,874,290.53	69.5%
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	83,161.97	3.1%
Net Income	**739,915.44**	**27.4%**

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

	Jul - Dec 16	% of Income
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	**3,482,564.64**	**47.5%**

Attachment 4

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	571,598.32	573,028.17	586,847.90	1,731,474.39
<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	(591,138.83)	(603,343.62)	(594,988.08)	(1,789,470.53)
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	(4,848.29)	(66,103.35)	(3,225.01)	(74,176.65)
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)
Miscelaneous				-
Administrative Exp. Subtotal	(18,779.17)	(12,793.73)	(8,864.95)	(40,437.85)
Total Expenses	(614,766.29)	(682,240.70)	(607,078.04)	(1,904,085.03)
Monthly Net Owed from/(to) District	(43,167.97)	(109,212.53)	(20,230.14)	(172,610.64)
Payment from/(to) the District	(80,132.35)	(43,167.97)	(109,212.53)	(232,512.85)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	43,167.97	109,212.53	20,230.14	20,230.14

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	78,949,591
Total Consolidated Net Asset	253,159,923
Per Callan Report:	
Total Investments	253,159,141
Net Difference	782 *

* 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	674,566
Total Investment Income	2,663,115
Per Callan Report:	
Investment Returns	2,663,176
Net Difference	(61) **

** 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

	October	November	December	Total
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	(346,863)	(322,058)	(470,090)	(1,139,011)
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	(346,863)	(322,058)	(470,090)	(1,139,011)
Variance between Payments and Transfers	-	-	-	-
Per Callan Report:				
Net New Investment/(Withdrawals)				(1,139,011)
Net Difference				-

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

	1Q16	2Q16	3Q16	4Q16	Total
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	(450,045)	(684,540)	(937,767)	(1,139,011)	(3,211,363)

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

	1 Year	%	1 Year Net of Fees Returns	1 Year Bench-Mark Returns	1 Year Favorable/ (Unfavor) Basis Pts	3 Years	%	3 Years Net of Fees Returns	3 Years Bench-Mark Returns	3 Years 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%					1.20%	
	Core CPI:			2.20%					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	Tranferred To Position	Transferred From ATU or IBEW	Tranferred To ATU or IBEW	Plan Assets Transferred To/(From) Salaried Plan	Plan Assets Transferred To/(From) ATU or IBEW Plan
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

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	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

TABLE OF CONTENTS

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

	ATU/IBEW	Salaried	Total
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	170,366,547	75,840,106	246,206,653
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	2,873,499	1,332,356	4,205,855
Total assets	177,799,140	79,176,927	256,976,067
Liabilities			
Securities purchased payable	9,037,058	3,720,412	12,757,470
Accounts payable	747,062	119,496	866,558
Total liabilities	9,784,120	3,839,908	13,624,028
Net position restricted for pension benefits	$ 168,015,020	$ 75,337,019	$ 243,352,039

(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

	ATU/IBEW	Salaried	Total
Additions			
Contributions:			
Employer	$ 10,447,190	$ 7,576,866	$ 18,024,056
Member	54,714	21,014	75,728
Total contributions	10,501,904	7,597,880	18,099,784
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	(738,201)	(324,943)	(1,063,144)
Net investment income/(expense)	(1,121,417)	(396,556)	(1,517,973)
Total additions	9,380,487	7,201,324	16,581,811
Deductions			
Benefits paid to participants	13,180,874	6,190,981	19,371,855
Administrative expenses	290,647	269,624	560,271
Total deductions	13,471,521	6,460,605	19,932,126
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	172,106,054	74,596,300	246,702,354
Net position restricted for pension benefits - End of fiscal year	$ 168,015,020	$ 75,337,019	$ 243,352,039

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

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, PEPRA was 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.

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	730
	1,301

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	244
	527

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					

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					

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	55	25	2.00%
(AEA, MCEG,	56	26	2.10%
and AFSCME)	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%
	67	N/A	2.50%
AFSCME-	55	25	2.00%
Technical	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
AEA, MCEG,	55	N/A	1.30%
and AFSCME -	56	N/A	1.40%
Supervisors	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%

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.

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 PEPRA.

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.

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:

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

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.

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				
	Less than 1	1 – 5	6 – 10	More than 10	Amount
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.

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.

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%

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

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.

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:

		Fair Value Measurements Using		
	06/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signficant 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			
Totain investments measured at fair value	$ 246,206,653			

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	$ 94,974,368	$ 94,974,368	$ -		

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.

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	$	70,747,901
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%

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%

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:

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%

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.

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

	2016	2015	2014
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	(13,180,874)	(13,157,985)	(12,877,177)
Net change in total pension liability	16,057,404	7,659,442	8,288,478
Total pension liability - beginning	222,705,517	215,046,075	206,757,597
Total pension liability - ending	$ 238,762,921	$ 222,705,517	$ 215,046,075
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	(290,647)	(190,442)	(230,365)
Net change in plan fiduciary net position	(4,091,034)	1,608,381	19,083,643
Plan fiduciary net position - beginning	172,106,054	170,497,673	151,414,030
Plan fiduciary net position - ending	$ 168,015,020	$ 172,106,054	$ 170,497,673
Net pension liability - ending	$ 70,747,901	$ 50,599,463	$ 44,548,402
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

	2016	2015	2014
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	(6,190,981)	(5,502,144)	(5,664,400)
Net change in total pension liability	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	116,410,752	109,824,641	104,014,863
Total pension liability - ending	$ 121,090,442	$ 116,410,752	$ 109,824,641
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	(269,624)	(194,209)	(176,367)
Net change in plan fiduciary net position	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	74,596,300	70,824,948	60,583,144
Plan fiduciary net position - ending	$ 75,337,019	$ 74,596,300	$ 70,824,948
Net pension liability - ending	$ 45,753,423	$ 41,814,452	$ 38,999,693
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.

<u>Notes to Schedule</u>

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

<u>Key methods and assumptions used to determine contribution rates:</u>

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)**

	2016	2015	2014
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:

Vendor Names	Type of Services	Amount
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		$ 738,201

Administrative Expenses:

Vendor Names	Type of Services	Amount
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		$ 290,647

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		$ 324,943

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		$ 269,624

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	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
Signature	Title

Brent Bernegger	(916)557-4671	12/19/16
Name (Please Print)	Telephone Number	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	PO Box 2110	**Retirement Administrator**	Donna Bonnel
Street2		**Email**	dbonnel@sacrt.com
City	Sacramento		
State	CA	**Zip**	95812-2110

☐ **Is Address Changed?**

Report Prepared By

First	Jamie	**Firm Name**	Sacramento Regional Transit District
Middle Initial	R	**Telephone**	(916) 321-3823
Last	Adelman	**Fax No.**	(916) 321-2820
Title	Senior Accountant	**Email**	jadelman@sacrt.com

Independent Auditor

Firm Name	Crowe Horwath, LLP	**Street1**	3815 River Crossing Parkway
First	Scott	**Street2**	Suite 300
Middle Initial		**City**	Indianapolis **State** IN **Zip** 46240-
Last	Nickerson	**Telephone**	(317) 208-2551
		Email	scott.nickerson@crowehorwath.com

Additional Information

Date of Valuation Report	07/01/2014	**Actuary/Actuary Firm**	Cheiron, Inc
Type of Plan	Defined Benefit	**Street1**	1970 Broadway
		Street2	Suite 1220
		P.O. Box	
		City	Oakland **State** CA **Zip** 94612-
		Telephone	(703) 893-1456

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				
		Vested	Non-Vested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	Total
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	$24,342,000

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

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). (Bonnel)

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

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

Donna Bonnel 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 Bonnel 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). (Bonnel)

Assistant Secretary Donna Bonnel 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 Pyrford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pyrford 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. Pyrford International PLC (Pyrford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or $188,912.

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

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pyrford 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 Pyrford 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 Pyrford and Lazard.

Mr. Iseri noted that Pyrford 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

CONSENT CALENDAR

Agenda Item 8 AFSCME

Please refer to Agenda Item 3 AEA

CONSENT CALENDAR

Agenda Item 9
AFSCME

Please refer to Agenda Item 4 AEA

CONSENT CALENDAR

Agenda Item AFSCME 10

Please refer to Agenda Item 5 AEA

Sacramento Regional Transit District
ATU 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, Niz and De La Torre were present. Director Morin, Alternate Muniz and Alternate Jennings were absent.

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

By ATU Resolution No. 16-02-0273 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:

7. Motion: Approving the Minutes for the August 31, 2016 Special Retirement Board Meeting (ATU). (Bonnel)

8. Motion: Approving the Minutes for the September 14, 2016 Quarterly Retirement Board Meeting (ATU). (Bonnel)

9. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2016 for the ATU/IBEW Pension Plan (ATU/IBEW). (Bernegger)

Director Li moved to adopt ATU Retirement Board Items 7 through 9. Director De La Torre seconded the motion. Items 7 through 9 were carried unanimously by roll call vote: Ayes: Li, Niz and De La Torre. 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 De La Torre seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Directors Li, Niz and De La Torre. Noes: None.

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

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

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

Donna Bonnel 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 De La Torre seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Li, Niz and De La Torre. Noes: None.

Donna Bonnel 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.

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.

22. Resolution: Approving Disability Retirement Application of William Barbour (ATU). (Bonnel)

Director De La Torre moved to adopt Item 22. Director Niz seconded the motion. Item 22 was carried unanimously by roll call vote: Ayes: Li, Niz and De La Torre. Noes: None.

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.

____
Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By:______________________________________
Donna Bonnel, Assistant Secretary

Sacramento Regional Transit District
ATU 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, Niz and De La Torre were present. Alternate Muniz and Alternate Jennings were absent.

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

By ATU Resolution No. 16-12-0288 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). (Bonnel)

Assistant Secretary Donna Bonnel 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 Pyrford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pyrford International PLC's investment decision model and methodology.

Director Ralph Niz left at 9:55 a.m.

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. Pyrford International PLC (Pyrford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or $188,912.

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

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pyrford 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 Pyrford 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 Pyrford and Lazard.

Mr. Iseri noted that Pyrford 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 De La Torre, 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.

____
Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By:___________________________________
Donna Bonnel, Assistant Secretary

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	03/22/17	Retirement	Action	02/11/17

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU Pension Plan (ATU). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU Pension Plan (ATU). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU Pension Plan (ATU). (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
13	03/22/17	Retirement	Action	02/11/17

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU Pension Plan (ATU). (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 is the net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the ATU 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 ATU Plan reimbursed $816,583.91 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 ATU Plan's Asset Allocation as of December 31, 2016. This statement shows the ATU 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 <u>both</u> investment activities and the pension fund's inflows and outflows. Callan's report <u>only</u> 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 Fund's unaudited Statement of Changes in Plan 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.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	03/22/17	Retirement	Action	02/11/17

Subject:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the ATU Pension Plan (ATU). (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 Plan to the Salaried Plan during the three months ended December 31, 2016.

Attachment 1

Sacramento Regional Transit District Retirement Plan - ATU
Statement of Fiduciary Net Position

Accrual Basis — **As of December 31, 2016**

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	127,224,889.43
Total Checking/Savings	127,224,889.43
Other Current Assets	
Prepaids	7,136.99
Total Other Current Assets	7,136.99
Total Current Assets	127,232,026.42
TOTAL ASSETS	**127,232,026.42**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Administrative Expense Payable	40,484.02
AQR	4,770.59
Atlanta Capital	23,623.25
Boston Partners	29,004.75
Callan	5,201.37
JP Morgan	4,259.60
MetWest	29,845.76
Other Pay - Due to RT	258,520.71
SSgA - EAFE	1,136.13
SSgA - S&P Index	2,636.05
State Street	27,025.50
Total Accounts Payable	426,507.73
Total Current Liabilities	426,507.73
Total Liabilities	426,507.73
Equity	
Retained Earning	122,948,269.10
Net Income	3,857,249.59
Total Equity	126,805,518.69
TOTAL LIABILITIES & EQUITY	**127,232,026.42**

Sacramento Regional Transit District Retirement Plan - ATU
Statement of Changes in Fiduciary Net Position

Accrual Basis — **October through December 2016**

	Oct - Dec 16
Ordinary Income/Expense	
Income	
Interest, Dividend, & Other Inc	
Dividend	158,291.63
Interest	323,805.77
Other Income	996.52
Total Interest, Dividend, & Other Inc	483,093.92
Investment Income	
Gains/(Losses) - All	-86,260.37
Increase(Decrease) in FV	848,616.79
Total Investment Income	762,356.42
RT Required Contribution	
Employee Contributions	31,405.62
Employer Contributions	1,976,919.01
Total RT Required Contribution	2,008,324.63
Total Income	3,253,774.97
Cost of Goods Sold	
ATU - Retirement Benefits Paid	2,674,282.90
EE Contribution Refunds	275.51
Invest Exp - AQR	14,565.00
Invest Exp - Atlanta Capital	23,623.25
Invest Exp - Boston Partners	29,004.75
Invest Exp - Callan	15,620.36
Invest Exp - EAFE - SSgA	1,136.13
Invest Exp - JP Morgan	4,259.60
Invest Exp - Metropolitan West	29,845.76
Invest Exp - S&P Index - SSgA	2,636.05
Invest Exp - State Street	16,215.30
Total COGS	2,811,464.61
Gross Profit	442,310.36
Expense	
Admin Exp - Administrator	28,795.30
Admin Exp - Audit	11,196.67
Admin Exp - EFI	19,572.93
Admin Exp - Fiduciary Insurance	5,352.75
Admin Exp - Hanson Bridgett Leg	22,125.25
Admin Exp - Shipping	0.00
Total Expense	87,042.90
Net Ordinary Income	355,267.46
Net Income	**355,267.46**

Sacramento Regional Transit District Retirement Plan - ATU
Statement of Changes in Fiduciary Net Position

Accrual Basis **July through December 2016**

		Jul - Dec 16
Ordinary Income/Expense		
Income		
Interest, Dividend, & Other Inc		
Dividend	339,743.00	
Interest	622,623.73	
Other Income	1,007.94	
Total Interest, Dividend, & Other Inc		963,374.67
Investment Income		
Gains/(Losses) - All	1,992,192.05	
Increase(Decrease) in FV	2,585,842.75	
Total Investment Income		4,578,034.80
RT Required Contribution		
Employee Contributions	60,055.93	
Employer Contributions	3,961,890.34	
Total RT Required Contribution		4,021,946.27
Total Income		9,563,355.74
Cost of Goods Sold		
ATU - Retirement Benefits Paid		5,288,549.26
EE Contribution Refunds		275.51
Invest Exp - AQR		24,258.14
Invest Exp - Atlanta Capital		46,058.04
Invest Exp - Boston Partners		56,607.23
Invest Exp - Callan		31,292.16
Invest Exp - EAFE - SSgA		2,291.30
Invest Exp - JP Morgan		24,318.17
Invest Exp - Metropolitan West		60,537.94
Invest Exp - S&P Index - SSgA		5,280.00
Invest Exp - State Street		27,475.62
Total COGS		5,566,943.37
Gross Profit		3,996,412.37
Expense		
Admin Exp - Administrator		58,481.97
Admin Exp - Audit		11,196.67
Admin Exp - EFI		24,321.68
Admin Exp - Fiduciary Insurance		10,705.50
Admin Exp - Hanson Bridgett Leg		34,342.71
Admin Exp - Shipping		4.40
Miscellaneous		109.85
Total Expense		139,162.78
Net Ordinary Income		3,857,249.59
Net Income		**3,857,249.59**

Sacramento Regional Transit District
Retirement Fund - ATU
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	242,373.56	250,612.36	323,598.01	242,373.56
Monthly Activity:				
Deposits				
District Pension Contributions @ 24.10 - 27.10%	643,434.26	666,870.24	666,614.51	1,976,919.01
Employee Pension Contributions	10,349.22	10,201.09	10,855.31	31,405.62
Total Deposits	653,783.48	677,071.33	677,469.82	2,008,324.63
Expenses				
Payout to Retirees	(875,089.52)	(878,841.21)	(920,352.17)	(2,674,282.90)
Employee Contribution Refunds	(275.51)	0.00	0.00	(275.51)
Payout to Retirees Subtotal	(875,365.03)	(878,841.21)	(920,352.17)	(2,674,558.41)
Fund Investment Management Expenses:				
Atlanta Capital	-	(22,434.79)	-	(22,434.79)
Metropolitan West	-	(30,692.18)	-	(30,692.18)
Boston Partners	-	(27,602.48)	-	(27,602.48)
JPMorgan	-	(20,058.57)	-	(20,058.57)
SSgA S&P 500 Index	(2,643.95)	-	-	(2,643.95)
SSgA EAFE MSCI	-	(1,155.17)	-	(1,155.17)
Callan	(5,215.64)	(5,213.11)	(5,205.88)	(15,634.63)
Fund Invest. Mgmt Exp. Subtotal	(7,859.59)	(107,156.30)	(5,205.88)	(120,221.77)
Administrative Expenses				
Cheiron	(3,093.75)	-	(2,400.00)	(5,493.75)
Hanson Bridgett Legal Services	(6,543.73)	(5,283.13)	(159.60)	(11,986.46)
Pension Administration	(11,533.74)	(9,388.69)	(7,872.87)	(28,795.30)
Administrative Exp. Subtotal	(21,171.22)	(14,671.82)	(10,432.47)	(46,275.51)
Total Expenses	(904,395.84)	(1,000,669.33)	(935,990.52)	(2,841,055.69)
Monthly Net Owed from/(to) District	(250,612.36)	(323,598.00)	(258,520.70)	(832,731.06)
Payment from/(to) the District	(242,373.56)	(250,612.35)	(323,598.00)	(816,583.91)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	250,612.36	323,598.01	258,520.71	258,520.71

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	78,949,591
Total Consolidated Net Asset	253,159,923
Per Callan Report:	
Total Investments	253,159,141
Net Difference	782 *

* 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	674,566
Total Investment Income	2,663,115
Per Callan Report:	
Investment Returns	2,663,176
Net Difference	(61) **

** 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

	October	November	December	Total
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	(346,863)	(322,058)	(470,090)	(1,139,011)
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	(346,863)	(322,058)	(470,090)	(1,139,011)
Variance between Payments and Transfers	-	-	-	-
Per Callan Report:				
Net New Investment/(Withdrawals)				(1,139,011)
Net Difference				-

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

	1Q16	2Q16	3Q16	4Q16	Total
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	(450,045)	(684,540)	(937,767)	(1,139,011)	(3,211,363)

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

	1 Year	%	1 Year Net of Fees Returns	1 Year Bench-Mark Returns	1 Year Favorable/ (Unfavor) Basis Pts	3 Years	%	3 Years Net of Fees Returns	3 Years Bench-Mark Returns	3 Years 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%					1.20%	
	Core CPI:			2.20%					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	Tranferred To Position	Transferred From ATU or IBEW	Tranferred To ATU or IBEW	Plan Assets Transferred To/(From) Salaried Plan	Plan Assets Transferred To/(From) ATU or IBEW Plan
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

CONSENT CALENDAR

Agenda Item 14
ATU

Please refer to Agenda Item 4
AEA

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	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 Employees Who are Members of ATU Local 256 and IBEW Local 1245 (ATU and IBEW). (Bernegger)

ISSUE

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 and IBEW). (Bernegger)

RECOMMENDED ACTION

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 and IBEW). (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. Please note that the report was submitted as for the ATU and IBEW 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

Attachment 1

PUBLIC RETIREMENT SYSTEMS FINANCIAL TRANSACTIONS REPORT

COVER PAGE

Sacramento Regional Transit District Contract Employees' Retirement Plan

SCO Reporting Year: **2016** ID Number: **16383440510**

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 appropriate.

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 Contract Employees' Retirement Plan

Public Retirement Systems Annual Report - Statement of Plan Net Assets

Assets

Fiscal Year 2016

System ID 16383440510

Assets

Cash and Cash Equivalents	4,559,095
Receivables	
Contributions	0
Investments	2,844,741
Other	28,758
Investments, At Fair Value	
U.S. Government Obligations	37,838,386
International Bonds	0
Municipal Bonds	526,243
Domestic Corporate Bonds	15,229,684
Domestic Stocks	66,850,276
International Stocks	37,542,874
Mortgages	4,716,477
Real Estate	0
Venture Capital	0
Short Term Investments	0
Other Investments	7,662,606
Fixed Assets (Net of Accumulated Depreciation)	
Other Assets	
Total Assets	$177,799,140

Sacramento Regional Transit District Contract Employees' Retirement Plan

Public Retirement Systems Annual Report - Statement of Plan Net Assets

Liabilities

Fiscal Year 2016

System ID 16383440510

Liabilities

Accounts Payable	747,062
Investment Purchases Payable	9,037,058
Accrued Expenses	
Other Liabilities	
Total Liabilities	$9.784.120
Net Assets Available for Benefits	$168.015.020

Sacramento Regional Transit District Contract Employees' Retirement Plan

Public Retirement Systems Annual Report - Statement of Changes in Plan Net Assets

Additions

Fiscal Year 2016 **System ID** 16383440510

Contributions	
Employer	
General	10,447,190
Safety	
Combined	
Employee	
General	54,714
Safety	
Combined	
Other	
General	
Safety	
Combined	
Investments	
Interest	1,630,859
Dividends	896,191
Net Appreciation (Depreciation) in Fair Value of Investments	-2,920,947
Other Investment Revenue	10,681
(Investment Expense)	-738,201
Other Revenue	0
Total Additions	$9,380,487

Sacramento Regional Transit District Contract Employees' Retirement Plan

Public Retirement Systems Annual Report - Statement of Changes in Plan Net Assets

Deductions

Fiscal Year	2016
System ID	16383440510

Benefit Payments	
Service Retirement	
General	11,618,858
Safety	
Combined	
Disability	
General	1,562,016
Safety	
Combined	
Other	
General	
Safety	
Combined	
Member Refunds	
General	
Safety	
Combined	
Administrative Expenses	290,647
Other Expenses	
Total Deductions	$13,471,521
Net Increase(Decrease) in Plan Assets	($4,091,034)
Beginning of the Year Net Assets Held in Trust for Pension Benefits	$172,106,054
Adjustment 1	
Adjustment 2	
End of the Year Net Assets Held in Trust for Pension Benefits	$168,015,020

Sacramento Regional Transit District Contract Employees' Retirement Plan

Plan Membership

System ID: 16383440510 **Fiscal Year:** 2016

Employee Members

	System Status	Active Vested	Active Non-Vested	Inactive Vested	Retired Members Service Retired	Retired Members Service Disability	Retired Members Ordinary Disability	Retired Members Survivors	Total
General Members									
Tier I	Open	432	298	41	380	88	0	62	1,301
Grand Total		432	298	41	380	88	0	62	1,301

Employer Members

	State	Counties	Cities	Special Districts	School Districts	Other	Total Members
Number of Agencies				1			1
Number of Members				1,301			1,301

Members' Annual Payroll

General Members	Annual Payroll
Tier I	$39,996,000
Grand Total	$39,996,000

Sacramento Regional Transit District Contract Employees' Retirement Plan

Contributions

System ID: 16383440510 **Fiscal Year:** 2016

Employer and Employee Rates - Recommended by Actuary

General Members

	Employer Rates: Normal Cost	Employer Rates: UAAL Amortization	**Total**	Employee Rates: Age 25	Age 35	Age 45	Single Rate
Tier I	15.01	11.50	26.51				

Employer and Employee Rates - Adopted by Governing Body

General Members

	Employer Rates: Normal Cost	Employer Rates: UAAL Amortization	**Total**	Employee Rates: Age 25	Age 35	Age 45	Single Rate
Tier I	15.01	11.50	26.51				

Contribution Amounts

Annual Required Contributions (ARC)	10,447,190
Contributions Made	$10,447,190
Percentage of ARC Recognized (%)	100.0

Sacramento Regional Transit District Contract Employees' Retirement Plan

Plan Identifications

System ID: 16383440510 **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	2.35
Inflation Component	3.15
Total	5.50

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 Contract Employees' Retirement Plan

Funding Position and UAAL Amortization Method

System ID: 16383440510 **Fiscal Year:** 2016

Funding Position

Valuation Date (MM/DD/YYYY)	07/01/2015
Name of Actuary	Cheiron, Inc
Actuarial Accrued Liability	228,868,025
Actuarial Value of Assets	170,486,356
Unfunded Actuarial Accrued Liability (UAAL)	$58,381,669
Funded Ratio (Rounded To Nearest Tenth, Example: 99.9) (%)	74.4
Annual Covered Payroll (ACP)	39,996,000
UAAL as a Percentage of ACP (%)	145.9
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

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	03/22/17	Open	Action	03/07/17

Subject: Amendment of Bylaws Governing the ATU Retirement Board (ATU). (Bonnel)

ISSUE

Amendment of Bylaws Governing the ATU Retirement Board (ATU). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-03-_____ Amending the Bylaws Governing the ATU Retirement Board.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

Following the implementation of the provisions of A.B. 1064 in January 2004, five separate Retirement Boards were established to administer retirement benefits from Sacramento Regional Transit District's three Retirement Plans. In order to conduct the business of the Retirement Boards, Bylaws were drafted and circulated to all Board members. Bylaws were adopted by four of the Retirement Boards in 2006 and amended several times over the following years.

Section 1.13 of the Bylaws provides that each appointed member and each alternate member of the Retirement Board serves a four-year term. On September 17, 2014, the ATU Retirement Board adopted the Common Bylaws previously adopted by all other Sacramento Regional Transit District Retirement Boards.

At the December 2016 Quarterly Retirement Board Meeting, the Chair of the ATU Retirement Board asked that staff draft for Board consideration an amendment to the ATU Retirement Board Bylaws to add a new section authorizing the President/Business Agent of ATU Local 256 to replace ATU appointees to the Retirement Board upon the election of new ATU bargaining unit officers. The proposed provision is set forth in the attached resolution. The proposed new section provides that a new appointee would serve for the remainder of the replaced appointee's term. The proposal is shown in context in Attachment A.

The proposed amendment of the ATU Retirement Board's Bylaws would have no effect on the other Retirement Boards, nor on the Retirement Boards' prior election of Andy Morin as Common Chair and Henry Li as Common Vice Chair.

Approved:	Presented:
Final 03/14/17	
VP, Administration	Pension and Retiree Services Administrator

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

AMENDING THE BYLAWS GOVERNING THE RETIREMENT BOARD FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 (RETIREMENT BOARD) AS FOLLOWS:

THAT, the Bylaws Governing the Retirement Board be amended by adding the following Section 1.13.1:

§1.13.1 Removal from ATU Retirement Board

Whenever ATU Local 256 elects new officers, the President/Business Agent of ATU Local 256 can remove and replace any one or more ATU appointees to the ATU Retirement Board. A newly appointed member or alternate member will be seated for the remainder of the removed member or alternate member's term.

____
RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: __________________________________
Donna Bonnel, Assistant Secretary

Exhibit A

ADOPTED BY THE:
AEA, MCEG, AFSCME and ATU Retirement Boards on June 18, 2014
IBEW Retirement Board on December 17, 2014

BY-LAWS FOR THE RETIREMENT BOARDS

CHAPTER 1

RETIREMENT BOARDS COMPOSITION AND PURVIEW

ARTICLE 1

GOVERNANCE

§ 1.10 Retirement Plans; Application of By-Laws

These By-laws govern the three retirement plans established for employees of the Sacramento Regional Transit District (hereinafter "RT") pursuant to California Public Utilities Code Section 102430 to provide retirement benefits to qualified RT employees upon service or disability retirement from RT: The Retirement Plan for Regional Transit Employees Who Are Members of ATU Local 256; the Retirement Plan Between International Brotherhood of Electrical Workers (IBEW) Local Union 1245, AFL-CIO and Sacramento Regional Transit District; and The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented (Salaried) Employees.

Each plan is referred to herein individually as "Retirement Plan" and jointly as "Retirement Plans."

These By-laws apply to the Retirement Plans as they may be amended from time to time, except when the terms of a Plan are inconsistent with the terms of these By-laws, in which case the terms of that Plan will govern its operations.

§1.11 Governance of the Retirement Plans

The ATU and IBEW Retirement Plans are each governed by one board and the Salaried Plan is governed by three boards (hereinafter individually referred to as "Board" or "Retirement Board" or jointly as "Boards" or "Retirement Boards"). Each Retirement Board consists of an equal number of representatives from RT and from the Union or bargaining/business unit (ATU, IBEW, AFSCME, AEA and MCEG) as required under California Public Utilities Code Section 99159.

§1.12 Retirement Board Composition

Each Retirement Board consists of not more than four (4) members and two (2) alternates. Two voting members and one alternate are appointed by the RT Board of Directors and two voting members and one alternate are appointed by the Union or bargaining/business unit.

The alternate Board Members serve on the Retirement Board during the absence of a Board member appointed by the same entity as the alternate. When an alternate Board Member serves in place of a regular Board Member, the alternate has all of the rights, duties and obligations of the Board member he or she is replacing, except for those rights, duties and obligations associated with a Board office held by the Board member.

§1.13 Retirement Board Member Term of Office

Each Retirement Board Member is appointed to a four-year term of office. Members' terms of office are to be staggered so that the term of one member appointed by the RT Board of Directors and the term of one member appointed by the Union or bargaining/business unit expire every other year.

For Retirement Board Members seated as of adoption of this section of the By-laws, the appointing entity will determine which seat will expire at the end of the following calendar year, and which will expire at the end of the calendar year ending two years later. The term of the alternates seated as of adoption of this section of the By-laws will expire as of the end of the calendar year after the year in which this section of the By-laws is adopted.

In the event of a vacancy because of death, resignation, illness, or other reason, the Secretary of the Board must, within thirty (30) days after such vacancy, transmit a written notification to the appointing member entity requesting that a replacement member be appointed to fill the remainder of the vacating member's term.

§1.13.1 Removal from ATU Retirement Board

Whenever ATU Local 256 elects new officers, the President/Business Agent of ATU Local 256 can remove and replace any one or more ATU appointees to the ATU Retirement Board. A newly appointed member or alternate member will be seated for the remainder of the removed member or alternate member's term.

§1.14 Retirement Board Fiduciary Duty

The duties and responsibilities of each Retirement Board Member must be executed in accordance and in full compliance with the requirements of Section 17 of Article XVI of the California Constitution and applicable law.

§ 1.15 Retirement Board Authority

Each Retirement Board has plenary authority and duty to administer its Retirement Plan and manage the assets of its Retirement Plan consistently with the powers and duties conferred upon the Board pursuant to Article 16, Section 17, of the California Constitution, which include, but are not limited to, those set forth in each Plan.

CHAPTER 2

RETIREMENT BOARD RULES

ARTICLE 1

MEETINGS

§2.10 Regular Quarterly Retirement Board Meeting Schedule

Each Board must hold regular meetings no later than the last day of each calendar quarter ("regular meetings" or "Quarterly Retirement Board Meetings"). No later than December 31st of each year, the Boards must adopt a resolution setting forth their regular meeting schedule for the 12-month calendar period following the month and year in which the resolution is adopted. The resolution establishing each Board's regular meeting schedule shall state the date and time for each meeting, and the place for each such meeting if it differs from the place set out in this section. Unless otherwise specified in the resolutions establishing the regular meeting schedule, the Boards will conduct their regular meetings at RT's Administrative Offices located at 1400 29th Street, Sacramento, California in Room 114 (First Floor, Auditorium).

§2.11 Special Meetings

A special meeting may be called at any time by the Chair, or by a majority of the members of a Board, by delivering personally, via electronic mail ("e-mail") or by U.S. mail, written notice to each member of the Board, and to each local newspaper, radio, or television station requesting notice in writing, and by posting a notice on the Sacramento Regional Transit District's internet web site. Such notice must be delivered and received at least 24 hours before the time of such meeting. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No business other than as specified in the notice shall be considered at such meeting. Such written notice may be dispensed with as to any member who, at or prior to the time the meeting convenes, files with the Secretary of the Board a written waiver of notice. Any defect in the above notice procedure shall be deemed cured by actual attendance of the member at the meeting.

§2.12 Quorum

Three Board members constitute a quorum of any Board for purposes of convening a meeting and for the transaction of business. Alternate Board members are seated on the Board and counted towards a quorum only when serving in the place of a Regular Board member appointed by the same body (e.g., the Alternate appointed by the RT Governing Board is only seated and counted towards a quorum when a Board member appointed by the RT Governing Board is absent).

§2.13 Joint Meetings

The Retirement Boards may meet together for any regular or special meeting. The Boards may select a Common Chair and Common Vice Chair to preside over common meetings on an ad hoc or standing basis.

§2.14 Open Meetings; Application of the Ralph M. Brown Act

All meetings and associated notices must comply with the provisions of the Ralph M. Brown Act. (Government Code Sections 54950, et seq.) Accordingly, all Board meetings are open to the public except when the subject matter may be properly addressed in, and properly noticed for, a closed session.

§2.15 Agenda Preparation, Delivery and Posting

In addition to those requirements set forth in the Brown Act, each meeting agenda, together with all supporting documents, must be mailed or delivered to the Board members and Legal Counsel to the Board at least three days before the meeting. The purpose of this requirement is to give Board members at least two days' notice of all business coming before them. In the case of special meetings which may be called less than seven (7) days in advance of the meeting date, the requesting individual shall receive such notice as soon as may be practical under the circumstances.

§2.16 Access to Public Records Distributed at Meeting

Writings which are public records and which are distributed during a meeting are made available for public inspection at the meeting if prepared by RT or a member of the Board or after the meeting if prepared by some other person.

§2.17 Continuing Body

Each Board is a continuing body and no measure pending before it is abated or discontinued by reason of the expiration of the term of office or removal of a member of the Board.

§2.18 Adjournment of Meeting

The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. Notice of adjournment of a duly called special meeting at which less than a quorum is present shall be given in the same manner as notice of the original meeting. If all members are absent from any regular or adjourned regular meeting, the Secretary of the Board may declare the meeting adjourned to a stated time and place and he or she shall cause a written notice of the adjournment to be given in the same manner as provided herein for special meetings. In the case of all adjournments, a copy of the order or notice of adjournment shall be conspicuously posted on the door to the

Regional Transit District Auditorium, Room 114, within 24 hours after the time of the adjournment. When an order of adjournment of any meeting fails to state the time at which the adjourned meeting is to be held, it shall be held at the time specified for regular meetings.

ARTICLE 2

OFFICERS

§2.21 Officers

Each Board elects a Chair, Vice Chair, and Secretary from among its members. Alternate members cannot be elected as Board officers.

The five Retirement Boards, together, may elect a Common Chair and Common Vice Chair.

§2.22 Chair Responsibilities

1. Except at meetings presided over by a Common Chair or Common Vice Chair (as set forth in Section 2.28), the Chair presides over and preserves order at all regular meetings, special meetings and hearings of the Board. The Chair states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board. The Chair may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all others members.

2. In all cases, the Chair can direct the Secretary to include discussion or action items on the agenda for future Board meetings, and the Chair signs all Board resolutions and all minutes of Board meetings or hearings which he or she has witnessed being adopted or approved.

§2.23 Vice Chair

The Vice Chair serves as the Chair Pro Tem in the Chair's absence. When serving as the Chair Pro Tem, the Vice Chair has all of the rights, duties and responsibilities of the Chair as set forth in Section 2.22 above.

§2.24 Secretary

The Secretary serves as the Chair Pro Tem in the absence of the Chair and Vice Chair.

In addition, the Secretary has the following powers and duties, any or all of which may be delegated by the Secretary to the Assistant Secretary:

1. Create meeting notices and agendas;
2. Post agendas;
3. Call the roll at the beginning of each Board meeting and for each roll call vote;
4. Announce the result of each vote;
5. Attend and keep minutes of all meetings and hearings of the Board;
6. Furnish each Board member a copy of the minutes of each meeting with the agenda for the following meeting;
7. Attest all resolutions of the Board and the minutes of all meetings or hearings which have been approved by the Board;
8. Keep and have custody of all books, records and papers of the Board, and certify true copies thereof whenever necessary;
9. Perform such other duties as may be required either by statute, ordinance, resolution or order.

§2.25 Assistant Secretary

The Boards may appoint an Assistant Secretary, who must be a current employee of RT with job duties related to administration of the Pension Plans.

§2.26 Vacancy

In an officer vacates his or her seat on the Board because of death, resignation, illness, or other reason, officer elections must be held at the first Board meeting after the vacancy has been filled.

§2.27 Additional Delegable Duties

Each Board, at its discretion and by resolution, may authorize its Chair and/or the General Manager/CEO of RT or other RT staff to exercise additional administrative authority, such as to execute contracts or other legally-binding documents, manage Board-awarded contracts, make purchases up to Board-authorized limits, and approve service retirements.

The Board may also authorize the General Manager/CEO of RT or other delegees to carry out other support functions for the Retirement Plan.

§2.28 Common Chair, Vice Chair

If desired, the five Retirement Boards may elect a Common Chair and Common Vice Chair to preside over and preserve order at meetings of more than one Board. At such meetings, the Common Chair, or the Common Vice Chair in the absence of the Common Chair, states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board.

The Common Chair (or Vice Chair) may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all others members. In an action to adopt a motion or resolution, the Common Chair (or Vice Chair) votes after all other members present have cast their votes.

ARTICLE 3

ORDER OF BOARD BUSINESS

§2.31 Agenda

The order of business for regular and special meetings will be as follows:

1. Call to Order
2. Roll Call
3. Consent Calendar
4. Unfinished Business
5. New Business
6. Public Addresses the Board on Matters Not on the Agenda
7. Reports, Ideas and Communications
8. Recess to Closed Session
9. Closed Session
10. Reconvene in Open Session
11. Closed Session Report
12. Adjourn

Notwithstanding the above, closed sessions (and associated announcements) may be included on the agenda at any point after Roll Call and before Adjournment, at the discretion of the Secretary or Assistant Secretary.

The order of business during any meeting may be changed upon order of the Chair with consent of the Board, or upon motion of the Board.

§2.32 Contents of Agenda

The agenda must specify the time and location of the meeting and must contain a brief general description of each item of business to be transacted or discussed at the meeting. The descriptions must be reasonably calculated to adequately inform the public of the general matter or subject matter of each agenda item.

Members of the public who wish to address the Board on matters not listed on the agenda, but on an item coming within the jurisdiction of the Board, are provided with the opportunity to do so under the agenda item heading "Public addresses Board on matters not on agenda."

The Board shall not act upon or discuss an item that is not listed on the agenda except as provided under Section 2.36.

§2.33 Common Agenda

When the Boards of two or more Retirement Plans for Employees of Sacramento Regional Transit meet together, the Boards' may share a common agenda, which must designate which Boards will discuss which items.

§2.34 Consent Calendar

The Consent Calendar shall consist of matters requiring Board action of a routine nature or on which staff comment is not appropriate or necessary, or which have previously been discussed and appear on the Agenda for final action only.

All items listed under the Consent Calendar, excepting those individual items which are removed for separate discussion or vote at the request of any Board member, may be acted upon by a single motion and vote.

Board minutes are included as part of the Consent Calendar to be approved without reading unless a member requests such reading, in which case the minutes require action by a separate motion and vote.

§2.35 Quarterly Investment Performance Reviews

The Boards must review the performance of Retirement Plans' fund managers and investment manager at each Quarterly Retirement Board Meeting as part of Unfinished or New Business, as appropriate.

Each of the fund managers retained by the Boards will be requested to attend and present its annual report at one Quarterly Retirement Board Meeting each calendar year. The Boards' investment manager must be present at each Quarterly Retirement Board Meeting and must report on its performance on a quarterly basis. The Board will review the performance of each fund manager at each regular meeting based upon criteria set forth in the Sacramento Regional Transit District's Statement Investment Objectives and Policy Guidelines for Contract Employees' Retirement Funds, whether or not the investment manager is present.

§2.36 Items Not on the Agenda

A matter requiring Board action must be listed on the posted agenda before the Board may discuss and/or act upon it except as contemplated under the Ralph M. Brown Act.

The Board may take action on items of business not appearing on the posted agenda under any of the following conditions:

1. Upon a determination by an affirmative vote of the Board that an emergency situation exists, as defined in Section 54956.5 of the Government Code.

2. Upon the affirmative vote of three Board Members that the need to take action arose subsequent to the agenda being posted.

3. If the item was properly posted for action at a prior meeting of the Board occurring not more than ten (10) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

4. By directing the Chair or Secretary to place an item of business for discussion and/or action on a subsequent agenda.

ARTICLE 4

MEMBERS ADDRESSING THE BOARD

§2.41 Recognition of the Chair

Any Board member desiring to speak on any item on the agenda must address the Chair during the public comment period on such item, and upon recognition by the Chair, may speak. The speaker must confine himself or herself to the question under debate, avoiding indecorous language.

Comments on items not on the agenda will be heard at the time noticed on the agenda for such public comment.

§2.42 Speaking Interruption

A member will not be interrupted when speaking unless it is to call him or her to order, for the purpose of explanation or to permit solicited responses. If a member, while speaking, is called to order, he or she must cease speaking until the question of order is determined, when, if permitted, he or she may proceed.

§2.43 Limitation of Presentations, Discussion

The Chair may limit discussion at any particular meeting by a Board member to such time as the Chair may find to be reasonable under the circumstances, provided that any decision of the Chair to limit discussion may be overruled by the Board.

§2.44 Impertinence

Any Board member making personal, impertinent or indecorous remarks may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

§2.45 Minutes

The Secretary shall prepare minutes in the form of an action summary; however, during the consideration on any particular matter, a Board member may make a request that the minutes contain a more thorough description of the discussion or deliberations of any question coming before the Board.

§2.46 Debate Closing

The member moving the adoption of a resolution or motion shall have the privilege of closing the debate.

§2.47 Disqualification of Members

Any member who is legally disqualified from participating in Board action on any particular matter must, as soon as such matter is reached on the agenda, disclose his or her disqualification and the reason therefore and may take no part in the discussion, debate or vote on such matter. If such disqualification is not known to him or her at the time such matter is reached on the agenda, he or she must make such disclosure as soon as he or she knows his or her disqualification.

ARTICLE 5

OTHERS ADDRESSING THE BOARD

§2.51 Recognition of the Chair

Non-Board members in attendance may address the Boards or members thereof only when invited by the Chair. Though the Chair will not require a speaker to introduce himself or herself, individuals who do not identify themselves may not be included in the minutes for the meeting at which they speak.

§2.52 Limitation of Presentations, Discussion

Except as otherwise herein provided, the Chair may specify a time limitation on any presentation made before the Board. The Chair can not limit presentations made by members of the public to less than three (3) minutes.

§2.53 Impertinence

Any person making personal, impertinent or indecorous remarks while addressing the Board may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

In extreme situations where persistent disruptions from multiple members of the public prevent an orderly meeting, the Chair, subject to Board appeal, or the Board itself, may order that all members of the public except the media be removed from the public meeting, or the public meeting may be recessed and closed pursuant to state law.

ARTICLE 6

OFFICIAL ACTIONS

§2.61 Timing of An Action

Motions and resolutions, unless put over to a future meeting by a majority vote of the Board, may be acted upon on the day of introduction or presentation. No continuance will be granted if the effect of such a continuance is to render useless a subsequent vote on the issue.

§2.62 Form of Action

Motions are considered an act of the Board and carry the same weight as a resolution. Resolutions are typically used for actions that will be referred to for historical purposes, such as adoption of a policy, award of a contract or grant of an individual's disability retirement.

§2.63 Votes, Signature and Attestation

Votes upon an action item, whether motion or resolution, are cast as "ayes" and "noes" pursuant to roll call and so recorded. Each resolution must be in written or printed form. Procedural motions do not require a roll call vote.

Every resolution shall be signed by the Chair/Chair Pro Tem (depending upon who presided at the meeting of enactment) and attested by the Secretary/Assistant Secretary (as determined by the Secretary).

§2.64 Codification

Resolutions are codified as follows: [Year]-[Month]-[Resolution Number]. For example, the fifth resolution a board adopts at its March 2015 meeting is codified: 15-03-0005.

§2.65 Vote Threshold; Majority Minimum

All official acts of the Board shall require the affirmative vote of a majority of the members of the Board unless law requires a greater number of affirmative votes.

§2.66 Motion Reconsideration

A motion to reconsider any action taken by the Board may be made only on the day such action was taken, either during the same session or at an adjourned session thereof. Such motion must be made by a member on the prevailing side and seconded by any member. The motion, which may be made at any time during said meeting, has precedence over all other motions. The motion to reconsider is debatable unless the action to be reconsidered is not debatable.

§ 2.67 Mandatory Arbitration

If a motion or resolution is brought before the Board for a vote and the measure fails to gain the support of a majority of the voting members as required in Section 2.65, the measure will fail passage. However, if a quorum is present and votes on a matter pertaining to the management or administration of the Plan and the matter receives an equal number of "aye" votes as it does "no" votes, then the matter shall be resolved in the manner set forth in Public Utilities Code Section 99159 by referring it to binding arbitration if such a motion is made and at least two Board Members vote affirmatively, as further set forth in the Retirement Plan.

ARTICLE 7

COMMITTEES

§2.71 Appointment

The Chair may create and appoint ad hoc committees.

§2.72 Ad Hoc Advisory Committee Meetings

Ad Hoc Committees are limited-term, limited scope advisory committees comprised exclusively of less than a quorum of the Board. For example, an advisory committee comprised of two members for the purpose of producing a report in six months on trends in public agency benefit policies would be considered an ad hoc committee because it is composed of less than a quorum of the Board and it is charged with accomplishing a specific task in a limited period of time.

Ad hoc committee meetings are specifically exempt from open meeting requirements under these Bylaws and under the Brown Act. However, when creating and appointing an Ad Hoc Committee, the Chair retains authority to direct that meetings of that committee shall be noticed and open to the public.

ARTICLE 8

RULES

§2.81 Amendment

Any provision hereof may be altered, amended or annulled at any time by an affirmative vote of the Board as provided in Section 2.65, provided a week's notice of such change is given to each board member.

§2.82 Suspension

Any section of these By-laws may be temporarily suspended by an affirmative vote of the Board as provided in Section 2.65.

§2.83 Robert's Rules

All rules of order not herein provided for shall be determined in accordance with "Robert's Rules of Order."

§2.84 Copies – By-laws

The Secretary shall furnish each Board member copies of these By-laws and provide a supply for public purposes.

Sacramento Regional Transit District
IBEW 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, Ohlson and Burdick. Director Morin, Alternate Gallow and Alternate Jennings were absent.

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

By IBEW Resolution No. 16-02-171 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:

10. Motion: Approving the Minutes for the August 31, 2016 Special Retirement Board Meeting (IBEW). (Bonnel)

11. Motion: Approving the Minutes for the September 14, 2016 Quarterly Retirement Board Meeting (IBEW). (Bonnel)

12. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2016 for the ATU/IBEW Pension Plan (ATU/IBEW). (Bernegger)

Director Li moved to adopt IBEW Retirement Board Items 10 through 12. Director Ohlson seconded the motion. Items 10 through 12 were carried unanimously by roll call vote: Ayes: Directors Li, Ohlson and Burdick. 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 Ohlson seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Directors Li, Ohlson and Burdick. Noes: None.

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

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

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

Donna Bonnel 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 Ohlson seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Directors Li, Ohlson and Burdick. Noes: None.

Donna Bonnel 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.

____
Eric Ohlson, Chair

ATTEST:

__________, Secretary

By:___________________________________
Donna Bonnel, Assistant Secretary

Sacramento Regional Transit District
IBEW 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, Gallow and Alternate Bibbs. Director Ohlson and Alternate Jennings were absent.

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

By IBEW Resolution No. 16-12-186 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). (Bonnel)

Assistant Secretary Donna Bonnel 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 Pyrford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pyrford 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. Pyrford International PLC (Pyrford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or $188,912.

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

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pyrford 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 Pyrford 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 Pyrford and Lazard.

Mr. Iseri noted that Pyrford 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:

<u>RECOMMENDED ACTION</u>

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

<u>FISCAL IMPACT</u>

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 Gallow, Li and Morin and Alternate Bibbs. 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.

____
Eric Ohlson, Chair

ATTEST:

Steven Gallow, Secretary

By:___________________________________

Donna Bonnel, Assistant Secretary

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
19	03/22/17	Retirement	Action	02/11/17

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (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

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
19	03/22/17	Retirement	Action	02/11/17

Subject:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (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 is the net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the IBEW 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 IBEW Plan reimbursed $89,914.33 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 IBEW Plan's Asset Allocation as of December 31, 2016. This statement shows the IBEW 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 <u>both</u> investment activities and the pension fund's inflows and outflows. Callan's report <u>only</u> 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 Fund's unaudited Statement of Changes in Plan 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.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
19	03/22/17	Retirement	Action	02/11/17

Subject:	Receive and File Administrative Reports for the Quarter Ended December 31, 2016 for the IBEW Pension Plan (IBEW). (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 IBEW Plan to the Salaried Plan during the three months ended December 31, 2016.

Sacramento Regional Transit District Retirement Plan - IBEW
Statement of Fiduciary Net Position
Accrual Basis — **As of December 31, 2016**

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	46,985,443.14
Total Checking/Savings	46,985,443.14
Accounts Receivable	
Contribution Receivable from RT	1,998.93
Total Accounts Receivable	1,998.93
Other Current Assets	
Prepaids	2,609.01
Total Other Current Assets	2,609.01
Total Current Assets	46,990,051.08
TOTAL ASSETS	**46,990,051.08**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Administrative Expense Payable	47,523.61
AQR	1,798.55
Atlanta Capital	8,724.31
Boston Partners	10,711.75
Callan	1,920.92
JP Morgan	1,573.11
MetWest	11,022.35
SSgA - EAFE	419.59
SSgA - S&P Index	973.52
State Street	9,905.55
Total Accounts Payable	94,573.26
Total Current Liabilities	94,573.26
Total Liabilities	94,573.26
Equity	
Retained Earning	45,066,750.96
Net Income	1,828,726.86
Total Equity	46,895,477.82
TOTAL LIABILITIES & EQUITY	**46,990,051.08**

Sacramento Regional Transit District Retirement Plan - IBEW
Statement of Changes in Fiduciary Net Position

Accrual Basis — **October through December 2016**

	Oct - Dec 16	
Income		
Interest, Dividend, & Other Inc		
Dividend	58,222.92	
Interest	118,806.18	
Other Income	365.62	
Total Interest, Dividend, & Other Inc		177,394.72
Investment Income		
Gains/(Losses) - All	(30,545.62)	
Increase(Decrease) in FV	324,263.13	
Total Investment Income		293,717.51
RT Required Contribution		
Employee Contributions	8,549.10	
RT Required Contribution - Other	805,930.76	
Total RT Required Contribution		814,479.86
Total Income		1,285,592.09
Cost of Goods Sold		
IBEW - Retirement Benefits Paid		798,069.04
Invest Exp - AQR		5,379.00
Invest Exp - Atlanta Capital		8,724.31
Invest Exp - Boston Partners		10,711.75
Invest Exp - Callan		5,758.79
Invest Exp - EAFE - SSgA		419.59
Invest Exp - JP Morgan		1,573.11
Invest Exp - Metropolitan West		11,022.35
Invest Exp - S&P Index - SSgA		1,945.31
Invest Exp - State Street		5,943.33
Total COGS		849,546.58
Gross Profit		436,045.51
Expense		
Admin Exp - Administrator		19,792.35
Admin Exp - Audit		11,196.67
Admin Exp - EFI		25,112.52
Admin Exp - Fiduciary Insurance		1,956.75
Admin Exp - Hanson Bridgett Leg		22,125.26
Admin Exp - Shipping		0.00
Total Expense		80,183.55
Net Income		**355,861.96**

Sacramento Regional Transit District Retirement Plan - IBEW
Statement of Changes in Fiduciary Net Position

Accrual Basis

July through December 2016

	Jul - Dec 16
Income	
Interest, Dividend, & Other Inc	
Dividend	124,671.35
Interest	228,314.10
Other Income	369.79
Total Interest, Dividend, & Other Inc	353,355.24
Investment Income	
Gains/(Losses) - All	730,042.27
Increase(Decrease) in FV	958,651.39
Total Investment Income	1,688,693.66
RT Required Contribution	
Employee Contributions	15,068.69
RT Required Contribution - Other	1,588,428.85
Total RT Required Contribution	1,603,497.54
Total Income	3,645,546.44
Cost of Goods Sold	
IBEW - Retirement Benefits Paid	1,595,923.32
Invest Exp - AQR	8,922.43
Invest Exp - Atlanta Capital	16,970.28
Invest Exp - Boston Partners	20,857.12
Invest Exp - Callan	11,507.94
Invest Exp - EAFE - SSgA	844.18
Invest Exp - JP Morgan	8,945.70
Invest Exp - Metropolitan West	22,303.35
Invest Exp - S&P Index - SSgA	1,945.31
Invest Exp - State Street	6,930.77
Total COGS	1,695,150.40
Gross Profit	1,950,396.04
Expense	
Admin Exp - Administrator	42,613.29
Admin Exp - Audit	11,196.67
Admin Exp - EFI	29,561.27
Admin Exp - Fiduciary Insurance	3,913.50
Admin Exp - Hanson Bridgett Leg	34,342.73
Admin Exp - Shipping	1.57
Miscellaneous	40.15
Total Expense	121,669.18
Net Income	**1,828,726.86**

Attachment 4

Sacramento Regional Transit District
Retirement Fund - IBEW
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	24,357.44	28,277.52	37,279.37	24,357.44
Monthly Activity:				
Deposits				
District Pension Contributions @ 22.60 to 27.10%	254,603.50	276,807.27	274,519.99	805,930.76
Employee Pension Contributions	2,402.32	2,997.94	3,148.84	8,549.10
Total Deposits	257,005.82	279,805.21	277,668.83	814,479.86
Expenses				
Payout to Retirees:				
IBEW	(266,254.88)	(265,907.08)	(265,907.08)	(798,069.04)
Payout to Retirees Subtotal	(266,254.88)	(265,907.08)	(265,907.08)	(798,069.04)
Fund Investment Management Expenses:				
Atlanta Capital	-	(8,245.97)	-	(8,245.97)
Metropolitan West	-	(11,281.00)	-	(11,281.00)
Boston Partners	-	(10,145.37)	-	(10,145.37)
JPMorgan	-	(7,372.59)	-	(7,372.59)
SSgA S&P 500 Index	(971.79)	-	-	(971.79)
SSgA EAFE MSCI	-	(424.59)	-	(424.59)
Callan	(1,917.02)	(1,918.76)	(1,919.11)	(5,754.89)
Fund Invest. Mgmt Exp. Subtotal	(2,888.81)	(39,388.28)	(1,919.11)	(44,196.20)
Administrative Expenses				
Cheiron	(2,193.75)		(1,800.00)	(3,993.75)
Fiduciary Insurance	-			0.00
Shipping	-			0.00
Hanson Bridgett Legal Services	(6,543.74)	(5,283.14)	(159.60)	(11,986.48)
Pension Administration	(7,402.16)	(6,506.08)	(5,884.11)	(19,792.35)
Administrative Exp. Subtotal	(16,139.65)	(11,789.22)	(7,843.71)	(35,772.58)
Total Expenses	(285,283.34)	(317,084.58)	(275,669.90)	(878,037.82)
Monthly Net Owed from/(to) District	(28,277.52)	(37,279.37)	1,998.93	(63,557.96)
Payment from/(to) the District	(24,357.44)	(28,277.52)	(37,279.37)	(89,914.33)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	28,277.52	37,279.37	(1,998.93)	(1,998.93)

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	78,949,591
Total Consolidated Net Asset	253,159,923
Per Callan Report:	
Total Investments	253,159,141
Net Difference	782 *

* 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	674,566
Total Investment Income	2,663,115
Per Callan Report:	
Investment Returns	2,663,176
Net Difference	(61) **

** 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

	October	November	December	Total
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	(346,863)	(322,058)	(470,090)	(1,139,011)
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	(346,863)	(322,058)	(470,090)	(1,139,011)
Variance between Payments and Transfers	-	-	-	-
Per Callan Report:				
Net New Investment/(Withdrawals)				(1,139,011)
Net Difference				-

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

	1Q16	2Q16	3Q16	4Q16	Total
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	(450,045)	(684,540)	(937,767)	(1,139,011)	(3,211,363)

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

	1 Year	%	1 Year Net of Fees Returns	1 Year Bench-Mark Returns	1 Year Favorable/ (Unfavor) Basis Pts	3 Years	%	3 Years Net of Fees Returns	3 Years Bench-Mark Returns	3 Years 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%					1.20%	
Core CPI:				2.20%					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	Tranferred To Position	Transferred From ATU or IBEW	Tranferred To ATU or IBEW	Plan Assets Transferred To/(From) Salaried Plan	Plan Assets Transferred To/(From) ATU or IBEW Plan
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

CONSENT CALENDAR

Agenda Item 20
IBEW

Please refer to Agenda Item 4 AEA

CONSENT CALENDAR

Agenda Item 21
IBEW

Please refer to Agenda Item 15 AEA

Sacramento Regional Transit District
Retirement Board Meeting
Wednesday, December 14, 2016
MEETING SUMMARY

ROLL CALL

MCEG
The Retirement Board was brought to order at 9:03 a.m. A quorum was present comprised as follows: Directors Li, Lonergan, and Thorn were present. Director Morin, Alternate Sanchez-Ochoa and Alternate Jennings were absent.

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

By MCEG Resolution No. 16-02-171 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:

13. Motion: Approving the Minutes for the August 31, 2016 Special Retirement Board Meeting (MCEG). (Bonnel)

14. Motion: Approving the Minutes for the September 14, 2016 Quarterly Retirement Board Meeting (MCEG). (Bonnel)

15. 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 MCEG Retirement Board Items 13 through 15. Director Lonergan seconded the motion. Items 13 through 15 were carried unanimously by roll call vote: Ayes: Directors Li, Lonergan, and Thorn. 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 Lonergan seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Directors Li, Lonergan, and Thorn. Noes: None.

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

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

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

Donna Bonnel 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 Lonergan seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Directors Li, Lonergan, and Thorn. Noes: None.

Donna Bonnel 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.

____
Mark Lonergan, Chair

ATTEST:

Roger Thorn, Secretary

By:__________________________________
Donna Bonnel, Assistant Secretary

Sacramento Regional Transit District
MCEG 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, Lonergan, and Thorn were present. Alternate Sanchez-Ochoa and Alternate Jennings were absent.

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

By MCEG Resolution No. 16-12-189 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). (Bonnel)

Assistant Secretary Donna Bonnel 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 Pyrford International PLC to present their firm as an International Fund Manager candidate and to introduce the Pyrford 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. Pyrford International PLC (Pyrford) – Equity only non-U.S. mutual fund maximum annual fee of 84 BP or $188,912.

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

Lance Kjeldgaard with Hanson Bridgett LLP noted the differences between the Pyrford 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 Pyrford 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 Pyrford and Lazard.

Mr. Iseri noted that Pyrford 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 Lonergan, Thorn, 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.

Mark Lonergan, Chair

ATTEST:

Roger Thorn, Secretary

By:____________________________________
Donna Bonnel, Assistant Secretary

CONSENT CALENDAR

Agenda Item MCEG 24

Please refer to Agenda Item 3 AEA

CONSENT CALENDAR

Agenda Item 25 MCEG

Please refer to Agenda Item 4 AEA

CONSENT CALENDAR

Agenda Item 26 MCEG

Please refer to Agenda Item 5 AEA

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

FOR INVESTMENT PROFESSIONAL USE ONLY

TCW

Fixed Income Review
TCW Core and Core Plus Strategies

FOURTH QUARTER 2016

PRESENTATION TO:

Sacramento Regional Transit District

MARCH 22, 2017

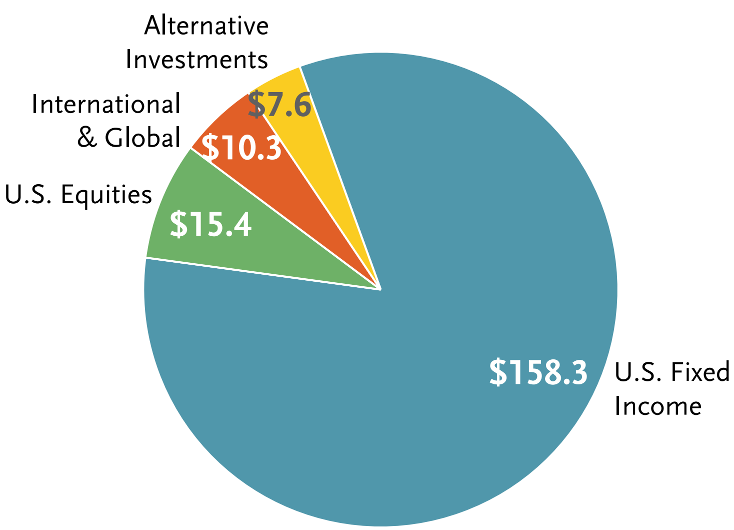
Presented by:

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

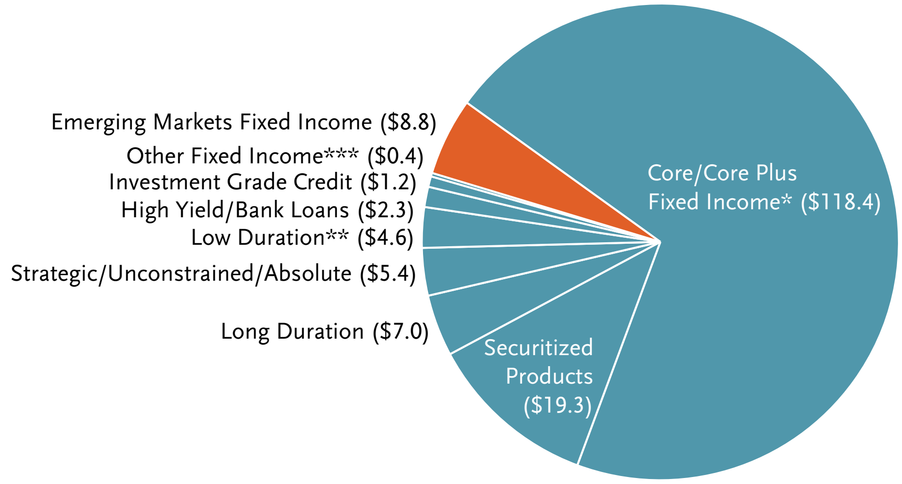
TCW Assets Under Management

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

GENERALIST PORTFOLIO MANAGERS

Tad Rivelle, CIO-Fixed Income
Stephen Kane, CFA
Laird Landmann
Bryan Whalen, CFA

Analysts

Ruben Hovhannisyan, CFA
Connor Tuttle, CFA

Securitized Products

Agency
Mitch Flack
Eric Arentsen
Pat Ahn
Nanlan Ye
Tim Brown
Melissa Conn, CFA
Stephen Leech

Credit
Scott Austin, CFA
Harrison Choi

ABS/CMBS
Philip Choi
Elizabeth Crawford
David Doan
Tony Lee, CFA
Sagar Parikh, CFA
Palak Pathak, CFA
Kyle Phillips
Zhao Zhao

Non-Agency RMBS
Phillip Dominguez, CFA
Michael Hsu
Brian Choi
Brian Rosenlund, CFA
Jonathan Marcus

Credit

Credit Trading
Jerry Cudzil
Mike Carrion, CFA
Tammy Karp
Simon Park
Drew Sweeney
Brian Gelfand

Credit Research
Jamie Farnham
Patrick Barrett
Alex Bibi
Marie Choi
Nikhil Chopra
Anthony Garcia
Jason Homler, CFA
Griffith Lee
Chet Malhotra
Melinda Newman
Ronnie Ng
Nick Nilarp, CFA
Steven Purdy
Joel Shpall
Kenneth Toshima
Ryan White, CFA

Government/Rates

Portfolio Investment Team
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Lawrence Rhee
Brian Smith

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Jeannie Fong
Michael Pak, CFA
Nishi Panchal
Tim Torline
Tyler Tucci
Katherine Wu

Investment Risk Management

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Chait Errande
Ricardo Horowicz, PhD
Mhair Orchanian, PhD
Anish Patel, FRM
Melicia Shen
Mateo Martinez

Product Management

Patrick Moore
David Vick, CFA
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Jeffrey Katz
Christina Bau
Tracy Gibson
Irene Mapua
Mark McNeill, CFA
Jamie Franco
Julie Stevenson

Emerging Markets Debt

Portfolio Investment Team
Penny Foley
David Robbins

Portfolio Specialist
Anisha Goodly

Sovereign Research
Blaise Antin
David Loevinger
Marcela Meirelles, PhD, CFA
Brett Rowley
Spencer Rodriguez

Corporate Credit Research
Javier Segovia, CFA
Stephen Keck, CFA
Jeffrey Nuruki, CFA
Shant Thomasian, CFA

Strategy/Trading
Currency - Jae H. Lee
Corporate - Chris Hays

Trading
Alex Stanojevic
Jason Shamaly
Justin Becker

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

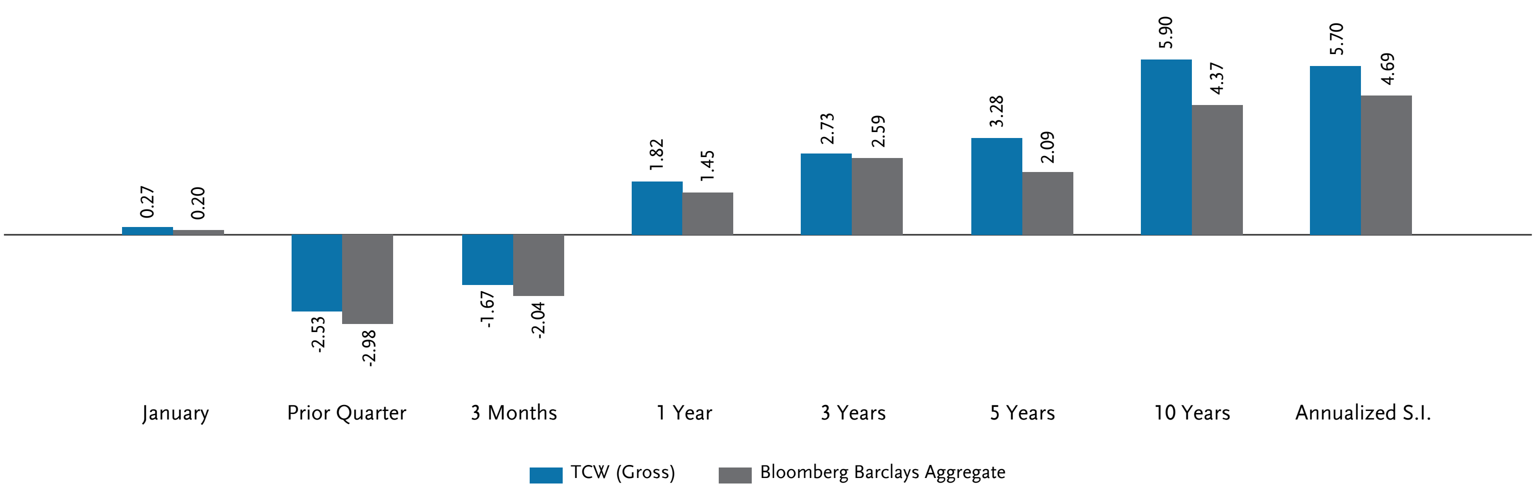
Portfolio Characteristics

	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%

Total Rate of Return (%)



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

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

4Q 2016 – Core and Core Plus Performance Attribution

	Positioning	Market Action	Result
Duration	Extended duration from 0.6 years shorter than the Index to approximately 0.3 years short as Treasury yields increased over the quarter	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%	Positive
Yield Curve	Underweight the long end with a slight preference for 5-Year maturities	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	Neutral
Sector	• 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	• 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	• 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)	• 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

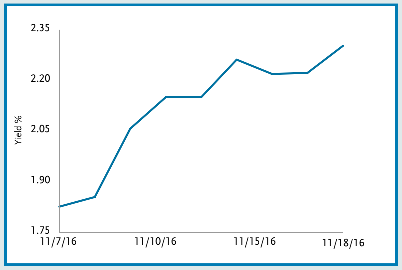
	Positioning	Market Action	Result
Duration	Remained defensive versus the benchmark through 2016, but extended duration from ~0.7 to ~0.3 years short as Treasury yields increased in the latter part of the year	Treasury rates fell during the first half of the year but increased with rising expectation for 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	• 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	• 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	• 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)	• 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.

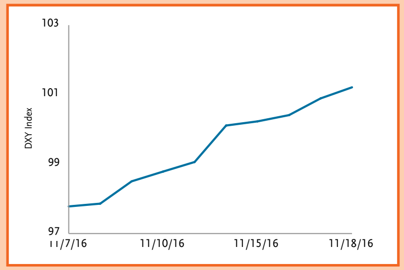
10-Year Treasury



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.

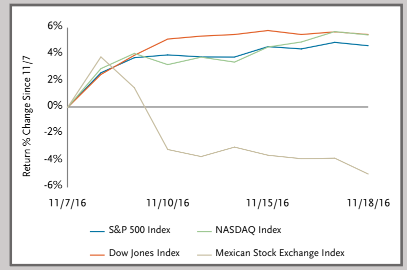
Dollar



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.

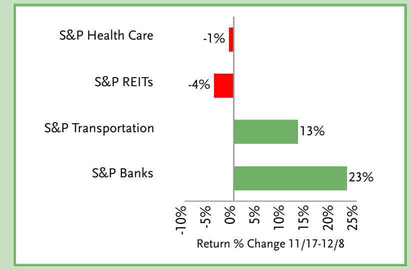
Equity Markets



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%.

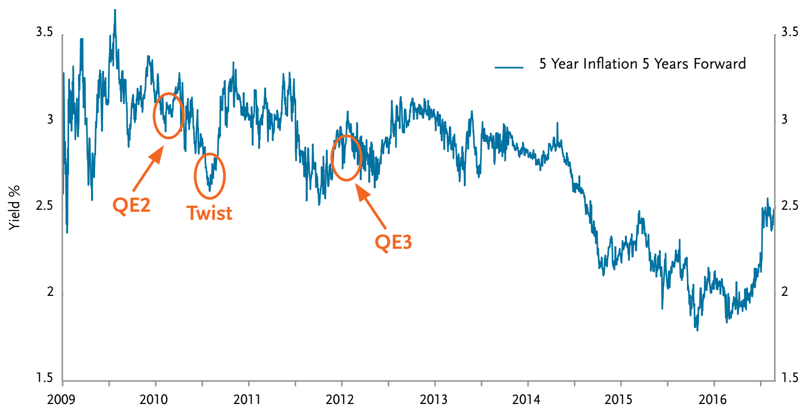
Meanwhile, **health-care** companies took a hit as concerns that repealing the ACA could mean less coverage for Medicaid/Exchange covered patients, leading to lower demand for health-care companies and providers.

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.

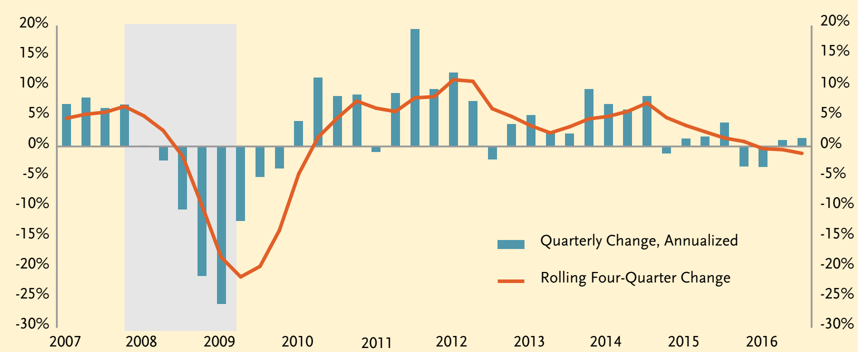
MARKET EXPECTATIONS OF LONG-TERM INFLATION ON THE RISE



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



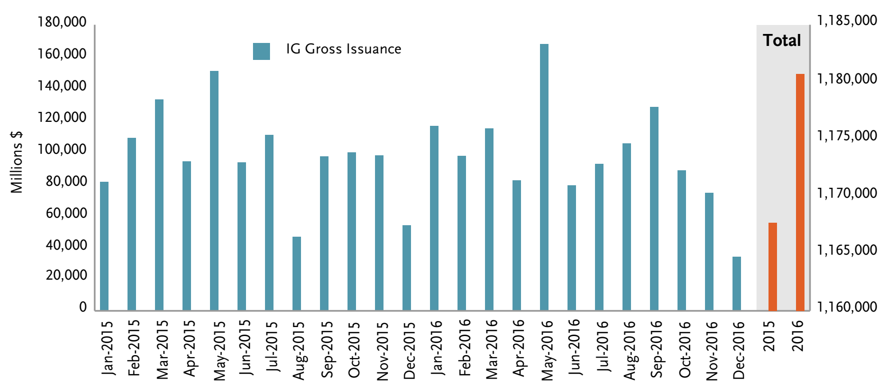
Source: Bureau of Economic Analysis

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.

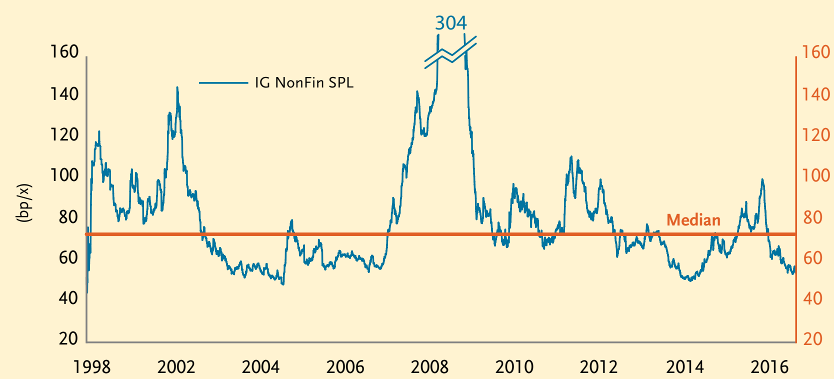
RECORD-BREAKING YEAR FOR INVESTMENT GRADE ISSUANCE



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 tights. 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

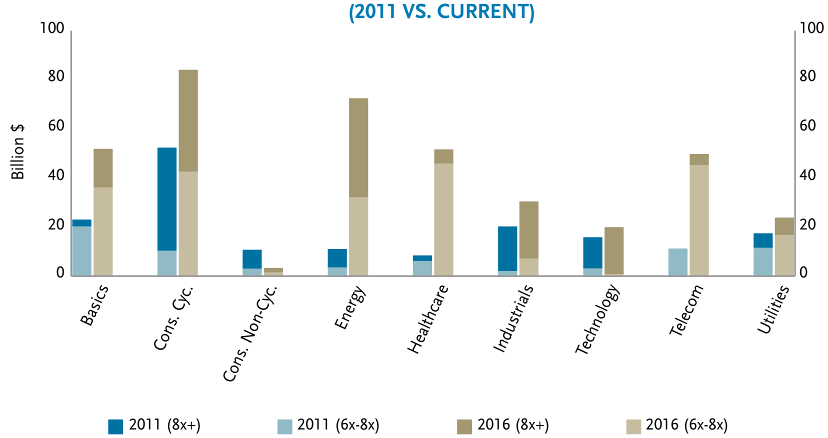
- Historically, the largest declines in leverage come after a credit cycle has ended. As such, it seems unlikely that improved growth at this point in the cycle would result in the corporate sector to de-lever gradually. Existing headwinds to profitability such as higher wages, weak productivity, and 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.

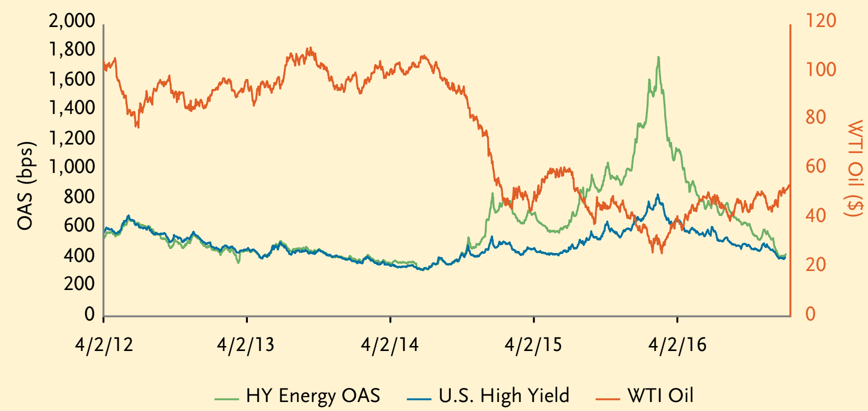
ALREADY HIGHLY LEVERED SECTORS TAKE ON ADDITIONAL LEVERAGE
(2011 VS. CURRENT)



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

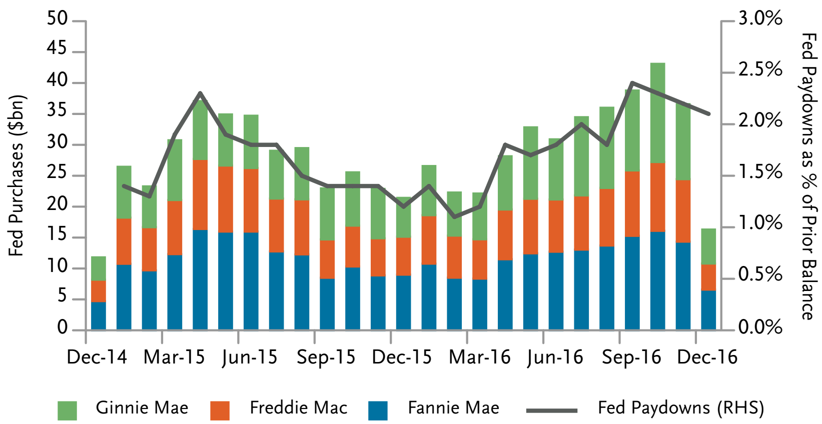
- The technical backdrop for leveraged finance has provided significant support for returns. High yield issuance was particularly light in the fourth quarter, due in part to holiday seasonality but also the sustained rise in Treasury yields which increased borrowing costs for most companies. Year-to-date 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.

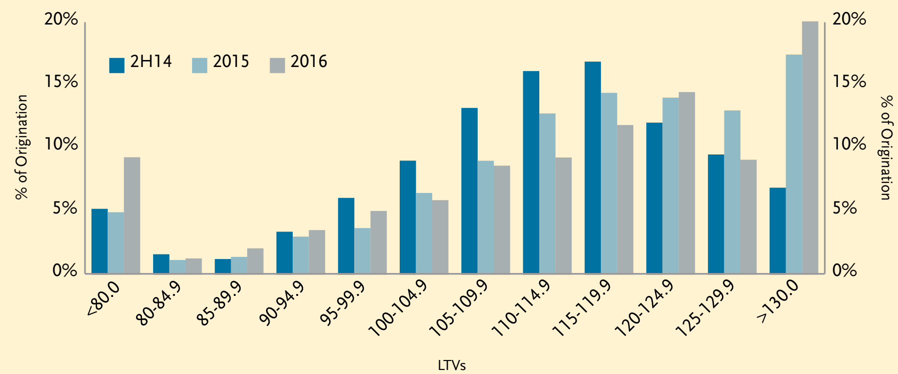
FED PAYDOWNS AND PURCHASES DECLINING



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



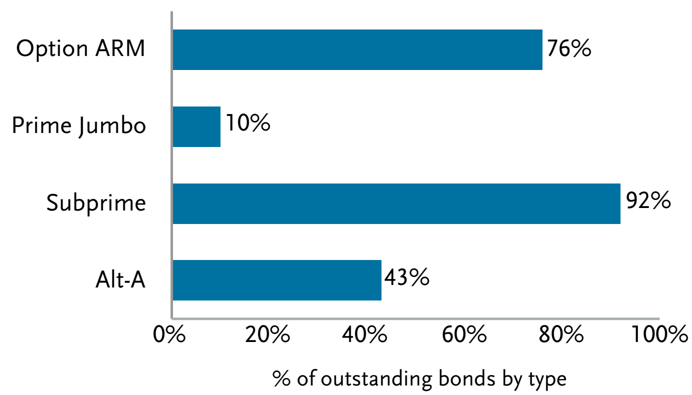
Source: JP Morgan, Moody's

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.

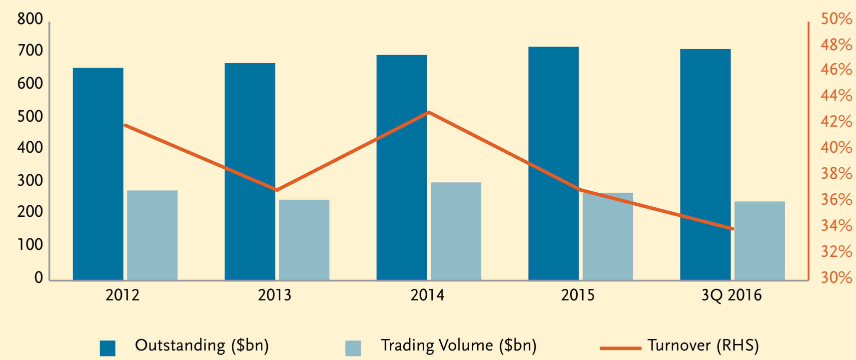
MAJORITY OF NON-AGENCY MBS COUPONS ARE FLOATING RATE



Source: Intex, Morgan Stanley Research

- 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.

ABS BOND TURNOVER DECLINED IN 2016



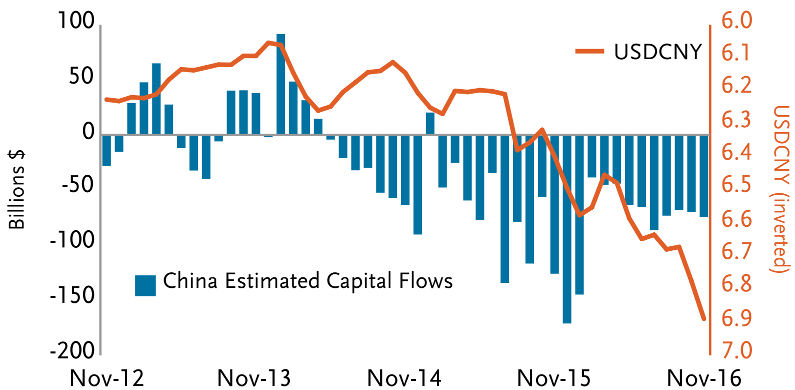
Source: Bloomberg, Barclays

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 tights, 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.

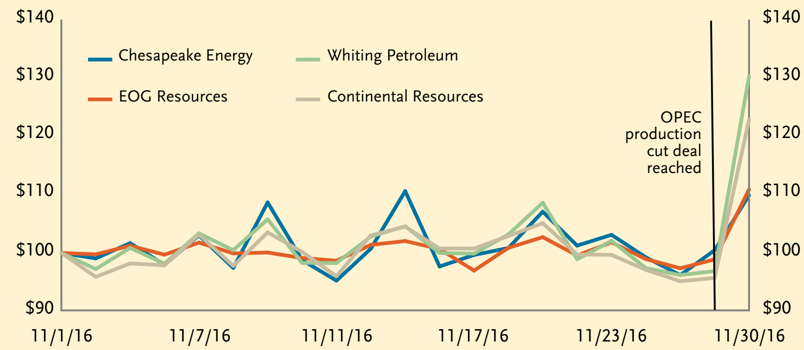
CAPITAL FLIGHT CONTINUES AS CNY DEPRECIATES AGAINST THE DOLLAR



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	• 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	• 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	• Agency MBS – small underweight, bias to add • Non-Agency MBS – maintain allocation	• 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	• 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	• 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	• 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?

3-MONTH JGB T-BILL

Currency: Yen (¥)
Yield: -0.40%

+

CURRENCY HEDGE

Convert ¥ to $
Yield: 1.68%

→

3-MONTH MONEY MARKET INSTRUMENT

Currency: U.S. Dollar
Net Yield: 1.28%

VS

3-MONTH U.S. T-BILL

Currency: U.S. Dollar
Yield: 0.50%

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

Source: TCW, Bloomberg

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.

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.

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

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.

Attachment #1

Callan

March 22, 2017

Sacramento Regional Transit District

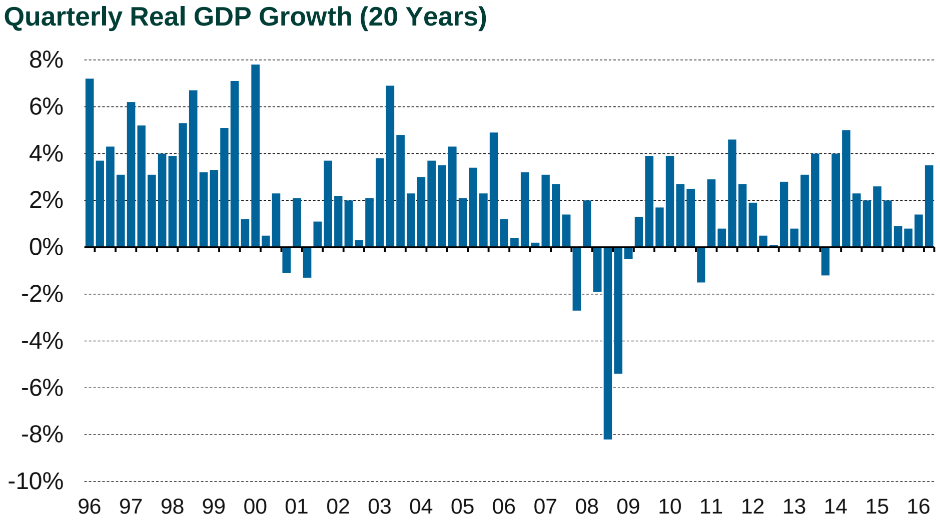
Fourth Quarter 2016 Market Update

Anne Heaphy
SF Fund Sponsor Consulting

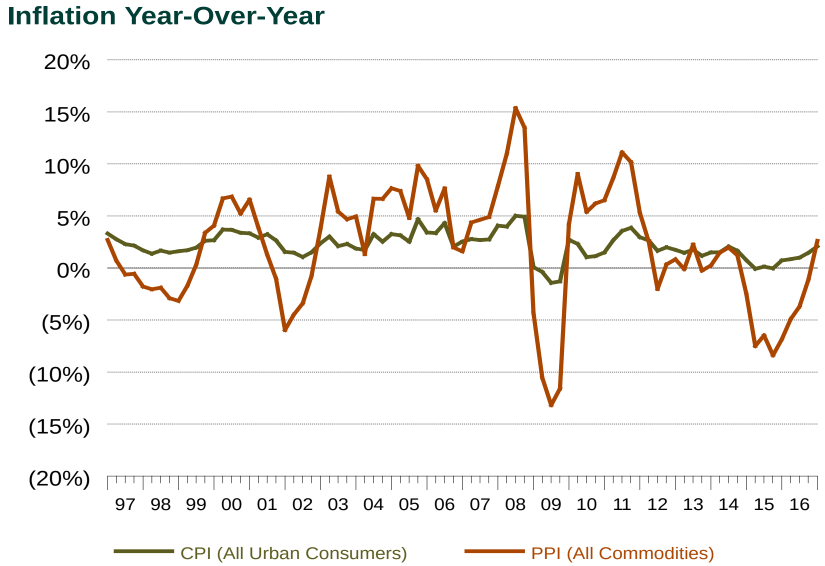
Uvan Tseng, CFA
SF Fund Sponsor Consulting

Economic Commentary

Fourth Quarter 2016



Source: Bureau of Economic Analysis



Source: Bureau of Labor Statistics

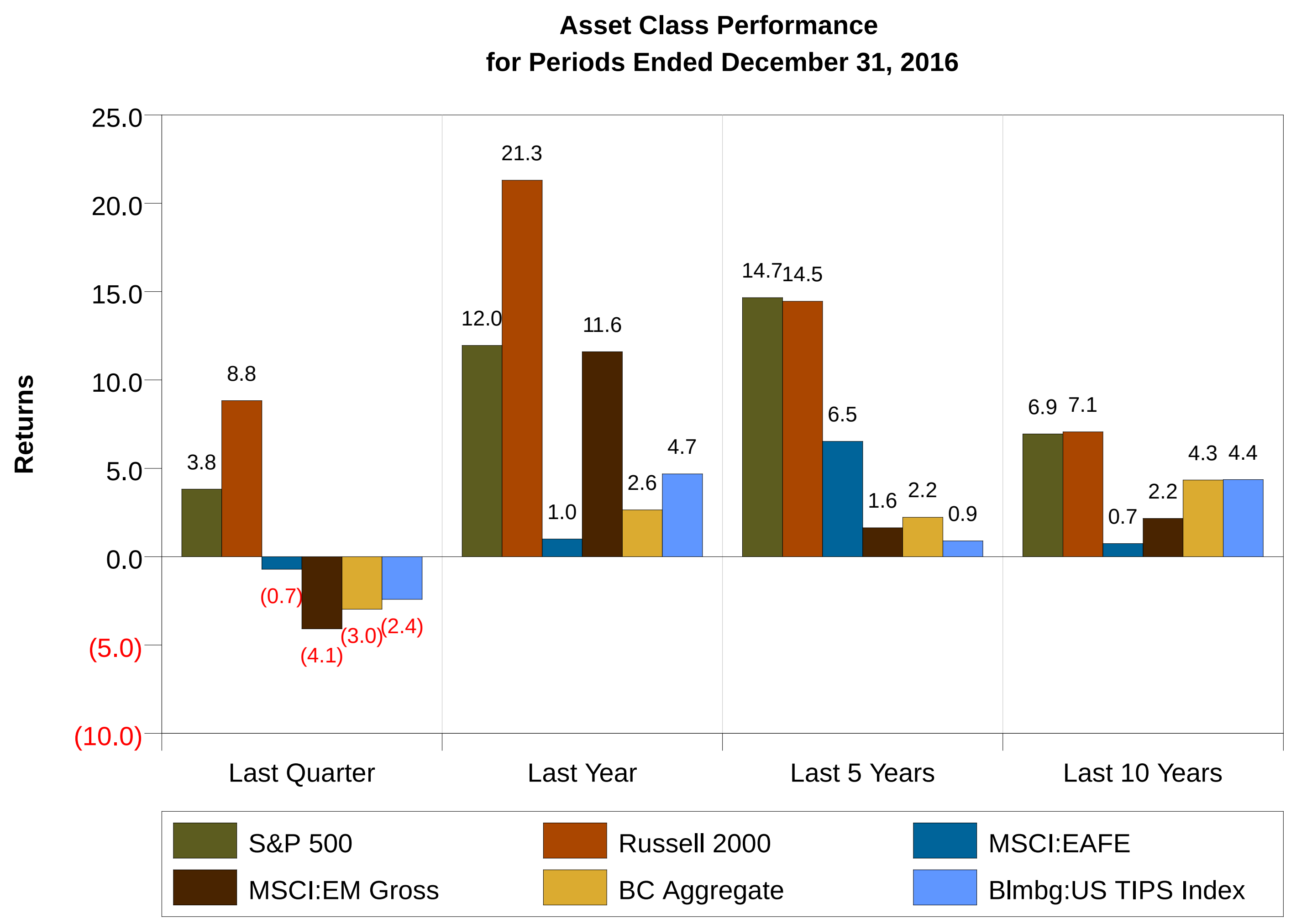
- The U.S. economic picture continued to improve during the final quarters of 2016. Third quarter GDP was revised up to 3.5% (1.7% year-over-year), the sharpest quarterly increase in two years. Growth was supported by exports, inventories, and consumer spending.

- 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



<u>YTD as of 03/21/17:</u>

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI EM:

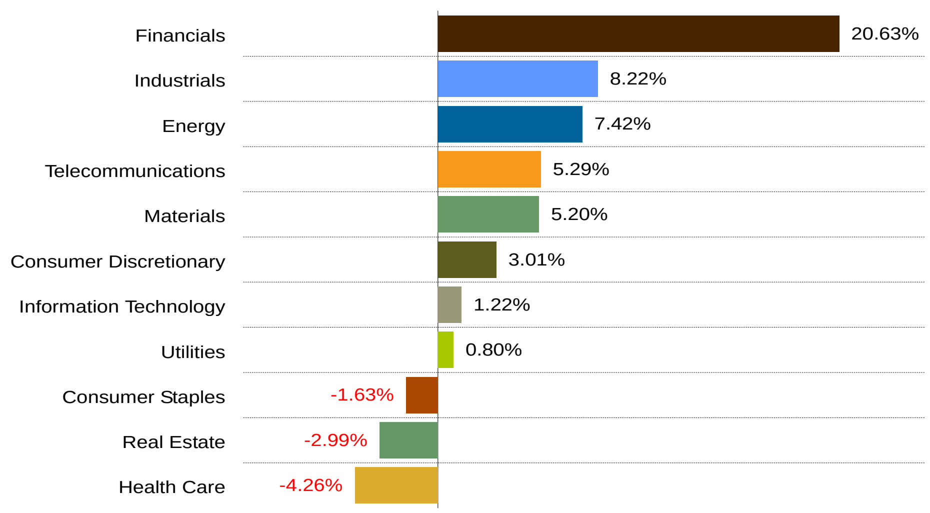
BC Aggregate:

BC TIPS:

U.S. Equity

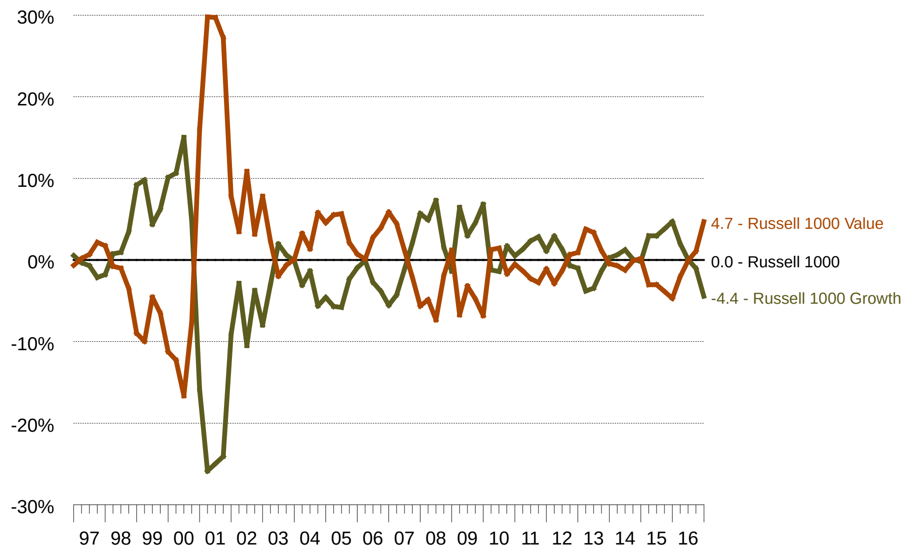
Fourth Quarter 2016

Russell 3000 Sector Returns



Source: Russell Investment Group

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



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

4Q 2016

	Value	Core	Growth
Large	7.2%	4.1%	1.2%
Mid	5.5%	3.2%	0.5%
Small	14.1%	8.8%	3.6%

Annualized 1 Year Returns

	Value	Core	Growth
Large	16.2%	11.3%	7.0%
Mid	20.0%	13.8%	7.3%
Small	31.7%	21.3%	11.3%

Represents 3 best performing asset classes in time period

Represents 3 middle performing asset classes in time period

Represents 3 worst performing asset classes in time period

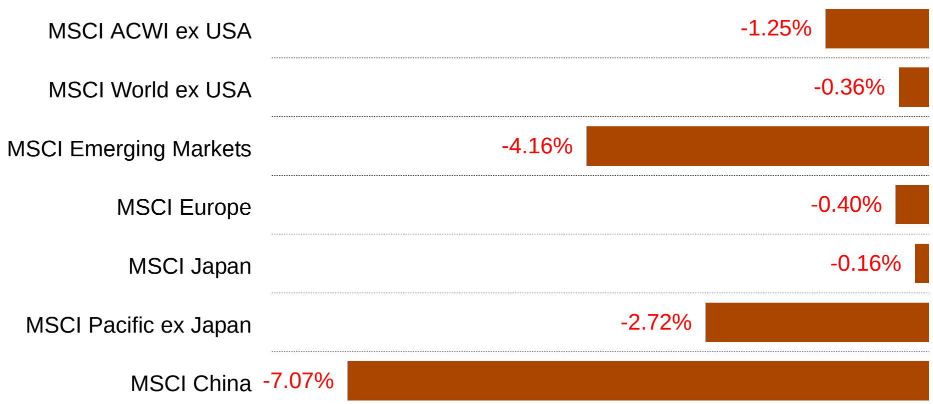
- Last Quarter: Value generally outperformed growth across the market cap spectrum but performance by size was mixed.
- Trailing Year: Value/smaller cap stocks tended to come out ahead over the last 12 months but performance was psoitvie on an absolute basis across the board.

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)

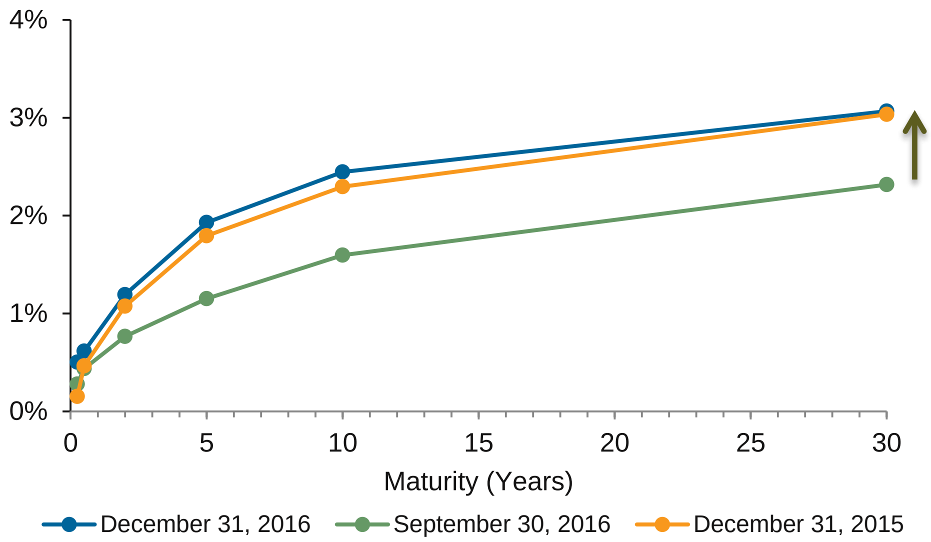
Country	Total	Local	Currency	Weight
Australia	0.69%	6.41%	-5.38%	7.40%
Austria	6.51%	13.48%	-6.14%	0.20%
Belgium	-11.80%	-6.03%	-6.14%	1.18%
Denmark	-8.74%	-2.90%	-6.01%	1.65%
Finland	-4.40%	1.86%	-6.14%	0.96%
France	2.93%	9.67%	-6.14%	10.18%
Germany	1.45%	8.10%	-6.14%	9.30%
Hong Kong	-8.97%	-9.00%	0.04%	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

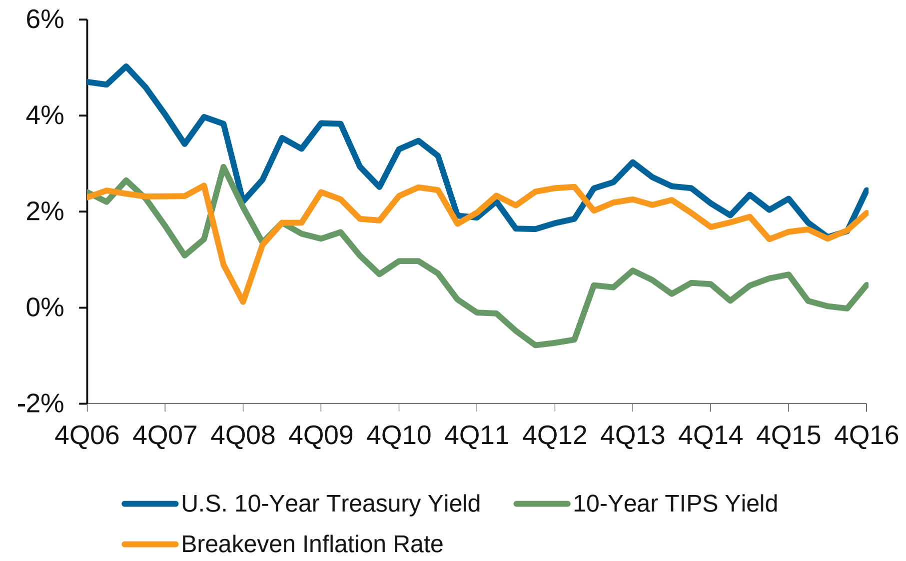
Fourth Quarter 2016

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.

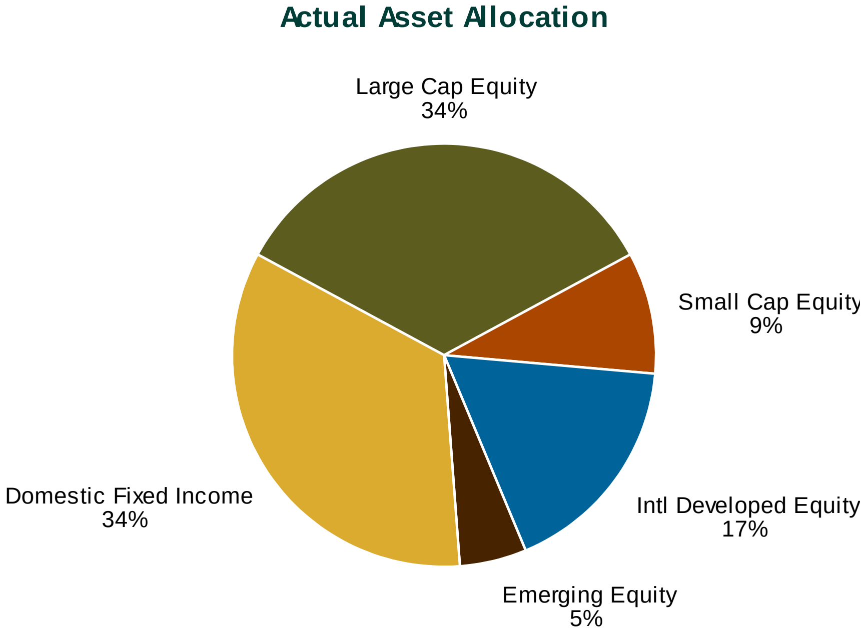
Callan

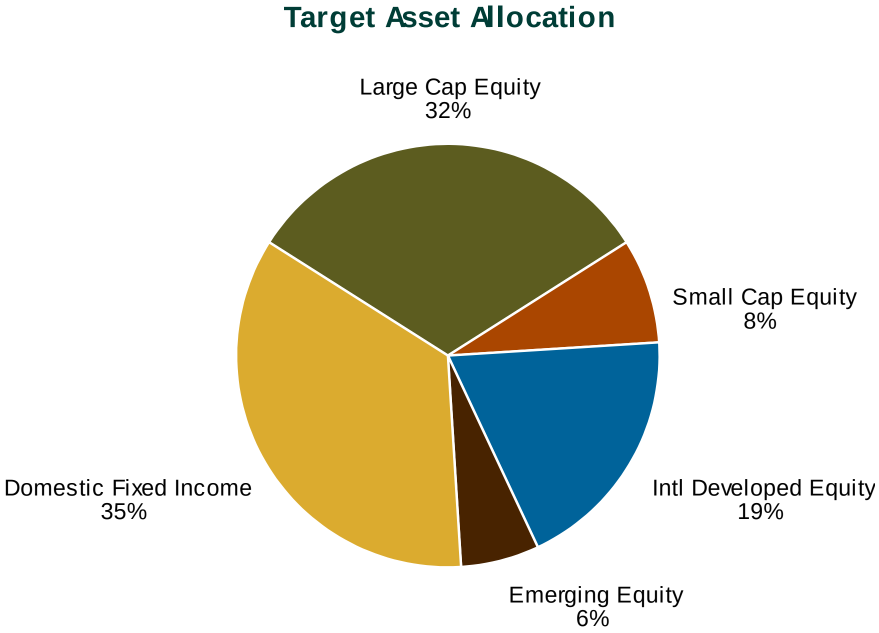
Sacramento Regional Transit District

Total Fund Overview

RT Asset Allocation

As of December 31, 2016





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 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%**

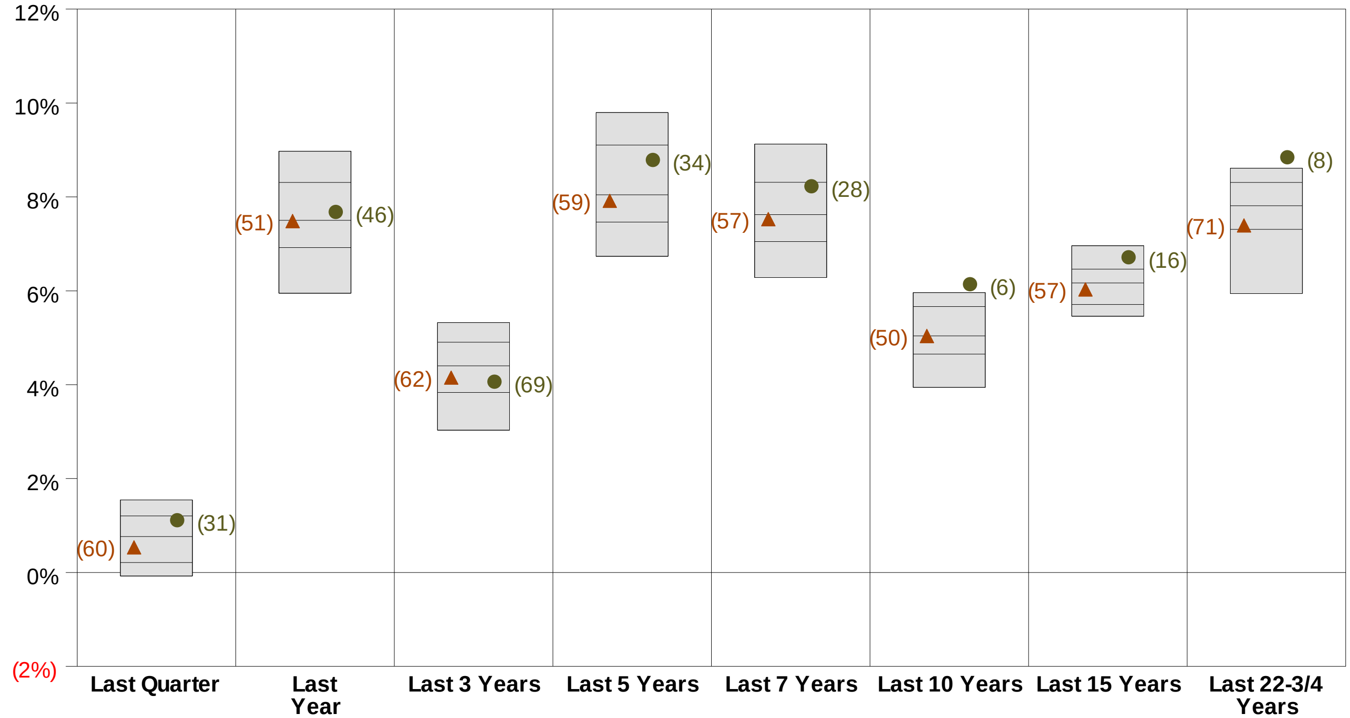
One Year Relative Attribution Effects

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%**

Total Fund

Performance as of December 31, 2016

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



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 22-3/4 Years
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 Market Value	Net New Inv.	Inv. Return	September 30, 2016 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

Attachment #2

Callan

December 31, 2016

Sacramento Regional Transit District Retirement Plans

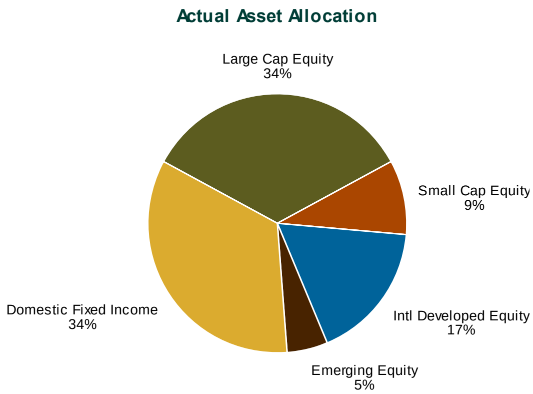
Investment Measurement Service Quarterly Review

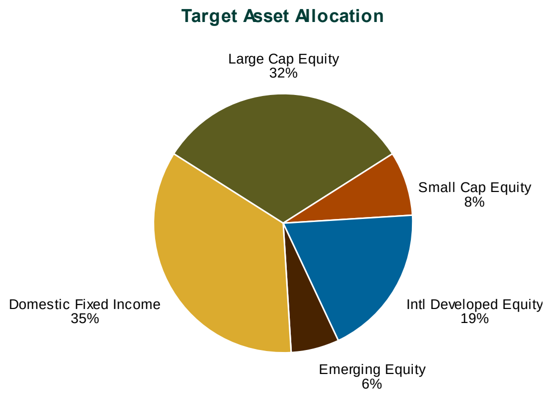
Table of Contents
December 31, 2016

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

Callan

CALLAN INSTITUTE

Capital Market Review

Fourth Quarter 2016

A Sentimental Journey

ECONOMY

2 PAGE

Real GDP grew 1.9% in the fourth quarter and 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.

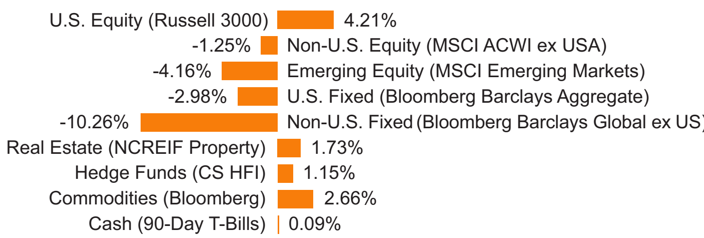
Friends Mattered

FUND SPONSOR

4 PAGE

Funds faced a tough 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

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The **S&P 500 Index** hit 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 PAGE

The dollar’s strength 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 PAGE

The **Bloomberg Barclays U.S. Aggregate Bond Index** 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

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Yields overseas 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 PAGE

The **NCREIF Property Index** again turned in 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 PAGE

Company investments 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 PAGE

The **Credit Suisse Hedge Fund Index** 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 PAGE

The average DC plan 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.

Knowledge. Experience. Integrity.

A Sentimental Journey

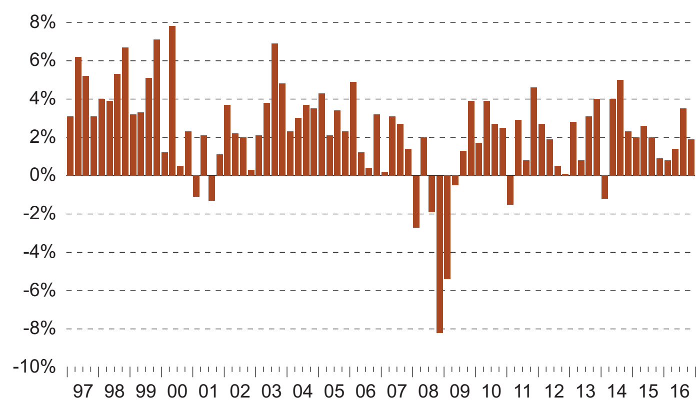
ECONOMY | Jay Kloepfer

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.

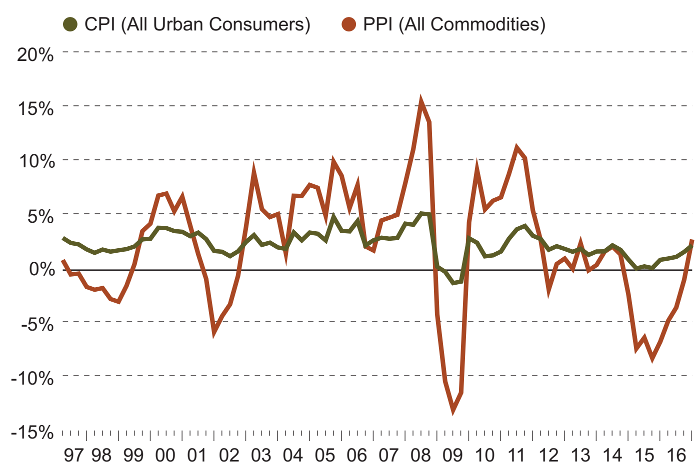
One bright spot in the fourth quarter GDP report was a rebound in fixed non-residential investment, which means capital spending: equipment, structures, and intellectual property. To give an idea of just how depressed the domestic oil and gas industry got, the drilling rig count published by Baker Hughes 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.

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

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 Gl 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

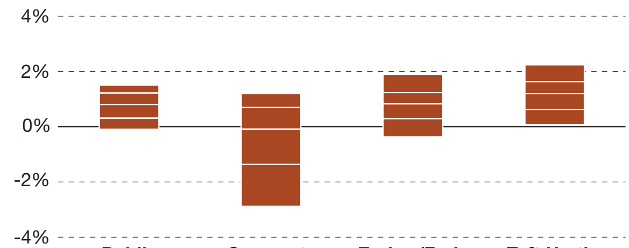
FUND SPONSOR | Kitty Lin

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



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	1.51	1.20	1.90	2.24
25th Percentile	1.22	0.70	1.24	1.63
Median	0.80	-0.09	0.83	1.20
75th Percentile	0.31	-1.36	0.29	0.62
90th Percentile	-0.09	-2.88	-0.37	0.08

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**

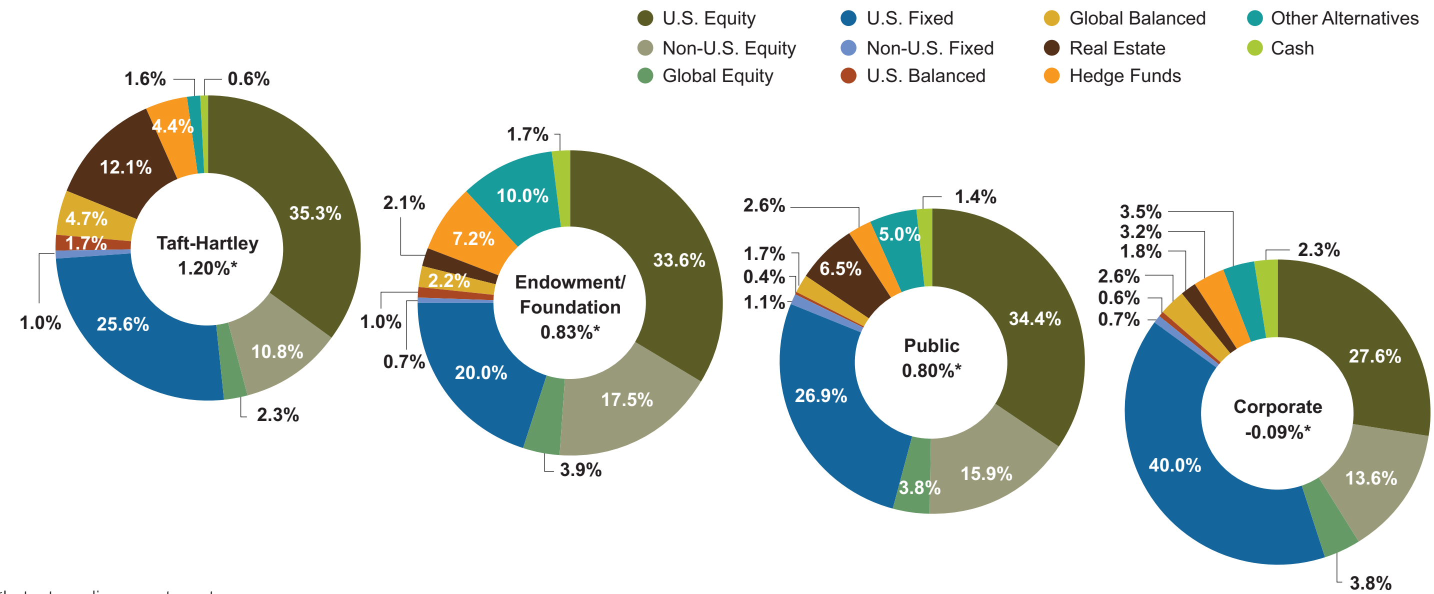
*Returns less than one year are not annualized.

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.

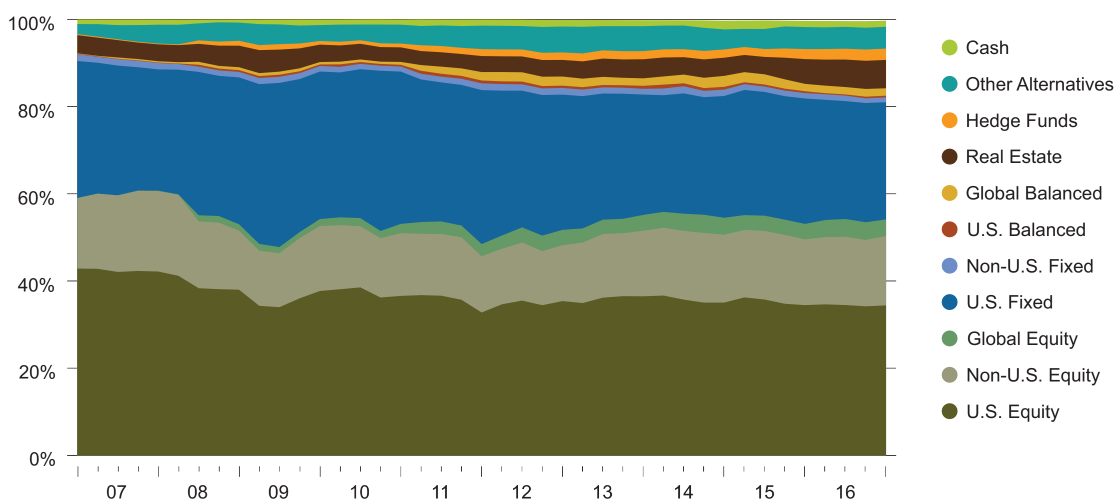
By size, small funds led during the fourth quarter with a median return of +0.72% while large funds had the lowest return at +0.56%. On the other hand, large funds performed the best when looking at funds in the 10th percentile, up 1.82%.

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

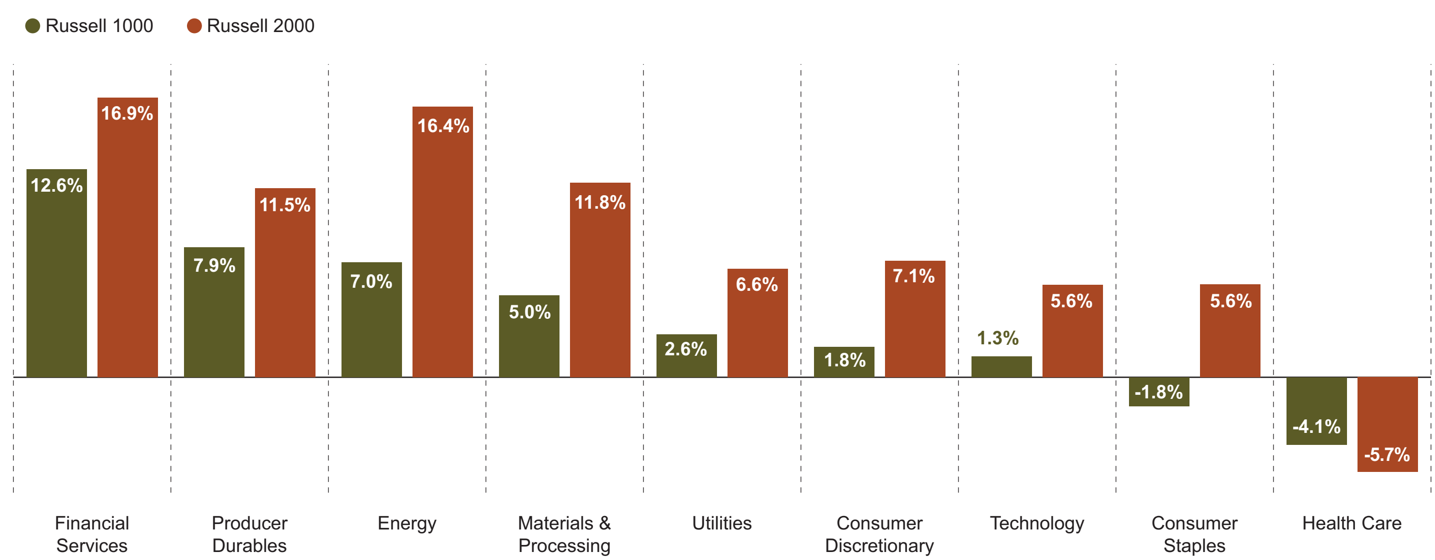
U.S. EQUITY | Lauren Mathias, CFA

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



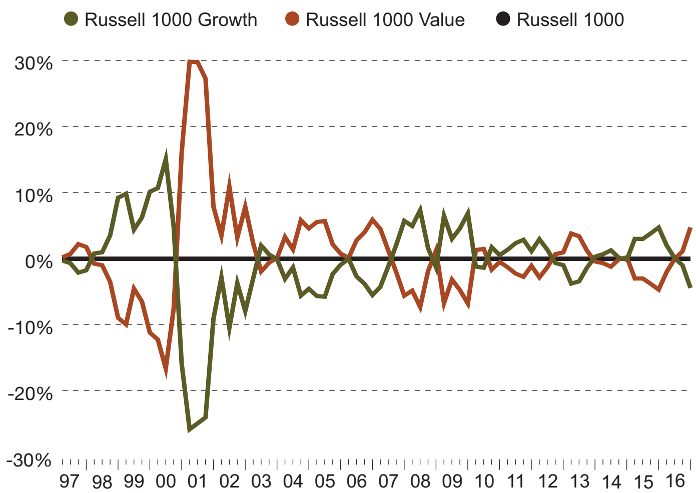
Source: Russell Investment Group

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.

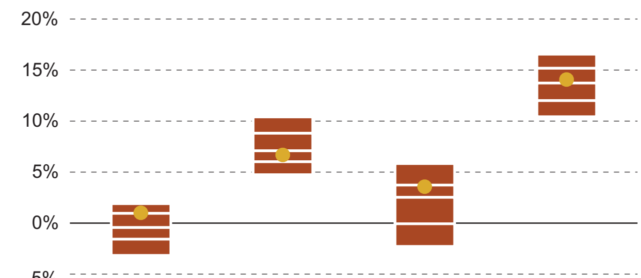
U.S. equity valuations were elevated; the S&P 500 Index Forward P/E was 16.9x at the end of the year versus the 25-year average of 15.9x. In this environment active managers were challenged; outflows from this group have totaled over $1 trillion since 2005. However, a future with more volatility, lower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



	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	1.91	10.41	5.84	16.56
25th Percentile	0.96	8.81	3.73	15.18
Median	-0.43	7.09	2.53	13.73
75th Percentile	-1.57	6.02	-0.06	12.01
90th Percentile	-3.16	4.75	-2.28	10.43
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark	1.01	6.68	3.57	14.07

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

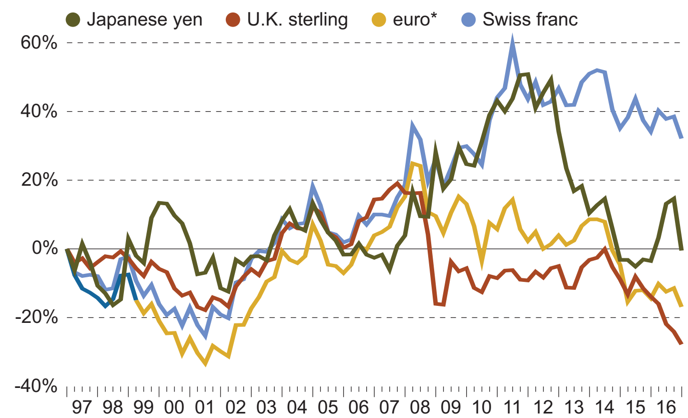
During the final quarter of 2016, foreign developed and emerging markets floundered in U.S. dollar terms despite hearty local returns. Donald Trump's election drove U.S. stocks to record highs, as investors reacted positively to his business-friendly stances on taxes, trade, and regulations. The U.S. 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%.

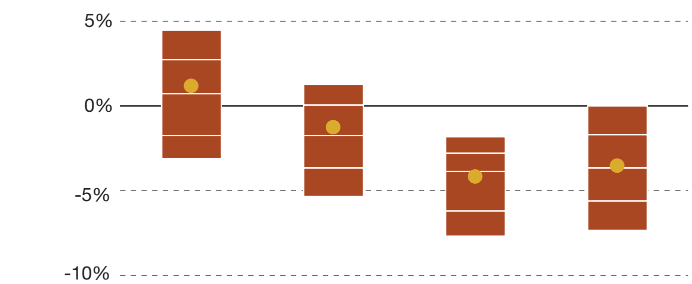
The European Central Bank announced that it would extend its bond purchase program, although it plans to lower investments from €80 billion to €60 billion per month. The unemployment rate in the euro zone declined to 9.8%, the lowest since July 2009. Consumer prices ticked up 0.6% year-over-year in November, 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 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.

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



* German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkt Style	Non-U.S. SC Style
10th Percentile	4.42	1.23	-1.87	-0.05
25th Percentile	2.68	0.00	-2.84	-1.75
Median	0.67	-1.80	-3.92	-3.71
75th Percentile	-1.80	-3.71	-6.25	-5.66
90th Percentile	-3.16	-5.39	-7.73	-7.39
	MSCI ACWI	MSCI ACWI ex USA	MSCI Emg Mkts	MSCI ACWI ex USA SC
Benchmark	1.19	-1.25	-4.16	-3.52

Sources: Callan, MSCI

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, and Brazil, up 2.05% in the quarter and 66.24% 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.

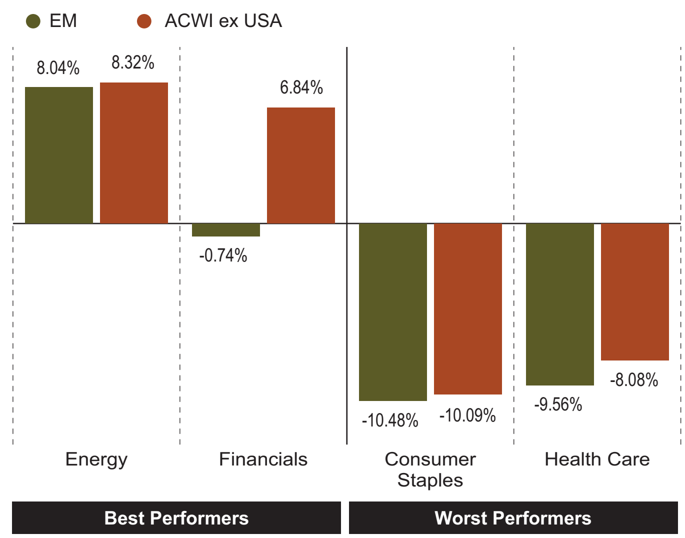
Quarterly Returns for Non-U.S. Developed Countries

Country	Equity Index (US$)	Equity Index (Local Currency)	Local Currency	Weight*
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

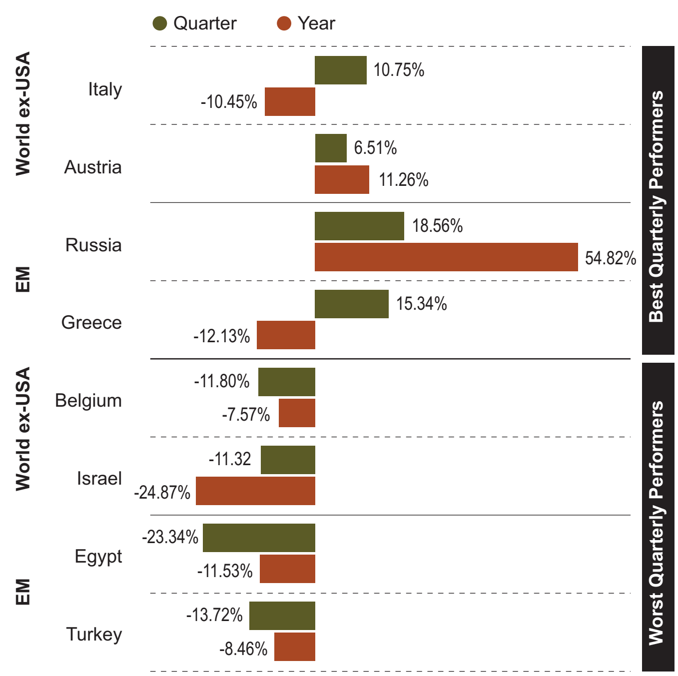
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



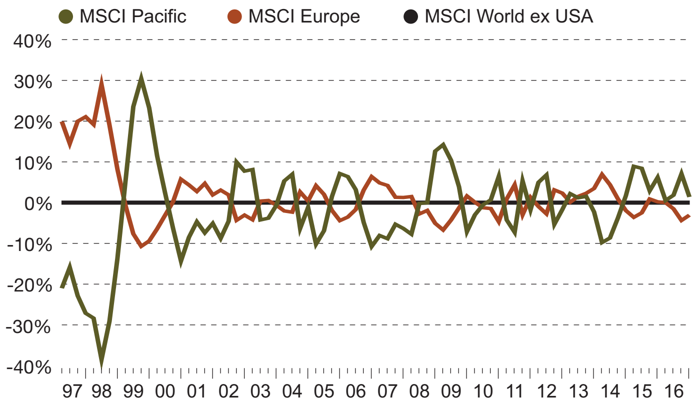
Source: MSCI

Quarterly and Annual Country Performance Snapshot



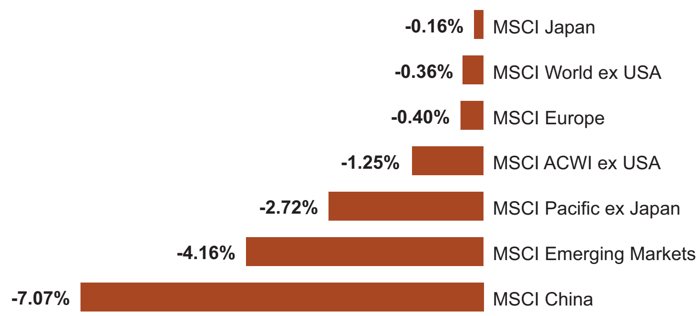
Source: MSCI

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

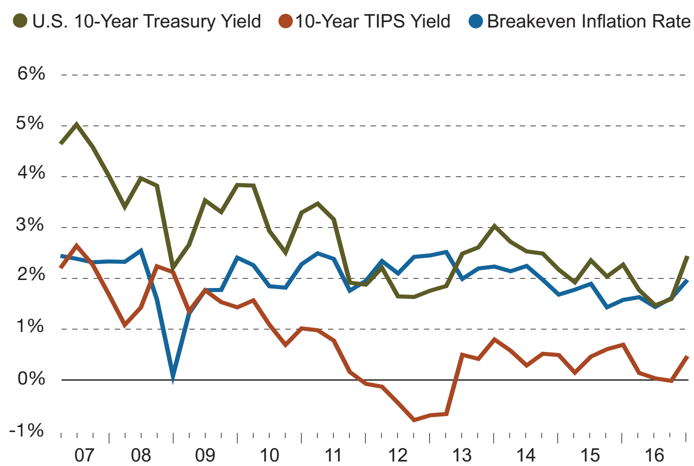
The U.S. bond market experienced a tumultuous fourth quarter, triggered by the unexpected election results and strong economic data, among other factors. The **Bloomberg Barclays U.S. Aggregate Bond Index** dropped 2.98%, while the **Bloomberg Barclays High Yield Index** rose 1.75%. But the year ended 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%.

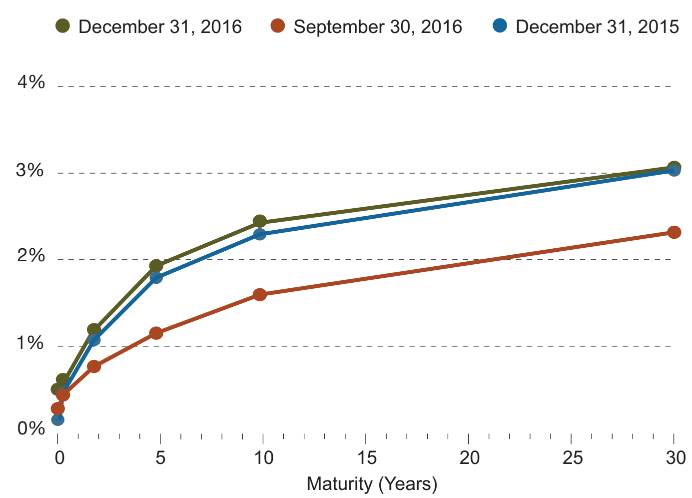
Spreads tightened during the quarter. Investment-grade corporate spreads over comparable Treasuries tightened 42 bps and ended the year at 123 bps—a stark contrast to the first half of the year, in which spreads had widened up to 214 bps in February.

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

Callan Style Group Quarterly Returns

	Core Bond Style	Core Plus Style	Interm Style	Ext Maturity G/C Style	High Yld Style
10th Percentile	-2.41	-1.74	-1.60	-7.20	2.58
25th Percentile	-2.55	-2.13	-1.72	-7.51	2.21
Median	-2.73	-2.33	-1.91	-7.60	1.76
75th Percentile	-2.86	-2.58	-2.03	-7.75	1.43
90th Percentile	-2.98	-2.75	-2.11	-7.87	0.93
	Bloomberg Barclays Agg	Bloomberg Barclays Agg	Bloomberg Barclays Interm G/C	Bloomberg Barclays Long G/C	Bloomberg Barclays High Yld
Benchmark ●	-2.98	-2.98	-2.07	-7.84	1.75

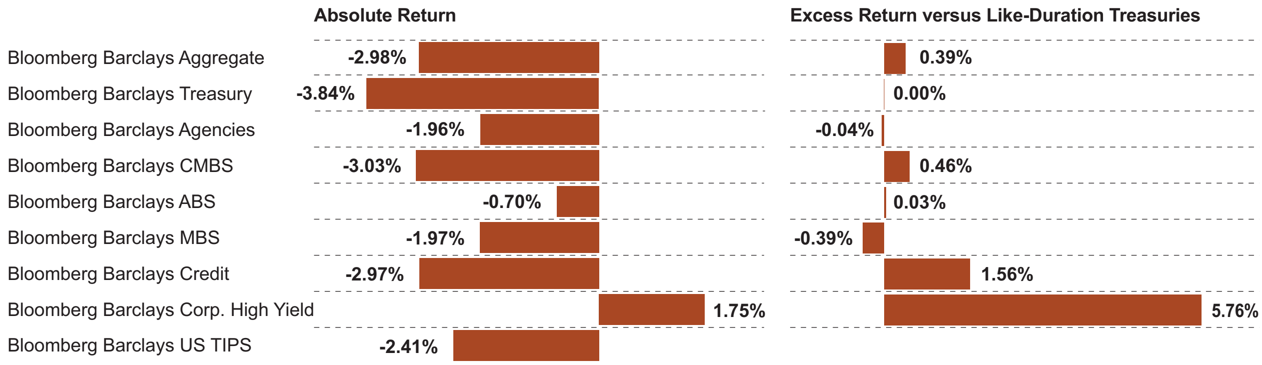
Sources: Bloomberg Barclays, Callan

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.

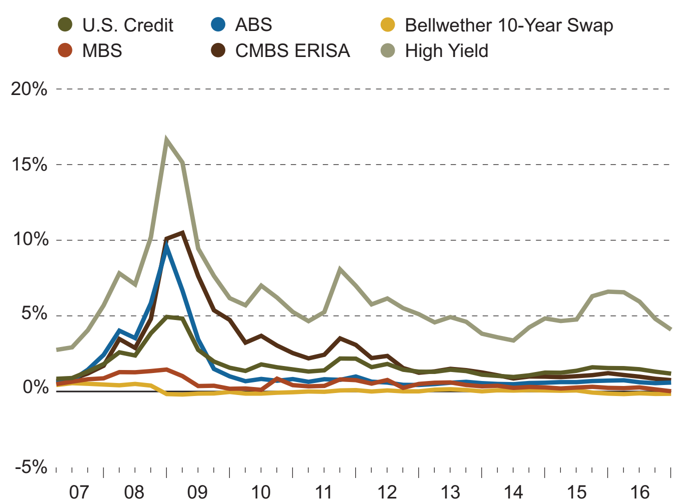
In 2016, U.S. corporations set a milestone with new high yield and investment-grade issuances that totaled $1.5 trillion. The municipal bond market also set a record with new offerings totaling $445 billion.

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 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%.

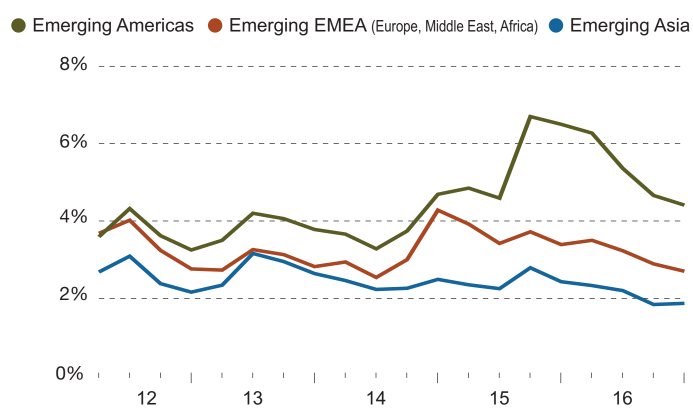
Emerging market debt weakened and underperformed developed markets. The local currency-denominated **JP Morgan GBI-EM Global Diversified Index** fell 6.09%. The USD-denominated **JPM EM Global Diversified Index** fell 4.02%.

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%

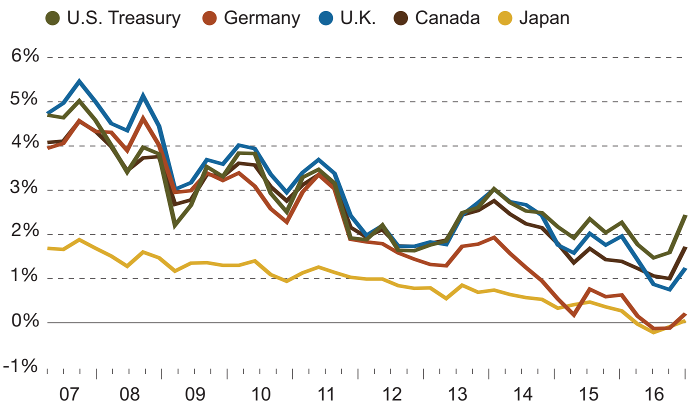
*Weight in the Citi Non-U.S. World Government Bond Index.
Source: Citigroup

Emerging Spreads Over Developed (By Region)

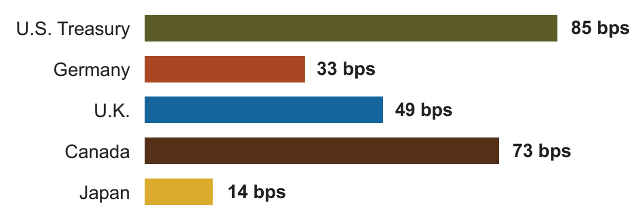


Source: Bloomberg Barclays

10-Year Global Government Bond Yields



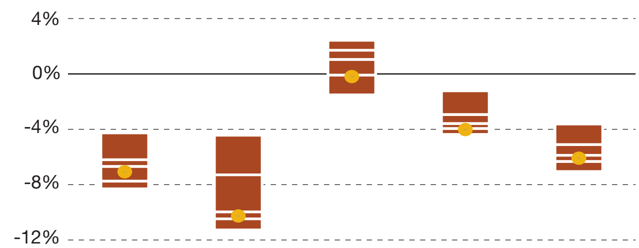
Change in 10-Year Yields from 3Q16 to 4Q16



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 Yld	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
	Bloomberg Barclays Gl Agg	**Bloomberg Barclays Gl Agg ex US**	**Bloomberg Barclays Gl High Yld**	**JPM EMBI Global Diversified**	**JPM GBI-EM Global Diversified**
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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Global High Yield Style	**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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Non-U.S. Fixed Income Style	**-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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Emerging Debt Style (US$)	**-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 Gl Div/JPM GBI-EM Gl 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.

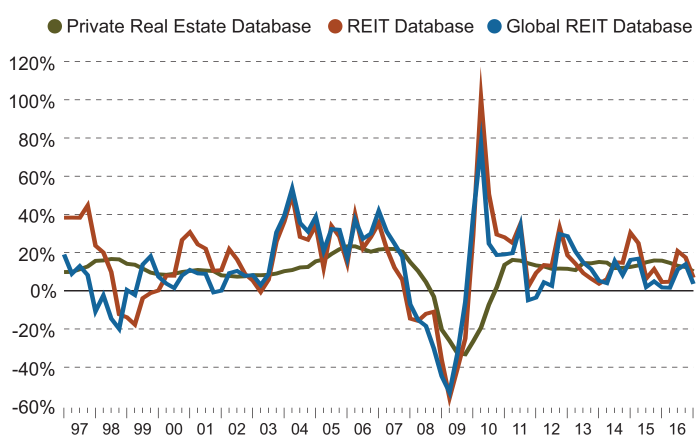
The **NCREIF Open End Diversified Core Equity Index** rose 1.88% (0.84% from income and 1.04% from appreciation). This marked a 5 bps increase over the third quarter return of 1.83%, which was the lowest for the Index since 2010. Income returns fell slightly, but appreciation bounced back from a five-year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

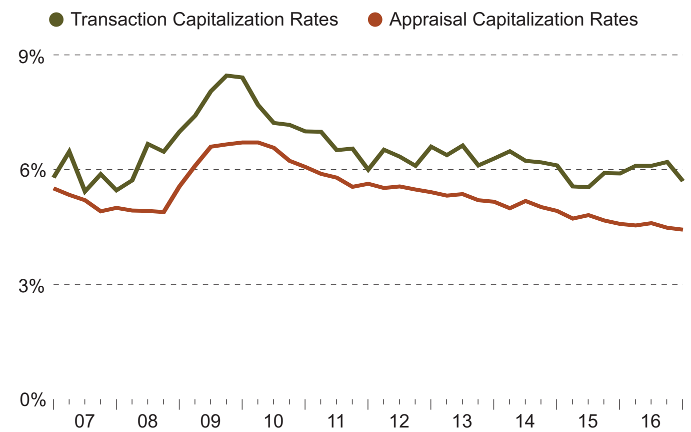
Rolling One-Year Returns



Source: Callan

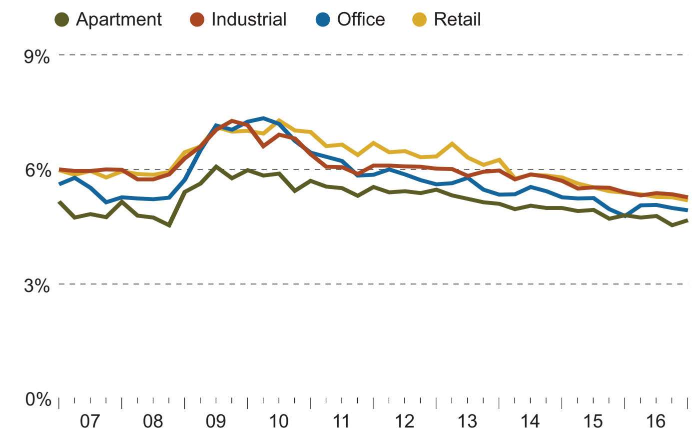
*Index subreturns are calculated separately from index return and may not total.

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

Private Real Estate	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
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	**Quarter**	**YTD**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
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

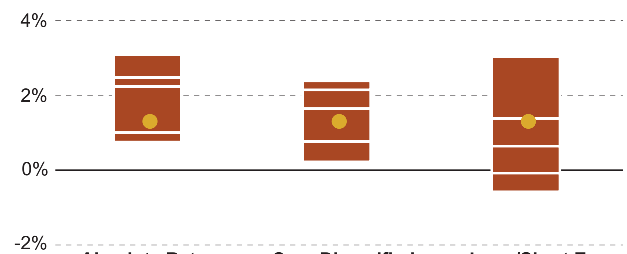
In the wake of the U.S. presidential election, the reflation trade exploded as U.S. stocks jumped and Treasuries were dumped. The dollar also strengthened dramatically. During this rapid market paradigm shift, the average hedge fund appeared to gain little over embedded betas, as most conservatively 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



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	3.08	2.38	3.03
25th Percentile	2.47	2.14	1.38
Median	2.23	1.64	0.64
75th Percentile	1.00	0.76	-0.08
90th Percentile	0.75	0.22	-0.58
T-Bills + 5% ●	1.31	1.31	1.31

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.

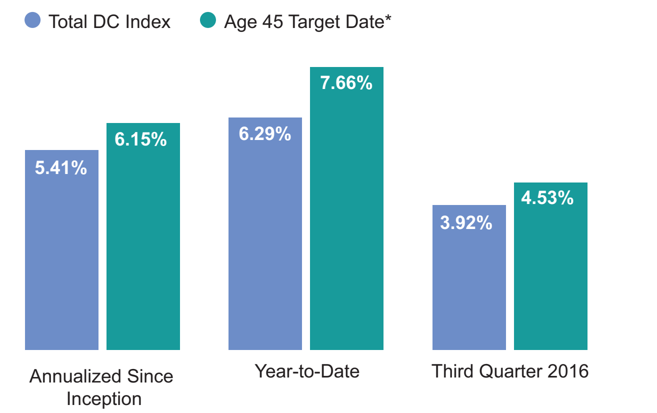
Stable value experienced its fifth quarter in a row of net inflows—and the highest of the five—during the period. Meanwhile, U.S. large, small, and mid cap equity saw significant outflows. Even non-U.S. equity experienced outflows, despite its exceptional performance during the quarter. Target date funds 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%).

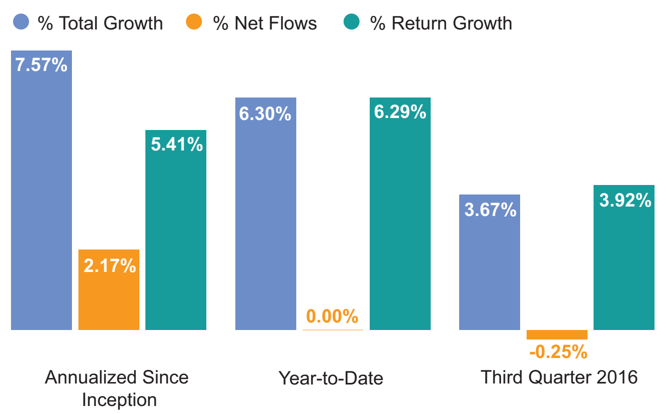
Target date funds are less prevalent than U.S. large cap equity; however, when target date funds are available in a DC plan, they hold a much greater portion of assets (32%) than U.S. large cap equity funds (23%).

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.

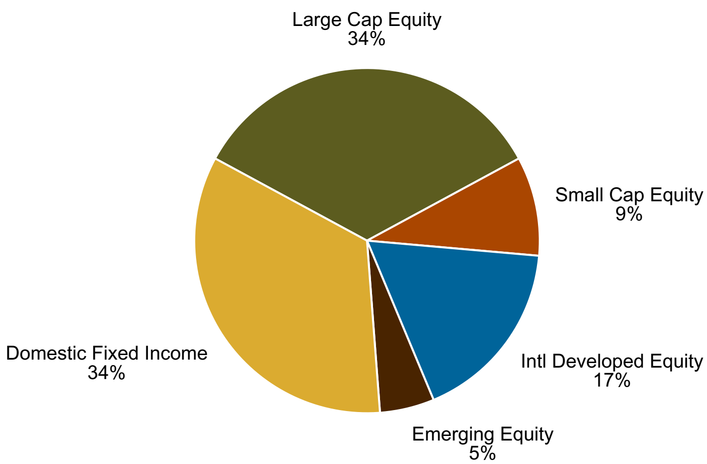
* DC Index inception date is January 2006.

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

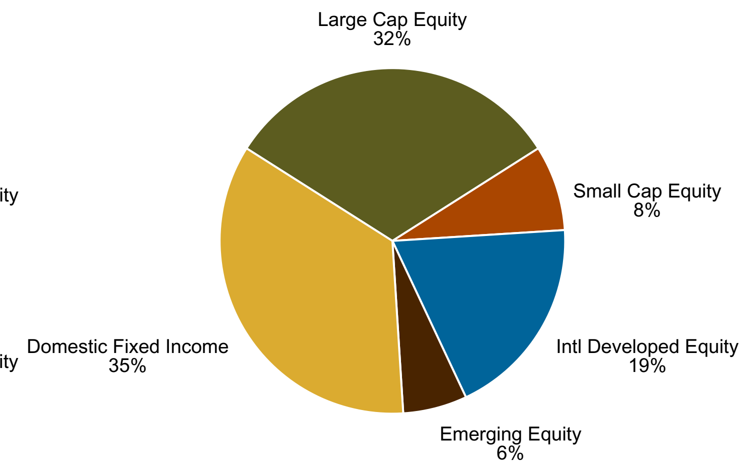
Actual vs Target Asset Allocation
As of December 31, 2016

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).

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%		

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

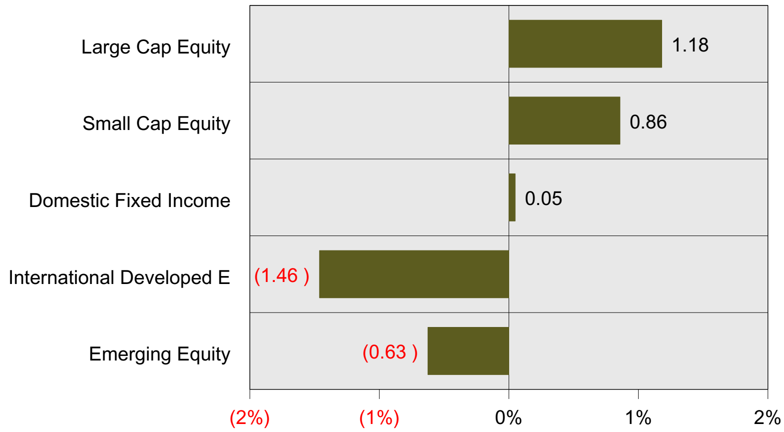
	Domestic Broad Eq	Domestic Fixed Income	Intl Equity
10th Percentile	49.86	37.41	23.43
25th Percentile	41.97	32.43	20.26
Median	35.38	27.21	18.33
75th Percentile	28.79	21.82	14.39
90th Percentile	20.76	14.26	11.17
Fund ●	43.48	34.12	22.40
Target ▲	40.00	35.00	25.00
% Group Invested	97.06%	98.53%	92.65%

* 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.

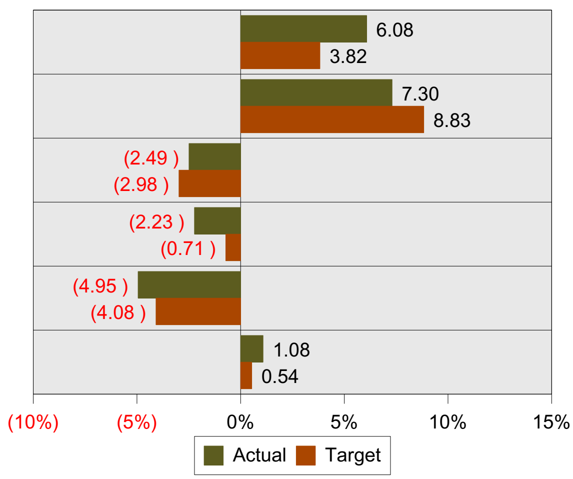
Quarterly Total Fund Relative Attribution - December 31, 2016

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.

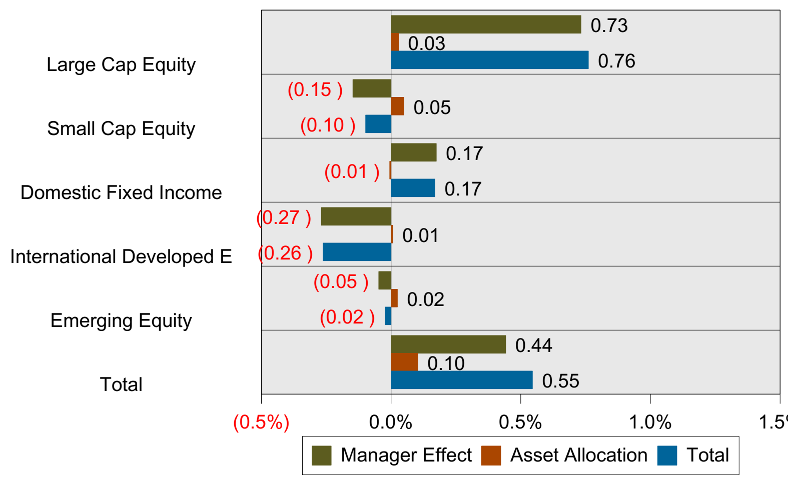
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 2016

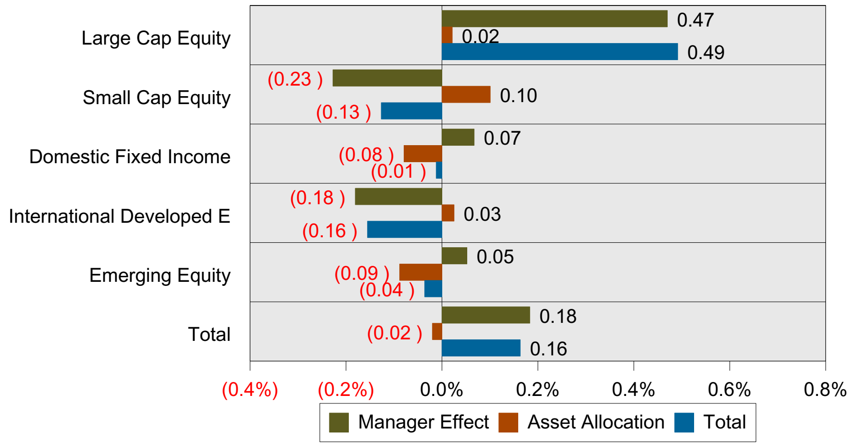
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	6.08%	3.82%	0.73%	0.03%	0.76%
Small Cap Equity	9%	8%	7.30%	8.83%	(0.15%)	0.05%	(0.10%)
Domestic Fixed Income	35%	35%	(2.49%)	(2.98%)	0.17%	(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.

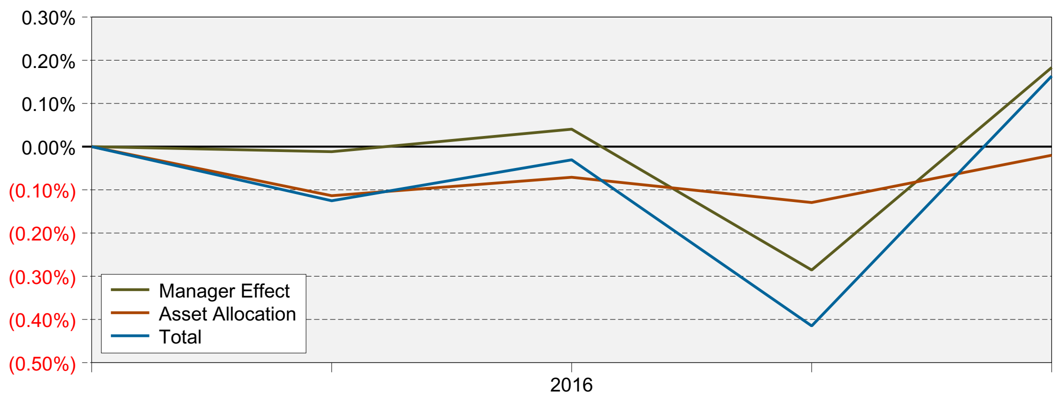
Cumulative Total Fund Relative Attribution - December 31, 2016

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

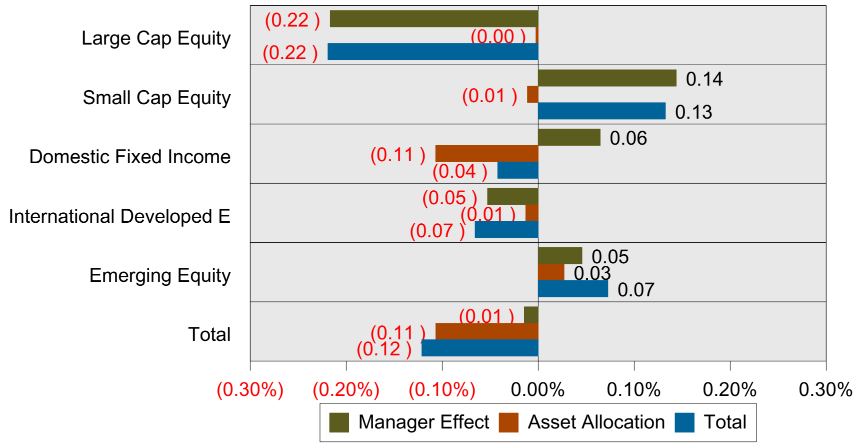
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	13.38%	11.96%	0.47%	0.02%	0.49%
Small Cap Equity	9%	8%	19.17%	21.31%	(0.23%)	0.10%	(0.13%)
Domestic Fixed Income	36%	35%	2.87%	2.65%	0.07%	(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.

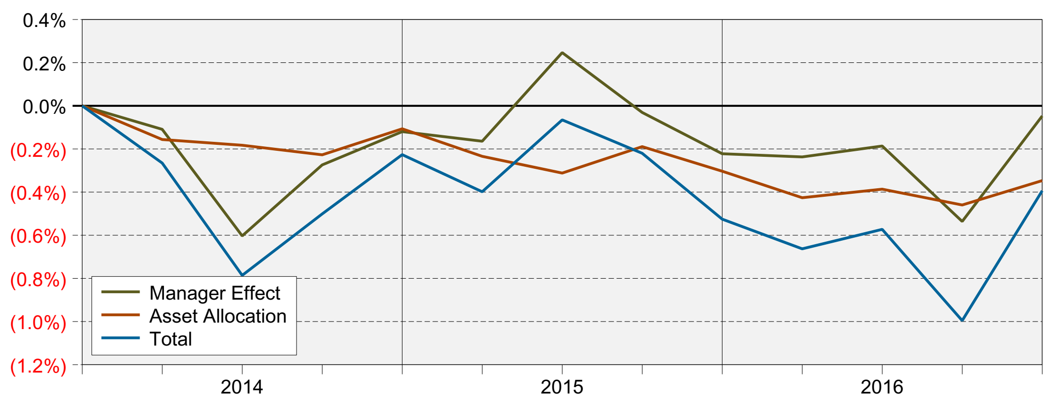
Cumulative Total Fund Relative Attribution - December 31, 2016

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

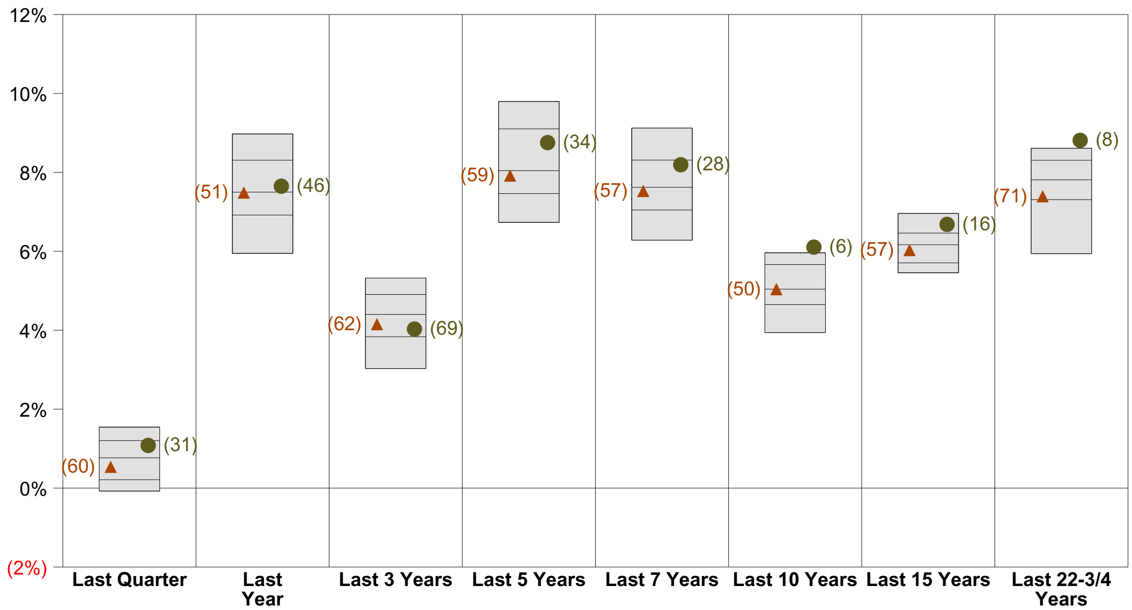
Investment Philosophy

* 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

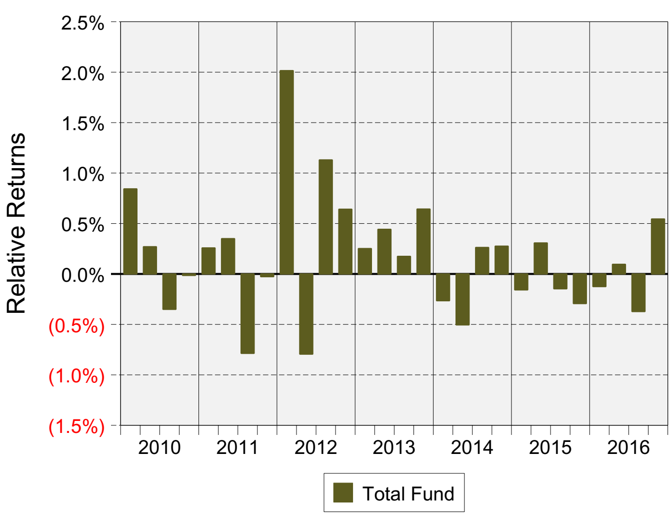
- Total Fund's portfolio posted a 1.08% return for the quarter placing it in the 31 percentile of the CAI Public Fund Sponsor - Mid (100M-1B) group for the quarter and in the 46 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.55% for the quarter and outperformed the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

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

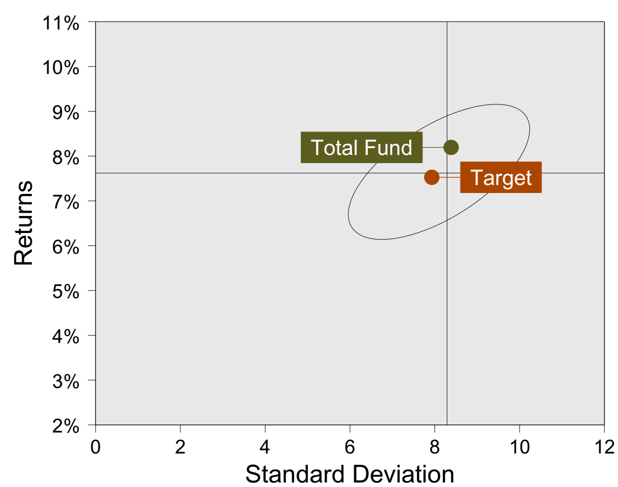


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 22-3/4 Years
10th Percentile	1.55	8.97	5.32	9.80	9.12	5.96	6.96	8.61
25th Percentile	1.20	8.31	4.91	9.10	8.31	5.66	6.46	8.31
Median	0.77	7.50	4.40	8.04	7.62	5.04	6.17	7.81
75th Percentile	0.21	6.92	3.84	7.46	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

Relative Return vs Target



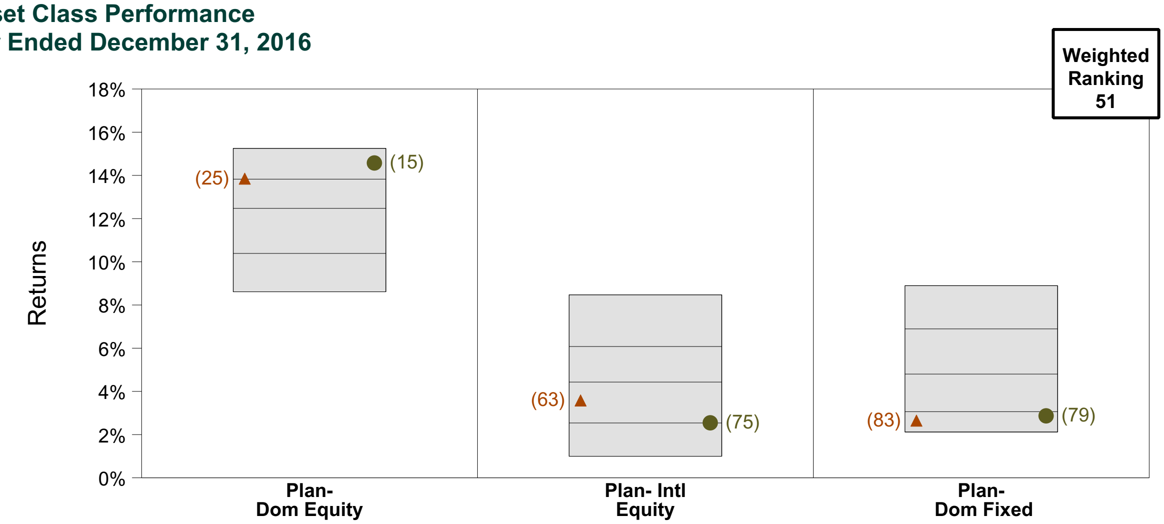
CAI Public Fund Sponsor - Mid (100M-1B) (Gross)
Annualized Seven Year Risk vs Return



Asset Class Rankings

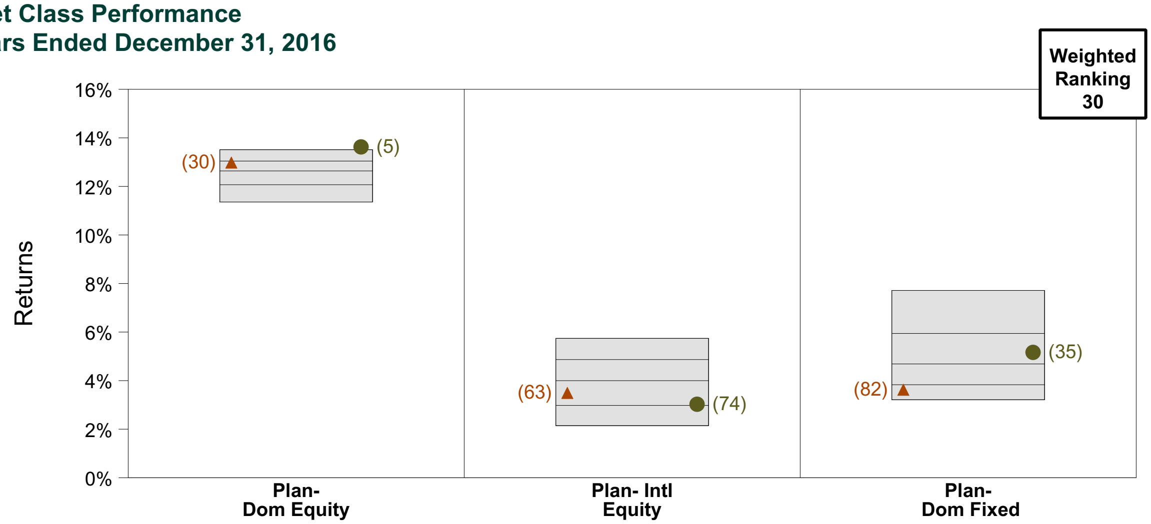
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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



	Plan- Dom Equity	Plan- Intl Equity	Plan- Dom Fixed
10th Percentile	15.25	8.47	8.89
25th Percentile	13.83	6.08	6.89
Median	12.47	4.43	4.80
75th Percentile	10.39	2.54	3.06
90th Percentile	8.61	1.00	2.12
Asset Class Composite ●	14.58	2.55	2.87
Composite Benchmark ▲	13.85	3.58	2.65

Total Asset Class Performance
Seven Years Ended December 31, 2016



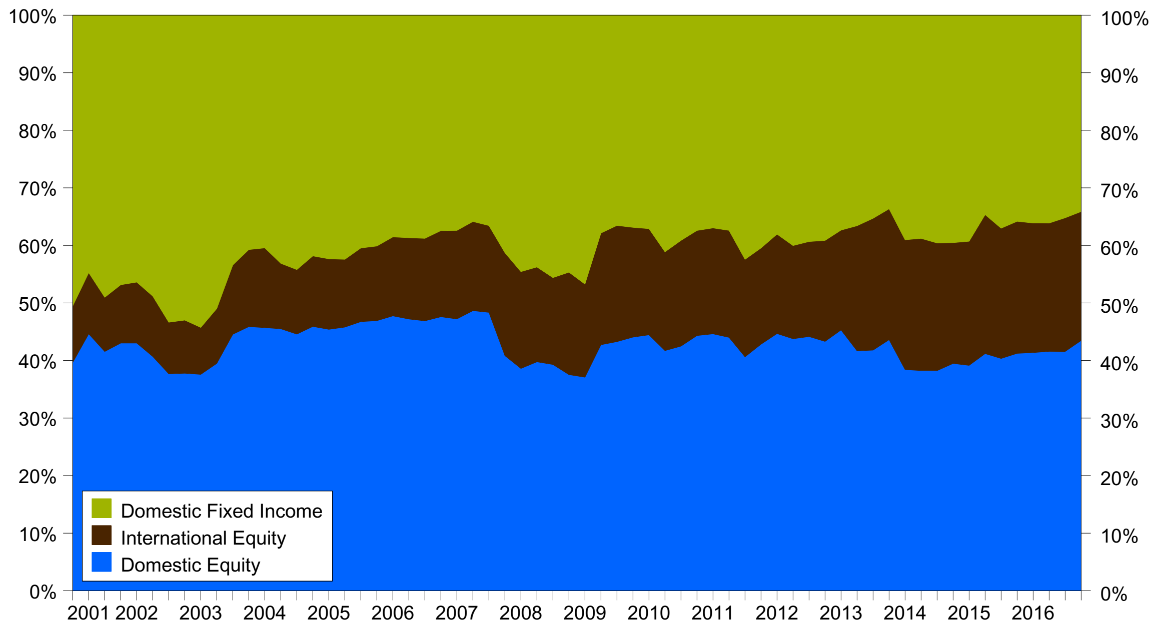
	Plan- Dom Equity	Plan- Intl Equity	Plan- Dom Fixed
10th Percentile	13.51	5.74	7.71
25th Percentile	13.04	4.87	5.94
Median	12.64	4.00	4.69
75th Percentile	12.07	2.98	3.83
90th Percentile	11.36	2.14	3.21
Asset Class Composite ●	13.63	3.03	5.16
Composite Benchmark ▲	12.98	3.49	3.63

* 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.

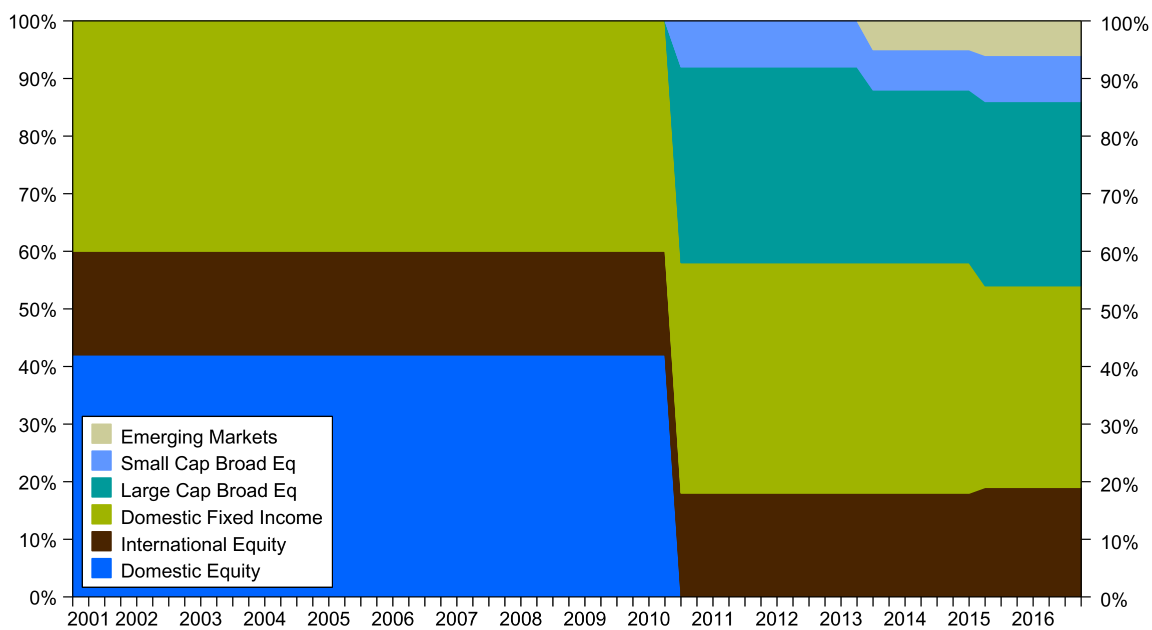
Actual vs Target Historical Asset Allocation

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 Market Value	Net New Inv.	Inv. Return	September 30, 2016 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 managersover 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 classrepresents 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

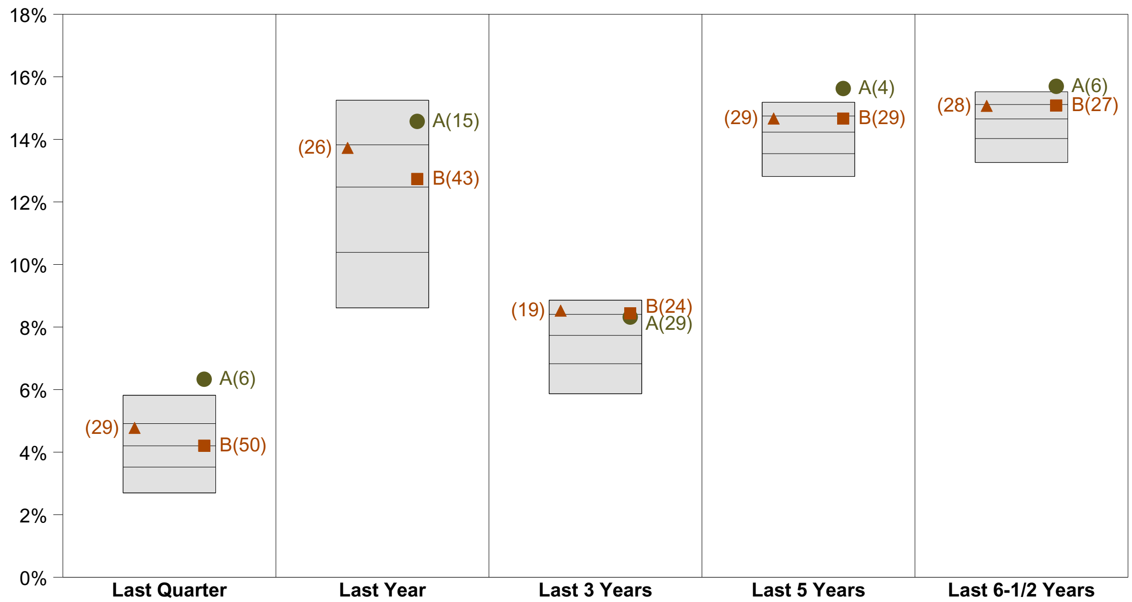
Investment Philosophy

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

Quarterly Summary and Highlights

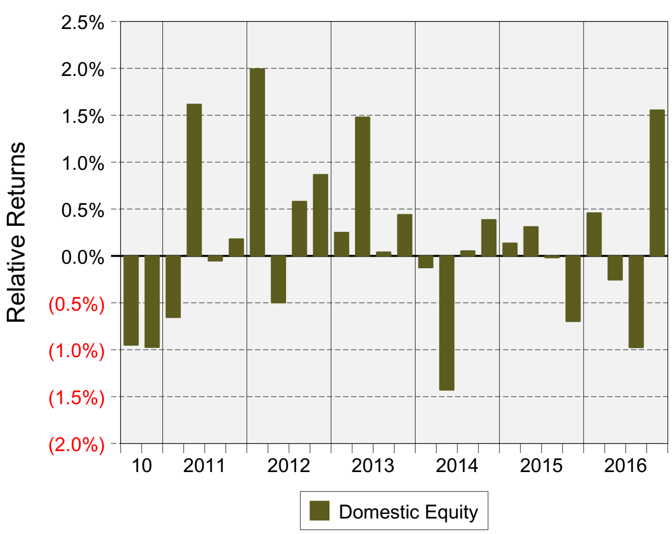
- Domestic Equity's portfolio posted a 6.33% return for the quarter placing it in the 6 percentile of the Fund Spnsr-Domestic Equity group for the quarter and in the 15 percentile for the last year.
- Domestic Equity's portfolio outperformed the Custom Benchmark by 1.56% for the quarter and outperformed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

Performance vs Fund Spnsr- Domestic Equity (Gross)

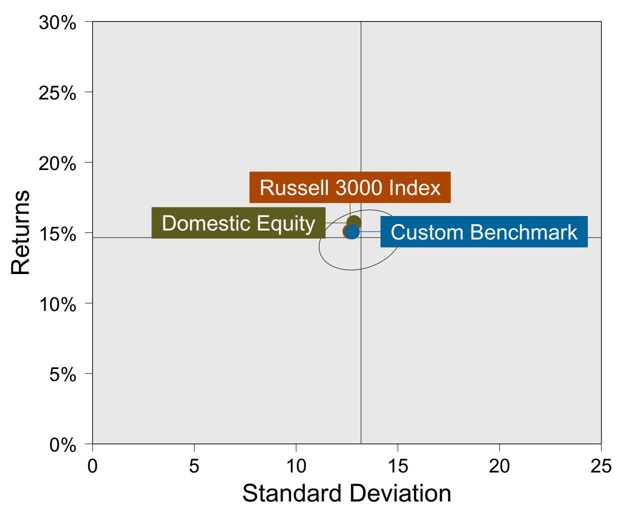


		Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile		5.82	15.25	8.86	15.19	15.52
25th Percentile		4.91	13.83	8.41	14.75	15.11
Median		4.20	12.47	7.73	14.23	14.65
75th Percentile		3.52	10.39	6.83	13.54	14.03
90th Percentile		2.70	8.61	5.87	12.81	13.26
Domestic Equity	● A	6.33	14.58	8.32	15.63	15.70
Russell 3000 Index	■ B	4.21	12.74	8.43	14.67	15.09
Custom Benchmark	▲	4.78	13.73	8.53	14.67	15.07

Relative Return vs Custom Benchmark



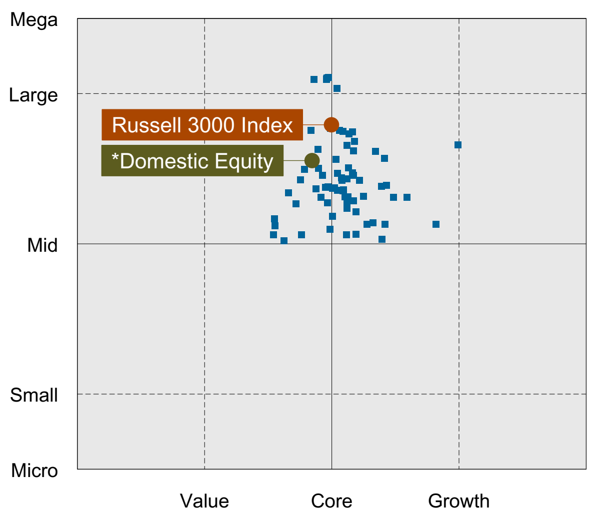
Fund Spnsr- Domestic Equity (Gross)
Annualized Six and One-Half Year Risk vs Return



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.

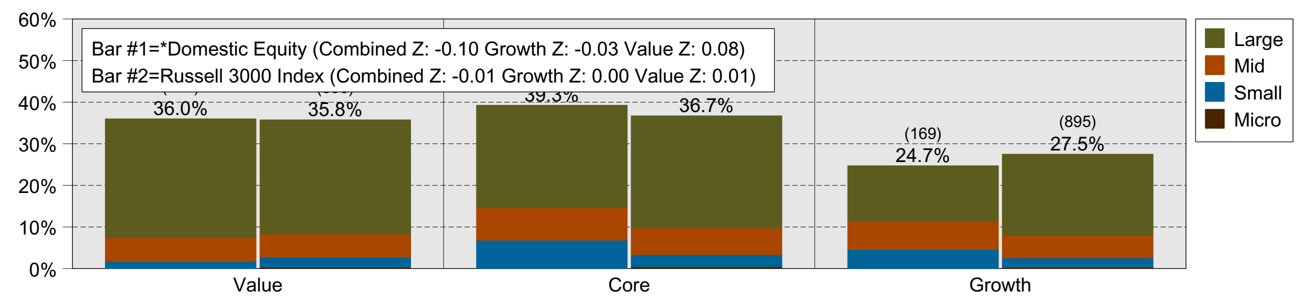
Style Map vs Plan- Dom Equity
Holdings as of December 31, 2016



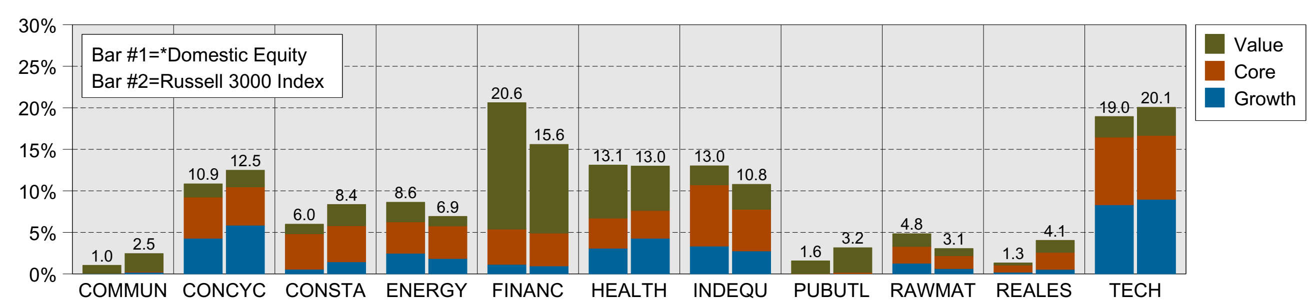
Style Exposure Matrix
Holdings as of December 31, 2016

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

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



Sector Weights Distribution
Holdings as of December 31, 2016

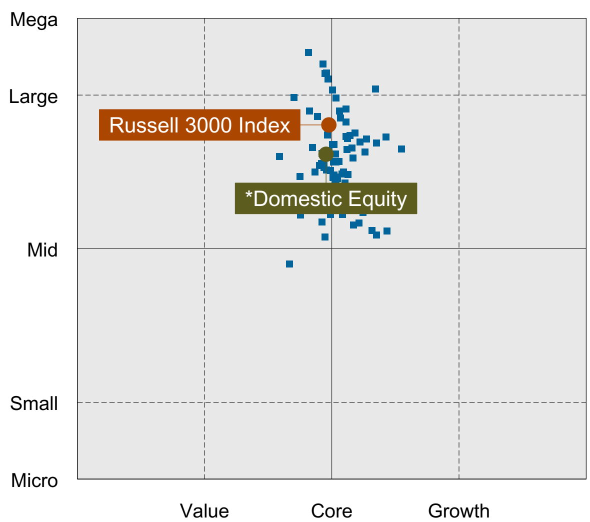


* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

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.

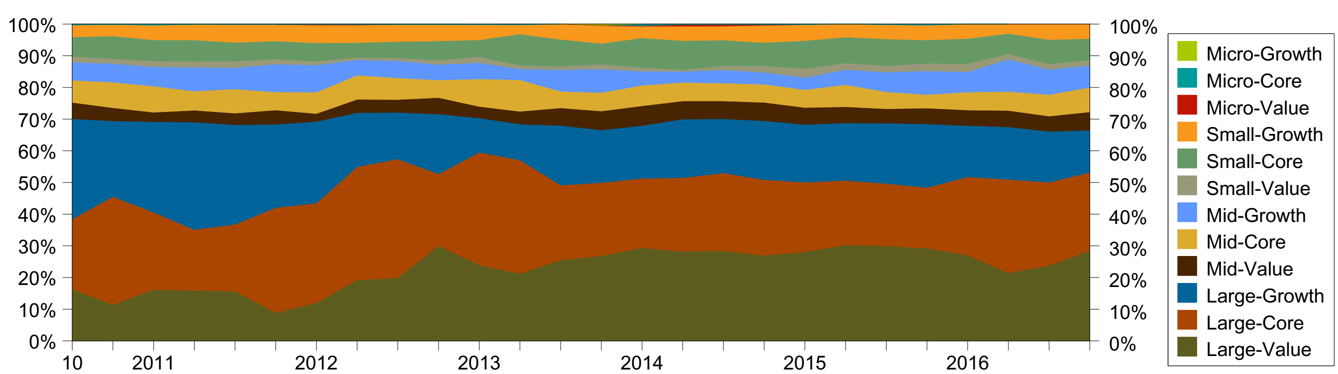
Average Style Map vs Plan- Dom Equity
Holdings for Six and 1/2 Years Ended December 31, 2016



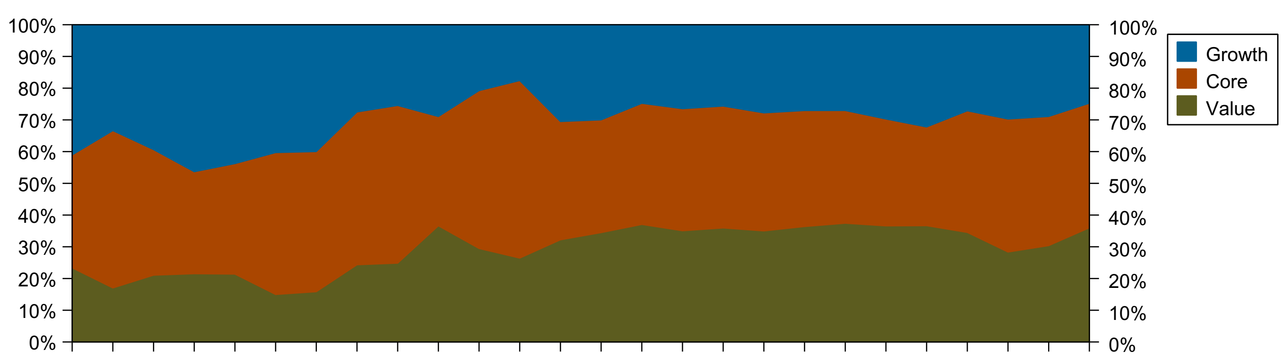
Average Style Exposure Matrix
Holdings for Six and 1/2 Years Ended December 31, 2016

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

*Domestic Equity Historical Cap/Style Exposures



*Domestic Equity Historical Style Only Exposures



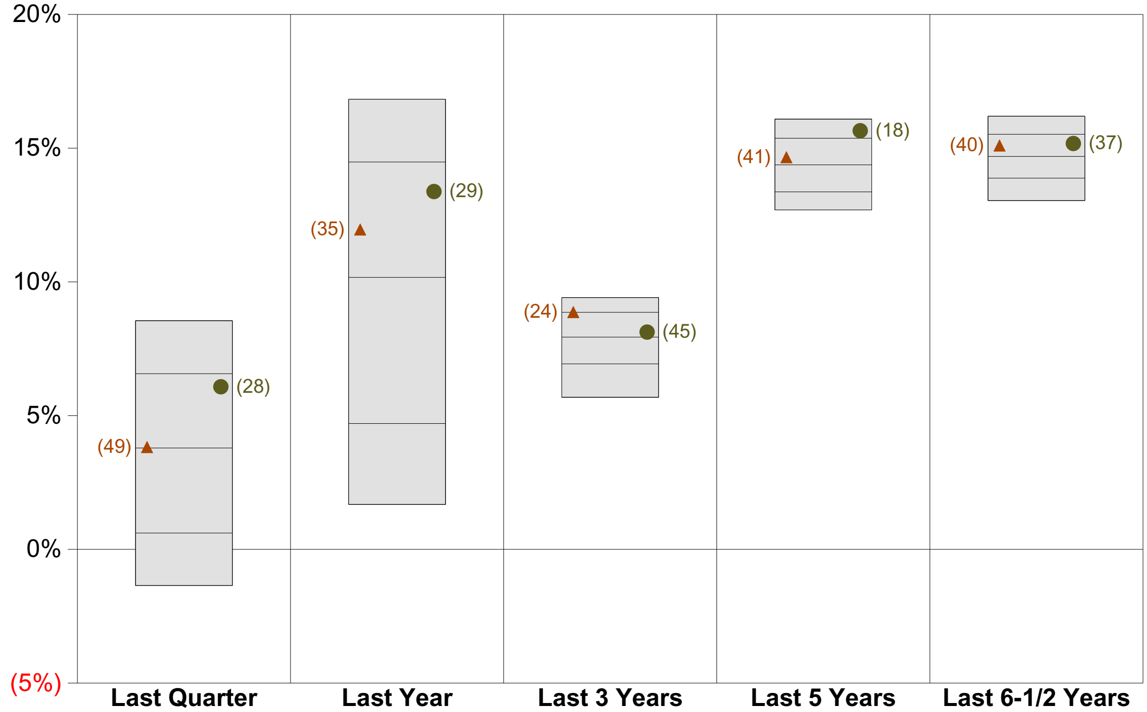
* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Large Cap
Period Ended December 31, 2016

Quarterly Summary and Highlights

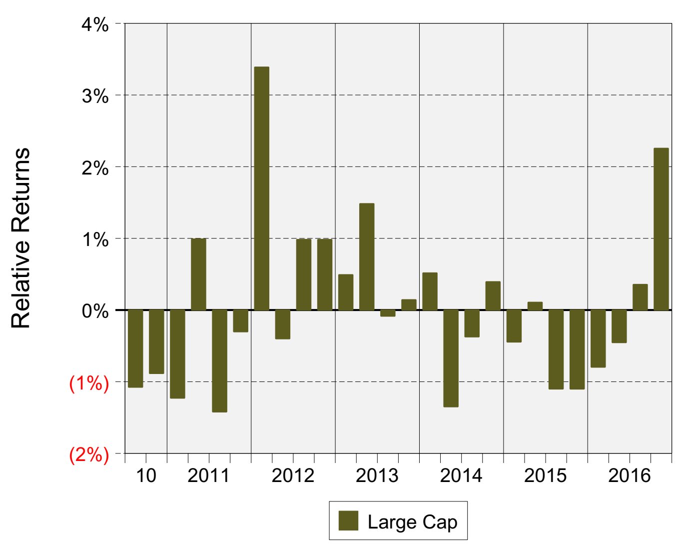
- Large Cap's portfolio posted a 6.08% return for the quarter placing it in the 28 percentile of the CAI Large Capitalization group for the quarter and in the 29 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 2.26% for the quarter and outperformed the S&P 500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

Performance vs CAI Large Capitalization (Gross)

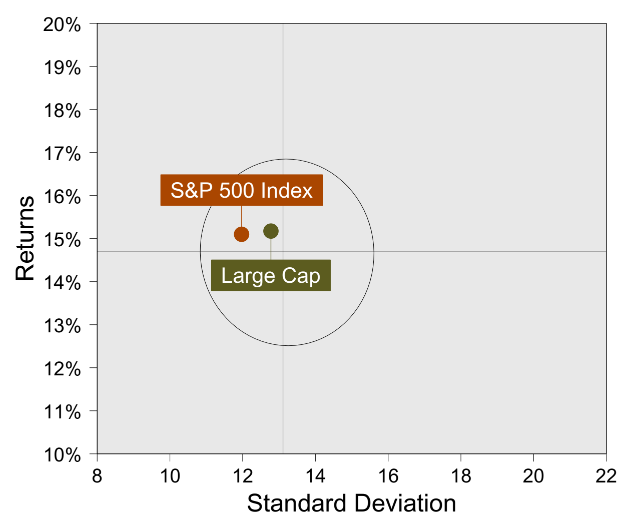


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	8.55	16.83	9.42	16.09	16.20
25th Percentile	6.57	14.48	8.86	15.37	15.52
Median	3.79	10.17	7.93	14.38	14.69
75th Percentile	0.61	4.70	6.94	13.37	13.88
90th Percentile	(1.35)	1.68	5.69	12.69	13.04
Large Cap ●	6.08	13.38	8.12	15.65	15.17
S&P 500 Index ▲	3.82	11.96	8.87	14.66	15.10

Relative Return vs S&P 500 Index



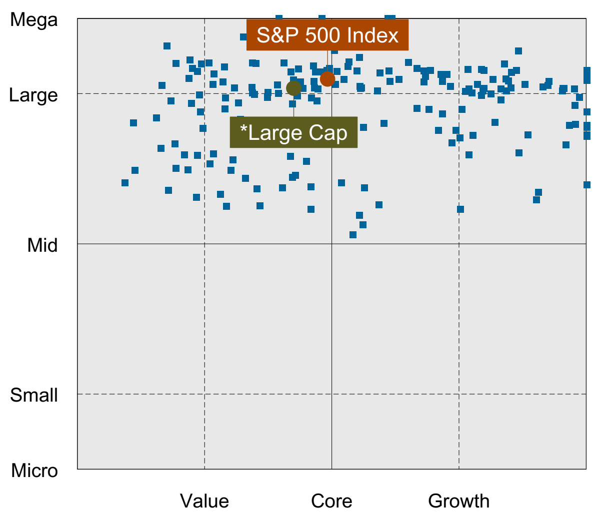
CAI Large Capitalization (Gross)
Annualized Six and One-Half Year Risk vs Return



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.

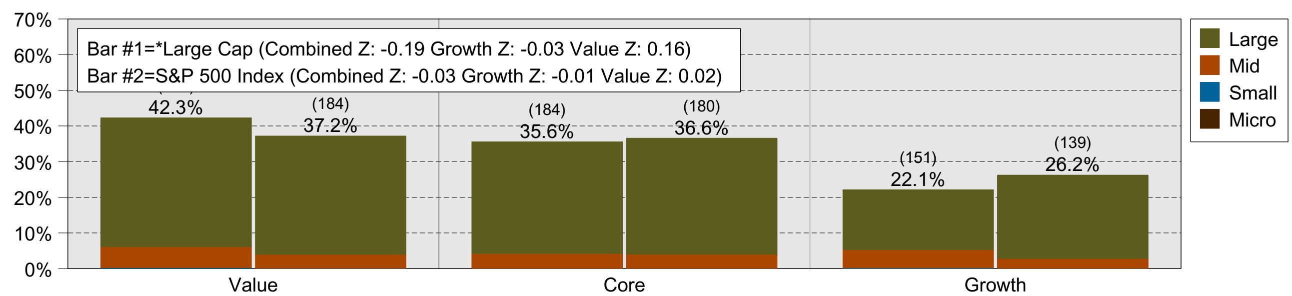
Style Map vs CAI Large Capitalization
Holdings as of December 31, 2016



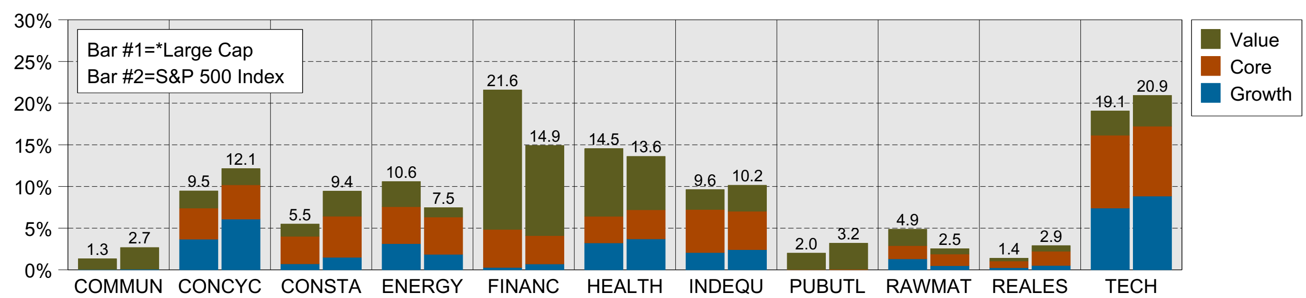
Style Exposure Matrix
Holdings as of December 31, 2016

	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

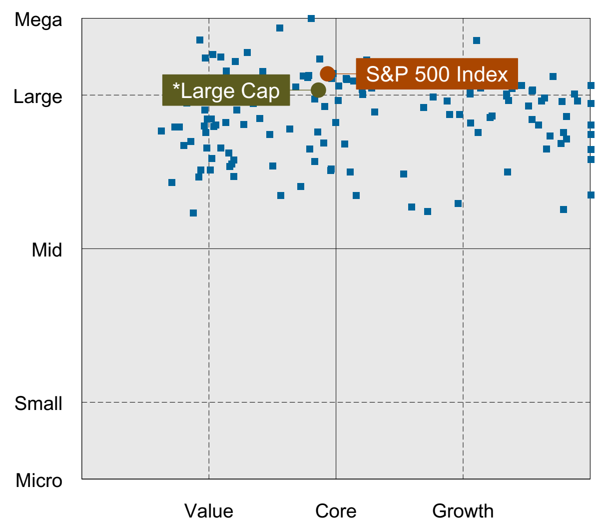


* 12/31/16 portfolio characteristics generated using most recently available holdings (9/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

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.

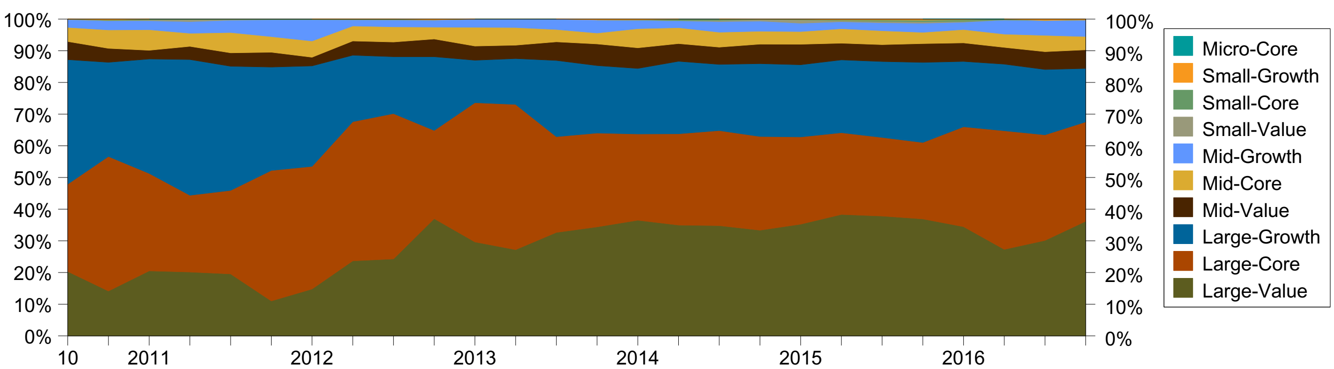
Average Style Map vs CAI Large Capitalization Holdings for Six and 1/2 Years Ended December 31, 2016



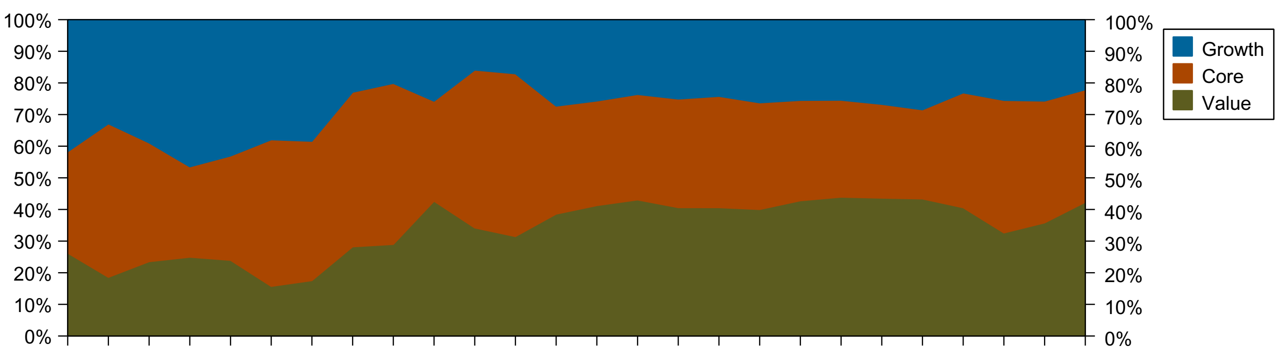
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	Value	Core	Growth	Total
Large	28.7% (72) 29.3% (87)	32.7% (87) 31.8% (103)	24.9% (79) 27.9% (93)	**86.3% (238)** **89.1%** (283)
Mid	5.2% (66) 3.9% (82)	4.8% (62) 3.8% (76)	3.3% (43) 3.1% (54)	**13.2% (171)** **10.8%** (212)
Small	0.2% (4) 0.1% (4)	0.2% (2) 0.0% (2)	0.1% (1) 0.0% (1)	**0.5% (7)** **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)** **33.3% (173)**	**37.7% (151)** **35.6% (181)**	**28.3% (123)** **31.0% (148)**	**100.0% (416)** **100.0%** (502)

*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.

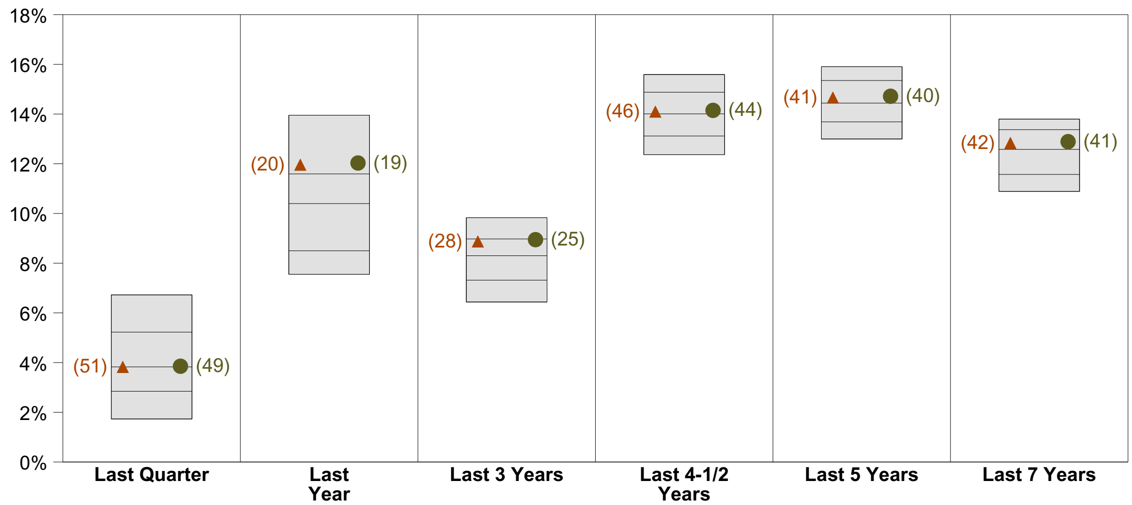
Quarterly Summary and Highlights

- 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

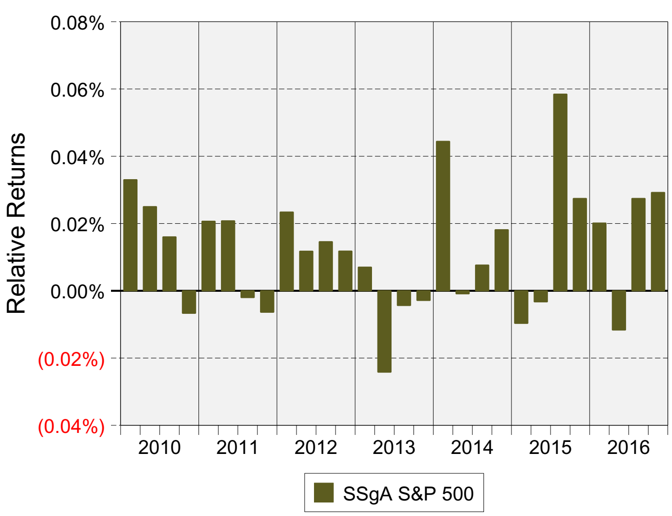
Beginning Market Value	$41,641,404
Net New Investment	$-322,058
Investment Gains/(Losses)	$1,598,554
Ending Market Value	$42,917,899

Performance vs CAI Large Cap Core (Gross)

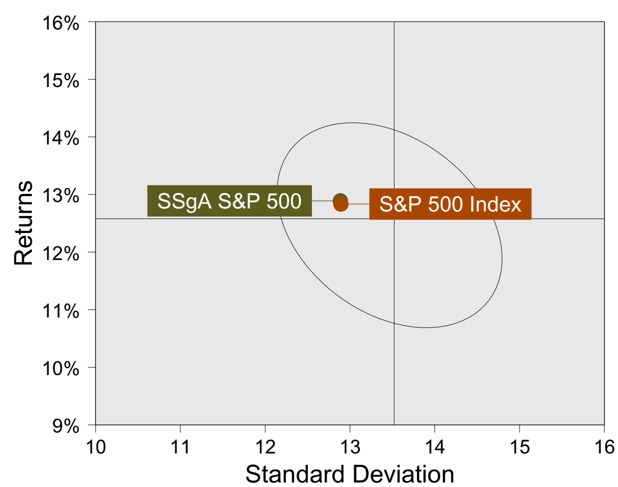


	Last Quarter	Last Year	Last 3 Years	Last 4-1/2 Years	Last 5 Years	Last 7 Years
10th Percentile	6.72	13.95	9.83	15.59	15.91	13.80
25th Percentile	5.22	11.59	8.97	14.88	15.35	13.37
Median	3.83	10.40	8.30	14.01	14.44	12.58
75th Percentile	2.85	8.50	7.32	13.12	13.69	11.57
90th Percentile	1.73	7.55	6.44	12.36	13.00	10.89
SSgA S&P 500 ●	3.85	12.03	8.95	14.15	14.72	12.89
S&P 500 Index ▲	3.82	11.96	8.87	14.09	14.66	12.83

Relative Return vs S&P 500 Index



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

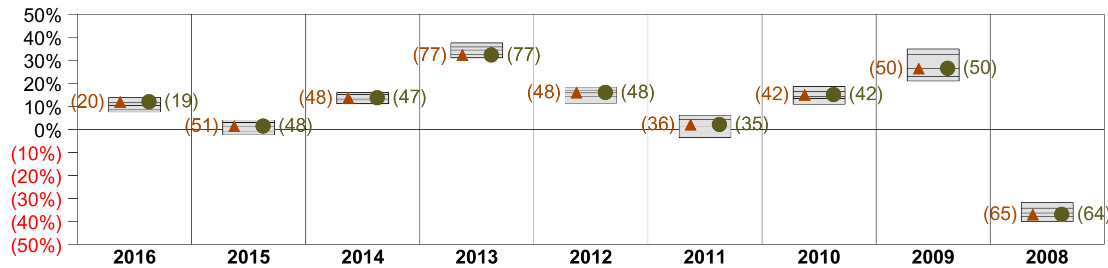


SSgA S&P 500
Return Analysis Summary

Return Analysis

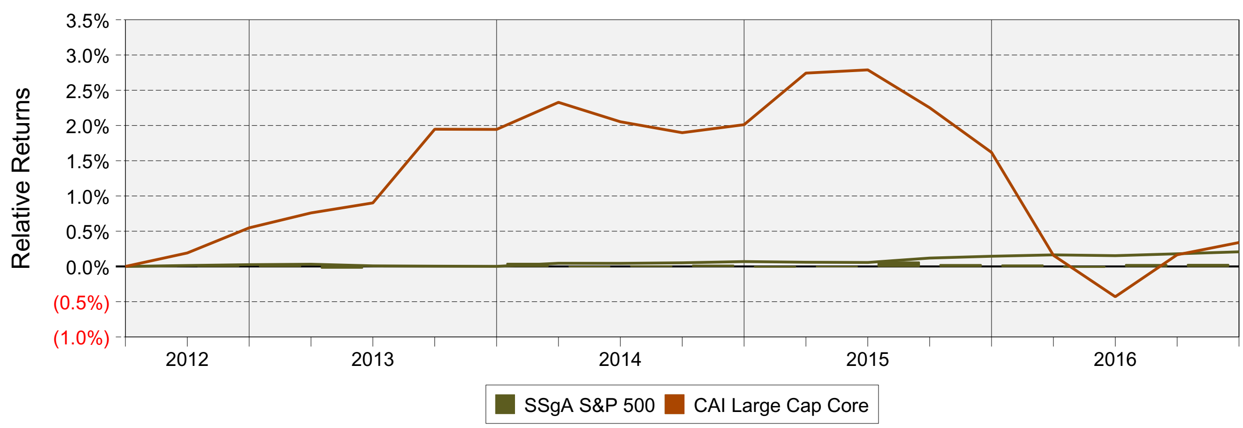
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

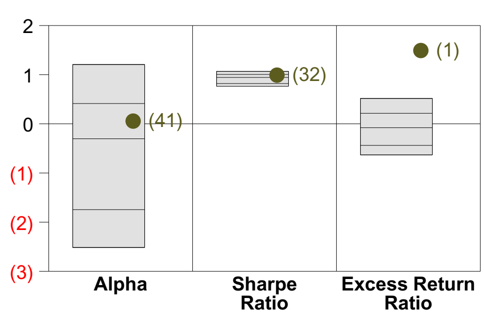


	2016	2015	2014	2013	2012	2011	2010	2009	2008
10th Percentile	13.95	4.08	16.01	37.59	18.39	6.19	18.65	34.96	(31.85)
25th Percentile	11.59	2.99	15.13	35.87	17.06	4.37	16.40	32.58	(34.26)
Median	10.40	1.41	13.63	34.49	15.89	1.46	14.21	26.51	(36.36)
75th Percentile	8.50	(1.10)	12.82	32.62	14.42	(1.56)	13.41	23.00	(37.90)
90th Percentile	7.55	(2.41)	11.17	31.15	11.41	(3.63)	10.96	21.05	(40.00)
SSgA S&P 500 ●	12.03	1.46	13.77	32.36	16.07	2.14	15.14	26.57	(36.93)
S&P 500 Index ▲	11.96	1.38	13.69	32.39	16.00	2.11	15.06	26.47	(37.00)

Cumulative and Quarterly Relative Return vs S&P 500 Index

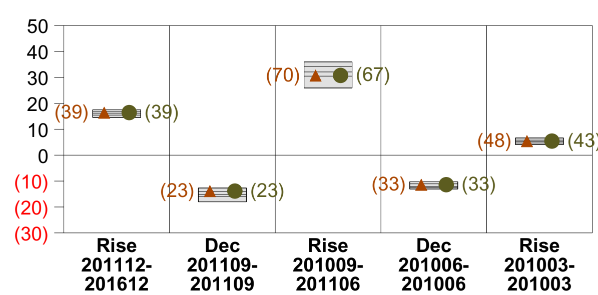


Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Core (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.21	1.07	0.52
25th Percentile	0.41	1.01	0.21
Median	(0.30)	0.94	(0.08)
75th Percentile	(1.75)	0.82	(0.44)
90th Percentile	(2.52)	0.76	(0.63)
SSgA S&P 500 ●	0.06	0.99	1.49

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



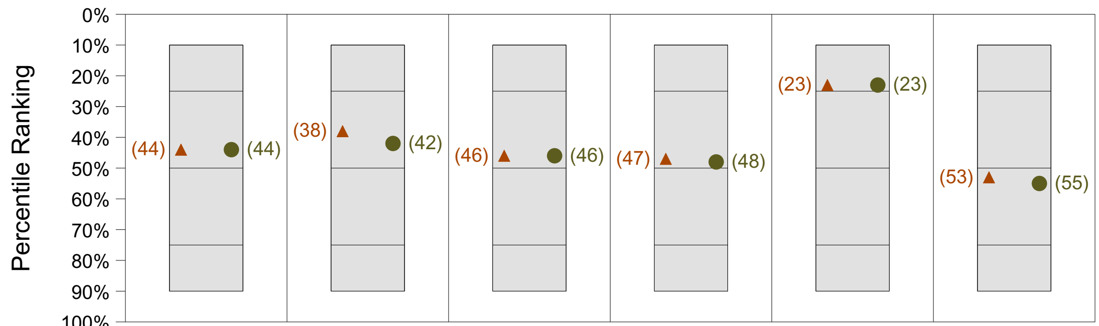
	Rise 201112-201612	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	17.51	(12.68)	35.98	(10.27)	6.63
25th Percentile	16.95	(13.97)	34.17	(11.07)	5.80
Median	16.21	(15.18)	32.10	(12.10)	5.36
75th Percentile	15.45	(15.97)	30.48	(12.53)	4.69
90th Percentile	14.53	(18.00)	25.91	(13.06)	4.07
SSgA S&P 500 ●	16.42	(13.87)	30.76	(11.40)	5.42
S&P 500 Index ▲	16.37	(13.87)	30.69	(11.43)	5.39

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

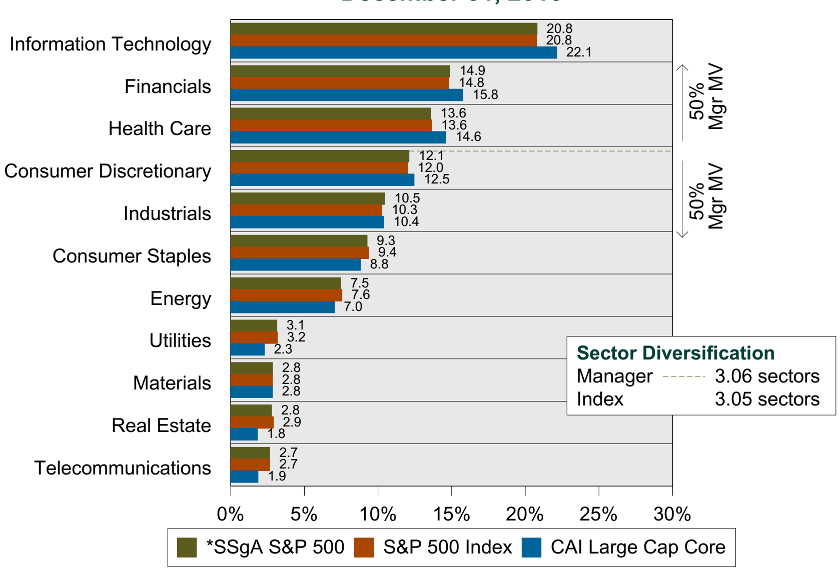


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	105.15	18.69	3.16	17.47	2.22	0.27
25th Percentile	90.53	17.76	2.91	14.31	2.08	0.12
Median	79.00	16.67	2.75	12.01	1.95	(0.03)
75th Percentile	55.90	15.78	2.49	10.88	1.76	(0.14)
90th Percentile	31.29	15.10	2.16	9.30	1.62	(0.22)
*SSgA S&P 500 ●	81.18	17.05	2.78	12.19	2.10	(0.04)
S&P 500 Index ▲	81.55	17.12	2.79	12.27	2.09	(0.03)

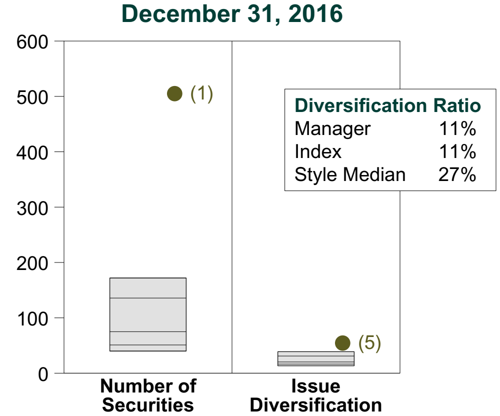
Sector Weights

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



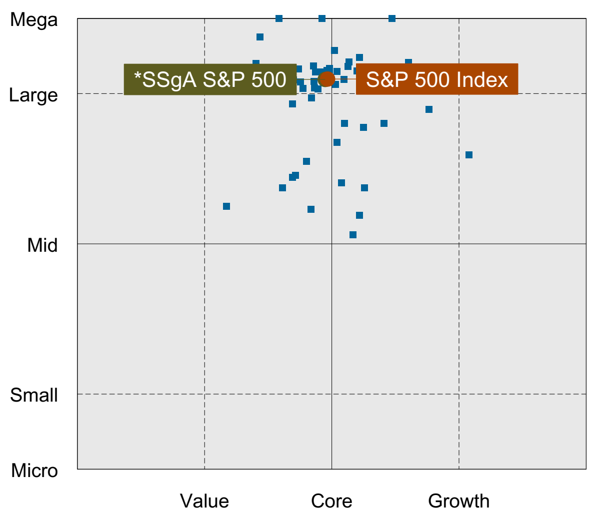
	Number of Securities	Issue Diversification
10th Percentile	172	39
25th Percentile	136	31
Median	75	20
75th Percentile	51	16
90th Percentile	40	13
*SSgA S&P 500 ●	505	54
S&P 500 Index ▲	505	54

*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.

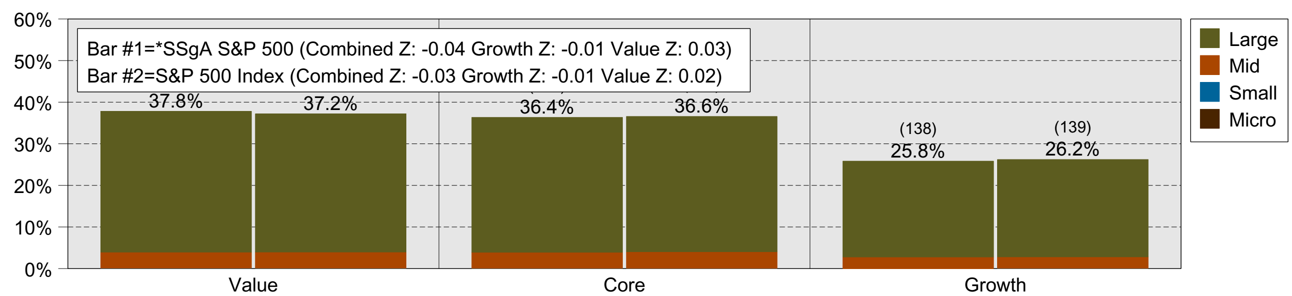
Style Map vs CAI Large Cap Core
Holdings as of December 31, 2016



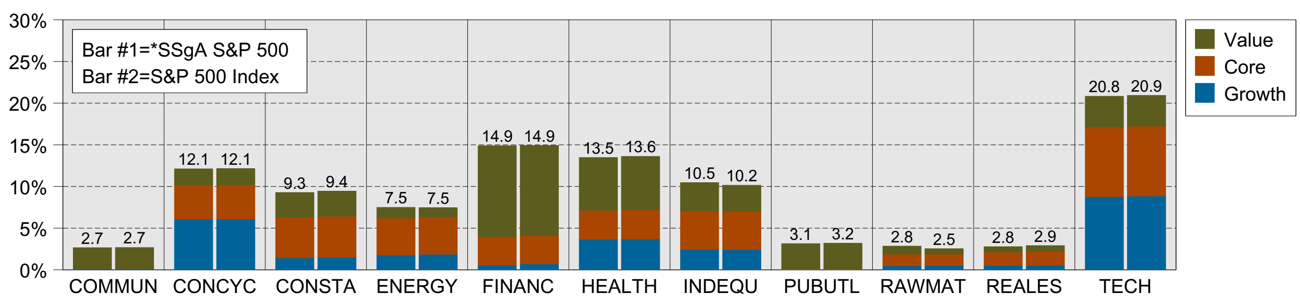
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	33.9% (104) 33.2% (101)	32.4% (99) 32.5% (99)	23.0% (84) 23.4% (84)	**89.4% (287)** **89.2% (284)**
Mid	3.9% (77) 3.9% (79)	3.9% (79) 4.0% (80)	2.8% (53) 2.8% (53)	**10.5% (209)** **10.7% (212)**
Small	0.1% (5) 0.0% (4)	0.0% (2) 0.0% (1)	0.0% (1) 0.0% (2)	**0.1% (8)** **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	**37.8% (186)** **37.2% (184)**	**36.4% (180)** **36.6% (180)**	**25.8% (138)** **26.2% (139)**	**100.0% (504)** **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

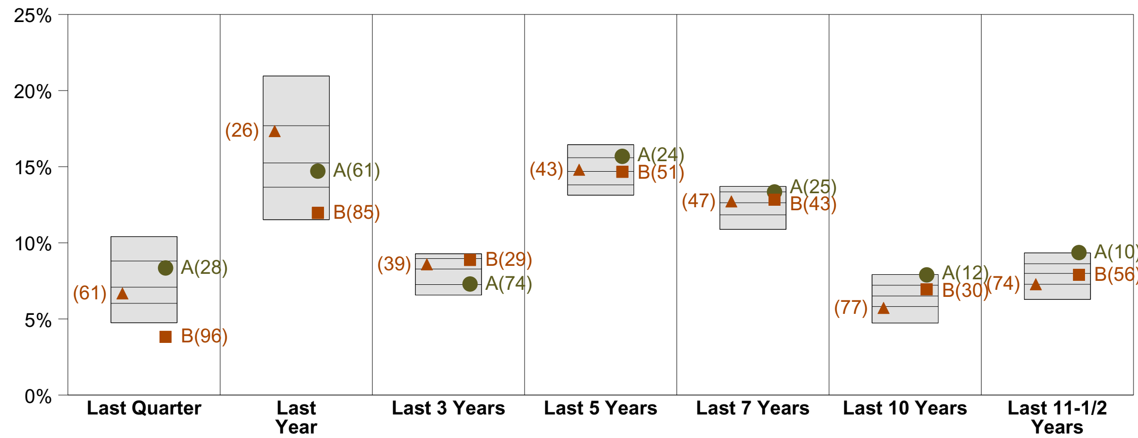
Investment Philosophy
Boston Partners attempts to implement a disciplined investment process designed to find undervalued securities issued by companies with sound fundamentals and positive business momentum. Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter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

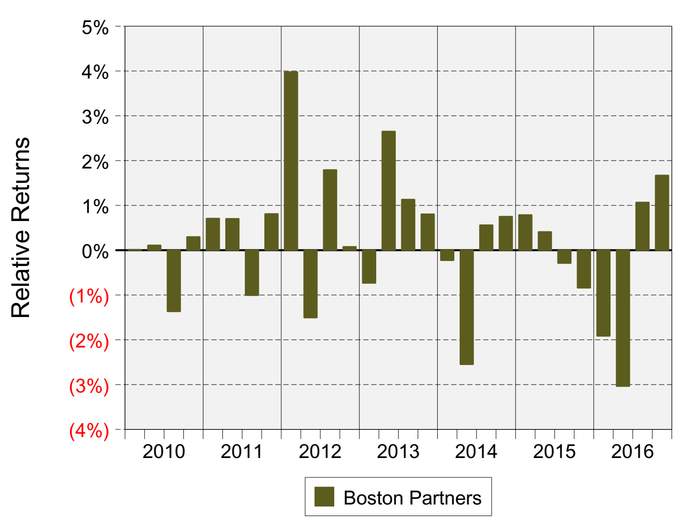
Beginning Market Value	$40,706,020
Net New Investment	$-470,090
Investment Gains/(Losses)	$3,404,057
Ending Market Value	$43,639,988

Performance vs CAI Large Cap Value (Gross)

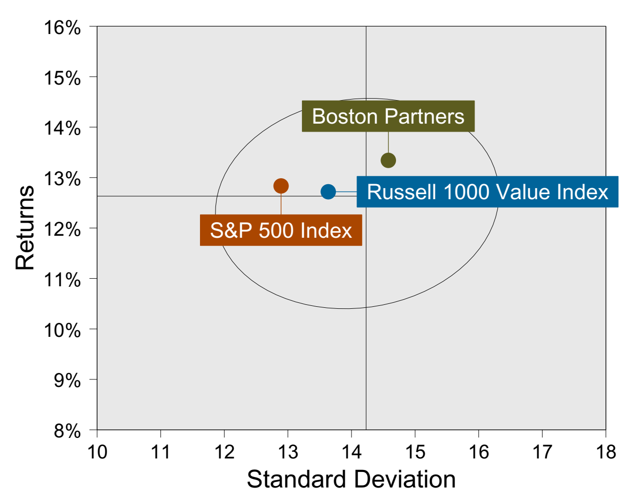


		Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 11-1/2 Years
10th Percentile		10.41	20.96	9.28	16.45	13.70	7.92	9.34
25th Percentile		8.81	17.69	8.96	15.59	13.35	7.21	8.63
Median		7.09	15.25	8.28	14.69	12.63	6.51	7.99
75th Percentile		6.02	13.65	7.26	13.81	11.84	5.81	7.27
90th Percentile		4.75	11.52	6.57	13.13	10.88	4.73	6.28
Boston Partners	● A	8.35	14.71	7.29	15.68	13.34	7.89	9.36
S&P 500 Index	■ B	3.82	11.96	8.87	14.66	12.83	6.95	7.90
Russell 1000 Value Index	▲	6.68	17.34	8.59	14.80	12.72	5.72	7.28

Relative Return vs Russell 1000 Value Index



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

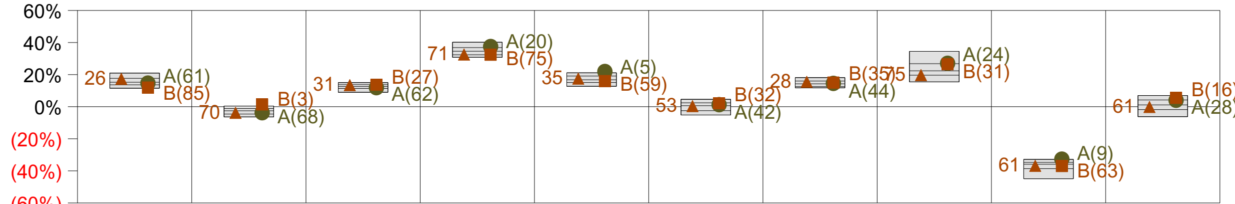


Boston Partners
Return Analysis Summary

Return Analysis

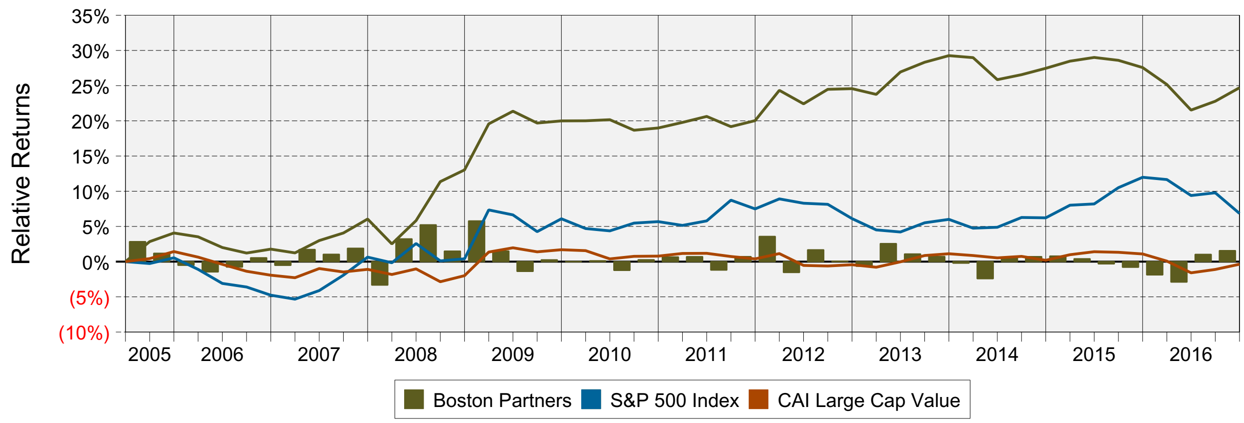
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

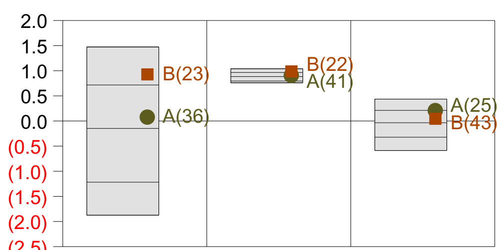


	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	20.96	0.42	15.03	40.19	21.13	4.62	18.13	34.50	(32.84)	6.97
25th Percentile	17.69	(1.15)	13.73	36.85	19.12	2.42	16.01	26.82	(34.74)	4.19
Median	15.25	(2.56)	12.54	34.59	16.78	0.61	14.27	22.37	(35.88)	1.12
75th Percentile	13.65	(4.58)	11.36	32.38	15.08	(2.48)	12.55	19.65	(38.61)	(1.81)
90th Percentile	11.52	(6.38)	8.98	30.80	12.71	(5.19)	11.75	15.46	(44.92)	(6.22)
Boston Partners ● A	14.71	(3.75)	11.87	37.52	21.95	1.27	14.54	27.06	(32.69)	4.02
S&P 500 Index ■ B	11.96	1.38	13.69	32.39	16.00	2.11	15.06	26.47	(37.00)	5.49
Russell 1000 Value Index ▲	17.34	(3.83)	13.45	32.53	17.51	0.39	15.51	19.69	(36.85)	(0.17)

Cumulative and Quarterly Relative Return vs Russell 1000 Value Index

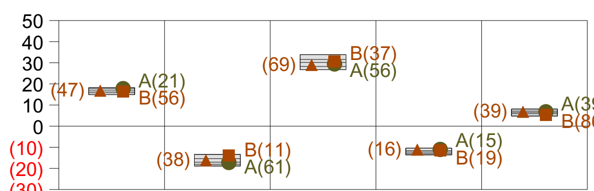


Risk Adjusted Return Measures vs Russell 1000 Value Index
Rankings Against CAI Large Cap Value (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.47	1.04	0.44
25th Percentile	0.72	0.97	0.21
Median	(0.15)	0.88	(0.03)
75th Percentile	(1.22)	0.80	(0.32)
90th Percentile	(1.88)	0.76	(0.59)
Boston Partners ● A	0.08	0.91	0.21
S&P 500 Index ■ B	0.93	0.99	0.04

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



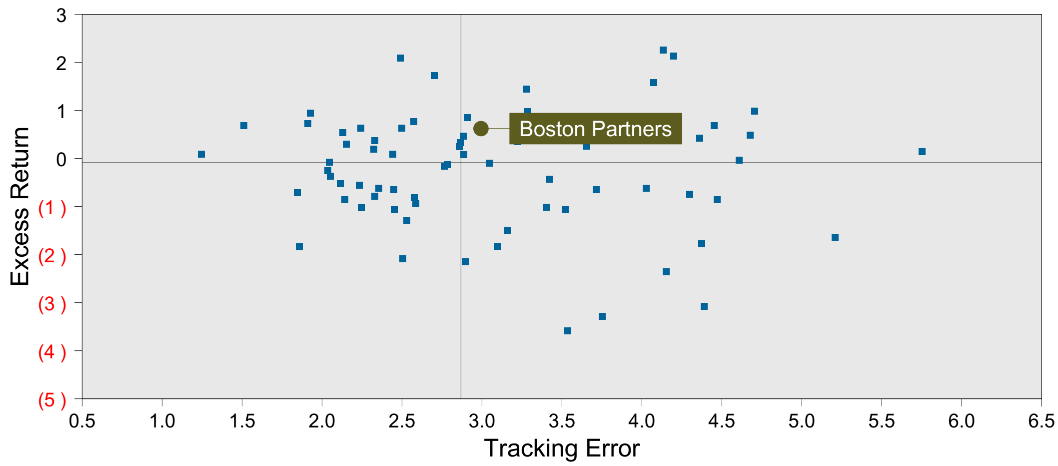
	Rise 201112-201612	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	18.24	(13.39)	33.84	(10.42)	8.11
25th Percentile	17.64	(15.39)	31.58	(11.63)	7.15
Median	16.67	(17.05)	30.17	(12.28)	6.51
75th Percentile	15.80	(18.03)	28.25	(13.05)	5.86
90th Percentile	14.88	(18.88)	26.72	(13.61)	4.77
Boston Partners ● A	17.77	(17.21)	29.44	(11.03)	6.80
S&P 500 Index ■ B	16.37	(13.87)	30.69	(11.43)	5.39
Russell 1000 Value Index ▲	16.75	(16.20)	28.94	(11.15)	6.78

Boston Partners
Risk Analysis Summary

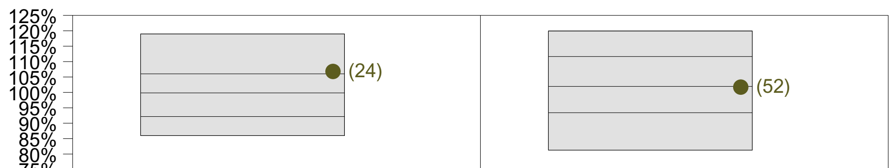
Risk Analysis

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

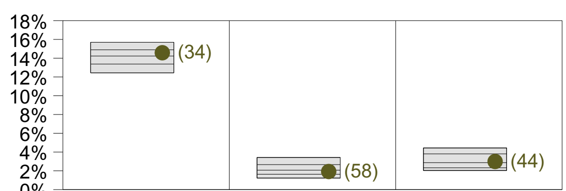


Market Capture vs Russell 1000 Value Index
Rankings Against CAI Large Cap Value (Gross)
Seven Years Ended December 31, 2016

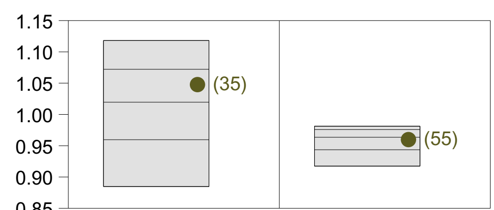


	Up Market Capture	Down Market Capture
10th Percentile	118.98	119.95
25th Percentile	106.03	111.65
Median	99.84	101.95
75th Percentile	92.16	93.41
90th Percentile	85.98	81.26
Boston Partners ●	106.80	101.72

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



	Standard Deviation	Downside Risk	Tracking Error
10th Percentile	15.70	3.42	4.44
25th Percentile	14.89	2.66	3.80
Median	14.23	2.07	2.87
75th Percentile	13.38	1.64	2.32
90th Percentile	12.44	1.23	2.03
Boston Partners ●	14.58	1.93	2.99



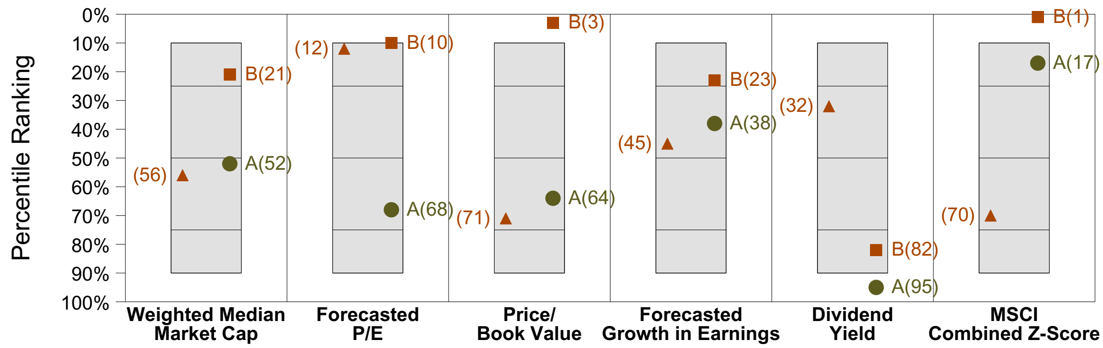
	Beta	R-Squared
10th Percentile	1.12	0.98
25th Percentile	1.07	0.98
Median	1.02	0.96
75th Percentile	0.96	0.94
90th Percentile	0.88	0.92
Boston Partners ●	1.05	0.96

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

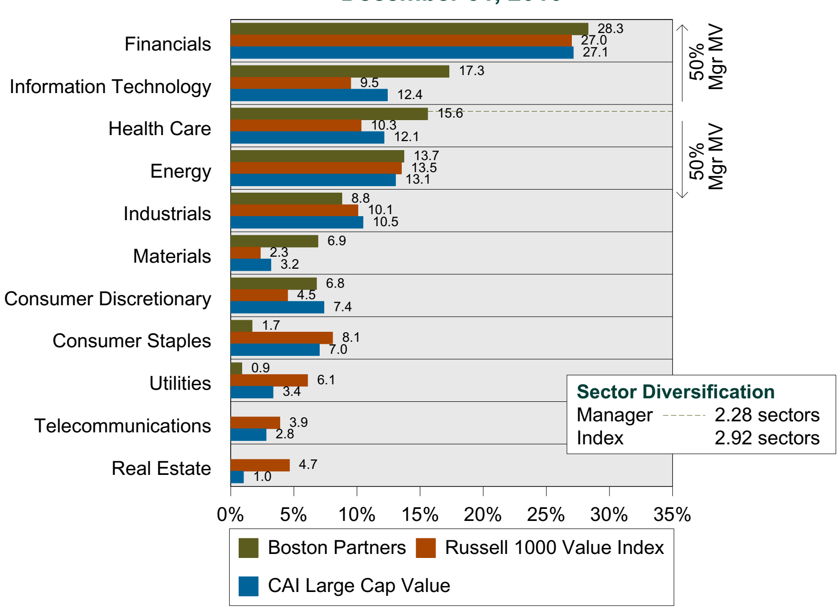


		Weighted Median Market Cap	Forecasted P/E	Price/ Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile		96.58	17.09	2.47	15.16	2.84	(0.25)
25th Percentile		76.11	16.22	2.23	12.03	2.56	(0.38)
Median		64.08	15.37	2.01	9.80	2.32	(0.53)
75th Percentile		44.01	14.70	1.85	8.16	2.15	(0.67)
90th Percentile		32.04	14.22	1.66	6.74	1.94	(0.80)
Boston Partners	● A	62.00	14.83	1.93	11.04	1.83	(0.33)
S&P 500 Index	■ B	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)

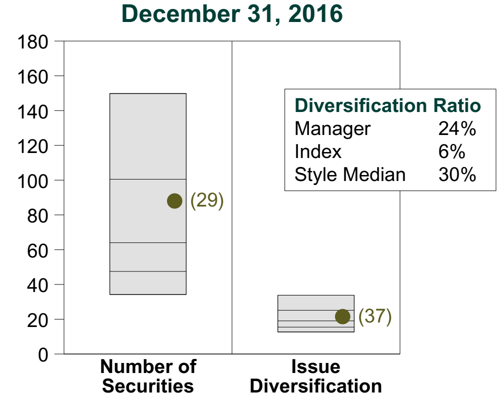
Sector Weights

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

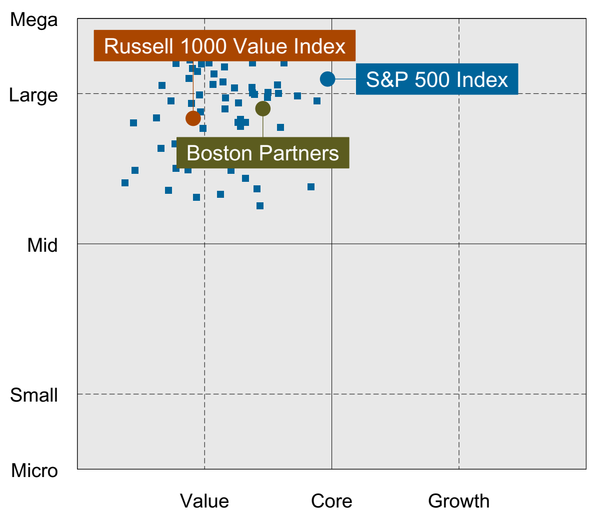


		Number of Securities	Issue Diversification
10th Percentile		150	34
25th Percentile		101	25
Median		64	19
75th Percentile		48	15
90th Percentile		34	13
Boston Partners	●	88	22
Russell 1000 Value Index	▲	691	42

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.

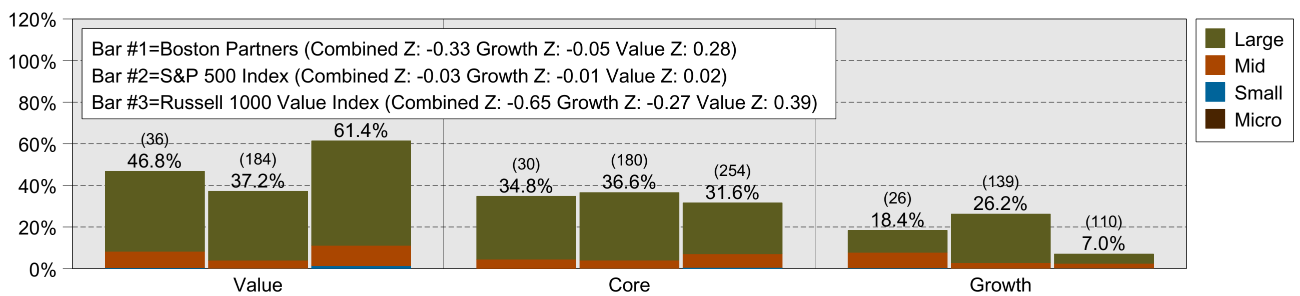
Style Map vs CAI Large Cap Value
Holdings as of December 31, 2016



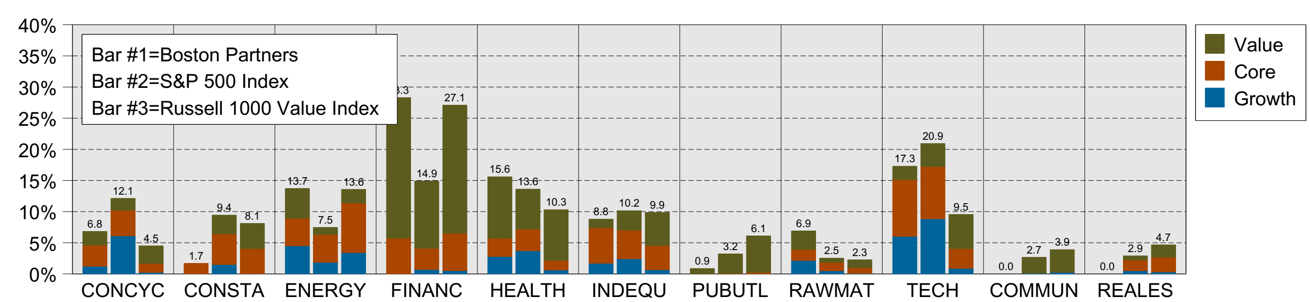
Style Exposure Matrix
Holdings as of December 31, 2016

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

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



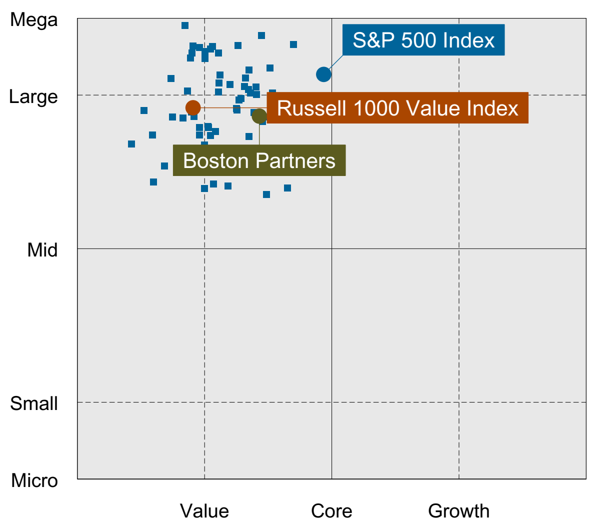
Sector Weights Distribution
Holdings as of December 31, 2016



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.

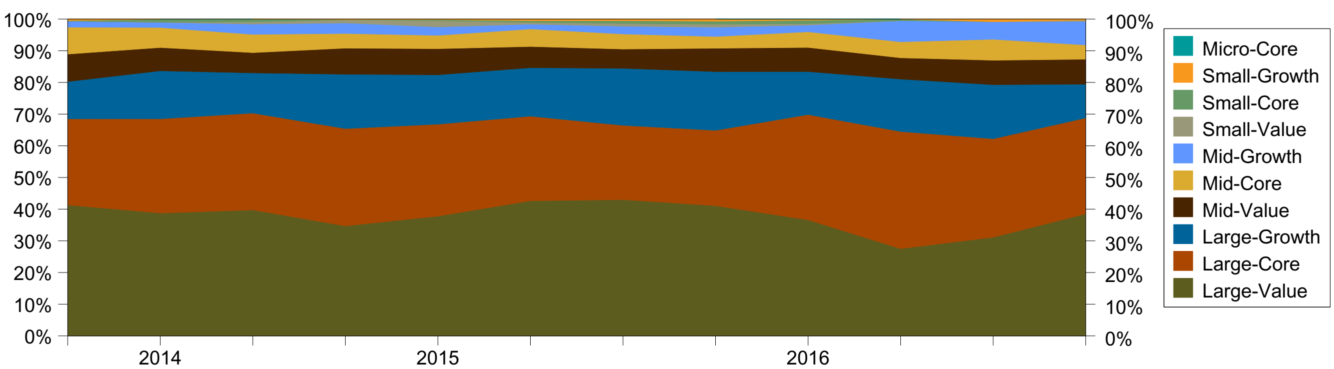
Average Style Map vs CAI Large Cap Value Holdings for Three Years Ended December 31, 2016



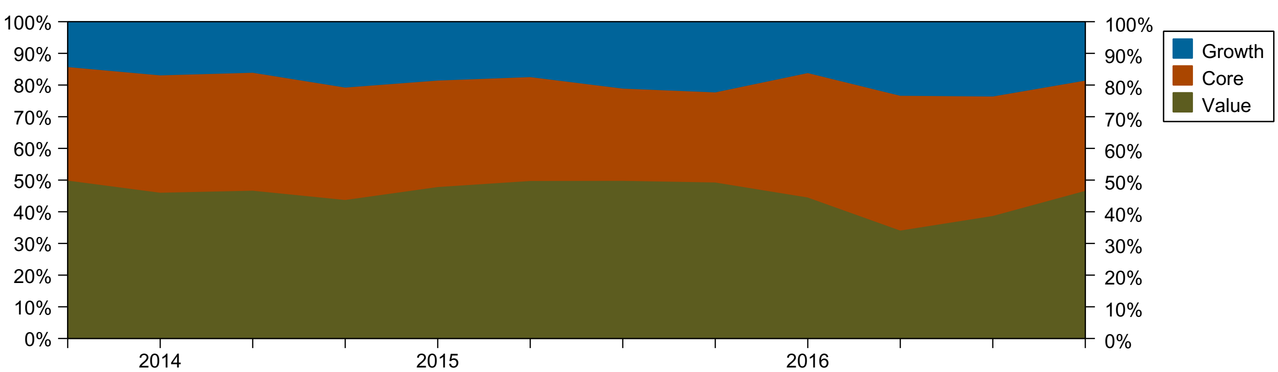
Average Style Exposure Matrix Holdings for Three Years Ended December 31, 2016

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

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

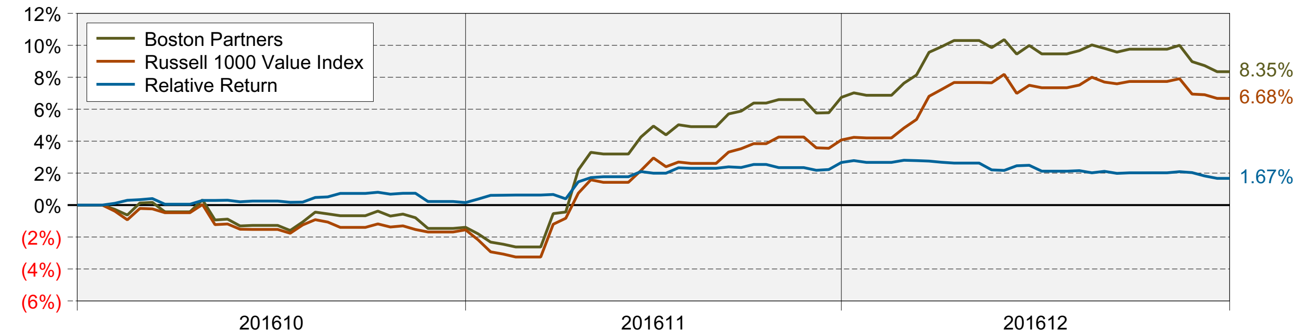


Boston Partners vs Russell 1000 Value Index
Domestic Equity Daily Performance Attribution
One Quarter Ended December 31, 2016

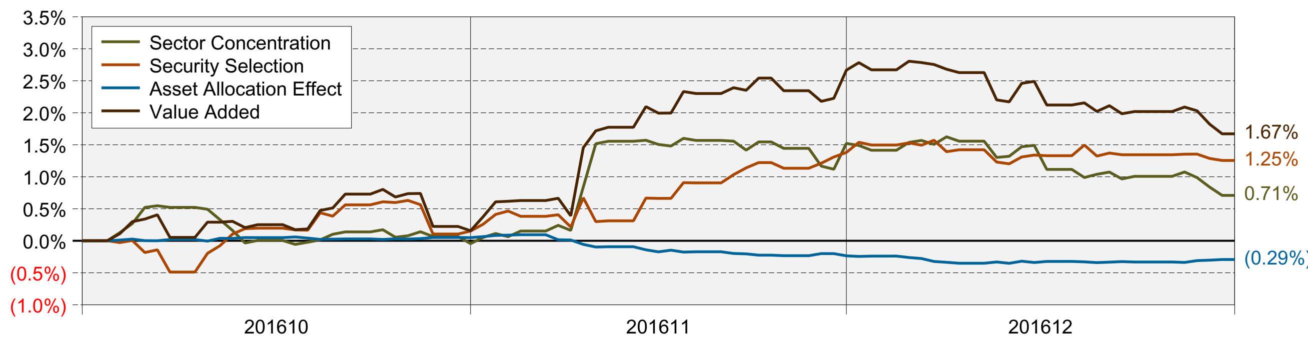
Return Sources and Timing

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)%

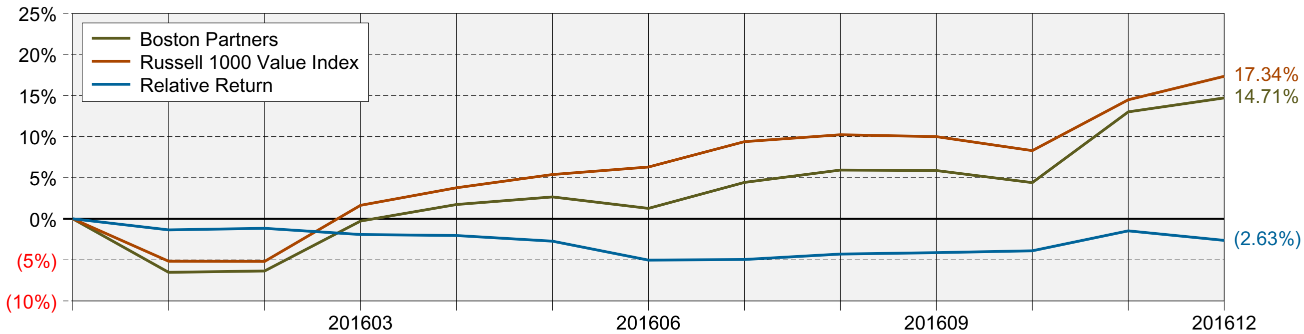
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
8.35%		6.68%		0.71%		1.25%		(0.29%)

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

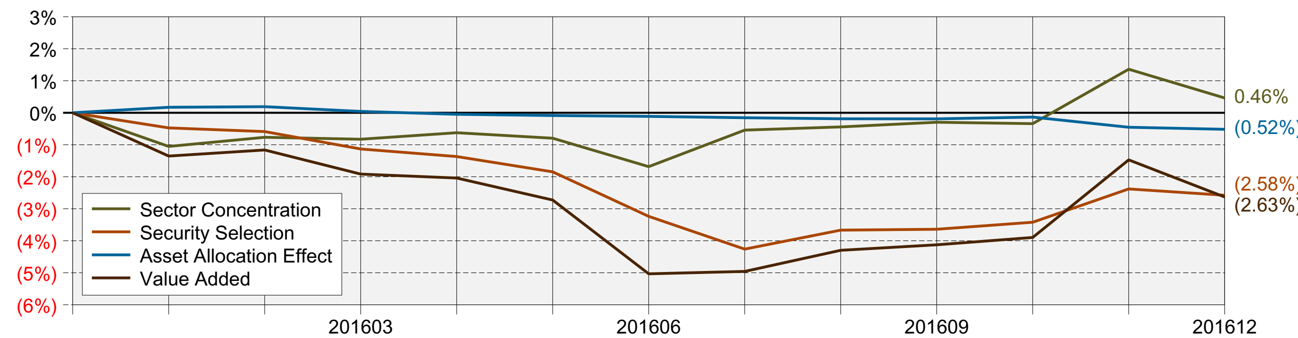
Return Sources and Timing

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.

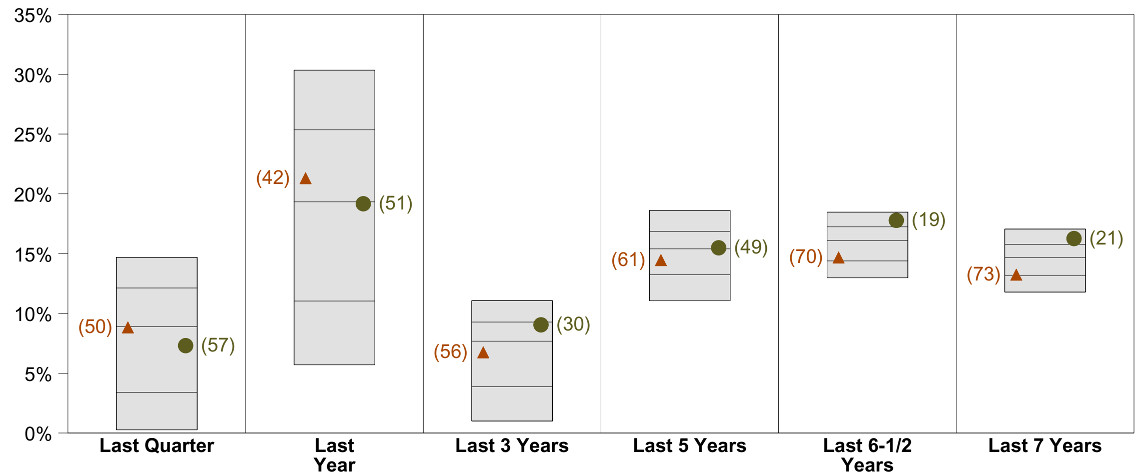
Quarterly Summary and Highlights

- 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

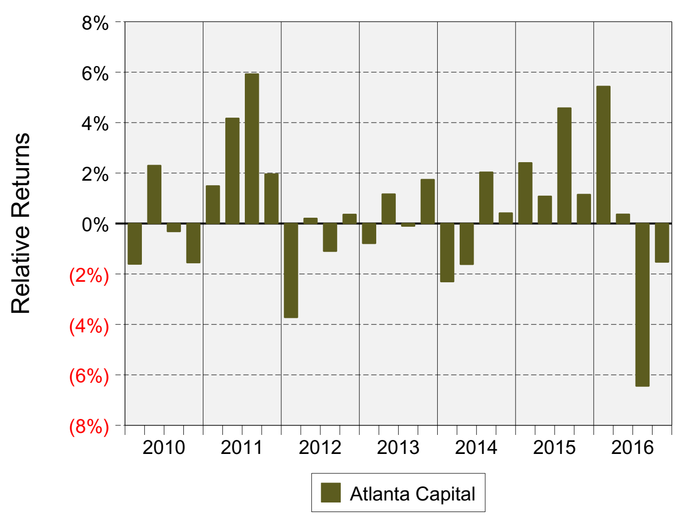
Beginning Market Value	$22,260,244
Net New Investment	$-346,863
Investment Gains/(Losses)	$1,590,477
Ending Market Value	$23,503,858

Performance vs CAI Small Capitalization (Gross)

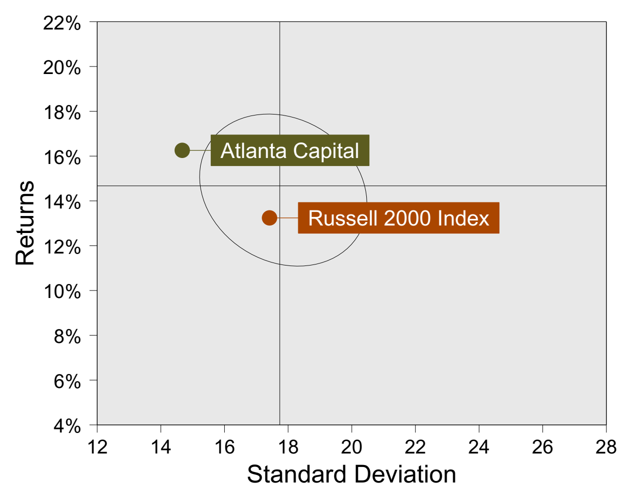


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-1/2 Years	Last 7 Years
10th Percentile	14.69	30.34	11.07	18.62	18.47	17.06
25th Percentile	12.12	25.35	9.28	16.85	17.24	15.77
Median	8.90	19.33	7.68	15.40	16.09	14.67
75th Percentile	3.40	11.03	3.87	13.23	14.39	13.15
90th Percentile	0.27	5.70	1.00	11.05	12.98	11.78
Atlanta Capital ●	7.30	19.17	9.05	15.49	17.78	16.26
Russell 2000 Index ▲	8.83	21.31	6.74	14.46	14.68	13.24

Relative Return vs Russell 2000 Index



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

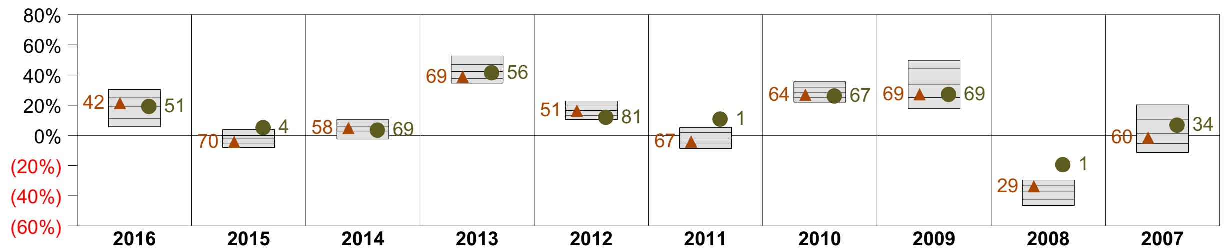


Atlanta Capital
Return Analysis Summary

Return Analysis

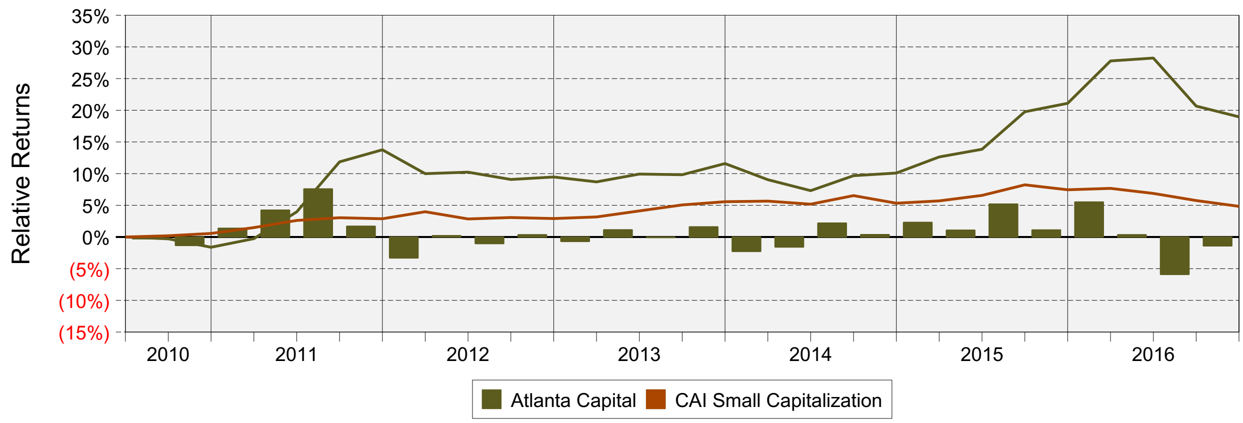
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

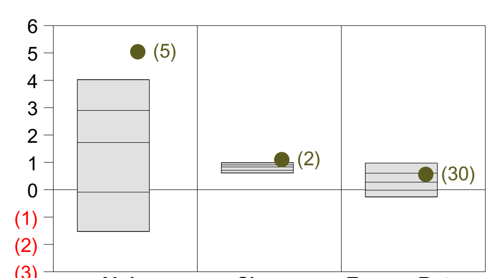


	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	30.34	3.80	10.36	52.61	22.77	5.11	35.51	49.83	(29.60)	20.21
25th Percentile	25.35	(0.08)	8.22	46.90	19.49	1.82	31.51	44.51	(33.01)	10.32
Median	19.33	(2.32)	5.65	42.33	16.47	(1.75)	28.25	33.93	(37.46)	1.39
75th Percentile	11.03	(5.11)	2.28	37.61	13.28	(5.70)	24.96	25.06	(42.30)	(5.47)
90th Percentile	5.70	(8.08)	(2.43)	34.67	10.51	(8.62)	22.04	17.68	(46.47)	(11.41)
Atlanta Capital ●	19.17	5.14	3.49	41.51	11.96	10.81	26.10	27.17	(19.41)	6.76
Russell 2000 Index ▲	21.31	(4.41)	4.89	38.82	16.35	(4.18)	26.85	27.17	(33.79)	(1.57)

Cumulative and Quarterly Relative Return vs Russell 2000 Index

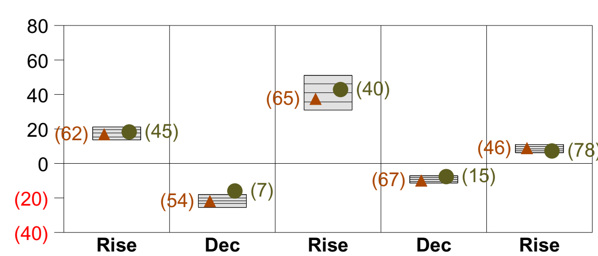


Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.02	0.99	0.97
25th Percentile	2.90	0.91	0.60
Median	1.72	0.83	0.28
75th Percentile	(0.09)	0.71	(0.02)
90th Percentile	(1.53)	0.61	(0.26)
Atlanta Capital ●	5.04	1.10	0.56

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



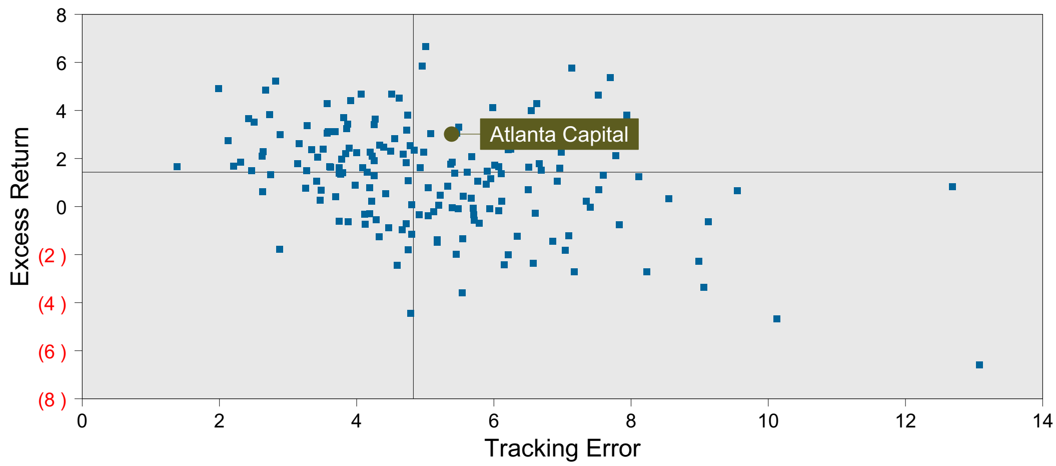
	Rise 201112-201612	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	21.18	(18.02)	51.06	(7.11)	11.01
25th Percentile	19.59	(20.03)	46.17	(8.14)	9.88
Median	17.68	(21.67)	41.03	(9.25)	8.51
75th Percentile	15.32	(23.19)	35.68	(10.43)	7.38
90th Percentile	13.66	(25.50)	30.96	(11.34)	6.24
Atlanta Capital ●	18.26	(15.94)	42.86	(7.62)	7.24
Russell 2000 Index ▲	16.89	(21.87)	37.41	(9.92)	8.85

Atlanta Capital
Risk Analysis Summary

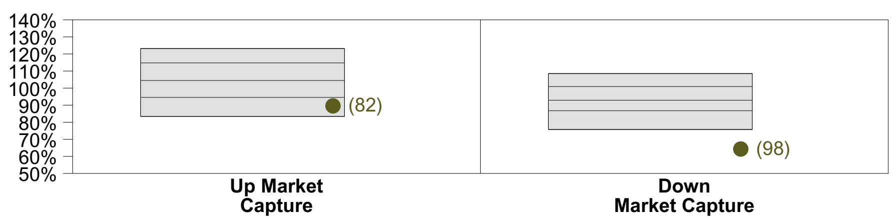
Risk Analysis

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

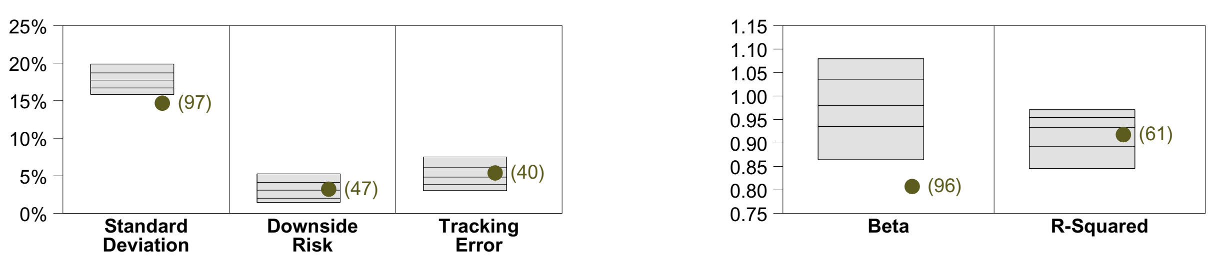


Market Capture vs Russell 2000 Index
Rankings Against CAI Small Capitalization (Gross)
Seven Years Ended December 31, 2016



	Up Market Capture	Down Market Capture
10th Percentile	123.19	108.52
25th Percentile	114.77	100.93
Median	104.47	92.91
75th Percentile	94.57	86.75
90th Percentile	83.41	75.75
Atlanta Capital ●	89.58	64.30

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



	Standard Deviation	Downside Risk	Tracking Error
10th Percentile	19.88	5.26	7.51
25th Percentile	18.70	4.13	6.09
Median	17.74	3.09	4.83
75th Percentile	16.70	2.01	3.84
90th Percentile	15.84	1.45	3.03
Atlanta Capital ●	14.67	3.22	5.38

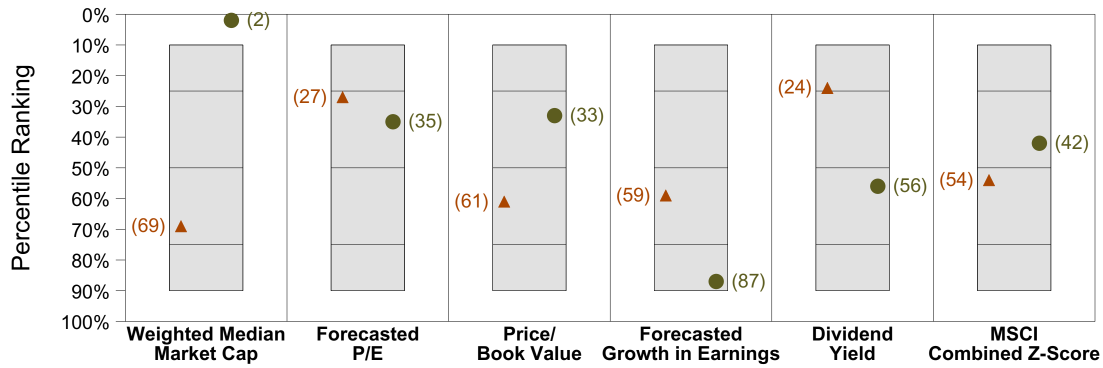
	Beta	R-Squared
10th Percentile	1.08	0.97
25th Percentile	1.04	0.95
Median	0.98	0.93
75th Percentile	0.94	0.89
90th Percentile	0.86	0.85
Atlanta Capital ●	0.81	0.92

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

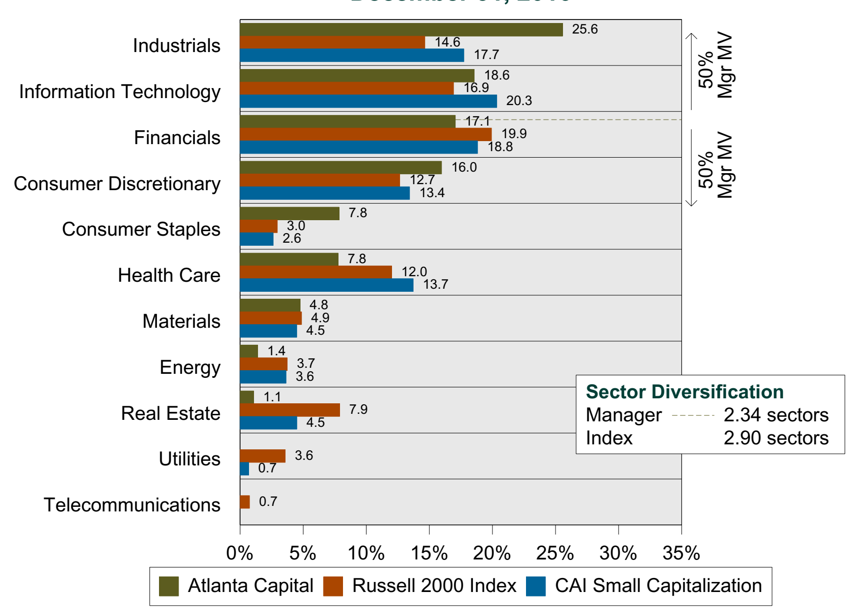


	Weighted Median Market Cap	Forecasted P/E	Price/ Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.74	35.42	4.01	20.71	1.70	0.85
25th Percentile	2.49	25.92	3.38	17.15	1.39	0.65
Median	2.18	20.56	2.34	14.03	1.10	0.10
75th Percentile	1.81	17.98	1.88	10.82	0.55	(0.20)
90th Percentile	1.34	16.40	1.60	8.76	0.33	(0.44)
Atlanta Capital ●	3.18	23.17	3.08	9.09	0.97	0.22
Russell 2000 Index ▲	1.89	25.18	2.10	12.78	1.40	0.02

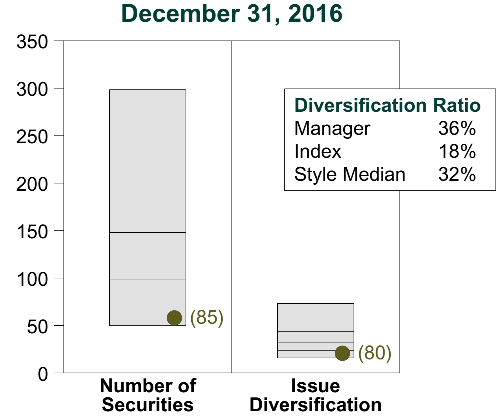
Sector Weights

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

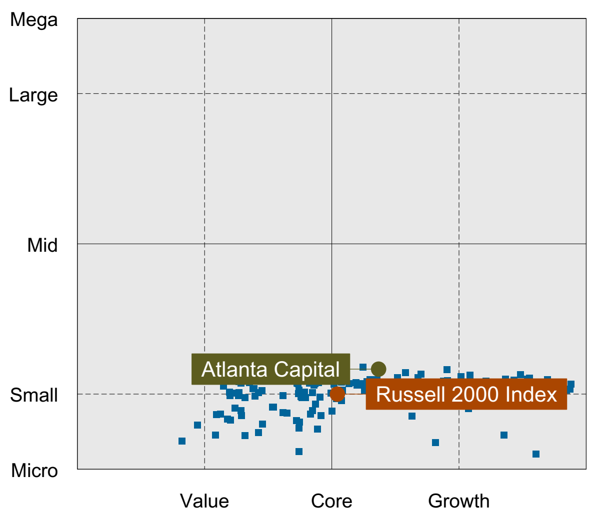


	Number of Securities	Issue Diversification
10th Percentile	298	73
25th Percentile	148	44
Median	98	32
75th Percentile	70	24
90th Percentile	50	16
Atlanta Capital ●	58	21
Russell 2000 Index ▲	1978	357

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.

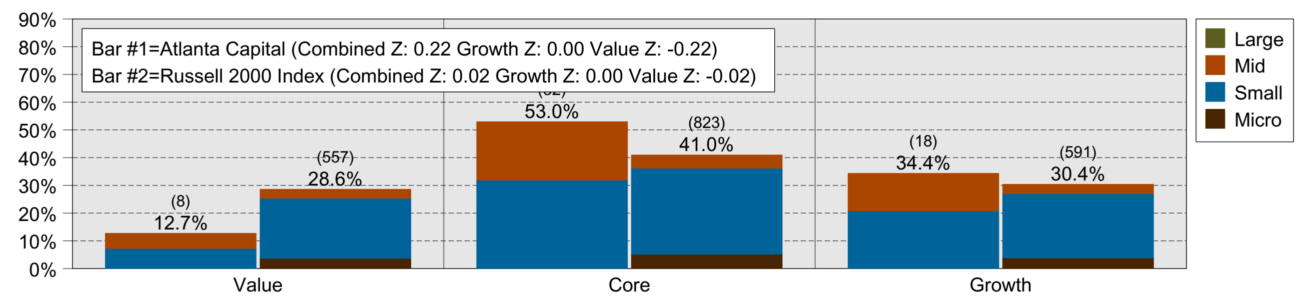
Style Map vs CAI Small Capitalization
Holdings as of December 31, 2016



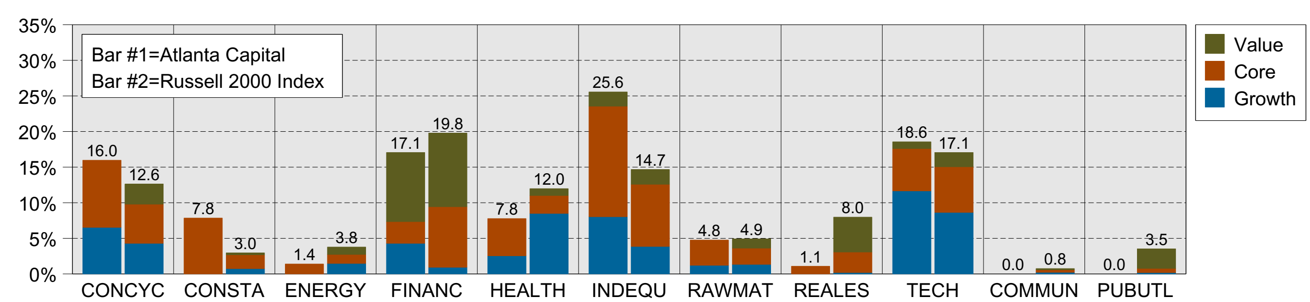
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Large	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	**0.0% (0)** **0.0% (0)**
Mid	5.4% (3) 3.3% (16)	21.1% (10) 4.7% (25)	13.5% (6) 3.4% (16)	**40.0% (19)** **11.5% (57)**
Small	7.2% (5) 21.6% (287)	31.9% (22) 31.0% (417)	20.8% (12) 23.1% (326)	**60.0% (39)** **75.8% (1030)**
Micro	0.0% (0) 3.7% (254)	0.0% (0) 5.2% (381)	0.0% (0) 3.8% (249)	**0.0% (0)** **12.7% (884)**
Total	**12.7% (8)** **28.6% (557)**	**53.0% (32)** **41.0% (823)**	**34.4% (18)** **30.4% (591)**	**100.0% (58)** **100.0% (1971)**

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



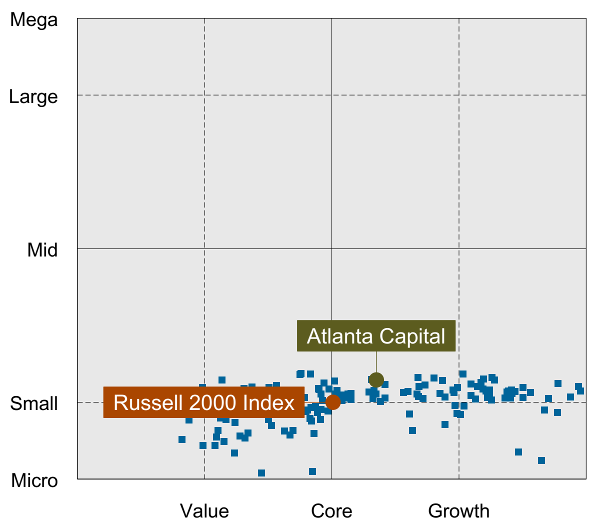
Sector Weights Distribution
Holdings as of December 31, 2016



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.

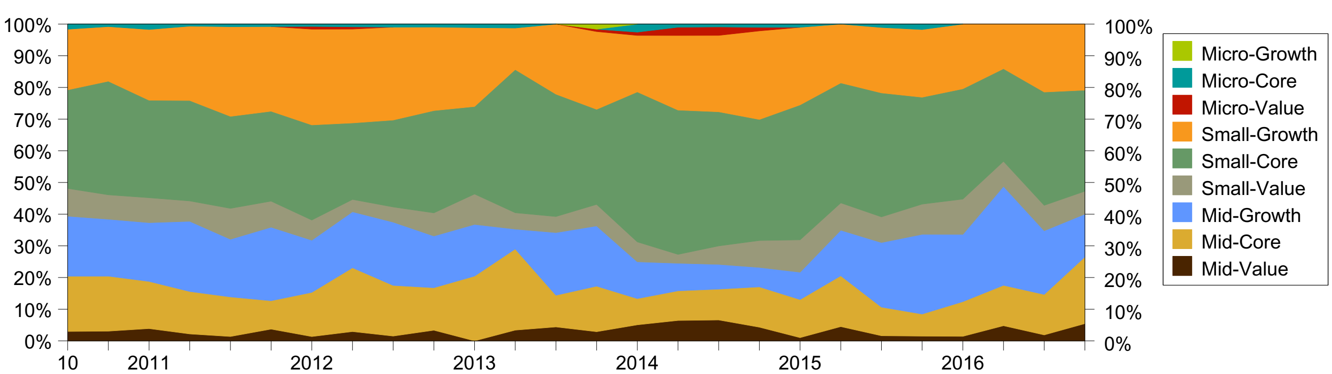
Average Style Map vs CAI Small Capitalization Holdings for Six and 1/2 Years Ended December 31, 2016



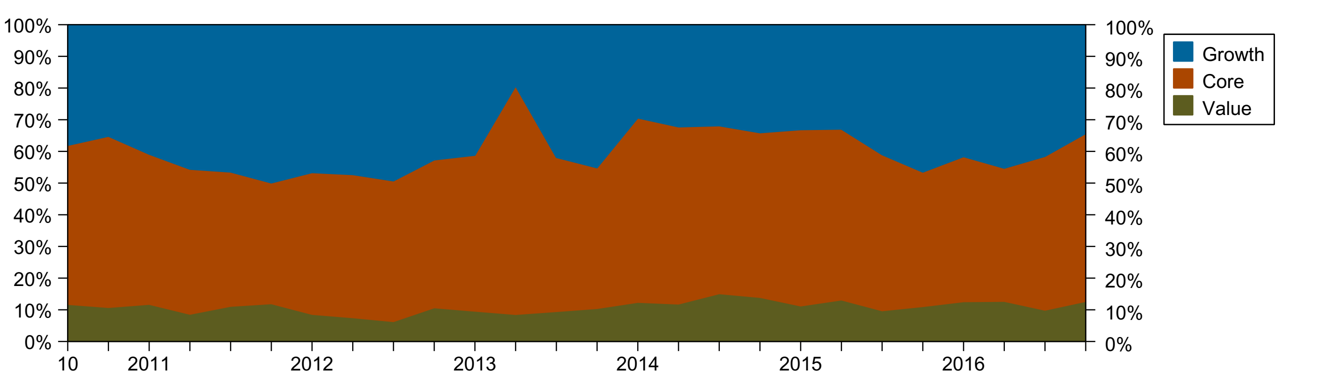
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

	Value	Core	Growth	Total
Large	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	**0.0% (0)** **0.0%** (0)
Mid	3.1% (2) 1.5% (7)	13.9% (7) 2.6% (14)	16.9% (7) 5.1% (25)	**33.9% (16)** **9.3%** (46)
Small	7.4% (6) 21.0% (285)	34.6% (24) 30.0% (407)	22.8% (14) 26.3% (359)	**64.8% (44)** **77.3%** (1051)
Micro	0.4% (0) 4.8% (302)	0.8% (1) 5.2% (352)	0.1% (0) 3.4% (212)	**1.3% (1)** **13.4%** (866)
Total	**10.9% (8)** **27.3% (594)**	**49.3% (32)** **37.8% (773)**	**39.8% (21)** **34.9% (596)**	**100.0% (61)** **100.0%** (1963)

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

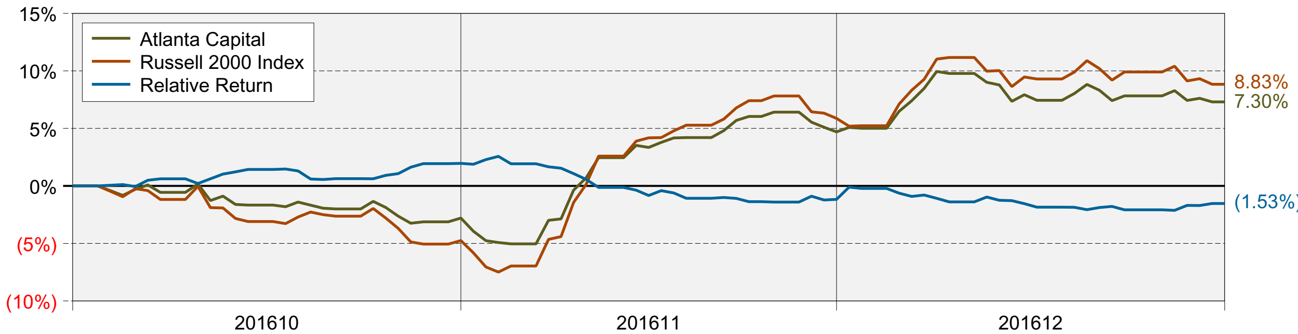


Atlanta Capital vs Russell 2000 Index
Domestic Equity Daily Performance Attribution
One Quarter Ended December 31, 2016

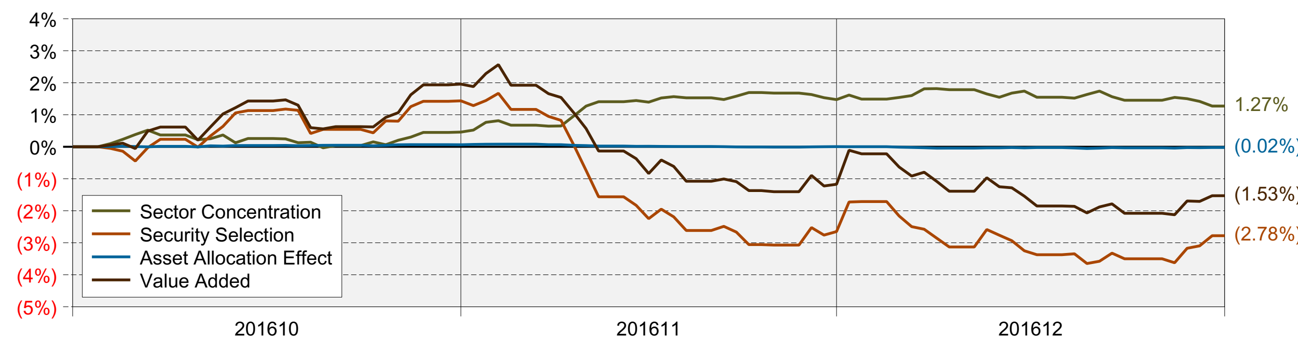
Return Sources and Timing

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)%

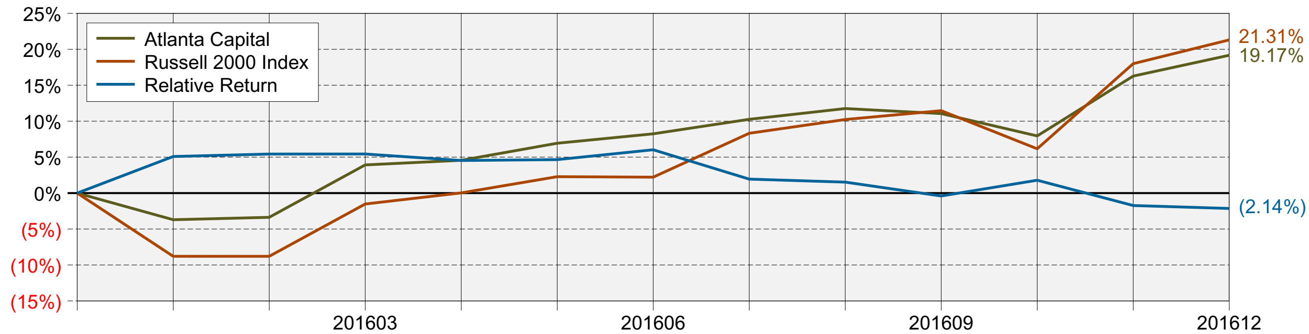
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
7.30%		**8.83%**		**1.27%**		**(2.78%)**		**(0.02%)**

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

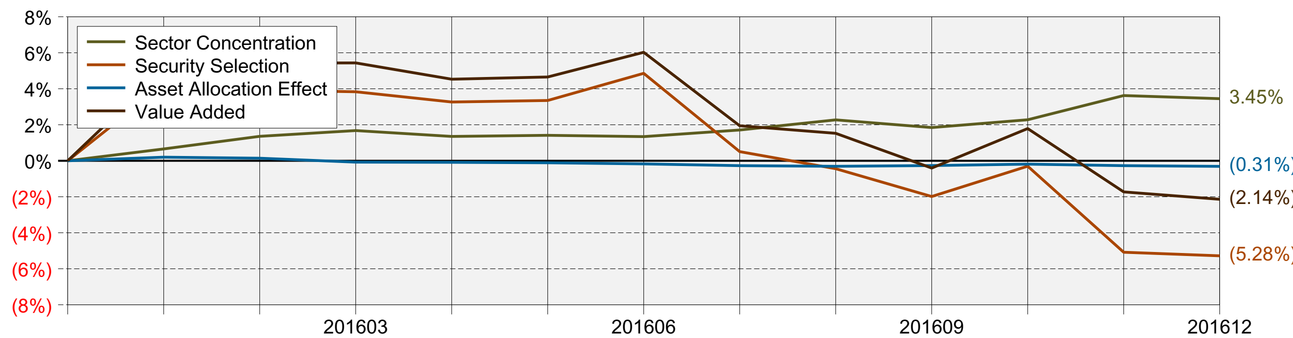
Return Sources and Timing

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

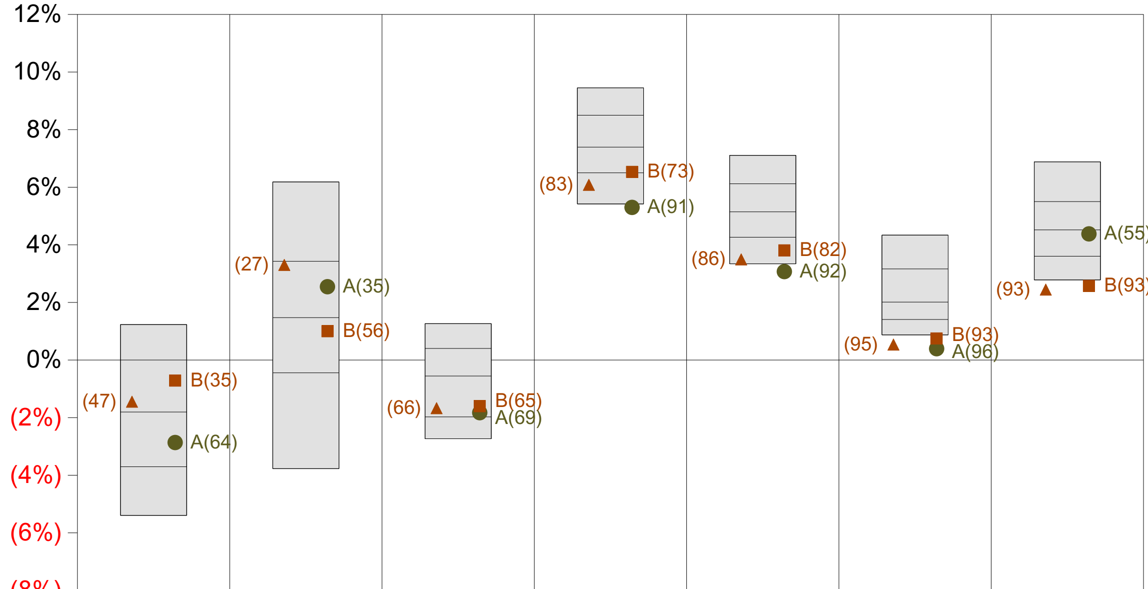
Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	3.79%	92	-	(7.94)%	-	(0.30)%	(0.63)%
Morningstar Inc	Financials	2.86%	92	-	(6.94)%	-	(0.21)%	(0.45)%
Advisory Brd Co	Industrials	1.14%	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

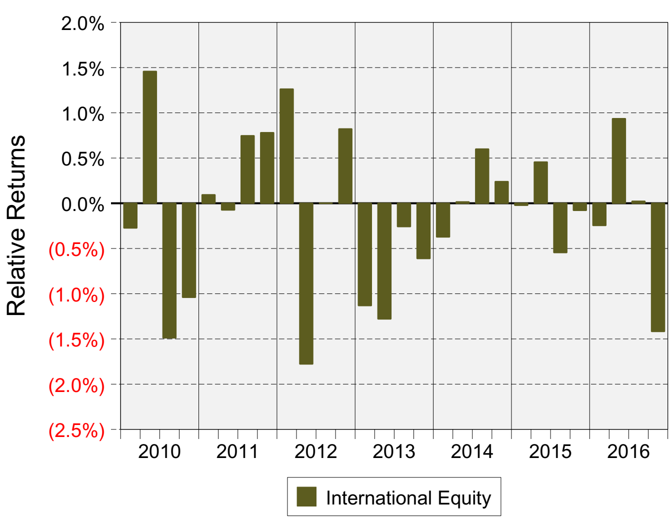
- International Equity's portfolio posted a (2.86)% return for the quarter placing it in the 64 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 35 percentile for the last year.
- International Equity's portfolio underperformed the Custom International Benchmark by 1.42% for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

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

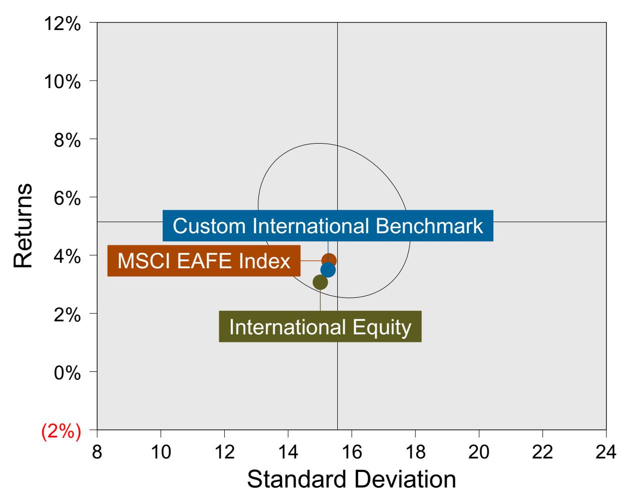


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	1.23	6.19	1.26	9.45	7.11	4.34	6.88
25th Percentile	0.00	3.43	0.40	8.50	6.12	3.16	5.50
Median	(1.80)	1.47	(0.55)	7.39	5.15	2.01	4.52
75th Percentile	(3.70)	(0.44)	(1.97)	6.50	4.26	1.41	3.61
90th 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

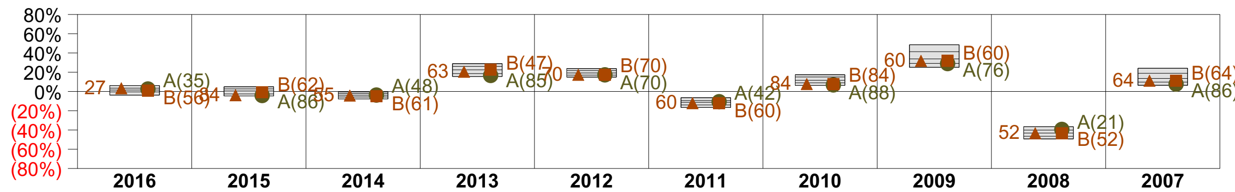


International Equity
Return Analysis Summary

Return Analysis

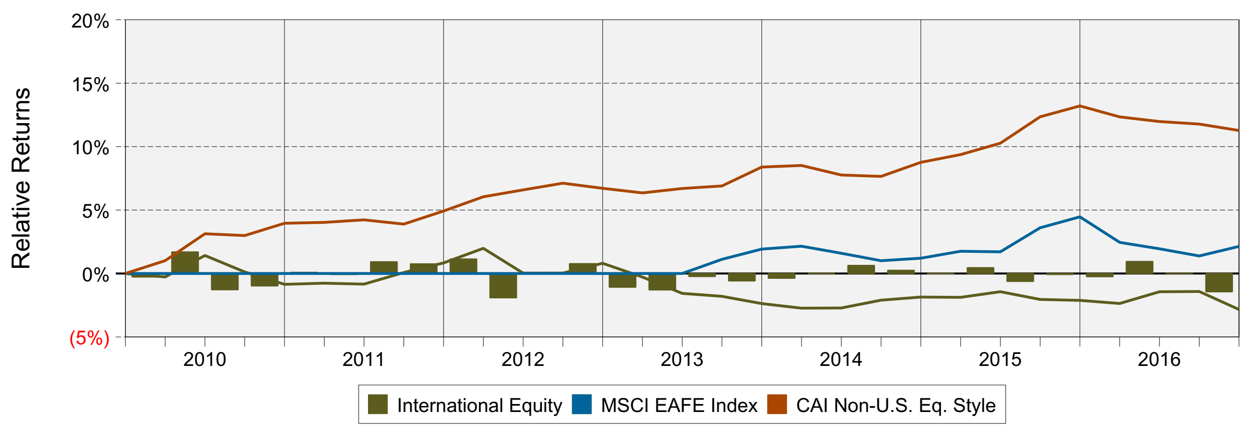
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

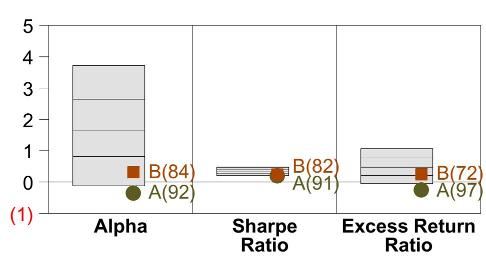


		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile		6.19	4.92	(0.30)	28.92	23.79	(6.44)	17.43	48.53	(36.56)	24.12
25th Percentile		3.43	2.71	(2.06)	26.07	21.76	(9.49)	15.06	41.35	(40.10)	18.89
Median		1.47	0.48	(3.88)	22.49	19.26	(11.30)	11.62	33.82	(43.20)	13.55
75th Percentile		(0.44)	(2.53)	(5.71)	18.59	16.97	(13.96)	9.02	29.20	(46.54)	9.73
90th Percentile		(3.77)	(4.70)	(7.81)	15.53	14.91	(16.62)	6.27	25.12	(49.29)	6.41
International Equity	● A	2.55	(4.17)	(3.72)	16.66	17.28	(10.64)	6.83	28.99	(39.41)	7.68
MSCI EAFE Index	■ B	1.00	(0.81)	(4.90)	22.78	17.32	(12.14)	7.75	31.78	(43.38)	11.17
Custom International Benchmark	▲	3.30	(3.91)	(4.23)	20.46	17.32	(12.14)	7.75	31.78	(43.38)	11.17

Cumulative and Quarterly Relative Return vs Custom International Benchmark

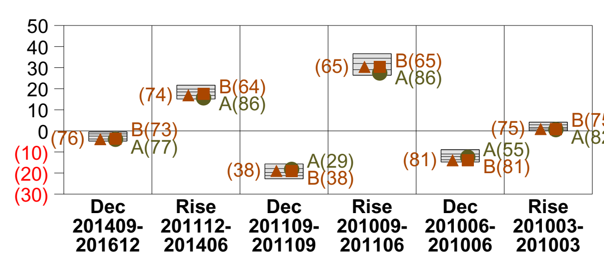


Risk Adjusted Return Measures vs Custom International Benchmark
Rankings Against CAI Non-U.S. Equity Style (Gross)
Seven Years Ended December 31, 2016



		Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile		3.72	0.47	1.06
25th Percentile		2.64	0.39	0.77
Median		1.66	0.32	0.47
75th Percentile		0.82	0.26	0.21
90th Percentile		(0.12)	0.20	(0.05)
International Equity	● A	(0.36)	0.20	(0.25)
MSCI EAFE Index	■ B	0.31	0.24	0.24

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

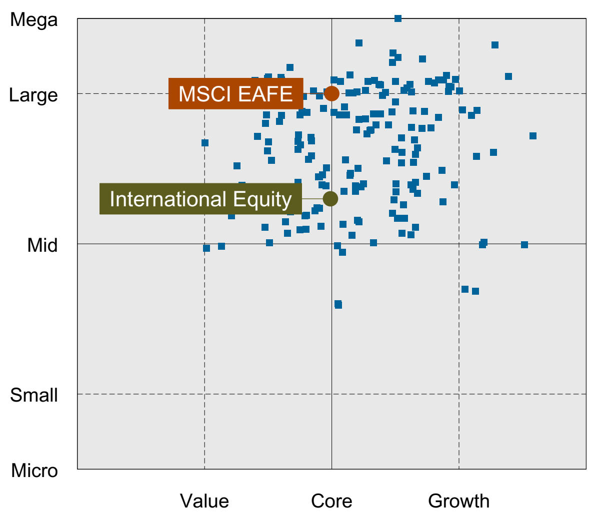


		Dec 201409-201612	Rise 201112-201406	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile		(0.46)	21.67	(15.68)	36.62	(8.92)	4.14
25th Percentile		(1.40)	19.83	(17.88)	34.46	(10.97)	2.89
Median		(2.49)	18.48	(19.73)	31.96	(12.19)	1.56
75th Percentile		(3.87)	16.81	(21.20)	29.03	(13.68)	0.86
90th Percentile		(4.83)	15.11	(22.74)	26.40	(14.76)	0.05
International Equity	● A	(3.99)	15.67	(18.26)	27.46	(12.52)	0.59
MSCI EAFE Index	■ B	(3.73)	17.54	(19.01)	30.36	(13.97)	0.87
Custom International Benchmark	▲	(3.94)	16.86	(19.01)	30.36	(13.97)	0.87

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.

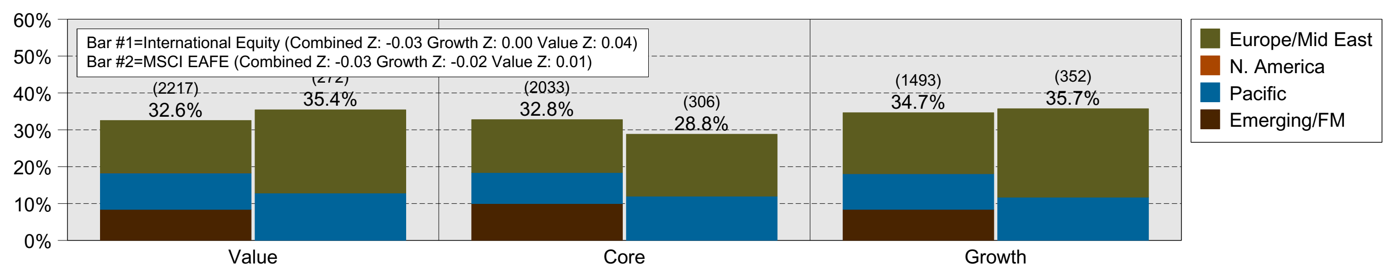
Style Map vs CAI Non-U.S. Eq. Style
Holdings as of December 31, 2016



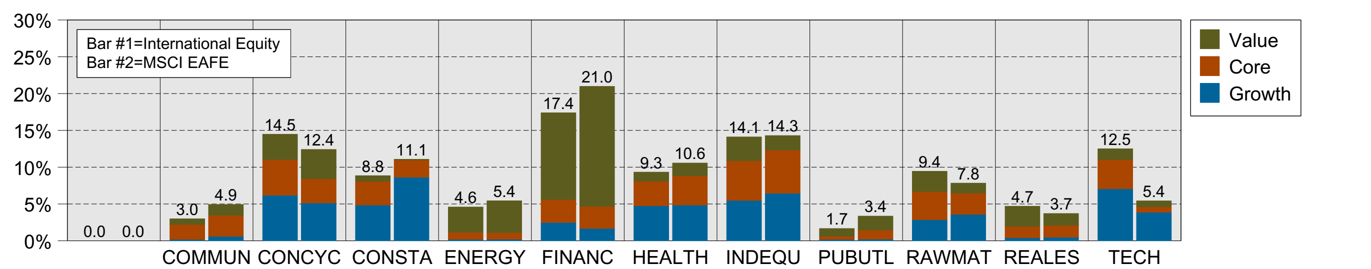
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	14.2% (254) 22.6% (140)	14.4% (263) 16.8% (138)	16.6% (274) 24.0% (183)	**45.2% (791)** **63.5% (461)**
N. America	0.0% (2) 0.0% (0)	0.0% (2) 0.0% (0)	0.0% (1) 0.0% (0)	**0.0% (5)** **0.0% (0)**
Pacific	9.9% (280) 12.8% (132)	8.4% (309) 12.0% (168)	9.7% (249) 11.7% (169)	**28.0% (838)** **36.5% (469)**
Emerging/ FM	8.4% (1681) 0.0% (0)	10.0% (1459) 0.0% (0)	8.4% (969) 0.0% (0)	**26.8% (4109)** **0.0% (0)**
Total	**32.6% (2217)** **35.4% (272)**	**32.8% (2033)** **28.8% (306)**	**34.7% (1493)** **35.7% (352)**	**100.0% (5743)** **100.0% (930)**

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



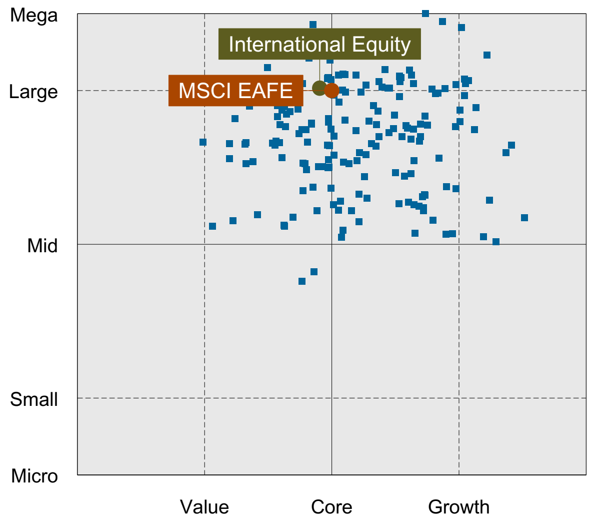
Sector Weights Distribution
Holdings as of December 31, 2016



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.

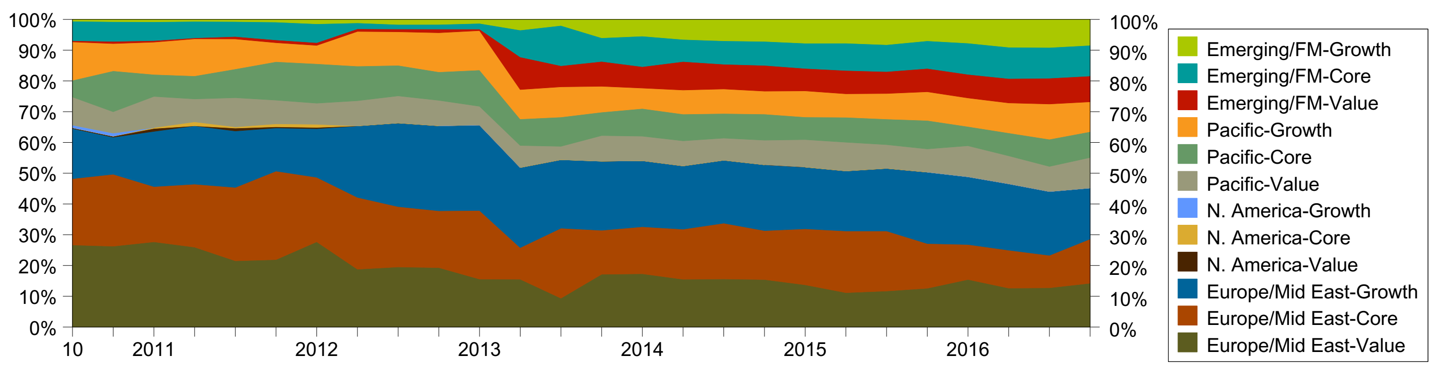
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Six and 1/2 Years Ended December 31, 2016



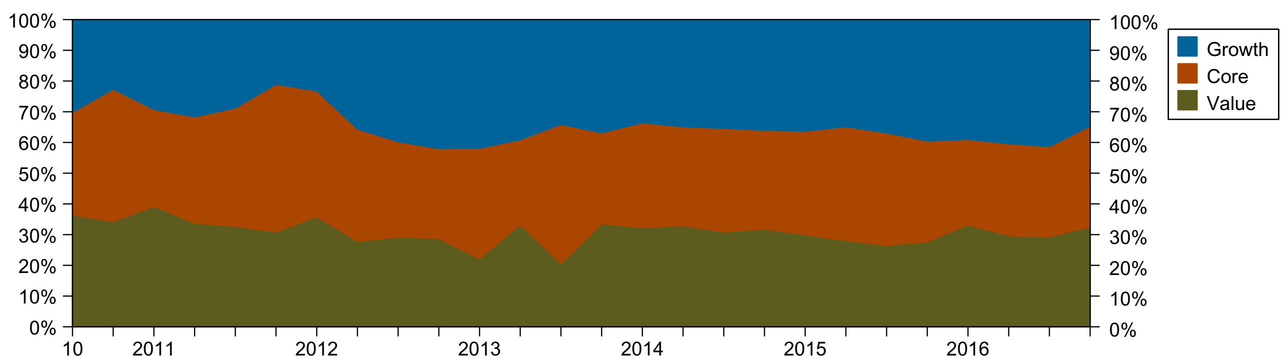
Average Style Exposure Matrix Holdings for Six and 1/2 Years Ended December 31, 2016

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

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures

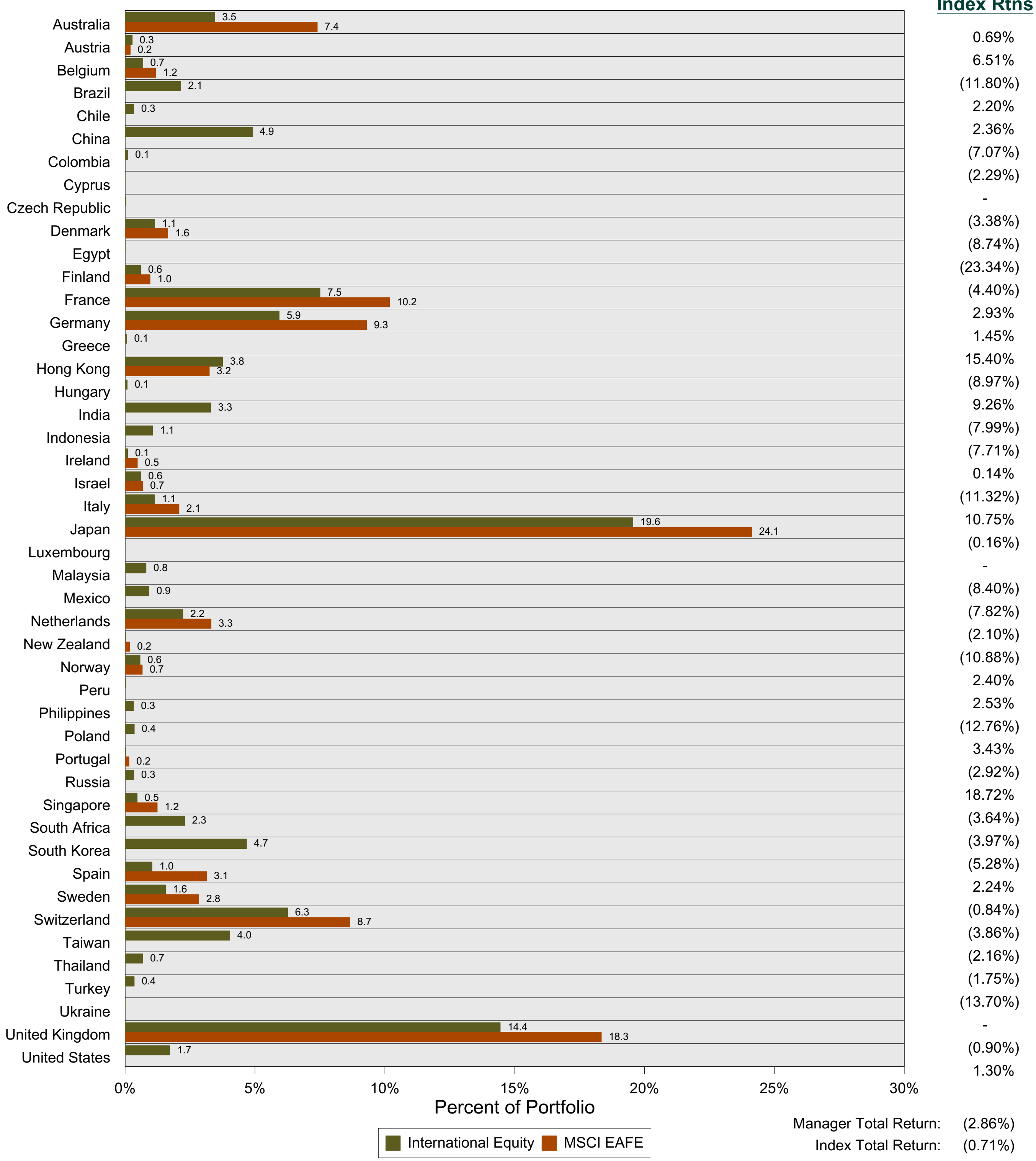


Country Allocation
International Equity VS MSCI EAFE Index (USD Net Div)

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



Manager Total Return: (2.86%)
Index Total Return: (0.71%)

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.

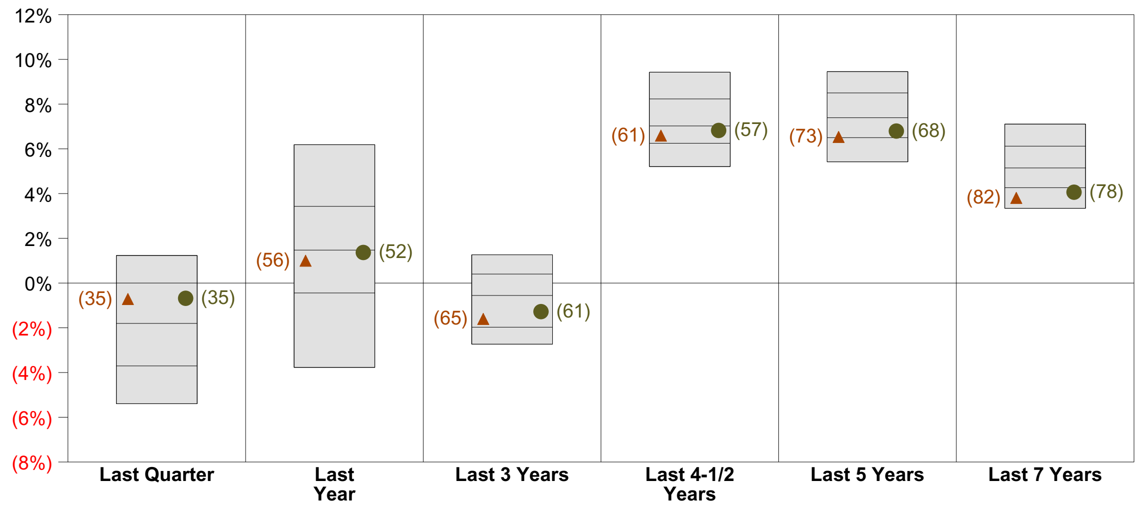
Quarterly Summary and Highlights

- 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

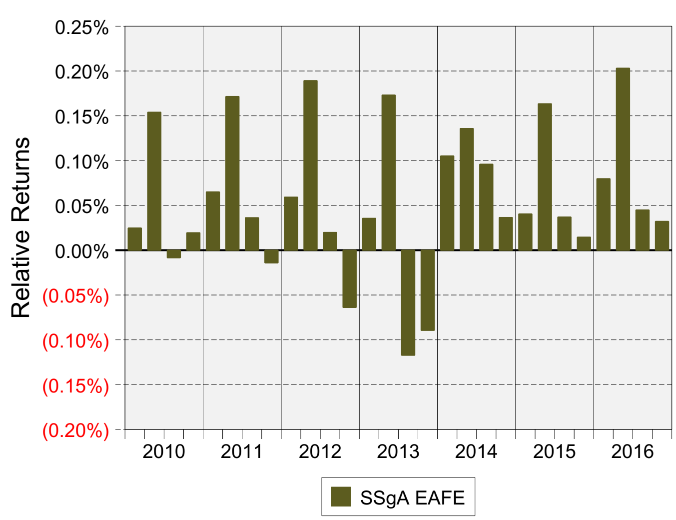
Beginning Market Value	$9,248,743
Net New Investment	$0
Investment Gains/(Losses)	$-63,029
Ending Market Value	$9,185,714

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

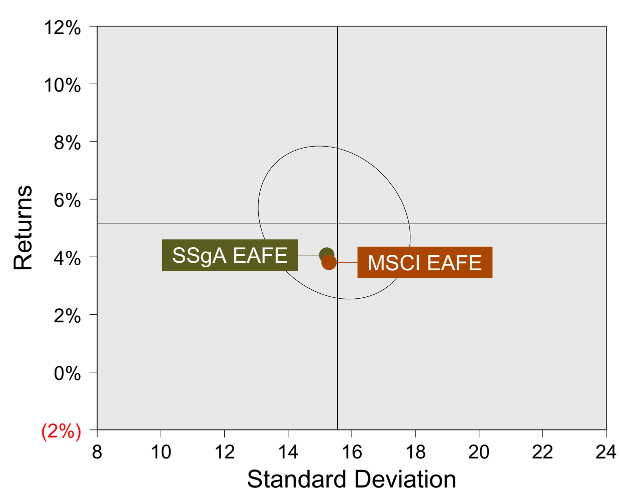


	Last Quarter	Last Year	Last 3 Years	Last 4-1/2 Years	Last 5 Years	Last 7 Years
10th Percentile	1.23	6.19	1.26	9.43	9.45	7.11
25th Percentile	0.00	3.43	0.40	8.23	8.50	6.12
Median	(1.80)	1.47	(0.55)	7.02	7.39	5.15
75th Percentile	(3.70)	(0.44)	(1.97)	6.25	6.50	4.26
90th Percentile	(5.39)	(3.77)	(2.73)	5.21	5.42	3.34
SSgA EAFE ●	(0.68)	1.37	(1.28)	6.82	6.79	4.06
MSCI EAFE ▲	(0.71)	1.00	(1.60)	6.59	6.53	3.81

Relative Return vs MSCI EAFE



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

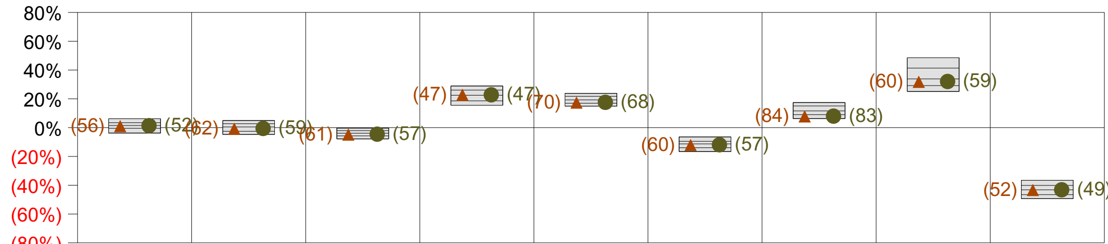


SSgA EAFE
Return Analysis Summary

Return Analysis

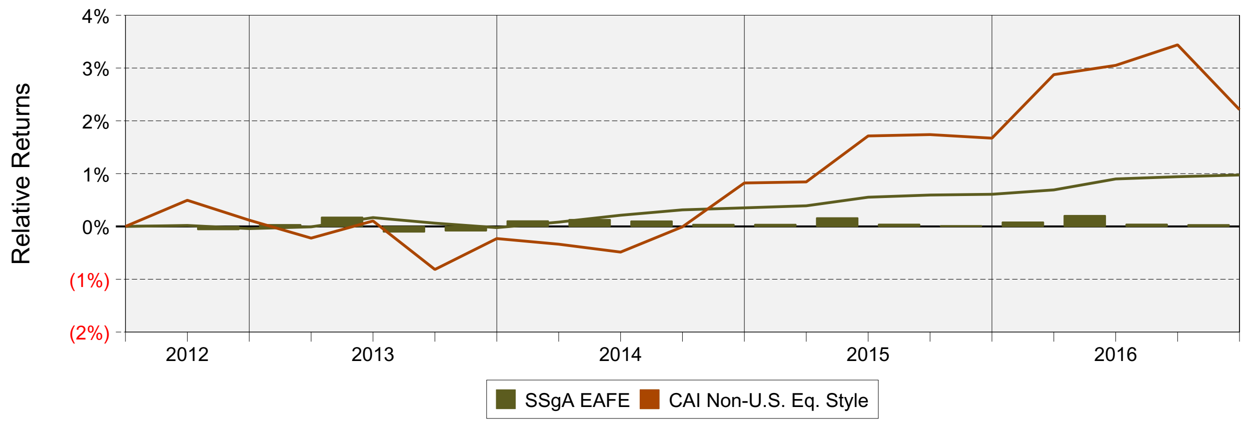
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

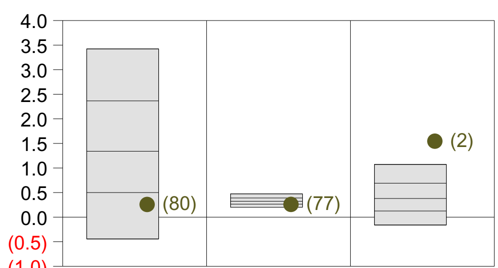


	2016	2015	2014	2013	2012	2011	2010	2009	2008
10th Percentile	6.19	4.92	(0.30)	28.92	23.79	(6.44)	17.43	48.53	(36.56)
25th Percentile	3.43	2.71	(2.06)	26.07	21.76	(9.49)	15.06	41.35	(40.10)
Median	1.47	0.48	(3.88)	22.49	19.26	(11.30)	11.62	33.82	(43.20)
75th Percentile	(0.44)	(2.53)	(5.71)	18.59	16.97	(13.96)	9.02	29.20	(46.54)
90th Percentile	(3.77)	(4.70)	(7.81)	15.53	14.91	(16.62)	6.27	25.12	(49.29)
SSgA EAFE ●	1.37	(0.56)	(4.55)	22.80	17.57	(11.91)	7.98	32.05	(43.15)
MSCI EAFE ▲	1.00	(0.81)	(4.90)	22.78	17.32	(12.14)	7.75	31.78	(43.38)

Cumulative and Quarterly Relative Return vs MSCI EAFE

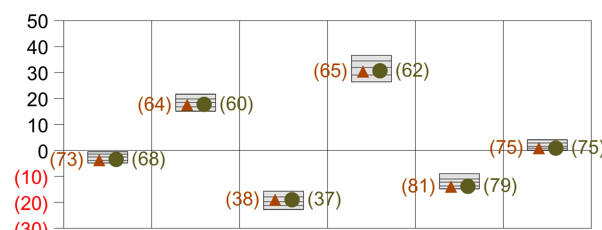


Risk Adjusted Return Measures vs MSCI EAFE
Rankings Against CAI Non-U.S. Equity Style (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.42	0.47	1.07
25th Percentile	2.37	0.39	0.69
Median	1.34	0.32	0.38
75th Percentile	0.50	0.26	0.13
90th Percentile	(0.44)	0.20	(0.16)
SSgA EAFE ●	0.26	0.26	1.55

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



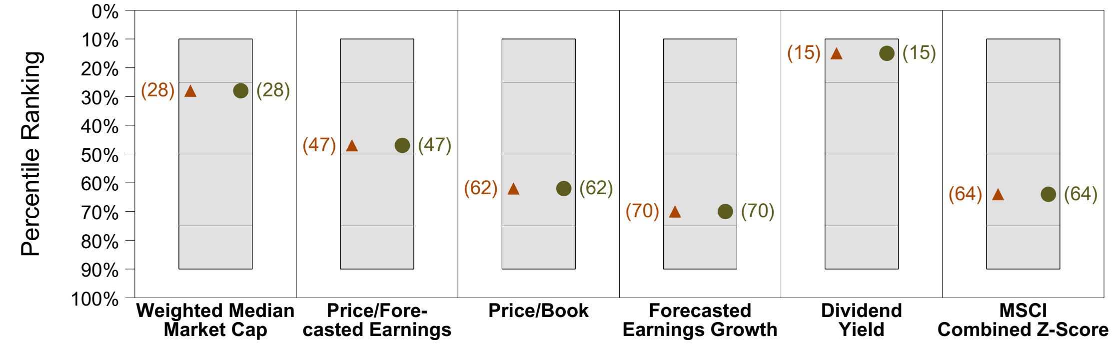
	Dec 201409-201612	Rise 201112-201406	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	(0.46)	21.67	(15.68)	36.62	(8.92)	4.14
25th Percentile	(1.40)	19.83	(17.88)	34.46	(10.97)	2.89
Median	(2.49)	18.48	(19.73)	31.96	(12.19)	1.56
75th Percentile	(3.87)	16.81	(21.20)	29.03	(13.68)	0.86
90th Percentile	(4.83)	15.11	(22.74)	26.40	(14.76)	0.05
SSgA EAFE ●	(3.44)	17.73	(18.97)	30.67	(13.82)	0.89
MSCI EAFE ▲	(3.73)	17.54	(19.01)	30.36	(13.97)	0.87

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

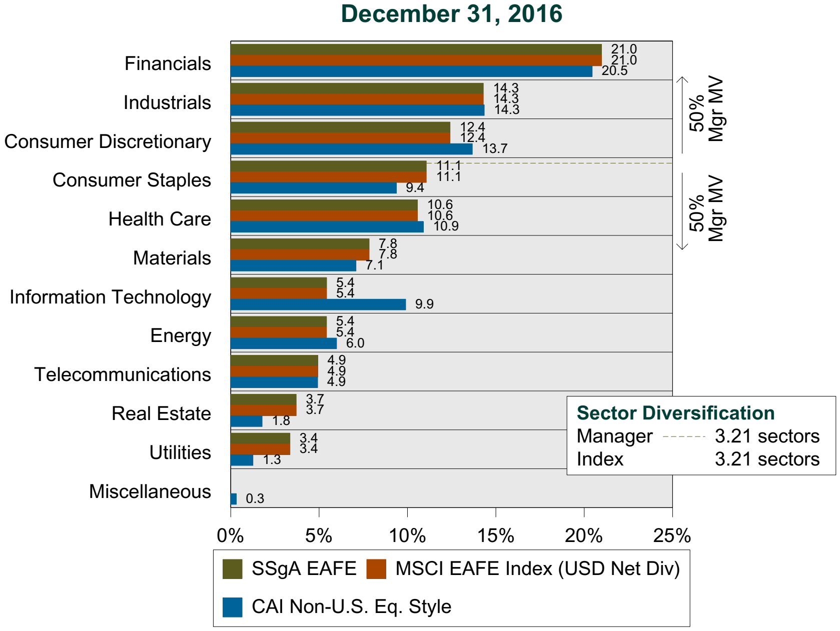


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	41.69	17.69	2.88	14.98	3.27	0.76
25th Percentile	33.65	16.22	2.36	12.49	2.93	0.50
Median	26.73	14.68	1.77	10.39	2.60	0.15
75th Percentile	19.37	13.27	1.48	9.04	2.29	(0.19)
90th Percentile	13.30	12.61	1.29	7.76	1.95	(0.43)
SSgA EAFE ●	32.78	14.80	1.63	9.28	3.09	(0.03)
MSCI EAFE Index (USD Net Div) ▲	32.78	14.80	1.63	9.28	3.09	(0.03)

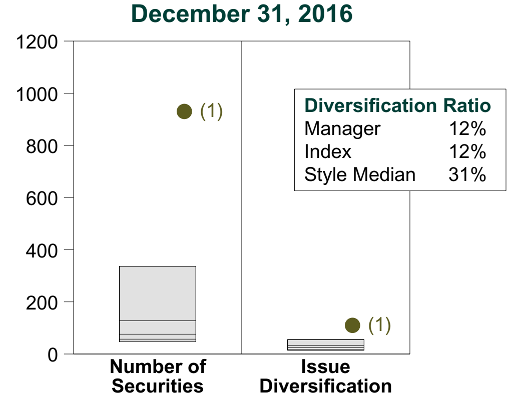
Sector Weights

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

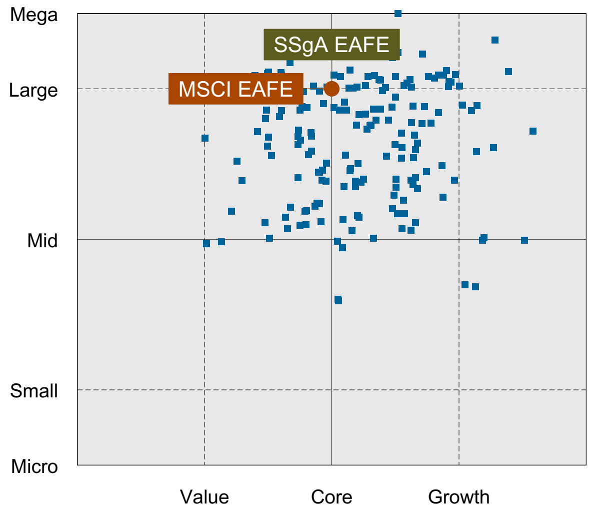


	Number of Securities	Issue Diversification
10th Percentile	336	56
25th Percentile	128	32
Median	76	24
75th Percentile	57	18
90th Percentile	47	14
SSgA EAFE ●	930	110
MSCI EAFE Index (USD Net Div) ▲	930	110

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.

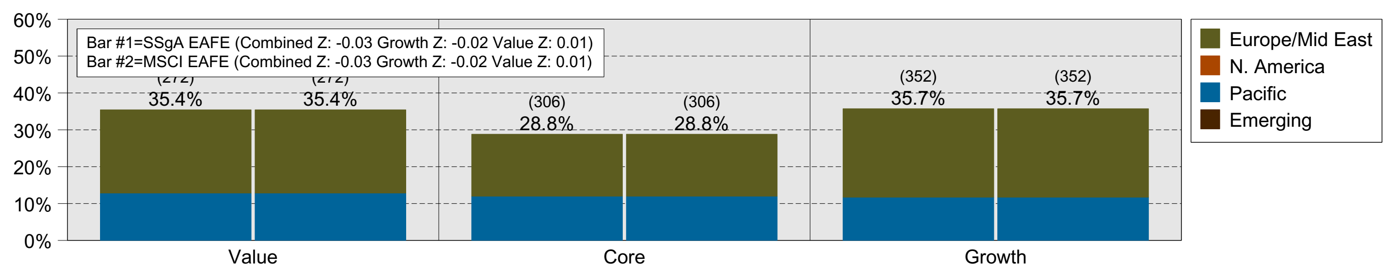
Style Map vs CAI Non-U.S. Eq. Style
Holdings as of December 31, 2016



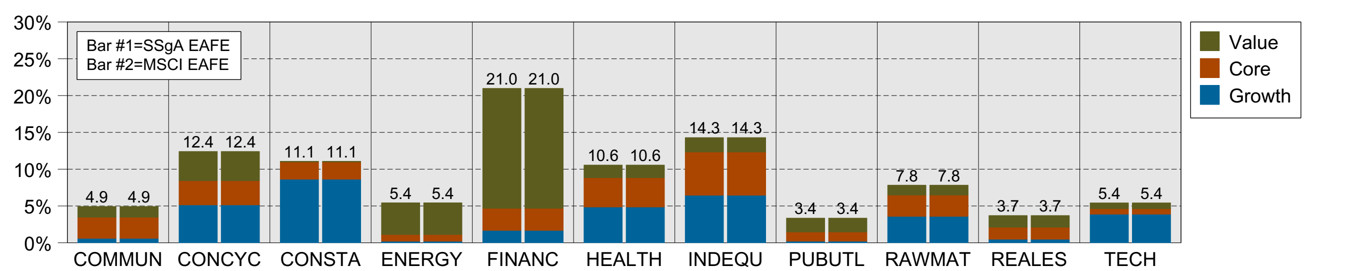
Style Exposure Matrix
Holdings as of December 31, 2016

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

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



Sector Weights Distribution
Holdings as of December 31, 2016

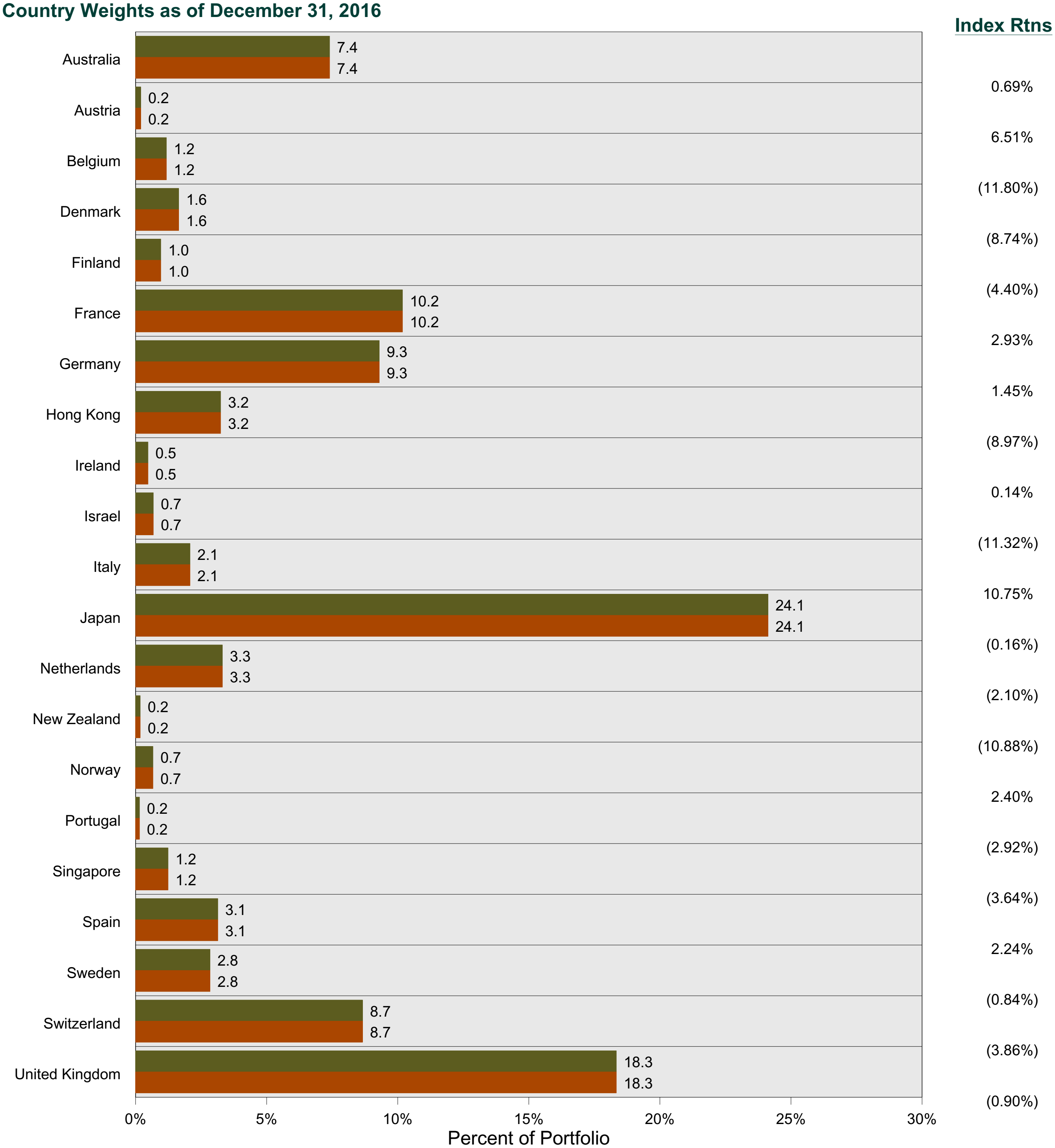


Country Allocation
SSgA EAFE VS MSCI EAFE Index (USD Net Div)

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



Manager Total Return: (0.68%)
Index Total Return: (0.71%)

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.

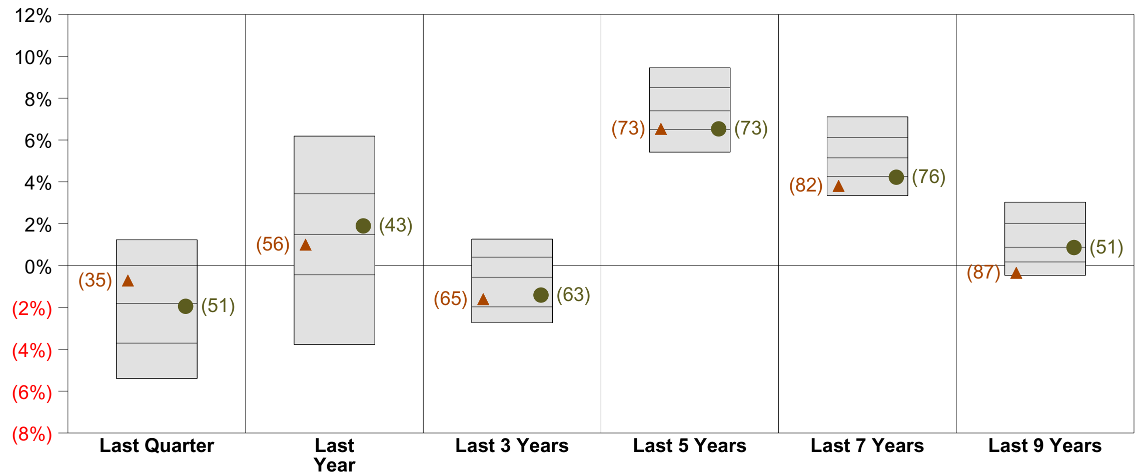
Quarterly Summary and Highlights

- 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

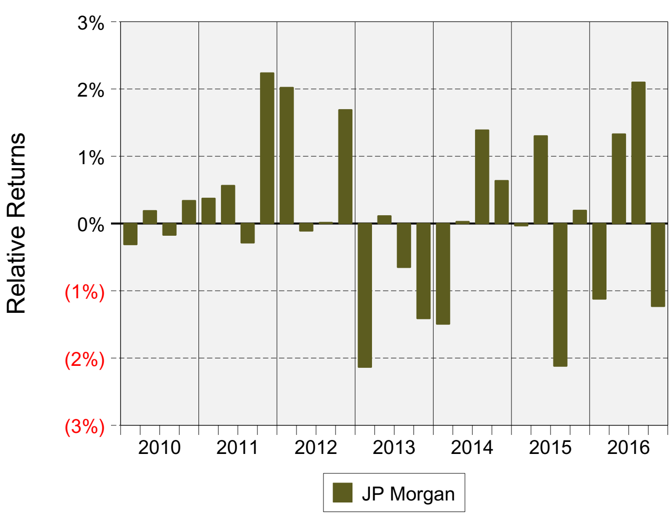
Beginning Market Value	$23,098,150
Net New Investment	$0
Investment Gains/(Losses)	$-449,417
Ending Market Value	$22,648,733

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

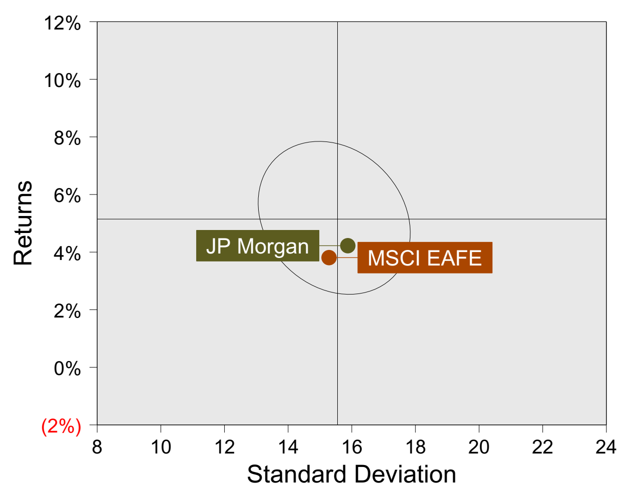


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 9 Years
10th Percentile	1.23	6.19	1.26	9.45	7.11	3.03
25th Percentile	0.00	3.43	0.40	8.50	6.12	2.00
Median	(1.80)	1.47	(0.55)	7.39	5.15	0.88
75th Percentile	(3.70)	(0.44)	(1.97)	6.50	4.26	0.17
90th Percentile	(5.39)	(3.77)	(2.73)	5.42	3.34	(0.47)
JP Morgan ●	(1.95)	1.90	(1.41)	6.53	4.22	0.86
MSCI EAFE ▲	(0.71)	1.00	(1.60)	6.53	3.81	(0.35)

Relative Return vs MSCI EAFE



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

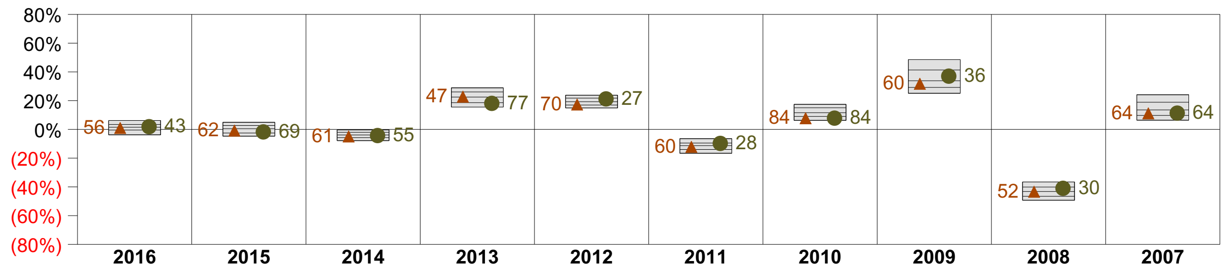


JP Morgan
Return Analysis Summary

Return Analysis

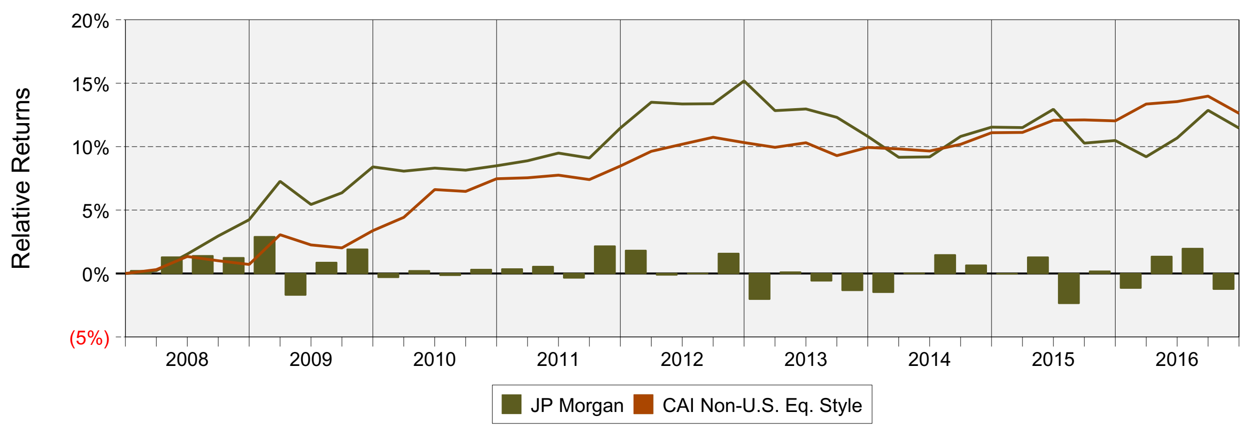
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

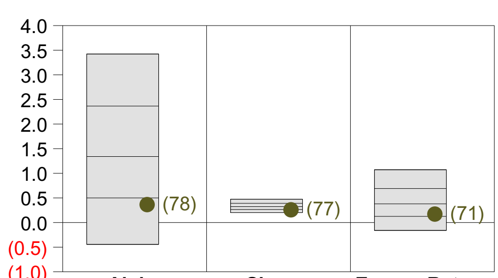


	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	6.19	4.92	(0.30)	28.92	23.79	(6.44)	17.43	48.53	(36.56)	24.12
25th Percentile	3.43	2.71	(2.06)	26.07	21.76	(9.49)	15.06	41.35	(40.10)	18.89
Median	1.47	0.48	(3.88)	22.49	19.26	(11.30)	11.62	33.82	(43.20)	13.55
75th Percentile	(0.44)	(2.53)	(5.71)	18.59	16.97	(13.96)	9.02	29.20	(46.54)	9.73
90th Percentile	(3.77)	(4.70)	(7.81)	15.53	14.91	(16.62)	6.27	25.12	(49.29)	6.41
JP Morgan ●	1.90	(1.75)	(4.28)	18.12	21.23	(9.73)	7.84	37.04	(40.98)	11.33
MSCI EAFE ▲	1.00	(0.81)	(4.90)	22.78	17.32	(12.14)	7.75	31.78	(43.38)	11.17

Cumulative and Quarterly Relative Return vs MSCI EAFE

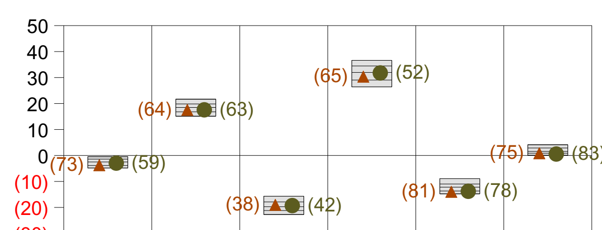


Risk Adjusted Return Measures vs MSCI EAFE
Rankings Against CAI Non-U.S. Equity Style (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.42	0.47	1.07
25th Percentile	2.37	0.39	0.69
Median	1.34	0.32	0.38
75th Percentile	0.50	0.26	0.13
90th Percentile	(0.44)	0.20	(0.16)
JP Morgan ●	0.36	0.26	0.17

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



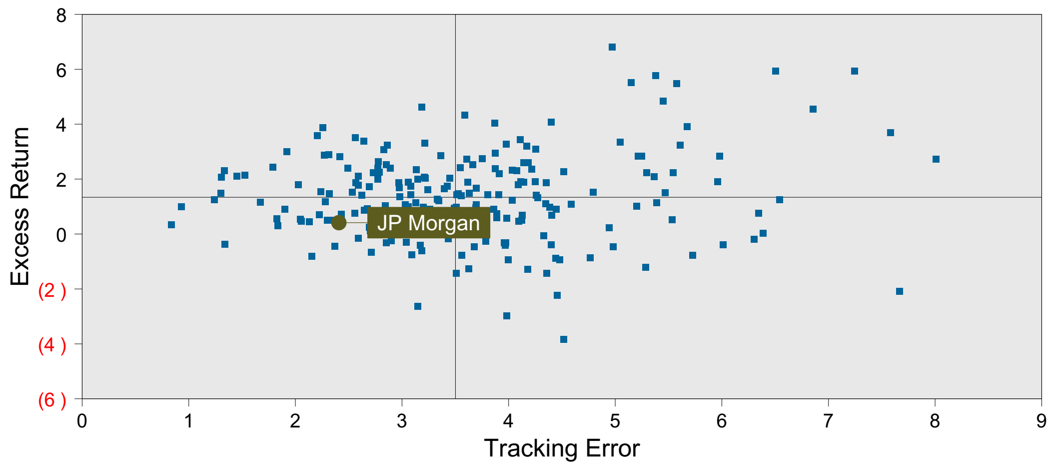
	Dec 201409-201612	Rise 201112-201406	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	(0.46)	21.67	(15.68)	36.62	(8.92)	4.14
25th Percentile	(1.40)	19.83	(17.88)	34.46	(10.97)	2.89
Median	(2.49)	18.48	(19.73)	31.96	(12.19)	1.56
75th Percentile	(3.87)	16.81	(21.20)	29.03	(13.68)	0.86
90th Percentile	(4.83)	15.11	(22.74)	26.40	(14.76)	0.05
JP Morgan ●	(2.94)	17.57	(19.29)	31.78	(13.78)	0.55
MSCI EAFE ▲	(3.73)	17.54	(19.01)	30.36	(13.97)	0.87

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.

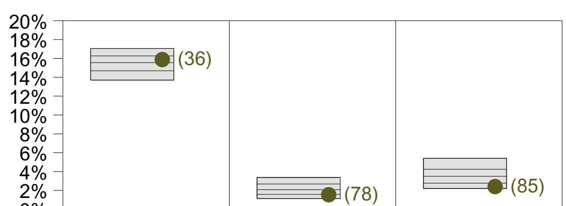
Risk Analysis vs CAI Non-U.S. Equity Style (Gross)
Seven Years Ended December 31, 2016

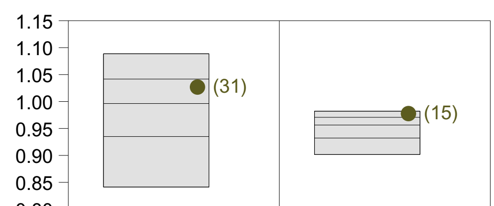


Market Capture vs MSCI EAFE Index (USD Net Div)
Rankings Against CAI Non-U.S. Equity Style (Gross)
Seven Years Ended December 31, 2016

	Up Market Capture	Down Market Capture
10th Percentile	128.96	106.91
25th Percentile	118.49	101.06
Median	108.48	96.92
75th Percentile	100.41	90.21
90th Percentile	89.36	84.85
JP Morgan ●	107.03	101.44

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





	Standard Deviation	Downside Risk	Tracking Error
10th Percentile	17.06	3.38	5.41
25th Percentile	16.26	2.68	4.25
Median	15.55	2.08	3.50
75th Percentile	14.70	1.58	2.77
90th Percentile	13.70	1.13	2.21
JP Morgan ●	15.87	1.55	2.41

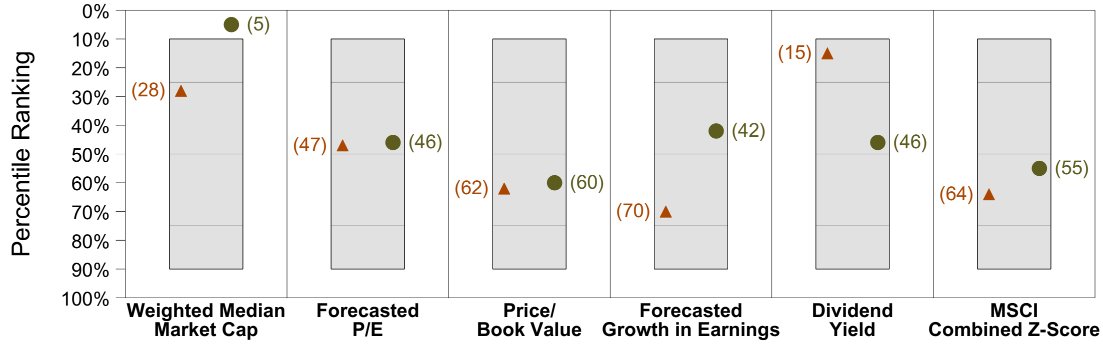
	Beta	R-Squared
10th Percentile	1.09	0.98
25th Percentile	1.04	0.97
Median	1.00	0.96
75th Percentile	0.94	0.93
90th Percentile	0.84	0.90
JP Morgan ●	1.03	0.98

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

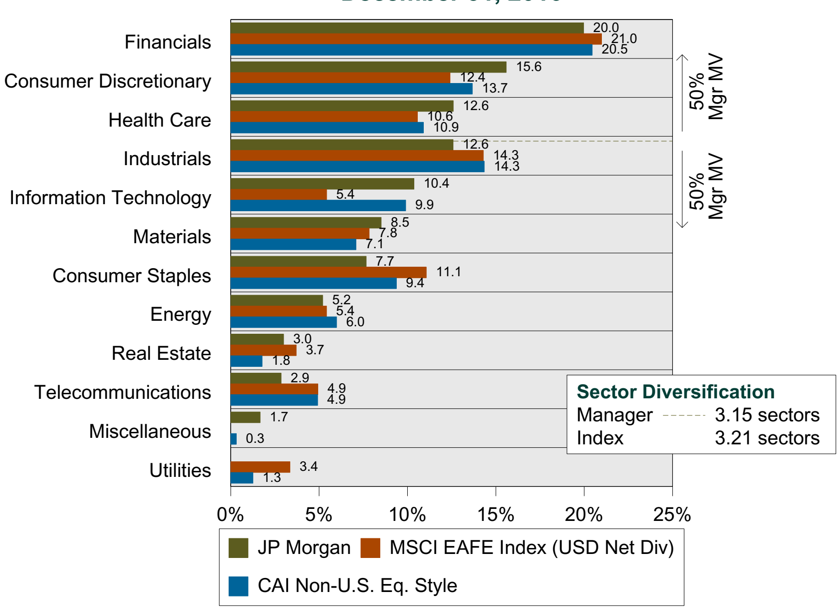


	Weighted Median Market Cap	Forecasted P/E	Price/ Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile	41.69	17.69	2.88	14.98	3.27	0.76
25th Percentile	33.65	16.22	2.36	12.49	2.93	0.50
Median	26.73	14.68	1.77	10.39	2.60	0.15
75th Percentile	19.37	13.27	1.48	9.04	2.29	(0.19)
90th Percentile	13.30	12.61	1.29	7.76	1.95	(0.43)
JP Morgan ●	44.92	14.85	1.66	10.78	2.64	0.09
MSCI EAFE Index (USD Net Div) ▲	32.78	14.80	1.63	9.28	3.09	(0.03)

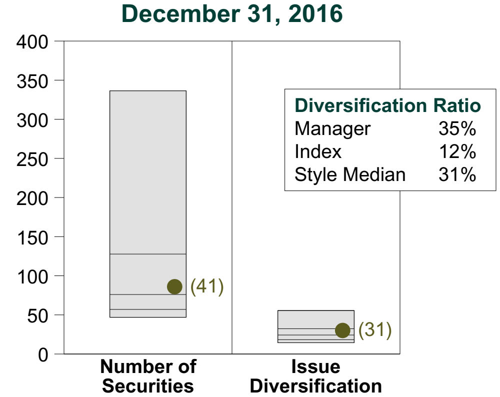
Sector Weights

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

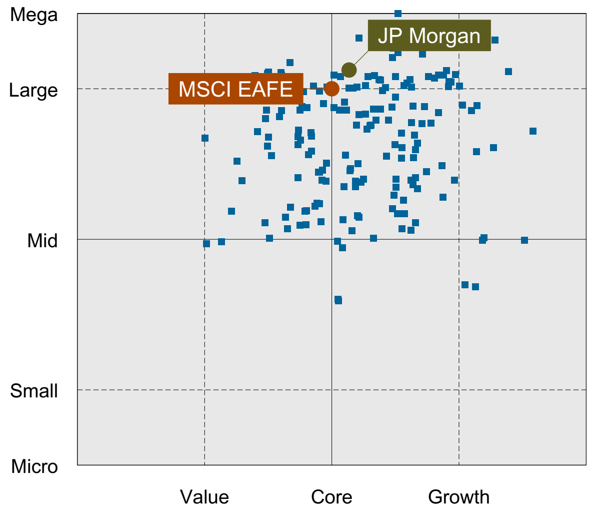


	Number of Securities	Issue Diversification
10th Percentile	336	56
25th Percentile	128	32
Median	76	24
75th Percentile	57	18
90th Percentile	47	14
JP Morgan ●	86	30
MSCI EAFE Index (USD Net Div) ▲	930	110

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.

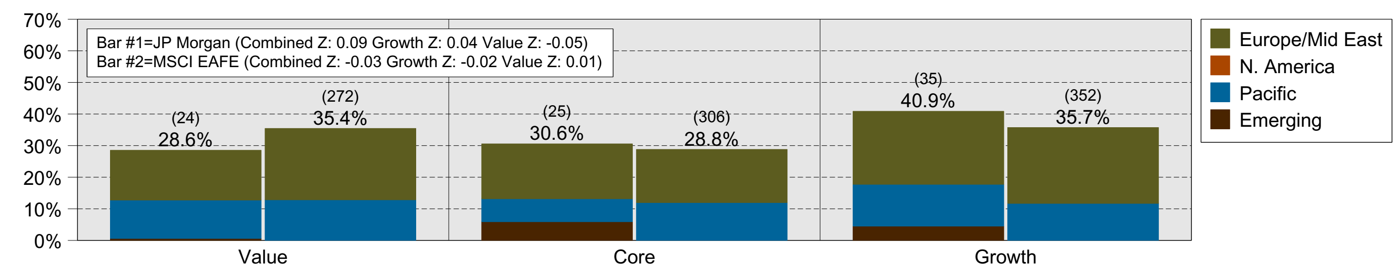
Style Map vs CAI Non-U.S. Eq. Style
Holdings as of December 31, 2016



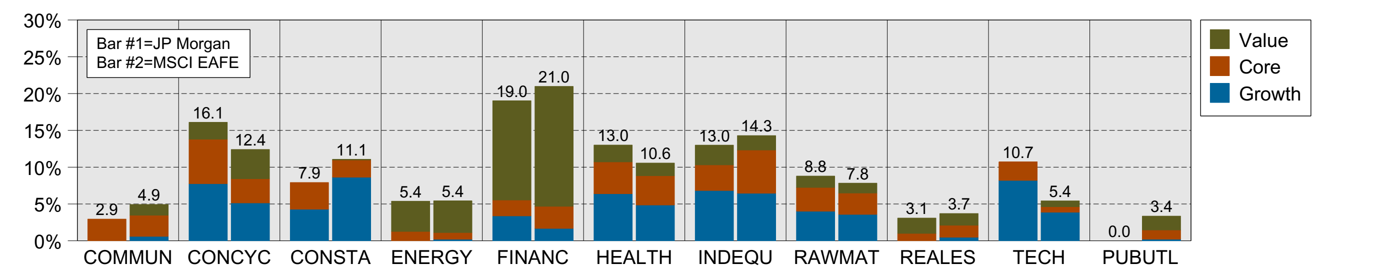
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	15.8% (14)	17.4% (14)	23.1% (19)	**56.3% (47)**
	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)**
	0.0% (0)	0.0% (0)	0.0% (0)	**0.0% (0)**
Pacific	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



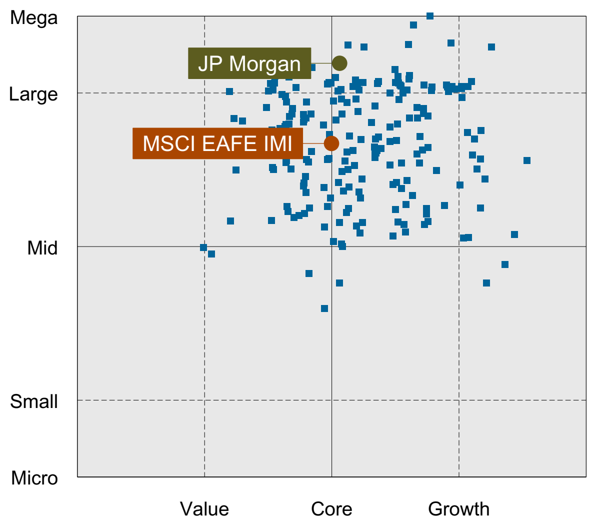
Sector Weights Distribution
Holdings as of December 31, 2016



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.

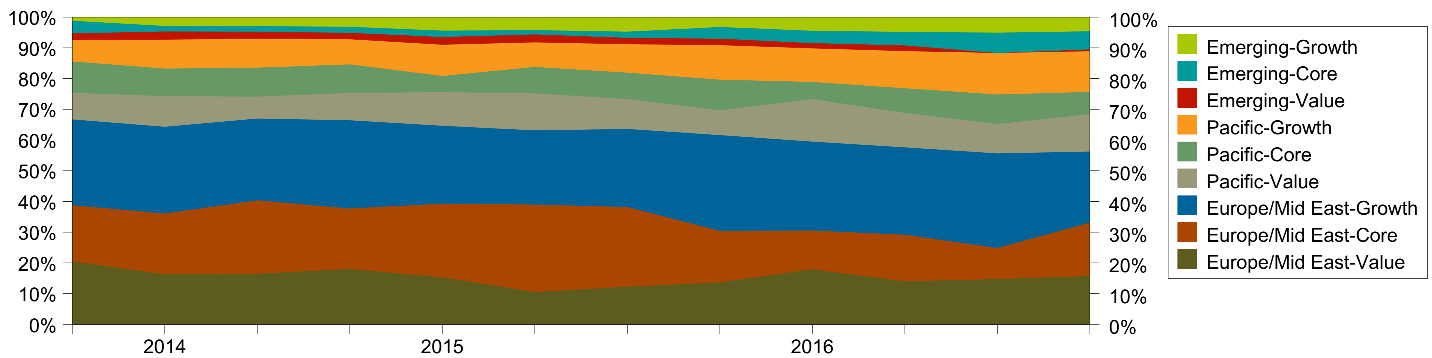
Average Style Map vs CAI Non-U.S. Eq. Style Holdings for Three Years Ended December 31, 2016



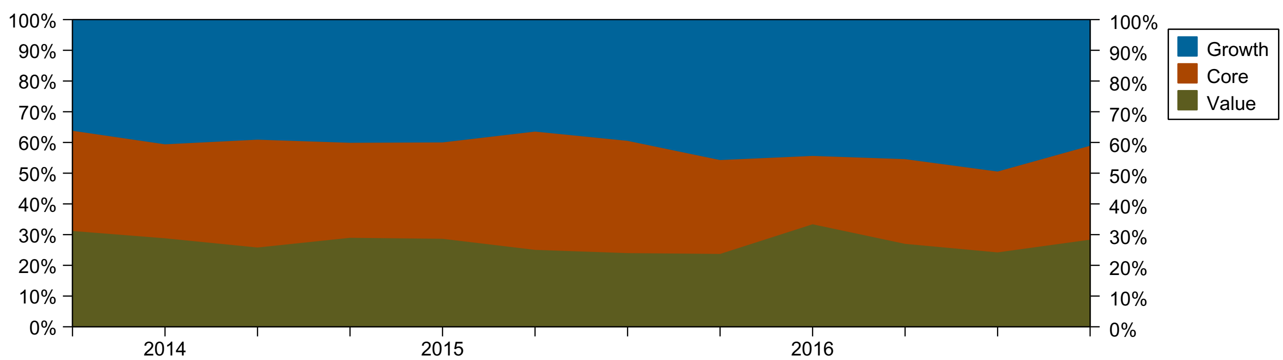
Average Style Exposure Matrix Holdings for Three Years Ended December 31, 2016

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

JP Morgan Historical Region/Style Exposures



JP Morgan Historical Style Only Exposures

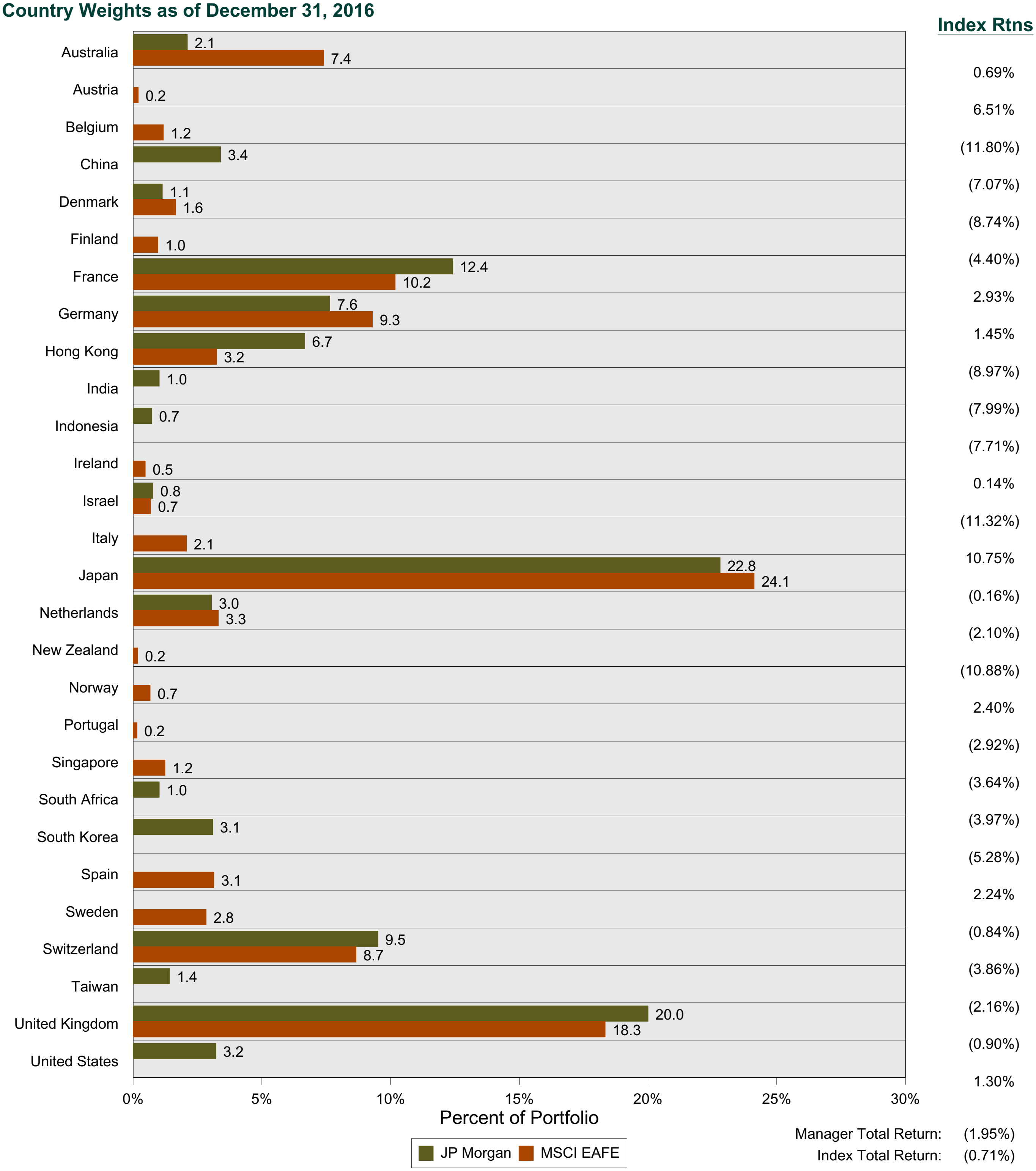


Country Allocation
JP Morgan VS MSCI EAFE Index (USD Net Div)

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.

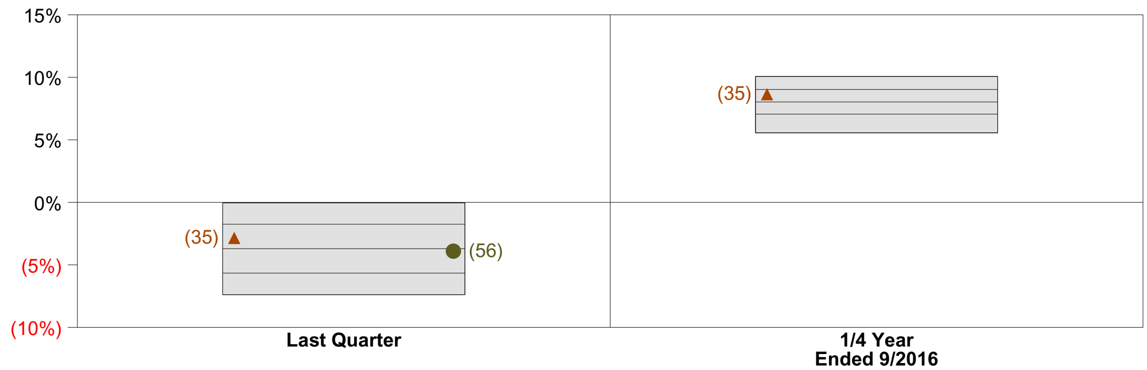
Quarterly Summary and Highlights

- 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

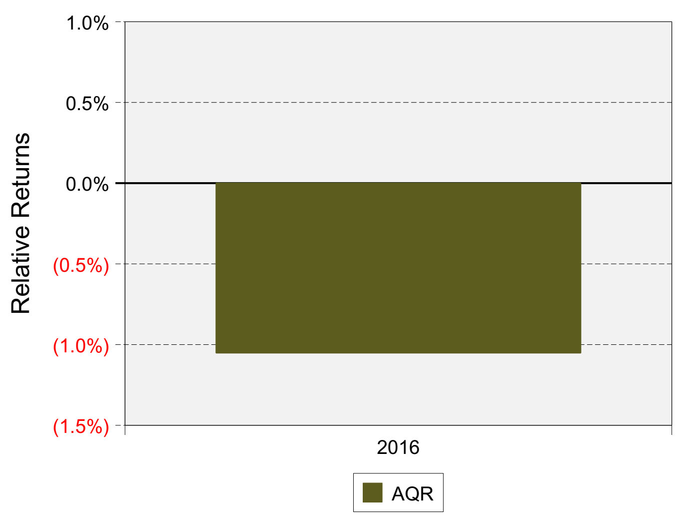
Beginning Market Value	$12,401,661
Net New Investment	$0
Investment Gains/(Losses)	$-513,168
Ending Market Value	$11,888,493

Performance vs CAI International Small Cap (Gross)

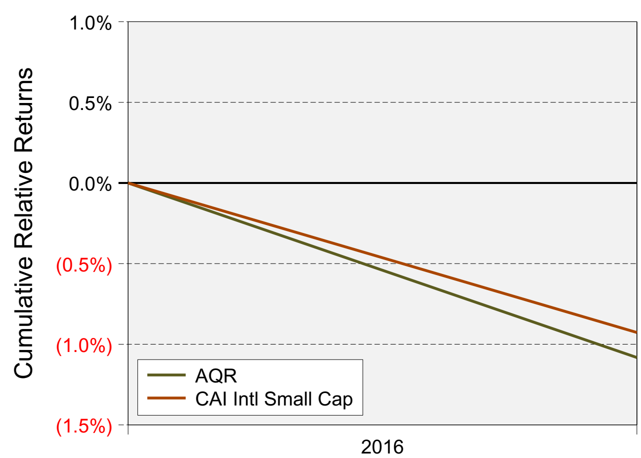


	Last Quarter	1/4 Year Ended 9/2016
10th Percentile	(0.05)	10.07
25th Percentile	(1.75)	9.03
Median	(3.70)	8.03
75th Percentile	(5.66)	7.06
90th Percentile	(7.39)	5.56
AQR ●	(3.91)	-
MSCI EAFE Small Cap ▲	(2.86)	8.64

Relative Return vs MSCI EAFE Small Cap



Cumulative Returns vs MSCI EAFE Small Cap

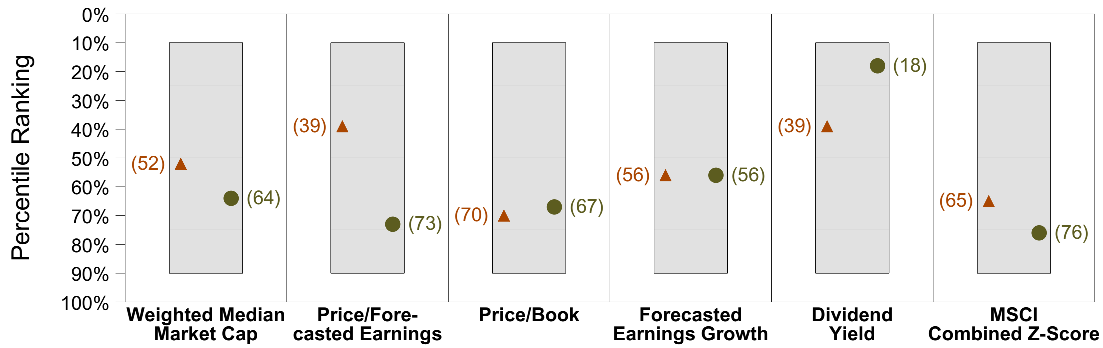


AQR
Equity Characteristics Analysis Summary

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

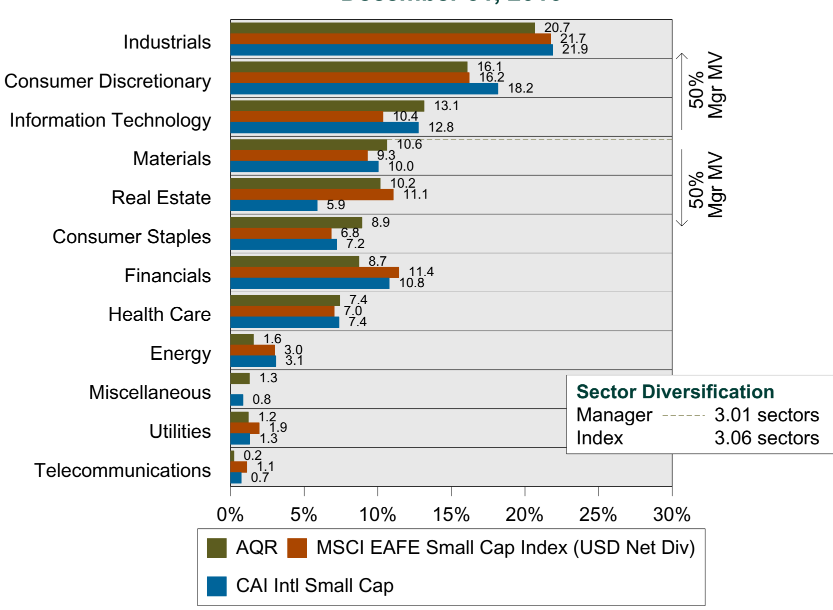


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	3.09	18.87	3.15	18.31	2.80	0.87
25th Percentile	2.44	16.60	2.34	15.86	2.45	0.56
Median	1.96	14.97	1.86	13.74	2.27	0.18
75th Percentile	1.39	13.40	1.46	11.44	1.87	(0.11)
90th Percentile	0.98	12.01	1.21	8.43	1.51	(0.40)
AQR ●	1.66	13.40	1.56	13.25	2.53	(0.12)
MSCI EAFE Small Cap Index (USD Net Div) ▲	1.89	15.85	1.53	13.28	2.32	(0.01)

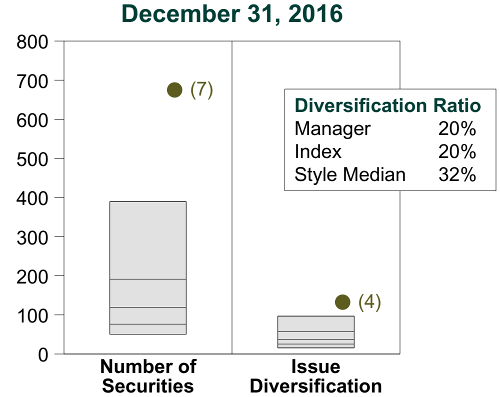
Sector Weights

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

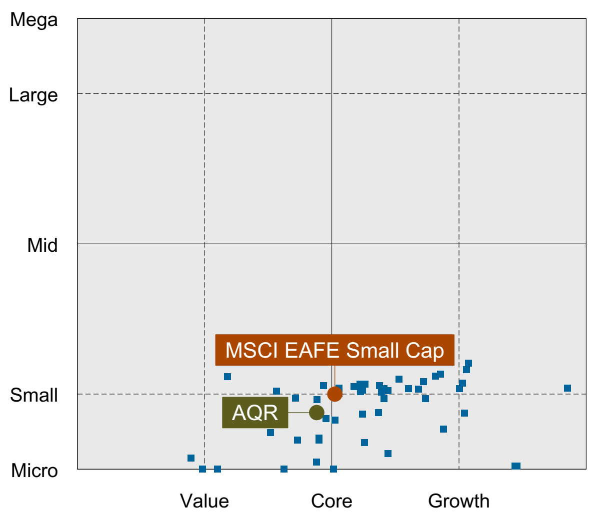


	Number of Securities	Issue Diversification
10th Percentile	390	97
25th Percentile	191	57
Median	120	37
75th Percentile	76	25
90th Percentile	51	16
AQR ●	675	133
MSCI EAFE Small Cap Index (USD Net Div) ▲	2228	449

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 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.

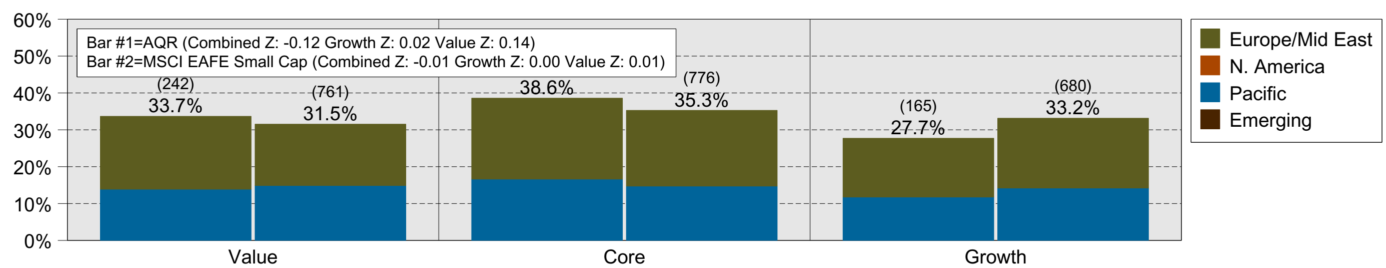
Style Map vs CAI Intl Small Cap
Holdings as of December 31, 2016



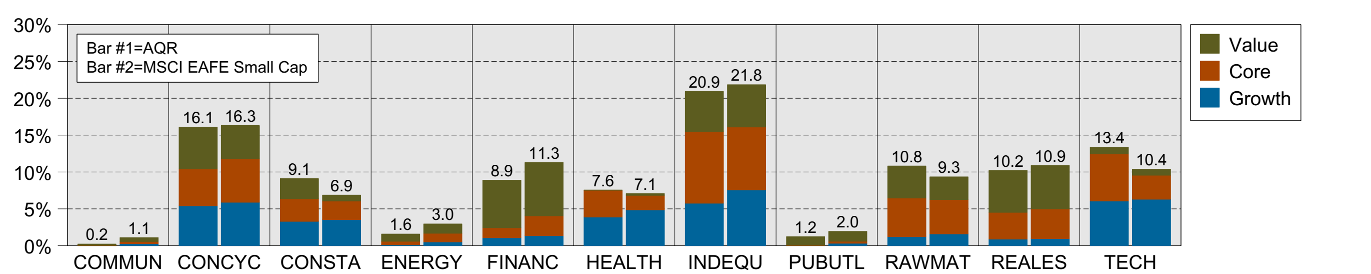
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	19.8% (114) 16.7% (322)	22.0% (124) 20.6% (361)	15.9% (91) 19.0% (310)	**57.7% (329)** **56.2% (993)**
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	**0.0% (0)** **0.0% (0)**
Pacific	13.9% (128) 14.9% (439)	16.6% (129) 14.7% (415)	11.8% (74) 14.2% (370)	**42.3% (331)** **43.8% (1224)**
Emerging	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	**0.0% (0)** **0.0% (0)**
Total	**33.7% (242)** **31.5% (761)**	**38.6% (253)** **35.3% (776)**	**27.7% (165)** **33.2% (680)**	**100.0% (660)** **100.0% (2217)**

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



Sector Weights Distribution
Holdings as of December 31, 2016

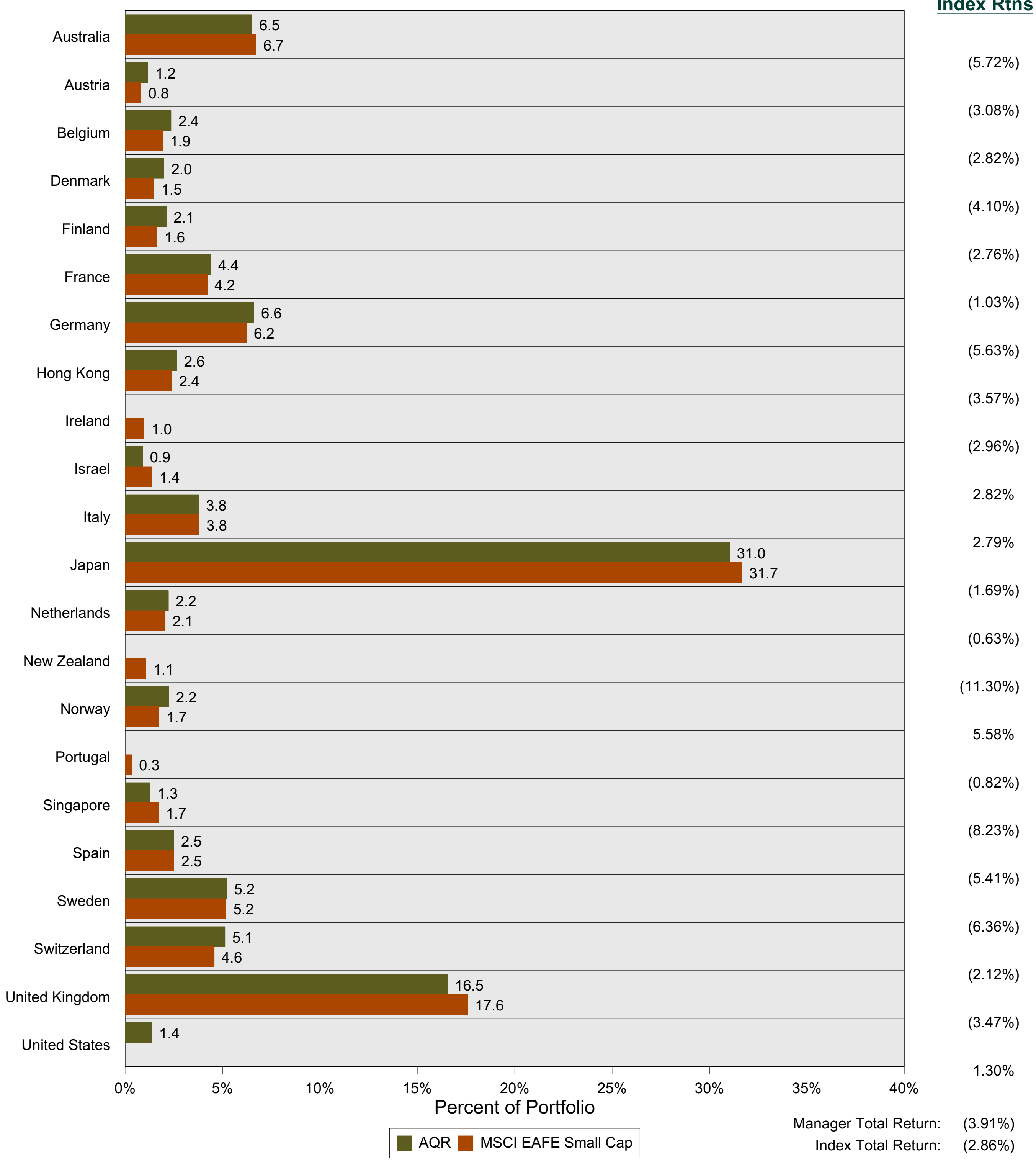


Country Allocation
AQR VS MSCI EAFE Small Cap Index (USD Net Div)

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



Manager Total Return: (3.91%)
Index Total Return: (2.86%)

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.

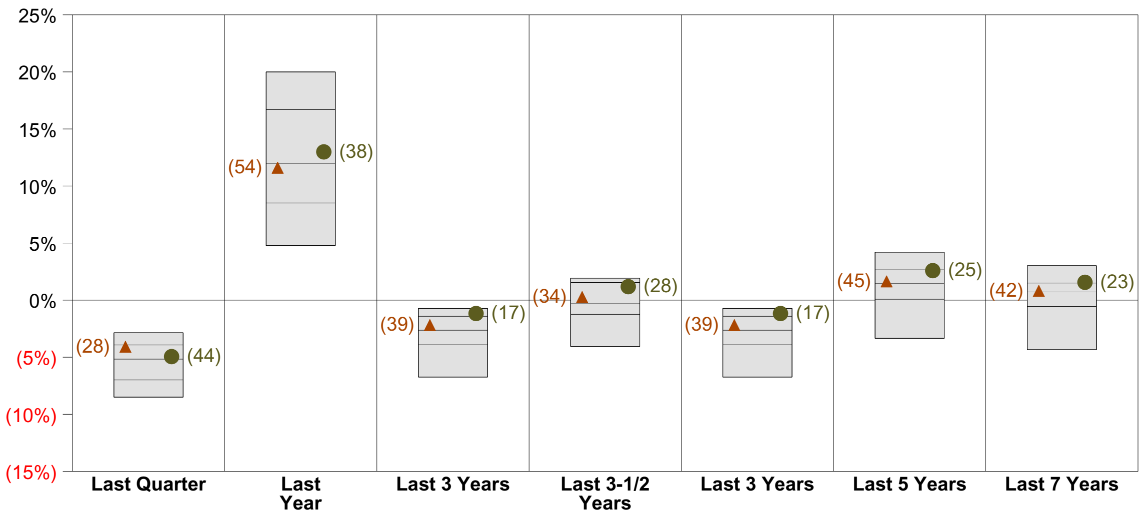
Quarterly Summary and Highlights

- 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

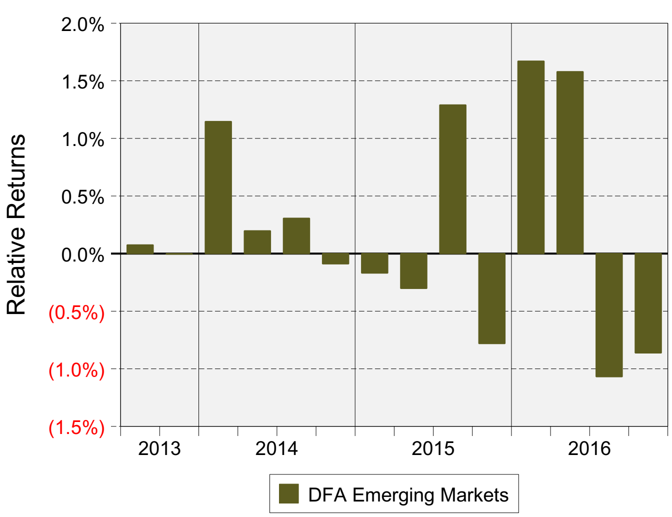
Beginning Market Value	$13,678,752
Net New Investment	$0
Investment Gains/(Losses)	$-696,999
Ending Market Value	$12,981,753

Performance vs CAI Emerging Markets Equity Mut Funds (Net)

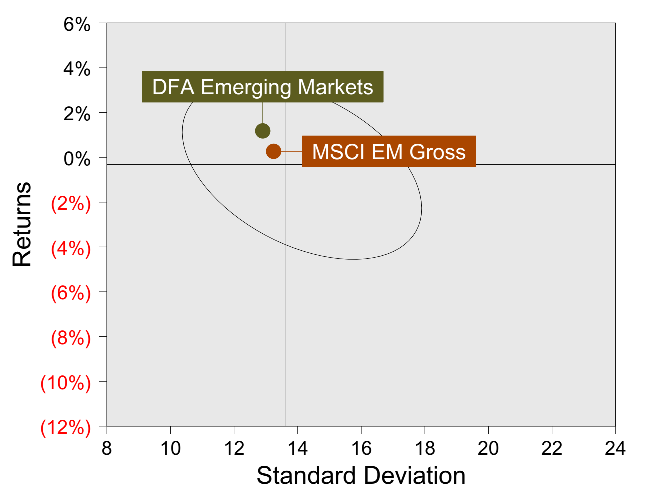


	Last Quarter	Last Year	Last 3 Years	Last 3-1/2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(2.86)	20.00	(0.72)	1.93	(0.72)	4.20	3.02
25th Percentile	(3.93)	16.69	(1.41)	1.55	(1.41)	2.65	1.50
Median	(5.17)	11.99	(2.63)	(0.32)	(2.63)	1.44	0.72
75th Percentile	(6.99)	8.51	(3.91)	(1.25)	(3.91)	0.08	(0.56)
90th Percentile	(8.50)	4.78	(6.74)	(4.07)	(6.74)	(3.34)	(4.34)
DFA Emerging Markets ●	(4.95)	12.99	(1.17)	1.18	(1.17)	2.59	1.56
MSCI EM Gross ▲	(4.08)	11.60	(2.19)	0.27	(2.19)	1.64	0.81

Relative Return vs MSCI EM Gross



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

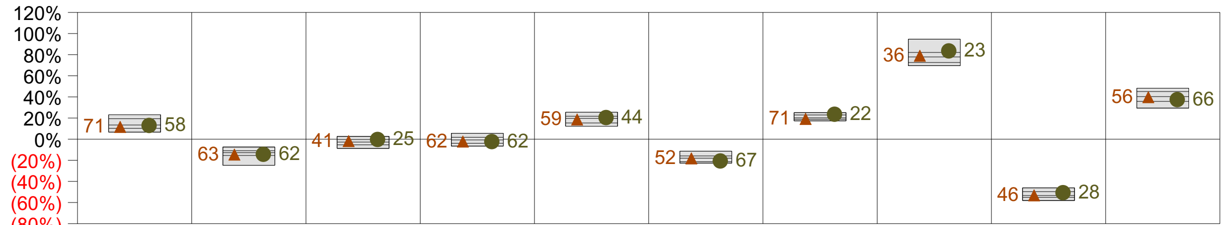


DFA Emerging Markets
Return Analysis Summary

Return Analysis

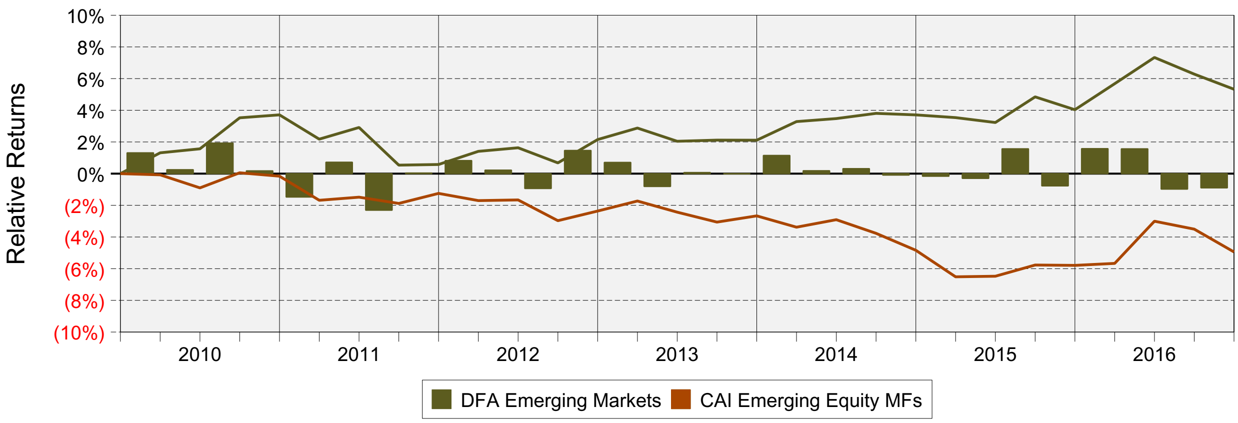
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

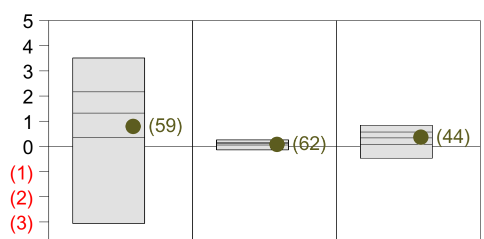


	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	23.10	(7.46)	2.62	5.56	25.54	(11.40)	25.12	94.66	(46.12)	48.23
25th Percentile	19.36	(11.01)	(0.31)	1.80	21.75	(15.89)	22.90	82.12	(49.72)	45.09
Median	13.40	(12.79)	(2.75)	(0.74)	19.70	(18.02)	20.15	77.86	(53.38)	40.30
75th Percentile	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

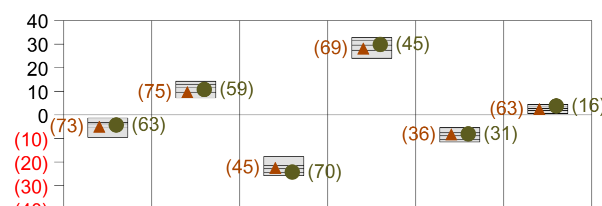


Risk Adjusted Return Measures vs MSCI EM Gross
Rankings Against CAI Emerging Markets Equity Mut Funds (Gross)
Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
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

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



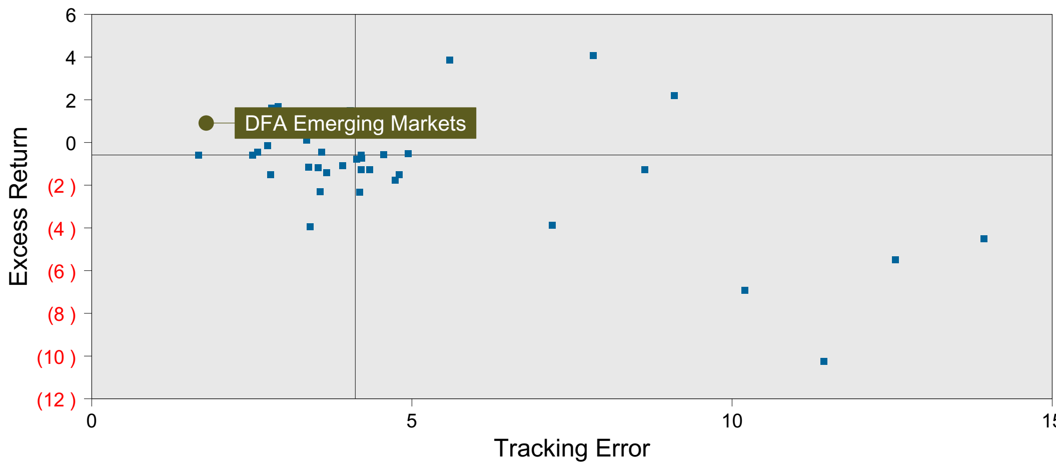
	Dec 201409-201612	Rise 201112-201406	Dec 201109-201109	Rise 201009-201106	Dec 201006-201006	Rise 201003-201003
10th Percentile	(1.31)	14.28	(17.69)	32.81	(5.42)	4.47
25th Percentile	(3.20)	12.99	(21.53)	31.47	(7.56)	3.38
Median	(3.86)	11.49	(22.83)	29.58	(8.85)	2.69
75th Percentile	(5.16)	9.60	(24.44)	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.

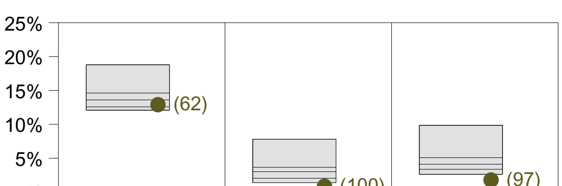
Risk Analysis vs CAI Emerging Markets Equity Mut Funds (Net)
Three and One-Half Years Ended December 31, 2016

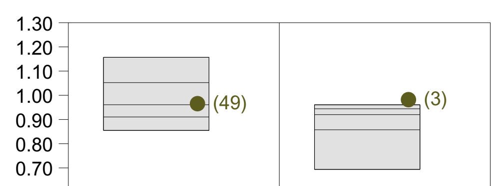


Market Capture vs MSCI EM - Emerging Mkts (USD Gross Div)
Rankings Against CAI Emerging Markets Equity Mut Funds (Net)
Three and One-Half Years Ended December 31, 2016

	Up Market Capture	Down Market Capture
10th Percentile	129.86	134.52
25th Percentile	114.09	115.24
Median	103.72	105.10
75th Percentile	84.06	95.32
90th Percentile	67.12	91.38
DFA Emerging Markets ●	104.10	94.60

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





	Standard Deviation	Downside Risk	Tracking Error
10th Percentile	18.79	7.81	9.85
25th Percentile	14.62	3.66	5.08
Median	13.60	3.01	4.12
75th Percentile	12.58	2.04	3.37
90th Percentile	12.08	1.39	2.63
DFA Emerging Markets ●	12.90	0.87	1.79

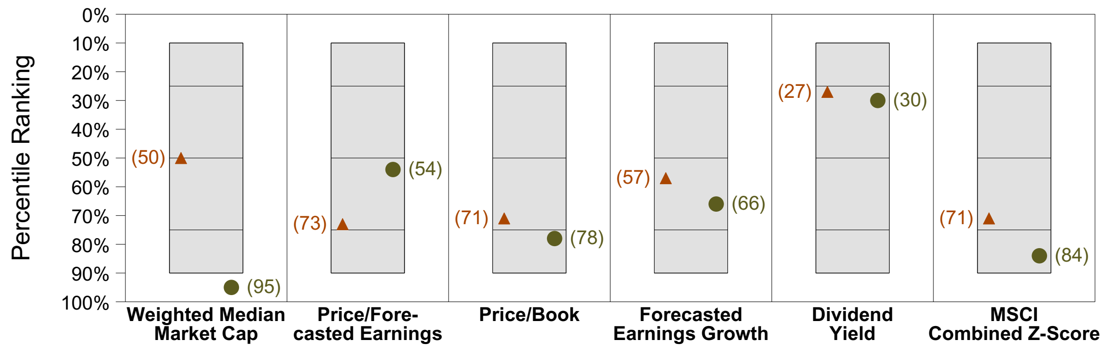
	Beta	R-Squared
10th Percentile	1.16	0.96
25th Percentile	1.05	0.94
Median	0.96	0.92
75th Percentile	0.91	0.86
90th Percentile	0.85	0.69
DFA Emerging Markets ●	0.97	0.98

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

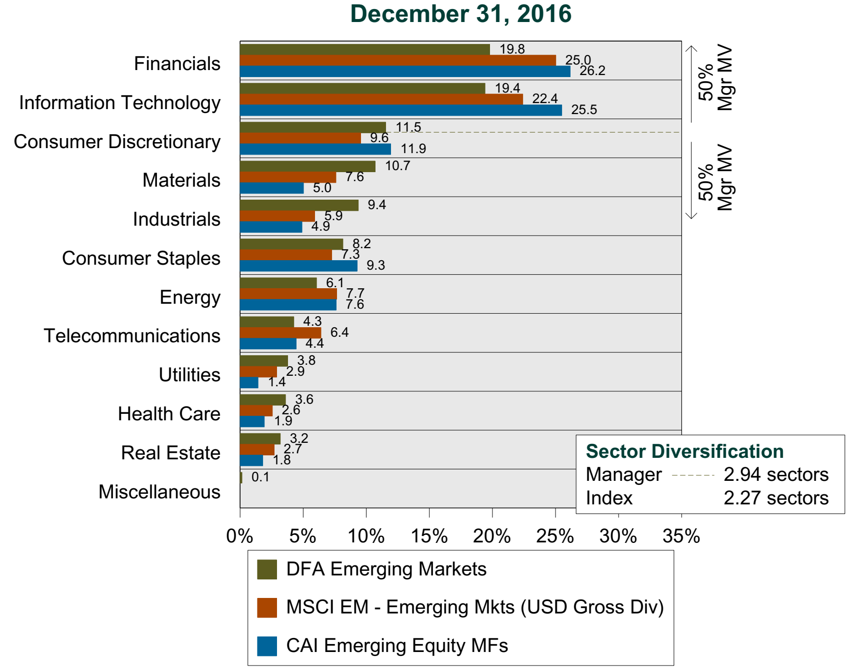


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	26.25	17.21	2.67	20.05	3.05	0.81
25th Percentile	20.87	15.05	2.27	16.31	2.79	0.50
Median	16.63	13.32	1.85	13.57	2.34	0.13
75th Percentile	12.76	11.58	1.47	10.61	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)

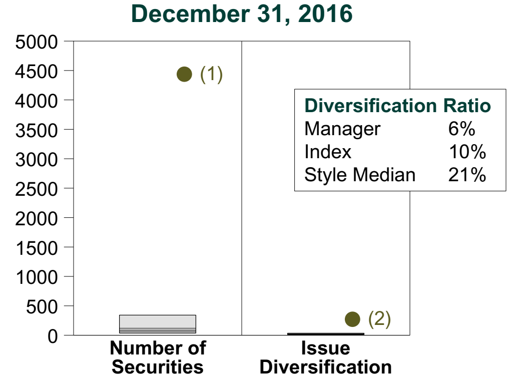
Sector Weights

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

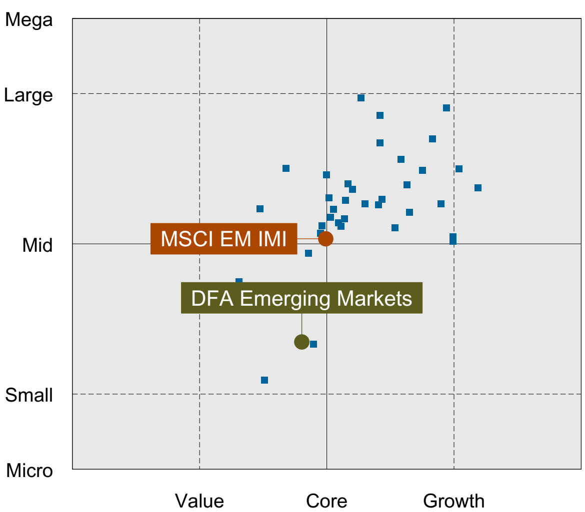


	Number of Securities	Issue Diversification
10th Percentile	342	35
25th Percentile	119	23
Median	88	19
75th Percentile	67	15
90th Percentile	38	8
DFA Emerging Markets ●	4437	272
MSCI EM - Emerging Mkts (USD Gross Div) ▲	826	85

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.

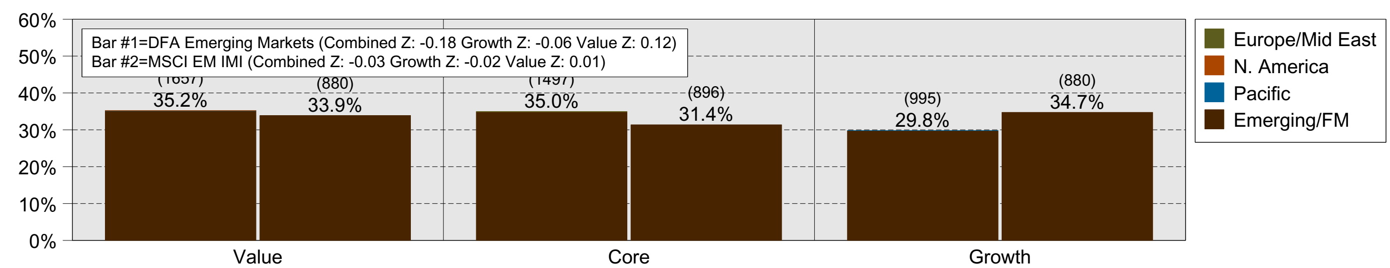
Style Map vs CAI Emerging Equity MFs
Holdings as of December 31, 2016



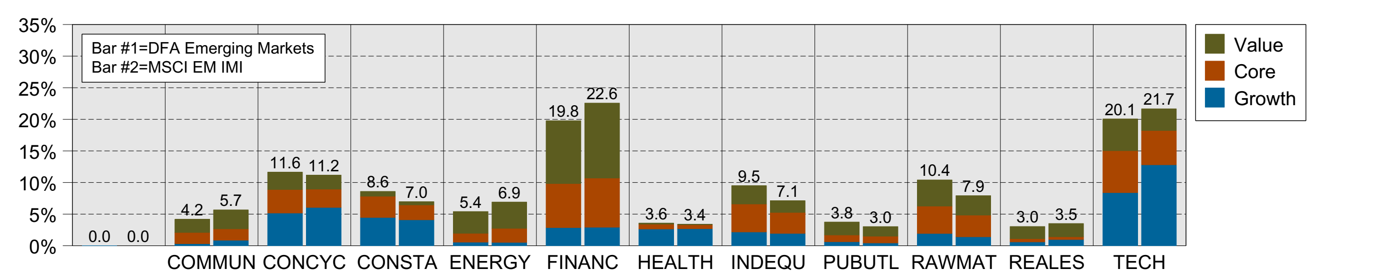
Style Exposure Matrix
Holdings as of December 31, 2016

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.1% (1) 0.0% (0)	0.0% (0) 0.0% (0)	**0.1% (1)** **0.0% (0)**
N. America	0.0% (2) 0.0% (0)	0.0% (2) 0.0% (0)	0.0% (0) 0.0% (0)	**0.0% (4)** **0.0% (0)**
Pacific	0.0% (20) 0.0% (0)	0.0% (14) 0.0% (0)	0.0% (6) 0.0% (0)	**0.1% (40)** **0.0% (0)**
Emerging/ FM	35.2% (1635) 33.9% (880)	34.8% (1480) 31.4% (896)	29.8% (989) 34.7% (880)	**99.8% (4104)** **100.0% (2656)**
Total	**35.2% (1657)** **33.9% (880)**	**35.0% (1497)** **31.4% (896)**	**29.8% (995)** **34.7% (880)**	**100.0% (4149)** **100.0% (2656)**

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



Sector Weights Distribution
Holdings as of December 31, 2016

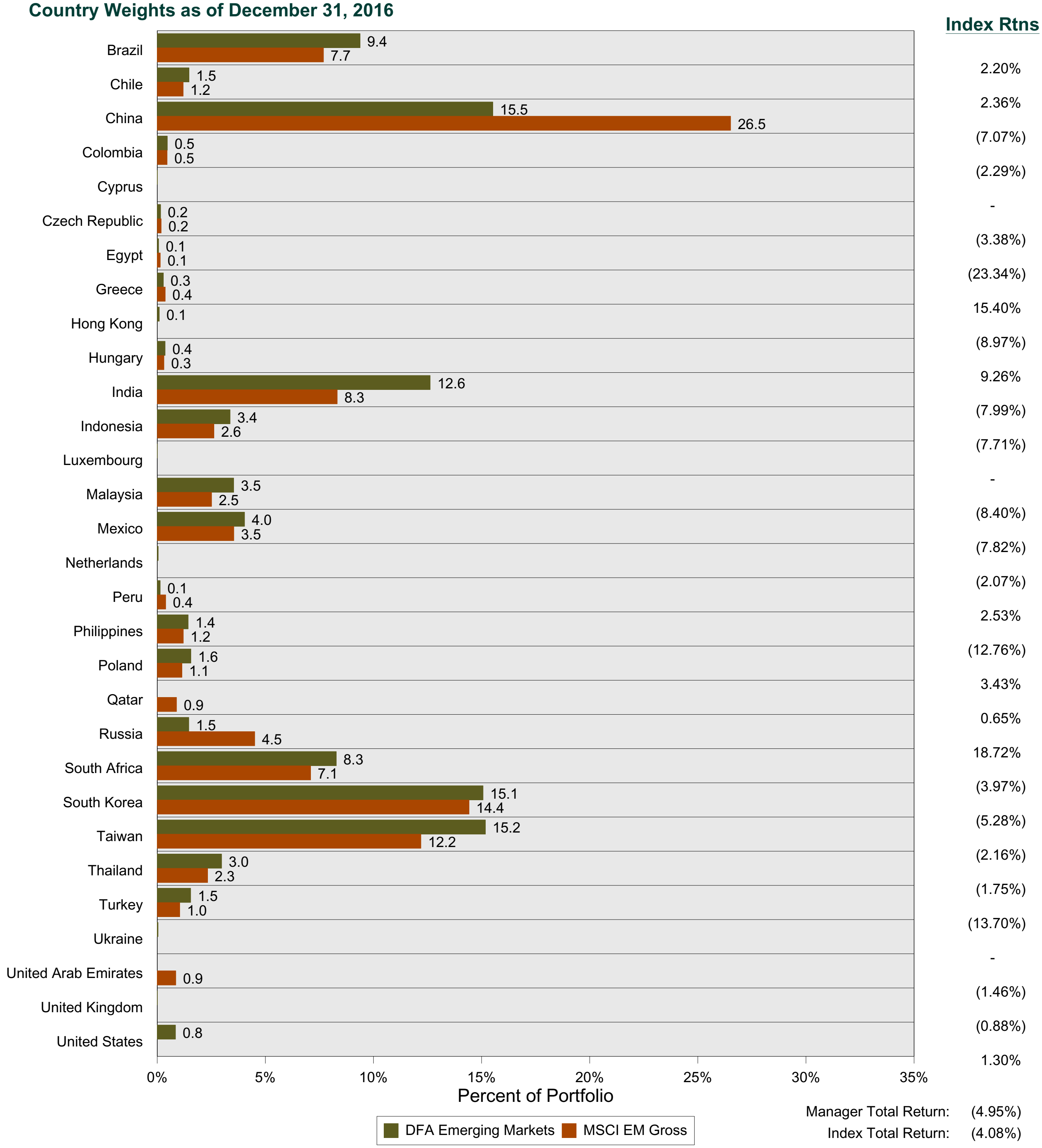


Country Allocation
DFA Emerging Markets VS MSCI EM - Emerging Mkts (USD Gross Div)

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



Manager Total Return: (4.95%)
Index Total Return: (4.08%)

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.

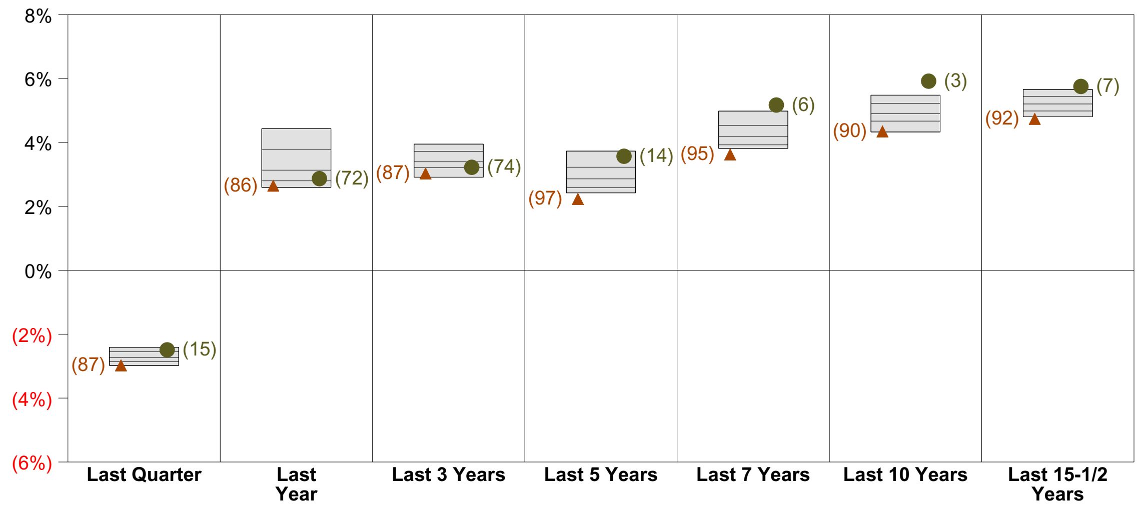
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a (2.49)% return for the quarter placing it in the 15 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 72 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

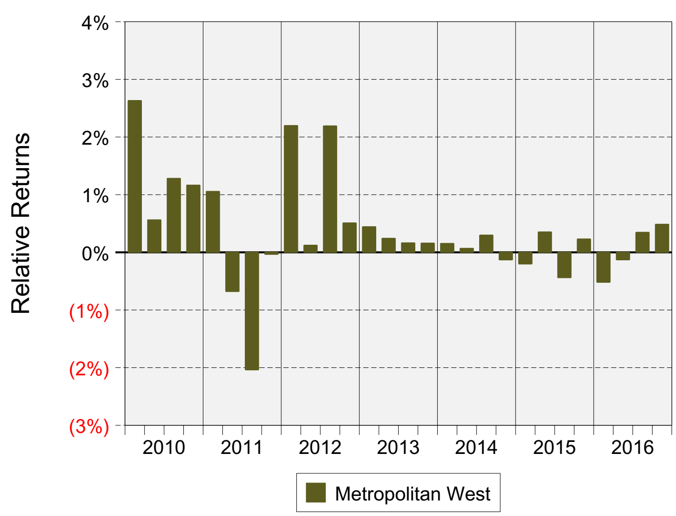
Beginning Market Value	$88,590,711
Net New Investment	$0
Investment Gains/(Losses)	$-2,206,815
Ending Market Value	$86,383,897

Performance vs CAI Core Bond Fixed Income (Gross)

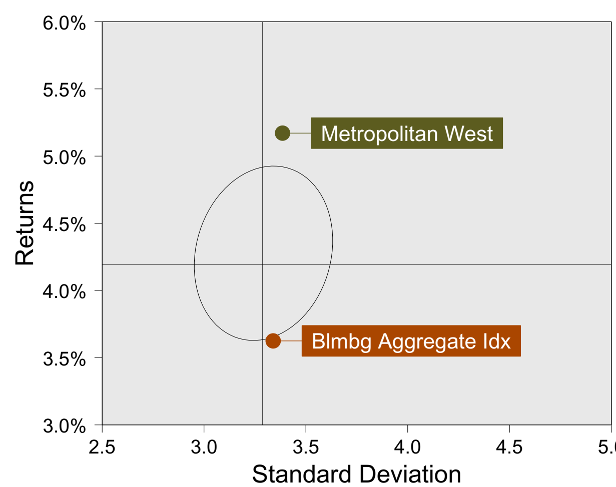


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15-1/2 Years
10th Percentile	(2.41)	4.43	3.95	3.73	4.98	5.48	5.66
25th Percentile	(2.55)	3.79	3.72	3.23	4.53	5.23	5.44
Median	(2.73)	3.13	3.39	2.86	4.20	4.90	5.20
75th Percentile	(2.86)	2.80	3.21	2.58	3.92	4.67	4.98
90th 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

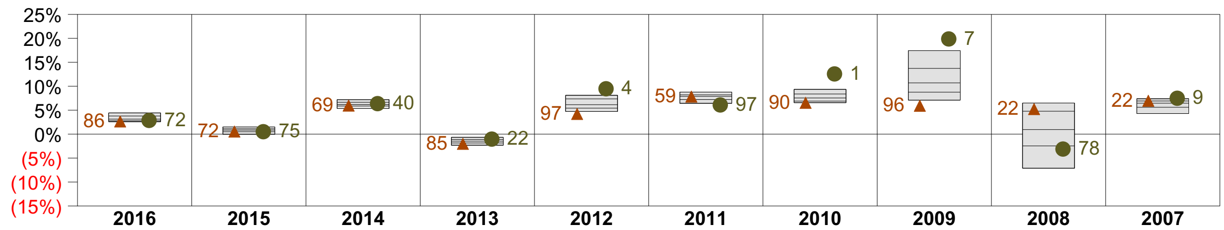


Metropolitan West
Return Analysis Summary

Return Analysis

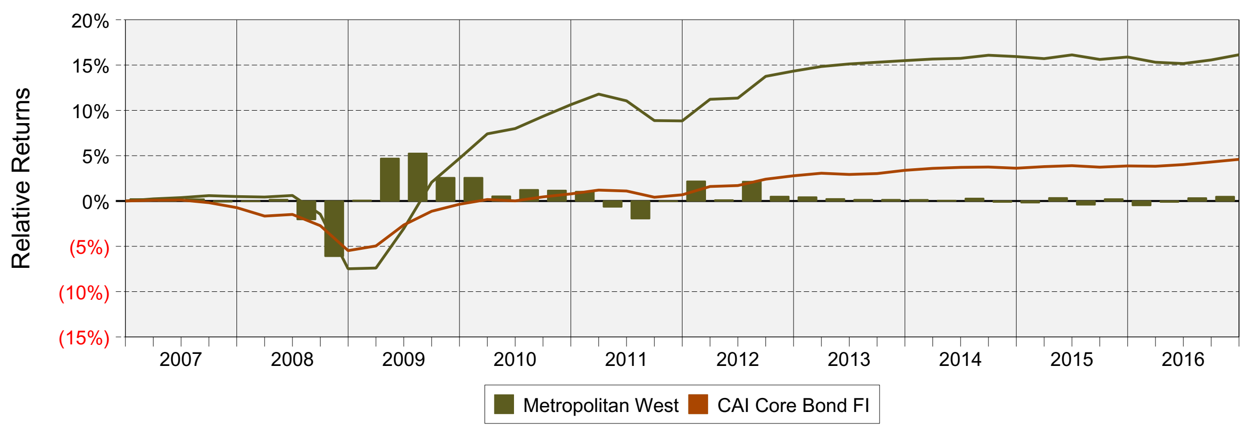
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

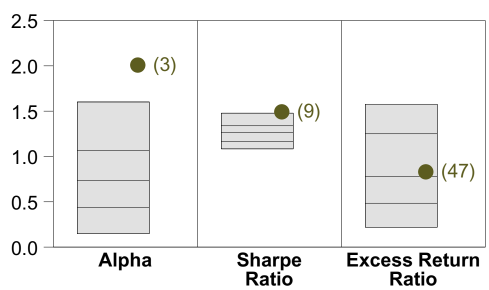


	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	4.43	1.51	7.21	(0.66)	8.11	8.78	9.35	17.43	6.50	7.39
25th Percentile	3.79	1.13	6.64	(1.10)	7.37	8.21	8.39	13.73	4.78	6.93
Median	3.13	0.84	6.19	(1.46)	6.15	7.89	7.56	10.71	0.96	6.46
75th Percentile	2.80	0.52	5.88	(1.84)	5.43	7.22	6.89	8.76	(2.45)	5.61
90th Percentile	2.59	(0.03)	5.35	(2.32)	4.74	6.43	6.57	7.10	(7.12)	4.30
Metropolitan West ●	2.87	0.51	6.37	(1.03)	9.48	6.10	12.57	19.88	(3.11)	7.50
Blmbg Aggregate Idx ▲	2.65	0.55	5.97	(2.02)	4.21	7.84	6.54	5.93	5.24	6.97

Cumulative and Quarterly Relative Return vs Blmbg Aggregate Idx

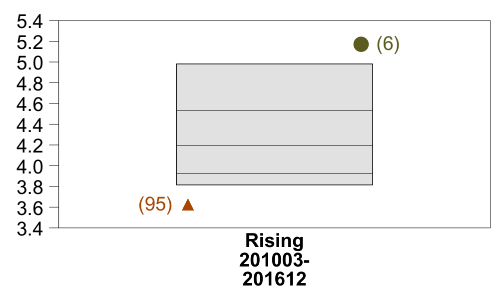


Risk Adjusted Return Measures vs Blmbg Aggregate Idx Rankings Against CAI Core Bond Fixed Income (Gross) Seven Years Ended December 31, 2016



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.60	1.48	1.58
25th Percentile	1.07	1.34	1.25
Median	0.73	1.26	0.78
75th Percentile	0.44	1.17	0.48
90th Percentile	0.15	1.08	0.22
Metropolitan West ●	2.01	1.49	0.83

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



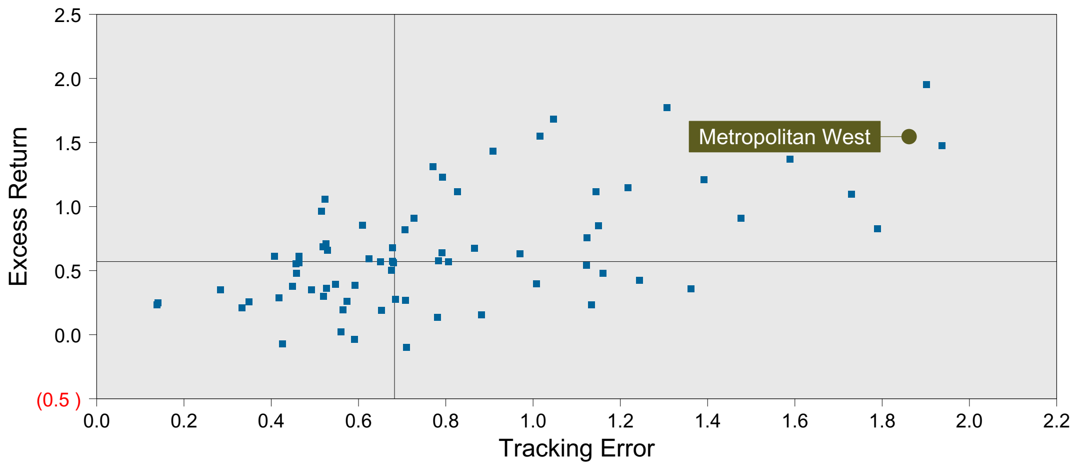
	Rising 201003-201612
10th Percentile	4.98
25th Percentile	4.53
Median	4.20
75th Percentile	3.92
90th Percentile	3.81
Metropolitan West ●	5.17
Blmbg Aggregate Idx ▲	3.63

Metropolitan West
Risk Analysis Summary

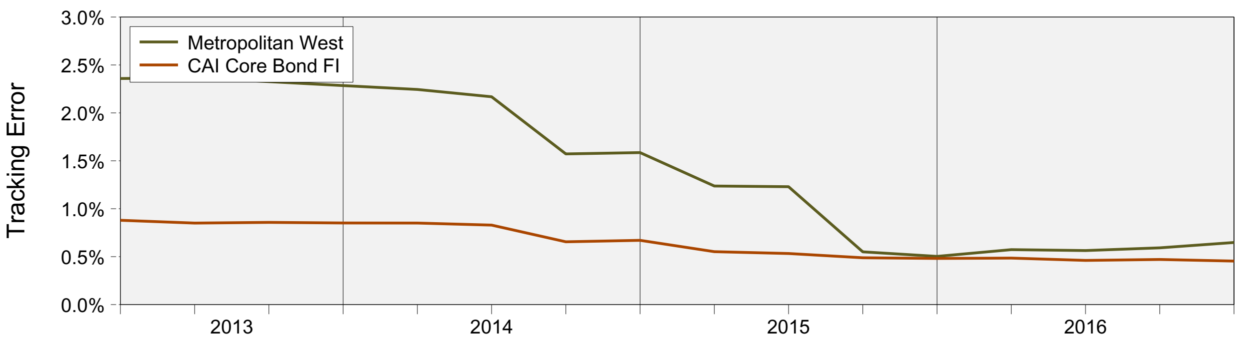
Risk Analysis

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.

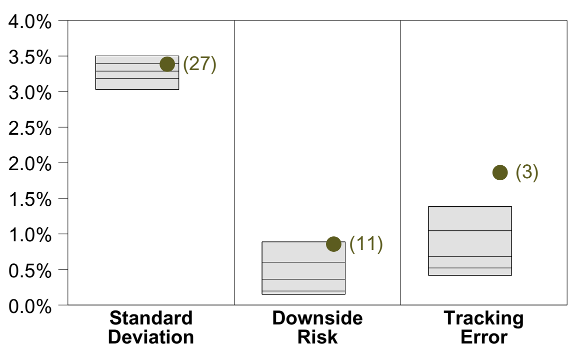
Risk Analysis vs CAI Core Bond Fixed Income (Gross)
Seven Years Ended December 31, 2016



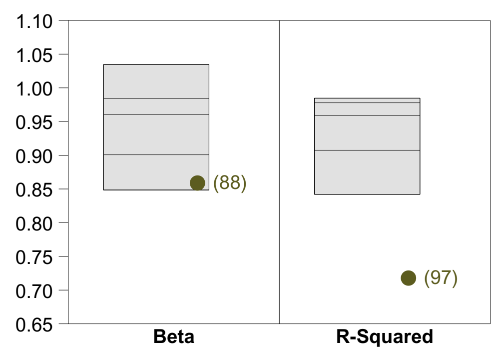
Rolling 12 Quarter Tracking Error vs Bloomberg Barclays Aggregate Index



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



	Standard Deviation	Downside Risk	Tracking Error
10th Percentile	3.50	0.89	1.38
25th Percentile	3.39	0.60	1.04
Median	3.29	0.36	0.68
75th Percentile	3.18	0.20	0.52
90th Percentile	3.03	0.15	0.42
Metropolitan West ●	3.39	0.86	1.86



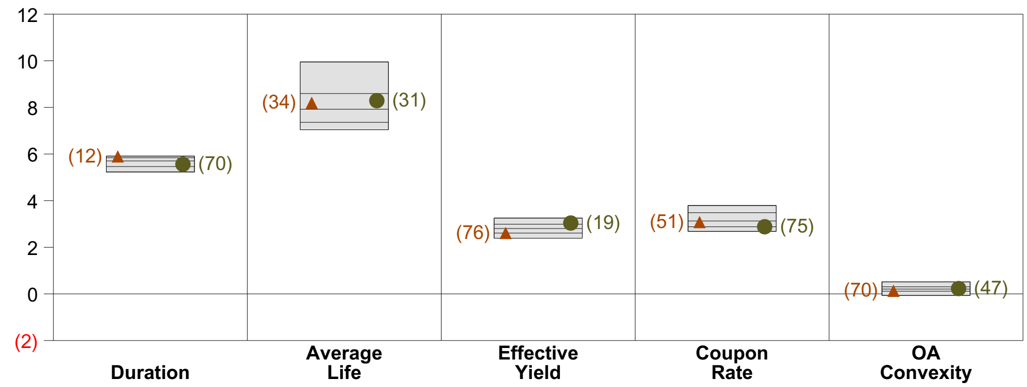
	Beta	R-Squared
10th Percentile	1.03	0.98
25th Percentile	0.98	0.98
Median	0.96	0.96
75th Percentile	0.90	0.91
90th Percentile	0.85	0.84
Metropolitan West ●	0.86	0.72

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

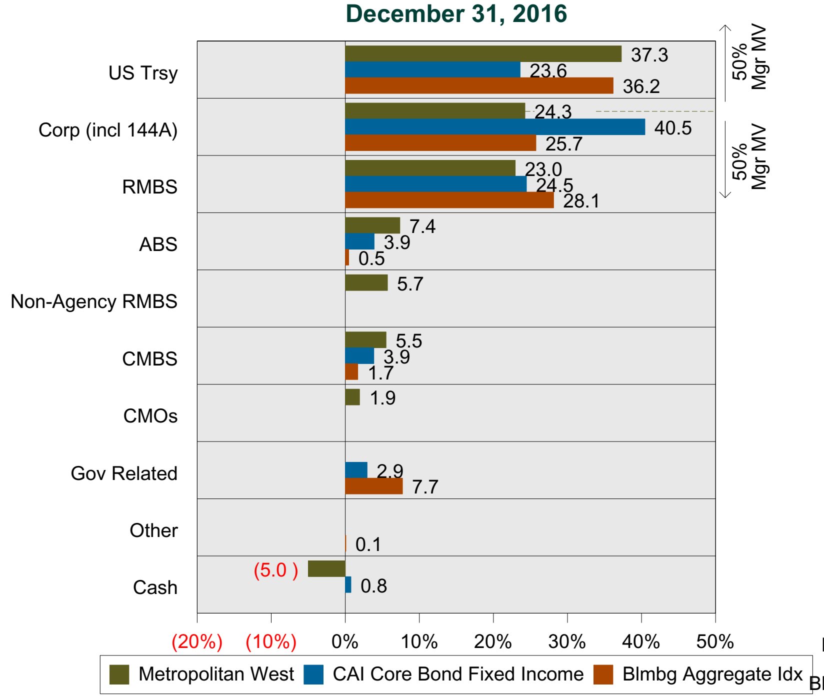


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.91	9.95	3.25	3.79	0.52
25th Percentile	5.84	8.59	2.99	3.48	0.31
Median	5.70	7.92	2.80	3.13	0.21
75th Percentile	5.46	7.36	2.61	2.88	0.12
90th Percentile	5.23	7.04	2.39	2.68	(0.06)
Metropolitan West ●	5.56	8.29	3.04	2.88	0.23
Blmbg Aggregate Idx ▲	5.89	8.19	2.61	3.08	0.13

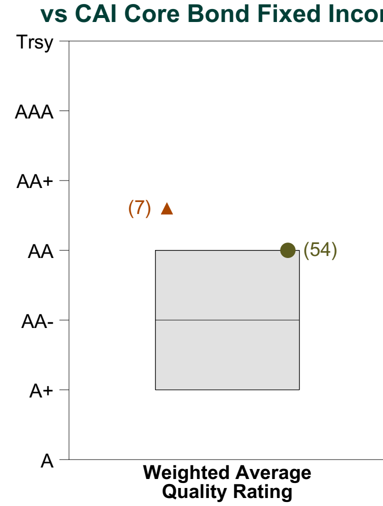
Sector Allocation and Quality Ratings

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.

Sector Allocation
December 31, 2016



Quality Ratings
vs CAI Core Bond Fixed Income



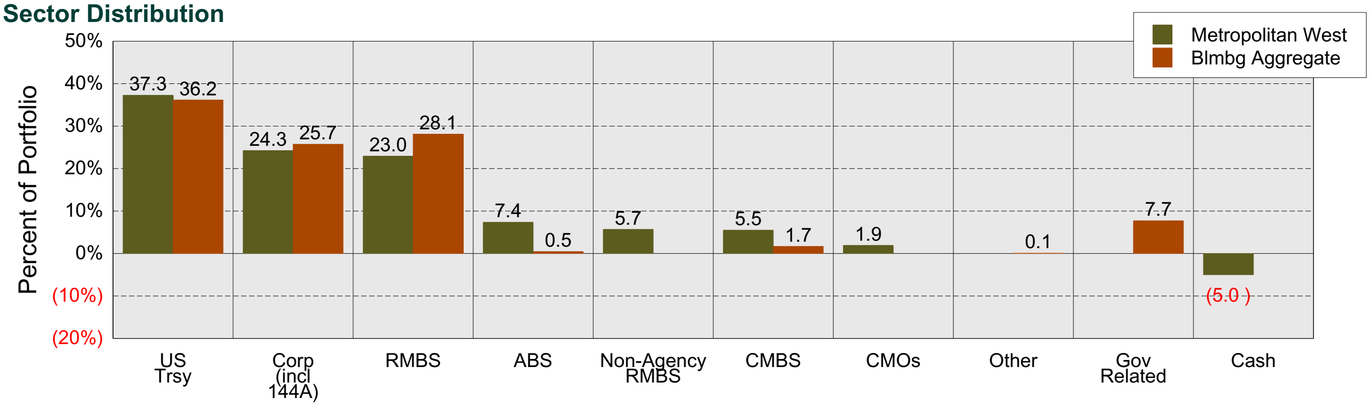
	Weighted Average Quality Rating
10th Percentile	AA
25th Percentile	AA
Median	AA
75th Percentile	AA-
90th Percentile	A+
Metropolitan West ●	AA
Blmbg Aggregate Idx ▲	AA+

Metropolitan West
Portfolio Characteristics Summary
As of December 31, 2016

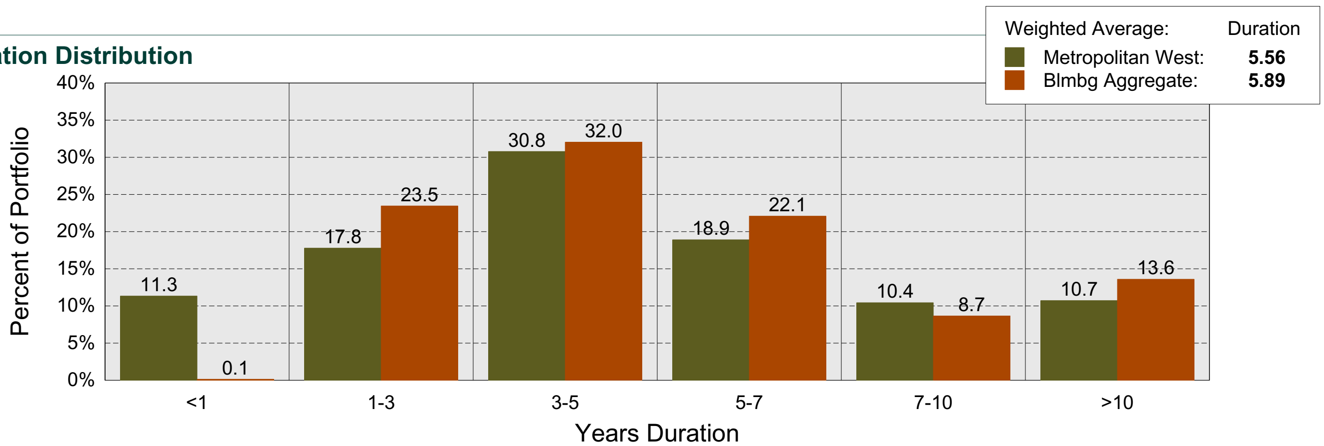
Portfolio Structure Comparison

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.

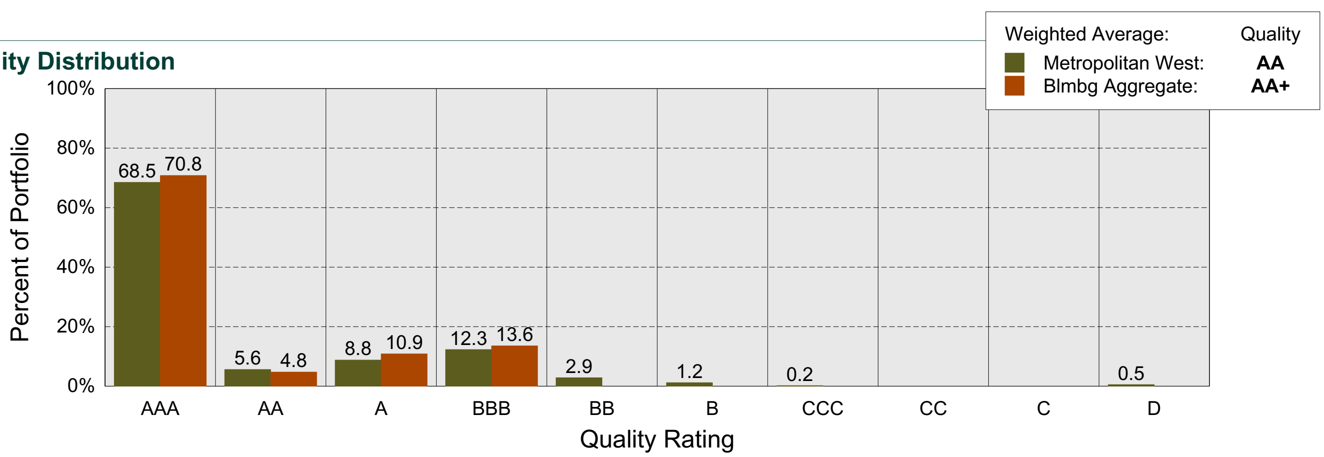
Sector Distribution



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.

Callan

CALLAN
INSTITUTE

4th Quarter 2016

Education

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 Crystalizes | 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

Callan

Quarterly List as of December 31, 2016

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

STATE STREET.

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
	144A and Private Placem				
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
	Asset Measures				
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			23,506,363.86 Value	Pass
	Asset_Type				
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
	Cash				
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	1.89 %	Pass
	Exchange				
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
	Industry				
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
	Issuer				
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	2.19 %	Pass

STATE STREET.

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
	144A and Private Placem				
1	The Fund is not permitted to hold any Private Placements excluding 144a (143666)	Maximum	0.00%	0.00 %	Pass
	Asset Measures				
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			94,550,044.35 Value	Pass
	Asset_Type				
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
	Credit Quality				
5	Minimum Quality must be at lesst 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
	Industry				
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

STATE STREET.

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
	144A and Private Placem				
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
	Asset Measures				
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			44,115,755.99 Value	Pass
	Asset_Type				
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
	Cash				
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	3.49 %	Pass
	Exchange				
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
	Industry				
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
	Issuer				
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	2.91 %	Pass

STATE STREET.

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

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
29	3/22/17	Retirement	Action	3/09/17

Subject: Election of Officers of the International Brotherhood of Electrical Workers Local Union 1245 (IBEW). (Bonnel)

ISSUE

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)

RECOMMENDED ACTION

Adopt Resolution No. 17-03- _____ Electing Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the International Brotherhood of Electrical Workers Local Union 1245 (IBEW).

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

Membership of the IBEW Retirement Board has changed such that previously-elected Retirement Board officers no longer serve as members of the Board.

The current Board Members are Eric Ohlson, Constance Bibbs, Andy Morin and Henry Li. The Alternate is Tom Flanders.

Andy Morin sits as Common Chair of all five of the Retirement Boards, Henry Li sits as the Vice Common Chair of all five of the Retirement Boards and Sacramento Regional Transit District Human Resources Director Donna Bonnel serves as Assistant Secretary of all five Retirement Boards.

At this time, staff recommends that the Retirement Board elect a Chair, Vice Chair and Secretary from among its members, in accordance with Sections 2.21 through 2.24 of the Bylaws. If the IBEW Retirement Board desires to be consistent with its prior actions and with those of the other four Retirement Boards, it should select Eric Ohlson and Constance Bibbs for the positions of Board Chair and Board Vice Chair, in either order, and select Henry Li as Board Secretary.

These actions will have no effect on the Board's appointment of its Assistant Secretary, nor on the selection of a Common Chair and a Common Vice Chair for all five Retirement Boards.

Approved:	Presented:
Final 3/14/17	
VP, Administration	Director, Human Resources

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

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW, LOCAL UNION 1245 AS FOLLOWS:

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:

1. Elects __________________ as Chair;
2. Elects __________________ as Vice Chair; and
3. Elects __________________ as Secretary.

THAT, the above-listed individuals will serve in these elected roles until this Board elects to change its leadership; until any of the elected individuals resigns from such positions; or until any of the above-listed individuals leaves the Board.

THAT, this action does not alter this Board's previous appointment of its Assistant Secretary, or its selection of the Common Chair and Common Vice Chair of the five Sacramento Regional Transit District Retirement Boards.

____
Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: __________________________________
Donna Bonnel, Assistant Secretary

Exhibit A

ADOPTED BY THE:
AEA, MCEG, AFSCME and ATU Retirement Boards on June 18, 2014
IBEW Retirement Board on December 17, 2014

BY-LAWS FOR THE RETIREMENT BOARDS

CHAPTER 1

RETIREMENT BOARDS COMPOSITION AND PURVIEW

ARTICLE 1

GOVERNANCE

§ 1.10 Retirement Plans; Application of By-Laws

These By-laws govern the three retirement plans established for employees of the Sacramento Regional Transit District (hereinafter "RT") pursuant to California Public Utilities Code Section 102430 to provide retirement benefits to qualified RT employees upon service or disability retirement from RT: The Retirement Plan for Regional Transit Employees Who Are Members of ATU Local 256; the Retirement Plan Between International Brotherhood of Electrical Workers (IBEW) Local Union 1245, AFL-CIO and Sacramento Regional Transit District; and The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented (Salaried) Employees.

Each plan is referred to herein individually as "Retirement Plan" and jointly as "Retirement Plans."

These By-laws apply to the Retirement Plans as they may be amended from time to time, except when the terms of a Plan are inconsistent with the terms of these By-laws, in which case the terms of that Plan will govern its operations.

§1.11 Governance of the Retirement Plans

The ATU and IBEW Retirement Plans are each governed by one board and the Salaried Plan is governed by three boards (hereinafter individually referred to as "Board" or "Retirement Board" or jointly as "Boards" or "Retirement Boards"). Each Retirement Board consists of an equal number of representatives from RT and from the Union or bargaining/business unit (ATU, IBEW, AFSCME, AEA and MCEG) as required under California Public Utilities Code Section 99159.

§1.12 Retirement Board Composition

Each Retirement Board consists of not more than four (4) members and two (2) alternates. Two voting members and one alternate are appointed by the RT Board of Directors and two voting members and one alternate are appointed by the Union or bargaining/business unit.

The alternate Board Members serve on the Retirement Board during the absence of a Board member appointed by the same entity as the alternate. When an alternate Board Member serves in place of a regular Board Member, the alternate has all of the rights, duties and obligations of the Board member he or she is replacing, except for those rights, duties and obligations associated with a Board office held by the Board member.

§1.13 Retirement Board Member Term of Office

Each Retirement Board Member is appointed to a four-year term of office. Members' terms of office are to be staggered so that the term of one member appointed by the RT Board of Directors and the term of one member appointed by the Union or bargaining/business unit expire every other year.

For Retirement Board Members seated as of adoption of this section of the By-laws, the appointing entity will determine which seat will expire at the end of the following calendar year, and which will expire at the end of the calendar year ending two years later. The term of the alternates seated as of adoption of this section of the By-laws will expire as of the end of the calendar year after the year in which this section of the By-laws is adopted.

In the event of a vacancy because of death, resignation, illness, or other reason, the Secretary of the Board must, within thirty (30) days after such vacancy, transmit a written notification to the appointing member entity requesting that a replacement member be appointed to fill the remainder of the vacating member's term.

§1.14 Retirement Board Fiduciary Duty

The duties and responsibilities of each Retirement Board Member must be executed in accordance and in full compliance with the requirements of Section 17 of Article XVI of the California Constitution and applicable law.

§ 1.15 Retirement Board Authority

Each Retirement Board has plenary authority and duty to administer its Retirement Plan and manage the assets of its Retirement Plan consistently with the powers and duties conferred upon the Board pursuant to Article 16, Section 17, of the California Constitution, which include, but are not limited to, those set forth in each Plan.

CHAPTER 2

RETIREMENT BOARD RULES

ARTICLE 1

MEETINGS

§2.10 Regular Quarterly Retirement Board Meeting Schedule

Each Board must hold regular meetings no later than the last day of each calendar quarter ("regular meetings" or "Quarterly Retirement Board Meetings"). No later than December 31st of each year, the Boards must adopt a resolution setting forth their regular meeting schedule for the 12-month calendar period following the month and year in which the resolution is adopted. The resolution establishing each Board's regular meeting schedule shall state the date and time for each meeting, and the place for each such meeting if it differs from the place set out in this section. Unless otherwise specified in the resolutions establishing the regular meeting schedule, the Boards will conduct their regular meetings at RT's Administrative Offices located at 1400 29th Street, Sacramento, California in Room 114 (First Floor, Auditorium).

§2.11 Special Meetings

A special meeting may be called at any time by the Chair, or by a majority of the members of a Board, by delivering personally, via electronic mail ("e-mail") or by U.S. mail, written notice to each member of the Board, and to each local newspaper, radio, or television station requesting notice in writing, and by posting a notice on the Sacramento Regional Transit District's internet web site. Such notice must be delivered and received at least 24 hours before the time of such meeting. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No business other than as specified in the notice shall be considered at such meeting. Such written notice may be dispensed with as to any member who, at or prior to the time the meeting convenes, files with the Secretary of the Board a written waiver of notice. Any defect in the above notice procedure shall be deemed cured by actual attendance of the member at the meeting.

§2.12 Quorum

Three Board members constitute a quorum of any Board for purposes of convening a meeting and for the transaction of business. Alternate Board members are seated on the Board and counted towards a quorum only when serving in the place of a Regular Board member appointed by the same body (e.g., the Alternate appointed by the RT Governing Board is only seated and counted towards a quorum when a Board member appointed by the RT Governing Board is absent).

§2.13 Joint Meetings

The Retirement Boards may meet together for any regular or special meeting. The Boards may select a Common Chair and Common Vice Chair to preside over common meetings on an ad hoc or standing basis.

§2.14 Open Meetings; Application of the Ralph M. Brown Act

All meetings and associated notices must comply with the provisions of the Ralph M. Brown Act. (Government Code Sections 54950, et seq.) Accordingly, all Board meetings are open to the public except when the subject matter may be properly addressed in, and properly noticed for, a closed session.

§2.15 Agenda Preparation, Delivery and Posting

In addition to those requirements set forth in the Brown Act, each meeting agenda, together with all supporting documents, must be mailed or delivered to the Board members and Legal Counsel to the Board at least three days before the meeting. The purpose of this requirement is to give Board members at least two days' notice of all business coming before them. In the case of special meetings which may be called less than seven (7) days in advance of the meeting date, the requesting individual shall receive such notice as soon as may be practical under the circumstances.

§2.16 Access to Public Records Distributed at Meeting

Writings which are public records and which are distributed during a meeting are made available for public inspection at the meeting if prepared by RT or a member of the Board or after the meeting if prepared by some other person.

§2.17 Continuing Body

Each Board is a continuing body and no measure pending before it is abated or discontinued by reason of the expiration of the term of office or removal of a member of the Board.

§2.18 Adjournment of Meeting

The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. Notice of adjournment of a duly called special meeting at which less than a quorum is present shall be given in the same manner as notice of the original meeting. If all members are absent from any regular or adjourned regular meeting, the Secretary of the Board may declare the meeting adjourned to a stated time and place and he or she shall cause a written notice of the adjournment to be given in the same manner as provided herein for special meetings. In the case of all adjournments, a copy of the order or notice of adjournment shall be conspicuously posted on the door to the

Regional Transit District Auditorium, Room 114, within 24 hours after the time of the adjournment. When an order of adjournment of any meeting fails to state the time at which the adjourned meeting is to be held, it shall be held at the time specified for regular meetings.

ARTICLE 2

OFFICERS

§2.21 Officers

Each Board elects a Chair, Vice Chair, and Secretary from among its members. Alternate members cannot be elected as Board officers.

The five Retirement Boards, together, may elect a Common Chair and Common Vice Chair.

§2.22 Chair Responsibilities

1. Except at meetings presided over by a Common Chair or Common Vice Chair (as set forth in Section 2.28), the Chair presides over and preserves order at all regular meetings, special meetings and hearings of the Board. The Chair states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board. The Chair may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all others members.

2. In all cases, the Chair can direct the Secretary to include discussion or action items on the agenda for future Board meetings, and the Chair signs all Board resolutions and all minutes of Board meetings or hearings which he or she has witnessed being adopted or approved.

§2.23 Vice Chair

The Vice Chair serves as the Chair Pro Tem in the Chair's absence. When serving as the Chair Pro Tem, the Vice Chair has all of the rights, duties and responsibilities of the Chair as set forth in Section 2.22 above.

§2.24 Secretary

The Secretary serves as the Chair Pro Tem in the absence of the Chair and Vice Chair.

In addition, the Secretary has the following powers and duties, any or all of which may be delegated by the Secretary to the Assistant Secretary:

1. Create meeting notices and agendas;

2. Post agendas;

3. Call the roll at the beginning of each Board meeting and for each roll call vote;

4. Announce the result of each vote;

5. Attend and keep minutes of all meetings and hearings of the Board;

6. Furnish each Board member a copy of the minutes of each meeting with the agenda for the following meeting;

7. Attest all resolutions of the Board and the minutes of all meetings or hearings which have been approved by the Board;

8. Keep and have custody of all books, records and papers of the Board, and certify true copies thereof whenever necessary;

9. Perform such other duties as may be required either by statute, ordinance, resolution or order.

§2.25 <u>Assistant Secretary</u>

The Boards may appoint an Assistant Secretary, who must be a current employee of RT with job duties related to administration of the Pension Plans.

§2.26 <u>Vacancy</u>

In an officer vacates his or her seat on the Board because of death, resignation, illness, or other reason, officer elections must be held at the first Board meeting after the vacancy has been filled.

§2.27 <u>Additional Delegable Duties</u>

Each Board, at its discretion and by resolution, may authorize its Chair and/or the General Manager/CEO of RT or other RT staff to exercise additional administrative authority, such as to execute contracts or other legally-binding documents, manage Board-awarded contracts, make purchases up to Board-authorized limits, and approve service retirements.

The Board may also authorize the General Manager/CEO of RT or other delegees to carry out other support functions for the Retirement Plan.

§2.28 Common Chair, Vice Chair

If desired, the five Retirement Boards may elect a Common Chair and Common Vice Chair to preside over and preserve order at meetings of more than one Board. At such meetings, the Common Chair, or the Common Vice Chair in the absence of the Common Chair, states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board.

The Common Chair (or Vice Chair) may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all others members. In an action to adopt a motion or resolution, the Common Chair (or Vice Chair) votes after all other members present have cast their votes.

ARTICLE 3

ORDER OF BOARD BUSINESS

§2.31 Agenda

The order of business for regular and special meetings will be as follows:

1. Call to Order
2. Roll Call
3. Consent Calendar
4. Unfinished Business
5. New Business
6. Public Addresses the Board on Matters Not on the Agenda
7. Reports, Ideas and Communications
8. Recess to Closed Session
9. Closed Session
10. Reconvene in Open Session
11. Closed Session Report
12. Adjourn

Notwithstanding the above, closed sessions (and associated announcements) may be included on the agenda at any point after Roll Call and before Adjournment, at the discretion of the Secretary or Assistant Secretary.

The order of business during any meeting may be changed upon order of the Chair with consent of the Board, or upon motion of the Board.

§2.32 Contents of Agenda

The agenda must specify the time and location of the meeting and must contain a brief general description of each item of business to be transacted or discussed at the meeting. The descriptions must be reasonably calculated to adequately inform the public of the general matter or subject matter of each agenda item.

Members of the public who wish to address the Board on matters not listed on the agenda, but on an item coming within the jurisdiction of the Board, are provided with the opportunity to do so under the agenda item heading "Public addresses Board on matters not on agenda."

The Board shall not act upon or discuss an item that is not listed on the agenda except as provided under Section 2.36.

§2.33 Common Agenda

When the Boards of two or more Retirement Plans for Employees of Sacramento Regional Transit meet together, the Boards' may share a common agenda, which must designate which Boards will discuss which items.

§2.34 Consent Calendar

The Consent Calendar shall consist of matters requiring Board action of a routine nature or on which staff comment is not appropriate or necessary, or which have previously been discussed and appear on the Agenda for final action only.

All items listed under the Consent Calendar, excepting those individual items which are removed for separate discussion or vote at the request of any Board member, may be acted upon by a single motion and vote.

Board minutes are included as part of the Consent Calendar to be approved without reading unless a member requests such reading, in which case the minutes require action by a separate motion and vote.

§2.35 Quarterly Investment Performance Reviews

The Boards must review the performance of Retirement Plans' fund managers and investment manager at each Quarterly Retirement Board Meeting as part of Unfinished or New Business, as appropriate.

Each of the fund managers retained by the Boards will be requested to attend and present its annual report at one Quarterly Retirement Board Meeting each calendar year. The Boards' investment manager must be present at each Quarterly Retirement Board Meeting and must report on its performance on a quarterly basis. The Board will review the performance of each fund manager at each regular meeting based upon criteria set forth in the Sacramento Regional Transit District's Statement Investment Objectives and Policy Guidelines for Contract Employees' Retirement Funds, whether or not the investment manager is present.

§2.36 Items Not on the Agenda

A matter requiring Board action must be listed on the posted agenda before the Board may discuss and/or act upon it except as contemplated under the Ralph M. Brown Act.

The Board may take action on items of business not appearing on the posted agenda under any of the following conditions:

1. Upon a determination by an affirmative vote of the Board that an emergency situation exists, as defined in Section 54956.5 of the Government Code.

2. Upon the affirmative vote of three Board Members that the need to take action arose subsequent to the agenda being posted.

3. If the item was properly posted for action at a prior meeting of the Board occurring not more than ten (10) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

4. By directing the Chair or Secretary to place an item of business for discussion and/or action on a subsequent agenda.

ARTICLE 4

MEMBERS ADDRESSING THE BOARD

§2.41 Recognition of the Chair

Any Board member desiring to speak on any item on the agenda must address the Chair during the public comment period on such item, and upon recognition by the Chair, may speak. The speaker must confine himself or herself to the question under debate, avoiding indecorous language.

Comments on items not on the agenda will be heard at the time noticed on the agenda for such public comment.

§2.42 Speaking Interruption

A member will not be interrupted when speaking unless it is to call him or her to order, for the purpose of explanation or to permit solicited responses. If a member, while speaking, is called to order, he or she must cease speaking until the question of order is determined, when, if permitted, he or she may proceed.

§2.43 Limitation of Presentations, Discussion

The Chair may limit discussion at any particular meeting by a Board member to such time as the Chair may find to be reasonable under the circumstances, provided that any decision of the Chair to limit discussion may be overruled by the Board.

§2.44 Impertinence

Any Board member making personal, impertinent or indecorous remarks may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

§2.45 Minutes

The Secretary shall prepare minutes in the form of an action summary; however, during the consideration on any particular matter, a Board member may make a request that the minutes contain a more thorough description of the discussion or deliberations of any question coming before the Board.

§2.46 Debate Closing

The member moving the adoption of a resolution or motion shall have the privilege of closing the debate.

§2.47 Disqualification of Members

Any member who is legally disqualified from participating in Board action on any particular matter must, as soon as such matter is reached on the agenda, disclose his or her disqualification and the reason therefore and may take no part in the discussion, debate or vote on such matter. If such disqualification is not known to him or her at the time such matter is reached on the agenda, he or she must make such disclosure as soon as he or she knows his or her disqualification.

ARTICLE 5

OTHERS ADDRESSING THE BOARD

§2.51 Recognition of the Chair

Non-Board members in attendance may address the Boards or members thereof only when invited by the Chair. Though the Chair will not require a speaker to introduce himself or herself, individuals who do not identify themselves may not be included in the minutes for the meeting at which they speak.

§2.52 Limitation of Presentations, Discussion

Except as otherwise herein provided, the Chair may specify a time limitation on any presentation made before the Board. The Chair cannot limit presentations made by members of the public to less than three (3) minutes.

§2.53 Impertinence

Any person making personal, impertinent or indecorous remarks while addressing the Board may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

In extreme situations where persistent disruptions from multiple members of the public prevent an orderly meeting, the Chair, subject to Board appeal, or the Board itself, may order that all members of the public except the media be removed from the public meeting, or the public meeting may be recessed and closed pursuant to state law.

ARTICLE 6

OFFICIAL ACTIONS

§2.61 Timing of An Action

Motions and resolutions, unless put over to a future meeting by a majority vote of the Board, may be acted upon on the day of introduction or presentation. No continuance will be granted if the effect of such a continuance is to render useless a subsequent vote on the issue.

§2.62 Form of Action

Motions are considered an act of the Board and carry the same weight as a resolution. Resolutions are typically used for actions that will be referred to for historical purposes, such as adoption of a policy, award of a contract or grant of an individual's disability retirement.

§2.63 Votes, Signature and Attestation

Votes upon an action item, whether motion or resolution, are cast as "ayes" and "noes" pursuant to roll call and so recorded. Each resolution must be in written or printed form. Procedural motions do not require a roll call vote.

Every resolution shall be signed by the Chair/Chair Pro Tem (depending upon who presided at the meeting of enactment) and attested by the Secretary/Assistant Secretary (as determined by the Secretary).

§2.64 Codification

Resolutions are codified as follows: [Year]-[Month]-[Resolution Number]. For example, the fifth resolution a board adopts at its March 2015 meeting is codified: 15-03-0005.

§2.65 Vote Threshold; Majority Minimum

All official acts of the Board shall require the affirmative vote of a majority of the members of the Board unless law requires a greater number of affirmative votes.

§2.66 Motion Reconsideration

A motion to reconsider any action taken by the Board may be made only on the day such action was taken, either during the same session or at an adjourned session thereof. Such motion must be made by a member on the prevailing side and seconded by any member. The motion, which may be made at any time during said meeting, has precedence over all other motions. The motion to reconsider is debatable unless the action to be reconsidered is not debatable.

§ 2.67 Mandatory Arbitration

If a motion or resolution is brought before the Board for a vote and the measure fails to gain the support of a majority of the voting members as required in Section 2.65, the measure will fail passage. However, if a quorum is present and votes on a matter pertaining to the management or administration of the Plan and the matter receives an equal number of "aye" votes as it does "no" votes, then the matter shall be resolved in the manner set forth in Public Utilities Code Section 99159 by referring it to binding arbitration if such a motion is made and at least two Board Members vote affirmatively, as further set forth in the Retirement Plan.

ARTICLE 7

COMMITTEES

§2.71 Appointment

The Chair may create and appoint ad hoc committees.

§2.72 Ad Hoc Advisory Committee Meetings

Ad Hoc Committees are limited-term, limited scope advisory committees comprised exclusively of less than a quorum of the Board. For example, an advisory committee comprised of two members for the purpose of producing a report in six months on trends in public agency benefit policies would be considered an ad hoc committee because it is composed of less than a quorum of the Board and it is charged with accomplishing a specific task in a limited period of time.

Ad hoc committee meetings are specifically exempt from open meeting requirements under these Bylaws and under the Brown Act. However, when creating and appointing an Ad Hoc Committee, the Chair retains authority to direct that meetings of that committee shall be noticed and open to the public.

ARTICLE 8

RULES

§2.81 Amendment

Any provision hereof may be altered, amended or annulled at any time by an affirmative vote of the Board as provided in Section 2.65, provided a week's notice of such change is given to each board member.

§2.82 Suspension

Any section of these By-laws may be temporarily suspended by an affirmative vote of the Board as provided in Section 2.65.

§2.83 Robert's Rules

All rules of order not herein provided for shall be determined in accordance with "Robert's Rules of Order."

§2.84 Copies – By-laws

The Secretary shall furnish each Board member copies of these By-laws and provide a supply for public purposes.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/22/17	Retirement	Action	03/09/17

Subject: Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for ATU Employees' Retirement Plan for Fiscal Year 2018 (ATU). (Bonnel)

ISSUE

Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for ATU Employees' Retirement Plan for Fiscal Year 2018 (ATU).

RECOMMENDED ACTION

Adopt Resolution No. 17-03_____, Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for the ATU Employees' Retirement Plan for Fiscal Year 2018.

FISCAL IMPACT

Budgeted: FY18 Budget not yet approved

General Ledger #: 520002

Current FY 2017: $8,170,963

Estimate FY 2018:

DISCUSSION

Cheiron, the Pension Plans' actuary, has completed the annual Actuarial Valuation for the ATU 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 study used to establish the ADC for Fiscal Year (FY) 2018. Based on actuarial valuation findings the proposed ADC for FY18 is _____%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Board accept Cheiron's actuarial valuation study and instruct the Sacramento Regional Transit District to contribute to the ATU Employees' Retirement Plan

Approved:	Presented:
Final 03/14/17	
VP, Administration	Director, Human Resources

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/22/17	Retirement	Action	03/09/17

Subject:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for ATU Employees' Retirement Plan for Fiscal Year 2018 (ATU). (Bonnel)

fund on a monthly basis in the amount of _____% of the payroll for ATU Employees, effective July 1, 2017.

Approved:

Final 03/14/17

VP, Administration

Presented:

Director, Human Resources

J:\Retirement Board\2017\IP's\March 22, 2017\[HB edits] ATU 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 ATU, Local Union 256 on this date:

March 22, 2017

ACCEPT ACTUARIAL VALUATION STUDY AND APPROVE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR ATU 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 ATU, LOCAL UNION 256 AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Actuarial Valuation Study for the ATU Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

THAT, the Retirement Board hereby authorizes contributions to be made to the ATU Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for ATU Employees, effective July 1, 2017.

____
Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre , Secretary

By: ____________________________________
Donna Bonnel, Assistant Secretary

Classic Values, Innovative Advice

Retirement Plan for Sacramento Regional Transit District Employees ATU Local 256

Actuarial Valuation Report as of July 1, 2016

Produced by Cheiron

March 2017

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March 17, 2017

ATU Retirement Board of
Sacramento Regional Transit District
2830 G Street
Sacramento, CA 95816

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (ATU Plan) (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 Board 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 for the Retirement Board 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 of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

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

David Holland, FSA, FCA, EA, MAAA	Graham A. Schmidt, ASA, FCA, EA, MAAA
Consulting Actuary	Consulting Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (ATU Plan) 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.

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.

In prior years, a combined valuation report was issued for the Retirements Plan for Sacramento Regional Transit District Employees of ATU Local 256 and IBEW Local 1245. As per the Board's direction, beginning this year separate reports will be issued for the ATU and IBEW plans.

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 Board 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 are a number of plan provision changes to members hired on or after January 1, 2016. In addition, there was a plan provision change to the basis for calculating actuarial equivalence for the Preretirement Death Benefit.

A summary of the assumptions and methods used in the current valuation is shown in Appendix B. There have been no changes in assumptions or methods since the prior valuation.

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 decreased from 27.69% of payroll last year to 27.04% 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 27.80% of payroll.

- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 75.3% last year to 75.9% as of July 1, 2016. This increase was primarily due to a gain on the liabilities due to demographic experience.

  As a point of comparison, a funding ratio of 61.1% 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 a decrease in the UAL from $41,067,628 to $40,275,718 as of July 1, 2016. This decrease in UAL was primarily due to less than expected increases in salary and favorable inactive mortality experience.

- During the year ending June 30, 2016, the return on ATU/IBEW Plan assets was -0.66% on a market value basis net of all expenses, as compared to the 7.50% assumption. This resulted in a market value loss on investments of $13,918,010.

  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 6.26% on the smoothed value of assets, an actuarial asset loss of $2,095,163, of which $1,937,814 is attributable to ATU.

  The Actuarial Value of Assets is currently 106.0% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately $7.2 million for ATU) that will be reflected in the smoothed value in future years.

  These returns were calculated based on combined ATU and IBEW combined; in the future returns will be calculated separately for each individual plan.

- The Plan experienced a liability gain of $3,324,546, due primarily to lower than expected increases in salary and favorable inactive mortality experience. The liabilities also decreased based on a change in the methodology used to assign liabilities between ATU and IBEW for active Salaried plan members with prior ATU and/or IBEW service, but this was accompanied by a transfer in assets approved by ATU and IBEW, which offsets

SECTION I – EXECUTIVE SUMMARY

the impact on the unfunded liability. Combining the liability and asset gains, the Plan experienced a total actuarial gain of $1,386,731.

- The Plan experienced an increase in the liabilities of $77,494 as a result of the PEPRA plan provisions applying to members hired on or after January 1, 2016, since the PEPRA benefits include a benefit for the expected refund of contributions for members not eligible for a service retirement. This was slightly offset by a decrease in liabilities due to administrative plan changes modifying the actuarial equivalence calculation of the Pre-Retirement Death benefit.

  There were 94 new hires and rehires since July 1, 2015 and the total active population increased. Total projected payroll increased 5.63% from $28,435,293 for 2015-2016 to $30,037,232 for 2016-2017.

Table I-1 summarizes all 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 valuation (except for the change in administrative expenses, which was fully recognized in the prior valuation).

Table I-1
ATU Summary of Principal Plan Results

Valuation Date	July 1, 2015	July 1, 2016	% Change
Participant Counts			
Active Participants	501	537	7.19%
Participants Receiving a Benefit	433	450	3.93%
Terminated Vested Participants	28	25	-10.71%
Transferred Participants	59	58	-1.69%
Total	**1,021**	**1,070**	**4.80%**
Annual Pay of Active Members	$ 28,435,293	$ 30,037,232	5.63%
Assets and Liabilities			
Actuarial Liability (AL)	$ 165,969,800	$ 167,084,597	0.67%
Actuarial Value of Assets (AVA)	124,902,172	126,808,879	1.53%
Unfunded Actuarial Liability (UAL)	$ 41,067,628	$ 40,275,718	-1.93%
Funded Ratio (AVA)	75.3%	75.9%	0.85%
Market Value of Assets (MVA)	$ 126,041,522	$ 119,630,500	-5.09%
Funded Ratio (MVA)	75.9%	71.6%	-5.72%
Inactive Funded Ratio	57.1%	61.1%	6.89%
Contributions			
Total Contribution (Beginning of Year)	$ 7,797,894	$ 7,818,151	0.26%
Total Contribution Payable Monthly	$ 8,085,029	$ 8,106,031	0.26%
Total Contribution as a Percentage of Payroll (before phase-in)	29.21%	27.80%	-4.83%
Total Contribution as a Percentage of Payroll (after phase-in)	27.69%	27.04%	-2.34%

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 2015 assumption changes over three years.

Table I-2
ATU Employer Contribution Reconciliation

Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2017 Total Employer Contribution Rate	29.21%	16.19%	12.01%	1.01%
Change due to asset loss	0.44%	0.00%	0.44%	0.00%
Change due to demographic changes	-1.36%	-0.43%	-0.92%	-0.01%
Change due to amortization payroll	-0.30%	0.00%	-0.28%	-0.02%
Change due to contribution shortfall	0.12%	0.00%	0.12%	0.00%
Change due to liability/asset reallocation	0.24%	0.00%	0.24%	0.00%
Change due to plan changes	-0.55%	-0.57%	0.02%	0.00%
FYE 2018 Net Employer Contribution Rate	27.80%	15.19%	11.63%	0.98%

An analysis of the cost changes from the prior valuation reveals the following:

- Asset experience produced an investment loss on an actuarial basis.

  The assets of the Union Plans returned -0.66% (net of investment expenses) on a market basis, lower than the assumed rate of 7.50%. The actuarial return on assets was 6.26%, lower than the assumed rate of 7.50%. This resulted in an increase in the contribution rate by 0.44% of payroll.

  The Market Value of Assets is now lower than the actuarial value; there are approximately $7.2 million in deferred asset losses for the ATU plan.

- Demographic experience resulted in a gain in liabilities.

  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 gain which decreased the contribution rate by 0.93% of payroll. In particular, there were gains caused by higher mortality rates than expected among retirees, and smaller salary increases than expected for returning members.

  Members hired on or after January 1, 2015 began contributing 3% of pay to the Plan, which contributed to an overall decrease in the employer normal cost rate of 0.43% of payroll.

  The net impact on the contribution rate from changes in demographics was a decrease of 1.36% of payroll.

SECTION I – EXECUTIVE SUMMARY

- Overall payroll growth was greater than expected.

  Greater than expected growth in the projected payroll decreased the contribution rate by 0.30% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions fell short of expectations.

  Actual contributions were less than expected employer and member contributions, which resulted in an increase in the contribution rate by 0.12%.

- The reallocation of the actual liability and asset split for transferred members with prior ATU and/or IBEW service increased the contribution rate by 0.24%.

- Plan provisions and administrative procedures were changed resulting in a decrease in cost.

  Members joining the Plan for the first time on or after January 1, 2016 are New Members and will follow PEPRA provisions. New Members will contribute half of the normal cost of the Plan rounded to the nearest 0.25%. For the current valuation, the contribution rate for PEPRA members is 6.50% of payroll. Members hired on or after January 1, 2015, but before January 1, 2016, continue to contribute 3.00% of payroll to the Plan.

  Updates to the administration and calculation of the active death benefit resulted in a small decrease in the liabilities and almost no impact on cost.

  The net impact on the contribution rate from changes in plan provisions and administrative procedures was a decrease of 0.55% of payroll.

The Total impact on employer Plan cost is a decrease of 1.41%, prior to the phase-in.

Table I-3 summarizes the impact on Plan cost incorporating of phasing in the 2015 assumption changes over three years.

Table I-3
Employer Contribution Reconciliation - Projected Phase In (ATU)

Item	Full Contribution	Phased Contribution	Interest	Total
FYE 2018 Total Employer Contribution Rate	27.80%	26.98%	0.06%	27.04%
FYE 2019 Total Employer Contribution Rate	27.50%	27.50%	0.00%	27.50%
FYE 2020 Total Employer Contribution Rate	27.59%	27.67%	0.00%	27.67%

The net impact on the FYE 2017 contribution rate due to assumption changes adopted by the Board, excluding the expense assumption was an increase of 2.41% for ATU and IBEW combined. The Board chose to phase in this increase over three years, or approximately 0.80%

annually, or 0.82% for ATU and 0.77% for IBEW. For ATU, this results in a FYE 2018 Net Employer Contribution Rate of 27.04%, based on an original rate of 27.80% minus 0.82% phase-in for ATU costs, and then adjusted for interest on the contribution shortfall of 0.06% of pay.

Table I-4 shows the ratio of assets to active member payroll for the Plan.

Table I-4
ATU Asset to Payroll Ratio as of June 30, 2016

Active Member Payroll	30,037,232
Assets (Market Value)	119,630,500
Ratio of Assets to Payroll	3.98
Ratio with 100% Funding	5.56

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 nearly four 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 an 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 (398%), that means the loss in assets is about 70% of active payroll (398% 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 6.0% of payroll, amortized over 16 years.

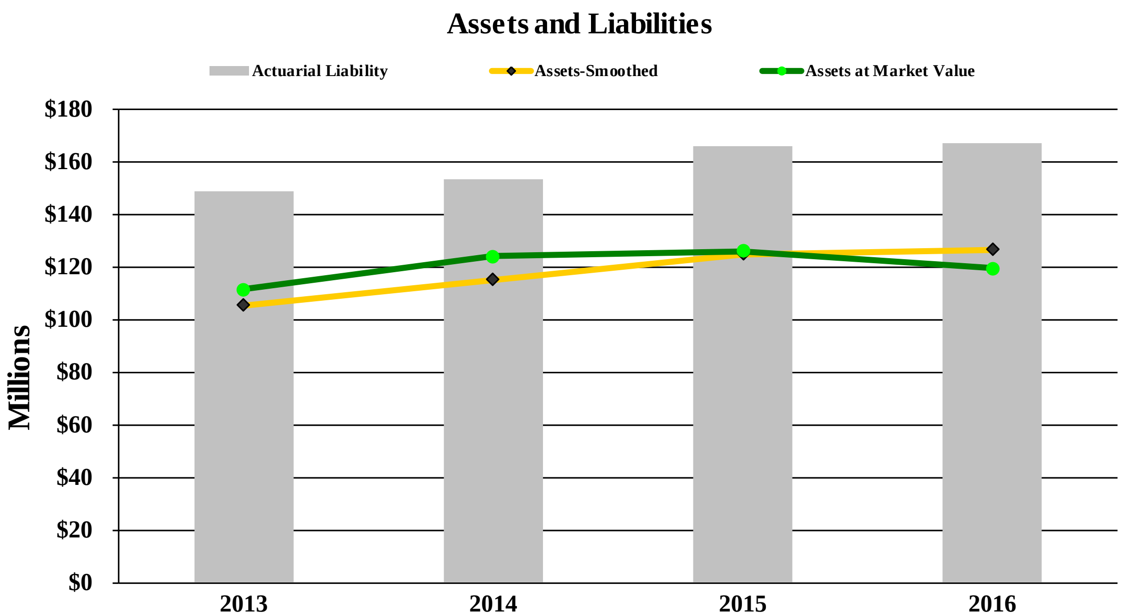
Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of asset to payroll at 100% funding (556%), the asset loss would be about 97% of active payroll (556% of the 17.50% loss). In this example, the shortfall could require an additional amortization payment of approximately 8.4% of payroll, amortized over 16 years.

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 is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio has increased from 71.0% in 2013 to 75.9% in 2016, primarily as a result of the recovery in the investment markets and contributions made to the plan. Prior to 2013, the valuation reports did not report a separate funded ratio or unfunded liability for the ATU/IBEW plans.

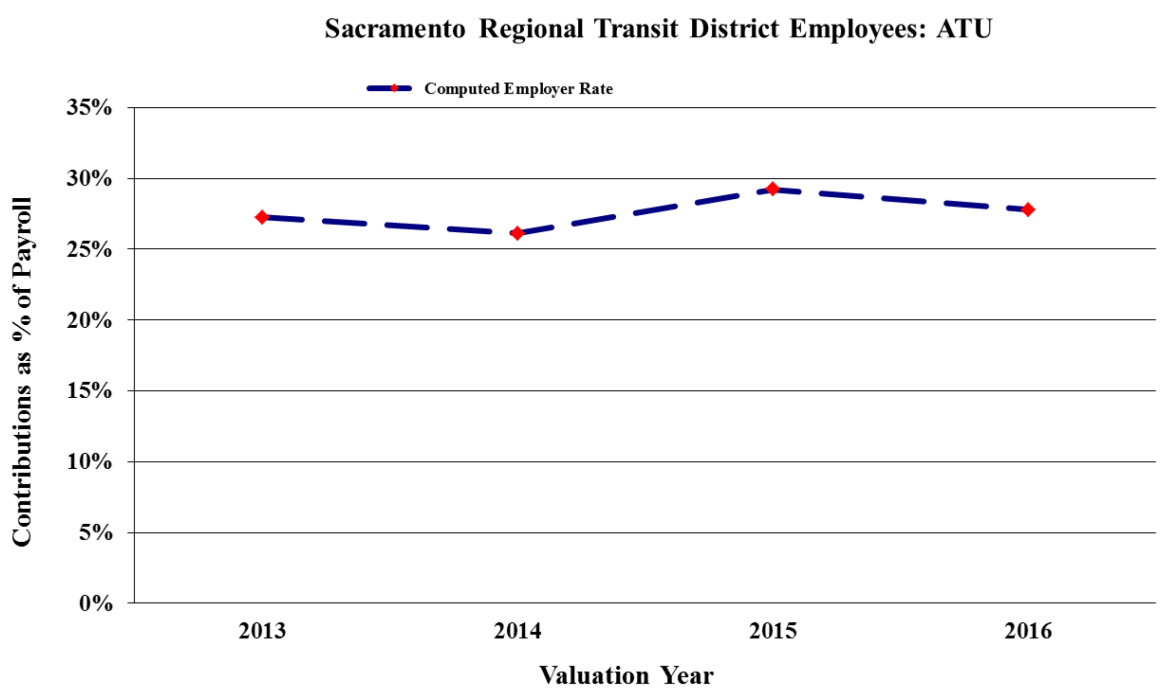


Valuation Year	2013	2014	2015	2016
AVA Funded Ratio	71.0%	75.1%	75.3%	75.9%
UAL (Millions)	$ 43.2	$ 38.1	$ 41.1	$ 40.3

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 have been increased and decreased moderately the past few years, as investment gains have been offset by subsequent losses and changes to the assumptions. Contribution rates fell this year as new members continue to make contributions, and members hired after 1/1/2016 receive lower benefits. Prior to 2013, the valuation reports did not include a separate contribution rate for the ATU/IBEW plans.



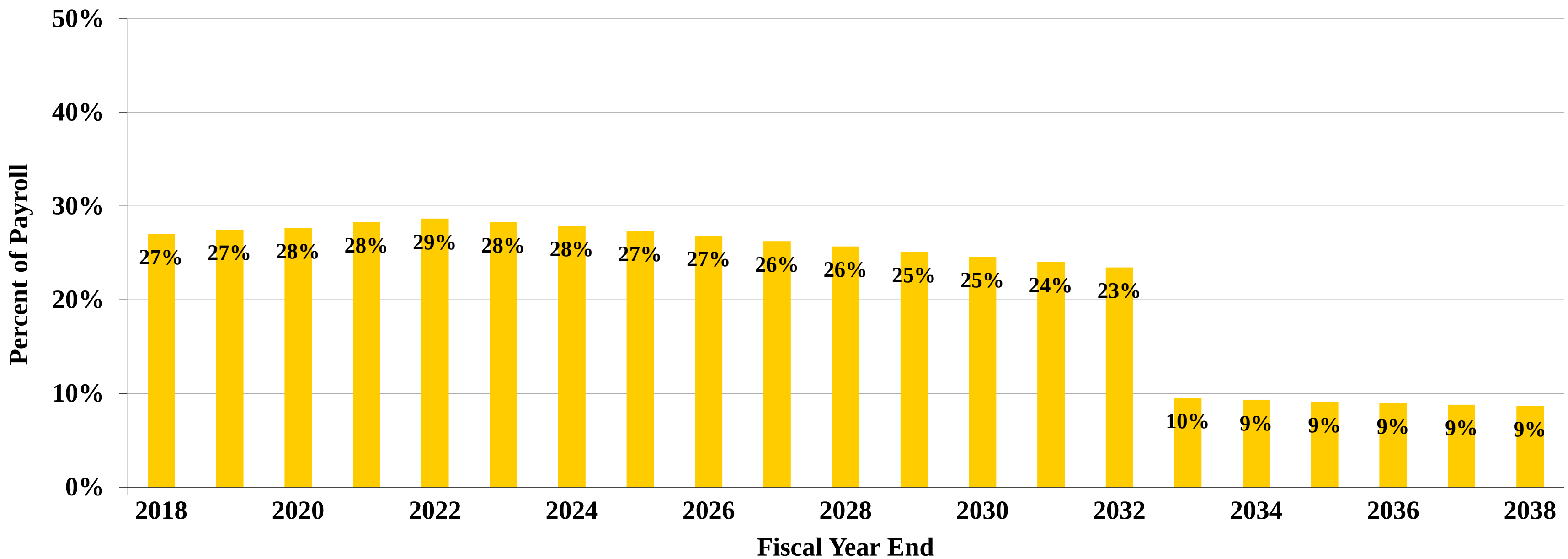
Gains and Losses

Future valuation reports will include a historical analysis of the experience gains and losses applicable to the ATU Plan, but as the current valuation is the first to break down the asset and liability gains and losses between the ATU and IBEW members, that analysis is not included in this report. See Table II-4 and III-2 for a discussion of the asset and liability changes for the current year.

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.

<u>Projection of Employer Contributions, 7.50% return each year</u>



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.

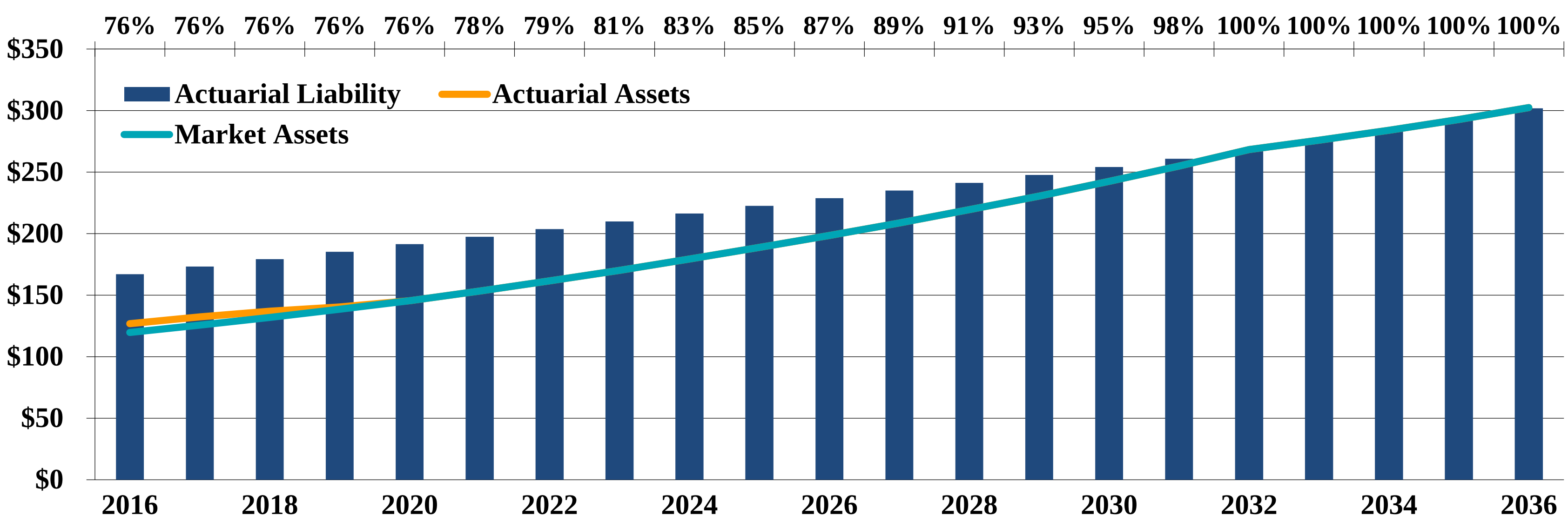
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost will be approximately $8.4 million in 2017-2018, growing as pay increases to around $11.2 million in 2032-2033, then dropping significantly the following years as the unfunded liability amortization payment disappears, at which point the cost will be equal to the employer's share of the normal cost and administrative expenses.

Note that the graph on the previous 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 30% 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.

Projection of Assets and Liabilities, 7.50% return each year



The graph shows that the funded status is expected to 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.

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**

SECTION II – 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.

ATU vs. IBEW Asset Split

Historical financial statements provided asset information based on a single combined trust for ATU and IBEW. This is the first year separate reports are being issued to ATU and IBEW. The financial information shown in Section II is based on the combined trust of ATU and IBEW having been allocated to the separate groups based on the following methodology:

- Actuarial liabilities measured using valuation methods and assumptions.

- If assets exceed inactive liability in total, assets allocated to inactive participants in an amount equal to that liability for each group. If assets are less than inactive liability in total, assets allocated to each group as a pro-rata portion of the total inactive liability.

- After allocation to inactive groups, any remaining assets are allocated as a pro-rata portion of the active Actuarial Liability.

Prior to the commencement of the 2016 valuation reports, a preliminary split of the ATU and IBEW assets was performed using this methodology and based on the results of the 2015 actuarial valuation. The split in the assets as of June 30, 2016 has since been updated to reflect the results of the current actuarial valuation, which has resulted in a higher proportion of the assets being allocated to IBEW, as a result of the reallocation of the liabilities for Salaried plan members with prior ATU and/or IBEW service, as described earlier in this report.

An asset transfer between the plans will be made at the end of FY2016-17 to true up the asset balances to reflect the allocation presented in this report. In future years, the asset schedules shown in the valuation report will only include the information for each individual plan.

SECTION II – ASSETS

Table II-1 discloses and compares each component 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	$	2,888,256	$	4,559,094
Equity Securities		110,296,011		104,654,815
Fixed Income Securities		67,050,762		65,711,732
Total Investments		180,235,029		174,925,641
Receivables:				
Securities Sold	$	447,809	$	2,571,938
Interest and Dividends		166,280		272,803
Other Receivable		58,825		28,758
Total Receivables		672,914		2,873,499
Payables				
Accounts Payable	$	(410,569)	$	(747,062)
Benefits Payable		0		0
Other Payable		(8,391,320)		(9,037,058)
Total Payables		(8,801,889)		(9,784,120)
Market Value of Assets	**$**	**172,106,054**	**$**	**168,015,020**
ATU Market Value of Assets*	**$**	**126,041,522**	**$**	**119,630,500**
IBEW Market Value of Assets*	**$**	**46,064,532**	**$**	**48,384,520**

* *For June 30, 2015, the liability associated with this Plan for transferred members of the Salaried plan was allocated based on the share of the total active liability held by the current members of each group (ATU and IBEW). For June 30, 2016, the actual liability split for these members is calculated for each respective plan.*

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

		2015		2016
Contributions				
Employer's Contribution	$	10,343,620	$	10,447,190
Members' Contributions		3,682		54,714
Total Contributions		10,347,302		10,501,904
Investment Income				
Interest & Dividends	$	2,208,131	$	2,537,731
Realized & Unrealized Gain/(Loss)		3,147,172		(2,920,947)
Other Investment Income		0		0
Investment Expenses		(745,797)		(738,201)
Total Investment Income		4,609,506		(1,121,417)
Disbursments				
Benefit Payments	$	(13,157,985)	$	(13,180,874)
Expenses		(190,442)		(290,647)
Transfer from (to) Salaried Plan		0		0
Adjustment to prior year expense		0		0
Total Disbursments		(13,348,427)		(13,471,521)
Net increase (Decrease)	$	1,608,381	$	(4,091,034)
Net Assets Held in Trust for Benefits:				
Beginning of Year	$	170,497,673	$	172,106,054
End of Year	$	172,106,054	$	168,015,020
Approximate Return		2.73%		-0.66%
Administrative Expenses as a Percentage of Mean Assets		0.11%		0.17%

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 June 30, 2016

Year	(a) Total Contributions	(b) Total Disbursements	(c) Expected Return	(d) Actual Return	(e) = (d) – (c) Additional Earnings	(f) Not Recognized	(g) = (e) x (f) Unrecognized Earnings
2011-2012	7,884,551	(11,755,523)	10,513,288	2,481,586	(8,031,702)	0%	0
2012-2013	8,706,914	(12,070,149)	10,425,285	18,575,841	8,150,556	20%	1,630,111
2013-2014	9,733,532	(13,281,708)	11,597,096	22,631,819	11,034,723	40%	4,413,889
2014-2015	10,347,302	(13,348,427)	12,928,279	4,609,506	(8,318,773)	60%	(4,991,264)
2015-2016	10,501,904	(13,471,521)	12,796,593	(1,121,417)	(13,918,010)	80%	(11,134,408)
1. Total Unrecognized Dollars							(10,081,672)
2. Market Value of Assets as of June 30, 2016							168,015,020
a) ATU Market Value							119,630,500
b) IBEW Market Value							48,384,520
3. Actuarial Value of Assets as of June 30, 2016 : [(2) - (1)]							178,096,692
a) ATU Actuarial Value : [(3) x (2a)/(2)]							126,808,879
b) IBEW Actuarial Value : [(3) x (2b)/(2)]							51,287,813
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							106.0%

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	**$ 172,106,054**	**$ 170,486,356**
Employer Contributions	10,447,190	10,447,190
Employee Contributions	54,714	54,714
Benefit Payments and Expenses	(13,471,521)	(13,471,521)
Expected Investment Earnings (7.50%)	12,796,593	12,675,116
Expected Value June 30, 2016	**$ 181,933,030**	**$ 180,191,855**
Investment Gain / (Loss)	(13,918,010)	(2,095,163)
July 1, 2016 value	**168,015,020**	**$ 178,096,692**
Return	-0.66%	6.26%

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
ATU Liabilities/Net (Surplus)/Unfunded

	July 1, 2015	July 1, 2016
Present Value of Future Benefits		
Active Participant Benefits	$ 105,890,868	$ 100,957,655
Retiree and Inactive Benefits	94,831,399	102,050,375
Present Value of Future Benefits (PVB)	**$ 200,722,267**	**$ 203,008,030**
Actuarial Liability		
Present Value of Future Benefits (PVB)	$ 200,722,267	$ 203,008,030
Present Value of Future Normal Costs (PVFNC)	34,752,467	35,923,433
Actuarial Liability (AL = PVB – PVFNC)	**$ 165,969,800**	**$ 167,084,597**
Actuarial Value of Assets (AVA)	124,902,172	126,808,879
Net (Surplus)/Unfunded (AL – AVA)	**$ 41,067,628**	**$ 40,275,718**

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
ATU Changes in Actuarial Liability

Actuarial Liability at July 1, 2015	$	165,969,800
Actuarial Liability at July 1, 2016	$	167,084,597
Liability Increase (Decrease)		1,114,797
Change due to:		
Actuarial Methods / Software Changes	$	0
Assumption Change		0
Plan Change		77,494
Reallocation of Transfer Liability		(2,713,007)
Accrual of Benefits		4,382,650
Actual Benefit Payments		(9,558,465)
Interest		12,250,671
Actuarial (Gain)/Loss		(3,324,546)

SECTION III – LIABILITIES

Table III-3
ATU Development of Actuarial Gain / (Loss)

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	41,067,628
2. Employer Normal Cost at Middle of Year		4,382,650
3. Interest on 1. and 2. to End of Year		3,241,450
4. Contributions and Administrative Expenses in Prior Year		7,432,805
5. Interest on 4. to End of Year		278,730
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		77,494
9. Change in Unfunded Actuarial Liability Due to Transfer Reallocation		604,762
10. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8. + 9.]	$	41,662,449
11. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		40,275,718
12. Actuarial Gain / (Loss) [10. – 11.]	$	1,386,731

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 as a percentage of payroll and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

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. Normal cost contributions are assumed to be made throughout the year, or on average mid-year, with the dollar amount of the normal cost equal to the normal cost rate multiplied by the projected payroll. The Actuarial Liability is the portion of the present value of all future benefits for each member not expected to be covered by the future normal cost payments.

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.

ATU members hired on or after January 1, 2015 but before January 1, 2016 will contribute 3% of Compensation to the Plan until the first payroll after the first valuation determining that the Plan is at least 100% funded, at which time member contributions will cease following the adoption by the Retirement Board.

Members hired on or after January 1, 2016 will contribute half of the PEPRA 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 July 1, 2016 valuation, the initial contribution rate for PEPRA members is 6.50% of payroll (1/2 of 13.21%, rounded to the nearest quarter); Table IV-3 contains the details of this calculation.

The tables on the following pages present the employer contributions for the Plan for the current and prior valuations. Tables IV-1 and IV-2 also present the current employer contribution before and after the phase in of the assumption changes adopted by the Board.

SECTION IV – CONTRIBUTIONS

Table IV-I
ATU Development of Employer Contribution Amount

Valuation Date	July 1, 2015	July 1, 2016
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	$ 284,482	$ 287,968
b. Retirement	3,314,466	3,370,240
c. Disability	655,022	681,199
d. Death	141,671	139,185
e. Refunds	1,312	13,572
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	$ 4,396,953	$ 4,492,164
2. Entry Age Actuarial Liability		
Active Members		
a. Termination	$ 1,149,053	$ 832,333
b. Retirement	60,643,956	55,278,930
c. Disability	7,356,266	7,199,801
d. Death	1,989,125	1,721,440
e. Refunds	-	1,717
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	$ 71,138,401	$ 65,034,221
Inactive Members		
g. Termination	$ 2,624,846	$ 2,205,564
h. Retirement	74,179,026	76,866,637
i. Disability	12,544,415	12,339,980
j. Death	5,483,113	5,592,573
k. Transfer†	-	5,045,619
l. Total Inactive Liability: (g) + (h) + (i)+ (j) + (k)	$ 94,831,400	$ 102,050,373
m. Total Entry Age Actuarial Liability: (2f) + (2l)	$ 165,969,801	$ 167,084,594
3. Actuarial Value of Assets	$ 124,902,172	$ 126,808,879
4. Unfunded Actuarial Liability: (2m) - (3)	$ 41,067,629	$ 40,275,715
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (17/16 Years Remaining)	$ 3,415,176	$ 3,494,034
6. Expected Administrative Expenses	$ 287,203	$ 294,384
7. Expected Member Contributions	$ (14,303)	$ (174,551)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	$ 8,085,029	$ 8,106,031
9. Covered Payroll (Normal Cost)	$ 27,062,921	$ 28,438,349
10. Covered Payroll (UAL Amort and Expenses)	28,435,293	30,037,232
11. Employer Contribution as a Percent of Covered Payroll: [(1) + (7)] / (9) + [(5) + (6)] / (10)	29.22%	27.80%
12. Employer Phased-in Contribution as a Percent of Covered Payroll	27.69%	27.04% *

†Current non-ATU active members with prior ATU service; previously allocated in active liability.

* The District will begin paying this percentage of payroll July 1, 2017.

SECTION IV – CONTRIBUTIONS

Table IV-2
Allocation of Liabilities, Assets, and Cost amoung Groups

	ATU	IBEW	Total
Actuarial Liability			
Active	65,034,221	27,914,888	92,949,109
Inactive	102,050,373	40,838,535	142,888,908
Total Actuarial Liability	167,084,594	68,753,423	235,838,017
Allocation of Market Value of Assets	119,630,500	48,384,520	168,015,020
Allocation of Actuarial Value of Assets	126,808,879	51,287,813	178,096,692
Unfunded Actuarial Liability (UAL) (AVA Basis)	40,275,715	17,465,610	57,741,325
UAL Amortization (Middle of Year)	3,494,034	1,515,192	5,009,226
Normal Cost (Middle of Year)	4,492,164	1,523,630	6,015,794
Expected Member Contributions	(174,551)	(33,103)	(207,654)
Administrative Expense	294,384	120,876	415,260
Total Contribution Payable Monthly	8,106,031	3,126,596	11,232,626
Covered Payroll (Normal Cost)	28,438,349	11,696,166	40,134,515
Covered Payroll (UAL Amort and Admin)	30,037,232	12,333,541	42,370,773
Total Contribution as a Percentage of Payroll (before phase-in)	27.80%	26.02%	27.27%
Total Contribution as a Percentage of Payroll (after phase-in)	27.04%	25.31%	26.53%

Assets have been allocated to the groups based on the following methodology:

- Actuarial liabilities measured using valuation methods and assumptions.
- If assets exceed inactive liability in total, assets allocated to inactive participants in an amount equal to that liability for each group. If assets are less than inactive liability in total, assets allocated to each group as a pro-rata portion of the total inactive liability.

After allocation to inactive groups, any remaining assets are allocated as a pro-rata portion of the active Actuarial Liability.

SECTION IV – CONTRIBUTIONS

Table IV-3
ATU PEPRA Summary

	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 4,211,709	$ 280,455	$ 4,492,164
2. Covered Payroll (Normal Cost)	$ 26,315,896	$ 2,122,453	$ 28,438,349
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.00%	13.21%	15.80%
4. Expected Employee Contributions as a Percent of Covered Payroll	(0.14%)	(6.50%)	(0.61%)
5. Entry Age Actuarial Liability	$ 167,084,594	$ -	$ 167,084,594
6. Actuarial Value of Assets			$ 126,808,879
7. Unfunded Actuarial Liability: (5) - (6)			$ 40,275,715
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (16 Years Remaining)	$ 3,233,968	$ 260,066	$ 3,494,034
9. Expected Administrative Expenses	$ 272,469	$ 21,914	$ 294,384
10. Expected Employee Contributions	$ (36,591)	$ (137,960)	$ (174,551)
11. Total Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	$ 7,681,555	$ 424,476	$ 8,106,031
12. Covered Payroll (UAL Amort and Expenses)	$ 27,801,067	$ 2,236,165	$ 30,037,232
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	28.47%	19.32%	27.80%
14. Total Phased-in Contribution as a Percent of Covered Payroll	27.69%	18.79%	27.04% *

* The District will begin paying this percentage of payroll July 1, 2017.

APPENDIX A - MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2016.

Summary of ATU Participant Data as of

Active Participants	July 1, 2015	July 1, 2016
Number	501	537
Number Vested	293	299
Average Age	50.5	49.6
Average Service	10.8	10.0
Average Pay	$53,630	$52,889
Retired		
Number	302	319
Average Age	68.7	69.1
Average Annual Benefit	$26,443	$26,167
Beneficiaries		
Number	56	60
Average Age	70.5	71.3
Average Annual Benefit	$13,300	$12,939
Disabled		
Number	81	77
Average Age	65.6	66.0
Average Annual Benefit	$17,951	$18,816
Term Vested		
Number	28	25
Average Age	51.1	49.1
Average Annual Benefit	$11,624	$12,111
Transferred		
Number	59	58
Average Age	51.4	52.1
Average Annual Benefit	$11,332	$11,911

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator on electronic media.

APPENDIX A - MEMBERSHIP INFORMATION

Changes in Plan Membership: ATU	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	501	59	28	81	302	50	1,021
New Entrants	92	0	0	0	0	0	92
Rehires	2	0	0	0	0	0	2
Disabilities	(1)	0	0	1	0	0	0
Retirements	(22)	0	(6)	0	28	0	0
Vested Terminations	(4)	0	4	0	0	0	0
Died, With Beneficiaries' Benefit Payable,	(1)	0	0	(1)	(3)	5	0
Transfers	(2)	(1)	0	0	0	0	(3)
Died, Without Beneficiary, and Other	(4)	0	0	(4)	(8)	0	(16)
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	(24)	0	0	0	0	0	(24)
Data Corrections	0	0	(1)	0	0	0	(1)
July 1, 2016	**537**	**58**	**25**	**77**	**319**	**54**	**1,070**

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

APPENDIX A - MEMBERSHIP INFORMATION

Age / Service Distribution Of ATU Active Participants
As of July 1, 2016

	Service												
Age	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	Total
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	2	0	0	0	0	0	0	0	0	0	0	0	2
25 to 29	14	2	5	4	0	0	0	0	0	0	0	0	25
30 to 34	14	3	6	7	2	6	3	0	0	0	0	0	41
35 to 39	7	4	5	9	2	1	15	0	0	0	0	0	43
40 to 44	13	5	7	5	4	4	18	6	0	0	0	0	62
45 to 49	9	0	4	3	3	6	32	13	1	3	0	0	74
50 to 54	9	2	6	3	3	4	41	24	6	1	1	0	100
55 to 59	8	3	5	8	2	5	44	12	2	5	1	0	95
60 to 64	2	3	1	4	1	4	22	7	8	8	1	1	62
65 to 69	1	0	1	3	0	2	10	2	2	3	2	1	27
70 & up	0	0	0	0	0	2	1	2	0	1	0	0	6
Total	79	22	40	46	17	34	186	66	19	21	5	2	537

Average Age = 49.6   Average Service = 10.0

APPENDIX A - MEMBERSHIP INFORMATION

Payroll Distribution Of ATU Active Participants
As of July 1, 2016

	Service												
Age	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	Total
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	34,484	0	0	0	0	0	0	0	0	0	0	0	34,484
25 to 29	34,262	41,007	43,115	43,155	0	0	0	0	0	0	0	0	37,995
30 to 34	33,734	38,123	39,065	42,538	49,928	53,354	53,504	0	0	0	0	0	41,446
35 to 39	32,285	42,470	38,625	39,241	42,465	57,873	58,716	0	0	0	0	0	45,714
40 to 44	33,076	35,023	42,791	40,538	46,828	58,299	58,585	60,117	0	0	0	0	47,469
45 to 49	33,990	0	41,470	43,026	46,077	53,057	56,687	66,436	61,822	66,298	0	0	53,997
50 to 54	33,974	41,765	39,705	44,516	50,938	64,959	57,972	64,291	70,429	63,886	69,857	0	56,499
55 to 59	33,753	39,783	37,884	41,808	47,012	57,596	62,636	67,582	57,427	73,175	41,742	0	56,681
60 to 64	29,957	37,326	40,463	40,519	53,057	49,099	65,600	71,940	64,354	71,031	72,281	64,037	61,130
65 to 69	34,422	0	43,888	44,868	0	61,591	59,932	63,835	72,156	51,163	84,158	82,504	59,693
70 & up	0	0	0	0	0	49,125	56,034	62,588	0	62,833	0	0	57,049
Total	33,581	38,920	40,513	41,739	47,660	55,741	59,899	65,678	66,231	67,297	70,439	73,270	52,889

Average Salary = $ 52,889

APPENDIX A - MEMBERSHIP INFORMATION

Service Retired Participants and Beneficiaries

Age	Number	Average Monthly Benefit
35-39	1	$586
40-44	0	$0
45-49	1	$404
50-54	3	$2,629
55-59	29	$1,823
60-64	73	$2,305
65-69	110	$2,271
70-74	74	$2,043
75-79	42	$1,963
80-84	27	$1,433
85-89	10	$2,096
90-94	3	$899
95+	0	$0
Total	373	$2,080

Disabled Participants

Age	Number	Average Monthly Benefit
30-34	0	$0
35-39	0	$0
40-44	0	$0
45-49	2	$1,000
50-54	6	$1,217
55-59	13	$1,649
60-64	16	$1,884
65-69	16	$1,712
70-74	15	$1,573
75-79	4	$881
80-84	1	$1,600
85-89	2	$1,266
90+	2	$599
All Ages	77	$1,568

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	$0
30-34	1	$632
35-39	2	$790
40-44	4	$990
45-49	8	$1,217
50-54	6	$1,307
55-59	1	$298
60-64	2	$425
65-69	1	$333
70-74	0	$0
75-79	0	$0
80-84	0	$0
85-89	0	$0
90+	0	$0
All Ages	25	$1,009

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	$0
30-34	0	$0
35-39	7	$799
40-44	8	$661
45-49	13	$1,034
50-54	4	$929
55-59	12	$1,326
60-64	11	$1,061
65-69	3	$649
70-74	0	$0
75-79	0	$0
80-84	0	$0
85-89	0	$0
90+	0	$0
All Ages	58	$993

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 as a percentage of pay (and resulting Actuarial Liability) is determined as a single result for each individual: with the Normal Cost as a percentage of pay 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.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. **Plan Expenses**

   Administrative expenses are assumed to be $294,384 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.

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 ATU Participants, we assume that pay increases due to longevity and promotion will be 6.0% per year for the first 10 years of service and 0.5% per year thereafter.

   In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 3.15% for the current valuation.

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 Pay Load**

   A load of 5.0% is applied to the retirement benefits to account for conversions of unused sick leave and other terminal pay increases.

7. **Employment Status**

   No Plan Participants are assumed to transfer between the ATU/IBEW Plan and the Salaried Plan.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

8. Rates of Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant's years of service. Representative rates are shown in the following table:

Rates of Termination*	
Years of Service	ATU Rates
< 1	9.00%
1-3	5.00%
4	3.00%
5-9	3.00%
10-14	2.50%
15-19	2.50%
20-24	0.50%
25+	0.00%

* No terminations are assumed to occur after eligibility for retirement.

9. Rates of Disability

Rates of disability are based on the age and sex of the Participant. Representative rates are as follows:

Rates of Disability		
Age	Male	Female
22	0.30%	0.00%
27	0.40%	0.30%
32	0.50%	0.39%
37	0.60%	0.56%
42	0.70%	0.86%
47	0.80%	1.34%
52	0.90%	2.35%
57	1.00%	4.09%
62	1.10%	5.75%

Rates are applied after the Participant becomes eligible to receive a disability benefit. Disabled Participants are assumed not to return to active service.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

10. 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 115% for males and 130% for females.

11. 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 120% for males.

12. Retired Member and Beneficiary Mortality

Rates of mortality for retired Participants and their beneficiaries are given by the Retired Pensioners (RP) 2014 Combined Healthy Blue Collar Male and Female Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 115% for males and 130% for females.

13. Rates of Retirement

Rates of service retirement among all participants eligible to retire are given by the following table:

Rates of Retirement			
ATU			
	Years of Service		
Age	10-24	25-29	30+
50-54	0.00%	9.60%	9.60%
55	7.20%	9.60%	9.60%
56-61	5.00%	9.60%	9.60%
62-64	20.00%	20.80%	20.80%
65	30.00%	30.00%	30.00%
66-69	25.00%	25.00%	25.00%
70+	100.00%	100.00%	100.00%

PEPRA members are assumed to begin retiring at age 52, with at least five years of service.

14. Changes Since Last Valuation

None

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. 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 last 48 months of compensation are used in the calculation.
Compensation:	A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.
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 April 1, 1979 and subsequent to hire. Service is measured in continuous fractions of a year.

B. Participation

Eligibility:	Any person employed by the District who is a member of ATU Local 256 is eligible to participate in the Plan. Any member joining the Plan for the first time on or after January 1, 2016 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.

C. Retirement Benefit

Eligibility:	Participants hired prior to January 1, 2016 are eligible for normal service retirement upon attaining age 55 and completing 10 or more years of service. In addition, members are eligible to retire upon reaching 25 years of service. PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect on February 28, 1993 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 retirements and terminations prior to March 1, 2004 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 retirements and terminations on and after March 1, 2004, the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.1%, if the member retires at age 56 or with 26 years of service,
- 2.2%, if the member retires at age 57 or with 27 years of service,
- 2.3%, if the member retires at age 58 or with 28 years of service,
- 2.4%, if the member retires at age 59 or with 29 years of service, and
- 2.5%, if the member retires at age 60 or later or with 30 years 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.

D. 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.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

10 years of service is required to qualify for disability. For PEPRA members, only five years of service is needed.

Benefit Amount: The benefit payable to a disabled Participant is equal to the Normal Retirement Benefit earned to the date of disability.

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.

E. Pre-Retirement Death Benefit

Eligibility: A Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit, if the Participant has completed 10 years of service with the District. A PEPRA Participant's surviving spouse or Domestic Partner 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 before his/her death. If the member is not eligible to retire on the day before his/her death, but is vested in his/her benefit, the benefit shall be calculated using a 1% multiplier for PEPRA members and 2% for all other members.

Form of Benefit: The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner. No optional form of benefit may be elected. No cost of living increases are payable.

F. Termination Benefit

Eligibility: Participants hired before January 1, 2016 are eligible for a termination benefit after earning 10 years of service.

PEPRA members are eligible for a termination benefit after earning 5 years of service.

Benefit Amount: The benefit payable to a vested terminated Participant is equal to the Normal Retirement Benefit, based on the provisions of the Plan in effect on the date the Participant terminated employment.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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 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.

G. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Salaried 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 Salaried Plan together, as if the plans were a single plan. For ATU members who transfer on or after August 30, 2011, the multiplier payable by the ATU Plan will be limited to the multiplier applicable at the date of transfer.

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.

H. Funding

ATU members hired on or after January 1, 2015 but before January 1, 2016 will contribute 3% of Compensation to the Plan until the first payroll after the first valuation determining that the Plan is at least 100% funded, at which time member contributions will cease following the adoption by the Retirement Board.

PEPRA members hired on or after January 1, 2016 will contribute half of the PEPRA 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 July 1, 2016 valuation, the initial

APPENDIX C – SUMMARY OF PLAN PROVISIONS

contribution rate for PEPRA members is 6.50% of payroll (1/2 of 13.21%, rounded to the nearest quarter).

The remaining cost of the Plan is paid by the District.

I. Changes in Plan Provisions

PEPRA provisions apply to members hired on or after January 1, 2016.

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.

Classic Values, Innovative Advice

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
31	03/22/17	Retirement	Action	03/09/17

Subject:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW). (Bonnel)

ISSUE

Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW).

RECOMMENDED ACTION

Adopt Resolution No. 17-03_____, Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018.

FISCAL IMPACT

Budgeted: FY18 Budget not yet approved
General Ledger #: 520002
Current FY 2017: $3,487,435
Estimate FY 2018:

DISCUSSION

Cheiron, the Pension Plans' actuary, has completed the annual Actuarial Valuation for the IBEW 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 study used to establish the ADC for Fiscal Year (FY) 2018. Based on actuarial valuation findings the proposed ADC for FY18 is ______%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Board accept Cheiron's Actuarial Valuation study and instruct the Sacramento Regional Transit District to contribute to the IBEW Employees' Retirement Plan

Approved:	Presented:
Final 03/14/17	
VP, Administration	Director, Human Resources

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
31	03/22/17	Retirement	Action	03/09/17

Subject:	Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW)

fund on a monthly basis the amount of _______% of the payroll for IBEW Employees, effective July 1, 2017.

Approved:

Final 03/14/17

VP, Administration

Presented:

Director, Human Resources

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 IBEW, Local Union 256 on this date:

March 22, 2017

ACCEPT ACTUARIAL VALUATION STUDY AND APPROVE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR IBEW 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 IBEW, LOCAL UNION 256 AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Actuarial Valuation Study for the IBEW Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

THAT, the Retirement Board hereby authorizes contributions to be made to the IBEW Employees' Retirement Plan fund on a monthly basis in the amount of _____% of the payroll for IBEW Employees, effective July 1, 2017.

____
Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: ________________________________
Donna Bonnel, Assistant Secretary

<u>Issue Paper #31</u>

Accept Actuarial Valuation Study and Approve the Actuarially Determined Contribution Rate for IBEW Employees' Retirement Plan for Fiscal Year 2018 (IBEW). (Bonnel)

Exhibit A will be provided under a separate cover.

CHEIRON

Classic Values, Innovative Advice

Retirement Plan for Sacramento Regional Transit District Employees IBEW Local 1245

Actuarial Valuation Report as of July 1, 2016

Produced by Cheiron

March 2017

TABLE OF CONTENTS

March 17, 2017

IBEW Retirement Board of
Sacramento Regional Transit District
2830 G Street
Sacramento, CA 95816

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (IBEW Plan) (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 Board 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 for the Retirement Board 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 of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

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

David Holland, FSA, FCA, EA, MAAA
Consulting Actuary

Graham A. Schmidt, ASA, FCA, EA, MAAA
Consulting Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (IBEW Plan) 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.

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.

In prior years, a combined valuation report was issued for the Retirement Plans for Sacramento Regional Transit District Employees ATU Local 256 and IBEW Local 1245. As per the Board's direction, beginning this year separate reports will be issued for the ATU and IBEW plans.

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 Board 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 a plan provision change to the basis for calculating actuarial equivalence for the Preretirement Death Benefit.

A summary of the assumptions and methods used in the current valuation is shown in Appendix B. There have been no changes in assumptions or methods since the prior valuation.

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 decreased from 25.63% of payroll last year to 25.31% of payroll for 2016, 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 26.02% of payroll.

- The Plan's funded ratio, the ratio of actuarial assets over actuarial liability, increased from 72.5% last year to 74.6% as of July 1, 2016. This increase was primarily due to contributions to the Plan exceeding the annual normal cost plus the interest on the unfunded liability.

  As a point of comparison, a funding ratio of 59.4% 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 $17,314,041 to $17,465,609 as of July 1, 2016. This increase in UAL was primarily due to the liability loss mentioned above and the rate of return on the Actuarial Value of Assets being less than expected.

- During the year ending June 30, 2016, the return on ATU/IBEW Plan assets was -0.66% on a market value basis net of all expenses, as compared to the 7.50% assumption. This resulted in a market value loss on investments of $13,918,010. 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 6.26% on the smoothed value of assets, an actuarial asset loss of $2,095,163, of which $157,349 is attributable to IBEW.

  The Actuarial Value of Assets is currently 106.0% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately $2.9 million for IBEW) that will be reflected in the smoothed value in future years.

  These returns were calculated on assets for both ATU and IBEW combined, in the future returns will be calculated separately for each individual plan.

- The Plan experienced a liability loss of $739,723, due primarily to greater than anticipated salary increases as well as longevity of inactive members. Combining the liability and asset losses, the Plan experienced a total loss of $897,071.

SECTION I – EXECUTIVE SUMMARY

- The liabilities also increased based on a change in the methodology used to assign liabilities between ATU and IBEW for active Salaried plan members with prior ATU and/or IBEW service, but this was accompanied by a transfer in assets approved by ATU and IBEW, which offsets the impact on the unfunded liability.

- The Plan experienced a decrease in the liabilities of $65,241 due to administrative plan changes modifying the actuarial equivalence calculation of the Pre-Retirement Death benefit.

- There were 32 new hires and rehires since July 1, 2015 and the total active population increased. Total projected payroll increased 7.97% from $11,423,082 for 2015-2016 to $12,333,541 for 2016-2017.

Table I-1 summarizes all 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 valuation (except for the change in administrative expenses, which was fully recognized in the prior valuation).

Table I-1
IBEW Summary of Principal Plan Results

Valuation Date	July 1, 2015	July 1, 2016	% Change
Participant Counts			
Active Participants	191	206	7.85%
Participants Receiving a Benefit	139	145	4.32%
Terminated Vested Participants	21	19	-9.52%
Transferred Participants	37	37	0.00%
Total	**388**	**407**	**4.90%**
Annual Pay of Active Members	$ 11,423,082	$ 12,333,541	7.97%
Assets and Liabilities			
Actuarial Liability (AL)	$ 62,898,225	$ 68,753,422	9.31%
Actuarial Value of Assets (AVA)	45,584,184	51,287,813	12.51%
Unfunded Actuarial Liability (UAL)	$ 17,314,041	$ 17,465,609	0.88%
Funded Ratio (AVA)	72.5%	74.6%	2.93%
Market Value of Assets (MVA)	$ 46,064,532	$ 48,384,520	5.04%
Funded Ratio (MVA)	73.2%	70.4%	-3.91%
Inactive Funded Ratio	52.3%	59.4%	13.54%
Contributions			
Total Contribution (Beginning of Year)	$ 2,903,316	$ 3,015,555	3.87%
Total Contribution Payable Monthly	$ 3,010,222	$ 3,126,594	3.87%
Total Contribution as a Percentage of Payroll (before phase-in)	27.03%	26.02%	-3.74%
Total Contribution as a Percentage of Payroll (after phase-in)	25.63%	25.31%	-1.24%

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 2015 assumption changes over three years.

Table I-2
IBEW Employer Contribution Reconciliation

Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2017 Total Employer Contribution Rate	27.03%	13.42%	12.60%	1.01%
Change due to asset loss	0.12%	0.00%	0.12%	0.00%
Change due to demographic changes	-0.02%	-0.69%	0.65%	0.02%
Change due to amortization payroll	-0.62%	0.00%	-0.57%	-0.05%
Change due to contribution shortfall	0.12%	0.00%	0.12%	0.00%
Change due to liability/asset reallocation	-0.59%	0.00%	-0.59%	0.00%
Change due to plan changes	-0.02%	0.02%	-0.04%	0.00%
FYE 2018 Net Employer Contribution Rate	26.02%	12.75%	12.29%	0.98%

An analysis of the cost changes from the prior valuation reveals the following:

- Asset experience produced an investment loss on an actuarial basis.

  The assets of the Union Plans returned -0.66% (net of investment expenses) on a market basis, lower than the assumed rate of 7.50%. The actuarial return on assets was 6.26%, lower than the assumed rate of 7.50%. This resulted in an increase in the contribution rate by 0.12% of payroll.

  The Market Value of Assets is now lower than the actuarial value; there are approximately $2.9 million in deferred asset losses for the IBEW plan.

- Demographic experience resulted in a loss in liabilities, but little impact on the contribution rate.

  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 0.67% 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.

  In addition, the employer portion of the normal cost for the members hired on or after January 1, 2015 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 0.69% of payroll.

SECTION I – EXECUTIVE SUMMARY

The net impact on the contribution rate from changes in demographics was a decrease of 0.02% of payroll.

- Overall payroll growth was greater than expected.

  Greater than expected growth in the projected payroll decreased the contribution rate by 0.62% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions fell short of expectations.

  Actual contributions were less than expected employer and member contributions, which resulted in an increase in the contribution rate by 0.12%.

- The reallocation of the actual liability and asset split for transferred members with prior ATU and/or IBEW service decreased the contribution rate by 0.59%.

- Administrative procedures were changed resulting in a slight decrease in cost.

  Updates to the administration and calculation of the active death benefit resulted in a small decrease in the liabilities and a small reduction of 0.02% of cost.

The Total impact on employer Plan cost is a decrease of 1.01%, prior to the phase-in.

Table I-3 summarizes the impact on Plan cost incorporating of phasing in the 2015 assumption changes over three years.

Table I-3
Employer Contribution Reconciliation - Projected Phase In (IBEW)

Item	Full Contribution	Phased Contribution	Interest	Total
FYE 2018 Total Employer Contribution Rate	26.02%	25.25%	0.06%	25.31%
FYE 2019 Total Employer Contribution Rate	25.45%	25.45%	0.00%	25.45%
FYE 2020 Total Employer Contribution Rate	25.57%	25.64%	0.00%	25.64%

The net impact on the FYE 2017 contribution rate due to assumption changes adopted by the Board, excluding the expense assumption was an increase of 2.41% for ATU and IBEW combined. The Board chose to phase in this increase over three years, or approximately 0.80% annually, or 0.82% for ATU and 0.77% for IBEW. For IBEW, this results in a FYE 2018 Net Employer Contribution Rate of 25.31%, based on an original rate of 26.02% minus 0.77% phase-in for IBEW costs, and then adjusted for interest on the contribution shortfall of 0.06% of pay.

SECTION I – EXECUTIVE SUMMARY

Table I-4 shows the ratio of assets to active member payroll for the Plan.

Table I-4
IBEW Asset to Payroll Ratio as of June 30, 2016

Active Member Payroll	12,333,541
Assets (Market Value)	48,384,520
Ratio of Assets to Payroll	3.92
Ratio with 100% Funding	5.57

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 nearly four 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 an 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 (392%), that means the loss in assets is about 69% of active payroll (392% 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 in the vicinity of 6.0% of payroll, amortized over 16 years.

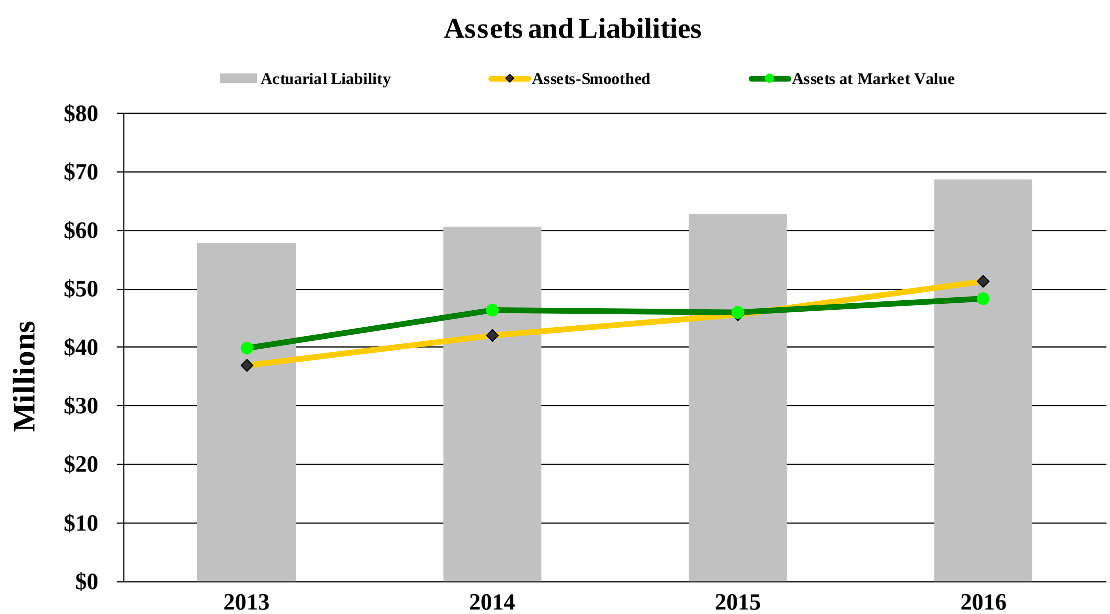
Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of asset to payroll at 100% funding (557%), the asset loss would be about 100% of active payroll (557% of the 17.50% loss). In this example, the shortfall could require an additional amortization payment of approximately 8.5% of payroll, amortized over 16 years.

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.

<u>Assets and Liabilities</u>

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 is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio has increased from 63.9% in 2013 to 74.6% in 2016, primarily as a result of the recovery in the investment markets and contributions made to the plan. Prior to 2013, the valuation reports did not report a separate funded ratio or unfunded liability for the ATU/IBEW plans.

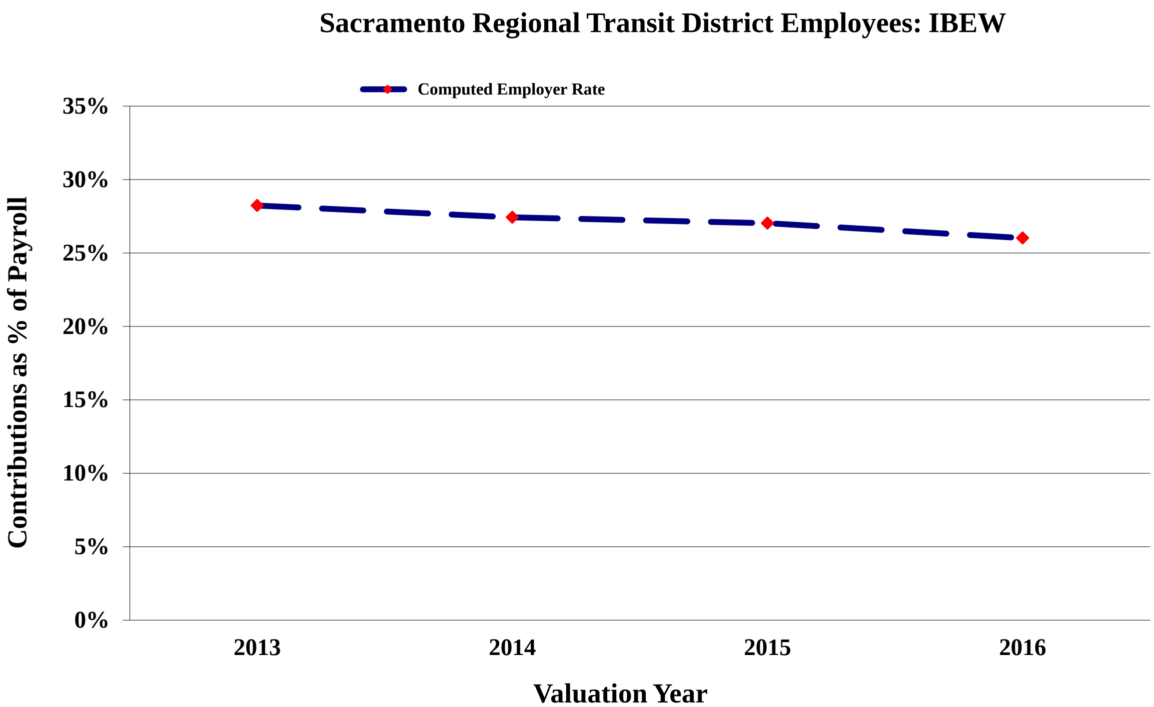


Valuation Year	2013	2014	2015	2016
AVA Funded Ratio	63.9%	69.3%	72.5%	74.6%
UAL (Millions)	$ 20.9	$ 18.6	$ 17.3	$ 17.5

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 have declined slightly over the past few years, as investment gains have been partially offset by subsequent losses and changes to the assumptions. Contribution rates fell this year as members hired on or after January 1, 2015 continue to make contributions and receive lower benefits. Prior to 2013, the valuation reports did not include a separate contribution rate for the ATU/IBEW plans.



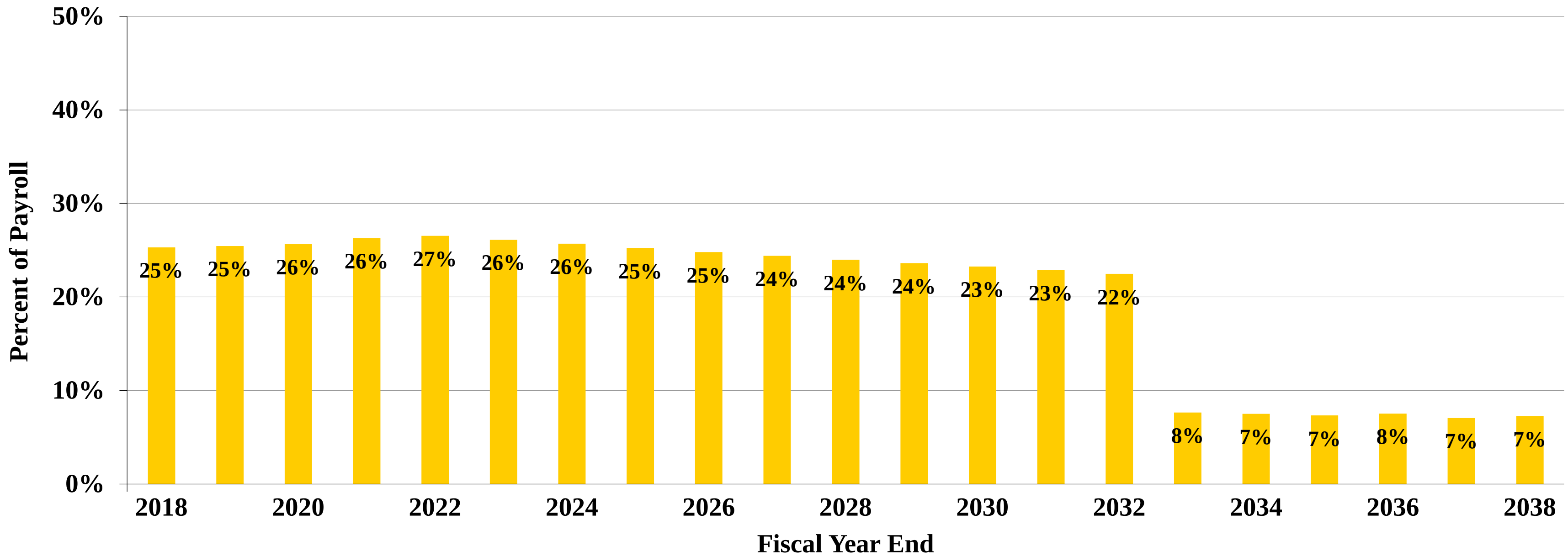
Gains and Losses

Future valuation reports will include a historical analysis of the experience gains and losses applicable to the IBEW Plan, but as the current valuation is the first to break down the asset and liability gains and losses between the ATU and IBEW members, that analysis is not included in this report. See Table II-4 and III-2 for a discussion of the asset and liability changes for the current year.

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.

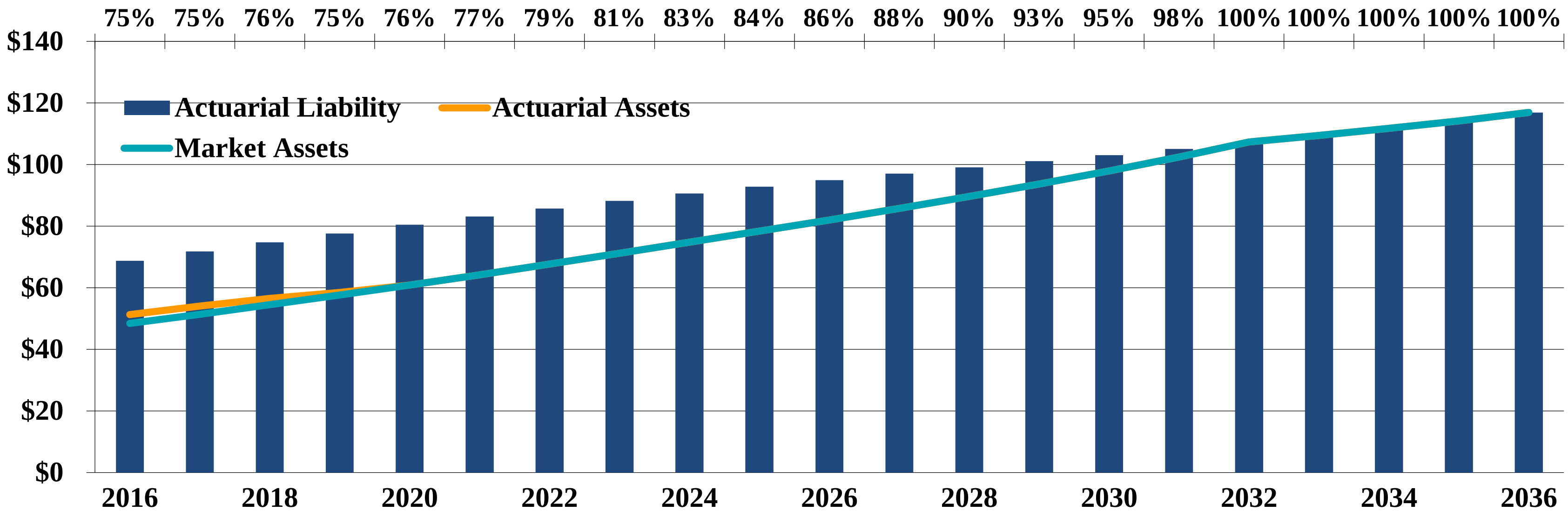
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost will be approximately $3.2 million in 2017-2018, growing as pay increases to around $4.4 million in 2032-2033, then dropping significantly the following years as the unfunded liability amortization payment disappears, at which point the cost will be equal to the employer's share of the normal cost and administrative expenses.

Note that the graph on the previous 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 30% 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.

Projection of Assets and Liabilities, 7.50% return each year



The graph shows that the funded status is expected to 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.

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**

SECTION II – 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.

ATU vs. IBEW Asset Split

Historical financial statements provided asset information based on a single combined trust for ATU and IBEW. This is the first year separate reports are being issued to ATU and IBEW. The financial information shown in Section II is based on the combined trust of ATU and IBEW having been allocated to the separate groups based on the following methodology:

- Actuarial liabilities measured using valuation methods and assumptions.
- If assets exceed inactive liability in total, assets allocated to inactive participants in an amount equal to that liability for each group. If assets are less than inactive liability in total, assets allocated to each group as a pro-rata portion of the total inactive liability.
- After allocation to inactive groups, any remaining assets are allocated as a pro-rata portion of the active actuarial liability.

Prior to the commencement of the 2016 valuation reports, a preliminary split of the ATU and IBEW assets was performed using this methodology and based on the results of the 2015 actuarial valuation. The split in the assets as of June 30, 2016 has since been updated to reflect the results of the current actuarial valuation, which has resulted in a higher proportion of the assets being allocated to IBEW, as a result of the reallocation of the liabilities for Salaried plan members with prior ATU and/or IBEW service, as described earlier in this report.

An asset transfer between the plans will be made at the end of FY2016-17 to true up the asset balances to reflect the allocation presented in this report. In future years, the asset schedules shown in the valuation report will only include the information for each individual plan.

SECTION II – ASSETS

Table II-1 discloses and compares each component 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	$	2,888,256	$	4,559,094
Equity Securities		110,296,011		104,654,815
Fixed Income Securities		67,050,762		65,711,732
Total Investments		180,235,029		174,925,641
Receivables:				
Securities Sold	$	447,809	$	2,571,938
Interest and Dividends		166,280		272,803
Other Receivable		58,825		28,758
Total Receivables		672,914		2,873,499
Payables				
Accounts Payable	$	(410,569)	$	(747,062)
Benefits Payable		0		0
Other Payable		(8,391,320)		(9,037,058)
Total Payables		(8,801,889)		(9,784,120)
Market Value of Assets	**$**	**172,106,054**	**$**	**168,015,020**
ATU Market Value of Assets*	**$**	**126,041,522**	**$**	**119,630,500**
IBEW Market Value of Assets*	**$**	**46,064,532**	**$**	**48,384,520**

* *For June 30, 2015, the liability associated with this Plan for transferred members of the Salaried plan was allocated based on the share of the total active liability held by the current members of each group (ATU and IBEW). For June 30, 2016, the actual liability split for these members is calculated for each respective plan.*

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

		2015		2016
Contributions				
Employer's Contribution	$	10,343,620	$	10,447,190
Members' Contributions		3,682		54,714
Total Contributions		10,347,302		10,501,904
Investment Income				
Interest & Dividends	$	2,208,131	$	2,537,731
Realized & Unrealized Gain/(Loss)		3,147,172		(2,920,947)
Other Investment Income		0		0
Investment Expenses		(745,797)		(738,201)
Total Investment Income		4,609,506		(1,121,417)
Disbursments				
Benefit Payments	$	(13,157,985)	$	(13,180,874)
Expenses		(190,442)		(290,647)
Transfer from (to) Salaried Plan		0		0
Adjustment to prior year expense		0		0
Total Disbursments		(13,348,427)		(13,471,521)
Net increase (Decrease)	$	1,608,381	$	(4,091,034)
Net Assets Held in Trust for Benefits:				
Beginning of Year	$	170,497,673	$	172,106,054
End of Year	$	172,106,054	$	168,015,020
Approximate Return		2.73%		-0.66%
Administrative Expenses as a Percentage of Mean Assets		0.11%		0.17%

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 June 30, 2016

Year	(a) Total Contributions	(b) Total Disbursements	(c) Expected Return	(d) Actual Return	(e) = (d) – (c) Additional Earnings	(f) Not Recognized	(g) = (e) x (f) Unrecognized Earnings
2011-2012	7,884,551	(11,755,523)	10,513,288	2,481,586	(8,031,702)	0%	0
2012-2013	8,706,914	(12,070,149)	10,425,285	18,575,841	8,150,556	20%	1,630,111
2013-2014	9,733,532	(13,281,708)	11,597,096	22,631,819	11,034,723	40%	4,413,889
2014-2015	10,347,302	(13,348,427)	12,928,279	4,609,506	(8,318,773)	60%	(4,991,264)
2015-2016	10,501,904	(13,471,521)	12,796,593	(1,121,417)	(13,918,010)	80%	(11,134,408)
1. Total Unrecognized Dollars							(10,081,672)
2. Market Value of Assets as of June 30, 2016							168,015,020
a) ATU Market Value							119,630,500
b) IBEW Market Value							48,384,520
3. Actuarial Value of Assets as of June 30, 2016 : [(2) - (1)]							178,096,692
a) ATU Actuarial Value : [(3) x (2a)/(2)]							126,808,879
b) IBEW Actuarial Value : [(3) x (2b)/(2)]							51,287,813
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							106.0%

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	$	**172,106,054**	$	**170,486,356**
Employer Contributions		10,447,190		10,447,190
Employee Contributions		54,714		54,714
Benefit Payments and Expenses		(13,471,521)		(13,471,521)
Expected Investment Earnings (7.50%)		12,796,593		12,675,116
Expected Value June 30, 2016	$	**181,933,030**	$	**180,191,855**
Investment Gain / (Loss)		(13,918,010)		(2,095,163)
July 1, 2016 value		**168,015,020**	$	**178,096,692**
Return		-0.66%		6.26%

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 below discloses each of these liabilities for the current and prior valuations.

Table III-1
IBEW Liabilities/Net (Surplus)/Unfunded

	July 1, 2015	July 1, 2016
Present Value of Future Benefits		
Active Participant Benefits	$ 40,967,495	$ 39,390,133
Retiree and Inactive Benefits	32,906,399	40,838,535
Present Value of Future Benefits (PVB)	**$ 73,873,894**	**$ 80,228,668**
Actuarial Liability		
Present Value of Future Benefits (PVB)	$ 73,873,894	$ 80,228,668
Present Value of Future Normal Costs (PVFNC)	10,975,669	11,475,246
Actuarial Liability (AL = PVB – PVFNC)	**$ 62,898,225**	**$ 68,753,422**
Actuarial Value of Assets (AVA)	45,584,184	51,287,813
Net (Surplus)/Unfunded (AL – AVA)	**$ 17,314,041**	**$ 17,465,609**

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
IBEW Changes in Actuarial Liability

Actuarial Liability at July 1, 2015	$	62,898,225
Actuarial Liability at July 1, 2016	$	68,753,422
Liability Increase (Decrease)		5,855,197
Change due to:		
Actuarial Methods / Software Changes	$	0
Assumption Change		0
Plan Change		(65,241)
Reallocation of Transfer Liability		2,713,007
Accrual of Benefits		1,455,014
Actual Benefit Payments		(3,622,409)
Interest		4,635,103
Actuarial (Gain)/Loss		739,723

SECTION III – LIABILITIES

Table III-3
IBEW Development of Actuarial Gain / (Loss)

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	17,314,041
2. Employer Normal Cost at Middle of Year		1,455,014
3. Interest on 1. and 2. to End of Year		1,352,130
4. Contributions, Admin Expenses and Transfers in Prior Year		2,778,452
5. Interest on 4. to End of Year		104,192
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		(65,241)
9. Change in Unfunded Actuarial Liability Due to Transfer Reallocation		(604,762)
10. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8. + 9.]	$	16,568,538
11. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		17,465,609
12. Actuarial Gain / (Loss) [10. – 11.]	$	(897,071)

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 as a percentage of pay and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

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. Normal cost contributions are assumed to be made throughout the year, or on average mid-year, with the dollar amount of the normal cost equal to the normal cost rate multiplied by the projected payroll. The actuarial liability is the portion of the present value of all future benefits for each member not expected to be covered by the future normal cost payments.

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.

IBEW members hired on or after January 1, 2015 will contribute between 1.5% and 4.5% of Compensation to the Plan through April 1, 2018 and then will contribute half of the PEPRA 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 July 1, 2016 valuation, the initial contribution rate for PEPRA members is 5.25% of payroll (1/2 of 10.47%, rounded to the nearest quarter). Table IV-3 contains the details of this calculation.

The tables on the following pages present the employer contributions for the Plan for the current and prior valuations. Tables IV-1 and IV-2 also present the current employer contribution before and after the phase in of the assumption changes adopted by the Board.

SECTION IV – CONTRIBUTIONS

Table IV-I
IBEW Development of Employer Contribution Amount

Valuation Date	July 1, 2015	July 1, 2016
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	$ 157,385	$ 158,630
b. Retirement	1,112,939	1,153,723
c. Disability	125,782	136,073
d. Death	71,841	72,076
e. Refunds	1,363	3,128
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	$ 1,469,310	$ 1,523,630
2. Entry Age Actuarial Liability		
Active Members		
a. Termination	$ (364,712)	$ (253,663)
b. Retirement	27,440,682	25,368,554
c. Disability	1,785,899	1,803,587
d. Death	1,129,958	995,822
e. Refunds	-	588
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	$ 29,991,826	$ 27,914,888
Inactive Members		
g. Termination	$ 1,218,079	$ 1,017,145
h. Retirement	28,213,347	30,523,564
i. Disability	2,117,400	2,022,592
j. Death	1,357,573	1,231,962
k. Transfer†	-	6,043,272
l. Total Inactive Liability: (g) + (h) + (i)+ (j) + (k)	$ 32,906,399	$ 40,838,535
m. Total Entry Age Actuarial Liability: (2f) + (2l)	$ 62,898,225	$ 68,753,423
3. Actuarial Value of Assets	$ 45,584,184	$ 51,287,813
4. Unfunded Actuarial Liability: (2m) - (3)	$ 17,314,041	$ 17,465,610
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (17/16 Years Remaining)	$ 1,439,832	$ 1,515,192
6. Expected Administrative Expenses	$ 115,376	$ 120,876
7. Expected Member Contributions	$ (14,297)	$ (33,103)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	$ 3,010,221	$ 3,126,595
9. Covered Payroll (Normal Cost)	$ 10,840,277	$ 11,696,166
10. Covered Payroll (UAL Amort and Expenses)	11,423,082	12,333,541
11. Employer Contribution as a Percent of Covered Payroll: [(1) + (7)] / (9) + [(5) + (6)] / (10)	27.03%	26.02%
12. Employer Phased-in Contribution as a Percent of Covered Payroll	25.63%	25.31% *

†Current non-IBEW active members with prior IBEW service; previously allocated in active liability.

* The District will begin paying this percentage of payroll July 1, 2017.

SECTION IV – CONTRIBUTIONS

Table IV-2
Allocation of Liabilities, Assets, and Cost amoung Groups

	ATU	IBEW	Total
Actuarial Liability			
Active	65,034,221	27,914,888	92,949,109
Inactive	102,050,373	40,838,535	142,888,908
Total Actuarial Liability	167,084,594	68,753,423	235,838,017
Allocation of Market Value of Assets	119,630,500	48,384,520	168,015,020
Allocation of Actuarial Value of Assets	126,808,879	51,287,813	178,096,692
Unfunded Actuarial Liability (UAL) (AVA Basis)	40,275,715	17,465,610	57,741,325
UAL Amortization (Middle of Year)	3,494,034	1,515,192	5,009,226
Normal Cost (Middle of Year)	4,492,164	1,523,630	6,015,794
Expected Member Contributions	(174,551)	(33,103)	(207,654)
Administrative Expense	294,384	120,876	415,260
Total Contribution Payable Monthly	8,106,031	3,126,596	11,232,626
Covered Payroll (Normal Cost)	28,438,349	11,696,166	40,134,515
Covered Payroll (UAL Amort and Admin)	30,037,232	12,333,541	42,370,773
Total Contribution as a Percentage of Payroll (before phase-in)	27.80%	26.02%	27.27%
Total Contribution as a Percentage of Payroll (after phase-in)	27.04%	25.31%	26.53%

Assets have been allocated to the groups based on the following methodology:

- Actuarial liabilities measured using valuation methods and assumptions.
- If assets exceed inactive liability in total, assets allocated to inactive participants in an amount equal to that liability for each group. If assets are less than inactive liability in total, assets allocated to each group as a pro-rata portion of the total inactive liability.

After allocation to inactive groups, any remaining assets are allocated as a pro-rata portion of the active actuarial liability.

SECTION IV – CONTRIBUTIONS

Table IV-3
IBEW PEPRA Summary

	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 1,364,590	$ 159,040	$ 1,523,630
2. Covered Payroll (Normal Cost)	$ 10,177,627	$ 1,518,539	$ 11,696,166
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	13.41%	10.47%	13.03%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	5.25%	(0.28%)
5. Entry Age Actuarial Liability	$ 68,681,544	$ 71,879	$ 68,753,423
6. Actuarial Value of Assets			$ 51,287,813
7. Unfunded Actuarial Liability: (5) - (6)			$ 17,465,610
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (16 Years Remaining)	$ 1,318,593	$ 196,598	$ 1,515,192
9. Expected Administrative Expenses	$ 105,200	$ 15,677	$ 120,876
10. Expected Employee Contributions†	$ -	$ (33,103)	$ (33,103)
11. Total Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	$ 2,788,383	$ 338,212	$ 3,126,595
12. Covered Payroll (UAL Amort and Expenses)	$ 10,733,881	$ 1,599,660	$ 12,333,541
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	26.67%	21.56%	26.02%
14. Total Phased-in Contribution as a Percent of Covered Payroll	25.94%	20.97%	25.31% *

†Expected contributions reflect contracted rates through April 1, 2018.

* The District will begin paying this percentage of payroll July 1, 2017.

APPENDIX A - MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2016.

Summary of IBEW Participant Data as of

Active Participants	July 1, 2015	July 1, 2016
Number	191	206
Number Vested	139	137
Average Age	50.8	49.6
Average Service	11.6	11.0
Average Pay	$57,137	$57,084
Retired		
Number	109	117
Average Age	66.0	66.5
Average Annual Benefit	$26,021	$26,632
Beneficiaries		
Number	18	17
Average Age	66.0	67.6
Average Annual Benefit	$10,118	$10,216
Disabled		
Number	16	15
Average Age	64.4	64.2
Average Annual Benefit	$15,884	$16,053
Term Vested		
Number	21	19
Average Age	47.6	47.2
Average Annual Benefit	$7,424	$7,107
Transferred		
Number	37	37
Average Age	51.6	52.1
Average Annual Benefit	$18,765	$18,520

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator on electronic media.

APPENDIX A - MEMBERSHIP INFORMATION

Changes in Plan Membership: IBEW

	Actives	Actives with Transfer Service	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2015	191	37	21	16	109	14	388
New Entrants	32	0	0	0	0	0	32
Rehires	1	0	0	0	(1)	0	0
Disabilities	0	0	0	0	0	0	0
Retirements	(7)	0	(3)	0	10	0	0
Vested Terminations	(2)	0	2	0	0	0	0
Died, With Beneficiaries' Benefit Payable,	0	0	0	0	0	0	0
Transfers	(2)	2	0	0	0	0	0
Died, Without Beneficiary, and Other	0	(1)	(1)	(1)	(2)	0	(5)
Transfer Retirement	0	(1)	0	0	1	0	0
Beneficiary Deaths	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0
Refund of Contributions	(7)	0	0	0	0	0	(7)
Data Corrections	0	0	0	0	0	(1)	(1)
July 1, 2016	**206**	**37**	**19**	**15**	**117**	**13**	**407**

* Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

APPENDIX A - MEMBERSHIP INFORMATION

Age / Service Distribution Of IBEW Active Participants
As of July 1, 2016

	Service												
Age	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	Total
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	3	0	0	0	0	0	0	0	0	0	0	0	3
25 to 29	6	1	1	2	2	1	0	0	0	0	0	0	13
30 to 34	2	2	0	2	1	2	0	0	0	0	0	0	9
35 to 39	7	1	4	4	0	2	4	0	0	0	0	0	22
40 to 44	5	0	1	2	0	4	7	2	0	0	0	0	21
45 to 49	1	1	3	3	1	3	9	2	0	2	0	0	25
50 to 54	1	2	0	1	1	5	13	4	4	4	1	0	36
55 to 59	2	2	1	2	1	1	13	7	5	3	0	1	38
60 to 64	0	0	1	0	0	2	10	7	0	6	0	1	27
65 to 69	0	0	0	0	0	3	1	3	0	0	1	1	9
70 & up	0	0	0	0	0	0	1	2	0	0	0	0	3
Total	27	9	11	16	6	23	58	27	9	15	2	3	206

Average Age = 49.6 Average Service = 11.0

APPENDIX A - MEMBERSHIP INFORMATION

Payroll Distribution Of IBEW Active Participants
As of July 1, 2016

	Service												
Age	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	Total
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	39,303	0	0	0	0	0	0	0	0	0	0	0	39,303
25 to 29	47,155	36,411	64,622	29,152	46,630	63,511	0	0	0	0	0	0	46,080
30 to 34	40,343	58,372	0	42,429	49,139	58,592	0	0	0	0	0	0	49,846
35 to 39	41,374	62,224	44,771	41,253	0	66,639	50,138	0	0	0	0	0	46,808
40 to 44	43,693	0	50,587	39,643	0	56,907	53,690	62,616	0	0	0	0	51,287
45 to 49	57,681	59,770	46,468	42,077	64,535	64,292	62,480	67,739	0	65,135	0	0	58,743
50 to 54	40,343	43,278	0	44,063	61,021	59,692	57,761	82,716	67,509	60,659	67,243	0	60,892
55 to 59	40,697	52,588	61,440	56,906	61,766	43,212	58,045	71,785	63,072	60,215	0	68,081	60,210
60 to 64	0	0	41,750	0	0	66,020	64,740	67,170	0	74,409	0	54,286	66,375
65 to 69	0	0	0	0	0	60,749	53,785	75,987	0	0	43,722	71,806	64,391
70 & up	0	0	0	0	0	0	40,962	62,871	0	0	0	0	55,568
Total	43,297	51,876	48,808	41,973	54,954	60,454	58,385	71,036	65,044	66,667	55,483	64,724	57,084

Average Salary = $ 57,084

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	$478
50-54	1	$2,573
55-59	9	$1,477
60-64	46	$2,145
65-69	43	$2,734
70-74	15	$1,630
75-79	6	$1,292
80-84	4	$2,584
85-89	3	$932
90-94	2	$462
95+	0	$0
Total	130	$2,145

Disabled Participants

Age	Number	Average Monthly Benefit
30-34	0	$0
35-39	0	$0
40-44	0	$0
45-49	0	$0
50-54	2	$1,500
55-59	3	$1,161
60-64	3	$1,743
65-69	3	$1,330
70-74	3	$1,280
75-79	0	$0
80-84	1	$524
85-89	0	$0
90+	0	$0
All Ages	15	$1,338

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	$0
30-34	2	$358
35-39	2	$437
40-44	2	$372
45-49	5	$779
50-54	6	$698
55-59	2	$419
60-64	0	$0
65-69	0	$0
70-74	0	$0
75-79	0	$0
80-84	0	$0
85-89	0	$0
90+	0	$0
All Ages	19	$592

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	$0
30-34	0	$0
35-39	1	$1,389
40-44	6	$757
45-49	8	$1,123
50-54	10	$1,554
55-59	7	$1,657
60-64	5	$3,009
65-69	0	$0
70-74	0	$0
75-79	0	$0
80-84	0	$0
85-89	0	$0
90+	0	$0
All Ages	37	$1,543

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 as a percentage of pay (and resulting Actuarial Liability) is determined as a single result for each individual: with the Normal Cost percentage of pay 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.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. Plan Expenses

Administrative expenses are assumed to be $120,876 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.

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.

IBEW participants, the assumed rates are 5.0% for the first six years, and 0.25% thereafter.

In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 3.15% for the current valuation.

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 Pay Load

A load of 5.0% is applied to the retirement benefits to account for conversions of unused sick leave and other terminal pay increases.

7. Employment Status

No Plan Participants are assumed to transfer between the IBEW Plan and the Salaried Plan.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

8. Rates of Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant's years of service. Representative rates are shown in the following table:

Rates of Termination*	
Years of Service	IBEW Rates
< 1	8.00%
1-3	8.00%
4	8.00%
5-9	5.00%
10-14	2.75%
15-19	0.50%
20-24	0.50%
25+	0.00%

* No terminations are assumed to occur after eligibility for retirement.

9. Rates of Disability

Rates of disability are based on the age and sex of the Participant. Representative rates are as follows:

Rates of Disability		
Age	Male	Female
22	0.30%	0.00%
27	0.40%	0.30%
32	0.50%	0.39%
37	0.60%	0.56%
42	0.70%	0.86%
47	0.80%	1.34%
52	0.90%	2.35%
57	1.00%	4.09%
62	1.10%	5.75%

Rates are applied after the Participant becomes eligible to receive a disability benefit. Disabled Participants are assumed not to return to active service.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

10. 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 115% for males and 130% for females.

11. 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 120% for males.

12. Retired Member and Beneficiary Mortality

Rates of mortality for retired Participants and their beneficiaries are given by the Retired Pensioners (RP) 2014 Combined Healthy Blue Collar Male and Female Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 115% for males and 130% for females.

13. Rates of Retirement

Rates of service retirement among all participants eligible to retire are given by the following table:

Rates of Retirement				
IBEW				
	Years of Service			
Age	5-9	10-24	25-29	30+
50-54	0.00%	0.00%	2.00%	2.00%
55-59	2.30%	2.30%	2.30%	10.00%
60-64	4.00%	11.70%	11.70%	20.00%
65	4.00%	32.00%	32.00%	32.00%
66-69	4.00%	25.00%	25.00%	32.00%
70+	100.00%	100.00%	100.00%	100.00%

PEPRA members are assumed to begin retiring at age 52, with at least five years of service.

14. Changes Since Last Valuation

None

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. 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 last 48 months of compensation are used in the calculation.

Compensation: A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

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.

For IBEW members, service includes time with the District or predecessor companies immediately prior to September 16, 1974 and subsequent to hire. Service is measured in completed quarters.

B. Participation

Eligibility: Any person employed by the District who is a member IBEW Local 1245 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.

C. Retirement Benefit

Eligibility: Prior to November 1, 2005, an IBEW Participant is eligible for normal service retirement upon attaining age 55 and completing 10 or more years of service. Effective November 1, 2005, IBEW members are eligible to retire upon reaching 25 years of service. Effective November 1, 2006, an IBEW Participant is eligible for normal service or disability retirement upon attaining age 55 and completing five or more years of service.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect on February 28, 1993 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 retirements and terminations on and after July 1, 2008, the percentage is equal to:

- 2.0%, if the member retires after age 55 and prior to age 60 and prior to 30 years of service,
- 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.

D. 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. 10 years of service is required to qualify for disability. For IBEW members with active service on or after November 1, 2006 (including PEPRA members), only five years of service is needed.

Benefit Amount: For IBEW 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. 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, excluding PEPRA members.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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.

E. Pre-Retirement Death Benefit

Eligibility: A Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit, if the Participant has completed 10 years of service with the District. Effective November 1, 2006, an IBEW Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District, including PEPRA members.

Benefit Amount: The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day before his/her death. If the member is not eligible to retire on the day before his/her death, but is vested in his/her benefit, the benefit shall be calculated using a 1% multiplier for PEPRA members and a 2% for all other members.

Form of Benefit: The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner. No optional form of benefit may be elected. No cost of living increases are payable.

F. Termination Benefit

Eligibility: An IBEW Participant is eligible for a termination benefit after earning five years of service. The terminated Participant will be eligible to commence benefits at age 62 (or as early as age 55 if eligible).

PEPRA members are eligible for a termination benefit after earning 5 years of service, commencing as early as age 52.

Benefit Amount: The benefit payable to a vested terminated Participant is equal to the Normal Retirement Benefit, based on the provisions of the Plan in effect on the date the Participant terminated employment.

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

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Form of Benefit: The termination 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.

G. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Salaried 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 Salaried Plan together, as if the plans were a single plan. For ATU members who transfer on or after August 30, 2011, the multiplier payable by the ATU Plan will be limited to the multiplier applicable at the date of transfer.

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.

H. Funding

IBEW members hired or rehired by the District on or after January 1, 2015 will contribute 1.5% of pay after one year of service, 3.0% of pay after two years of service, 4.5% of pay after three years of service, and 50% of normal cost up to 5% of pay after four years of service. Effective April 1, 2018, IBEW members hired or rehired by the District on or after January 1, 2015 will contribute half of the normal cost of the PEPRA 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 July 1, 2016 valuation, the initial contribution rate for PEPRA members is 5.25% of payroll (1/2 of 10.47%, rounded to the nearest quarter).

The remaining cost of the Plan is paid by the District.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

I. 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.

CHEIRON

Classic Values, Innovative Advice

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)

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

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

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

CHEIRON

Classic Values, Innovative Advice

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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CHEIRON

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

David Holland, FSA, FCA, EA, MAAA
Consulting Actuary

Graham A. Schmidt, ASA, FCA, EA, MAAA
Consulting Actuary

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.

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.

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.

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
Participant Counts			
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%
Assets and Liabilities			
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%
Contributions			
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%

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	0.01%	0.01%	0.00%	0.00%
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.

- 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.

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.

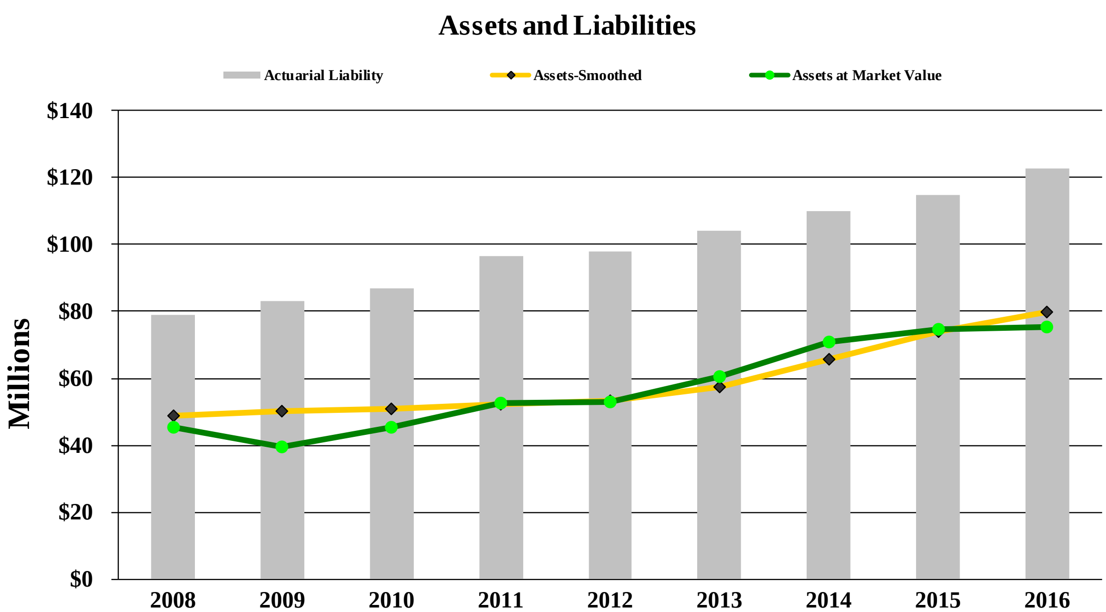
SECTION I – EXECUTIVE SUMMARY

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.

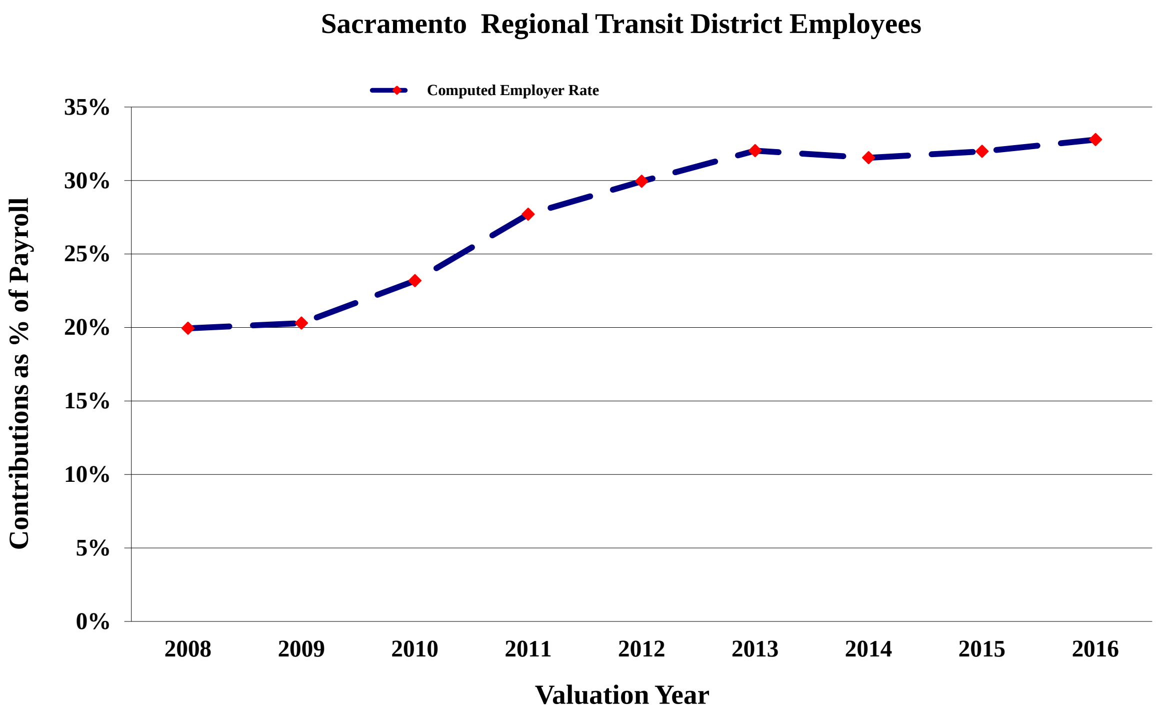


Valuation Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
AVA Funded Ratio	61.5%	60.5%	58.7%	54.1%	54.5%	55.2%	59.5%	64.3%	65.0%
UAL (Millions)	$ 30.4	$ 32.8	$ 35.9	$ 44.3	$ 44.5	$ 46.6	$ 44.5	$ 41.0	$ 43.0

SECTION I – EXECUTIVE SUMMARY

Contribution Trends

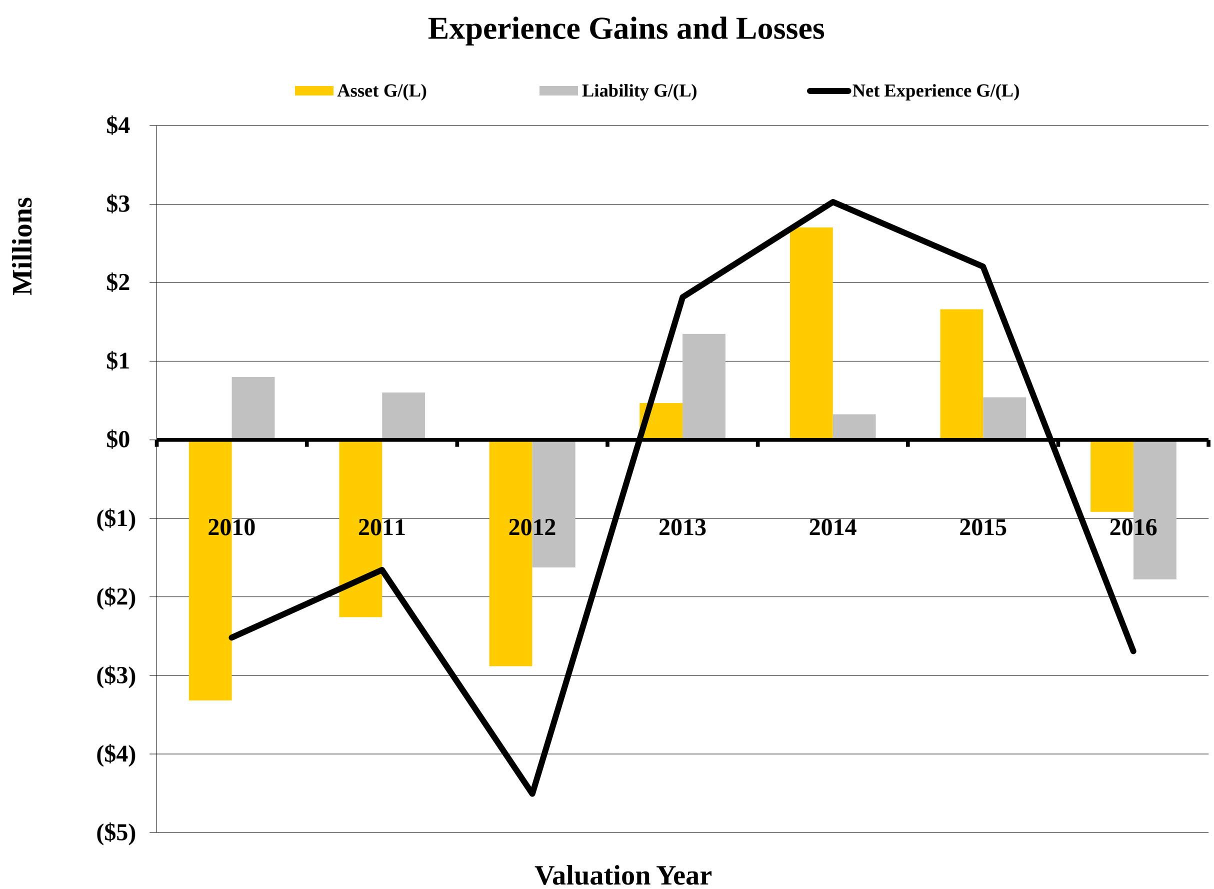
In the chart, we present the historical trends for the Plan's actuarially determined contribution rates (excluding the impact of any phase-in of assumption changes.) Contribution rates increased from 2008 through 2013 as losses from the 2009 Fiscal Year were recognized and assumptions were changed. Contribution rates have remained relatively stable since 2013.



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.

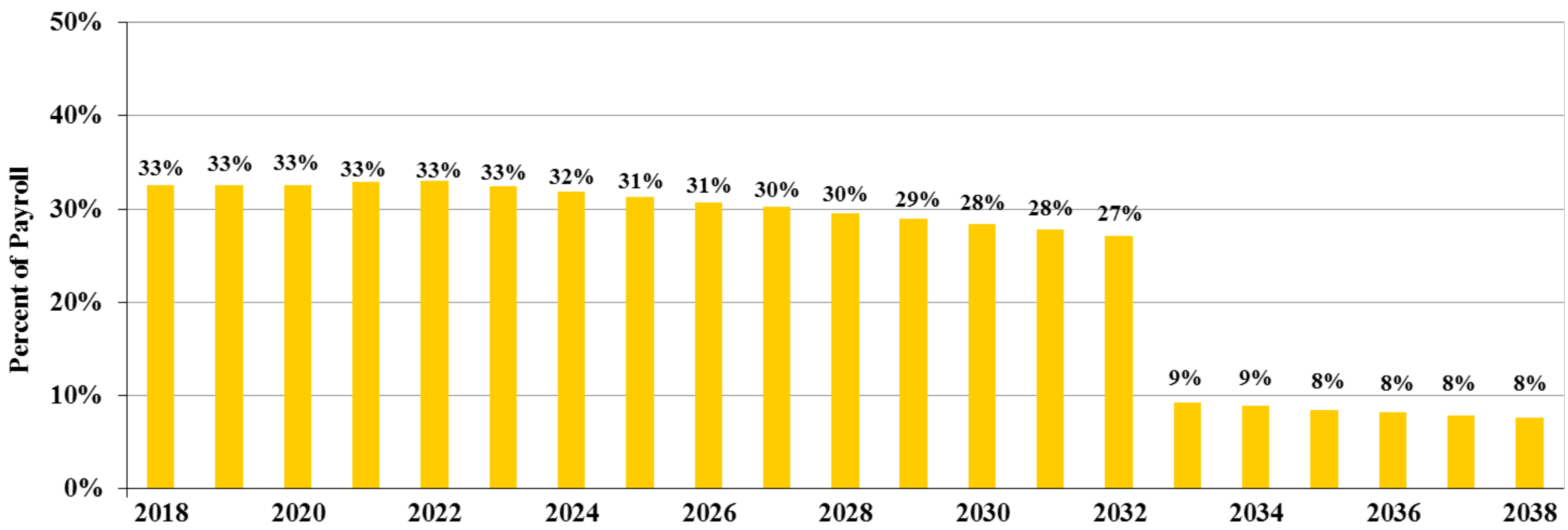


SECTION I – EXECUTIVE SUMMARY

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

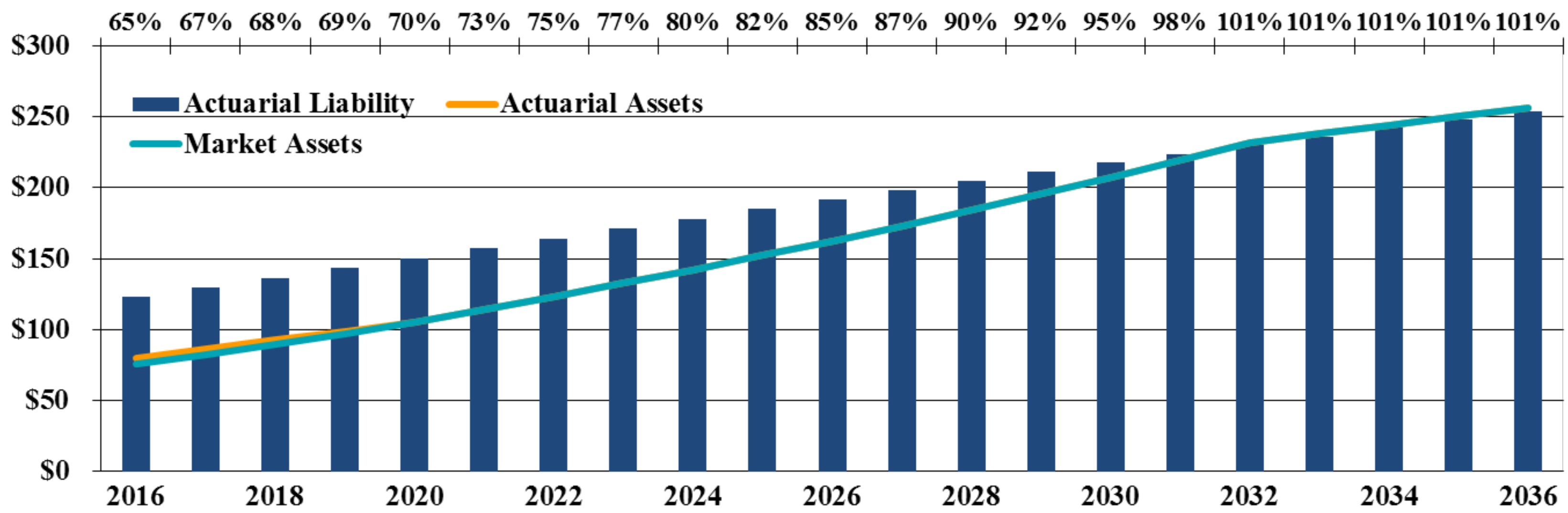
SECTION I – EXECUTIVE SUMMARY

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



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		26,496,478		26,721,665
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		165,256		164,130
Total Receivables	$	431,354	$	1,332,356
Payables				
Accounts Payable	$	(76,321)	$	(119,496)
Benefits Payable		0		0
Other Payable		(3,339,493)		(3,720,412)
Total Payables	$	(3,415,814)	$	(3,839,908)
Market Value of Assets	**$**	**74,596,300**	**$**	**75,337,019**

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

		2015		2016
Contributions				
Employer's Contribution	$	7,335,308	$	7,576,866
Members' Contributions		261		21,014
Total Contributions	$	7,335,569	$	7,597,880
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		(316,850)		(324,943)
Total Investment Income	$	2,132,136	$	(396,556)
Disbursments				
Benefit Payments	$	(5,502,144)	$	(6,190,981)
Expenses		(194,209)		(269,624)
Transfer from (to) Union Plan		0		0
Total Disbursments	$	(5,696,353)	$	(6,460,605)
Net increase (Decrease)	$	3,771,352	$	740,719
Net Assets Held in Trust for Benefits:				
Beginning of Year	$	70,824,948	$	74,596,300
End of Year	$	74,596,300	$	75,337,019
Approximate Return		2.98%		-0.53%
Administrative Expenses as a Percentage of Mean Assets		0.26%		0.36%

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

Year	(a) Total Contributions	(b) Total Disbursements	(c) Expected Return	(d) Actual Return	(e) = (d) – (c) Additional Earnings	(f) Not Recognized	(g) = (e) x (f) Unrecognized 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%	(4,827,141)
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%

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%)	5,637,370	5,586,077
Expected Value June 30, 2016	**$ 81,370,945**	**$ 80,635,747**
Investment Gain / (Loss)	(6,033,926)	(917,324)
July 1, 2016 value	**$ 75,337,019**	**$ 79,718,423**
Return	-0.53%	6.27%

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-1discloses each of these liabilities for the current and prior valuations.

Table III-1
Liabilities/Net (Surplus)/Unfunded

		July 1, 2015		July 1, 2016
Present Value of Future Benefits				
Active Participant Benefits	$	87,814,071	$	90,120,760
Retiree and Inactive Benefits		58,633,122		63,432,219
Present Value of Future Benefits (PVB)	**$**	**146,447,193**	**$**	**153,552,979**
Actuarial Liability				
Present Value of Future Benefits (PVB)	$	146,447,193	$	153,552,979
Present Value of Future Normal Costs (PVFNC)		31,584,196		30,822,749
Actuarial Liability (AL = PVB – PVFNC)	**$**	**114,862,997**	**$**	**122,730,230**
Actuarial Value of Assets (AVA)		73,912,395		79,718,423
Net (Surplus)/Unfunded (AL – AVA)	**$**	**40,950,602**	**$**	**43,011,807**

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

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)

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.

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				
Active Members				
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
Inactive Members				
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.

SECTION IV – CONTRIBUTIONS

Table IV-2
Allocation of Liabilities, Assets, and Cost amoung 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	34,662,955	8,218,176	20,065,675	485,413	0	63,432,219
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	36,698	104,239	101,744	35,448	10,213	288,340
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	0.00%	0.00%	0.00%	0.00%	(5.25%)	(0.18%)
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	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
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%

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.

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.

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.

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.

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.

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.

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.

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Non-Union Active Participants
As of July 1, 2016

	Service												
Age	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	Total
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	1	1	0	0	0	1	0	0	0	0	0	0	3
30 to 34	0	1	3	4	1	4	3	0	0	0	0	0	16
35 to 39	1	1	1	2	0	5	10	3	0	0	0	0	23
40 to 44	2	1	0	0	2	5	13	6	0	0	0	0	29
45 to 49	2	1	1	1	2	6	12	16	6	0	0	0	47
50 to 54	1	0	3	0	0	6	10	10	5	4	0	0	39
55 to 59	0	0	0	1	1	2	15	15	2	6	1	1	44
60 to 64	0	1	0	0	0	2	7	12	4	5	2	2	35
65 to 69	0	0	0	0	0	3	2	2	0	1	0	0	8
70 & up	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	244

Average Age = 50.2 Average Service = 13.8

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of Non-Union Active Participants
As of July 1, 2016

	Service												
Age	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	Total
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

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

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.

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

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).

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.

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			
	Years of Service		
Age	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

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,

- 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.

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, 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.

CHEIRON

Classic Values, Innovative Advice

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: • 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): • 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		

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			**14,290.25**
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			**5,287.30**
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**

HansonBridgett

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	03/21/17

Subject: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Bonnel) ***- REVISED***

ISSUE

Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL).

RECOMMENDED ACTION

Adopt Resolution No. 17-03-_____, Authorizing Execution of a Contract or Contract Renewal 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 Capital Project #:	210037 210038	Total Amount:	$
Total Budget:			

DISCUSSION

Each year, staff contacts the Sacramento Regional Transit District's insurance broker, currently Alliant, to secure fiduciary liability insurance for the Retirement Boards.

The Boards' current policy, issued by Federal Insurance Company (Chubb), expires May 6, 2017. The policy provides a $10 million limit, with a deductible of $25,000, for an annual premium of $58,776. The policy also 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 for the 2016-17 policy year).

Alliant has informed staff that it is considering bids from three providers to provide new or renewed coverage for the next year: Chubb, Hudson Insurance Company, and RLI Insurance Company.

The Boards are not expected to have another meeting before May 6. Therefore, staff recommends that the Boards delegate authority for the District's General Manager/CEO

Approved:	Presented:
Final 3/22/17	
VP, Administration	Director, Human Resources

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
34	03/22/17	Retirement	Action	03/07/17

Subject:	Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Bonnel)

to bind a one-year policy with whichever of the above-listed insurers Alliant recommends upon completion of negotiations, so long as the policy will provide $10 million of coverage, with a $25,000 deductible, and other terms consistent with those described above, at a cost not to exceed $60,484.

Approved:

Final 3/22/17

VP, Administration

Presented:

Director, Human Resources

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

AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL 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 purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a $10.0 million limit, (b) a deductible of $25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed $60,484.

The Retirement Board further authorizes the General Manager/CEO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

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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

AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL 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 purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a $10.0 million limit, (b) a deductible of $25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed $60,484.

The Retirement Board further authorizes the General Manager/CEO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

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Charles Mallonee, Chair

A T T E S T:

Rob Hoslett, Secretary

By: ______________________________
Donna Bonnel, Assistant Secretary

Approved:	Presented:
Final 3/22/17	
VP, Administration	Director, Human Resources

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

AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL 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 purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a $10.0 million limit, (b) a deductible of $25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed $60,484.

The Retirement Board further authorizes the General Manager/CEO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

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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

AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL 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 purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a $10.0 million limit, (b) a deductible of $25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed $60,484.

The Retirement Board further authorizes the General Manager/CEO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

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Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: ______________________________
Donna Bonnel, Assistant Secretary

Approved: Final 3/22/17 — VP, Administration

Presented: ______________________ — Director, Human Resources

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

AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL 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 purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a $10.0 million limit, (b) a deductible of $25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed $60,484.

The Retirement Board further authorizes the General Manager/CEO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

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Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: __________________________________
Donna Bonnel, Assistant Secretary

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
35	03/22/17	Retirement	Action	03/14/17

Subject: Approving Disability Retirement Application for Donae Hanible (ATU). (Bonnel)

ISSUE

Whether to Approve an Application for Disability Retirement submitted by Donae Hanible.

RECOMMENDED ACTION

Adopt Resolution No. 17-03-_____, Approving Disability Retirement of Donae Hanible.

FISCAL IMPACT

Retirement benefits are funded under the Retirement Plan for Regional Transit Employees who are Members of ATU Local 256, hereinafter referred to as the "Retirement Plan."

DISCUSSION
Eligibility

Donae Hanible, hereinafter referred to as "Applicant," is a member of the Retirement Plan, pursuant to Article 3.

Vesting

The Applicant was in the continuous employ of the District since March 4, 1996 as a part-time employee and since November 16, 1997 as a full-time employee. She has achieved 100% vesting pursuant to Article 5 of the ATU Retirement Plan.

Age

There is no minimum age requirement for eligibility for disability retirement benefits.

Disability

Dr. Cohen, evaluated the Applicant on March 2, 2017. Retirement Plan staff received Dr. Cohen's medical report on March 14, 2017. Dr. Cohen has determined that the Applicant is unable to perform the essential functions of her job duties as a Bus Operator at this time.

Allowance

Due to the recent receipt of Dr. Cohen's medical report, Retirement Plan staff has not yet completed a final calculation of the Applicant's disability retirement benefits. If the Board approves

Approved:	Presented:
Final, 03/14/17	
Pension and Retiree Services Administrator, Human Resources	Director, Human Resources

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
35	03/22/17	Retirement	Action	03/14/17

Subject: Approve Disability Retirement Application for Donae Hanible (ATU). (Bonnel)

the Applicant's disability retirement, the calculation will be completed as soon as administratively practicable.

Approved:

Final, 03/14/17

Pension and Retiree Services Administrator, Human Resources

Presented:

Director, Human Resources

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RESOLUTION NO. 17-03-_____

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

March 22, 2017

APPROVE DISABILITY RETIREMENT APPLICATION FOR DONAE HANIBLE.

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

THAT, the Board of Directors of the Retirement Plan for Regional Transit Employees who are Members of the ATU Local Union 256 (Retirement Board) hereby approves the disability retirement application for Donae Hanible.

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Ralph Niz, Chair

A T T E S T:

Corina De La Torre, Secretary

By: ______________________________

Donna Bonnel, Assistant Secretary