

**Sacramento Regional Transit District
ATU Retirement Board Meeting
Wednesday, September 13, 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 and Alternate McGee-Lee were present. Alternate Jennings was 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.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 8. Motion: Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (ATU). (Bonnel)
- 9. Motion: Approving the Minutes for the July 26, 2017 Special Retirement Board Meeting (ATU). (Bonnel)
- 10. Motion: Approving the Minutes for the August 21, 2017 Special Retirement Board Meeting (ATU). (Bonnel)
- 11. Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger)
- 12. Motion: Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

Director Morin moved to adopt ATU Retirement Board Items 8 through 12. Director Li seconded the motion. Items 8 through 12 were carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

New Business:

20. Information: Investment Performance Review by Atlanta Capital for the ATU, IBEW, and Salaried Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended June 30, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Michael Jaje from Atlanta Capital, who provided the performance results for the Domestic Small Cap Equity Asset Class for the quarter ended June 30, 2017 and was available for questions.

Brent Bernegger noted that Attachment #1, Page 13 reflects that investments are underweight in real estate and healthcare relative to the related benchmark. Mr. Bernegger requested that Mr. Jaje provide information on the real estate market and what Atlanta Capital's thoughts are going forward in this area. Mr. Jaje noted that Atlanta Capital is not opposed to owning Real Estate Investment Trust (REIT) funds but that historically Atlanta Capital tends to be underweight in the real estate sector. As a business model, Atlanta Capital selects companies that can self-fund their growth; this type of company doesn't need to go to Wall Street through equity or debt to grow. REIT because of the tax structure they are under, REITs pay out all of their earnings as dividends. Even though Atlanta Capital thinks there are some good REIT funds out there, Atlanta Capital prefers companies that do not have this tax structure.

21. Information: Investment Performance Review by Boston Partners for the ATU/IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended June 30, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Carolyn Margiotti from Boston Partners, who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended June 30, 2017 and was available for questions.

Brent Bernegger noted that Attachment #1, Page 27 states that the portfolio currently is constructed of 70-100 securities. Mr. Bernegger asked how many Securities Boston Partners holds right now and what Ms. Margiotti anticipates for the future. Ms. Margiotti responded that the portfolio currently has 80-85 Securities, which is a very good number of stocks to hold over time as this quantity provides good diversification and also allows for an active enough portfolio. Discussion ensued.

22. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Uvan Tseng and Anne Heaphy with Callan Associates.

Uvan Tseng noted that as of September 1, 2017, Ron Peyton, Chairman and CEO transitioned to role of Executive Chairman. Current President, Greg Allen, is now the President/CEO. These changes are reflective of Callan's established transition plan. Also, Callan is transitioning from an S Corporation to a Limited Liability Corporation (LLC). Callan currently has 90 employee shareholders; an S Corporation only allows for up to 99 employee shareholders and Callan desires to continue to expand their employee shareholder base. These changes will not affect the Retirement Boards.

Ms. Adelman noted that Attachment #1, Page 14 reflects the -\$25,953,819 from JP Morgan, and the +\$25,953,819 to Pyrford. These numbers represent the transition from JP Morgan to Pyrford as the Plans' International Equity manager as of June 1, 2017.

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

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

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

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

The following Retirement Board members attended the CALAPRS trustee training on August 28-31, 2017:

- AEA Retirement Board Members: Russel Devorak, Sue Robison and Alternate Tim McGoldrick
- AFSCME Retirement Board Member: Gary Parks
- ATU Retirement Board Alternate: Crystal Lee McGee
- IBEW Retirement Board Members: Constance Bibbs and Tom Flanders.

Alternate Crystal McGee Lee provided a report. AEA Director Devorak also provided his perspective on the benefits of the training.

The meeting was adjourned by Assistant Secretary Bonnell at 10:22 a.m.

Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By: _____
Valerie Weekly, Assistant Secretary