



Sacramento Regional Transit District Agenda

**COMBINED QUARTERLY MEETING OF THE RETIREMENT BOARDS FOR THE
EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT**
9:00 A.M., WEDNESDAY, SEPTEMBER 13, 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, McGee Lee |
| 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, Parks Alternates: Jennings, Guimond |
| MCEG Retirement Board: | Directors: Li, Morin, Lonergan, Thorn Alternates: Jennings, Sanchez-Ochoa |

PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA
 At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. Members of the public wishing to address one or more of the Boards may submit a "Public Comment Speaker Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

CONSENT CALENDAR

| | | <u>ATU</u> | <u>IBEW</u> | <u>AEA</u> | <u>AFSCME</u> | <u>MCEG</u> |
|------------|--|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|
| 1. Motion: | Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (AEA). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Motion: | Approving the Minutes for the July 26, 2017 Special Retirement Board Meeting (AEA). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | <u>ATU</u> | <u>IBEW</u> | <u>AEA</u> | <u>AFSCME</u> | <u>MCEG</u> |
|-------------|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 3. Motion: | Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Motion: | Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Motion: | Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (AFSCME). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Motion: | Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Motion: | Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Motion: | Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (ATU). (Bonnel) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Motion: | Approving the Minutes for the July 26, 2017 Special Retirement Board Meeting (ATU). (Bonnel) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Motion: | Approving the Minutes for the August 21, 2017 Special Retirement Board Meeting (ATU). (Bonnel) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Motion: | Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Motion: | Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Motion: | Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (IBEW). (Bonnel) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Motion: | Approving the Minutes for the July 26, 2017 Special Retirement Board Meeting (IBEW). (Bonnel) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Motion: | Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the IBEW Pension Plan (IBEW). (Bernegger) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Motion: | Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Motion: | Approving the Minutes for the June 14, 2017 Quarterly Retirement Board Meeting (MCEG). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. Motion: | Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 19. Motion: | Adopting Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

NEW BUSINESS

| | <u>ATU</u> | <u>IBEW</u> | <u>AEA</u> | <u>AFSCME</u> | <u>MCEG</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 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) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 22. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2017 (ALL). (Bernegger) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 23. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Bonnell) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 24. Resolution: Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District (District) Employees who are Members of AFSCME (AFSCME). (Bonnell) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

REPORTS FROM COMMITTEES
REPORTS, IDEAS AND COMMUNICATIONS
ADJOURN

NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to RT's website at www.sacrt.com.

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

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

**Sacramento Regional Transit District
AEA Retirement Board Meeting
Wednesday, June 14, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:05 a.m. A quorum was present comprised as follows: Directors Li, Morin, Devorak and Robison. Alternate McGoldrick also was present. Director 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.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

1. Motion: Approving the Minutes for the March 22, 2017 Quarterly Retirement Board Meeting (AEA). (Bonnel)
2. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

Director Morin moved to adopt AEA Retirement Board Items 1 through 2. Director Li seconded the motion. Items 1 through 2 were carried unanimously by roll call vote: Ayes: Directors Li, Morin, Devorak and Robison. Noes: None.

New Business:

11. Information: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Iwan Djanali from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 and was available for questions.

Ms. Adelman asked how quickly AQR can respond to market changes. Mr. Djanali noted that AQR typically looks at the momentum for the last one to twelve months; if a category trends negative for six months or more AQR may change the weight of holdings in that category.

12. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman noted that the Retirement Boards are now invested with Pyrford as of June 1, 2017. Pyrford's activity will be included as of the September 2017 board meeting, for the last quarter of fiscal year 2017.

Ms. Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended March 31, 2017 and was available for questions.

Director Morin moved to adopt Item 12. Director Li seconded the motion. Item 12 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Devorak and Robison. Noes: None.

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

Jamie Adelman introduced Gene Podkaminer from Callan Associates to present the Asset Allocation Study Review and to be available for questions.

Director Li requested clarification on Attachment 1, Page 9. The Retirement Boards currently have an expected rate of investment returns assumption of 7.50% whereas Callan's expected return is 6.60%. Director Li asked if it is correct that the assumption have an almost 1% difference. Mr. Podkaminer responded in the affirmative.

Director Li asked what would be the industrial average for risk tolerance. Mr. Podkaminer noted that pension plans' risk tolerance is based on their liabilities. The industry average can be misleading because it only takes into account the averages; it does not take into account what plans' assets are trying to support from a liability perspective. Mr. Podkaminer confirmed that a fixed income allocation of 30-35% is reasonable. Mr. Tseng noted that a lot of changes have been made to the Pension Plans' portfolio since the last asset liability study. The fixed income allocation was 40% at that time. Mr. Tseng noted that the current allocation of 35% in fixed income is an appropriate asset allocation at this time. Discussion ensued.

Donna Bonnel noted that Graham Schmidt will be present at the September meeting to discuss the rate of return and inflation rate used for the Pension Plans' actuarial analyses.

Ms. Adelman noted that she reached out to Mr. Schmidt after she saw the asset allocation study and talked about the projections from Callan Associates. Ms. Adelman noted that there are two sides to the assumed rate of return: inflation factor and the real rate of return. The main area of concern is the inflation factor. In September, Mr. Schmidt will discuss potentially adjusting the inflation factor, which would then effect the fiscal year 2019 actuarial valuation.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Devorak and Robison. Noes: None.

14. Information: Update on 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.

15. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Bonnel)

Valerie Weekly presented agenda item #15.

ATU Director Ralph Niz asked what the proposed \$1,500 annual training budget would cover. Ms. Weekly noted that when reviewing the Staff Education and Travel Policy it was discovered that a budget of \$1,500 was established for non-CALAPRS training. Staff is going to review the budget of \$1,500 to make sure that it amount is adequate.

Ms. Weekly noted that the education requirements have been revised. The policy now includes a goal of twenty-four educational hours in a two year period. Multi-day conferences are still an option. An email will be sent out from Staff detailing the procedural aspects of complying with the new policy, if adopted, including how staff intends to track hours reported and how staff will notify board members of training opportunities.

Director Morin moved to adopt Item 15. Director Li seconded the motion. Item 15 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Devorak and Robison. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnel noted that there will be a Special Meeting on July 26, 2017.

Ms. Bonnel reported that the last meeting for paper packages should be the July 26, 2017 Special Meeting. As of the September 13, 2017 quarterly meeting, Staff will only distribute electronic packages. If any Board member needs an electronic device, they should contact Isis Humphrey, Administrative Technician.

The meeting was adjourned by Assistant Secretary Bonnel at 10:28 a.m.

Russel Devorak, Chair

ATTEST:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
AEA Special Retirement Board Meeting
Wednesday, July 26, 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 and Robison.

This meeting was held as a common meeting of three 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.

CLOSED SESSION

The AEA Retirement Board and IBEW Retirement Boards recessed. AEA Retirement Board members Devorak and Robison and IBEW Retirement Board members Ohlson and Bibbs left the meeting room at 9:04 a.m.

AEA Retirement Board members Devorak and Robison returned to join Board members Li and Morin at 9:20 a.m.

3. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): Two Potential Cases (AEA)

The AEA Retirement Board met in closed session.

RECONVENE IN OPEN SESSION

The AEA Retirement Board reconvened in Open Session at 9:30.

CLOSED SESSION REPORT

No reportable actions were taken in the closed session.

4. Corrective Pension Payments (AEA/ATU/IBEW). (Bonnel)

Director Morin moved to adopt AEA Retirement Board Item 4. Director Li seconded the motion. Item 4 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Devorak and Robison. Noes: None.

With no further business to discuss, the meeting was adjourned at 9:32 a.m.

Russel Devorak, Chair

ATTEST:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 3 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

FISCAL IMPACT

None.

DISCUSSION

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended June 30, 2017. 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 June 30, 2017 (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 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

Approved:

Presented:

FINAL 09/01/17

VP Finance/CFO

Senior Accountant

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 3 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

(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 June 30, 2017. 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 June 30, 2017. The Salaried Plan reimbursed \$137,465.37 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 June 30, 2017. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended June 30, 2017 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the ATU or IBEW Plan to the Salaried Plan during the three months ended June 30, 2017.

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

Accrual Basis

As of June 30, 2017

| | Jun 30, 17 |
|--|----------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Long-Term Investments | |
| 100000 · Custodial Assets | 84,794,221.46 |
| Total Long-Term Investments | 84,794,221.46 |
| Total Checking/Savings | 84,794,221.46 |
| Other Current Assets | |
| 1110120 · Prepays | 10,748.88 |
| Total Other Current Assets | 10,748.88 |
| Total Current Assets | 84,804,970.34 |
| TOTAL ASSETS | 84,804,970.34 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 3110102 · Administrative Expense Payable | 21,711.00 |
| 3110110 · Other Pay - Due to RT | 72,985.68 |
| 3110122 · MetWest | 19,105.78 |
| 3110124 · Boston Partners | 19,334.10 |
| 3110125 · Callan | 3,250.22 |
| 3110126 · State Street | 6,896.77 |
| 3110127 · JP Morgan | 6,608.23 |
| 3110128 · Atlanta Capital | 15,567.47 |
| 3110129 · S&P Index - SSgA | 1,794.44 |
| 3110130 · EAFE - SSgA | 784.53 |
| 3110132 · Pyrford | 4,621.97 |
| Total Accounts Payable | 172,660.19 |
| Total Current Liabilities | 172,660.19 |
| Total Liabilities | 172,660.19 |
| Equity | |
| 3340101 · Retained Earnings | 75,337,018.65 |
| Net Income | 9,295,291.50 |
| Total Equity | 84,632,310.15 |
| TOTAL LIABILITIES & EQUITY | 84,804,970.34 |

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

Accrual Basis

April through June 2017

| | <u>Apr - Jun 17</u> | <u>% of Income</u> |
|---|----------------------------|---------------------|
| Income | | |
| Interest, Dividend, & Other Inc | 316,262.82 | 7.3% |
| Investment Income | 2,228,540.77 | 51.6% |
| RT Required Contribution | 1,753,792.69 | 40.6% |
| 6630110 · Employee Contribution | 17,759.80 | 0.4% |
| Total Income | 4,316,356.08 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 834,536.26 | 19.3% |
| 8531211 · AFSCME-Retirement Benefits Paid | 395,537.09 | 9.2% |
| 8531212 · MCEG - Retirement Benefits Paid | 615,814.65 | 14.3% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 19,105.78 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 19,334.10 | 0.4% |
| 8532020 · Invest Exp - Callan | 9,739.44 | 0.2% |
| 8532021 · Invest Exp - State Street | 7,451.97 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 1,321.65 | 0.0% |
| 8532024 · Invest Exp - Atlanta Capital | 15,567.47 | 0.4% |
| 8532025 · Invest Exp - S&P Index SSgA | 1,794.44 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 784.53 | 0.0% |
| 8532027 · Invest Exp - AQR | 9,750.26 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.1% |
| Total COGS | 1,935,847.02 | 44.8% |
| Gross Profit | 2,380,509.06 | 55.2% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 10,712.45 | 0.2% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,500.00 | 0.2% |
| 8533014 · Admin Exp - Fiduciary Insurance | 4,552.92 | 0.1% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 21,528.53 | 0.5% |
| 8533029 · Admin Exp - Administrator | 28,186.04 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 125.98 | 0.0% |
| 8533051 · Admin Exp - Audit | 0.00 | 0.0% |
| Total Expense | 72,605.92 | 1.7% |
| Net Income | <u>2,307,903.14</u> | <u>53.5%</u> |

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

July 2016 through June 2017

Accrual Basis

| | Jul '16 - Jun 17 | % of Income |
|---|----------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | 1,159,508.61 | 6.8% |
| Investment Income | 8,574,742.00 | 50.1% |
| RT Required Contribution | 7,321,138.03 | 42.8% |
| 6630110 · Employee Contribution | 53,705.63 | 0.3% |
| Total Income | 17,109,094.27 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 3,361,124.65 | 19.6% |
| 8531211 · AFSCME-Retirement Benefits Paid | 1,383,088.97 | 8.1% |
| 8531212 · MCEG - Retirement Benefits Paid | 2,434,660.89 | 14.2% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 75,329.13 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 72,870.34 | 0.4% |
| 8532020 · Invest Exp - Callan | 38,747.87 | 0.2% |
| 8532021 · Invest Exp - State Street | 32,599.70 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 18,981.67 | 0.1% |
| 8532024 · Invest Exp - Atlanta Capital | 59,043.36 | 0.3% |
| 8532025 · Invest Exp - S&P Index SSgA | 6,813.08 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 2,984.78 | 0.0% |
| 8532027 · Invest Exp - AQR | 33,381.54 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.0% |
| Total COGS | 7,524,735.36 | 44.0% |
| Gross Profit | 9,584,358.91 | 56.0% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 49,084.03 | 0.3% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,666.66 | 0.0% |
| 8533009 · Admin Exp - Shipping | 5.87 | 0.0% |
| 8533010 · Admin Exp - Travel | 12.79 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 26,481.42 | 0.2% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533025 · Admin Exp - Information Service | 333.33 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 75,143.36 | 0.4% |
| 8533029 · Admin Exp - Administrator | 118,853.12 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 290.17 | 0.0% |
| 8533051 · Admin Exp - Audit | 11,196.66 | 0.1% |
| Total Expense | 289,067.41 | 1.7% |
| Net Income | 9,295,291.50 | 54.3% |

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended June 30, 2017**

| | April 2017 | May 2017 | June 2017 | Quarter Totals |
|---|---------------|--------------|--------------|-------------------|
| Beginning Balance: | | | | |
| Due (from)/to District - March 31, 2016 | (33,174.09) | 95,099.13 | 170,639.46 | (33,174.09) |
| Monthly Activity: | | | | |
| Deposits | | | | |
| District Pension Contributions @ 27.73 to 31.48% | 560,698.14 | 603,713.29 | 589,381.26 | 1,753,792.69 |
| Employee Pension Contributions | 4,051.61 | 6,587.27 | 7,120.92 | 17,759.80 |
| Total Deposits | 564,749.75 | 610,300.56 | 596,502.18 | 1,771,552.49 |
| Expenses | | | | |
| Payout to Retirees: | | | | |
| AEA | (277,479.26) | (277,549.62) | (279,507.38) | (834,536.26) |
| AFSCME | (130,382.79) | (131,479.97) | (133,674.33) | (395,537.09) |
| MCEG | (205,271.55) | (205,271.55) | (205,271.55) | (615,814.65) |
| Employee Contribution Refunds | (487.41) | - | - | (487.41) |
| Payout to Retirees Subtotal | (613,621.01) | (614,301.14) | (618,453.26) | (1,846,375.41) |
| Fund Investment Management Expenses: | | | | |
| Atlanta Capital | - | (14,977.21) | - | (14,977.21) |
| Metropolitan West | (18,769.59) | - | - | (18,769.59) |
| Boston Partners | - | (18,510.29) | - | (18,510.29) |
| SSgA S&P 500 Index | (1,751.89) | - | - | (1,751.89) |
| SSgA EAFE MSCI | (782.66) | - | - | (782.66) |
| Callan | (3,240.26) | (3,244.88) | (3,244.34) | (9,729.48) |
| State Street | (3,352.55) | (13,780.75) | - | (17,133.30) |
| Fund Invest. Mgmt Exp. Subtotal | (27,896.95) | (50,513.13) | (3,244.34) | (81,654.42) |
| Administrative Expenses | | | | |
| Cheiron | (3,302.56) | - | (4,971.25) | (8,273.81) |
| CALAPRS Training | - | - | (7,500.00) | (7,500.00) |
| Fiduciary Insurance | - | 283.32 | (13,148.62) | (12,865.30) |
| Hanson Bridgett Legal Services | (6,333.34) | - | (12,666.67) | (19,000.01) |
| Audit Fees | - | (11,196.66) | - | (11,196.66) |
| Pension Administration | (8,689.70) | (10,113.28) | (9,383.06) | (28,186.04) |
| Miscellaneous | (5.32) | - | (120.66) | (125.98) |
| Administrative Exp. Subtotal | (18,330.92) | (21,026.62) | (47,790.26) | (87,147.80) |
| Total Expenses | (659,848.88) | (685,840.89) | (669,487.86) | (2,015,177.63) |
| Monthly Net Owed from/(to) District | (95,099.13) | (75,540.33) | (72,985.68) | (243,625.14) |
| Payment from/(to) the District | 33,174.09 | - | (170,639.46) | (137,465.37) |
| Ending Balance: | | | | |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | 95,099.13 | 170,639.46 | 72,985.68 | 72,985.68 |

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 6/30/2017**

| Asset Class | Net Asset Market Value 06/30/2017 | Actual Asset Allocation | Target Asset Allocation | % Variance | \$ Variance | Target Market Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| FUND MANAGERS: | | | | | | |
| Domestic Equity: | | | | | | |
| Large Cap Value - Boston Partners - Z8 | \$ 45,850,960 | 16.98% | 16.00% | 0.98% | \$ 2,648,023 | |
| Large Cap Growth - SSgA S&P 500 Index - XH | 45,559,203 | 16.87% | 16.00% | 0.87% | 2,356,266 | |
| Total Large Cap Domestic Equity | 91,410,163 | 33.85% | 32.00% | 1.85% | 5,004,289 | \$ 86,405,875 |
| Small Cap - Atlanta Capital - XB | 24,786,908 | 9.18% | 8.00% | 1.18% | 3,185,439 | 21,601,469 |
| International Equity: | | | | | | |
| Large Cap Growth: | | | | | | |
| Pyrford - ZD | 25,596,843 | 9.48% | 9.50% | -0.02% | (54,901) | |
| Large Cap Core: | | | | | | |
| SSgA MSCI EAFE - XG | 10,483,335 | 3.88% | | | | |
| Value - Brandes - XE | 9,403 | 0.00% | | | | |
| Total Core | 10,492,738 | 3.89% | 4.50% | -0.61% | (1,658,089) | |
| Small Cap: | | | | | | |
| AQR - ZB | 13,788,326 | 5.11% | 5.00% | 0.11% | 287,408 | |
| Emerging Markets | | | | | | |
| DFA - ZA | 15,448,346 | 5.72% | 6.00% | -0.28% | (752,755) | |
| Total International Equity | 65,326,252 | 24.19% | 25.00% | -0.81% | (2,178,337) | 67,504,589 |
| Fixed Income: | | | | | | |
| Met West - XD | 88,495,034 | 32.77% | 35.00% | -2.23% | (6,011,391) | 94,506,425 |
| Total Combined Net Asset | \$ 270,018,358 | 100.00% | 100.00% | 0.00% | \$ - | \$ 270,018,358 |

| 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% | 6% | 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 June 30, 2017**

| | |
|--|---------------------------|
| Per Both Pension Fund Balance Sheets: | |
| ATU Allocated Custodial Assets | 131,010,175 |
| IBEW Allocated Custodial Assets | 54,213,961 |
| Salaried Allocated Custodial Assets | <u>84,794,221</u> |
| Total Consolidated Net Asset | <u><u>270,018,358</u></u> |
| Per Callan Report: | |
| Total Investments | <u><u>270,017,704</u></u> |
| Net Difference | <u><u>654</u></u> * |

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended June 30, 2017**

| | |
|--|-------------------------|
| Per Both Pension Fund Income Statements: | |
| ATU - Interest, Dividends, and Other Income | 517,319 |
| ATU - Investment Income | 3,464,543 |
| IBEW - Interest, Dividends, and Other Income | 191,643 |
| IBEW - Investment Income | 1,280,628 |
| Salaried - Interest, Dividends, and Other Income | 316,263 |
| Salaried - Investment Income | <u>2,228,541</u> |
| Total Investment Income | <u><u>7,998,937</u></u> |
| Per Callan Report: | |
| Investment Returns | <u><u>7,977,082</u></u> |
| Net Difference | <u><u>21,855</u></u> ** |

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended June 30, 2017**

| | April | May | June | Total |
|---|------------------|--------------|------------------|--------------------|
| Payments from/(to) the District | | | | |
| S&P 500 Index - ATU | (295,735) | | (564,561) | (860,296) |
| S&P 500 Index - IBEW | (43,681) | | (107,617) | (151,298) |
| S&P 500 Index - Salaried | 33,174 | | (170,639) | (137,465) |
| JP Morgan - ATU | - | (13,697,285) | - | (13,697,285) |
| JP Morgan - IBEW | - | (5,007,187) | - | (5,007,187) |
| JP Morgan - Salaried | - | (7,249,347) | - | (7,249,347) |
| Pyrford - ATU | - | 13,697,285 | - | 13,697,285 |
| Pyrford - IBEW | - | 5,007,187 | - | 5,007,187 |
| Pyrford - Salaried | - | 7,249,347 | - | 7,249,347 |
| Total Payments from/(to) the District | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Transfers In/(Out) of Investment Funds | | | | |
| Boston Partners | - | - | - | - |
| S&P 500 Index | (306,242) | - | (842,817) | (1,149,059) |
| Atlanta Capital | - | - | - | - |
| JP Morgan | - | (25,953,819) | - | (25,953,819) |
| Pyrford | - | 25,953,819 | - | 25,953,819 |
| EAFE | - | - | - | - |
| AQR | - | - | - | - |
| DFA | - | - | - | - |
| Metropolitan West | - | - | - | - |
| Total Transfers In/(Out) of Investment Funds | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Variance between Payments and Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Per Callan Report: | | | | |
| Net New Investment/(Withdrawals) | | | | <u>(1,149,059)</u> |
| Net Difference | | | | <u>-</u> |

**Consolidated Schedule of Cash Activities
For the 12-Months June 30, 2017**

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 | Total |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| Payments from/(to) the District | | | | | |
| Boston Partners - ATU | | (323,598) | (644,886) | - | (968,484) |
| Boston Partners - IBEW | | (37,279) | 6,135 | - | (31,144) |
| Boston Partners - Salaried | - | (109,213) | (80,072) | - | (189,285) |
| S&P 500 Index - ATU | (563,941) | (250,612) | (257,621) | (860,296) | (1,932,470) |
| S&P 500 Index - IBEW | (75,751) | (28,278) | 37,157 | (151,298) | (218,170) |
| S&P 500 Index - Salaried | 102,128 | (43,168) | 9,126 | (137,465) | (69,379) |
| 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) |
| JP Morgan - ATU | - | - | - | (13,697,285) | (13,697,285) |
| JP Morgan - IBEW | - | - | - | (5,007,187) | (5,007,187) |
| JP Morgan - Salaried | - | - | - | (7,249,347) | (7,249,347) |
| Pyrford - ATU | - | - | - | 13,697,285 | 13,697,285 |
| Pyrford - IBEW | - | - | - | 5,007,187 | 5,007,187 |
| Pyrford - Salaried | - | - | - | 7,249,347 | 7,249,347 |
| 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 | 137,839 | - | - | - | 137,839 |
| Metropolitan West - ATU/IBEW | - | - | - | - | - |
| Metropolitan West - ATU | (248,710) | - | - | - | (248,710) |
| Metropolitan West - IBEW | (29,127) | - | - | - | (29,127) |
| Total Payments from/(to) the District | <u>(937,767)</u> | <u>(1,139,011)</u> | <u>(930,161)</u> | <u>(1,149,059)</u> | <u>(4,155,998)</u> |

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
06/30/17**

| | 1 Year | | 1 Year | | | 3 Years | | 3 Years | | |
|--------------------------|------------|---------|---------------------|--------------------|-------------------------------|-------------|---------|---------------------|--------------------|-------------------------------|
| | 1 Year | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts | 3 Years | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts |
| Boston Partners | | | | | | | | | | |
| Investment Returns | 8,104,440 | 100.00% | | | | 9,294,980 | 100.00% | | | |
| Investment Expenses | (234,244) | 2.89% | | | | (656,303) | 7.06% | | | |
| Net Gain/(Loss) | 7,870,196 | 97.11% | 20.41% | 15.53% | 488.00 | 8,638,677 | 92.94% | 7.20% | 7.36% | (16.00) |
| S&P 500 | | | | | | | | | | |
| Investment Returns | 7,174,670 | 100.00% | | | | 11,507,065 | 100.00% | | | |
| Investment Expenses | (21,803) | 0.30% | | | | (92,079) | 0.80% | | | |
| Net Gain/(Loss) | 7,152,867 | 99.70% | 17.91% | 17.90% | 1.00 | 11,414,986 | 99.20% | 9.62% | 9.61% | 1.00 |
| Atlanta Capital | | | | | | | | | | |
| Investment Returns | 3,443,671 | 100.00% | | | | 6,857,772 | 100.00% | | | |
| Investment Expenses | (188,939) | 5.49% | | | | (511,688) | 7.46% | | | |
| Net Gain/(Loss) | 3,254,732 | 94.51% | 15.18% | 24.60% | (942.00) | 6,346,084 | 92.54% | 10.39% | 7.36% | 303.00 |
| JPMorgan | | | | | | | | | | |
| Investment Returns | 4,672,062 | 100.00% | | | | 1,499,651 | 100.00% | | | |
| Investment Expenses | (60,995) | 1.31% | | | | (370,929) | 24.73% | | | |
| Net Gain/(Loss) | 4,611,067 | 98.69% | N/A | N/A | N/A | 1,128,722 | 75.27% | N/A | N/A | N/A |
| Pyrford | | | | | | | | | | |
| Investment Returns | (356,976) | 100.00% | | | | (356,976) | 100.00% | | | |
| Investment Expenses | (14,718) | -4.12% | | | | (14,718) | -4.12% | | | |
| Net Gain/(Loss) | (371,694) | 104.12% | N/A | N/A | N/A | (371,694) | 104.12% | N/A | N/A | N/A |
| EAFE | | | | | | | | | | |
| Investment Returns | 2,134,059 | 100.00% | | | | (984,530) | 100.00% | | | |
| Investment Expense | (9,556) | 0.45% | | | | (51,747) | -5.26% | | | |
| Net Gain/(Loss) | 2,124,503 | 99.55% | 20.57% | 20.27% | 30.00 | (1,036,277) | 105.26% | 1.39% | 1.15% | 24.00 |
| Brandes | | | | | | | | | | |
| Investment Returns | 71 | 100.00% | | | | (3,504) | 100.00% | | | |
| Investment Expenses | - | 0.00% | | | | - | 0.00% | | | |
| Net Gain/(Loss) | 71 | 100.00% | N/A | N/A | N/A | (3,504) | 100.00% | N/A | N/A | N/A |
| AQR | | | | | | | | | | |
| Investment Returns | 1,605,870 | 100.00% | | | | 1,605,870 | 100.00% | | | |
| Investment Expenses | (108,460) | 6.75% | | | | (108,460) | 6.75% | | | |
| Net Gain/(Loss) | 1,497,410 | 93.25% | N/A | N/A | N/A | 1,497,410 | 93.25% | N/A | N/A | N/A |
| DFA | | | | | | | | | | |
| Investment Returns | 2,773,305 | 100.00% | | | | 966,884 | 100.00% | | | |
| Investment Expense | (92,906) | 3.35% | | | | (243,653) | 25.20% | | | |
| Net Gain/(Loss) | 2,680,399 | 96.65% | 21.88% | 24.17% | (229.00) | 723,231 | 74.80% | 1.63% | 1.44% | 19.00 |
| Metropolitan West | | | | | | | | | | |
| Investment Returns | 612,393 | 100.00% | | | | 7,127,309 | 100.00% | | | |
| Investment Expenses | (241,089) | 39.37% | | | | (736,452) | 10.33% | | | |
| Net Gain/(Loss) | 371,304 | 60.63% | 0.42% | -0.31% | 73.00 | 6,390,857 | 89.67% | 2.38% | 2.48% | (10.00) |
| Total Fund | | | | | | | | | | |
| Investment Returns | 30,163,565 | 100.00% | | | | 37,514,521 | 100.00% | | | |
| Investment Expenses | (972,710) | 3.22% | | | | (2,786,030) | 7.43% | | | |
| Net Gain/(Loss) | 29,190,855 | 96.78% | 12.09% | 12.71% | (62.00) | 34,728,491 | 92.57% | 4.71% | 5.05% | (34.00) |
| CPI: | | | | 1.63% | | | | | 0.92% | |
| Core CPI: | | | | 1.69% | | | | | 1.94% | |

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: April 1, 2017 to June 30, 2017

Transfers:

| Date | Purpose of Transfer | Transfer Out ATU | Transfer In IBEW |
|-------------|---|-------------------------|-----------------------------|
| 06/15/2017 | Asset/liability split correction based on actuarial valuation | (3,421,627.16) | 3,421,627.16 |
| 06/22/2017 | Fiscal year 2017 revenue and expense true up | (430,199.64) | 430,199.64 |
| | | <u>(3,851,826.80)</u> | <u>3,851,826.80</u> |

Retirements:

| Employee # | Previous Position | Pension Group | Retirement Date |
|-------------------|---------------------------------|----------------------|------------------------|
| 2043 | Mechanic B | IBEW | 04/01/2017 |
| 2430 | Bus Operator | ATUL | 04/28/2017 |
| 3231 | Facilities Service Worker | IBEW | 06/01/2017 |
| 2487 | Facilities & Grounds Worker | IBEW | 05/01/2017 |
| 3152 | Bus Operator | ATUL | 04/01/2017 |
| 1562 | Customer Service Representative | ATUL | 06/01/2017 |
| 2306 | Mechanic A | IBEW | 05/01/2017 |
| 1025 | Graphic Designer | AFST | 05/01/2017 |
| 3388 | Procurement Analyst II | AEAS | 05/01/2017 |
| 1646 | Facilities Supervisor | AFSC | 04/01/2017 |
| 1656 | Engineering Technician II | AEAS | 06/01/2017 |
| 3454 | Director, Long Range Planning | MCEG | 06/01/2017 |

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 4 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adoption of the Regional Transit District Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09-____, Adopting the Regional Transit District Retirement Boards 2018 Meeting Calendar.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2018 calendar year are:

- Wednesday, March 14th
- Wednesday, June 20th
- Wednesday, September 12th
- Wednesday, December 12th

In anticipation of several large projects and decisions coming before the Retirement Boards in 2018, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

Approved:

Final 9/6/17

VP, Finance / CFO

Presented:

Director, Human Resources

C:\Temp\2018 IP Retirement Board Schedule - Resos_24730453.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 4 | 9/13/17 | Retirement | Action | 8/16/17 |

| |
|--|
| Subject: Adopting the Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnell) |
|--|

The proposed dates for tentative Special Meetings for the 2018 calendar year are:

- Wednesday, February 7th
- Wednesday, April 18th
- Wednesday, July 25th
- Wednesday, October 24th

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2018 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2018 Meeting Calendar, marked as Exhibit A.

RESOLUTION NO. 17-09-_____

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

September 13, 2017

**ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2018
MEETING CALENDAR**

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

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the Regional Transit District AEA Retirement Board for calendar year 2018, is hereby adopted.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

2018 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29TH STREET
SACRAMENTO, CALIFORNIA

9:00 AM

Wednesday.....Regular Meeting.....March 14, 2018

Wednesday.....Regular Meeting.....June 20, 2018

Wednesday.....Regular Meeting.....September 12, 2018

Wednesday.....Regular Meeting.....December 12, 2018

Wednesday.....Special Meeting.....*February 7, 2018

Wednesday.....Special Meeting.....*April 18, 2018

Wednesday.....Special Meeting.....*July 25, 2018

Wednesday.....Special Meeting.....*October 24, 2018

**Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

**Sacramento Regional Transit District
AFSCME Retirement Board Meeting
Wednesday, June 14, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:05 a.m. A quorum was present comprised as follows: Directors Li, Morin, Mallonee, and Parks were present. Alternate Jennings was absent.

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

By AFSCME Resolution No. 16-12-152 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

- 3. Motion: Approving the Minutes for the March 22, 2017 Quarterly Retirement Board Meeting (AFSCME). (Bonnel)
- 4. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

Director Morin moved to adopt AFSCME Retirement Board Items 3 through 4. Director Li seconded the motion. Items 3 through 4 were carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Parks. Noes: None.

New Business:

- 11. Information: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Iwan Djanali from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 and was available for questions.

Ms. Adelman asked how quickly AQR can respond to market changes. Mr. Djanali noted that AQR typically looks at the momentum for the last one to twelve months; if a category trends negative for six months or more AQR may change the weight of holdings in that category.

12. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman noted that the Retirement Boards are now invested with Pyrford as of June 1, 2017. Pyrford's activity will be included as of the September 2017 board meeting, for the last quarter of fiscal year 2017.

Ms. Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended March 31, 2017 and was available for questions.

Director Morin moved to adopt Item 12. Director Li seconded the motion. Item 12 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Mallonee and Parks. Noes: None.

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

Jamie Adelman introduced Gene Podkaminer from Callan Associates to present the Asset Allocation Study Review and to be available for questions.

Director Li requested clarification on Attachment 1, Page 9. The Retirement Boards currently have an expected rate of investment returns assumption of 7.50% whereas Callan's expected return is 6.60%. Director Li asked if it is correct that the assumption have an almost 1% difference. Mr. Podkaminer responded in the affirmative.

Director Li asked what would be the industrial average for risk tolerance. Mr. Podkaminer noted that pension plans' risk tolerance is based on their liabilities. The industry average can be misleading because it only takes into account the averages; it does not take into account what plans' assets are trying to support from a liability perspective. Mr. Podkaminer confirmed that a fixed income allocation of 30-35% is reasonable. Mr. Tseng noted that a lot of changes have been made to the Pension Plans' portfolio since the last asset liability study. The fixed income allocation was 40% at that time. Mr. Tseng noted that the current allocation of 35% in fixed income is an appropriate asset allocation at this time. Discussion ensued.

Donna Bonnel noted that Graham Schmidt will be present at the September meeting to discuss the rate of return and inflation rate used for the Pension Plans' actuarial analyses.

Ms. Adelman noted that she reached out to Mr. Schmidt after she saw the asset allocation study and talked about the projections from Callan Associates. Ms. Adelman noted that there are two sides to the assumed rate of return: inflation factor and the real rate of return. The main area of concern is the inflation factor. In September, Mr. Schmidt will discuss potentially adjusting the inflation factor, which would then effect the fiscal year 2019 actuarial valuation.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Mallonee and Parks. Noes: None.

14. Information: Update on 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.

15. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Bonnell)

Valerie Weekly presented agenda item #15.

ATU Director Ralph Niz asked what the proposed \$1,500 annual training budget would cover. Ms. Weekly noted that when reviewing the Staff Education and Travel Policy it was discovered that a budget of \$1,500 was established for non-CALAPRS training. Staff is going to review the budget of \$1,500 to make sure that it amount is adequate.

Ms. Weekly noted that the education requirements have been revised. The policy now includes a goal of twenty-four educational hours in a two year period. Multi-day conferences are still an option. An email will be sent out from Staff detailing the procedural aspects of complying with the new policy, if adopted, including how staff intends to track hours reported and how staff will notify board members of training opportunities.

Director Morin moved to adopt Item 15. Director Li seconded the motion. Item 15 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Mallonee and Parks. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnell noted that there will be a Special Meeting on July 26, 2017.

Ms, Bonnell reported that the last meeting for paper packages should be the July 26, 2017 Special Meeting. As of the September 13, 2017 quarterly meeting, Staff will only distribute electronic packages. If any Board member needs an electronic device, they should contact Isis Humphrey, Administrative Technician.

The meeting was adjourned by Assistant Secretary Bonnell at 10:28 a.m.

,Chair

ATTEST:

_____, Secretary

By: _____
Donna Bonnell, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 6 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

FISCAL IMPACT

None.

DISCUSSION

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended June 30, 2017. 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 June 30, 2017 (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 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

Approved:

Presented:

FINAL 09/01/17

VP Finance/CFO

Senior Accountant

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 6 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

(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 June 30, 2017. 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 June 30, 2017. The Salaried Plan reimbursed \$137,465.37 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 June 30, 2017. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended June 30, 2017 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the ATU or IBEW Plan to the Salaried Plan during the three months ended June 30, 2017.

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

Accrual Basis

As of June 30, 2017

| | Jun 30, 17 |
|--|----------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Long-Term Investments | |
| 100000 · Custodial Assets | 84,794,221.46 |
| Total Long-Term Investments | 84,794,221.46 |
| Total Checking/Savings | 84,794,221.46 |
| Other Current Assets | |
| 1110120 · Prepays | 10,748.88 |
| Total Other Current Assets | 10,748.88 |
| Total Current Assets | 84,804,970.34 |
| TOTAL ASSETS | 84,804,970.34 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 3110102 · Administrative Expense Payable | 21,711.00 |
| 3110110 · Other Pay - Due to RT | 72,985.68 |
| 3110122 · MetWest | 19,105.78 |
| 3110124 · Boston Partners | 19,334.10 |
| 3110125 · Callan | 3,250.22 |
| 3110126 · State Street | 6,896.77 |
| 3110127 · JP Morgan | 6,608.23 |
| 3110128 · Atlanta Capital | 15,567.47 |
| 3110129 · S&P Index - SSgA | 1,794.44 |
| 3110130 · EAFE - SSgA | 784.53 |
| 3110132 · Pyrford | 4,621.97 |
| Total Accounts Payable | 172,660.19 |
| Total Current Liabilities | 172,660.19 |
| Total Liabilities | 172,660.19 |
| Equity | |
| 3340101 · Retained Earnings | 75,337,018.65 |
| Net Income | 9,295,291.50 |
| Total Equity | 84,632,310.15 |
| TOTAL LIABILITIES & EQUITY | 84,804,970.34 |

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

Accrual Basis

April through June 2017

| | <u>Apr - Jun 17</u> | <u>% of Income</u> |
|---|----------------------------|---------------------|
| Income | | |
| Interest, Dividend, & Other Inc | 316,262.82 | 7.3% |
| Investment Income | 2,228,540.77 | 51.6% |
| RT Required Contribution | 1,753,792.69 | 40.6% |
| 6630110 · Employee Contribution | 17,759.80 | 0.4% |
| Total Income | 4,316,356.08 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 834,536.26 | 19.3% |
| 8531211 · AFSCME-Retirement Benefits Paid | 395,537.09 | 9.2% |
| 8531212 · MCEG - Retirement Benefits Paid | 615,814.65 | 14.3% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 19,105.78 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 19,334.10 | 0.4% |
| 8532020 · Invest Exp - Callan | 9,739.44 | 0.2% |
| 8532021 · Invest Exp - State Street | 7,451.97 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 1,321.65 | 0.0% |
| 8532024 · Invest Exp - Atlanta Capital | 15,567.47 | 0.4% |
| 8532025 · Invest Exp - S&P Index SSgA | 1,794.44 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 784.53 | 0.0% |
| 8532027 · Invest Exp - AQR | 9,750.26 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.1% |
| Total COGS | 1,935,847.02 | 44.8% |
| Gross Profit | 2,380,509.06 | 55.2% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 10,712.45 | 0.2% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,500.00 | 0.2% |
| 8533014 · Admin Exp - Fiduciary Insurance | 4,552.92 | 0.1% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 21,528.53 | 0.5% |
| 8533029 · Admin Exp - Administrator | 28,186.04 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 125.98 | 0.0% |
| 8533051 · Admin Exp - Audit | 0.00 | 0.0% |
| Total Expense | 72,605.92 | 1.7% |
| Net Income | <u>2,307,903.14</u> | <u>53.5%</u> |

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

July 2016 through June 2017

Accrual Basis

| | Jul '16 - Jun 17 | % of Income |
|---|----------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | 1,159,508.61 | 6.8% |
| Investment Income | 8,574,742.00 | 50.1% |
| RT Required Contribution | 7,321,138.03 | 42.8% |
| 6630110 · Employee Contribution | 53,705.63 | 0.3% |
| Total Income | 17,109,094.27 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 3,361,124.65 | 19.6% |
| 8531211 · AFSCME-Retirement Benefits Paid | 1,383,088.97 | 8.1% |
| 8531212 · MCEG - Retirement Benefits Paid | 2,434,660.89 | 14.2% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 75,329.13 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 72,870.34 | 0.4% |
| 8532020 · Invest Exp - Callan | 38,747.87 | 0.2% |
| 8532021 · Invest Exp - State Street | 32,599.70 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 18,981.67 | 0.1% |
| 8532024 · Invest Exp - Atlanta Capital | 59,043.36 | 0.3% |
| 8532025 · Invest Exp - S&P Index SSgA | 6,813.08 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 2,984.78 | 0.0% |
| 8532027 · Invest Exp - AQR | 33,381.54 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.0% |
| Total COGS | 7,524,735.36 | 44.0% |
| Gross Profit | 9,584,358.91 | 56.0% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 49,084.03 | 0.3% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,666.66 | 0.0% |
| 8533009 · Admin Exp - Shipping | 5.87 | 0.0% |
| 8533010 · Admin Exp - Travel | 12.79 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 26,481.42 | 0.2% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533025 · Admin Exp - Information Service | 333.33 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 75,143.36 | 0.4% |
| 8533029 · Admin Exp - Administrator | 118,853.12 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 290.17 | 0.0% |
| 8533051 · Admin Exp - Audit | 11,196.66 | 0.1% |
| Total Expense | 289,067.41 | 1.7% |
| Net Income | 9,295,291.50 | 54.3% |

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended June 30, 2017**

| | April 2017 | May 2017 | June 2017 | Quarter Totals |
|---|---------------|--------------|--------------|-------------------|
| Beginning Balance: | | | | |
| Due (from)/to District - March 31, 2016 | (33,174.09) | 95,099.13 | 170,639.46 | (33,174.09) |
| Monthly Activity: | | | | |
| Deposits | | | | |
| District Pension Contributions @ 27.73 to 31.48% | 560,698.14 | 603,713.29 | 589,381.26 | 1,753,792.69 |
| Employee Pension Contributions | 4,051.61 | 6,587.27 | 7,120.92 | 17,759.80 |
| Total Deposits | 564,749.75 | 610,300.56 | 596,502.18 | 1,771,552.49 |
| Expenses | | | | |
| Payout to Retirees: | | | | |
| AEA | (277,479.26) | (277,549.62) | (279,507.38) | (834,536.26) |
| AFSCME | (130,382.79) | (131,479.97) | (133,674.33) | (395,537.09) |
| MCEG | (205,271.55) | (205,271.55) | (205,271.55) | (615,814.65) |
| Employee Contribution Refunds | (487.41) | - | - | (487.41) |
| Payout to Retirees Subtotal | (613,621.01) | (614,301.14) | (618,453.26) | (1,846,375.41) |
| Fund Investment Management Expenses: | | | | |
| Atlanta Capital | - | (14,977.21) | - | (14,977.21) |
| Metropolitan West | (18,769.59) | - | - | (18,769.59) |
| Boston Partners | - | (18,510.29) | - | (18,510.29) |
| SSgA S&P 500 Index | (1,751.89) | - | - | (1,751.89) |
| SSgA EAFE MSCI | (782.66) | - | - | (782.66) |
| Callan | (3,240.26) | (3,244.88) | (3,244.34) | (9,729.48) |
| State Street | (3,352.55) | (13,780.75) | - | (17,133.30) |
| Fund Invest. Mgmt Exp. Subtotal | (27,896.95) | (50,513.13) | (3,244.34) | (81,654.42) |
| Administrative Expenses | | | | |
| Cheiron | (3,302.56) | - | (4,971.25) | (8,273.81) |
| CALAPRS Training | - | - | (7,500.00) | (7,500.00) |
| Fiduciary Insurance | - | 283.32 | (13,148.62) | (12,865.30) |
| Hanson Bridgett Legal Services | (6,333.34) | - | (12,666.67) | (19,000.01) |
| Audit Fees | - | (11,196.66) | - | (11,196.66) |
| Pension Administration | (8,689.70) | (10,113.28) | (9,383.06) | (28,186.04) |
| Miscellaneous | (5.32) | - | (120.66) | (125.98) |
| Administrative Exp. Subtotal | (18,330.92) | (21,026.62) | (47,790.26) | (87,147.80) |
| Total Expenses | (659,848.88) | (685,840.89) | (669,487.86) | (2,015,177.63) |
| Monthly Net Owed from/(to) District | (95,099.13) | (75,540.33) | (72,985.68) | (243,625.14) |
| Payment from/(to) the District | 33,174.09 | - | (170,639.46) | (137,465.37) |
| Ending Balance: | | | | |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | 95,099.13 | 170,639.46 | 72,985.68 | 72,985.68 |

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 6/30/2017**

| Asset Class | Net Asset Market Value 06/30/2017 | Actual Asset Allocation | Target Asset Allocation | % Variance | \$ Variance | Target Market Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| FUND MANAGERS: | | | | | | |
| Domestic Equity: | | | | | | |
| Large Cap Value - Boston Partners - Z8 | \$ 45,850,960 | 16.98% | 16.00% | 0.98% | \$ 2,648,023 | |
| Large Cap Growth - SSgA S&P 500 Index - XH | 45,559,203 | 16.87% | 16.00% | 0.87% | 2,356,266 | |
| Total Large Cap Domestic Equity | 91,410,163 | 33.85% | 32.00% | 1.85% | 5,004,289 | \$ 86,405,875 |
| Small Cap - Atlanta Capital - XB | 24,786,908 | 9.18% | 8.00% | 1.18% | 3,185,439 | 21,601,469 |
| International Equity: | | | | | | |
| Large Cap Growth: | | | | | | |
| Pyrford - ZD | 25,596,843 | 9.48% | 9.50% | -0.02% | (54,901) | |
| Large Cap Core: | | | | | | |
| SSgA MSCI EAFE - XG | 10,483,335 | 3.88% | | | | |
| Value - Brandes - XE | 9,403 | 0.00% | | | | |
| Total Core | 10,492,738 | 3.89% | 4.50% | -0.61% | (1,658,089) | |
| Small Cap: | | | | | | |
| AQR - ZB | 13,788,326 | 5.11% | 5.00% | 0.11% | 287,408 | |
| Emerging Markets | | | | | | |
| DFA - ZA | 15,448,346 | 5.72% | 6.00% | -0.28% | (752,755) | |
| Total International Equity | 65,326,252 | 24.19% | 25.00% | -0.81% | (2,178,337) | 67,504,589 |
| Fixed Income: | | | | | | |
| Met West - XD | 88,495,034 | 32.77% | 35.00% | -2.23% | (6,011,391) | 94,506,425 |
| Total Combined Net Asset | \$ 270,018,358 | 100.00% | 100.00% | 0.00% | \$ - | \$ 270,018,358 |

| 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% | 6% | 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 June 30, 2017**

| | |
|--|---------------------------|
| Per Both Pension Fund Balance Sheets: | |
| ATU Allocated Custodial Assets | 131,010,175 |
| IBEW Allocated Custodial Assets | 54,213,961 |
| Salaried Allocated Custodial Assets | <u>84,794,221</u> |
| Total Consolidated Net Asset | <u><u>270,018,358</u></u> |
| Per Callan Report: | |
| Total Investments | <u><u>270,017,704</u></u> |
| Net Difference | <u><u>654</u></u> * |

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended June 30, 2017**

| | |
|--|-------------------------|
| Per Both Pension Fund Income Statements: | |
| ATU - Interest, Dividends, and Other Income | 517,319 |
| ATU - Investment Income | 3,464,543 |
| IBEW - Interest, Dividends, and Other Income | 191,643 |
| IBEW - Investment Income | 1,280,628 |
| Salaried - Interest, Dividends, and Other Income | 316,263 |
| Salaried - Investment Income | <u>2,228,541</u> |
| Total Investment Income | <u><u>7,998,937</u></u> |
| Per Callan Report: | |
| Investment Returns | <u><u>7,977,082</u></u> |
| Net Difference | <u><u>21,855</u></u> ** |

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended June 30, 2017**

| | April | May | June | Total |
|---|------------------|--------------|------------------|--------------------|
| Payments from/(to) the District | | | | |
| S&P 500 Index - ATU | (295,735) | | (564,561) | (860,296) |
| S&P 500 Index - IBEW | (43,681) | | (107,617) | (151,298) |
| S&P 500 Index - Salaried | 33,174 | | (170,639) | (137,465) |
| JP Morgan - ATU | - | (13,697,285) | - | (13,697,285) |
| JP Morgan - IBEW | - | (5,007,187) | - | (5,007,187) |
| JP Morgan - Salaried | - | (7,249,347) | - | (7,249,347) |
| Pyrford - ATU | - | 13,697,285 | - | 13,697,285 |
| Pyrford - IBEW | - | 5,007,187 | - | 5,007,187 |
| Pyrford - Salaried | - | 7,249,347 | - | 7,249,347 |
| Total Payments from/(to) the District | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Transfers In/(Out) of Investment Funds | | | | |
| Boston Partners | - | - | - | - |
| S&P 500 Index | (306,242) | - | (842,817) | (1,149,059) |
| Atlanta Capital | - | - | - | - |
| JP Morgan | - | (25,953,819) | - | (25,953,819) |
| Pyrford | - | 25,953,819 | - | 25,953,819 |
| EAFE | - | - | - | - |
| AQR | - | - | - | - |
| DFA | - | - | - | - |
| Metropolitan West | - | - | - | - |
| Total Transfers In/(Out) of Investment Funds | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Variance between Payments and Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Per Callan Report: | | | | |
| Net New Investment/(Withdrawals) | | | | <u>(1,149,059)</u> |
| Net Difference | | | | <u>-</u> |

**Consolidated Schedule of Cash Activities
For the 12-Months June 30, 2017**

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 | Total |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| Payments from/(to) the District | | | | | |
| Boston Partners - ATU | | (323,598) | (644,886) | - | (968,484) |
| Boston Partners - IBEW | | (37,279) | 6,135 | - | (31,144) |
| Boston Partners - Salaried | - | (109,213) | (80,072) | - | (189,285) |
| S&P 500 Index - ATU | (563,941) | (250,612) | (257,621) | (860,296) | (1,932,470) |
| S&P 500 Index - IBEW | (75,751) | (28,278) | 37,157 | (151,298) | (218,170) |
| S&P 500 Index - Salaried | 102,128 | (43,168) | 9,126 | (137,465) | (69,379) |
| 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) |
| JP Morgan - ATU | - | - | - | (13,697,285) | (13,697,285) |
| JP Morgan - IBEW | - | - | - | (5,007,187) | (5,007,187) |
| JP Morgan - Salaried | - | - | - | (7,249,347) | (7,249,347) |
| Pyrford - ATU | - | - | - | 13,697,285 | 13,697,285 |
| Pyrford - IBEW | - | - | - | 5,007,187 | 5,007,187 |
| Pyrford - Salaried | - | - | - | 7,249,347 | 7,249,347 |
| 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 | 137,839 | - | - | - | 137,839 |
| Metropolitan West - ATU/IBEW | - | - | - | - | - |
| Metropolitan West - ATU | (248,710) | - | - | - | (248,710) |
| Metropolitan West - IBEW | (29,127) | - | - | - | (29,127) |
| Total Payments from/(to) the District | <u>(937,767)</u> | <u>(1,139,011)</u> | <u>(930,161)</u> | <u>(1,149,059)</u> | <u>(4,155,998)</u> |

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
06/30/17**

| | 1 Year | | 1 Year | | | 3 Years | | 3 Years | | |
|--------------------------|------------|---------|---------------------|--------------------|-------------------------------|-------------|---------|---------------------|--------------------|-------------------------------|
| | 1 Year | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts | 3 Years | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts |
| Boston Partners | | | | | | | | | | |
| Investment Returns | 8,104,440 | 100.00% | | | | 9,294,980 | 100.00% | | | |
| Investment Expenses | (234,244) | 2.89% | | | | (656,303) | 7.06% | | | |
| Net Gain/(Loss) | 7,870,196 | 97.11% | 20.41% | 15.53% | 488.00 | 8,638,677 | 92.94% | 7.20% | 7.36% | (16.00) |
| S&P 500 | | | | | | | | | | |
| Investment Returns | 7,174,670 | 100.00% | | | | 11,507,065 | 100.00% | | | |
| Investment Expenses | (21,803) | 0.30% | | | | (92,079) | 0.80% | | | |
| Net Gain/(Loss) | 7,152,867 | 99.70% | 17.91% | 17.90% | 1.00 | 11,414,986 | 99.20% | 9.62% | 9.61% | 1.00 |
| Atlanta Capital | | | | | | | | | | |
| Investment Returns | 3,443,671 | 100.00% | | | | 6,857,772 | 100.00% | | | |
| Investment Expenses | (188,939) | 5.49% | | | | (511,688) | 7.46% | | | |
| Net Gain/(Loss) | 3,254,732 | 94.51% | 15.18% | 24.60% | (942.00) | 6,346,084 | 92.54% | 10.39% | 7.36% | 303.00 |
| JPMorgan | | | | | | | | | | |
| Investment Returns | 4,672,062 | 100.00% | | | | 1,499,651 | 100.00% | | | |
| Investment Expenses | (60,995) | 1.31% | | | | (370,929) | 24.73% | | | |
| Net Gain/(Loss) | 4,611,067 | 98.69% | N/A | N/A | N/A | 1,128,722 | 75.27% | N/A | N/A | N/A |
| Pyrford | | | | | | | | | | |
| Investment Returns | (356,976) | 100.00% | | | | (356,976) | 100.00% | | | |
| Investment Expenses | (14,718) | -4.12% | | | | (14,718) | -4.12% | | | |
| Net Gain/(Loss) | (371,694) | 104.12% | N/A | N/A | N/A | (371,694) | 104.12% | N/A | N/A | N/A |
| EAFE | | | | | | | | | | |
| Investment Returns | 2,134,059 | 100.00% | | | | (984,530) | 100.00% | | | |
| Investment Expense | (9,556) | 0.45% | | | | (51,747) | -5.26% | | | |
| Net Gain/(Loss) | 2,124,503 | 99.55% | 20.57% | 20.27% | 30.00 | (1,036,277) | 105.26% | 1.39% | 1.15% | 24.00 |
| Brandes | | | | | | | | | | |
| Investment Returns | 71 | 100.00% | | | | (3,504) | 100.00% | | | |
| Investment Expenses | - | 0.00% | | | | - | 0.00% | | | |
| Net Gain/(Loss) | 71 | 100.00% | N/A | N/A | N/A | (3,504) | 100.00% | N/A | N/A | N/A |
| AQR | | | | | | | | | | |
| Investment Returns | 1,605,870 | 100.00% | | | | 1,605,870 | 100.00% | | | |
| Investment Expenses | (108,460) | 6.75% | | | | (108,460) | 6.75% | | | |
| Net Gain/(Loss) | 1,497,410 | 93.25% | N/A | N/A | N/A | 1,497,410 | 93.25% | N/A | N/A | N/A |
| DFA | | | | | | | | | | |
| Investment Returns | 2,773,305 | 100.00% | | | | 966,884 | 100.00% | | | |
| Investment Expense | (92,906) | 3.35% | | | | (243,653) | 25.20% | | | |
| Net Gain/(Loss) | 2,680,399 | 96.65% | 21.88% | 24.17% | (229.00) | 723,231 | 74.80% | 1.63% | 1.44% | 19.00 |
| Metropolitan West | | | | | | | | | | |
| Investment Returns | 612,393 | 100.00% | | | | 7,127,309 | 100.00% | | | |
| Investment Expenses | (241,089) | 39.37% | | | | (736,452) | 10.33% | | | |
| Net Gain/(Loss) | 371,304 | 60.63% | 0.42% | -0.31% | 73.00 | 6,390,857 | 89.67% | 2.38% | 2.48% | (10.00) |
| Total Fund | | | | | | | | | | |
| Investment Returns | 30,163,565 | 100.00% | | | | 37,514,521 | 100.00% | | | |
| Investment Expenses | (972,710) | 3.22% | | | | (2,786,030) | 7.43% | | | |
| Net Gain/(Loss) | 29,190,855 | 96.78% | 12.09% | 12.71% | (62.00) | 34,728,491 | 92.57% | 4.71% | 5.05% | (34.00) |
| CPI: | | | | 1.63% | | | | | 0.92% | |
| Core CPI: | | | | 1.69% | | | | | 1.94% | |

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: April 1, 2017 to June 30, 2017

Transfers:

| Date | Purpose of Transfer | Transfer Out ATU | Transfer In IBEW |
|-------------|---|-------------------------|-----------------------------|
| 06/15/2017 | Asset/liability split correction based on actuarial valuation | (3,421,627.16) | 3,421,627.16 |
| 06/22/2017 | Fiscal year 2017 revenue and expense true up | (430,199.64) | 430,199.64 |
| | | <u>(3,851,826.80)</u> | <u>3,851,826.80</u> |

Retirements:

| Employee # | Previous Position | Pension Group | Retirement Date |
|-------------------|---------------------------------|----------------------|------------------------|
| 2043 | Mechanic B | IBEW | 04/01/2017 |
| 2430 | Bus Operator | ATUL | 04/28/2017 |
| 3231 | Facilities Service Worker | IBEW | 06/01/2017 |
| 2487 | Facilities & Grounds Worker | IBEW | 05/01/2017 |
| 3152 | Bus Operator | ATUL | 04/01/2017 |
| 1562 | Customer Service Representative | ATUL | 06/01/2017 |
| 2306 | Mechanic A | IBEW | 05/01/2017 |
| 1025 | Graphic Designer | AFST | 05/01/2017 |
| 3388 | Procurement Analyst II | AEAS | 05/01/2017 |
| 1646 | Facilities Supervisor | AFSC | 04/01/2017 |
| 1656 | Engineering Technician II | AEAS | 06/01/2017 |
| 3454 | Director, Long Range Planning | MCEG | 06/01/2017 |

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 7 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adoption of the Regional Transit District Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09-____, Adopting the Regional Transit District Retirement Boards 2018 Meeting Calendar.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2018 calendar year are:

- Wednesday, March 14th
- Wednesday, June 20th
- Wednesday, September 12th
- Wednesday, December 12th

In anticipation of several large projects and decisions coming before the Retirement Boards in 2018, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

Approved:

Final 9/6/17

VP, Finance / CFO

Presented:

Director, Human Resources

C:\Temp\2018 IP Retirement Board Schedule - Resos_24730453.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 7 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adopting the Regional Transit Retirement Boards 2018 Meeting Calendar (ALL).
(Bonnell)

The proposed dates for tentative Special Meetings for the 2018 calendar year are:

- Wednesday, February 7th
- Wednesday, April 18th
- Wednesday, July 25th
- Wednesday, October 24th

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2018 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2018 Meeting Calendar, marked as Exhibit A.

RESOLUTION NO. 17-09-_____

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

September 13, 2017

ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2018 MEETING CALENDAR

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

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the Regional Transit District AFSCME Retirement Board for calendar year 2018, is hereby adopted.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Donna Bonnel, Assistant Secretary

2018 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29TH STREET
SACRAMENTO, CALIFORNIA

9:00 AM

Wednesday.....Regular Meeting.....March 14, 2018
Wednesday.....Regular Meeting.....June 20, 2018
Wednesday.....Regular Meeting.....September 12, 2018
Wednesday.....Regular Meeting.....December 12, 2018

Wednesday.....Special Meeting.....*February 7, 2018
Wednesday.....Special Meeting.....*April 18, 2018
Wednesday.....Special Meeting.....*July 25, 2018
Wednesday.....Special Meeting.....*October 24, 2018

**Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

**Sacramento Regional Transit District
ATU Retirement Board Meeting
Wednesday, June 14, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:05 a.m. A quorum was present comprised as follows: Directors Li, Morin, Niz and De La Torre were present. Alternate Lee 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.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 5. Motion: Approving the Minutes for the March 22, 2017 Quarterly Retirement Board Meeting (ATU). (Bonnel)
- 6. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2017 for the ATU Pension Plan (ATU). (Bernegger)

Director Morin moved to adopt ATU Retirement Board Items 5 through 6. Director Li seconded the motion. Items 5 through 6 were carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

New Business:

- 11. Information: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Iwan Djanali from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 and was available for questions.

Ms. Adelman asked how quickly AQR can respond to market changes. Mr. Djanali noted that AQR typically looks at the momentum for the last one to twelve months; if a category trends negative for six months or more AQR may change the weight of holdings in that category.

12. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman noted that the Retirement Boards are now invested with Pyrford as of June 1, 2017. Pyrford's activity will be included as of the September 2017 board meeting, for the last quarter of fiscal year 2017.

Ms. Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended March 31, 2017 and was available for questions.

Director Morin moved to adopt Item 12. Director Li seconded the motion. Item 12 was carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

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

Jamie Adelman introduced Gene Podkaminer from Callan Associates to present the Asset Allocation Study Review and to be available for questions.

Director Li requested clarification on Attachment 1, Page 9. The Retirement Boards currently have an expected rate of investment returns assumption of 7.50% whereas Callan's expected return is 6.60%. Director Li asked if it is correct that the assumption have an almost 1% difference. Mr. Podkaminer responded in the affirmative.

Director Li asked what would be the industrial average for risk tolerance. Mr. Podkaminer noted that pension plans' risk tolerance is based on their liabilities. The industry average can be misleading because it only takes into account the averages; it does not take into account what plans' assets are trying to support from a liability perspective. Mr. Podkaminer confirmed that a fixed income allocation of 30-35% is reasonable. Mr. Tseng noted that a lot of changes have been made to the Pension Plans' portfolio since the last asset liability study. The fixed income allocation was 40% at that time. Mr. Tseng noted that the current allocation of 35% in fixed income is an appropriate asset allocation at this time. Discussion ensued.

Donna Bonnel noted that Graham Schmidt will be present at the September meeting to discuss the rate of return and inflation rate used for the Pension Plans' actuarial analyses.

Ms. Adelman noted that she reached out to Mr. Schmidt after she saw the asset allocation study and talked about the projections from Callan Associates. Ms. Adelman noted that there are two sides to the assumed rate of return: inflation factor and the real rate of return. The main area of concern is the inflation factor. In September, Mr. Schmidt will discuss potentially adjusting the inflation factor, which would then effect the fiscal year 2019 actuarial valuation.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

14. Information: Update on 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.

15. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Bonnell)

Valerie Weekly presented agenda item #15.

Director Ralph Niz asked what the proposed \$1,500 annual training budget would cover. Ms. Weekly noted that when reviewing the Staff Education and Travel Policy it was discovered that a budget of \$1,500 was established for non-CALAPRS training. Staff is going to review the budget of \$1,500 to make sure that it amount is adequate.

Ms. Weekly noted that the education requirements have been revised. The policy now includes a goal of twenty-four educational hours in a two year period. Multi-day conferences are still an option. An email will be sent out from Staff detailing the procedural aspects of complying with the new policy, if adopted, including how staff intends to track hours reported and how staff will notify board members of training opportunities.

Director Morin moved to adopt Item 15. Director Li seconded the motion. Item 15 was carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnell noted that there will be a Special Meeting on July 26, 2017.

Ms, Bonnell reported that the last meeting for paper packages should be the July 26, 2017 Special Meeting. As of the September 13, 2017 quarterly meeting, Staff will only distribute electronic packages. If any Board member needs an electronic device, they should contact Isis Humphrey, Administrative Technician.

The meeting was adjourned by Assistant Secretary Bonnell at 10:28 a.m.

Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By: _____
Donna Bonnell, Assistant Secretary

**Sacramento Regional Transit District
ATU Special Retirement Board Meeting
Wednesday, July 26, 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.

This meeting was held as a common meeting of three 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.

CLOSED SESSION

The AEA Retirement Board and IBEW Retirement Boards recessed. AEA Retirement Board members Devorak and Robison and IBEW Retirement Board members Ohlson and Bibbs left the meeting room at 9:04 a.m.

1. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): Two Potential Cases (ATU)

The ATU Retirement Board met in closed session.

The ATU Retirement Board recessed and Board members Niz and De La Torre left the meeting room at 9:12 a.m.

RECONVENE IN OPEN SESSION

ATU Retirement Board members Niz and De La Torre returned to the meeting room and the ATU Retirement Board meeting reconvened in Open Session at 9:30 a.m.

CLOSED SESSION REPORT

No reportable actions were taken in the closed sessions.

4. Corrective Pension Payments (AEA/ATU/IBEW). (Bonnel)

Director Morin moved to adopt ATU Retirement Board Item 4. Director Li seconded the motion. Items 4 was carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

With no further business to discuss, the meeting was adjourned at 9:32 a.m.

Ralph Niz, Chair

ATTEST:

Constance Bibbs, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
ATU Special Retirement Board Meeting
Monday, August 21, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:06 a.m. A quorum was present comprised as follows: Directors Li, Niz and De La Torre. Director Morin and Alternates McGee-Lee and Jennings were absent.

By ATU Resolution No. 16-12-0288 for calendar year 2017, the District's General Manager/CEO served as Chair of this Retirement Board meeting.

NEW BUSINESS

1. Approving Disability Retirement Application for Renee Campbell (ATU). (Bonnel)

Pension and Retiree Services Administrator, Valerie Weekly presented agenda item #1.

Director Li asked if a disability retirement costs additional money as compared to a service retirement. Ms. Weekly responded that it could and described the difference between a disability retirement calculation and a regular retirement calculation. In the case of a disability retirement under the ATU Pension Plan only, there is an income averaging provision. In the case where an employee is off of work for more than 22 consecutive days without pay, Staff averages the employee earnings of the person that is above them and below them in seniority. This calculation results in a higher benefit for the retiree. Staff has not yet completed the calculation for this particular participant; there is no dollar figure to provide at this time.

Director Li moved to adopt Item 1. Director De La Torre seconded the motion. Item 1 was carried unanimously by roll call vote: Ayes: Directors Niz, De La Torre and Li. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

With no further business to discuss, the meeting was adjourned by Assistant Secretary Bonnel at 9:09 a.m.

Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 11 | 09/13/17 | Retirement | Action | 08/09/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 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 June 30, 2017. 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 June 30, 2017 (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 Director is required to report asset rebalancing activity to the Boards at their quarterly meetings. Rebalancing can occur for one or more of the following reasons:

Approved:

Presented:

FINAL 09/01/17

VP Finance/CFO

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 11 | 09/13/17 | Retirement | Action | 08/09/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger)

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 June 30, 2017. 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 June 30, 2017. The ATU Plan reimbursed \$860,295.94 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 June 30, 2017. 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 both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension 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 June 30, 2017 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the ATU Plan to the IBEW or Salaried Plan during the three months ended June 30, 2017.

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 11 | 09/13/17 | Retirement | Action | 08/09/17 |

| |
|---|
| <p>Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the ATU Pension Plan (ATU). (Bernegger)</p> |
|---|

On February 24, 2017, members of the ATU and the IBEW Retirement Boards met with District staff and Graham Schmidt from Cheiron, the Plans' actuary, to discuss a correction to the splitting of the ATU and IBEW assets. The split allows the two Plans to maintain separate accounting, which was a required corrective action in the IRS's Voluntary Compliance Program (VCP) compliance statements for the ATU and IBEW Plans to maintain tax-qualified status. Staff split the assets in July 2016, in accordance with the methodology set forth in the IRS VCP compliance statements, which corresponds to the methodology that Cheiron uses to prepare its actuarial valuations. Using that methodology, it was determined that 73.23%, or \$123,566,631, of the combined assets belonged to the ATU Plan and 26.77% or \$45,171,087 belonged to the IBEW Plan. Staff split the assets accordingly and began allocating revenues and expenses in accordance with the established Plan percentages. In December 2016, when Cheiron was working on the July 2017 valuation and evaluating the census data and associated liabilities for the two separate Plans, Cheiron discovered that the number of IBEW transfers to the Salaried Plan exceeded the number of ATU Plan transfers. Consequently, Cheiron concluded that the original asset split percentages were inaccurate. Cheiron determined that the correct percentage share for the two plans should have been 71.20% for the ATU Plan and 28.80% for the IBEW Plan. Per approvals from the ATU Retirement Board Chair on February 28, 2017, and the IBEW Retirement Board Chair on February 27, 2017, staff instructed State Street Bank and Trust (asset custodian) to transfer \$3,421,627.16 from the ATU Plan to the IBEW Plan on June 15, 2017, to account for the correction.

This subsequent correction impacted the allocation of fiscal year 2017 revenues and expenses. Based on the corrected percentage of assets owned by the two Plans, staff reallocated all revenues and expenses (excluding actual payments to retirees and contributions to the Plans) to determine what each Plan should have recognized. The net difference resulted in an additional \$430,199.64 (revenues less expenses) being due to the IBEW Plan from the ATU Plan. The net transfer of fiscal year 2017 revenue and expense correction was completed on June 22, 2017.

All asset transfers between the ATU and IBEW Plans related to the required asset split under the IRS VCP have been successfully completed.

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

Accrual Basis

As of June 30, 2017

| | Jun 30, 17 |
|--|-----------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Long-Term Investments | 131,010,175.17 |
| Total Checking/Savings | 131,010,175.17 |
| Other Current Assets | |
| 1110120 · Prepaids | 10,748.89 |
| Total Other Current Assets | 10,748.89 |
| Total Current Assets | 131,020,924.06 |
| TOTAL ASSETS | 131,020,924.06 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 3110102 · Administrative Expense Payable | 26,167.92 |
| 3110110 · Other Pay - Due to RT | 285,369.29 |
| 3110122 · MetWest | 29,519.16 |
| 3110124 · Boston Partners | 29,871.90 |
| 3110125 · Callan | 5,021.72 |
| 3110126 · State Street | 10,690.36 |
| 3110127 · JP Morgan | 10,649.00 |
| 3110128 · Atlanta Capital | 24,052.32 |
| 3110129 · SSgA - S&P Index | 2,772.50 |
| 3110130 · SSgA - EAFE | 1,214.06 |
| 3110132 · Pyrford | 7,141.13 |
| Total Accounts Payable | 432,469.36 |
| Total Current Liabilities | 432,469.36 |
| Total Liabilities | 432,469.36 |
| Equity | |
| 3340100 · Retained Earning | 122,948,269.10 |
| Net Income | 7,640,185.60 |
| Total Equity | 130,588,454.70 |
| TOTAL LIABILITIES & EQUITY | 131,020,924.06 |

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

Accrual Basis

April through June 2017

| | Apr - Jun 17 | % of Income |
|--|---------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | | |
| 6830101 · Dividend | 179,176.96 | 2.9% |
| 6830102 · Interest | 336,498.43 | 5.5% |
| 6830103 · Other Income | 1,643.66 | 0.0% |
| Total Interest, Dividend, & Other Inc | 517,319.05 | 8.5% |
| Investment Income | | |
| 6530900 · Gains/(Losses) - All | 6,355,932.56 | 103.9% |
| 6530915 · Increase(Decrease) in FV | -2,891,389.44 | -47.2% |
| Total Investment Income | 3,464,543.12 | 56.6% |
| RT Required Contribution | | |
| 6630101 · Employer Contributions | 2,062,827.44 | 33.7% |
| 6630110 · Employee Contributions | 75,311.69 | 1.2% |
| Total RT Required Contribution | 2,138,139.13 | 34.9% |
| Total Income | 6,120,001.30 | 100.0% |
| Cost of Goods Sold | | |
| 8531200 · ATU - Retirement Benefits Paid | 2,762,750.34 | 45.1% |
| 8531201 · EE Contribution Refunds | 5,708.57 | 0.1% |
| 8531203 · Transfer Out to IBEW Plan | 3,851,826.80 | 62.9% |
| 8532004 · Invest Exp - Metropolitan West | 29,519.16 | 0.5% |
| 8532013 · Invest Exp - Boston Partners | 29,871.90 | 0.5% |
| 8532020 · Invest Exp - Callan | 15,243.18 | 0.2% |
| 8532021 · Invest Exp - State Street | 11,224.16 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 2,129.80 | 0.0% |
| 8532024 · Invest Exp - Atlanta Capital | 24,052.32 | 0.4% |
| 8532025 · Invest Exp - S&P Index - SSgA | 2,772.50 | 0.0% |
| 8532026 · Invest Exp - EAFE - SSgA | 1,214.06 | 0.0% |
| 8532027 · Invest Exp - AQR | 16,001.30 | 0.3% |
| 8532028 · Invest Exp - Pyrford | 7,141.13 | 0.1% |
| Total COGS | 6,759,455.22 | 110.4% |
| Gross Profit | -639,453.92 | -10.4% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 17,578.60 | 0.3% |
| 8533003 · Admin Exp - Med Center | 306.00 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 3,950.70 | 0.1% |
| 8533021 · Admin Exp - Legal Services | 21,527.90 | 0.4% |
| 8533029 · Admin Exp - Administrator | 32,414.53 | 0.5% |
| 8533030 · Admin Exp - Audit | 0.00 | 0.0% |
| 8533050 · Miscellaneous | 154.73 | 0.0% |
| Total Expense | 75,932.46 | 1.2% |
| Net Income | -715,386.38 | -11.7% |

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

Accrual Basis

July 2016 through June 2017

| | Jul '16 - Jun 17 | % of Income |
|--|----------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | | |
| 6830101 · Dividend | 638,466.04 | 2.8% |
| 6830102 · Interest | 1,280,598.51 | 5.5% |
| 6830103 · Other Income | 3,368.43 | 0.0% |
| Total Interest, Dividend, & Other Inc | 1,922,432.98 | 8.3% |
| Investment Income | | |
| 6530900 · Gains/(Losses) - All | 8,759,503.24 | 37.9% |
| 6530915 · Increase(Decrease) in FV | 4,294,683.76 | 18.6% |
| Total Investment Income | 13,054,187.00 | 56.4% |
| RT Required Contribution | | |
| 6630101 · Employer Contributions | 7,987,366.69 | 34.5% |
| 6630110 · Employee Contributions | 168,463.25 | 0.7% |
| Total RT Required Contribution | 8,155,829.94 | 35.3% |
| Total Income | 23,132,449.92 | 100.0% |
| Cost of Goods Sold | | |
| 8531200 · ATU - Retirement Benefits Paid | 10,768,293.52 | 46.6% |
| 8531201 · EE Contribution Refunds | 8,692.40 | 0.0% |
| 8531203 · Transfer Out to IBEW Plan | 3,851,826.80 | 16.7% |
| 8532004 · Invest Exp - Metropolitan West | 120,070.64 | 0.5% |
| 8532013 · Invest Exp - Boston Partners | 116,941.38 | 0.5% |
| 8532020 · Invest Exp - Callan | 62,100.51 | 0.3% |
| 8532021 · Invest Exp - State Street | 55,219.12 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 30,707.57 | 0.1% |
| 8532024 · Invest Exp - Atlanta Capital | 94,059.70 | 0.4% |
| 8532025 · Invest Exp - S&P Index - SSgA | 10,853.87 | 0.0% |
| 8532026 · Invest Exp - EAFE - SSgA | 4,756.90 | 0.0% |
| 8532027 · Invest Exp - AQR | 54,782.97 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 7,141.13 | 0.0% |
| Total COGS | 15,185,446.51 | 65.6% |
| Gross Profit | 7,947,003.41 | 34.4% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 65,904.39 | 0.3% |
| 8533003 · Admin Exp - Med Center | 5,121.00 | 0.0% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 166.67 | 0.0% |
| 8533009 · Admin Exp - Shipping | 4.40 | 0.0% |
| 8533012 · Admin Exp - Travel | 12.78 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 20,008.95 | 0.1% |
| 8533021 · Admin Exp - Legal Services | 76,134.54 | 0.3% |
| 8533025 · Admin Exp - Information Service | 333.34 | 0.0% |
| 8533029 · Admin Exp - Administrator | 127,656.29 | 0.6% |
| 8533030 · Admin Exp - Audit | 11,196.67 | 0.0% |
| 8533050 · Miscellaneous | 278.78 | 0.0% |
| Total Expense | 306,817.81 | 1.3% |
| Net Income | 7,640,185.60 | 33.0% |

Sacramento Regional Transit District
Retirement Fund - ATU
Schedule of Cash Activities
For the Three Months Period Ended June 30, 2017

| | April 2017 | May 2017 | June 2017 | Quarter Totals |
|---|---------------|----------------|--------------|-------------------|
| Beginning Balance: | | | | |
| Due (from)/to District - March 31, 2016 | 295,734.84 | 268,024.77 | 564,561.10 | 295,734.84 |
| Monthly Activity: | | | | |
| <u>Deposits</u> | | | | |
| District Pension Contributions @ 24.10 - 27.10% | 704,193.62 | 699,461.47 | 659,172.35 | 2,062,827.44 |
| Employee Pension Contributions | 26,172.66 | 24,457.54 | 24,681.49 | 75,311.69 |
| Total Deposits | 730,366.28 | 723,919.01 | 683,853.84 | 2,138,139.13 |
| <u>Expenses</u> | | | | |
| Payout to Retirees | (928,621.91) | (915,042.63) | (919,085.80) | (2,762,750.34) |
| Employee Contribution Refunds | (3,932.06) | (1,776.51) | 0.00 | (5,708.57) |
| Payout to Retirees Subtotal | (932,553.97) | (916,819.14) | (919,085.80) | (2,768,458.91) |
| Fund Investment Management Expenses: | | | | |
| Atlanta Capital | - | (23,949.34) | - | (23,949.34) |
| Metropolitan West | (30,013.54) | - | - | (30,013.54) |
| Boston Partners | - | (30,462.25) | - | (30,462.25) |
| SSgA S&P 500 Index | (2,801.37) | - | - | (2,801.37) |
| SSgA EAFE MSCI | (1,251.54) | - | - | (1,251.54) |
| Callan | (5,181.35) | (5,176.23) | (5,045.23) | (15,402.81) |
| State Street | (5,436.85) | (22,122.45) | - | (27,559.30) |
| Fund Invest. Mgmt Exp. Subtotal | (44,684.65) | (81,710.27) | (5,045.23) | (131,440.15) |
| Administrative Expenses | | | | |
| Cheiron | (4,502.56) | - | (7,680.62) | (12,183.18) |
| Fiduciary Insurance | | 83.34 | (12,998.69) | (12,915.35) |
| Medical Evaluations | (306.00) | | | (306.00) |
| Hanson Bridgett Legal Services | (6,333.33) | | (12,666.67) | (19,000.00) |
| Audit Fees | | (11,196.67) | | (11,196.67) |
| Pension Administration | (10,005.23) | (10,783.85) | (11,625.45) | (32,414.53) |
| Miscellaneous | (5.31) | (28.75) | (120.67) | (154.73) |
| Administrative Exp. Subtotal | (21,152.43) | (21,925.93) | (45,092.10) | (88,170.46) |
| Total Expenses | (998,391.05) | (1,020,455.34) | (969,223.13) | (2,988,069.52) |
| Monthly Net Owed from/(to) District | (268,024.77) | (296,536.33) | (285,369.29) | (849,930.39) |
| Payment from/(to) the District | (295,734.84) | - | (564,561.10) | (860,295.94) |
| Ending Balance: | | | | |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | 268,024.77 | 564,561.10 | 285,369.29 | 285,369.29 |

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 6/30/2017**

| Asset Class | Net Asset Market Value 06/30/2017 | Actual Asset Allocation | Target Asset Allocation | % Variance | \$ Variance | Target Market Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| FUND MANAGERS: | | | | | | |
| Domestic Equity: | | | | | | |
| Large Cap Value - Boston Partners - Z8 | \$ 45,850,960 | 16.98% | 16.00% | 0.98% | \$ 2,648,023 | |
| Large Cap Growth - SSgA S&P 500 Index - XH | 45,559,203 | 16.87% | 16.00% | 0.87% | 2,356,266 | |
| Total Large Cap Domestic Equity | 91,410,163 | 33.85% | 32.00% | 1.85% | 5,004,289 | \$ 86,405,875 |
| Small Cap - Atlanta Capital - XB | 24,786,908 | 9.18% | 8.00% | 1.18% | 3,185,439 | 21,601,469 |
| International Equity: | | | | | | |
| Large Cap Growth: | | | | | | |
| Pyrford - ZD | 25,596,843 | 9.48% | 9.50% | -0.02% | (54,901) | |
| Large Cap Core: | | | | | | |
| SSgA MSCI EAFE - XG | 10,483,335 | 3.88% | | | | |
| Value - Brandes - XE | 9,403 | 0.00% | | | | |
| Total Core | 10,492,738 | 3.89% | 4.50% | -0.61% | (1,658,089) | |
| Small Cap: | | | | | | |
| AQR - ZB | 13,788,326 | 5.11% | 5.00% | 0.11% | 287,408 | |
| Emerging Markets | | | | | | |
| DFA - ZA | 15,448,346 | 5.72% | 6.00% | -0.28% | (752,755) | |
| Total International Equity | 65,326,252 | 24.19% | 25.00% | -0.81% | (2,178,337) | 67,504,589 |
| Fixed Income: | | | | | | |
| Met West - XD | 88,495,034 | 32.77% | 35.00% | -2.23% | (6,011,391) | 94,506,425 |
| Total Combined Net Asset | \$ 270,018,358 | 100.00% | 100.00% | 0.00% | \$ - | \$ 270,018,358 |

| 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% | 6% | 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 June 30, 2017**

| | |
|--|---------------------------|
| Per Both Pension Fund Balance Sheets: | |
| ATU Allocated Custodial Assets | 131,010,175 |
| IBEW Allocated Custodial Assets | 54,213,961 |
| Salaried Allocated Custodial Assets | <u>84,794,221</u> |
| Total Consolidated Net Asset | <u><u>270,018,358</u></u> |
| Per Callan Report: | |
| Total Investments | <u><u>270,017,704</u></u> |
| Net Difference | <u><u>654</u></u> * |

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended June 30, 2017**

| | |
|--|-------------------------|
| Per Both Pension Fund Income Statements: | |
| ATU - Interest, Dividends, and Other Income | 517,319 |
| ATU - Investment Income | 3,464,543 |
| IBEW - Interest, Dividends, and Other Income | 191,643 |
| IBEW - Investment Income | 1,280,628 |
| Salaried - Interest, Dividends, and Other Income | 316,263 |
| Salaried - Investment Income | <u>2,228,541</u> |
| Total Investment Income | <u><u>7,998,937</u></u> |
| Per Callan Report: | |
| Investment Returns | <u><u>7,977,082</u></u> |
| Net Difference | <u><u>21,855</u></u> ** |

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended June 30, 2017**

| | April | May | June | Total |
|---|------------------|--------------|------------------|--------------------|
| Payments from/(to) the District | | | | |
| S&P 500 Index - ATU | (295,735) | | (564,561) | (860,296) |
| S&P 500 Index - IBEW | (43,681) | | (107,617) | (151,298) |
| S&P 500 Index - Salaried | 33,174 | | (170,639) | (137,465) |
| JP Morgan - ATU | - | (13,697,285) | - | (13,697,285) |
| JP Morgan - IBEW | - | (5,007,187) | - | (5,007,187) |
| JP Morgan - Salaried | - | (7,249,347) | - | (7,249,347) |
| Pyrford - ATU | - | 13,697,285 | - | 13,697,285 |
| Pyrford - IBEW | - | 5,007,187 | - | 5,007,187 |
| Pyrford - Salaried | - | 7,249,347 | - | 7,249,347 |
| Total Payments from/(to) the District | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Transfers In/(Out) of Investment Funds | | | | |
| Boston Partners | - | - | - | - |
| S&P 500 Index | (306,242) | - | (842,817) | (1,149,059) |
| Atlanta Capital | - | - | - | - |
| JP Morgan | - | (25,953,819) | - | (25,953,819) |
| Pyrford | - | 25,953,819 | - | 25,953,819 |
| EAFE | - | - | - | - |
| AQR | - | - | - | - |
| DFA | - | - | - | - |
| Metropolitan West | - | - | - | - |
| Total Transfers In/(Out) of Investment Funds | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Variance between Payments and Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Per Callan Report: | | | | |
| Net New Investment/(Withdrawals) | | | | <u>(1,149,059)</u> |
| Net Difference | | | | <u>-</u> |

**Consolidated Schedule of Cash Activities
For the 12-Months June 30, 2017**

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 | Total |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| Payments from/(to) the District | | | | | |
| Boston Partners - ATU | | (323,598) | (644,886) | - | (968,484) |
| Boston Partners - IBEW | | (37,279) | 6,135 | - | (31,144) |
| Boston Partners - Salaried | - | (109,213) | (80,072) | - | (189,285) |
| S&P 500 Index - ATU | (563,941) | (250,612) | (257,621) | (860,296) | (1,932,470) |
| S&P 500 Index - IBEW | (75,751) | (28,278) | 37,157 | (151,298) | (218,170) |
| S&P 500 Index - Salaried | 102,128 | (43,168) | 9,126 | (137,465) | (69,379) |
| 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) |
| JP Morgan - ATU | - | - | - | (13,697,285) | (13,697,285) |
| JP Morgan - IBEW | - | - | - | (5,007,187) | (5,007,187) |
| JP Morgan - Salaried | - | - | - | (7,249,347) | (7,249,347) |
| Pyrford - ATU | - | - | - | 13,697,285 | 13,697,285 |
| Pyrford - IBEW | - | - | - | 5,007,187 | 5,007,187 |
| Pyrford - Salaried | - | - | - | 7,249,347 | 7,249,347 |
| 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 | 137,839 | - | - | - | 137,839 |
| Metropolitan West - ATU/IBEW | - | - | - | - | - |
| Metropolitan West - ATU | (248,710) | - | - | - | (248,710) |
| Metropolitan West - IBEW | (29,127) | - | - | - | (29,127) |
| Total Payments from/(to) the District | <u>(937,767)</u> | <u>(1,139,011)</u> | <u>(930,161)</u> | <u>(1,149,059)</u> | <u>(4,155,998)</u> |

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
06/30/17**

| | 1 Year | | 1 Year | | | 3 Years | | 3 Years | | |
|--------------------------|--------------------|---------------------|---------------------|--------------------|-------------------------------|--------------------|---------------------|---------------------|--------------------|-------------------------------|
| | Investment Returns | Investment Expenses | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts | Investment Returns | Investment Expenses | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts |
| Boston Partners | | | | | | | | | | |
| Investment Returns | 8,104,440 | 100.00% | | | | 9,294,980 | 100.00% | | | |
| Investment Expenses | (234,244) | 2.89% | | | | (656,303) | 7.06% | | | |
| Net Gain/(Loss) | 7,870,196 | 97.11% | 20.41% | 15.53% | 488.00 | 8,638,677 | 92.94% | 7.20% | 7.36% | (16.00) |
| S&P 500 | | | | | | | | | | |
| Investment Returns | 7,174,670 | 100.00% | | | | 11,507,065 | 100.00% | | | |
| Investment Expenses | (21,803) | 0.30% | | | | (92,079) | 0.80% | | | |
| Net Gain/(Loss) | 7,152,867 | 99.70% | 17.91% | 17.90% | 1.00 | 11,414,986 | 99.20% | 9.62% | 9.61% | 1.00 |
| Atlanta Capital | | | | | | | | | | |
| Investment Returns | 3,443,671 | 100.00% | | | | 6,857,772 | 100.00% | | | |
| Investment Expenses | (188,939) | 5.49% | | | | (511,688) | 7.46% | | | |
| Net Gain/(Loss) | 3,254,732 | 94.51% | 15.18% | 24.60% | (942.00) | 6,346,084 | 92.54% | 10.39% | 7.36% | 303.00 |
| JPMorgan | | | | | | | | | | |
| Investment Returns | 4,672,062 | 100.00% | | | | 1,499,651 | 100.00% | | | |
| Investment Expenses | (60,995) | 1.31% | | | | (370,929) | 24.73% | | | |
| Net Gain/(Loss) | 4,611,067 | 98.69% | N/A | N/A | N/A | 1,128,722 | 75.27% | N/A | N/A | N/A |
| Pyrford | | | | | | | | | | |
| Investment Returns | (356,976) | 100.00% | | | | (356,976) | 100.00% | | | |
| Investment Expenses | (14,718) | -4.12% | | | | (14,718) | -4.12% | | | |
| Net Gain/(Loss) | (371,694) | -104.12% | N/A | N/A | N/A | (371,694) | 104.12% | N/A | N/A | N/A |
| EAFE | | | | | | | | | | |
| Investment Returns | 2,134,059 | 100.00% | | | | (984,530) | 100.00% | | | |
| Investment Expense | (9,556) | 0.45% | | | | (51,747) | -5.26% | | | |
| Net Gain/(Loss) | 2,124,503 | 99.55% | 20.57% | 20.27% | 30.00 | (1,036,277) | 105.26% | 1.39% | 1.15% | 24.00 |
| Brandes | | | | | | | | | | |
| Investment Returns | 71 | 100.00% | | | | (3,504) | 100.00% | | | |
| Investment Expenses | - | 0.00% | | | | - | 0.00% | | | |
| Net Gain/(Loss) | 71 | 100.00% | N/A | N/A | N/A | (3,504) | 100.00% | N/A | N/A | N/A |
| AQR | | | | | | | | | | |
| Investment Returns | 1,605,870 | 100.00% | | | | 1,605,870 | 100.00% | | | |
| Investment Expenses | (108,460) | 6.75% | | | | (108,460) | 6.75% | | | |
| Net Gain/(Loss) | 1,497,410 | 93.25% | N/A | N/A | N/A | 1,497,410 | 93.25% | N/A | N/A | N/A |
| DFA | | | | | | | | | | |
| Investment Returns | 2,773,305 | 100.00% | | | | 966,884 | 100.00% | | | |
| Investment Expense | (92,906) | 3.35% | | | | (243,653) | 25.20% | | | |
| Net Gain/(Loss) | 2,680,399 | 96.65% | 21.88% | 24.17% | (229.00) | 723,231 | 74.80% | 1.63% | 1.44% | 19.00 |
| Metropolitan West | | | | | | | | | | |
| Investment Returns | 612,393 | 100.00% | | | | 7,127,309 | 100.00% | | | |
| Investment Expenses | (241,089) | 39.37% | | | | (736,452) | 10.33% | | | |
| Net Gain/(Loss) | 371,304 | 60.63% | 0.42% | -0.31% | 73.00 | 6,390,857 | 89.67% | 2.38% | 2.48% | (10.00) |
| Total Fund | | | | | | | | | | |
| Investment Returns | 30,163,565 | 100.00% | | | | 37,514,521 | 100.00% | | | |
| Investment Expenses | (972,710) | 3.22% | | | | (2,786,030) | 7.43% | | | |
| Net Gain/(Loss) | 29,190,855 | 96.78% | 12.09% | 12.71% | (62.00) | 34,728,491 | 92.57% | 4.71% | 5.05% | (34.00) |
| CPI: | | | | | 1.63% | | | | | 0.92% |
| Core CPI: | | | | | 1.69% | | | | | 1.94% |

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: April 1, 2017 to June 30, 2017

Transfers:

| Date | Purpose of Transfer | Transfer Out ATU | Transfer In IBEW |
|-------------|---|-------------------------|-----------------------------|
| 06/15/2017 | Asset/liability split correction based on actuarial valuation | (3,421,627.16) | 3,421,627.16 |
| 06/22/2017 | Fiscal year 2017 revenue and expense true up | (430,199.64) | 430,199.64 |
| | | <u>(3,851,826.80)</u> | <u>3,851,826.80</u> |

Retirements:

| Employee # | Previous Position | Pension Group | Retirement Date |
|-------------------|---------------------------------|----------------------|------------------------|
| 2043 | Mechanic B | IBEW | 04/01/2017 |
| 2430 | Bus Operator | ATUL | 04/28/2017 |
| 3231 | Facilities Service Worker | IBEW | 06/01/2017 |
| 2487 | Facilities & Grounds Worker | IBEW | 05/01/2017 |
| 3152 | Bus Operator | ATUL | 04/01/2017 |
| 1562 | Customer Service Representative | ATUL | 06/01/2017 |
| 2306 | Mechanic A | IBEW | 05/01/2017 |
| 1025 | Graphic Designer | AFST | 05/01/2017 |
| 3388 | Procurement Analyst II | AEAS | 05/01/2017 |
| 1646 | Facilities Supervisor | AFSC | 04/01/2017 |
| 1656 | Engineering Technician II | AEAS | 06/01/2017 |
| 3454 | Director, Long Range Planning | MCEG | 06/01/2017 |

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 12 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adoption of the Regional Transit District Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09-____, Adopting the Regional Transit District Retirement Boards 2018 Meeting Calendar.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2018 calendar year are:

- Wednesday, March 14th
- Wednesday, June 20th
- Wednesday, September 12th
- Wednesday, December 12th

In anticipation of several large projects and decisions coming before the Retirement Boards in 2018, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

Approved:

Final 9/6/17

VP, Finance / CFO

Presented:

Director, Human Resources

C:\Temp\2018 IP Retirement Board Schedule - Resos_24730453.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 12 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adopting the Regional Transit Retirement Boards 2018 Meeting Calendar (ALL).
(Bonnell)

The proposed dates for tentative Special Meetings for the 2018 calendar year are:

- Wednesday, February 7th
- Wednesday, April 18th
- Wednesday, July 25th
- Wednesday, October 24th

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2018 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2018 Meeting Calendar, marked as Exhibit A.

RESOLUTION NO. 17-09-_____

Adopted by the ATU Retirement Board for the Retirement Plan for RT Employees Who Are Members of ATU Local Union 256 on this date:

September 13, 2017

**ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2018
MEETING CALENDAR**

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

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the Regional Transit District ATU Retirement Board for calendar year 2018, is hereby adopted.

Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Donna Bonnel, Assistant Secretary

2018 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29TH STREET
SACRAMENTO, CALIFORNIA

9:00 AM

Wednesday.....Regular Meeting.....March 14, 2018

Wednesday.....Regular Meeting.....June 20, 2018

Wednesday.....Regular Meeting.....September 12, 2018

Wednesday.....Regular Meeting.....December 12, 2018

Wednesday.....Special Meeting.....*February 7, 2018

Wednesday.....Special Meeting.....*April 18, 2018

Wednesday.....Special Meeting.....*July 25, 2018

Wednesday.....Special Meeting.....*October 24, 2018

**Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

**Sacramento Regional Transit District
IBEW Retirement Board Meeting
Wednesday, June 14, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:05 a.m. A quorum was present comprised as follows: Directors Li, Morin, Ohlson, and Alternate Flanders. Director Bibbs 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.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 7. Motion: Approving the Minutes for the March 22, 2017 Quarterly Retirement Board Meeting (IBEW). (Bonnel)
- 8. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2017 for the IBEW Pension Plan (IBEW). (Bernegger)

Director Morin moved to adopt IBEW Retirement Board Items 7 through 8. Director Li seconded the motion. Items 7 through 8 were carried unanimously by roll call vote: Ayes: Directors Li, Morin, Ohlson and Alternate Flanders. Noes: None.

New Business:

- 11. Information: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Iwan Djanali from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 and was available for questions.

Ms. Adelman asked how quickly AQR can respond to market changes. Mr. Djanali noted that AQR typically looks at the momentum for the last one to twelve months; if a category trends negative for six months or more AQR may change the weight of holdings in that category.

12. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman noted that the Retirement Boards are now invested with Pyrford as of June 1, 2017. Pyrford's activity will be included as of the September 2017 board meeting, for the last quarter of fiscal year 2017.

Ms. Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended March 31, 2017 and was available for questions.

Director Morin moved to adopt Item 12. Director Li seconded the motion. Item 12 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Ohlson and Alternate Flanders. Noes: None.

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

Jamie Adelman introduced Gene Podkaminer from Callan Associates to present the Asset Allocation Study Review and to be available for questions.

Director Li requested clarification on Attachment 1, Page 9. The Retirement Boards currently have an expected rate of investment returns assumption of 7.50% whereas Callan's expected return is 6.60%. Director Li asked if it is correct that the assumption have an almost 1% difference. Mr. Podkaminer responded in the affirmative.

Director Li asked what would be the industrial average for risk tolerance. Mr. Podkaminer noted that pension plans' risk tolerance is based on their liabilities. The industry average can be misleading because it only takes into account the averages; it does not take into account what plans' assets are trying to support from a liability perspective. Mr. Podkaminer confirmed that a fixed income allocation of 30-35% is reasonable. Mr. Tseng noted that a lot of changes have been made to the Pension Plans' portfolio since the last asset liability study. The fixed income allocation was 40% at that time. Mr. Tseng noted that the current allocation of 35% in fixed income is an appropriate asset allocation at this time. Discussion ensued.

Donna Bonnel noted that Graham Schmidt will be present at the September meeting to discuss the rate of return and inflation rate used for the Pension Plans' actuarial analyses.

Ms. Adelman noted that she reached out to Mr. Schmidt after she saw the asset allocation study and talked about the projections from Callan Associates. Ms. Adelman noted that there are two sides to the assumed rate of return: inflation factor and the real rate of return. The main area of concern is the inflation factor. In September, Mr. Schmidt will discuss potentially adjusting the inflation factor, which would then effect the fiscal year 2019 actuarial valuation.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Ohlson and Alternate Flanders. Noes: None.

14. Information: Update on 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.

15. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Bonnel)

Valerie Weekly presented agenda item #15.

ATU Director Ralph Niz asked what the proposed \$1,500 annual training budget would cover. Ms. Weekly noted that when reviewing the Staff Education and Travel Policy it was discovered that a budget of \$1,500 was established for non-CALAPRS training. Staff is going to review the budget of \$1,500 to make sure that it amount is adequate.

Ms. Weekly noted that the education requirements have been revised. The policy now includes a goal of twenty-four educational hours in a two year period. Multi-day conferences are still an option. An email will be sent out from Staff detailing the procedural aspects of complying with the new policy, if adopted, including how staff intends to track hours reported and how staff will notify board members of training opportunities.

Director Morin moved to adopt Item 15. Director Li seconded the motion. Item 15 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Ohlson and Alternate Flanders. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnel noted that there will be a Special Meeting on July 26, 2017.

Ms, Bonnel reported that the last meeting for paper packages should be the July 26, 2017 Special Meeting. As of the September 13, 2017 quarterly meeting, Staff will only distribute electronic packages. If any Board member needs an electronic device, they should contact Isis Humphrey, Administrative Technician.

The meeting was adjourned by Assistant Secretary Bonnel at 10:28 a.m.

Russel Devorak, Chair

ATTEST:

Sue Robison, Secretary

By: _____
Donna Bonnel, Assistant Secretary

**Sacramento Regional Transit District
IBEW Special Retirement Board Meeting
Wednesday, July 26, 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, Ohlson, and Bibbs.

This meeting was held as a common meeting of three 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.

CLOSED SESSION

The AEA Retirement Board and IBEW Retirement Boards recessed. AEA Retirement Board members Devorak and Robison and IBEW Retirement Board members Ohlson and Bibbs left the meeting room at 9:04 a.m.

IBEW Retirement Board members Ohlson and Bibbs returned to join Board members Li and Morin at 9:14 a.m.

2. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Cases (IBEW)

The IBEW Retirement Board met in closed session.

The IBEW Retirement Board meeting recessed and Board members Ohlson and Bibbs left the meeting room at 9:19 a.m.

RECONVENE IN OPEN SESSION

IBEW Retirement Board members Ohlson and Bibbs returned to the meeting room and the IBEW Retirement Board meeting reconvened in Open Session at 9:30.

CLOSED SESSION REPORT

No reportable actions were taken in the closed sessions.

4. Corrective Pension Payments (AEA/ATU/IBEW). (Bonnel)

Director Morin moved to adopt IBEW Retirement Board Items 4. Director Li seconded the motion. Item 4 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Ohlson and Bibbs. Noes: None.

With no further business to discuss, the meeting was adjourned at 9:32 a.m.

Eric Ohlson, Chair

ATTEST:

Constance Bibbs, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 15 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the IBEW Pension Plan (IBEW). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the IBEW Pension Plan (IBEW). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 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 June 30, 2017. 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 June 30, 2017 (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 Director is required to report asset rebalancing activity to the Boards at their quarterly meetings. Rebalancing can occur for one or more of the following reasons:

Approved:

Presented:

FINAL 09/01/17

VP Finance/CFO

Senior Accountant

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 15 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the IBEW Pension Plan (IBEW). (Bernegger)

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 June 30, 2017. 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 June 30, 2017. The IBEW Plan transferred \$151,297.30 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 June 30, 2017. 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 both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension 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 June 30, 2017 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the IBEW Plan to the Salaried Plan during the three months ended June 30, 2017.

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 15 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the IBEW Pension Plan (IBEW). (Bernegger)

On February 24, 2017, members of the ATU and the IBEW Retirement Boards met with District staff and Graham Schmidt from Cheiron, the Plans' actuary, to discuss a correction to the splitting of the ATU and IBEW assets. The split allows the two Plans to maintain separate accounting, which was a required corrective action in the IRS's Voluntary Compliance Program (VCP) compliance statements for the ATU and IBEW Plans to maintain tax-qualified status. Staff split the assets in July 2016, in accordance with the methodology set forth in the IRS VCP compliance statements, which corresponds to the methodology that Cheiron uses to prepare its actuarial valuations. Using that methodology, it was determined that 73.23%, or \$123,566,631, of the combined assets belonged to the ATU Plan and 26.77% or \$45,171,087 belonged to the IBEW Plan. Staff split the assets accordingly and began allocating revenues and expenses in accordance with the established Plan percentages. In December 2016, when Cheiron was working on the July 2017 valuation and evaluating the census data and associated liabilities for the two separate Plans, Cheiron discovered that the number of IBEW transfers to the Salaried Plan exceeded the number of ATU Plan transfers. Consequently, Cheiron concluded that the original asset split percentages were inaccurate. Cheiron determined that the correct percentage share for the two plans should have been 71.20% for the ATU Plan and 28.80% for the IBEW Plan. Per approvals from the ATU Retirement Board Chair on February 28, 2017, and the IBEW Retirement Board Chair on February 27, 2017, staff instructed State Street Bank and Trust (asset custodian) to transfer \$3,421,627.16 from the ATU Plan to the IBEW Plan on June 15, 2017, to account for the correction.

This subsequent correction impacted the allocation of fiscal year 2017 revenues and expenses. Based on the corrected percentage of assets owned by the two Plans, staff reallocated all revenues and expenses (excluding actual payments to retirees and contributions to the Plans) to determine what each Plan should have recognized. The net difference resulted in an additional \$430,199.64 (revenues less expenses) being due to the IBEW Plan from the ATU Plan. The net transfer of fiscal year 2017 revenue and expense correction was completed on June 22, 2017.

All asset transfers between the ATU and IBEW Plans related to the required asset split under the IRS VCP have been successfully completed.

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

Accrual Basis

As of June 30, 2017

| | Jun 30, 17 |
|--|----------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Long-Term Investments | 54,213,961.36 |
| Total Checking/Savings | 54,213,961.36 |
| Other Current Assets | |
| 1110120 · Prepays | 10,748.89 |
| Total Other Current Assets | 10,748.89 |
| Total Current Assets | 54,224,710.25 |
| TOTAL ASSETS | 54,224,710.25 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 3110102 · Administrative Expense Payable | 22,379.18 |
| 3110110 · Other Pay - Due to RT | 67,672.15 |
| 3110122 · MetWest | 12,215.47 |
| 3110124 · Boston Partners | 12,361.44 |
| 3110125 · Callan | 2,078.06 |
| 3110126 · State Street | 4,394.77 |
| 3110127 · JP Morgan | 3,932.78 |
| 3110128 · Atlanta Capital | 9,953.21 |
| 3110129 · SSgA - S&P Index | 1,147.30 |
| 3110130 · SSgA - EAFE | 502.09 |
| 3110132 · Pyrford | 2,955.11 |
| Total Accounts Payable | 139,591.56 |
| Total Current Liabilities | 139,591.56 |
| Total Liabilities | 139,591.56 |
| Equity | |
| 3340100 · Retained Earning | 45,066,750.96 |
| 3340101 · Retained Earnings | 1,828,726.86 |
| Net Income | 7,189,640.87 |
| Total Equity | 54,085,118.69 |
| TOTAL LIABILITIES & EQUITY | 54,224,710.25 |

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

April through June 2017

Accrual Basis

| | Apr - Jun 17 | % of Income |
|--|---------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | | |
| 6830101 · Dividend | 67,543.09 | 1.1% |
| 6830102 · Interest | 123,485.54 | 2.0% |
| 6830103 · Other Income | 614.67 | 0.0% |
| Total Interest, Dividend, & Other Inc | 191,643.30 | 3.1% |
| Investment Income | | |
| 6530900 · Gains/(Losses) - All | 2,336,941.46 | 38.0% |
| 6530915 · Increase(Decrease) in FV | (1,046,313.83) | (17.0)% |
| Total Investment Income | 1,290,627.63 | 21.0% |
| RT Required Contribution | | |
| 6630110 · Employee Contributions | 12,987.97 | 0.2% |
| RT Required Contribution - Other | 805,865.62 | 13.1% |
| Total RT Required Contribution | 818,853.59 | 13.3% |
| 6630111 · Transfer In from ATU Plan | 3,851,826.80 | 62.6% |
| Total Income | 6,152,951.32 | 100.0% |
| Cost of Goods Sold | | |
| 8531201 · IBEW - Retirement Benefits Paid | 863,400.71 | 14.0% |
| 8531203 · EE Contribution Refunds | 145.05 | 0.0% |
| 8532004 · Invest Exp - Metropolitan West | 12,215.47 | 0.2% |
| 8532013 · Invest Exp - Boston Partners | 12,361.44 | 0.2% |
| 8532020 · Invest Exp - Callan | 6,067.38 | 0.1% |
| 8532021 · Invest Exp - State Street | 4,686.58 | 0.1% |
| 8532023 · Invest Exp - JP Morgan | 786.56 | 0.0% |
| 8532024 · Invest Exp - Atlanta Capital | 9,953.21 | 0.2% |
| 8532025 · Invest Exp - S&P Index - SSgA | 1,147.30 | 0.0% |
| 8532026 · Invest Exp - EAFE - SSgA | 502.09 | 0.0% |
| 8532027 · Invest Exp - AQR | 5,849.44 | 0.1% |
| 8532028 · Invest Exp - Pyrford | 2,955.11 | 0.0% |
| Total COGS | 920,070.34 | 15.0% |
| Gross Profit | 5,232,880.98 | 85.0% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 12,178.07 | 0.2% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 2,500.00 | 0.0% |
| 8533009 · Admin Exp - Shipping | 0.00 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 2,718.72 | 0.0% |
| 8533021 · Admin Exp - Legal Services | 21,527.89 | 0.3% |
| 8533029 · Admin Exp - Administrator | 26,966.25 | 0.4% |
| 8533030 · Admin Exp - Audit | 0.00 | 0.0% |
| 8533050 · Miscellaneous | 125.99 | 0.0% |
| Total Expense | 66,016.92 | 1.1% |
| Net Income | 5,166,864.06 | 84.0% |

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

Accrual Basis

July 2016 through June 2017

| | Jul '16 - Jun 17 | % of Income |
|--|----------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | | |
| 6830101 · Dividend | 236,937.71 | 1.9% |
| 6830102 · Interest | 469,761.31 | 3.7% |
| 6830103 · Other Income | 1,250.43 | 0.0% |
| Total Interest, Dividend, & Other Inc | 707,949.45 | 5.6% |
| Investment Income | | |
| 6530900 · Gains/(Losses) - All | 3,221,477.18 | 25.3% |
| 6530915 · Increase(Decrease) in FV | 1,610,221.84 | 12.6% |
| Total Investment Income | 4,831,699.02 | 37.9% |
| RT Required Contribution | | |
| 6630110 · Employee Contributions | 39,287.30 | 0.3% |
| RT Required Contribution - Other | 3,315,378.70 | 26.0% |
| Total RT Required Contribution | 3,354,666.00 | 26.3% |
| 6630111 · Transfer In from ATU Plan | 3,851,826.80 | 30.2% |
| Total Income | 12,746,141.27 | 100.0% |
| Cost of Goods Sold | | |
| 8531201 · IBEW - Retirement Benefits Paid | 3,281,022.29 | 25.7% |
| 8531203 · EE Contribution Refunds | 145.05 | 0.0% |
| 8532004 · Invest Exp - Metropolitan West | 45,689.24 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 44,432.35 | 0.3% |
| 8532020 · Invest Exp - Callan | 23,351.61 | 0.2% |
| 8532021 · Invest Exp - State Street | 17,692.30 | 0.1% |
| 8532023 · Invest Exp - JP Morgan | 11,305.37 | 0.1% |
| 8532024 · Invest Exp - Atlanta Capital | 35,836.94 | 0.3% |
| 8532025 · Invest Exp - S&P Index - SSgA | 4,135.22 | 0.0% |
| 8532026 · Invest Exp - EAFE - SSgA | 1,812.07 | 0.0% |
| 8532027 · Invest Exp - AQR | 20,026.49 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 2,955.11 | 0.0% |
| Total COGS | 3,488,404.04 | 27.4% |
| Gross Profit | 9,257,737.23 | 72.6% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 42,406.29 | 0.3% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 2,666.67 | 0.0% |
| 8533009 · Admin Exp - Shipping | 1.57 | 0.0% |
| 8533012 · Admin Exp - Travel | 12.79 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 8,588.97 | 0.1% |
| 8533021 · Admin Exp - Legal Services | 76,134.58 | 0.6% |
| 8533025 · Admin Exp - Information Service | 333.33 | 0.0% |
| 8533029 · Admin Exp - Administrator | 97,848.28 | 0.8% |
| 8533030 · Admin Exp - Audit | 11,196.67 | 0.1% |
| 8533050 · Miscellaneous | 180.35 | 0.0% |
| Total Expense | 239,369.50 | 1.9% |
| Net Income | 9,018,367.73 | 70.8% |

Sacramento Regional Transit District
Retirement Fund - IBEW
Schedule of Cash Activities
For the Three Months Period Ended June 30, 2017

| | April 2017 | May 2017 | June 2017 | Quarter Totals |
|---|---------------------|---------------------|---------------------|---------------------|
| Beginning Balance: | | | | |
| Due (from)/to District - March 31, 2016 | 43,681.20 | 56,370.12 | 107,616.10 | 43,681.20 |
| Monthly Activity: | | | | |
| <u>Deposits</u> | | | | |
| District Pension Contributions @ 22.60 to 27.10% | 260,462.40 | 280,573.70 | 264,829.52 | 805,865.62 |
| Employee Pension Contributions | 4,071.98 | 4,620.41 | 4,295.58 | 12,987.97 |
| Total Deposits | <u>264,534.38</u> | <u>285,194.11</u> | <u>269,125.10</u> | <u>818,853.59</u> |
| <u>Expenses</u> | | | | |
| Payout to Retirees | (286,132.69) | (285,905.53) | (291,362.49) | (863,400.71) |
| Employee Contribution Refunds | (87.23) | (57.82) | 0.00 | (145.05) |
| Payout to Retirees Subtotal | <u>(286,219.92)</u> | <u>(285,963.35)</u> | <u>(291,362.49)</u> | <u>(863,545.76)</u> |
| Fund Investment Management Expenses: | | | | |
| Atlanta Capital | - | (8,913.45) | - | (8,913.45) |
| Metropolitan West | (11,170.42) | - | - | (11,170.42) |
| Boston Partners | - | (11,213.79) | - | (11,213.79) |
| SSgA S&P 500 Index | (1,042.61) | - | - | (1,042.61) |
| SSgA EAFE MSCI | (465.80) | - | - | (465.80) |
| Callan | (1,928.39) | (1,928.89) | (2,060.43) | (5,917.71) |
| State Street | (1,997.66) | (8,199.70) | - | (10,197.36) |
| Fund Invest. Mgmt Exp. Subtotal | <u>(16,604.88)</u> | <u>(30,255.83)</u> | <u>(2,060.43)</u> | <u>(48,921.14)</u> |
| Administrative Expenses | | | | |
| Cheiron | (3,602.56) | - | (5,468.13) | (9,070.69) |
| CALAPRS Training | - | - | (2,500.00) | (2,500.00) |
| Fiduciary Insurance | - | 133.34 | (12,948.69) | (12,815.35) |
| Hanson Bridgett Legal Services | (6,333.33) | - | (12,666.66) | (18,999.99) |
| Audit Fees | - | (11,196.67) | - | (11,196.67) |
| Pension Administration | (8,138.49) | (9,157.58) | (9,670.18) | (26,966.25) |
| Miscellaneous | (5.32) | - | (120.67) | (125.99) |
| Administrative Exp. Subtotal | <u>(18,079.70)</u> | <u>(20,220.91)</u> | <u>(43,374.33)</u> | <u>(81,674.94)</u> |
| Total Expenses | <u>(320,904.50)</u> | <u>(336,440.09)</u> | <u>(336,797.25)</u> | <u>(994,141.84)</u> |
| Monthly Net Owed from/(to) District | (56,370.12) | (51,245.98) | (67,672.15) | (175,288.25) |
| Payment from/(to) the District | <u>(43,681.20)</u> | <u>-</u> | <u>(107,616.10)</u> | <u>(151,297.30)</u> |
| Ending Balance: | | | | |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | <u>56,370.12</u> | <u>107,616.10</u> | <u>67,672.15</u> | <u>67,672.15</u> |

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 6/30/2017**

| Asset Class | Net Asset Market Value 06/30/2017 | Actual Asset Allocation | Target Asset Allocation | % Variance | \$ Variance | Target Market Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| FUND MANAGERS: | | | | | | |
| Domestic Equity: | | | | | | |
| Large Cap Value - Boston Partners - Z8 | \$ 45,850,960 | 16.98% | 16.00% | 0.98% | \$ 2,648,023 | |
| Large Cap Growth - SSgA S&P 500 Index - XH | 45,559,203 | 16.87% | 16.00% | 0.87% | 2,356,266 | |
| Total Large Cap Domestic Equity | 91,410,163 | 33.85% | 32.00% | 1.85% | 5,004,289 | \$ 86,405,875 |
| Small Cap - Atlanta Capital - XB | 24,786,908 | 9.18% | 8.00% | 1.18% | 3,185,439 | 21,601,469 |
| International Equity: | | | | | | |
| Large Cap Growth: | | | | | | |
| Pyrford - ZD | 25,596,843 | 9.48% | 9.50% | -0.02% | (54,901) | |
| Large Cap Core: | | | | | | |
| SSgA MSCI EAFE - XG | 10,483,335 | 3.88% | | | | |
| Value - Brandes - XE | 9,403 | 0.00% | | | | |
| Total Core | 10,492,738 | 3.89% | 4.50% | -0.61% | (1,658,089) | |
| Small Cap: | | | | | | |
| AQR - ZB | 13,788,326 | 5.11% | 5.00% | 0.11% | 287,408 | |
| Emerging Markets | | | | | | |
| DFA - ZA | 15,448,346 | 5.72% | 6.00% | -0.28% | (752,755) | |
| Total International Equity | 65,326,252 | 24.19% | 25.00% | -0.81% | (2,178,337) | 67,504,589 |
| Fixed Income: | | | | | | |
| Met West - XD | 88,495,034 | 32.77% | 35.00% | -2.23% | (6,011,391) | 94,506,425 |
| Total Combined Net Asset | \$ 270,018,358 | 100.00% | 100.00% | 0.00% | \$ - | \$ 270,018,358 |

| 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% | 6% | 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 June 30, 2017**

| | |
|--|---------------------------|
| Per Both Pension Fund Balance Sheets: | |
| ATU Allocated Custodial Assets | 131,010,175 |
| IBEW Allocated Custodial Assets | 54,213,961 |
| Salaried Allocated Custodial Assets | <u>84,794,221</u> |
| Total Consolidated Net Asset | <u><u>270,018,358</u></u> |
| Per Callan Report: | |
| Total Investments | <u><u>270,017,704</u></u> |
| Net Difference | <u><u>654</u></u> * |

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended June 30, 2017**

| | |
|--|-------------------------|
| Per Both Pension Fund Income Statements: | |
| ATU - Interest, Dividends, and Other Income | 517,319 |
| ATU - Investment Income | 3,464,543 |
| IBEW - Interest, Dividends, and Other Income | 191,643 |
| IBEW - Investment Income | 1,280,628 |
| Salaried - Interest, Dividends, and Other Income | 316,263 |
| Salaried - Investment Income | <u>2,228,541</u> |
| Total Investment Income | <u><u>7,998,937</u></u> |
| Per Callan Report: | |
| Investment Returns | <u><u>7,977,082</u></u> |
| Net Difference | <u><u>21,855</u></u> ** |

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended June 30, 2017**

| | April | May | June | Total |
|---|------------------|--------------|------------------|--------------------|
| Payments from/(to) the District | | | | |
| S&P 500 Index - ATU | (295,735) | | (564,561) | (860,296) |
| S&P 500 Index - IBEW | (43,681) | | (107,617) | (151,298) |
| S&P 500 Index - Salaried | 33,174 | | (170,639) | (137,465) |
| JP Morgan - ATU | - | (13,697,285) | - | (13,697,285) |
| JP Morgan - IBEW | - | (5,007,187) | - | (5,007,187) |
| JP Morgan - Salaried | - | (7,249,347) | - | (7,249,347) |
| Pyrford - ATU | - | 13,697,285 | - | 13,697,285 |
| Pyrford - IBEW | - | 5,007,187 | - | 5,007,187 |
| Pyrford - Salaried | - | 7,249,347 | - | 7,249,347 |
| Total Payments from/(to) the District | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Transfers In/(Out) of Investment Funds | | | | |
| Boston Partners | - | - | - | - |
| S&P 500 Index | (306,242) | - | (842,817) | (1,149,059) |
| Atlanta Capital | - | - | - | - |
| JP Morgan | - | (25,953,819) | - | (25,953,819) |
| Pyrford | - | 25,953,819 | - | 25,953,819 |
| EAFE | - | - | - | - |
| AQR | - | - | - | - |
| DFA | - | - | - | - |
| Metropolitan West | - | - | - | - |
| Total Transfers In/(Out) of Investment Funds | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Variance between Payments and Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Per Callan Report: | | | | |
| Net New Investment/(Withdrawals) | | | | <u>(1,149,059)</u> |
| Net Difference | | | | <u>-</u> |

**Consolidated Schedule of Cash Activities
For the 12-Months June 30, 2017**

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 | Total |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| Payments from/(to) the District | | | | | |
| Boston Partners - ATU | | (323,598) | (644,886) | - | (968,484) |
| Boston Partners - IBEW | | (37,279) | 6,135 | - | (31,144) |
| Boston Partners - Salaried | - | (109,213) | (80,072) | - | (189,285) |
| S&P 500 Index - ATU | (563,941) | (250,612) | (257,621) | (860,296) | (1,932,470) |
| S&P 500 Index - IBEW | (75,751) | (28,278) | 37,157 | (151,298) | (218,170) |
| S&P 500 Index - Salaried | 102,128 | (43,168) | 9,126 | (137,465) | (69,379) |
| 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) |
| JP Morgan - ATU | - | - | - | (13,697,285) | (13,697,285) |
| JP Morgan - IBEW | - | - | - | (5,007,187) | (5,007,187) |
| JP Morgan - Salaried | - | - | - | (7,249,347) | (7,249,347) |
| Pyrford - ATU | - | - | - | 13,697,285 | 13,697,285 |
| Pyrford - IBEW | - | - | - | 5,007,187 | 5,007,187 |
| Pyrford - Salaried | - | - | - | 7,249,347 | 7,249,347 |
| 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 | 137,839 | - | - | - | 137,839 |
| Metropolitan West - ATU/IBEW | - | - | - | - | - |
| Metropolitan West - ATU | (248,710) | - | - | - | (248,710) |
| Metropolitan West - IBEW | (29,127) | - | - | - | (29,127) |
| Total Payments from/(to) the District | <u>(937,767)</u> | <u>(1,139,011)</u> | <u>(930,161)</u> | <u>(1,149,059)</u> | <u>(4,155,998)</u> |

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
06/30/17**

| | 1 Year | | 1 Year | | | 3 Years | | 3 Years | | |
|--------------------------|--------------------|---------------------|---------------------|--------------------|-------------------------------|--------------------|---------------------|---------------------|--------------------|-------------------------------|
| | Investment Returns | Investment Expenses | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts | Investment Returns | Investment Expenses | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts |
| Boston Partners | | | | | | | | | | |
| Investment Returns | 8,104,440 | 100.00% | | | | 9,294,980 | 100.00% | | | |
| Investment Expenses | (234,244) | 2.89% | | | | (656,303) | 7.06% | | | |
| Net Gain/(Loss) | 7,870,196 | 97.11% | 20.41% | 15.53% | 488.00 | 8,638,677 | 92.94% | 7.20% | 7.36% | (16.00) |
| S&P 500 | | | | | | | | | | |
| Investment Returns | 7,174,670 | 100.00% | | | | 11,507,065 | 100.00% | | | |
| Investment Expenses | (21,803) | 0.30% | | | | (92,079) | 0.80% | | | |
| Net Gain/(Loss) | 7,152,867 | 99.70% | 17.91% | 17.90% | 1.00 | 11,414,986 | 99.20% | 9.62% | 9.61% | 1.00 |
| Atlanta Capital | | | | | | | | | | |
| Investment Returns | 3,443,671 | 100.00% | | | | 6,857,772 | 100.00% | | | |
| Investment Expenses | (188,939) | 5.49% | | | | (511,688) | 7.46% | | | |
| Net Gain/(Loss) | 3,254,732 | 94.51% | 15.18% | 24.60% | (942.00) | 6,346,084 | 92.54% | 10.39% | 7.36% | 303.00 |
| JPMorgan | | | | | | | | | | |
| Investment Returns | 4,672,062 | 100.00% | | | | 1,499,651 | 100.00% | | | |
| Investment Expenses | (60,995) | 1.31% | | | | (370,929) | 24.73% | | | |
| Net Gain/(Loss) | 4,611,067 | 98.69% | N/A | N/A | N/A | 1,128,722 | 75.27% | N/A | N/A | N/A |
| Pyrford | | | | | | | | | | |
| Investment Returns | (356,976) | 100.00% | | | | (356,976) | 100.00% | | | |
| Investment Expenses | (14,718) | -4.12% | | | | (14,718) | -4.12% | | | |
| Net Gain/(Loss) | (371,694) | 104.12% | N/A | N/A | N/A | (371,694) | 104.12% | N/A | N/A | N/A |
| EAFE | | | | | | | | | | |
| Investment Returns | 2,134,059 | 100.00% | | | | (984,530) | 100.00% | | | |
| Investment Expense | (9,556) | 0.45% | | | | (51,747) | -5.26% | | | |
| Net Gain/(Loss) | 2,124,503 | 99.55% | 20.57% | 20.27% | 30.00 | (1,036,277) | 105.26% | 1.39% | 1.15% | 24.00 |
| Brandes | | | | | | | | | | |
| Investment Returns | 71 | 100.00% | | | | (3,504) | 100.00% | | | |
| Investment Expenses | - | 0.00% | | | | - | 0.00% | | | |
| Net Gain/(Loss) | 71 | 100.00% | N/A | N/A | N/A | (3,504) | 100.00% | N/A | N/A | N/A |
| AQR | | | | | | | | | | |
| Investment Returns | 1,605,870 | 100.00% | | | | 1,605,870 | 100.00% | | | |
| Investment Expenses | (108,460) | 6.75% | | | | (108,460) | 6.75% | | | |
| Net Gain/(Loss) | 1,497,410 | 93.25% | N/A | N/A | N/A | 1,497,410 | 93.25% | N/A | N/A | N/A |
| DFA | | | | | | | | | | |
| Investment Returns | 2,773,305 | 100.00% | | | | 966,884 | 100.00% | | | |
| Investment Expense | (92,906) | 3.35% | | | | (243,653) | 25.20% | | | |
| Net Gain/(Loss) | 2,680,399 | 96.65% | 21.88% | 24.17% | (229.00) | 723,231 | 74.80% | 1.63% | 1.44% | 19.00 |
| Metropolitan West | | | | | | | | | | |
| Investment Returns | 612,393 | 100.00% | | | | 7,127,309 | 100.00% | | | |
| Investment Expenses | (241,089) | 39.37% | | | | (736,452) | 10.33% | | | |
| Net Gain/(Loss) | 371,304 | 60.63% | 0.42% | -0.31% | 73.00 | 6,390,857 | 89.67% | 2.38% | 2.48% | (10.00) |
| Total Fund | | | | | | | | | | |
| Investment Returns | 30,163,565 | 100.00% | | | | 37,514,521 | 100.00% | | | |
| Investment Expenses | (972,710) | 3.22% | | | | (2,786,030) | 7.43% | | | |
| Net Gain/(Loss) | 29,190,855 | 96.78% | 12.09% | 12.71% | (62.00) | 34,728,491 | 92.57% | 4.71% | 5.05% | (34.00) |

CPI: 1.63%
Core CPI: 1.69%

0.92%
1.94%

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: April 1, 2017 to June 30, 2017

Transfers:

| Date | Purpose of Transfer | Transfer Out ATU | Transfer In IBEW |
|-------------|---|-------------------------|-----------------------------|
| 06/15/2017 | Asset/liability split correction based on actuarial valuation | (3,421,627.16) | 3,421,627.16 |
| 06/22/2017 | Fiscal year 2017 revenue and expense true up | (430,199.64) | 430,199.64 |
| | | <u>(3,851,826.80)</u> | <u>3,851,826.80</u> |

Retirements:

| Employee # | Previous Position | Pension Group | Retirement Date |
|-------------------|---------------------------------|----------------------|------------------------|
| 2043 | Mechanic B | IBEW | 04/01/2017 |
| 2430 | Bus Operator | ATUL | 04/28/2017 |
| 3231 | Facilities Service Worker | IBEW | 06/01/2017 |
| 2487 | Facilities & Grounds Worker | IBEW | 05/01/2017 |
| 3152 | Bus Operator | ATUL | 04/01/2017 |
| 1562 | Customer Service Representative | ATUL | 06/01/2017 |
| 2306 | Mechanic A | IBEW | 05/01/2017 |
| 1025 | Graphic Designer | AFST | 05/01/2017 |
| 3388 | Procurement Analyst II | AEAS | 05/01/2017 |
| 1646 | Facilities Supervisor | AFSC | 04/01/2017 |
| 1656 | Engineering Technician II | AEAS | 06/01/2017 |
| 3454 | Director, Long Range Planning | MCEG | 06/01/2017 |

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 16 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adoption of the Regional Transit District Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09-____, Adopting the Regional Transit District Retirement Boards 2018 Meeting Calendar.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2018 calendar year are:

- Wednesday, March 14th
- Wednesday, June 20th
- Wednesday, September 12th
- Wednesday, December 12th

In anticipation of several large projects and decisions coming before the Retirement Boards in 2018, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

Approved:

Final 9/6/17

VP, Finance / CFO

Presented:

Director, Human Resources

C:\Temp\2018 IP Retirement Board Schedule - Resos_24730453.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 16 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adopting the Regional Transit Retirement Boards 2018 Meeting Calendar (ALL).
(Bonnell)

The proposed dates for tentative Special Meetings for the 2018 calendar year are:

- Wednesday, February 7th
- Wednesday, April 18th
- Wednesday, July 25th
- Wednesday, October 24th

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2018 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2018 Meeting Calendar, marked as Exhibit A.

RESOLUTION NO. 17-09-_____

Adopted by the IBEW Retirement Board for the Retirement Plan for RT Employees
Who Are Members of IBEW Local Union 1245 on this date:

September 13, 2017

**ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2018
MEETING CALENDAR**

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

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the Regional
Transit District IBEW Retirement Board for calendar year 2018, is hereby adopted.

Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Donna Bonnel, Assistant Secretary

2018 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29TH STREET
SACRAMENTO, CALIFORNIA

9:00 AM

- Wednesday.....Regular Meeting.....March 14, 2018
- Wednesday.....Regular Meeting.....June 20, 2018
- Wednesday.....Regular Meeting.....September 12, 2018
- Wednesday.....Regular Meeting.....December 12, 2018

- Wednesday.....Special Meeting.....*February 7, 2018
- Wednesday.....Special Meeting.....*April 18, 2018
- Wednesday.....Special Meeting.....*July 25, 2018
- Wednesday.....Special Meeting.....*October 24, 2018

**Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

**Sacramento Regional Transit District
MCEG Retirement Board Meeting
Wednesday, June 14, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:05 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.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 9. Motion: Approving the Minutes for the March 22, 2017 Quarterly Retirement Board Meeting (MCEG). (Bonnel)
- 10. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

Director Morin moved to adopt MCEG Retirement Board Items 9 through 10. Director Li seconded the motion. Items 9 through 10 were carried unanimously by roll call vote: Ayes: Li, Morin, Lonergan and Thorn. Noes: None.

New Business:

- 11. Information: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman introduced Iwan Djanali from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2017 and was available for questions.

Ms. Adelman asked how quickly AQR can respond to market changes. Mr. Djanali noted that AQR typically looks at the momentum for the last one to twelve months; if a category trends negative for six months or more AQR may change the weight of holdings in that category.

12. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2017 (ALL). (Bernegger)

Jamie Adelman noted that the Retirement Boards are now invested with Pырford as of June 1, 2017. Pырford's activity will be included as of the September 2017 board meeting, for the last quarter of fiscal year 2017.

Ms. Adelman introduced Uvan Tseng from Callan Associates, who provided a market overview for the Quarter Ended March 31, 2017 and was available for questions.

Director Morin moved to adopt Item 12. Director Li seconded the motion. Item 12 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Lonergan and Thorn. Noes: None.

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

Jamie Adelman introduced Gene Podkaminer from Callan Associates to present the Asset Allocation Study Review and to be available for questions.

Director Li requested clarification on Attachment 1, Page 9. The Retirement Boards currently have an expected rate of investment returns assumption of 7.50% whereas Callan's expected return is 6.60%. Director Li asked if it is correct that the assumption have an almost 1% difference. Mr. Podkaminer responded in the affirmative.

Director Li asked what would be the industrial average for risk tolerance. Mr. Podkaminer noted that pension plans' risk tolerance is based on their liabilities. The industry average can be misleading because it only takes into account the averages; it does not take into account what plans' assets are trying to support from a liability perspective. Mr. Podkaminer confirmed that a fixed income allocation of 30-35% is reasonable. Mr. Tseng noted that a lot of changes have been made to the Pension Plans' portfolio since the last asset liability study. The fixed income allocation was 40% at that time. Mr. Tseng noted that the current allocation of 35% in fixed income is an appropriate asset allocation at this time. Discussion ensued.

Donna Bonnel noted that Graham Schmidt will be present at the September meeting to discuss the rate of return and inflation rate used for the Pension Plans' actuarial analyses.

Ms. Adelman noted that she reached out to Mr. Schmidt after she saw the asset allocation study and talked about the projections from Callan Associates. Ms. Adelman noted that there are two sides to the assumed rate of return: inflation factor and the real rate of return. The main area of concern is the inflation factor. In September, Mr. Schmidt will discuss potentially adjusting the inflation factor, which would then effect the fiscal year 2019 actuarial valuation.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Lonergan and Thorn. Noes: None.

14. Information: Update on 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.

15. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Bonnel)

Valerie Weekly presented agenda item #15.

ATU Director Ralph Niz asked what the proposed \$1,500 annual training budget would cover. Ms. Weekly noted that when reviewing the Staff Education and Travel Policy it was discovered that a budget of \$1,500 was established for non-CALAPRS training. Staff is going to review the budget of \$1,500 to make sure that it amount is adequate.

Ms. Weekly noted that the education requirements have been revised. The policy now includes a goal of twenty-four educational hours in a two year period. Multi-day conferences are still an option. An email will be sent out from Staff detailing the procedural aspects of complying with the new policy, if adopted, including how staff intends to track hours reported and how staff will notify board members of training opportunities.

Director Morin moved to adopt Item 15. Director Li seconded the motion. Item 15 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Lonergan and Thorn. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

Donna Bonnel noted that there will be a Special Meeting on July 26, 2017.

Ms, Bonnel reported that the last meeting for paper packages should be the July 26, 2017 Special Meeting. As of the September 13, 2017 quarterly meeting, Staff will only distribute electronic packages. If any Board member needs an electronic device, they should contact Isis Humphrey, Administrative Technician.

The meeting was adjourned by Assistant Secretary Bonnel at 10:28 a.m.

Mark Lonergan, Chair

ATTEST:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 18 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

FISCAL IMPACT

None.

DISCUSSION

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended June 30, 2017. 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 June 30, 2017 (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 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

Approved:

Presented:

FINAL 09/01/17

VP Finance/CFO

Senior Accountant

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 18 | 09/13/17 | Retirement | Action | 08/10/17 |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Bernegger)

(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 June 30, 2017. 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 June 30, 2017. The Salaried Plan reimbursed \$137,465.37 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 June 30, 2017. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended June 30, 2017 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting all retirements that occurred, as well as any transfer of employees or plan assets from the ATU or IBEW Plan to the Salaried Plan during the three months ended June 30, 2017.

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

Accrual Basis

As of June 30, 2017

| | Jun 30, 17 |
|--|----------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Long-Term Investments | |
| 100000 · Custodial Assets | 84,794,221.46 |
| Total Long-Term Investments | 84,794,221.46 |
| Total Checking/Savings | 84,794,221.46 |
| Other Current Assets | |
| 1110120 · Prepays | 10,748.88 |
| Total Other Current Assets | 10,748.88 |
| Total Current Assets | 84,804,970.34 |
| TOTAL ASSETS | 84,804,970.34 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 3110102 · Administrative Expense Payable | 21,711.00 |
| 3110110 · Other Pay - Due to RT | 72,985.68 |
| 3110122 · MetWest | 19,105.78 |
| 3110124 · Boston Partners | 19,334.10 |
| 3110125 · Callan | 3,250.22 |
| 3110126 · State Street | 6,896.77 |
| 3110127 · JP Morgan | 6,608.23 |
| 3110128 · Atlanta Capital | 15,567.47 |
| 3110129 · S&P Index - SSgA | 1,794.44 |
| 3110130 · EAFE - SSgA | 784.53 |
| 3110132 · Pyrford | 4,621.97 |
| Total Accounts Payable | 172,660.19 |
| Total Current Liabilities | 172,660.19 |
| Total Liabilities | 172,660.19 |
| Equity | |
| 3340101 · Retained Earnings | 75,337,018.65 |
| Net Income | 9,295,291.50 |
| Total Equity | 84,632,310.15 |
| TOTAL LIABILITIES & EQUITY | 84,804,970.34 |

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

Accrual Basis

April through June 2017

| | <u>Apr - Jun 17</u> | <u>% of Income</u> |
|---|----------------------------|---------------------|
| Income | | |
| Interest, Dividend, & Other Inc | 316,262.82 | 7.3% |
| Investment Income | 2,228,540.77 | 51.6% |
| RT Required Contribution | 1,753,792.69 | 40.6% |
| 6630110 · Employee Contribution | 17,759.80 | 0.4% |
| Total Income | 4,316,356.08 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 834,536.26 | 19.3% |
| 8531211 · AFSCME-Retirement Benefits Paid | 395,537.09 | 9.2% |
| 8531212 · MCEG - Retirement Benefits Paid | 615,814.65 | 14.3% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 19,105.78 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 19,334.10 | 0.4% |
| 8532020 · Invest Exp - Callan | 9,739.44 | 0.2% |
| 8532021 · Invest Exp - State Street | 7,451.97 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 1,321.65 | 0.0% |
| 8532024 · Invest Exp - Atlanta Capital | 15,567.47 | 0.4% |
| 8532025 · Invest Exp - S&P Index SSgA | 1,794.44 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 784.53 | 0.0% |
| 8532027 · Invest Exp - AQR | 9,750.26 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.1% |
| Total COGS | 1,935,847.02 | 44.8% |
| Gross Profit | 2,380,509.06 | 55.2% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 10,712.45 | 0.2% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,500.00 | 0.2% |
| 8533014 · Admin Exp - Fiduciary Insurance | 4,552.92 | 0.1% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 21,528.53 | 0.5% |
| 8533029 · Admin Exp - Administrator | 28,186.04 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 125.98 | 0.0% |
| 8533051 · Admin Exp - Audit | 0.00 | 0.0% |
| Total Expense | 72,605.92 | 1.7% |
| Net Income | <u>2,307,903.14</u> | <u>53.5%</u> |

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

July 2016 through June 2017

Accrual Basis

| | Jul '16 - Jun 17 | % of Income |
|---|----------------------|---------------|
| Income | | |
| Interest, Dividend, & Other Inc | 1,159,508.61 | 6.8% |
| Investment Income | 8,574,742.00 | 50.1% |
| RT Required Contribution | 7,321,138.03 | 42.8% |
| 6630110 · Employee Contribution | 53,705.63 | 0.3% |
| Total Income | 17,109,094.27 | 100.0% |
| Cost of Goods Sold | | |
| 8531210 · AEA - Retirement Benefits Paid | 3,361,124.65 | 19.6% |
| 8531211 · AFSCME-Retirement Benefits Paid | 1,383,088.97 | 8.1% |
| 8531212 · MCEG - Retirement Benefits Paid | 2,434,660.89 | 14.2% |
| 8531213 · Employee Contribution Refunds | 487.41 | 0.0% |
| 8532004 · Invest Exp - MetropolitanWest | 75,329.13 | 0.4% |
| 8532013 · Invest Exp - Boston Partners | 72,870.34 | 0.4% |
| 8532020 · Invest Exp - Callan | 38,747.87 | 0.2% |
| 8532021 · Invest Exp - State Street | 32,599.70 | 0.2% |
| 8532023 · Invest Exp - JP Morgan | 18,981.67 | 0.1% |
| 8532024 · Invest Exp - Atlanta Capital | 59,043.36 | 0.3% |
| 8532025 · Invest Exp - S&P Index SSgA | 6,813.08 | 0.0% |
| 8532026 · Invest Exp - EAFE SSgA | 2,984.78 | 0.0% |
| 8532027 · Invest Exp - AQR | 33,381.54 | 0.2% |
| 8532028 · Invest Exp - Pyrford | 4,621.97 | 0.0% |
| Total COGS | 7,524,735.36 | 44.0% |
| Gross Profit | 9,584,358.91 | 56.0% |
| Expense | | |
| 8533002 · Admin Exp - Actuary | 49,084.03 | 0.3% |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 7,666.66 | 0.0% |
| 8533009 · Admin Exp - Shipping | 5.87 | 0.0% |
| 8533010 · Admin Exp - Travel | 12.79 | 0.0% |
| 8533014 · Admin Exp - Fiduciary Insurance | 26,481.42 | 0.2% |
| 8533020 · Admin Exp - Procurement Costs | 0.00 | 0.0% |
| 8533025 · Admin Exp - Information Service | 333.33 | 0.0% |
| 8533026 · Admin Exp - Legal Services | 75,143.36 | 0.4% |
| 8533029 · Admin Exp - Administrator | 118,853.12 | 0.7% |
| 8533050 · Admin Exp - Misc Exp | 290.17 | 0.0% |
| 8533051 · Admin Exp - Audit | 11,196.66 | 0.1% |
| Total Expense | 289,067.41 | 1.7% |
| Net Income | 9,295,291.50 | 54.3% |

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended June 30, 2017**

| | April 2017 | May 2017 | June 2017 | Quarter Totals |
|---|---------------|--------------|--------------|-------------------|
| Beginning Balance: | | | | |
| Due (from)/to District - March 31, 2016 | (33,174.09) | 95,099.13 | 170,639.46 | (33,174.09) |
| Monthly Activity: | | | | |
| Deposits | | | | |
| District Pension Contributions @ 27.73 to 31.48% | 560,698.14 | 603,713.29 | 589,381.26 | 1,753,792.69 |
| Employee Pension Contributions | 4,051.61 | 6,587.27 | 7,120.92 | 17,759.80 |
| Total Deposits | 564,749.75 | 610,300.56 | 596,502.18 | 1,771,552.49 |
| Expenses | | | | |
| Payout to Retirees: | | | | |
| AEA | (277,479.26) | (277,549.62) | (279,507.38) | (834,536.26) |
| AFSCME | (130,382.79) | (131,479.97) | (133,674.33) | (395,537.09) |
| MCEG | (205,271.55) | (205,271.55) | (205,271.55) | (615,814.65) |
| Employee Contribution Refunds | (487.41) | - | - | (487.41) |
| Payout to Retirees Subtotal | (613,621.01) | (614,301.14) | (618,453.26) | (1,846,375.41) |
| Fund Investment Management Expenses: | | | | |
| Atlanta Capital | - | (14,977.21) | - | (14,977.21) |
| Metropolitan West | (18,769.59) | - | - | (18,769.59) |
| Boston Partners | - | (18,510.29) | - | (18,510.29) |
| SSgA S&P 500 Index | (1,751.89) | - | - | (1,751.89) |
| SSgA EAFE MSCI | (782.66) | - | - | (782.66) |
| Callan | (3,240.26) | (3,244.88) | (3,244.34) | (9,729.48) |
| State Street | (3,352.55) | (13,780.75) | - | (17,133.30) |
| Fund Invest. Mgmt Exp. Subtotal | (27,896.95) | (50,513.13) | (3,244.34) | (81,654.42) |
| Administrative Expenses | | | | |
| Cheiron | (3,302.56) | - | (4,971.25) | (8,273.81) |
| CALAPRS Training | - | - | (7,500.00) | (7,500.00) |
| Fiduciary Insurance | - | 283.32 | (13,148.62) | (12,865.30) |
| Hanson Bridgett Legal Services | (6,333.34) | - | (12,666.67) | (19,000.01) |
| Audit Fees | - | (11,196.66) | - | (11,196.66) |
| Pension Administration | (8,689.70) | (10,113.28) | (9,383.06) | (28,186.04) |
| Miscellaneous | (5.32) | - | (120.66) | (125.98) |
| Administrative Exp. Subtotal | (18,330.92) | (21,026.62) | (47,790.26) | (87,147.80) |
| Total Expenses | (659,848.88) | (685,840.89) | (669,487.86) | (2,015,177.63) |
| Monthly Net Owed from/(to) District | (95,099.13) | (75,540.33) | (72,985.68) | (243,625.14) |
| Payment from/(to) the District | 33,174.09 | - | (170,639.46) | (137,465.37) |
| Ending Balance: | | | | |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | 95,099.13 | 170,639.46 | 72,985.68 | 72,985.68 |

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of 6/30/2017**

| Asset Class | Net Asset Market Value 06/30/2017 | Actual Asset Allocation | Target Asset Allocation | % Variance | \$ Variance | Target Market Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| FUND MANAGERS: | | | | | | |
| Domestic Equity: | | | | | | |
| Large Cap Value - Boston Partners - Z8 | \$ 45,850,960 | 16.98% | 16.00% | 0.98% | \$ 2,648,023 | |
| Large Cap Growth - SSgA S&P 500 Index - XH | 45,559,203 | 16.87% | 16.00% | 0.87% | 2,356,266 | |
| Total Large Cap Domestic Equity | 91,410,163 | 33.85% | 32.00% | 1.85% | 5,004,289 | \$ 86,405,875 |
| Small Cap - Atlanta Capital - XB | 24,786,908 | 9.18% | 8.00% | 1.18% | 3,185,439 | 21,601,469 |
| International Equity: | | | | | | |
| Large Cap Growth: | | | | | | |
| Pyrford - ZD | 25,596,843 | 9.48% | 9.50% | -0.02% | (54,901) | |
| Large Cap Core: | | | | | | |
| SSgA MSCI EAFE - XG | 10,483,335 | 3.88% | | | | |
| Value - Brandes - XE | 9,403 | 0.00% | | | | |
| Total Core | 10,492,738 | 3.89% | 4.50% | -0.61% | (1,658,089) | |
| Small Cap: | | | | | | |
| AQR - ZB | 13,788,326 | 5.11% | 5.00% | 0.11% | 287,408 | |
| Emerging Markets | | | | | | |
| DFA - ZA | 15,448,346 | 5.72% | 6.00% | -0.28% | (752,755) | |
| Total International Equity | 65,326,252 | 24.19% | 25.00% | -0.81% | (2,178,337) | 67,504,589 |
| Fixed Income: | | | | | | |
| Met West - XD | 88,495,034 | 32.77% | 35.00% | -2.23% | (6,011,391) | 94,506,425 |
| Total Combined Net Asset | \$ 270,018,358 | 100.00% | 100.00% | 0.00% | \$ - | \$ 270,018,358 |

| 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% | 6% | 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 June 30, 2017**

| | |
|--|---------------------------|
| Per Both Pension Fund Balance Sheets: | |
| ATU Allocated Custodial Assets | 131,010,175 |
| IBEW Allocated Custodial Assets | 54,213,961 |
| Salaried Allocated Custodial Assets | <u>84,794,221</u> |
| Total Consolidated Net Asset | <u><u>270,018,358</u></u> |
| Per Callan Report: | |
| Total Investments | <u><u>270,017,704</u></u> |
| Net Difference | <u><u>654</u></u> * |

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended June 30, 2017**

| | |
|--|-------------------------|
| Per Both Pension Fund Income Statements: | |
| ATU - Interest, Dividends, and Other Income | 517,319 |
| ATU - Investment Income | 3,464,543 |
| IBEW - Interest, Dividends, and Other Income | 191,643 |
| IBEW - Investment Income | 1,280,628 |
| Salaried - Interest, Dividends, and Other Income | 316,263 |
| Salaried - Investment Income | <u>2,228,541</u> |
| Total Investment Income | <u><u>7,998,937</u></u> |
| Per Callan Report: | |
| Investment Returns | <u><u>7,977,082</u></u> |
| Net Difference | <u><u>21,855</u></u> ** |

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended June 30, 2017**

| | April | May | June | Total |
|---|------------------|--------------|------------------|--------------------|
| Payments from/(to) the District | | | | |
| S&P 500 Index - ATU | (295,735) | | (564,561) | (860,296) |
| S&P 500 Index - IBEW | (43,681) | | (107,617) | (151,298) |
| S&P 500 Index - Salaried | 33,174 | | (170,639) | (137,465) |
| JP Morgan - ATU | - | (13,697,285) | - | (13,697,285) |
| JP Morgan - IBEW | - | (5,007,187) | - | (5,007,187) |
| JP Morgan - Salaried | - | (7,249,347) | - | (7,249,347) |
| Pyrford - ATU | - | 13,697,285 | - | 13,697,285 |
| Pyrford - IBEW | - | 5,007,187 | - | 5,007,187 |
| Pyrford - Salaried | - | 7,249,347 | - | 7,249,347 |
| Total Payments from/(to) the District | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Transfers In/(Out) of Investment Funds | | | | |
| Boston Partners | - | - | - | - |
| S&P 500 Index | (306,242) | - | (842,817) | (1,149,059) |
| Atlanta Capital | - | - | - | - |
| JP Morgan | - | (25,953,819) | - | (25,953,819) |
| Pyrford | - | 25,953,819 | - | 25,953,819 |
| EAFE | - | - | - | - |
| AQR | - | - | - | - |
| DFA | - | - | - | - |
| Metropolitan West | - | - | - | - |
| Total Transfers In/(Out) of Investment Funds | <u>(306,242)</u> | <u>-</u> | <u>(842,817)</u> | <u>(1,149,059)</u> |
| Variance between Payments and Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Per Callan Report: | | | | |
| Net New Investment/(Withdrawals) | | | | <u>(1,149,059)</u> |
| Net Difference | | | | <u>-</u> |

**Consolidated Schedule of Cash Activities
For the 12-Months June 30, 2017**

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 | Total |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| Payments from/(to) the District | | | | | |
| Boston Partners - ATU | | (323,598) | (644,886) | - | (968,484) |
| Boston Partners - IBEW | | (37,279) | 6,135 | - | (31,144) |
| Boston Partners - Salaried | - | (109,213) | (80,072) | - | (189,285) |
| S&P 500 Index - ATU | (563,941) | (250,612) | (257,621) | (860,296) | (1,932,470) |
| S&P 500 Index - IBEW | (75,751) | (28,278) | 37,157 | (151,298) | (218,170) |
| S&P 500 Index - Salaried | 102,128 | (43,168) | 9,126 | (137,465) | (69,379) |
| 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) |
| JP Morgan - ATU | - | - | - | (13,697,285) | (13,697,285) |
| JP Morgan - IBEW | - | - | - | (5,007,187) | (5,007,187) |
| JP Morgan - Salaried | - | - | - | (7,249,347) | (7,249,347) |
| Pyrford - ATU | - | - | - | 13,697,285 | 13,697,285 |
| Pyrford - IBEW | - | - | - | 5,007,187 | 5,007,187 |
| Pyrford - Salaried | - | - | - | 7,249,347 | 7,249,347 |
| 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 | 137,839 | - | - | - | 137,839 |
| Metropolitan West - ATU/IBEW | - | - | - | - | - |
| Metropolitan West - ATU | (248,710) | - | - | - | (248,710) |
| Metropolitan West - IBEW | (29,127) | - | - | - | (29,127) |
| Total Payments from/(to) the District | <u>(937,767)</u> | <u>(1,139,011)</u> | <u>(930,161)</u> | <u>(1,149,059)</u> | <u>(4,155,998)</u> |

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
06/30/17**

| | 1 Year | | 1 Year | | | 3 Years | | 3 Years | | |
|--------------------------|------------|---------|---------------------|--------------------|-------------------------------|-------------|---------|---------------------|--------------------|-------------------------------|
| | 1 Year | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts | 3 Years | % | Net of Fees Returns | Bench-Mark Returns | Favorable/(Unfavor) Basis Pts |
| Boston Partners | | | | | | | | | | |
| Investment Returns | 8,104,440 | 100.00% | | | | 9,294,980 | 100.00% | | | |
| Investment Expenses | (234,244) | 2.89% | | | | (656,303) | 7.06% | | | |
| Net Gain/(Loss) | 7,870,196 | 97.11% | 20.41% | 15.53% | 488.00 | 8,638,677 | 92.94% | 7.20% | 7.36% | (16.00) |
| S&P 500 | | | | | | | | | | |
| Investment Returns | 7,174,670 | 100.00% | | | | 11,507,065 | 100.00% | | | |
| Investment Expenses | (21,803) | 0.30% | | | | (92,079) | 0.80% | | | |
| Net Gain/(Loss) | 7,152,867 | 99.70% | 17.91% | 17.90% | 1.00 | 11,414,986 | 99.20% | 9.62% | 9.61% | 1.00 |
| Atlanta Capital | | | | | | | | | | |
| Investment Returns | 3,443,671 | 100.00% | | | | 6,857,772 | 100.00% | | | |
| Investment Expenses | (188,939) | 5.49% | | | | (511,688) | 7.46% | | | |
| Net Gain/(Loss) | 3,254,732 | 94.51% | 15.18% | 24.60% | (942.00) | 6,346,084 | 92.54% | 10.39% | 7.36% | 303.00 |
| JPMorgan | | | | | | | | | | |
| Investment Returns | 4,672,062 | 100.00% | | | | 1,499,651 | 100.00% | | | |
| Investment Expenses | (60,995) | 1.31% | | | | (370,929) | 24.73% | | | |
| Net Gain/(Loss) | 4,611,067 | 98.69% | N/A | N/A | N/A | 1,128,722 | 75.27% | N/A | N/A | N/A |
| Pyrford | | | | | | | | | | |
| Investment Returns | (356,976) | 100.00% | | | | (356,976) | 100.00% | | | |
| Investment Expenses | (14,718) | -4.12% | | | | (14,718) | -4.12% | | | |
| Net Gain/(Loss) | (371,694) | 104.12% | N/A | N/A | N/A | (371,694) | 104.12% | N/A | N/A | N/A |
| EAFE | | | | | | | | | | |
| Investment Returns | 2,134,059 | 100.00% | | | | (984,530) | 100.00% | | | |
| Investment Expense | (9,556) | 0.45% | | | | (51,747) | -5.26% | | | |
| Net Gain/(Loss) | 2,124,503 | 99.55% | 20.57% | 20.27% | 30.00 | (1,036,277) | 105.26% | 1.39% | 1.15% | 24.00 |
| Brandes | | | | | | | | | | |
| Investment Returns | 71 | 100.00% | | | | (3,504) | 100.00% | | | |
| Investment Expenses | - | 0.00% | | | | - | 0.00% | | | |
| Net Gain/(Loss) | 71 | 100.00% | N/A | N/A | N/A | (3,504) | 100.00% | N/A | N/A | N/A |
| AQR | | | | | | | | | | |
| Investment Returns | 1,605,870 | 100.00% | | | | 1,605,870 | 100.00% | | | |
| Investment Expenses | (108,460) | 6.75% | | | | (108,460) | 6.75% | | | |
| Net Gain/(Loss) | 1,497,410 | 93.25% | N/A | N/A | N/A | 1,497,410 | 93.25% | N/A | N/A | N/A |
| DFA | | | | | | | | | | |
| Investment Returns | 2,773,305 | 100.00% | | | | 966,884 | 100.00% | | | |
| Investment Expense | (92,906) | 3.35% | | | | (243,653) | 25.20% | | | |
| Net Gain/(Loss) | 2,680,399 | 96.65% | 21.88% | 24.17% | (229.00) | 723,231 | 74.80% | 1.63% | 1.44% | 19.00 |
| Metropolitan West | | | | | | | | | | |
| Investment Returns | 612,393 | 100.00% | | | | 7,127,309 | 100.00% | | | |
| Investment Expenses | (241,089) | 39.37% | | | | (736,452) | 10.33% | | | |
| Net Gain/(Loss) | 371,304 | 60.63% | 0.42% | -0.31% | 73.00 | 6,390,857 | 89.67% | 2.38% | 2.48% | (10.00) |
| Total Fund | | | | | | | | | | |
| Investment Returns | 30,163,565 | 100.00% | | | | 37,514,521 | 100.00% | | | |
| Investment Expenses | (972,710) | 3.22% | | | | (2,786,030) | 7.43% | | | |
| Net Gain/(Loss) | 29,190,855 | 96.78% | 12.09% | 12.71% | (62.00) | 34,728,491 | 92.57% | 4.71% | 5.05% | (34.00) |
| CPI: | | | | 1.63% | | | | | 0.92% | |
| Core CPI: | | | | 1.69% | | | | | 1.94% | |

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: April 1, 2017 to June 30, 2017

Transfers:

| Date | Purpose of Transfer | Transfer Out ATU | Transfer In IBEW |
|-------------|---|-------------------------|-----------------------------|
| 06/15/2017 | Asset/liability split correction based on actuarial valuation | (3,421,627.16) | 3,421,627.16 |
| 06/22/2017 | Fiscal year 2017 revenue and expense true up | (430,199.64) | 430,199.64 |
| | | <u>(3,851,826.80)</u> | <u>3,851,826.80</u> |

Retirements:

| Employee # | Previous Position | Pension Group | Retirement Date |
|-------------------|---------------------------------|----------------------|------------------------|
| 2043 | Mechanic B | IBEW | 04/01/2017 |
| 2430 | Bus Operator | ATUL | 04/28/2017 |
| 3231 | Facilities Service Worker | IBEW | 06/01/2017 |
| 2487 | Facilities & Grounds Worker | IBEW | 05/01/2017 |
| 3152 | Bus Operator | ATUL | 04/01/2017 |
| 1562 | Customer Service Representative | ATUL | 06/01/2017 |
| 2306 | Mechanic A | IBEW | 05/01/2017 |
| 1025 | Graphic Designer | AFST | 05/01/2017 |
| 3388 | Procurement Analyst II | AEAS | 05/01/2017 |
| 1646 | Facilities Supervisor | AFSC | 04/01/2017 |
| 1656 | Engineering Technician II | AEAS | 06/01/2017 |
| 3454 | Director, Long Range Planning | MCEG | 06/01/2017 |

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 19 | 9/13/17 | Retirement | Action | 8/16/17 |

Subject: Adoption of the Regional Transit District Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2018 Meeting Calendar (ALL). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09-____, Adopting the Regional Transit District Retirement Boards 2018 Meeting Calendar.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2018 calendar year are:

- Wednesday, March 14th
- Wednesday, June 20th
- Wednesday, September 12th
- Wednesday, December 12th

In anticipation of several large projects and decisions coming before the Retirement Boards in 2018, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

Approved:

Final 9/6/17

VP, Finance / CFO

Presented:

Director, Human Resources

C:\Temp\2018 IP Retirement Board Schedule - Resos_24730453.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 19 | 9/13/17 | Retirement | Action | 8/16/17 |

| |
|--|
| Subject: Adopting the Regional Transit Retirement Boards 2018 Meeting Calendar (ALL). (Bonnell) |
|--|

The proposed dates for tentative Special Meetings for the 2018 calendar year are:

- Wednesday, February 7th
- Wednesday, April 18th
- Wednesday, July 25th
- Wednesday, October 24th

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2018 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2018 Meeting Calendar, marked as Exhibit A.

RESOLUTION NO. 17-09-_____

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

September 13, 2017

**ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2018
MEETING CALENDAR**

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

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the
Regional Transit District MCEG Retirement Board for calendar year 2018, is hereby
adopted.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Donna Bonnel, Assistant Secretary

2018 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29TH STREET
SACRAMENTO, CALIFORNIA

9:00 AM

Wednesday.....Regular Meeting.....March 14, 2018

Wednesday.....Regular Meeting.....June 20, 2018

Wednesday.....Regular Meeting.....September 12, 2018

Wednesday.....Regular Meeting.....December 12, 2018

Wednesday.....Special Meeting.....*February 7, 2018

Wednesday.....Special Meeting.....*April 18, 2018

Wednesday.....Special Meeting.....*July 25, 2018

Wednesday.....Special Meeting.....*October 24, 2018

**Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 20 | 09/13/17 | Retirement | Information | 08/10/17 |

Subject: 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)

ISSUE

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)

RECOMMENDED ACTION

Information Only.

FISCAL IMPACT

None.

DISCUSSION

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity (5) International Emerging Markets, and (6) Domestic Fixed-Income.

Atlanta Capital is the Retirement Boards' Domestic Small Capital Equity fund manager. Atlanta Capital will be presenting performance results for the quarter ended June 30, 2017, shown in Attachment 1, and answering any questions.

Approved:

Presented:

FINAL 08/28/17

VP Finance/CFO

Senior Accountant

Sacramento Regional Transit District

High Quality Small Cap

September 13, 2017
Portfolio Review

Your Atlanta Capital Team

Michael Jaje, CFA
Investment Specialist & Principal
(404) 682-2498
michael.jaje@atlcap.com

Robert Allen, CFA
Senior Portfolio Administrator
(404) 682-2430
robert.allen@atlcap.com

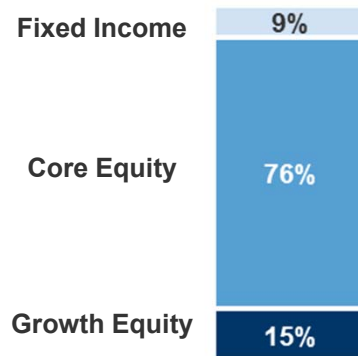
Atlanta Capital Management Co., LLC

As of June 30, 2017

- Founded in 1969 in Atlanta, Georgia
- Singular focus on High Quality stocks and bonds
- Owned by employees & Eaton Vance Corporation
- Employ 41 professionals (19 are equity partners)

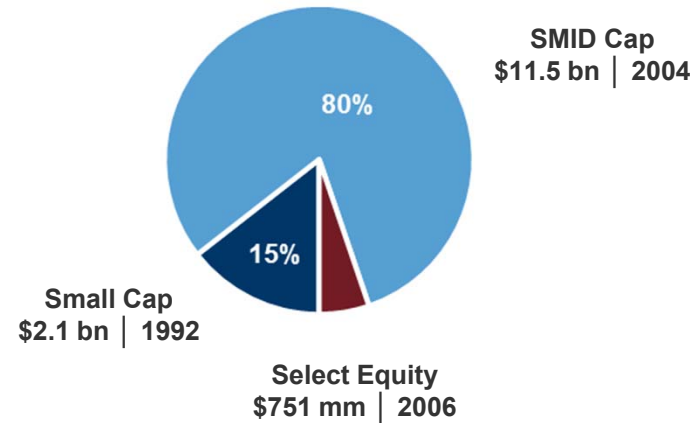
Investment Franchises

(\$18.9 Billion)



Core Equity Management

(\$14.4 Billion)



Assets under management | inception date of strategy.

Seasoned & Stable Investment Team

A focused team that combines the benefit of conducting independent fundamental research with the ability to make timely investment decisions.

Portfolio Managers



Investment Specialist

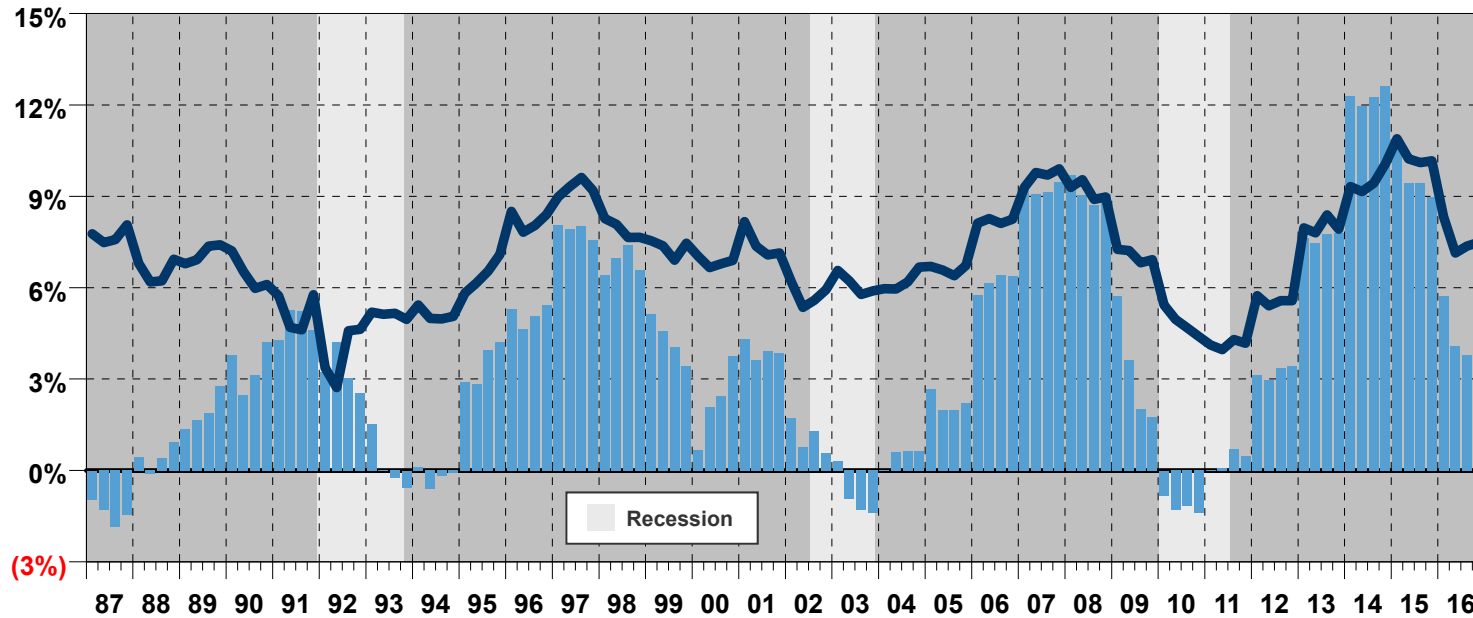


- Portfolio managers are generalists and serve as both research analyst and portfolio manager
- Our team does not rely on a research staff to generate ideas or perform fundamental research
- Each portfolio manager conducts his own research while decisions are made on a consensus basis

Consistent Growth & Stability in Earnings

Key Tenet of Our Investment Philosophy

**Five-Year Rolling CAGR of As Reported Earnings
Russell 2000® Index by Earnings Stability**



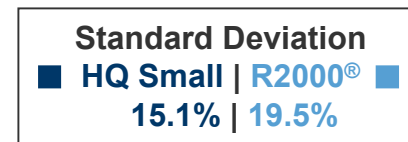
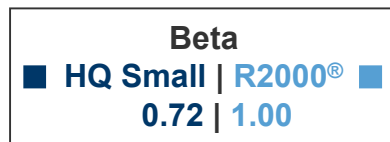
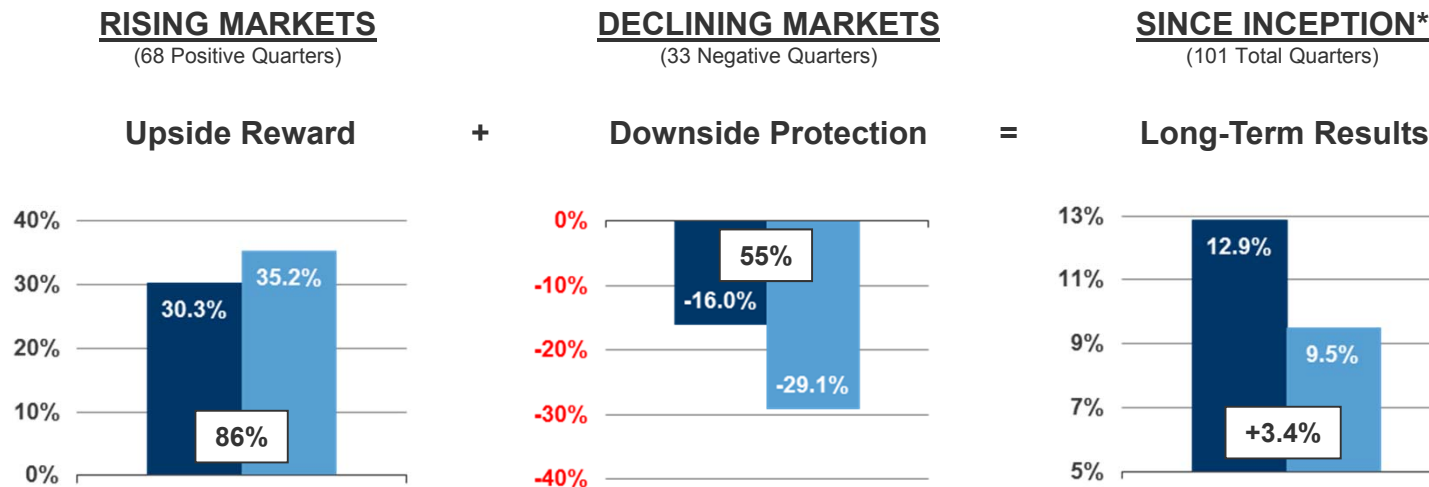
| | <u>Earnings Stability</u> | <u>Avg. 5-Year CAGR</u> | <u>Earnings Variability</u> | <u># Positive Periods</u> | <u># Negative Periods</u> |
|---|---------------------------|-------------------------|-----------------------------|---------------------------|---------------------------|
| ■ | Above-Average | 6.9% | 1.7% | 120 or 100% | 0 or 0% |
| ■ | Below-Average | 3.8% | 3.6% | 101 or 84% | 19 or 16% |

*Time period: January 1, 1987 – December 31, 2016. The Above-Average Earnings Stability and Below-Average Earnings Stability portfolios are provided to compare the aggregate of all companies in the index with High Quality S&P Rankings (B+ or Better) to those with Low Quality S&P Rankings (B or Below). The Earnings Stability portfolios are model portfolios formed and rebalanced monthly by Atlanta Capital. The universe includes all Russell 2000® Index constituents with S&P Quality Rankings and prices greater than \$1. Five-year historical earnings growth rates are calculated using a market capitalization-weighted methodology. The Russell 2000® Index is a widely-accepted measure of the U.S. small cap stock market. Indexes are unmanaged and it is not possible to directly invest in an index. The Above-Average Earnings Stability and Below-Average Earnings Stability portfolios were derived in part from the Russell Index Data and Frank Russell Company remains the source and owner of the Russell Index Data contained or reflected and all trademarks and copyrights. Sources: Russell, Standard & Poor's, Wilshire Atlas, Atlanta Capital. The material is based upon information that Russell, S&P, Wilshire and Atlanta Capital considers to be reliable, but neither Russell, S&P, Wilshire nor Atlanta Capital warrants its completeness, accuracy or adequacy and it should not be relied upon as such. This information is provided for illustrative purposes only and does not reflect historical results for any particular Atlanta Capital investment strategy. Individual client results may vary. The material should not be considered investment advice or a recommendation to invest in a particular strategy. Past performance does not predict future results. Reproduction or redistribution of this page in any form without express permission from Atlanta Capital is prohibited.

Investment Objective

April 1, 1992 – June 30, 2017

We seek to outperform over the long term by participating in rising markets and protecting capital during declining markets...



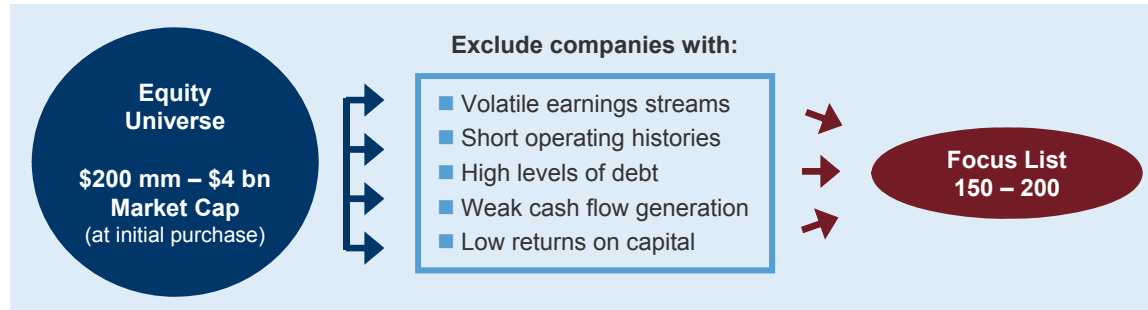
...without the volatility typically associated with small cap investing.

*Inception date of the High Quality Small Capitalization Composite is April 1, 1992. For illustrative purposes only. The charts above illustrate the average (annualized) return of the High Quality Small Capitalization Composite during both rising and declining markets and since inception. Rising markets are defined as quarters where the return of the Russell 2000® index was positive. Declining markets are defined as quarters where the return of the Russell 2000® index was negative. These positive and negative quarters are separated out from the intervening quarters, cumulated across the period, and annualized. Composite performance is shown in US dollars and reflects reinvestment of all income and capital gains. Composite performance is shown gross of investment advisory and custody fees; upside reward, downside protection and long-term results will be reduced by fees and other client expenses. Composite performance on a net-of-management fees basis was 12.0% for the period (after a maximum annual fee of 0.80% accrued monthly). Performance during certain periods reflects strong stock market performance that is not typical and may not be repeated. Individual client returns will vary due to fees, client-imposed investment constraints and client inception date. Beta measures the historical sensitivity of portfolio excess returns to movements in the excess return of the market index. Standard Deviation is a measure of absolute volatility of returns. The Russell 2000® index is unmanaged and does not incur management fees or other expenses associated with managed accounts. It is not possible to directly invest in an index. This material is supplemental to the GIPS® presentation included at the end of this presentation. Please see the GIPS® composite presentation for important additional information and disclosure. Past performance does not predict or guarantee future results. Source: eVestment and Atlanta Capital.

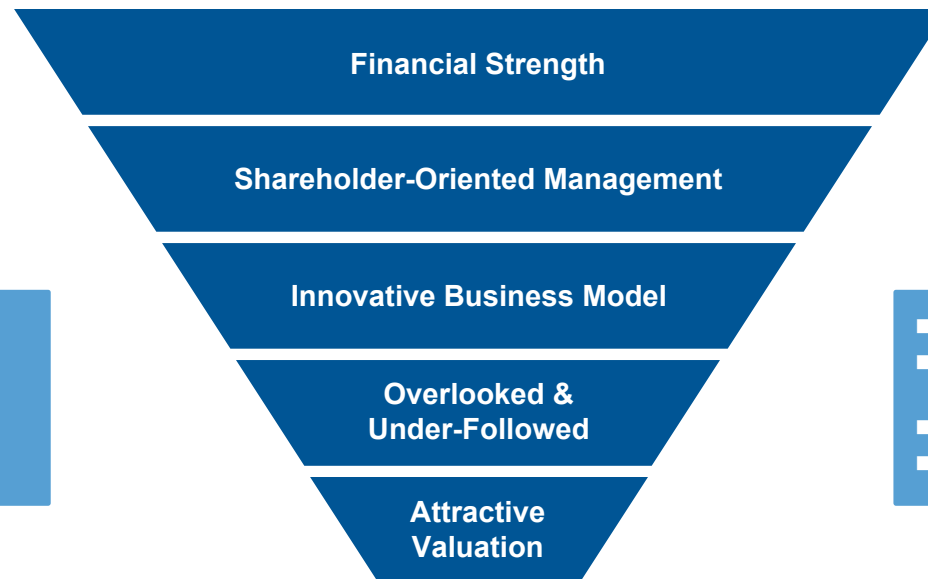
Disciplined Investment Process

High Quality Small Cap Equity

Step 1. Create a 'Focus List' of High Quality Companies



Step 2. Conduct Proprietary 'Onsite' Fundamental Research



Step 3. Construct a Focused Yet Well-Diversified Portfolio

- 60 – 70 holdings
- 5% max position sizes
- 30% absolute sector weights
- 10 – 15% turnover*
- Russell 2000® Index

Step 4. Monitor Holdings & Review Focus List

- Prudent profit taking
- Change in management or business strategy
- Deterioration of financial quality
- Excessive valuation

* 3-year average based on a single representative client portfolio for the strategy and subject to change. Actual results may vary for each client.

Summary of Guidelines

Sacramento Regional Transit District

Objective

- The objective is to provide small capitalization exposure for the two commingled retirement plans.
- Achieve a net of fee return which exceeds the Russell 2000 Index over a minimum three year period
- Achieve a gross of fee return which places above the median manager in a comparative universe of small capitalization equity managers.

Guidelines

- No more than 5% (at cost) may be invested in a single issuer of the portfolio and/or no more than 5% of a company's total outstanding shares may be purchased.
- The sector weights of the portfolio must not exceed 30% absolute.
- No more than 25% of the market value of the portfolio will be invested in any single industry.
- Unless specifically authorized, the manager must not engage in transactions with stock option derivatives, short sales, purchases on margin, letter stocks, private placements, or commodities
- The manager is permitted to effect transactions in Russell 2000 Index Futures for the purpose of obtaining low cost temporary market exposure.
- No more than 5% (at cost) of the portfolio may invest in American Depository Receipts (ADR's). The use of other non-U.S. equity securities is prohibited.
- Investments in real estate investment trusts (REIT's) is permitted.
- The cash holdings must not exceed 10% of the portfolio's market value.

Trading

- Best execution.

Proxy Voting

- The manager has sole responsibility for voting proxies of shares of companies in the portfolio.

Investment Policy Date: April 8, 2010

Annualized Performance

As of June 30, 2017

Sacramento Regional Transit District

| | QTD | YTD | 1 Yr | 3 Yrs* | 5 Yrs* | 7 Yrs* | Since Inception* | |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|------------------|--------------|
| | (%) | (%) | (%) | (%) | (%) | (%) | 04/22/10 | 04/30/10 |
| | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| High Quality Small Cap (Gross) | 3.62 | 5.46 | 16.09 | 11.19 | 15.55 | 17.26 | 14.58 | 14.88 |
| High Quality Small Cap (Net) | 3.42 | 5.04 | 15.18 | 10.32 | 14.64 | 16.34 | N/A | 13.98 |
| Russell 2000® Index | 2.46 | 4.99 | 24.60 | 7.36 | 13.70 | 14.35 | 11.07 | 11.49 |

Account Summary

| | |
|-------------------------------|---------------------|
| Portfolio Inception Date: | April 22, 2010 |
| Net Investment Contributions: | \$6,347,634 |
| Investment Dollars Earned: | \$18,438,707 |
| Market Value (06/30/17): | \$24,786,341 |

*Time periods greater than one year are annualized.

Performance reflects reinvestment of all income and capital gains (realized and unrealized).

Results are based on the accrual method of accounting as well as trade date valuation.

Returns are gross of fees unless otherwise noted.

Gross of fee returns do not reflect the deduction of management and custodial fees. Net of fee returns reflect the deduction of the management fee accrued on a monthly basis.

Returns are based on the total assets of the client's account, calculated on a daily basis, and geometrically linked to calculate returns for longer periods of time.

The unmanaged indexes shown for comparative purposes do not reflect the subtraction of any fees or transaction costs. It is not possible to directly invest in an index.

Past performance does not guarantee or predict future results.

Gross of fees inception date is 04/22/10. Net of fees inception date is 04/30/10.

Annualized Performance

As of July 31, 2017

Sacramento Regional Transit District

| | QTD | YTD | 1 Yr | 3 Yrs* | 5 Yrs* | 7 Yrs* | Since Inception* | |
|---------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|------------------|--------------|
| | (%) | (%) | (%) | (%) | (%) | (%) | 04/22/10 | 04/30/10 |
| | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| High Quality Small Cap (Gross) | 0.28 | 5.75 | 14.28 | 13.39 | 15.54 | 16.23 | 14.44 | 14.74 |
| High Quality Small Cap (Net) | 0.22 | 5.27 | 13.39 | 12.50 | 14.63 | 15.32 | N/A | 13.84 |
| Russell 2000® Index | 0.74 | 5.77 | 18.45 | 9.89 | 14.19 | 13.39 | 11.05 | 11.46 |

Returns are preliminary

*Time periods greater than one year are annualized.

Performance reflects reinvestment of all income and capital gains (realized and unrealized).

Results are based on the accrual method of accounting as well as trade date valuation.

Returns are gross of fees unless otherwise noted.

Gross of fee returns do not reflect the deduction of management and custodial fees. Net of fee returns reflect the deduction of the management fee accrued on a monthly basis.

Returns are based on the total assets of the client's account, calculated on a daily basis, and geometrically linked to calculate returns for longer periods of time.

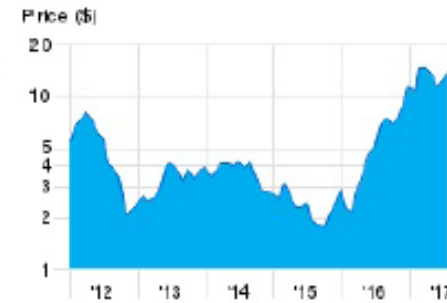
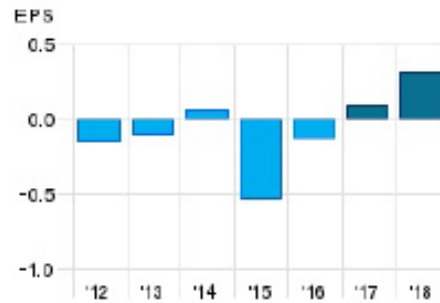
The unmanaged indexes shown for comparative purposes do not reflect the subtraction of any fees or transaction costs. It is not possible to directly invest in an index.

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Gross of fees inception date is 04/22/10. Net of fees inception date is 04/30/10.

Low Quality vs. High Quality Performance

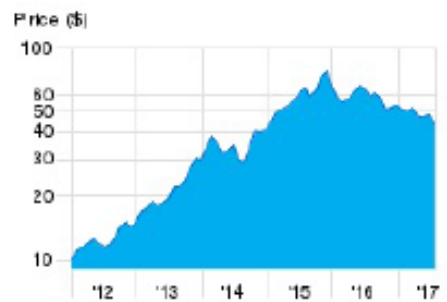
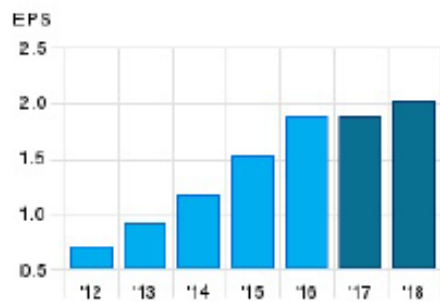
Advanced Micro Devices, Inc. (AMD)



\$13.28

| | |
|--------|--------|
| YTD | 17.1% |
| 3M | 28.6% |
| 1Y | 112.1% |
| Beta | 2.89 |
| FY1 PE | 146.0x |

Manhattan Associates (MANH)



\$43.41

| | |
|--------|--------|
| YTD | -18.2% |
| 3M | -6.8% |
| 1Y | -24.8% |
| Beta | 0.99 |
| FY1 PE | 23.2x |

Sources: FactSet

Small Cap Transactions

July 1, 2016 – June 30, 2017

Purchases Sector

Second Quarter 2017
None

First Quarter 2017
None

Fourth Quarter 2016
None

Third Quarter 2016
ICU Medical, Inc. (ICUI)
Integra LifeSciences (IART)

Health Care
Health Care

Sales Sector

Second Quarter 2017
VCA (WOOF) Health Care

First Quarter 2017
CLARCOR (CLC) Discretionary

Fourth Quarter 2016
None

Third Quarter 2016
Monotype Imaging (TYPE) Technology
West Pharmaceutical (WST) Health Care

The specific securities identified are not representative of all of the securities purchased, sold or recommended for advisory clients. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. It should not be assumed that any of the above securities were or will be profitable. For a complete list of all recommendations made by Atlanta Capital for the High Quality Small Cap strategy during the preceding 12 months, please contact the Performance Department at Atlanta Capital. This material is supplemental to the GIPS® presentation for the High Quality Small Capitalization Composite included at the end of this presentation.

Portfolio Characteristics

As of June 30, 2017

Sacramento Regional Transit District
High Quality Small Cap

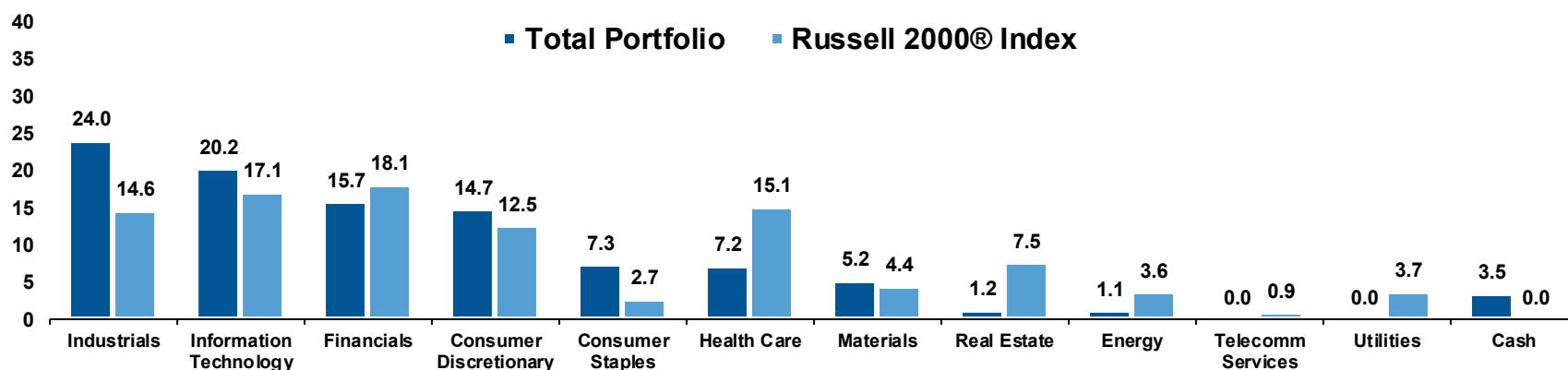
Top Ten Holdings %

| Company | % |
|----------------------|-----|
| Manhattan Associates | 3.5 |
| Blackbaud | 3.2 |
| AptarGroup | 3.1 |
| CoreLogic | 3.1 |
| Choice Hotels Int'l | 2.8 |
| Fair Isaac Corp. | 2.7 |
| Morningstar | 2.7 |
| WEX | 2.7 |
| Bio-Techne | 2.4 |
| Columbia Sportswear | 2.4 |

Portfolio Metrics

| Metrics | Russell 2000® Index | Total Portfolio |
|-------------------------------|---------------------|-----------------|
| # of Holdings | 2,010 | 56 |
| Wtd. Avg. Mkt. Cap (billions) | \$2.0 | \$3.3 |
| Historical Earnings Growth | 9% | 6% |
| Forecasted Earnings Growth | 12% | 11% |
| Return on Equity | 6% | 16% |
| Price/Earnings (NTM) | 18.5x | 22.8x |
| Dividend Yield | 1.3% | 0.9% |

Sector Exposure



Source: FactSet. Sector weight percentages shown are percentages of total equities.

Current Portfolio Holdings

As of June 30, 2017

Sacramento Regional Transit District High Quality Small Cap

■ High Quality Small Cap

■ Russell 2000® Index

| <u>Sector</u> | <u>Ending Weight</u> | |
|-----------------------------------|----------------------|--------------|
| Consumer Discretionary | 14.7% | 12.5% |
| Bright Horizons (BFAM) | 1.3% | |
| Choice Hotels Int'l (CHH) | 2.8% | |
| Columbia Sportswear (COLM) | 2.4% | |
| Dorman Products (DORM) | 2.1% | |
| Hibbett Sports (HIBB) | 0.6% | |
| Monro Muffler Brake (MNRO) | 1.0% | |
| Pool Corp. (POOL) | 1.9% | |
| Sally Beauty Hldgs. (SBH) | 1.8% | |
| Wolverine World Wide (WWW) | 0.9% | |
| Consumer Staples | 7.3% | 2.7% |
| Casey's General Stores (CASY) | 2.3% | |
| Inter Parfums (IPAR) | 2.1% | |
| J&J Snack Foods Corp. (JJSF) | 1.9% | |
| Lancaster Colony Corp. (LANC) | 1.1% | |
| Energy | 1.1% | 3.6% |
| Dril-Quip (DRQ) | 1.1% | |
| Financials | 15.7% | 18.1% |
| Artisan Partners (APAM) | 1.1% | |
| IBERIABANK Corp. (IBKC) | 1.7% | |
| Morningstar (MORN) | 2.7% | |
| Navigators Group (NAVIG) | 1.8% | |
| Pinnacle Fin'l Partners (PNFP) | 1.3% | |
| Prosperity Bancshares (PB) | 1.5% | |
| RLI Corp. (RLI) | 1.0% | |
| Health Care | 7.2% | 15.1% |
| Bio-Rad Labs (BIO) | 1.7% | |
| Bio-Techne (TECH) | 2.4% | |
| ICU Medical (ICUI) | 1.3% | |
| Integra LifeSciences (IART) | 1.8% | |
| Industrials | 24.0% | 14.6% |
| AAON (AAON) | 1.1% | |
| Advisory Board Co. (ABCO) | 1.3% | |
| Beacon Roofing Supply (BECN) | 1.5% | |
| Exponent (EXPO) | 2.3% | |
| Forward Air (FWRD) | 1.8% | |
| Graco (GGG) | 1.5% | |
| HEICO Corp. A (HEIA) | 2.0% | |
| Huron Consulting Group (HURN) | 1.0% | |
| Kirby Corp. (KEX) | 2.2% | |
| Knight Transportation (KNX) | 2.0% | |
| Landstar System (LSTR) | 1.7% | |
| Moog (MOG.A) | 1.8% | |
| Raven Industries (RAVN) | 1.4% | |
| UniFirst Corp. (UNF) | 1.7% | |
| US Ecology (ECOL) | 0.7% | |
| Information Technology | 20.2% | 17.1% |
| Blackbaud (BLKB) | 3.2% | |
| Cass Information Sys (CASS) | 1.1% | |
| CoreLogic (CLGX) | 3.1% | |
| Fair Isaac Corp. (FICO) | 2.7% | |
| Manhattan Associates (MANH) | 3.5% | |
| National Instruments (NATI) | 1.6% | |
| Power Integrations (POWI) | 1.4% | |
| ScanSource (SCSC) | 0.9% | |
| WEX (WEX) | 2.7% | |
| Materials | 5.2% | 4.4% |
| AptarGroup (ATR) | 3.1% | |
| Balchem Corp. (BCPC) | 1.1% | |
| Stepan Co. (SCL) | 1.0% | |
| Real Estate | 1.2% | 7.5% |
| Universal Health Realty (UHT) | 1.2% | |
| Telecommunication Services | 0.0% | 0.9% |
| Utilities | 0.0% | 3.7% |
| Cash | 3.5% | 0.0% |

Source: FactSet.

Investment Outlook & Strategy

As of June 30, 2017

High Quality Small Cap

Outlook

- Low interest rates, positive economic growth, and generally solid corporate earnings drove small cap markets to all-time highs in the second quarter.
- The Russell 2000® Index, a measure of the small cap segment of the U.S. equity universe, gained +2.5% in the second quarter, with growth-oriented sectors outperforming value.
- As small cap markets continue to make new highs, underlying valuations remain stubbornly rich. In times like these, when many stocks in the universe look expensive, we believe it is critical to focus on a portfolio of high quality stocks that should participate if markets move higher, and protect if markets face performance challenges.

Portfolio Positioning

- During the 2nd quarter, we sold one portfolio holding after it received an offer to be acquired for a premium. We did not initiate any new positions.
- At quarter end, the portfolio held 56 stocks representing nine of the eleven economic sectors in the Russell 2000®.
- Relative to the benchmark, the portfolio was overweight Industrials, Consumer Staples, Consumer Discretionary, and Technology.
- The portfolio was underweight Real Estate, Health Care, Financials, and Energy. There are no positions in Utilities or Telecom Services.

GIPS® Performance Information and Disclosure

High Quality Small Capitalization Composite (E7)

January 1, 2007 through June 30, 2017

| Period | Composite Gross Return (%) | Composite Net Return (%) | Russell 2000® Return (%) | Composite 3-yr Std. Dev. (%) | Russell 2000® 3-yr Std. Dev. (%) | Number of Portfolios | Internal Dispersion (%) | Composite Assets (\$mil) | Firm Assets (\$mil) |
|---------|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------------|----------------------|-------------------------|--------------------------|---------------------|
| 2017(1) | 5.31 | 4.90 | 4.99 | 12.10 | 15.17 | 52 | 0.14 | 1,529 | 18,907 |
| 2016 | 19.00 | 18.07 | 21.31 | 12.69 | 15.76 | 53 | 0.19 | 1,544 | 17,646 |
| 2015 | 5.12 | 4.29 | -4.41 | 12.68 | 13.96 | 54 | 0.16 | 1,259 | 16,054 |
| 2014 | 3.60 | 2.78 | 4.89 | 10.52 | 13.12 | 56 | 0.24 | 1,235 | 16,707 |
| 2013 | 42.34 | 41.24 | 38.82 | 12.80 | 16.45 | 57 | 0.51 | 1,294 | 18,082 |
| 2012 | 12.24 | 11.36 | 16.35 | 16.63 | 20.20 | 60 | 0.22 | 996 | 14,235 |
| 2011 | 10.31 | 9.44 | -4.18 | 21.88 | 24.99 | 60 | 0.25 | 1,023 | 11,964 |
| 2010 | 25.98 | 24.99 | 26.86 | 24.41 | 27.69 | 49 | 0.19 | 737 | 9,845 |
| 2009 | 27.17 | 26.18 | 27.17 | 21.69 | 24.83 | 36 | 0.34 | 639 | 7,748 |
| 2008 | -19.41 | -20.06 | -33.79 | 16.62 | 19.85 | 38 | 0.34 | 494 | 6,199 |
| 2007 | 6.77 | 5.92 | -1.57 | 10.66 | 13.17 | 37 | 0.25 | 551 | 8,828 |

(1) Period- 01/01/2017 through 06/30/2017. Past performance does not predict or guarantee future results.

Atlanta Capital Management Company, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Atlanta Capital Management has been independently verified for the periods January 1, 1999 through December 31, 2016.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The High Quality Small Capitalization Composite has been examined for the periods January 1, 1999 through December 31, 2016. The verification and performance examination reports are available upon request.

Composite Description: The investment objective of this style is to seek long-term capital growth. Accounts in this composite invest in common stocks of companies having market capitalizations within the range of companies comprising the Russell 2000®. Management seeks to invest in quality companies in strong financial condition whose equities are priced below their estimate of fair value. Characteristics of high quality companies include a history of sustained growth in earnings and operating cash flow, high returns on capital, attractive profit margins and leading industry positions. Investments are determined based primarily on fundamental analysis of a company's financial trends, products and services, and other factors. Financial quality rankings provided by nationally-recognized rating services may be utilized as part of the investment analysis but are not solely relied upon. The portfolios are broadly diversified. All fully discretionary accounts that are managed in this style and do not pay a bundled or SMA wrap fee are eligible for inclusion in the composite.

Benchmark: The benchmark for this composite is the Russell 2000® Index. The Index includes the smallest 2000 companies in the Russell 3000® and is a widely accepted measure of the small-cap segment of the U.S. equity universe. The index is unmanaged and does not incur management fees, transaction costs or other expenses associated with managed accounts. It is not possible to directly invest in an index. Prior to July 1, 2005, the composite utilized two indexes as benchmarks, the Russell 2000® and the Russell 2000® Value Index, the rationale being that the portfolio construction process produced both core and value characteristics. Our high quality investment philosophy tends to be defensive in nature and does consider valuation metrics, but it is more consistent with the philosophy and process of a core manager than a value manager. In order to clarify our philosophy and process for potential clients, we determined that it is most appropriate to benchmark our performance results against the Russell 2000® Index only. This change to the composite presentation was made as of July 1, 2005 and did not change the portfolio construction process.

Gross and Net Returns: Performance reflects reinvestment of all income and capital gains. Composite returns and market values are reported in U.S. dollars. Gross-of-fees performance returns are presented before management and custodial fees but after all trading expenses. Returns are presented net of withholding taxes. Net-of-fees performance returns are calculated by deducting the highest management fee of 0.80% from the monthly gross-of-fees returns. Other expenses will reduce a client's returns. The annual fee schedule for this composite is as follows: 0.80% on the first \$50 million in assets; 0.70% on the next \$50 million in assets; 0.60% on the next \$150 million. Actual management fees incurred by clients may vary.

Dispersion: The annual internal composite dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

Notes: The creation date of this composite is July 1992. Effective July 1, 2010, the composite was redefined to include both taxable and tax-exempt institutional accounts. The composite up to that time included only tax-exempt institutional accounts. The change provides increased transparency to prospective clients by reducing the number of separate composites maintained for this strategy. There has been no change in investment objective or management style. Clients or prospective clients should not assume that they will have an investment experience similar to that indicated by past performance results, as shown on the Schedule. Returns may vary based upon differences in account size, timing of transactions and market conditions at the time of investment. Performance during certain time periods reflects the strong stock market performance and/or the strong performance of stocks held during those periods. This performance is not typical and may not be repeated.

Firm Definition: Atlanta Capital Management Company, LLC (Atlanta Capital or the Firm) is an SEC-registered investment adviser located in Atlanta, Georgia. The Firm became a majority-owned subsidiary of Eaton Vance Corp. in 2001. Atlanta Capital operates as an independent subsidiary of Eaton Vance and provides professional investment advisory services to a broad range of institutional and individual clients, and sub-advisory investment management to mutual funds and separately managed sub-advisory account programs. Atlanta Capital includes all discretionary accounts under management in its composites; firm assets include nondiscretionary accounts as well. The Firm's list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. To request any additional information, please contact the Atlanta Capital Management Performance Department at 404-876-9411 or write to Atlanta Capital Management Company, LLC, 1075 Peachtree Street NE, Suite 2100, Atlanta, Georgia 30309, Attention Performance Department.

| Atlanta Capital High Quality Small Capitalization Composite | Annualized Returns (%) for Periods Ending June 30, 2017 | | | | | | Cumulative (%) | |
|---|---|---------|---------|---------|----------|------------------|------------------|--|
| | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception* | Since Inception* | |
| Composite Gross of Fees | 15.78 | 11.23 | 15.68 | 17.32 | 12.08 | 12.85 | 2014.60 | |
| Composite Net of Fees | 14.87 | 10.35 | 14.78 | 16.40 | 11.20 | 11.95 | 1629.36 | |
| Russell 2000® Index | 24.60 | 7.36 | 13.70 | 14.35 | 6.92 | 9.48 | 885.35 | |

*Inception date is April 1, 1992.
07.10.17

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 21 | 09/13/17 | Retirement | Information | 08/15/17 |

Subject: 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)

ISSUE

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)

RECOMMENDED ACTION

Information Only.

FISCAL IMPACT

None.

DISCUSSION

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity (5) International Emerging Markets, and (6) Domestic Fixed-Income.

Boston Partners is one of the Retirement Boards' Domestic Large Capital Equity fund managers. Boston Partners will be presenting performance results for the quarter ended June 30, 2017, shown in Attachment 1, and answering any questions.

Approved:

Presented:

FINAL 08/28/17

VP Finance/CFO

Senior Accountant



September 13, 2017

Boston Partners Large Cap Value Equity

Prepared for Sacramento Regional Transit District



Carolyn M. Margiotti, CFA
Senior Portfolio Analyst
cmargiotti@boston-partners.com
+1 (415) 464-2882



Who We Are

A Focused Investment Organization

- One philosophy and investment process that has been in place for 30 years
- All established disciplines have outperformed their benchmark since inception
- 150 employees: Boston, New York, California, and London



\$91.5 Billion Assets Under Management*

* Data as of June 30, 2017.

Assets Under Management include: Boston Partners (\$90.2 B); WPG Partners (\$1.2 B); and Redwood (\$0.1 B).

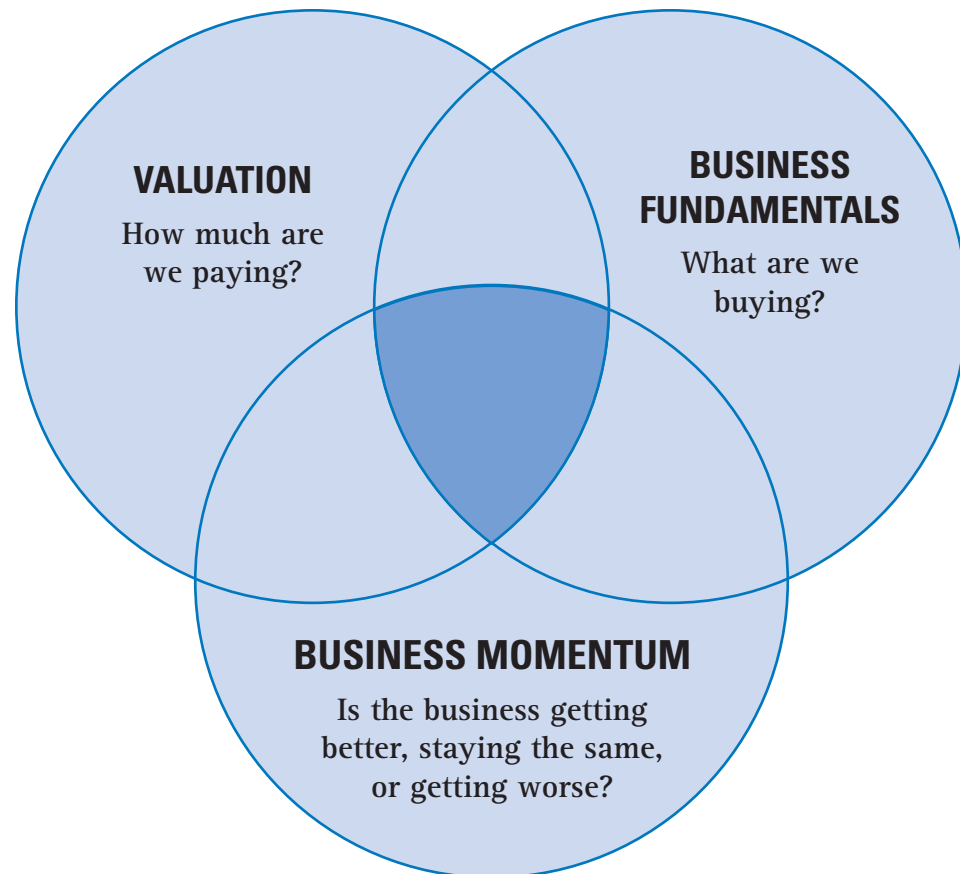
Organizational information can be found in the appendix.

We buy stocks that exhibit:

- Attractive value characteristics
and,
- Strong business fundamentals
and,
- Catalyst for change

We sell stocks based on:

- Valuation: Appreciation to price target
or
- Weakening business fundamentals
or
- Reversal of momentum



Portfolios with all three characteristics tend to outperform over time

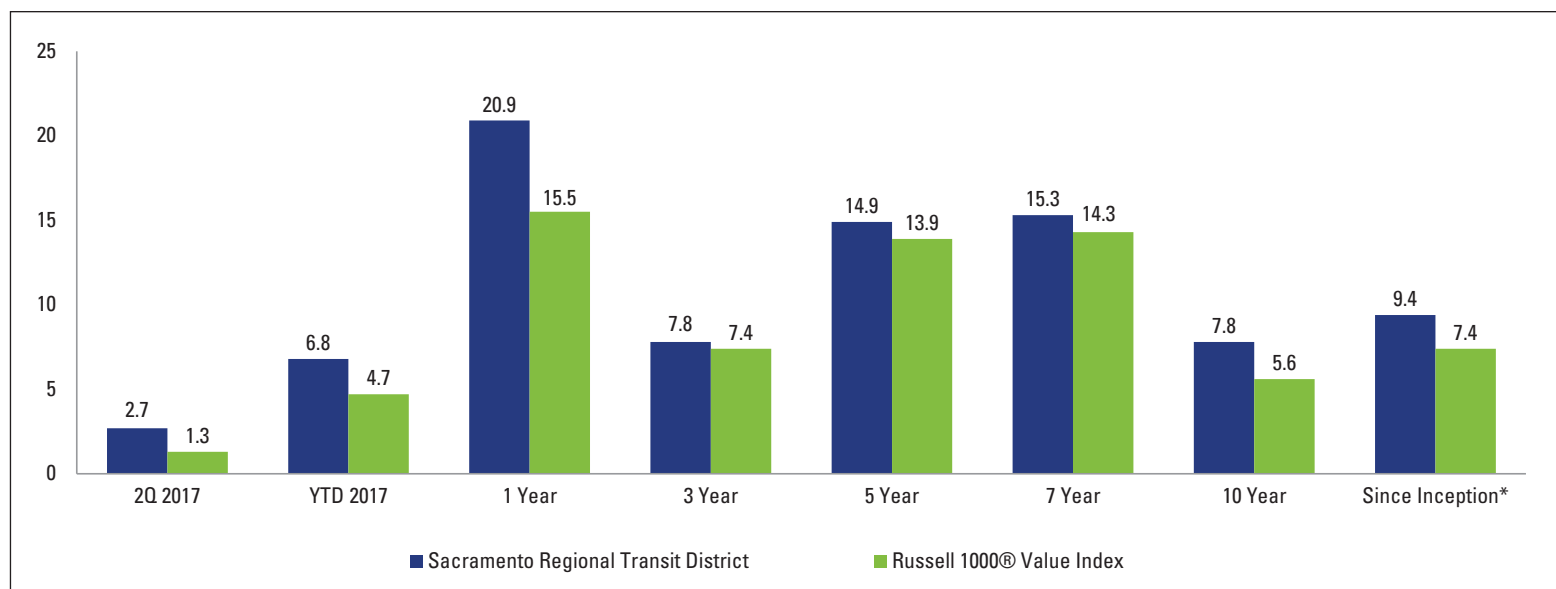
Sacramento Regional Transit District

Statement of Changes: Since Inception through June 30, 2017

| | |
|-----------------------------------|------------------|
| Beginning Assets (6/29/05) | \$26.0 M |
| Net Cash Flows | (\$7.3 M) |
| Income Earned | \$7.4 M |
| Capital Appreciation | \$19.7 M |
| <hr/> | |
| Ending Assets (6/30/17) | \$45.8 M |

Sacramento Regional Transit District

Investment Performance through June 30, 2017



Annualized Performance (%)

| | 2Q 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Since Inception* |
|---|------------|------------|-------------|------------|-------------|-------------|------------|------------------|
| Sacramento Regional Transit District | 2.7 | 6.8 | 20.9 | 7.8 | 14.9 | 15.3 | 7.8 | 9.4 |
| Russell 1000® Value Index | 1.3 | 4.7 | 15.5 | 7.4 | 13.9 | 14.3 | 5.6 | 7.4 |
| Relative Performance | 1.4 | 2.1 | 5.4 | 0.4 | 1.0 | 1.0 | 2.2 | 2.0 |

* Inception date is July 1, 2005.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Boston Partners Market Observations

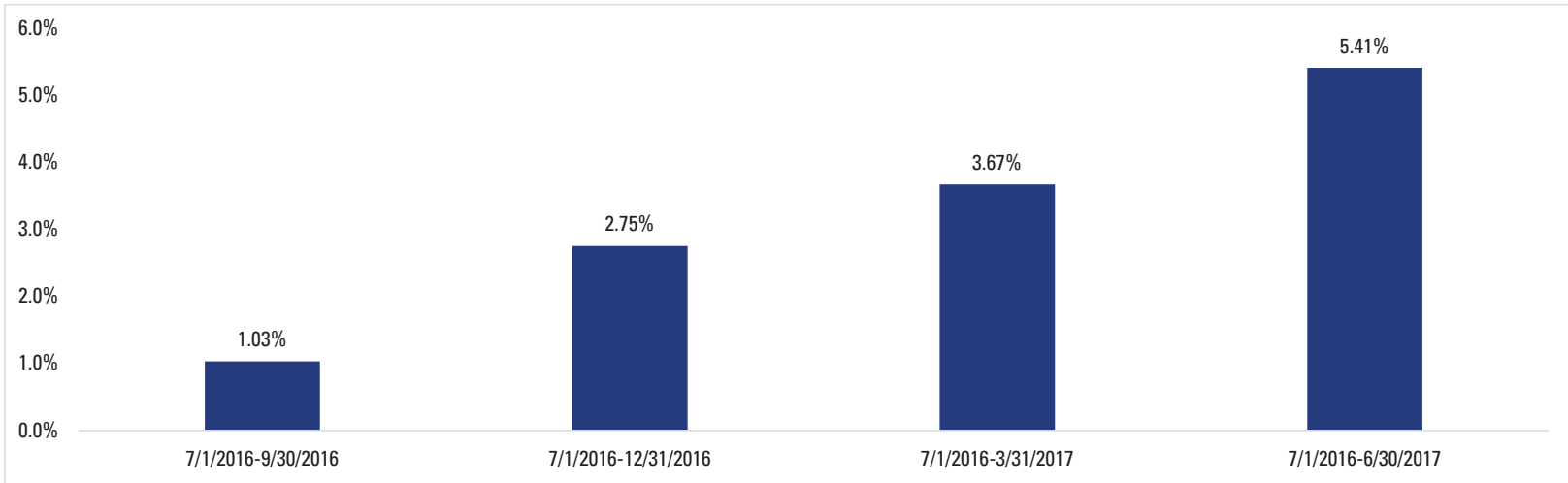
As of June 30, 2017

- Large cap value performance has rebounded sharply
 - Boston Partners Large Cap Value has outperformed the Russell 1000® Value Index by over 5% gross of fees for trailing 1 year period
 - Four consecutive quarters of outperformance vs. Russell 1000® Value Index
 - Our preference for high quality, inexpensive equities with positive business momentum while shunning expensive Utilities, REITs and Consumer Staples has propelled the rebound
- Global economic outlook continues to present challenges for investors
 - Soft data (surveys) improve while hard data (statistics) level out
 - Normalization of Fed Policy – raising rates and unwinding balance sheet – shows confidence in economy while potentially slowing future growth
 - Wage inflation will continue to be a key metric going forward
- We remain cautious and disciplined in this environment of heightened valuations
 - Proliferation of ETFs and indexing has created some valuation discrepancies in the market
 - High dividend yield stocks continue to appear expensive despite recent underperformance
 - Companies generating strong and growing cash flow that make smart capital allocation decisions continue to offer excellent investment opportunities
 - Airlines
 - Pharmaceuticals
 - Corporate restructurings
 - HP Enterprises/HP Inc./DXC Technology
 - Dow/DuPont
 - Our time-tested, disciplined process has successfully navigated these difficult periods over the past 22 years

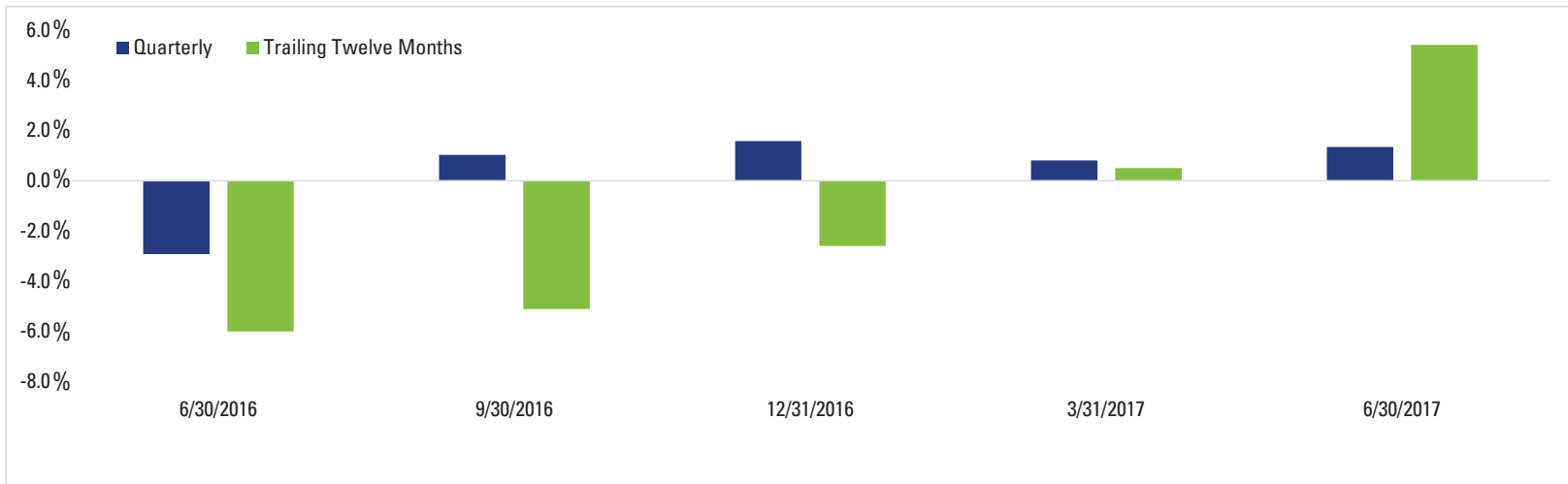
Discussions of securities returns and trends are not intended to be a forecast of future events or returns. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Large Cap Value Relative Performance vs. Russell 1000® Value Index

The Rebound Since June 30, 2016



Trailing Twelve Month Performance Impacted by 2Q'16 Low Vol Bubble

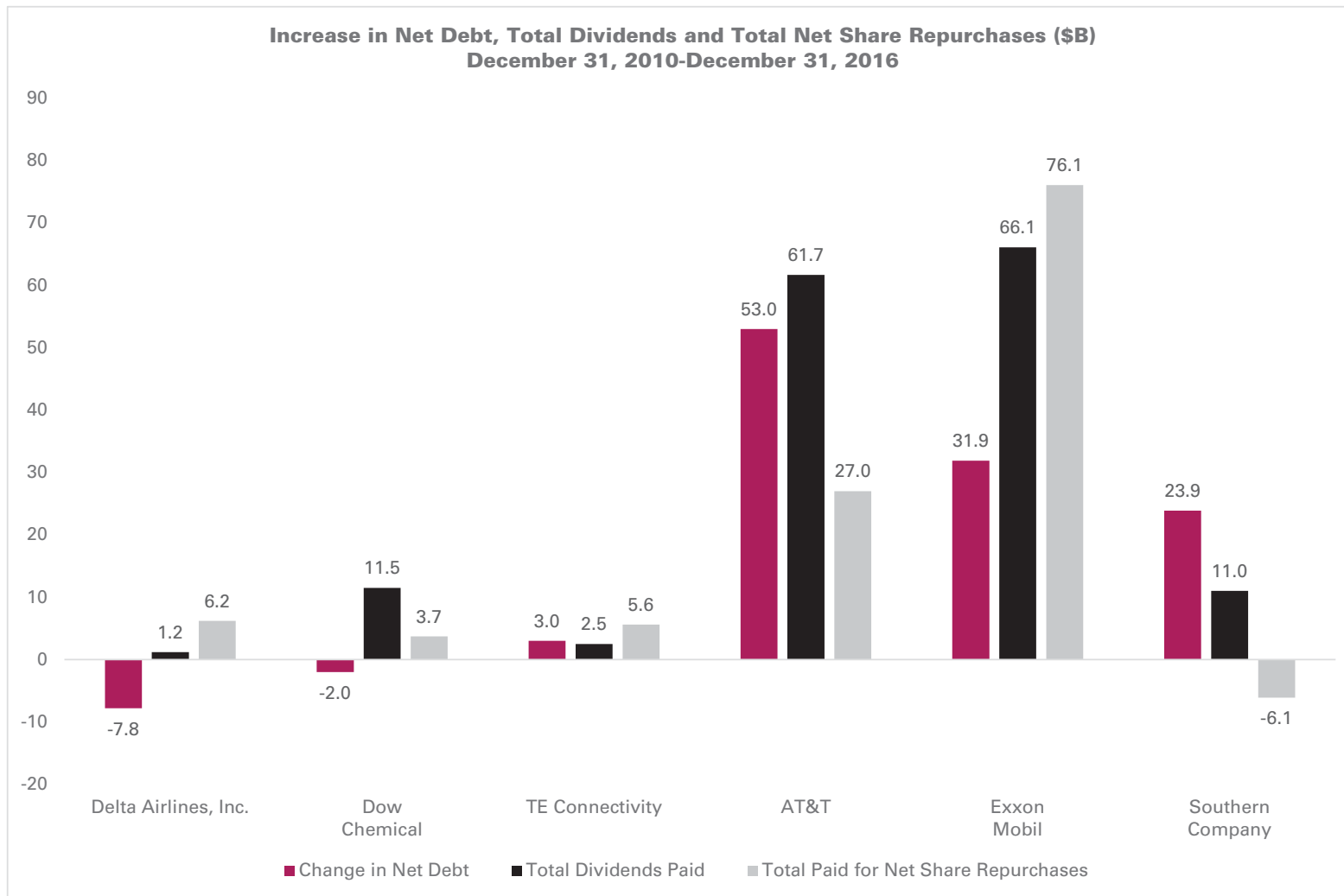


Source: Boston Partners.

Performance results are gross of fees. This information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Attractive Valuation & High Quality vs. Low Volatility

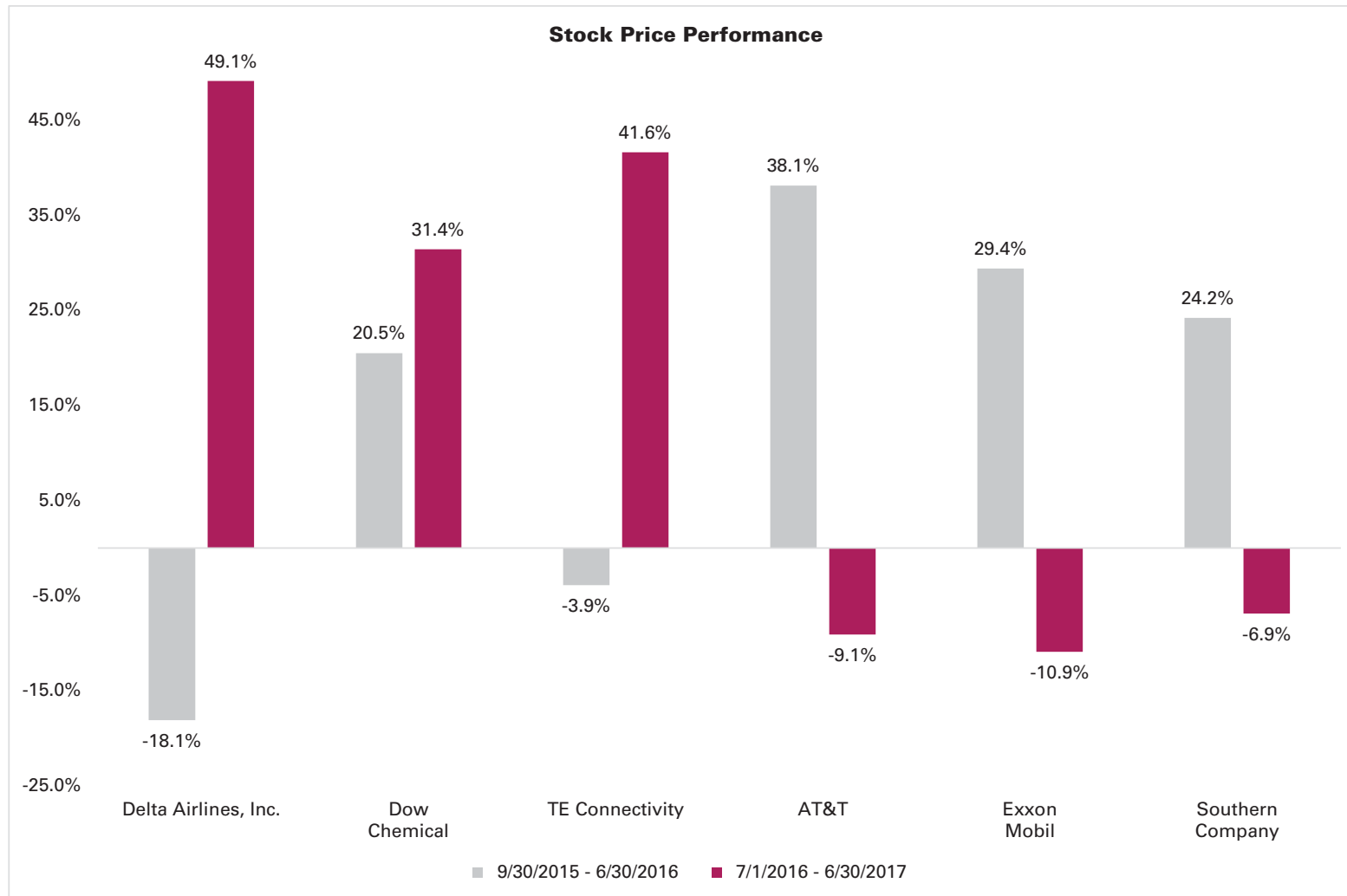
Which Would you Choose?



Source: Factset.

Discussions of securities returns and trends are not intended to be a forecast of future events or returns. The securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in these securities was or will be profitable. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

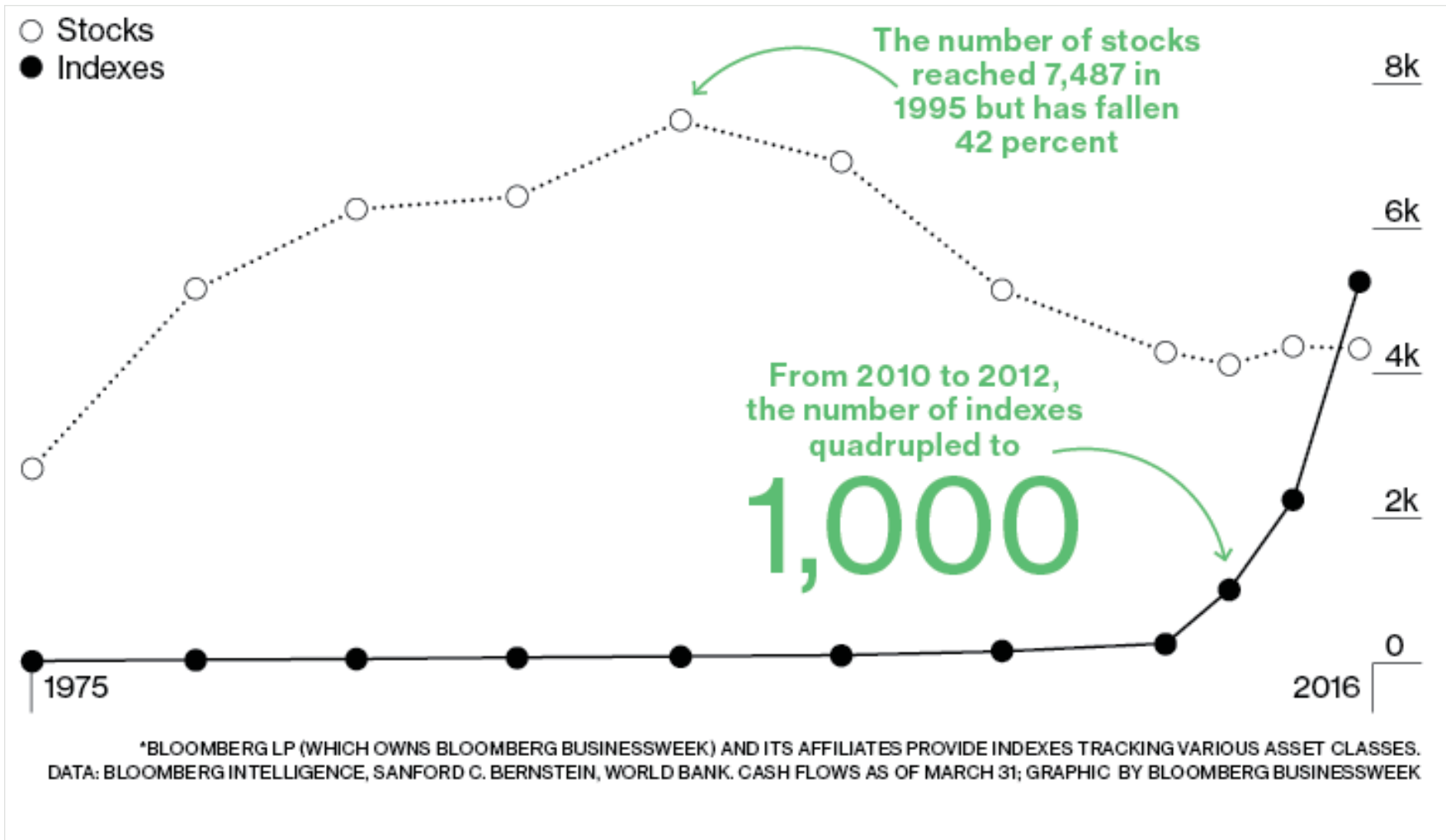
Attractive Valuation & High Quality vs. Low Volatility Which Would you Choose?



Source: Bloomberg, Boston Partners.

Discussions of securities returns and trends are not intended to be a forecast of future events or returns. The securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in these securities was or will be profitable. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

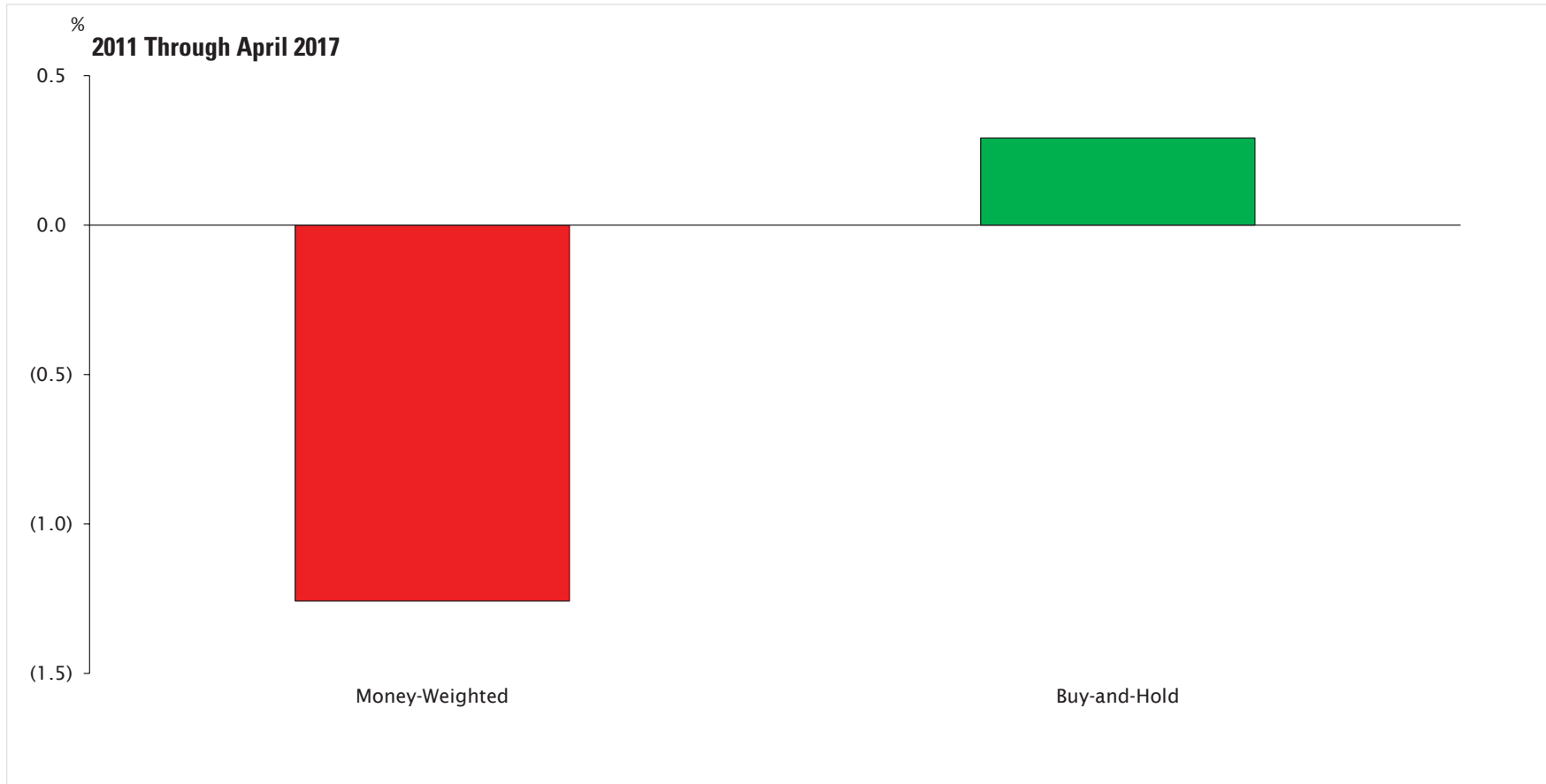
The Rise of the Benchmark



Source: Bloomberg Intelligence, Sanford C. Bernstein, World Bank. Cash flows as of March 31, 2017; Graphic by Bloomberg BusinessWeek.

....And Investors Have Chased Them, Unsuccessfully

U.S. Low-Volatility ETFs¹ Annualized Relative Returns²



Source: Empirical Research.

¹ Includes USMV, SPLV, and SPHD.

² Money-weighted return approximates the return realized by actual investors, based on the timing of their allocations and withdrawals.

Calculation assumes all inflows or outflows occur in the middle of each quarter. Benchmark is the S&P 500 Index.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Russell 1000[®] Value Index eVestment Rank

January 1991 through December 2016

| Top Quartile 1 Year Rank | | Subsequent Period eVestment Rank | | |
|--------------------------|----------------|----------------------------------|------------|------------|
| Period | eVestment Rank | 1 year | 3 year | 5 year |
| 4/92-3/93 | 14% | 55% | 58% | 44% |
| 7/92-6/93 | 19% | 84% | 83% | 45% |
| 10/92-9/93 | 23% | 93% | 82% | 46% |
| 1/97-12/97 | 17% | 43% | 56% | 70% |
| 4/97-3/98 | 22% | 43% | 67% | 70% |
| 7/97-6/98 | 24% | 42% | 73% | 73% |
| 1/06-12/06 | 15% | 77% | 88% | 83% |
| 4/06-3/07 | 22% | 75% | 85% | 85% |
| 10/11-9/12 | 23% | 58% | 56% | – |
| 4/12-3/13 | 18% | 63% | 59% | – |
| Average | 20% | 63% | 71% | 65% |
| 1/16 - 12/16 | 24% | ? | ? | ? |

Index Rankings in Large Cap Value Universe as of June 30, 2017

| | 1 year | 3 year | 5 year | 10 year | 20 year | 25 year |
|---------------------------------------|--------|--------|--------|---------|---------|---------|
| Russell 1000 [®] Value Index | 68 | 53 | 49 | 79 | 75 | 72 |

Data as of December 31, 2016.

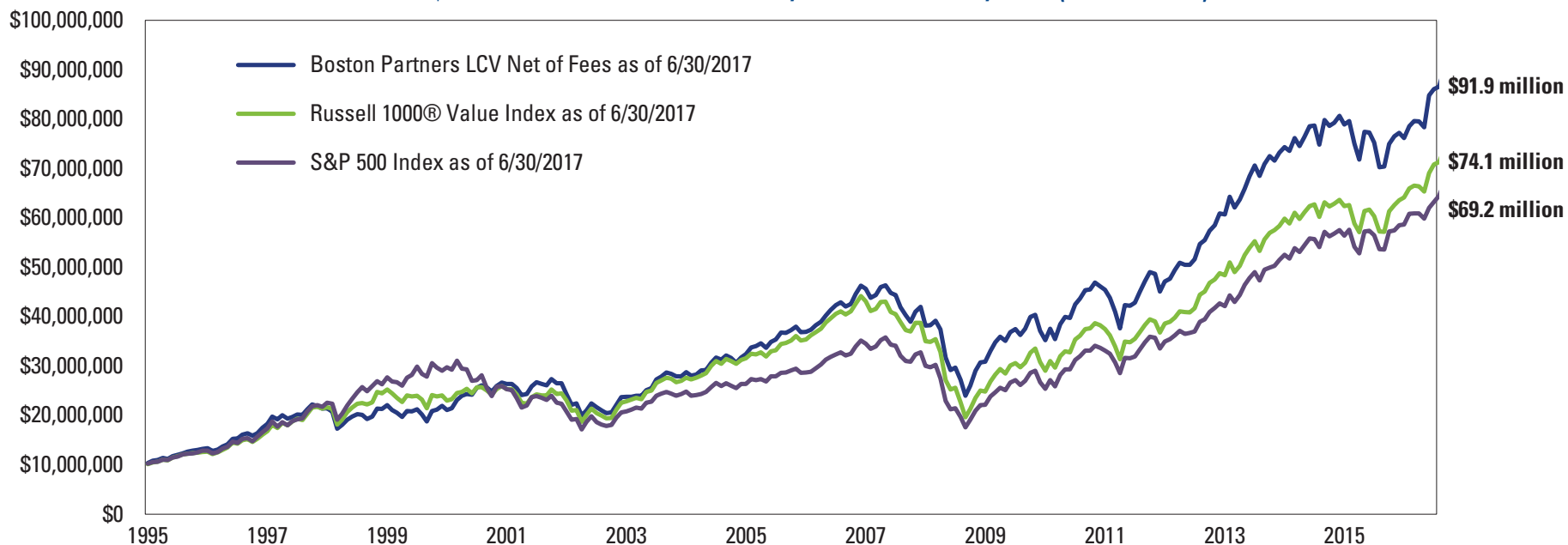
Source: eVestment Large Cap Value Universe quarterly observations.

eVestment Alliance, LLC and its affiliated entities (collectively, “eVestment”) collect information directly from investment management firms and other sources believed to be reliable, however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on eVestment’s systems and other important considerations such as fees that may be applicable. Not for general distribution and limited distribution may only be made pursuant to client’s agreement terms. * All categories not necessarily included, Totals may not equal 100%. Copyright 2012-2016 eVestment Alliance, LLC. All Rights Reserved.

The Case for Active Management

Boston Partners Large Cap Value Equity

Cumulative Growth of a \$10 Million Investment June 1, 1995 to June 30, 2017 (Net of Fees)

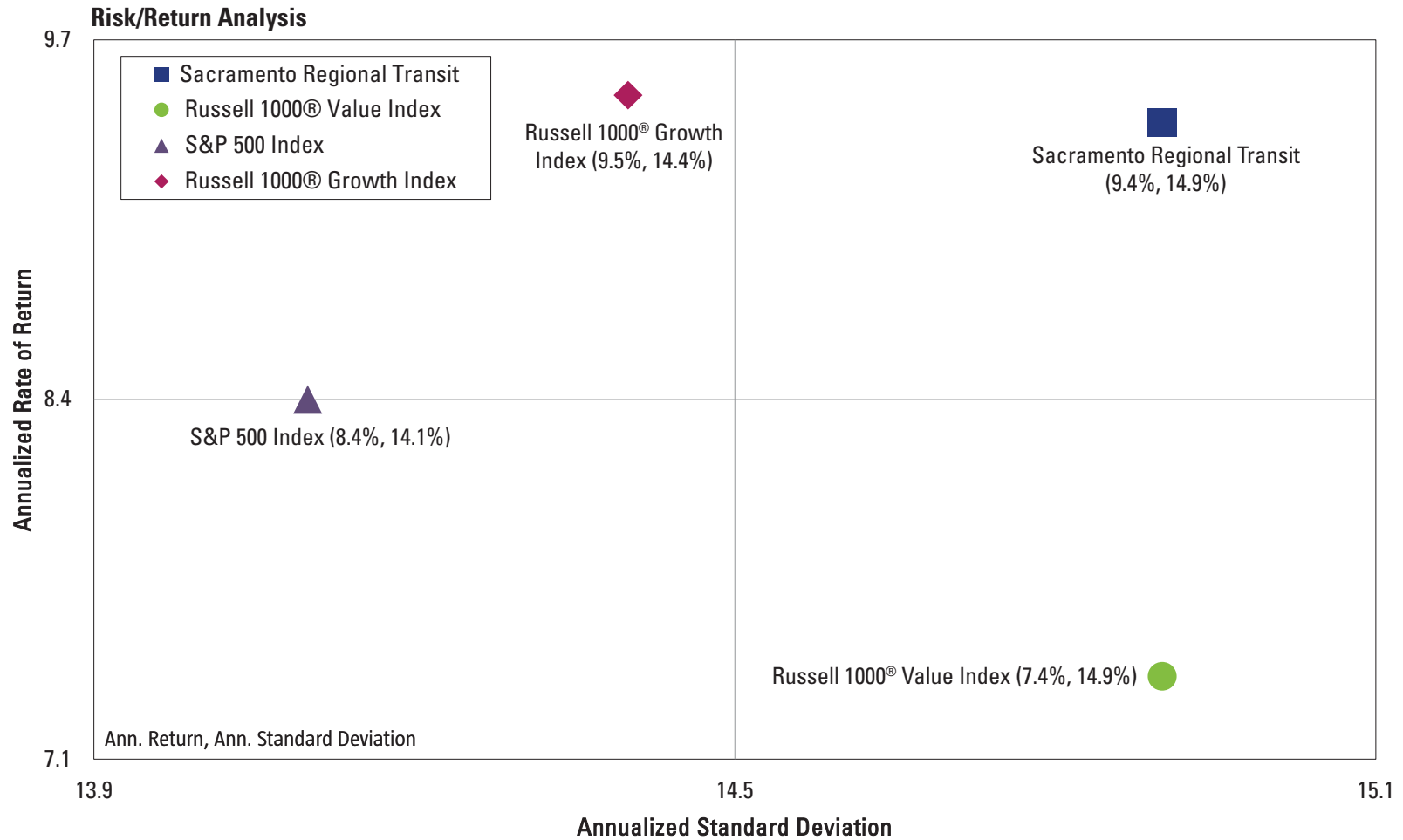


Index Rankings* in Large Cap Value Universe as of June 30, 2017

| | 1 year | 3 year | 5 year | 10 year | 20 year | 25 year |
|---------------------------------|--------|--------|--------|---------|---------|---------|
| Boston Partners Large Cap Value | 22 | 45 | 33 | 21 | 38 | n/a |
| Russell 1000 Value Index | 68 | 53 | 49 | 79 | 75 | 72 |

* Source: eVestment Large Cap Value Universe quarterly observations. Please refer to the previous page for the full eVestment disclosure.

This is a hypothetical illustration of \$10 million had it been invested in the Boston Partners Large Cap Value representative account since inception on June 1, 1995. The results of this illustration may be changed depending on investment guidelines and cash flow. This illustration is net of investment management fees. This information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

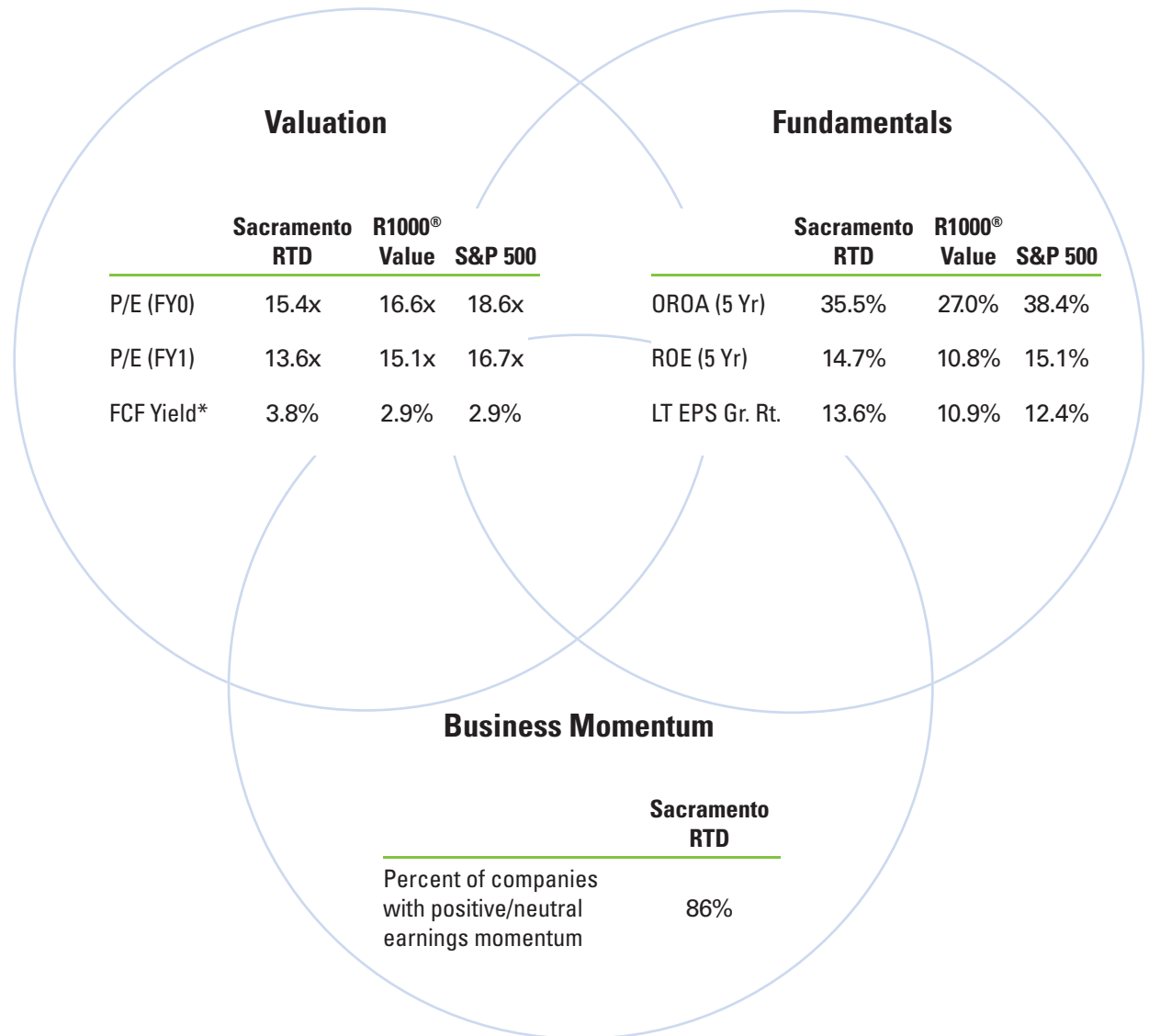
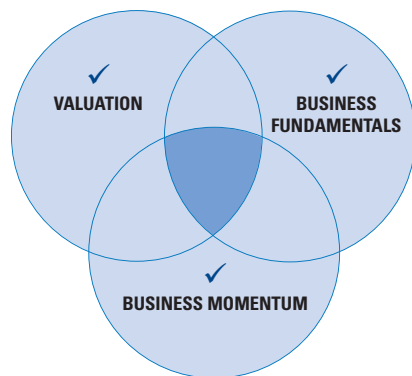


* Inception data is July 1, 2005.

Returns are gross of fees and calculated on a monthly basis. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

"Three Circles"

An attractive valuation, strong business fundamentals, and positive business momentum. Portfolios with all three characteristics tend to outperform over time.



* FCF Yield is reported as median excluding financials.

Portfolio characteristics are subject to change. Please refer to the appendix for other important disclosures.

Sacramento Regional Transit District

Portfolio Characteristics: June 30, 2017

Largest Stock Holdings (%)

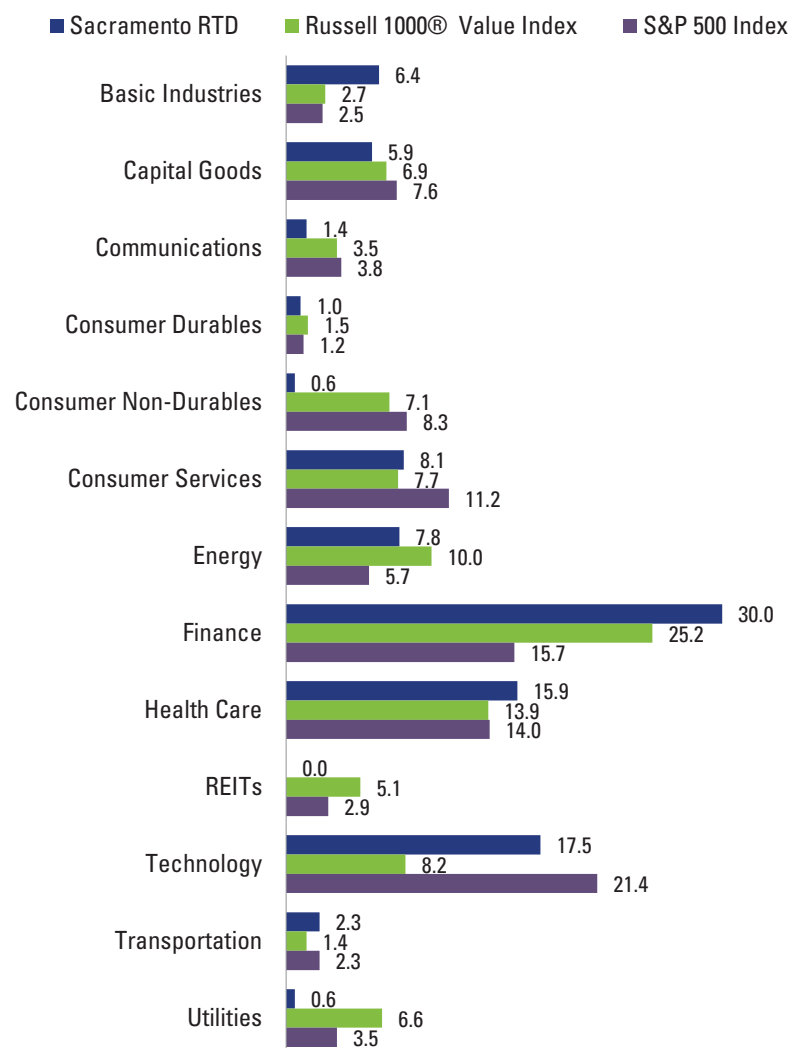
| | |
|-----------------------------|--------------|
| JPMorgan Chase & Co. | 5.0 |
| Bank of America Corporation | 4.6 |
| Citigroup Inc. | 3.7 |
| Berkshire Hathaway Inc. | 3.7 |
| Johnson & Johnson | 3.2 |
| Wells Fargo & Company | 2.5 |
| Chevron Corporation | 2.5 |
| Merck & Co., Inc. | 2.4 |
| Apple Inc. | 2.3 |
| Cisco Systems, Inc. | 2.2 |
| Total | 32.1% |

Market Capitalization

Weighted Average

| | |
|-----------------------------|-----------|
| Sacramento Regional Transit | \$141.9 B |
| Russell 1000® Value Index | \$108.9 B |
| S&P 500 Index | \$154.8 B |

Sector Weightings (%)



Sector information is included solely for illustrative purposes regarding economic trends and conditions, or investment processes; and the specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. Please refer to the appendix for other important disclosures..



Boston Partners

Appendix

Fund Flows have been to Areas of "Perceived Safety"

| | | | | |
|------------|---------------|----------------|----------------|--------------------------------|
| | Assets | YTD NCF | TTM NCF | |
| Equity MF | \$5.1 T | -\$43.7 B | -\$123 B | (Equity index funds are +\$5B) |
| Equity ETF | \$982 B | \$9.9 B | \$80 B* | |

Equity ETF Fund Flows as of June 2016

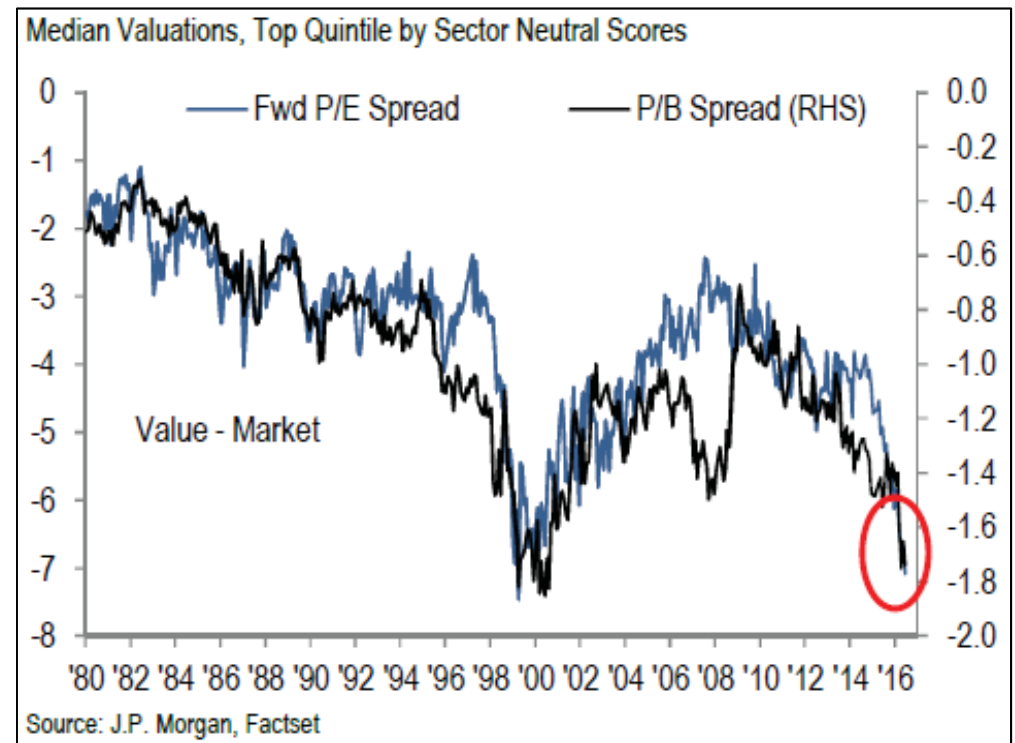
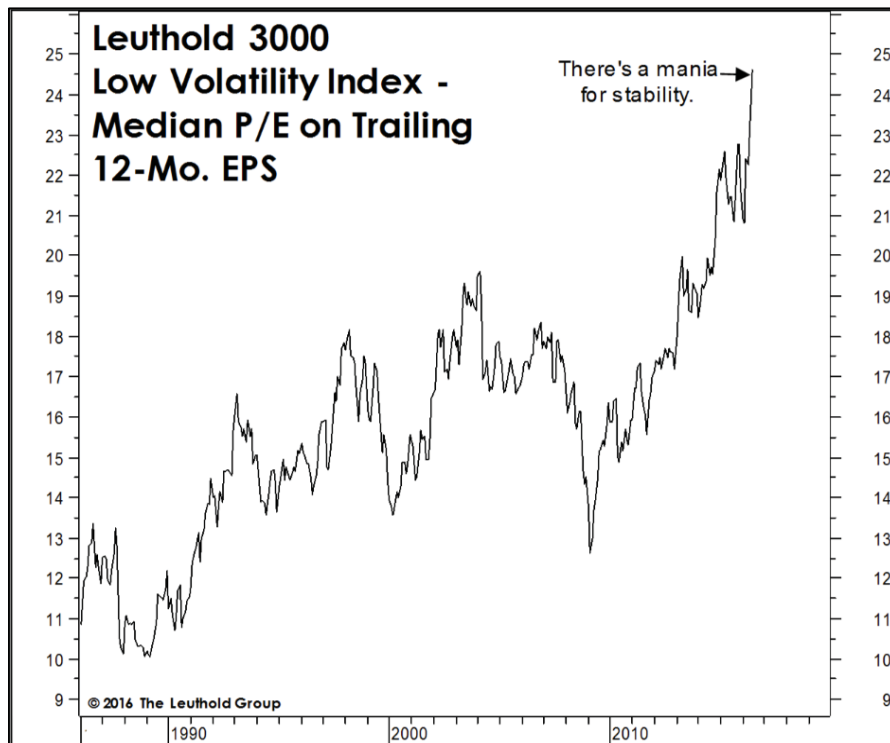
| Name | Estimated Net Flow (\$Mil) | | | |
|---|----------------------------|-------|---------|---------|
| | 1-Mo | QTD | YTD | 1-Yr |
| Vanguard 500 Index Fund | 1,154 | 2,229 | 4,804 | 13,058 |
| iShares Edge MSCI Min Vol USA | 858 | 2,684 | 6,230 | 8,304 |
| iShares Russell 1000 Value | 646 | 1,095 | (90) | 2,694 |
| Vanguard Small Cap Value Index Fund | 579 | 1,037 | 1,310 | 1,614 |
| iShares Core High Dividend | 533 | 995 | 1,206 | 1,033 |
| iShares Select Dividend | 423 | 460 | 644 | 47 |
| Vanguard High Dividend Yield Index Fund | 421 | 869 | 2,043 | 2,751 |
| SPDR® S&P Dividend ETF | 384 | 92 | (488) | (126) |
| PowerShares S&P 500® High Div Low Vol | 317 | 852 | 1,351 | 1,412 |
| SPDR® Dow Jones Industrial Average ETF | 272 | (463) | (1,191) | 672 |
| iShares S&P Mid-Cap 400 Value | 252 | 319 | 507 | 583 |
| Schwab US Dividend Equity ETF™ | 249 | 519 | 512 | 991 |
| Vanguard Dividend Appreciation Index | 234 | 441 | 919 | 562 |
| Vanguard Value Index Fund | 206 | 1,308 | 2,201 | 2,965 |
| PowerShares S&P 500 Low Volatility Port | 205 | 579 | 1,247 | 2,086 |
| First Trust Value Line® Dividend Fund | 200 | 434 | 726 | 722 |
| iShares S&P 500 Value | 197 | 339 | 940 | 1,809 |
| iShares Core S&P Total US Stock Mkt | 182 | 328 | 1,037 | 1,623 |
| Guggenheim S&P 500® Equal Weight ETF | 171 | 383 | (384) | (1,374) |
| Vanguard Small Cap Index Fund | 167 | 546 | 756 | 1,541 |
| Vanguard Mid-Cap Value Index Fund | 166 | 277 | 473 | 1,020 |
| iShares Core S&P Small-Cap | 165 | 356 | 285 | 1,582 |
| Vanguard Large Cap Index Fund | 162 | 815 | 893 | 1,510 |
| Schwab US Large-Cap ETF™ | 160 | 293 | 518 | 1,245 |
| ProShares S&P 500 Dividend Aristocrats | 153 | 531 | 924 | 1,203 |

Source: Morningstar, Inc.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Low Volatility Bubble?

“Stable” stocks have been bid up to very expensive levels; meanwhile the cheapest quintile of the market trades at the largest discount since the Tech Bubble



Source: The Leuthold Group 2016, J.P. Morgan & Factset Research Systems, Inc.

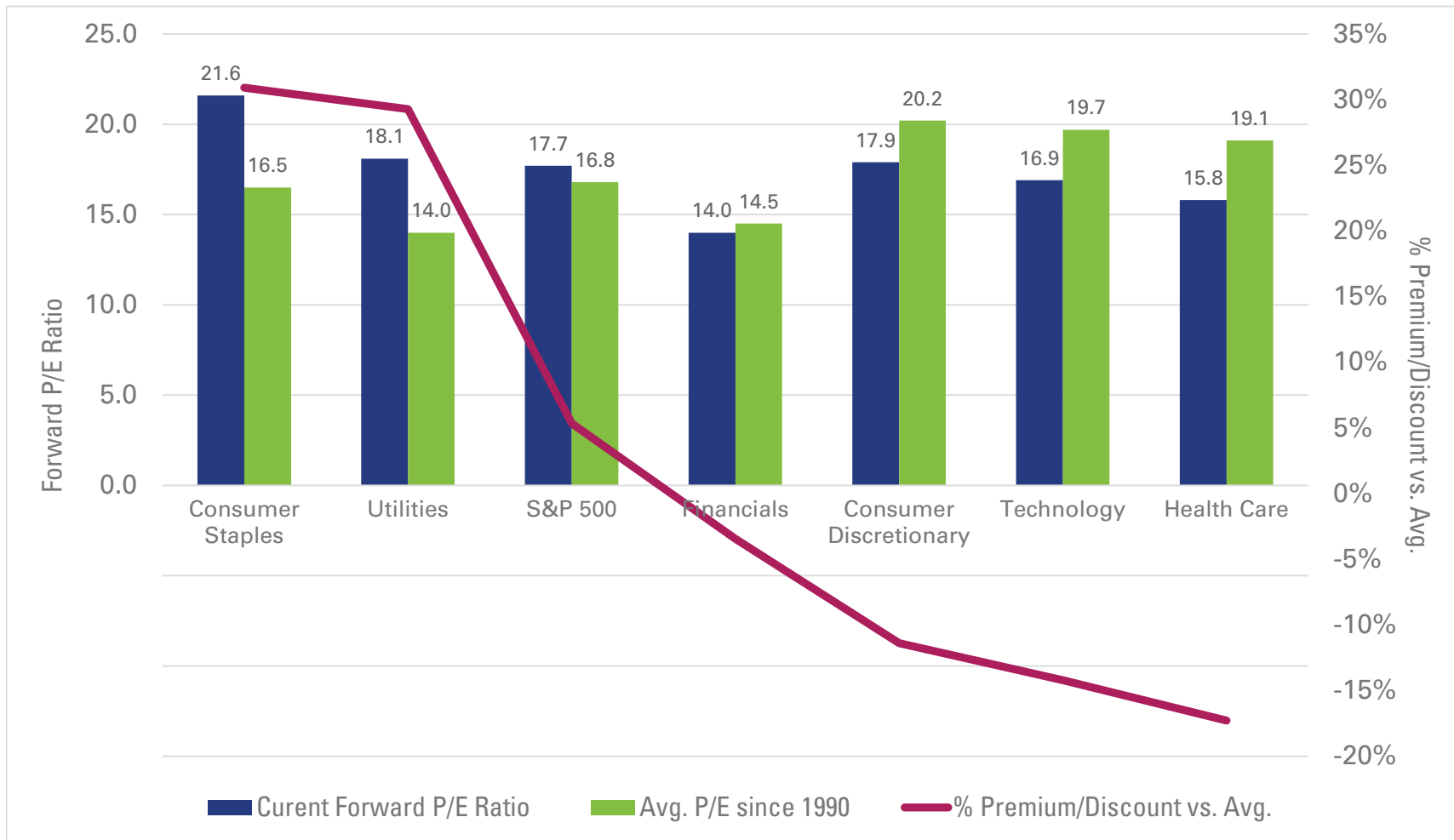
Leuthold 3000 Index is a custom index by The Leuthold Group that includes the largest 3,000 U.S. exchange traded equities, including approximately 2,600 common stocks and 400 ADRs. The Index is weighted by a tiered based system by Leuthold. The Leuthold 3000 Low Volatility Index is the lowest decile (300 stocks) in terms of 12-month standard deviation of returns and is rebalanced monthly.

Market is defined as the S&P 500 in Chart 2.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

S&P 500 Sector Valuation

Consumer Staples and Utilities Appear Overvalued



Data as of June 2016.
Source: Fundstrat Global Advisors.

Negative Sales Growth and EPS Growth, but Coca-Cola Stock Moves Higher



| | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------|----------|----------|----------|----------|----------|
| Revenue | \$46,542 | \$48,086 | \$46,695 | \$45,953 | \$43,791 |
| Y/Y Growth | | 3.3% | -2.9% | -1.6% | -4.7% |
| P/E TTM | 19.0x | 18.4x | 21.7x | 26.4x | 25.7x |

Source: Factset Research Systems, Inc..

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Boston Partners Large Cap Value Performance

September 1, 2015 — June 30, 2016

Dividend Yield

| Group | R1000@V Return | BP Relative Weight | Relative Contribution to BP Return |
|-------------------|----------------|--------------------|------------------------------------|
| DY > 3% | 19.5 | -23.4 | -2.31 |
| DY < 3% | 1.6 | +23.4 | <u>-1.61</u> |
| Total | 8.9 | | -3.92 |

- High dividend yield has led the market

P/E FY1

| Group | R1000@V Return | BP Relative Weight | Relative Contribution to BP Return |
|----------------------|----------------|--------------------|------------------------------------|
| P/E > 13.1 | 17.6 | -17.1 | -1.28 |
| P/E < 13.1 | -7.5 | +17.1 | <u>-2.93</u> |
| Total | 8.9 | | -4.21 |

- Low P/E has not been rewarded

Source: Factset Research Systems, Inc.

The information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Investment Profile

- Value equity expertise founded in the early 1980s*
- Consistent and repeatable investment philosophy across all disciplines
- Integrated bottom-up, fundamental and quantitative research
- Expertise of a boutique with the depth of a global firm

\$91.5 Billion Assets Under Management

| Disciplines | Assets (\$ Millions) |
|--------------------------------------|----------------------|
| Large Cap Value | \$31,255 |
| Premium Equity (All Cap Value) | \$12,611 |
| Mid Cap Value | \$23,326 |
| Small Cap/Small Cap II/Small-Mid Cap | \$4,355 |
| Domestic Long/Short | \$8,874 |
| Global/International Equity | \$8,043 |
| Global Long/Short | \$1,539 |
| Emerging Markets Long/Short | \$184 |

* Key investment professionals have worked together since the founding of Boston Partners in 1995 and years before at a prior firm, where the investment philosophy was established. Assets Under Management include: Boston Partners (\$90.2 B); WPG Partners (\$1.2 B); and Redwood (\$0.1 B).

Portfolio Management and Portfolio Research

Mark Donovan, CFA

Large Cap Value Equity
36 years experience

David Pyle, CFA

Large Cap Value Equity
22 years experience

Martin MacDonnell, CFA

130/30 Large Cap Value
26 years experience

Duilio Ramallo, CFA

Premium Equity
22 years experience

Steven Pollack, CFA

Mid Cap Value
33 years experience

David Dabora, CFA

Small/SMID Value
30 years experience

George Gumpert, CFA

Small/SMID Value
18 years experience

Robert Jones, CFA

Long/Short Equity
29 years experience

Christopher Hart, CFA

Global, International,
Global Long/Short
26 years experience

Joshua Jones, CFA

Global, International,
Global Long/Short
13 years experience

Harry Rosenbluth, CFA

Senior Advisor
36 years experience

Joseph Feeney, Jr., CFA

Chief Investment Officer
Long/Short Research
32 years experience

Paul Heathwood, CFA

Director of Portfolio Research
24 years experience

Daniel Farren

Senior Portfolio Analyst
23 years experience

John Forelli, CFA

Senior Portfolio Analyst
33 years experience

Carolyn Margiotti, CFA

Senior Portfolio Analyst
23 years experience

Michael McCune, CFA

Portfolio Analyst
23 years experience

Brandon Smith, CFA, CAIA

Portfolio Analyst
11 years experience

Michael Mullaney

Director of Global Markets Research
36 years experience

Christopher Eagan

Global Markets Analyst
32 years experience

Fundamental and Quantitative Research

Todd Knightly

Director of Fundamental Research

Jessica Ballis, CFA

Retail, Apparel & Textiles

Brian Boyden, CFA

Healthcare Therapeutics,
Property REITs

Scott Burgess, CFA

Technology

Lawrence Chan, CFA

Internet Services,
Payment Services

David Cohen, CFA

Energy, Engineering &
Construction

Paul Donovan, CFA

Basic Industries

Kevin Duggan, CFA

Banks, Transportation

Trevor Frankel, CFA

Global Generalist

Volkan Gulen, CFA

Consumer Staples, Business
Services, Media & Advertising

David Hinton, CFA

Small Cap Generalist

Tim Horan

Industrials, Building &
Construction, Autos

Ross Klein, CFA

Long/Short Generalist

Paul Korngiebel, CFA

Global Generalist

Stephanie McGirr

Health Care Services, Insurance,
Restaurants

Edward Odre, CFA

Financial Services

Patrick Regan, CFA

Long/Short Generalist

Andrew Sherman, CFA

Utilities

Joshua White, CFA

Industrials
Global Generalist

Bruce Wimberly

Long/Short Generalist

Ronald Young, CFA

Aerospace & Defense, Gaming
& Lodging, Telecom & Cable

Eric Connerly, CFA

Director of Quantitative
Research

Jason Bartlett, CFA

Quantitative Strategies

Pete Cady

Quantitative Strategies

Leo Fochtman

Quantitative Strategies

Rubina Moin

Quantitative Strategies

Maggy Pietropaolo, CFA

Quantitative Strategies

Joseph Urick

Quantitative Strategies

Carissa Wong, CFA

Quantitative Strategies

Trading

Mark Kuzminskas

Director of Equity Trading

Thomas Walsh

Senior Equity Trader

Ian Sylvetsky

Equity Trader

Christopher Bowker

Senior Equity Trader

Matthew Ender

Equity Trader

Christopher Spaziani

Equity Trading Assistant

Value Discipline anchored in Three "Fundamental Truths":

- Low valuation stocks outperform high valuation stocks
- Companies with strong fundamentals (high returns on invested capital) outperform companies with poor fundamentals
- Stocks with positive business momentum (improving trends/rising earnings) outperform stocks with negative momentum

"Characteristics-Based" Investment Approach:

- Valuation, fundamentals and momentum are analyzed using a bottom-up blend of qualitative and quantitative inputs

Preservation of Capital:

- Laws of compounding mathematically dictate that protecting capital is the only risk that matters
- “Win by not losing”: Keep pace in rising markets, outperform in falling markets and diversify your exposure

Your Boston Partners Team

Biographical and Contact Information for Sacramento Regional Transit District Relationship

| | |
|---|---|
| <p>Mark E. Donovan, CFA Co-Chief Executive Officer and Lead Portfolio Manager mdonovan@boston-partners.com +1 (617) 832-8246</p> | <p>Mr. Donovan is Co-Chief Executive Officer of Boston Partners and lead portfolio manager for BP Large Cap Value portfolios. He is responsible for strategic and tactical operating decisions affecting the firm. He was one of the founding partners of Boston Partners Asset Management in 1995. He joined the firm from The Boston Company where he was Senior Vice President and equity portfolio manager. He also spent five years as a consulting associate with Kaplan, Smith & Associates, and two years as a securities analyst for Value Line Inc. Mr. Donovan holds a B.S. degree in management from Rensselaer Polytechnic Institute. He holds the Chartered Financial Analyst® designation. He has thirty-six years of investment experience.</p> |
| <p>David J. Pyle, CFA Portfolio Manager dpyle@boston-partners.com +1 (415) 464-2892</p> | <p>Mr. Pyle is a portfolio manager for Boston Partners Large Cap Value portfolios. Prior to assuming this role, he was a research analyst covering the utility, insurance, leisure & lodging, packaging, publishing, and computer equipment & services sectors. Mr. Pyle joined the firm from State Street Research where he was a research analyst and associate portfolio manager in their equity value group. Prior to that, he spent five years with Price Waterhouse. Mr. Pyle holds a B.S. degree in business administration from California State University, Chico, and an M.B.A. degree from the Kenan-Flagler School of Business at the University of North Carolina. Mr. Pyle holds the Chartered Financial Analyst® designation. He has twenty-two years of investment experience.</p> |
| <p>Carolyn M. Margiotti, CFA Senior Portfolio Analyst cmargiotti@boston-partners.com +1 (415) 464-2882</p> | <p>Ms. Margiotti is a senior portfolio analyst for Boston Partners and has extensive experience with all of the firm's strategies. She joined the firm in 2005 from PG&E Corporation where she was manager of investments for the company's more than \$12 billion in pension, 401(k), and taxable trust assets. Ms. Margiotti holds a B.S. degree from Purdue University and an M.B.A. degree from the University of San Francisco, McLaren School of Business. Ms. Margiotti is a member of the Financial Women's Association of San Francisco and has served as an adjunct professor at the University of San Francisco and as an instructor for the CFA review program. She holds the Chartered Financial Analyst® designation, FINRA licenses 7 and 63, and has twenty-three years of industry experience.</p> |
| <p>Kristin Butner Client Service Associate kbutner@boston-partners.com +1 (213) 687-1676</p> | <p>Ms. Butner is a Client Service Associate at Boston Partners. She works with many of our key domestic and internationally focused clients. Prior to joining the firm in 2017, she was a Client Service Manager with Institutional Shareholder Services. She holds a B.A. degree in liberal arts from the University of Oklahoma. Ms. Butner has two years of industry experience.</p> |

Sacramento Regional Transit District

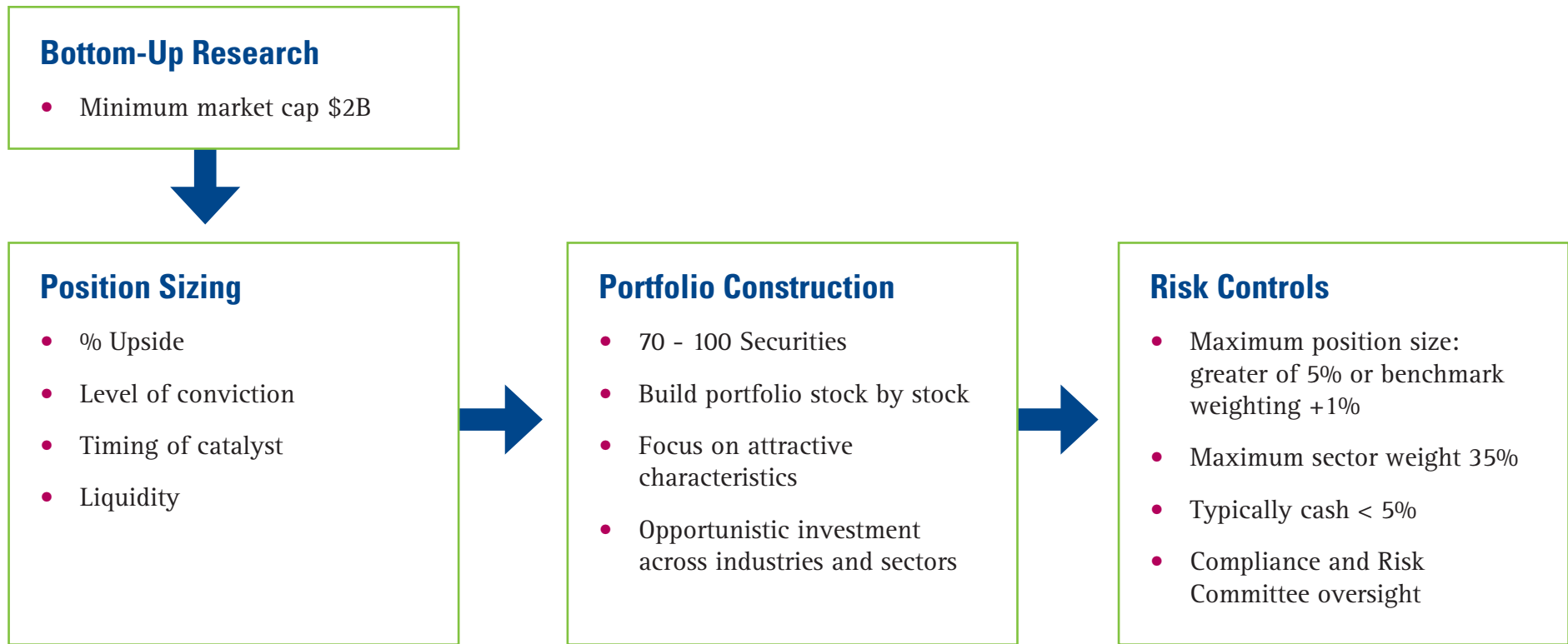
Investment Guidelines and Objectives

| | |
|-------------------------------|--|
| Performance Objectives | <ul style="list-style-type: none">✓ Over a minimum time horizon of three years, achieve a net of fee return that exceeds the Russell 1000® Value Index and a gross of fee return that ranks in the top half of a comparative universe of large cap value managers |
| Guidelines | <p>Investable Universe</p> <ul style="list-style-type: none">✓ U.S. equity securities✓ International equity instruments* which trade on U.S.-based exchanges, including ADRs✓ S&P 500 Stock Index Futures to obtain low cost temporary equity market exposure (not to be used to provide leveraged equity market exposure). Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance✓ No stock options, short sales, purchases on margin, letter stocks, private placement securities or commodities✓ No investment in securities issued by companies in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS), subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution <p>Diversification</p> <ul style="list-style-type: none">✓ Investment in the securities of a single issuer shall not exceed 5% (at cost) of the portfolio✓ Investment in the securities of a single issuer shall not exceed 5% of the company's total outstanding shares✓ No individual economic sector will represent more than 35% of the portfolio (BP)✓ No single industry shall represent more than 25% (at cost) of the portfolio market value✓ International equity instruments and ADR's will not comprise more than 5% of the total portfolio (at cost)✓ Cash shall not exceed 10% of the portfolio market value |

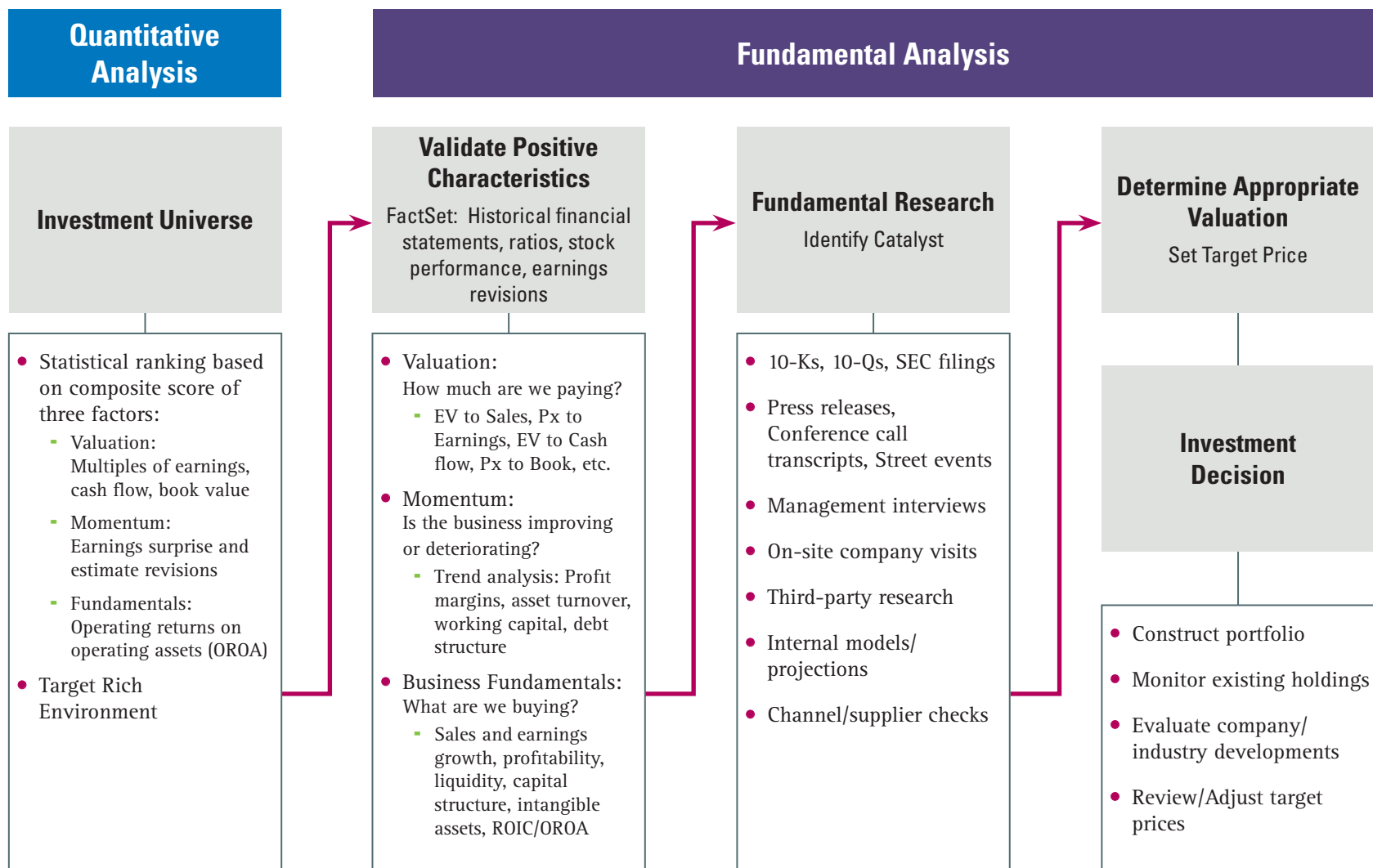
* International Equity Security (Non-U.S.) - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.

Constructing Your Total Portfolio - Large Cap Value Equity

Portfolio Characteristics Consistent with the Fundamental Truths

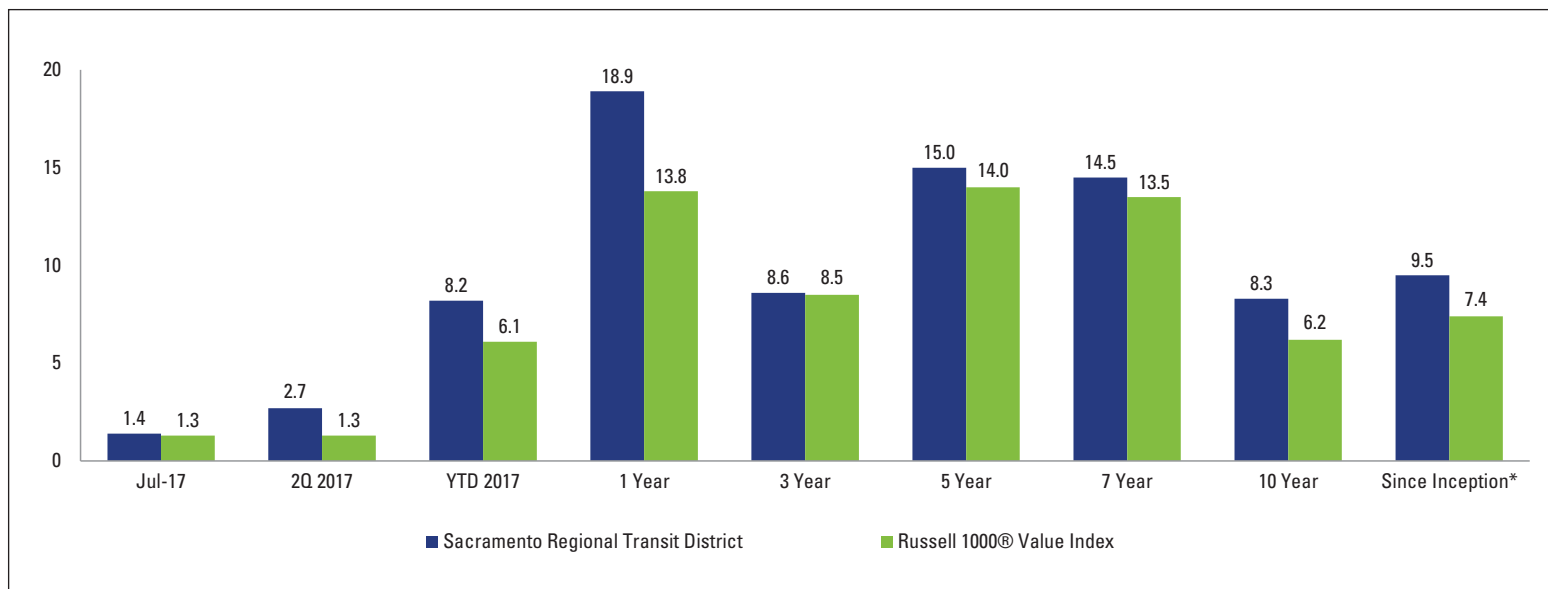


Portfolio risk controls can be customized to meet specific client guidelines.



Sacramento Regional Transit District

Investment Performance through July 31, 2017



Annualized Performance (%)

| | July 2017 | 2Q 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Since Inception* |
|---|------------|------------|------------|-------------|------------|-------------|-------------|------------|------------------|
| Sacramento Regional Transit District | 1.4 | 2.7 | 8.2 | 18.9 | 8.6 | 15.0 | 14.5 | 8.3 | 9.5 |
| Russell 1000® Value Index | 1.3 | 1.3 | 6.1 | 13.8 | 8.5 | 14.0 | 13.5 | 6.2 | 7.4 |
| Relative Performance | 0.1 | 1.4 | 2.1 | 5.1 | 0.1 | 1.0 | 1.0 | 2.1 | 2.1 |

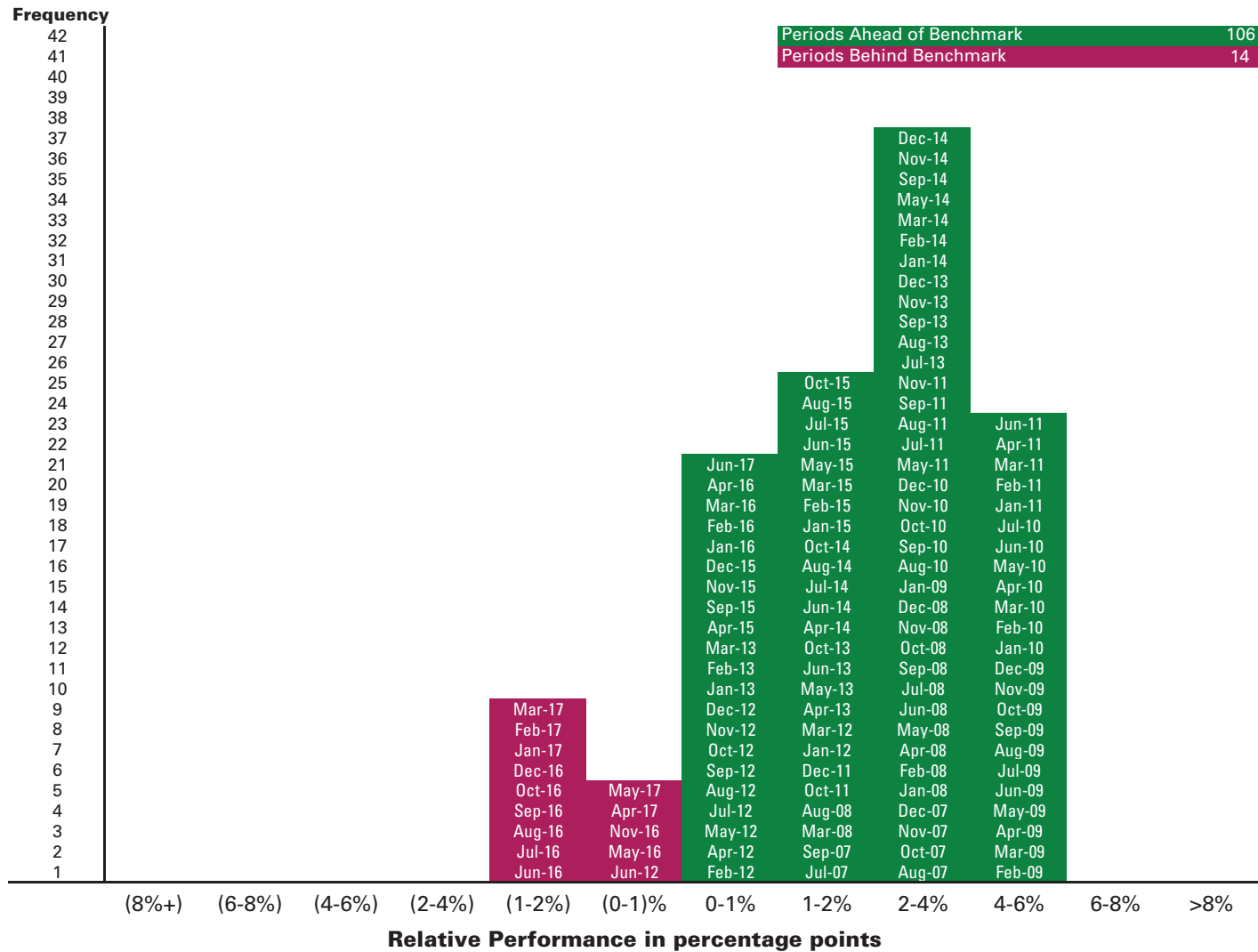
* Inception date is July 1, 2005.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Tilting the Probabilities in Your Favor — The Results

Distribution of Rolling Three-Year Excess Returns as of June 30, 2017

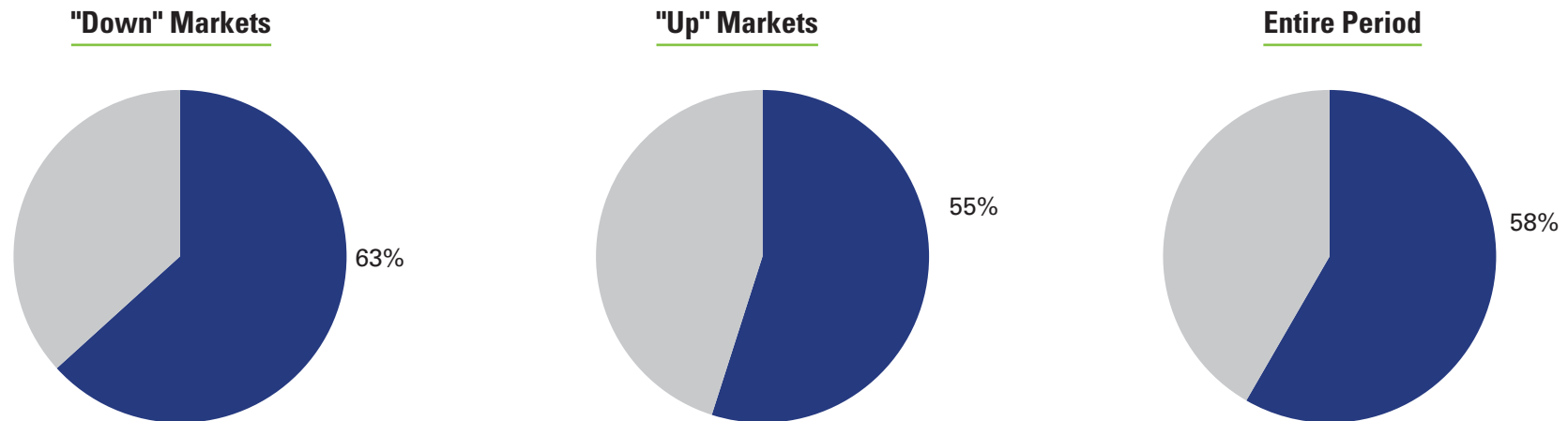
Boston Partners Large Cap Value Equity



The chart reflects a ten-year time period.

Relative performance of the BP Large Cap Value is versus the Russell 1000® Value Index. Returns reflect composite results and individual portfolio results may vary. This information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Large Cap Value Equity Has Preserved Capital and Compounded Returns for Favorable 10-Year Performance



■ Percentage of the time that Large Cap Value Equity Composite has outperformed the Russell 1000[®] Value Index

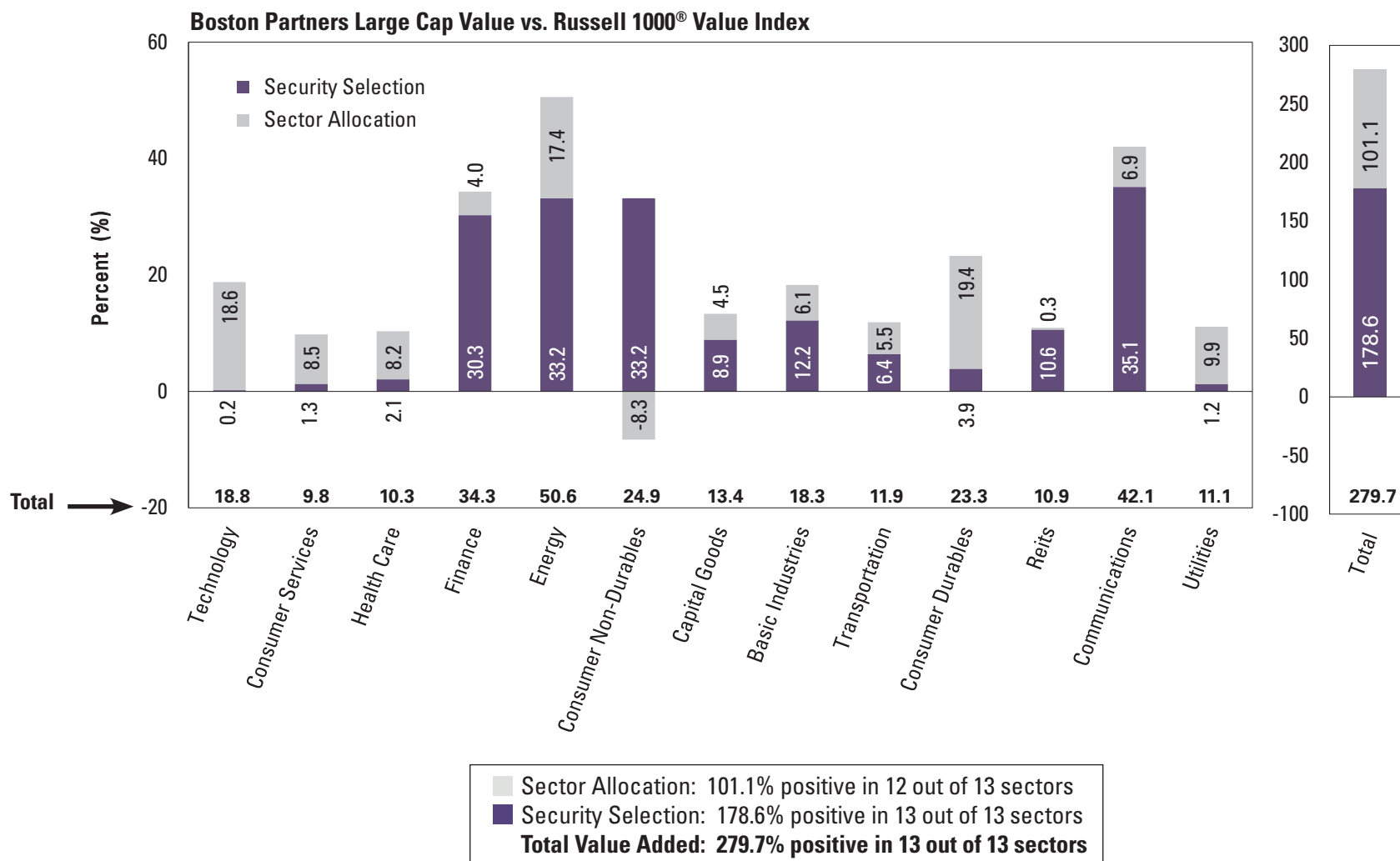
- There have been 49 months in which the market has produced a negative return.
- Composite has outperformed the Index 63% of the time.
- There have been 71 months in which the market has produced a positive return.
- Composite has outperformed the Index 55% of the time.
- The entire period is 120 months.
- Composite has outperformed the Index 58% of the time.

Data as of June 30, 2017 for 10-year period.

Returns reflect composite results and individual portfolio results may vary. This information is supplemental to the GIPS[®] compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Boston Partners Large Cap Value Equity

Performance Attribution: June 1, 1995 through June 30, 2017



Sectors are sorted from largest (+) overweight sector to largest (-) underweight sector relative to benchmark. Overweights and underweights represent averages over entire attribution period. Attribution is calculated using end of day security prices and returns shown are equity only and exclude cash. Results are from a representative account in the composite and are gross of fees. Individual portfolio results may vary. The information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Boston Partners Large Cap Value Equity

Investment Performance through June 30, 2017

Annualized Performance (%)

| | 2Q 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Since Inception* |
|--|------------|-------------|-----------|-----------|-----------|-----------|------------|---------------------|
| Large Cap Value - Gross of Fees | 2.69 | 6.89 | 20.94 | 7.65 | 14.66 | 15.08 | 7.63 | 10.95 |
| Large Cap Value - Net of Fees | 2.61 | 6.73 | 20.58 | 7.32 | 14.27 | 14.66 | 7.25 | 10.56 |
| Russell 1000® Value Index | 1.34 | 4.66 | 15.53 | 7.36 | 13.94 | 14.31 | 5.57 | 9.49 |
| S&P 500 Index | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 9.15 |

Calendar Year Performance (%)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-------|-------|-------|-------|-------|------|-------|-------|--------|-------|
| Large Cap Value - Gross of Fees | 14.74 | -4.08 | 11.85 | 37.14 | 21.27 | 1.29 | 13.75 | 26.75 | -32.95 | 5.14 |
| Large Cap Value - Net of Fees | 14.40 | -4.37 | 11.49 | 36.64 | 20.66 | 0.82 | 13.36 | 26.30 | -33.17 | 4.80 |
| Russell 1000® Value Index | 17.34 | -3.83 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 | -36.85 | -0.17 |
| S&P 500 Index | 11.96 | 1.38 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 | 5.49 |

* Inception date is June 1, 1995.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

| Performance (%) | | | | | | | | | | | | | | | | | | |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | 2Q 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Since Inception* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Large Cap Value - Gross of Fees | 2.69 | 6.89 | 20.94 | 7.65 | 14.66 | 15.08 | 7.63 | 10.95 | 14.74 | -4.08 | 11.85 | 37.14 | 21.27 | 1.29 | 13.75 | 26.75 | -32.95 | 5.14 |
| Large Cap Value - Net of Fees | 2.61 | 6.73 | 20.58 | 7.32 | 14.27 | 14.66 | 7.25 | 10.56 | 14.40 | -4.37 | 11.49 | 36.64 | 20.66 | 0.82 | 13.36 | 26.30 | -33.17 | 4.80 |
| Russell 1000® Value Index | 1.34 | 4.66 | 15.53 | 7.36 | 13.94 | 14.31 | 5.57 | 9.49 | 17.34 | -3.83 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 | -36.85 | -0.17 |
| S&P 500 Index | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 9.15 | 11.96 | 1.38 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 | 5.49 |
| 130/30 Large Cap Value - Gross of Fees | 2.71 | 7.86 | 22.53 | 8.51 | 15.86 | 15.98 | 8.36 | 8.92 | 14.05 | -3.69 | 14.52 | 38.71 | 21.67 | 2.06 | 12.90 | 25.46 | -29.44 | 3.51* |
| 130/30 Large Cap Value - Net of Fees | 2.65 | 7.73 | 22.25 | 8.27 | 15.62 | 15.72 | 7.89 | 8.42 | 13.79 | -3.90 | 14.31 | 38.46 | 21.40 | 1.82 | 12.37 | 24.24 | -30.16 | 2.66* |
| Russell 1000® Value Index | 1.34 | 4.66 | 15.53 | 7.36 | 13.94 | 14.31 | 5.57 | 6.03 | 17.34 | -3.83 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 | -36.85 | 0.13* |
| Premium Equity - Gross of Fees | 2.95 | 8.34 | 22.35 | 10.46 | 16.84 | 16.00 | 9.47 | 13.33 | 15.73 | 1.71 | 13.22 | 39.73 | 16.27 | -1.01 | 14.78 | 33.16 | -26.62 | 2.49 |
| Premium Equity - Net of Fees | 2.81 | 8.04 | 21.65 | 9.86 | 16.23 | 15.39 | 8.89 | 12.77 | 15.08 | 1.15 | 12.65 | 39.04 | 15.72 | -1.55 | 14.18 | 32.45 | -27.05 | 2.01 |
| Russell 3000® Value Index | 1.29 | 4.32 | 16.21 | 7.32 | 13.89 | 14.24 | 5.59 | 9.53 | 18.40 | -4.13 | 12.70 | 32.69 | 17.55 | -0.10 | 16.23 | 19.76 | -36.25 | -1.01 |
| S&P 500 Index | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 9.15 | 11.96 | 1.38 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 | 5.49 |
| Mid Cap Value - Gross of Fees | 2.16 | 6.74 | 19.68 | 10.70 | 17.90 | 18.31 | 11.01 | 13.82 | 16.29 | 2.84 | 14.37 | 41.04 | 19.78 | 1.68 | 24.79 | 42.04 | -31.84 | 6.24 |
| Mid Cap Value - Net of Fees | 2.07 | 6.57 | 19.27 | 10.33 | 17.44 | 17.73 | 10.39 | 13.13 | 15.90 | 2.49 | 14.00 | 40.48 | 18.90 | 0.88 | 23.93 | 41.13 | -32.36 | 5.57 |
| Russell Midcap® Value Index | 1.37 | 5.18 | 15.93 | 7.46 | 15.14 | 15.29 | 7.23 | 11.58 | 20.00 | -4.78 | 14.75 | 33.46 | 18.51 | -1.38 | 24.75 | 34.21 | -38.45 | -1.42 |
| Small/Mid Cap Value - Gross of Fees | 2.02 | 4.18 | 25.65 | 7.89 | 15.27 | 15.13 | 8.31 | 11.75 | 25.35 | -3.06 | 5.34 | 35.33 | 23.97 | -1.57 | 18.07 | 43.89 | -30.65 | -6.69 |
| Small/Mid Cap Value - Net of Fees | 1.86 | 3.85 | 24.84 | 7.17 | 14.50 | 14.32 | 7.49 | 10.93 | 24.51 | -3.71 | 4.65 | 34.37 | 23.08 | -2.31 | 17.05 | 42.69 | -31.31 | -7.53 |
| Russell 2500™ Value Index | 0.32 | 1.95 | 18.36 | 6.21 | 13.69 | 14.10 | 6.52 | 10.31 | 25.20 | -5.49 | 7.11 | 33.32 | 19.21 | -3.36 | 24.82 | 27.67 | -31.99 | -7.27 |
| Russell 2500™ Index | 2.13 | 5.97 | 19.84 | 6.93 | 14.04 | 14.78 | 7.42 | 9.72 | 17.59 | -2.90 | 7.07 | 36.80 | 17.88 | -2.51 | 26.71 | 34.38 | -36.79 | 1.38 |

* Inception dates are as follows: Large Cap Value is June 1, 1995; 130/30 Large Cap Value is March 1, 2007; Premium Equity is June 1, 1995; Mid Cap Value is May 1, 1995; and Small/Mid Cap Value is April 1, 1999.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

| Performance (%) | | | | | | | | | | | | | | | | | | |
|--|--------------|--------------|--------------|-------------|--------------|--------------|--------------|---------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | 2Q 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | Since Inception* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Small Cap Value - Gross of Fees | 2.27 | 3.11 | 25.22 | 7.09 | 14.78 | 14.83 | 8.70 | 13.53 | 25.63 | -3.77 | 4.76 | 35.27 | 22.85 | -2.13 | 22.50 | 44.74 | -30.18 | -5.18 |
| Small Cap Value - Net of Fees | 2.09 | 2.73 | 24.29 | 6.26 | 13.89 | 13.92 | 7.81 | 12.62 | 24.69 | -4.53 | 3.93 | 34.21 | 21.85 | -2.93 | 21.45 | 43.49 | -30.82 | -6.00 |
| Russell 2000® Value Index | 0.67 | 0.54 | 24.86 | 7.02 | 13.39 | 13.50 | 5.92 | 10.32 | 31.74 | -7.47 | 4.22 | 34.52 | 18.05 | -5.50 | 24.50 | 20.56 | -28.92 | -9.78 |
| Russell 2000® Index | 2.46 | 4.99 | 24.60 | 7.36 | 13.70 | 14.35 | 6.92 | 9.03 | 21.31 | -4.41 | 4.89 | 38.82 | 16.35 | -4.18 | 26.85 | 27.16 | -33.79 | -1.56 |
| Small Cap Value Equity II - Gross of Fees | 2.13 | 2.51 | 24.81 | 8.09 | 15.43 | 15.25 | 8.73 | 12.87 | 27.35 | -3.27 | 5.35 | 36.53 | 24.54 | -2.29 | 20.32 | 49.82 | -33.80 | -5.71 |
| Small Cap Value Equity II - Net of Fees | 1.90 | 2.05 | 23.70 | 7.09 | 14.37 | 14.14 | 7.65 | 11.70 | 26.21 | -4.19 | 4.37 | 35.28 | 23.42 | -3.45 | 19.09 | 48.31 | -34.53 | -6.77 |
| Russell 2000® Value Index | 0.67 | 0.54 | 24.86 | 7.02 | 13.39 | 13.50 | 5.92 | 8.44 | 31.74 | -7.47 | 4.22 | 34.52 | 18.05 | -5.50 | 24.50 | 20.56 | -28.92 | -9.78 |
| Long/Short Equity - Gross of Fees | -3.09 | -2.94 | 10.37 | 6.33 | 9.36 | 13.13 | 12.91 | 13.50 | 25.71 | 1.15 | 7.16 | 10.37 | 15.40 | 8.68 | 29.54 | 85.95 | -20.03 | -1.71 |
| Long/Short Equity - Net of Fees | -3.33 | -3.42 | 9.10 | 5.18 | 8.16 | 11.75 | 11.20 | 10.85 | 24.03 | 0.17 | 6.04 | 9.17 | 14.06 | 7.39 | 26.55 | 81.74 | -21.71 | -3.77 |
| S&P 500 Index | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 6.77 | 11.96 | 1.38 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 | 5.49 |
| Long/Short Research - Gross of Fees | 1.28 | 4.32 | 10.37 | 5.71 | 10.07 | 10.52 | 7.90 | 8.07 | 5.21 | 3.02 | 8.68 | 19.70 | 14.73 | 5.35 | 9.33 | 18.67 | -8.46 | 9.85 |
| Long/Short Research - Net of Fees | 0.97 | 3.69 | 9.02 | 4.41 | 8.71 | 9.16 | 6.57 | 6.74 | 3.91 | 1.74 | 7.34 | 18.23 | 13.32 | 4.05 | 7.98 | 17.22 | -9.60 | 8.49 |
| S&P 500 Index | 3.09 | 9.34 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 7.19 | 11.96 | 1.38 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 | 5.49 |

* Inception dates are as follows: Inception dates are as follows: Small Cap Value is July 1, 1995; Small Cap Value Equity II is July 1, 1998; Long/Short Equity is August 1, 1997; and Long/Short Research is April 1, 2002.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

| Performance (%) | | | | | | | | | | | | | | | |
|--|-------------|--------------|--------------|-------------|--------------|--------------|---------------------------------|-------------|--------------------------|--------------|-------------------------|--------------|--------------|--------------|--------------|
| | 20 2017 | YTD 2017 | 1 Year | 3 Year | 5 Year | 7 Year | Since Inception ¹ | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Global Equity - Gross of Fees | 3.98 | 10.03 | 19.88 | 7.18 | 14.09 | 14.41 | 8.36 | 9.47 | 1.89 | 5.54 | 35.12 | 17.26 | -1.77 | 13.46 | 29.62 |
| Global Equity - Net of Fees | 3.79 | 9.63 | 19.00 | 6.38 | 13.24 | 13.54 | 7.53 | 8.65 | 1.11 | 4.74 | 34.11 | 16.37 | -2.55 | 12.56 | 28.60 |
| MSCI World Index | 4.21 | 11.02 | 18.86 | 5.83 | 12.01 | 12.00 | 6.34 | 8.15 | -0.32 | 5.50 | 27.37 | 16.53 | -5.01 | 12.34 | 30.79 |
| MSCI ACWI Index | 4.45 | 11.82 | 19.42 | 5.40 | 11.14 | 11.07 | 5.83 | 8.49 | -1.84 | 4.71 | 23.45 | 16.78 | -6.87 | 13.20 | 35.41 |
| International Equity - Gross of Fees | 6.43 | 13.14 | 20.19 | 2.95 | 11.36 | 11.25 | 4.57 | 0.76 | 3.54 | -3.65 | 31.47 | 18.67 | -6.20 | 10.63 | 27.88 |
| International Equity - Net of Fees | 6.24 | 12.74 | 19.33 | 2.19 | 10.54 | 10.42 | 3.77 | 0.01 | 2.77 | -4.37 | 30.51 | 17.79 | -6.90 | 9.73 | 26.87 |
| MSCI EAFE Index | 6.37 | 14.23 | 20.83 | 1.61 | 9.18 | 8.40 | 2.89 | 1.51 | -0.39 | -4.49 | 23.29 | 17.90 | -11.75 | 8.21 | 32.46 |
| MSCI ACWI Ex US Index | 4.81 | 13.18 | 19.65 | 0.89 | 7.46 | 6.97 | 2.37 | 5.01 | -5.25 | -3.44 | 15.78 | 17.39 | -13.33 | 11.60 | 42.14 |
| Global Long/Short - Gross of Fees | 0.78 | 3.10 | 6.77 | 6.02 | — | — | 7.39 | 4.34 | 8.73 | 4.36 | 8.96¹ | — | — | — | — |
| Global Long/Short - Net of Fees | 0.28 | 2.08 | 4.66 | 3.97 | — | — | 5.37 | 2.28 | 6.59 | 2.55 | 8.02¹ | — | — | — | — |
| MSCI World Index | 4.21 | 11.02 | 18.86 | 5.83 | — | — | 10.27 | 8.15 | -0.32 | 5.50 | 17.08 ¹ | — | — | — | — |
| Emerging Markets Long/Short - Gross of Fees | 5.44 | 15.94 | 20.52 | — | — | — | 8.40 | 8.08 | -3.67¹ | — | — | — | — | — | — |
| Emerging Markets Long/Short - Net of Fees² | 4.93 | 14.75 | 17.95 | — | — | — | 6.03 | 5.69 | -5.47¹ | — | — | — | — | — | — |
| MSCI Emerging Markets Index | 6.38 | 18.59 | 24.15 | — | — | — | 3.74 | 11.59 | -17.67 ¹ | — | — | — | — | — | — |

¹ Inception dates are as follows: Global Equity USA is July 1, 2008; International Equity is July 1, 2008; Global Long/Short Equity is July 1, 2013; and Emerging Markets Long/Short Equity is March 1, 2015.

² Net of fees is calculated using a model fee of 2.25% annually calculated on a month-end basis.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Returns are shown in USD. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Boston Partners Global Investors, Inc. ("Boston Partners") is an Investment Adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Boston Partners is a subsidiary of Robeco Groep N.V. ("Robeco"), a Dutch investment management firm headquartered in Rotterdam, the Netherlands. Boston Partners updated its firm description as of January 1, 2015 to reflect changes in its divisional structure. Boston Partners is comprised of three divisions, Boston Partners, Weiss, Peck & Greer Partners ("WPG"), and Redwood Equity ("Redwood").

Boston Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Boston Partners has been independently verified for the periods 2007 through 2015. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards.

The composites have been examined per the following periods: Boston Partners Large Cap Value Equity, 1995 to 2015; Boston Partners Alpha Extension Large Cap Value Equity, 2012 to 2015; Boston Partners Premium Equity, 1995 to 2015; Boston Partners Mid Cap Value Equity, 1995 to 2006 and 2010 to 2015; Boston Partners Small/Mid Cap Value Equity, 1999 to 2015; Boston Partners Small Cap Value Equity, 1995 to 2015; Boston Partners Small Cap Value II Equity, 1998 to 2015; Boston Partners Long/Short Research, 2011 to 2015; Boston Partners Global Equity II, 2012 to 2015; Boston Partners International Equity II, 2008 to 2015; Boston Partners Global Long/Short, 2013 to 2015. The verification and performance examination reports are available upon request.

Past performance is not indicative of future results. This document is not an offering of securities nor is it intended to provide investment advice. It is intended for information purposes only.

Composite Construction(s)

Performance results attained at Boston Partners have been linked to the results achieved at BPAM beginning on January 1, 2007 in compliance with the GIPS® standards on performance record portability. Composites include all separately managed and commingled vehicles, fully discretionary, fee-paying accounts under management with a similar investment mandate and an account market value greater than \$1 million with the exception of Boston Partners Small Cap Value Equity and Small Cap Value II Equity which have an account market value greater than \$5 million. Prior to January 1, 2007 the minimum account size for inclusion in the composite was \$5 million. The composites contain proprietary assets.

The inception and creation date of the Boston Partners Large Cap Value Equity composite is June 1, 1995. The strategy is composed of securities with market capitalizations primarily greater than \$3 billion and is benchmarked against the S&P 500 Index and the Russell 1000® Value Index. Prior to December 1, 1995, there was no minimum market value requirement for inclusion in the Boston Partners Large Cap Value Equity composite. Accounts that did not meet the newly established minimum balance requirement were removed on that date.

The inception date and creation date of the Boston Partners Alpha Extension Large Cap Value Equity composite is March 1, 2007. The strategy is an actively managed Large Cap Value strategy that utilized long and short equity position to generate alpha. The strategy is permitted to short 30% of the portfolio and reinvests the proceeds of those shorts into the securities that the manager finds attractive, creating a 130% long portfolio and a 30% short portfolio. The strategy is benchmarked against the Russell 1000® Value Index.

The inception and creation date of the Boston Partners Premium Equity composite is June 1, 1995. The strategy is a hybrid of Boston Partners' other equity products. It has the flexibility to invest across the capitalization spectrum and to invest in securities with equity-like return and risk profiles. Boston Partners Premium Equity is benchmarked against the S&P 500 Index and the Russell 3000® Value Index.

The inception and creation date of the Boston Partners Mid Cap Value Equity composite is May 1, 1995. Effective March 1, 2006, the Mid Cap Value Equity strategy is composed of securities primarily in the same market capitalization range, at time of purchase, as the Russell Midcap® Value Index. Effective January 1, 2005 the Boston Partners Mid Cap Value composite revised its benchmark from the Russell 2500™ Value Index to the Russell Midcap® Value Index. The Russell Midcap® Value Index has less of a bias toward smaller capitalization stocks and thus more accurately reflects the composition of Boston Partners holdings.

The inception and creation date of the Boston Partners Small/Mid Cap Value Equity composite is April 1, 1999. The strategy is composed of securities primarily in the \$100 million to \$10 billion market capitalization range and is benchmarked against the Russell 2500™ Value Index.

The inception and creation date of the Boston Partners Small Cap Value Equity composite is July 1, 1995. The strategy is composed of securities primarily in the \$100 million to \$1.5 billion market capitalization range and is benchmarked against the Russell 2000® Value Index.

The inception date of the Boston Partners Small Cap Value II Equity composite is July 1, 1998. The composite was created in 2000. The strategy is composed of securities primarily in

the \$10 million to \$1 billion market capitalization range and is benchmarked against the Russell 2000® Value Index.

The inception date and creation date of the Boston Partners Long/Short Equity composite is August 1, 1997. The strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500. However, this product is not risk neutral. It is exposed to style, capitalization, sector and short-implementation risks. Use of the S&P 500 Index is for comparative purposes only since investment returns are not correlated to equity market returns. Prior to October 1, 1998, the composite was managed on a non-fee paying basis. Participant results would have been substantially different if fee waivers were not applied. Commencing on October 1, 1998 and continuing each quarter thereafter, the net of fee calculation includes a model fee for each commingled account included in the composite, and when applicable, the actual fees assessed for each separately managed portfolio included in the composite. The model fee, which is comprised of an investment management fee and performance fee, represents the deduction of the highest fee that could have been earned based on actual results during the performance period. In addition, other expenses typically borne by the commingled accounts, as defined in the applicable offering documents, have been applied. However, from time-to-time the commingled accounts may have placed a ceiling on the amount of expenses it had incurred. Although performance fees are paid annually when earned, for presentation of net returns, performance fees, similar to management fees and expenses, are accrued for on a monthly basis. Actual fees may vary. The composite is benchmarked against the S&P 500 Index and the Russell 3000® Value/Russell 3000® Growth for comparative purposes only since the strategy is not correlated to equity market returns.

The inception and creation date of the Boston Partners Research Equity composite is April 1, 2002. This strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500 Index. The strategy is benchmarked against the S&P 500 Index.

The inception and creation date of the Boston Partners Global Equity II composite is July 1, 2008. This strategy is unconstrained and primarily invests in equity securities in the global market without using hedges on currency.

The inception date and creation date of the Boston Partners International Equity II composite is July 1, 2008. This strategy is unconstrained and primarily invests in non-us markets without using currency hedges. The strategy is benchmarked against the MSCI EAFE Index. From July 1, 2008 to June 30, 2010 the

primary benchmarks was MSCI EAFE Value Index and on July 1, 2010 the primary benchmark change to the MSCI EAFE.

This change to the MSCI EAFE Index was made retroactively to July 1, 2008.

The inception and creation date of the Boston Partners Global Long/Short Equity composite is July 1, 2013. The strategy is composed of securities with market capitalizations primarily greater than \$50 million and is benchmarked against the MSCI World Index.

The inception and creation date of the Boston Partners Europe Equity composite is May 1, 2015. This strategy is unconstrained and primarily invests in equity securities in the European market without using hedges on currency.

The Inception and creation of the Boston Partners Emerging Markets Long/Short composite is March 1, 2015. The strategy is composed of securities with market capitalizations primarily greater than \$25 million and is benchmarked against the MSCI Emerging Markets Index.

Benchmarks

Index returns are provided for comparison purposes only to show how the composite's returns compare to a broad-based index of securities, as the indices do not have costs, fees, or other expenses associated with their performance.

In addition, securities held in either index may not be similar to securities held in the composite's accounts. The S&P 500 Index is an unmanaged index of the common stocks of 500 widely held U.S. companies. All Russell® Indices are registered trademarks of the Frank Russell Company. The Russell® Value Indices typically measure the performance of universes of stocks displaying low price-to-book ratios and low forecasted growth values. The Russell® Growth Indices typically measure the performance of universes of stocks displaying high price-to-book ratios and high forecasted growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index. The Russell 3000® Index measures performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2500™, and 2000® Indices measure performance of the 2,500 and 2,000 smallest companies in the Russell 3000® Index respectively. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index. The MSCI World Index covers the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI uses a two-dimensional framework for style segmentation in which value securities are categorized using a multi-factor approach, which uses three variables to define the value investment style characteristics and five variables to define the growth investment

style characteristics including forward looking variables. The objective of the index design is to divide constituents of an underlying MSCI Equity Index into respective value and growth indices, each targeting 50% of the free float adjusted market capitalization of the underlying market index. The MSCI EAFE Index is broadly recognized as the pre-eminent benchmark for U.S. investors to measure international equity performance. It comprises the MSCI country indexes capturing large and mid-cap equities across developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada.

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe.

The MSCI World Index represents large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. This index offers a broad global equity benchmark, without emerging markets exposure.

MSCI Emerging Markets Standard Index (net return): The MSCI Emerging Markets indices are designed to measure the type of returns foreign portfolio investors might receive from investing in emerging market stocks that are legally and practically available to them. Constituents for the MSCI series are drawn from the MSCI stock universe based on size, liquidity, and their legal and practical availability to foreign institutional investors.

The MSCI World Small Cap Value Index captures small cap securities exhibiting overall value style characteristics across 23 Developed Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 2,582 constituents, the index targets 14% coverage of the free float-adjusted market capitalization in each country.

Calculation Methodology

Account returns are market value weighted and calculated on a total return basis using trade date valuations. Returns reflect the reinvestment of dividends and other earnings, and are net of commissions and transaction costs. Performance is expressed in U.S. Dollars. Short sales are an integral part of the investment strategy and constitute the use of leverage. Accounts are temporarily removed from the composite when a significant cash flow occurs, which is typically defined as a flow that is greater than 10% of the account value that exceeds a threshold of +/- 20 basis points from daily performance of the representative account and a similar account of the same strategy. An

account is generally added back to the composite as of the first full month following the significant cash flow. Additional information regarding policies for valuing portfolios, calculating performance, and presenting compliant presentations is available upon request.

Fees and Expenses

Composite returns are provided on a gross and net of fees basis. Account returns will be reduced by any fees and expenses incurred in the management of the account. In general, actual fees may vary depending on the applicable fee schedule and portfolio size. Net of fees returns for commingled vehicles that are members of a composite are calculated using a model fee that is the highest tier in the separate account fee schedule for the strategy. Fees are applied to gross returns at month end. Returns reflect the reinvestment of dividends and other earnings, and are net of commissions and transaction costs. Performance is expressed in U.S. Dollars. Additional information regarding policies for valuing portfolios, calculating performance, and presenting compliant presentations is available upon request. Investment advisory fees are listed herein and are fully described in Boston Partners' Form ADV, Part II.

Composite Dispersion

The measurement of composite dispersion is calculated by the weighted average standard deviation of the annual account returns within the composite. Dispersion in composites with less than five accounts included for the entire year is not considered meaningful and is denoted with "N/A". Prior to January 1, 2007, the measurement of composite dispersion was calculated by determining the difference between the highest and lowest annual account returns within the composite. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

Large Cap Value Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 167 | \$24.6 bn | 31% | 0.16% |
| 2014: | 151 | \$25.2 bn | 34% | 0.11% |
| 2013: | 129 | \$16.5 bn | 32% | 0.62% |
| 2012: | 105 | \$8.6 bn | 30% | 0.24% |
| 2011: | 99 | \$5.1 bn | 24% | 0.23% |
| 2010: | 89 | \$4.8 bn | 26% | 0.15% |
| 2009: | 83 | \$3.5 bn | 20% | 0.38% |
| 2008: | 70 | \$2.1 bn | 18% | 0.21% |
| 2007: | 68 | \$3.4 bn | 13% | 0.14% |
| 2006: | 45 | \$3.4 bn | 27% | 0.83% |

130/30 Large Cap Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 2 | \$933 mm | 1% | N/A |
| 2014: | 2 | \$1.2 bn | 2% | N/A |
| 2013: | 1 | \$845 mm | 2% | N/A |
| 2012: | 3 | \$636 mm | 2% | N/A |
| 2011: | 3 | \$463 mm | 2% | N/A |
| 2010: | 1 | \$17 mm | 0% | N/A |
| 2009: | 1 | \$6 mm | 0% | N/A |
| 2008: | 1 | \$5 mm | 0% | N/A |
| 2007: | 1 | \$7 mm | 0% | N/A |

Premium Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 35 | \$3.3 bn | 4% | 0.09% |
| 2014: | 29 | \$3.1 bn | 4% | 0.14% |
| 2013: | 29 | \$2.7 bn | 5% | 0.53% |
| 2012: | 26 | \$2.2 bn | 7% | 0.17% |
| 2011: | 24 | \$2.0 bn | 9% | 0.19% |
| 2010: | 27 | \$2.1 bn | 12% | 0.43% |
| 2009: | 26 | \$2.1 bn | 12% | 0.49% |
| 2008: | 23 | \$1.3 bn | 11% | 0.30% |
| 2007: | 15 | \$677 mm | 3% | 0.12% |
| 2006: | 11 | \$1.7 bn | 14% | 0.37% |

Mid Cap Value Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 37 | \$15.3 b | 20% | 0.01% |
| 2014: | 29 | \$11.6 b | 16% | 0.12% |
| 2013: | 16 | \$7.6 b | 15% | 0.24% |
| 2012: | 9 | \$2.9 b | 10% | 0.01% |
| 2011: | 4 | \$1.0 b | 5% | N/A |
| 2010: | 3 | \$306 mm | 2% | N/A |
| 2009: | 3 | \$127 mm | 1% | N/A |
| 2008: | 3 | \$85 mm | 1% | N/A |
| 2007: | 2 | \$86 mm | 0% | N/A |
| 2006: | 1 | \$35 mm | 0% | N/A |

Small/Mid Cap Value Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 13 | \$814 mm | 1% | 0.14% |
| 2014: | 10 | \$499 mm | 1% | 0.08% |
| 2013: | 7 | \$481 mm | 1% | 0.13% |
| 2012: | 7 | \$367 mm | 1% | 0.08% |
| 2011: | 7 | \$327 mm | 2% | 0.10% |
| 2010: | 7 | \$384 mm | 2% | 0.04% |
| 2009: | 7 | \$350 mm | 2% | 0.32% |
| 2008: | 5 | \$200 mm | 2% | 0.18% |
| 2007: | 5 | \$299 mm | 1% | 0.02% |
| 2006: | 4 | \$343 mm | 3% | 0.06% |

Small Cap Value Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 19 | \$1.0 bn | 1% | 0.19% |
| 2014: | 18 | \$1.1 bn | 2% | 0.26% |
| 2013: | 16 | \$1.1 bn | 2% | 0.56% |
| 2012: | 16 | \$957 mm | 3% | 0.20% |
| 2011: | 17 | \$923 mm | 4% | 0.08% |
| 2010: | 16 | \$682 mm | 4% | 0.16% |
| 2009: | 14 | \$698 mm | 4% | 0.90% |
| 2008: | 14 | \$560 mm | 5% | 0.20% |
| 2007: | 15 | \$856 mm | 3% | 0.10% |
| 2006: | 15 | \$1.1 bn | 9% | 0.85% |

Small Cap Value Equity II:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 3 | \$478 mm | 1% | N/A |
| 2014: | 4 | \$444 mm | 1% | N/A |
| 2013: | 4 | \$370 mm | 1% | N/A |
| 2012: | 4 | \$304 mm | 1% | N/A |
| 2011: | 5 | \$272 mm | 1% | 0.10% |
| 2010: | 6 | \$300 mm | 2% | 0.24% |
| 2009: | 6 | \$239 mm | 1% | 0.98% |
| 2008: | 7 | \$161 mm | 1% | 0.20% |
| 2007: | 7 | \$320 mm | 1% | 0.06% |
| 2006: | 7 | \$505 mm | 4% | 0.47% |

Long/Short Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 2 | \$687 mm | 1% | N/A |
| 2014: | 2 | \$958 mm | 1% | N/A |
| 2013: | 2 | \$965 mm | 2% | N/A |
| 2012: | 2 | \$829 mm | 3% | N/A |
| 2011: | 2 | \$626 mm | 3% | N/A |
| 2010: | 2 | \$440 mm | 2% | N/A |
| 2009: | 2 | \$189 mm | 1% | N/A |
| 2008: | 2 | \$36 mm | 0% | N/A |
| 2007: | 2 | \$75 mm | 0% | N/A |
| 2006: | 3 | \$156 mm | 1% | N/A |

Long/Short Research:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 1 | \$7.2 bn | 9% | N/A |
| 2014: | 1 | \$6.0 bn | 8% | N/A |
| 2013: | 1 | \$2.9 bn | 6% | N/A |
| 2012: | 1 | \$492 mm | 2% | N/A |
| 2011: | 1 | \$97 mm | 0% | N/A |
| 2010: | 1 | \$9 mm | 0% | N/A |
| 2009: | 1 | \$5 mm | 0% | N/A |
| 2008: | 1 | \$3 mm | 0% | N/A |
| 2007: | 1 | \$4 mm | 0% | N/A |
| 2006: | 1 | \$3 mm | 0% | N/A |

Global Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 3 | \$438 mm | 1% | N/A |
| 2014: | 1 | \$27 mm | 0% | N/A |
| 2013: | 2 | \$66 mm | 0% | N/A |
| 2012: | 2 | \$18 mm | 0% | N/A |
| 2011: | 1 | \$8 mm | 0% | N/A |
| 2010: | 1 | \$9 mm | 0% | N/A |
| 2009: | 1 | \$8 mm | 0% | N/A |
| *2008: | 1 | \$6mm | 0% | N/A |

* 2008 performance period is from July 1.

International Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 1 | \$261 mm | 0% | N/A |
| 2014: | 2 | \$33 mm | 0% | N/A |
| 2013: | 2 | \$20 mm | 0% | N/A |
| 2012: | 2 | \$18 mm | 0% | N/A |
| 2011: | 1 | \$6 mm | 0% | N/A |
| 2010: | 1 | \$6 mm | 0% | N/A |
| 2009: | 1 | \$6 mm | 0% | N/A |
| *2008: | 1 | \$4 mm | 0% | N/A |

* 2008 performance period is from July 1.

Global Long/Short Equity:

| | # of Portfolios in Composite | Total Assets in Composite | % of Firm AUM | Composite Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2015: | 1 | \$629 mm | 1% | N/A |
| 2014: | 1 | \$125 mm | 0% | N/A |
| *2013: | 1 | \$3 mm | 0% | N/A |

* 2013 performance period is from July 1.

Firm Assets:

| Year | Assets (mm) | Year | Assets (mm) |
|-------|-------------|-------|-------------|
| 2015: | \$78,363 | 2010: | \$18,418 |
| 2014: | \$73,250 | 2009: | \$17,207 |
| 2013: | \$52,333 | 2008: | \$11,540 |
| 2012: | \$29,023 | 2007: | \$26,554 |
| 2011: | \$21,098 | 2006: | \$12,456 |

2005 through 2006 firm assets represents BPAM assets under management prior to merger into Boston Partners.

Other Disclosures

Boston Partners has adjusted the S&P and Russell sector classifications to group stocks according to similar business product lines and correlation of stock returns. Boston Partners' classifications are similar to the major market indices in terms of breadth but may differ in terms of composition. All product characteristics and sector weightings are calculated using a representative portfolio.

Risk statistics are calculated using composite data. Portfolio composition is subject to change and information contained in this publication may not be representative of the current portfolio. Effective January 1, 2011; Boston Partners adopted a significant cash flow policy for this composite in accordance with the Global Investment Performance Standards. If an external cash flow is greater than or equal to 10.0% of the beginning market value of the portfolio on the day of the flow, and greater than or equal to 10.0% of the beginning market value of the composite for that month then the portfolio is removed from the composite for that month that the flow occurred. The portfolio is then placed back into the composite in accordance with Firm's inclusion policies and procedures.

Boston Partners changed the names of its composites in August 2016 after the firm changed its name.

Boston Partners participates in Initial Public Offerings (IPOs) as described in its Form ADV, Part II. IPO contributions to performance vary from year to year depending on availability and prevailing market conditions. IPO contributions may have a significant positive effect on performance when initially purchased. Such positive performance should not be expected for future performance periods.

Annual Fee Schedules

Large Cap: 70 basis points ("bp") on the first \$10 million in assets; 50 bp on the next \$40 million; 40 bp on the next \$50 million; 30 bp thereafter. **130/30 Large Cap:** 100 basis points ("bp") on the first \$10 million in assets; 80 bp on the next \$40 million; 70 bp on the next \$50 million; 60 bp thereafter.

Premium Equity: 80 bp on the first \$25 million of assets; 60 bp on the next \$25 million; 50 bp on the next \$50 million; 40 bp thereafter. **Mid Cap:** 80 bp on the first \$25 million of assets; 60 bp thereafter. **Small/Mid Cap, Small Cap, and Small Cap II:** 100 bp on the first \$25 million of assets; 80 bp thereafter. **Long/Short:** 100 bp on total assets under management; plus 20% profit participation. **Long/Short Research:** 150 basis points.

Global Equity and International Equity are: 75 basis points ("bp") on the first \$25 million in assets; 65 bp on the next \$25 million; 55 bp on the next \$50 million; 50 bp thereafter. **Global Long/Short:** 200 bp on total assets under management. **Europe Equity:** 75 basis points ("bp") on the first \$25 million in assets; 65 bp on the next \$25 million; 55 bp on the next \$50 million; 50 bp thereafter. **Emerging Markets Long/Short:** 225 bp on total assets under management.

Corporate Information

Boston Partners Global Investors, Inc. ("Boston Partners") is affiliated with listed corporations through common ownership. Robeco services may be offered in the U.S. through Robeco Institutional Asset Management, U.S., an SEC Registered Investment Adviser registered under the Investment Advisers Act of 1940. Transtrend products may be offered in the U.S. through Boston Partners Securities, LLC, member FINRA, SIPC. Harbor Capital Advisers products are distributed by Harbor Funds Distributors, Inc.

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 22 | 09/13/17 | Retirement | Action | 08/15/17 |

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

ISSUE

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

RECOMMENDED ACTION

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)

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 Second Quarter 2017 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of June 30, 2017 (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 June 30, 2017. 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 fund manager JP Morgan and invest in the New Hampshire Investment Trust vehicle offered by Pyrford International PLC (Pyrford). Funds were transferred out of JP Morgan on 5/15/2017 and transferred into Pyrford on 5/31/2017. Partial quarter performance is not disclosed at the fund manager level, so there will be no disclosure for either JP Morgan or Pyrford for the quarter ending June 30, 2017. However, the returns from both managers are included in the total plan composite returns.

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 June 30, 2017, there were no compliance warnings or alerts to be reported;

Approved:

Presented:

Final 8/30/17

VP Finance/CFO

Senior Accountant

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 22 | 09/13/17 | Retirement | Action | 08/15/17 |

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

therefore, the investments are in compliance with the Investment Policy. The final attached report includes the monitoring summary (Attachment 3).

The table below provides an overview of the quarter performance, quarter ending June 30, 2017 – gross of investment management fees:

| Investment Manager - Description - Benchmark | Benchmark Index | ATU, IBEW & Salaried Fund | Investment Gains/ (Losses) | Pension Fund Contributions/ (Withdrawals) |
|--|-----------------|---------------------------|----------------------------|---|
| Boston Partners (large cap value) Russell 1000 Value | 1.34% | 2.66% | \$1,190,464 | - |
| S&P 500 Index (large cap value) S&P 500 | 3.09% | 3.09% | \$1,398,488 | \$(1,149,059) |
| Atlanta Capital (small cap) Russell 2000 | 2.46% | 3.62% | \$866,462 | - |
| Brandes (international equities) MSCI EAFE* | - | - | \$355 | - |
| JPMorgan (international equities) MSCI EAFE | - | - | \$1,301,436 | \$(25,953,819) |
| Pyrford (international equities) MSCI EAFE | - | - | \$(356,976) | \$25,953,819 |
| MSCI EAFE Index (international equities) MSCI EAFE | 6.12% | 6.30% | \$621,321 | - |
| AQR (small cap international equities) MSCI EAFE SC | 8.10% | 7.86% | \$974,860 | - |
| Dimensional Fund Advisors (emerging markets) MSCI EM | 6.38% | 4.83% | \$690,798 | - |
| Metropolitan West (fixed income) Barclays Agg. | 1.45% | 1.48% | \$1,289,873 | - |
| Totals | 3.34% | 3.07% | \$7,977,082 | \$(1,149,059) |

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 June 30, 2017 – 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 | 15.53% | 20.41% | \$7,870,196 | \$(1,188,913) |
| S&P 500 Index (large cap value) S&P 500 | 17.90% | 17.91% | \$7,152,867 | \$(2,220,019) |
| Atlanta Capital (small cap) Russell 2000 | 24.60% | 15.18% | \$3,254,732 | \$(607,068) |
| Brandes (international equities) MSCI EAFE | - | - | \$71 | - |
| JPMorgan (international equities) MSCI EAFE | - | - | \$4,611,067 | \$(25,953,819) |
| Pyrford (international equities) MSCI EAFE** | - | - | \$(371,694) | \$25,953,819 |
| MSCI EAFE Index (international equities) MSCI EAFE | 20.27% | 20.57% | \$2,124,503 | \$(12,201,601) |
| AQR (small cap international equities) MSCI EAFE SC** | - | - | \$1,497,410 | \$12,201,601 |
| Dimensional Fund Advisors (emerging markets) MSCI EM | 24.17% | 21.88% | \$2,680,399 | \$137,839 |
| Metropolitan West (fixed income) Barclays Agg. | (0.31)% | 0.42% | \$371,304 | \$(277,837) |
| Totals | 12.71% | 12.09% | \$29,190,855 | \$(4,155,998) |

Bold – fund exceeding respective benchmark

**Manager has not had investment activity for a full year. Information will be included when appropriate data is available.

Callan

September 13, 2017



**Sacramento Regional
Transit District**

Second Quarter 2017
Market Update

Anne Heaphy

Fund Sponsor Consulting

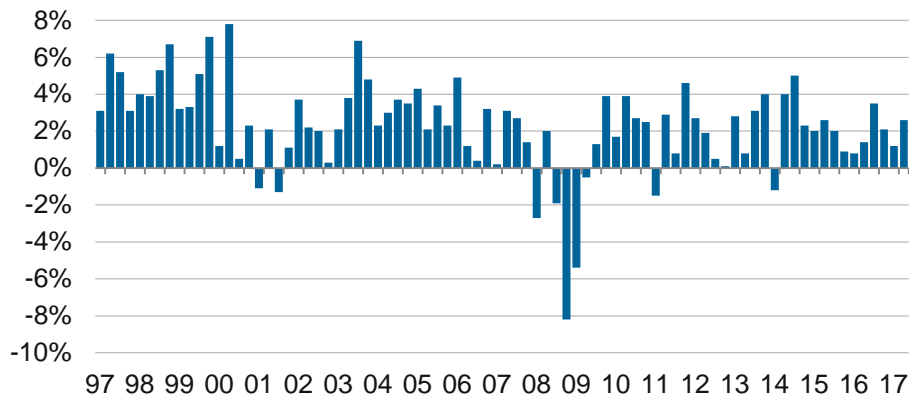
Uvan Tseng, CFA

Fund Sponsor Consulting

Economic Commentary

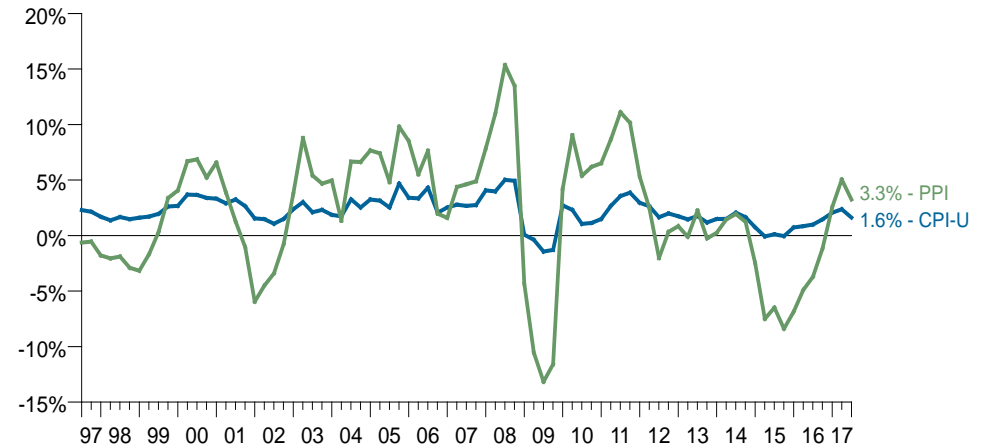
Second Quarter 2017

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over Year



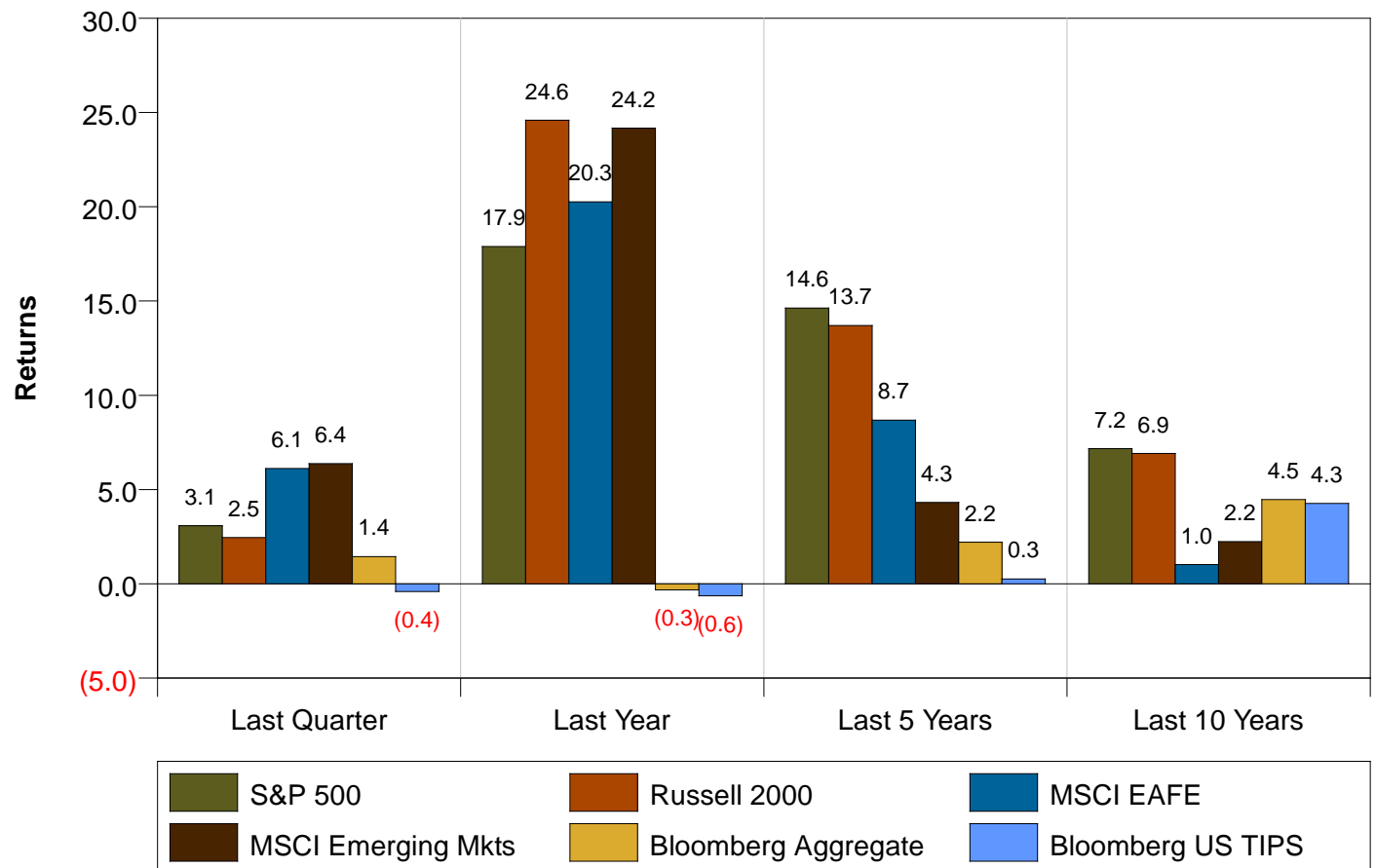
Source: Bureau of Labor Statistics

- Growth in the U.S. continues to be positive but low.
 - Real U.S. GDP accelerates to 2.6% in the second quarter, up from the (revised) 1.4% reported in Q1.
 - Outside the U.S., Eurozone GDP revised upwards to 2.3% from 1.7%.
 - In China, annual growth exceeded expectations with a 6.9% annual growth pace in the first quarter.
- Unemployment picture continues to improve
 - In the U.S., unemployment fell to a 15-year low of 4.3%.
 - Eurozone unemployment dropped to 9.3%, the lowest since 2009.
- Inflation data pulled back during the quarter to 1.4%, the lowest level in six months, and remains below the Fed's 2% target.
- The U.S. Dollar has sold off dramatically since the "Trump-induced" peak in January.

Asset Class Performance

Periods Ended June 30, 2017

**Asset Class Performance
for Periods Ended June 30, 2017**



YTD as of 09/12/17:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI EM:

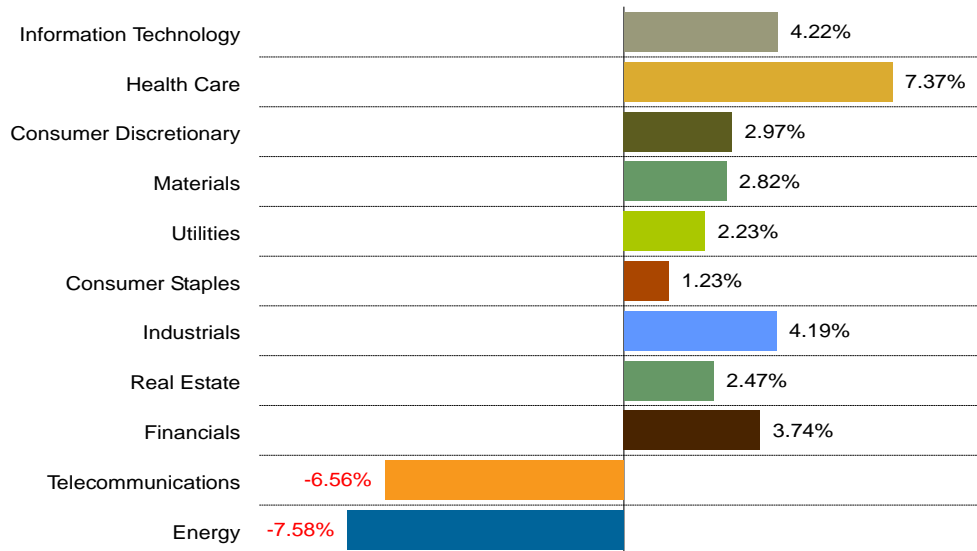
Blmbg Aggregate:

Blmbg TIPS:

U.S. Equity

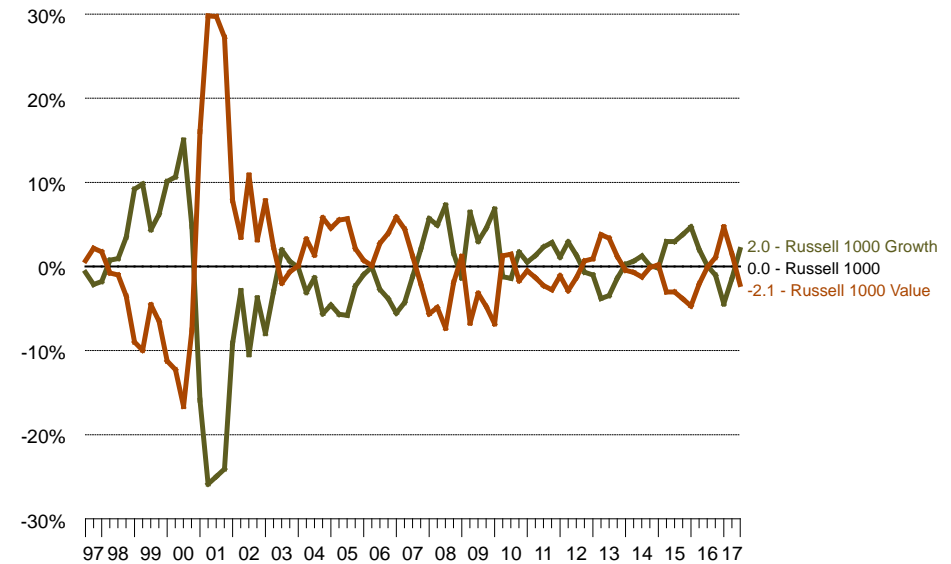
Second Quarter 2017

Russell 3000 Sector Returns



Source: Russell Investment Group

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



Second Quarter Index Returns

| | |
|------------------|------|
| Russell 3000: | 3.0% |
| S&P 500: | 3.1% |
| Russell Mid Cap: | 2.7% |
| Russell 2000: | 2.5% |

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended June 30, 2017

| 2Q 2017 | | | Annualized 1 Year Returns | | | |
|---------|------|--------|---------------------------|-------|-------|--------|
| Value | Core | Growth | | Value | Core | Growth |
| 1.3% | 3.2% | 4.8% | Large | 15.4% | 18.7% | 21.6% |
| 1.4% | 2.7% | 4.2% | Mid | 15.9% | 16.5% | 17.1% |
| 0.7% | 2.5% | 4.4% | Small | 24.9% | 24.6% | 24.4% |

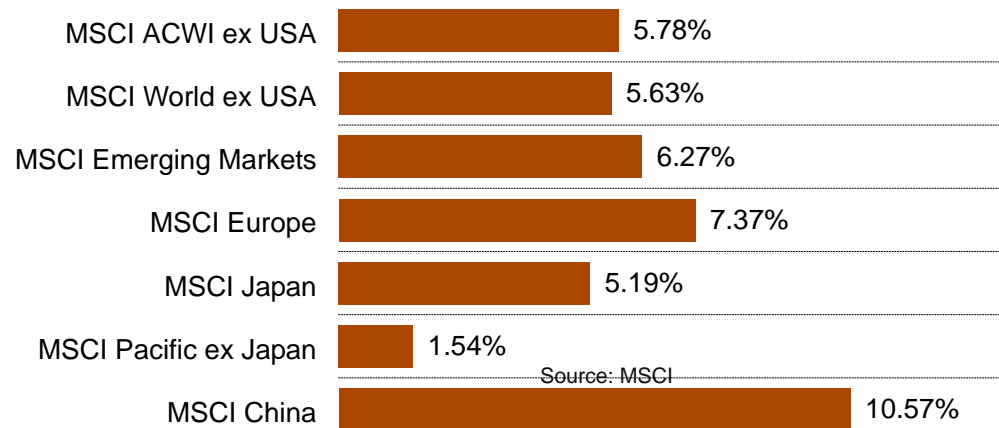
- U.S. stocks continued to inch higher during the second quarter, despite an increase in interest rates and turbulent events in the news, including disruptions within the Trump administration and terrorist attacks in the U.K.
- In a repeat of last quarter – large cap stocks outperformed smaller caps and growth led value across market capitalizations. The dispersion in style returns was generally uniform, as growth outpaced value by 3.5% in large caps and by 3.7% in small caps.

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-U.S. Equity

Second Quarter 2017

Regional Quarterly Performance (U.S. Dollar)

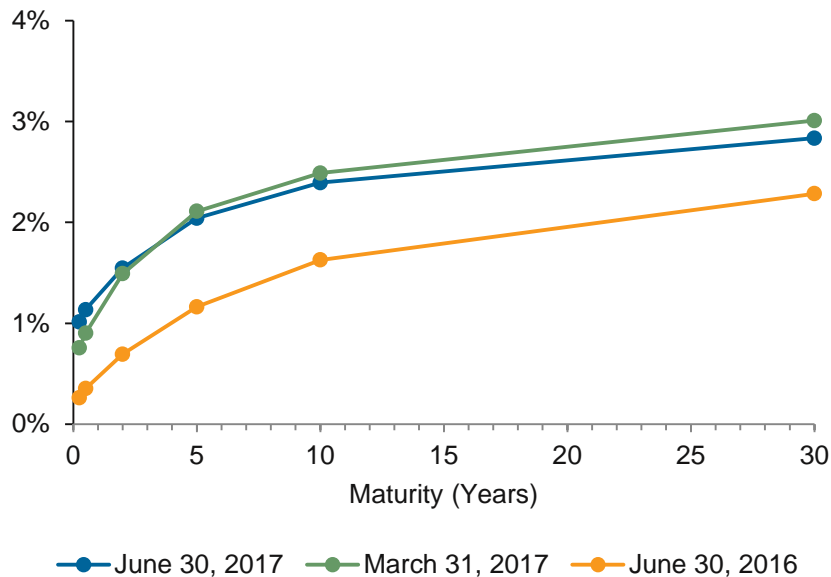


- Non-U.S. developed equity outperformed U.S. for the second consecutive quarter, fueled by economic recovery in Europe and market-friendly outcomes in European elections.
- The U.S. dollar lost 7% versus the euro and 5% versus a broad basket of currencies. This weakness helped overseas returns for U.S. investors. The MSCI ACWI ex USA jumped 5.8% for the quarter.
- Regionally, gains were broad-based. Emerging Markets were propelled by Technology companies in China, South Korea, and Taiwan. Meanwhile, Europe topped performance, on the back of hawkish comments from ECB coupled with improving European economic indicators.

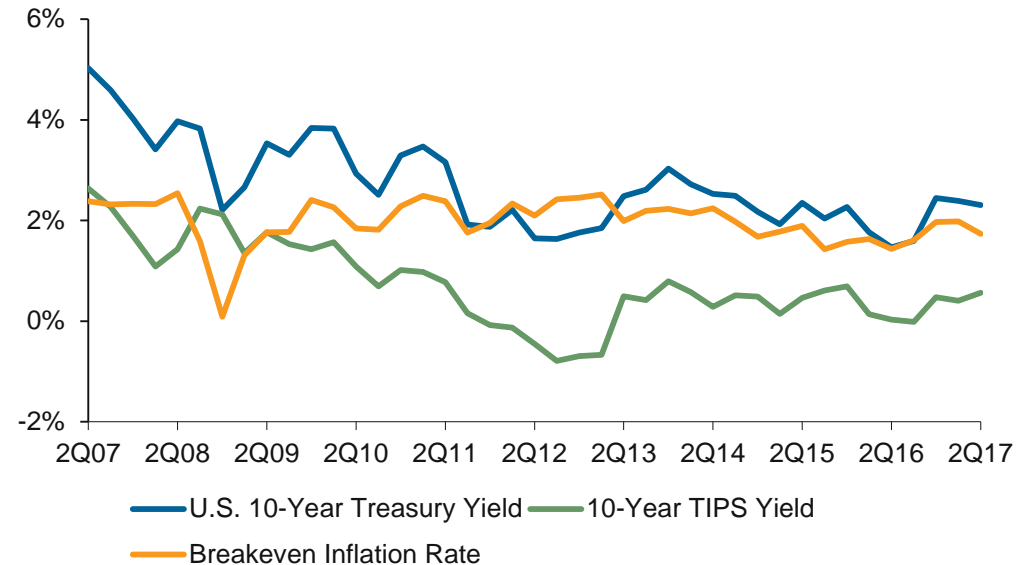
Fixed Income

Second Quarter 2017

U.S. Treasury Yield Curves



Historical 10-Year Yields



Source: Bloomberg

Source: Bloomberg

- The Fed, viewing inflation weakness as temporary, raised rates by 25 basis points to a range of 1.00-1.25%, in line with expectations. The June hike marked the third consecutive quarter with a 25 basis point increase; one additional hike is anticipated before year end.
- The treasury yield curve flattened during the quarter, as short-term treasuries rose, consistent with the Fed hike, while longer-term issues fell.
- The 10-year U.S. Treasury yield closed the quarter at 2.31%, down from 2.40% as of 3/31, though it hit a 2017 low of 2.12% earlier in June. The 2-year U.S. Treasury yield climbed 11 bps to close at 1.38%. The 10-year breakeven spread (difference between nominal and real yields) ended the quarter at 1.73%, down from 1.97% in prior quarter.



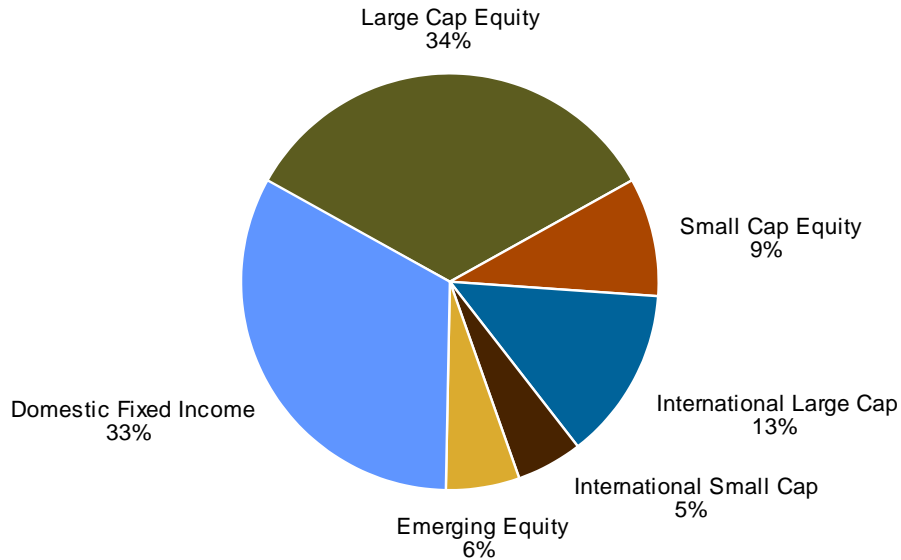
**Sacramento Regional
Transit District**

Total Fund Overview

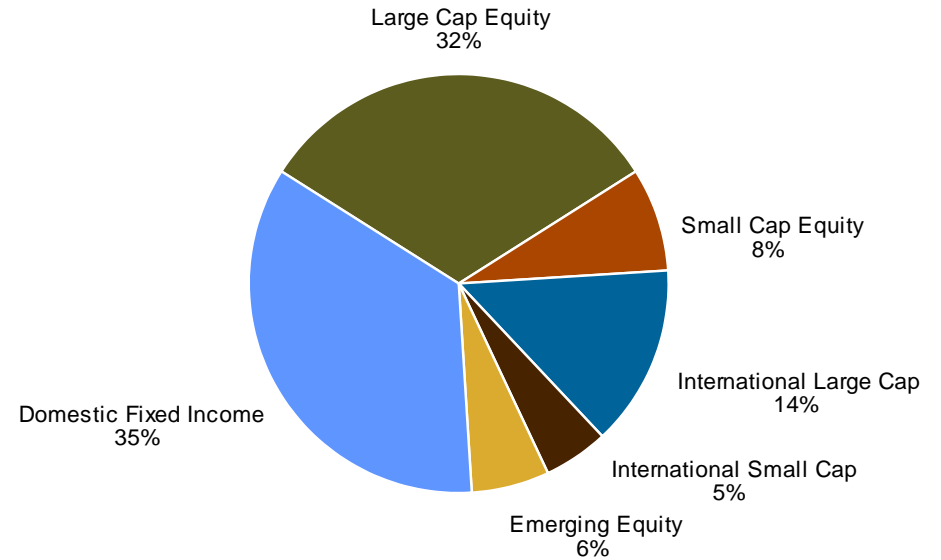
RT Asset Allocation

As of June 30, 2017

Actual Asset Allocation



Target Asset Allocation



| Asset Class | \$000s Actual | Weight Actual | Target | Percent Difference | \$000s Difference |
|-------------------------|---------------|---------------|--------|--------------------|-------------------|
| Large Cap Equity | 91,410 | 33.9% | 32.0% | 1.9% | 5,004 |
| Small Cap Equity | 24,787 | 9.2% | 8.0% | 1.2% | 3,185 |
| International Large Cap | 36,089 | 13.4% | 14.0% | (0.6%) | (1,713) |
| International Small Cap | 13,788 | 5.1% | 5.0% | 0.1% | 287 |
| Emerging Equity | 15,448 | 5.7% | 6.0% | (0.3%) | (753) |
| Domestic Fixed Income | 88,495 | 32.8% | 35.0% | (2.2%) | (6,011) |
| Total | 270,018 | 100.0% | 100.0% | | |

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended June 30, 2017

| Asset Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|----------------|------------------|------------------|-----------------------|
| Large Cap Equity | 34% | 32% | 2.88% | 3.09% | (0.07%) | (0.01%) | (0.08%) |
| Small Cap Equity | 9% | 8% | 3.62% | 2.46% | 0.10% | (0.05%) | 0.05% |
| International Large Cap | 13% | 14% | 5.16% | 6.12% | (0.13%) | (0.04%) | (0.16%) |
| International Small Cap | 5% | 5% | 7.86% | 8.10% | (0.01%) | (0.00%) | (0.02%) |
| Emerging Equity | 6% | 6% | 4.83% | 6.38% | (0.09%) | (0.02%) | (0.10%) |
| Domestic Fixed Income | 33% | 35% | 1.48% | 1.45% | 0.01% | 0.03% | 0.04% |
| Total | | | 3.07% | = 3.34% | + (0.18%) | + (0.08%) | (0.26%) |

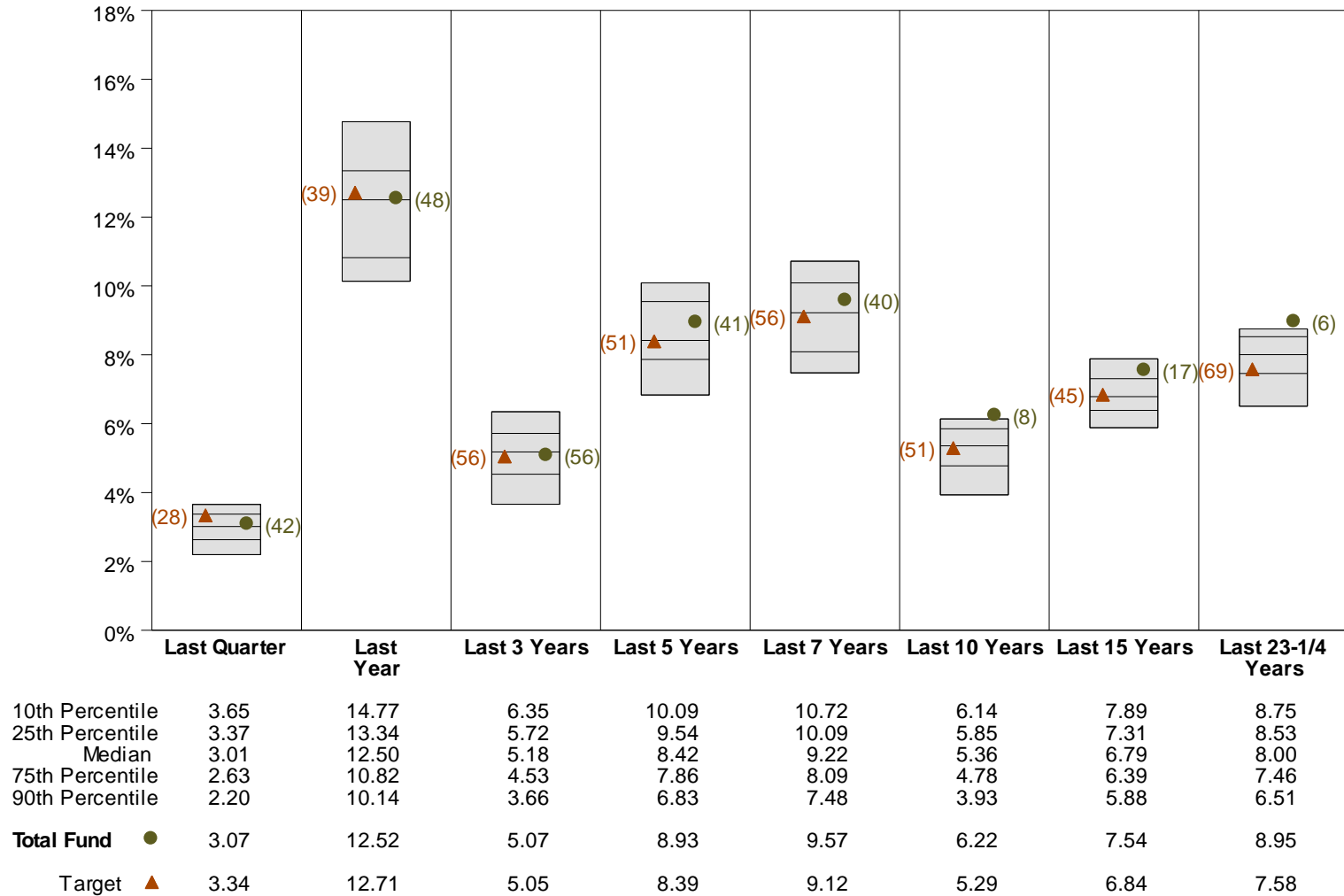
One Year Relative Attribution Effects

| Asset Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|-----------------|------------------|------------------|-----------------------|
| Large Cap Equity | 34% | 32% | 19.45% | 17.90% | 0.49% | 0.05% | 0.54% |
| Small Cap Equity | 9% | 8% | 16.10% | 24.60% | (0.75%) | 0.02% | (0.72%) |
| International Large Cap | 13% | 14% | 20.62% | 20.27% | 0.02% | (0.15%) | (0.13%) |
| International Small Cap | 4% | 5% | 14.01% | 16.09% | (0.10%) | (0.02%) | (0.12%) |
| Emerging Equity | 5% | 6% | 22.62% | 24.17% | (0.08%) | (0.09%) | (0.17%) |
| Domestic Fixed Income | 34% | 35% | 0.69% | (0.31%) | 0.39% | 0.02% | 0.41% |
| Total | | | 12.52% | = 12.71% | + (0.02%) | + (0.17%) | (0.18%) |

Total Fund

Performance as of June 30, 2017

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



Total Fund

Manager Asset Allocation

| | June 30, 2017 Market Value | Net New Inv. | Inv. Return | March 31, 2017 Market Value |
|----------------------------------|-------------------------------|----------------------|--------------------|--------------------------------|
| Consolidated Plan | | | | |
| Domestic Equity | \$116,196,519 | \$(1,149,059) | \$3,455,415 | \$113,890,163 |
| Large Cap | \$91,409,611 | \$(1,149,059) | \$2,588,953 | \$89,969,717 |
| Boston Partners | 45,850,408 | 0 | 1,190,464 | 44,659,944 |
| SSgA S&P 500 | 45,559,203 | (1,149,059) | 1,398,488 | 45,309,773 |
| Small Cap | \$24,786,908 | \$0 | \$866,462 | \$23,920,446 |
| Atlanta Capital | 24,786,908 | 0 | 866,462 | 23,920,446 |
| International Equity | \$65,326,150 | \$0 | \$3,231,794 | \$62,094,356 |
| International Large Cap | \$36,089,475 | \$0 | \$1,566,137 | \$34,523,338 |
| Brandes | 9,297 | 0 | 355 | 8,942 |
| JP Morgan | 0 | (25,953,819) | 1,301,436 | 24,652,383 |
| SSgA EAFE | 10,483,335 | 0 | 621,321 | 9,862,013 |
| Pyrford | 25,596,843 | 25,953,819 | (356,976) | - |
| International Small Cap | \$13,788,329 | \$0 | \$974,860 | \$12,813,469 |
| AQR | 13,788,329 | 0 | 974,860 | 12,813,469 |
| Emerging Equity | \$15,448,346 | \$0 | \$690,798 | \$14,757,549 |
| DFA Emerging Markets | 15,448,346 | 0 | 690,798 | 14,757,549 |
| Fixed Income | \$88,495,034 | \$0 | \$1,289,873 | \$87,205,161 |
| Metropolitan West | 88,495,034 | 0 | 1,289,873 | 87,205,161 |
| Total Plan - Consolidated | \$270,017,704 | \$(1,149,059) | \$7,977,082 | \$263,189,680 |

Total Fund

Manager Returns as of June 30, 2017

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|
| Domestic Equity | 3.04% | 18.73% | 9.24% | 14.96% | 15.69% |
| Domestic Equity Benchmark** | 2.98% | 19.30% | 9.25% | 14.51% | 15.27% |
| Large Cap Equity | 2.88% | 19.45% | 8.72% | 14.76% | 15.29% |
| Boston Partners | 2.66% | 20.96% | 7.75% | 14.82% | 15.25% |
| Russell 1000 Value Index | 1.34% | 15.53% | 7.36% | 13.94% | 14.31% |
| SSgA S&P 500 | 3.09% | 17.97% | 9.68% | 14.68% | - |
| S&P 500 Index | 3.09% | 17.90% | 9.61% | 14.63% | 15.41% |
| Small Cap Equity | 3.62% | 16.10% | 11.28% | 15.55% | 17.30% |
| Atlanta Capital | 3.62% | 16.10% | 11.28% | 15.55% | 17.30% |
| Russell 2000 Index | 2.46% | 24.60% | 7.36% | 13.70% | 14.35% |
| International Equity | 5.58% | 20.30% | 1.48% | 7.96% | 7.18% |
| Custom International Benchmark*** | 5.85% | 20.43% | 0.80% | 8.14% | 7.52% |
| International Large Cap | 5.16% | 20.62% | 1.60% | - | - |
| SSgA EAFE | 6.30% | 20.69% | 1.50% | 8.96% | - |
| MSCI EAFE Index | 6.12% | 20.27% | 1.15% | 8.69% | 7.91% |
| International Small Cap | 7.86% | - | - | - | - |
| AQR | 7.86% | - | - | - | - |
| MSCI EAFE Small Cap Index | 8.10% | 23.18% | 5.60% | 12.94% | 11.40% |
| Emerging Markets Equity | 4.83% | 22.62% | 2.26% | - | - |
| DFA Emerging Markets | 4.83% | 22.62% | 2.26% | - | - |
| MSCI Emerging Mkts Index | 6.38% | 24.17% | 1.44% | 4.33% | 4.22% |
| Domestic Fixed Income | 1.48% | 0.69% | 2.66% | 3.11% | 4.29% |
| Met West | 1.48% | 0.69% | 2.66% | 3.11% | 4.29% |
| Blmbg Aggregate Index | 1.45% | (0.31%) | 2.48% | 2.21% | 3.19% |
| Total Plan | 3.07% | 12.52% | 5.07% | 8.93% | 9.57% |
| Target* | 3.34% | 12.71% | 5.05% | 8.39% | 9.12% |

*Current quarter target = 35% Bloomberg Barclays Agg, 32% S&P 500, 14% MSCI EAFE, 8% Russell 2000, 6% MSCI Emerging Markets Index, and 5% MSCI EAFE Small Cap

Callan

June 30, 2017



Sacramento Regional Transit District Retirement Plans

Investment Measurement Service
Quarterly Review

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. Callan does not provide advice regarding, nor shall Callan be responsible for, the purchase, sale, hedge or holding of individual securities, including, without limitation securities of the client (i.e., company stock) or derivatives in the client's accounts. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the conformity of individual security holdings with the client's investment policies and guidelines, nor has it assumed any responsibility to do so. Advice pertaining to the merits of individual securities and derivatives should be discussed with a third party securities expert. Copyright 2017 by Callan Associates Inc.

Table of Contents

June 30, 2017

| | |
|------------------------------------|-----|
| Executive Summary | 1 |
| Capital Markets Review | 3 |
| Combined Plan | |
| Actual vs Target Asset Allocation | 20 |
| Quarterly Total Plan Attribution | 21 |
| Cumulative Total Plan Attribution | 22 |
| Total Fund Performance | 24 |
| Historical Asset Allocation | 25 |
| Asset Growth Summary | 27 |
| Investment Manager Performance | 28 |
| Domestic Equity | |
| Domestic Equity | 34 |
| Large Cap | 38 |
| SSgA S&P 500 | 42 |
| Boston Partners | 46 |
| Atlanta Capital | 55 |
| International Equity | |
| International Equity | 65 |
| SSgA EAFE | 70 |
| AQR | 76 |
| DFA Emerging Markets | 84 |
| Domestic Fixed Income | |
| Metropolitan West Asset Management | 93 |
| Definitions | 98 |
| Callan Research/Education | 101 |
| Disclosures | 104 |

Sacramento Regional Transit District

Executive Summary for Period Ending June 30, 2017

Asset Allocation



Performance

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|-------------------|--------------|---------------|--------------|--------------|--------------|
| Total Plan | 3.07% | 12.52% | 5.07% | 8.93% | 9.57% |
| Target* | 3.34% | 12.71% | 5.05% | 8.39% | 9.12% |

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

| Manager | Peer Group Ranking | | |
|-----------------|--------------------|--------------|--------------|
| | Last Year | Last 3 Years | Last 7 Years |
| Boston Partners | 23 | 43 | 26 |
| Atlanta Capital | 96 | 8 | 19 |
| AQR | [63] | [41] | [44] |
| DFA | 67 | 64 | [69] |
| MetWest | 90 | 85 | 76 |

Brackets indicate performance linked with manager's composite

Watch List

- JP Morgan was on the watch list. They were replaced by Pyrford in June.

Items Outstanding

N/A

*Current quarter target = 35% Bloomberg Barclays Aggregate Index, 32% S&P 500 Index, 8% Russell 2000 Index, 14% MSCI EAFE Index, 5% MSCI EAFE Small Cap Index, and 6% MSCI Emerging Markets Index.



Second Quarter 2017

Why Is Inflation So Low?

ECONOMY

2 Both price and wage inflation remain subdued, even after eight years of recovery, when inflationary pressures typically build. Why? There is no consensus on the cause, but both issues weigh heavily on the Fed as it charts future rate hikes and unwinds its balance sheet.

Many Funds 'Risk Up' for Returns

FUND SPONSOR

4 Many fund sponsors feel compelled to take on substantial market risk to attempt to close a funding gap or meet spending needs without eroding the corpus. Fund sponsors are further focusing on diversification within each asset class to help mitigate their overall risk.

Many Shocks, but No Signs of Slowing

EQUITY

6 U.S. stocks inched higher, despite turbulent events in the news, and the **S&P 500 Index** hit a record high during the second quarter. Non-U.S. developed equity outperformed its U.S. counterpart, helped by a weak U.S. dollar, while emerging markets outpaced developed markets.

On the Hunt for More Yield Globally

FIXED INCOME

9 In their continued hunt for stable yields, investors gravitated to corporate bonds in the U.S., and favored municipal bonds over Treasuries. Unhedged non-U.S. bonds got help from the weak dollar, while emerging market fixed income saw strong demand from yield-hungry investors.

Some Positive Signs Emerging

REAL ESTATE

11 The **NCREIF Property Index** rebounded from last quarter's seven-year low return while the **NCREIF Open End Diversified Core Equity Index** set a new seven-year low. U.S. REITs underperformed global REITs, but still managed to generate positive returns.

Happy Campers

PRIVATE EQUITY

13 A bucolic summer has favored the private equity market, with moderate increases across transactional measures and liquidity remaining hearty. Fundraising finished the quarter ahead of last year, buyout investment showed large gains, and venture investment ticked up.

As the World Churns, Despachito

HEDGE FUNDS

14 The **Credit Suisse Hedge Fund Index** rose 0.8%, while the median manager in the **Callan Hedge Fund-of-Funds Database** advanced 0.9%. Growth in Europe and Japan this quarter provided a friendly setting for hedge funds seeking alternative risks.

Best Return for DC Index Since 2013

DEFINED CONTRIBUTION

15 The Callan DC Index™ climbed 4.7% in the first quarter, its highest quarterly return since the end of 2013, after an 8.0% gain in 2016. But the DC Index did markedly lag the Age 45 Target Date Fund (+5.6%). Plan balances grew 4.74%, primarily driven by investment returns.

Broad Market Quarterly Returns

U.S. Equity
Russell 3000

+3.0%

Non-U.S. Equity
MSCI ACWI ex USA

+5.8%

U.S. Fixed Income
Bloomberg Barclays Agg

+1.4%

Non-U.S. Fixed Income
Bloomberg Barclays Gbl ex US

+3.5%

Sources: Bloomberg Barclays, MSCI, Russell Investment Group

Why Is Inflation So Low?

ECONOMY | Jay Kloepfer

We are now eight years into the economic recovery in the U.S., arguably the latter stages of a mature expansion and at a point where inflationary pressures typically begin to build. Yet price and wage inflation remain stubbornly subdued. Headline and particularly core inflation have drifted down over the past several months. Headline inflation (the CPI – All Urban) climbed above 2% in December 2016 and stayed near 2.5% until May 2017, when it began to ebb. The Index was unchanged in June, meaning zero inflation month to month; the year-over-year change is now 1.6%. The Fed’s targeted measure of core inflation (personal consumption expenditures (PCE) less food and energy) slipped to a year-over-year gain of just 1.4% in May and will likely show a flattening similar to the CPI-U in June. This decline in core inflation is both baffling and frustrating to the Fed, and it provides a headwind to its efforts to bring interest rates back to “normal.”

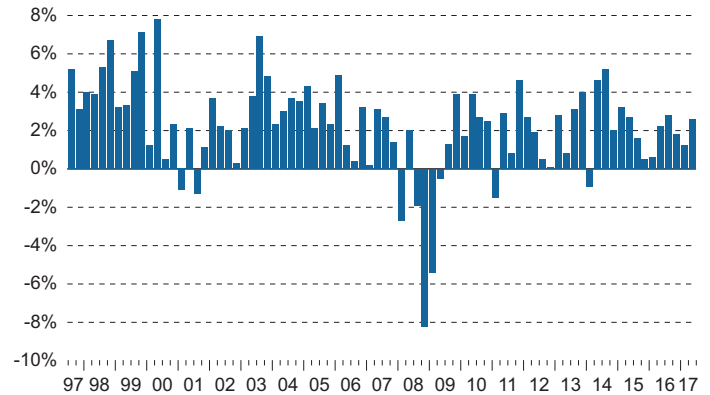
Low wage growth is also a mystery in the U.S., where it has remained below 3% for years while the unemployment rate has fallen to a 16-year low of 4.4% in June, and stories of tight labor markets abound in industries around the country.

The explanations for persistent low inflation are varied, but there is no consensus on the cause. The most plausible reasons include: 1) lackluster global growth; 2) excess industrial capacity, much of it in China, pushing down goods prices; and 3) technology, specifically product and process innovations that slash production costs.

Weak wage growth is more of a conundrum, especially in economies such as the U.S. that appear to be at full employment. Why hasn’t the job market pressure pushed up overall wages? More plausible explanations include: 1) a large pool remains of workers not properly captured in the official unemployment data (discouraged workers, the long-term unemployed); 2) the replacement of retiring higher-wage baby boomers with lower-wage young workers, skewing the average wage downward;

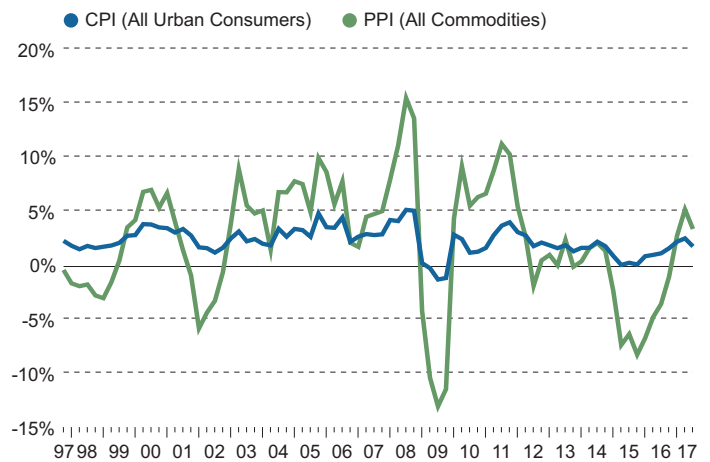
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

3) poor productivity growth, paired with 4) use of technology to replace workers with capital, particularly in low-wage, low-skilled jobs; and 5) a related shift in market power from labor to capital. None of these factors alone explain the persistence of low inflation and low wage growth, but the interaction of these factors tells a believable story.

In addition to the conundrum of low inflation, the state of growth weighs heavily on the Fed's deliberations on the path to future interest rate hikes and the size of its balance sheet. Second quarter GDP growth came in at 2.6%, roughly in line with expectations. The solid (if unspectacular) figure built on the upward revision to disappointing data in the first quarter, which was adjusted up from 0.7% to 1.2%. Consumer spending, job growth, and capital spending have been strong enough to enable the U.S. economy to amble on at a reasonable if unspectacular (although sometimes halting) pace for eight years. Consumer spending has been the engine for growth, increasing faster than GDP (2.8% in the second quarter), and supported by gains in employment, disposable income, and household wealth. The combination of a strong job market, continued stock market gains, and the expectation for tax cuts coming from the Trump administration and the Republican Congress has fueled consumer confidence, and with it spending, since the start of 2017—although confidence did take a breather in the second quarter.

Business fixed investment enjoyed a strong first quarter with a 7.2% gain, driven by close to 15% growth in structures (including oil and gas mining), and followed with another 5% gain in the second quarter. The rebound in the oil and gas sector suggests the spending on capital has built some momentum.

Residential housing spending took a hit in the second quarter, falling by 6.8%, somewhat in defiance of the laws of economics as the supply of homes for sale is not keeping up with demand. The nation-wide average price for a new home reached an all-time high in May, topping \$400,000. High prices should be driving builders to build, but the permits and starts for both

The Long-Term View

| Index | 2017 2nd Qtr | Periods ended Dec. 31, 2016 | | | |
|---------------------------------|-----------------|-----------------------------|-------|--------|--------|
| | | Year | 5 Yrs | 10 Yrs | 25 Yrs |
| U.S. Equity | | | | | |
| Russell 3000 | 3.02 | 12.74 | 14.67 | 7.07 | 9.29 |
| S&P 500 | 3.09 | 11.96 | 14.66 | 6.95 | 9.15 |
| Russell 2000 | 2.46 | 21.31 | 14.46 | 7.07 | 9.69 |
| Non-U.S. Equity | | | | | |
| MSCI ACWI ex USA | 5.78 | 4.50 | 5.00 | 0.96 | – |
| MSCI Emerging Markets | 6.27 | 11.19 | 1.28 | 1.84 | – |
| MSCI ACWI ex USA Small Cap | 8.07 | 3.78 | 9.67 | 3.03 | 6.70 |
| Fixed Income | | | | | |
| Bloomberg Barclays Agg | 1.45 | 2.65 | 2.23 | 4.34 | 5.63 |
| 90-Day T-Bill | 0.20 | 0.33 | 0.12 | 0.80 | 2.71 |
| Bloomberg Barclays Long G/C | 4.39 | 6.67 | 4.07 | 6.85 | 7.58 |
| Bloomberg Barclays GI Agg ex US | 3.55 | 1.49 | -1.39 | 2.44 | 4.73 |
| Real Estate | | | | | |
| NCREIF Property | 1.75 | 7.97 | 10.91 | 6.93 | 8.63 |
| FTSE NAREIT Equity | 1.52 | 8.52 | 12.01 | 5.08 | 11.13 |
| Alternatives | | | | | |
| CS Hedge Fund | 0.76 | 1.25 | 4.34 | 3.75 | – |
| Cambridge PE* | – | 9.20 | 12.78 | 9.40 | 15.39 |
| Bloomberg Commodity | -3.00 | 11.77 | -8.95 | -5.57 | 2.55 |
| Gold Spot Price | -0.71 | 8.63 | -5.97 | 6.08 | 4.82 |
| Inflation – CPI-U | 0.47 | 2.07 | 1.36 | 1.81 | 2.26 |

*Most recent quarterly data not available.

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

single-family and multi-family homes declined in May before recovering somewhat in June. The restraint on construction activity may stem from tightened standards on commercial real estate loans, particularly on multi-family homes, and rising interest rates.

Recent Quarterly Economic Indicators

| | 2Q17 | 1Q17 | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Employment Cost–Total Compensation Growth | 2.4% | 2.4% | 2.2% | 2.3% | 2.3% | 1.9% | 2.0% | 2.0% |
| Nonfarm Business–Productivity Growth | 1.3%* | 0.0% | 1.8% | 3.3% | -0.1% | -0.7% | -2.0% | 1.8% |
| GDP Growth | 2.6% | 1.2% | 1.8% | 2.8% | 2.2% | 0.6% | 0.5% | 1.6% |
| Manufacturing Capacity Utilization | 75.5% | 75.3% | 75.1% | 74.9% | 75.1% | 75.4% | 75.4% | 75.7% |
| Consumer Sentiment Index (1966=100) | 96.4 | 97.2 | 93.2 | 90.3 | 92.4 | 91.5 | 91.3 | 90.8 |

*Estimate.

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

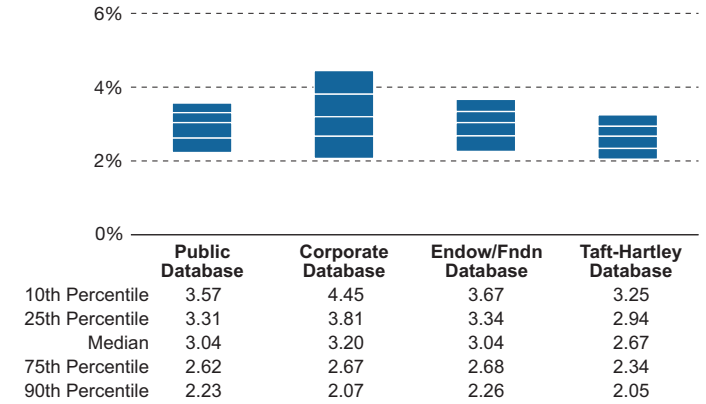
Many Funds ‘Risk Up’ for Returns

FUND SPONSOR | Todd Carabasi, Tom Shingler

Fund sponsors are beginning to come to grips with lower capital market return expectations. Pension funds are reducing actuarial return assumptions, and endowments and foundations are discussing and making adjustments to spending rules. Some funds are addressing this issue by taking on substantial market risk (80%-85% in risky assets) to attempt to close a funding gap or meet spending needs without eroding the corpus. Fund sponsors are further focusing on diversification within each asset class to help mitigate their overall risk.

Fund sponsors face the challenge of looking for investments with attractive real return expectations while seeking at least some diversification to the beta of equities to smooth the ride within the growth allocation. By focusing on diversifiers, funds can consider adding investments like high yield, low-volatility equity, hedge funds, multi-asset class funds, and options-based strategies. This also allows for new strategies to be brought into the fold, based on anticipated diversification benefits or return enhancement. This broadening of growth assets

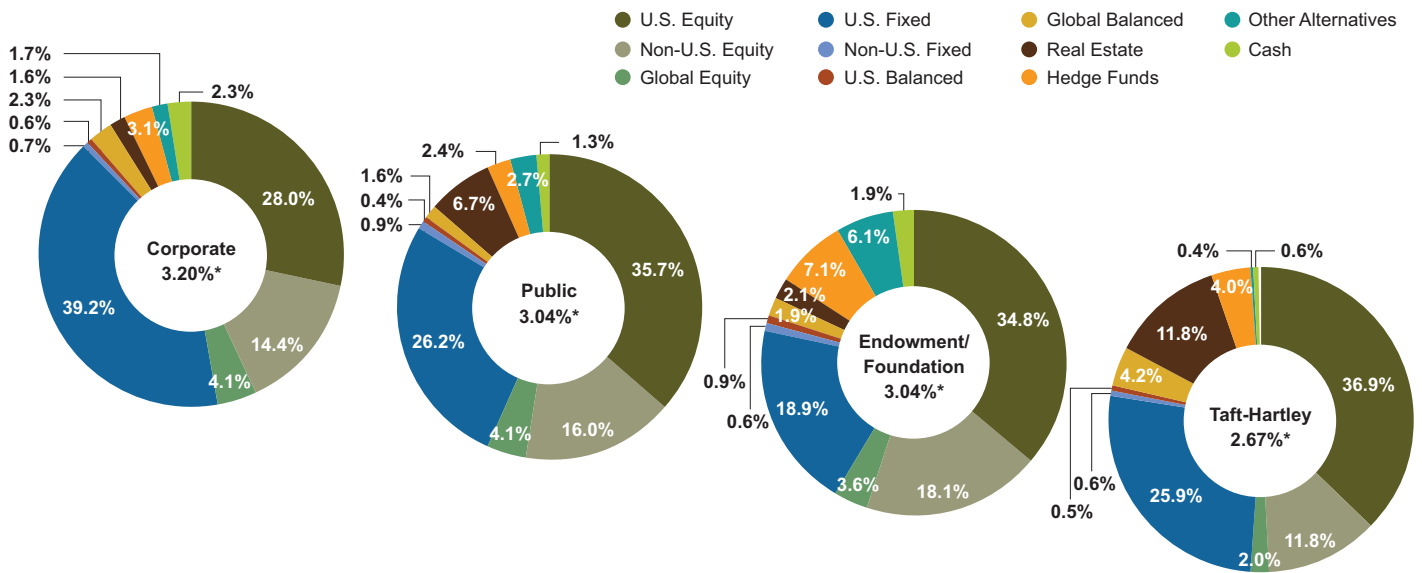
Callan Fund Sponsor Returns for the Quarter



Source: Callan

can lead to a sharper focus on refining fixed income exposure to gain a “purer” exposure to interest rate sensitivity and to serve as an anchor to the portfolio in a bear market (e.g., allocating the fixed income portfolio to long-duration Treasuries).

Callan Fund Sponsor Average Asset Allocation



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

At the same time, with U.S. equities continuing their unprecedented positive run, fund sponsors are asking the question “Why diversify?” The answer: While results in non-U.S. equity, real assets, and alternatives have lagged U.S. equities in the last five years, their longer-term diversifying characteristics warrant consideration.

The active/passive discussion continues to loom large. The argument to retain active managers to protect in a down market and be nimble in a volatile, low-return environment is compelling to some, but many fund sponsors are weary of historical underperformance by active equity managers. Additionally, the use of passive management helps control costs.

Callan has observed the following trends over the last five years:

- The U.S. fixed income allocations for corporate plan sponsors has increased overall and has become more widely dispersed as plans take different steps to de-risk plan assets.
- Many public funds have increased their allocation to non-U.S.

equity, real estate, and other alternatives at the expense of fixed income and U.S. equity. Simultaneously, some of the fixed income exposure has become more equity-like in nature, with allocations to areas like high yield.

- Endowments and foundations have continued to move assets from fixed income to asset classes with expectations for higher returns, such as global equity and real estate.

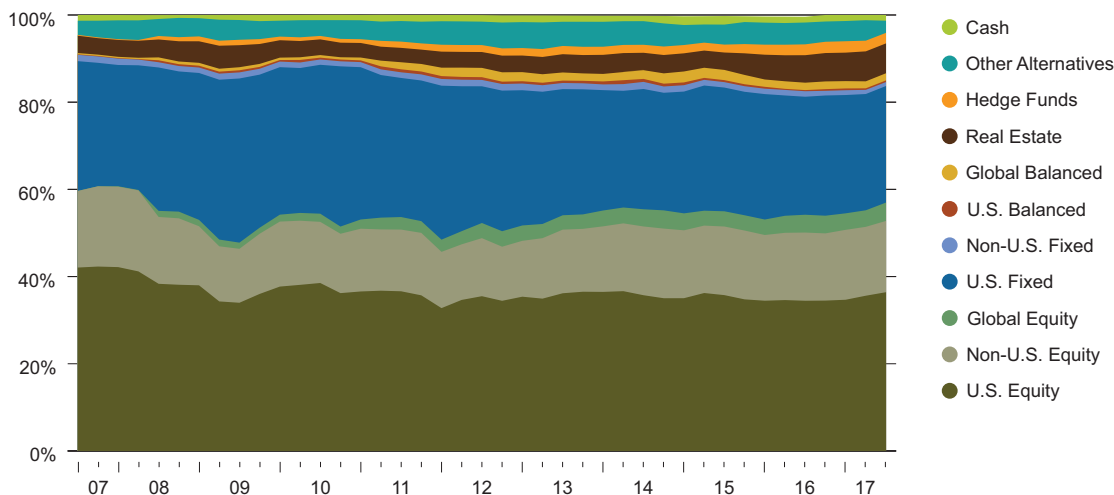
A 60% S&P 500/40% Bloomberg Barclays U.S. Aggregate Bond Index portfolio returned 10.4% over the year ended June 30, 2017. All of the broad fund sponsor groups tracked in Callan’s database topped the 60/40 portfolio over that period.

Endowments and foundations underperformed other fund sponsor groups over the past three, five, and ten years. But they did have the best performance over the last year.

Taft-Hartley plans were the best-performing group over the past three and five years. Corporate plans beat other groups over the last 10 years.

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.

Global Equity

U.S. Stocks: Shocks, but No Slowing

+3.0%

RUSSELL 3000

Despite an increase in interest rates and turbulent events in the news, including disruptions within the Trump administration and terrorist attacks in the U.K., U.S. stocks continued to inch higher during the second quarter. Amid this volatile macro backdrop, S&P 500 companies reported the strongest quarterly earnings growth rate in six years (70% reported profits above expectations), and the **S&P 500 Index** hit a record high during the quarter.

Large cap stocks outperformed mid and small caps (S&P 500 Index: +3.1%; **Russell 2000 Index**: +2.5%). Strong earnings reports out of large cap stocks contributed to their leg up over small cap. Large cap was also buoyed by the continued flow of assets into passively managed strategies, especially ETF vehicles.

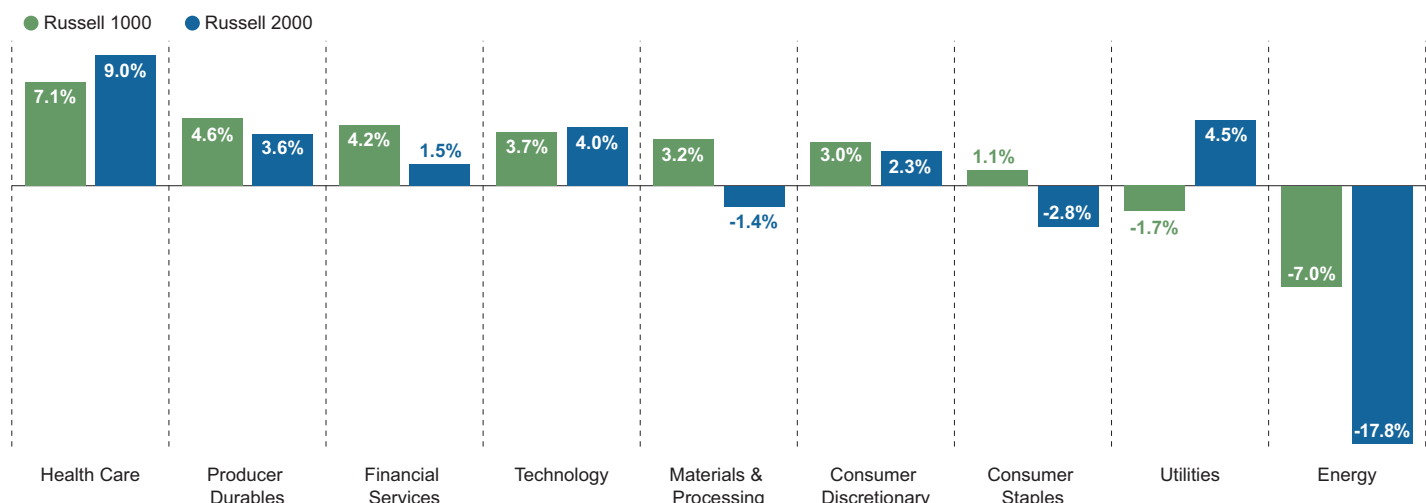
Small cap valuations kept stretching higher and, as a result, investors continued to take profits following a boon year in 2016. The continued expansion in small cap multiples may be giving some investors pause, particularly as the current economic upturn is nearing nine years.

Growth outperformed value across large and small caps (**Russell 1000 Growth**: +4.7% vs. **Russell 1000 Value**: +1.3%; **Russell 2000 Growth**: +4.4% vs. **Russell 2000 Value**: +0.7%). The strong-performing “FAAMG” stocks (Facebook, Amazon, Apple, Microsoft, and Google) comprised 22% of the S&P 500’s return in the second quarter versus 32% in the first. Investors continued to be drawn to the top-line growth prospects and market share gains at these large, established firms.

Investor sentiment broadened across sectors in the second quarter compared to the first, as a wider range of firms reported positive results. Top sectors in the S&P 500 included Health Care (+7.1%), which rallied on the Trump administration’s prospect of change to the Affordable Care Act; Industrials (+4.7%), which benefited from declining commodity prices; Financials (+4.2%), spurred by the Fed’s announcement that 34 of the largest banks passed their stress tests, the largest cohort to do so since the tests began; and Tech (+4.1%), on the continued rise of those FAAMG stocks.

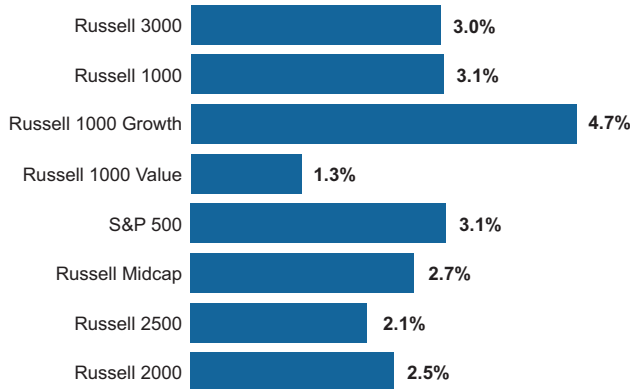
Energy (-6.4%) and Telecom (-7.0%) were the laggards. Crude oil prices fell due to an increase in supply, the result of a milder winter. In addition, improving efficiency within the U.S. fracking

Quarterly Performance of Select Sectors



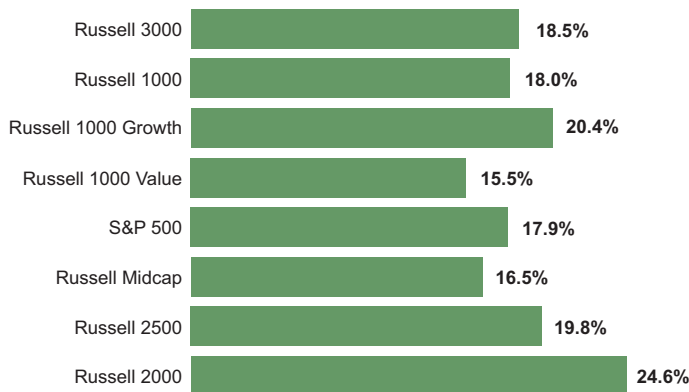
Source: Russell Investment Group

U.S. Equity: Quarterly Returns



Sources: Russell Investment Group and Standard & Poor's

U.S. Equity: One-Year Returns



Sources: Russell Investment Group and Standard & Poor's

industry impacted prices. Within Telecom, competition for market share intensified in the increasingly commoditized (and consolidated) space.

Value stocks were hurt by Consumer Staples companies resetting to more sensible valuations following the strong rally in 2016 that resulted from the “yield trade,” as investors sought the safety of strong dividends and lower-volatility stocks.

From a factor perspective, Momentum (+7.9%) was the top-performing factor while Enhanced Value (weighted to the forward price-earnings ratio, enterprise value/cash flow from operations, and price-to-book value of stocks in the factor) fared worst (+1.3%). Momentum was favored as investors sought stocks with demonstrated earnings growth.

Non-U.S. Stocks: Europe’s Recovery a Boost

+5.8%

MSCI ACWI ex USA

Non-U.S. developed equity outperformed the U.S. for the second consecutive quarter, fueled by economic recovery in Europe and market-friendly outcomes in European elec-

tions. The **MSCI Europe Index** jumped 7.4% and the **MSCI World ex USA Index** notched a 5.6% gain, compared to the 3.1% rise in the S&P 500.

Gains were broad-based and helped by weakness in the U.S. dollar, which lost about 7% versus the euro and 5% versus a broad basket of currencies.

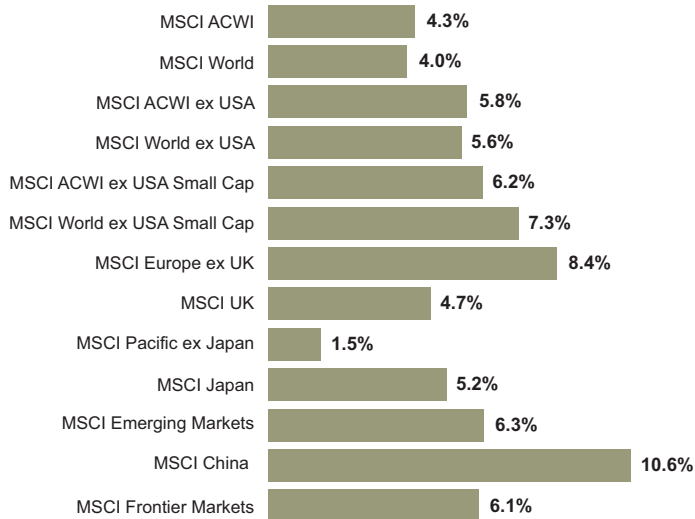
The euro rallied as a result of hawkish comments from the European Central Bank, coupled with improving European economic and sentiment indicators. European Financials benefited from expectations of higher rates, and European Industrials were propped up by stronger economic expectations.

Energy and Telecom Services were the only sectors in developed markets with negative second quarter returns. Energy fell as oil prices continued to languish due to an imbalance between supply and demand—despite OPEC’s efforts to cut production. Telecom Services were buffeted by pricing pressure.

Within the MSCI indices, Europe ex-U.K. was up 8.4%, the U.K. gained 4.7%, and Japan returned 5.2%. Small caps outperformed; the **MSCI EAFE Small Cap Index** rose 8.1%.

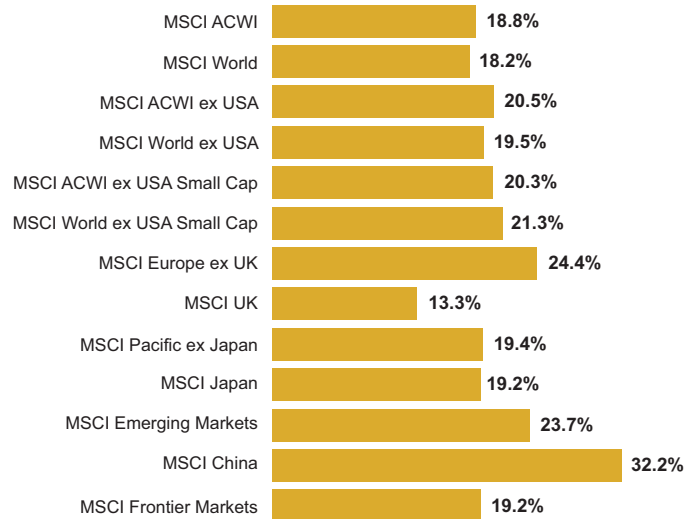
Looking at the global picture for stocks, the **MSCI ACWI Index** gained 4.3%, and developed and emerging markets outperformed the U.S. (**MSCI ACWI ex USA Index: +5.8%**), due largely to broad-based weakness in the U.S. dollar.

Non-U.S. Equity: Quarterly Returns (U.S. Dollar)



Source: MSCI

Non-U.S. Equity: One-Year Returns (U.S. Dollar)



Source: MSCI

Emerging Markets: Tech Triumphs

+6.3%

MSCI EM

Emerging markets outpaced the developed markets for the second straight quarter, propelled by Technology companies in China, South Korea, and Taiwan. The **MSCI Emerging Markets Index** gained 6.3%. Industry leaders in online and mobile commerce, payments, digital media, cloud computing, and smartphones are monopolizing the markets. That includes Tencent and Alibaba in China; Samsung in South Korea; and Taiwan Semiconductor Manufacturing in Taiwan.

Positive economic momentum and European election results placed Greece (+33.8%) and Hungary (+19.4%) as the top two performing countries in emerging markets. China rose 10.6%, while India's gain was muted at +2.9%, though it remains a top performer year-to-date (+21%). The three worst-performing countries were Qatar (-10.9%), Russia (-10.0%), and Brazil (-6.7%). Qatar was hit after four Arab nations (Saudi Arabia, the United Arab Emirates, Egypt, and Bahrain) imposed an embargo, accusing the country of backing terrorism. Russia slumped because of declining oil prices and looming new

sanctions. And continuing political instability in Brazil (including President Michel Temer's bribery scandal) and commodity prices weighed on the country.

Quality, growth, and momentum factors dominated the market given the returns of large cap technology companies.

Non-U.S. Small Cap: All Over the Map

+6.2%

MSCI ACWI EX US SC

Developed non-U.S. small cap stocks outperformed large cap equity, as they were better positioned for the local economic recovery in Europe. But small cap equity lagged large cap in emerging markets, due to the performance of the large cap tech companies. The **MSCI World ex USA Small Cap Index** climbed 7.3% while the **MSCI Emerging Markets Small Cap Index** increased 2.6%.

Energy was the worst-performing sector in developed and emerging markets due to declining oil prices, which also caused growth to outperform value in developed small cap. Financials, the top performing sector for the quarter, offset Energy; on the heels of positive economic data and election results, Eastern European Financials rallied.

Global Fixed Income

U.S. Bonds: On the Hunt for Yield

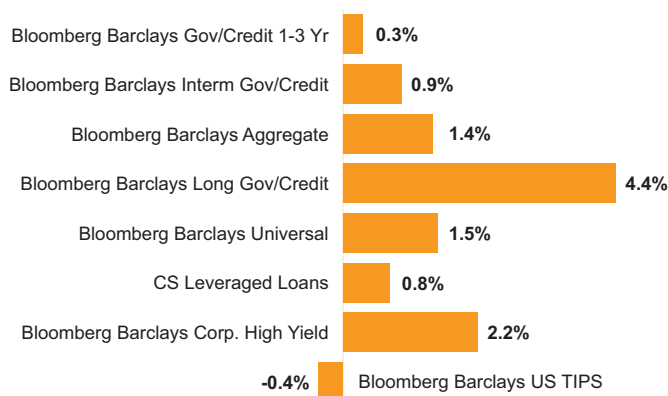
+1.4%

BB AGGREGATE

Corporate bonds performed best in the second quarter on strong demand. Investors continued their hunt for stable yields that are higher than what is available for like-duration government bonds. The **Bloomberg Barclays US Corporate Bond Index** was up 2.5% (+3.8% year to date), while the **Bloomberg Barclays US Aggregate Bond Index** rose 1.4% (+2.3% YTD). Credit fundamentals remained strong with solid earnings growth and a modest (but acceptable) economic growth environment; corporate balance sheets appeared to be in good shape. And although rates have moved higher on the front end, overall the curve has flattened; the demand for yield is providing support for spread sectors broadly.

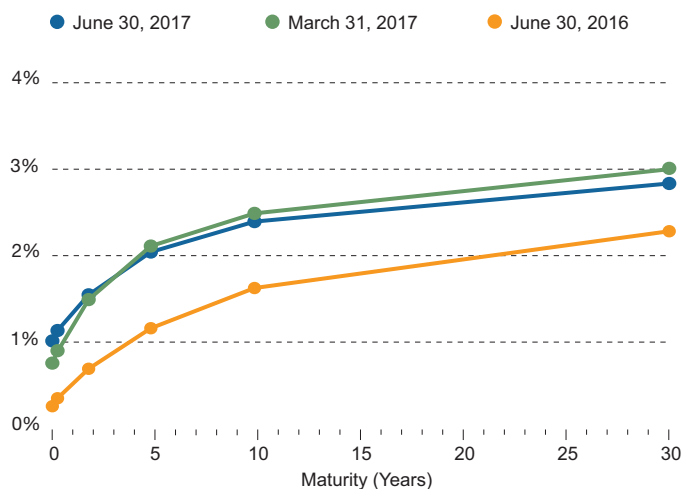
The **Bloomberg Barclays Corporate High Yield Index** increased 2.2%. Low interest rates continued to be a catalyst pushing investors out the risk spectrum in search of higher yields. Default expectations are low across most sectors, providing some comfort to investors. Energy was the only high-yield sector to decline (-0.66%). Rising inventories and concern over OPEC policy put pressure on oil prices, which have fallen approximately 17% so far this year.

U.S. Fixed Income: Quarterly Returns



Sources: Bloomberg Barclays and Credit Suisse

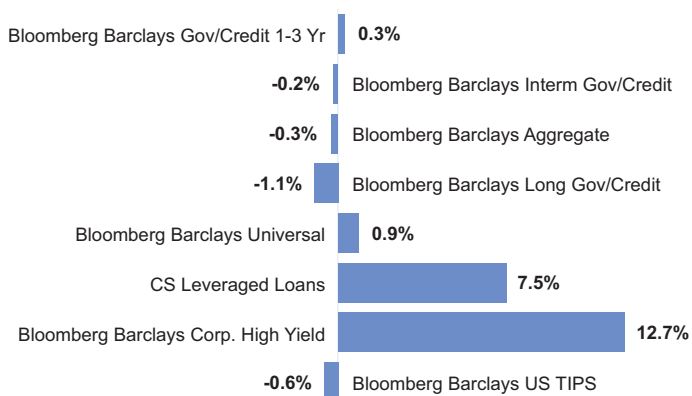
U.S. Treasury Yield Curves



Source: Bloomberg

In the government market, municipal bonds outperformed Treasuries. The **Bloomberg Barclays Municipal Bond Index** was up 2.0%, compared to the **Bloomberg Barclays US Treasury Index** (+1.2%). Results were bolstered by lowered expectations for tax reform and favorable supply/demand technicals. The Fed, viewing inflation weakness as temporary, raised rates by 25 basis points, as expected. The yield curve flattened over the quarter, with short rates rising and longer

U.S. Fixed Income: One-Year Returns



Sources: Bloomberg Barclays and Credit Suisse

GLOBAL FIXED INCOME (Continued)

rates falling. The 10-year U.S. Treasury yield closed the quarter at 2.31%, down from 2.40% as of March 31, though it hit a 2017 low of 2.12% earlier in June. The 2-year U.S. Treasury yield climbed 11 bps to close at 1.38%.

TIPS underperformed as expectations for inflation sank, a reversal from the previous quarter; the **Bloomberg Barclays US TIPS Index** fell 0.4%. The 10-year breakeven spread (the difference between nominal and real yields) was 1.73% as of quarter-end, down from 1.97% at the end of the first quarter, as inflation came in below expectations for the third consecutive month.

Non-U.S. Bonds: Our Pain, Their Gain

+3.5%

BB GBL AGG EX US

A weaker U.S. dollar helped unhedged non-U.S. bonds and hindered hedged bonds. The **Bloomberg Barclays Global Aggregate ex-US Bond**

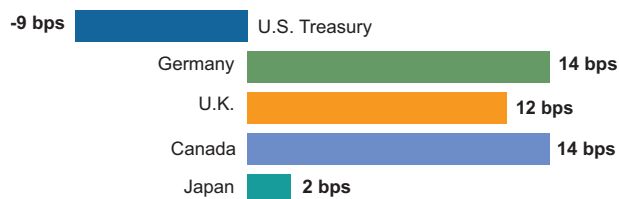
Index (unhedged) jumped 3.5%, while the hedged Index rose only 0.6%. The U.S. dollar lost nearly 7% versus the euro and almost 5% versus a broad basket of developed market currencies. Positive economic growth and hawkish rhetoric from the European Central Bank (ECB) and the Bank of England drove strong results in the euro and the British pound compared to the U.S. dollar. The quarter closed with an upbeat assessment of the euro zone's recovery from the president of the ECB, Mario Draghi, fueling speculation that the tapering of ECB asset purchases may be on the horizon. This change

in tone spooked investors and sent global yields higher and stocks lower going into quarter-end.

Despite growing geopolitical tension and pressure on energy and commodity prices, the demand for yield drove returns in emerging market (EM) debt amid a strong technical climate supported by robust investor flows. The dollar-denominated **JPM EMBI Global Diversified Index** was up 2.2%, and the local currency-denominated **JPM GBI-EM Global Diversified Index** jumped even more sharply, rising 3.6%. The weaker U.S. dollar and relatively higher local yields pushed EM local debt returns higher for the quarter and the year, continuing the post-election rebound.

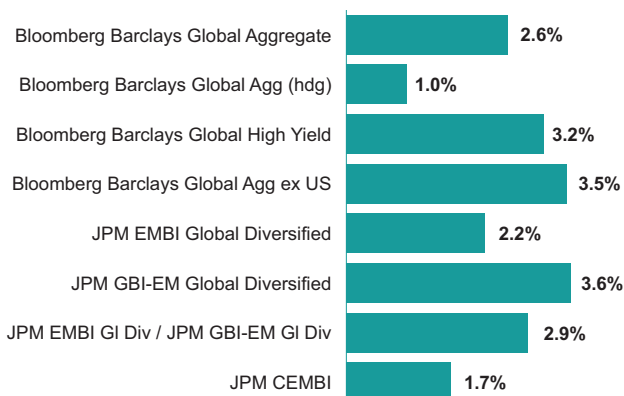
Change in 10-year Global Government Bond Yields

1Q17 to 2Q17



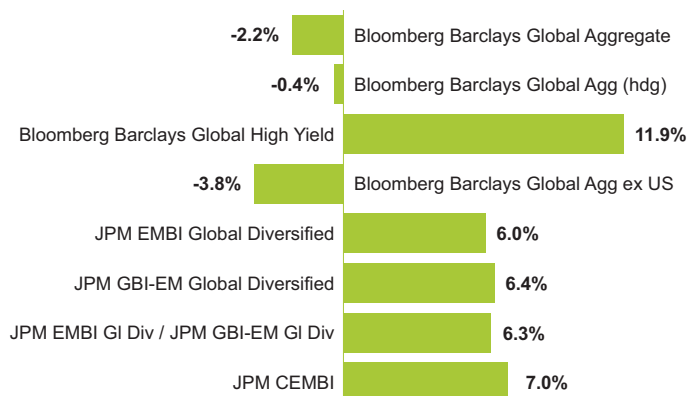
Source: Bloomberg Barclays

Non-U.S. Fixed Income: Quarterly Returns



Sources: Bloomberg Barclays and JP Morgan

Non-U.S. Fixed Income: One-Year Returns



Sources: Bloomberg Barclays and JP Morgan

Some Positive Signs Emerging

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** advanced 1.8% during the second quarter (1.2% from income and 0.6% from appreciation). This marked the 34th consecutive quarter of positive returns for the Index. Appreciation return increased from the previous quarter, the first such gain since the first quarter of 2015.

Industrial (+3.1%) was the best-performing sector for the fifth consecutive quarter with Hotel (+1.8%), Office (+1.6%), Retail (+1.5%), and Apartments (+1.5%) also gaining. The West region was the strongest performer for the third quarter in a row, returning 2.2%, and the Midwest lagged with a 1.3% return. Transaction volume increased to \$7.7 billion, up 11% from the first quarter but down 14.5% from the second quarter of 2016. Appraisal capitalization rates increased to 4.5%, slightly up from last quarter. Transaction capitalization rates fell to 6.1% from last quarter's 12-quarter high of 6.3%. The spread between appraisal and transaction rates decreased to 1.6 percentage points.

Occupancy rates fell for the second consecutive quarter to 92.8%. Apartment and Retail occupancy rates increased slightly while Industrial and Office rates decreased.

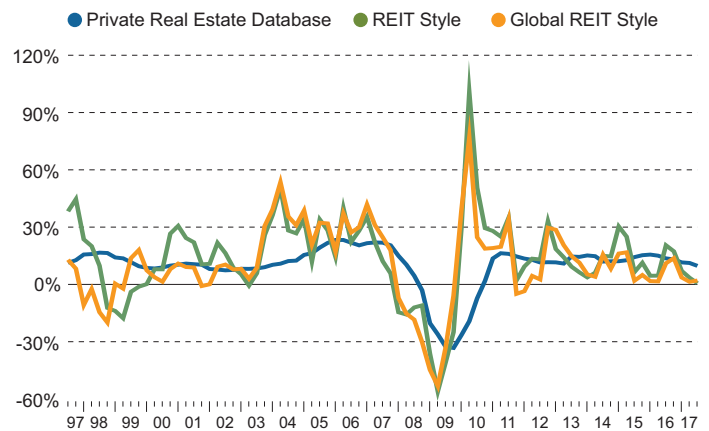
The **NCREIF Open End Diversified Core Equity Index** rose 1.7% (1.1% from income and 0.6% from appreciation), a decline from the first quarter and the lowest since 2010. Income returns increased slightly and appreciation fell to a new seven-year low.

Global real estate investment trusts (REITs), tracked by the **FTSE EPRA/NAREIT Developed REIT Index (USD)**, posted a 3.1% return, outpacing U.S. REITs, which gained 1.5% as measured by the **FTSE NAREIT Equity REITs Index**.

In the U.S., REITs rebounded in June after being relatively flat in April and negative in May. Retail (-7.6%) was again the worst performer, depressed by weak earnings results from large retailers and the growing market share of e-commerce. Self-Storage (-2.7%), Specialty (-0.6%), and Timber (-0.1%) also fell. Health Care (+5.3%) remained strong as efforts to overturn the Affordable Care Act faltered. Industrial (+12.0%), Data Centers (+9.2%), Infrastructure (+8.8%), and Residential (+6.0%) all experienced strong gains.

Europe, as represented by the **FTSE EPRA/NAREIT Europe Index**, was the strongest performing region, returning 10.6% in U.S. dollar terms. The euro's appreciation against the dollar was a major driver of returns, as was strong, diversified growth across the majority of the region's economies. The successful takeover of several Spanish and Italian banks boosted continental European stocks and helped them outperform their U.K. peers.

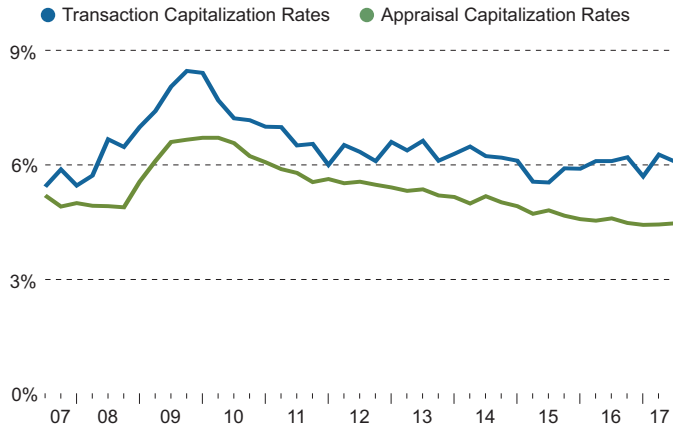
Rolling One-Year Returns



Source: Callan

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

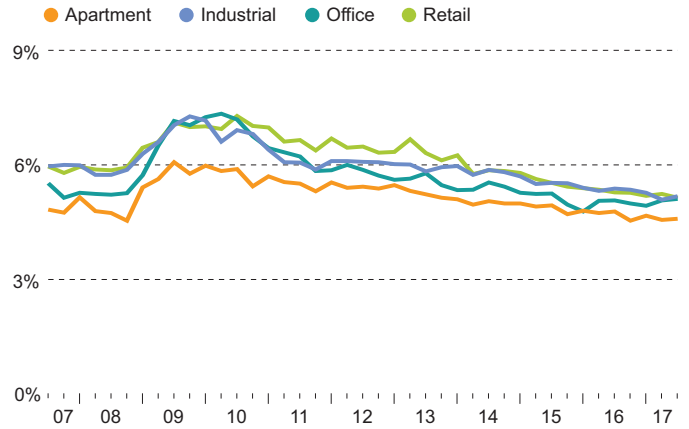
NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF
 Note: Transaction capitalization rate is equal weighted.

The Asia-Pacific region outperformed the U.S. but lagged Europe. Singapore and Hong Kong again provided the strongest regional performance while Australia lagged behind, hurt by a weak retail sector. Japanese REITs suffered negative returns this quarter, but strong results from Japanese developers were enough to push the aggregate real estate index to a positive return.

NCREIF Capitalization Rates by Property Type



Source: NCREIF
 Note: Capitalization rates are appraisal-based.

Commercial mortgage-backed securities (CMBS) issuance for the quarter increased to \$20.2 billion, a 79% increase over \$13.9 billion in the first quarter. This also represented a 44.1% increase over the second quarter of 2016 (\$11.3 billion).

Happy Campers

PRIVATE EQUITY | Gary Robertson

New private equity partnership commitments totaled \$85.5 billion in the second quarter, with 319 new partnerships formed, according to *Private Equity Analyst*. The number of funds increased 3% from 310 in the first quarter, and the dollar volume rose 7% from \$80.0 billion. Apollo IX raised the most capital in the quarter, \$23.5 billion, and subsequently topped up to \$24.6 billion for the final close—the largest buyout fund ever raised. The largest European (CVC VII: \$19 billion) and Asian (KKR Asia III: \$9.3 billion) funds were also closed this quarter.

Investments by funds into companies totaled 127 deals, up 69% from 75 in the prior quarter, according to *Buyouts* newsletter. The announced total volume was \$72 billion, up 177% from \$26 billion in the first quarter. Fifteen deals with announced values of \$1 billion or more closed in the quarter.

New investments in venture capital companies totaled 1,963 rounds of financing with \$21.8 billion of announced value, according to the National Venture Capital Association. The number of rounds closely mirrored the 1,954 in the first quarter, but announced dollar value increased 36% from \$16.0 billion.

Buyouts reports there were 161 private M&A exits of buyout-backed companies, with 41 deals disclosing values totaling

Funds Closed January 1 to June 30, 2017

| Strategy | No. of Funds | Amt (\$mm) | Percent |
|---------------------|--------------|----------------|-------------|
| Venture Capital | 282 | 16,421 | 10% |
| Buyouts | 220 | 120,352 | 73% |
| Subordinated Debt | 26 | 7,326 | 4% |
| Distressed Debt | 13 | 7,189 | 4% |
| Secondary and Other | 23 | 5,249 | 3% |
| Fund-of-funds | 65 | 8,945 | 5% |
| Totals | 629 | 165,481 | 100% |

Source: Private Equity Analyst
Figures may not total due to rounding.

\$18.3 billion. The M&A exit count was flat with the prior quarter's 162, but the announced value increased 15% from \$15.9 billion. There were seven buyout-backed IPOs in the second quarter (a two-year high), raising an aggregate \$2.0 billion. The number increased from five the prior quarter, but the total proceeds decreased from \$3.1 billion.

Venture-backed exits (both private sales and IPOs) totaled 156 transactions, and disclosed value totaled \$10.5 billion. Exits declined 19% from the first quarter's 192, and the dollar volume declined 28% from \$14.6 billion.

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

Private Equity Performance Database (%) (Pooled Horizon IRRs through March 31, 2017*)

| Strategy | 3 Months | Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
|---------------------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|
| All Venture | 3.17 | 6.77 | 12.30 | 14.35 | 9.71 | 7.66 | 21.22 |
| Growth Equity | 4.16 | 12.02 | 9.70 | 11.51 | 10.34 | 11.37 | 13.60 |
| All Buyouts | 4.34 | 14.55 | 10.29 | 12.76 | 9.19 | 13.54 | 12.56 |
| Mezzanine | 2.83 | 9.47 | 8.13 | 9.70 | 8.83 | 9.52 | 9.06 |
| Distressed | 3.37 | 14.72 | 6.83 | 10.55 | 9.29 | 10.83 | 10.70 |
| All Private Equity | 3.95 | 12.61 | 10.07 | 12.52 | 9.39 | 11.70 | 13.15 |
| S&P 500 | 6.07 | 17.17 | 10.37 | 13.30 | 7.51 | 7.09 | 7.86 |
| Russell 3000 | 5.74 | 18.07 | 9.76 | 13.18 | 7.54 | 7.44 | 8.11 |

Private equity returns are net of fees.

Sources: Standard & Poor's and Thomson Reuters/Cambridge

*Most recent data available at time of publication.

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

As the World Churns, Despacito

HEDGE FUNDS | Jim McKee

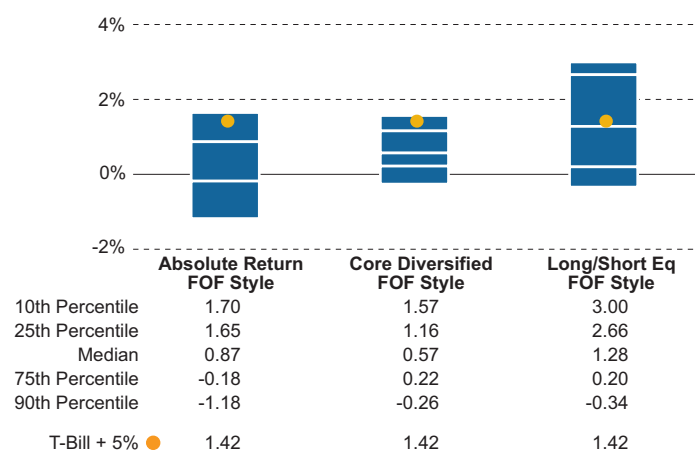
Stock lovers embraced the slowly shifting narrative of global growth appearing in Europe and Japan in the second quarter. Fixed income markets were unsettled when the European Central Bank hinted at potentially tapering its bond purchase program.

The quarter's market conditions provided a friendly setting for hedge funds seeking alternative risks. Illustrating raw hedge fund performance without implementation costs, though net of underlying hedge fund fees, the **Credit Suisse Hedge Fund Index** (CS HFI) rose 0.8%. As a live hedge fund portfolio, net of all fees and expenses, the median manager in the **Callan Hedge Fund-of-Funds Database** advanced 0.9%.

Within the CS HFI, *Long/Short Equity* (+3.1%) repeated as the best-performing strategy for the second straight quarter. *Risk Arbitrage* rallied 2.7% while *Distressed* appreciated 1.6%. *Convertible Arb* (+0.2%) and *Equity Market Neutral* (+0.4%) experienced more modest gains. In last place for the second straight quarter, *Managed Futures* lost 3.4%. Even the more discretionary *Global Macro* (-1.8%) lost its footing with the unexpected turn of top-down themes.

Within Callan's **Hedge Fund-of-Funds Database**, the median *Callan Long/Short Equity FOF* (+1.3%) outpaced the *Callan Absolute Return FOF* (+0.9%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 0.6%.

Callan Style Group Quarterly Returns



Sources: Callan and Merrill Lynch

Callan Database Median and Index Returns* for Periods ended June 30, 2017

| | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years | 15 Years |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Hedge Fund-of-Funds Database | 0.94 | 3.26 | 8.12 | 1.78 | 5.39 | 2.90 | 4.88 |
| CS Hedge Fund Index | 0.76 | 2.85 | 5.84 | 1.54 | 4.47 | 3.18 | 5.84 |
| CS Equity Market Neutral | 0.36 | 2.50 | 1.38 | -0.40 | 1.89 | -3.18 | 0.42 |
| CS Convertible Arbitrage | 0.21 | 2.46 | 6.82 | 1.90 | 3.53 | 3.42 | 4.67 |
| CS Fixed Income Arbitrage | 1.62 | 3.97 | 8.66 | 3.26 | 4.62 | 3.44 | 4.11 |
| CS Multi-Strategy | 2.29 | 5.11 | 9.05 | 5.53 | 7.41 | 4.88 | 7.02 |
| CS Distressed | 1.64 | 3.90 | 10.58 | 0.28 | 5.90 | 3.45 | 7.25 |
| CS Risk Arbitrage | 2.73 | 3.97 | 7.19 | 1.89 | 3.18 | 3.23 | 3.95 |
| CS Event-Driven Multi-Strategy | 0.76 | 3.67 | 8.73 | -2.05 | 4.09 | 2.83 | 6.30 |
| CS Long/Short Equity | 3.06 | 6.62 | 8.40 | 2.97 | 7.00 | 3.73 | 6.49 |
| CS Global Macro | -1.77 | -1.54 | 3.58 | 1.43 | 2.79 | 4.85 | 7.47 |
| CS Managed Futures | -3.40 | -4.38 | -12.70 | 1.26 | 0.06 | 1.49 | 4.07 |
| CS Emerging Markets | 2.67 | 7.05 | 11.25 | 4.30 | 5.91 | 3.47 | 8.10 |

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

Best Return for DC Index Since 2013

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ climbed 4.7% in the first quarter, its highest quarterly return since the end of 2013. This performance builds on results for 2016, when the Index rose 8.0%. But the DC Index did markedly lag the Age 45 Target Date Fund (+5.6%). In rising markets target date funds (TDFs) tend to outperform the DC Index because the average TDF has a higher allocation to equities than the average defined contribution (DC) plan.

During the quarter, plan balances grew 4.74%; investment returns accounted for the vast majority (4.67% vs. 0.07% for contributions). Since inception of the Index, plan sponsor and participant contributions have accounted for about a quarter of its growth.

Emerging market stocks, while a small part of DC plans, represented the sole equity asset class to witness inflows. This is not surprising given their strong showing during the period—DC flows often chase performance. Most other asset classes saw outflows in the first quarter, with the exception of TDFs, which dominated inflows as usual. In the first quarter, TDFs attracted over 88 cents of every dollar that moved within DC plans.

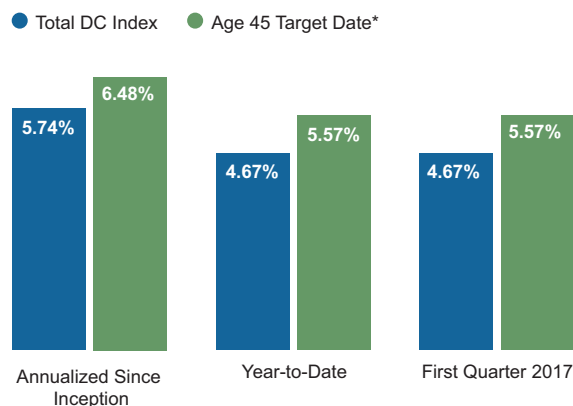
Turnover (i.e., net transfer activity within DC plans) was low this quarter (0.42%) compared to the historical average (0.64%).

The Callan DC Index's equity allocation ended the quarter at 69%, well below the average equity allocation of the Age 45 Target Date Fund (76%) but above the Index's historical average (67%).

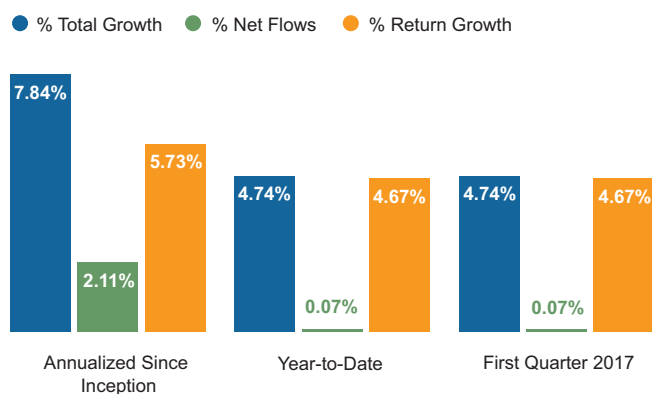
When TDFs are held within a DC plan, they now account for 32% of plan assets. The next largest plan holding, U.S. large cap equity funds, account for less than 23% of plan assets.

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 (First Quarter 2017) (Top Two and Bottom Two Asset Gatherers)

| Asset Class | Flows as % of Total Net Flows |
|-------------------------|-------------------------------|
| Target Date Funds | 88.69% |
| U.S. Fixed Income | 7.25% |
| Company Stock | -15.92% |
| Stable Value | -36.49% |
| Total Turnover** | 0.42% |

Data provided here is the most recent available at time of publication.

Source: Callan DC Index

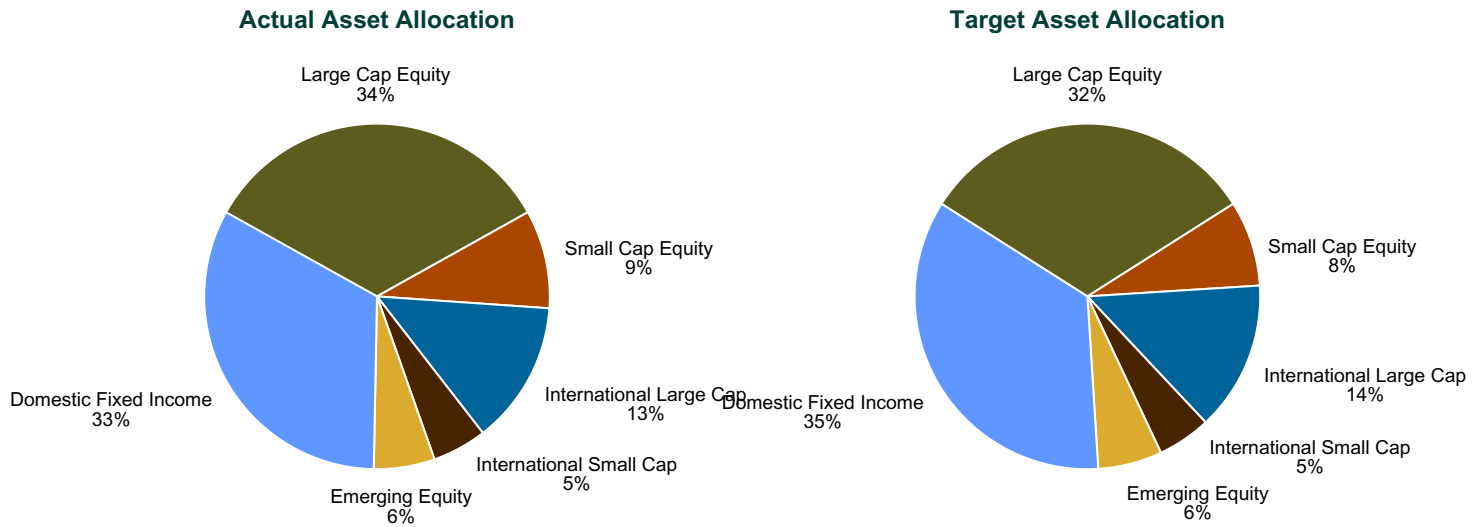
Note: DC Index inception date is January 2006.

* The Age 45 Fund transitioned from the average 2030 TDF to the 2035 TDF in June 2013.

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

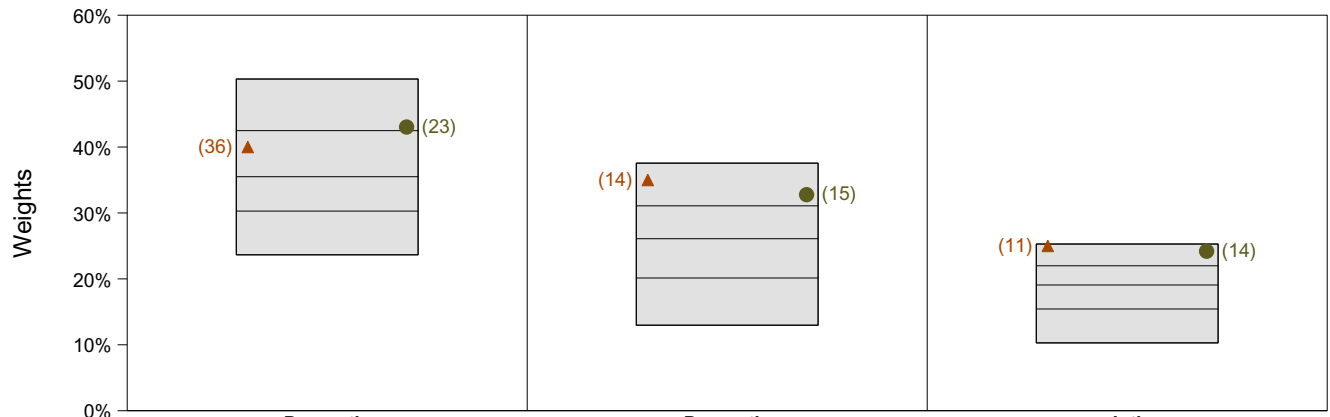
Actual vs Target Asset Allocation As of June 30, 2017

The top left chart shows the Fund's asset allocation as of June 30, 2017. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor - Mid (100M-1B).



| Asset Class | \$000s Actual | Weight Actual | Target | Percent Difference | \$000s Difference |
|-------------------------|----------------|---------------|---------------|--------------------|-------------------|
| Large Cap Equity | 91,410 | 33.9% | 32.0% | 1.9% | 5,004 |
| Small Cap Equity | 24,787 | 9.2% | 8.0% | 1.2% | 3,185 |
| International Large Cap | 36,089 | 13.4% | 14.0% | (0.6%) | (1,713) |
| International Small Cap | 13,788 | 5.1% | 5.0% | 0.1% | 287 |
| Emerging Equity | 15,448 | 5.7% | 6.0% | (0.3%) | (753) |
| Domestic Fixed Income | 88,495 | 32.8% | 35.0% | (2.2%) | (6,011) |
| Total | 270,018 | 100.0% | 100.0% | | |

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



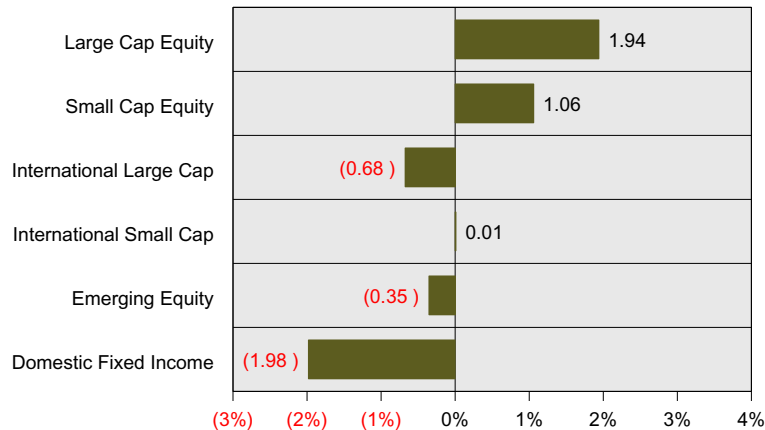
| | Domestic Broad Eq | Domestic Fixed Income | Intl Equity |
|------------------|-------------------|-----------------------|-------------|
| 10th Percentile | 50.32 | 37.56 | 25.29 |
| 25th Percentile | 42.49 | 31.08 | 21.99 |
| Median | 35.50 | 26.09 | 19.07 |
| 75th Percentile | 30.28 | 20.14 | 15.43 |
| 90th Percentile | 23.65 | 12.97 | 10.29 |
| Fund ● | 43.03 | 32.77 | 24.19 |
| Target ▲ | 40.00 | 35.00 | 25.00 |
| % Group Invested | 96.92% | 98.46% | 90.77% |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

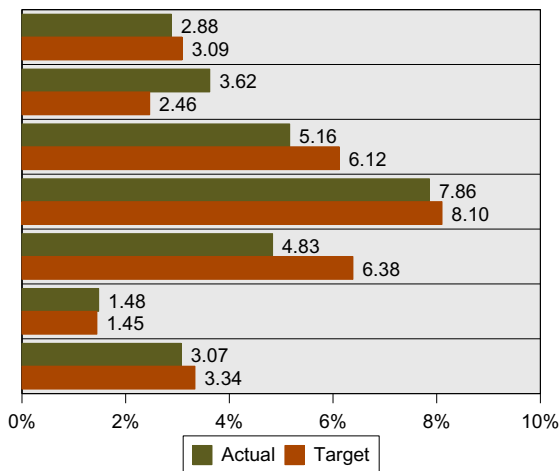
Quarterly Total Fund Relative Attribution - June 30, 2017

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.

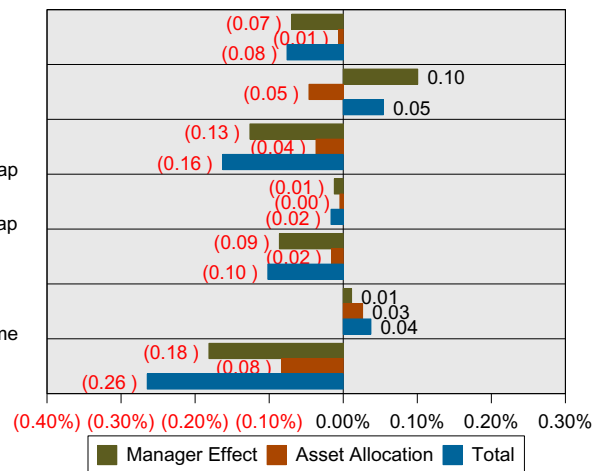
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2017

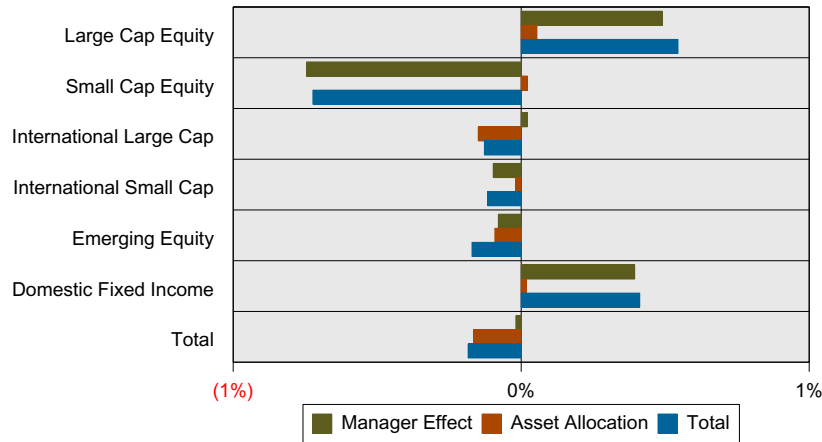
| Asset Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Large Cap Equity | 34% | 32% | 2.88% | 3.09% | (0.07%) | (0.01%) | (0.08%) |
| Small Cap Equity | 9% | 8% | 3.62% | 2.46% | 0.10% | (0.05%) | 0.05% |
| International Large Cap | 13% | 14% | 5.16% | 6.12% | (0.13%) | (0.04%) | (0.16%) |
| International Small Cap | 5% | 5% | 7.86% | 8.10% | (0.01%) | (0.00%) | (0.02%) |
| Emerging Equity | 6% | 6% | 4.83% | 6.38% | (0.09%) | (0.02%) | (0.10%) |
| Domestic Fixed Income | 33% | 35% | 1.48% | 1.45% | 0.01% | 0.03% | 0.04% |
| Total | | | 3.07% | 3.34% | (0.18%) | (0.08%) | (0.26%) |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

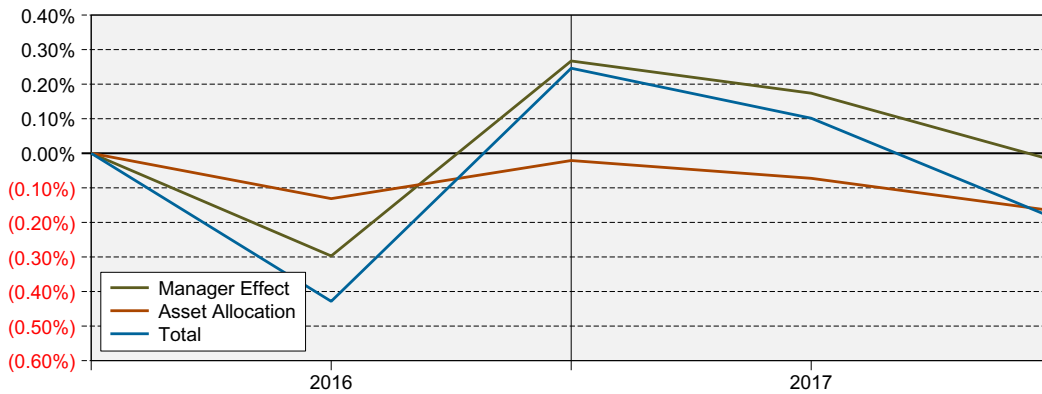
Cumulative Total Fund Relative Attribution - June 30, 2017

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

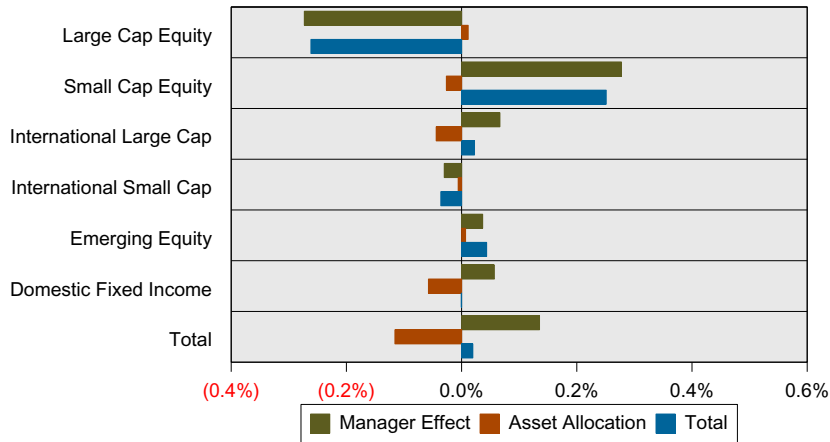
| Asset Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|-----------------|------------------|-----------------------|
| Large Cap Equity | 34% | 32% | 19.45% | 17.90% | 0.49% | 0.05% | 0.54% |
| Small Cap Equity | 9% | 8% | 16.10% | 24.60% | (0.75%) | 0.02% | (0.72%) |
| International Large Cap | 13% | 14% | 20.62% | 20.27% | 0.02% | (0.15%) | (0.13%) |
| International Small Cap | 4% | 5% | 14.01% | 16.09% | (0.10%) | (0.02%) | (0.12%) |
| Emerging Equity | 5% | 6% | 22.62% | 24.17% | (0.08%) | (0.09%) | (0.17%) |
| Domestic Fixed Income | 34% | 35% | 0.69% | (0.31%) | 0.39% | 0.02% | 0.41% |
| Total | | | 12.52% | 12.71% | +(0.02%) | +(0.17%) | (0.18%) |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

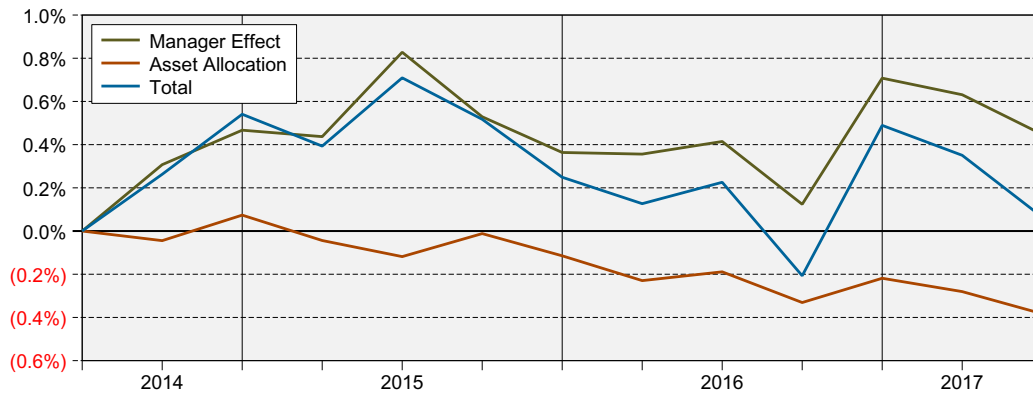
Cumulative Total Fund Relative Attribution - June 30, 2017

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% | 8.72% | 9.61% | (0.27%) | 0.01% | (0.26%) |
| Small Cap Equity | 8% | 8% | 11.28% | 7.36% | 0.28% | (0.03%) | 0.25% |
| International Large Cap | 16% | 17% | 1.60% | 1.15% | 0.07% | (0.04%) | 0.02% |
| International Small Cap | 1% | 2% | - | - | (0.03%) | (0.01%) | (0.04%) |
| Emerging Equity | 5% | 6% | 2.26% | 1.44% | 0.04% | 0.01% | 0.04% |
| Domestic Fixed Income | 36% | 36% | 2.66% | 2.48% | 0.06% | (0.06%) | (0.00%) |
| Total | | | 5.07% | 5.05% | + 0.14% | + (0.12%) | 0.02% |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

Total Fund

Period Ended June 30, 2017

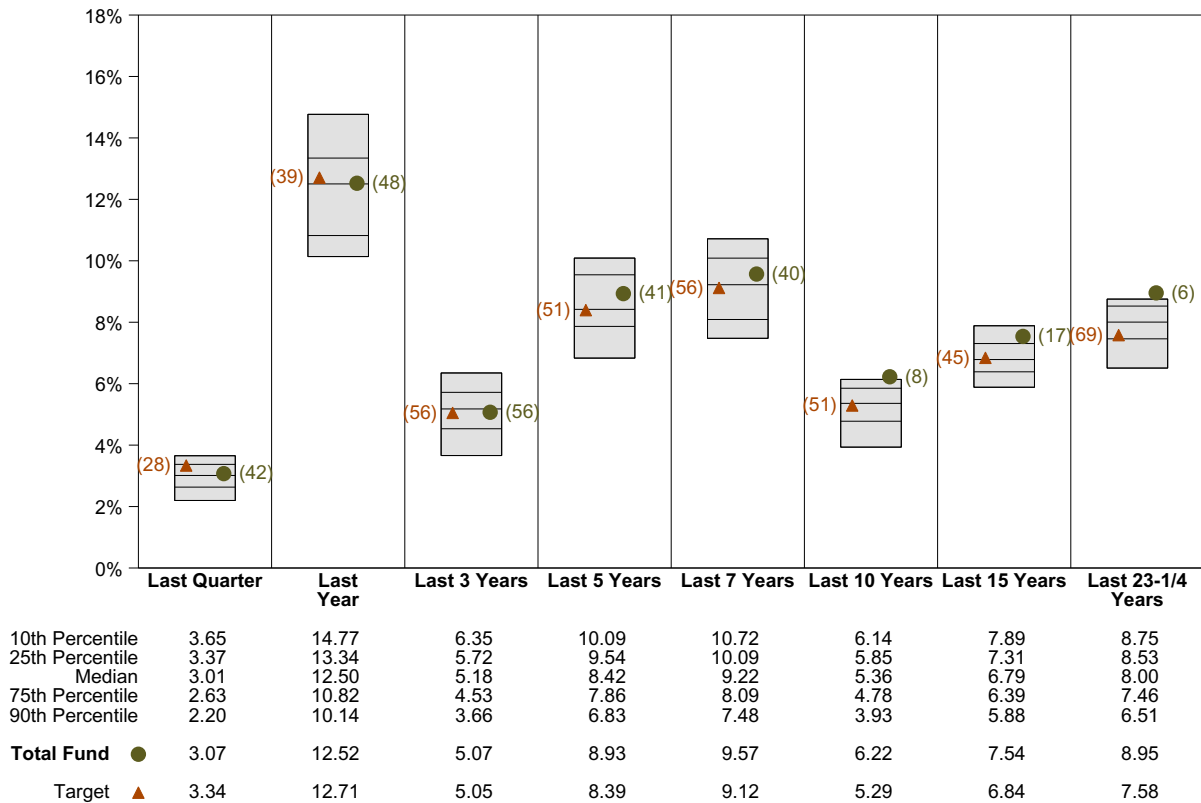
Investment Philosophy

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

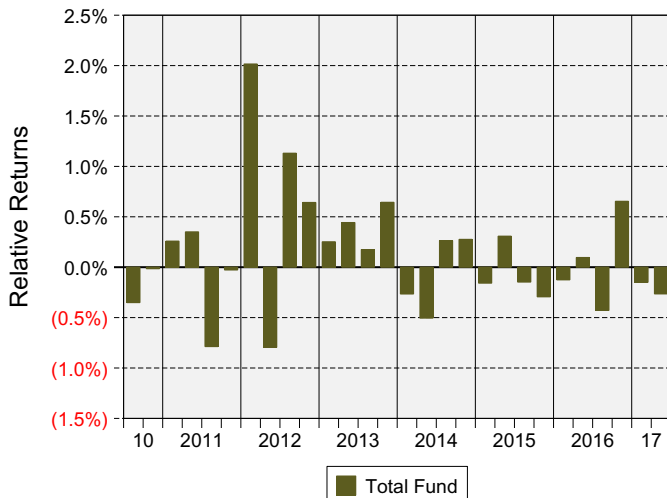
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 3.07% return for the quarter placing it in the 42 percentile of the CAI Public Fund Sponsor - Mid (100M-1B) group for the quarter and in the 48 percentile for the last year.
- Total Fund's portfolio underperformed the Target by 0.26% for the quarter and underperformed the Target for the year by 0.18%.

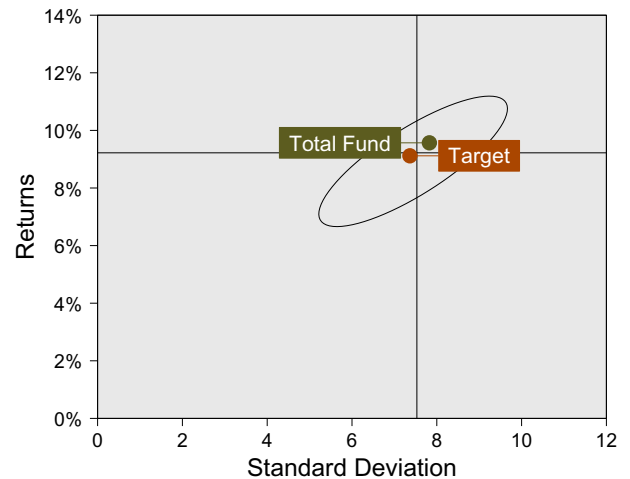
Performance vs CAI Public Fund Sponsor - Mid (100M-1B) (Gross)



Relative Return vs Target



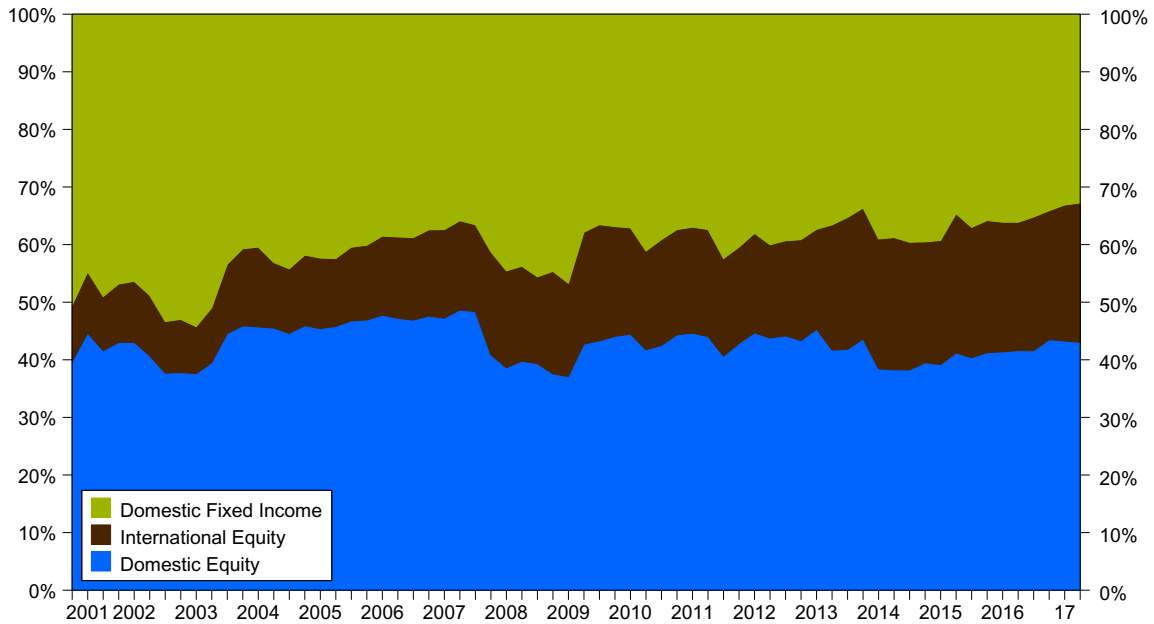
CAI Public Fund Sponsor - Mid (100M-1B) (Gross)
Annualized Seven Year Risk vs Return



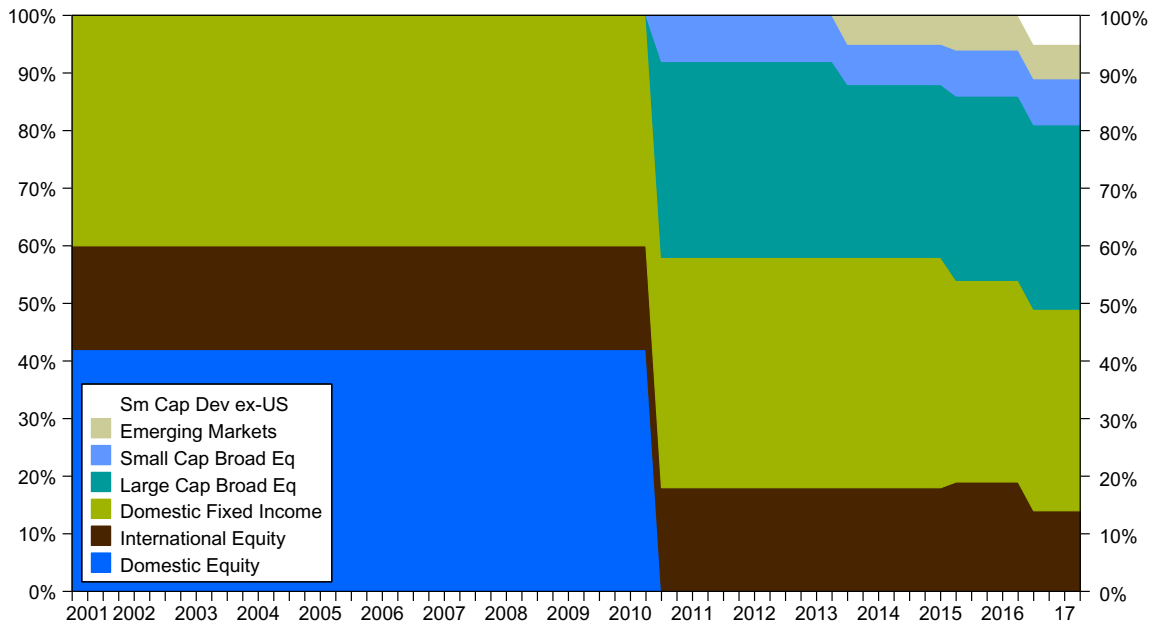
Actual vs Target Historical Asset Allocation

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, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2017, with the distribution as of March 31, 2017. 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

| | June 30, 2017 Market Value | Net New Inv. | Inv. Return | March 31, 2017 Market Value |
|----------------------------------|-------------------------------|----------------------|--------------------|--------------------------------|
| Consolidated Plan | | | | |
| Domestic Equity | \$116,196,519 | \$(1,149,059) | \$3,455,415 | \$113,890,163 |
| Large Cap | \$91,409,611 | \$(1,149,059) | \$2,588,953 | \$89,969,717 |
| Boston Partners | 45,850,408 | 0 | 1,190,464 | 44,659,944 |
| SSgA S&P 500 | 45,559,203 | (1,149,059) | 1,398,488 | 45,309,773 |
| Small Cap | \$24,786,908 | \$0 | \$866,462 | \$23,920,446 |
| Atlanta Capital | 24,786,908 | 0 | 866,462 | 23,920,446 |
| International Equity | \$65,326,150 | \$0 | \$3,231,794 | \$62,094,356 |
| International Large Cap | \$36,089,475 | \$0 | \$1,566,137 | \$34,523,338 |
| Brandes | 9,297 | 0 | 355 | 8,942 |
| JP Morgan | 0 | (25,953,819) | 1,301,436 | 24,652,383 |
| SSgA EAFE | 10,483,335 | 0 | 621,321 | 9,862,013 |
| Pyrford | 25,596,843 | 25,953,819 | (356,976) | - |
| International Small Cap | \$13,788,329 | \$0 | \$974,860 | \$12,813,469 |
| AQR | 13,788,329 | 0 | 974,860 | 12,813,469 |
| Emerging Equity | \$15,448,346 | \$0 | \$690,798 | \$14,757,549 |
| DFA Emerging Markets | 15,448,346 | 0 | 690,798 | 14,757,549 |
| Fixed Income | \$88,495,034 | \$0 | \$1,289,873 | \$87,205,161 |
| Metropolitan West | 88,495,034 | 0 | 1,289,873 | 87,205,161 |
| Total Plan - Consolidated | \$270,017,704 | \$(1,149,059) | \$7,977,082 | \$263,189,680 |

Sacramento Regional Transit District Asset Growth

| Ending June 30, 2017 (\$ Thousands) | Ending Market Value | = | Beginning Market Value | + | Net New Investment | + | Investment Return |
|--|---------------------------|---|------------------------------|---|-----------------------|---|----------------------|
| Total Plan | | | | | | | |
| 1/4 Year Ended 6/2017 | 270,017.7 | | 263,189.7 | | (1,149.1) | | 7,977.1 |
| 1/4 Year Ended 3/2017 | 263,189.7 | | 253,159.1 | | (930.2) | | 10,960.7 |
| 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 |

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 2017. 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 June 30, 2017

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|-----------------------------------|-----------------|---------------|--------------------|--------------------|--------------------|
| Domestic Equity | 3.04% | 18.73% | 9.24% | 14.96% | 15.69% |
| Domestic Equity Benchmark** | 2.98% | 19.30% | 9.25% | 14.51% | 15.27% |
| Large Cap Equity | 2.88% | 19.45% | 8.72% | 14.76% | 15.29% |
| Boston Partners | 2.66% | 20.96% | 7.75% | 14.82% | 15.25% |
| Russell 1000 Value Index | 1.34% | 15.53% | 7.36% | 13.94% | 14.31% |
| SSgA S&P 500 | 3.09% | 17.97% | 9.68% | 14.68% | - |
| S&P 500 Index | 3.09% | 17.90% | 9.61% | 14.63% | 15.41% |
| Small Cap Equity | 3.62% | 16.10% | 11.28% | 15.55% | 17.30% |
| Atlanta Capital | 3.62% | 16.10% | 11.28% | 15.55% | 17.30% |
| Russell 2000 Index | 2.46% | 24.60% | 7.36% | 13.70% | 14.35% |
| International Equity | 5.58% | 20.30% | 1.48% | 7.96% | 7.18% |
| Custom International Benchmark*** | 5.85% | 20.43% | 0.80% | 8.14% | 7.52% |
| International Large Cap | 5.16% | 20.62% | 1.60% | - | - |
| SSgA EAFE | 6.30% | 20.69% | 1.50% | 8.96% | - |
| MSCI EAFE Index | 6.12% | 20.27% | 1.15% | 8.69% | 7.91% |
| International Small Cap | 7.86% | - | - | - | - |
| AQR | 7.86% | - | - | - | - |
| MSCI EAFE Small Cap Index | 8.10% | 23.18% | 5.60% | 12.94% | 11.40% |
| Emerging Markets Equity | 4.83% | 22.62% | 2.26% | - | - |
| DFA Emerging Markets | 4.83% | 22.62% | 2.26% | - | - |
| MSCI Emerging Mkts Index | 6.38% | 24.17% | 1.44% | 4.33% | 4.22% |
| Domestic Fixed Income | 1.48% | 0.69% | 2.66% | 3.11% | 4.29% |
| Met West | 1.48% | 0.69% | 2.66% | 3.11% | 4.29% |
| Blmbg Aggregate Index | 1.45% | (0.31%) | 2.48% | 2.21% | 3.19% |
| Total Plan | 3.07% | 12.52% | 5.07% | 8.93% | 9.57% |
| Target* | 3.34% | 12.71% | 5.05% | 8.39% | 9.12% |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 2017. 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 June 30, 2017

| | Last 10 Years | Last 15 Years | Last 20 Years | Last 23-1/4 Years |
|------------------------------|---------------------|---------------------|---------------------|-------------------------|
| Domestic Equity | 8.06% | 9.15% | 7.67% | - |
| Domestic Equity Benchmark** | 7.23% | 8.67% | 7.59% | 9.89% |
| Russell 1000 Value Index | 5.57% | 8.09% | 7.69% | 9.84% |
| S&P 500 Index | 7.18% | 8.35% | 7.15% | 9.67% |
| Russell 2000 Index | 6.92% | 9.19% | 7.98% | 9.19% |
| International Equity | 0.89% | 6.96% | 8.23% | - |
| MSCI EAFE Index | 1.03% | 6.31% | 4.29% | 5.08% |
| Domestic Fixed Income | 6.03% | 5.86% | 6.06% | - |
| Met West | 6.03% | 5.86% | - | - |
| Bimbg Aggregate Index | 4.48% | 4.48% | 5.24% | 5.56% |
| Total Plan | 6.22% | 7.54% | 7.51% | 8.95% |
| Target* | 5.29% | 6.84% | 6.38% | 7.58% |

* Current Quarter Target = 35.0% Bimbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 12/2016- 6/2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------|--------------------|---------------|-----------------|----------------|----------------|
| Domestic Equity | 7.50% | 14.58% | 0.06% | 10.85% | 36.44% |
| Domestic Equity Benchmark** | 8.48% | 13.85% | 0.26% | 12.07% | 33.61% |
| Large Cap Equity | 8.06% | 13.38% | (1.17%) | 12.81% | 34.96% |
| Boston Partners | 6.78% | 14.71% | (3.75%) | 11.87% | 37.52% |
| Russell 1000 Value Index | 4.66% | 17.34% | (3.83%) | 13.45% | 32.53% |
| SSgA S&P 500 | 9.35% | 12.03% | 1.46% | 13.77% | 32.36% |
| S&P 500 Index | 9.34% | 11.96% | 1.38% | 13.69% | 32.39% |
| Small Cap Equity | 5.46% | 19.17% | 5.14% | 3.49% | 41.51% |
| Atlanta Capital | 5.46% | 19.17% | 5.14% | 3.49% | 41.51% |
| Russell 2000 Index | 4.99% | 21.31% | (4.41%) | 4.89% | 38.82% |
| International Equity | 15.69% | 2.55% | (4.17%) | (3.72%) | 16.66% |
| Custom International Benchmark*** | 14.30% | 4.29% | (5.66%) | (3.87%) | 20.07% |
| International Large Cap | 14.02% | 1.35% | (1.17%) | (4.41%) | 20.27% |
| SSgA EAFE | 14.13% | 1.37% | (0.56%) | (4.55%) | 22.80% |
| MSCI EAFE Index | 13.81% | 1.00% | (0.81%) | (4.90%) | 22.78% |
| International Small Cap | 16.52% | - | - | - | - |
| AQR | 16.52% | - | - | - | - |
| MSCI EAFE Small Cap | 16.72% | 2.18% | 9.59% | (4.95%) | 29.30% |
| Emerging Markets Equity | 19.35% | 12.99% | (14.33%) | (0.28%) | - |
| DFA Emerging Markets | 19.35% | 12.99% | (14.33%) | (0.28%) | - |
| MSCI Emerging Mkts Index | 18.60% | 11.60% | (14.60%) | (1.82%) | (2.27%) |
| Domestic Fixed Income | 2.44% | 2.87% | 0.51% | 6.37% | (1.03%) |
| Met West | 2.44% | 2.87% | 0.51% | 6.37% | (1.03%) |
| Bimbg Aggregate Index | 2.27% | 2.65% | 0.55% | 5.97% | (2.02%) |
| Total Plan | 7.56% | 7.65% | (0.97%) | 5.61% | 17.71% |
| Target* | 7.99% | 7.43% | (0.69%) | 5.84% | 16.00% |

* Current Quarter Target = 35.0% Bimbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|---------------|-----------------|---------------|---------------|-----------------|
| Domestic Equity | 19.19% | 2.08% | 15.93% | 32.93% | (36.27%) |
| Domestic Equity Benchmark** | 16.09% | 0.94% | 17.33% | 28.02% | (36.92%) |
| Boston Partners | 21.95% | 1.27% | 13.61% | 27.06% | (32.69%) |
| Russell 1000 Value Index | 17.51% | 0.39% | 15.51% | 19.69% | (36.85%) |
| S&P 500 Index | 16.00% | 2.11% | 15.06% | 26.47% | (37.00%) |
| Russell 2000 Index | 16.35% | (4.18%) | 26.85% | 27.17% | (33.79%) |
| International Equity | 17.28% | (10.64%) | 6.51% | 28.99% | (39.41%) |
| MSCI EAFE Index | 17.32% | (12.14%) | 7.75% | 31.78% | (43.38%) |
| Domestic Fixed Income | 9.48% | 6.10% | 12.52% | 19.88% | (3.11%) |
| Met West | 9.48% | 6.10% | 12.52% | 19.88% | (3.11%) |
| Blmbg Aggregate Index | 4.21% | 7.84% | 6.54% | 5.93% | 5.24% |
| Total Plan | 14.80% | 1.22% | 12.70% | 26.91% | (23.45%) |
| Target* | 11.68% | 1.52% | 11.85% | 20.02% | (23.33%) |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.
Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 2017. 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 June 30, 2017

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|---------------------------|-----------------|--------------|--------------------|--------------------|--------------------|
| Net of Fee Returns | | | | | |
| Domestic Equity | 2.94% | 18.29% | - | - | - |
| Large Cap Equity | 2.81% | 19.15% | - | - | - |
| Boston Partners | 2.53% | 20.41% | 7.20% | 14.22% | 14.65% |
| Russell 1000 Value Index | 1.34% | 15.53% | 7.36% | 13.94% | 14.31% |
| SSgA S&P 500 | 3.08% | 17.91% | 9.62% | 14.63% | - |
| S&P 500 Index | 3.09% | 17.90% | 9.61% | 14.63% | 15.41% |
| Small Cap Equity | 3.42% | 15.18% | - | - | - |
| Atlanta Capital | 3.42% | 15.18% | 10.39% | 14.64% | 16.40% |
| Russell 2000 Index | 2.46% | 24.60% | 7.36% | 13.70% | 14.35% |
| International Equity | 5.41% | 19.59% | - | - | - |
| International Large Cap | 5.04% | 20.02% | - | - | - |
| SSgA EAFE | 6.27% | 20.57% | 1.39% | 8.85% | - |
| MSCI EAFE Index | 6.12% | 20.27% | 1.15% | 8.69% | 7.91% |
| International Small Cap | 7.61% | - | - | - | - |
| AQR | 7.61% | - | - | - | - |
| MSCI EAFE Small Cap Index | 8.10% | 23.18% | 5.60% | 12.94% | 11.40% |
| Emerging Markets Equity | 4.68% | 21.88% | - | - | - |
| DFA Emerging Markets | 4.68% | 21.88% | 1.63% | - | - |
| MSCI Emerging Mkts Index | 6.38% | 24.17% | 1.44% | 4.33% | 4.22% |
| Domestic Fixed Income | 1.41% | 0.42% | - | - | - |
| Met West | 1.41% | 0.42% | 2.38% | 2.83% | 4.01% |
| Blmbg Aggregate Index | 1.45% | (0.31%) | 2.48% | 2.21% | 3.19% |
| Total Plan | 2.97% | 12.09% | 4.71% | 8.55% | 9.13% |
| Target* | 3.34% | 12.71% | 5.05% | 8.39% | 9.12% |

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM Gross and 5.0% MSCI EAFE Small Cap.

Domestic Equity Period Ended June 30, 2017

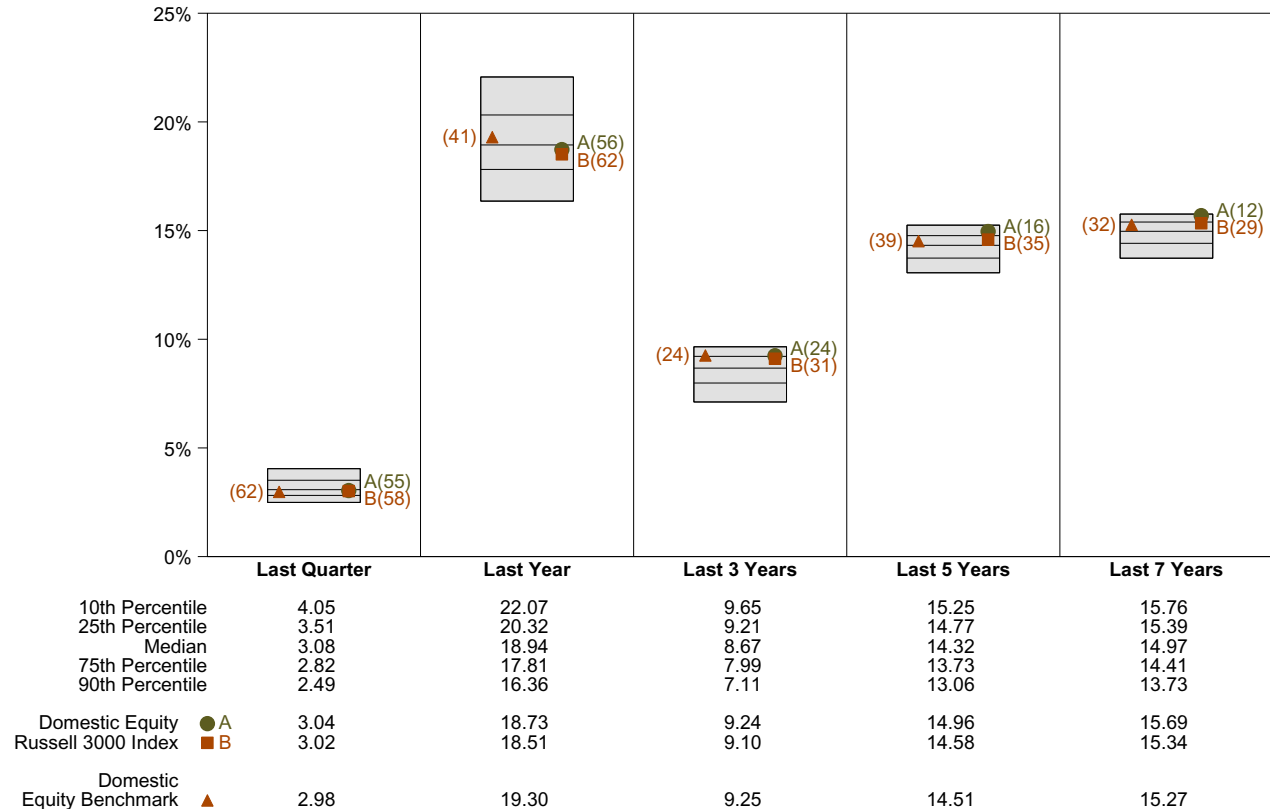
Investment Philosophy

Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

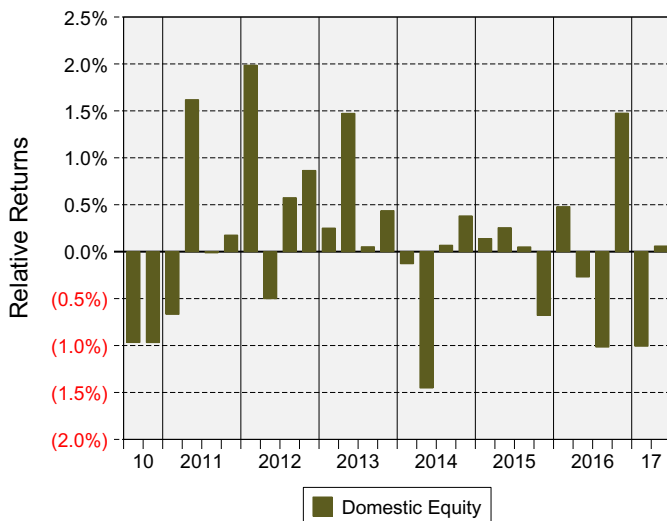
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 3.04% return for the quarter placing it in the 55 percentile of the Fund Spnsr-Domestic Equity group for the quarter and in the 56 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 0.06% for the quarter and underperformed the Domestic Equity Benchmark for the year by 0.57%.

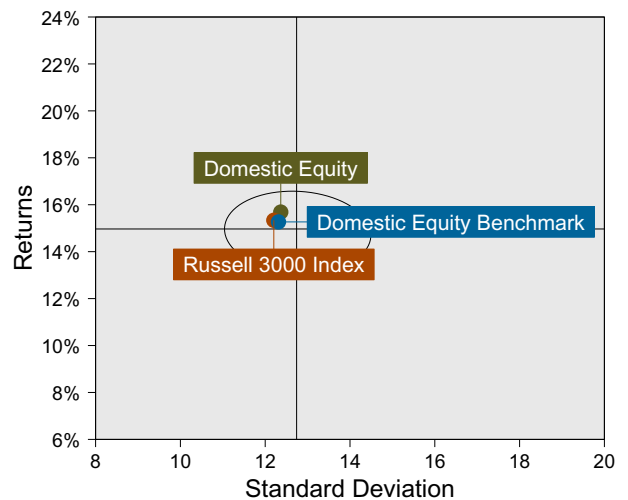
Performance vs Fund Spnsr- Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



Fund Spnsr- Domestic Equity (Gross) Annualized Seven Year Risk vs Return

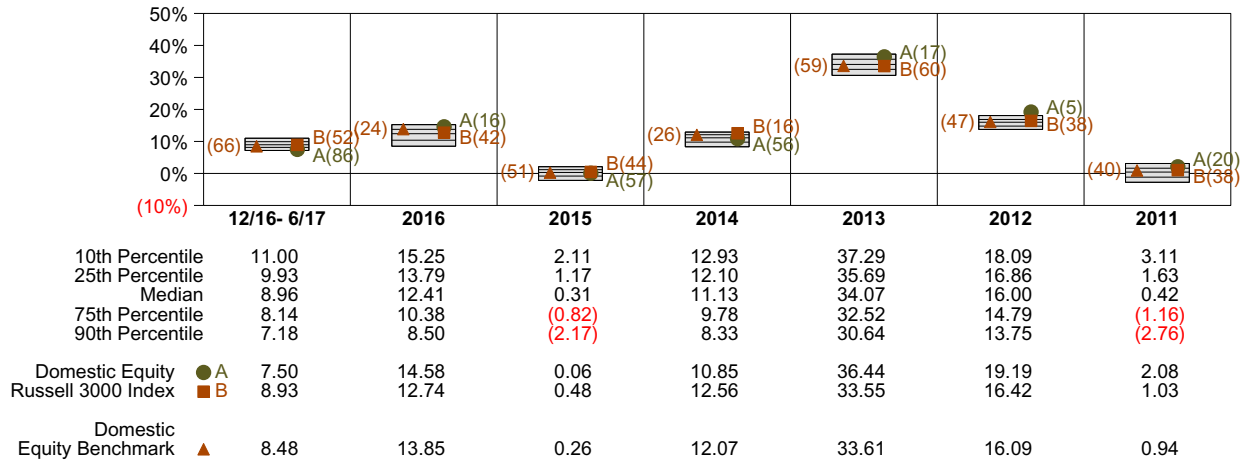


Domestic Equity Return Analysis Summary

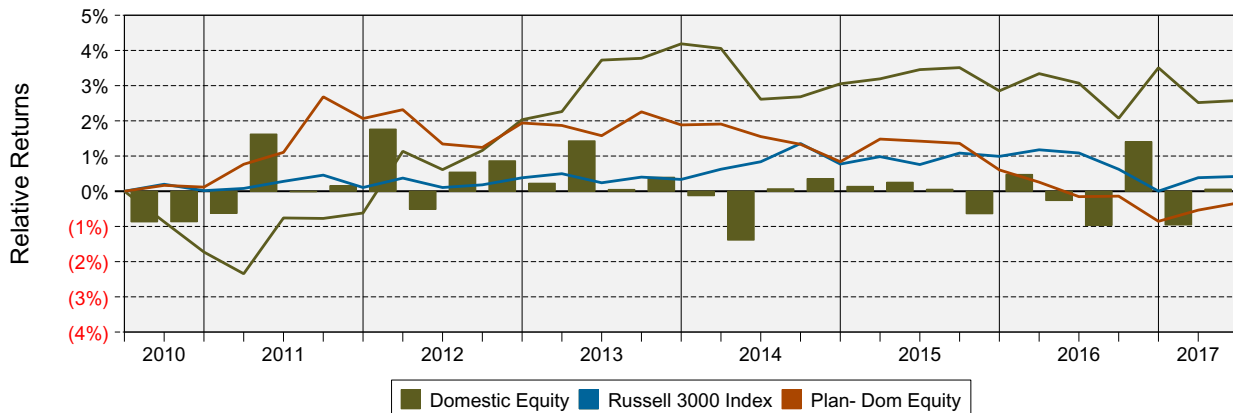
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

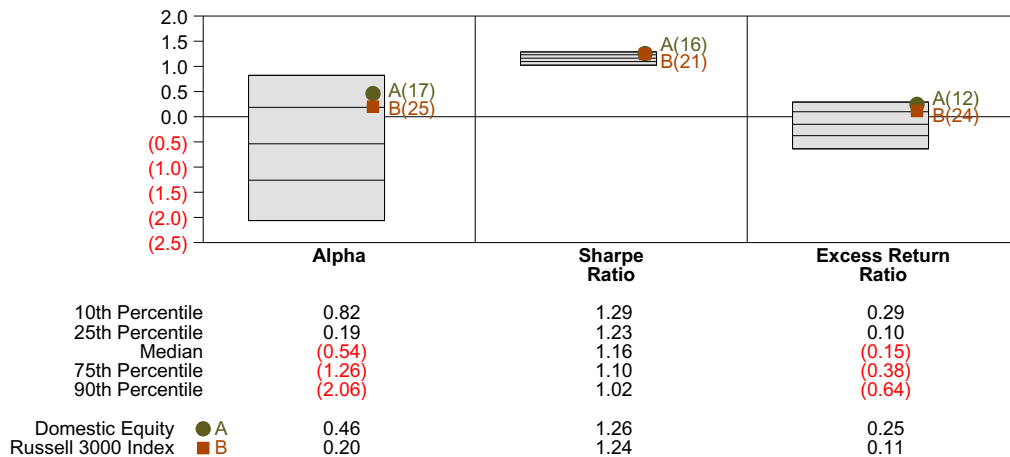
Performance vs Fund Spnsr- Domestic Equity (Gross)



Cumulative and Quarterly Relative Return vs Domestic Equity Benchmark



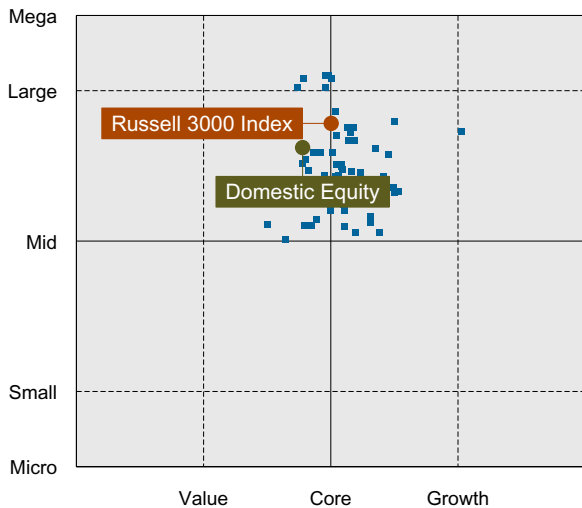
Risk Adjusted Return Measures vs Domestic Equity Benchmark Rankings Against Fund Spnsr- Domestic Equity (Gross) Seven Years Ended June 30, 2017



Current Holdings Based Style Analysis Domestic Equity As of June 30, 2017

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.

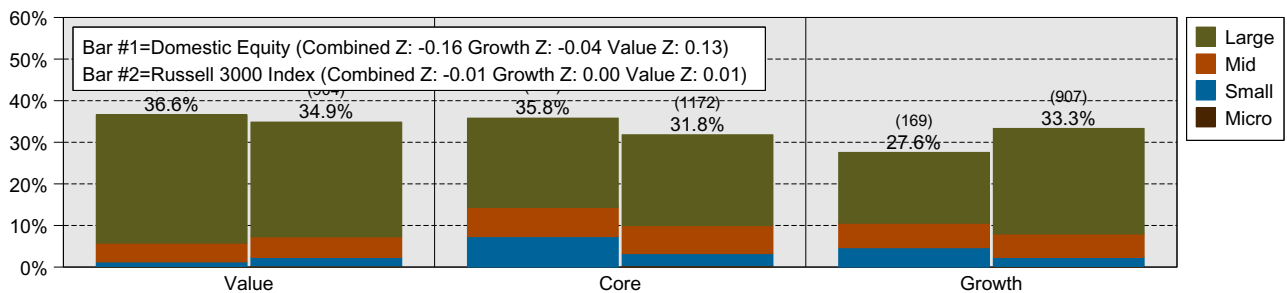
Style Map vs Plan- Dom Equity Holdings as of June 30, 2017



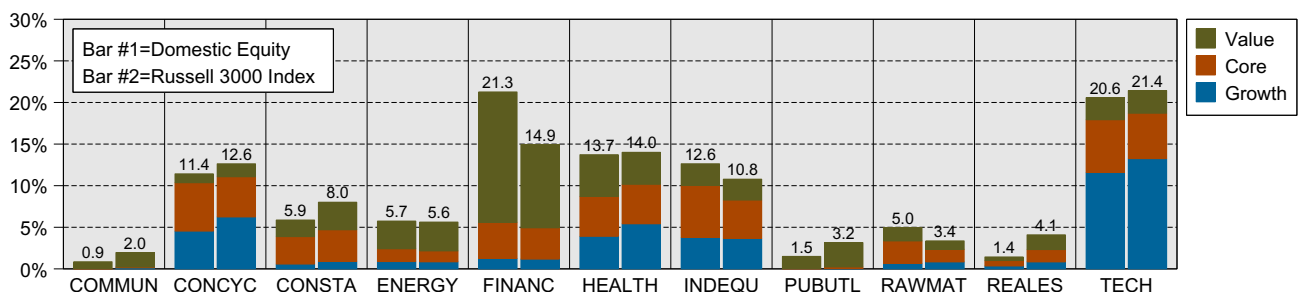
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|--------------|--------------------|---------------------|--------------------|----------------------|
| Large | 30.9% (105) | 21.5% (99) | 17.0% (100) | 69.4% (304) |
| | 27.6% (104) | 21.9% (98) | 25.4% (104) | 74.8% (306) |
| Mid | 4.5% (81) | 7.0% (95) | 5.9% (56) | 17.4% (232) |
| | 4.9% (175) | 6.7% (237) | 5.5% (206) | 17.2% (618) |
| Small | 1.1% (7) | 7.3% (23) | 4.7% (13) | 13.1% (43) |
| | 2.1% (344) | 2.9% (490) | 2.2% (398) | 7.2% (1232) |
| Micro | 0.1% (1) | 0.0% (0) | 0.0% (0) | 0.1% (1) |
| | 0.3% (281) | 0.3% (347) | 0.2% (199) | 0.9% (827) |
| Total | 36.6% (194) | 35.8% (217) | 27.6% (169) | 100.0% (580) |
| | 34.9% (904) | 31.8% (1172) | 33.3% (907) | 100.0% (2983) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



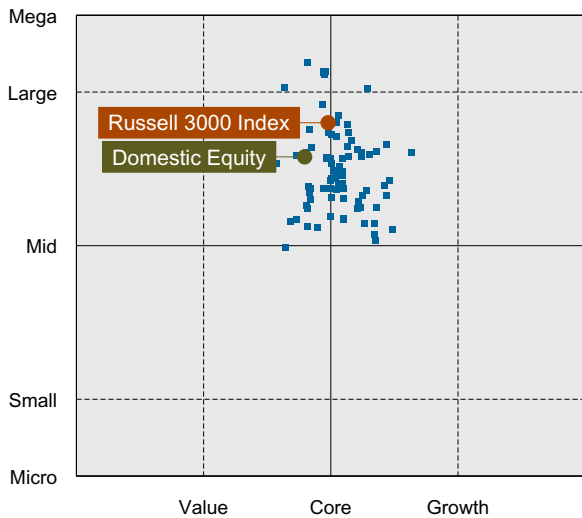
Historical Holdings Based Style Analysis

Domestic Equity

For Five Years Ended June 30, 2017

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

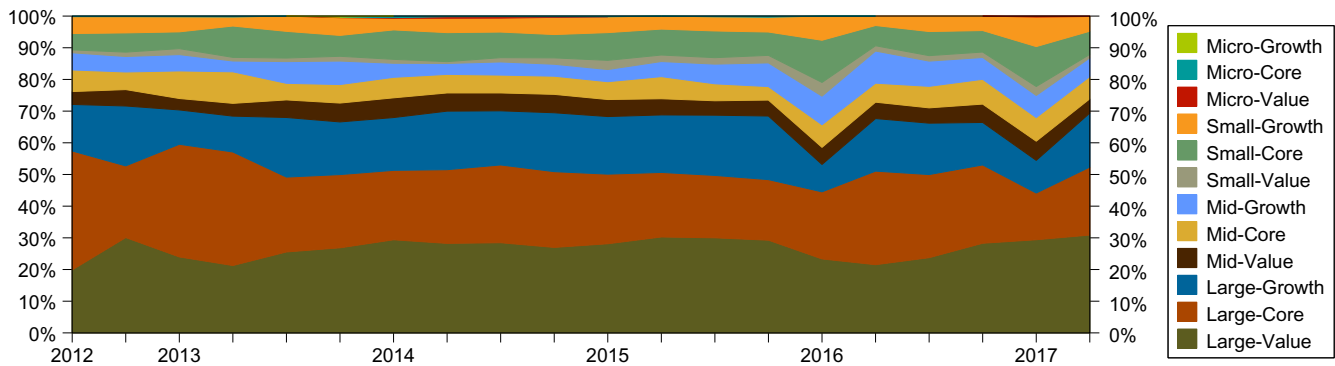
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended June 30, 2017



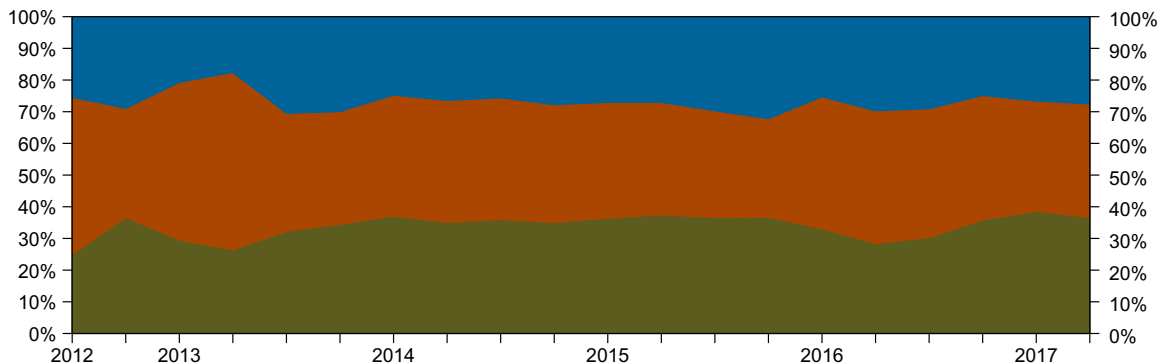
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|--------------|--------------------|---------------------|--------------------|----------------------|
| | 26.8% (85) | 24.5% (94) | 16.0% (88) | 67.3% (267) |
| Large | 25.1% (92) | 24.8% (103) | 23.5% (104) | 73.4% (299) |
| Mid | 5.2% (82) | 6.5% (80) | 5.9% (58) | 17.6% (220) |
| Small | 1.8% (10) | 8.1% (27) | 4.9% (15) | 14.8% (52) |
| Micro | 0.1% (1) | 0.1% (1) | 0.0% (0) | 0.3% (2) |
| Total | 33.9% (178) | 39.3% (202) | 26.8% (161) | 100.0% (541) |
| | 33.1% (900) | 34.6% (1170) | 32.3% (899) | 100.0% (2969) |
| | Value | Core | Growth | Total |

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures

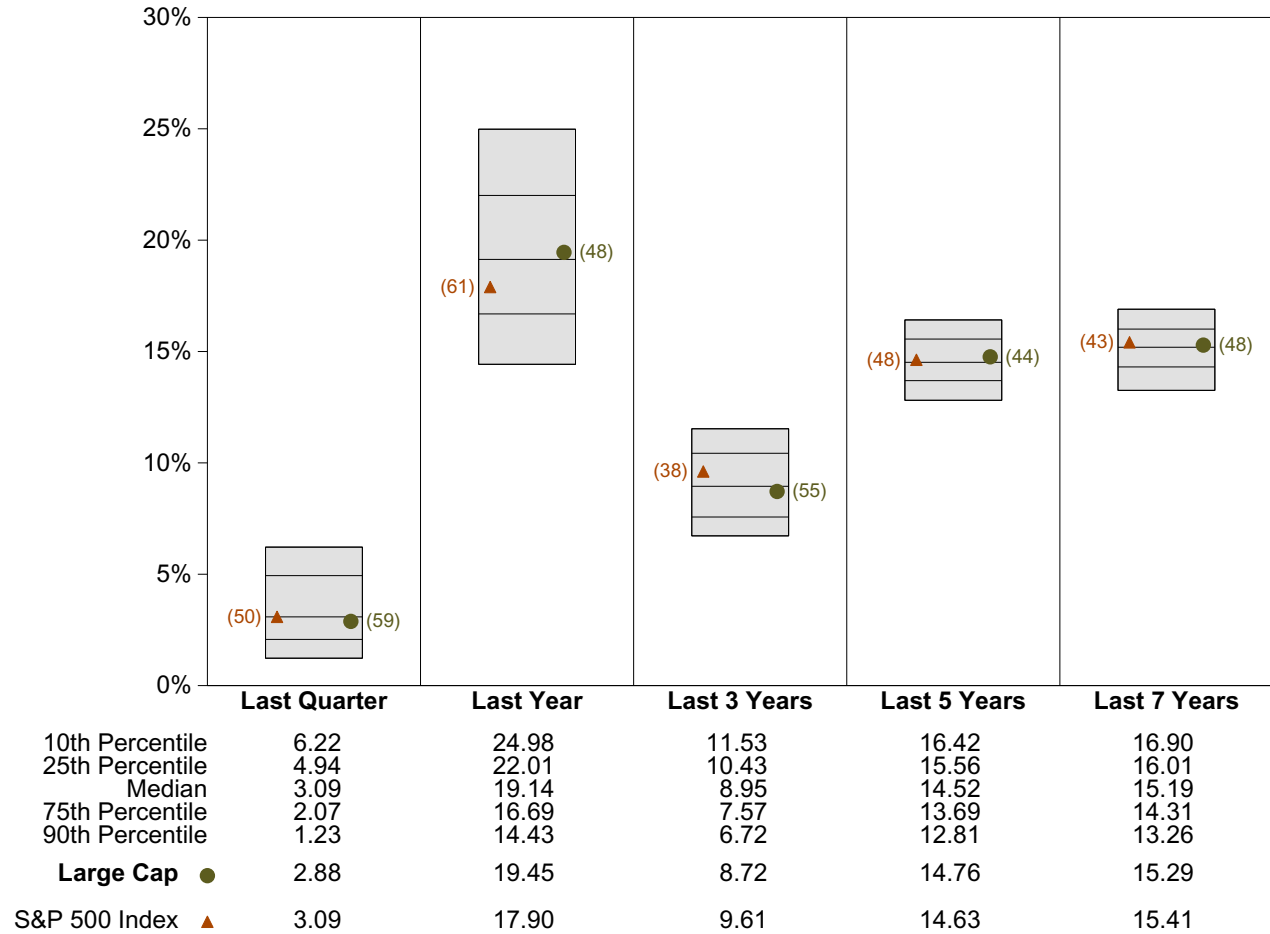


Large Cap Period Ended June 30, 2017

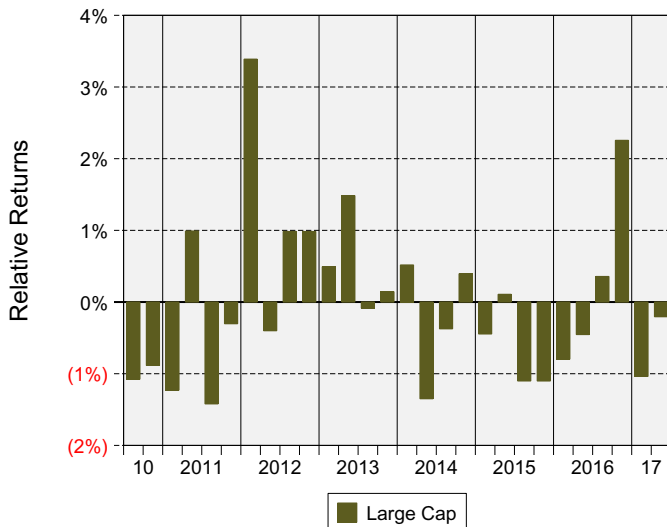
Quarterly Summary and Highlights

- Large Cap's portfolio posted a 2.88% return for the quarter placing it in the 59 percentile of the CAI Large Capitalization group for the quarter and in the 48 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 0.20% for the quarter and outperformed the S&P 500 Index for the year by 1.56%.

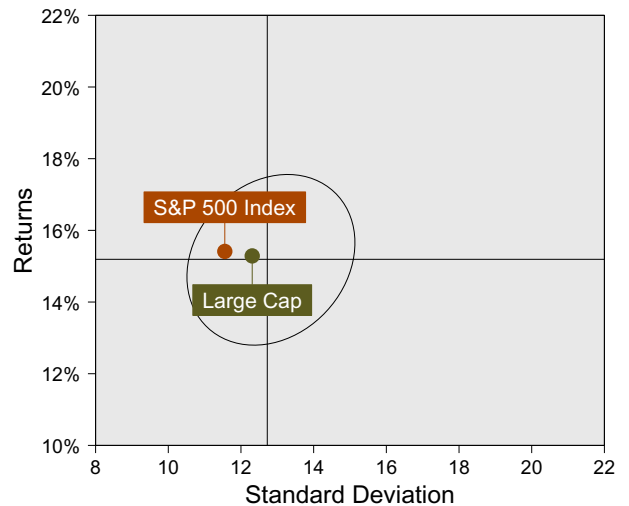
Performance vs CAI Large Capitalization (Gross)



Relative Return vs S&P 500 Index



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

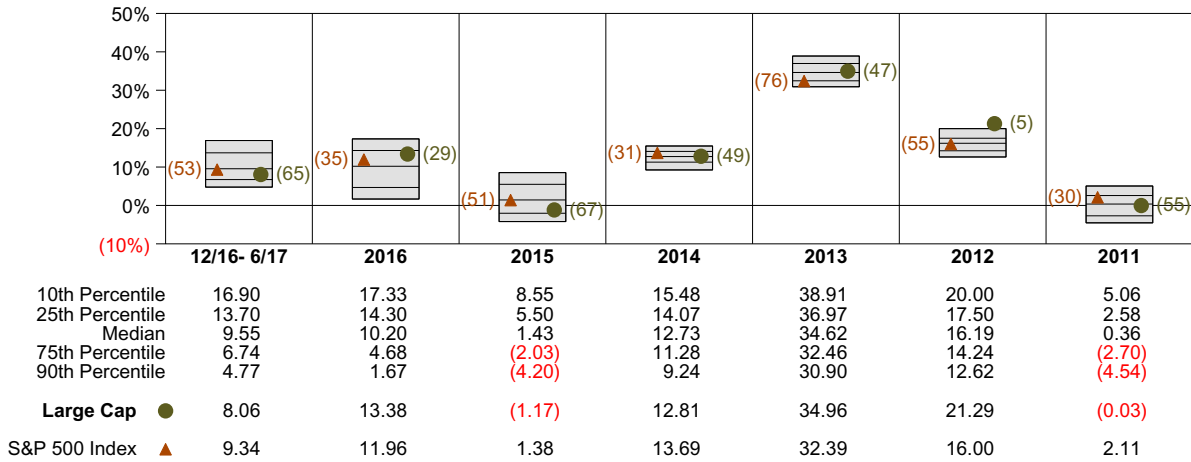


Large Cap Return Analysis Summary

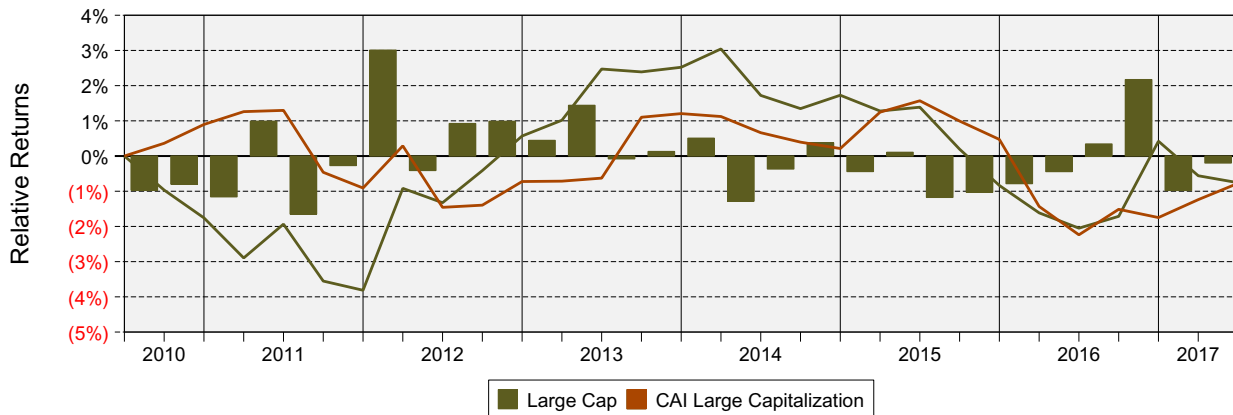
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

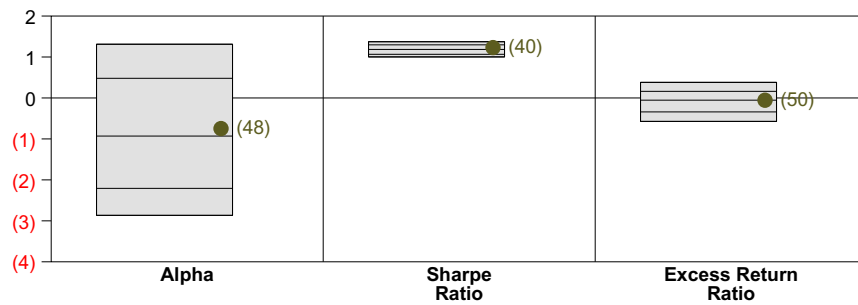
Performance vs CAI Large Capitalization (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Capitalization (Gross) Seven Years Ended June 30, 2017



| | | | |
|--------------------|--------|------|--------|
| 10th Percentile | 1.31 | 1.37 | 0.38 |
| 25th Percentile | 0.48 | 1.30 | 0.16 |
| Median | (0.93) | 1.18 | (0.05) |
| 75th Percentile | (2.21) | 1.07 | (0.34) |
| 90th Percentile | (2.87) | 1.00 | (0.57) |
| Large Cap ● | (0.75) | 1.23 | (0.06) |

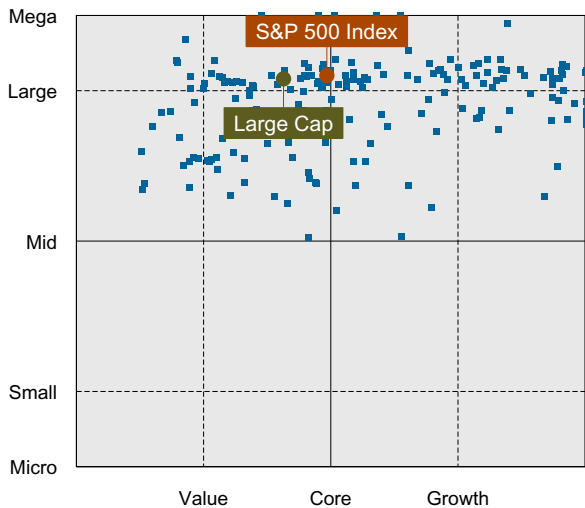
Current Holdings Based Style Analysis

Large Cap

As of June 30, 2017

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.

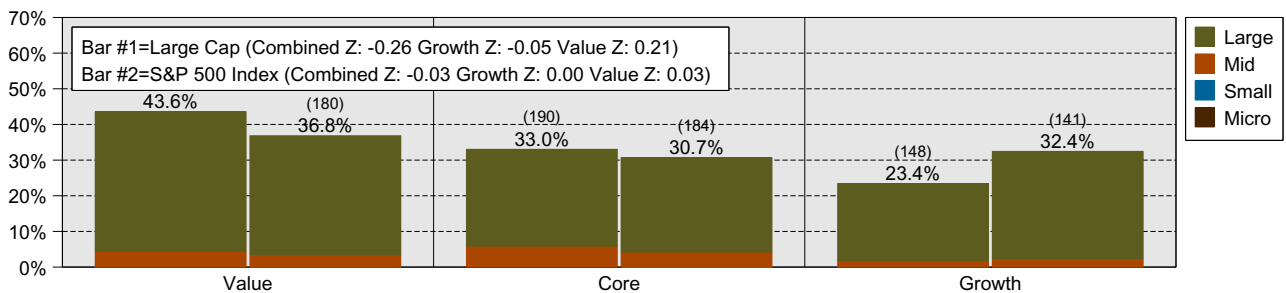
Style Map vs CAI Large Capitalization Holdings as of June 30, 2017



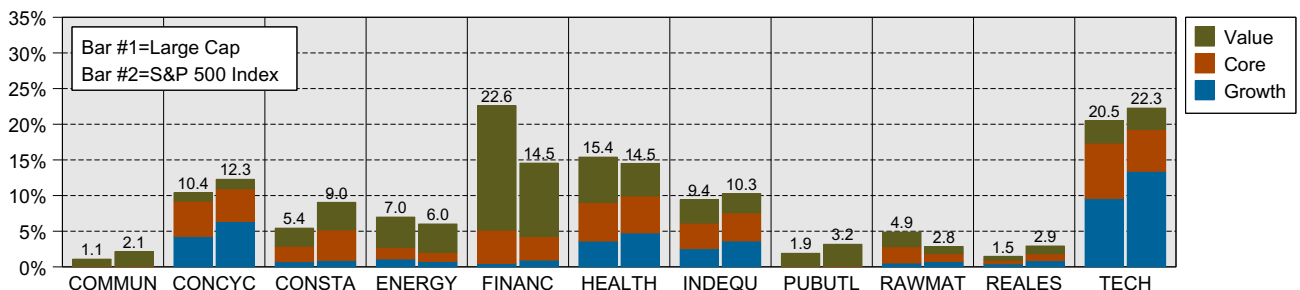
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large | 39.1% (105) | 27.1% (99) | 21.6% (100) | 87.8% (304) |
| | 33.4% (103) | 26.5% (97) | 30.1% (96) | 90.0% (296) |
| Mid | 4.4% (78) | 5.7% (90) | 1.9% (47) | 12.0% (215) |
| | 3.4% (75) | 4.2% (87) | 2.3% (45) | 10.0% (207) |
| Small | 0.1% (3) | 0.2% (1) | 0.0% (1) | 0.3% (5) |
| | 0.0% (2) | 0.0% (0) | 0.0% (0) | 0.0% (2) |
| 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 | 43.6% (186) | 33.0% (190) | 23.4% (148) | 100.0% (524) |
| | 36.8% (180) | 30.7% (184) | 32.4% (141) | 100.0% (505) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



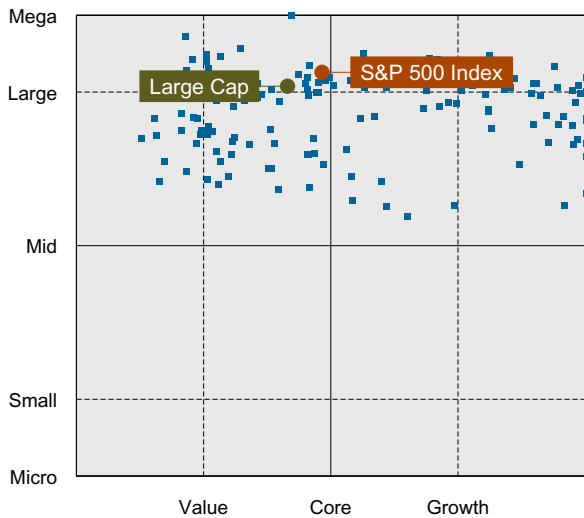
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended June 30, 2017

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.

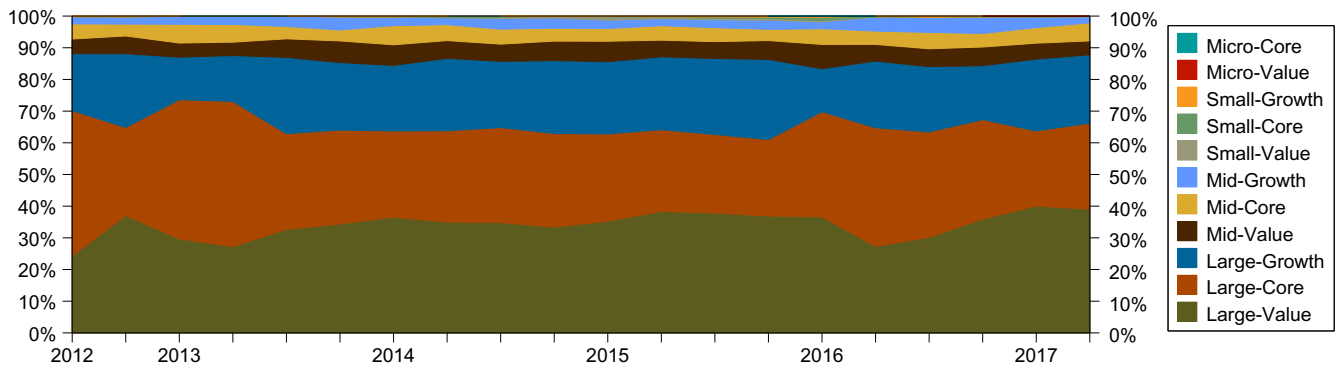
Average Style Map vs CAI Large Capitalization Holdings for Five Years Ended June 30, 2017



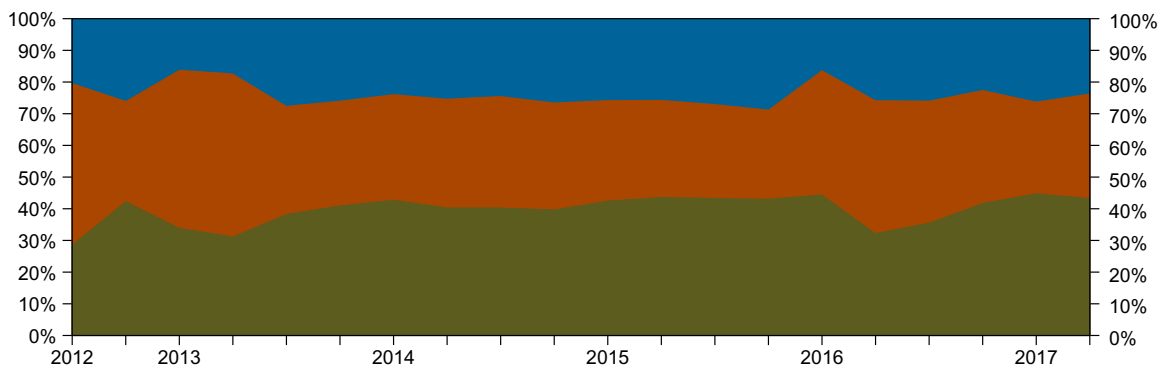
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|-------|--------------------|--------------------|--------------------|---------------------|
| Large | 34.1% (88) | 31.4% (98) | 20.7% (92) | 86.2% (278) |
| | 30.8% (91) | 30.3% (100) | 28.0% (94) | 89.1% (285) |
| Mid | 5.6% (83) | 4.6% (78) | 3.0% (53) | 13.3% (214) |
| | 4.0% (82) | 3.9% (77) | 3.0% (53) | 10.8% (212) |
| Small | 0.2% (4) | 0.2% (2) | 0.1% (2) | 0.6% (8) |
| | 0.0% (3) | 0.0% (1) | 0.0% (1) | 0.1% (5) |
| 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 | 39.9% (175) | 36.3% (178) | 23.8% (147) | 100.0% (500) |
| | 34.8% (176) | 34.2% (178) | 31.0% (148) | 100.0% (502) |
| | Value | Core | Growth | Total |

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended June 30, 2017

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.

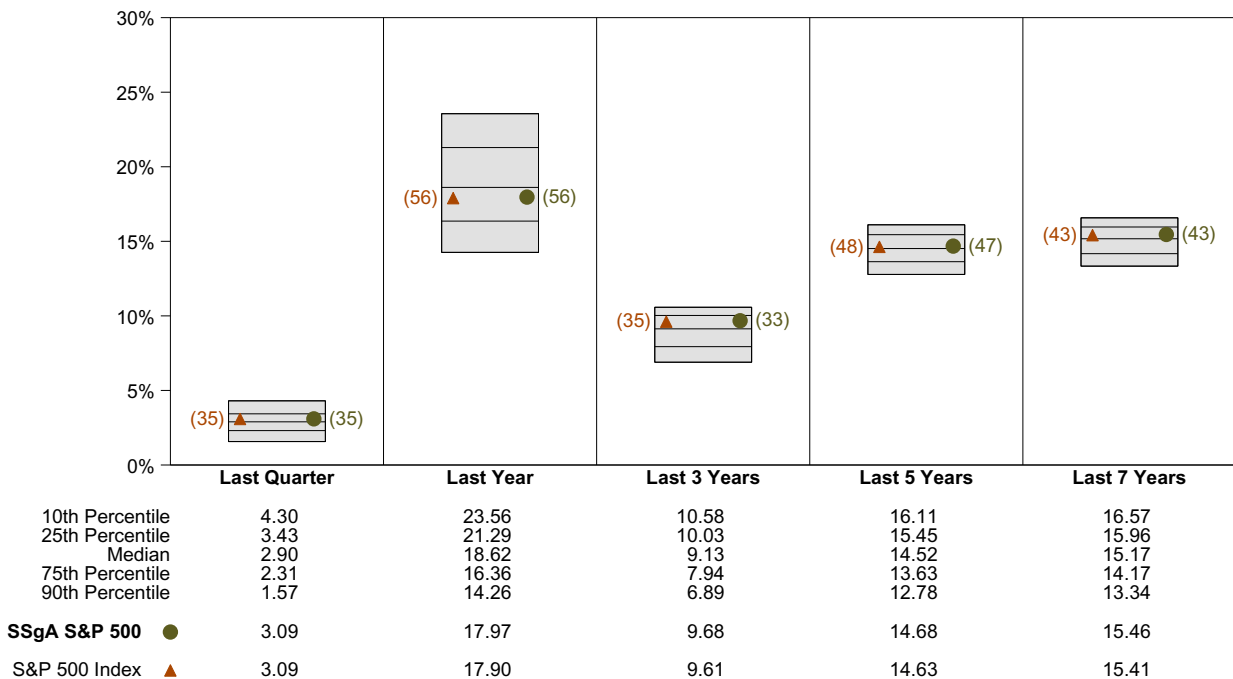
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 3.09% return for the quarter placing it in the 35 percentile of the CAI Large Cap Core group for the quarter and in the 56 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.07%.

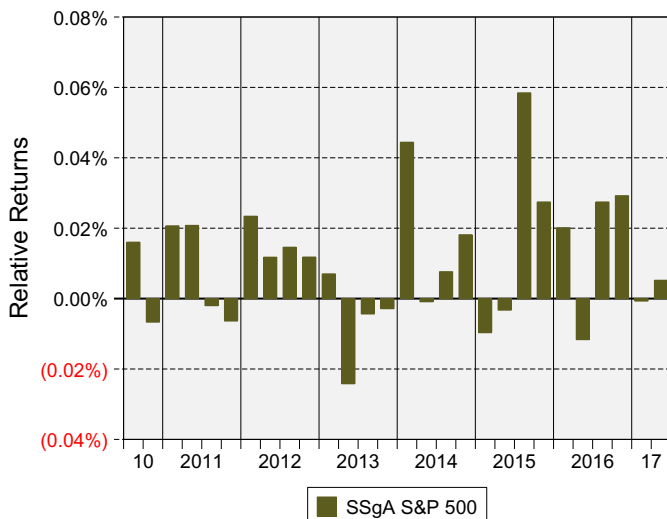
Quarterly Asset Growth

| | |
|---------------------------|--------------|
| Beginning Market Value | \$45,309,773 |
| Net New Investment | \$-1,149,059 |
| Investment Gains/(Losses) | \$1,398,488 |
| Ending Market Value | \$45,559,203 |

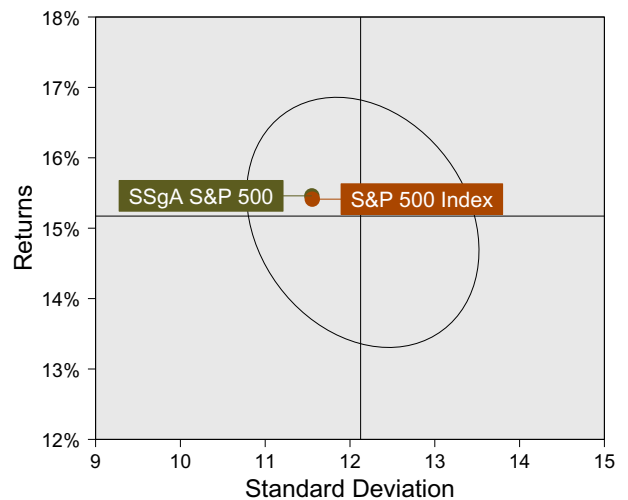
Performance vs CAI Large Cap Core (Gross)



Relative Return vs S&P 500 Index



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

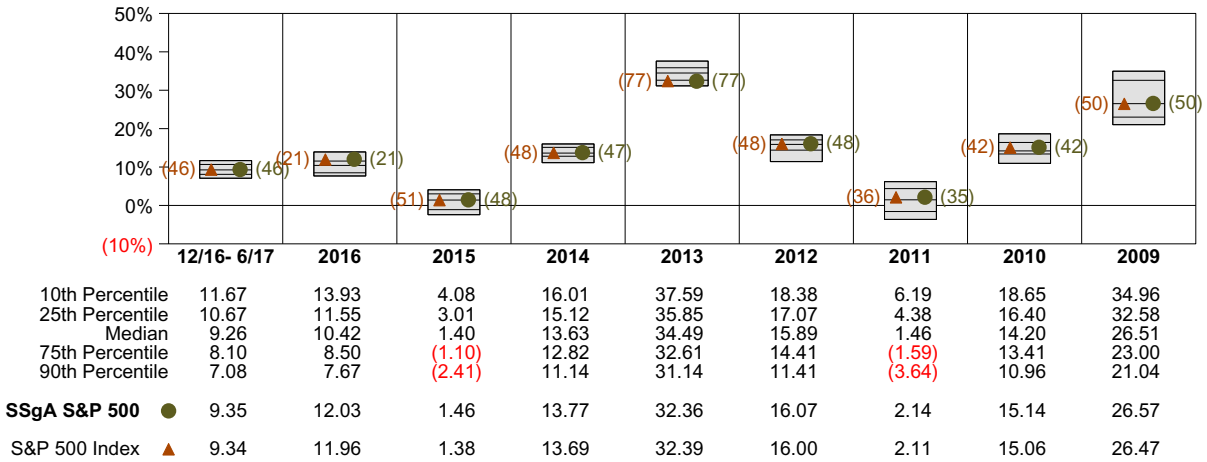


SSgA S&P 500 Return Analysis Summary

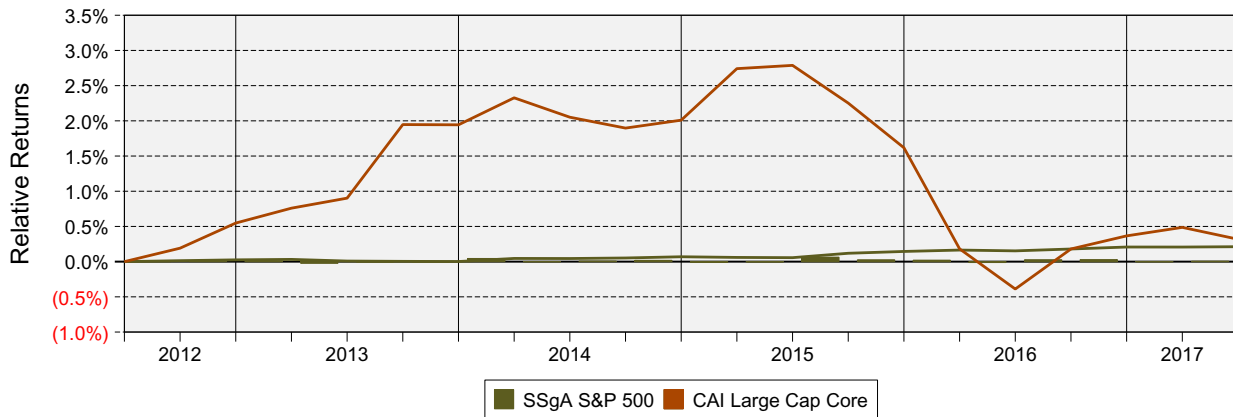
Return Analysis

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

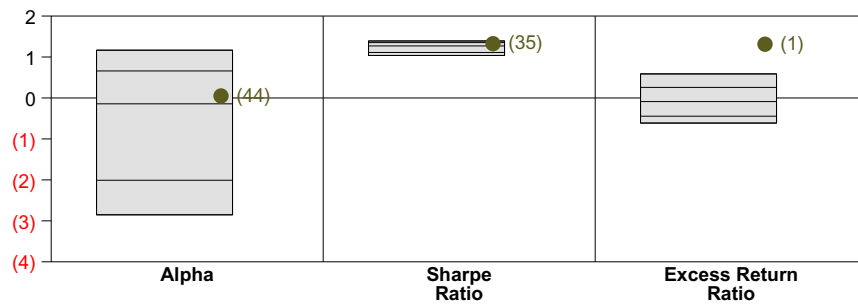
Performance vs CAI Large Cap Core (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Core (Gross) Seven Years Ended June 30, 2017



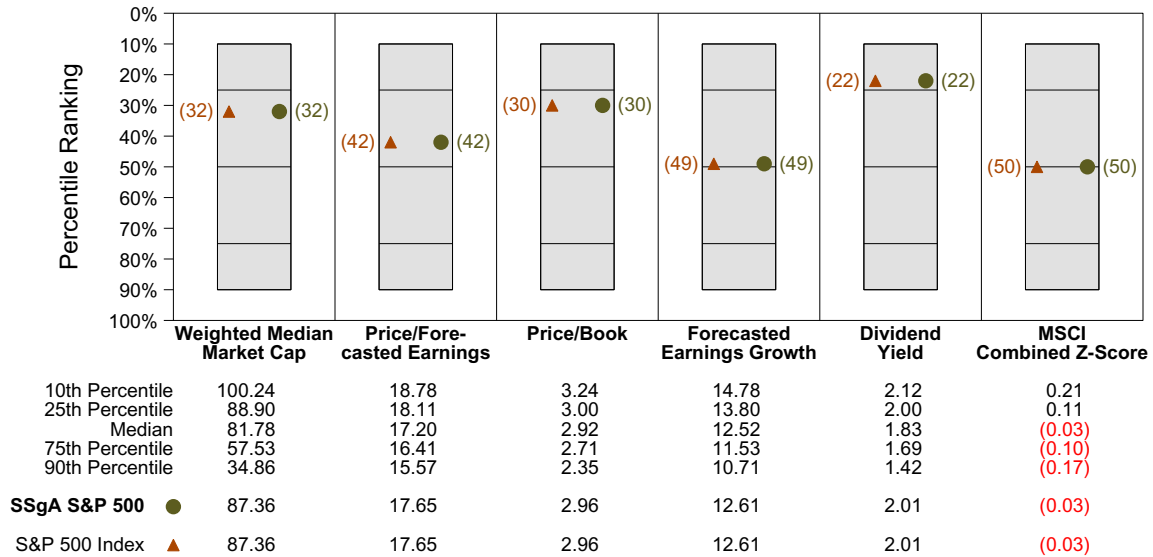
| | | | |
|-------------------------|--------|------|--------|
| 10th Percentile | 1.17 | 1.39 | 0.59 |
| 25th Percentile | 0.66 | 1.35 | 0.26 |
| Median | (0.14) | 1.27 | (0.09) |
| 75th Percentile | (2.01) | 1.11 | (0.45) |
| 90th Percentile | (2.85) | 1.04 | (0.61) |
| SSgA S&P 500 | ● 0.05 | 1.33 | 1.31 |

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.

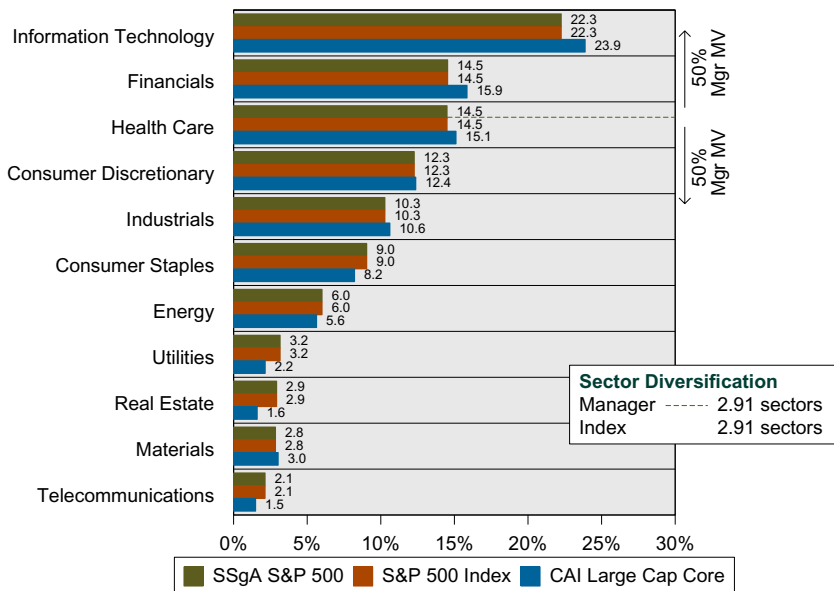
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Core as of June 30, 2017



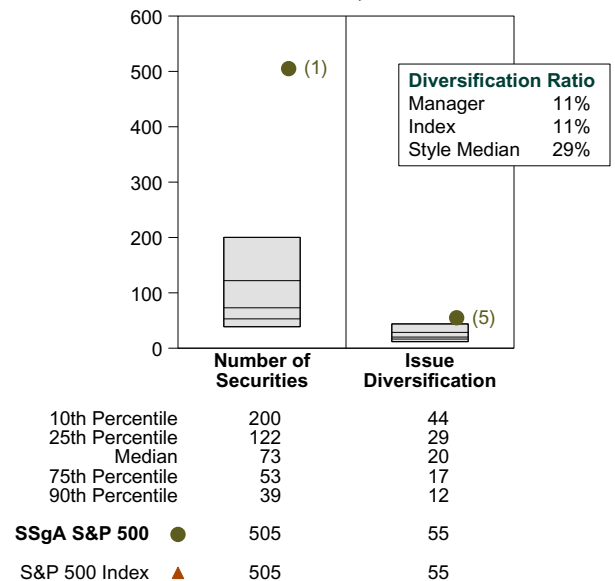
Sector Weights

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 June 30, 2017



Diversification June 30, 2017



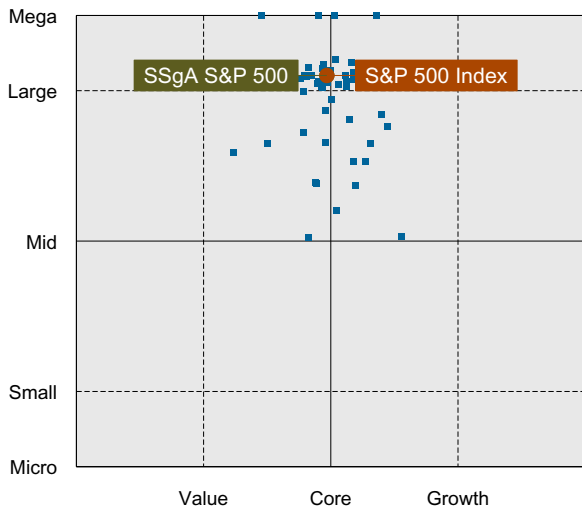
Current Holdings Based Style Analysis

SSgA S&P 500

As of June 30, 2017

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.

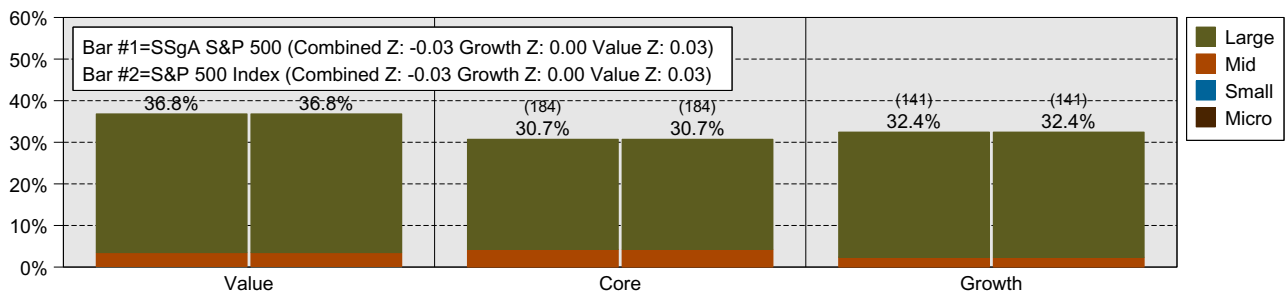
Style Map vs CAI Large Cap Core Holdings as of June 30, 2017



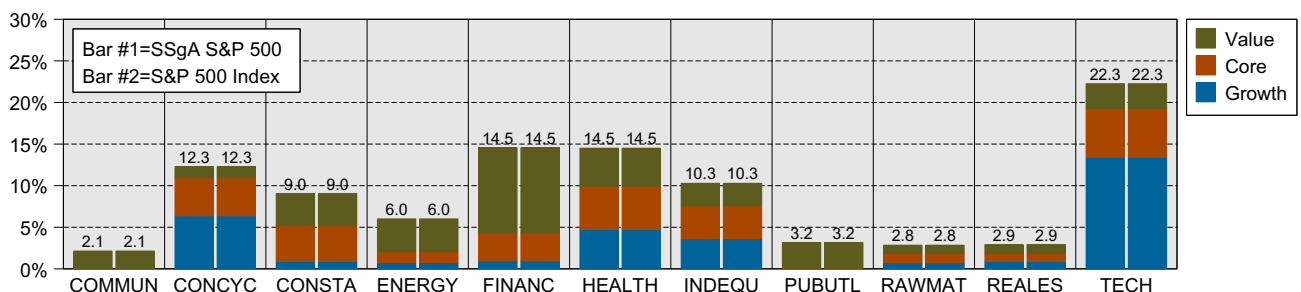
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large | 33.4% (103) | 26.5% (97) | 30.1% (96) | 90.0% (296) |
| Mid | 3.4% (75) | 4.2% (87) | 2.3% (45) | 10.0% (207) |
| Small | 0.0% (2) | 0.0% (0) | 0.0% (0) | 0.0% (2) |
| Micro | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Total | 36.8% (180) | 30.7% (184) | 32.4% (141) | 100.0% (505) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



Boston Partners Period Ended June 30, 2017

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.

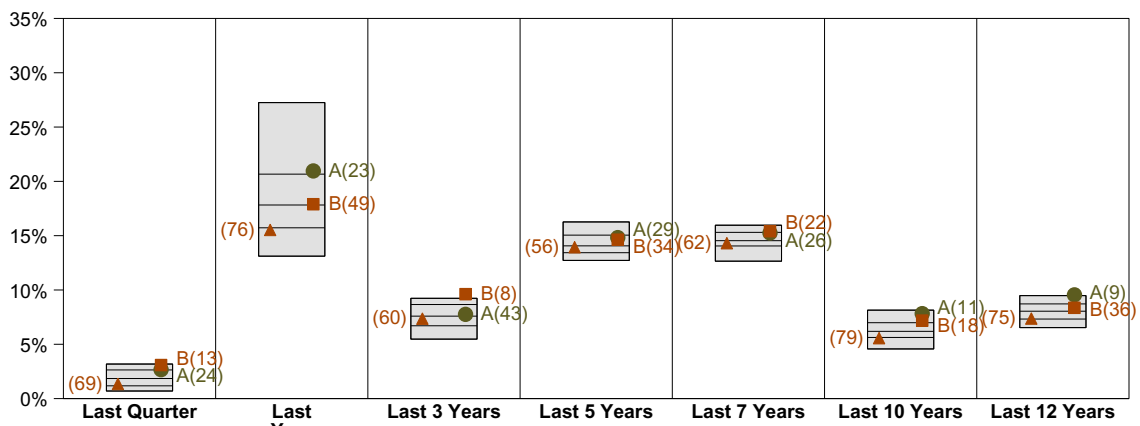
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 2.66% return for the quarter placing it in the 24 percentile of the CAI Large Cap Value group for the quarter and in the 23 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 1.32% for the quarter and outperformed the Russell 1000 Value Index for the year by 5.43%.

Quarterly Asset Growth

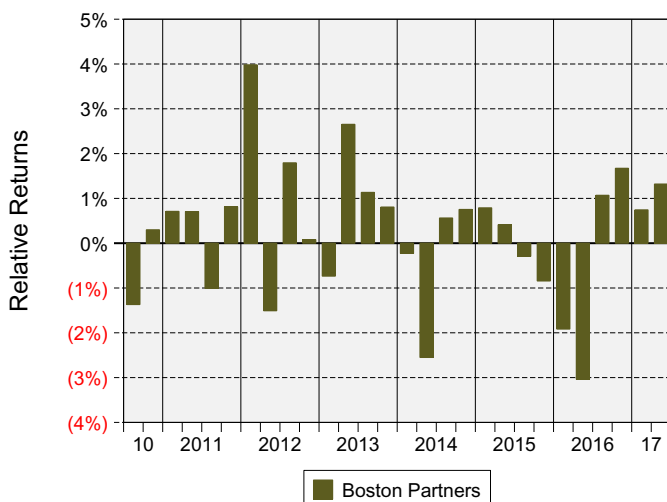
| | |
|---------------------------|--------------|
| Beginning Market Value | \$44,659,944 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$1,190,464 |
| Ending Market Value | \$45,850,408 |

Performance vs CAI Large Cap Value (Gross)

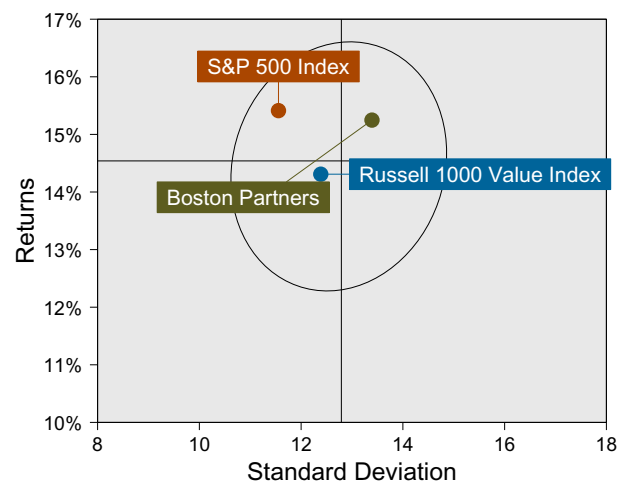


| | | | | | | | | |
|--------------------------|------|-------|-------|-------|-------|-------|------|------|
| 10th Percentile | 3.18 | 27.25 | 9.23 | 16.27 | 15.96 | 8.14 | 9.48 | |
| 25th Percentile | 2.64 | 20.66 | 8.66 | 15.05 | 15.31 | 6.99 | 8.72 | |
| Median | 1.85 | 17.82 | 7.59 | 14.06 | 14.54 | 6.19 | 8.05 | |
| 75th Percentile | 1.18 | 15.73 | 6.70 | 13.43 | 14.05 | 5.63 | 7.32 | |
| 90th Percentile | 0.70 | 13.11 | 5.47 | 12.72 | 12.65 | 4.57 | 6.54 | |
| Boston Partners | ● A | 2.66 | 20.96 | 7.75 | 14.82 | 15.25 | 7.82 | 9.55 |
| S&P 500 Index | ■ B | 3.09 | 17.90 | 9.61 | 14.63 | 15.41 | 7.18 | 8.36 |
| Russell 1000 Value Index | ▲ | 1.34 | 15.53 | 7.36 | 13.94 | 14.31 | 5.57 | 7.37 |

Relative Return vs Russell 1000 Value Index



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

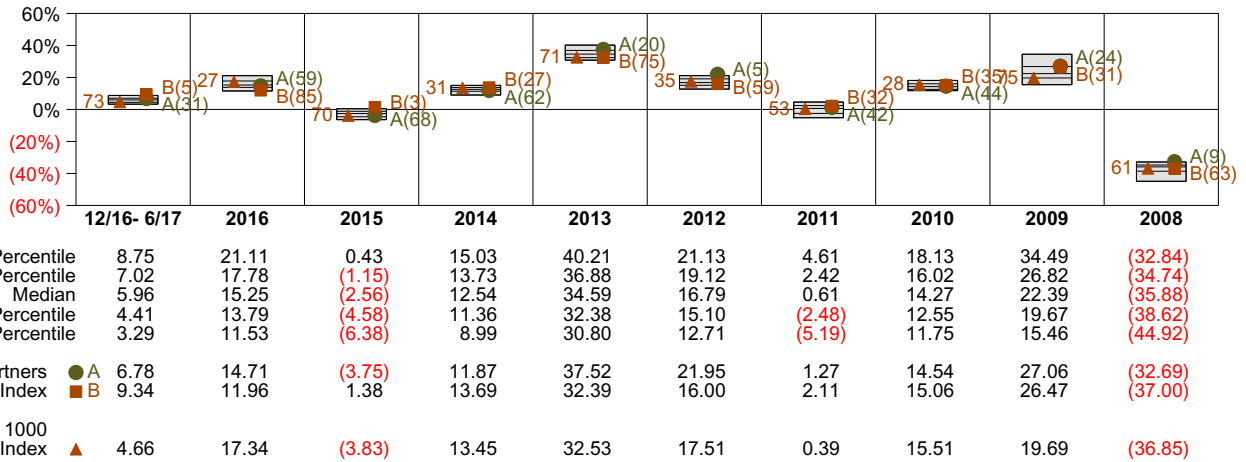


Boston Partners Return Analysis Summary

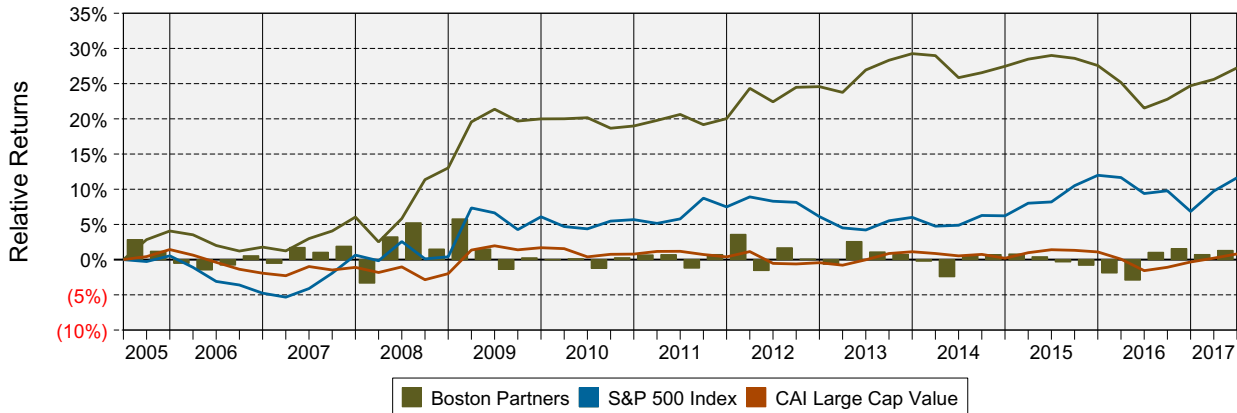
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

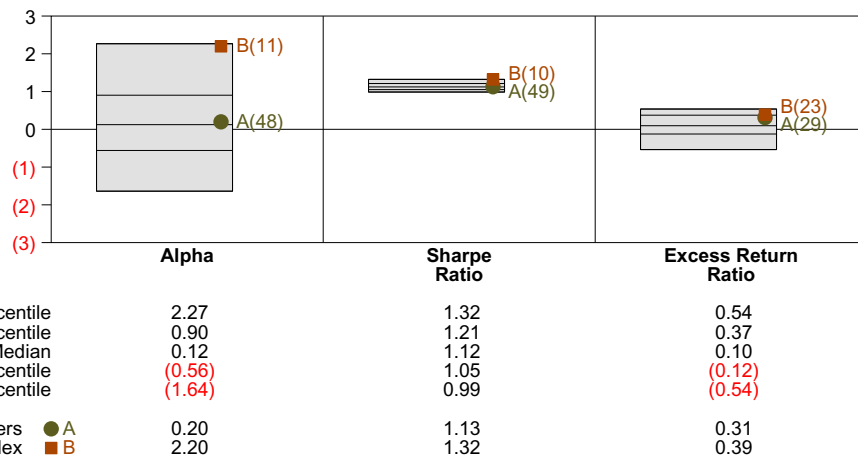
Performance vs CAI Large Cap Value (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI Large Cap Value (Gross) Seven Years Ended June 30, 2017

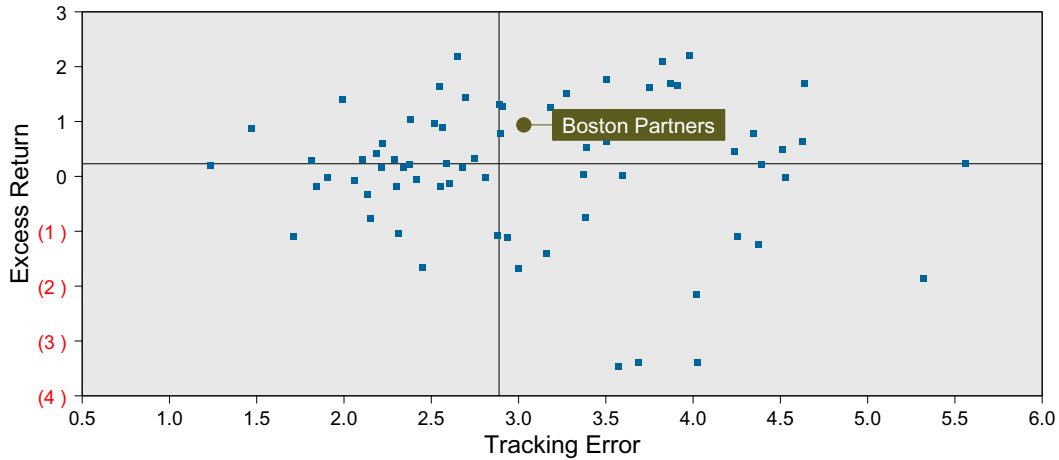


Boston Partners Risk Analysis Summary

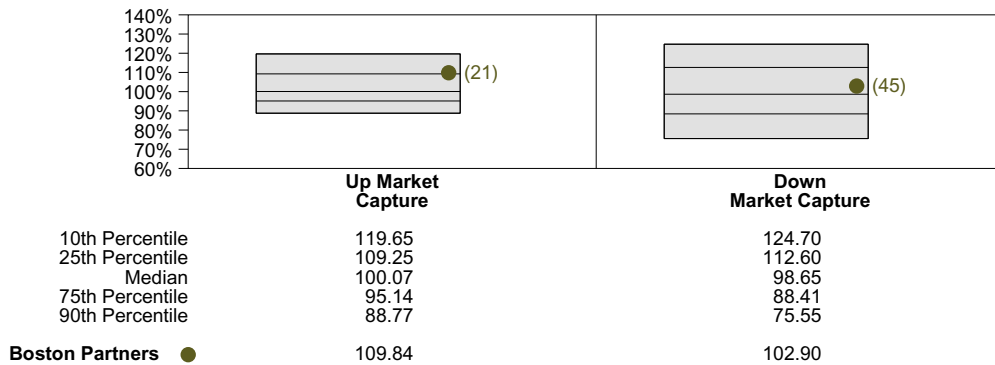
Risk Analysis

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.

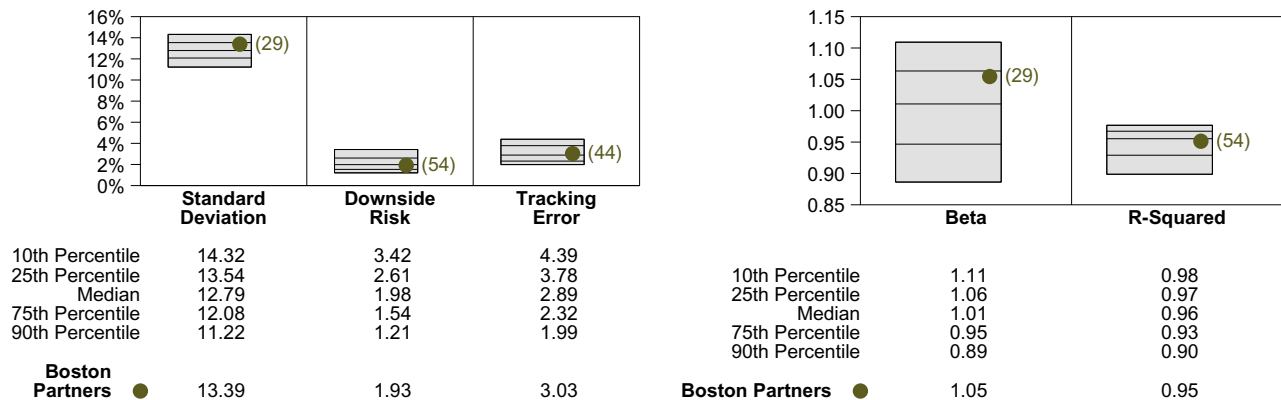
Risk Analysis vs CAI Large Cap Value (Gross) Seven Years Ended June 30, 2017



Market Capture vs Russell 1000 Value Index Rankings Against CAI Large Cap Value (Gross) Seven Years Ended June 30, 2017



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against CAI Large Cap Value (Gross) Seven Years Ended June 30, 2017

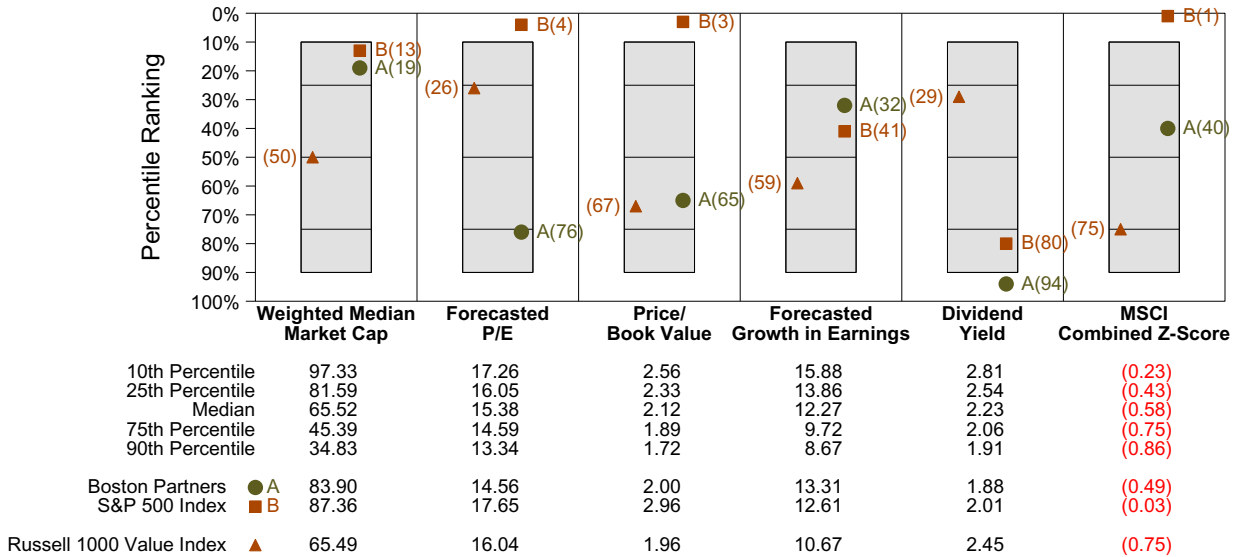


Boston Partners Equity Characteristics Analysis Summary

Portfolio Characteristics

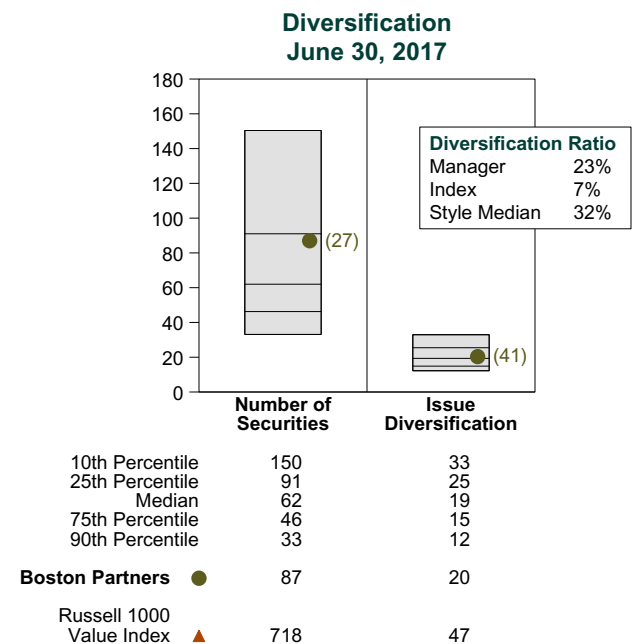
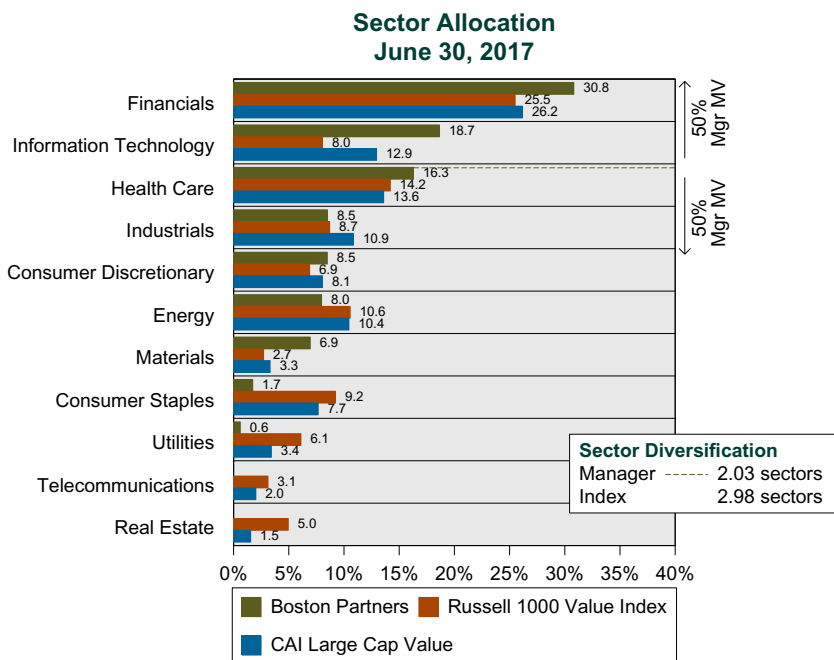
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value as of June 30, 2017



Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



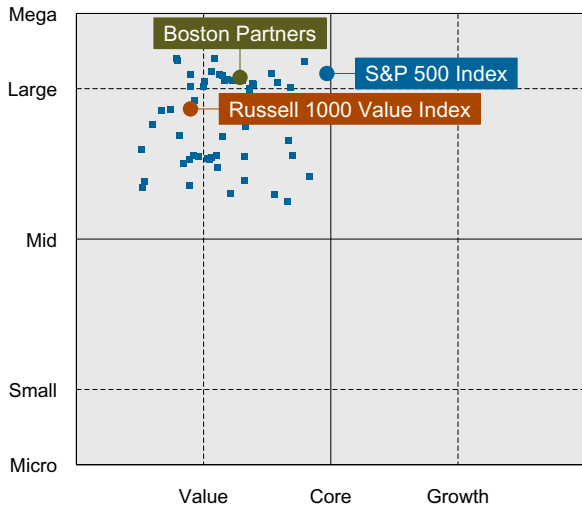
Current Holdings Based Style Analysis

Boston Partners

As of June 30, 2017

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.

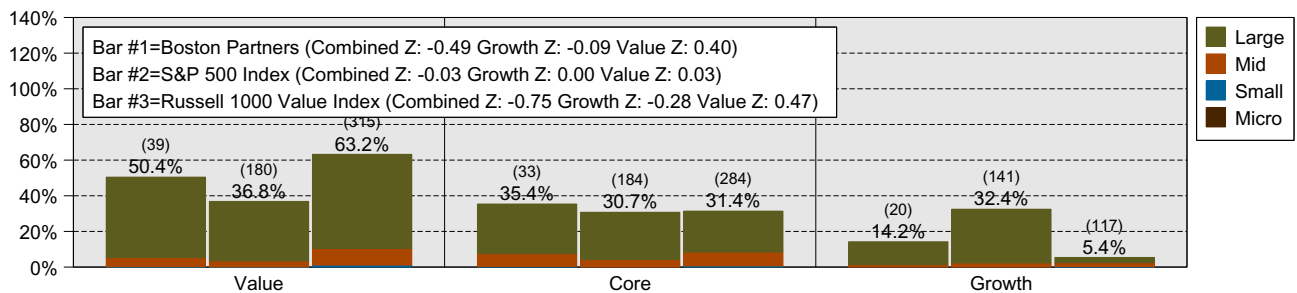
Style Map vs CAI Large Cap Value Holdings as of June 30, 2017



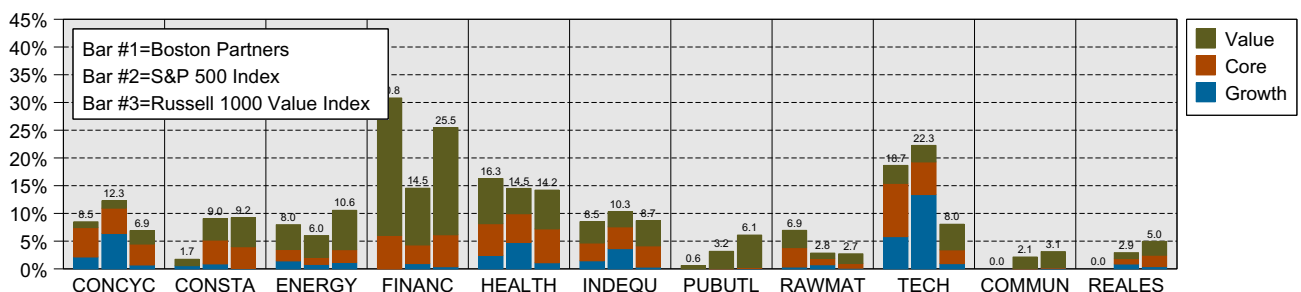
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large | 44.9% (29) | 27.8% (22) | 12.8% (16) | 85.6% (67) |
| | 33.4% (103) | 26.5% (97) | 30.1% (96) | 90.0% (296) |
| | 52.8% (103) | 22.9% (75) | 3.0% (30) | 78.7% (208) |
| Mid | 5.3% (9) | 7.2% (10) | 1.4% (3) | 14.0% (22) |
| | 3.4% (75) | 4.2% (87) | 2.3% (45) | 10.0% (207) |
| | 9.3% (162) | 7.8% (176) | 2.2% (70) | 19.4% (408) |
| Small | 0.2% (1) | 0.3% (1) | 0.0% (1) | 0.5% (3) |
| | 0.0% (2) | 0.0% (0) | 0.0% (0) | 0.0% (2) |
| | 1.1% (50) | 0.7% (33) | 0.2% (17) | 2.0% (100) |
| Micro | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Total | 50.4% (39) | 35.4% (33) | 14.2% (20) | 100.0% (92) |
| | 36.8% (180) | 30.7% (184) | 32.4% (141) | 100.0% (505) |
| | 63.2% (315) | 31.4% (284) | 5.4% (117) | 100.0% (716) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



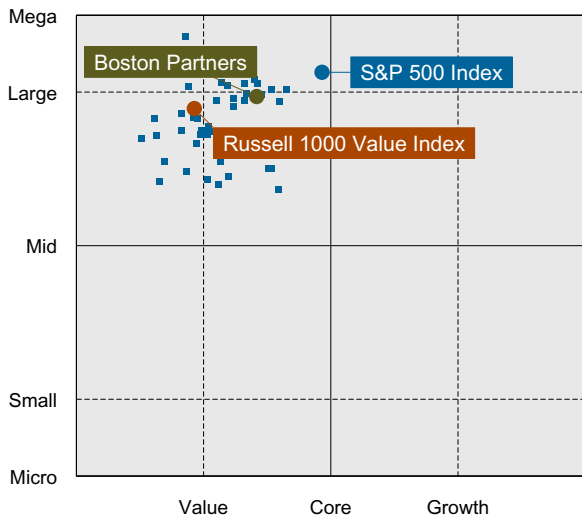
Historical Holdings Based Style Analysis

Boston Partners

For Five Years Ended June 30, 2017

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.

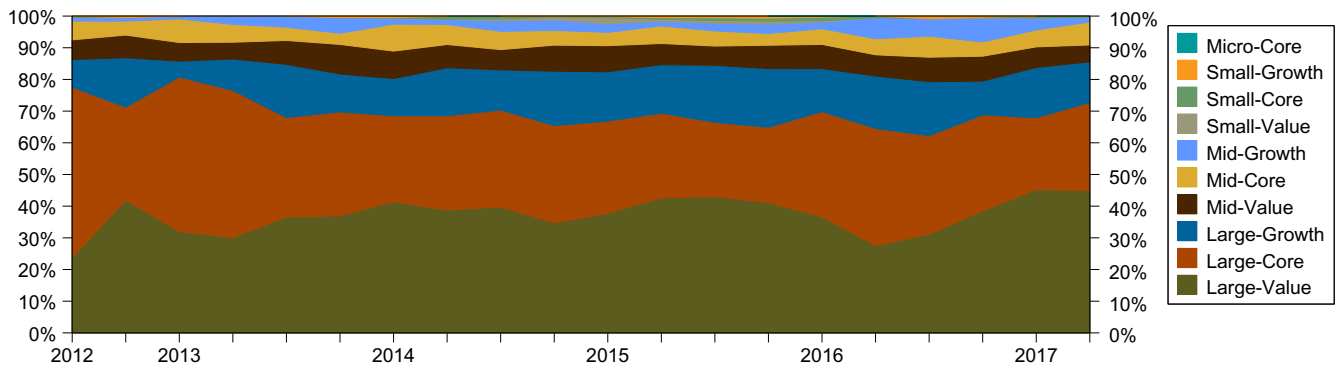
Average Style Map vs CAI Large Cap Value Holdings for Five Years Ended June 30, 2017



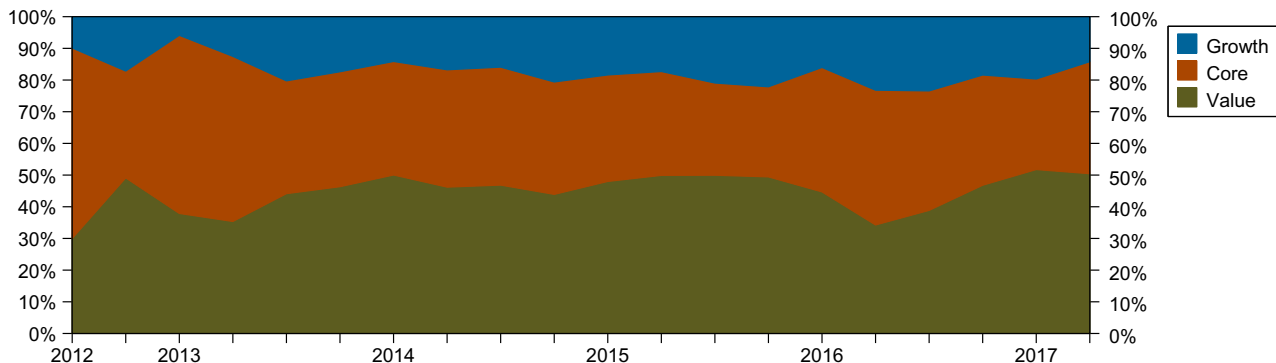
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | Value | Core | Growth | Total |
|-------|-------------|-------------|-------------|--------------|
| Large | 37.2% (24) | 32.3% (25) | 13.9% (14) | 83.4% (63) |
| | 30.8% (91) | 30.3% (100) | 28.0% (94) | 89.1% (285) |
| Mid | 48.9% (88) | 24.6% (75) | 5.1% (30) | 78.6% (193) |
| | 7.1% (11) | 5.4% (9) | 3.0% (5) | 15.6% (25) |
| Small | 4.0% (82) | 3.9% (77) | 3.0% (53) | 10.8% (212) |
| | 10.1% (160) | 6.7% (147) | 2.2% (59) | 19.0% (366) |
| Micro | 0.4% (1) | 0.4% (1) | 0.2% (1) | 1.0% (3) |
| | 0.0% (3) | 0.0% (1) | 0.0% (1) | 0.1% (5) |
| Total | 1.4% (62) | 0.9% (48) | 0.2% (15) | 2.5% (125) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Total | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| | 0.0% (1) | 0.0% (1) | 0.0% (0) | 0.0% (2) |
| Total | 44.7% (36) | 38.1% (35) | 17.2% (20) | 100.0% (91) |
| | 34.8% (176) | 34.2% (178) | 31.0% (148) | 100.0% (502) |
| Total | 60.4% (311) | 32.1% (271) | 7.5% (104) | 100.0% (686) |

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

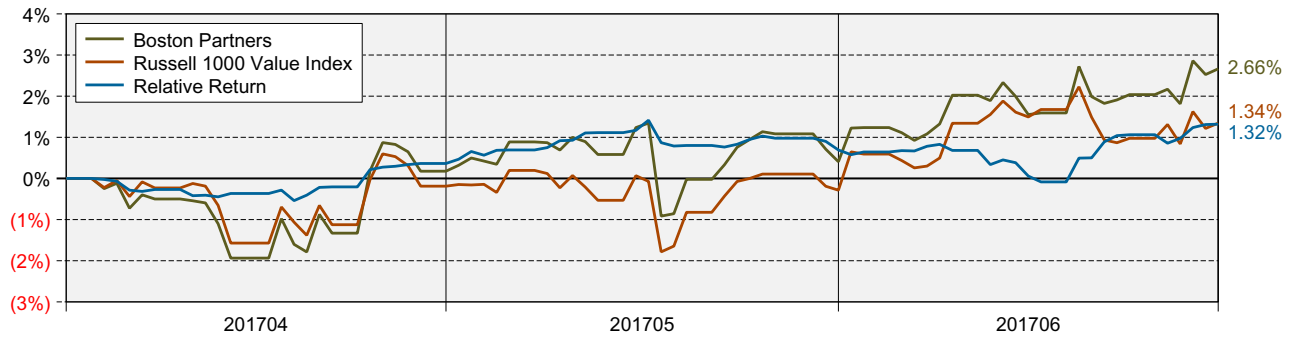


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended June 30, 2017

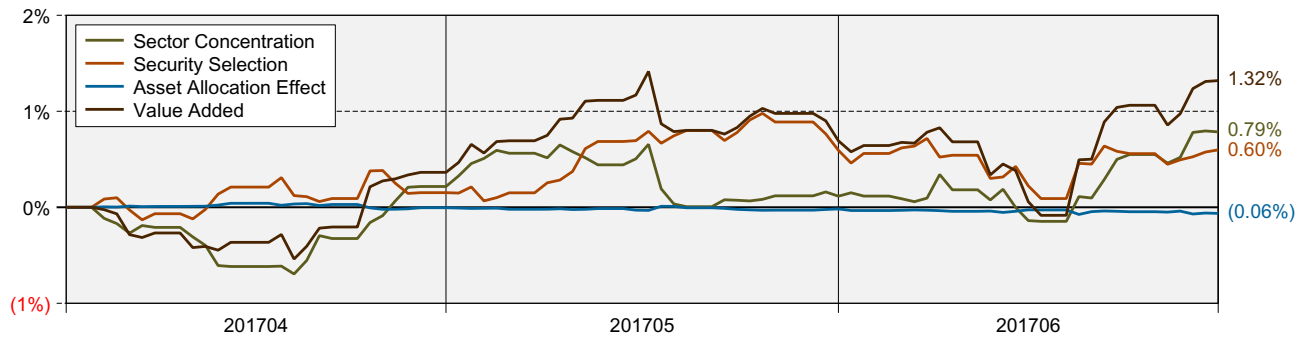
Return Sources and Timing

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 June 30, 2017

| Sector | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 8.57% | 4.64% | (0.28)% | 2.84% | 0.03% | (0.27)% | - |
| Consumer Staples | 1.23% | 8.63% | 5.69% | 1.14% | 0.02% | 0.07% | - |
| Energy | 9.01% | 11.82% | (4.47)% | (7.09)% | 0.24% | 0.26% | - |
| Financials | 28.22% | 26.25% | 2.58% | 3.79% | 0.15% | (0.33)% | - |
| Health Care | 16.10% | 11.33% | 5.96% | 6.24% | 0.28% | (0.04)% | - |
| Industrials | 8.07% | 9.90% | 8.80% | 3.19% | (0.04)% | 0.43% | - |
| Information Technology | 20.80% | 9.99% | 2.78% | 0.71% | (0.08)% | 0.45% | - |
| Materials | 7.36% | 2.90% | 0.63% | 0.10% | (0.07)% | 0.04% | - |
| Real Estate | 0.00% | 4.66% | 0.00% | 1.57% | (0.01)% | 0.00% | - |
| Telecommunications | 0.00% | 3.49% | 0.00% | (7.09)% | 0.30% | 0.00% | - |
| Utilities | 0.63% | 6.39% | 0.43% | 2.17% | (0.05)% | (0.01)% | - |
| Non Equity | 2.37% | 0.00% | - | - | - | - | (0.06)% |
| Total | - | - | 2.66% | 1.34% | 0.79% | 0.60% | (0.06)% |

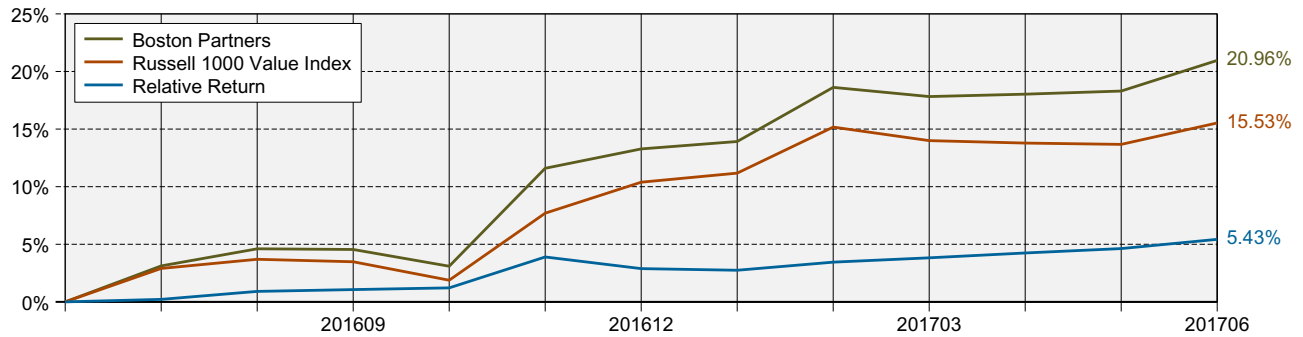
| | | | | | | | | |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| Manager Return | = | Index Return | + | Sector Concentration | + | Security Selection | + | Asset Allocation |
| 2.66% | | 1.34% | | 0.79% | | 0.60% | | (0.06%) |

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended June 30, 2017

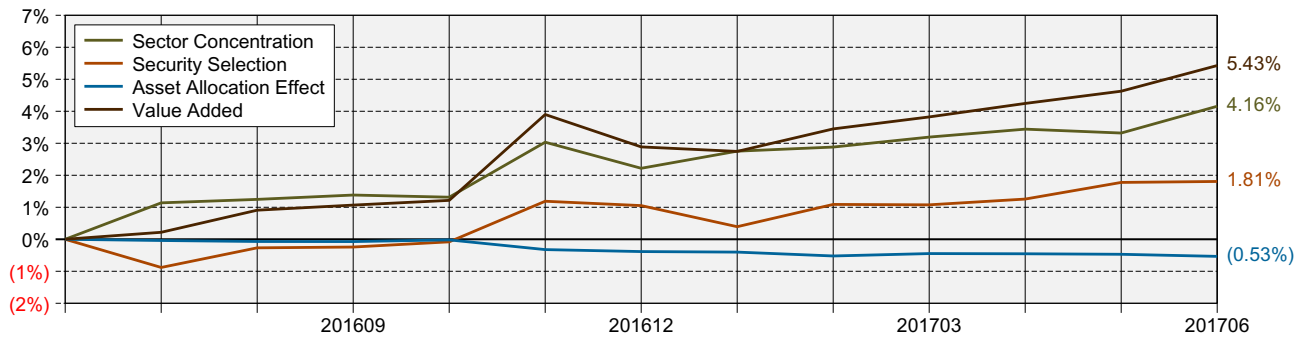
Return Sources and Timing

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 June 30, 2017

| Sector | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Real Estate | 0.04% | 3.96% | (0.63)% | (1.55)% | 0.68% | 0.03% | - |
| Miscellaneous | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - |
| Consumer Discretionary | 8.15% | 4.61% | 18.19% | 17.41% | 0.16% | (0.12)% | - |
| Consumer Staples | 1.88% | 8.58% | 1.58% | 5.96% | 0.59% | (0.17)% | - |
| Energy | 11.67% | 12.84% | (2.54)% | (4.62)% | 0.30% | 0.19% | - |
| Financials | 26.19% | 26.11% | 36.68% | 35.84% | 0.13% | 0.16% | - |
| Health Care | 16.18% | 11.09% | 6.39% | 11.36% | 0.03% | (0.99)% | - |
| Industrials | 9.13% | 9.96% | 31.83% | 22.68% | 0.02% | 0.72% | - |
| Information Technology | 17.75% | 9.80% | 37.71% | 26.06% | 0.64% | 1.84% | - |
| Materials | 7.45% | 2.87% | 23.04% | 19.32% | 0.13% | 0.26% | - |
| Telecommunications | 0.65% | 3.77% | (12.06)% | (9.19)% | 0.75% | (0.04)% | - |
| Utilities | 0.92% | 6.41% | (7.37)% | 2.70% | 0.73% | (0.08)% | - |
| Non Equity | 2.72% | 0.00% | - | - | - | - | (0.53)% |
| Total | - | - | 20.96% | 15.53% | 4.16% | 1.81% | (0.53)% |

| | | | | | | | | |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| Manager Return | = | Index Return | + | Sector Concentration | + | Security Selection | + | Asset Allocation |
| 20.96% | | 15.53% | | 4.16% | | 1.81% | | (0.53%) |

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended June 30, 2017

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

| Issue | Sector | Manager Eff Wt | Days Held | Index Eff Wt | Manager Return | Index Return | Contrib Manager Perf | Contrib Excess Return |
|-------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Citigroup Inc | Financials | 3.14% | 91 | 1.48% | 11.88% | 12.10% | 0.38% | 0.19% |
| JPMorgan Chase & Co | Financials | 4.75% | 91 | 2.78% | 4.65% | 4.65% | 0.22% | 0.07% |
| Oracle Corp | Information Technology | 1.74% | 91 | 1.07% | 12.88% | 12.88% | 0.22% | 0.08% |
| Alphabet Inc Cl A | Information Technology | 2.01% | 91 | - | 9.56% | - | 0.22% | 0.20% |
| Johnson & Johnson | Health Care | 3.24% | 91 | 2.55% | 6.91% | 6.91% | 0.20% | 0.03% |
| Discover Finl Svcs | Financials | 1.44% | 91 | 0.15% | (8.46)% | (8.62)% | (0.18)% | (0.17)% |
| Anthem Inc | Health Care | 1.24% | 91 | 0.31% | 14.15% | 14.15% | 0.17% | 0.11% |
| Cisco Sys Inc | Information Technology | 2.35% | 91 | 1.49% | (6.59)% | (6.59)% | (0.16)% | (0.07)% |
| Delta Air Lines Inc Del | Industrials | 0.90% | 91 | 0.08% | 17.42% | 17.42% | 0.15% | 0.13% |
| Cigna Corporation | Health Care | 1.07% | 91 | 0.22% | 14.27% | 14.27% | 0.15% | 0.11% |

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 |
|-------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|--------------------|-----------------------|
| At&t Inc | Telecommunications | - | - | 2.19% | - | (8.10)% | (0.18)% | 0.21% |
| Johnson & Johnson | Health Care | 3.24% | 91 | 2.55% | 6.91% | 6.91% | 0.18% | 0.03% |
| Citigroup Inc | Financials | 3.14% | 91 | 1.48% | 11.88% | 12.10% | 0.18% | 0.19% |
| General Electric Co | Industrials | - | - | 1.80% | - | (8.61)% | (0.16)% | 0.18% |
| Schlumberger | Energy | - | - | 0.91% | - | (15.08)% | (0.15)% | 0.16% |
| Oracle Corp | Information Technology | 1.74% | 91 | 1.07% | 12.88% | 12.88% | 0.14% | 0.08% |
| JPMorgan Chase & Co | Financials | 4.75% | 91 | 2.78% | 4.65% | 4.65% | 0.12% | 0.07% |
| Medtronic Plc Shs | Health Care | - | - | 1.03% | - | 10.17% | 0.10% | (0.09)% |
| Cisco Sys Inc | Information Technology | 2.35% | 91 | 1.49% | (6.59)% | (6.59)% | (0.10)% | (0.07)% |
| Anadarko Petroleum Corp | Energy | - | - | 0.28% | - | (26.80)% | (0.08)% | 0.09% |

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 |
|-------------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| At&t Inc | Telecommunications | - | - | 2.19% | - | (8.10)% | - | 0.21% |
| Alphabet Inc Cl A | Information Technology | 2.01% | 91 | - | 9.56% | - | 0.22% | 0.20% |
| Citigroup Inc | Financials | 3.14% | 91 | 1.48% | 11.88% | 12.10% | 0.38% | 0.19% |
| General Electric Co | Industrials | - | - | 1.80% | - | (8.61)% | - | 0.18% |
| Schlumberger | Energy | - | - | 0.91% | - | (15.08)% | - | 0.16% |
| Delta Air Lines Inc Del | Industrials | 0.90% | 91 | 0.08% | 17.42% | 17.42% | 0.15% | 0.13% |
| Unitedhealth Group | Health Care | 1.04% | 91 | - | 13.52% | - | 0.13% | 0.12% |
| Anthem Inc | Health Care | 1.24% | 91 | 0.31% | 14.15% | 14.15% | 0.17% | 0.11% |
| Cigna Corporation | Health Care | 1.07% | 91 | 0.22% | 14.27% | 14.27% | 0.15% | 0.11% |
| Koninklijke Philips N V Ny Reg Sh N | Industrials | 0.85% | 91 | - | 14.38% | - | 0.12% | 0.10% |

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 |
|---------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Discover Finl Svcs | Financials | 1.44% | 91 | 0.15% | (8.46)% | (8.62)% | (0.18)% | (0.17)% |
| Twenty First Centy Fox Inc Cl A | Consumer Discretionary | 1.07% | 91 | 0.08% | (12.81)% | (12.50)% | (0.13)% | (0.13)% |
| Marathon Oil Corp | Energy | 0.46% | 91 | 0.11% | (24.70)% | (24.74)% | (0.13)% | (0.10)% |
| Diamondback Energy Inc | Energy | 0.64% | 91 | 0.06% | (14.37)% | (14.37)% | (0.10)% | (0.09)% |
| Barrick Gold Corp | Materials | 0.47% | 91 | - | (16.06)% | - | (0.08)% | (0.09)% |
| Medtronic Plc Shs | Health Care | - | - | 1.03% | - | 10.17% | - | (0.09)% |
| Caterpillar | Industrials | - | - | 0.46% | - | 16.79% | - | (0.07)% |
| Cisco Sys Inc | Information Technology | 2.35% | 91 | 1.49% | (6.59)% | (6.59)% | (0.16)% | (0.07)% |
| Capital One Finl Corp | Financials | 1.09% | 91 | 0.35% | (4.28)% | (4.19)% | (0.07)% | (0.07)% |
| Csx Corp | Industrials | - | - | 0.40% | - | 17.64% | - | (0.06)% |

Atlanta Capital Period Ended June 30, 2017

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. Returns prior to 6/30/2010 are linked to a composite history.

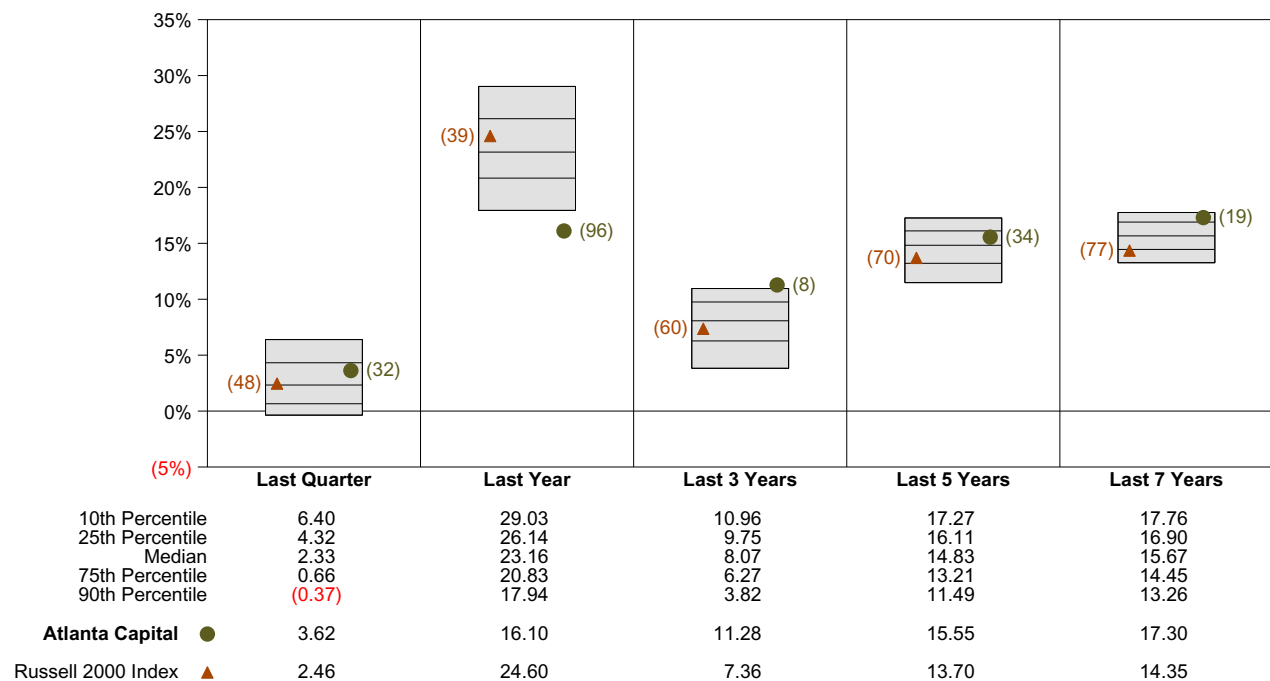
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 3.62% return for the quarter placing it in the 32 percentile of the CAI Small Capitalization group for the quarter and in the 96 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 1.16% for the quarter and underperformed the Russell 2000 Index for the year by 8.50%.

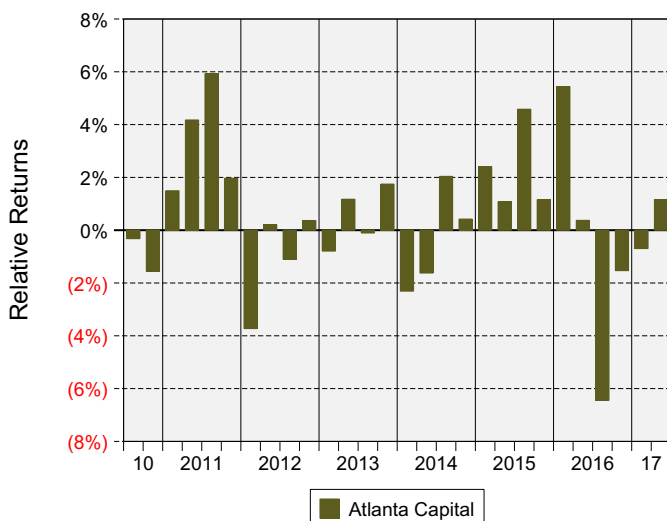
Quarterly Asset Growth

| | |
|---------------------------|--------------|
| Beginning Market Value | \$23,920,446 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$866,462 |
| Ending Market Value | \$24,786,908 |

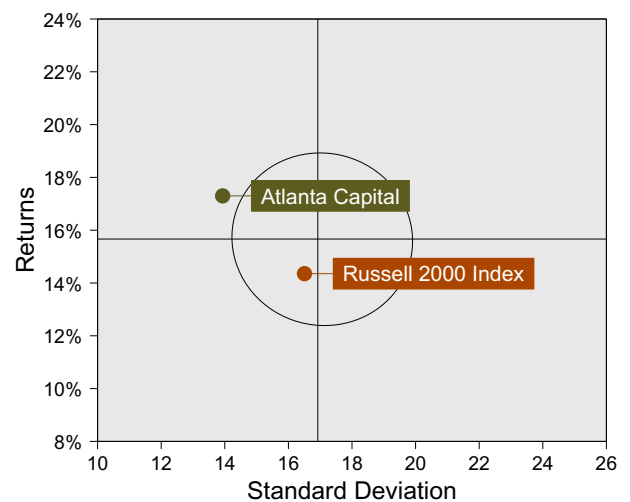
Performance vs CAI Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

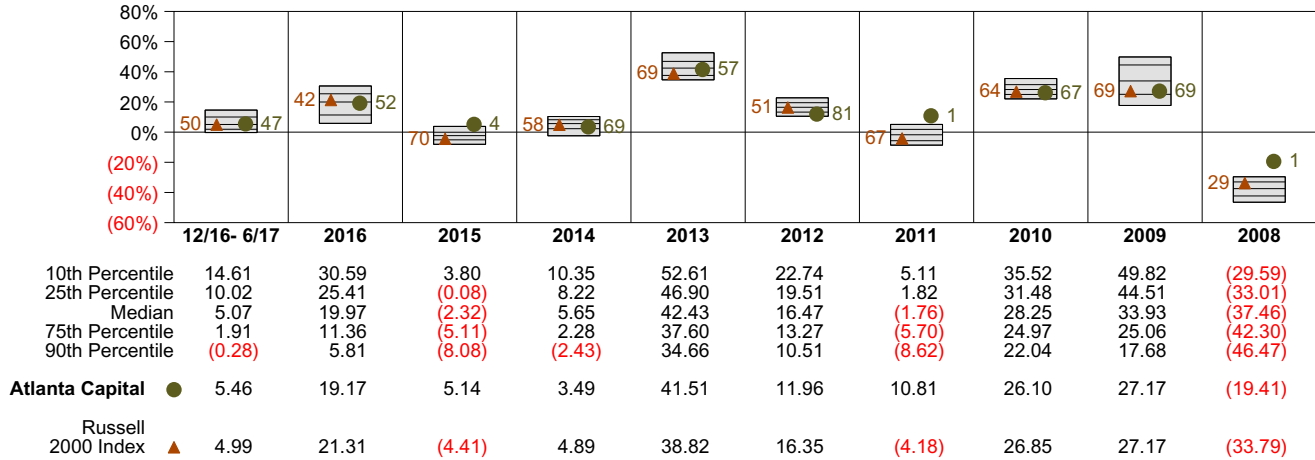


Atlanta Capital Return Analysis Summary

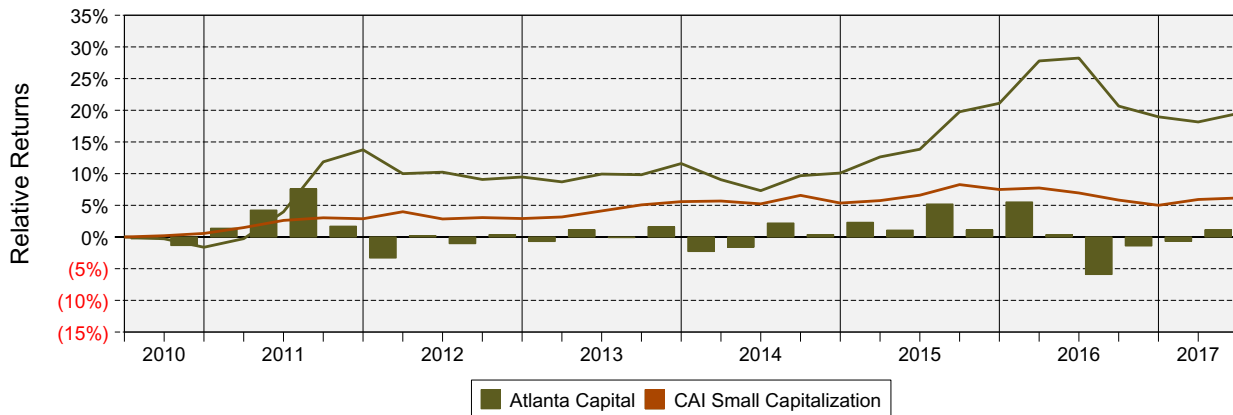
Return Analysis

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

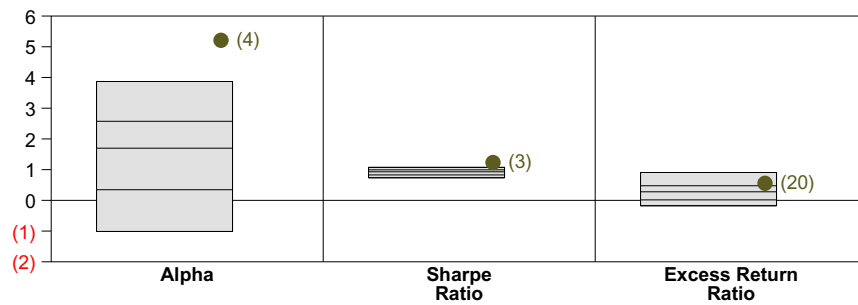
Performance vs CAI Small Capitalization (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization (Gross) Seven Years Ended June 30, 2017



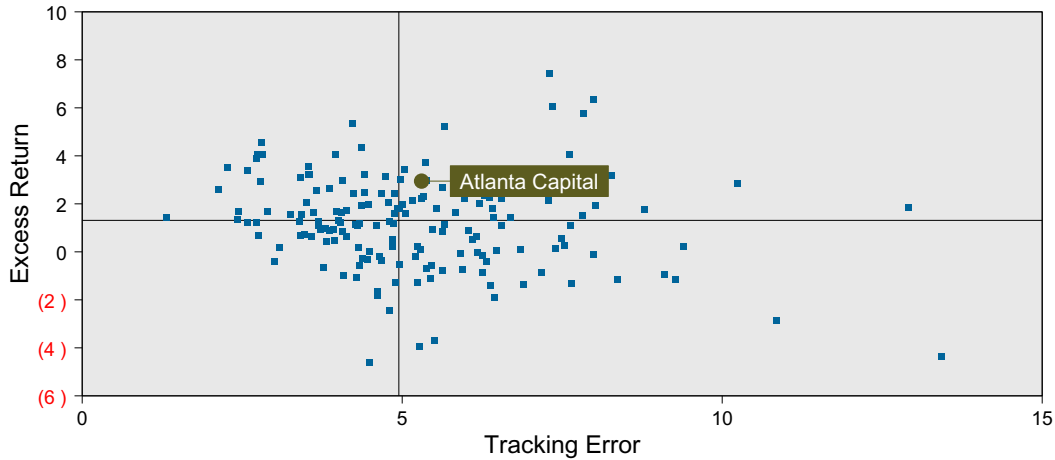
| | | | |
|------------------------|--------|------|--------|
| 10th Percentile | 3.87 | 1.07 | 0.91 |
| 25th Percentile | 2.57 | 0.99 | 0.48 |
| Median | 1.70 | 0.93 | 0.28 |
| 75th Percentile | 0.35 | 0.83 | 0.02 |
| 90th Percentile | (1.01) | 0.74 | (0.18) |
| Atlanta Capital | ● 5.21 | 1.23 | 0.56 |

Atlanta Capital Risk Analysis Summary

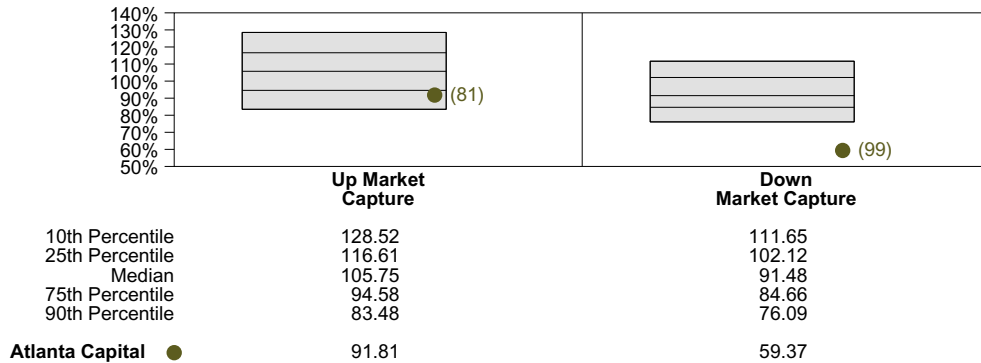
Risk Analysis

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.

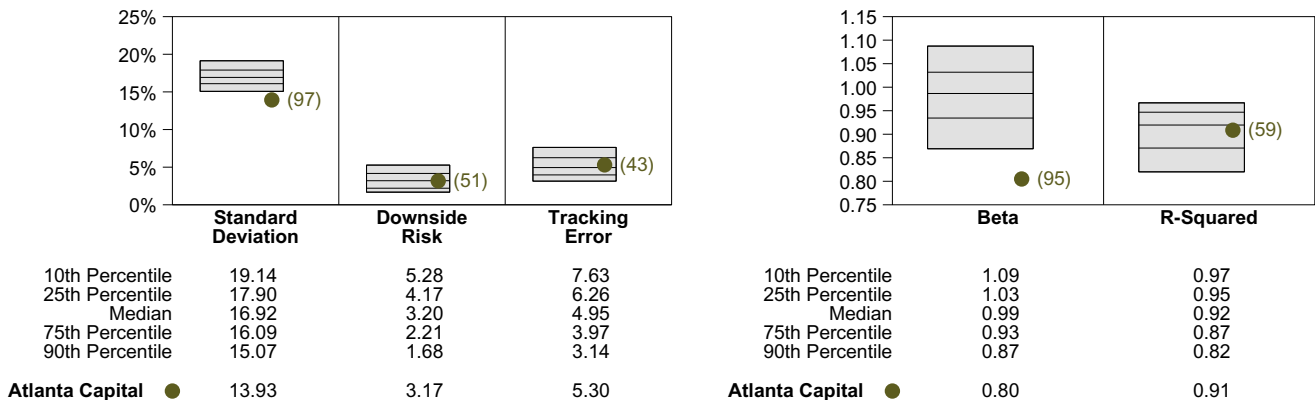
Risk Analysis vs CAI Small Capitalization (Gross) Seven Years Ended June 30, 2017



Market Capture vs Russell 2000 Index Rankings Against CAI Small Capitalization (Gross) Seven Years Ended June 30, 2017



Risk Statistics Rankings vs Russell 2000 Index Rankings Against CAI Small Capitalization (Gross) Seven Years Ended June 30, 2017

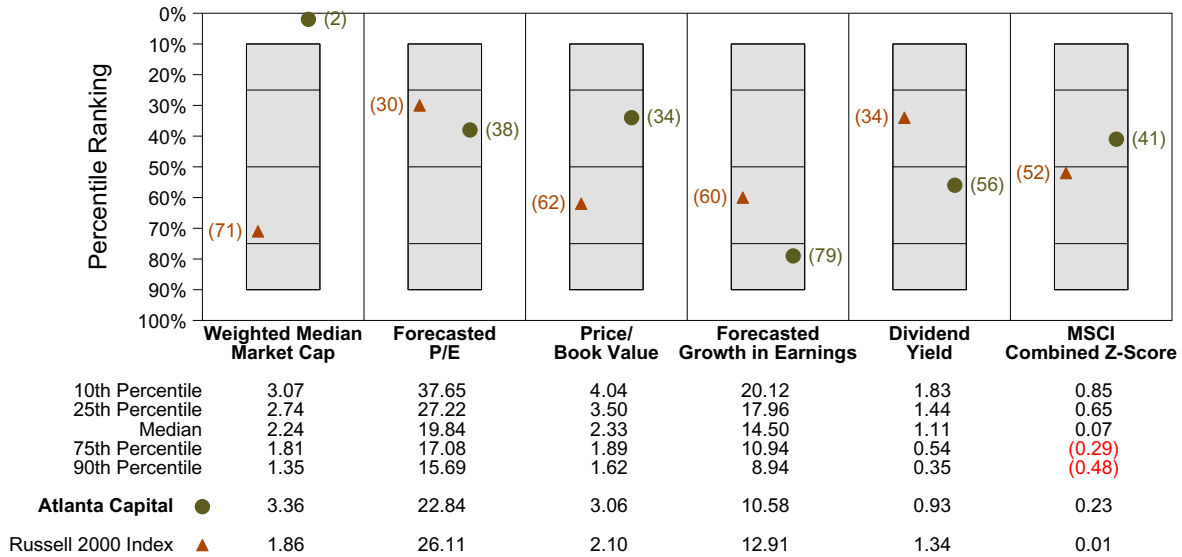


Atlanta Capital Equity Characteristics Analysis Summary

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.

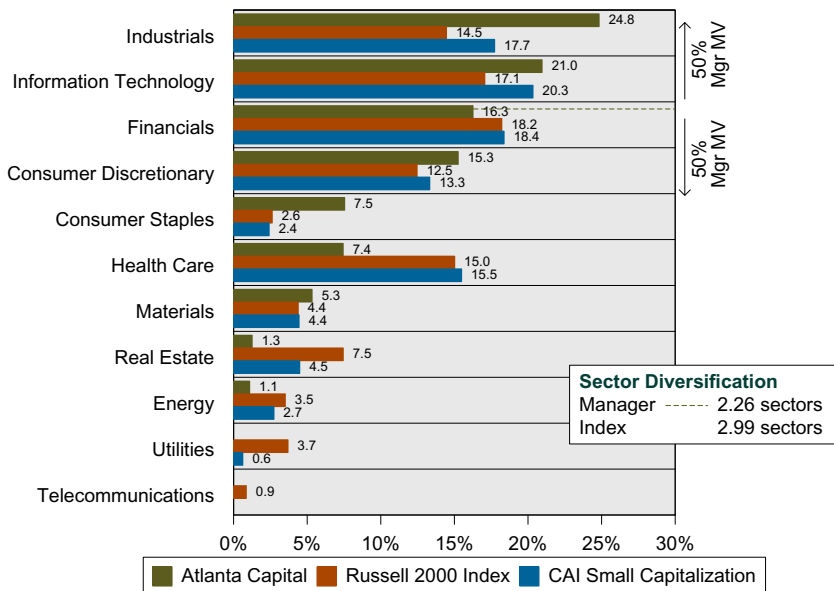
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization as of June 30, 2017



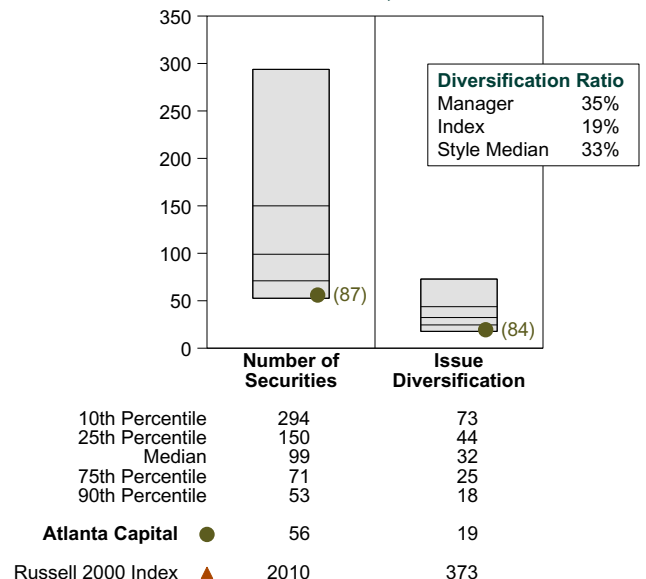
Sector Weights

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 June 30, 2017



Diversification June 30, 2017



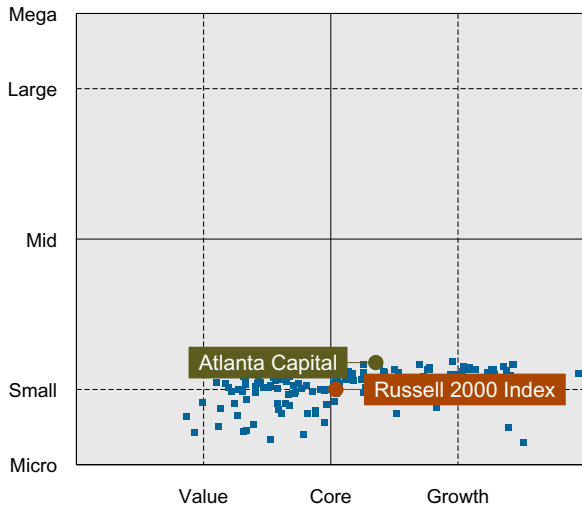
Current Holdings Based Style Analysis

Atlanta Capital

As of June 30, 2017

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.

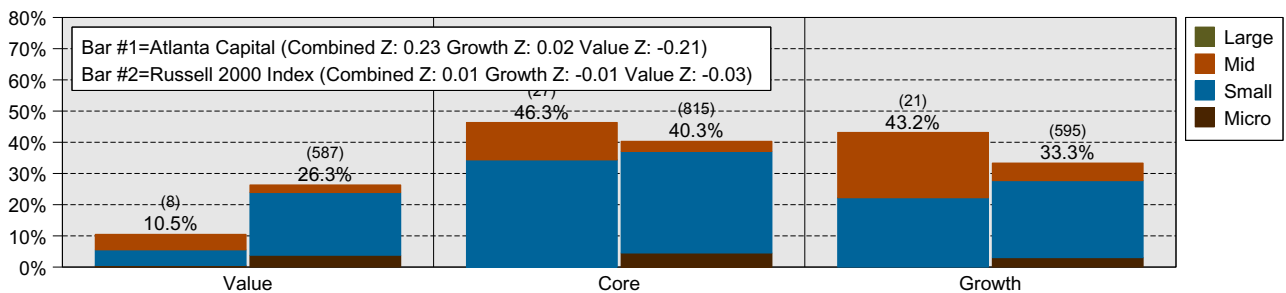
Style Map vs CAI Small Capitalization Holdings as of June 30, 2017



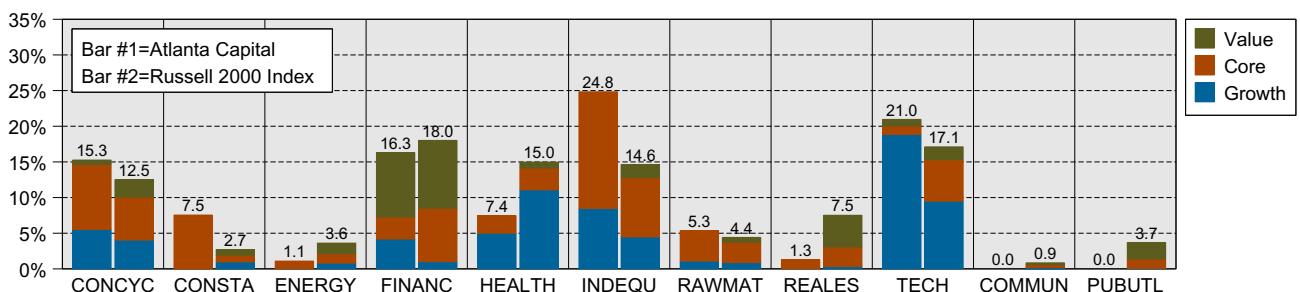
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|--------------|------------------|-------------------|-------------------|--------------------|
| Large | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Mid | 5.0% (3) | 12.0% (5) | 20.9% (9) | 37.9% (17) |
| Small | 4.9% (4) | 34.3% (22) | 22.2% (12) | 61.5% (38) |
| Micro | 0.6% (1) | 0.0% (0) | 0.0% (0) | 0.6% (1) |
| Total | 10.5% (8) | 46.3% (27) | 43.2% (21) | 100.0% (56) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



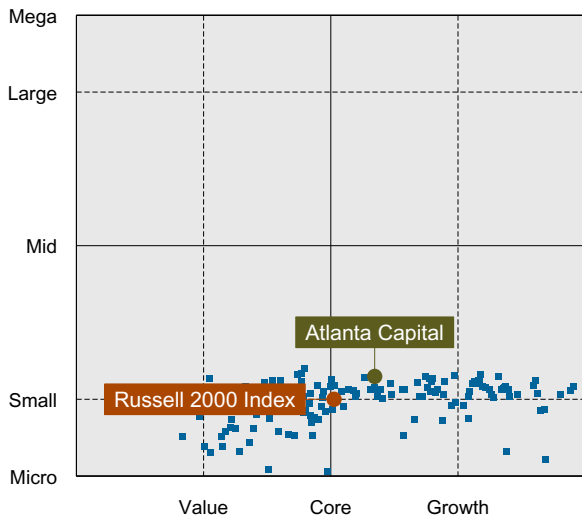
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended June 30, 2017

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.

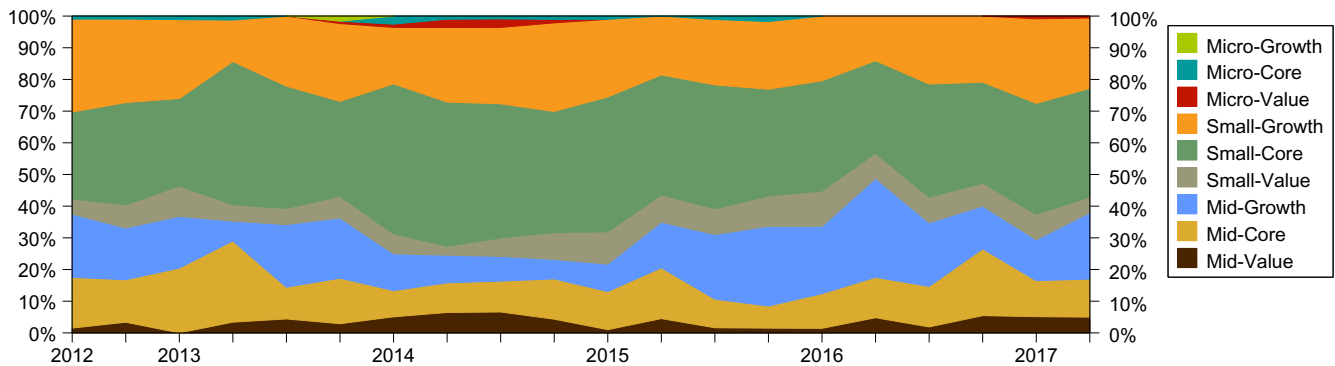
Average Style Map vs CAI Small Capitalization Holdings for Five Years Ended June 30, 2017



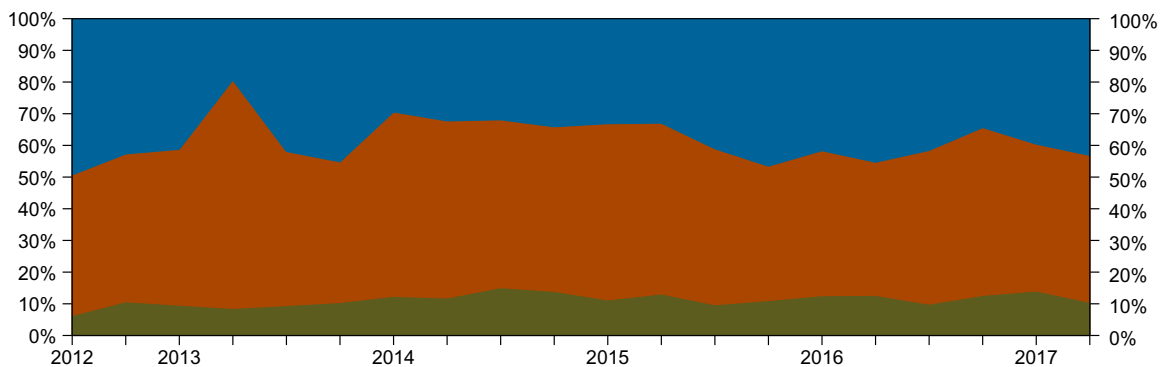
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|--------------|--------------------|--------------------|--------------------|----------------------|
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Large | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Mid | 3.5% (2) | 13.2% (6) | 16.0% (7) | 32.8% (15) |
| Small | 7.3% (5) | 36.5% (24) | 22.2% (13) | 66.0% (42) |
| Micro | 0.5% (0) | 0.7% (1) | 0.1% (0) | 1.2% (1) |
| Total | 11.3% (7) | 50.4% (31) | 38.3% (20) | 100.0% (58) |
| | 26.8% (576) | 39.3% (805) | 33.9% (580) | 100.0% (1961) |
| | Value | Core | Growth | Total |

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

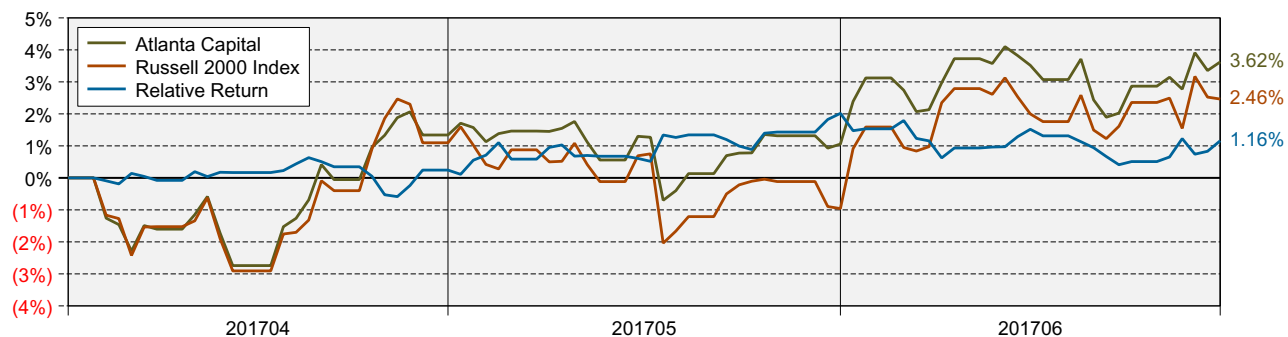


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended June 30, 2017

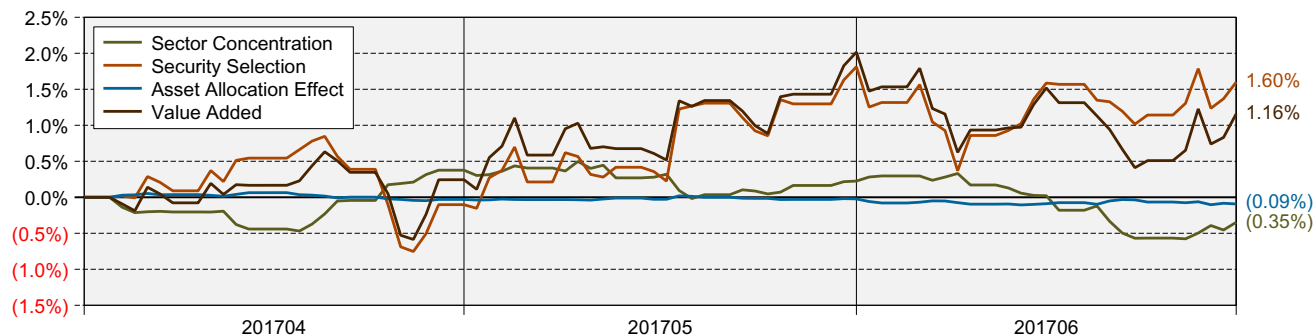
Return Sources and Timing

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 June 30, 2017

| Sector | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 15.52% | 12.39% | (1.79)% | 2.73% | 0.01% | (0.71)% | - |
| Consumer Staples | 7.67% | 2.89% | (2.45)% | (4.56)% | (0.34)% | 0.17% | - |
| Energy | 1.18% | 3.16% | (10.54)% | (19.50)% | 0.42% | 0.13% | - |
| Financials | 15.94% | 19.07% | 0.42% | 0.80% | 0.08% | (0.07)% | - |
| Health Care | 8.89% | 13.11% | 15.07% | 8.97% | (0.36)% | 0.55% | - |
| Industrials | 24.59% | 14.30% | 5.65% | 2.58% | 0.01% | 0.73% | - |
| Information Technology | 19.92% | 17.72% | 4.86% | 4.29% | 0.01% | 0.14% | - |
| Materials | 5.18% | 4.92% | 8.37% | (0.48)% | 0.00% | 0.45% | - |
| Real Estate | 1.11% | 7.89% | 24.38% | 3.50% | (0.08)% | 0.22% | - |
| Telecommunications | 0.00% | 0.77% | 0.00% | 14.86% | (0.08)% | 0.00% | - |
| Utilities | 0.00% | 3.77% | 0.00% | 2.92% | (0.02)% | 0.00% | - |
| Non Equity | 2.54% | 0.00% | - | - | - | - | (0.09)% |
| Total | - | - | 3.62% | 2.46% | (0.35)% | 1.60% | (0.09)% |

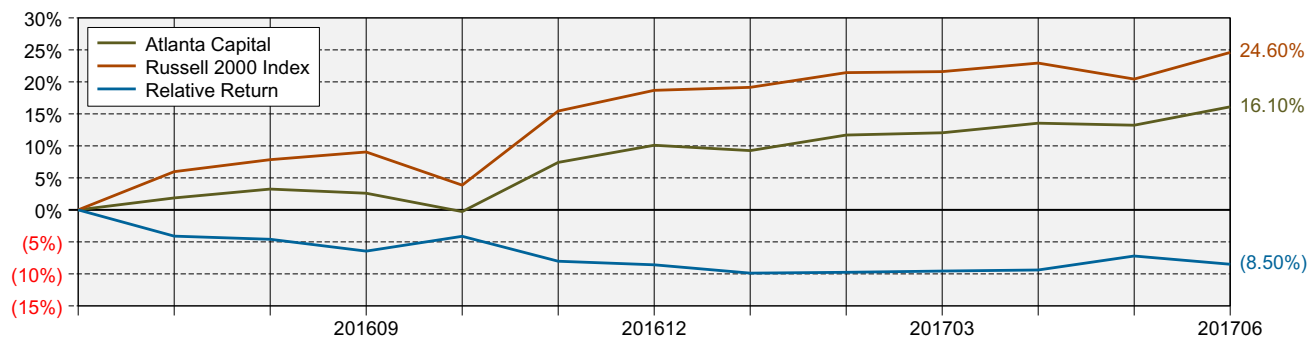
| | | | | | | | | |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| Manager Return | = | Index Return | + | Sector Concentration | + | Security Selection | + | Asset Allocation |
| 3.62% | | 2.46% | | (0.35%) | | 1.60% | | (0.09%) |

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended June 30, 2017

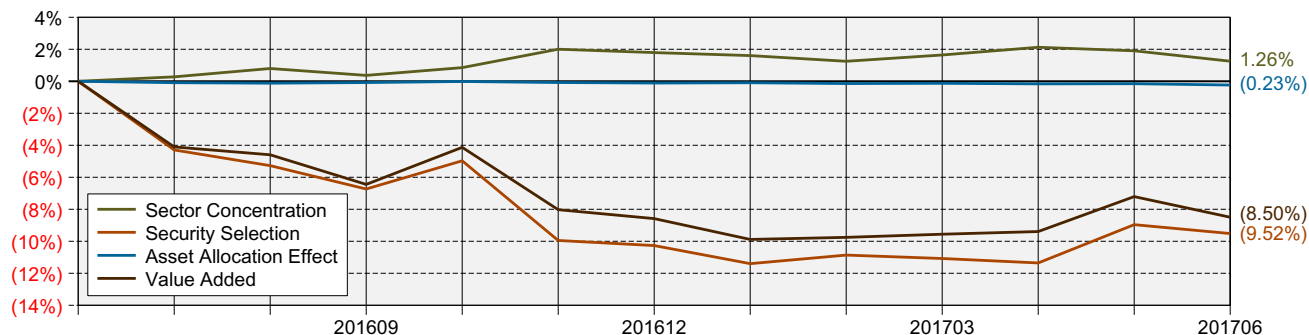
Return Sources and Timing

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 June 30, 2017

| Sector | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Real Estate | 0.89% | 6.66% | 34.54% | 4.81% | 0.86% | 0.32% | - |
| Consumer Discretionary | 15.98% | 12.72% | 4.29% | 16.41% | (0.25)% | (2.04)% | - |
| Consumer Staples | 7.96% | 2.98% | 1.79% | 2.39% | (1.18)% | (0.10)% | - |
| Energy | 1.33% | 3.28% | (16.48)% | (5.99)% | 0.64% | (0.23)% | - |
| Financials | 16.69% | 20.03% | 17.57% | 32.40% | (0.12)% | (2.38)% | - |
| Health Care | 8.26% | 13.12% | 35.85% | 31.04% | (0.16)% | 0.24% | - |
| Industrials | 25.07% | 14.32% | 25.48% | 27.47% | 0.39% | (0.67)% | - |
| Information Technology | 18.92% | 17.46% | 11.23% | 34.91% | 0.17% | (4.24)% | - |
| Materials | 4.89% | 4.85% | 22.17% | 31.61% | 0.03% | (0.41)% | - |
| Telecommunications | 0.00% | 0.78% | 0.00% | 11.69% | 0.14% | 0.00% | - |
| Utilities | 0.00% | 3.81% | 0.00% | 7.68% | 0.74% | 0.00% | - |
| Non Equity | 2.41% | 0.00% | - | - | - | - | (0.23)% |
| Total | - | - | 16.10% | 24.60% | 1.26% | (9.52)% | (0.23)% |

| | | | | | | | | |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| Manager Return | = | Index Return | + | Sector Concentration | + | Security Selection | + | Asset Allocation |
| 16.10% | | 24.60% | | 1.26% | | (9.52)% | | (0.23)% |

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended June 30, 2017

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 |
|------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Integra Lifesciences Hldgs C | Health Care | 1.59% | 91 | 0.15% | 29.39% | 29.39% | 0.43% | 0.35% |
| Aptargroup Inc | Materials | 2.99% | 91 | - | 13.27% | - | 0.38% | 0.30% |
| Blackbaud Inc | Information Technology | 3.08% | 91 | 0.20% | 12.01% | 12.01% | 0.36% | 0.26% |
| Graco Inc | Industrials | 1.98% | 91 | - | 16.49% | - | 0.33% | 0.29% |
| Knight Transn Inc | Industrials | 1.85% | 91 | 0.12% | 18.39% | 18.39% | 0.32% | 0.26% |
| Bio-Techne Corp | Health Care | 2.09% | 91 | - | 15.96% | - | 0.32% | 0.26% |
| National Instrs Corp | Information Technology | 1.40% | 91 | - | 24.25% | - | 0.31% | 0.28% |
| Bio Rad Labs Inc Cl A | Health Care | 2.35% | 91 | - | 13.60% | - | 0.30% | 0.27% |
| Manhattan Associates | Information Technology | 3.63% | 91 | - | (7.67)% | - | (0.30)% | (0.40)% |
| Monro Muffler Brake Inc | Consumer Discretionary | 1.26% | 91 | 0.09% | (19.57)% | (19.57)% | (0.25)% | (0.26)% |

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 |
|-----------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|--------------------|-----------------------|
| Oasis Pete Inc New | Energy | - | - | 0.15% | - | (43.55)% | (0.08)% | 0.08% |
| Puma Biotechnology Inc | Health Care | - | - | 0.08% | - | 134.95% | 0.07% | (0.07)% |
| Xpo Logistics Inc | Industrials | - | - | 0.24% | - | 29.63% | 0.07% | (0.06)% |
| Straight Path Communicatns I Cl B | Telecommunications | - | - | 0.06% | - | 399.44% | 0.07% | (0.07)% |
| Take-Two Interactive Sof | Information Technology | - | - | 0.31% | - | 22.96% | 0.07% | (0.07)% |
| Universal Display Corp | Information Technology | - | - | 0.19% | - | 36.45% | 0.07% | (0.06)% |
| Parexel International | Health Care | - | - | 0.19% | - | 37.71% | 0.07% | (0.06)% |
| Exact Sciences Corp | Health Care | - | - | 0.17% | - | 49.75% | 0.07% | (0.06)% |
| duPont Fabros Technology Inc | Real Estate | - | - | 0.19% | - | 31.50% | 0.06% | (0.05)% |
| Wayfair Inc Cl A | Consumer Discretionary | - | - | 0.08% | - | 90.12% | 0.06% | (0.05)% |

Positions with Largest Positive Contribution to Excess Return

| Issue | Sector | Manager Eff Wt | Days Held | Index Eff Wt | Manager Return | Index Return | Contrib Manager Perf | Contrib Excess Return |
|-------------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Integra Lifesciences Hldgs C | Health Care | 1.59% | 91 | 0.15% | 29.39% | 29.39% | 0.43% | 0.35% |
| Aptargroup Inc | Materials | 2.99% | 91 | - | 13.27% | - | 0.38% | 0.30% |
| Graco Inc | Industrials | 1.98% | 91 | - | 16.49% | - | 0.33% | 0.29% |
| National Instrs Corp | Information Technology | 1.40% | 91 | - | 24.25% | - | 0.31% | 0.28% |
| Bio Rad Labs Inc Cl A | Health Care | 2.35% | 91 | - | 13.60% | - | 0.30% | 0.27% |
| Knight Transn Inc | Industrials | 1.85% | 91 | 0.12% | 18.39% | 18.39% | 0.32% | 0.26% |
| Bio-Techne Corp | Health Care | 2.09% | 91 | - | 15.96% | - | 0.32% | 0.26% |
| Blackbaud Inc | Information Technology | 3.08% | 91 | 0.20% | 12.01% | 12.01% | 0.36% | 0.26% |
| Universal Health Rlty Incm T Sh Ben | Real Estate | 1.08% | 91 | 0.05% | 24.38% | 24.38% | 0.25% | 0.21% |
| Forward Air Corp | Industrials | 1.72% | 91 | 0.08% | 12.34% | 12.34% | 0.20% | 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 |
|----------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Manhattan Associates | Information Technology | 3.63% | 91 | - | (7.67)% | - | (0.30)% | (0.40)% |
| Monro Muffler Brake Inc | Consumer Discretionary | 1.26% | 91 | 0.09% | (19.57)% | (19.57)% | (0.25)% | (0.26)% |
| Hibbett Sports Inc | Consumer Discretionary | 0.74% | 91 | 0.03% | (29.66)% | (29.66)% | (0.25)% | (0.25)% |
| Caseys General Stores | Consumer Staples | 2.49% | 91 | - | (4.38)% | - | (0.11)% | (0.17)% |
| Dril-Quip Inc | Energy | 1.15% | 91 | 0.02% | (10.54)% | 0.31% | (0.13)% | (0.16)% |
| Kirby Corp | Industrials | 2.06% | 91 | - | (5.00)% | - | (0.11)% | (0.15)% |
| Prosperity Bancshares Inc | Financials | 1.64% | 91 | 0.22% | (7.38)% | (10.24)% | (0.13)% | (0.14)% |
| Rli Corp | Financials | 1.12% | 91 | 0.12% | (8.65)% | (8.65)% | (0.10)% | (0.12)% |
| Exponent Inc | Industrials | 2.47% | 91 | 0.08% | (1.76)% | (1.76)% | (0.04)% | (0.10)% |
| Pinnacle Finl Partners Inc | Financials | 1.39% | 91 | 0.15% | (5.29)% | (7.62)% | (0.08)% | (0.09)% |

International Equity Period Ended June 30, 2017

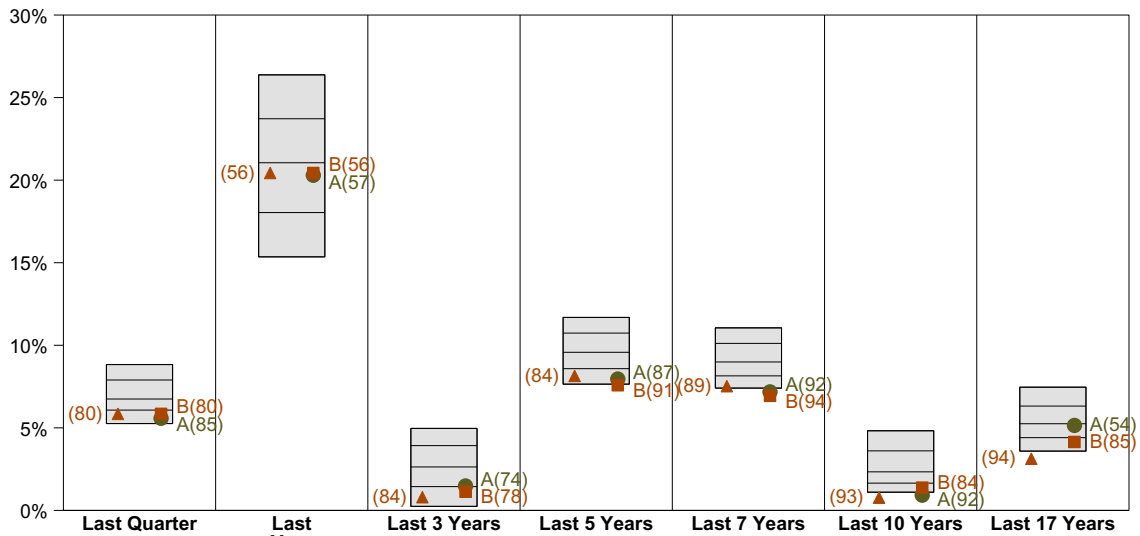
Investment Philosophy

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Quarterly Summary and Highlights

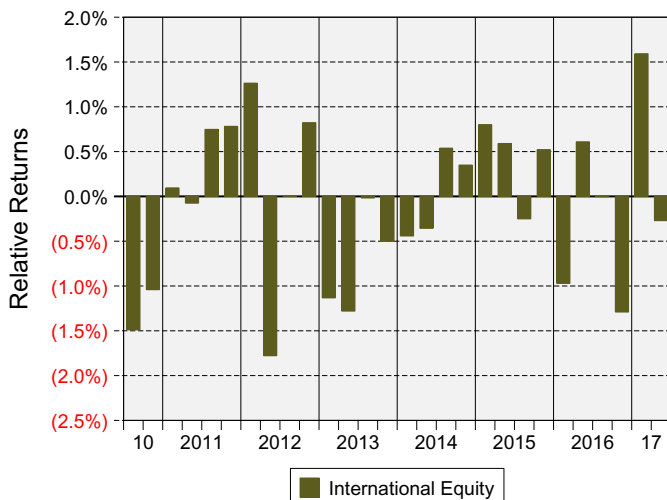
- International Equity's portfolio posted a 5.58% return for the quarter placing it in the 85 percentile of the CAI Non-US Equity group for the quarter and in the 57 percentile for the last year.
- International Equity's portfolio underperformed the Custom International Benchmark by 0.27% for the quarter and underperformed the Custom International Benchmark for the year by 0.14%.

Performance vs CAI Non-US Equity (Gross)

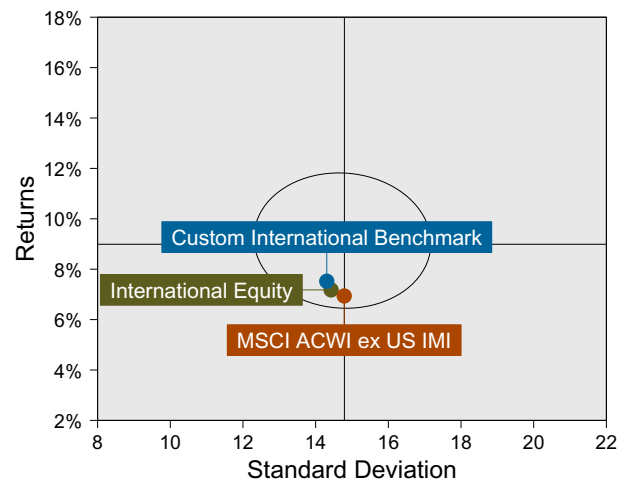


| | | | | | | | | |
|--------------------------------|------|-------|-------|-------|-------|------|------|------|
| 10th Percentile | 8.83 | 26.38 | 4.97 | 11.69 | 11.05 | 4.82 | 7.46 | |
| 25th Percentile | 7.90 | 23.72 | 3.92 | 10.74 | 10.11 | 3.61 | 6.32 | |
| Median | 6.75 | 21.05 | 2.63 | 9.57 | 8.99 | 2.33 | 5.25 | |
| 75th Percentile | 6.07 | 18.04 | 1.44 | 8.58 | 8.15 | 1.65 | 4.41 | |
| 90th Percentile | 5.26 | 15.35 | 0.24 | 7.64 | 7.41 | 1.10 | 3.59 | |
| International Equity | ● A | 5.58 | 20.30 | 1.48 | 7.96 | 7.18 | 0.92 | 5.15 |
| MSCI ACWI ex US IMI | ■ B | 5.85 | 20.43 | 1.14 | 7.58 | 6.94 | 1.38 | 4.14 |
| Custom International Benchmark | ▲ | 5.85 | 20.43 | 0.80 | 8.14 | 7.52 | 0.77 | 3.13 |

Relative Returns vs Custom International Benchmark



CAI Non-US Equity (Gross) Annualized Seven Year Risk vs Return

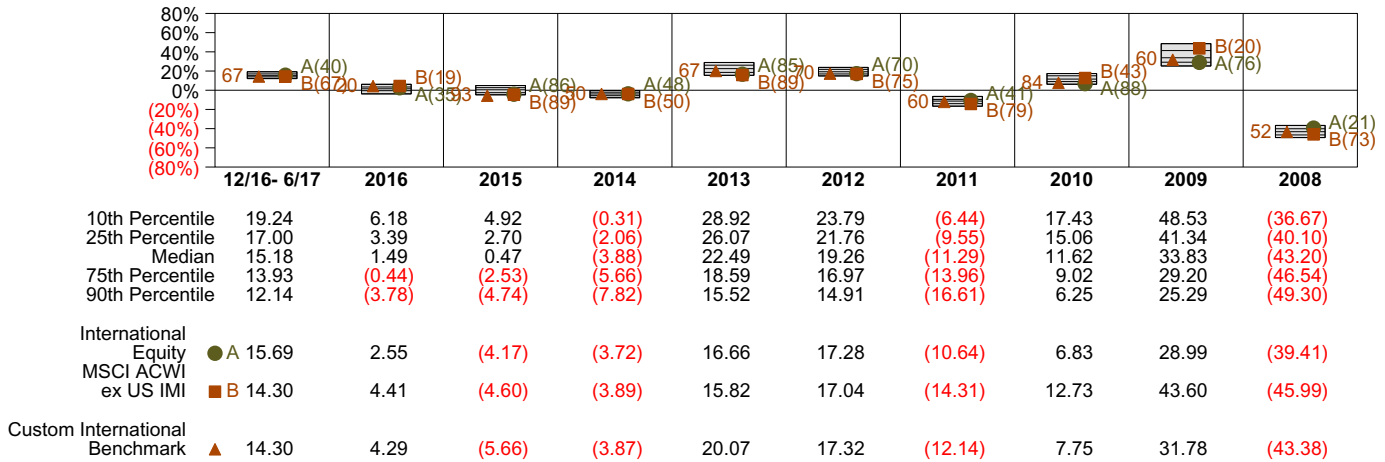


International Equity Return Analysis Summary

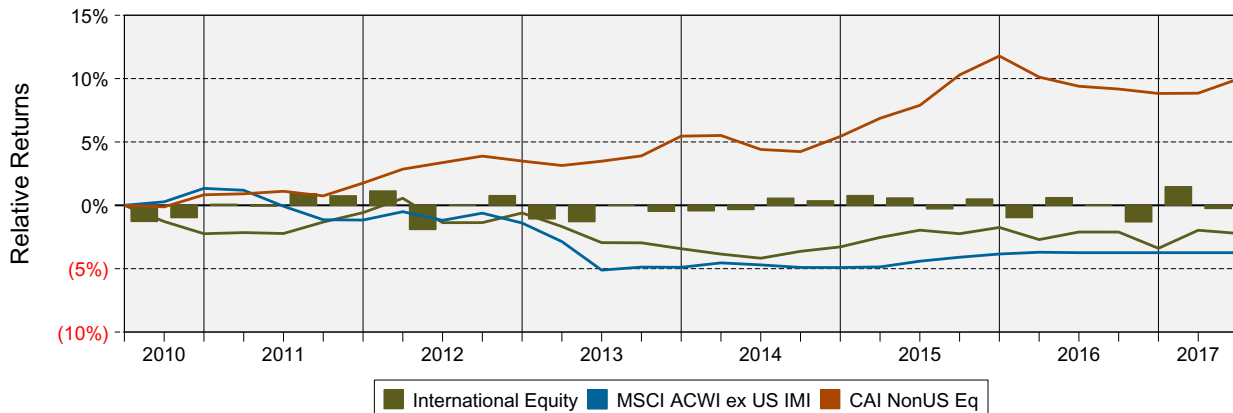
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

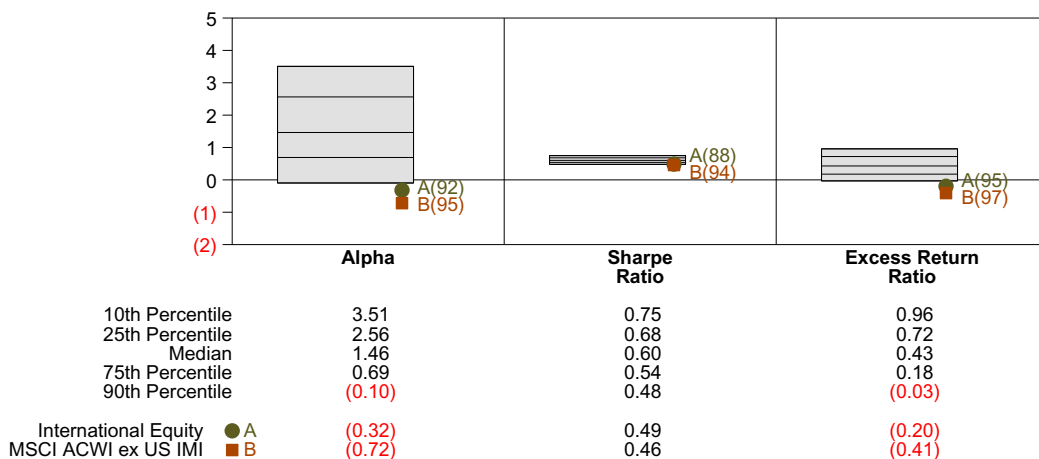
Performance vs CAI Non-US Equity (Gross)



Cumulative and Quarterly Relative Return vs Custom International Benchmark



Risk Adjusted Return Measures vs Custom International Benchmark Rankings Against CAI Non-US Equity (Gross) Seven Years Ended June 30, 2017



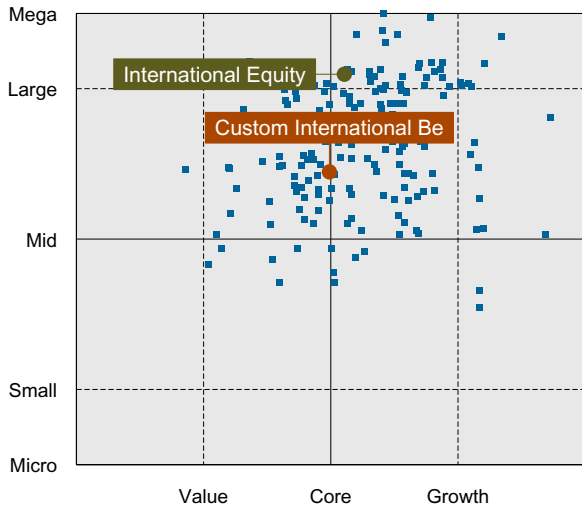
Current Holdings Based Style Analysis

International Equity

As of June 30, 2017

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.

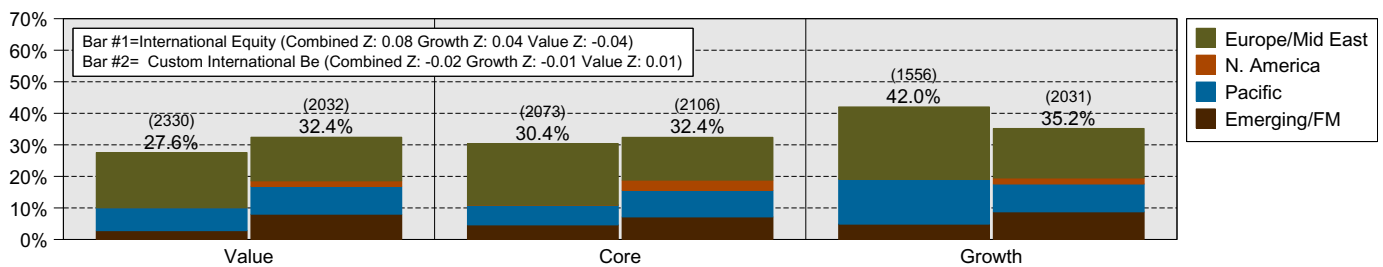
Style Map vs CAI NonUS Eq Holdings as of June 30, 2017



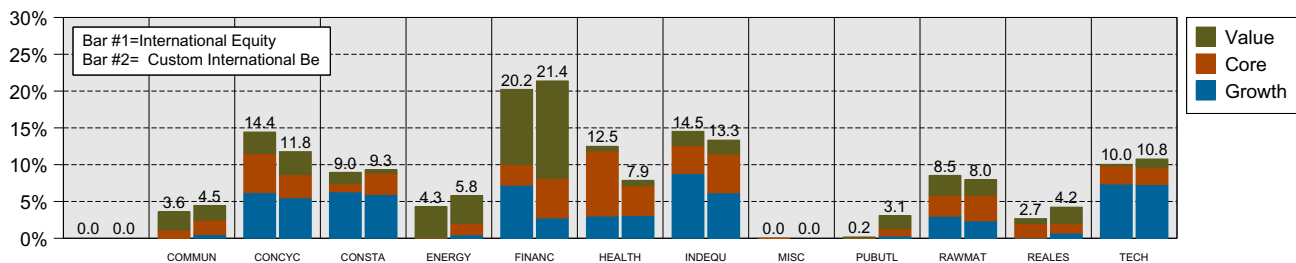
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|---------------------|--|--|--|--|
| Europe/ Mid East | 17.5% (250) 13.8% (446) | 19.5% (246) 13.6% (518) | 22.9% (286) 15.7% (526) | 59.9% (782) 43.1% (1490) |
| N. America | 0.0% (2) 1.7% (91) | 0.0% (9) 3.2% (133) | 0.0% (0) 1.9% (92) | 0.0% (11) 6.8% (316) |
| Pacific | 7.3% (295) 8.9% (567) | 6.3% (291) 8.4% (589) | 14.2% (257) 8.8% (534) | 27.8% (843) 26.1% (1690) |
| Emerging/ FM | 2.8% (1783) 8.0% (928) | 4.6% (1527) 7.1% (866) | 4.9% (1013) 8.8% (879) | 12.3% (4323) 23.9% (2673) |
| Total | 27.6% (2330) 32.4% (2032) | 30.4% (2073) 32.4% (2106) | 42.0% (1556) 35.2% (2031) | 100.0% (5959) 100.0% (6169) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



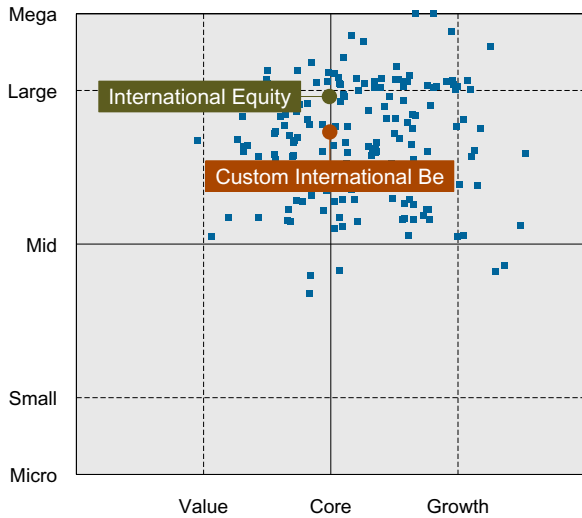
Sector Weights Distribution Holdings as of June 30, 2017



Historical Holdings Based Style Analysis International Equity For Five Years Ended June 30, 2017

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.

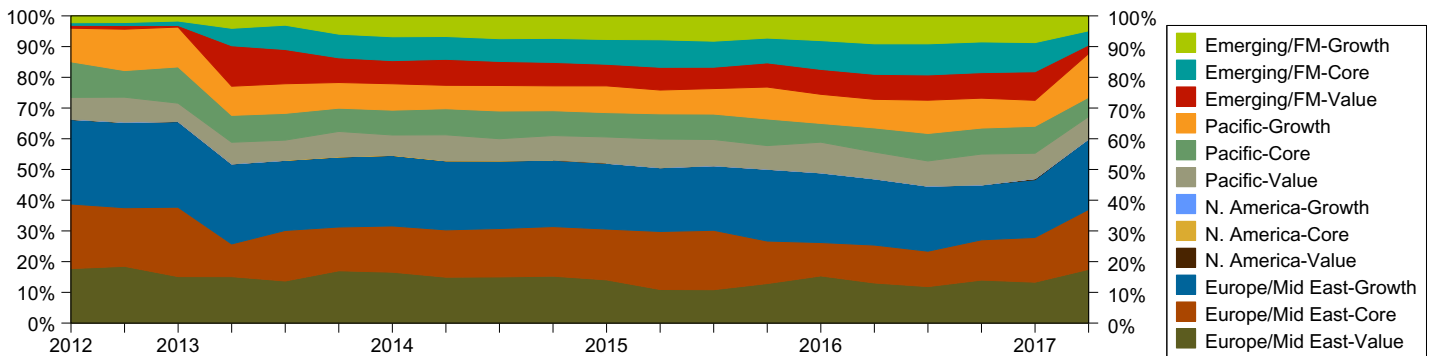
Average Style Map vs CAI NonUS Eq Holdings for Five Years Ended June 30, 2017



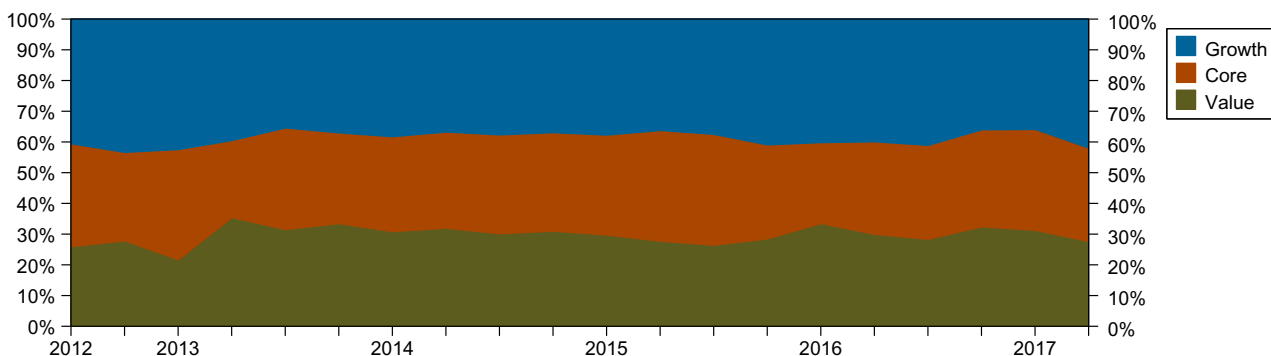
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 14.6% (147) | 15.8% (159) | 22.8% (214) | 53.2% (520) |
| Europe/ Mid East | 14.7% (186) | 14.5% (204) | 20.1% (259) | 49.3% (649) |
| N. America | 0.0% (1) | 0.0% (2) | 0.0% (1) | 0.1% (4) |
| | 1.8% (38) | 2.3% (45) | 1.6% (38) | 5.7% (121) |
| Pacific | 8.0% (169) | 8.5% (196) | 9.7% (193) | 26.2% (558) |
| | 8.2% (219) | 9.8% (242) | 9.3% (247) | 27.3% (708) |
| Emerging/ FM | 7.0% (1119) | 7.1% (1170) | 6.3% (666) | 20.5% (2955) |
| | 5.8% (350) | 5.8% (326) | 6.2% (346) | 17.7% (1022) |
| Total | 29.7% (1436) | 31.5% (1527) | 38.8% (1074) | 100.0% (4037) |
| | 30.4% (793) | 32.3% (817) | 37.3% (890) | 100.0% (2500) |
| | Value | Core | Growth | Total |

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



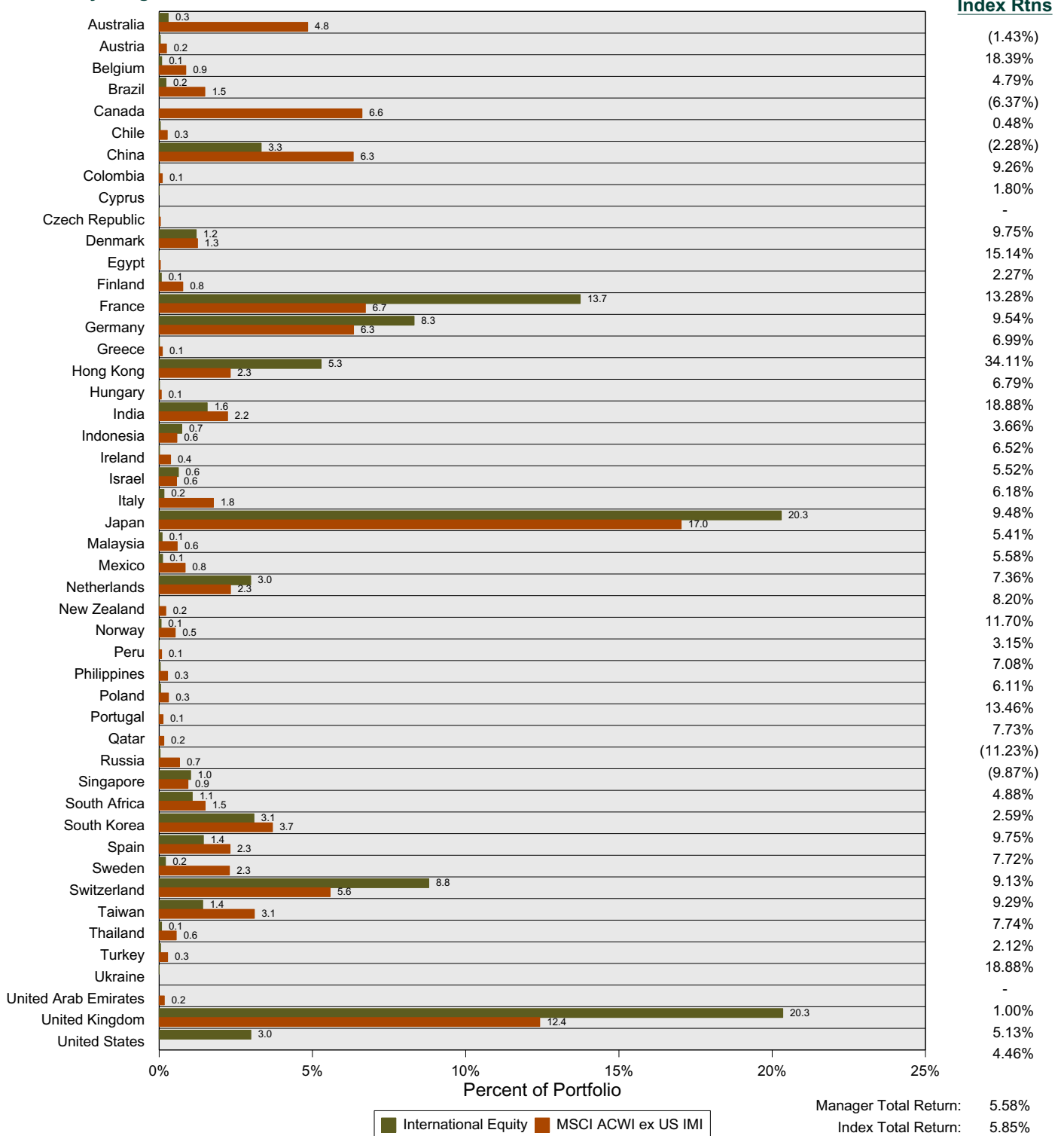
Country Allocation

International Equity VS MSCI ACWI ex US IMI Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 2017. 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 June 30, 2017



SSgA EAFE Period Ended June 30, 2017

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.

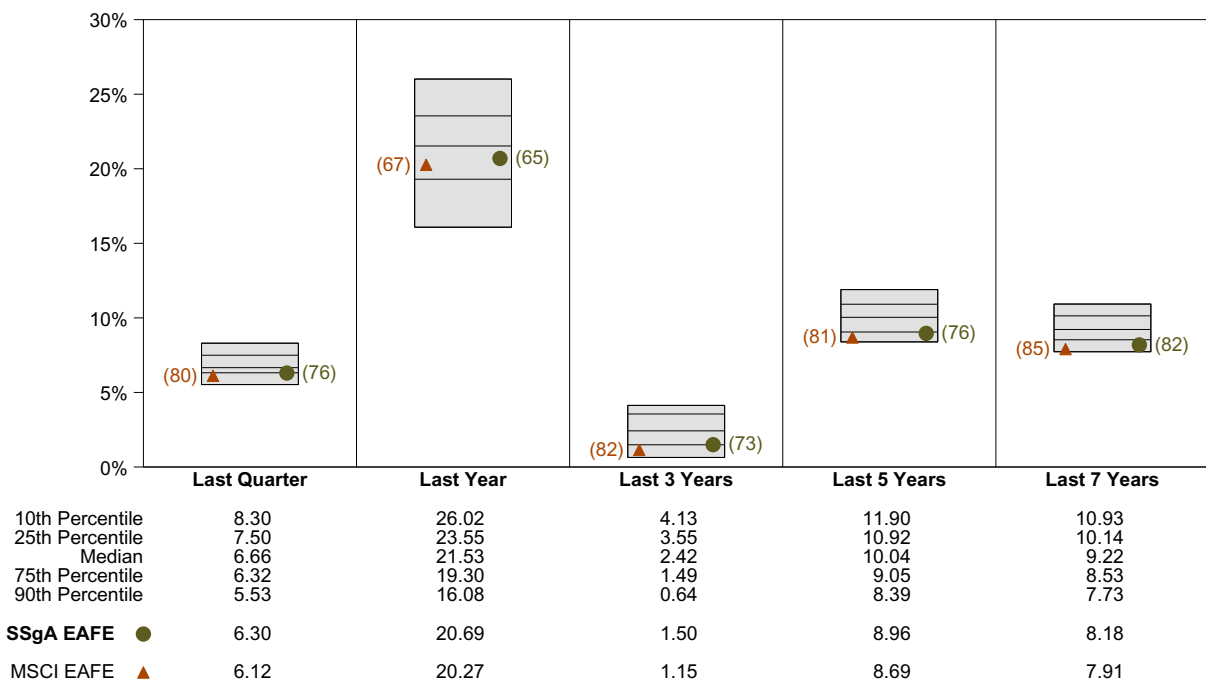
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 6.30% return for the quarter placing it in the 76 percentile of the CAI Non-US Developed Core Equity group for the quarter and in the 65 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE by 0.18% for the quarter and outperformed the MSCI EAFE for the year by 0.43%.

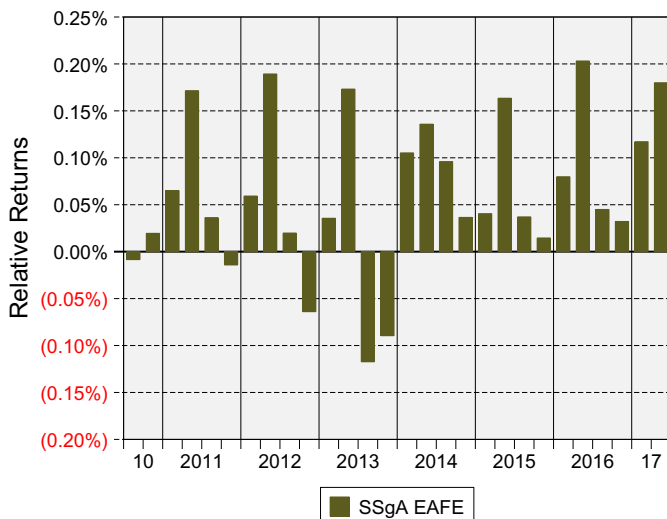
Quarterly Asset Growth

| | |
|---------------------------|--------------|
| Beginning Market Value | \$9,862,013 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$621,321 |
| Ending Market Value | \$10,483,335 |

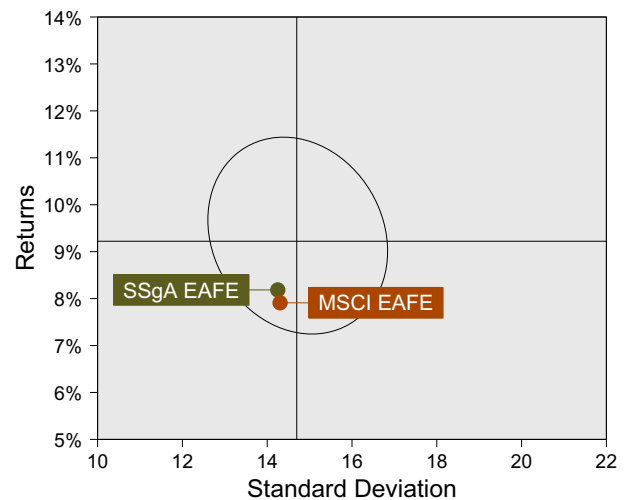
Performance vs CAI Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE



CAI Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

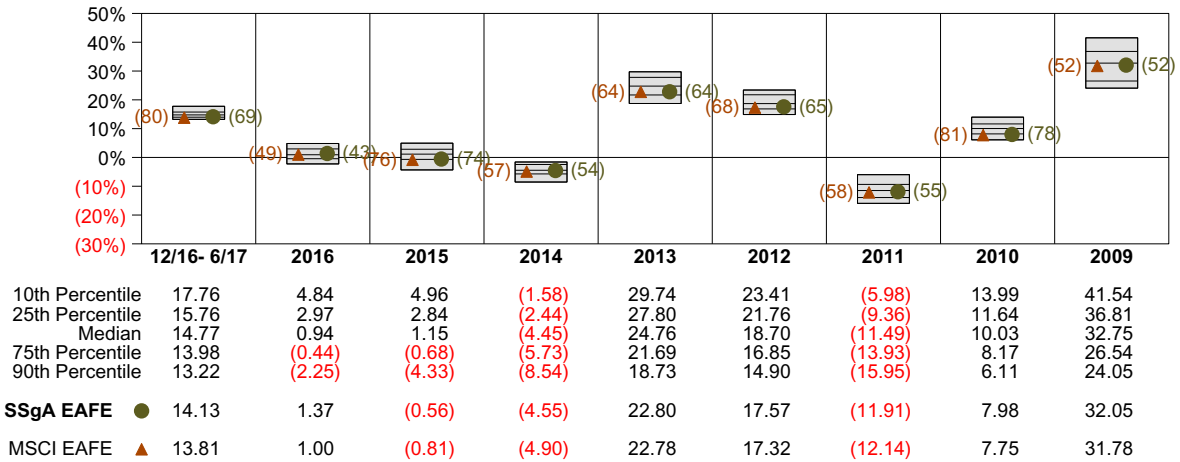


SSgA EAFE Return Analysis Summary

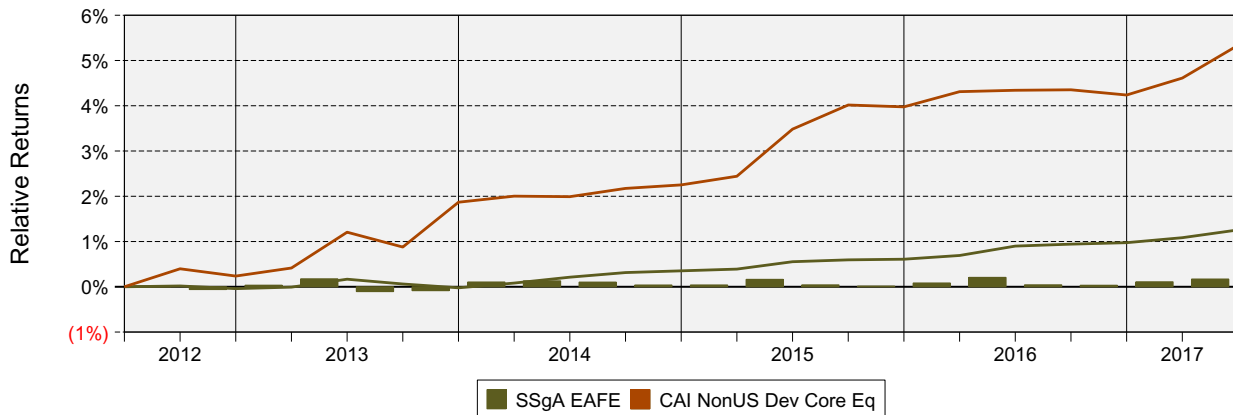
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

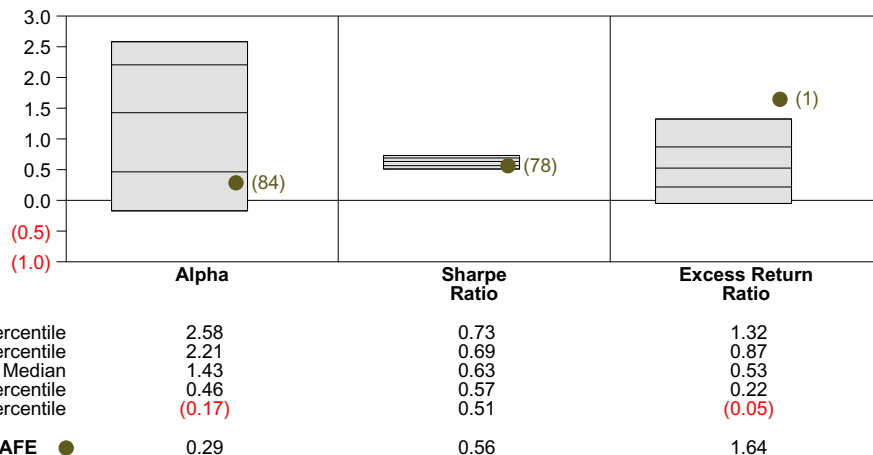
Performance vs CAI Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against CAI Non-US Developed Core Equity (Gross) Seven Years Ended June 30, 2017

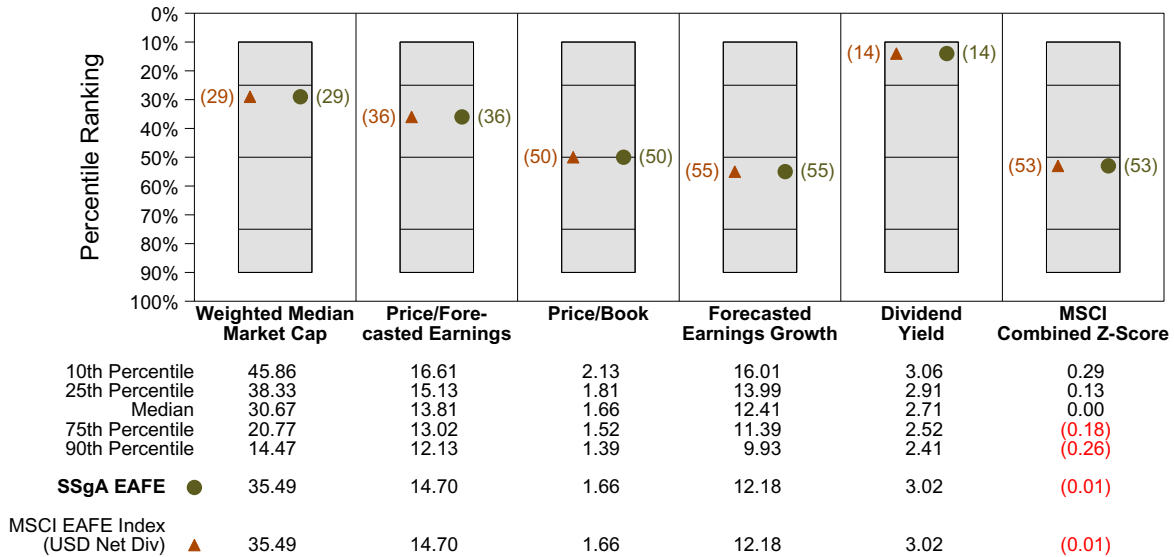


SSgA EAFE Equity Characteristics Analysis Summary

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.

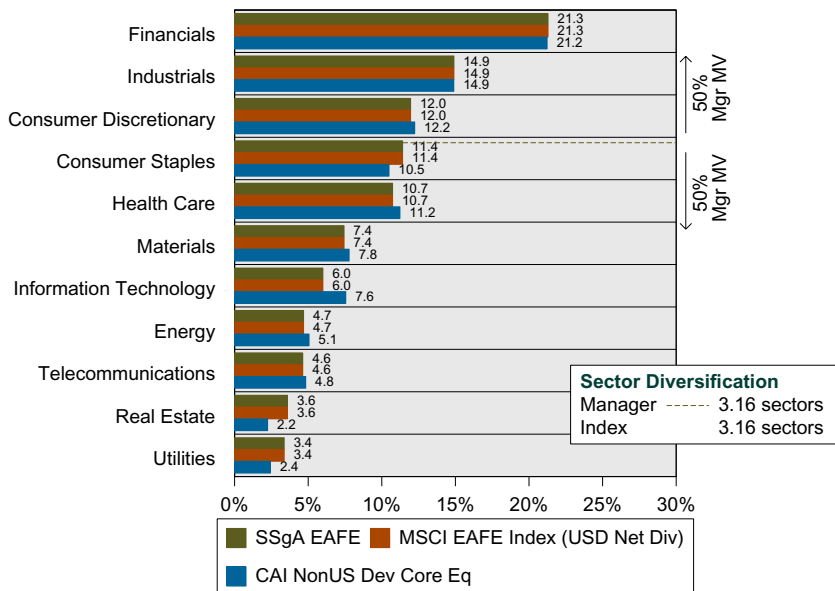
Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-US Developed Core Equity as of June 30, 2017



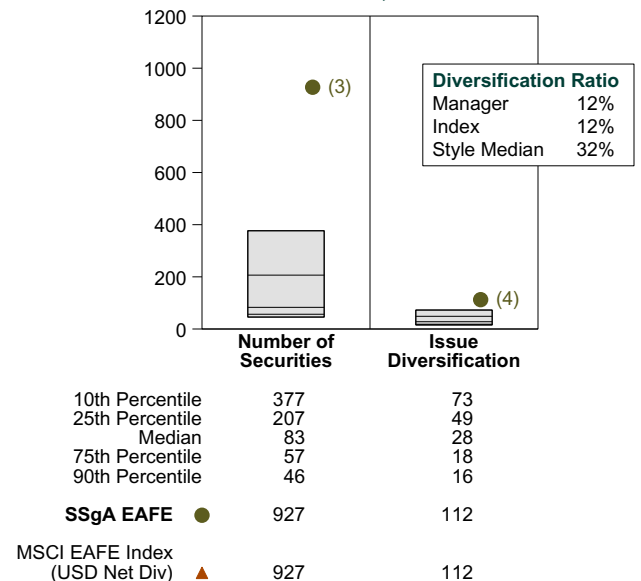
Sector Weights

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 June 30, 2017



Diversification June 30, 2017



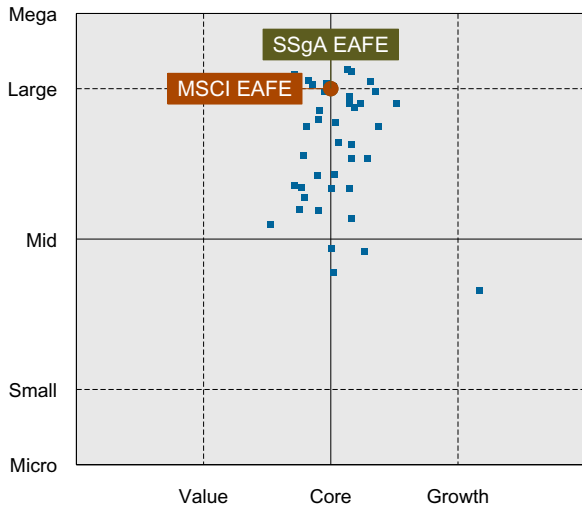
Current Holdings Based Style Analysis

SSgA EAFE

As of June 30, 2017

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.

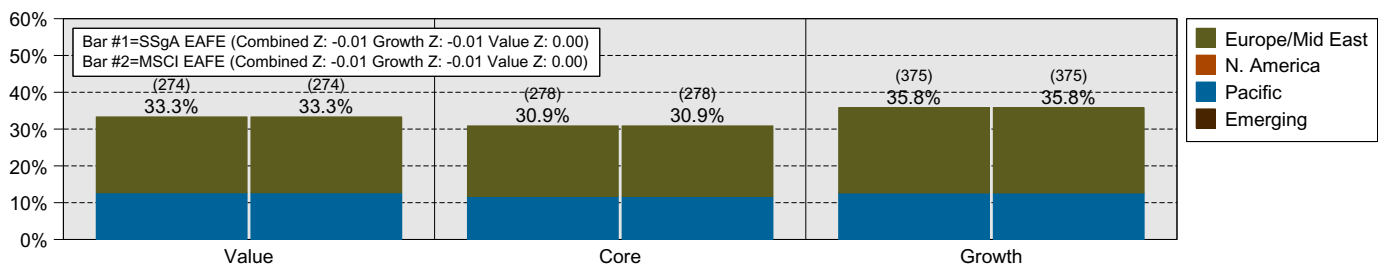
Style Map vs CAI NonUS Dev Core Eq Holdings as of June 30, 2017



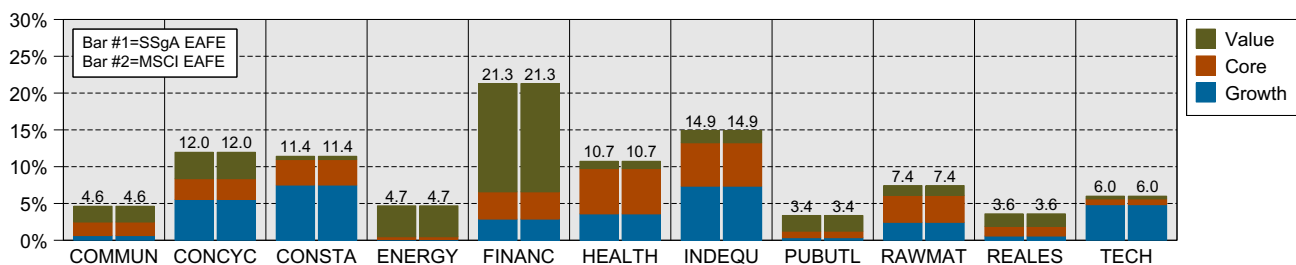
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|---------------------|--------------------|--------------------|--------------------|---------------------|
| Europe/ Mid East | 20.6% (136) | 19.1% (125) | 23.2% (196) | 62.9% (457) |
| N. America | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Pacific | 12.7% (138) | 11.8% (153) | 12.6% (179) | 37.1% (470) |
| Emerging | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Total | 33.3% (274) | 30.9% (278) | 35.8% (375) | 100.0% (927) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017

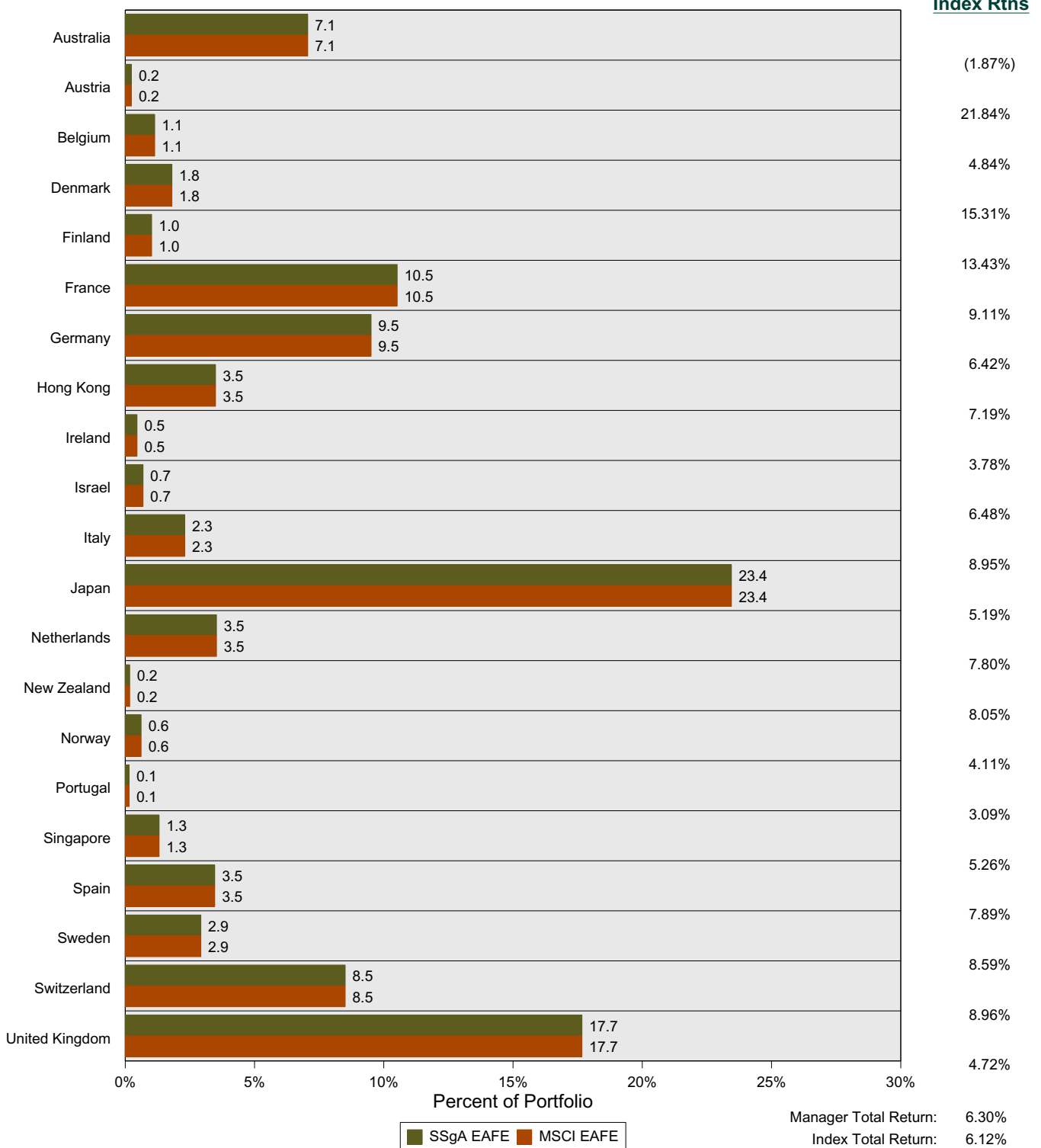


Country Allocation SSgA EAFE VS MSCI EAFE Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 2017. 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 June 30, 2017



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of June 30, 2017

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 | \$206,004 | 2.0% | 16.95% | 271.19 | 22.90 | 2.76% | 6.20% |
| Novartis | Health Care | \$141,348 | 1.3% | 12.18% | 218.06 | 16.79 | 3.45% | 6.10% |
| Hsbc Holdings (Gb) | Financials | \$139,484 | 1.3% | 14.90% | 185.36 | 13.75 | 5.74% | 8.00% |
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care | \$136,088 | 1.3% | (0.22)% | 179.15 | 15.29 | 3.36% | 6.95% |
| Toyota Motor Corp | Consumer Discretionary | \$103,998 | 1.0% | (1.54)% | 171.14 | 9.77 | 3.56% | 7.00% |
| British American Tobacco | Consumer Staples | \$96,284 | 0.9% | 2.58% | 126.76 | 17.56 | 3.24% | 10.89% |
| Royal Dutch Shell A Shs | Energy | \$88,930 | 0.8% | 2.37% | 119.53 | 13.10 | 7.19% | 16.20% |
| Total Sa Act | Energy | \$87,412 | 0.8% | (1.33)% | 123.46 | 11.36 | 5.68% | 16.40% |
| Bp Plc Shs | Energy | \$85,461 | 0.8% | 4.10% | 113.63 | 16.20 | 7.15% | 61.59% |
| Sanofi Shs | Health Care | \$84,384 | 0.8% | 9.00% | 120.41 | 14.20 | 3.53% | 6.90% |

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 |
|-------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Qantas Airways Ltd Shs New | Industrials | \$6,106 | 0.1% | 48.41% | 7.93 | 10.52 | 1.22% | 20.00% |
| Lufthansa | Industrials | \$8,093 | 0.1% | 44.92% | 10.67 | 7.19 | 2.51% | (4.00)% |
| Nintendo Ltd Ord | Information Technology | \$28,871 | 0.3% | 44.91% | 47.51 | 39.56 | 1.14% | 82.91% |
| Easyjet Plc Ord Gbp0.2728571 | Industrials | \$3,728 | 0.0% | 37.59% | 7.01 | 14.88 | 3.96% | (0.70)% |
| Ipsen Shs | Health Care | \$3,905 | 0.0% | 37.29% | 11.42 | 26.70 | 0.71% | 20.00% |
| Shiseido Co Ltd Ord | Consumer Staples | \$10,261 | 0.1% | 35.52% | 14.22 | 46.41 | 0.50% | 17.80% |
| Omv Ag | Energy | \$5,797 | 0.1% | 34.76% | 16.96 | 12.55 | 2.64% | 11.48% |
| Electricite De France Edf Shs | Utilities | \$4,505 | 0.0% | 33.63% | 31.23 | 14.42 | 8.75% | (19.00)% |
| Flight Centre Limited Shs | Consumer Discretionary | \$1,240 | 0.0% | 33.34% | 2.97 | 17.17 | 3.58% | (1.15)% |
| Kering Sa Shs | Consumer Discretionary | \$19,575 | 0.2% | 32.59% | 42.94 | 20.43 | 1.54% | 18.69% |

10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|----------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Petrofac Ltd | Energy | \$1,131 | 0.0% | (47.97)% | 1.99 | 6.00 | 11.97% | (6.45)% |
| Hikma Pharmaceuticals | Health Care | \$2,088 | 0.0% | (22.20)% | 4.59 | 15.93 | 1.79% | 20.10% |
| Santos | Energy | \$3,310 | 0.0% | (19.83)% | 4.84 | 14.53 | 0.00% | 91.47% |
| Saipem Spa San Donato Milane Ord | Energy | \$1,700 | 0.0% | (18.95)% | 3.73 | 16.69 | 0.00% | 2.70% |
| Idemitsu Kosan Co Ltd Shs | Energy | \$1,898 | 0.0% | (18.40)% | 4.54 | 6.12 | 1.57% | 21.89% |
| Dainippon Sumitomo Pharma Co Ord | Health Care | \$1,650 | 0.0% | (17.20)% | 5.43 | 17.81 | 1.17% | (14.69)% |
| Hisamitsu Pharmaceutical | Health Care | \$2,250 | 0.0% | (16.10)% | 4.56 | 24.81 | 1.51% | 0.85% |
| Schaeffler | Consumer Discretionary | \$1,803 | 0.0% | (15.59)% | 2.39 | 7.42 | 3.96% | 6.40% |
| Sp Telecom. | Telecommunications | \$1,228 | 0.0% | (15.31)% | 4.04 | 14.29 | 2.72% | 6.70% |
| Pandora A/S | Consumer Discretionary | \$7,872 | 0.1% | (14.92)% | 10.48 | 9.73 | 5.93% | 55.15% |

AQR

Period Ended June 30, 2017

Investment Philosophy

Returns prior to 9/30/2016 are linked to a composite history.

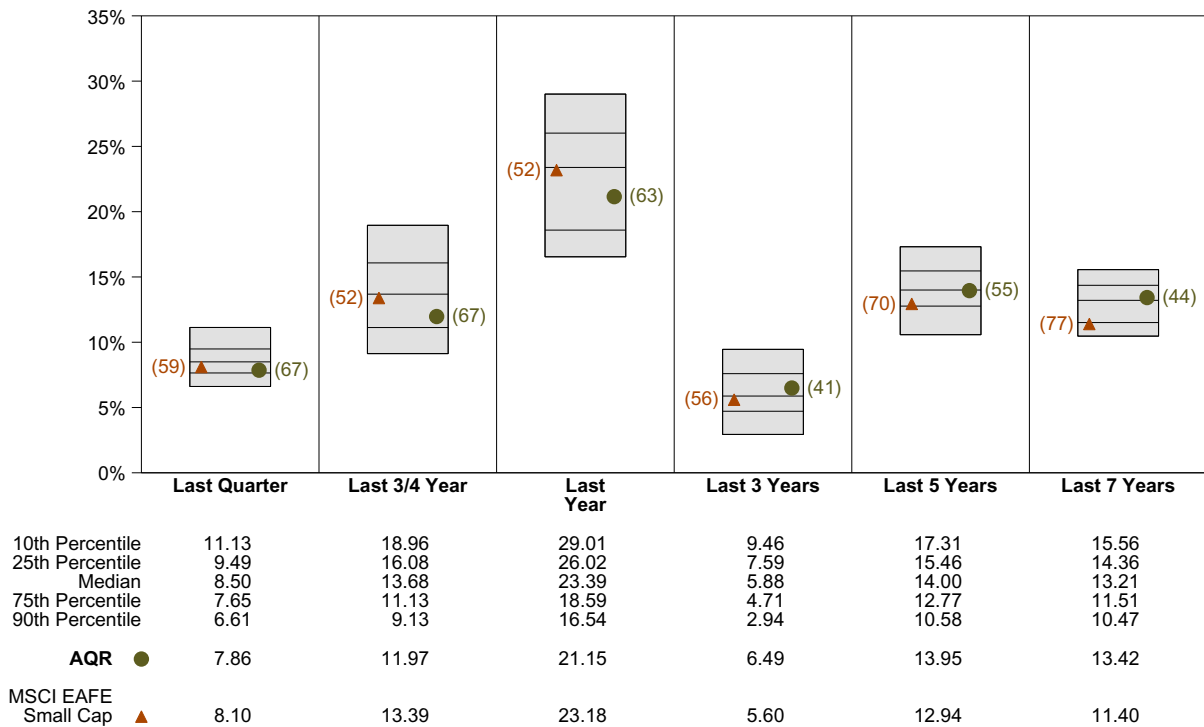
Quarterly Summary and Highlights

- AQR's portfolio posted a 7.86% return for the quarter placing it in the 67 percentile of the CAI International Small Cap group for the quarter and in the 63 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap by 0.24% for the quarter and underperformed the MSCI EAFE Small Cap for the year by 2.03%.

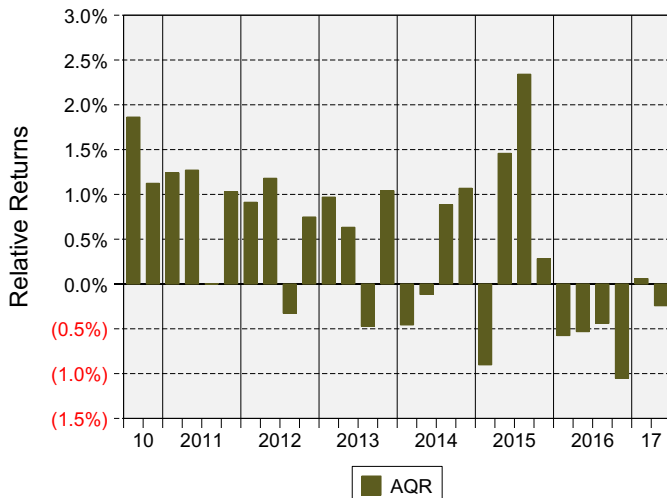
Quarterly Asset Growth

| | |
|---------------------------|--------------|
| Beginning Market Value | \$12,813,469 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$974,860 |
| Ending Market Value | \$13,788,329 |

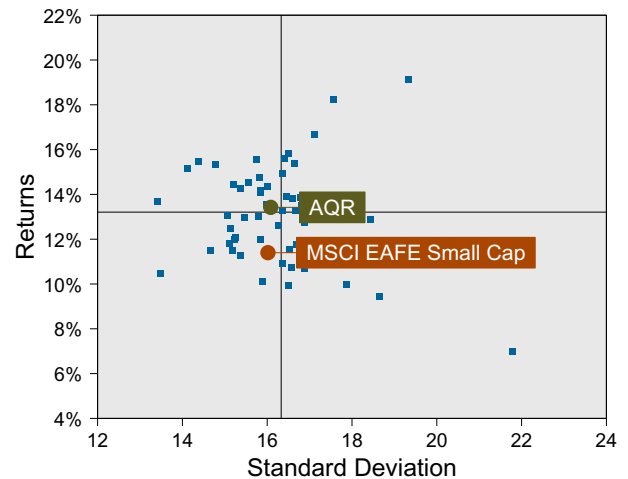
Performance vs CAI International Small Cap (Gross)



Relative Return vs MSCI EAFE Small Cap



CAI International Small Cap (Gross) Annualized Seven Year Risk vs Return

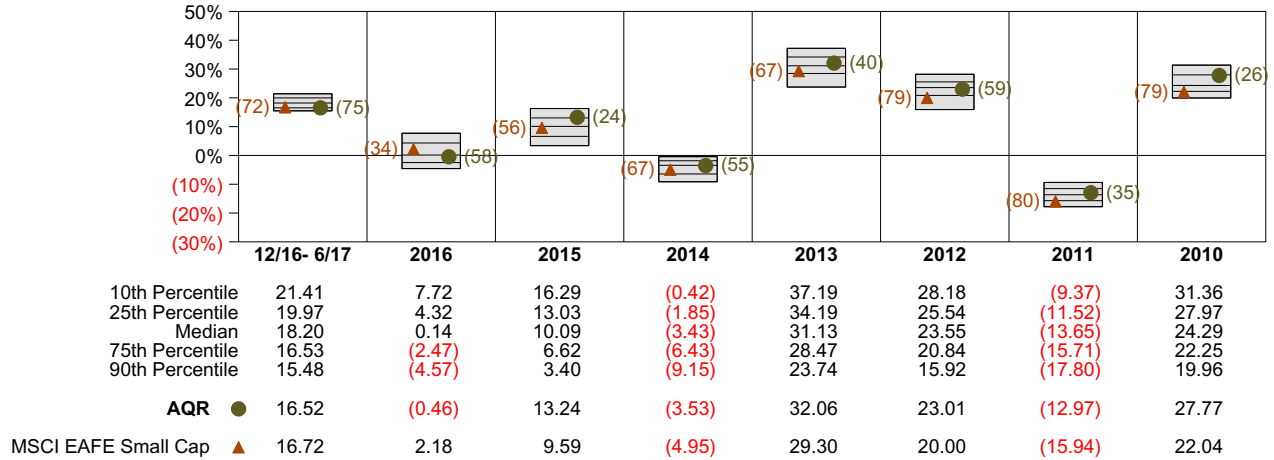


AQR Return Analysis Summary

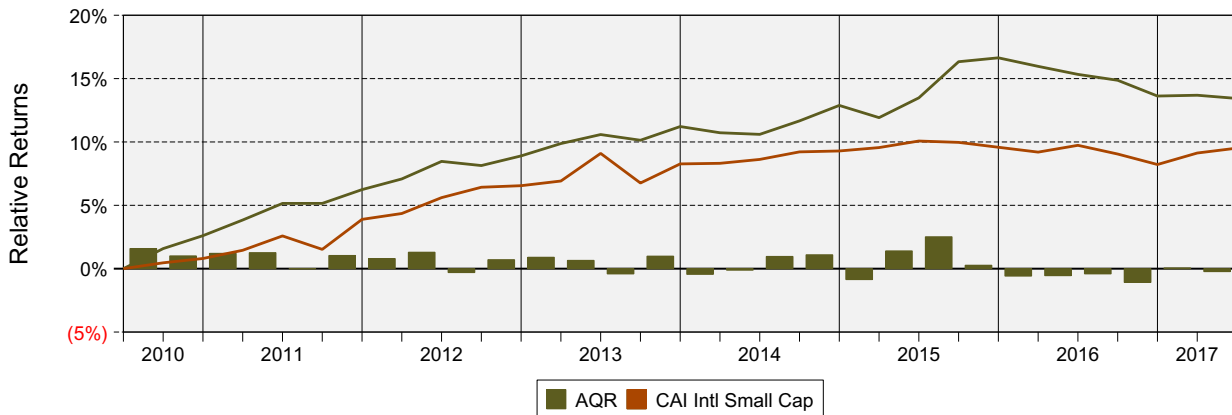
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

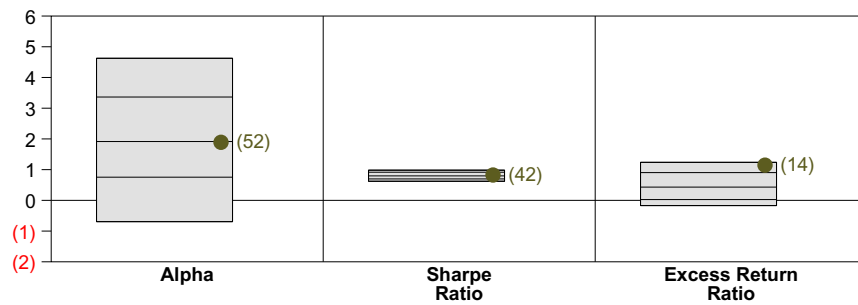
Performance vs CAI International Small Cap (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Small Cap



Risk Adjusted Return Measures vs MSCI EAFE Small Cap Rankings Against CAI International Small Cap (Gross) Seven Years Ended June 30, 2017



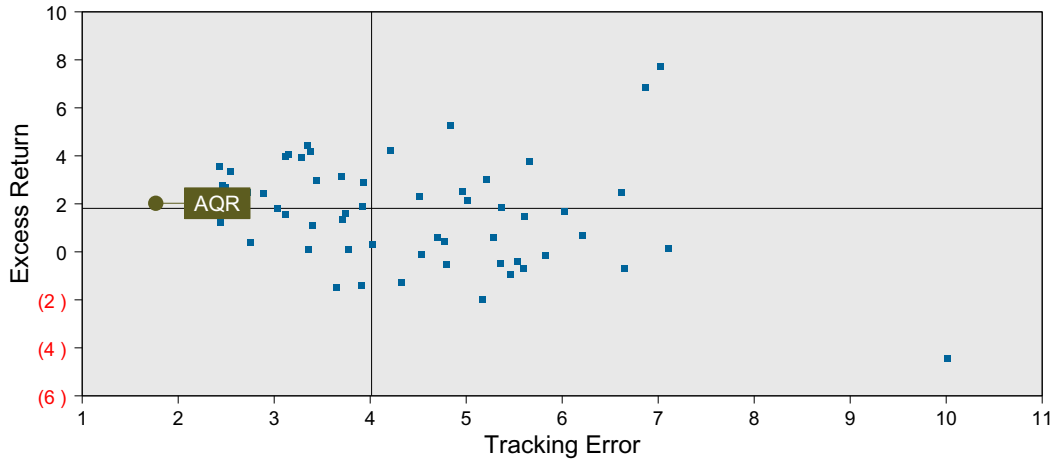
| | | | |
|-----------------|--------|------|--------|
| 10th Percentile | 4.62 | 0.98 | 1.24 |
| 25th Percentile | 3.36 | 0.92 | 0.90 |
| Median | 1.92 | 0.80 | 0.43 |
| 75th Percentile | 0.75 | 0.70 | 0.03 |
| 90th Percentile | (0.69) | 0.62 | (0.17) |
| AQR | ● 1.89 | 0.82 | 1.15 |

AQR Risk Analysis Summary

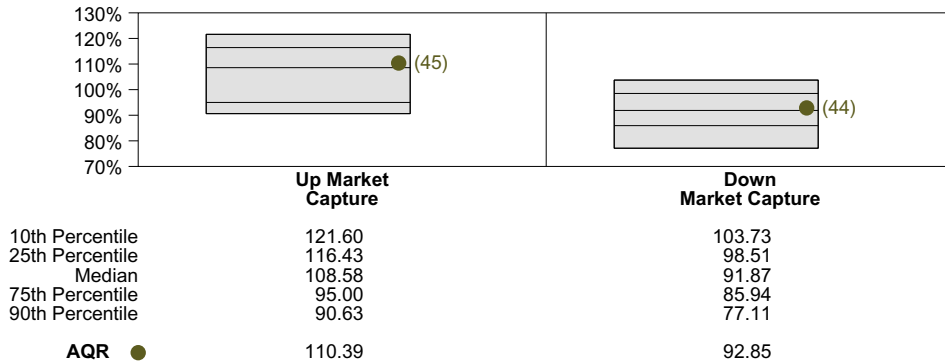
Risk Analysis

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.

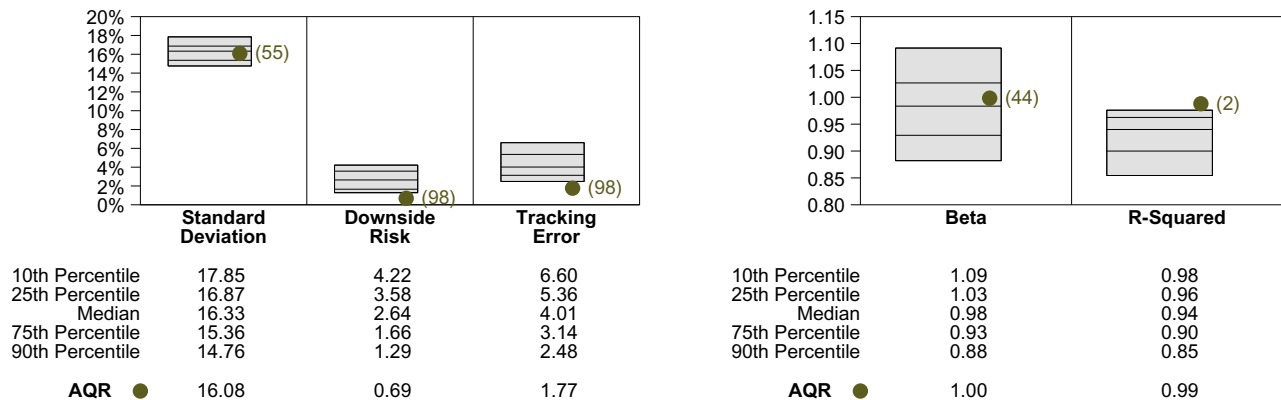
Risk Analysis vs CAI International Small Cap (Gross) Seven Years Ended June 30, 2017



Market Capture vs MSCI EAFE Small Cap Index (USD Net Div) Rankings Against CAI International Small Cap (Gross) Seven Years Ended June 30, 2017



Risk Statistics Rankings vs MSCI EAFE Small Cap Index (USD Net Div) Rankings Against CAI International Small Cap (Gross) Seven Years Ended June 30, 2017

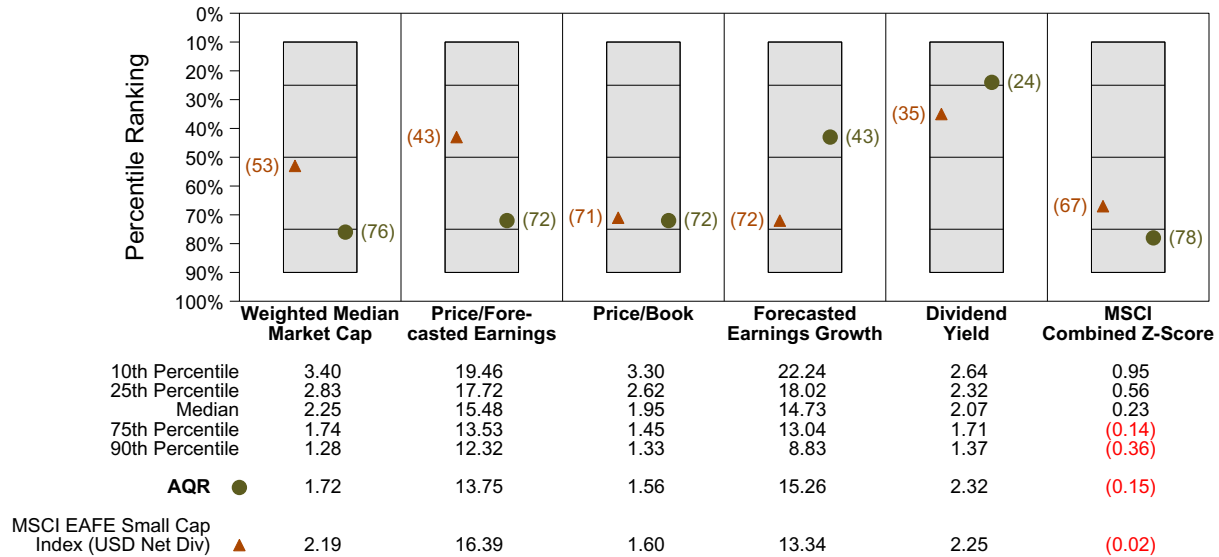


AQR Equity Characteristics Analysis Summary

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.

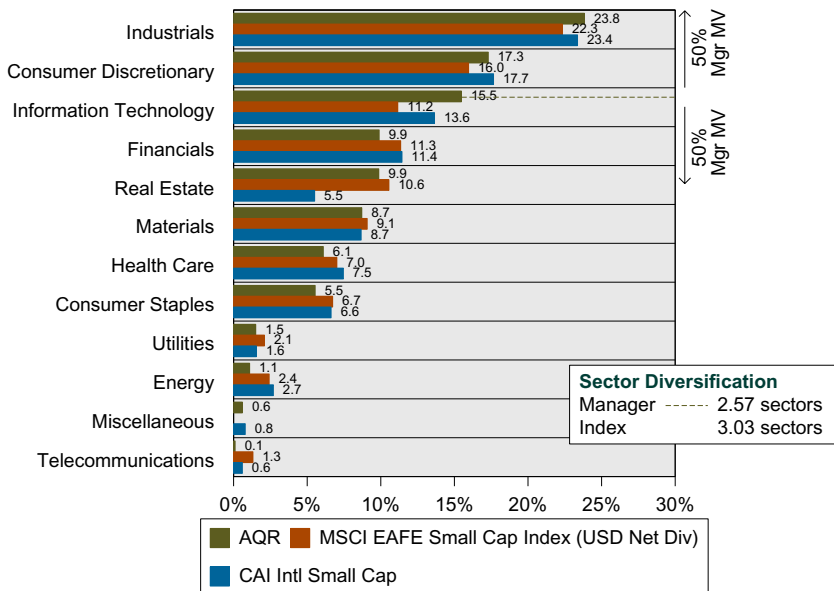
Portfolio Characteristics Percentile Rankings Rankings Against CAI International Small Cap as of June 30, 2017



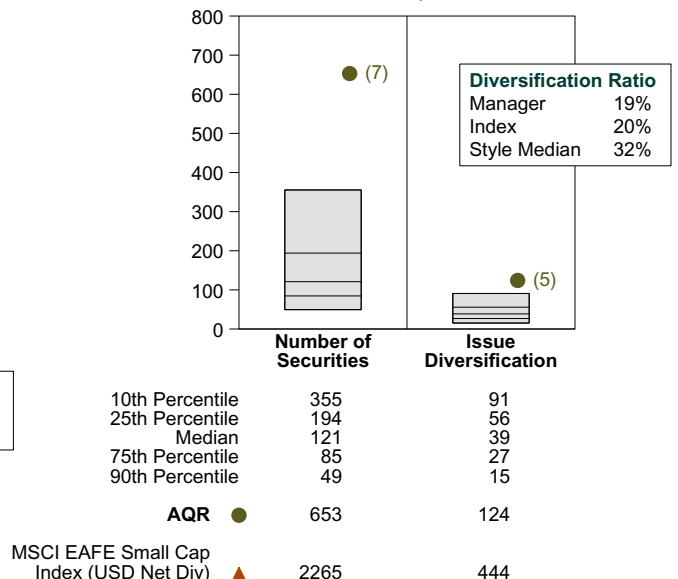
Sector Weights

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 June 30, 2017



Diversification June 30, 2017



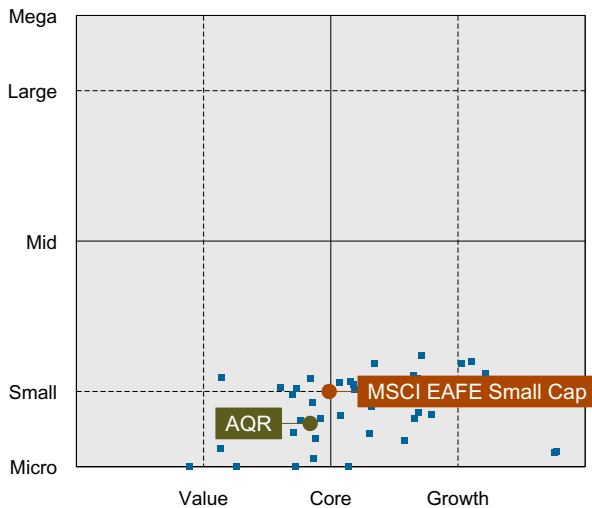
Current Holdings Based Style Analysis

AQR

As of June 30, 2017

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left chart illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

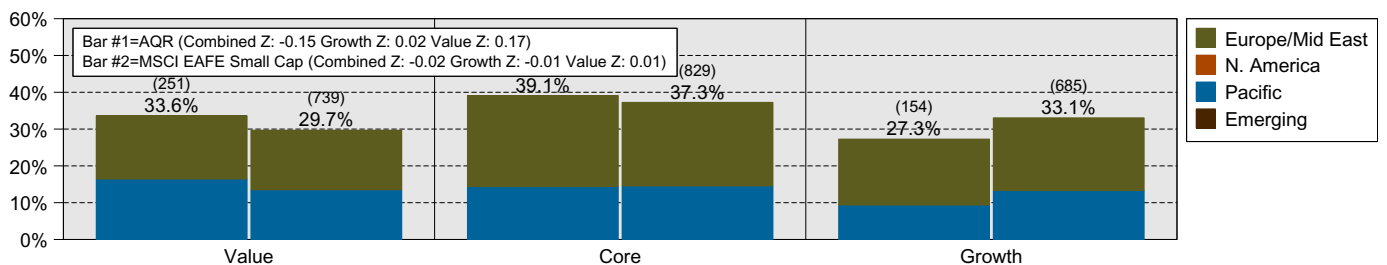
Style Map vs CAI Intl Small Cap Holdings as of June 30, 2017



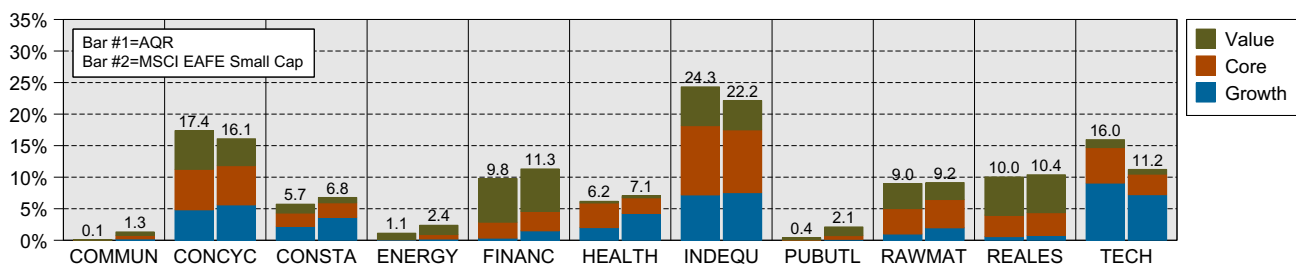
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|---------------------|--------------------|--------------------|--------------------|----------------------|
| Europe/ Mid East | 17.2% (113) | 24.7% (120) | 17.9% (90) | 59.8% (323) |
| N. America | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Pacific | 16.4% (138) | 14.4% (114) | 9.4% (64) | 40.2% (316) |
| Emerging | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Total | 33.6% (251) | 39.1% (234) | 27.3% (154) | 100.0% (639) |
| | 29.7% (739) | 37.3% (829) | 33.1% (685) | 100.0% (2253) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



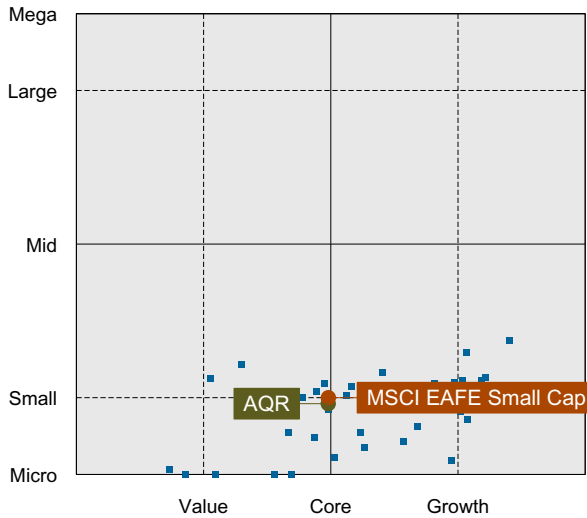
Historical Holdings Based Style Analysis

AQR

For Five Years Ended June 30, 2017

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.

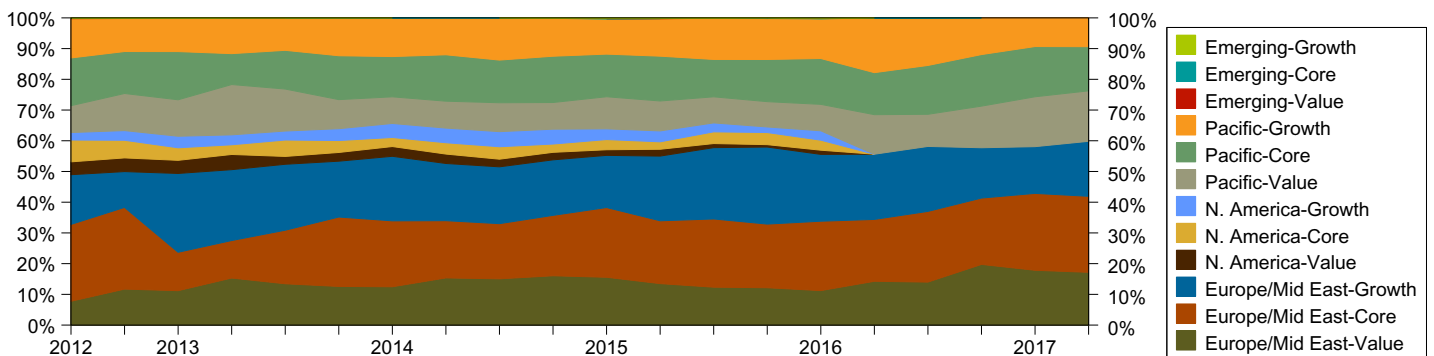
Average Style Map vs CAI Intl Small Cap Holdings for Five Years Ended June 30, 2017



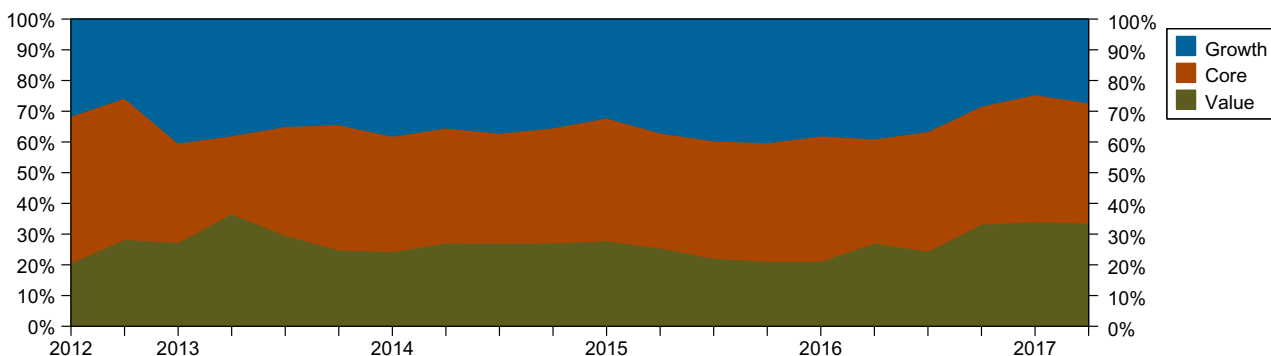
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|---------------------|--------------------|--------------------|--------------------|----------------------|
| | 13.9% (92) | 20.9% (107) | 19.6% (87) | 54.4% (286) |
| Europe/ Mid East | 15.4% (311) | 21.7% (350) | 20.7% (307) | 57.9% (968) |
| N. America | 2.1% (18) | 3.0% (23) | 2.7% (18) | 7.7% (59) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Pacific | 11.1% (119) | 14.3% (120) | 12.3% (89) | 37.7% (328) |
| | 13.1% (425) | 14.8% (426) | 13.9% (357) | 41.8% (1208) |
| Emerging | 0.0% (0) | 0.0% (1) | 0.1% (1) | 0.1% (2) |
| | 0.1% (4) | 0.1% (4) | 0.1% (2) | 0.3% (10) |
| Total | 27.2% (229) | 38.1% (251) | 34.7% (195) | 100.0% (675) |
| | 28.7% (740) | 36.7% (780) | 34.7% (666) | 100.0% (2186) |
| | Value | Core | Growth | Total |

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures

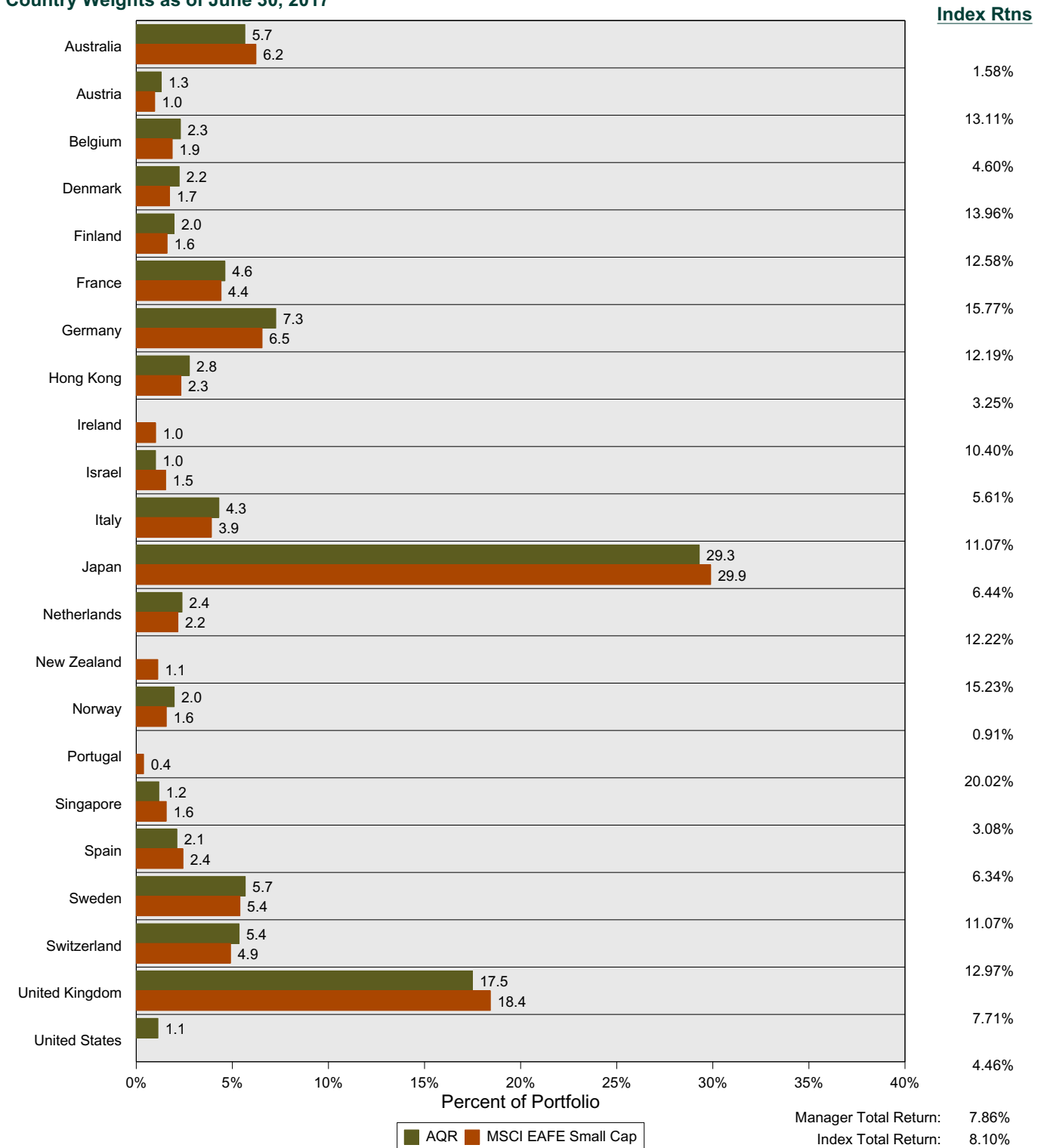


Country Allocation AQR VS MSCI EAFE Small Cap Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 2017. 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 June 30, 2017



AQR Top 10 Portfolio Holdings Characteristics as of June 30, 2017

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 |
|----------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Electrocomponent Plc Ord | Information Technology | \$186,667 | 1.4% | 28.18% | 3.31 | 23.63 | 2.13% | 18.78% |
| J M Ab Shs | Consumer Discretionary | \$143,798 | 1.0% | 14.94% | 2.51 | 11.77 | 3.19% | 16.33% |
| Seino Transportation Co | Industrials | \$96,265 | 0.7% | 19.84% | 2.76 | 15.22 | 1.81% | 9.42% |
| Ferrexpo Plc London Shs | Materials | \$94,788 | 0.7% | 30.14% | 1.59 | 6.09 | 1.28% | (25.86)% |
| Indivior Plc Ord Usd2 | Health Care | \$94,750 | 0.7% | 0.85% | 2.93 | 12.49 | 0.00% | (3.00)% |
| Scandic Hotels Group | Consumer Discretionary | \$94,212 | 0.7% | 26.84% | 1.34 | 14.47 | 2.88% | 16.60% |
| Be Semiconductor Inds NV Bes Shs | Information Technology | \$90,299 | 0.7% | 35.24% | 2.13 | 15.37 | 3.72% | 55.81% |
| Schouw & Co Shs | Consumer Staples | \$83,439 | 0.6% | 18.55% | 2.73 | 17.55 | 1.72% | 14.90% |
| Ence Energia Y Celulosa Sa Shs | Materials | \$82,374 | 0.6% | 34.15% | 1.01 | 13.88 | 2.21% | 36.35% |
| Trigano | Consumer Discretionary | \$77,932 | 0.6% | 23.38% | 2.30 | 16.81 | 0.96% | 29.60% |

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 |
|--------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Air France Klm Shs | Industrials | \$32,534 | 0.2% | 87.58% | 4.28 | 6.85 | 0.00% | 26.14% |
| Berendsen Plc Shs | Industrials | \$17,349 | 0.1% | 79.55% | 2.76 | 20.36 | 2.68% | (1.77)% |
| Sophos Group | Information Technology | \$10,286 | 0.1% | 69.59% | 2.67 | 75.79 | 0.81% | 58.50% |
| Penauille Polyservices Sa Act | Industrials | \$14,898 | 0.1% | 68.84% | 1.38 | 17.66 | 0.27% | (25.26)% |
| Evotec Ag Shs | Health Care | \$15,163 | 0.1% | 63.94% | 2.35 | 72.42 | 0.00% | 7.00% |
| Nbrown Group Plc Shs | Consumer Discretionary | \$6,138 | 0.0% | 53.53% | 1.14 | 13.90 | 4.59% | (4.24)% |
| Melco Intl Development Ltd Shs | Consumer Discretionary | \$27,113 | 0.2% | 51.80% | 4.10 | 21.42 | 0.43% | (43.05)% |
| Rhi Ag Wien Shs | Materials | \$23,271 | 0.2% | 47.94% | 1.47 | 13.57 | 2.31% | 24.00% |
| Fincantieri | Industrials | \$59,696 | 0.4% | 47.11% | 1.88 | 19.53 | 0.00% | - |
| Cr.Card Dna Security Sys | Financials | \$1,454 | 0.0% | 46.15% | 0.40 | - | 3.86% | - |

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 |
|------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Fone Zone Group | Consumer Discretionary | \$5,225 | 0.0% | (65.97)% | 0.13 | 6.35 | 15.68% | (7.24)% |
| Esprit Hldgs Ltd Shs | Consumer Discretionary | \$9,848 | 0.1% | (36.38)% | 1.04 | 26.65 | 0.36% | 197.79% |
| Tokmanni Group Corporation | Consumer Discretionary | \$4,563 | 0.0% | (25.32)% | 0.49 | 11.95 | 7.00% | - |
| Roland Dg Corp Hamamatsu Ord | Information Technology | \$12,349 | 0.1% | (23.44)% | 0.29 | 13.55 | 2.34% | 32.52% |
| Karoon Gas Australia Ltd Shs | Energy | \$931 | 0.0% | (21.52)% | 0.24 | (16.93) | 0.00% | 127.60% |
| Enquest Plc | Energy | \$1,912 | 0.0% | (21.47)% | 0.48 | 5.62 | 0.00% | 44.80% |
| Tullow Oil Plc Shs | Energy | \$9,917 | 0.1% | (21.44)% | 2.71 | 15.43 | 0.00% | (27.13)% |
| Webdojapan | Information Technology | \$12,597 | 0.1% | (21.43)% | 0.31 | 20.85 | 0.56% | 4.36% |
| Wowow | Consumer Discretionary | \$12,868 | 0.1% | (21.05)% | 0.78 | 13.72 | 2.63% | 17.74% |
| Liberbank | Financials | \$25,835 | 0.2% | (20.50)% | 0.95 | 9.07 | 0.00% | 18.10% |

DFA Emerging Markets Period Ended June 30, 2017

Investment Philosophy

Returns prior to 6/30/2013 are linked to a composite history.

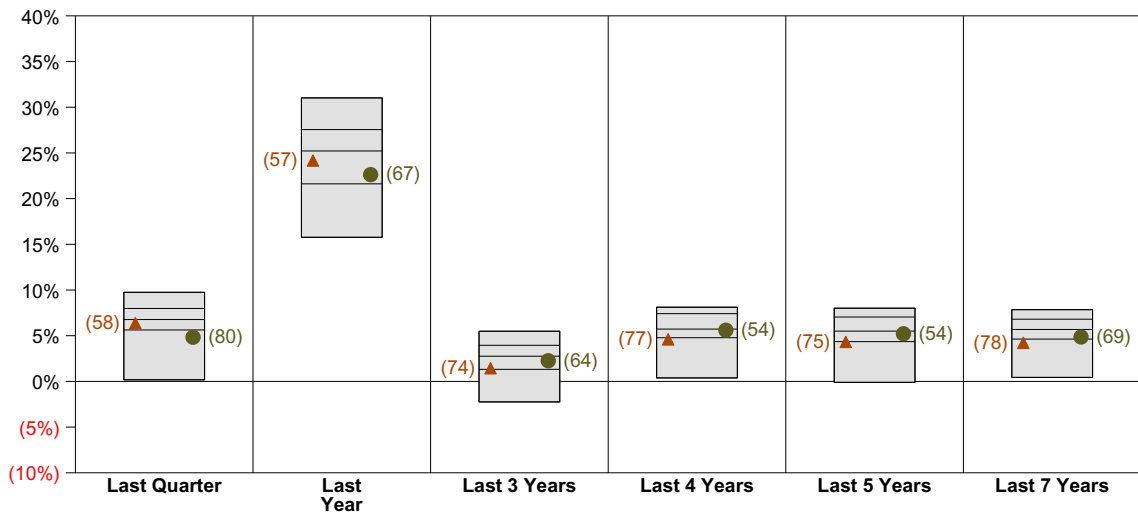
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 4.83% return for the quarter placing it in the 80 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 67 percentile for the last year.
- DFA Emerging Markets's portfolio underperformed the MSCI EM Gross by 1.55% for the quarter and underperformed the MSCI EM Gross for the year by 1.55%.

Quarterly Asset Growth

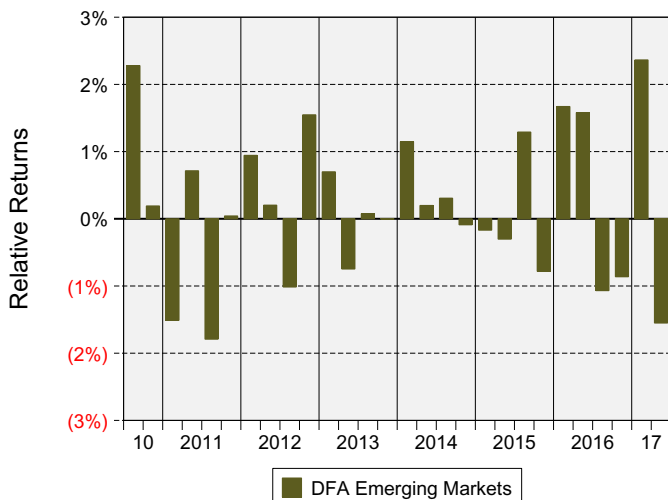
| | |
|---------------------------|--------------|
| Beginning Market Value | \$14,757,549 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$690,798 |
| Ending Market Value | \$15,448,346 |

Performance vs CAI Emerging Markets Equity Mut Funds (Gross)

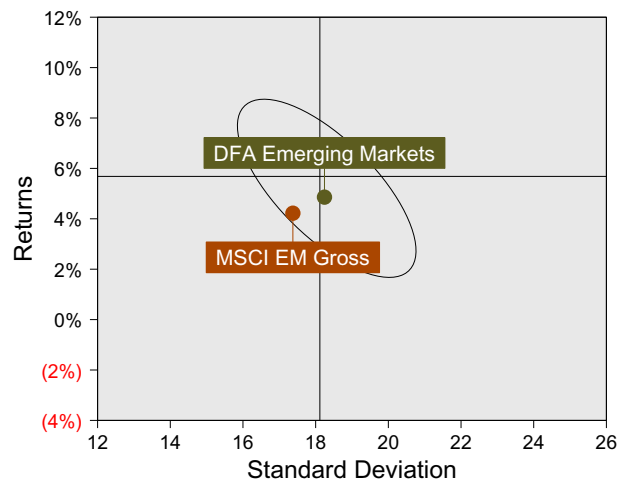


| | | | | | | |
|-----------------------------|--------|-------|--------|------|--------|------|
| 10th Percentile | 9.75 | 31.02 | 5.49 | 8.12 | 8.01 | 7.85 |
| 25th Percentile | 7.98 | 27.55 | 3.95 | 7.41 | 7.04 | 6.81 |
| Median | 6.77 | 25.21 | 2.76 | 5.72 | 5.50 | 5.68 |
| 75th Percentile | 5.63 | 21.62 | 1.32 | 4.78 | 4.35 | 4.63 |
| 90th Percentile | 0.18 | 15.77 | (2.24) | 0.38 | (0.10) | 0.44 |
| DFA Emerging Markets | ● 4.83 | 22.62 | 2.26 | 5.60 | 5.21 | 4.86 |
| MSCI EM Gross | ▲ 6.38 | 24.17 | 1.44 | 4.60 | 4.33 | 4.22 |

Relative Return vs MSCI EM Gross



CAI Emerging Markets Equity Mut Funds (Gross) Annualized Seven Year Risk vs Return

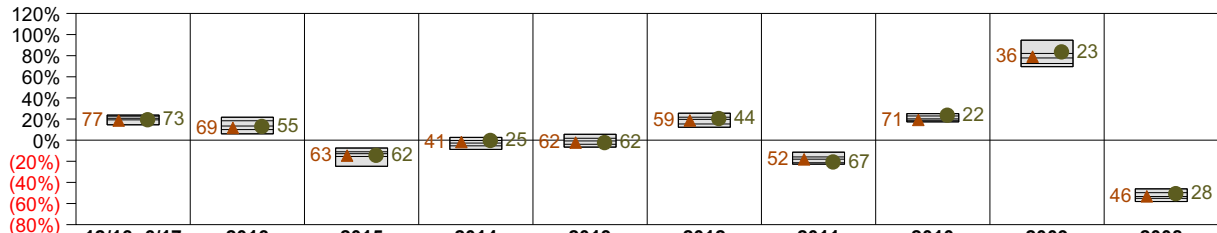


DFA Emerging Markets Return Analysis Summary

Return Analysis

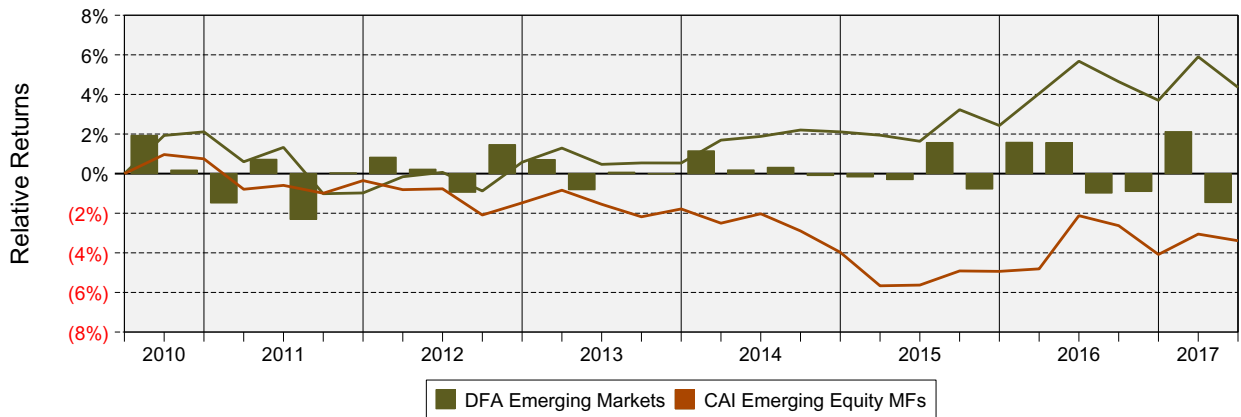
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

Performance vs CAI Emerging Markets Equity Mut Funds (Gross)

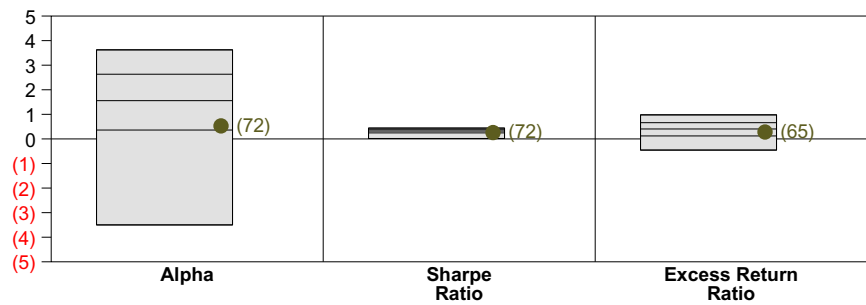


| | 12/16- 6/17 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-----------------------------|-------------|-------|---------|--------|--------|-------|---------|-------|-------|---------|
| 10th Percentile | 23.74 | 21.71 | (7.46) | 2.62 | 5.56 | 25.54 | (11.40) | 25.12 | 94.66 | (46.12) |
| 25th Percentile | 22.70 | 18.35 | (11.01) | (0.31) | 1.80 | 21.75 | (15.89) | 22.90 | 82.12 | (49.72) |
| Median | 20.73 | 13.39 | (12.79) | (2.75) | (0.74) | 19.70 | (18.02) | 20.15 | 77.86 | (53.38) |
| 75th Percentile | 19.21 | 10.02 | (15.45) | (5.38) | (3.90) | 15.32 | (21.39) | 18.81 | 72.60 | (55.10) |
| 90th Percentile | 14.54 | 6.00 | (24.74) | (8.77) | (6.59) | 12.21 | (22.72) | 17.32 | 69.59 | (58.13) |
| DFA Emerging Markets | ● 19.35 | 12.99 | (14.33) | (0.28) | (2.31) | 20.49 | (20.65) | 23.62 | 83.58 | (50.66) |
| MSCI EM Gross | ▲ 18.60 | 11.60 | (14.60) | (1.82) | (2.27) | 18.63 | (18.17) | 19.20 | 79.02 | (53.18) |

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 June 30, 2017



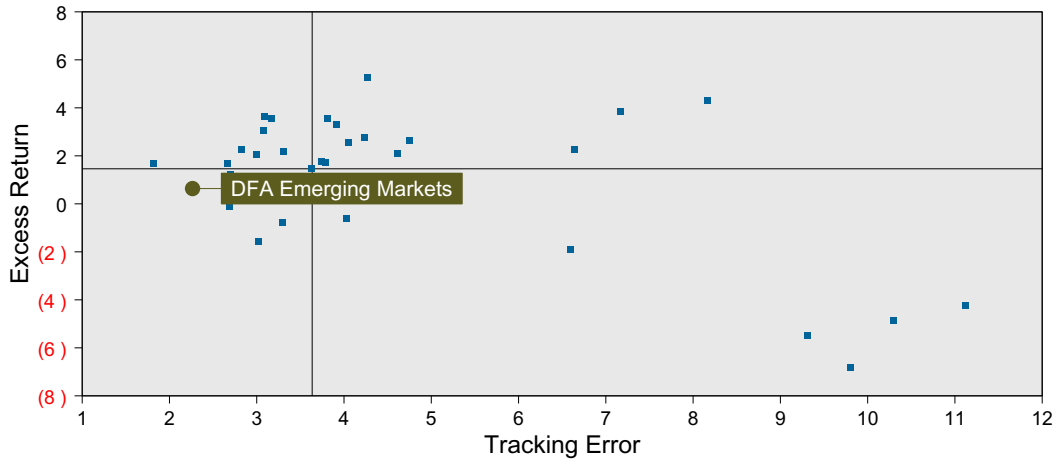
| | Alpha | Sharpe Ratio | Excess Return Ratio |
|-----------------------------|--------|--------------|---------------------|
| 10th Percentile | 3.62 | 0.44 | 0.98 |
| 25th Percentile | 2.63 | 0.37 | 0.66 |
| Median | 1.56 | 0.32 | 0.40 |
| 75th Percentile | 0.36 | 0.25 | 0.12 |
| 90th Percentile | (3.50) | 0.02 | (0.45) |
| DFA Emerging Markets | ● 0.53 | 0.26 | 0.28 |

DFA Emerging Markets Risk Analysis Summary

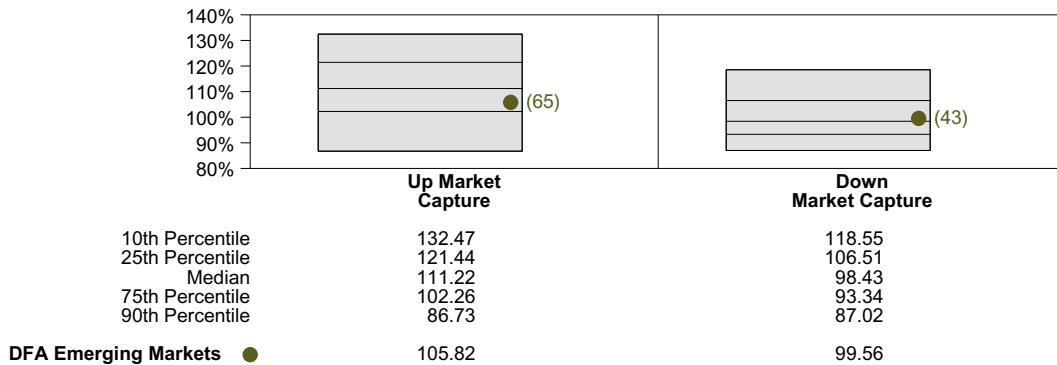
Risk Analysis

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.

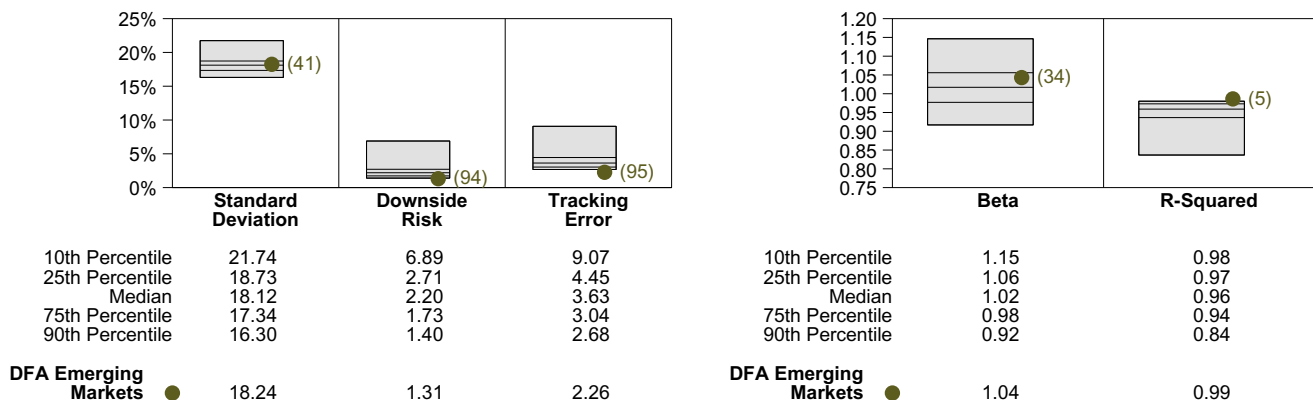
Risk Analysis vs CAI Emerging Markets Equity Mut Funds (Gross) Seven Years Ended June 30, 2017



Market Capture vs MSCI EM - Emerging Mkts (USD Gross Div) Rankings Against CAI Emerging Markets Equity Mut Funds (Gross) Seven Years Ended June 30, 2017



Risk Statistics Rankings vs MSCI EM - Emerging Mkts (USD Gross Div) Rankings Against CAI Emerging Markets Equity Mut Funds (Gross) Seven Years Ended June 30, 2017

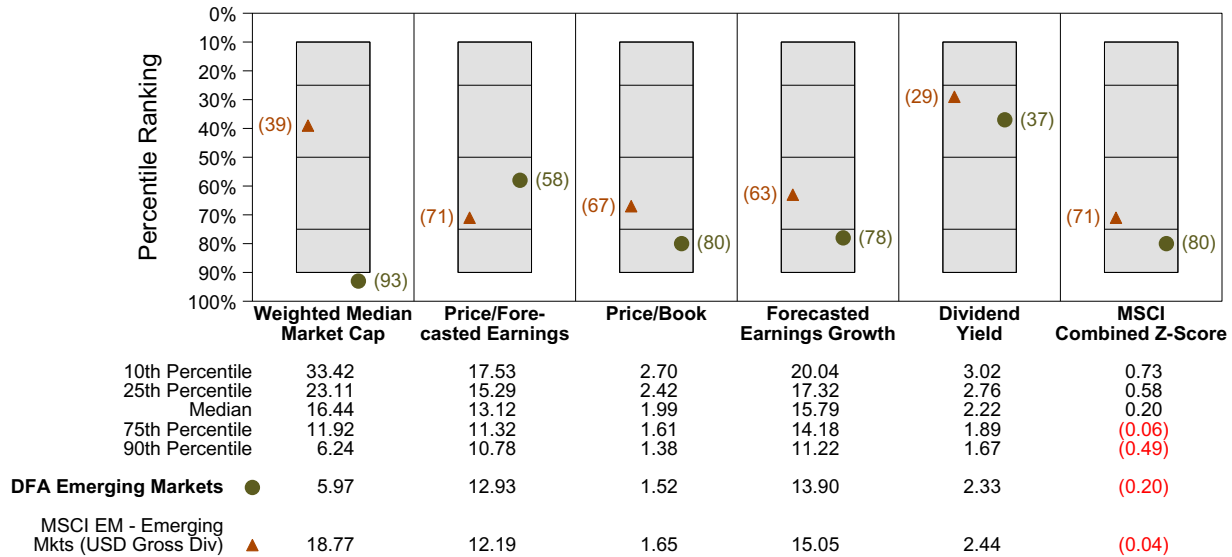


DFA Emerging Markets Equity Characteristics Analysis Summary

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.

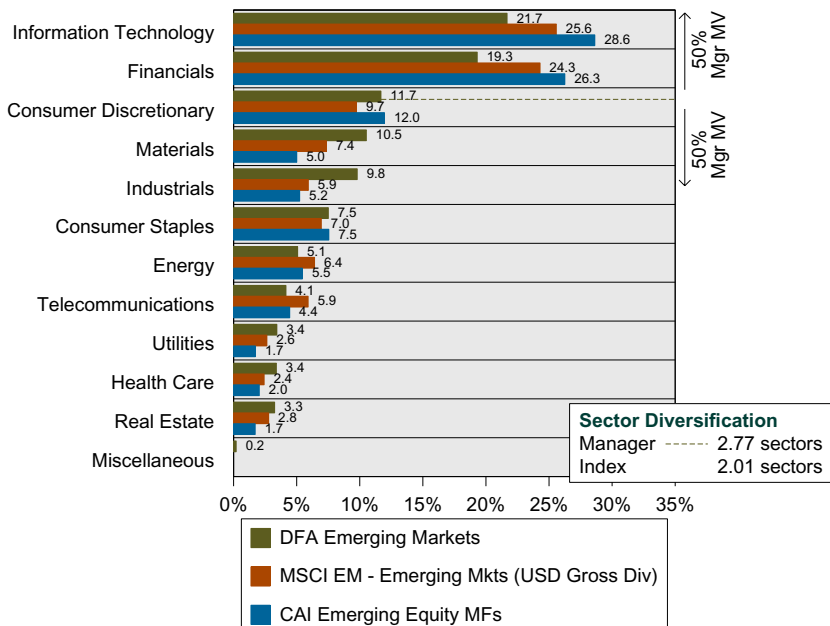
Portfolio Characteristics Percentile Rankings Rankings Against CAI Emerging Markets Equity Mut Funds as of June 30, 2017



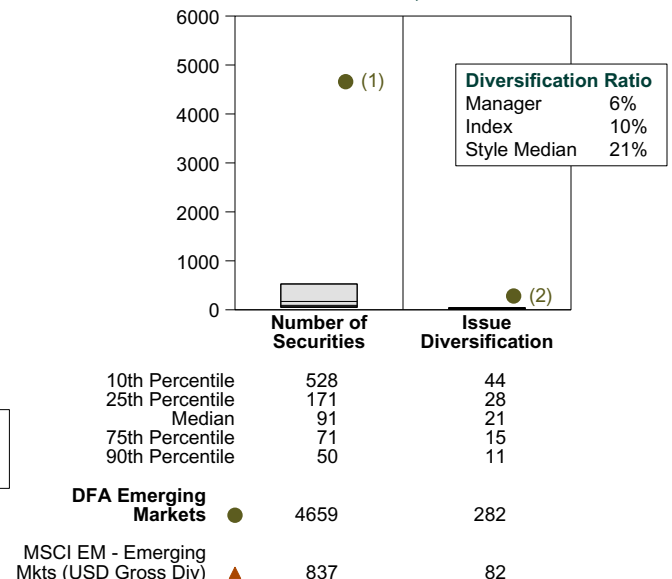
Sector Weights

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 June 30, 2017



Diversification June 30, 2017



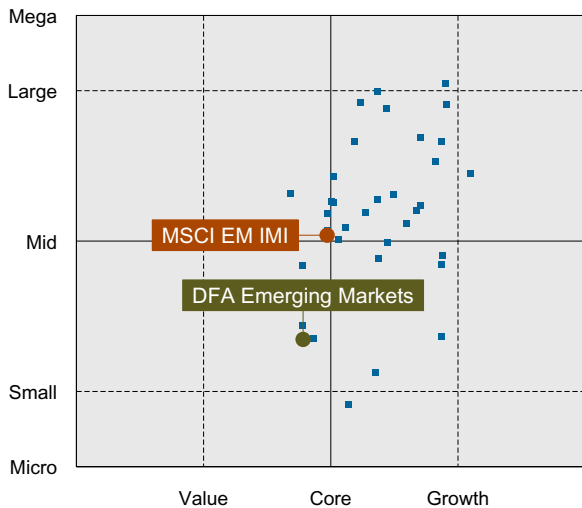
Current Holdings Based Style Analysis

DFA Emerging Markets

As of June 30, 2017

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.

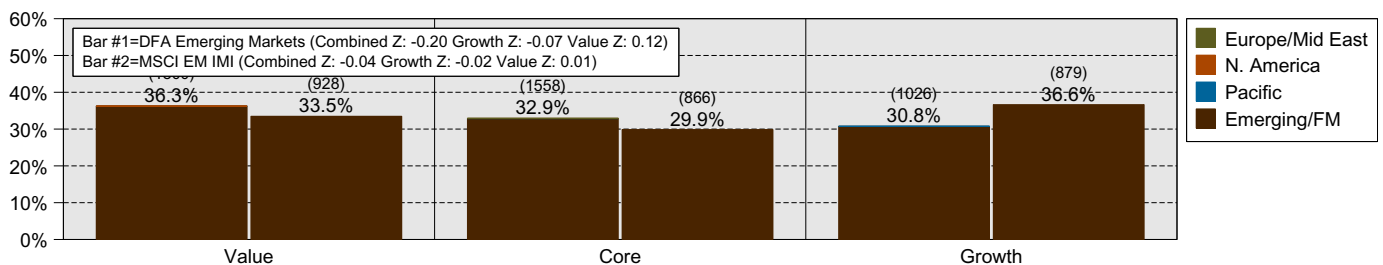
Style Map vs CAI Emerging Equity MFs Holdings as of June 30, 2017



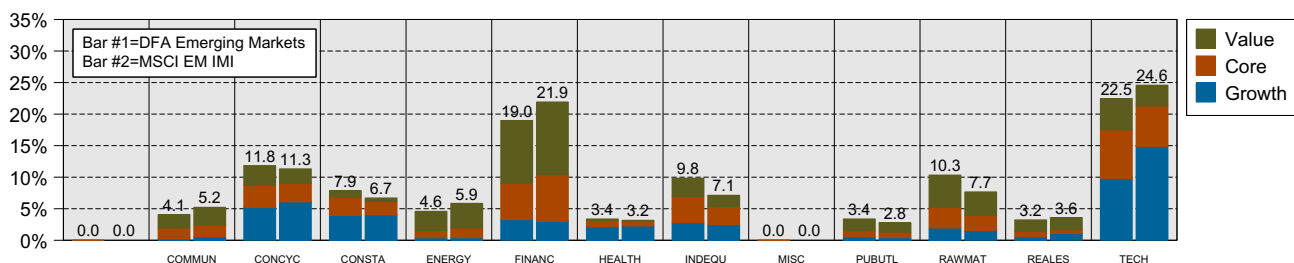
Style Exposure Matrix Holdings as of June 30, 2017

| | Value | Core | Growth | Total |
|-----------------|---------------------|---------------------|---------------------|----------------------|
| Europe/Mid East | 0.0% (0) | 0.0% (1) | 0.0% (0) | 0.0% (1) |
| N. America | 0.0% (2) | 0.0% (8) | 0.0% (0) | 0.1% (10) |
| Pacific | 0.0% (19) | 0.0% (24) | 0.0% (14) | 0.1% (57) |
| Emerging/FM | 36.2% (1779) | 32.8% (1525) | 30.8% (1012) | 99.8% (4316) |
| Total | 36.3% (1800) | 32.9% (1558) | 30.8% (1026) | 100.0% (4384) |

Combined Z-Score Style Distribution Holdings as of June 30, 2017



Sector Weights Distribution Holdings as of June 30, 2017



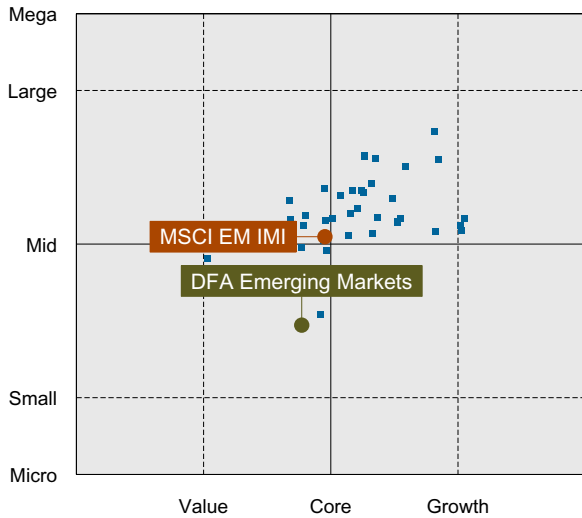
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended June 30, 2017

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.

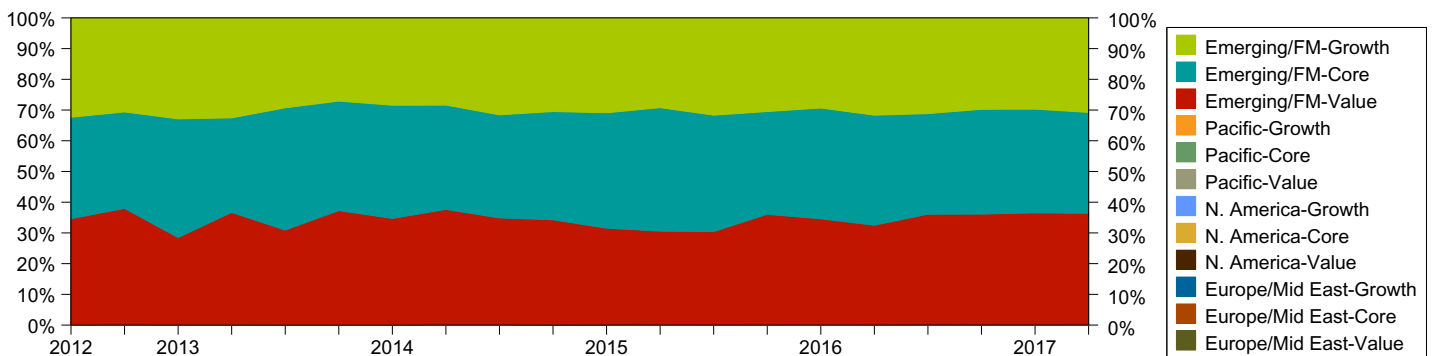
Average Style Map vs CAI Emerging Equity MFs Holdings for Five Years Ended June 30, 2017



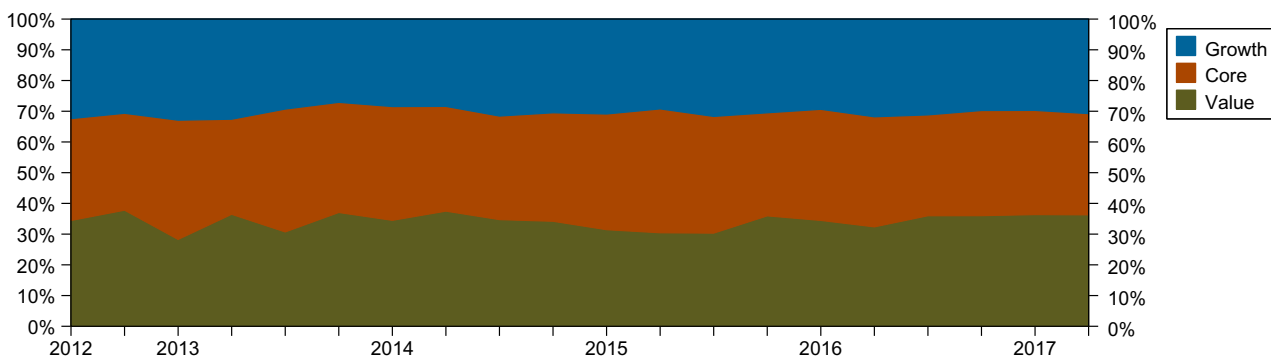
Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2017

| | | | | |
|---------------------|---------------------|---------------------|--------------------|----------------------|
| Europe/ Mid East | 0.0% (1) | 0.1% (3) | 0.0% (0) | 0.1% (4) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| N. America | 0.0% (0) | 0.0% (1) | 0.0% (0) | 0.0% (1) |
| | 0.0% (0) | 0.0% (0) | 0.0% (0) | 0.0% (0) |
| Pacific | 0.0% (12) | 0.1% (18) | 0.0% (6) | 0.1% (36) |
| | 0.0% (3) | 0.0% (4) | 0.0% (2) | 0.1% (9) |
| Emerging/ FM | 34.2% (1333) | 35.2% (1443) | 30.4% (854) | 99.8% (3630) |
| | 31.6% (888) | 32.6% (895) | 35.8% (824) | 99.9% (2607) |
| Total | 34.3% (1346) | 35.3% (1465) | 30.5% (860) | 100.0% (3671) |
| | 31.6% (891) | 32.6% (899) | 35.8% (826) | 100.0% (2616) |
| | Value | Core | Growth | Total |

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures

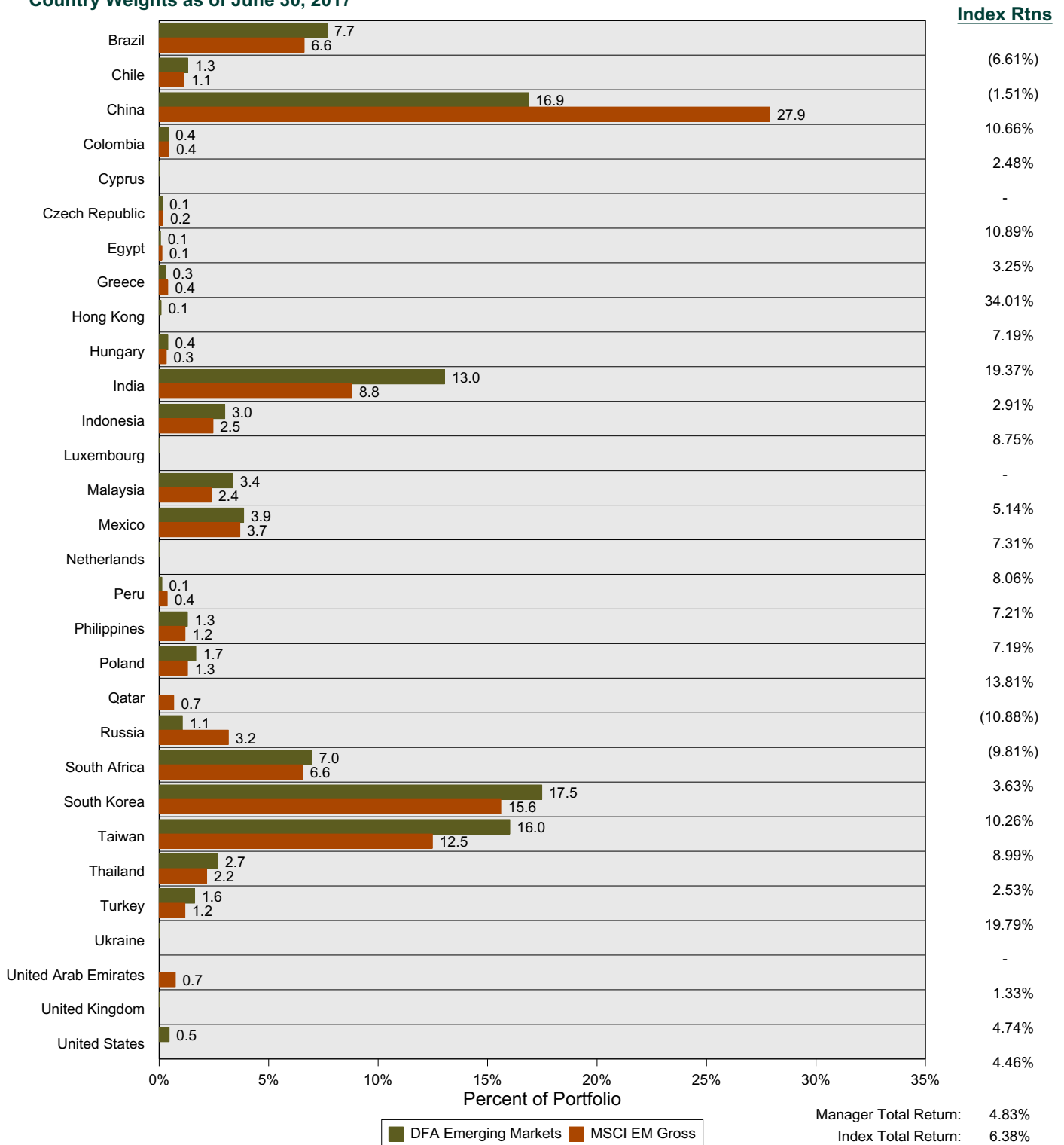


Country Allocation DFA Emerging Markets VS MSCI EM - Emerging Mkts (USD Gross Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 2017. 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 June 30, 2017



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of June 30, 2017

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 | \$584,060 | 3.8% | 13.16% | 271.47 | 8.35 | 1.47% | 27.46% |
| Tencent Holdings Limited Shs Par Hkd | Information Technology | \$245,930 | 1.6% | 25.04% | 339.05 | 34.36 | 0.22% | 29.63% |
| Taiwan Semicond Manufac Co L Shs | Information Technology | \$185,841 | 1.2% | 13.62% | 177.73 | 14.67 | 3.36% | 9.65% |
| Taiwan Semiconductor Mfg Co Ltd Spon | Information Technology | \$176,474 | 1.1% | 9.87% | 177.73 | 14.67 | 3.36% | 9.65% |
| Hon Hai Precision Inds Ltd Ord | Information Technology | \$141,802 | 0.9% | 28.24% | 66.65 | 12.07 | 3.85% | 6.36% |
| China Construction Bank Shs H | Financials | \$124,110 | 0.8% | 1.37% | 186.32 | 5.38 | 5.18% | 6.35% |
| Sk Hynix Inc Shs | Information Technology | \$121,964 | 0.8% | 0.00% | 42.89 | 5.50 | 0.89% | 16.40% |
| Alibaba Group Hldg Ltd Sponsored Ads | Information Technology | \$94,072 | 0.6% | 30.67% | 360.87 | 28.70 | 0.00% | 32.20% |
| Industrial and Comm Bk of Cn Hkd Shs | Financials | \$82,714 | 0.5% | 3.14% | 58.59 | 5.72 | 5.01% | 3.38% |
| Itau Unibanco Holding Sa Pfd Shs | Financials | \$77,949 | 0.5% | (6.93)% | 35.83 | 9.53 | 4.86% | 11.40% |

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 |
|-------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Monsanto India | Materials | \$1,402 | 0.0% | 828.88% | 0.73 | 28.05 | 1.09% | 20.63% |
| Manappuram General Fin. | Financials | \$4,261 | 0.0% | 396.62% | 1.28 | 9.44 | 2.04% | 10.18% |
| Abbott India | Health Care | \$170 | 0.0% | 333.72% | 1.40 | 23.77 | 0.94% | 16.15% |
| Elk | Information Technology | \$349 | 0.0% | 200.00% | 0.09 | (1.74) | 0.00% | - |
| Glaxosmithkline Consumer | Consumer Staples | \$2,001 | 0.0% | 182.62% | 3.48 | 29.81 | 1.31% | 10.02% |
| Indiabulls Securities Ltd Shs | Financials | \$1,118 | 0.0% | 178.95% | 1.11 | 76.06 | 1.85% | - |
| Dongyue Group Limited Shs | Materials | \$2,187 | 0.0% | 173.29% | 1.02 | 25.37 | 2.66% | (38.94)% |
| City Union Bank | Financials | \$2,352 | 0.0% | 155.92% | 1.64 | 17.79 | 0.68% | 3.60% |
| Zhong An Real Estate Hkd0.10 | Real Estate | \$630 | 0.0% | 155.19% | 0.60 | 35.50 | 0.00% | - |
| Future Enterprises | Consumer Discretionary | \$476 | 0.0% | 147.58% | 0.21 | - | 0.31% | - |

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 |
|--------------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Suprajit Engineering | Consumer Discretionary | \$180 | 0.0% | (96.28)% | 0.65 | 28.33 | 0.33% | 22.93% |
| Tamilnadu News & Papers | Materials | \$765 | 0.0% | (87.51)% | 0.33 | 6.22 | 2.41% | 31.25% |
| Kpit Cummins Info Sys. | Information Technology | \$2,125 | 0.0% | (83.56)% | 0.38 | 9.36 | 1.79% | 2.99% |
| Shilpi Cable Technologies Ltd | Industrials | \$85 | 0.0% | (83.55)% | 0.06 | 1.80 | 2.80% | - |
| Sintex Inds. | Consumer Discretionary | \$1,037 | 0.0% | (83.38)% | 0.21 | 1.71 | 0.50% | (9.08)% |
| Ramco Industries Ltd. | Materials | \$233 | 0.0% | (82.86)% | 0.32 | 29.36 | 0.21% | 6.66% |
| Tata Sponge Iron | Materials | \$320 | 0.0% | (82.40)% | 0.18 | 12.27 | 1.42% | (11.84)% |
| H C L Infosystems | Information Technology | \$569 | 0.0% | (80.04)% | 0.15 | (13.80) | 0.00% | - |
| Videocon Industries Ltd Shs Demateri | Consumer Discretionary | \$179 | 0.0% | (79.85)% | 0.11 | - | 9.48% | - |
| Eqstra Holdings Ltd Shs | Industrials | \$2 | 0.0% | (70.54)% | 0.00 | 0.00 | 0.00% | - |

Metropolitan West Period Ended June 30, 2017

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.

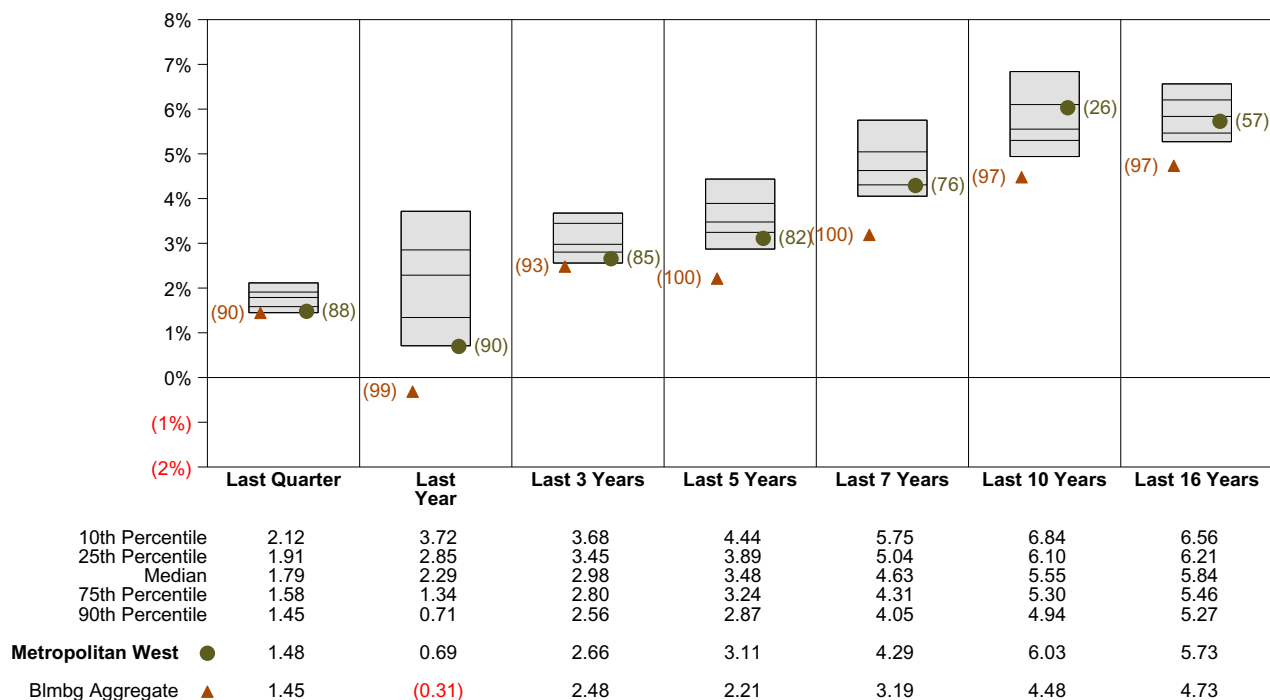
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 1.48% return for the quarter placing it in the 88 percentile of the CAI Core Plus Fixed Income group for the quarter and in the 90 percentile for the last year.
- Metropolitan West's portfolio outperformed the Blmbg Aggregate by 0.03% for the quarter and outperformed the Blmbg Aggregate for the year by 1.01%.

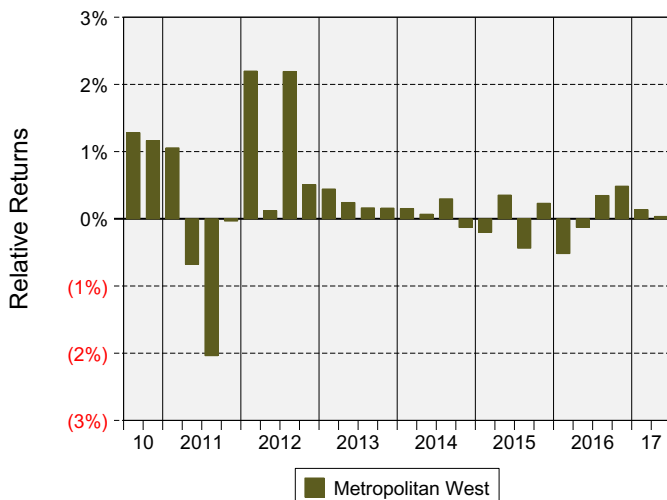
Quarterly Asset Growth

| | |
|---------------------------|--------------|
| Beginning Market Value | \$87,205,161 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$1,289,873 |
| Ending Market Value | \$88,495,034 |

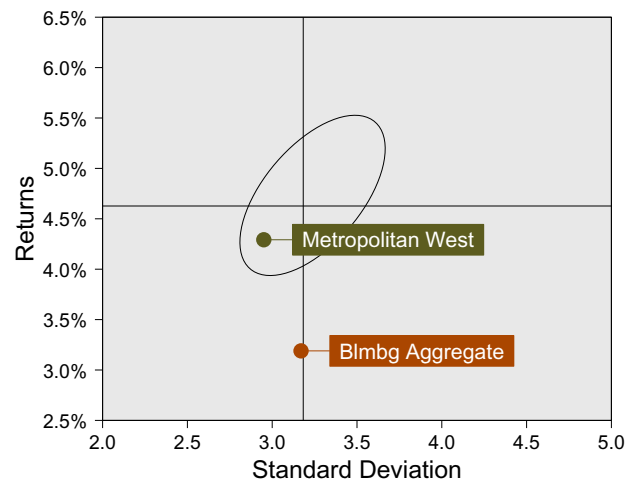
Performance vs CAI Core Plus Fixed Income (Gross)



Relative Return vs Blmbg Aggregate



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

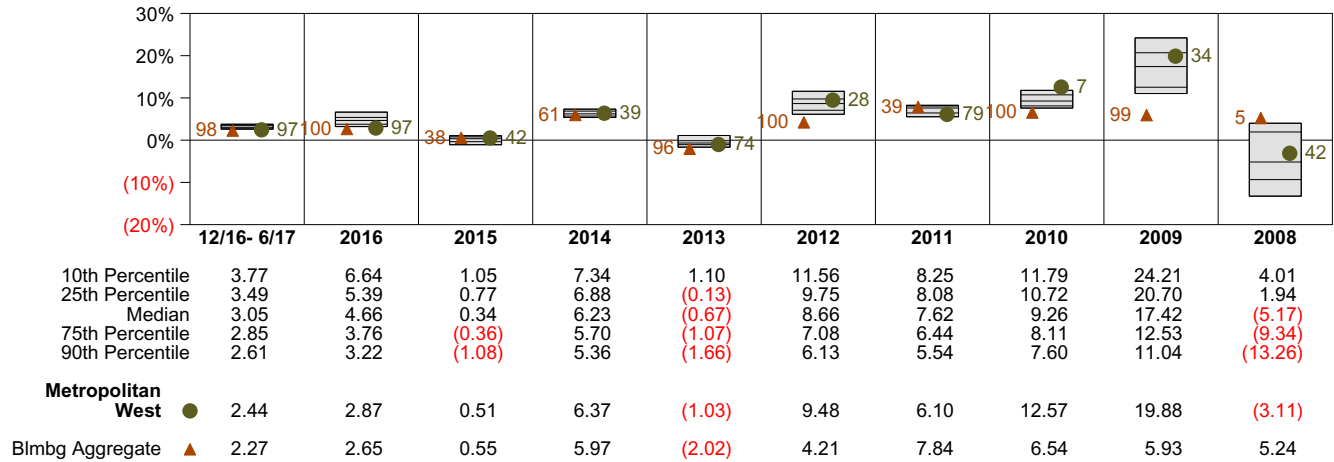


Metropolitan West Return Analysis Summary

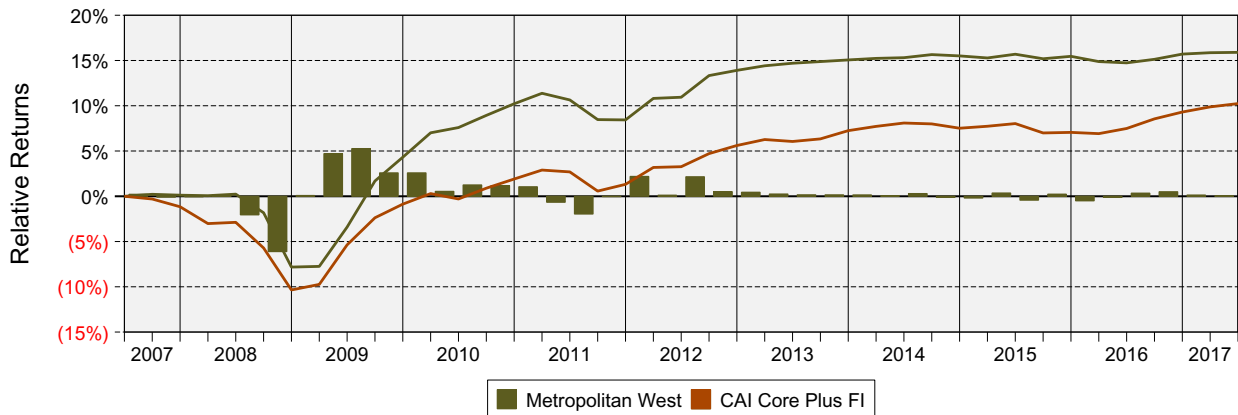
Return Analysis

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 chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

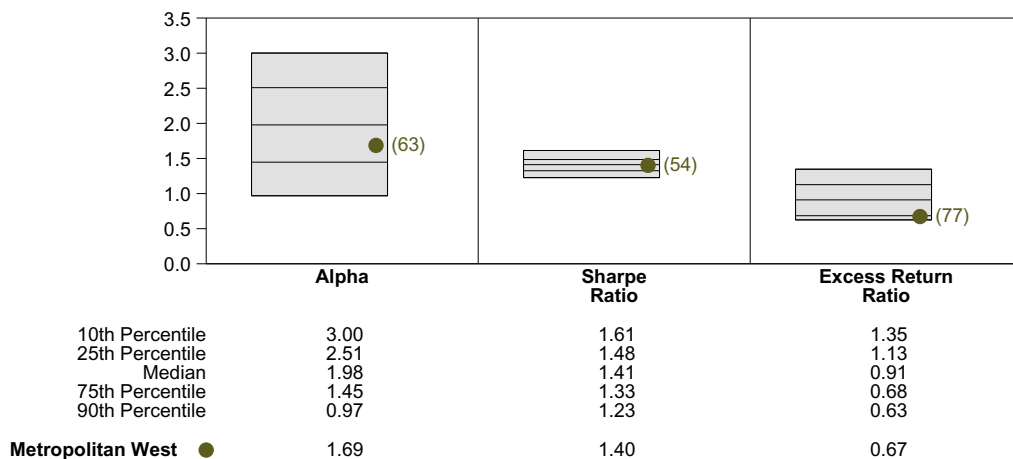
Performance vs CAI Core Plus Fixed Income (Gross)



Cumulative and Quarterly Relative Return vs Blmbg Aggregate



Risk Adjusted Return Measures vs Blmbg Aggregate Rankings Against CAI Core Plus Fixed Income (Gross) Seven Years Ended June 30, 2017

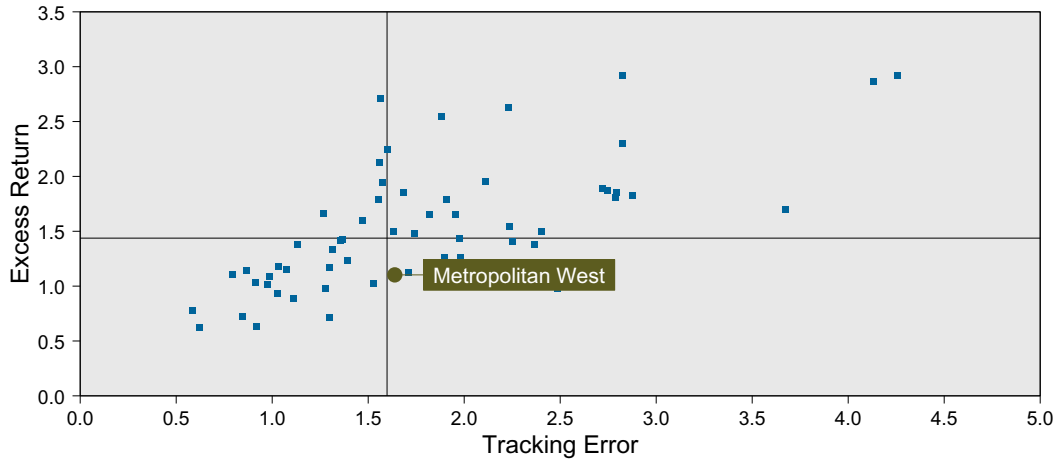


Metropolitan West Risk Analysis Summary

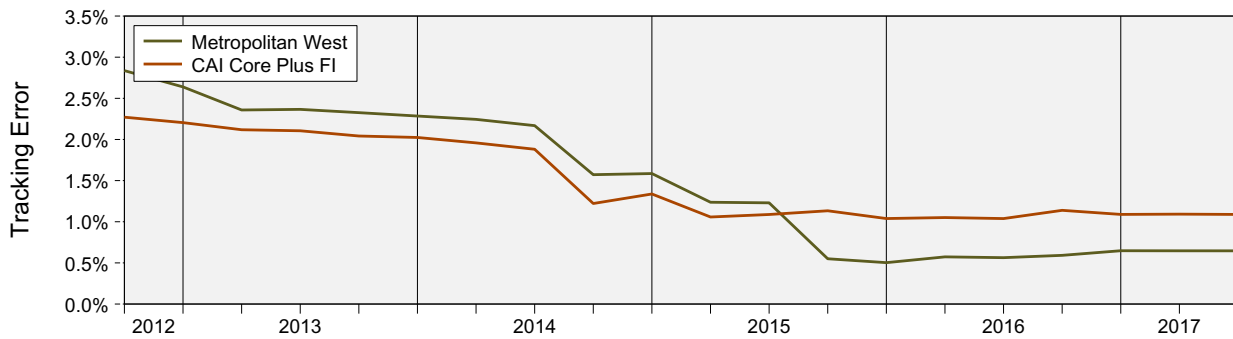
Risk Analysis

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.

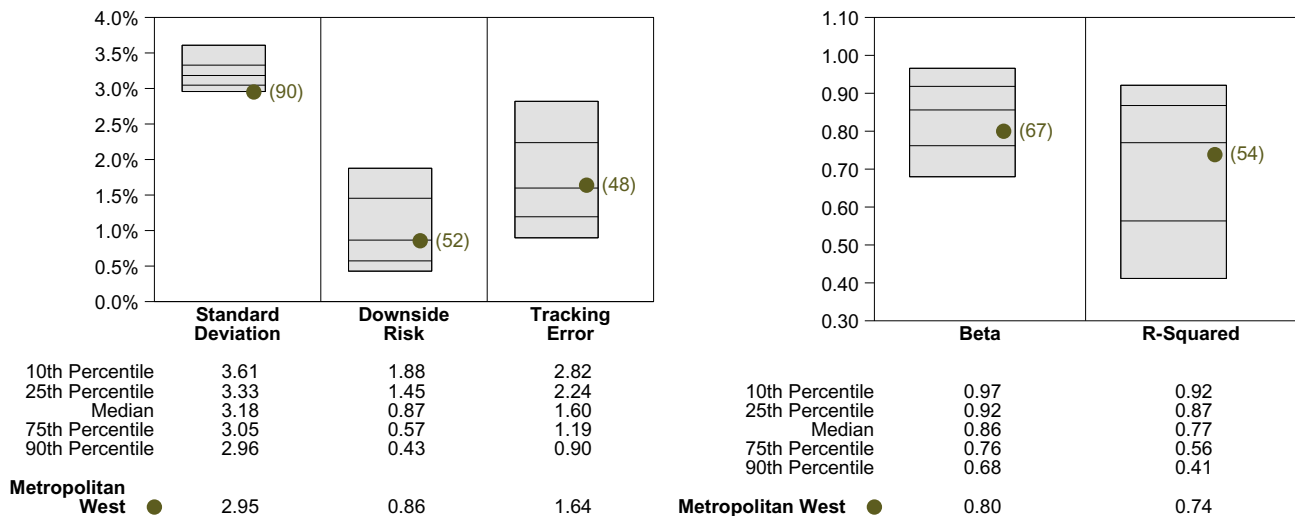
Risk Analysis vs CAI Core Plus Fixed Income (Gross) Seven Years Ended June 30, 2017



Rolling 12 Quarter Tracking Error vs Bloomberg Barclays Aggregate



Risk Statistics Rankings vs Bloomberg Barclays Aggregate Rankings Against CAI Core Plus Fixed Income (Gross) Seven Years Ended June 30, 2017

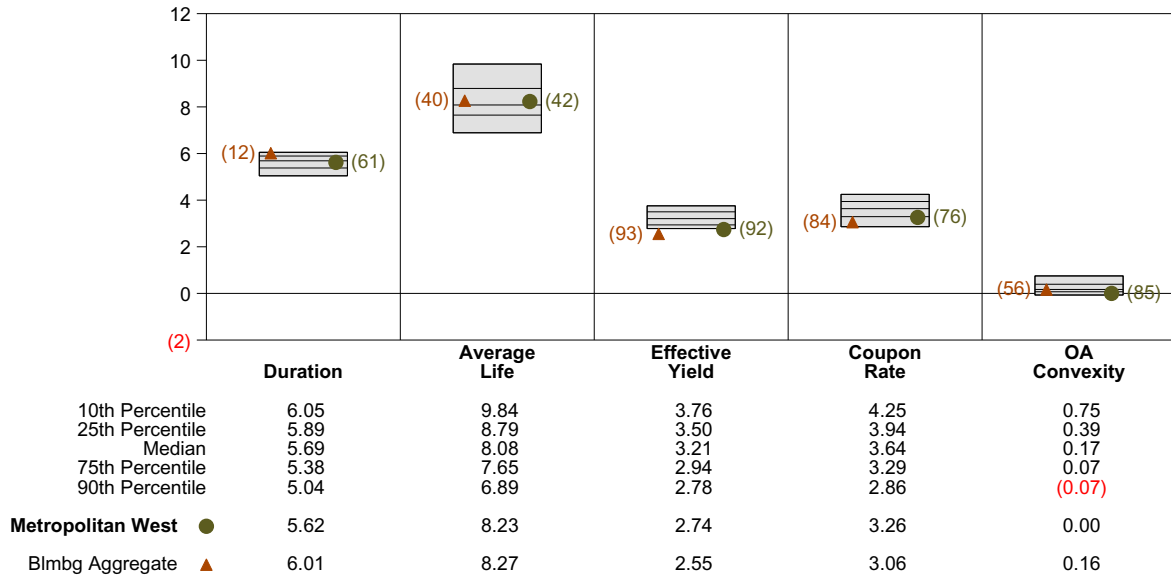


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

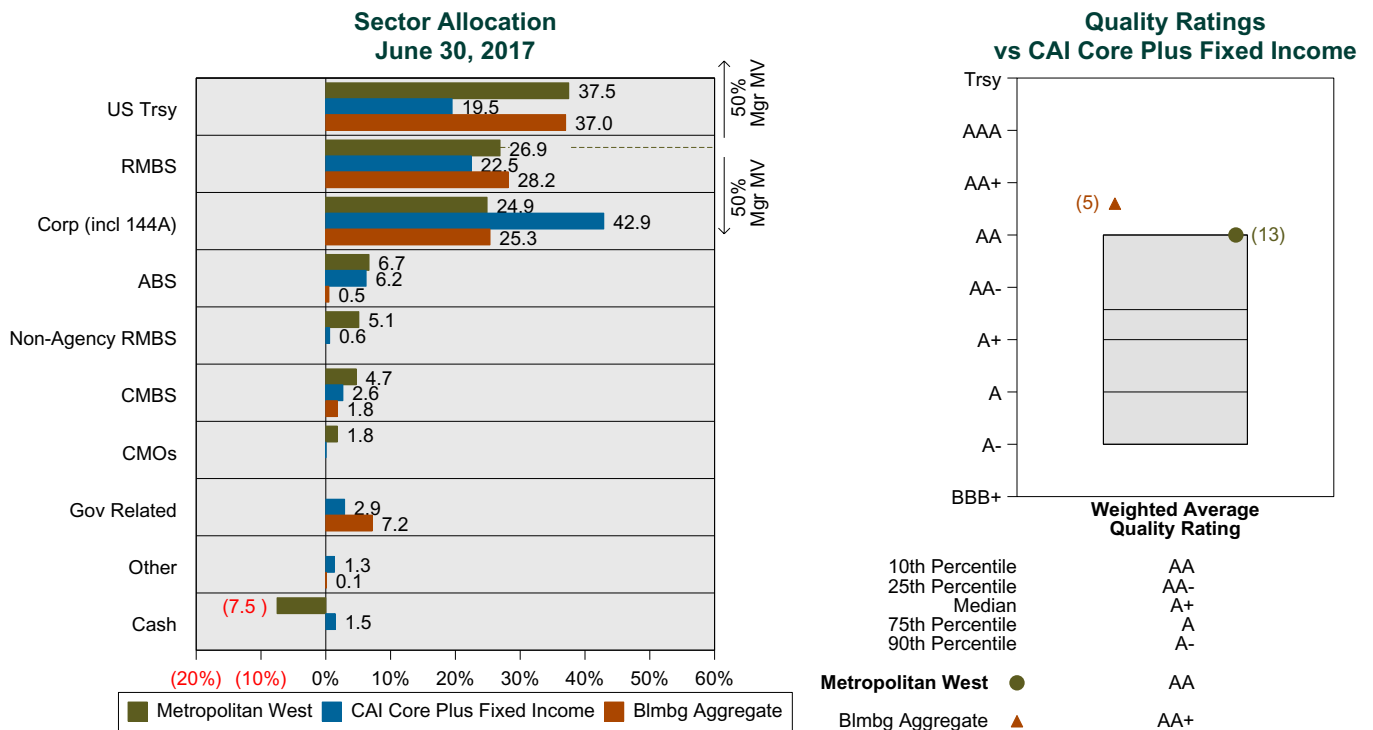
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against CAI Core Plus Fixed Income as of June 30, 2017



Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

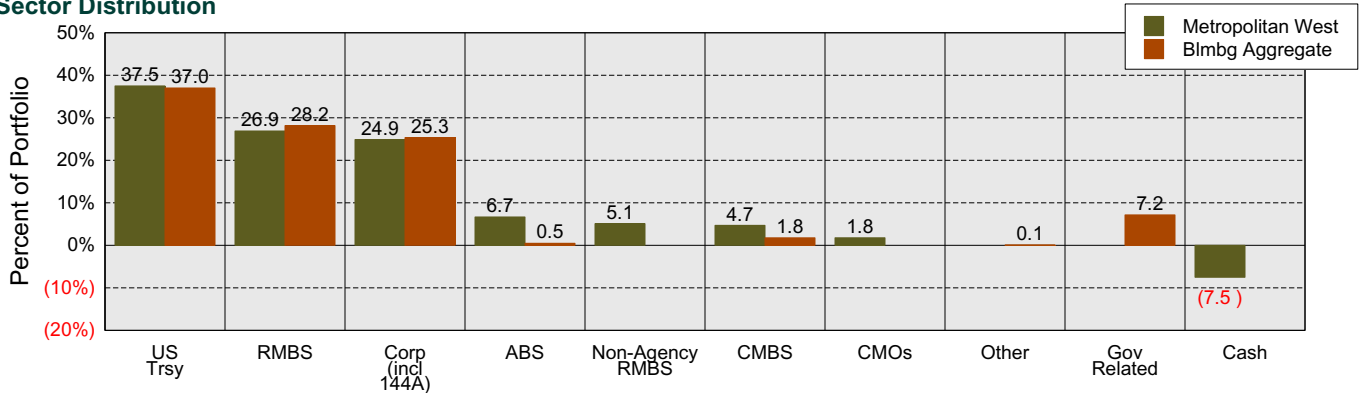


Metropolitan West Portfolio Characteristics Summary As of June 30, 2017

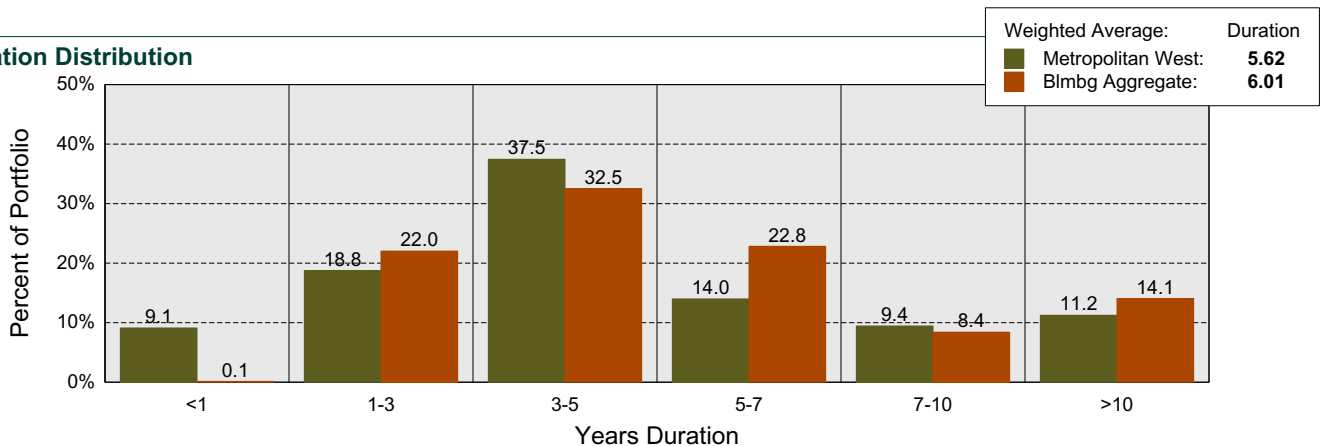
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

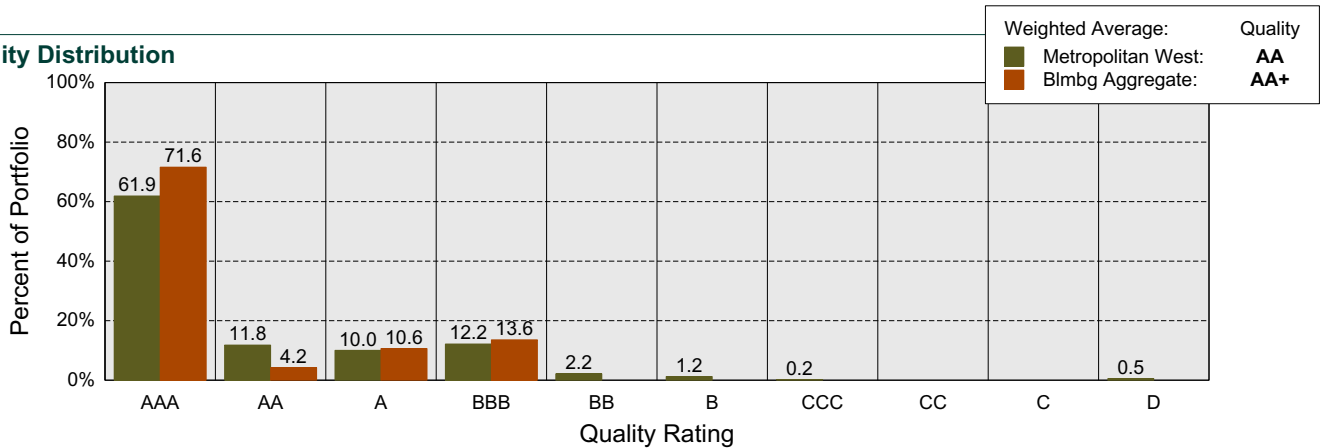
Sector Distribution



Duration Distribution



Quality Distribution



Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

Downside Risk stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Excess Return Ratio is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Risk/Reward Statistics

Sharpe Ratio is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

Sortino Ratio is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

Standard Deviation is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Total Portfolio Risk is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Research and Educational Programs

The Callan Institute provides both research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog “Perspectives.” For more information contact Anna West at 415.974.5060 / institute@callan.com.

New Research from Callan’s Experts

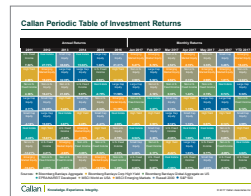


The Hedge Fund Edge: Still Sharp or Too Dull? | Why should investors bother with hedge funds? The original proposition behind them was their differentiated performance: better risk-adjusted returns with a lower correlation to traditional capital markets. Do hedge funds still have their inherent advantage? This white paper looks at the key traits in the DNA of hedge funds—and why they still offer an advantage for investors.

White Label Funds: A No-Nonsense Design Handbook | In a paper published in *The Journal of Retirement*, Callan’s Rod Bare, Jay Kloepfer, Lori Lucas, and Jimmy Veneruso offer a guide to plan sponsors considering adding these funds to their lineup.

Survivorship Bias Presentation Summary, 2017 National Conference | In this presentation, Greg Allen and Butch Cliff discussed an algorithm they developed with Walter J. Meerschaert, Callan’s manager of Information Technology, to measure and correct for survivorship bias, the logical flaw of looking only at the results for the survivors in a universe, rather than the results for all members of the universe. Their algorithm, called SUBICO (for SURvivorship Bias CORrection), uses all of the underlying data for both surviving and non-surviving members of the universe to correct for survivorship bias.

Next Generation QDIAs, 2017 National Conference | The workshop “The Future of DC Is Here: The Next Generation of QDIAs,” hosted by Ben Taylor, James Veneruso, and Brianne Weymouth, discussed new approaches to qualified default investment alternatives as they become the primary savings vehicle for defined contribution plans.



June 2017 Monthly Periodic Table of Returns | A monthly update for Callan’s Periodic Table of Investment Returns, covering the major public equity asset classes.

Periodicals

Private Markets Trends, Spring 2017 | Gary Robertson reports that the private equity market is off to a roaring start in 2017, and new partnership commitments may exceed the level of 2016.

Hedge Fund Monitor, 2nd Quarter 2017 | Jim McKee looks at “false charges,” or bear markets that come and go quickly but can leave unprepared investors at significant risk.

DC Observer, 2nd Quarter 2017 | Lori Lucas discusses how to manage DC plan recordkeepers, explaining that one of the best ways is to conduct periodic searches.

Market Pulse Flipbook, 1st Quarter 2017 | A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.

Capital Market Review, 1st Quarter 2017 | 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: www.callan.com/library/

Mark your calendars for our fall **Regional Workshop**, October 24 in New York and October 26 in Chicago, where we'll cover highlights from our soon-to-be published *Investment Management Fee Survey* and cover other aspects of fees. Callan's **National Conference** will be held January 29–31, 2018, 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 session is:

Introduction to Investments

Chicago, October 24-25, 2017

This program familiarizes fund sponsor trustees, staff, and asset management advisers 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 www.callan.com/events/callan-college-intro or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

525

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

50+

Unique pieces of research the Institute generates each year

3,500

Total attendees of the “Callan College” since 1994

1980

Year the Callan Institute was founded



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

Ron Peyton, Chairman and CEO

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. 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 |
| AEW Capital Management |
| Affiliated Managers Group, Inc. |
| Alcentra |
| AllianceBernstein |
| Allianz Global Investors |
| Allianz Life Insurance Company of North America |
| American Century Investments |
| Amundi Smith Breeden LLC |
| 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 |
| Baillie Gifford Overseas Limited |
| Baird Advisors |
| Bank of America |
| Barings LLC |
| Baron Capital Management, Inc. |
| Barrow, Hanley, Mewhinney & Strauss, LLC |
| Black Creek Investment Management Inc. |
| BlackRock |
| BMO Global Asset Management |
| BNP Paribas Investment Partners |
| BNY Mellon Asset Management |
| Boston Partners |
| Boyd Watterson Asset Management, LLC |
| Brandes Investment Partners, L.P. |

| Manager Name |
|--|
| Brandywine Global Investment Management, LLC |
| Brown Brothers Harriman & Company |
| Brown Investment Advisory & Trust Company |
| Cambiar Investors, LLC |
| Capital Group |
| CastleArk Management, LLC |
| Causeway Capital Management |
| Chartwell Investment Partners |
| Chicago Equity Partners, LLC |
| ClearBridge Investments, LLC |
| Cohen & Steers Capital Management, Inc. |
| Columbia Management Investment Advisers, LLC |
| Columbus Circle Investors |
| Cornerstone Capital Management |
| Cramer Rosenthal McGlynn, LLC |
| Credit Suisse Asset Management |
| Crestline Investors, Inc. |
| D.E. Shaw Investment Management, L.L.C. |
| DePrince, Race & Zollo, Inc. |
| Deutsche Asset Management |
| Diamond Hill Capital Management, Inc. |
| Dimensional Fund Advisors LP |
| Doubleline |
| 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 Corporation |
| First Eagle Investment Management, LLC |
| First Hawaiian Bank Wealth Management Division |
| Fisher Investments |
| Franklin Templeton |

| Manager Name |
|---|
| Franklin Templeton Institutional |
| Fred Alger Management, Inc. |
| Fuller & Thaler Asset Management, Inc. |
| GAM (USA) Inc. |
| Global Evolution USA |
| GlobeFlex Capital, L.P. |
| GMO |
| Goldman Sachs Asset Management |
| Gryphon International Investment Corporation |
| Guggenheim Investments |
| GW&K Investment Management |
| Harbor Capital Group Trust |
| Harding Loevner LP |
| Hartford Funds |
| Hartford Investment Management Co. |
| Heitman LLC |
| Henderson Global Investors |
| Hotchkis & Wiley Capital Management, LLC |
| HSBC Global Asset Management |
| Income Research + Management, Inc. |
| Insight Investment Management Limited |
| INTECH Investment Management, LLC |
| Invesco |
| Investec Asset Management |
| Ivy Investments |
| Jacobs Levy Equity Management, Inc. |
| Janus Capital Management, LLC |
| Jensen Investment Management |
| Jobs Peak Advisors |
| J.P. Morgan Asset Management |
| KeyCorp |
| Lazard Asset Management |
| Legal & General Investment Management America |
| Lincoln National Corporation |
| LMCG Investments, LLC |
| Logan Circle Partners, L.P. |
| Longfellow Investment Management Co. |
| Longview Partners |
| Loomis, Sayles & Company, L.P. |
| Lord Abbett & Company |
| Los Angeles Capital Management |
| LSV Asset Management |
| MacKay Shields LLC |
| Macquarie Investment Management (formerly Delaware Investments) |
| Man Investments Inc. |
| Manulife Asset Management |
| McKinley Capital Management, LLC |
| 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 |
| New York Life Investment Management LLC |
| Newfleet Asset Management LLC |
| Newton Investment Management (fka Newton Capital Mgmt) |
| Nikko Asset Management Co., Ltd. |

| Manager Name |
|---|
| Northern Trust Asset Management |
| Nuveen Investments, Inc. |
| OFI Global Asset Management |
| Old Mutual Asset Management |
| O'Shaughnessy Asset Management, LLC |
| Pacific Investment Management Company |
| Peregrine Capital Management, Inc. |
| PGIM |
| PGIM Fixed Income |
| PineBridge Investments |
| Pioneer Investments |
| PNC Capital Advisors, LLC |
| PPM America |
| Principal Global Investors |
| Private Advisors, LLC |
| Putnam Investments, LLC |
| Pzena Investment Management, LLC |
| QMA (Quantitative Management Associates) |
| RBC Global Asset Management |
| Record Currency Management Ltd. |
| 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. |
| Smith, Graham & Co. Investment Advisors, L.P. |
| Smith Group Asset Management |
| South Texas Money Management, Ltd. |
| Standard Life Investments Limited |
| Standish |
| State Street Global Advisors |
| Stone Harbor Investment Partners, L.P. |
| Strategic Global Advisors |
| T. Rowe Price Associates, Inc. |
| Taplin, Canida & Habacht |
| Teachers Insurance & Annuity Association of America |
| The Boston Company Asset Management, LLC |
| The Hartford |
| The London Company |
| The TCW Group, Inc. |
| Thompson, Siegel & Walmsley LLC |
| Thornburg Investment Management, Inc. |
| 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) |
| Vulcan Value Partners, LLC |
| Wasatch Advisors, Inc. |
| WCM Investment Management |
| WEDGE Capital Management |
| Wedgewood Partners, Inc. |
| Wellington Management Company, LLP |
| Wells Capital Management |
| Western Asset Management Company |

Manager Name

William Blair & Company

Manager Name

WisdomTree Asset Management

| | |
|-----------|----|
| Alerts: | 0 |
| Warnings: | 0 |
| Passes: | 14 |

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 06/30/2017

| Securities + Cash | 24,756,059.32 | Base Currency | USD | Net Assets | 24,786,908 |
|---------------------------------------|---|---------------|-------------|---------------------|---------------|
| Rule Name | | Limit Type | Limit Value | Result | Result Status |
| <u>144A and Private Placem</u> | | | | | |
| 1 | Private Placements are prohibited. (143653) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Asset Measures</u> | | | | | |
| 2 | AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662) | | | 24,756,059.32 Value | Pass |
| <u>Asset Type</u> | | | | | |
| 3 | International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (143658) | Maximum | 5.00% | 0.00 % | Pass |
| 4 | Investments in commodities are prohibited (143655) | Maximum | 0.00% | 0.00 % | Pass |
| 5 | Margin Securities are prohibited. (143651) | Maximum | 0.00% | 0.00 % | Pass |
| 6 | Ownership of shares/debt issued limit 5% ex null (143652) | Maximum | 5.00% | 0.04 % | Pass |
| 7 | The Fund may not enter into short sales. (143654) | Maximum | 0.00% | 0.00 % | Pass |
| 8 | The Fund may not hold any Options. (143657) | Maximum | 0.00% | 0.00 % | Pass |
| 9 | The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659) | Maximum | 5.00% | 0.04 % | Pass |
| <u>Cash</u> | | | | | |
| 10 | No more than 10% of the Fund in cash and cash equivalents. (143656) | Maximum | 10.00% | 3.43 % | Pass |
| <u>Exchange</u> | | | | | |
| 11 | Flag any non-US exchange traded futures (143670) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Industry</u> | | | | | |
| 12 | Industry Sector GICS - Max 25% at cost (143660) | Maximum | 25.00% | 6.60 % | Pass |
| 13 | The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Issuer</u> | | | | | |
| 14 | Investments in a single domestic equity issuer shall not exceed 5% at cost (143661) | Maximum | 5.00% | 2.62 % | Pass |

A5XD SACRT - METWEST

Production Date: 06/30/2017

| Securities + Cash | 98,479,183.26 | Base Currency | USD | Net Assets | 88,489,676 |
|---------------------------------------|---|---------------|-------------|---------------------|---------------|
| Rule Name | | Limit Type | Limit Value | Result | Result Status |
| <u>144A and Private Placem</u> | | | | | |
| 1 | The Fund is not permitted to hold any Private Placements excluding 144a (143666) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Asset Measures</u> | | | | | |
| 2 | AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662) | | | 98,479,183.26 Value | Pass |
| <u>Asset Type</u> | | | | | |
| 3 | A5XD: Flag all prohibited security types (143665) | Maximum | 0.00% | 0.00 % | Pass |
| 4 | Asset-Backed Commercial Paper - Minimum Quality of A2/P2 (157603) | Maximum | 0 | 0 Num Bkts | Pass |
| <u>Credit Quality</u> | | | | | |
| 5 | Minimum Quality must be at lest 80% Baa or above (157604) | Minimum | 80.00% | 93.61 % | 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 | 23.06 Rank | Pass |
| <u>Industry</u> | | | | | |
| 8 | The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650) | Maximum | 0.00% | 0.00 % | Pass |

A5Z8 SACRT - ROBECO

Production Date: 06/30/2017

| Securities + Cash | 45,865,828.88 | Base Currency | USD | Net Assets | 45,850,964 |
|---------------------------------------|---|---------------|-------------|---------------------|---------------|
| Rule Name | | Limit Type | Limit Value | Result | Result Status |
| <u>144A and Private Placem</u> | | | | | |
| 1 | Private Placements are prohibited. (143653) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Asset Measures</u> | | | | | |
| 2 | AssetMeasure: AssetMeasure_Funds_PREFERRED_Denominator (34662) | | | 45,865,828.88 Value | Pass |
| <u>Asset Type</u> | | | | | |
| 3 | International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (143658) | Maximum | 5.00% | 2.18 % | Pass |
| 4 | Investments in commodities are prohibited (143655) | Maximum | 0.00% | 0.00 % | Pass |
| 5 | Margin Securities are prohibited. (143651) | Maximum | 0.00% | 0.00 % | Pass |
| 6 | Ownership of shares/debt issued limit 5% ex null (143652) | Maximum | 5.00% | 0.01 % | Pass |
| 7 | The Fund may not enter into short sales. (143654) | Maximum | 0.00% | 0.00 % | Pass |
| 8 | The Fund may not hold any Options. (143657) | Maximum | 0.00% | 0.00 % | Pass |
| 9 | The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659) | Maximum | 5.00% | 0.01 % | Pass |
| <u>Cash</u> | | | | | |
| 10 | No more than 10% of the Fund in cash and cash equivalents. (143656) | Maximum | 10.00% | 2.80 % | Pass |
| <u>Exchange</u> | | | | | |
| 11 | Flag any non-US exchange traded futures (143670) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Industry</u> | | | | | |
| 12 | Industry Sector GICS - Max 25% at cost (143660) | Maximum | 25.00% | 12.65 % | Pass |
| 13 | The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650) | Maximum | 0.00% | 0.00 % | Pass |
| <u>Issuer</u> | | | | | |
| 14 | Investments in a single domestic equity issuer shall not exceed 5% at cost (143661) | Maximum | 5.00% | 2.82 % | Pass |

| | |
|-----------|--|
| Alerts: | |
| Warnings: | |
| Passes: | |

A5Z8 SACRT - ROBECO
Production Date: 06/30/2017

| Securities + Cash | 45,865,828.88 | Base Currency | USD | Net Assets | 45,850,964 |
|-------------------|---------------|---------------|-------------|------------|---------------|
| Rule Name | | Limit Type | Limit Value | Result | Result Status |

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REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 23 | 09/13/17 | Retirement | Information | 8/16/17 |

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 June 30, 2017

Approved:

Presented:

Final 9/5/17

Director, Human Resources

Director, Human Resources

Pension Administration Staff Roles and Responsibilities

Plan Administration

Customer Relations:

| Task | Primary Responsibility | Back Up Responsibility |
|---|--|--|
| Retirement Meetings | Director, Human Resources | Pension and Retirement Services Administrator (PRSA) |
| Research and address benefit discrepancies | Pension and Retirement Services Administrator (PRSA) | Pension Analyst |
| Disability Retirements | PRSA | Director, HR |
| Conduct Educational Sessions | PRSA | Pension Analyst |
| Respond to all Employee and Retiree inquiries | Pension Analyst | PRSA |
| Creation of Pension Estimates | Pension Analyst | PRSA |
| Processing Employee and Retiree Deaths | Pension Analyst | PRSA |
| Administration of Active and Term Vested (TV) Retirement Process, including: <ul style="list-style-type: none"> • Notifications • Lost Participant Process (TV) • Collection of all required documents • Legal/Compliance Review • Approval by General Manager | Pension Analyst | PRSA |
| Converting Employees to Retirees in SAP | Pension Analyst | Sr. HR Analyst - HRIS |
| Lost participant process for returned checks/stubs | Pension Analyst | PRSA |
| 48-Month Salary Calculations | Pension Analyst | Payroll Supervisor and PRSA |
| Distribution of employee required contributions (per contract or PEPRA): <ul style="list-style-type: none"> • Send notification • Collect documentation • Lost participant process • Apply interest • Process check | Pension Analyst | PRSA |
| Conduct Lost Participant Searches | Pension Analyst | PRSA |
| Administer Retiree Medical | Pension Analyst | Sr. HR Analyst |
| Managing Stale Dated and Lost Check Replacement | Payroll Analyst and Senior Accountant | Payroll Supervisor |
| Copies of Retiree Pay Stubs and 1099R's | Payroll Analyst | Payroll Supervisor |
| Printing, Stuffing, and Mailing Pay Stubs | Payroll Analyst | Payroll Supervisor |
| Verification of Retiree Wages: gross pay, net wages, no pre-tax | Administrative Technician (HR) and Payroll Analyst | PRSA and/or Payroll Supervisor |

| | | |
|-------------------|--|--|
| deductions, taxes | | |
|-------------------|--|--|

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: April 1, 2017 to June 30, 2017

| Sum of Value TranCurr | | | | |
|--|--|---------------------------------------|-----------------|------------------|
| WBS Element | Source object name | Period | Total | |
| SAXXXX.PENATU | Finance And Treasury / Adelman, Jamie | 10 | 196.20 | |
| | | 12 | 510.12 | |
| | Human Resources / Montung-Fuller, Mari | 10 | 1,420.65 | |
| | | 11 | 1,420.65 | |
| | | 12 | 1,907.73 | |
| | Human Resources / Ung, Elaine | 11 | 35.46 | |
| | Human Resources / Weekly, Valerie | 10 | 2,758.00 | |
| | | 11 | 2,915.60 | |
| | | 12 | 2,521.60 | |
| | Legal / Sanchez, Olga | 10 | 32.92 | |
| | SAXXXX.PENATU Total | | | 13,718.93 |
| SAXXXX.PENIBEW | Finance And Treasury / Adelman, Jamie | 10 | 196.20 | |
| | | 12 | 431.64 | |
| | Human Resources / Montung-Fuller, Mari | 10 | 690.03 | |
| | | 11 | 1,136.52 | |
| | | 12 | 1,055.34 | |
| | Human Resources / Weekly, Valerie | 10 | 1,654.80 | |
| | | 11 | 1,576.00 | |
| | | 12 | 1,497.20 | |
| | Legal / Sanchez, Olga | 11 | 32.92 | |
| | SAXXXX.PENIBEW Total | | | 8,270.65 |
| | SAXXXX.PENSALA | Finance And Treasury / Mata, Jennifer | 11 | 260.48 |
| 12 | | | 608.85 | |
| Human Resources / Montung-Fuller, Mari | | 10 | 649.44 | |
| | | 11 | 1,014.75 | |
| Human Resources / Ung, Elaine | | 11 | 35.46 | |
| Human Resources / Weekly, Valerie | | 10 | 2,442.80 | |
| | | 11 | 2,324.60 | |
| | | 12 | 2,088.20 | |
| Legal / Sanchez, Olga | 11 | 65.84 | | |
| SAXXXX.PENSALA Total | | | 9,490.42 | |
| SAXXXX.PENSION | Board Support / Brooks, Cynthia | 10 | 153.04 | |
| | | 11 | 1,765.80 | |
| | Finance And Treasury / Adelman, Jamie | 10 | 1,255.68 | |
| | | 11 | 1,765.80 | |
| | | 12 | 1,059.48 | |
| | Finance And Treasury / Gardner, Leona | 10 | 423.45 | |
| | | 11 | 1,154.85 | |
| | | 12 | 365.72 | |
| | Finance And Treasury / Mata, Jennifer | 10 | 1,209.93 | |
| | | 11 | 1,666.42 | |

| | | | |
|-----------------------------|---|----|------------------|
| SAXXXX.PENSION | Finance And Treasury / Mata, Jennifer | 12 | 1,557.67 |
| | General Manager/CEO / Li, Bo | 12 | 682.16 |
| | Human Resources / Bonnel, Donna | 10 | 2,065.98 |
| | | 11 | 2,361.12 |
| | | 12 | 2,164.36 |
| | Human Resources / Humphrey, Isis | 10 | 1,087.67 |
| | | 11 | 2,269.92 |
| | | 12 | 2,600.95 |
| | Human Resources / Montung-Fuller, Mari | 10 | 7,996.23 |
| | | 11 | 7,306.20 |
| | | 12 | 8,199.18 |
| | Human Resources / Weekly, Valerie | 10 | 2,600.40 |
| | | 11 | 2,679.20 |
| | | 12 | 3,309.60 |
| | Legal / Sanchez, Olga | 11 | 32.92 |
| | VP, Finance/CFO / Bernegger, Brent | 12 | 118.89 |
| SAXXXX.PENSION Total | | | 56,086.82 |
| Grand Total | | | 87,566.82 |

**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 June 30, 2017.

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. Assist with negotiations of side letter with new fund manager.
4. Perform research for and assist with development of proposed Education & Travel policy;
5. Provide counsel on issues including, but not limited to:
 - a. Calculation of benefits under various scenarios;
 - b. Survivor benefit provisions;
 - c. Vesting rules and service credit;
 - d. Default benefit options;
 - e. Fiduciary duties and fiduciary liability insurance coverage;
 - f. PEPRA compliance;
 - g. Under- and Over-payments;
 - h. Responding to fund manager annual questionnaire; and
 - i. Reasonable expenses for reimbursement from pension system trust (Board member time, education costs, etc.).

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 |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 24 | 9/13/17 | Retirement | Action | 9/5/17 |

Subject: Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District (District) Employees who are Members of AFSCME (AFSCME). (Bonnel)

ISSUE

Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District (District) Employees who are Members of AFSCME (AFSCME). (Bonnel)

RECOMMENDED ACTION

Adopt Resolution No. 17-09- _____ Electing Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AFSCME.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

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

The current Board Members are Charles Mallonee, Gary Parks, Andy Morin and Henry Li. The Alternate is Peter Guimond.

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.

The AFSCME Board has had some director turnover since it last elected officers. 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 AFSCME Retirement Board desires to be consistent with its prior actions and with those of the other four Retirement Boards, it should select Charles Mallonee and Gary Parks 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 9/6/17

VP, Finance / CFO

Director, Human Resources

J:\Retirement Board\2017\IP's\September 13, 2017\HB edits\ Election of Chairperson AFSCME.DOC

RESOLUTION NO. 17-09-_____

Adopted by the Retirement Board for the Retirement Plan for RT Employees Who Are Members of AFSCME:

September 13, 2017

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME:

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:

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.

_____, Chair

A T T E S T:

_____, 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 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 other 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.