



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, MARCH 14, 2018

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
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 December 13, 2017 Quarterly Retirement Board Meeting (AEA). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (AEA). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the Salaried Pension Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(AEA/AFSCME/MCEG). (Adelman)

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
4. Motion:	Receive and File the Fiscal Year 2017 State Controller's Report (AEA). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the December 13, 2017 Quarterly Retirement Board Meeting (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Motion:	Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File the Fiscal Year 2017 State Controller's Report (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Motion:	Approving the Minutes for the December 13, 2017 Quarterly Retirement Board Meeting (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (ATU). (Weekly)	<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 December 31, 2017 for the ATU (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Receive and File the Fiscal Year 2017 State Controller's Report (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Motion:	Approving the Minutes for the December 13, 2017 Quarterly Retirement Board Meeting (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Motion:	Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (IBEW). (Weekly)	<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 December 31, 2017 for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Motion:	Receive and File the Fiscal Year 2017 State Controller's Report (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Approving the Minutes for the December 13, 2017 Quarterly Retirement Board Meeting (MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18. Motion:	Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20. Motion:	Receive and File the Fiscal Year 2017 State Controller's Report (MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21. Motion:	Receive and File the Independent Auditor's Report for the Twelve	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Month Period Ended June 30, 2017 (ALL). (Adelman)

NEW BUSINESS

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
22. Information: Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23. Information: Investment Performance Review by BMO Pyrford for the ATU, IBEW and Salaried Funds for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
24. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2017 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
25. Resolution: Delegating Authority to the Sacramento Regional Transit District General Manager/CEO to Sign a First Amendment to the Investment Consultant Services Contract with Callan LLC To Extend the Term of the Contract Through December 31, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
26. Resolution: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the ATU Employees' Retirement Plan (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. Resolution: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the IBEW Employees' Retirement Plan (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28. Resolution: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the Salaried Employees' Retirement Plan. (AEA/AFSCME/MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
29. Resolution: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
30. Resolution: Approving a Disability Retirement Application for Christina Martinez (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REPORTS FROM COMMITTEES
REPORTS, IDEAS AND COMMUNICATIONS
RECESS TO CLOSED SESSION

31. Closed Session Item (AEA): Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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RECONVENE IN OPEN SESSION
CLOSED SESSION REPORT
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
ATU Retirement Board Meeting
Wednesday, December 13, 2017
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:02 a.m. A quorum was present comprised as follows: Directors Li, Morin, Niz and De La Torre. Alternate McGee-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 September 13, 2017 Quarterly Retirement Board Meeting (ATU). (Weekly)
- 6. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2017 for the ATU Pension Plan (ATU). (Adelman)

Director Morin moved to adopt 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 Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for International Emerging Markets Asset Class for the Quarter Ended September 30, 2017 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson from Dimensional Fund Advisors, who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2017 and was available for questions.

Brent Bernegger asked if federal tax reform will have effects on this sector. Mr. Simpson responded that the markets have already adjusted in expectation of the passage of tax reform.

12. Information: Investment Performance Review of the S&P 500 Index and MSCI EAFE Funds by State Street Global Advisors (SSgA) for the ATU, IBEW and Salaried Employee Retirement Funds for the Quarter Ended September 30, 2017 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors, who provided the performance results for the S&P 500 Index and MSCI EAFE Funds for the quarter ended September 30, 2017 and was available for questions.

13. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for Quarter Ended September 30, 2017 (ALL). (Adelman)

Jamie Adelman introduced Uvan Tseng and Anne Heaphy with Callan Associates, who provided the investment performance reports for quarter ended September 30, 2017 and were available for questions.

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 Staff Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)

Valerie Weekly referred Directors to the attachments to the issue paper provided in the agenda packet for 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: Selection of a Common Chair, Vice Chair and Assistant Secretary for Retirement Board Meetings (ALL). (Weekly)

Valerie Weekly presented Item 15 for approval.

Director Morin moved to approve a resolution appointing Director Morin as Common Chair, Director Li as Common Vice Chair and Valerie Weekly as Assistant Secretary. Director Li seconded the motion.

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.

16. Resolution: Adopting Amended Policies Related to Pension Administration (ALL). (Weekly)

Valerie Weekly presented Item 16 for approval.

Ms. Weekly noted that the transition of the management of the Pension Plans from the Human Resources Department to the Finance Department necessitates updates to staff titles used in six Board policies to reflect staff's new roles and responsibilities. Rather than bringing each policy to the Board individually, staff has compiled a chart, included as Exhibit A to the issue

paper in the agenda packet, outlining the proposed changes to staff titles referenced in the following policies:

1. Policy on Allocation of Staff Costs
2. Policy on Allocation of Vendor Costs
3. Retirement Board Member and Staff Education and Travel Policy
4. Sacramento Regional Transit District Retirement Boards Procurement Policies and Procedures
5. Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans
6. Policy for Correcting Retirement Plan Overpayments and Underpayments

If staff identifies other policies that require revision, those will be brought to the Boards at a future Retirement Board meeting.

Director Morin moved to adopt Item 16. Director Li seconded the motion. Item 16 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

None.

RECESS TO CLOSED SESSION

17. Resolution: 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.

RECONVENE IN OPEN SESSION

ATU Retirement Board meeting reconvened in Open Session at 10:07 a.m.

Following closed session, an announcement was made that no reportable action was taken in closed session but that related action may be taken as part of Item 18.

18. Resolution: Corrective Pension Payment (ATU). (Weekly)

Director Morin moved to adopt Item 18. Director Li seconded the motion. Item 18 was carried unanimously by roll call vote: Ayes: Li, Morin, Niz and De La Torre. Noes: None.

With no further business to discuss, the ATU Retirement Board meeting adjourned at 10:07 a.m.

Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

**Sacramento Regional Transit District
ATU Special Retirement Board Meeting
Wednesday, February 07, 2018**

MEETING SUMMARY

ROLL CALL:

The Retirement Board was brought to order at 9:01 a.m. A quorum was present comprised as follows: Directors Li, Morin, De La Torre were present. Alternate McGee Lee arrived at 9:03 a.m. Director Niz and Alternate Jennings were absent.

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

By ATU Resolution No. 17-09-0297 for calendar year 2018, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

1. Review and Discussion of the Preliminary 2017 Actuarial Results Completed and Presented by Cheiron (ALL). (Weekly)

Isis Humphrey introduced Graham Schmidt, from Cheiron, who presented the Preliminary 2017 Actuarial Results Study and was available for questions.

Jamie Adelman presented an illustration of the valuation options available relative to the assumed rate of investment returns and timelines for potentially phasing in the decrease to the assumed rate of return over several years.

Brent Bernegger noted that it is great that we benchmark against what our peers are also doing. One thing we want to consider when we benchmark is some of the funding sources our peers have. Ms. Adelman and Mr. Schmidt have worked so that we can present options that bring the Boards closer to our peers, but do so in a fiscally responsible way.

Director Morin asked if Staff needed the Boards to make a recommendation that would be adopted at the next meeting. Mr. Bernegger responded in the affirmative.

Ms. Adelman stated that staff was requesting direction from the Boards on how to direct Cheiron to finalize the valuations. She said that staff hoped to bring those valuations back at a Special Meeting in April.

Mr. Bernegger noted that Sacramento Regional Transit District Staff is just starting the Fiscal Year 2019 budget. If Staff has direction from the Retirement Boards, they can begin incorporating this information into the Transit District's budget process. Director Li asked if the actuarial study and associated assumption will also be subject to approval by the Transit District's board for approval through the budget. Legal Counsel Shayna van Hoften noted the Transit District's Board has no discretion over its required pension contribution amounts as determined through the Actuarial Study. Whatever the Retirement Boards adopt will need to be incorporated into the Transit District's budget as contributions to the Pension Plans. This will not be subject to adjustment by the Transit District Board; everything else in the Transit District's budget is subject to it Board's discretion.

Mr. Bernegger asked if the experience study coming up in 2020 was based on four or five years of experience? Mr. Schmidt noted that it it would be based on five years' worth of additional

experience. Mr. Schmidt also noted that the contribution rate always goes into effect the year after the valuation. Discussion ensued.

Jamie Adelman asked if the Boards had any additional questions or if they would like more time to think and digest the information. Mr. Schmidt noted that he would check his schedule for his availability to appear at the March 14th meeting; otherwise the Boards should plan to have the final valuation proposed for acceptance at an April Special Meeting. Discussion ensued.

After discussion, the Retirement Boards directed Cheiron to revise the assumed rate of return on pension system investments from 7.50% to 7.25%, with a 3-year phase-in, in finalizing the valuation study for the Boards' consideration at the Quarterly Retirement Board Meeting in March 2018. Mr. Schmidt noted that that if the Boards want to see the effects of 5-year phase-in addition, it will be possible to produce that information in advance of an April Special Meeting.

With no further business to discuss, the meeting was adjourned at 9:59 a.m.

Ralph Niz, Chair

ATTEST:

Corina De La Torre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the ATU Pension Plan (ATU). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the ATU Pension Plan (ATU). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the ATU Pension Plan (ATU). (Adelman)

FISCAL IMPACT

None

DISCUSSION

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 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 December 31, 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

Approved:

Presented:

Final 3/6/2018

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\March 14, 2018\Compiling\03-14-18 Administrative Reports - ATU.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the ATU Pension Plan (ATU). (Adelman)

Director is required to report asset rebalancing activity to the Boards at their quarterly meetings. Rebalancing can occur for one or more of the following reasons:

1. The Pension Plan ended the month with an accounts receivable or payable balance due to the District. A payable or receivable is the net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the ATU Plan's Schedule of Cash Activities for the three months ended December 31, 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 December 31, 2017. The ATU Plan reimbursed \$1,073,419 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions. A line has been added to capture the appropriate Due To SacRT balance due to a transfer error by the custodian.

Attached hereto as Attachment 5 is the ATU Plan's Asset Allocation as of December 31, 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 December 31, 2017 as compared to their benchmarks.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the ATU Pension Plan (ATU). (Adelman)

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2017.

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

Accrual Basis

As of December 31, 2017

	Dec 31, 17
ASSETS	
Current Assets	
Checking/Savings	
100000 · Long-Term Investments	136,543,413.75
Total Checking/Savings	136,543,413.75
Accounts Receivable	
1110105 · Other Receivable - State Street	107,288.54
Total Accounts Receivable	107,288.54
Other Current Assets	
1110120 · Prepays	4,299.55
Total Other Current Assets	4,299.55
Total Current Assets	136,655,001.84
TOTAL ASSETS	136,655,001.84
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	18,575.18
3110110 · Other Pay - Due to RT	246,016.79
3110122 · MetWest	29,218.76
3110124 · Boston Partners	31,122.91
3110125 · Callan	5,095.05
3110126 · State Street	10,618.96
3110128 · Atlanta Capital	25,601.81
3110129 · SSgA - S&P Index	2,890.36
3110130 · SSgA - EAFE	1,345.59
3110132 · Pyrford	22,339.69
Total Accounts Payable	392,825.10
Total Current Liabilities	392,825.10
Total Liabilities	392,825.10
Equity	
3340100 · Retained Earning	122,948,269.10
3340101 · Retained Earnings	7,640,185.60
Net Income	5,673,722.04
Total Equity	136,262,176.74
TOTAL LIABILITIES & EQUITY	136,655,001.84

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

Accrual Basis

October through December 2017

	Oct - Dec 17	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	181,794.62	2.4%
6830102 · Interest	343,573.98	4.5%
6830103 · Other Income	503.23	0.0%
Total Interest, Dividend, & Other Inc	525,871.83	6.8%
Investment Income		
6530900 · Gains/(Losses) - All	865,609.68	11.3%
6530915 · Increase(Decrease) in FV	4,238,015.82	55.1%
Total Investment Income	5,103,625.50	66.4%
RT Required Contribution		
6630101 · Employer Contributions	1,979,480.56	25.7%
6630110 · Employee Contributions	79,179.50	1.0%
Total RT Required Contribution	2,058,660.06	26.8%
Total Income	7,688,157.39	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	2,778,437.53	36.1%
8531201 · EE Contribution Refunds	0.00	0.0%
8531202 · Arbitration Transfers	2,430,822.00	31.6%
8532004 · Invest Exp - Metropolitan West	29,218.76	0.4%
8532013 · Invest Exp - Boston Partners	31,122.91	0.4%
8532020 · Invest Exp - Callan	15,491.01	0.2%
8532021 · Invest Exp - State Street	15,928.44	0.2%
8532023 · Invest Exp - JP Morgan	0.01	0.0%
8532024 · Invest Exp - Atlanta Capital	25,601.81	0.3%
8532025 · Invest Exp - S&P Index - SSgA	2,890.36	0.0%
8532026 · Invest Exp - EAFE - SSgA	1,345.59	0.0%
8532027 · Invest Exp - AQR	18,012.93	0.2%
8532028 · Invest Exp - Pyrford	22,339.69	0.3%
Total COGS	5,371,211.04	69.9%
Gross Profit	2,316,946.35	30.1%
Expense		
8533002 · Admin Exp - Actuary	7,438.60	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	0.00	0.0%
8533012 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	0.0%
8533021 · Admin Exp - Legal Services	10,104.90	0.1%
8533025 · Admin Exp - Information Service	250.00	0.0%
8533028 · Admin Exp - Staff Training	44.28	0.0%
8533029 · Admin Exp - Administrator	18,926.69	0.2%
8533050 · Miscellaneous	74.97	0.0%
Total Expense	40,064.11	0.5%
Net Income	2,276,882.24	29.6%

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

Accrual Basis

July through December 2017

	Jul - Dec 17	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	372,576.72	2.6%
6830102 · Interest	659,942.31	4.6%
6830103 · Other Income	525.46	0.0%
Total Interest, Dividend, & Other Inc	1,033,044.49	7.3%
Investment Income		
6530900 · Gains/(Losses) - All	1,591,601.78	11.2%
6530915 · Increase(Decrease) in FV	7,486,838.81	52.7%
Total Investment Income	9,078,440.59	63.9%
RT Required Contribution		
6630101 · Employer Contributions	3,930,539.16	27.7%
6630110 · Employee Contributions	157,904.84	1.1%
Total RT Required Contribution	4,088,444.00	28.8%
Total Income	14,199,929.08	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	5,650,485.83	39.8%
8531201 · EE Contribution Refunds	8,010.51	0.1%
8531202 · Arbitration Transfers	2,430,822.00	17.1%
8532004 · Invest Exp - Metropolitan West	58,934.23	0.4%
8532013 · Invest Exp - Boston Partners	61,639.40	0.4%
8532020 · Invest Exp - Callan	31,136.73	0.2%
8532021 · Invest Exp - State Street	37,249.11	0.3%
8532023 · Invest Exp - JP Morgan	378.33	0.0%
8532024 · Invest Exp - Atlanta Capital	50,442.29	0.4%
8532025 · Invest Exp - S&P Index - SSgA	5,704.92	0.0%
8532026 · Invest Exp - EAFE - SSgA	2,661.47	0.0%
8532027 · Invest Exp - AQR	34,573.54	0.2%
8532028 · Invest Exp - Pyrford	44,463.56	0.3%
Total COGS	8,416,501.92	59.3%
Gross Profit	5,783,427.16	40.7%
Expense		
8533002 · Admin Exp - Actuary	17,282.93	0.1%
8533003 · Admin Exp - Med Center	450.00	0.0%
8533007 · Admin Exp - CALPRS Dues/Courses	2,500.00	0.0%
8533009 · Admin Exp - Shipping	23.75	0.0%
8533012 · Admin Exp - Travel	166.96	0.0%
8533014 · Admin Exp - Fiduciary Insurance	6,449.34	0.0%
8533021 · Admin Exp - Legal Services	32,426.64	0.2%
8533025 · Admin Exp - Information Service	250.00	0.0%
8533028 · Admin Exp - Staff Training	44.28	0.0%
8533029 · Admin Exp - Administrator	48,536.25	0.3%
8533050 · Miscellaneous	1,574.97	0.0%
Total Expense	109,705.12	0.8%
Net Income	5,673,722.04	40.0%

Sacramento Regional Transit District
Retirement Fund - ATU
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2017

	October 2017	November 2017	December 2017	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2016	305,588.55	285,573.87	374,968.51	305,588.55
Monthly Activity:				
Deposits				
District Pension Contributions @ 20.54 - 27.04%	652,242.24	658,815.74	668,422.58	1,979,480.56
Employee Pension Contributions	26,067.81	26,671.30	26,440.39	79,179.50
Total Deposits	678,310.05	685,487.04	694,862.97	2,058,660.06
Expenses				
Payout to Retirees	(932,222.03)	(922,466.07)	(923,749.43)	(2,778,437.53)
Employee Contribution Refunds	0.00	-	0.00	0.00
Payout to Retirees Subtotal	(932,222.03)	(922,466.07)	(923,749.43)	(2,778,437.53)
Fund Investment Management Expenses:				
Boston Partners	-	(30,516.49)	-	(30,516.49)
SSgA S&P 500 Index	-	(2,814.56)	-	(2,814.56)
Atlanta Capital	-	(24,840.48)	-	(24,840.48)
Pyrford	-	(22,123.87)	-	(22,123.87)
JPMorgan	(11,027.33)	-	-	(11,027.33)
SSgA EAFE MSCI	-	(1,315.88)	-	(1,315.88)
Metropolitan West	-	(29,715.47)	-	(29,715.47)
Callan	-	(10,425.17)	(5,189.91)	(15,615.08)
State Street	-	(5,312.30)	(5,309.48)	(10,621.78)
Fund Invest. Mgmt Exp. Subtotal	(11,027.33)	(127,064.22)	(10,499.39)	(148,590.94)
Administrative Expenses				
Actuarial Services	(7,259.75)	(2,036.75)	-	(9,296.50)
Legal Services	(3,011.59)	-	(6,586.66)	(9,598.25)
Investigation Information Services	(250.00)	-	-	(250.00)
Staff Training	-	-	(44.28)	(44.28)
Pension Administration	(10,067.83)	(8,858.86)	-	(18,926.69)
Miscellaneous	(45.41)	(29.65)	-	(75.06)
Administrative Exp. Subtotal	(20,634.58)	(10,925.26)	(6,630.94)	(38,190.78)
Total Expenses	(963,883.94)	(1,060,455.55)	(940,879.76)	(2,965,219.25)
Monthly Net Owed from/(to) District	(285,573.89)	(374,968.51)	(246,016.79)	(906,559.19)
Due from IBEW and Salaried Plans - Custodian Error	0.00	107,288.54	0.00	107,288.54
Payment from/(to) the District	(305,588.57)	(392,862.41)	(374,968.51)	(1,073,419.49)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	285,573.87	374,968.51	246,016.79	246,016.79

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation ***
As of December 31, 2017

Asset Class	Net Asset Market Value 12/31/2017	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 50,098,817	17.38%	16.00%	1.38%	\$ 3,968,325	
Large Cap Growth - SSgA S&P 500 Index - XH	49,149,531	17.05%	16.00%	1.05%	3,019,039	
Total Large Cap Domestic Equity	99,248,348	34.42%	32.00%	2.42%	6,987,365	\$ 92,260,983
Small Cap - Atlanta Capital - XB	27,030,511	9.38%	8.00%	1.38%	3,965,266	23,065,246
International Equity:						
Large Cap Growth:						
Pyrford - ZD	27,280,649	9.46%	9.50%	-0.04%	(109,331)	
Large Cap Core:						
SSgA MSCI EAFE - XG	11,525,410	4.00%				
Value - Brandes - XE	9,459	0.00%				
Total Core	11,534,868	4.00%	4.50%	-0.50%	(1,439,332)	
Small Cap:						
AQR - ZB	15,753,943	5.46%	5.00%	0.46%	1,338,165	
Emerging Markets						
DFA - ZA	17,727,184	6.15%	6.00%	0.15%	428,250	
Total International Equity	72,296,644	25.08%	25.00%	0.08%	217,751	72,078,893
Fixed Income:						
Met West - XD	89,740,069	31.13%	35.00%	-3.87%	(11,170,382)	100,910,450
Total Combined Net Asset	\$ 288,315,572	100.00%	100.00%	0.00%	\$ -	\$ 288,315,572

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 December 31, 2017**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	136,543,414
IBEW Allocated Custodial Assets	58,049,822
Salaried Allocated Custodial Assets	<u>93,722,331</u>
Total Consolidated Net Asset	<u><u>288,315,567</u></u>
Per Callan Report:	
Total Investments	<u><u>288,314,843</u></u>
Net Difference	<u><u>724</u></u> *

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

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2017**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	496,775
ATU - Investment Income	5,103,626
IBEW - Interest, Dividends, and Other Income	204,830
IBEW - Investment Income	2,160,539
Salaried - Interest, Dividends, and Other Income	315,795
Salaried - Investment Income	<u>3,617,604</u>
Total Investment Income	<u><u>11,899,170</u></u>
Per Callan Report:	
Investment Returns	<u><u>11,898,955</u></u>
Net Difference	<u><u>215</u></u> **

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

Reconciliation between Callan Report and Consolidated Schedule of Cash Activities For the Quarter Ended December 31, 2017				
	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU	(305,589)	-	(406,282)	(711,871)
Boston Partners - IBEW	(46,224)	-	-	(46,224)
Boston Partners - Salaried	(73,067)	-	406,282	333,215
S&P 500 Index - ATU	-	(285,574)	(771,041)	(1,056,615)
S&P 500 Index - IBEW	-	(52,313)	(99,463)	(151,776)
S&P 500 Index - Salaried	-	(54,975)	268,535	213,560
Atlanta Capital - ATU	-	-	(220,607)	(220,607)
Atlanta Capital - Salaried	-	-	220,607	220,607
Pyrford - ATU	-	-	(244,192)	(244,192)
Pyrford - Salaried	-	-	244,192	244,192
EAFE - ATU	-	-	(100,683)	(100,683)
EAFE - Salaried	-	-	100,683	100,683
Brandes - ATU	-	-	(85)	(85)
Brandes - Salaried	-	-	85	85
AQR - ATU	-	-	(133,244)	(133,244)
AQR - Salaried	-	-	133,244	133,244
DFA - ATU	-	-	(133,058)	(133,058)
DFA - Salaried	-	-	133,058	133,058
Metropolitan West - ATU	-	-	(796,599)	(796,599)
Metropolitan West - Salaried	-	-	796,599	796,599
Total Payments from/(to) the District	<u>(424,880)</u>	<u>(392,862)</u>	<u>(601,969)</u>	<u>(1,419,711)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	(424,880)	-	-	(424,880)
S&P 500 Index	-	(392,862)	(601,969)	(994,831)
Total Transfers In/(Out) of Investment Funds	<u>(424,880)</u>	<u>(392,862)</u>	<u>(601,969)</u>	<u>(1,419,711)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				(1,419,711)
Net Difference				<u>0</u>

Consolidated Schedule of Cash Activities For the 12-Months December 31, 2017					
	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU/IBEW	-	-	-	-	-
Boston Partners - ATU	(644,886)	-	(656,620)	(711,871)	(2,013,377)
Boston Partners - IBEW	6,135	-	(155,075)	(46,224)	(195,164)
Boston Partners - Salaried	(80,072)	-	(207,896)	333,215	45,247
S&P 500 Index - ATU	(257,621)	(860,296)	(382,811)	(1,056,615)	(2,557,343)
S&P 500 Index - IBEW	37,157	(151,298)	(95,328)	(151,776)	(361,245)
S&P 500 Index - Salaried	9,126	(137,465)	(84,552)	213,560	669
Atlanta Capital - ATU	-	-	-	(220,607)	(220,607)
Atlanta Capital - Salaried	-	-	-	220,607	220,607
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	-	(244,192)	13,453,093
Pyrford - IBEW	-	5,007,187	-	-	5,007,187
Pyrford - Salaried	-	7,249,347	-	244,192	7,493,539
EAFE - ATU	-	-	-	(100,683)	(100,683)
EAFE - Salaried	-	-	-	100,683	100,683
AQR - ATU	-	-	-	(133,244)	(133,244)
AQR - Salaried	-	-	-	133,244	133,244
DFA - ATU	-	-	-	(133,058)	(133,058)
DFA - Salaried	-	-	-	133,058	133,058
Metropolitan West - ATU	-	-	-	(796,599)	(796,599)
Metropolitan West - Salaried	-	-	-	796,599	796,599
Total Payments from/(to) the District	<u>(930,161)</u>	<u>(1,149,059)</u>	<u>(1,582,282)</u>	<u>(1,419,711)</u>	<u>(5,081,213)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/17**

	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	8,621,137	100.00%				12,753,657	100.00%			
Investment Expenses	(250,532)	2.91%				(881,296)	5.34%			
Net Gain/(Loss)	8,370,605	97.09%	19.78%	13.66%	612.00	12,072,361	94.66%	9.38%	8.65%	73.00
S&P 500										
Investment Returns	9,149,550	100.00%				14,392,104	100.00%			
Investment Expenses	(23,229)	0.25%				(94,551)	0.66%			
Net Gain/(Loss)	9,126,321	99.75%	21.80%	21.83%	(3.00)	14,297,553	99.34%	11.42%	11.41%	1.00
Atlanta Capital										
Investment Returns	3,526,852	100.00%				8,331,147	100.00%			
Investment Expenses	(202,804)	5.75%				(545,502)	6.55%			
Net Gain/(Loss)	3,324,048	94.25%	14.10%	14.65%	(55.00)	7,785,645	93.45%	12.05%	9.96%	209.00
JPMorgan										
Investment Returns	3,305,086	100.00%				3,166,200	100.00%			
Investment Expenses	(12,714)	0.38%				(294,439)	9.30%			
Net Gain/(Loss)	3,292,372	99.62%	N/A	N/A	N/A	2,871,761	90.70%	N/A	N/A	N/A
Pyrford										
Investment Returns	1,326,829	100.00%				1,326,829	100.00%			
Investment Expenses	(107,608)	8.11%				(107,608)	8.11%			
Net Gain/(Loss)	1,219,221	91.89%	N/A	N/A	N/A	1,219,221	91.89%	N/A	N/A	N/A
EAFE										
Investment Returns	2,339,695	100.00%				2,009,784	100.00%			
Investment Expense	(10,562)	0.45%				(47,256)	2.35%			
Net Gain/(Loss)	2,329,133	99.55%	25.35%	25.03%	32.00	1,962,528	97.65%	8.04%	7.80%	24.00
Brandes										
Investment Returns	652	100.00%				(2,028)	100.00%			
Investment Expenses	-	0.00%				-	0.00%			
Net Gain/(Loss)	652	100.00%	N/A	N/A	N/A	(2,028)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	3,865,454	100.00%				3,571,488	100.00%			
Investment Expenses	(130,569)	3.38%				(178,694)	5.00%			
Net Gain/(Loss)	3,734,885	96.62%	32.51%	33.01%	(50.00)	3,392,794	95.00%	N/A	N/A	N/A
DFA										
Investment Returns	4,745,432	100.00%				4,108,256	100.00%			
Investment Expense	(103,988)	2.19%				(283,002)	6.40%			
Net Gain/(Loss)	4,641,444	97.81%	36.55%	37.28%	(73.00)	3,845,254	93.60%	9.30%	9.10%	20.00
Metropolitan West										
Investment Returns	3,356,171	100.00%				6,364,186	100.00%			
Investment Expenses	(243,897)	7.27%				(727,978)	11.44%			
Net Gain/(Loss)	3,112,274	92.73%	3.60%	3.54%	6.00	5,636,208	88.56%	2.13%	2.24%	(11.00)
Total Fund										
Investment Returns	40,236,858	100.00%				56,021,623	100.00%			
Investment Expenses	(1,085,903)	2.70%				(2,940,327)	5.25%			
Net Gain/(Loss)	39,150,955	97.30%	15.67%	16.39%	(72.00)	53,081,296	94.75%	7.00%	7.47%	(47.00)

Sacramento Regional Transit District
Schedule of Transfers and Retirements
For the Time Period: October 1, 2017 to December 31, 2017

Transfers:

Plan Assets Plan Assets

Employee #	Transferred From Position	Tranferred To Position	Transferred From	Transferred To	Transferred From ATU	Transferred to Salaried
2922	Bus Operator	Transportation Supervisor	ATU	AFSCME	-	-
2922	Transportation Supervisor	Bus Operator	ATU	AFSCME	-	-
3052	Lineworker Technician	Maintenance Supervisor - Wayside	IBEW	AFSCME	-	-
3053	Lineworker Technician	Maintenance Supervisor - Wayside	IBEW	AFSCME	-	-
3906	Community Bus Services Operator	Bus Service Worker	ATU	IBEW	-	-
3932	Bus Operator	Light Rail Service Worker	ATU	IBEW	-	-
612	Bus Operator	Transportation Supervisor	ATU	AFSCME	(45,307)	45,307.00
562	ATU Transit Officer	Transportation Supervisor	ATU	AFSCME	(111,266)	111,266.00
1198	Clerk II	Administrative Assistant II	ATU	AEA	(4,127)	4,127.00
1020	Clerk II	Administrative Assistant II	ATU	AFSCME	(32,888)	32,888.00
1557	Schedule Clerk	Operations Support Associate I	ATU	AEA	(30,138)	30,138.00
564	Bus Operator	Transportation Supervisor	ATU	AFSCME	(89,856)	89,856.00
560	Bus Operator	Transportation Supervisor	ATU	AFSCME	(79,428)	79,428.00
568	Clerk II	Administrative Assistant II	ATU	AFSCME	(43,576)	43,576.00
1449	Customer Service Representative	Administrative Assistant II	ATU	AFSCME	(79,928)	79,928.00
2426	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(51,666)	51,666.00
1183	Bus Operator	Transportation Supervisor	ATU	AFSCME	(119,369)	119,369.00
1624	Bus Operator	Schedule Analyst II	ATU	AEA	(126,208)	126,208.00
1021	Clerk II	Payroll Analyst	ATU	AEA	(49,956)	49,956.00
1733	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(107,852)	107,852.00
1430	Bus Operator	Transportation Supervisor	ATU	AFSCME	(90,807)	90,807.00
2670	Transit Officer	Transportation Supervisor	ATU	AFSCME	(30,954)	30,954.00
616	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(63,928)	63,928.00
771	Bus Operator	Transportation Supervisor	ATU	AFSCME	(25,833)	25,833.00
519	Bus Operator	Transportation Supervisor	ATU	AFSCME	(66,193)	66,193.00
2890	Transit Officer	Transportation Supervisor	ATU	AFSCME	(70,753)	70,753.00
563	Bus Operator	Transportation Supervisor	ATU	AFSCME	(25,645)	25,645.00
604	Bus Operator	Transportation Supervisor	ATU	AFSCME	(119,157)	119,157.00
2638	Transit Officer	Transportation Supervisor	ATU	AFSCME	(43,533)	43,533.00
2535	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(51,474)	51,474.00
621	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(93,197)	93,197.00
1498	Risk Clerk	Claims Adjuster I	ATU	AEA	(37,647)	37,647.00
1001	Payroll Tech	Administrative Analyst I	ATU	AEA	(15,555)	15,555.00
2389	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(21,743)	21,743.00
1027	Clerk II	Administrative Assistant II	ATU	AEA	(4,327)	4,327.00
451	Bus Operator	Transportation Supervisor	ATU	AFSCME	(67,216)	67,216.00
776	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(79,764)	79,764.00
2308	Transit Officer	Transportation Supervisor	ATU	AFSCME	(35,415)	35,415.00

Plan Assets Plan Assets

Employee #	Transferred From Position	Tranferred To Position	Transferred From	Transferred To	Transferred From ATU	Transferred to Salaried
1663	Claims Technician	Administrative Analyst I	ATU	AEA	(20,648)	20,648.00
1512	Clerk II	Administrative Assistant II	ATU	AFSCME	(42,627)	42,627.00
2355	Transit Officer	Transportation Supervisor	ATU	AFSCME	(46,694)	46,694.00
2343	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(45,842)	45,842.00
802	Bus Operator	Transportation Supervisor	ATU	AFSCME	(65,245)	65,245.00
760	Fare Inspection Officer	Transportation Supervisor	ATU	AFSCME	(32,649)	32,649.00
805	Bus Operator	Transportation Supervisor	ATU	AFSCME	(78,339)	78,339.00
2375	Transit Officer	Transportation Supervisor	ATU	AFSCME	(54,522)	54,522.00
1015	Senior Clerk	Administrative Assistant II	ATU	AFSCME	(40,031)	40,031.00
1785	Clerk II	Administrative Assistant II	ATU	AEA	(20,074)	20,074.00
1580	Bus Operator	Transportation Supervisor	ATU	AFSCME	(20,202)	20,202.00
2767	Light Rail Train Operator	Transportation Supervisor	ATU	AFSCME	(50,241)	50,241.00
Total					(2,431,820)	2,431,820

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
1472	Operations Trainer	AFST	10/01/2017
4105	Director, CBS	MCEG	10/01/2017
2096	Mechanic A	IBEW	10/01/2017
1139	VP, Strategic Planning	MCEG	10/01/2017
2315	Light Rail Assistant Mechanic	IBEW	11/01/2017
1375	Operations Trainer	AFST	11/01/2017
1495	Mechanic C	IBEW	11/01/2017
1695	Customer Service Rep	ATU	11/01/2017
1439	Transportation Manager	AEA	12/01/2017
551	Bus Operator	ATU	12/17/2017
787	Bus Operator	ATU	12/18/2017
3131	Bus Operator	ATU	12/20/2017
506	Bus Operator	ATU	12/21/2017
3206	Bus Operator	ATU	12/23/2017

Deaths:

Employee #	Pension Group	Type	Date of Death
1113	ATU	Retiree	10/08/2017
784	ATU	Retiree	10/14/2017
468	ATU	Retiree	10/27/2017
108	ATU	Retiree	12/14/2017

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File the Fiscal Year 2017 State Controller's Report (ATU). (Adelman)

ISSUE

Receive and File the Fiscal Year 2017 State Controller's Report (ATU). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2017 State Controller's Report (ATU). (Adelman)

FISCAL IMPACT

None

DISCUSSION

The financial data for the annual State Controller's Public Retirement Systems Financial Transactions Report is prepared in accordance with California Government Code Section 7504. This statute requires all state and local retirement systems to annually submit audited financial statements of their Pension Plans to the State Controller's Office by the close of each calendar year. The State Controller's Public Retirement Systems Financial Transactions Report (Attachment #1) for the fiscal year ended June 30, 2017 was filed on December 28, 2017.

Approved:

Presented:

Final 3/6/2018

VP of Finance/CFO

Treasury Controller

**PUBLIC RETIREMENT SYSTEMS
FINANCIAL TRANSACTIONS REPORT
COVER PAGE**

Sacramento Regional Transit District ATU Employees' Retirement Plan

Reporting Year: 2017

ID Number: 16383440512

For the Fiscal Year Ended: 06/30/2017 (MM/DD/YYYY)

Jamie Adelman
Signature
Jamie Adelman
Name (Please Print)

Treasury Controller
Title
(916) 321-3523 12/28/17
Telephone Number Date

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

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

Mailing Address:
State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
P.O. Box 942850
Sacramento, CA 94250

Express Mailing Address:
State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 12/28/2017 9:34:46 AM

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
General Information

Fiscal Year: 2017

Mailing Address

Street 1	<input type="text" value="1400 29th Street"/>	Type of Plan	<input style="border: none; background-color: #f0f0f0;" type="text" value="Defined Benefit"/>
Street 2	<input type="text"/>	Retirement Administrator	<input type="text" value="Valerie Weekly"/>
City	<input type="text" value="Sacramento"/>	Telephone	<input type="text" value="(916) 556-0296"/>
State	<input type="text" value="CA"/> Zip <input type="text" value="95816"/>	Email	<input type="text" value="vweekly@sacrt.com"/> <input type="checkbox"/> Has Address Changed?

Report Prepared By

First Name	<input type="text" value="Jamie"/>	Firm Name	<input type="text" value="Sacramento Regional Transit District"/>
Middle Initial	<input type="text"/>	Telephone	<input type="text" value="(916) 321-3823"/>
Last Name	<input type="text" value="Adelman"/>	Fax No.	<input type="text" value="(916) 321-2820"/>
Title	<input type="text" value="Treasury Controller"/>	Email	<input type="text" value="jadelman@sacrt.com"/>

Independent Auditor

Firm Name	<input type="text" value="Crowe Horwath LLP"/>	Street 1	<input type="text" value="650 Town Center Drive"/>
First Name	<input type="text" value="Scott"/>	Street 2	<input type="text" value="Suite 740"/>
Middle Initial	<input type="text"/>	City	<input type="text" value="Costa Mesa"/> State <input type="text" value="CA"/> Zip <input type="text" value="92626"/>
Last Name	<input type="text" value="Nickerson"/>	Telephone	<input type="text" value="(317) 706-2693"/>
		Email	<input type="text" value="scott.nickerson@crowehorwath.com"/>

Additional Information

Actuary/Actuary Firm	<input type="text" value="Cheiron, Inc"/>	Street 1	<input type="text" value="1970 Broadway"/>
Contact Name	<input type="text" value="Graham Schmidt"/>	Street 2	<input type="text" value="Suite 1220"/>
Date of Valuation Report	<input type="text" value="07/01/2016"/>	P.O. Box	<input type="text"/>
		City	<input type="text" value="Oakland"/> State <input type="text" value="CA"/> Zip <input type="text" value="94612"/>
		Telephone	<input type="text" value="(703) 893-1456"/>
		Email	<input type="text" value="gschmidt@cheiron.us"/>

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Statement of Fiduciary Net Position

	Fiscal Year: 2017	Prior Year: 2016
Assets		
R01. Cash and Cash Equivalents	2,372,976	
Receivables		
R02. Contributions		
R03. Investments	2,263,933	
R04. Other Receivables	12,619	
R05. Total Receivables	2,276,552	
Investments, at Fair Value		
R06. Short-Term Investments		
R07. U.S. Government Obligations	30,441,801	
R08. Municipal Bonds	757,981	
R09. Domestic Corporate Bonds	10,238,037	
R10. International Bonds		
R11. Domestic Stocks	53,155,961	
R12. International Stocks	32,009,677	
R13. Real Estate	2,360,302	
R14. Private Equity		
R15. Hedge Funds		
R16. Other Investments	4,774,830	
R17. Total Investments	133,738,589	
R18. Securities Lending Collateral		
R19. Capital Assets, Net of Accumulated Depreciation		
R20. Other Assets		
R21. Total Assets	\$138,388,117	
R22. Deferred Outflows of Resources		
Liabilities		
R23. Benefits Payable		
R24. Accounts Payable	432,469	
R25. Investment Purchases Payable	7,367,193	
R26. Securities Lending Obligation		
R27. Other Liabilities		
R28. Total Liabilities	\$7,799,662	
R29. Deferred Inflows of Resources		
R30. Net Position Restricted for Pension Benefits	\$130,588,455	

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Footnotes

Fiscal Year: 2017		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R04)OtherReceivables	This amount represents a prepaid expense for fiduciary insurance that is amortized over a 12 month period. There is no line for prepaid expenses on the SCO forms so it is included with other receivables.
NetPosition	(R16)OtherInvestments	Other investments consists of other asset backed securities held by our domestic fixed income manager.

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Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Statement of Changes in Fiduciary Net Position -- Additions

		Fiscal Year: 2017	Prior Year: 2016
Contributions			
Employer			
R01.	General	7,987,367	
R02.	Safety		
R03.	Combined		
R04.	Total Employer	7,987,367	
Member			
R05.	General	168,463	
R06.	Safety		
R07.	Combined		
R08.	Total Member	168,463	
Other Contributions			
R09.	General		
R10.	Safety		
R11.	Combined		
R12.	Total Other Contributions		
R13.	Total Contributions	\$8,155,830	
Investment Income (Loss)			
R14.	Net Appreciation (Depreciation) in Fair Value of Investments	13,054,187	
R15.	Interest	1,922,434	
R16.	Dividends		
R17.	Other Investment Income		
R18.	(Investment Expense)	-556,634	
Securities Lending Income (Loss)			
R19.	Securities Lending Income		
R20.	(Securities Lending Expense)		
R21.	Net Securities Lending Income (Loss)	0	
R22.	Net Investment Income (Loss)	\$14,419,987	
R23.	Other Income		
R24.	Total Additions	\$22,575,817	

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Statement of Changes in Fiduciary Net Position -- Deductions and Net Position

		Fiscal Year: 2017	Prior Year: 2016
Benefit Payments			
Service Retirement			
R01.	General	9,365,592	
R02.	Safety		
R03.	Combined		
R04.	Total Service Retirement	9,365,592	
Disability Retirement			
R05.	General	1,402,702	
R06.	Safety		
R07.	Combined		
R08.	Total Disability Retirement	1,402,702	
Other Benefit Payments			
R09.	General		
R10.	Safety		
R11.	Combined		
R12.	Total Other Benefit Payments		
R13.	Total Benefit Payments	10,768,294	
Member Refunds			
R14.	General	8,692	
R15.	Safety		
R16.	Combined		
R17.	Total Member Refunds	8,692	
R18.	Administrative Expenses	306,818	
R19.	Other Expenses		
R20.	Total Deductions	\$11,083,804	
R21.	Net Increase (Decrease) in Net Position	11,492,013	
R22.	Net Position Restricted for Pension Benefits, beginning of year	119,096,442	
R23.	Adjustment 1		
R24.	Adjustment 2		
R25.	Net Position Restricted for Pension Benefits, end of year	\$130,588,455	

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Schedule of Changes in Net Pension Liability and Related Ratios

Go to Report: 10 Years Schedule Changes in Net Pension Liability Report

	Fiscal Year: 2017	Prior Year: 2016
Total Pension Liability		
R01. Service Cost	4,835,944	
R02. Interest	12,885,195	
R03. Changes of Benefit Terms	-11,268	
R04. Differences Between Expected and Actual Experience	-5,577,742	
R05. Changes of Assumptions	0	
R06. Benefit Payments, Including Refunds of Member Contributions	-10,776,986	
R07. Net Change in Total Pension Liability	1,355,143	
R08. Total Pension Liability – Beginning	172,006,419	
R09. Adjustments		
R10. Total Pension Liability – Ending (a)	173,361,562	
Plan Fiduciary Net Position		
R11. Contributions – Employer	7,987,367	
R12. Contributions – Member	168,463	
R13. Contributions – Other	0	
R14. Net Investment Income	14,419,987	
R15. Other Income	0	
R16. Benefit Payments, Including Refunds of Member Contributions	-10,776,986	
R17. Administrative Expenses	-306,818	
R18. Other Expenses	0	
R19. Net Change in Plan Fiduciary Net Position	11,492,013	
R20. Plan Fiduciary Net Position – Beginning	119,096,442	
R21. Adjustments	0	
R22. Plan Fiduciary Net Position –Ending (b)	130,588,455	
R23. Net Pension Liability – Ending (a) - (b)	42,773,107	
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	75.33	
R25. Covered-Employee Payroll	30,212,311	
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	141.58	

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Schedule of Employer Contributions

Go to Report: 10 Years Employer Contributions Schedule

Fiscal Year: 2017

R01. Actuarially Determined Contributions	7,987,367
R02. Contributions in Relation to the Actuarially Determined Contributions	7,987,367
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	30,212,311
R05. Contributions as a Percentage of Covered-Employee Payroll	26.44

Notes to Schedule

R06. Valuation Date

07/01/2015

Methods and assumptions used to determine contribution rates

R07. Actuarial Cost Method	Entry Age
R08. Amortization Method	Level Percentage of Projected Payroll
R09. Remaining Amortization Period	17
R10. Asset Valuation Method	The actuarial value of Plan assets is calculated on a modified market-related value. The market value of assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than)
R11. Inflation	3.15 %
R12. Salary Increases	3.15% plus merit component
R13. Investment Rate of Return	7.5 %
R14. Other Information	

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Plan Membership

Go to Report: Plan Membership Report

Fiscal Year: 2017

Members

Member Type	Tier	System Status	Active		Inactive	Retirement			Total Members	
			Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability Survivors		
General	I	Open <input type="text"/>	279	250	21	308	75		53	986
<input type="text"/>	<input type="text"/>	<input type="text"/>								
Grand Total Members			279	250	21	308	75		53	986

Employers

	State	Counties	Cities	Special Districts	School Districts	Other Agencies	Total
Number of Agencies				1			1
Number of Members				986			986

Members' Annual Payroll

Member Type	Tier	Annual Payroll (\$)
General	I	30,037,232
Grand Total Payroll		\$30,037,232

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Contributions

Go to Report: Contributions Report

Fiscal Year: 2017

Employer and Member Rates - Recommended by Actuary

		Employer Rates									Member Rates			
Member Type	Tier	Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	Single Rate
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	I	17.20		17.20	10.49		10.49	27.69	0.00	27.69				

Employer and Member Rates - Adopted by Governing Body

		Employer Rates									Member Rates			
Member Type	Tier	Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	Single Rate
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	I	17.20		17.20	10.49		10.49	27.69	0.00	27.69				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	I	5,166,404	3,150,906	8,317,310
Grand Total Employer Contributions		\$5,166,404	\$3,150,906	\$8,317,310

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification

Fiscal Year: 2017

Economic Assumption Rates

R01. Select Plan

Return on Investments

R02. Real Rate of Return

R03. Inflation Component

R04. Total Return on Investments

Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	<input type="text" value="6"/>	<input type="text" value="6"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=".5"/>	<input type="text" value=""/>
R06. Inflation Component	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value="3.15"/>	<input type="text" value=""/>
R07. Total Salary Scale	<input type="text" value="9.15"/>	<input type="text" value="9.15"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value="3.65"/>	<input type="text" value=""/>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	<input type="text" value="6.5"/>	<input type="text" value="7.5"/>	<input type="text" value="8.5"/>
R09. Net Pension Liability	<input type="text" value="60,467,956"/>	<input type="text" value="42,773,107"/>	<input type="text" value="27,634,903"/>

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Rate of Return

Fiscal Year: 2017

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return			
R02. Time-Weighted Rate of Return	12.52	5.07	8.93

Schedule of Investment Returns

R03. Fiscal Year	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense	12.09

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Age

Fiscal Year: 2017

Demographic Assumption Rates - Age

	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
		General - Male				
R01. Age 25		.36				
R02. Age 30		.46				
R03. Age 35		.56				
R04. Age 40		.66				
R05. Age 45		.76				
R06. Age 50		.86				
R07. Age 55	7.20	.96				
R08. Age 60	5.00	1.06				
R09. Age 65	30.00	.00				
R10. Age 70	100.00	.00				
General - Female						
	Service Retirement Rate	Disability Retirement Rate	Service	Mortality of Active Members Rate	Service	Withdrawal (Termination) Rate
R11. Age 25		.26				
R12. Age 30		.34				
R13. Age 35		.49				
R14. Age 40		.73				
R15. Age 45		1.10				
R16. Age 50		1.87				
R17. Age 55	7.20	3.33				
R18. Age 60	5.00	5.19				
R19. Age 65	30.00	6.16				
R20. Age 70	100.00	.00				

Safety - Male	Service	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal
	Retirement	Ordinary	Service	Ordinary	Service	(Termination)
	Rate					
R21. Age 25						
R22. Age 30						
R23. Age 35						
R24. Age 40						
R25. Age 45						
R26. Age 50						
R27. Age 55						
R28. Age 60						
R29. Age 65						
R30. Age 70						

Safety - Female	Service	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal
	Retirement	Ordinary	Service	Ordinary	Service	(Termination)
	Rate					
R31. Age 25						
R32. Age 30						
R33. Age 35						
R34. Age 40						
R35. Age 45						
R36. Age 50						
R37. Age 55						
R38. Age 60						
R39. Age 65						
R40. Age 70						

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Years of Service

Fiscal Year: 2017

Demographic Assumption Rates - Years of Service

General - Male		Service Retirement	Withdrawal (Termination)
Years of Service		Rate	Rate
R01.	Year 5	<input type="text"/>	3.00
R02.	Year 10	<input type="text"/>	2.50
R03.	Year 15	<input type="text"/>	2.50
R04.	Year 20	<input type="text"/>	.50
R05.	Year 25	<input type="text"/>	.00
R06.	Year 30	<input type="text"/>	.00
R07.	Year 35	<input type="text"/>	.00
R08.	Year 40	<input type="text"/>	.00
R09.	Year 45	<input type="text"/>	.00
R10.	Year 50	<input type="text"/>	.00

General - Female		Service Retirement	Withdrawal (Termination)
Years of Service		Rate	Rate
R11.	Year 5	<input type="text"/>	3.00
R12.	Year 10	<input type="text"/>	2.50
R13.	Year 15	<input type="text"/>	2.50
R14.	Year 20	<input type="text"/>	.50
R15.	Year 25	<input type="text"/>	.00
R16.	Year 30	<input type="text"/>	.00
R17.	Year 35	<input type="text"/>	.00
R18.	Year 40	<input type="text"/>	.00
R19.	Year 45	<input type="text"/>	.00
R20.	Year 50	<input type="text"/>	.00

Safety - Male		Service Retirement	Withdrawal (Termination)
Years of Service		Rate	Rate
R21.	Year 5	<input type="text"/>	<input type="text"/>
R22.	Year 10	<input type="text"/>	<input type="text"/>
R23.	Year 15	<input type="text"/>	<input type="text"/>
R24.	Year 20	<input type="text"/>	<input type="text"/>
R25.	Year 25	<input type="text"/>	<input type="text"/>
R26.	Year 30	<input type="text"/>	<input type="text"/>
R27.	Year 35	<input type="text"/>	<input type="text"/>
R28.	Year 40	<input type="text"/>	<input type="text"/>
R29.	Year 45	<input type="text"/>	<input type="text"/>
R30.	Year 50	<input type="text"/>	<input type="text"/>

Safety - Female		Service Retirement	Withdrawal (Termination)
Years of Service		Rate	Rate
R31.	Year 5	<input type="text"/>	<input type="text"/>
R32.	Year 10	<input type="text"/>	<input type="text"/>
R33.	Year 15	<input type="text"/>	<input type="text"/>
R34.	Year 20	<input type="text"/>	<input type="text"/>
R35.	Year 25	<input type="text"/>	<input type="text"/>
R36.	Year 30	<input type="text"/>	<input type="text"/>
R37.	Year 35	<input type="text"/>	<input type="text"/>
R38.	Year 40	<input type="text"/>	<input type="text"/>
R39.	Year 45	<input type="text"/>	<input type="text"/>
R40.	Year 50	<input type="text"/>	<input type="text"/>

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Statement of Funding Position and UAAL Amortization Method

Go to Report: Schedule of Funding Progress Report

Fiscal Year: 2017

Funding Position

R01. Valuation Date (MM/DD/YYYY)	<input type="text" value="07/01/2016"/>
R02. Name of Actuarial Firm	<input type="text" value="Cheiron Inc"/>
R03. Actuarial Accrued Liability (AAL)	<input type="text" value="167,084,597"/>
R04. Actuarial Value of Assets (AVA)	<input type="text" value="126,808,879"/>
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	<input type="text" value="40,275,718"/>
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="75.9"/>
R07. Annual Covered Payroll (ACP)	<input type="text" value="30,037,232"/>
R08. UAAL as a Percentage of ACP (AVA Basis)	<input type="text" value="134.1"/>
R09. Method Used to Determine AAL	<input type="text" value="Entry Age"/> ▼
R10. Please Specify "Other" Method	<input type="text"/>
R11. Market Value of Assets (MVA)	<input type="text" value="119,630,500"/>
R12. UAAL (MVA Basis)	<input type="text" value="47,454,097"/>
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="72"/>

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	<input type="text" value="Level Percentage of I"/> ▼
R15. Please Specify "Other" Method	<input type="text"/>
R16. Total UAAL Amortization Period (in years)	<input type="text" value="30"/>
R17. Years Remaining in Total UAAL Amortization Period	<input type="text" value="16"/>
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	<input type="text" value="2032"/>

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Statement of Service Retirement Benefit Policies

Go to Report: Service Retirement Benefit Policies Report

Fiscal Year: 2017

Eligibility

Member Type	Tier	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age Regardless of Service	Years of Service Regardless of Age
General	I	55	10										25

Cost of Living

Member Type	Tier	Granted Position Last Held	Index to Active Member Increase	Index to Consumer Price Index	Maximum Annual Increase	None	Other Basis
General	I						

Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	I		4		

Percent Per Year of Service and Social Security Coverage

Member Type	Tier	Age 50	Age 55	Age 60	Age 65	Social Security Coverage
General	I					None

Sacramento Regional Transit District ATU Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Statement of Disability Benefit Policies

Go to Report: Disability Benefit Policies Report

Fiscal Year: 2017

Disability Benefits as a Percentage of Final Average Salary

Member Type	Tier	Nonservice Disability Per Year (%)	Nonservice Disability Maximum (%)	Service Disability Per Year (%)	Service Disability Maximum (%)
General	I	2.5	2.5	2.5	2.5

Note or Special Requirements

The amounts documented above are the maximums. The percentages actually range from 2.0% to 2.5% depending on other factors.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2017 (ALL). (Adelman)

ISSUE

Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2017 (ALL). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Independent Auditor's Report, Auditor's Report to the Board of Directors, and the Report on Internal Control for the Twelve Month Period Ended June 30, 2017 (ALL). (Adelman)

FISCAL IMPACT

None

DISCUSSION

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

For the fiscal year ended June 30, 2017, the investment assets for the ATU, IBEW and Salaried Plans were combined into one commingled investment portfolio. The balance of investments owned by the ATU, IBEW and Salaried Plans are calculated based on a percentage of ownership as determined by the ATU, IBEW and Salaried Plans' custodian.

As noted in the report (Attachment 1), the combined net position held in trust for pension benefits increased \$25,953,845 or 10.67% from the beginning of year balance of \$243,352,039 to the end of year balance of \$269,305,884. The audit confirmed that the District made 100% of its actuarially determined contribution of \$18,623,884.

The audit also determined that the Retirement Plans' financial statements are free of materials misstatements and that the Retirement Plans are operated with appropriate internal controls.

Approved:

Presented:

Final 3/6/2018

VP of Finance/ CFO

Treasury Controller

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	03/14/18	Retirement	Action	02/19/18

Subject: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2017 (ALL). (Adelman)

Staff Recommendation

The following documents (Attachments 1-3) are submitted to the Board for receipt and filing:

- The Audited Financial Statements – Attachment 1
- Report to the Board of Directors – Attachment 2
- Report on Internal Control – Attachment 3

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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

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

Amalgamated Transit Union Local 256

Ralph Niz, Chairperson
Corina De La Torre, Member
Crystal Lee, Alternate

International Brotherhood of Electrical Workers Local 1245

Eric Ohlson, Chairperson
Constance Bibbs, Member
Tom Flanders, Alternate

Administrative Employees Association

Russel Devorak, Chairperson
Sue Robison, Member
Timothy McGoldrick, Alternate

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

Charles Mallonee, Chairperson
Gary Parks, Member
Peter Guimond, Alternate

Management and Confidential Employees

Mark Lonergan, Chairperson
Roger Thorn, Member
Olga Sanchez-Ochoa, Alternate

Sacramento Regional Transit District

Andy Morin, Common Chairperson
Henry Li, Member
Rick Jensen, Alternate

Assistant Secretary

Donna Bonnel, Director of Human Resources

Legal Counsel

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

Finance Department

Brent Bernegger, VP Finance/CFO
Jamie Adelman, Treasury Controller

Human Resources Department

Valerie Weekly, Pension and Retiree Services Administrator
Mariza Montung-Fuller, Human Resource Analyst II
Isis Humphrey, Administrative Technician

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the ATU Plan, IBEW Plan and the Salaried Plan for Sacramento Regional Transit District Employees as of June 30, 2017, and the respective changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the ATU Plan and IBEW Plan were accounted for as one plan for accounting purposes prior to 2017. Effective July 1, 2016, separate trust agreements and financial record keeping were created for the ATU Plan and IBEW Plan based on actuarial calculations and trustee transactions. Each trust allows for accumulation of assets solely for the payment of benefits to plan members. The changes were approved and required by the Internal Revenue Service in order to establish the individual trusts. Because the plans are reported as separate plans in 2017, there is a lack of comparability with the prior period financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

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


Crowe Horwath LLP

Sacramento, California
November 21, 2017

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

**STATEMENT OF PLAN NET POSITION
JUNE 30, 2017**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
Assets				
Investments:				
Equity securities	\$ 85,304,971	\$ 35,645,247	\$ 58,411,300	\$ 179,361,518
Fixed income securities	48,433,618	19,661,325	27,813,256	95,908,199
Total investments	<u>133,738,589</u>	<u>55,306,572</u>	<u>86,224,556</u>	<u>275,269,717</u>
Cash and short-term investments	2,372,976	978,186	1,497,515	4,848,677
Receivables				
Securities sold	2,049,009	833,196	1,187,135	4,069,340
Interest and dividends	214,924	87,591	126,412	428,927
Other receivables and prepaids	12,619	11,512	11,846	35,977
Total receivables	<u>2,276,552</u>	<u>932,299</u>	<u>1,325,393</u>	<u>4,534,244</u>
Total assets	<u>138,388,117</u>	<u>57,217,057</u>	<u>89,047,464</u>	<u>284,652,638</u>
Liabilities				
Securities purchased payable	7,367,193	2,992,346	4,242,494	14,602,033
Accounts payable	432,469	139,592	172,660	744,721
Total liabilities	<u>7,799,662</u>	<u>3,131,938</u>	<u>4,415,154</u>	<u>15,346,754</u>
Net position restricted for pension benefits	<u>\$ 130,588,455</u>	<u>\$ 54,085,119</u>	<u>\$ 84,632,310</u>	<u>\$ 269,305,884</u>

(Schedules of Changes in the Net Pension Liability and Related Ratios for the Plans are presented on pages 24 through 27.)

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

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

**STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
Additions				
Contributions:				
Employer	\$ 7,987,367	\$ 3,315,379	\$ 7,321,138	\$ 18,623,884
Member	168,463	39,287	53,706	261,456
Total contributions	<u>8,155,830</u>	<u>3,354,666</u>	<u>7,374,844</u>	<u>18,885,340</u>
Investment income/(expense):				
Net appreciation in fair value of investments	13,054,187	4,831,699	8,574,742	26,460,628
Interest, dividends, and other income	1,922,434	707,950	1,159,507	3,789,891
Investment expenses	(556,634)	(207,237)	(345,373)	(1,109,244)
Net investment income/(expense)	<u>14,419,987</u>	<u>5,332,412</u>	<u>9,388,876</u>	<u>29,141,275</u>
Total additions	<u>22,575,817</u>	<u>8,687,078</u>	<u>16,763,720</u>	<u>48,026,615</u>
Deductions				
Benefits paid to participants	10,776,986	3,281,167	7,179,362	21,237,515
Administrative expenses	306,818	239,370	289,067	835,255
Total deductions	<u>11,083,804</u>	<u>3,520,537</u>	<u>7,468,429</u>	<u>22,072,770</u>
Net increase in plan net position	11,492,013	5,166,541	9,295,291	25,953,845
Net position restricted for pension benefits - Beginning of fiscal year	<u>119,096,442</u>	<u>48,918,578</u>	<u>75,337,019</u>	<u>243,352,039</u>
Net position restricted for pension benefits - End of fiscal year	<u>\$130,588,455</u>	<u>\$54,085,119</u>	<u>\$84,632,310</u>	<u>\$269,305,884</u>

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. DESCRIPTION OF THE PLANS

The financial statements of the Retirement Plans for the Sacramento Regional Transit District Employees encompass the financial position and changes therein, for the ATU, IBEW, and Salaried Plans. The combined plans are reported as pension trust funds in the Sacramento Regional Transit District's (District) financial statements.

ATU and IBEW Plans

The Retirement Plan for Sacramento Regional Transit District Employees who are Members of Amalgamated Transit Union (ATU Plan) Local 256 and International Brotherhood of Electrical Workers (IBEW Plan) Local 1245 are single employer defined benefit pension plans covering contract employees of the District. Participants should refer to their respective plan agreements for more complete information. The ATU Plan and IBEW Plan were accounted for as one plan for accounting purposes prior to 2017 (collectively, the ATU/IBEW Plan). Effective July 1, 2016, separate trust agreements and financial record keeping was created for the ATU Plan and IBEW Plan based on actuarial calculations and trustee transactions. Each trust allows for accumulation of assets solely for the payment of benefits to plan members. The changes were approved and required by the Internal Revenue Service in order to establish the individual trusts. Because the plans are reported as separate plans in 2017, there is a lack of comparability with the prior period financial statements.

Salaried Plan

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

Plan Tier Definition – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act (PEPRA), Tier 2 was created in the ATU, IBEW and Salaried Plans, as well as a Tier 3 for the ATU only. The Tiers effective dates are directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of June 30, 2017 the following tiers apply to employees, based on their date of hire.

- IBEW, and AFSCME-Technical – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.
- ATU – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2016, Tier 3 consists of all employees hired during the time period January 1, 2015 to December 31, 2015.
- AEA, MCEG, and AFSCME-Supervisors – Tier 1 consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.

Tier 1 and Tier 3 are closed to new entrants as all newly hired employees will be placed into the respective Tier 2 plans.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

1. DESCRIPTION OF THE PLANS (Continued)

General Provisions ATU, IBEW and Salaried Plans

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

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

Plan membership for Tier 1, Tier 2 and Tier 3, at June 30, 2017, consisted of:

	ATU	IBEW	Salaried
Retirees and beneficiaries currently receiving benefits	436	128	300
Terminated members entitled to but not yet collecting benefits	21	19	51
Current active members	529	197	223
	986	344	574

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

1. DESCRIPTION OF THE PLANS (Continued)

RETIREMENT BENEFITS

Table 1 below presents a summary of the retirement benefits for Tier 1 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans. Table 1 also includes the summary for ATU Tier 3.

Table 1

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

1. DESCRIPTION OF THE PLANS (Continued)

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

Table 2

TIER 2	ATU Plan	IBEW Plan	Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	PEPRA	MOU	MOU	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	10 - 100%	5 - 10% 6 - 30% 7 - 50% 8 - 70% 9 - 90% 10 - 100%	5 - 100%	5 - 100%	5 - 100%
Vacation and sick sell back towards pension calculation	Not Allowable	Allowable	Allowable	Not Allowable	Not Allowable	Not Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. The multipliers and years of service range from 2% at age 55 or 25 years of service to 2.5% at age 60 or 30 or more years of service for Tier 1 and Tier 3. Tier 2 is varied depending on the bargaining units MOU and PEPRA regulations.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

1. DESCRIPTION OF THE PLANS (Continued)

Administration – The ATU, IBEW, and Salaried Plans are administered by the ATU, IBEW, and Salaried Plan’s Retirement Boards. All expenses incurred in the administration of the ATU, IBEW, and Salaried Plans are paid by the respective plan.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

New Pronouncements – For the fiscal year ended June 30, 2017, the ATU, IBEW and Salaried Plans implemented GASB Statement 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Implementation of this statement changed the presentation of certain payroll-related measures in the required supplementary information; however, there was no impact on the basic financial statements.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

3. CONTRIBUTION REQUIREMENTS

EMPLOYER CONTRIBUTIONS

The ATU, IBEW and Salaried Plans' funding policies provides for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method. During the fiscal year ended June 30, 2017, the District made 100% of the actuarially determined contributions to the ATU, IBEW and Salaried Plans of \$18,623,884, for all employees.

TIER 1 EMPLOYEES

For the fiscal year ended June 30, 2017, the actuarially determined rate for the ATU and IBEW Plan was 27.10% of covered payroll. For the fiscal year ended June 30, 2017, the actuarially determined rate for the Salaried Plan was 31.48% of covered payroll. No contributions are required by the ATU, IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

TIER 2 EMPLOYEES

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

ATU employees are required to contribute 50% of normal cost which is currently 6.50% of their annual salary. The employer portion of the actuarially determined rate for the ATU members was 20.60% of covered payroll for the fiscal year ending June 30, 2017. The total contribution by Tier 2 employees of the ATU Plan for the fiscal year ended June 30, 2017 was \$65,040.

IBEW employees are required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. The employer portion of the actuarially determined rate for the IBEW members ranged from 22.60% to 25.60% of covered payroll for the fiscal year ending June 30, 2017. The total contribution by Tier 2 employees of the IBEW Plan for the fiscal year ended June 30, 2017 \$39,287.

AFSCME-Technical employees are required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. The employer portion of the actuarially determined rate for the AFSCME-Technical members ranged from 26.98% to 29.98% of covered payroll for the fiscal year ending June 30, 2017. Members of AEA, MCEG, and AFSCME-Supervisors are required to contribute 50% of normal cost which is currently 3.75% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME-Supervisors members was 27.73% of covered payroll for the fiscal year ending June 30, 2017. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2017 was \$53,706.

The employee contribution rates calculated in compliance with PEPRRA, for June 30, 2017, were actuarially determined as part of the valuations dated July 1, 2015.

TIER 3 EMPLOYEES

As of April 1, 2017, all ATU employees hired during the time period January 1, 2015 and December 31, 2015, are required to contribute 3% of pay. The employer portion of the actuarially determined rate for the ATU members was 24.10% of covered payroll for the fiscal year ending June 30, 2017. The total contribution by Tier 3 employees of the ATU Plan for the fiscal year ended June 30, 2017 was \$103,423.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

4. CASH AND INVESTMENTS

CASH AND SHORT-TERM INVESTMENTS

At June 30, 2017, the reported amount of cash and short-term investments of the ATU, IBEW and Salaried Plans was \$4,848,677. The amount was collateralized with securities held by the counterparty's trust department or agent in the District's name on behalf of the Retirement Plans.

INVESTMENTS

An annual Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans" (Policy), governs the ATU, IBEW and Salaried Plans' investments. The Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions. The Retirement Boards have the authority to amend the asset allocation targets as well as establish and amend investment policies. The following was the Plans' adopted asset allocation policy as of June 30, 2017:

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

For the years ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 12.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

4. CASH AND INVESTMENTS (Continued)

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

INVESTMENT RISK FACTORS

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

INTEREST RATE RISK

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

The following table provides information about the interest rate risks associated with the ATU, IBEW and Salaried Plans' investments at June 30, 2017.

	Maturity in Years				Amount
	Less than 1	1 – 5	6 – 10	More than 10	
Collateralized Mortgage Obligations	\$ 153,560	\$ 596,815	\$ 624,397	\$ 3,299,095	\$ 4,673,867
Corporate Bonds	3,128,441	5,915,590	6,269,885	4,959,434	20,273,350
Municipal Bonds	-	98,062	557,029	845,863	1,500,954
U.S. Government Agency Obligations	-	469,716	1,293,173	24,249,990	26,012,879
U.S. Government Issued Obligations	1,134,023	24,638,034	3,857,853	4,638,032	34,267,942
Asset-Backed Securities	-	-	988,105	8,191,102	9,179,207
Total	\$ 4,416,024	\$ 31,718,217	\$ 13,590,442	\$ 46,183,516	\$ 95,908,199

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

COLLATERALIZED MORTGAGE OBLIGATIONS

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

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

MORTGAGE PASS-THROUGH SECURITIES

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

ASSET-BACKED SECURITIES

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

CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The Plans must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2017, the ATU, IBEW and Salaried Plans held callable bonds with a value of \$9,155,728.

CREDIT RISK

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

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

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

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

For the fiscal year ending June 30, 2017, the ATU, IBEW and Salaried Plans were in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines which require a minimum overall portfolio quality rating and a minimum credit rating at the time of purchase.

The following table provides information on the credit ratings and fair value associated with the ATU, IBEW and Salaried Plans' investments as of June 30, 2017.

Investment Rating	Amount	Percentage of Portfolio
Not Applicable	\$ 179,361,518	65.16%
Not Rated	32,842,814	11.93%
Aaa	37,892,099	13.77%
Aa1	907,792	0.33%
Aa2	913,397	0.33%
Aa3	172,489	0.06%
A1	2,537,085	0.92%
A2	1,281,604	0.47%
A3	5,877,268	2.14%
Baa1	3,474,430	1.26%
Baa2	3,430,100	1.25%
Baa3	2,599,744	0.94%
Ba1	725,298	0.26%
Ba2	501,631	0.18%
Ba3	1,358,085	0.49%
B1	363,336	0.13%
B2	147,406	0.05%
B3	515,857	0.19%
Caa1	118,724	0.04%
Caa2	24,969	0.01%
Ca	6,483	0.00%
WR	217,588	0.08%
	<u>\$ 275,269,717</u>	<u>100.00%</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

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

The investment policies of the ATU, IBEW and Salaried Plans state that an investment in each domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2017, the ATU, IBEW and Salaried Plans did not have domestic or international equity or fixed income fund managers' investments in a single issuer that exceeded 5% (at cost) of the value of the portfolios and/or of the total outstanding shares.

CUSTODIAL CREDIT RISK

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

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

FOREIGN CURRENCY RISK

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

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

At June 30, 2017, the U.S. dollar balances organized currency denominations for the ATU, IBEW and Salaried Plans are as follows:

<u>Foreign Currency</u>	<u>U.S. Dollars</u>
Swiss Franc	\$ 6,213
EURO	440
Japanese Yen	95
Total	<u>\$ 6,748</u>

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The ATU, IBEW and Salaried Plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The ATU, IBEW and Salaried Plans had the following recurring fair value measurements as of June 30, 2017:

	06/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Collateralize mortgage obligations	\$ 4,673,868	\$ -	\$ 4,673,868	\$ -
Corporate bonds	20,273,350	-	20,273,350	-
Municipals	1,500,954	-	1,500,954	-
U.S. Government Agency obligations	26,012,880	-	26,012,880	-
U.S. Government issued obligations	34,267,942	-	34,267,942	-
Asset backed obligations	9,179,205	-	9,179,205	-
Equity securities				
Common stock	66,813,669	66,813,669	-	-
Depository receipts	1,369,966	1,369,966	-	-
Real estate investment trust	301,854	301,854	-	-
Total investments by fair value level	164,393,688	\$ 68,485,489	\$ 95,908,199	\$ -
Investments measured at the net asset value (NAV)				
S&P 500 index fund	45,559,187			
MSCI EAFE index fund	10,483,331			
International large capital equity fund	25,596,839			
International small capital equity fund	13,788,326			
International emerging markets fund	15,448,346			
Total investments measured at NAV	110,876,029			
Total investments measured at fair value	\$ 275,269,717			

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DISTRICT EMPLOYEES**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

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

Investment measured at the net asset value (NAV)

	<u>06/30/2017</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
S&P 500 index fund ⁽¹⁾	\$ 45,559,187	\$ 45,559,187	\$ -	Daily	1 day
MSCI EAFE index fund ⁽²⁾	10,483,331	10,483,331	-	Semi-monthly	6-8 days
International large capital equity fund ⁽³⁾	25,596,839	25,596,839	-	Monthly	7 days
International small capital equity fund ⁽⁴⁾	13,788,326	13,788,326	-	Monthly	2 days
International emerging markets fund ⁽⁵⁾	15,448,346	15,448,346	-	Daily	1 day
Total investments measured at the NAV	<u>\$ 110,876,029</u>	<u>\$ 110,876,029</u>	<u>\$ -</u>		

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

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

3. International large capital equity fund. This type includes an investment in an International Equity Fund that seeks total return from long-term capital growth and income, while attempting to outperform the MSCI EAFE Index over a market cycle, gross of fees. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The Trust has one dealing day per month, which is the first business day, and units are issued based upon a valuation on the last business day of the preceding month.

4. International small capital equity fund. The fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on security selection procedures geared to assist the fund in meeting its investment objectives. The fund generally will be managed by underweighting and overweighting securities relative to the benchmark. The investment objective is to outperform the MSCI EAFE Small Cap Index over a full market cycle. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The fund has one dealing day per month, which is the first business day, and notification is required at least two business days in advance of a subscription or withdrawal.

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4. CASH AND INVESTMENTS (Continued)

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

5. NET PENSION LIABILITY

ATU Plan

The components of the net pension liability of the ATU Plan at June 30, 2017, were as follows:

Total pension liability	\$ 173,361,562
Plan fiduciary net position	(130,588,455)
ATU net pension liability	<u>\$ 42,773,107</u>
 Plan fiduciary net position as a percentage of the total pension liability	 75.33%

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%	
Amortization growth rate	3.15%	
Salary increases	3.15%, plus merit component	
Investment Rate of Return	7.50%, net of investment expense	
Post-retirement mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females	

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

The discount rate used to measure the Total Pension Liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the ATU Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (16 years remaining as of the July 1, 2016 actuarial valuation).

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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5. NET PENSION LIABILITY (Continued)

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

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 191,056,411	\$ 173,361,562	\$ 158,223,358
Plan fiduciary net position	(130,588,455)	(130,588,455)	(130,588,455)
Net pension liability	\$ 60,467,956	\$ 42,773,107	\$ 27,634,903
 Plan fiduciary net position as a percentage of the total pension liability	68.35%	75.33%	82.53%

IBEW Plan

The components of the net pension liability of the IBEW Plan at June 30, 2017, were as follows:

Total pension liability	\$ 72,173,762
Plan fiduciary net position	(54,085,118)
ATU net pension liability	\$ 18,088,644
 Plan fiduciary net position as a percentage of the total pension liability	74.94%

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.15%
Salary increases	3.15%, plus merit component
Investment Rate of Return	7.50%, net of investment expense
Post-retirement mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

The discount rate used to measure the Total Pension Liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the IBEW Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (16 years remaining as of the July 1, 2016 actuarial valuation).

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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5. NET PENSION LIABILITY (Continued)

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

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

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 80,076,100	\$ 72,173,762	\$ 65,447,989
Plan fiduciary net position	(54,085,118)	(54,085,118)	(54,085,118)
Net pension liability	<u>\$ 25,990,982</u>	<u>\$ 18,088,644</u>	<u>\$ 11,362,871</u>
 Plan fiduciary net position as a percentage of the total pension liability	 67.54%	 74.94%	 82.64%

Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2017, were as follows:

Total pension liability	\$ 128,508,322
Plan fiduciary net position	(84,632,310)
Salaried net pension liability	<u>\$ 43,876,012</u>
 Plan fiduciary net position as a percentage of the total pension liability	 65.86%

**RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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5. NET PENSION LIABILITY (Continued)

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.15%
Salary increases	3.15%, plus merit component
Investment Rate of Return	7.50%, net of investment expense
Post-retirement mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 130% for females

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015.

The discount rate used to measure the Total Pension Liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Salaried Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (16 years remaining as of the July 1, 2016 actuarial valuation).

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

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

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 143,429,477	\$ 128,508,322	\$ 115,832,984
Plan fiduciary net position	(84,632,310)	(84,632,310)	(84,632,310)
Net pension liability	<u>\$ 58,797,167</u>	<u>\$ 43,876,012</u>	<u>\$ 31,200,674</u>
Plan fiduciary net position as a percentage of the total pension liability	59.01%	65.86%	73.06%

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

5. NET PENSION LIABILITY (Continued)

ATU, IBEW and Salaried Plan

The ATU, IBEW, and Salaried Plans' investments are invested as one comingled fund for economies of scale. The long-term expected rate of return on pension plan's investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

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

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Total pension liability	
Service Cost	\$ 4,835,944
Interest	12,885,195
Changes of benefit terms	(11,268)
Difference between expected and actual experience	(5,577,742)
Benefit payments, including refunds of member contributions	<u>(10,776,986)</u>
Net change in total pension liability	1,355,143
Total pension liability - beginning	<u>172,006,419</u>
Total pension liability - ending	<u>\$ 173,361,562</u>
Plan fiduciary net position	
Contributions - employer	\$ 7,987,367
Contributions - member	168,463
Net investment income/(expense)	14,419,708
Benefit payments, including refunds of member contributions	(10,776,986)
Administrative expense	<u>(306,539)</u>
Net change in plan fiduciary net position	11,492,013
Plan fiduciary net position - beginning	<u>119,096,442</u>
Plan fiduciary net position - ending	<u>\$ 130,588,455</u>
Net pension liability - ending	<u>\$ 42,773,107</u>
Plan fiduciary net position as a percentage of the total pension liability	75.33%
Covered payroll	\$ 30,212,311
Net pension liability as a percentage of covered payroll	141.58%

Notes to Schedule:

-Payroll amounts are based on actual pensionable compensation from the employer

-FY2017: the ATU and IBEW Plans were separated; previous years not available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
IBEW LOCAL 1245
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Total pension liability	
Service Cost	\$ 1,640,651
Interest	4,742,855
Changes of benefit terms	(105,379)
Difference between expected and actual experience	2,420,299
Benefit payments, including refunds of member contributions	<u>(3,281,167)</u>
Net change in total pension liability	5,417,259
Total pension liability - beginning	<u>66,756,502</u>
Total pension liability - ending	<u>\$ 72,173,761</u>
Plan fiduciary net position	
Contributions - employer	\$ 3,315,379
Contributions - member	39,287
Net investment income/(expense)	5,332,230
Benefit payments, including refunds of member contributions	(3,281,167)
Administrative expense	<u>(239,188)</u>
Net change in plan fiduciary net position	5,166,541
Plan fiduciary net position - beginning	<u>48,918,578</u>
Plan fiduciary net position - ending	<u>\$ 54,085,119</u>
Net pension liability - ending	<u>\$ 18,088,642</u>
Plan fiduciary net position as a percentage of the total pension liability	74.94%
Covered payroll	\$ 12,473,480
Net pension liability as a percentage of covered payroll	145.02%

Notes to Schedule:

-Payroll amounts are based on actual pensionable compensation from the employer

-FY2017: the ATU and IBEW Plans were separated; previous years not available. See schedule for combined plan on page 26.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

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

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

Notes to Schedule:

- FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%
- FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study
- Beginning in FY2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports
- FY2017: the ATU and IBEW Plans were separated; combined disclosures are not available going forward. See schedules of the individual plans on pages 24 and 25.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

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

FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016, 2015 AND 2014

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service Cost	\$ 3,873,148	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Transfers In - ATU Plan	-	-	-	174,166
Interest (includes interest on service cost)	8,960,042	8,807,953	8,434,365	7,978,675
Changes of benefit terms	(298,430)	-	-	-
Difference between expected and actual experience	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	-	(680,161)	930,863	-
Benefit payments, including refunds of member contributions	<u>(7,179,362)</u>	<u>(6,190,981)</u>	<u>(5,502,144)</u>	<u>(5,664,400)</u>
Net change in total pension liability	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	<u>121,090,442</u>	<u>116,410,752</u>	<u>109,824,641</u>	<u>104,014,863</u>
Total pension liability - ending	<u>\$ 128,508,322</u>	<u>\$ 121,090,442</u>	<u>\$ 116,410,752</u>	<u>\$ 109,824,641</u>
Plan fiduciary net position				
Contributions - employer	\$ 7,321,138	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	53,706	21,014	261	1,678
Transfers in - ATU/IBEW Plan	-	-	-	174,166
Net investment income/(Expense)	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	<u>(289,067)</u>	<u>(269,624)</u>	<u>(194,209)</u>	<u>(176,367)</u>
Net change in plan fiduciary net position	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	<u>75,337,019</u>	<u>74,596,300</u>	<u>70,824,948</u>	<u>60,583,144</u>
Plan fiduciary net position - ending	<u>\$ 84,632,310</u>	<u>\$ 75,337,019</u>	<u>\$ 74,596,300</u>	<u>\$ 70,824,948</u>
Net pension liability - ending	<u>\$ 43,876,012</u>	<u>\$ 45,753,423</u>	<u>\$ 41,814,452</u>	<u>\$ 38,999,693</u>
Plan fiduciary net position as a percentage of the total pension liability	65.86%	62.22%	64.08%	64.49%
Covered payroll	\$ 23,435,642	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
Net pension liability as a percentage of covered payroll	187.22%	187.96%	181.63%	177.20%

Notes to Schedule:

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

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

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256
FOR THE FISCAL YEAR ENDING JUNE 30, 2017
(Dollar amounts in thousands)**

	2017
Actuarially determined contribution	\$ 7,987
Contributions in relation to the actuarially determined contribution	<u>7,987</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	<u>\$ 30,212</u>
 Contributions as a percentage of covered payroll	 26.44%

Notes to Schedule

Valuation Date 7/1/2015 (to determine FY16-17 contribution)
 Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 17 year period as of 6/30/2015
Asset valuation method	5-year smoothed market
Discount Rate	7.50%
Amortization growth rate	3.15%
Price inflation	3.15%
Salary Increases	3.15%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/Scale MP-2015, base tables adjusted 115% for males and 130% for females

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2017, can be found in the July 1, 2015 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information is not available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

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

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

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

Notes to Schedule

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

Key methods and assumptions used to determine contribution rates:

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

Other information:

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, no additional information will be available for the combined Plans.

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	12.09%	-0.19%	3.25%	15.64%

Note: To achieve economies of scale, assets are combined and invested as one pool for the ATU, IBEW and Salaried Plans. Information prior to 2014 was not available.

SUPPLEMENTAL SCHEDULES

TIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYE

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 120,071
Boston Partners Investment Management	Asset Management	116,941
Atlanta Capital Management Co.	Asset Management	94,060
JP Morgan Investment Management, Inc.	Asset Management	30,708
AQR	Asset Management	54,783
Pyrford	Asset Management	7,141
SSgA MSCI EAFE	Asset Management	4,757
SSgA S&P 500	Asset Management	10,853
Callan Associates, Inc.	Investment Advisor	62,101
State Street Bank and Trust Company	Custodian Services	55,219
Total		<u>\$ 556,634</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Plan Administration	\$ 127,656
Hanson Bridgett	Consulting Services	76,135
Cheiron EFI	Actuarial Services	65,904
AON Risk Services, Inc.	Fiduciary Insurance	20,009
Sacramento Area Council of Governments	Audit Services	11,197
Sacramento Occupational Medical Group	Medical Evaluation	5,121
Other	Misc	796
Total		<u>\$ 306,818</u>

TIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEE

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

**EMPLOYEES WHO ARE MEMBERS OF
IBEW LOCAL 1245**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Investment Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 45,689
Boston Partners Investment Management	Asset Management	44,432
Atlanta Capital Management Co.	Asset Management	35,837
AQR	Asset Management	20,027
JP Morgan Investment Management, Inc.	Asset Management	11,305
SSgA S&P 500	Asset Management	4,135
Pyrford	Asset Management	2,955
SSgA MSCI EAFE	Asset Management	1,812
Callan Associates, Inc.	Investment Advisor	23,353
State Street Bank and Trust Company	Custodian Services	<u>17,692</u>
Total		<u><u>\$ 207,237</u></u>

Administrative Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Plan Administration	\$ 97,848
Hanson Bridgett	Consulting Services	76,135
Cheiron EFI	Actuarial Services	42,406
Sacramento Area Council of Governments	Audit Services	11,197
AON Risk Services, Inc.	Fiduciary Insurance	8,589
CALAPRS	Dues & Training Course	2,667
Other	Misc	<u>528</u>
Total		<u><u>\$ 239,370</u></u>

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 75,329
Boston Partners Investment Management	Asset Management	72,870
Atlanta Capital Management Co.	Asset Management	59,043
JP Morgan Investment Management, Inc.	Asset Management	18,982
AQR	Asset Management	33,382
SSgA S&P 500	Asset Management	6,813
Pyrford	Asset Management	4,622
SSgA MSCI EAFE	Asset Management	2,985
Callan Associates, Inc.	Investment Advisor	38,747
State Street Bank and Trust Company	Custodian Services	32,600
Total		<u>\$ 345,373</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Pension Administration	\$ 118,853
Hanson Bridgett	Consulting Services	75,144
Cheiron EFI	Actuarial Services	49,085
AON Risk Services, Inc.	Fiduciary Insurance	26,481
Sacramento Area Council of Governments	Audit Services	11,197
CALAPRS	Dues & Training Course	7,667
Other	Miscellaneous	640
Total		<u>\$ 289,067</u>



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

Professional standards require that we communicate matters related to our audit of the financial statements of the ATU Plan, IBEW Plan, and Salaried Plan for Sacramento Regional Transit District Employees (“the Plans”) that we consider significant and relevant to the responsibilities of Those Charged with Governance in overseeing the financial reporting process. Those Charged with Governance includes the person(s) with responsibility for overseeing the strategic direction of and obligations related to the accountability of the Plan. We cover such matters below.

AUDITOR’S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

You should understand that the auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and that the audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Plan for further information on the responsibilities of management and Crowe Horwath LLP.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, we communicated the following matters regarding the planned scope and timing of the audit with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge about matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications with regulators.
 - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. There were no such accounting changes or significant policies requiring communication.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The process used by management in formulating particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates primarily involved the following areas for this year:

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investments	The recording of investments at fair value requires management to use certain assumptions and estimates pertaining to the fair value of its investments.	We reviewed the reasonableness of these estimates and assumptions.
Classification of Investment Securities Within the Fair Value Hierarchy	GASB Statement No. 72 - Fair Value Measurements and Application requires the reporting of investments by classification level within a fair value hierarchy.	We reviewed the documentation maintained by management and performed procedures to test the reasonableness of management's judgments and accounting estimates related to the classification levels of investments within the fair value hierarchy as defined by GASB Statement No. 72 - Fair Value Measurements.
Actuarial Present Value of Accumulated Plan Benefits	The actuarial present value of accumulated plan benefits is determined by the Plan's actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for disability, withdrawal or retirement) between the valuation date and the expected date of payment.	We reviewed the reasonableness of the actuarial assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Plan's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you, as applicable.

- The appropriateness of the accounting policies to the particular circumstances of the Plan, considering the need to balance the cost of providing information with the likely benefit to users of the Plan's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the Plan's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such adjustments.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements. There were no such adjustments.

OTHER COMMUNICATIONS

Communication Item	Results
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Plan's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.

Communication Item	Results
<p>Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations the Auditor is Requesting From Management We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate with you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Significant Related Party/Party-in-Interest Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with the Plan's related parties and parties-in-interest.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding the oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding the oversight of the financial reporting process.</p>

We were pleased to serve your Plan as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use by you and, if appropriate, management and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP
 Crowe Horwath LLP

Sacramento, California
 November 21, 2017



Crowe Horwath LLP
Independent Member Crowe Horwath International

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

In planning and performing our audit of the financial statements of ATU Plan, IBEW Plan, and Salaried Plan for Sacramento Regional Transit District Employees ("the Plans") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Plans' internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Retirement Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
November 21, 2017

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	03/14/18	Retirement	Information	02/19/18

Subject: Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

ISSUE

Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

RECOMMENDED ACTION

Information Only

FISCAL IMPACT

None

DISCUSSION

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

Met West is the Retirement Boards' Domestic Fixed Income fund manager. Met West will be presenting performance results for the quarter ended December 31, 2017, shown in Attachment 1, and answering any questions.

Approved:

Presented:

Final 3/6/2018
VP of Finance/CFO

Treasury Controller

FOR INVESTMENT PROFESSIONAL USE ONLY



Fixed Income Review

TCW Core and Core Plus Fixed Income Strategies

PRESENTATION TO:

Sacramento Regional Transit District

MARCH 14, 2018

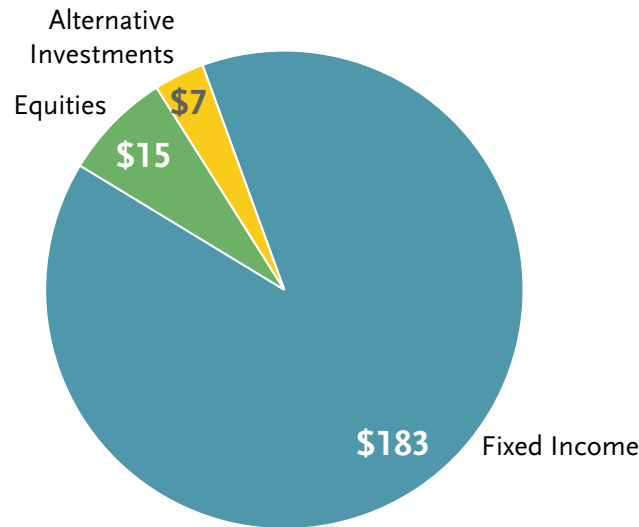
Presented by:

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

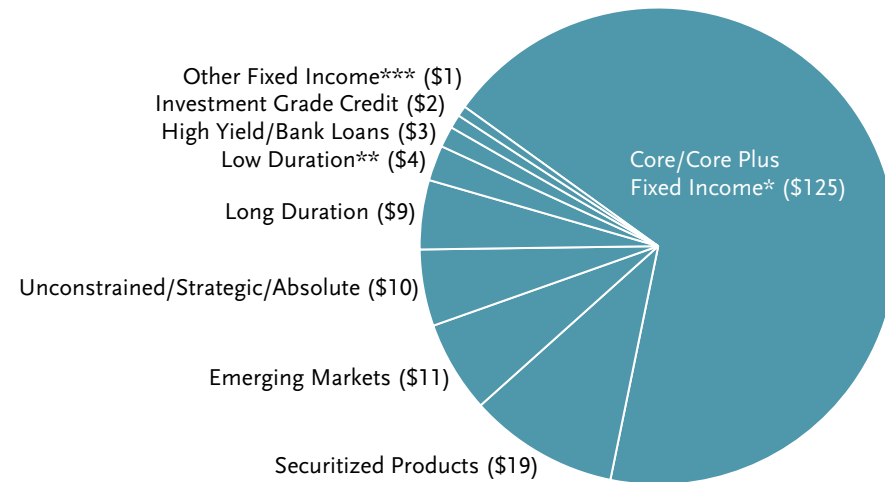
TCW Assets Under Management

AS OF DECEMBER 31, 2017

Firm AUM¹: \$205 Billion



Total Fixed Income Assets²: \$183 Billion
by Strategy



On December 27th, Nippon Life Insurance Company, Japan's largest private life insurance company, completed its previously announced acquisition of a 24.75% minority stake in TCW from The Carlyle Group. As a result of the transaction, ownership in TCW by TCW management and employees increases to 44.07%, and Carlyle maintains a 31.18% interest in the firm through its long duration private equity fund, Carlyle Global Partners.

We are excited by this new phase in TCW's evolution as we solidify long-term ownership of the Firm with partners who strongly share TCW's commitment to value creation for the benefit of you, our clients. We expect nothing to change from your perspective. There have been no changes to the team and day-to-day oversight of TCW will continue under the same key staff. Most importantly, our disciplined investment philosophy, process, and approach remains the same and continues to be independent as we strive to meet your investment objectives.

Source: TCW

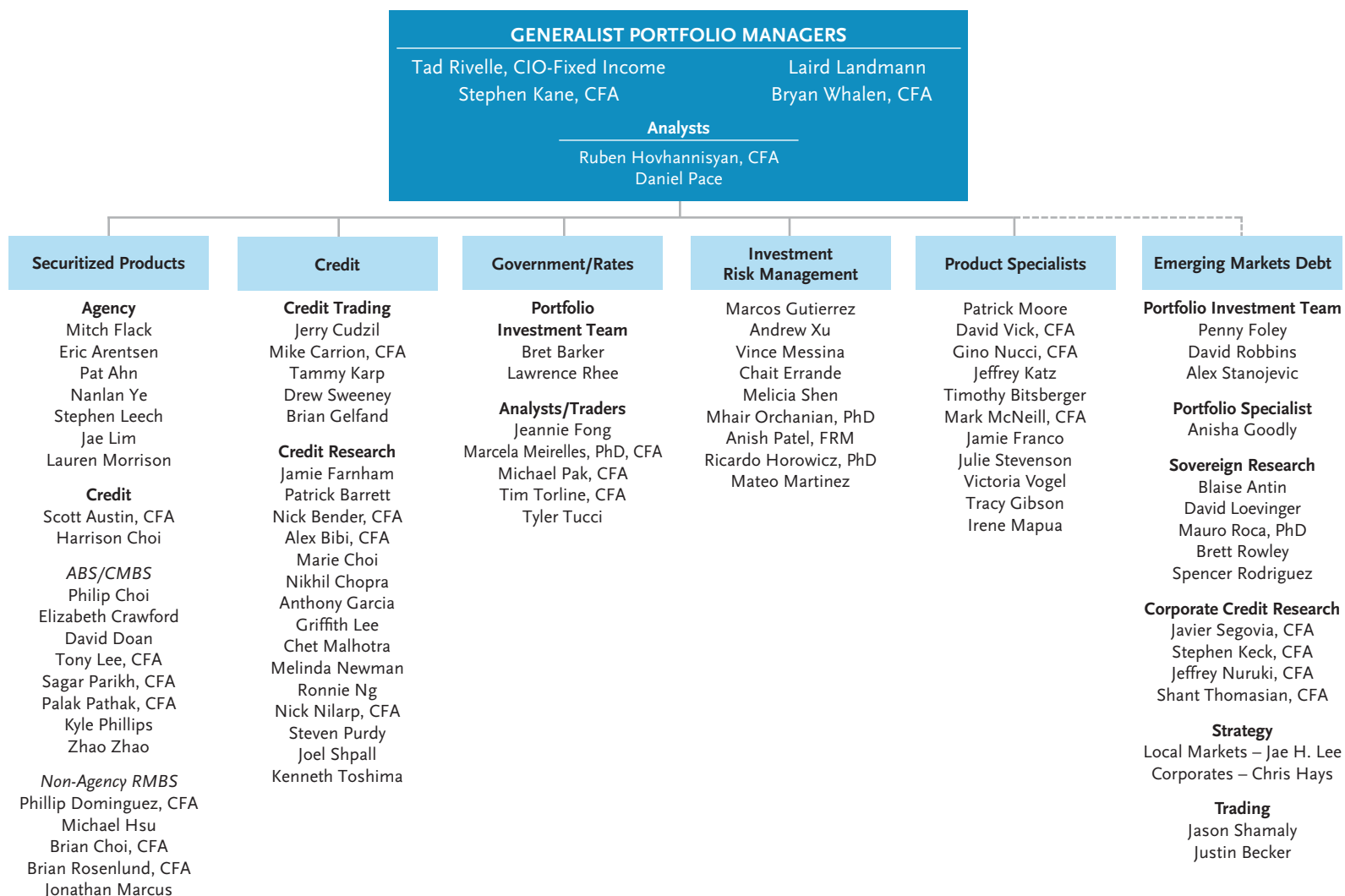
Comprises the assets under management, or committed to management, of The TCW Group, Inc. and its subsidiaries.

¹ Includes respective allocations for multi-asset products. ² AUM totals may not reconcile due to cross-held assets.

* Includes Core, Core Plus, Intermediate, and Opportunistic Core Plus Fixed Income. ** Includes Low Duration and Ultra Short/Cash Management. *** Includes U.S. Government, Government/Credit, Global, and Other Fixed Income.

Fixed Income Expertise

AS OF FEBRUARY 2018



Sacramento Regional Transit District - Contract Employees

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670) / BENCHMARK: BLOOMBERG BARCLAYS AGGREGATE
AS OF JANUARY 31, 2018

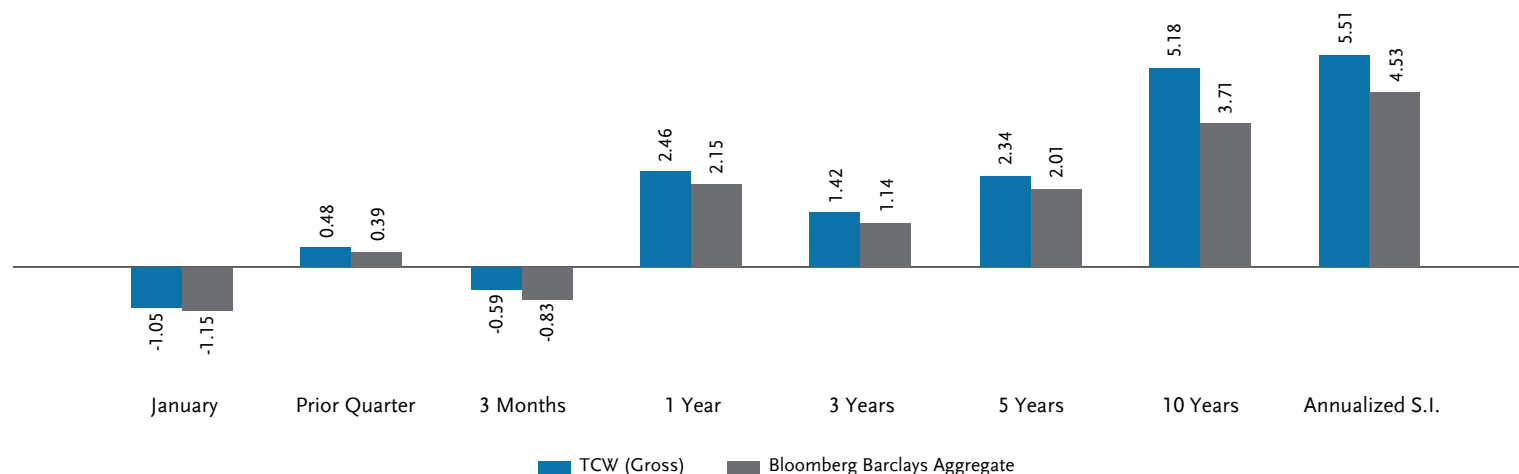
Executive Summary

Base Currency: US Dollar

Ending Market Value

88,868,275.92

Total Rate of Return (%)



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

Portfolio Characteristics

	Portfolio	Index
Yield To Worst	3.20%	2.97%
Duration	5.88 yrs	6.07 yrs
Spread Duration	3.92 yrs	3.99 yrs
Quality	AA	AA+
U.S. Government	30.83%	38.69%
Credit	30.81%	30.84%
Mortgage Backed	36.05%	29.95%
Asset Backed	6.31%	0.52%
Cash and Equivalents	(4.00)%	0.00%
Other	0.00%	0.00%

Sector Allocation Highlights

	Portfolio	Index
Mortgage Backed	36.05%	29.95%
Agency MBS	27.28%	28.08%
Non-Agency MBS	4.42%	0.00%
CMBS	4.35%	1.87%
Credit	30.81%	30.84%
Corporate Credit	28.86%	25.30%
Investment Grade	25.97%	25.30%
High Yield	2.89%	0.00%
Non Corp Credit	1.86%	3.67%
Non USD Developed	0.00%	0.00%
Emerging Markets	0.10%	1.88%
Other	0.00%	0.00%

4Q 2017 Market Returns

Fixed Income	4Q 2017 Total Return	4Q 2017 Excess Return*	12 Month Total Return	12 Month Excess Return*	Yield-to-Maturity	OAS (bps)
Treasury	0.1%	0.0%	2.3%	0.0%	2.2%	-
3 mo T-Bills	0.3%	0.0%	0.9%	0.0%	1.4%	-
1-3 Year	-0.3%	0.0%	0.4%	0.0%	1.9%	-
TIPS	1.3%	0.0%	3.0%	0.0%	2.3%	-
Corporate	1.2%	1.0%	6.4%	3.5%	3.3%	93
AA-Rated	0.7%	0.6%	4.6%	2.1%	2.7%	49
BBB-Rated	1.2%	1.1%	7.1%	4.2%	3.6%	121
High Yield	0.5%	0.7%	7.5%	6.1%	6.2%	343
Agency MBS	0.2%	0.2%	2.5%	0.5%	2.9%	25
Commercial MBS	0.4%	0.8%	3.4%	1.6%	2.9%	62
Asset Backed	0.0%	0.2%	1.6%	0.9%	2.3%	36
Non U.S. Sovereign	1.5%	1.2%	9.3%	6.1%	0.7%	19
Emerging Markets	0.5%	0.5%	9.1%	6.4%	4.9%	258

Source: Bloomberg Barclays

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

Equity	4Q 2017 Total Return	12 Month Total Return	Yield-to-Maturity	OAS (bps)
S&P 500 Index	6.64%	21.82%	-	-
DJIA Index	10.96%	28.11%	-	-
NASDAQ Index	6.57%	29.73%	-	-

Source: Bloomberg
For period ending 12/31/17

4Q 2017 Core and Core Plus Fixed Income Performance Attribution

	Positioning	Market Action	Result
Duration	Duration remained 0.3 years shorter than the Index throughout the quarter	While short rates rose by 30-40 bps during the quarter, and the 10-Year yield increased by 7 bps, the 30-Year continued to edge lower, falling 12 bps to 2.74%	Small Positive
Yield Curve	Underweight across the curve with a slight preference for 5-Year maturities	The yield curve continued to flatten, with the spread between 5- and 30-Year rates falling to 53 bps from over 100 bps a year ago	Neutral
Sector	<ul style="list-style-type: none"> Underweight governments Underweight exposure to investment grade credit, with a small allocation to high yield where allowed Overweight most structured products, including non-agency MBS, CMBS, and ABS 	<ul style="list-style-type: none"> Non-government sectors outperformed during the quarter, with the broad fixed income market ahead of Treasuries by 36 bps on a duration-adjusted basis Investment grade credit outpaced Treasuries by 90 bps, with corporates leading non-corporate credit, while high yield corporates bested Treasuries by just over 70 bps Structured products generally outpaced Treasuries on a duration adjusted basis but trailed credit sectors 	Neutral
Issue Selection	<ul style="list-style-type: none"> Corporate positioning favors large U.S. banks, insurance companies, and REITs, within financials, and select defensive industrials like pharmaceuticals, communications, and non-profit hospitals Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors CMBS holdings remain focused on agency issues and seasoned non-agency bonds where underwriting remains solid Maintain position in current pay, senior, non-agency MBS backed by subprime and alt-A loans Continued to hold 3-month JGB T-bills, where allowed, hedging Yen exposure with a dollar-yen cross-currency swap 	<ul style="list-style-type: none"> Commodity-related industrial sectors led among corporate credit, though many other sectors fared well, including consumer cyclicals, transportation, media entertainment, natural gas, insurance, and REITs Commodity prices were strong, benefitting metals and energy sectors and emerging market debt Returns were positive across both agency and non-agency CMBS, though higher quality areas of the market significantly underperformed Non-agency MBS performance remained strong into year-end, supported by solid investor demand given attractive loss-adjusted yields and a profile characterized by low volatility, short duration, and improving fundamentals Position remained attractive with a significant yield premium over U.S. T-bills 	Small Negative

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

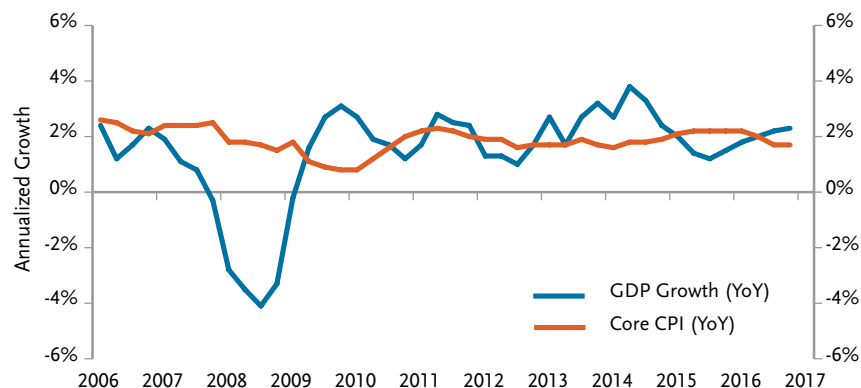
2017 Core and Core Plus Fixed Income Performance Attribution

	Positioning	Market Action	Result
Duration	Duration remained approximately 0.3 years shorter than the Index throughout the year	Notwithstanding a 90 bps rise in the front-end of the yield curve, long U.S. Treasury rates fell with the 30-Year down 33 bps to 2.74%, while the 10-Year traded between 2.1% and 2.4%, ultimately ending the year at 2.4%, a modest 4 bps lower than where it started	Small Positive
Yield Curve	Underweight across the curve with a slight preference for 5-Year maturities	Front-end yields moved higher with the Fed Funds rate while the long-end edged lower, resulting in a significantly flatter curve with the spread between the 5- and 30-Year falling to 53 bps from over 100 bps at the start of the year	Neutral
Sector	<ul style="list-style-type: none"> Underweight governments Underweight exposure to investment grade credit, with a small allocation to high yield where allowed Overweight most structured products, including non-agency MBS, CMBS, and ABS, but slightly reduced the overweight to non-agency CMBS 	<ul style="list-style-type: none"> Non-government sectors outperformed, with the broad fixed income market ahead of Treasuries by 120 bps on a duration-adjusted basis Investment grade credit outpaced Treasuries by 335 bps, with corporates leading non-corporate credit, while high yield corporates bested Treasuries by 610 bps Structured products generally outpaced Treasuries on a duration adjusted basis but trailed credit sectors 	Small Negative
Issue Selection	<ul style="list-style-type: none"> Corporate positioning favors large U.S. banks, insurance companies, and REITs, within financials, and select defensive industrials like pharmaceuticals, communications, and non-profit hospitals Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors Maintain position in current pay, senior, non-agency MBS backed by subprime and alt-A loans Emphasis on non-traditional ABS sectors like government guaranteed student loan receivables Continued to hold 3-month JGB T-bills, where allowed, hedging Yen exposure with a dollar-yen cross-currency swap 	<ul style="list-style-type: none"> Issue selection among insurance and REIT credits contributed, though banking credits underperformed those held in the Aggregate Index, while the lack of exposure to technology and building materials further detracted Commodity prices improved over the year, benefitting metals and energy sectors and emerging market debt Non-agency MBS gained approximately 10% in 2017, holding up well against rising rates and benefitting from solid investor demand given attractive loss-adjusted yields and a profile characterized by low volatility, short duration, and improving fundamentals Government guaranteed student loans, largely floating rate, performed well as rates rose and investor uncertainty about rating downgrades dissipated as rating agencies concluded their broad review early in the year Position remained attractive during 2017 with a significant yield premium over U.S. T-bills 	Small Positive

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

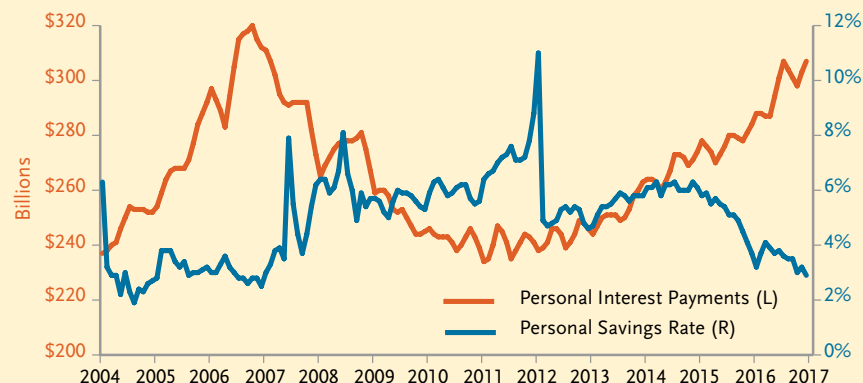
4Q 2017 Economic Review: Improving Growth but Cracks Are Appearing

GDP Moved Higher While Inflation Remained Subdued



Source: Bloomberg Barclays

Consumers Revisit 2007 Deficit Spending Habits



Source: Bloomberg Barclays

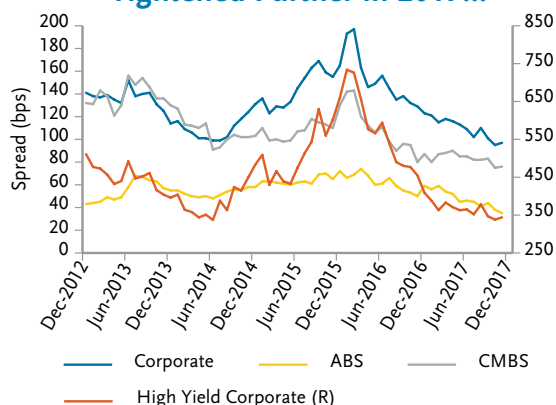
- The U.S. economy continued to build momentum through 2017 with the quarterly GDP print rising to 3.2% in the third quarter, bringing the year over year growth rate to 2.3%, up from 1.8% at the end of 2016. Employment growth was also solid with an average of almost 175k new jobs added every month and an unemployment rate of 4.1%, down from 4.7% to start the year.
- Despite the increase in economic activity, inflation remained tame, with most measures starting the year strong, then dipping over the summer with a modest recovery into year-end. At 1.7% and 1.5% respectively, both core CPI and core PCE remained well below the Fed's nominal 2% inflation target. At the same time, market measures of future inflation were also contained.

- A strong holiday shopping season helped to offset a rough year for retailers, but it highlighted one of the challenges faced by the U.S. economy – namely that consumption is being enabled not by increases in wages but by less saving, as evidenced by savings rate numbers that are below 3% and back to levels last seen in 2007.
- Similarly, personal interest expense has moved steadily higher over the last few years, reaching levels near the 2007 peak, indicating the growing burden on consumer discretionary income. The challenges of higher interest expense are compounded by the cumulative impact of non-debt payment obligations like cell phone and cable bills, monthly subscription services, and entertainment accounts.

Our View: The U.S. economy performed well in 2017, but there are signs of stress under the surface, and broad economic statistics like GDP are a lagging indicator, typically not showing weakness until a market correction is already underway. Therefore, investors should be looking at the credit markets and forward-looking indicators such as leverage, debt service coverage levels, and underwriting standards to assess the level of risk, rather than justifying aggressive risk taking due to solid economic data.

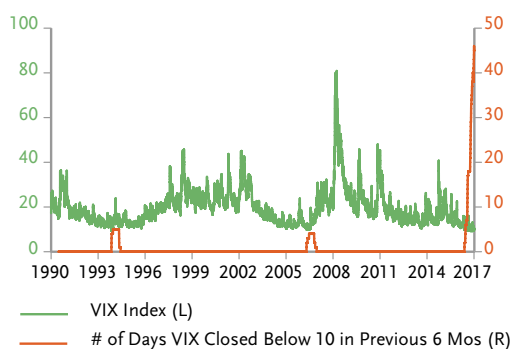
4Q 2017 Market Review: Strong Returns but Low Volatility is a Concern

Spreads Across Sectors Tightened Further in 2017...



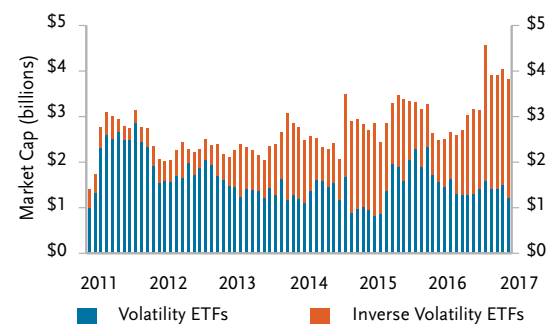
Source: Bloomberg Barclays

... While Volatility Collapsed...



Source: Bloomberg Barclays, TCW

...and Bets Grew on It Staying Low

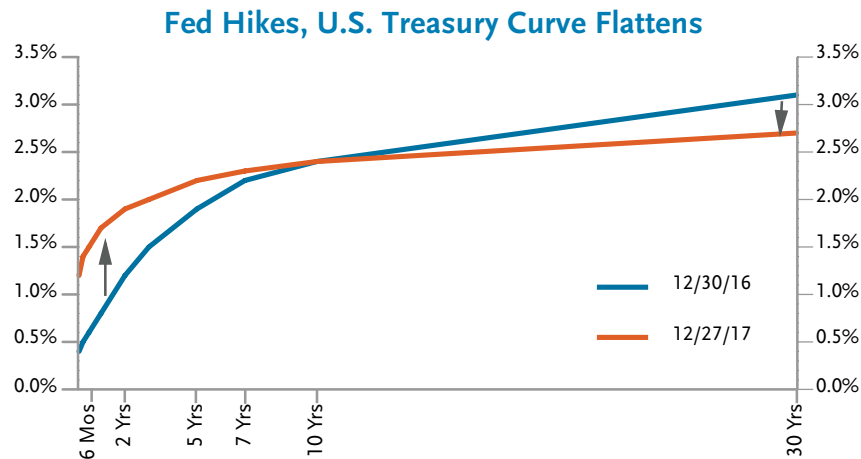


Source: Bloomberg Barclays

- Financial markets posted strong results in 2017 with the S&P500 Index up over 22% and the NASDAQ up near 30% on the year, both reaching record highs in the 4th quarter. Fixed income markets were also solid performers, with the highest beta/lowest quality sectors generally performing the best. Emerging markets generated 9% returns, with high yield corporates just behind at 7.5%.
- Risk appetite remained robust throughout the year with investors reaching for yield across sectors. That demand translated to aggressive new issuance, and drove yield spreads tighter in the 4th quarter and for the year. Despite higher rates across much of the curve, performance in traditional fixed income sectors was all positive.
- With asset prices rising and volatility drifting lower, investors piled into trades (both explicit and implicit) designed to profit from both phenomena. The end result was that both the VIX Index, which measures expected volatility in the equity (and by extension credit) markets, and the MOVE index, which measures expected volatility in the U.S. Treasury market, bounced around all-time lows.
- Further, markets saw the potential rise of volatility as an asset class by itself, with a surge in interest in volatility related ETFs and other investment vehicles. Over \$4 billion is in dedicated volatility ETFs, with almost 2/3s of that money in inverse VIX products that generate positive returns when volatility declines – an explicit bet that volatility will remain low.

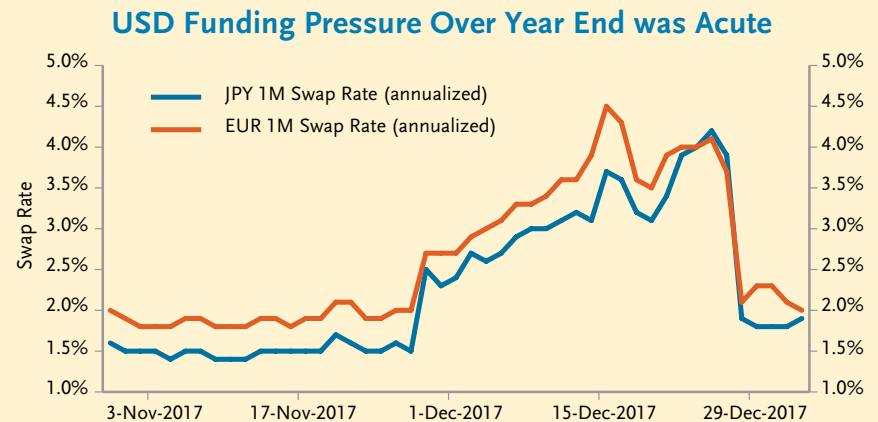
Our View: As the saying goes, “the best cure for low volatility is low volatility”. With strong returns and dormant volatility, investors grow complacent and begin to take risks that in hindsight turn out to be imprudent. We believe we are in one of those periods now, with risk meaningfully mispriced, especially given the limited potential for similarly strong results next year. In this environment, maintenance of investing discipline will be critical to avoiding the inevitable pitfalls, since once the volatility trade starts to unwind, it could do so very quickly and painfully.

4Q 2017 Fed Review: Coming Changes and Curve Flattening



Source: Bloomberg Barclays

- The FOMC hiked rates three times in 2017, including at the last meeting of the year in December to bring the target for the Federal Funds rate to between 1.25% and 1.5%. Fed projections suggest three further hikes in 2018, though markets are pricing in only two hikes for the year.
- As the front-end of the yield curve has moved higher with the Fed Funds rate, the long-end of the curve has actually moved somewhat lower, resulting in a significantly flatter yield curve over the course of the year. Though the Fed has suggested the flattening curve is nothing to worry about, historically a flat curve suggests that markets are skeptical of the durability of economic growth and future Fed tightenings risk tipping the economy from expansion to recession.



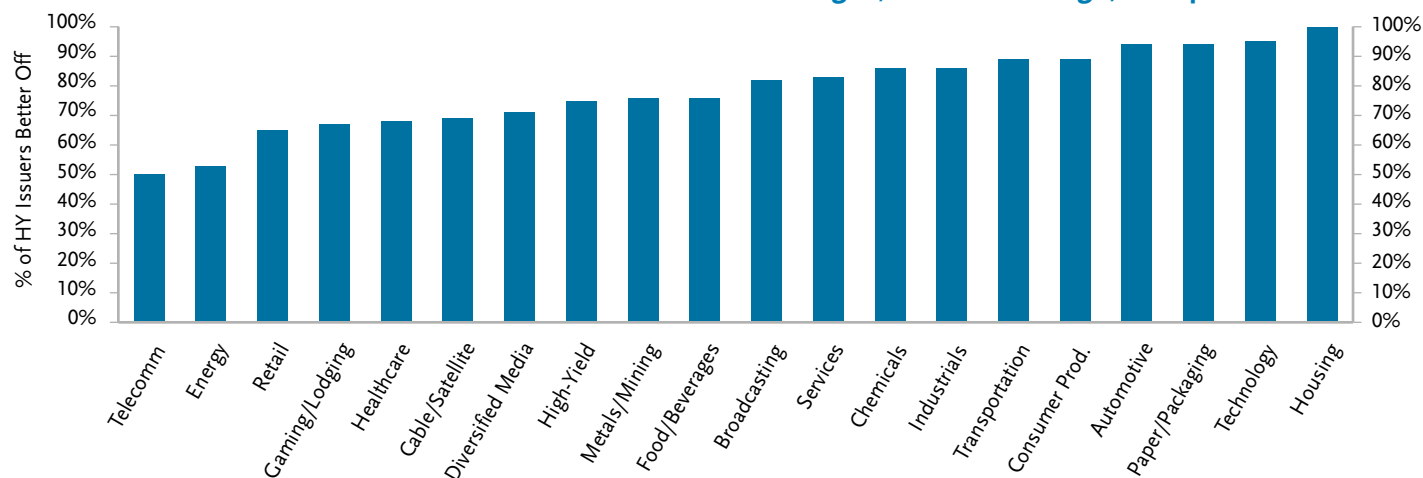
Source: Bloomberg Barclays

- Complicating estimates of the future course of rate hikes is the uncertain composition of the FOMC. Though incoming chairman Powell is expected to offer a fair amount of continuity with Yellen's policies, there are four vacant seats that President Trump will need to fill. Given Trump's campaign rhetoric, it is certainly possible that his appointees tend to be more hawkish than recent boards, potentially leading to a faster overall normalization of policy.
- Although Fed tightening efforts and balance sheet reduction have been modest so far, the effect will be to reduce the amount of dollars available to investors. The lower levels of liquidity will be felt in a variety of markets over time, but it has already shown up in greater bank funding pressure over year-end. While high year-end financing costs have been a feature of markets for some time, the JPY/USD and EUR/USD cross currency swap at over 4% heading into year-end represented abnormally elevated levels.

Our View: The Fed has committed to making the normalization process as smooth and transparent as possible, and to date, it has been successful. However, monetary policy works with lags that can be long and variable. As a result, though we aren't overly concerned about any one particular hike or reduction in asset purchases, the cumulative effect of those actions is a concern. As we have seen in cycles past, the economy and markets can appear to be unaffected by Fed tightening for a period of time, but ultimately both succumb to the impact of tighter and more expensive cost of credit.

4Q 2017 Tax Reform: Marginal Positive but Not a Change in Trajectory

Some Sectors Fare Better Than Others Under the New Tax Changes, But On Average, Companies Are Better Off



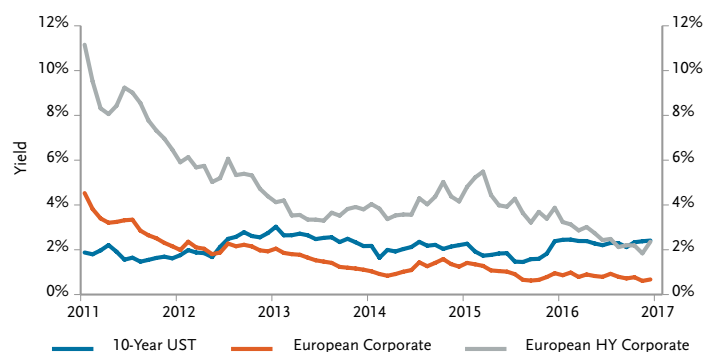
Source: TCW; JPMorgan; Capital IQ

- The House and Senate finally agreed on a comprehensive tax reform bill that was signed into law in December. The bill includes a substantial cut in the corporate tax rate as well as lower personal income tax rates, at the expense of full deductibility of state, local, and property taxes for individuals, and a cap on interest deductibility for corporations.
- Markets have generally viewed the entire package as mildly stimulative to GDP, with analysts predicting a bump to GDP of between 0.2% and 0.5% over the first couple years. Credit analysts are also predicting a mostly positive impact for investment grade and high yield corporations, though the effect on any particular name will depend heavily on the specific credit details and capital structure of the issuer.
- In particular, sectors that will not benefit from the tax changes include those that are less profitable, have high leverage, low existing tax rates, significant overseas earnings, and/or low capital expenditure requirements. Within high yield, only the lowest (CCC) rated companies are expected to bump up against the interest deductibility caps, increasing the risk in that part of the market, while higher rated bonds are expected to benefit.
- On the individual side, the caps on mortgage interest deductibility and state, local, and property taxes will hit high income earners in high tax states (NY, NJ, CA, IL, CT, MA) disproportionately, but are expected to boost after tax incomes in the middle of the country. These changes could reduce demand for housing in high tax areas, helping to keep a lid on nationwide home prices, though those declines could be offset by rising prices in other areas.

Our View: We agree that the impact of the tax code changes overall will likely provide a small boost to economic growth in the U.S., but not enough to change the fundamental backdrop. Further, gains in income realized by corporations are more likely to go to shareholders in the form of buybacks, dividends, and M&A, and are unlikely to go to employees given the low levels of productivity growth, limiting the size of the bump. Further, if growth surprises to the upside, the Fed may be forced to respond with higher rates, limiting the potential improvements.

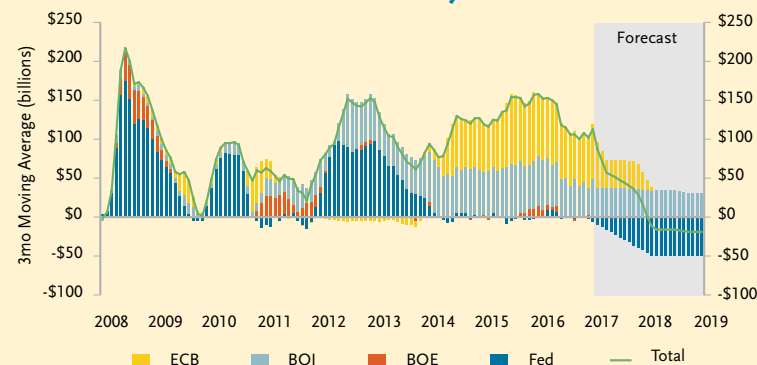
4Q 2017 Global/Emerging Market Review and Outlook: Better Growth Prospects but Growing Risks

European High Yield Bonds Now Yield Less Than the 10-Year U.S. Treasury



Source: Bloomberg Barclays

Central Banks Purchases Expected to Shrink Dramatically in 2018



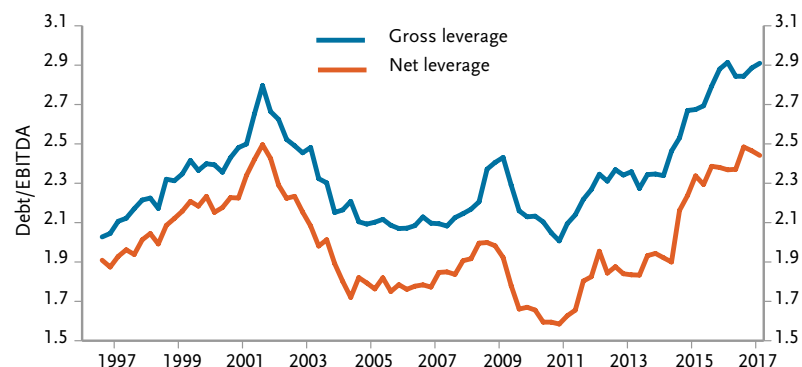
Source: National Central Banks and Citi Research

- Global growth picked up in 2017 with Chinese data stronger than expected, Europe gradually improving, the UK hiking rates, and Japan showing signs of budding inflation. The improving prospects led central banks to begin to discuss increasing rates and reducing asset purchases, potentially removing one of the long-time supports to global fixed income markets.
- The extent of that support is substantial but potentially waning, with expectations that by the end of 2018, there will be roughly zero net asset purchases, versus the current ~\$110bn in monthly purchases. If those expectations are realized in 2018, there will be a total of \$1.2 trillion in bonds currently being purchased by central banks that will have to be absorbed by the private market.
- However, for now, negative rates and massive government bond buying programs have spurred valuations to extreme levels. Emerging market spreads are tight and parts of the European high yield market trade at lower yield levels than a 10-Year U.S. Treasury.
- With the European Central Bank, Bank of Japan, and Bank of England just beginning to embark on their policy normalization programs, we believe they are behind the U.S. in that regard. This suggests that the scope of potential rate increases in those countries is greater than it is in the U.S., which, when coupled with the absolute low levels of yield in those markets makes for challenging valuations.

Our View: While better growth around the world would be welcome, such prospects are built on fragile fundamentals. Chinese growth is dependent upon a huge and growing mountain of debt while European growth may be hampered by weakness in their banking system, which never really delevered in the wake of the financial crisis. Similarly, monetary accommodation appears to have run its course in Japan with little to show for it, while the emerging markets remain vulnerable to a rapid unwind of the short volatility trade and a collapse in available liquidity.

4Q 2017 Investment Grade Credit Review and Outlook: High Leverage and Tight Spreads

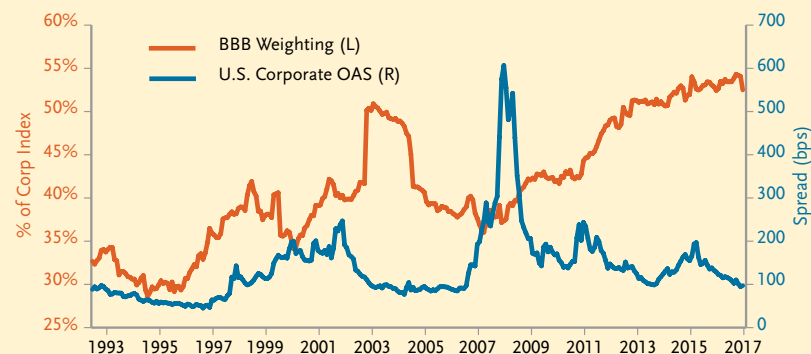
Leverage of U.S. Corporations* at Record Highs



Source: BofA Merrill Lynch Global Research
*U.S. IG Corporate Non-Financial Issuers

- Investment grade corporate bonds posted strong returns in 2017, outperforming comparable duration Treasuries by almost 350 bps. Within corporates, lower quality issuers performed the best, with BBB issues outperforming by over 400 bps, while AA issues generated a more modest 200 bps of excess return. On the sector front, all did well, with high beta sectors like basic industries, building materials, and oil refining pacing the field.
- With the absolute level of rates still low and investors clamoring for yield, issuers were active with supply reaching a record of over \$1.4 trillion on a gross basis. Issuance was primarily focused in industrial sectors for the 4th quarter and the year, and with increasingly lax underwriting and passes from the rating agencies, leverage has remained elevated.

Corporate Spreads Have Declined Despite Lower Quality Index



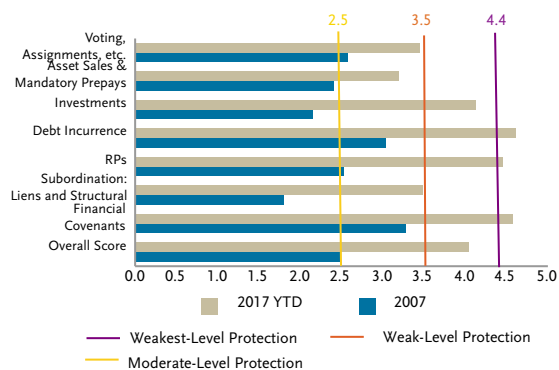
Source: Bloomberg Barclays

- Yield spreads ended the year at 93 bps, near the tightest they have been this cycle and close to the lowest levels historically. It's important to note that the current numbers are being compared to the spreads of the index from 10 years ago, when the overall index quality was much higher.
- Looking forward, there is some potential for lower issuance, especially from larger technology companies, who may have less of a need to issue debt in the U.S. if they are able to more easily repatriate cash held overseas. However, as long as markets remain open, rates stay low, demand is robust, and the penalty for adding leverage is minimal, issuance is likely to be high.

Our View: Investors have grown too complacent to the risks involved in investment grade corporate bonds. Though the risk of default is low, the risks of downgrades and spread widening exist and yield compensation for those risks is very low. As a result, we continue to look for sectors such as REITS, large money center banks, utilities, food and beverage, and not for profit hospitals that are more defensive, as well as sectors that generally aren't able to increase leverage and that are more likely to withstand any potential volatility.

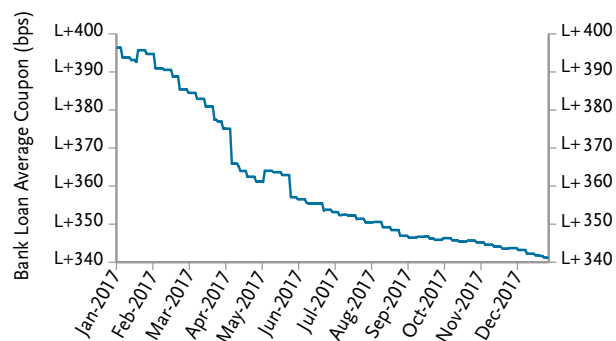
4Q 2017 High Yield/Bank Loan Review and Outlook: Increasingly Aggressive Underwriting with Less Yield to Compensate

Current Underwriting Standards Worse than 2007



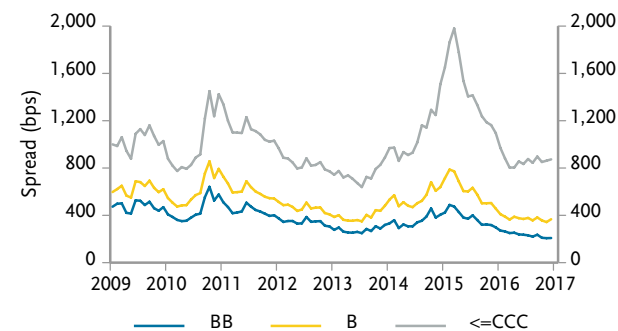
Source: Moody's

Bank Loan Margins Fell Precipitously in 2017



Source: S&P, LCD Comps

High Yield Spreads Tightened Further to Post-Crisis Tights



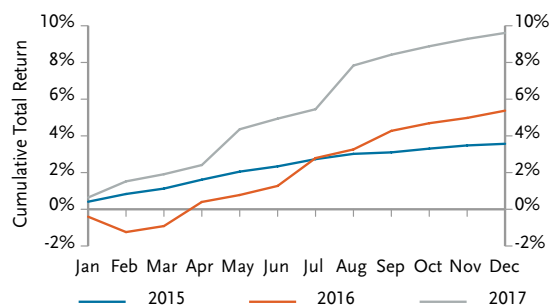
Source: Bank of America Merrill Lynch

- High yield bonds were up by 7.5% in 2017 as the search for yield caused spreads to ratchet tighter consistent with the investment grade market. Loans also posted strong performance, generating returns for the year of around 4.2%, with the benefit of rising LIBOR rates offset by consistent tightening of spreads and coupons.
- The trading range for high yield bonds in 2017 was around 70 bps, the lowest since the late 90s, while the implied volatility on high yield index credit default swaps reached record lows during the year. Both of those suggest that risks in the market are relatively low, but increasingly aggressive underwriting standards show the opposite.
- Although volatility on the surface has been muted, there has been a meaningful amount across specific sectors and issuers. In particular, stress in wirelines, healthcare, cable, retailers, and select food and beverage names was felt, while sectors like energy and basic industries performed well. This divergence due to idiosyncratic factors has often been a precursor to broader market downturns in cycles past.
- On the loan side, refinancings were abundant, with issuers and underwriters actively reducing coupons on issues that traded above par. As a result of this consistent activity, the average quoted spread of the loan index declined 40 bps since the end of 2016, to end around L+345, the lowest level since 2010. Along those same lines, the percentage of the loan index with a coupon spreads of 250 bps or less has risen to 24% from 9%.

Our View: Despite the apparent tranquility in markets, risks are abundant across the below investment grade universe. Weak underwriting means fundamental risks are growing while tight spreads provide limited compensation for taking those risks. In the current environment, where the amount of spread investors receive per unit of leverage is at historic lows, the allocation to high yield should be similarly low.

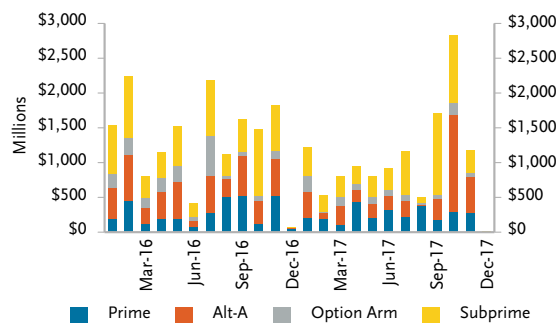
4Q 2017 Non-Agency MBS Review and Outlook: One of the Only Sectors to Offer Deleveraging Assets

Non-Agency MBS Posted Strong Returns



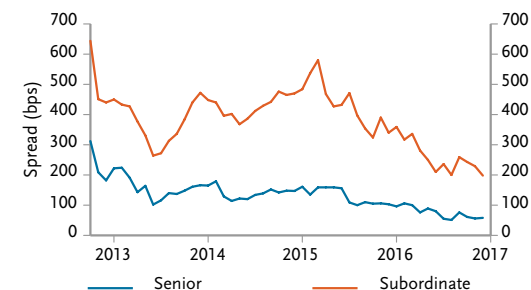
Source: Citigroup

Non-Agency MBS Trading Volumes Remain Robust



Source: Bloomberg Barclays, TCW

Credit Risk Transfer Notes Offer Little Spread Compensation



Source: Citigroup

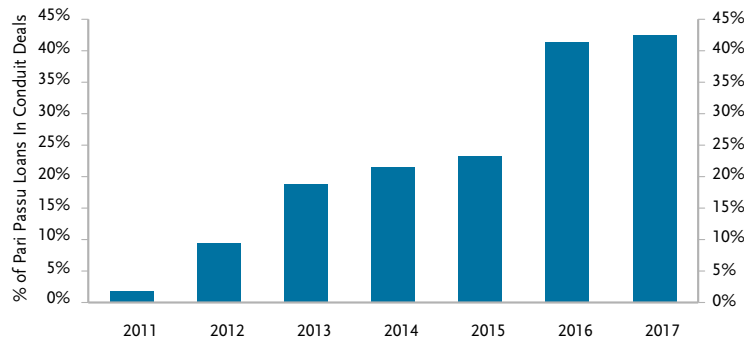
- Non-agency MBS was one of the best performing asset classes in 2017, with returns for the broad market nearing 10%, well above the annual return for the sector in the previous couple of years. The sector benefited from faster prepayment rates as more and more borrowers became eligible to refinance to lower cost mortgages.
- The sector also got a boost from various legal settlements with banks and underwriters that paid out in 2017 or are expected to pay out in 2018. Between the JP Morgan and Lehman Brothers settlements, markets expect roughly \$7bn in settlements to be sent to investors in 2018 on top of the over \$9bn paid out to date. These payments, combined with regular paydowns and prepayments continue to reduce leverage in the asset class and demonstrate further fundamental improvement.

- Despite the ongoing paydowns in the market, trading volumes remained healthy with daily trading volume on TRACE averaging about \$700mm. In addition, markets saw consistent bid list activity during the year with \$14-\$18bn of lists every quarter. The list of investors has been stable as well, with sophisticated, unlevered investors like money managers and insurance companies making up the bulk of the demand.
- As the demand for higher yielding investments grows, non-GSE mortgage issuers have begun to respond with new issuance in the sector. There have been a small number of deals based on resecuritizations, non-prime, and non-qualified mortgages, but the largest non-agency issuance has come in credit risk transfer notes from FNMA and FHLMC, a market that is roughly \$40bn in size and expected to grow \$7-\$8bn in 2018.

Our View: Legacy non-agency MBS remains one of the most attractive sectors in fixed income given the improving fundamentals – it is one of the few places where investors can find assets that are deleveraging rather than leveraging. Some of the new issue market is attractive, though fundamentally different from the legacy market, while the credit risk transfer notes offer relatively low yield with structures that provide little margin for error.

4Q 2017 CMBS Review and Outlook: Weaker Underwriting Finds Way to Structured Products

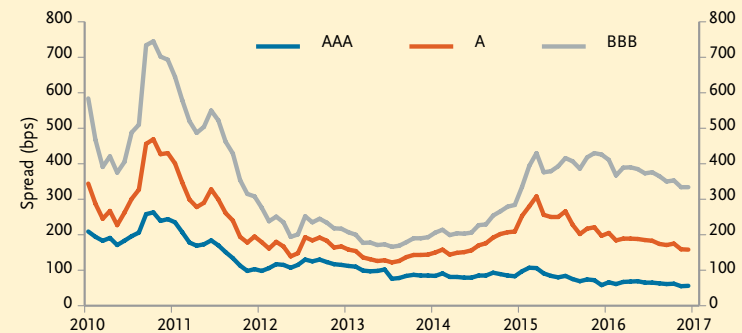
Use of Pari Passu Loans Has Risen Substantially



Source: MS Research, Trepp

- Both agency and non-agency CMBS generated modest positive returns in 2017, and consistent with other sectors, the lowest quality parts of the market were the standout performers. While AAA non-agency CMBS returned 3.5% for the year, BBB rated non-agency CMBS posted just over 14% as spreads tightened over 100 bps, though they remain elevated on continued risk assessments of the retail influence on conduit deals.
- Fundamentally, the CMBS market has seen underwriters get increasingly aggressive with structures, using pieces of pari passu loans across a variety of deals to disguise the actual risk in those deals. Pari passu loans are simply larger loans that are divided up into smaller pari passu chunks and placed in a number of different deals, and their allocation in CMBS deals has risen from zero in 2010 to over 40% today.

CMBS Spreads Have Tightened Despite Poor Underwriting



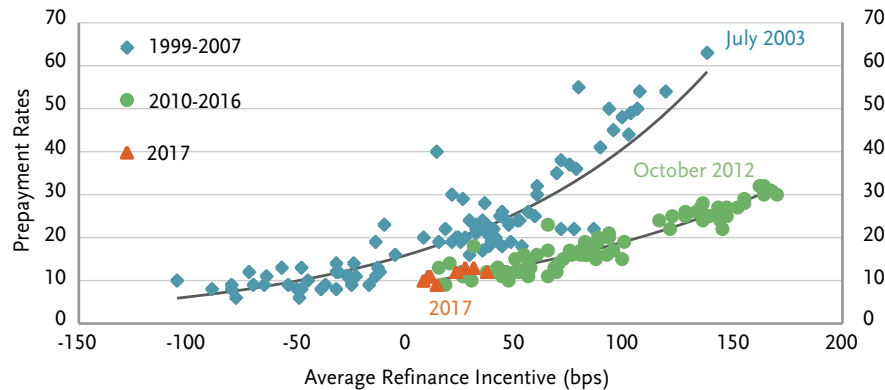
Source: Bloomberg Barclays

- Pari passu loans are used in two ways:
 - High quality loans are put in deals to improve the average metrics, allowing lower quality loans to be included without causing obvious degradation in overall reported average deal quality
 - Small pieces of low quality loans are spread across a wide number of deals to keep them out of the list of top 20 loans, for which additional disclosures are typically required and on which investors do additional due diligence obscuring the actual risk in the lower parts of the capital structure
- As a government guaranteed sector, agency CMBS avoids the credit problems with pari passu loans and poor underwriting, but offers lower spreads and lower return potential. With a focus on multi-family properties consistent with the statutory goals of the agencies, it also avoids the risks associated with the weak retail sector which makes up an average of 10% of traditional CMBS deals.

Our View: As one of the areas of the structured products market that is experiencing the deterioration in underwriting standards also experienced in credit markets, and with little yield compensation to offset those risks, current vintage CMBS is relatively unattractive. However, parts of the market that do not have those same challenges, including agency CMBS, seasoned issues, or single asset single borrower deals where pari passu loans aren't included all offer reasonable value.

4Q 2017 Agency MBS Review and Outlook: Some Good and Some Bad

Prepayments Less Sensitive to Interest Rate Changes



Source: eMBS, FTN Financial, TCW

- Agency MBS ended the year up slightly, outperforming comparable duration Treasuries by about 50 bps. The sector was soft in the middle of the year, as concerns about the pace of the Fed balance sheet reduction caused spreads to widen, but it recovered later in the year as the gradual reduction plan was digested and investors sought the additional carry available.
- Going forward, prepayments are expected to be slower overall as the refinance incentive is significantly lower than it has been in the past. Currently, only about 30% of FHLMC mortgages have rates above the current mortgage rate +50 bps, whereas in June 2003, a full 95% of mortgages had such rates. This makes the likelihood of a rapid increase in prepayments lower and provides greater stability to agency MBS cash flows.

- There are a number of other conflicting forces acting on the agency MBS market currently:

Positive

- High credit quality
- Very liquid asset class
- Yield premium relative to U.S. Treasuries
- Flatter yield curve benefits “wide window” bonds
- Tax reform is a headwind for housing price appreciation (HPA), tempering net supply
- Unexpectedly higher U.S. deficits could favor the basis with spread narrowing

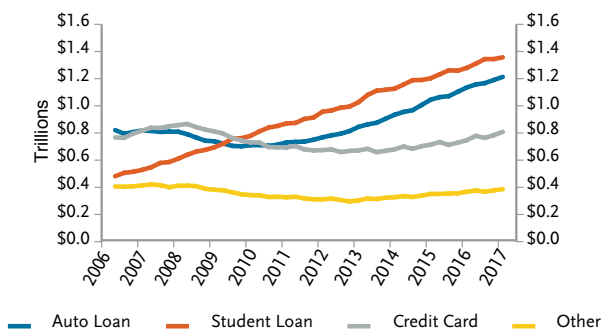
Negative

- Tight nominal spreads (though fair option adjusted spreads)
- Fed balance sheet runoff
- Potential for higher volatility
- Continued HPA tailwind suggests higher net supply
- Falling U.S. dollar may weigh on overseas demand for MBS

Our View: At current levels, agency MBS offers fair value with the positive aspects of the market roughly balancing the potential negative factors. There are parts of the market, such as long CMOs, which look relatively cheap, while TBAs can be attractive especially considering their high levels of liquidity. Other parts of the market, such as GNMA and 10-15 years pass throughs are relatively unattractive given the potential for greater issuance and tight spread levels respectively.

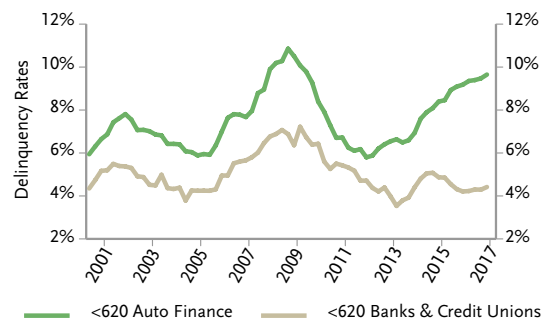
4Q 2017 ABS Review and Outlook: A Large Market and Diverse Market

Consumer Debt Levels Rising



Source: New York Fed Consumer Credit Panel/Equifax

Seriously Delinquent Subprime Auto Borrowers Nearing 2007 Levels



Source: New York Fed Consumer Credit Panel/Equifax

Collateral Type	Size (\$bn)
Corporate Related	465
CLO	426
Cell Tower	6
Whole Business	14
Rental Car/Fleet Lease	19
Traditional Consumer	199
Credit Card	87
Prime Auto	71
Equipment	41
Student Loans	194
FFELP	157
Private Label	37
Non-Traditional Consumer	96
Subprime Auto	41
Tobacco Bonds	27
Consumer Loans	18
Legal Settlements	4
Timeshare	6
Real Estate Related	46
Military Housing	20
Small Balance Commercial	10
Single Family Buy-to-Rent	16
Global Logistics	23
Railcars	5
Shipping Containers	6
Aircraft	12
Environmental	26
Catastrophe	26
Other	37
Total	1,086

- Like other non-government sectors, asset-backed securities also posted positive returns on both an absolute and relative basis, with all subsectors outperforming comparable Treasuries. The best performing sector was student loans, which saw spreads tighten throughout the year as markets gradually grew more comfortable with the impact of rating agency downgrades, which largely concluded early in 2017.
- Although ABS remains a high quality asset class, there are signs of building stress. On a macro level, household debt levels have moved consistently higher, focused on student and auto loans, but credit cards and other forms of debt have also drifted higher.
- Within specific sectors such as subprime auto lending, delinquencies have moved higher with 90+ delinquency rates rising to almost 10%, levels last seen in 2009. At the same time, recoveries have moved lower, with average recovery rates around 40%, about 5% lower than the average level over the preceding few years.

Our View: The ABS sector offers a wide variety of collateral types with varying risk profiles and opportunities. Consistent with our defensive positioning, we favor those sectors that offer strong structures and solid collateral such as federally guaranteed student loans and top of the capital structure CLOs. Moving down the capital structure or into more cyclically sensitive areas isn't justified by current spreads given the potential for increasing volatility.

4Q 2017 Core and Core Plus Fixed Income Positioning Summary

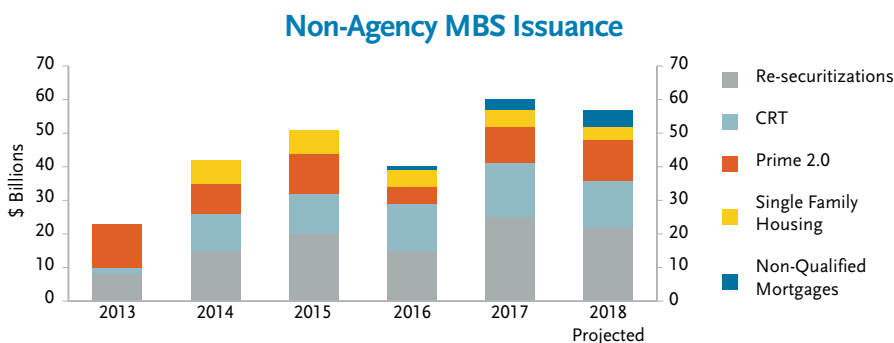
We remain concerned about the potential for a significant and painful deleveraging in credit markets if volatility increases and record leverage is unwound in a disorderly fashion. However, deleveraging may take some time to unfold, so we continue to look for opportunities to add yield to the portfolio while avoiding credit risk, which has led us to various parts of the structured products market.

Characteristic	Positioning	Comments
Duration	Approximately 0.3 years shorter than the Index, with a bias to extend as rates rise	<ul style="list-style-type: none"> Remain short duration as long as rates remain below long-term fair value Look to extend duration as rates rise, with a slight preference for adding in the 5-Year part of the curve
Curve	Slightly favor 5-Year maturities	All parts of the curve bear some risk of rising rates, though 10- and 30-Year maturities are more vulnerable given the current flatness of the yield curve
Governments	Underweight with an emphasis on on-the-run securities	<ul style="list-style-type: none"> On-the-run securities provide greater liquidity for a small give up in yield Look to add TIPS if breakeven inflation levels tighten further
MBS	<ul style="list-style-type: none"> Agency MBS – neutral overall with modest adjustments near ends of the trading range Non-Agency MBS – maintain allocation 	<ul style="list-style-type: none"> Tactically utilize specified pools and TBAs contingent on the pay-up requirements and carry advantage available Favor relatively long accrual tranches of CMO bonds given more stable prepayment profiles Maintain emphasis on higher quality, shorter duration, currently amortizing non-agency MBS bonds
ABS	Overweight, emphasis on non-traditional sectors	<ul style="list-style-type: none"> Favor government guaranteed student loans with a bias to sell as spreads continue to tighten Hold senior CLOs given robust structures and reasonable valuations
CMBS	Overweight, preference for agency CMBS	<ul style="list-style-type: none"> Maintain allocation to agency CMBS which offers high quality cash flows and a yield advantage to Treasuries In non-agency, favor single asset single borrower deals and select IO issues where there is attractive upside potential
Credit	Underweight, bias to add on weakness	<ul style="list-style-type: none"> Emphasize financials with a preference for large U.S. banks which have strong balance sheets and more diversified exposures than smaller, regional banks Underweight industrials with emphasis on defensive sectors like utilities, pharmaceuticals, communications, and non-profit hospitals Underweight high beta credit sectors and non-corporate credit, particularly non-U.S. issues, though will look to add high quality energy names if spreads widen
High Yield	Small allocation	Prefer defensive, relatively high quality credits away from volatile sectors like energy, metals, and transportation
International	Minimal allocation	<ul style="list-style-type: none"> Minimal exposure to emerging markets given vulnerability to credit markets in the U.S. Look to take advantage of market return to equilibrium levels in U.S. vs German 5-year government bonds Hold fully currency-hedged Japanese T-bills as a higher yielding cash substitute

Portfolio characteristics and holdings are subject to change at any time. The views and forecasts expressed in this quarterly review are as of January 2018, are subject to change without notice and may not come to pass. TCW reserves the right to change its investment perspective and outlook without notice as market conditions dictate. Source: Bloomberg, TCW

4Q 2017 Sector Highlight: Non-Agency MBS Issuance

Since the financial crisis, issuance of non-agency MBS has been anemic and due to the self-amortizing nature of the collateral, the asset class continues to shrink. However, since 2013, non-agency MBS issuance has started to increase, albeit at a very small pace, as detailed below.



Source: Intex Solutions, DBRS, KBRA, S&P, Fitch, Bloomberg LP, Wells Fargo Securities

Growth of Non-QM Securitization Market

- 2017 experienced meaningful growth in non-QM securitization as total issuance in 2017 was approximately \$3 billion, exceeding 2016 issuance of approximately \$1 billion. New issuance for 2018 is projected to be \$5 billion.
- Issuance is concentrated in a few non-bank originators, like private equity funds and asset management firms (Caliber, Angel Oak).

Non-QM vs. Legacy Alt-A

- Newly issued non-QM collateral is most similar to pre-2004 Alt-A loans made before the collapse in underwriting standards prior to the financial crisis.
- Non-QM collateral is not necessarily high risk as a loan may miss QM classification because a borrower does not meet some specific criteria, even though the borrower has a strong credit profile. For example, a self-employed borrower may not have stable enough income to satisfy the required debt-to-income ratio.

Non-Qualified Mortgages	Mortgage loans that do not meet CFPB classification of Qualified Mortgage
Single Family Housing	Securitized lease payments from private equity portfolios
Prime 2.0	Prime borrowers with non-conforming, jumbo loans
CRT	Credit Risk Transfer bonds issued by Fannie Mae and Freddie Mac
Re-securitizations	Existing mortgages that are re-securitized

Non-Qualified Mortgage Market (Non-QM)

- In 2014 the Consumer Finance Protection Bureau (CFPB) introduced the classification of Qualified Mortgage, which is a loan that meets certain safe underwriting requirements like maximum debt-to-income ratios, no interest only or negative amortization features, and provides the lender certain legal protections.
- Mortgage loans that do not meet these requirements are deemed non-qualified mortgages, and while they can be made, they open the lender up to potential liability if there are errors in the underwriting.

Non-QM Collateral vs. 2007 Alt-A Collateral

	Non-QM Loans	2007 Alt-A Loans (at issuance)
FICO Scores	~ 67% have FICO between 660 and 740	Similar
Documentation	~ 70% of loans originated have full documentation	Less than 30% of loans in 2004 to 2007 vintages had full documentation
Loan to Value	0% of loans have LTV > 90%	~30% of loans had LTV > 90% (based on home values at that time)

Non-QM Bond Characteristics vs. 2007 Alt-A Bond Characteristics

	Non-QM Bonds	2007 Alt-A Bonds (current)
Senior Bond Credit Rating	AAA	CCC
Credit Enhancement	38%	0%
Weighted Average Life (WAL)	2-3 years	5-7 years
Spread	60	130
Issuers	6	100+

Source: Wells Fargo, Federal Reserve Bank of St. Louis and TCW

Our View: The non-agency mortgage market is finally starting to see new types of issuance, though that issuance is fundamentally different than outstanding non-agency securities. Nevertheless, we have been active participants in the new issue market. Even though the size of the market is still small and spreads are tight relative to crisis era non-agency securities, certain parts of the market look attractive given the quality of the collateral and the solidity of the structures.

Biography



Jamie Franco
Senior Vice President
Client Services – Fixed Income

Ms. Franco is a Senior Account Manager and Product Specialist where she is responsible for communicating investment strategies, performance, and outlook to fixed income clients. Prior to joining TCW in 2014, she spent the past decade with the U.S. Department of the Treasury. Throughout her tenure, she served as a Senior Advisor to the Assistant Secretary for Financial Markets, International Economist, and Deputy Director of the International Banking and Securities Markets Office. Ms. Franco also served as an Advisor to the U.S. Executive Director at the International Monetary Fund for several years. Ms. Franco holds a BA in Political Science from The Johns Hopkins University and an MA in International Economics from Johns Hopkins School of Advanced International Studies.

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An investment in the strategy described herein has risks, including the risk of losing some or all of the invested capital. An investor should carefully consider the risks and suitability of an investment strategy based on their own investment objectives and financial position. There is no assurance that the investment objectives and/or trends will come to pass or be maintained. The information contained herein may include preliminary information and/or “forward-looking statements.” Due to numerous factors, actual events may differ substantially from those presented herein. TCW assumes no duty to update any forward-looking statements or opinions in this document. This material comprises the assets under management of The TCW Group, Inc. and its subsidiaries, including TCW Investment Management Company LLC, TCW Asset Management Company LLC, and Metropolitan West Asset Management, LLC. Any opinions expressed herein are current only as of the time made and are subject to change without notice. The investment processes described herein are illustrative only and are subject to change. Past performance is no guarantee of future results. © 2018 TCW

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
23	03/14/18	Retirement	Information	02/19/18

Subject: Investment Performance Review by BMO Pyrford for the ATU, IBEW and Salaried Funds for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

ISSUE

Investment Performance Review by BMO Pyrford for the ATU, IBEW and Salaried Funds for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

RECOMMENDED ACTION

Information Only

FISCAL IMPACT

None

DISCUSSION

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

BMO Pyrford is the Retirement Boards' International Large Capital Equity fund manager. BMO Pyrford will be presenting performance results for the quarter ended December 31, 2017, shown in Attachment 1, and answering any questions.

Approved:

Final 3/6/2018
VP of Finance/CFO

Presented:

Treasury Controller



Sacramento Regional Transit District

Pyrford International Equity Strategy

March 14, 2018

Presented by:

John Mirante, CFA®, CPA
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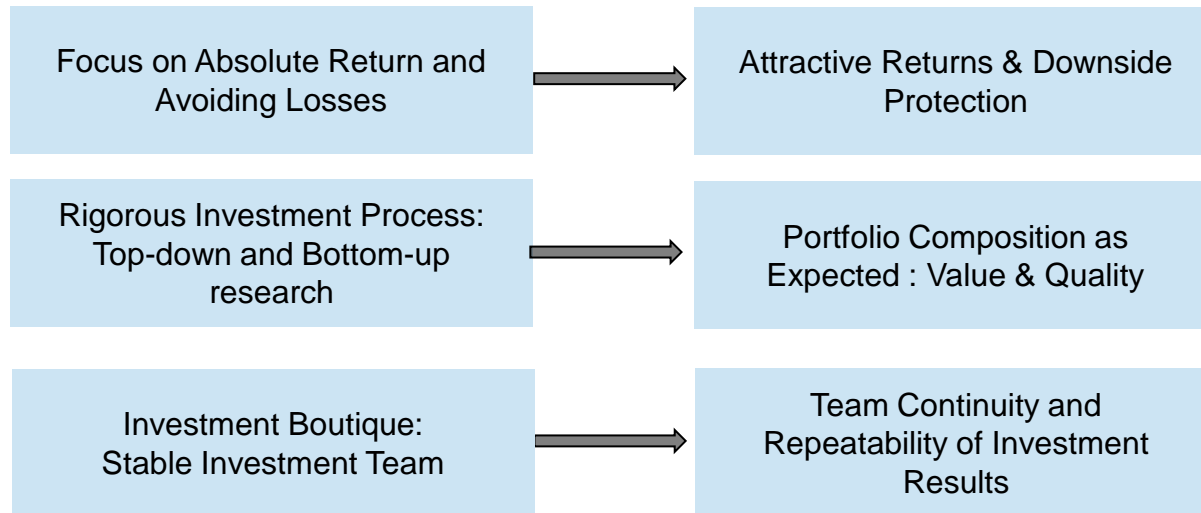
Agenda and Contents

- Pyrford Introduction and Overview
- Philosophy and Process Review
- Portfolio Update
 - Performance and Attribution
 - Characteristics
 - Current Views and Positioning
- Economies and Markets
- Appendix

Why Pyrford?

Features

Advantages



Pyrford's organisational overview

As at 31 December 2017

- Established 1987
- Stable professional staff
- 14 investment professionals
- 126 investors* (US\$10.47billion as at 31 December 2017)

Investment Strategy Committee

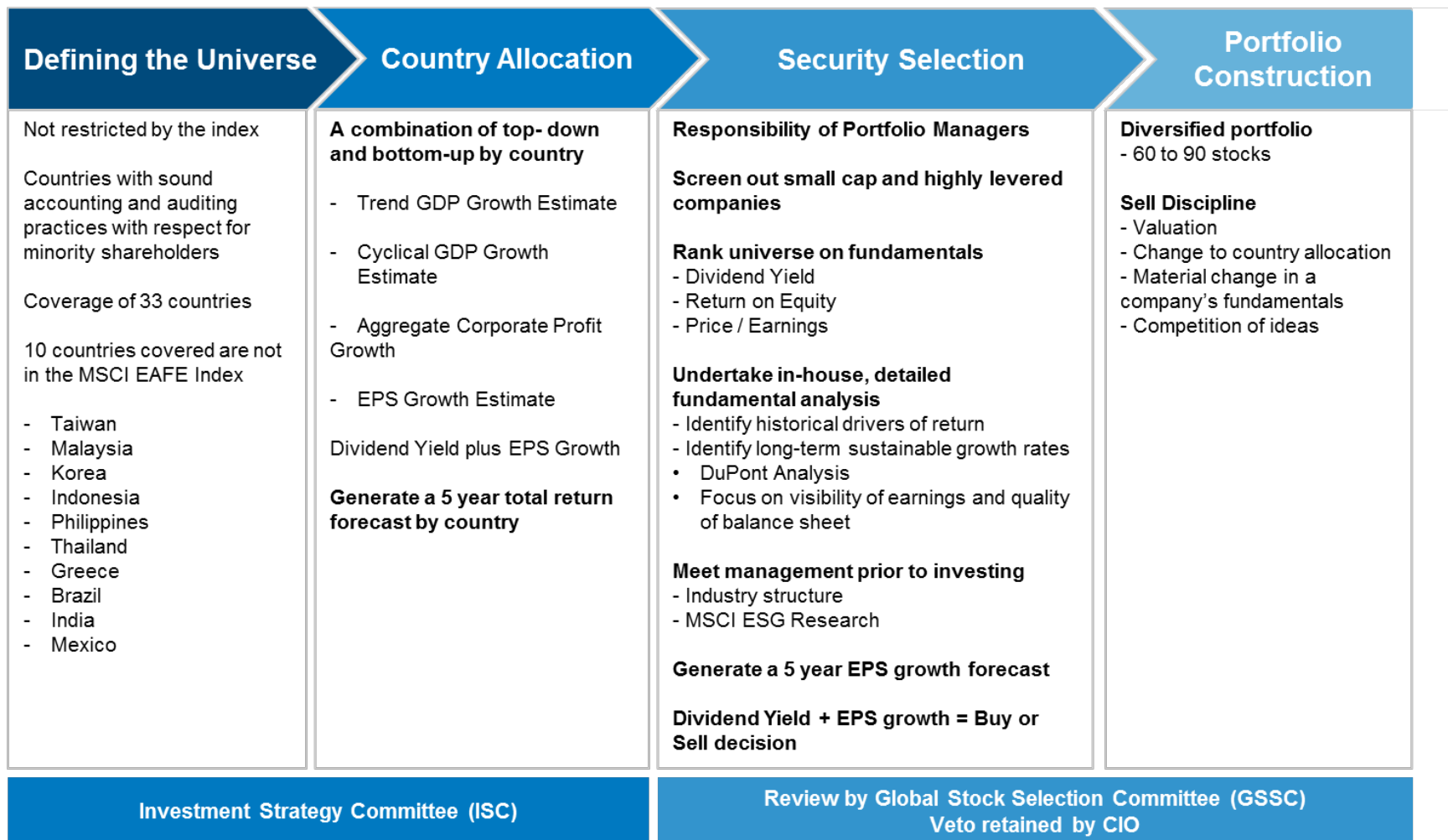
Name	Role	Years with Pyrford	Years in Industry
Tony Cousins, CFA	Chief Executive & Chief Investment Officer	29	33
Paul Simons, CFA	Head of Portfolio Management – Asia-Pacific	21	21
Daniel McDonagh, CFA	Head of Portfolio Management - Europe	20	20
Suhail Arain, CFA	Head of Portfolio Management – the Americas	9	20
Bruce Campbell	Strategic Investment Advisor	31	48

* These figures include investors in pooled investment vehicles.

Our Investment Philosophy

- A **quality, value-driven approach**, focused on **capital preservation** will generate a positive real absolute rate of return over the long-term
- **Country allocation** to determine relative value across the investable universe
- **Fundamental research** is critical in assessing long-term investment opportunities
 - Identity industry leaders with a sound capital structure trading at attractive valuations
- Strong portfolio construction discipline to ensure **diversified sources of return**
- Not index orientated
- Low turnover

Investment process



International Equity (EAFE) Strategy

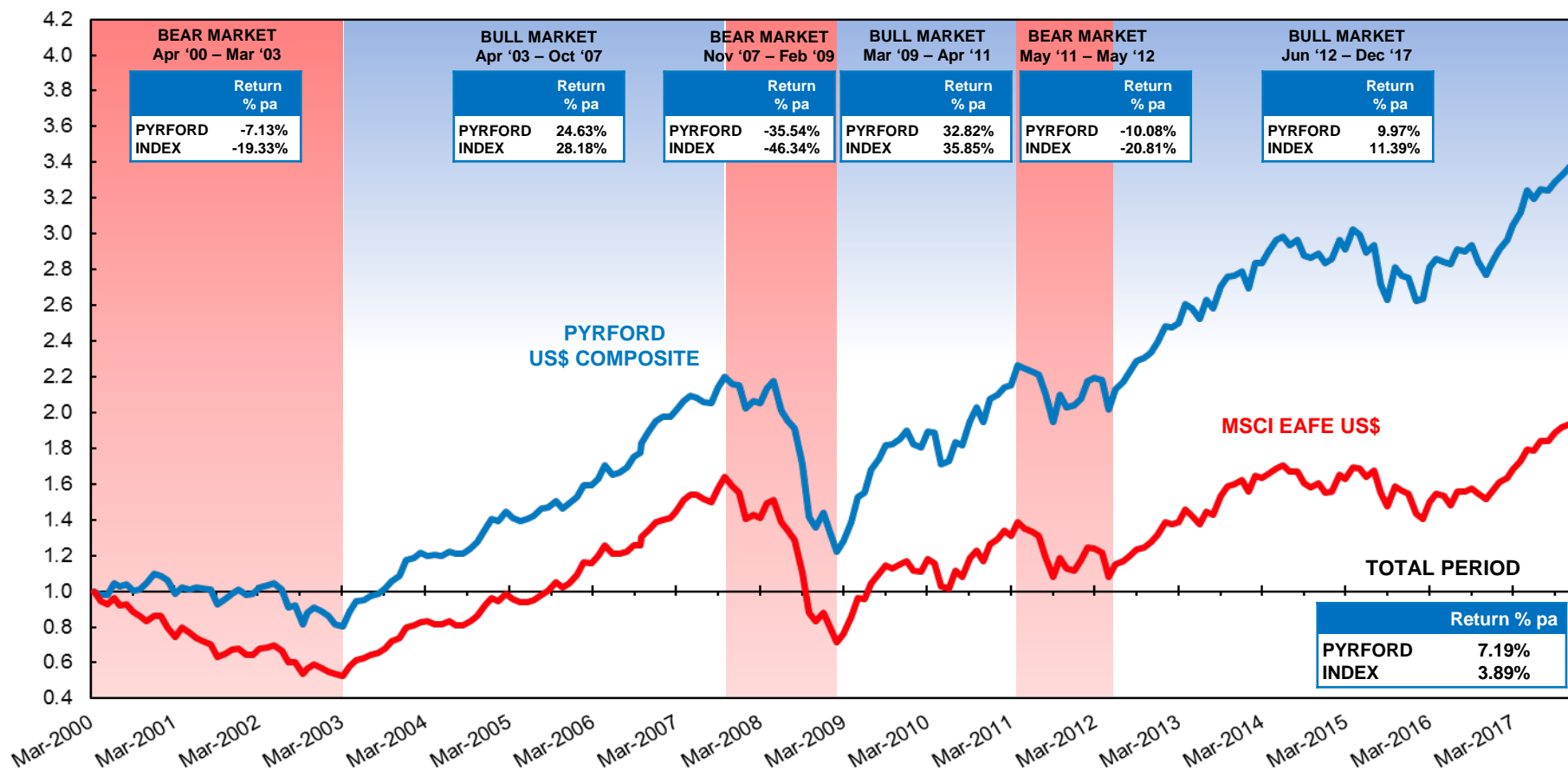
Effective downside protection – enjoy the upside

Growth of a Unit Value US\$, 31 March 2000 – 31 December 2017. Bull & Bear Markets

31 March 2000 – 31 Dec 2017 (quarterly data)

Downside Capture 62.01%

Upside Capture 85.72%



Performance relates to the gross of fees Pyrford International Ltd 'International Equity (Base Currency US\$) Composite'. This is supplementary information. Please see complete GIPS compliant presentation at the end of this document.

Past performance does not guarantee future results.

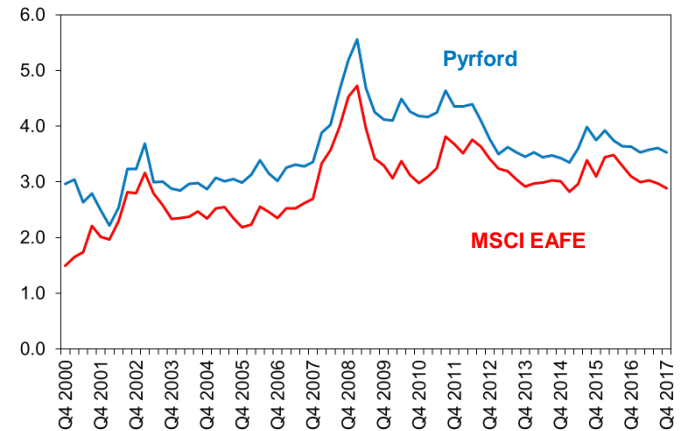
International Equity (EAFE) Strategy - portfolio characteristics

As at 31 December 2017

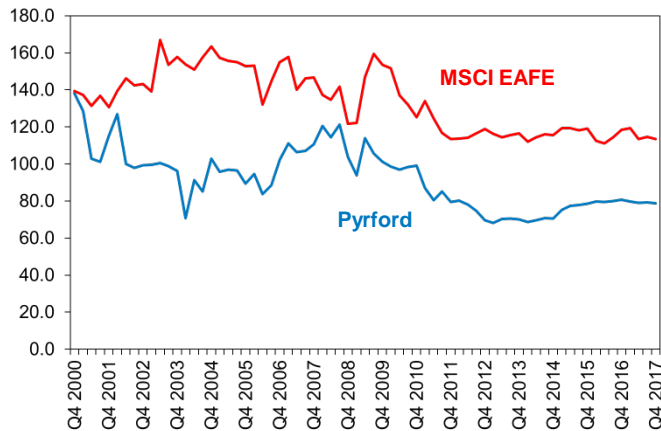
*Dividend Yield, Debt to Equity & Return on Equity line charts contain quarterly data

	Pyrford	MSCI EAFE
Dividend Yield %	3.5	2.9
Debt to Equity	79.5	114.1
Return on Equity (1yr Av %)	18.4	13.5

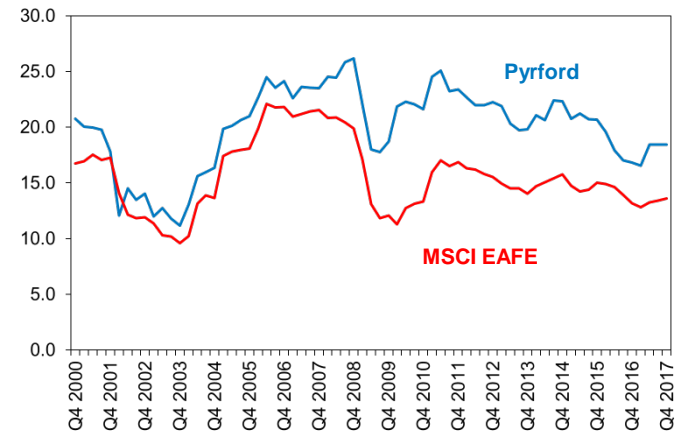
*Dividend Yield (%)



*Debt to Equity



*Return on Equity (1yr Av %)



Source: Style Research. Based on equity holdings of a representative account. This is supplementary information. Please see full GIPS compliant performance disclosure at the end of this document.

Past performance does not guarantee future results.

SRTD Performance and Market Value

as of December 31, 2017

Market Value - \$27,280,614

12 Month Returns Summary (USD)			
Period	SRTD (%)	MSCI EAFE (%)	Out / (Under)
Dec-17	1.24	1.62	(0.38)
Nov-17	1.41	1.06	0.35
Oct-17	0.97	1.53	(0.56)
Sep-17	1.49	2.53	(1.04)
Aug-17	(0.27)	(0.02)	(0.25)
Jul-17	1.67	2.89	(1.22)
Jun-17	(1.55)	(0.15)	(1.40)

Trailing Returns			
Period	SRTD (%)	MSCI EAFE (%)	Out / (Under)
3 Months	3.66	4.27	(0.61)
6 Months	6.68	9.97	(3.30)
Since Inception [†]	5.02	9.81	(4.79)

[†] Performance inception date is 31-May-2017

* Performance presented above is gross of fees, **Past performance does not a guarantee of future results**

Key drivers of Q4 2017 performance

Net Management Effects				
Portfolio = 3.66%	Currency	Country Allocation	Stock Selection	Total
Index = 4.27%	0.01	-0.26	-0.36	-0.61

Key Drivers				
Europe				Positive
Currency	Country Allocation	Stock Selection	Total	<ul style="list-style-type: none"> - Eurozone stock selection - Sweden stock selection
-0.25	0.27	0.14	0.16	Negative <ul style="list-style-type: none"> - UK stock selection <ul style="list-style-type: none"> • overweight utilities - underweight the Euro
Asia Pacific				Positive
Currency	Country Allocation	Stock Selection	Total	<ul style="list-style-type: none"> - Australia stock selection
0.28	-0.40	-0.57	-0.69	Negative <ul style="list-style-type: none"> - Japan stock selection - underweight Japan

Performance is shown gross of fees

Attribution detail by asset

Q4 2017. South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	3.66	100.0	4.27	0.55	0.01	-0.26	-0.36	-0.61
Equity	96.5	3.79	100.0	4.27	0.55	0.03	-0.14	-0.36	-0.46
Europe	58.3	2.34	63.8	2.26	0.93	-0.25	0.27	0.14	0.16
Euro-zone	23.6	2.15	32.9	1.08	1.56	-0.09	0.40	0.26	0.56
Denmark	N/A	N/A	1.8	2.25	1.52	-0.02	0.06	0.00	0.04
Norway	2.1	3.19	0.7	2.18	-2.68	-0.05	0.01	0.03	-0.01
Sweden	4.4	1.34	2.8	-3.72	-0.31	-0.01	-0.11	0.23	0.11
Switzerland	13.6	1.57	8.1	1.78	-0.71	-0.07	-0.06	-0.03	-0.16
United Kingdom	14.6	3.41	17.5	5.74	0.83	-0.01	-0.03	-0.34	-0.38
Pacific Basin	36.7	5.96	35.8	8.02	-0.08	0.28	-0.40	-0.57	-0.69
Pacific Basin ex Japan	27.1	6.64	11.8	7.05	-0.07	0.19	0.26	-0.13	0.32
Australia	10.7	10.68	6.8	6.85	-0.32	-0.02	0.13	0.39	0.50
Hong Kong	4.9	2.46	3.5	6.58	-0.08	0.00	0.04	-0.20	-0.16
Malaysia	3.0	9.13	N/A	N/A	4.34	0.12	0.02	0.00	0.14
New Zealand	N/A	N/A	0.2	1.64	-1.62	0.00	0.00	0.00	0.00
Singapore	4.6	2.79	1.3	10.10	1.60	0.03	0.14	-0.32	-0.15
Taiwan	3.8	3.63	N/A	N/A	1.90	0.05	-0.08	0.00	-0.02
Japan	9.7	4.17	24.0	8.52	-0.08	0.09	-0.66	-0.43	-1.01
Israel	1.4	9.42	0.4	4.21	0.92	0.00	0.00	0.07	0.07
Cash & Currency Hedging	3.5	0.20	N/A	N/A	0.04	-0.02	-0.13	0.00	-0.15

Policy benchmark is MSCI EAFE

Performance attribution detail by sector

Q4 2017. South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Net Management Effects		
	Weight	Return	Weight	Return	Allocation	Select	Total
Top level	100.0	3.66	100.0	4.27	-0.41	-0.20	-0.61
Equity	96.5	3.79	100.0	4.27	-0.27	-0.20	-0.46
Energy	8.9	9.04	5.2	10.09	0.21	-0.08	0.13
Utilities	6.3	-1.05	3.3	-0.92	-0.16	-0.02	-0.17
Real Estate	N/A	0.00	3.6	6.46	-0.08	0.00	-0.08
Materials	5.7	2.36	8.0	8.52	-0.09	-0.35	-0.44
Industrials	21.3	5.66	14.4	4.78	0.04	0.18	0.22
Consumer Discretionary	2.4	4.00	12.4	5.37	-0.11	-0.04	-0.14
Consumer Staples	14.1	3.34	11.2	4.96	0.02	-0.23	-0.21
Health Care	10.4	-3.44	10.2	-0.03	0.00	-0.38	-0.38
Financials	8.8	7.21	21.2	3.04	0.16	0.36	0.52
Information Technology	6.2	4.32	6.5	4.98	0.03	-0.05	-0.03
Telecommunication Services	12.4	4.07	4.0	0.83	-0.28	0.40	0.12
Cash & Currency Hedging	3.5	0.20	N/A	N/A	-0.15	0.00	-0.15

Policy benchmark is MSCI EAFE

Attribution detail by asset

6 months to 31 December 2017; South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	6.67	100.0	9.97	2.54	-0.23	-0.80	-2.27	-3.30
Equity	95.8	7.01	100.0	9.97	2.54	-0.10	-0.46	-2.27	-2.84
Europe	58.1	6.92	64.0	8.89	3.85	-0.57	0.30	-0.85	-1.11
Euro-zone	23.4	8.90	32.8	9.33	5.23	-0.28	0.33	-0.10	-0.05
Denmark	N/A	N/A	1.8	10.27	5.14	-0.05	0.05	0.00	0.00
Norway	2.0	32.03	0.7	21.87	2.41	0.00	0.15	0.19	0.34
Sweden	4.4	6.33	2.9	1.56	3.02	0.01	-0.13	0.22	0.10
Switzerland	13.5	2.64	8.2	3.81	-1.73	-0.22	-0.10	-0.16	-0.48
United Kingdom	14.7	4.61	17.6	11.21	4.14	-0.04	0.01	-1.00	-1.03
Pacific Basin	36.3	7.54	35.5	12.31	0.30	0.47	-0.65	-1.48	-1.66
Pacific Basin ex Japan	27.3	8.46	11.9	11.00	1.39	0.04	0.17	-0.75	-0.53
Australia	10.4	11.56	7.0	10.24	1.97	0.00	0.06	0.13	0.18
Hong Kong	5.5	6.81	3.5	12.02	-0.13	-0.07	0.12	-0.29	-0.23
Malaysia	3.0	16.40	N/A	N/A	6.04	0.11	0.07	0.00	0.18
New Zealand	N/A	N/A	0.2	1.88	-2.87	0.01	0.00	0.00	0.01
Singapore	4.6	0.75	1.3	13.54	2.99	0.01	0.09	-0.59	-0.48
Taiwan	3.8	5.04	N/A	N/A	2.23	-0.02	-0.17	0.00	-0.19
Japan	9.0	5.17	23.6	12.97	-0.26	0.43	-0.82	-0.73	-1.13
Israel	1.4	-5.62	0.5	-8.96	0.82	0.00	-0.12	0.05	-0.06
Cash & Currency Hedging	4.2	0.39	N/A	N/A	0.05	-0.13	-0.34	0.00	-0.47

Policy benchmark is MSCI EAFE

Performance attribution detail by sector

6 months to 31 December 2017; South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	6.67	100.0	9.97	2.54	-0.03	-1.00	-2.28	-3.30
Equity	95.8	7.01	100.0	9.97	2.54	0.10	-0.66	-2.28	-2.84
Energy	8.8	18.93	5.0	25.06	4.06	0.06	0.46	-0.47	0.06
Utilities	6.5	3.22	3.4	3.45	3.39	0.03	-0.22	-0.02	-0.22
Real Estate	N/A	N/A	3.6	9.97	1.53	0.04	-0.04	0.00	0.00
Materials	5.7	11.27	7.9	20.53	2.87	-0.01	-0.20	-0.48	-0.69
Industrials	20.3	9.99	14.2	11.48	2.29	-0.03	0.14	-0.28	-0.17
Consumer Discretionary	2.8	6.12	12.4	13.21	2.39	0.02	-0.34	-0.26	-0.57
Consumer Staples	13.8	1.48	11.3	5.86	2.54	0.00	-0.09	-0.63	-0.72
Health Care	10.5	-3.35	10.4	0.68	1.94	0.00	0.02	-0.47	-0.45
Financials	8.7	9.24	21.4	8.50	2.77	-0.03	0.21	0.06	0.24
Information Technology	6.4	7.20	6.3	14.01	2.11	0.00	0.03	-0.44	-0.40
Telecommunication Services	12.4	8.33	4.1	2.64	2.66	0.01	-0.62	0.71	0.10
Cash & Currency Hedging	4.2	0.39	N/A	N/A	0.05	-0.13	-0.34	0.00	-0.47

Policy benchmark is MSCI EAFE

International Equity (EAFE) Model Portfolio - % allocations

As at 31 December 2017

EUROPEAN EQUITIES		EUROPEAN EQUITIES		ASIA-PACIFIC EQUITIES		ASIA-PACIFIC EQUITIES	
EURO AREA	24.00%	SWEDEN	4.50%	AUSTRALIA	11.50%	MALAYSIA	3.00%
AIR LIQUIDE SA (France)	1.68%	ASSA ABLOY AB	0.90%	BRAMBLES LTD	2.24%	AXIATA GROUP BHD	1.50%
BRENTAG AG (Germany)	1.44%	ATLAS COPCO AB	1.80%	COMPUTERSHARE LTD	1.78%	MALAYAN BANKING BHD	1.50%
BUREAU VERITAS (France)	1.08%	ESSITY AKTIEBOLAG-B	1.80%	NEWCREST MINING LTD	0.92%	SINGAPORE	5.00%
DEUTSCHE POST AG (Germany)	1.20%	NORWAY	2.00%	QBE INSURANCE GROUP LTD	1.44%	COMFORTDELGRO CORP LTD	1.50%
FUCHS PETROLUB AG (Germany)	1.68%	TELENOR ASA	2.00%	RIO TINTO LTD	1.06%	SEMBCORP INDUSTRIES LTD	0.90%
GEA GROUP (Germany)	0.96%			WOODSIDE PETROLEUM LTD	1.90%	SINGAPORE TECH ENGINEERING	1.25%
KONE (Finland)	0.96%			WOOLWORTHS LTD	2.16%	UNITED OVERSEAS BANK LTD	1.35%
LEGRAND SA (France)	1.20%					TAIWAN	4.00%
PROXIMUS SA (Belgium)	1.20%	UK	15.50%	HONG KONG	5.00%	ADVANTECH CO LTD	0.80%
RELX GROUP (The Netherlands)	1.20%	BP PLC	0.93%	AIA GROUP	0.90%	CHUNGHWA TELECOM CO LTD	1.40%
ROYAL DUTCH SHELL PLC 'A' (The Netherlands)	1.44%	BRITISH AMERICAN TOBACCO PLC	2.02%	CHINA MOBILE LTD	1.50%	MERIDA INDUSTRY CO LTD	0.40%
RUBIS (France)	0.84%	GLAXOSMITHKLINE PLC	1.71%	CNOOC LTD	0.85%	TAIWAN SEMICONDUCTOR MANUFACTURING	1.40%
SAMPO (Finland)	0.96%	IMPERIAL BRANDS	1.24%	POWER ASSETS HOLDINGS LTD	0.88%		
SANOFI (France)	1.92%	LEGAL & GENERAL GROUP PLC	1.71%	VTECH HOLDINGS LTD	0.88%		
SAP AG (Germany)	1.44%	NATIONAL GRID PLC	2.17%	JAPAN	10.00%		
TOTAL SA (France)	1.44%	ROYAL DUTCH SHELL PLC 'B'	1.09%	ABC-MART	0.80%		
UNILEVER NV (The Netherlands)	1.92%	SSE PLC	1.40%	JAPAN TOBACCO	2.00%		
VOPAK (The Netherlands)	1.44%	UNITED UTILITIES GROUP PLC	1.55%	KDDI CORP	1.80%		
SWITZERLAND	14.00%	VODAFONE GROUP PLC	1.71%	MITSUBISHI ELECTRIC CORP	1.70%		
GIVAUDAN	0.70%			NIHON KOHDEN	1.40%		
NESTLE SA	3.50%	ISRAEL	1.50%	SUMITOMO RUBBER INDUSTRIES	1.40%		
NOVARTIS AG	2.87%	BEZEQ THE ISRAELI TELECOM CO	1.50%	TOYOTA TSUSHO CORP	0.90%		
PANALPINA WELTTRANSPORT	0.84%						
ROCHE HOLDING AG	3.22%						
SCHINDLER HOLDING	0.70%						
SGS	0.70%						
ZURICH INSURANCE GROUP AG	1.47%						

International Equity (EAFE) Model Portfolio - sector allocations

As at 31 December 2017

INDUSTRY GROUP	PYRFORD MODEL WEIGHTING (%)	MSCI EAFE WEIGHTING (%)
ENERGY	9.1%	5.3%
ENERGY	9.1%	5.3%
MATERIALS	6.0%	8.1%
MATERIALS	6.0%	8.1%
INDUSTRIALS	20.3%	14.9%
CAPITAL GOODS	12.7%	10.1%
COMMERCIAL & PROFESSIONAL SERVICES	4.0%	1.7%
TRANSPORTATION	3.5%	3.1%
CONSUMER DISCRETIONARY	3.8%	12.2%
AUTOMOBILES & COMPONENTS	1.4%	5.1%
CONSUMER DURABLES & APPAREL	1.2%	3.3%
CONSUMER SERVICES	0.0%	1.5%
MEDIA	1.2%	1.0%
RETAILING	0.0%	1.3%
CONSUMER STAPLES	14.6%	11.1%
FOOD & STAPLES RETAILING	2.2%	1.5%
FOOD BEVERAGE & TOBACCO	10.7%	6.9%
HOUSEHOLD & PERSONAL PRODUCTS	1.8%	2.8%
HEALTH CARE	11.1%	10.0%
HEALTH CARE EQUIPMENT & SERVICES	1.4%	1.9%
PHARMACEUTICALS BIOTECHNOLOGY & LIFE SCIENCE	9.7%	8.1%
FINANCIALS	9.3%	21.0%
BANKS	2.9%	12.2%
DIVERSIFIED FINANCIALS	0.0%	3.4%
INSURANCE	6.5%	5.4%
INFORMATION TECHNOLOGY	6.3%	6.4%
SOFTWARE & SERVICES	3.2%	2.6%
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT	1.4%	1.4%
TECHNOLOGY HARDWARE & EQUIPMENT	1.7%	2.4%
TELECOMMUNICATION SERVICES	12.6%	4.2%
TELECOMMUNICATION SERVICES	12.6%	4.2%
UTILITIES	6.8%	3.2%
UTILITIES	6.8%	3.2%
REAL ESTATE	0.0%	3.5%
REAL ESTATE	0.0%	3.5%

Portfolio changes

	Bought	Sold	Country Level
Q3 2017	Australia	Hong Kong	We reduced our allocation to Hong Kong following strong market performance, adding to Australia which trades at a more attractive combination of yield and earnings growth.
Q4 2017	Japan	Hong Kong	Following continued strong performance in Hong Kong, we reduced our allocation further adding to Japan.

	Bought	Sold	Stock Level
Q1 2017	Maybank	Magnum (E)	We sold out of Magnum as they have ceded market share to illegal operators. We added the proceeds to Malayan Banking , which has greater upside, exposure across the region and is better positioned for a cyclical rebound.
Q1 2017	Japan Tobacco	Toyota Tsusho	We reduced our position in Toyota Tsusho following strong performance supported by a weaker JPY and stronger US auto demand which we expect to level off. We added to Japan Tobacco , which trades at a discount to tobacco peers, can grow margins domestically and generates a strong cash flow.
Q1 2017	ComfortDelgro Semcorp Industries	Venture Corp (E) ST Engineering	We sold of Venture Corp , following strong performance driven by new client wins and a shift to higher margin products. We also reduced ST Engineering to reflect a lower combination of yield and earnings. We added to both ComfortDelgro , where we view competition concerns on taxi operations as unwarranted and Semcorp Industries , where we expect earnings to improve driven by its utilities division.

(I) denotes initiation of a new position

(E) denotes elimination of an existing position

Portfolio changes

	Bought	Sold	Stock Level
Q2 2017	Bezeq	Teva (E)	We sold our holding in Teva , the Israeli pharmaceutical company as an adverse ruling on patents means heightened competition is expected and on increasing concerns that debt covenants may be breached in 2018. We decided to reinvest the proceeds into Bezeq , the incumbent telecom operator in Israel and a current holding in the portfolio.
Q2 2017	TSMC (I)	Mediatek (E)	In light of the lack of innovation and slowing growth in the smartphone industry, we sold Mediatek from the portfolio. We initiated a position in Taiwan Semiconductor (TSMC) , the world's largest foundry who has invested heavily in new technologies to command pricing power and constantly improves operating efficiency to reduce the costs.
Q2 2017	SGS (I)	Syngenta (E)	Following a takeover from ChemChina, we replaced Syngenta with SGS , a testing, inspection and certification service company. SGS should benefit from industry consolidation and industry growth from outsourcing and proliferation of regulation.
Q2 2017	Essity (I)	SCA (E)	SCA's management decided to split the company into two separate businesses, SCA (forest business) and Essity (hygiene business). The original investment case for SCA was based on the structural growth, competitive position and returns that could be generated from what has become Essity . The split allows Pylford to divest the small residual holding in SCA and focus on the higher quality business.
Q2 2017	Imperial Brands (I)	Sky (E)	Sky , the pay TV provider, was sold from the portfolio following the share price increase caused by the takeover approach from 21st Century Fox. The threat from internet delivered services and significant content inflation in key sporting rights was a concern. We initiated a position in Imperial Brands which offers an attractive dividend yield and should benefit from improved access to the lucrative US market following a variety of US brand acquisitions.
Q3 2017	-	Telstra (E)	We sold our holding in Australia's principle telecommunications company. Telstra's Australian copper network is being replaced by the government-sponsored fibre network. Once a premises is connected to the fibre network, Telstra has to pay for access to it under the same terms as other operators, making future connections less profitable.
Q3 2017	AIA Group (I)	ASM Pacific (E)	We added AIA Group , the insurance and financial services company. AIA benefits from significant comparative advantages such as economies of scale, diversified revenue base, operating efficiency, strong distribution as well as a well-recognised brand. We sold ASM Pacific following strong performance due to the cyclical nature of the semiconductor industry and elevated valuation.
Q4 2017			No stock level changes made.

(I) denotes initiation of a new position

(E) denotes elimination of an existing position

How the portfolio is positioned going forward

Q4 2017

Europe

Remain defensively positioned:

- positioned in “core” Europe.
- zero exposure to European banks

Underweight UK:

- Brexit negotiations and impact on EU access remains an uncertainty
 - concerns over condition of household finances
-

Asia Pacific

Remain defensively positioned:

- overweight Telecoms – sustainable earnings and attractive dividend yields
- emerging market exposure to economies with significant current account surpluses
- no direct exposure to Real Estate in the region and only selective exposure to banks

Underweight Japan:

- all Japan’s long-term problems (poor demographics, unsustainable public finances and corporate inefficiency) remain. Appetite for bolder reforms remains unclear.

Overweight South-East Asia, Taiwan and Hong Kong:

- able to engage in more orthodox monetary policy compared to US, UK, Eurozone and Japan. We are encouraged by the gradual transition to consumption led growth in China as it remains an important regional influence.
-

Pyrford's current views

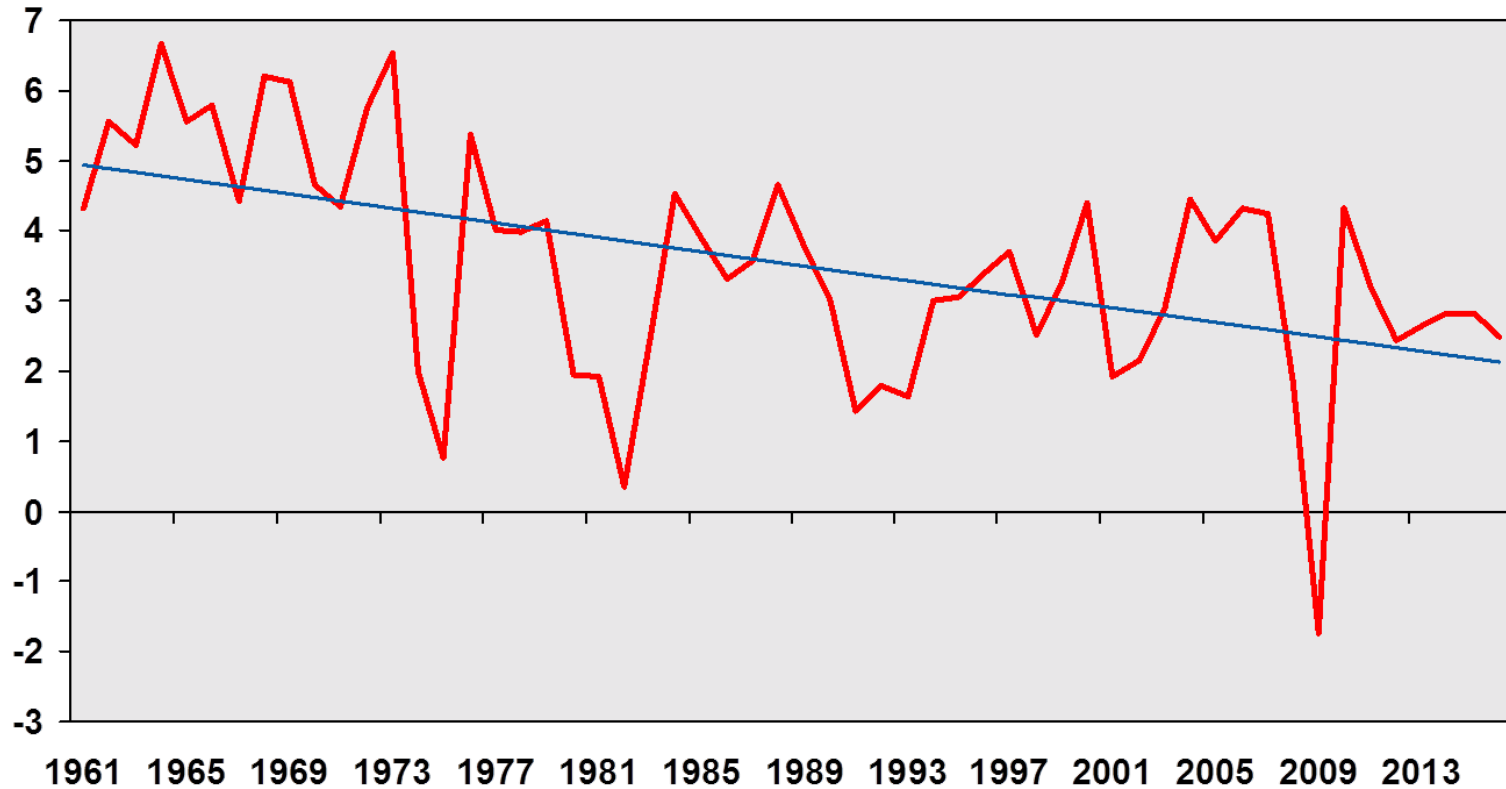
31 December 2017

- **Quantitative Easing** is gradually being reversed with key interest rates being increased in the US, UK and Canada whilst the ECB is set to reduce its rate of bond purchases. The unprecedented central bank actions which commenced in 2008-9 boosted equity and bond markets but did little for economic activity. In particular, productivity growth has been poor. The removal of stimulus (“normalisation”) is now necessary but the impact on financial markets is quite unpredictable.
- In general, markets (both equity and bond) are expensive. Low single-digit returns are probably the best that can be expected on a medium-term **outlook**.
- **Asia ex-Japan** offers the best absolute value and most attractive opportunities for economic growth. Demographics provide a favourable “window” over the next 20 years.
- Overall **debt** levels (relative to GDP) have increased in the developed and emerging economies since the financial crisis. We believe this to be the most significant threat to “healthy” economic growth going forward. The debt ratios need to be reduced without triggering another financial crisis.
- A Trump-led White House has added uncertainty to the direction of the **US** and world economy. “America First” will reverse progress on global trade deals and has injected a degree of unpredictability into foreign policy. Company tax cuts may boost an already inflated US stock market but will increase the budget deficit and do little to assist the household sector.
- The **Eurozone** is enjoying a strong cyclical upswing but the underlying fundamental issues remain – the inappropriateness of a single currency and short-term interest rate for 19 disparate economies being chief amongst them. Debt levels in peripheral Europe and continued lack of competitiveness are unsustainable. Italian banks remain in a parlous situation.
- “**Brexit**” has added additional uncertainty whilst the election set-back for the ruling Conservatives has weakened their negotiating position with the EU. We believe a mutually favourable deal will ultimately be agreed after the usual political shenanigans.
- The **German** elections have added even further uncertainty as Merkel has failed to establish a coalition and her position is significantly weakened.

This is not intended to serve as a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgement at this date are subject to change. Information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy.

Economies and Markets

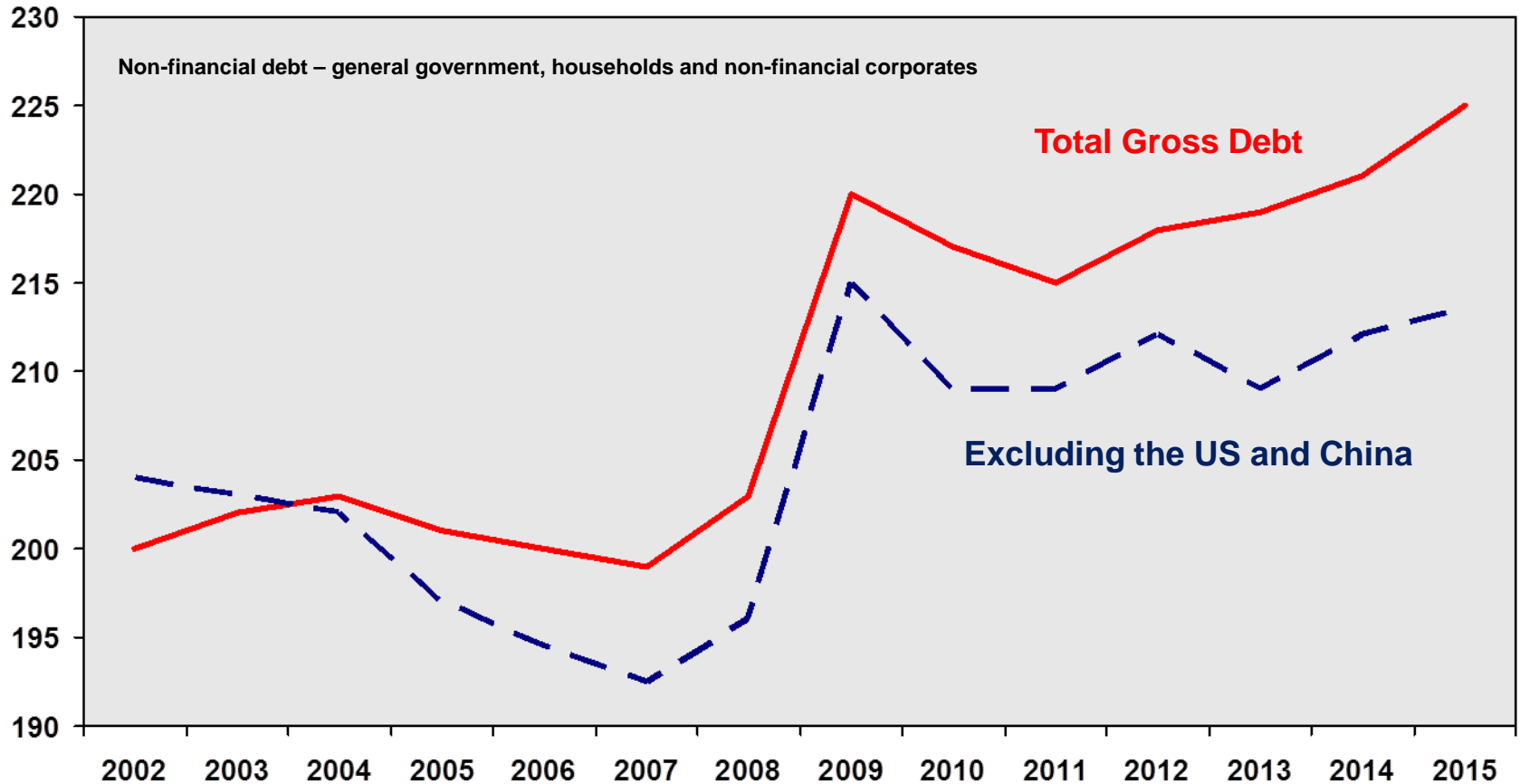
World GDP Growth Rate % (USD)



Source: CEIC (269039502); World Bank Database

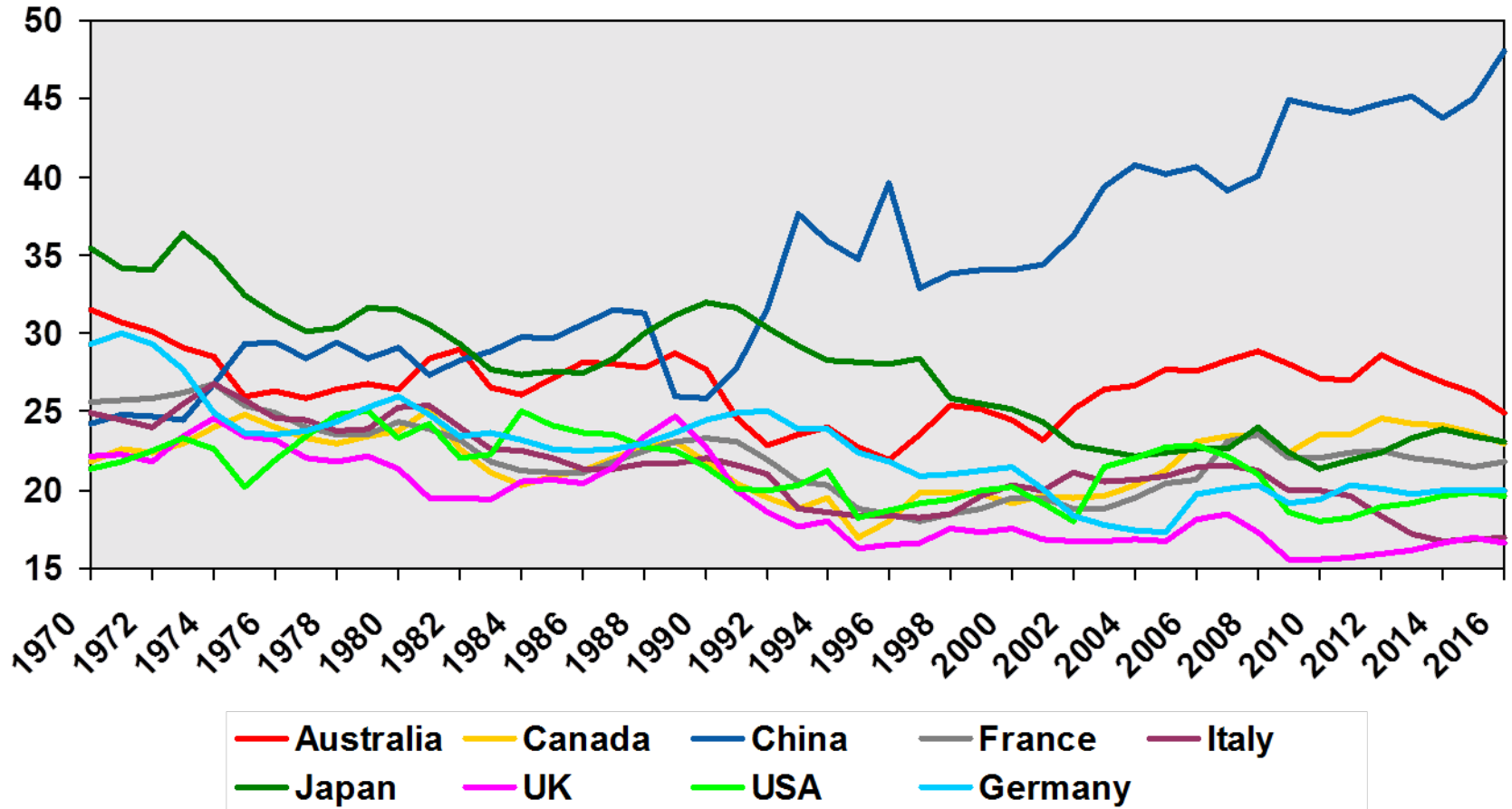
Global Gross Debt

As a % of GDP (weighted average)



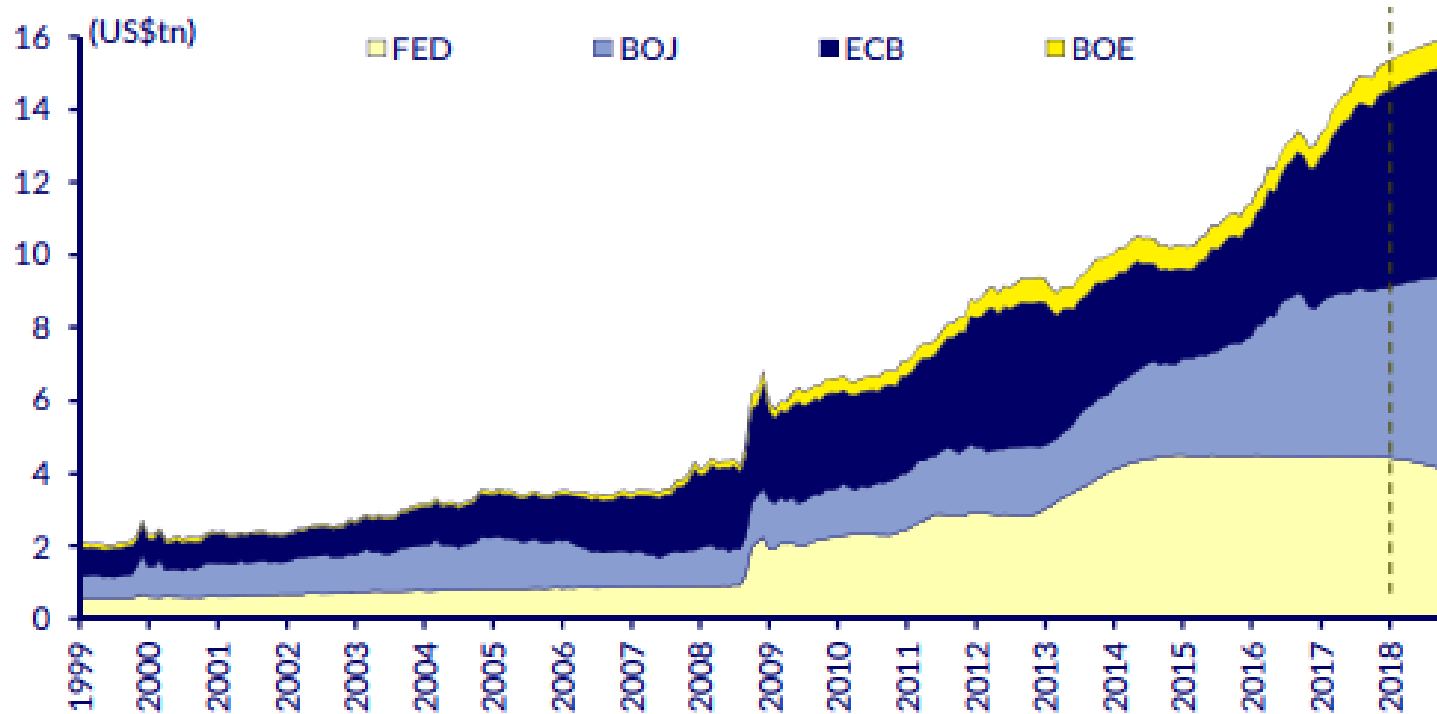
Source: IMF Fiscal Monitor, October 2016

Gross Fixed Capital Formation to GDP %



Source: World Bank: World Development Indicators & IMD World Competitiveness Yearbook, 2017

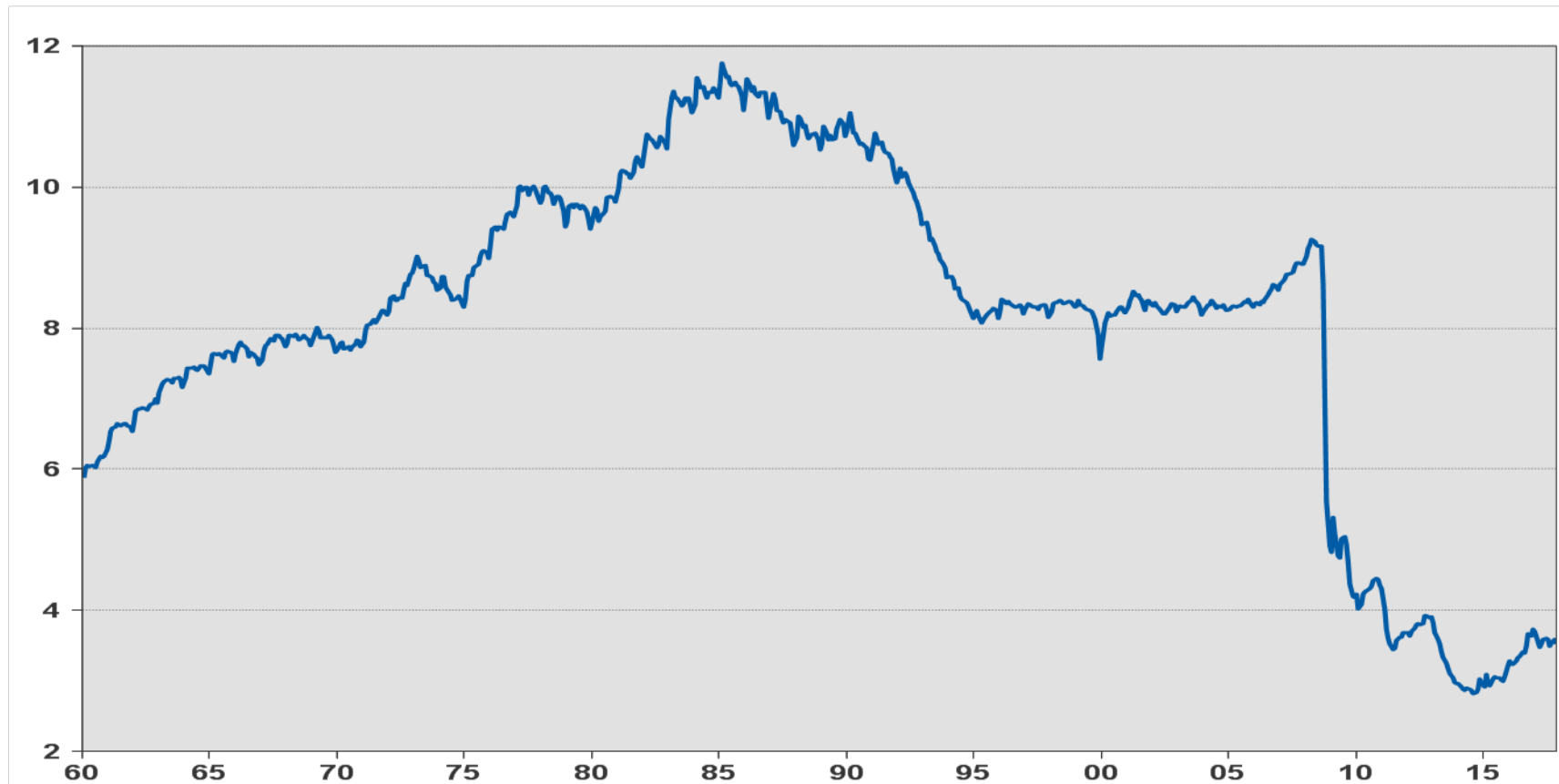
Major central banks aggregate balance sheets



Source: CLSA. 2018 projections based on currently committed monetary policies and current exchange rates. Source: Bloomberg, Federal Reserve, Bank of Japan, ECB and Bank of England

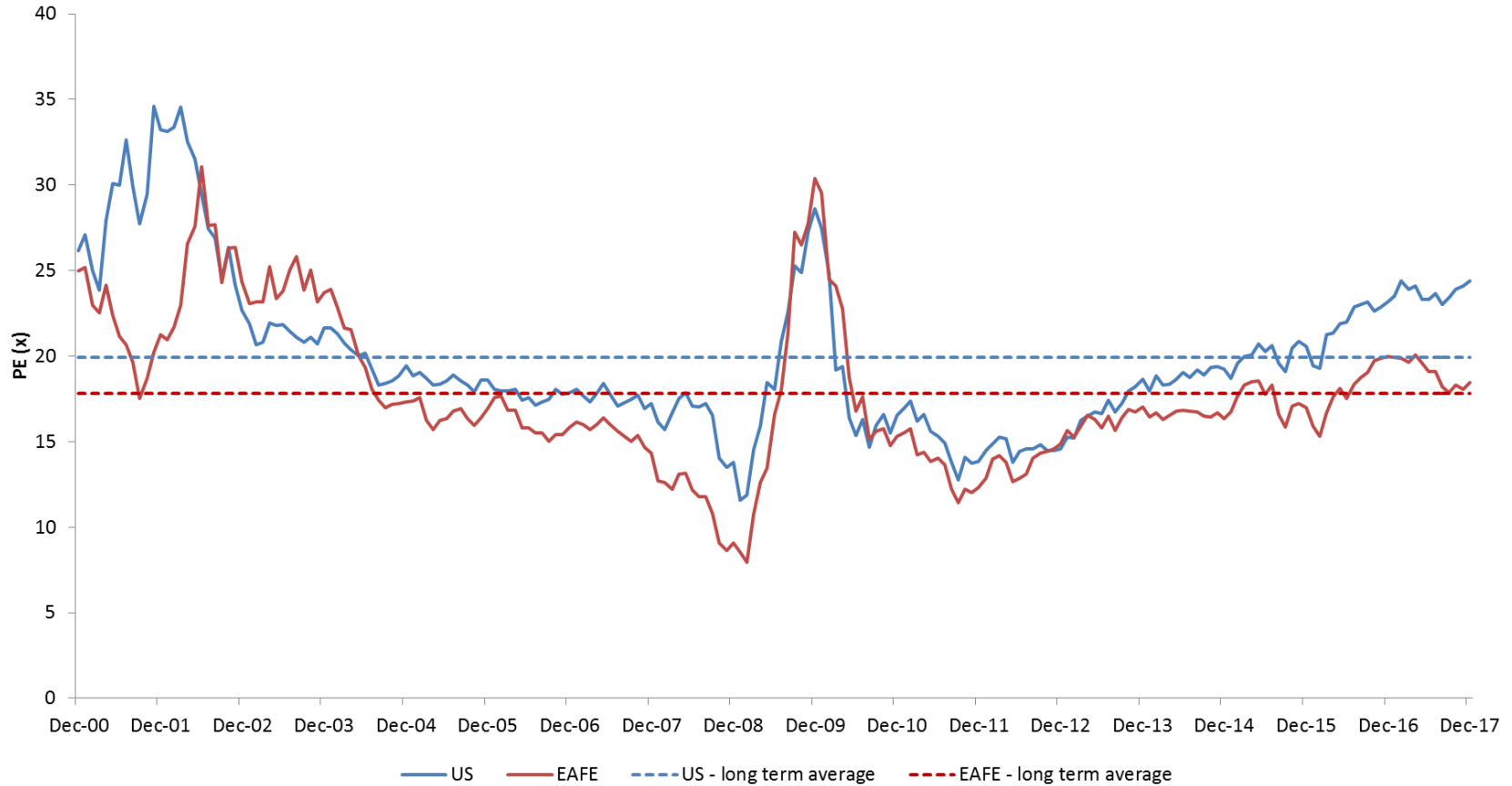
US Money Multiplier (M2 / Monetary Base)

Multiplier



Source: Thomson Reuters Datastream

Liquidity lifting equity valuations



Source: Thomson Datastream

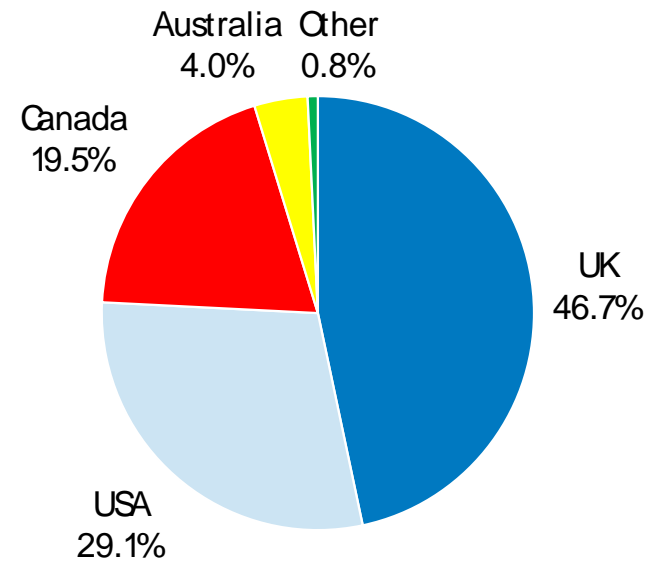
Appendix

Assets under management breakdown

As at 31 December 2017

Product	USD	No. of investors*
Global Absolute Return	5.00bn	68
International Equities	4.38bn	45
Global Equities	1.11bn	13
Total	10.47bn	126

Assets Under Management – Investor Domicile



* These figures include investors in pooled investment vehicles.

Responsibilities of Pyrford's investment professionals

As at 31 December 2017

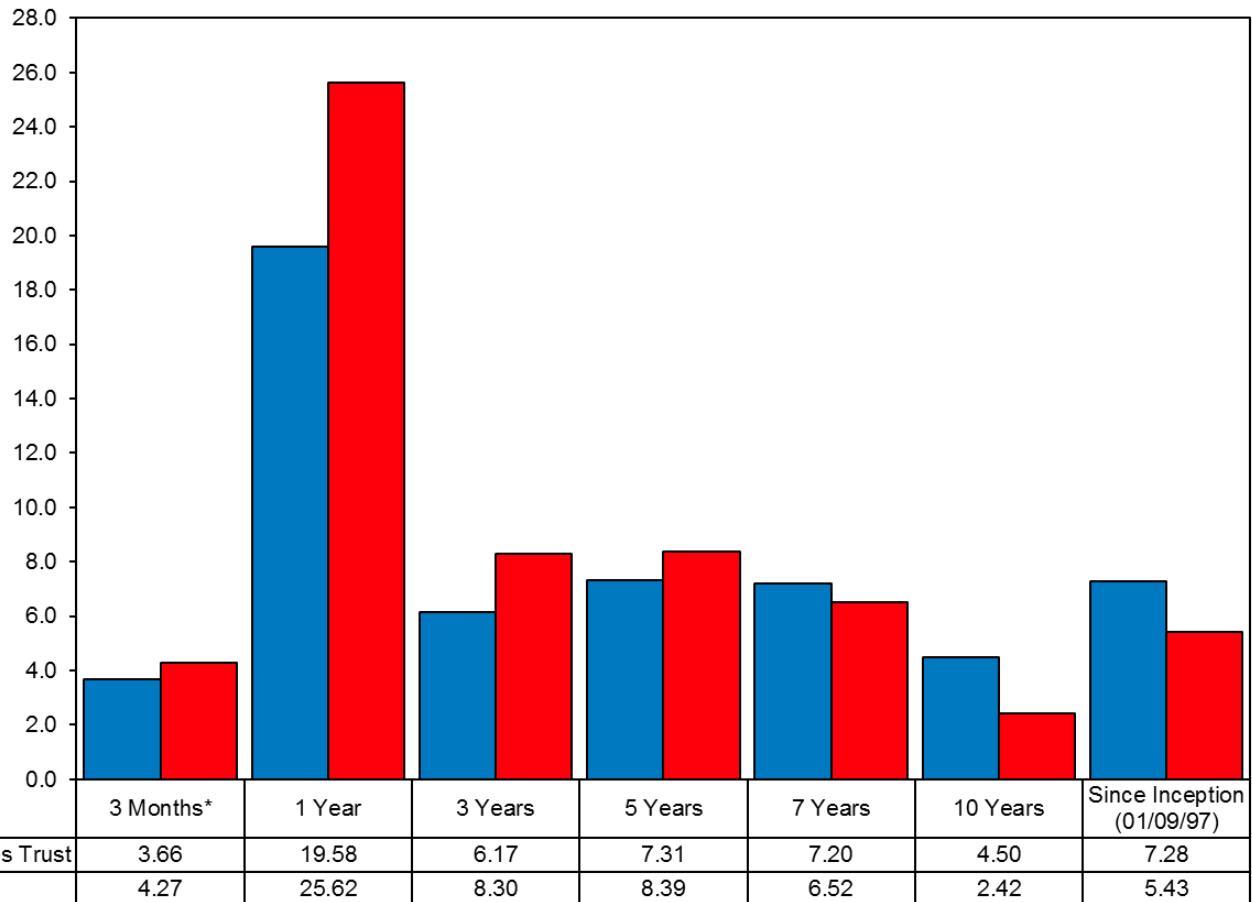
			Years with Pyrford	Years in Industry
Tony Cousins	Investment Strategy	Chairman of Global Stock Selection Committee and Investment Strategy Committee	29	33
Bruce Campbell	Investment Strategy	Strategic Investment Advisor	31	48
Asian Team				
Paul Simons <i>Head of Asia</i>	Discretion Analysis	Australia; New Zealand; Korea; Thailand; Malaysia; Hong Kong; China Japan; Philippines; Taiwan; Indonesia	21	21
Jun Yu	Discretion Analysis	India; Taiwan Hong Kong; China	9	18
Stefan Bain	Discretion Analysis	Japan; Philippines Korea	6	16
Roderick Lewis	Discretion Analysis	Singapore; Indonesia Thailand	4	16
Bethan Dixon	Discretion Analysis	n/a Australia; New Zealand; India; Malaysia	3	3
European Team				
Daniel McDonagh <i>Head of Europe</i>	Discretion Analysis	UK; Switzerland Eurozone; Scandinavia; Israel; Turkey	20	20
Peter Moran	Discretion Analysis	Eurozone (Netherlands; Spain; Belgium; Portugal; Finland; Ireland; Greece); Sweden; Norway; Israel; Turkey; South Africa n/a	14	14
Nabil Irfan	Discretion Analysis	Eurozone (Germany; France; Italy; Austria); Denmark n/a	12	17
Anneka Desai	Discretion Analysis	n/a Europe	2	2
Americas Team				
Suhail Arain <i>Head of Americas</i>	Discretion Analysis	USA; Canada Mexico	9	20
Andrew Sykes	Discretion Analysis	Brazil; Mexico USA; Canada	5	10
Henrietta Brooks	Discretion Analysis	n/a USA; Canada; Brazil	3	3

Discretion: authority to make investment decisions subject to CIO veto.

Analysis: authority to make investment recommendations subject to veto by investment professional with discretion or CIO.

South LaSalle International Equities Trust – performance

Annualised returns – gross of fees (%) to 31 December 2017 (USD)



* Not annualised

Past performance does not guarantee future results.

Key drivers of 2017 performance

Net Management Effects				
Portfolio = 19.58%	Currency	Country Allocation	Stock Selection	Total
Index = 25.62%	-0.81	-0.34	-4.88	-6.04

Key Drivers				
Europe				Positive
Currency	Country Allocation	Stock Selection	Total	
-0.88	0.55	-1.29	-1.61	<ul style="list-style-type: none"> – Sweden stock selection – Norway stock selection
				Negative
				<ul style="list-style-type: none"> – UK stock selection – underweight Euro
Asia Pacific				Positive
Currency	Country Allocation	Stock Selection	Total	
0.55	0.00	-3.26	-2.71	<ul style="list-style-type: none"> – underweight Japanese Yen – overweight Hong Kong
				Negative
				<ul style="list-style-type: none"> – Hong Kong stock selection – Japan stock selection

Index is MSCI EAFE

Attribution detail by asset

1 year ended 31 December 2017. South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	19.58	100.0	25.62	8.51	-0.81	-0.34	-4.88	-6.04
Equity	95.6	20.51	100.0	25.62	8.51	-0.34	0.41	-4.88	-4.81
Europe	57.8	23.37	63.7	26.24	11.01	-0.88	0.55	-1.29	-1.61
Euro-zone	23.2	27.55	32.2	28.99	13.71	-0.54	0.28	-0.33	-0.59
Denmark	N/A	N/A	1.8	35.59	13.70	-0.10	-0.06	0.00	-0.16
Norway	2.0	48.94	0.7	29.61	5.24	-0.05	0.11	0.36	0.41
Sweden	4.5	32.04	2.9	21.80	10.96	0.04	-0.08	0.44	0.41
Switzerland	13.6	20.28	8.5	23.62	4.29	-0.23	0.12	-0.45	-0.55
United Kingdom	14.6	13.86	17.8	22.38	9.48	0.00	0.18	-1.32	-1.14
Pacific Basin	36.4	17.46	35.8	24.96	4.13	0.55	0.00	-3.26	-2.71
Pacific Basin ex Japan	27.6	18.81	12.1	26.04	5.41	-0.24	0.58	-2.26	-1.92
Australia	10.2	17.01	7.2	20.15	8.02	-0.01	-0.08	-0.33	-0.41
Hong Kong	5.9	18.14	3.5	36.17	-0.76	-0.31	0.62	-1.08	-0.77
Malaysia	3.0	33.16	N/A	N/A	10.80	0.08	0.13	0.00	0.21
New Zealand	N/A	N/A	0.2	12.67	1.99	0.01	0.01	0.00	0.02
Singapore	4.7	16.40	1.3	35.63	8.00	-0.02	0.34	-0.85	-0.53
Taiwan	3.8	14.38	N/A	N/A	8.28	0.00	-0.44	0.00	-0.45
Japan	8.8	13.70	23.6	24.39	3.54	0.79	-0.58	-1.01	-0.79
Israel	1.4	-17.69	0.6	2.59	4.60	0.00	-0.15	-0.33	-0.48
Cash & Currency Hedging	4.4	0.60	N/A	N/A	0.12	-0.48	-0.75	0.00	-1.23

Policy benchmark is MSCI EAFE

Performance attribution detail by sector

1 year ended 31 December 2017. South LaSalle International Equities Trust (USD)

Cumulative Results	Portfolio		Policy		Net Management Effects		
	Weight	Return	Weight	Return	Allocation	Select	Total
Top level	100.0	19.58	100.0	25.62	-2.06	-3.98	-6.04
Equity	95.6	20.51	100.0	25.62	-0.83	-3.98	-4.81
Energy	8.6	16.58	5.0	22.38	-0.09	-0.49	-0.58
Utilities	6.6	14.51	3.4	19.93	-0.14	-0.37	-0.51
Real Estate	N/A	0.00	3.7	22.26	0.12	0.00	0.12
Materials	6.0	30.64	7.9	34.37	-0.21	-0.11	-0.33
Industrials	19.0	22.52	14.1	30.50	0.23	-1.38	-1.15
Consumer Discretionary	3.7	16.98	12.5	25.50	-0.06	-0.32	-0.39
Consumer Staples	13.4	22.85	11.4	24.65	-0.01	-0.29	-0.31
Health Care	10.9	8.85	10.6	17.52	0.06	-1.01	-0.95
Financials	8.2	26.42	21.3	25.30	0.00	0.09	0.09
Information Technology	7.3	27.05	6.0	39.71	0.26	-0.80	-0.54
Telecommunication Services	11.9	18.83	4.3	13.35	-0.98	0.70	-0.28
Cash & Currency Hedging	4.4	0.60	N/A	N/A	-1.23	0.00	-1.23

Policy benchmark is MSCI EAFE

International Equity Composite US\$ - Disclosures

Calendar Year	Gross-of-fees Composite Return for the Period %	Net-of-fees Composite Return for the Period %	Benchmark MSCI EAFE Return %	Composite 3-Yr Ann. Std Dev (%)	Benchmark 3-Yr Ann. Std Dev (%)	Number of Accounts at period end	Composite Assets at period end (US\$ m)	Total Firm Assets at period end (US\$ m)	% of Total Firm Assets	Dispersion (Range) (%)	Returns %		
											High	Low	Median
1996 H2	9.8	9.4	1.6	-	-	1	71	868	8.2	-	-	-	-
1997	0.8	0.1	2.1	-	-	1	71	1,162	6.1	-	-	-	-
1998	15.2	14.4	20.3	-	-	1	82	1,143	7.2	-	-	-	-
1999	14.2	13.4	27.2	13.1	15.9	1	151	1,229	12.3	-	-	-	-
2000	3.7	3.0	(14.0)	12.9	15.7	1	22	843	2.6	-	-	-	-
2001	(7.8)	(8.5)	(21.2)	12.1	15.2	1	20	1,187	1.7	-	-	-	-
2002	(12.0)	(12.6)	(15.7)	14.8	16.0	5	152	1,328	11.4	-	-	-	-
2003	31.9	31.0	39.2	16.3	17.8	7	387	2,133	18.1	0.19	32.9	31.1	31.6
2004	19.7	18.9	20.7	14.9	15.5	7	354	2,697	13.1	0.12	20.1	18.9	19.8
2005	8.6	7.8	14.0	10.8	11.4	7	514	2,610	19.7	0.21	9.4	7.9	8.9
2006	28.0	27.1	26.9	7.4	9.3	6	555	3,076	18.0	0.23	28.3	27.8	28.0
2007	10.1	9.4	11.6	7.1	9.4	5	385	2,992	12.9	0.33	10.4	9.4	10.0
2008	(32.9)	(33.4)	(43.1)	15.7	19.3	4	170	2,009	8.5	0.58	(31.7)	(33.4)	(32.6)
2009	31.6	30.6	32.5	18.8	23.6	4	208	2,583	8.1	0.40	32.1	31.2	31.5
2010	9.5	8.8	8.2	21.0	26.3	5	269	3,123	8.6	0.29	9.9	9.2	9.6
2011	(1.7)	(2.4)	(11.7)	17.1	22.5	9	476	3,510	13.6	0.64	(0.5)	(2.4)	(1.4)
2012	17.2	16.4	17.9	14.3	19.3	11	1,046	7,263	14.4	0.40	18.0	16.9	17.3
2013	17.2	16.3	23.3	11.4	16.2	12	2,451	11,446	21.4	0.63	17.9	15.7	17.4
2014	1.6	0.9	(4.5)	9.4	13.0	13	3,443	12,706	27.1	0.38	2.7	1.4	1.8
2015	(2.8)	(3.5)	(0.4)	10.2	12.5	12	3,617	11,073	32.7	0.16	(2.2)	(3.1)	(2.7)
2016	3.4	2.7	1.5	10.6	12.5	8	1,941	9,670	20.1	0.40	4.2	2.9	3.4
2017	19.8	19.0	25.6	10.2	11.9	11	2,586	10,492	24.6	0.15	20.1	19.6	19.9

Past performance does not guarantee future results.

Disclosure

Pyrford International Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Pyrford International Ltd has been independently verified for the period January 1, 1994 to September 30, 2016 by Grant Thornton UK LLP. The verification report is available upon request.

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.

Verification does not ensure the accuracy of any specific composite presentation.

Notes to the performance presentation

Pyrford International, a wholly owned subsidiary of the Bank of Montreal, is an investment management firm based in the United Kingdom providing international asset management services for its clients. Pyrford is part of BMO's Wealth Management group which provides wealth management services in North America, Middle East, UK, Asia, Australia and Europe. As at 31 December 2017 Pyrford International Ltd had total assets under management and administration and term investments of US\$10,492m. For the purpose of measuring and presenting investment performance, all discretionary fee paying accounts of Pyrford International Ltd are allocated to a composite and a complete list and description of the composites is available on request. Additional information regarding the firm's policies and procedures for calculating and reporting performance returns is available upon request.

The Pyrford International Ltd "International Equity (Base Currency US\$) composite" comprises all fully discretionary, international equity accounts with a market value greater than US\$10m, a base currency of US\$ and no hedging restrictions. The benchmark for the composite is the MSCI EAFE index. The composite was first created on July 1, 1996. On April 1, 2002 the composite construction criteria were redefined to allow the inclusion of pooled funds, taxable funds and funds of between US\$10 – 15 million on the basis that these do not materially impact the returns generated.

All returns are calculated in US\$ terms on a time-weighted basis. Effective May 1, 2013, portfolio returns are calculated daily. Prior to this date, portfolio returns were calculated monthly using the Modified Dietz method. Monthly composite returns are calculated by weighting each account's monthly return by its relative beginning market value.

Where there are more than four accounts in the composite over a full year, dispersion is measured as the asset weighted standard deviation of asset weighted portfolio returns of all accounts in the composite for the full year.

The three-year annualised standard deviation measures the variability of the composite returns over the preceding 36-month period.

The accounts in this composite are unleveraged and derivatives are used solely for currency hedging purposes.

As at 31 December 2017, 7.0% of the composite assets were invested in Malaysia, Thailand and Taiwan which are not included in the MSCI EAFE Index. Historically the composite has invested between 2.4% and 13.0% in these countries.

Performance results are presented gross of management and custodial fees, but net of transaction costs and before taxes (except for non-reclaimable withholding tax). The standard management fee schedule for segregated management is as follows: 0.70% per annum on the first US\$50 million; 0.50% on the next US\$50 million, and thereafter 0.35% per annum.

Net-of-fees performance has been calculated using the highest management fee of 0.70% per annum, as described in the firm's fee schedule shown above.

Returns will be reduced by advisory fees and other expenses, and the effect of these fees will compound over time. As a hypothetical example, if an account generated a 10% return each year for five years, it would have appreciated by 61%. If such an account paid a 1% annual fee, the appreciation on the fund would be 54%, or seven percentage points lower after five years.

There have been no significant events within the firm (such as ownership or personnel changes) which have materially impacted the historical investment performance.

All requests for further information should be sent to:

Nicholas Miller, 95 Wigmore Street, London W1U 1FD

nicholas.miller@pyrford.co.uk

Disclaimer

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Index definitions

- **MSCI ACWI Index**

The MSCI AC World Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of countries around the world.

- **MSCI EAFE Index**

The MSCI EAFE Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of securities across Developed Markets countries around the world, excluding the US and Canada.

- **MSCI European Monetary Union Index**

The MSCI EMU (European Economic and Monetary Union) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of countries within EMU.

- **MSCI AC Asia Pacific Index**

The MSCI AC Asia Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia and Pacific region.

- **MSCI Emerging Markets Index**

The MSCI Emerging Markets Index is a market capitalization weighted index comprised of over 800 companies representative of the market structure of the emerging countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

- **MSCI EAFE Value Index**

The MSCI EAFE Value Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	03/14/18	Retirement	Information	02/19/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2017 (ALL). (Adelman)

ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2017 (ALL). (Adelman)

RECOMMENDED ACTION

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

FISCAL IMPACT

None

DISCUSSION

Pension funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines adopted by each Retirement Board. Attached are the two investment performance reports prepared by the Boards' pension investment consultants. The first report is the Fourth Quarter 2017 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 31, 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 December 31, 2017. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

Investment Compliance Monitoring

In accordance with the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Investment Policy), State Street Bank performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of December 31, 2017, there were no compliance warnings or alerts to be reported; therefore, the investments are in compliance with the Investment Policy. The final attached report includes the monitoring summary (Attachment 3).

Approved:

Presented:

Final 3/6/2018
VP of Finance/CFO

Treasury Controller

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	03/14/18	Retirement	Information	02/19/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2017 (ALL). (Adelman)

The table below provides an overview of the quarter performance, quarter ending December 31, 2017 – gross of investment management fees:

<i>Investment Manager - Description - Benchmark</i>	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/ (Losses)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	5.33%	7.42%	\$3,469,561	\$(424,880)
S&P 500 Index (large cap value) S&P 500	6.64%	6.65%	\$3,118,578	\$(994,831)
Atlanta Capital (small cap) Russell 2000	3.34%	5.31%	\$1,363,445	-
Brandes (international equities) MSCI EAFE*	-	-	\$7	-
JPMorgan (international equities) MSCI EAFE	-	-	-	-
Pyrford (international equities) MSCI EAFE	4.23%	3.68%	\$967,887	-
MSCI EAFE Index (international equities) MSCI EAFE	4.23%	4.23%	\$467,911	-
AQR (small cap international equities) MSCI EAFE SC	6.05%	5.76%	\$822,638	-
Dimensional Fund Advisors (emerging markets) MSCI EM	7.44%	7.85%	\$1,268,429	-
Metropolitan West (fixed income) Barclays Agg.	0.39%	0.47%	\$420,500	-
Totals	3.85%	4.31%	\$11,898,955	\$(1,419,711)

Bold – fund exceeding respective benchmark

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

The table below provides an overview of the year to date performance, as of December 31, 2017 – net of investment management fees:

<i>Investment Manager - Description - Benchmark</i>	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/(Loss)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	13.66%	19.78%	\$8,370,605	\$(2,163,294)
S&P 500 Index (large cap value) S&P 500	21.83%	21.80%	\$9,126,321	\$(2,917,919)
Atlanta Capital (small cap) Russell 2000	14.65%	14.10%	\$3,324,048	-
Brandes (international equities) MSCI EAFE*	-	-	\$652	-
JPMorgan (international equities) MSCI EAFE	-	-	\$3,292,372	\$(25,953,819)
Pyrford (international equities) MSCI EAFE**	-	-	\$1,219,221	\$25,953,819
MSCI EAFE Index (international equities) MSCI EAFE	25.03%	25.35%	\$2,329,133	-
AQR (small cap international equities) MSCI EAFE SC	33.01%	32.51%	\$3,734,885	-
Dimensional Fund Advisors (emerging markets) MSCI EM	37.28%	36.55%	\$4,641,444	-
Metropolitan West (fixed income) Barclays Agg.	3.54%	3.60%	\$3,112,274	-
Totals	16.39%	15.67%	\$39,150,955	\$(5,081,213)

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

March 14, 2018



**Sacramento Regional
Transit District**

Fourth Quarter 2017
Market Update

Anne Heaphy

Fund Sponsor Consulting

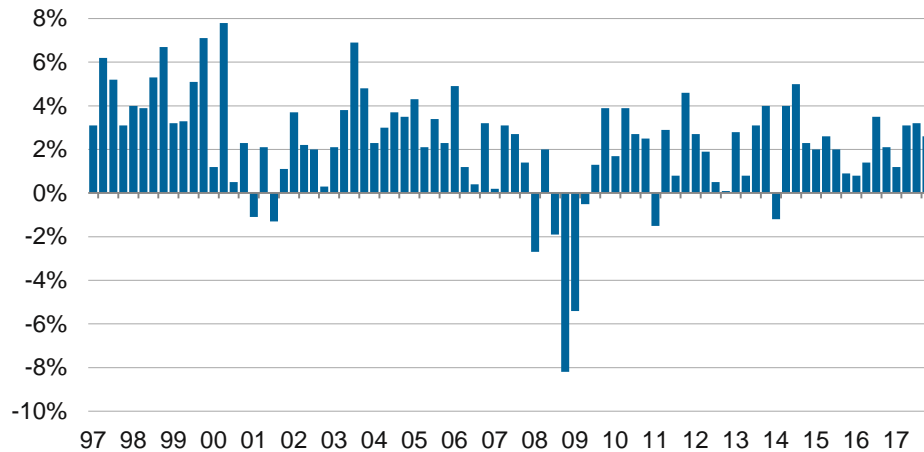
Uvan Tseng, CFA

Fund Sponsor Consulting

Economic Commentary

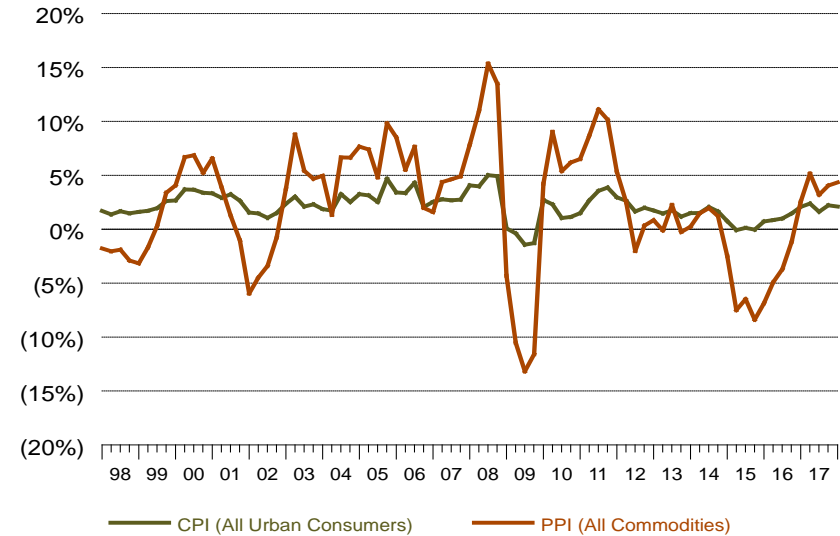
Fourth Quarter 2017

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



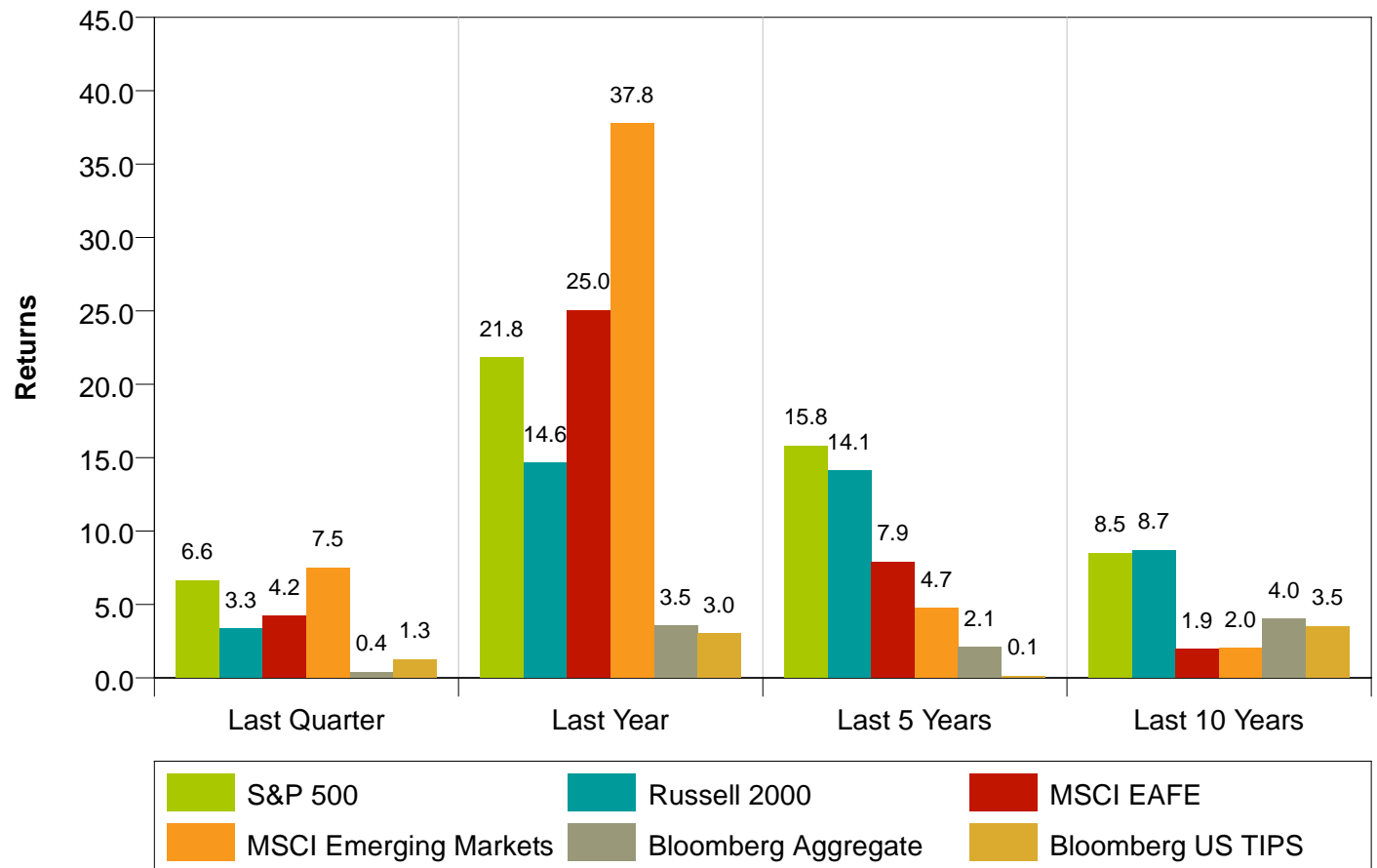
Source: Bureau of Labor Statistics

- The first estimate of the 4th quarter GDP came in at 2.6% and 2.3% year-over-year, compared with an increase of 1.5% in 2016. Growth was supported by consumer spending, nonresidential fixed investment and exports, offsetting the setback in inventory investment. 3rd quarter GDP was revised slightly upwards to 3.2%, the fastest pace since the first quarter of 2015 and following similarly robust second quarter growth (3.1%).
- Nonfarm payroll growth fell short of expectations in December, adding 148,000 jobs. An upward revision of November's jobs to 252,000 combined with a downward revision in October's to 211,000, resulted in a net decline of 9,000. The unemployment rate held steady at 4.1% even though the number of unemployed actively looking for work rose slightly. The labor-force participation rate was unchanged at 62.7%. Average hourly earnings increased 0.3% in December however November's increase of 0.2% was revised down to 0.1%.
- Inflation remained benign. For the trailing 12 months ended September, Headline CPI was +2.1%, and Core CPI (excluding food and energy) was +1.8%. Headline CPI was fueled by higher gasoline prices.

Asset Class Performance

Periods Ended December 31, 2017

Asset Class Performance
for Periods Ended December 31, 2017



YTD as of 03/13/18:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

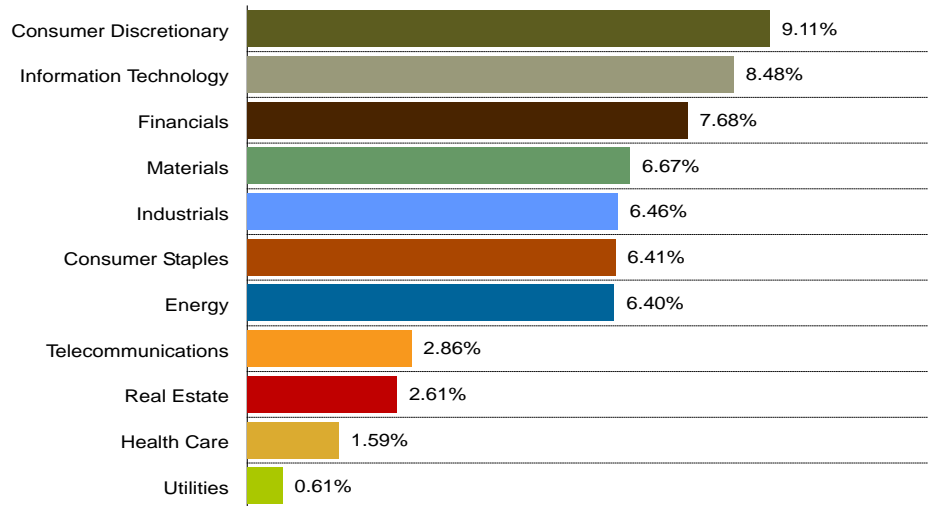
Bloomberg Aggregate:

Bloomberg TIPS:

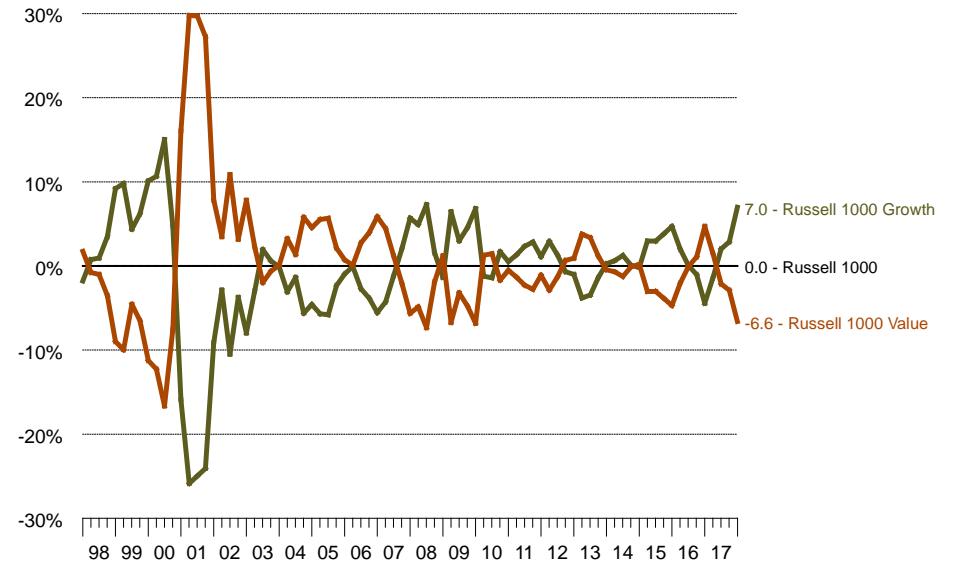
U.S. Equity

Fourth Quarter 2017

Russell 3000 Sector Returns



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



Fourth Quarter Index Returns

Russell 3000:	6.3%
S&P 500:	6.6%
Russell Mid Cap:	6.1%
Russell 2000:	3.3%

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended December 31, 2017

	4Q 2017			Annualized 1 Year Returns		
	Value	Core	Growth	Value	Core	Growth
Large	5.2%	6.8%	8.2%	13.8%	23.0%	31.9%
Mid	5.5%	6.1%	6.8%	13.3%	18.5%	25.3%
Small	2.1%	3.3%	4.6%	7.8%	14.7%	22.2%

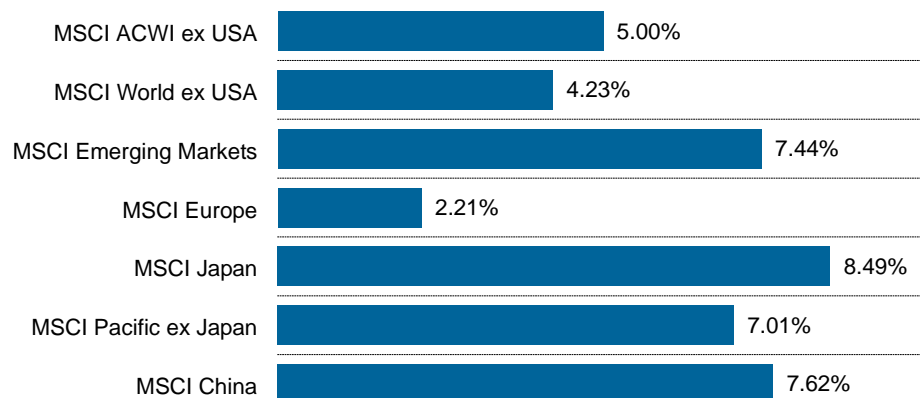
- The U.S. equity market continued its upward trajectory in the fourth quarter, closing out a very strong marked by continued low volatility despite a turbulent U.S. political landscape and a record year in terms of global catastrophes. Investors embraced accelerating global economic growth as well as low interest rates and inflation. Corporate earnings registered double-digit growth for the quarter, receiving a boost from the U.S. tax reform bill that passed in late December.
- Large cap stocks outperformed small cap ones across styles for the quarter. Riskier assets continued to lead the equity market. Consumer Discretionary and Technology were the strongest performers, with Apple, Amazon, and Microsoft posting 10%-20% returns due to ongoing exceptional cash flow generation and growth in global markets.

Large Cap Core is represented by the Russell Top 200 Index, Large Cap Value is represented by the Russell Top 200 Value Index and Large Cap Growth is represented by the Russell Top 200 Growth Index. Mid Cap Core is represented by the Russell Mid Cap Index, Mid Cap Value is represented by the Russell Mid Cap Value Index and Mid Cap Growth is represented by the Russell Mid Cap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

Non-US Equity

Fourth Quarter 2017

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI, Callan

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

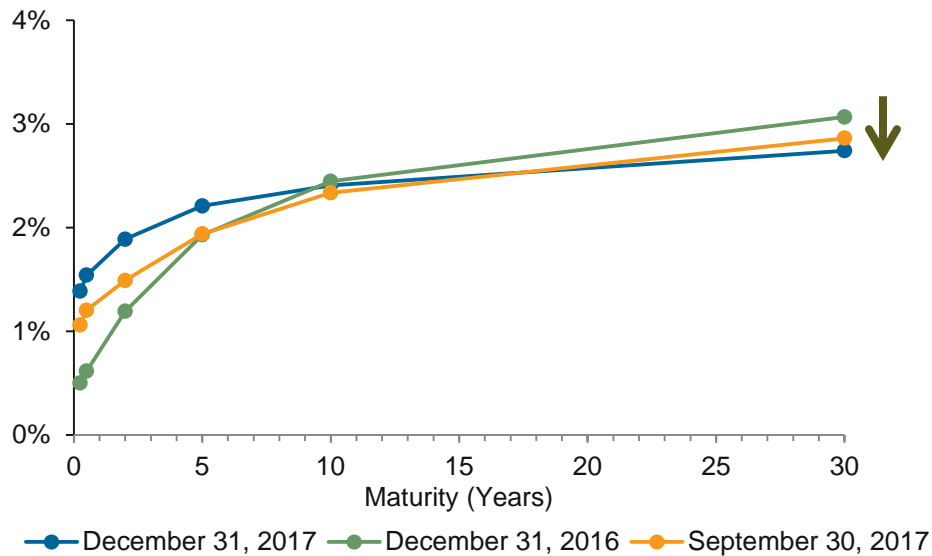
Country	Total	Local	Currency	Weight
Australia	6.79%	7.13%	-0.32%	6.92%
Austria	5.83%	4.19%	1.57%	0.26%
Belgium	-1.53%	-3.06%	1.57%	1.10%
Denmark	2.20%	0.67%	1.52%	1.82%
Finland	-2.55%	-4.06%	1.57%	0.93%
France	1.50%	-0.07%	1.57%	10.67%
Germany	2.78%	1.19%	1.57%	9.82%
Hong Kong	6.58%	6.66%	-0.08%	3.57%
Ireland	3.46%	1.85%	1.57%	0.49%
Israel	4.05%	3.10%	1.76%	0.46%
Italy	-2.32%	-3.84%	1.57%	2.34%
Japan	8.49%	8.57%	-0.08%	24.02%
Netherlands	0.83%	-0.58%	1.57%	3.56%
New Zealand	1.54%	3.21%	-1.62%	0.17%
Norway	1.91%	4.71%	-2.68%	0.66%
Portugal	-1.97%	-3.49%	1.57%	0.15%
Singapore	10.08%	8.36%	1.61%	1.33%
Spain	-1.59%	-3.12%	1.57%	3.21%
Sweden	-3.81%	-3.52%	-0.31%	2.68%
Switzerland	1.78%	2.51%	-0.71%	8.03%
U.K.	5.72%	4.85%	0.83%	17.80%

- Non-U.S. developed trailed U.S. after beating in the previous three quarters. The U.S. benefited late in the quarter from much anticipated tax reform and a strong consumer/holiday period.
- Regionally, Japan (+8.5%) was the best performer on elections and improved inflation expectations. Europe, which led markets in the 3rd quarter on earnings growth and political stability, reverted and trailed other developed regions on Brexit negotiation concerns and political uncertainty following German elections. The European Central Bank also announced plans to curb quantitative easing in January 2018.
- Emerging markets outpaced developed markets for fourth consecutive quarter, fueled by soft US Dollar, synchronized global growth, strong oil and commodity prices, and renewed investor interest.

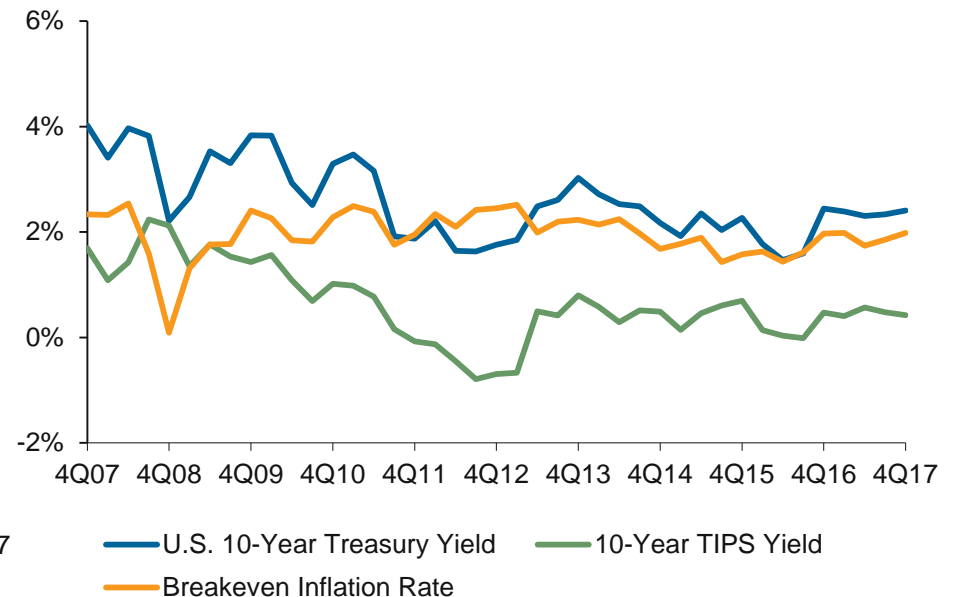
Fixed Income

Fourth Quarter 2017

U.S. Treasury Yield Curves




Historical 10-Year Yields



Source: Bloomberg

- The U.S. yield curve continued its flattening trend in the 4th quarter. The 2-year U.S. Treasury yield climbed 42 bps to close at 1.89%. At the long end of the yield curve, the 30-year U.S. Treasury yield fell 12 bps during the quarter, ending the year at 2.74%. This trend reflects the Fed's bias to be less accommodative through monetary policy, as well as benign inflation in the face of a strong labor market.
- The Fed is still struggling to estimate the size of the output gap, which is expected to indicate when growth translates into inflationary pressure. The market is pricing in three hikes for 2018, which would not be far from the Fed's own expectation of where rates will end up in the longer run. Yields on the 10-year Treasury rose modestly from 2.33% to 2.41%. The Fed's previously announced balance sheet normalization began without disruption in October.



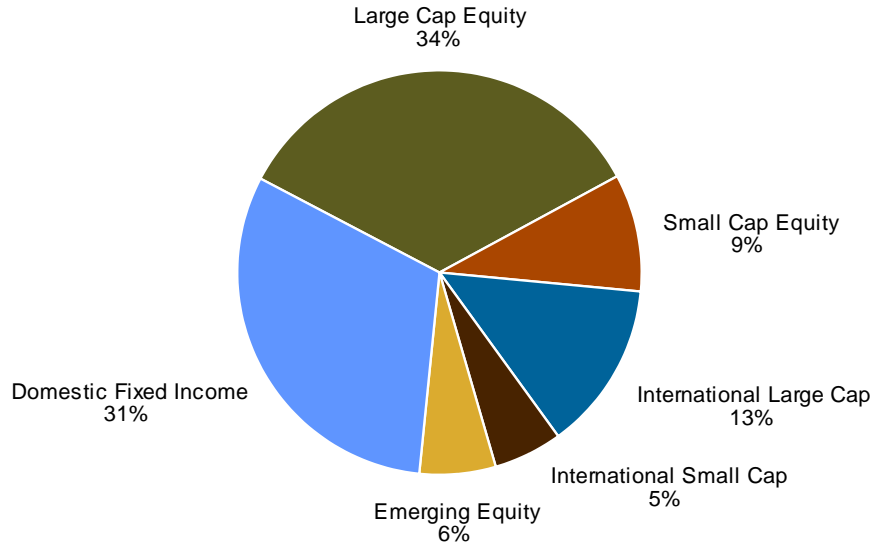
**Sacramento Regional
Transit District**

Total Fund Overview

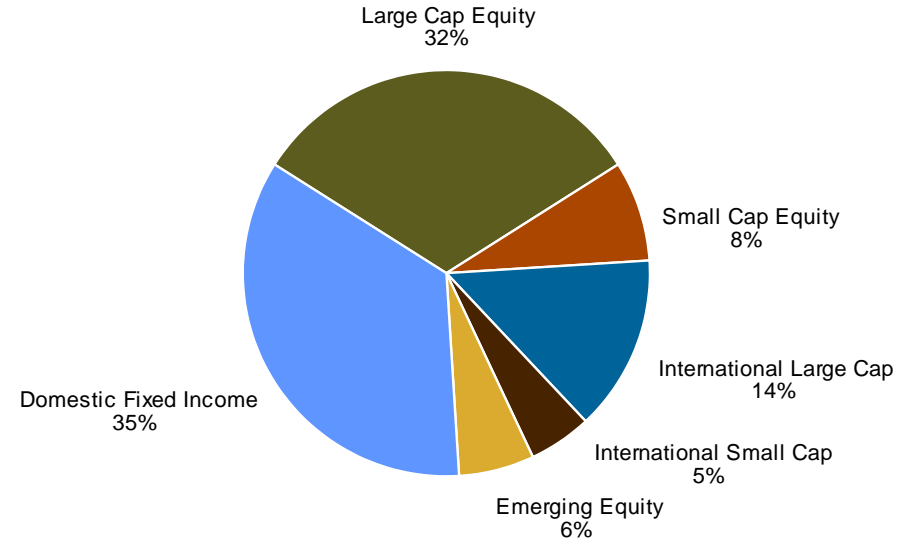
RT Asset Allocation

As of December 31, 2017

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	99,247	34.4%	32.0%	2.4%	6,987
Small Cap Equity	27,031	9.4%	8.0%	1.4%	3,966
International Large Cap	38,816	13.5%	14.0%	(0.5%)	(1,549)
International Small Cap	15,754	5.5%	5.0%	0.5%	1,338
Emerging Equity	17,727	6.1%	6.0%	0.1%	428
Domestic Fixed Income	89,740	31.1%	35.0%	(3.9%)	(11,170)
Total	288,315	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended December 31, 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%	7.04%	6.64%	0.13%	0.05%	0.19%
Small Cap Equity	9%	8%	5.31%	3.34%	0.18%	(0.01%)	0.18%
International Large Cap	13%	14%	3.84%	4.23%	(0.05%)	(0.00%)	(0.05%)
International Small Cap	5%	5%	5.76%	6.05%	(0.02%)	0.01%	(0.01%)
Emerging Equity	6%	6%	7.85%	7.44%	0.02%	(0.00%)	0.02%
Domestic Fixed Income	32%	35%	0.47%	0.39%	0.03%	0.11%	0.14%
Total			4.31%	= 3.85%	+ 0.30%	+ 0.16%	0.46%

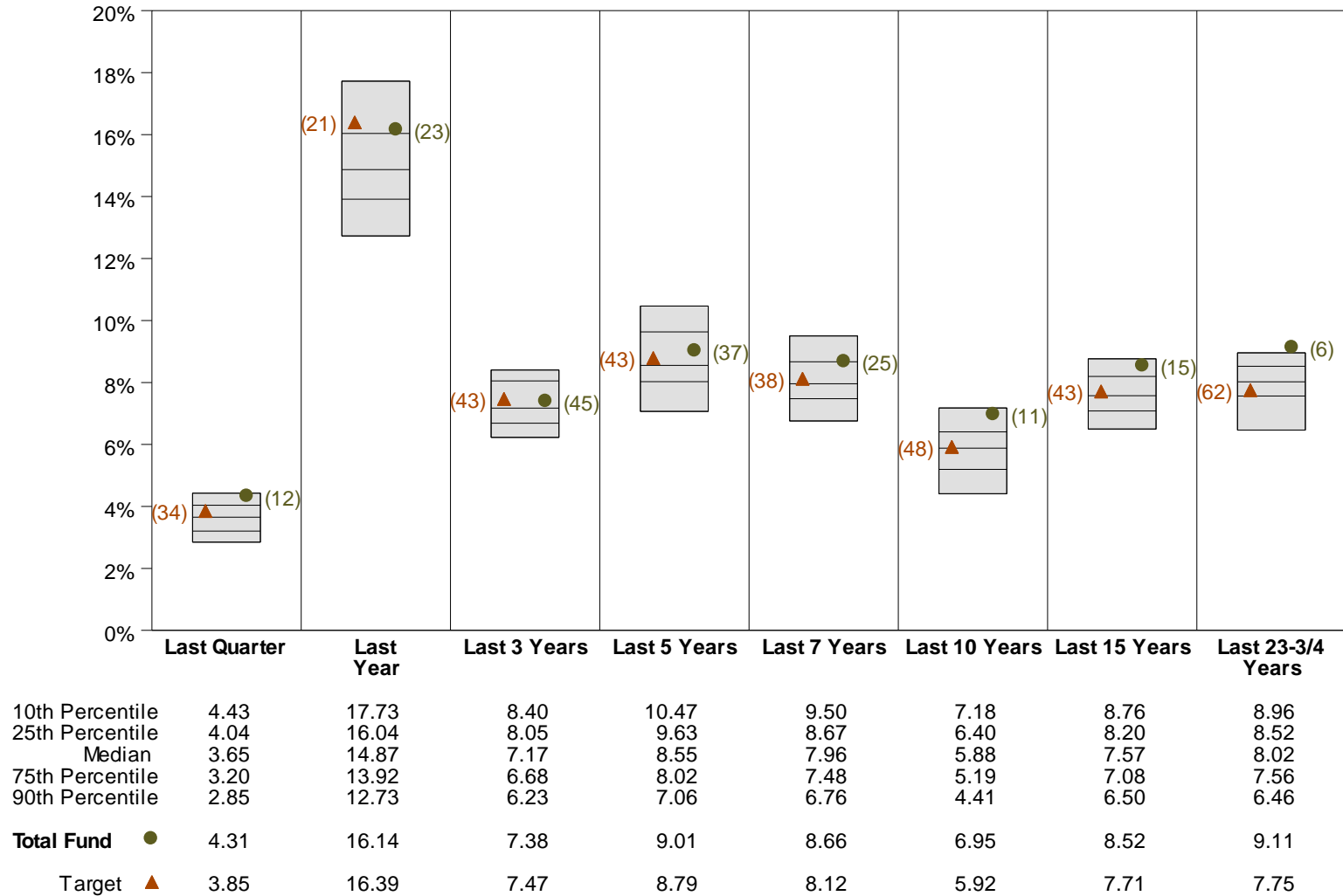
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	21.10%	21.83%	(0.24%)	0.10%	(0.14%)
Small Cap Equity	9%	8%	15.01%	14.65%	0.03%	(0.08%)	(0.05%)
International Large Cap	13%	14%	22.63%	25.03%	(0.31%)	(0.10%)	(0.41%)
International Small Cap	5%	5%	33.76%	33.01%	0.03%	0.00%	0.04%
Emerging Equity	6%	6%	37.32%	37.28%	(0.01%)	(0.09%)	(0.10%)
Domestic Fixed Income	33%	35%	3.89%	3.54%	0.13%	0.28%	0.40%
Total			16.14%	= 16.39%	+ (0.37%)	+ 0.11%	(0.26%)

Total Fund

Performance as of December 31, 2017

Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Total Fund

Manager Asset Allocation

	December 31, 2017			September 30, 2017
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$126,278,127	\$(1,419,711)	\$7,951,584	\$119,746,253
Large Cap	\$99,247,416	\$(1,419,711)	\$6,588,139	\$94,078,988
Boston Partners	50,097,885	(424,880)	3,469,561	47,053,204
SSgA S&P 500	49,149,531	(994,831)	3,118,578	47,025,784
Small Cap	\$27,030,710	\$0	\$1,363,445	\$25,667,265
Atlanta Capital	27,030,710	0	1,363,445	25,667,265
International Equity	\$72,296,648	\$0	\$3,526,871	\$68,769,777
International Large Cap	\$38,815,517	\$0	\$1,435,805	\$37,379,712
Brandes	9,459	0	7	9,452
SSgA EAFE	11,525,410	0	467,911	11,057,499
Pyrford	27,280,649	0	967,887	26,312,761
International Small Cap	\$15,753,947	\$0	\$822,638	\$14,931,309
AQR	15,753,947	0	822,638	14,931,309
Emerging Equity	\$17,727,184	\$0	\$1,268,429	\$16,458,755
DFA Emerging Markets	17,727,184	0	1,268,429	16,458,755
Fixed Income	\$89,740,069	\$0	\$420,500	\$89,319,569
Metropolitan West	89,740,069	0	420,500	89,319,569
Total Plan - Consolidated	\$288,314,843	\$(1,419,711)	\$11,898,955	\$277,835,599

Total Fund

Manager Returns as of December 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	6.67%	19.78%	11.15%	15.74%	14.16%
Domestic Equity Benchmark**	5.98%	20.41%	11.18%	15.53%	13.40%
Large Cap Equity	7.04%	21.10%	10.71%	15.62%	14.02%
Boston Partners	7.42%	20.32%	9.93%	15.37%	14.14%
Russell 1000 Value Index	5.33%	13.66%	8.65%	14.04%	12.46%
SSgA S&P 500	6.65%	21.86%	11.47%	15.84%	-
S&P 500 Index	6.64%	21.83%	11.41%	15.79%	13.76%
Small Cap Equity	5.31%	15.01%	12.95%	16.11%	14.74%
Atlanta Capital	5.31%	15.01%	12.95%	16.11%	14.74%
Russell 2000 Index	3.34%	14.65%	9.96%	14.12%	11.62%
International Equity	5.22%	28.25%	8.02%	7.20%	5.80%
Custom International Benchmark***	5.23%	27.81%	7.94%	7.74%	5.92%
International Large Cap	3.84%	22.63%	7.09%	7.15%	-
SSgA EAFE	4.23%	25.47%	8.14%	8.19%	-
Pyrford	3.68%	-	-	-	-
MSCI EAFE Index	4.23%	25.03%	7.80%	7.90%	6.04%
International Small Cap	5.76%	33.76%	-	-	-
AQR	5.76%	33.76%	-	-	-
MSCI EAFE Small Cap Index	6.05%	33.01%	14.20%	12.85%	9.16%
Emerging Markets Equity	7.85%	37.32%	9.95%	-	-
DFA Emerging Markets	7.85%	37.32%	9.95%	-	-
MSCI Emerging Markets Index	7.44%	37.28%	9.10%	4.35%	2.56%
Domestic Fixed Income	0.47%	3.89%	2.41%	2.49%	3.97%
Met West	0.47%	3.89%	2.41%	2.49%	3.97%
Bloomberg Aggregate Index	0.39%	3.54%	2.24%	2.10%	3.20%
Total Plan	4.31%	16.14%	7.38%	9.01%	8.66%
Target*	3.85%	16.39%	7.47%	8.79%	8.12%

* 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 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

Callan

December 31, 2017



Sacramento Regional Transit District Retirement Plans

Investment Measurement Service
Quarterly Review

The following report was prepared by Callan using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); Callan computer software; Callan investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. Callan assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to Callan. Reasonable care has been taken to assure the accuracy of the Callan 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, Callan 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 2018 by Callan.

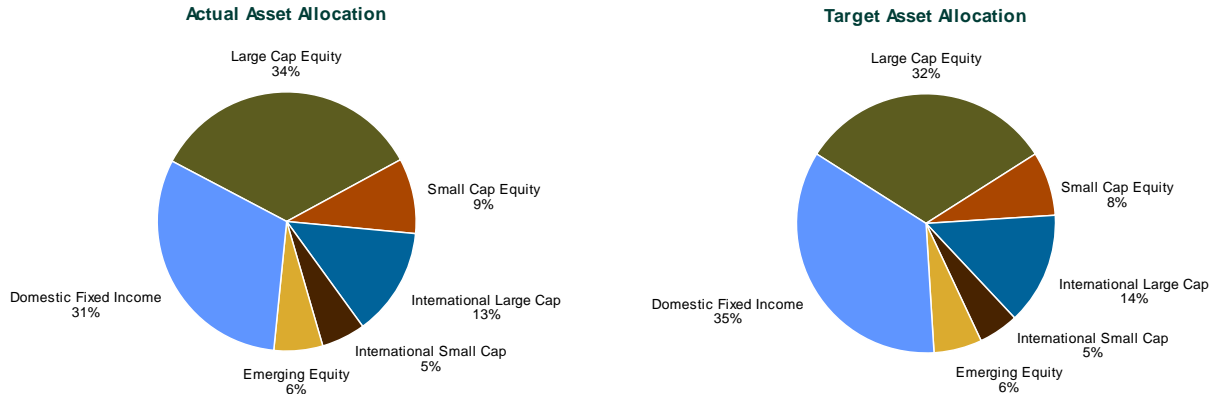
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Sacramento Regional Transit District
Executive Summary for Period Ending December 31, 2017

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	4.31%	16.14%	7.38%	9.01%	8.66%
Target*	3.85%	16.39%	7.47%	8.79%	8.12%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	14	41	18
Atlanta Capital	51	16	16
Pyrford	[98]	[95]	[57]
AQR	70	[48]	[47]
DFA	58	70	[75]
MetWest	90	96	83

Brackets indicate performance linked with manager's composite

Watch List

N/A

Items Outstanding

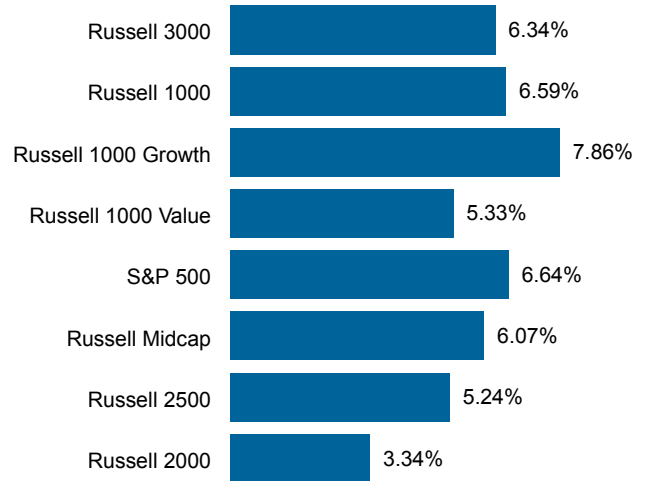
N/A

*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.

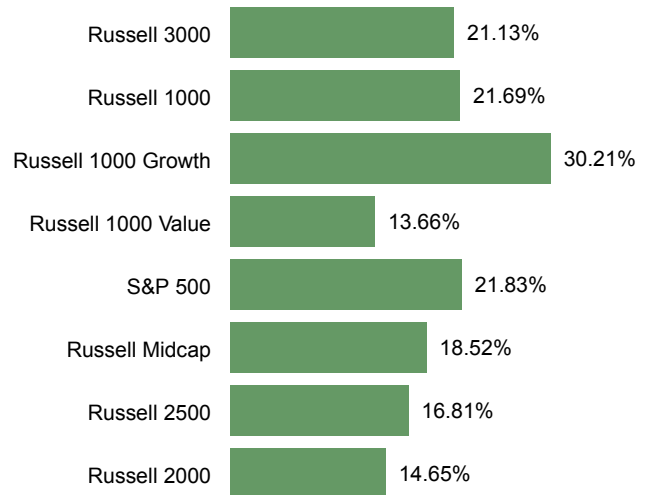
U.S. EQUITY

- The U.S. equity market continued its upward trajectory in the 4th quarter, closing out a very strong year marked by continued low volatility despite a turbulent U.S. political landscape and a record year in terms of global catastrophes. Investors embraced accelerating global economic growth as well as low interest rates and inflation. Corporate earnings registered double-digit growth for the quarter, receiving a boost from the U.S. tax reform bill that passed in late December.
- Large Cap (S&P 500 & Russell 1000: +6.6%) outperformed Small Cap (Russell 2000: +3.3%) across styles for the quarter.
- Risk assets continued to lead the equity market in the quarter. Consumer Discretionary (+9.9%) and Tech (+9%) were the strongest performers with Apple, Amazon, and Microsoft posting 10%-20% returns due to ongoing exceptional cash flow generation and growth in global markets. The Tech sector now accounts for 24% of the S&P 500 and 38% of the Russell 1000 Growth index; returns for the FAAMG stocks (Facebook, Apple, Amazon, Microsoft, and Google) ranged from 36% to 56% for 2017.
- Consumer Discretionary benefited from strong year-end retail sales as well as positive tax reform expectations as the retailing industry carries the highest industry effective tax rate at 35%. The "Amazon Effect," however, continues to threaten the sector as many large retailers have been forced to close stores or lower prices to unsustainable levels.
- The Energy sector (+6.0%) continued to improve in the 4th quarter although it closed out the year among the worst performers (-1.0%). A combination of optimism and improvements in the global economy has spurred demand in recent months. More near-term volatility is anticipated in the price of oil as U.S. output is expected to surpass production out of Saudi Arabia for the first time since the early 1990s.
- Growth outperformed Value during the quarter across the market cap range (Russell 1000 Growth: +7.9% vs Russell 1000 Value: +5.3%); Russell 2000 Growth: +4.6% vs Russell 2000 Value: +2.0%).

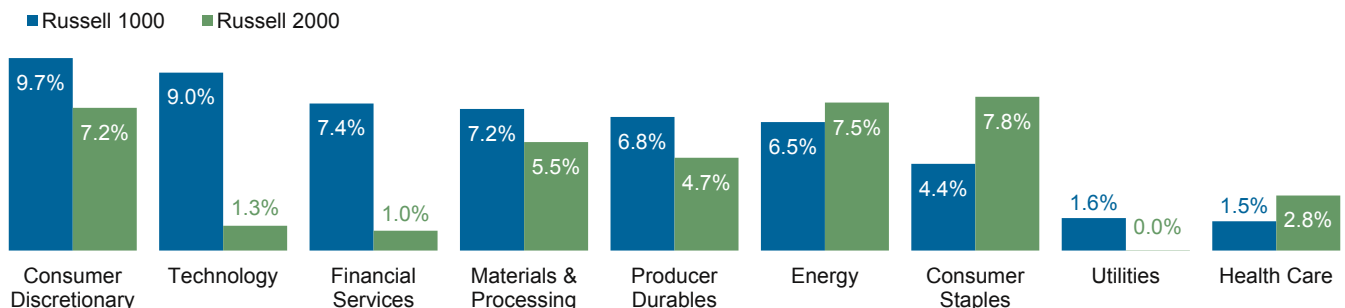
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Quarter ended December 31, 2017



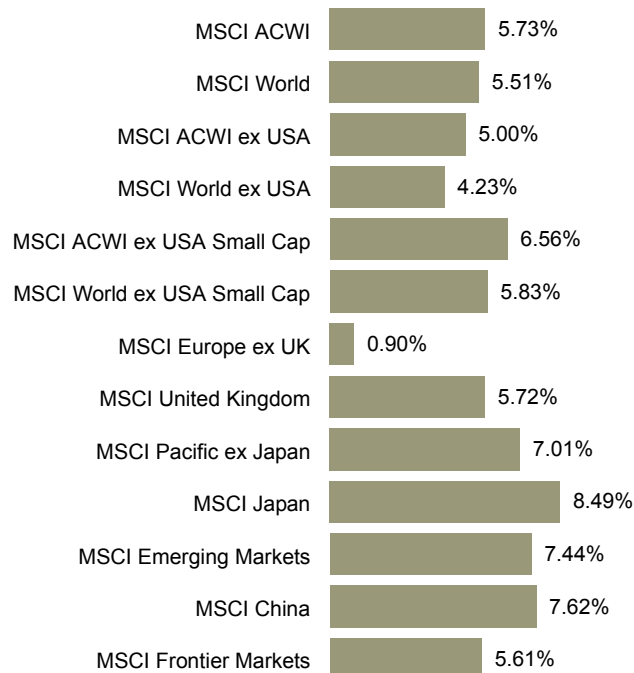
Sources: Russell Investment Group, Standard & Poor's

- The overweight to Tech and Consumer Discretionary in the Growth indices drove the outperformance. Investors favored the stronger earnings and top-line growth outlook in the Tech sector, which also benefited from positive investor sentiment following tax reform.
- Momentum-oriented stocks (MSCI Momentum Index: +37.8%) posted their biggest annual gain since 1999, leaving valuations stretched in the space; the MSCI Defensive Index rose 12.3% for 2017. Anecdotally, some momentum-oriented managers are finding their bench of ideas shrinking as they take profits on their winners while defensively oriented managers continue to sit on cash waiting for more favorable entry points.

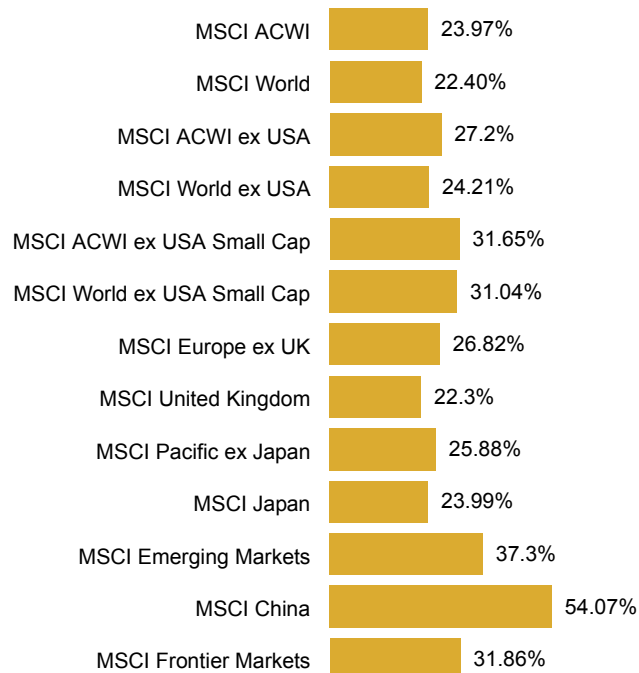
Global / Non-U.S. Equity

- Major non-U.S. markets performed largely in-line with each other during the 4th quarter, which saw a bit of an inflection point as investors were more willing to capitalize on synchronized global growth and began to rotate out of momentum winners into more cyclical areas such as Financials, Energy, and Materials. Cyclical led as tax reform, improving commodity prices, and growth projections overcame Brexit fears and election uncertainty in Germany in a risk-on quarter. Emerging markets outpaced developed ones for the fourth consecutive quarter, fueled by a soft U.S. dollar, synchronized global growth, strong oil and commodity prices, and renewed investor interest.
- Non-U.S. developed (MSCI EAFE & MSCI World ex USA: +4.2%) trailed U.S. (MSCI USA: +6.4%) after beating in the previous three quarters. The U.S. benefited late in the quarter from much anticipated tax reform and a strong consumer/holiday period.
- Europe, which led markets in the 3rd quarter on earnings growth and political stability, reverted and trailed other developed regions on Brexit negotiation concerns and political uncertainty following German elections. The European Central Bank also announced plans to curb quantitative easing in January 2018.
- Japan (+8.6%) was the best performer on elections and improved inflation expectations.
- The U.S. dollar fell against the euro and British pound, boosting dollar returns, but was flat against the Japanese yen.
- Markets favored economically sensitive sectors: IT (+8.3%), Materials (+7.8%), and Discretionary (+7.6%). Energy was also positive (6.8%) as commodity prices were supported by distribution disruptions and high LNG usage with winter's arrival. Defensive sectors lagged as markets continued to rise: Utilities (-0.44%), Health Care (+0.9%), Telecom (+1.7%).
- It was another difficult quarter for Value (MSCI World Value: +4.6% 4Q / +17.1% 2017 vs. MSCI World Growth: +6.4% 4Q / +28.0% 2017). Factor performance favored strong growth (forecasted), earnings and price momentum, high quality, and beta. Valuation factors were mixed, with price-to-book and yield detracting from performance, while earnings-based multiples contributed.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

Emerging Markets

- China (+7.6%) performed in line with broader emerging markets (MSCI Emerging Markets: +7.4%), while local China A did better (MSCI China A 50: +13.7%). October's 19th National Congress of the Communist Party solidified power around Xi Jinping, reconfirming key policy objectives. Chinese technology continued to perform well but was less of a performance outlier than in previous quarters. China's growing and less-visible debt is an increasing concern, while expectations for stronger growth are buoying the market.
- South Africa (+21.4%) was the best performer as commodity prices firmed and Jacob Zuma was replaced by reform and anti-corruption minded Cyril Ramaphosa.
- Brazil (-2%) trailed as the real sold off and stocks paused following a stellar 3rd quarter. Risks increased with upcoming elections and a resurgence of Lula da Silva putting reforms at risk.
- Mexico was the worst-performing emerging market country where the peso sold off on NAFTA negotiation concerns. Economically sensitive sectors sold off (Discretionary: -23.6%, Financials: -21.2%).
- Emerging market Health Care (+16.6%) saw very good performance with outsized contribution from China and South Korea as changing demographics continued to drive demand.
- Value factors struggled in emerging markets while growth, earnings momentum, price momentum, volatility, and beta were positive. It remains a difficult environment for emerging market value strategies.

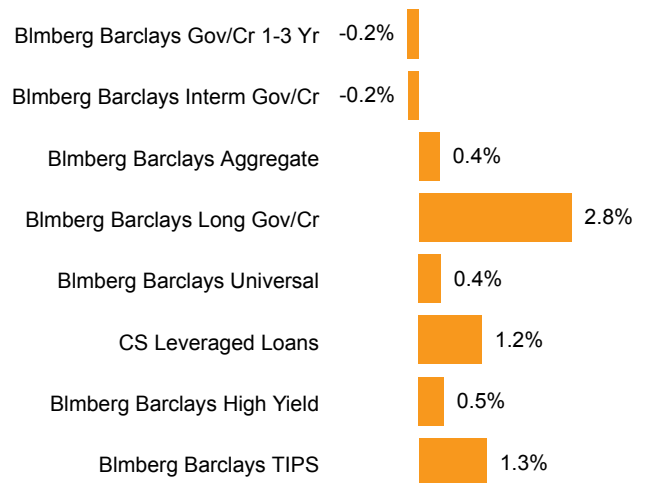
Non-U.S. Small Cap

- MSCI World ex USA Small Cap rose +5.8%; MSCI EM Small Cap jumped even more, up 9.2%.
- Developed non-U.S. small cap outperformed its large/mid counterpart modestly, led by Asia. Australian SC (+11.6%) and Japan SC (+8.7%) led the segment. Sectors were all positive for the quarter with only moderate dispersion.
- Emerging market small cap was the best-performing segment of the equity markets in the 4th quarter led by Health Care (+28%); Real Estate (-0.05%) was the laggard.

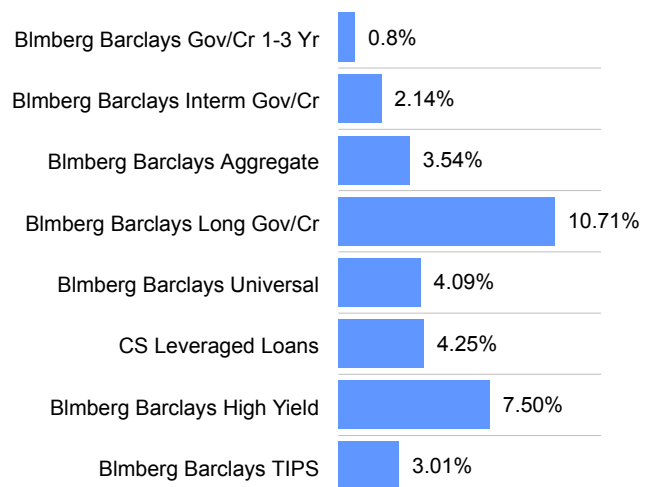
Fixed Income

- The U.S. yield curve continued its flattening trend in the 4th quarter. The 2-year U.S. Treasury yield climbed 42 bps to close at 1.89%. At the long end of the yield curve, the 30-year U.S. Treasury yield fell 12 bps during the quarter, ending the year at 2.74%. This trend reflects the Fed's bias to be less accommodative through monetary policy, as well as benign inflation in the face of a strong labor market. Spread sectors again outperformed U.S. Treasuries. Increasing comfort with credit fundamentals across corporates, consumers, and commercial real estate drove spreads tighter.

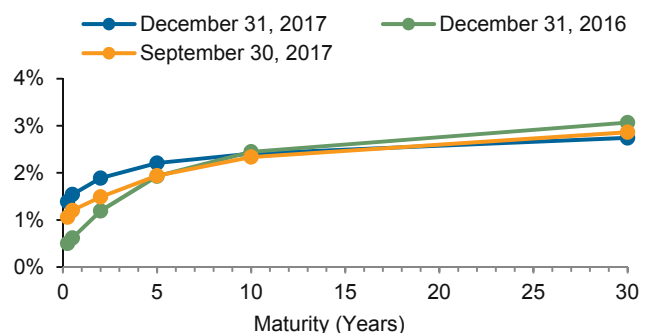
U.S. Fixed Income: Quarterly Returns



One Year ended December 31, 2017



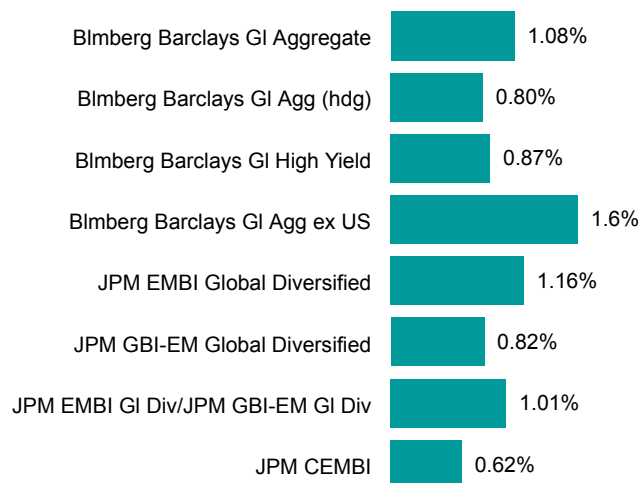
U.S. Treasury Yield Curves



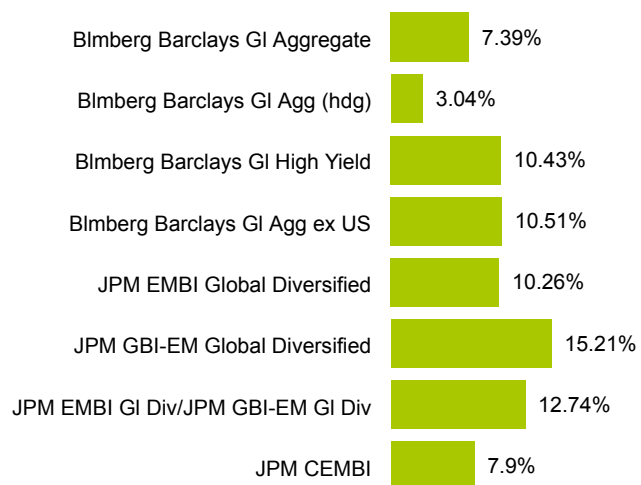
Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

- The Bloomberg Barclays U.S. Aggregate Bond Index rose 0.4%.
- Volatility in fixed income markets (as well as equities) sits near historical lows.
- Overall risk appetite remains elevated driven in part by globally strong growth and loose monetary policy from central banks, as well as business and consumer confidence.
- The Fed is still struggling to estimate the size of the output gap, which is expected to indicate when growth translates into inflationary pressure. The market is pricing in three hikes for 2018, which would not be far from the Fed's own expectation of where rates will end up in the longer run. Yields on the 10-year Treasury rose modestly from 2.33% to 2.41%. The Fed's previously announced balance sheet normalization began without disruption in October.
- Corporate bonds outperformed for the quarter and the year, and yield spreads reached a post-crisis tight of 93 bps over Treasuries. Investment grade corporate credit was the strongest-performing fixed income sector; tax reform may improve profitability and negatively impact issuance, potentially supporting the sector going forward.
- High yield credit continued to perform well, aided by rising equity markets, but lagged investment grade bonds. Default rates remained benign, capping off the lowest annual default rate since 2013. A high share of the market trading "to call" relative to history indicates less potential upside from price appreciation because issuers are able to refinance at par. A significant number of high yield issuers are expected to be negatively impacted by the limit on interest deductions from tax reform, with the energy, leisure, materials, utilities, and financial services sectors being particularly affected. Issuance was robust in the fourth quarter at \$68 billion, but tax reform could negatively impact issuance.
- Within emerging market debt in hard currency sovereign, most issuers performed well, driving positive returns, with Venezuela a notable detractor. Higher commodity prices and global growth supported the asset class broadly. The local currency JPM GBI-EM Global Diversified Index rose 0.8% in the quarter. Asian countries (+5%) performed best while Latin America sank nearly 5%. Argentina (-7%), Brazil (-3%), and Mexico (-9%) lost the most. These returns were largely a function of currency depreciation rather than changes in interest rates.

Global Fixed Income: Quarterly Returns

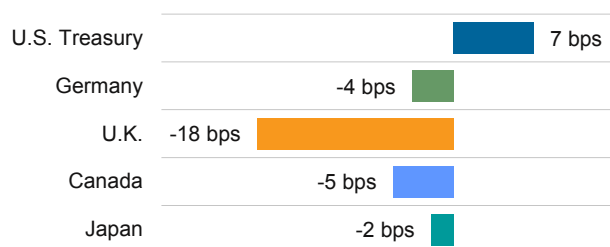


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

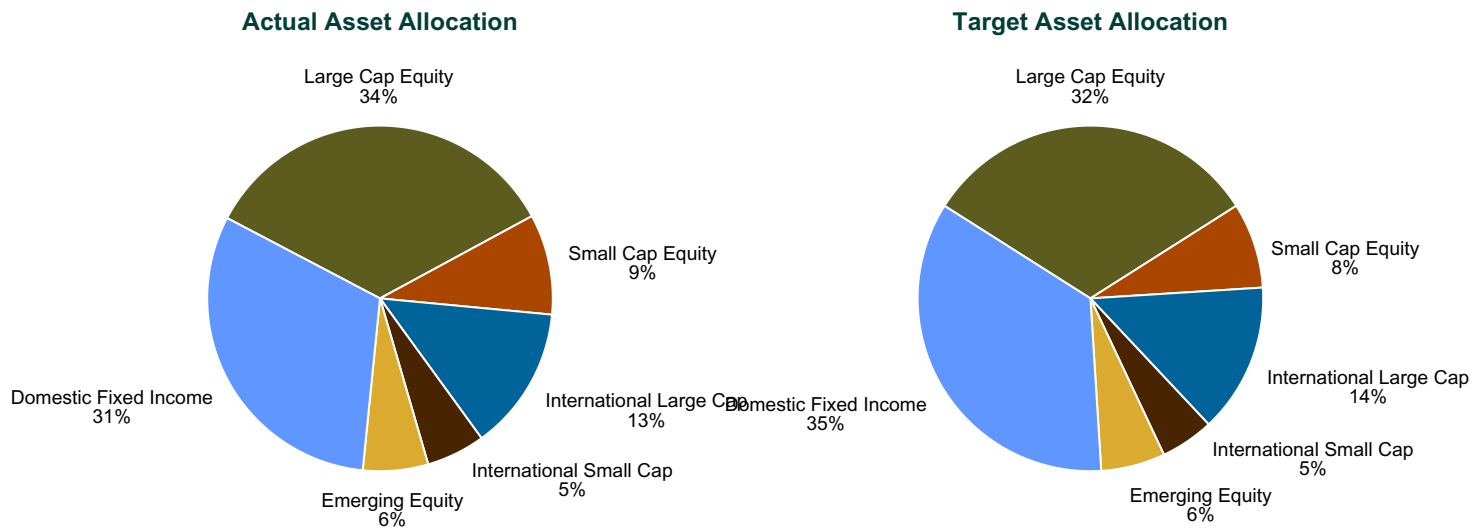
3Q17 to 4Q17



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

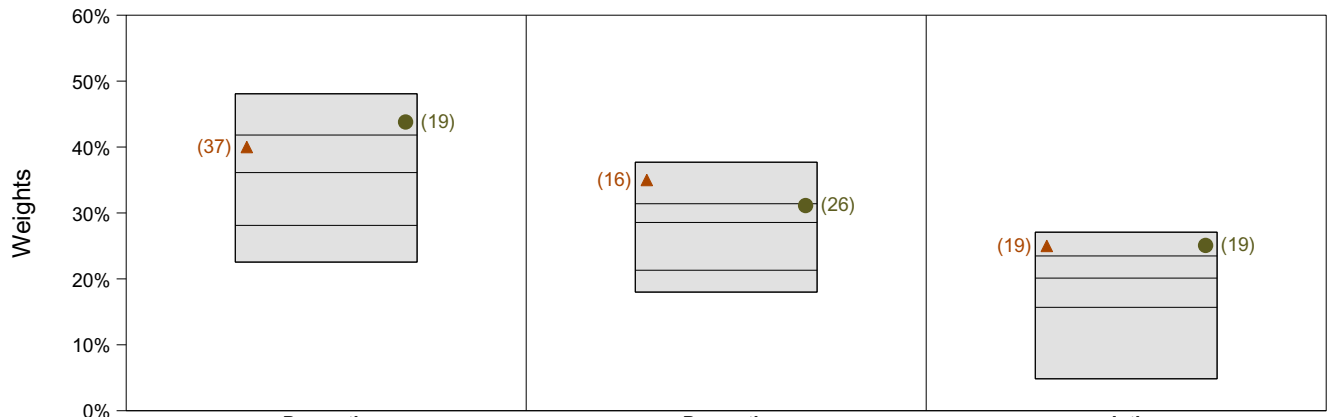
Actual vs Target Asset Allocation As of December 31, 2017

The top left chart shows the Fund's asset allocation as of December 31, 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 Callan Public Fund Spons- Mid (100M-1B).



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	99,247	34.4%	32.0%	2.4%	6,987
Small Cap Equity	27,031	9.4%	8.0%	1.4%	3,966
International Large Cap	38,816	13.5%	14.0%	(0.5%)	(1,549)
International Small Cap	15,754	5.5%	5.0%	0.5%	1,338
Emerging Equity	17,727	6.1%	6.0%	0.1%	428
Domestic Fixed Income	89,740	31.1%	35.0%	(3.9%)	(11,170)
Total	288,315	100.0%	100.0%		

Asset Class Weights vs Callan Public Fund Spons- Mid (100M-1B)



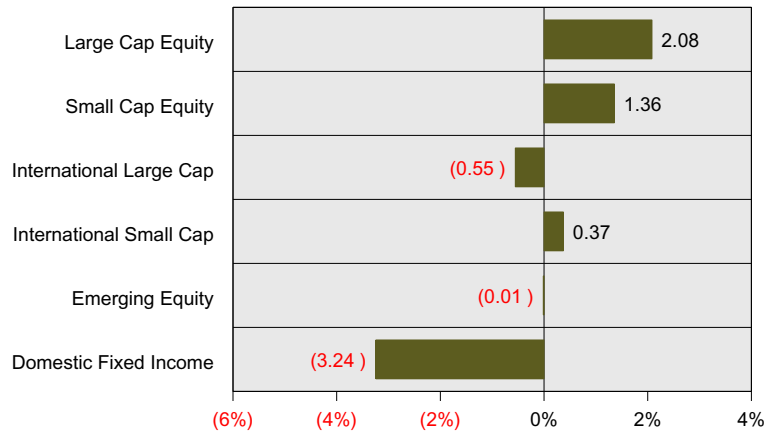
10th Percentile	48.08	37.70	27.08
25th Percentile	41.82	31.40	23.48
Median	36.12	28.56	20.12
75th Percentile	28.12	21.31	15.68
90th Percentile	22.55	17.99	4.84
Fund ●	43.80	31.13	25.08
Target ▲	40.00	35.00	25.00
% Group Invested	94.92%	96.61%	88.14%

* 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 and 5.0% MSCI EAFE Small Cap.

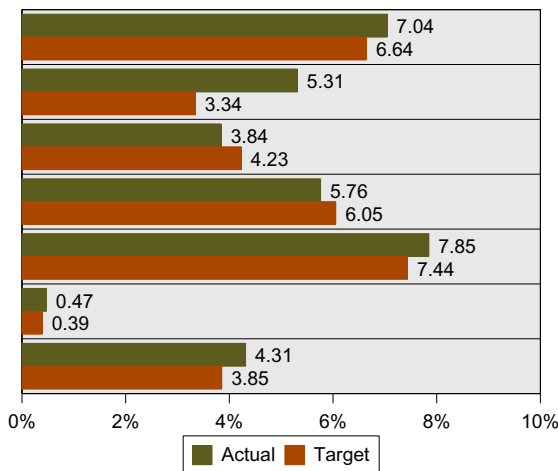
Quarterly Total Fund Relative Attribution - December 31, 2017

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.

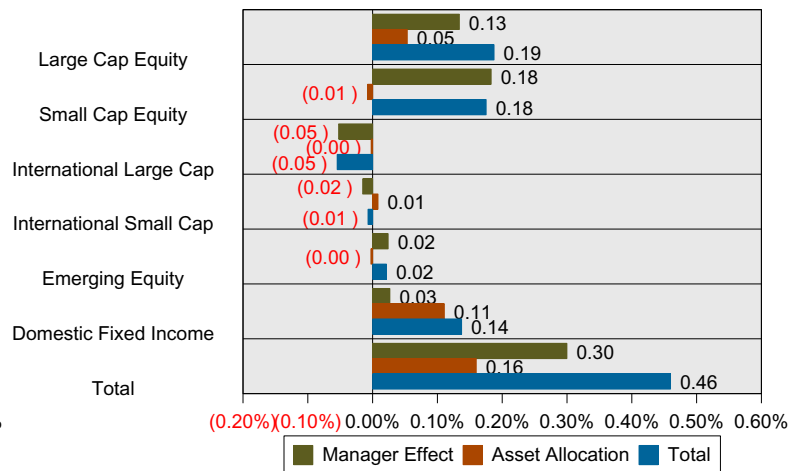
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 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%	7.04%	6.64%	0.13%	0.05%	0.19%
Small Cap Equity	9%	8%	5.31%	3.34%	0.18%	(0.01%)	0.18%
International Large Cap	13%	14%	3.84%	4.23%	(0.05%)	(0.00%)	(0.05%)
International Small Cap	5%	5%	5.76%	6.05%	(0.02%)	0.01%	(0.01%)
Emerging Equity	6%	6%	7.85%	7.44%	0.02%	(0.00%)	0.02%
Domestic Fixed Income	32%	35%	0.47%	0.39%	0.03%	0.11%	0.14%

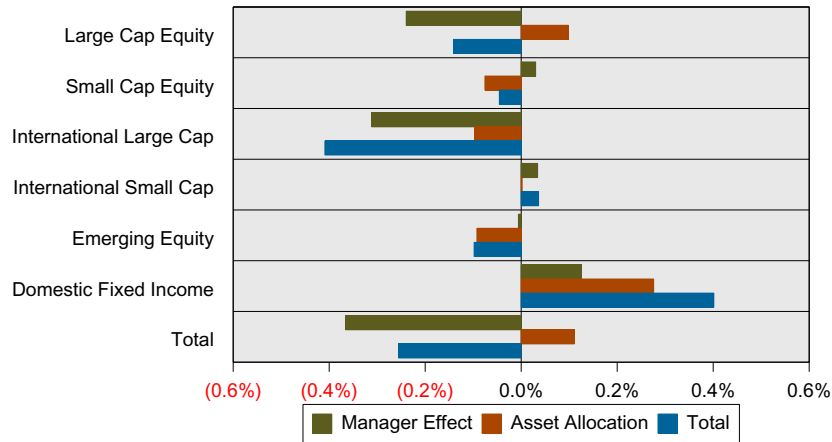
Total **4.31% = 3.85% + 0.30% + 0.16%** **0.46%**

* 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 and 5.0% MSCI EAFE Small Cap.

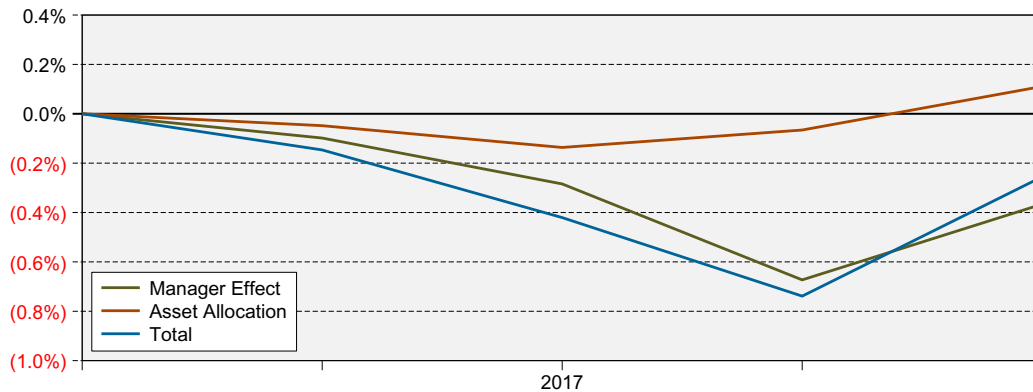
Cumulative Total Fund Relative Attribution - December 31, 2017

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

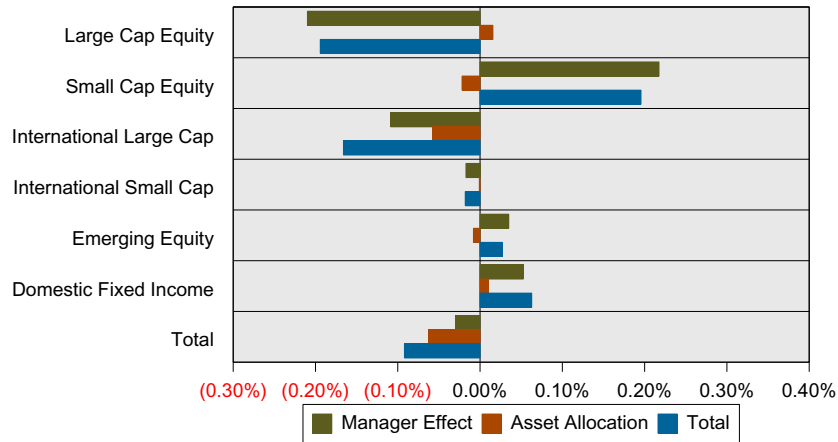
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	21.10%	21.83%	(0.24%)	0.10%	(0.14%)
Small Cap Equity	9%	8%	15.01%	14.65%	0.03%	(0.08%)	(0.05%)
International Large Cap	13%	14%	22.63%	25.03%	(0.31%)	(0.10%)	(0.41%)
International Small Cap	5%	5%	33.76%	33.01%	0.03%	0.00%	0.04%
Emerging Equity	6%	6%	37.32%	37.28%	(0.01%)	(0.09%)	(0.10%)
Domestic Fixed Income	33%	35%	3.89%	3.54%	0.13%	0.28%	0.40%
Total			16.14%	16.39%	+ (0.37%)	+ 0.11%	(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 and 5.0% MSCI EAFE Small Cap.

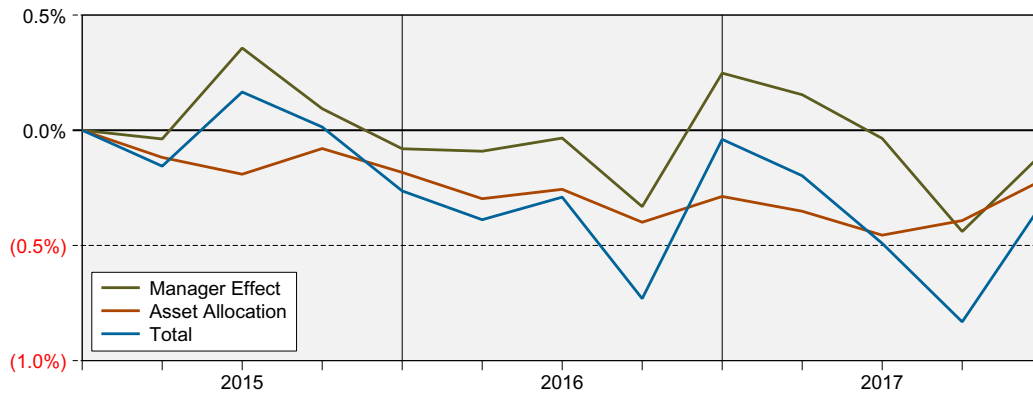
Cumulative Total Fund Relative Attribution - December 31, 2017

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	33%	32%	10.71%	11.41%	(0.21%)	0.02%	(0.19%)
Small Cap Equity	9%	8%	12.95%	9.96%	0.22%	(0.02%)	0.20%
International Large Cap	16%	17%	7.09%	7.80%	(0.11%)	(0.06%)	(0.17%)
International Small Cap	2%	2%	9.38%	9.78%	(0.02%)	(0.00%)	(0.02%)
Emerging Equity	5%	6%	9.95%	9.10%	0.03%	(0.01%)	0.03%
Domestic Fixed Income	35%	36%	2.41%	2.24%	0.05%	0.01%	0.06%
Total			7.38%	7.47%	(0.03%)	(0.06%)	(0.09%)

* 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 and 5.0% MSCI EAFE Small Cap.

Total Fund

Period Ended December 31, 2017

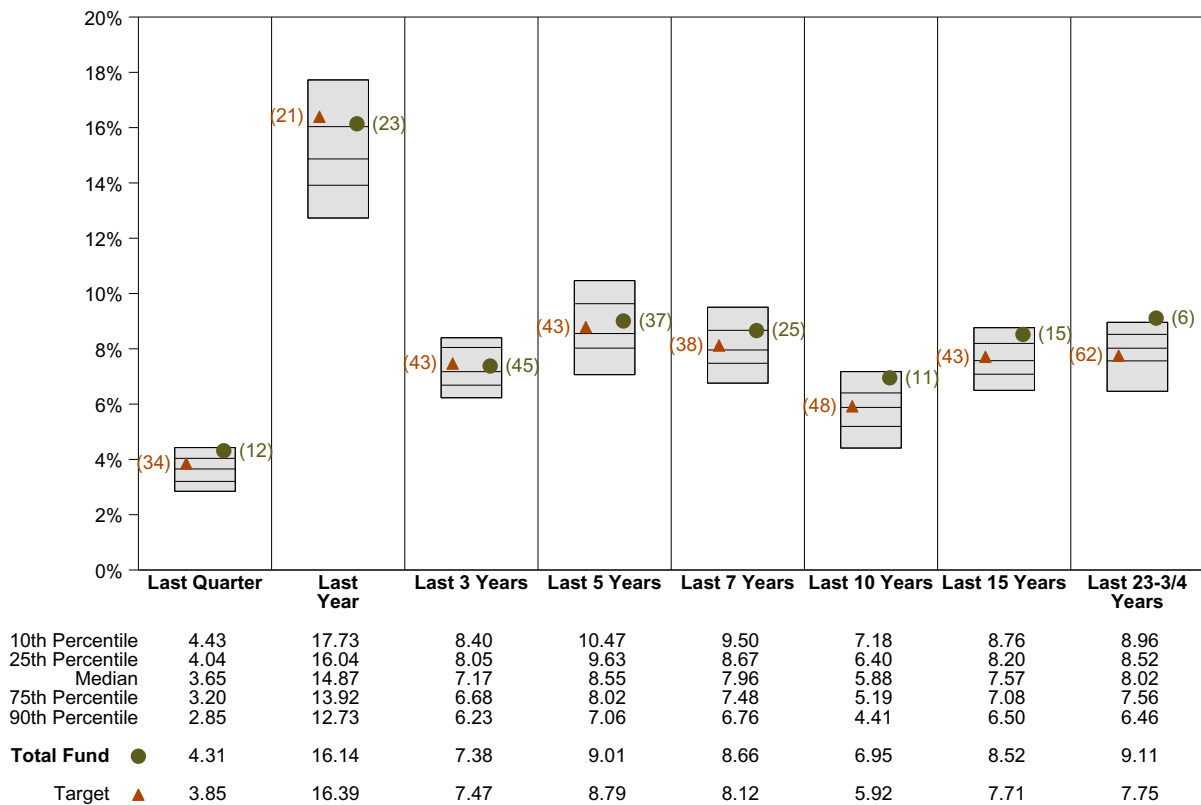
Investment Philosophy

* 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 and 5.0% MSCI EAFE Small Cap.

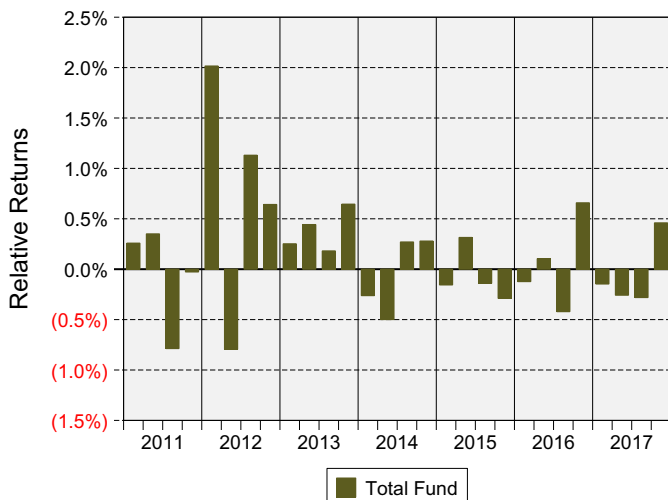
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 4.31% return for the quarter placing it in the 12 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 23 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.46% for the quarter and underperformed the Target for the year by 0.26%.

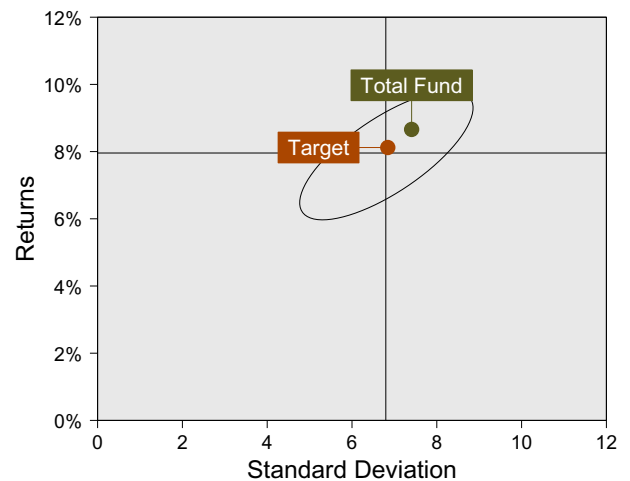
Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



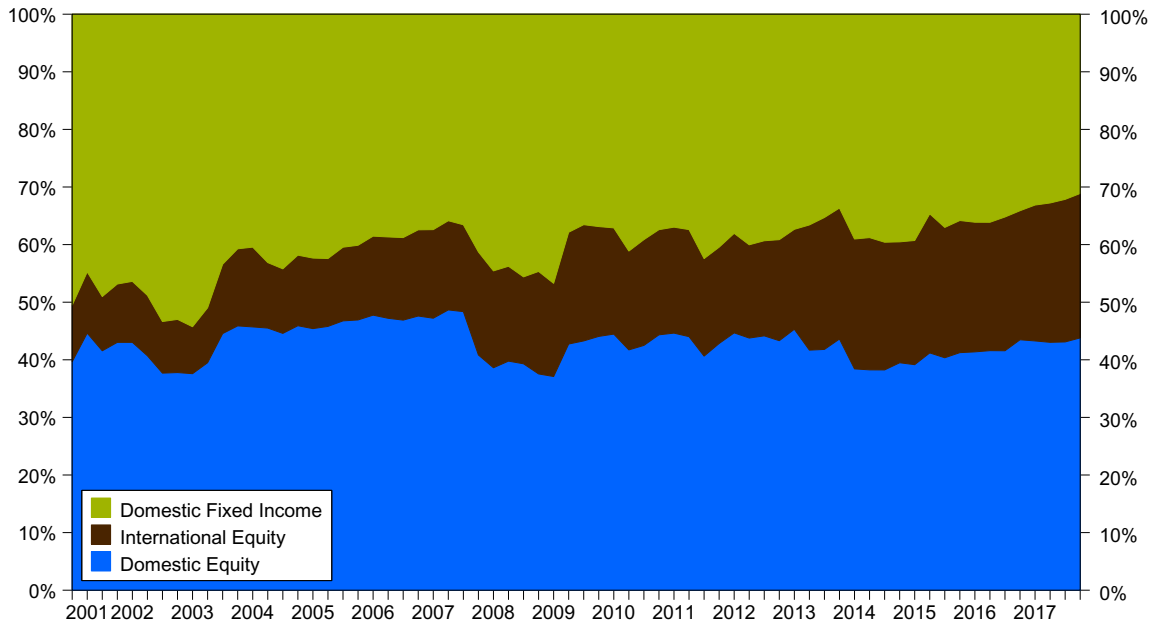
Callan Public Fund Spons- Mid (100M-1B) (Gross)
Annualized Seven Year Risk vs Return



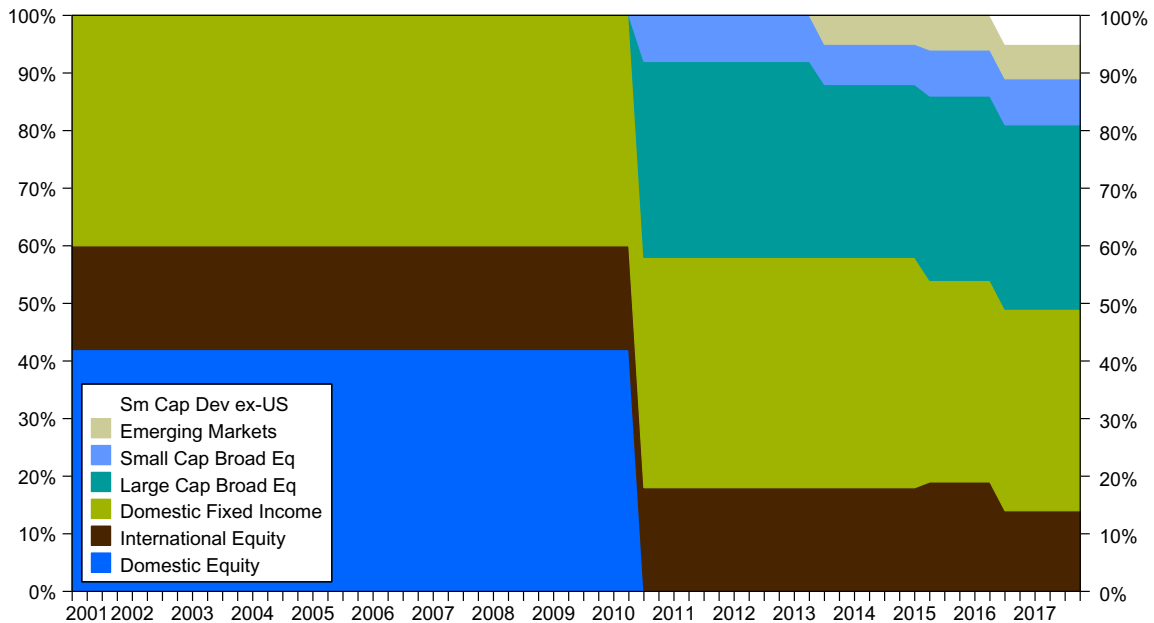
Actual vs Target Historical Asset Allocation

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 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 December 31, 2017, with the distribution as of September 30, 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

	December 31, 2017			September 30, 2017
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$126,278,127	\$(1,419,711)	\$7,951,584	\$119,746,253
Large Cap	\$99,247,416	\$(1,419,711)	\$6,588,139	\$94,078,988
Boston Partners	50,097,885	(424,880)	3,469,561	47,053,204
SSgA S&P 500	49,149,531	(994,831)	3,118,578	47,025,784
Small Cap	\$27,030,710	\$0	\$1,363,445	\$25,667,265
Atlanta Capital	27,030,710	0	1,363,445	25,667,265
International Equity	\$72,296,648	\$0	\$3,526,871	\$68,769,777
International Large Cap	\$38,815,517	\$0	\$1,435,805	\$37,379,712
Brandes	9,459	0	7	9,452
SSgA EAFE	11,525,410	0	467,911	11,057,499
Pyrford	27,280,649	0	967,887	26,312,761
International Small Cap	\$15,753,947	\$0	\$822,638	\$14,931,309
AQR	15,753,947	0	822,638	14,931,309
Emerging Equity	\$17,727,184	\$0	\$1,268,429	\$16,458,755
DFA Emerging Markets	17,727,184	0	1,268,429	16,458,755
Fixed Income	\$89,740,069	\$0	\$420,500	\$89,319,569
Metropolitan West	89,740,069	0	420,500	89,319,569
Total Plan - Consolidated	\$288,314,843	\$(1,419,711)	\$11,898,955	\$277,835,599

Sacramento Regional Transit District Asset Growth

Ending December 31, 2017 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 12/2017	288,314.8		277,835.6		(1,419.7)		11,899.0
1/4 Year Ended 9/2017	277,835.6		270,017.7		(1,582.3)		9,400.2
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

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 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 December 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	6.67%	19.78%	11.15%	15.74%	14.16%
Domestic Equity Benchmark**	5.98%	20.41%	11.18%	15.53%	13.40%
Large Cap Equity	7.04%	21.10%	10.71%	15.62%	14.02%
Boston Partners	7.42%	20.32%	9.93%	15.37%	14.14%
Russell 1000 Value Index	5.33%	13.66%	8.65%	14.04%	12.46%
SSgA S&P 500	6.65%	21.86%	11.47%	15.84%	-
S&P 500 Index	6.64%	21.83%	11.41%	15.79%	13.76%
Small Cap Equity	5.31%	15.01%	12.95%	16.11%	14.74%
Atlanta Capital	5.31%	15.01%	12.95%	16.11%	14.74%
Russell 2000 Index	3.34%	14.65%	9.96%	14.12%	11.62%
International Equity	5.22%	28.25%	8.02%	7.20%	5.80%
Custom International Benchmark***	5.23%	27.81%	7.94%	7.74%	5.92%
International Large Cap	3.84%	22.63%	7.09%	7.14%	-
SSgA EAFE	4.23%	25.47%	8.14%	8.19%	-
Pyrford	3.68%	-	-	-	-
MSCI EAFE Index	4.23%	25.03%	7.80%	7.90%	6.04%
International Small Cap	5.76%	33.76%	-	-	-
AQR	5.76%	33.76%	-	-	-
MSCI EAFE Small Cap Index	6.05%	33.01%	14.20%	12.85%	9.16%
Emerging Markets Equity	7.85%	37.32%	9.95%	-	-
DFA Emerging Markets	7.85%	37.32%	9.95%	-	-
MSCI Emerging Markets Index	7.44%	37.28%	9.10%	4.35%	2.56%
Domestic Fixed Income	0.47%	3.89%	2.41%	2.49%	3.97%
Met West	0.47%	3.89%	2.41%	2.49%	3.97%
Bloomberg Aggregate Index	0.39%	3.54%	2.24%	2.10%	3.20%
Total Plan	4.31%	16.14%	7.38%	9.01%	8.66%
Target*	3.85%	16.39%	7.47%	8.79%	8.12%

* 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 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 December 31, 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 December 31, 2017

	Last 10 Years	Last 15 Years	Last 20 Years	Last 23-3/4 Years
Domestic Equity	9.51%	10.94%	7.66%	-
Domestic Equity Benchmark**	8.62%	10.27%	7.60%	10.15%
Russell 1000 Value Index	7.10%	9.55%	7.39%	10.00%
S&P 500 Index	8.50%	9.92%	7.20%	9.96%
Russell 2000 Index	8.71%	11.17%	7.89%	9.40%
International Equity	2.13%	9.07%	8.56%	-
MSCI EAFE Index	1.94%	8.11%	5.25%	5.39%
Domestic Fixed Income	5.55%	5.79%	5.78%	-
Met West	5.55%	5.79%	-	-
Bloomberg Aggregate Index	4.01%	4.15%	4.98%	5.49%
Total Plan	6.95%	8.52%	7.46%	9.11%
Target*	5.92%	7.71%	6.49%	7.75%

* 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 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.

	2017	2016	2015	2014	2013
Domestic Equity	19.78%	14.58%	0.06%	10.85%	36.44%
Domestic Equity Benchmark**	20.41%	13.85%	0.26%	12.07%	33.61%
Large Cap Equity	21.10%	13.38%	(1.17%)	12.81%	34.96%
Boston Partners	20.32%	14.71%	(3.75%)	11.87%	37.52%
Russell 1000 Value Index	13.66%	17.34%	(3.83%)	13.45%	32.53%
SSgA S&P 500	21.86%	12.03%	1.46%	13.77%	32.36%
S&P 500 Index	21.83%	11.96%	1.38%	13.69%	32.39%
Small Cap Equity	15.01%	19.17%	5.14%	3.49%	41.51%
Atlanta Capital	15.01%	19.17%	5.14%	3.49%	41.51%
Russell 2000 Index	14.65%	21.31%	(4.41%)	4.89%	38.82%
International Equity	28.25%	2.55%	(4.17%)	(3.72%)	16.66%
Custom International Benchmark***	27.81%	4.29%	(5.66%)	(3.87%)	20.07%
International Large Cap	22.63%	1.35%	(1.17%)	(4.41%)	20.27%
SSgA EAFE	25.47%	1.37%	(0.56%)	(4.55%)	22.80%
MSCI EAFE Index	25.03%	1.00%	(0.81%)	(4.90%)	22.78%
International Small Cap	33.76%	-	-	-	-
AQR	33.76%	-	-	-	-
MSCI EAFE Small Cap Index	33.01%	2.18%	9.59%	(4.95%)	29.30%
Emerging Markets Equity	37.32%	12.99%	(14.33%)	(0.28%)	-
DFA Emerging Markets	37.32%	12.99%	(14.33%)	(0.28%)	-
MSCI Emerging Markets Index	37.28%	11.19%	(14.92%)	(2.19%)	(2.60%)
Domestic Fixed Income	3.89%	2.87%	0.51%	6.37%	(1.03%)
Met West	3.89%	2.87%	0.51%	6.37%	(1.03%)
Bloomberg Aggregate Index	3.54%	2.65%	0.55%	5.97%	(2.02%)
Total Plan	16.14%	7.65%	(0.97%)	5.61%	17.71%
Target*	16.39%	7.40%	(0.71%)	5.82%	15.99%

* 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 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%)
Bloomberg 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 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 December 31, 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 December 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	6.56%	19.33%	-	-	-
Large Cap Equity	6.96%	20.77%	-	-	-
Boston Partners	7.28%	19.78%	9.38%	14.77%	13.56%
Russell 1000 Value Index	5.33%	13.66%	8.65%	14.04%	12.46%
SSgA S&P 500	6.64%	21.80%	11.42%	15.79%	-
S&P 500 Index	6.64%	21.83%	11.41%	15.79%	13.76%
Small Cap Equity	5.10%	14.10%	-	-	-
Atlanta Capital	5.10%	14.10%	12.05%	15.20%	13.86%
Russell 2000 Index	3.34%	14.65%	9.96%	14.12%	11.62%
International Equity	5.06%	27.46%	-	-	-
International Large Cap	3.71%	22.01%	-	-	-
SSgA EAFE	4.21%	25.35%	8.04%	8.09%	-
Pyrford	3.50%	-	-	-	-
MSCI EAFE Index	4.23%	25.03%	7.80%	7.90%	6.04%
International Small Cap	5.51%	32.51%	-	-	-
AQR	5.51%	32.51%	-	-	-
MSCI EAFE Small Cap Index	6.05%	33.01%	14.20%	12.85%	9.16%
Emerging Markets Equity	7.71%	36.55%	-	-	-
DFA Emerging Markets	7.71%	36.55%	9.30%	-	-
MSCI Emerging Markets Index	7.44%	37.28%	9.10%	4.35%	2.56%
Domestic Fixed Income	0.40%	3.60%	-	-	-
Met West	0.40%	3.60%	2.13%	2.21%	3.69%
Bloomberg Aggregate Index	0.39%	3.54%	2.24%	2.10%	3.20%
Total Plan	4.21%	15.67%	7.00%	8.62%	8.23%
Target*	3.85%	16.39%	7.47%	8.79%	8.12%

* 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 and 5.0% MSCI EAFE Small Cap.

Domestic Equity Period Ended December 31, 2017

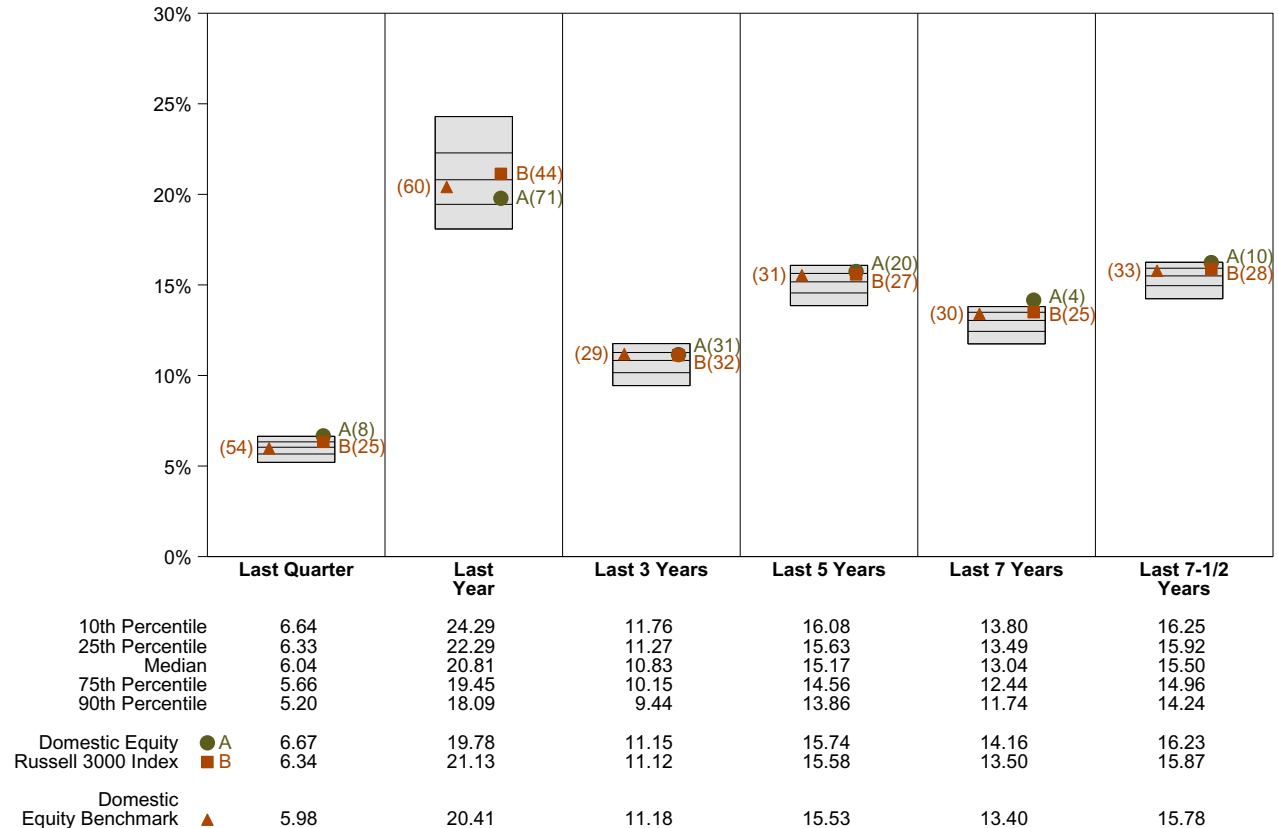
Investment Philosophy

Domestic Equity Benchmark is comprised of: 80% S&P500 and 20% Russell 2000 as of 5/1/2015.

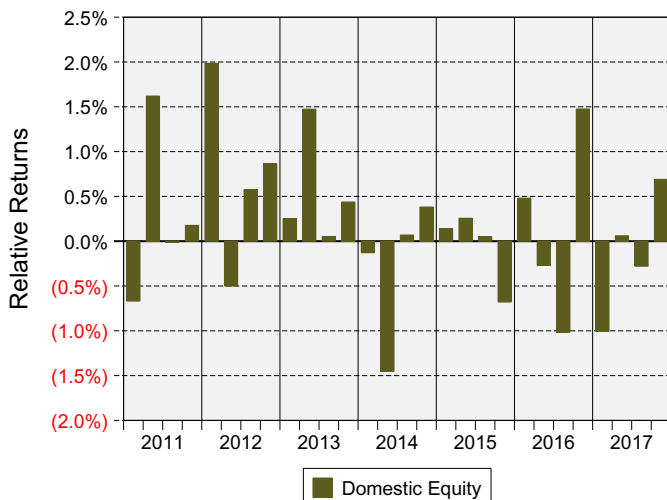
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 6.67% return for the quarter placing it in the 8 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 71 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 0.69% for the quarter and underperformed the Domestic Equity Benchmark for the year by 0.63%.

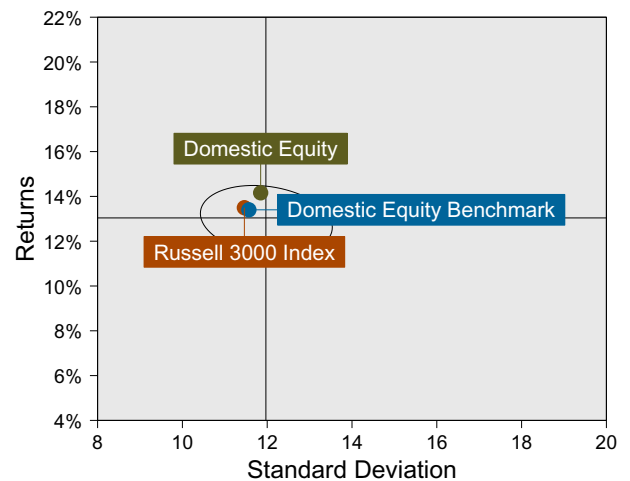
Performance vs Fund Sponsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



Fund Sponsor - Domestic Equity (Gross) Annualized Seven Year Risk vs Return

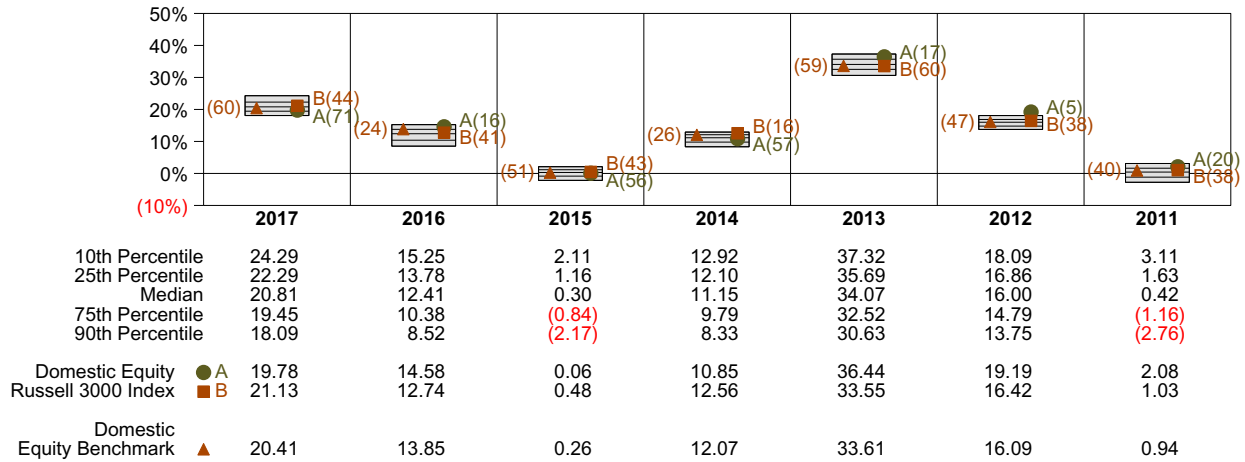


Domestic Equity Return Analysis Summary

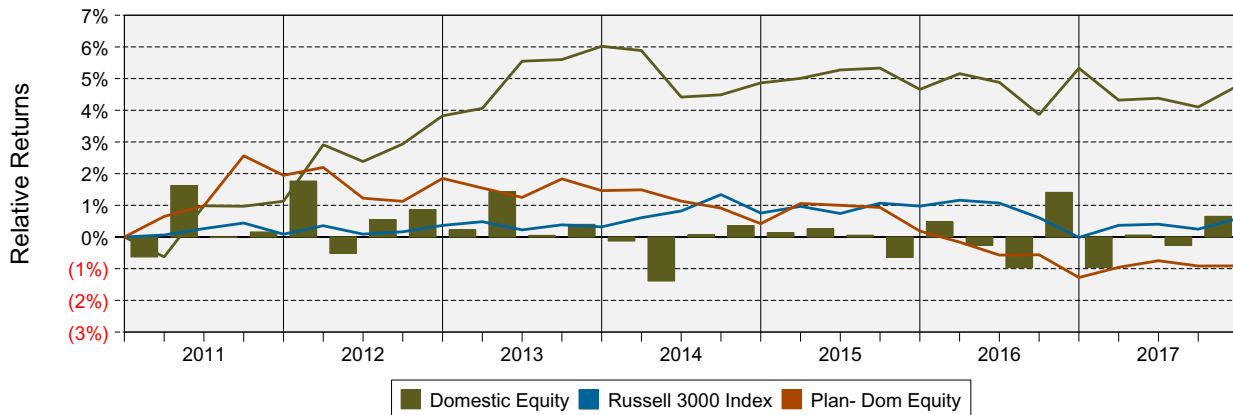
Return Analysis

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.

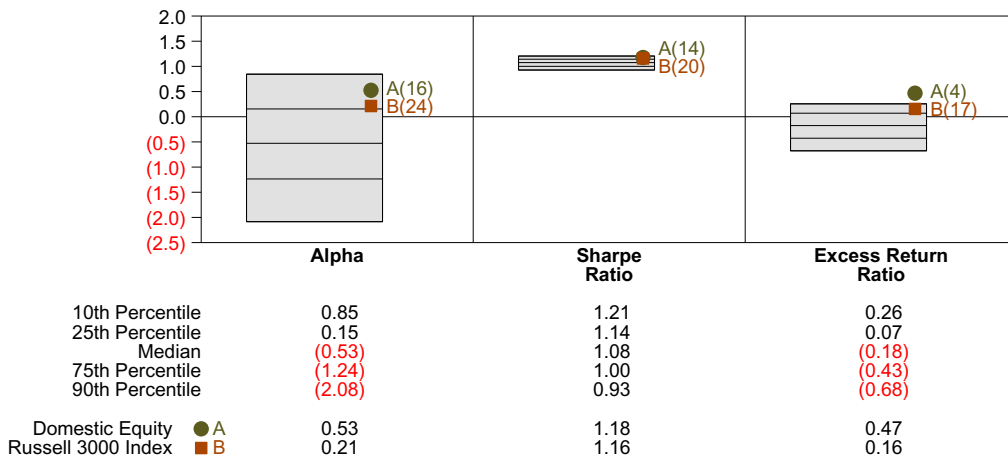
Performance vs Fund Sponsor - Domestic Equity (Gross)



Cumulative and Quarterly Relative Return vs Domestic Equity Benchmark



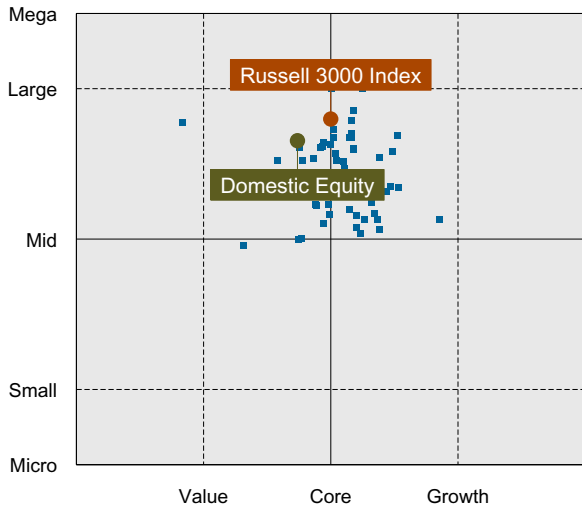
Risk Adjusted Return Measures vs Domestic Equity Benchmark Rankings Against Fund Sponsor - Domestic Equity (Gross) Seven Years Ended December 31, 2017



Current Holdings Based Style Analysis Domestic Equity As of December 31, 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.

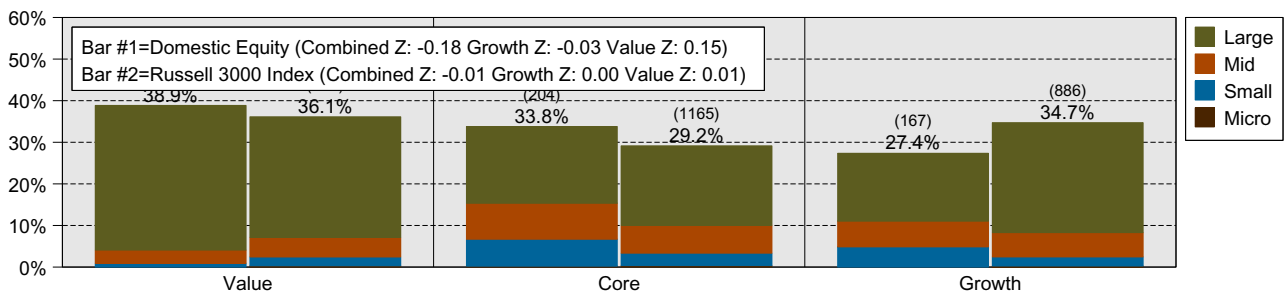
Style Map vs Plan- Dom Equity Holdings as of December 31, 2017



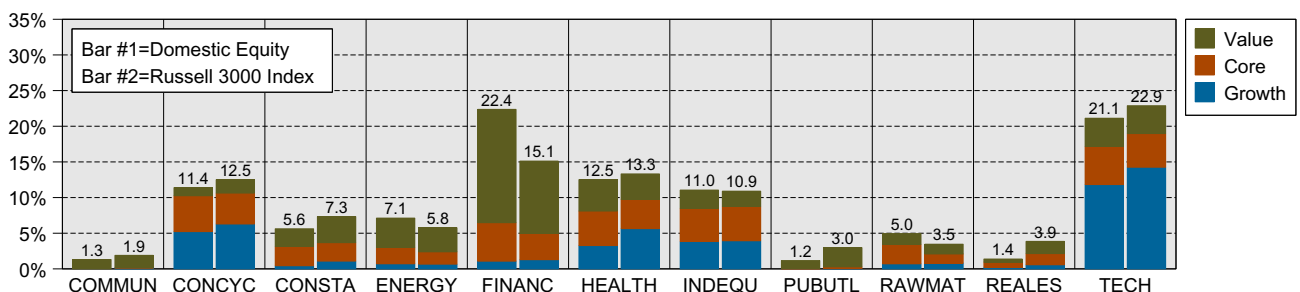
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Large	34.8% (118)	18.5% (82)	16.3% (92)	69.5% (292)
	29.0% (114)	19.1% (80)	26.4% (100)	74.5% (294)
Mid	3.2% (79)	8.7% (97)	6.2% (61)	18.0% (237)
	4.7% (159)	6.7% (231)	5.8% (198)	17.3% (588)
Small	0.9% (8)	6.5% (23)	4.9% (14)	12.3% (45)
	2.1% (320)	3.0% (495)	2.2% (361)	7.3% (1176)
Micro	0.0% (0)	0.2% (2)	0.0% (0)	0.2% (2)
	0.3% (297)	0.4% (359)	0.3% (227)	0.9% (883)
Total	38.9% (205)	33.8% (204)	27.4% (167)	100.0% (576)
	36.1% (890)	29.2% (1165)	34.7% (886)	100.0% (2941)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



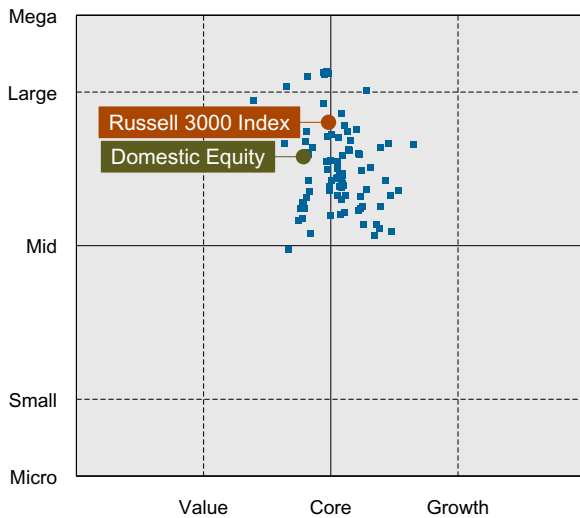
Sector Weights Distribution Holdings as of December 31, 2017



Historical Holdings Based Style Analysis Domestic Equity For Five Years Ended December 31, 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.

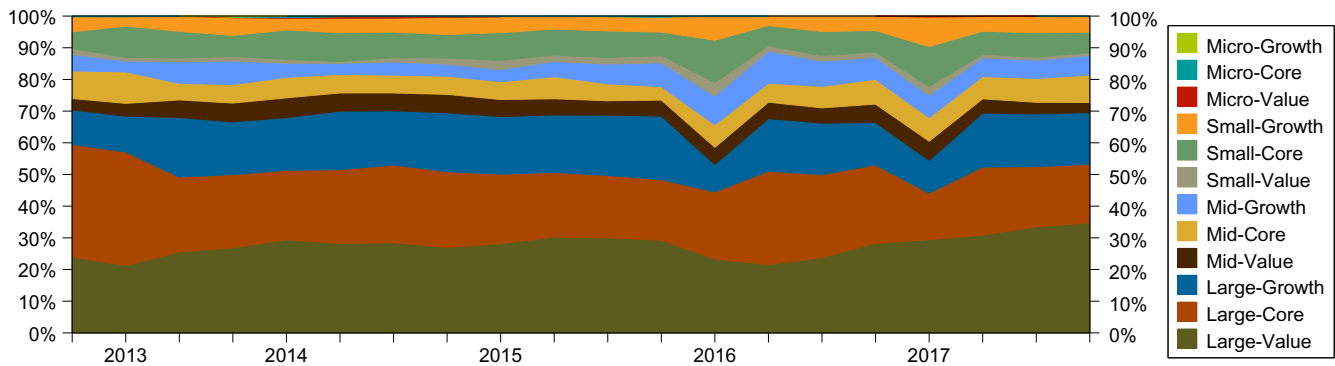
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended December 31, 2017



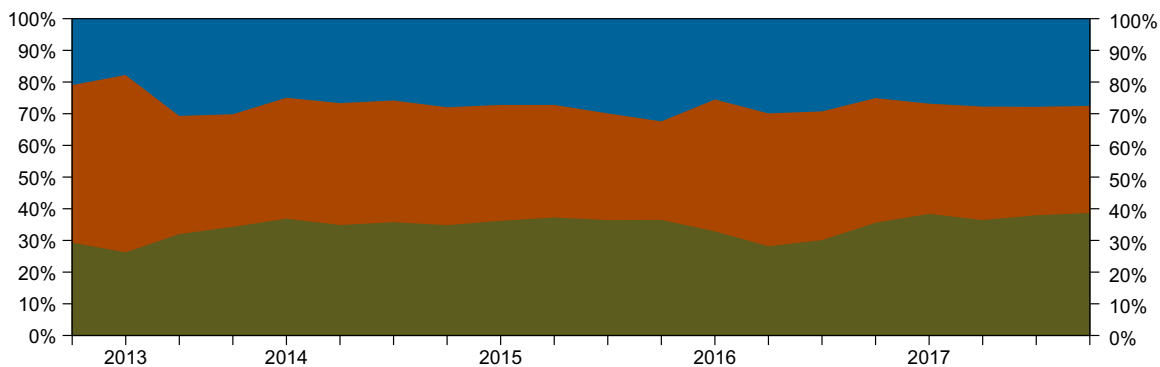
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	Value	Core	Growth	Total
Large	27.7% (87)	23.4% (92)	16.0% (88)	67.1% (267)
	25.6% (94)	24.2% (101)	23.7% (103)	73.5% (298)
Mid	5.1% (81)	6.7% (81)	6.0% (57)	17.8% (219)
	5.4% (175)	6.4% (218)	6.2% (206)	17.9% (599)
Small	1.8% (10)	8.3% (27)	4.9% (14)	15.0% (51)
	2.3% (339)	3.1% (487)	2.3% (377)	7.6% (1203)
Micro	0.1% (1)	0.1% (1)	0.0% (0)	0.2% (2)
	0.3% (287)	0.4% (373)	0.3% (208)	1.0% (868)
Total	34.6% (179)	38.5% (201)	26.9% (159)	100.0% (539)
	33.6% (895)	34.0% (1179)	32.4% (894)	100.0% (2968)

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures



Large Cap Period Ended December 31, 2017

Quarterly Summary and Highlights

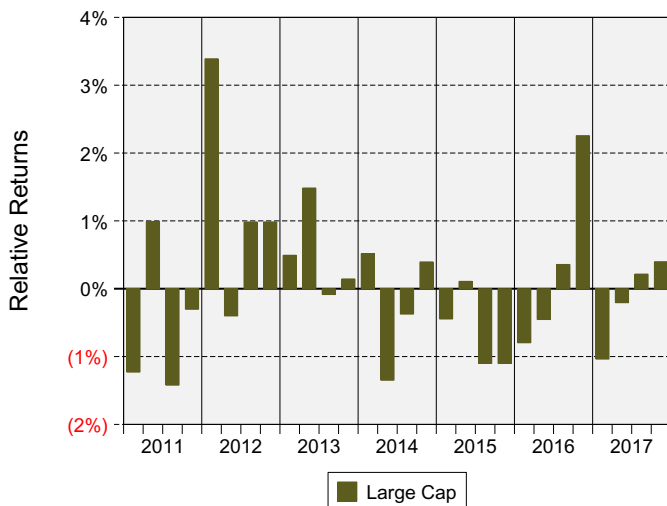
- Large Cap's portfolio posted a 7.04% return for the quarter placing it in the 40 percentile of the Callan Large Capitalization group for the quarter and in the 56 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 0.40% for the quarter and underperformed the S&P 500 Index for the year by 0.73%.

Performance vs Callan Large Capitalization (Gross)

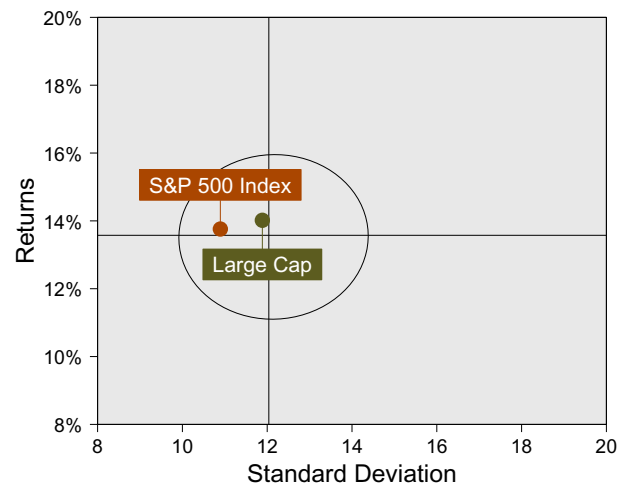


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 7-1/2 Years
10th Percentile	7.96	32.50	13.55	17.56	15.11	17.62
25th Percentile	7.42	27.62	12.25	16.75	14.43	16.68
Median	6.79	22.16	10.92	15.69	13.57	15.81
75th Percentile	5.78	18.67	9.67	14.69	12.79	14.88
90th Percentile	4.62	15.52	8.64	13.84	11.76	13.92
Large Cap ●	7.04	21.10	10.71	15.62	14.02	15.95
S&P 500 Index ▲	6.64	21.83	11.41	15.79	13.76	15.98

Relative Return vs S&P 500 Index



Callan Large Capitalization (Gross)
Annualized Seven Year Risk vs Return

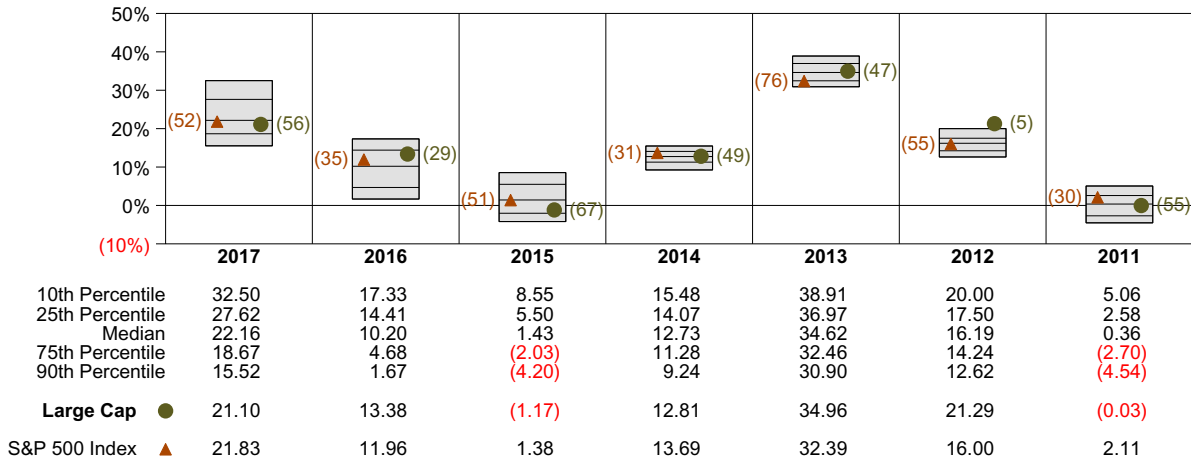


Large Cap Return Analysis Summary

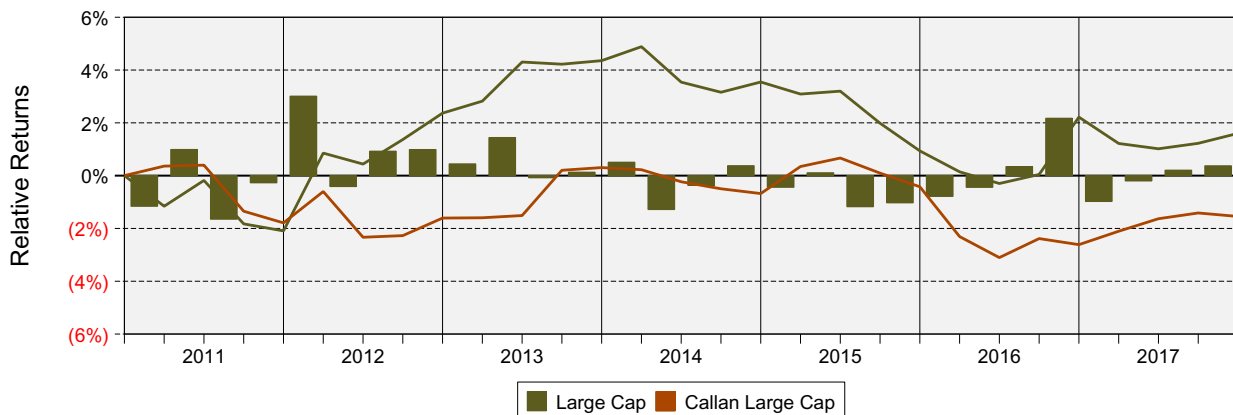
Return Analysis

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.

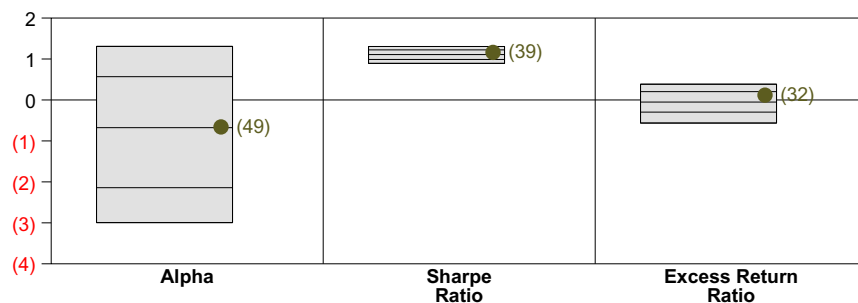
Performance vs Callan Large Capitalization (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Capitalization (Gross) Seven Years Ended December 31, 2017



10th Percentile	1.31	1.31	0.38
25th Percentile	0.57	1.22	0.20
Median	(0.68)	1.11	(0.05)
75th Percentile	(2.14)	0.99	(0.30)
90th Percentile	(3.00)	0.89	(0.56)
Large Cap ●	(0.66)	1.16	0.12

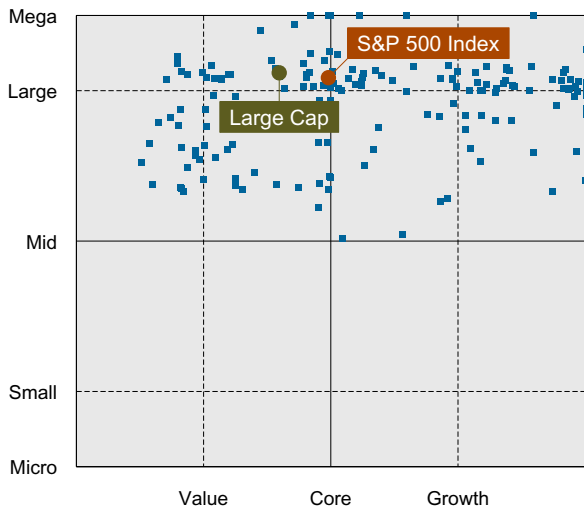
Current Holdings Based Style Analysis

Large Cap

As of December 31, 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.

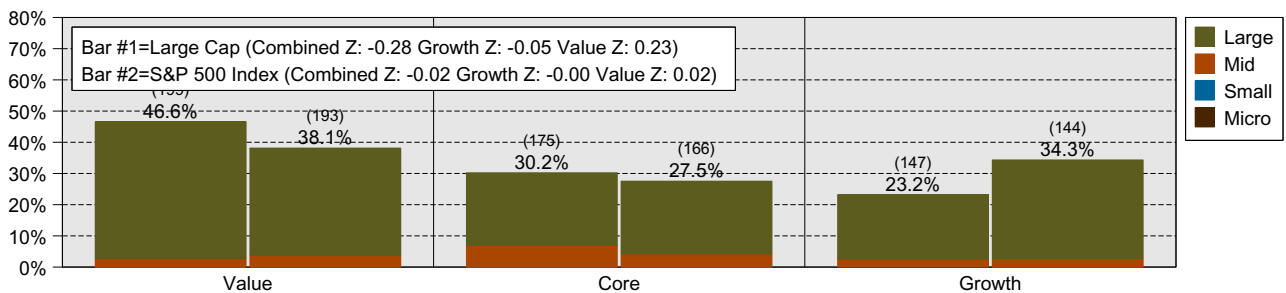
Style Map vs Callan Large Cap Holdings as of December 31, 2017



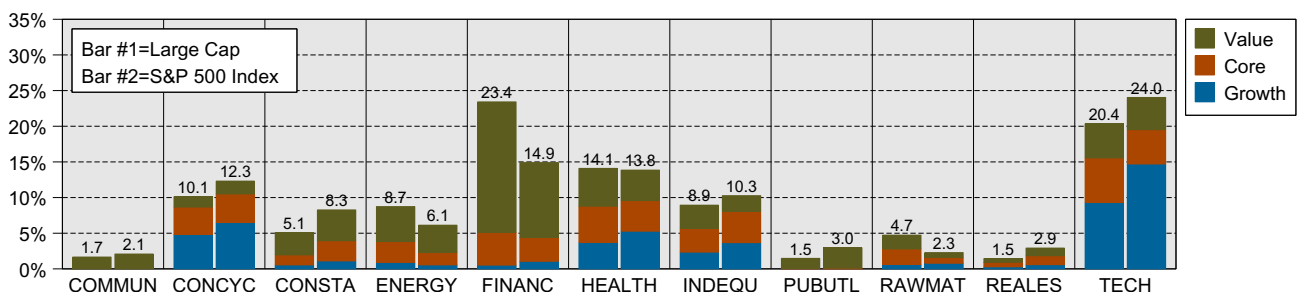
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Large	43.9% (118)	23.3% (82)	20.6% (92)	87.8% (292)
	34.4% (112)	23.3% (80)	31.6% (92)	89.3% (284)
Mid	2.6% (76)	6.9% (91)	2.4% (52)	12.0% (219)
	3.7% (76)	4.2% (85)	2.7% (50)	10.6% (211)
Small	0.0% (5)	0.0% (1)	0.1% (3)	0.2% (9)
	0.1% (5)	0.0% (1)	0.0% (2)	0.1% (8)
Micro	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	46.6% (199)	30.2% (175)	23.2% (147)	100.0% (521)
	38.1% (193)	27.5% (166)	34.3% (144)	100.0% (503)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



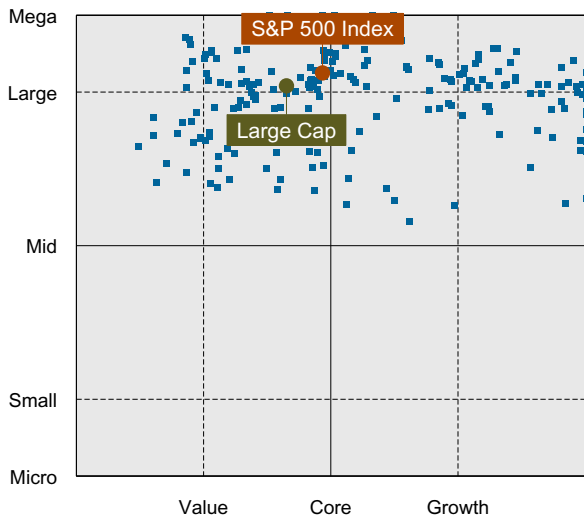
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended December 31, 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.

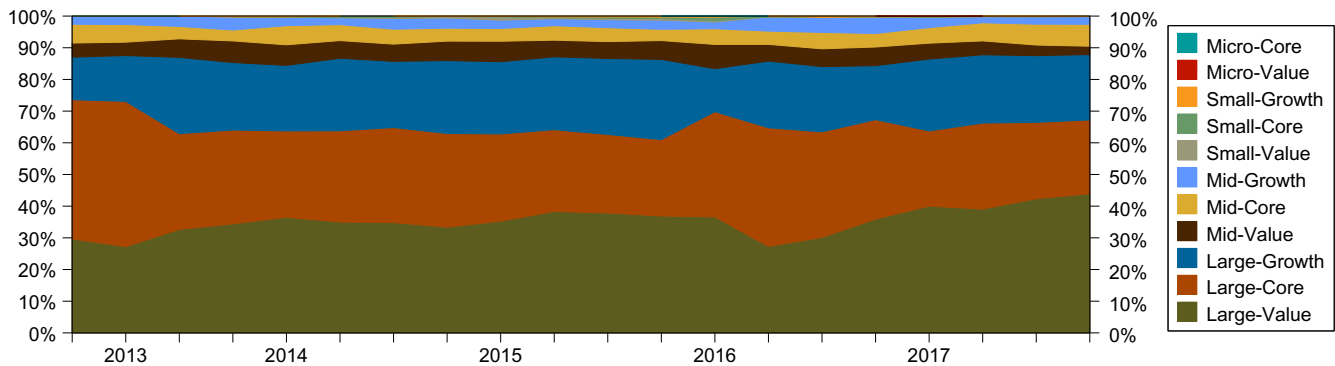
Average Style Map vs Callan Large Cap Holdings for Five Years Ended December 31, 2017



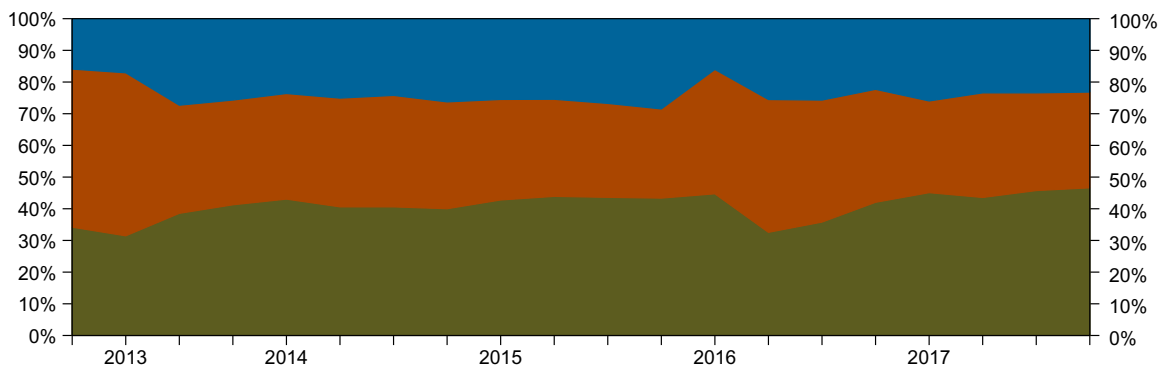
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	35.4% (91)	30.1% (96)	20.7% (92)	86.1% (279)
Large	31.4% (94)	29.5% (98)	28.2% (94)	89.1% (286)
Mid	5.4% (82)	4.9% (79)	3.0% (53)	13.3% (214)
	4.0% (82)	3.9% (78)	2.9% (52)	10.9% (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	41.0% (177)	35.2% (177)	23.8% (147)	100.0% (501)
	35.4% (179)	33.4% (177)	31.1% (147)	100.0% (503)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended December 31, 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.

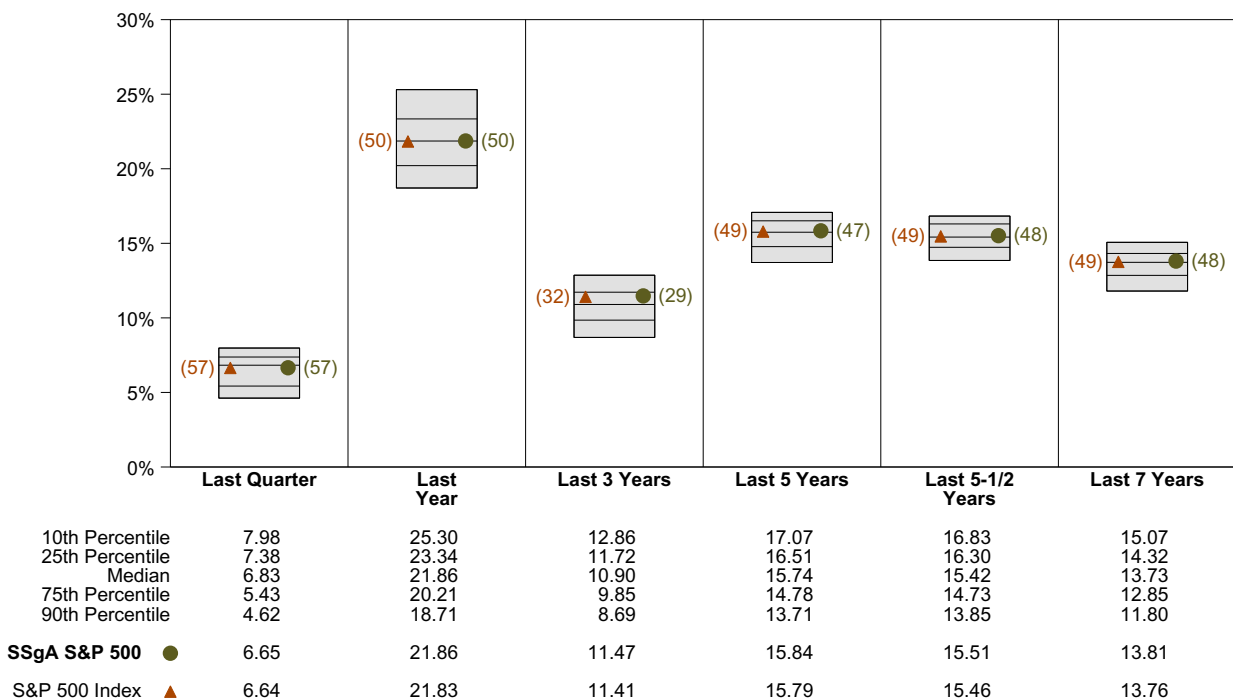
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 6.65% return for the quarter placing it in the 57 percentile of the Callan Large Cap Core group for the quarter and in the 50 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 0.03%.

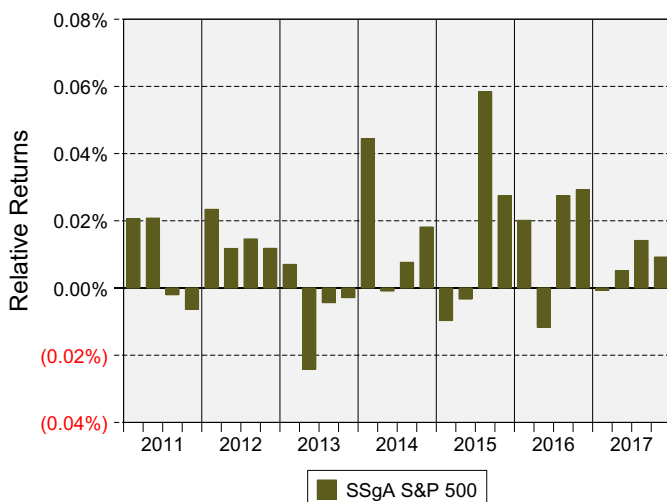
Quarterly Asset Growth

Beginning Market Value	\$47,025,784
Net New Investment	\$-994,831
Investment Gains/(Losses)	\$3,118,578
Ending Market Value	\$49,149,531

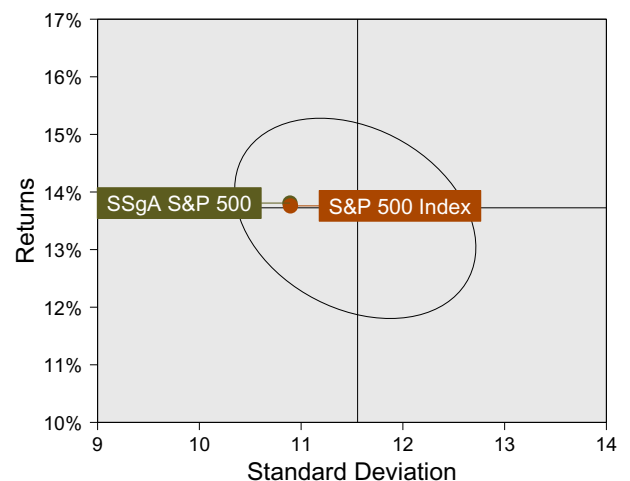
Performance vs Callan Large Cap Core (Gross)



Relative Return vs S&P 500 Index



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

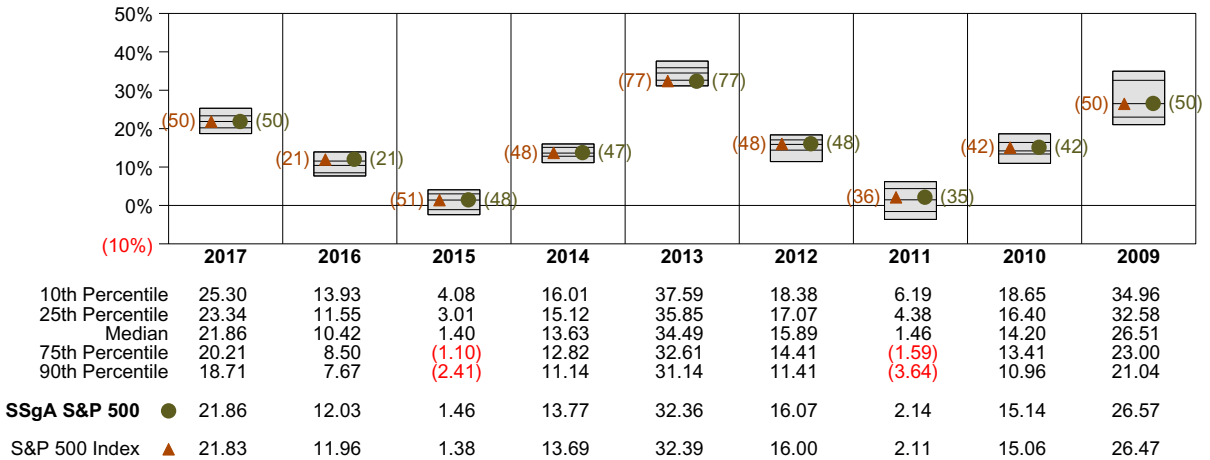


SSgA S&P 500 Return Analysis Summary

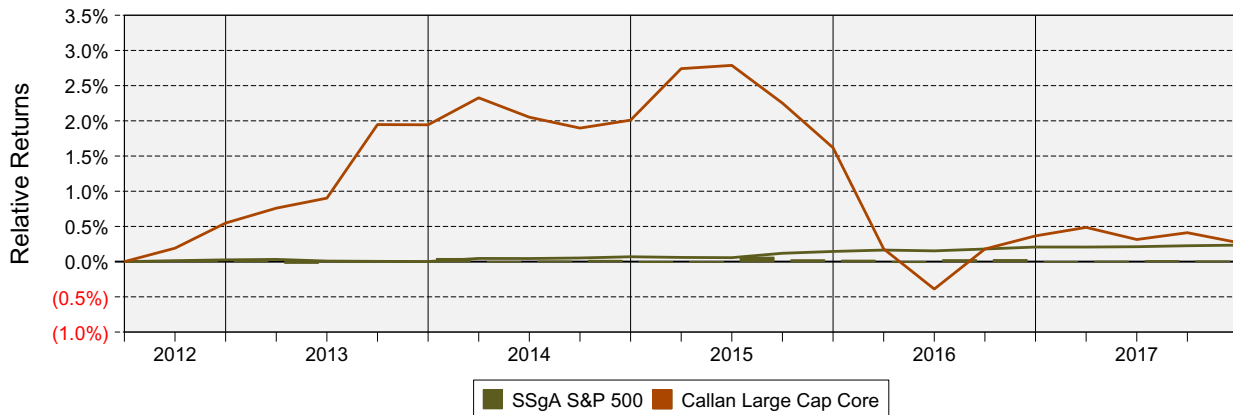
Return Analysis

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.

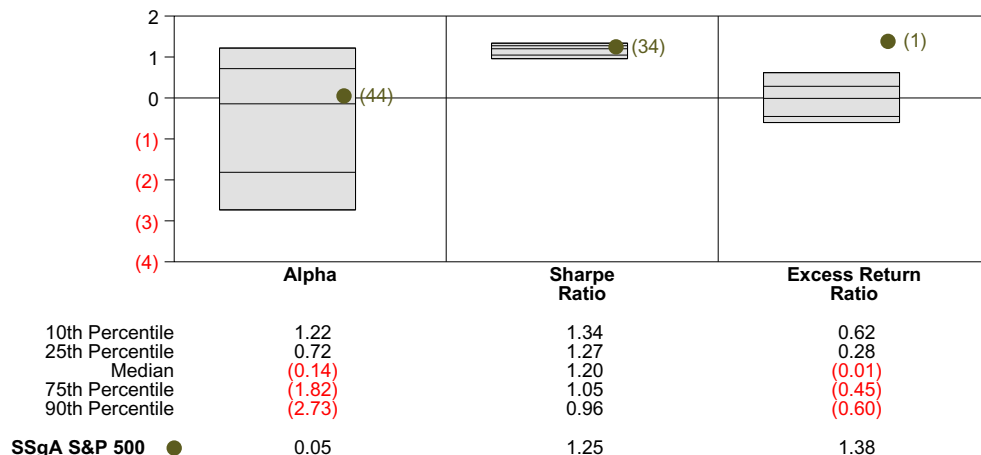
Performance vs Callan Large Cap Core (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended December 31, 2017

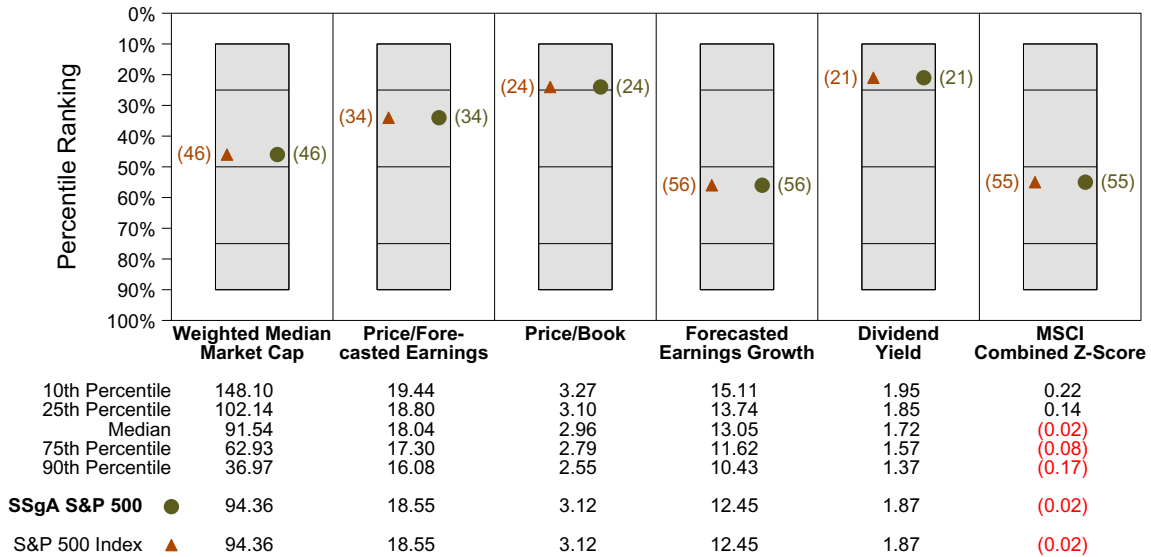


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

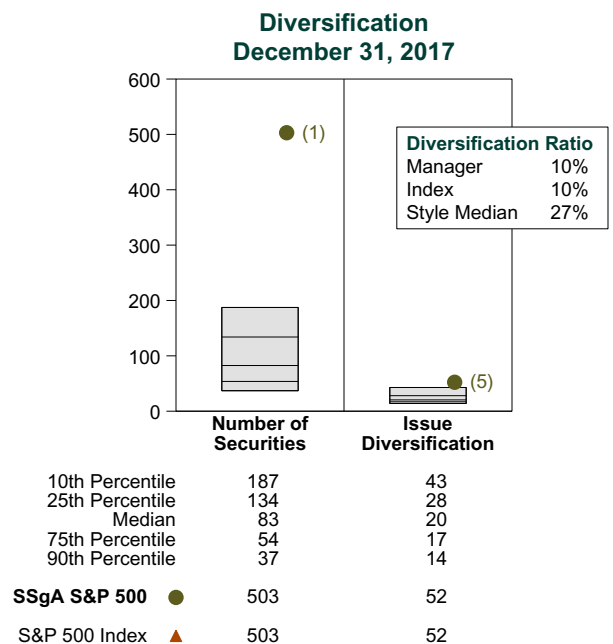
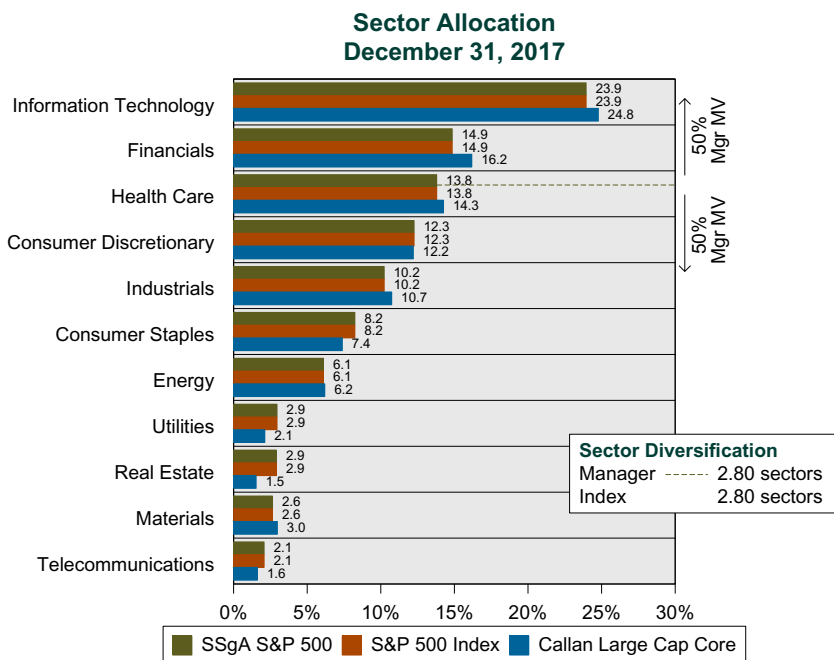
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of December 31, 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.



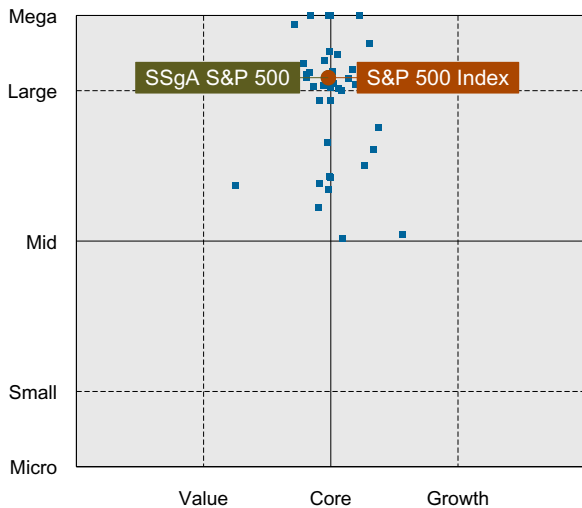
Current Holdings Based Style Analysis

SSgA S&P 500

As of December 31, 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.

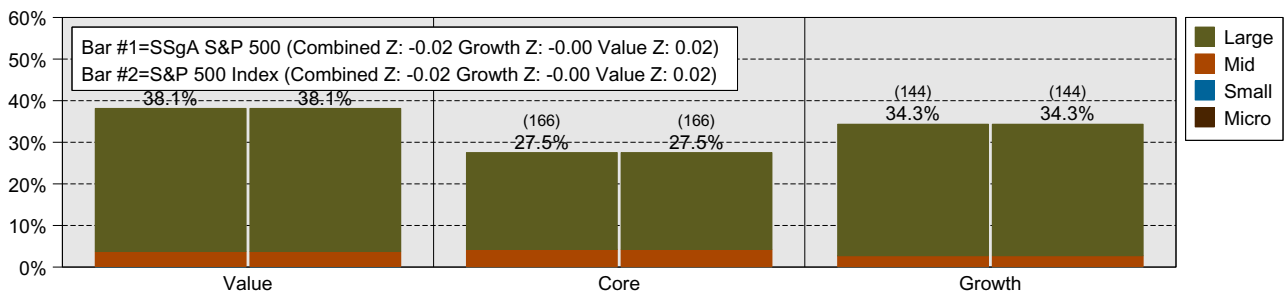
Style Map vs Callan Large Cap Core Holdings as of December 31, 2017



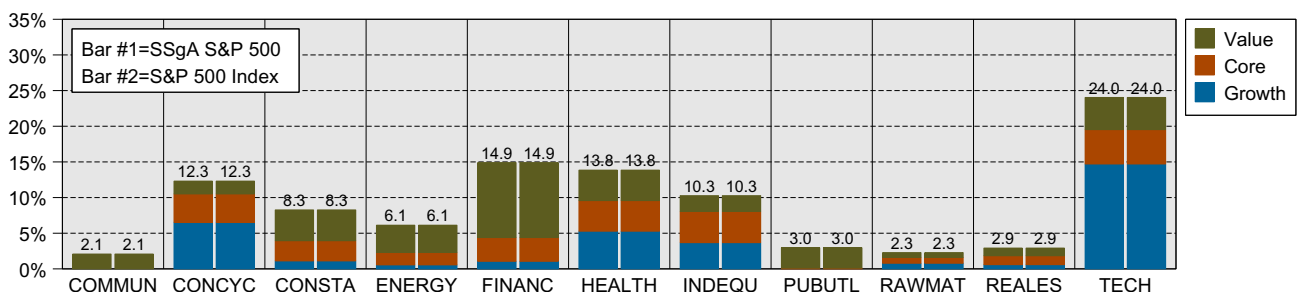
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Large	34.4% (112)	23.3% (80)	31.6% (92)	89.3% (284)
Mid	3.7% (76)	4.2% (85)	2.7% (50)	10.6% (211)
Small	0.1% (5)	0.0% (1)	0.0% (2)	0.1% (8)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	38.1% (193)	27.5% (166)	34.3% (144)	100.0% (503)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



Boston Partners Period Ended December 31, 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.

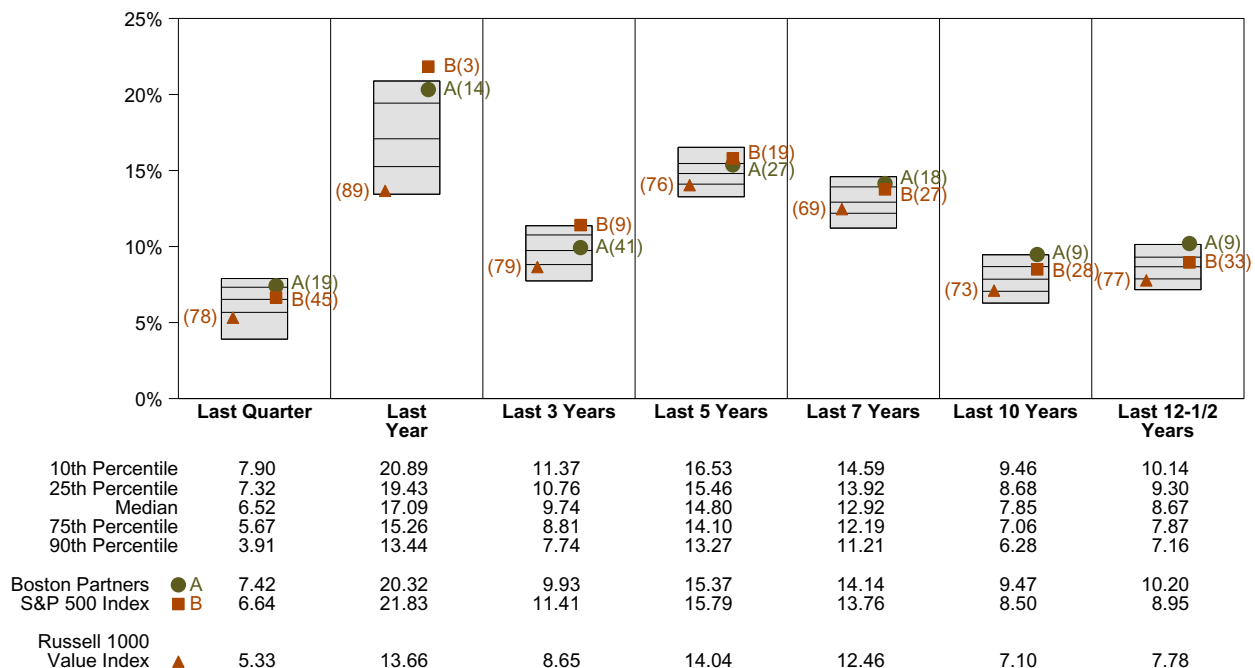
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 7.42% return for the quarter placing it in the 19 percentile of the Callan Large Cap Value group for the quarter and in the 14 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 2.10% for the quarter and outperformed the Russell 1000 Value Index for the year by 6.66%.

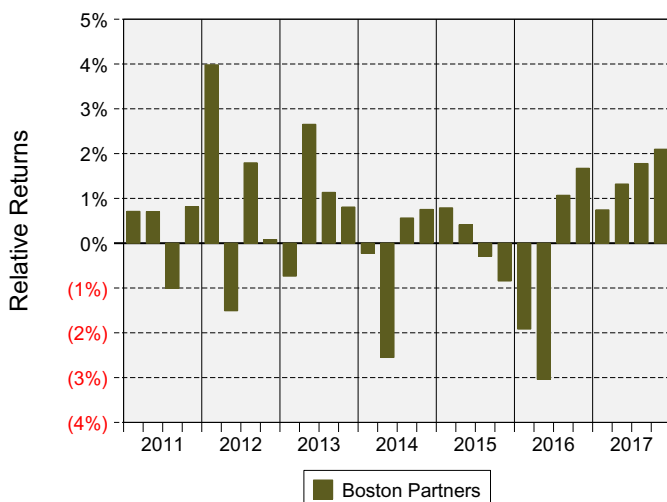
Quarterly Asset Growth

Beginning Market Value	\$47,053,204
Net New Investment	\$-424,880
Investment Gains/(Losses)	\$3,469,561
Ending Market Value	\$50,097,885

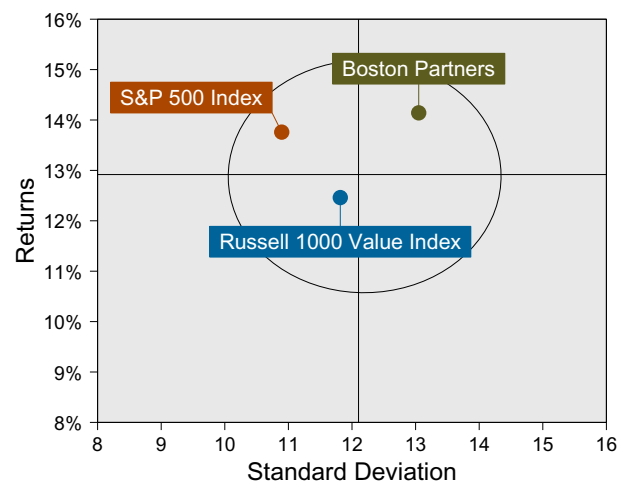
Performance vs Callan Large Cap Value (Gross)



Relative Return vs Russell 1000 Value Index



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

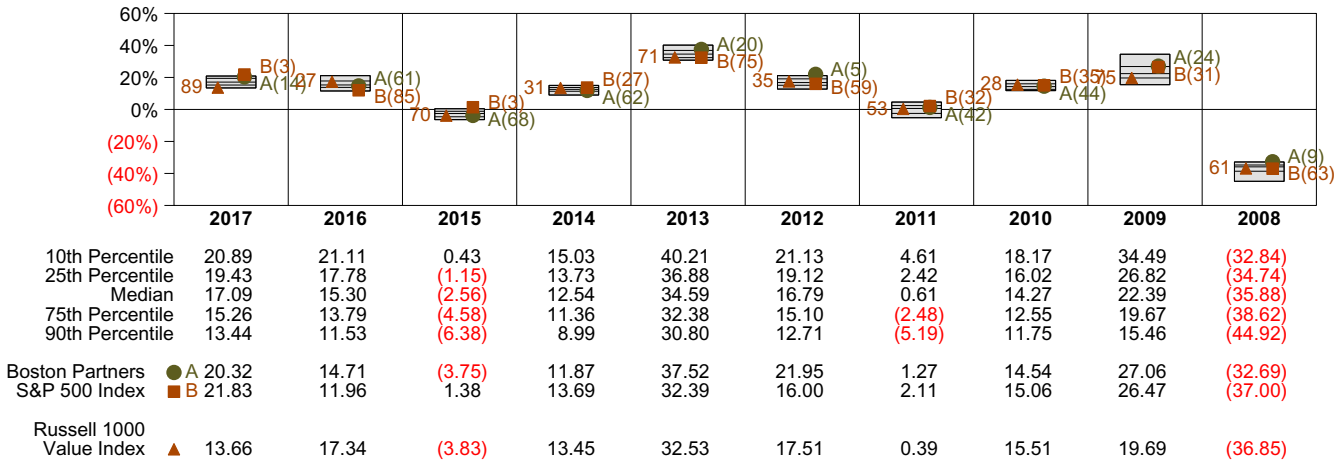


Boston Partners Return Analysis Summary

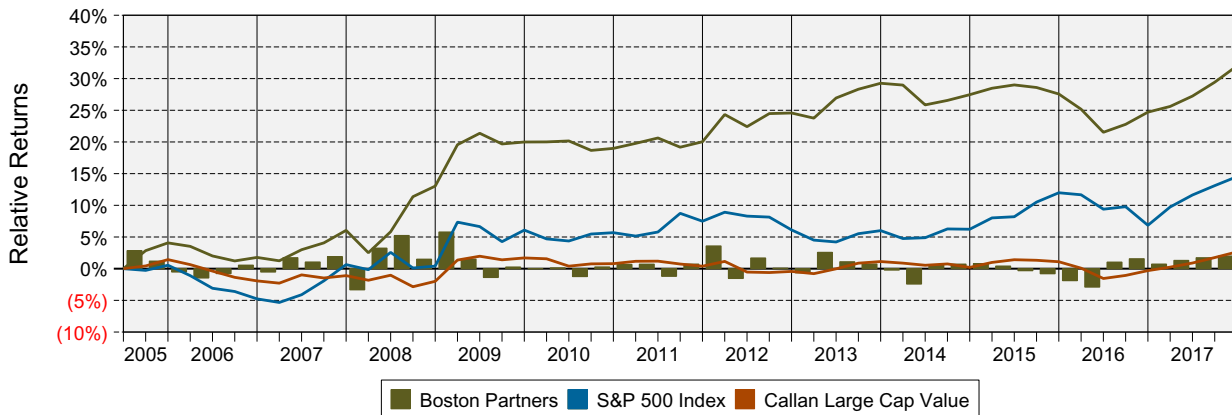
Return Analysis

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.

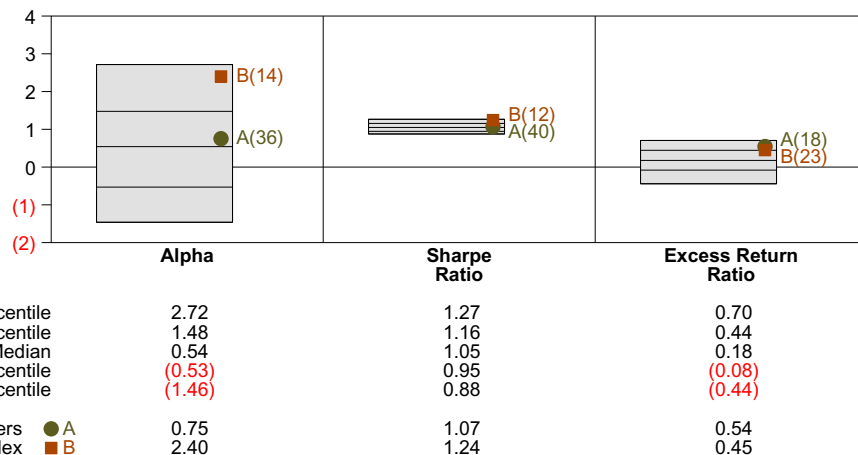
Performance vs Callan Large Cap Value (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2017

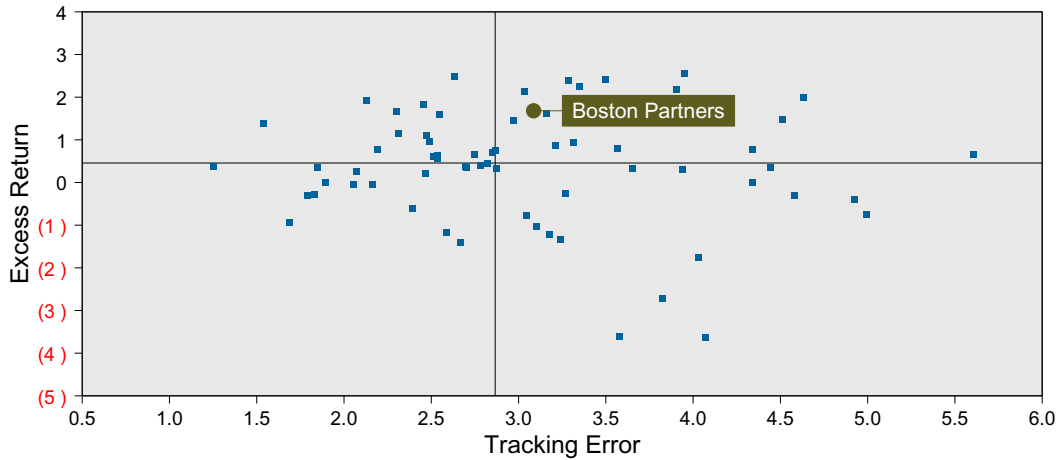


Boston Partners Risk Analysis Summary

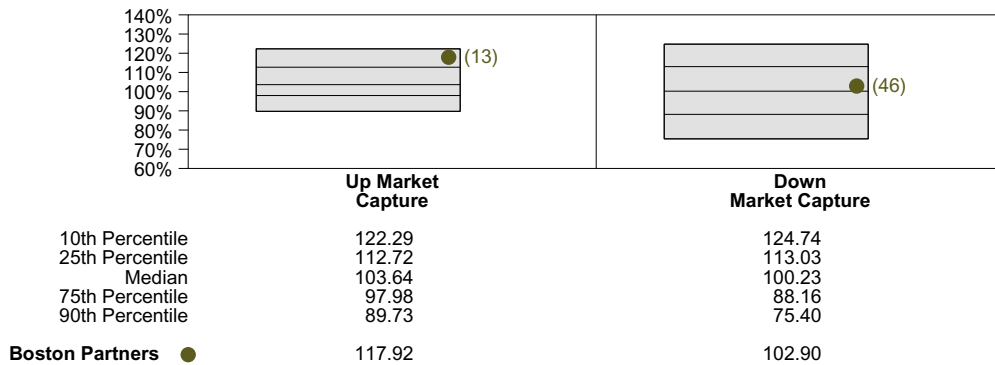
Risk Analysis

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.

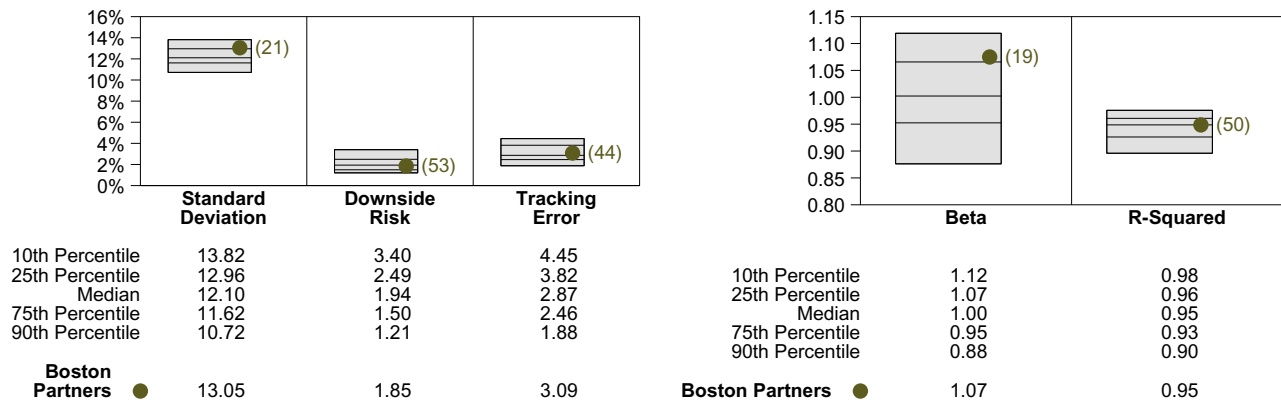
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended December 31, 2017



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2017



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2017

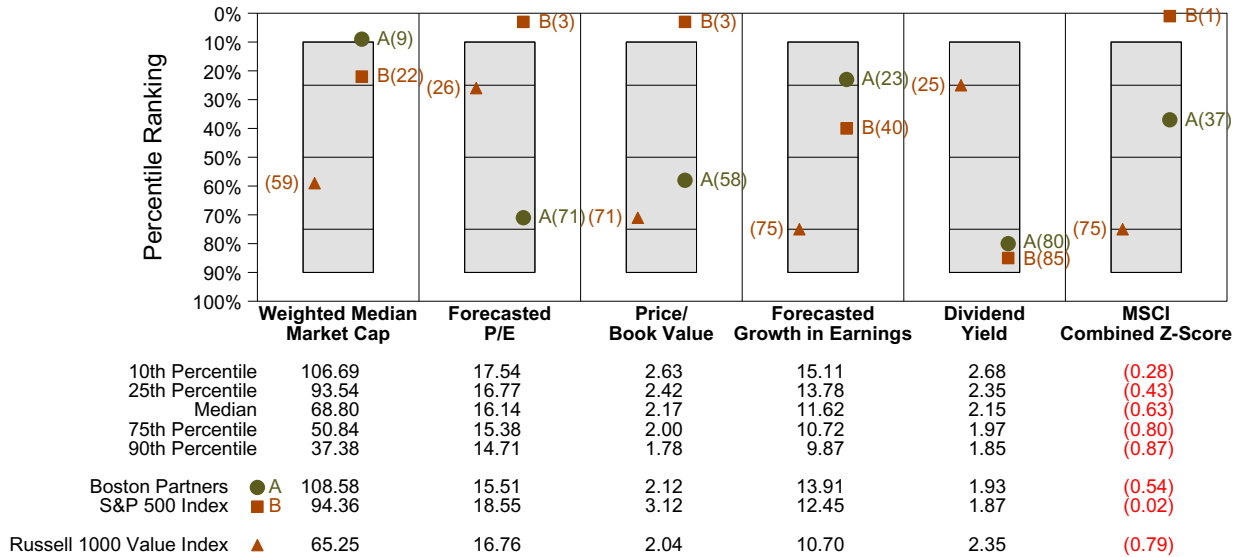


Boston Partners Equity Characteristics Analysis Summary

Portfolio Characteristics

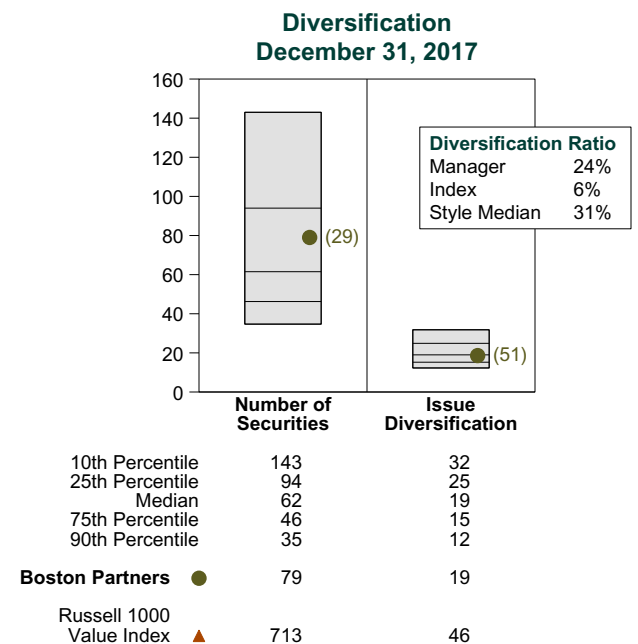
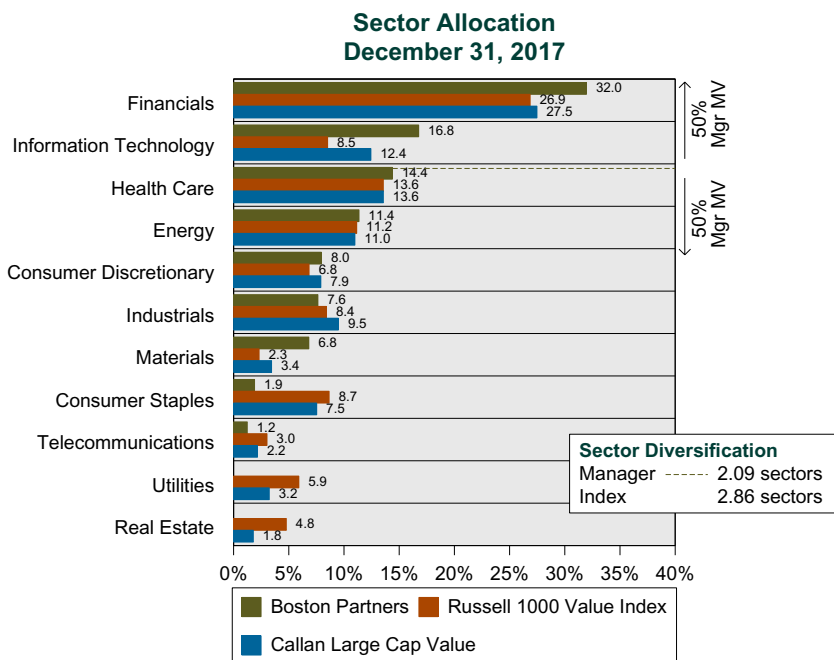
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of December 31, 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.



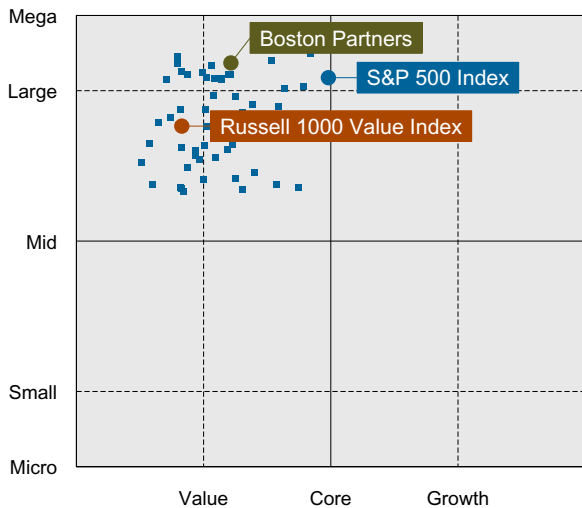
Current Holdings Based Style Analysis

Boston Partners

As of December 31, 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.

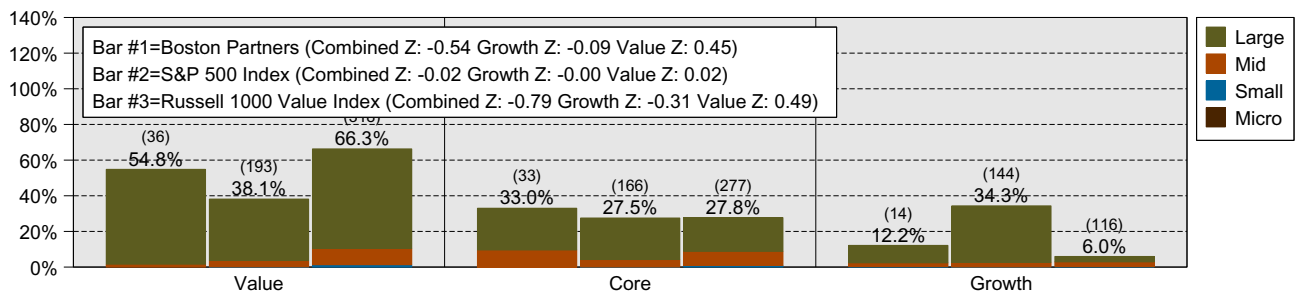
Style Map vs Callan Large Cap Value Holdings as of December 31, 2017



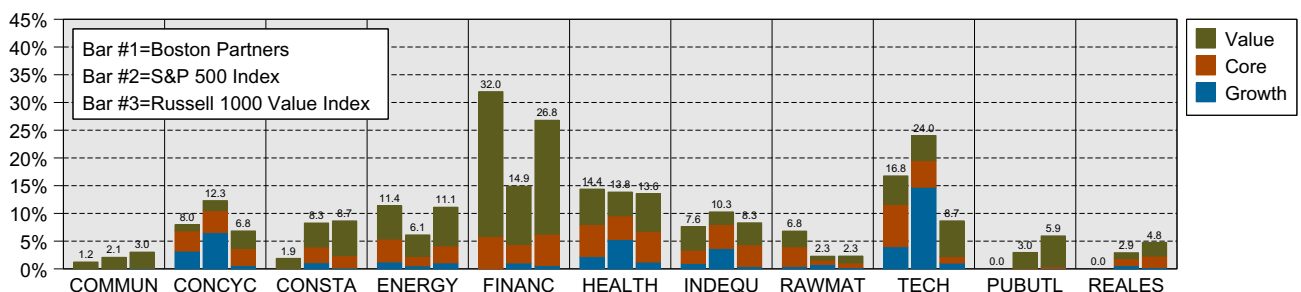
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Large	53.2% (34) 34.4% (112) 55.7% (110)	23.4% (18) 23.3% (80) 19.0% (61)	9.8% (10) 31.6% (92) 3.0% (30)	86.4% (62) 89.3% (284) 77.7% (201)
Mid	1.6% (2) 3.7% (76) 9.2% (147)	9.6% (14) 4.2% (85) 7.9% (171)	2.1% (3) 2.7% (50) 2.7% (65)	13.4% (19) 10.6% (211) 19.8% (383)
Small	0.0% (0) 0.1% (5) 1.3% (61)	0.0% (0) 0.0% (1) 0.9% (45)	0.3% (1) 0.0% (2) 0.3% (20)	0.3% (1) 0.1% (8) 2.5% (126)
Micro	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (1)	0.0% (1) 0.0% (0) 0.0% (1)
Total	54.8% (36) 38.1% (193) 66.3% (318)	33.0% (33) 27.5% (166) 27.8% (277)	12.2% (14) 34.3% (144) 6.0% (116)	100.0% (83) 100.0% (503) 100.0% (711)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



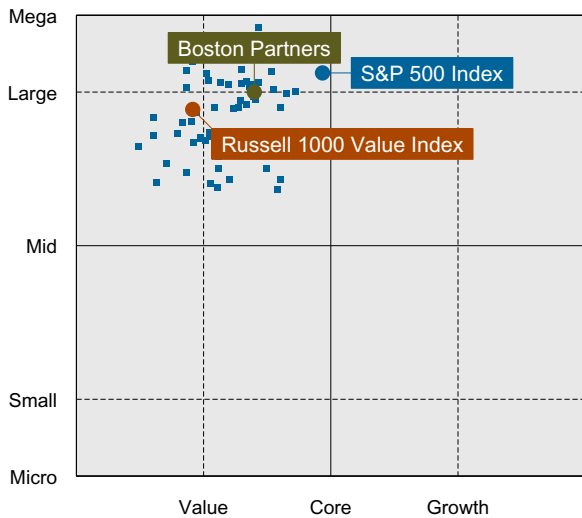
Sector Weights Distribution Holdings as of December 31, 2017



Historical Holdings Based Style Analysis Boston Partners For Five Years Ended December 31, 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.

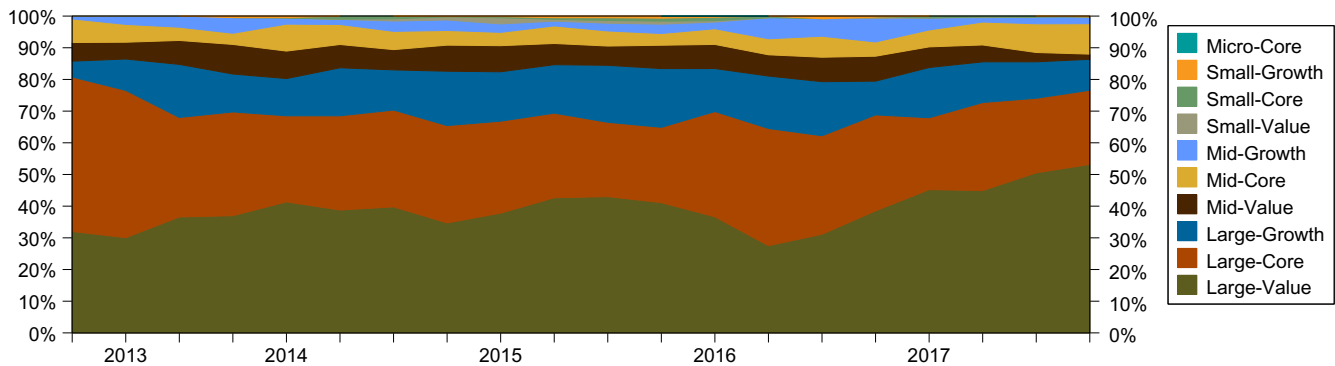
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended December 31, 2017



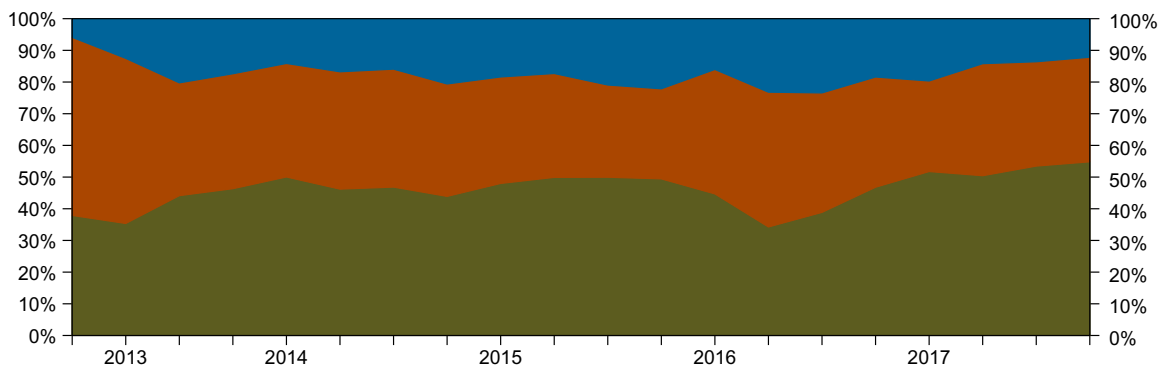
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	Value	Core	Growth	Total
Large	39.1% (25)	30.5% (24)	13.8% (13)	83.4% (62)
	31.4% (94)	29.5% (98)	28.2% (94)	89.1% (286)
Mid	49.9% (90)	23.6% (73)	4.9% (30)	78.4% (193)
	6.7% (10)	5.8% (9)	3.1% (5)	15.6% (24)
Small	4.0% (82)	3.9% (78)	2.9% (52)	10.9% (212)
	10.1% (160)	6.7% (147)	2.2% (59)	19.1% (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	46.1% (36)	36.7% (34)	17.2% (19)	100.0% (89)
	35.4% (179)	33.4% (177)	31.1% (147)	100.0% (503)
Total	61.5% (313)	31.2% (269)	7.3% (104)	100.0% (686)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

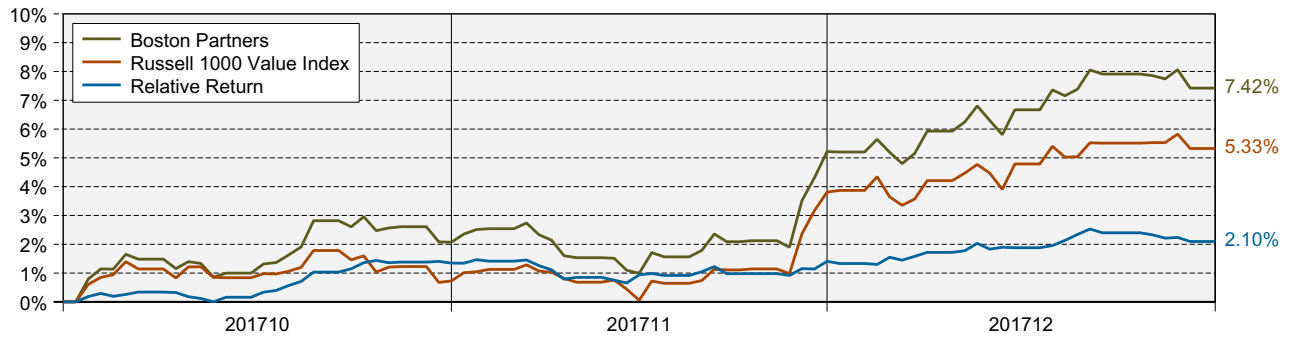


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2017

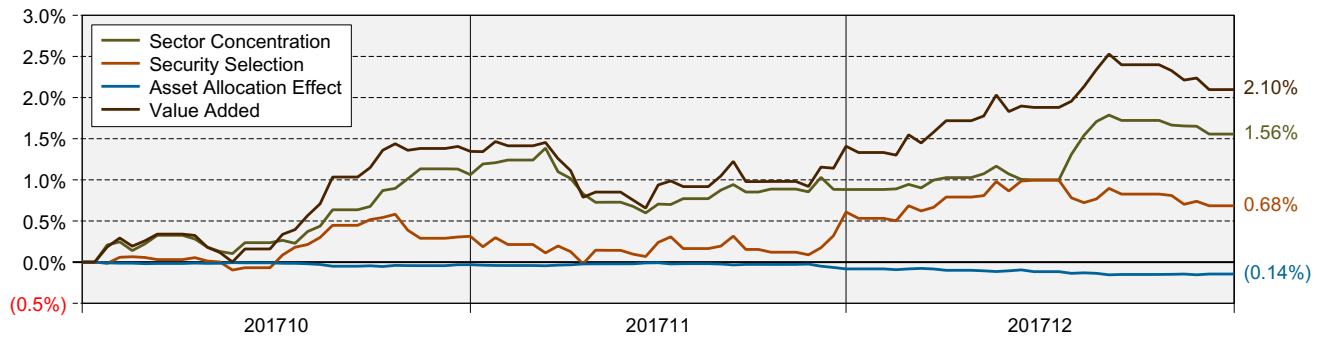
Return Sources and Timing

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 December 31, 2017

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	7.96%	6.77%	5.55%	5.64%	0.01%	0.00%	-
Consumer Staples	1.92%	8.63%	(8.51)%	4.03%	0.09%	(0.24)%	-
Energy	9.80%	10.88%	11.88%	6.38%	0.03%	0.52%	-
Financials	32.12%	26.62%	9.93%	8.49%	0.18%	0.46%	-
Health Care	16.33%	13.82%	1.54%	2.14%	(0.08)%	(0.09)%	-
Industrials	7.62%	8.47%	8.07%	1.28%	0.03%	0.53%	-
Information Technology	17.34%	8.49%	8.89%	10.30%	0.40%	(0.24)%	-
Materials	6.36%	2.22%	8.30%	10.54%	0.22%	(0.15)%	-
Real Estate	0.00%	4.86%	0.00%	1.78%	0.18%	0.00%	-
Telecommunications	0.30%	2.94%	3.17%	1.98%	0.16%	(0.04)%	-
Utilities	0.26%	6.30%	(8.38)%	0.54%	0.32%	(0.08)%	-
Non Equity	2.01%	0.00%	-	-	-	-	(0.14)%
Total	-	-	7.42%	5.33%	1.56%	0.69%	(0.14)%

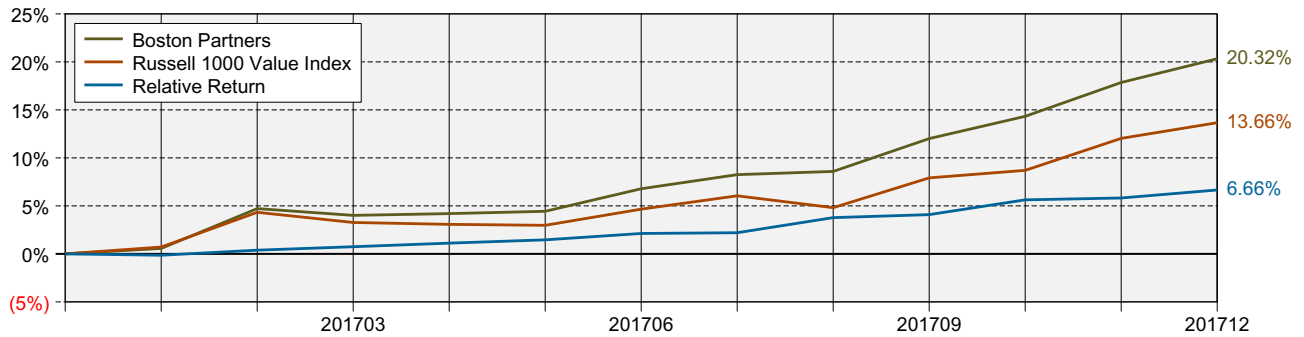
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
7.42%		5.33%		1.56%		0.69%		(0.14)%

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended December 31, 2017

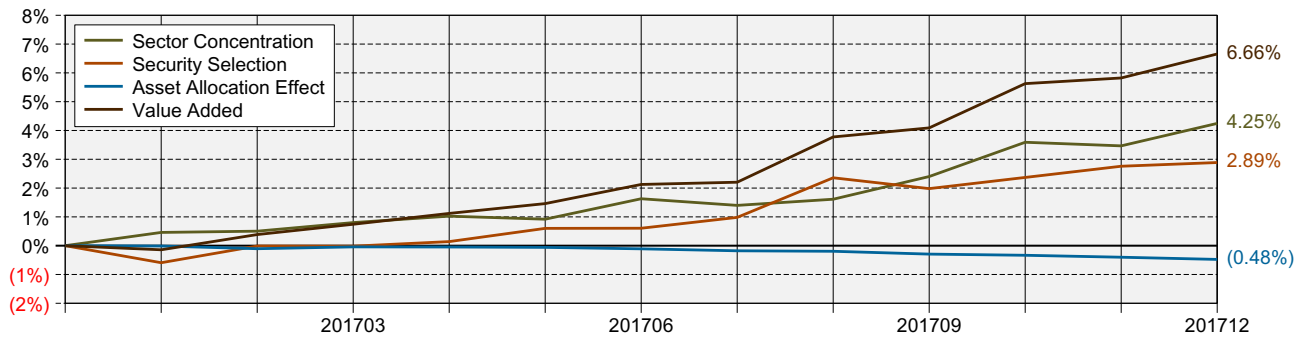
Return Sources and Timing

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 December 31, 2017

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	8.10%	5.70%	16.75%	13.52%	0.04%	0.20%	-
Consumer Staples	1.59%	8.64%	5.50%	13.23%	0.05%	(0.14)%	-
Energy	9.87%	11.53%	10.99%	(1.19)%	0.18%	1.28%	-
Financials	29.81%	26.32%	19.97%	20.59%	0.46%	(0.06)%	-
Health Care	16.42%	12.46%	19.31%	18.87%	0.52%	0.13%	-
Industrials	8.17%	9.28%	23.24%	9.40%	0.01%	1.08%	-
Information Technology	18.49%	9.05%	34.02%	28.38%	1.23%	0.97%	-
Materials	6.87%	2.65%	22.10%	27.15%	0.48%	(0.31)%	-
Real Estate	0.00%	4.78%	0.00%	5.11%	0.45%	0.00%	-
Telecommunications	0.08%	3.33%	3.17%	(2.95)%	0.69%	(0.04)%	-
Utilities	0.59%	6.26%	(10.29)%	12.20%	0.15%	(0.21)%	-
Non Equity	2.55%	0.00%	-	-	-	-	(0.48)%
Total	-	-	20.32%	13.66%	4.25%	2.89%	(0.48)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
20.32%		13.66%		4.25%		2.89%		(0.48)%

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 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
Bank Amer Corp	Financials	4.84%	92	2.19%	17.01%	16.99%	0.78%	0.29%
JPMorgan Chase & Co	Financials	4.84%	92	2.91%	12.61%	12.61%	0.59%	0.13%
Cisco Sys Inc	Information Technology	2.49%	92	1.44%	14.50%	14.87%	0.34%	0.08%
Berkshire Hathaway Inc Del Cl B New	Financials	4.08%	92	2.98%	8.17%	8.13%	0.33%	0.03%
Twenty First Centy Fox Inc Cl A	Consumer Discretionary	1.08%	92	0.23%	31.13%	30.89%	0.33%	0.20%
Te Connectivity Ltd Reg Shs	Information Technology	2.09%	92	-	14.90%	-	0.29%	0.18%
Diamondback Energy Inc	Energy	1.06%	92	0.07%	28.90%	28.88%	0.28%	0.21%
Wells Fargo & Co New	Financials	2.61%	92	2.06%	10.78%	10.77%	0.27%	0.03%
Merck & Co Inc	Health Care	2.07%	92	1.24%	(11.37)%	(11.37)%	(0.27)%	(0.15)%
Johnson & Johnson	Health Care	3.15%	92	2.57%	8.12%	8.12%	0.25%	0.02%

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
General Electric Co	Industrials	-	-	1.24%	-	(27.34)%	(0.39)%	0.46%
JPMorgan Chase & Co	Financials	4.84%	92	2.91%	12.61%	12.61%	0.35%	0.13%
Bank Amer Corp	Financials	4.84%	92	2.19%	17.01%	16.99%	0.35%	0.29%
Intel Corp	Information Technology	-	-	1.66%	-	21.93%	0.33%	(0.24)%
Walmart Inc	Consumer Staples	-	-	1.05%	-	27.04%	0.26%	(0.20)%
Berkshire Hathaway Inc Del Cl B New	Financials	4.08%	92	2.98%	8.17%	8.13%	0.24%	0.03%
Wells Fargo & Co New	Financials	2.61%	92	2.06%	10.78%	10.77%	0.22%	0.03%
Cisco Sys Inc	Information Technology	2.49%	92	1.44%	14.50%	14.87%	0.21%	0.08%
Johnson & Johnson	Health Care	3.15%	92	2.57%	8.12%	8.12%	0.20%	0.02%
Merck & Co Inc	Health Care	2.07%	92	1.24%	(11.37)%	(11.37)%	(0.16)%	(0.15)%

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
General Electric Co	Industrials	-	-	1.24%	-	(27.34)%	-	0.46%
Bank Amer Corp	Financials	4.84%	92	2.19%	17.01%	16.99%	0.78%	0.29%
Diamondback Energy Inc	Energy	1.06%	92	0.07%	28.90%	28.88%	0.28%	0.21%
Twenty First Centy Fox Inc Cl A	Consumer Discretionary	1.08%	92	0.23%	31.13%	30.89%	0.33%	0.20%
Te Connectivity Ltd Reg Shs	Information Technology	2.09%	92	-	14.90%	-	0.29%	0.18%
Steel Dynamics Inc	Materials	0.89%	92	0.06%	25.56%	25.57%	0.21%	0.15%
Allergan Plc Shs	Health Care	-	-	0.51%	-	(19.87)%	-	0.14%
Home Depot Inc	Consumer Discretionary	1.29%	92	-	16.46%	-	0.20%	0.14%
Discover Finl Svcs	Financials	1.18%	92	0.20%	19.92%	19.93%	0.22%	0.13%
JPMorgan Chase & Co	Financials	4.84%	92	2.91%	12.61%	12.61%	0.59%	0.13%

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
Gilead Sciences	Health Care	1.64%	92	0.24%	(11.01)%	(10.96)%	(0.22)%	(0.25)%
Intel Corp	Information Technology	-	-	1.66%	-	21.93%	-	(0.24)%
Walmart Inc	Consumer Staples	-	-	1.05%	-	27.04%	-	(0.20)%
Merck & Co Inc	Health Care	2.07%	92	1.24%	(11.37)%	(11.37)%	(0.27)%	(0.15)%
Sanofi Sponsored ADR	Health Care	0.75%	92	-	(13.70)%	-	(0.11)%	(0.14)%
Qualcomm Inc	Information Technology	-	-	0.69%	-	24.52%	-	(0.12)%
Time Warner Inc	Consumer Discretionary	1.30%	92	0.62%	(10.29)%	(10.37)%	(0.16)%	(0.11)%
Cvs Health Corp	Consumer Staples	1.36%	92	0.63%	(10.76)%	(10.26)%	(0.13)%	(0.10)%
Oracle Corp	Information Technology	2.31%	92	1.08%	(1.84)%	(1.83)%	(0.04)%	(0.08)%
Cemex Sab De Cv Spon ADR New	Materials	0.34%	92	-	(17.57)%	-	(0.07)%	(0.08)%

Atlanta Capital Period Ended December 31, 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.

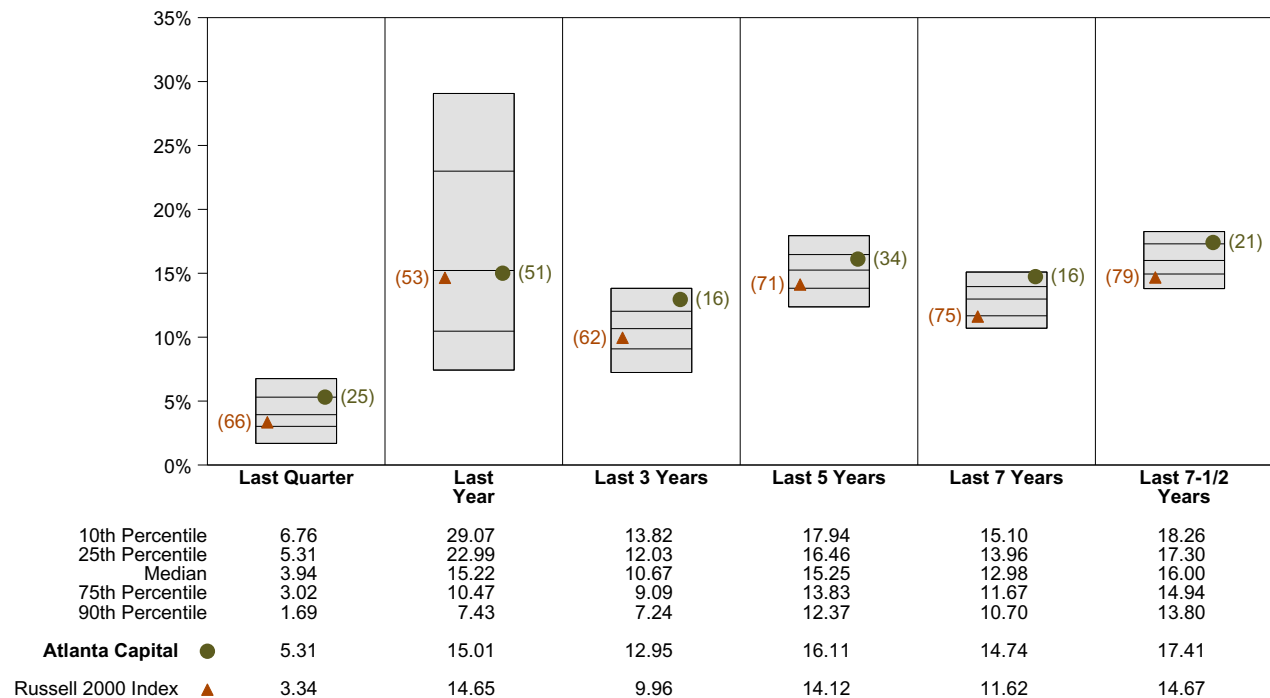
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 5.31% return for the quarter placing it in the 25th percentile of the Callan Small Capitalization group for the quarter and in the 51st percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 1.97% for the quarter and outperformed the Russell 2000 Index for the year by 0.36%.

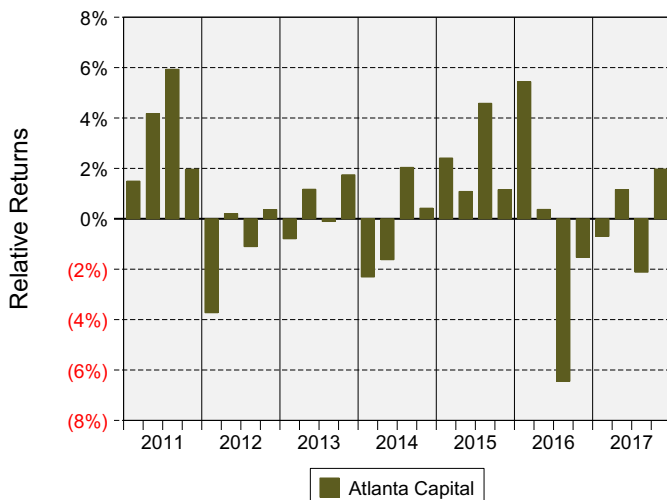
Quarterly Asset Growth

Beginning Market Value	\$25,667,265
Net New Investment	\$0
Investment Gains/(Losses)	\$1,363,445
Ending Market Value	\$27,030,710

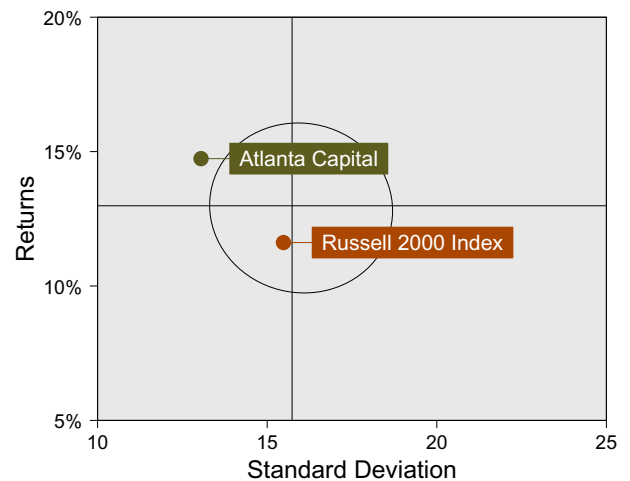
Performance vs Callan Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

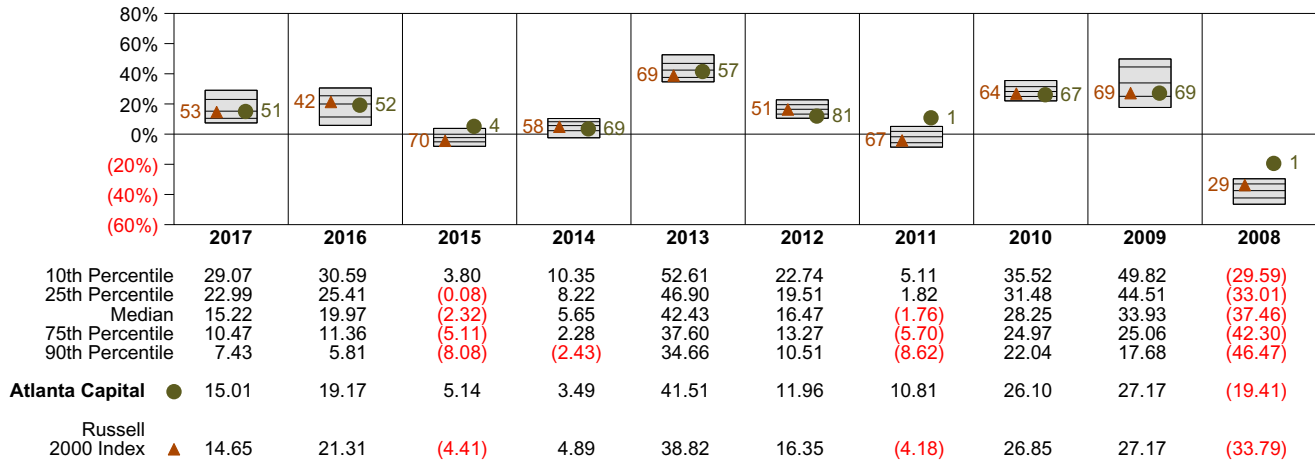


Atlanta Capital Return Analysis Summary

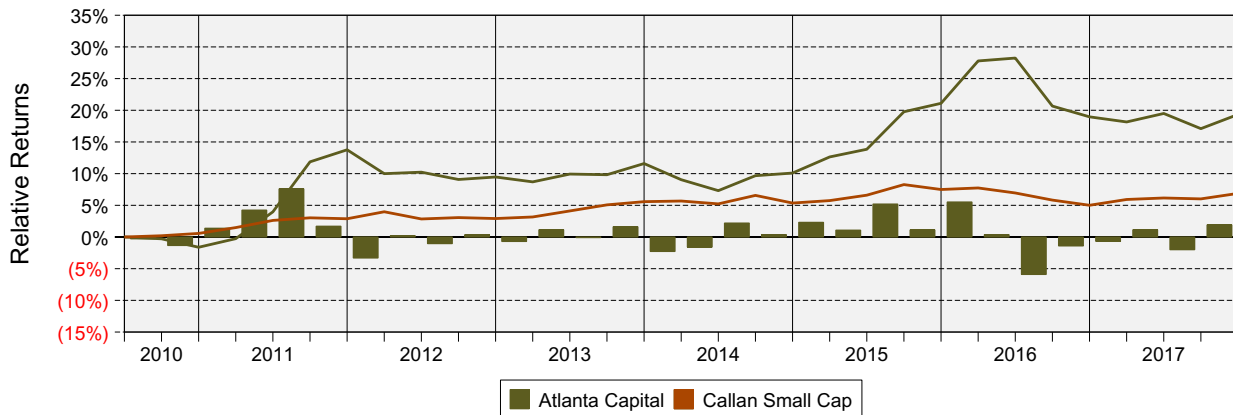
Return Analysis

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.

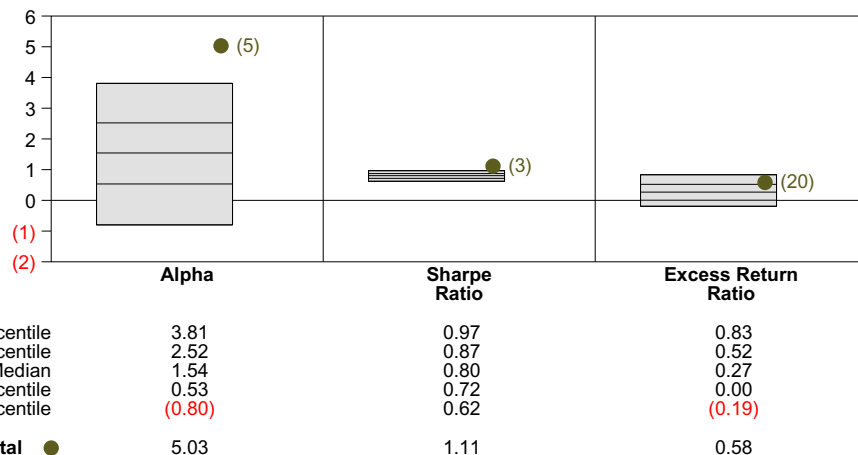
Performance vs Callan Small Capitalization (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2017

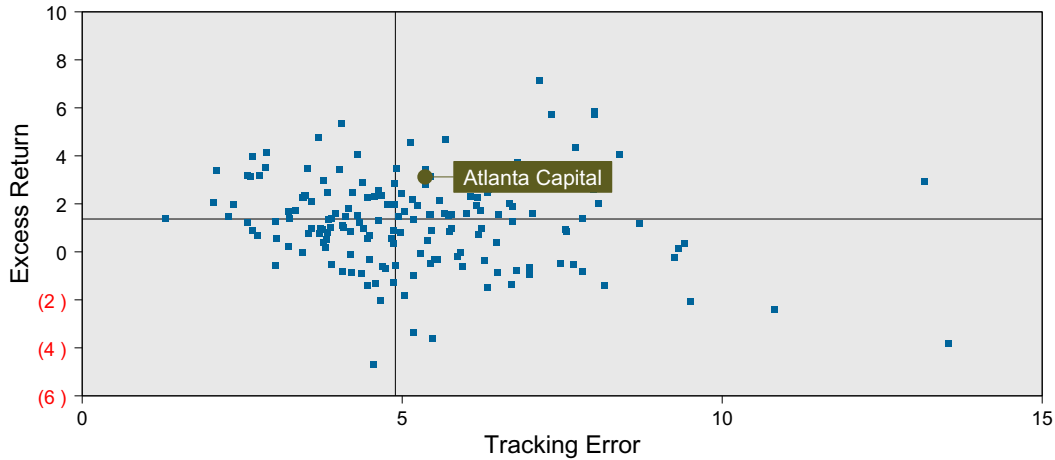


Atlanta Capital Risk Analysis Summary

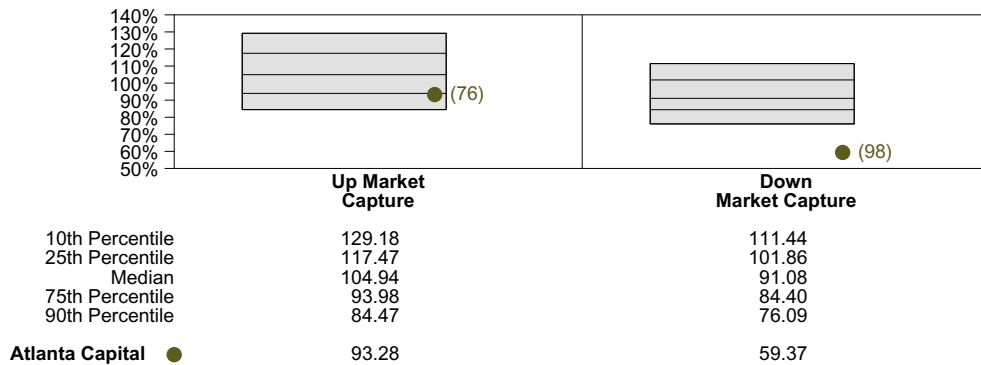
Risk Analysis

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.

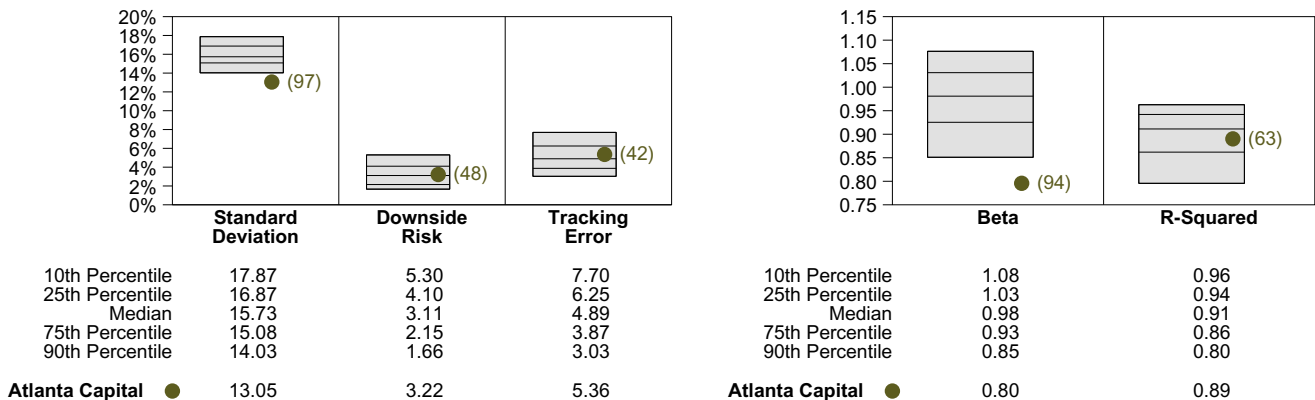
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended December 31, 2017



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2017



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2017

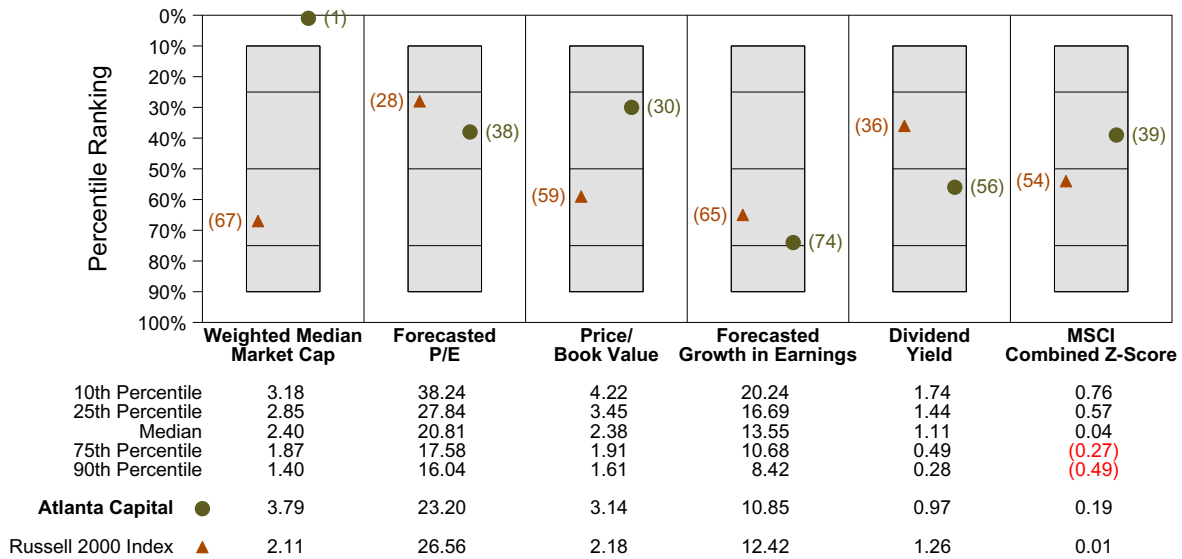


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

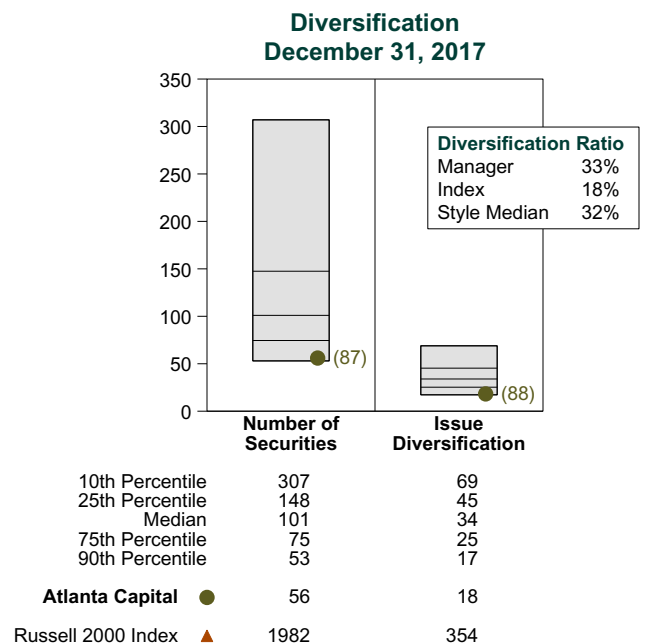
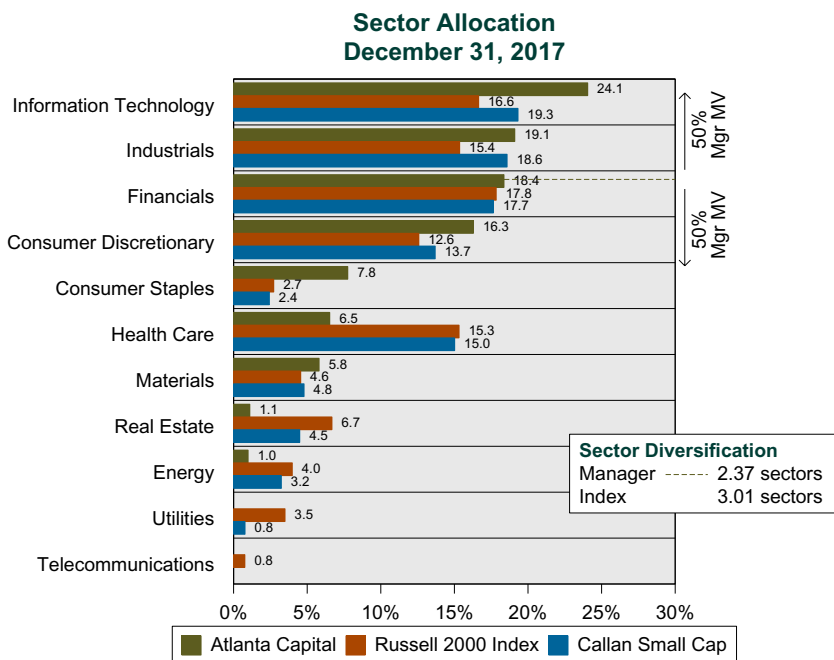
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of December 31, 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.



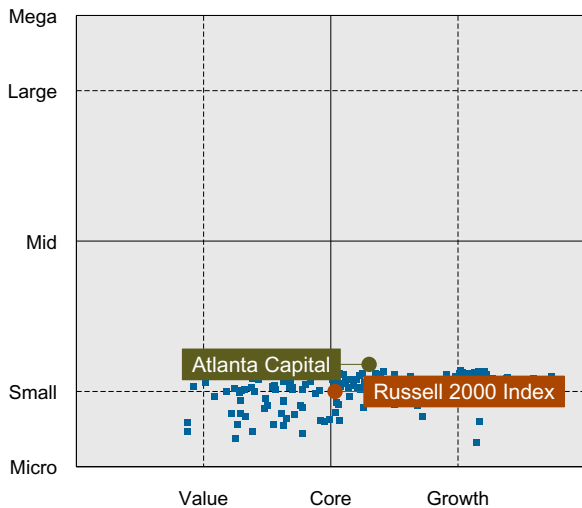
Current Holdings Based Style Analysis

Atlanta Capital

As of December 31, 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.

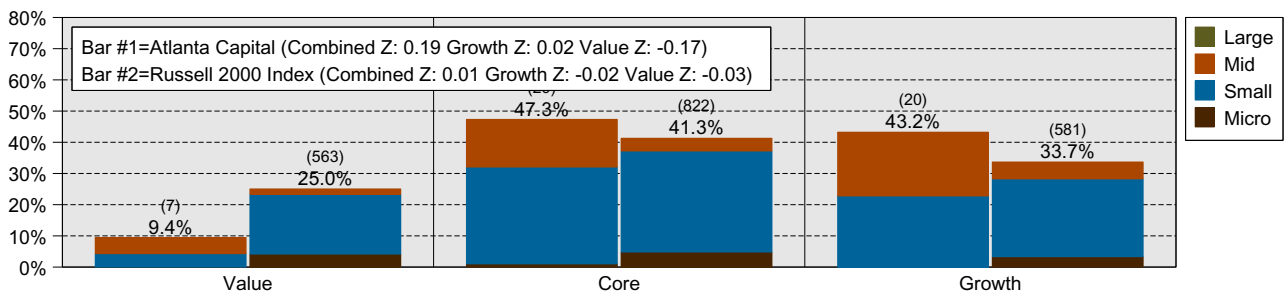
Style Map vs Callan Small Cap Holdings as of December 31, 2017



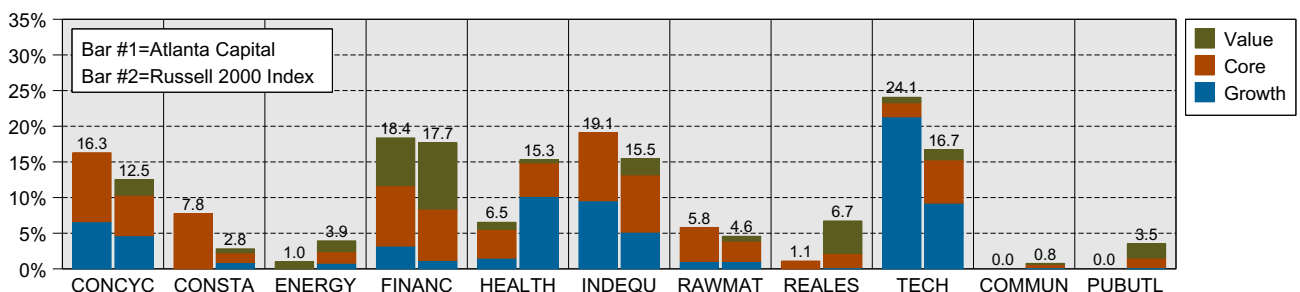
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	5.1% (3)	15.3% (6)	20.4% (9)	40.8% (18)
Small	4.3% (4)	31.0% (22)	22.8% (11)	58.1% (37)
Micro	0.0% (0)	1.0% (1)	0.0% (0)	1.0% (1)
Total	9.4% (7)	47.3% (29)	43.2% (20)	100.0% (56)
	25.0% (563)	41.3% (822)	33.7% (581)	100.0% (1966)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



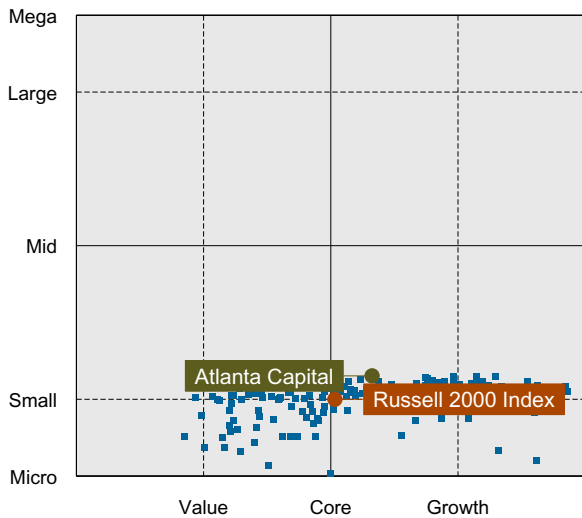
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended December 31, 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.

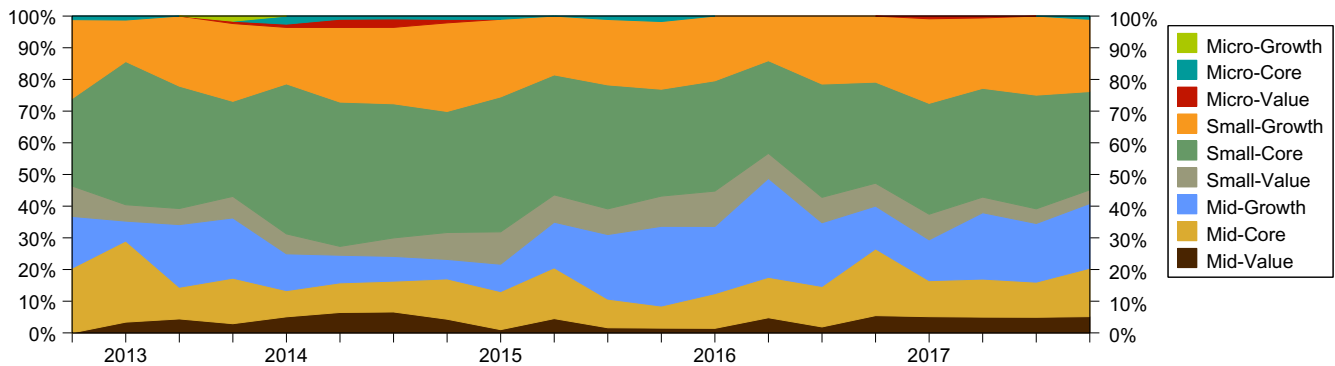
Average Style Map vs Callan Small Cap Holdings for Five Years Ended December 31, 2017



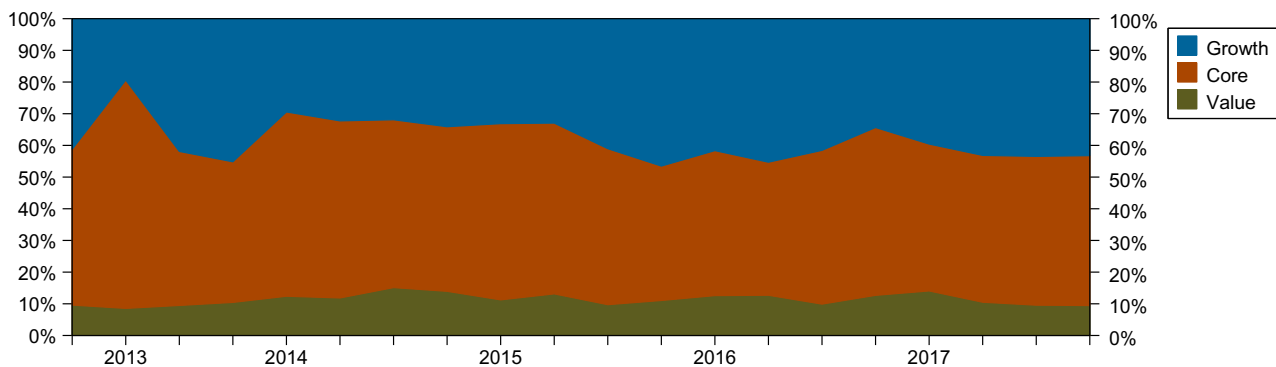
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	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	3.8% (2)	13.1% (6)	16.2% (7)	33.0% (15)
Small	7.1% (5)	36.8% (25)	21.8% (13)	65.8% (43)
Micro	0.5% (0)	0.6% (1)	0.1% (0)	1.2% (1)
Total	11.4% (7)	50.5% (32)	38.1% (20)	100.0% (59)
	26.4% (570)	40.1% (814)	33.5% (578)	100.0% (1962)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

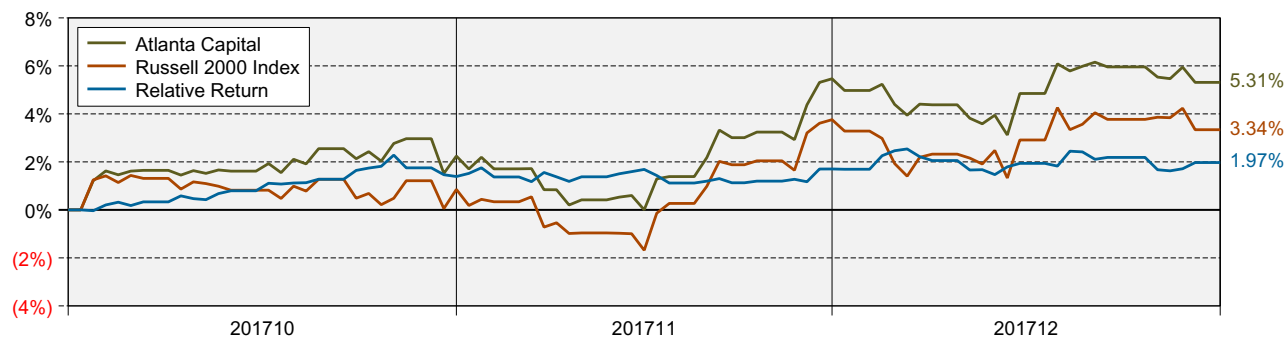


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2017

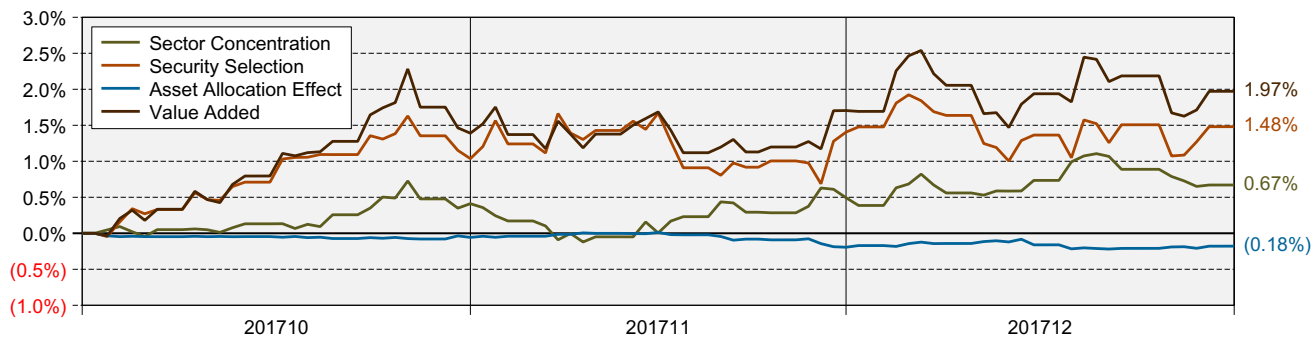
Return Sources and Timing

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 December 31, 2017

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	15.44%	12.14%	8.73%	7.63%	0.15%	0.16%	-
Consumer Staples	7.77%	2.63%	7.61%	7.52%	0.23%	(0.02)%	-
Energy	0.94%	3.69%	8.04%	6.76%	(0.10)%	0.01%	-
Financials	17.66%	18.24%	3.82%	1.65%	(0.01)%	0.41%	-
Health Care	6.83%	15.02%	4.92%	2.56%	0.04%	0.17%	-
Industrials	20.82%	15.20%	4.71%	6.26%	0.15%	(0.32)%	-
Information Technology	23.34%	17.06%	6.91%	0.95%	(0.16)%	1.39%	-
Materials	6.08%	4.51%	(1.45)%	3.78%	0.01%	(0.32)%	-
Real Estate	1.11%	7.00%	0.36%	(0.48)%	0.22%	0.01%	-
Telecommunications	0.00%	0.83%	0.00%	(3.68)%	0.06%	0.00%	-
Utilities	0.00%	3.68%	0.00%	1.07%	0.08%	0.00%	-
Non Equity	3.44%	0.00%	-	-	-	-	(0.18)%
Total	-	-	5.31%	3.34%	0.67%	1.48%	(0.18)%

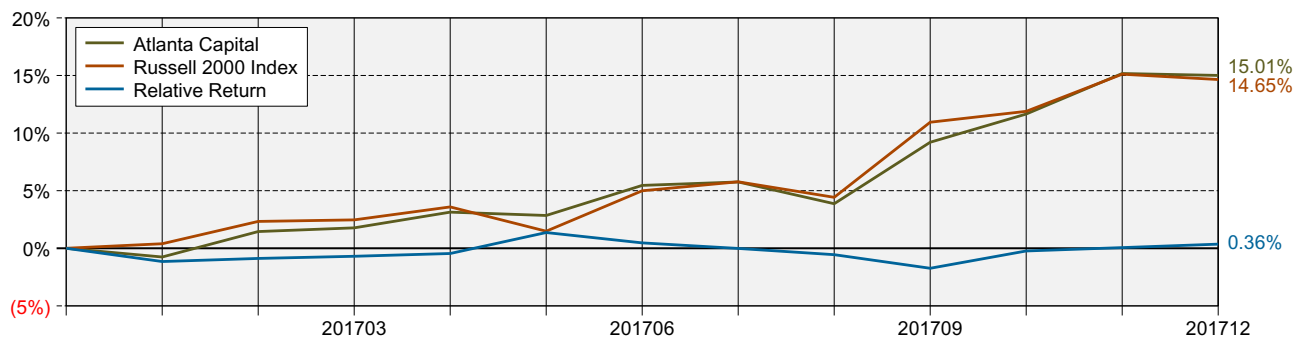
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
5.31%		3.34%		0.67%		1.48%		(0.18)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended December 31, 2017

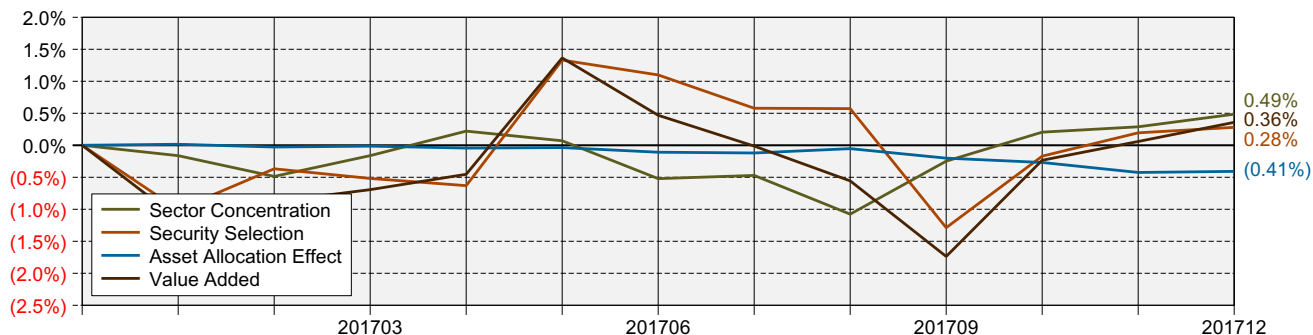
Return Sources and Timing

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 December 31, 2017

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	15.33%	12.24%	7.30%	15.94%	0.10%	(1.37)%	-
Consumer Staples	7.70%	2.78%	9.30%	4.10%	(0.47)%	0.39%	-
Energy	1.13%	3.52%	(20.57)%	(18.81)%	0.69%	0.01%	-
Financials	16.73%	18.75%	7.28%	6.40%	0.21%	0.19%	-
Health Care	7.85%	13.98%	31.19%	35.67%	(0.98)%	(0.19)%	-
Industrials	23.80%	14.64%	25.46%	20.10%	0.39%	1.30%	-
Information Technology	20.94%	17.30%	17.35%	16.93%	(0.15)%	0.27%	-
Materials	5.38%	4.71%	8.93%	16.67%	0.02%	(0.46)%	-
Real Estate	1.13%	7.59%	18.80%	5.22%	0.60%	0.15%	-
Telecommunications	0.00%	0.79%	0.00%	5.93%	0.08%	0.00%	-
Utilities	0.00%	3.71%	0.00%	14.52%	0.00%	0.00%	-
Non Equity	2.94%	0.00%	-	-	-	-	(0.41)%
Total	-	-	15.01%	14.65%	0.49%	0.28%	(0.41)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
15.01%		14.65%		0.49%		0.28%		(0.41)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 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
Wex Inc	Information Technology	3.24%	92	-	25.83%	-	0.78%	0.67%
Manhattan Associates	Information Technology	3.30%	92	-	19.17%	-	0.61%	0.50%
Choice Hotels Intl Inc	Consumer Discretionary	2.85%	92	-	21.78%	-	0.57%	0.48%
Columbia Sportswear Co	Consumer Discretionary	2.47%	92	0.09%	17.07%	17.07%	0.40%	0.31%
Morningstar Inc	Financials	2.83%	92	-	14.40%	-	0.39%	0.30%
Beacon Roofing Supply Inc	Industrials	1.65%	92	0.18%	24.41%	24.41%	0.37%	0.28%
Pool Corporation	Consumer Discretionary	1.82%	92	-	20.23%	-	0.34%	0.28%
Dorman Products Inc	Consumer Discretionary	1.90%	92	0.09%	(14.71)%	(14.63)%	(0.29)%	(0.33)%
Navigators Group Inc	Financials	1.68%	92	0.06%	(16.44)%	(16.44)%	(0.29)%	(0.33)%
J & J Snack Foods Corp	Consumer Staples	1.84%	92	0.10%	15.99%	15.99%	0.28%	0.21%

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
Nektar Therapeutics	Health Care	-	-	0.24%	-	148.83%	0.26%	(0.25)%
Sage Therapeutics Inc	Health Care	-	-	0.13%	-	164.38%	0.18%	(0.18)%
Bluebird Bio Inc	Health Care	-	-	0.34%	-	29.67%	0.09%	(0.08)%
Grubhub Inc	Information Technology	-	-	0.25%	-	36.35%	0.08%	(0.07)%
Prothena Corp Plc Shs	Health Care	-	-	0.11%	-	(42.12)%	(0.05)%	0.05%
Snyders-Lance Inc	Consumer Staples	-	-	0.16%	-	31.88%	0.05%	(0.04)%
Spark Therapeutics Inc	Health Care	-	-	0.11%	-	(42.33)%	(0.05)%	0.05%
Epam Sys Inc	Information Technology	-	-	0.22%	-	22.18%	0.05%	(0.04)%
Primerica Inc	Financials	-	-	0.20%	-	24.78%	0.05%	(0.04)%
Cree Inc	Information Technology	-	-	0.16%	-	31.75%	0.04%	(0.04)%

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
Wex Inc	Information Technology	3.24%	92	-	25.83%	-	0.78%	0.67%
Manhattan Associates	Information Technology	3.30%	92	-	19.17%	-	0.61%	0.50%
Choice Hotels Intl Inc	Consumer Discretionary	2.85%	92	-	21.78%	-	0.57%	0.48%
Columbia Sportswear Co	Consumer Discretionary	2.47%	92	0.09%	17.07%	17.07%	0.40%	0.31%
Morningstar Inc	Financials	2.83%	92	-	14.40%	-	0.39%	0.30%
Pool Corporation	Consumer Discretionary	1.82%	92	-	20.23%	-	0.34%	0.28%
Beacon Roofing Supply Inc	Industrials	1.65%	92	0.18%	24.41%	24.41%	0.37%	0.28%
J & J Snack Foods Corp	Consumer Staples	1.84%	92	0.10%	15.99%	15.99%	0.28%	0.21%
Artisan Partners Asset Mgmt Cl A	Financials	1.23%	92	0.08%	23.10%	23.17%	0.25%	0.20%
Icu Med Inc	Health Care	1.34%	92	0.14%	16.22%	16.22%	0.21%	0.15%

Positions with Largest Negative Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Navigators Group Inc	Financials	1.68%	92	0.06%	(16.44)%	(16.44)%	(0.29)%	(0.33)%
Dorman Products Inc	Consumer Discretionary	1.90%	92	0.09%	(14.71)%	(14.63)%	(0.29)%	(0.33)%
Nektar Therapeutics	Health Care	-	-	0.24%	-	148.83%	-	(0.25)%
Eplus Inc	Information Technology	0.94%	92	0.06%	(19.02)%	(18.66)%	(0.20)%	(0.24)%
Scansource	Information Technology	0.85%	92	0.05%	(17.98)%	(17.98)%	(0.16)%	(0.18)%
Sage Therapeutics Inc	Health Care	-	-	0.13%	-	164.38%	-	(0.18)%
Exponent Inc	Industrials	2.78%	92	0.09%	(3.43)%	(3.52)%	(0.09)%	(0.18)%
Sally Beauty Hldgs Inc	Consumer Discretionary	1.50%	92	-	(4.19)%	-	(0.08)%	(0.13)%
Integra Lifesciences Hldgs C	Health Care	1.54%	92	0.15%	(5.19)%	(5.19)%	(0.09)%	(0.12)%
Iberiabank Corp	Financials	1.53%	92	0.19%	(5.21)%	(5.21)%	(0.09)%	(0.12)%

International Equity Period Ended December 31, 2017

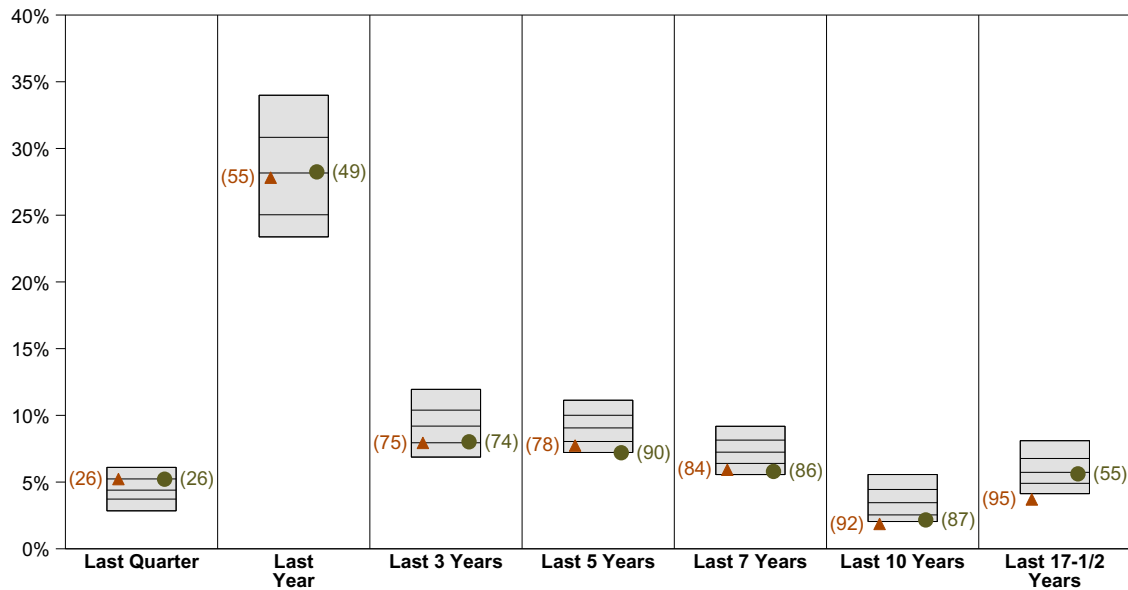
Investment Philosophy

*** 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

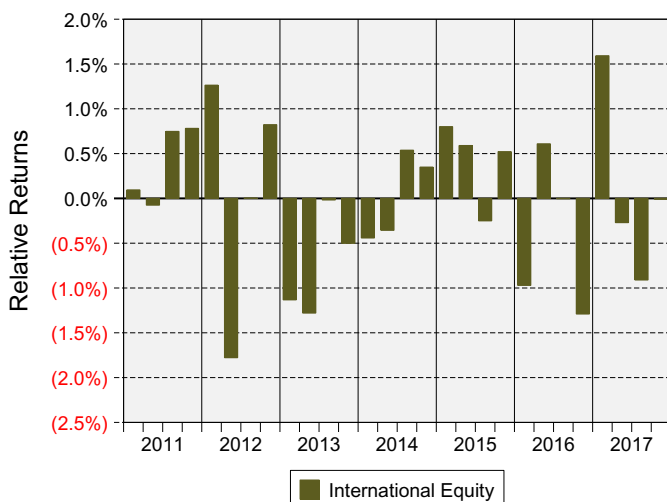
- International Equity's portfolio posted a 5.22% return for the quarter placing it in the 26 percentile of the Callan Non-US Equity group for the quarter and in the 49 percentile for the last year.
- International Equity's portfolio underperformed the Custom International Benchmark by 0.01% for the quarter and outperformed the Custom International Benchmark for the year by 0.43%.

Performance vs Callan Non-US Equity (Gross)

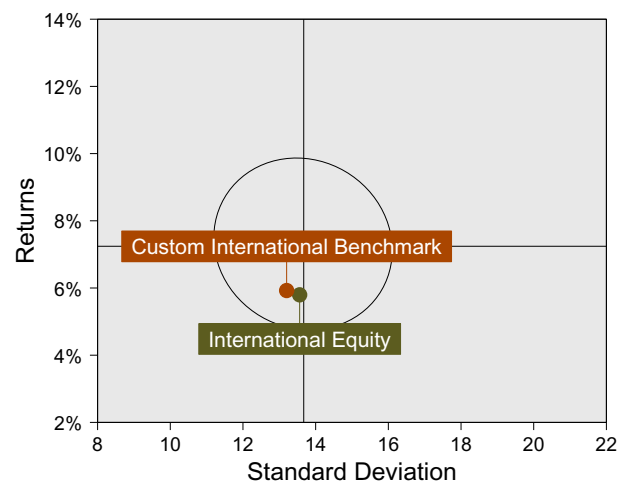


10th Percentile	6.10	33.99	11.95	11.13	9.18	5.57	8.10
25th Percentile	5.24	30.84	10.39	10.01	8.15	4.45	6.77
Median	4.40	28.16	9.19	9.06	7.24	3.46	5.73
75th Percentile	3.72	25.03	7.95	8.04	6.40	2.54	4.91
90th Percentile	2.85	23.38	6.87	7.22	5.56	2.04	4.13
International Equity	5.22	28.25	8.02	7.20	5.80	2.16	5.62
Custom International Benchmark	5.23	27.81	7.94	7.74	5.92	1.86	3.70

Relative Returns vs Custom International Benchmark



Callan Non-US Equity (Gross) Annualized Seven Year Risk vs Return

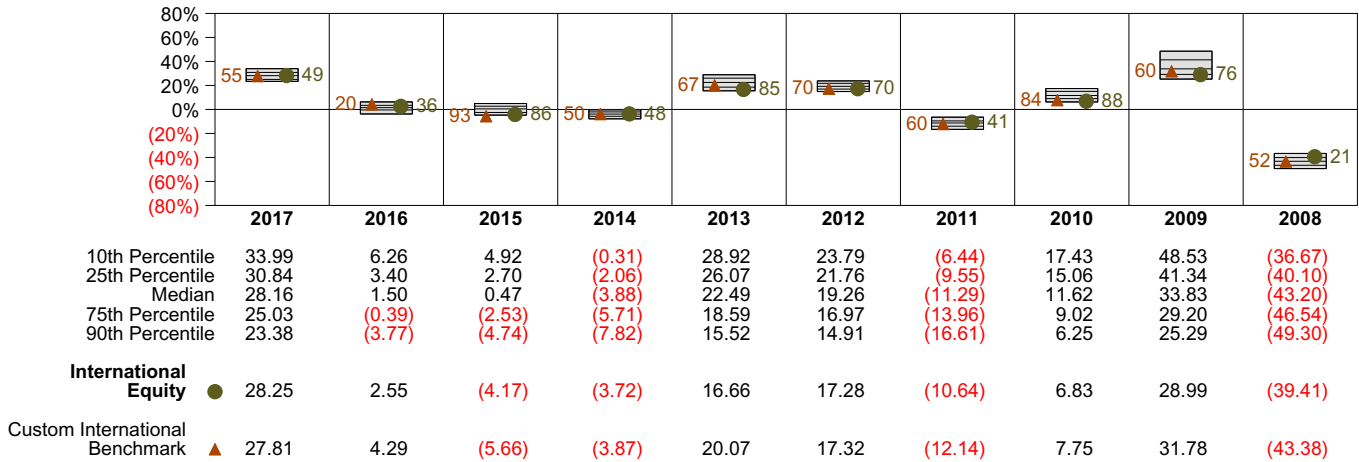


International Equity Return Analysis Summary

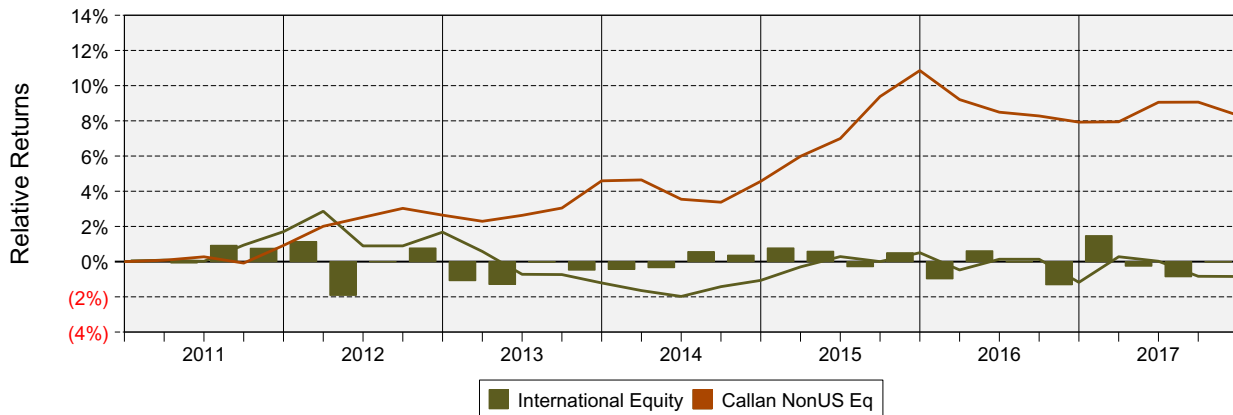
Return Analysis

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.

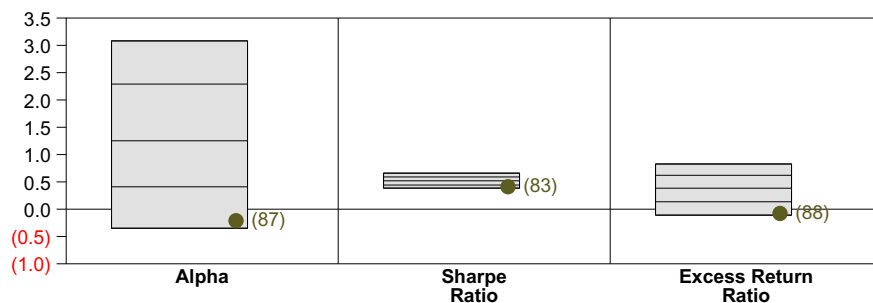
Performance vs Callan Non-US Equity (Gross)



Cumulative and Quarterly Relative Return vs Custom International Benchmark



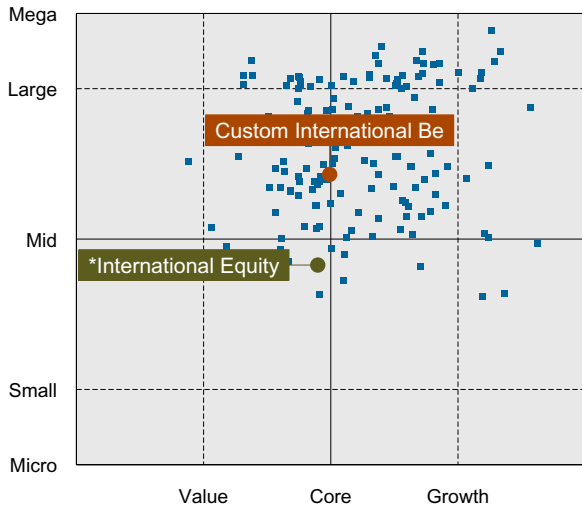
Risk Adjusted Return Measures vs Custom International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended December 31, 2017



Current Holdings Based Style Analysis International Equity As of December 31, 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.

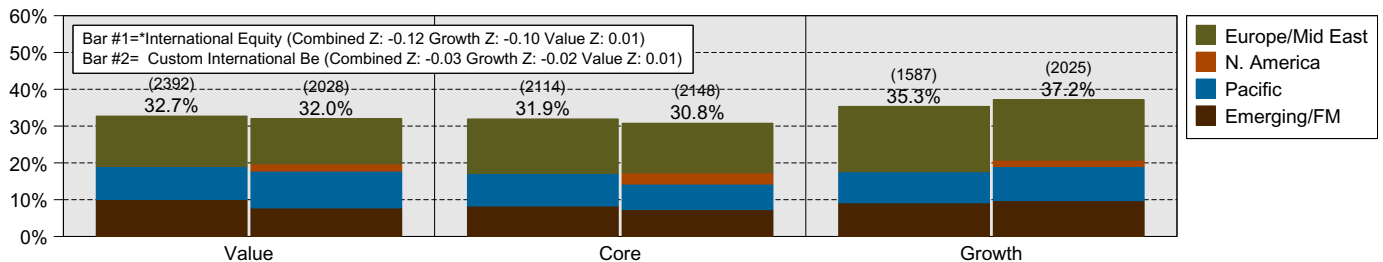
Style Map vs Callan NonUS Eq Holdings as of December 31, 2017



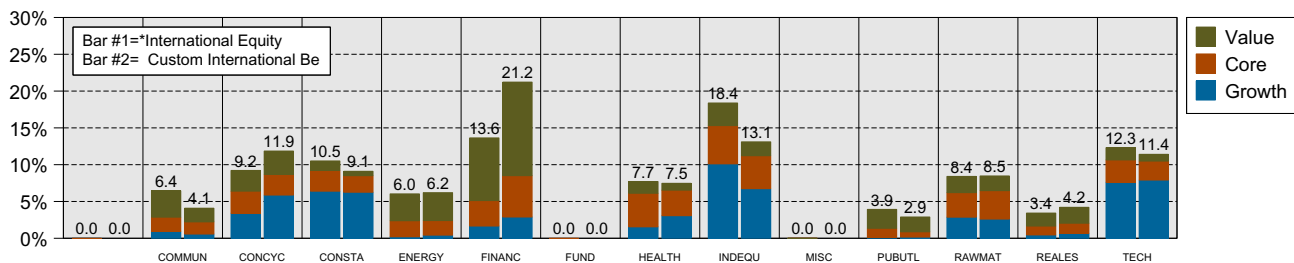
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	13.6% (239)	14.8% (267)	17.7% (289)	46.2% (795)
N. America	12.3% (423)	13.5% (545)	16.4% (535)	42.2% (1503)
Pacific	9.0% (324)	8.8% (290)	8.5% (274)	26.3% (888)
Emerging/ FM	10.0% (603)	6.9% (568)	9.3% (549)	26.2% (1720)
Total	32.7% (2392)	31.9% (2114)	35.3% (1587)	100.0% (6093)
	32.0% (2028)	30.8% (2148)	37.2% (2025)	100.0% (6201)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017

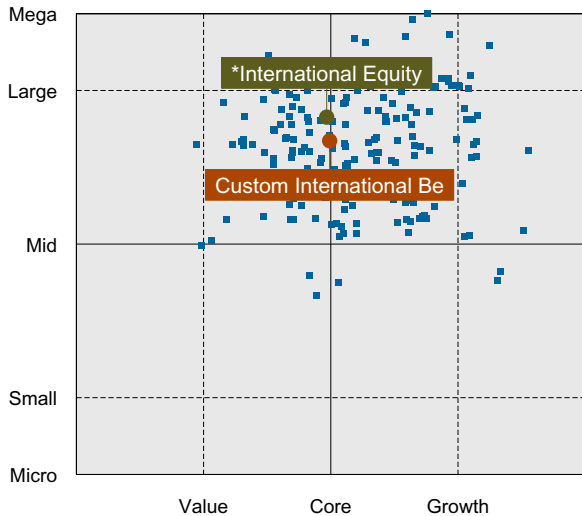


* 12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Historical Holdings Based Style Analysis International Equity For Five Years Ended December 31, 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.

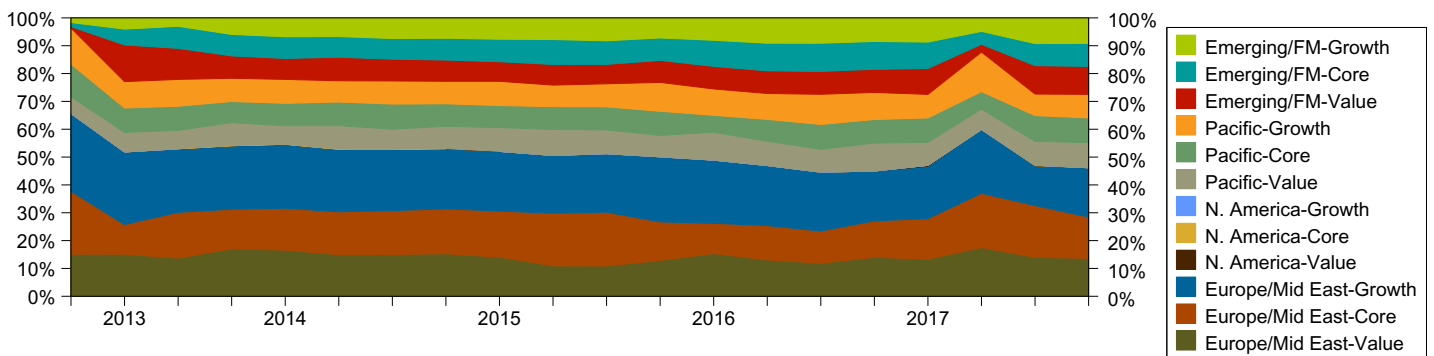
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended December 31, 2017



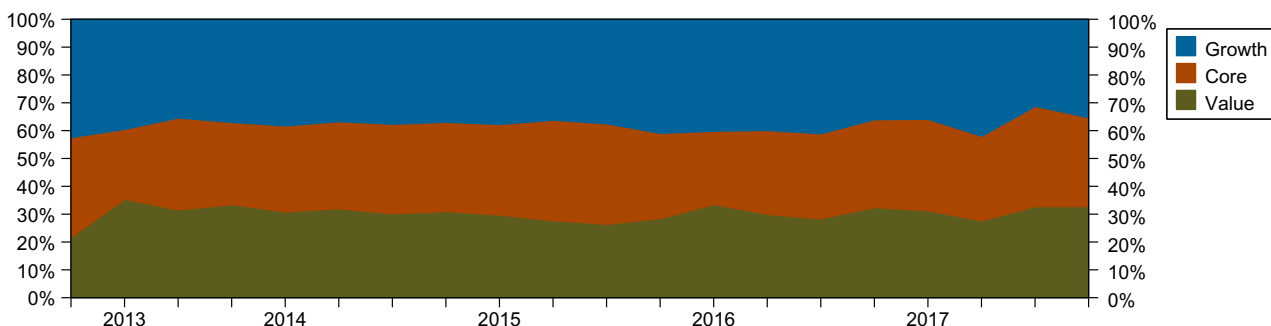
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	14.2% (157)	15.5% (174)	21.6% (224)	51.3% (555)
	14.0% (214)	14.0% (246)	19.1% (293)	47.1% (753)
N. America	0.0% (2)	0.0% (3)	0.0% (1)	0.1% (6)
	2.0% (48)	2.6% (57)	1.8% (47)	6.4% (152)
Pacific	8.1% (189)	8.4% (208)	9.3% (203)	25.8% (600)
	8.2% (266)	9.1% (282)	9.0% (284)	26.3% (832)
Emerging/ FM	7.9% (1295)	7.8% (1320)	7.0% (767)	22.8% (3382)
	6.5% (441)	6.5% (415)	7.2% (431)	20.2% (1287)
Total	30.3% (1643)	31.8% (1705)	37.9% (1195)	100.0% (4543)
	30.7% (969)	32.2% (1000)	37.1% (1055)	100.0% (3024)

***International Equity Historical Region/Style Exposures**



***International Equity Historical Style Only Exposures**



* 12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

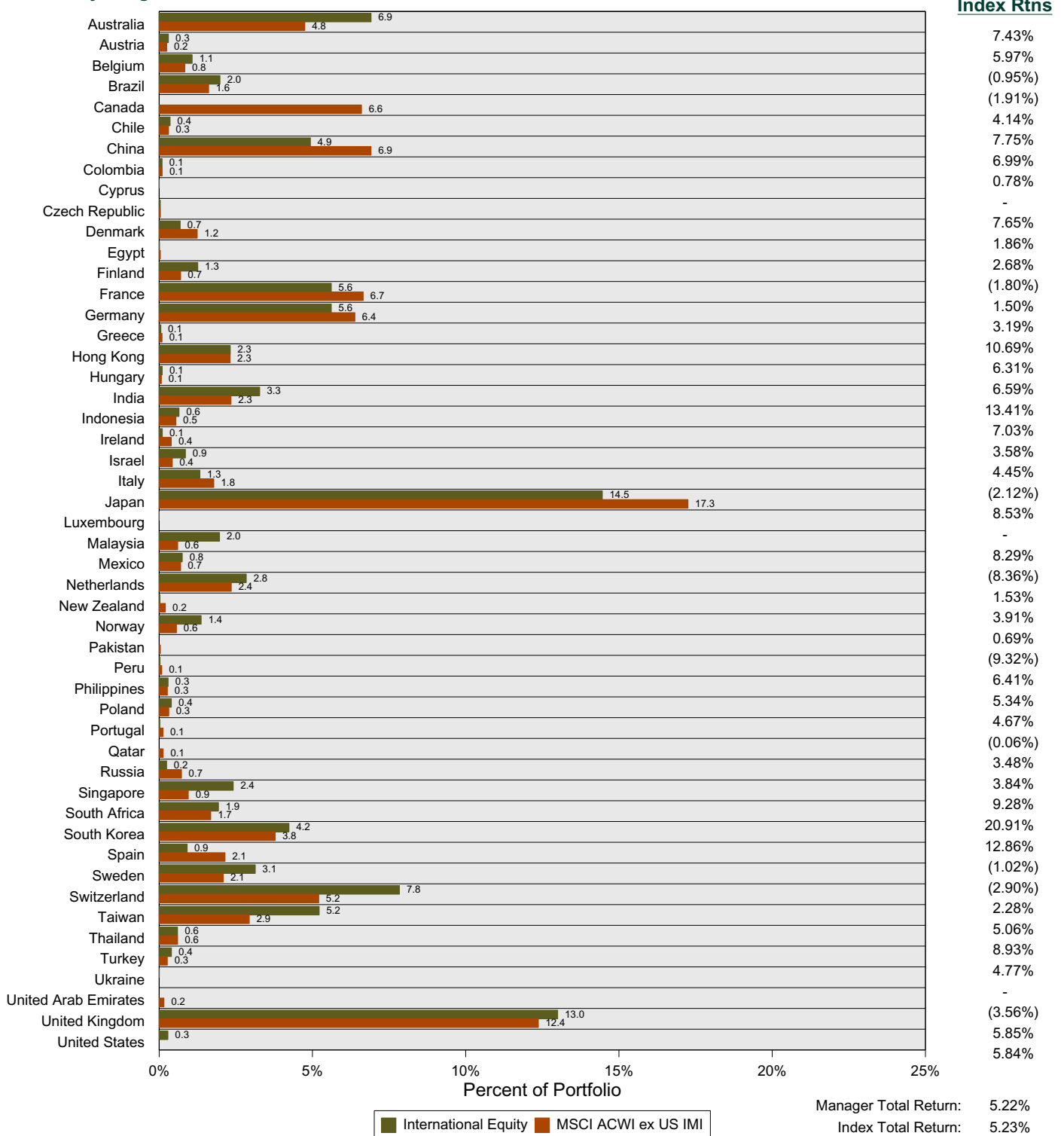
Country Allocation

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 December 31, 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 December 31, 2017



SSgA EAFE

Period Ended December 31, 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.

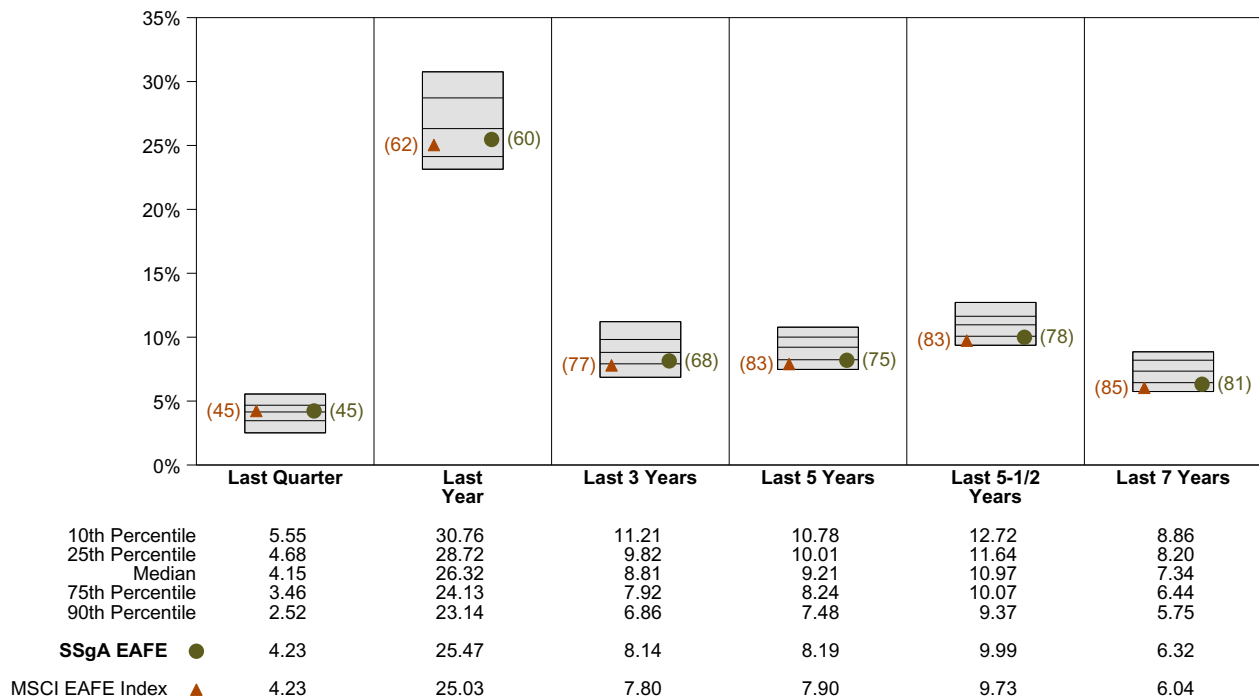
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 4.23% return for the quarter placing it in the 45th percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 60th percentile for the last year.
- SSgA EAFE's portfolio underperformed the MSCI EAFE Index by 0.00% for the quarter and outperformed the MSCI EAFE Index for the year by 0.43%.

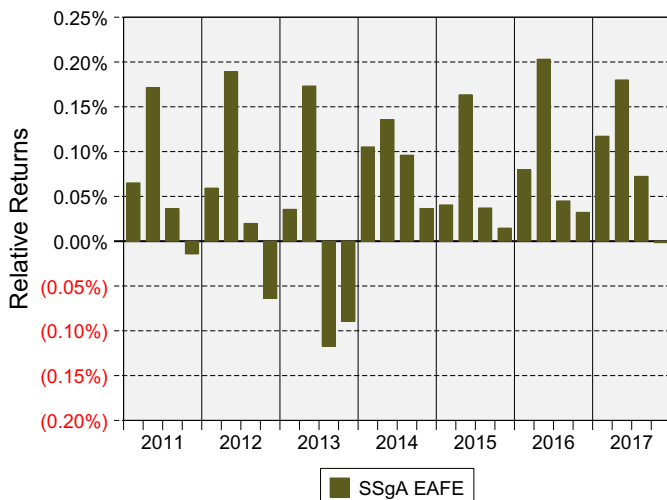
Quarterly Asset Growth

Beginning Market Value	\$11,057,499
Net New Investment	\$0
Investment Gains/(Losses)	\$467,911
Ending Market Value	\$11,525,410

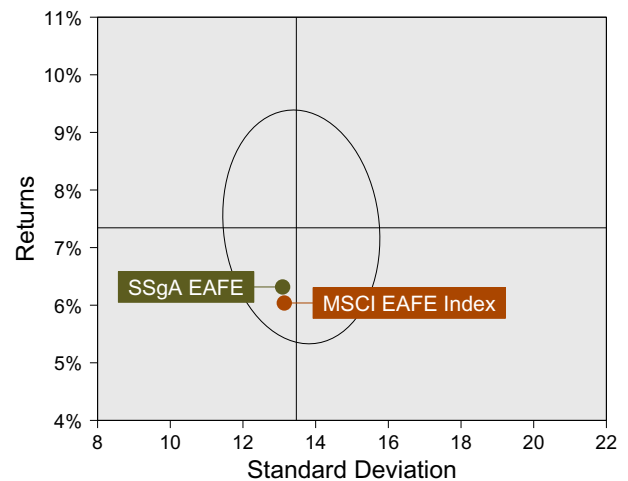
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

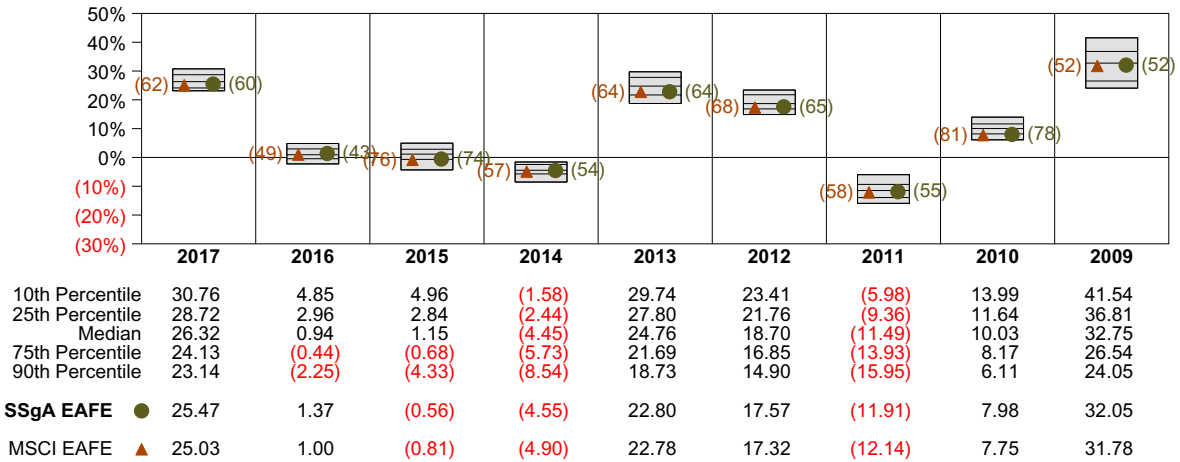


SSgA EAFE Return Analysis Summary

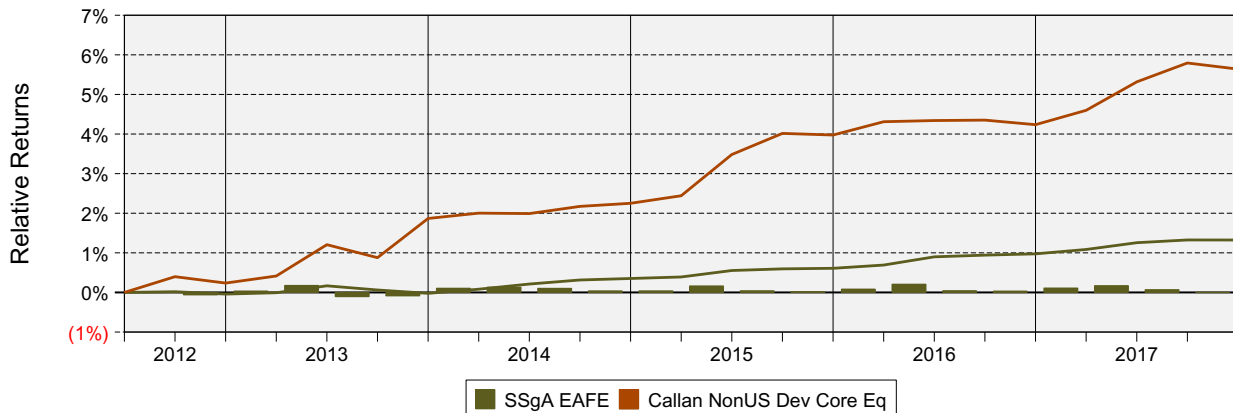
Return Analysis

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.

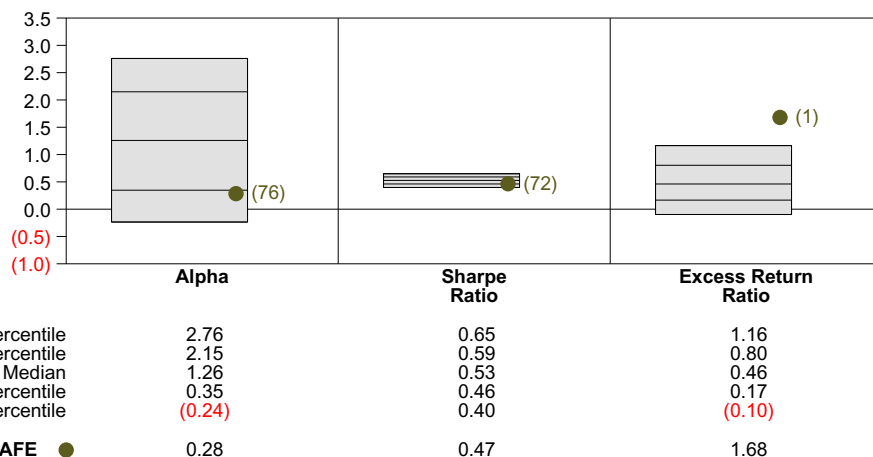
Performance vs Callan Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2017

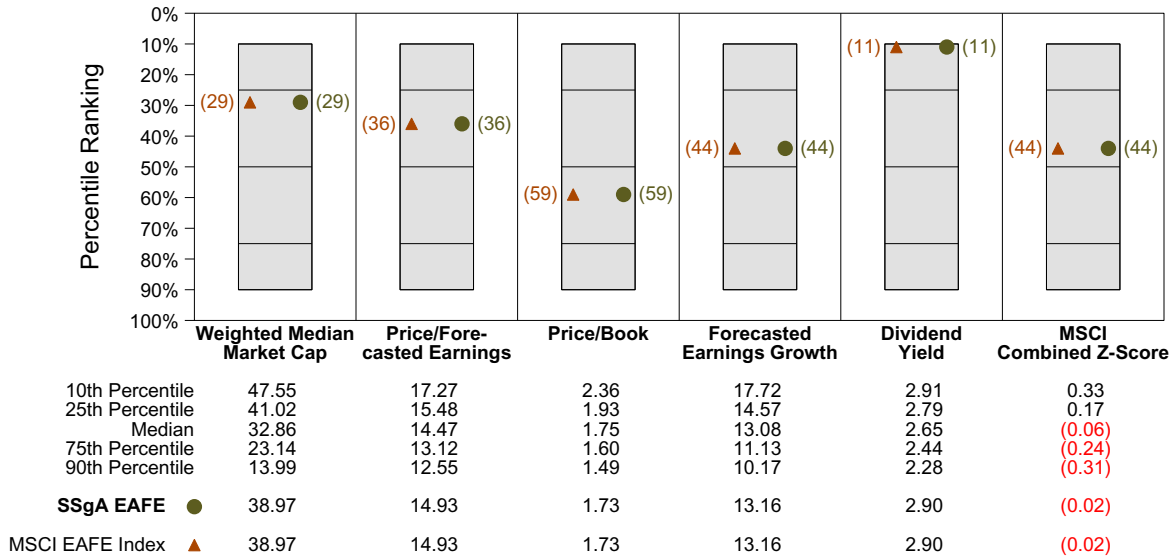


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

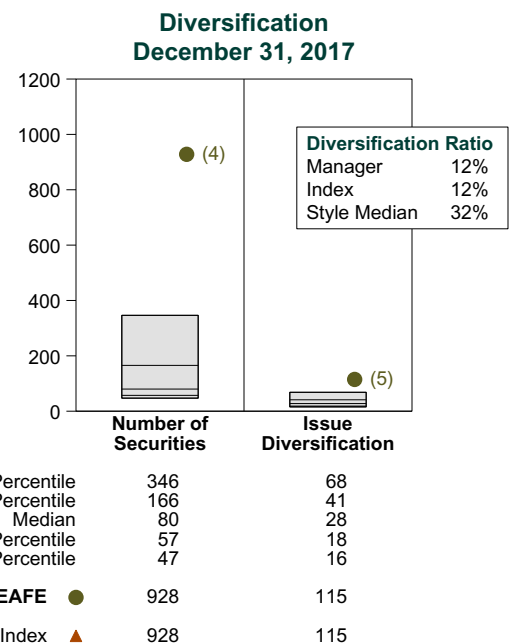
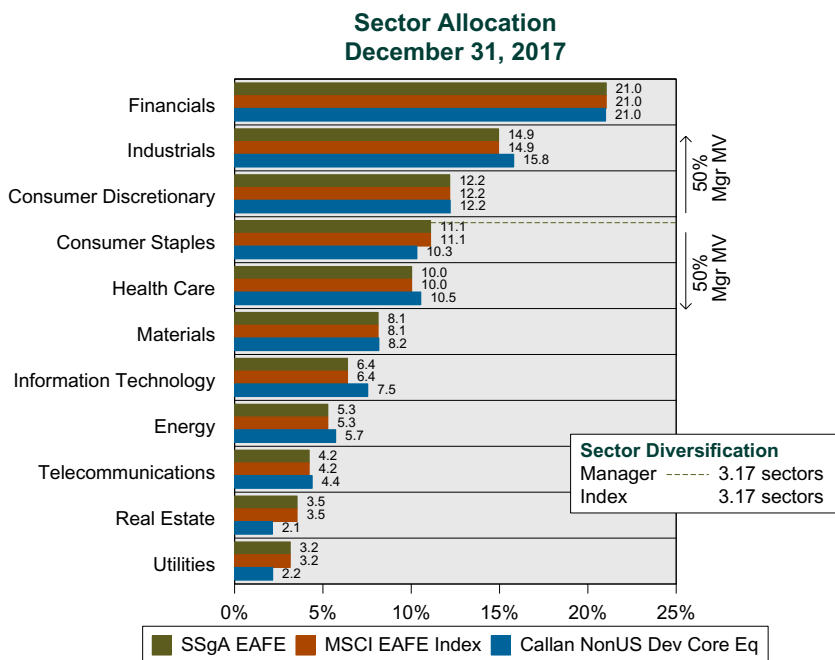
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 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.



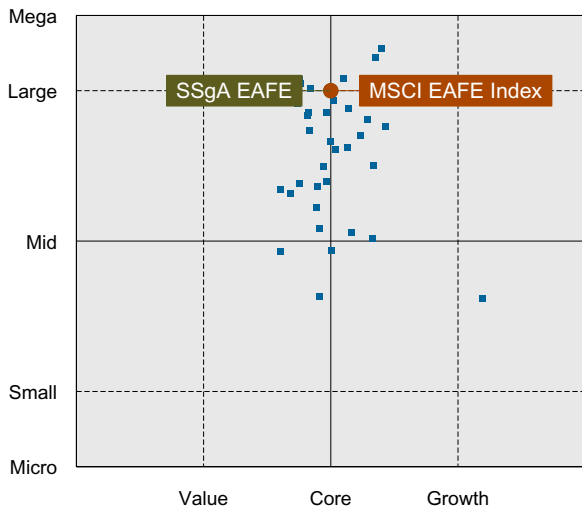
Current Holdings Based Style Analysis

SSgA EAFE

As of December 31, 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.

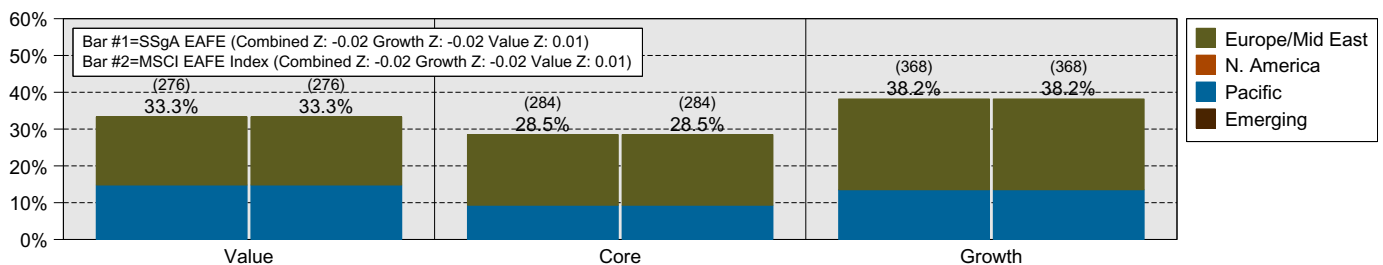
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2017



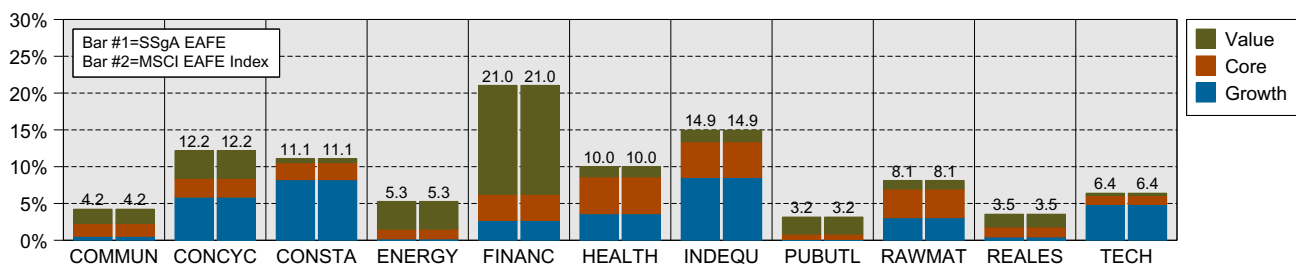
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	18.5% (122)	19.2% (140)	24.7% (194)	62.4% (456)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	14.8% (154)	9.3% (144)	13.5% (174)	37.6% (472)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	33.3% (276)	28.5% (284)	38.2% (368)	100.0% (928)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017

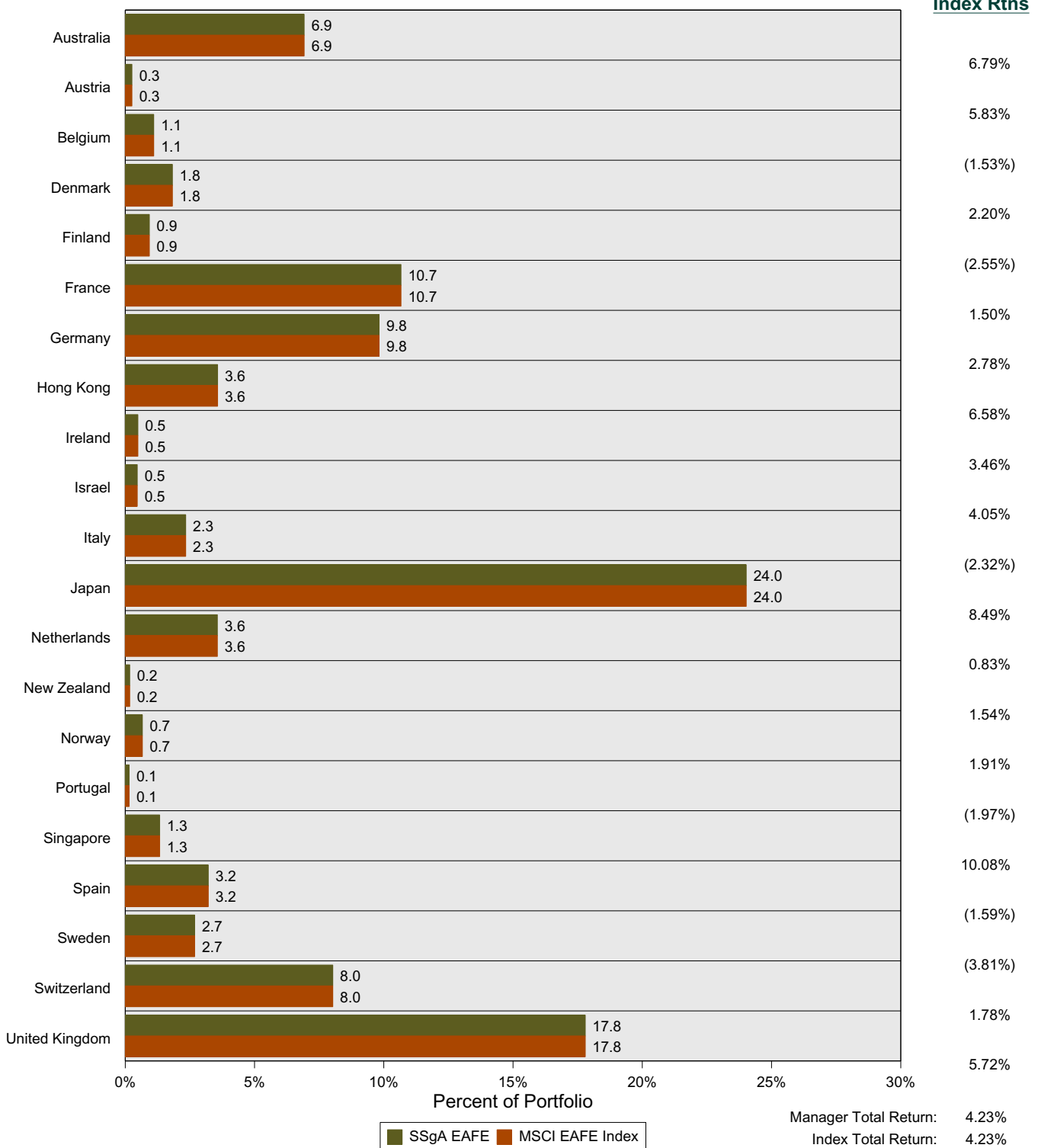


Country Allocation SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2017



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of December 31, 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	\$203,160	1.8%	2.60%	267.63	21.94	2.74%	7.79%
Hsbc Holdings (Gb)	Financials	\$158,293	1.4%	5.97%	207.43	14.40	5.33%	5.15%
Novartis	Health Care	\$142,776	1.2%	(1.31)%	221.28	16.11	3.34%	5.63%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$134,907	1.2%	(0.99)%	177.72	15.06	3.33%	6.00%
Toyota Motor Corp	Consumer Discretionary	\$126,884	1.1%	8.99%	208.93	10.62	2.91%	7.00%
British American Tobacco	Consumer Staples	\$118,185	1.0%	9.25%	155.69	16.26	3.48%	9.54%
Royal Dutch Shell A Shs	Energy	\$114,873	1.0%	12.05%	153.38	15.74	6.01%	39.80%
Bp Plc Shs	Energy	\$106,025	0.9%	12.01%	140.11	17.67	5.92%	54.78%
Total Sa Act	Energy	\$99,713	0.9%	4.29%	139.68	12.77	5.34%	10.72%
Royal Dutch Shell 'b' Shs	Energy	\$96,484	0.8%	11.85%	127.10	15.78	5.86%	39.51%

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
Medtech Group Co.	Financials	\$2,975	0.0%	88.25%	13.06	87.18	0.33%	-
Sumco Corp Tokyo Shs	Information Technology	\$4,566	0.0%	63.64%	7.52	16.34	0.52%	124.37%
Wharf Hldgs Ltd Ord	Real Estate	\$3,184	0.0%	52.95%	10.49	12.29	8.17%	3.15%
Neste Oil	Energy	\$6,235	0.1%	46.65%	16.43	16.83	2.44%	(2.50)%
Sumitomo Metal Mining Co Ltd Shs	Materials	\$8,625	0.1%	43.15%	13.37	16.20	0.89%	(6.48)%
Idemitsu Kosan Co Ltd Shs	Energy	\$4,123	0.0%	42.86%	8.36	8.07	1.44%	43.78%
Toto Limited Ord	Industrials	\$6,345	0.1%	40.23%	10.45	27.99	1.05%	7.12%
Don Quijote Co	Consumer Discretionary	\$4,709	0.0%	40.08%	8.27	26.62	0.44%	9.89%
Bluescope Steel Ltd Shs New	Materials	\$5,121	0.0%	39.66%	6.70	14.62	0.59%	1.00%
Softbank Investment Corp	Financials	\$3,209	0.0%	39.53%	4.70	14.47	2.33%	0.74%

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
Altice	Consumer Discretionary	\$4,231	0.0%	(47.58)%	14.23	15.63	0.00%	(25.12)%
Leonardo Spa Shs	Industrials	\$3,660	0.0%	(36.43)%	6.89	10.12	1.41%	7.25%
Ses Global Sa Cert Global	Consumer Discretionary	\$4,320	0.0%	(27.20)%	7.19	14.14	8.76%	(0.35)%
Capita Plc Shs	Industrials	\$2,747	0.0%	(26.97)%	3.62	7.74	7.91%	(4.45)%
Genmab A/S Shs	Health Care	\$7,317	0.1%	(24.84)%	10.15	37.69	0.00%	33.84%
Centrica	Utilities	\$7,885	0.1%	(24.48)%	10.40	9.54	8.74%	(7.20)%
Convatec Ltd Common Stock	Health Care	\$2,883	0.0%	(24.35)%	5.43	14.63	0.00%	13.50%
Vestas Wind Sys As Shs	Industrials	\$11,313	0.1%	(22.95)%	14.90	13.81	2.26%	3.00%
Nokia Ord A Eur 0.24	Information Technology	\$20,716	0.2%	(22.14)%	27.30	13.92	4.37%	14.90%
Orion Corp New Shs B	Health Care	\$2,950	0.0%	(19.59)%	3.89	18.29	4.99%	1.47%

Pyrford

Period Ended December 31, 2017

Investment Philosophy

Pyrford's investment strategy is based on a value-driven, absolute return approach, with both top-down and bottom-up elements. At the country level they seek to invest in countries that offer an attractive market valuation relative to their long-term prospects. At the stock level they identify companies that offer excellent value relative to in-house forecasts of long-term (5 years) earnings growth. This approach is characterized by low absolute volatility and downside protection. Returns prior to 6/30/2017 are linked to a composite history.

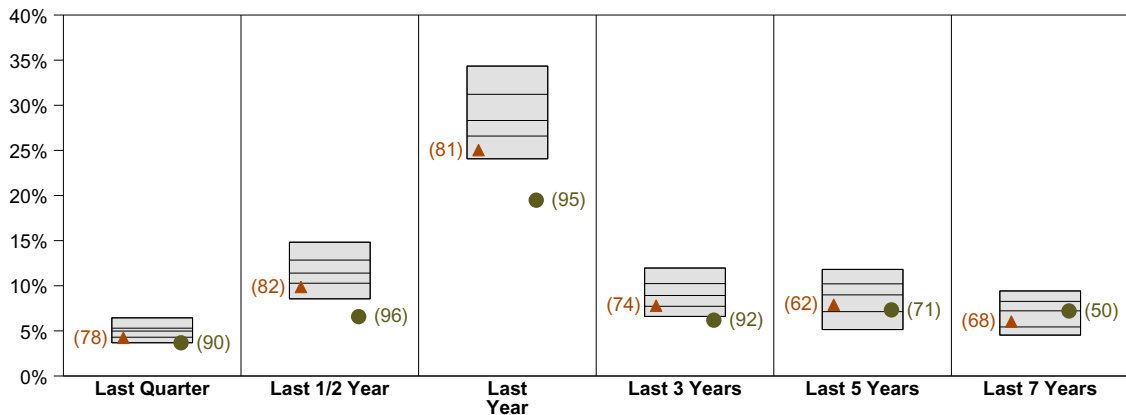
Quarterly Summary and Highlights

- Pyrford's portfolio posted a 3.68% return for the quarter placing it in the 90 percentile of the Callan Non-US All Country Core Equity group for the quarter and in the 95 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 0.55% for the quarter and underperformed the MSCI EAFE Index for the year by 5.55%.

Quarterly Asset Growth

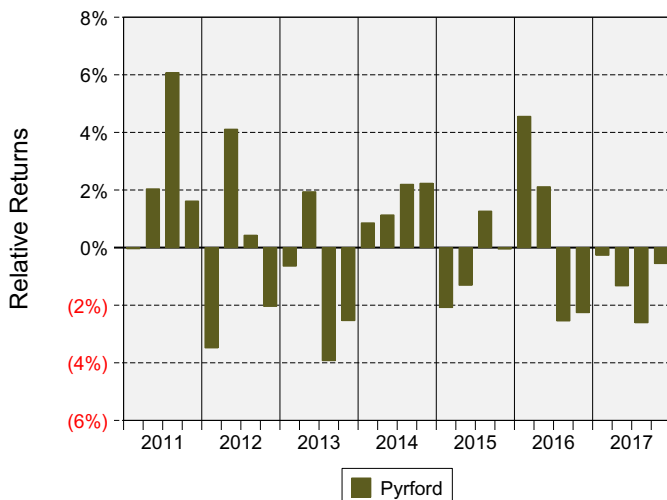
Beginning Market Value	\$26,312,761
Net New Investment	\$0
Investment Gains/(Losses)	\$967,887
Ending Market Value	\$27,280,649

Performance vs Callan Non-US All Country Core Equity (Gross)

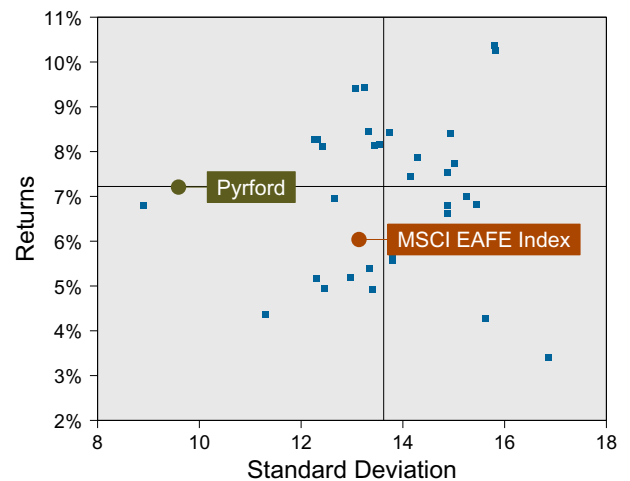


10th Percentile	6.45	14.83	34.34	11.97	11.81	9.43
25th Percentile	5.30	12.85	31.21	10.24	10.21	8.27
Median	4.98	11.40	28.31	8.92	8.99	7.22
75th Percentile	4.30	10.28	26.59	7.73	7.13	5.44
90th Percentile	3.69	8.55	24.07	6.60	5.14	4.53
Pyrford ●	3.68	6.58	19.48	6.19	7.33	7.21
MSCI EAFE Index ▲	4.23	9.86	25.03	7.80	7.90	6.04

Relative Return vs MSCI EAFE Index



Callan Non-US All Country Core Equity (Gross) Annualized Seven Year Risk vs Return

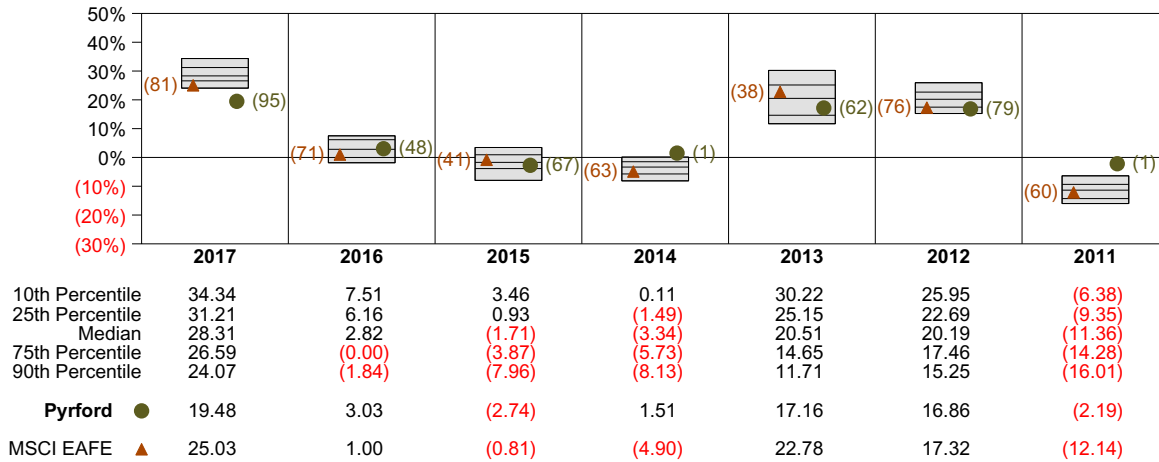


Pyrford Return Analysis Summary

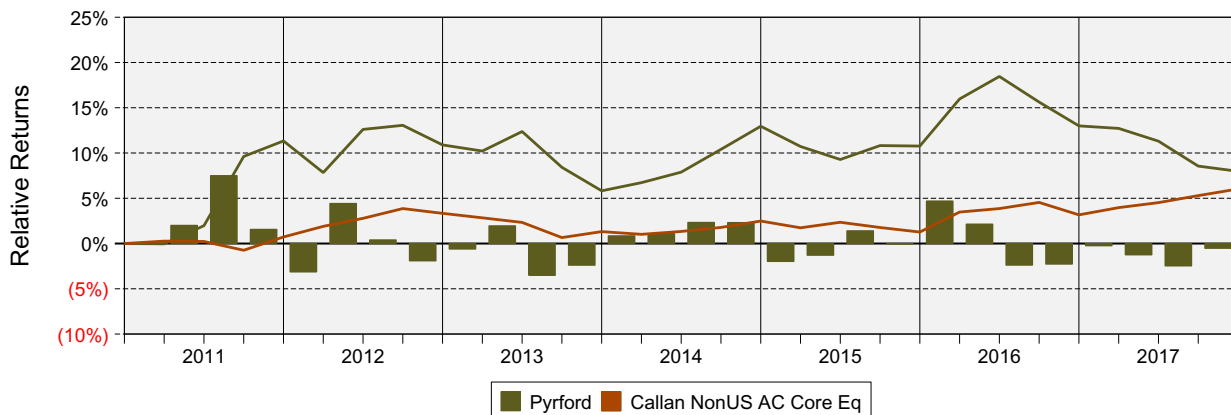
Return Analysis

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.

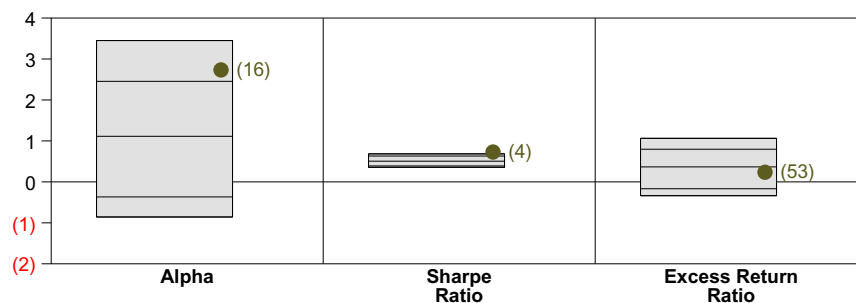
Performance vs Callan Non-US All Country Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended December 31, 2017



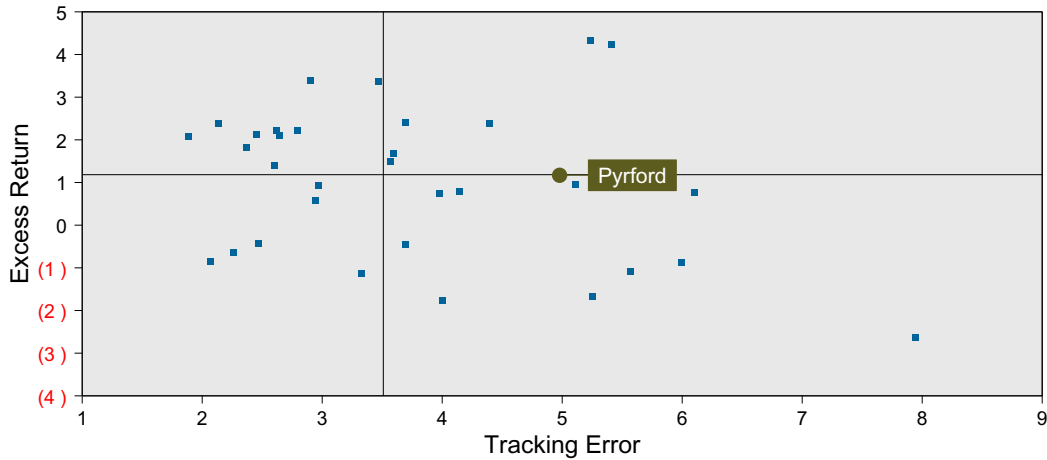
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.45	0.68	1.06
25th Percentile	2.45	0.63	0.80
Median	1.11	0.51	0.37
75th Percentile	(0.37)	0.39	(0.17)
90th Percentile	(0.86)	0.36	(0.34)
Pyrford	● 2.73	0.73	0.23

Pyrford Risk Analysis Summary

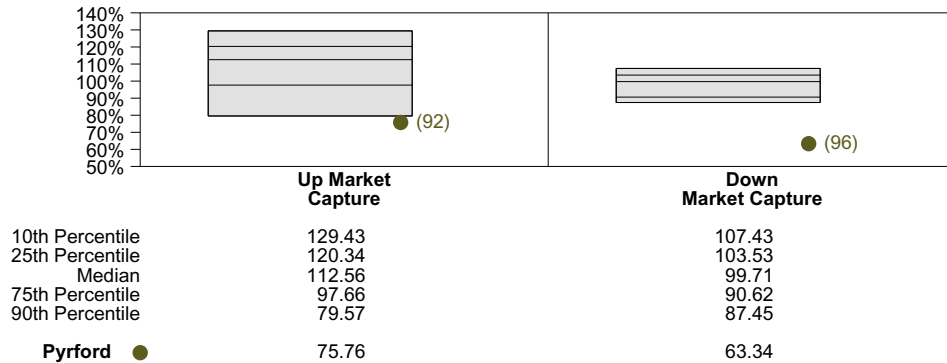
Risk Analysis

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.

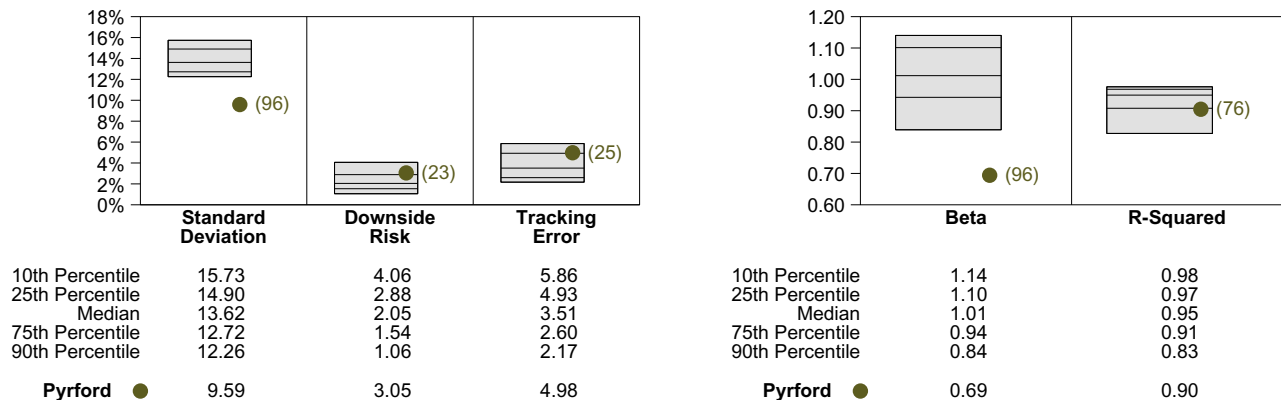
Risk Analysis vs Callan Non-US All Country Core Equity (Gross) Seven Years Ended December 31, 2017



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended December 31, 2017



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended December 31, 2017

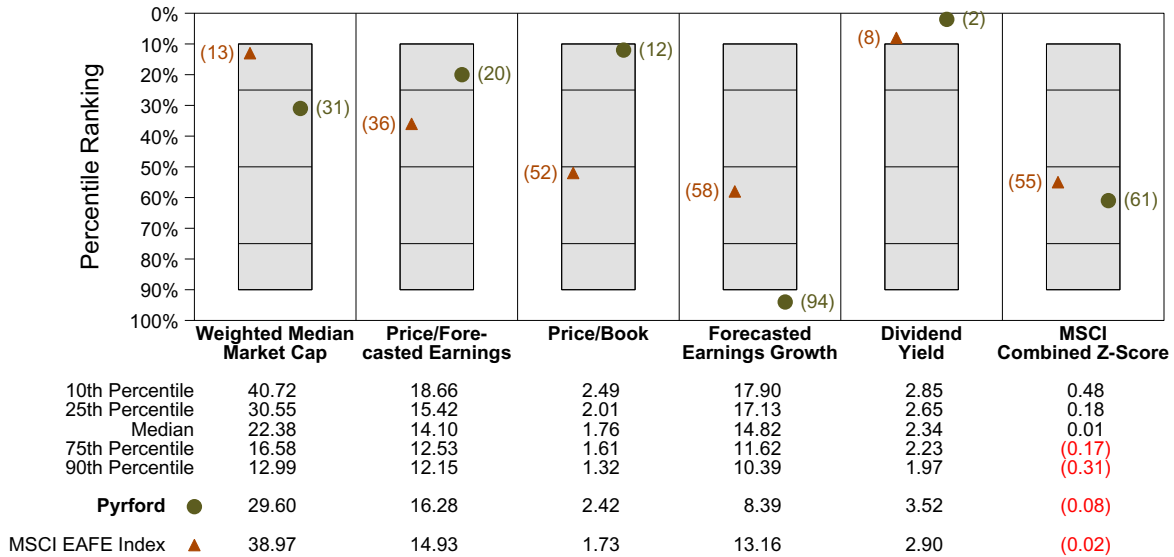


Pyrford Equity Characteristics Analysis Summary

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.

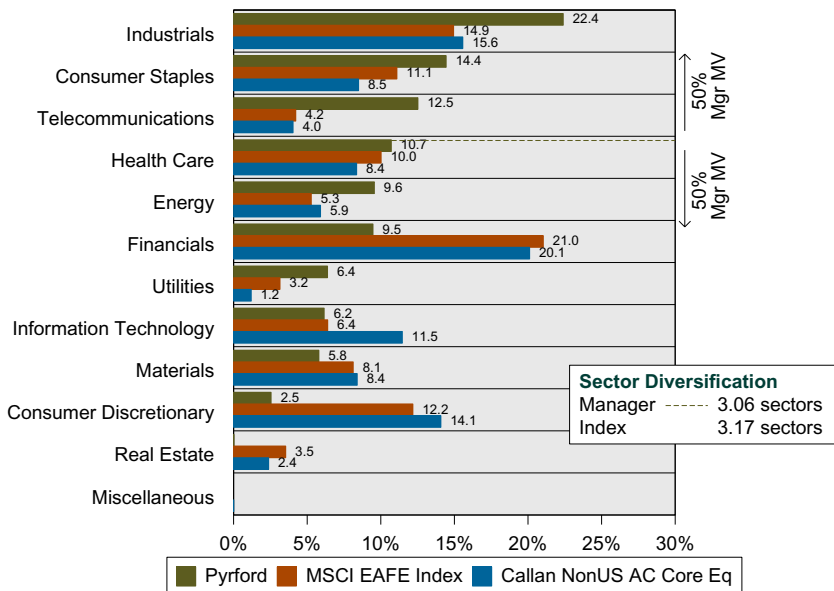
Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US All Country Core Equity as of December 31, 2017



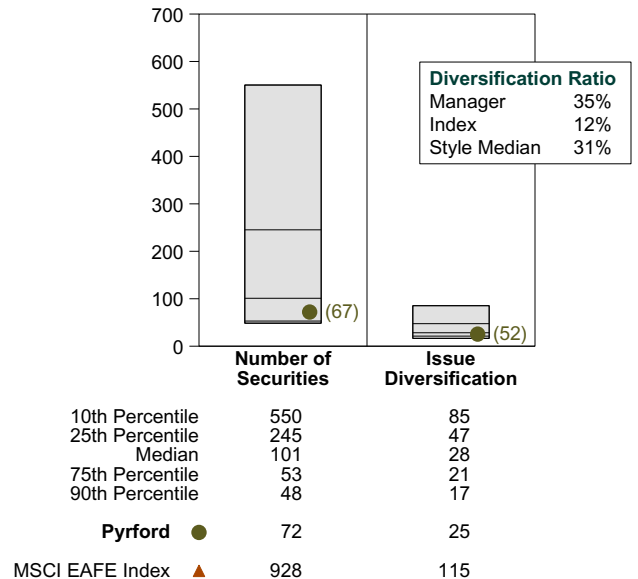
Sector Weights

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 December 31, 2017



Diversification December 31, 2017



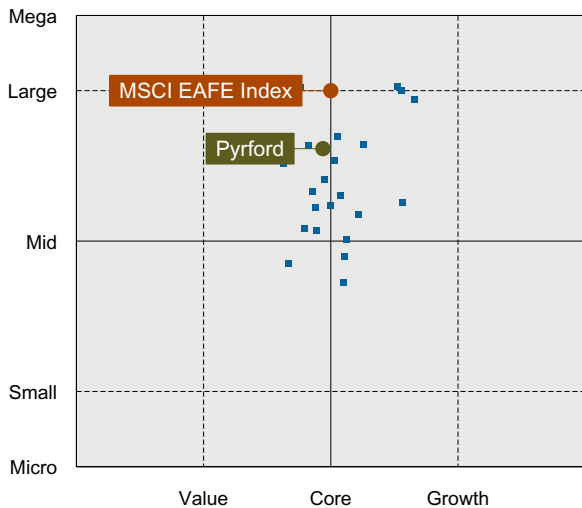
Current Holdings Based Style Analysis

Pyrford

As of December 31, 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.

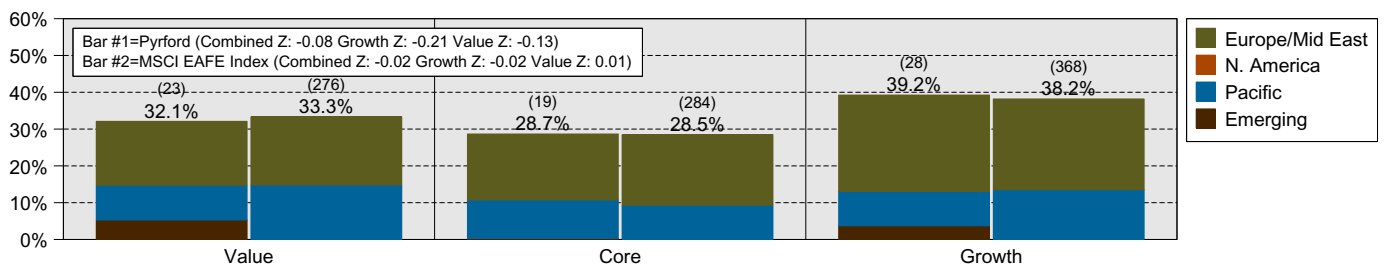
Style Map vs Callan NonUS AC Core Eq Holdings as of December 31, 2017



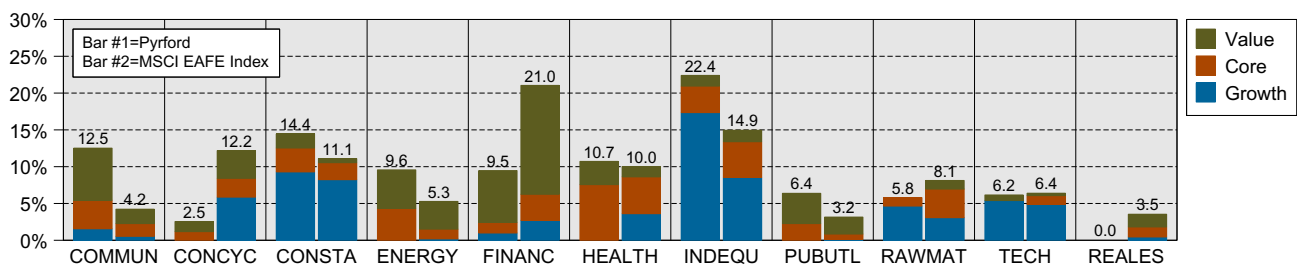
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	17.4% (12)	17.9% (10)	26.2% (19)	61.5% (41)
N. America	18.5% (122)	19.2% (140)	24.7% (194)	62.4% (456)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	9.4% (7)	10.4% (8)	9.4% (6)	29.2% (21)
	14.8% (154)	9.3% (144)	13.5% (174)	37.6% (472)
Emerging	5.3% (4)	0.3% (1)	3.7% (3)	9.3% (8)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	32.1% (23)	28.7% (19)	39.2% (28)	100.0% (70)
	33.3% (276)	28.5% (284)	38.2% (368)	100.0% (928)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



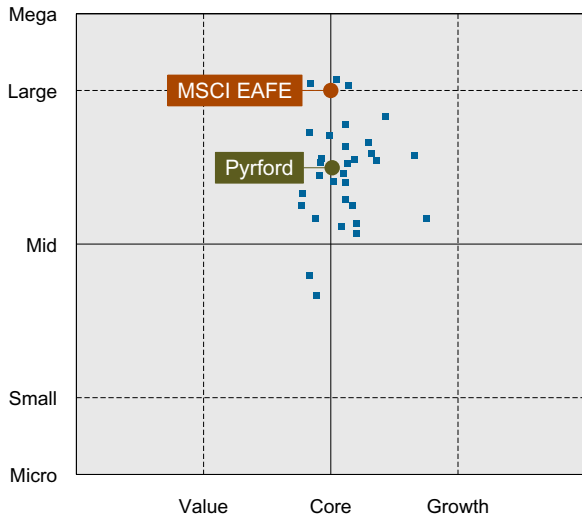
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended December 31, 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.

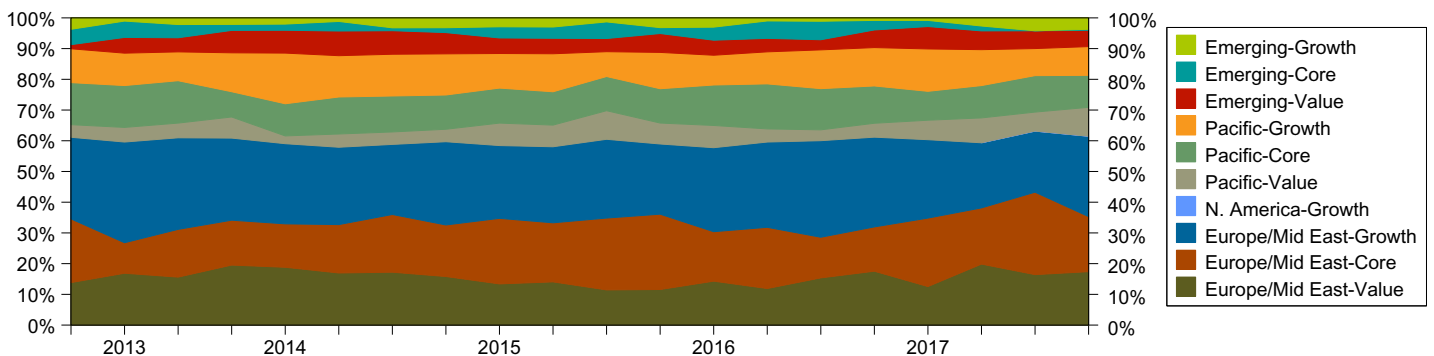
Average Style Map vs Callan NonUS AC Core Eq Holdings for Five Years Ended December 31, 2017



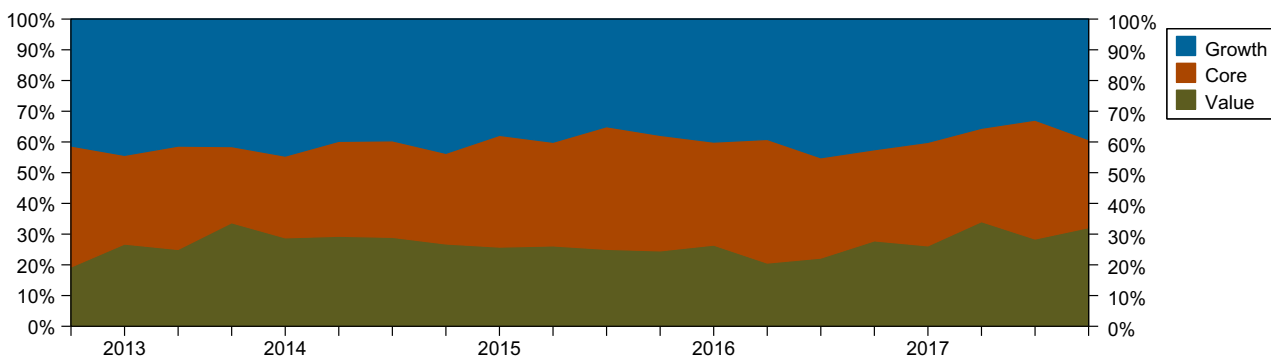
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	15.5% (11)	18.2% (11)	26.1% (19)	59.8% (41)
Europe/ Mid East	19.4% (121)	19.0% (132)	26.1% (196)	64.5% (449)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	5.8% (5)	11.7% (9)	11.6% (8)	29.2% (22)
Emerging	5.6% (5)	3.1% (3)	2.3% (2)	11.0% (10)
Total	26.9% (21)	33.0% (23)	40.1% (29)	100.0% (73)
	30.6% (258)	31.1% (286)	38.3% (370)	100.0% (914)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures

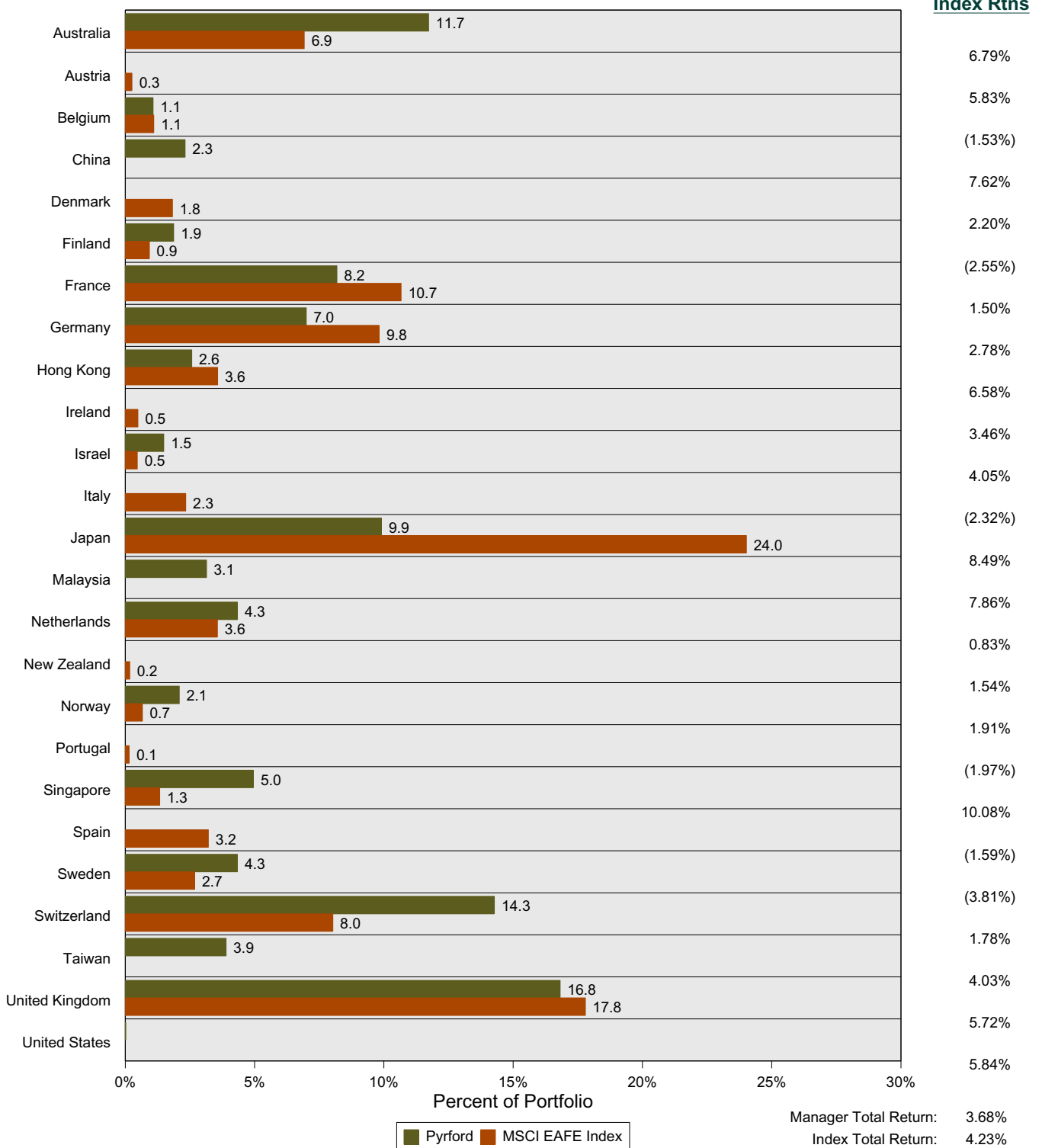


Country Allocation Pyrford VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2017



Pyrford Top 10 Portfolio Holdings Characteristics as of December 31, 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
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$939,322	3.4%	(0.99)%	177.72	15.06	3.33%	6.00%
Nestle S A Shs Nom New	Consumer Staples	\$935,155	3.4%	2.60%	267.63	21.94	2.74%	7.79%
Novartis	Health Care	\$749,905	2.7%	(1.31)%	221.28	16.11	3.34%	5.63%
Woolworths Ltd	Consumer Staples	\$629,785	2.3%	7.94%	27.86	20.07	3.08%	8.47%
Brambles Ltd Npv	Industrials	\$623,665	2.3%	12.37%	12.53	18.98	2.88%	3.67%
Telenor Asa Shs	Telecommunications	\$569,487	2.1%	3.73%	32.29	16.34	4.43%	8.90%
British American Tobacco	Consumer Staples	\$558,856	2.0%	9.25%	155.69	16.26	3.48%	9.54%
Woodside Petroleum	Energy	\$552,635	2.0%	14.48%	21.80	20.06	3.83%	12.17%
National Grid Ord	Utilities	\$540,381	2.0%	(2.87)%	39.96	14.25	6.02%	(2.91)%
Japan Tobacco Inc Ord	Consumer Staples	\$520,532	1.9%	0.23%	64.47	14.91	3.75%	2.70%

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
Toyota Tsusho Corp Shs	Industrials	\$290,739	1.1%	22.83%	14.25	12.52	1.85%	15.33%
Vodafone Group Plc New Shs New	Telecommunications	\$490,406	1.8%	15.65%	84.80	27.18	5.63%	14.94%
Aia Group Ltd Com Par Usd 1	Financials	\$270,224	1.0%	15.62%	102.95	18.78	1.34%	10.80%
Brenntag Ag Muehlheim/Ruhr Shs New	Industrials	\$420,576	1.5%	14.91%	9.86	18.40	1.97%	5.95%
Rio Tinto Ltd Ord	Materials	\$312,553	1.1%	14.79%	24.45	14.29	3.97%	17.57%
Woodside Petroleum	Energy	\$552,635	2.0%	14.48%	21.80	20.06	3.83%	12.17%
United Overseas Bk Ltd Shs	Financials	\$390,212	1.4%	14.37%	33.08	11.68	2.65%	9.81%
Bezeq The Israeli Telecom Cp Ord	Telecommunications	\$404,380	1.5%	13.85%	4.17	10.46	8.89%	(8.50)%
Computershare Limited Cpu Shs	Information Technology	\$483,690	1.8%	12.83%	6.92	19.92	1.86%	10.81%
Brambles Ltd Npv	Industrials	\$623,665	2.3%	12.37%	12.53	18.98	2.88%	3.67%

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
Sanofi Shs	Health Care	\$461,095	1.7%	(13.13)%	108.98	12.47	4.12%	4.25%
Glaxosmithkline Plc Ord	Health Care	\$399,572	1.5%	(9.15)%	88.70	12.35	6.05%	3.36%
Fuchs Petrolub Pref.	Materials	\$412,819	1.5%	(9.03)%	3.72	22.07	2.00%	5.20%
Vtech Holdings Ltd Shs New	Information Technology	\$206,739	0.8%	(9.00)%	3.29	13.91	5.34%	(3.59)%
Assa Abloy A B Ord B	Industrials	\$232,101	0.9%	(8.67)%	21.96	20.36	1.76%	7.78%
Kddi	Telecommunications	\$447,146	1.6%	(5.57)%	64.41	11.40	3.21%	5.70%
Sse Plc Shs	Utilities	\$356,983	1.3%	(4.73)%	18.11	10.88	6.99%	3.60%
Unilever NV Cert of Shs	Consumer Staples	\$491,835	1.8%	(3.99)%	96.68	19.24	2.97%	11.40%
Singapore Tech Engineering L Shs	Industrials	\$340,205	1.2%	(3.71)%	7.62	18.76	4.60%	9.13%
Proximus Sa De Droit Pub Shs	Telecommunications	\$292,970	1.1%	(3.55)%	11.10	15.20	3.84%	(0.90)%

AQR

Period Ended December 31, 2017

Investment Philosophy

Returns prior to 9/30/2016 are linked to a composite history.

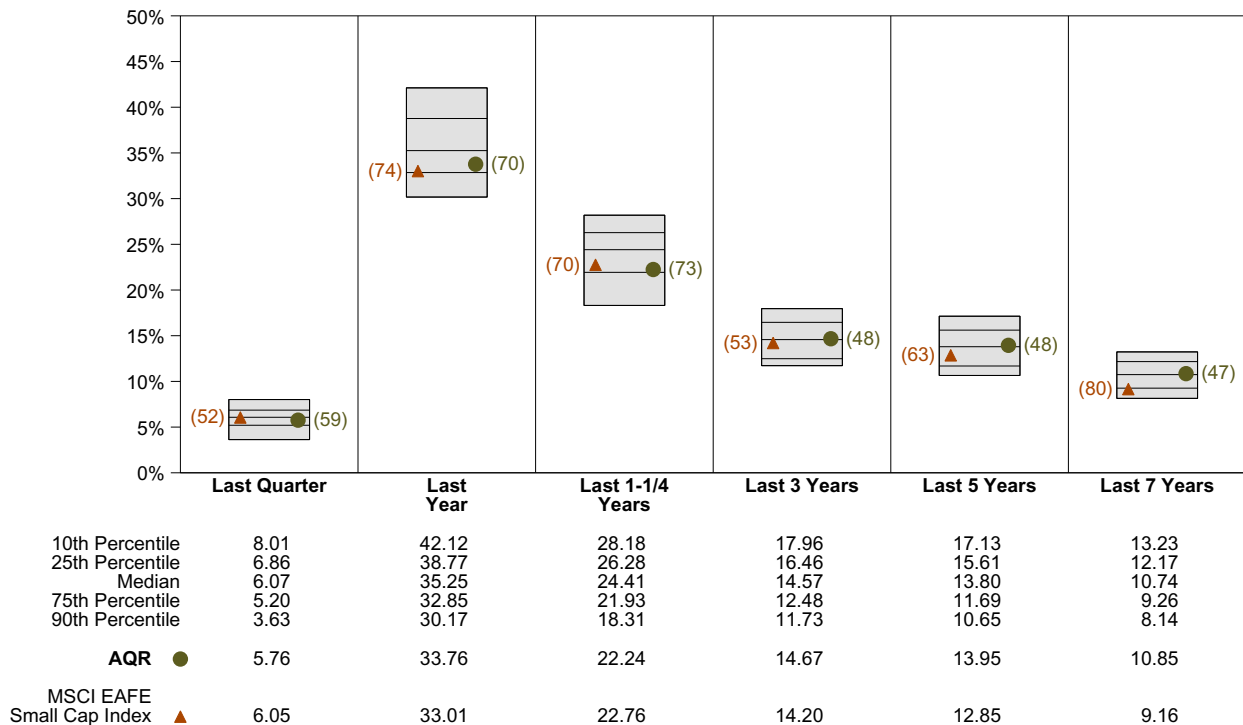
Quarterly Summary and Highlights

- AQR's portfolio posted a 5.76% return for the quarter placing it in the 59 percentile of the Callan International Small Cap group for the quarter and in the 70 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 0.29% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 0.75%.

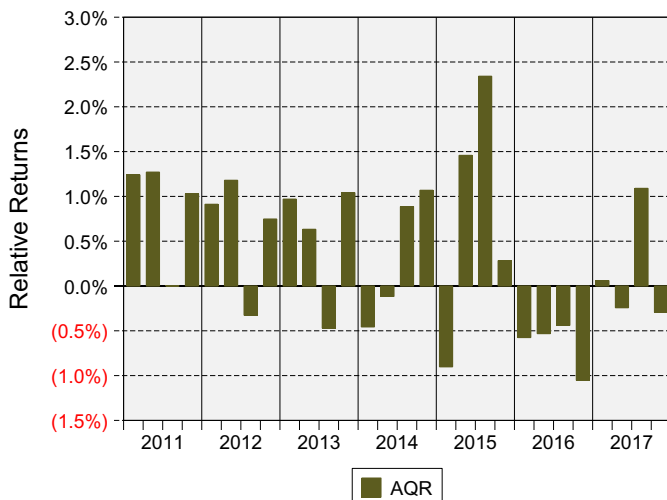
Quarterly Asset Growth

Beginning Market Value	\$14,931,309
Net New Investment	\$0
Investment Gains/(Losses)	\$822,638
Ending Market Value	\$15,753,947

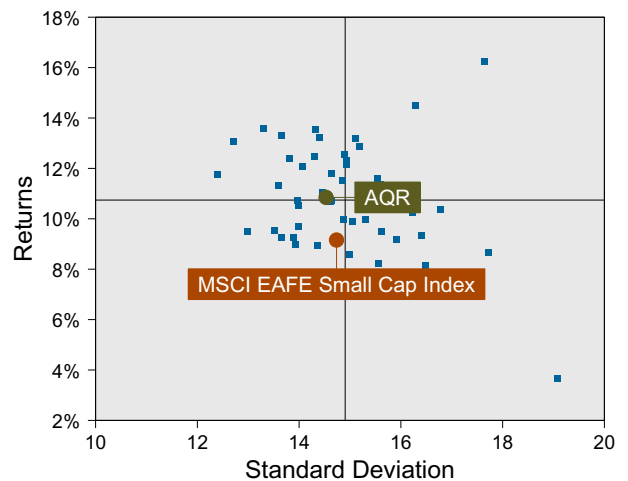
Performance vs Callan International Small Cap (Gross)



Relative Returns vs MSCI EAFE Small Cap Index



Callan International Small Cap (Gross) Annualized Seven Year Risk vs Return

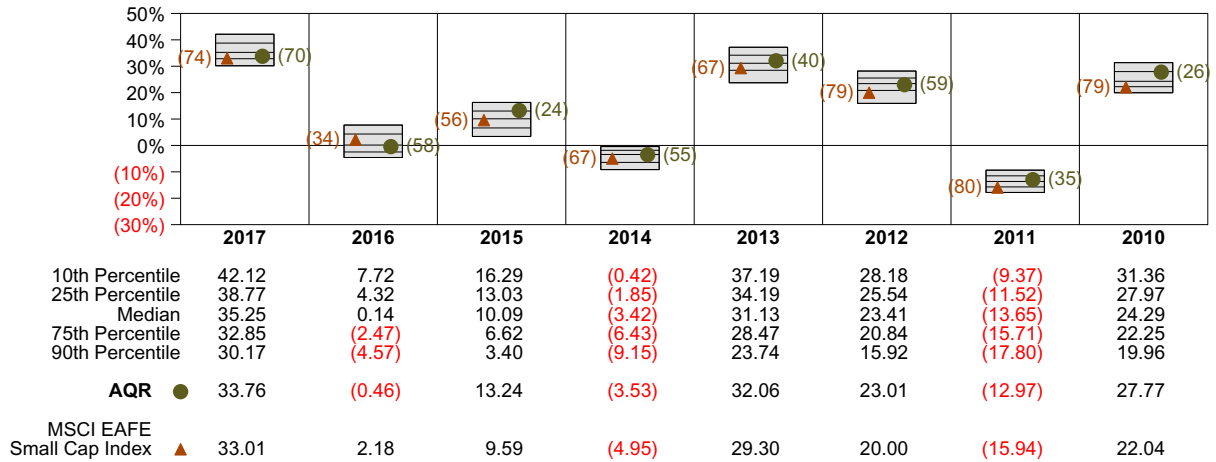


AQR Return Analysis Summary

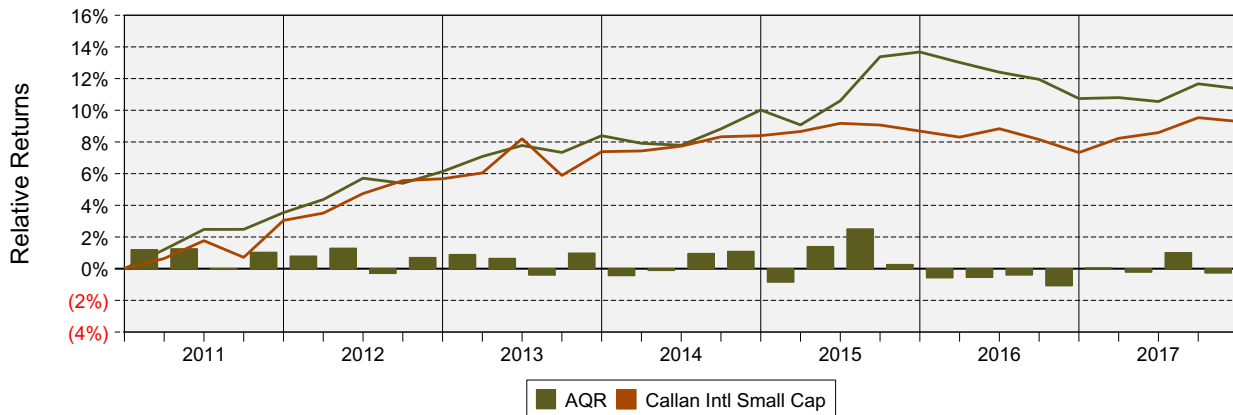
Return Analysis

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.

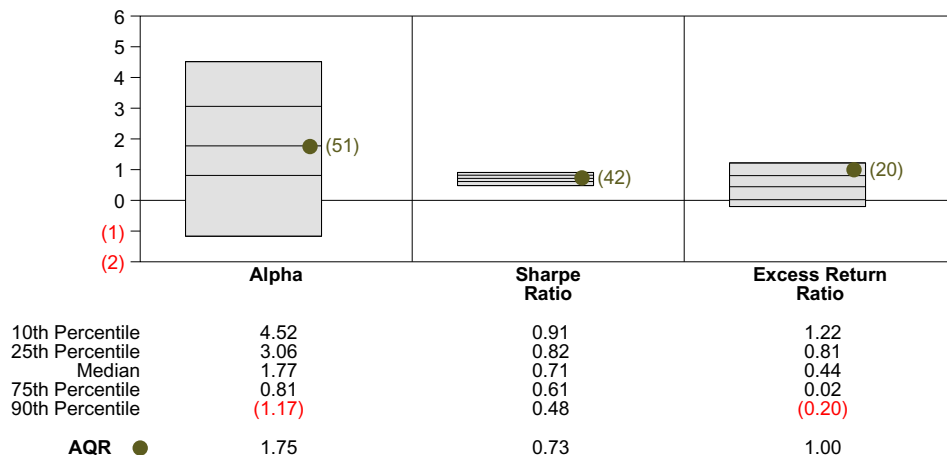
Performance vs Callan International Small Cap (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Small Cap Index



Risk Adjusted Return Measures vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2017

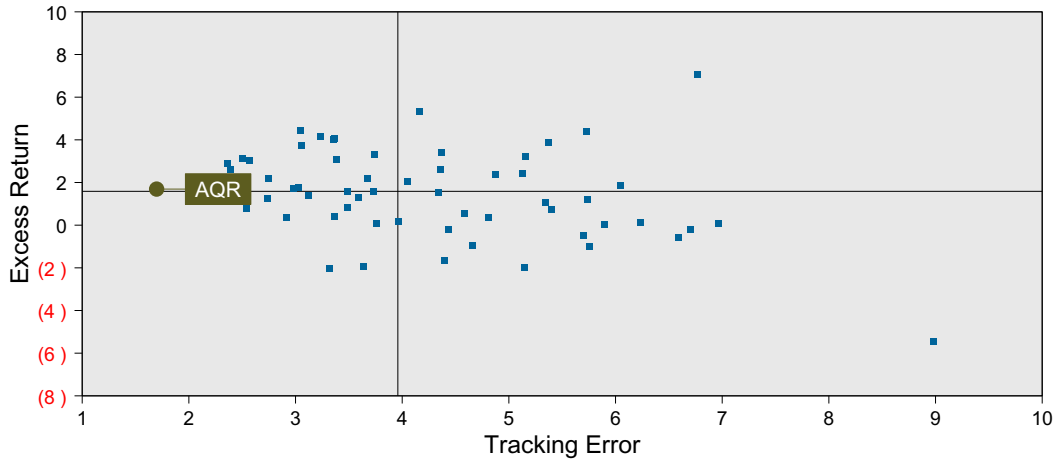


AQR Risk Analysis Summary

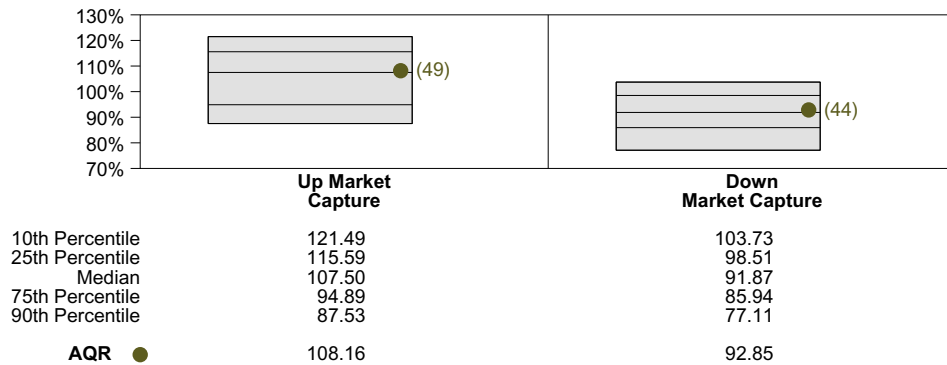
Risk Analysis

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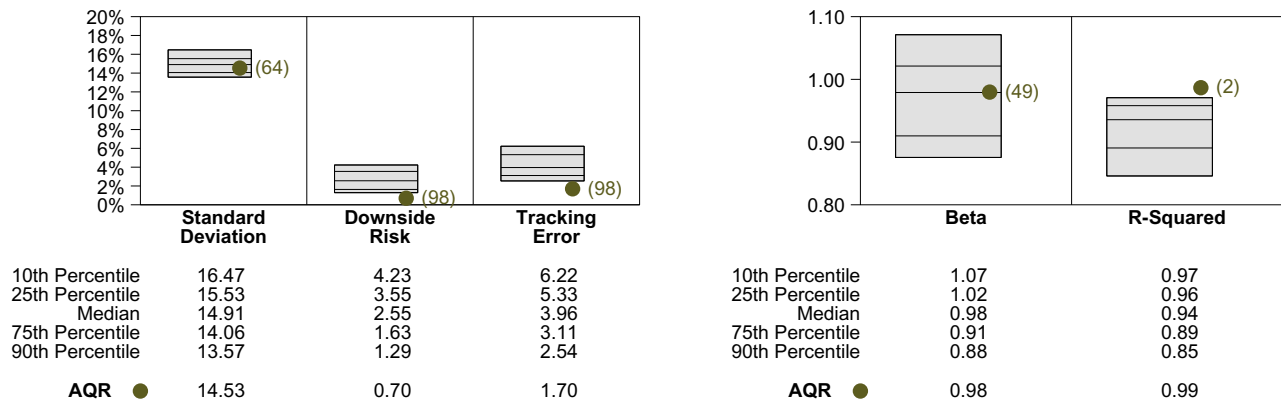
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended December 31, 2017



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2017



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2017

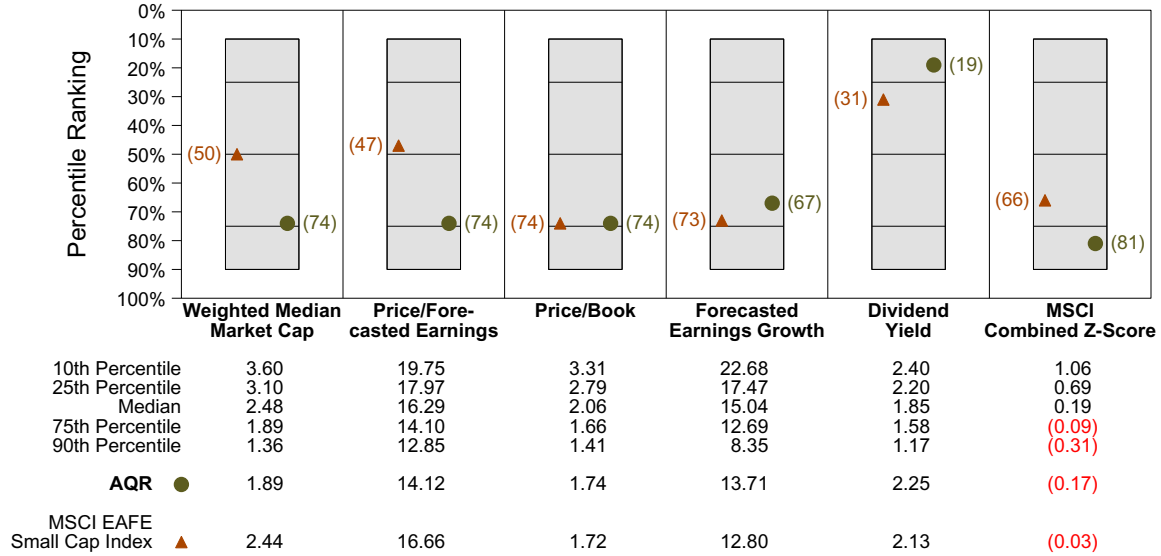


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

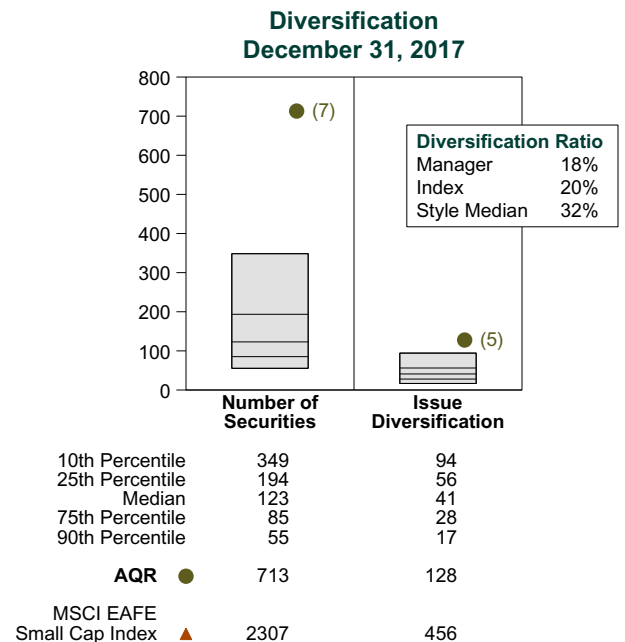
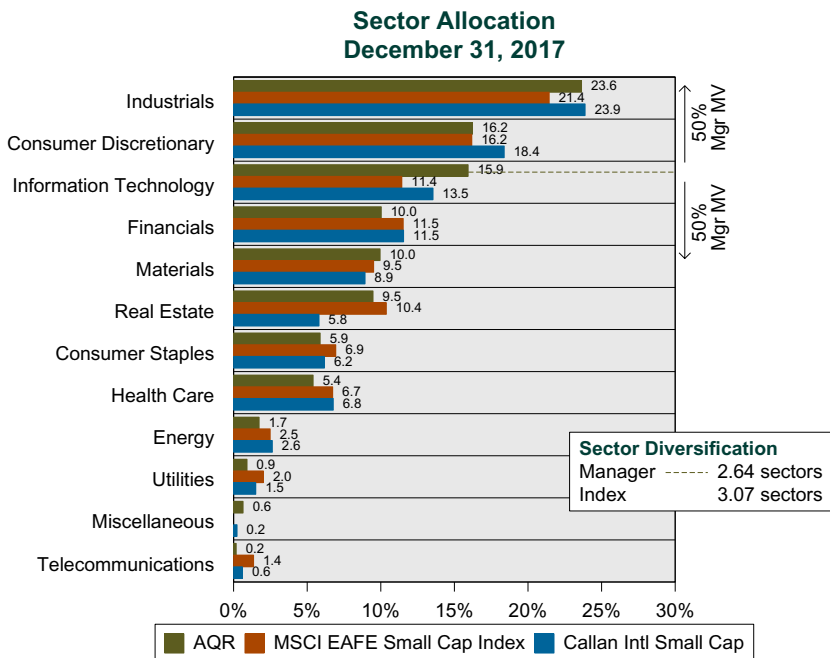
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of December 31, 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.



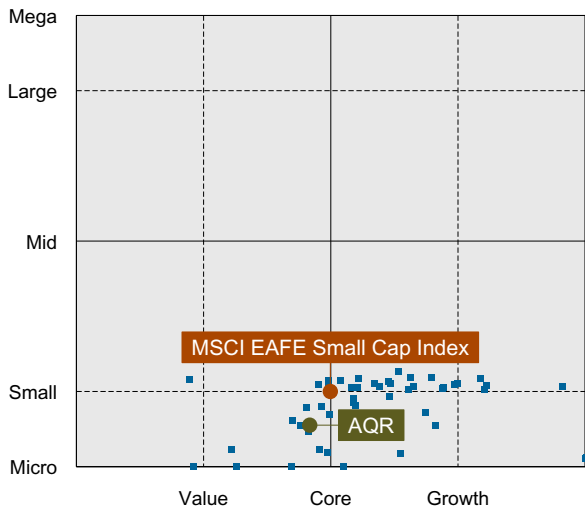
Current Holdings Based Style Analysis

AQR

As of December 31, 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.

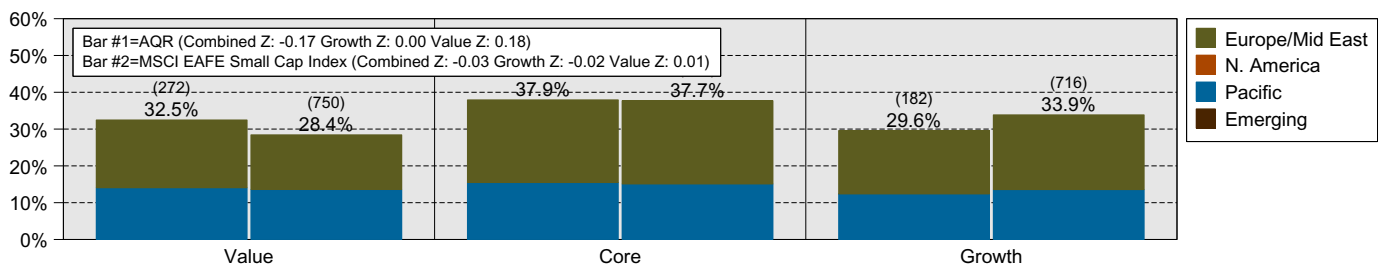
Style Map vs Callan Intl Small Cap Holdings as of December 31, 2017



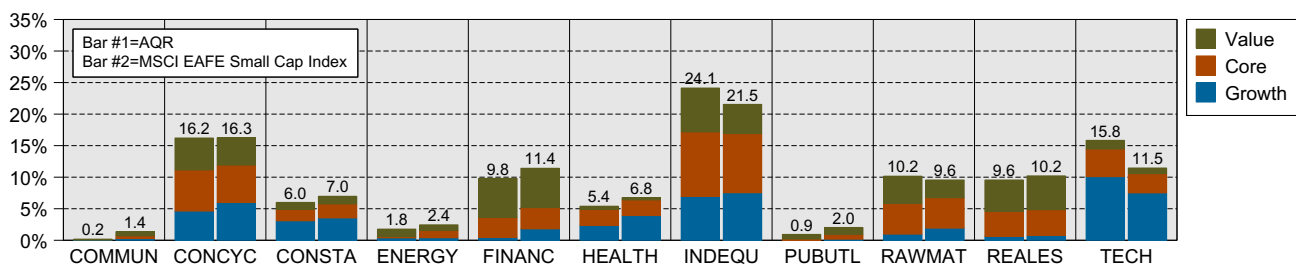
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	18.4% (117)	22.5% (125)	17.2% (94)	58.1% (336)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	14.1% (155)	15.5% (117)	12.4% (88)	41.9% (360)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	32.5% (272)	37.9% (242)	29.6% (182)	100.0% (696)
	28.4% (750)	37.7% (829)	33.9% (716)	100.0% (2295)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



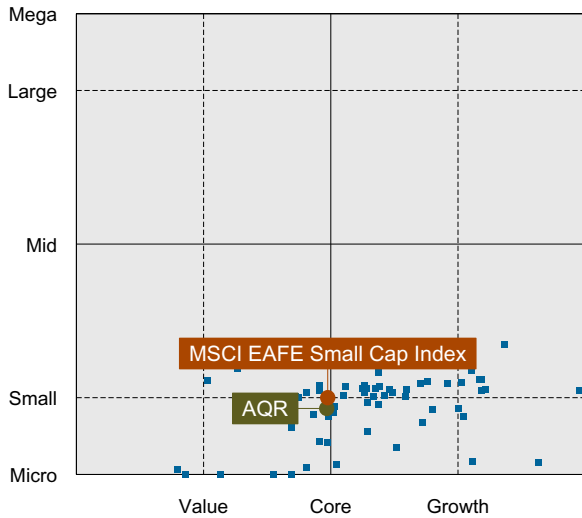
Historical Holdings Based Style Analysis

AQR

For Five Years Ended December 31, 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.

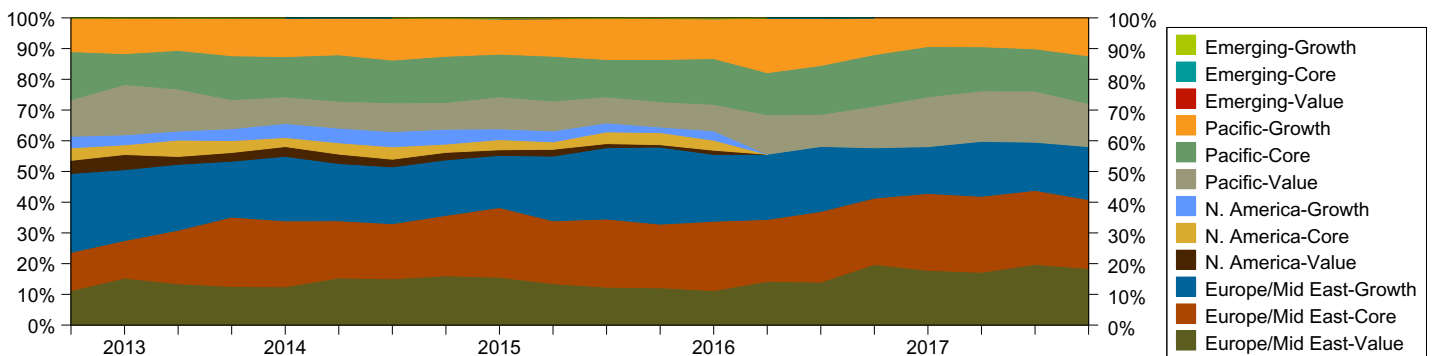
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended December 31, 2017



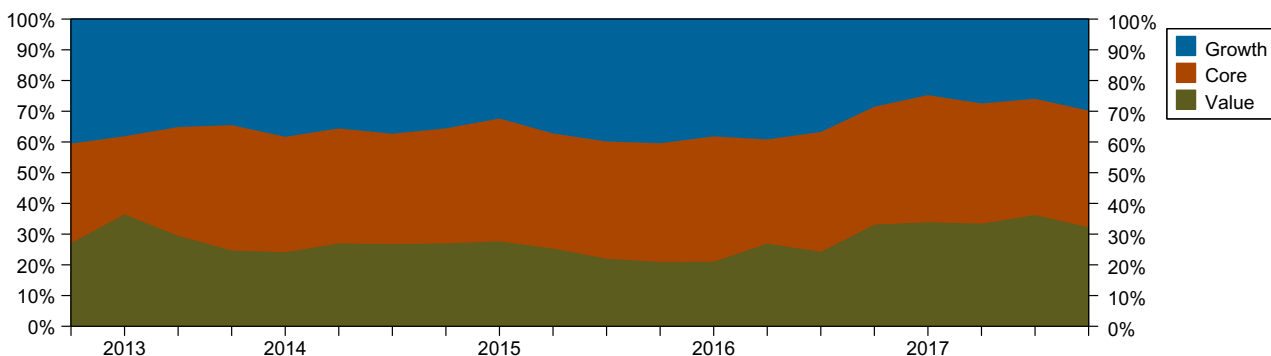
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	14.9% (97)	20.6% (110)	19.9% (89)	55.4% (296)
Europe/ Mid East	15.6% (308)	21.8% (351)	20.7% (310)	58.1% (969)
N. America	1.7% (15)	2.3% (18)	2.4% (16)	6.4% (49)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.6% (123)	14.3% (118)	12.3% (88)	38.2% (329)
	13.4% (435)	14.6% (422)	13.7% (355)	41.7% (1212)
Emerging	0.0% (0)	0.0% (1)	0.1% (1)	0.1% (2)
	0.1% (2)	0.1% (3)	0.1% (2)	0.2% (7)
Total	28.2% (235)	37.2% (247)	34.6% (194)	100.0% (676)
	29.0% (745)	36.5% (776)	34.5% (667)	100.0% (2188)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures

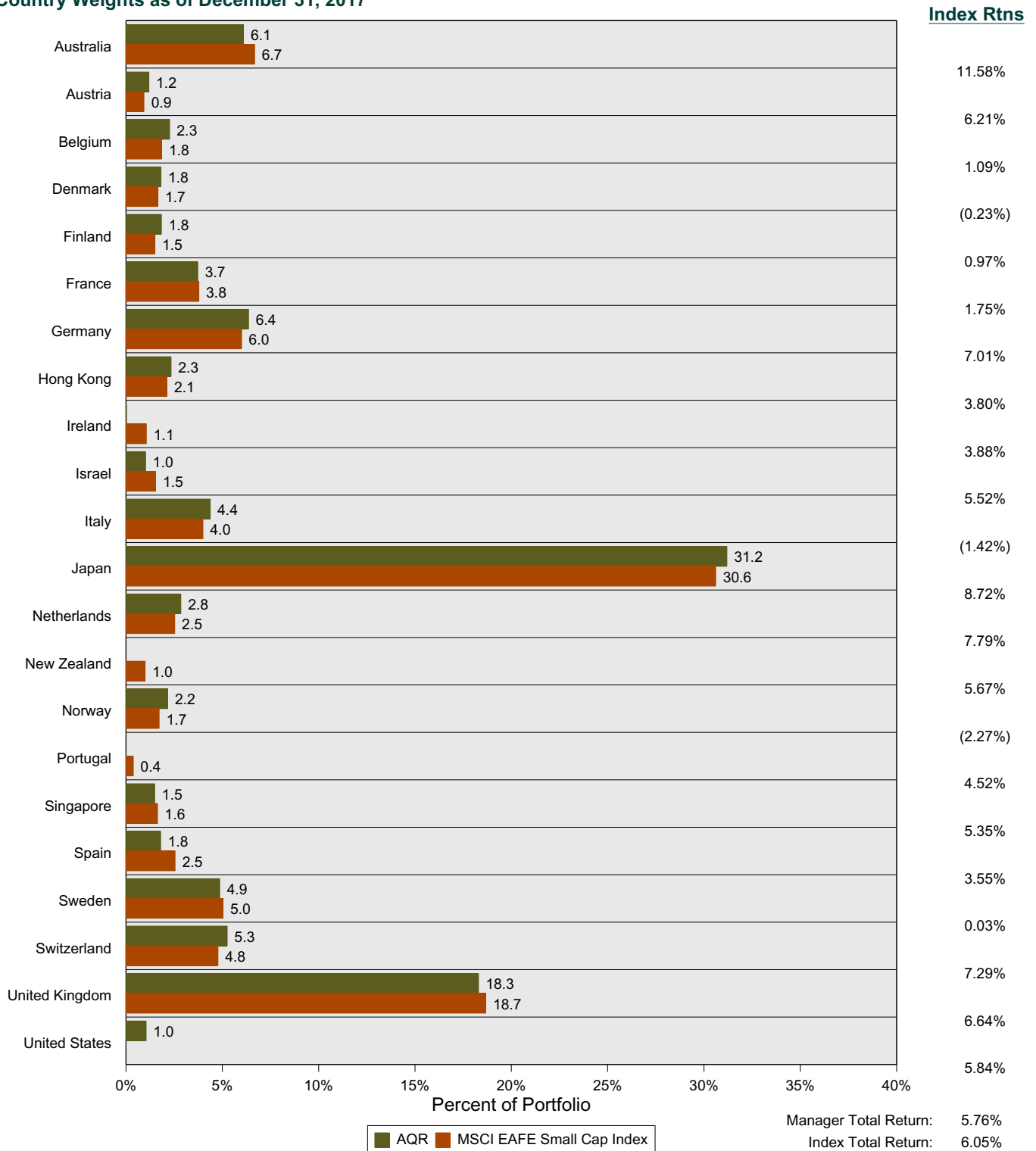


Country Allocation AQR VS MSCI EAFE Small Cap Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2017



AQR Top 10 Portfolio Holdings Characteristics as of December 31, 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
Be Semiconductor Inds NV Bes Shs	Information Technology	\$156,220	1.0%	20.66%	3.36	15.40	2.49%	51.74%
Electrocomponent Plc Ord	Information Technology	\$148,196	0.9%	2.57%	3.75	21.89	2.00%	15.00%
Moneysupermarket Com Group P Shs	Information Technology	\$140,074	0.9%	12.94%	2.58	19.51	2.79%	8.96%
J M Ab Shs	Consumer Discretionary	\$117,083	0.7%	(27.19)%	1.62	7.99	5.08%	16.82%
Aurubis Ag Shs	Materials	\$111,167	0.7%	15.42%	4.20	15.00	1.86%	12.64%
Cembra Money Bank N Ord	Financials	\$110,305	0.7%	6.50%	2.80	17.95	4.90%	(0.20)%
Scandic Hotels Group	Consumer Discretionary	\$110,091	0.7%	5.06%	1.48	14.84	2.68%	15.13%
Cattolica Assicurazioni	Financials	\$108,718	0.7%	25.07%	1.89	11.17	3.87%	(0.98)%
Johnson Electric Hldgs Ltd Shs New	Industrials	\$107,243	0.7%	10.25%	3.68	12.21	1.56%	2.36%
Sandfire Resources NI Shs	Materials	\$103,691	0.7%	20.45%	0.85	9.74	2.60%	25.00%

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
Eramet	Materials	\$50,458	0.3%	75.00%	3.16	18.04	0.00%	1.00%
Cosmo Oil Co	Energy	\$17,810	0.1%	64.47%	3.20	6.49	1.18%	-
Koshidaka	Consumer Discretionary	\$65,516	0.4%	56.93%	0.96	25.04	0.61%	3.84%
Open House	Real Estate	\$7,196	0.0%	54.28%	3.09	10.99	1.07%	36.76%
Hilton Group	Consumer Discretionary	\$22,408	0.1%	50.21%	4.71	11.88	2.20%	29.00%
Idorsia Ltd Common Stock Chf.05	Health Care	\$16,060	0.1%	46.06%	3.11	(9.32)	0.00%	-
St Barbara Ltd Shs New	Materials	\$70,321	0.4%	45.79%	1.54	11.36	2.24%	7.41%
Net One Systems Co	Information Technology	\$4,730	0.0%	44.93%	1.32	25.05	1.73%	13.57%
Dr Ci Labo Co Ltd Shs	Consumer Staples	\$21,336	0.1%	44.88%	2.48	37.42	0.87%	5.26%
Menicon	Health Care	\$6,338	0.0%	40.76%	1.03	29.03	0.61%	-

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
Astaldi	Industrials	\$7,532	0.0%	(62.84)%	0.25	2.19	9.43%	5.47%
Elal	Industrials	\$4,677	0.0%	(37.39)%	0.21	5.96	14.30%	-
Saga Ltd	Financials	\$16,865	0.1%	(34.96)%	1.91	9.24	6.98%	8.29%
Zumtobel Ag Dornbirn Shs	Industrials	\$14,784	0.1%	(30.77)%	0.52	11.83	2.30%	(11.48)%
Dialog Semicon.Nmbc	Information Technology	\$20,362	0.1%	(29.41)%	2.38	9.25	0.00%	19.55%
Fan Communications Inc Tokyo Shs	Information Technology	\$16,048	0.1%	(27.44)%	0.62	13.93	2.00%	32.04%
Cvs Group	Health Care	\$10,816	0.1%	(27.38)%	0.90	21.01	0.43%	22.73%
J M Ab Shs	Consumer Discretionary	\$117,083	0.7%	(27.19)%	1.62	7.99	5.08%	16.82%
Neopost Sa Ex Financiere Bag Ord	Information Technology	\$52,404	0.3%	(25.86)%	1.00	6.61	7.08%	(8.30)%
Akatsuki	Information Technology	\$24,995	0.2%	(24.65)%	0.81	11.95	0.00%	-

DFA Emerging Markets Period Ended December 31, 2017

Investment Philosophy

Returns prior to 6/30/2013 are linked to a composite history.

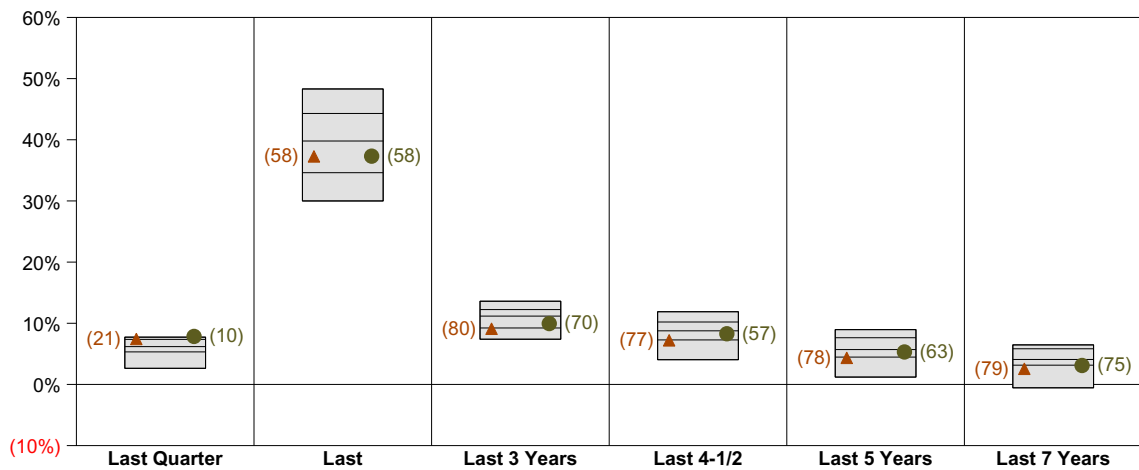
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 7.85% return for the quarter placing it in the 10 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 58 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.41% for the quarter and outperformed the MSCI Emerging Markets Index for the year by 0.04%.

Quarterly Asset Growth

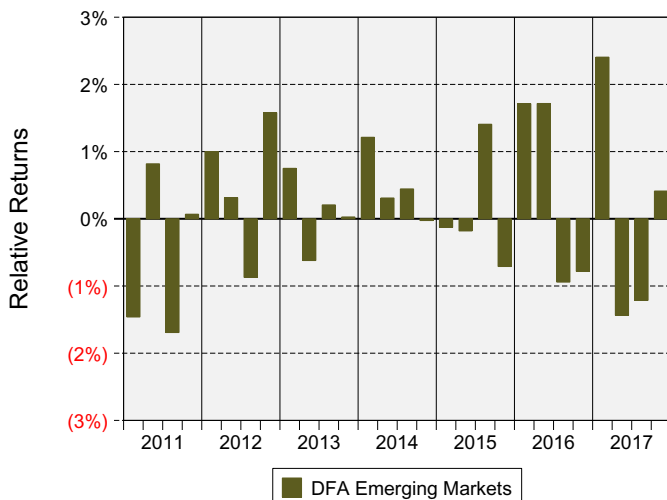
Beginning Market Value	\$16,458,755
Net New Investment	\$-0
Investment Gains/(Losses)	\$1,268,429
Ending Market Value	\$17,727,184

Performance vs Callan Emerging Markets Equity Mut Funds (Gross)

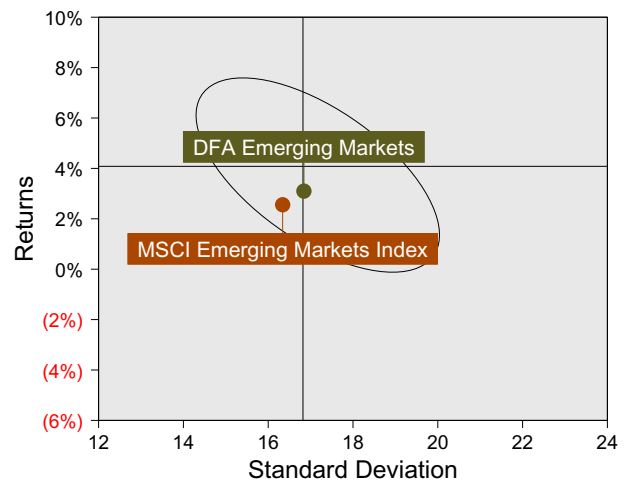


	Last Quarter	Last Year	Last 3 Years	Last 4-1/2 Years	Last 5 Years	Last 7 Years
10th Percentile	7.73	48.31	13.60	11.89	8.96	6.47
25th Percentile	7.36	44.30	12.24	10.21	7.63	5.83
Median	6.18	39.80	11.17	8.76	5.70	4.08
75th Percentile	5.32	34.62	9.23	7.28	4.47	3.15
90th Percentile	2.63	30.00	7.39	4.04	1.20	(0.55)
DFA Emerging Markets ●	7.85	37.32	9.95	8.29	5.31	3.10
MSCI Emerging Markets Index ▲	7.44	37.28	9.10	7.21	4.35	2.56

Relative Returns vs MSCI Emerging Markets Index



Callan Emerging Markets Equity Mut Funds (Gross) Annualized Seven Year Risk vs Return

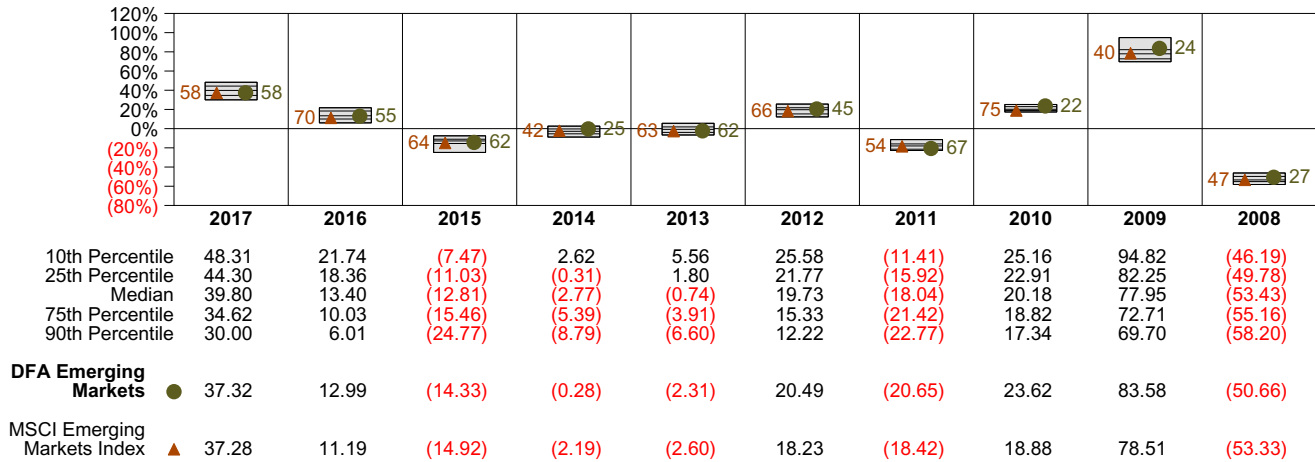


DFA Emerging Markets Return Analysis Summary

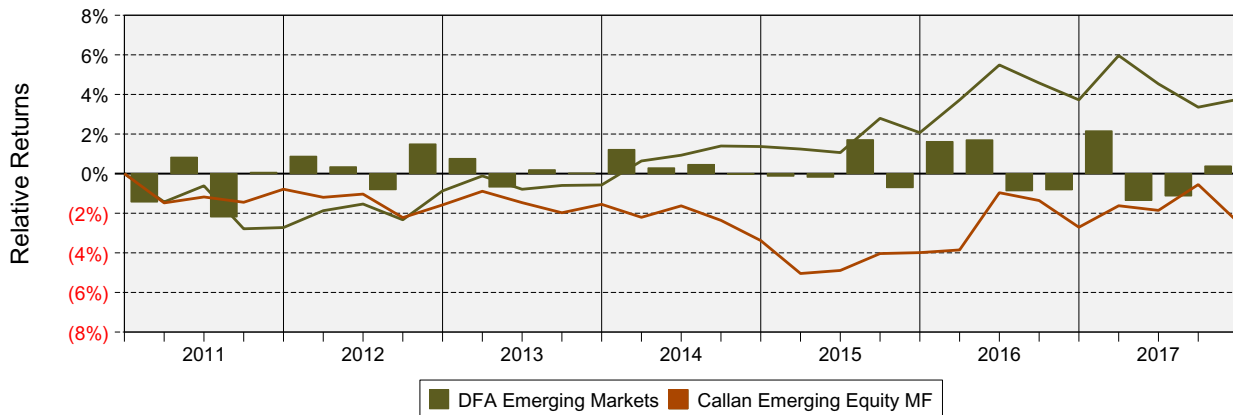
Return Analysis

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.

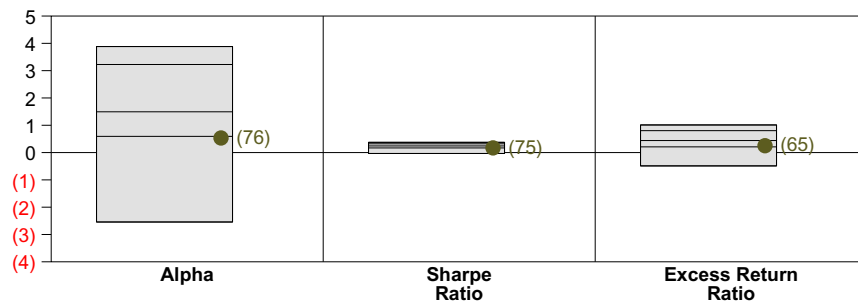
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Cumulative and Quarterly Relative Return vs MSCI Emerging Markets Index



Risk Adjusted Return Measures vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2017

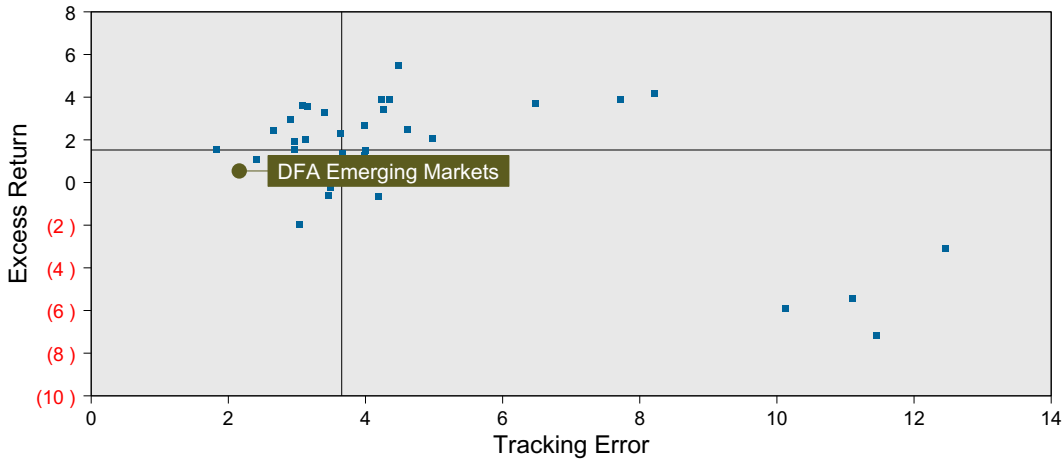


DFA Emerging Markets Risk Analysis Summary

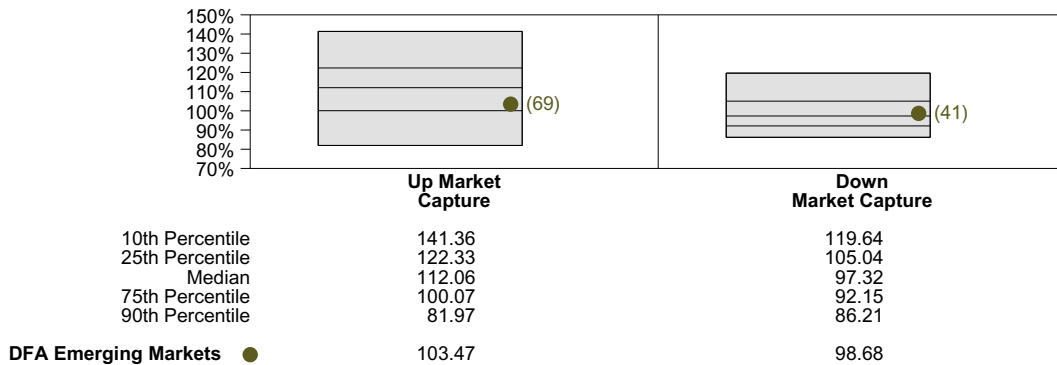
Risk Analysis

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.

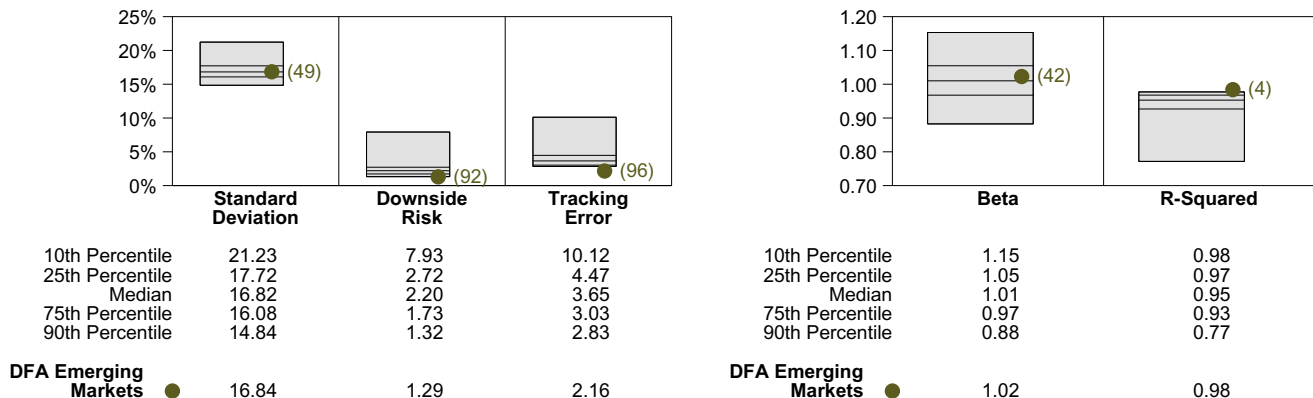
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2017



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2017



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2017

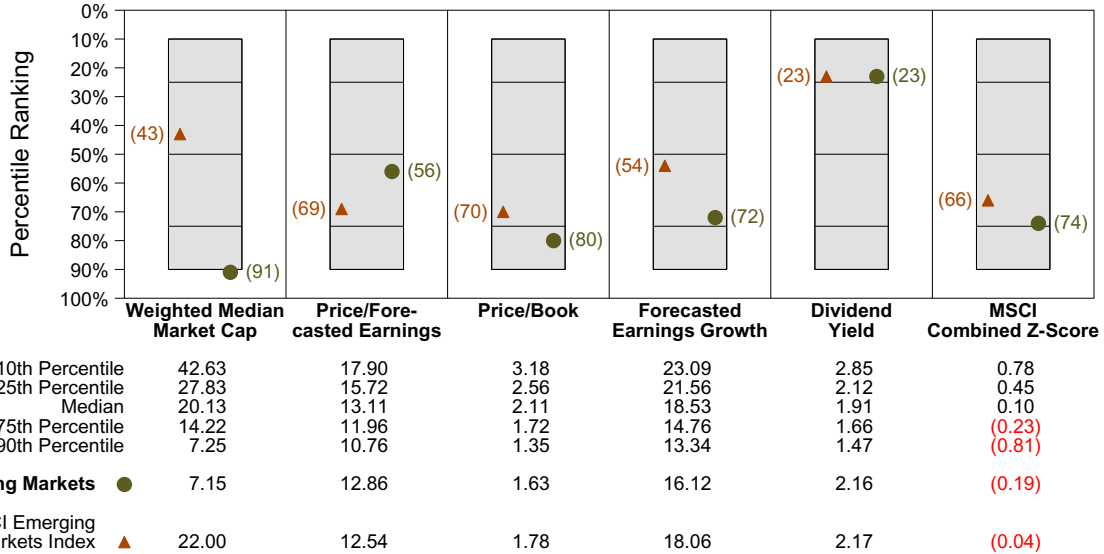


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

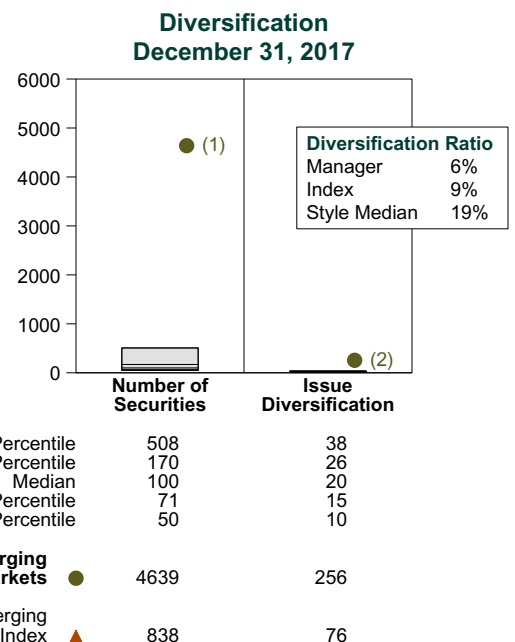
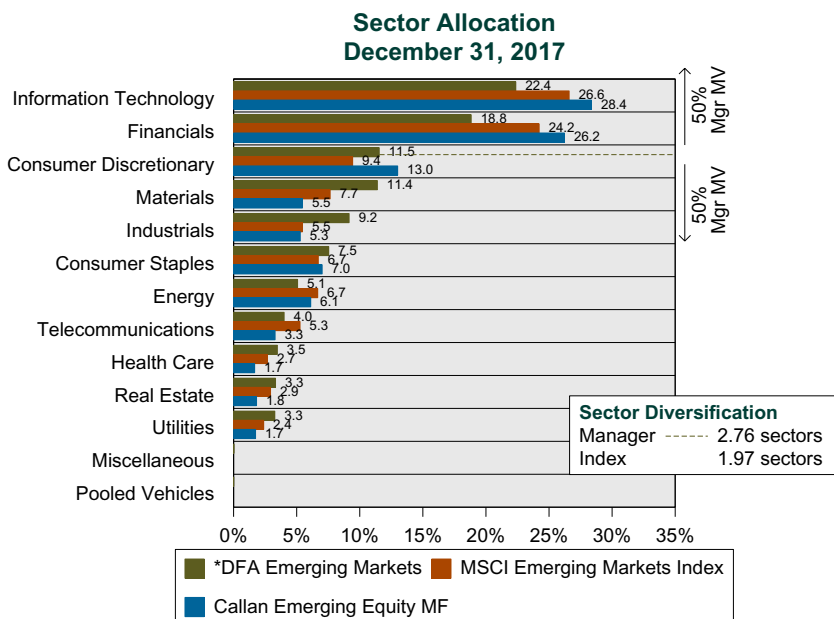
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of December 31, 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.



*12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

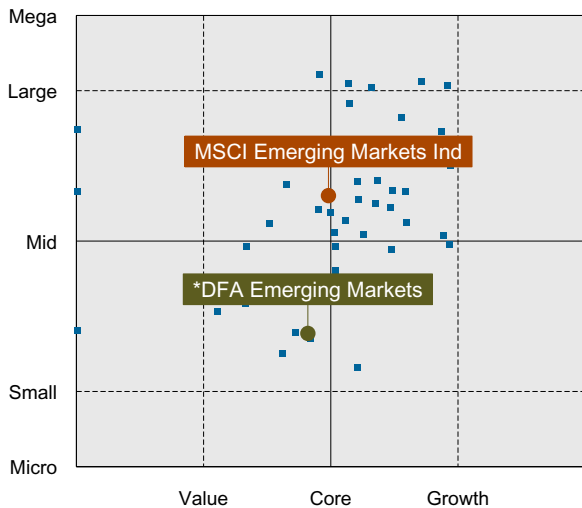
Current Holdings Based Style Analysis

DFA Emerging Markets

As of December 31, 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.

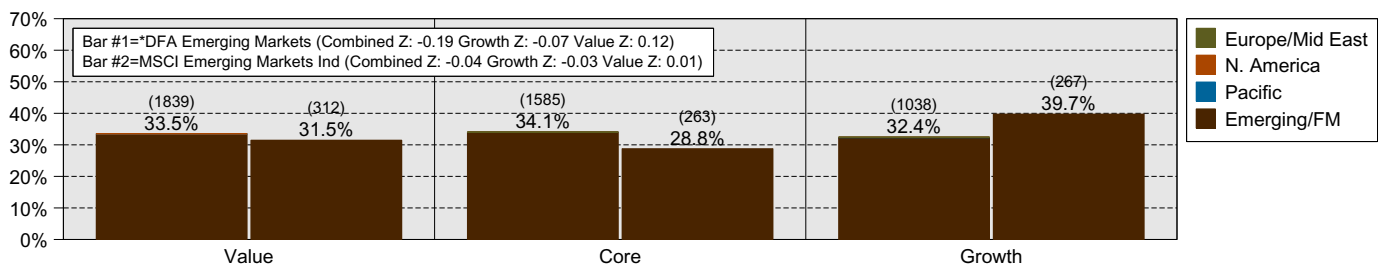
Style Map vs Callan Emerging Equity MF Holdings as of December 31, 2017



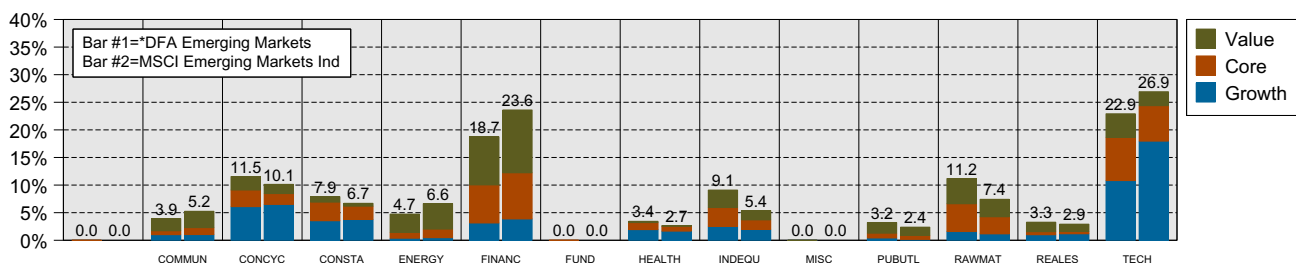
Style Exposure Matrix Holdings as of December 31, 2017

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.0% (1)	0.0% (1)	0.0% (2)
N. America	0.0% (4)	0.0% (5)	0.0% (2)	0.0% (11)
Pacific	0.0% (14)	0.0% (28)	0.2% (13)	0.2% (55)
Emerging/ FM	33.5% (1821)	34.0% (1551)	32.3% (1022)	99.7% (4394)
Total	33.5% (1839)	34.1% (1585)	32.4% (1038)	100.0% (4462)

Combined Z-Score Style Distribution Holdings as of December 31, 2017



Sector Weights Distribution Holdings as of December 31, 2017



* 12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

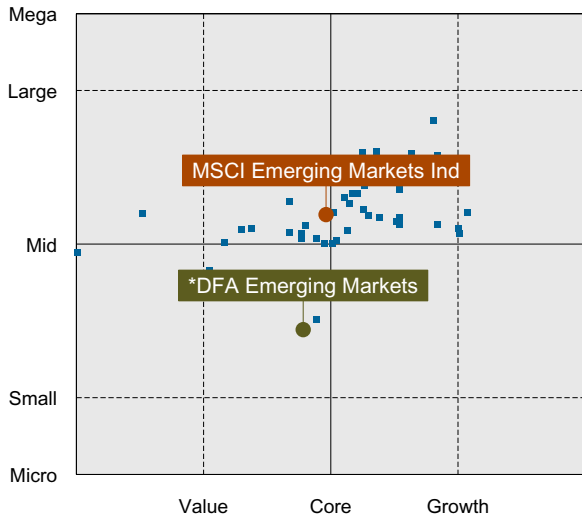
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended December 31, 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.

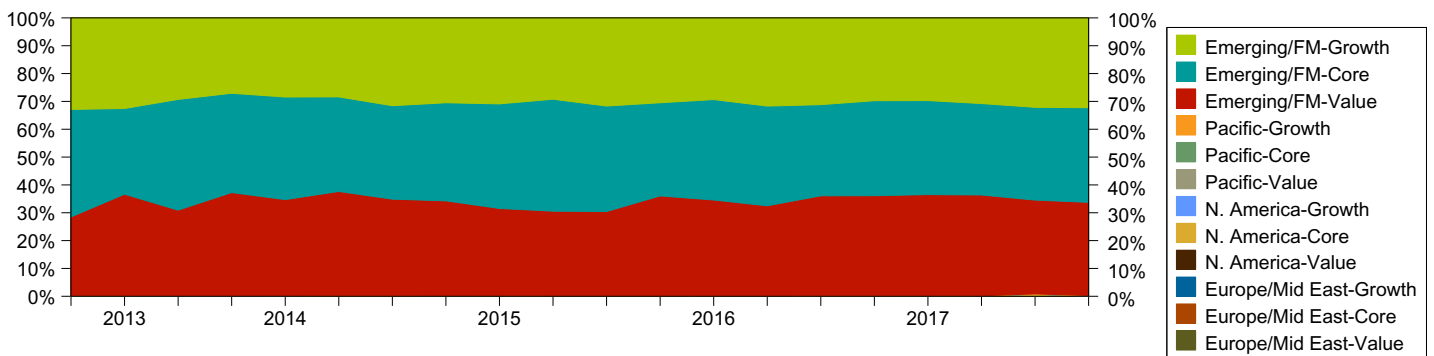
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended December 31, 2017



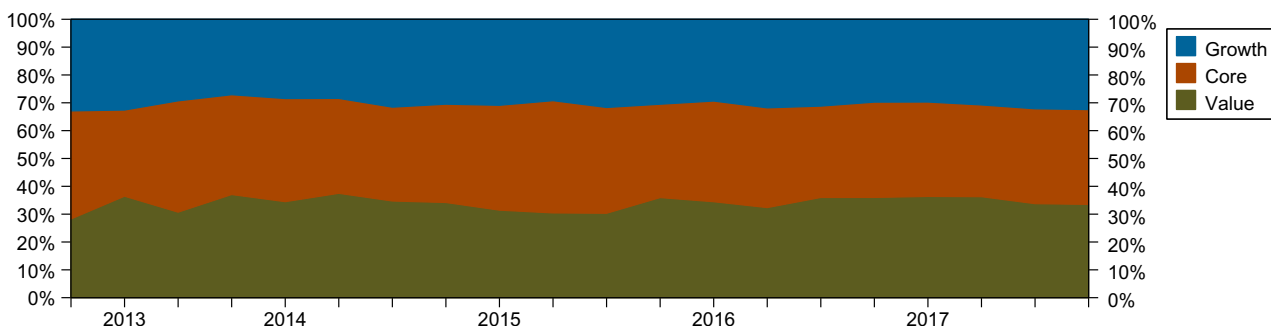
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2017

	0.0% (1)	0.1% (2)	0.0% (0)	0.1% (3)
Europe/ Mid East	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.0% (2)	0.0% (1)	0.1% (4)
Pacific	0.0% (12)	0.1% (19)	0.0% (7)	0.1% (38)
Emerging/ FM	34.0% (1382)	35.3% (1466)	30.5% (869)	99.8% (3717)
	32.0% (284)	32.0% (255)	36.0% (280)	100.0% (819)
Total	34.0% (1396)	35.5% (1489)	30.5% (877)	100.0% (3762)
	32.0% (284)	32.0% (255)	36.0% (280)	100.0% (819)
	Value	Core	Growth	Total

*DFA Emerging Markets Historical Region/Style Exposures



*DFA Emerging Markets Historical Style Only Exposures



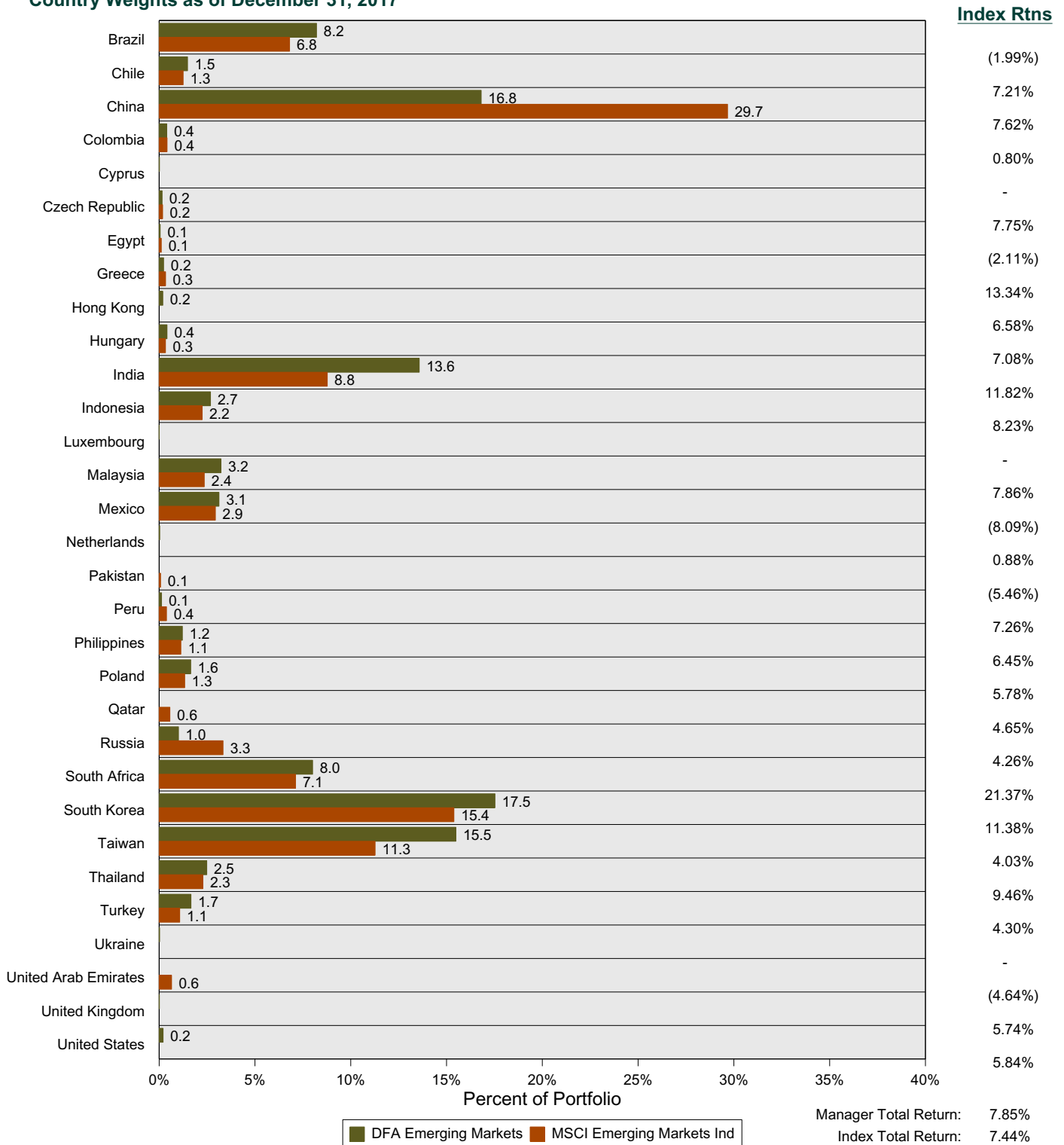
* 12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Country Allocation DFA Emerging Markets VS MSCI Emerging Markets Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2017



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 31, 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	\$712,113	4.0%	6.62%	307.27	7.01	1.36%	34.25%
Tencent Holdings Limited Shs Par Hkd	Information Technology	\$341,763	1.9%	20.67%	493.34	38.13	0.15%	39.25%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$210,452	1.2%	5.59%	199.98	15.64	3.05%	9.76%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$199,825	1.1%	8.02%	199.98	15.64	3.05%	9.76%
Sk Hynix Inc Shs	Information Technology	\$141,422	0.8%	0.00%	52.02	4.46	0.78%	55.35%
China Construction Bank Shs H	Financials	\$140,847	0.8%	11.02%	221.43	5.83	4.35%	10.11%
Vale Sa Shs	Materials	\$118,114	0.7%	21.73%	64.14	13.49	3.29%	12.20%
Ping An Insurance H	Financials	\$115,231	0.7%	35.58%	77.50	13.89	1.51%	18.35%
Alibaba Group Hldg Ltd Sponsored Ads	Information Technology	\$113,580	0.6%	(0.16)%	441.62	27.49	0.00%	32.01%
Hon Hai Precision Inds Ltd Ord	Information Technology	\$112,773	0.6%	(7.61)%	55.44	9.70	4.73%	5.92%

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
Foschini Ltd Shs	Consumer Discretionary	\$26,222	0.1%	662.04%	3.77	15.77	3.67%	8.60%
Xunlei Ltd Sponsored Ads	Information Technology	\$96	0.0%	262.12%	1.02	(24.31)	0.00%	-
Mbiznetworks Globa Krw500	Health Care	\$2,135	0.0%	241.67%	1.94	14292.50	0.00%	-
Genscript Biotech	Health Care	\$90	0.0%	167.59%	4.42	127.80	0.06%	-
Heg	Industrials	\$1,988	0.0%	156.21%	1.46	16.36	0.13%	(2.41)%
8k Miles Software Services	Information Technology	\$495	0.0%	145.79%	0.43	26.95	0.77%	-
Kombassan	Industrials	\$144	0.0%	143.35%	0.28	24.85	0.00%	-
Puravankara Projects	Real Estate	\$130	0.0%	136.36%	0.62	26.46	1.35%	(13.93)%
Bhansali Engr. Polymers	Materials	\$900	0.0%	135.72%	0.49	49.83	0.11%	-
Jindal Polyester	Materials	\$802	0.0%	134.19%	0.29	9.62	0.24%	-

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
Steinhoff Intl Hldgs Ltd Shs	Consumer Discretionary	\$2,455	0.0%	(91.55)%	1.62	0.86	28.58%	14.32%
Bgf Retail Co Ltd	Industrials	\$1,391	0.0%	(88.89)%	0.46	2.13	0.00%	32.21%
Sino-American Elt.	Industrials	\$19	0.0%	(82.38)%	0.01	(5.22)	6.58%	-
Petra Perdana	Energy	\$59	0.0%	(77.98)%	0.06	(13.33)	6.15%	90.96%
Daewoo Shipbuilding & Marine Shs	Industrials	\$589	0.0%	(66.67)%	1.36	9.19	0.00%	(41.79)%
Buildworks Group	Industrials	\$84	0.0%	(66.56)%	0.06	3.65	0.00%	-
Sapura-Kencana Petroleum	Energy	\$4,167	0.0%	(51.28)%	1.05	-	1.41%	(9.32)%
Eng Electric	Industrials	\$202	0.0%	(50.44)%	0.04	(1.06)	10.55%	-
Asia Intiselera	Consumer Staples	\$512	0.0%	(50.00)%	0.11	6.67	1.79%	17.30%
Dharmala Intiland	Real Estate	\$1,738	0.0%	(50.00)%	0.27	30.00	1.43%	20.19%

*12/31/17 portfolio characteristics generated using most recently available holdings (11/30/17) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

Metropolitan West

Period Ended December 31, 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.

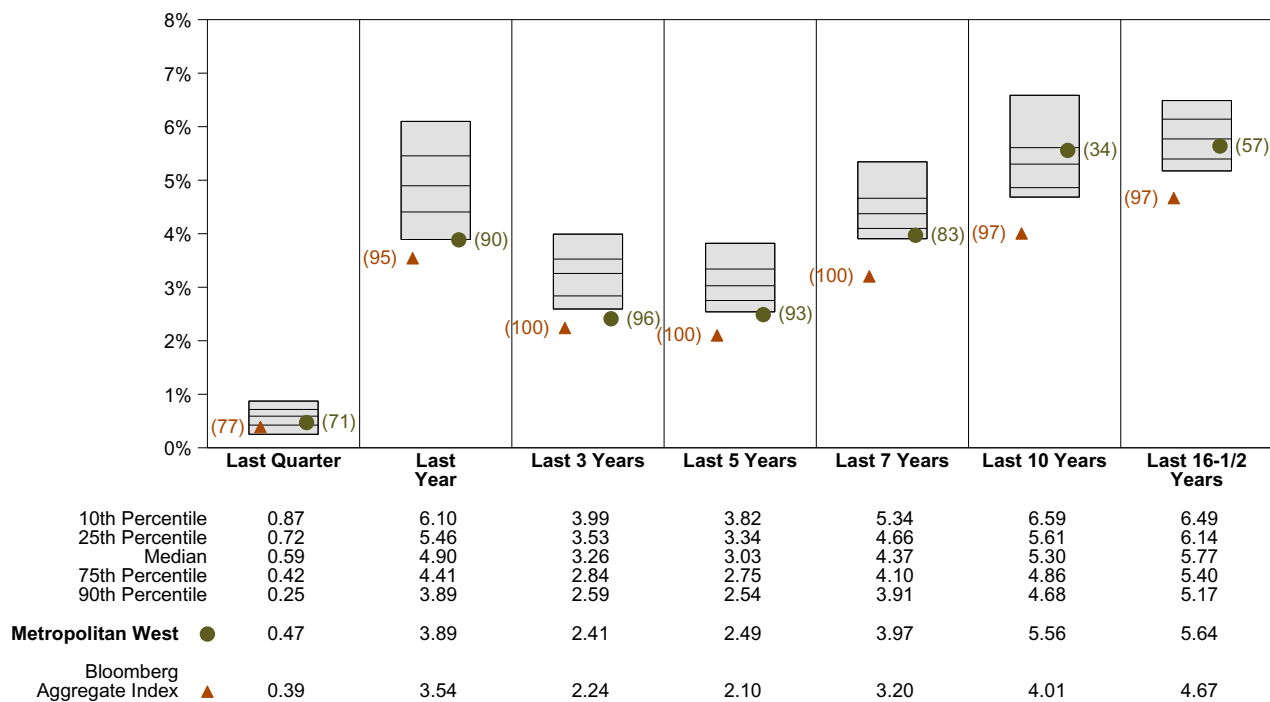
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 0.47% return for the quarter placing it in the 71 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 90 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.08% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.34%.

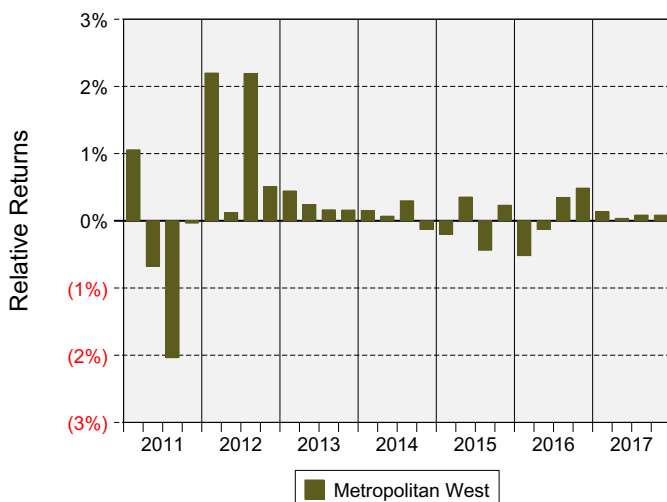
Quarterly Asset Growth

Beginning Market Value	\$89,319,569
Net New Investment	\$0
Investment Gains/(Losses)	\$420,500
Ending Market Value	\$89,740,069

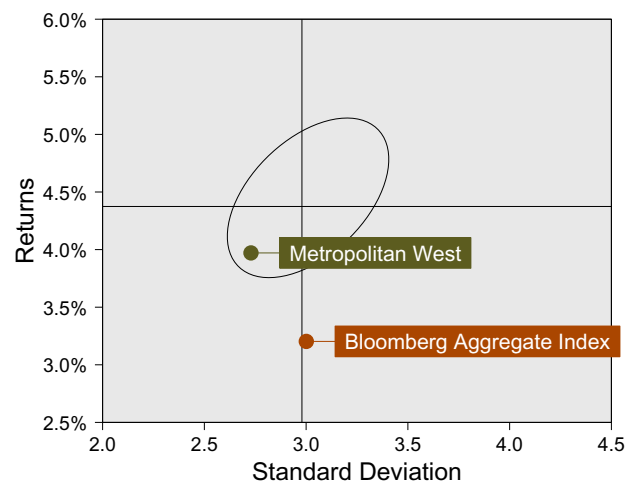
Performance vs Callan Core Plus Fixed Income (Gross)



Relative Returns vs Bloomberg Aggregate Index



Callan Core Plus Fixed Income (Gross) Annualized Seven Year Risk vs Return

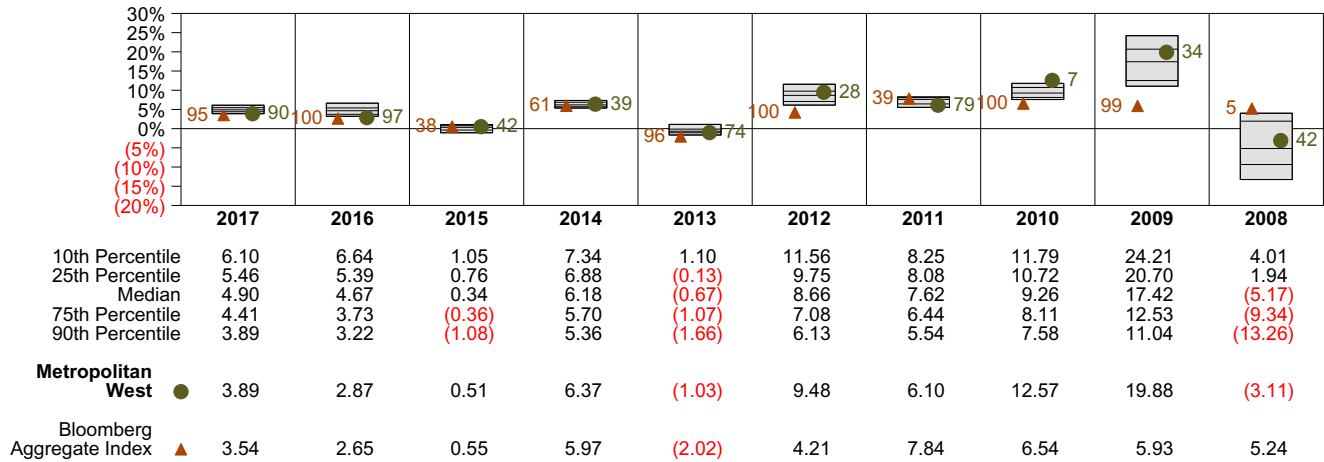


Metropolitan West Return Analysis Summary

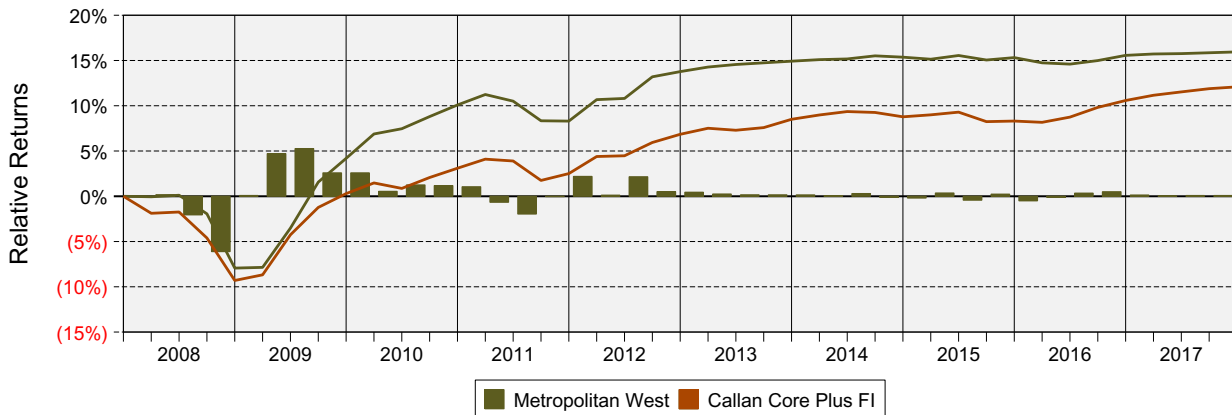
Return Analysis

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.

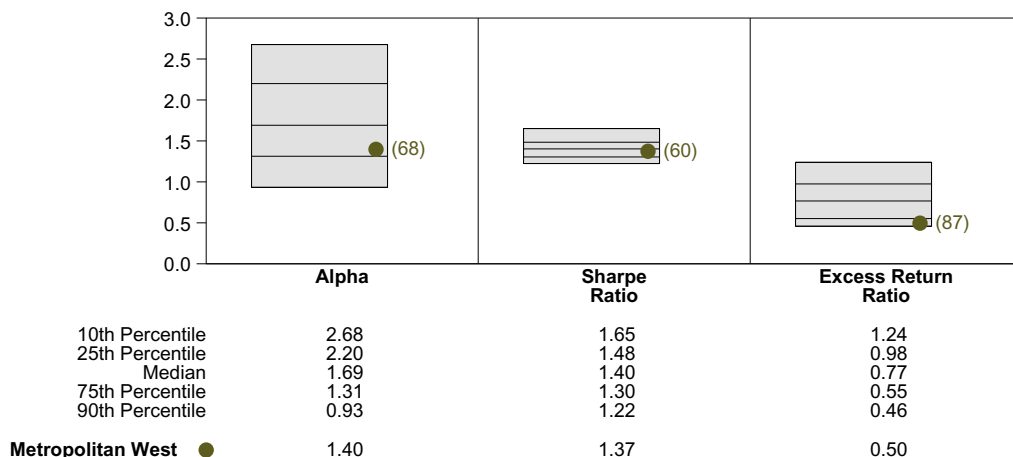
Performance vs Callan Core Plus Fixed Income (Gross)



Cumulative and Quarterly Relative Return vs Bloomberg Aggregate Index



Risk Adjusted Return Measures vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2017

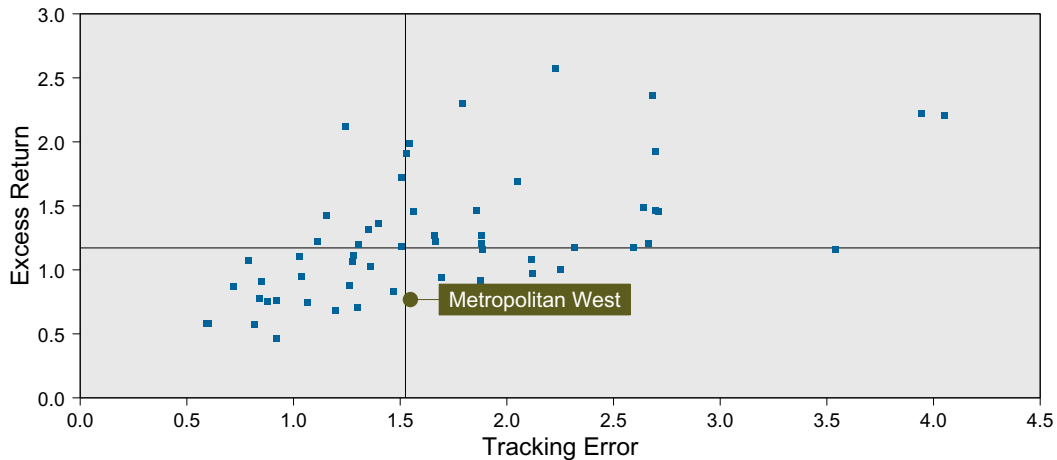


Metropolitan West Risk Analysis Summary

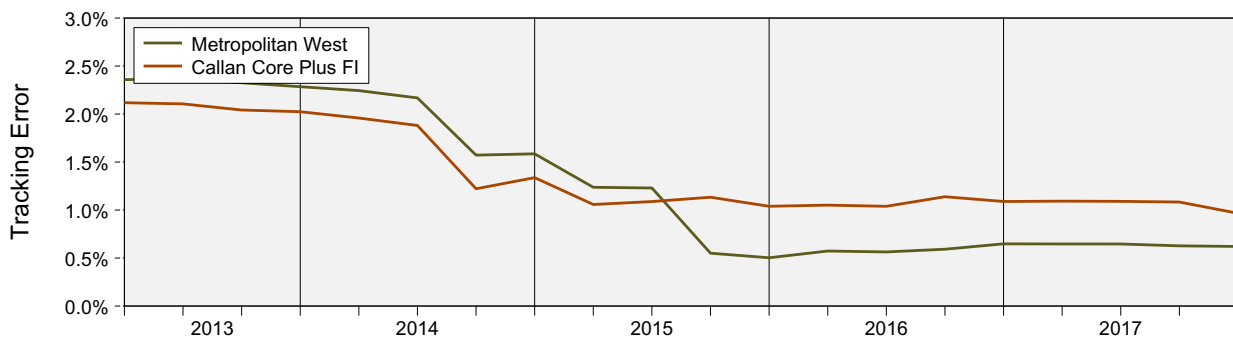
Risk Analysis

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.

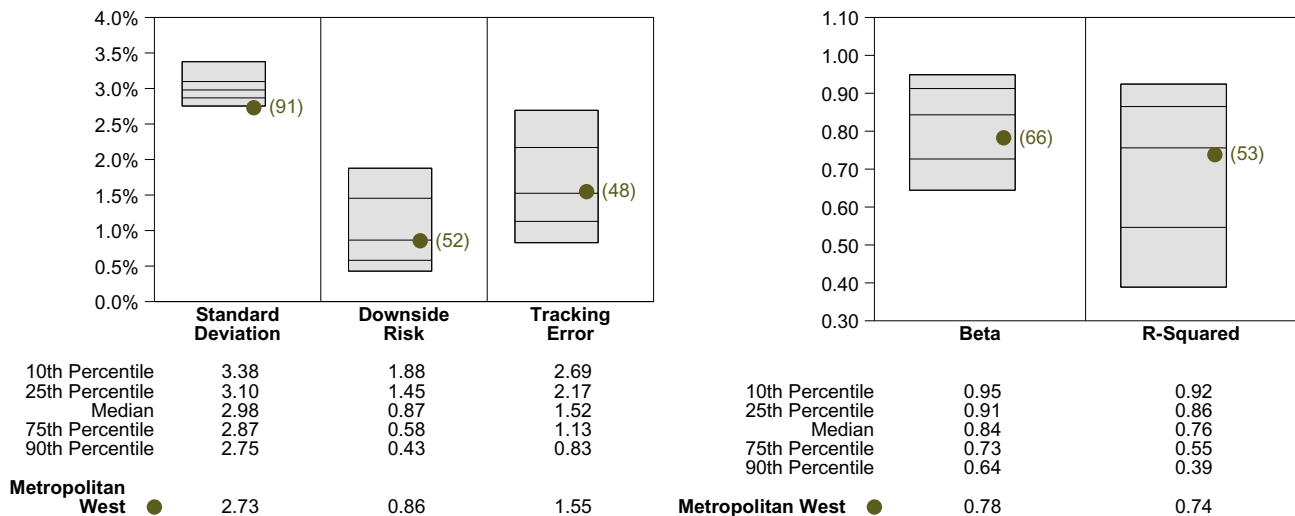
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2017



Rolling 12 Quarter Tracking Error vs Bloomberg Aggregate Index



Risk Statistics Rankings vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2017

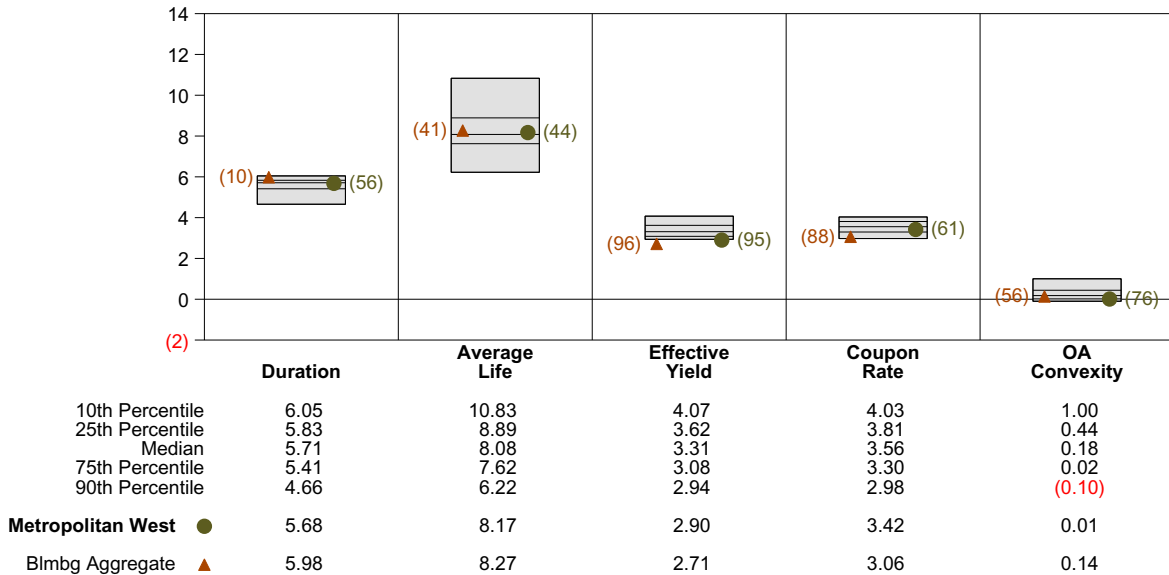


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

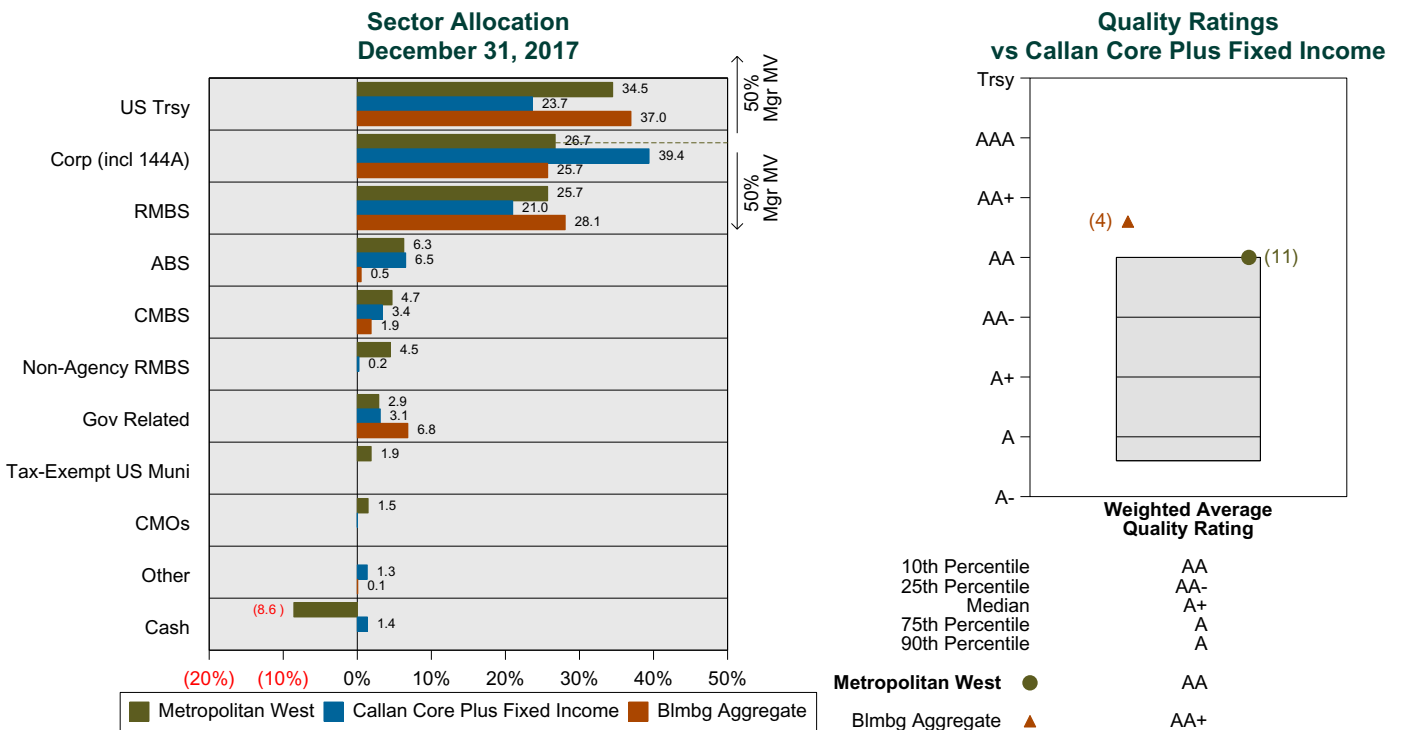
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of December 31, 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.

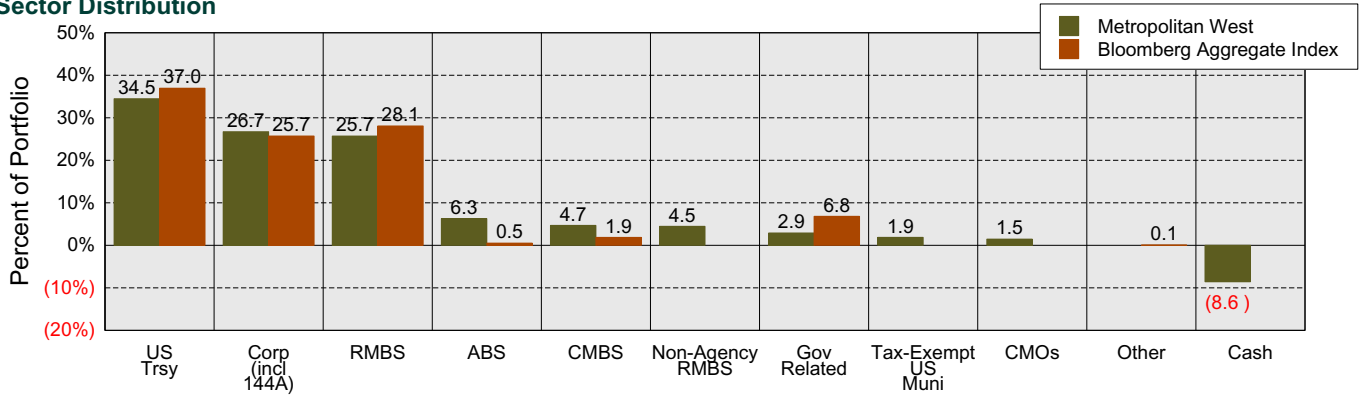


Metropolitan West Portfolio Characteristics Summary As of December 31, 2017

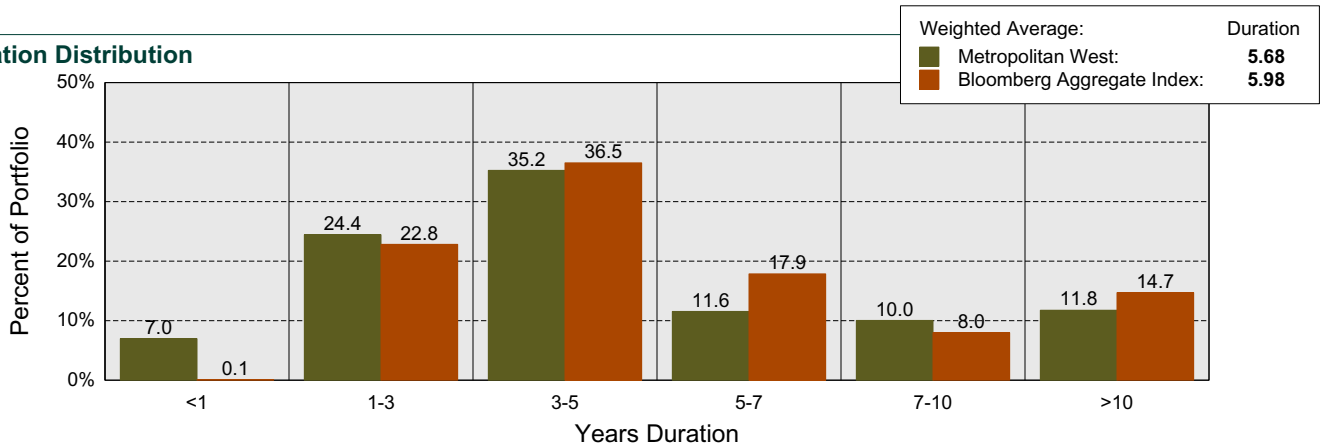
Portfolio Structure Comparison

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.

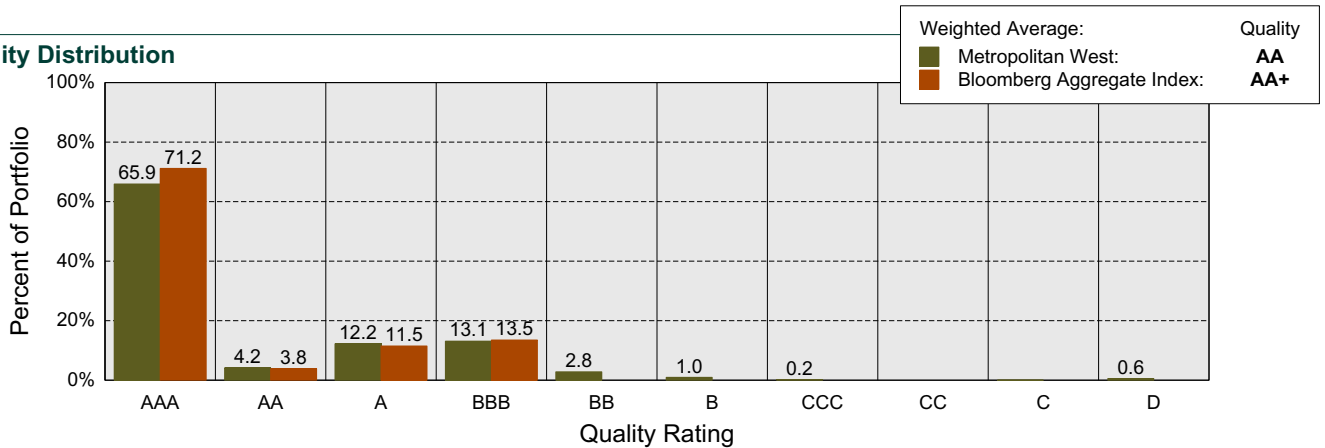
Sector Distribution



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).

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.

Rising and Declining Periods refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

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.

Risk/Reward Statistics

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.

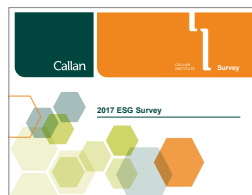
New Research from Callan’s Experts



The 401(k) Plan Turns 40 | In 1978, a section of the Internal Revenue Code was enacted into law that made 401(k) plans possible. For the most part, plan sponsors have taken advantage of DC plan improvements that have transpired since 1978. Yet some aspects of plan management may still be stuck in the era of bell bottom pants. Lori Lucas, Callan’s DC practice leader, offers lessons sponsors can apply to their DC plans in 2018.

The Cost of Returns | This paper summarizes Callan’s October 2017 Workshop, “The Cost of Returns: An In-Depth Look at Institutional Investment Fees.”

2017 ESG Survey | Callan’s fifth annual survey on the status of environmental, social, and governance (ESG) investing in the U.S. institutional investment market reveals more than a third of investors are incorporating ESG factors into investment decisions.



Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle? | Callan’s Real Assets Consulting Group has identified seven indicators—based on spreads in real estate and fixed income markets—that, combined with an understanding of prevailing market dynamics, help signal when the institutional real estate market is overheated or cooled.

2017 Investment Management Fee Survey | This survey—the seventh we have produced in 30 years—reports on institutional investment management fee payment practices and trends. The data in this report were gleaned from electronic questionnaires sent to a broad sample of U.S.-based institutional fund sponsors and investment management organizations, as well as from information in Callan’s proprietary database.

TDFs, FYI | Jimmy Veneruso, CFA, CAIA, a DC consultant in our Fund Sponsor Consulting Group, discusses target date funds (TDFs) and considerations for fund sponsors in this video.

Periodicals

Active vs. Passive Charts, 3rd Quarter 2017 | This series of charts maps active managers alongside relevant benchmarks.

Market Pulse Flipbook, 3rd 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, 3rd Quarter 2017 | The Review provides analysis and an overview of the economy and public and private market activity each quarter across a wide range of asset classes.

Real Assets Reporter, Summer/Fall 2017 | In this edition, Jan Mende of Callan’s Real Assets Consulting Group discusses the merits of infrastructure debt for institutional investors’ portfolios.

DC Observer, 3rd Quarter 2017 | This edition highlights our “DC Plan Governance Survey,” which helps sponsors better understand good governance practices, including how their peers are structuring oversight committees. **With: DC Plan Governance Survey Key Findings** | This infographic displays the survey’s highlights.

Hedge Fund Monitor, 3rd Quarter 2017 | Callan’s Jim McKee analyzes four major secular forces that may alter our perception of the financial market’s now-healthy glow and explores how investors can prepare for today’s uncertainty surrounding risk assets and the divergent paths that they may take when the next financial eclipse occurs.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: www.callan.com/library/

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 sessions are:

Introduction to Investments

Boise, April 4-5, 2018

San Francisco, April 10-11, 2018

San Francisco, July 24-25, 2018

Chicago, October 2-3, 2018

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

3,700 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, Executive Chairman

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on complimentary basis (e.g. attending an educational event), they are not included in the list below. 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	Manager Name
1607 Capital Partners, LLC	Cambiar Investors, LLC
Aberdeen Asset Management PLC	Capital Group
Acadian Asset Management LLC	CastleArk Management, LLC
AEGON USA Investment Management	Causeway Capital Management
AEW Capital Management	Chartwell Investment Partners
Affiliated Managers Group, Inc.	Citi US Pension Investments
Alcentra	ClearBridge Investments, LLC
AllianceBernstein	Cohen & Steers Capital Management, Inc.
Allianz Global Investors	Columbia Management Investment Advisers, LLC
Allianz Life Insurance Company of North America	Columbus Circle Investors
American Century Investments	Corbin Capital Partners, L.P.
Amundi Smith Breeden LLC	Cornerstone Capital Management
Angelo, Gordon & Co.	Cramer Rosenthal McGlynn, LLC
Apollo Global Management	Credit Suisse Asset Management
AQR Capital Management	Crestline Investors, Inc.
Ares Management LLC	D.E. Shaw Investment Management, L.L.C.
Ariel Investments, LLC	DePrince, Race & Zollo, Inc.
Aristotle Capital Management, LLC	Deutsche Asset Management
Artisan Holdings	Diamond Hill Capital Management, Inc.
Atlanta Capital Management Co., LLC	Dimensional Fund Advisors LP
Aviva Investors Americas	Doubleline
AXA Investment Managers	Duff & Phelps Investment Mgmt. Co.
Baillie Gifford Overseas Limited	Eagle Asset Management, Inc.
Baird Advisors	EARNEST Partners, LLC
Bank of America	Eaton Vance Management
Barings LLC	Epoch Investment Partners, Inc.
Baron Capital Management, Inc.	Fayez Sarofim & Company
Barrow, Hanley, Mewhinney & Strauss, LLC	Federated Investors
BlackRock	Fidelity Institutional Asset Management
BMO Global Asset Management	Fiera Capital Corporation
BNP Paribas Investment Partners	First Eagle Investment Management, LLC
BNY Mellon Asset Management	First Hawaiian Bank Wealth Management Division
Boston Partners	Fisher Investments
Brandes Investment Partners, L.P.	Franklin Templeton
Brandywine Global Investment Management, LLC	Franklin Templeton Institutional
Brown Brothers Harriman & Company	Fred Alger Management, Inc.

Manager Name
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GMO
Goldman Sachs Asset Management
Guggenheim Investments
Guggenheim Partners Asset Management
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
IMCA Retirement Corporation
Income Research + Management, Inc.
Insight Investment Management Limited
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
Janus Capital Management, LLC
Janus Henderson Investors
Jensen Investment Management
Jobs Peak Advisors
J.P. Morgan Asset Management
J.P. Morgan Chase & Company
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Macquarie Investment Management (fka 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
Newton Investment Management (fka Newton Capital Mgmt)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
O'Shaughnessy Asset Management, LLC

Manager Name
Pacific Investment Management Company
Pax World Management LLC
Peregrine Capital Management, Inc.
PGIM
PGIM Fixed Income
PGIM Real Estate
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
Regions Financial Corporation
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
S&P Global, Inc.
Santander Global Facilities
Schroder Investment Management North America Inc.
Sit Investment Associates, 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.
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
Teachers Insurance & Annuity Association of America
The Boston Company Asset Management, LLC
The Guardian Life Insurance Company of America
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)
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 12/29/2017

Securities + Cash	27,012,272.72	Base Currency	USD	Net Assets	27,030,512
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)			27,012,272.72 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%	4.15 %	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%	7.71 %	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%	2.51 %	Pass

A5XD SACRT - METWEST

Production Date: 12/29/2017

Securities + Cash	103,661,817.59	Base Currency	USD	Net Assets	89,740,336
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)			103,661,817.59 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%	90.39 %	Pass
6	No Commercial Paper rated < A2/P2 at time of purchase (143662)	Maximum	0.00%	0.00 %	Pass
7	The Weighted Average Credit Rating of the Fund must be A or better (143663)	Minimum	20	22.89 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: 12/29/2017

Securities + Cash	50,658,378.50	Base Currency	USD	Net Assets	50,098,817
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)			50,658,378.50 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%	1.61 %	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%	2.73 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	11.57 %	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%	2.53 %	Pass

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT - ROBECO
Production Date: 12/29/2017

Securities + Cash	50,658,378.50	Base Currency	USD	Net Assets	50,098,817
Rule Name		Limit Type	Limit Value	Result	Result Status

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Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 12/29/2017

Securities + Cash	27,012,272.72	Base Currency	USD	Net Assets	27,030,512
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)			27,012,272.72 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%	4.15 %	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%	7.71 %	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%	2.51 %	Pass

A5XD SACRT - METWEST

Production Date: 12/29/2017

Securities + Cash	103,661,817.59	Base Currency	USD	Net Assets	89,740,336
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)			103,661,817.59 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%	90.39 %	Pass
6	No Commercial Paper rated < A2/P2 at time of purchase (143662)	Maximum	0.00%	0.00 %	Pass
7	The Weighted Average Credit Rating of the Fund must be A or better (143663)	Minimum	20	22.89 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: 12/29/2017

Securities + Cash	50,658,378.50	Base Currency	USD	Net Assets	50,098,817
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)			50,658,378.50 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%	1.61 %	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%	2.73 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	11.57 %	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%	2.53 %	Pass

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT - ROBECO
Production Date: 12/29/2017

Securities + Cash	50,658,378.50	Base Currency	USD	Net Assets	50,098,817
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
25	03/14/18	Retirement	Action	02/16/18

Subject: Delegating Authority to the Sacramento Regional Transit District General Manager/CEO to Sign a First Amendment to the Investment Consultant Services Contract with Callan LLC To Extend the Term of the Contract Through December 31, 2018 (ALL). (Adelman)

ISSUE

Delegating Authority to the Sacramento Regional Transit District General Manager/CEO to Sign a First Amendment to the Investment Consultant Services Contract with Callan LLC To Extend the Term of the Contract Through December 31, 2018 (ALL). (Adelman)

RECOMMENDED ACTION

Adopt Resolution No. 18-03-___, Delegating Authority to the Sacramento Regional Transit District General Manager/CEO to Sign a First Amendment to the Investment Consultant Services Contract with Callan LLC To Extend the Term of the Contract Through December 31, 2018

FISCAL IMPACT

Original Contract Not-to-Exceed Amount:	\$597,900
Cost of 6-month Contract Extension*:	<u>64,550</u>
Amended Contract Not-to-Exceed Amount:	\$662,450

* The cost of the contract extension will be a \$10,758.33 fee per month for six months. The monthly fee is equal to the monthly fee under the current contract with Callan LLC.

DISCUSSION

Callan LLC provides retirement fund investment consulting services to the Retirement Plans for employees and retirees of Sacramento Regional Transit District (SacRT) under a five-year agreement, effective July 1, 2013 and due to expire on June 30, 2018. Staff started the process to issue a new Request for Proposal in October 2017; however, due to staffing constraints on the SacRT procurement team the solicitation process will not be completed prior to the expiration of the current contract.

The proposed contract extension through December 31, 2018 is necessary to facilitate continued investment performance evaluation, reporting, and guidance for the Retirement Plans, ensure timely fiscal-year-end reporting, and allow time for a transition process if a new consultant is selected. Staff recommends that the Retirement Boards delegate authority to the General Manager/CEO to execute the proposed six-month contract amendment with Callan LLC.

Approved:

Presented:

Final 3/6/2018

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\March 14, 2018\Compiling\03-14-18 Callan Associates Amendment.docx

RESOLUTION NO. 18-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

March 14, 2018

DELEGATE AUTHORITY TO THE SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO SIGN A FIRST AMENDMENT TO THE INVESTMENT CONSULTANT SERVICES CONTRACT WITH CALLAN ASSOCIATES, INC. TO EXTEND THE TERM OF THE CONTRACT THROUGH DECEMBER 31, 2018

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, it is in the best interest of the Retirement Plan to extend the five-year term of the investment consultant services contract with Callan Associates, Inc., effective July 1, 2013, through December 31, 2018.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute a first amendment to the investment consultant services contract with Callan Associates, Inc., in a form approved by Legal Counsel, to extend the contract through December 31, 2018 and increase the total consideration by up to \$64,550 for to a new total contract amount not to exceed \$662,450.

RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

March 14, 2018

DELEGATE AUTHORITY TO THE SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO SIGN A FIRST AMENDMENT TO THE INVESTMENT CONSULTANT SERVICES CONTRACT WITH CALLAN ASSOCIATES, INC. TO EXTEND THE TERM OF THE CONTRACT THROUGH DECEMBER 31, 2018

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, it is in the best interest of the Retirement Plan to extend the five-year term of the investment consultant services contract with Callan Associates, Inc., effective July 1, 2013, through December 31, 2018.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute a first amendment to the investment consultant services contract with Callan Associates, Inc., in a form approved by Legal Counsel, to extend the contract through December 31, 2018 and increase the total consideration by up to \$64,550 for to a new total contract amount not to exceed \$662,450.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

DELEGATE AUTHORITY TO THE SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO SIGN A FIRST AMENDMENT TO THE INVESTMENT CONSULTANT SERVICES CONTRACT WITH CALLAN ASSOCIATES, INC. TO EXTEND THE TERM OF THE CONTRACT THROUGH DECEMBER 31, 2018

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

THAT, it is in the best interest of the Retirement Plan to extend the five-year term of the investment consultant services contract with Callan Associates, Inc., effective July 1, 2013, through December 31, 2018.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute a first amendment to the investment consultant services contract with Callan Associates, Inc., in a form approved by Legal Counsel, to extend the contract through December 31, 2018 and increase the total consideration by up to \$64,550 for to a new total contract amount not to exceed \$662,450.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

DELEGATE AUTHORITY TO THE SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO SIGN A FIRST AMENDMENT TO THE INVESTMENT CONSULTANT SERVICES CONTRACT WITH CALLAN ASSOCIATES, INC. TO EXTEND THE TERM OF THE CONTRACT THROUGH DECEMBER 31, 2018

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

THAT, it is in the best interest of the Retirement Plan to extend the five-year term of the investment consultant services contract with Callan Associates, Inc., effective July 1, 2013, through December 31, 2018.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute a first amendment to the investment consultant services contract with Callan Associates, Inc., in a form approved by Legal Counsel, to extend the contract through December 31, 2018 and increase the total consideration by up to \$64,550 for to a new total contract amount not to exceed \$662,450.

CHARLES MALLONEE, Chair

A T T E S T:

Gary Parks, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

DELEGATE AUTHORITY TO THE SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO SIGN A FIRST AMENDMENT TO THE INVESTMENT CONSULTANT SERVICES CONTRACT WITH CALLAN ASSOCIATES, INC. TO EXTEND THE TERM OF THE CONTRACT THROUGH DECEMBER 31, 2018

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

THAT, it is in the best interest of the Retirement Plan to extend the five-year term of the investment consultant services contract with Callan Associates, Inc., effective July 1, 2013, through December 31, 2018.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute a first amendment to the investment consultant services contract with Callan Associates, Inc., in a form approved by Legal Counsel, to extend the contract through December 31, 2018 and increase the total consideration by up to \$64,550 for to a new total contract amount not to exceed \$662,450.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
26	03/14/18	Retirement	Action	02/26/18

Subject: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the ATU Employees' Retirement Plan. (Weekly)

ISSUE

Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and, Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2019, for the ATU Employees' Retirement Plan.

RECOMMENDED ACTION

Adopt Resolution No. 18-03___, Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and, Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2019, for the ATU Employees' Retirement Plan.

FISCAL IMPACT

ATU Retirement Plan fiscal impact –The \$8,566,625 represents the estimated contributions to the Retirement Plan in FY 2019.

Sacramento Regional Transit District fiscal impact – The \$8,566,625 represents the estimated contributions from the District (pension expense) to the Plan.

Current FY 2018 Budget: \$8,231,346
FY 2019 Estimate: 8,566,625
Dollar Increase: \$ 335,279
Percentage Increase: 4.07%

The 4.07% increase is due to the following:

- 2.04% Increase in base cost from FY2018 to FY2019, ADC increased due to phase in of the 2015 experience study assumption changes
- 2.03% Increase for the change in the assumed rate of return

DISCUSSION

Cheiron Inc. ("Cheiron"), the actuary for the retirement plans for the employees and retirees of the Sacramento Regional Transit District ("Pension Plans" or "Retirement Plans"), has completed the annual Actuarial Valuation for the ATU Employees' Retirement Plan as of July 1, 2017 (Exhibit A).

Approved:

Presented:

Final 3/6/2018

VP of Finance/CFO

Pension and Retiree Services Administrator

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
26	03/14/18	Open	Action	02/26/18

Subject: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the ATU Employees' Retirement Plan. (Weekly)

The purpose of the Actuarial Valuation is to compute the ADC required to fund the Pension Plan according to actuarial principles and to present items required for disclosure under Governmental Accounting Standards Board (GASB) Statement No. 67.

At the Retirement Boards' February 7, 2018 special meeting, Cheiron presented the draft actuarial valuation results and expressed concern with the Pension Plans' current assumed rate of return, and advised the Boards that 34 out of 38 public pension plans in California, including plans maintained by four large transit agencies, have lower assumed rates of return than the Plans'. After discussion, the Retirement Boards directed Cheiron to revise the assumed rate of return from 7.50% to 7.25%, with a 3-year phase-in, in finalizing the valuation for the Board's consideration at the Quarterly Retirement Board Meeting in March 2018. Based on Cheiron's revised calculations, the proposed ADC for the ATU Retirement Plan for Fiscal Year (FY) 2019 is 28.15%, which is an increase from 27.04% over FY 2018. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Board adjust the Assumed Rate of Return to 7.25% with a 3-year phase-in, accept Cheiron's Actuarial Valuation report and instruct the Sacramento Regional Transit District to contribute 28.15% of eligible ATU Employees' payroll to the ATU Employees' Retirement Plan fund on a monthly basis, effective July 1, 2018.

RESOLUTION NO. 18-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

March 14, 2018

ADJUST THE ASSUMED RATE OF RETURN TO 7.25% AND ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE ATU EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2019

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Actuarial Valuation Report for the ATU Employees' Retirement Plan prepared by Cheiron, Inc., reflecting a decrease to the Assumed Rate of Return to 7.25% to be phased in over three years and attached as Exhibit A.

THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the ATU Employees' Retirement Plan fund at 28.15% of the payroll for eligible ATU Employees, on a monthly basis, effective July 1, 2018.

RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
29	03/14/18	Retirement	Action	02/27/18

Subject: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Weekly)

ISSUE

Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL).

RECOMMENDED ACTION

Adopt Resolution No. 18-03-_____, Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL).

FISCAL IMPACT

Estimated Annual Cost: \$39,121
ATU portion- \$13,040
IBEW portion- \$13,040
Salary portion- \$13,040

DISCUSSION

Each year, staff contacts the Sacramento Regional Transit District's insurance broker, currently Alliant, to secure fiduciary liability insurance for the Retirement Boards.

The Boards' current policy, issued by Federal Insurance Company (Chubb), expires May 6, 2018. The policy provides a \$10 million limit, with a deductible of \$25,000, for an annual premium of \$39,121.

The policy also includes provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, and including personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage (\$25 for the 2018-19 policy year).

The current Chubb Fiduciary Liability policy includes Chubb's Guaranteed Renewal Endorsement (GRE) so no renewal application was needed and there will be no increase in premium as long as there are no breaches to the GRE provisions. Although we don't have final confirmation from Alliant of the level premium, we are confident that there will be no increase because the Plans have not experienced any breaches to the GRE provisions.

Approved:

Presented:

Final 3/6/2018

VP, Finance/CFO

Pension and Retiree Services Administrator

J:\Retirement Board\2018\IPs\Quarterly Meetings\March 14, 2018\Draft Fiduciary InsurancePolicy -Delegation.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
29	03/14/18	Retirement	Action	02/27/18

Subject: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Weekly)

Staff recommends that the Boards delegate authority for the District's VP, Finance/CFO to bind a one-year policy renewal with Chubb with a premium of \$39,121. If there is a premium increase, Staff will bring the policy back to the Boards for review and approval.

RESOLUTION NO. 18-03-_____

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

March 14, 2018

**AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL FOR
FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the AEA (Retirement Board) hereby authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a \$10.0 million limit, (b) a deductible of \$25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed \$39,121.

THAT, the Retirement Board further authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

**AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL FOR
FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional
Transit District Employees Who are Members of the AFSCME (Retirement Board)
hereby authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to
purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with
(a) a \$10.0 million limit, (b) a deductible of \$25,000, (c) provisions governing how the
policy would be applied in case of a claim implicating the deductible, including waivers
in specific limited conditions, (d) personal coverage for each member/alternate of the
Retirement Boards who pays a nominal amount for their own coverage, and (e)
premiums not to exceed \$39,121.

THAT, the Retirement Board further authorizes the VP, Finance/CFO of the
Sacramento Regional Transit District to take any other steps necessary to give effect to
this resolution.

Charles Mallonee, Chair

A T T E S T:

Gary Parks, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

**AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL FOR
FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the MCEG (Retirement Board) hereby authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a \$10.0 million limit, (b) a deductible of \$25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed \$39,121.

THAT, the Retirement Board further authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

**AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL FOR
FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE
RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF THE IBEW,
LOCAL UNION 1245 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the IBEW, Local Union 1245 (Retirement Board) hereby authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a \$10.0 million limit, (b) a deductible of \$25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed \$39,121.

THAT, the Retirement Board further authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-03-_____

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

March 14, 2018

**AUTHORIZING EXECUTION OF A CONTRACT OR CONTRACT RENEWAL FOR
FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the ATU, Local Union 256 (Retirement Board) hereby authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to purchase one year of Fiduciary Liability Insurance for the five Retirement Boards with (a) a \$10.0 million limit, (b) a deductible of \$25,000, (c) provisions governing how the policy would be applied in case of a claim implicating the deductible, including waivers in specific limited conditions, (d) personal coverage for each member/alternate of the Retirement Boards who pays a nominal amount for their own coverage, and (e) premiums not to exceed \$39,121.

THAT, the Retirement Board further authorizes the VP, Finance/CFO of the Sacramento Regional Transit District to take any other steps necessary to give effect to this resolution.

Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/14/18	Retirement	Action	2/16/18

Subject: Approving Disability Retirement Application for Renee Campbell (ATU). (Weekly)

ISSUE

Whether to Approve an Application for Disability Retirement submitted by Christina Martinez.

RECOMMENDED ACTION

Adopt Resolution No. 18-03-_____, Approving Disability Retirement of Christina Martinez.

FISCAL IMPACT

Retirement benefits are funded under the Retirement Plan for Regional Transit Employees who are Members of ATU Local 256, hereinafter referred to as the "Retirement Plan."

DISCUSSION

Eligibility

Christina Martinez, hereinafter referred to as "Applicant," is a member of the Retirement Plan, pursuant to Article 3 of the Retirement Plan.

Vesting

The Applicant was in the continuous employ of the District since September 14, 1998 as a part-time employee and since July 9, 2000 as a full-time employee. She has completed at least 10 Years of Service and achieved 100% vesting pursuant to Article 5 of the Retirement Plan.

Service

The Applicant was an Eligible Employee within the meaning of Article 2 of the Retirement Plan when the illness or injury at issue occurred, and has terminated service as an Employee of the District.

Age

There is no minimum age requirement for eligibility for disability retirement benefits.

Disability

Michael Cohen, M.D., evaluated the Applicant on February 2, 2018. Retirement Plan staff received Dr. Cohen's medical report on February 27, 2018. According to the medical report, Dr. Cohen has determined that the Applicant has a permanent physical or mental condition, resulting

Approved:

Presented:

Final 3/6/2018
VP, Finance/ CFO

Pension and Retiree Services Administrator
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REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/14/18	Retirement	Action	02/16/18

Subject: Approving Disability Retirement Application for Renee Campbell (ATU). (Weekly)

from illness or injury, that disqualifies her from performing the duties of her position as a Bus Operator.

Allowance

Due to the recent receipt of Dr. Cohen's medical report, Retirement Plan staff has not yet completed a final calculation of the Applicant's disability retirement benefits. If the Board approves the Applicant's disability retirement, the calculation will be completed as soon as administratively practicable.

RESOLUTION NO. 18-03-_____

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

March 14, 2018

APPROVE DISABILITY RETIREMENT APPLICATION FOR CHRISTINA MARTINEZ

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR REGIONAL TRANSIT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Regional Transit Employees who are Members of the ATU Local Union 256 (Retirement Board) hereby approves the disability retirement application for Christina Martinez.

Ralph Niz, Chair

A T T E S T:

Corina De La Torre, Secretary

By: _____
Valerie Weekly, Assistant Secretary