



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 20, 2019

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, Kennedy, Niz, McGee Lee Alternates: Jennings, Lucien
IBEW Retirement Board:	Directors: Li, Kennedy, Ohlson, Bibbs Alternates: Jennings, McCleskey
AEA Retirement Board:	Directors: Li, Kennedy, Devorak, Robison Alternates: Jennings, McGoldrick
AFSCME Retirement Board:	Directors: Li, Kennedy, Parks, Guimond Alternates: Jennings, Thompson
MCEG Retirement Board:	Directors: Li, Kennedy, Thorn, Norman Alternates: Jennings, Flores

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 12, 2018 Quarterly Retirement Board Meeting (AEA). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
3. Motion	Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Motion	Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the December 12, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Resolution:	Adopting Amended Retirement Board Member and Staff Education and Travel Policy (AFSCME). (Weekly).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Resolution:	Adoption the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended September 30, 2018 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"/>
9. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2018 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"/>
10. Motion:	Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Motion	Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Approving the Minutes for the December 12, 2018 Quarterly Retirement Board Meeting (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Motion:	Approving the Minutes for the January 24, 2019 Special Retirement Board Meeting (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Motion	Receive and File the Fiscal Year 2018 State Controller's Report (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Motion:	Approving the Minutes for the December 12, 2018 Quarterly Retirement Board Meeting (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Motion:	Receive and File the Fiscal Year 2018 State Controller's Report (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Motion:	Approving the Minutes for the December 12, 2018 Quarterly Retirement Board Meeting (MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2018 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"/>

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
21. Motion:	Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22. Motion:	Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23. Motion:	Receive and File Update on Staff Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

NEW BUSINESS

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
24. Resolution:	Election of a Chair and Vice Chair for all Common Retirement Board Meetings (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
25. Resolution:	Election of Governing Board Officers of Sacramento Regional Transit District (District) Retirement Plans (ATU, AFSCME, MCEG). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
26. 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, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
27. Information:	Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
28. Motion	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended 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"/>
29. Information:	Educational Session on Real Estate Investments Presented by Callan LLC (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
30. Resolution:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the ATU Employees' Retirement Plan (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. Resolution:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rates for Fiscal Year 2020, for the IBEW Employees' Retirement Plan (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32. Resolution:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rates for Fiscal Year 2020, 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"/>
33. Resolution:	Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards and Approving Delegation of Authority for Renewals (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
34. Resolution:	Approving Disability Retirement for Joseph Nagel (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

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 SacRT'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 Pension and Retiree Services Administrator at 916-556-0296 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

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

**Sacramento Regional Transit District
AEA Retirement Board Meeting
Wednesday, December 12, 2018
MEETING SUMMARY**

ROLL CALL

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

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

By AEA Resolution No. 17-09-191 for calendar year 2018, Common Vice Chair Director Li performed the duties of the Chair of this Retirement Board meeting.

AGENDA REVISIONS

The Assistant Secretary announced that Items 18 and 21 were removed from the Agenda.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

1. Motion: Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (AEA). (Weekly)
2. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
12. Motion: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
13. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Weekly).

Director Li moved to adopt AEA Retirement Board Items 1, 2, 12 and 13. Director Devorak seconded the motion. Items 1, 2, 12 and 13 were carried unanimously by roll call vote: Ayes: Directors Li, Devorak and Robison. Noes: None.

NEW BUSINESS

14. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson, CFA, Vice President, Dimensional Fund Advisors (DFA), who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2018 and was available for questions.

Director Li asked about the countries included within the asset class. Mr. Simpson provided an overview of the asset class markets. Director Devorak asked if China is still considered an "emerging market." Mr. Simpson answered in the affirmative.

15. 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, 2018 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors (SSgA), who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended September 30, 2018 and was available for questions.

16. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended September 30, 2018 and was available for questions. In response to a question from Director Devorak regarding the Plans' investment in DFA, Ms. Heaphy advised that the Plans have invested with DFA for 5 years and that it outperformed the benchmark in 2014, 2015, 2016 and 2017.

Director Devorak moved to adopt Item 16. Director Li seconded the motion. Item 23 was carried unanimously by roll call vote: Ayes: Directors Li, Devorak and Robison. Noes: None.

17. Information: Educational Session on Private Equity Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Harshal Shah with Callan LLC, who provided an educational presentation on private equity as an asset class. This was the second in a series of three educational presentations made by Callan regarding different asset classes. Jamie Adelman explained that in March 2019, Callan will provide the third and final presentation, which will be on Real Estate as an asset class, and in Spring 2019 Callan will prepare a full asset liability study and share the results in June 2019.

19. Information: Educational Session on Local Government Ethics (Compliant with AB 1234) by Hanson Bridgett LLP (ALL). (Weekly)

Attorneys Shayna van Hoften and Nicole Witt from Hanson Bridgett, the Retirement Boards' legal counsel, provided a two-hour interactive ethics training. Materials were distributed at the training.

ATU Director Niz and MCEG Director Lonergan departed at 10:22 a.m.

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

Valerie Weekly provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans. Ms. Weekly introduced Lynda Volk and explained that she will take on some of Jamie Adelman's responsibilities with respect to the Boards and Plans. Ms. Weekly also introduced Tricia Thomas-Perez, who will perform Retirement Board meeting functions delegated by Ms. Weekly, including roll call for attendance and votes.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The meeting was adjourned at 12:29 p.m.

Russel Devorak, Chair

ATTEST:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of December 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2018. 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

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Administrative Reports - Salaried.docx

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Changes in Fiduciary Net Position (income statement) for the quarter ended December 31, 2018 (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 Treasury Controller. The Treasury Controller 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 Salaried Plan's Schedule of Cash Activities for the three months ended December 31, 2018. 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, 2018. The Salaried Plan reimbursed \$148,565.18 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 Salaried Plan's Asset Allocation as of December 31, 2018. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2018.

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

Accrual Basis

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	88,451,593.29
Total Long-Term Investments	88,451,593.29
Total Checking/Savings	88,451,593.29
Accounts Receivable	
1110105 · Other Receivable-CustodianError	114,197.25
Total Accounts Receivable	114,197.25
Other Current Assets	
1110120 · Prepays	4,299.55
Total Other Current Assets	4,299.55
Total Current Assets	88,570,090.09
TOTAL ASSETS	88,570,090.09
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	25,009.60
3110110 · Other Pay - Due to RT	14,386.85
3110122 · MetWest	22,907.76
3110124 · Boston Partners	19,836.86
3110125 · Callan	7,082.64
3110126 · State Street	22,095.66
3110128 · Atlanta Capital	14,600.38
3110129 · S&P Index - SSgA	1,858.41
3110130 · EAFE - SSgA	847.40
3110132 · Pyrford	14,074.31
Total Accounts Payable	142,699.87
Total Current Liabilities	142,699.87
Total Liabilities	142,699.87
Equity	
3340101 · Retained Earnings	93,130,088.73
Net Income	-4,702,698.51
Total Equity	88,427,390.22
TOTAL LIABILITIES & EQUITY	88,570,090.09

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

Attachment #2

Accrual Basis

October through December 2018

	Oct - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc	516,660.79	-9.0%
Investment Income	-8,276,426.72	144.9%
RT Required Contribution	2,009,958.25	-35.2%
6630110 · Employee Contribution	37,659.78	-0.7%
Total Income	-5,712,147.90	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	847,086.05	-14.8%
8531211 · AFSCME-Retirement Benefits Paid	465,092.73	-8.1%
8531212 · MCEG - Retirement Benefits Paid	712,418.19	-12.5%
8531213 · Employee Contribution Refunds	11,245.50	-0.2%
8532004 · Invest Exp - MetropolitanWest	22,907.77	-0.4%
8532013 · Invest Exp - Boston Partners	19,836.86	-0.3%
8532020 · Invest Exp - Callan	14,170.92	-0.2%
8532021 · Invest Exp - State Street	11,189.79	-0.2%
8532024 · Invest Exp - Atlanta Capital	14,600.38	-0.3%
8532025 · Invest Exp - S&P Index SSgA	1,858.41	-0.0%
8532026 · Invest Exp - EAFE SSgA	847.40	-0.0%
8532027 · Invest Exp - AQR	9,475.18	-0.2%
8532028 · Invest Exp - Pyrford	14,074.31	-0.2%
Total COGS	2,144,803.49	-37.5%
Gross Profit	-7,856,951.39	137.5%
Expense		
8533002 · Admin Exp - Actuary	10,299.01	-0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	314.27	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	-0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	23,883.73	-0.4%
8533029 · Admin Exp - Administrator	24,230.26	-0.4%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
Total Expense	62,118.60	-1.1%
Net Income	-7,919,069.99	138.6%

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July through December 2018**

Accrual Basis

	<u>Jul - Dec 18</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	912,317.72	-272.7%
Investment Income	-5,322,893.43	1,590.8%
RT Required Contribution	4,000,282.18	-1,195.5%
6630110 · Employee Contribution	75,690.04	-22.6%
Total Income	-334,603.49	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	1,668,017.31	-498.5%
8531211 · AFSCME-Retirement Benefits Paid	909,320.55	-271.8%
8531212 · MCEG - Retirement Benefits Paid	1,424,836.38	-425.8%
8531213 · Employee Contribution Refunds	33,706.27	-10.1%
8532004 · Invest Exp - MetropolitanWest	45,673.04	-13.6%
8532013 · Invest Exp - Boston Partners	40,336.18	-12.1%
8532020 · Invest Exp - Callan	21,252.09	-6.4%
8532021 · Invest Exp - State Street	22,201.95	-6.6%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	31,650.59	-9.5%
8532025 · Invest Exp - S&P Index SSgA	3,883.77	-1.2%
8532026 · Invest Exp - EAFE SSgA	1,787.04	-0.5%
8532027 · Invest Exp - AQR	19,826.27	-5.9%
8532028 · Invest Exp - Pyrford	29,530.88	-8.8%
Total COGS	4,252,022.32	-1,270.8%
Gross Profit	-4,586,625.81	1,370.8%
Expense		
8533002 · Admin Exp - Actuary	17,658.10	-5.3%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	519.23	-0.2%
8533014 · Admin Exp - Fiduciary Insurance	6,449.34	-1.9%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	250.00	-0.1%
8533026 · Admin Exp - Legal Services	43,643.72	-13.0%
8533028 · Admin Exp - Staff Training	83.34	-0.0%
8533029 · Admin Exp - Administrator	43,968.97	-13.1%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	3,333.34	-1.0%
Total Expense	116,072.70	-34.7%
Net Income	<u>-4,702,698.51</u>	<u>1,405.5%</u>

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2018**

	October 2018	November 2018	December 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2018	35,288.37	106,422.58	(35,132.90)	35,288.37
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 29.05 to 34.30%	662,688.00	680,664.32	666,605.93	2,009,958.25
Employee Pension Contributions	11,238.17	11,738.81	14,682.80	37,659.78
Total Deposits	673,926.17	692,403.13	681,288.73	2,047,618.03
<u>Expenses</u>				
Payout to Retirees:				
AEA	(288,545.49)	(279,988.96)	(278,551.60)	(847,086.05)
AFSCME	(148,967.34)	(157,930.37)	(158,195.02)	(465,092.73)
MCEG	(237,472.73)	(237,472.73)	(237,472.73)	(712,418.19)
Employee Contribution Refunds	(2,830.65)	(8,414.85)	-	(11,245.50)
Payout to Retirees Subtotal	(677,816.21)	(683,806.91)	(674,219.35)	(2,035,842.47)
Fund Investment Management Expenses:				
Boston Partners	(20,499.32)	-	-	(20,499.32)
SSgA S&P 500 Index	(2,025.36)	-	-	(2,025.36)
Atlanta Capital	(17,050.21)	-	-	(17,050.21)
Pyrford	(15,456.57)	-	-	(15,456.57)
SSgA EAFE MSCI	(939.64)	-	-	(939.64)
Metropolitan West	(22,765.28)	-	-	(22,765.28)
Callan	(3,546.01)	(3,542.27)	-	(7,088.28)
State Street	(3,772.25)	-	-	(3,772.25)
Fund Invest. Mgmt Exp. Subtotal	(86,054.64)	(3,542.27)	-	(89,596.91)
Administrative Expenses				
Actuarial Services	(2,323.00)	(2,784.67)	-	(5,107.67)
Legal Services	(6,586.66)	-	(13,436.79)	(20,023.45)
CALAPRS Dues	-	-	(166.66)	(166.66)
Travel	(314.27)	-	-	(314.27)
Pension Administration	(7,256.97)	(9,120.44)	(7,852.85)	(24,230.26)
Administrative Exp. Subtotal	(16,480.90)	(11,905.11)	(21,456.30)	(49,842.31)
Total Expenses	(780,351.75)	(699,254.29)	(695,675.65)	(2,175,281.69)
Monthly Net Owed from/(to) District	(106,425.58)	(6,851.16)	(14,386.92)	(127,663.66)
Due To ATU Plan- Custodian Error Payment from/(to) the District	-	(41,983.99)	(72,213.26)	(114,197.25)
	(35,291.37)	(106,422.65)	(6,851.16)	(148,565.18)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	106,422.58	(35,132.90)	(99,810.40)	(99,810.40)

RT Combined Pension Plans - ATU, IBEW and Salaried
 Asset Allocation *
 As of December 31, 2018

Asset Class	Net Asset Market Value 12/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 41,044,717	15.25%	16.00%	-0.75%	\$ (2,012,874)	
Large Cap Growth - SSgA S&P 500 Index - XH	42,567,942	15.82%	16.00%	-0.18%	(489,650)	
Total Large Cap Domestic Equity	83,612,659	31.07%	32.00%	-0.93%	(2,502,524)	\$ 86,115,183
Small Cap - Atlanta Capital - XB	22,212,390	8.25%	8.00%	0.25%	683,594	21,528,796
International Equity:						
Large Cap Growth:						
Pyrford - ZD	24,468,964	9.09%	9.50%	-0.41%	(1,096,481)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,970,217	3.70%				
Value - Brandes - XE	2,669	0.00%				
Total Core	9,972,886	3.71%	4.50%	-0.79%	(2,137,062)	
Small Cap:						
AQR - ZB	11,927,382	4.43%	5.00%	-0.57%	(1,528,115)	
Emerging Markets						
DFA - ZA	15,024,005	5.58%	6.00%	-0.42%	(1,122,591)	
Total International Equity	61,393,238	22.81%	25.00%	-2.19%	(5,884,249)	67,277,487
Fixed Income:						
Met West - XD	101,891,659	37.86%	35.00%	2.86%	7,703,178	94,188,481
Total Combined Net Asset	\$ 269,109,946	100.00%	100.00%	0.00%	\$ (1) \$ 269,109,946	

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of December 31, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	126,312,955
IBEW Allocated Custodial Assets	54,345,398
Salaried Allocated Custodial Assets	<u>88,451,593</u>
Total Consolidated Net Asset	<u><u>269,109,946</u></u>
Per Callan Report:	
Total Investments	<u><u>269,112,361</u></u>
Net Difference	<u><u>(2,415) *</u></u>

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	754,428
ATU - Investment Income	(11,003,570)
IBEW - Interest, Dividends, and Other Income	320,586
IBEW - Investment Income	(4,849,102)
Salaried - Interest, Dividends, and Other Income	507,009
Salaried - Investment Income	<u>(8,276,427)</u>
Total Investment Income	<u><u>(22,547,076)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(22,543,569)</u></u>
Net Difference	<u><u>(3,507) **</u></u>

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended December 31, 2018**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU	(269,090)		(184,779)	(453,869)
S&P 500 Index - IBEW	(53,834)		(32,398)	(86,233)
S&P 500 Index - Salaried	(35,291)		(6,851)	(42,143)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Metropolitan West - ATU		(299,003)		(299,003)
Metropolitan West - IBEW		(78,875)		(78,875)
Metropolitan West - Salaried		(106,423)		(106,423)
Total Payments from/(to) the District	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	(358,216)	-	(224,028)	(582,244)
Atlanta Capital	-	-	-	-
Metropolitan West	-	(484,300)	-	(484,300)
Total Transfers In/(Out) of Investment Funds	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,066,545)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2018**

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	(711,871)	(2,810,287)	-	-	(3,522,158)
Boston Partners - IBEW	(46,224)	(987,443)	-	-	(1,033,667)
Boston Partners - Salaried	333,215	(1,461,943)	-	-	(1,128,728)
S&P 500 Index - ATU	(1,056,615)	(1,770,269)	-	(453,869)	(3,280,753)
S&P 500 Index - IBEW	(151,776)	(804,753)	-	(86,233)	(1,042,762)
S&P 500 Index - Salaried	213,560	(1,395,393)	-	(42,143)	(1,223,976)
Atlanta Capital - ATU	(220,607)	(1,844,745)	(572,143)	-	(2,637,495)
Atlanta Capital - IBEW	-	(788,042)	(121,006)	-	(909,048)
Atlanta Capital - Salaried	220,607	(1,435,641)	(79,419)	-	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	(244,192)	-	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	244,192	-	-	-	244,192
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)	5,485,262	(327,866)	(299,003)	4,061,794
Metropolitan West - IBEW	-	2,418,623	(56,407)	(78,875)	2,283,341
Metropolitan West - Salaried	796,599	4,211,226	75,846	(106,423)	4,977,248
Total Payments from/(to) the District	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(1,066,545)</u>	<u>(4,750,655)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/18**

	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	2,685,388	100.00%				16,967,554	100.00%			
Investment Expense	(246,408)	9.18%				(715,725)	4.22%			
Net Gain/(Loss)	2,438,980	90.82%	-8.78%	-8.27%	(51.00)	16,251,829	95.78%	7.64%	6.95%	69.00
S&P 500										
Investment Returns	4,690,444	100.00%				18,516,394	100.00%			
Investment Expense	(23,633)	0.50%				(98,487)	0.53%			
Net Gain/(Loss)	4,666,811	99.50%	-4.44%	-4.38%	(6.00)	18,417,907	99.47%	9.23%	9.26%	(3.00)
Atlanta Capital										
Investment Returns	4,240,563	100.00%				11,610,552	100.00%			
Investment Expense	(192,386)	4.54%				(573,677)	4.94%			
Net Gain/(Loss)	4,048,177	95.46%	0.97%	-11.01%	1198.00	11,036,875	95.06%	10.85%	7.36%	349.00
Pyrford										
Investment Returns	(184,531)	100.00%				1,142,298	100.00%			
Investment Expense	(181,511)	-98.36%				(289,119)	25.31%			
Net Gain/(Loss)	(366,042)	198.36%	-10.93%	-13.79%	286.00	853,179	74.69%	N/A	N/A	N/A
EAFE										
Investment Returns	(127,557)	100.00%				2,159,261	100.00%			
Investment Expense	(11,202)	-8.78%				(36,607)	1.70%			
Net Gain/(Loss)	(138,759)	108.78%	-13.58%	-13.79%	21.00	2,122,654	98.30%	3.13%	2.87%	26.00
Brandes										
Investment Returns	(122)	100.00%				(1,751)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(122)	100.00%	N/A	N/A	N/A	(1,751)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	(776,701)	100.00%				2,794,787	100.00%			
Investment Expense	(139,814)	-18.00%				(318,508)	11.40%			
Net Gain/(Loss)	(916,515)	118.00%	-20.70%	-17.89%	(281.00)	2,476,279	88.60%	N/A	N/A	N/A
DFA										
Investment Returns	(1,677,231)	100.00%				4,469,732	100.00%			
Investment Expense	(81,858)	-4.88%				(270,029)	6.04%			
Net Gain/(Loss)	(1,759,089)	104.88%	-15.25%	-14.57%	(68.00)	4,199,703		9.13%	9.25%	(12.00)
Metropolitan West										
Investment Returns	(910,640)	100.00%				4,891,137	100.00%			
Investment Expense	(277,143)	-30.43%				(761,658)	15.57%			
Net Gain/(Loss)	(1,187,783)	130.43%	0.47%	0.01%	46.00	4,129,480	84.43%	2.21%	2.06%	15.00
Total Fund										
Investment Returns	7,939,613	100.00%				66,276,378	100.00%			
Investment Expense	(1,153,955)	14.53%				(3,198,652)	4.83%			
Net Gain/(Loss)	6,785,658	85.47%	-5.44%	-5.82%	38.00	63,077,726	95.17%	5.47%	5.59%	(12.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: October 1, 2018 to December 31, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
3041	Facilities Svc Worker	IBEW	10/1/2018
1420	Real Estate Administrator	AEA	10/1/2018
3140	Administrative Assistant	AFSCME Admin Tech	10/1/2018
1196	Maintenance Supervisor	AEA	10/1/2018
2894	Bus Operator	ATUL	10/4/2018
1202	Sr. Financial Analyst	AEA	11/1/2018
2227	Maintenance Supervisor	AFSCME Supervisor	11/1/2018
1024	Administrative Assistant	AEA	11/1/2018
546	Bus Operator	ATU	11/1/2018
2351	Sr. Quality Assurance	AEA	12/1/2018
1534	Maintenance Supervisor	AFSCME Supervisor	12/1/2018
2428	Bus Operator	ATU	12/2/2018
2622	Bus Operator	ATU	12/3/2018
590	Bus Operator	ATU	12/17/2018
3107	CBS Operator	ATU	12/23/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
817	ATU	50% Joint & Survivor	10/4/2018
1443	AEA	Life Alone	10/5/2018
3976	IBEW	Survivor Beneficiary	10/13/2018
2226	IBEW	Life Alone	11/2/2018
1335	ATU	Life Alone	11/10/2018
3191	ATU	Survivor Beneficiary	11/11/2018
396	ATU	50% Joint & Survivor	11/18/2018
1524	AEA	50% Joint & Survivor	12/6/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (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, 2018 was filed on December 26, 2018.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 SCO Report Salaried.docx

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

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Reporting Year: **2018**ID Number: **16383440511**For the Fiscal Year Ended: 06/30/2018 (MM/DD/YYYY)

Certification:

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

Fiscal Officer

Jamie Adelman
Signature

Treasury Controller
Title

Jamie Adelman
Name (Please Print)

(916) 321-3823 12/26/18
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 12/21/2018 9:16:10 AM

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

Fiscal Year: 2018

Mailing Address

Street 1 Type of Plan
 Street 2 Retirement Administrator
 City Telephone
 State Zip Email Has Address Changed?

Report Prepared By

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

Independent Auditor

Firm Name Street 1
 First Name Street 2
 Middle Initial City State Zip
 Last Name Telephone
 Email

Additional Information

Actuary/Actuary Firm Street 1
 Street 2
 Contact Name P.O. Box
 City State Zip
 Date of Valuation Report Telephone
 Email

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Comments for the Retirement Report

Fiscal Year: 2018

Comments

Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates).

Note: Schedule 12b Plan Identification Demographic Rates Years of Service is intentionally left blank. When the actuarial assumptions are age & service based we only entered them on the Schedule 12a Plan Identification Demographic Rates Age.

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

Fiscal Year: 2018

Assets	
R01. Cash and Cash Equivalents	4,395,496
Receivables	
R02. Contributions	
R03. Investments	322,073
R04. Other Receivables	102,890
R05. Total Receivables	424,963
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	17,618,123
R08. Municipal Bonds	429,581
R09. Domestic Corporate Bonds	9,876,147
R10. International Bonds	
R11. Domestic Stocks	39,382,124
R12. International Stocks	22,104,419
R13. Real Estate	1,169,301
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	3,448,838
R17. Total Investments	94,028,533
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$98,848,992
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	104,837
R25. Investment Purchases Payable	5,614,066
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$5,718,903
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$93,130,089

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

Fiscal Year: 2018

Contributions

Employer

R01.	General	7,669,178
R02.	Safety	
R03.	Combined	
R04.	Total Employer	7,669,178

Member

R05.	General	143,094
R06.	Safety	
R07.	Combined	
R08.	Total Member	143,094

Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$7,812,272

Investment Income (Loss)

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	5,148,390
R15.	Interest	842,786
R16.	Dividends	516,495
R17.	Other Investment Income	
R18.	(Investment Expense)	-434,188

Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0

R22.	Net Investment Income (Loss)	\$6,073,483
R23.	Other Income	
R24.	Total Additions	\$13,885,755

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

Fiscal Year: 2018

Benefit Payments

Service Retirement

R01.	General	7,598,741
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	7,598,741

Disability Retirement

R05.	General	180,625
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	180,625

Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	7,779,366

Member Refunds

R14.	General	0
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	0

R18.	Administrative Expenses	247,077
R19.	Other Expenses	

R20.	Total Deductions	\$8,026,443
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R21.	Net Increase (Decrease) in Net Position	5,859,312
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R22.	Net Position Restricted for Pension Benefits, Beginning of Year	84,632,310
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R23.	Adjustment 1	2,638,467
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R24.	Adjustment 2	
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R25.	Net Position Restricted for Pension Benefits, End of Year	\$93,130,089
------	--	--------------

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

Fiscal Year: 2018

Total Pension Liability	
R01. Service Cost	3,647,115
R02. Interest	9,485,966
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	1,856,563
R05. Changes of Assumptions	3,291,931
R06. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R07. Net Change in Total Pension Liability	10,502,209
R08. Total Pension Liability – Beginning	128,508,322
R09. Adjustments	5,129,398
R10. Total Pension Liability – Ending (a)	144,139,929
Plan Fiduciary Net Position	
R11. Contributions – Employer	7,669,178
R12. Contributions – Member	143,094
R13. Contributions – Other	0
R14. Net Investment Income	6,073,483
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R17. Administrative Expenses	-247,077
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	5,859,312
R20. Plan Fiduciary Net Position – Beginning	84,632,310
R21. Adjustments	2,638,467
R22. Plan Fiduciary Net Position –Ending (b)	93,130,089
R23. Net Pension Liability – Ending (a) - (b)	51,009,840
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	64.61%
R25. Covered-Employee Payroll	24,283,580
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	210.06%

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

Fiscal Year: 2018

R01. Actuarially Determined Contributions	7,669,178
R02. Contributions in Relation to the Actuarially Determined Contributions	7,669,178
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	24,283,580
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	31.58%

Notes to Schedule

R06. Valuation Date

7/01/2016

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	16
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) the assumed investment return on the market value of assets.
R11. Inflation (%)	3.15
R12. Salary Increases	3.15 plus merit component
R13. Investment Rate of Return (%)	7.5
R14. Other Information	

Note:

(R08) Amortization Method: Level Percentage of Projected Payroll

(R09) Remaining Amortization Period: 16

(R12) Salary Increases: 3.15 plus merit component

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

Fiscal Year: 2018

Members			Active		Inactive	Retirement				Total Members
Member Type	Tier	System Status	Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General*	Non-PEPRA	Closed	176	10	50	254	6		19	515
General*	PEPRA	Open		31						31
Select		Select								
Grand Total Members			176	41	50	254	6		19	546

	State	Counties	Cities	Special	School	Other	Total
				Districts	Districts	Agencies	
Number of Agencies				1			1
Number of Members				546			546

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	20,629,720
General	PEPRA	2,549,471
Grand Total Payroll		\$23,179,191

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

Fiscal Year: 2018

Employer and Member Rates - Recommended by Actuary

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.78		16.78	33.17	0.00	33.17				
General	PEPRA	5.02		5.02	16.78		16.78	21.80	0.00	21.80				

Employer and Member Rates - Adopted by Governing Body

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.52		16.52	32.91	0.00	32.91				
General	PEPRA	5.02		5.02	16.61		16.61	21.63	0.00	21.63				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,674,727	3,847,137	7,521,864
General	PEPRA	40,404	141,263	181,667
Grand Total Employer Contributions		\$3,715,131	\$3,988,400	\$7,703,531

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

Fiscal Year: 2018

Economic Assumption Rates

R01. **Select Plan** Single-Employer Plan ▾

Return on Investments

R02. Real Rate of Return 4.25

R03. Inflation Component 3

R04. **Total Return on Investments** 7.25%

Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	2	2	2	2							1.55
R06. Inflation Component	3	3	3	3							3
R07. Total Salary Scale	5	5	5	5							4.55

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

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	6.25	7.25	8.25
R09. Net Pension Liability	67,776,158	51,009,840	36,794,075

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

Fiscal Year: 2018

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.37	6.45	7.56
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.93	12.09

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

Fiscal Year: 2018

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.02				8.00
R02. Age 30		0.03				8.00
R03. Age 35		0.03				3.00
R04. Age 40		0.04				3.00
R05. Age 45		0.07				2.50
R06. Age 50	5.00	0.11				0.00
R07. Age 55	5.00	0.20				0.00
R08. Age 60	15.00	0.39				0.00
R09. Age 65	25.00	0.84				0.00
R10. Age 70	100.00	0.00				0.00

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.02				8.00
R12. Age 30		0.03				8.00
R13. Age 35		0.03				3.00
R14. Age 40		0.04				3.00
R15. Age 45		0.07				2.50
R16. Age 50	5.00	0.11				
R17. Age 55	5.00	0.20				
R18. Age 60	15.00	0.39				
R19. Age 65	25.00	0.84				
R20. Age 70	100.00	0.00				

Safety - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Salaried Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Years of Service

Fiscal Year: 2018

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	0.00	0.00
R02. Year 10		
R03. Year 15		
R04. Year 20		
R05. Year 25		
R06. Year 30		
R07. Year 35		
R08. Year 40		
R09. Year 45		
R10. Year 50		

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5		
R12. Year 10		
R13. Year 15		
R14. Year 20		
R15. Year 25		
R16. Year 30		
R17. Year 35		
R18. Year 40		
R19. Year 45		
R20. Year 50		

Safety - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Salaried Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Statement of Funding Position and UAAL Amortization Method

Fiscal Year: 2018

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2017
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	132,986,393
R04. Actuarial Value of Assets (AVA)	85,685,275
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	47,301,118
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64.4
R07. Annual Covered Payroll (ACP)	23,179,191
R08. UAAL as a Percentage of ACP (AVA Basis)	204.1%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	84,632,310
R12. UAAL (MVA Basis)	48,354,083
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	15
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	2032

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

Fiscal Year: 2018

Eligibility

Member Type	Tier	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	Non-PEPRA	55	5								25
General	PEPRA	52	5								

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	Non-PEPRA					Y	
General	PEPRA					Y	

Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA			4	
General	PEPRA			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	Non-PEPRA		2.00	2.25	2.50	Supplementa
General	PEPRA		1.30	1.80	2.00	Supplementa

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

Fiscal Year: 2018

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	Non-PEPRA	2	2.5	2	2.5
General	PEPRA	1	2.5	1	2.5

Note or Special Requirements

For Classic Salaried members, the factor ranges from 2.0%-2.5% based on years of service and/or age. For PEPRA Salaried members, the factor ranges from 1.0%-2.5% based on age.

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

Fiscal Year: 2018		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	Cash equivalents amount fluctuates depending on timing of investment sales.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager. Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R24)AccountsPayable	Accounts payable balances fluctuate based on timing of payments.
NetPosition	(R25)InvestmentPurchasesPayable	Investment purchases payable fluctuate based on timing of investment transactions.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation) inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R15)Interest	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R16)Dividends	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R18)(InvestmentExpense)	Majority of the fluctuation is due to less actuarial services fees and a decrease in administration fees.
Deductions	(R14)MemberRefund-General	There were no refunds in 2018.
Deductions	(R23)Adjustment1	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
PlanMembership	GeneralNon-PEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanMembership	GeneralPEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanIdentification	(R08)Current-DiscountRate	Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

Total Footnote: 18

**Sacramento Regional Transit District
AFSCME Retirement Board Meeting
Wednesday, September 12, 2018
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, Mallonee, Parks and Alternate Guimond were present. Director Morin and Alternate Jennings were absent.

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

By AFSCME Resolution No. 17-09-158 for calendar year 2018, 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 June 20, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)
- 6. Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 7. Motion: Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
- 8. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)

Director Li moved to adopt AFSCME Retirement Board Items 5-7. Director Mallonee seconded the motion. Items 5-7 were carried unanimously by roll call vote: Ayes: Directors Li, Mallonee, Parks and Alternate Guimond. Noes: None.

NEW BUSINESS

21. Information: Investment Performance Review by Atlanta Capital for the ATU, IBEW, and Salaried Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended June 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Michael Jaje from Atlanta Capital, who provided the performance results for the Domestic Small Cap Equity Asset Class for the quarter ended June 30, 2018 and was available for questions.

22. Information: Investment Performance Review by Boston Partners for the ATU, IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Asset Class for the Quarter Ended June 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Carolyn Margiotti from Boston Partners, who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended June 30, 2018 and was available for questions.

23. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Uvan Tseng and Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended June 30, 2018 and were available for questions. In response to questions from Director Li and AEA Director Devorak, Mr. Tseng advised that, despite current performance by the emerging market equity manager, the long-term forecast for emerging markets is for higher growth than most developed nations, and that the current allocation remains appropriate. Ms. Heaphy noted that the manager produced returns of 27% in 2017. Jamie Adelman added that the emerging market equity allocation is only 5% of the Plans' portfolio.

Director Li moved to adopt Item 23. Director Mallonee seconded the motion. Item 23 was carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Parks. Noes: None.

24. Information: Educational Session on Hedge Funds and Multi-Asset Class Investments Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Kevin Machiz with Callan LLC, who provided an educational presentation on Hedge Funds and Multi-Asset Class Investments. In response to questions from Director Li, Mr. Machiz explained that many public retirement plans have exposure to hedge funds, and that the primary goal of the strategy is to provide

diversification and downside protection. ATU Director Niz commented that the lack of an appropriate benchmark and potential for additional fees was a concern regarding investment by the Plans in a hedge fund. Brent Bernegger asked whether the Boards could establish guidelines for selecting hedge funds or whether all hedge funds were unrestricted with respect to investments. Mr. Machiz responded that limitations would be established through the initial selection process, for example, by selecting with a conservative hedge fund manager. In response to a question from Mr. Bernegger regarding SEC monitoring of hedge funds, Mr. Machiz explained that the SEC is authorized to review hedge funds' financial statements, but that hedge funds are not required to file public reports. Any additional information requested by the Boards would need to be negotiated. Mr. Machiz explained that as part of its due diligence during the manager search process, Callan would screen all hedge funds with respect to the information the fund would be willing to provide to the Retirement Boards. Ms. Adelman explained that this is the first in a series of three educational presentations the Boards requested, and that Callan will provide educational presentations on private equity and real estate investments at subsequent meetings.

25. Resolution: Approving a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans (ALL). (Adelman)

Jamie Adelman provided a summary of the RFP process for Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans, the current contract for which will expire on December 31, 2018, as provided in the Staff Report. Ms. Adelman described how many responses to the RFP were received, the make-up of the Evaluation Committee, the evaluation process implemented by the Evaluation Committee, and the results. Based on the Committee's evaluation under the RFP criteria, Callan LLC had the highest composite score. Staff and Legal Counsel have completed negotiations with Callan for the proposed contract. The Evaluation Committee and Staff recommend that the Boards award the five-year contract for Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans to Callan LLC.

Director Li moved to adopt Item 25. Director Mallonee seconded the motion. Item 25 was carried unanimously by roll call vote: Ayes: Directors Li, Mallonee and Parks. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

26. Information: Conference Report-Out: Callan College and CALAPRS (ALL).

The following Retirement Board member attended the Callan College training on July 24-25, 2018:

IBEW Retirement Board Member: Jon McCleskey

The following Retirement Board members attended the CALAPRS trustee training on August 27-29, 2018:

IBEW Retirement Board Member: Jon McCleskey
AFSCME Retirement Board Member: Peter Guimond

Alternates Jon McCleskey and Peter Guimond provided reports on the benefits of the training. Both Alternate Directors expressed that the trainings met their expectations and provided excellent opportunities to acquire knowledge about topics that are relevant to their responsibilities with respect to the Plans.

The meeting was adjourned at 10:58 a.m.

_____, Chair

ATTEST:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

**Sacramento Regional Transit District
AFSCME Retirement Board Meeting
Wednesday, December 12, 2018
MEETING SUMMARY**

ROLL CALL

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

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

By AFSCME Resolution No. 17-09-158 for calendar year 2018, Common Vice Chair Director Li performed the duties of the Chair of this Retirement Board meeting.

AGENDA REVISIONS

The Assistant Secretary announced that Items 18 and 21 were removed from the Agenda.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 3. Motion: Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)
- 4. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 12. Motion: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
- 13. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Weekly).

Director Li moved to adopt AFSCME Retirement Board Items 3, 4, 12 and 13. Director Parks seconded the motion. The motion failed: Ayes: Directors Li and Parks. Abstain: Alternate Thompson. Noes: None.

NEW BUSINESS

14. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson, CFA, Vice President, Dimensional Fund Advisors (DFA), who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2018 and was available for questions.

Director Li asked about the countries included within the asset class. Mr. Simpson provided an overview of the asset class markets. AEA Director Devorak asked if China is still considered an "emerging market." Mr. Simpson answered in the affirmative.

15. 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, 2018 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors (SSgA), who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended September 30, 2018 and was available for questions.

16. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended September 30, 2018 and was available for questions. In response to a question from AEA Director Devorak regarding the Plans' investment in DFA, Ms. Heaphy advised that the Plans have invested with DFA for 5 years and that it outperformed the benchmark in 2014, 2015, 2016 and 2017.

Director Parks moved to adopt Item 16. Director Li seconded the motion. The motion failed: Ayes: Directors Li and Parks. Abstain: Thompson. Noes: None.

17. Information: Educational Session on Private Equity Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Harshal Shah with Callan LLC, who provided an educational presentation on private equity as an asset class. This was the second in a series of three educational presentations made by Callan regarding different asset classes. Jamie Adelman explained that in March 2019, Callan will provide the third and final presentation, which will be on Real Estate as an asset class, and in Spring 2019 Callan will prepare a full asset liability study and share the results in June 2019.

19. Information: Educational Session on Local Government Ethics (Compliant with AB 1234) by Hanson Bridgett LLP (ALL). (Weekly)

Attorneys Shayna van Hoften and Nicole Witt from Hanson Bridgett, the Retirement Boards' legal counsel, provided a two-hour interactive ethics training. Materials were distributed at the training.

ATU Director Niz and MCEG Director Lonergan departed at 10:22 a.m.

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

Valerie Weekly provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans. Ms. Weekly introduced Lynda Volk and explained that she will take on some of Jamie Adelman's responsibilities with respect to the Boards and Plans. Ms. Weekly also introduced Tricia Thomas-Perez, who will perform Retirement Board meeting functions delegated by Ms. Weekly, including roll call for attendance and votes.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The meeting was adjourned at 12:29 p.m.

_____, Chair

ATTEST:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	03/20/19	Open	Action	2/20/19

Subject: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (AFSCME). (Weekly)

ISSUE

Amendment of Retirement Board Education and Travel Policy (AFSCME). (Weekly)

RECOMMENDED ACTION

Adopt Resolution No. 19-03-_____ Amending the Retirement Board Member and Staff Education and Travel Policy.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

On June 14, 2017, the Retirement Boards approved resolutions amending the Retirement Board Member and Staff Education and Travel Policy (“Policy”). The Policy provides that new Retirement Board members will make reasonable efforts to attend Principles of Pension Management offered by California Association of Public Retirement Systems (CALAPRS), or similar introductory trustee training, as soon as reasonably possible following appointment or election. (See section 8.c.) The Policy further provides that the Treasury Controller will approve additional trainings for Retirement Board Members or Retirement Board Staff that fall within the established procurement authority and under the \$1,500 annual training budget established by the Boards, and that all other trainings will be approved by the Boards. (See sections 16 and 17.) The Policy does not specifically address CALAPRS trainings, other than the introductory trustee training.

Staff recommends amending the Policy to authorize the Treasury Controller to approve Retirement Board Member attendance at the CALAPRS Principles of Pension Management for Trustees, the CALAPRS Advanced Principles of Pension Management for Trustees or any of the courses in CALAPRS Courses for Retirement Plan Administration series. In addition, the Policy should be amended to clarify that costs associated with attending advanced CALAPRS trainings are not paid from the \$1,500 annual training budget. Attendance by Retirement Board members at these trainings will further the Policy objective of ensuring that all Retirement Board Members are provided with adequate opportunity and support to acquire the knowledge they need to effectively carry out their Retirement Board duties in a fiduciary capacity.

Although there is no fiscal impact associated with the amendment of this Policy, one AFSCME Retirement Board member has registered for the upcoming CALAPRS Advanced Principles of Pension Management for Trustees, with tuition of \$3,100 per participant, not including travel and per diem costs.

Approved:

Presented:

Final 03/12/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compiling\Hold\6 - [HB Edits] IP Amend Retirement Board Education Policy-03-20-19.DOC

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	03/20/19	Open	Action	2/20/19

Subject: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (AFSCME). (Weekly)

Four of the five Retirement Boards adopted the amended Policy set forth as Exhibit A at the Quarterly Retirement Board Meeting on December 12, 2018. The proposed action will allow the AFSCME Retirement Board's Policy to conform with that adopted by the other four Retirement Boards and will have the effect of ratifying the registration of one AFSCME Retirement Board member for an upcoming training under the amended Policy terms.

RESOLUTION NO. 19-03-_____

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

March 20, 2019

**ADOPTING AN AMENDED RETIREMENT
BOARD MEMBER AND STAFF EDUCATION AND TRAVEL POLICY**

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

THAT, the Retirement Board Member and Staff Education and Travel Policy as set
forth in Exhibit A is hereby adopted and made effective as of December 12, 2018.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

EXHIBIT A

RETIREMENT BOARD MEMBER AND STAFF EDUCATION AND TRAVEL POLICY

PREAMBLE

1. The Retirement Board's fiduciary duties of loyalty, skill, care and diligence extend across all facets of Plan administration, including the investment and management of public pension funds. Retirement Board Members acknowledge the need to acquire the necessary knowledge for prudently discharging their fiduciary duties in their roles as Retirement Board Members. Accordingly, the Retirement Board has adopted this Education and Travel Policy to provide Retirement Board Members with rules and guidelines for obtaining necessary education on matters related to public pension administration and investments.
2. This Policy will be implemented in compliance with the relevant provisions of the California Constitution, and applied consistently with the existing philosophy, objectives, policies and guidelines approved by the Retirement Board.

POLICY OBJECTIVES

3. The objectives of this Policy are to:
 - a. Ensure that all Retirement Board Members are provided with adequate opportunity and support to acquire the knowledge they need to effectively carry out their Retirement Board duties in a fiduciary capacity;
 - b. Raise awareness of the importance of fiduciary education for Retirement Board Members, and the level of expected Retirement Board Member commitment to that education;
 - c. Provide guidelines by which the Sacramento Regional Transit District (SacRT) will reimburse Retirement Board Members and Retirement Board Staff for qualifying travel expenditures; and
 - d. Ensure that travel expenditures incurred are prudent and cost effective.

POLICY GUIDELINES

General Provisions

4. Retirement Board Members agree to develop and maintain a sufficient level of knowledge and understanding of relevant issues pertaining to Plan administration throughout their terms on the Retirement Board.

5. Retirement Board Members agree to pursue appropriate education across a range of relevant pension-related topics designed to help them become proficient in performing their Retirement Board duties, rather than limiting their education to particular areas. The general topics include:
 - a. Governance and fiduciary duty;
 - b. Ethics;
 - c. Investment policy and asset allocation;
 - d. Benefits administration;
 - e. Actuarial policies and funding;
 - f. Technology; and
 - g. Regulatory and legal issues.
6. Appropriate educational tools for Retirement Board Members include, but are not limited to:
 - a. Conferences, seminars, webinars, workshops, roundtables, courses or similar events;
 - b. Association meetings or events;
 - c. In-house trainings such as the New Trustee Orientation program; and d. Relevant periodicals, listservs, journals, textbooks or similar materials.
7. Retirement Board Staff will regularly identify appropriate educational opportunities and distribute information about those opportunities to Retirement Board Members. Retirement Board Members are also encouraged to suggest educational opportunities that provide value to the Retirement Board. If a Retirement Board Member requests overnight lodging or other significant travel-related expenses, the conference or seminar that the Retirement Board Member should include an average of at least five hours of substantive educational content per day.
8. Retirement Board Members will make every reasonable effort to satisfy the following minimum standards and goals:
 - a. Acquire and maintain an appropriate level of knowledge and skill in each of the topic areas listed in Item 5 to ensure prudent Plan administration in accordance with the Retirement Board Members' fiduciary duties.
 - b. Attend the in-house New Trustee Orientation within three months of election or appointment, or before sitting at the first Retirement Board meeting as a voting member, whichever is earliest.

- c. Attend Principles of Pension Management offered by California Association of Public Retirement Systems (CALAPRS), or similar introductory trustee training, as soon as reasonably possible following appointment or election, but no later than 24 months following appointment or election. The Retirement Board may waive this requirement if it is determined that the new Retirement Board Member received this education prior to the member's election or appointment and a waiver would serve the best interests of the Plan.
 - d. Obtain 24 hours of education within two years of assuming office and for every subsequent two-year period in which the Retirement Board Member continues to sit on the Retirement Board. The 24 hours of education can consist of any of the opportunities listed in Item 6.
 - e. Participate in any in-house educational seminars or trainings that may be offered from time to time.
9. A Sacramento Regional Transit District (SacRT) employee functioning as a Retirement Board Member will not suffer a loss of compensation while obtaining, or traveling to or from, training pursuant to this Policy during his or her regularly scheduled working hours.
 10. On an semi-annual basis, Retirement Board Staff will notify Retirement Board Members of their progress toward the educational goals established in this Policy.
 11. On an annual basis, Retirement Board Staff will submit a report to the Retirement Board on the educational activities of the Retirement Board Members. At a minimum, the report will summarize:
 - a. conference attendance;
 - b. attendance at in-house educational sessions held during the year; and
 - c. other educational activities.

Orientation Program

12. Retirement Board Staff will conduct an orientation program covering the general topics outlined in Item 5 above, for each new Retirement Board Member within three months of election or appointment or before the Retirement Board Member sits at the first Retirement Board meeting as a voting member, whichever is earliest. The aim of the orientation program will be to ensure that new Retirement Board Members are in a position to contribute fully to Retirement Board and committee deliberations, and effectively carry out their fiduciary duties while serving on the Retirement Board.
13. As soon as possible following their election or appointment to the Retirement Board, new Retirement Board Members will:
 - a. Be provided with a Retirement Board Member Handbook and any other documents that the Pension and Retiree Services Administrator deems necessary;

- b. Be oriented by the Retirement Board Chairperson, or the Chairperson's designee, on current issues before the Retirement Board; and
 - c. Be introduced to other Retirement Board Members.
14. Prior to attending their first meeting of the Retirement Board as a trustee, new Retirement Board Members will endeavor to attend a meeting of the Retirement Board as an observer.

In-House Educational Seminars

15. Retirement Board Staff will coordinate at least two in-house educational seminars each year such as:
- a. AB 1234 Public Sector Ethics training, which is a required 2-hour training every two years; and
 - b. One or more other trainings covering one or more of the topics listed in Item 5. Retirement Board Members may suggest topics.

In-house seminars may be added to regular Retirement Board meetings or organized as stand-alone sessions.

Approval and Reporting of Conference Attendance

16. The Treasury Controller will approve attendance by Retirement Board Members at advanced CALAPRS trainings, including Principles of Pension Management for Trustees, and Advanced Principles of Pension Management for Trustees, and attendance by Retirement Board Members or Staff at any of the courses in CALAPRS Courses for Retirement Plan Administration series. The Treasury Controller will approve other trainings for Retirement Board Members or Retirement Board Staff that fall within the established procurement authority and under the \$1,500 annual training budget established by resolution on June 6, 2011. The \$1,500 budget does not cover costs associated with the introductory trustee training offered by CALAPRS, or advanced CALAPRS trainings. Costs associated with attending such CALAPRS trainings are not drawn down from this \$1,500 budget.
17. The Retirement Board must approve trainings that do not qualify under Item 16 above.
18. In authorizing attendance to a conference or seminar, priority will be given to Retirement Board Members who have not previously attended the same or a similar conference or seminar, so as to carry out the Retirement Board's intent to distribute conference and seminar opportunities on a fair and equitable basis.
19. If more than two members of a Retirement Board will be attending a training together outside of a noticed public meeting, the Retirement Board Members may not engage in discussions regarding the business of the Retirement Board while at the training. However, attendance at educational conference seminars and social activities by more than two members of Retirement Board is not a violation of this provision.

20. Board Members will inform Retirement Board Staff of all pension and investment-related conferences attended. This information will be used for education tracking purposes only.
21. Requests for reimbursement of travel-related expenses are subject to Sacramento Regional Transit District's Reimbursement of Expense Policy and Procedures.
22. Upon returning from a conference, attendees will submit oral or written reports to Retirement Board Staff and fellow Retirement Board members on the content and quality of the conference or other training opportunity attended. Attendees will also provide a copy of any materials distributed at the conference.
23. Retirement Board Staff will retain and catalogue all relevant conference materials submitted by Retirement Board Members. If appropriate, copies of the materials will be distributed to other Retirement Board Members.

Reporting of Other Training Opportunities

24. Retirement Board Staff will regularly notify Retirement Board Members of other educational opportunities, such as webinars and industry articles. These notifications will generally be via email.
25. Following participation in any other educational activity or training, Retirement Board Members will notify Retirement Board Staff of their activity for training tracking purposes.

Publication

26. A copy of this policy will be provided to Retirement Board Members and other interested parties upon request.

POLICY REVIEW

27. The Retirement Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

POLICY HISTORY

28. The Retirement Board^s adopted the original policy on November 20, 2006, and adopted a revised policy on June 14, 2017. The AFSCME Retirement Board adopted this revised policy on ~~December 12, 2018~~March 20, 2019.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	03/20/19	Open	Action	2/20/19

Subject: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (AFSCME). (Weekly)

ISSUE

Adoption of the Revised Regional Transit District (RT) Retirement Boards Regular Meeting Calendar for 2019 (AFSCME). (Weekly)

RECOMMENDED ACTION

Adopt Resolution No. 19-03-____, Amending and Ratifying the Regional Transit District Retirement Boards Regular Meeting Calendar for 2019.

FISCAL IMPACT

None, as a result of this action.

DISCUSSION

The RT Retirement Boards adopted their Regular meeting Calendar for 2019 at their September 12, 2018 Quarterly meeting.

Due to a scheduling conflict, staff proposed the Boards move the March 13, 2019 Quarterly meeting to March 20, 2019 as shown on the attached amended meeting calendar, marked as Exhibit A. Four of the five Retirement Boards adopted the revised meeting calendar at the Quarterly Retirement Board Meeting on December 12, 2018. The proposed action will amend the AFSCME Retirement Boards' 2019 Meeting Calendar to conform with the calendar adopted by the rest of the Boards and reflect that this March 20 meeting is a Regular Meeting of all five of the Retirement Boards.

Approved:

Presented:

Final 03/12/19

Treasury Controller

Pension & Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compling#7 - [HB Edits] IP Adoption of the Revised Regional Transit District Retirement....DOC

RESOLUTION NO. 19-03-_____

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

March 20, 2019

AMENDMENT AND RATIFICATION OF THE REVISED REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2019 MEETING CALENDAR

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

THAT, the revised schedule set out in attached Exhibit A for the meetings of the Regional Transit District AFSCME Retirement Board for calendar year 2019 is hereby adopted and ratified.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

2019 RETIREMENT BOARD CALENDAR

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

9:00 AM

Wednesday.....Regular Meeting.....March 20, 2019
Wednesday.....Regular Meeting.....June 12, 2019
Wednesday.....Regular Meeting.....September 11, 2019
Wednesday.....Regular Meeting.....December 11, 2019

Wednesday.....Special Meeting.....*February 27, 2019
Wednesday.....Special Meeting.....*April 24, 2019
Wednesday.....Special Meeting.....*July 24, 2019
Wednesday.....Special Meeting.....*October 23, 2019

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

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/20/19	Retirement	Action	10/30/18

Subject: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of September 30, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended September 30, 2018. 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

Approved:

Presented:

Final 12/03/18

VP of Finance/CFO

Treasury Controller

M:\Workgroups\Pension Administration\Retirement Board\2018\IPs\Quarterly Meetings\December 12, 2018\HB Edits\12-12-18 Administrative Reports - Salary.docx

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/20/19	Retirement	Action	10/30/18

Subject: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Changes in Fiduciary Net Position (income statement) for the quarter ended September 30, 2018 (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 Treasury Controller. The Treasury Controller 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 Salaried Plan's Schedule of Cash Activities for the three months ended September 30, 2018. 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 September 30, 2018. The Salaried Plan reimbursed \$3,573.28 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of September 30, 2018. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	03/20/19	Retirement	Action	10/30/18

Subject: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended September 30, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended September 30, 2018.

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

Accrual Basis

As of September 30, 2018

	Sep 30, 18
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	96,483,596.83
Total Long-Term Investments	96,483,596.83
Total Checking/Savings	96,483,596.83
Other Current Assets	
1110120 · Prepays	7,524.22
Total Other Current Assets	7,524.22
Total Current Assets	96,491,121.05
TOTAL ASSETS	96,491,121.05
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	15,957.98
3110110 · Other Pay - Due to RT	35,288.37
3110122 · MetWest	22,765.27
3110124 · Boston Partners	20,499.32
3110126 · State Street	14,678.12
3110128 · Atlanta Capital	17,050.21
3110129 · S&P Index - SSgA	2,025.36
3110130 · EAFE - SSgA	939.64
3110132 · Pyrford	15,456.57
Total Accounts Payable	144,660.84
Total Current Liabilities	144,660.84
Total Liabilities	144,660.84
Equity	
3340101 · Retained Earnings	93,130,088.73
Net Income	3,216,371.48
Total Equity	96,346,460.21
TOTAL LIABILITIES & EQUITY	96,491,121.05

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

July through September 2018

Accrual Basis

	Jul - Sep 18	% of Income
Income		
Interest, Dividend, & Other Inc	395,656.93	7.4%
Investment Income	2,953,533.29	54.9%
RT Required Contribution	1,990,323.93	37.0%
6630110 - Employee Contribution	38,030.26	0.7%
Total Income	5,377,544.41	100.0%
Cost of Goods Sold		
8531210 - AEA - Retirement Benefits Paid	820,931.26	15.3%
8531211 - AFSCME-Retirement Benefits Paid	444,227.82	8.3%
8531212 - MCEG - Retirement Benefits Paid	712,418.19	13.2%
8531213 - Employee Contribution Refunds	22,460.77	0.4%
8532004 - Invest Exp - MetropolitanWest	22,765.27	0.4%
8532013 - Invest Exp - Boston Partners	20,499.32	0.4%
8532020 - Invest Exp - Callan	7,081.17	0.1%
8532021 - Invest Exp - State Street	11,012.16	0.2%
8532023 - Invest Exp - JP Morgan	0.00	0.0%
8532024 - Invest Exp - Atlanta Capital	17,050.21	0.3%
8532025 - Invest Exp - S&P Index SSgA	2,025.36	0.0%
8532026 - Invest Exp - EAFE SSgA	939.64	0.0%
8532027 - Invest Exp - AQR	10,351.09	0.2%
8532028 - Invest Exp - Pyrford	15,456.57	0.3%
Total COGS	2,107,218.83	39.2%
Gross Profit	3,270,325.58	60.8%
Expense		
8533002 - Admin Exp - Actuary	7,359.09	0.1%
8533007 - Admin Exp - CALPRS Dues/Courses	0.00	0.0%
8533010 - Admin Exp - Travel	204.96	0.0%
8533014 - Admin Exp - Fiduciary Insurance	3,224.67	0.1%
8533020 - Admin Exp - Procurement Costs	0.00	0.0%
8533025 - Admin Exp - Information Service	250.00	0.0%
8533026 - Admin Exp - Legal Services	19,759.99	0.4%
8533028 - Admin Exp - Staff Training	83.34	0.0%
8533029 - Admin Exp - Administrator	19,738.71	0.4%
8533050 - Admin Exp - Misc Exp	0.00	0.0%
8533051 - Admin Exp - Audit	3,333.34	0.1%
Total Expense	53,954.10	1.0%
Net Income	3,216,371.48	59.8%

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July through September 2018**

Accrual Basis

	Jul - Sep 18	% of Income
Income		
Interest, Dividend, & Other Inc	395,656.93	7.4%
Investment Income	2,953,533.29	54.9%
RT Required Contribution	1,990,323.93	37.0%
6630110 · Employee Contribution	38,030.26	0.7%
Total Income	5,377,544.41	100.0%
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8531212 · MCEG - Retirement Benefits Paid	712,418.19	13.2%
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8532004 · Invest Exp - MetropolitanWest	22,765.27	0.4%
8532013 · Invest Exp - Boston Partners	20,499.32	0.4%
8532020 · Invest Exp - Callan	7,081.17	0.1%
8532021 · Invest Exp - State Street	11,012.16	0.2%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	17,050.21	0.3%
8532025 · Invest Exp - S&P Index SSgA	2,025.36	0.0%
8532026 · Invest Exp - EAFE SSgA	939.64	0.0%
8532027 · Invest Exp - AQR	10,351.09	0.2%
8532028 · Invest Exp - Pyrford	15,456.57	0.3%
Total COGS	2,107,218.83	39.2%
Gross Profit	3,270,325.58	60.8%
Expense		
8533002 · Admin Exp - Actuary	7,359.09	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	0.00	0.0%
8533010 · Admin Exp - Travel	204.96	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	250.00	0.0%
8533026 · Admin Exp - Legal Services	19,759.99	0.4%
8533028 · Admin Exp - Staff Training	83.34	0.0%
8533029 · Admin Exp - Administrator	19,738.71	0.4%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	3,333.34	0.1%
Total Expense	53,954.10	1.0%
Net Income	3,216,371.48	59.8%

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended September 30, 2018**

	July 2018	August 2018	September 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - June 30, 2018	(75,846.18)	32,889.41	46,530.05	(75,846.18)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 29.05 to 34.30%	685,049.11	663,982.15	641,292.67	1,990,323.93
Employee Pension Contributions	14,852.67	12,583.84	10,593.75	38,030.26
Total Deposits	699,901.78	676,565.99	651,886.42	2,028,354.19
<u>Expenses</u>				
Payout to Retirees:				
AEA	(278,258.43)	(270,720.95)	(271,951.88)	(820,931.26)
AFSCME	(148,075.94)	(148,075.94)	(148,075.94)	(444,227.82)
MCEG	(237,472.73)	(237,472.73)	(237,472.73)	(712,418.19)
Employee Contribution Refunds	(56,491.04)	(13,418.50)	(9,042.27)	(78,951.81)
Payout to Retirees Subtotal	(720,298.14)	(669,688.12)	(666,542.82)	(2,056,529.08)
Fund Investment Management Expenses:				
Boston Partners	-	(19,656.68)	-	(19,656.68)
SSgA S&P 500 Index	-	-	-	-
Atlanta Capital	-	-	-	-
Pyrford	-	-	-	-
SSgA EAFE MSCI	-	-	-	-
Metropolitan West	-	-	-	-
Callan	(3,523.28)	(3,537.69)	(3,543.48)	(10,604.45)
State Street	-	(3,673.10)	-	(3,673.10)
Fund Invest. Mgmt Exp. Subtotal	(3,523.28)	(26,867.47)	(3,543.48)	(33,934.23)
Administrative Expenses				
Actuarial Services	(3,140.59)	(1,789.77)	(2,784.66)	(7,715.02)
Legal Services	-	(6,586.67)	(6,586.67)	(13,173.34)
Travel	-	(204.96)	-	(204.96)
Investigation Information Services	-	(250.00)	-	(250.00)
Audit Fees	-	(11,433.34)	-	(11,433.34)
Staff Training	-	-	(83.34)	(83.34)
Pension Administration	(5,829.18)	(6,275.71)	(7,633.82)	(19,738.71)
Administrative Exp. Subtotal	(8,969.77)	(26,540.45)	(17,088.49)	(52,598.71)
Total Expenses	(732,791.19)	(723,096.04)	(687,174.79)	(2,143,062.02)
Monthly Net Owed from/(to) District	(32,889.41)	(46,530.05)	(35,288.37)	(114,707.83)
Payment from/(to) the District	75,846.18	(32,889.41)	(46,530.05)	(3,573.28)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	32,889.41	46,530.05	35,288.37	35,288.37

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of September 30, 2018**

Asset Class	Net Asset Market Value 9/30/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 47,524,698	16.24%	16.00%	0.24%	\$ 688,927	
Large Cap Growth - SSGA S&P 500 Index - XH	49,869,560	17.04%	16.00%	1.04%	3,033,790	
Total Large Cap Domestic Equity	97,394,258	33.27%	32.00%	1.27%	3,722,717	\$ 93,671,541
Small Cap - Atlanta Capital - XB	25,866,261	8.84%	8.00%	0.84%	2,448,376	23,417,885
International Equity:						
Large Cap Growth:						
Pyrford - ZD	27,096,117	9.26%	9.50%	-0.24%	(712,622)	
Large Cap Core:						
SSGA MSCI EAFE - XG	11,397,852	3.89%				
Value - Brandes - XE	9,337	0.00%				
Total Core	11,407,189	3.90%	4.50%	-0.60%	(1,765,372)	
Small Cap:						
AQR - ZB	14,273,676	4.88%	5.00%	-0.12%	(362,502)	
Emerging Markets						
DFA - ZA	16,049,953	5.48%	6.00%	-0.52%	(1,513,461)	
Total International Equity	68,826,935	23.51%	25.00%	-1.49%	(4,353,957)	73,180,892
Fixed Income:						
Met West - XD	100,636,113	34.38%	35.00%	-0.62%	(1,817,135)	102,453,248
Total Combined Net Asset	\$ 292,723,567	100.00%	100.00%	0.00%	\$ 1	\$ 292,723,567

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of September 30, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	137,167,739
IBEW Allocated Custodial Assets	59,072,231
Salaried Allocated Custodial Assets	<u>96,483,597</u>
Total Consolidated Net Asset	<u><u>292,723,567</u></u>
Per Callan Report:	
Total Investments	<u><u>292,722,475</u></u>
Net Difference	<u><u>1,092</u></u> *

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended September 30, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	554,208
ATU - Investment Income	3,874,456
IBEW - Interest, Dividends, and Other Income	235,582
IBEW - Investment Income	1,730,740
Salaried - Interest, Dividends, and Other Income	385,306
Salaried - Investment Income	<u>2,953,533</u>
Total Investment Income	<u><u>9,733,825</u></u>
Per Callan Report:	
Investment Returns	<u><u>9,719,762</u></u>
Net Difference	<u><u>14,063</u></u> **

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended September 30, 2018**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU				-
S&P 500 Index - IBEW				-
S&P 500 Index - Salaried				-
Atlanta Capital - ATU		(313,301)	(258,842)	(572,143)
Atlanta Capital - IBEW		(62,386)	(58,620)	(121,006)
Atlanta Capital - Salaried		(32,889)	(46,530)	(79,419)
Metropolitan West - ATU	(327,866)			(327,866)
Metropolitan West - IBEW	(56,407)			(56,407)
Metropolitan West - Salaried	75,846			75,846
Total Payments from/(to) the District	<u>(308,427)</u>	<u>(408,576)</u>	<u>(363,992)</u>	<u>(1,080,995)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	-	-	-	-
Atlanta Capital	-	(408,576)	(363,992)	(772,568)
Metropolitan West	(308,427)	-	-	(308,427)
Total Transfers In/(Out) of Investment Funds	<u>(308,427)</u>	<u>(408,576)</u>	<u>(363,992)</u>	<u>(1,080,995)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,080,995)</u>
Net Difference				<u>-</u>

**Consolidated Schedule of Cash Activities
For the 12-Months September 30, 2018**

	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	(656,620)	(711,871)	(2,810,287)	-	(4,178,778)
Boston Partners - IBEW	(155,075)	(46,224)	(987,443)	-	(1,188,742)
Boston Partners - Salaried	(207,896)	333,215	(1,461,943)	-	(1,336,624)
S&P 500 Index - ATU	(382,811)	(1,056,615)	(1,770,269)	-	(3,209,695)
S&P 500 Index - IBEW	(95,328)	(151,776)	(804,753)	-	(1,051,857)
S&P 500 Index - Salaried	(84,552)	213,560	(1,395,393)	-	(1,266,385)
Atlanta Capital - ATU	-	(220,607)	(1,844,745)	(572,143)	(2,637,495)
Atlanta Capital - IBEW	-	-	(788,042)	(121,006)	(909,048)
Atlanta Capital - Salaried	-	220,607	(1,435,641)	(79,419)	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	-	(244,192)	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	-	244,192	-	-	244,192
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)	5,485,262	(327,866)	4,360,797
Metropolitan West - IBEW	-	-	2,418,623	(56,407)	2,362,216
Metropolitan West - Salaried	-	796,599	4,211,226	75,846	5,083,671
Total Payments from/(to) the District	<u>(1,582,282)</u>	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(5,266,393)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
09/30/18**

	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	6,154,949	100.00%				18,725,609	100.00%			
Investment Expenses	(251,772)	4.09%				(707,337)	3.78%			
Net Gain/(Loss)	5,903,177	95.91%	13.49%	9.45%	404.00	18,018,272	96.22%	14.81%	13.55%	126.00
S&P 500										
Investment Returns	7,809,022	100.00%				21,155,599	100.00%			
Investment Expenses	(24,082)	0.31%				(97,827)	0.46%			
Net Gain/(Loss)	7,784,940	99.69%	17.84%	17.91%	(7.00)	21,057,772	99.54%	17.29%	17.31%	(2.00)
Atlanta Capital										
Investment Returns	5,604,008	100.00%				12,549,425	100.00%			
Investment Expenses	(202,024)	3.60%				(570,693)	4.55%			
Net Gain/(Loss)	5,401,984	96.40%	23.83%	15.24%	859.00	11,978,732	95.45%	18.44%	17.12%	132.00
Pyrford										
Investment Returns	783,356	100.00%				1,142,298	100.00%			
Investment Expenses	(185,862)	23.73%				(246,299)	21.56%			
Net Gain/(Loss)	597,494	76.27%	2.27%	2.74%	(47.00)	895,999	78.44%	N/A	N/A	N/A
EAFE										
Investment Returns	340,354	100.00%				3,126,410	100.00%			
Investment Expense	(11,465)	3.37%				(39,466)	1.26%			
Net Gain/(Loss)	328,889	96.63%	2.98%	2.74%	24.00	3,086,944	98.74%	9.51%	9.23%	28.00
Brandes										
Investment Returns	(115)	100.00%				(2,005)	100.00%			
Investment Expenses	-	0.00%				-	0.00%			
Net Gain/(Loss)	(115)	100.00%	N/A	N/A	N/A	(2,005)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	45,937	100.00%				2,794,787	100.00%			
Investment Expenses	(147,503)	321.10%				(289,982)	10.38%			
Net Gain/(Loss)	(101,566)	-221.10%	0.13%	3.73%	(360.00)	2,504,805	89.62%	N/A	N/A	N/A
DFA										
Investment Returns	(408,802)	100.00%				4,438,861	100.00%			
Investment Expense	(84,467)	-20.66%				(262,293)	5.91%			
Net Gain/(Loss)	(493,269)	120.66%	-2.48%	-0.81%	(167.00)	4,176,568		11.48%	12.36%	(88.00)
Metropolitan West										
Investment Returns	(490,140)	100.00%				4,599,949	100.00%			
Investment Expenses	(269,144)	-54.91%				(750,641)	16.32%			
Net Gain/(Loss)	(759,284)	154.91%	-0.78%	-1.22%	44.00	3,849,308	83.68%	1.51%	1.31%	20.00
Total Fund										
Investment Returns	19,838,569	100.00%				73,296,623	100.00%			
Investment Expenses	(1,176,319)	5.93%				(3,138,858)	4.28%			
Net Gain/(Loss)	18,662,250	94.07%	6.86%	6.89%	(3.00)	70,157,765	95.72%	9.41%	9.95%	(54.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period July 1, 2018 to September 30, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
2720	Light Rail Service Worker	IBEW	7/1/2018
3403	Network & End Operations Administrator	MCEG	7/1/2018
2785	Maintenance Supervisor	AFSC	7/1/2018
2972	Bus Operator	ATUL	7/18/2018
2961	Bus Operator	ATUL	7/28/2018
1654	Administrative Technician	AEAS	8/1/2018
2981	Bus Operator	ATUL	8/31/2018
3028	Community Bus Services Dispatcher	AFSC	9/1/2018
1689	Maintenance Supervisor	AEAS	9/1/2018
1624	Schedule Analyst II	AEAS	9/1/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
2889	AEA	Survivor Beneficiary	7/4/2018
1283	ATU	Survivor Beneficiary	7/28/2018
1100	AEA	Life Alone	8/23/2018
3796	ATU	Survivor Beneficiary	9/4/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of December 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2018. 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

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Administrative Reports - Salaried.docx

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Changes in Fiduciary Net Position (income statement) for the quarter ended December 31, 2018 (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 Treasury Controller. The Treasury Controller 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 Salaried Plan's Schedule of Cash Activities for the three months ended December 31, 2018. 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, 2018. The Salaried Plan reimbursed \$148,565.18 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 Salaried Plan's Asset Allocation as of December 31, 2018. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2018.

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

Accrual Basis

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	88,451,593.29
Total Long-Term Investments	88,451,593.29
Total Checking/Savings	88,451,593.29
Accounts Receivable	
1110105 · Other Receivable-CustodianError	114,197.25
Total Accounts Receivable	114,197.25
Other Current Assets	
1110120 · Prepays	4,299.55
Total Other Current Assets	4,299.55
Total Current Assets	88,570,090.09
TOTAL ASSETS	88,570,090.09
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	25,009.60
3110110 · Other Pay - Due to RT	14,386.85
3110122 · MetWest	22,907.76
3110124 · Boston Partners	19,836.86
3110125 · Callan	7,082.64
3110126 · State Street	22,095.66
3110128 · Atlanta Capital	14,600.38
3110129 · S&P Index - SSgA	1,858.41
3110130 · EAFE - SSgA	847.40
3110132 · Pyrford	14,074.31
Total Accounts Payable	142,699.87
Total Current Liabilities	142,699.87
Total Liabilities	142,699.87
Equity	
3340101 · Retained Earnings	93,130,088.73
Net Income	-4,702,698.51
Total Equity	88,427,390.22
TOTAL LIABILITIES & EQUITY	88,570,090.09

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

Attachment #2

Accrual Basis

October through December 2018

	<u>Oct - Dec 18</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	516,660.79	-9.0%
Investment Income	-8,276,426.72	144.9%
RT Required Contribution	2,009,958.25	-35.2%
6630110 · Employee Contribution	37,659.78	-0.7%
Total Income	<u>-5,712,147.90</u>	<u>100.0%</u>
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	847,086.05	-14.8%
8531211 · AFSCME-Retirement Benefits Paid	465,092.73	-8.1%
8531212 · MCEG - Retirement Benefits Paid	712,418.19	-12.5%
8531213 · Employee Contribution Refunds	11,245.50	-0.2%
8532004 · Invest Exp - MetropolitanWest	22,907.77	-0.4%
8532013 · Invest Exp - Boston Partners	19,836.86	-0.3%
8532020 · Invest Exp - Callan	14,170.92	-0.2%
8532021 · Invest Exp - State Street	11,189.79	-0.2%
8532024 · Invest Exp - Atlanta Capital	14,600.38	-0.3%
8532025 · Invest Exp - S&P Index SSgA	1,858.41	-0.0%
8532026 · Invest Exp - EAFE SSgA	847.40	-0.0%
8532027 · Invest Exp - AQR	9,475.18	-0.2%
8532028 · Invest Exp - Pyrford	14,074.31	-0.2%
Total COGS	<u>2,144,803.49</u>	<u>-37.5%</u>
Gross Profit	<u>-7,856,951.39</u>	<u>137.5%</u>
Expense		
8533002 · Admin Exp - Actuary	10,299.01	-0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	314.27	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	-0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	23,883.73	-0.4%
8533029 · Admin Exp - Administrator	24,230.26	-0.4%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
Total Expense	<u>62,118.60</u>	<u>-1.1%</u>
Net Income	<u><u>-7,919,069.99</u></u>	<u><u>138.6%</u></u>

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July through December 2018**

Accrual Basis

	<u>Jul - Dec 18</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	912,317.72	-272.7%
Investment Income	-5,322,893.43	1,590.8%
RT Required Contribution	4,000,282.18	-1,195.5%
6630110 · Employee Contribution	75,690.04	-22.6%
Total Income	-334,603.49	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	1,668,017.31	-498.5%
8531211 · AFSCME-Retirement Benefits Paid	909,320.55	-271.8%
8531212 · MCEG - Retirement Benefits Paid	1,424,836.38	-425.8%
8531213 · Employee Contribution Refunds	33,706.27	-10.1%
8532004 · Invest Exp - MetropolitanWest	45,673.04	-13.6%
8532013 · Invest Exp - Boston Partners	40,336.18	-12.1%
8532020 · Invest Exp - Callan	21,252.09	-6.4%
8532021 · Invest Exp - State Street	22,201.95	-6.6%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	31,650.59	-9.5%
8532025 · Invest Exp - S&P Index SSgA	3,883.77	-1.2%
8532026 · Invest Exp - EAFE SSgA	1,787.04	-0.5%
8532027 · Invest Exp - AQR	19,826.27	-5.9%
8532028 · Invest Exp - Pyrford	29,530.88	-8.8%
Total COGS	4,252,022.32	-1,270.8%
Gross Profit	-4,586,625.81	1,370.8%
Expense		
8533002 · Admin Exp - Actuary	17,658.10	-5.3%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	519.23	-0.2%
8533014 · Admin Exp - Fiduciary Insurance	6,449.34	-1.9%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	250.00	-0.1%
8533026 · Admin Exp - Legal Services	43,643.72	-13.0%
8533028 · Admin Exp - Staff Training	83.34	-0.0%
8533029 · Admin Exp - Administrator	43,968.97	-13.1%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	3,333.34	-1.0%
Total Expense	116,072.70	-34.7%
Net Income	<u>-4,702,698.51</u>	<u>1,405.5%</u>

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2018**

	October 2018	November 2018	December 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2018	35,288.37	106,422.58	(35,132.90)	35,288.37
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 29.05 to 34.30%	662,688.00	680,664.32	666,605.93	2,009,958.25
Employee Pension Contributions	11,238.17	11,738.81	14,682.80	37,659.78
Total Deposits	673,926.17	692,403.13	681,288.73	2,047,618.03
<u>Expenses</u>				
Payout to Retirees:				
AEA	(288,545.49)	(279,988.96)	(278,551.60)	(847,086.05)
AFSCME	(148,967.34)	(157,930.37)	(158,195.02)	(465,092.73)
MCEG	(237,472.73)	(237,472.73)	(237,472.73)	(712,418.19)
Employee Contribution Refunds	(2,830.65)	(8,414.85)	-	(11,245.50)
Payout to Retirees Subtotal	(677,816.21)	(683,806.91)	(674,219.35)	(2,035,842.47)
Fund Investment Management Expenses:				
Boston Partners	(20,499.32)	-	-	(20,499.32)
SSgA S&P 500 Index	(2,025.36)	-	-	(2,025.36)
Atlanta Capital	(17,050.21)	-	-	(17,050.21)
Pyrford	(15,456.57)	-	-	(15,456.57)
SSgA EAFE MSCI	(939.64)	-	-	(939.64)
Metropolitan West	(22,765.28)	-	-	(22,765.28)
Callan	(3,546.01)	(3,542.27)	-	(7,088.28)
State Street	(3,772.25)	-	-	(3,772.25)
Fund Invest. Mgmt Exp. Subtotal	(86,054.64)	(3,542.27)	-	(89,596.91)
Administrative Expenses				
Actuarial Services	(2,323.00)	(2,784.67)	-	(5,107.67)
Legal Services	(6,586.66)	-	(13,436.79)	(20,023.45)
CALAPRS Dues	-	-	(166.66)	(166.66)
Travel	(314.27)	-	-	(314.27)
Pension Administration	(7,256.97)	(9,120.44)	(7,852.85)	(24,230.26)
Administrative Exp. Subtotal	(16,480.90)	(11,905.11)	(21,456.30)	(49,842.31)
Total Expenses	(780,351.75)	(699,254.29)	(695,675.65)	(2,175,281.69)
Monthly Net Owed from/(to) District	(106,425.58)	(6,851.16)	(14,386.92)	(127,663.66)
Due To ATU Plan- Custodian Error Payment from/(to) the District	-	(41,983.99)	(72,213.26)	(114,197.25)
	(35,291.37)	(106,422.65)	(6,851.16)	(148,565.18)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	106,422.58	(35,132.90)	(99,810.40)	(99,810.40)

RT Combined Pension Plans - ATU, IBEW and Salaried
 Asset Allocation *
 As of December 31, 2018

Asset Class	Net Asset Market Value 12/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 41,044,717	15.25%	16.00%	-0.75%	\$ (2,012,874)	
Large Cap Growth - SSgA S&P 500 Index - XH	42,567,942	15.82%	16.00%	-0.18%	(489,650)	
Total Large Cap Domestic Equity	83,612,659	31.07%	32.00%	-0.93%	(2,502,524)	\$ 86,115,183
Small Cap - Atlanta Capital - XB	22,212,390	8.25%	8.00%	0.25%	683,594	21,528,796
International Equity:						
Large Cap Growth:						
Pyrford - ZD	24,468,964	9.09%	9.50%	-0.41%	(1,096,481)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,970,217	3.70%				
Value - Brandes - XE	2,669	0.00%				
Total Core	9,972,886	3.71%	4.50%	-0.79%	(2,137,062)	
Small Cap:						
AQR - ZB	11,927,382	4.43%	5.00%	-0.57%	(1,528,115)	
Emerging Markets						
DFA - ZA	15,024,005	5.58%	6.00%	-0.42%	(1,122,591)	
Total International Equity	61,393,238	22.81%	25.00%	-2.19%	(5,884,249)	67,277,487
Fixed Income:						
Met West - XD	101,891,659	37.86%	35.00%	2.86%	7,703,178	94,188,481
Total Combined Net Asset	\$ 269,109,946	100.00%	100.00%	0.00%	\$ (1) \$ 269,109,946	

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of December 31, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	126,312,955
IBEW Allocated Custodial Assets	54,345,398
Salaried Allocated Custodial Assets	<u>88,451,593</u>
Total Consolidated Net Asset	<u><u>269,109,946</u></u>
Per Callan Report:	
Total Investments	<u><u>269,112,361</u></u>
Net Difference	<u><u>(2,415) *</u></u>

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	754,428
ATU - Investment Income	(11,003,570)
IBEW - Interest, Dividends, and Other Income	320,586
IBEW - Investment Income	(4,849,102)
Salaried - Interest, Dividends, and Other Income	507,009
Salaried - Investment Income	<u>(8,276,427)</u>
Total Investment Income	<u><u>(22,547,076)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(22,543,569)</u></u>
Net Difference	<u><u>(3,507) **</u></u>

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended December 31, 2018**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU	(269,090)		(184,779)	(453,869)
S&P 500 Index - IBEW	(53,834)		(32,398)	(86,233)
S&P 500 Index - Salaried	(35,291)		(6,851)	(42,143)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Metropolitan West - ATU		(299,003)		(299,003)
Metropolitan West - IBEW		(78,875)		(78,875)
Metropolitan West - Salaried		(106,423)		(106,423)
Total Payments from/(to) the District	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	(358,216)	-	(224,028)	(582,244)
Atlanta Capital	-	-	-	-
Metropolitan West	-	(484,300)	-	(484,300)
Total Transfers In/(Out) of Investment Funds	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,066,545)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2018**

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	(711,871)	(2,810,287)	-	-	(3,522,158)
Boston Partners - IBEW	(46,224)	(987,443)	-	-	(1,033,667)
Boston Partners - Salaried	333,215	(1,461,943)	-	-	(1,128,728)
S&P 500 Index - ATU	(1,056,615)	(1,770,269)	-	(453,869)	(3,280,753)
S&P 500 Index - IBEW	(151,776)	(804,753)	-	(86,233)	(1,042,762)
S&P 500 Index - Salaried	213,560	(1,395,393)	-	(42,143)	(1,223,976)
Atlanta Capital - ATU	(220,607)	(1,844,745)	(572,143)	-	(2,637,495)
Atlanta Capital - IBEW	-	(788,042)	(121,006)	-	(909,048)
Atlanta Capital - Salaried	220,607	(1,435,641)	(79,419)	-	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	(244,192)	-	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	244,192	-	-	-	244,192
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)	5,485,262	(327,866)	(299,003)	4,061,794
Metropolitan West - IBEW	-	2,418,623	(56,407)	(78,875)	2,283,341
Metropolitan West - Salaried	796,599	4,211,226	75,846	(106,423)	4,977,248
Total Payments from/(to) the District	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(1,066,545)</u>	<u>(4,750,655)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/18**

	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	2,685,388	100.00%				16,967,554	100.00%			
Investment Expense	(246,408)	9.18%				(715,725)	4.22%			
Net Gain/(Loss)	2,438,980	90.82%	-8.78%	-8.27%	(51.00)	16,251,829	95.78%	7.64%	6.95%	69.00
S&P 500										
Investment Returns	4,690,444	100.00%				18,516,394	100.00%			
Investment Expense	(23,633)	0.50%				(98,487)	0.53%			
Net Gain/(Loss)	4,666,811	99.50%	-4.44%	-4.38%	(6.00)	18,417,907	99.47%	9.23%	9.26%	(3.00)
Atlanta Capital										
Investment Returns	4,240,563	100.00%				11,610,552	100.00%			
Investment Expense	(192,386)	4.54%				(573,677)	4.94%			
Net Gain/(Loss)	4,048,177	95.46%	0.97%	-11.01%	1198.00	11,036,875	95.06%	10.85%	7.36%	349.00
Pyrford										
Investment Returns	(184,531)	100.00%				1,142,298	100.00%			
Investment Expense	(181,511)	-98.36%				(289,119)	25.31%			
Net Gain/(Loss)	(366,042)	198.36%	-10.93%	-13.79%	286.00	853,179	74.69%	N/A	N/A	N/A
EAFE										
Investment Returns	(127,557)	100.00%				2,159,261	100.00%			
Investment Expense	(11,202)	-8.78%				(36,607)	1.70%			
Net Gain/(Loss)	(138,759)	108.78%	-13.58%	-13.79%	21.00	2,122,654	98.30%	3.13%	2.87%	26.00
Brandes										
Investment Returns	(122)	100.00%				(1,751)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(122)	100.00%	N/A	N/A	N/A	(1,751)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	(776,701)	100.00%				2,794,787	100.00%			
Investment Expense	(139,814)	-18.00%				(318,508)	11.40%			
Net Gain/(Loss)	(916,515)	118.00%	-20.70%	-17.89%	(281.00)	2,476,279	88.60%	N/A	N/A	N/A
DFA										
Investment Returns	(1,677,231)	100.00%				4,469,732	100.00%			
Investment Expense	(81,858)	-4.88%				(270,029)	6.04%			
Net Gain/(Loss)	(1,759,089)	104.88%	-15.25%	-14.57%	(68.00)	4,199,703		9.13%	9.25%	(12.00)
Metropolitan West										
Investment Returns	(910,640)	100.00%				4,891,137	100.00%			
Investment Expense	(277,143)	-30.43%				(761,658)	15.57%			
Net Gain/(Loss)	(1,187,783)	130.43%	0.47%	0.01%	46.00	4,129,480	84.43%	2.21%	2.06%	15.00
Total Fund										
Investment Returns	7,939,613	100.00%				66,276,378	100.00%			
Investment Expense	(1,153,955)	14.53%				(3,198,652)	4.83%			
Net Gain/(Loss)	6,785,658	85.47%	-5.44%	-5.82%	38.00	63,077,726	95.17%	5.47%	5.59%	(12.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: October 1, 2018 to December 31, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
3041	Facilities Svc Worker	IBEW	10/1/2018
1420	Real Estate Administrator	AEA	10/1/2018
3140	Administrative Assistant	AFSCME Admin Tech	10/1/2018
1196	Maintenance Supervisor	AEA	10/1/2018
2894	Bus Operator	ATUL	10/4/2018
1202	Sr. Financial Analyst	AEA	11/1/2018
2227	Maintenance Supervisor	AFSCME Supervisor	11/1/2018
1024	Administrative Assistant	AEA	11/1/2018
546	Bus Operator	ATU	11/1/2018
2351	Sr. Quality Assurance	AEA	12/1/2018
1534	Maintenance Supervisor	AFSCME Supervisor	12/1/2018
2428	Bus Operator	ATU	12/2/2018
2622	Bus Operator	ATU	12/3/2018
590	Bus Operator	ATU	12/17/2018
3107	CBS Operator	ATU	12/23/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
817	ATU	50% Joint & Survivor	10/4/2018
1443	AEA	Life Alone	10/5/2018
3976	IBEW	Survivor Beneficiary	10/13/2018
2226	IBEW	Life Alone	11/2/2018
1335	ATU	Life Alone	11/10/2018
3191	ATU	Survivor Beneficiary	11/11/2018
396	ATU	50% Joint & Survivor	11/18/2018
1524	AEA	50% Joint & Survivor	12/6/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	03/20/19	Retirement	Action	11/05/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2018 (AFSCME). (Adelman)

ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2018 (AFSCME). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2018 (AFSCME). (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 Third Quarter 2018 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of September 30, 2018 (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 September 30, 2018. 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 September 30, 2018, 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 12/03/18

VP of Finance/CFO

Treasury Controller

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REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	03/20/19	Open	Action	11/05/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2018 (AFSCME). (Adelman)

The table below provides an overview of the quarter performance, quarter ending September 30, 2018 – 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	5.70%	8.03%	\$3,533,899	-
S&P 500 Index (large cap value) S&P 500	7.71%	7.73%	\$3,576,918	-
Atlanta Capital (small cap) Russell 2000	3.58%	8.19%	\$2,017,952	\$(772,568)
Brandes (international equities) MSCI EAFE*	-	-	\$80	-
Pyrford (international equities) MSCI EAFE	1.35%	3.65%	\$953,641	-
MSCI EAFE Index (international equities) MSCI EAFE	1.35%	1.40%	\$156,888	-
AQR (small cap international equities) MSCI EAFE SC	(0.88%)	(2.02%)	\$(329,549)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(1.09%)	(1.08%)	\$(196,346)	-
Metropolitan West (fixed income) Barclays Agg.	0.02%	0.01%	\$6,278	\$(308,427)
Totals	2.82%	3.44%	\$9,719,762	\$(1,080,995)

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 September 30, 2018 – 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	9.45%	13.49%	\$5,903,177	\$(6,704,144)
S&P 500 Index (large cap value) S&P 500	17.91%	17.84%	\$7,784,940	\$(5,527,937)
Atlanta Capital (small cap) Russell 2000	15.24%	23.83%	\$5,401,984	\$(4,840,996)
Brandes (international equities) MSCI EAFE*	-	-	\$(115)	-
JPMorgan (international equities) MSCI EAFE	-	-	-	-
Pyrford (international equities) MSCI EAFE	2.74%	2.27%	\$597,494	-
MSCI EAFE Index (international equities) MSCI EAFE	2.74%	2.98%	\$328,889	-
AQR (small cap international equities) MSCI EAFE SC	3.73%	0.13%	\$(101,566)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(0.81)%	(2.48)%	\$(493,269)	-
Metropolitan West (fixed income) Barclays Agg.	(1.22)%	(0.78)%	\$(759,284)	\$11,806,684
Totals	6.89%	6.86%	\$18,662,250	\$(5,266,393)

Bold – fund exceeding respective benchmark

December 12, 2018



**Sacramento Regional
Transit District**

Third Quarter 2018
Market Update

Anne Heaphy

Fund Sponsor Consulting

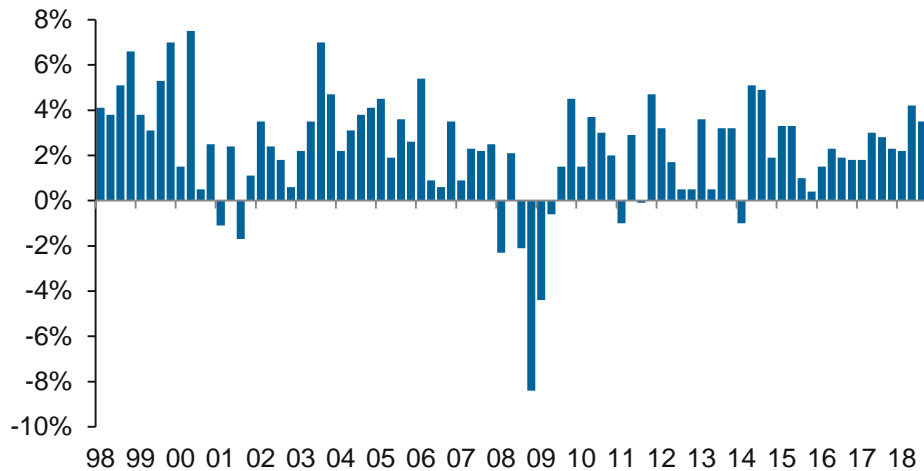
Uvan Tseng, CFA

Fund Sponsor Consulting

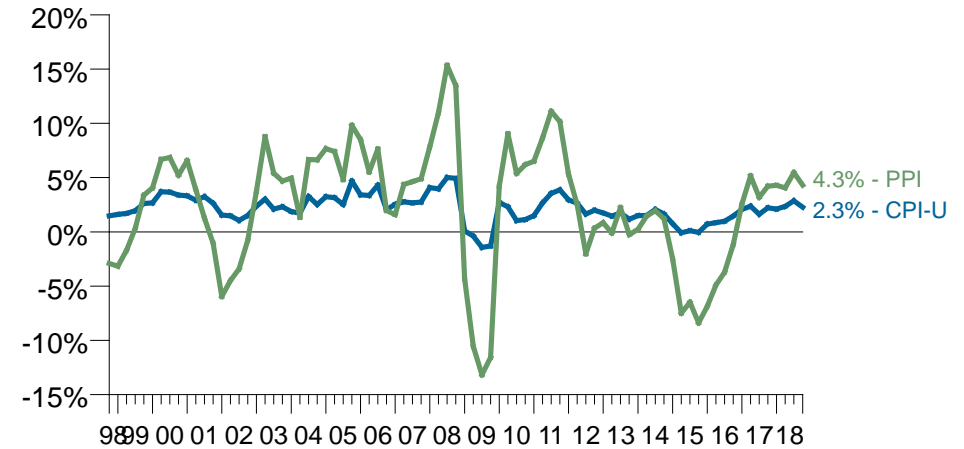
Economic Commentary

Third Quarter 2018

Quarterly Real GDP Growth



Inflation Year-Over-Year



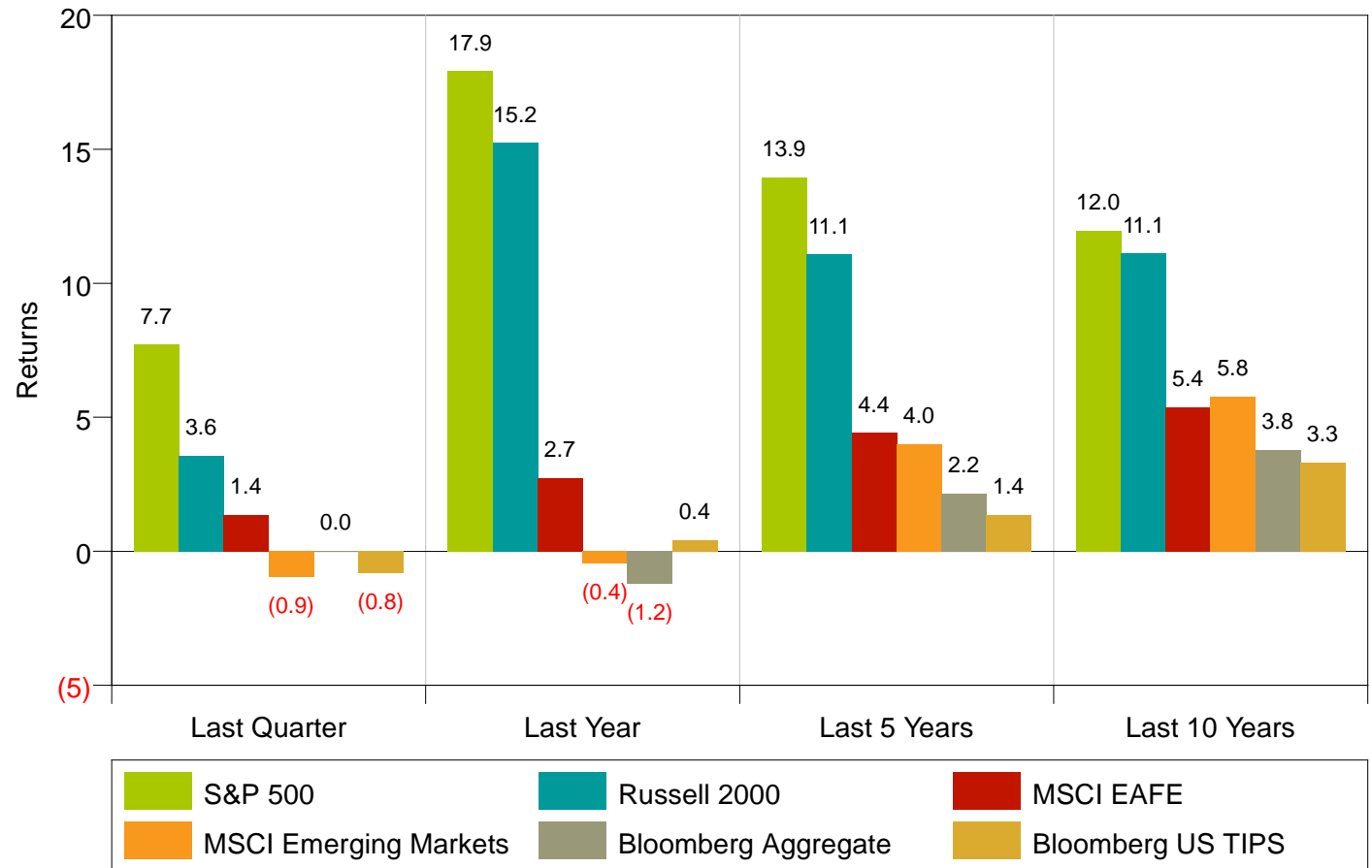
- The U.S. economy may be nearing peak growth for this cycle:
 - GDP clocked a solid 3.5% gain in the third quarter, following a robust 4.2% jump in the second quarter.
- The unemployment rate dropped to 3.7% in September, the lowest reading since 2000.
 - Wages are inching up; consumer spending remains robust, as does consumer confidence.
- The Fed raised rates for the third time in 2018, bringing the Fed Funds rate to 2.0-2.25%.
- Inflation on the rise?
 - Headline CPI rose 2.3% during the quarter, down from the 2.9% reported in the second quarter.
 - Core CPI (ex-food and energy) rose 2.2%, slightly above the Fed's 2% target.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Asset Class Performance

Periods Ended September 30, 2018

Asset Class Performance
for Periods Ended September 30, 2018



YTD as of 12/11/18:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

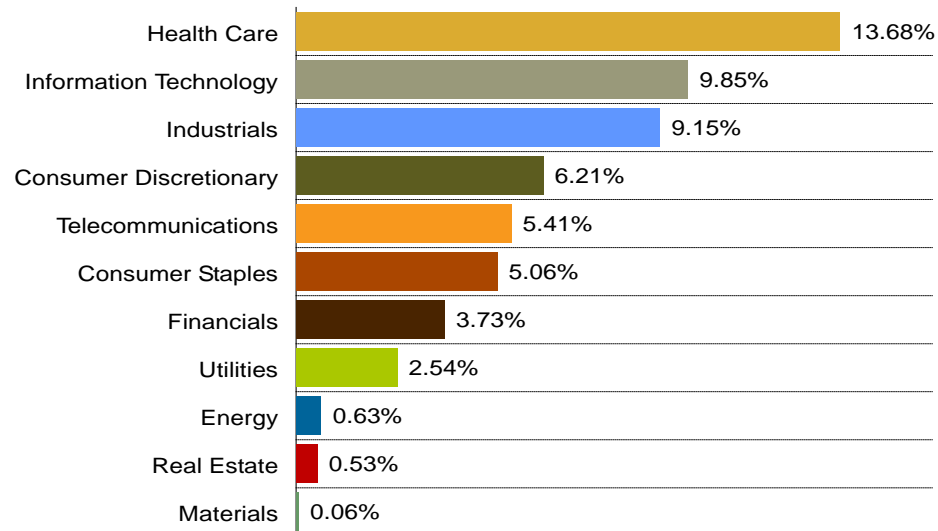
Bloomberg Aggregate:

Bloomberg TIPS:

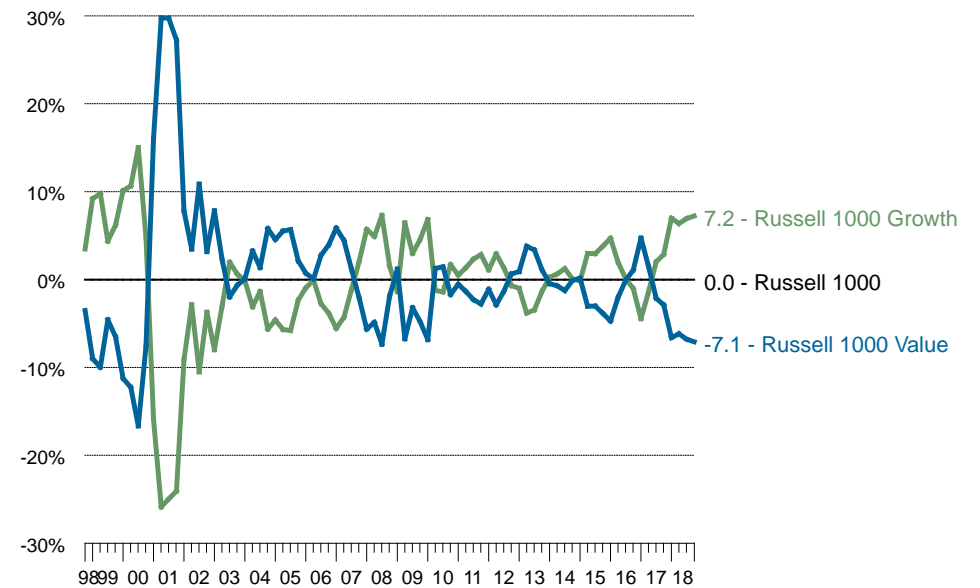
U.S. Equity

Third Quarter 2018

Russell 3000 Sector Returns



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



Third Quarter Index Returns

Russell 3000:	7.12
S&P 500:	7.71
Russell Mid Cap:	5.00
Russell 2000:	3.58

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended September 30, 2018

	3Q 2018			Annualized 1 Year Returns		
	Value	Core	Growth	Value	Core	Growth
Large	6.9%	8.4%	9.6%	9.8%	19.3%	27.9%
Mid	3.3%	5.0%	7.6%	8.8%	14.0%	21.1%
Small	1.6%	3.6%	5.5%	9.3%	15.2%	21.1%

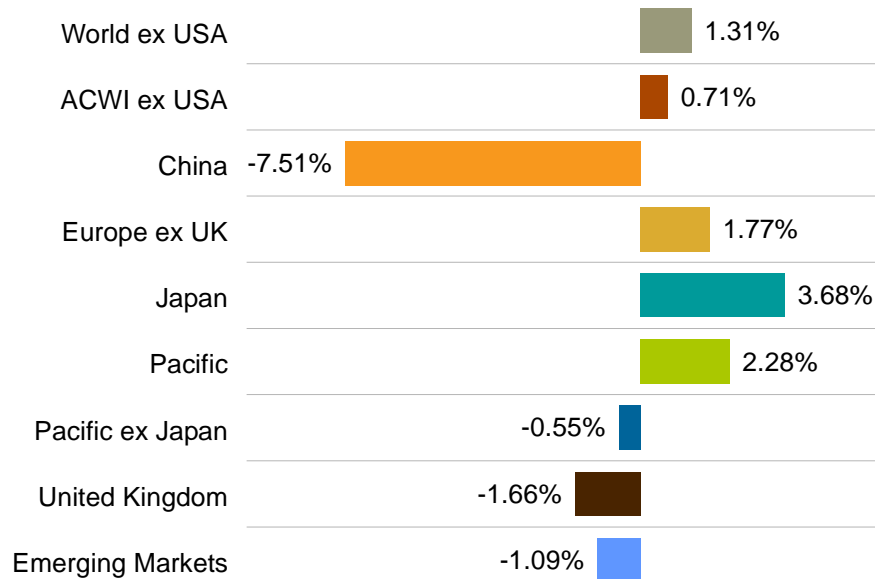
- U.S. equity markets posted broad-based gains in the quarter fueled by strong economic growth, robust corporate earnings, and heightened stock buybacks. Several major indices hit record levels during the quarter; the S&P 500 saw it's biggest gain in five years. Volatility was muted despite ongoing trade war threats.
- Large Cap Outpaced Small Cap
 - FAANG (Facebook, Amazon, Apple, Netflix, Google) stocks plus Microsoft had a more muted impact, but still contributed nearly 25% of the S&P 500's quarterly return.
 - All sectors landed in positive territory led by Health Care (+14.5%), Industrials (+10%), and Communication Services (+9.9%).
- Growth Continued to Outperform Value
 - Growth outpacing Value this year by the widest margin in 15 years (R1G YTD: +17.1% vs. R1V YTD: +3.9%) driven by ongoing FAANG stock euphoria.
 - Momentum continued as the leading factor; Value is worst-performing style for last 18 months.

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.

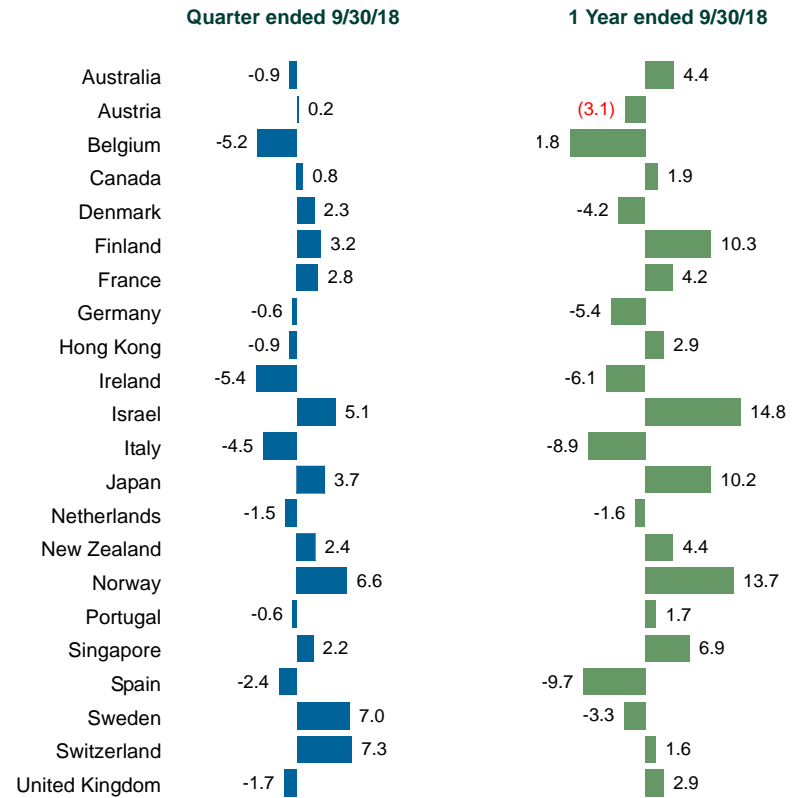
Non-US Equity

Third Quarter 2018

Non-U.S. Quarterly Performance (U.S. Dollar)
as of September 30, 2018



Developed Country Returns



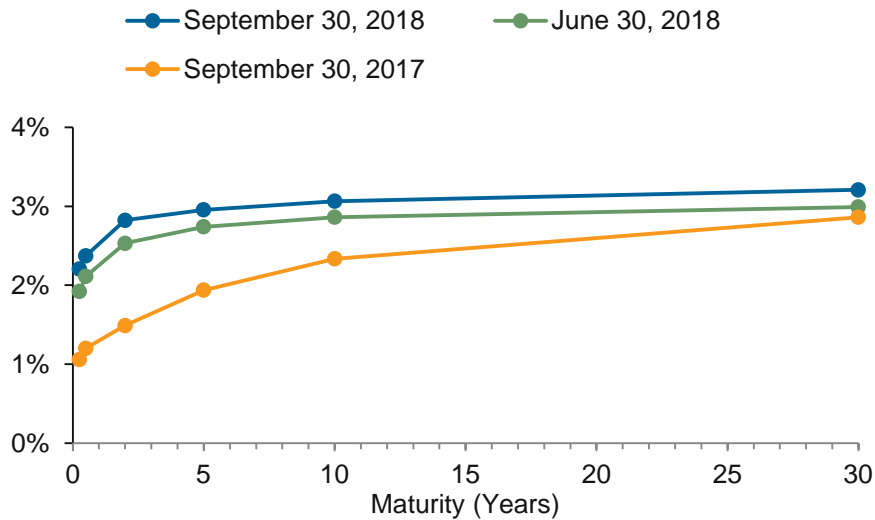
- Non-U.S. Developed in Positive Territory but Lags U.S.
 - Dollar rallied against euro and yen given strong U.S. economy and Fed’s contractionary monetary policy.
 - Strong earnings boosted Health Care & Telecomm; Energy benefited from positive supply-demand dynamics. Real Estate, Financials, and Staples adversely impacted by rising rates.
- Emerging Markets Faltered
 - Emerging markets pressured by rising dollar, U.S. interest rates, and trade frictions.
 - China weakened by economic slowdown; regulatory concerns weighed on Chinese Tech companies.
 - Energy top performer on rising oil prices; Consumer Discretionary negatively impacted by China and India.

Source: MSCI, Callan

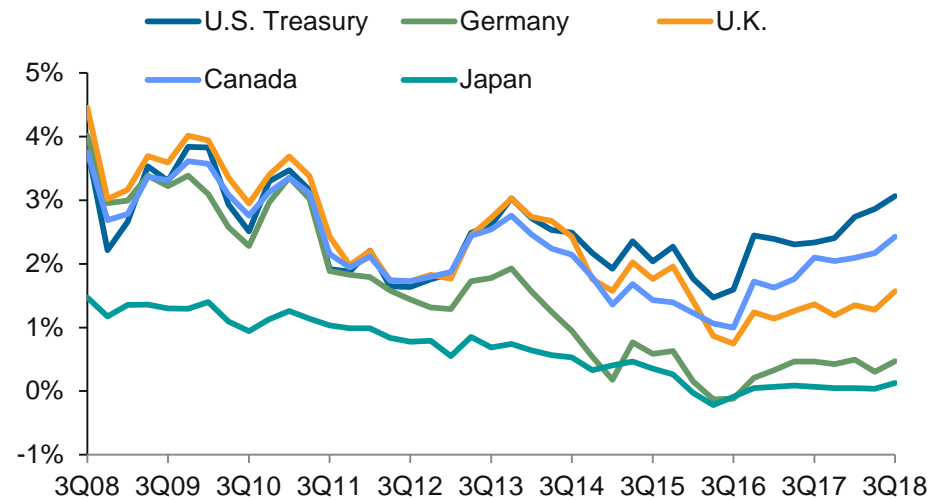
Fixed Income

Third Quarter 2018

U.S. Treasury Yield Curves



10-Year Global Government Bond Yields




- Fixed income performance was flat. Yield curve rose across maturity spectrum on better-than-expected corporate earnings and solid U.S. economic data.
 - 10-year U.S. Treasury yield reached a high of 3.10% before settling at 3.06%.
 - The yield curve flattened with shorter-term rates rising faster than longer-term.
- Investment Grade Corporates Earned Strong Quarter
 - +0.97% for the quarter; -2.3% YTD
 - New issuance remained strong with an average of 2-3x oversubscribed demand throughout the quarter.
- High Yield Top Performer for Quarter
 - +2.4% for the quarter; +2.6% YTD
 - Bond issuance was \$41 billion, 33% lower than 3Q17.

Source: Bloomberg

Performance By Asset Class

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	3 Qtrs. 2018
Russell 2000 Value 14.02%	Bloomberg Barclays Agg 10.26%	MSCI Emerging Markets 55.82%	MSCI Emerging Markets 25.55%	MSCI Emerging Markets 34.00%	MSCI Emerging Markets 32.17%	MSCI Emerging Markets 39.38%	Bloomberg Barclays Agg 5.24%	MSCI Emerging Markets 78.51%	Russell 2000 Growth 29.09%	Bloomberg Barclays Agg 7.84%	MSCI Emerging Markets 18.23%	Russell 2000 Growth 43.30%	S&P 500 Growth 14.89%	S&P 500 Growth 5.52%	Russell 2000 Value 31.74%	MSCI Emerging Markets 37.28%	S&P 500 Growth 17.24%
Bloomberg Barclays Agg 8.43%	Bloomberg Barclays High Yield -1.37%	Russell 2000 Growth 48.54%	Russell 2000 Value 22.25%	MSCI World ex USA 14.47%	MSCI World ex USA 25.71%	MSCI World ex USA 12.44%	Bloomberg Barclays High Yield -26.16%	Bloomberg Barclays High Yield 58.21%	Russell 2000 26.85%	Bloomberg Barclays High Yield 4.98%	Russell 2000 Value 18.05%	Russell 2000 38.82%	S&P 500 13.69%	S&P 500 1.38%	Russell 2000 21.31%	S&P 500 Growth 27.44%	Russell 2000 Growth 15.76%
Bloomberg Barclays High Yield 5.28%	MSCI Emerging Markets -6.16%	Russell 2000 47.25%	MSCI World ex USA 20.38%	S&P 500 Value 5.82%	Russell 2000 Value 23.48%	S&P 500 Growth 9.13%	Russell 2000 Value -28.92%	Russell 2000 Growth 34.47%	Russell 2000 Value 24.50%	S&P 500 Growth 4.65%	S&P 500 Value 17.68%	Russell 2000 Value 34.52%	S&P 500 Value 12.36%	Bloomberg Barclays Agg 0.55%	S&P 500 Value 17.40%	MSCI World ex USA 24.21%	Russell 2000 11.51%
Russell 2000 2.49%	Russell 2000 Value -11.43%	Russell 2000 Value 46.03%	Russell 2000 18.33%	S&P 500 4.91%	S&P 500 Value 20.81%	Russell 2000 Growth 7.05%	Russell 2000 -33.79%	MSCI World ex USA 33.67%	MSCI Emerging Markets 18.88%	S&P 500 2.11%	MSCI World ex USA 16.41%	S&P 500 Growth 32.75%	Bloomberg Barclays Agg 5.97%	Russell 2000 Growth -1.38%	Bloomberg Barclays High Yield 17.13%	Russell 2000 Growth 22.17%	S&P 500 10.56%
MSCI Emerging Markets -2.61%	MSCI World ex USA -15.80%	MSCI World ex USA 39.42%	S&P 500 Value 15.71%	Russell 2000 Value 4.71%	Russell 2000 18.37%	Bloomberg Barclays Agg 6.97%	S&P 500 Growth -34.92%	S&P 500 Growth 31.57%	Bloomberg Barclays High Yield 15.12%	S&P 500 Value -0.48%	Russell 2000 16.35%	S&P 500 32.39%	Russell 2000 Growth 5.60%	MSCI World ex USA -3.04%	S&P 500 11.96%	S&P 500 21.83%	Russell 2000 Value 7.14%
Russell 2000 Growth -9.23%	Russell 2000 -20.48%	S&P 500 Value 31.79%	Russell 2000 Growth 14.31%	Russell 2000 4.55%	S&P 500 15.79%	S&P 500 5.49%	S&P 500 -37.00%	Russell 2000 27.17%	S&P 500 Value 15.10%	Russell 2000 Growth -2.91%	S&P 500 16.00%	S&P 500 Value 31.99%	Russell 2000 4.89%	S&P 500 Value -3.13%	Russell 2000 Growth 11.32%	S&P 500 Value 15.36%	S&P 500 Value 3.51%
S&P 500 Value -11.71%	S&P 500 Value -20.85%	Bloomberg Barclays High Yield 28.97%	Bloomberg Barclays High Yield 11.13%	Russell 2000 Growth 4.15%	Russell 2000 Growth 13.35%	S&P 500 Value 1.99%	Russell 2000 Growth -38.54%	S&P 500 26.47%	S&P 500 15.06%	Russell 2000 -4.18%	Bloomberg Barclays High Yield 15.81%	MSCI World ex USA 21.02%	Russell 2000 Value 4.22%	Russell 2000 -4.41%	MSCI Emerging Markets 11.19%	Russell 2000 14.65%	Bloomberg Barclays High Yield 2.57%
S&P 500 -11.89%	S&P 500 -22.10%	S&P 500 28.68%	S&P 500 10.88%	S&P 500 Growth 4.00%	Bloomberg Barclays High Yield 11.85%	Bloomberg Barclays High Yield 1.87%	S&P 500 Value -39.22%	S&P 500 Value 21.17%	S&P 500 Growth 15.05%	Russell 2000 Value -5.50%	S&P 500 Growth 14.61%	Bloomberg Barclays High Yield 7.44%	Bloomberg Barclays High Yield 2.45%	Bloomberg Barclays High Yield -4.47%	S&P 500 Growth 6.89%	Russell 2000 Value 7.84%	MSCI World ex USA -1.50%
S&P 500 Growth -12.73%	S&P 500 Growth -23.59%	S&P 500 Growth 25.66%	S&P 500 Growth 6.13%	Bloomberg Barclays High Yield 2.74%	S&P 500 Growth 11.01%	Russell 2000 -1.57%	MSCI World ex USA -43.56%	Russell 2000 Value 20.58%	MSCI World ex USA 8.95%	MSCI World ex USA -12.21%	Russell 2000 Growth 14.59%	Bloomberg Barclays Agg -2.02%	MSCI Emerging Markets -2.19%	Russell 2000 Value -7.47%	MSCI World ex USA 2.75%	Bloomberg Barclays High Yield 7.50%	Bloomberg Barclays Agg -1.60%
MSCI World ex USA -21.40%	Russell 2000 Growth -30.26%	Bloomberg Barclays Agg 4.10%	Bloomberg Barclays Agg 4.34%	Bloomberg Barclays Agg 2.43%	Bloomberg Barclays Agg 4.33%	Russell 2000 Value -9.78%	MSCI Emerging Markets -53.33%	Bloomberg Barclays Agg 5.93%	Bloomberg Barclays Agg 6.54%	MSCI Emerging Markets -18.42%	Bloomberg Barclays Agg 4.21%	MSCI Emerging Markets -2.60%	MSCI World ex USA -4.32%	MSCI Emerging Markets -14.92%	Bloomberg Barclays Agg 2.65%	Bloomberg Barclays Agg 3.54%	MSCI Emerging Markets -7.68%



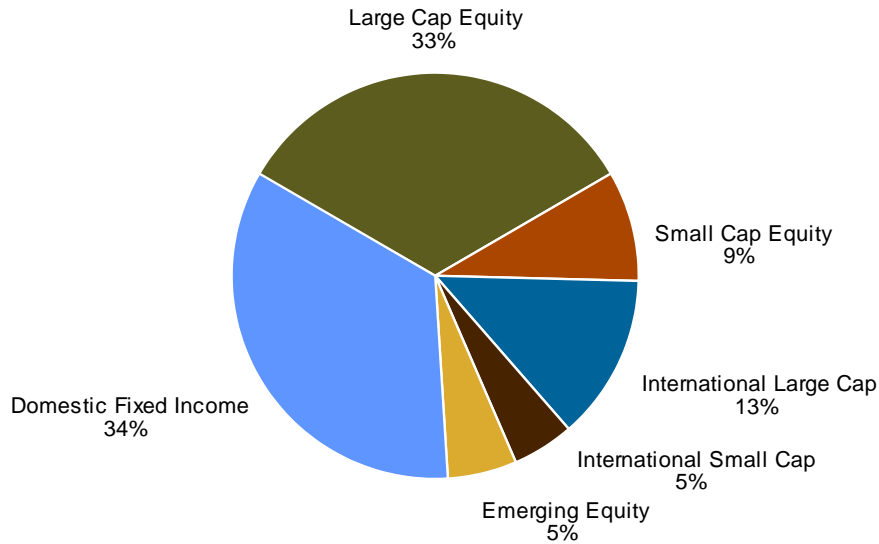
**Sacramento Regional
Transit District**

Total Fund Overview

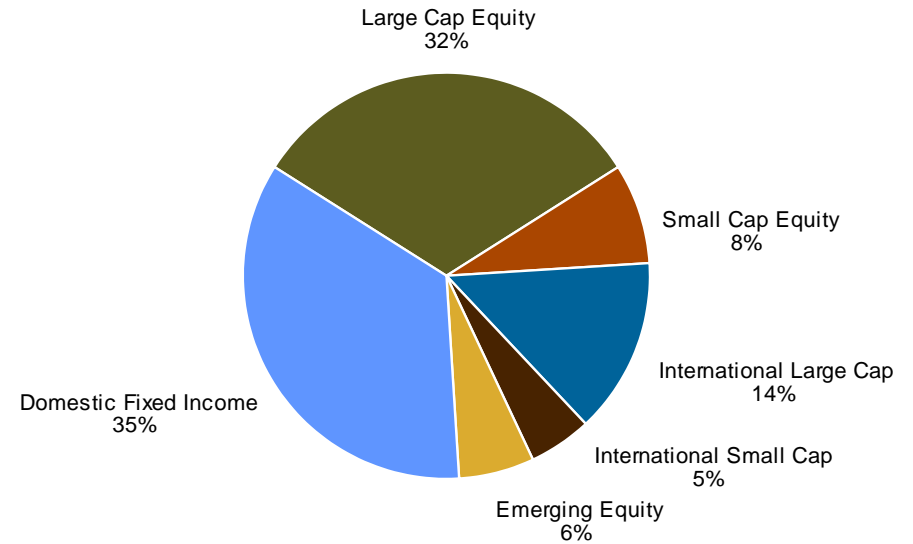
RT Asset Allocation

As of September 30, 2018

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	97,393	33.3%	32.0%	1.3%	3,722
Small Cap Equity	25,866	8.8%	8.0%	0.8%	2,448
International Large Cap	38,503	13.2%	14.0%	(0.8%)	(2,478)
International Small Cap	14,274	4.9%	5.0%	(0.1%)	(362)
Emerging Equity	16,050	5.5%	6.0%	(0.5%)	(1,513)
Domestic Fixed Income	100,636	34.4%	35.0%	(0.6%)	(1,817)
Total	292,722	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended September 30, 2018

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	7.88%	7.71%	0.05%	0.01%	0.06%
Small Cap Equity	9%	8%	8.19%	3.58%	0.40%	0.00%	0.40%
International Large Cap	13%	14%	2.97%	1.35%	0.21%	0.01%	0.22%
International Small Cap	5%	5%	(2.02%)	(0.88%)	(0.06%)	(0.00%)	(0.06%)
Emerging Equity	6%	6%	(1.08%)	(1.09%)	0.00%	0.01%	0.01%
Domestic Fixed Income	35%	35%	0.01%	0.02%	(0.00%)	(0.01%)	(0.01%)
Total			3.44%	= 2.82%	+ 0.60%	+ 0.02%	0.62%

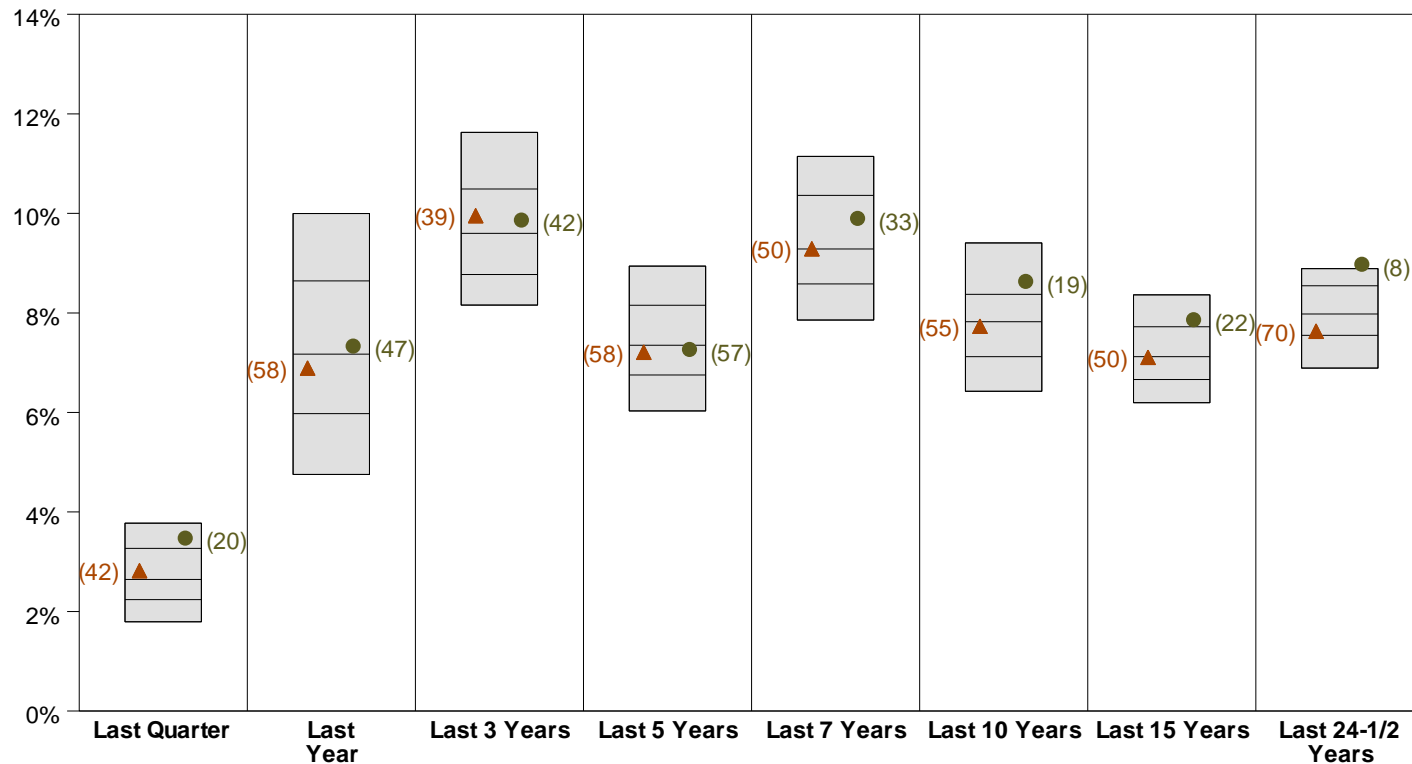
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	16.02%	17.91%	(0.55%)	0.03%	(0.52%)
Small Cap Equity	9%	8%	24.82%	15.24%	0.78%	0.01%	0.78%
International Large Cap	13%	14%	3.00%	2.74%	0.03%	0.02%	0.04%
International Small Cap	5%	5%	1.08%	3.73%	(0.14%)	(0.00%)	(0.14%)
Emerging Equity	6%	6%	(1.97%)	(0.81%)	(0.07%)	(0.01%)	(0.08%)
Domestic Fixed Income	33%	35%	(0.51%)	(1.22%)	0.25%	0.09%	0.33%
Total			7.30%	= 6.89%	+ 0.28%	+ 0.13%	0.41%

Total Fund

Performance as of September 30, 2018

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



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 24-1/2 Years
10th Percentile	3.78	10.00	11.63	8.94	11.15	9.41	8.36	8.89
25th Percentile	3.27	8.64	10.49	8.15	10.36	8.37	7.72	8.55
Median	2.64	7.17	9.60	7.35	9.28	7.82	7.12	7.98
75th Percentile	2.24	5.98	8.77	6.75	8.58	7.12	6.66	7.55
90th Percentile	1.79	4.75	8.16	6.03	7.86	6.43	6.20	6.89
Total Fund ●	3.44	7.30	9.83	7.23	9.87	8.60	7.83	8.94
Target ▲	2.82	6.89	9.95	7.21	9.29	7.73	7.11	7.63

Total Fund

Manager Asset Allocation

	September 30, 2018			June 30, 2018
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$123,259,422	\$(772,568)	\$9,128,770	\$114,903,221
Large Cap	\$97,393,161	\$0	\$7,110,818	\$90,282,343
Boston Partners	47,523,601	0	3,533,899	43,989,701
SSgA S&P 500	49,869,560	0	3,576,918	46,292,642
Small Cap	\$25,866,261	\$(772,568)	\$2,017,952	\$24,620,877
Atlanta Capital	25,866,261	(772,568)	2,017,952	24,620,877
International Equity	\$68,826,940	\$0	\$584,715	\$68,242,226
International Large Cap	\$38,503,306	\$0	\$1,110,609	\$37,392,697
Brandes	9,337	0	80	9,257
SSgA EAFE	11,397,852	0	156,888	11,240,964
Pyrford	27,096,117	0	953,641	26,142,476
International Small Cap	\$14,273,681	\$0	\$(329,549)	\$14,603,230
AQR	14,273,681	0	(329,549)	14,603,230
Emerging Equity	\$16,049,953	\$0	\$(196,346)	\$16,246,299
DFA Emerging Markets	16,049,953	0	(196,346)	16,246,299
Fixed Income	\$100,636,113	\$(308,427)	\$6,278	\$100,938,262
Metropolitan West	100,636,113	(308,427)	6,278	100,938,262
Total Plan - Consolidated	\$292,722,475	\$(1,080,995)	\$9,719,762	\$284,083,708

Total Fund

Manager Returns as of September 30, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	7.95%	17.86%	17.03%	13.22%	17.45%
Domestic Equity Benchmark**	6.88%	17.42%	17.34%	13.46%	16.87%
Large Cap Equity	7.88%	16.02%	16.39%	12.92%	17.15%
Boston Partners	8.03%	14.11%	15.39%	11.83%	17.08%
Russell 1000 Value Index	5.70%	9.45%	13.55%	10.72%	15.02%
SSgA S&P 500	7.73%	17.90%	17.35%	14.00%	-
S&P 500 Index	7.71%	17.91%	17.31%	13.95%	16.91%
Small Cap Equity	8.19%	24.82%	19.38%	14.32%	18.54%
Atlanta Capital	8.19%	24.82%	19.38%	14.32%	18.54%
Russell 2000 Index	3.58%	15.24%	17.12%	11.07%	16.43%
International Equity	0.94%	1.44%	9.57%	4.05%	7.57%
International Benchmark***	0.32%	2.11%	10.37%	4.49%	8.18%
International Large Cap	2.97%	3.00%	8.92%	4.09%	-
SSgA EAFE	1.40%	3.07%	9.62%	4.75%	-
Pyrford	3.65%	2.98%	-	-	-
MSCI EAFE Index	1.35%	2.74%	9.23%	4.42%	8.30%
International Small Cap	(2.02%)	1.08%	-	-	-
AQR	(2.02%)	1.08%	-	-	-
MSCI EAFE Small Cap Index	(0.88%)	3.73%	12.39%	7.96%	11.46%
Emerging Markets Equity	(1.08%)	(1.97%)	12.13%	4.18%	-
DFA Emerging Markets	(1.08%)	(1.97%)	12.13%	4.18%	-
MSCI Emerging Markets Index	(1.09%)	(0.81%)	12.36%	3.61%	5.03%
Domestic Fixed Income	0.01%	(0.51%)	1.79%	2.50%	3.11%
Met West	0.01%	(0.51%)	1.79%	2.50%	3.11%
Bloomberg Aggregate Index	0.02%	(1.22%)	1.31%	2.16%	2.02%
Total Plan	3.44%	7.30%	9.83%	7.23%	9.87%
Target*	2.82%	6.89%	9.95%	7.21%	9.29%

* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P 500 Index, 14.0% MSCI EAFE Index, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets Index, and 5.0% MSCI EAFE Small Cap Index.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Total Fund

Manager Calendar Year Returns

	12/2017- 9/2018	2017	2016	2015	2014
Domestic Equity	10.49%	19.78%	14.58%	0.06%	10.85%
Domestic Equity Benchmark**	10.80%	20.41%	13.85%	0.26%	12.07%
Large Cap Equity	8.39%	21.10%	13.38%	(1.17%)	12.81%
Boston Partners	6.22%	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	3.92%	13.66%	17.34%	(3.83%)	13.45%
SSgA S&P 500	10.54%	21.86%	12.03%	1.46%	13.77%
S&P 500 Index	10.56%	21.83%	11.96%	1.38%	13.69%
Small Cap Equity	18.53%	15.01%	19.17%	5.14%	3.49%
Atlanta Capital	18.53%	15.01%	19.17%	5.14%	3.49%
Russell 2000 Index	11.51%	14.65%	21.31%	(4.41%)	4.89%
International Equity	(3.59%)	28.25%	2.55%	(4.17%)	(3.72%)
International Benchmark***	(3.09%)	29.51%	3.26%	(4.30%)	(4.25%)
International Large Cap	(0.80%)	22.63%	1.35%	(1.17%)	(4.41%)
SSgA EAFE	(1.11%)	25.47%	1.37%	(0.56%)	(4.55%)
MSCI EAFE Index	(1.43%)	25.03%	1.00%	(0.81%)	(4.90%)
International Small Cap	(4.42%)	33.76%	-	-	-
AQR	(4.42%)	33.76%	-	-	-
MSCI EAFE Small Cap Index	(2.19%)	33.01%	2.18%	9.59%	(4.95%)
Emerging Markets Equity	(9.10%)	37.32%	12.99%	(14.33%)	(0.28%)
DFA Emerging Markets	(9.10%)	37.32%	12.99%	(14.33%)	(0.28%)
MSCI Emerging Markets Index	(7.68%)	37.28%	11.19%	(14.92%)	(2.19%)
Domestic Fixed Income	(0.98%)	3.89%	2.87%	0.51%	6.37%
Met West	(0.98%)	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	(1.60%)	3.54%	2.65%	0.55%	5.97%
Total Plan	2.87%	16.14%	7.65%	(0.97%)	5.61%
Target*	2.93%	16.39%	7.40%	(0.71%)	5.82%

* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P 500 Index, 14.0% MSCI EAFE Index, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets Index, and 5.0% MSCI EAFE Small Cap Index.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

September 30, 2018



**Sacramento Regional Transit District
Retirement Plans**

**Investment Measurement Service
Quarterly Review**

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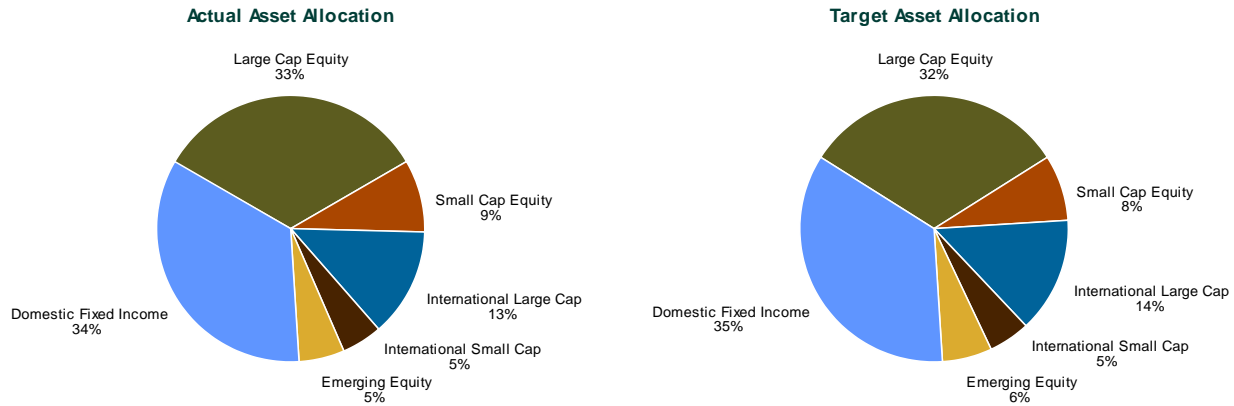
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Sacramento Regional Transit District
Executive Summary for Period Ending September 30, 2018

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Total Plan	3.44	7.30	9.83	7.23	9.87	8.60
	2.82	6.89	9.95	7.21	9.29	7.73

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	23	39	13
Atlanta Capital	25	24	36
Pyrford	44	[73]	[94]
AQR	59	[67]	[63]
DFA	27	72	[67]
MetWest	54	93	77

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 posted broad-based gains in the third quarter fueled by strong economic growth, robust corporate earnings, and heightened stock buybacks. Several major indices hit record levels during the quarter, and the 7.7% gain for the S&P 500 was its biggest since the fourth quarter of 2013. Volatility was muted in spite of persistent headlines around trade war threats and the ever-changing negotiations.

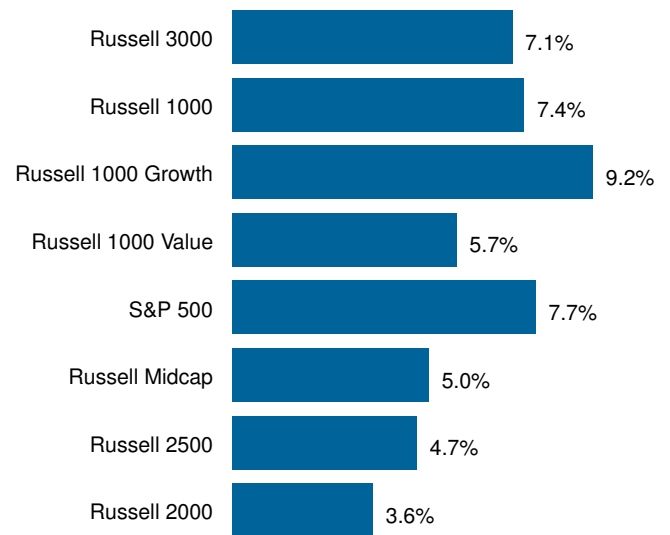
Large Cap Outpaced Small Cap (Russell 1000: +7.4%; Russell 2000: +3.6%)

- Tax reform and domestic prosperity contributed to an acceleration in corporate earnings growth, and valuations remained elevated as strong sentiment persisted given positive economic data.
- Amazon (+17.8%), Apple (+22.4%), and Microsoft (+16.4%) were strong contributors to large cap outperformance.
- FAANG stocks plus Microsoft had a more muted impact than in previous quarters, but still contributed nearly 25% of the S&P 500's quarterly return.
- All sectors landed in positive territory with Health Care (+14.5%), Industrials (+10%), and Communication Services (+9.9%) as the strongest performers.
- The new Communication Services sector represents 10% of the S&P 500 and includes several FAANG stocks such as Alphabet, Facebook, and Netflix; Tech and Consumer Discretionary now represent lower weightings in the index.

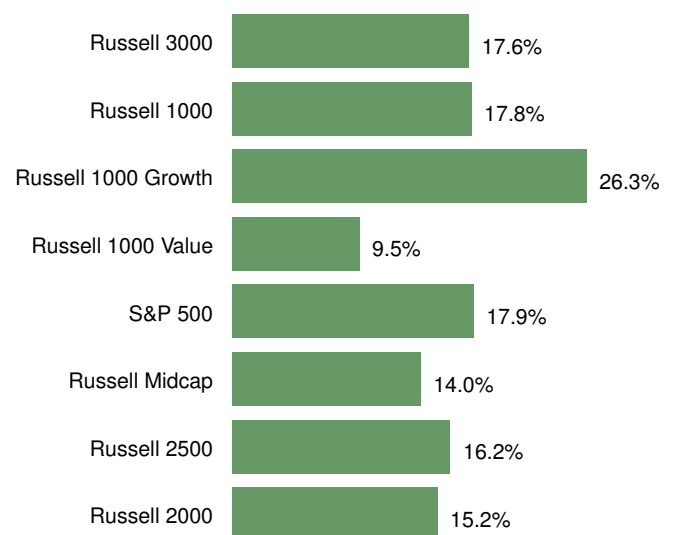
Growth Continued to Outperform Value (Russell 1000 Growth: +9.2%; Russell 1000 Value: +5.7%)

- Divergence between Growth and Value approaching historical high; Growth outpacing Value this year by the widest margin in 15 years within large cap (Russell 1000 Growth YTD: +17.1% vs. Russell 1000 Value YTD: +3.9%) due largely to ongoing euphoria of the FAANG stocks.
- Momentum continued as the leading factor for the quarter and year-to-date; value has been the worst-performing style for the last 18 months.

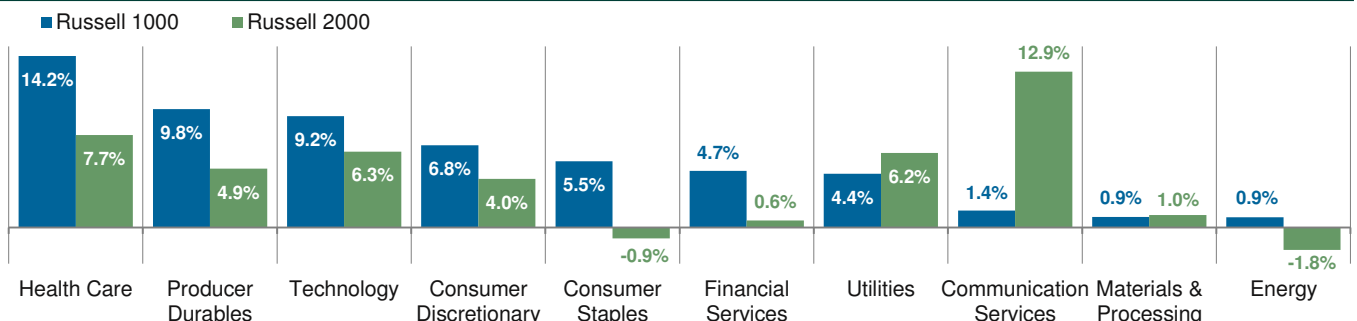
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Russell Sector Returns, Quarter ended September 30, 2018



Sources: FTSE Russell, Standard & Poor's

NON-U.S./GLOBAL EQUITY

Market divergence has emerged after synchronized growth in 2017. The U.S. continues to post positive returns while non-U.S. developed and emerging markets have rolled over year-to-date, dragged down by geopolitical and economic uncertainties.

Global/Non-US Developed (MSCI EAFE: +1.4%; MSCI Europe: +0.8%; MSCI Japan: +3.7%; MSCI World ex USA: +1.3%)

- The dollar rallied against the euro and yen given the fundamentals of the U.S. economy and Fed's contractionary monetary policy; other central banks maintained status quo
- Global trade tensions coupled with Brexit negotiation and Italy's populism concerns tempered the European market despite solid earnings growth; re-election of Prime Minister Shinzo Abe and GDP growth sparked the Japanese market
- Top sector performers were Health Care, Telecommunication Services, and Energy
- Real Estate, Financials, and Consumer Staples were hurt by rising interest rates and a flattening yield curve
- Style had a de minimis impact; however, Growth moderately outperformed Value. Volatility and small cap factors were out of favor given market uncertainties

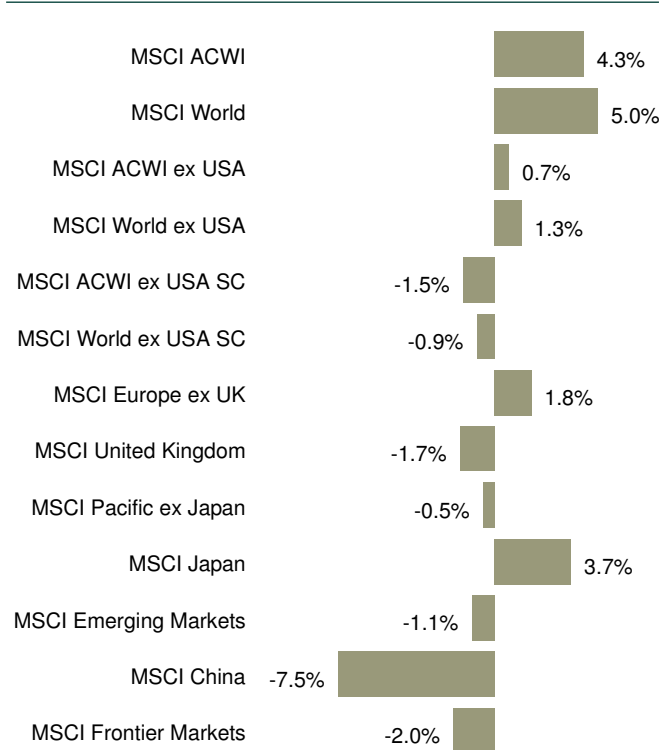
Emerging Markets (MSCI EM: -1.1%)

- Emerging markets were under pressure from a rising dollar, U.S. interest rates, and U.S.-China trade frictions
- Turkey was the worst-performing country within emerging markets as the lira and local currency bonds crashed due to the twin deficit, high level of dollar debt, and inflation
- The economic slowdown in China and trade tensions with the U.S. weakened the market
- Brazil and Russia were among the best performers due to climbing oil prices
- Energy was the best performer supported by rising oil prices; Consumer Discretionary was the worst sector performer weighed down by China and India
- Value and large cap factors were in favor as Energy gained traction with rising oil prices and momentum struggled as market leadership rotated away from Asian tech companies

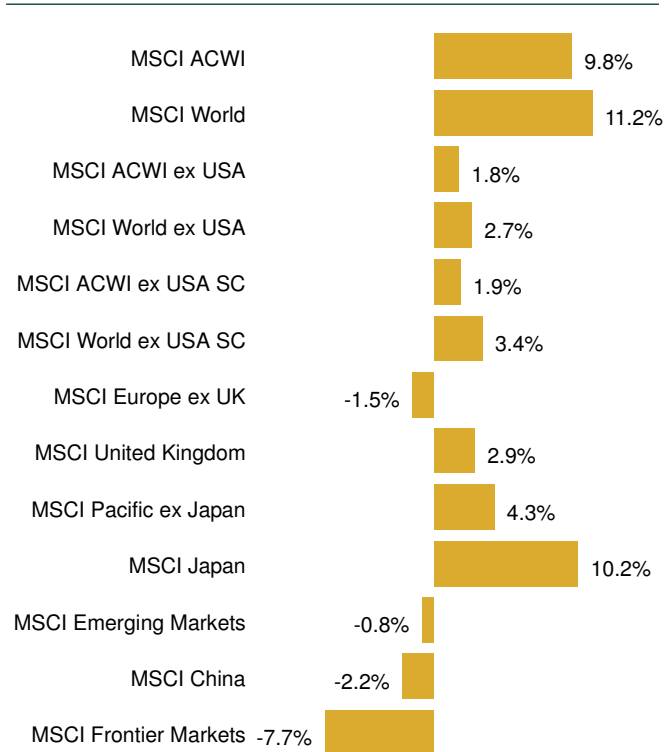
International Small Cap (MSCI World ex USA Small Cap: +0.9%; MSCI EM Small Cap: -4.2%)

- Both non-U.S. developed and emerging market small cap underperformed large cap as appetite for risk waned due to rising interest rates/dollar, global trade tensions, and geopolitical conflicts
- Value was favored in both non-U.S. developed and emerging market small cap as the value-oriented Energy sector thrived with rising oil prices

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

Fixed income performance was flat for the third quarter. The U.S. Treasury yield curve rose across the maturity spectrum on better-than-expected corporate earnings and solid U.S. economic data despite increased headline risks from U.S. trade tensions and European political uncertainties. Investors searching for shorter duration spreads helped both the commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) markets as well, but higher interest rates slowed prepayments and extended the duration of agency MBS, resulting in its underperformance.

In other markets, U.S. below-investment grade debt and bank loans also provided strong results this quarter as a lack of new high yield issuance and demand for bank loans from collateralized loan obligation (CLO) formation provided strong support.

Bloomberg Barclays US Aggregate Bond Index: +0.02% in 3Q; -1.6% YTD

- 10-year U.S. Treasury yield rose steadily, reaching a high of 3.10%, before settling at 3.06% as strong economic data repriced investors' inflation expectations and increased the probability of a December rate hike by the Federal Reserve
- The yield curve flattened with short-term interest rates rising quicker than the longer-term rate. The spread between the 2-year and 10-year key rates narrowed 9 bps to 24 bps from last quarter, the tightest in 10 years

Investment Grade Corporates: +1.0% in 3Q; -2.3% YTD

- New issuance remained strong with an average of 2-3x oversubscribed demand throughout the quarter
- Spreads continued to narrow this quarter despite leverages increasing within the sector
- Higher rates and weaker overall fundamentals caused this sector to post negative results year to date

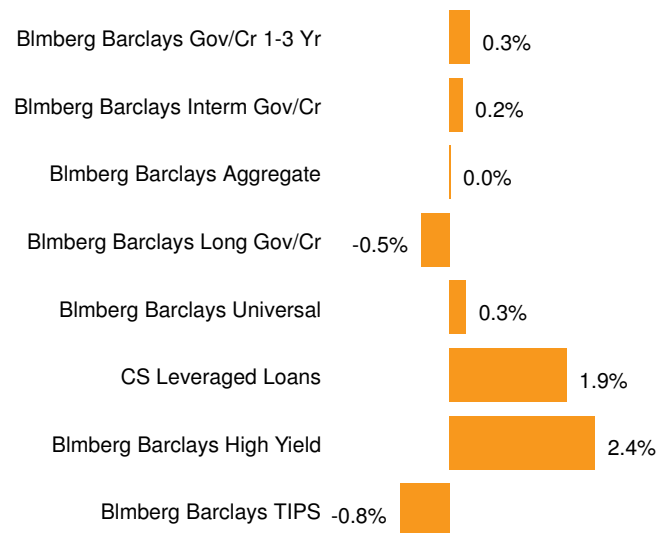
High Yield: +2.4% in 3Q; +2.6% YTD

- Low new issuance volume and stable fundamentals compressed spreads
- Bond issuance was \$41 billion, 33% lower than 3Q17

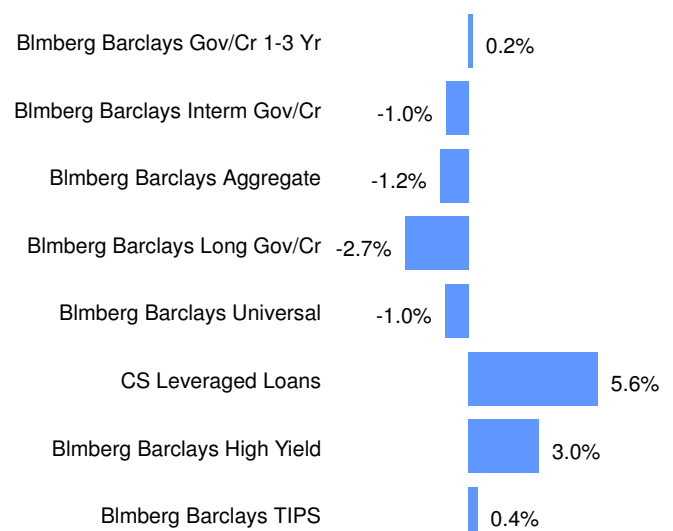
Bank Loans: +1.8% in 3Q; +4.0% YTD

- Demand continues for floating rate securities despite covenant-lite structures and higher spread duration
- Heavy issuance continued through the quarter; YTD leveraged loan issuance is above \$900 billion, driven by leveraged buyout and mergers-and-acquisitions activities
- CLO formation also increased demand in the third quarter

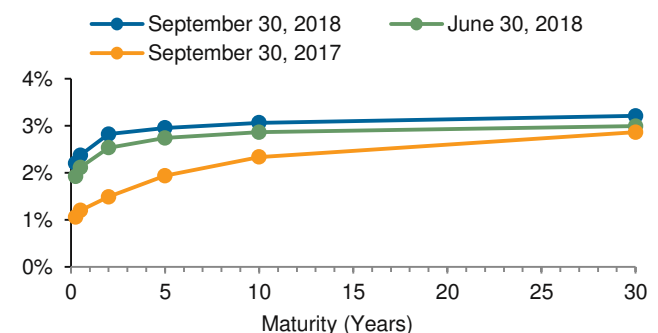
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



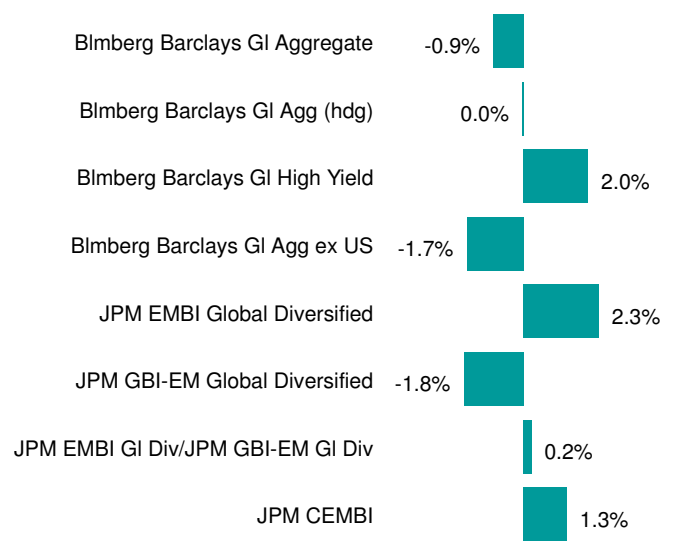
Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

NON-U.S. FIXED INCOME

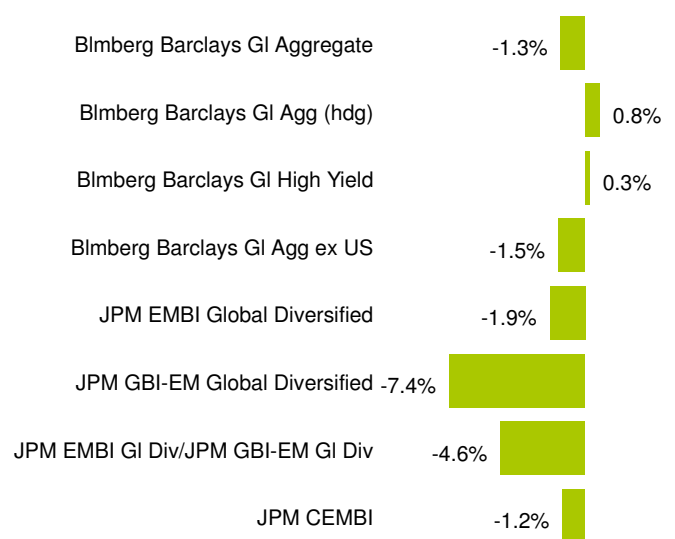
Volatility Hinders Local EM Debt

- The quarterly return for the JPM EMBI Global Diversified Index (USD denominated) was +2.3% with all sub-regions delivering positive results. Local currency emerging markets, however, fared more poorly. The JPM GBI-EM Global Diversified Index fell 1.8% for the quarter, but also endured significant intra-quarter volatility including a 6.1% drop in August.
- Further, return dispersion among countries was significant. Argentina (-35%) has seen its peso fall more than 50% this year to a record low as investors were spooked by previous currency debacles and worries over the economic picture. In addition to securing support from the International Monetary Fund, the country's central bank hiked short-term interest rates 15 percentage points to a global high of 60%. Turkey (-27%) endured a similar currency rout, though for different reasons. U.S.-imposed sanctions and concerns over central bank policy were the twin drivers of the lira's weakness. Turkey hiked short rates by 6.25 percentage points to 24% to stem its currency slide.
- Elsewhere, returns were far more modest (positive or negative) with only Russia (-6%) and Mexico (+6%) being noteworthy.
- Issuers in Europe faced a different challenge as political uncertainties surrounding Italy caused that market to weaken.

Global Fixed Income: Quarterly Returns

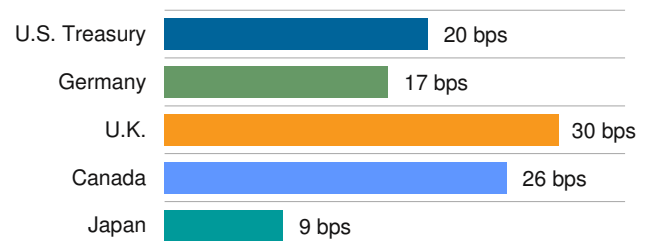


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

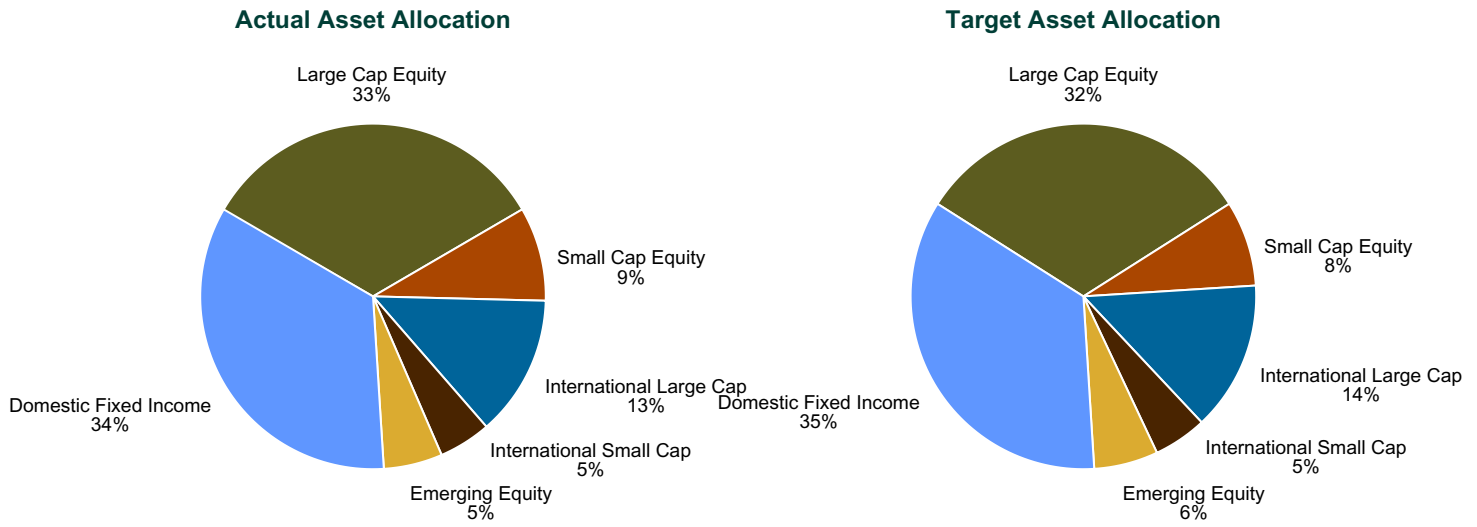
2Q18 to 3Q18



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

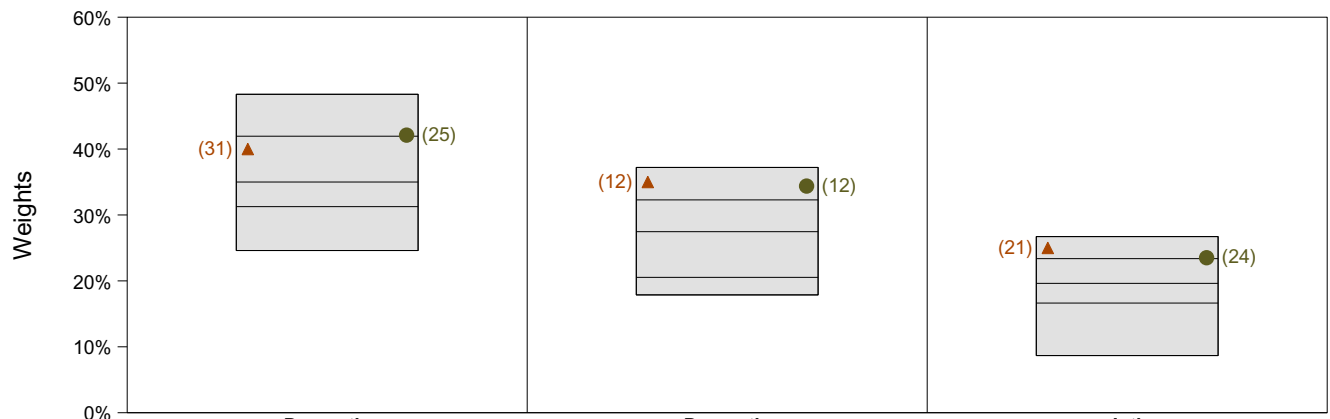
Actual vs Target Asset Allocation As of September 30, 2018

The top left chart shows the Fund's asset allocation as of September 30, 2018. 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	97,393	33.3%	32.0%	1.3%	3,722
Small Cap Equity	25,866	8.8%	8.0%	0.8%	2,448
International Large Cap	38,503	13.2%	14.0%	(0.8%)	(2,478)
International Small Cap	14,274	4.9%	5.0%	(0.1%)	(362)
Emerging Equity	16,050	5.5%	6.0%	(0.5%)	(1,513)
Domestic Fixed Income	100,636	34.4%	35.0%	(0.6%)	(1,817)
Total	292,722	100.0%	100.0%		

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



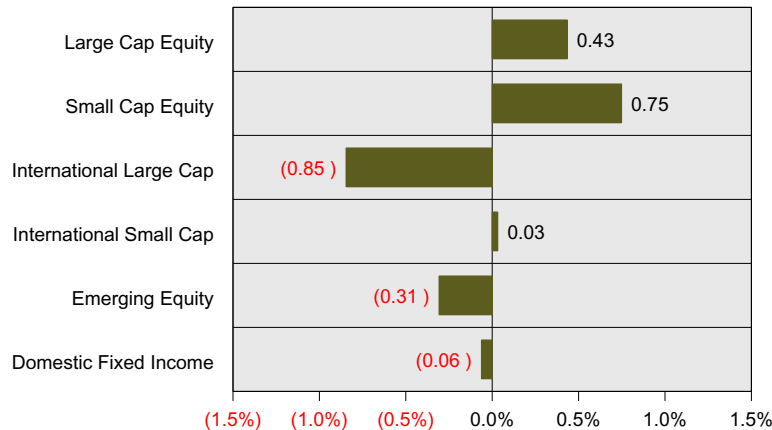
	Domestic Broad Eq	Domestic Fixed Income	Intl Equity
10th Percentile	48.30	37.21	26.72
25th Percentile	41.94	32.29	23.37
Median	35.00	27.46	19.62
75th Percentile	31.26	20.54	16.63
90th Percentile	24.60	17.87	8.67
Fund ●	42.11	34.38	23.51
Target ▲	40.00	35.00	25.00
% Group Invested	96.55%	98.28%	91.38%

* 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.

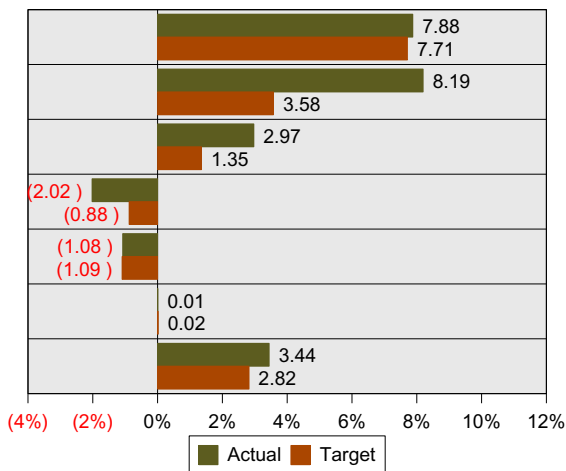
Quarterly Total Fund Relative Attribution - September 30, 2018

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.

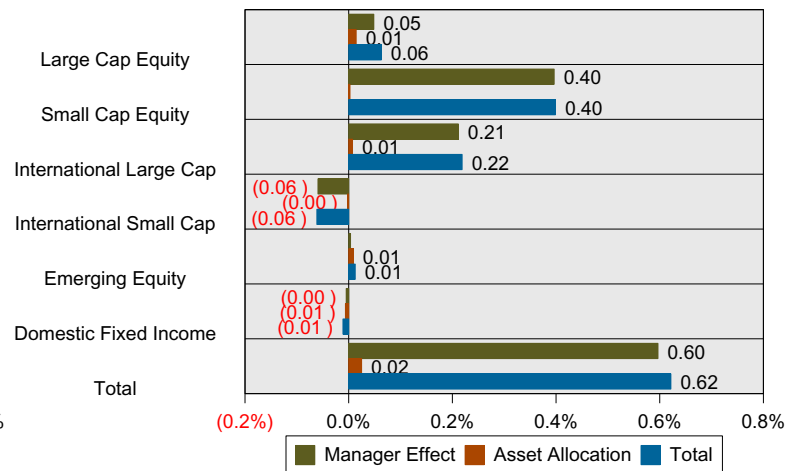
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2018

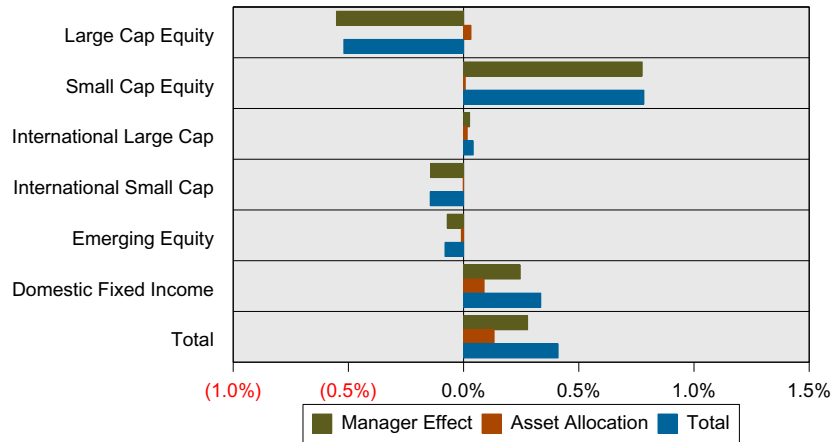
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	7.88%	7.71%	0.05%	0.01%	0.06%
Small Cap Equity	9%	8%	8.19%	3.58%	0.40%	0.00%	0.40%
International Large Cap	13%	14%	2.97%	1.35%	0.21%	0.01%	0.22%
International Small Cap	5%	5%	(2.02%)	(0.88%)	(0.06%)	(0.00%)	(0.06%)
Emerging Equity	6%	6%	(1.08%)	(1.09%)	0.00%	0.01%	0.01%
Domestic Fixed Income	35%	35%	0.01%	0.02%	(0.00%)	(0.01%)	(0.01%)
Total			3.44%	2.82%	+ 0.60%	+ 0.02%	0.62%

* 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.

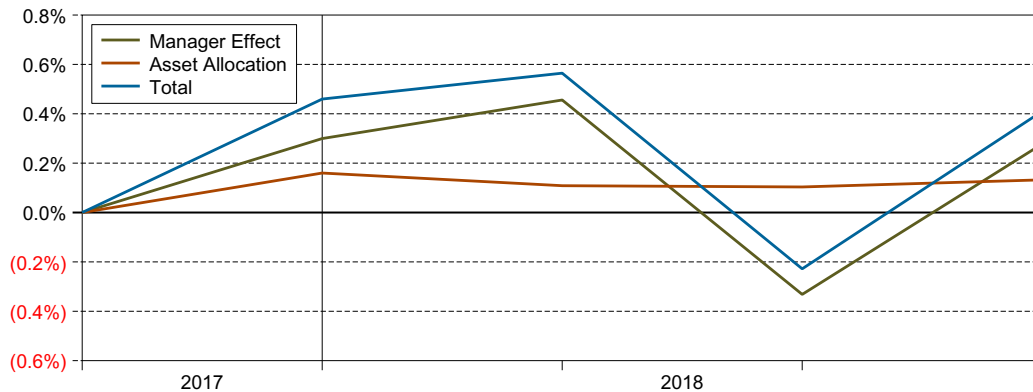
Cumulative Total Fund Relative Attribution - September 30, 2018

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

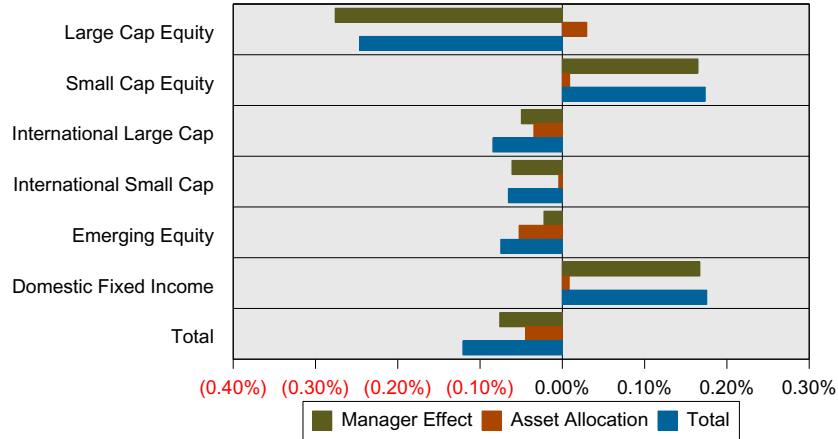
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	16.02%	17.91%	(0.55%)	0.03%	(0.52%)
Small Cap Equity	9%	8%	24.82%	15.24%	0.78%	0.01%	0.78%
International Large Cap	13%	14%	3.00%	2.74%	0.03%	0.02%	0.04%
International Small Cap	5%	5%	1.08%	3.73%	(0.14%)	(0.00%)	(0.14%)
Emerging Equity	6%	6%	(1.97%)	(0.81%)	(0.07%)	(0.01%)	(0.08%)
Domestic Fixed Income	33%	35%	(0.51%)	(1.22%)	0.25%	0.09%	0.33%
Total			7.30%	6.89%	+ 0.28%	+ 0.13%	0.41%

* 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.

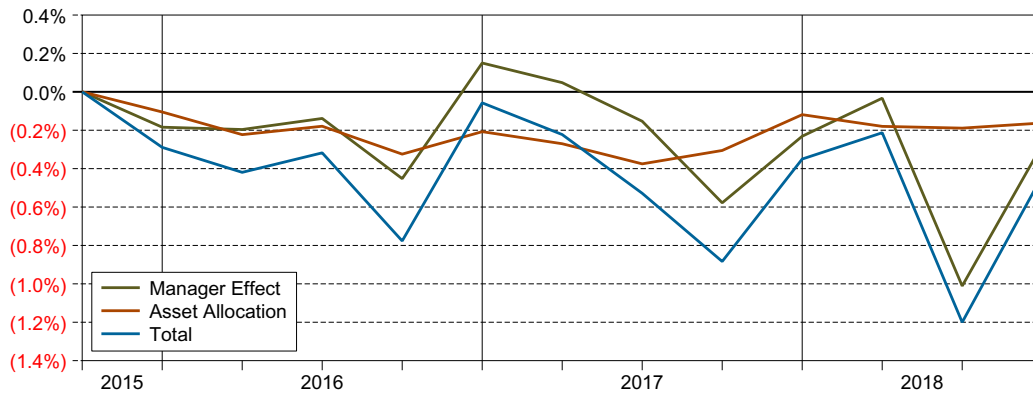
Cumulative Total Fund Relative Attribution - September 30, 2018

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%	16.39%	17.31%	(0.28%)	0.03%	(0.25%)
Small Cap Equity	9%	8%	19.38%	17.12%	0.16%	0.01%	0.17%
International Large Cap	14%	15%	8.92%	9.23%	(0.05%)	(0.03%)	(0.08%)
International Small Cap	4%	4%	7.75%	8.97%	(0.06%)	(0.00%)	(0.07%)
Emerging Equity	6%	6%	12.13%	12.36%	(0.02%)	(0.05%)	(0.07%)
Domestic Fixed Income	34%	35%	1.79%	1.31%	0.17%	0.01%	0.18%
Total			9.83%	9.95%	(0.08%)	(0.04%)	(0.12%)

* 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.

Total Fund Period Ended September 30, 2018

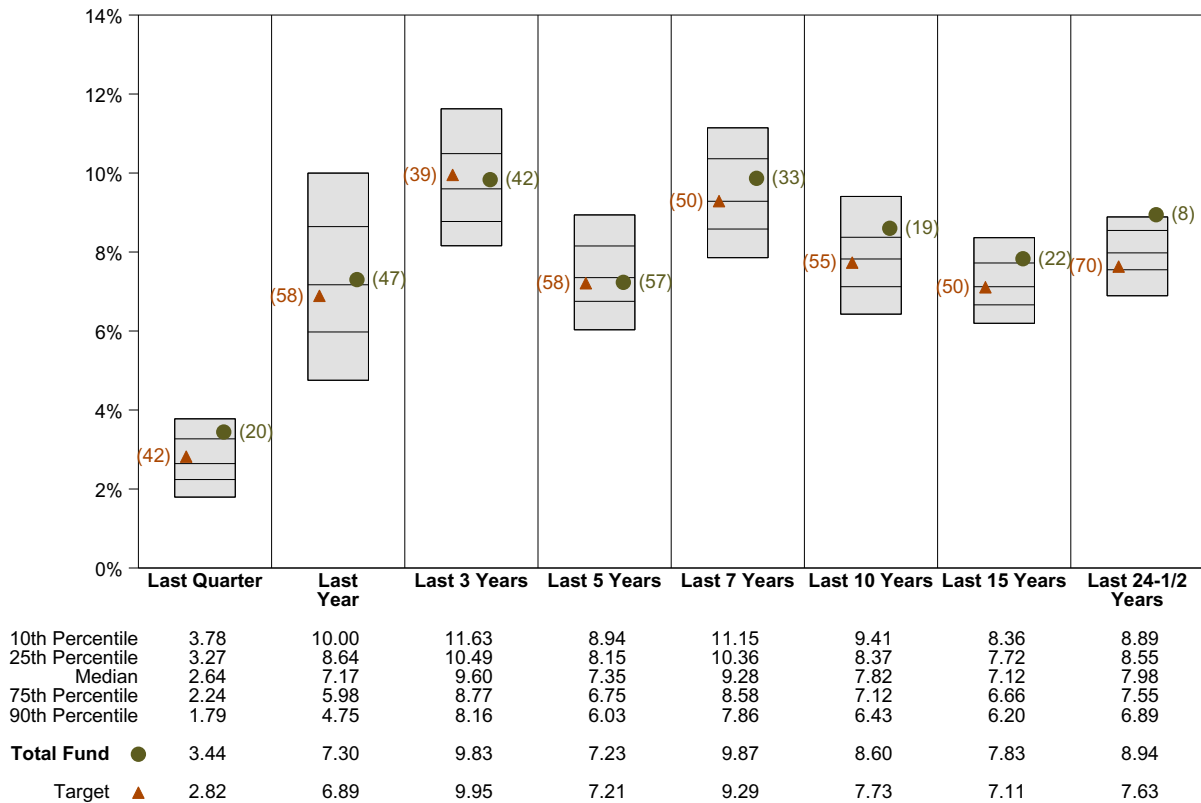
Investment Philosophy

* 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.

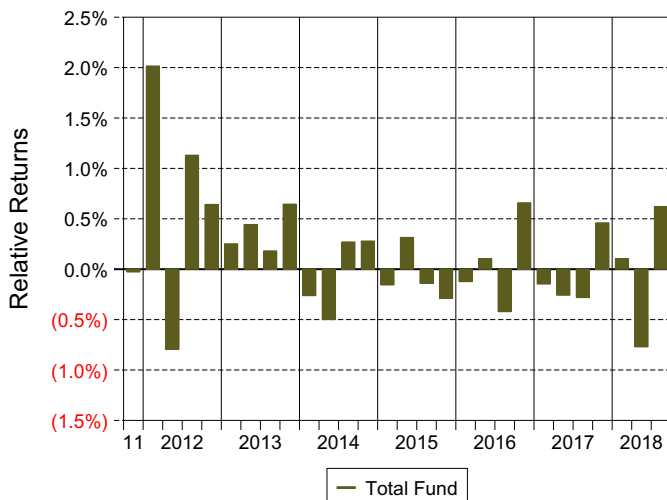
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 3.44% return for the quarter placing it in the 20 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 47 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.62% for the quarter and outperformed the Target for the year by 0.41%.

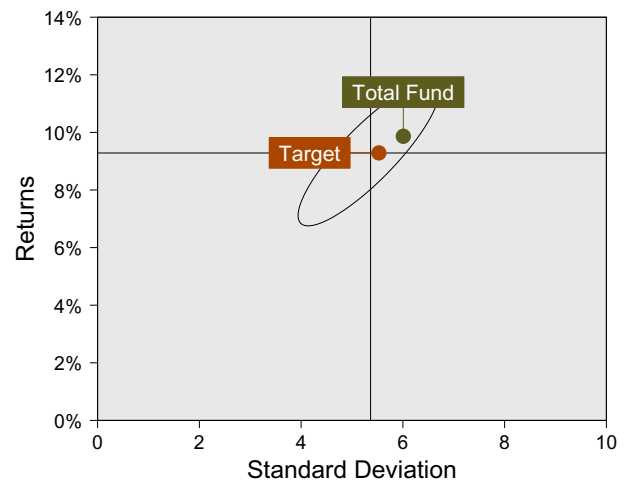
Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



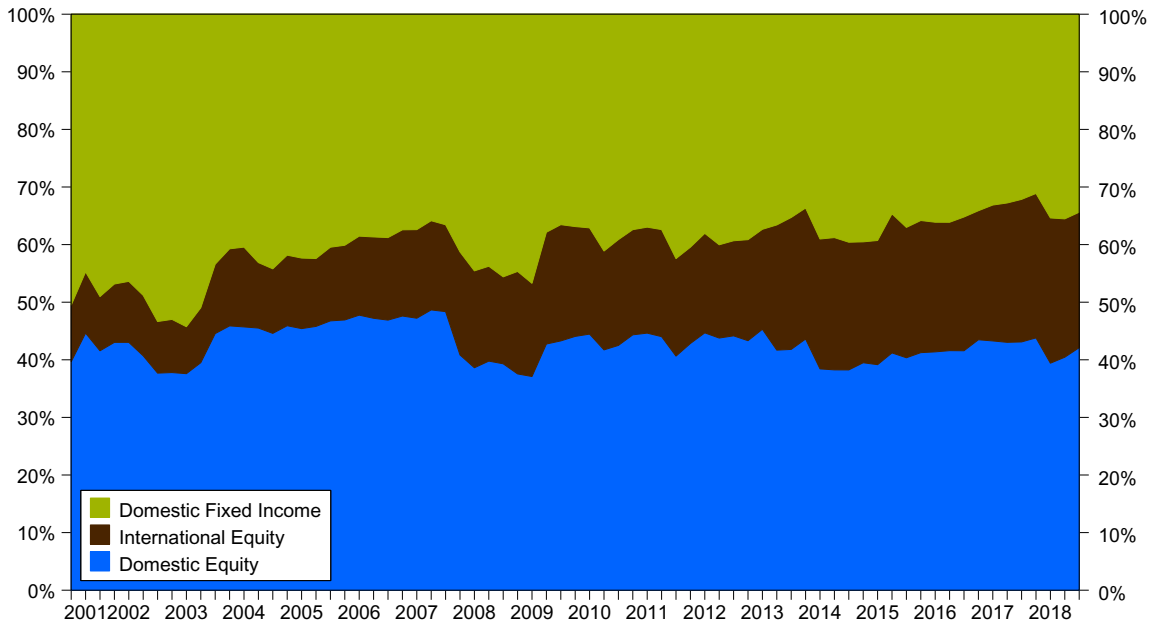
Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



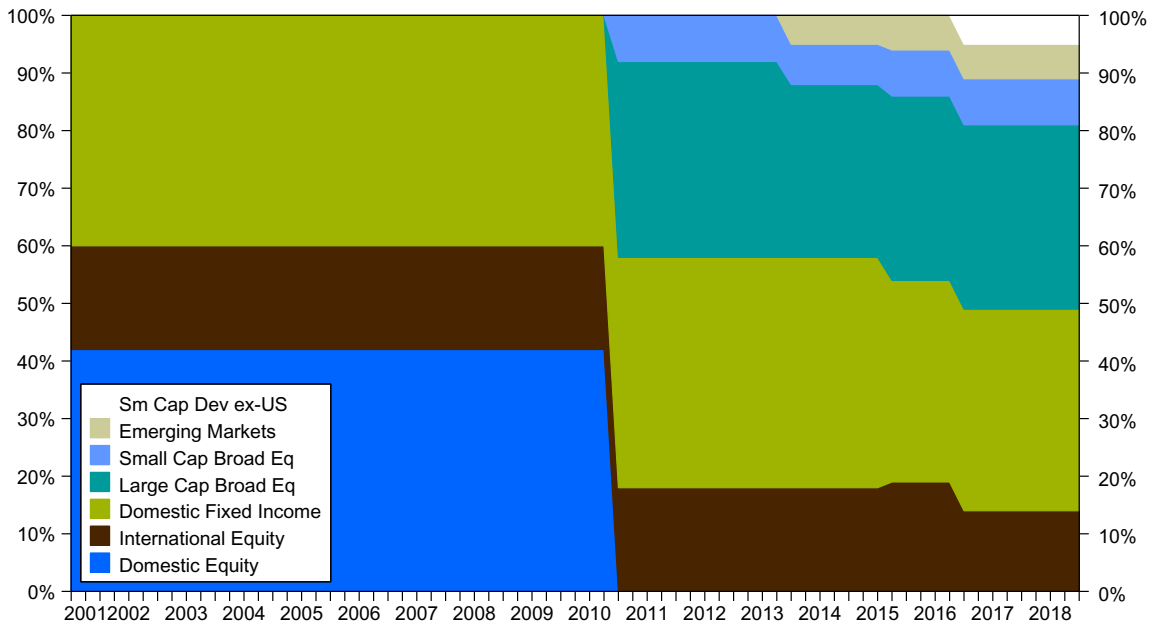
Actual vs Target Historical Asset Allocation

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 September 30, 2018, with the distribution as of June 30, 2018. 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

	September 30, 2018 Market Value	Net New Inv.	Inv. Return	June 30, 2018 Market Value
Consolidated Plan				
Domestic Equity	\$123,259,422	\$(772,568)	\$9,128,770	\$114,903,221
Large Cap	\$97,393,161	\$0	\$7,110,818	\$90,282,343
Boston Partners	47,523,601	0	3,533,899	43,989,701
SSgA S&P 500	49,869,560	0	3,576,918	46,292,642
Small Cap	\$25,866,261	\$(772,568)	\$2,017,952	\$24,620,877
Atlanta Capital	25,866,261	(772,568)	2,017,952	24,620,877
International Equity	\$68,826,940	\$0	\$584,715	\$68,242,226
International Large Cap	\$38,503,306	\$0	\$1,110,609	\$37,392,697
Brandes	9,337	0	80	9,257
SSgA EAFE	11,397,852	0	156,888	11,240,964
Pyrford	27,096,117	0	953,641	26,142,476
International Small Cap	\$14,273,681	\$0	\$(329,549)	\$14,603,230
AQR	14,273,681	0	(329,549)	14,603,230
Emerging Equity	\$16,049,953	\$0	\$(196,346)	\$16,246,299
DFA Emerging Markets	16,049,953	0	(196,346)	16,246,299
Fixed Income	\$100,636,113	\$(308,427)	\$6,278	\$100,938,262
Metropolitan West	100,636,113	(308,427)	6,278	100,938,262
Total Plan - Consolidated	\$292,722,475	\$(1,080,995)	\$9,719,762	\$284,083,708

Sacramento Regional Transit District Asset Growth

Ending September 30, 2018 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 9/2018	292,722.5		284,083.7		(1,081.0)		9,719.8
1/4 Year Ended 6/2018	284,083.7		284,995.0		(1,267.6)		356.3
1/4 Year Ended 3/2018	284,995.0		288,314.8		(1,183.4)		(2,136.5)
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

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2018. 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 September 30, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	7.95%	17.86%	17.03%	13.22%	17.45%
Domestic Equity Benchmark**	6.88%	17.42%	17.34%	13.46%	16.87%
Large Cap Equity	7.88%	16.02%	16.39%	12.92%	17.15%
Boston Partners	8.03%	14.11%	15.39%	11.83%	17.08%
Russell 1000 Value Index	5.70%	9.45%	13.55%	10.72%	15.02%
SSgA S&P 500	7.73%	17.90%	17.35%	14.00%	-
S&P 500 Index	7.71%	17.91%	17.31%	13.95%	16.91%
Small Cap Equity	8.19%	24.82%	19.38%	14.32%	18.54%
Atlanta Capital	8.19%	24.82%	19.38%	14.32%	18.54%
Russell 2000 Index	3.58%	15.24%	17.12%	11.07%	16.43%
International Equity	0.94%	1.44%	9.57%	4.05%	7.57%
International Benchmark***	0.32%	2.11%	10.37%	4.49%	8.18%
International Large Cap	2.97%	3.00%	8.92%	4.09%	-
SSgA EAFE	1.40%	3.07%	9.62%	4.75%	-
Pyrford	3.65%	2.98%	-	-	-
MSCI EAFE Index	1.35%	2.74%	9.23%	4.42%	8.30%
International Small Cap	(2.02%)	1.08%	-	-	-
AQR	(2.02%)	1.08%	-	-	-
MSCI EAFE Small Cap Index	(0.88%)	3.73%	12.39%	7.96%	11.46%
Emerging Markets Equity	(1.08%)	(1.97%)	12.13%	4.18%	-
DFA Emerging Markets	(1.08%)	(1.97%)	12.13%	4.18%	-
MSCI Emerging Markets Index	(1.09%)	(0.81%)	12.36%	3.61%	5.03%
Domestic Fixed Income	0.01%	(0.51%)	1.79%	2.50%	3.11%
Met West	0.01%	(0.51%)	1.79%	2.50%	3.11%
Bloomberg Aggregate Index	0.02%	(1.22%)	1.31%	2.16%	2.02%
Total Plan	3.44%	7.30%	9.83%	7.23%	9.87%
Target*	2.82%	6.89%	9.95%	7.21%	9.29%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2018. 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 September 30, 2018

	Last 10 Years	Last 15 Years	Last 20 Years	Last 24-1/2 Years
Domestic Equity	12.55%	10.52%	8.30%	-
Domestic Equity Benchmark**	11.98%	9.87%	8.05%	10.29%
Russell 1000 Value Index	9.79%	8.89%	7.64%	9.86%
S&P 500 Index	11.97%	9.65%	7.42%	10.09%
Russell 2000 Index	11.11%	10.12%	9.45%	9.58%
International Equity	4.87%	7.13%	8.31%	-
MSCI EAFE Index	5.38%	6.80%	5.20%	5.16%
Domestic Fixed Income	5.59%	5.14%	5.21%	-
Met West	5.59%	5.14%	-	-
Bloomberg Aggregate Index	3.77%	3.78%	4.48%	5.25%
Total Plan Target*	8.60% 7.73%	7.83% 7.11%	7.41% 6.41%	8.94% 7.63%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2017- 9/2018	2017	2016	2015	2014
Domestic Equity	10.49%	19.78%	14.58%	0.06%	10.85%
Domestic Equity Benchmark**	10.80%	20.41%	13.85%	0.26%	12.07%
Large Cap Equity	8.39%	21.10%	13.38%	(1.17%)	12.81%
Boston Partners	6.22%	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	3.92%	13.66%	17.34%	(3.83%)	13.45%
SSgA S&P 500	10.54%	21.86%	12.03%	1.46%	13.77%
S&P 500 Index	10.56%	21.83%	11.96%	1.38%	13.69%
Small Cap Equity	18.53%	15.01%	19.17%	5.14%	3.49%
Atlanta Capital	18.53%	15.01%	19.17%	5.14%	3.49%
Russell 2000 Index	11.51%	14.65%	21.31%	(4.41%)	4.89%
International Equity	(3.59%)	28.25%	2.55%	(4.17%)	(3.72%)
International Benchmark***	(3.09%)	29.51%	3.26%	(4.30%)	(4.25%)
International Large Cap	(0.80%)	22.63%	1.35%	(1.17%)	(4.41%)
SSgA EAFE	(1.11%)	25.47%	1.37%	(0.56%)	(4.55%)
MSCI EAFE Index	(1.43%)	25.03%	1.00%	(0.81%)	(4.90%)
International Small Cap	(4.42%)	33.76%	-	-	-
AQR	(4.42%)	33.76%	-	-	-
MSCI EAFE Small Cap Index	(2.19%)	33.01%	2.18%	9.59%	(4.95%)
Emerging Markets Equity	(9.10%)	37.32%	12.99%	(14.33%)	(0.28%)
DFA Emerging Markets	(9.10%)	37.32%	12.99%	(14.33%)	(0.28%)
MSCI Emerging Markets Index	(7.68%)	37.28%	11.19%	(14.92%)	(2.19%)
Domestic Fixed Income	(0.98%)	3.89%	2.87%	0.51%	6.37%
Met West	(0.98%)	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	(1.60%)	3.54%	2.65%	0.55%	5.97%
Total Plan	2.87%	16.14%	7.65%	(0.97%)	5.61%
Target*	2.93%	16.39%	7.40%	(0.71%)	5.82%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap 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.

	2013	2012	2011	2010	2009
Domestic Equity	36.44%	19.19%	2.08%	15.93%	32.93%
Domestic Equity Benchmark**	33.61%	16.09%	0.94%	17.33%	28.02%
Boston Partners	37.52%	21.95%	1.27%	13.61%	27.06%
Russell 1000 Value Index	32.53%	17.51%	0.39%	15.51%	19.69%
S&P 500 Index	32.39%	16.00%	2.11%	15.06%	26.47%
Russell 2000 Index	38.82%	16.35%	(4.18%)	26.85%	27.17%
International Equity	16.66%	17.28%	(10.64%)	6.51%	28.99%
MSCI EAFE Index	22.78%	17.32%	(12.14%)	7.75%	31.78%
Domestic Fixed Income	(1.03%)	9.48%	6.10%	12.52%	19.88%
Met West	(1.03%)	9.48%	6.10%	12.52%	19.88%
Bloomberg Aggregate Index	(2.02%)	4.21%	7.84%	6.54%	5.93%
Total Plan	17.71%	14.80%	1.22%	12.70%	26.91%
Target*	15.99%	11.68%	1.52%	11.85%	20.02%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2018. 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 September 30, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	7.84%	17.39%	-	-	-
Domestic Equity Benchmark**	6.88%	17.42%	17.34%	13.46%	16.87%
Large Cap Equity	7.80%	15.68%	-	-	-
Boston Partners	7.89%	13.49%	14.81%	11.25%	16.49%
Russell 1000 Value Index	5.70%	9.45%	13.55%	10.72%	15.02%
SSgA S&P 500	7.71%	17.84%	17.29%	13.94%	-
S&P 500 Index	7.71%	17.91%	17.31%	13.95%	16.91%
Small Cap Equity	7.98%	23.83%	-	-	-
Atlanta Capital	7.98%	23.83%	18.44%	13.42%	17.63%
Russell 2000 Index	3.58%	15.24%	17.12%	11.07%	16.43%
International Equity	0.78%	0.82%	-	-	-
International Equity Benchmark***	0.32%	2.11%	10.37%	4.49%	8.18%
International Large Cap	2.84%	2.48%	-	-	-
SSgA EAFE	1.37%	2.98%	9.51%	4.64%	-
Pyrford	3.47%	2.27%	-	-	-
MSCI EAFE Index	1.35%	2.74%	9.23%	4.42%	8.30%
International Small Cap	(2.26%)	0.13%	-	-	-
AQR	(2.26%)	0.13%	-	-	-
MSCI EAFE Small Cap Index	(0.88%)	3.73%	12.39%	7.96%	11.46%
Emerging Markets Equity	(1.21%)	(2.48%)	-	-	-
DFA Emerging Markets	(1.21%)	(2.48%)	11.48%	3.56%	-
MSCI Emerging Markets Index	(1.09%)	(0.81%)	12.36%	3.61%	5.03%
Domestic Fixed Income	(0.06%)	(0.78%)	-	-	-
Met West	(0.06%)	(0.78%)	1.51%	2.22%	2.83%
Bloomberg Aggregate Index	0.02%	(1.22%)	1.31%	2.16%	2.02%
Total Plan	3.34%	6.86%	9.41%	6.84%	9.45%
Target*	2.82%	6.89%	9.95%	7.21%	9.29%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Domestic Equity Period Ended September 30, 2018

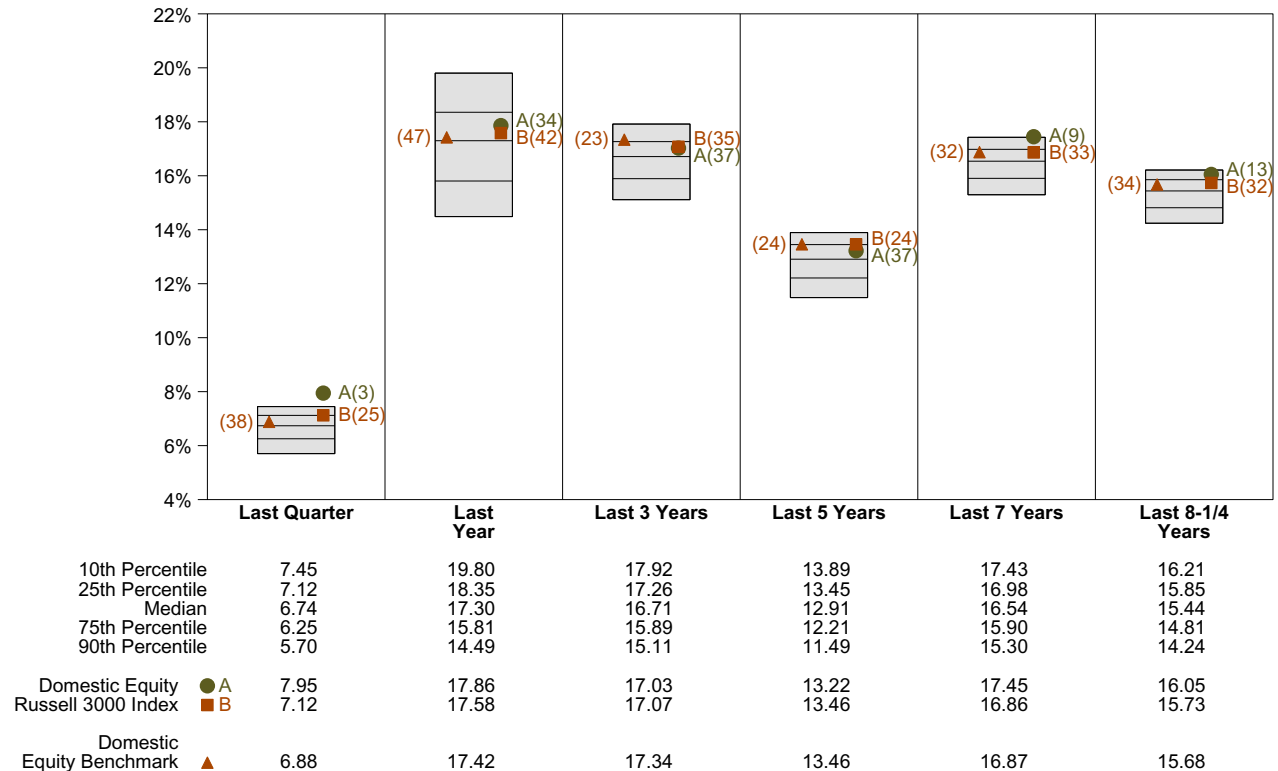
Investment Philosophy

Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

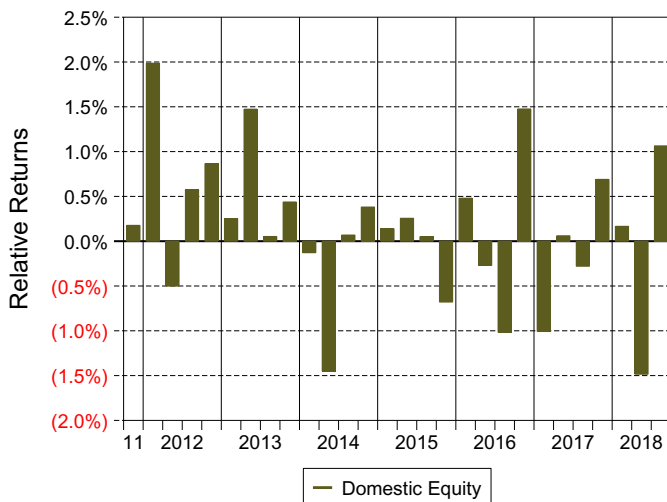
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 7.95% return for the quarter placing it in the 3 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 34 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 1.06% for the quarter and outperformed the Domestic Equity Benchmark for the year by 0.44%.

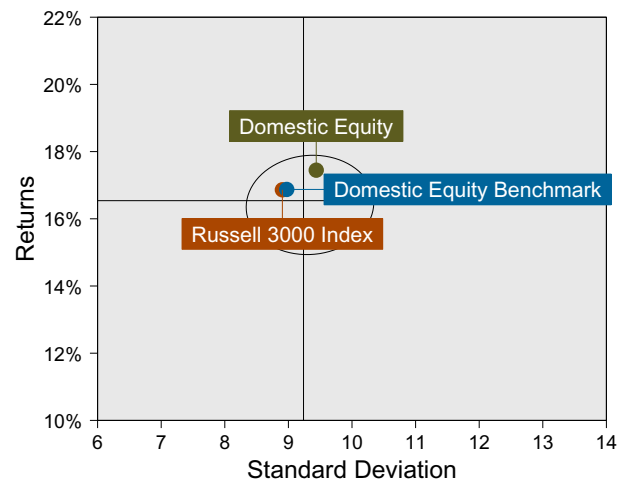
Performance vs Fund Sponsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



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

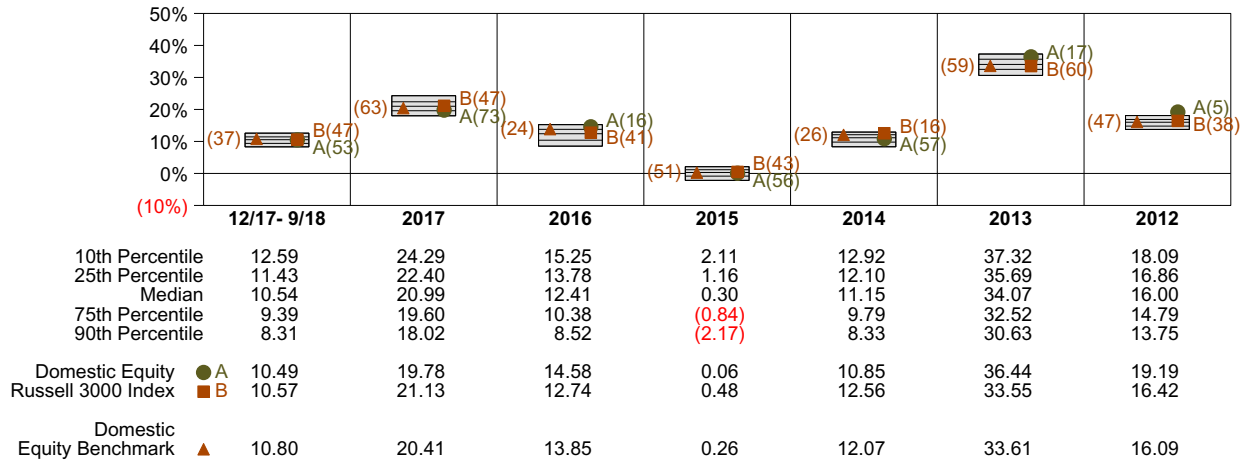


Domestic Equity Return Analysis Summary

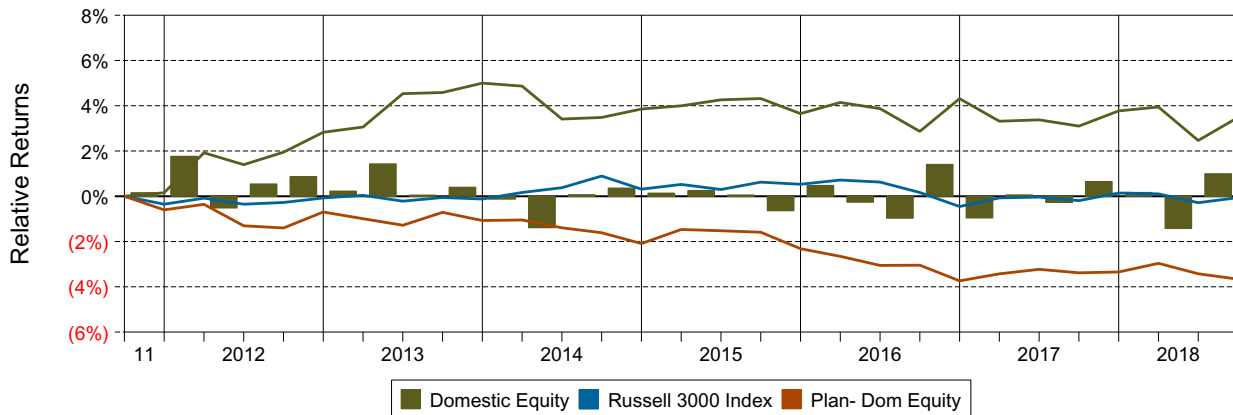
Return Analysis

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)



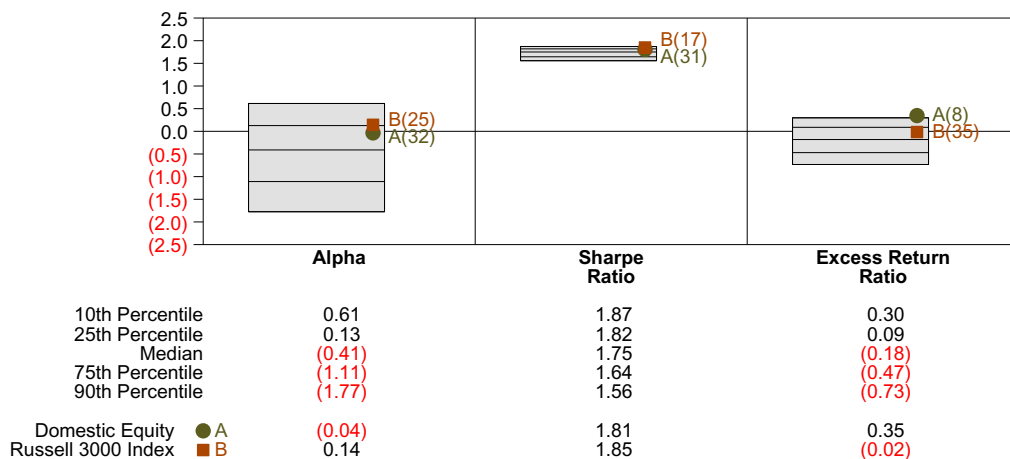
Cumulative and Quarterly Relative Return vs Domestic Equity Benchmark



Risk Adjusted Return Measures vs Domestic Equity Benchmark

Rankings Against Fund Sponsor - Domestic Equity (Gross)

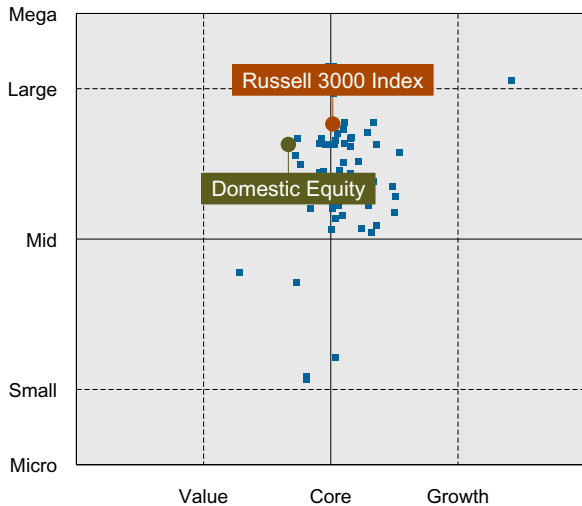
Seven Years Ended September 30, 2018



Current Holdings Based Style Analysis Domestic Equity As of September 30, 2018

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.

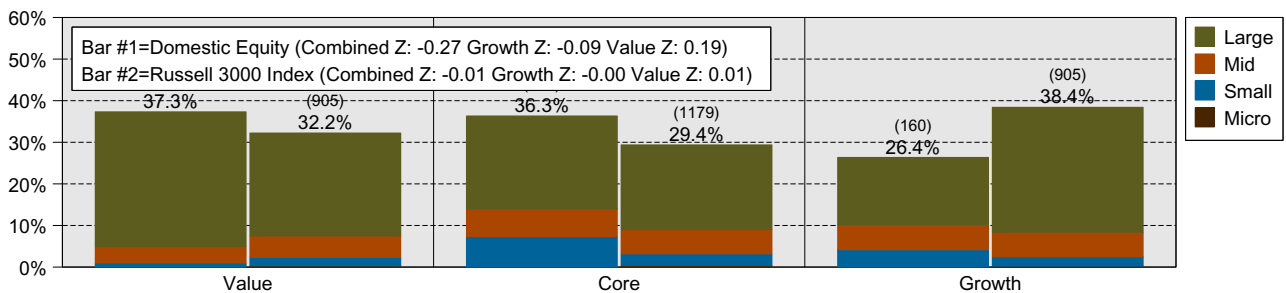
Style Map vs Plan- Dom Equity Holdings as of September 30, 2018



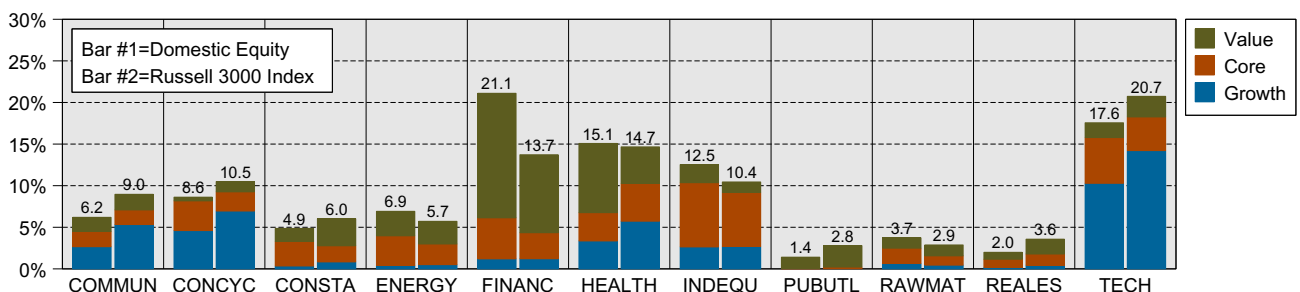
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Large	32.3% (98)	22.3% (106)	16.2% (85)	70.8% (289)
	24.7% (97)	20.4% (107)	30.0% (95)	75.1% (299)
Mid	4.1% (90)	6.6% (92)	6.0% (63)	16.7% (245)
	5.1% (186)	5.8% (201)	5.9% (211)	16.8% (598)
Small	1.0% (5)	7.3% (26)	4.2% (12)	12.5% (43)
	2.1% (328)	2.8% (489)	2.3% (379)	7.1% (1196)
Micro	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
	0.3% (294)	0.4% (382)	0.2% (220)	0.9% (896)
Total	37.3% (194)	36.3% (224)	26.4% (160)	100.0% (578)
	32.2% (905)	29.4% (1179)	38.4% (905)	100.0% (2989)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



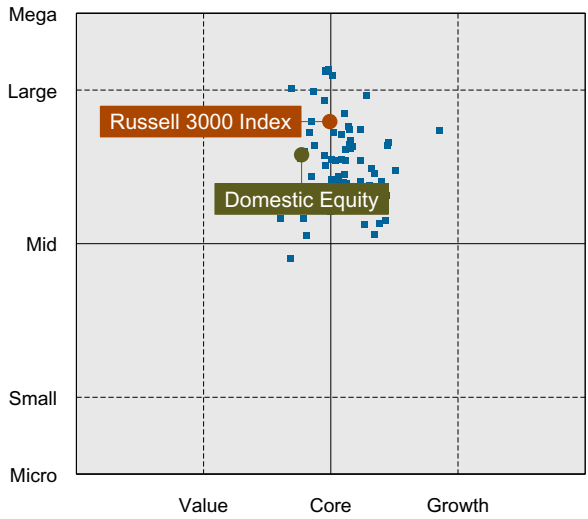
Sector Weights Distribution Holdings as of September 30, 2018



Historical Holdings Based Style Analysis Domestic Equity For Five Years Ended September 30, 2018

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.

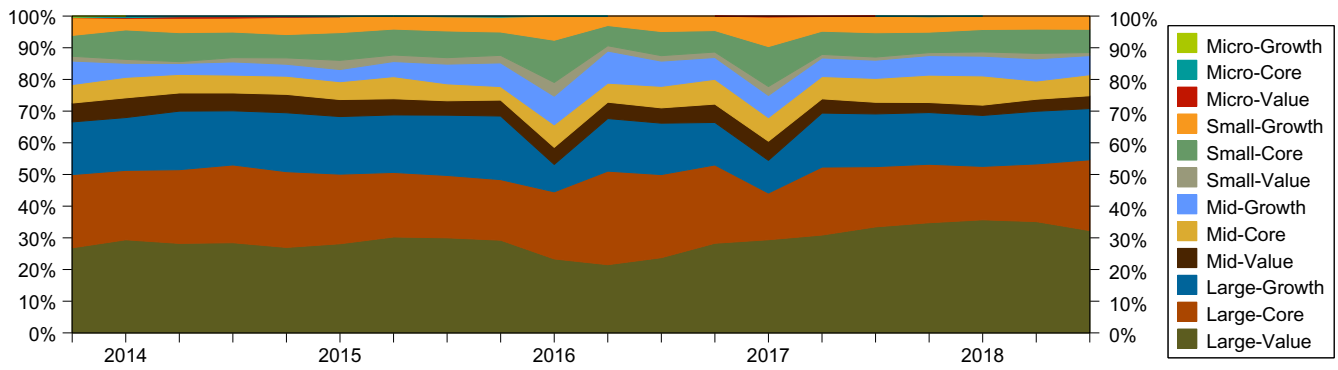
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended September 30, 2018



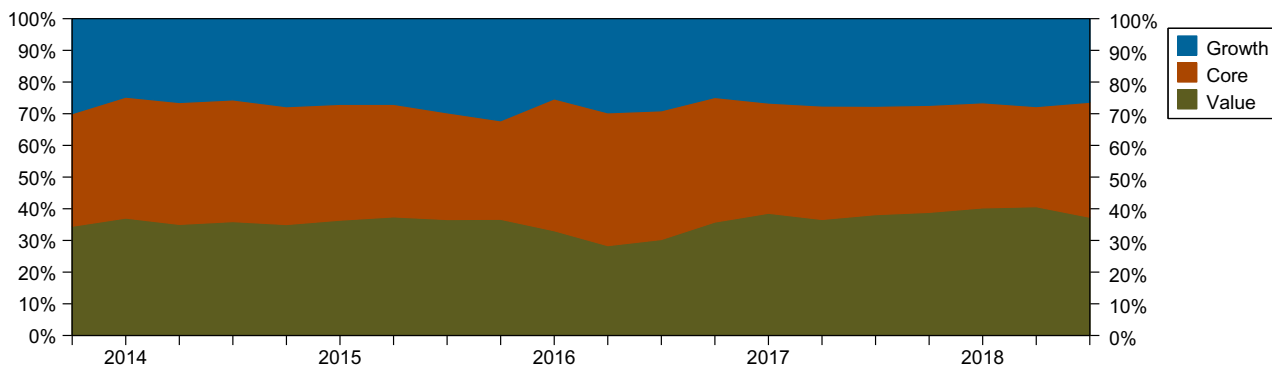
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	29.3% (91)	21.5% (90)	16.3% (88)	67.2% (269)
Large	26.4% (98)	22.6% (98)	24.8% (103)	73.7% (299)
Mid	5.0% (83)	6.6% (80)	6.2% (57)	17.7% (220)
	5.4% (178)	6.3% (215)	6.1% (205)	17.7% (598)
Small	1.8% (9)	8.2% (27)	4.9% (14)	14.9% (50)
	2.2% (338)	3.0% (485)	2.3% (379)	7.6% (1202)
Micro	0.1% (1)	0.1% (1)	0.0% (0)	0.2% (2)
	0.3% (285)	0.4% (374)	0.3% (214)	1.0% (873)
Total	36.1% (184)	36.4% (198)	27.5% (159)	100.0% (541)
	34.3% (899)	32.3% (1172)	33.4% (901)	100.0% (2972)
	Value	Core	Growth	Total

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures

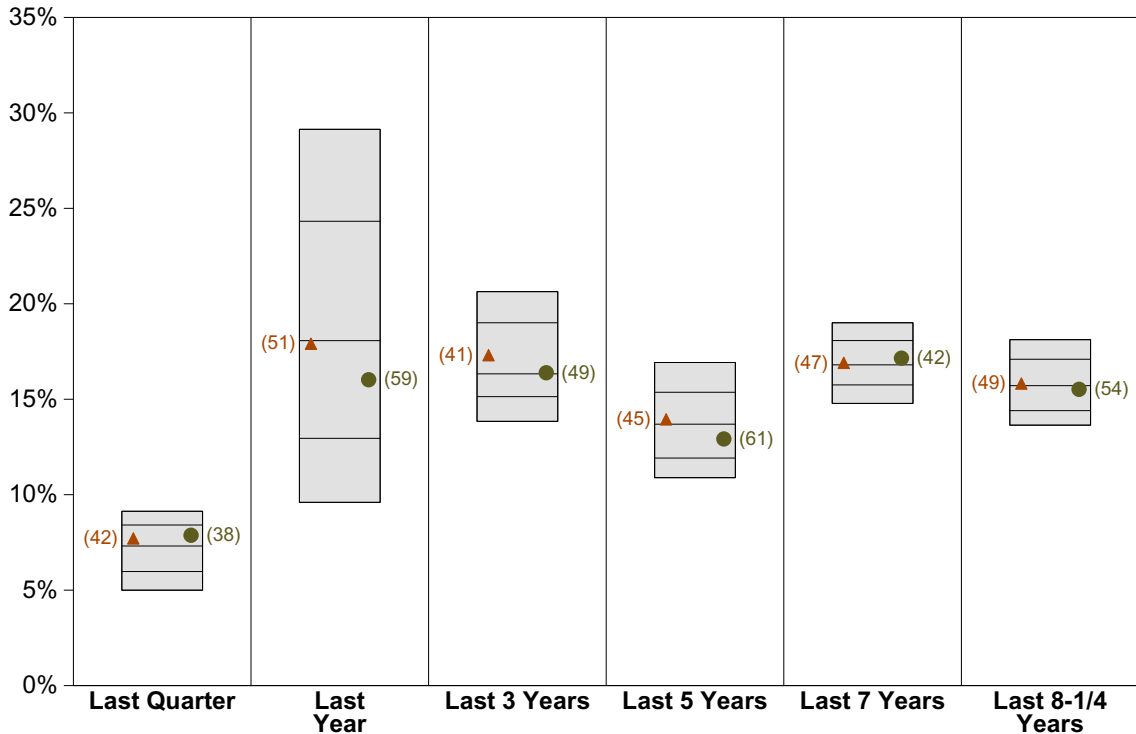


Large Cap Period Ended September 30, 2018

Quarterly Summary and Highlights

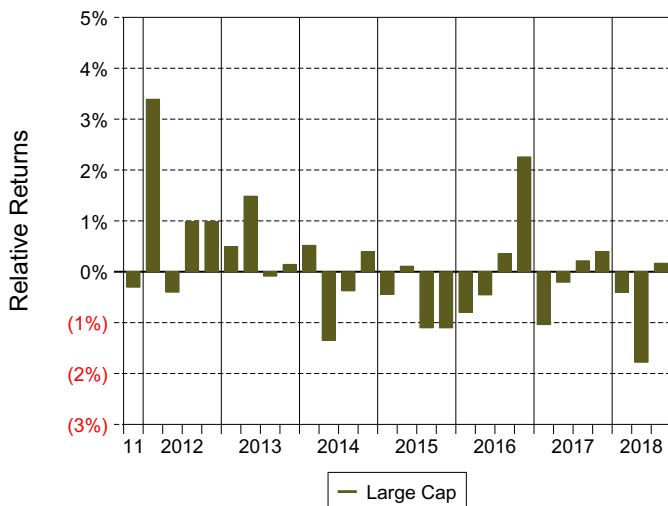
- Large Cap's portfolio posted a 7.88% return for the quarter placing it in the 38 percentile of the Callan Large Capitalization group for the quarter and in the 59 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 0.17% for the quarter and underperformed the S&P 500 Index for the year by 1.89%.

Performance vs Callan Large Capitalization (Gross)

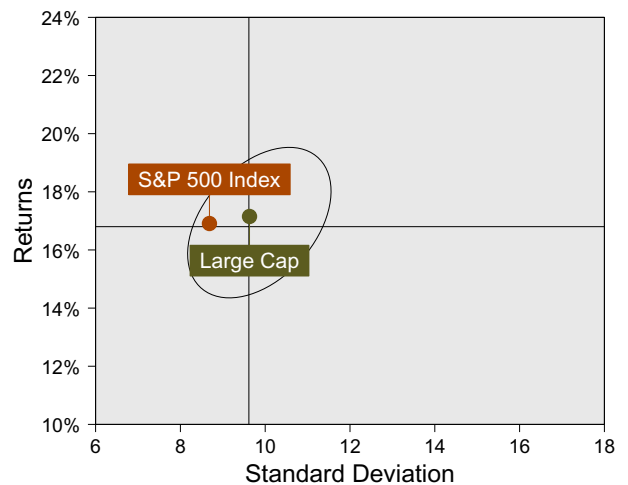


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 8-1/4 Years
10th Percentile	9.13	29.14	20.64	16.92	19.01	18.12
25th Percentile	8.41	24.32	19.01	15.37	18.07	17.09
Median	7.31	18.07	16.33	13.69	16.80	15.71
75th Percentile	5.98	12.95	15.14	11.92	15.75	14.40
90th Percentile	5.00	9.60	13.84	10.89	14.78	13.64
Large Cap ●	7.88	16.02	16.39	12.92	17.15	15.52
S&P 500 Index ▲	7.71	17.91	17.31	13.95	16.91	15.82

Relative Return vs S&P 500 Index



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

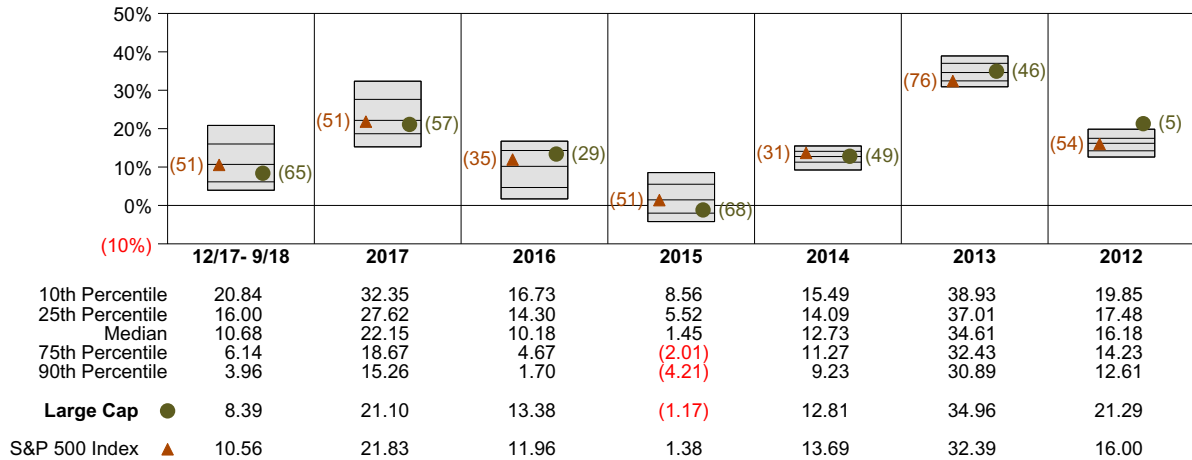


Large Cap Return Analysis Summary

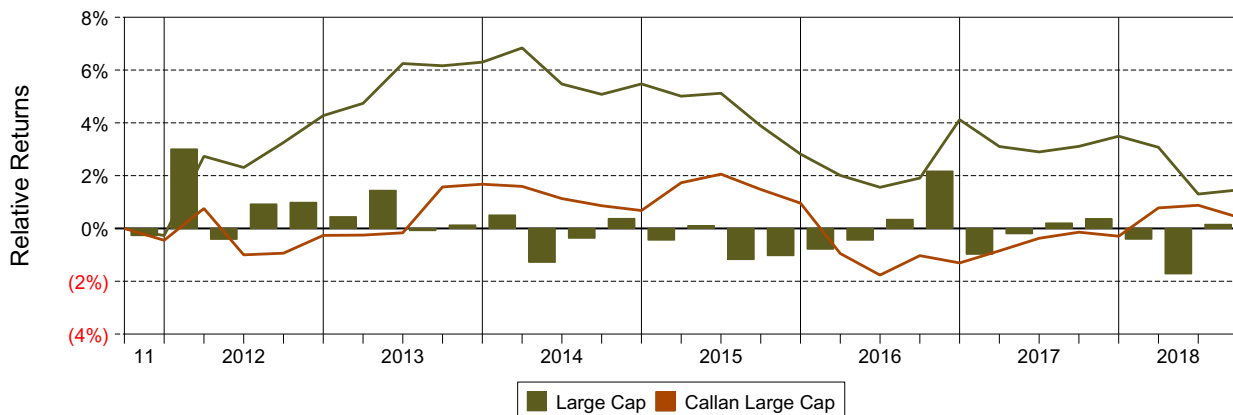
Return Analysis

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.

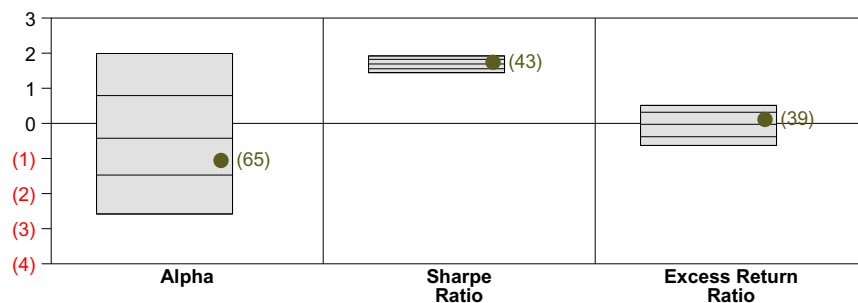
Performance vs Callan Large Capitalization (Gross)



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 September 30, 2018



	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.99	1.92	0.51
25th Percentile	0.79	1.82	0.32
Median	(0.42)	1.69	(0.03)
75th Percentile	(1.47)	1.56	(0.38)
90th Percentile	(2.58)	1.44	(0.63)
Large Cap ●	(1.06)	1.74	0.11

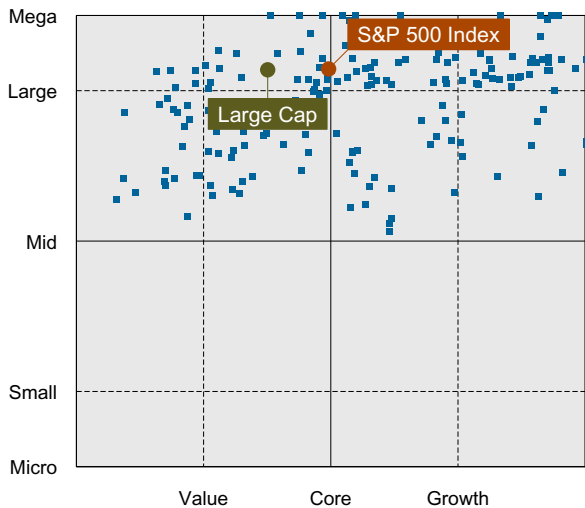
Current Holdings Based Style Analysis

Large Cap

As of September 30, 2018

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.

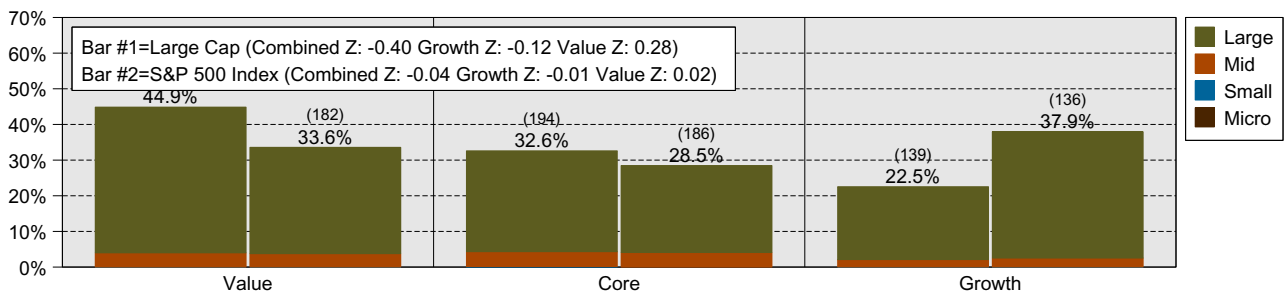
Style Map vs Callan Large Cap Holdings as of September 30, 2018



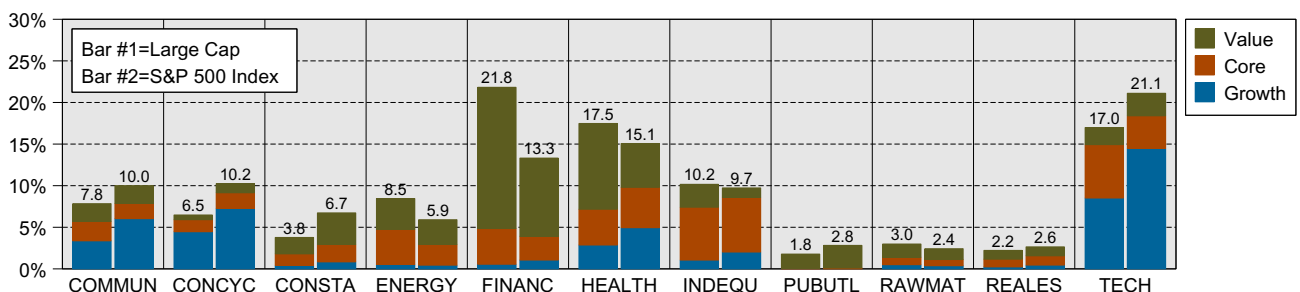
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Large	40.9% (98)	28.3% (106)	20.4% (85)	89.6% (289)
	29.8% (97)	24.4% (103)	35.4% (84)	89.6% (284)
Mid	4.0% (87)	4.2% (86)	2.1% (53)	10.2% (226)
	3.8% (84)	4.1% (83)	2.5% (51)	10.4% (218)
Small	0.0% (1)	0.2% (2)	0.0% (1)	0.2% (4)
	0.0% (1)	0.0% (0)	0.0% (1)	0.0% (2)
Micro	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	44.9% (187)	32.6% (194)	22.5% (139)	100.0% (520)
	33.6% (182)	28.5% (186)	37.9% (136)	100.0% (504)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



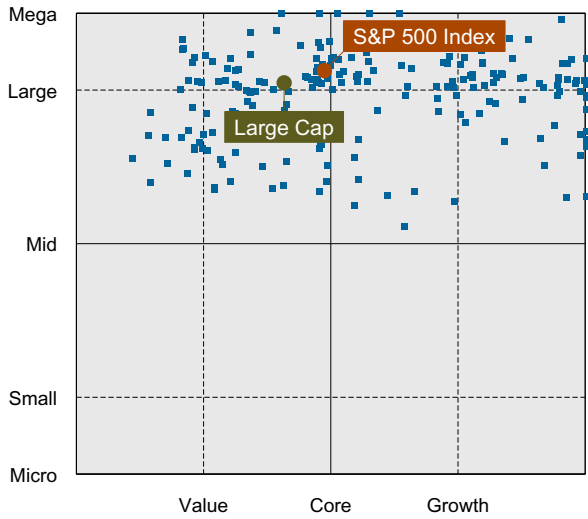
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended September 30, 2018

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.

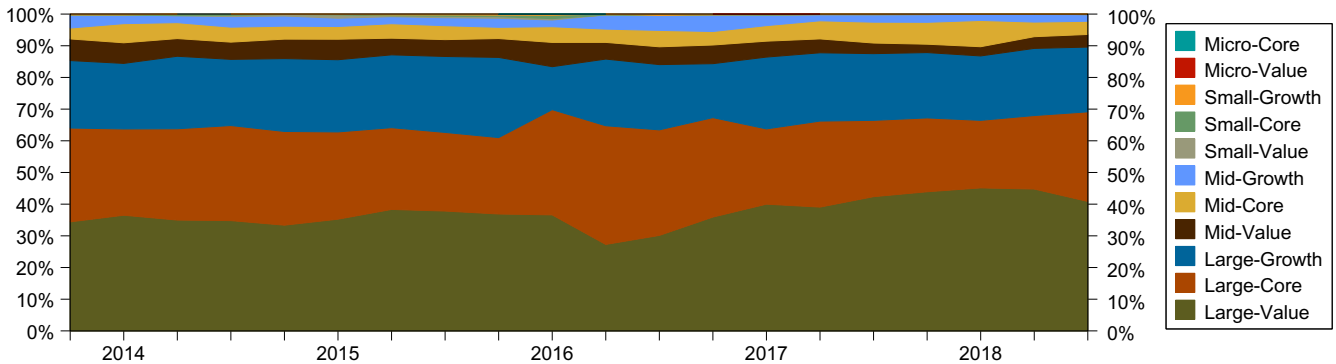
Average Style Map vs Callan Large Cap Holdings for Five Years Ended September 30, 2018



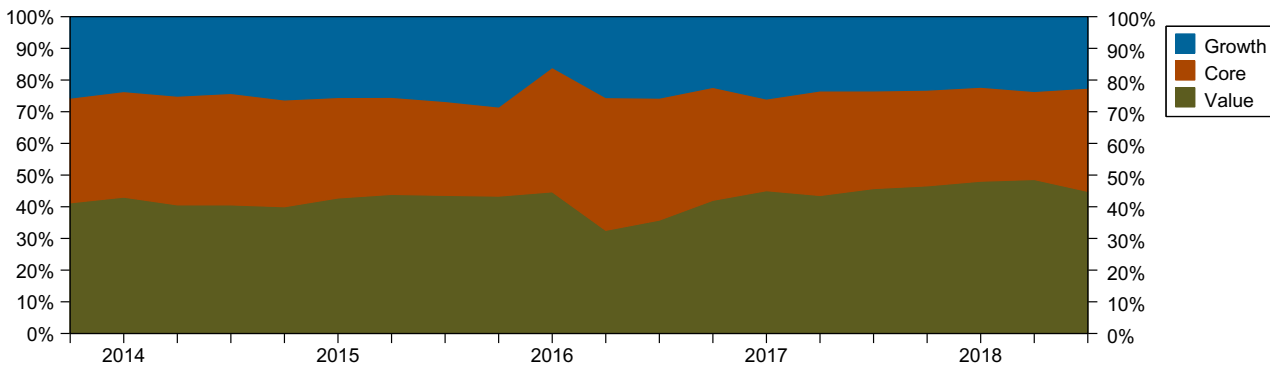
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	37.4% (95)	27.7% (94)	21.2% (92)	86.3% (281)
Large	32.2% (97)	27.4% (95)	29.5% (93)	89.2% (285)
Mid	5.2% (84)	5.0% (79)	2.9% (52)	13.1% (215)
	4.0% (84)	3.9% (78)	2.8% (52)	10.8% (214)
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	42.8% (183)	32.9% (175)	24.3% (146)	100.0% (504)
	36.3% (184)	31.4% (174)	32.4% (146)	100.0% (504)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended September 30, 2018

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.

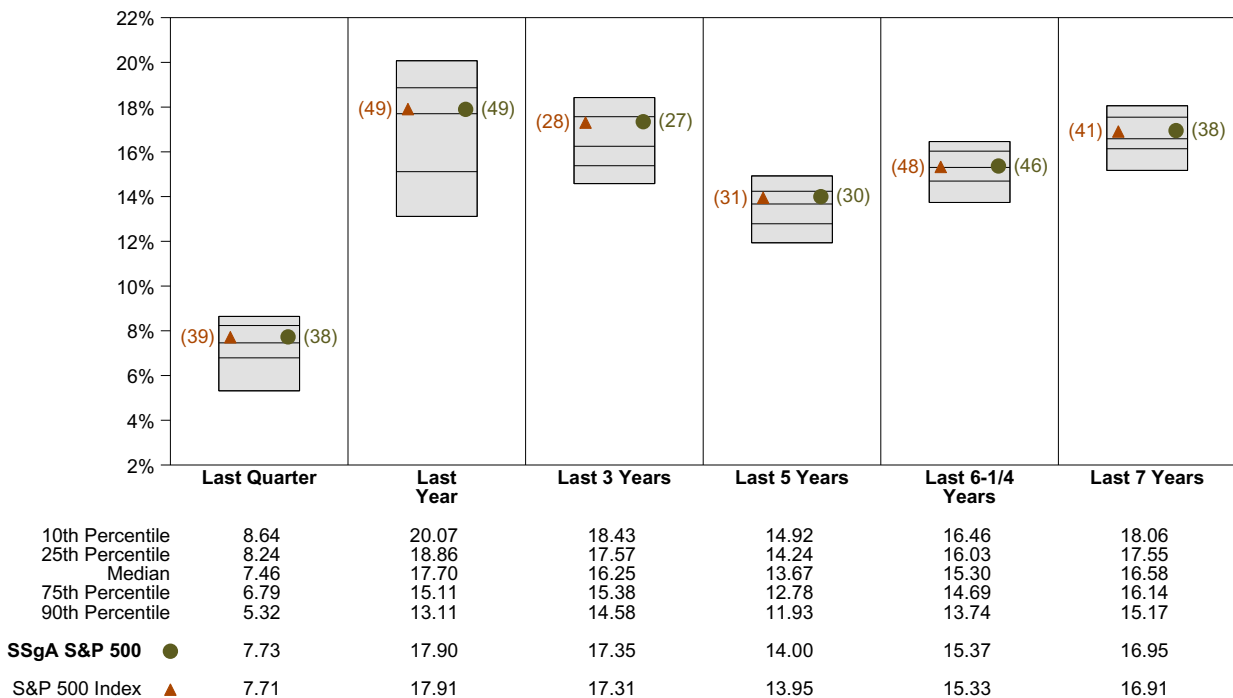
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 7.73% return for the quarter placing it in the 38 percentile of the Callan Large Cap Core group for the quarter and in the 49 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and underperformed the S&P 500 Index for the year by 0.01%.

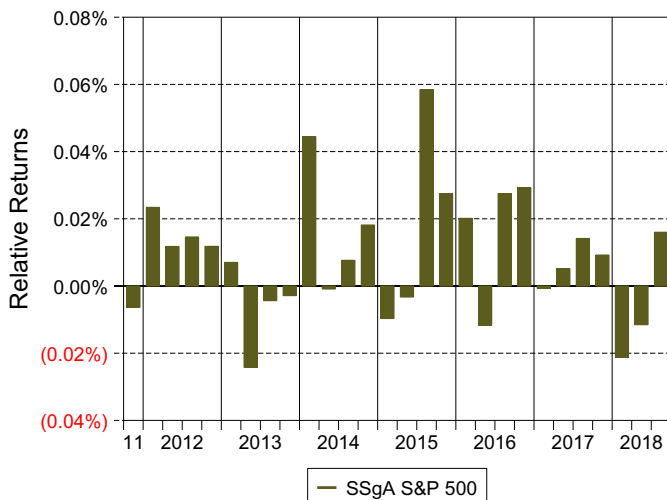
Quarterly Asset Growth

Beginning Market Value	\$46,292,642
Net New Investment	\$0
Investment Gains/(Losses)	\$3,576,918
Ending Market Value	\$49,869,560

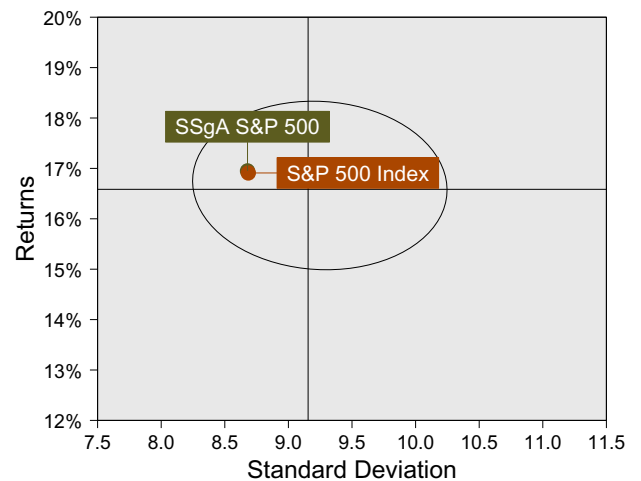
Performance vs Callan Large Cap Core (Gross)



Relative Return vs S&P 500 Index



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

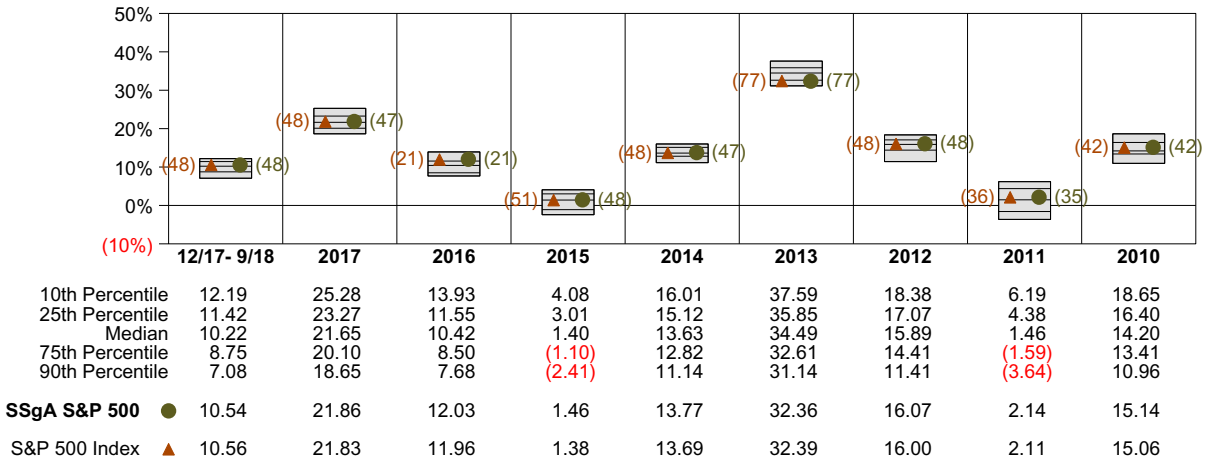


SSgA S&P 500 Return Analysis Summary

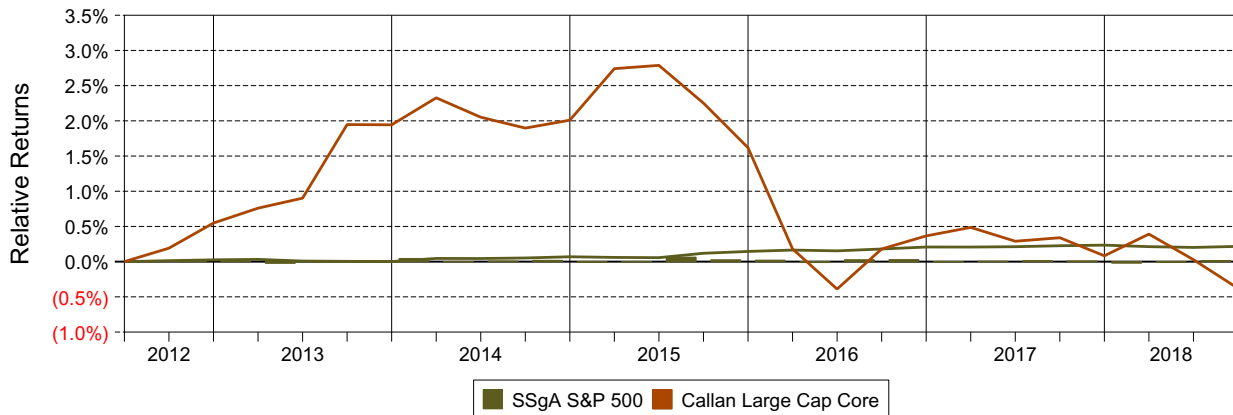
Return Analysis

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.

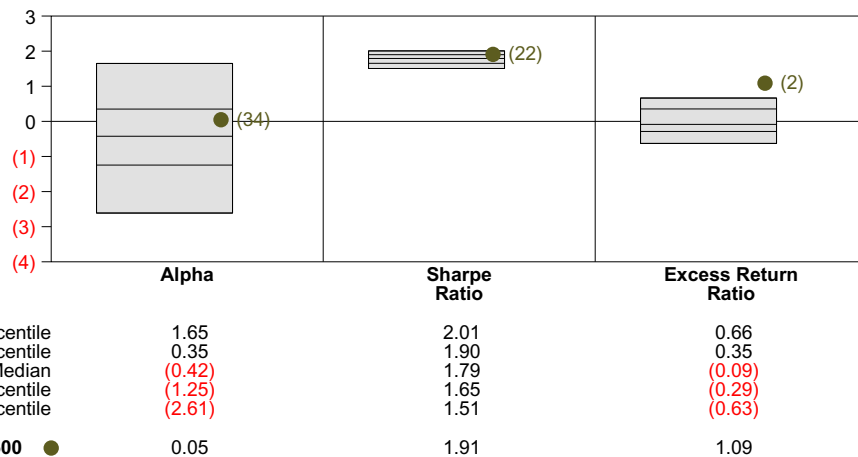
Performance vs Callan Large Cap Core (Gross)



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 September 30, 2018

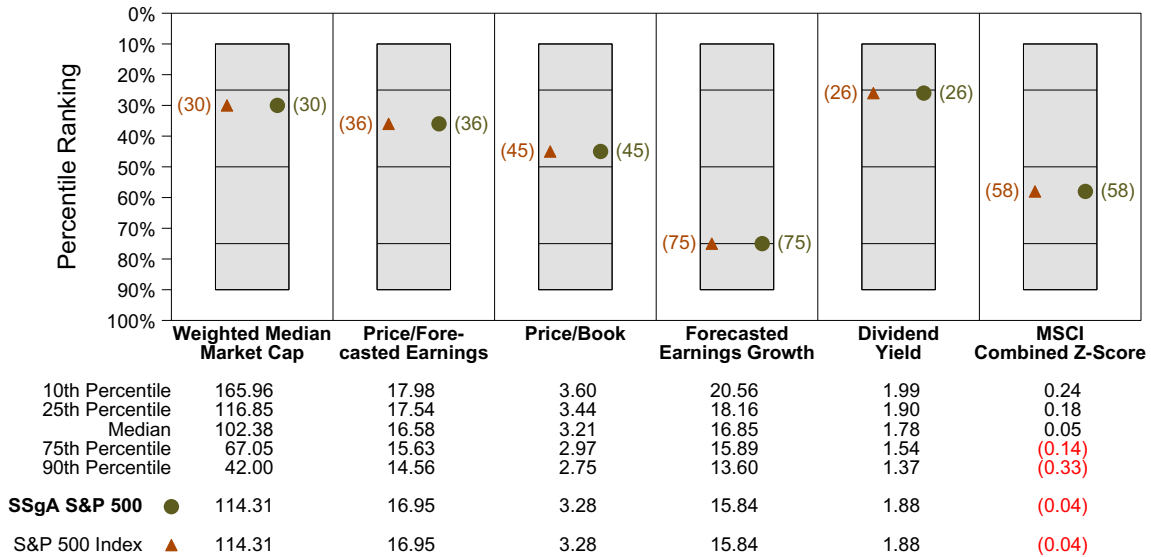


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

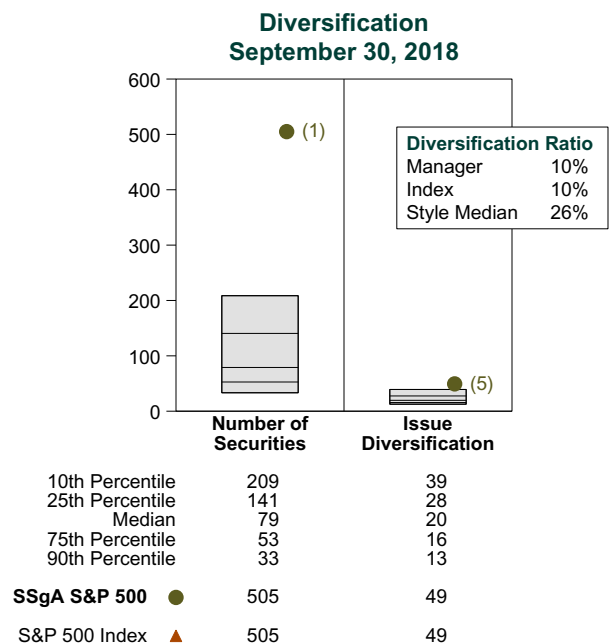
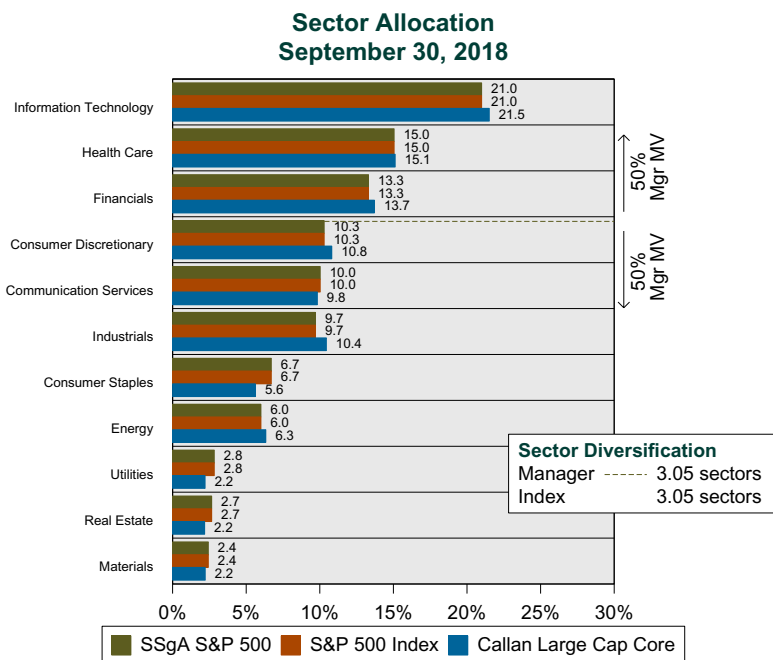
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of September 30, 2018



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.



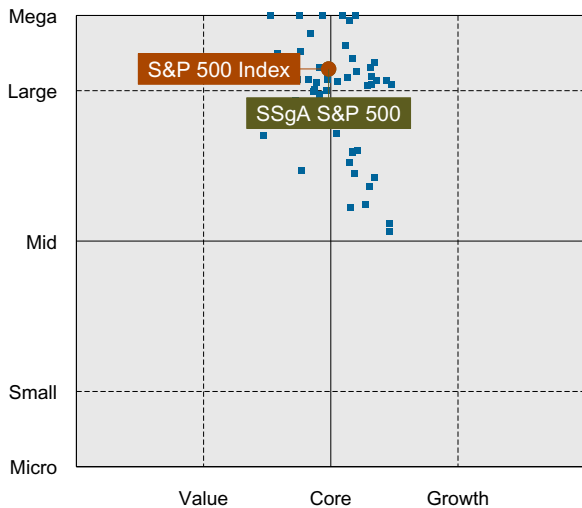
Current Holdings Based Style Analysis

SSgA S&P 500

As of September 30, 2018

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.

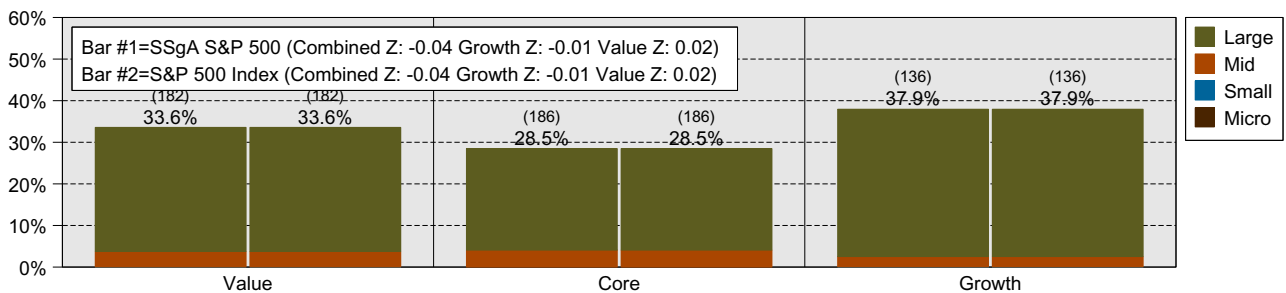
Style Map vs Callan Large Cap Core Holdings as of September 30, 2018



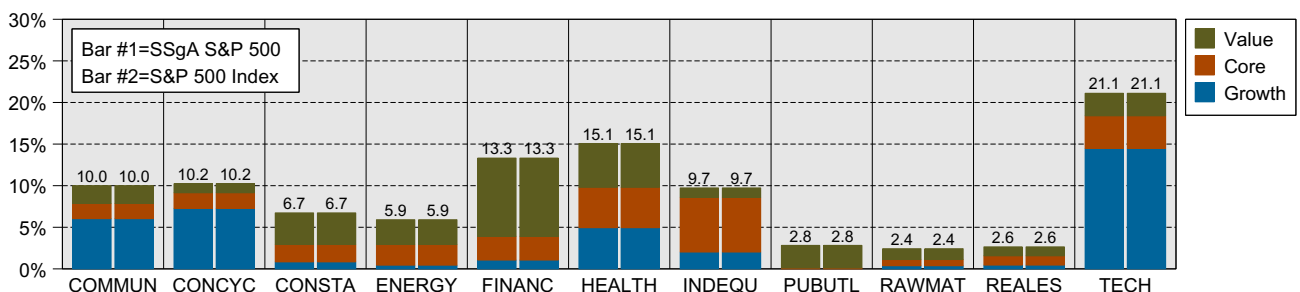
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Large	29.8% (97)	24.4% (103)	35.4% (84)	89.6% (284)
Mid	3.8% (84)	4.1% (83)	2.5% (51)	10.4% (218)
Small	0.0% (1)	0.0% (0)	0.0% (1)	0.0% (2)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	33.6% (182)	28.5% (186)	37.9% (136)	100.0% (504)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



Boston Partners Period Ended September 30, 2018

Investment Philosophy

Boston Partners attempts to implement a disciplined investment process designed to find undervalued securities issued by companies with sound fundamentals and positive business momentum. Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter 2005.

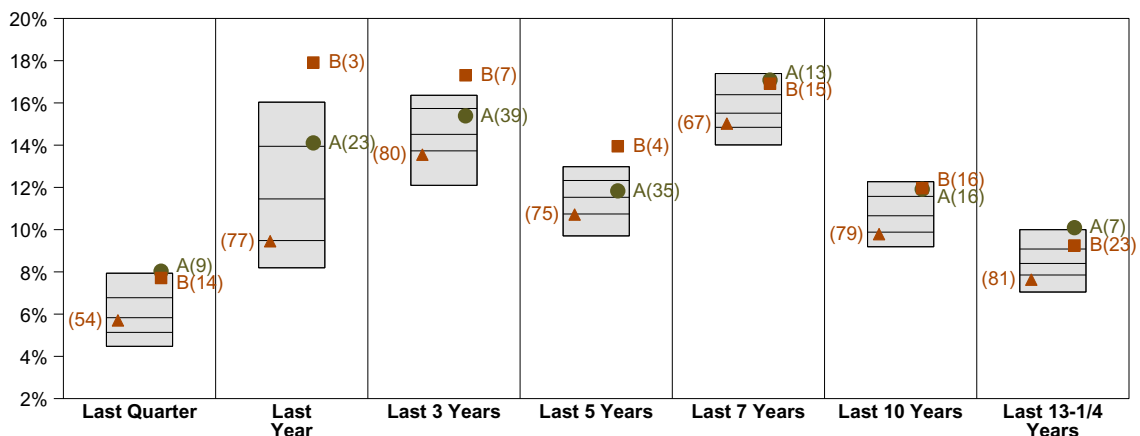
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 8.03% return for the quarter placing it in the 9 percentile of the Callan Large Cap Value group for the quarter and in the 23 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 2.33% for the quarter and outperformed the Russell 1000 Value Index for the year by 4.66%.

Quarterly Asset Growth

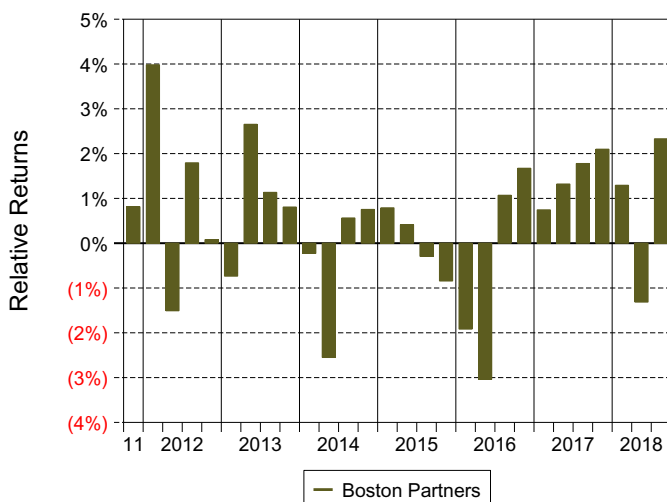
Beginning Market Value	\$43,989,701
Net New Investment	\$0
Investment Gains/(Losses)	\$3,533,899
Ending Market Value	\$47,523,601

Performance vs Callan Large Cap Value (Gross)

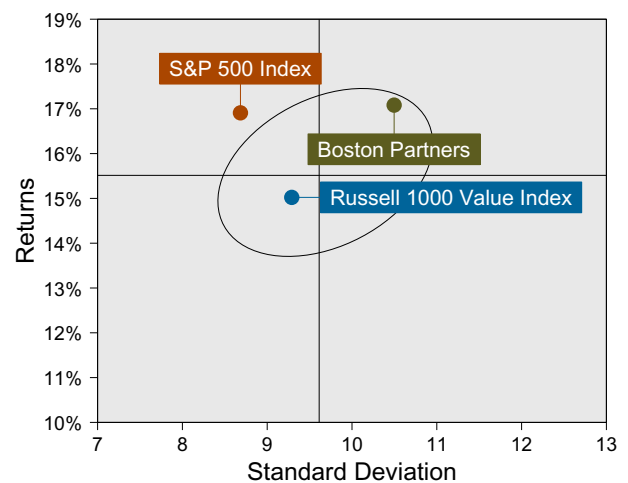


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-1/4 Years
10th Percentile	7.94	16.04	16.36	12.98	17.39	12.27	10.00
25th Percentile	6.78	13.95	15.74	12.33	16.39	11.57	9.08
Median	5.83	11.45	14.51	11.53	15.51	10.66	8.40
75th Percentile	5.13	9.48	13.73	10.74	14.84	9.88	7.85
90th Percentile	4.47	8.19	12.10	9.70	14.01	9.19	7.05
Boston Partners ● A	8.03	14.11	15.39	11.83	17.08	11.91	10.09
S&P 500 Index ■ B	7.71	17.91	17.31	13.95	16.91	11.97	9.25
Russell 1000 Value Index ▲	5.70	9.45	13.55	10.72	15.02	9.79	7.63

Relative Return vs Russell 1000 Value Index



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

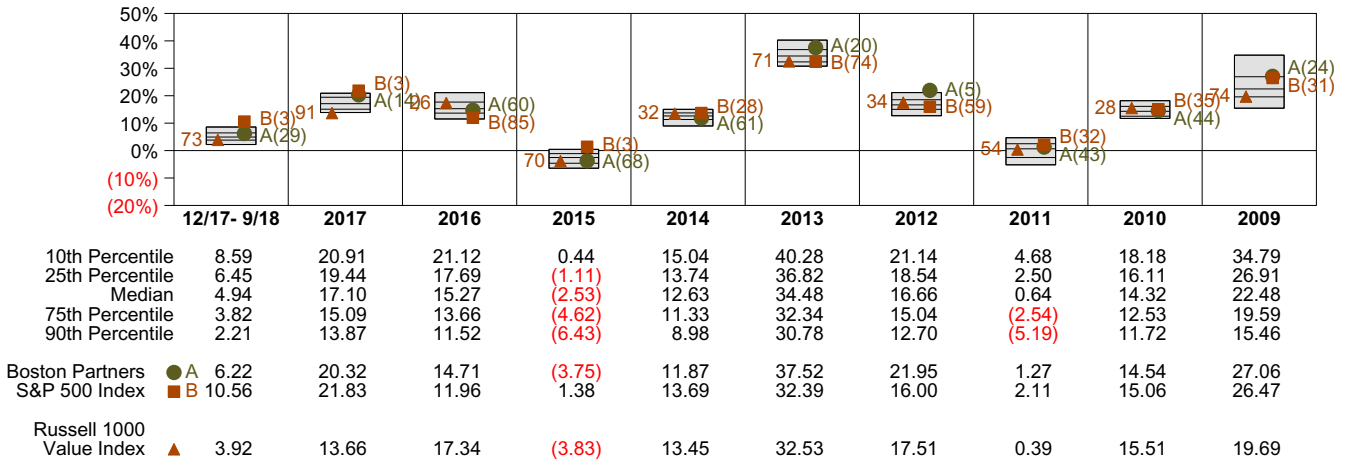


Boston Partners Return Analysis Summary

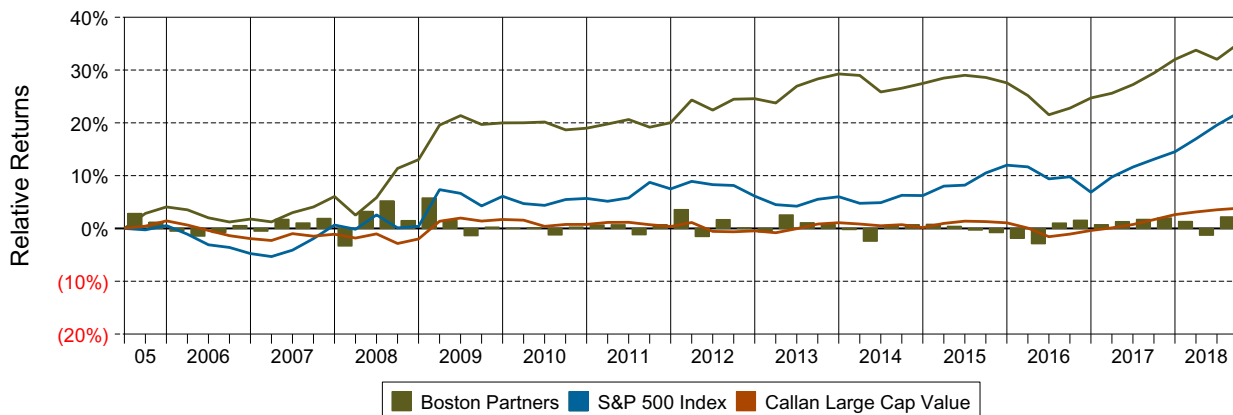
Return Analysis

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.

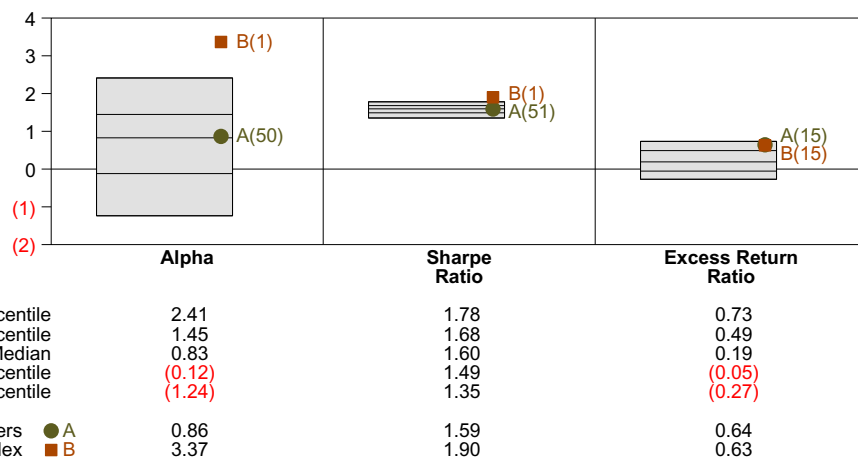
Performance vs Callan Large Cap Value (Gross)



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 September 30, 2018

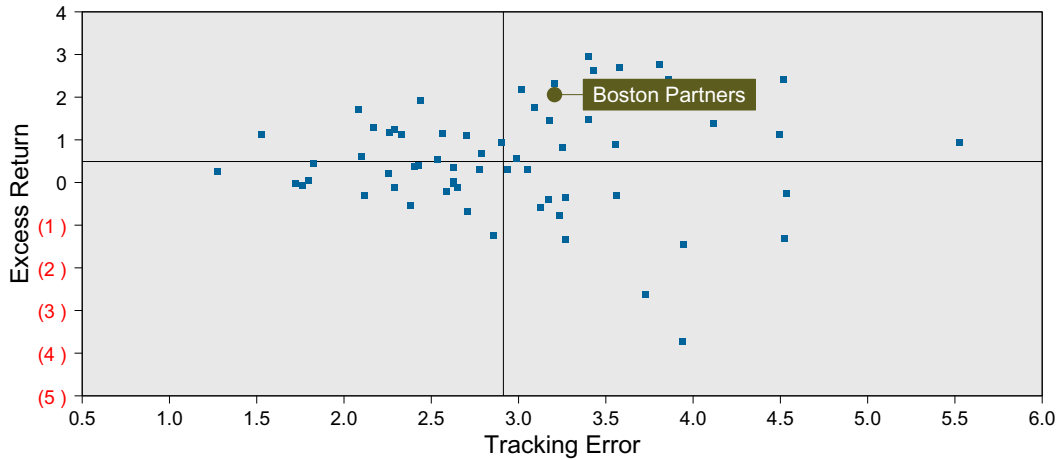


Boston Partners Risk Analysis Summary

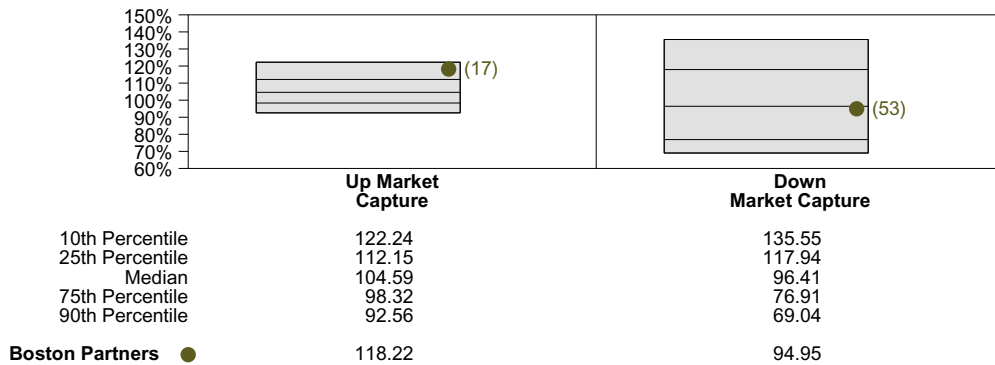
Risk Analysis

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.

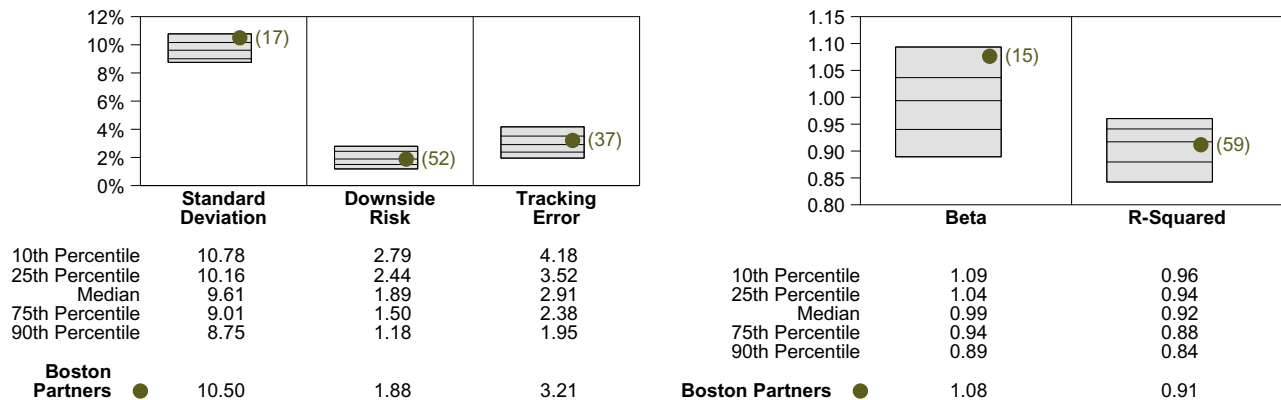
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended September 30, 2018



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended September 30, 2018



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended September 30, 2018

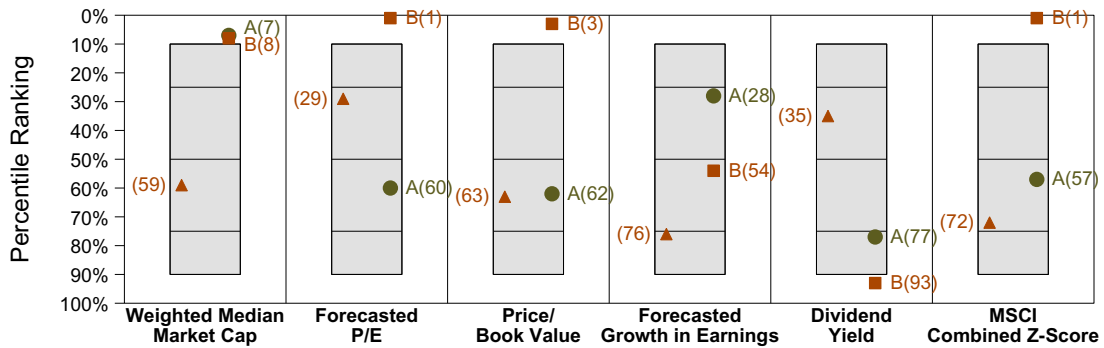


Boston Partners Equity Characteristics Analysis Summary

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 September 30, 2018

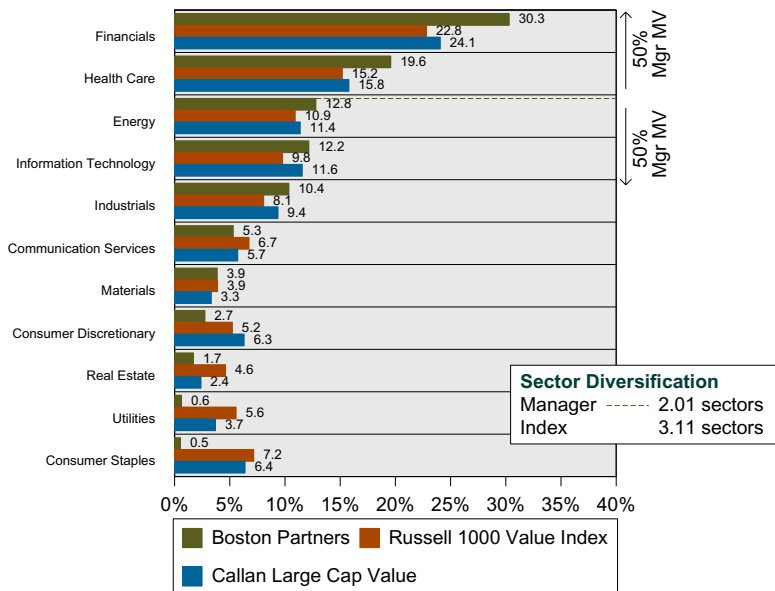


	Weighted Median Market Cap	Forecasted P/E	Price/Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile	113.05	15.77	2.70	18.67	2.89	(0.41)
25th Percentile	88.13	14.47	2.42	17.08	2.60	(0.56)
Median	74.03	13.74	2.19	16.02	2.35	(0.75)
75th Percentile	47.53	12.90	1.97	13.80	2.15	(0.94)
90th Percentile	39.51	11.77	1.69	12.26	1.93	(1.05)
Boston Partners	● A 117.67	13.47	2.11	16.82	2.10	(0.78)
S&P 500 Index	■ B 114.31	16.95	3.28	15.84	1.88	(0.04)
Russell 1000 Value Index	▲ 66.78	14.38	2.08	13.66	2.49	(0.91)

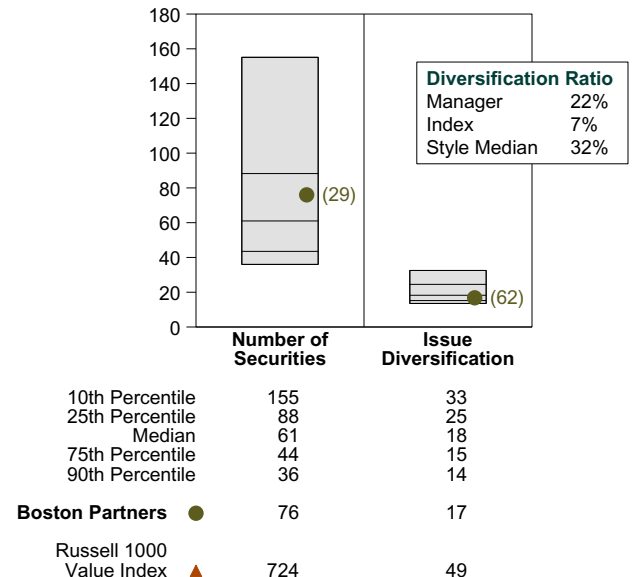
Sector Weights

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 September 30, 2018



Diversification September 30, 2018



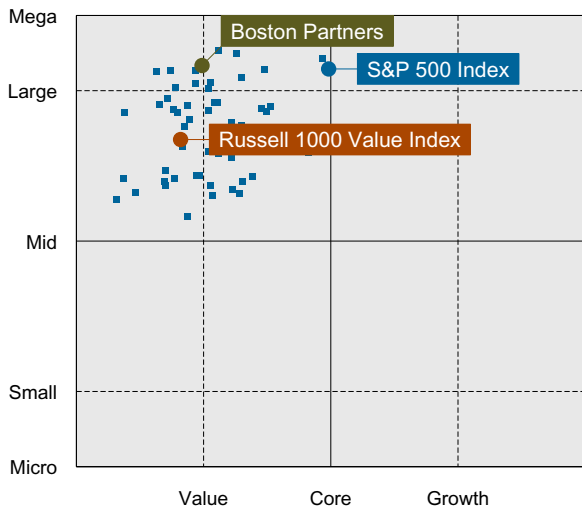
Current Holdings Based Style Analysis

Boston Partners

As of September 30, 2018

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.

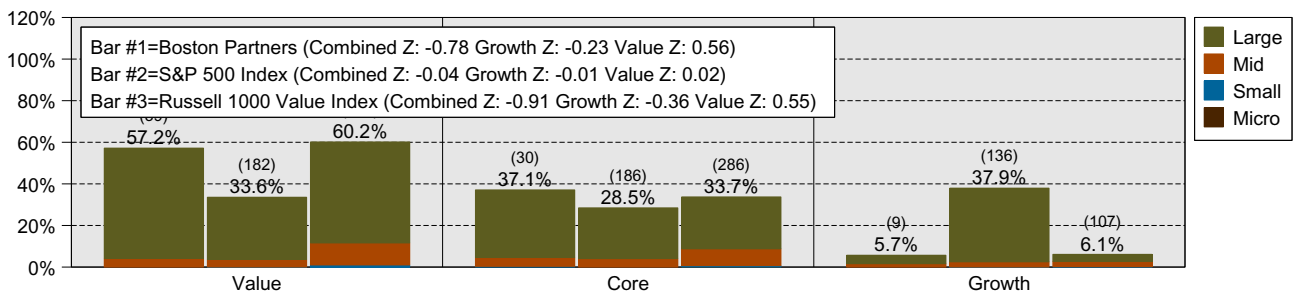
Style Map vs Callan Large Cap Value Holdings as of September 30, 2018



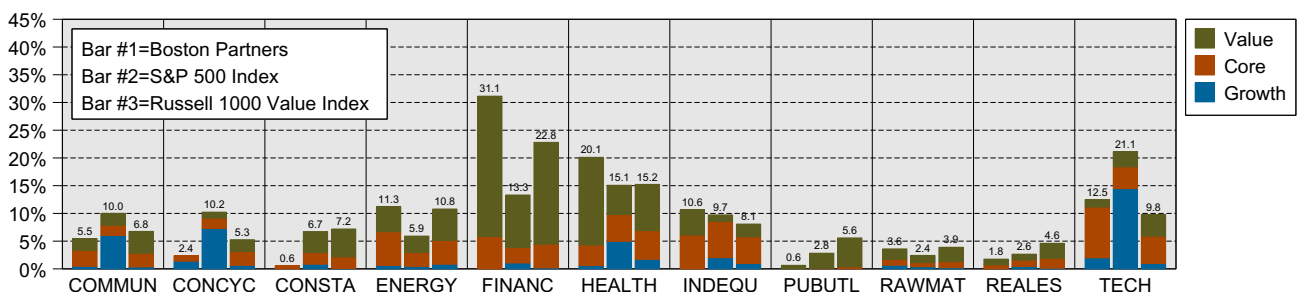
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Large	52.9% (31)	32.5% (20)	4.1% (6)	89.5% (57)
	29.8% (97)	24.4% (103)	35.4% (84)	89.6% (284)
	48.6% (96)	24.9% (86)	3.4% (21)	76.9% (203)
Mid	4.3% (7)	4.2% (8)	1.6% (3)	10.1% (18)
	3.8% (84)	4.1% (83)	2.5% (51)	10.4% (218)
	10.6% (181)	8.1% (159)	2.5% (72)	21.2% (412)
Small	0.0% (0)	0.3% (2)	0.0% (0)	0.3% (2)
	0.0% (1)	0.0% (0)	0.0% (1)	0.0% (2)
	1.0% (50)	0.7% (40)	0.2% (14)	1.9% (104)
Micro	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Total	57.2% (39)	37.1% (30)	5.7% (9)	100.0% (78)
	33.6% (182)	28.5% (186)	37.9% (136)	100.0% (504)
	60.2% (327)	33.7% (286)	6.1% (107)	100.0% (720)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



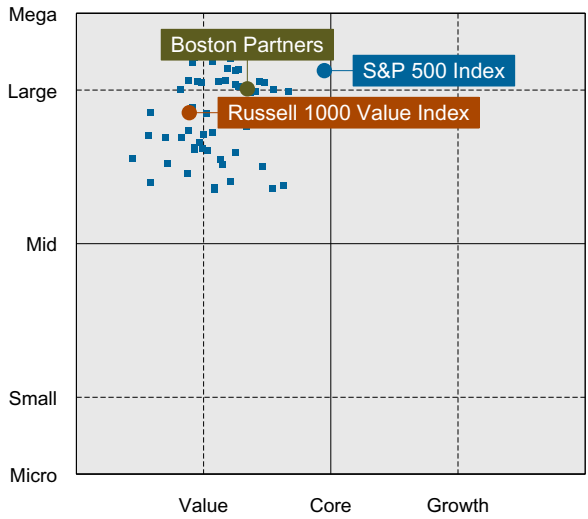
Sector Weights Distribution Holdings as of September 30, 2018



Historical Holdings Based Style Analysis Boston Partners For Five Years Ended September 30, 2018

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.

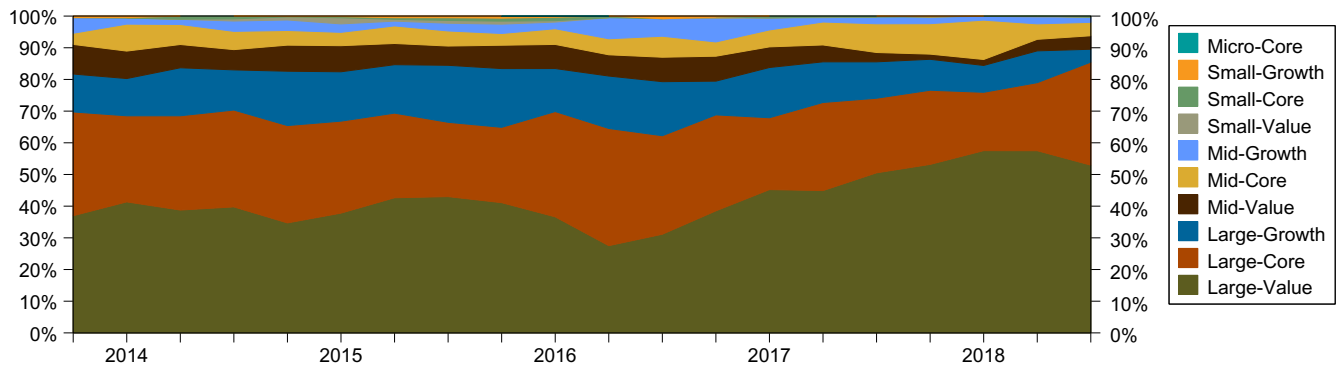
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended September 30, 2018



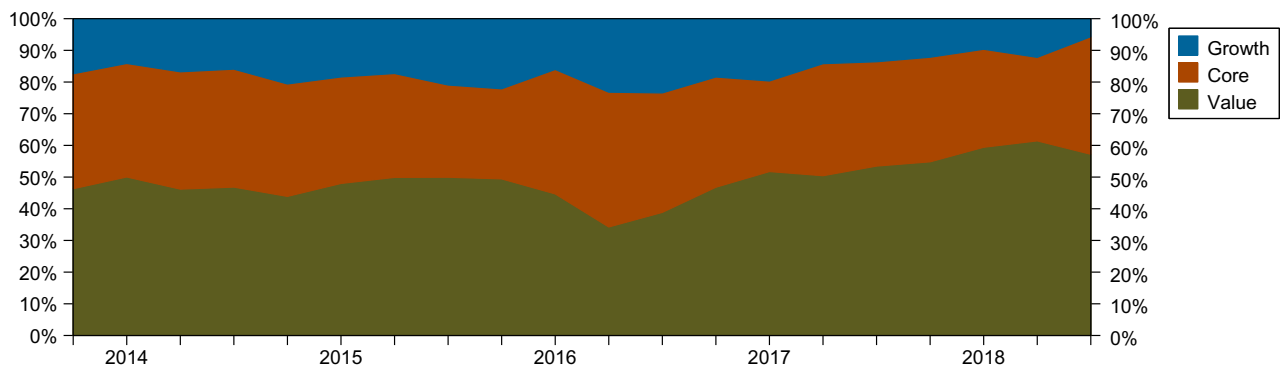
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	Value	Core	Growth	Total
Large	42.6% (27)	27.8% (21)	13.3% (13)	83.7% (61)
	32.2% (97)	27.4% (95)	29.5% (93)	89.2% (285)
	51.2% (94)	22.5% (71)	4.5% (29)	78.3% (194)
Mid	6.2% (9)	6.0% (9)	3.0% (5)	15.3% (23)
	4.0% (84)	3.9% (78)	2.8% (52)	10.8% (214)
	10.3% (165)	6.8% (148)	2.2% (61)	19.3% (374)
Small	0.4% (1)	0.4% (1)	0.2% (1)	1.0% (3)
	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
	1.4% (61)	0.8% (45)	0.2% (16)	2.4% (122)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Total	49.2% (37)	34.2% (31)	16.6% (19)	100.0% (87)
	36.3% (184)	31.4% (174)	32.4% (146)	100.0% (504)
	62.9% (320)	30.1% (265)	7.0% (106)	100.0% (691)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

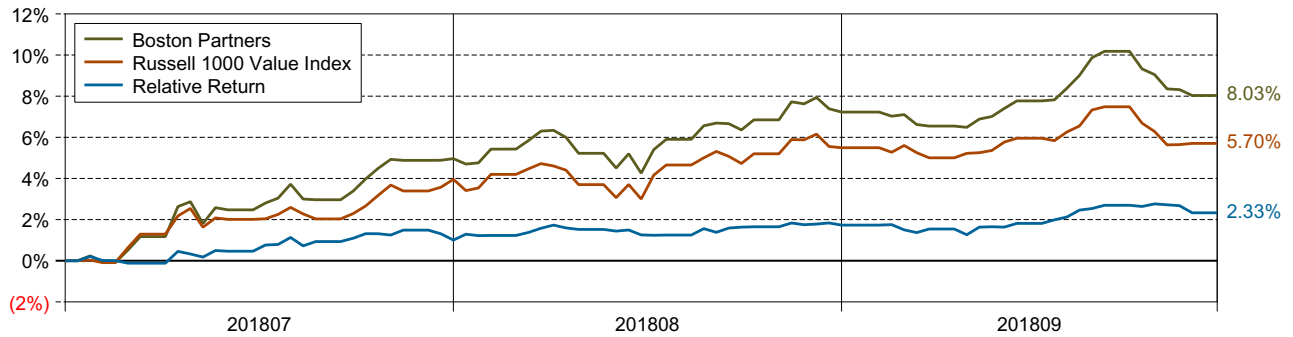


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended September 30, 2018

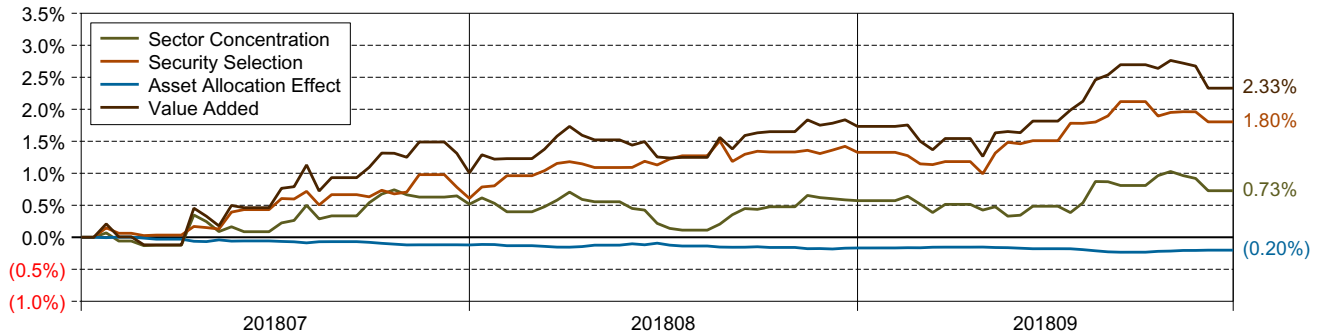
Return Sources and Timing

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 September 30, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	4.11%	4.60%	6.86%	6.73%	(0.02)%	(0.05)%	-
Consumer Discretionary	3.02%	7.25%	(1.91)%	1.78%	0.17%	(0.13)%	-
Consumer Staples	0.51%	7.23%	12.68%	4.55%	0.08%	0.04%	-
Energy	13.11%	10.86%	4.81%	1.37%	(0.12)%	0.46%	-
Financials	31.82%	23.50%	6.04%	4.19%	(0.11)%	0.61%	-
Health Care	18.17%	14.29%	15.15%	15.63%	0.36%	(0.08)%	-
Industrials	9.81%	8.02%	12.69%	8.37%	0.04%	0.42%	-
Information Technology	12.45%	9.78%	12.47%	7.89%	0.04%	0.57%	-
Materials	4.54%	4.07%	(1.15)%	(0.06)%	(0.02)%	(0.07)%	-
Real Estate	1.83%	4.79%	0.63%	0.95%	0.14%	(0.01)%	-
Utilities	0.62%	5.63%	7.94%	2.45%	0.16%	0.04%	-
Non Equity	2.18%	0.00%	-	-	-	-	(0.20)%
Total	-	-	8.03%	5.70%	0.73%	1.80%	(0.20)%

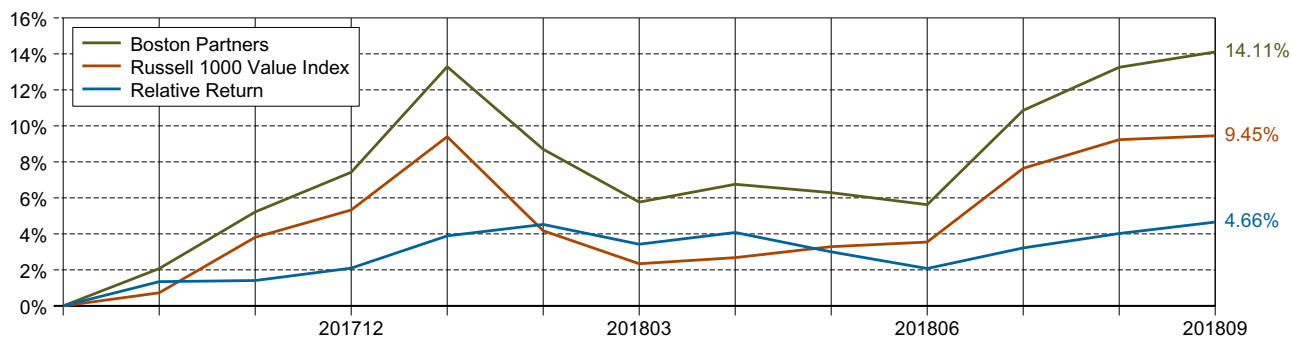
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
8.03%		5.70%		0.73%		1.80%		(0.20)%

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended September 30, 2018

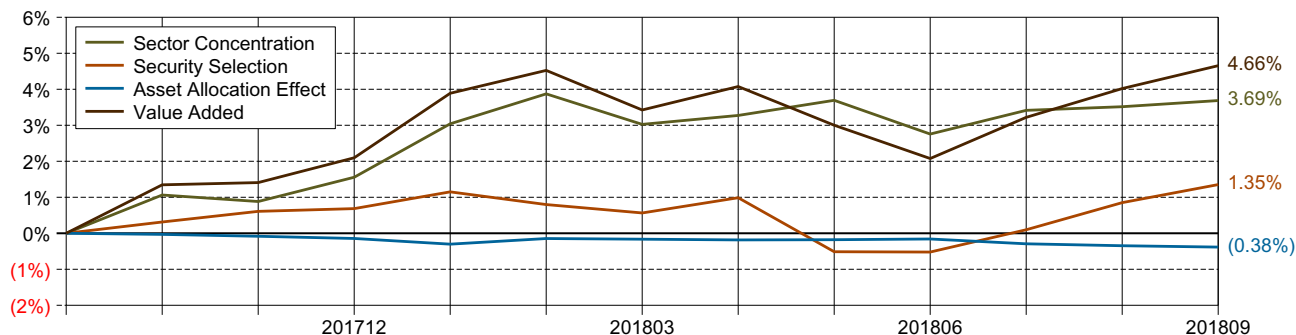
Return Sources and Timing

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 September 30, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	1.69%	3.33%	7.48%	(1.99)%	0.30%	0.01%	-
Consumer Discretionary	5.89%	6.93%	(0.37)%	7.91%	0.21%	(0.43)%	-
Consumer Staples	1.22%	7.97%	(7.24)%	(3.68)%	1.03%	(0.21)%	-
Energy	11.65%	11.02%	29.56%	16.36%	0.07%	1.28%	-
Financials	32.48%	26.07%	11.24%	7.86%	(0.15)%	1.14%	-
Health Care	16.39%	13.92%	13.22%	18.97%	0.32%	(0.83)%	-
Industrials	8.93%	8.24%	6.56%	1.86%	(0.03)%	0.36%	-
Information Technology	15.03%	9.15%	28.00%	25.07%	1.07%	0.24%	-
Materials	5.57%	2.77%	7.09%	7.67%	0.18%	(0.06)%	-
Real Estate	0.75%	4.71%	4.88%	3.50%	0.31%	(0.07)%	-
Utilities	0.40%	5.88%	(0.11)%	4.05%	0.38%	(0.08)%	-
Non Equity	2.48%	0.00%	-	-	-	-	(0.38)%
Total	-	-	14.11%	9.45%	3.69%	1.35%	(0.38)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
14.11%		9.45%		3.69%		1.35%		(0.38)%

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended September 30, 2018

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
Johnson & Johnson	Health Care	4.35%	92	2.13%	14.59%	14.63%	0.60%	0.18%
Berkshire Hathaway Inc Del Cl B New	Financials	4.14%	92	2.50%	14.71%	14.71%	0.58%	0.14%
Pfizer	Health Care	2.72%	92	1.70%	22.51%	22.51%	0.57%	0.16%
Cisco Sys Inc	Information Technology	3.28%	92	1.59%	13.94%	13.94%	0.43%	0.13%
Cvs Health Corp	Health Care	1.85%	92	0.52%	23.10%	23.26%	0.40%	0.21%
JPMorgan Chase & Co	Financials	3.92%	92	2.81%	8.88%	8.88%	0.34%	0.04%
Merck & Co Inc	Health Care	2.04%	92	1.22%	17.68%	17.67%	0.34%	0.09%
Oracle Corp	Information Technology	2.04%	92	0.90%	17.48%	17.48%	0.34%	0.12%
Andeavor	Energy	1.88%	92	0.15%	17.48%	17.46%	0.31%	0.20%
Cigna Corporation	Health Care	1.36%	92	0.19%	22.26%	22.54%	0.29%	0.19%

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
Pfizer	Health Care	2.72%	92	1.70%	22.51%	22.51%	0.35%	0.16%
Berkshire Hathaway Inc Del Cl B New	Financials	4.14%	92	2.50%	14.71%	14.71%	0.35%	0.14%
Johnson & Johnson	Health Care	4.35%	92	2.13%	14.59%	14.63%	0.30%	0.18%
JPMorgan Chase & Co	Financials	3.92%	92	2.81%	8.88%	8.88%	0.24%	0.04%
Cisco Sys Inc	Information Technology	3.28%	92	1.59%	13.94%	13.94%	0.21%	0.13%
Merck & Co Inc	Health Care	2.04%	92	1.22%	17.68%	17.67%	0.20%	0.09%
Qualcomm Inc	Information Technology	-	-	0.69%	-	29.49%	0.18%	(0.15)%
Abbott Laboratories	Health Care	-	-	0.82%	-	20.82%	0.16%	(0.12)%
Oracle Corp	Information Technology	2.04%	92	0.90%	17.48%	17.48%	0.15%	0.12%
Medtronic Plc Shs	Health Care	0.81%	41	0.92%	3.72%	16.17%	0.14%	(0.06)%

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
Cvs Health Corp	Health Care	1.85%	92	0.52%	23.10%	23.26%	0.40%	0.21%
Andeavor	Energy	1.88%	92	0.15%	17.48%	17.46%	0.31%	0.20%
General Electric Co	Industrials	-	-	0.86%	-	(16.26)%	-	0.19%
Cigna Corporation	Health Care	1.36%	92	0.19%	22.26%	22.54%	0.29%	0.19%
Johnson & Johnson	Health Care	4.35%	92	2.13%	14.59%	14.63%	0.60%	0.18%
Intel Corp	Information Technology	-	-	1.70%	-	(4.29)%	-	0.17%
Pfizer	Health Care	2.72%	92	1.70%	22.51%	22.51%	0.57%	0.16%
Berkshire Hathaway Inc Del Cl B New	Financials	4.14%	92	2.50%	14.71%	14.71%	0.58%	0.14%
Southwest Airls Co	Industrials	0.94%	92	0.07%	23.06%	23.06%	0.20%	0.14%
Dxc Technology Co	Information Technology	1.51%	92	0.18%	16.09%	16.26%	0.23%	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
Eqst Corp	Energy	0.69%	92	0.10%	(19.80)%	(19.80)%	(0.14)%	(0.16)%
Wells Fargo & Co New	Financials	3.24%	92	1.87%	(4.54)%	(4.50)%	(0.15)%	(0.15)%
Qualcomm Inc	Information Technology	-	-	0.69%	-	29.49%	-	(0.15)%
Abbott Laboratories	Health Care	-	-	0.82%	-	20.82%	-	(0.12)%
Royal Dutch Shell Plc Spon Adr A	Energy	1.82%	92	-	(0.18)%	-	(0.01)%	(0.11)%
Te Connectivity Ltd Reg Shs	Information Technology	1.57%	92	-	(1.86)%	-	0.00%	(0.10)%
Owens Corning New	Industrials	0.55%	92	0.05%	(12.93)%	(14.08)%	(0.08)%	(0.10)%
Cimarex Energy Co	Energy	0.64%	92	0.06%	(8.48)%	(8.48)%	(0.06)%	(0.09)%
Chevron Corp New	Energy	2.80%	92	1.76%	(2.36)%	(2.36)%	(0.07)%	(0.09)%
Ebay	Consumer Discretionary	0.75%	92	0.19%	(8.94)%	(8.94)%	(0.07)%	(0.09)%

Atlanta Capital Period Ended September 30, 2018

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.

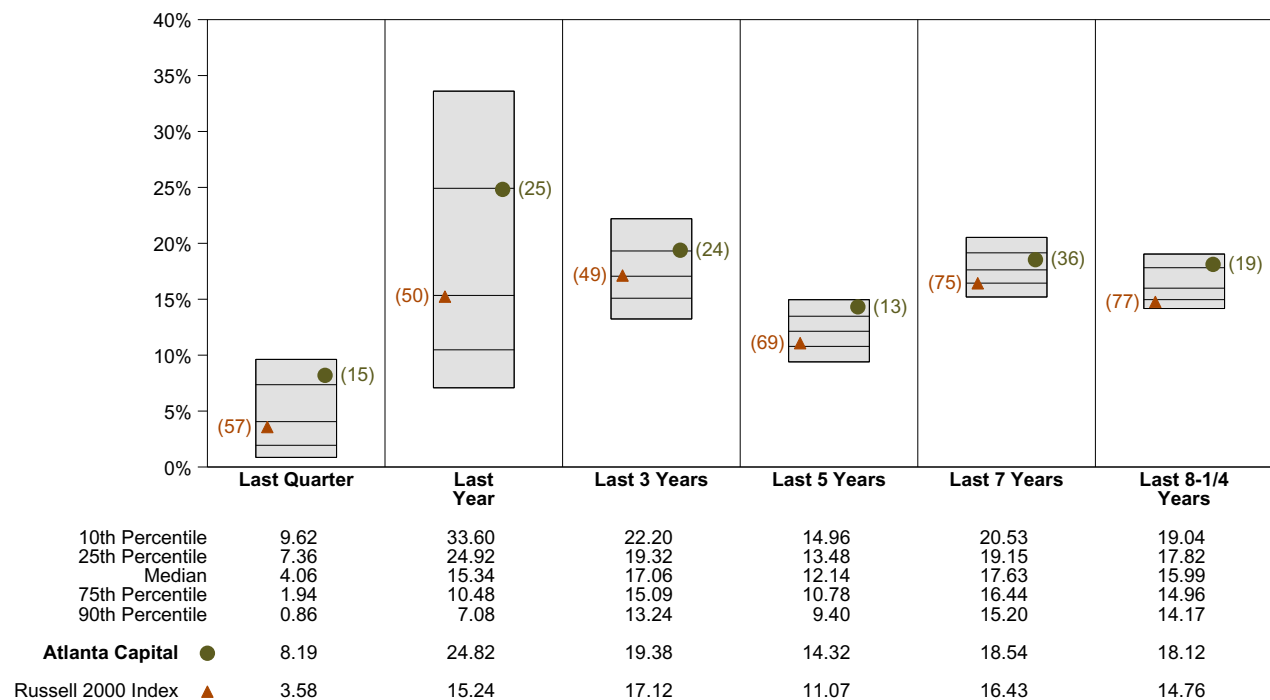
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 8.19% return for the quarter placing it in the 15th percentile of the Callan Small Capitalization group for the quarter and in the 25th percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 4.62% for the quarter and outperformed the Russell 2000 Index for the year by 9.58%.

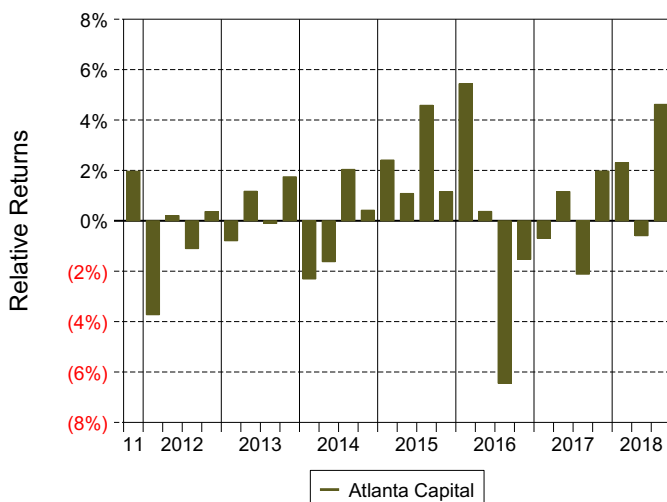
Quarterly Asset Growth

Beginning Market Value	\$24,620,877
Net New Investment	\$-772,568
Investment Gains/(Losses)	\$2,017,952
Ending Market Value	\$25,866,261

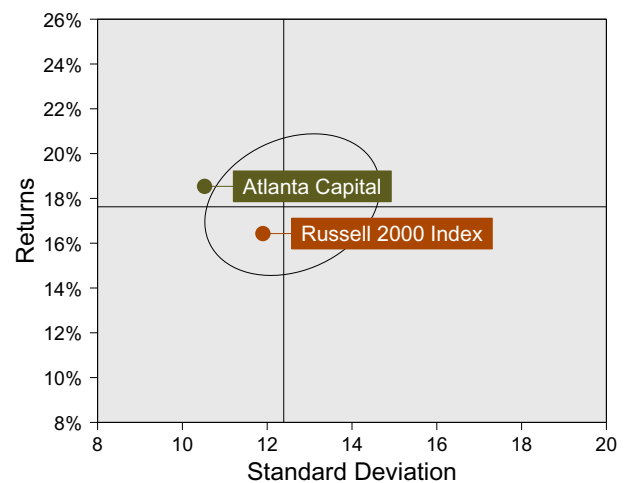
Performance vs Callan Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

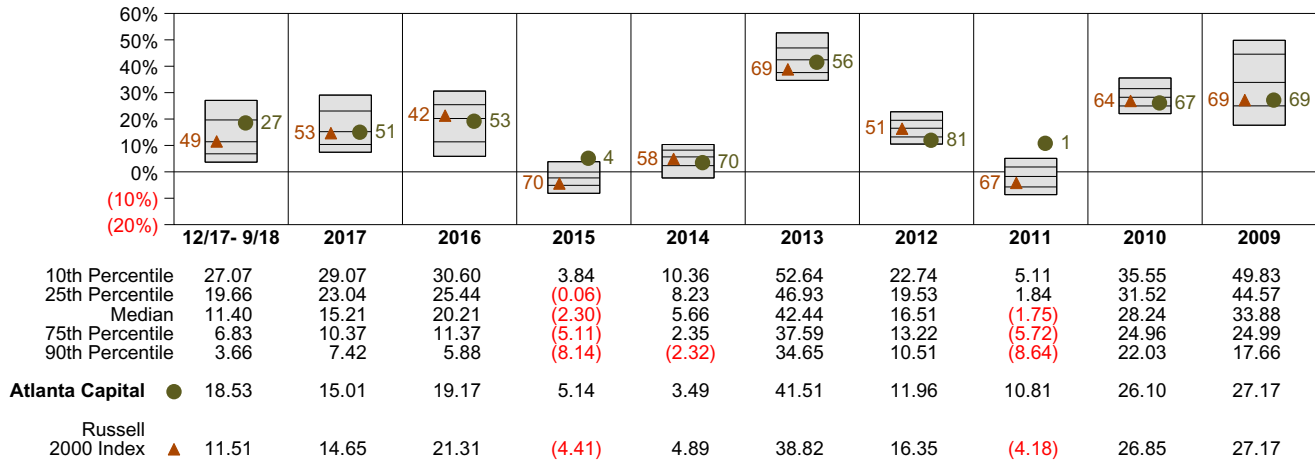


Atlanta Capital Return Analysis Summary

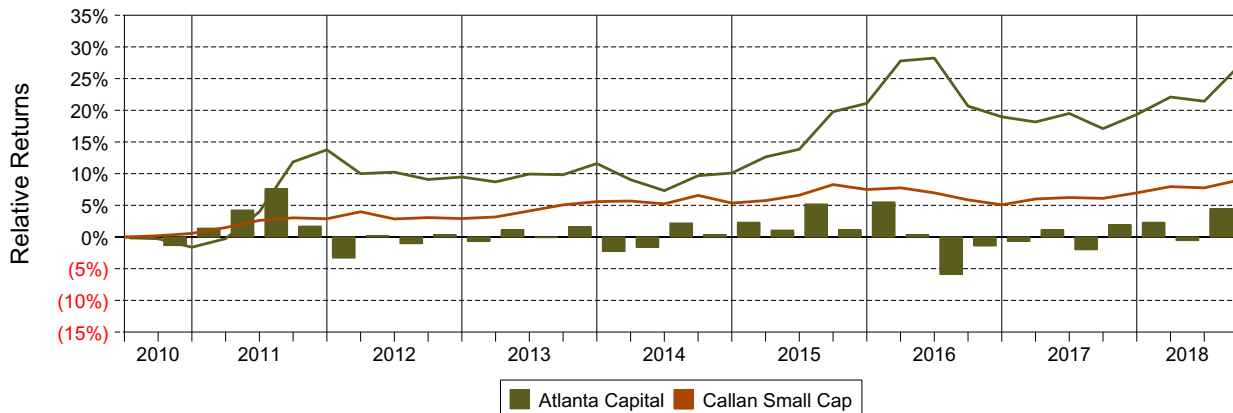
Return Analysis

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.

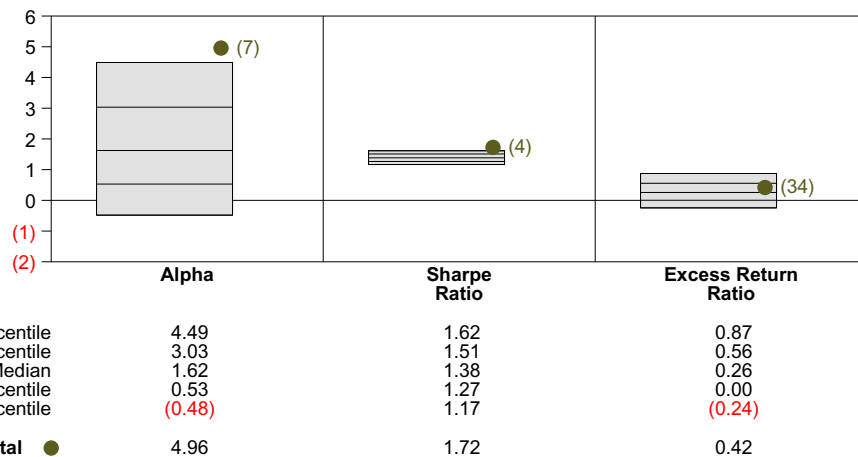
Performance vs Callan Small Capitalization (Gross)



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 September 30, 2018

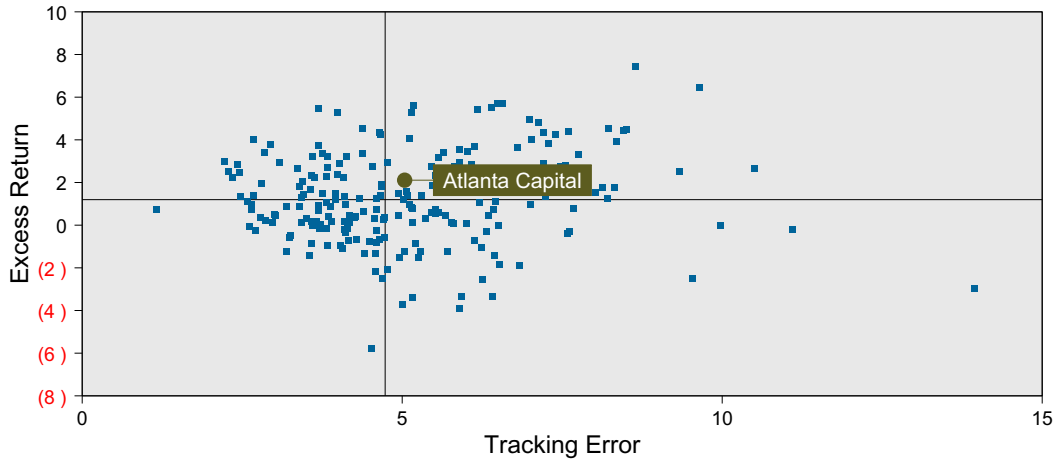


Atlanta Capital Risk Analysis Summary

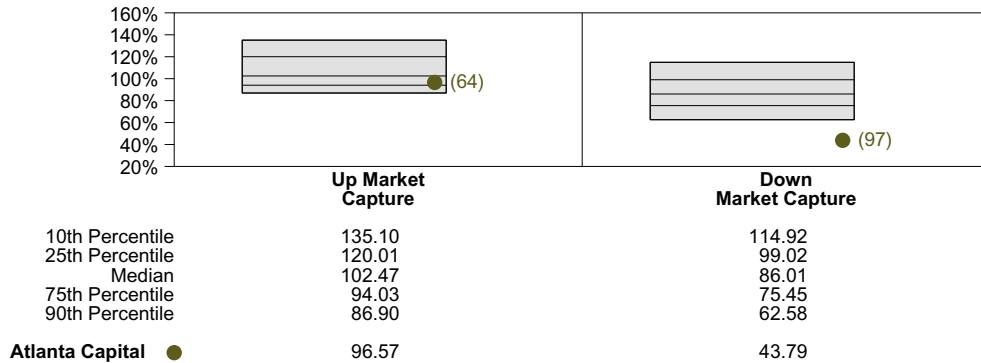
Risk Analysis

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.

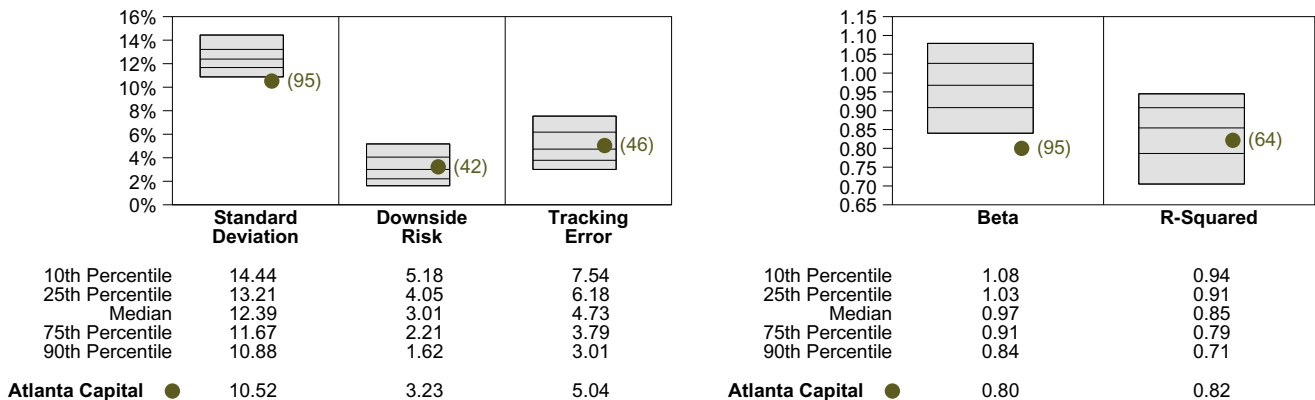
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended September 30, 2018



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended September 30, 2018



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended September 30, 2018

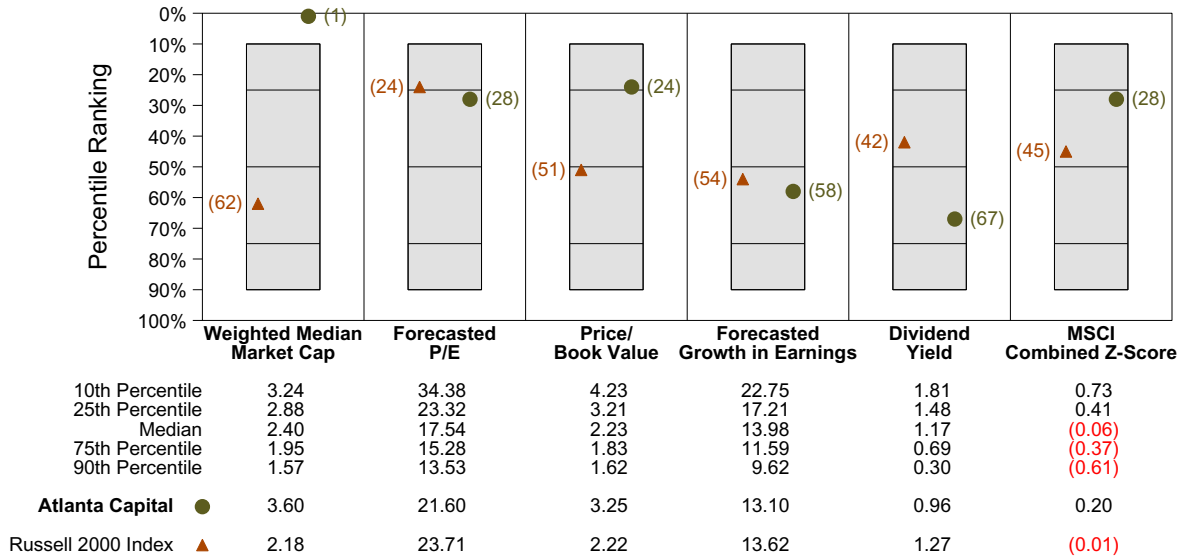


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

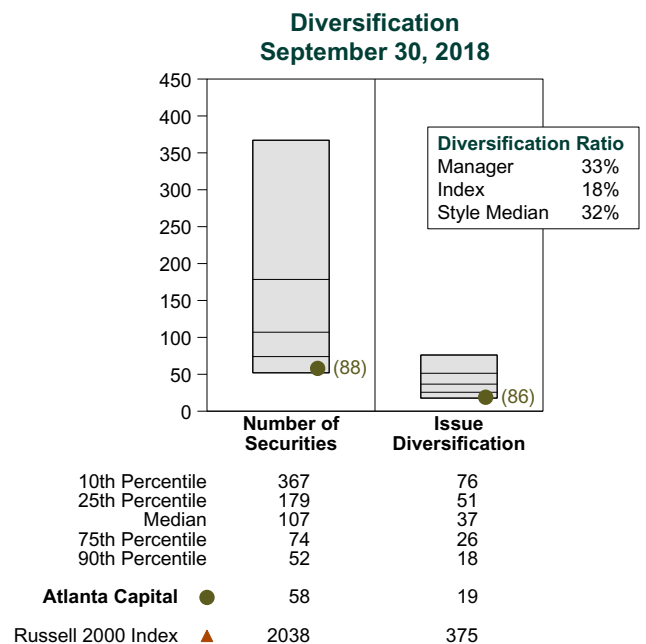
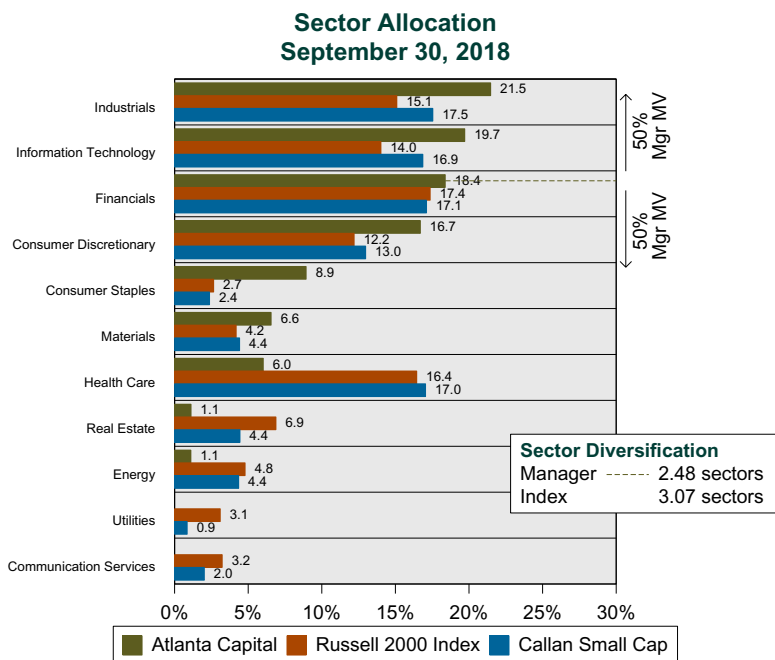
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of September 30, 2018



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.



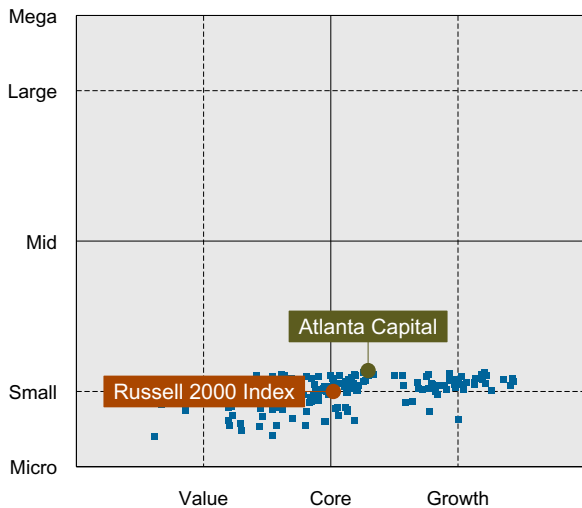
Current Holdings Based Style Analysis

Atlanta Capital

As of September 30, 2018

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.

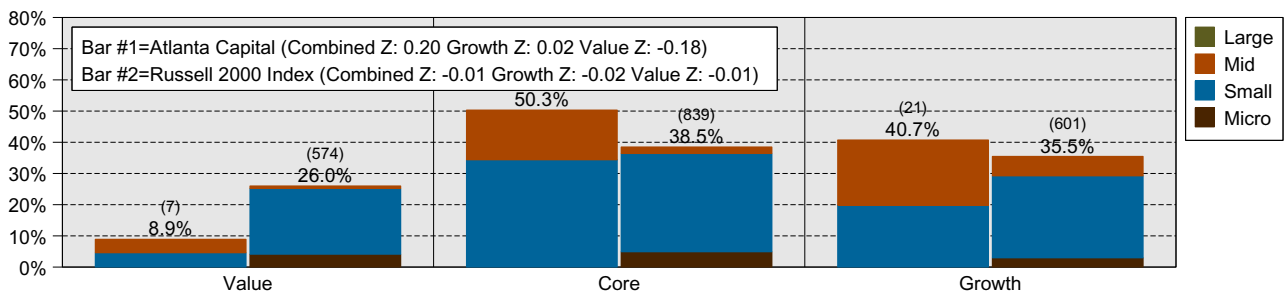
Style Map vs Callan Small Cap Holdings as of September 30, 2018



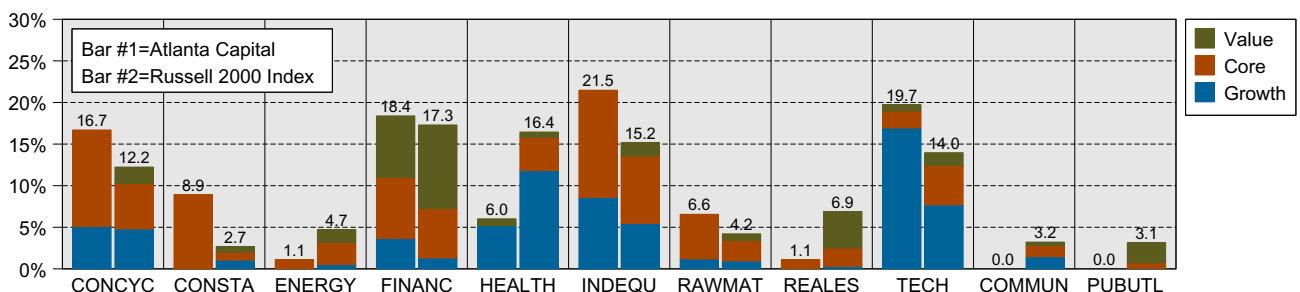
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	4.3% (3)	16.0% (6)	20.9% (10)	41.2% (19)
Small	4.6% (4)	34.4% (24)	19.9% (11)	58.8% (39)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	8.9% (7)	50.3% (30)	40.7% (21)	100.0% (58)
	26.0% (574)	38.5% (839)	35.5% (601)	100.0% (2014)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



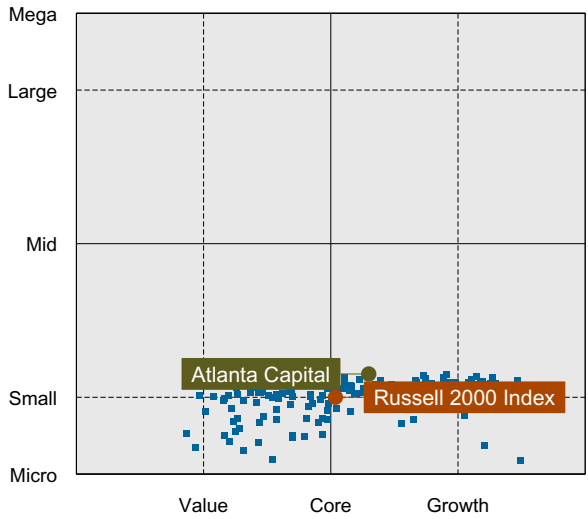
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended September 30, 2018

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.

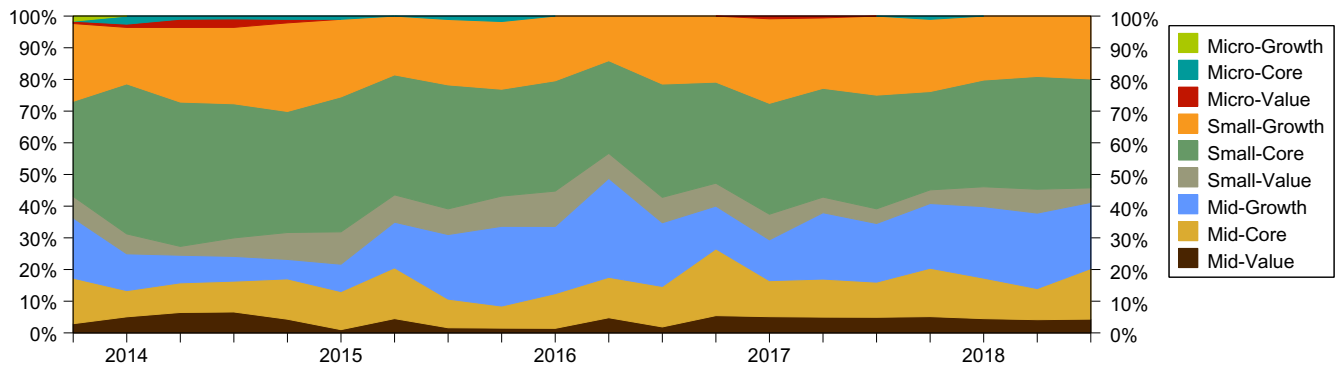
Average Style Map vs Callan Small Cap Holdings for Five Years Ended September 30, 2018



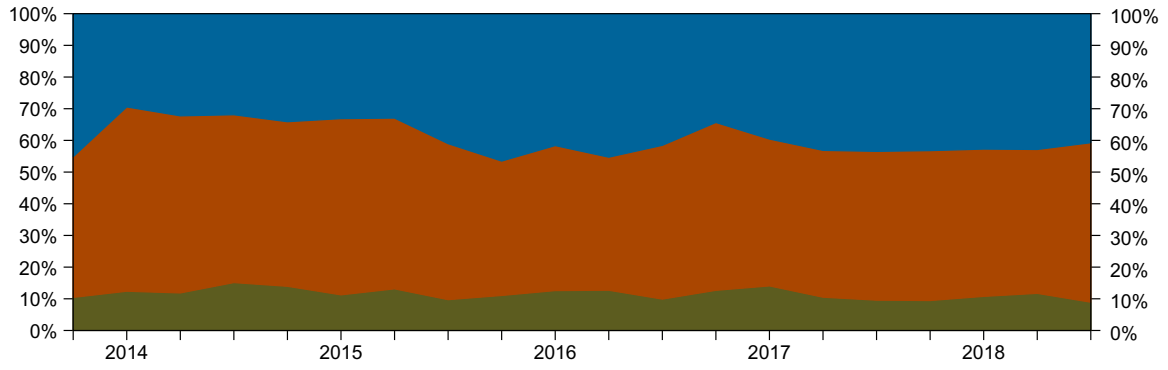
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	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	4.0% (3)	12.2% (6)	17.4% (8)	33.6% (17)
Small	7.1% (5)	36.4% (24)	21.8% (12)	65.3% (41)
Micro	0.5% (0)	0.5% (1)	0.1% (0)	1.1% (1)
Total	11.6% (8)	49.2% (31)	39.3% (20)	100.0% (59)
	26.3% (567)	39.9% (817)	33.8% (585)	100.0% (1969)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

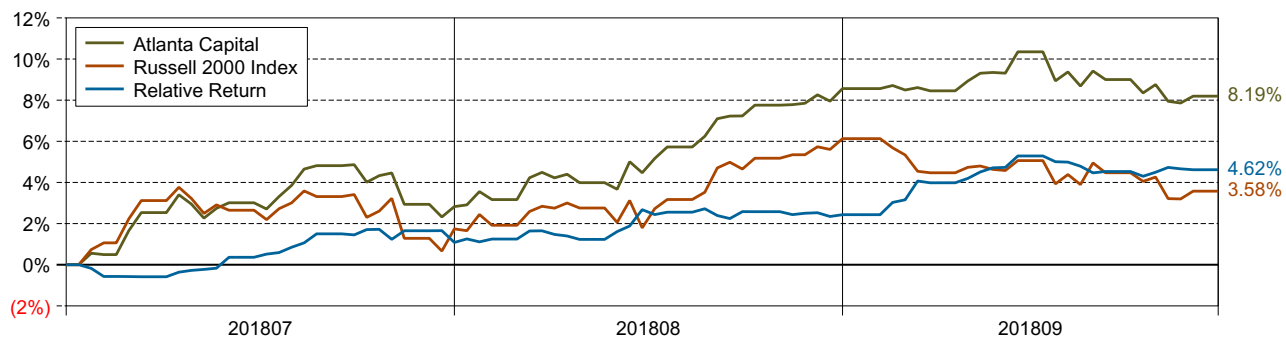


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended September 30, 2018

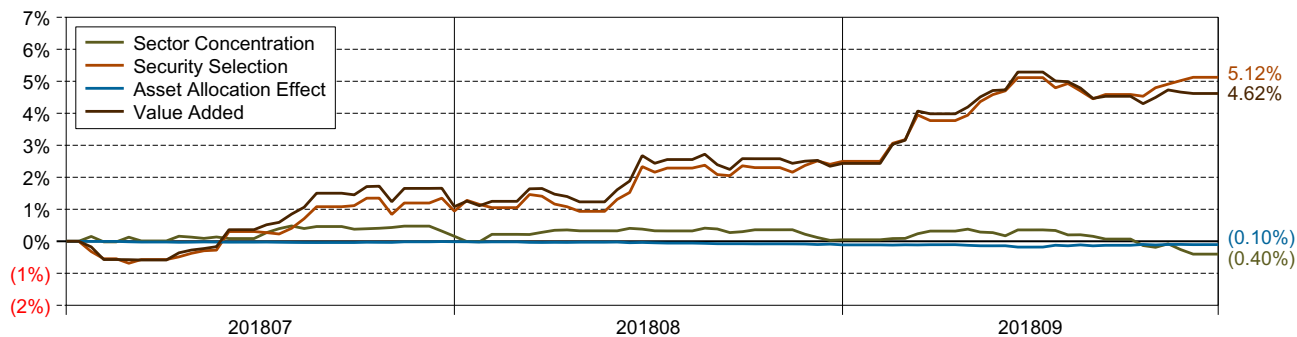
Return Sources and Timing

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 September 30, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	0.00%	1.45%	0.00%	19.04%	(0.28)%	0.00%	-
Consumer Discretionary	16.48%	12.91%	11.96%	3.15%	(0.01)%	1.40%	-
Consumer Staples	8.22%	2.72%	14.46%	(1.82)%	(0.30)%	1.33%	-
Energy	1.12%	4.88%	1.65%	(2.82)%	0.24%	0.05%	-
Financials	18.68%	17.86%	3.97%	0.93%	(0.03)%	0.56%	-
Health Care	6.53%	15.84%	14.74%	7.72%	(0.37)%	0.44%	-
Industrials	20.70%	15.16%	7.09%	4.30%	0.01%	0.61%	-
Information Technology	20.91%	14.68%	4.80%	5.94%	0.13%	(0.23)%	-
Materials	6.30%	4.30%	13.40%	1.10%	(0.05)%	0.76%	-
Real Estate	1.05%	7.11%	17.33%	(0.42)%	0.25%	0.18%	-
Utilities	0.00%	3.10%	0.00%	3.54%	(0.00)%	0.00%	-
Non Equity	2.15%	0.00%	-	-	-	-	(0.10)%
Total	-	-	8.19%	3.58%	(0.40)%	5.12%	(0.10)%

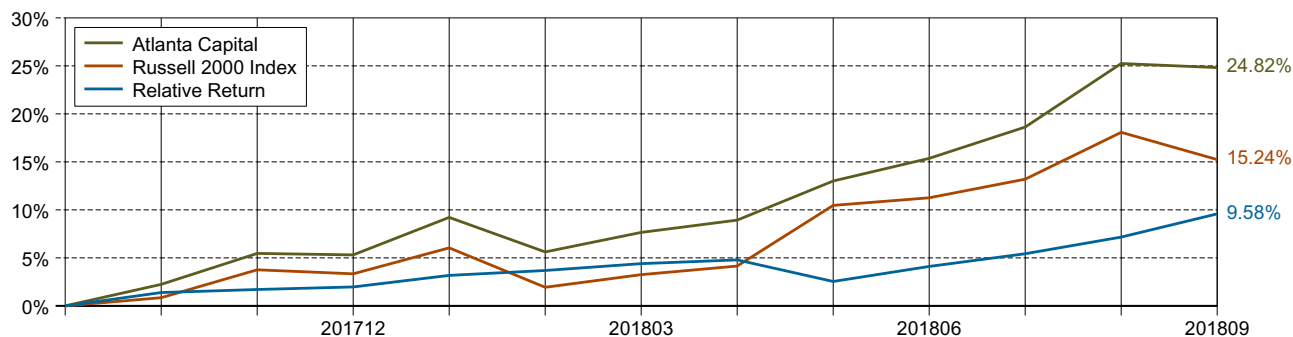
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
8.19%		3.58%		(0.40)%		5.12%		(0.10)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended September 30, 2018

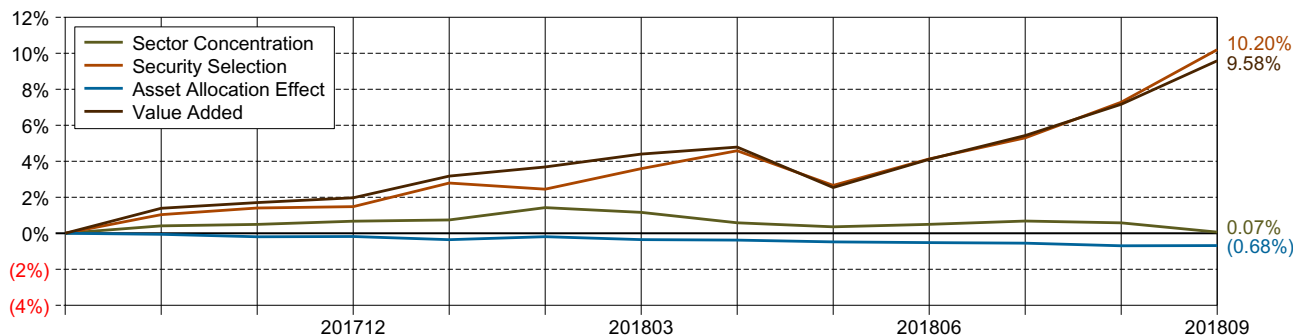
Return Sources and Timing

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 September 30, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	0.00%	0.91%	0.00%	21.41%	(0.21)%	0.00%	-
Consumer Discretionary	16.19%	12.37%	34.38%	18.44%	0.15%	2.43%	-
Consumer Staples	7.78%	2.60%	31.97%	11.74%	(0.13)%	1.61%	-
Energy	1.02%	4.13%	18.35%	9.92%	0.20%	0.09%	-
Financials	18.49%	18.01%	16.39%	7.81%	(0.06)%	1.69%	-
Health Care	6.68%	15.88%	40.73%	29.29%	(1.27)%	0.67%	-
Industrials	20.01%	15.13%	20.23%	12.38%	(0.07)%	1.59%	-
Information Technology	22.76%	16.51%	27.72%	22.41%	0.49%	1.09%	-
Materials	6.05%	4.41%	20.75%	5.58%	(0.14)%	1.00%	-
Real Estate	1.03%	6.71%	2.49%	2.79%	0.76%	0.02%	-
Utilities	0.00%	3.34%	0.00%	6.03%	0.34%	0.00%	-
Non Equity	2.96%	0.00%	-	-	-	-	(0.68)%
Total	-	-	24.82%	15.24%	0.07%	10.20%	(0.68)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
24.82%		15.24%		0.07%		10.20%		(0.68)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended September 30, 2018

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
Bio-Techne Corp	Health Care	2.34%	92	-	38.23%	-	0.83%	0.73%
Manhattan Associates	Information Technology	3.56%	92	-	16.09%	-	0.60%	0.46%
Fair Isaac Corp	Information Technology	3.05%	92	-	18.23%	-	0.55%	0.42%
Inter Parfums Inc	Consumer Staples	2.36%	92	0.05%	20.94%	20.86%	0.51%	0.39%
Caseys General Stores	Consumer Staples	2.30%	92	-	23.14%	-	0.50%	0.41%
Aptargroup Inc	Materials	3.07%	92	-	15.76%	-	0.46%	0.34%
Forward Air Corp	Industrials	1.90%	92	0.08%	21.64%	21.65%	0.38%	0.29%
Navigators Group Inc	Financials	1.74%	92	0.06%	21.31%	21.35%	0.37%	0.29%
Beacon Roofing Supply Inc	Industrials	2.30%	92	0.12%	(15.14)%	(15.09)%	(0.37)%	(0.43)%
Exponent Inc	Industrials	2.86%	92	0.11%	11.14%	11.24%	0.31%	0.18%

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
Integrated Device Tech	Information Technology	-	-	0.21%	-	47.46%	0.09%	(0.08)%
Teladoc Health Inc	Health Care	-	-	0.19%	-	48.75%	0.08%	(0.08)%
The Trade Desk Inc Com Cl A	Information Technology	-	-	0.15%	-	60.88%	0.08%	(0.08)%
Five Below Inc	Consumer Discretionary	-	-	0.25%	-	33.11%	0.08%	(0.07)%
Endo Intl Plc Shs	Health Care	-	-	0.13%	-	78.47%	0.08%	(0.07)%
Axiom Holdings Inc	Information Technology	-	-	0.14%	-	64.97%	0.07%	(0.06)%
Novocure	Health Care	-	-	0.12%	-	67.41%	0.07%	(0.06)%
Ligand Pharmaceuticals Inc	Health Care	-	-	0.21%	-	32.50%	0.06%	(0.06)%
Haemonetics Corp Mass	Health Care	-	-	0.24%	-	27.77%	0.06%	(0.05)%
Roku Inc Com Cl A	Consumer Discretionary	-	-	0.09%	-	71.35%	0.06%	(0.06)%

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
Bio-Techne Corp	Health Care	2.34%	92	-	38.23%	-	0.83%	0.73%
Manhattan Associates	Information Technology	3.56%	92	-	16.09%	-	0.60%	0.46%
Fair Isaac Corp	Information Technology	3.05%	92	-	18.23%	-	0.55%	0.42%
Caseys General Stores	Consumer Staples	2.30%	92	-	23.14%	-	0.50%	0.41%
Inter Parfums Inc	Consumer Staples	2.36%	92	0.05%	20.94%	20.86%	0.51%	0.39%
Aptargroup Inc	Materials	3.07%	92	-	15.76%	-	0.46%	0.34%
Navigators Group Inc	Financials	1.74%	92	0.06%	21.31%	21.35%	0.37%	0.29%
Forward Air Corp	Industrials	1.90%	92	0.08%	21.64%	21.65%	0.38%	0.29%
Sonic Corp	Consumer Discretionary	1.26%	92	0.06%	26.70%	26.52%	0.27%	0.21%
Monro Inc	Consumer Discretionary	1.29%	92	0.09%	19.87%	20.13%	0.27%	0.19%

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
Beacon Roofing Supply Inc	Industrials	2.30%	92	0.12%	(15.14)%	(15.09)%	(0.37)%	(0.43)%
Corelogic Inc	Information Technology	3.24%	92	-	(4.83)%	-	(0.16)%	(0.28)%
State Bk Finl Corp	Financials	1.74%	92	0.05%	(9.09)%	(9.09)%	(0.16)%	(0.22)%
Power Integrations Inc	Information Technology	1.20%	92	0.09%	(13.29)%	(13.29)%	(0.16)%	(0.18)%
Umpqua Hldgs Corp	Financials	1.21%	92	-	(6.85)%	-	(0.09)%	(0.13)%
Kirby Corp	Industrials	2.42%	92	-	(1.66)%	-	(0.04)%	(0.12)%
Blackbaud Inc	Information Technology	3.05%	92	0.22%	(0.81)%	(0.83)%	(0.02)%	(0.12)%
Morningstar Inc	Financials	2.94%	92	-	(1.67)%	-	0.00%	(0.12)%
Icu Med Inc	Health Care	1.58%	92	-	(3.71)%	-	(0.05)%	(0.11)%
South St Corp	Financials	1.52%	92	0.14%	(4.00)%	(4.53)%	(0.07)%	(0.10)%

International Equity Period Ended September 30, 2018

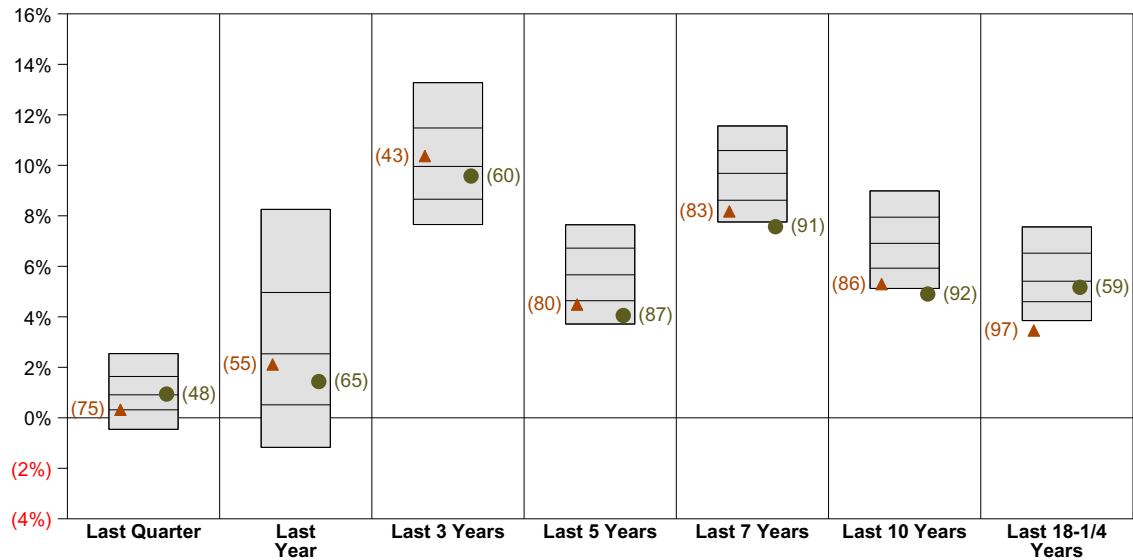
Investment Philosophy

International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Quarterly Summary and Highlights

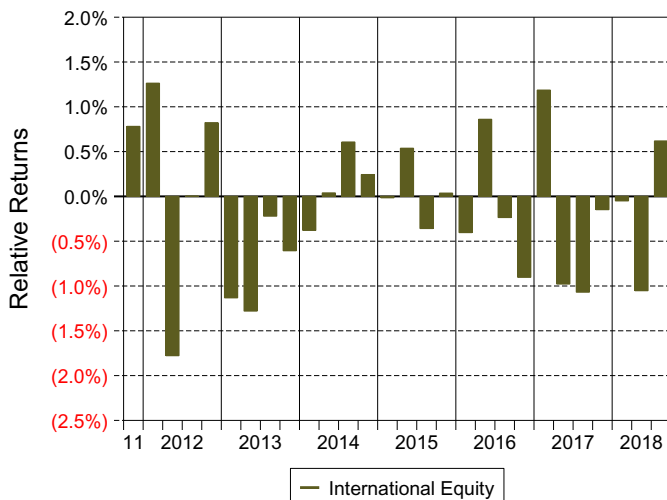
- International Equity's portfolio posted a 0.94% return for the quarter placing it in the 48 percentile of the Callan Non-US Equity group for the quarter and in the 65 percentile for the last year.
- International Equity's portfolio outperformed the International Benchmark by 0.62% for the quarter and underperformed the International Benchmark for the year by 0.68%.

Performance vs Callan Non-US Equity (Gross)

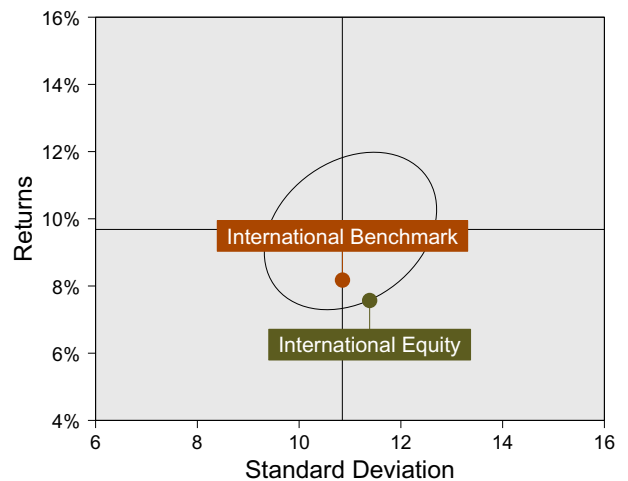


10th Percentile	2.54	8.26	13.27	7.65	11.56	8.99	7.56
25th Percentile	1.64	4.96	11.48	6.72	10.58	7.95	6.52
Median	0.91	2.53	9.96	5.66	9.68	6.91	5.41
75th Percentile	0.32	0.51	8.66	4.64	8.62	5.93	4.60
90th Percentile	(0.46)	(1.17)	7.65	3.71	7.76	5.12	3.85
International Equity	● 0.94	1.44	9.57	4.05	7.57	4.90	5.17
International Benchmark	▲ 0.32	2.11	10.37	4.49	8.18	5.29	3.46

Relative Return vs International Benchmark



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

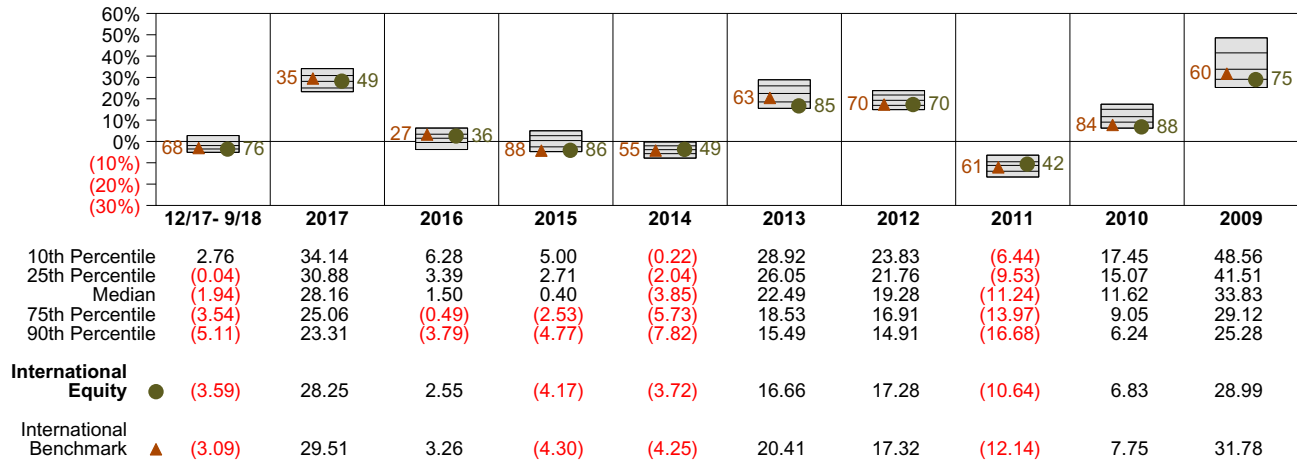


International Equity Return Analysis Summary

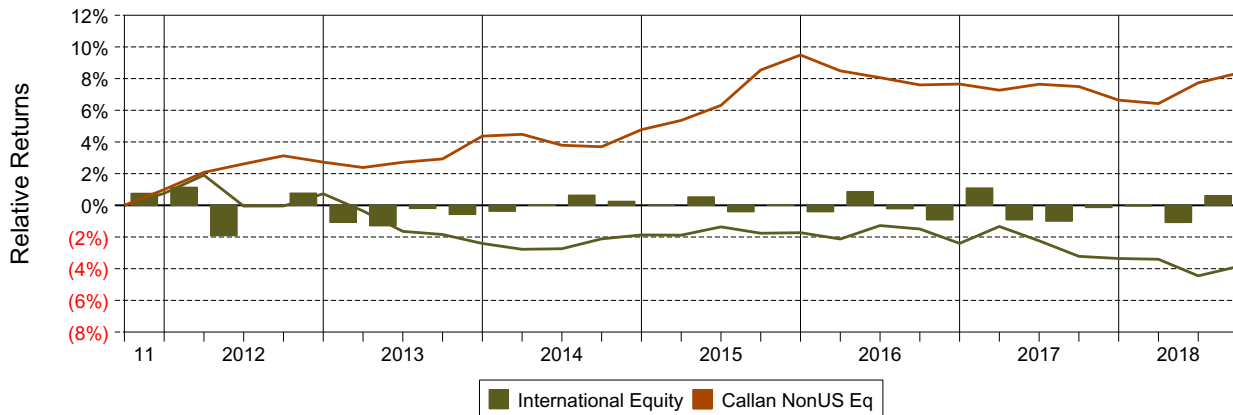
Return Analysis

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.

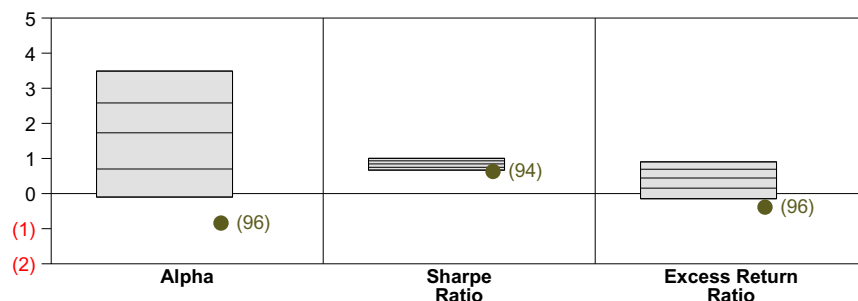
Performance vs Callan Non-US Equity (Gross)



Cumulative and Quarterly Relative Return vs International Benchmark



Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended September 30, 2018

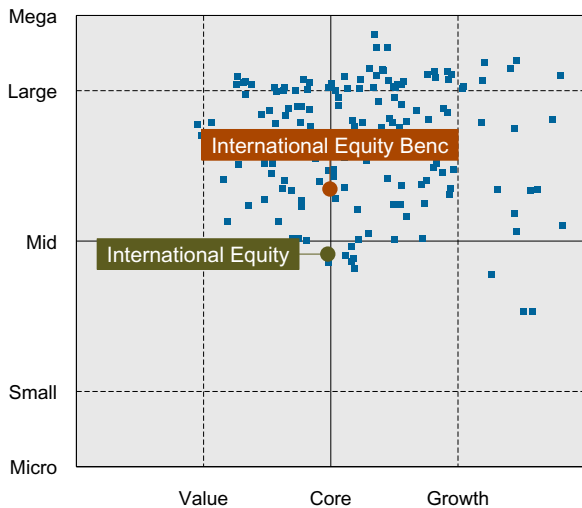


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.49	1.00	0.90
25th Percentile	2.58	0.93	0.69
Median	1.73	0.85	0.44
75th Percentile	0.70	0.75	0.15
90th Percentile	(0.10)	0.67	(0.15)
International Equity	● (0.84)	0.63	(0.39)

Current Holdings Based Style Analysis International Equity As of September 30, 2018

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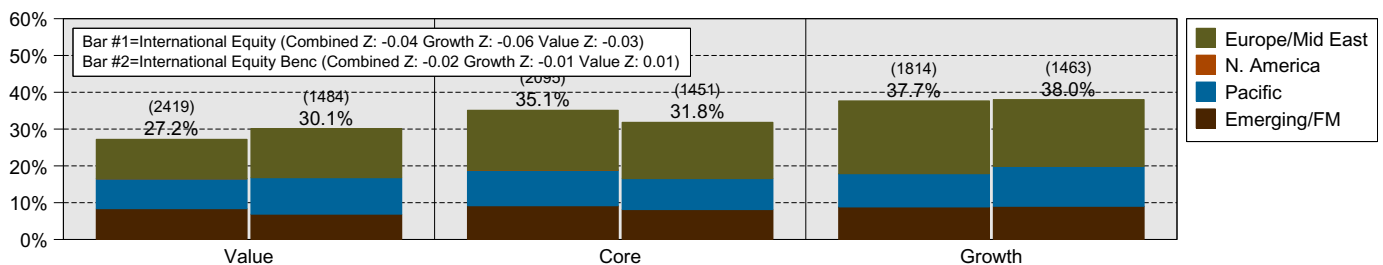
Style Map vs Callan NonUS Eq Holdings as of September 30, 2018



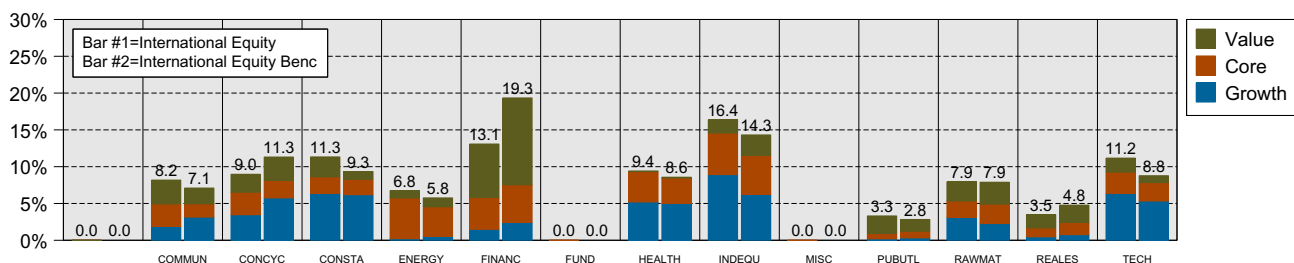
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Europe/ Mid East	10.7% (236)	16.3% (257)	19.8% (265)	46.8% (758)
N. America	0.0% (3)	0.0% (7)	0.0% (0)	0.0% (10)
Pacific	8.1% (310)	9.7% (273)	9.0% (295)	26.8% (878)
Emerging/ FM	8.4% (1870)	9.2% (1558)	8.8% (1254)	26.4% (4682)
Total	27.2% (2419)	35.1% (2095)	37.7% (1814)	100.0% (6328)
	30.1% (1484)	31.8% (1451)	38.0% (1463)	100.0% (4398)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



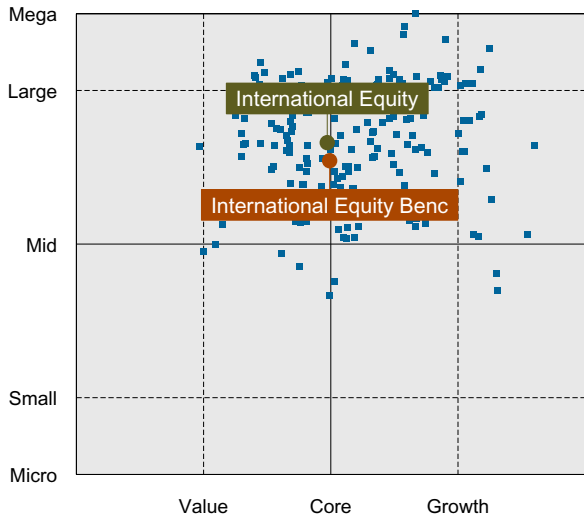
Sector Weights Distribution Holdings as of September 30, 2018



Historical Holdings Based Style Analysis International Equity For Five Years Ended September 30, 2018

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.

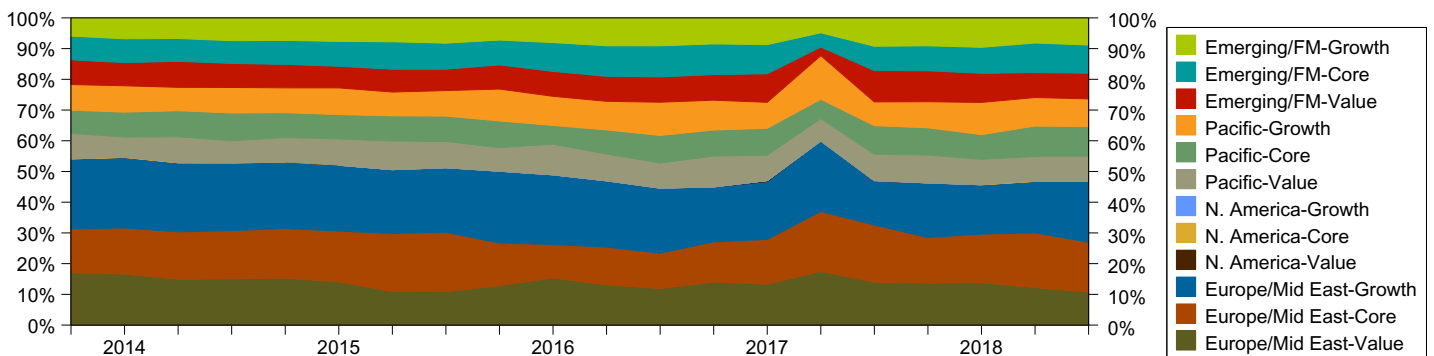
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended September 30, 2018



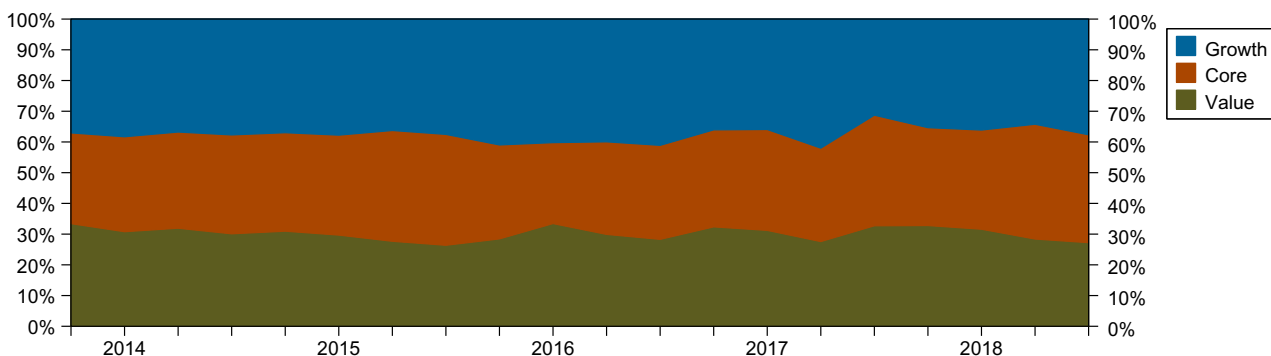
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

Europe/ Mid East	13.8% (174)	15.5% (192)	20.4% (237)	49.8% (603)
	14.8% (263)	15.1% (307)	19.2% (342)	49.2% (912)
N. America	0.0% (2)	0.0% (4)	0.0% (1)	0.0% (7)
	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
Pacific	8.4% (217)	8.3% (222)	9.2% (221)	25.8% (660)
	9.1% (340)	9.0% (338)	9.7% (343)	27.7% (1021)
Emerging/ FM	8.0% (1474)	8.4% (1469)	7.9% (927)	24.3% (3870)
	7.5% (303)	7.3% (266)	8.3% (285)	23.1% (854)
Total	30.2% (1867)	32.3% (1887)	37.5% (1386)	100.0% (5140)
	31.4% (907)	31.4% (911)	37.2% (970)	100.0% (2788)
	Value	Core	Growth	Total

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



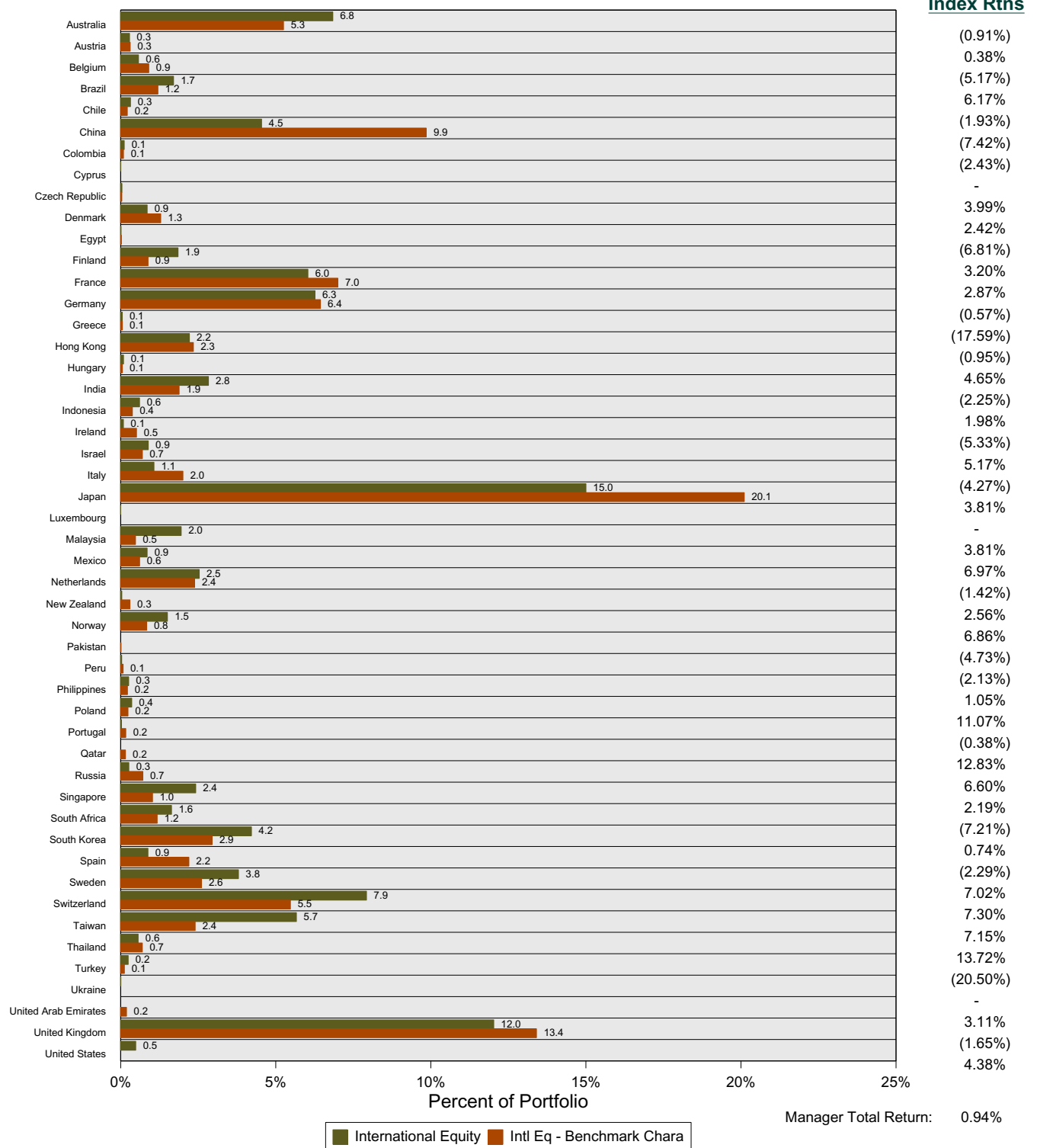
Country Allocation

International Equity VS Intl Eq - Benchmark Characteristics

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of September 30, 2018. 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 September 30, 2018



SSgA EAFE

Period Ended September 30, 2018

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.

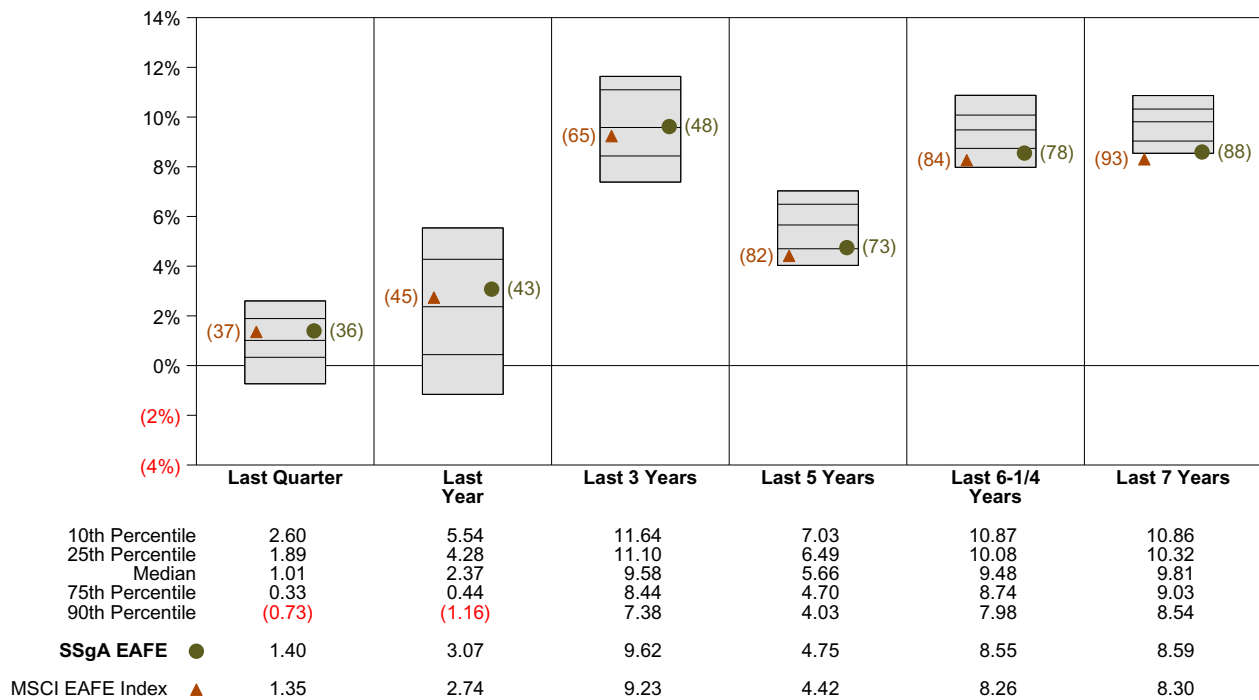
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 1.40% return for the quarter placing it in the 36 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 43 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.04% for the quarter and outperformed the MSCI EAFE Index for the year by 0.34%.

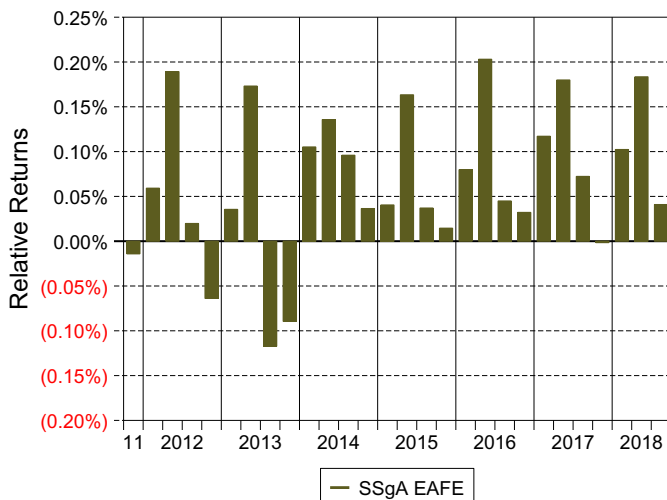
Quarterly Asset Growth

Beginning Market Value	\$11,240,964
Net New Investment	\$0
Investment Gains/(Losses)	\$156,888
Ending Market Value	\$11,397,852

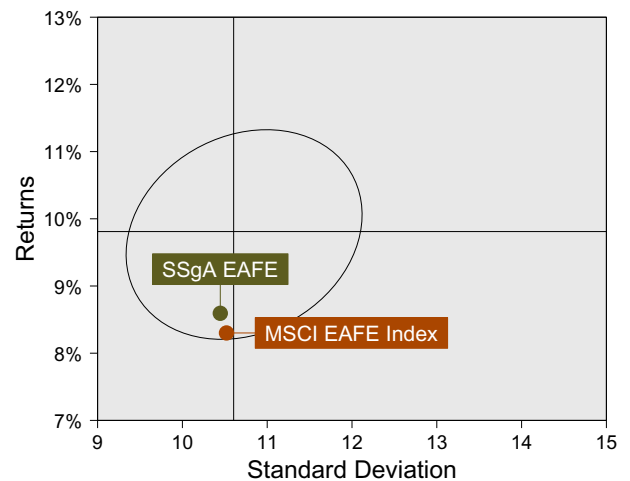
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

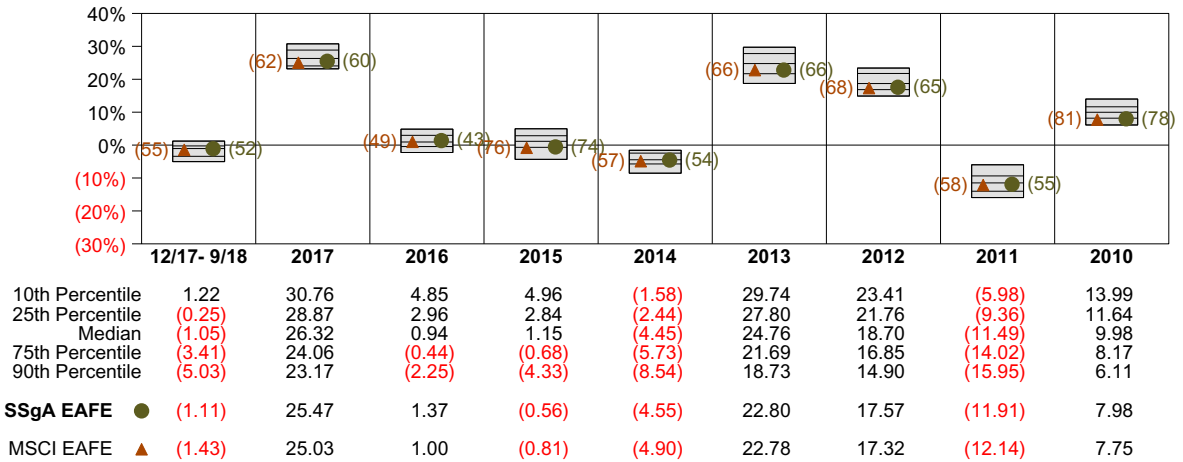


SSgA EAFE Return Analysis Summary

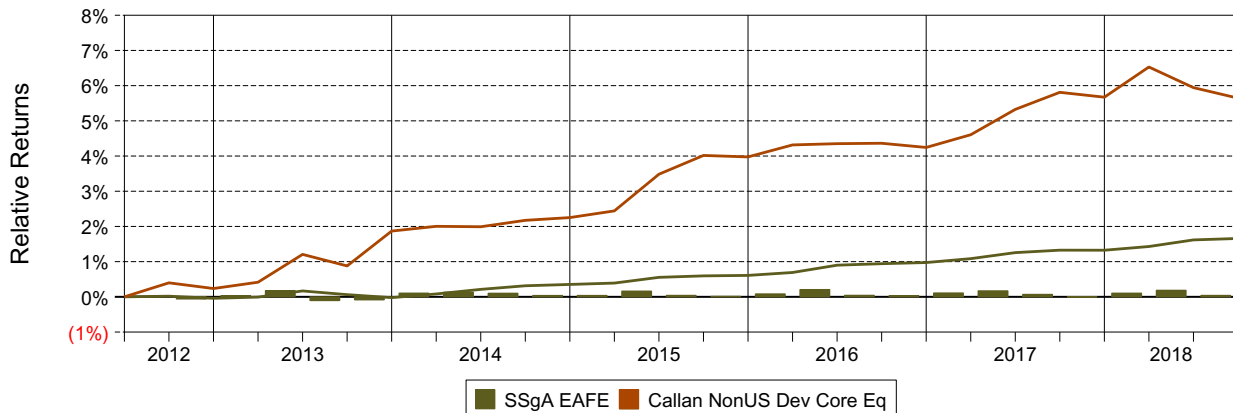
Return Analysis

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.

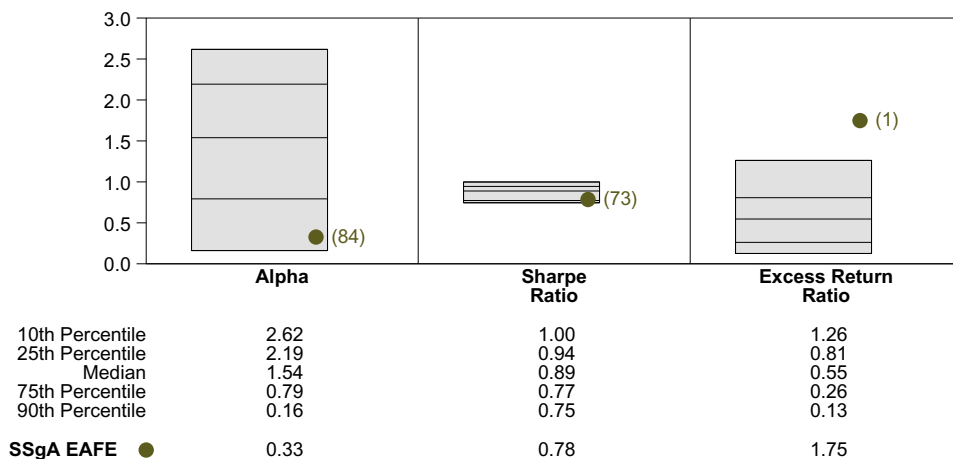
Performance vs Callan Non-US Developed Core Equity (Gross)



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 September 30, 2018

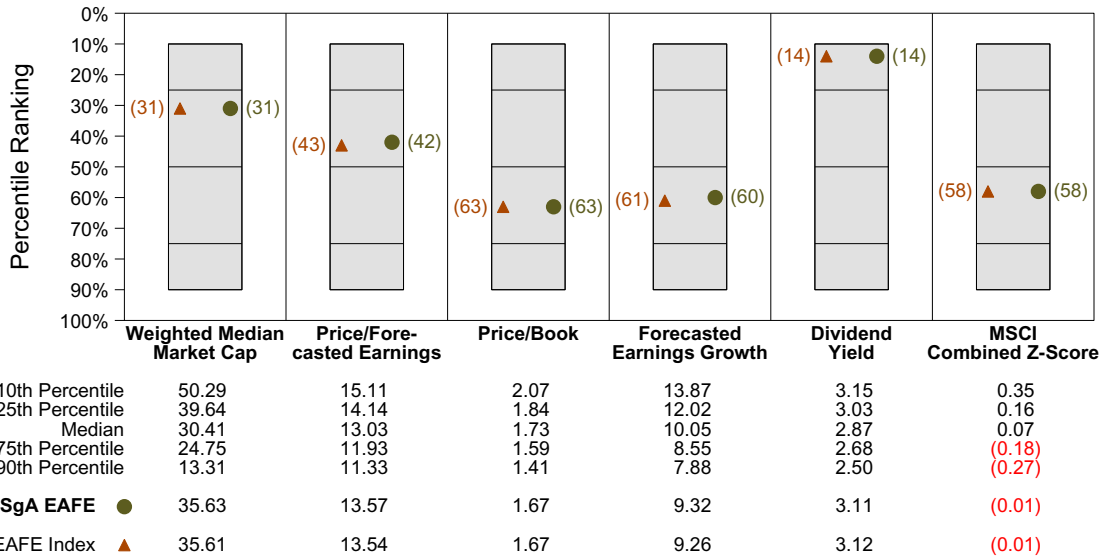


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

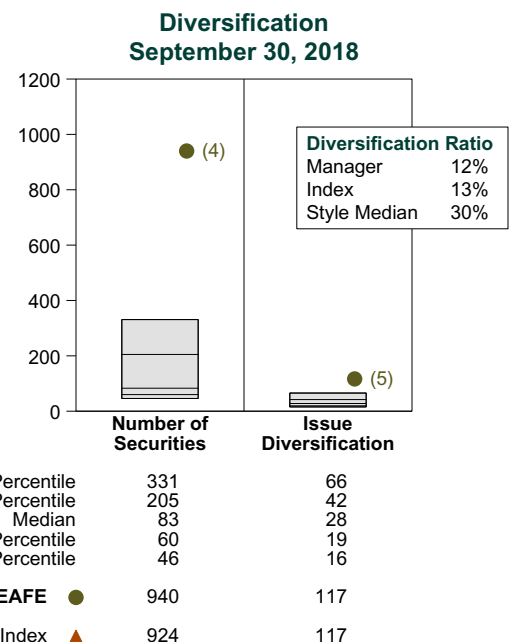
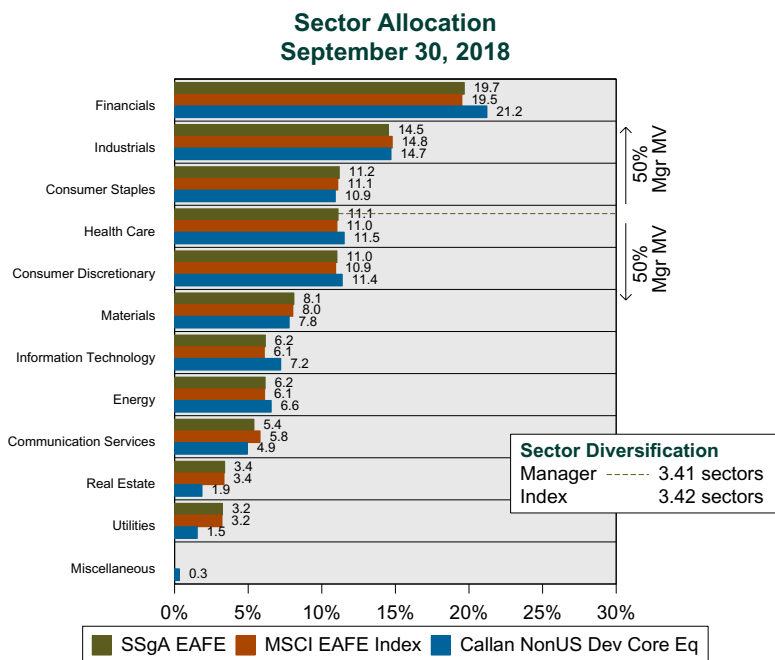
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of September 30, 2018



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.



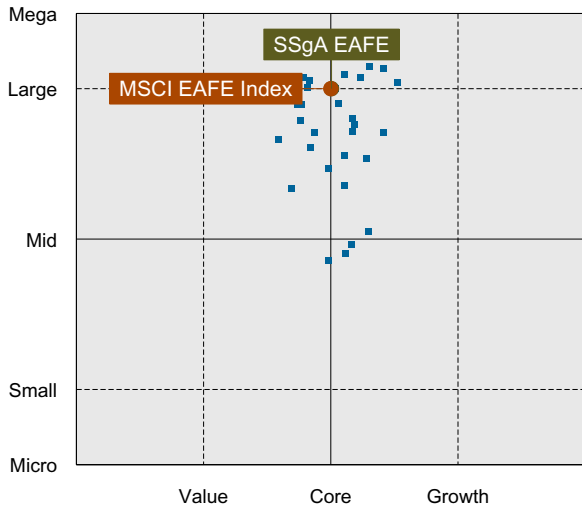
Current Holdings Based Style Analysis

SSgA EAFE

As of September 30, 2018

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.

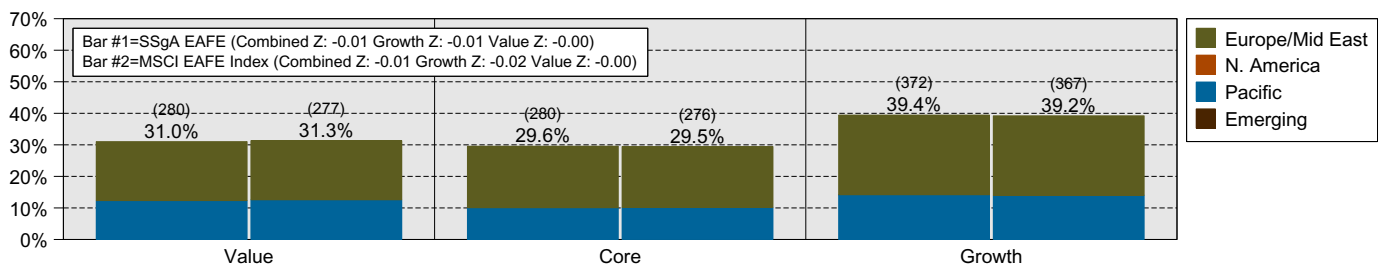
Style Map vs Callan NonUS Dev Core Eq Holdings as of September 30, 2018



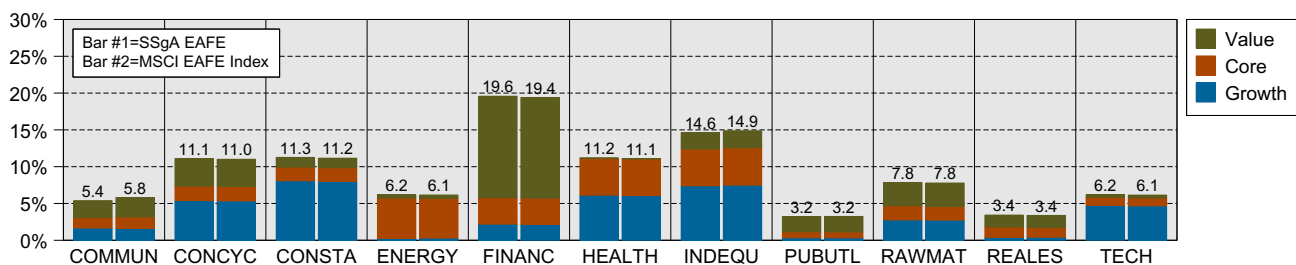
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Europe/Mid East	18.7% (133)	19.5% (133)	25.2% (192)	63.4% (458)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	12.3% (147)	10.1% (147)	14.2% (180)	36.6% (474)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	31.0% (280)	29.6% (280)	39.4% (372)	100.0% (932)
	31.3% (277)	29.5% (276)	39.2% (367)	100.0% (920)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018

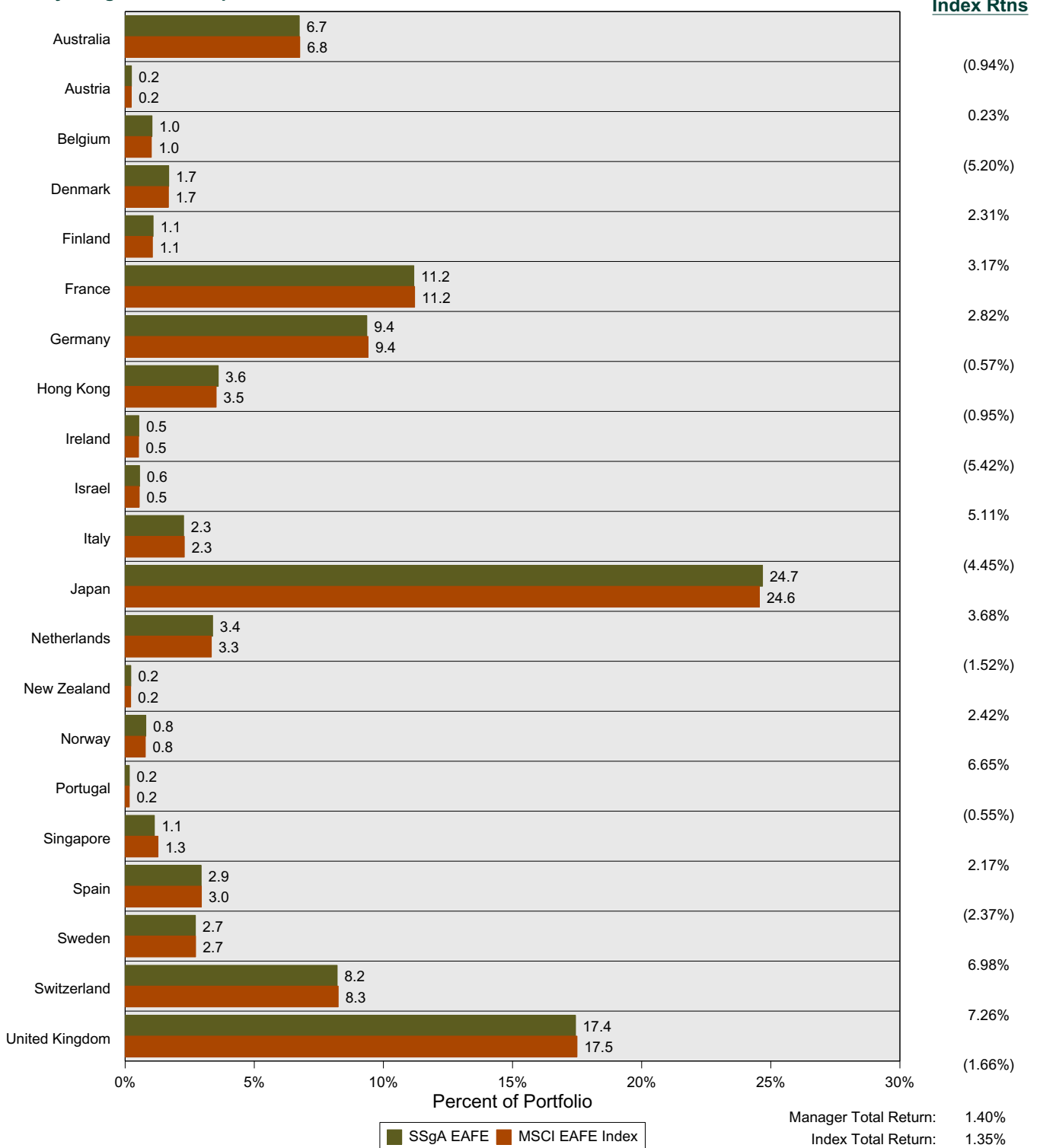


Country Allocation SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of September 30, 2018. 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 September 30, 2018



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of September 30, 2018

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	\$204,742	1.8%	8.16%	256.57	20.07	2.87%	9.51%
Novartis	Health Care	\$147,128	1.3%	13.97%	220.38	15.81	3.32%	8.30%
Hsbc Holdings (Gb)	Financials	\$137,750	1.2%	(5.87)%	174.06	11.55	5.85%	6.90%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$134,305	1.2%	9.59%	171.00	13.63	3.49%	5.21%
Royal Dutch Shell A Shs	Energy	\$124,325	1.1%	0.23%	156.69	11.13	5.36%	15.30%
Total Sa Act	Energy	\$122,112	1.1%	7.62%	172.80	10.94	4.51%	18.99%
Bp Plc Shs	Energy	\$120,592	1.1%	2.07%	154.14	12.49	5.07%	36.36%
Toyota Motor Corp	Consumer Discretionary	\$113,137	1.0%	(3.51)%	203.82	8.82	3.10%	4.52%
Royal Dutch Shell 'b' Shs	Energy	\$103,310	0.9%	(0.75)%	131.34	11.14	5.23%	30.50%
Sap Se Shs	Information Technology	\$94,992	0.8%	6.59%	151.33	22.28	1.32%	7.60%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Sp Telecom.	Communication Services	\$1,794	0.0%	61.76%	5.73	23.86	0.47%	(24.14)%
Idemitsu Kosan Co Ltd Shs	Energy	\$5,681	0.0%	49.12%	11.01	8.75	1.33%	38.59%
Showa Shell Sekiyu Oil Ltd Ord	Energy	\$3,175	0.0%	41.99%	7.99	12.05	1.74%	0.04%
Softbank Corp Ord	Communication Services	\$66,108	0.6%	40.59%	111.15	10.50	0.38%	(9.51)%
Orion Corp New Shs B	Health Care	\$3,191	0.0%	40.53%	3.95	20.59	4.45%	4.00%
Eisai Co	Health Care	\$19,470	0.2%	39.11%	28.88	57.11	1.36%	13.85%
Yangzijiang Shipbu	Industrials	\$1,704	0.0%	36.74%	3.61	9.56	3.63%	(7.69)%
Infogenie Europe Nm	Information Technology	\$19,984	0.2%	35.83%	26.84	50.02	0.10%	34.10%
Israel Chemicals Ltd Shs	Materials	\$3,478	0.0%	34.50%	7.82	14.20	2.98%	(7.50)%
Lonza Group Ag Zuerich Namen Akt	Health Care	\$20,059	0.2%	29.24%	25.54	24.81	0.82%	11.06%

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Li & Fung Ltd Ord New	Consumer Discretionary	\$1,070	0.0%	(38.23)%	1.90	9.74	2.86%	(18.99)%
Renesas Electronics Corp Shs	Information Technology	\$4,106	0.0%	(33.33)%	10.43	15.17	0.00%	15.00%
Coca-Cola Bottlers Japan Inc Shs	Consumer Staples	\$2,825	0.0%	(33.06)%	5.52	25.20	1.55%	(2.79)%
Cyberdyne	Health Care	\$697	0.0%	(32.79)%	1.08	(1580.00)	0.00%	-
Mgm China Holdings Ltd	Consumer Discretionary	\$1,215	0.0%	(31.39)%	6.02	14.41	1.30%	22.11%
Zalando	Consumer Discretionary	\$3,410	0.0%	(30.49)%	9.76	67.87	0.00%	28.00%
Shinohara Sy.of Con.	Real Estate	\$1	0.0%	(30.36)%	0.39	3.60	2.18%	15.97%
Atlantia Spa Shs	Industrials	\$8,022	0.1%	(29.79)%	17.14	11.40	6.83%	5.80%
Premium Land Ltd.	Consumer Discretionary	\$1	0.0%	(28.57)%	0.27	(8.56)	0.00%	-
Fresnillo	Materials	\$1,851	0.0%	(28.47)%	7.89	16.71	3.78%	6.70%

Pyrford

Period Ended September 30, 2018

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.

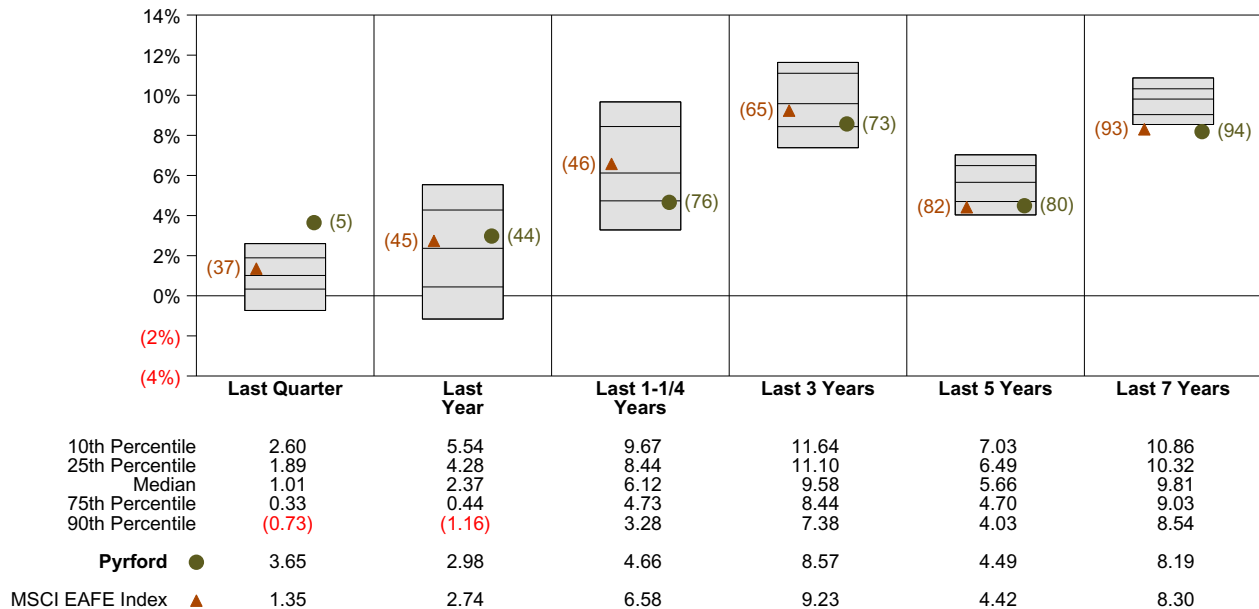
Quarterly Summary and Highlights

- Pyrford's portfolio posted a 3.65% return for the quarter placing it in the 5 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 44 percentile for the last year.
- Pyrford's portfolio outperformed the MSCI EAFE Index by 2.29% for the quarter and outperformed the MSCI EAFE Index for the year by 0.24%.

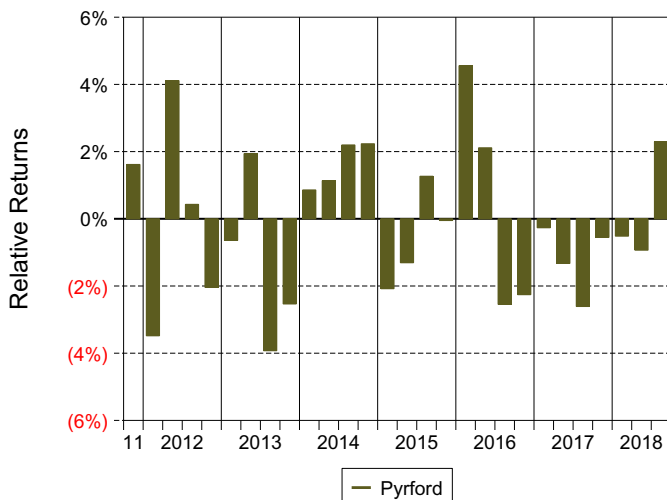
Quarterly Asset Growth

Beginning Market Value	\$26,142,476
Net New Investment	\$0
Investment Gains/(Losses)	\$953,641
Ending Market Value	\$27,096,117

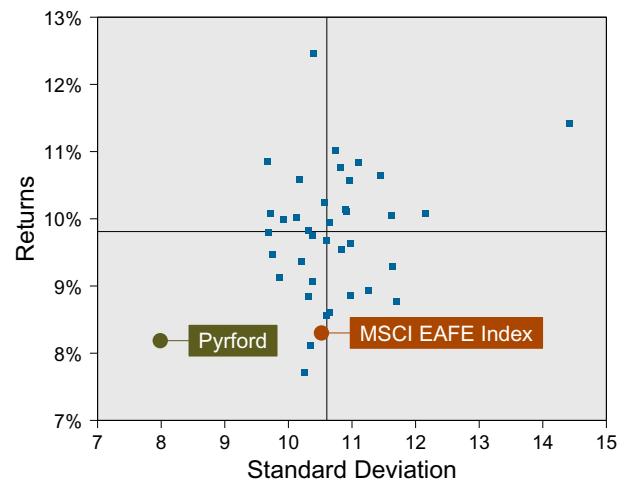
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

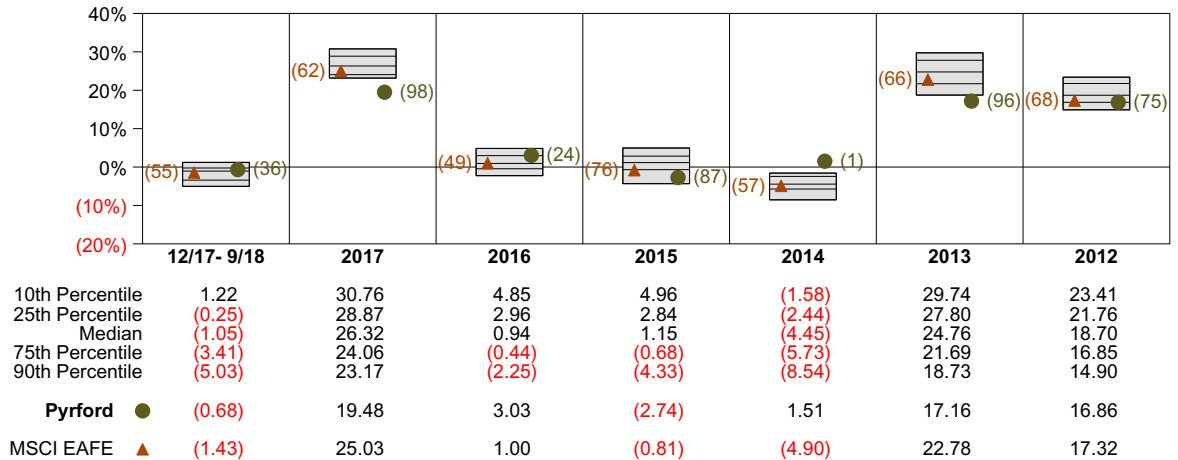


Pyrford Return Analysis Summary

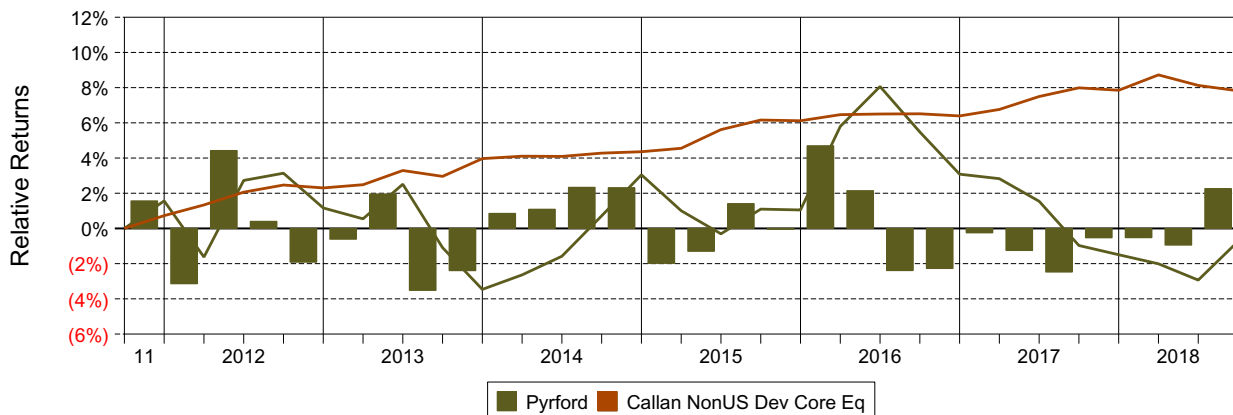
Return Analysis

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.

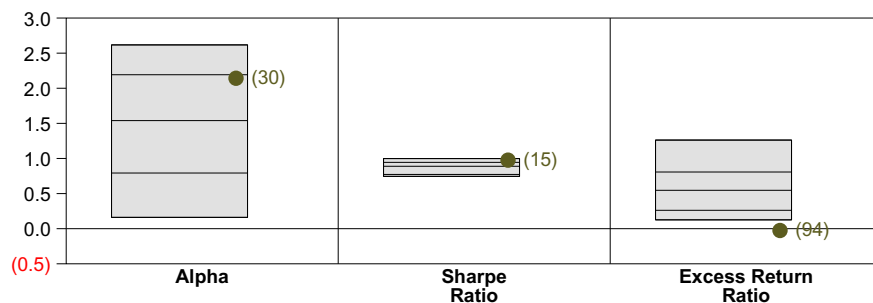
Performance vs Callan Non-US Developed Core Equity (Gross)



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 September 30, 2018

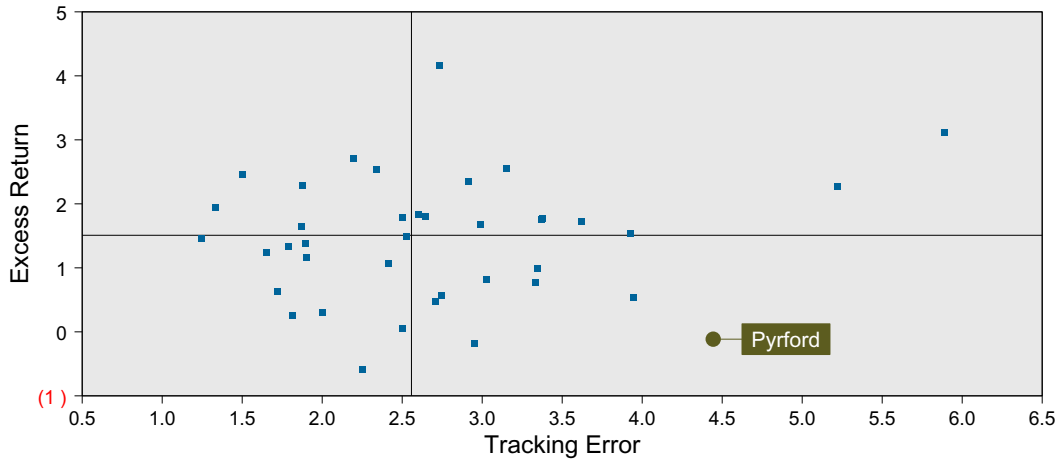


Pyrford Risk Analysis Summary

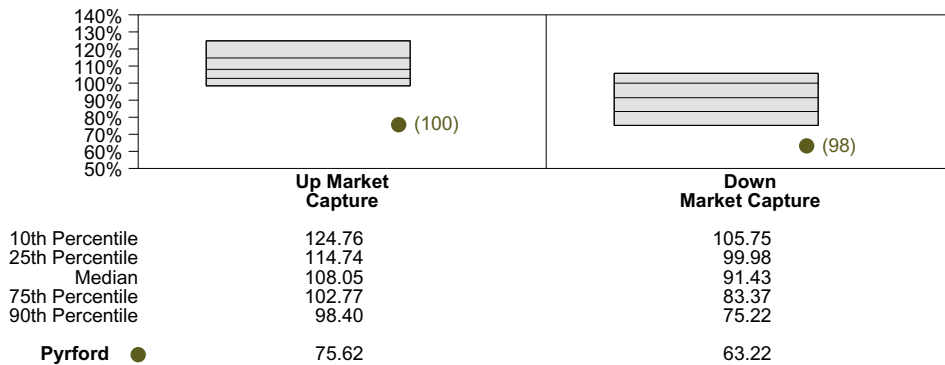
Risk Analysis

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.

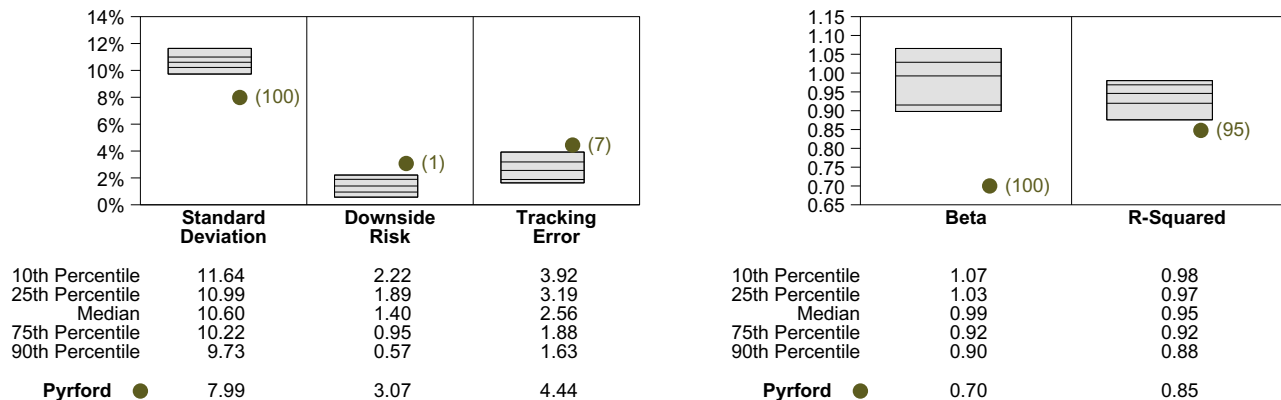
Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended September 30, 2018



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended September 30, 2018



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended September 30, 2018

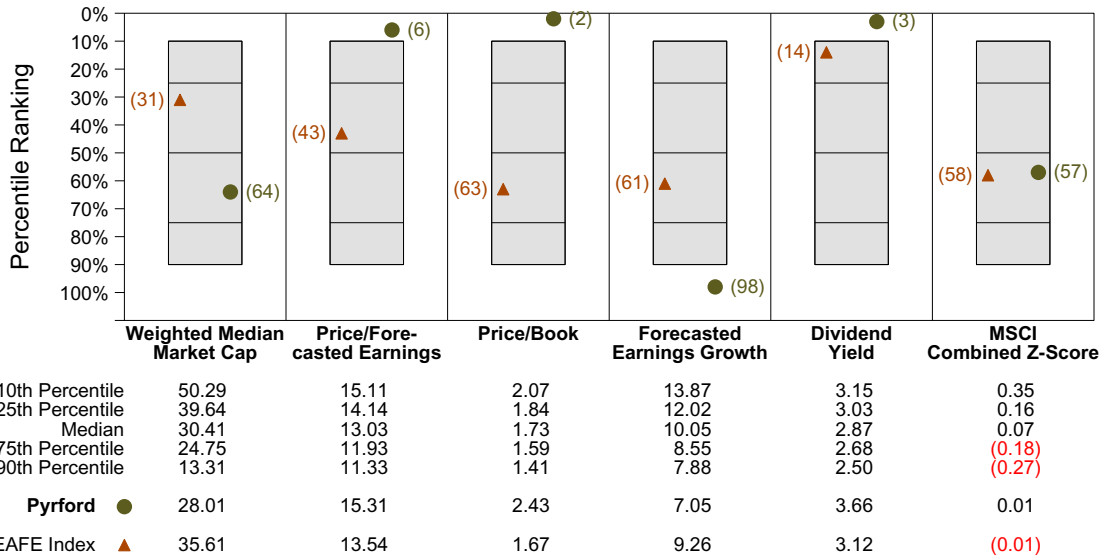


Pyrford Equity Characteristics Analysis Summary

Portfolio Characteristics

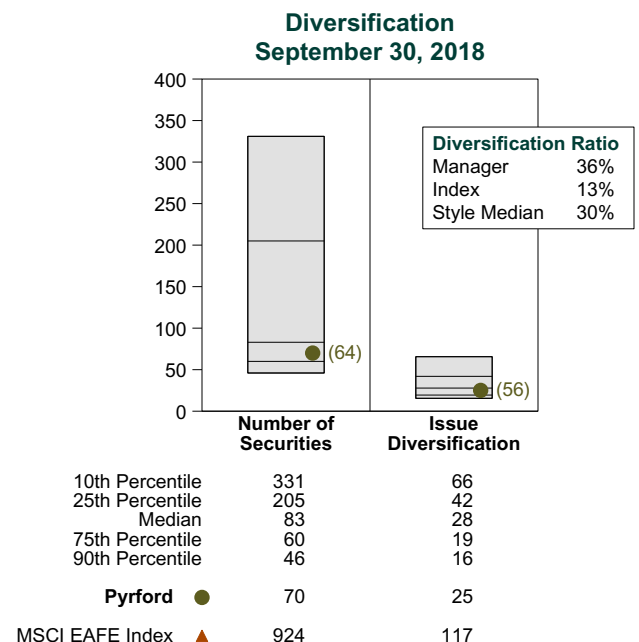
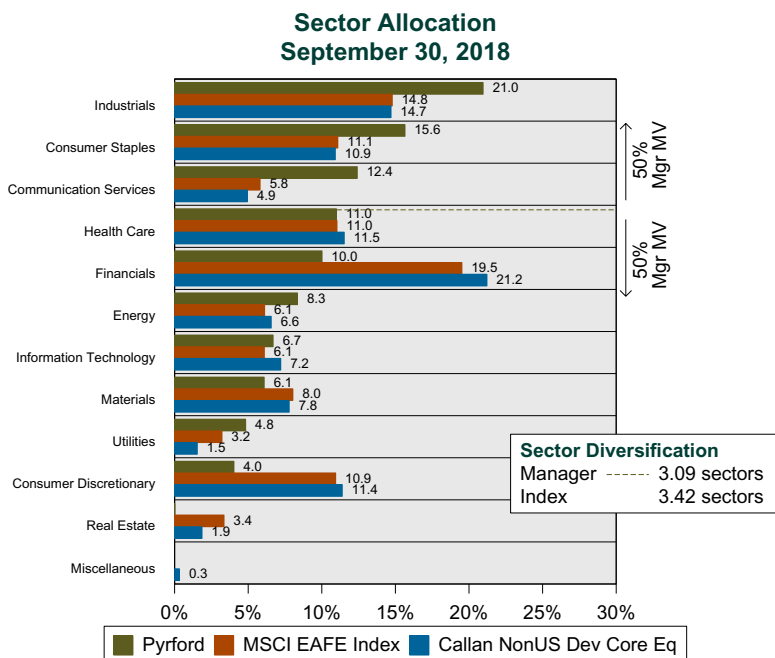
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of September 30, 2018



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.



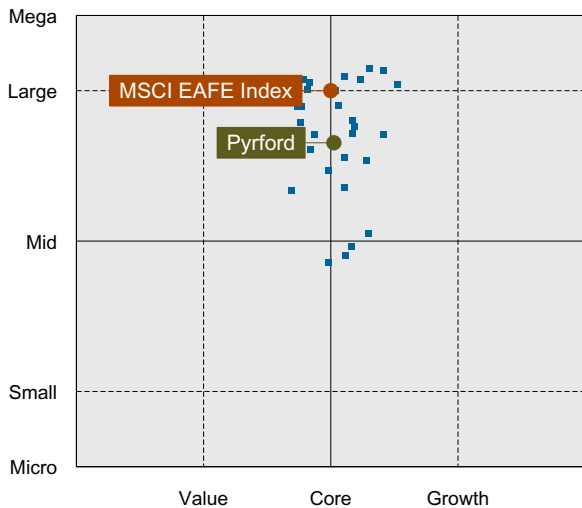
Current Holdings Based Style Analysis

Pyrford

As of September 30, 2018

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.

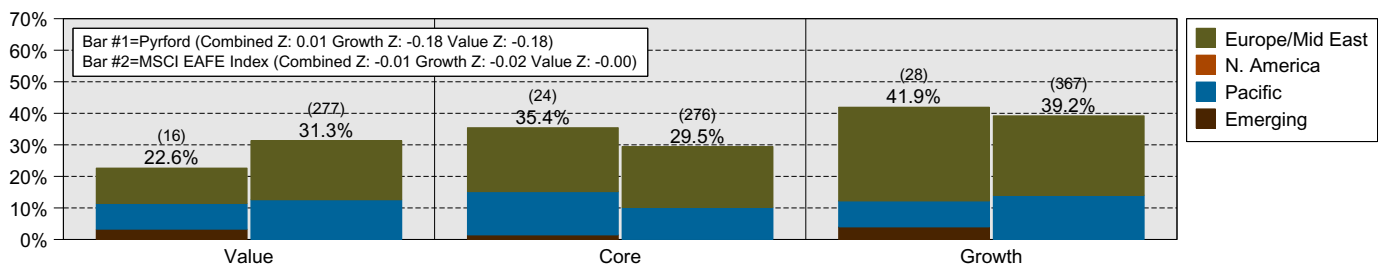
Style Map vs Callan NonUS Dev Core Eq Holdings as of September 30, 2018



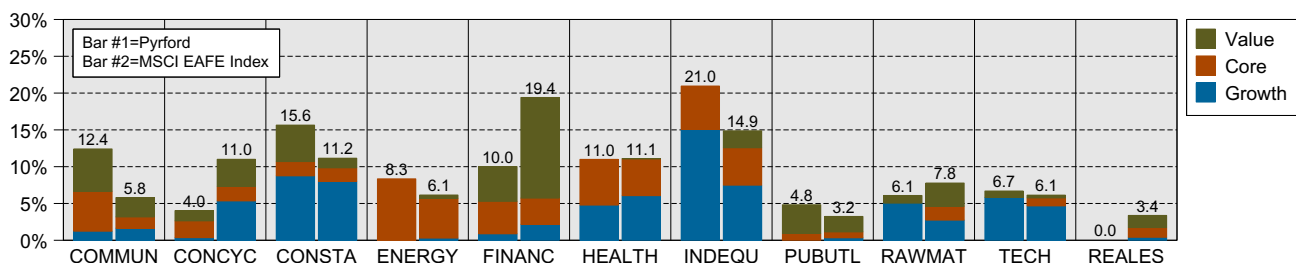
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Europe/Mid East	11.2% (8)	20.3% (14)	29.7% (18)	61.2% (40)
N. America	18.7% (132)	19.3% (130)	25.2% (190)	63.2% (452)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	8.1% (6)	13.7% (9)	8.2% (6)	30.1% (21)
Total	22.6% (16)	35.4% (24)	41.9% (28)	100.0% (68)
	31.3% (277)	29.5% (276)	39.2% (367)	100.0% (920)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



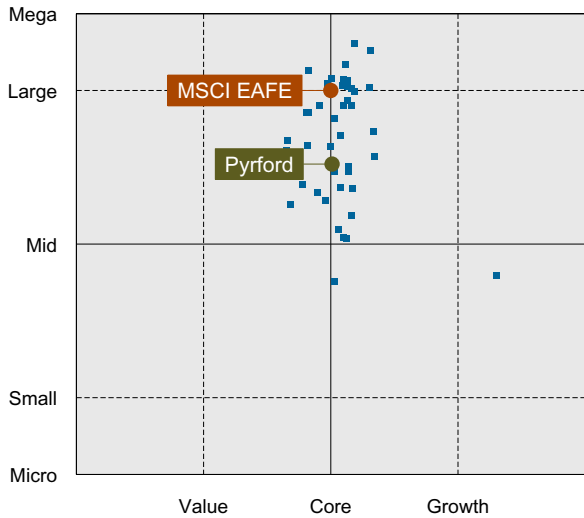
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended September 30, 2018

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.

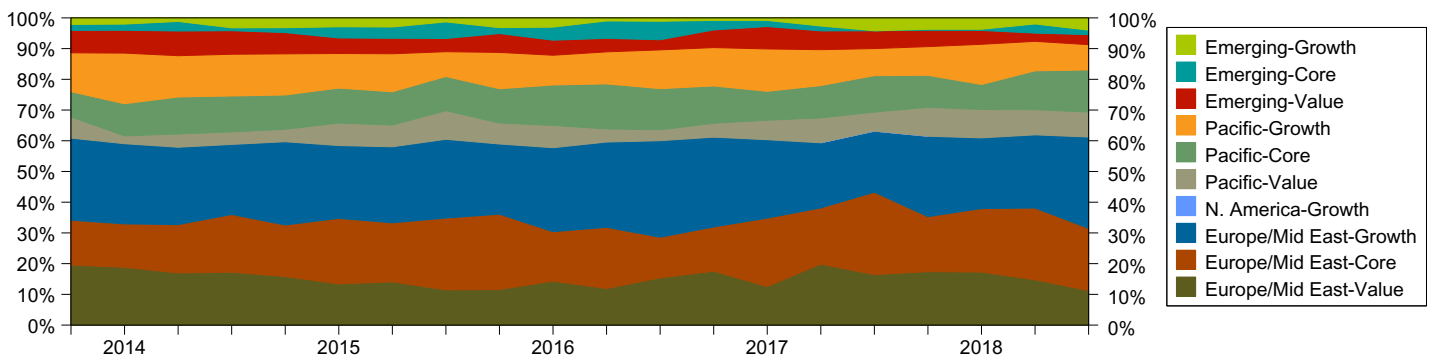
Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended September 30, 2018



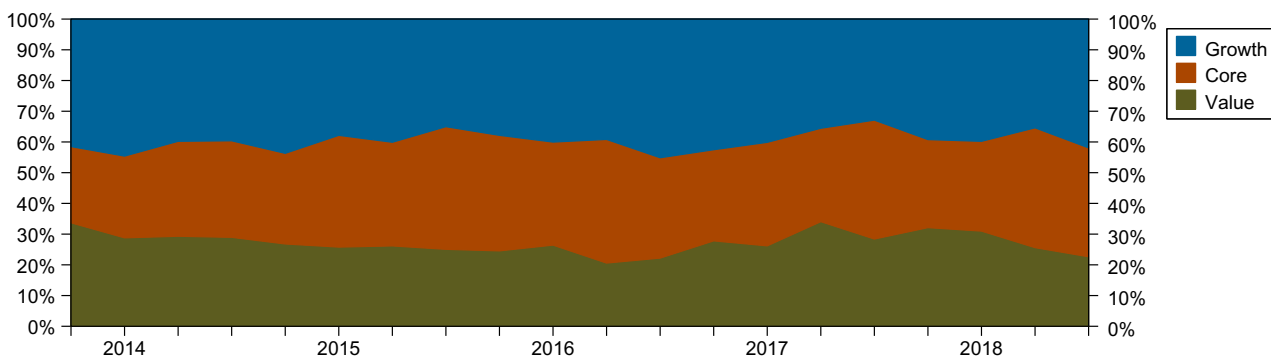
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	15.4% (11)	19.1% (11)	25.5% (18)	60.0% (40)
Europe/ Mid East	19.7% (123)	19.3% (132)	25.5% (196)	64.4% (451)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	6.4% (5)	11.4% (9)	11.6% (8)	29.4% (22)
Emerging	5.6% (4)	2.6% (2)	2.5% (2)	10.6% (8)
Total	27.3% (20)	33.1% (22)	39.6% (28)	100.0% (70)
	31.6% (264)	30.5% (280)	37.9% (372)	100.0% (916)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures

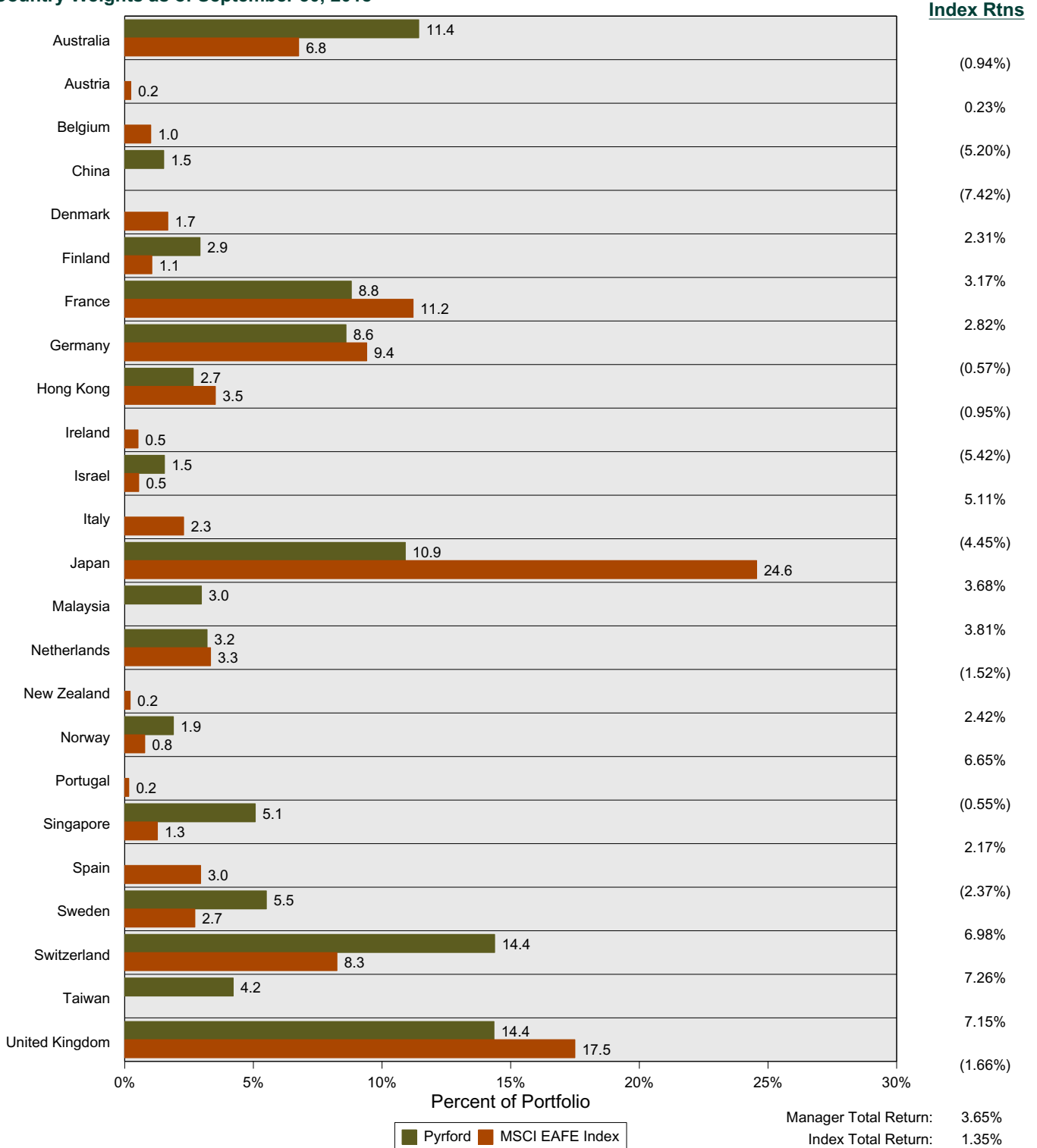


Country Allocation Pyrford VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of September 30, 2018. 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 September 30, 2018



Pyrford Top 10 Portfolio Holdings Characteristics as of September 30, 2018

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	\$944,319	3.5%	8.16%	256.57	20.07	2.87%	9.51%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$882,282	3.3%	9.59%	171.00	13.63	3.49%	5.21%
Novartis	Health Care	\$794,404	2.9%	13.97%	220.38	15.81	3.32%	8.30%
Japan Tobacco Inc Ord	Consumer Staples	\$684,559	2.5%	(6.51)%	52.23	12.85	4.89%	6.50%
Brambles Ltd Npv	Industrials	\$635,764	2.3%	21.07%	12.56	18.56	2.66%	4.96%
Essity Ab	Consumer Staples	\$579,974	2.1%	1.07%	16.03	16.49	2.57%	4.22%
Kddi	Communication Services	\$562,250	2.1%	2.53%	69.97	11.89	2.87%	4.42%
Woodside Petroleum	Energy	\$538,700	2.0%	7.50%	26.13	14.90	3.51%	19.00%
Woolworths Ltd	Consumer Staples	\$525,511	1.9%	(7.93)%	26.68	19.88	3.31%	6.20%
Computershare Limited Cpu Shs	Information Technology	\$513,217	1.9%	6.52%	7.84	19.91	2.01%	11.15%

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
Brambles Ltd Npv	Industrials	\$635,764	2.3%	21.07%	12.56	18.56	2.66%	4.96%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$406,442	1.5%	21.07%	222.93	17.37	3.05%	12.30%
Axiata Group Bhd Shs	Communication Services	\$333,878	1.2%	17.15%	9.99	29.78	1.86%	18.60%
Advantech Co	Information Technology	\$244,071	0.9%	16.96%	5.20	22.11	2.90%	9.28%
Schindler Part	Industrials	\$219,967	0.8%	16.41%	10.20	25.68	1.64%	8.59%
Nihon Kohden Corp Shs	Health Care	\$413,467	1.5%	14.33%	2.81	27.58	0.97%	(13.82)%
Toyota Tsusho Corp Shs	Industrials	\$260,631	1.0%	14.12%	13.37	9.95	2.19%	20.75%
Novartis	Health Care	\$794,404	2.9%	13.97%	220.38	15.81	3.32%	8.30%
China Mobile Hong Kong Limit Ord	Communication Services	\$411,239	1.5%	13.74%	201.88	11.88	5.08%	3.92%
Fuchs Petrolub Pref.	Materials	\$462,367	1.7%	12.93%	3.89	22.60	1.85%	6.70%

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
Rubis Ord Shs	Utilities	\$252,646	0.9%	(13.32)%	5.24	14.89	3.22%	15.96%
Newcrest Mng Ltd Ord	Materials	\$215,773	0.8%	(12.59)%	10.78	16.84	1.27%	25.41%
Sse Plc Shs	Utilities	\$300,637	1.1%	(12.07)%	15.34	11.46	8.26%	2.10%
Vodafone Group Plc New Shs New	Communication Services	\$349,733	1.3%	(11.57)%	57.31	16.67	8.10%	8.10%
Fielmann	Consumer Discretionary	\$319,806	1.2%	(10.25)%	5.08	24.94	3.55%	4.45%
Woolworths Ltd	Consumer Staples	\$525,511	1.9%	(7.93)%	26.68	19.88	3.31%	6.20%
British American Tobacco	Consumer Staples	\$403,274	1.5%	(7.56)%	107.22	11.51	5.45%	7.10%
National Grid Ord	Utilities	\$507,206	1.9%	(6.76)%	35.07	13.60	5.80%	1.43%
Japan Tobacco Inc Ord	Consumer Staples	\$684,559	2.5%	(6.51)%	52.23	12.85	4.89%	6.50%
Rio Tinto Ltd Ord	Materials	\$282,010	1.0%	(6.11)%	23.50	12.57	5.07%	1.10%

AQR

Period Ended September 30, 2018

Investment Philosophy

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

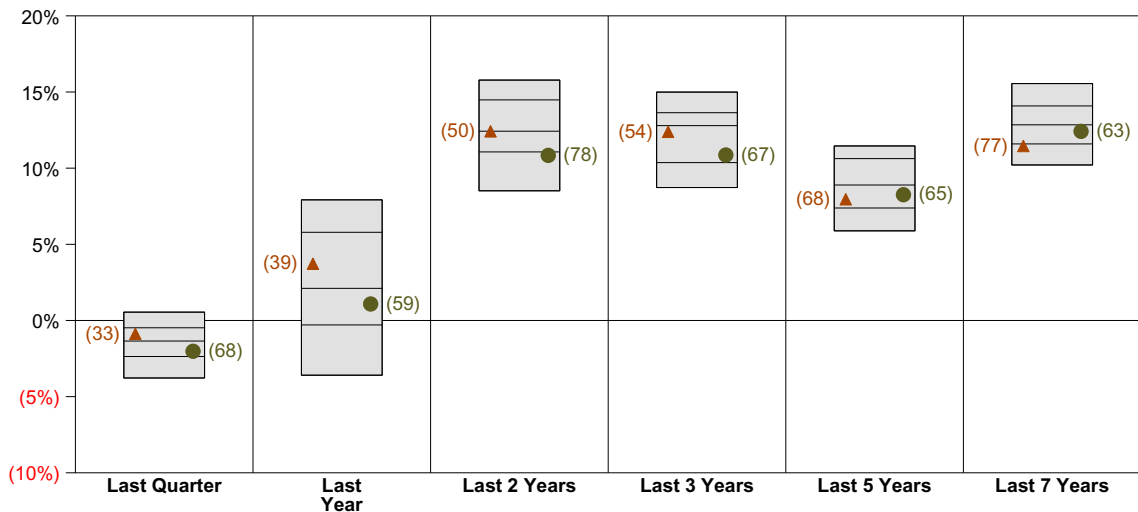
Quarterly Summary and Highlights

- AQR's portfolio posted a (2.02)% return for the quarter placing it in the 68 percentile of the Callan International Small Cap group for the quarter and in the 59 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 1.14% for the quarter and underperformed the MSCI EAFE Small Cap Index for the year by 2.65%.

Quarterly Asset Growth

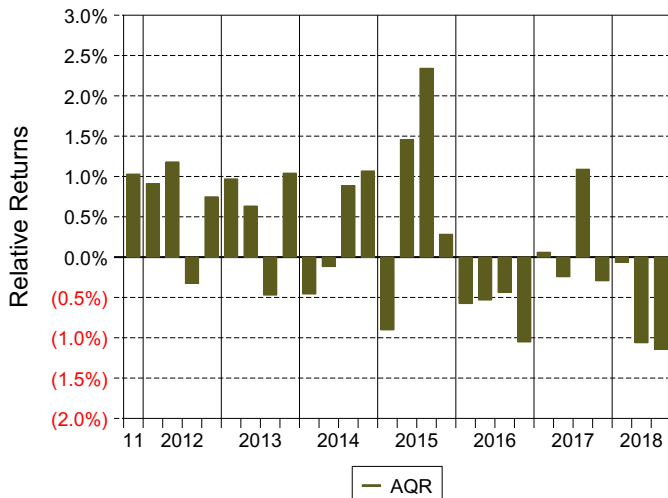
Beginning Market Value	\$14,603,230
Net New Investment	\$0
Investment Gains/(Losses)	\$-329,549
Ending Market Value	\$14,273,681

Performance vs Callan International Small Cap (Gross)

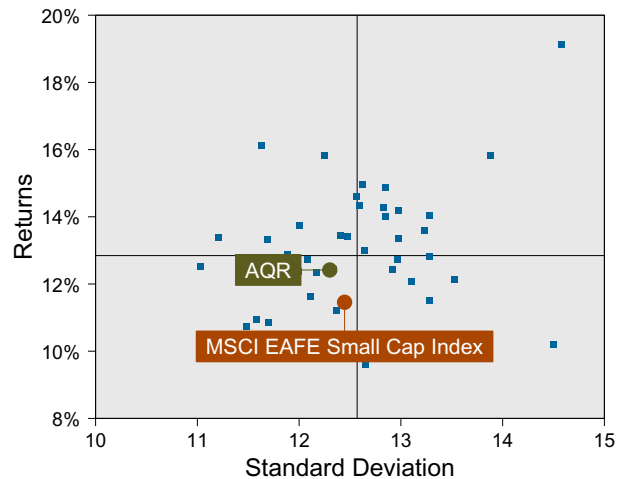


10th Percentile	0.55	7.92	15.78	14.99	11.46	15.55
25th Percentile	(0.48)	5.79	14.48	13.64	10.63	14.08
Median	(1.35)	2.11	12.43	12.79	8.89	12.84
75th Percentile	(2.37)	(0.29)	11.07	10.36	7.38	11.59
90th Percentile	(3.78)	(3.59)	8.51	8.73	5.88	10.21
AQR ●	(2.02)	1.08	10.84	10.86	8.26	12.42
MSCI EAFE Small Cap Index ▲	(0.88)	3.73	12.42	12.39	7.96	11.46

Relative Returns vs MSCI EAFE Small Cap Index



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

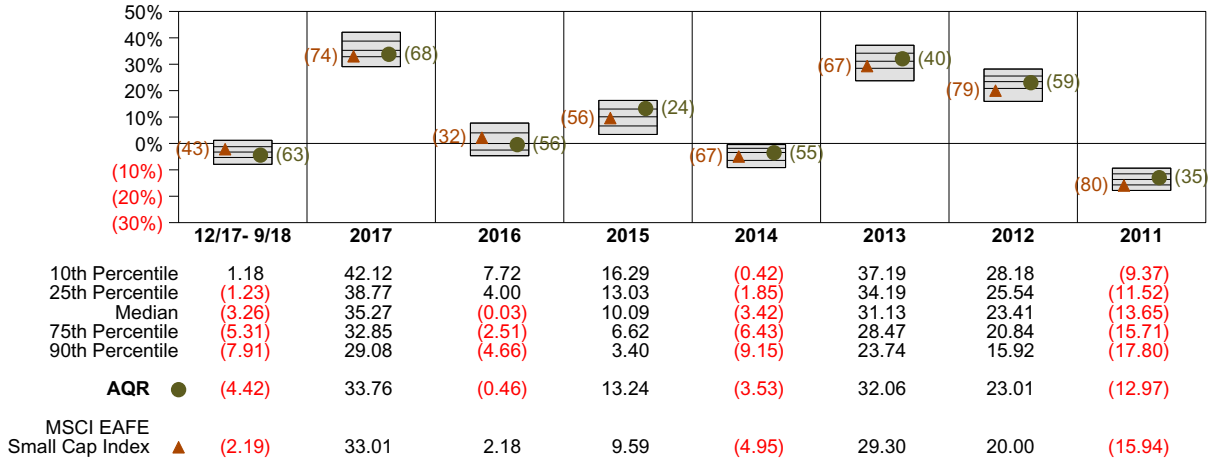


AQR Return Analysis Summary

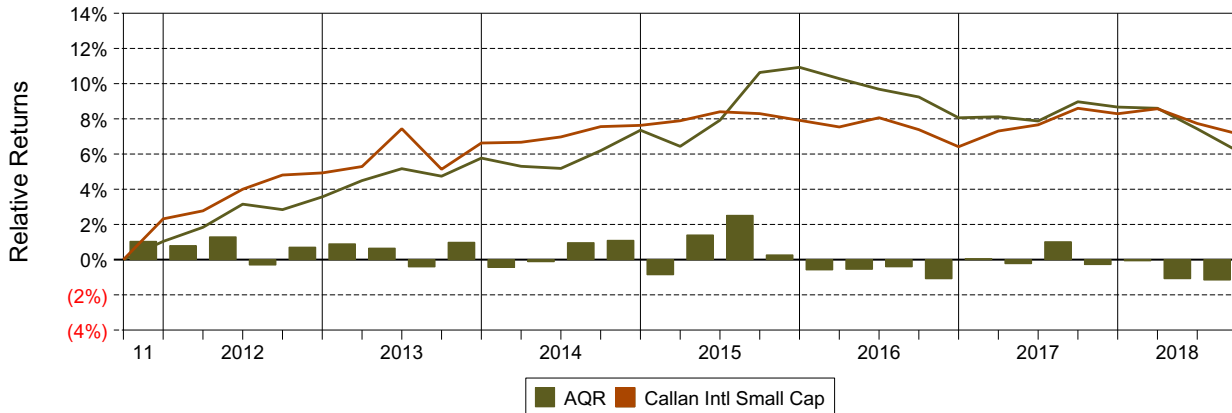
Return Analysis

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.

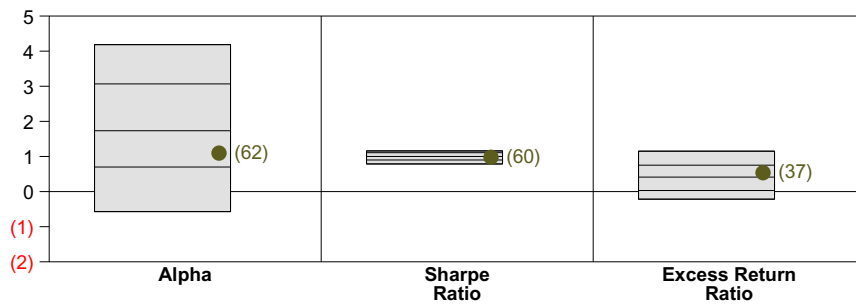
Performance vs Callan International Small Cap (Gross)



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 September 30, 2018

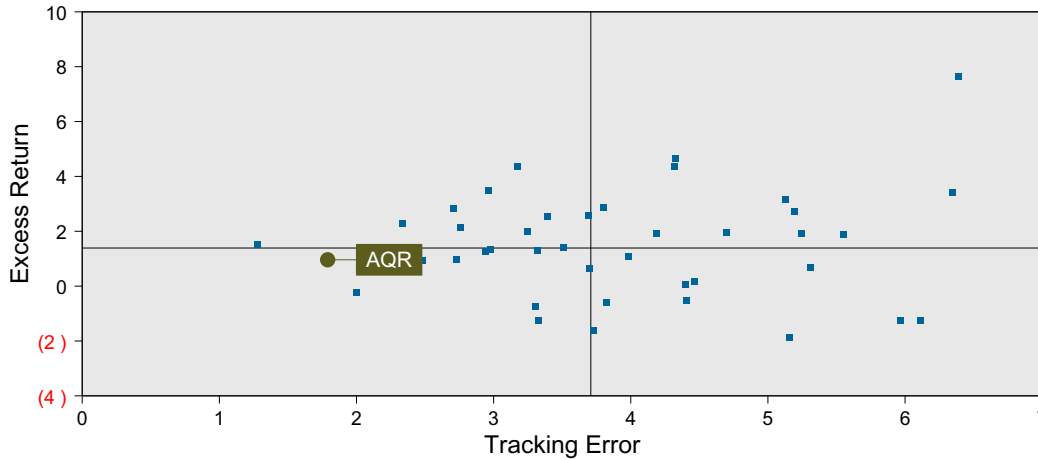


AQR Risk Analysis Summary

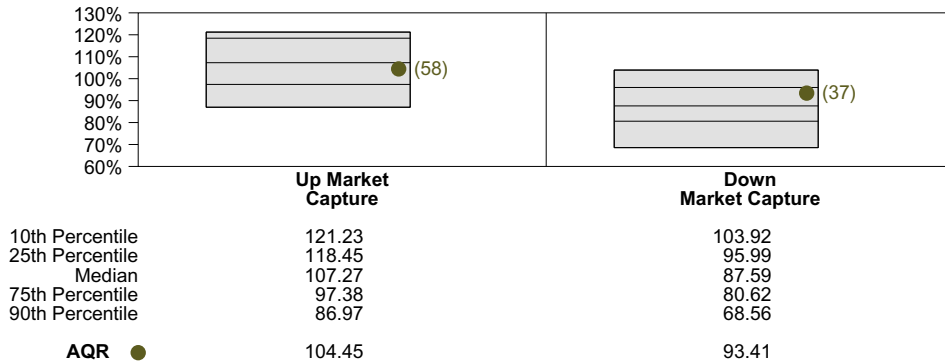
Risk Analysis

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

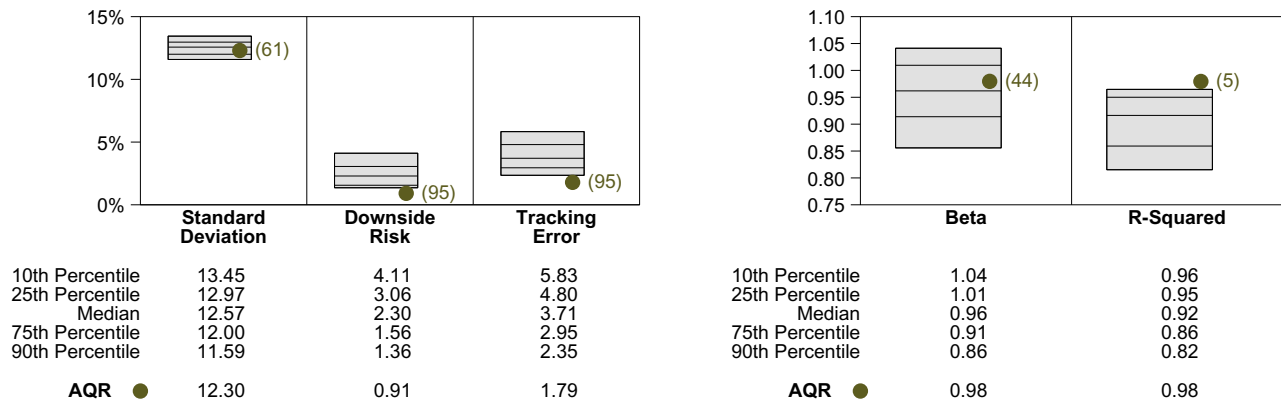
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended September 30, 2018



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended September 30, 2018



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended September 30, 2018

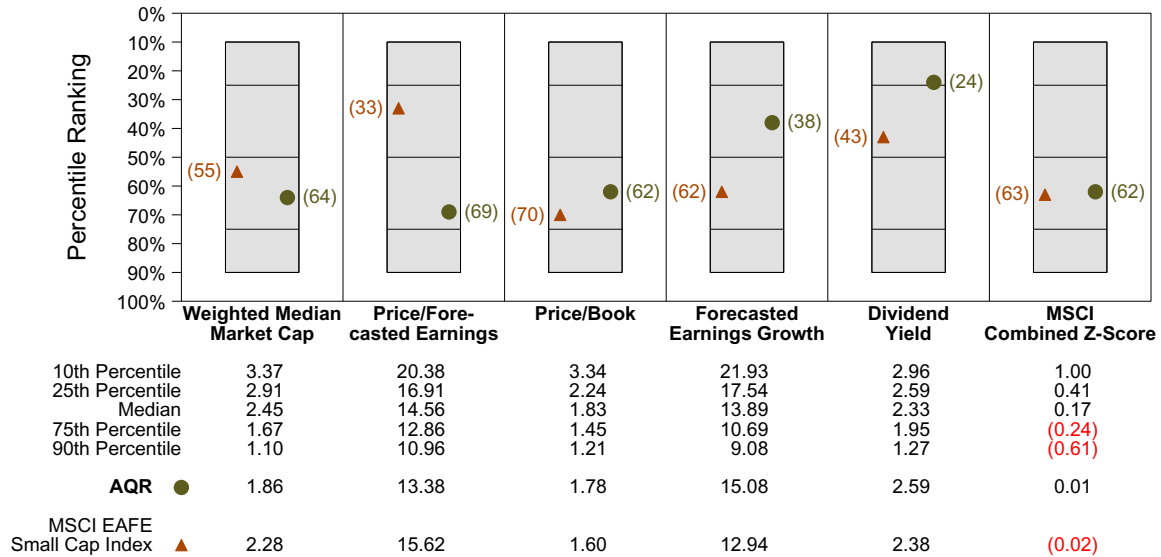


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

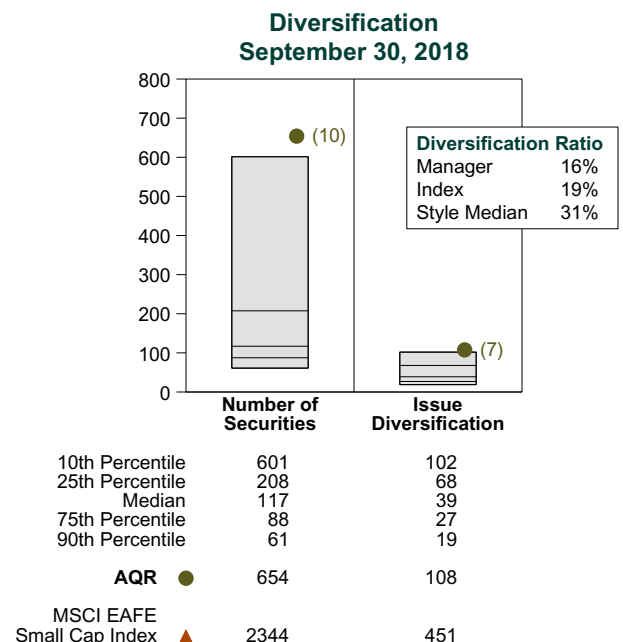
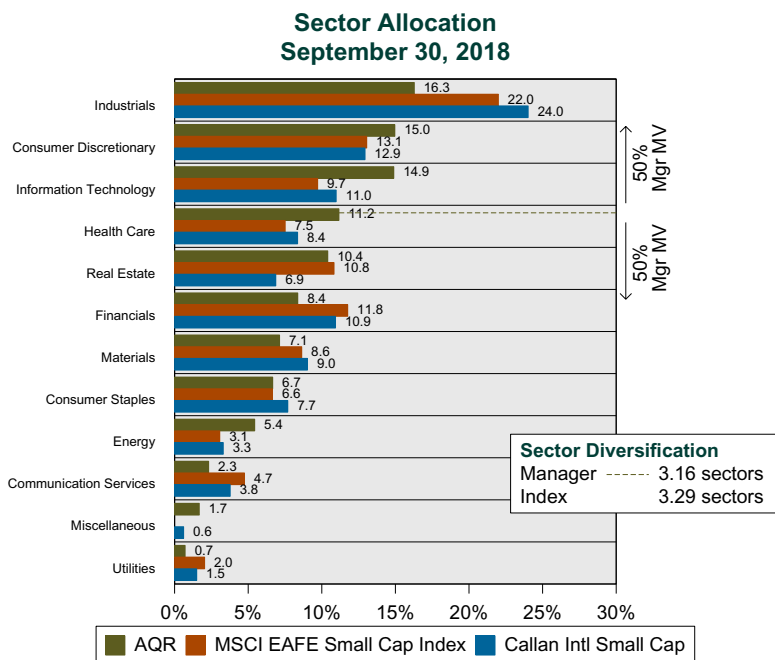
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of September 30, 2018



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.



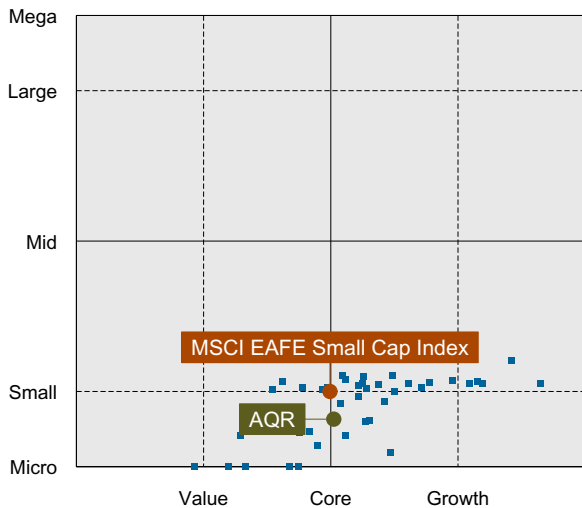
Current Holdings Based Style Analysis

AQR

As of September 30, 2018

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.

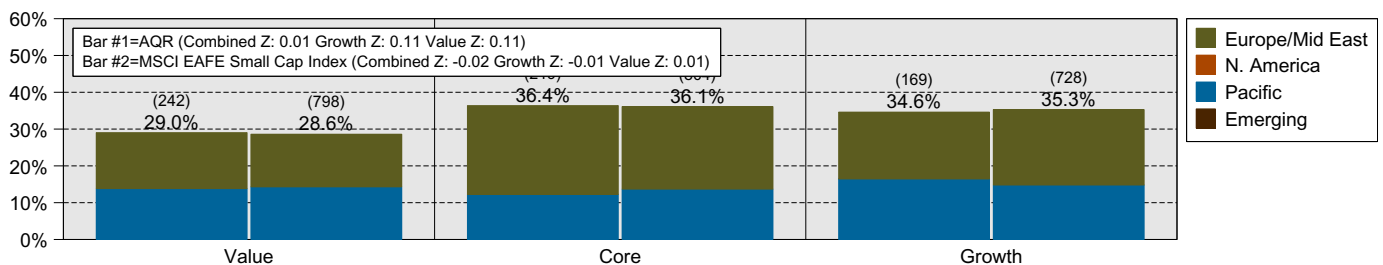
Style Map vs Callan Intl Small Cap Holdings as of September 30, 2018



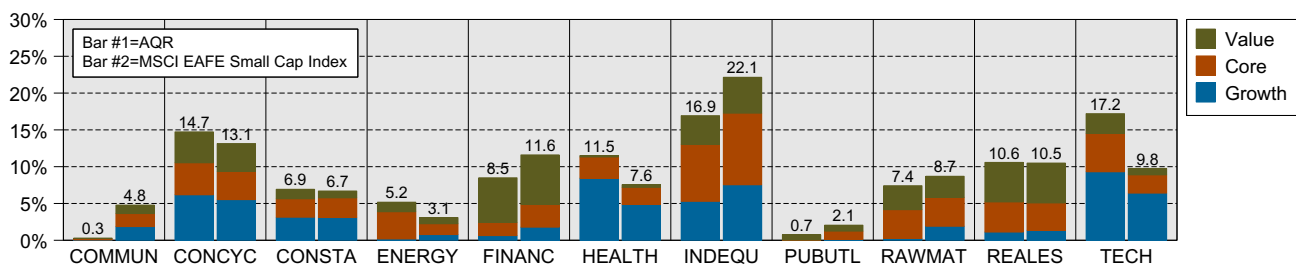
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Europe/ Mid East	15.2% (103)	24.1% (120)	18.1% (72)	57.5% (295)
N. America	14.3% (322)	22.4% (403)	20.5% (327)	57.2% (1052)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	13.8% (139)	12.2% (99)	16.5% (97)	42.5% (335)
	14.3% (476)	13.7% (401)	14.8% (401)	42.8% (1278)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	29.0% (242)	36.4% (219)	34.6% (169)	100.0% (630)
	28.6% (798)	36.1% (804)	35.3% (728)	100.0% (2330)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



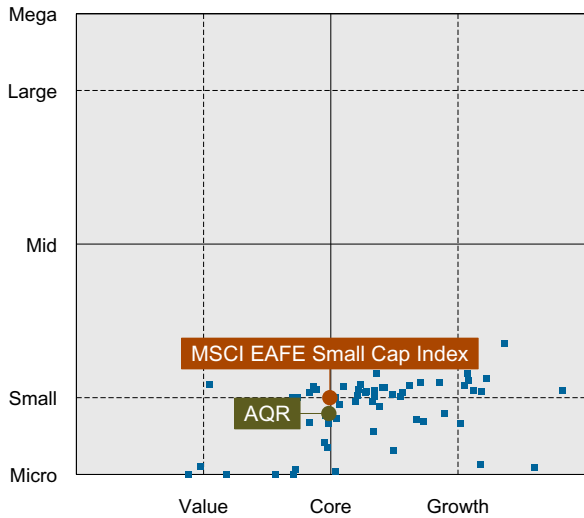
Historical Holdings Based Style Analysis

AQR

For Five Years Ended September 30, 2018

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.

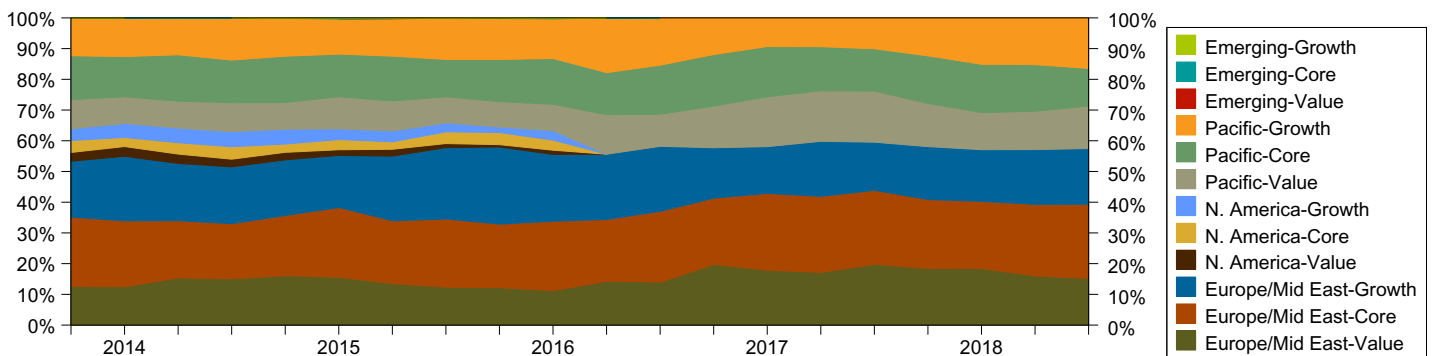
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended September 30, 2018



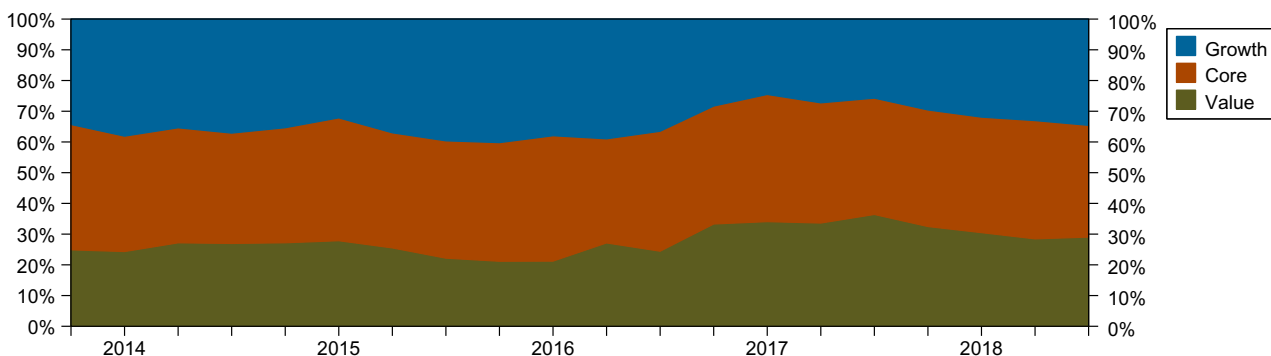
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

	15.4% (101)	22.0% (116)	19.0% (87)	56.3% (304)
Europe/ Mid East	15.4% (308)	22.5% (368)	20.2% (309)	58.1% (985)
N. America	1.1% (11)	1.7% (13)	1.9% (11)	4.7% (35)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.5% (120)	14.5% (118)	13.0% (89)	38.9% (327)
	13.1% (428)	14.7% (427)	14.0% (368)	41.8% (1223)
Emerging	0.0% (0)	0.0% (1)	0.1% (0)	0.1% (1)
	0.0% (1)	0.0% (1)	0.0% (1)	0.1% (3)
Total	27.9% (232)	38.2% (248)	33.9% (187)	100.0% (667)
	28.5% (737)	37.3% (796)	34.3% (678)	100.0% (2211)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures



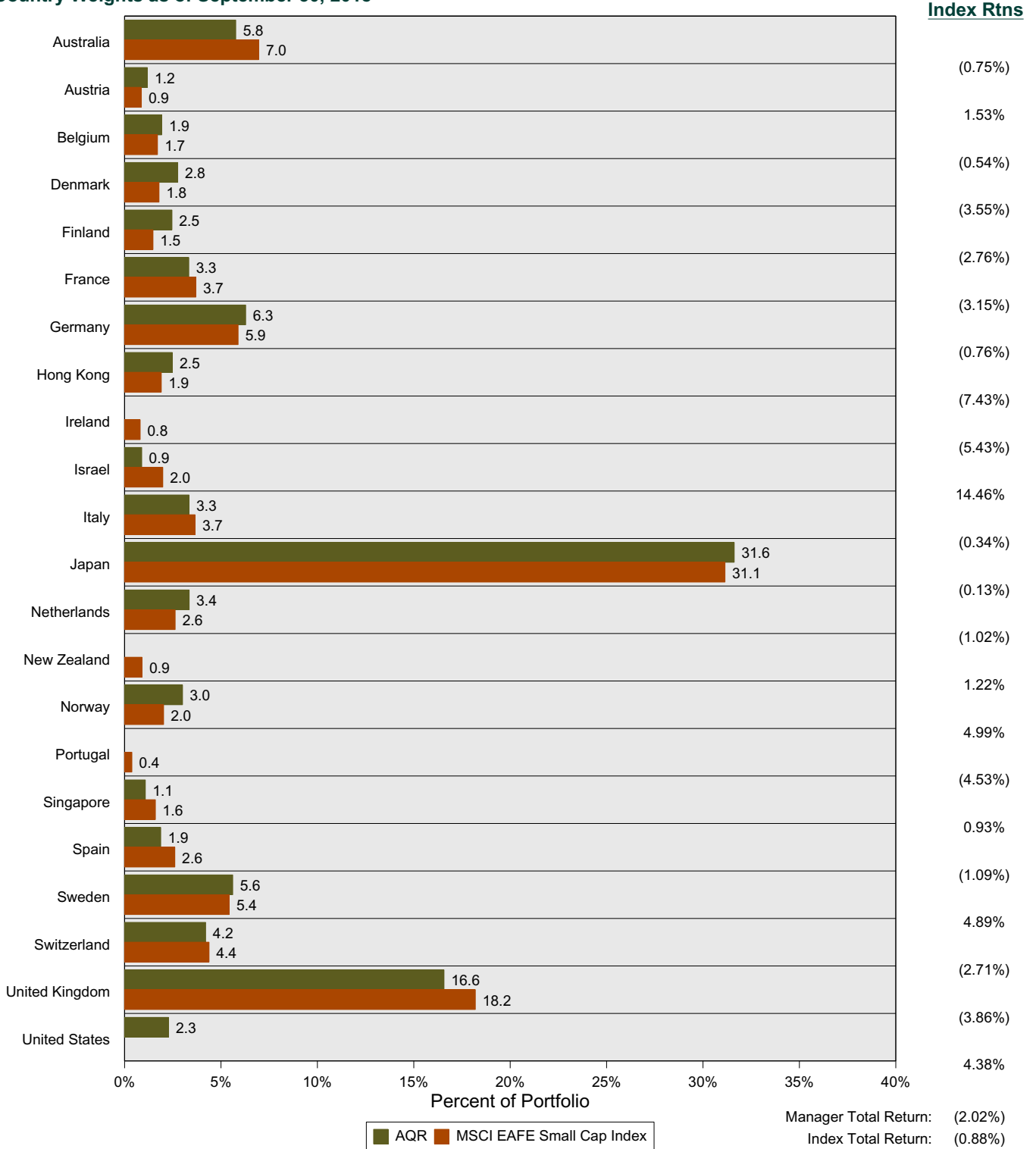
Country Allocation

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 September 30, 2018. 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 September 30, 2018



AQR Top 10 Portfolio Holdings Characteristics as of September 30, 2018

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
Dno Asa Shs A	Energy	\$244,191	1.7%	13.20%	2.24	7.45	1.19%	(2.98)%
Gn Great Nordic Ltd Ord	Health Care	\$170,939	1.2%	6.95%	7.10	27.82	0.40%	16.28%
Swedish Orphan Biovitrum Ab Shs	Health Care	\$164,347	1.2%	33.82%	7.99	23.60	0.00%	34.20%
Moneysupermarket Com Group P Shs	Consumer Discretionary	\$143,034	1.0%	(11.69)%	1.95	15.62	3.78%	5.52%
Electrocomponent Plc Ord	Information Technology	\$142,400	1.0%	(6.41)%	4.15	19.56	1.84%	14.32%
Evrax Plc	Materials	\$117,681	0.8%	17.58%	10.66	8.21	7.27%	205.59%
Sandfire Resources NI Shs	Materials	\$116,609	0.8%	(19.96)%	0.86	8.33	3.63%	13.17%
Saras Raffinerie Sarde Spa Shs	Energy	\$113,642	0.8%	(11.69)%	2.04	11.15	6.51%	2.40%
Ferrexpo Plc London Shs	Materials	\$112,352	0.8%	9.73%	1.54	5.59	2.53%	(28.92)%
Siltronic	Information Technology	\$104,603	0.7%	(15.36)%	3.66	7.76	2.38%	31.30%

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
Comture	Information Technology	\$30,868	0.2%	55.51%	0.62	35.16	0.79%	(4.83)%
Bw Offshore Limited Shs New	Energy	\$8,456	0.1%	54.75%	1.47	9.58	0.00%	(26.49)%
Almirall Sa Shs	Health Care	\$39,985	0.3%	49.99%	3.50	30.98	1.08%	35.02%
Dialog Semicon.Nmbc	Information Technology	\$32,764	0.2%	43.00%	1.66	9.49	0.00%	(12.73)%
Net One Systems Co	Information Technology	\$11,997	0.1%	40.71%	2.07	27.51	1.10%	20.59%
Raito Kogyo Co	Industrials	\$26,608	0.2%	36.79%	0.83	12.37	2.15%	25.20%
Myer Holdings Ltd Npv	Consumer Discretionary	\$4,001	0.0%	34.99%	0.30	13.18	9.80%	(24.18)%
Systempro	Information Technology	\$42,624	0.3%	34.34%	1.54	32.86	0.74%	24.40%
Swedish Orphan Biovitrum Ab Shs	Health Care	\$164,347	1.2%	33.82%	7.99	23.60	0.00%	34.20%
Takara Bio	Health Care	\$57,669	0.4%	32.76%	3.34	97.30	0.14%	30.59%

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
Rcr Tomlinson	Industrials	\$14,570	0.1%	(52.89)%	0.21	7.48	5.99%	(16.13)%
Indivior Plc Ord Usd2	Health Care	\$11,930	0.1%	(52.53)%	1.75	8.89	0.00%	(4.30)%
Gam Holding	Financials	\$11,041	0.1%	(48.28)%	1.14	9.23	9.33%	2.89%
Mytravel Group Plc Shs	Consumer Discretionary	\$7,634	0.1%	(46.90)%	1.16	5.80	1.04%	4.99%
Trigano	Consumer Discretionary	\$28,841	0.2%	(38.43)%	2.12	9.14	1.38%	29.10%
Gulliver International	Consumer Discretionary	\$4,407	0.0%	(37.74)%	0.36	10.24	1.82%	(2.09)%
Tp Icap Plc Shs	Financials	\$10,169	0.1%	(37.37)%	1.96	8.06	6.31%	(2.70)%
Pinguin	Consumer Staples	\$4,236	0.0%	(36.29)%	0.41	46.05	1.77%	19.53%
Aeon Fantasy Co. Ltd.	Consumer Discretionary	\$26,813	0.2%	(35.78)%	0.74	19.53	0.97%	11.96%
Bellamys Australia	Consumer Staples	\$12,544	0.1%	(35.53)%	0.84	20.56	1.63%	18.89%

DFA Emerging Markets Period Ended September 30, 2018

Investment Philosophy

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

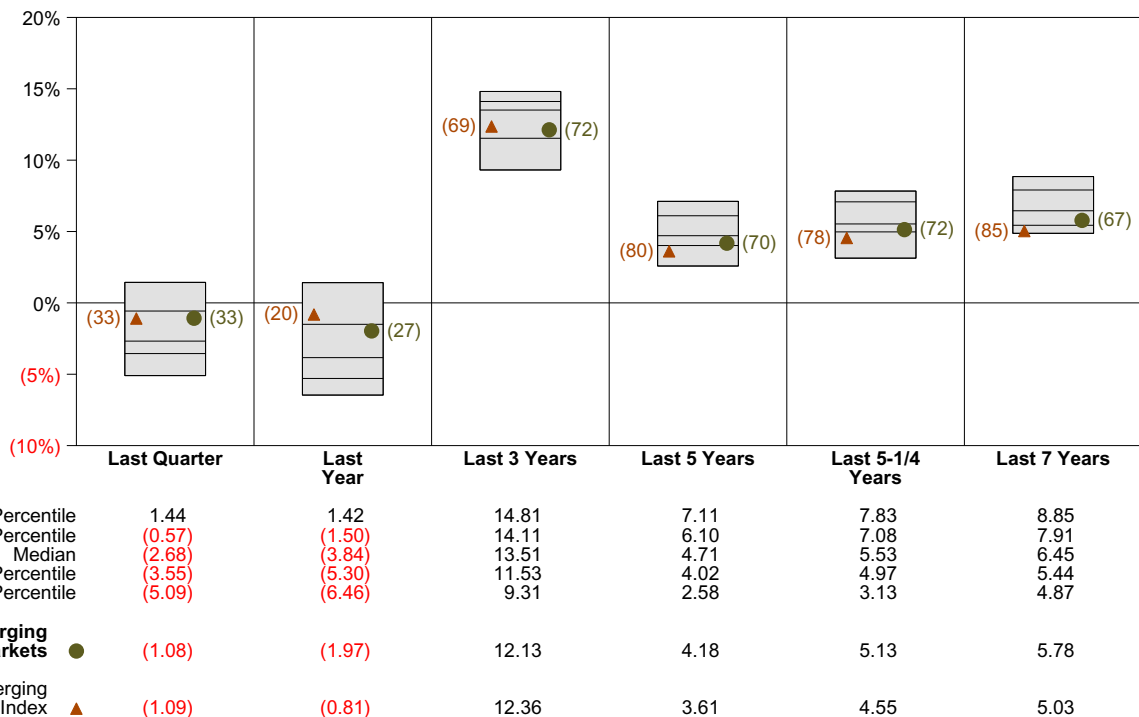
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a (1.08)% return for the quarter placing it in the 33 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 27 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.02% for the quarter and underperformed the MSCI Emerging Markets Index for the year by 1.15%.

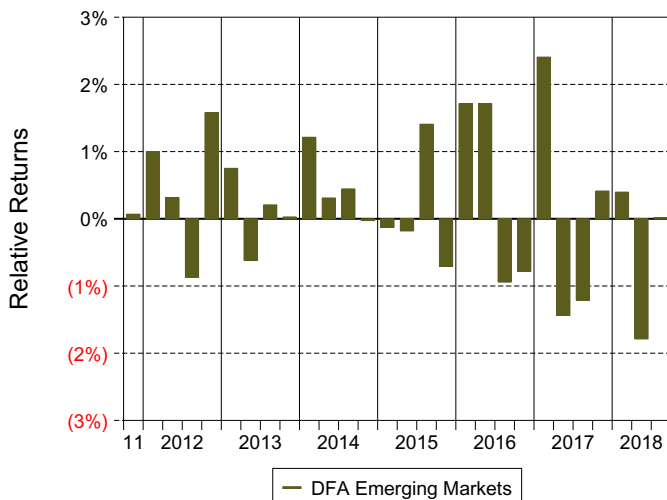
Quarterly Asset Growth

Beginning Market Value	\$16,246,299
Net New Investment	\$0
Investment Gains/(Losses)	\$-196,346
Ending Market Value	\$16,049,953

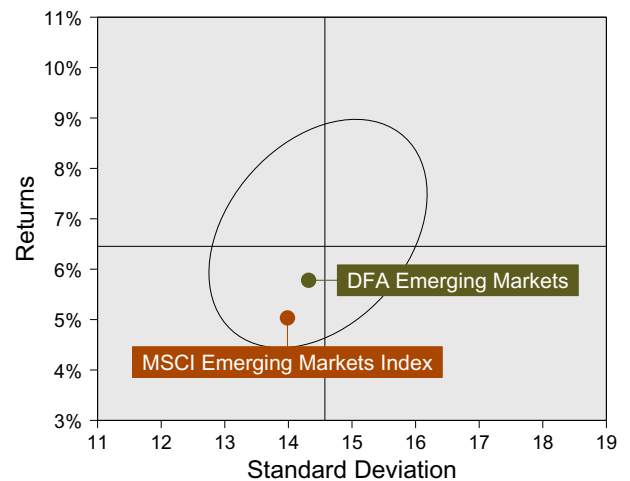
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Relative Returns vs MSCI Emerging Markets Index



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

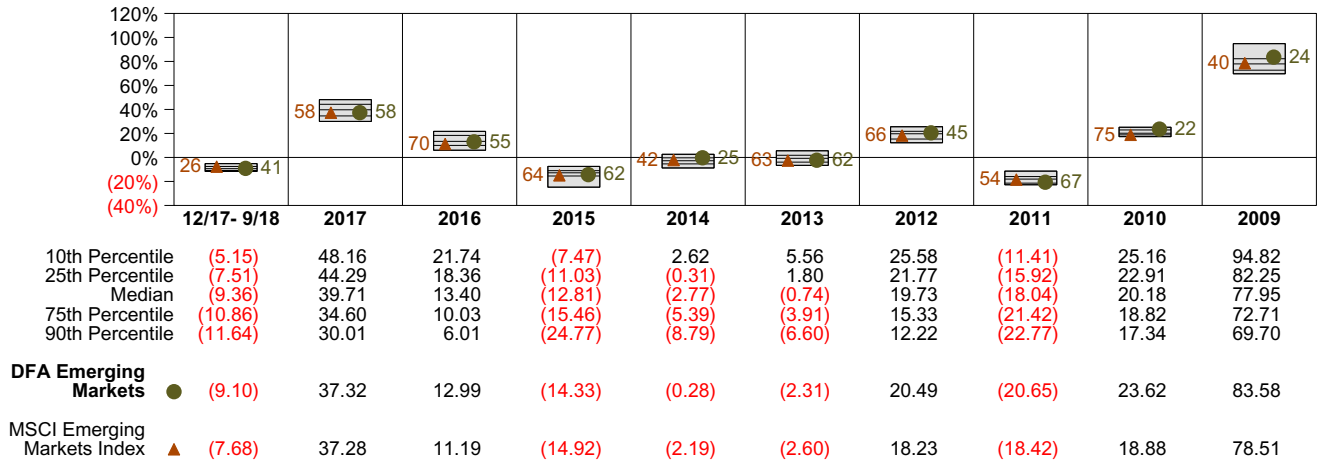


DFA Emerging Markets Return Analysis Summary

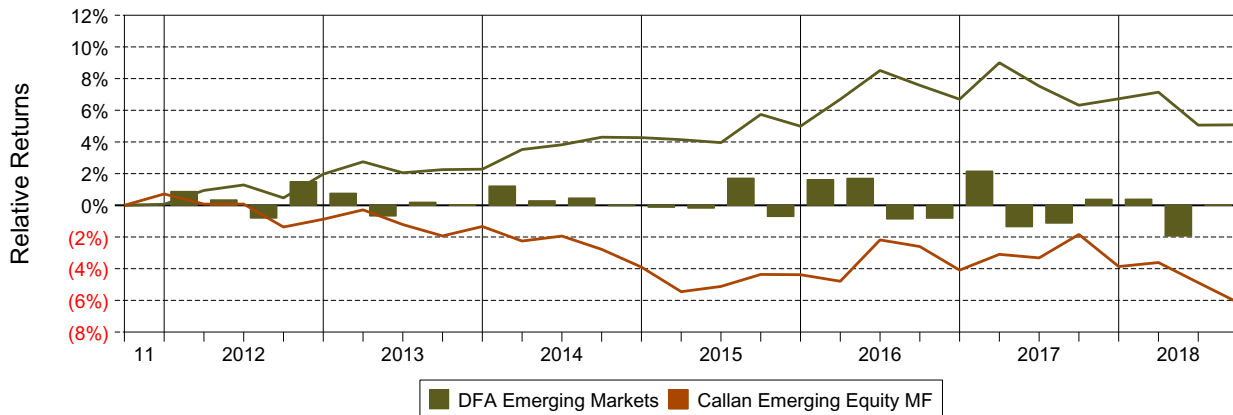
Return Analysis

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.

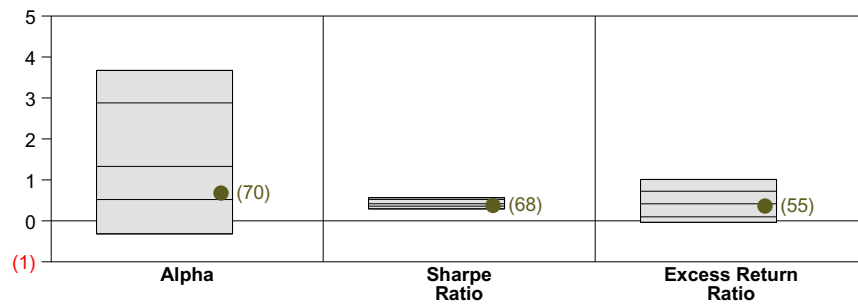
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



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 September 30, 2018

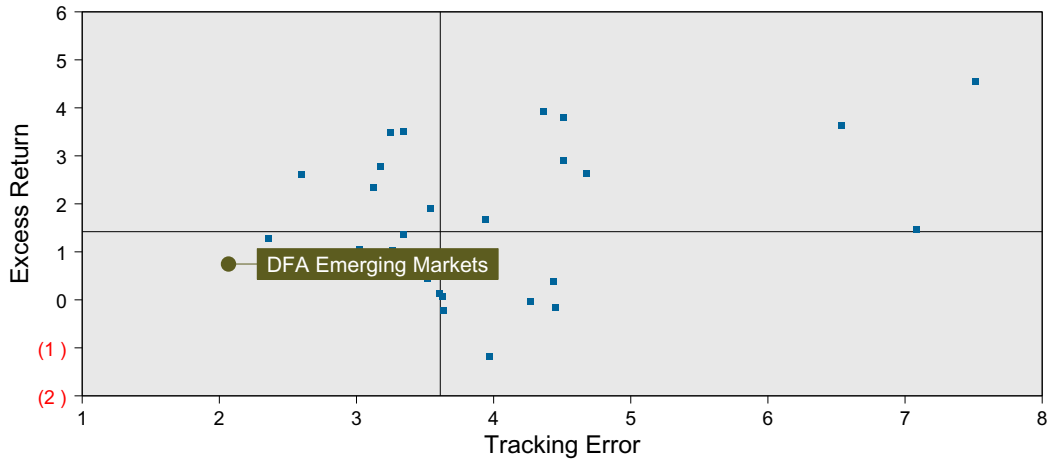


DFA Emerging Markets Risk Analysis Summary

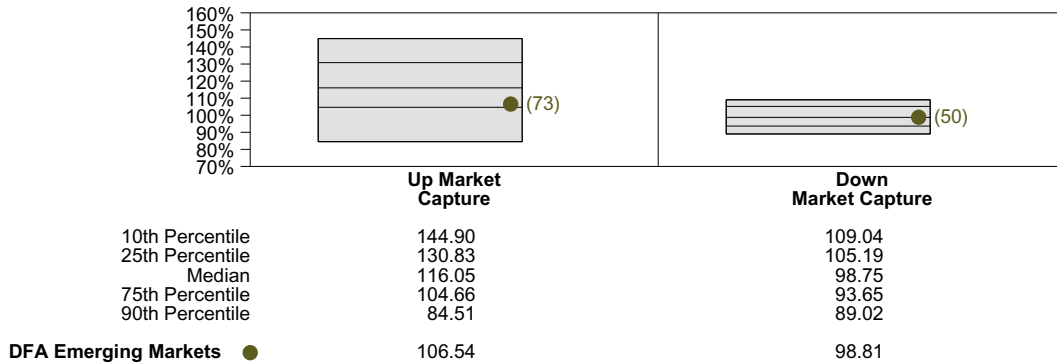
Risk Analysis

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.

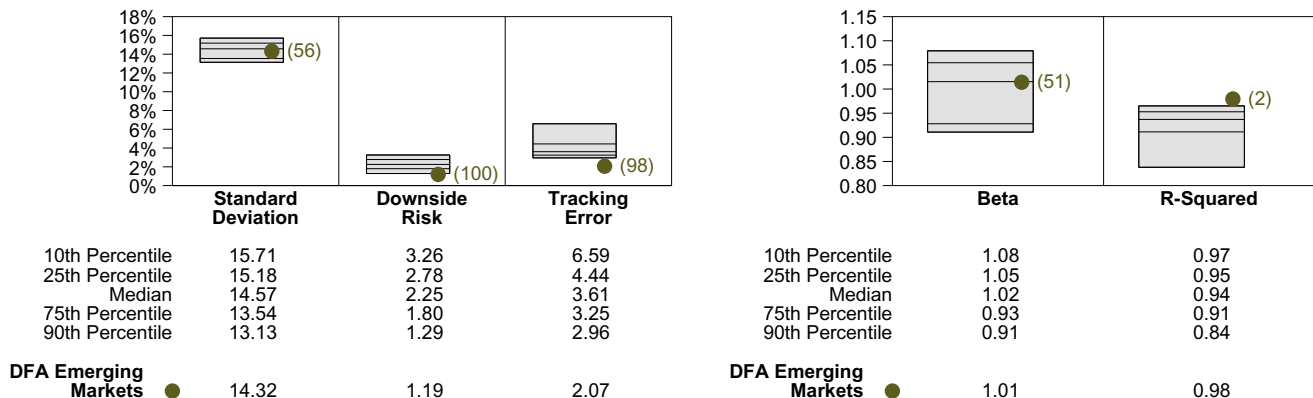
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended September 30, 2018



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended September 30, 2018



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended September 30, 2018

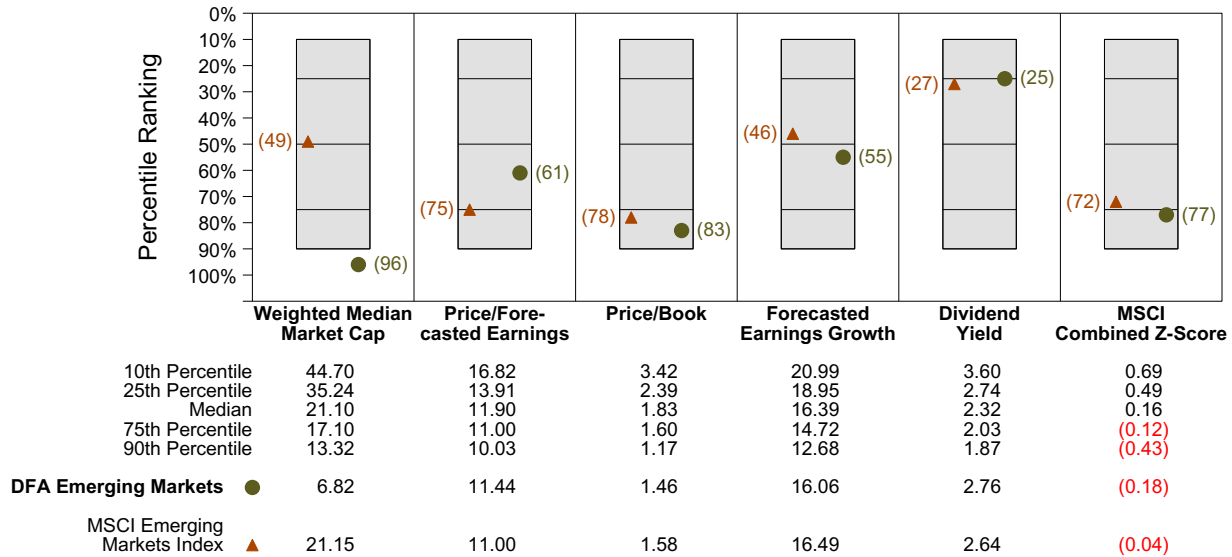


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

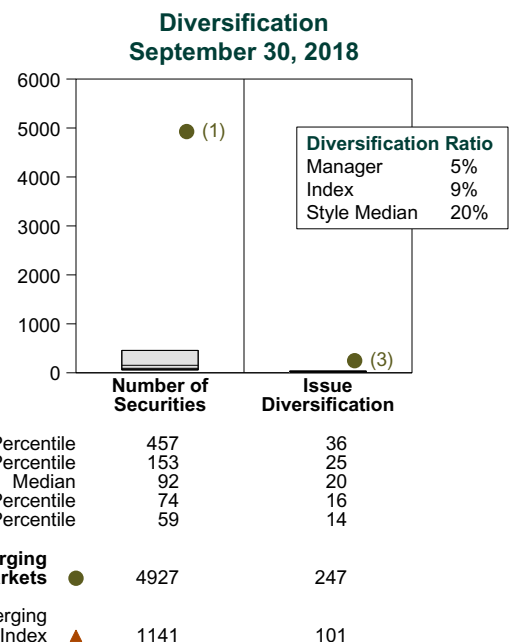
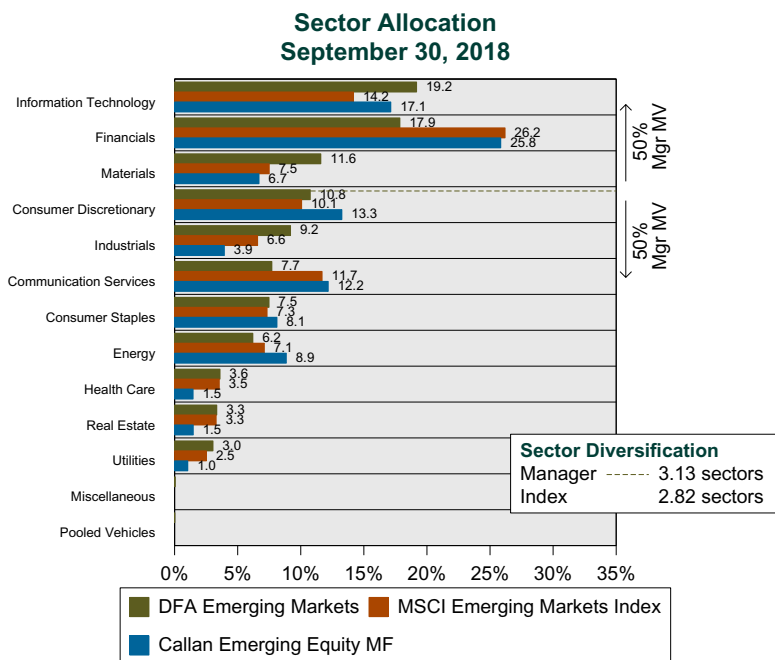
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of September 30, 2018



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.



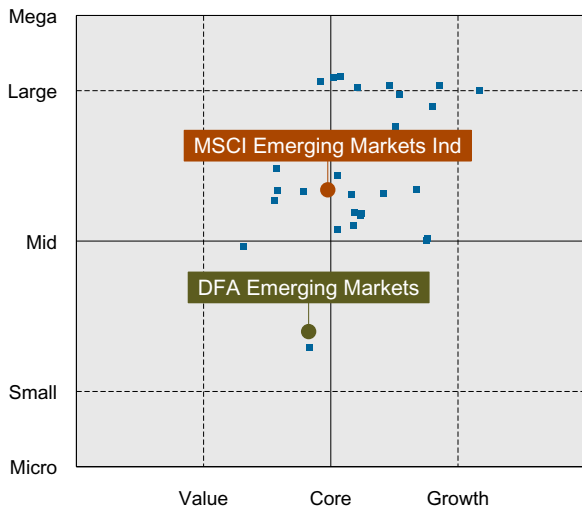
Current Holdings Based Style Analysis

DFA Emerging Markets

As of September 30, 2018

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.

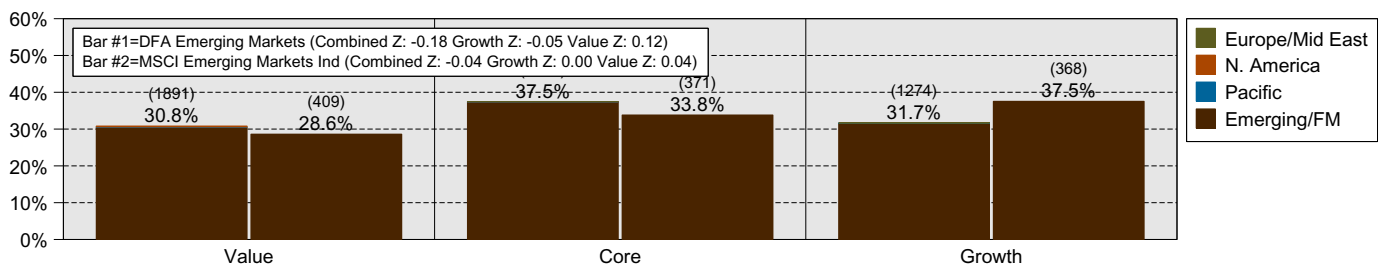
Style Map vs Callan Emerging Equity MF Holdings as of September 30, 2018



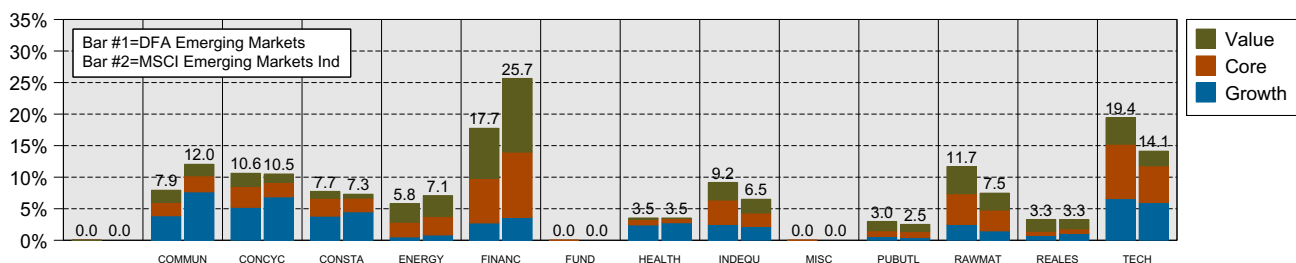
Style Exposure Matrix Holdings as of September 30, 2018

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (2) 0.0% (0)
N. America	0.2% (4) 0.0% (0)	0.0% (8) 0.0% (0)	0.0% (0) 0.0% (0)	0.3% (12) 0.0% (0)
Pacific	0.0% (22) 0.0% (0)	0.1% (26) 0.0% (0)	0.1% (19) 0.0% (0)	0.2% (67) 0.0% (0)
Emerging/ FM	30.6% (1865) 28.6% (409)	37.4% (1557) 33.8% (371)	31.5% (1254) 37.5% (368)	99.5% (4676) 100.0% (1148)
Total	30.8% (1891) 28.6% (409)	37.5% (1592) 33.8% (371)	31.7% (1274) 37.5% (368)	100.0% (4757) 100.0% (1148)

Combined Z-Score Style Distribution Holdings as of September 30, 2018



Sector Weights Distribution Holdings as of September 30, 2018



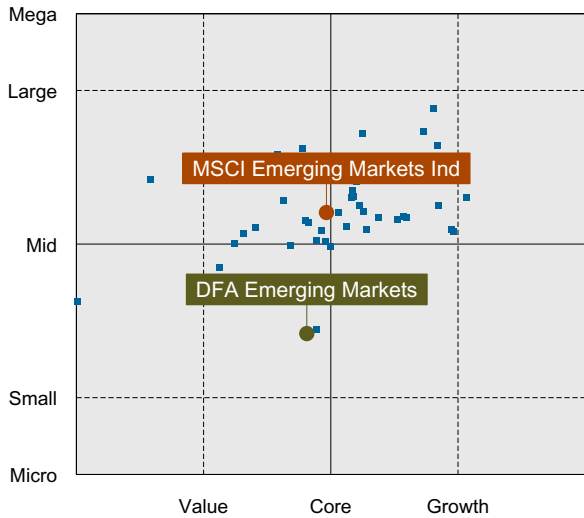
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended September 30, 2018

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.

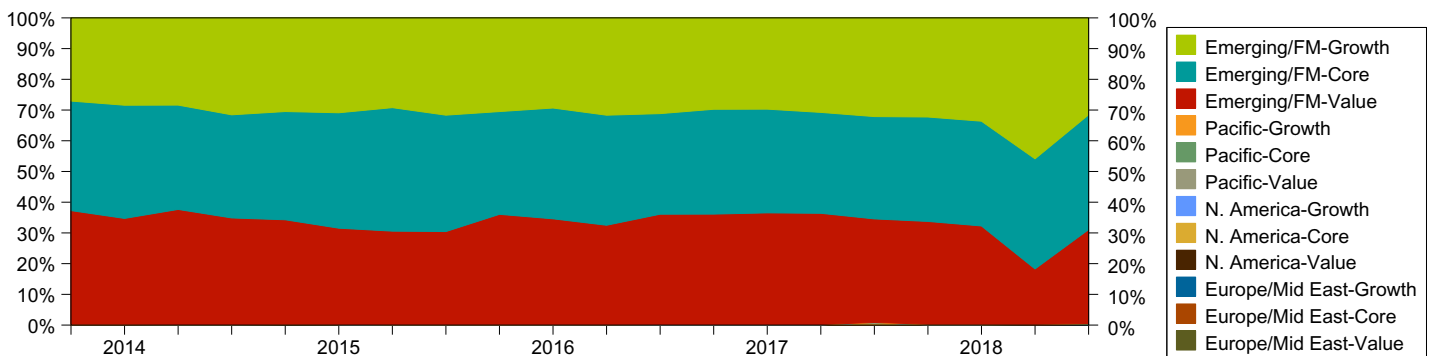
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended September 30, 2018



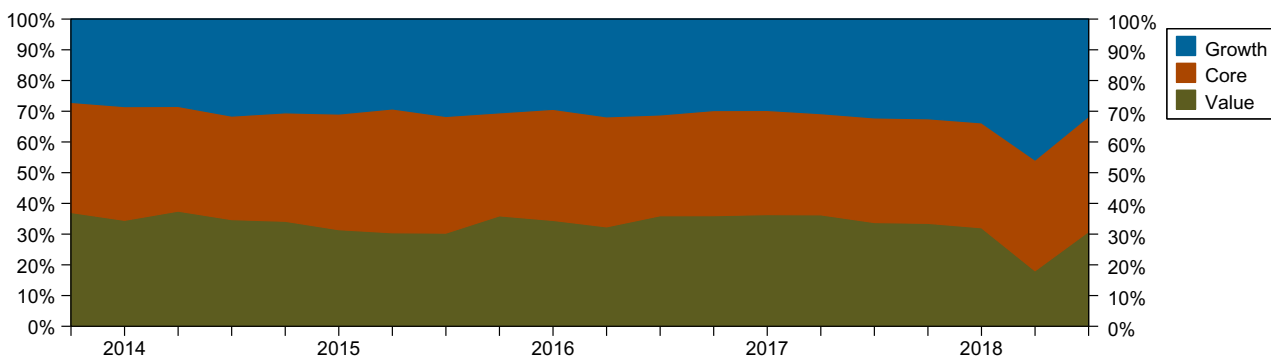
Average Style Exposure Matrix Holdings for Five Years Ended September 30, 2018

Europe/ Mid East	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.0% (3)	0.0% (1)	0.1% (5)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	0.0% (13)	0.0% (19)	0.0% (7)	0.1% (39)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging/ FM	33.2% (1382)	35.2% (1391)	31.3% (869)	99.7% (3642)
	32.3% (303)	31.8% (266)	35.9% (284)	100.0% (853)
Total	33.3% (1396)	35.4% (1414)	31.4% (877)	100.0% (3687)
	32.3% (303)	31.8% (266)	35.9% (284)	100.0% (853)
	Value	Core	Growth	Total

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures

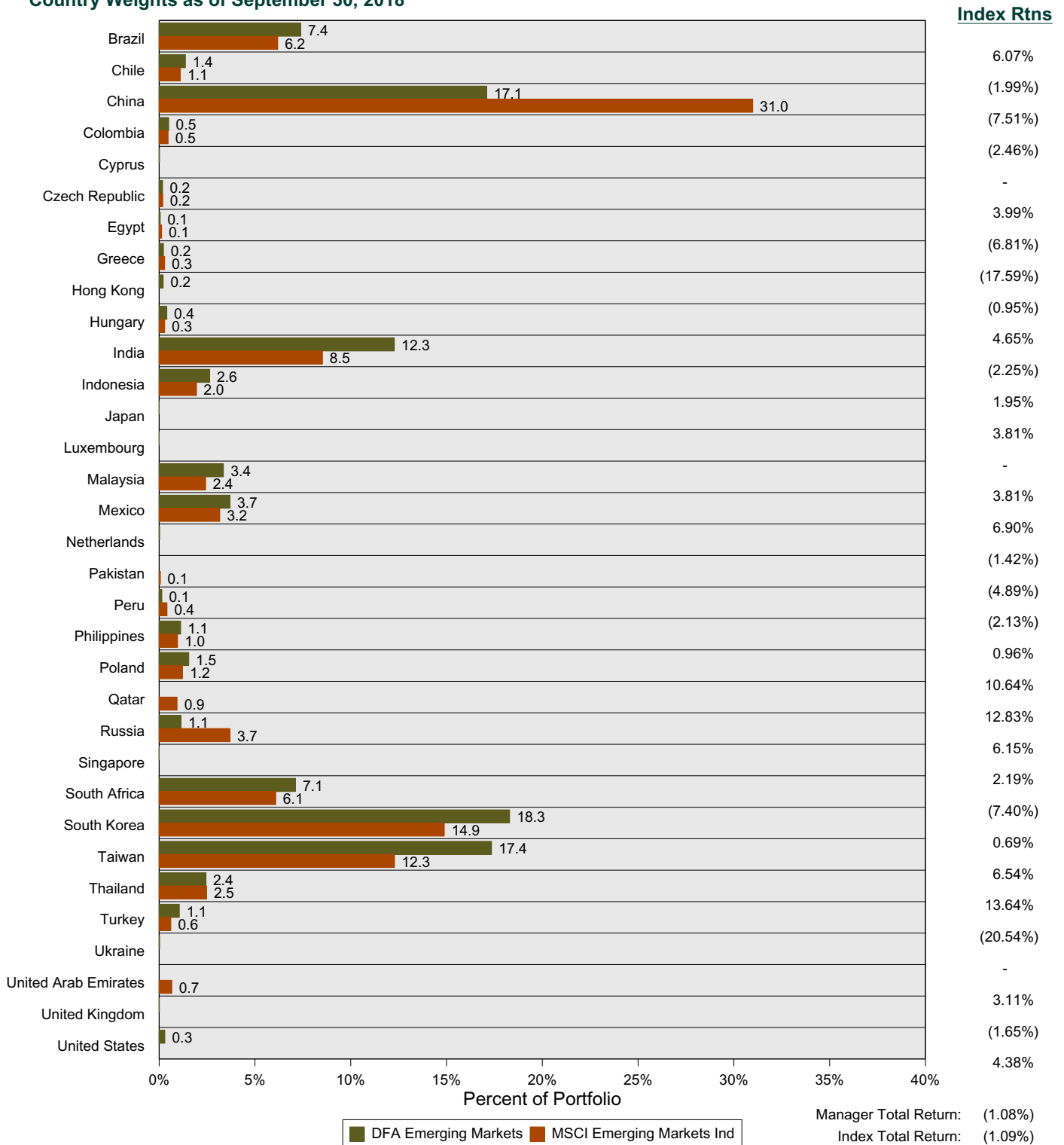


Country Allocation DFA Emerging Markets VS MSCI Emerging Markets Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of September 30, 2018. 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 September 30, 2018



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of September 30, 2018

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	\$622,864	3.9%	0.80%	268.81	6.47	2.75%	9.26%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$278,888	1.7%	20.79%	222.93	17.37	3.05%	12.30%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$256,111	1.6%	(17.71)%	393.27	29.01	0.27%	28.58%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$207,282	1.3%	21.07%	222.93	17.37	3.05%	12.30%
Vale Sa Shs	Materials	\$155,218	1.0%	19.49%	79.16	9.41	3.64%	2.40%
Alibaba Group Hldg Ltd Sponsored Ads	Consumer Discretionary	\$145,787	0.9%	(11.19)%	427.09	25.09	0.00%	31.09%
Sk Hynix Inc Shs	Information Technology	\$121,324	0.8%	0.00%	47.98	3.34	1.37%	12.80%
China Construction Bank Shs H	Financials	\$115,786	0.7%	(0.70)%	210.16	5.43	5.32%	6.36%
Ping An Insurance H	Financials	\$105,527	0.7%	11.45%	75.67	10.69	2.34%	15.13%
Hon Hai Precision Inds Ltd Ord	Information Technology	\$85,038	0.5%	(2.65)%	44.95	10.44	2.53%	(3.02)%

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
Intel.Dig.Integ.Scty.	Information Technology	\$366	0.0%	242.86%	0.24	19.36	0.79%	-
Dong Sung Pharm.	Health Care	\$1,111	0.0%	134.18%	0.79	(1329.58)	0.00%	-
Frontken	Materials	\$1,232	0.0%	108.99%	0.23	20.00	0.00%	(20.02)%
Seoul Auction	Consumer Discretionary	\$409	0.0%	100.00%	0.23	29.22	0.52%	(4.27)%
Seoul Mobile Telecom	Health Care	\$149	0.0%	100.00%	0.79	414.57	0.07%	-
Multistrada Arah Sarana	Consumer Discretionary	\$43	0.0%	100.00%	0.21	-	0.58%	-
Sonokong	Consumer Discretionary	\$238	0.0%	100.00%	0.06	(26.19)	0.00%	-
Kyungchang Ind.	Consumer Discretionary	\$301	0.0%	88.10%	0.08	(3.09)	0.74%	-
Top Engineering	Information Technology	\$945	0.0%	82.61%	0.16	6.05	0.44%	(11.37)%
Cdi Holdings	Consumer Discretionary	\$1,060	0.0%	80.00%	0.19	13.84	2.92%	273.80%

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
Modacom	Information Technology	\$12	0.0%	(94.74)%	0.01	(0.14)	0.00%	-
Sin Cheon	Industrials	\$49	0.0%	(94.44)%	0.01	(0.46)	0.00%	-
Pati Games	Information Technology	\$16	0.0%	(85.71)%	0.02	(0.86)	0.00%	-
Gayatri Highways Ltd	Industrials	\$2	0.0%	(83.45)%	0.01	-	0.00%	-
Hongguo Intl.Hdg.	Consumer Discretionary	\$127	0.0%	(75.06)%	0.15	(70.00)	0.00%	(7.92)%
Aveng Ltd Shs	Industrials	\$71	0.0%	(73.21)%	0.05	0.00	0.00%	15.00%
Sun Man Tai Hdg.	Materials	\$142	0.0%	(63.93)%	0.10	(5.00)	0.00%	-
8k Miles Software Services	Information Technology	\$126	0.0%	(63.11)%	0.08	2.25	3.66%	138.80%
Rohta India Ltd Shs Dematerial	Information Technology	\$50	0.0%	(61.34)%	0.03	1.23	25.27%	-
Jaiprakash Associates	Industrials	\$1,014	0.0%	(60.95)%	0.22	-	7.58%	(55.06)%

Metropolitan West

Period Ended September 30, 2018

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.

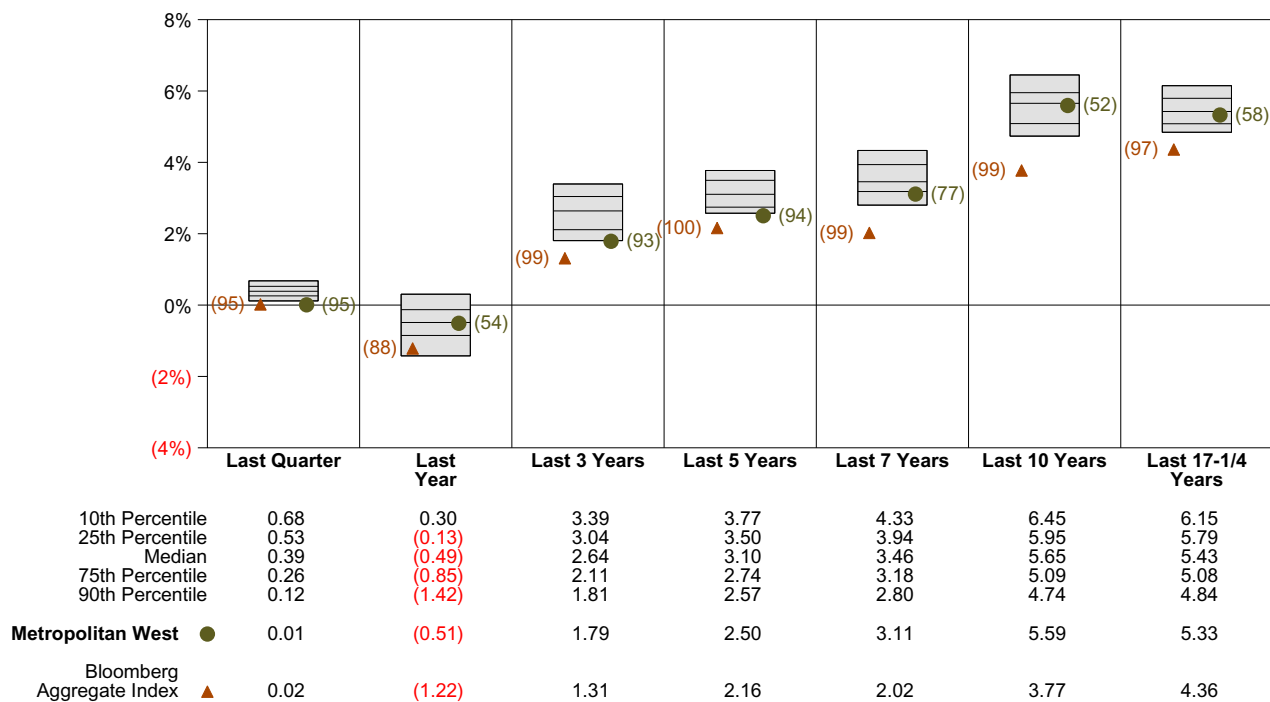
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 0.01% return for the quarter placing it in the 95 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 54 percentile for the last year.
- Metropolitan West's portfolio underperformed the Bloomberg Aggregate Index by 0.01% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.71%.

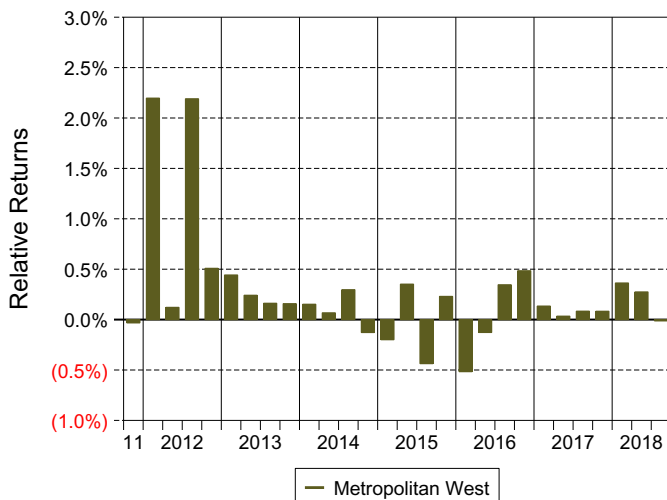
Quarterly Asset Growth

Beginning Market Value	\$100,938,262
Net New Investment	\$-308,427
Investment Gains/(Losses)	\$6,278
Ending Market Value	\$100,636,113

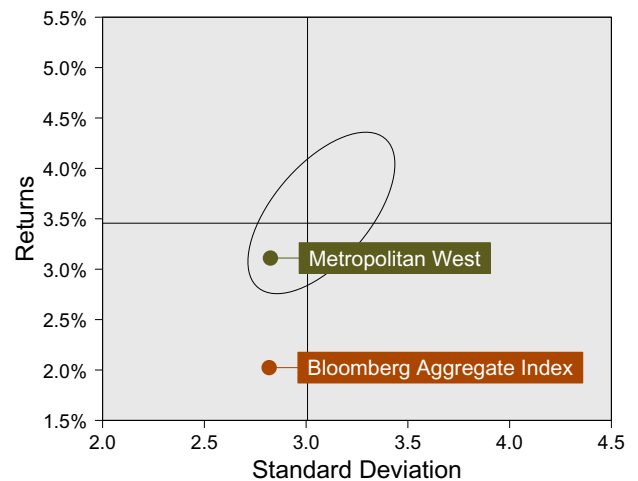
Performance vs Callan Core Plus Fixed Income (Gross)



Relative Returns vs Bloomberg Aggregate Index



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

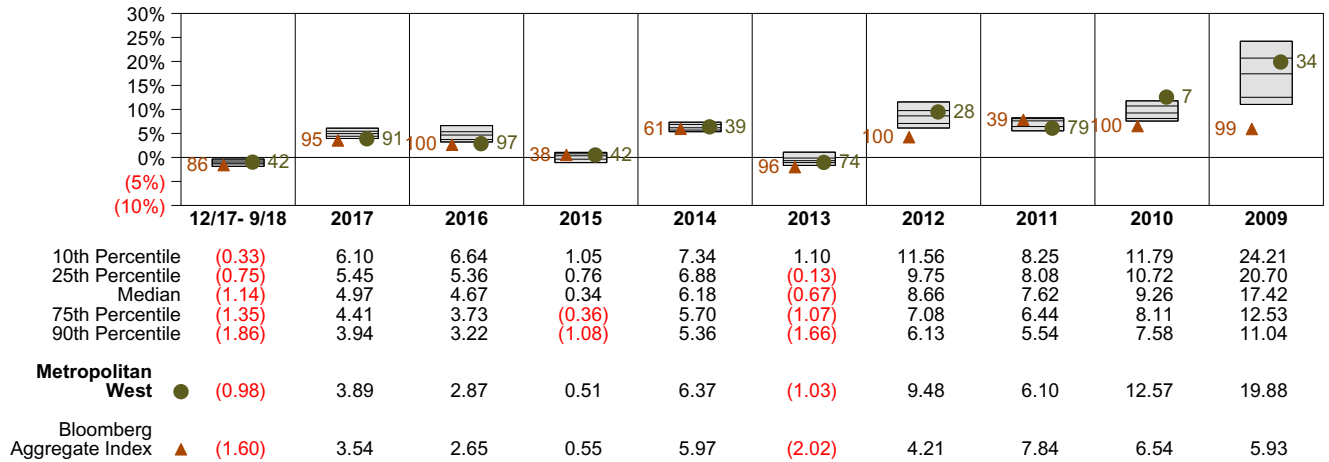


Metropolitan West Return Analysis Summary

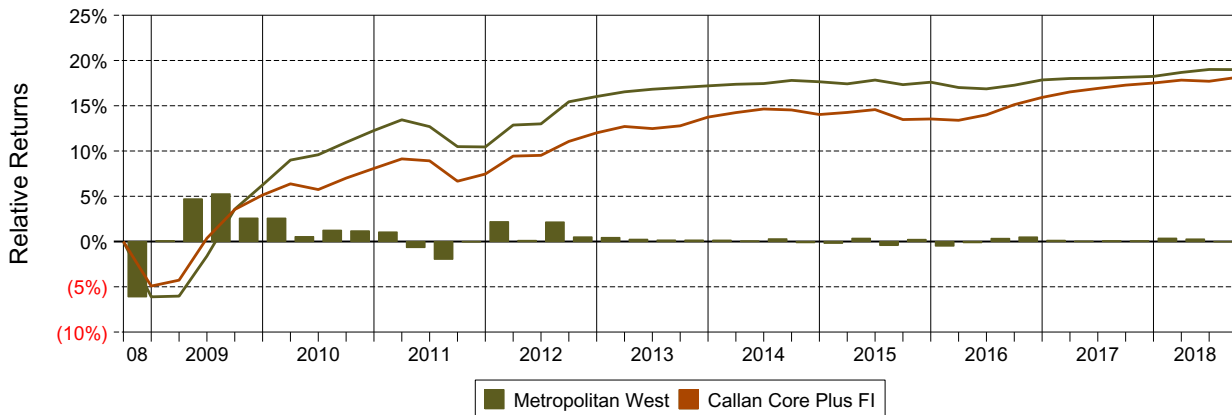
Return Analysis

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.

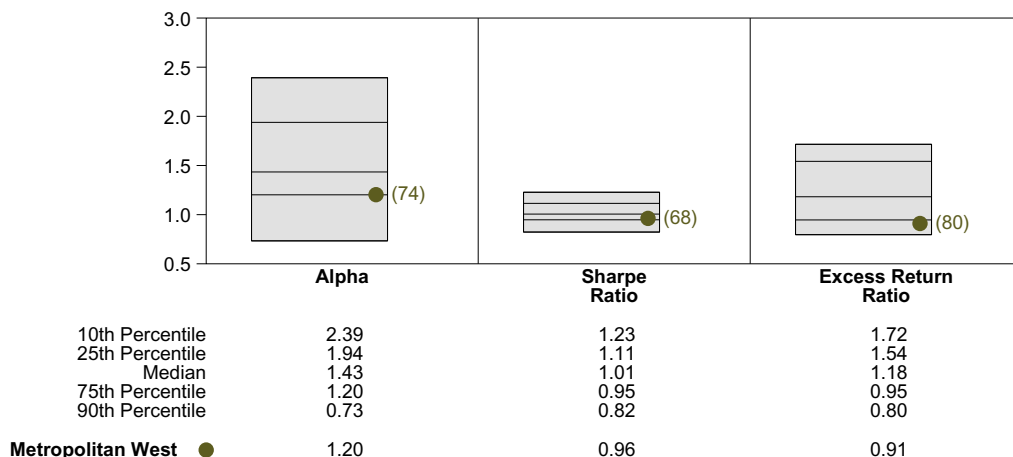
Performance vs Callan Core Plus Fixed Income (Gross)



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 September 30, 2018

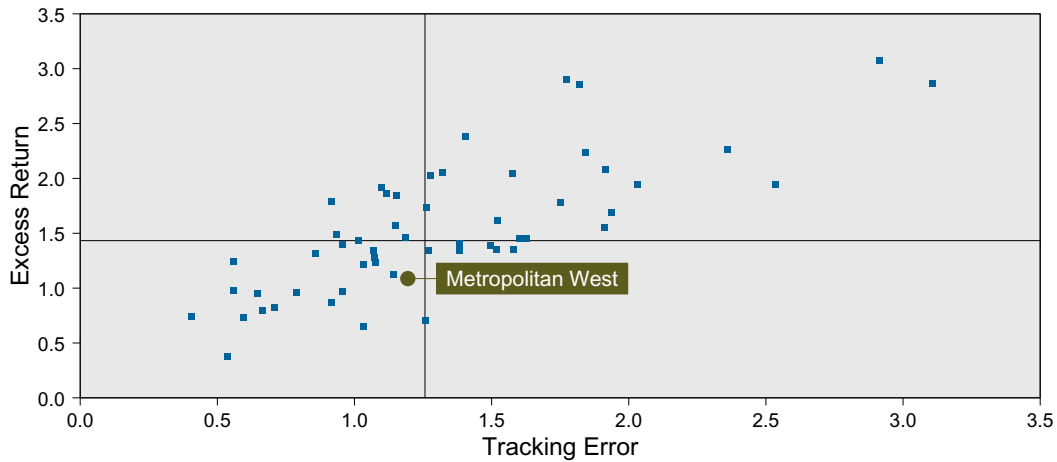


Metropolitan West Risk Analysis Summary

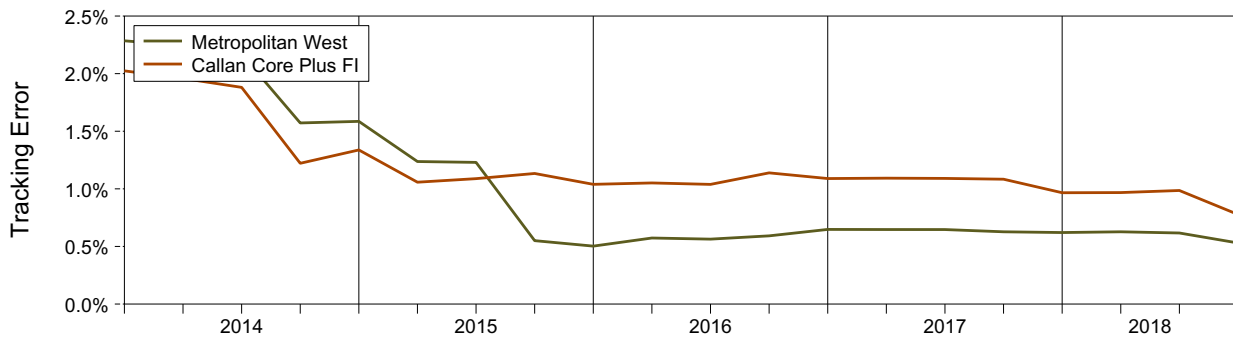
Risk Analysis

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.

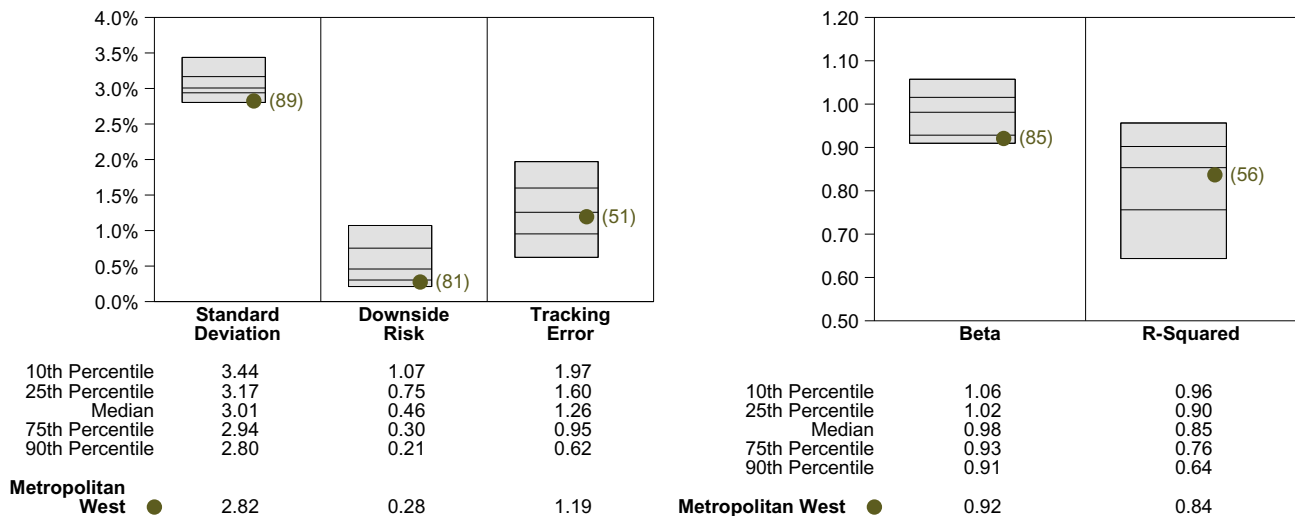
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended September 30, 2018



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 September 30, 2018

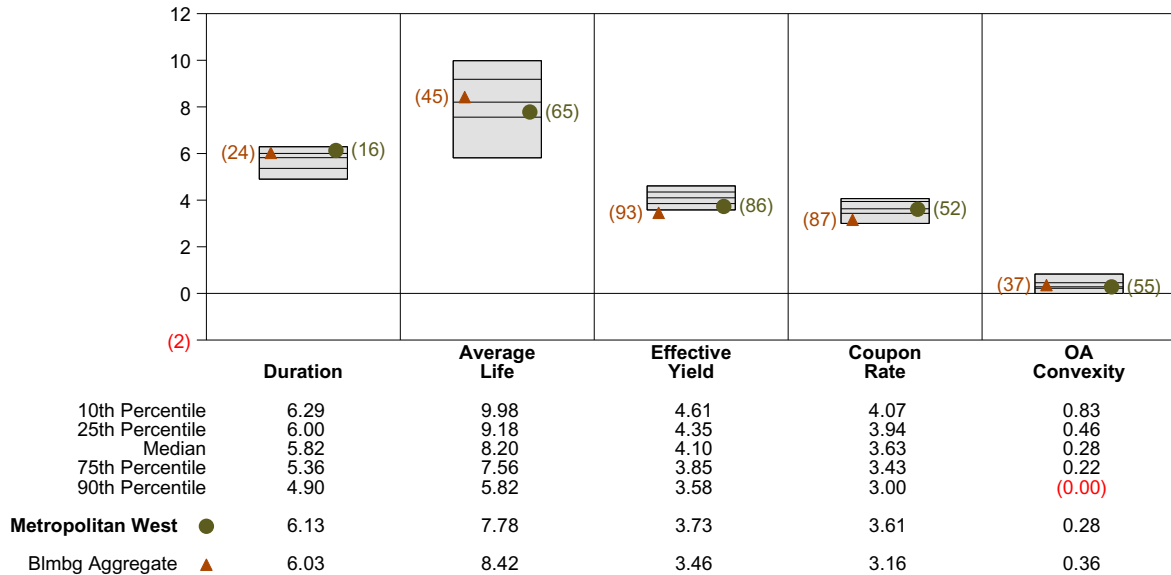


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

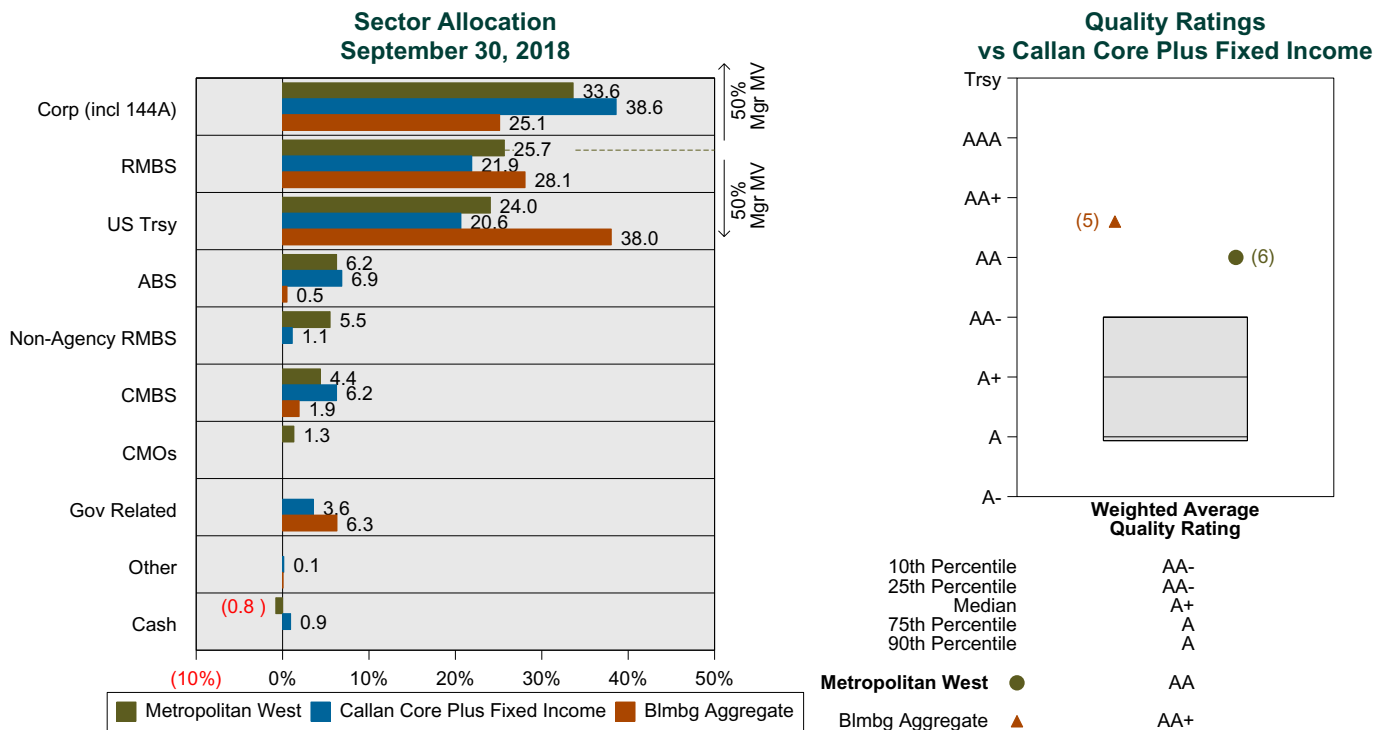
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of September 30, 2018



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.

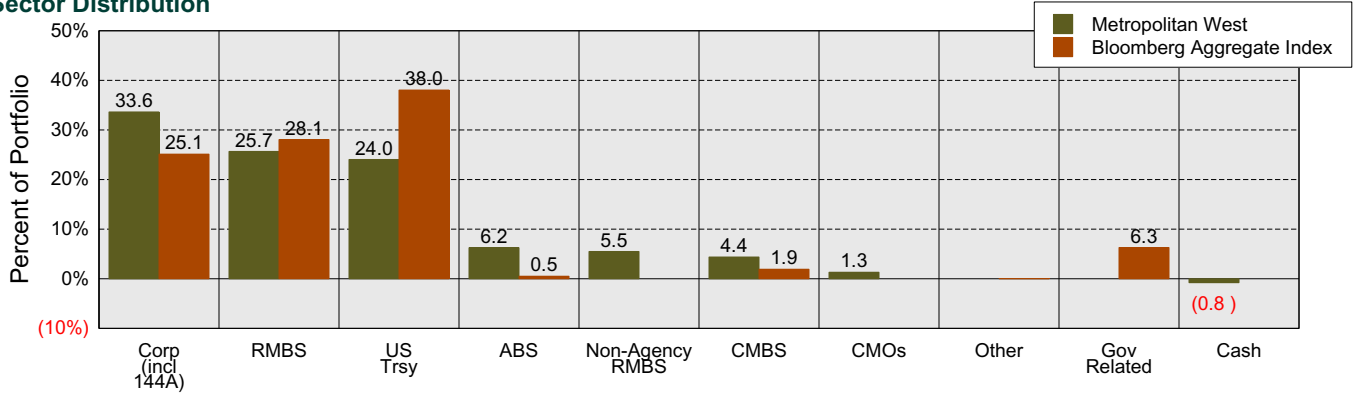


Metropolitan West Portfolio Characteristics Summary As of September 30, 2018

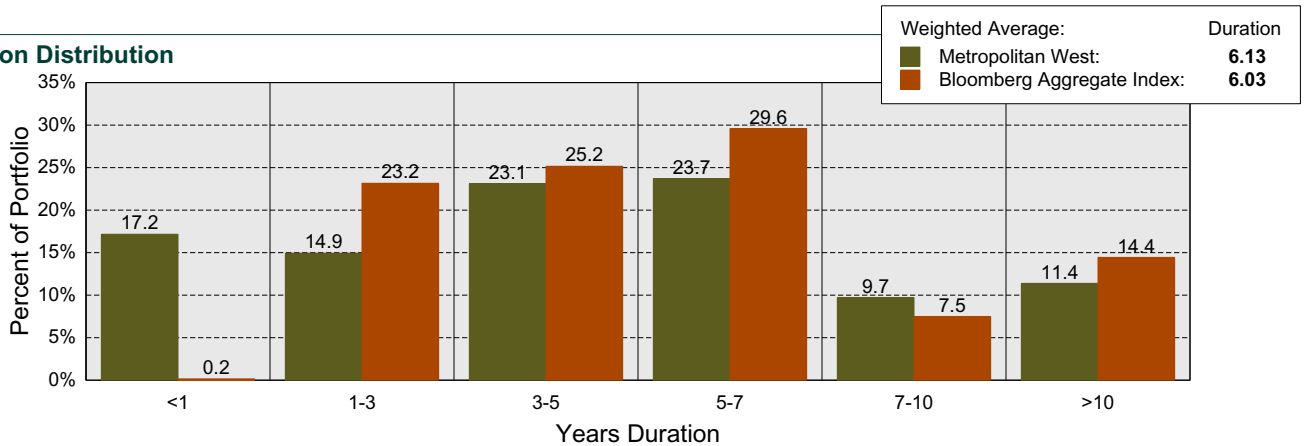
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

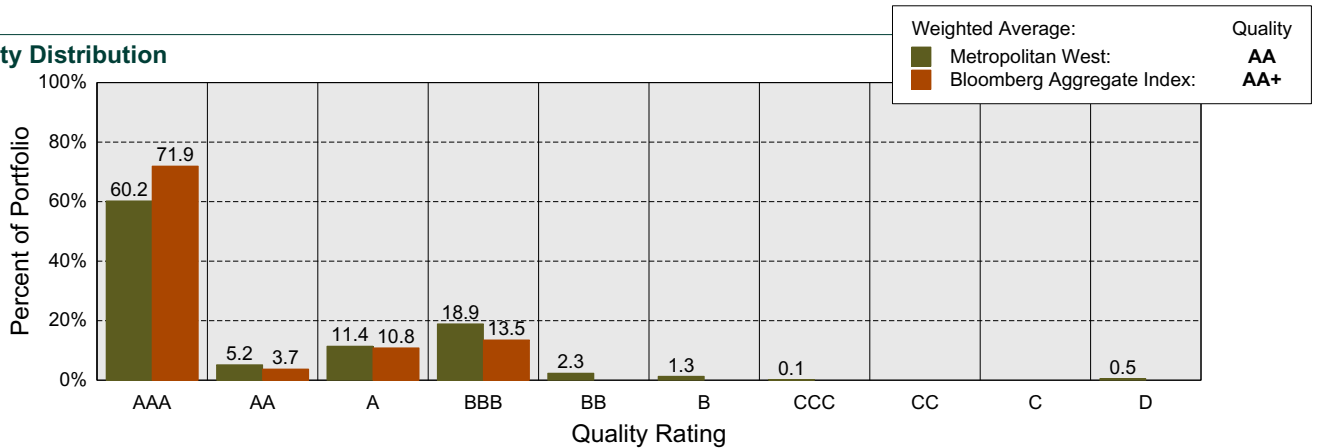
Sector Distribution



Duration Distribution



Quality Distribution



Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

Downside Risk stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Excess Return Ratio is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Risk/Reward Statistics

Rising 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.

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Research and Educational Programs

The Callan Institute provides research 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 Corry Walsh at 312.346.3536 / institute@callan.com.

New Research from Callan’s Experts



An Investor Framework for Addressing Climate Change | Callan’s Anna West lays out the top issues for investors about this issue. We also identify solutions and areas of progress for those seeking to address climate-related risks as well as benefit from emerging opportunities.

Promoting Gender Diversity in the Investment Industry | Callan Executive Chairman Ron Peyton offers his observations on what has worked for gender inclusion at the firm over the last 45 years and what we have learned in the hope that it will inform others on how to progress toward equality in senior roles industry-wide.



Helping DC Plan Participants in the “Distribution” Phase | Callan’s Tom Shingler and James Veneruso discuss our research on the “distribution phase” of defined contribution plans, when participants are drawing down assets, and the issues that plan sponsors should address.

Picking Through the Alpha Graveyard: Correcting for Survivorship Bias in Investment Product Universes | In this paper from the *Journal of Investment Management*, Callan’s Greg Allen, Ivan Cliff, and Wally Meerschaert propose a technique to correct for survivorship bias in investment product universes. It uses all available data for survivors and non-survivors, corrects for bias across the full distribution (from 1st to 99th percentile), and can be applied to other return-based statistics such as the Sharpe ratio.

Infrastructure: No Longer a Niche Option | Callan’s Jan Mende discusses investing in infrastructure. Institutional investors are increasing allocations, managers are creating more investment options, and benchmarks are being refined.

The Shape of Risk: Making Cents of the Irrational With Options | In the third quarter’s *Hedge Fund Monitor*, Jim McKee discusses the use of options as insurance for institutional portfolios.

2018 ESG Survey | Callan’s sixth annual survey on the status of environmental, social, and governance (ESG) investing in the U.S. institutional investment market reveals more than 40% of investors are incorporating ESG factors into investment decisions.

Your Plan Will Face a Cyberattack; Here’s How to Prepare | The third quarter’s edition of the *DC Observer* is designed to assist plan sponsors with formulating and executing their cybersecurity strategy to protect their information and their assets.

Quarterly Periodicals

Private Equity Trends | This newsletter offers the latest data on private equity fundraising, buyouts, venture capital, and returns.

Market Pulse Flipbook | 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 | This quarterly publication provides analysis and a broad overview of the economy and public and private market activity across a wide range of asset classes.

Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle? | Callan’s Real Assets Consulting group identifies seven indicators—based on spreads in real estate and fixed income markets—that, combined with an understanding of prevailing market dynamics, have helped signal when the institutional real estate market is overheated or cooled.

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 **2019 National Conference** will be held January 28-30, 2019. Mark your calendars for this upcoming event! And please visit the Events page on our website (www.callan.com/events/) for additional information as it becomes available.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, April 16-17, 2019

San Francisco, July 16-17, 2019

Chicago, October 22-23, 2019

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



"Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialog to raise the bar across the industry."

Greg Allen, Chief Executive Officer and Chief Research Officer

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 a complimentary basis (e.g. attending and 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
Acadian Asset Management LLC
AEGON USA Investment Management
Aether Investment Partners
AEW Capital Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Amundi Pioneer Asset Management
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford International, LLC
Baird Advisors
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
Black Creek Investment Management, Inc.
BlackRock
BMO Global Asset Management
BNP Paribas Asset Management
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Breckinridge Capital Advisors, Inc.
BrightSphere Investment Group (FKA Old Mutual Asset)
Brown Brothers Harriman & Company
Cambiar Investors, LLC

Manager Name
Capital Group
Carillon Tower Advisers
CastleArk Management, LLC
Causeway Capital Management
CenterSquare Investment Management
Chartwell Investment Partners
Christian Brothers Investment Services
CIM Group
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Columbus Circle Investors
Credit Suisse Asset Management
CS McKee, L.P.
DePrince, Race & Zollo, Inc.
D.E. Shaw Investment Management, L.L.C.
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Management Co.
DWS (Formerly Deutsche Asset Management)
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Fred Alger Management, Inc.
GAM (USA) Inc.

Manager Name
Gerding Edlen
GlobeFlex Capital, L.P.
GMO LLC
Goldman Sachs Asset Management
Green Square Capital LLC
Greenwich Investment Management, Inc.
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Harding Loevner L.P.
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
Intech Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
J.P. Morgan
Janus
Jennison Associates LLC
Jensen Investment Management
Jobs Peak Advisors
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 (MIM)
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.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
O'Shaughnessy Asset Management, LLC
P/E Investments

Manager Name
Pacific Investment Management Company
Pathway Capital Management
Peregrine Capital Management, Inc.
Perkins Investment Management
PGIM
PGIM Fixed Income
PineBridge Investments
Pictet Asset Management Ltd.
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA
RBC Global Asset Management
Reaves Asset Management
Regions Financial Corporation
Riverbridge Partners LLC
Robeco Institutional Asset Management, US Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Smith Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
South Texas Money Management, Ltd.
Sprucegrove Investment Management Ltd.
Standard Life Investments Limited
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Sun Life Investment Management
T. Rowe Price Associates, Inc.
The Boston Company Asset Management, LLC
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
VanEck
Velanne Asset Management Ltd.
Versus Capital Group
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya
WCM Investment Management
WEDGE Capital Management
Wedgewood Partners, Inc.
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company LLC
Westfield Capital Management Company, LP
William Blair & Company LLC



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 09/28/2018

Securities + Cash	25,929,852.33	Base Currency	USD	Net Assets	25,866,259
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)			25,929,852.33 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%	0.03 %	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%	0.03 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	2.42 %	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%	8.08 %	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%	2.41 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	8

A5XD SACRT - METWEST

Production Date: 09/28/2018

Securities + Cash	109,902,515.73	Base Currency	USD	Net Assets	100,631,428
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)			109,902,515.73 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 least 80% Baa or above (157604)	Minimum	80.00%	89.90 %	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	22.32 Rank	Pass
<u>Industry</u>					
8	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5Z8 SACRT - ROBECO

Production Date: 09/28/2018

Securities + Cash	47,317,666.00	Base Currency	USD	Net Assets	47,524,699
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)			47,317,666.00 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%	0.74 %	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%	1.15 %	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%	11.00 %	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%	3.27 %	Pass



Account Compliance Summary

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT - ROBECO

Production Date: 09/28/2018

Securities + Cash	47,317,666.00	Base Currency	USD	Net Assets	47,524,699
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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
11	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (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, 2018 was filed on December 26, 2018.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 SCO Report Salaried.docx

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

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Reporting Year: **2018**ID Number: **16383440511**For the Fiscal Year Ended: 06/30/2018 (MM/DD/YYYY)

Certification:

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

Fiscal Officer

Jamie Adelman
Signature

Treasury Controller
Title

Jamie Adelman
Name (Please Print)

(916) 321-3823 12/26/18
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 12/21/2018 9:16:10 AM

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

Fiscal Year: 2018

Mailing Address

Street 1 Type of Plan
 Street 2 Retirement Administrator
 City Telephone
 State Zip Email Has Address Changed?

Report Prepared By

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

Independent Auditor

Firm Name Street 1
 First Name Street 2
 Middle Initial City State Zip
 Last Name Telephone
 Email

Additional Information

Actuary/Actuary Firm Street 1
 Street 2
 Contact Name P.O. Box
 City State Zip
 Date of Valuation Report Telephone
 Email

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Comments for the Retirement Report

Fiscal Year: 2018

Comments

Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates).

Note: Schedule 12b Plan Identification Demographic Rates Years of Service is intentionally left blank. When the actuarial assumptions are age & service based we only entered them on the Schedule 12a Plan Identification Demographic Rates Age.

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

Fiscal Year: 2018

Assets	
R01. Cash and Cash Equivalents	4,395,496
Receivables	
R02. Contributions	
R03. Investments	322,073
R04. Other Receivables	102,890
R05. Total Receivables	424,963
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	17,618,123
R08. Municipal Bonds	429,581
R09. Domestic Corporate Bonds	9,876,147
R10. International Bonds	
R11. Domestic Stocks	39,382,124
R12. International Stocks	22,104,419
R13. Real Estate	1,169,301
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	3,448,838
R17. Total Investments	94,028,533
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$98,848,992
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	104,837
R25. Investment Purchases Payable	5,614,066
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$5,718,903
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$93,130,089

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

Fiscal Year: 2018

Contributions

Employer

R01.	General	7,669,178
R02.	Safety	
R03.	Combined	
R04.	Total Employer	7,669,178

Member

R05.	General	143,094
R06.	Safety	
R07.	Combined	
R08.	Total Member	143,094

Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$7,812,272

Investment Income (Loss)

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	5,148,390
R15.	Interest	842,786
R16.	Dividends	516,495
R17.	Other Investment Income	
R18.	(Investment Expense)	-434,188

Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0

R22.	Net Investment Income (Loss)	\$6,073,483
R23.	Other Income	
R24.	Total Additions	\$13,885,755

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

Fiscal Year: 2018

Benefit Payments

Service Retirement		
R01.	General	7,598,741
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	7,598,741
Disability Retirement		
R05.	General	180,625
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	180,625
Other Benefit Payments		
R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	7,779,366
Member Refunds		
R14.	General	0
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	0
R18.	Administrative Expenses	247,077
R19.	Other Expenses	
R20.	Total Deductions	\$8,026,443
R21.	Net Increase (Decrease) in Net Position	5,859,312
R22.	Net Position Restricted for Pension Benefits, Beginning of Year	84,632,310
R23.	Adjustment 1	2,638,467
R24.	Adjustment 2	
R25.	Net Position Restricted for Pension Benefits, End of Year	\$93,130,089

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

Fiscal Year: 2018

Total Pension Liability	
R01. Service Cost	3,647,115
R02. Interest	9,485,966
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	1,856,563
R05. Changes of Assumptions	3,291,931
R06. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R07. Net Change in Total Pension Liability	10,502,209
R08. Total Pension Liability – Beginning	128,508,322
R09. Adjustments	5,129,398
R10. Total Pension Liability – Ending (a)	144,139,929
Plan Fiduciary Net Position	
R11. Contributions – Employer	7,669,178
R12. Contributions – Member	143,094
R13. Contributions – Other	0
R14. Net Investment Income	6,073,483
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R17. Administrative Expenses	-247,077
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	5,859,312
R20. Plan Fiduciary Net Position – Beginning	84,632,310
R21. Adjustments	2,638,467
R22. Plan Fiduciary Net Position –Ending (b)	93,130,089
R23. Net Pension Liability – Ending (a) - (b)	51,009,840
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	64.61%
R25. Covered-Employee Payroll	24,283,580
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	210.06%

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

Fiscal Year: 2018

R01. Actuarially Determined Contributions	7,669,178
R02. Contributions in Relation to the Actuarially Determined Contributions	7,669,178
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	24,283,580
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	31.58%

Notes to Schedule

R06. Valuation Date

7/01/2016

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	16
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) the assumed investment return on the market value of assets.
R11. Inflation (%)	3.15
R12. Salary Increases	3.15 plus merit component
R13. Investment Rate of Return (%)	7.5
R14. Other Information	

Note:

(R08) **Amortization Method:** Level Percentage of Projected Payroll

(R09) **Remaining Amortization Period:** 16

(R12) **Salary Increases:** 3.15 plus merit component

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

Fiscal Year: 2018

Members			Active		Inactive	Retirement				Total Members
Member Type	Tier	System Status	Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General*	Non-PEPRA	Closed	176	10	50	254	6		19	515
General*	PEPRA	Open		31						31
Select		Select								
Grand Total Members			176	41	50	254	6		19	546

	State	Counties	Cities	Special	School	Other	Total
				Districts	Districts	Agencies	
Number of Agencies				1			1
Number of Members				546			546

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	20,629,720
General	PEPRA	2,549,471
Grand Total Payroll		\$23,179,191

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

Fiscal Year: 2018

Employer and Member Rates - Recommended by Actuary

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.78		16.78	33.17	0.00	33.17				
General	PEPRA	5.02		5.02	16.78		16.78	21.80	0.00	21.80				

Employer and Member Rates - Adopted by Governing Body

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.52		16.52	32.91	0.00	32.91				
General	PEPRA	5.02		5.02	16.61		16.61	21.63	0.00	21.63				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,674,727	3,847,137	7,521,864
General	PEPRA	40,404	141,263	181,667
Grand Total Employer Contributions		\$3,715,131	\$3,988,400	\$7,703,531

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

Fiscal Year: 2018

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="2"/>	<input type="text" value="2"/>	<input type="text" value="2"/>	<input type="text" value="2"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	1.55
R06. Inflation Component	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	3
R07. Total Salary Scale	<input type="text" value="5"/>	<input type="text" value="5"/>	<input type="text" value="5"/>	<input type="text" value="5"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	4.55

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="6.25"/>	<input type="text" value="7.25"/>	<input type="text" value="8.25"/>
R09. Net Pension Liability	<input type="text" value="67,776,158"/>	<input type="text" value="51,009,840"/>	<input type="text" value="36,794,075"/>

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

Fiscal Year: 2018

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.37	6.45	7.56
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.93	12.09

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

Fiscal Year: 2018

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.02				8.00
R02. Age 30		0.03				8.00
R03. Age 35		0.03				3.00
R04. Age 40		0.04				3.00
R05. Age 45		0.07				2.50
R06. Age 50	5.00	0.11				0.00
R07. Age 55	5.00	0.20				0.00
R08. Age 60	15.00	0.39				0.00
R09. Age 65	25.00	0.84				0.00
R10. Age 70	100.00	0.00				0.00

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.02				8.00
R12. Age 30		0.03				8.00
R13. Age 35		0.03				3.00
R14. Age 40		0.04				3.00
R15. Age 45		0.07				2.50
R16. Age 50	5.00	0.11				
R17. Age 55	5.00	0.20				
R18. Age 60	15.00	0.39				
R19. Age 65	25.00	0.84				
R20. Age 70	100.00	0.00				

Safety - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Salaried Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Years of Service

Fiscal Year: 2018

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	0.00	0.00
R02. Year 10		
R03. Year 15		
R04. Year 20		
R05. Year 25		
R06. Year 30		
R07. Year 35		
R08. Year 40		
R09. Year 45		
R10. Year 50		

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5		
R12. Year 10		
R13. Year 15		
R14. Year 20		
R15. Year 25		
R16. Year 30		
R17. Year 35		
R18. Year 40		
R19. Year 45		
R20. Year 50		

Safety - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Salaried Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Statement of Funding Position and UAAL Amortization Method

Fiscal Year: 2018

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2017
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	132,986,393
R04. Actuarial Value of Assets (AVA)	85,685,275
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	47,301,118
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64.4
R07. Annual Covered Payroll (ACP)	23,179,191
R08. UAAL as a Percentage of ACP (AVA Basis)	204.1%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	84,632,310
R12. UAAL (MVA Basis)	48,354,083
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	15
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	2032

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

Fiscal Year: 2018

Eligibility

Member Type	Tier	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	Non-PEPRA	55	5								25
General	PEPRA	52	5								

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	Non-PEPRA					Y	
General	PEPRA					Y	

Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA			4	
General	PEPRA			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	Non-PEPRA		2.00	2.25	2.50	Supplementa
General	PEPRA		1.30	1.80	2.00	Supplementa

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

Fiscal Year: 2018

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	Non-PEPRA	2	2.5	2	2.5
General	PEPRA	1	2.5	1	2.5

Note or Special Requirements

For Classic Salaried members, the factor ranges from 2.0%-2.5% based on years of service and/or age. For PEPRA Salaried members, the factor ranges from 1.0%-2.5% based on age.

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

Fiscal Year: 2018		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	Cash equivalents amount fluctuates depending on timing of investment sales.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager. Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R24)AccountsPayable	Accounts payable balances fluctuate based on timing of payments.
NetPosition	(R25)InvestmentPurchasesPayable	Investment purchases payable fluctuate based on timing of investment transactions.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation) inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R15)Interest	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R16)Dividends	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R18)(InvestmentExpense)	Majority of the fluctuation is due to less actuarial services fees and a decrease in administration fees.
Deductions	(R14)MemberRefund-General	There were no refunds in 2018.
Deductions	(R23)Adjustment1	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
PlanMembership	GeneralNon-PEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanMembership	GeneralPEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanIdentification	(R08)Current-DiscountRate	Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

Total Footnote: 18

**Sacramento Regional Transit District
ATU Retirement Board Meeting
Wednesday, December 12, 2018
MEETING SUMMARY**

ROLL CALL

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

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

By ATU Resolution 17-09-0297 for calendar year 2018, Common Vice Chair Director Li performed the duties of the Chair of this Retirement Board meeting.

AGENDA REVISIONS

The Assistant Secretary announced that Items 18 and 21 were removed from the Agenda.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 5. Motion: Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (ATU). (Weekly)
- 6. Motion: Approving the Minutes for the November 2, 2018 Special Retirement Board Meeting (ATU). (Weekly)
- 7. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the ATU Pension Plan (ATU). (Adelman)
- 12. Motion: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
- 13. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Weekly).

Director De La Torre moved to adopt ATU Retirement Board Items 5-7, 12 and 13. Director Niz seconded the motion. Items 5-7, 12 and 13 were carried unanimously by roll call vote: Ayes: Directors Li, Niz and De La Torre. Noes: None.

NEW BUSINESS

14. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson, CFA, Vice President, Dimensional Fund Advisors (DFA), who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2018 and was available for questions.

Director Li asked about the countries included within the asset class. Mr. Simpson provided an overview of the asset class markets. AEA Director Devorak asked if China is still considered an "emerging market." Mr. Simpson answered in the affirmative.

15. 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, 2018 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors (SSgA), who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended September 30, 2018 and was available for questions.

16. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended September 30, 2018 and was available for questions. In response to a question from AEA Director Devorak regarding the Plans' investment in DFA, Ms. Heaphy advised that the Plans have invested with DFA for 5 years and that it outperformed the benchmark in 2014, 2015, 2016 and 2017.

Director De La Torre moved to adopt Item 16. Director Li seconded the motion. Item 23 was carried unanimously by roll call vote: Ayes: Li, Niz and De La Torre. Noes: None.

17. Information: Educational Session on Private Equity Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Harshal Shah with Callan LLC, who provided an educational presentation on private equity as an asset class. This was the second in a series of three educational presentations made by Callan regarding different asset classes.

Jamie Adelman explained that in March 2019, Callan will provide the third and final presentation, which will be on Real Estate as an asset class, and in Spring 2019 Callan will prepare a full asset liability study and share the results in June 2019.

19. Information: Educational Session on Local Government Ethics (Compliant with AB 1234) by Hanson Bridgett LLP (ALL). (Weekly)

Attorneys Shayna van Hoften and Nicole Witt from Hanson Bridgett, the Retirement Boards' legal counsel, provided a two-hour interactive ethics training. Materials were distributed at the training.

Director Niz and MCEG Director Lonergan departed at 10:22 a.m.

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

Valerie Weekly provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans. Ms. Weekly introduced Lynda Volk and explained that she will take on some of Jamie Adelman's responsibilities with respect to the Boards and Plans. Ms. Weekly also introduced Tricia Thomas-Perez, who will perform Retirement Board meeting functions delegated by Ms. Weekly, including roll call for attendance and votes.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The meeting was adjourned at 12:29 p.m.

_____, Chair

ATTEST:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

**Sacramento Regional Transit District
ATU Special Retirement Board Meeting
Thursday, January 24, 2019
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 2:05 p.m. A quorum was present comprised as follows: Directors Li, Niz and Alternate McGee-Lee. Directors Morin, De La Torre and Jennings were absent.

NEW BUSINESS

1. Approving Disability Retirement Application for Fidel Garcia (ATU). (Adelman)

Treasury Controller, Jamie Adelman presented agenda item #1.

ATU Director Niz moved to adopt Item 1. Director Li seconded the motion. Item 1 was carried unanimously by roll call vote: Ayes: Directors Niz, Li and Alternate McGee-Lee. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

With no further business to discuss, the meeting was adjourned at 2:06 p.m.

_____, Chair

ATTEST:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of December 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2018. 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,

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Administrative Reports - ATU.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)

2018 (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 Treasury Controller. The Treasury Controller 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, 2018. 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, 2018. The ATU Plan reimbursed \$752,872.28 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, 2018. 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

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the ATU Pension Plan (ATU). (Adelman)

differ in that the unaudited financial statements reflect both investment activities and the pension fund’s inflows and outflows. Callan’s report only reflects the investment activities. The “Net Difference” amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers’ quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2018.

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

Accrual Basis

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
100000 · Long-Term Investments	126,312,955.27
Total Checking/Savings	126,312,955.27
Other Current Assets	
1110120 · Prepays	4,299.54
Total Other Current Assets	4,299.54
Total Current Assets	126,317,254.81
TOTAL ASSETS	126,317,254.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	22,378.60
3110110 · Other Pay - Due to RT	225,438.80
3110112 · Other Payable-Custodian Error	147,184.41
3110122 · MetWest	32,713.34
3110124 · Boston Partners	28,327.95
3110125 · Callan	10,089.29
3110126 · State Street	31,774.92
3110128 · Atlanta Capital	20,850.02
3110129 · SSgA - S&P Index	2,653.90
3110130 · SSgA - EAFE	1,210.13
3110132 · Pyrford	20,098.76
Total Accounts Payable	542,720.12
Total Current Liabilities	542,720.12
Total Liabilities	542,720.12
Equity	
3340100 · Retained Earning	122,948,269.10
3340101 · Retained Earnings	10,229,839.55
Net Income	-7,403,573.96
Total Equity	125,774,534.69
TOTAL LIABILITIES & EQUITY	126,317,254.81

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

Accrual Basis

October through December 2018

	Oct - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	190,008.52	-2.4%
6830102 · Interest	450,074.69	-5.7%
6830103 · Other Income	127,711.54	-1.6%
Total Interest, Dividend, & Other Inc	767,794.75	-9.7%
Investment Income		
6530900 · Gains/(Losses) - All	1,070,402.89	-13.5%
6530915 · Increase(Decrease) in FV	-12,073,973.32	152.1%
Total Investment Income	-11,003,570.43	138.6%
RT Required Contribution		
6630101 · Employer Contributions	2,173,743.47	-27.4%
6630110 · Employee Contributions	122,549.12	-1.5%
Total RT Required Contribution	2,296,292.59	-28.9%
Total Income	-7,939,483.09	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	2,822,853.67	-35.6%
8531201 · EE Contribution Refunds	5,262.32	-0.1%
8532004 · Invest Exp - Metropolitan West	32,713.34	-0.4%
8532013 · Invest Exp - Boston Partners	28,327.95	-0.4%
8532020 · Invest Exp - Callan	20,173.77	-0.3%
8532021 · Invest Exp - State Street	15,927.76	-0.2%
8532024 · Invest Exp - Atlanta Capital	20,850.02	-0.3%
8532025 · Invest Exp - S&P Index - SSgA	2,653.90	-0.0%
8532026 · Invest Exp - EAFE - SSgA	1,210.13	-0.0%
8532027 · Invest Exp - AQR	13,320.15	-0.2%
8532028 · Invest Exp - Pyrford	20,098.76	-0.3%
Total COGS	2,983,391.77	-37.6%
Gross Profit	-10,922,874.86	137.6%
Expense		
8533002 · Admin Exp - Actuary	7,815.25	-0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	166.67	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	-0.0%
8533021 · Admin Exp - Legal Services	23,883.74	-0.3%
8533025 · Admin Exp - Information Service	0.00	0.0%
8533029 · Admin Exp - Administrator	25,253.64	-0.3%
8533050 · Miscellaneous	0.00	0.0%
Total Expense	60,343.97	-0.8%
Net Income	-10,983,218.83	138.3%

Sacramento Regional Transit District Retirement Plan - ATU
Statement of Changes in Fiduciary Net Position
July through December 2018

Attachment #3

Accrual Basis

	Jul - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	395,834.94	-29.9%
6830102 · Interest	867,488.94	-65.4%
6830103 · Other Income	73,230.60	-5.5%
Total Interest, Dividend, & Other Inc	1,336,554.48	-100.8%
Investment Income		
6530900 · Gains/(Losses) - All	2,038,273.56	-153.7%
6530915 · Increase(Decrease) in FV	-9,167,388.03	691.4%
Total Investment Income	-7,129,114.47	537.7%
RT Required Contribution		
6630101 · Employer Contributions	4,237,092.72	-319.6%
6630110 · Employee Contributions	229,622.40	-17.3%
Total RT Required Contribution	4,466,715.12	-336.9%
Total Income	-1,325,844.87	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	5,640,018.69	-425.4%
8531201 · EE Contribution Refunds	11,934.65	-0.9%
8532004 · Invest Exp - Metropolitan West	65,078.04	-4.9%
8532013 · Invest Exp - Boston Partners	57,471.21	-4.3%
8532020 · Invest Exp - Callan	25,225.01	-1.9%
8532021 · Invest Exp - State Street	36,920.60	-2.8%
8532024 · Invest Exp - Atlanta Capital	45,089.79	-3.4%
8532025 · Invest Exp - S&P Index - SSgA	5,533.29	-0.4%
8532026 · Invest Exp - EAFE - SSgA	2,546.01	-0.2%
8532027 · Invest Exp - AQR	27,871.64	-2.1%
8532028 · Invest Exp - Pyrford	42,072.62	-3.2%
Total COGS	5,959,761.55	-449.5%
Gross Profit	-7,285,606.42	549.5%
Expense		
8533002 · Admin Exp - Actuary	15,183.87	-1.1%
8533003 · Admin Exp - Med Center	298.00	-0.0%
8533007 · Admin Exp - CALPRS Dues/Courses	166.67	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	6,449.34	-0.5%
8533021 · Admin Exp - Legal Services	43,643.74	-3.3%
8533025 · Admin Exp - Information Service	250.00	-0.0%
8533028 · Admin Exp - Staff Training	83.33	-0.0%
8533029 · Admin Exp - Administrator	48,559.27	-3.7%
8533030 · Admin Exp - Audit	3,333.32	-0.3%
8533050 · Miscellaneous	0.00	0.0%
Total Expense	117,967.54	-8.9%
Net Income	-7,403,573.96	558.4%

**Sacramento Regional Transit District
Retirement Fund - ATU
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2018**

	October 2018	November 2018	December 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2018	269,090.30	299,003.18	246,906.29	269,090.30
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 21.65 - 28.15%	737,681.46	732,795.62	703,266.39	2,173,743.47
Employee Pension Contributions	39,919.26	40,340.07	42,289.79	122,549.12
Total Deposits	777,600.72	773,135.69	745,556.18	2,296,292.59
<u>Expenses</u>				
Payout to Retirees	(937,657.51)	(941,175.00)	(944,021.16)	(2,822,853.67)
Employee Contribution Refunds	-	(838.58)	(4,423.74)	(5,262.32)
Payout to Retirees Subtotal	(937,657.51)	(942,013.58)	(948,444.90)	(2,828,115.99)
Fund Investment Management Expenses:				
Boston Partners	(29,143.26)	-	-	(29,143.26)
SSgA S&P 500 Index	(2,879.39)	-	-	(2,879.39)
Atlanta Capital	(24,239.77)	-	-	(24,239.77)
Pyrford	(21,974.13)	-	-	(21,974.13)
SSgA EAFE MSCI	(1,335.88)	-	-	(1,335.88)
Metropolitan West	(32,364.70)	-	-	(32,364.70)
Callan	(5,041.26)	(5,043.22)	-	(10,084.48)
State Street	(5,412.04)	-	-	(5,412.04)
Fund Invest. Mgmt Exp. Subtotal	(122,390.43)	(5,043.22)	0.00	(127,433.65)
Administrative Expenses				
Actuarial Services	(2,154.25)	(2,365.67)	-	(4,519.92)
Legal Services	(6,586.67)	-	(13,436.81)	(20,023.48)
CALAPRS Dues	-	-	(166.67)	(166.67)
Pension Administration	(7,815.04)	(8,492.02)	(8,946.59)	(25,253.65)
Administrative Exp. Subtotal	(16,555.96)	(10,857.69)	(22,550.07)	(49,963.72)
Total Expenses	(1,076,603.90)	(957,914.49)	(970,994.97)	(3,005,513.36)
Monthly Net Owed from/(to) District	(299,003.18)	(184,778.80)	(225,438.79)	(709,220.77)
Due From IBEW and Salaried Plans - Custodian Error	-	62,127.49	85,056.92	147,184.41
Payment from/(to) the District	(269,090.30)	(299,003.18)	(184,778.80)	(752,872.28)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	299,003.18	246,906.29	372,623.20	372,623.20

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation ***
As of December 31, 2018

Asset Class	Net Asset Market Value 12/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 41,044,717	15.25%	16.00%	-0.75%	\$ (2,012,874)	
Large Cap Growth - SSgA S&P 500 Index - XH	42,567,942	15.82%	16.00%	-0.18%	(489,650)	
Total Large Cap Domestic Equity	83,612,659	31.07%	32.00%	-0.93%	(2,502,524)	\$ 86,115,183
Small Cap - Atlanta Capital - XB	22,212,390	8.25%	8.00%	0.25%	683,594	21,528,796
International Equity:						
Large Cap Growth:						
Pyrford - ZD	24,468,964	9.09%	9.50%	-0.41%	(1,096,481)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,970,217	3.70%				
Value - Brandes - XE	2,669	0.00%				
Total Core	9,972,886	3.71%	4.50%	-0.79%	(2,137,062)	
Small Cap:						
AQR - ZB	11,927,382	4.43%	5.00%	-0.57%	(1,528,115)	
Emerging Markets						
DFA - ZA	15,024,005	5.58%	6.00%	-0.42%	(1,122,591)	
Total International Equity	61,393,238	22.81%	25.00%	-2.19%	(5,884,249)	67,277,487
Fixed Income:						
Met West - XD	101,891,659	37.86%	35.00%	2.86%	7,703,178	94,188,481
Total Combined Net Asset	\$ 269,109,946	100.00%	100.00%	0.00%	\$ (1)	\$ 269,109,946

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of December 31, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	126,312,955
IBEW Allocated Custodial Assets	54,345,398
Salaried Allocated Custodial Assets	<u>88,451,593</u>
Total Consolidated Net Asset	<u><u>269,109,946</u></u>
Per Callan Report:	
Total Investments	<u><u>269,112,361</u></u>
Net Difference	<u><u>(2,415) *</u></u>

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	754,428
ATU - Investment Income	(11,003,570)
IBEW - Interest, Dividends, and Other Income	320,586
IBEW - Investment Income	(4,849,102)
Salaried - Interest, Dividends, and Other Income	507,009
Salaried - Investment Income	<u>(8,276,427)</u>
Total Investment Income	<u><u>(22,547,076)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(22,543,569)</u></u>
Net Difference	<u><u>(3,507) **</u></u>

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended December 31, 2018**

	October	November	December	Total
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU	(269,090)		(184,779)	(453,869)
S&P 500 Index - IBEW	(53,834)		(32,398)	(86,233)
S&P 500 Index - Salaried	(35,291)		(6,851)	(42,143)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Metropolitan West - ATU		(299,003)		(299,003)
Metropolitan West - IBEW		(78,875)		(78,875)
Metropolitan West - Salaried		(106,423)		(106,423)
Total Payments from/(to) the District	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	(358,216)	-	(224,028)	(582,244)
Atlanta Capital	-	-	-	-
Metropolitan West	-	(484,300)	-	(484,300)
Total Transfers In/(Out) of Investment Funds	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,066,545)</u>
Net Difference				<u>0</u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2018**

	1Q18	2Q18	3Q18	4Q18	Total
Payments from/(to) the District					
Boston Partners - ATU	(711,871)	(2,810,287)	-	-	(3,522,158)
Boston Partners - IBEW	(46,224)	(987,443)	-	-	(1,033,667)
Boston Partners - Salaried	333,215	(1,461,943)	-	-	(1,128,728)
S&P 500 Index - ATU	(1,056,615)	(1,770,269)	-	(453,869)	(3,280,753)
S&P 500 Index - IBEW	(151,776)	(804,753)	-	(86,233)	(1,042,762)
S&P 500 Index - Salaried	213,560	(1,395,393)	-	(42,143)	(1,223,976)
Atlanta Capital - ATU	(220,607)	(1,844,745)	(572,143)	-	(2,637,495)
Atlanta Capital - IBEW	-	(788,042)	(121,006)	-	(909,048)
Atlanta Capital - Salaried	220,607	(1,435,641)	(79,419)	-	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	(244,192)	-	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	244,192	-	-	-	244,192
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)	5,485,262	(327,866)	(299,003)	4,061,794
Metropolitan West - IBEW	-	2,418,623	(56,407)	(78,875)	2,283,341
Metropolitan West - Salaried	796,599	4,211,226	75,846	(106,423)	4,977,248
Total Payments from/(to) the District	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(1,066,545)</u>	<u>(4,750,655)</u>

Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/18

	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	2,685,388	100.00%				16,967,554	100.00%			
Investment Expense	(246,408)	9.18%				(715,725)	4.22%			
Net Gain/(Loss)	2,438,980	90.82%	-8.78%	-8.27%	(51.00)	16,251,829	95.78%	7.64%	6.95%	69.00
S&P 500										
Investment Returns	4,690,444	100.00%				18,516,394	100.00%			
Investment Expense	(23,633)	0.50%				(98,487)	0.53%			
Net Gain/(Loss)	4,666,811	99.50%	-4.44%	-4.38%	(6.00)	18,417,907	99.47%	9.23%	9.26%	(3.00)
Atlanta Capital										
Investment Returns	4,240,563	100.00%				11,610,552	100.00%			
Investment Expense	(192,386)	4.54%				(573,677)	4.94%			
Net Gain/(Loss)	4,048,177	95.46%	0.97%	-11.01%	1198.00	11,036,875	95.06%	10.85%	7.36%	349.00
Pyrford										
Investment Returns	(184,531)	100.00%				1,142,298	100.00%			
Investment Expense	(181,511)	-98.36%				(289,119)	25.31%			
Net Gain/(Loss)	(366,042)	198.36%	-10.93%	-13.79%	286.00	853,179	74.69%	N/A	N/A	N/A
EAFE										
Investment Returns	(127,557)	100.00%				2,159,261	100.00%			
Investment Expense	(11,202)	-8.78%				(36,607)	1.70%			
Net Gain/(Loss)	(138,759)	108.78%	-13.58%	-13.79%	21.00	2,122,654	98.30%	3.13%	2.87%	26.00
Brandes										
Investment Returns	(122)	100.00%				(1,751)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(122)	100.00%	N/A	N/A	N/A	(1,751)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	(776,701)	100.00%				2,794,787	100.00%			
Investment Expense	(139,814)	-18.00%				(318,508)	11.40%			
Net Gain/(Loss)	(916,515)	118.00%	-20.70%	-17.89%	(281.00)	2,476,279	88.60%	N/A	N/A	N/A
DFA										
Investment Returns	(1,677,231)	100.00%				4,469,732	100.00%			
Investment Expense	(81,858)	-4.88%				(270,029)	6.04%			
Net Gain/(Loss)	(1,759,089)	104.88%	-15.25%	-14.57%	(68.00)	4,199,703		9.13%	9.25%	(12.00)
Metropolitan West										
Investment Returns	(910,640)	100.00%				4,891,137	100.00%			
Investment Expense	(277,143)	-30.43%				(761,658)	15.57%			
Net Gain/(Loss)	(1,187,783)	130.43%	0.47%	0.01%	46.00	4,129,480	84.43%	2.21%	2.06%	15.00
Total Fund										
Investment Returns	7,939,613	100.00%				66,276,378	100.00%			
Investment Expense	(1,153,955)	14.53%				(3,198,652)	4.83%			
Net Gain/(Loss)	6,785,658	85.47%	-5.44%	-5.82%	38.00	63,077,726	95.17%	5.47%	5.59%	(12.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: October 1, 2018 to December 31, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
3041	Facilities Svc Worker	IBEW	10/1/2018
1420	Real Estate Administrator	AEA	10/1/2018
3140	Administrative Assistant	AFSCME Admin Tech	10/1/2018
1196	Maintenance Supervisor	AEA	10/1/2018
2894	Bus Operator	ATUL	10/4/2018
1202	Sr. Financial Analyst	AEA	11/1/2018
2227	Maintenance Supervisor	AFSCME Supervisor	11/1/2018
1024	Administrative Assistant	AEA	11/1/2018
546	Bus Operator	ATU	11/1/2018
2351	Sr. Quality Assurance	AEA	12/1/2018
1534	Maintenance Supervisor	AFSCME Supervisor	12/1/2018
2428	Bus Operator	ATU	12/2/2018
2622	Bus Operator	ATU	12/3/2018
590	Bus Operator	ATU	12/17/2018
3107	CBS Operator	ATU	12/23/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
817	ATU	50% Joint & Survivor	10/4/2018
1443	AEA	Life Alone	10/5/2018
3976	IBEW	Survivor Beneficiary	10/13/2018
2226	IBEW	Life Alone	11/2/2018
1335	ATU	Life Alone	11/10/2018
3191	ATU	Survivor Beneficiary	11/11/2018
396	ATU	50% Joint & Survivor	11/18/2018
1524	AEA	50% Joint & Survivor	12/6/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Fiscal Year 2018 State Controller's Report (ATU). (Adelman)

ISSUE

Receive and File the Fiscal Year 2018 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of ATU Local 256 (ATU). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2018 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of ATU Local 256 (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, 2018 was filed on December 26, 2018.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

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PUBLIC RETIREMENT SYSTEMS FINANCIAL TRANSACTIONS REPORT COVER PAGE

Sacramento Regional Transit District ATU Employees' Retirement Plan

Reporting Year: 2018

ID Number: 16383440512

For the Fiscal Year Ended: 06/30/2018 (MM/DD/YYYY)

Certification:

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

Fiscal Officer

Jamie Adelman
Signature

Treasury Controller
Title

Jamie Adelman
Name (Please Print)

(916) 321-3823
Telephone Number

12/26/18
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 12/21/2018 8:56:44 AM

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

Fiscal Year: 2018

Mailing Address

Street 1 Type of Plan
 Street 2 Retirement Administrator
 City Telephone
 State Zip Email Has Address Changed?

Report Prepared By

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

Independent Auditor

Firm Name Street 1
 First Name Street 2
 Middle Initial City State Zip
 Last Name Telephone
 Email

Additional Information

Actuary/Actuary Firm Street 1
 Street 2
 Contact Name P.O. Box
 City State Zip
 Date of Valuation Report Telephone
 Email

Sacramento Regional Transit District ATU Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Comments for the Retirement Report

Fiscal Year: 2018

Comments

Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

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

Fiscal Year: 2018

Assets

R01. Cash and Cash Equivalents	6,904,825
Receivables	
R02. Contributions	0
R03. Investments	508,390
R04. Other Receivables	36,897
R05. Total Receivables	545,287
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	28,273,911
R08. Municipal Bonds	689,401
R09. Domestic Corporate Bonds	15,849,435
R10. International Bonds	
R11. Domestic Stocks	50,528,687
R12. International Stocks	32,552,238
R13. Real Estate	1,876,517
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	5,422,919
R17. Total Investments	135,193,108
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$142,643,220
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	471,724
R25. Investment Purchases Payable	8,993,387
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$9,465,111
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$133,178,109

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

Fiscal Year: 2018

Contributions

Employer

R01.	General	7,863,420
R02.	Safety	
R03.	Combined	
R04.	Total Employer	7,863,420

Member

R05.	General	337,009
R06.	Safety	
R07.	Combined	
R08.	Total Member	337,009

Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$8,200,429

Investment Income (Loss)

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	7,142,718
R15.	Interest	1,414,201
R16.	Dividends	678,312
R17.	Other Investment Income	
R18.	(Investment Expense)	-643,421

Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0

R22.	Net Investment Income (Loss)	\$8,591,810
------	-------------------------------------	--------------------

R23.	Other Income	
------	---------------------	--

R24.	Total Additions	\$16,792,239
------	------------------------	---------------------

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: 2018

Benefit Payments

Service Retirement

R01.	General	9,974,778
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	9,974,778

Disability Retirement

R05.	General	1,304,868
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	1,304,868

Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	11,279,646

Member Refunds

R14.	General	24,466
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	24,466
R18.	Administrative Expenses	260,006
R19.	Other Expenses	

R20.	Total Deductions	\$11,564,118
------	-------------------------	---------------------

R21.	Net Increase (Decrease) in Net Position	5,228,121
------	--	------------------

R22.	Net Position Restricted for Pension Benefits, Beginning of Year	130,588,455
------	--	--------------------

R23.	Adjustment 1	-2,638,467
------	---------------------	-------------------

R24.	Adjustment 2	
------	---------------------	--

R25.	Net Position Restricted for Pension Benefits, End of Year	\$133,178,109
------	--	----------------------

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

Fiscal Year: 2018

Total Pension Liability	
R01. Service Cost	4,765,696
R02. Interest	12,761,359
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	-261,689
R05. Changes of Assumptions	3,663,543
R06. Benefit Payments, Including Refunds of Member Contributions	-11,304,112
R07. Net Change in Total Pension Liability	9,624,797
R08. Total Pension Liability – Beginning	173,361,562
R09. Adjustments	-5,129,398
R10. Total Pension Liability – Ending (a)	177,856,961
Plan Fiduciary Net Position	
R11. Contributions – Employer	7,863,420
R12. Contributions – Member	337,009
R13. Contributions – Other	0
R14. Net Investment Income	8,591,810
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-11,304,112
R17. Administrative Expenses	-260,006
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	5,228,121
R20. Plan Fiduciary Net Position – Beginning	130,588,455
R21. Adjustments	-2,638,467
R22. Plan Fiduciary Net Position –Ending (b)	133,178,109
R23. Net Pension Liability – Ending (a) - (b)	44,678,852
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	74.88%
R25. Covered-Employee Payroll	31,575,118
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	141.5%

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

Fiscal Year: 2018

R01. Actuarially Determined Contributions	7,863,420
R02. Contributions in Relation to the Actuarially Determined Contributions	7,863,420
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	31,575,118
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	24.9%

Notes to Schedule

R06. Valuation Date

07/1/2016

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	16
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) the assumed investment return on the market value of assets.
R11. Inflation (%)	3
R12. Salary Increases	3.15 plus merit component
R13. Investment Rate of Return (%)	7.5
R14. Other Information	

Note:

(R08) **Amortization Method:** Level Percentage of Projected Payroll

(R09) **Remaining Amortization Period:** 16

(R12) **Salary Increases:** 3.15 plus merit component

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

Fiscal Year: 2018

Members			Active		Inactive	Retirement				Total Members
Member Type	Tier	System Status	Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General*	2015Hire	Closed		27						27
General*	Non-PEPRA	Closed	261	108	27	314	71		51	832
General*	PEPRA	Open		123						123
Select		Select								
Grand Total Members			261	258	27	314	71		51	982

	Employers						Total
	State	Counties	Cities	Special Districts	School Districts	Other Agencies	
Number of Agencies				1			1
Number of Members				982			982

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	2015Hire	1,362,945
General	Non-PEPRA	25,195,370
General	PEPRA	4,049,009
Grand Total Payroll		\$30,607,324

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

Fiscal Year: 2018

Employer and Member Rates - Recommended by Actuary

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	2015Hire	13.00		13.00	12.61		12.61	25.61	0.00	25.61				
General	Non-PEPRA	16.00		16.00	12.61		12.61	28.61	0.00	28.61				
General	PEPRA	6.71		6.71	12.61		12.61	19.32	0.00	19.32				

Employer and Member Rates - Adopted by Governing Body

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	2015Hire	13.00		13.00	11.84		11.84	24.84	0.00	24.84				
General	Non-PEPRA	16.00		16.00	11.84		11.84	27.84	0.00	27.84				
General	PEPRA	6.71		6.71	12.08		12.08	18.79	0.00	18.79				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	2015Hire	162,183	175,043	337,226
General	Non-PEPRA	4,201,935	3,235,850	7,437,785
General	PEPRA	142,495	274,297	416,792
Grand Total Employer Contributions		\$4,506,613	\$3,685,190	\$8,191,803

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

Fiscal Year: 2018

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"/>
R06. Inflation Component	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text" value="3"/>	<input type="text"/>
R07. Total Salary Scale	<input type="text" value="9"/>	<input type="text" value="9"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text" value="3.5"/>	<input type="text"/>

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="6.25"/>	<input type="text" value="7.25"/>	<input type="text" value="8.25"/>
R09. Net Pension Liability	<input type="text" value="62,842,216"/>	<input type="text" value="44,678,852"/>	<input type="text" value="29,158,657"/>

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

Fiscal Year: 2018

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.37	6.45	7.56
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.93	12.09

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

Fiscal Year: 2018

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.36				
R02. Age 30		0.46				
R03. Age 35		0.56				
R04. Age 40		0.66				
R05. Age 45		0.76				
R06. Age 50		0.86				
R07. Age 55	7.20	0.96				
R08. Age 60	5.00	1.06				
R09. Age 65	30.00	0.00				
R10. Age 70	100.00	0.00				

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.26				
R12. Age 30		0.34				
R13. Age 35		0.49				
R14. Age 40		0.73				
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	0.00				

Safety - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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: 2018

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5		3.00
R02. Year 10		2.50
R03. Year 15		2.50
R04. Year 20		0.50
R05. Year 25		0.00
R06. Year 30		0.00
R07. Year 35		0.00
R08. Year 40		0.00
R09. Year 45		0.00
R10. Year 50		0.00

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5		3.00
R12. Year 10		2.50
R13. Year 15		2.50
R14. Year 20		0.50
R15. Year 25		0.00
R16. Year 30		0.00
R17. Year 35		0.00
R18. Year 40		0.00
R19. Year 45		0.00
R20. Year 50		0.00

Safety - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Years of Service	Service Retirement Rate	Withdrawal (Termination) 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

Fiscal Year: 2018

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2017
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	177,262,864
R04. Actuarial Value of Assets (AVA)	132,807,915
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	44,454,949
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	74.9
R07. Annual Covered Payroll (ACP)	30,607,324
R08. UAAL as a Percentage of ACP (AVA Basis)	145.2%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	130,588,455
R12. UAAL (MVA Basis)	46,674,409
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	74

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	15
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	2032

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

Fiscal Year: 2018

Eligibility

Member Type	Tier	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	2015Hire	55	10								25
General	Non-PEPRA	55	10								25
General	PEPRA	52	5								

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	2015Hire					Y	
General	Non-PEPRA					Y	
General	PEPRA					Y	

Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	2015Hire			4	
General	Non-PEPRA			4	
General	PEPRA			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	2015Hire		2.00	2.50	2.50	Supplementa
General	Non-PEPRA		2.00	2.50	2.50	Supplementa
General	PEPRA		1.30	1.80	2.30	Supplementa

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

Fiscal Year: 2018

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	2015Hire	2	2.5	2	2.5
General	Non-PEPRA	2	2.5	2	2.5
General	PEPRA	1	2.5	1	2.5

Note or Special Requirements

For Classic ATU members, the factor ranges from 2.0%-2.5% based on years of service and/or age. For PEPRA ATU members, the factor ranges from 1.0%-2.5% based on age. For 2015Hires ATU members, the factor range

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

Fiscal Year: 2018		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	Cash equivalents amount fluctuates depending on timing of investment sales.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R13)RealEstate	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager.
NetPosition	(R25)InvestmentPurchasesPayable	Investment purchases payable fluctuate based on timing of investment transactions.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation) inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R15)Interest	Interest amount fluctuates based on annual market performance and portfolio market performance.
Additions	(R16)Dividends	Dividend amount fluctuates based on annual market performance and portfolio market performance.
Deductions	(R14)MemberRefund-General	Refunds were higher because there was more ATU employee turnover in 2018.
Deductions	(R23)Adjustment1	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
PlanMembership	General2015Hire(Members) TotalMembers	The Plan was broken up into 3 tiers to reflect Non-PEPRA, PEPRA and employees hired between January 1, 2015 and December 31, 2015.
PlanMembership	GeneralNon-PEPRA(Members) TotalMembers	The Plan was broken up into 3 tiers to reflect Non-PEPRA, PEPRA and employees hired between January 1, 2015 and December 31, 2015.
PlanMembership	GeneralPEPRA(Members) TotalMembers	The Plan was broken up into 3 tiers to reflect Non-PEPRA, PEPRA and employees hired between January 1, 2015 and December 31, 2015.
PlanIdentification	(R08)Current-DiscountRate	Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

Total Footnote: 18

**Sacramento Regional Transit District
IBEW Retirement Board Meeting
Wednesday, December 12, 2018
MEETING SUMMARY**

ROLL CALL

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

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

By IBEW Resolution No. 17-09-192 for calendar year 2018, Common Vice Chair Director Li performed the duties of the Chair of this Retirement Board meeting.

AGENDA REVISIONS

The Assistant Secretary announced that Items 18 and 21 were removed from the Agenda.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 8. Motion: Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (IBEW). (Weekly)
- 9. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the IBEW Pension Plan (IBEW). (Adelman)
- 12. Motion: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
- 13. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Weekly).

Director Ohlson moved to adopt IBEW Retirement Board Items 8, 9, 12 and 13. Director Li seconded the motion. Items 8, 9, 12 and 13 were carried unanimously by roll call vote: Ayes: Directors Li, Ohlson and Alternate McCleskey. Noes: None.

NEW BUSINESS

14. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson, CFA, Vice President, Dimensional Fund Advisors (DFA), who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2018 and was available for questions.

Director Li asked about the countries included within the asset class. Mr. Simpson provided an overview of the asset class markets. AEA Director Devorak asked if China is still considered an "emerging market." Mr. Simpson answered in the affirmative.

15. 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, 2018 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors (SSgA), who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended September 30, 2018 and was available for questions.

16. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended September 30, 2018 and was available for questions. In response to a question from AEA Director Devorak regarding the Plans' investment in DFA, Ms. Heaphy advised that the Plans have invested with DFA for 5 years and that it outperformed the benchmark in 2014, 2015, 2016 and 2017.

Director Ohlson moved to adopt Item 16. Alternate McCleskey seconded the motion. Item 23 was carried unanimously by roll call vote: Ayes: Directors Li, Ohlson and Alternate McCleskey. Noes: None.

17. Information: Educational Session on Private Equity Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Harshal Shah with Callan LLC, who provided an educational presentation on private equity as an asset class. This was the second in a series of three educational presentations made by Callan regarding different asset classes. Jamie Adelman explained that in March 2019, Callan will provide the third and final presentation, which will be on Real Estate as an asset class, and in Spring 2019 Callan will prepare a full asset liability study and share the results in June 2019.

19. Information: Educational Session on Local Government Ethics (Compliant with AB 1234) by Hanson Bridgett LLP (ALL). (Weekly)

Attorneys Shayna van Hoften and Nicole Witt from Hanson Bridgett, the Retirement Boards' legal counsel, provided a two-hour interactive ethics training. Materials were distributed at the training.

ATU Director Niz and MCEG Director Lonergan departed at 10:22 a.m.

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

Valerie Weekly provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans. Ms. Weekly introduced Lynda Volk and explained that she will take on some of Jamie Adelman's responsibilities with respect to the Boards and Plans. Ms. Weekly also introduced Tricia Thomas-Perez, who will perform Retirement Board meeting functions delegated by Ms. Weekly, including roll call for attendance and votes.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The meeting was adjourned at 12:29 p.m.

Eric Ohlson, Chair

ATTEST:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
17	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of December 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2018. 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,

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Administrative Reports - IBEW.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
17	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)

2018 (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 Treasury Controller. The Treasury Controller is required to report asset rebalancing activity to the Boards at their quarterly meetings. Rebalancing can occur for one or more of the following reasons:

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

Attached hereto as Attachment 4 is the IBEW Plan's Schedule of Cash Activities for the three months ended December 31, 2018. 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, 2018. The IBEW Plan reimbursed \$165,107.24 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 IBEW Plan's Asset Allocation as of December 31, 2018. This statement shows the IBEW Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
17	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2018.

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

Accrual Basis

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
100000 · Long-Term Investments	54,345,397.60
Total Checking/Savings	54,345,397.60
Accounts Receivable	
1110105 · Other Receivable-CustodianError	32,987.19
Total Accounts Receivable	32,987.19
Other Current Assets	
1110120 · Prepays	4,299.57
Total Other Current Assets	4,299.57
Total Current Assets	54,382,684.36
TOTAL ASSETS	54,382,684.36
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	21,746.60
3110110 · Other Pay - Due to RT	45,793.20
3110122 · MetWest	14,074.72
3110124 · Boston Partners	12,187.93
3110125 · Callan	4,344.73
3110126 · State Street	13,594.74
3110128 · Atlanta Capital	8,970.60
3110129 · SSgA - S&P Index	1,141.83
3110130 · SSgA - EAFE	520.65
3110132 · Pyrford	8,647.37
Total Accounts Payable	131,022.37
Total Current Liabilities	131,022.37
Total Liabilities	131,022.37
Equity	
3340100 · Retained Earning	45,066,750.96
3340101 · Retained Earnings	12,099,826.24
Net Income	-2,914,915.21
Total Equity	54,251,661.99
TOTAL LIABILITIES & EQUITY	54,382,684.36

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

Attachment #2

Accrual Basis

October through December 2018

	Oct - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	84,132.57	(2.3)%
6830102 · Interest	188,507.82	(5.2)%
6830103 · Other Income	53,452.79	(1.5)%
Total Interest, Dividend, & Other Inc	326,093.18	(8.9)%
Investment Income		
6530900 · Gains/(Losses) - All	483,719.88	(13.2)%
6530915 · Increase(Decrease) in FV	(5,332,821.51)	146.0%
Total Investment Income	(4,849,101.63)	132.8%
RT Required Contribution		
6630110 · Employee Contributions	50,237.80	(1.4)%
RT Required Contribution - Other	819,970.40	(22.4)%
Total RT Required Contribution	870,208.20	(23.8)%
Total Income	(3,652,800.25)	100.0%
Cost of Goods Sold		
8531201 · IBEW - Retirement Benefits Paid	928,117.40	(25.4)%
8531203 · EE Contribution Refunds	0.00	0.0%
8532004 · Invest Exp - Metropolitan West	14,074.72	(0.4)%
8532013 · Invest Exp - Boston Partners	12,187.93	(0.3)%
8532020 · Invest Exp - Callan	8,688.63	(0.2)%
8532021 · Invest Exp - State Street	6,853.41	(0.2)%
8532024 · Invest Exp - Atlanta Capital	8,970.60	(0.2)%
8532025 · Invest Exp - S&P Index - SSgA	1,141.83	(0.0)%
8532026 · Invest Exp - EAFE - SSgA	520.65	(0.0)%
8532027 · Invest Exp - AQR	5,730.67	(0.2)%
8532028 · Invest Exp - Pyrford	8,647.37	(0.2)%
Total COGS	994,933.21	(27.2)%
Gross Profit	(4,647,733.46)	127.2%
Expense		
8533002 · Admin Exp - Actuary	6,867.24	(0.2)%
8533007 · Admin Exp - CALPRS Dues/Courses	1,642.82	(0.0)%
8533014 · Admin Exp - Fiduciary Insurance	3,224.66	(0.1)%
8533021 · Admin Exp - Legal Services	23,883.73	(0.7)%
8533029 · Admin Exp - Administrator	18,732.52	(0.5)%
8533050 · Miscellaneous	0.00	0.0%
Total Expense	54,350.97	(1.5)%
Net Income	(4,702,084.43)	128.7%

Sacramento Regional Transit District Retirement Plan - IBEW
Statement of Changes in Fiduciary Net Position
July through December 2018

Attachment #3

Accrual Basis

	Jul - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc		
6830101 · Dividend	174,159.26	-21.0%
6830102 · Interest	363,080.74	-43.8%
6830103 · Other Income	30,695.76	-3.7%
Total Interest, Dividend, & Other Inc	567,935.76	-68.4%
Investment Income		
6530900 · Gains/(Losses) - All	912,286.00	-109.9%
6530915 · Increase(Decrease) in FV	-4,030,647.70	485.7%
Total Investment Income	-3,118,361.70	375.8%
RT Required Contribution		
6630110 · Employee Contributions	99,591.73	-12.0%
RT Required Contribution - Other	1,620,958.09	-195.3%
Total RT Required Contribution	1,720,549.82	-207.3%
Total Income	-829,876.12	100.0%
Cost of Goods Sold		
8531201 · IBEW - Retirement Benefits Paid	1,846,033.31	-222.4%
8531203 · EE Contribution Refunds	747.11	-0.1%
8532004 · Invest Exp - Metropolitan West	28,012.80	-3.4%
8532013 · Invest Exp - Boston Partners	24,738.68	-3.0%
8532020 · Invest Exp - Callan	13,028.28	-1.6%
8532021 · Invest Exp - State Street	13,651.47	-1.6%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	19,409.62	-2.3%
8532025 · Invest Exp - S&P Index - SSgA	2,381.86	-0.3%
8532026 · Invest Exp - EAFE - SSgA	1,095.96	-0.1%
8532027 · Invest Exp - AQR	11,991.09	-1.4%
8532028 · Invest Exp - Pyrford	18,110.68	-2.2%
Total COGS	1,979,200.86	-238.5%
Gross Profit	-2,809,076.98	338.5%
Expense		
8533002 · Admin Exp - Actuary	12,384.11	-1.5%
8533007 · Admin Exp - CALPRS Dues/Courses	1,642.82	-0.2%
8533012 · Admin Exp - Travel	204.96	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	6,449.32	-0.8%
8533021 · Admin Exp - Legal Services	43,643.74	-5.3%
8533025 · Admin Exp - Information Service	250.00	-0.0%
8533028 · Admin Exp - Staff Training	83.33	-0.0%
8533029 · Admin Exp - Administrator	37,846.61	-4.6%
8533030 · Admin Exp - Audit	3,333.34	-0.4%
8533050 · Miscellaneous	0.00	0.0%
Total Expense	105,838.23	-12.8%
Net Income	-2,914,915.21	351.2%

**Sacramento Regional Transit District
Retirement Fund - IBEW
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2018**

	October 2018	November 2018	December 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2018	53,834.28	78,874.58	12,254.85	53,834.28
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 19.78 to 25.03%	277,345.58	271,700.86	270,923.96	819,970.40
Employee Pension Contributions	17,333.80	16,540.63	16,363.37	50,237.80
Total Deposits	294,679.38	288,241.49	287,287.33	870,208.20
<u>Expenses</u>				
Payout to Retirees	(306,218.67)	(309,742.60)	(312,156.13)	(928,117.40)
Employee Contribution Refunds	-	-	-	-
Payout to Retirees Subtotal	(306,218.67)	(309,742.60)	(312,156.13)	(928,117.40)
Fund Investment Management Expenses:				
Boston Partners	(12,550.75)			(12,550.75)
SSgA S&P 500 Index	(1,240.03)			(1,240.03)
Atlanta Capital	(10,439.02)			(10,439.02)
Pyrford	(9,463.31)			(9,463.31)
SSgA EAFE MSCI	(575.31)			(575.31)
Metropolitan West	(13,938.08)			(13,938.08)
Callan	(2,171.06)	(2,172.84)		(4,343.90)
State Street	(2,319.83)			(2,319.83)
Fund Invest. Mgmt Exp. Subtotal	(52,697.39)	(2,172.84)	-	(54,870.23)
Administrative Expenses				
Actuarial Services	(1,838.25)	(2,049.66)		(3,887.91)
Legal Services	(6,586.67)		(13,436.80)	(20,023.47)
CALAPRS Training			(1,476.15)	(1,476.15)
CALAPRS Dues			(166.67)	(166.67)
Pension Administration	(6,212.98)	(6,674.77)	(5,844.77)	(18,732.52)
Administrative Exp. Subtotal	(14,637.90)	(8,724.43)	(20,924.39)	(44,286.72)
Total Expenses	(373,553.96)	(320,639.87)	(333,080.52)	(1,027,274.35)
Monthly Net Owed from/(to) District	(78,874.58)	(32,398.38)	(45,793.19)	(157,066.15)
Due To ATU Plan - Custodian Error	-	(20,143.53)	(12,843.66)	(32,987.19)
Payment from/(to) the District	(53,834.28)	(78,874.58)	(32,398.38)	(165,107.24)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	78,874.58	12,254.85	12,806.00	12,806.00

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of December 31, 2018**

Asset Class	Net Asset Market Value 12/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 41,044,717	15.25%	16.00%	-0.75%	\$ (2,012,874)	
Large Cap Growth - SSgA S&P 500 Index - XH	42,567,942	15.82%	16.00%	-0.18%	(489,650)	
Total Large Cap Domestic Equity	83,612,659	31.07%	32.00%	-0.93%	(2,502,524)	\$ 86,115,183
Small Cap - Atlanta Capital - XB	22,212,390	8.25%	8.00%	0.25%	683,594	21,528,796
International Equity:						
Large Cap Growth:						
Pyrford - ZD	24,468,964	9.09%	9.50%	-0.41%	(1,096,481)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,970,217	3.70%				
Value - Brandes - XE	2,669	0.00%				
Total Core	9,972,886	3.71%	4.50%	-0.79%	(2,137,062)	
Small Cap:						
AQR - ZB	11,927,382	4.43%	5.00%	-0.57%	(1,528,115)	
Emerging Markets						
DFA - ZA	15,024,005	5.58%	6.00%	-0.42%	(1,122,591)	
Total International Equity	61,393,238	22.81%	25.00%	-2.19%	(5,884,249)	67,277,487
Fixed Income:						
Met West - XD	101,891,659	37.86%	35.00%	2.86%	7,703,178	94,188,481
Total Combined Net Asset	\$ 269,109,946	100.00%	100.00%	0.00%	\$ (1)	\$ 269,109,946

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of December 31, 2018**

Per Both Pension Fund Balance Sheets:

ATU Allocated Custodial Assets	126,312,955
IBEW Allocated Custodial Assets	54,345,398
Salaried Allocated Custodial Assets	<u>88,451,593</u>

Total Consolidated Net Asset	<u><u>269,109,946</u></u>
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Per Callan Report:

Total Investments	<u><u>269,112,361</u></u>
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Net Difference	<u><u>(2,415) *</u></u>
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* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2018**

Per Both Pension Fund Income Statements:

ATU - Interest, Dividends, and Other Income	754,428
ATU - Investment Income	(11,003,570)
IBEW - Interest, Dividends, and Other Income	320,586
IBEW - Investment Income	(4,849,102)
Salaried - Interest, Dividends, and Other Income	507,009
Salaried - Investment Income	<u>(8,276,427)</u>
Total Investment Income	<u><u>(22,547,076)</u></u>

Per Callan Report:

Investment Returns	<u><u>(22,543,569)</u></u>
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Net Difference	<u><u>(3,507) **</u></u>
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** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended December 31, 2018**

	October	November	December	Total
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU	(269,090)		(184,779)	(453,869)
S&P 500 Index - IBEW	(53,834)		(32,398)	(86,233)
S&P 500 Index - Salaried	(35,291)		(6,851)	(42,143)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Metropolitan West - ATU		(299,003)		(299,003)
Metropolitan West - IBEW		(78,875)		(78,875)
Metropolitan West - Salaried		(106,423)		(106,423)
Total Payments from/(to) the District	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	(358,216)	-	(224,028)	(582,244)
Atlanta Capital	-	-	-	-
Metropolitan West	-	(484,300)	-	(484,300)
Total Transfers In/(Out) of Investment Funds	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,066,545)</u>
Net Difference				<u>0</u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2018**

	1Q18	2Q18	3Q18	4Q18	Total
Payments from/(to) the District					
Boston Partners - ATU	(711,871)	(2,810,287)	-	-	(3,522,158)
Boston Partners - IBEW	(46,224)	(987,443)	-	-	(1,033,667)
Boston Partners - Salaried	333,215	(1,461,943)	-	-	(1,128,728)
S&P 500 Index - ATU	(1,056,615)	(1,770,269)	-	(453,869)	(3,280,753)
S&P 500 Index - IBEW	(151,776)	(804,753)	-	(86,233)	(1,042,762)
S&P 500 Index - Salaried	213,560	(1,395,393)	-	(42,143)	(1,223,976)
Atlanta Capital - ATU	(220,607)	(1,844,745)	(572,143)	-	(2,637,495)
Atlanta Capital - IBEW	-	(788,042)	(121,006)	-	(909,048)
Atlanta Capital - Salaried	220,607	(1,435,641)	(79,419)	-	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	(244,192)	-	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	244,192	-	-	-	244,192
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)	5,485,262	(327,866)	(299,003)	4,061,794
Metropolitan West - IBEW	-	2,418,623	(56,407)	(78,875)	2,283,341
Metropolitan West - Salaried	796,599	4,211,226	75,846	(106,423)	4,977,248
Total Payments from/(to) the District	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(1,066,545)</u>	<u>(4,750,655)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/18**

	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	2,685,388	100.00%				16,967,554	100.00%			
Investment Expense	(246,408)	9.18%				(715,725)	4.22%			
Net Gain/(Loss)	2,438,980	90.82%	-8.78%	-8.27%	(51.00)	16,251,829	95.78%	7.64%	6.95%	69.00
S&P 500										
Investment Returns	4,690,444	100.00%				18,516,394	100.00%			
Investment Expense	(23,633)	0.50%				(98,487)	0.53%			
Net Gain/(Loss)	4,666,811	99.50%	-4.44%	-4.38%	(6.00)	18,417,907	99.47%	9.23%	9.26%	(3.00)
Atlanta Capital										
Investment Returns	4,240,563	100.00%				11,610,552	100.00%			
Investment Expense	(192,386)	4.54%				(573,677)	4.94%			
Net Gain/(Loss)	4,048,177	95.46%	0.97%	-11.01%	1198.00	11,036,875	95.06%	10.85%	7.36%	349.00
Pyrford										
Investment Returns	(184,531)	100.00%				1,142,298	100.00%			
Investment Expense	(181,511)	-98.36%				(289,119)	25.31%			
Net Gain/(Loss)	(366,042)	198.36%	-10.93%	-13.79%	286.00	853,179	74.69%	N/A	N/A	N/A
EAFE										
Investment Returns	(127,557)	100.00%				2,159,261	100.00%			
Investment Expense	(11,202)	-8.78%				(36,607)	1.70%			
Net Gain/(Loss)	(138,759)	108.78%	-13.58%	-13.79%	21.00	2,122,654	98.30%	3.13%	2.87%	26.00
Brandes										
Investment Returns	(122)	100.00%				(1,751)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(122)	100.00%	N/A	N/A	N/A	(1,751)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	(776,701)	100.00%				2,794,787	100.00%			
Investment Expense	(139,814)	-18.00%				(318,508)	11.40%			
Net Gain/(Loss)	(916,515)	118.00%	-20.70%	-17.89%	(281.00)	2,476,279	88.60%	N/A	N/A	N/A
DFA										
Investment Returns	(1,677,231)	100.00%				4,469,732	100.00%			
Investment Expense	(81,858)	-4.88%				(270,029)	6.04%			
Net Gain/(Loss)	(1,759,089)	104.88%	-15.25%	-14.57%	(68.00)	4,199,703		9.13%	9.25%	(12.00)
Metropolitan West										
Investment Returns	(910,640)	100.00%				4,891,137	100.00%			
Investment Expense	(277,143)	-30.43%				(761,658)	15.57%			
Net Gain/(Loss)	(1,187,783)	130.43%	0.47%	0.01%	46.00	4,129,480	84.43%	2.21%	2.06%	15.00
Total Fund										
Investment Returns	7,939,613	100.00%				66,276,378	100.00%			
Investment Expense	(1,153,955)	14.53%				(3,198,652)	4.83%			
Net Gain/(Loss)	6,785,658	85.47%	-5.44%	-5.82%	38.00	63,077,726	95.17%	5.47%	5.59%	(12.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: October 1, 2018 to December 31, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
3041	Facilities Svc Worker	IBEW	10/1/2018
1420	Real Estate Administrator	AEA	10/1/2018
3140	Administrative Assistant	AFSCME Admin Tech	10/1/2018
1196	Maintenance Supervisor	AEA	10/1/2018
2894	Bus Operator	ATUL	10/4/2018
1202	Sr. Financial Analyst	AEA	11/1/2018
2227	Maintenance Supervisor	AFSCME Supervisor	11/1/2018
1024	Administrative Assistant	AEA	11/1/2018
546	Bus Operator	ATU	11/1/2018
2351	Sr. Quality Assurance	AEA	12/1/2018
1534	Maintenance Supervisor	AFSCME Supervisor	12/1/2018
2428	Bus Operator	ATU	12/2/2018
2622	Bus Operator	ATU	12/3/2018
590	Bus Operator	ATU	12/17/2018
3107	CBS Operator	ATU	12/23/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
817	ATU	50% Joint & Survivor	10/4/2018
1443	AEA	Life Alone	10/5/2018
3976	IBEW	Survivor Beneficiary	10/13/2018
2226	IBEW	Life Alone	11/2/2018
1335	ATU	Life Alone	11/10/2018
3191	ATU	Survivor Beneficiary	11/11/2018
396	ATU	50% Joint & Survivor	11/18/2018
1524	AEA	50% Joint & Survivor	12/6/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
18	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Fiscal Year 2018 State Controller's Report (IBEW). (Adelman)

ISSUE

Receive and File the Fiscal Year 2018 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of IBEW Local 1245 (IBEW). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2018 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of IBEW Local 1245 (IBEW). (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, 2018 was filed on December 26, 2018.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 SCO Report IBEW.docx

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

Sacramento Regional Transit District IBEW Employees' Retirement Plan

Reporting Year: 2018

ID Number: 16383440513

For the Fiscal Year Ended: 06/30/2018 (MM/DD/YYYY)

Certification:

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

Fiscal Officer

Jamie Adelman
Signature

Treasury Controller
Title

Jamie Adelman
Name (Please Print)

916-321-3823 12/20/18
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 12/21/2018 9:25:21 AM

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

Fiscal Year: 2018

Mailing Address

Street 1 Type of Plan
 Street 2 Retirement Administrator
 City Telephone
 State Zip Email Has Address Changed?

Report Prepared By

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

Independent Auditor

Firm Name Street 1
 First Name Street 2
 Middle Initial City State Zip
 Last Name Telephone
 Email

Additional Information

Actuary/Actuary Firm Street 1
 Street 2
 Contact Name P.O. Box
 City State Zip
 Date of Valuation Report Telephone
 Email

Sacramento Regional Transit District IBEW Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Comments for the Retirement Report

Fiscal Year: 2018

Comments

Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

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

Fiscal Year: 2018

Assets	
R01. Cash and Cash Equivalents	2,898,874
Receivables	
R02. Contributions	
R03. Investments	213,046
R04. Other Receivables	21,656
R05. Total Receivables	234,702
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	11,787,134
R08. Municipal Bonds	287,405
R09. Domestic Corporate Bonds	6,607,484
R10. International Bonds	
R11. Domestic Stocks	22,610,317
R12. International Stocks	13,562,343
R13. Real Estate	782,303
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	2,275,150
R17. Total Investments	57,912,136
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$61,045,712
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	127,494
R25. Investment Purchases Payable	3,751,641
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$3,879,135
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$57,166,577

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

Fiscal Year: 2018

Contributions

Employer

R01.	General	3,195,912
R02.	Safety	
R03.	Combined	
R04.	Total Employer	3,195,912

Member

R05.	General	103,415
R06.	Safety	
R07.	Combined	
R08.	Total Member	103,415

Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$3,299,327

Investment Income (Loss)

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	3,028,721
R15.	Interest	581,115
R16.	Dividends	290,890
R17.	Other Investment Income	
R18.	(Investment Expense)	-271,158

Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0

R22.	Net Investment Income (Loss)	\$3,629,568
------	-------------------------------------	--------------------

R23.	Other Income	
------	---------------------	--

R24.	Total Additions	\$6,928,895
------	------------------------	--------------------

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

Fiscal Year: 2018

Benefit Payments

Service Retirement

R01.	General	3,404,223
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	3,404,223

Disability Retirement

R05.	General	212,972
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	212,972

Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	3,617,195

Member Refunds

R14.	General	4,490
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	4,490
R18.	Administrative Expenses	225,752
R19.	Other Expenses	

R20.	Total Deductions	\$3,847,437
------	-------------------------	--------------------

R21.	Net Increase (Decrease) in Net Position	3,081,458
------	--	------------------

R22.	Net Position Restricted for Pension Benefits, Beginning of Year	54,085,119
------	--	-------------------

R23.	Adjustment 1	
------	---------------------	--

R24.	Adjustment 2	
------	---------------------	--

R25.	Net Position Restricted for Pension Benefits, End of Year	\$57,166,577
------	--	---------------------

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

Fiscal Year: 2018

Total Pension Liability	
R01. Service Cost	1,596,227
R02. Interest	5,338,451
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	-978,363
R05. Changes of Assumptions	1,630,101
R06. Benefit Payments, Including Refunds of Member Contributions	-3,621,685
R07. Net Change in Total Pension Liability	3,964,731
R08. Total Pension Liability – Beginning	72,173,761
R09. Adjustments	
R10. Total Pension Liability – Ending (a)	76,138,492
Plan Fiduciary Net Position	
R11. Contributions – Employer	3,195,912
R12. Contributions – Member	103,415
R13. Contributions – Other	0
R14. Net Investment Income	3,629,568
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-3,621,685
R17. Administrative Expenses	-225,752
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	3,081,458
R20. Plan Fiduciary Net Position – Beginning	54,085,119
R21. Adjustments	0
R22. Plan Fiduciary Net Position –Ending (b)	57,166,577
R23. Net Pension Liability – Ending (a) - (b)	18,971,915
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	75.08%
R25. Covered-Employee Payroll	13,137,945
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	144.41%

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

Fiscal Year: 2018

R01. Actuarially Determined Contributions	3,195,912
R02. Contributions in Relation to the Actuarially Determined Contributions	3,195,912
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	13,137,945
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	24.33%

Notes to Schedule

R06. Valuation Date

7/1/2016

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	16
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) the assumed investment return on the market value of assets.
R11. Inflation (%)	3.15
R12. Salary Increases	3.15 plus merit component
R13. Investment Rate of Return (%)	7.5
R14. Other Information	

Note:

(R08) **Amortization Method:** Level Percentage of Projected Payroll

(R09) **Remaining Amortization Period:** 16

(R12) **Salary Increases:** 3.15 plus merit component

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

Fiscal Year: 2018

Members			Active		Inactive	Retirement				Total Members
Member Type	Tier	System Status	Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General*	Non-PEPRA	Closed	130	14	18	107	14		13	296
General*	PEPRA	Open		65						65
Select		Select								
Grand Total Members			130	79	18	107	14		13	361

	Employers						Total
	State	Counties	Cities	Special Districts	School Districts	Other Agencies	
Number of Agencies				1			1
Number of Members				361			361

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	10,091,159
General	PEPRA	2,272,975
Grand Total Payroll		\$12,364,134

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

Fiscal Year: 2018

Employer and Member Rates - Recommended by Actuary

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	13.41		13.41	13.26		13.26	26.67	0.00	26.67				
General	PEPRA	5.22		5.22	16.34		16.34	21.56	0.00	21.56				

Employer and Member Rates - Adopted by Governing Body

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	13.41		13.41	12.53		12.53	25.94	0.00	25.94				
General	PEPRA	5.22		5.22	15.75		15.75	20.97	0.00	20.97				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	1,364,590	1,384,997	2,749,587
General	PEPRA	125,938	206,491	332,429
Grand Total Employer Contributions		\$1,490,528	\$1,591,488	\$3,082,016

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

Fiscal Year: 2018

Economic Assumption Rates

R01. **Select Plan** Single-Employer Plan ▾

Return on Investments

R02. Real Rate of Return 4.25

R03. Inflation Component 3

R04. **Total Return on Investments** 7.25%

Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	5	.25	.25	.25	.25	.25	.25	.25	.25	.25	
R06. Inflation Component	3	3	3	3	3	3	3	3	3	3	
R07. Total Salary Scale	8	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	

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

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	6.25	7.25	8.25
R09. Net Pension Liability	27,288,248	18,971,915	11,895,211

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

Fiscal Year: 2018

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.37	6.45	7.56
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.93	12.09

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

Fiscal Year: 2018

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.36				
R02. Age 30		0.46				
R03. Age 35		0.56				
R04. Age 40		0.66				
R05. Age 45		0.76				
R06. Age 50		0.86				
R07. Age 55	2.30	0.96				
R08. Age 60	11.70	1.06				
R09. Age 65	32.00	0.00				
R10. Age 70	100.00	0.00				

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.26				
R12. Age 30		0.35				
R13. Age 35		0.49				
R14. Age 40		0.73				
R15. Age 45		1.10				
R16. Age 50		1.87				
R17. Age 55	2.30	3.30				
R18. Age 60	11.70	5.19				
R19. Age 65	32.00	6.16				
R20. Age 70	100.00	0.00				

Safety - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 IBEW Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Years of Service

Fiscal Year: 2018

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5		5.00
R02. Year 10		2.75
R03. Year 15		0.50
R04. Year 20		0.50
R05. Year 25		0.00
R06. Year 30		0.00
R07. Year 35		0.00
R08. Year 40		0.00
R09. Year 45		0.00
R10. Year 50		0.00

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5		5.00
R12. Year 10		2.75
R13. Year 15		0.50
R14. Year 20		0.50
R15. Year 25		0.00
R16. Year 30		0.00
R17. Year 35		0.00
R18. Year 40		0.00
R19. Year 45		0.00
R20. Year 50		0.00

Safety - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 IBEW Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Statement of Funding Position and UAAL Amortization Method

Fiscal Year: 2018

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2017
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	72,891,895
R04. Actuarial Value of Assets (AVA)	55,523,196
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	17,368,699
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	76.2
R07. Annual Covered Payroll (ACP)	12,364,134
R08. UAAL as a Percentage of ACP (AVA Basis)	140.5%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	54,085,119
R12. UAAL (MVA Basis)	18,806,776
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	74

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	15
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	2032

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

Fiscal Year: 2018

Eligibility		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
Member Type	Tier										
General	Non-PEPRA	55	5								25
General	PEPRA	52	5								

Cost of Living		Granted Position Last Held	Index to Active Member Increase	Index to Consumer Price Index	Maximum Annual Increase	None	Other Basis
General	Non-PEPRA					N	
General	PEPRA					N	

Final Average Salary		Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA			4	
General	PEPRA			4	

Percent Per Year of Service and Social Security Coverage		Age 50	Age 55	Age 60	Age 65	Social Security Coverage
General	Non-PEPRA		2.00	2.50	2.50	Supplementa
General	PEPRA		1.30	1.80	2.30	Supplementa

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

Fiscal Year: 2018

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	Non-PEPRA	2	2.5	2	2.5
General	PEPRA	1	2.5	1	2.5

Note or Special Requirements

For Classic (Non-PEPRA) IBEW members, the factor ranges from 2.0%-2.5% based on years of service and/or age. For PEPRA IBEW members, the factor ranges from 1.0%-2.5% based on age.

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

Fiscal Year: 2018		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	More cash equivalents were held at 6-30-18 vs. 6-30-17.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager.
NetPosition	(R25)InvestmentPurchasesPayable	Investment purchases payable fluctuate based on timing of investment transactions.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation) inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R16)Dividends	Dividend amount fluctuates based on annual market performance and portfolio market performance.
Additions	(R18)(InvestmentExpense)	Majority of the fluctuation is due to less actuarial services fees and a decrease in administration fees.
Deductions	(R14)MemberRefund-General	There were more member refunds in current year.
PlanMembership	GeneralNon-PEPRA(Members) TotalMembers	The plan has two tiers now. One for the non-PEPRA employees and one for the PEPRA employees.
PlanMembership	GeneralPEPRA(Members) TotalMembers	The plan has two tiers now. One for the non-PEPRA employees and one for the PEPRA employees.
PlanIdentification	(R08)Current-DiscountRate	Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

Total Footnote: 14

**Sacramento Regional Transit District
MCEG Retirement Board Meeting
Wednesday, December 12, 2018
MEETING SUMMARY**

ROLL CALL

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

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

By MCEG Resolution No. 17-09-194 for calendar year 2018, Common Vice Chair Director Li performed the duties of the Chair of this Retirement Board meeting.

AGENDA REVISIONS

The Assistant Secretary announced that Items 18 and 21 were removed from the Agenda.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 10. Motion: Approving the Minutes for the September 12, 2018 Quarterly Retirement Board Meeting (MCEG). (Weekly)
- 11. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 12. Motion: Adoption of the Revised Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)
- 13. Resolution: Adopting Amended Retirement Board Member and Staff Education and Travel Policy (ALL). (Weekly).

Director Li moved to adopt MCEG Retirement Board Items 10-13. Director Thorn seconded the motion. Items 10-13 were carried unanimously by roll call vote: Ayes: Directors Li, Lonergan and Thorn. Noes: None.

NEW BUSINESS

14. Information: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU/IBEW and Salaried Employee Retirement Plans for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Ted Simpson, CFA, Vice President, Dimensional Fund Advisors (DFA), who provided the performance results for the International Emerging Markets Asset Class for the quarter ended September 30, 2018 and was available for questions.

Director Li asked about the countries included within the asset class. Mr. Simpson provided an overview of the asset class markets. AEA Director Devorak asked if China is still considered an "emerging market." Mr. Simpson answered in the affirmative.

15. 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, 2018 (ALL). (Adelman)

Jamie Adelman introduced Andrew Yurkewych from State Street Global Advisors (SSgA), who provided the performance results for the Domestic Large Cap Equity Class for the quarter ended September 30, 2018 and was available for questions.

16. Motion: Receive and File the Investment Performance Reports for the ATU, IBEW and Salaried Employee Funds for the Quarter Ended September 30, 2018 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance reports for quarter ended September 30, 2018 and was available for questions. In response to a question from MCEG Director Devorak regarding the Plans' investment in DFA, Ms. Heaphy advised that the Plans have invested with DFA for 5 years and that it outperformed the benchmark in 2014, 2015, 2016 and 2017.

Director Li moved to adopt Item 16. Director Thorn seconded the motion. Item 23 was carried unanimously by roll call vote: Ayes: Directors Li, Lonergan and Thorn. Noes: None.

17. Information: Educational Session on Private Equity Presented by Callan LLC (ALL). (Adelman)

Uvan Tseng introduced Harshal Shah with Callan LLC, who provided an educational presentation on private equity as an asset class. This was the second in a series of three educational presentations made by Callan regarding different asset classes. Jamie Adelman explained that in March 2019, Callan will provide the third and final presentation, which will be on Real Estate as an asset class, and in Spring 2019 Callan will prepare a full asset liability study and share the results in June 2019.

19. Information: Educational Session on Local Government Ethics (Compliant with AB 1234) by Hanson Bridgett LLP (ALL). (Weekly)

Attorneys Shayna van Hoften and Nicole Witt from Hanson Bridgett, the Retirement Boards' legal counsel, provided a two-hour interactive ethics training. Materials were distributed at the training.

ATU Director Niz and Director Loneragan departed at 10:22 a.m.

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

Valerie Weekly provided an update on the roles and responsibilities of various District staff members and Legal Counsel related to the administration of the Pension Plans. Ms. Weekly introduced Lynda Volk and explained that she will take on some of Jamie Adelman's responsibilities with respect to the Boards and Plans. Ms. Weekly also introduced Tricia Thomas-Perez, who will perform Retirement Board meeting functions delegated by Ms. Weekly, including roll call for attendance and votes.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The meeting was adjourned at 12:29 p.m.

_____, Chair

ATTEST:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated.

Table 1

Employer Contribution Rates As of December 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	28.15%	25.03%	34.30%
Classic w/Contribution*	25.15%		
PEPRA**	21.65%	19.78%	29.05%

*Includes members hired during calendar year 2015, employee rate 3%

**PEPRA employee rates: ATU - 6.5%, IBEW and Salary 5.25%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2018. 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

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Administrative Reports - Salaried.docx

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Changes in Fiduciary Net Position (income statement) for the quarter ended December 31, 2018 (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 Treasury Controller. The Treasury Controller 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 Salaried Plan's Schedule of Cash Activities for the three months ended December 31, 2018. 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, 2018. The Salaried Plan reimbursed \$148,565.18 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 Salaried Plan's Asset Allocation as of December 31, 2018. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	03/20/19	Open	Action	02/07/19

Subject: Receive and File Administrative Reports for the Quarter Ended December 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended December 31, 2018.

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

Accrual Basis

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	88,451,593.29
Total Long-Term Investments	88,451,593.29
Total Checking/Savings	88,451,593.29
Accounts Receivable	
1110105 · Other Receivable-CustodianError	114,197.25
Total Accounts Receivable	114,197.25
Other Current Assets	
1110120 · Prepays	4,299.55
Total Other Current Assets	4,299.55
Total Current Assets	88,570,090.09
TOTAL ASSETS	88,570,090.09
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	25,009.60
3110110 · Other Pay - Due to RT	14,386.85
3110122 · MetWest	22,907.76
3110124 · Boston Partners	19,836.86
3110125 · Callan	7,082.64
3110126 · State Street	22,095.66
3110128 · Atlanta Capital	14,600.38
3110129 · S&P Index - SSgA	1,858.41
3110130 · EAFE - SSgA	847.40
3110132 · Pyrford	14,074.31
Total Accounts Payable	142,699.87
Total Current Liabilities	142,699.87
Total Liabilities	142,699.87
Equity	
3340101 · Retained Earnings	93,130,088.73
Net Income	-4,702,698.51
Total Equity	88,427,390.22
TOTAL LIABILITIES & EQUITY	88,570,090.09

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

Attachment #2

Accrual Basis

October through December 2018

	Oct - Dec 18	% of Income
Income		
Interest, Dividend, & Other Inc	516,660.79	-9.0%
Investment Income	-8,276,426.72	144.9%
RT Required Contribution	2,009,958.25	-35.2%
6630110 · Employee Contribution	37,659.78	-0.7%
Total Income	-5,712,147.90	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	847,086.05	-14.8%
8531211 · AFSCME-Retirement Benefits Paid	465,092.73	-8.1%
8531212 · MCEG - Retirement Benefits Paid	712,418.19	-12.5%
8531213 · Employee Contribution Refunds	11,245.50	-0.2%
8532004 · Invest Exp - MetropolitanWest	22,907.77	-0.4%
8532013 · Invest Exp - Boston Partners	19,836.86	-0.3%
8532020 · Invest Exp - Callan	14,170.92	-0.2%
8532021 · Invest Exp - State Street	11,189.79	-0.2%
8532024 · Invest Exp - Atlanta Capital	14,600.38	-0.3%
8532025 · Invest Exp - S&P Index SSgA	1,858.41	-0.0%
8532026 · Invest Exp - EAFE SSgA	847.40	-0.0%
8532027 · Invest Exp - AQR	9,475.18	-0.2%
8532028 · Invest Exp - Pyrford	14,074.31	-0.2%
Total COGS	2,144,803.49	-37.5%
Gross Profit	-7,856,951.39	137.5%
Expense		
8533002 · Admin Exp - Actuary	10,299.01	-0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	314.27	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	-0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	23,883.73	-0.4%
8533029 · Admin Exp - Administrator	24,230.26	-0.4%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
Total Expense	62,118.60	-1.1%
Net Income	-7,919,069.99	138.6%

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July through December 2018**

Accrual Basis

	<u>Jul - Dec 18</u>	<u>% of Income</u>
Income		
Interest, Dividend, & Other Inc	912,317.72	-272.7%
Investment Income	-5,322,893.43	1,590.8%
RT Required Contribution	4,000,282.18	-1,195.5%
6630110 · Employee Contribution	75,690.04	-22.6%
Total Income	-334,603.49	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	1,668,017.31	-498.5%
8531211 · AFSCME-Retirement Benefits Paid	909,320.55	-271.8%
8531212 · MCEG - Retirement Benefits Paid	1,424,836.38	-425.8%
8531213 · Employee Contribution Refunds	33,706.27	-10.1%
8532004 · Invest Exp - MetropolitanWest	45,673.04	-13.6%
8532013 · Invest Exp - Boston Partners	40,336.18	-12.1%
8532020 · Invest Exp - Callan	21,252.09	-6.4%
8532021 · Invest Exp - State Street	22,201.95	-6.6%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	31,650.59	-9.5%
8532025 · Invest Exp - S&P Index SSgA	3,883.77	-1.2%
8532026 · Invest Exp - EAFE SSgA	1,787.04	-0.5%
8532027 · Invest Exp - AQR	19,826.27	-5.9%
8532028 · Invest Exp - Pyrford	29,530.88	-8.8%
Total COGS	4,252,022.32	-1,270.8%
Gross Profit	-4,586,625.81	1,370.8%
Expense		
8533002 · Admin Exp - Actuary	17,658.10	-5.3%
8533007 · Admin Exp - CALPRS Dues/Courses	166.66	-0.0%
8533010 · Admin Exp - Travel	519.23	-0.2%
8533014 · Admin Exp - Fiduciary Insurance	6,449.34	-1.9%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	250.00	-0.1%
8533026 · Admin Exp - Legal Services	43,643.72	-13.0%
8533028 · Admin Exp - Staff Training	83.34	-0.0%
8533029 · Admin Exp - Administrator	43,968.97	-13.1%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	3,333.34	-1.0%
Total Expense	116,072.70	-34.7%
Net Income	<u>-4,702,698.51</u>	<u>1,405.5%</u>

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2018**

	October 2018	November 2018	December 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2018	35,288.37	106,422.58	(35,132.90)	35,288.37
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 29.05 to 34.30%	662,688.00	680,664.32	666,605.93	2,009,958.25
Employee Pension Contributions	11,238.17	11,738.81	14,682.80	37,659.78
Total Deposits	673,926.17	692,403.13	681,288.73	2,047,618.03
<u>Expenses</u>				
Payout to Retirees:				
AEA	(288,545.49)	(279,988.96)	(278,551.60)	(847,086.05)
AFSCME	(148,967.34)	(157,930.37)	(158,195.02)	(465,092.73)
MCEG	(237,472.73)	(237,472.73)	(237,472.73)	(712,418.19)
Employee Contribution Refunds	(2,830.65)	(8,414.85)	-	(11,245.50)
Payout to Retirees Subtotal	(677,816.21)	(683,806.91)	(674,219.35)	(2,035,842.47)
Fund Investment Management Expenses:				
Boston Partners	(20,499.32)	-	-	(20,499.32)
SSgA S&P 500 Index	(2,025.36)	-	-	(2,025.36)
Atlanta Capital	(17,050.21)	-	-	(17,050.21)
Pyrford	(15,456.57)	-	-	(15,456.57)
SSgA EAFE MSCI	(939.64)	-	-	(939.64)
Metropolitan West	(22,765.28)	-	-	(22,765.28)
Callan	(3,546.01)	(3,542.27)	-	(7,088.28)
State Street	(3,772.25)	-	-	(3,772.25)
Fund Invest. Mgmt Exp. Subtotal	(86,054.64)	(3,542.27)	-	(89,596.91)
Administrative Expenses				
Actuarial Services	(2,323.00)	(2,784.67)	-	(5,107.67)
Legal Services	(6,586.66)	-	(13,436.79)	(20,023.45)
CALAPRS Dues	-	-	(166.66)	(166.66)
Travel	(314.27)	-	-	(314.27)
Pension Administration	(7,256.97)	(9,120.44)	(7,852.85)	(24,230.26)
Administrative Exp. Subtotal	(16,480.90)	(11,905.11)	(21,456.30)	(49,842.31)
Total Expenses	(780,351.75)	(699,254.29)	(695,675.65)	(2,175,281.69)
Monthly Net Owed from/(to) District	(106,425.58)	(6,851.16)	(14,386.92)	(127,663.66)
Due To ATU Plan- Custodian Error Payment from/(to) the District	-	(41,983.99)	(72,213.26)	(114,197.25)
	(35,291.37)	(106,422.65)	(6,851.16)	(148,565.18)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	106,422.58	(35,132.90)	(99,810.40)	(99,810.40)

RT Combined Pension Plans - ATU, IBEW and Salaried
 Asset Allocation *
 As of December 31, 2018

Asset Class	Net Asset Market Value 12/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 41,044,717	15.25%	16.00%	-0.75%	\$ (2,012,874)	
Large Cap Growth - SSgA S&P 500 Index - XH	42,567,942	15.82%	16.00%	-0.18%	(489,650)	
Total Large Cap Domestic Equity	83,612,659	31.07%	32.00%	-0.93%	(2,502,524)	\$ 86,115,183
Small Cap - Atlanta Capital - XB	22,212,390	8.25%	8.00%	0.25%	683,594	21,528,796
International Equity:						
Large Cap Growth:						
Pyrford - ZD	24,468,964	9.09%	9.50%	-0.41%	(1,096,481)	
Large Cap Core:						
SSgA MSCI EAFE - XG	9,970,217	3.70%				
Value - Brandes - XE	2,669	0.00%				
Total Core	9,972,886	3.71%	4.50%	-0.79%	(2,137,062)	
Small Cap:						
AQR - ZB	11,927,382	4.43%	5.00%	-0.57%	(1,528,115)	
Emerging Markets						
DFA - ZA	15,024,005	5.58%	6.00%	-0.42%	(1,122,591)	
Total International Equity	61,393,238	22.81%	25.00%	-2.19%	(5,884,249)	67,277,487
Fixed Income:						
Met West - XD	101,891,659	37.86%	35.00%	2.86%	7,703,178	94,188,481
Total Combined Net Asset	\$ 269,109,946	100.00%	100.00%	0.00%	\$ (1) \$ 269,109,946	

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 6/20/2018.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of December 31, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	126,312,955
IBEW Allocated Custodial Assets	54,345,398
Salaried Allocated Custodial Assets	<u>88,451,593</u>
Total Consolidated Net Asset	<u><u>269,109,946</u></u>
Per Callan Report:	
Total Investments	<u><u>269,112,361</u></u>
Net Difference	<u><u>(2,415) *</u></u>

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended December 31, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	754,428
ATU - Investment Income	(11,003,570)
IBEW - Interest, Dividends, and Other Income	320,586
IBEW - Investment Income	(4,849,102)
Salaried - Interest, Dividends, and Other Income	507,009
Salaried - Investment Income	<u>(8,276,427)</u>
Total Investment Income	<u><u>(22,547,076)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(22,543,569)</u></u>
Net Difference	<u><u>(3,507) **</u></u>

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended December 31, 2018**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU	(269,090)		(184,779)	(453,869)
S&P 500 Index - IBEW	(53,834)		(32,398)	(86,233)
S&P 500 Index - Salaried	(35,291)		(6,851)	(42,143)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Metropolitan West - ATU		(299,003)		(299,003)
Metropolitan West - IBEW		(78,875)		(78,875)
Metropolitan West - Salaried		(106,423)		(106,423)
Total Payments from/(to) the District	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	(358,216)	-	(224,028)	(582,244)
Atlanta Capital	-	-	-	-
Metropolitan West	-	(484,300)	-	(484,300)
Total Transfers In/(Out) of Investment Funds	<u>(358,216)</u>	<u>(484,300)</u>	<u>(224,028)</u>	<u>(1,066,545)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,066,545)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2018**

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	(711,871)	(2,810,287)	-	-	(3,522,158)
Boston Partners - IBEW	(46,224)	(987,443)	-	-	(1,033,667)
Boston Partners - Salaried	333,215	(1,461,943)	-	-	(1,128,728)
S&P 500 Index - ATU	(1,056,615)	(1,770,269)	-	(453,869)	(3,280,753)
S&P 500 Index - IBEW	(151,776)	(804,753)	-	(86,233)	(1,042,762)
S&P 500 Index - Salaried	213,560	(1,395,393)	-	(42,143)	(1,223,976)
Atlanta Capital - ATU	(220,607)	(1,844,745)	(572,143)	-	(2,637,495)
Atlanta Capital - IBEW	-	(788,042)	(121,006)	-	(909,048)
Atlanta Capital - Salaried	220,607	(1,435,641)	(79,419)	-	(1,294,453)
JP Morgan - ATU	-	-	-	-	-
JP Morgan - IBEW	-	-	-	-	-
JP Morgan - Salaried	-	-	-	-	-
Pyrford - ATU	(244,192)	-	-	-	(244,192)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	244,192	-	-	-	244,192
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)	5,485,262	(327,866)	(299,003)	4,061,794
Metropolitan West - IBEW	-	2,418,623	(56,407)	(78,875)	2,283,341
Metropolitan West - Salaried	796,599	4,211,226	75,846	(106,423)	4,977,248
Total Payments from/(to) the District	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(1,080,995)</u>	<u>(1,066,545)</u>	<u>(4,750,655)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/18**

	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	2,685,388	100.00%				16,967,554	100.00%			
Investment Expense	(246,408)	9.18%				(715,725)	4.22%			
Net Gain/(Loss)	2,438,980	90.82%	-8.78%	-8.27%	(51.00)	16,251,829	95.78%	7.64%	6.95%	69.00
S&P 500										
Investment Returns	4,690,444	100.00%				18,516,394	100.00%			
Investment Expense	(23,633)	0.50%				(98,487)	0.53%			
Net Gain/(Loss)	4,666,811	99.50%	-4.44%	-4.38%	(6.00)	18,417,907	99.47%	9.23%	9.26%	(3.00)
Atlanta Capital										
Investment Returns	4,240,563	100.00%				11,610,552	100.00%			
Investment Expense	(192,386)	4.54%				(573,677)	4.94%			
Net Gain/(Loss)	4,048,177	95.46%	0.97%	-11.01%	1198.00	11,036,875	95.06%	10.85%	7.36%	349.00
Pyrford										
Investment Returns	(184,531)	100.00%				1,142,298	100.00%			
Investment Expense	(181,511)	-98.36%				(289,119)	25.31%			
Net Gain/(Loss)	(366,042)	198.36%	-10.93%	-13.79%	286.00	853,179	74.69%	N/A	N/A	N/A
EAFE										
Investment Returns	(127,557)	100.00%				2,159,261	100.00%			
Investment Expense	(11,202)	-8.78%				(36,607)	1.70%			
Net Gain/(Loss)	(138,759)	108.78%	-13.58%	-13.79%	21.00	2,122,654	98.30%	3.13%	2.87%	26.00
Brandes										
Investment Returns	(122)	100.00%				(1,751)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(122)	100.00%	N/A	N/A	N/A	(1,751)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	(776,701)	100.00%				2,794,787	100.00%			
Investment Expense	(139,814)	-18.00%				(318,508)	11.40%			
Net Gain/(Loss)	(916,515)	118.00%	-20.70%	-17.89%	(281.00)	2,476,279	88.60%	N/A	N/A	N/A
DFA										
Investment Returns	(1,677,231)	100.00%				4,469,732	100.00%			
Investment Expense	(81,858)	-4.88%				(270,029)	6.04%			
Net Gain/(Loss)	(1,759,089)	104.88%	-15.25%	-14.57%	(68.00)	4,199,703		9.13%	9.25%	(12.00)
Metropolitan West										
Investment Returns	(910,640)	100.00%				4,891,137	100.00%			
Investment Expense	(277,143)	-30.43%				(761,658)	15.57%			
Net Gain/(Loss)	(1,187,783)	130.43%	0.47%	0.01%	46.00	4,129,480	84.43%	2.21%	2.06%	15.00
Total Fund										
Investment Returns	7,939,613	100.00%				66,276,378	100.00%			
Investment Expense	(1,153,955)	14.53%				(3,198,652)	4.83%			
Net Gain/(Loss)	6,785,658	85.47%	-5.44%	-5.82%	38.00	63,077,726	95.17%	5.47%	5.59%	(12.00)

**Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: October 1, 2018 to December 31, 2018**

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
3041	Facilities Svc Worker	IBEW	10/1/2018
1420	Real Estate Administrator	AEA	10/1/2018
3140	Administrative Assistant	AFSCME Admin Tech	10/1/2018
1196	Maintenance Supervisor	AEA	10/1/2018
2894	Bus Operator	ATUL	10/4/2018
1202	Sr. Financial Analyst	AEA	11/1/2018
2227	Maintenance Supervisor	AFSCME Supervisor	11/1/2018
1024	Administrative Assistant	AEA	11/1/2018
546	Bus Operator	ATU	11/1/2018
2351	Sr. Quality Assurance	AEA	12/1/2018
1534	Maintenance Supervisor	AFSCME Supervisor	12/1/2018
2428	Bus Operator	ATU	12/2/2018
2622	Bus Operator	ATU	12/3/2018
590	Bus Operator	ATU	12/17/2018
3107	CBS Operator	ATU	12/23/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
817	ATU	50% Joint & Survivor	10/4/2018
1443	AEA	Life Alone	10/5/2018
3976	IBEW	Survivor Beneficiary	10/13/2018
2226	IBEW	Life Alone	11/2/2018
1335	ATU	Life Alone	11/10/2018
3191	ATU	Survivor Beneficiary	11/11/2018
396	ATU	50% Joint & Survivor	11/18/2018
1524	AEA	50% Joint & Survivor	12/6/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Fiscal Year 2018 State Controller's Report Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2018 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (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, 2018 was filed on December 26, 2018.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 SCO Report Salaried.docx

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

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Reporting Year: 2018

ID Number: 16383440511

For the Fiscal Year Ended: 06/30/2018 (MM/DD/YYYY)

Certification:

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

Fiscal Officer

Jamie Adelman
Signature

Treasury Controller
Title

Jamie Adelman
Name (Please Print)

(916) 321-3823 12/26/18
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 12/21/2018 9:16:10 AM

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

Fiscal Year: 2018

Mailing Address

Street 1 Type of Plan
 Street 2 Retirement Administrator
 City Telephone
 State Zip Email Has Address Changed?

Report Prepared By

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

Independent Auditor

Firm Name Street 1
 First Name Street 2
 Middle Initial City State Zip
 Last Name Telephone
 Email

Additional Information

Actuary/Actuary Firm Street 1
 Street 2
 Contact Name P.O. Box
 City State Zip
 Date of Valuation Report Telephone
 Email

Sacramento Regional Transit District Salaried Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Comments for the Retirement Report

Fiscal Year: 2018

Comments

Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates).

Note: Schedule 12b Plan Identification Demographic Rates Years of Service is intentionally left blank. When the actuarial assumptions are age & service based we only entered them on the Schedule 12a Plan Identification Demographic Rates Age.

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

Fiscal Year: 2018

Assets	
R01. Cash and Cash Equivalents	4,395,496
Receivables	
R02. Contributions	
R03. Investments	322,073
R04. Other Receivables	102,890
R05. Total Receivables	424,963
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	17,618,123
R08. Municipal Bonds	429,581
R09. Domestic Corporate Bonds	9,876,147
R10. International Bonds	
R11. Domestic Stocks	39,382,124
R12. International Stocks	22,104,419
R13. Real Estate	1,169,301
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	3,448,838
R17. Total Investments	94,028,533
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$98,848,992
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	104,837
R25. Investment Purchases Payable	5,614,066
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$5,718,903
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$93,130,089

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

Fiscal Year: 2018

Contributions

Employer

R01.	General	7,669,178
R02.	Safety	
R03.	Combined	
R04.	Total Employer	7,669,178

Member

R05.	General	143,094
R06.	Safety	
R07.	Combined	
R08.	Total Member	143,094

Other Contributions

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$7,812,272

Investment Income (Loss)

R14.	Net Appreciation (Depreciation) in Fair Value of Investments	5,148,390
R15.	Interest	842,786
R16.	Dividends	516,495
R17.	Other Investment Income	
R18.	(Investment Expense)	-434,188

Securities Lending Income (Loss)

R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0

R22.	Net Investment Income (Loss)	\$6,073,483
------	-------------------------------------	--------------------

R23.	Other Income	
------	---------------------	--

R24.	Total Additions	\$13,885,755
------	------------------------	---------------------

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

Fiscal Year: 2018

Benefit Payments

Service Retirement

R01.	General	7,598,741
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	7,598,741

Disability Retirement

R05.	General	180,625
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	180,625

Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	7,779,366

Member Refunds

R14.	General	0
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	0

R18.	Administrative Expenses	247,077
R19.	Other Expenses	

R20.	Total Deductions	\$8,026,443
------	-------------------------	-------------

R21.	Net Increase (Decrease) in Net Position	5,859,312
------	--	-----------

R22.	Net Position Restricted for Pension Benefits, Beginning of Year	84,632,310
------	--	------------

R23.	Adjustment 1	2,638,467
------	---------------------	-----------

R24.	Adjustment 2	
------	---------------------	--

R25.	Net Position Restricted for Pension Benefits, End of Year	\$93,130,089
------	--	--------------

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

Fiscal Year: 2018

Total Pension Liability	
R01. Service Cost	3,647,115
R02. Interest	9,485,966
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	1,856,563
R05. Changes of Assumptions	3,291,931
R06. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R07. Net Change in Total Pension Liability	10,502,209
R08. Total Pension Liability – Beginning	128,508,322
R09. Adjustments	5,129,398
R10. Total Pension Liability – Ending (a)	144,139,929
Plan Fiduciary Net Position	
R11. Contributions – Employer	7,669,178
R12. Contributions – Member	143,094
R13. Contributions – Other	0
R14. Net Investment Income	6,073,483
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-7,779,366
R17. Administrative Expenses	-247,077
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	5,859,312
R20. Plan Fiduciary Net Position – Beginning	84,632,310
R21. Adjustments	2,638,467
R22. Plan Fiduciary Net Position –Ending (b)	93,130,089
R23. Net Pension Liability – Ending (a) - (b)	51,009,840
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	64.61%
R25. Covered-Employee Payroll	24,283,580
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	210.06%

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

Fiscal Year: 2018

R01. Actuarially Determined Contributions	7,669,178
R02. Contributions in Relation to the Actuarially Determined Contributions	7,669,178
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	24,283,580
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	31.58%

Notes to Schedule

R06. Valuation Date

7/01/2016

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	16
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) the assumed investment return on the market value of assets.
R11. Inflation (%)	3.15
R12. Salary Increases	3.15 plus merit component
R13. Investment Rate of Return (%)	7.5
R14. Other Information	

Note:

(R08) **Amortization Method:** Level Percentage of Projected Payroll

(R09) **Remaining Amortization Period:** 16

(R12) **Salary Increases:** 3.15 plus merit component

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

Fiscal Year: 2018

Members			Active		Inactive	Retirement				Total Members
Member Type	Tier	System Status	Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General*	Non-PEPRA	Closed	176	10	50	254	6		19	515
General*	PEPRA	Open		31						31
Select		Select								
Grand Total Members			176	41	50	254	6		19	546

	Employers						Total
	State	Counties	Cities	Special Districts	School Districts	Other Agencies	
Number of Agencies				1			1
Number of Members				546			546

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	20,629,720
General	PEPRA	2,549,471
Grand Total Payroll		\$23,179,191

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

Fiscal Year: 2018

Employer and Member Rates - Recommended by Actuary

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.78		16.78	33.17	0.00	33.17				
General	PEPRA	5.02		5.02	16.78		16.78	21.80	0.00	21.80				

Employer and Member Rates - Adopted by Governing Body

Member Type	Tier	Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	S
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.39		16.39	16.52		16.52	32.91	0.00	32.91				
General	PEPRA	5.02		5.02	16.61		16.61	21.63	0.00	21.63				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,674,727	3,847,137	7,521,864
General	PEPRA	40,404	141,263	181,667
Grand Total Employer Contributions		\$3,715,131	\$3,988,400	\$7,703,531

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

Fiscal Year: 2018

Economic Assumption Rates

R01. **Select Plan** Single-Employer Plan ▾

Return on Investments

R02. Real Rate of Return 4.25

R03. Inflation Component 3

R04. **Total Return on Investments** 7.25%

Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	2	2	2	2							1.55
R06. Inflation Component	3	3	3	3							3
R07. Total Salary Scale	5	5	5	5							4.55

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

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	6.25	7.25	8.25
R09. Net Pension Liability	67,776,158	51,009,840	36,794,075

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

Fiscal Year: 2018

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)	7.37	6.45	7.56
R02. Time-Weighted Rate of Return (%)			

Schedule of Investment Returns

R03. Fiscal Year	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.93	12.09

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

Fiscal Year: 2018

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.02				8.00
R02. Age 30		0.03				8.00
R03. Age 35		0.03				3.00
R04. Age 40		0.04				3.00
R05. Age 45		0.07				2.50
R06. Age 50	5.00	0.11				0.00
R07. Age 55	5.00	0.20				0.00
R08. Age 60	15.00	0.39				0.00
R09. Age 65	25.00	0.84				0.00
R10. Age 70	100.00	0.00				0.00

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.02				8.00
R12. Age 30		0.03				8.00
R13. Age 35		0.03				3.00
R14. Age 40		0.04				3.00
R15. Age 45		0.07				2.50
R16. Age 50	5.00	0.11				
R17. Age 55	5.00	0.20				
R18. Age 60	15.00	0.39				
R19. Age 65	25.00	0.84				
R20. Age 70	100.00	0.00				

Safety - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
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 Salaried Employees' Retirement Plan
 Public Retirement Systems Financial Transactions Report
 Plan Identification: Demographic Assumption Rates - Years of Service

Fiscal Year: 2018

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	0.00	0.00
R02. Year 10		
R03. Year 15		
R04. Year 20		
R05. Year 25		
R06. Year 30		
R07. Year 35		
R08. Year 40		
R09. Year 45		
R10. Year 50		

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5		
R12. Year 10		
R13. Year 15		
R14. Year 20		
R15. Year 25		
R16. Year 30		
R17. Year 35		
R18. Year 40		
R19. Year 45		
R20. Year 50		

Safety - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Years of Service	Service Retirement Rate	Withdrawal (Termination) 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 Salaried Employees' Retirement Plan
Public Retirement Systems Financial Transactions Report
Statement of Funding Position and UAAL Amortization Method

Fiscal Year: 2018

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2017
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	132,986,393
R04. Actuarial Value of Assets (AVA)	85,685,275
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	47,301,118
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64.4
R07. Annual Covered Payroll (ACP)	23,179,191
R08. UAAL as a Percentage of ACP (AVA Basis)	204.1%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	84,632,310
R12. UAAL (MVA Basis)	48,354,083
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	15
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	2032

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

Fiscal Year: 2018

Eligibility

Member Type	Tier	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	Non-PEPRA	55	5								25
General	PEPRA	52	5								

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	Non-PEPRA					Y	
General	PEPRA					Y	

Final Average Salary

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA			4	
General	PEPRA			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	Non-PEPRA		2.00	2.25	2.50	Supplementa
General	PEPRA		1.30	1.80	2.00	Supplementa

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

Fiscal Year: 2018

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	Non-PEPRA	2	2.5	2	2.5
General	PEPRA	1	2.5	1	2.5

Note or Special Requirements

For Classic Salaried members, the factor ranges from 2.0%-2.5% based on years of service and/or age. For PEPRA Salaried members, the factor ranges from 1.0%-2.5% based on age.

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

Fiscal Year: 2018		<input checked="" type="radio"/> Current Year <input type="radio"/> Prior Year
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	Cash equivalents amount fluctuates depending on timing of investment sales.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager. Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R24)AccountsPayable	Accounts payable balances fluctuate based on timing of payments.
NetPosition	(R25)InvestmentPurchasesPayable	Investment purchases payable fluctuate based on timing of investment transactions.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation) inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R15)Interest	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R16)Dividends	The 2017 report did not have the interest and dividends broken out correctly. Prior year interest and dividends were \$715,319 and \$444,188, respectively.
Additions	(R18)(InvestmentExpense)	Majority of the fluctuation is due to less actuarial services fees and a decrease in administration fees.
Deductions	(R14)MemberRefund-General	There were no refunds in 2018.
Deductions	(R23)Adjustment1	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried or IBEW plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. A retroactive adjustment was done in Fiscal Year 2018 for employee transfers from 1978 through 2011.
PlanMembership	GeneralNon-PEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanMembership	GeneralPEPRA(Members) TotalMembers	The Plan was broken up into 2 tiers to reflect Non-PEPRA and PEPRA employees.
PlanIdentification	(R08)Current-DiscountRate	Discount rate changed from 7.5% to 7.25% effective with the July 1, 2017 actuarial valuation (affecting the FY2018-19 contribution rates)

Total Footnote: 18

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2018 (ALL). (Adelman)

ISSUE

Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2018 (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, 2018 (ALL). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

In accordance with California Government Code Section 7504, the Retirement Plans for employees of the Sacramento Regional Transit District (District) are required to have an annual audit performed. Crowe 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, 2018, 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 \$14,168,891 or 5.26% from the beginning-of-year balance of \$269,305,884 to the end-of-year balance of \$283,474,775. The audit confirmed that the District made 100% of its actuarially determined contribution of \$18,728,510.

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

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Audited Financial Statements.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	03/20/19	Open	Action	02/07/19

Subject: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2018 (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, 2018**

**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
Jon McCleskey, 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

Valerie Weekly, Pension and Retiree Services Administrator

Legal Counsel

Shayna M. van Hoften, Partner
Liz Masson, Senior Counsel
Hanson Bridgett

Finance Department

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

Human Resources Department

Mariza Montung-Fuller, Human Resource Analyst II
Christina Martinelli, 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, 2018, 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, 2018, 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.

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 Members of the Retirement Board and Administrative Staff section and Schedules of Investment and Administrative Expenses, as listed in the table of contents, 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.

The Members of the Retirement Board and Administrative Staff section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Crowe LLP

Crowe LLP

Sacramento, California
November 16, 2018

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

STATEMENT OF PLAN NET POSITION

JUNE 30, 2018

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
Assets				
Investments:				
Equity securities	\$ 83,550,850	\$ 36,382,952	\$ 61,849,056	\$ 181,782,858
Fixed income securities	51,642,258	21,529,184	32,179,477	105,350,919
Total investments	<u>135,193,108</u>	<u>57,912,136</u>	<u>94,028,533</u>	<u>287,133,777</u>
Cash and short-term investments	6,904,825	2,898,874	4,395,496	14,199,195
Receivables				
Securities sold	216,621	90,658	136,418	443,697
Interest and dividends	291,769	122,388	185,655	599,812
Other receivables and prepaids	36,897	21,656	102,890	161,443
Total receivables	<u>545,287</u>	<u>234,702</u>	<u>424,963</u>	<u>1,204,952</u>
Total assets	<u>142,643,220</u>	<u>61,045,712</u>	<u>98,848,992</u>	<u>302,537,924</u>
Liabilities				
Securities purchased payable	8,993,387	3,751,641	5,614,066	18,359,094
Accounts payable	471,724	127,494	104,837	704,055
Total liabilities	<u>9,465,111</u>	<u>3,879,135</u>	<u>5,718,903</u>	<u>19,063,149</u>
Net position restricted for pension benefits	<u>\$ 133,178,109</u>	<u>\$ 57,166,577</u>	<u>\$ 93,130,089</u>	<u>\$ 283,474,775</u>

(Schedule of Changes in the Net Position 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, 2018**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
Additions				
Contributions:				
Employer	\$ 7,863,420	\$ 3,195,912	\$ 7,669,178	\$ 18,728,510
Member	337,009	103,415	143,094	583,518
Change in bargaining group	-	-	2,638,467	2,638,467
Total contributions	<u>8,200,429</u>	<u>3,299,327</u>	<u>10,450,739</u>	<u>21,950,495</u>
Investment income/(expenses):				
Net appreciation in fair value of investments	7,142,718	3,028,721	5,148,390	15,319,829
Interest, dividends, and other income	2,092,513	872,005	1,359,281	4,323,799
Investment expenses	(643,421)	(271,158)	(434,188)	(1,348,767)
Net investment income/(expense)	<u>8,591,810</u>	<u>3,629,568</u>	<u>6,073,483</u>	<u>18,294,861</u>
Total additions	<u>16,792,239</u>	<u>6,928,895</u>	<u>16,524,222</u>	<u>40,245,356</u>
Deductions				
Benefits paid to participants	11,304,112	3,621,685	7,779,366	22,705,163
Change in bargaining group	2,638,467	-	-	2,638,467
Administrative expenses	260,006	225,752	247,077	732,835
Total deductions	<u>14,202,585</u>	<u>3,847,437</u>	<u>8,026,443</u>	<u>26,076,465</u>
Net increase in plan net position	2,589,654	3,081,458	8,497,779	14,168,891
Net position restricted for pension benefits - Beginning of fiscal year	<u>130,588,455</u>	<u>54,085,119</u>	<u>84,632,310</u>	<u>269,305,884</u>
Net position restricted for pension benefits - End of fiscal year	<u>\$ 133,178,109</u>	<u>\$ 57,166,577</u>	<u>\$ 93,130,089</u>	<u>\$ 283,474,775</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 (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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.

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, 2018 the following tiers apply to employees, based on their date of hire.

- 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.
- IBEW – 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.
- Salaried – 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018, consisted of:

	ATU	IBEW	Salaried
Retirees and beneficiaries currently receiving benefits	436	134	279
Terminated members entitled to but not yet collecting benefits	27	18	50
Current active members	519	209	217
	982	361	546

Change in Bargaining Group - Changes in bargaining groups occur when an active employee of any Plan accepts a new position with a bargaining unit that participates in another Plan. When a change in bargaining group occurs contributions made on behalf of that employee must be assessed to determine if the assets need to be moved to the new Plan. Amounts related to a change in bargaining group are recorded upon final verification and approval of calculated amounts by the District and the related bargaining group's retirement board. During the year ending June 30, 2018 assets were moved from the ATU Plan to the Salaried Plan in the amount of \$2,638,467. The effects of the change can be seen on the Statement of Changes in Net Position as Change in Bargaining Group within the additions and deductions categories.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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	AFSCME - Supervisors	AEA	MCEG
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
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 (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%
Vacation and sick sell back towards pension calculation	Not Allowable	Not Allowable	Not 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. All Tier 2 participants fall under PEPRA requirements.

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, 2018**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements – For the fiscal year ended June 30, 2018, the ATU, IBEW and Salaried Plans did not implement new GASB pronouncements as they did not apply to the ATU, IBEW and Salaried Plans' financial activity or were immaterial.

There are currently no future pronouncements that will be applicable to or will have a material impact on the ATU, IBEW and Salaried Plans' financial statements.

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, 2018, the District made 100% of the actuarially determined contributions to the ATU, IBEW and Salaried Plans of \$18,728,510, for all employees.

TIER 1 EMPLOYEES

For the fiscal year ended June 30, 2018, the actuarially determined rate for the ATU Plan was 27.04% of covered payroll, the IBEW Plan was 25.31% of covered payroll, and the Salaried Plan was 32.52% of covered payroll. No contributions are required by the ATU, IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

TIER 2 EMPLOYEES

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

ATU employees are required to contribute 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 20.54% of covered payroll for the fiscal year ending June 30, 2018. The total contribution by Tier 2 employees of the ATU Plan for the fiscal year ended June 30, 2017 was \$294,792.

IBEW employees were required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. As of April 1, 2018 the all Tier 2 IBEW employees transitioned to PEPRAs contributions and requirements. Therefore, employees are required to contribute 50% of normal cost which is currently 5.25% of their annual salary. The employer portion of the actuarially determined rate for the IBEW members ranged from 20.06% to 23.81% of covered payroll for the fiscal year ending June 30, 2018. The total contribution by Tier 2 employees of the IBEW Plan for the fiscal year ended June 30, 2018 \$103,415.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

3. CONTRIBUTION REQUIREMENTS (Continued)

AFSCME-Technical employees are required to contribute 1.50% the first year of service increasing to 4.50% in the third year of service and beyond. As of January 1, 2018 the all Tier 2 AFSCME-Technical employees transitioned to PEPRAs contributions and requirements. Therefore, employees are required to contribute 50% of normal cost which is currently 5.25% of their annual salary. The employer portion of the actuarially determined rate for the AFSCME-Technical members ranged from 28.02% to 31.02% of covered payroll for the fiscal year ending June 30, 2018. Members of AEA, MCEG, and AFSCME-Supervisors are required to contribute 50% of normal cost which is currently 5.25% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME-Supervisors members was 27.27% of covered payroll for the fiscal year ending June 30, 2018. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2018 was \$143,094.

The employee contribution rates calculated in compliance with PEPRAs, for June 30, 2018, were actuarially determined as part of the valuations dated July 1, 2016.

TIER 3 EMPLOYEES

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 24.04% of covered payroll for the fiscal year ending June 30, 2018. The total contribution by Tier 3 employees of the ATU Plan for the fiscal year ended June 30, 2018 was \$42,217.

4. CASH AND INVESTMENTS

CASH AND SHORT-TERM INVESTMENTS

At June 30, 2018, the reported amount of cash and short-term investments of the ATU, IBEW and Salaried Plans was \$14,199,195. 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, 2018:

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

4. CASH AND INVESTMENTS (Continued)

For the years ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 Interest 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)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018.

	Maturity in Years				Amount
	Less than 1	1 - 5	6 - 10	More than 10	
Collateralized Mortgage Obligations	\$ 376	\$ 456,959	\$ 680,259	\$ 2,690,527	\$ 3,828,121
Corporate Bonds	4,924,227	12,718,012	9,647,589	5,043,236	32,333,064
Municipal Bonds	-	95,633	657,283	653,470	1,406,386
U.S. Government Agency Obligations	-	415,664	1,140,061	26,365,348	27,921,073
U.S. Government Issued Obligations	-	18,716,875	3,656,385	7,384,833	29,758,093
Asset-Backed Securities	-	-	772,962	9,331,220	10,104,182
Total	\$ 4,924,603	\$ 32,403,143	\$ 16,554,539	\$ 51,468,634	\$ 105,350,919

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018, the ATU, IBEW and Salaried Plans held callable bonds with a value of \$17,813,152.

CREDIT RISK

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018, 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, 2018.

Moody's Ratings	Fair Value	Percentage of Portfolio
Not Applicable	\$ 181,782,858	63.31%
Not Rated	32,492,356	11.32%
Aaa	36,825,084	12.83%
Aa1	861,710	0.30%
Aa2	1,455,807	0.51%
Aa3	1,383,478	0.48%
A1	2,158,981	0.75%
A2	2,955,235	1.03%
A3	6,684,639	2.33%
Baa1	4,838,416	1.69%
Baa2	5,512,316	1.92%
Baa3	5,950,422	2.07%
Ba1	1,285,038	0.45%
Ba2	465,367	0.16%
Ba3	543,128	0.19%
B1	481,359	0.17%
B2	282,662	0.10%
B3	820,558	0.29%
Caa1	82,686	0.02%
Caa2	49,585	0.01%
Ca	5,429	0.00%
WR	216,663	0.07%
	<u>\$ 287,133,777</u>	<u>100.00%</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018, the Plans held more than 5% of the Plans' fiduciary net position in the following fixed-income securities investments.

Federal Home Loan Mortgage Corporation	\$ 14,767,906
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CUSTODIAL CREDIT RISK

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

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

FOREIGN CURRENCY RISK

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

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

At June 30, 2018, 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	\$ 5,992
EURO	450
Japenses Yen	96
Total	<u>\$ 6,538</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018:

	June 30, 2018	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	\$ 3,828,121	\$ -	\$ 3,828,121	-
corporate bonds	32,333,065	-	32,333,065	-
Municipals	1,406,387	-	1,406,387	-
U.S. Government Agency obligations	27,921,074	-	27,921,074	-
U.S. Government issued obligations	29,758,094	-	29,758,094	-
Asset backed obligations	10,104,178	-	10,104,178	-
Equity Securities				
Common Stock	65,131,227	65,131,227	-	-
Depository receipts	1,097,234	1,097,234	-	-
Real estate investment trust	1,042,729	1,042,729	-	-
Total investments by fair value level	<u>\$ 172,622,109</u>	<u>\$ 67,271,190</u>	<u>\$ 105,350,919</u>	<u>-</u>
Investments measured at the net asset value				
S&P 500 index fund	46,292,667			
MSCI EAFE index fund	11,240,961			
International large capital equity fund	26,142,394			
International small capital equity fund	14,589,347			
International emerging markets fund	16,246,299			
Total investments measured at NAV	<u>114,511,668</u>			
Total investments measured at fair value	<u>\$ 287,133,777</u>			

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

4. CASH AND INVESTMENTS (Continued)

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

Investment measured at the net asset value (NAV)

	06/30/2018	Fair Value	Unfunded Commitments	Redemptions Frequency	Redemptions Notice Period
S&P 500 index fund ¹	\$ 46,292,667	\$ 46,292,667	\$ -	Daily	1 day
MSCI EAFE index fund ²	11,240,961	11,240,961	-	Semi-monthly	6-8 days
International large capital equity fund ³	26,142,394	26,142,394	-	Monthly	7 days
International small capital equity fund ⁴	14,589,347	14,589,347	-	Monthly	2 days
International emerging markets fund ⁵	16,246,299	16,246,299	-	Daily	1 day
Total investments measured at the NAV	<u>\$ 114,511,668</u>	<u>\$ 114,511,668</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
DISTRICT EMPLOYEES**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018, were as follows:

Total pension liability	\$	177,856,961
Plan fiduciary net position		(133,178,109)
ATU net pension liability	\$	<u>44,678,852</u>
Plan fiduciary net position as a percentage of the total pension liability		74.88%

The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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	3.00%	
Amortization growth rate	3.00%	
Salary increases	3.00%, plus merit component	
Investment Rate of Return	7.25%, 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, 2017, 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 7.25%. 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 (15 years remaining as of the July 1, 2017 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)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

5. NET PENSION LIABILITY (Continued)

The following presents the net pension liability of the ATU Plan, calculated using the discount rate of 7.25 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 196,020,325	\$ 177,856,961	\$ 162,336,766
Plan fiduciary net position	(133,178,109)	(133,178,109)	(133,178,109)
Net pension liability	\$ 62,842,216	\$ 44,678,852	\$ 29,158,657
Plan fiduciary net position as a percentage of the total pension liability	67.94%	74.88%	82.04%

IBEW Plan

The components of the net pension liability of the IBEW Plan at June 30, 2018, were as follows:

Total pension liability	\$ 76,138,492
Plan fiduciary net position	(57,166,577)
IBEW net pension liability	\$ 18,971,915
Plan fiduciary net position as a percentage of the total pension liability	75.08%

The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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	3.00%
Amortization growth rate	3.00%
Salary increases	3.00%, plus merit component
Investment Rate of Return	7.25%, 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, 2017, 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 7.25%. 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 (15 years remaining as of the July 1, 2017 actuarial valuation).

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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 7.25 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 84,454,825	\$ 76,138,492	\$ 69,061,788
Plan fiduciary net position	(57,166,577)	(57,166,577)	(57,166,577)
Net pension liability	\$ 27,288,248	\$ 18,971,915	\$ 11,895,211
 Plan fiduciary net position as a percentage of the total pension liability	67.69%	75.08%	82.78%

Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2018, were as follows:

Total pension liability	\$ 144,139,929
Plan fiduciary net position	(93,130,089)
Salaried net pension liability	\$ 51,009,840
Plan fiduciary net position as a percentage of the total pension liability	64.61%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

5. NET PENSION LIABILITY (Continued)

The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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	3.00%
Amortization growth rate	3.00%
Salary increases	3.00%, plus merit component
Investment Rate of Return	7.25%, 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, 2017, 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 7.25%. 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 (15 years remaining as of the July 1, 2017 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 7.25 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total pension liability	\$ 160,906,247	\$ 144,139,929	\$ 129,924,164
Plan fiduciary net position	(93,130,089)	(93,130,089)	(93,130,089)
Net pension liability	<u>\$ 67,776,158</u>	<u>\$ 51,009,840</u>	<u>\$ 36,794,075</u>

Plan fiduciary net position as a percentage of the total pension liability	57.88%	64.61%	71.68%
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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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

5. NET PENSION LIABILITY (Continued)

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

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, 2018, are summarized in the following table:

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

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, 2018**

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service Cost	\$ 4,765,696	\$ 4,835,944
Interest	12,761,359	12,885,195
Changes of benefit terms	-	(11,268)
Difference between expected and actual experience	(261,689)	(5,577,742)
Change of assumptions	3,663,543	-
Change in bargaining group	(5,129,398)	-
Benefit payments, including refunds of member contributions	<u>(11,304,112)</u>	<u>(10,776,986)</u>
Net change in total pension liability	4,495,399	1,355,143
Total pension liability - beginning	<u>173,361,562</u>	<u>172,006,419</u>
Total pension liability - ending	<u>\$ 177,856,961</u>	<u>\$ 173,361,562</u>
Plan fiduciary net position		
Contributions - employer	\$ 7,863,420	\$ 7,987,367
Contributions - member	337,009	168,463
Change in bargaining group	(2,638,467)	-
Net investment income/(expense)	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(11,304,112)	(10,776,986)
Administrative expense	<u>(260,006)</u>	<u>(306,539)</u>
Net change in plan fiduciary net position	2,589,654	11,492,013
Plan fiduciary net position - beginning	<u>130,588,455</u>	<u>119,096,442</u>
Plan fiduciary net position - ending	<u>\$ 133,178,109</u>	<u>\$ 130,588,455</u>
Net pension liability - ending	<u>\$ 44,678,852</u>	<u>\$ 42,773,107</u>
Plan fiduciary net position as a percentage of the total pension liability	74.88%	75.33%
Covered payroll	\$ 31,575,118	\$ 30,212,311
Net pension liability as a percentage of covered payroll	141.50%	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.

-FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

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, 2018**

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service Cost	\$ 1,596,227	\$ 1,640,651
Interest	5,338,451	4,742,855
Changes of benefit terms	-	(105,379)
Difference between expected and actual experience	(978,363)	2,420,299
Changes of assumptions	1,630,101	-
Benefit payments, including refunds of member contributions	<u>(3,621,685)</u>	<u>(3,281,167)</u>
Net change in total pension liability	3,964,731	5,417,259
Total pension liability - beginning	<u>72,173,761</u>	<u>66,756,502</u>
Total pension liability - ending	<u><u>76,138,492</u></u>	<u><u>72,173,761</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 3,195,912	\$ 3,315,379
Contributions - member	103,415	39,287
Net investment income/(expense)	3,629,568	5,332,230
Benefit payments, including refunds of member contributions	(3,621,685)	(3,281,167)
Administrative expense	<u>(225,752)</u>	<u>(239,188)</u>
Net change in plan fiduciary net position	3,081,458	5,166,541
Plan fiduciary net position - beginning	<u>54,085,119</u>	<u>48,918,578</u>
Plan fiduciary net position - ending	<u><u>\$ 57,166,577</u></u>	<u><u>\$ 54,085,119</u></u>
Net pension liability - ending	<u><u>\$ 18,971,915</u></u>	<u><u>\$ 18,088,642</u></u>
Plan fiduciary net position as a percentage of the total pension liability	75.08%	74.94%
Covered payroll	\$ 13,137,945	\$ 12,473,480
Net pension liability as a percentage of covered payroll	144.41%	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.

-FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

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 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	-
Change in bargaining group	-	-	(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
Change in bargaining group	-	-	(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:

- 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
- 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
- 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
EMPLOYEES WHO ARE MEMBERS OF
SALARIED EMPLOYEES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015 AND 2014**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service Cost	\$ 3,647,115	\$ 3,873,148	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Change in bargaining group	5,129,398	-	-	-	174,166
Interest (includes interest on service cost)	9,485,966	8,960,042	8,807,953	8,434,365	7,978,675
Changes of benefit terms	-	(298,430)	-	-	-
Difference between expected and actual experience	1,856,563	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	3,291,931	-	(680,161)	930,863	-
Benefit payments, including refunds of member contributions	<u>(7,779,366)</u>	<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	15,631,607	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	<u>128,508,322</u>	<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>\$ 144,139,929</u>	<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	\$ 7,669,178	\$ 7,321,138	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	143,094	53,706	21,014	261	1,678
Change in bargaining group	2,638,467	-	-	-	174,166
Net investment income/(expense)	6,073,483	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	<u>(7,779,366)</u>	<u>(7,179,362)</u>	<u>(6,190,981)</u>	<u>(5,502,144)</u>	<u>(5,664,400)</u>
Administrative expense	<u>(247,077)</u>	<u>(289,067)</u>	<u>(269,624)</u>	<u>(194,209)</u>	<u>(176,367)</u>
Net change in plan fiduciary net position	8,497,779	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	<u>84,632,310</u>	<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>\$ 93,130,089</u>	<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>\$ 51,009,840</u>	<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	64.61%	65.86%	62.22%	64.08%	64.49%
Covered payroll	\$ 24,283,580	\$ 23,435,642	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
Net pension liability as a percentage of covered payroll	210.06%	187.22%	187.96%	181.63%	177.20%

Notes to Schedule:

- 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.
- 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.
- FY2018: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256**

FOR THE FISCAL YEAR ENDING JUNE 30, 2018
(Dollar amounts in thousands)

	2018	2017
Actuarially determined contribution	\$ 7,863	\$ 7,987
Contributions in relation to the actuarially determined contribution	7,863	7,987
Contribution deficiency (excess)	-	-
Covered payroll	\$ 31,575	\$ 30,212
Contributions as a percentage of covered payroll	24.90%	26.44%

Notes to Schedule

Valuation Date
Timing

7/1/2016 (to determine FY17-18 contribution)
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 16 year period as of 6/30/2016
 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, 2018, can be found in the July 1, 2016 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
IBEW LOCAL 1245
FOR THE FISCAL YEAR ENDING JUNE 30, 2018
(Dollar amounts in thousands)**

	2018	2017
Actuarially determined contribution	\$ 3,196	\$ 3,315
Contributions in relation to the actuarially determined contribution	3,196	3,315
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 13,138	\$ 12,473
Contributions as a percentage of covered payroll	24.33%	26.58%

Notes to Schedule

Valuation Date
Timing

7/1/2016 (to determine FY17-18 contribution)
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 16 year period as of 6/30/2016
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, 2018, can be found in the July 1, 2016 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
Timing

7/1/2014 (to determine FY15-16 contribution)
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 DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
SALARIED EMPLOYEES
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 7,669	\$ 7,321	\$ 7,577	\$ 7,335	\$ 6,609	\$ 5,800	\$ 4,580	\$ 3,718	\$ 4,269	\$ 3,820
Contributions in relation to the actuarially determined contribution	7,669	7,321	7,577	7,335	6,609	5,800	4,580	3,718	4,269	3,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 24,284	\$ 24,342	\$ 23,022	\$ 22,009	\$ 19,627	\$ 19,105	\$ 19,466	\$ 22,602	\$ 21,115	\$ 21,929
Contributions as a percentage of covered payroll	31.58%	30.08%	32.91%	33.33%	33.67%	30.36%	23.53%	16.45%	20.22%	17.42%

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: 7/1/2016 (to determine FY17-18 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 16 year period as of 6/30/2016
- 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 130% for females

Other information:
 A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2018, can be found in the July 1, 2016 actuarial valuation report.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.93%	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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

EMPLOYEES WHO ARE MEMBERS OF

ATU LOCAL 256

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 124,211
Boston Partners Investment Management	Asset Management	120,070
Atlanta Capital Management Co.	Asset Management	95,837
Pyrford	Asset Management	87,767
AQR	Asset Management	67,490
SSgA S&P 500	Asset Management	11,288
SSgA MSCI EAFE	Asset Management	5,385
JP Morgan Investment Management, Inc.	Asset Management	378
State Street Bank and Trust Company	Custodian Services	69,371
Callan Associates, Inc.	Investment Advisor	61,624
Total		<u>\$ 643,421</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Plan Administration	\$ 115,319
Hanson Bridgett	Consulting Services	78,280
Cheiron EFI	Actuarial Services	39,396
AON Risk Services, Inc.	Fiduciary Insurance	12,899
Sacramento Area Council of Governments	Audit Services	8,100
Other	Misc	6,012
Total		<u>\$ 260,006</u>

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
EMPLOYEES WHO ARE MEMBERS OF
IBEW LOCAL 1245
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Investment Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 52,640
Boston Partners Investment Management	Asset Management	50,857
Atlanta Capital Management Co.	Asset Management	40,588
AQR	Asset Management	27,542
JP Morgan Investment Management, Inc.	Asset Management	140
Pyrford	Asset Management	37,178
SSgA S&P 500	Asset Management	6,013
SSgA MSCI EAFE	Asset Management	1,050
Callan Associates, Inc.	Investment Advisor	25,976
State Street Bank and Trust Company	Custodian Services	29,174
Total		<u>\$ 271,158</u>

Administrative Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Plan Administration	\$ 86,019
Hanson Bridgett	Consulting Services	78,280
Cheiron EFI	Actuarial Services	30,826
AON Risk Services, Inc.	Fiduciary Insurance	12,899
Sacramento Area Council of Governments	Audit Services	8,100
CALAPRS	Dues & Training Course	5,667
Other	Misc	3,961
Total		<u>\$ 225,752</u>

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 84,632
Boston Partners Investment Management	Asset Management	81,714
Atlanta Capital Management Co.	Asset Management	65,203
AQR	Asset Management	43,238
Pyrford	Asset Management	59,742
SSgA S&P 500	Asset Management	7,684
SSgA MSCI EAFE	Asset Management	3,667
JP Morgan Investment Management, Inc.	Asset Management	234
State Street Bank and Trust Company	Custodian Services	46,573
Callan Associates, Inc.	Investment Advisor	41,501
Total		<u>\$ 434,188</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Pension Administration	\$ 98,162
Hanson Bridgett	Consulting Services	78,279
Cheiron EFI	Actuarial Services	37,381
AON Risk Services, Inc.	Fiduciary Insurance	12,928
Sacramento Area Council of Governments	Audit Services	8,100
CALAPRS	Dues & Training Course	5,663
Other	Miscellaneous	6,564
Total		<u>\$ 247,077</u>



Crowe LLP
Independent Member Crowe Global

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 Plans. 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 Plans for further information on the responsibilities of management and Crowe 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.	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 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 72.
Actuarial Present Value of Accumulated Plan Benefits	The actuarial present value of accumulated plan benefits is determined by the Plans’ 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 Plans' 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 Plans, considering the need to balance the cost of providing information with the likely benefit to users of the Plans' 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 Plans' 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 misstatements.

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 misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
<p>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.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>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 Plans' financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>

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 Plans' 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 the Plans as their 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 LLP
 Crowe LLP

Sacramento, California
 November 16, 2018



Crowe LLP
Independent Member Crowe Global

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

In planning and performing our audit of the 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, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Company's 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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, members of 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 LLP

Crowe LLP

Sacramento, California
November 16, 2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
23	03/20/19	Retirement	Information	02/13/19

Subject: Receive and File Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)

ISSUE

Presentation regarding the transition of roles and responsibilities of various District Staff members related to administration of the Pension Plans as well as updates on Staff costs and Legal Services (ALL). (Weekly)

RECOMMENDED ACTION

None associated with this matter.

FISCAL IMPACT

None associated with this matter.

DISCUSSION

The attached documents are provided quarterly to keep the Retirement Boards informed about the various duties of RT staff and consultants (including the Retirement Boards' Legal Counsel) relative to administration and management of the pension plans and assets, and associated costs.

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs Attributable and Charged to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter Ending December 31, 2018

Approved:

Presented:

Final 03/11/19

Treasury Controller

Pension & Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compiling\#23 - IP Update on Roles and Responsibilities Related to Pension Administration.doc

Pension Administration Staff Roles and Responsibilities

Plan Administration

Customer Relations:

Task	Primary Responsibility	Back Up Responsibility
Retirement Meetings	Pension and Retirement Services Administrator (PRSA)	Pension Analyst
Research and address benefit discrepancies	PRSA	Pension Analyst
Disability Retirements	PRSA	Pension Analyst
Conduct Educational Sessions	PRSA	Pension Analyst
Respond to all Employee and Retiree inquiries	Pension Analyst	PRSA
Creation of Pension Estimates	Pension Analyst	PRSA
Processing Employee and Retiree Deaths	Pension Analyst	PRSA
Administration of Active and Term Vested (TV) Retirement Process, including: <ul style="list-style-type: none"> • Notifications • Lost Participant Process (TV) • Collection of all required documents • Legal/Compliance Review • Approval by General Manager 	Pension Analyst	PRSA
Converting Employees to Retirees in SAP	Pension Analyst	Sr. HR Analyst - HRIS
Lost participant process for returned checks/stubs	Pension Analyst	PRSA
48-Month Salary Calculations	Pension Analyst	Payroll Supervisor and PRSA
Distribution of employee required contributions (per contract or PEPRA): <ul style="list-style-type: none"> • Send notification • Collect documentation • Lost participant process • Apply interest • Process check 	Pension Analyst	PRSA
Conduct Lost Participant Searches	Pension Analyst	Pension Analyst
Administer Retiree Medical	Sr. HR Analyst	Sr. HR Analyst
Managing Stale Dated and Lost Check Replacement	Payroll Analyst and Accountant II	Payroll Supervisor
Copies of Retiree Pay Stubs and 1099R's	Payroll Analyst	Payroll Supervisor
Printing, Stuffing, and Mailing Pay Stubs	Payroll Analyst	Payroll Supervisor
Verification of Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Administrative Technician (HR) and Payroll Analyst	Pension Analyst and/or Payroll Supervisor

Plan Documents:

Task	Primary Responsibility	Back Up Responsibility
Negotiation of Benefits, Provisions	Director, Labor Relations	To be determined
Incorporate Negotiated Benefits/Provisions into Plan Documents	Deputy Chief Counsel, RT	Chief Counsel, RT
Interpretation of Provisions	PRSA and Deputy Chief Counsel, RT	Chief Counsel, RT
Guidance to Staff regarding legal changes that affect Plans	PRSA and Deputy Chief Counsel, RT	Chief Counsel, RT

Vendor Administration:

Task	Primary Responsibility	Back Up Responsibility
Legal Services (Hanson Bridgett) Contract Procurement	PRSA and Treasury Controller	VP Finance/CFO
Actuarial Services (Cheiron) Contract Procurement	PRSA and Treasury Controller	VP Finance/CFO
Retirement Board Policy Development and Administration	PRSA and Treasury Controller Hanson Bridgett and Cheiron	VP Finance/CFO Hanson Bridgett and Cheiron

Retirement Board Administration:

Task	Primary Responsibility	Back Up Responsibility
Creation of Agenda/IPs	Staff Presenting Issue to Board	n/a
Creation and Distribution of Retirement Board Packages	PRSA	Treasury Controller
Management of Retirement Board Meetings	PRSA	Treasury Controller
Training of Staff/Board Members	PRSA and Treasury Controller	Staff/Vendor SME
New Retirement Board Member Training	PRSA and Treasury Controller	Staff/Vendor SME

Semi-Annual/Annual/Bi-Annual Administration:

Task	Primary Responsibility	Back Up Responsibility
Valuation Study	PRSA and Treasury Controller	VP Finance/CFO
Experience Study	PRSA and Treasury Controller	VP Finance/CFO
Fiduciary Liability Insurance	PRSA	Treasury Controller
Responses to Public Records Act Requests	PRSA	Treasury Controller
Statement of Investment Objectives and Policy Guidelines management	Treasury Controller	VP Finance/CFO

Contract Administration:

Task	Primary Responsibility	Back Up Responsibility
Adherence to contract provisions	PRSA and Treasury Controller	VP Finance/CFO
Payment of Invoices	Treasury Controller or PRSA	VP Finance/CFO
Contract Management, including RFP process	PRSA and Treasury Controller	VP Finance/CFO

Asset Management:

Task	Primary Responsibility	Back Up Responsibility
Asset Rebalancing	Treasury Controller	Treasury Controller
Account Reconciliations	Treasury Controller	Treasury Controller
Cash Transfers	Treasury Controller	Treasury Controller
Fund Accounting	Treasury Controller	Treasury Controller
Investment Management	Treasury Controller	Treasury Controller
Financial Statement Preparation	Treasury Controller	Treasury Controller
Annual Audit	Treasury Controller	Treasury Controller
State Controller's Office Reporting	Treasury Controller	Treasury Controller
U.S. Census Bureau Reporting	Treasury Controller	Treasury Controller
Work with Contractors (Investment advisors (Callan), Custodian (State Street), Fund Managers, Auditors, and Actuary (Cheiron))	Treasury Controller	Treasury Controller
Review Monthly Asset Rebalancing	Treasury Controller	Treasury Controller

Pension Administration Costs
For the Time Period: October 1, 2018 to December 31, 2018

Sum of Value TranCurr				
WBS Element	Source object name	Per	Total	
SAXXXX.PENATU	Finance And Treasury / Gardner, Leona	006	237.54	
		Human Resources / Martinelli, Christin	004	1,321.92
			005	751.68
	Human Resources / Montung-Fuller, Mari	006	673.92	
		004	881.98	
		005	2,164.86	
	Human Resources / Weekly, Valerie	006	2,525.67	
		004	1,143.99	
		005	974.51	
			006	1,016.88
	SAXXXX.PENATU Total			11,692.95
	SAXXXX.PENIBEW	Human Resources / Martinelli, Christin	004	959.04
005			725.76	
006			725.76	
Human Resources / Montung-Fuller, Mari		004	320.72	
		005	881.98	
		006	400.90	
Human Resources / Weekly, Valerie		004	466.07	
		005	466.07	
		006	508.44	
SAXXXX.PENIBEW Total			5,454.74	
SAXXXX.PENSALA		Human Resources / Martinelli, Christin	004	1,062.72
			005	1,399.68
	006		777.60	
	Human Resources / Montung-Fuller, Mari	004	922.07	
		005	1,763.96	
		006	1,523.42	
	Human Resources / Weekly, Valerie	004	805.03	
		005	1,355.84	
		006	1,101.62	
	SAXXXX.PENSALA Total			10,711.94
	SAXXXX.PENSION	Finance And Treasury / Adelman, Jamie	004	2,134.00
			005	1,527.75
006			921.50	
Finance And Treasury / Gardner, Leona		004	475.08	
		005	574.06	
		006	277.14	
Finance And Treasury / Mata, Jennifer		004	898.86	
		005	1,415.51	
		006	1,349.61	
Human Resources / Martinelli, Christin		004	1,321.92	
		005	751.68	

SAXXXX.PENSION	Human Resources / Martinelli, Christin	006	557.28
	Human Resources / Montung-Fuller, Mari	004	3,247.29
		005	4,650.44
		006	4,690.53
	Human Resources / Weekly, Valerie	004	4,575.96
		005	3,177.75
		006	2,754.05
	Board Support / Brooks, Cynthia	004	77.55
	Finance And Treasury / Volk, Lynda	004	670.78
		005	1,705.70
		006	1,724.85
	SAXXXX.PENSION Total		
Grand Total			67,338.92



**HANSON BRIDGETT LLP &
SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS**

LEGAL SERVICES SUMMARY

Set forth below is a broad summary report of significant legal matters addressed by Hanson Bridgett LLP for the Sacramento Regional Transit District Retirement Boards during the Quarter ended December 31, 2018.

1. Weekly client conference calls and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Preparation for and participation in Quarterly Board Meetings, including review and markup of agenda materials and related Board Chair conference calls.
3. Preparation for and participation in new Board Member training.
4. Preparation for and presentation of AB 1234-compliant government ethics training.
5. Preparation for and participation in Special ATU Retirement Board Meeting to review disability retirement application.
6. Assist with finalizing the investment consultant services contract.
7. Review and revise investment management documentation.
8. Review and respond to operations audit.
9. Advise staff regarding draft policy for reinstatement of service credit for rehired employees when refunded contributions are repaid.
10. Advise staff on updates to education and training policy.
11. Provide counsel on issues including, but not limited to:
 - a. Pension Plan documents and updates;
 - b. Financial reporting;
 - c. Benefit eligibility determinations;
 - d. Calculation of benefits under various scenarios;
 - e. Fiduciary duties.

Respectfully Submitted,

/s/ Shayna M. van Hoften

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	03/20/19	Retirement	Action	02/20/19

Subject: Election of a Chair and Vice Chair for all Common Retirement Board Meetings (ALL). (Weekly)

ISSUE

Election of a Chair and Vice Chair for all Common Retirement Board Meetings (ALL). (Weekly)

RECOMMENDED ACTION

Adopt Resolution 19-03-____, Election of a Chair and Vice Chair for all Common Retirement Board Meetings.

FISCAL IMPACT

There is no fiscal impact associated with this item.

DISCUSSION

On January 12, 2004, the Sacramento Regional Transit (RT) Governing Board established five separate Retirement Boards to conduct business related to RT's Retirement Plans on behalf of their members. Each of the five Retirement Boards have three officer positions: Chair, Vice Chair and Secretary. This structure remains in effect and serves the Boards well.

To ensure the orderly and efficient manner of all Retirement Board meetings, the majority of which are held as common meetings of all five Retirement Boards, as well as to ensure continuity in execution of the business of the Boards, each of the five Boards collectively selects a Common Chair and Common Vice Chair to preside over their meetings. The selections remain in effect for so long as the Common Chair and Common Vice Chair agree and are able to perform such duties, and for so long as each Board continues to agree on such selections.

All five Retirement Boards previously selected Andy Morin, the RT Governing Board member then-assigned to the Retirement Boards, to serve as Common Chair and Henry Li, SacRT's General Manager, who serves as RT's other representative on the Retirement Boards, as Common Vice Chair. Mr. Morin has retired and no longer serves as a member of the RT Governing Board or the Retirement Boards.

Sacramento Regional Transit District (District) Board of Directors member Patrick Kennedy has been selected by the District to replace former Director and Common Chair Andy Morin on all five Retirement Boards.

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\#24 - Election of Common Chair and Common Vice Chair.doc

RESOLUTION NO. 19-03-_____

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 20, 2019

ELECTION OF A CHAIR AND VICE CHAIR FOR ALL COMMON RETIREMENT BOARD MEETINGS

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, this Retirement Board hereby selects _____ to serve as Common Chair, in which role he shall preside over all regular and special meetings of this Board; and

THAT, this Retirement Board hereby selects _____ to serve as Common Vice Chair, in which role he shall preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair; and

THAT, these selections of this Retirement Board will remain in effect until the Common Chair and/or Common Vice Chair resigns from such role or until any one of the other four Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

ELECTION OF A CHAIR AND VICE CHAIR FOR ALL COMMON RETIREMENT BOARD MEETINGS

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, this Retirement Board hereby selects _____ to serve as Common Chair, in which role he shall preside over all regular and special meetings of this Board; and

THAT, this Retirement Board hereby selects _____ to serve as Common Vice Chair, in which role he shall preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair; and

THAT, these selections of this Retirement Board will remain in effect until the Common Chair and/or Common Vice Chair resigns from such role or until any one of the other four Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of AEA on this date:

March 20, 2019

ELECTION OF A CHAIR AND VICE CHAIR FOR ALL COMMON RETIREMENT BOARD MEETINGS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AEA AS FOLLOWS:

THAT, this Retirement Board hereby selects _____ to serve as Common Chair, in which role he shall preside over all regular and special meetings of this Board; and

THAT, this Retirement Board hereby selects _____ to serve as Common Vice Chair, in which role he shall preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair; and

THAT, these selections of this Retirement Board will remain in effect until the Common Chair and/or Common Vice Chair resigns from such role or until any one of the other four Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of AFSCME on this date:

March 20, 2019

ELECTION OF A CHAIR AND VICE CHAIR FOR ALL COMMON RETIREMENT BOARD MEETINGS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME AS FOLLOWS:

THAT, this Retirement Board hereby selects _____ to serve as Common Chair, in which role he shall preside over all regular and special meetings of this Board; and

THAT, this Retirement Board hereby selects _____ to serve as Common Vice Chair, in which role he shall preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair; and

THAT, these selections of this Retirement Board will remain in effect until the Common Chair and/or Common Vice Chair resigns from such role or until any one of the other four Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of MCEG on this date:

March 20, 2019

ELECTION OF A CHAIR AND VICE CHAIR FOR ALL COMMON RETIREMENT BOARD MEETINGS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF MCEG AS FOLLOWS:

THAT, this Retirement Board hereby selects _____ to serve as Common Chair, in which role he shall preside over all regular and special meetings of this Board; and

THAT, this Retirement Board hereby selects _____ to serve as Common Vice Chair, in which role he shall preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair; and

THAT, these selections of this Retirement Board will remain in effect until the Common Chair and/or Common Vice Chair resigns from such role or until any one of the other four Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
25	03/20/19	Retirement	Action	11/16/18

Subject: Election of Governing Board Officers of the Sacramento Regional Transit District (District) Retirement Plans (ATU, AFSCME, MCEG). (Weekly)

ISSUE

Election of Governing Board Officers of the Sacramento Regional Transit District (District) Retirement Plans (ATU, AFSCME, MCEG). (Weekly)

RECOMMENDED ACTION

Adopt Resolutions No. 19-03____, 19-03____ and 19-03-____, Electing Governing Board Officers of the Retirement Plans for Sacramento Regional Transit District Employees who are Members of ATU, AFSCME and MCEG, respectively.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

Several officers of the ATU, AFSCME and MCEG Retirement Boards have recently retired from Board service. Pursuant to Section 1.12 of the By-Laws of the Retirement Boards (attached as Exhibit A), former Alternate Crystal Lee McGee has been selected to serve on the ATU Retirement Board following the retirement of former Vice Chair Corina Delatorre, former Alternate Peter Guimond has been selected to serve on the AFSCME Retirement Board following the retirement of former Chair Charles Mallonee, and Craig Norman has been selected to serve on the MCEG Retirement Board following the retirement of former Chair Mark Lonergan. In addition, Sacramento Regional Transit District (District) Board of Directors member Patrick Kennedy has been selected by the District to replace former Director and Common Chair Andy Morin on all five Retirement Boards. As a result of these transitions, the current makeup of the ATU, AFSCME and MCEG Retirement Boards is as follows:

- Retirement Plan for District Employees who are members of ATU:
 - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings
 - ATU representatives: Directors Ralph Niz and Crystal Lee McGee; Alternate Matthew Lucien

- Retirement Plan for District Employees who are members of AFSCME:
 - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
25	12/12/18	Open	Action	11/16/18

Subject: Election of Governing Board Officers of the Sacramento Regional Transit District (District) Retirement Plans (ATU, AFSCME, MCEG). (Weekly)

- AFSCME representatives: Directors Gary Parks and Peter Guimond; Alternate Lisa Thompson
- Retirement Plan for District Employees who are members of MCEG:
 - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings
 - MCEG representatives: Directors Roger Thorn and Craig Norman; Alternate Chris Flores

At this time, in accordance with Section 2.26 of the By-Laws of the Retirement Board, staff recommends that the ATU, AFSCME and MCEG Retirement Boards elect a Chair, Vice Chair and Secretary from among their members (see Sections 2.21 through 2.24 of the By-laws). If the Retirement Boards desire to be consistent with prior actions and the other two Retirement Boards, they should elect their two bargaining unit members for the positions of Board Chair and Board Vice Chair, and elect Henry Li as Board Secretary. (Under Section 2.21 of the By-laws, Alternates cannot serve as Officers.)

As the most-recently elected Chair, Vice Chair and Secretary of the IBEW and AEA Retirement Boards all remain members of their respective Boards, the other two Retirement Boards do not require elections at this time.

The proposed actions will have no effect on the Boards' appointment of their Assistant Secretary (Retiree Services Administrator Valerie Weekly), nor on the selection of the Common Chair and Vice Chair for all five Retirement Boards.

RESOLUTION NO. 19-03-_____

Adopted by the Retirement Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of ATU on this date:

March 20, 2019

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF ATU

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF ATU AS FOLLOWS:

THAT, the Board of Directors:

- 1. Elects _____ as Chair;
- 2. Elects _____ as Vice Chair; and
- 3. Elects _____ as Secretary.

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

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

, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Retirement Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AFSCME on this date:

March 20, 2019

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME AS FOLLOWS:

THAT, the Board of Directors:

- 4. Elects _____ as Chair;
- 5. Elects _____ as Vice Chair; and
- 6. Elects _____ as Secretary.

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

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

, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Retirement Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of MCEG on this date:

March 20, 2019

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF MCEG

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF MCEG AS FOLLOWS:

THAT, the Board of Directors:

- 7. Elects _____ as Chair;
- 8. Elects _____ as Vice Chair; and
- 9. Elects _____ as Secretary.

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

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

, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

Exhibit A

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

BY-LAWS FOR THE RETIREMENT BOARDS

CHAPTER 1

RETIREMENT BOARDS COMPOSITION AND PURVIEW

ARTICLE 1

GOVERNANCE

§ 1.10 **Retirement Plans; Application of By-Laws**

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

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

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

§1.11 **Governance of the Retirement Plans**

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

§1.12 Retirement Board Composition

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

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

§1.13 Retirement Board Member Term of Office

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

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

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

§1.14 Retirement Board Fiduciary Duty

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

§ 1.15 Retirement Board Authority

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

CHAPTER 2

RETIREMENT BOARD RULES

ARTICLE 1

MEETINGS

§2.10 Regular Quarterly Retirement Board Meeting Schedule

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

§2.11 Special Meetings

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

§2.12 Quorum

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

§2.13 Joint Meetings

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

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

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

§2.15 Agenda Preparation, Delivery and Posting

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

§2.16 Access to Public Records Distributed at Meeting

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

§2.17 Continuing Body

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

§2.18 Adjournment of Meeting

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

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

ARTICLE 2

OFFICERS

§2.21 Officers

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

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

§2.22 Chair Responsibilities

1. Except at meetings presided over by a Common Chair or Common Vice Chair (as set forth in Section 2.28), the Chair presides over and preserves order at all regular meetings, special meetings and hearings of the Board. The Chair states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board. The Chair may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all others members.
2. In all cases, the Chair can direct the Secretary to include discussion or action items on the agenda for future Board meetings, and the Chair signs all Board resolutions and all minutes of Board meetings or hearings which he or she has witnessed being adopted or approved.

§2.23 Vice Chair

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

§2.24 Secretary

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

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

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

§2.25 Assistant Secretary

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

§2.26 Vacancy

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

§2.27 Additional Delegable Duties

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

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

§2.28 Common Chair, Vice Chair

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

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

ARTICLE 3

ORDER OF BOARD BUSINESS

§2.31 Agenda

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

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

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

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

§2.32 Contents of Agenda

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

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

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

§2.33 Common Agenda

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

§2.34 Consent Calendar

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

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

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

§2.35 Quarterly Investment Performance Reviews

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

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

§2.36 Items Not on the Agenda

A matter requiring Board action must be listed on the posted agenda before the Board may

discuss and/or act upon it except as contemplated under the Ralph M. Brown Act.

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

1. Upon a determination by an affirmative vote of the Board that an emergency situation exists, as defined in Section 54956.5 of the Government Code.
2. Upon the affirmative vote of three Board Members that the need to take action arose subsequent to the agenda being posted.
3. If the item was properly posted for action at a prior meeting of the Board occurring not more than ten (10) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.
4. By directing the Chair or Secretary to place an item of business for discussion and/or action on a subsequent agenda.

ARTICLE 4

MEMBERS ADDRESSING THE BOARD

§2.41 Recognition of the Chair

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

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

§2.42 Speaking Interruption

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

§2.43 Limitation of Presentations, Discussion

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

§2.44 Impertinence

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

§2.45 Minutes

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

§2.46 Debate Closing

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

§2.47 Disqualification of Members

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

ARTICLE 5

OTHERS ADDRESSING THE BOARD

§2.51 Recognition of the Chair

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

§2.52 Limitation of Presentations, Discussion

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

§2.53 Impertinence

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

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

ARTICLE 6

OFFICIAL ACTIONS

§2.61 Timing of An Action

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

§2.62 Form of Action

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

§2.63 Votes, Signature and Attestation

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

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

§2.64 Codification

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

§2.65 Vote Threshold; Majority Minimum

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

§2.66 Motion Reconsideration

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

§ 2.67 Mandatory Arbitration

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

ARTICLE 7

COMMITTEES

§2.71 Appointment

The Chair may create and appoint ad hoc committees.

§2.72 Ad Hoc Advisory Committee Meetings

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

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

ARTICLE 8

RULES

§2.81 Amendment

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

§2.82 Suspension

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

§2.83 Robert's Rules

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

§2.84 Copies – By-laws

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

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
26	03/20/19	Retirement	Information	02/07/19

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, 2018 (ALL). (Adelman)

ISSUE

Investment Performance Review by BMO Pyrford for the ATU, IBEW and Salaried Retirement Funds for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2018 (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, 2018, shown in Attachment 1, and answering any questions.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Fund Manager Review - BMO Pyrford.docx



Presentation to: Sacramento Regional Transit District

South LaSalle International Equities Trust

Presented by:



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About Pyrford

- Established 1987 - managing US\$11.12billion (as at 31 January 2019) for 129 investors* across separate and pooled accounts.
- International Equity is an important part of our business – about 40% of assets under management.
- A long history of managing this type of mandate. USD composite starts July 1, 1996.
- Team approach – no ‘star’ managers. 13 years average tenure with Pyrford.
- Competitive short, medium and long term incentive schemes in place. Directly linked to success of Pyrford: Performance, AUM and Profits.
- A relentless focus on generating a real return stream with low absolute volatility.
- A proven value process based on investment fundamentals.
- Unconstrained, long-only investors.
- Signatory to the UN Principles for Responsible Investment.
- An independent boutique within BMO Global Asset Management

Investment Professionals

Name	Role	Years with Pyrford	Years in Industry
Tony Cousins, CFA	Chief Executive & Chief Investment Officer	30	34
Bruce Campbell	Strategic Investment Advisor	32	49
Paul Simons, CFA	Head of Portfolio Management, Asia-Pacific	22	22
Daniel McDonagh, CFA	Head of Portfolio Management, Europe	21	21
Suhail Arain, CFA	Head of Portfolio Management, North America	10	21
Nabil Irfan, CFA	Portfolio Manager	13	18
Peter Moran, CFA	Portfolio Manager	15	15
Jun Yu, CFA	Portfolio Manager	10	19
Stefan Bain, MSc	Portfolio Manager	7	17
Roderick Lewis, CFA	Investment Analyst	5	17
Andrew Sykes, CFA	Investment Analyst	6	11
Henrietta Brooks, CFA	Investment Analyst	4	4
Bethan Dixon, CFA	Investment Analyst	4	4
Anneka Desai	Investment Analyst	3	3

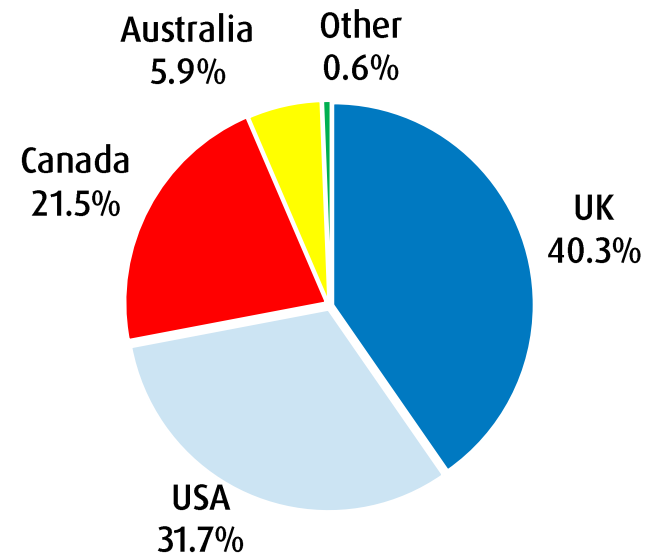
* These figures include investors in pooled investment vehicles

Assets under management breakdown

As at 31 January 2019

Product	USD	No. of investors
Global Absolute Return	4.82bn	68
International Equities	4.61bn	46
Global Equities	1.70bn	15
Total	11.12bn	129

Assets Under Management – Investor Domicile



These figures include investors in pooled investment vehicles.

International Equity (EAFE) Strategy

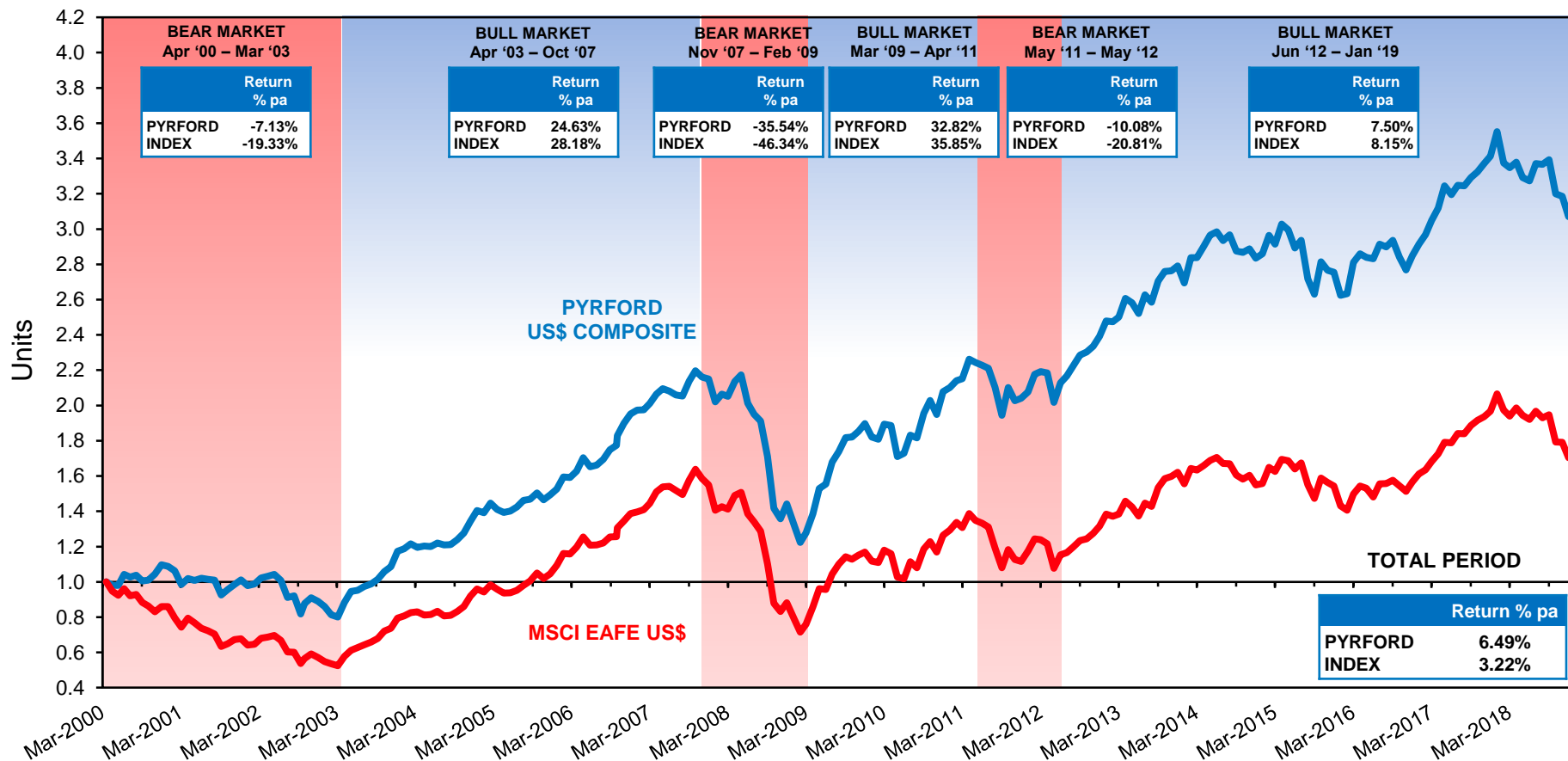
Effective downside protection – enjoy the upside

Growth of a Unit Value US\$, 31 March 2000 – 31 January 2019. Bull & Bear Markets

31 Mar 2000 – 31 Dec 2018 (quarterly data)

Downside Capture 63.94%

Upside Capture 86.65%



Source: Pyrford International / MSCI EAFE

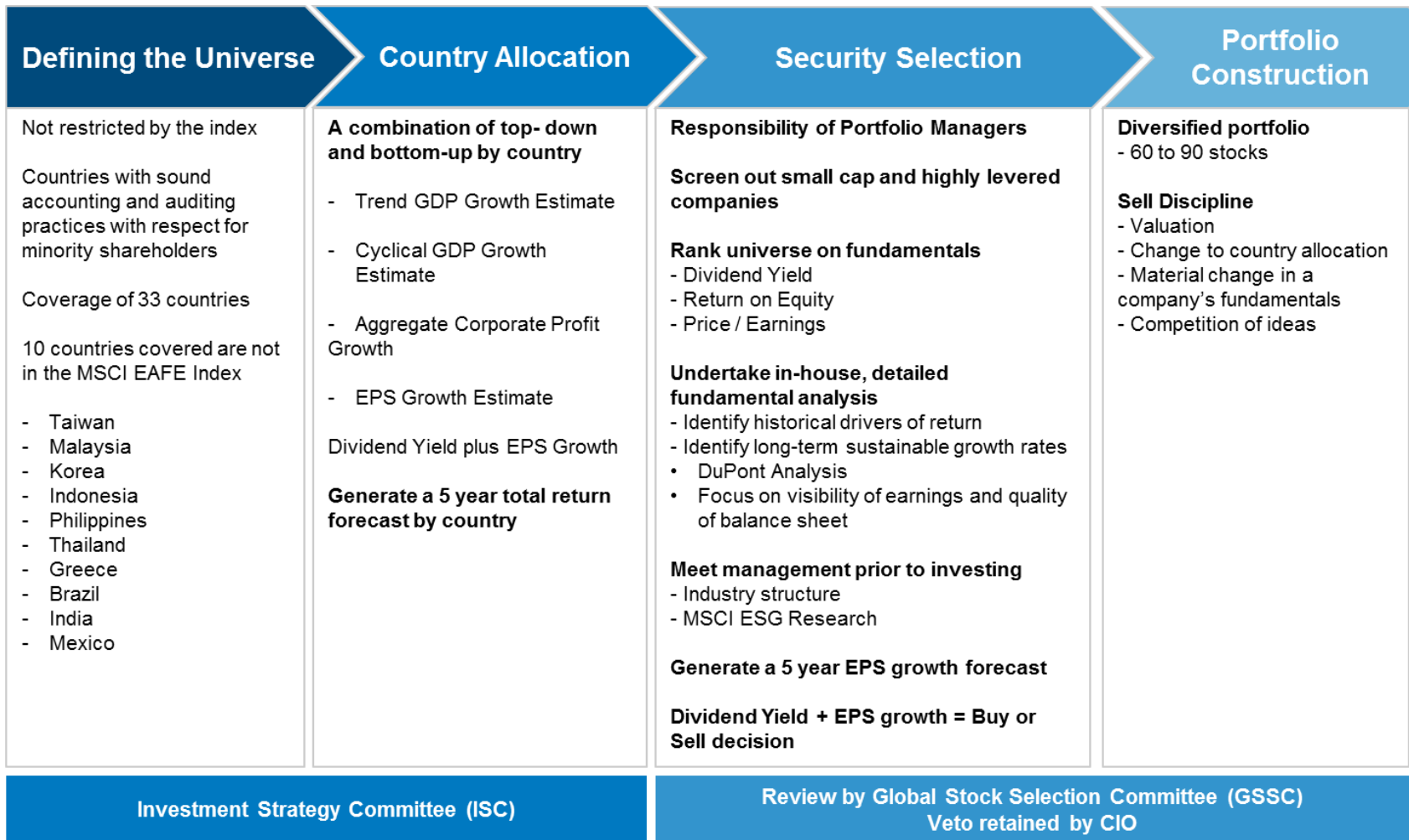
Performance relates to the gross of fees Pyrford International Ltd 'International Equity (Base Currency US\$) Composite'. This is supplementary information. Please see complete GIPS compliant presentation at the end of this document.

Past performance does not guarantee future results.

Pyrford's investment philosophy

- Five year time horizon
- Total return approach → Dividend Yield + Earnings Growth forecast
 - Applies to country and stock analysis
- “Absolute” not “*relative*” risk - possible zero weight in any country, sector or stock
 - Key to controlling risk
 - “We won’t invest in a company or country simply because it’s big!”
- Not index oriented
- Low absolute volatility
- Low portfolio turnover

Investment Process



Your mandate: Sacramento Regional Transit District

As at 31 December 2018

Market Value Reconciliation		Periods, ending 31 December '18	Sacramento Reg. Transit (%)	MSCI EAFE(%)
Beginning Market Value: May 31, 2017	\$25,953,818	January 2019	5.97	6.59
Withdrawals	---	Q4 2018	(9.72)	(12.50)
Contributions	---	2018	(10.30)	(13.36)
Market Appreciation (Depreciation)	(1,484,997)	Since Inception (01 Jun '17)*	(3.70)	(3.09)
Ending Market Value: December 31, 2018	\$24,468,821			

* Annualised

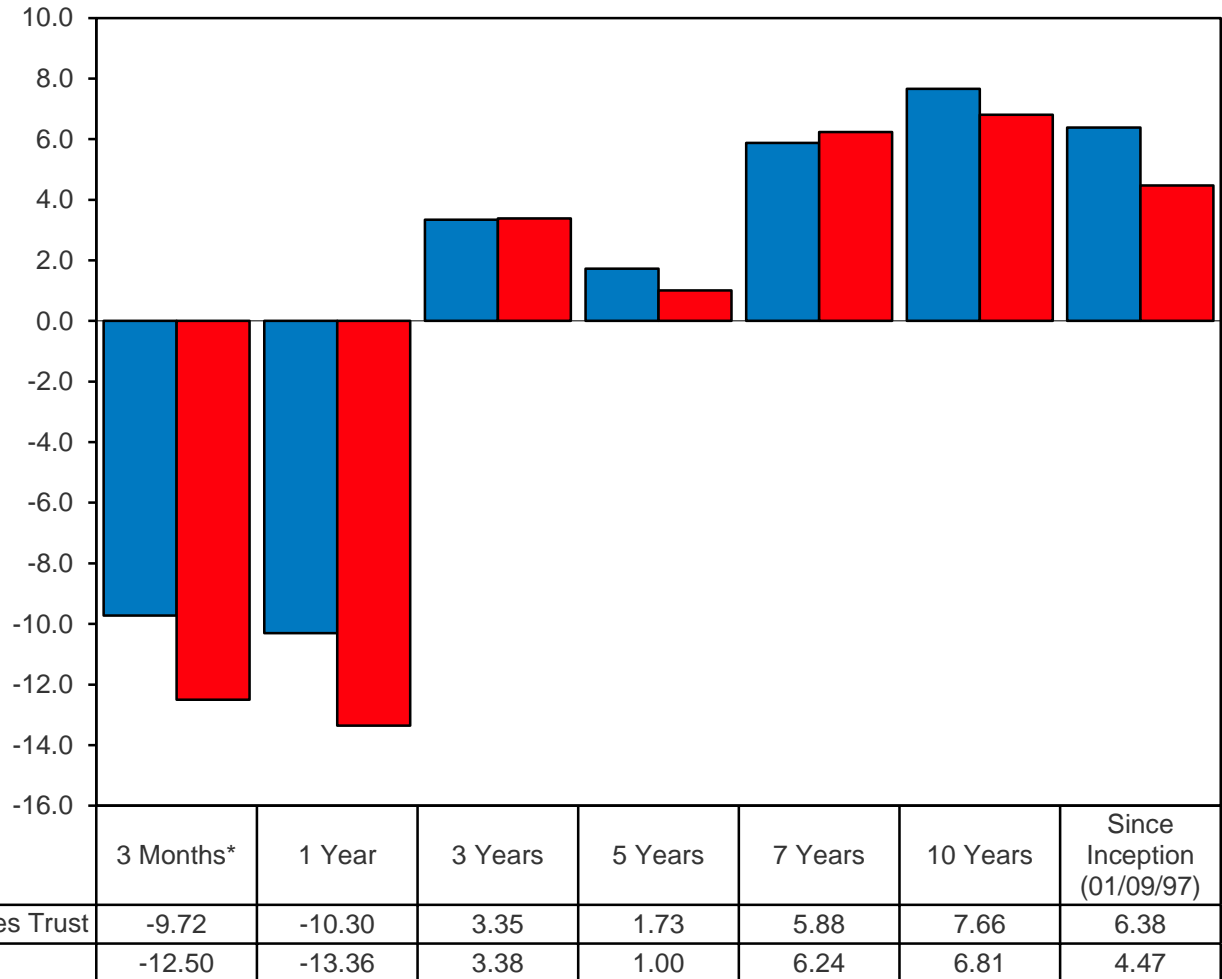
NB: This is not an official statement and is shown for information only.

Performance results are reported gross of management fees. Performance has been shown against the above index as supplementary information and for comparison purposes only.

Past performance does not guarantee future results.

Performance

Annualised Returns – Gross of Fees (%) to 31 December 2018



* Not annualised

Performance shown is gross of fees and in % US dollar terms

Key drivers of Q4 performance

As of 31 December 2018

Net Management Effects				
Portfolio = -9.72%	Currency	Country Allocation	Stock Selection	Total
Index = -12.50	-0.46	1.98	1.26	2.78

Key Drivers				
Europe				Positive – Switzerland stock selection
Currency	Country Allocation	Stock Selection	Total	
0.10	0.04	0.99	1.13	Negative – Eurozone stock selection
Asia Pacific				Positive – overweight Japan – Japan stock selection
Currency	Country Allocation	Stock Selection	Total	
-0.56	1.66	0.29	1.39	Negative – underweight Japanese Yen

Source: Pyrford International / MSCI EAFE

Past performance does not guarantee future results.

Key drivers of 12 month performance

As of 31 December 2018

Net Management Effects				
Portfolio = -10.31%	Currency	Country Allocation	Stock Selection	Total
Index = -13.36%	-0.68	2.53	1.20	3.05

Key Drivers				
Europe				Positive – Switzerland stock selection – Eurozone stock selection Negative - UK stock selection
Currency	Country Allocation	Stock Selection	Total	
0.22	0.42	0.36	0.99	
Asia Pacific				Positive – Australia stock selection – Singapore stock selection Negative – overweight Australian Dollar – underweight Japanese Yen
Currency	Country Allocation	Stock Selection	Total	
-0.99	1.86	1.19	2.06	

Source: Pyrford International / MSCI EAFE

Past performance does not guarantee future results.

How the portfolio is positioned going forward

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.
-

International Equity (EAFE) Strategy - portfolio characteristics

As at 31 January 2019

	Pyrford	MSCI EAFE
Dividend yield %	4.1	3.6
Debt to equity	65.5	153.3
Return on equity (1yr Av %)	15.3	11.7

Source: Pyrford International using Bloomberg.

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. Dividends are not guaranteed and are subject to change or elimination.

International Equity (EAFE) Model Portfolio - % allocations

As at 31 January 2019

EUROPEAN EQUITIES		EUROPEAN EQUITIES		ASIA-PACIFIC EQUITIES		ASIA-PACIFIC EQUITIES	
EURO AREA	25.00%	SWEDEN	4.50%	AUSTRALIA	11.50%	MALAYSIA	3.00%
AIR LIQUIDE SA (France)	1.75%	ASSA ABLOY AB	1.35%	BRAMBLES LTD	2.24%	AXIATA GROUP BHD	1.20%
BRENTAG AG (Germany)	1.75%	ATLAS COPCO AB	1.35%	COMPUTERSHARE LTD	1.78%	MALAYAN BANKING BHD	1.80%
BUREAU VERITAS (France)	1.50%	ESSITY AKTIEBOLAG-B	1.80%	NEWCREST MINING LTD	0.92%	SINGAPORE	5.00%
DEUTSCHE POST AG (Germany)	1.25%	NORWAY	2.00%	QBE INSURANCE GROUP LTD	1.44%	COMFORTDELGRO CORP LTD	1.40%
FIELMANN AG (Germany)	1.25%	TELENOR ASA	2.00%	RIO TINTO LTD	1.06%	SINGAPORE TECH ENGINEERING	0.75%
FUCHS PETROLUB AG (Germany)	1.75%			WOODSIDE PETROLEUM LTD	1.90%	SINGAPORE TELECOMMUNICATIONS	1.40%
GEA GROUP (Germany)	1.25%			WOOLWORTHS LTD	2.16%	UNITED OVERSEAS BANK LTD	1.45%
KONE (Finland)	1.50%			HONG KONG	5.00%	TAIWAN	4.00%
LEGRAND SA (France)	1.25%	UK	13.50%	AIA GROUP	1.10%	ADVANTECH CO LTD	0.80%
ROYAL DUTCH SHELL PLC 'A' (The Netherlands)	1.25%	BP PLC	0.81%	CHINA MOBILE LTD	1.70%	CHUNGHWA TELECOM CO LTD	1.40%
RUBIS (France)	1.00%	BRITISH AMERICAN TOBACCO PLC	1.55%	POWER ASSETS HOLDINGS LTD	1.15%	MERIDA INDUSTRY CO LTD	0.40%
SAMPO (Finland)	1.50%	GLAXOSMITHKLINE PLC	1.49%	VTECH HOLDINGS LTD	1.05%	TAIWAN SEMICONDUCTOR MANUFACTURING	1.40%
SANOFI (France)	1.75%	IMI PLC	0.68%	JAPAN	11.00%		
SAP AG (Germany)	1.50%	IMPERIAL BRANDS	1.08%	ABC-MART	1.10%		
TOTAL SA (France)	1.50%	LEGAL & GENERAL GROUP PLC	1.49%	JAPAN TOBACCO	2.75%		
UNILEVER NV (The Netherlands)	1.75%	NATIONAL GRID PLC	1.89%	KDDI CORP	1.98%		
VOPAK (The Netherlands)	1.50%	RECKITT BENCKISER GROUP PLC	1.35%	MITSUBISHI ELECTRIC CORP	1.32%		
SWITZERLAND	14.00%	ROYAL DUTCH SHELL PLC 'B'	0.95%	NIHON KOHDEN	1.43%		
GIVAUDAN	0.70%	SSE PLC	0.95%	SUMITOMO RUBBER INDUSTRIES	1.54%		
NESTLE SA	3.50%	VODAFONE GROUP PLC	1.28%	TOYOTA TSUSHO CORP	0.88%		
NOVARTIS AG	2.87%						
PANALPINA WELTTRANSPORT	0.84%	ISRAEL	1.50%				
ROCHE HOLDING AG	3.22%	BEZEQ THE ISRAELI TELECOM CO	1.50%				
SCHINDLER HOLDING	0.70%						
SGS	0.70%						
ZURICH INSURANCE GROUP AG	1.47%						

Source: Pyrford International

For illustration purposes only. Not a solicitation or recommendation to buy, sell, or hold any security.

International Equity (EAFE) Model Portfolio - sector allocations

As at 31 January 2019

INDUSTRY GROUP	PYRFORD MODEL WEIGHTING (%)	MSCI EAFE WEIGHTING (%)
COMMUNICATION SERVICES	12.5%	4.3%
MEDIA & ENTERTAINMENT	0.0%	1.6%
TELECOMMUNICATION SERVICES	12.5%	4.3%
CONSUMER DISCRETIONARY	4.3%	11.2%
AUTOMOBILES & COMPONENTS	1.5%	4.5%
CONSUMER DURABLES & APPAREL	1.5%	3.8%
CONSUMER SERVICES	0.0%	1.5%
RETAILING	1.3%	1.4%
CONSUMER STAPLES	15.9%	11.3%
FOOD & STAPLES RETAILING	2.2%	1.6%
FOOD BEVERAGE & TOBACCO	10.6%	6.8%
HOUSEHOLD & PERSONAL PRODUCTS	3.2%	3.0%
ENERGY	7.9%	5.9%
ENERGY	7.9%	5.9%
FINANCIALS	10.2%	19.2%
BANKS	3.3%	10.6%
DIVERSIFIED FINANCIALS	0.0%	3.1%
INSURANCE	7.0%	5.5%
HEALTH CARE	10.8%	10.9%
HEALTH CARE EQUIPMENT & SERVICES	1.4%	1.9%
PHARMACEUTICALS BIOTECHNOLOGY & LIFE SCIENCE	9.3%	9.0%
INDUSTRIALS	20.7%	14.7%
CAPITAL GOODS	12.8%	9.8%
COMMERCIAL & PROFESSIONAL SERVICES	4.4%	1.9%
TRANSPORTATION	3.5%	3.0%
INFORMATION TECHNOLOGY	6.5%	6.0%
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT	1.4%	1.4%
SOFTWARE & SERVICES	3.3%	2.2%
TECHNOLOGY HARDWARE & EQUIPMENT	1.9%	2.5%
MATERIALS	6.2%	7.4%
MATERIALS	6.2%	7.4%
REAL ESTATE	0.0%	3.8%
REAL ESTATE	0.0%	3.8%
UTILITIES	5.0%	3.8%
UTILITIES	5.0%	3.8%

Source: Pyrford International / MSCI EAFE

For illustration purposes only. Not a solicitation or recommendation to buy, sell, or hold any security.

Pyrford's current views

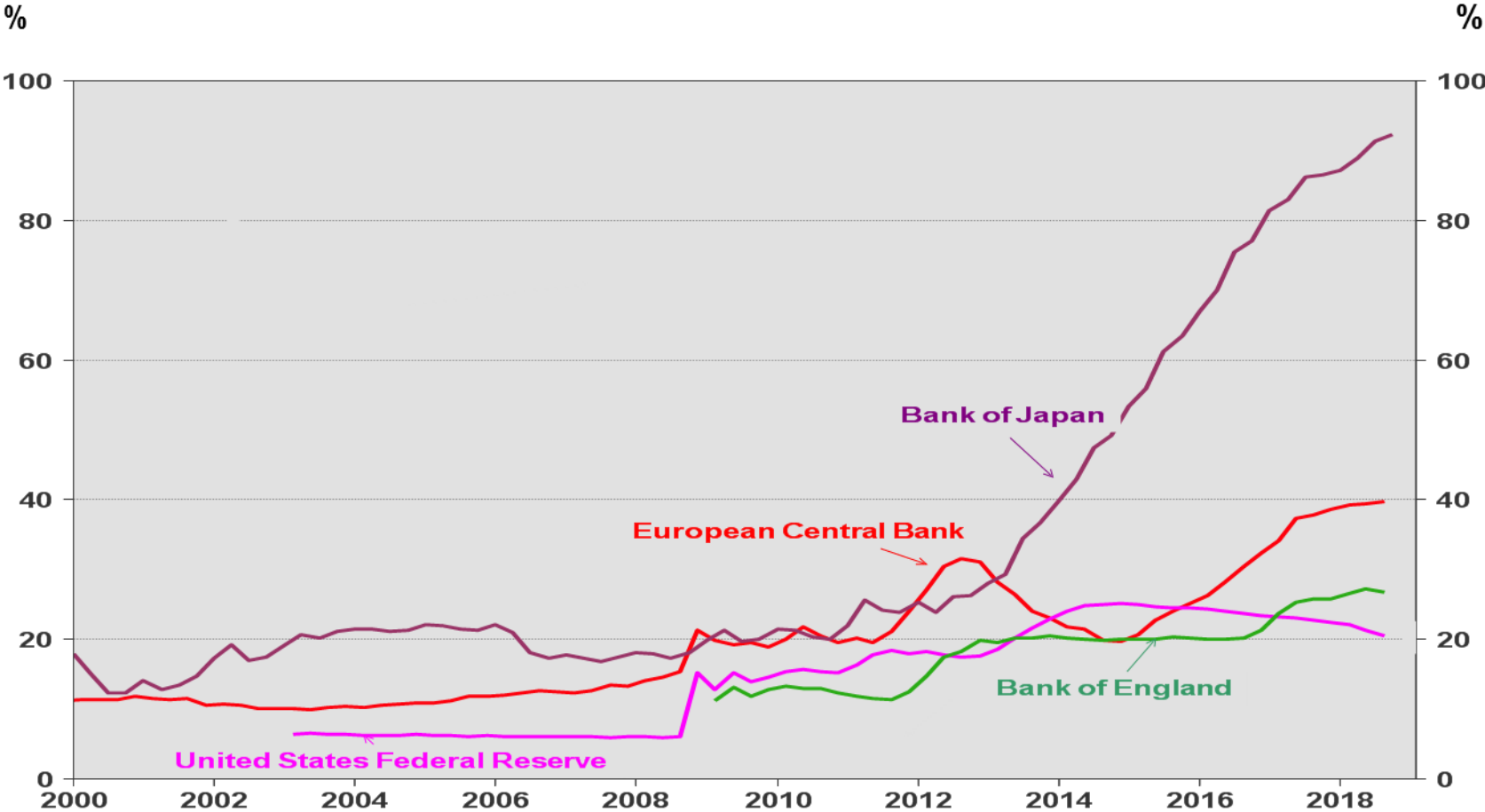
31 January 2019

- **Quantitative Easing** has morphed into Quantitative Tightening. Key interest rates have risen in the US, UK and Canada whilst the ECB is set to halt the purchase of additional bonds. In the US the Fed has set a course for significant balance sheet shrinkage whilst maintaining steady increases in the Fed Funds rate. 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.
- 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 modified without triggering another financial crisis.
- **Inflation** is stirring after a long slumber. Even in Japan and the Eurozone we see signs of life. Corporate profits have grabbed a greater share of GDP at the expense of employee compensation but the worm is now turning.
- In the UK “**Brexit**” continues to split the incumbent Conservative party with the proposed deal enraging both leave and remain supporters. We believe the long-term future outside the EU machine will be favourable for Britain but political infighting will complicate matters near-term.
- 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.
- The **Eurozone** is enjoying a cyclical upswing but the underlying fundamental flaw remains – the inappropriateness of a single currency and short-term interest rate for 19 disparate economies. Debt levels in peripheral Europe and continued lack of competitiveness are unsustainable. Italian banks remain in a parlous situation.
- With Angela Merkel stepping down as leader of the ruling CDU party, close attention will be on the direction of policy adopted by her successor Annegret Kramp-Karrenbauer. **Germany** is the dominant player within the EU, meaning future policies will be critical to the euro and the EU’s relations with key trading partners.
- We believe **Asia ex-Japan** offers the best absolute value and most attractive opportunities for long-term economic growth. Demographics provide a favourable “window” over the next 20 years.
- 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**.

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.

Central Bank balance sheet expansion

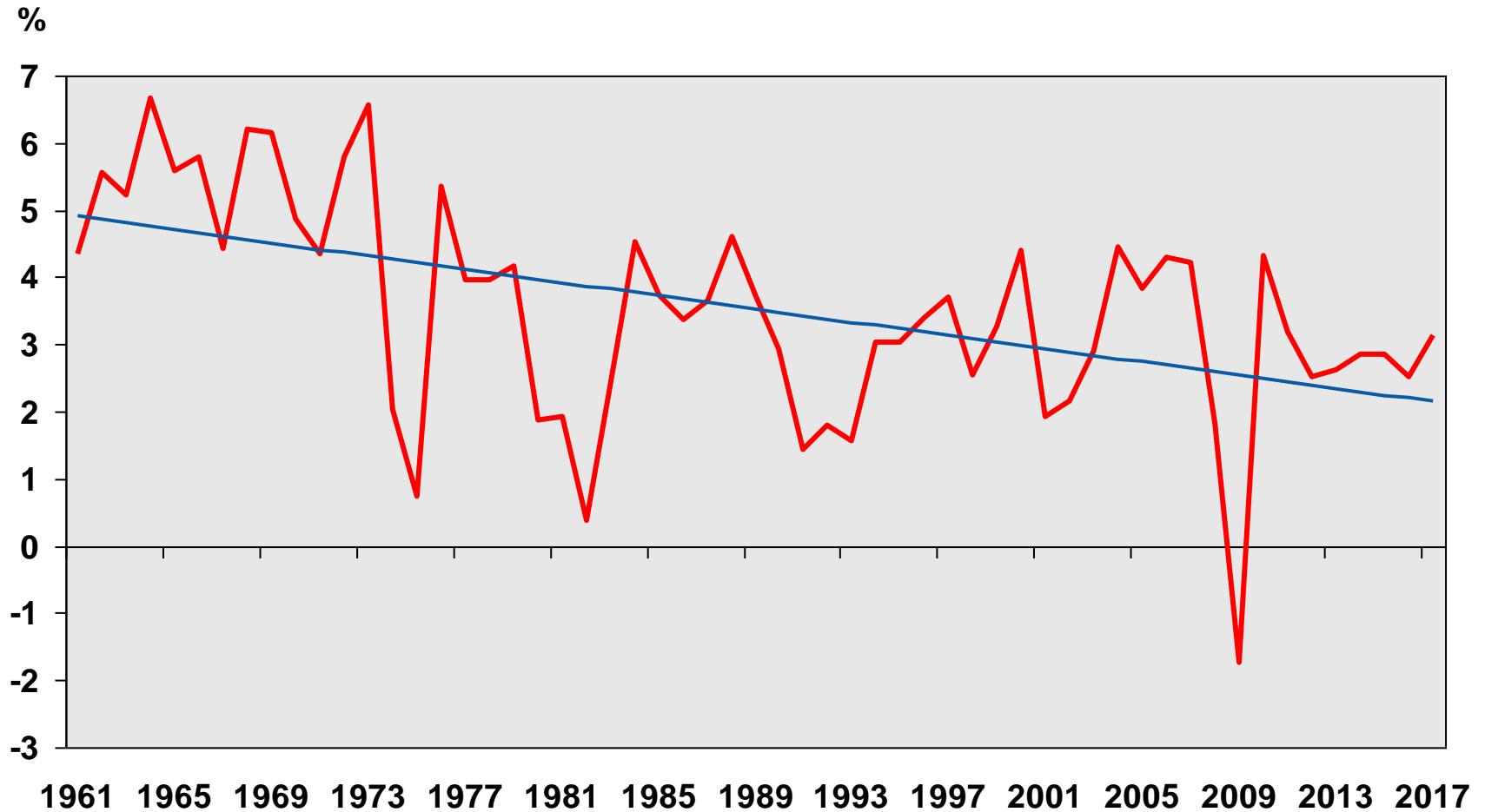
(Total Liabilities to GDP%)



Source: Thomson Reuters Datastream

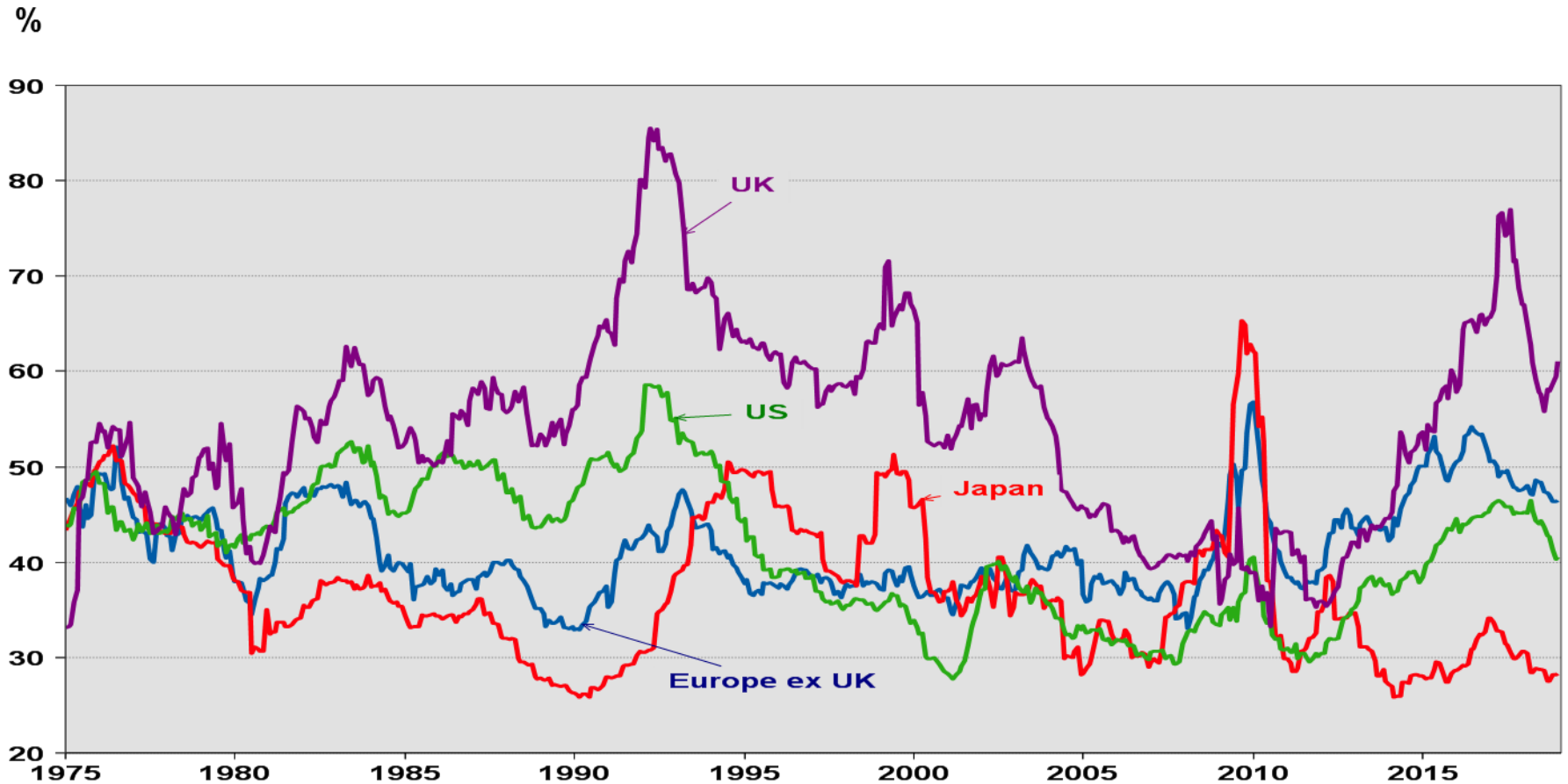
For illustrative purposes only.

World GDP Growth Rate (% USD)



Source: CEIC (269039502); World Bank Database

Dividend Pay-out Ratios



Source: Thomson Reuters Datastream
For illustrative purposes only.

Appendix

Performance attribution detail

Q4 ending 31 December 2018

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	-9.72	100.0	-12.50	-0.39	-0.46	1.98	1.26	2.78
Equity	97.5	-9.96	100.0	-12.50	-0.39	-0.48	1.70	1.26	2.48
Europe	57.2	-10.73	62.8	-12.68	-1.66	0.10	0.04	0.99	1.13
Euro-zone	23.9	-14.71	31.8	-14.04	-1.56	0.09	0.04	-0.18	-0.05
Denmark	N/A	N/A	1.7	-9.74	-1.65	0.02	-0.07	0.00	-0.05
Norway	1.9	0.19	0.8	-17.97	-5.96	-0.06	-0.01	0.34	0.28
Sweden	4.5	-9.81	2.7	-14.07	0.31	0.01	-0.05	0.20	0.16
Switzerland	14.1	-4.20	8.5	-8.94	-0.91	-0.03	0.23	0.63	0.83
United Kingdom	12.8	-11.92	17.4	-11.77	-2.34	0.07	-0.11	-0.01	-0.05
Pacific Basin	38.7	-8.57	36.6	-12.17	1.84	-0.56	1.66	0.29	1.39
Pacific Basin ex Japan	28.0	-7.89	12.0	-7.90	-1.47	-0.07	0.93	-0.13	0.73
Australia	11.4	-8.94	6.9	-9.95	-2.70	-0.09	0.21	0.11	0.23
Hong Kong	4.7	-7.55	3.6	-4.53	-0.05	0.00	0.11	-0.18	-0.07
Malaysia	2.9	-6.21	N/A	N/A	0.14	0.01	0.18	0.00	0.20
New Zealand	N/A	N/A	0.2	-6.48	1.15	0.00	-0.01	0.00	-0.01
Singapore	4.9	-8.05	1.3	-6.71	0.25	0.02	0.19	-0.06	0.15
Taiwan	4.1	-6.59	N/A	N/A	-0.66	-0.02	0.26	0.00	0.24
Japan	10.7	-10.38	24.6	-14.20	3.53	-0.49	0.72	0.42	0.66
Israel	1.6	-15.65	0.6	-14.32	-1.41	-0.01	0.00	-0.03	-0.04
Cash & Currency Hedging	2.5	0.39	N/A	N/A	-0.05	0.02	0.28	0.00	0.30

Policy benchmark is MSCI EAFE.

Performance attribution detail

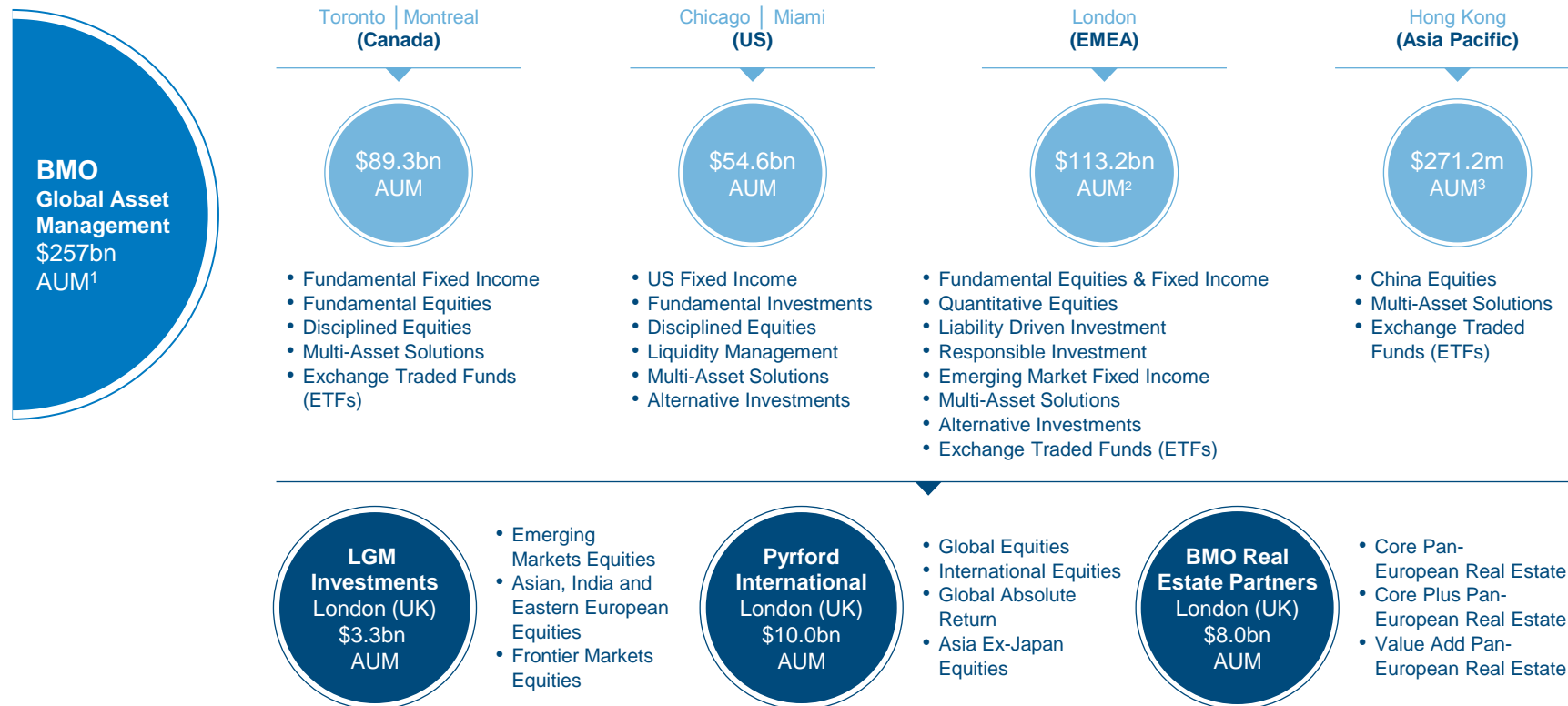
1 year ending 31 December 2018

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	-10.31	100.0	-13.36	-3.15	-0.68	2.53	1.20	3.05
Equity	97.0	-10.50	100.0	-13.36	-3.15	-0.79	2.35	1.20	2.76
Europe	57.8	-12.68	63.3	-14.32	-4.79	0.22	0.42	0.36	0.99
Euro-zone	24.1	-14.93	32.6	-16.23	-4.76	0.13	0.10	0.33	0.56
Denmark	N/A	N/A	1.7	-14.88	-5.02	0.03	0.00	0.00	0.03
Norway	1.9	-4.61	0.7	-7.61	-5.54	-0.02	0.10	0.07	0.15
Sweden	5.0	-15.30	2.7	-12.58	-7.65	-0.11	0.13	-0.19	-0.17
Switzerland	13.6	-2.01	8.0	-8.20	-1.15	0.10	0.19	0.80	1.10
United Kingdom	13.1	-18.75	17.5	-14.10	-5.85	0.10	-0.10	-0.66	-0.67
Pacific Basin	37.8	-6.32	36.2	-11.78	-0.31	-0.99	1.86	1.19	2.06
Pacific Basin ex Japan	27.1	-3.93	11.9	-10.19	-6.10	-0.23	1.26	1.12	2.14
Australia	11.2	-5.45	6.8	-11.83	-9.99	-0.27	0.38	0.67	0.77
Hong Kong	4.2	-7.15	3.6	-7.83	-0.14	-0.02	0.12	-0.05	0.06
Malaysia	2.9	-13.18	N/A	N/A	-2.04	0.03	0.03	0.00	0.06
New Zealand	N/A	N/A	0.2	-3.49	-5.72	0.00	-0.03	0.00	-0.02
Singapore	4.9	1.47	1.3	-9.37	-1.95	0.04	0.12	0.49	0.65
Taiwan	3.9	2.70	N/A	N/A	-3.18	-0.01	0.63	0.00	0.62
Japan	10.7	-12.14	24.3	-12.58	2.68	-0.76	0.61	0.07	-0.08
Israel	1.4	-32.20	0.5	-5.19	-3.98	-0.02	0.07	-0.35	-0.30
Cash & Currency Hedging	3.0	1.33	N/A	N/A	-0.01	0.11	0.18	0.00	0.29

Policy benchmark is MSCI EAFE.

BMO Global Asset Management

Worldwide investment capabilities



Unless otherwise noted, all Assets Under Management (AUM) reported is as at 30.06.2018 and includes both discretionary and non-discretionary assets. AUM figures are in dollars.

1 Includes AUM managed by BMO Global Asset Management (Canada), BMO Global Asset Management (United States), BMO Global Asset Management (EMEA), Pyrford International and LGM Investments. LLC are wholly owned subsidiaries of BMO Financial Group. BMO Real Estate Partners is a subsidiary of BMO Global Asset Management (EMEA). AUM may not add up due to rounding. Figures are adjusted to avoid double-counting of assets sub-advised by investment specialists.

2 Includes \$8.0 billion managed by BMO Real Estate Partners.

3 AUM of Hong Kong domiciled BMO Exchange Traded Funds.

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management and trust and custody services. Certain products and services offered under the brand name BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions and may not be available to all investors. Products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. BMO Financial Group is a service mark of Bank of Montreal (BMO). The organisational diagram is for illustrative purposes only and (1) is only a representation of the capabilities and strategies of BMO Global Asset Management and (2) does not reflect actual legal entities or entity ownership. BMO Global Asset Management (Asia-Pacific) consists of BMO Global Asset Management (Asia) Limited. BMO Global Asset Management (EMEA) is a trading name of F&C Management Limited, which is authorized and regulated by the Financial Conduct Authority. F&C Investments is a registered trademark of the F&C Group. The F&C Group is a wholly-owned subsidiary of BMO Financial Group and is part of BMO Global Asset Management.

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
2018	(10.0)	(10.7)	(13.4)	9.3	11.3	12	2,279	10,709	21.3	0.18	(9.7)	(10.4)	(9.9)

Source: Pyrford International / MSCI EAFE

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, 2018 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 January 31, 2019 Pyrford International Ltd had total assets under management and administration and term investments of US\$11,131m. 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 January 31, 2019, 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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BMO Wealth Management is a brand name that refers to BMO Harris Bank N.A. and certain of its affiliates that provide certain investment, investment advisory, trust, banking, securities, insurance and brokerage products and services. Not all products and services are offered in every state and/or location. Securities and insurance products offered are: **NOT FDIC INSURED — NOT BANK GUARANTEED — NOT A DEPOSIT — MAY LOSE VALUE.**

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
27	03/20/19	Retirement	Information	02/07/19

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, 2018 (ALL). (Adelman)

ISSUE

Investment Performance Review by Met West for the ATU, IBEW and Salaried Retirement Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2018 (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, 2018, shown in Attachment 1, and answering any questions.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Fund Manager Review - Met West.docx

FOR INVESTMENT PROFESSIONAL USE ONLY

TCW

Fixed Income Review TCW Core and Core Plus Fixed Income Strategies

PRESENTATION TO:

Sacramento Regional Transit District

MARCH 20, 2019

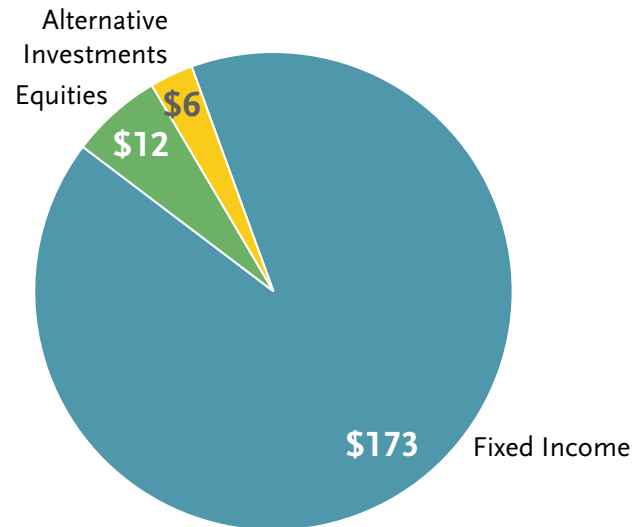
Presented by:

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

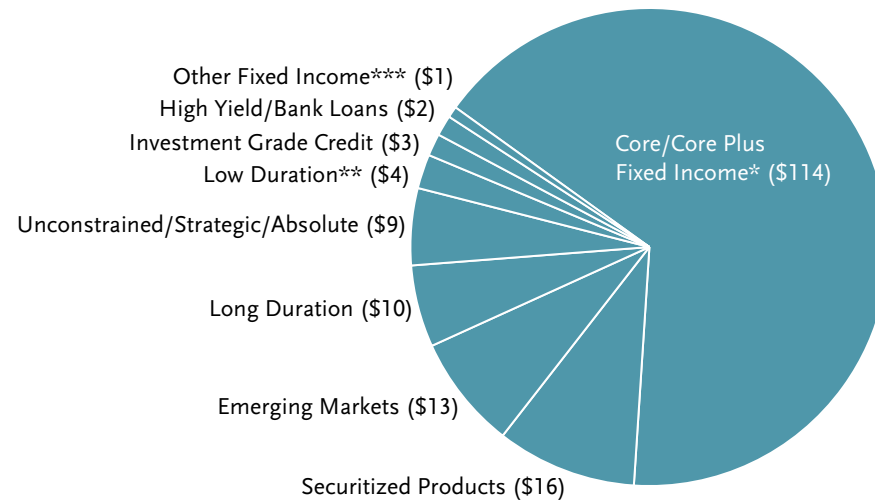
TCW Assets Under Management

AS OF DECEMBER 31, 2018

Firm AUM¹: \$191 Billion



Total Fixed Income Assets²: \$173 Billion by Strategy



Source: TCW

Note: Totals may not reconcile due to rounding.

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

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 JANUARY 2019



Sacramento Regional Transit District - Contract Employees

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670) / BENCHMARK: BLOOMBERG BARCLAYS AGGREGATE
AS OF JANUARY 31, 2019

Executive Summary

Base Currency: US Dollar

Ending Market Value

102,901,415.07

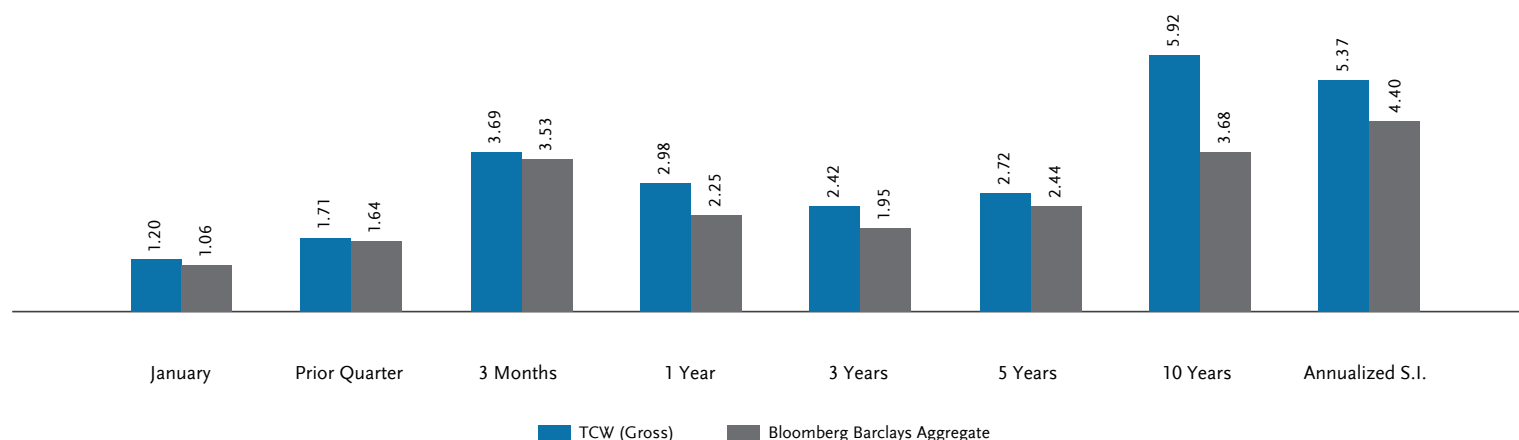
Portfolio Characteristics

	Portfolio	Index
Yield To Worst	3.45%	3.15%
Duration	5.96 yrs	5.86 yrs
Spread Duration	4.27 yrs	3.71 yrs
Quality	AA	AA+
Government / Cash	18.85%	40.27%
Credit	35.13%	29.24%
Mortgage Backed	40.08%	30.00%
Asset Backed	5.95%	0.50%
Other	0.00%	0.00%

Sector Allocation Highlights

	Portfolio	Index
Mortgage Backed	40.08%	30.00%
Agency MBS	29.39%	28.04%
Non-Agency MBS	6.29%	0.00%
CMBS	4.39%	1.95%
Credit	35.13%	29.24%
Corporate Credit	33.54%	24.22%
Investment Grade	30.32%	24.22%
High Yield	3.22%	0.00%
Non Corp Credit	1.19%	3.29%
Emerging Markets	0.39%	1.72%
Other	0.00%	0.00%

Total Rate of Return (%)



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

Sacramento Regional Transit District

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670)

CONTRIBUTIONS & WITHDRAWALS

AS OF JANUARY 31, 2019

Period	Initial Contribution	Contributions	Withdrawals	Investment Earnings*	Ending Balance
Since Inception (04/03/2001)	\$42,403,084.61	\$55,714,794.69	(\$48,767,894.94)	\$53,551,430.71	\$102,901,415.07

*Gross Gains: \$28,630,543.17 / Gross Losses: \$17,558,162.44 / Earned Interest: \$42,767,476.92 + unrealized gain/loss, accrued interest and other accounting items
Source: TCW

4Q 2018 Market Returns

Fixed Income	4Q 2018 Total Return	4Q 2018 Excess Return*	12 Month Total Return	12 Month Excess Return*	Yield-to-Maturity	OAS (bps)
Treasury	2.6%	0.0%	0.9%	0.0%	2.6%	-
3 mo T-Bills	0.6%	0.0%	1.9%	0.0%	2.4%	-
1-3 Year	1.3%	0.0%	1.6%	0.0%	2.5%	-
TIPS	-0.4%	0.0%	-1.3%	0.0%	2.8%	-
Corporate	-0.2%	-3.1%	-2.5%	-3.1%	4.2%	153
AA-Rated	1.1%	-1.5%	-0.5%	-1.4%	3.5%	83
BBB-Rated	-0.8%	-3.8%	-2.8%	-3.5%	4.6%	192
High Yield	-4.5%	-6.7%	-2.1%	-3.6%	8.0%	526
Agency MBS	2.1%	-0.5%	1.0%	-0.6%	3.4%	35
Commercial MBS	1.7%	-1.1%	0.8%	-0.4%	3.4%	86
Asset Backed	1.2%	-0.2%	1.8%	0.1%	3.1%	53
Non U.S. Sovereign	1.9%	-1.2%	-0.9%	-1.4%	0.8%	28
Emerging Markets	-0.7%	-3.9%	-4.1%	-4.7%	6.4%	375

Source: Bloomberg Barclays

* Excess return represents each index's return in excess of return of duration matched U.S. Treasury securities.

Equity	4Q 2018 Total Return	12 Month Total Return	Yield-to-Maturity	OAS (bps)
S&P 500 Index	-13.52%	-4.39%	-	-
DJIA Index	-11.31%	-3.48%	-	-
NASDAQ Index	-17.28%	-2.81%	-	-

Source: Bloomberg
For period ending 12/31/18

4Q 2018 Core and Core Plus Fixed Income Performance Attribution

	Positioning	Market Action	Result
Duration	0.2 years longer than the benchmark throughout most of the quarter	U.S. Treasury rates fell throughout the quarter, with the 2-Year yield down 33 bps, the 10-Year yield down 38 bps, and the 30-Year yield down 20 bps	Small Positive
Yield Curve	Largely neutral across the curve	The yield curve continued to flatten, with the spread between 2- and 10-Year yields reaching a cycle low of 20 bps	Neutral
Sector	<ul style="list-style-type: none"> Underweight governments Selectively added to investment grade corporate exposure as yield spreads widened, but remained underweight on a spread duration basis, with a small allocation to high yield, where allowed Overweight structured products, including non-agency MBS, CMBS, and ABS, while agency MBS is largely in line with the index 	<ul style="list-style-type: none"> Non-government sectors widened during the quarter with the overall Aggregate Index trailing Treasuries by over 100 bps on a duration-adjusted basis Corporate credit suffered significant yield spread widening during the quarter with investment grade yield spreads expanding by nearly 50 bps and high yield credit 210 bps wider Structured products also widened over the quarter, but outpaced corporate markets 	Neutral
Issue Selection	<ul style="list-style-type: none"> Corporate positioning continued to favor regulated sectors like senior issues of U.S. banks and utilities Positioning among industrial credit remained defensive, with a focus on areas like communications and pharmaceuticals, though recent spread widening provided opportunities to add selectively in industries like autos and manufacturing Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors, though weakness allowed for some additions in the midstream sector Maintain position in current pay, senior, non-agency MBS backed by subprime and alt-A loans Maintained small allocation to 3-month JGB T-bills, where allowed, hedging Yen exposure with a dollar-yen cross-currency swap 	<ul style="list-style-type: none"> Banks widened along with broader credit markets, weighed down by subordinated issues, while bonds more senior in the capital structure performed relatively better Industrial credit widened by more than utilities and financials, weighed down by manufacturing, cyclical, and energy. Additions to the strategy were made at attractive levels, but resulted in a drag on performance as spreads continued to widen late in the quarter. Meanwhile, communications, particularly cable, widened to a lesser degree, benefitting performance Emerging markets and non-U.S. sovereign credit were among the worst performers during the period as the dollar strengthened and investors migrated into safer assets amidst volatility, while commodity-related corporates weakened on concerns about global growth and supply technicals (particularly oil) Non-agency MBS experienced some weakness in sympathy with the broader market, though fundamentals remained strong and the sector continued to benefit from robust demand given attractive loss-adjusted yields Position remained somewhat attractive, but has been reduced in favor of other opportunities 	Small Negative

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

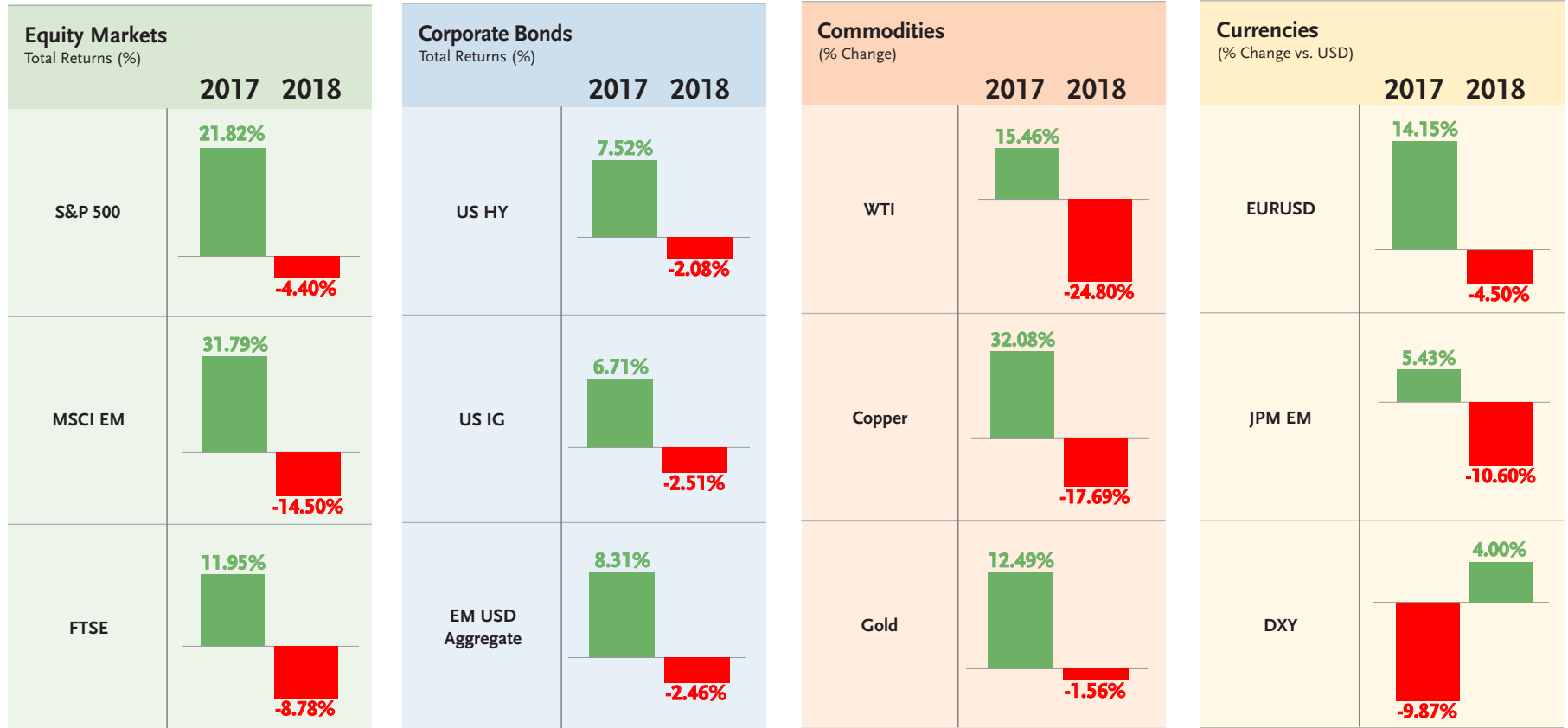
2018 Core and Core Plus Fixed Income Performance Attribution

	Positioning	Market Action	Result
Duration	Extended duration from 0.3 years shorter than the index at the start of the year to 0.2 years long at the end of 2018	Notwithstanding the rally in U.S. Treasury rates during the fourth quarter, Treasury yields moved higher year-over-year, led by the front end with the 2-Year yield up by over 60 bps, while intermediate and long yields increased by approximately 30 bps	Small Positive
Yield Curve	Largely neutral across the curve	The yield curve continued to flatten with the spread between 2- and 10-Year yields falling 30 bps over the year to a cycle low of 20 bps	Neutral
Sector	<ul style="list-style-type: none"> Underweight governments Selectively added to investment grade corporate exposure as yield spreads widened, but remained underweight on a spread duration basis, with a small allocation to high yield, where allowed Overweight structured products, including non-agency MBS, CMBS, and ABS, while agency MBS is largely in line with the index 	<ul style="list-style-type: none"> Non-government sectors widened during the year with the overall Aggregate Index trailing Treasuries by over 100 bps on a duration-adjusted basis Corporate credit posted solid performance over the first three quarters of 2018, but suffered significant widening in the latter part of the year and lagged the broader fixed income market with investment grade spreads expanding by 60 bps and high yield over 180 bps wider Structured products also widened over the period, but outpaced corporate markets. Non-agency MBS held up relatively well against rising rates and benefitted from solid investor demand given attractive loss-adjusted yields 	Positive
Issue Selection	<ul style="list-style-type: none"> Corporate positioning continued to favor regulated sectors like senior issues of U.S. banks and utilities Positioning among industrial credit remained defensive, with a focus on areas like communications and pharmaceuticals, though spread widening late in the year provided opportunities to add selectively in industries like autos and manufacturing Avoid issues with non-U.S. risks and exposure to the volatile energy and metals sectors Small position in 3-month JGB T-bills, where allowed, hedging Yen exposure with a dollar-yen cross-currency swap 	<ul style="list-style-type: none"> Banks widened along with broader credit markets, weighed down by subordinated issues while bonds more senior in the capital structure performed relatively better Industrial credit was weighed down by manufacturing, cyclicals, and energy. Additions to the strategy were made at attractive levels, but resulted in a drag on performance as spreads continued to widen late in the year. Meanwhile, communications widened to a lesser degree, benefitting performance Emerging markets and non-U.S. sovereign credit were among the worst performers during the period as the dollar strengthened and investors migrated into safer assets amidst volatility Position remained somewhat attractive, but was reduced in favor of other opportunities 	Positive

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

4Q 2018 This Year Represented a Dramatic Change from 2017

- By the end of the first quarter, it was clear that 2018 was distinctly different than 2017, as rising rates, greater policy uncertainty, and higher volatility challenged returns across asset classes both in the U.S. and abroad. As risk-assets repriced, the flight to quality helped safe-haven assets such as the USD and U.S. Treasuries delivered some of the only positive returns for the year.

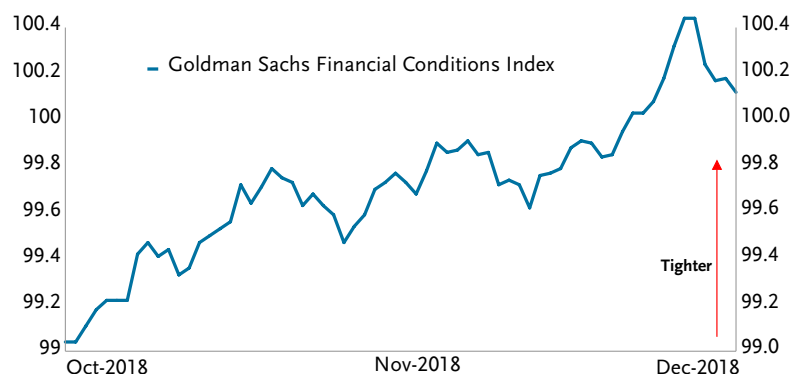


Source: Bloomberg

4Q 2018 Markets Re-Price As Global Central Bank Liquidity Recedes

- Market sentiment declined sharply and volatility rose this year as the effects of tightening central bank policy, along with trade concerns and slowing global growth, drove a sell-off across asset classes. December was one of the worst months on record for risk-assets. Equities were particularly hard hit, with major stock indices in the U.S., Europe, and Asia all down 10% or more from recent highs in concentrated sell-off of a magnitude not seen since the financial crisis.

Financial Conditions Tightened As Markets Sold-Off

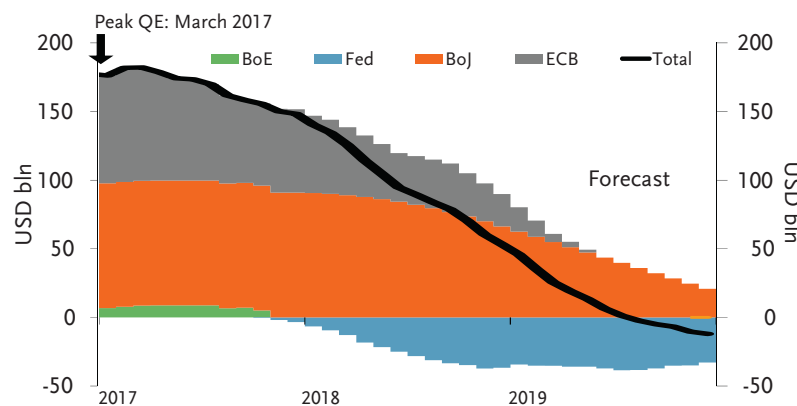


Source: Bloomberg, Goldman Sachs

- As equities dropped, investors retreated to safe haven assets. U.S. Treasury 10-Year yields fell 30 bps in December to 2.68% and German Bund yields dropped over 20 bps to 0.24%, while gold neared a six month high and the Japanese Yen and dollar strengthened. With U.S. Treasury rates falling, the yield curve inverted briefly between 2- and 5-Year maturities during December for the first time since 2007.

- Financial conditions tightened sharply as the market sell-off accelerated. As measured by a strong dollar, higher short-term rates, weaker equity markets, and a flat curve, conditions are now tighter than they have been since the beginning of 2016 when a collapse in oil prices and concerns about Chinese growth shook financial markets.

Markets Will Continue to Re-Price as QE Becomes QT In 2019



Source: DB Global Research

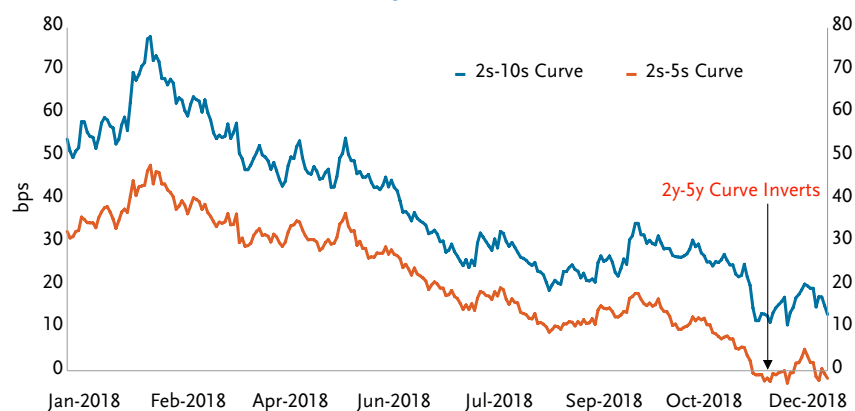
- Tighter financial conditions are set to persist as global central banks unwind a decade of ultra-loose monetary policy that drove investors to take on risk across sectors – stocks, high yield, leveraged loans, emerging markets, and lower quality investment grade credit. While the Fed has been shrinking its balance sheet by as much as \$50 billion each month, net asset purchases by other central banks are also set to decline significantly next year. As a result, the artificial support that has propped up markets for years is disappearing.

Our View: The market sell-off we saw in the fourth quarter is likely the beginning, rather than the end, of a necessary correction in asset prices. While the timing is always difficult to predict, and the process may unfold in fits and starts, higher borrowing costs and less liquidity should bring about a market reckoning of the lax underwriting, high leverage, and other market excesses that have built up over the last several years due to extremely accommodative monetary policy.

4Q 2018 The Federal Reserve vs. The Market

- In the ninth such move since 2015, the FOMC raised rates in December, bringing the target range for the Federal Funds rate to 2.25% - 2.5%. While this increase was largely expected, recent market volatility led many investors to expect the Fed to pause rate hikes in 2019. However, the Fed maintained a tightening bias, though lowered the number of potential hikes in 2019 from three to two and reduced their long-run target to 2.75%. Markets, however, continue to be skeptical, with futures suggesting the next move in rates is likely a cut, rather than another increase.

Markets Remain Skeptical of Fed Rate Hike Plans

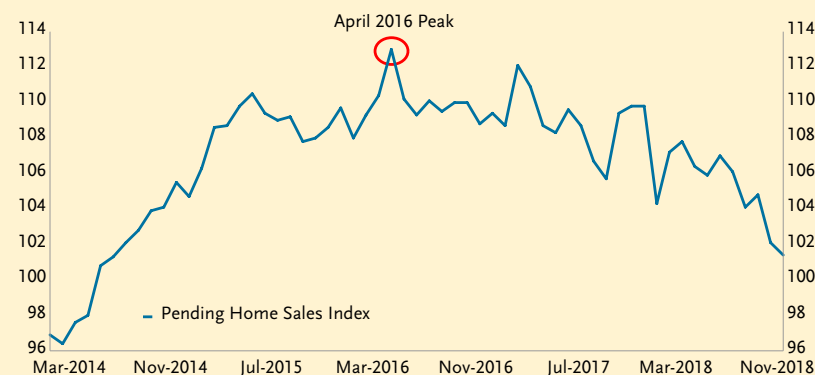


Source: Bloomberg

- The mismatch in expectations between the market and the Federal Reserve regarding the future path of rates helped fuel concerns of a policy misstep by the FOMC. Following the press conference, the 2s-10s curve flattened to 11 bps, led by a rally in the long-end. This type of curve flattening is generally indicative of a deterioration in market expectations of long-run economic growth and inflation.

- While recent headline growth numbers appear to be strong, reaching as high as 3.0% in the third quarter, growth has been elevated by temporary factors. In particular, the effects of last year's spending and tax cuts are projected to fade over the coming quarters. The Fed itself, is predicting a slowdown in 2019 to 2.3% and recent data suggests further downgrades may be warranted.
- The possibility of an economic slowdown reverberated through to the U.S. consumer as well, with sentiment souring in December. The Conference Board survey showed confidence at its lowest level in five months, after having peaked at an 18-year high in September. According to respondents, political uncertainty and concerns about growth weighed on expectations for jobs and future spending on big ticket items. Further, elevated levels of home price markdowns across the 20 largest U.S. counties and a meaningful slowdown in pending home sales suggests that housing may be experiencing a late cycle deceleration.

Pending Home Sales Continued to Slide



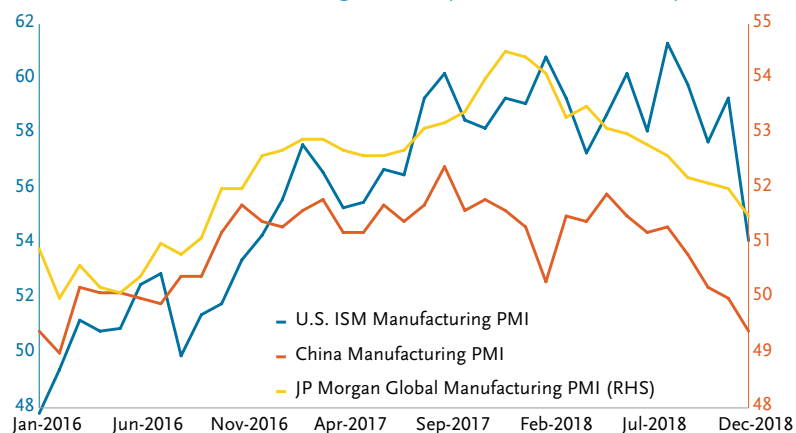
Source: National Association of Realtors, Bloomberg

Our View: Stark differences in market outcomes in 2018 versus 2017 reflect a changing view of the future of economic activity around the world. Downside risks to the economy are rising at the same time as it appears as if the Fed is on course to deliver more tightening than markets would prefer. Given that monetary policy operates with significant lags, and the effects of past changes are still filtering through the system, the next significant move in rates could be lower rather than higher.

4Q 2018 Slowing Global Growth Hits Commodities

- Though global growth is projected to be 3.7% in 2018, many expect a broader slowdown in growth outside of the U.S. next year due to tightening monetary policy, worsening trade disputes, and slower demand growth from major economies. These concerns weighed on global fixed income markets with the Bloomberg Barclay's Global Aggregate dropping 1.5% for the year. Emerging markets in particular saw negative 4.1% returns, significantly lagging U.S. Treasuries.
- Recent data on manufacturing, industrial production, and trade seemed to confirm concerns that global economic growth lost momentum in 2018. In particular, the new orders component of the global manufacturing purchasing managers index (PMI) is nearing 50, indicative of a slowdown in activity. Meanwhile, China's manufacturing PMI fell to 49 in December, the weakest reading since 2016.

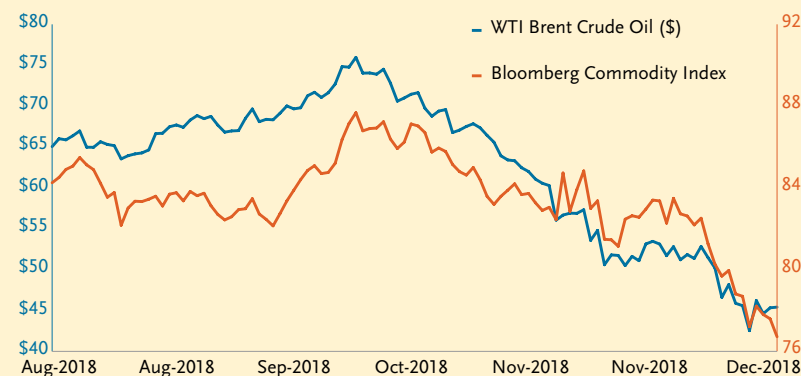
Manufacturing Activity Slowed Globally



Source: Bloomberg, JP Morgan

- Several major global companies also echoed slowing growth concerns in their Q4 earnings. Notably, FedEx saw its shares drop 12% in December (the largest decline in a decade), as the company cut its earnings outlook due to slowing global trade and weakening global growth. Meanwhile AP Moller-Maersk, the world's biggest operator of container ships, highlighted that the U.S-China trade dispute may end up significantly costing the global container shipping industry next year. Most recently, Apple reduced its revenue forecast due to a sharp drop in sales activity in China.

Commodities Markets Tumbled



Source: Bloomberg

- Commodities saw their worst year since 2015, providing additional evidence that trade tensions and a strong dollar are weighing on economic activity. The Bloomberg Commodities Index was down 13% in 2018, led by a 40% decline in oil since October, and significant losses across a wide range of materials including copper, iron ore, and lumber due to ongoing concerns about the strength of future demand as global growth slows.

Our View: Significant challenges face the world economy in 2019, particularly in light of global central bank efforts to withdraw stimulus and raise rates, an aging credit cycle in the U.S., and rising policy induced risks. Other geopolitical risks are also simmering in the background without resolution – Brexit, Italy, Middle East tensions, Russia, and North Korea – and raise additional uncertainty about the global outlook.

4Q 2018 Investment Grade Credit Review and Outlook

- Credit faced a challenging year as performance weakened on rising concerns about leverage, poor underwriting, deteriorating liquidity conditions, and the broader macro outlook. Investment grade credit spreads widened over 60 bps from the start of the year, ending near the 20-year historical mean of 150 bps. The sector also saw negative total returns of over 2.7% in 2018, the worst annual performance since 2008.
- Higher quality sectors generally fared better than lower-quality credit, as BBB issues lagged Treasuries by nearly 350 bps and A issuers by 280 bps. In addition, particular weakness was felt in more cyclical sectors such as transportation, energy, metals and mining. Given the fall in oil prices, energy-related names were one of the hardest hit with oil field services lagging Treasuries by over 635 bps and the broader sector, lagging by almost 470bps.

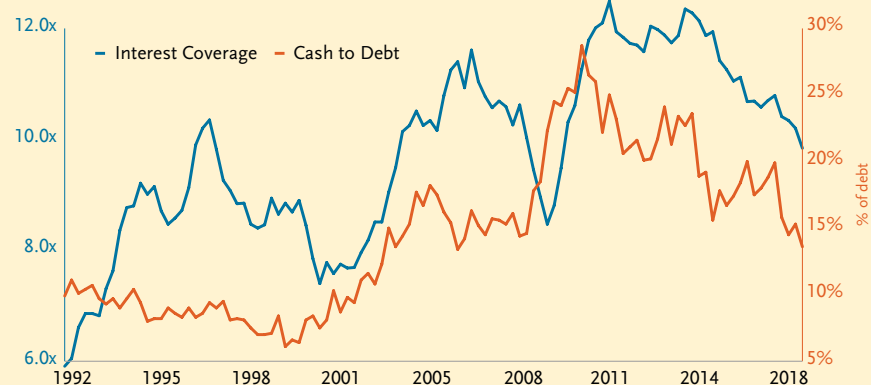
Cyclical Sectors & Lower Quality Underperformed

Quality	December	YTD	Worst Sectors	QTD	YTD
AAA	-0.25	-0.25	Oil Field Services	-6.45	-5.71
AA	-1.20	-0.86	Energy	-4.86	-3.76
A	-2.58	-2.99	Metals and Mining	-4.24	-4.10
BBB	-3.87	-3.51	Manufacturing	-4.56	-5.53

Excess Returns (%)
Source: Bloomberg

- Notwithstanding recent spread widening, investors still appear relatively complacent to the risks that underlie corporate credit. In particular, the sector remains vulnerable to heightened leverage metrics which are considerably higher than any prior non-recessionary period. Investment grade debt/GDP has grown by over 140% this cycle, with non-financial BBB debt growing a record 181%. More concerning, BBB credits as a whole now comprise just over 50% of investment grade credit and have the highest median gross leverage of any quality segment at over 2.5x, leaving investors exposed to considerable downgrade risk as the cycle turns.

Interest Coverage and Cash Levels Deteriorated



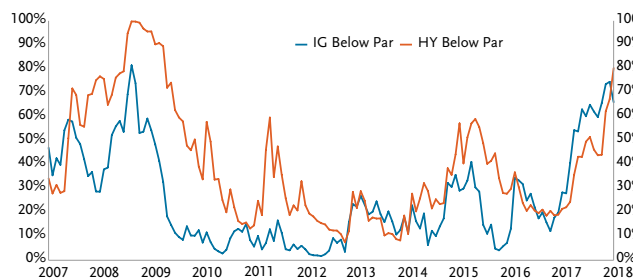
Source: Morgan Stanley, Bloomberg

- Interest coverage weakened further, declining below 2007 levels for the first time this cycle. At the same time, cash relative to debt dropped to 13.6% this year from 18.7% in 2017. Despite the weakening fundamentals, underwriting remains aggressive with large deals being successfully brought to market at high levels of leverage.

Our View: Current spread widening is an expected outcome of the excesses we have seen in credit markets over the last several years, and we anticipate further widening in 2019. Although investors in the investment grade sector historically have little default risk, given the elevated leverage in the BBB cohort, rating downgrade risk is significant. As the size of that market has increased, the potential for meaningful disruptions in pricing as large blocks of bonds move to high yield is substantial. As spreads widen and volatility increases, pricing in some segments of the IG corporate market is looking more attractive and, in some cases, fully discounts the risk of a downgrade. Consistent with our value discipline, we will look to selectively increase exposure as spreads widen.

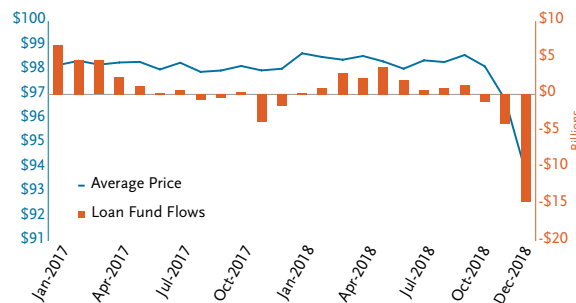
4Q 2018 High Yield and Bank Loan Review and Outlook

HY Bonds Trading Below Par At Highest Levels Since The Crisis



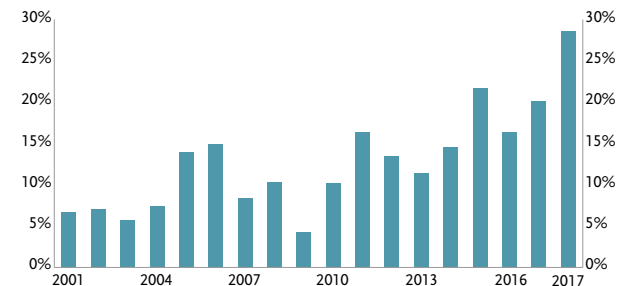
Source: Bloomberg Barclays

Loan Prices Dropped As Investor Outflows Increased



Source: S&P LCD

Deals with EBITDA Adjustments Rose



Source: Morgan Stanley

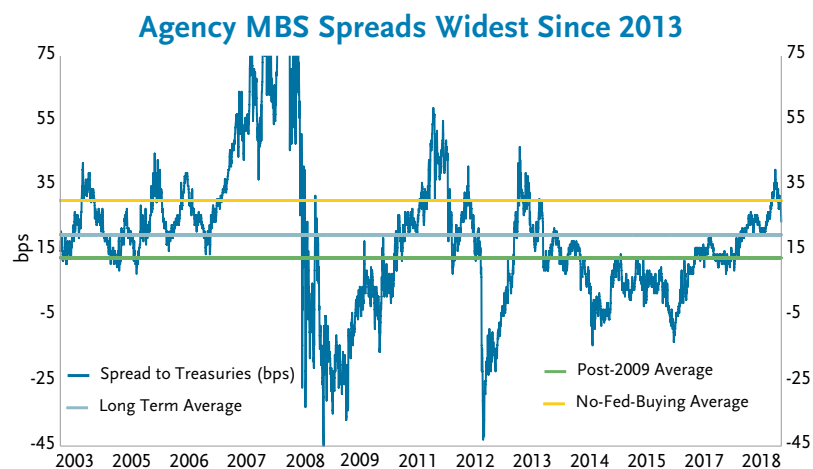
- Market volatility and shifting sentiment drove high yield bond returns down -4.5% this quarter to bring year-to-date losses to almost -2.1%. High yield spreads widened by over 223 bps from their cycle tight in October, ending the year at 526 bps. The combination of negative returns and skittish investors drove outflows and a precipitous drop in issuance. In fact, for the first time since 2007 there was no high yield issuance in December, as issuers pulled or delayed new deals.
- Credit stresses are beginning to build up in high yield. Despite below average defaults, the number of credits priced at distressed levels of above 1,000 bps over Treasuries, rose this quarter from 5.6% in mid-October to 7.2% by the end of the year. At the same time, over 70% of high yield bonds are trading below par, a number that significantly accelerated this year and is concentrated in energy (~45%) and retail sectors (~17%), though distress is emerging across a variety of sectors.

- While leveraged loans outperformed most other fixed income sectors this year, posting a modest gain, loans were not immune to the market sell-off this quarter and lost nearly 2.5% in December, the worst loss since 2011. Losses drove a significant increase in outflows and pressured secondary market prices down by nearly 5% since October to \$93, their lowest level since 2016.
- Strong demand for loans from yield-seeking investors, particularly CLO structures, has allowed issuers to weaken investor protections across multiple dimensions. Over 80% of new loans are considered covenant-lite loans vs. just 30% in 2007, while the strength of the covenants that do exist has been steadily eroding. Highly questionable (and non-GAAP) earnings adjustments are increasingly common and can be very aggressive. Moody's estimates that these factors, taken together, will lead to lower loan recovery rates than has historically been the case (61% versus 77%).

Our View: We broadly expect credit stresses to mount and spreads to widen across high yield in 2019 as investors reassess the rising fundamental risks that have been abundant across the market for years. While valuations still appear somewhat expensive overall given the significant buildup in leverage and erosion of investor protections, diligent investors can find pockets of value in particular issuers and sectors and we will remain vigilant for those opportunities. As such, we will be disciplined and gradual in increasing our allocations to the lower quality areas of the corporate bond market.

4Q 2018 CMBS and Agency MBS Review and Outlook

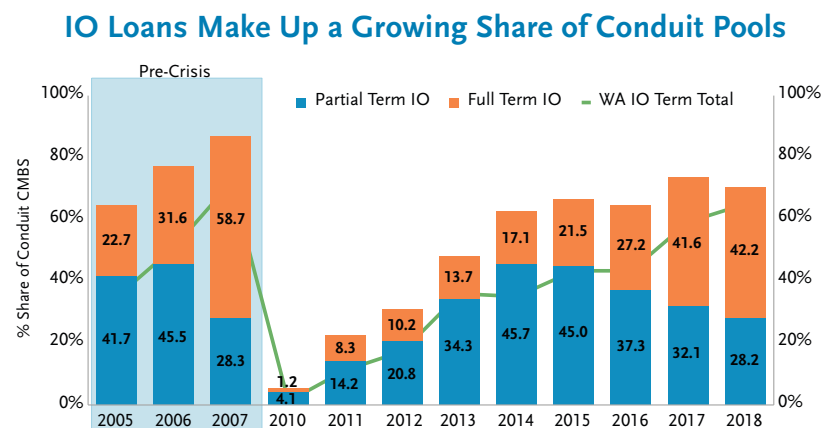
- In the face of market volatility and higher rates for the year, agency MBS managed to outperform corporate credit markets and delivered a positive 0.9% return for the year. That said, option-adjusted spreads have widened out to 36 bps, levels last seen in 2015 and, while they have come in slightly from the widest of the year, they exceeded the prevailing average level prior to the Fed's purchases. As a result, agency MBS lagged duration-adjusted Treasuries by over 50 bps for both the quarter and the year.



Source: Morgan Stanley

- From a technical perspective, agency MBS will continue to face challenges in 2019 from the Fed's portfolio run-off and declining bank and foreign demand. However, several positive factors support the sector, with prepayment risk at all-time lows due to slowing home price appreciation and 30-year mortgage rates at seven-year highs. In addition, agency MBS offers a high quality, more liquid alternative to credit particularly in the context of an end-cycle deleveraging.

- Absolute returns were also positive for CMBS despite the volatility in the broader market with both agency and non-agency CMBS generating modest positive returns in 2018 to largely outperform corporate credit though lagging Treasuries. Issuance modestly declined during the year, with supply favoring agency CMBS and single asset single borrower deals.
- Non-agency CMBS credit quality continued to loosen this year, with interest only loans comprising a large and growing share of conduit deals, underwriting standards weakening, and an elevated number of loans in conduit deals with LTVs of more than 80%. In addition, some idiosyncratic risks are also growing as nearly 43% of the 2010 – 2017 vintage loans have reported current net operating income that is less than what was originally underwritten.



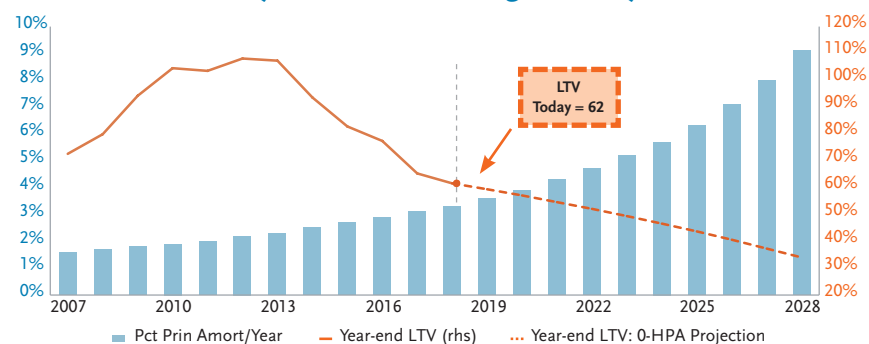
Source: Moody's

Our View: Against a backdrop of looser underwriting standards, declining collateral quality, and a potential for significant market volatility, current vintage non-agency CMBS is relatively unattractive. As such, defensive positioning in agency CMBS issues, senior seasoned non-agency bonds, and single asset single borrower deals are expected to provide less risk, albeit at significantly lower returns, though positions are likely to be reduced as more compelling opportunities arise. Additionally, the better liquidity characteristics and minimal credit risk of agency MBS remain attractive features, despite potential widening of spreads.

4Q 2018 Non-Agency MBS and ABS Review and Outlook

- Despite being able to shrug off episodic bouts of volatility earlier in the year, non-agency MBS struggled in the fourth quarter along with the broader market. However, a favorable technical environment and improving fundamentals supported positive performance in this sector for the year. Even with a slowing housing market and weaker prices, continued loan amortization will substantially improve the profile of borrowers' loan to value ratios, reducing the likelihood and severity of default and increasing the ability to refinance, both of which support continued strong fundamental performance.

Scheduled Paydowns Lead To Significantly Lower LTVs



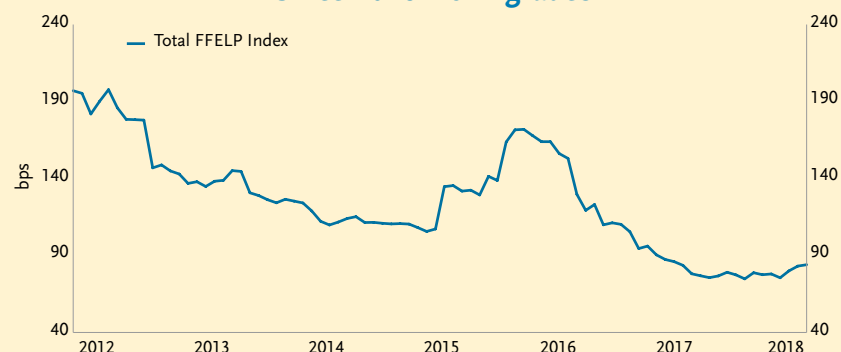
Source: CoreLogic Loan Performance, TrueLTV, TCW
Percent Principal Amortization Per Year and Historical and Projected LTV of 2006 Alt-A Clean Pay Loan: 0 HPA for years 11-30.

- While the legacy non-agency market has shrunk to roughly \$400 billion (from \$2.1 trillion pre-crisis) and continues to decline as securities pay down, trading markets remain healthy. At the same time, legacy non-agency MBS investors have been increasingly reinvesting paydowns in the new post-crisis non-agency market issues. This quarter, issuance of these products topped \$130 billion and exceeded reinvestable cash being distributed to investors from legacy securities for the first time.

Our View: As one of the few sectors reducing (as opposed to increasing) leverage, the legacy non-agency MBS market continues to provide the most attractive source of risk-adjusted returns in the fixed income market. Senior, high-quality parts of the ABS market such as federally guaranteed student loans and top of the capital structure CLOs also offer value. While non-agency MBS and ABS may experience price pressures in the context of a broader credit market sell-off, technical and fundamental factors supporting both sectors should provide greater protection than comparable yielding corporate credit.

- Of the \$130 billion in non-agency securities issued this year, reperforming loan securitizations comprise the vast majority of new issuance at over \$60 billion, followed by credit risk transfer notes from FNMA and FHLMC at over \$40 billion. Attention to risk factors is necessary, particularly since many products, including agency credit risk transfer (CRT) notes, have seen a deterioration in the quality of underlying collateral and have yet to be fully tested through a credit cycle.

Student Loan Spreads Have Tightened Considerably Since 2016 Downgrades



Source: Barclays

- While experiencing moderate spread widening during the quarter, asset-backed securities also posted positive returns on both an absolute and relative basis, with all subsectors outperforming comparable Treasuries for the year. Federally guaranteed student loan performance was solid during the year as spreads were consistently narrower than where they were before the wave of downgrades was announced in 2015, while other ABS sectors viewed as more vulnerable, such as subprime auto ABS lagged.

4Q 2018 Core and Core Plus Fixed Income Positioning Summary

Our positioning remains somewhat cautious and defensive, particularly towards lower quality credit risk, though select opportunities have arisen on improved valuations. The emphasis on higher quality and non-cyclical parts of the corporate market, as well as the senior portion of the securitized markets remains intact, however, we are actively seeking opportunities to add to the risk budget in specific issuers and sectors where we find that value is in excess of current price levels.

Characteristic	Positioning	Comments
Duration	Ended the year 0.2 years longer than the benchmark, but reduced to 0.1 years long in early January	<ul style="list-style-type: none"> Fair value in 10-Year rates is still around 3% Look to extend duration modestly if rates rise much above 3.25%, and trim duration if rates fall into the 2.5% range
Curve	Largely neutral across the curve	<ul style="list-style-type: none"> Slight preference for the 5 to 10-Year part of the curve Bias toward a steeper curve as forward curves are already very flat
Governments	Underweight with an emphasis on on-the-run securities	<ul style="list-style-type: none"> On-the-run securities and Treasury futures provide greater liquidity for a small give up in yield Modest TIPS position as breakeven inflation rates became more attractive
MBS	<ul style="list-style-type: none"> Agency MBS – neutral Non-Agency MBS – maintain allocation 	<ul style="list-style-type: none"> Prefer specified pools over TBAs given the increasing expense of TBA rolls Avoid recent production agency MBS where negative convexity is greatest Modest exposure to well-structured CMOs given relatively stable duration profiles and specified pools with attractive carry 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 Modest exposure to senior CLOs given robust structures and reasonable valuations
CMBS	Overweight, preference for agency CMBS	<ul style="list-style-type: none"> Prefer agency CMBS exposure vs non-agency, with a bias to reduce in favor of other opportunities In non-agency, favor single asset single borrower deals and select IO issues where there is attractive upside potential
Credit	Modestly defensive, with a bias to continue adding as spreads widen	<ul style="list-style-type: none"> Continue to look for opportunities to add exposure as spreads widen toward median levels Continued opportunities in shorter dated credit as front-end rates rise, resulting in a market value overweight even though credit risk remains a small underweight by spread duration Emphasize financials with a preference for large U.S. banks and REITS. Favor defensive sectors like utilities, pharmaceuticals, communications, and non-profit hospitals Underweight high beta credit sectors and non-corporate credit, particularly non-U.S. issues
High Yield	Small allocation, with a bias to add selectively	Prefer defensive, relatively high quality credits and larger, more liquid credits, away from volatile sectors like energy, metals, and transportation
International	Minimal allocation, with a bias to add high quality names on weakness	<ul style="list-style-type: none"> Begin to add modest amounts of high quality emerging markets given significant spread widening Look to take advantage of market return to equilibrium levels in U.S. vs German 5-year government bonds Reduced position in currency-hedged Japanese T-bills given better opportunities in other sectors

Portfolio characteristics and holdings are subject to change at any time. The views and forecasts expressed in this quarterly review are as of January 2019, 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 2018 Sector Highlight: CLO Impact on the Bank Loan Market

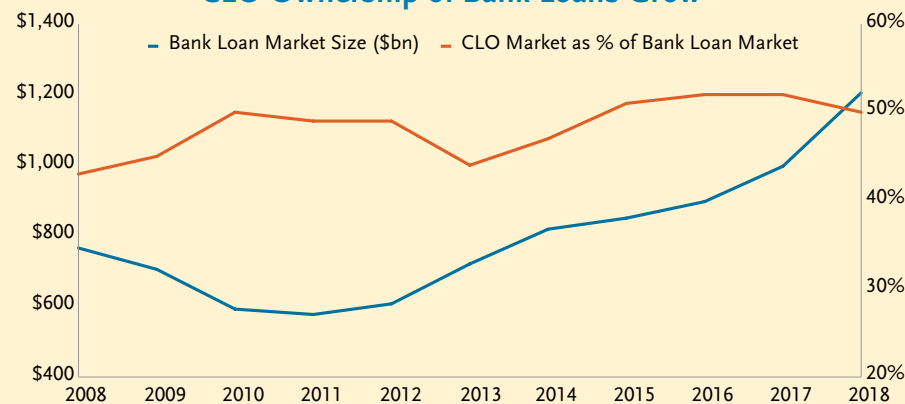
New issuance of CLOs dropped 55% in December compared to the previous year. Widening CLO spreads and declining bank loan prices have weighed on the CLO market contributing to the decline in issuance. Below looks at some of the linkages between CLOs and loans.

CLO Demand Drives the Bank Loan Market

- Robust issuance of CLOs has significantly contributed to the supply of bank loans.
- CLOs represent the largest buyer of bank loans as CLOs own about 50% of the bank loan market.

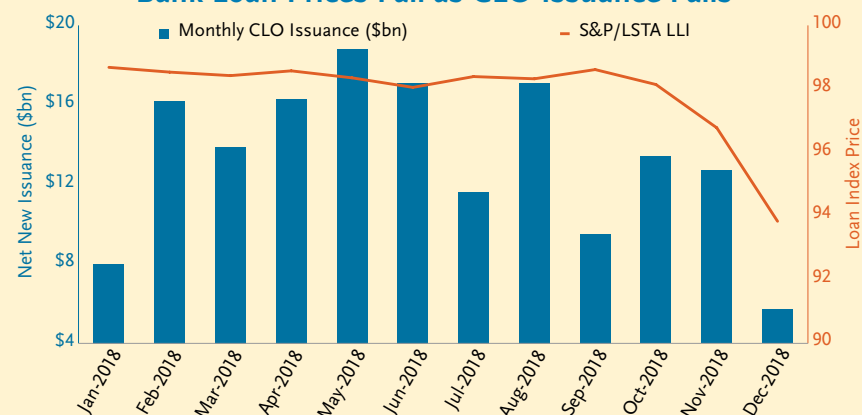
- Bank loan prices fell for a variety of reasons but declining demand from CLOs in the later part of the year exacerbated the price decline.

CLO Ownership of Bank Loans Grow



Source: JP Morgan

Bank Loan Prices Fall as CLO Issuance Falls



Source: Bloomberg, S&P/LSTA

Loan Warehouses Pose Potential Risk

- What is a loan warehouse? Like any warehouse that is used to store inventory, a loan warehouse is used by CLO managers to purchase and store bank loans that will be used as collateral in a CLO when it is issued.
- Loan warehouses hold bank loans that will eventually be securitized into a CLO. If the CLO doesn't get issued, the warehouse will be closed and all the loans held in it must be sold back into the secondary market.

CLO Warehouse Statistics

Number of open warehouses	150
Average CLO market value	\$400 million
Average percentage of ramped CLO	50%
Total loans held in warehouses	\$20 to \$30 billion

Source: TCW estimates

Our View: If CLO issuance remains depressed and loan warehouses are forced to liquidate loans they hold, there will be a substantial increase in available supply and likely meaningful declines in loan prices. This potential technical pressure, combined with poor underwriting, high leverage, and weak covenants suggest further downside in loans may still be realized.

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. Additionally, she holds Series 7 and 63 licenses.

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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. © 2019 TCW

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
28	03/20/19	Retirement	Action	02/07/19

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2018 (ALL). (Adelman)

ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2018 (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, 2018 (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 2018 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 31, 2018 (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, 2018. 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, 2018, there were no compliance warnings or alerts to be reported; therefore, the investments are in compliance with the Investment Policy. The final attached report includes the monitoring summary (Attachment 3).

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Investment Performance.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
28	03/20/19	Open	Action	02/07/19

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2018 (ALL). (Adelman)

The table below provides an overview of the quarter performance, quarter ending December 31, 2018 – 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	(11.72)%	(13.65)%	\$(6,486,994)	\$6,453
S&P 500 Index (large cap value) S&P 500	(13.52)%	(13.51)%	\$(6,719,375)	\$(582,244)
Atlanta Capital (small cap) Russell 2000	(20.20)%	(14.13)%	\$(3,653,871)	-
Brandes (international equities) MSCI EAFE*	-	-	\$(215)	\$(6,453)
Pyrford (international equities) MSCI EAFE	(12.54)%	(9.70)%	\$(2,627,153)	-
MSCI EAFE Index (international equities) MSCI EAFE	(12.54)%	(12.53)%	\$(1,427,635)	-
AQR (small cap international equities) MSCI EAFE SC	(16.05)%	(16.23)%	\$(2,346,303)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(7.46)%	(6.27)%	\$(1,025,948)	-
Metropolitan West (fixed income) Barclays Agg.	1.64%	1.74%	\$1,743,924	\$(484,300)
Totals	(8.50)%	(7.69)%	\$(22,543,569)	\$(1,066,545)

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, 2018 – 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	(8.27)%	(8.78)%	\$2,438,980	\$(5,684,553)
S&P 500 Index (large cap value) S&P 500	(4.38)%	(4.44)%	\$4,666,811	\$(5,547,490)
Atlanta Capital (small cap) Russell 2000	(11.01)%	.97%	\$4,048,177	\$(4,840,996)
Brandes (international equities) MSCI EAFE*	-	-	\$(122)	-
Pyrford (international equities) MSCI EAFE	(13.79)%	(10.93)%	\$(366,042)	-
MSCI EAFE Index (international equities) MSCI EAFE	(13.79)%	(13.58)%	\$(138,759)	-
AQR (small cap international equities) MSCI EAFE SC	(17.89)%	(20.70)%	\$(916,515)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(14.57)%	(15.25)%	\$(1,759,089)	-
Metropolitan West (fixed income) Barclays Agg.	.01%	0.47%	\$(1,187,783)	\$11,322,384
Totals	(5.82)%	(5.44)%	\$6,785,658	\$(4,750,655)

Bold – fund exceeding respective benchmark

March 20, 2019



**Sacramento Regional
Transit District**

Fourth Quarter 2018
Market Update

Anne Heaphy

Fund Sponsor Consulting

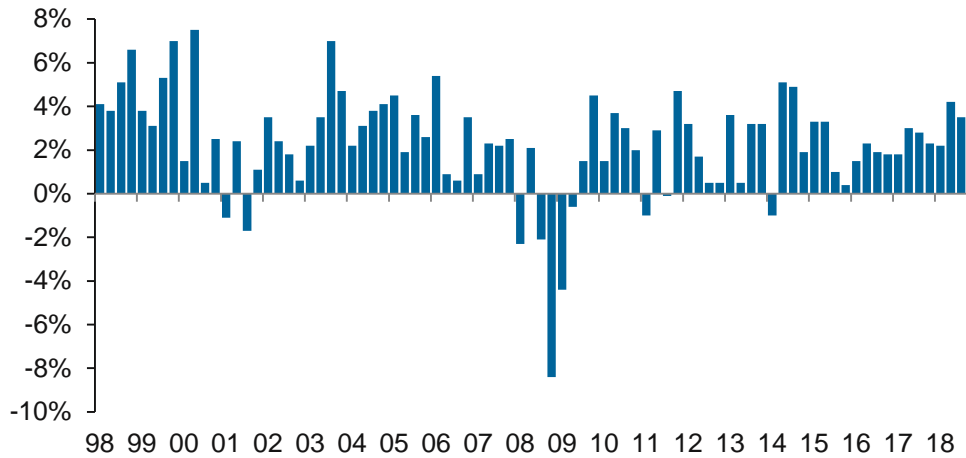
Uvan Tseng, CFA

Fund Sponsor Consulting

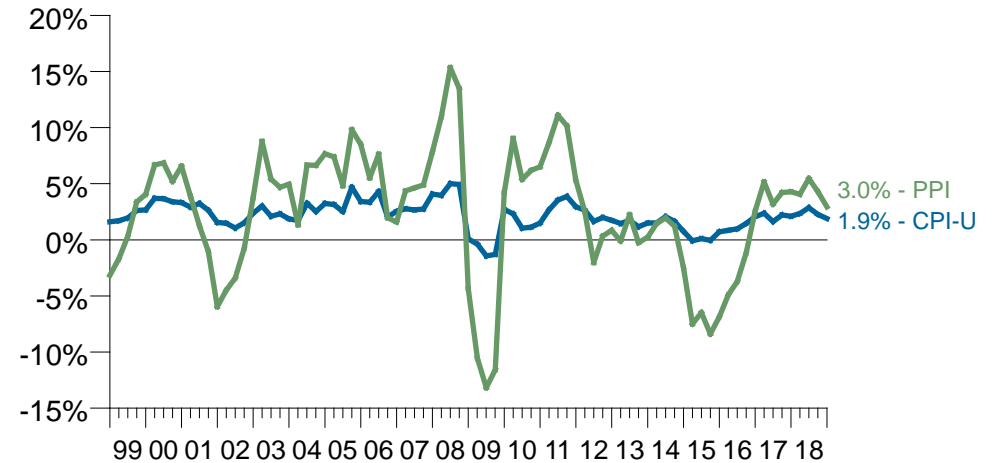
Economic Commentary

Fourth Quarter 2018

Quarterly Real GDP Growth



Inflation Year-Over-Year



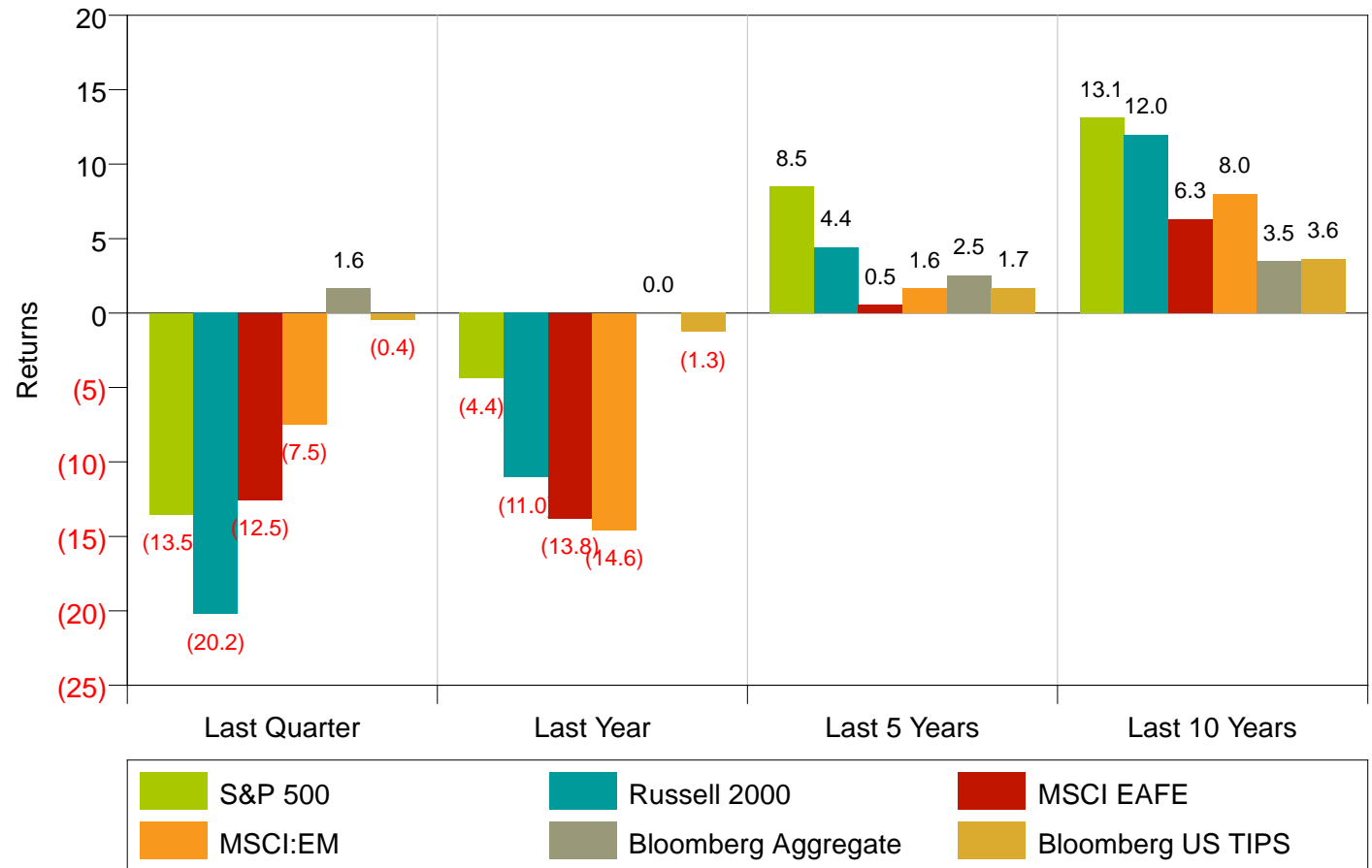
- The Fed hiked rates four times in 2019, two more increases expected in 2019
- U.S. economy strong, labor market very tight, reaching the limits of full employment
- Slumping oil prices may radically alter inflation outlook. Crude oil prices crested at \$78 in September, only to collapse in the fourth quarter.
- Wage pressures building in U.S. had yet to translate into headline inflation

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Asset Class Performance

Periods Ended December 31, 2018

Asset Class Performance
for Periods Ended December 31, 2018

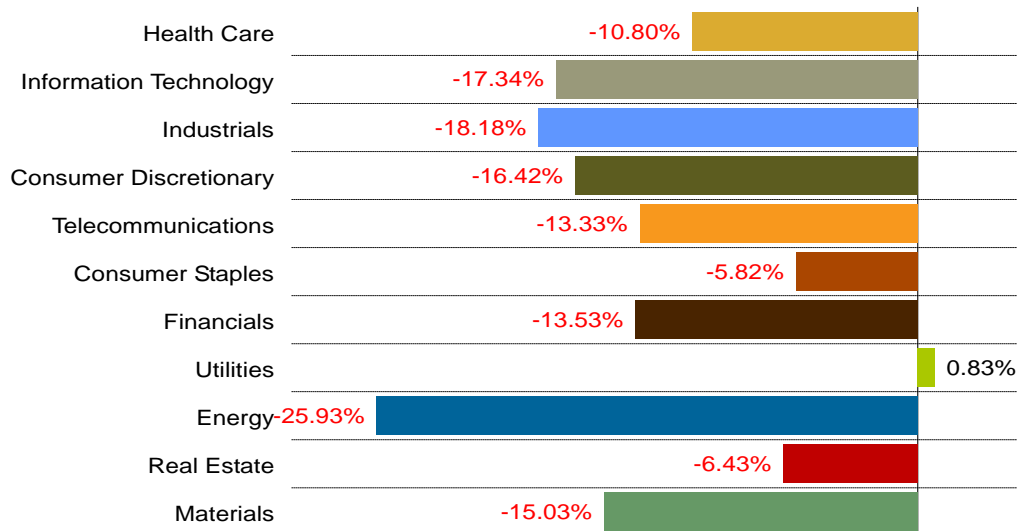


YTD as of 03/19/2019:
 S&P 500:
 Russell 2000:
 MSCI EAFE:
 MSCI Emerging Markets:
 Bloomberg Aggregate:
 Bloomberg TIPS:

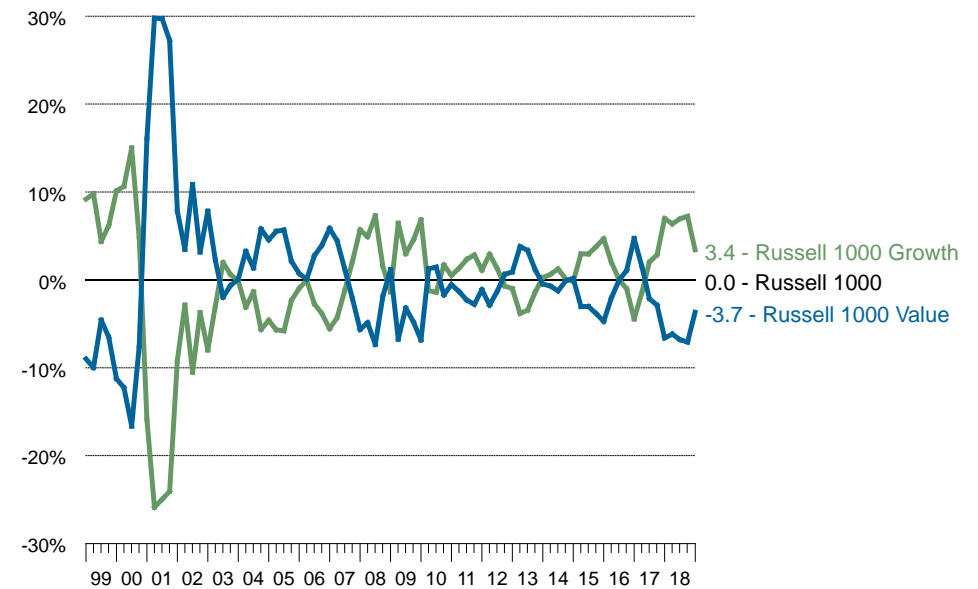
U.S. Equity

Fourth Quarter 2018

Russell 3000 Sector Returns



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



Fourth Quarter Index Returns

Russell 3000:	(14.30)
S&P 500:	(13.52)
Russell Mid Cap:	(15.37)
Russell 2000:	(20.20)

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended December 31, 2018

	4Q 2018			Annualized 1 Year Returns		
	Value	Core	Growth	Value	Core	Growth
Large	-10.1%	-13.2%	-15.9%	-6.2%	-3.1%	-0.5%
Mid	-15.0%	-15.4%	-16.0%	-12.3%	-9.1%	-4.8%
Small	-18.7%	-20.2%	-21.7%	-12.9%	-11.0%	-9.3%

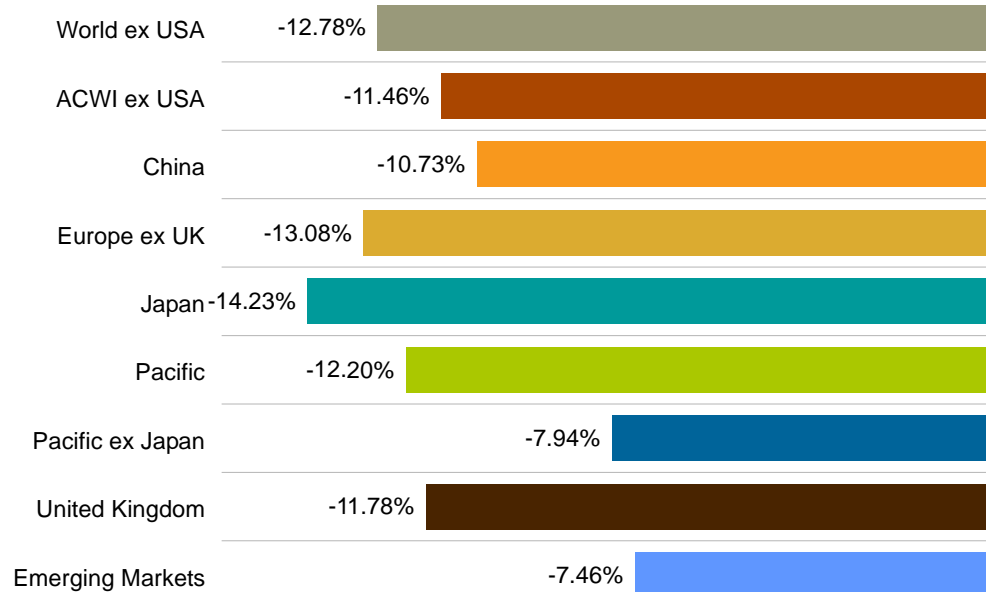
- Margin pressure, excess leverage, slowing growth and earnings expectations worried investors. Decline driven by broad-based de-risking. Trade tension, rising rates, concern over slowing growth, low oil prices, and government shutdown remain concerns.
- For the quarter, Growth fell further than Value within both large and small cap due to larger weightings in poor performing Tech, Discretionary and Industrial sectors; however, Growth stocks still outperformed Value stocks for the year.
- Mega cap Technology stocks, in particular, came under pressure to end the year. Defensive “safe haven” sectors fared best; Cyclical sectors fared worst on end-of-cycle fears.
- Russell 2000 fell 27% from peak (end of August) to trough (December 24) during 2018. Small Cap seeing pressure from squeezed margins, increased costs of borrowing, and trade tensions.

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.

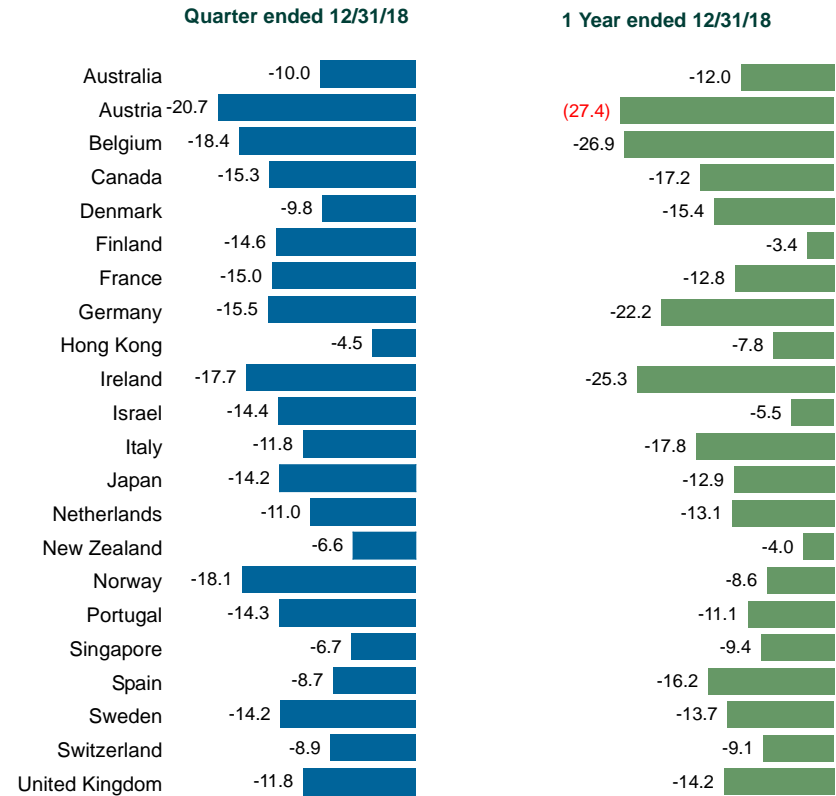
Non-US Equity

Fourth Quarter 2018

Non-U.S. Quarterly Performance (U.S. Dollar)
as of December 31, 2018



Developed Country Returns



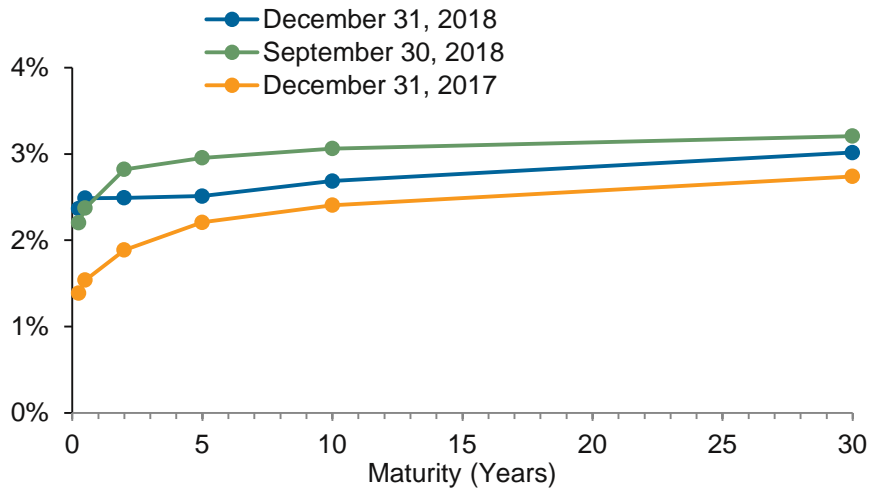
- Markets Driven Down by Global Trade Dispute and Brexit impasse
 - Dollar rallied against euro on fears of euro zone contraction; Yen gained against dollar as investors sought safe haven
 - Defensive sectors fared better than cyclicals across all markets given risk-off environment
 - Global growth concerns and falling oil prices challenged economically sensitive sectors
- Emerging Markets Continued to Falter
 - China down double digits on rising dollar, trade tension and slowing economy
 - Brazil up double digits on shifting growth and pension reform sentiment with presidential election
 - Asian Tech companies down on soft demand, heightened regulation and consumption slowdown

Source: MSCI, Callan

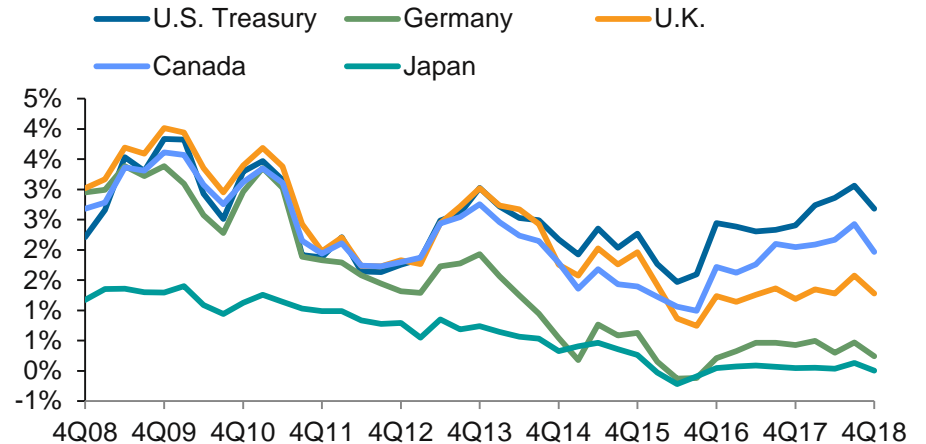
Fixed Income

Fourth Quarter 2018

U.S. Treasury Yield Curves



10-Year Global Government Bond Yields



- Investors Rotated into Safe Haven Securities

- U.S. Treasuries returned 2.57% as the 10-year Treasury yield closed the quarter at 2.69%
- Yield curve continued to flatten with long-term rates declining faster than short-term rates
- Investment grade corporates sank amid elevated leverage concerns
- Investment grade spreads widened to levels (+153 bps) not seen since July 2016
- Greater than 50% of new issuance came from BBB-rated issuers in 2018


- High Yield Spreads Widened

- High Yield funds saw \$20bn in outflows as sector dealt with flight to quality
- Energy sector led selloff amid volatile oil prices

Source: Bloomberg

Performance By Asset Class

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bloomberg Barclays Agg 10.26%	MSCI Emerging Markets 55.82%	MSCI Emerging Markets 25.55%	MSCI Emerging Markets 34.00%	MSCI Emerging Markets 32.17%	MSCI Emerging Markets 39.38%	Bloomberg Barclays Agg 5.24%	MSCI Emerging Markets 78.51%	Russell 2000 Growth 29.09%	Bloomberg Barclays Agg 7.84%	MSCI Emerging Markets 18.23%	Russell 2000 Growth 43.30%	S&P 500 Growth 14.89%	S&P 500 Growth 5.52%	Russell 2000 Value 31.74%	MSCI Emerging Markets 37.28%	Bloomberg Barclays Agg 0.01%
Bloomberg Barclays High Yield -1.37%	Russell 2000 Growth 48.54%	Russell 2000 Value 22.25%	MSCI World ex USA 14.47%	MSCI World ex USA 25.71%	MSCI World ex USA 12.44%	Bloomberg Barclays High Yield -26.16%	Bloomberg Barclays High Yield 58.21%	Russell 2000 26.85%	Bloomberg Barclays High Yield 4.98%	Russell 2000 Value 18.05%	Russell 2000 38.82%	S&P 500 13.69%	S&P 500 1.38%	Russell 2000 21.31%	S&P 500 Growth 27.44%	S&P 500 Growth -0.01%
MSCI Emerging Markets -6.16%	Russell 2000 47.25%	MSCI World ex USA 20.38%	S&P 500 Value 5.82%	Russell 2000 Value 23.48%	S&P 500 Growth 9.13%	Russell 2000 Value -28.92%	Russell 2000 Growth 34.47%	Russell 2000 Value 24.50%	S&P 500 Growth 4.65%	S&P 500 Value 17.68%	Russell 2000 Value 34.52%	S&P 500 Value 12.36%	Bloomberg Barclays Agg 0.55%	S&P 500 Value 17.40%	MSCI World ex USA 24.21%	Bloomberg Barclays High Yield -2.08%
Russell 2000 Value -11.43%	Russell 2000 Value 46.03%	Russell 2000 18.33%	S&P 500 4.91%	S&P 500 Value 20.81%	Russell 2000 Growth 7.05%	Russell 2000 -33.79%	MSCI World ex USA 33.67%	MSCI Emerging Markets 18.88%	S&P 500 2.11%	MSCI World ex USA 16.41%	S&P 500 Growth 32.75%	Bloomberg Barclays Agg 5.97%	Russell 2000 Growth -1.38%	Bloomberg Barclays High Yield 17.13%	Russell 2000 Growth 22.17%	S&P 500 -4.38%
MSCI World ex USA -15.80%	MSCI World ex USA 39.42%	S&P 500 Value 15.71%	Russell 2000 Value 4.71%	Russell 2000 18.37%	Bloomberg Barclays Agg 6.97%	S&P 500 Growth -34.92%	S&P 500 Growth 31.57%	Bloomberg Barclays High Yield 15.12%	S&P 500 Value -0.48%	Russell 2000 16.35%	S&P 500 32.39%	Russell 2000 Growth 5.60%	MSCI World ex USA -3.04%	S&P 500 11.96%	S&P 500 21.83%	S&P 500 Value -8.95%
Russell 2000 -20.48%	S&P 500 Value 31.79%	Russell 2000 Growth 14.31%	Russell 2000 4.55%	S&P 500 15.79%	S&P 500 5.49%	S&P 500 -37.00%	Russell 2000 27.17%	S&P 500 Value 15.10%	Russell 2000 Growth -2.91%	S&P 500 16.00%	S&P 500 Value 31.99%	Russell 2000 4.89%	S&P 500 Value -3.13%	Russell 2000 Growth 11.32%	S&P 500 Value 15.36%	Russell 2000 Growth -9.31%
S&P 500 Value -20.85%	Bloomberg Barclays High Yield 28.97%	Bloomberg Barclays High Yield 11.13%	Russell 2000 Growth 4.15%	Russell 2000 Growth 13.35%	S&P 500 Value 1.99%	Russell 2000 Growth -38.54%	S&P 500 26.47%	S&P 500 15.06%	Russell 2000 -4.18%	Bloomberg Barclays High Yield 15.81%	MSCI World ex USA 21.02%	Russell 2000 Value 4.22%	Russell 2000 -4.41%	MSCI Emerging Markets 11.19%	Russell 2000 14.65%	Russell 2000 -11.01%
S&P 500 -22.10%	S&P 500 28.68%	S&P 500 10.88%	S&P 500 Growth 4.00%	Bloomberg Barclays High Yield 11.85%	Bloomberg Barclays High Yield 1.87%	S&P 500 Value -39.22%	S&P 500 Value 21.17%	S&P 500 Growth 15.05%	Russell 2000 Value -5.50%	S&P 500 Growth 14.61%	Bloomberg Barclays High Yield 7.44%	Bloomberg Barclays High Yield 2.45%	Bloomberg Barclays High Yield -4.47%	S&P 500 Growth 6.89%	Russell 2000 Value 7.84%	Russell 2000 Value -12.86%
S&P 500 Growth -23.59%	S&P 500 Growth 25.66%	S&P 500 Growth 6.13%	Bloomberg Barclays High Yield 2.74%	S&P 500 Growth 11.01%	Russell 2000 -1.57%	MSCI World ex USA -43.56%	Russell 2000 Value 20.58%	MSCI World ex USA 8.95%	MSCI World ex USA -12.21%	Russell 2000 Growth 14.59%	Bloomberg Barclays Agg -2.02%	MSCI Emerging Markets -2.19%	Russell 2000 Value -7.47%	MSCI World ex USA 2.75%	Bloomberg Barclays High Yield 7.50%	MSCI World ex USA -14.09%
Russell 2000 Growth -30.26%	Bloomberg Barclays Agg 4.10%	Bloomberg Barclays Agg 4.34%	Bloomberg Barclays Agg 2.43%	Bloomberg Barclays Agg 4.33%	Russell 2000 Value -9.78%	MSCI Emerging Markets -53.33%	Bloomberg Barclays Agg 5.93%	Bloomberg Barclays Agg 6.54%	MSCI Emerging Markets -18.42%	Bloomberg Barclays Agg 4.21%	MSCI Emerging Markets -2.60%	MSCI World ex USA -4.32%	MSCI Emerging Markets -14.92%	Bloomberg Barclays Agg 2.65%	Bloomberg Barclays Agg 3.54%	MSCI Emerging Markets -14.57%



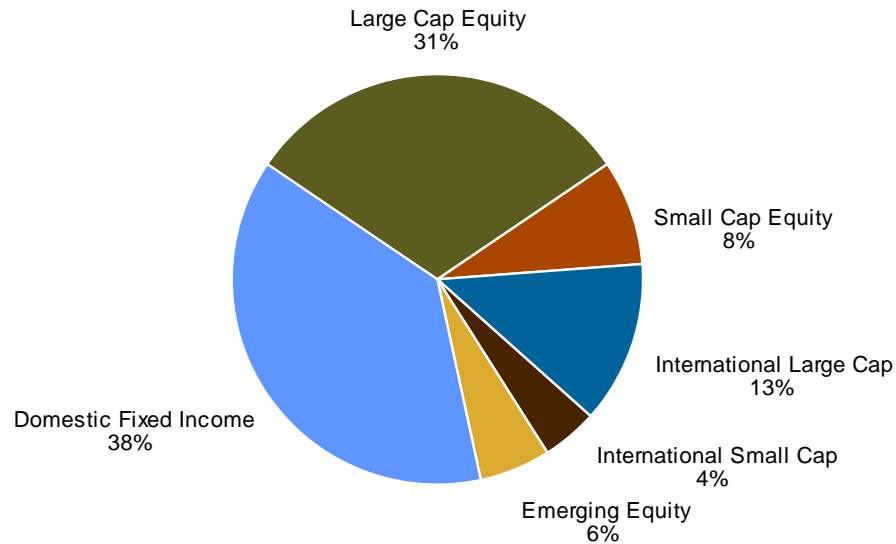
**Sacramento Regional
Transit District**

Total Fund Overview

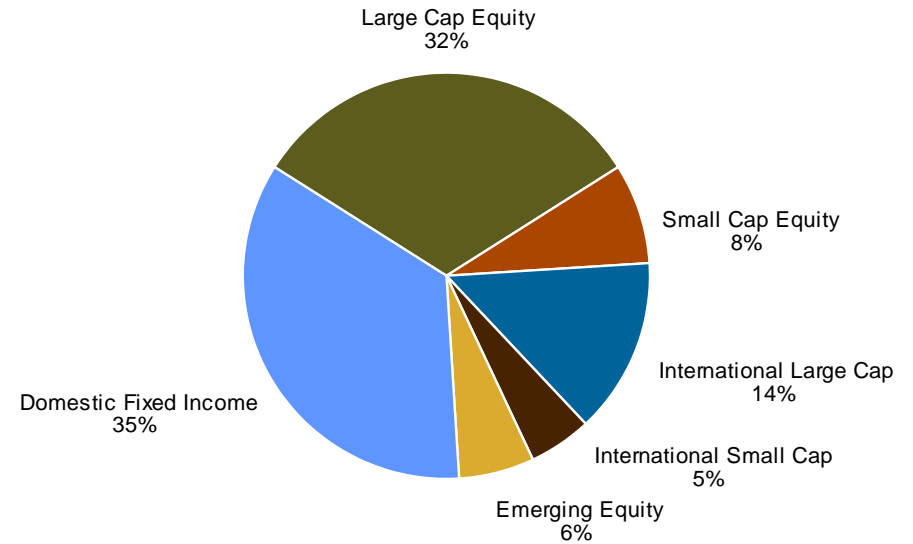
RT Asset Allocation

As of December 31, 2018

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	83,611	31.1%	32.0%	(0.9%)	(2,505)
Small Cap Equity	22,212	8.3%	8.0%	0.3%	683
International Large Cap	34,442	12.8%	14.0%	(1.2%)	(3,234)
International Small Cap	11,927	4.4%	5.0%	(0.6%)	(1,528)
Emerging Equity	15,024	5.6%	6.0%	(0.4%)	(1,123)
Domestic Fixed Income	101,896	37.9%	35.0%	2.9%	7,706
Total	269,112	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended December 31, 2018

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(13.58%)	(13.52%)	(0.01%)	(0.06%)	(0.07%)
Small Cap Equity	9%	8%	(14.13%)	(20.20%)	0.56%	(0.09%)	0.47%
International Large Cap	13%	14%	(10.53%)	(12.54%)	0.27%	0.04%	0.31%
International Small Cap	5%	5%	(16.23%)	(16.05%)	(0.01%)	0.02%	0.01%
Emerging Equity	5%	6%	(6.27%)	(7.46%)	0.06%	(0.01%)	0.05%
Domestic Fixed Income	35%	35%	1.74%	1.64%	0.03%	0.00%	0.04%
Total			(7.69%)	(8.50%)	+ 0.90%	+ (0.10%)	0.81%

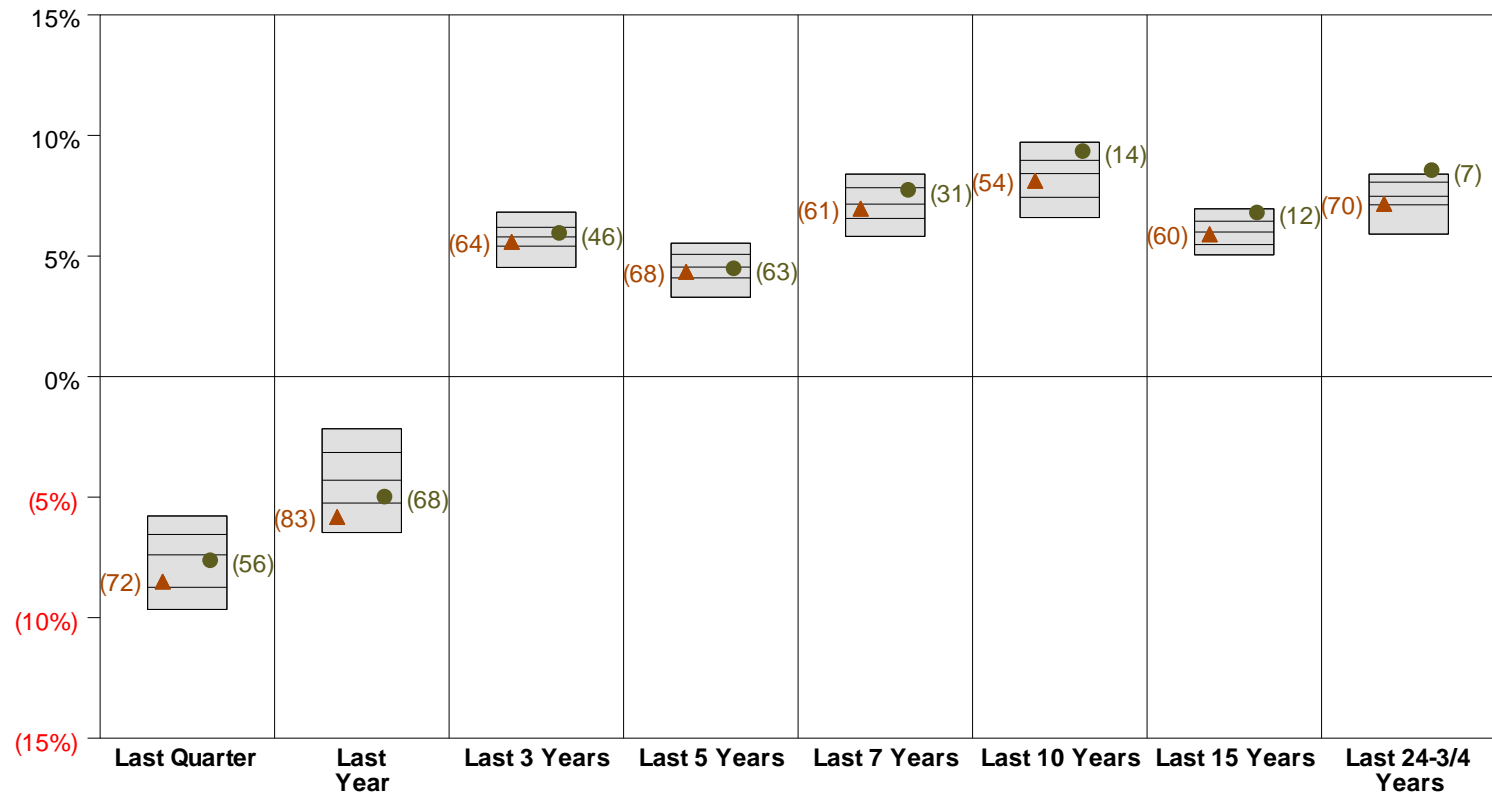
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(6.33%)	(4.38%)	(0.62%)	(0.08%)	(0.70%)
Small Cap Equity	9%	8%	1.78%	(11.01%)	1.09%	(0.08%)	1.01%
International Large Cap	13%	14%	(11.25%)	(13.79%)	0.35%	0.06%	0.40%
International Small Cap	5%	5%	(19.94%)	(17.89%)	(0.12%)	0.01%	(0.11%)
Emerging Equity	6%	6%	(14.80%)	(14.57%)	(0.02%)	(0.02%)	(0.04%)
Domestic Fixed Income	34%	35%	0.75%	0.01%	0.23%	(0.02%)	0.21%
Total			(5.05%)	(5.82%)	+ 0.90%	+ (0.13%)	0.78%

Total Fund

Performance as of December 31, 2018

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



Total Fund

Manager Asset Allocation

	December 31, 2018 Market Value	Net New Inv.	Inv. Return	September 30, 2018 Market Value
Consolidated Plan				
Domestic Equity	\$105,823,391	\$(575,791)	\$(16,860,240)	\$123,259,422
Large Cap	\$83,611,001	\$(575,791)	\$(13,206,368)	\$97,393,161
Boston Partners	41,043,060	6,453	(6,486,994)	47,523,601
SSgA S&P 500	42,567,941	(582,244)	(6,719,375)	49,869,560
Small Cap	\$22,212,390	\$0	\$(3,653,871)	\$25,866,261
Atlanta Capital	22,212,390	0	(3,653,871)	25,866,261
International Equity	\$61,393,234	\$(6,453)	\$(7,427,254)	\$68,826,940
International Large Cap	\$34,441,850	\$(6,453)	\$(4,055,003)	\$38,503,306
Brandes	2,669	(6,453)	(215)	9,337
SSgA EAFE	9,970,217	0	(1,427,635)	11,397,852
Pyrford	24,468,964	0	(2,627,153)	27,096,117
International Small Cap	\$11,927,378	\$0	\$(2,346,303)	\$14,273,681
AQR	11,927,378	0	(2,346,303)	14,273,681
Emerging Equity	\$15,024,005	\$0	\$(1,025,948)	\$16,049,953
DFA Emerging Markets	15,024,005	0	(1,025,948)	16,049,953
Fixed Income	\$101,895,736	\$(484,300)	\$1,743,924	\$100,636,113
Metropolitan West	101,895,736	(484,300)	1,743,924	100,636,113
Total Plan - Consolidated	\$269,112,361	\$(1,066,545)	\$(22,543,569)	\$292,722,475

Total Fund

Manager Returns as of December 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(13.70%)	(4.64%)	9.38%	7.74%	13.05%
Domestic Equity Benchmark**	(14.88%)	(5.69%)	8.94%	7.75%	12.31%
Large Cap Equity	(13.58%)	(6.33%)	8.75%	7.47%	12.96%
Boston Partners	(13.65%)	(8.28%)	8.18%	6.39%	12.54%
Russell 1000 Value Index	(11.72%)	(8.27%)	6.95%	5.95%	11.02%
SSgA S&P 500	(13.51%)	(4.39%)	9.29%	8.54%	-
S&P 500 Index	(13.52%)	(4.38%)	9.26%	8.49%	12.70%
Small Cap Equity	(14.13%)	1.78%	11.73%	8.70%	13.35%
Atlanta Capital	(14.13%)	1.78%	11.73%	8.70%	13.35%
Russell 2000 Index	(20.20%)	(11.01%)	7.36%	4.41%	10.44%
International Equity	(10.72%)	(13.93%)	4.22%	0.87%	5.23%
International Benchmark***	(12.04%)	(14.76%)	4.46%	0.87%	5.71%
International Large Cap	(10.53%)	(11.25%)	3.32%	0.83%	-
SSgA EAFE	(12.53%)	(13.49%)	3.23%	0.87%	-
Pyrford	(9.70%)	(10.31%)	-	-	-
MSCI EAFE Index	(12.54%)	(13.79%)	2.87%	0.53%	5.75%
International Small Cap	(16.23%)	(19.94%)	-	-	-
AQR	(16.23%)	(19.94%)	-	-	-
MSCI EAFE Small Cap Index	(16.05%)	(17.89%)	3.73%	3.06%	8.79%
Emerging Markets Equity	(6.27%)	(14.80%)	9.75%	2.46%	-
DFA Emerging Markets	(6.27%)	(14.80%)	9.75%	2.46%	-
MSCI Emerging Markets Index	(7.46%)	(14.57%)	9.25%	1.65%	3.24%
Domestic Fixed Income	1.74%	0.75%	2.49%	2.85%	3.21%
Met West	1.74%	0.75%	2.49%	2.85%	3.21%
Bloomberg Aggregate Index	1.64%	0.01%	2.06%	2.52%	2.10%
Total Plan	(7.69%)	(5.05%)	5.88%	4.42%	7.67%
Target*	(8.50%)	(5.82%)	5.59%	4.34%	6.97%

* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P 500 Index, 14.0% MSCI EAFE Index, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets Index, and 5.0% MSCI EAFE Small Cap Index.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Total Fund

Manager Calendar Year Returns

	2018	2017	2016	2015	2014
Domestic Equity	(4.64%)	19.78%	14.58%	0.06%	10.85%
Domestic Equity Benchmark**	(5.69%)	20.41%	13.85%	0.26%	12.07%
Large Cap Equity	(6.33%)	21.10%	13.38%	(1.17%)	12.81%
Boston Partners	(8.28%)	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	(8.27%)	13.66%	17.34%	(3.83%)	13.45%
SSgA S&P 500	(4.39%)	21.86%	12.03%	1.46%	13.77%
S&P 500 Index	(4.38%)	21.83%	11.96%	1.38%	13.69%
Small Cap Equity	1.78%	15.01%	19.17%	5.14%	3.49%
Atlanta Capital	1.78%	15.01%	19.17%	5.14%	3.49%
Russell 2000 Index	(11.01%)	14.65%	21.31%	(4.41%)	4.89%
International Equity	(13.93%)	28.25%	2.55%	(4.17%)	(3.72%)
International Benchmark***	(14.76%)	29.51%	3.26%	(4.30%)	(4.25%)
International Large Cap	(11.25%)	22.63%	1.35%	(1.17%)	(4.41%)
SSgA EAFE	(13.49%)	25.47%	1.37%	(0.56%)	(4.55%)
Pyrford	(10.31%)	-	-	-	-
MSCI EAFE Index	(13.79%)	25.03%	1.00%	(0.81%)	(4.90%)
International Small Cap	(19.94%)	33.76%	-	-	-
AQR	(19.94%)	33.76%	-	-	-
MSCI EAFE Small Cap Index	(17.89%)	33.01%	2.18%	9.59%	(4.95%)
Emerging Markets Equity	(14.80%)	37.32%	12.99%	(14.33%)	(0.28%)
DFA Emerging Markets	(14.80%)	37.32%	12.99%	(14.33%)	(0.28%)
MSCI Emerging Markets Index	(14.57%)	37.28%	11.19%	(14.92%)	(2.19%)
Domestic Fixed Income	0.75%	3.89%	2.87%	0.51%	6.37%
Met West	0.75%	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	0.01%	3.54%	2.65%	0.55%	5.97%
Total Plan	(5.05%)	16.14%	7.65%	(0.97%)	5.61%
Target*	(5.82%)	16.39%	7.40%	(0.71%)	5.82%

* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P 500 Index, 14.0% MSCI EAFE Index, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets Index, and 5.0% MSCI EAFE Small Cap Index.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

December 31, 2018



**Sacramento Regional Transit District
Retirement Plans**

**Investment Measurement Service
Quarterly Review**

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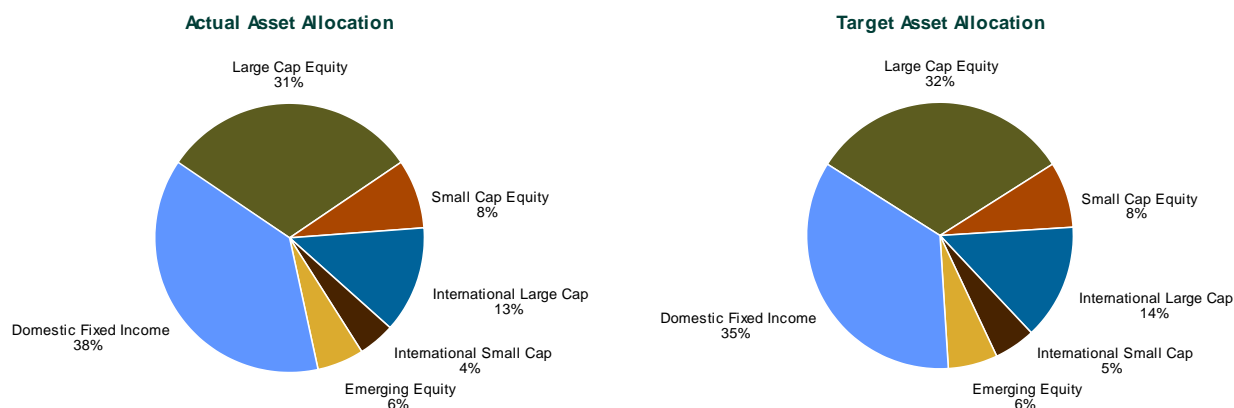
December 31, 2018

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Sacramento Regional Transit District

Executive Summary for Period Ending December 31, 2018

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	(7.69%)	(5.05%)	5.88%	4.42%	7.67%
Target*	(8.50%)	(5.82%)	5.59%	4.34%	6.97%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	44	28	14
Atlanta Capital	8	11	17
Pyrford	11	[31]	[81]
AQR	57	[69]	[59]
DFA	36	54	[58]
MetWest	5	83	55

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

Large Cap U.S. Equity (S&P 500: -13.5%; Russell 1000: -13.8%)

- Equity markets fell drastically in the fourth quarter, with all sectors, save Utilities (+1.4%), in negative territory.
- The decline was driven by broad-based de-risking.
- Contributing factors included escalated trade tensions, rising interest rates, concern over slowing GDP/earnings growth, low oil prices, and the U.S. government shutdown.
- Anecdotal evidence suggests there was increased selling pressure to fulfill year-end tax loss harvesting goals and to meet hedge funds' redemption requests.
- Markets nosedived following Fed Chairman Jerome Powell's October comments, which noted that monetary policy is a long way from neutral.
- Defensive sectors (Utilities: +1.4%; Real Estate: -3.8%; Consumer Staples: -5.2%) fared best.
- Cyclical sectors (Energy: -23.8%; Tech: -17.3%; Industrials: -17.3%) fared the worst on end-of-cycle fears.
- 2018 marked the first time in 70 years that the S&P 500 Index finished the year in the red after rising in the first three quarters; the Index fell nearly 20% from its September peak.
- On the positive side, volatility was welcomed by active managers seeking better valuation entry points; the S&P 500 forward P/E went from 16.8 on Sept. 30 to 14.4 on Dec. 31.

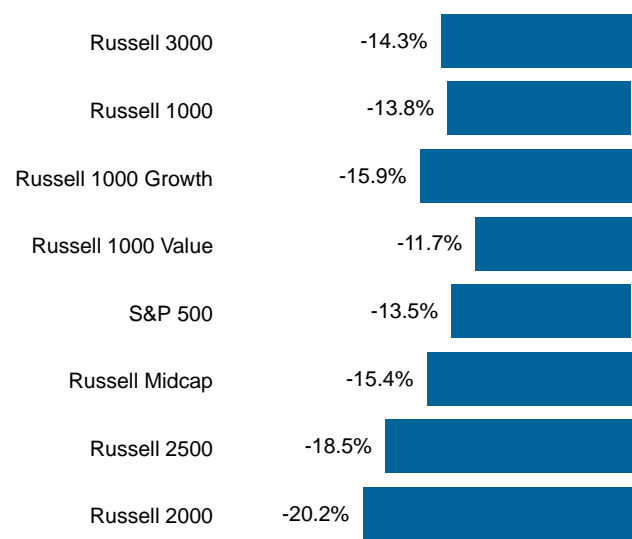
Small Cap (Russell 2000: -20.2%; Russell 2000 Growth: -21.7%; Russell 2000 Value: -18.7%)

- Small cap stocks were hardest hit as margin pressure, excess leverage, slowing growth, and earnings expectations concerned investors.
- The Russell 2000 Index fell over 22% from its Aug. 31 peak.

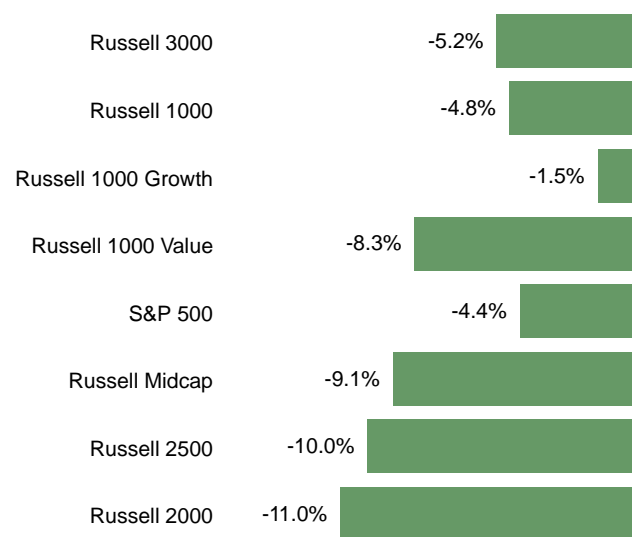
Growth vs. Value (Russell 1000 Growth: -15.9%; Russell 1000 Value: -11.7%)

- Growth fell further than value within both large and small cap due to its larger weightings in poor-performing sectors.

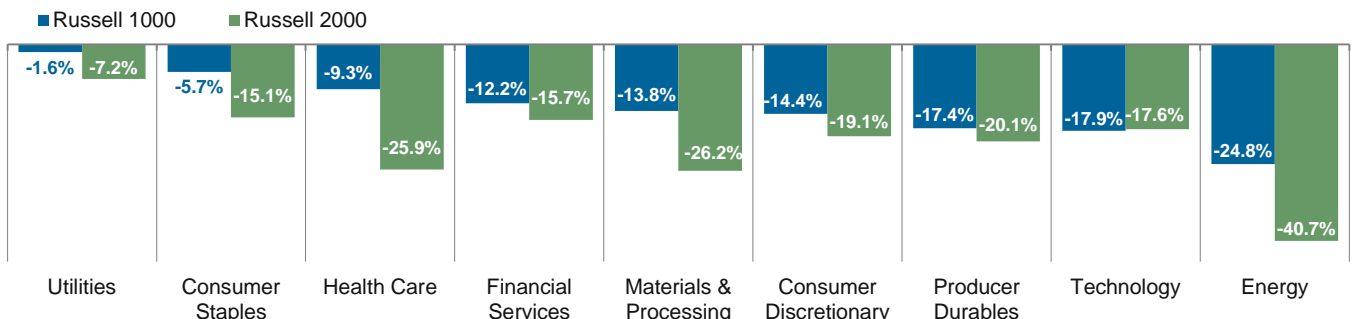
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Russell Sector Returns, Quarter ended December 31, 2018



Sources: FTSE Russell, Standard & Poor's

NON-U.S./GLOBAL EQUITY

Global/Non-U.S. Developed (MSCI EAFE: -12.5%; MSCI Europe: -12.7%; MSCI World ex USA: -12.8%)

- Economic deceleration fueled by the global trade dispute and Brexit impasse drove markets down.
- The dollar rallied against the euro by 1.6% on weak growth and fears of euro zone economic contraction.
- The yen gained against the dollar by 3.5% as investors sought safe haven.
- All sectors were in negative territory. Defensive sectors fared better than cyclicals given the risk-off environment.
- Utilities, Real Estate, and Communication Services fared best.
- Global growth concerns and falling oil prices challenged economically sensitive sectors.
- Energy, Information Technology, and Materials trailed.
- Value and quality outperformed growth and volatility factors as the market rewarded clear earners and stable businesses.

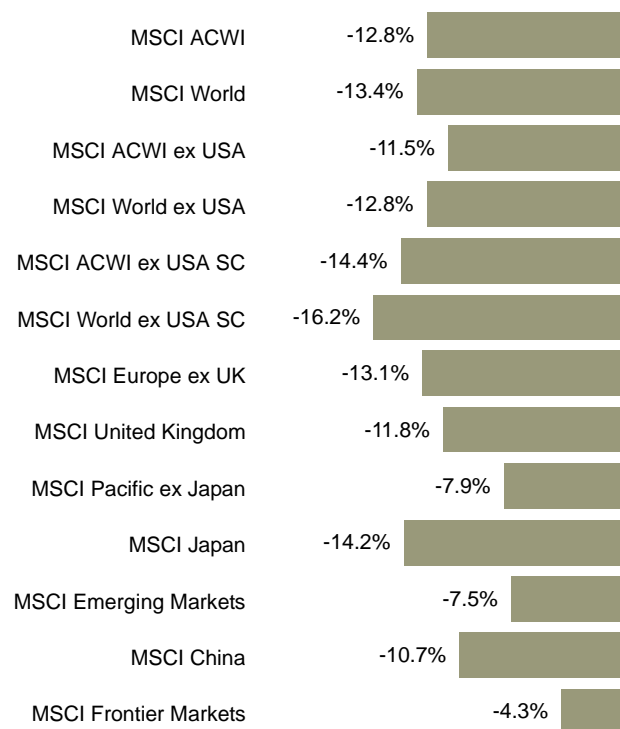
Emerging Markets (MSCI Emerging Markets Index: -7.5%)

- China (-10.7%) posted its worst quarter since 2015 on the rising dollar, U.S.-China trade tension, and the slowing economy.
- China reported GDP growth of 6.5%, the slowest since 2009.
- Brazil (+13.4%) was the best performer on shifting growth and pension reform sentiment after its presidential election.
- The Asian Tech sector faces heightened regulation and concerns of a consumption slowdown.
- Soft demand challenged Taiwan Semiconductor and Samsung Electronics.
- Defensively oriented Utilities fared best while Health Care, Discretionary, and Tech faltered on fears of a China slowdown.
- Value outpaced growth and volatility factors.

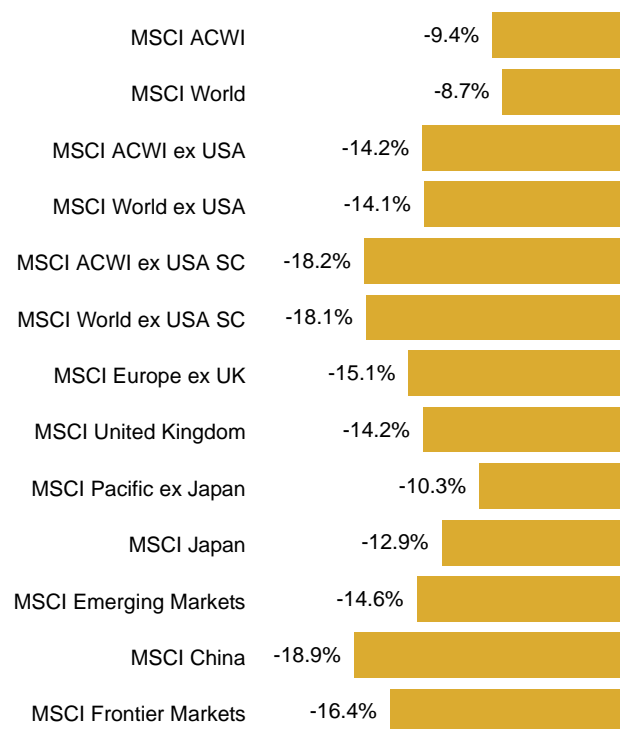
International Small Cap (MSCI World ex USA Small Cap: -16.2%; MSCI EM Small Cap: -7.2%)

- Non-U.S. developed small cap was also negatively impacted by U.S.-China trade tension and global growth fears.
- All sectors declined, with Energy, Tech, and Industrials faring the worst on falling oil prices and the risk-off environment.
- Emerging market small cap slightly outperformed EM large cap due to Utilities, coupled with the Asian large cap tech sell-off.
- Value outpaced growth.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

Market volatility rose in the last quarter of the year as investors grew increasingly concerned over slowing global economic growth, geo-political uncertainty, and hawkish Fed policy. Safe-haven securities, such as U.S. Treasuries and other developed market sovereign bonds, rallied while risk assets sold off.

U.S. Fixed Income (Bloomberg Barclays US Aggregate: +1.6%)

- A flight to quality lowered the bellwether 10-year Treasury yield to a level not seen since January 2018; the yield fell from a multi-year high of 3.24% in November to end the quarter at 2.69%.
- U.S. Treasuries returned 2.6%.
- The yield curve continued to flatten with long-term rates declining faster than short-term rates; the spread between the 2-year and 10-year key rates remained positive though slightly tighter than a quarter ago.
- A portion of the yield curve (two year to five year) inverted for a few weeks during the quarter.
- TIPS underperformed nominal Treasuries as inflation expectations decreased.

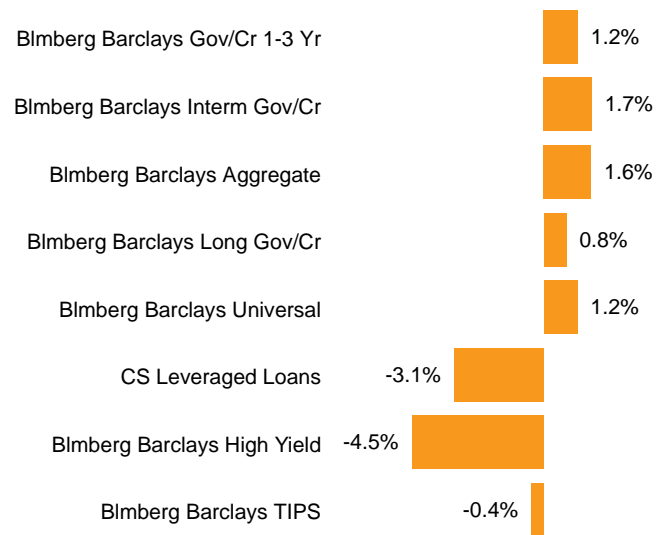
Investment-Grade Corporates (Bloomberg Barclays Corporate: -0.2%)

- Prices on investment-grade corporate bonds sank amid concerns over elevated debt leverage.
- Headline risk increased on the growing size of the BBB-rated market and the potential implications from ratings downgrades should economic growth slow.
- More than 50% of new issuance came from BBB-rated issuers in 2018.
- Investment-grade spreads widened to +153 bps, a level not seen since July 2016, as a lack of new issuance supply could not offset a lack of demand.

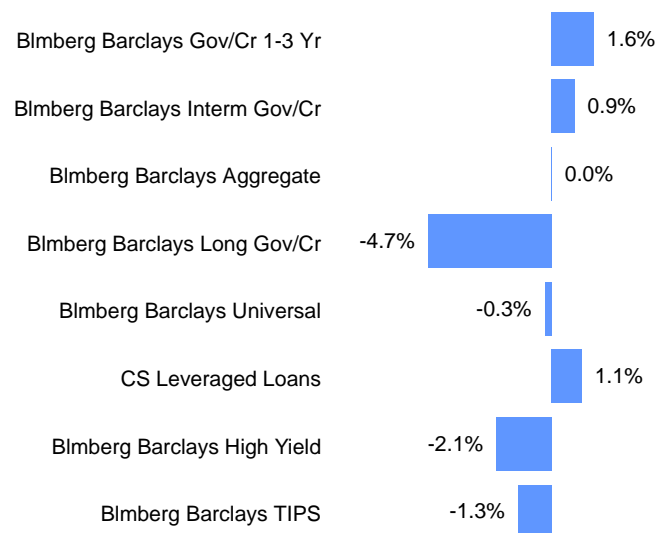
High Yield (Bloomberg Barclays Corporate High Yield: -4.5%)

- High yield bond funds experienced \$20 billion in outflows as market volatility increased.
- High yield's average yield-to-worst approached 8%.
- The Energy sector led the selloff amid volatile oil prices in the fourth quarter; the sector makes up approximately 15% of the Index.
- This was the first December in 10 years in which there was no high yield bond issuance; year-over-year, new issuance was down 40% in 2018.

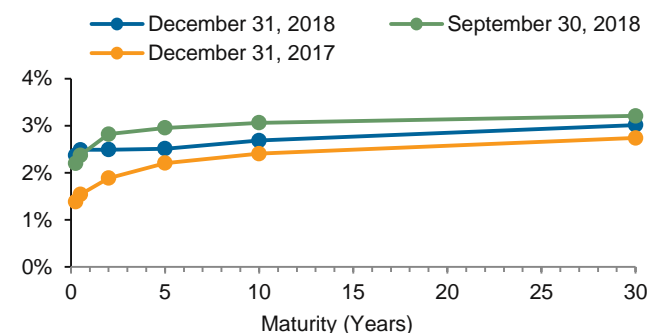
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

U.S. FIXED INCOME (continued)

Leveraged Loans (S&P/LSTA U.S. Leveraged Loan: -3.5%)

- Leveraged loans experienced retail outflows (\$17 billion) as changing interest rate projections caused the floating rate feature to be less attractive.
- December was the worst monthly performance in seven years and worst December since 2008, with the Index returning -2.6%.
- Demand was weaker than earlier in the year as CLO formation decreased in December.

NON-U.S. FIXED INCOME

Global Fixed Income (Bloomberg Barclays Global Aggregate: +1.2%; Global Aggregate (hdg): +1.7%)

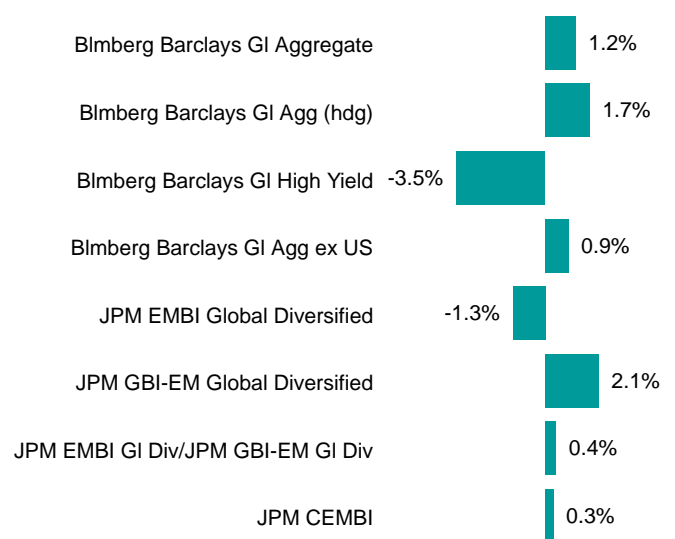
- Other developed market sovereign bonds rallied in tandem with the rally in Treasuries, though the strength in the U.S. dollar proved to be a headwind for unhedged non-U.S. developed assets.

U.S dollar-denominated emerging market debt (EMD) (JPM EMBI Global Diversified: -1.3%), **Local**

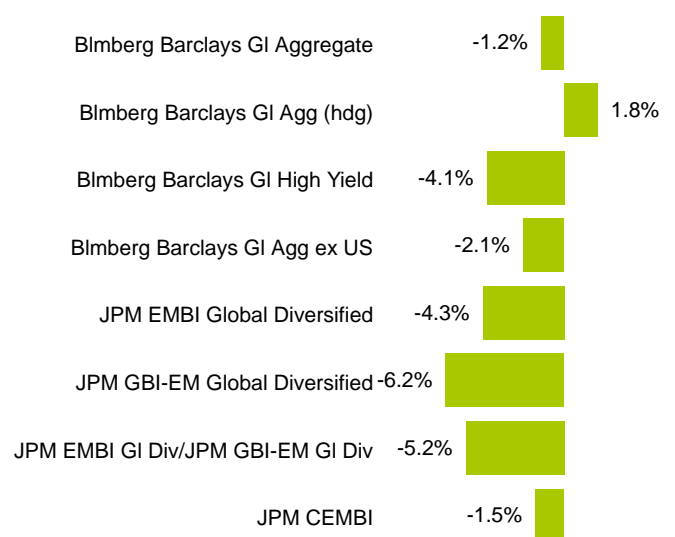
Currency-denominated EMD (JPM GBI-EM Global Diversified: +2.1%)

- Various higher-yielding emerging market currencies (Turkey, Argentina, Brazil) appreciated against the greenback, adding to a solid quarter for local emerging market debt.
- Performance was mixed across the EMBI's 60+ countries.

Global Fixed Income: Quarterly Returns

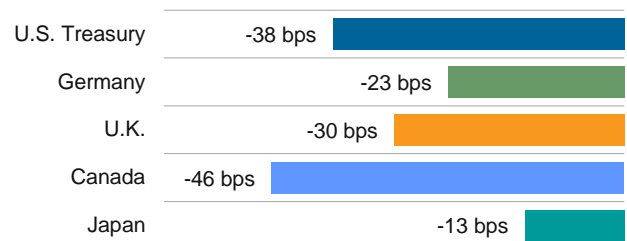


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

3Q18 to 4Q18

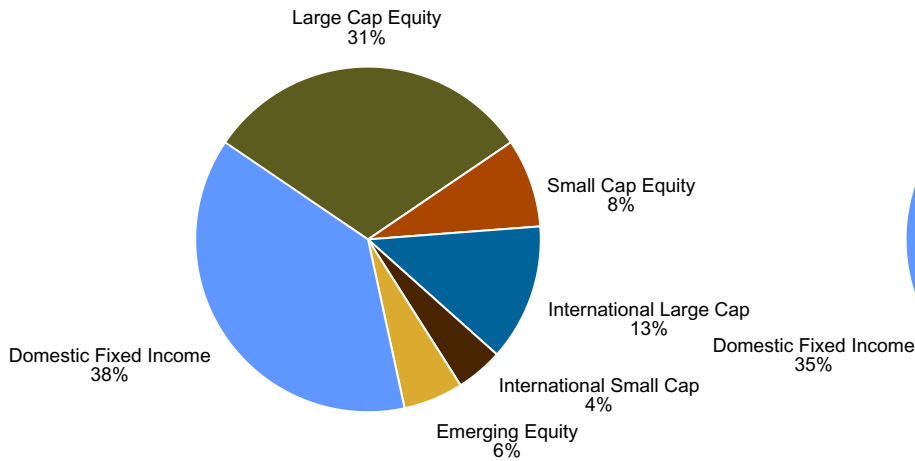


Sources: Bloomberg, Bloomberg Barclays, JP Morgan

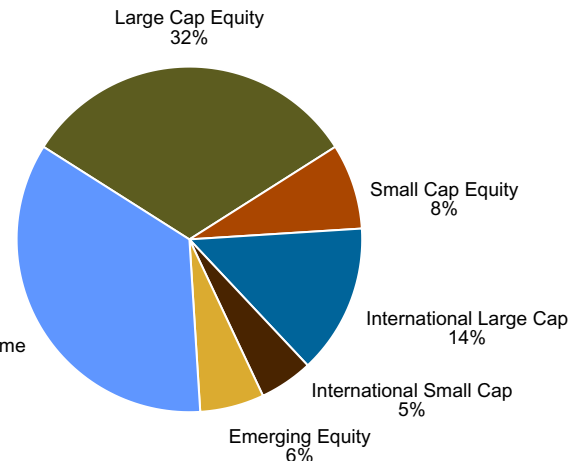
Actual vs Target Asset Allocation As of December 31, 2018

The top left chart shows the Fund's asset allocation as of December 31, 2018. 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).

Actual Asset Allocation

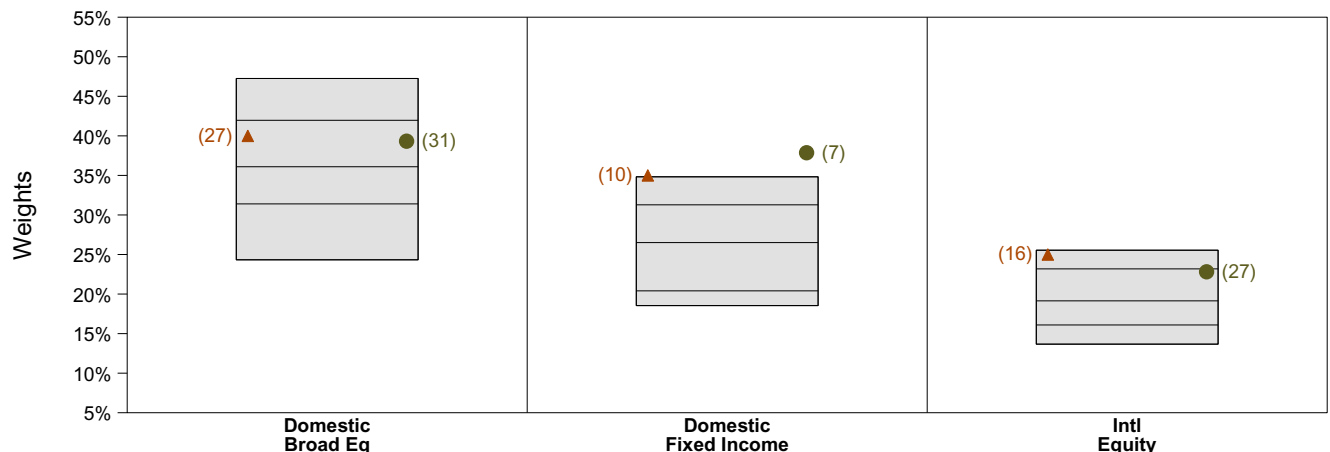


Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	83,611	31.1%	32.0%	(0.9%)	(2,505)
Small Cap Equity	22,212	8.3%	8.0%	0.3%	683
International Large Cap	34,442	12.8%	14.0%	(1.2%)	(3,234)
International Small Cap	11,927	4.4%	5.0%	(0.6%)	(1,528)
Emerging Equity	15,024	5.6%	6.0%	(0.4%)	(1,123)
Domestic Fixed Income	101,896	37.9%	35.0%	2.9%	7,706
Total	269,112	100.0%	100.0%		

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



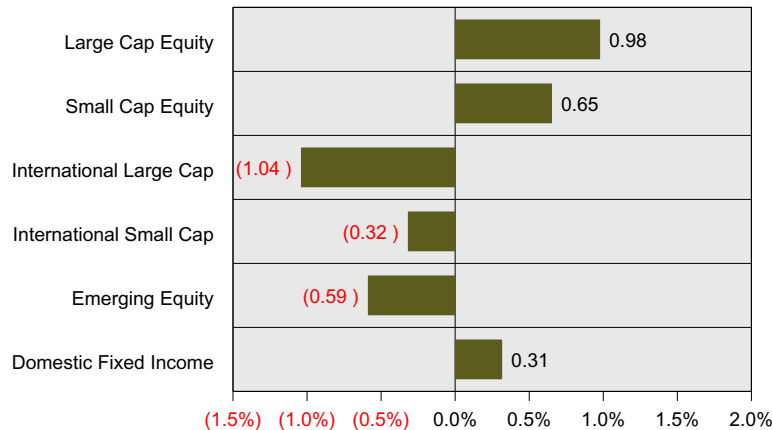
	Domestic Broad Eq	Domestic Fixed Income	Intl Equity
10th Percentile	47.25	34.83	25.54
25th Percentile	41.97	31.28	23.18
Median	36.09	26.51	19.14
75th Percentile	31.40	20.41	16.09
90th Percentile	24.33	18.54	13.67
Fund ●	39.32	37.86	22.81
Target ▲	40.00	35.00	25.00
% Group Invested	96.36%	96.36%	90.91%

* 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.

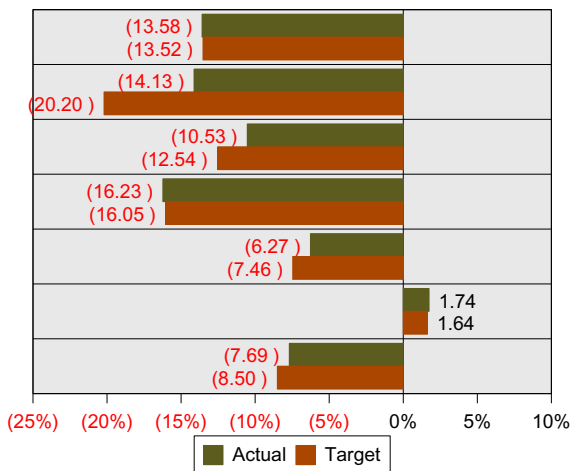
Quarterly Total Fund Relative Attribution - December 31, 2018

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.

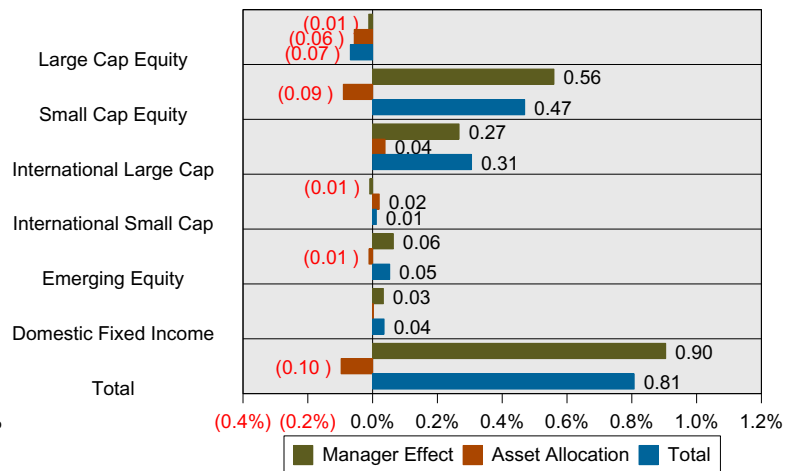
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 2018

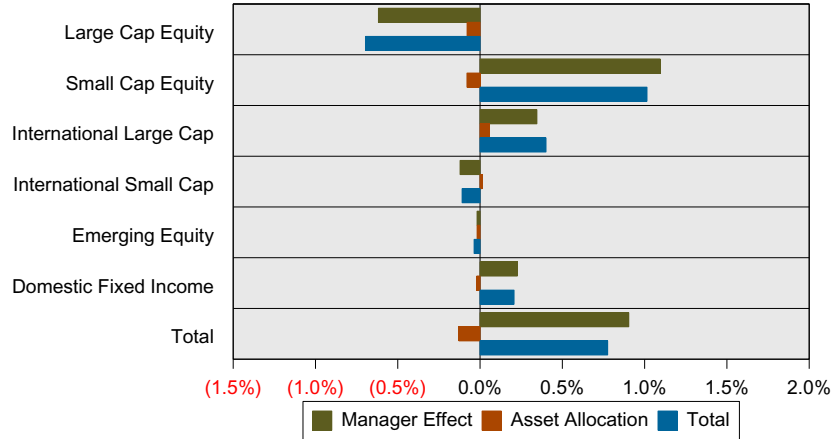
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(13.58%)	(13.52%)	(0.01%)	(0.06%)	(0.07%)
Small Cap Equity	9%	8%	(14.13%)	(20.20%)	0.56%	(0.09%)	0.47%
International Large Cap	13%	14%	(10.53%)	(12.54%)	0.27%	0.04%	0.31%
International Small Cap	5%	5%	(16.23%)	(16.05%)	(0.01%)	0.02%	0.01%
Emerging Equity	5%	6%	(6.27%)	(7.46%)	0.06%	(0.01%)	0.05%
Domestic Fixed Income	35%	35%	1.74%	1.64%	0.03%	0.00%	0.04%
Total			(7.69%)	(8.50%)	+ 0.90%	+ (0.10%)	0.81%

* 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.

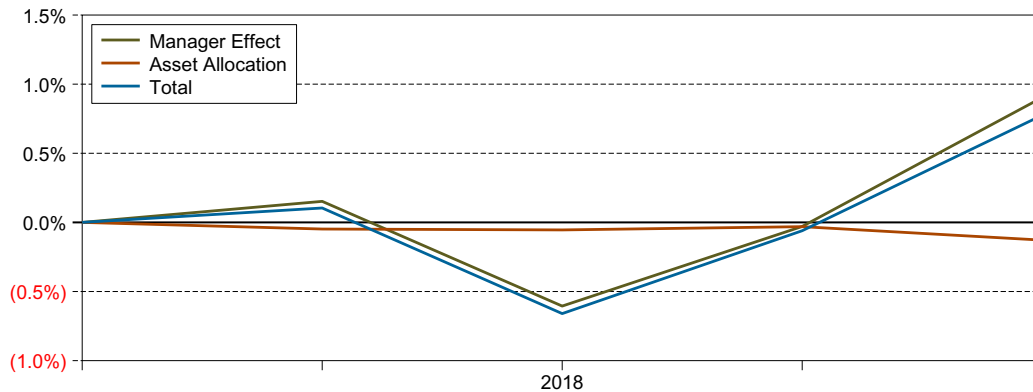
Cumulative Total Fund Relative Attribution - December 31, 2018

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

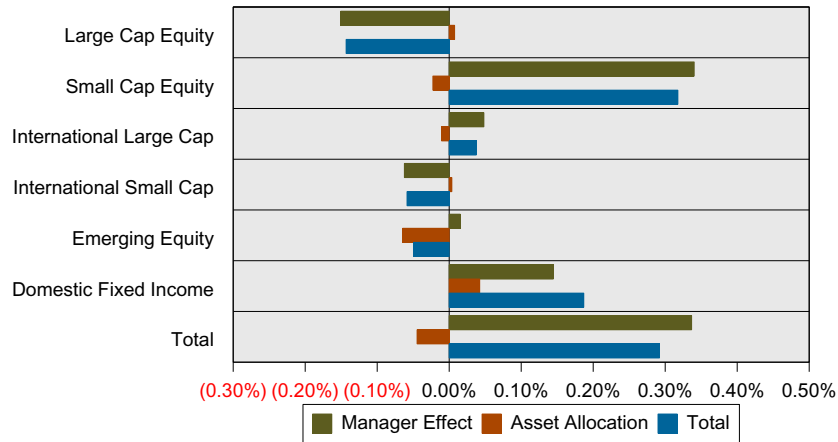
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(6.33%)	(4.38%)	(0.62%)	(0.08%)	(0.70%)
Small Cap Equity	9%	8%	1.78%	(11.01%)	1.09%	(0.08%)	1.01%
International Large Cap	13%	14%	(11.25%)	(13.79%)	0.35%	0.06%	0.40%
International Small Cap	5%	5%	(19.94%)	(17.89%)	(0.12%)	0.01%	(0.11%)
Emerging Equity	6%	6%	(14.80%)	(14.57%)	(0.02%)	(0.02%)	(0.04%)
Domestic Fixed Income	34%	35%	0.75%	0.01%	0.23%	(0.02%)	0.21%
Total			(5.05%)	(5.82%)	+ 0.90%	+ (0.13%)	0.78%

* 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.

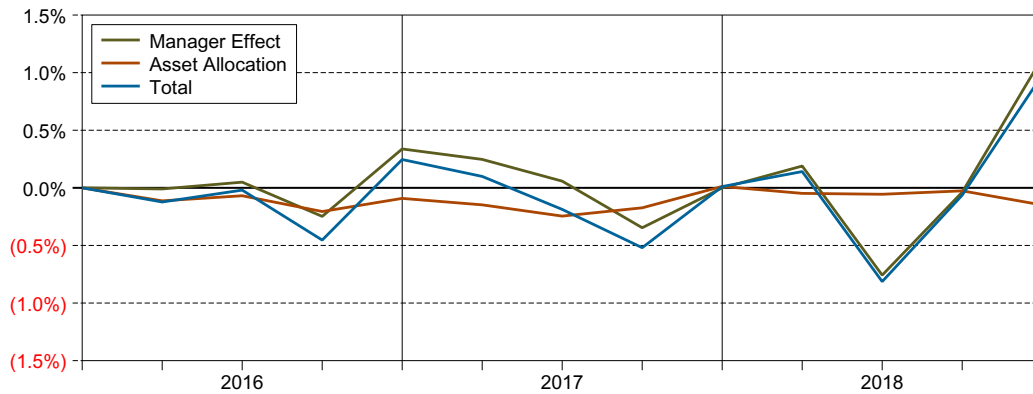
Cumulative Total Fund Relative Attribution - December 31, 2018

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%	8.75%	9.26%	(0.15%)	0.01%	(0.14%)
Small Cap Equity	9%	8%	11.73%	7.36%	0.34%	(0.02%)	0.32%
International Large Cap	14%	15%	3.32%	2.87%	0.05%	(0.01%)	0.04%
International Small Cap	4%	4%	1.57%	2.80%	(0.06%)	0.00%	(0.06%)
Emerging Equity	6%	6%	9.75%	9.25%	0.02%	(0.06%)	(0.05%)
Domestic Fixed Income	34%	35%	2.49%	2.06%	0.14%	0.04%	0.19%
Total			5.88%	5.59%	+ 0.34%	+ (0.04%)	0.29%

* 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, 2018

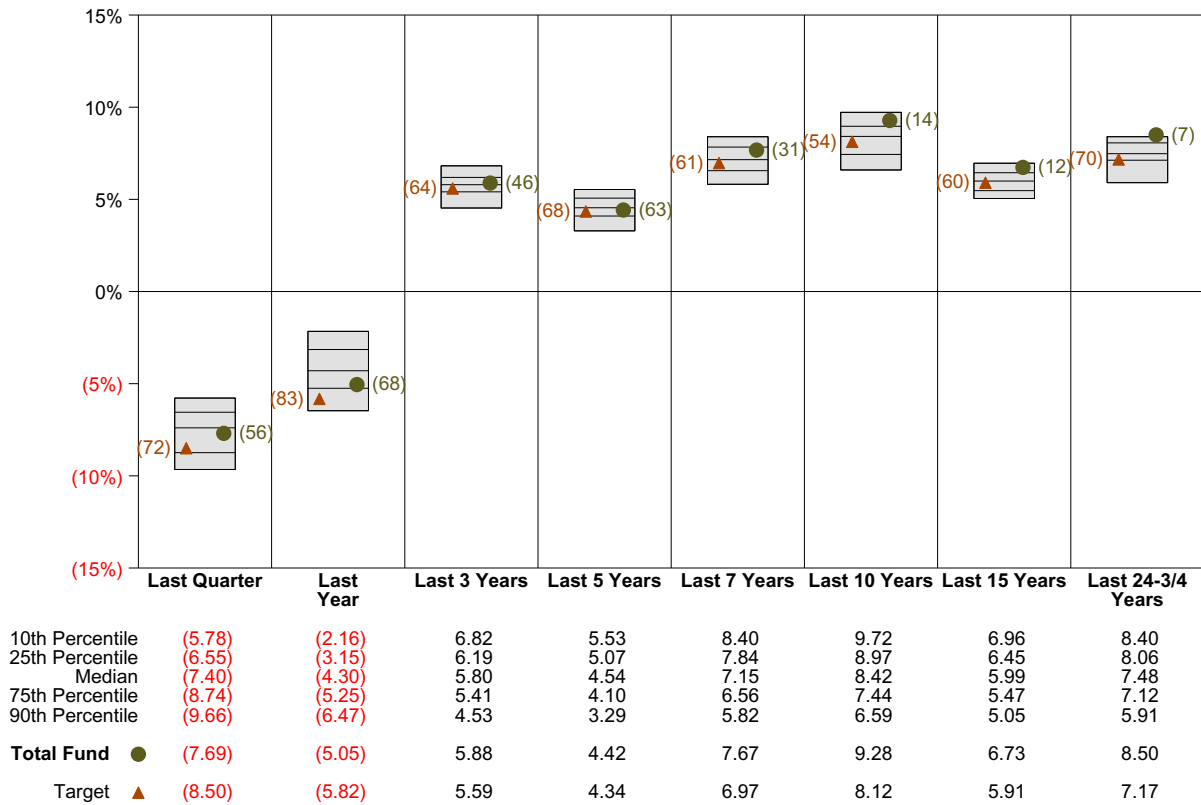
Investment Philosophy

* 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.

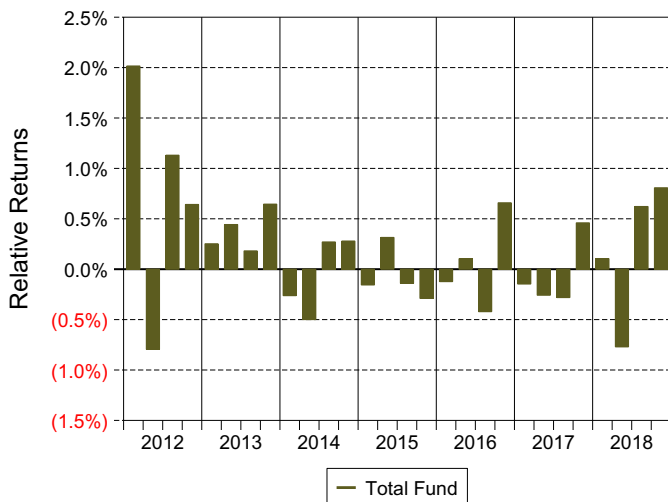
Quarterly Summary and Highlights

- Total Fund's portfolio posted a (7.69)% return for the quarter placing it in the 56 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 68 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.81% for the quarter and outperformed the Target for the year by 0.78%.

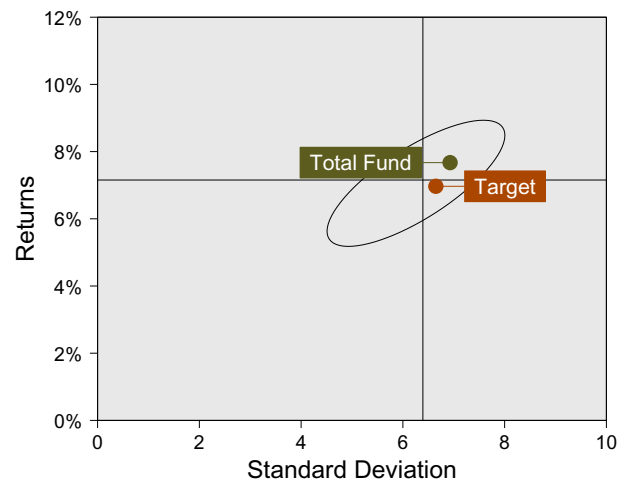
Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



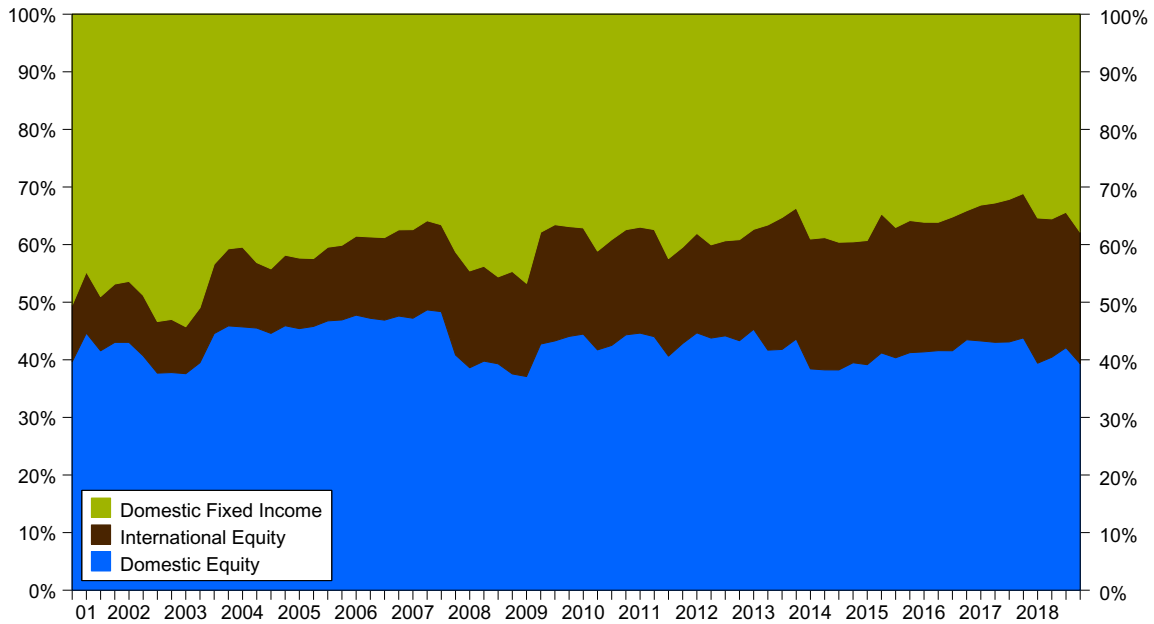
Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



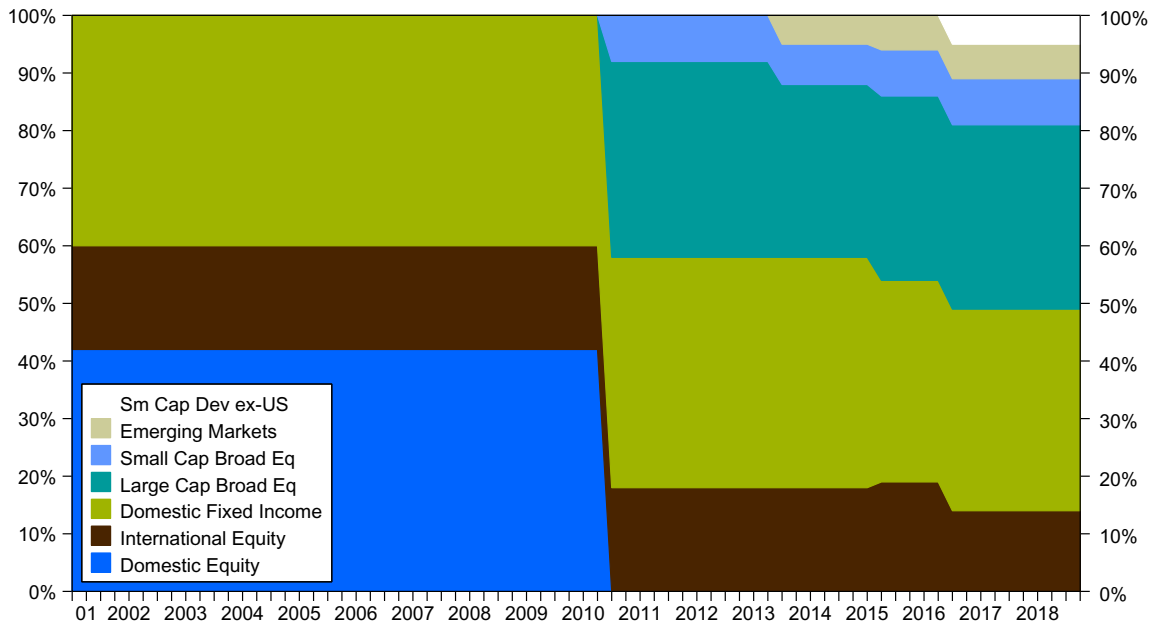
Actual vs Target Historical Asset Allocation

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, 2018, with the distribution as of September 30, 2018. 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, 2018			September 30, 2018
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$105,823,391	\$(575,791)	\$(16,860,240)	\$123,259,422
Large Cap	\$83,611,001	\$(575,791)	\$(13,206,368)	\$97,393,161
Boston Partners	41,043,060	6,453	(6,486,994)	47,523,601
SSgA S&P 500	42,567,941	(582,244)	(6,719,375)	49,869,560
Small Cap	\$22,212,390	\$0	\$(3,653,871)	\$25,866,261
Atlanta Capital	22,212,390	0	(3,653,871)	25,866,261
International Equity	\$61,393,234	\$(6,453)	\$(7,427,254)	\$68,826,940
International Large Cap	\$34,441,850	\$(6,453)	\$(4,055,003)	\$38,503,306
Brandes	2,669	(6,453)	(215)	9,337
SSgA EAFE	9,970,217	0	(1,427,635)	11,397,852
Pyrford	24,468,964	0	(2,627,153)	27,096,117
International Small Cap	\$11,927,378	\$0	\$(2,346,303)	\$14,273,681
AQR	11,927,378	0	(2,346,303)	14,273,681
Emerging Equity	\$15,024,005	\$0	\$(1,025,948)	\$16,049,953
DFA Emerging Markets	15,024,005	0	(1,025,948)	16,049,953
Fixed Income	\$101,895,736	\$(484,300)	\$1,743,924	\$100,636,113
Metropolitan West	101,895,736	(484,300)	1,743,924	100,636,113
Total Plan - Consolidated	\$269,112,361	\$(1,066,545)	\$(22,543,569)	\$292,722,475

Sacramento Regional Transit District Asset Growth

Ending December 31, 2018 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 12/2018	269,112.4		292,722.5		(1,066.5)		(22,543.6)
1/4 Year Ended 9/2018	292,722.5		284,083.7		(1,081.0)		9,719.8
1/4 Year Ended 6/2018	284,083.7		284,995.0		(1,267.6)		356.3
1/4 Year Ended 3/2018	284,995.0		288,314.8		(1,183.4)		(2,136.5)
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

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2018. 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, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(13.70%)	(4.64%)	9.38%	7.74%	13.05%
Domestic Equity Benchmark**	(14.88%)	(5.69%)	8.94%	7.75%	12.31%
Large Cap Equity	(13.58%)	(6.33%)	8.75%	7.47%	12.96%
Boston Partners	(13.65%)	(8.28%)	8.18%	6.39%	12.54%
Russell 1000 Value Index	(11.72%)	(8.27%)	6.95%	5.95%	11.02%
SSgA S&P 500	(13.51%)	(4.39%)	9.29%	8.54%	-
S&P 500 Index	(13.52%)	(4.38%)	9.26%	8.49%	12.70%
Small Cap Equity	(14.13%)	1.78%	11.73%	8.70%	13.35%
Atlanta Capital	(14.13%)	1.78%	11.73%	8.70%	13.35%
Russell 2000 Index	(20.20%)	(11.01%)	7.36%	4.41%	10.44%
International Equity	(10.72%)	(13.93%)	4.22%	0.87%	5.23%
International Benchmark***	(12.04%)	(14.76%)	4.46%	0.87%	5.71%
International Large Cap	(10.53%)	(11.25%)	3.32%	0.83%	-
SSgA EAFE	(12.53%)	(13.49%)	3.23%	0.87%	-
Pyrford	(9.70%)	(10.31%)	-	-	-
MSCI EAFE Index	(12.54%)	(13.79%)	2.87%	0.53%	5.75%
International Small Cap	(16.23%)	(19.94%)	-	-	-
AQR	(16.23%)	(19.94%)	-	-	-
MSCI EAFE Small Cap Index	(16.05%)	(17.89%)	3.73%	3.06%	8.79%
Emerging Markets Equity	(6.27%)	(14.80%)	9.75%	2.46%	-
DFA Emerging Markets	(6.27%)	(14.80%)	9.75%	2.46%	-
MSCI Emerging Markets Index	(7.46%)	(14.57%)	9.25%	1.65%	3.24%
Domestic Fixed Income	1.74%	0.75%	2.49%	2.85%	3.21%
Met West	1.74%	0.75%	2.49%	2.85%	3.21%
Bloomberg Aggregate Index	1.64%	0.01%	2.06%	2.52%	2.10%
Total Plan	(7.69%)	(5.05%)	5.88%	4.42%	7.67%
Target*	(8.50%)	(5.82%)	5.59%	4.34%	6.97%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap 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, 2018. 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, 2018

	Last 10 Years	Last 15 Years	Last 20 Years	Last 24-3/4 Years
Domestic Equity	14.02%	8.69%	6.39%	-
Domestic Equity Benchmark**	13.07%	7.84%	6.19%	9.46%
Russell 1000 Value Index	11.18%	7.04%	6.16%	9.20%
S&P 500 Index	13.12%	7.77%	5.62%	9.34%
Russell 2000 Index	11.97%	7.50%	7.40%	8.49%
International Equity	5.78%	5.06%	6.71%	-
MSCI EAFE Index	6.32%	4.74%	3.52%	4.53%
Domestic Fixed Income	5.96%	5.19%	5.31%	-
Met West	5.96%	5.19%	-	-
Bloomberg Aggregate Index	3.48%	3.87%	4.55%	5.26%
Total Plan	9.28%	6.73%	6.05%	8.50%
Target*	8.12%	5.91%	5.33%	7.17%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

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.

	2018	2017	2016	2015	2014
Domestic Equity	(4.64%)	19.78%	14.58%	0.06%	10.85%
Domestic Equity Benchmark**	(5.69%)	20.41%	13.85%	0.26%	12.07%
Large Cap Equity	(6.33%)	21.10%	13.38%	(1.17%)	12.81%
Boston Partners	(8.28%)	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	(8.27%)	13.66%	17.34%	(3.83%)	13.45%
SSgA S&P 500	(4.39%)	21.86%	12.03%	1.46%	13.77%
S&P 500 Index	(4.38%)	21.83%	11.96%	1.38%	13.69%
Small Cap Equity	1.78%	15.01%	19.17%	5.14%	3.49%
Atlanta Capital	1.78%	15.01%	19.17%	5.14%	3.49%
Russell 2000 Index	(11.01%)	14.65%	21.31%	(4.41%)	4.89%
International Equity	(13.93%)	28.25%	2.55%	(4.17%)	(3.72%)
International Benchmark***	(14.76%)	29.51%	3.26%	(4.30%)	(4.25%)
International Large Cap	(11.25%)	22.63%	1.35%	(1.17%)	(4.41%)
SSgA EAFE	(13.49%)	25.47%	1.37%	(0.56%)	(4.55%)
Pyrford	(10.31%)	-	-	-	-
MSCI EAFE Index	(13.79%)	25.03%	1.00%	(0.81%)	(4.90%)
International Small Cap	(19.94%)	33.76%	-	-	-
AQR	(19.94%)	33.76%	-	-	-
MSCI EAFE Small Cap Index	(17.89%)	33.01%	2.18%	9.59%	(4.95%)
Emerging Markets Equity	(14.80%)	37.32%	12.99%	(14.33%)	(0.28%)
DFA Emerging Markets	(14.80%)	37.32%	12.99%	(14.33%)	(0.28%)
MSCI Emerging Markets Index	(14.57%)	37.28%	11.19%	(14.92%)	(2.19%)
Domestic Fixed Income	0.75%	3.89%	2.87%	0.51%	6.37%
Met West	0.75%	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	0.01%	3.54%	2.65%	0.55%	5.97%
Total Plan	(5.05%)	16.14%	7.65%	(0.97%)	5.61%
Target*	(5.82%)	16.39%	7.40%	(0.71%)	5.82%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap 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.

	2013	2012	2011	2010	2009
Domestic Equity	36.44%	19.19%	2.08%	15.93%	32.93%
Domestic Equity Benchmark**	33.61%	16.09%	0.94%	17.33%	28.02%
Boston Partners	37.52%	21.95%	1.27%	13.61%	27.06%
Russell 1000 Value Index	32.53%	17.51%	0.39%	15.51%	19.69%
S&P 500 Index	32.39%	16.00%	2.11%	15.06%	26.47%
Russell 2000 Index	38.82%	16.35%	(4.18%)	26.85%	27.17%
International Equity	16.66%	17.28%	(10.64%)	6.51%	28.99%
MSCI EAFE Index	22.78%	17.32%	(12.14%)	7.75%	31.78%
Domestic Fixed Income	(1.03%)	9.48%	6.10%	12.52%	19.88%
Met West	(1.03%)	9.48%	6.10%	12.52%	19.88%
Bloomberg Aggregate Index	(2.02%)	4.21%	7.84%	6.54%	5.93%
Total Plan	17.71%	14.80%	1.22%	12.70%	26.91%
Target*	15.99%	11.68%	1.52%	11.85%	20.02%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 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, 2018. 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, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	(13.78%)	(5.02%)	8.96%	-	-
Domestic Equity Benchmark**	(14.88%)	(5.69%)	8.94%	7.75%	12.31%
Large Cap Equity	(13.65%)	(6.61%)	8.44%	-	-
Boston Partners	(13.77%)	(8.78%)	7.64%	5.84%	11.95%
Russell 1000 Value Index	(11.72%)	(8.27%)	6.95%	5.95%	11.02%
SSgA S&P 500	(13.52%)	(4.44%)	9.23%	8.49%	-
S&P 500 Index	(13.52%)	(4.38%)	9.26%	8.49%	12.70%
Small Cap Equity	(14.30%)	0.97%	10.85%	-	-
Atlanta Capital	(14.30%)	0.97%	10.85%	7.85%	12.48%
Russell 2000 Index	(20.20%)	(11.01%)	7.36%	4.41%	10.44%
International Equity	(10.86%)	(14.46%)	3.64%	-	-
International Equity Benchmark***	(12.04%)	(14.76%)	4.46%	0.87%	5.71%
International Large Cap	(10.65%)	(11.71%)	2.81%	-	-
SSgA EAFE	(12.55%)	(13.58%)	3.13%	0.77%	-
Pyrford	(9.86%)	(10.93%)	-	-	-
MSCI EAFE Index	(12.54%)	(13.79%)	2.87%	0.53%	5.75%
International Small Cap	(16.44%)	(20.70%)	-	-	-
AQR	(16.44%)	(20.70%)	-	-	-
MSCI EAFE Small Cap Index	(16.05%)	(17.89%)	3.73%	3.06%	8.79%
Emerging Markets Equity	(6.39%)	(15.25%)	9.13%	-	-
DFA Emerging Markets	(6.39%)	(15.25%)	9.13%	1.86%	-
MSCI Emerging Markets Index	(7.46%)	(14.57%)	9.25%	1.65%	3.24%
Domestic Fixed Income	1.67%	0.47%	2.21%	-	-
Met West	1.67%	0.47%	2.21%	2.57%	2.92%
Bloomberg Aggregate Index	1.64%	0.01%	2.06%	2.52%	2.10%
Total Plan	(7.79%)	(5.44%)	5.47%	4.04%	7.27%
Target*	(8.50%)	(5.82%)	5.59%	4.34%	6.97%

* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

*** International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Domestic Equity

Period Ended December 31, 2018

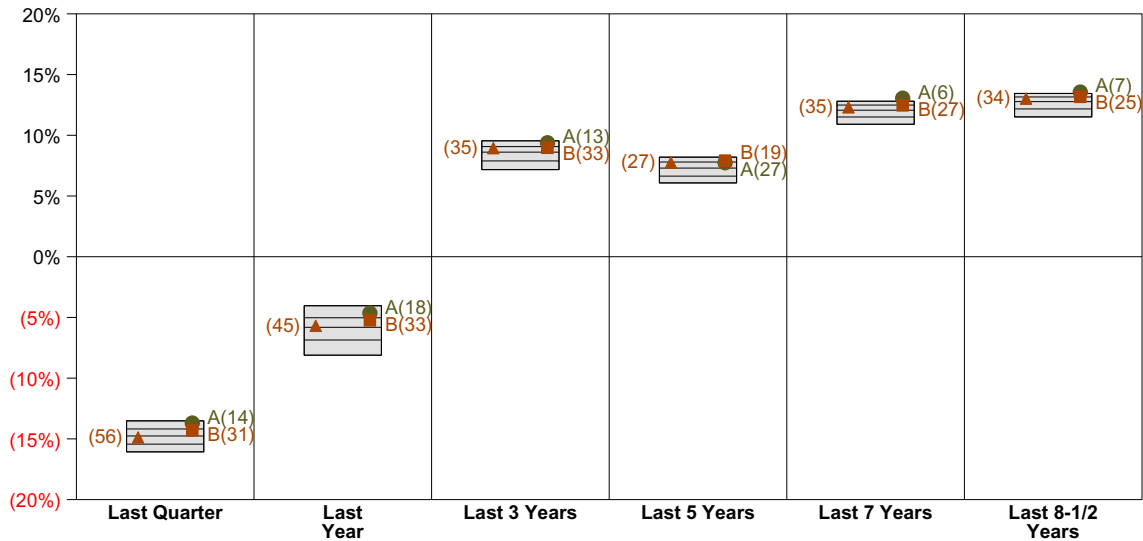
Investment Philosophy

Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

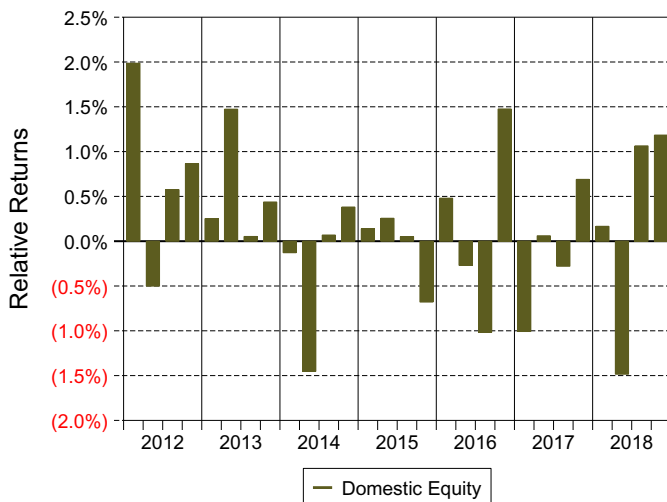
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a (13.70)% return for the quarter placing it in the 14 percentile of the Fund Spnsor - Domestic Equity group for the quarter and in the 18 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 1.18% for the quarter and outperformed the Domestic Equity Benchmark for the year by 1.05%.

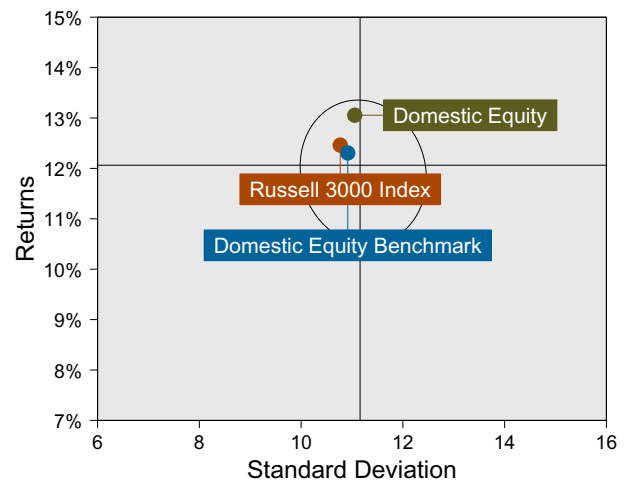
Performance vs Fund Spnsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



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

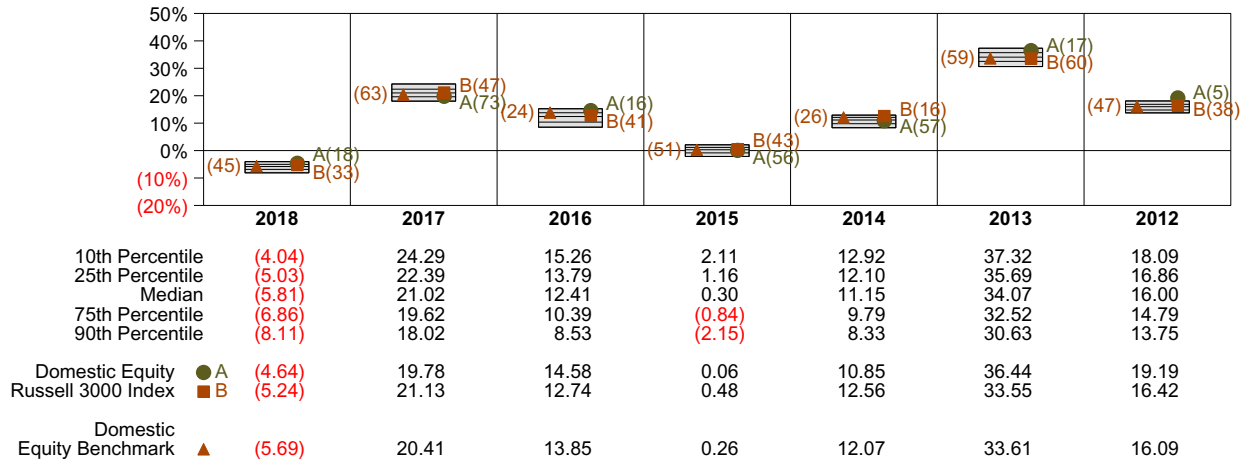


Domestic Equity Return Analysis Summary

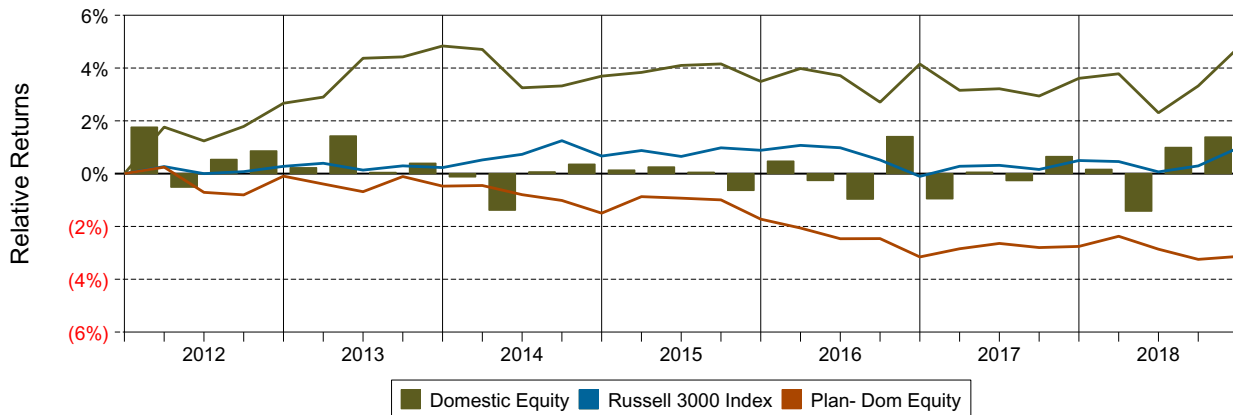
Return Analysis

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.

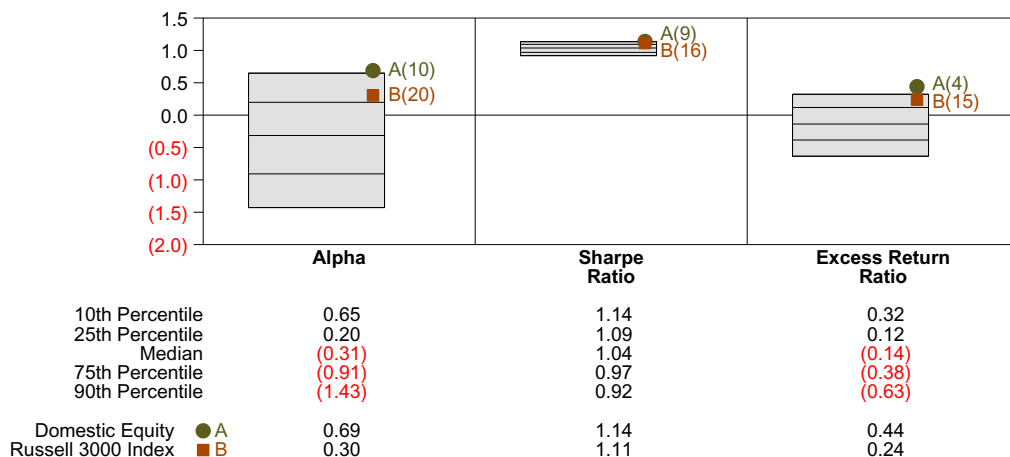
Performance vs Fund Sponsor - Domestic Equity (Gross)



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, 2018



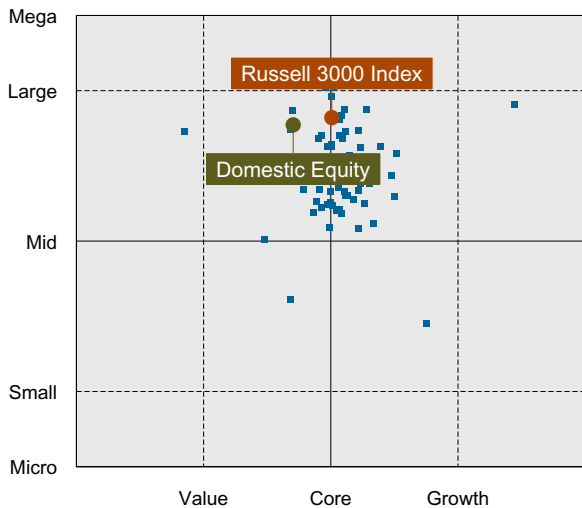
Current Holdings Based Style Analysis

Domestic Equity

As of December 31, 2018

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.

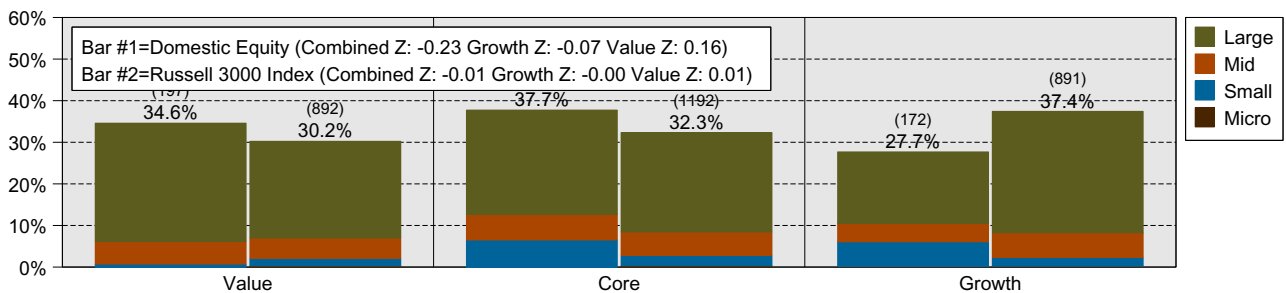
Style Map vs Plan- Dom Equity Holdings as of December 31, 2018



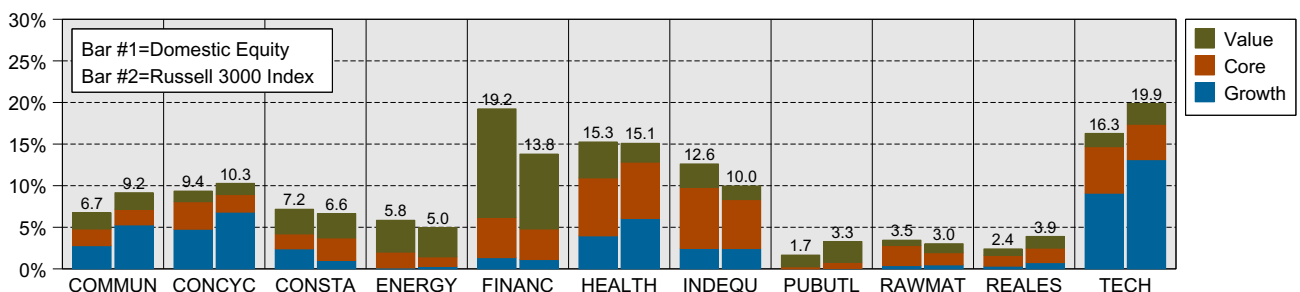
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Large	28.4% (101)	25.1% (101)	17.1% (91)	70.6% (293)
	23.2% (100)	23.9% (102)	29.2% (95)	76.3% (297)
Mid	5.4% (90)	6.1% (84)	4.5% (62)	16.0% (236)
	4.9% (172)	5.6% (210)	5.9% (213)	16.3% (595)
Small	0.7% (5)	6.5% (22)	5.9% (18)	13.2% (45)
	1.9% (329)	2.5% (480)	2.2% (382)	6.6% (1191)
Micro	0.0% (1)	0.0% (0)	0.2% (1)	0.2% (2)
	0.3% (291)	0.3% (400)	0.2% (201)	0.8% (892)
Total	34.6% (197)	37.7% (207)	27.7% (172)	100.0% (576)
	30.2% (892)	32.3% (1192)	37.4% (891)	100.0% (2975)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



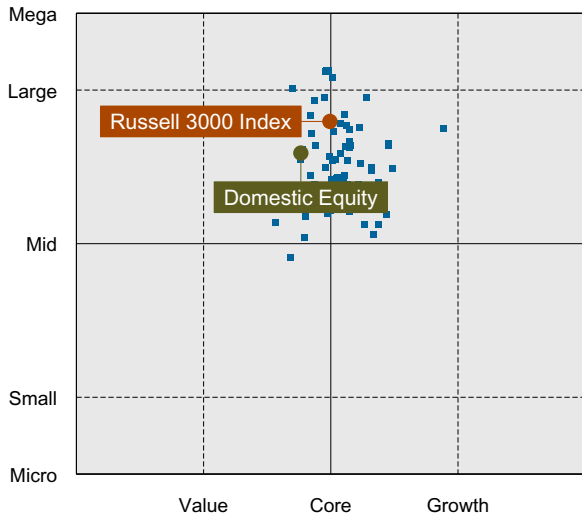
Sector Weights Distribution Holdings as of December 31, 2018



Historical Holdings Based Style Analysis Domestic Equity For Five Years Ended December 31, 2018

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.

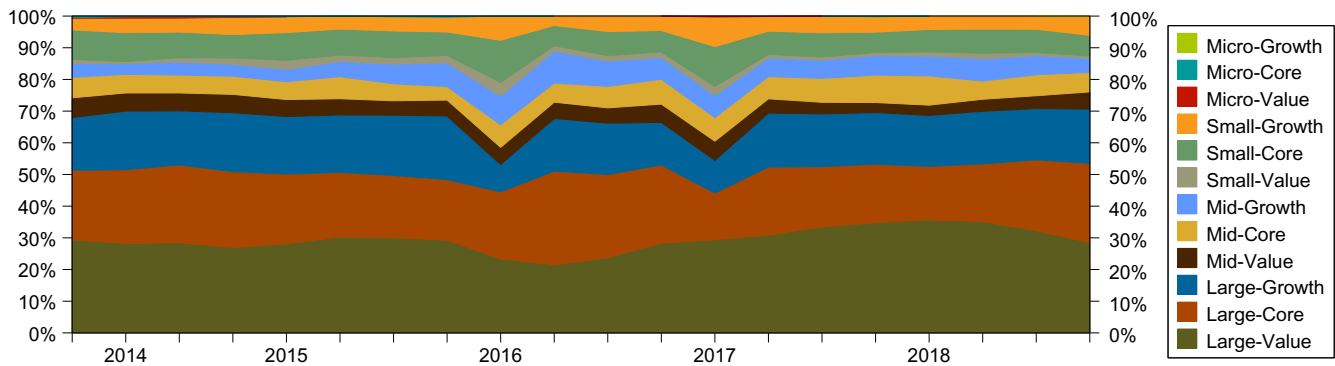
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended December 31, 2018



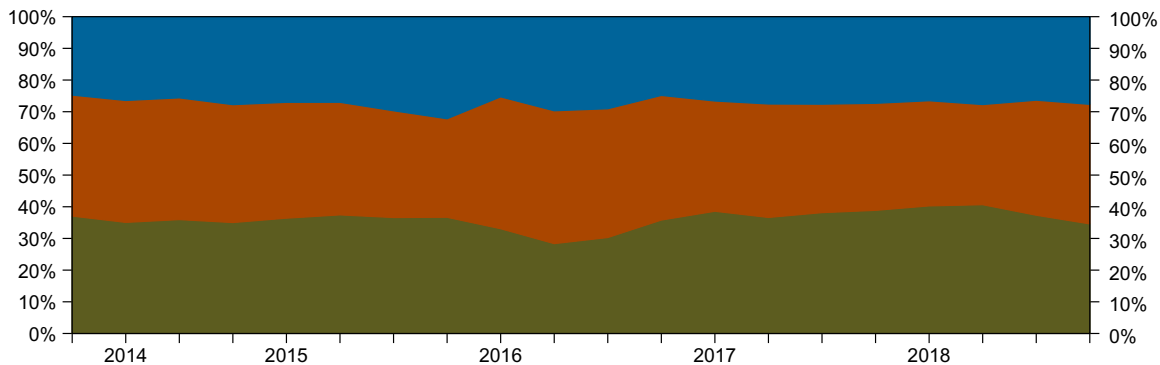
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	29.4% (92)	21.6% (90)	16.4% (87)	67.4% (269)
Large	26.3% (98)	22.7% (98)	25.0% (102)	73.9% (298)
Mid	4.9% (83)	6.6% (80)	6.0% (57)	17.6% (220)
Small	1.7% (9)	8.2% (27)	4.9% (14)	14.8% (50)
Micro	0.1% (1)	0.1% (1)	0.0% (0)	0.2% (2)
Total	36.1% (185)	36.5% (198)	27.4% (158)	100.0% (541)
	34.1% (895)	32.3% (1176)	33.5% (899)	100.0% (2970)
	Value	Core	Growth	Total

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures

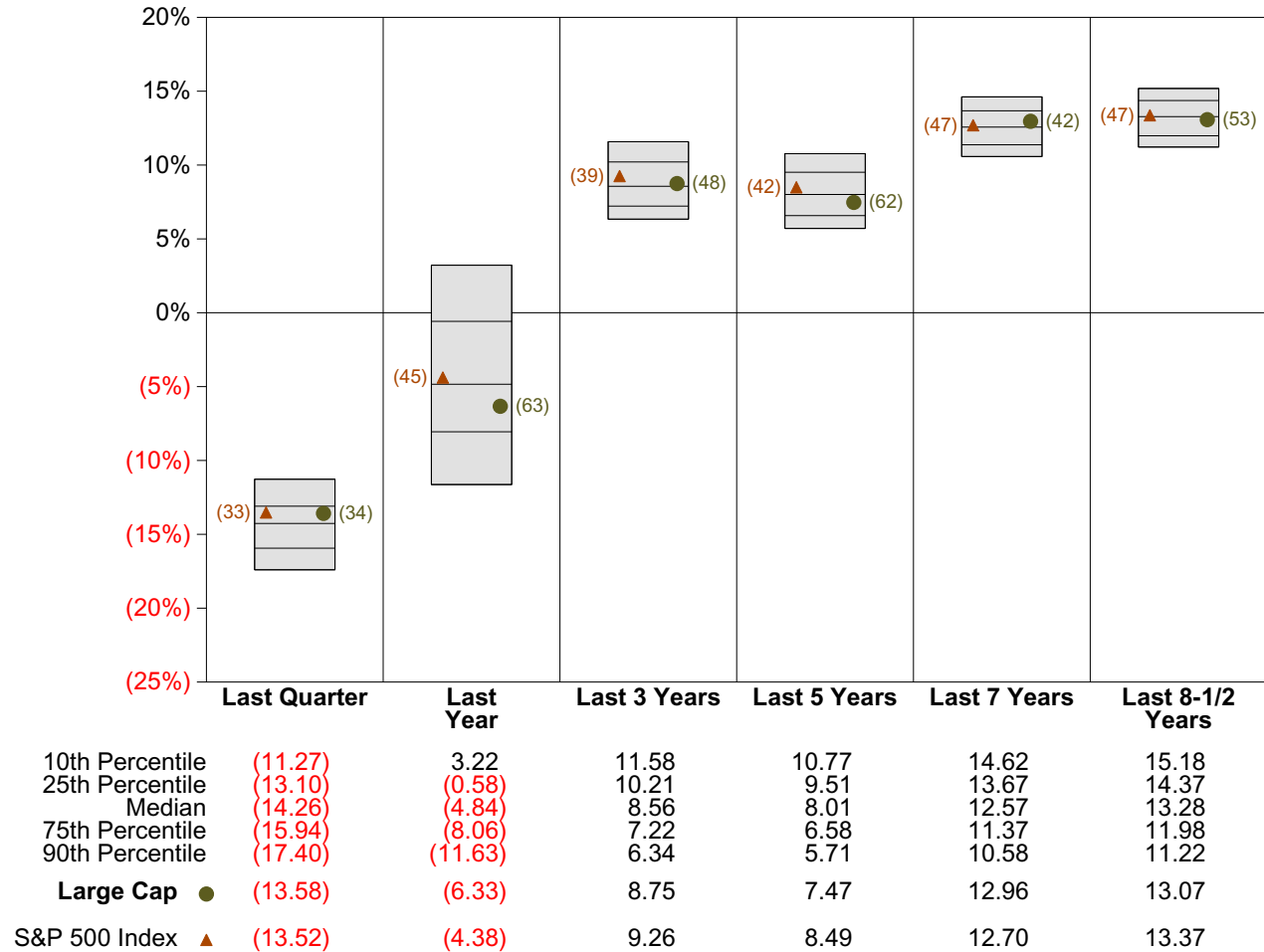


Large Cap Period Ended December 31, 2018

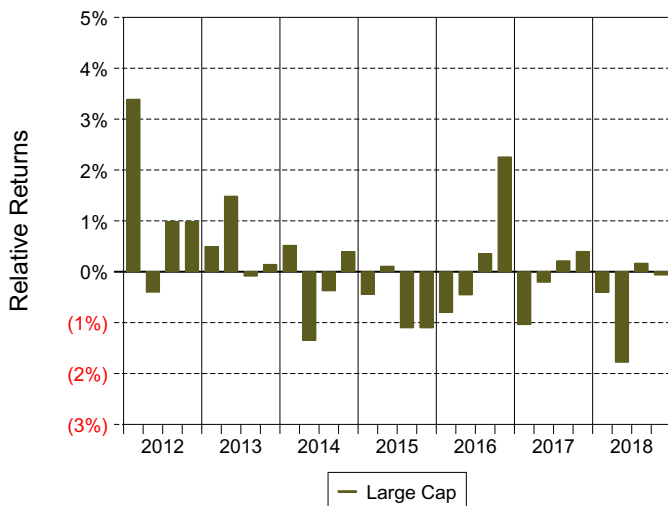
Quarterly Summary and Highlights

- Large Cap's portfolio posted a (13.58)% return for the quarter placing it in the 34 percentile of the Callan Large Capitalization group for the quarter and in the 63 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 0.06% for the quarter and underperformed the S&P 500 Index for the year by 1.95%.

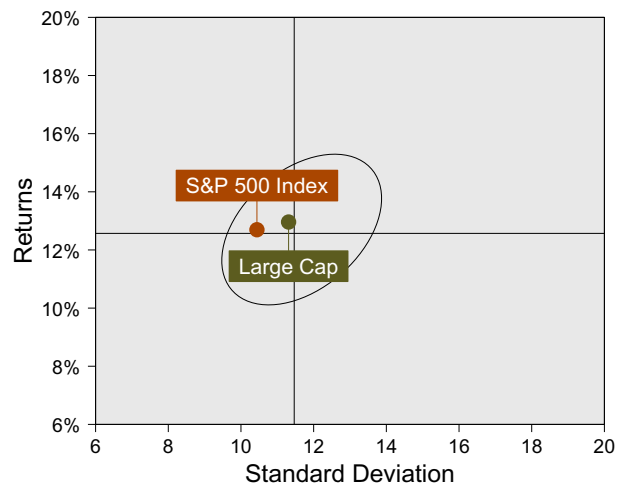
Performance vs Callan Large Capitalization (Gross)



Relative Return vs S&P 500 Index



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

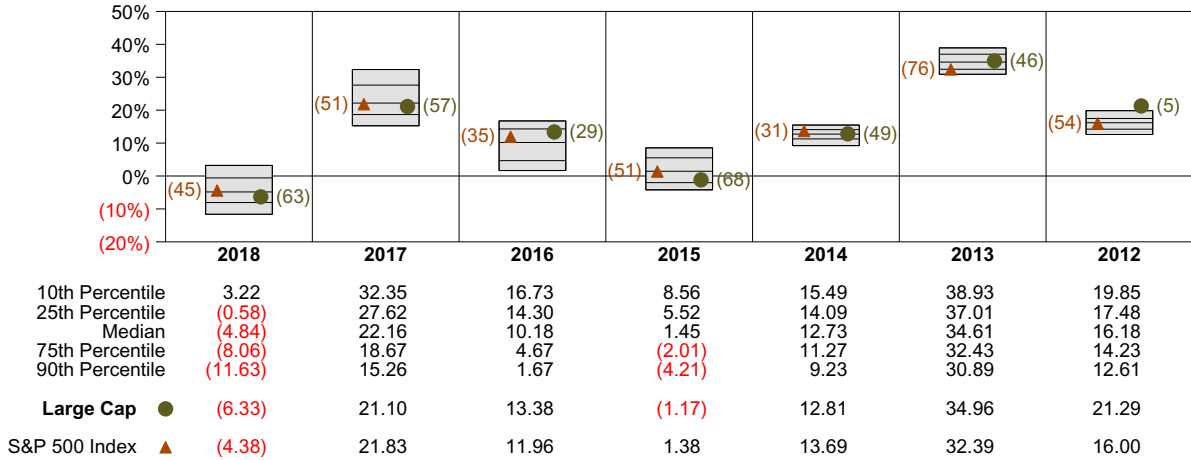


Large Cap Return Analysis Summary

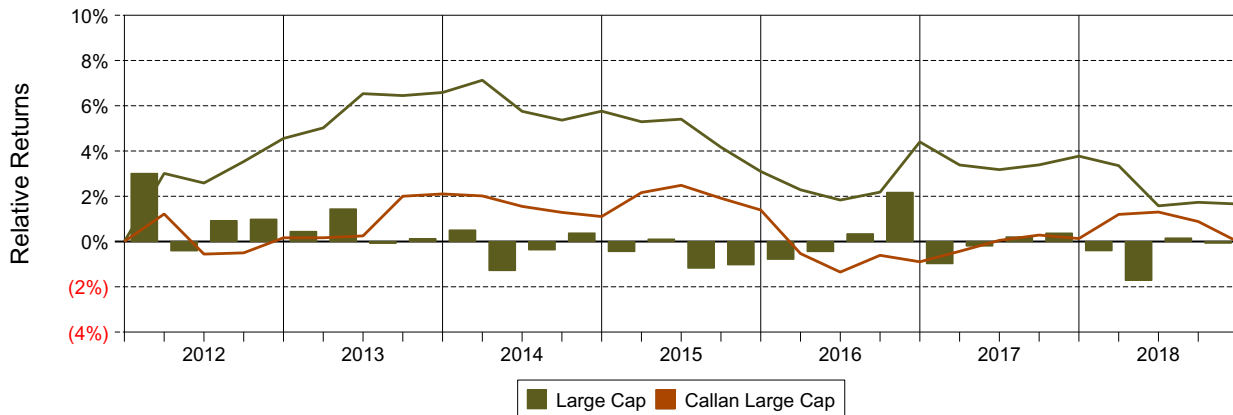
Return Analysis

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.

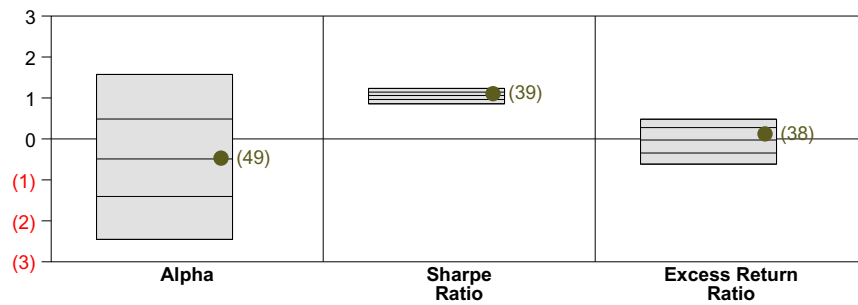
Performance vs Callan Large Capitalization (Gross)



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, 2018



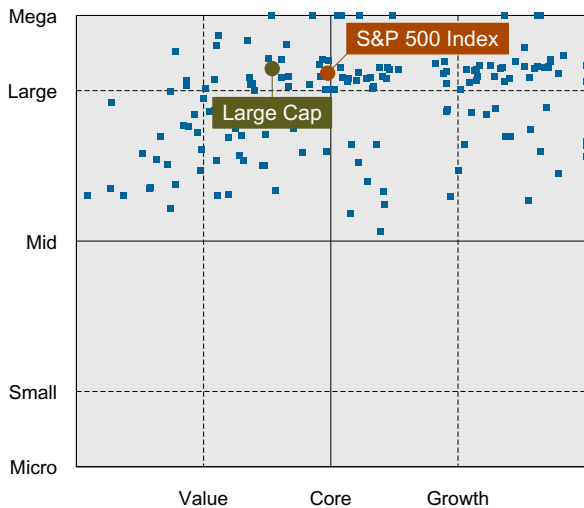
Current Holdings Based Style Analysis

Large Cap

As of December 31, 2018

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.

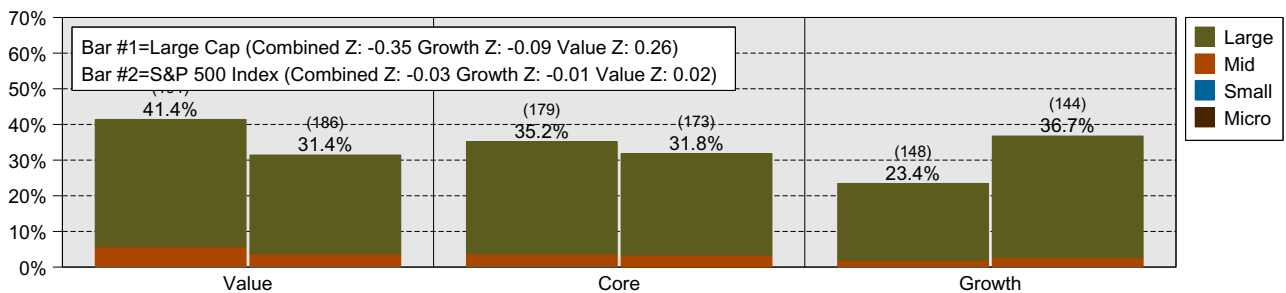
Style Map vs Callan Large Cap Holdings as of December 31, 2018



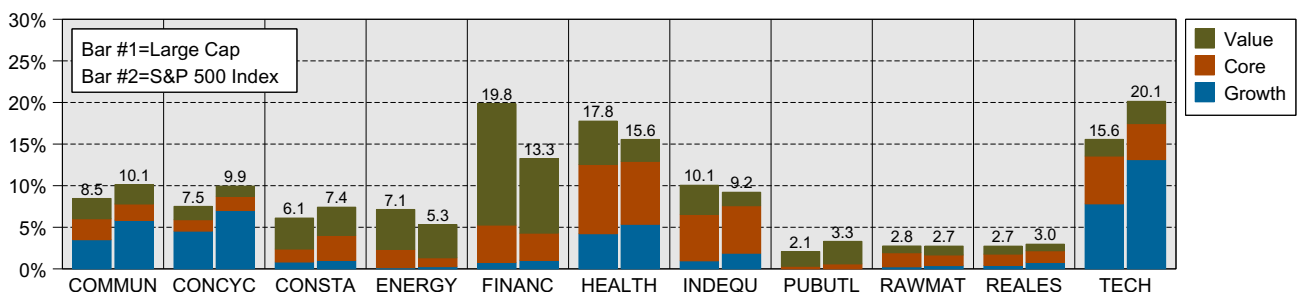
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Large	35.7% (101) 27.7% (99)	31.5% (101) 28.4% (98)	21.5% (91) 34.0% (88)	88.7% (293) 90.1% (285)
Mid	5.7% (87) 3.7% (85)	3.6% (77) 3.4% (75)	1.9% (55) 2.7% (54)	11.1% (219) 9.9% (214)
Small	0.0% (2) 0.0% (2)	0.1% (1) 0.0% (0)	0.0% (2) 0.0% (2)	0.1% (5) 0.1% (4)
Micro	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)
Total	41.4% (191) 31.4% (186)	35.2% (179) 31.8% (173)	23.4% (148) 36.7% (144)	100.0% (518) 100.0% (503)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



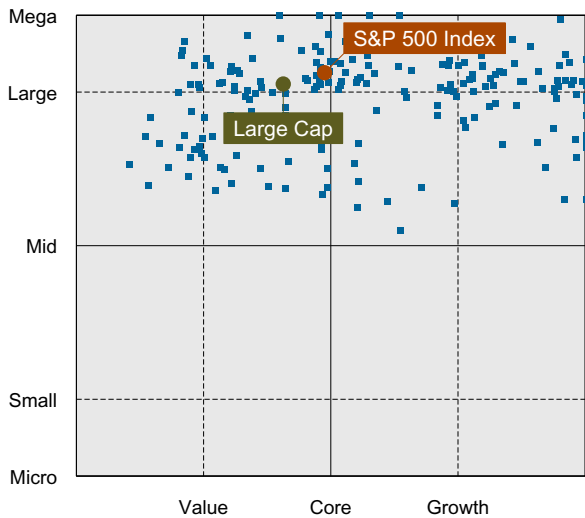
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended December 31, 2018

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.

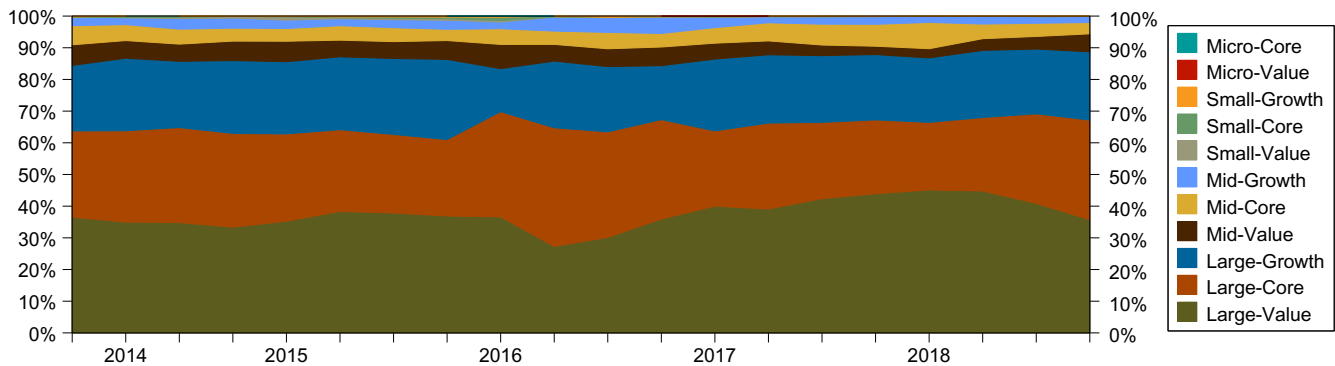
Average Style Map vs Callan Large Cap Holdings for Five Years Ended December 31, 2018



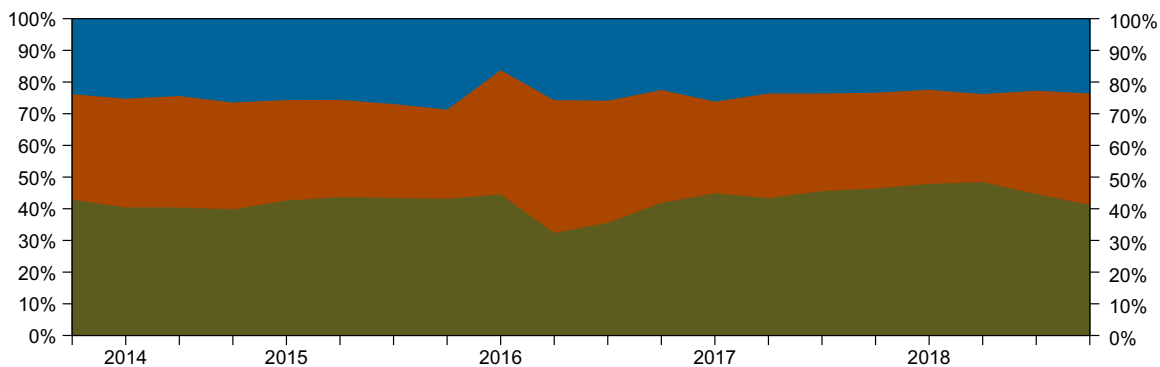
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	37.5% (96)	27.8% (94)	21.2% (91)	86.5% (281)
Large	32.0% (98)	27.5% (96)	29.7% (92)	89.2% (286)
Mid	5.1% (83)	5.0% (79)	2.8% (52)	12.9% (214)
Small	4.0% (84)	3.9% (78)	2.8% (52)	10.7% (214)
Micro	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	42.8% (183)	33.0% (175)	24.1% (145)	100.0% (503)
	36.0% (185)	31.5% (175)	32.5% (145)	100.0% (505)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended December 31, 2018

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.

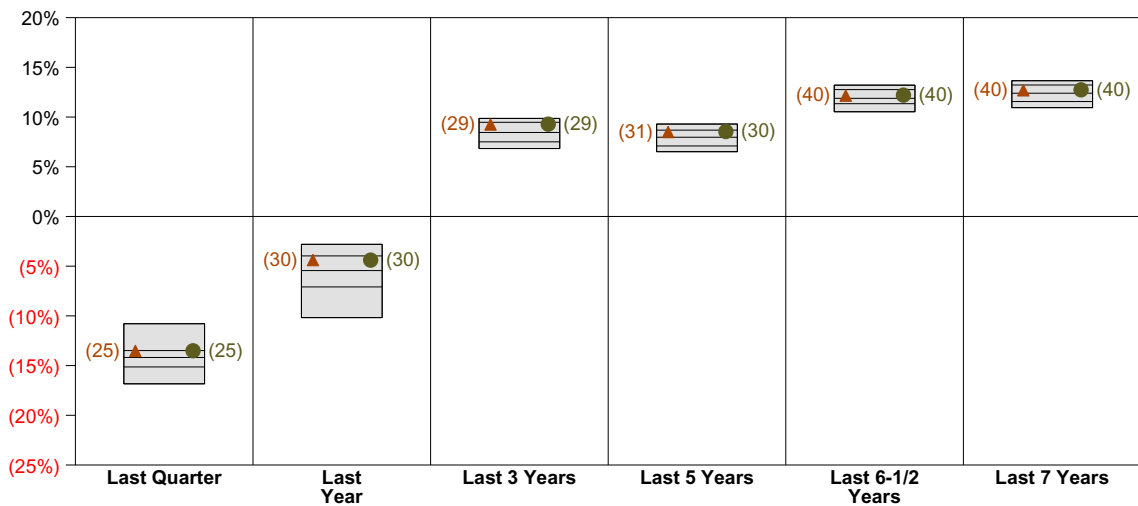
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a (13.51)% return for the quarter placing it in the 25 percentile of the Callan Large Cap Core group for the quarter and in the 30 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.01%.

Quarterly Asset Growth

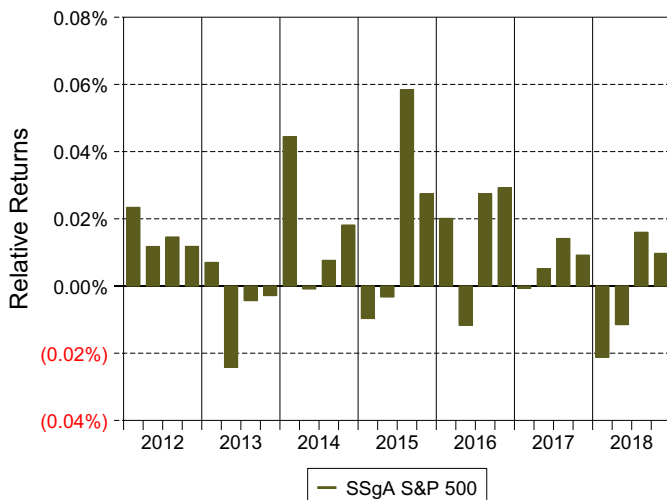
Beginning Market Value	\$49,869,560
Net New Investment	\$-582,244
Investment Gains/(Losses)	\$-6,719,375
Ending Market Value	\$42,567,941

Performance vs Callan Large Cap Core (Gross)

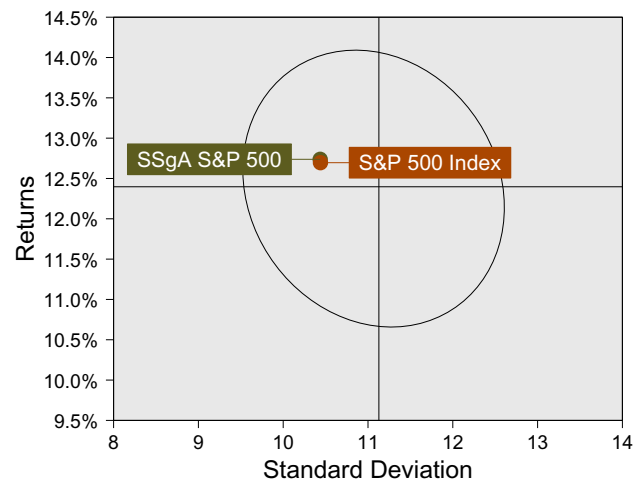


10th Percentile	(10.79)	(2.80)	9.86	9.30	13.21	13.66
25th Percentile	(13.49)	(3.97)	9.47	8.68	12.76	13.23
Median	(14.18)	(5.44)	8.45	7.97	11.88	12.40
75th Percentile	(15.14)	(7.09)	7.51	7.09	11.34	11.56
90th Percentile	(16.83)	(10.17)	6.83	6.52	10.53	10.95
SSgA S&P 500	(13.51)	(4.39)	9.29	8.54	12.20	12.74
S&P 500 Index	(13.52)	(4.38)	9.26	8.49	12.16	12.70

Relative Return vs S&P 500 Index



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

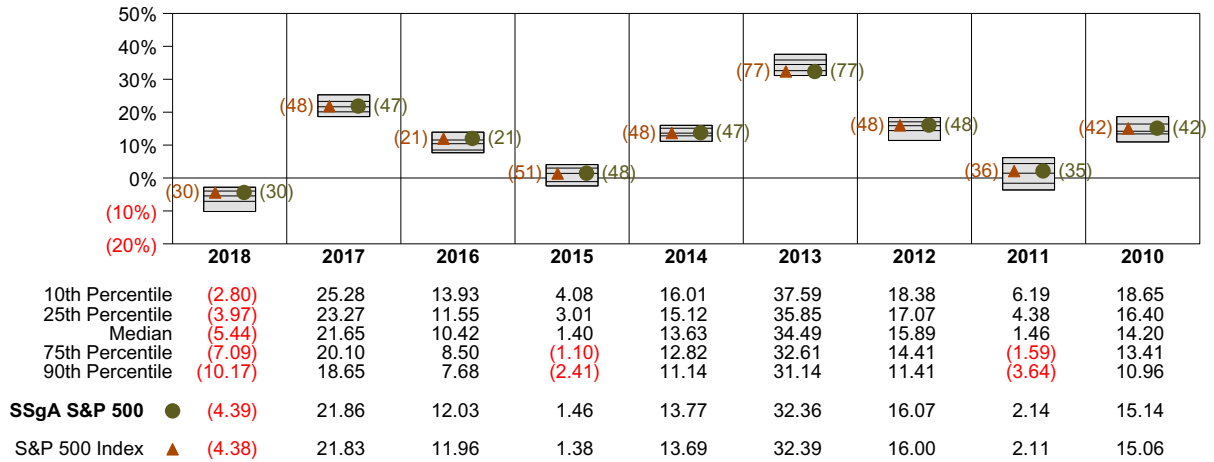


SSgA S&P 500 Return Analysis Summary

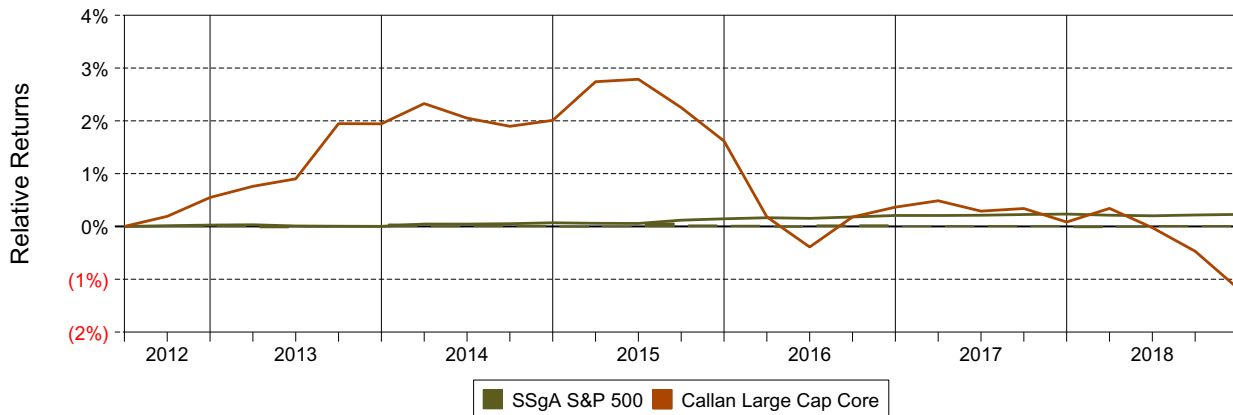
Return Analysis

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.

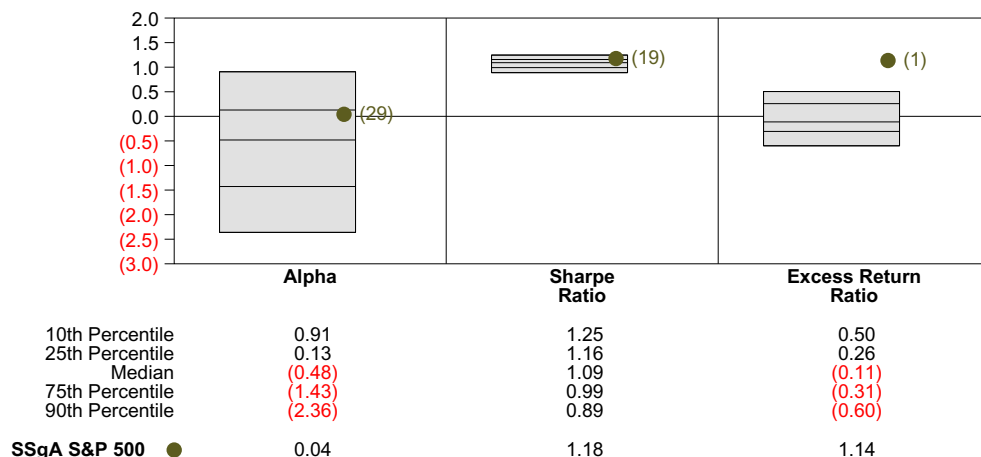
Performance vs Callan Large Cap Core (Gross)



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, 2018

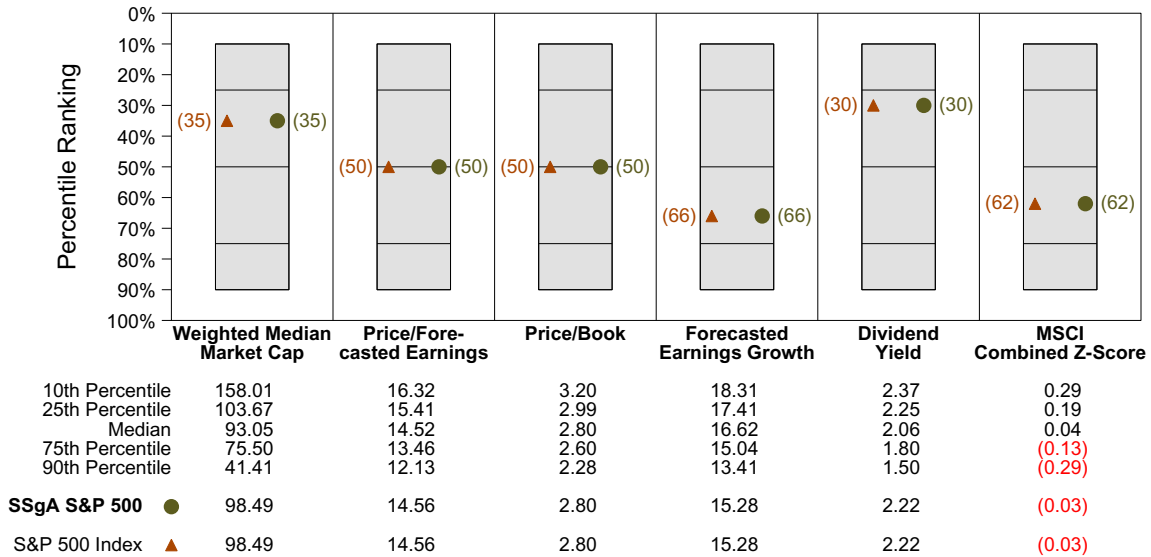


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

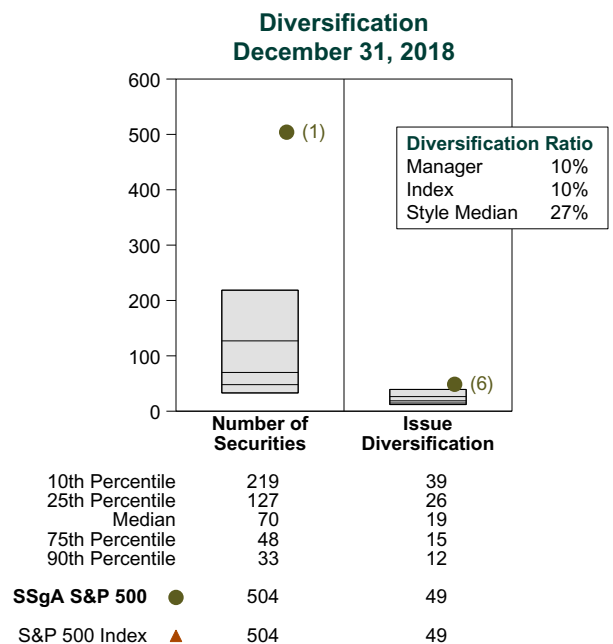
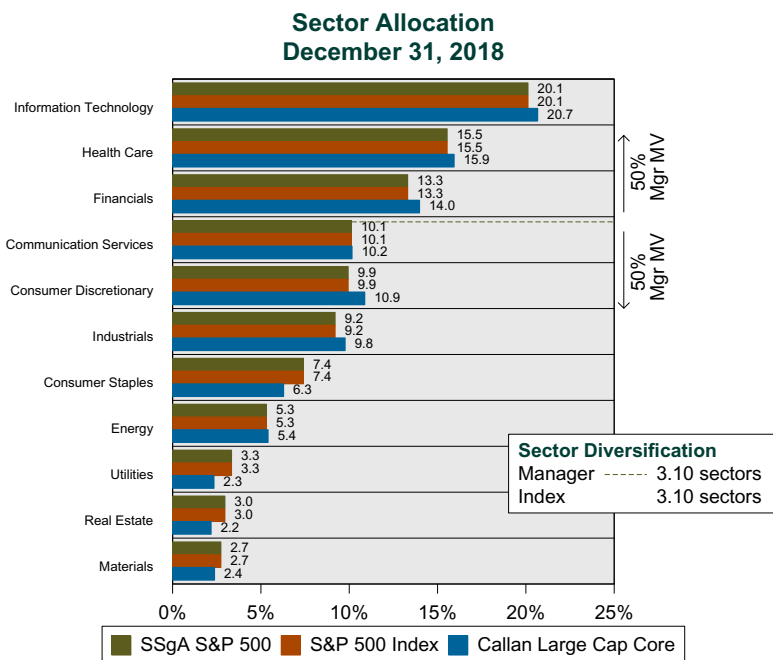
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of December 31, 2018



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.



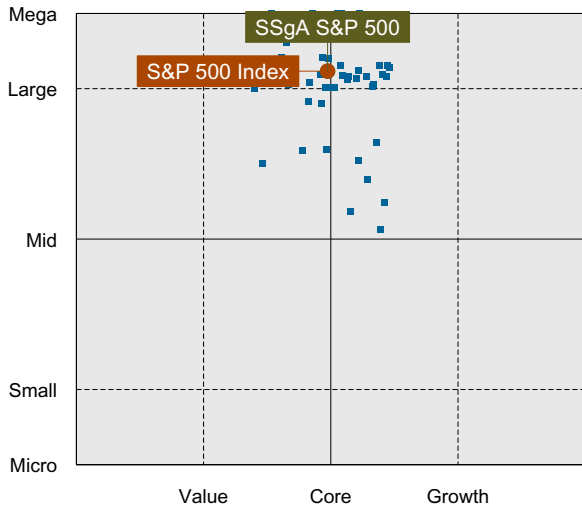
Current Holdings Based Style Analysis

SSgA S&P 500

As of December 31, 2018

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.

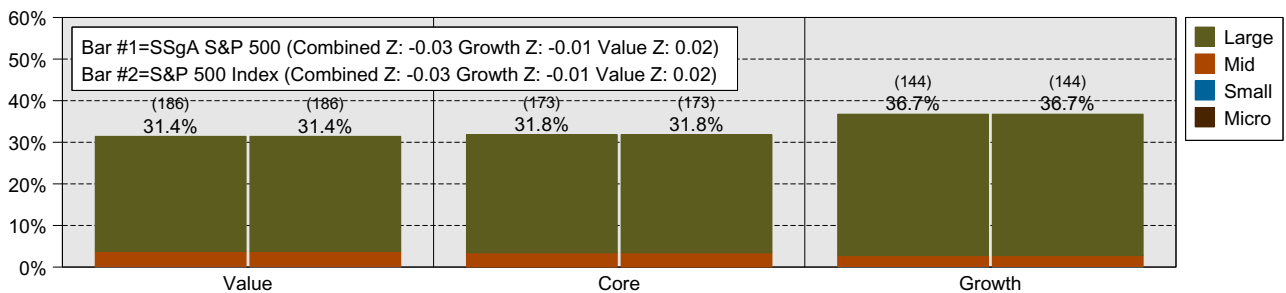
Style Map vs Callan Large Cap Core Holdings as of December 31, 2018



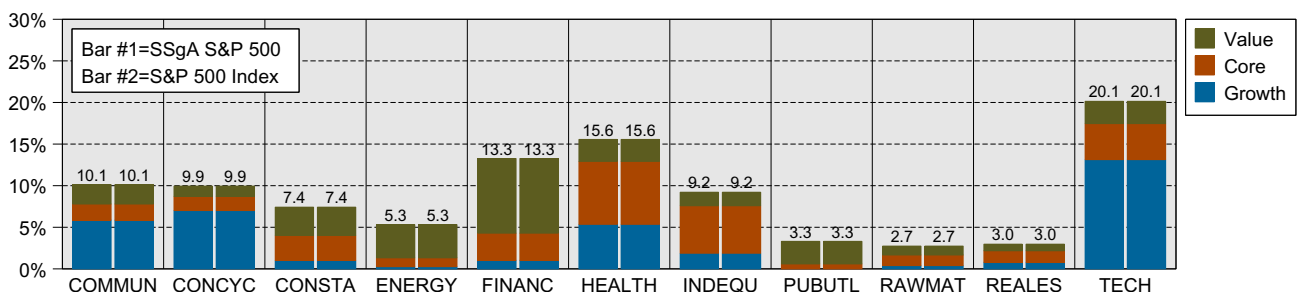
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Large	27.7% (99)	28.4% (98)	34.0% (88)	90.1% (285)
Mid	3.7% (85)	3.4% (75)	2.7% (54)	9.9% (214)
Small	0.0% (2)	0.0% (0)	0.0% (2)	0.1% (4)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	31.4% (186)	31.8% (173)	36.7% (144)	100.0% (503)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



Boston Partners

Period Ended December 31, 2018

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.

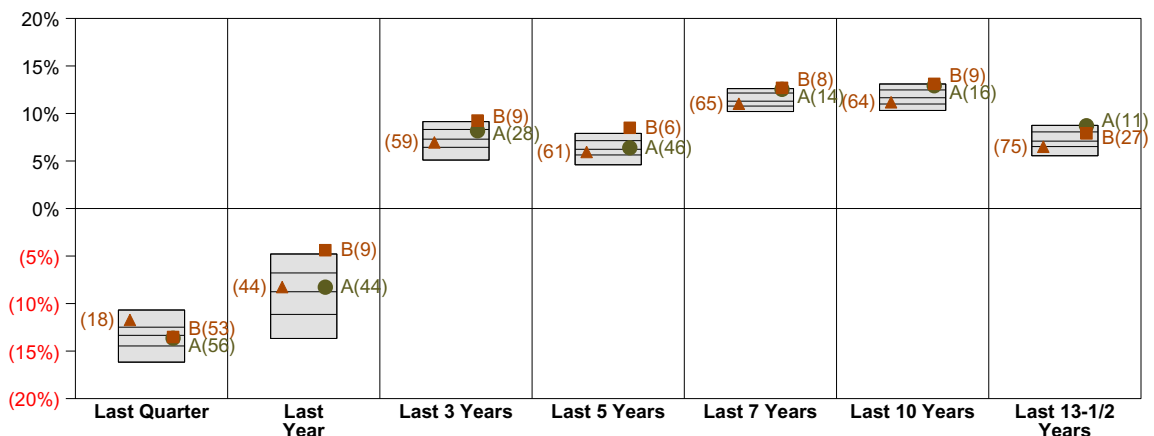
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a (13.65)% return for the quarter placing it in the 56 percentile of the Callan Large Cap Value group for the quarter and in the 44 percentile for the last year.
- Boston Partners's portfolio underperformed the Russell 1000 Value Index by 1.92% for the quarter and underperformed the Russell 1000 Value Index for the year by 0.01%.

Quarterly Asset Growth

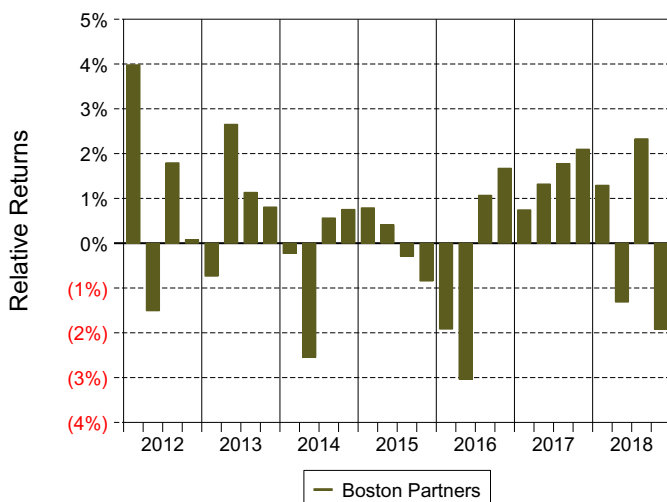
Beginning Market Value	\$47,523,601
Net New Investment	\$6,453
Investment Gains/(Losses)	\$-6,486,994
Ending Market Value	\$41,043,060

Performance vs Callan Large Cap Value (Gross)

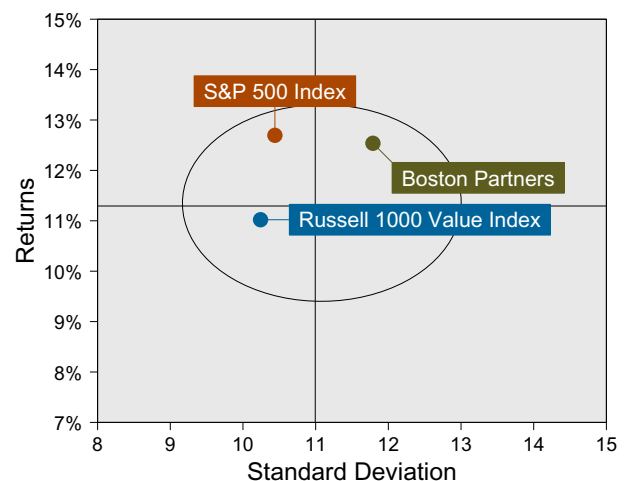


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-1/2 Years
10th Percentile	(10.68)	(4.79)	9.15	7.90	12.62	13.10	8.75
25th Percentile	(12.49)	(6.78)	8.32	7.14	12.15	12.48	8.06
Median	(13.35)	(8.76)	7.30	6.23	11.29	11.66	7.09
75th Percentile	(14.46)	(11.14)	6.44	5.64	10.78	11.00	6.52
90th Percentile	(16.16)	(13.67)	5.10	4.60	10.20	10.32	5.55
Boston Partners	● A (13.65)	(8.28)	8.18	6.39	12.54	12.92	8.71
S&P 500 Index	■ B (13.52)	(4.38)	9.26	8.49	12.70	13.12	7.90
Russell 1000 Value Index	▲ (11.72)	(8.27)	6.95	5.95	11.02	11.18	6.50

Relative Return vs Russell 1000 Value Index



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

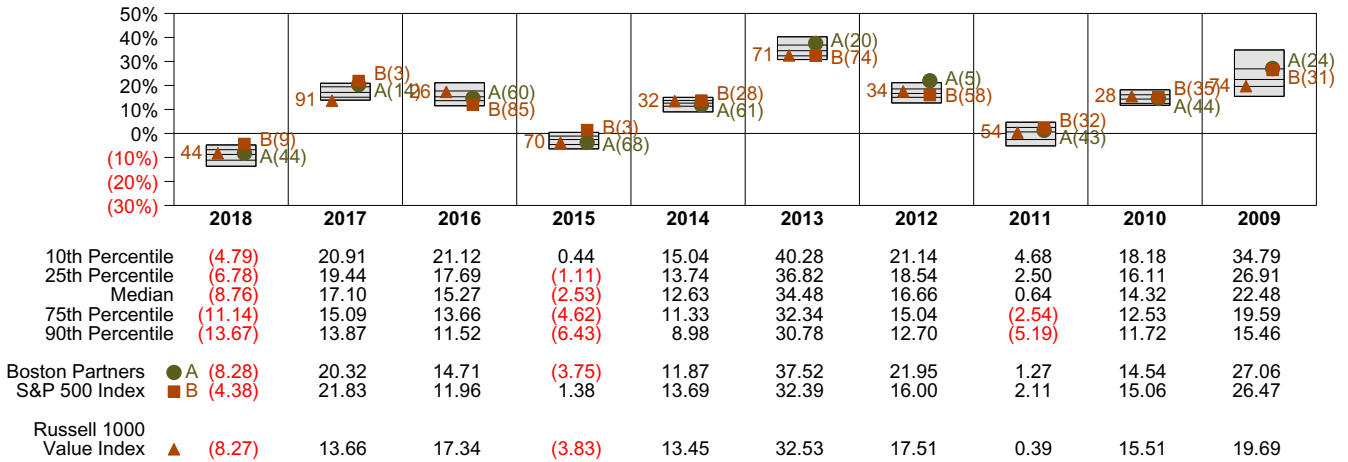


Boston Partners Return Analysis Summary

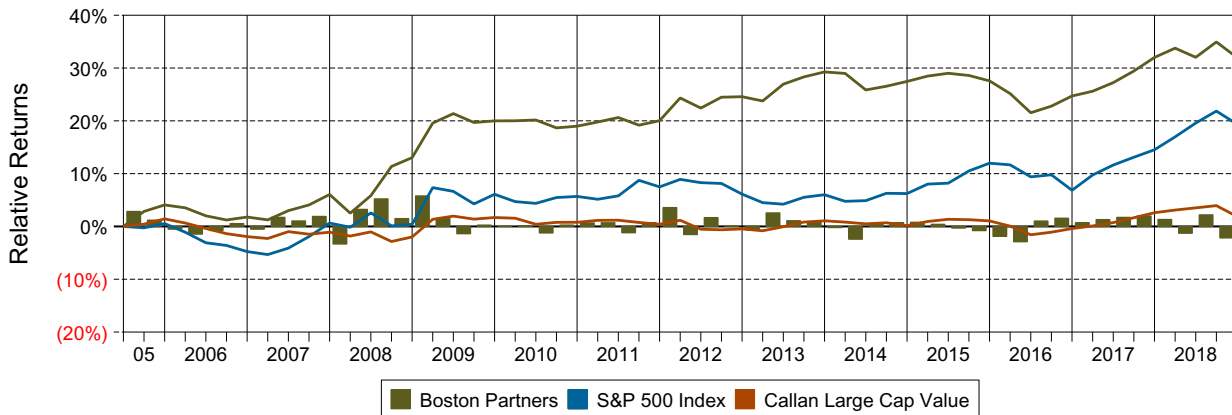
Return Analysis

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.

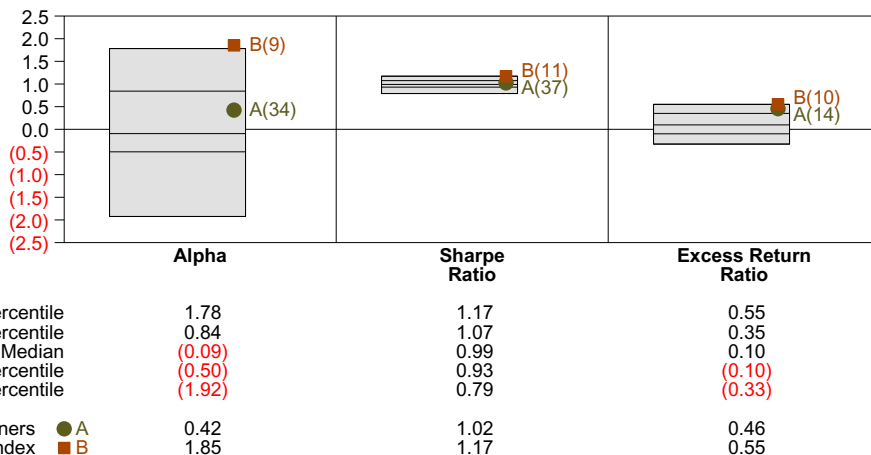
Performance vs Callan Large Cap Value (Gross)



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, 2018

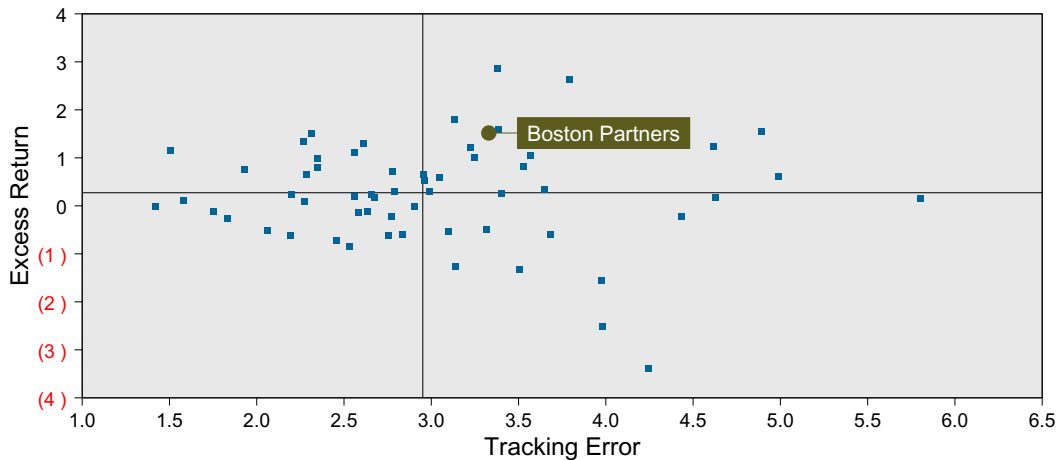


Boston Partners Risk Analysis Summary

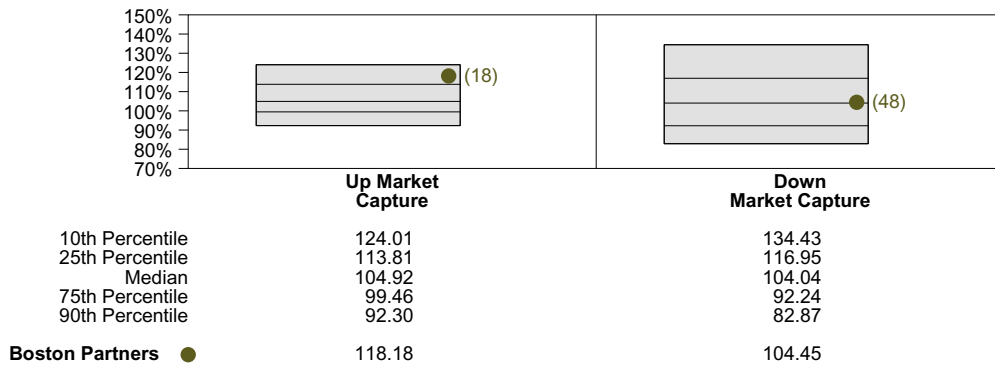
Risk Analysis

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.

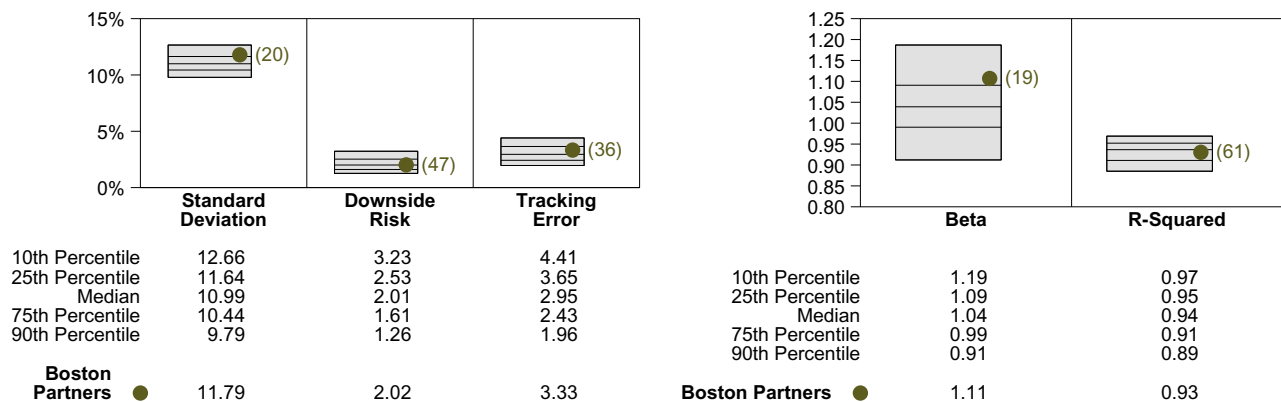
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended December 31, 2018



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2018



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2018

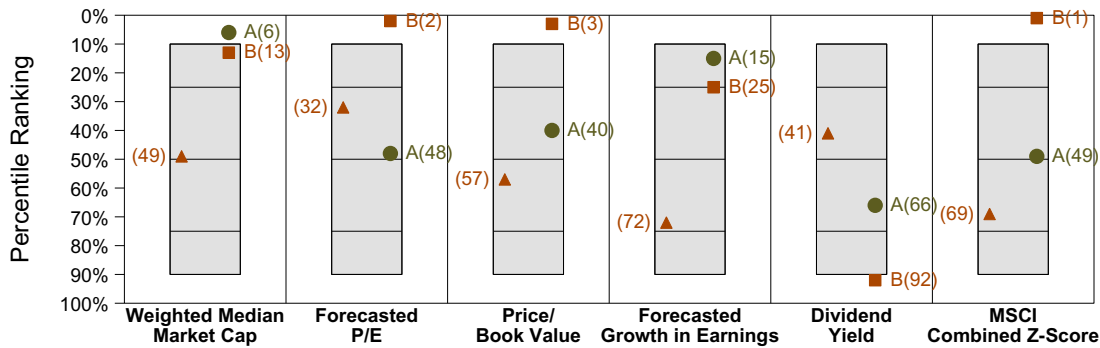


Boston Partners Equity Characteristics Analysis Summary

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, 2018

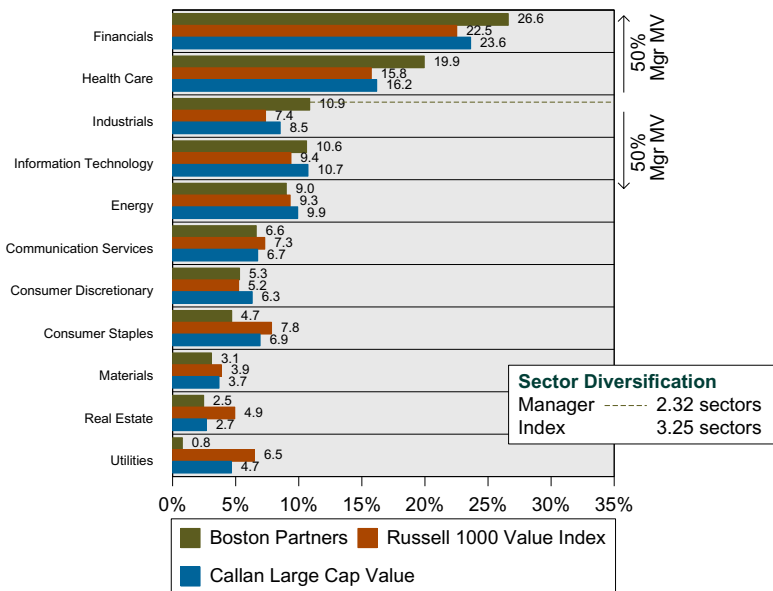


	Weighted Median Market Cap	Forecasted P/E	Price/Book Value	Forecasted Growth in Earnings	Dividend Yield	MSCI Combined Z-Score
10th Percentile	112.37	13.61	2.32	16.99	3.44	(0.37)
25th Percentile	86.57	12.81	2.11	15.32	3.03	(0.52)
Median	64.10	11.79	1.84	14.22	2.77	(0.69)
75th Percentile	46.35	10.97	1.73	12.43	2.53	(0.90)
90th Percentile	32.36	9.80	1.41	11.52	2.30	(1.08)
Boston Partners	● A 124.70	11.82	1.92	16.19	2.64	(0.68)
S&P 500 Index	■ B 98.49	14.56	2.80	15.28	2.22	(0.03)
Russell 1000 Value Index	▲ 64.55	12.58	1.81	12.79	2.87	(0.84)

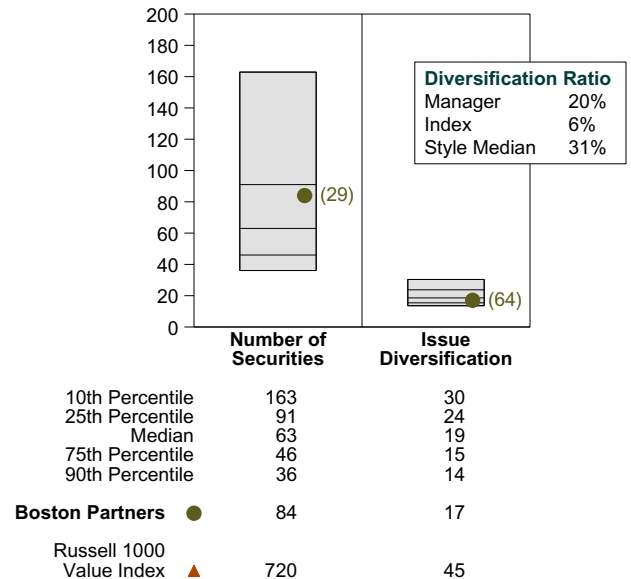
Sector Weights

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, 2018



Diversification December 31, 2018



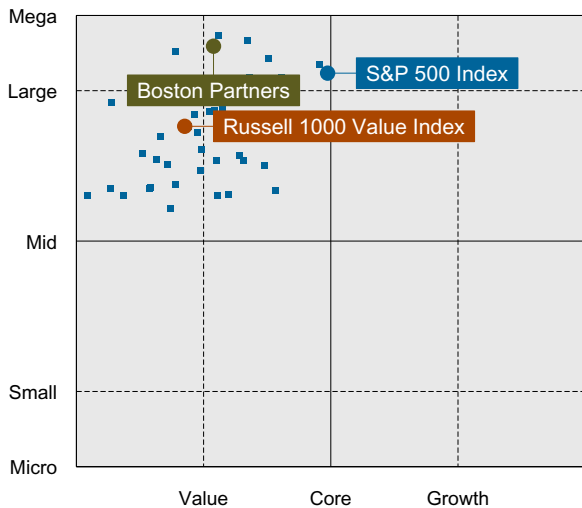
Current Holdings Based Style Analysis

Boston Partners

As of December 31, 2018

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.

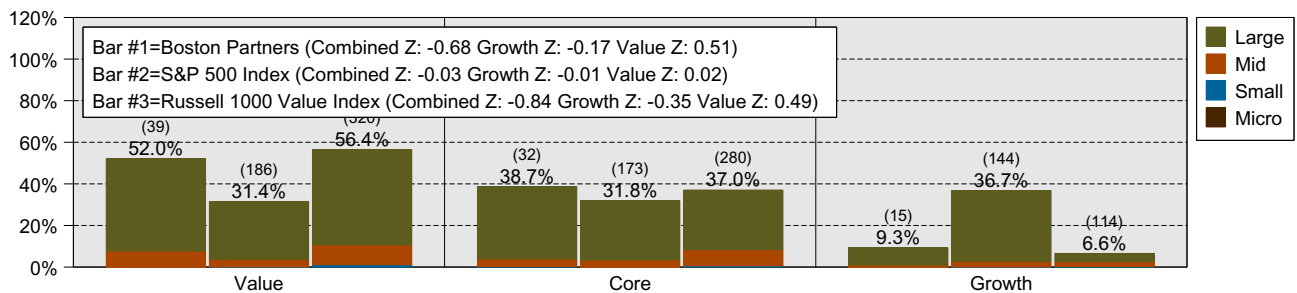
Style Map vs Callan Large Cap Value Holdings as of December 31, 2018



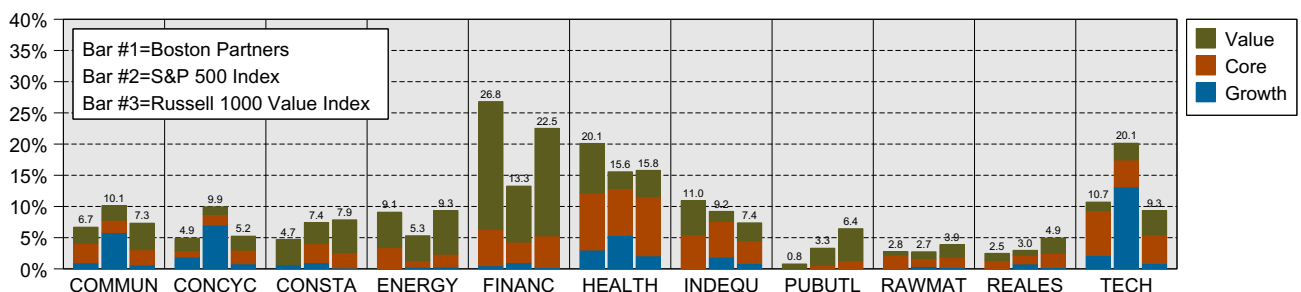
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Large	44.3% (28)	34.7% (22)	8.3% (12)	87.3% (62)
	27.7% (99)	28.4% (98)	34.0% (88)	90.1% (285)
	45.7% (98)	28.7% (78)	3.9% (27)	78.3% (203)
Mid	7.8% (10)	3.7% (9)	1.0% (3)	12.5% (22)
	3.7% (85)	3.4% (75)	2.7% (54)	9.9% (214)
	9.6% (159)	7.7% (159)	2.5% (72)	19.7% (390)
Small	0.0% (0)	0.2% (1)	0.0% (0)	0.2% (1)
	0.0% (2)	0.0% (0)	0.0% (2)	0.1% (4)
	1.1% (63)	0.6% (41)	0.2% (15)	1.9% (119)
Micro	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (2)	0.0% (0)	0.0% (2)
Total	52.0% (39)	38.7% (32)	9.3% (15)	100.0% (86)
	31.4% (186)	31.8% (173)	36.7% (144)	100.0% (503)
	56.4% (320)	37.0% (280)	6.6% (114)	100.0% (714)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



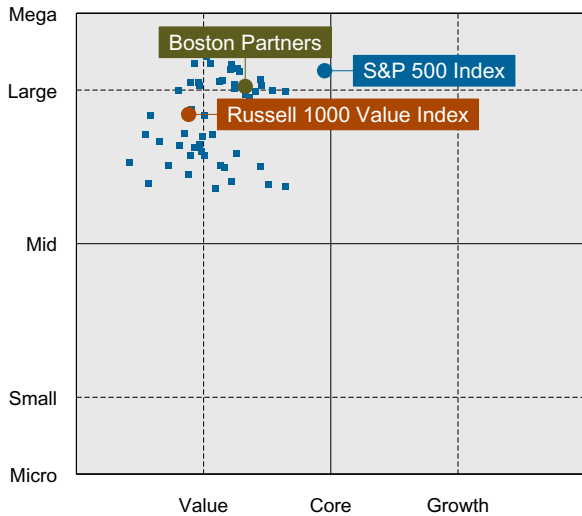
Sector Weights Distribution Holdings as of December 31, 2018



Historical Holdings Based Style Analysis Boston Partners For Five Years Ended December 31, 2018

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.

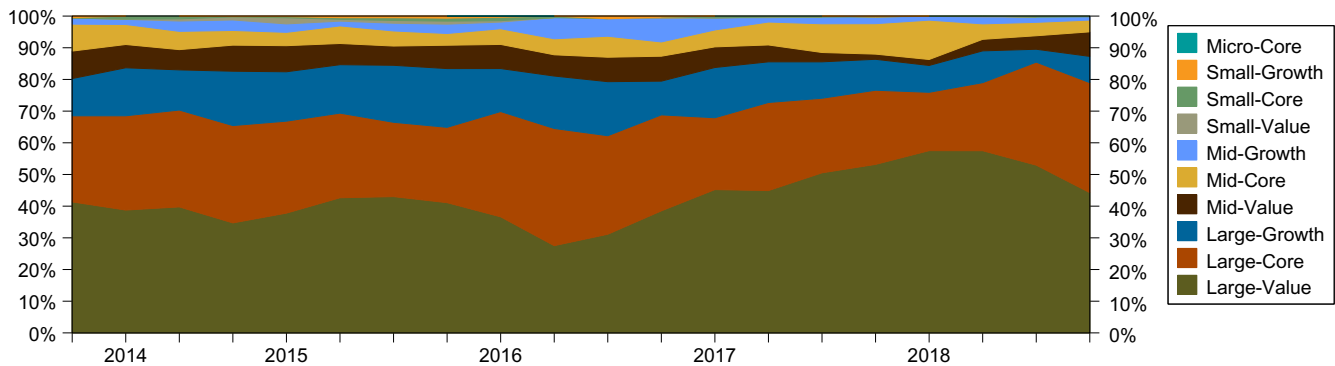
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended December 31, 2018



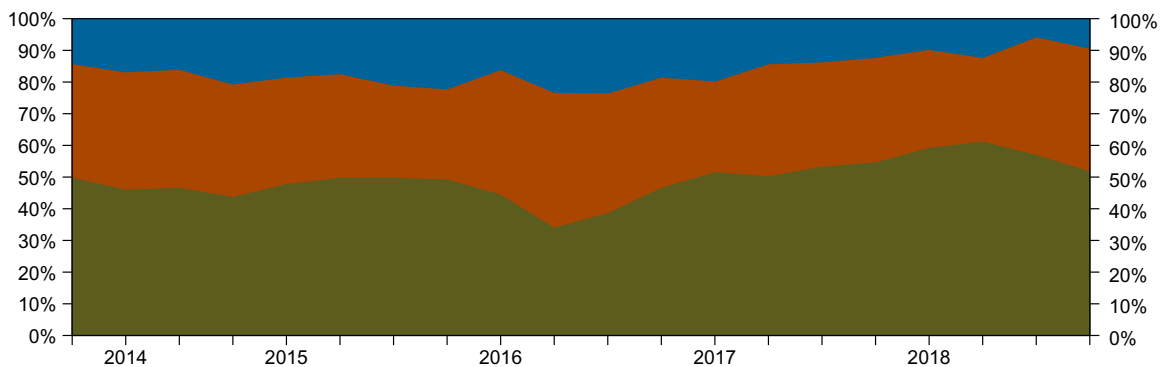
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	43.0% (27)	27.9% (21)	13.1% (13)	84.0% (61)
Large	32.0% (98)	27.5% (96)	29.7% (92)	89.2% (286)
	51.0% (95)	22.9% (72)	4.3% (29)	78.2% (196)
Mid	6.1% (9)	6.1% (10)	2.8% (5)	15.0% (24)
	4.0% (84)	3.9% (78)	2.8% (52)	10.7% (214)
Small	10.3% (165)	6.9% (149)	2.3% (62)	19.4% (376)
	0.4% (1)	0.4% (1)	0.2% (1)	1.0% (3)
Micro	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
	1.3% (61)	0.8% (45)	0.2% (16)	2.4% (122)
Total	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	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
	49.5% (37)	34.3% (32)	16.2% (19)	100.0% (88)
	36.0% (185)	31.5% (175)	32.5% (145)	100.0% (505)
	62.6% (321)	30.6% (267)	6.8% (107)	100.0% (695)
	Value	Core	Growth	Total

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

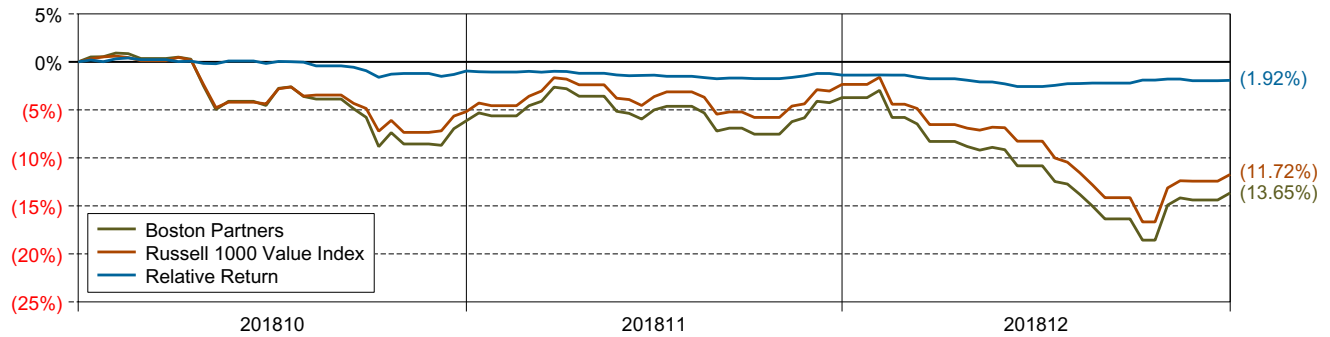


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2018

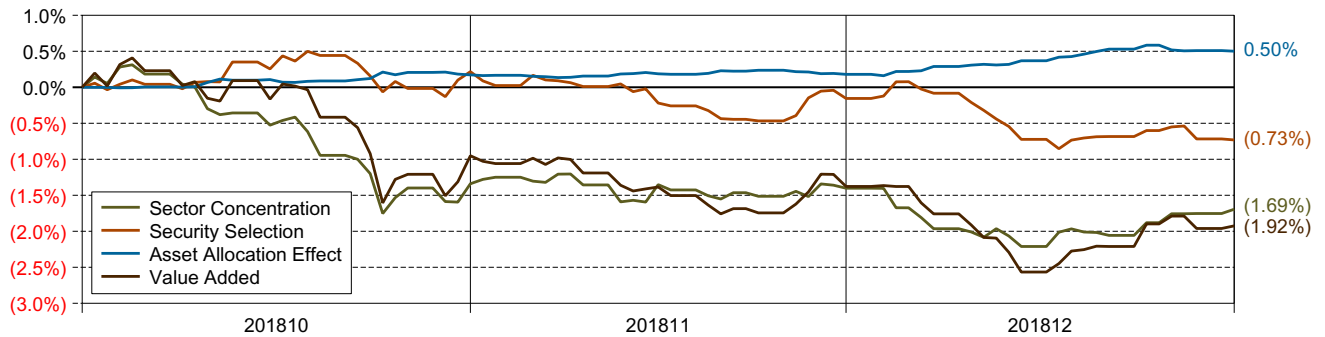
Return Sources and Timing

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, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	6.00%	7.01%	(1.15)%	(5.65)%	(0.08)%	0.23%	-
Consumer Discretionary	3.96%	5.26%	(13.25)%	(12.83)%	0.02%	0.08%	-
Consumer Staples	2.64%	7.61%	(1.38)%	(4.57)%	(0.54)%	0.21%	-
Energy	11.05%	10.13%	(23.18)%	(24.52)%	(0.13)%	0.10%	-
Financials	28.63%	22.96%	(14.86)%	(13.41)%	(0.09)%	(0.41)%	-
Health Care	19.80%	15.40%	(7.98)%	(6.98)%	0.19%	(0.19)%	-
Industrials	10.85%	7.68%	(16.53)%	(19.56)%	(0.24)%	0.34%	-
Information Technology	11.07%	9.56%	(18.96)%	(12.45)%	(0.05)%	(0.72)%	-
Materials	3.17%	3.81%	(20.88)%	(14.19)%	(0.01)%	(0.22)%	-
Pooled Vehicles	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
Real Estate	2.13%	4.71%	(9.88)%	(6.54)%	(0.14)%	(0.08)%	-
Utilities	0.70%	5.87%	(15.58)%	1.08%	(0.63)%	(0.08)%	-
Non Equity	2.33%	0.00%	-	-	-	-	0.50%
Total	-	-	(13.65)%	(11.72)%	(1.69)%	(0.73)%	0.50%

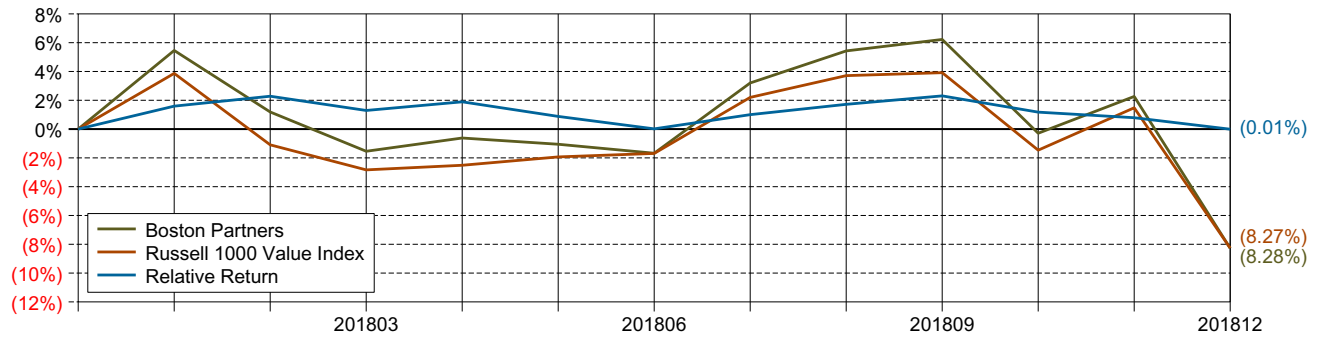
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(13.65)%		(11.72)%		(1.69)%		(0.73)%		0.50%

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended December 31, 2018

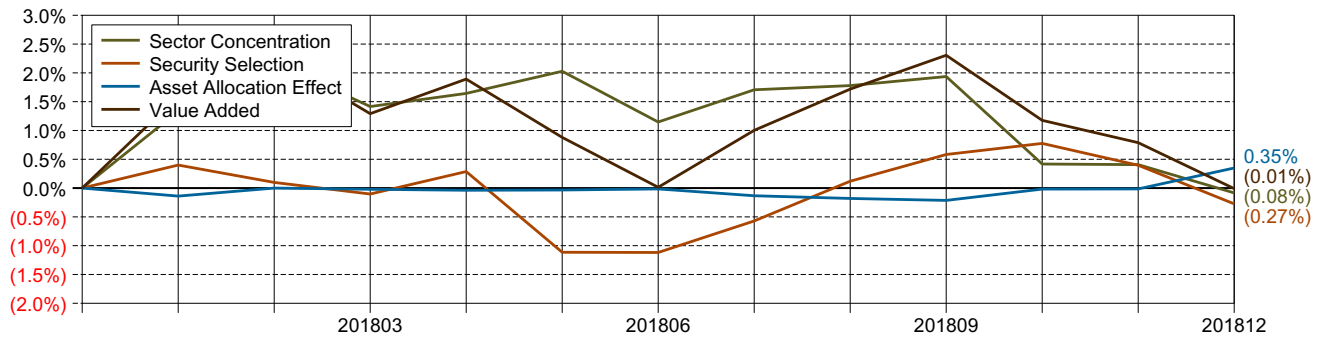
Return Sources and Timing

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, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Pooled Vehicles	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
Communication Services	3.11%	4.35%	2.97%	(9.33)%	0.03%	0.29%	-
Consumer Discretionary	4.89%	6.56%	(18.13)%	(10.95)%	0.19%	(0.26)%	-
Consumer Staples	1.40%	7.71%	(0.01)%	(11.64)%	0.20%	0.27%	-
Energy	11.96%	10.83%	(11.04)%	(17.44)%	(0.11)%	0.70%	-
Financials	31.61%	25.15%	(13.85)%	(13.91)%	(0.38)%	0.09%	-
Health Care	17.26%	14.31%	2.60%	8.35%	0.53%	(0.79)%	-
Industrials	9.73%	8.04%	(17.70)%	(19.11)%	(0.30)%	0.20%	-
Information Technology	13.46%	9.42%	(4.74)%	(0.73)%	0.49%	(0.37)%	-
Materials	4.77%	3.17%	(21.76)%	(16.41)%	(0.05)%	(0.15)%	-
Real Estate	1.28%	4.67%	(5.48)%	(4.95)%	(0.05)%	(0.14)%	-
Utilities	0.51%	5.78%	(7.96)%	4.61%	(0.63)%	(0.09)%	-
Non Equity	2.56%	0.00%	-	-	-	-	0.35%
Total	-	-	(8.28)%	(8.27)%	(0.08)%	(0.27)%	0.35%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(8.28%)		(8.27%)		(0.08%)		(0.27%)		0.35%

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 2018

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Citigroup Inc	Financials	3.11%	92	1.28%	(27.14)%	(26.94)%	(0.90)%	(0.31)%
Dxc Technology Co	Information Technology	1.36%	92	0.16%	(42.99)%	(42.97)%	(0.70)%	(0.49)%
Bank Amer Corp	Financials	3.42%	92	2.00%	(16.08)%	(15.88)%	(0.55)%	(0.06)%
Andeavor	Energy	0.06%	1	-	(25.51)%	-	(0.46)%	(0.01)%
JPMorgan Chase & Co	Financials	3.73%	92	2.81%	(12.88)%	(12.89)%	(0.45)%	(0.00)%
United Technologies Corp	Industrials	1.78%	92	0.75%	(23.41)%	(23.41)%	(0.45)%	(0.14)%
Cvs Health Corp	Health Care	2.31%	92	0.65%	(16.20)%	(16.19)%	(0.37)%	(0.05)%
Cisco Sys Inc	Information Technology	3.49%	92	1.68%	(10.33)%	(10.33)%	(0.36)%	0.03%
Hp Inc	Information Technology	1.57%	92	0.30%	(20.03)%	(20.04)%	(0.35)%	(0.12)%
ConocoPhillips	Energy	1.62%	92	0.63%	(19.06)%	(19.11)%	(0.34)%	(0.10)%

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
Exxon Mobil Corp	Energy	-	-	2.61%	-	(18.98)%	(0.51)%	0.21%
Citigroup Inc	Financials	3.11%	92	1.28%	(27.14)%	(26.94)%	(0.36)%	(0.31)%
JPMorgan Chase & Co	Financials	3.73%	92	2.81%	(12.88)%	(12.89)%	(0.36)%	(0.00)%
Bank Amer Corp	Financials	3.42%	92	2.00%	(16.08)%	(15.88)%	(0.32)%	(0.06)%
Schlumberger	Energy	-	-	0.55%	-	(40.10)%	(0.25)%	0.19%
At&t Inc	Communication Services	-	-	1.75%	-	(13.74)%	(0.25)%	0.04%
General Electric Co	Industrials	-	-	0.63%	-	(32.86)%	(0.24)%	0.18%
Wells Fargo & Co New	Financials	3.05%	92	1.75%	(11.77)%	(11.62)%	(0.20)%	0.02%
United Technologies Corp	Industrials	1.78%	92	0.75%	(23.41)%	(23.41)%	(0.19)%	(0.14)%
Procter & Gamble Co	Consumer Staples	2.04%	53	1.68%	(0.93)%	11.43%	0.18%	(0.22)%

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
Exxon Mobil Corp	Energy	-	-	2.61%	-	(18.98)%	-	0.21%
Schlumberger	Energy	-	-	0.55%	-	(40.10)%	-	0.19%
General Electric Co	Industrials	-	-	0.63%	-	(32.86)%	-	0.18%
Comcast Corp A (New)	Communication Services	3.02%	92	1.30%	(2.79)%	(2.79)%	(0.09)%	0.15%
Johnson & Johnson	Health Care	4.76%	92	2.37%	(6.01)%	(6.01)%	(0.27)%	0.15%
Pfizer	Health Care	3.07%	92	1.95%	(0.19)%	(0.19)%	0.00%	0.14%
Berkshire Hathaway Inc Del Cl B New	Financials	4.44%	92	2.73%	(4.64)%	(4.64)%	(0.20)%	0.13%
Goldman Sachs Group Inc	Financials	0.60%	43	0.57%	(6.03)%	(25.20)%	(0.04)%	0.12%
Eog Resources	Energy	-	-	0.43%	-	(31.64)%	-	0.10%
Chubb Limited	Financials	1.29%	92	0.46%	(2.60)%	(2.77)%	(0.01)%	0.09%

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
Dxc Technology Co	Information Technology	1.36%	92	0.16%	(42.99)%	(42.97)%	(0.70)%	(0.49)%
Citigroup Inc	Financials	3.11%	92	1.28%	(27.14)%	(26.94)%	(0.90)%	(0.31)%
Procter & Gamble Co	Consumer Staples	2.04%	53	1.68%	(0.93)%	11.43%	(0.03)%	(0.22)%
Intel Corp	Information Technology	-	-	1.67%	-	(0.13)%	-	(0.20)%
Noble Energy Inc	Energy	0.59%	92	0.10%	(41.03)%	(39.60)%	(0.30)%	(0.17)%
Netapp Inc	Information Technology	0.72%	92	-	(30.11)%	-	(0.23)%	(0.16)%
Mcdonald's Corp	Consumer Discretionary	-	-	0.84%	-	6.80%	-	(0.15)%
American Intl Group Inc	Financials	1.18%	92	0.26%	(25.68)%	(25.33)%	(0.33)%	(0.15)%
Marathon Oil Corp	Energy	0.50%	73	0.13%	(32.01)%	(38.21)%	(0.25)%	(0.14)%
United Technologies Corp	Industrials	1.78%	92	0.75%	(23.41)%	(23.41)%	(0.45)%	(0.14)%

Atlanta Capital Period Ended December 31, 2018

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.

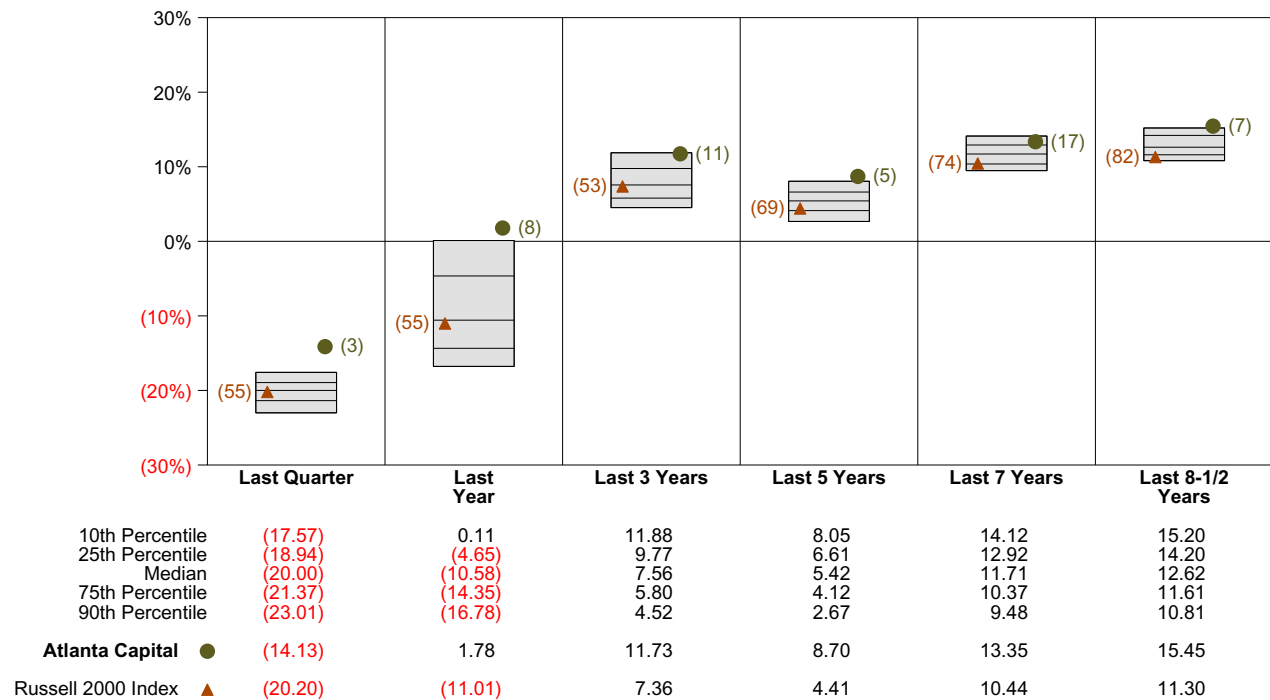
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a (14.13)% return for the quarter placing it in the 3 percentile of the Callan Small Capitalization group for the quarter and in the 8 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 6.08% for the quarter and outperformed the Russell 2000 Index for the year by 12.80%.

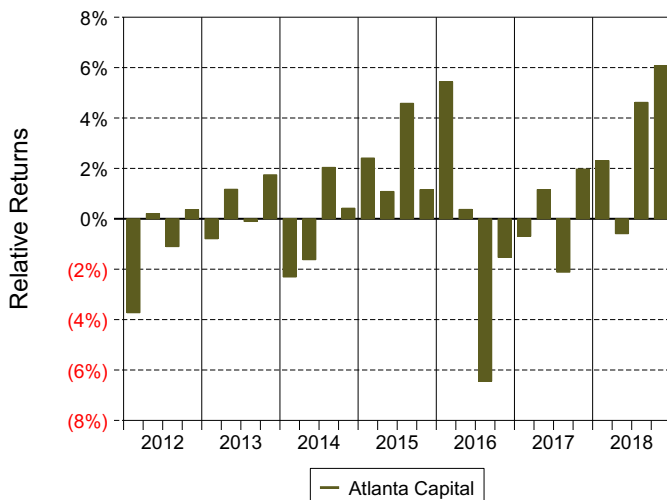
Quarterly Asset Growth

Beginning Market Value	\$25,866,261
Net New Investment	\$0
Investment Gains/(Losses)	\$-3,653,871
Ending Market Value	\$22,212,390

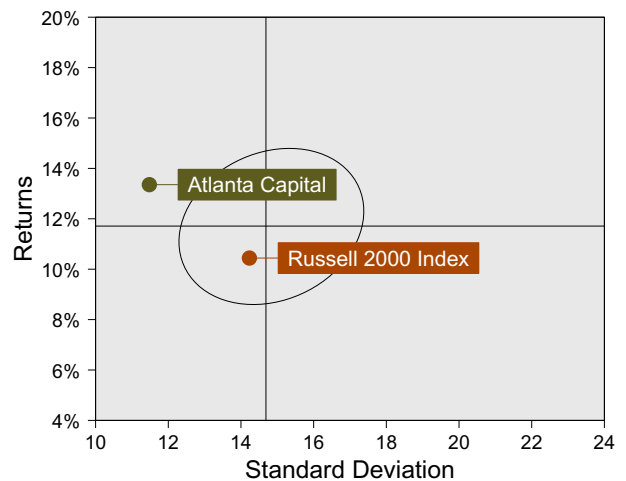
Performance vs Callan Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

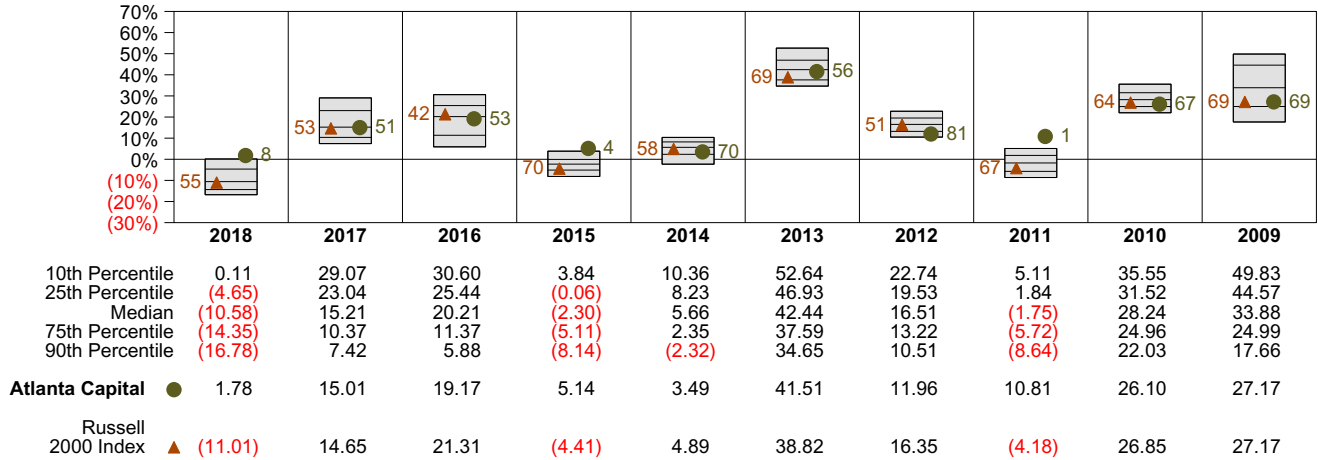


Atlanta Capital Return Analysis Summary

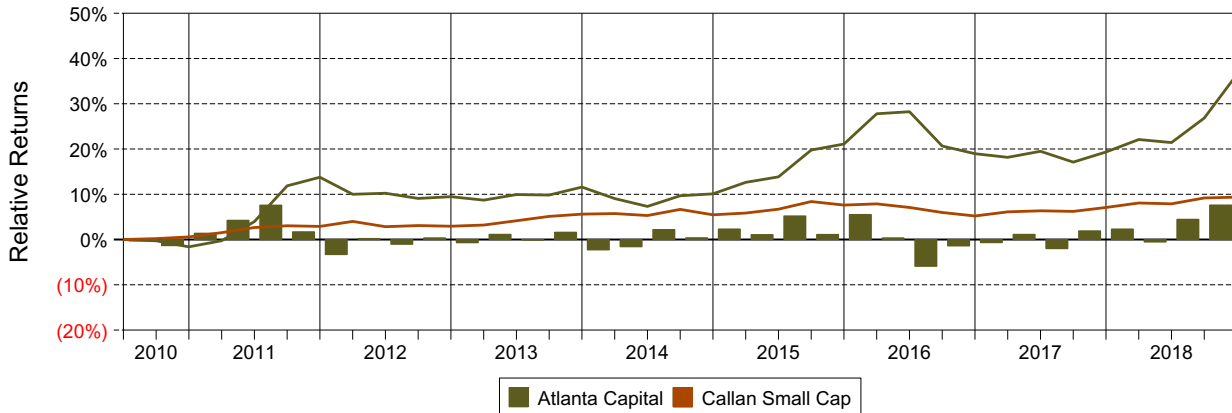
Return Analysis

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.

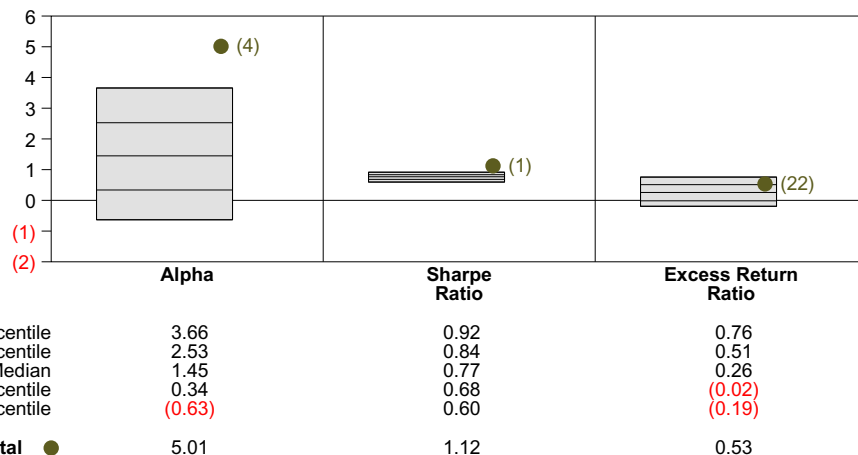
Performance vs Callan Small Capitalization (Gross)



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, 2018

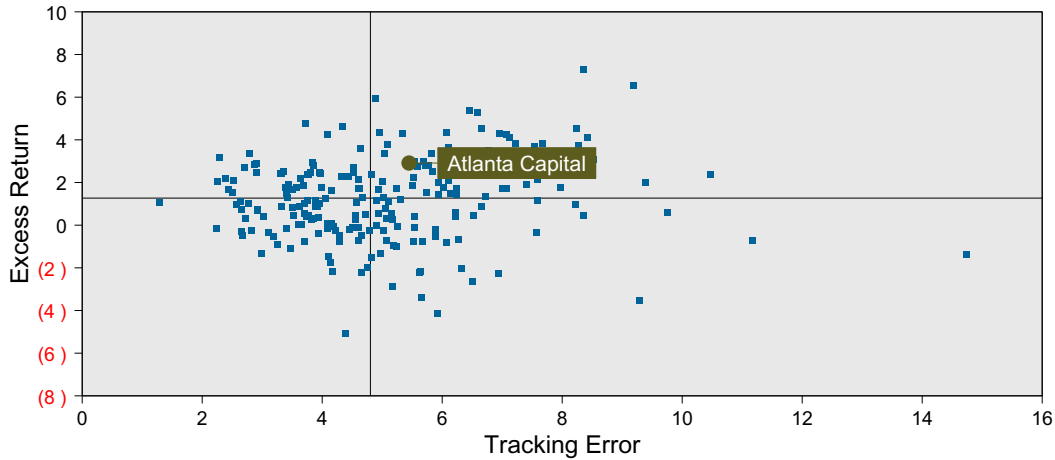


Atlanta Capital Risk Analysis Summary

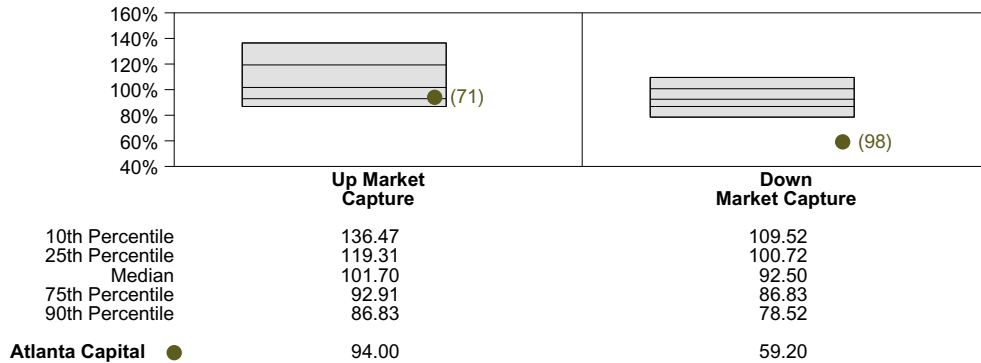
Risk Analysis

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.

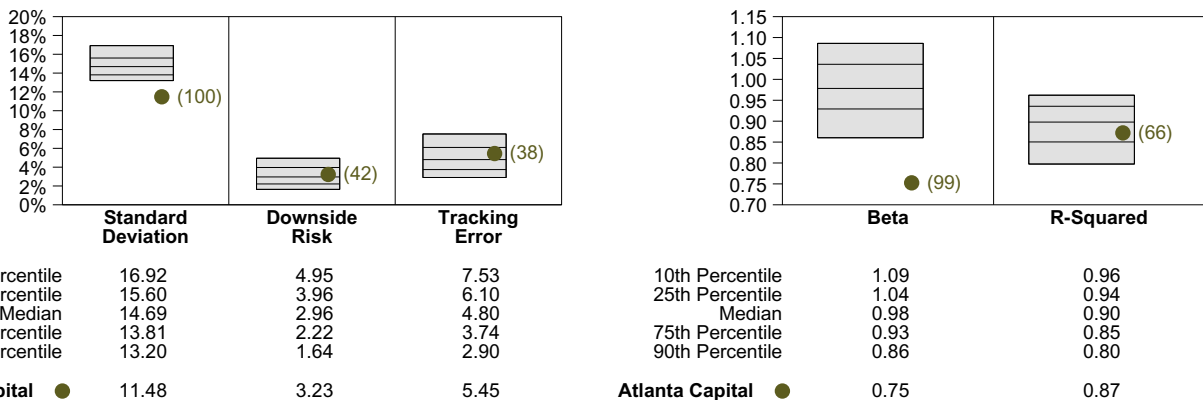
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended December 31, 2018



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2018



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2018

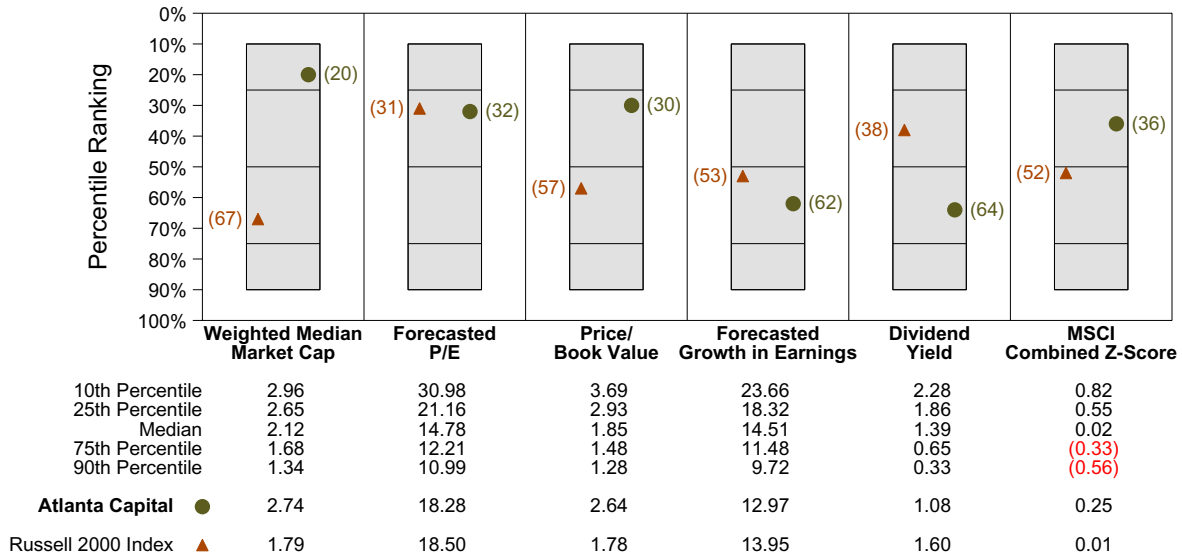


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

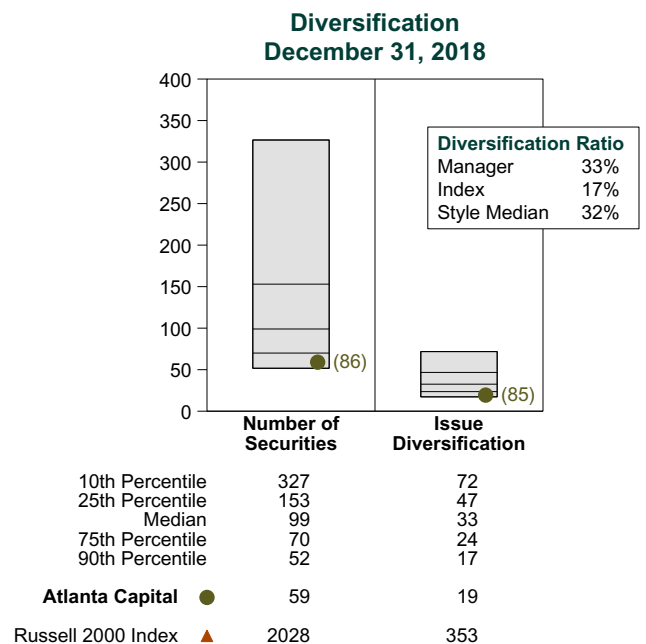
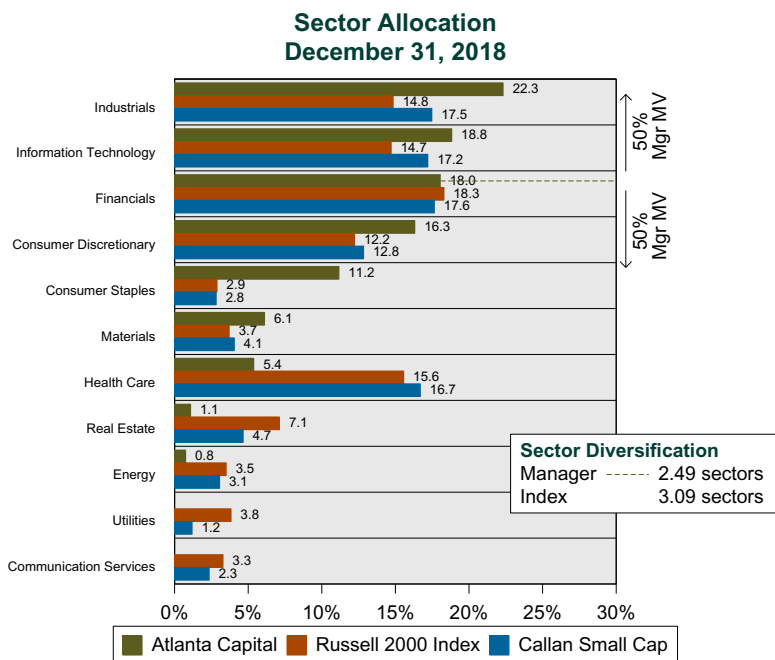
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of December 31, 2018



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.



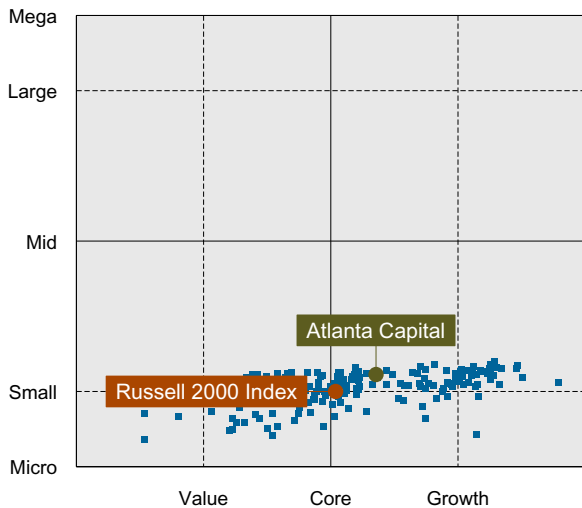
Current Holdings Based Style Analysis

Atlanta Capital

As of December 31, 2018

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.

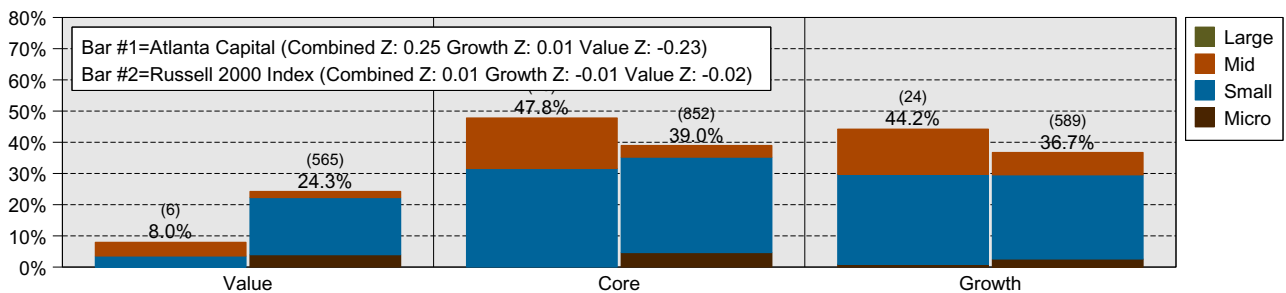
Style Map vs Callan Small Cap Holdings as of December 31, 2018



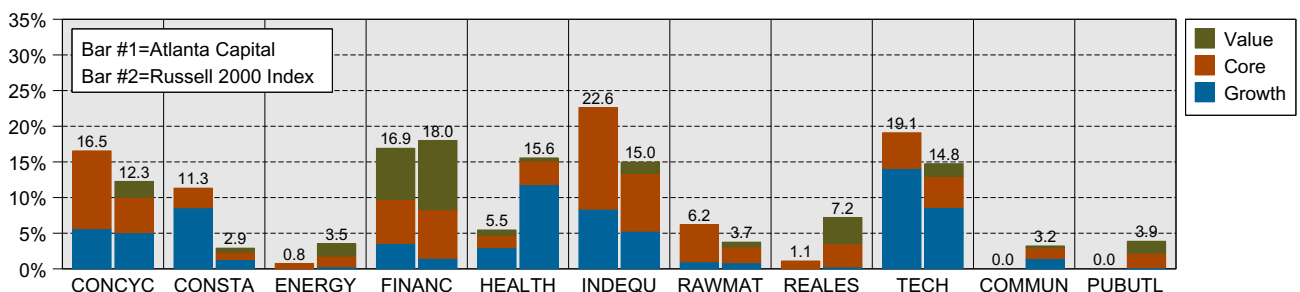
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	4.4% (3)	16.2% (7)	14.4% (7)	35.1% (17)
Small	18.3% (265)	30.6% (434)	27.0% (356)	75.9% (1055)
Micro	3.9% (290)	4.6% (398)	2.6% (201)	11.1% (889)
Total	8.0% (6)	47.8% (28)	44.2% (24)	100.0% (58)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



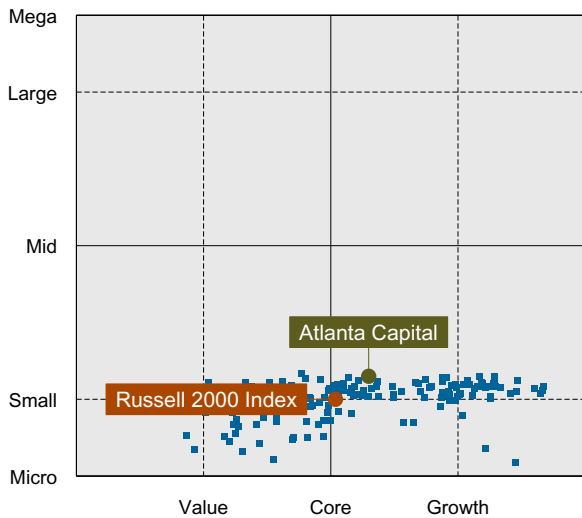
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended December 31, 2018

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.

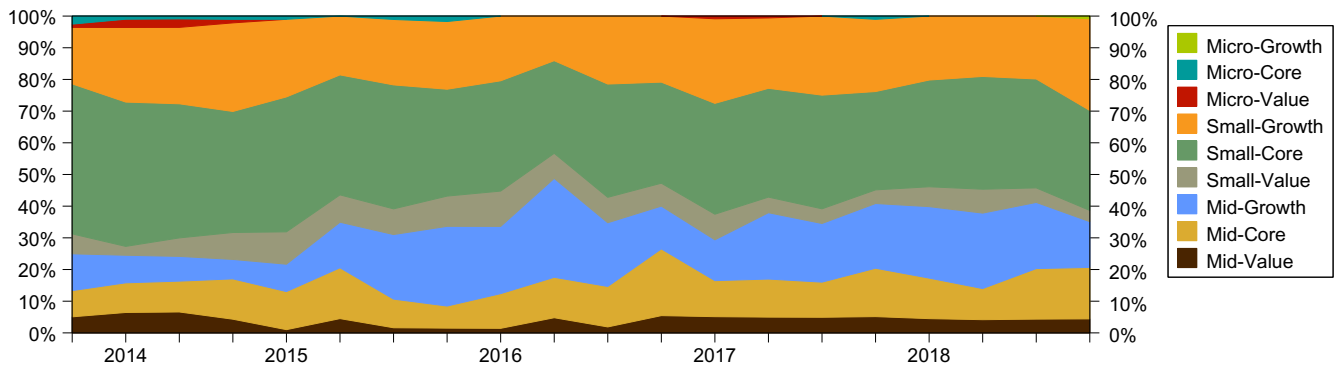
Average Style Map vs Callan Small Cap Holdings for Five Years Ended December 31, 2018



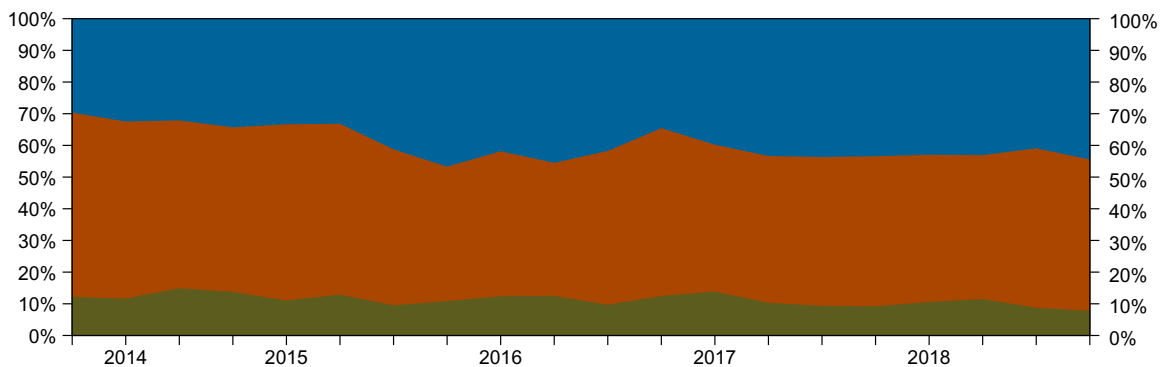
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	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	4.1% (3)	12.3% (6)	17.2% (8)	33.6% (17)
Small	6.9% (5)	36.5% (25)	22.0% (12)	65.4% (42)
Micro	0.4% (0)	0.5% (1)	0.0% (0)	1.0% (1)
Total	11.5% (8)	49.3% (32)	39.2% (20)	100.0% (60)
	26.1% (564)	40.1% (821)	33.8% (584)	100.0% (1969)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

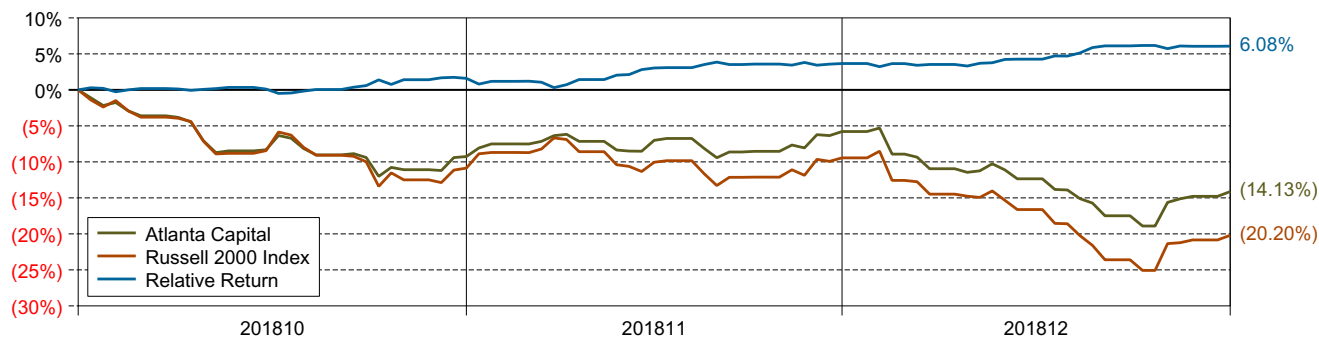


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended December 31, 2018

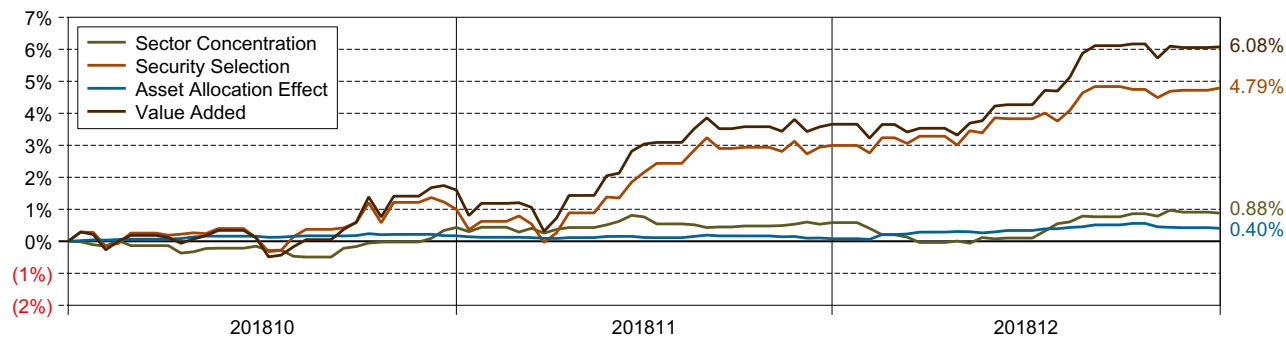
Return Sources and Timing

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, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	0.00%	3.31%	0.00%	(18.75)%	(0.05)%	0.00%	-
Consumer Discretionary	16.80%	12.31%	(8.90)%	(20.15)%	0.01%	1.83%	-
Consumer Staples	9.83%	2.80%	2.82%	(13.25)%	0.46%	1.48%	-
Energy	1.00%	4.45%	(42.53)%	(41.86)%	0.82%	(0.02)%	-
Financials	18.45%	17.95%	(16.67)%	(16.46)%	0.03%	(0.04)%	-
Health Care	5.31%	16.06%	(22.08)%	(25.68)%	0.60%	0.19%	-
Industrials	21.79%	14.96%	(13.97)%	(21.40)%	(0.09)%	1.65%	-
Information Technology	19.29%	13.89%	(20.89)%	(16.74)%	0.17%	(0.82)%	-
Materials	6.42%	3.93%	(18.43)%	(26.39)%	(0.17)%	0.55%	-
Real Estate	1.10%	6.97%	(16.67)%	(14.36)%	(0.33)%	(0.03)%	-
Utilities	0.00%	3.37%	0.00%	(1.96)%	(0.57)%	0.00%	-
Non Equity	2.96%	0.00%	-	-	-	-	0.40%
Total	-	-	(14.13)%	(20.20)%	0.88%	4.79%	0.40%

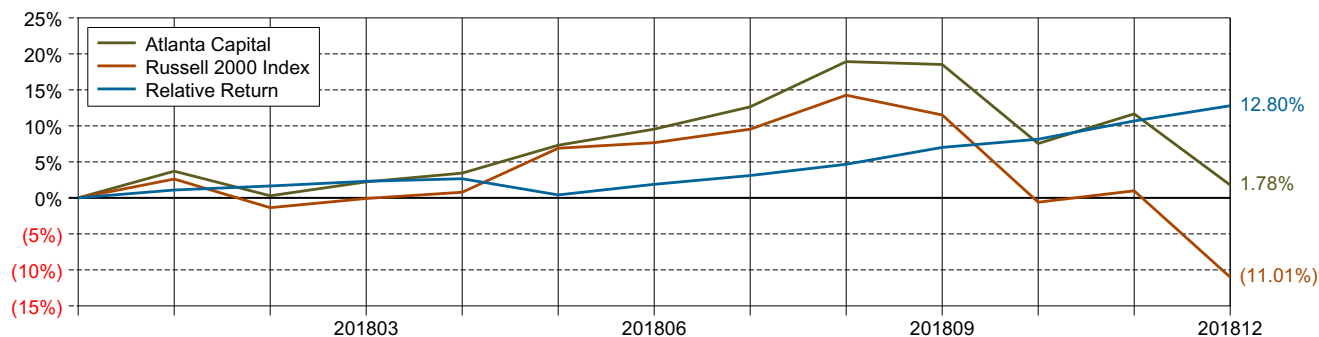
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(14.13%)		(20.20%)		0.88%		4.79%		0.40%

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended December 31, 2018

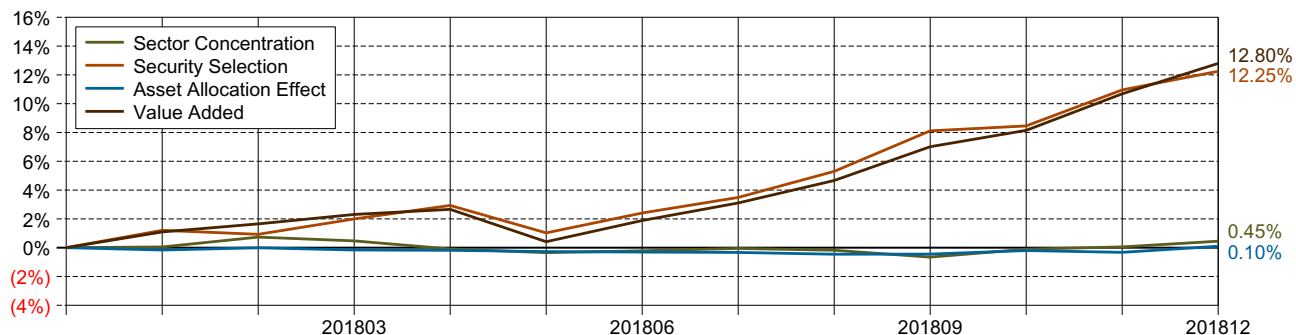
Return Sources and Timing

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, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Communication Services	0.00%	1.52%	0.00%	2.41%	(0.27)%	0.00%	-
Consumer Discretionary	16.53%	12.42%	12.58%	(12.13)%	(0.00)%	3.91%	-
Consumer Staples	8.30%	2.64%	26.10%	(9.85)%	0.21%	3.02%	-
Energy	1.03%	4.32%	(37.04)%	(40.13)%	1.16%	0.04%	-
Financials	18.68%	17.93%	(6.57)%	(11.40)%	(0.01)%	0.90%	-
Health Care	6.30%	16.14%	4.52%	(6.32)%	(0.34)%	0.59%	-
Industrials	20.25%	15.07%	(1.22)%	(16.88)%	(0.28)%	3.46%	-
Information Technology	21.75%	15.72%	(5.49)%	0.96%	0.69%	(1.32)%	-
Materials	6.13%	4.27%	(0.06)%	(25.12)%	(0.30)%	1.68%	-
Real Estate	1.02%	6.70%	(14.90)%	(11.54)%	0.03%	(0.03)%	-
Utilities	0.00%	3.26%	0.00%	2.85%	(0.45)%	0.00%	-
Non Equity	2.84%	0.00%	-	-	-	-	0.10%
Total	-	-	1.78%	(11.01)%	0.45%	12.25%	0.10%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
1.78%		(11.01)%		0.45%		12.25%		0.10%

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 2018

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
Blackbaud Inc	Information Technology	2.75%	92	0.19%	(37.91)%	(37.91)%	(1.24)%	(0.59)%
Corelogic Inc	Information Technology	3.05%	92	-	(32.37)%	-	(1.09)%	(0.44)%
Manhattan Associates	Information Technology	3.32%	92	-	(22.40)%	-	(0.78)%	(0.07)%
Integra Lifesciences Hldgs C	Health Care	1.83%	92	-	(31.53)%	-	(0.64)%	(0.25)%
South St Corp	Financials	1.96%	92	0.13%	(26.55)%	(26.52)%	(0.56)%	(0.12)%
Dril-Quip Inc	Energy	0.97%	92	0.08%	(42.53)%	(42.53)%	(0.48)%	(0.25)%
Forward Air Corp	Industrials	1.91%	92	0.09%	(23.28)%	(23.28)%	(0.46)%	(0.05)%
State Bk Finl Corp	Financials	1.47%	92	0.05%	(27.87)%	(27.87)%	(0.46)%	(0.14)%
Choice Hotels Intl Inc	Consumer Discretionary	3.26%	92	-	(13.58)%	-	(0.44)%	0.25%
Fair Isaac Corp	Information Technology	2.08%	92	-	(17.98)%	-	(0.43)%	0.03%

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
Ligand Pharmaceuticals Inc	Health Care	-	-	0.20%	-	(50.56)%	(0.13)%	0.09%
Teladoc Health Inc	Health Care	-	-	0.23%	-	(42.59)%	(0.12)%	0.07%
Oasis Pete Inc New	Energy	-	-	0.13%	-	(61.00)%	(0.11)%	0.08%
Endo Intl Plc Shs	Health Care	-	-	0.16%	-	(56.63)%	(0.11)%	0.08%
Inogen Inc	Health Care	-	-	0.16%	-	(49.14)%	(0.10)%	0.07%
Signet Jewelers	Consumer Discretionary	-	-	0.16%	-	(51.50)%	(0.10)%	0.06%
Denbury Res Inc	Energy	-	-	0.09%	-	(72.42)%	(0.10)%	0.08%
Mcdermott Intl Inc	Energy	-	-	0.10%	-	(64.51)%	(0.10)%	0.07%
Healthequity Inc	Health Care	-	-	0.24%	-	(36.82)%	(0.09)%	0.04%
Matador Res Co	Energy	-	-	0.14%	-	(53.01)%	(0.09)%	0.06%

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
Dorman Products Inc	Consumer Discretionary	2.14%	92	0.10%	17.03%	17.03%	0.35%	0.77%
Caseys General Stores	Consumer Staples	2.91%	92	-	(0.52)%	-	(0.01)%	0.60%
Inter Parfums Inc	Consumer Staples	2.22%	92	0.05%	2.17%	2.17%	0.07%	0.52%
Lancaster Colony Corp	Consumer Staples	1.45%	92	0.15%	19.06%	18.96%	0.30%	0.51%
J & J Snack Foods Corp	Consumer Staples	2.82%	92	0.11%	(3.81)%	(3.86)%	(0.09)%	0.46%
Navigators Group Inc	Financials	1.86%	92	0.07%	0.67%	0.67%	0.01%	0.38%
Exponent Inc	Industrials	2.45%	92	0.13%	(5.18)%	(5.14)%	(0.13)%	0.34%
Huron Consulting Group Inc	Industrials	1.48%	92	0.06%	3.87%	3.87%	0.05%	0.33%
Mesa Labs Inc	Information Technology	0.90%	89	0.03%	15.07%	12.35%	0.17%	0.32%
Moog Inc Cl A	Industrials	2.34%	92	0.12%	(9.60)%	(9.60)%	(0.20)%	0.31%

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
Blackbaud Inc	Information Technology	2.75%	92	0.19%	(37.91)%	(37.91)%	(1.24)%	(0.59)%
Corelogic Inc	Information Technology	3.05%	92	-	(32.37)%	-	(1.09)%	(0.44)%
Frontdoor Inc Com	Consumer Discretionary	1.04%	90	-	(39.55)%	-	(0.43)%	(0.26)%
Dril-Quip Inc	Energy	0.97%	92	0.08%	(42.53)%	(42.53)%	(0.48)%	(0.25)%
Integra Lifesciences Hldgs C	Health Care	1.83%	92	-	(31.53)%	-	(0.64)%	(0.25)%
State Bk Finl Corp	Financials	1.47%	92	0.05%	(27.87)%	(27.87)%	(0.46)%	(0.14)%
South St Corp	Financials	1.96%	92	0.13%	(26.55)%	(26.52)%	(0.56)%	(0.12)%
Balchem Corp	Materials	1.06%	92	0.15%	(29.65)%	(29.65)%	(0.36)%	(0.12)%
Artisan Partners Asset Mgmt Cl A	Financials	0.93%	92	0.07%	(30.20)%	(30.20)%	(0.30)%	(0.10)%
Spirit Airls Inc	Industrials	-	-	0.18%	-	23.31%	-	(0.07)%

International Equity Period Ended December 31, 2018

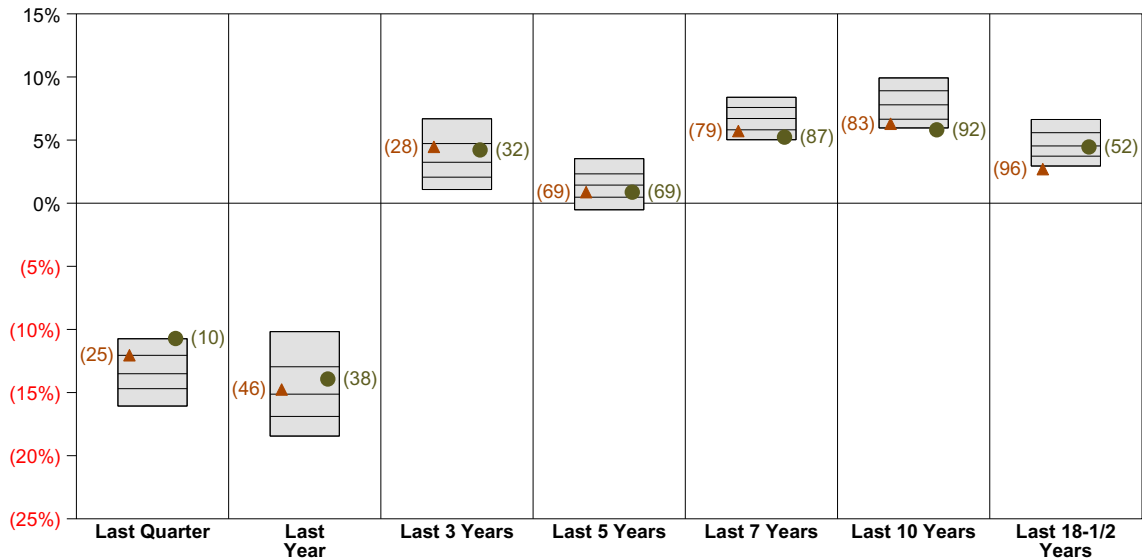
Investment Philosophy

International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

Quarterly Summary and Highlights

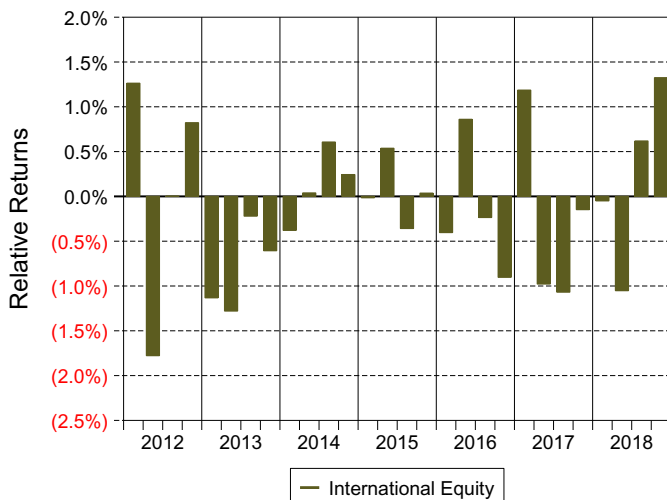
- International Equity's portfolio posted a (10.72)% return for the quarter placing it in the 10 percentile of the Callan Non-US Equity group for the quarter and in the 38 percentile for the last year.
- International Equity's portfolio outperformed the International Benchmark by 1.33% for the quarter and outperformed the International Benchmark for the year by 0.83%.

Performance vs Callan Non-US Equity (Gross)

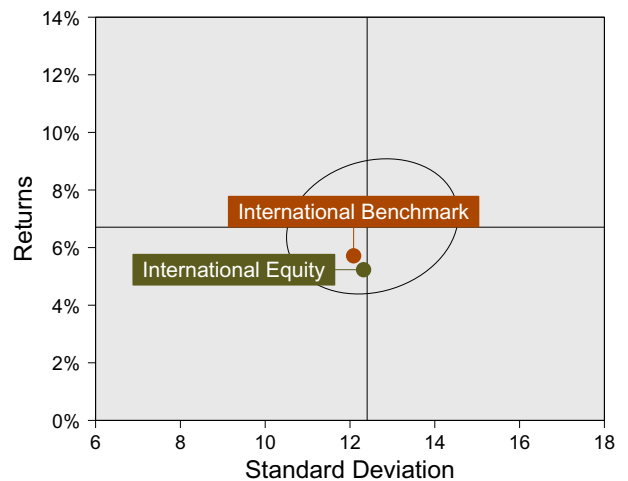


10th Percentile	(10.74)	(10.17)	6.69	3.53	8.39	9.92	6.63
25th Percentile	(12.05)	(12.96)	4.72	2.32	7.58	8.91	5.59
Median	(13.51)	(15.13)	3.24	1.43	6.71	7.79	4.53
75th Percentile	(14.69)	(16.89)	2.06	0.47	5.81	6.65	3.73
90th Percentile	(16.07)	(18.45)	1.08	(0.52)	5.03	5.96	2.94
International Equity ●	(10.72)	(13.93)	4.22	0.87	5.23	5.81	4.45
International Benchmark ▲	(12.04)	(14.76)	4.46	0.87	5.71	6.29	2.70

Relative Return vs International Benchmark



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

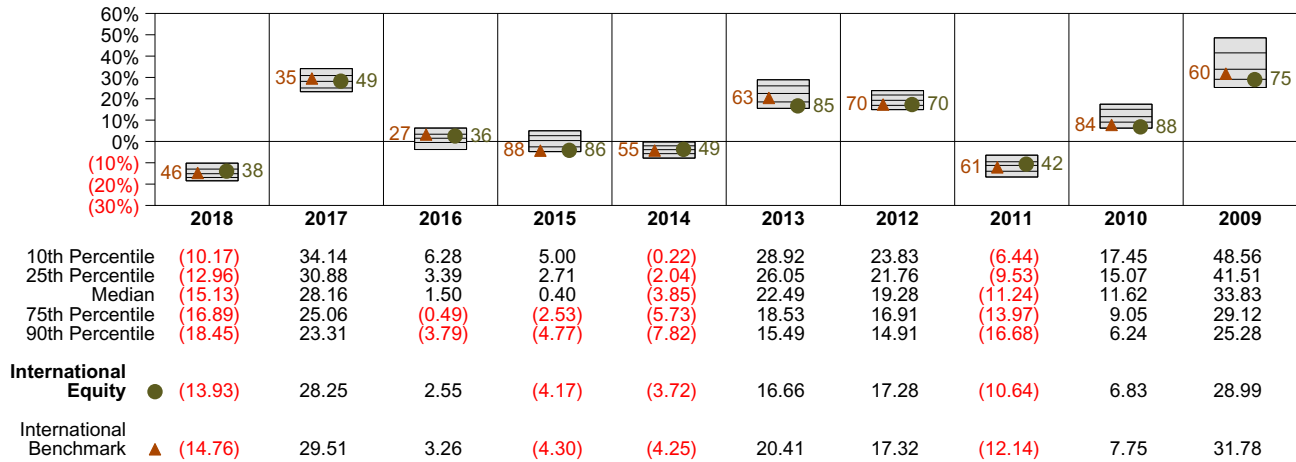


International Equity Return Analysis Summary

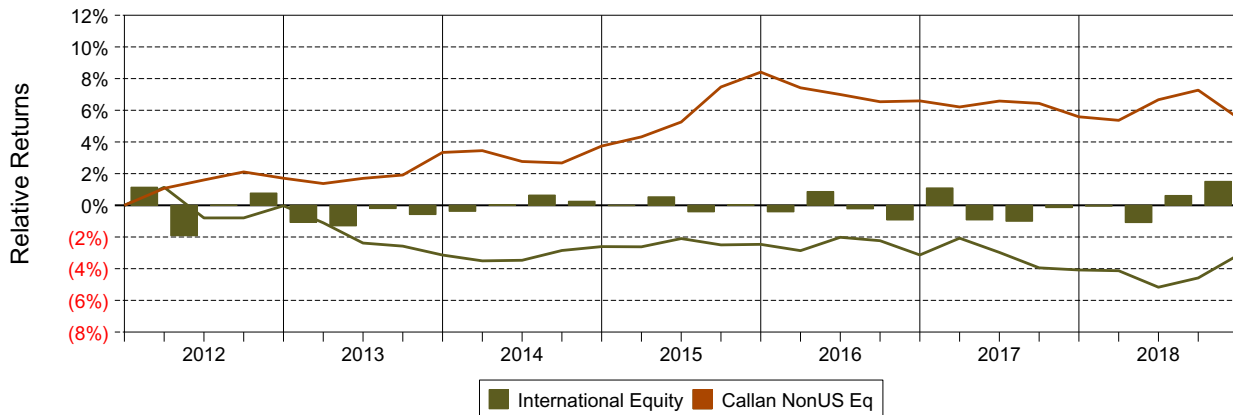
Return Analysis

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.

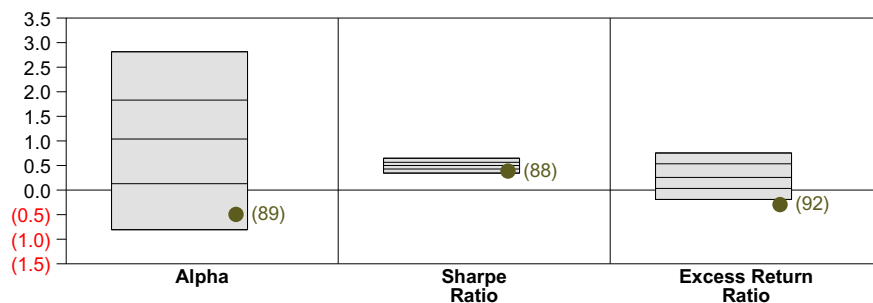
Performance vs Callan Non-US Equity (Gross)



Cumulative and Quarterly Relative Return vs International Benchmark



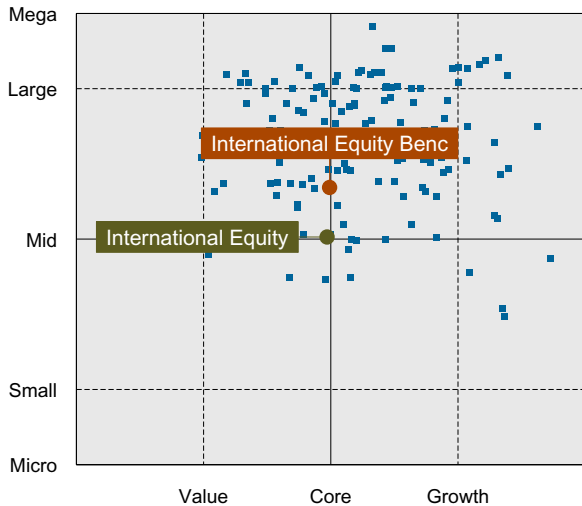
Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended December 31, 2018



Current Holdings Based Style Analysis International Equity As of December 31, 2018

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.

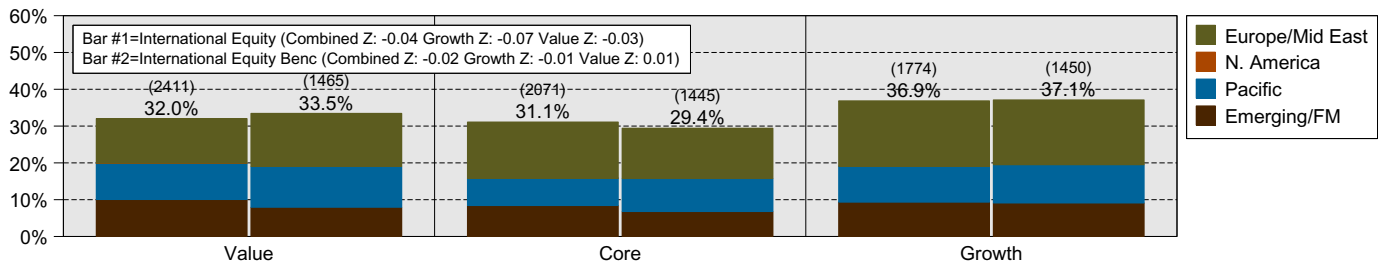
Style Map vs Callan NonUS Eq Holdings as of December 31, 2018



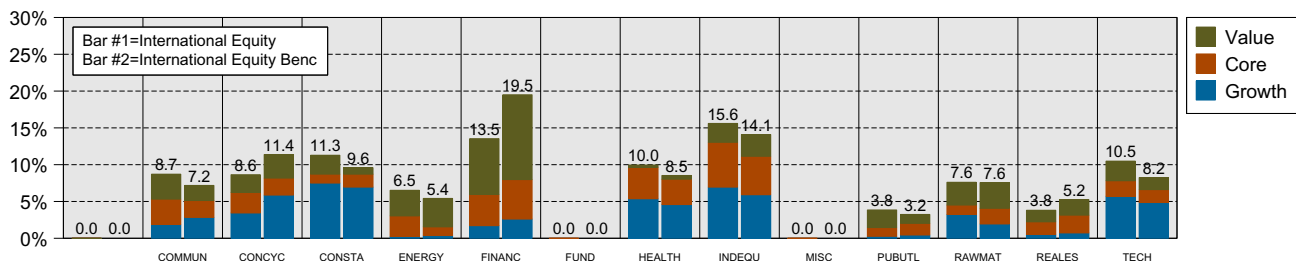
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	12.1% (234) 14.4% (456)	15.3% (261) 13.7% (529)	17.8% (247) 17.6% (503)	45.2% (742) 45.7% (1488)
N. America	0.0% (2) 0.0% (0)	0.0% (6) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (8) 0.0% (0)
Pacific	9.9% (303) 11.1% (622)	7.4% (283) 9.0% (558)	9.7% (290) 10.4% (583)	27.0% (876) 30.5% (1763)
Emerging/ FM	10.0% (1872) 7.9% (387)	8.4% (1521) 6.8% (358)	9.3% (1237) 9.1% (364)	27.8% (4630) 23.8% (1109)
Total	32.0% (2411) 33.5% (1465)	31.1% (2071) 29.4% (1445)	36.9% (1774) 37.1% (1450)	100.0% (6256) 100.0% (4360)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



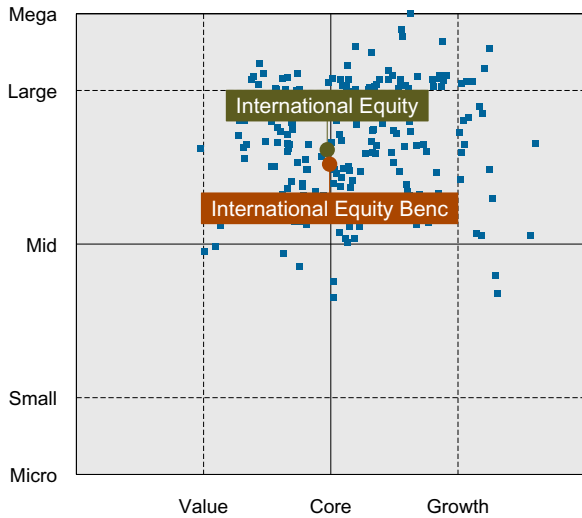
Sector Weights Distribution Holdings as of December 31, 2018



Historical Holdings Based Style Analysis International Equity For Five Years Ended December 31, 2018

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.

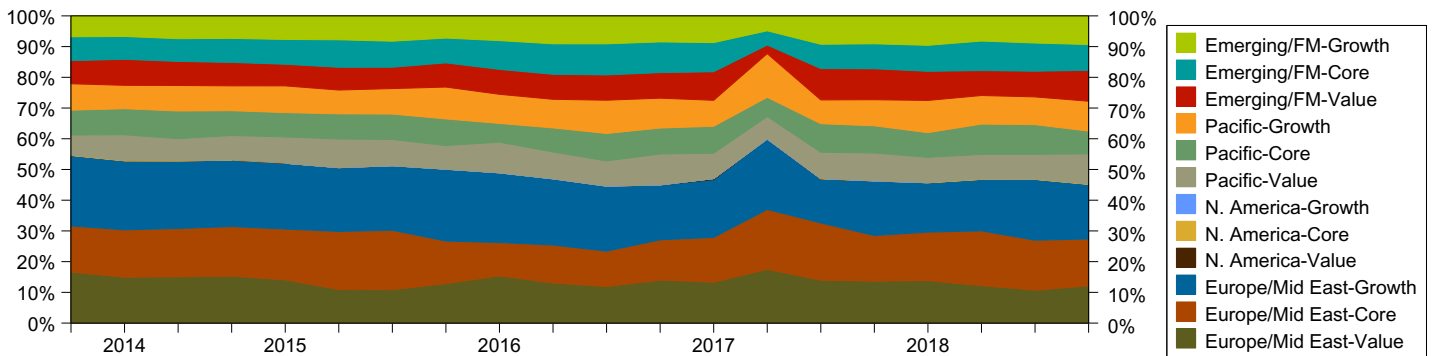
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended December 31, 2018



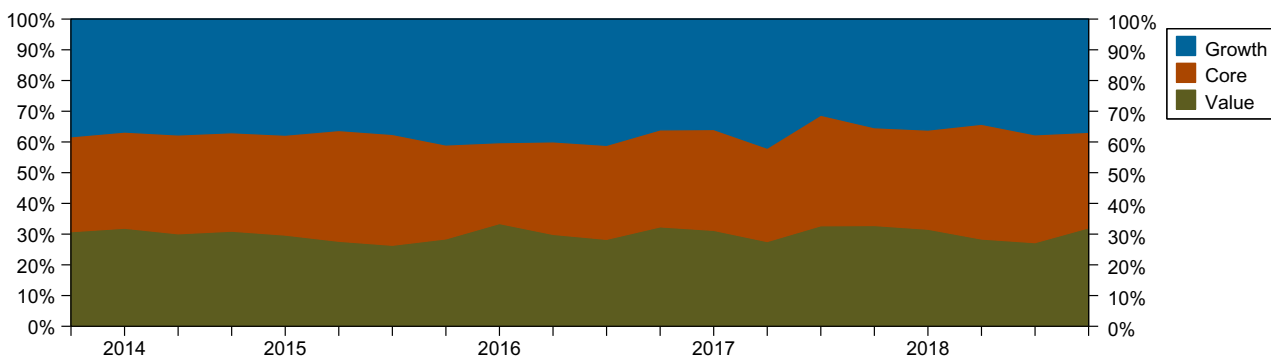
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

Europe/ Mid East	13.6% (180)	15.6% (198)	20.2% (239)	49.3% (617)
	14.8% (280)	15.1% (328)	19.1% (357)	48.9% (965)
N. America	0.0% (2)	0.0% (4)	0.0% (1)	0.0% (7)
	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
Pacific	8.4% (224)	8.3% (227)	9.2% (228)	26.0% (679)
	9.1% (363)	9.1% (359)	9.7% (364)	27.9% (1086)
Emerging/ FM	8.1% (1496)	8.5% (1477)	8.1% (943)	24.6% (3916)
	7.5% (308)	7.3% (272)	8.4% (289)	23.2% (869)
Total	30.2% (1902)	32.4% (1906)	37.5% (1411)	100.0% (5219)
	31.4% (952)	31.4% (959)	37.2% (1010)	100.0% (2921)
	Value	Core	Growth	Total

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



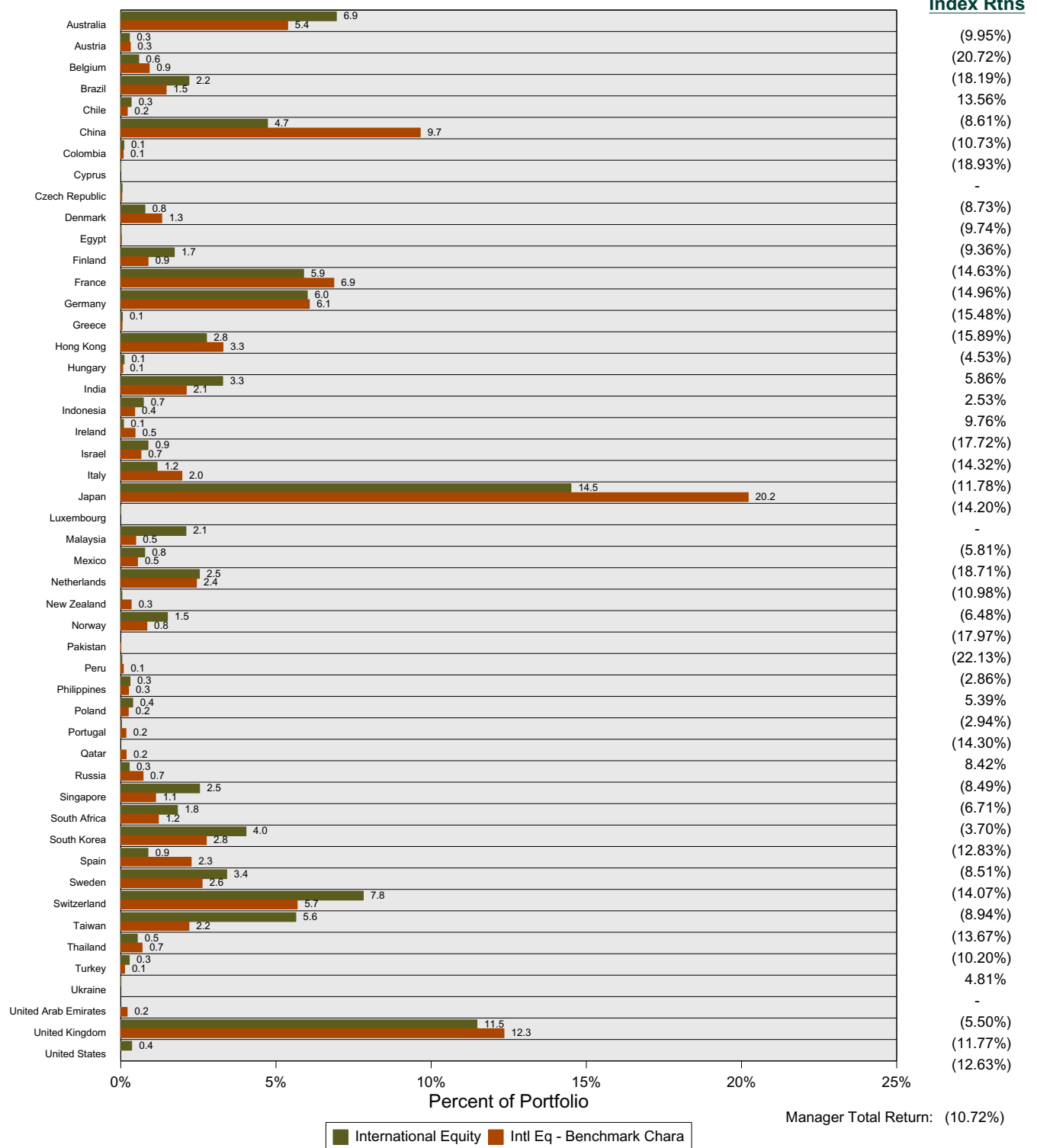
Country Allocation

International Equity VS Intl Eq - Benchmark Characteristics

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2018. 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, 2018



SSgA EAFE

Period Ended December 31, 2018

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.

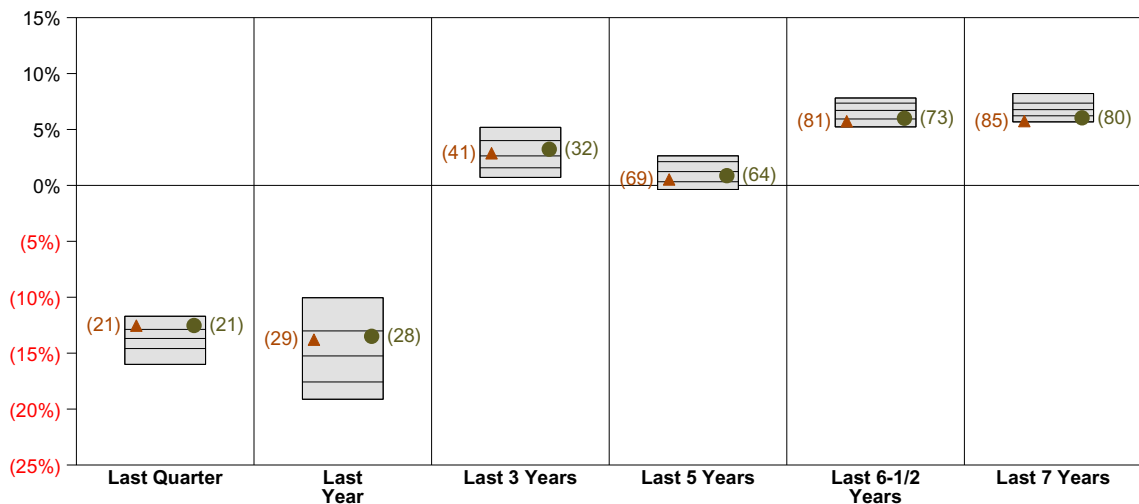
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (12.53)% return for the quarter placing it in the 21 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 28 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.01% for the quarter and outperformed the MSCI EAFE Index for the year by 0.30%.

Quarterly Asset Growth

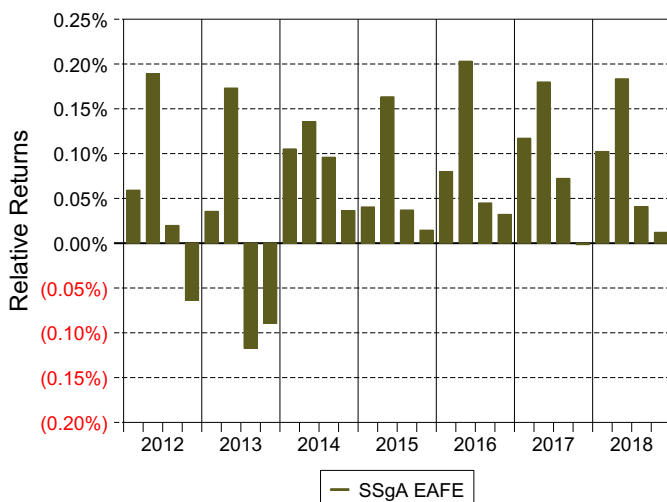
Beginning Market Value	\$11,397,852
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,427,635
Ending Market Value	\$9,970,217

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

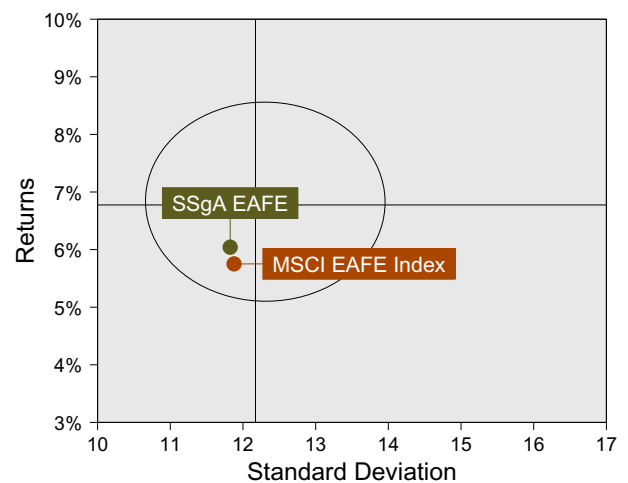


10th Percentile	(11.70)	(10.04)	5.19	2.64	7.82	8.21
25th Percentile	(12.88)	(13.01)	4.01	2.12	7.36	7.35
Median	(13.69)	(15.25)	2.64	1.23	6.70	6.78
75th Percentile	(14.59)	(17.58)	1.57	0.33	5.94	6.22
90th Percentile	(16.00)	(19.12)	0.71	(0.36)	5.23	5.68
SSgA EAFE ●	(12.53)	(13.49)	3.23	0.87	6.00	6.04
MSCI EAFE Index ▲	(12.54)	(13.79)	2.87	0.53	5.73	5.75

Relative Return vs MSCI EAFE Index



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

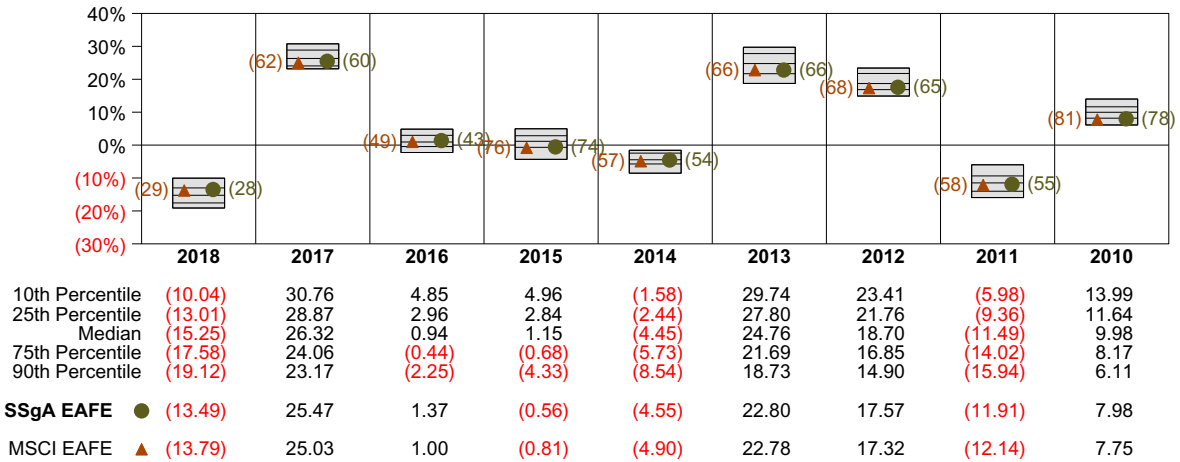


SSgA EAFE Return Analysis Summary

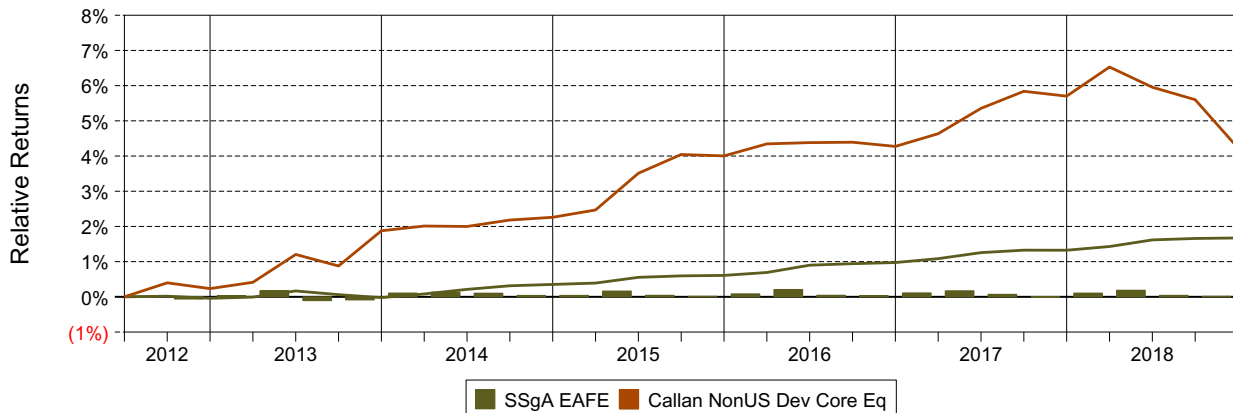
Return Analysis

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.

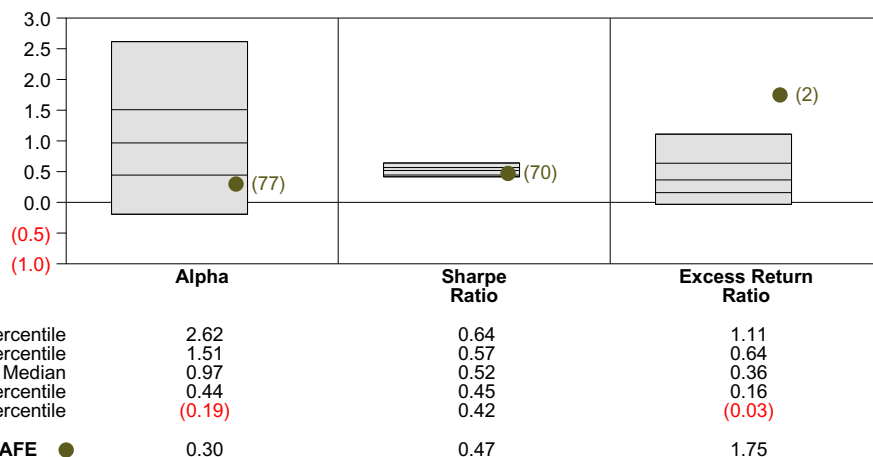
Performance vs Callan Non-US Developed Core Equity (Gross)



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, 2018

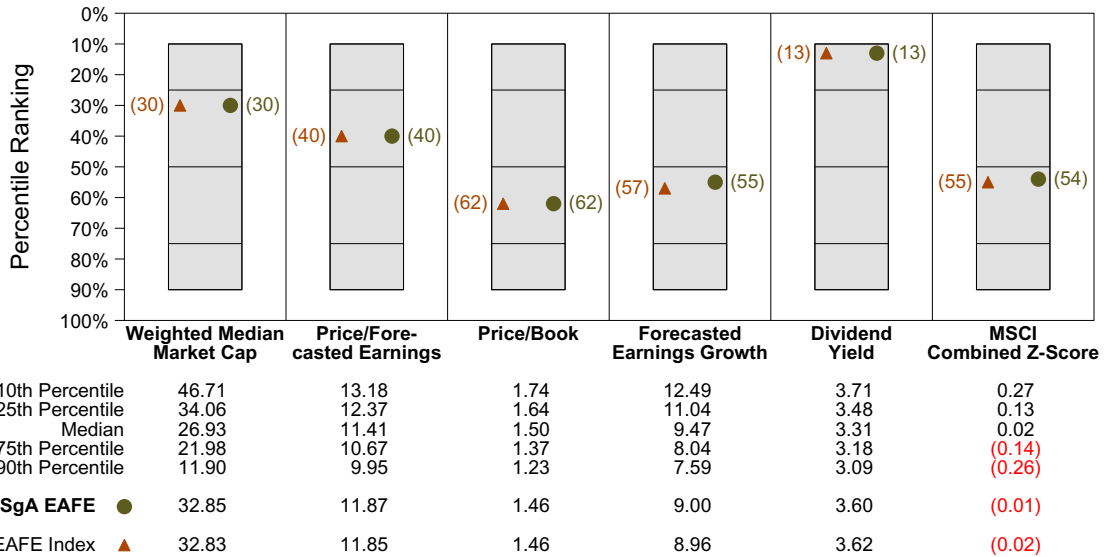


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

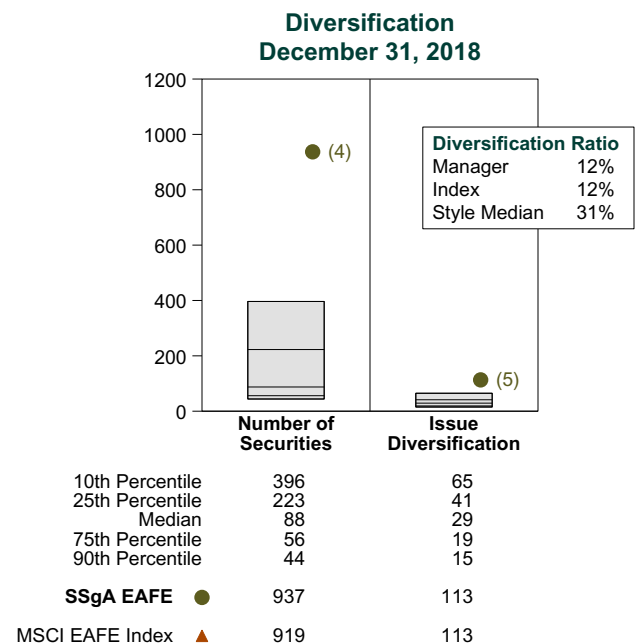
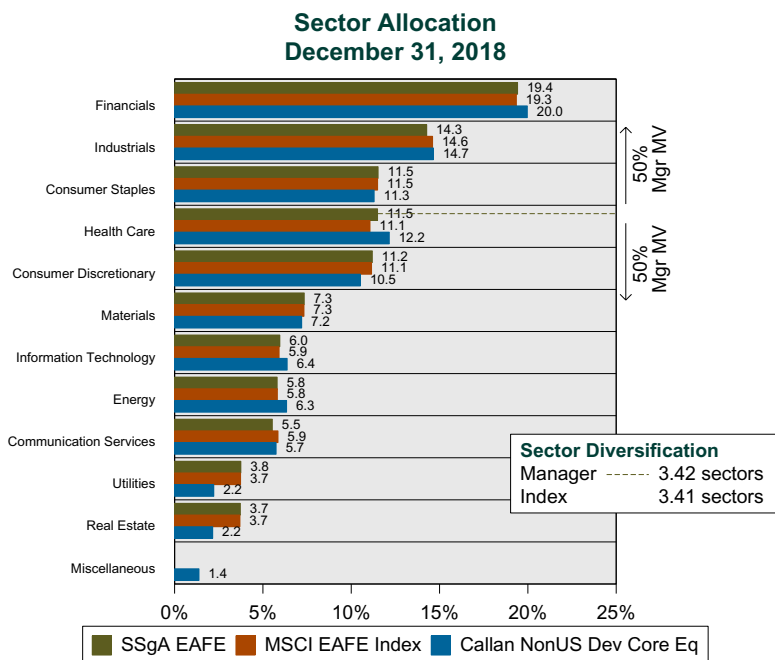
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2018



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.



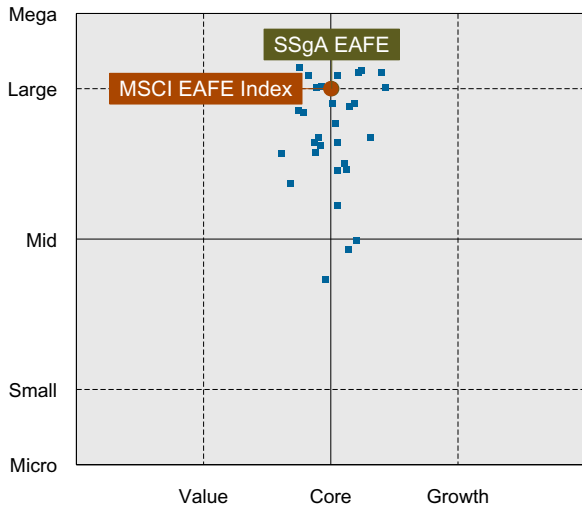
Current Holdings Based Style Analysis

SSgA EAFE

As of December 31, 2018

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.

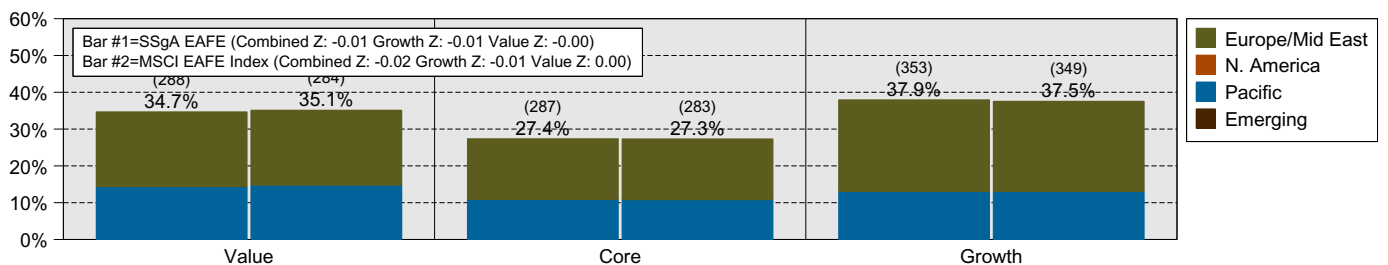
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2018



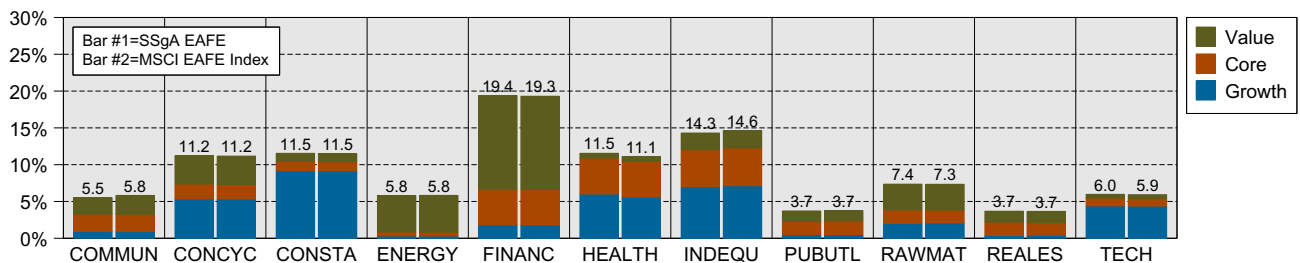
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Europe/Mid East	20.2% (136)	16.5% (136)	24.9% (180)	61.5% (452)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	14.4% (152)	10.9% (151)	13.1% (173)	38.5% (476)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	34.7% (288)	27.4% (287)	37.9% (353)	100.0% (928)
	35.1% (284)	27.3% (283)	37.5% (349)	100.0% (916)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018

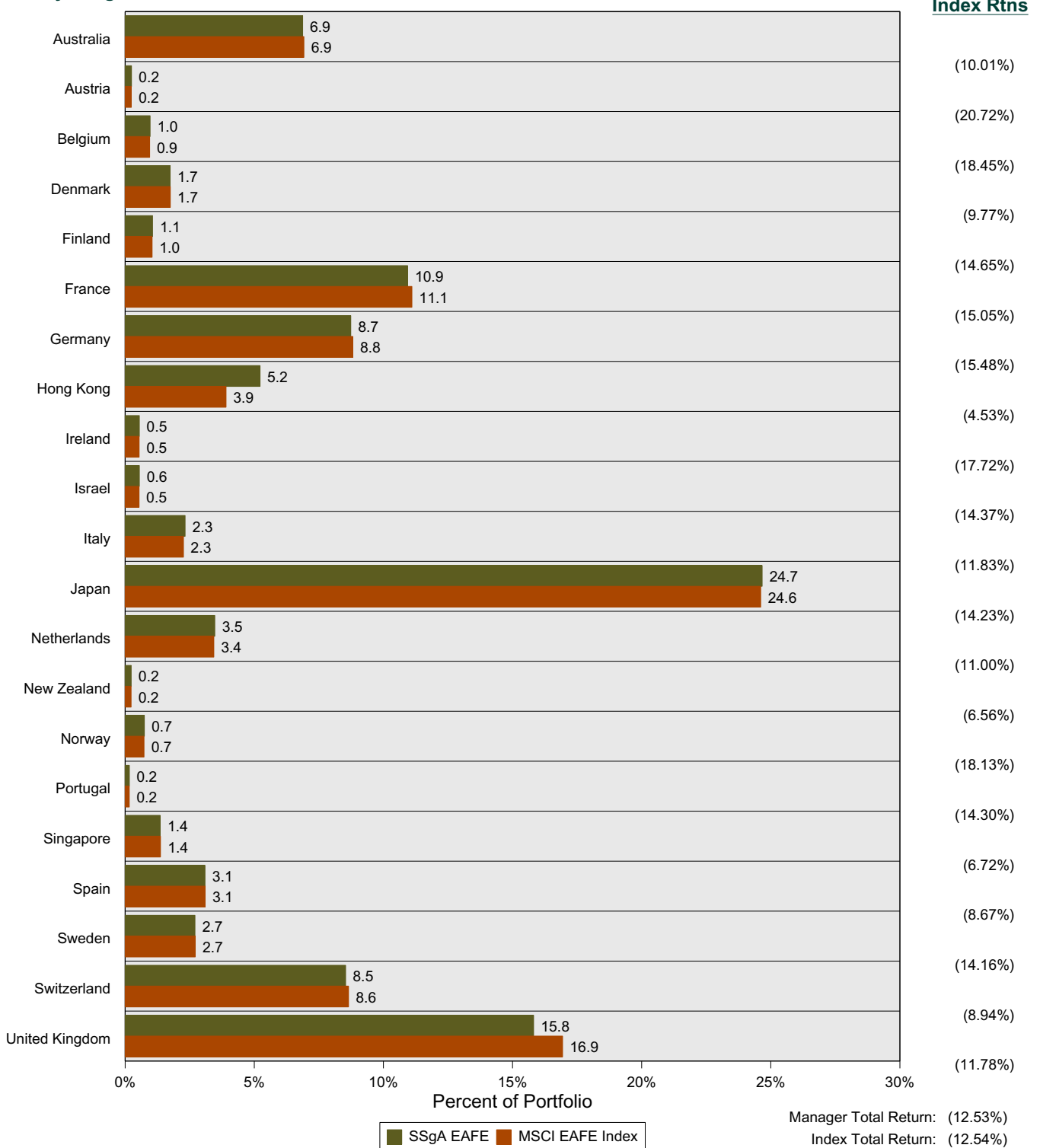


Country Allocation SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2018. 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, 2018



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of December 31, 2018

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	\$195,274	2.0%	(3.36)%	247.95	19.05	2.94%	9.50%
Novartis	Health Care	\$145,566	1.5%	(1.33)%	217.44	15.44	3.33%	8.50%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$136,621	1.4%	1.44%	173.47	13.55	3.41%	6.60%
Hsbc Holdings (Gb)	Financials	\$128,964	1.3%	(4.54)%	165.07	10.70	5.83%	6.45%
Toyota Motor Corp	Consumer Discretionary	\$106,698	1.1%	(5.20)%	190.52	7.73	3.43%	4.45%
Royal Dutch Shell A Shs	Energy	\$106,189	1.1%	(13.32)%	131.17	9.40	6.25%	16.03%
Total Sa Act	Energy	\$100,318	1.0%	(17.49)%	139.28	8.84	5.46%	17.68%
Bp Plc Shs	Energy	\$99,221	1.0%	(16.56)%	128.01	10.19	6.12%	32.22%
Royal Dutch Shell 'b' Shs	Energy	\$87,767	0.9%	(13.73)%	111.62	9.58	6.08%	16.63%
Aia Group Ltd Com Par Usd 1	Financials	\$81,251	0.8%	(7.05)%	100.26	15.97	1.40%	10.48%

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
Dainippon Sumitomo Pharma Co Ord	Health Care	\$4,072	0.0%	38.68%	12.68	33.19	0.52%	(1.87)%
Colruyt Sa Halle Strip Vvpr	Consumer Staples	\$3,474	0.0%	25.66%	10.21	23.11	1.37%	5.10%
Don Quijote Co	Consumer Discretionary	\$5,876	0.1%	22.87%	9.84	22.25	0.47%	20.44%
Familymart Uny Hldgs Co Ltd Shs	Consumer Staples	\$6,403	0.1%	21.79%	16.06	36.57	0.86%	19.58%
Meiji Holdings Co	Consumer Staples	\$7,954	0.1%	21.65%	12.47	19.00	1.53%	7.26%
Tokyo Electric Power Co	Utilities	\$6,864	0.1%	21.43%	9.56	3.45	0.00%	(27.75)%
Bandai Namco Hldgs Inc Shs	Consumer Discretionary	\$7,149	0.1%	15.61%	9.97	17.21	2.11%	5.89%
Toho Co	Communication Services	\$3,264	0.0%	15.57%	6.86	21.39	0.88%	17.71%
Yue Yuen Industrial	Consumer Discretionary	\$1,902	0.0%	15.11%	5.17	12.80	5.99%	(6.24)%
Proximus Sa De Droit Pub Shs	Communication Services	\$3,338	0.0%	14.62%	9.13	13.50	4.45%	0.30%

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
Abengoa Sa Eur0.01 Class B	Industrials	\$12	0.0%	(65.22)%	0.07	(0.65)	0.00%	-
Premium Land Ltd.	Information Technology	\$0	0.0%	(58.95)%	0.11	(2.82)	0.00%	-
Sharp Corp Osaka Shs	Consumer Discretionary	\$1,712	0.0%	(50.74)%	5.35	8.26	0.91%	10.53%
Showa Denko Kk Ord	Materials	\$3,244	0.0%	(44.27)%	4.46	3.25	2.14%	69.51%
Symex Corp Kobe Shs	Health Care	\$6,408	0.1%	(44.14)%	10.06	23.89	1.21%	6.75%
Royal Mail Plc	Industrials	\$2,485	0.0%	(42.84)%	3.47	10.00	8.93%	(18.26)%
Worleyparsons Ltd Shs	Energy	\$2,052	0.0%	(42.40)%	3.70	14.54	2.08%	22.37%
Lend Lease Corp Ltd Ord	Real Estate	\$3,736	0.0%	(41.73)%	4.62	10.26	5.93%	5.73%
Convatec Ltd Common Stock	Health Care	\$1,936	0.0%	(41.61)%	3.48	11.06	3.17%	2.96%
So-Net M3	Health Care	\$4,502	0.0%	(40.82)%	8.70	37.83	0.37%	13.10%

Pyrford

Period Ended December 31, 2018

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.

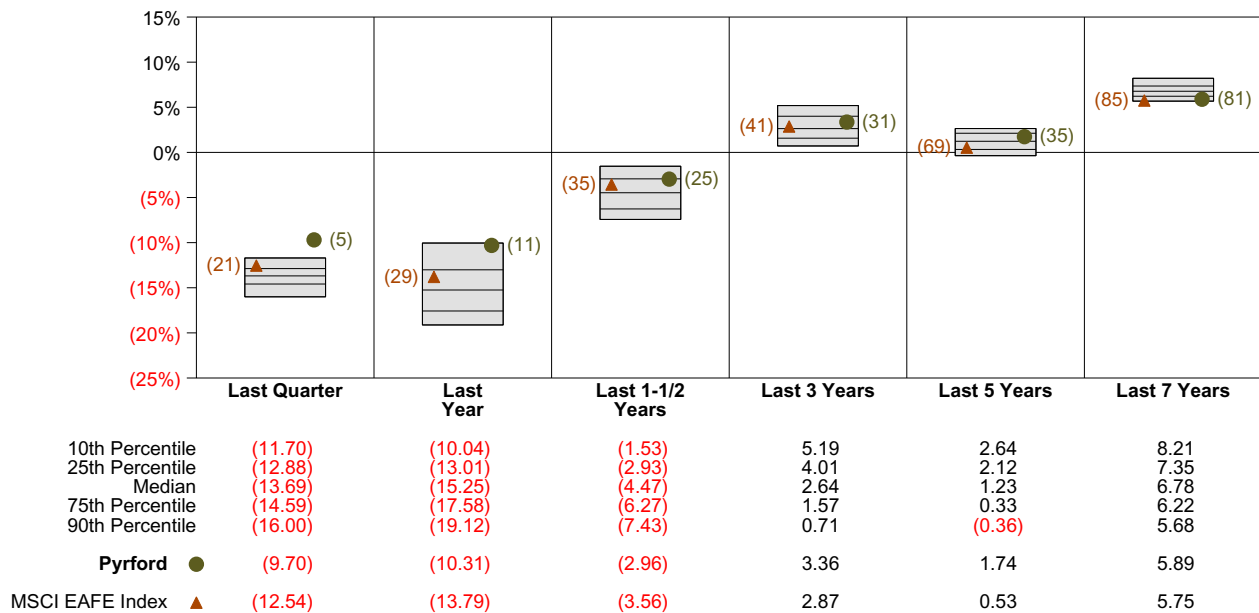
Quarterly Summary and Highlights

- Pyrford's portfolio posted a (9.70)% return for the quarter placing it in the 5 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 11 percentile for the last year.
- Pyrford's portfolio outperformed the MSCI EAFE Index by 2.84% for the quarter and outperformed the MSCI EAFE Index for the year by 3.48%.

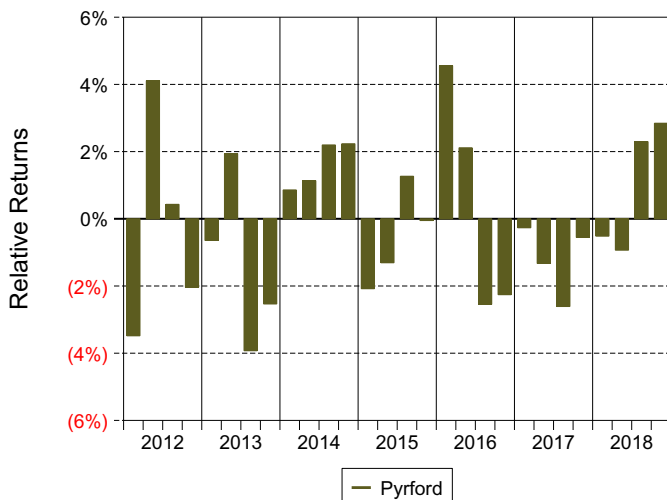
Quarterly Asset Growth

Beginning Market Value	\$27,096,117
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,627,153
Ending Market Value	\$24,468,964

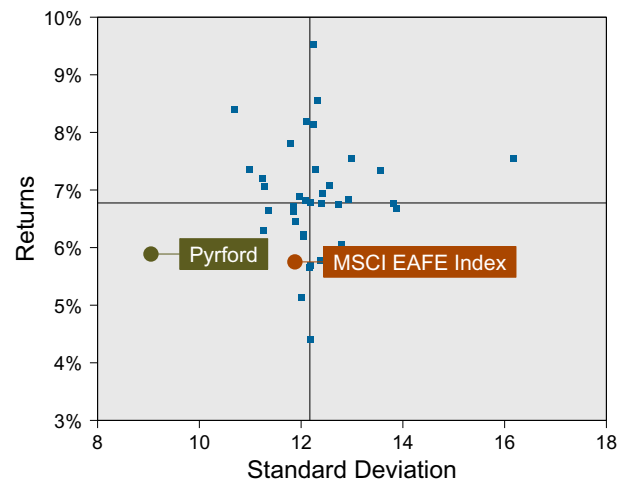
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

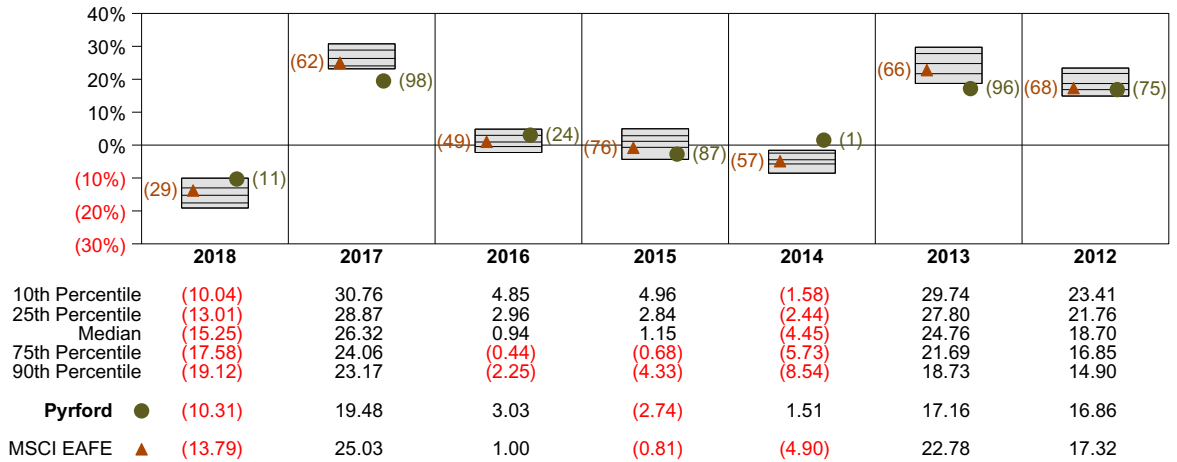


Pyrford Return Analysis Summary

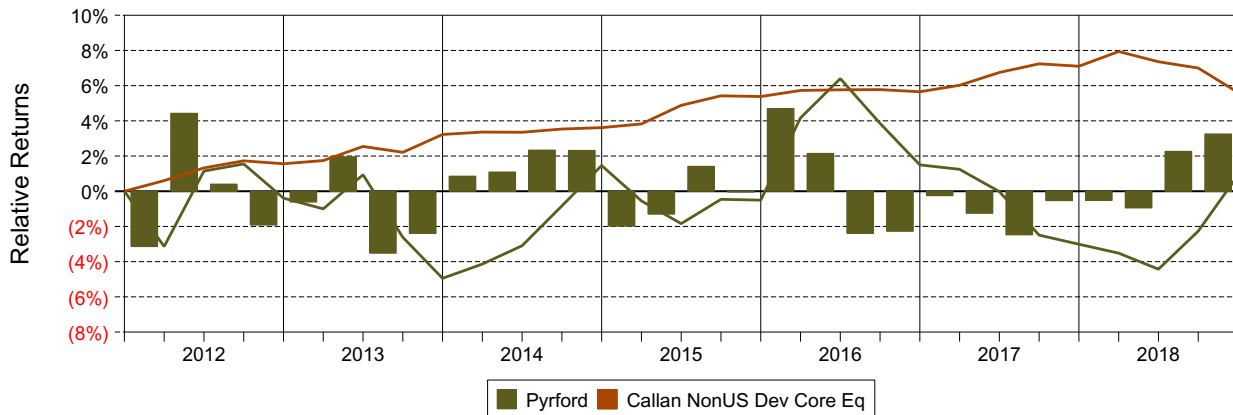
Return Analysis

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.

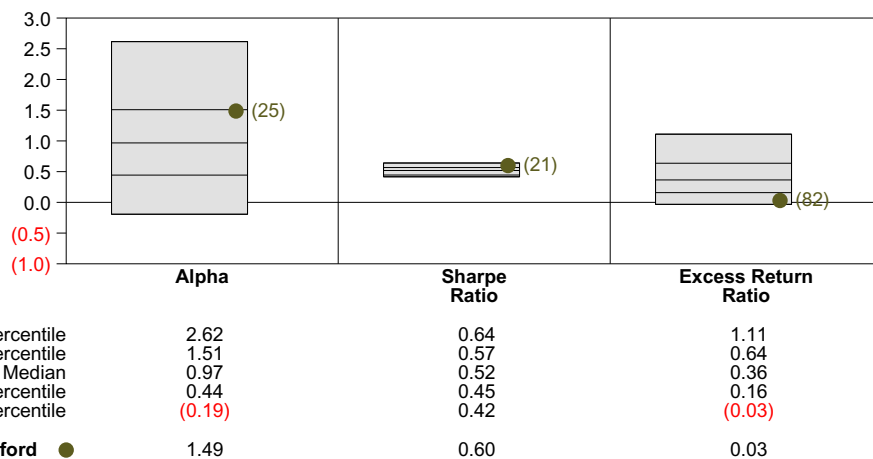
Performance vs Callan Non-US Developed Core Equity (Gross)



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, 2018

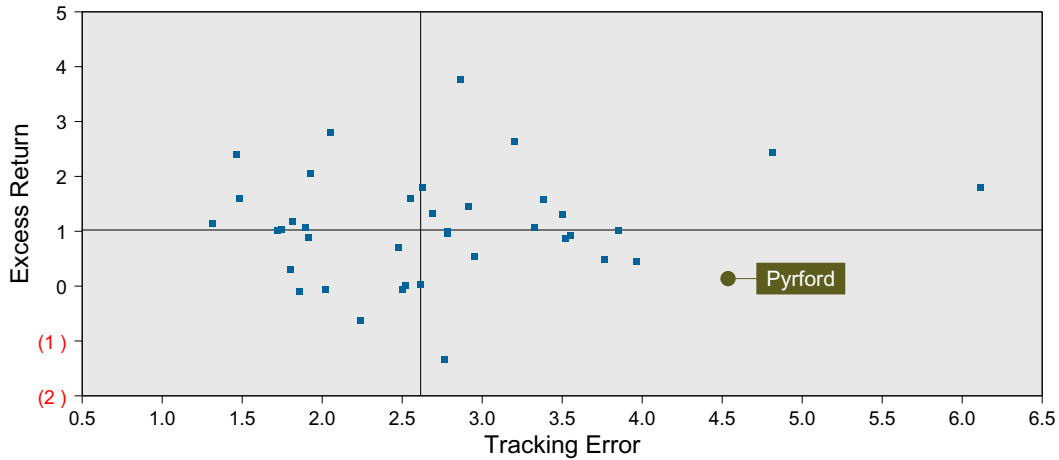


Pyrford Risk Analysis Summary

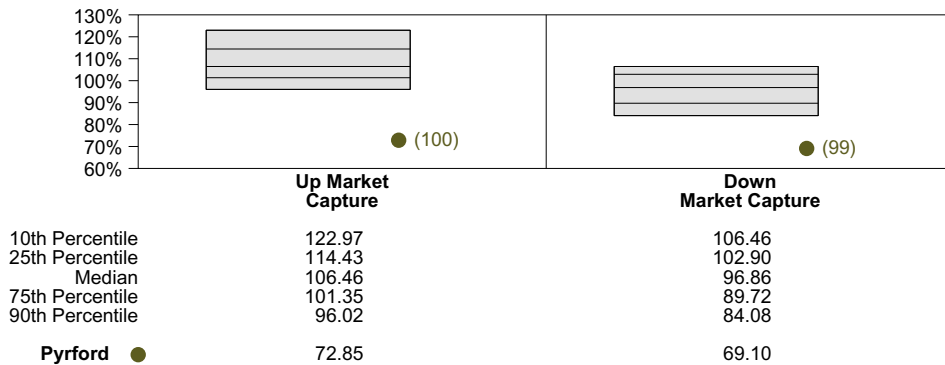
Risk Analysis

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.

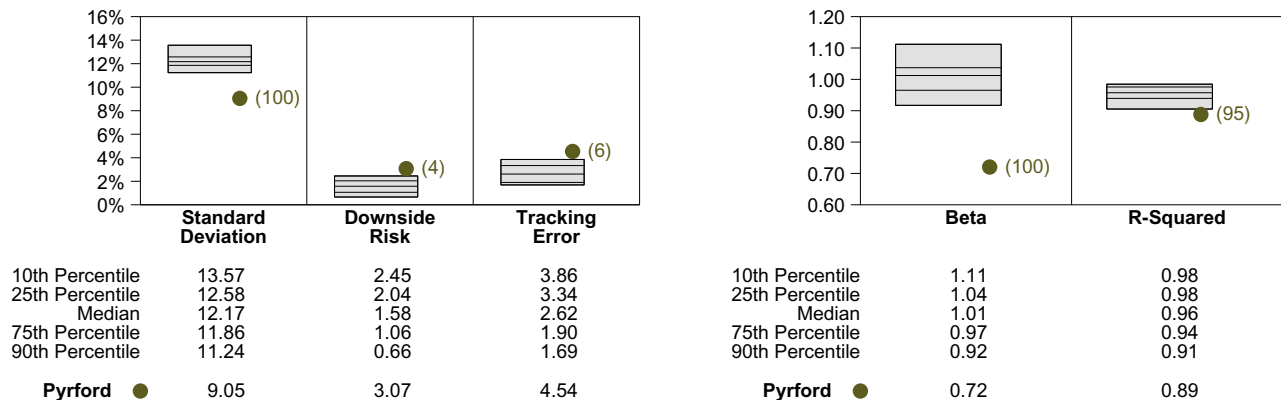
Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2018



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2018



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2018

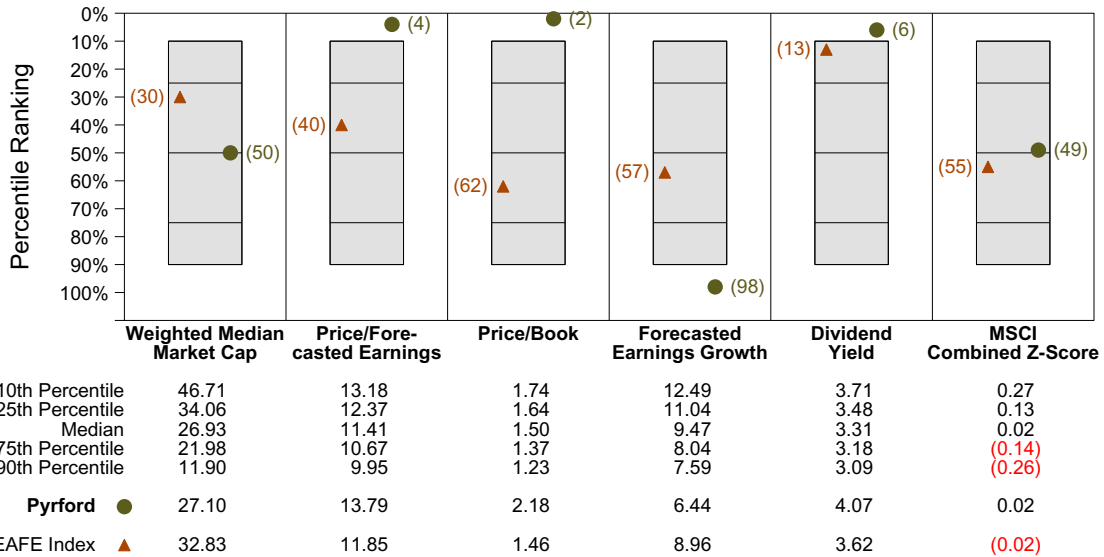


Pyrford Equity Characteristics Analysis Summary

Portfolio Characteristics

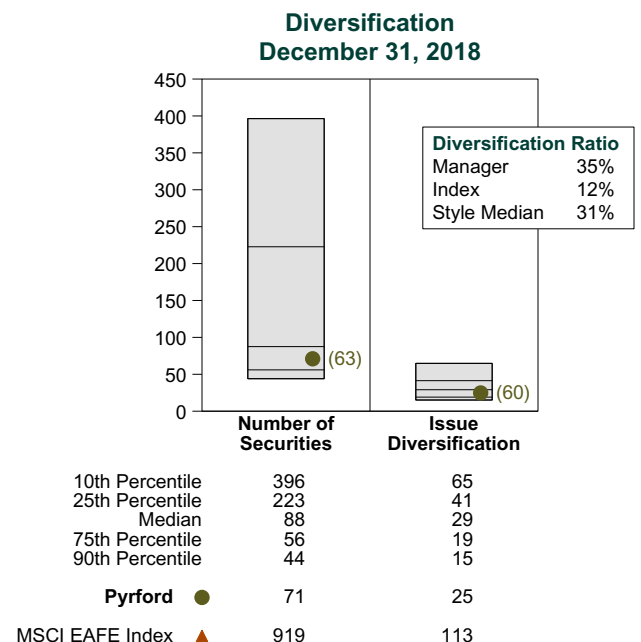
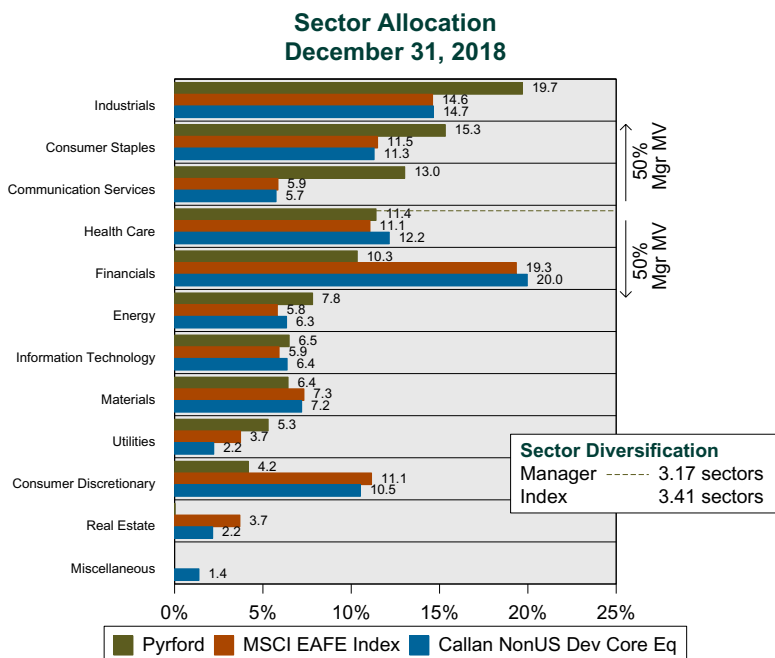
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2018



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.



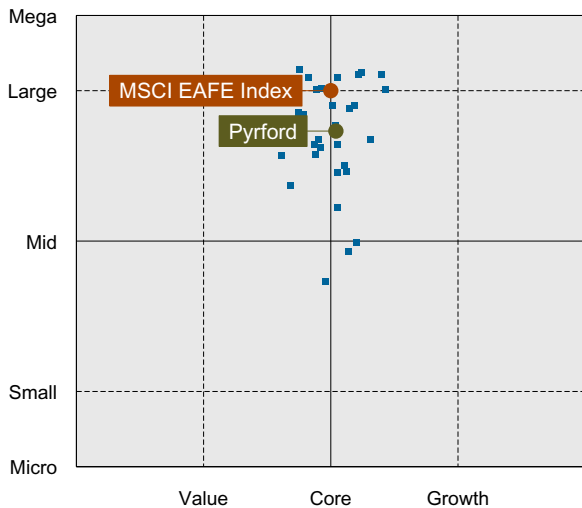
Current Holdings Based Style Analysis

Pyrford

As of December 31, 2018

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.

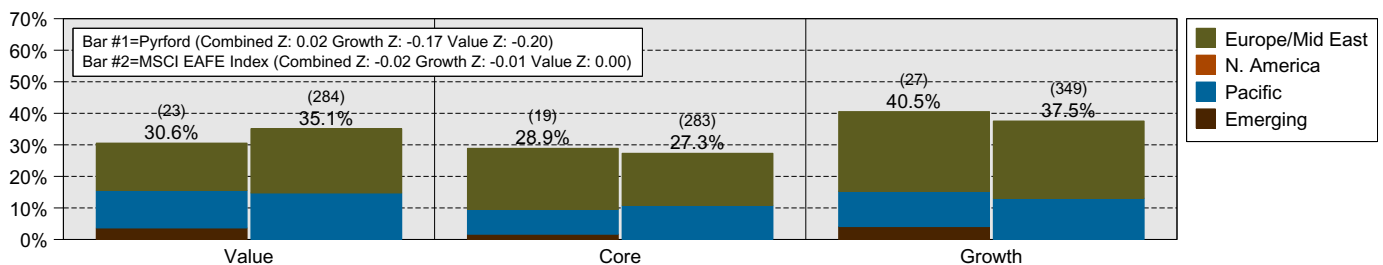
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2018



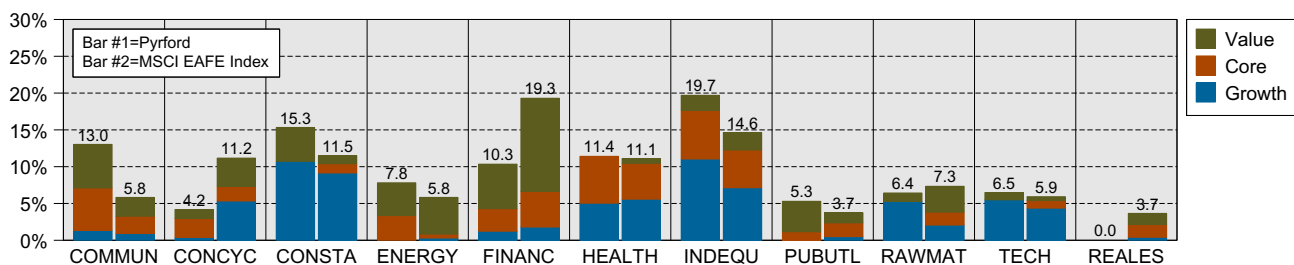
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	15.0% (12)	19.4% (13)	25.3% (16)	59.7% (41)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.9% (9)	7.9% (5)	11.1% (7)	30.9% (21)
Emerging	3.7% (2)	1.7% (1)	4.1% (4)	9.4% (7)
Total	30.6% (23)	28.9% (19)	40.5% (27)	100.0% (69)
	35.1% (284)	27.3% (283)	37.5% (349)	100.0% (916)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



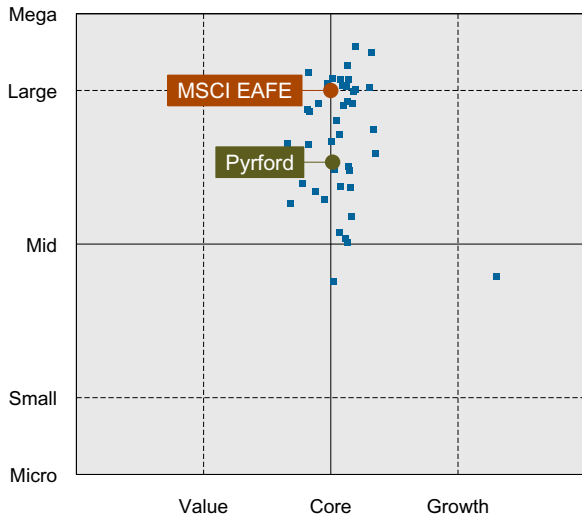
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended December 31, 2018

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.

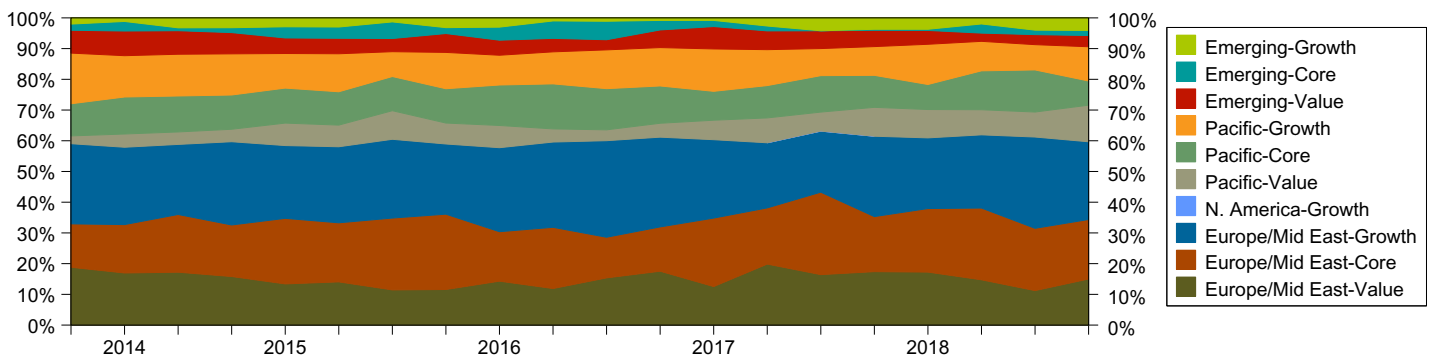
Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended December 31, 2018



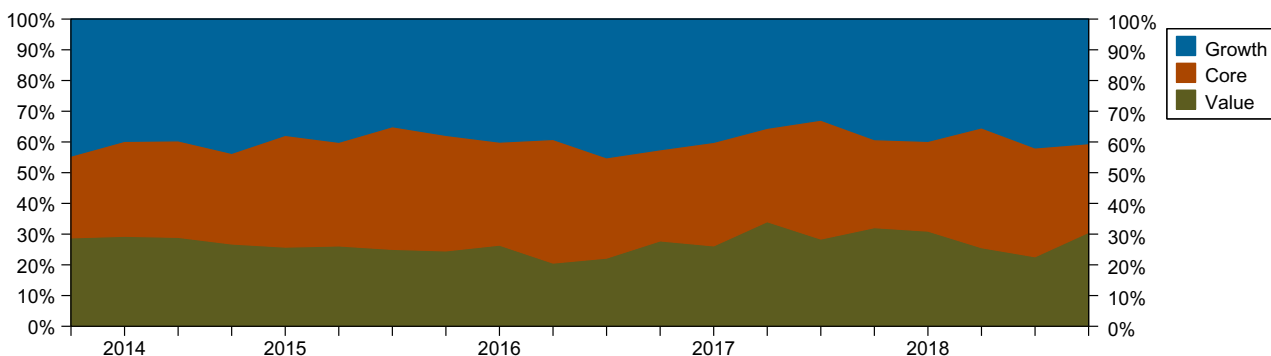
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	15.1% (11)	19.3% (11)	25.4% (18)	59.9% (40)
Europe/ Mid East	19.7% (124)	19.2% (133)	25.3% (195)	64.2% (452)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	6.6% (5)	11.4% (9)	11.6% (8)	29.6% (22)
Emerging	5.4% (4)	2.6% (2)	2.6% (2)	10.5% (8)
Total	27.1% (20)	33.3% (22)	39.6% (28)	100.0% (70)
	31.7% (265)	30.5% (281)	37.9% (372)	100.0% (918)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures



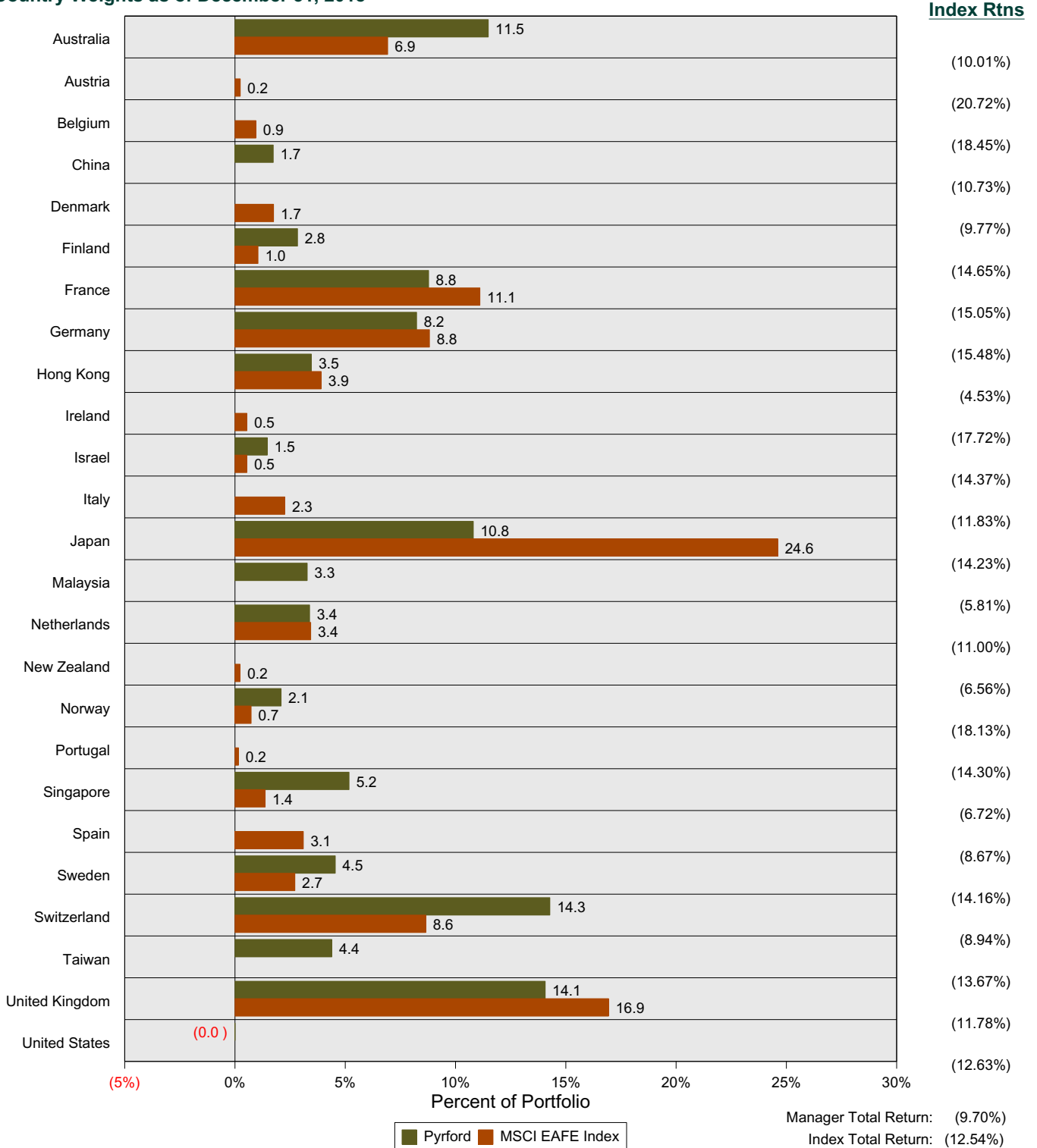
Country Allocation

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, 2018. 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, 2018



Pyrford Top 10 Portfolio Holdings Characteristics as of December 31, 2018

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	\$845,799	3.5%	(3.36)%	247.95	19.05	2.94%	9.50%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$804,087	3.3%	1.44%	173.47	13.55	3.41%	6.60%
Novartis	Health Care	\$698,667	2.9%	(1.33)%	217.44	15.44	3.33%	8.50%
Japan Tobacco Inc Ord	Consumer Staples	\$629,557	2.6%	(6.13)%	47.70	11.56	5.54%	(3.33)%
Brambles Ltd Npv	Industrials	\$580,041	2.4%	(8.75)%	11.39	16.62	2.86%	5.08%
Woolworths Ltd	Consumer Staples	\$539,449	2.2%	1.94%	27.29	20.75	3.16%	7.01%
Telenor Asa Shs	Communication Services	\$511,595	2.1%	1.58%	28.46	16.74	4.71%	2.20%
Kddi	Communication Services	\$489,978	2.0%	(13.37)%	60.56	10.03	3.62%	3.25%
National Grid Ord	Utilities	\$481,675	2.0%	(3.86)%	33.08	13.15	6.09%	0.54%
Malayan Banking Bhd Maybank Shs	Financials	\$469,218	1.9%	(2.82)%	25.40	12.56	6.00%	9.04%

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
Newcrest Mng Ltd Ord	Materials	\$237,439	1.0%	9.61%	11.79	20.19	1.13%	19.80%
Fielmann	Consumer Discretionary	\$330,092	1.3%	2.77%	5.22	25.90	3.40%	4.23%
Nihon Kohden Corp Shs	Health Care	\$427,446	1.7%	2.67%	2.89	26.16	0.98%	(14.76)%
Chunghwa Telecom Co Ltd Shs	Communication Services	\$405,773	1.7%	1.98%	28.52	23.90	4.24%	1.00%
Woolworths Ltd	Consumer Staples	\$539,449	2.2%	1.94%	27.29	20.75	3.16%	7.01%
Telenor Asa Shs	Communication Services	\$511,595	2.1%	1.58%	28.46	16.74	4.71%	2.20%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$804,087	3.3%	1.44%	173.47	13.55	3.41%	6.60%
Power Assets Holdings Limite Shs	Utilities	\$305,133	1.2%	(0.06)%	14.86	14.72	5.14%	2.38%
Abc-Mart	Consumer Discretionary	\$298,765	1.2%	(0.38)%	4.57	15.82	2.22%	4.40%
Rubis Ord Shs	Utilities	\$283,742	1.2%	(1.03)%	5.19	14.93	3.20%	15.96%

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
Brenntag Ag Muehlheim/Ruhr Shs New	Industrials	\$393,229	1.6%	(30.49)%	6.65	11.96	2.92%	9.16%
British American Tobacco	Consumer Staples	\$276,612	1.1%	(29.55)%	73.03	7.94	7.81%	6.50%
Mg Technologies	Industrials	\$283,577	1.2%	(28.49)%	4.66	12.21	3.76%	9.40%
Vtech Holdings Ltd Shs New	Information Technology	\$242,862	1.0%	(28.36)%	2.08	10.61	9.67%	(3.56)%
Fuchs Petrolub Pref.	Materials	\$407,191	1.7%	(26.75)%	2.85	17.07	2.48%	5.69%
Deutsche Post Ag Bonn Namen Akt	Industrials	\$264,565	1.1%	(23.33)%	33.73	10.56	4.82%	6.20%
Legrand Sa Shs Prov Opo	Industrials	\$260,040	1.1%	(22.71)%	15.04	15.75	2.56%	8.22%
Toyota Tsusho Corp Shs	Industrials	\$205,522	0.8%	(21.68)%	10.47	7.45	3.05%	25.81%
Bureau Veritas Registre Inte Shs	Industrials	\$310,835	1.3%	(21.21)%	8.99	16.95	3.15%	6.13%
Schindler Part	Industrials	\$174,705	0.7%	(21.13)%	8.04	20.82	2.05%	8.80%

AQR

Period Ended December 31, 2018

Investment Philosophy

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

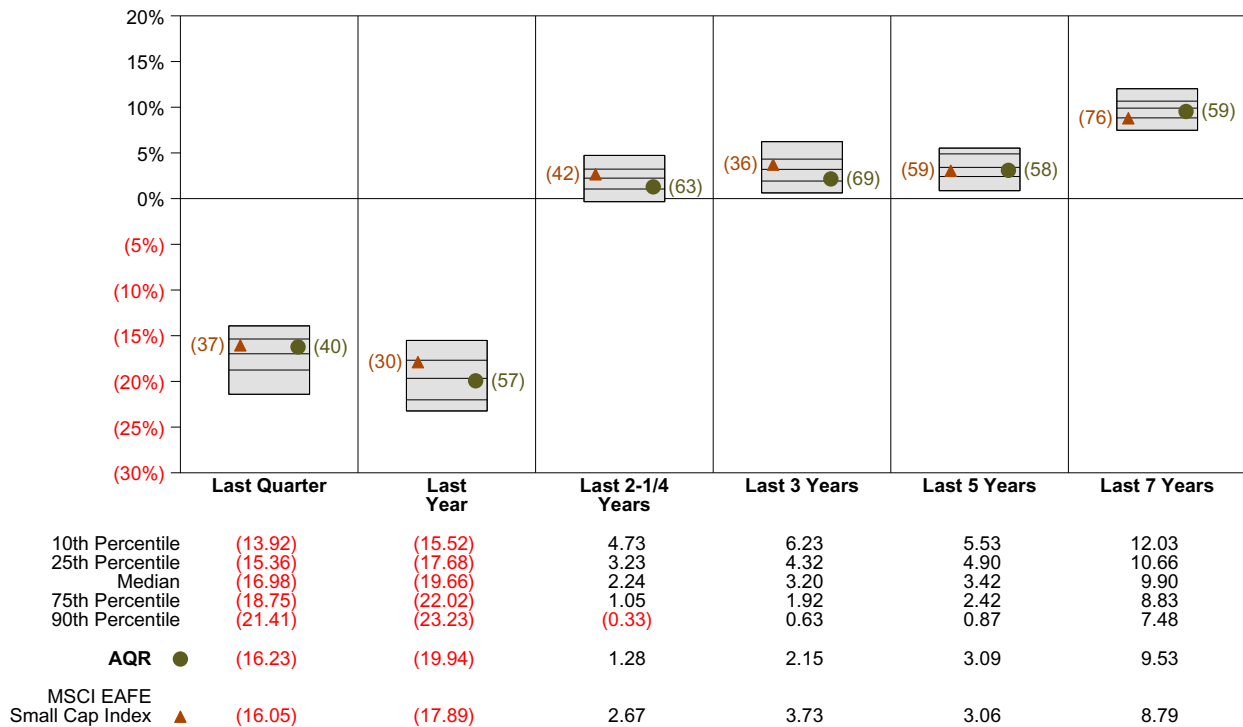
Quarterly Summary and Highlights

- AQR's portfolio posted a (16.23)% return for the quarter placing it in the 40 percentile of the Callan International Small Cap group for the quarter and in the 57 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 0.18% for the quarter and underperformed the MSCI EAFE Small Cap Index for the year by 2.05%.

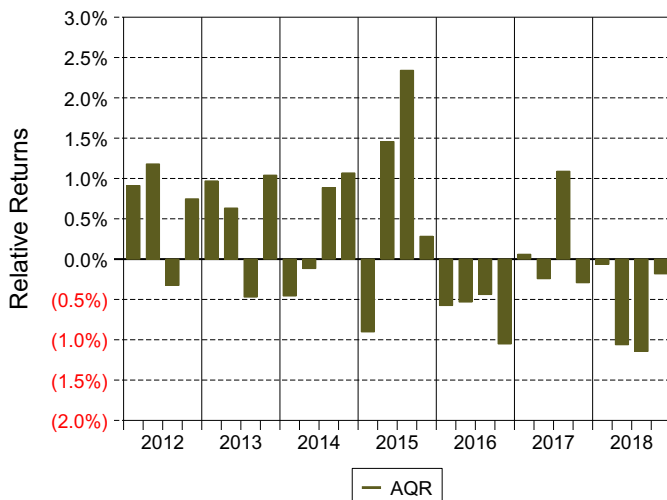
Quarterly Asset Growth

Beginning Market Value	\$14,273,681
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,346,303
Ending Market Value	\$11,927,378

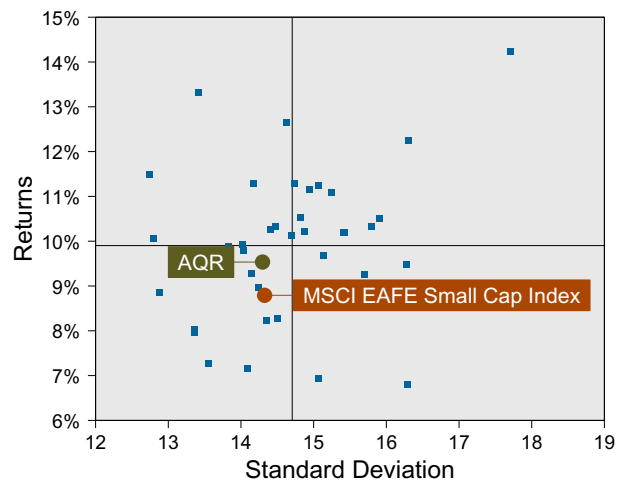
Performance vs Callan International Small Cap (Gross)



Relative Returns vs MSCI EAFE Small Cap Index



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

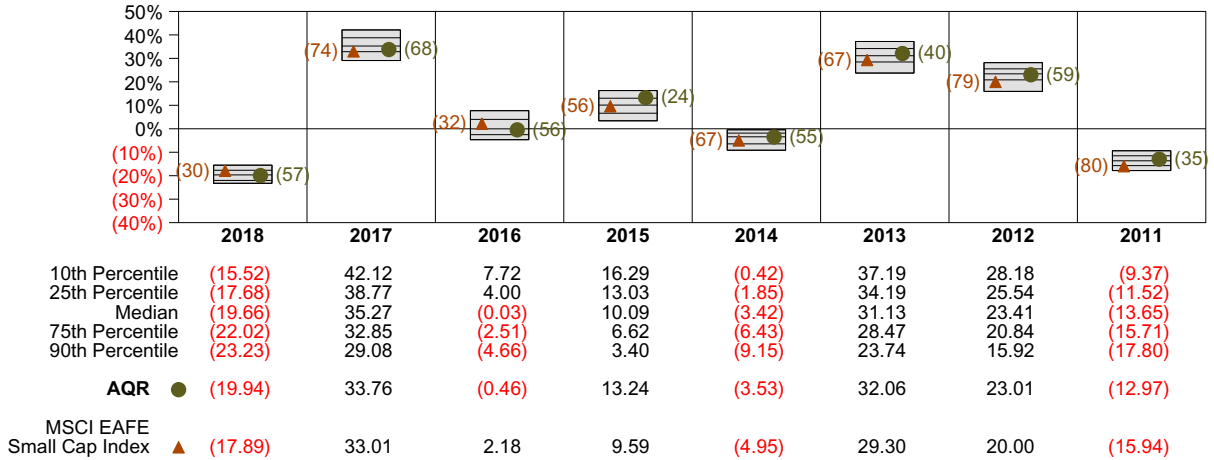


AQR Return Analysis Summary

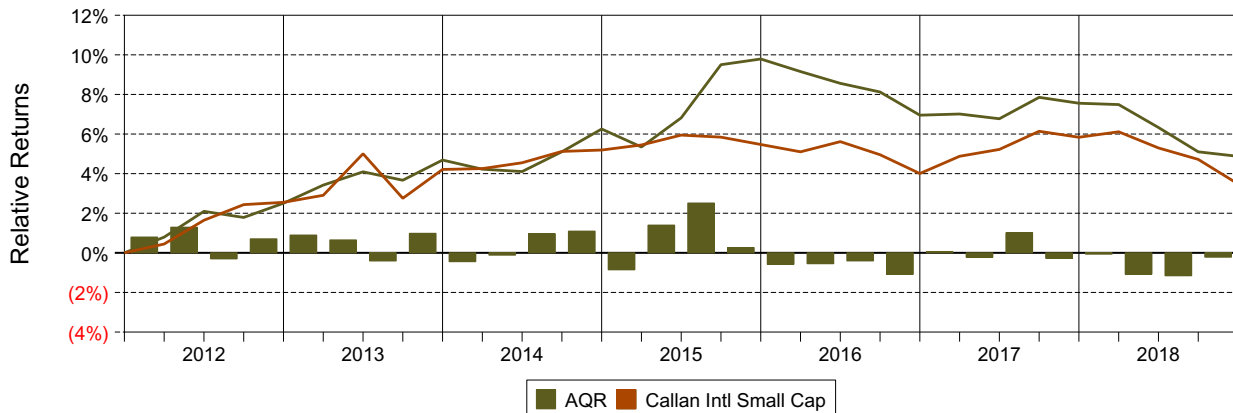
Return Analysis

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.

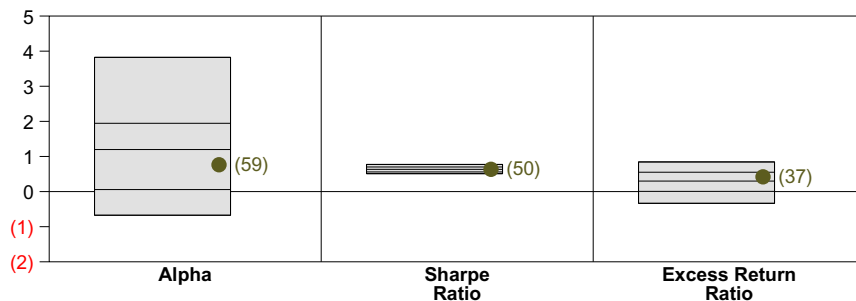
Performance vs Callan International Small Cap (Gross)



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, 2018



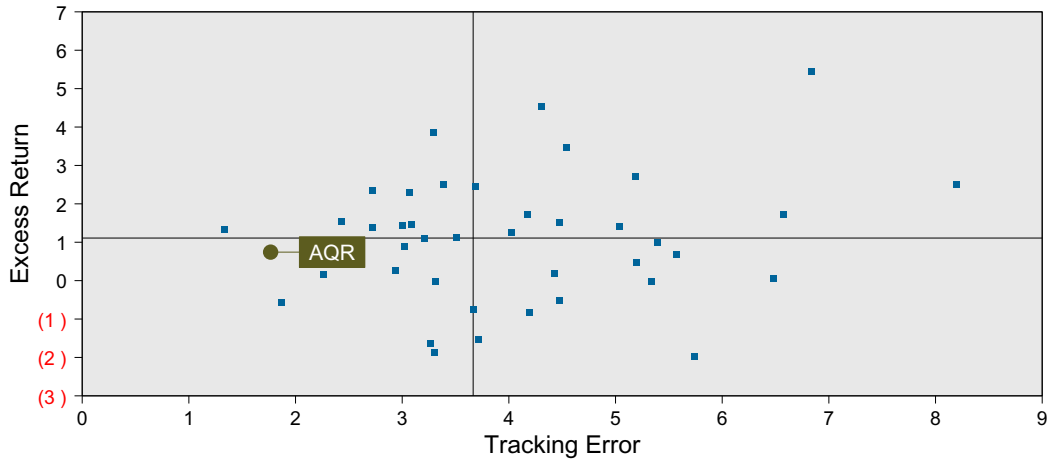
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.82	0.77	0.84
25th Percentile	1.94	0.70	0.55
Median	1.20	0.63	0.30
75th Percentile	0.06	0.56	0.01
90th Percentile	(0.67)	0.51	(0.33)
AQR	0.76	0.63	0.42

AQR Risk Analysis Summary

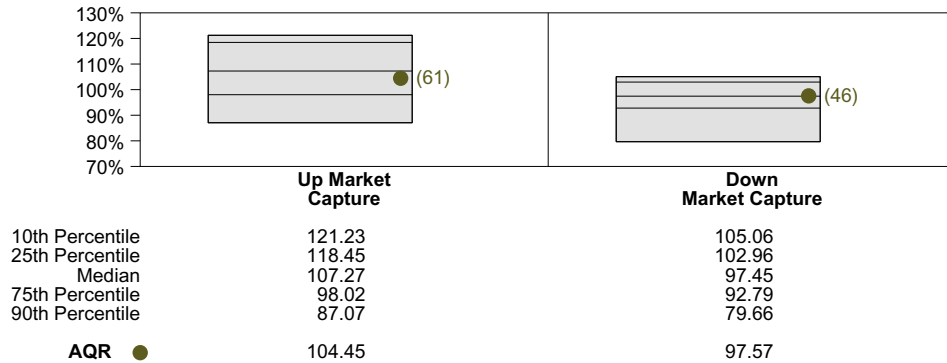
Risk Analysis

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

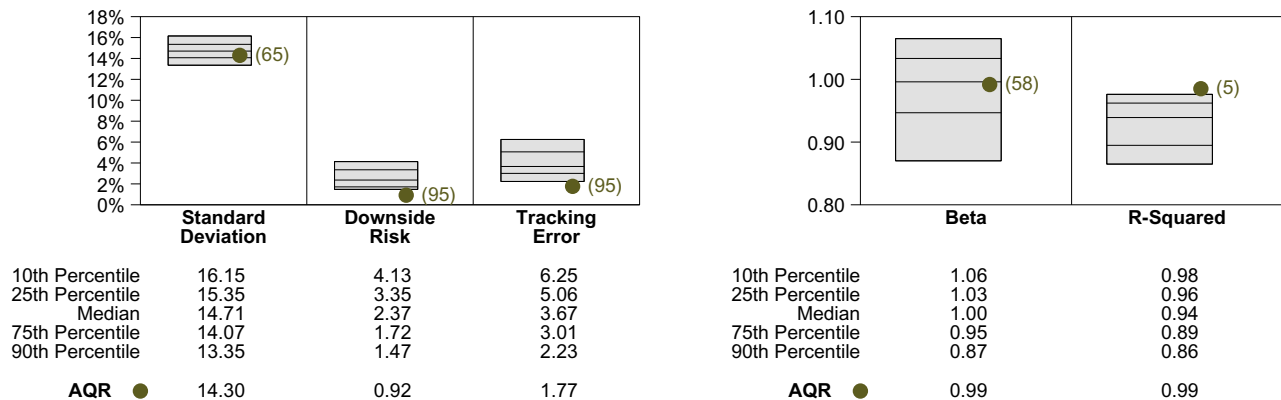
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended December 31, 2018



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2018



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2018

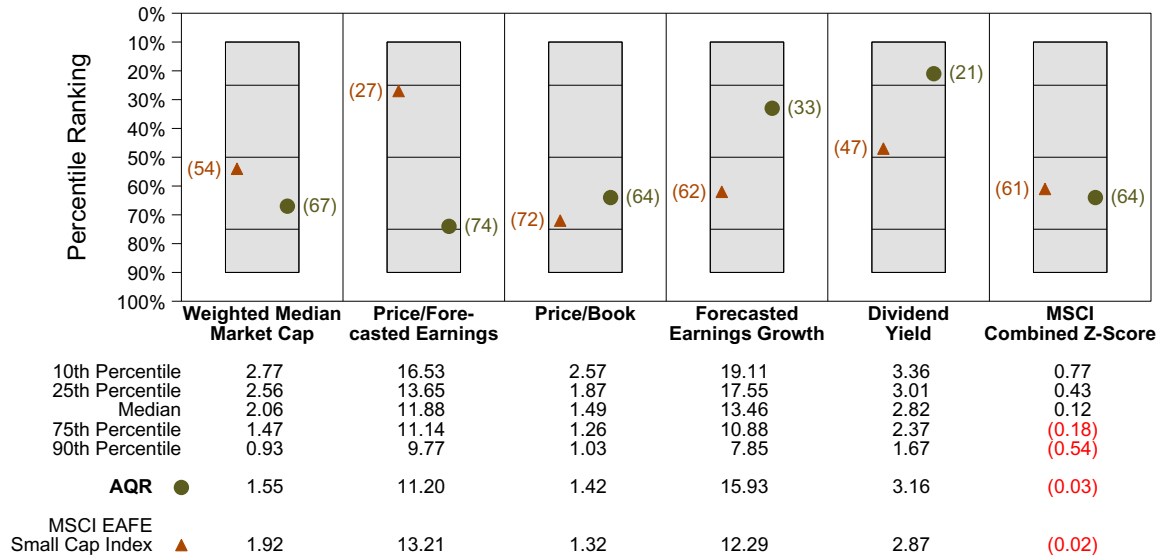


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

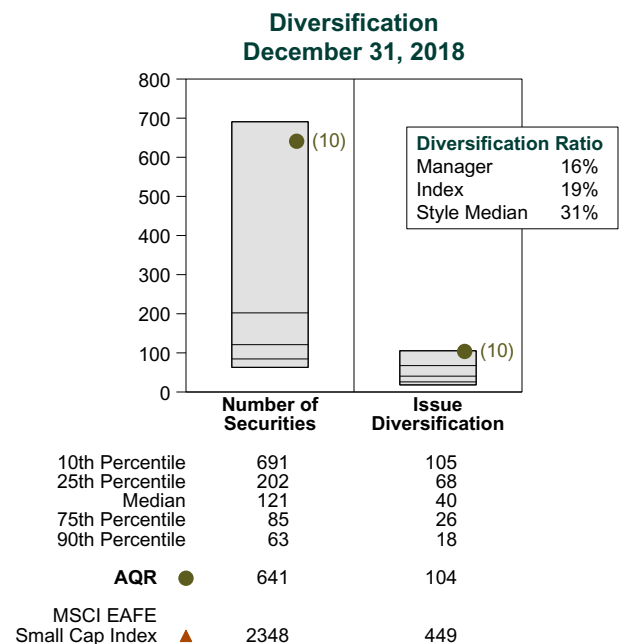
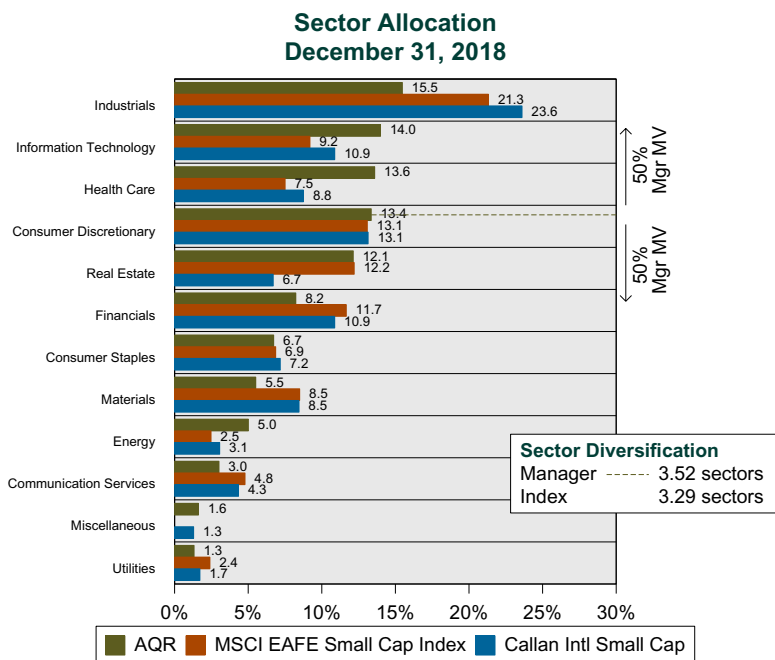
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of December 31, 2018



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.



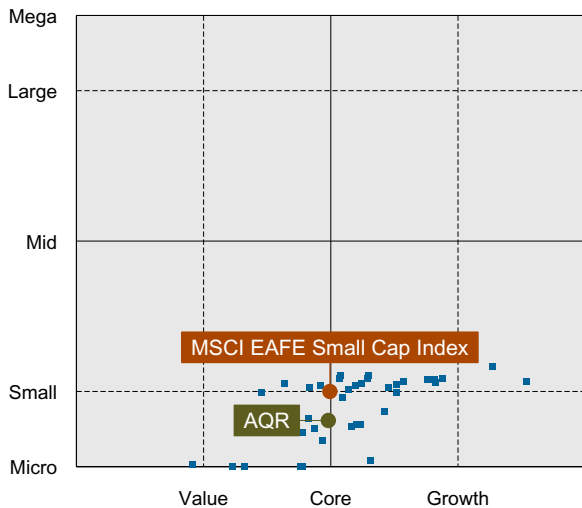
Current Holdings Based Style Analysis

AQR

As of December 31, 2018

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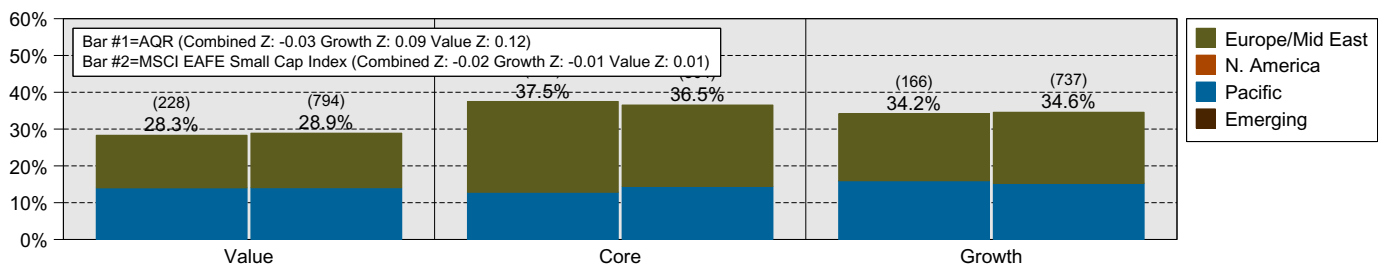
Style Map vs Callan Intl Small Cap Holdings as of December 31, 2018



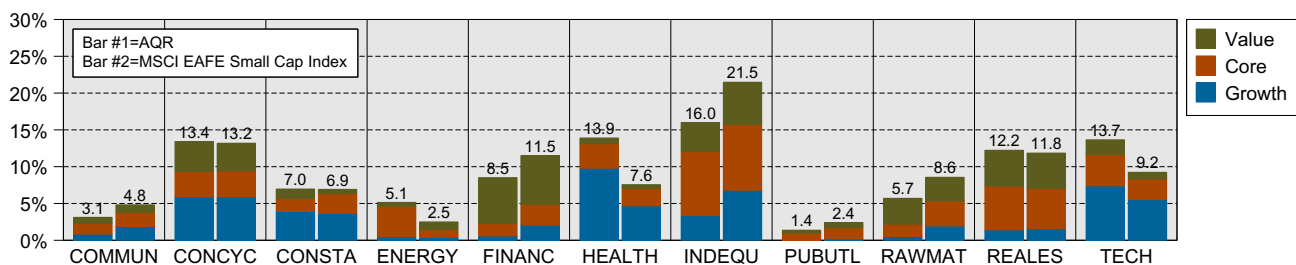
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	14.3% (98)	24.7% (120)	18.2% (67)	57.2% (285)
N. America	14.8% (321)	22.1% (396)	19.3% (326)	56.3% (1043)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	28.3% (228)	37.5% (224)	34.2% (166)	100.0% (618)
	28.9% (794)	36.5% (804)	34.6% (737)	100.0% (2335)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



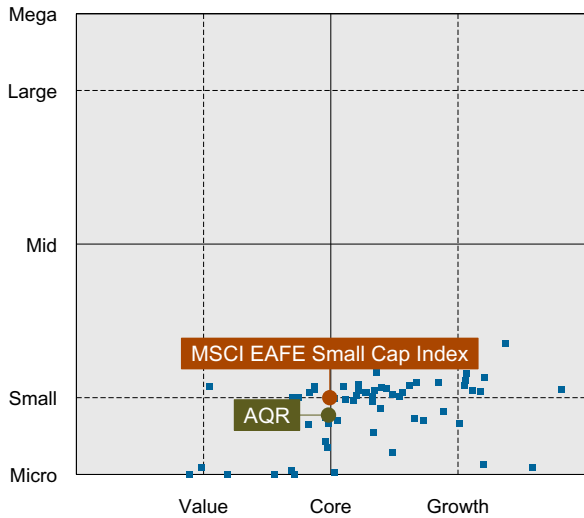
Historical Holdings Based Style Analysis

AQR

For Five Years Ended December 31, 2018

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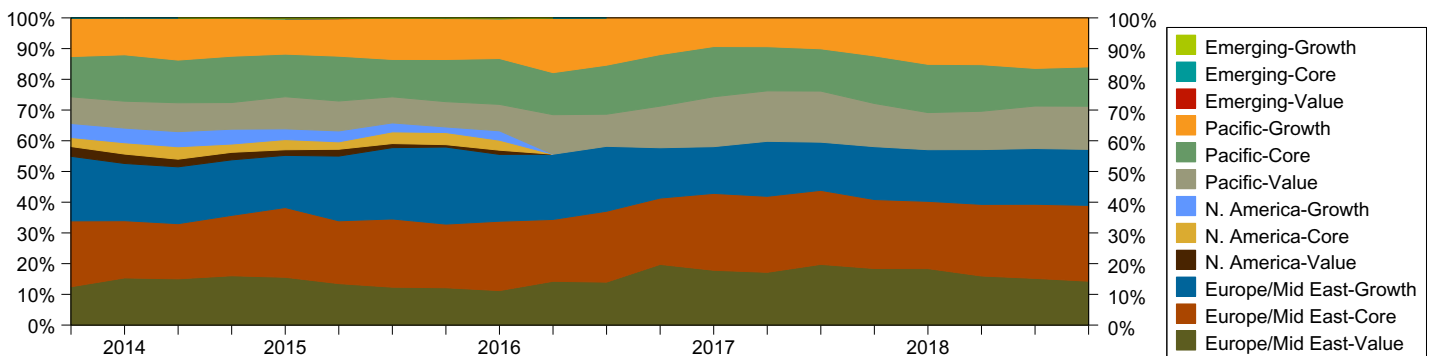
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended December 31, 2018



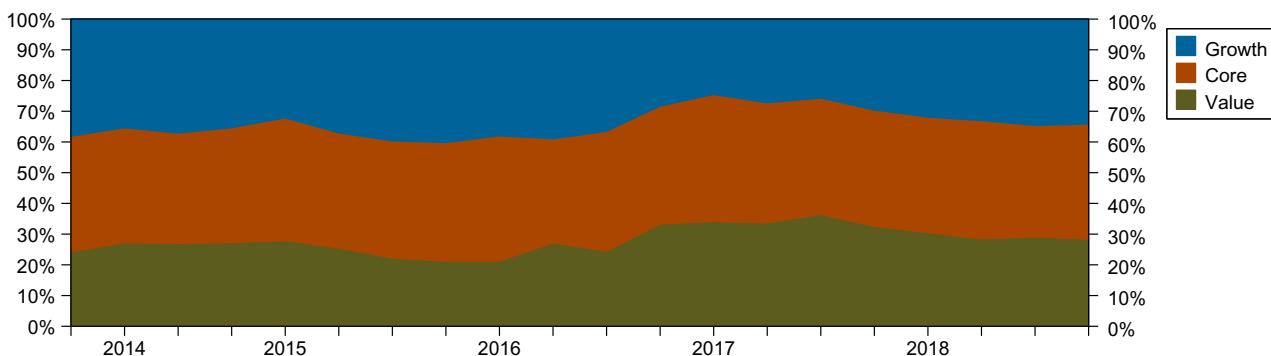
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	15.4% (102)	22.1% (117)	19.0% (87)	56.5% (306)
Europe/ Mid East	15.3% (308)	22.4% (370)	20.2% (311)	57.9% (989)
N. America	0.9% (10)	1.5% (12)	1.7% (10)	4.1% (32)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.7% (121)	14.4% (117)	13.1% (89)	39.3% (327)
	13.2% (430)	14.7% (426)	14.1% (370)	42.0% (1226)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.1% (0)
	0.0% (1)	0.0% (1)	0.0% (1)	0.1% (3)
Total	28.1% (233)	38.1% (246)	33.9% (186)	100.0% (665)
	28.5% (739)	37.2% (797)	34.3% (682)	100.0% (2218)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures

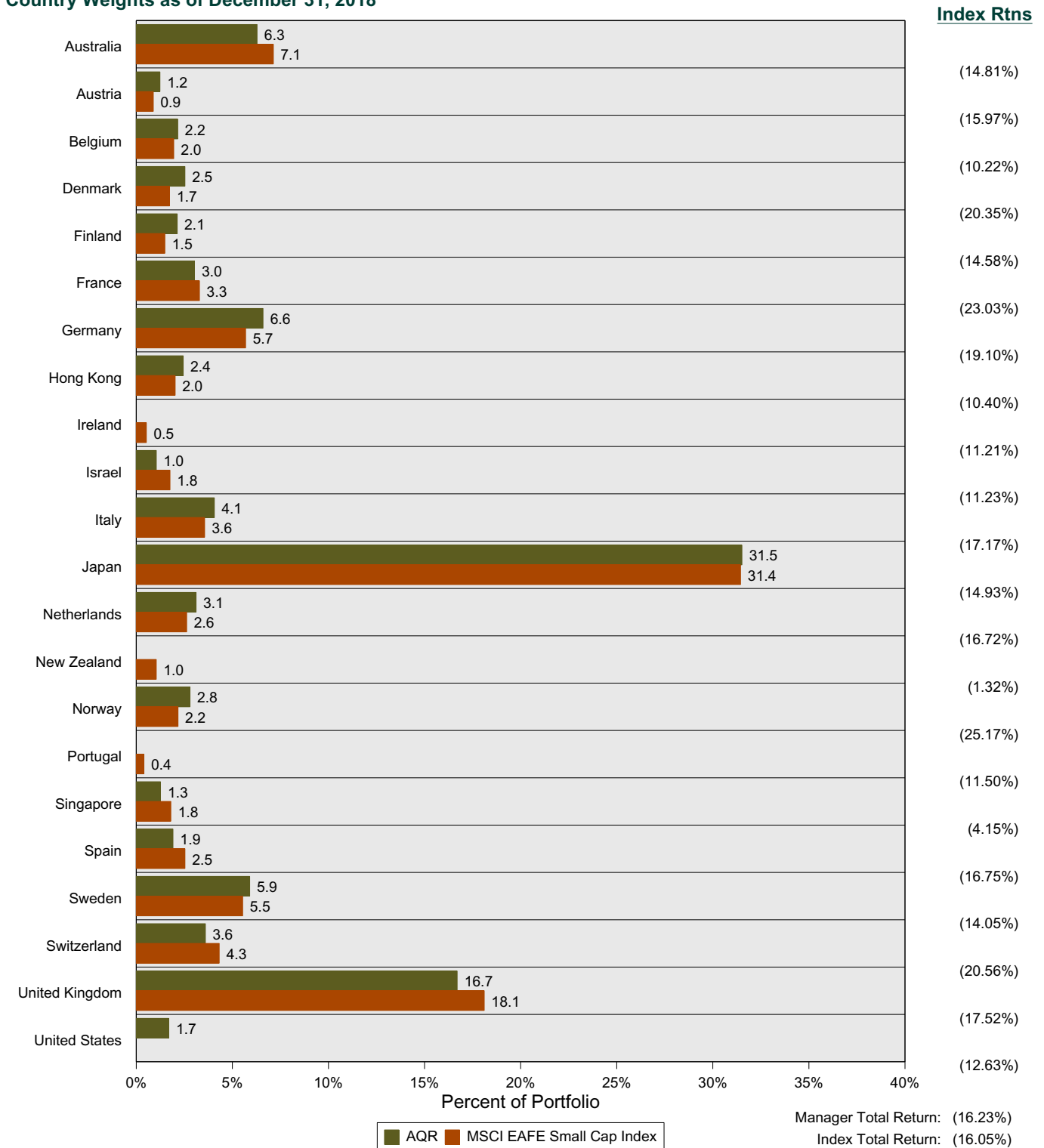


Country Allocation AQR VS MSCI EAFE Small Cap Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2018. 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, 2018



AQR Top 10 Portfolio Holdings Characteristics as of December 31, 2018

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
Swedish Orphan Biovitrum Ab Shs	Health Care	\$193,536	1.6%	(25.55)%	5.95	16.43	0.00%	148.19%
Dno Asa Shs A	Energy	\$170,638	1.4%	(29.84)%	1.57	4.39	1.59%	1.92%
Saras Raffinerie Sarde Spa Shs	Energy	\$161,465	1.4%	(9.70)%	1.84	8.44	7.10%	3.00%
Gn Great Nordic Ltd Ord	Health Care	\$134,184	1.1%	(23.52)%	5.43	20.55	0.51%	15.66%
Moneysupermarket Com Group P Shs	Consumer Discretionary	\$111,845	0.9%	(3.53)%	1.88	14.81	3.83%	6.39%
Sandfire Resources NI Shs	Materials	\$109,993	0.9%	(11.64)%	0.75	7.02	4.04%	12.40%
Electrocomponent Plc Ord	Information Technology	\$100,687	0.8%	(30.42)%	2.86	13.19	2.63%	15.68%
Whitehaven Coal Ltd Brisbane Shs	Energy	\$96,470	0.8%	(21.61)%	3.12	7.66	6.25%	(8.04)%
Ferrexpo Plc London Shs	Materials	\$95,038	0.8%	(2.39)%	1.46	4.77	2.60%	(13.53)%
Takara Bio	Health Care	\$91,939	0.8%	(15.96)%	2.81	77.44	0.18%	30.59%

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
Sanbio	Health Care	\$6,012	0.1%	124.26%	3.68	(194.02)	0.00%	-
Btg Plc Shs	Health Care	\$20,003	0.2%	46.98%	4.09	22.11	0.00%	28.02%
Gunosy	Information Technology	\$27,278	0.2%	44.95%	0.60	28.15	0.00%	51.60%
Dr Ci Labo Co Ltd Shs	Consumer Staples	\$15,059	0.1%	44.71%	2.61	42.80	0.97%	(2.64)%
Hopewell Hldgs Ltd Ord	Industrials	\$4,005	0.0%	35.14%	3.82	30.73	2.15%	27.05%
St Barbara Ltd Shs New	Materials	\$38,836	0.3%	32.41%	1.73	15.61	3.65%	(12.14)%
Sea View Hotel	Real Estate	\$6,804	0.1%	28.62%	0.47	31.12	1.47%	8.13%
Regis Resources NI Shs	Materials	\$4,946	0.0%	26.33%	1.73	14.23	3.31%	12.27%
Mobistar Shs	Communication Services	\$3,838	0.0%	25.31%	1.18	23.95	2.03%	(6.80)%
Falck Renewables S P A Shs	Utilities	\$10,132	0.1%	24.09%	0.78	17.99	2.26%	(7.38)%

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
Asian Pay Tv.Trust Unt.	Communication Services	\$4,075	0.0%	(56.58)%	0.13	13.29	51.18%	(30.08)%
Supergroup	Consumer Discretionary	\$5,777	0.0%	(55.97)%	0.49	7.25	6.67%	(9.09)%
Bw Offshore Limited Shs New	Energy	\$3,591	0.0%	(53.81)%	0.68	5.38	0.00%	(35.01)%
Premier Cons Oilfields Ltd Shs	Energy	\$2,082	0.0%	(53.07)%	0.69	2.50	0.00%	(12.16)%
Keller Group Plc Ord	Industrials	\$3,535	0.0%	(52.56)%	0.45	5.02	7.40%	2.50%
Ebara-Udylite Co Ltd Tokyo Shs	Materials	\$5,304	0.0%	(47.31)%	0.35	7.27	3.23%	38.03%
Aryzta Ag	Consumer Staples	\$8,194	0.1%	(46.35)%	1.10	8.00	0.00%	(19.38)%
Seven West Media Ltd Shs	Communication Services	\$11,422	0.1%	(45.72)%	0.58	5.30	7.27%	(0.52)%
Gam Holding	Financials	\$38,994	0.3%	(45.18)%	0.62	8.38	16.86%	(9.79)%
Biesse Spa Pesaro Az	Industrials	\$12,302	0.1%	(44.85)%	0.54	9.76	2.80%	59.92%

DFA Emerging Markets Period Ended December 31, 2018

Investment Philosophy

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

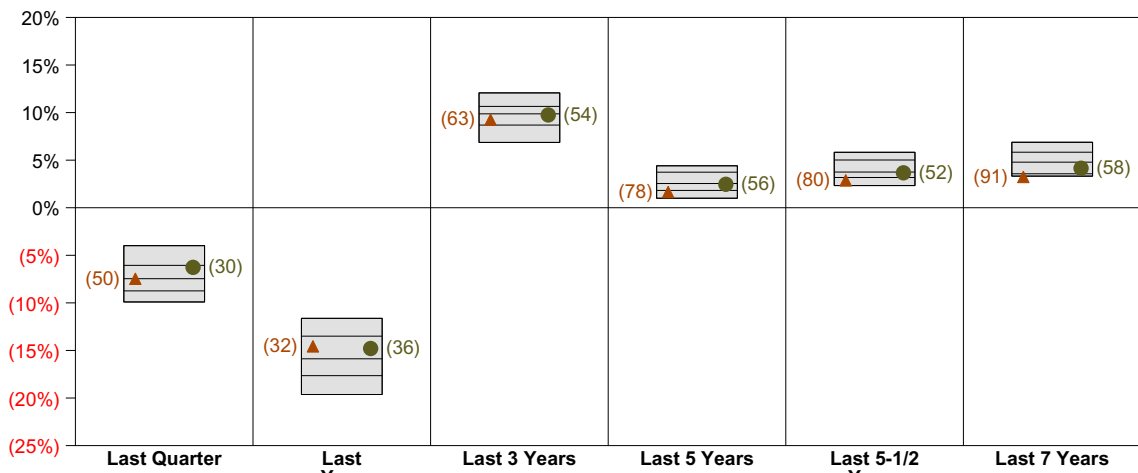
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a (6.27)% return for the quarter placing it in the 30 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 36 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 1.20% for the quarter and underperformed the MSCI Emerging Markets Index for the year by 0.23%.

Quarterly Asset Growth

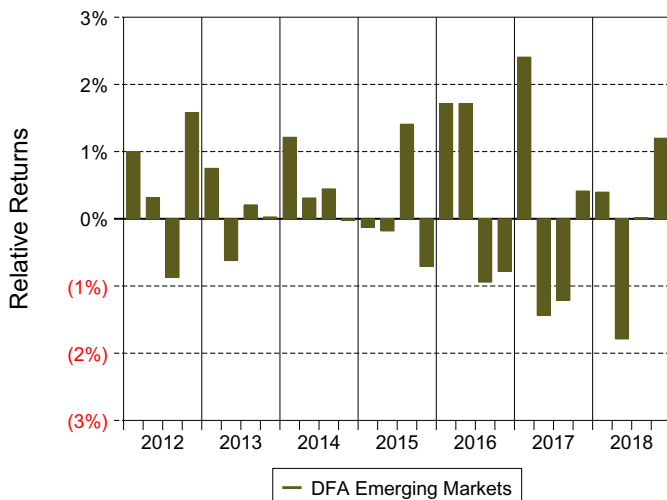
Beginning Market Value	\$16,049,953
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,025,948
Ending Market Value	\$15,024,005

Performance vs Callan Emerging Markets Equity Mut Funds (Gross)

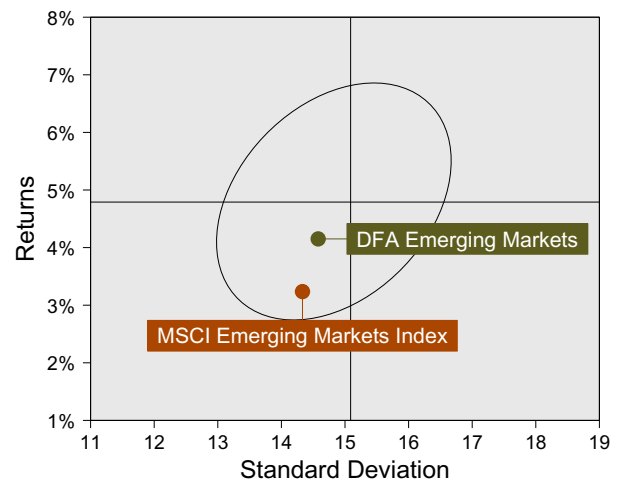


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 5-1/2 Years	Last 7 Years
10th Percentile	(3.99)	(11.62)	12.07	4.41	5.83	6.88
25th Percentile	(6.06)	(13.50)	10.65	3.73	5.02	5.84
Median	(7.46)	(15.88)	9.87	2.54	3.75	4.79
75th Percentile	(8.74)	(17.65)	8.69	1.82	3.18	3.57
90th Percentile	(9.90)	(19.63)	6.86	1.00	2.33	3.32
DFA Emerging Markets	● (6.27)	(14.80)	9.75	2.46	3.67	4.15
MSCI Emerging Markets Index	▲ (7.46)	(14.57)	9.25	1.65	2.88	3.24

Relative Returns vs MSCI Emerging Markets Index



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

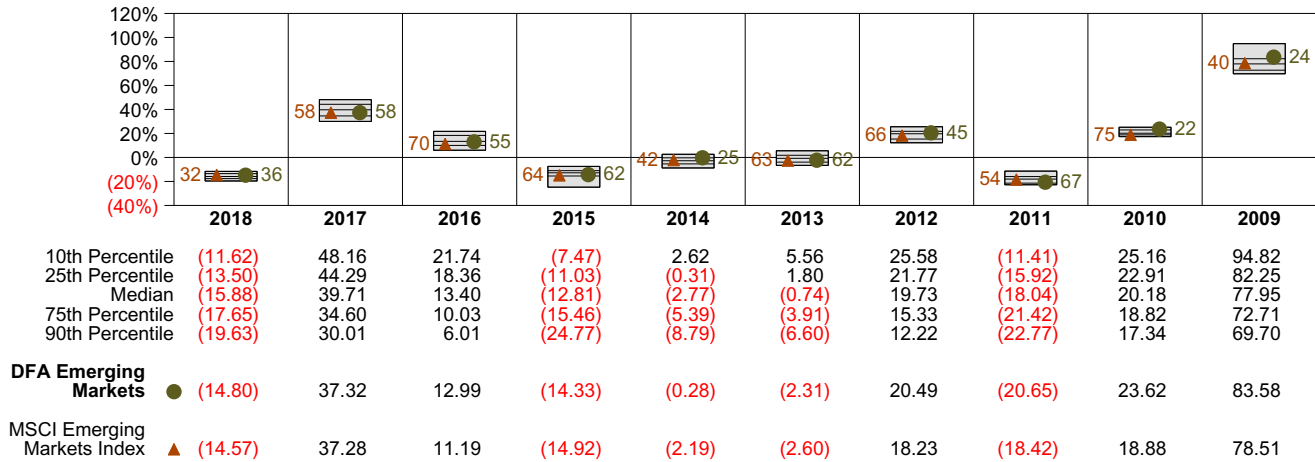


DFA Emerging Markets Return Analysis Summary

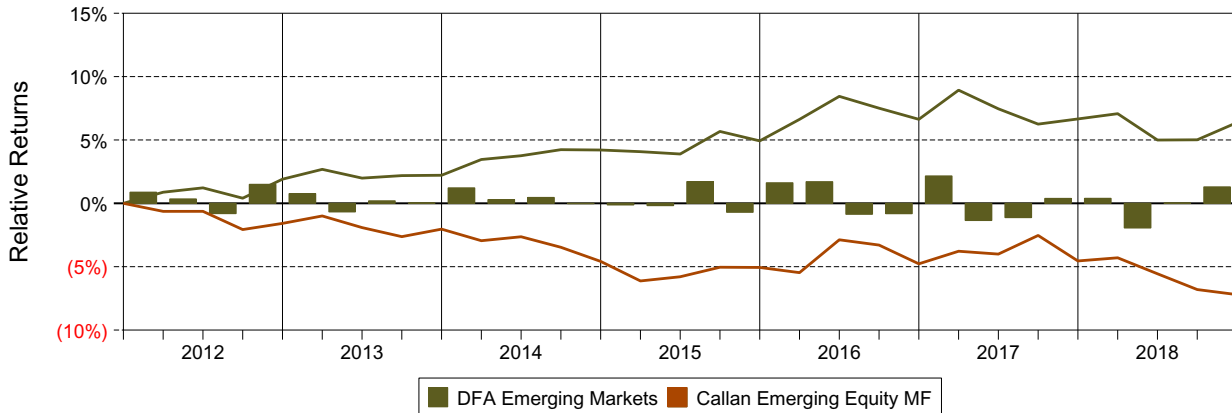
Return Analysis

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.

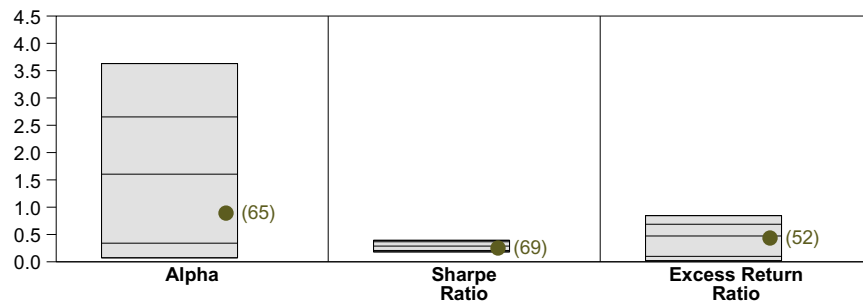
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



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, 2018

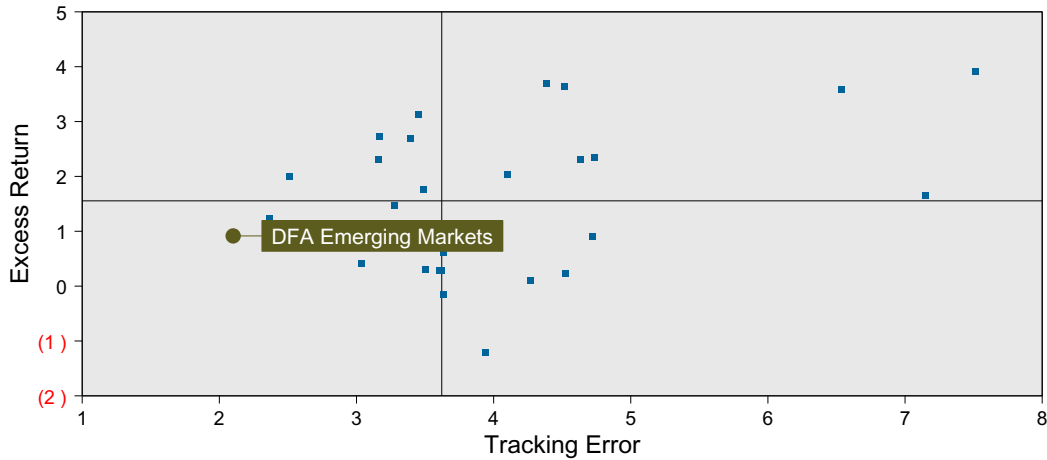


DFA Emerging Markets Risk Analysis Summary

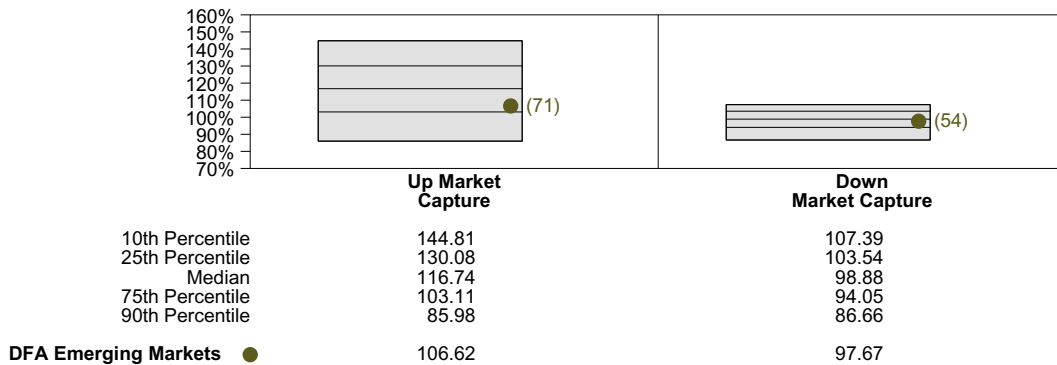
Risk Analysis

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.

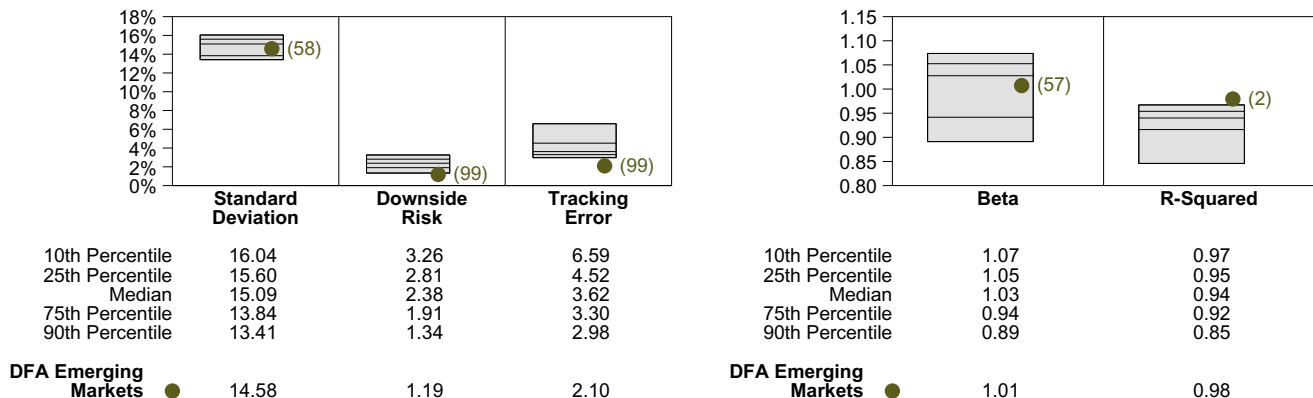
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2018



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2018



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2018

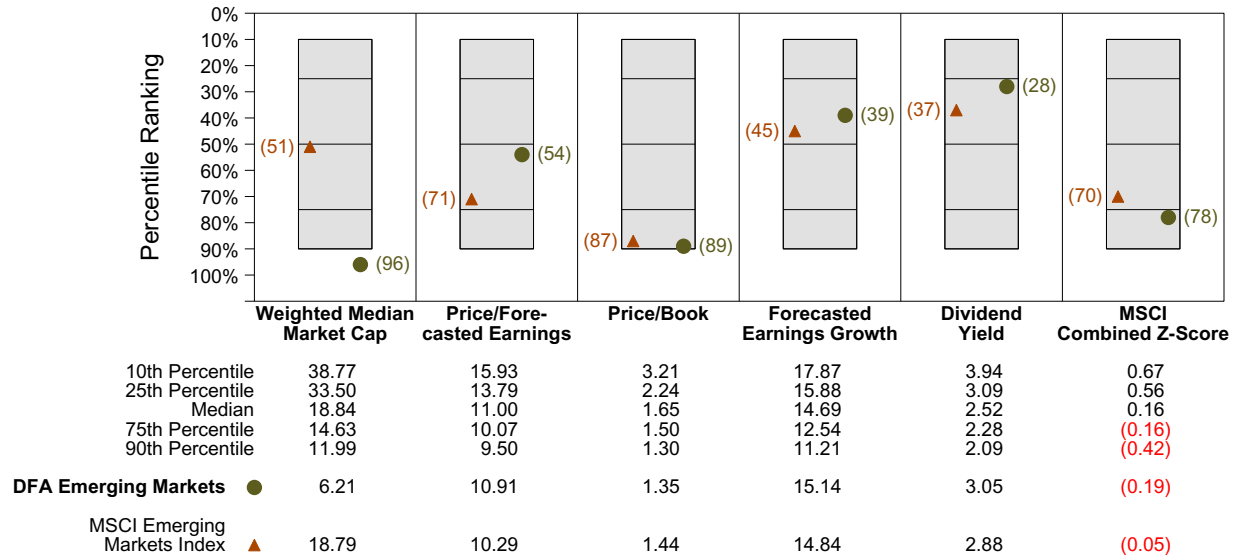


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

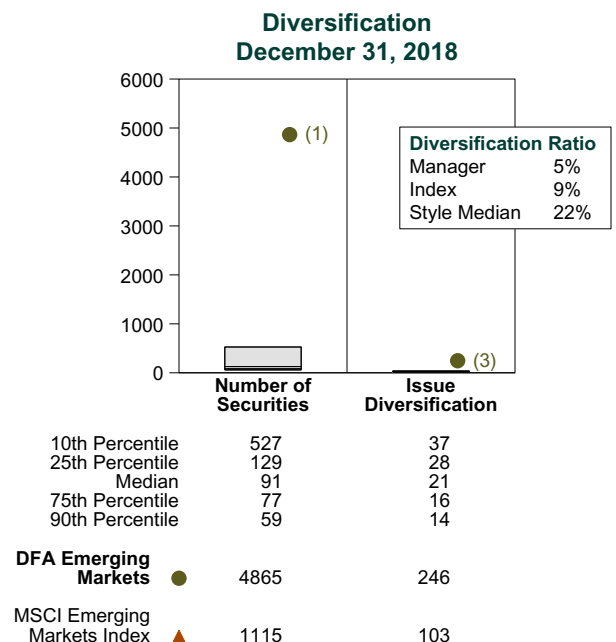
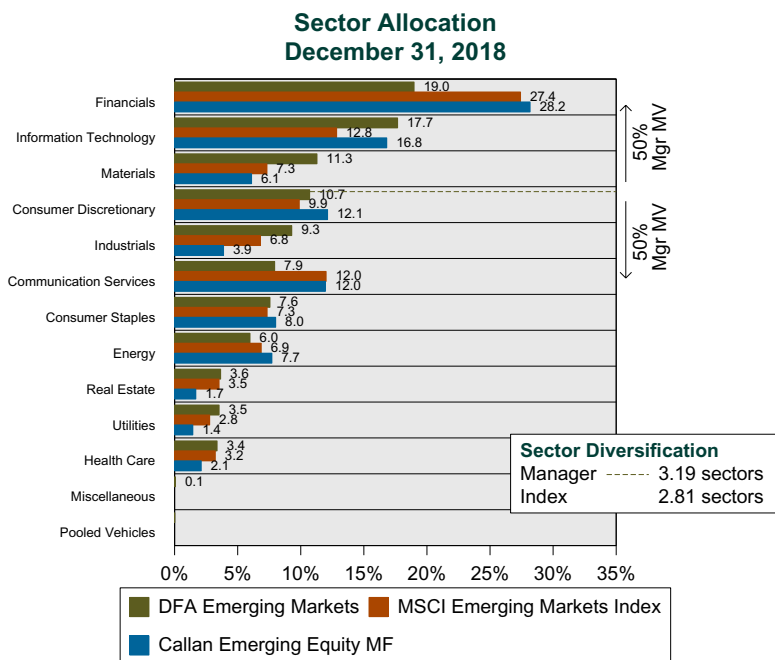
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of December 31, 2018



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.



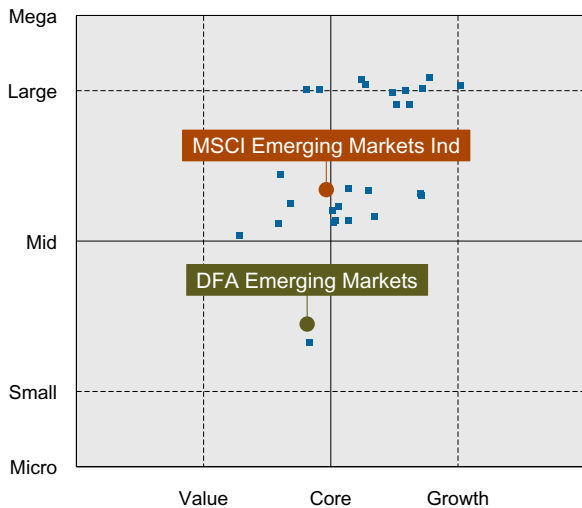
Current Holdings Based Style Analysis

DFA Emerging Markets

As of December 31, 2018

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.

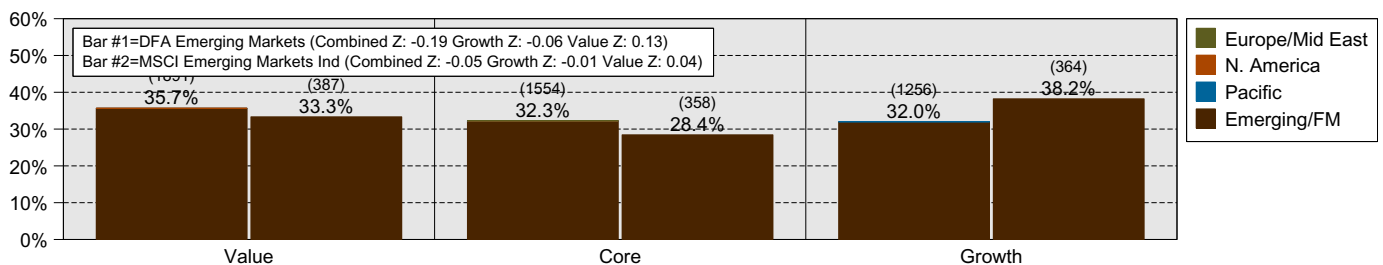
Style Map vs Callan Emerging Equity MF Holdings as of December 31, 2018



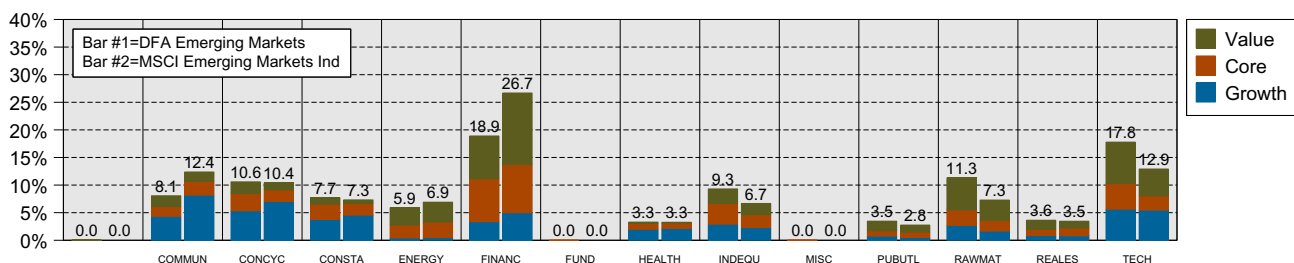
Style Exposure Matrix Holdings as of December 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
N. America	0.0% (2)	0.1% (6)	0.0% (0)	0.1% (8)
Pacific	0.0% (20)	0.0% (28)	0.1% (19)	0.2% (67)
Emerging/ FM	35.6% (1869)	32.2% (1519)	31.9% (1237)	99.7% (4625)
Total	33.3% (1891)	32.3% (1554)	32.0% (1256)	100.0% (4701)

Combined Z-Score Style Distribution Holdings as of December 31, 2018



Sector Weights Distribution Holdings as of December 31, 2018



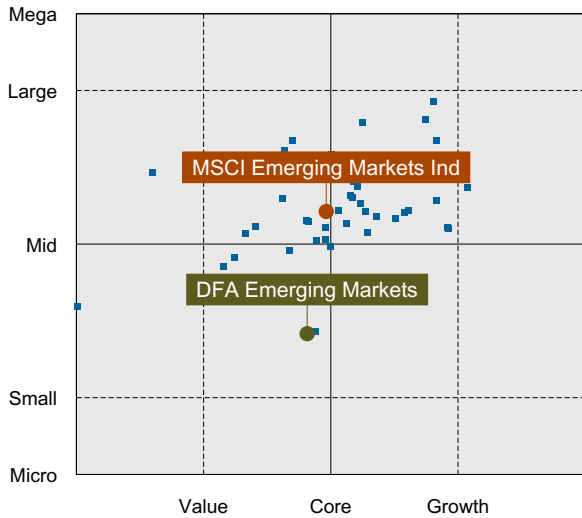
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended December 31, 2018

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.

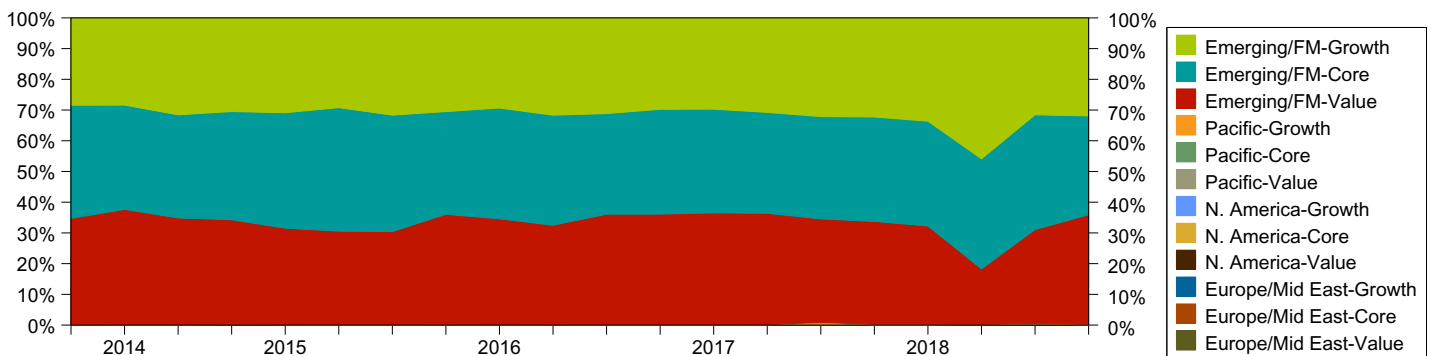
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended December 31, 2018



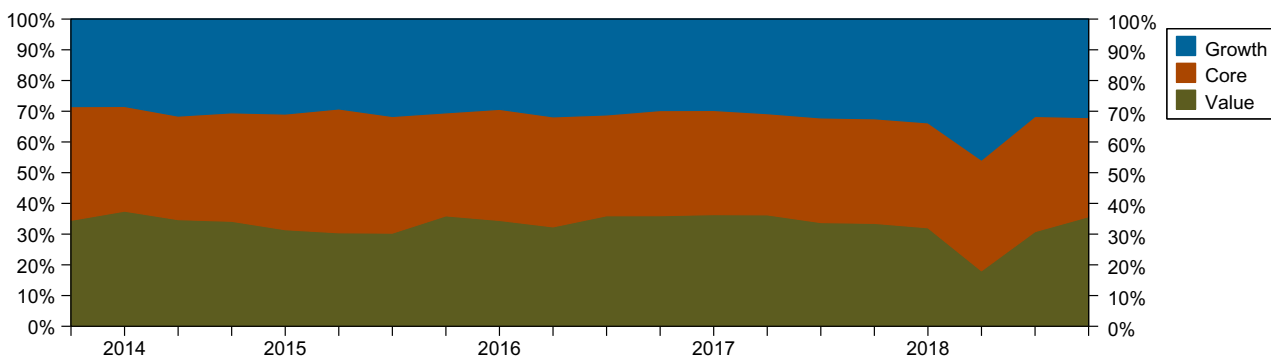
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
N. America	0.0% (1)	0.0% (3)	0.0% (1)	0.1% (5)
Pacific	0.0% (13)	0.0% (19)	0.0% (8)	0.1% (40)
Emerging/ FM	33.2% (1404)	35.0% (1399)	31.5% (886)	99.7% (3689)
Total	33.2% (1418)	35.2% (1422)	31.6% (895)	100.0% (3735)

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures

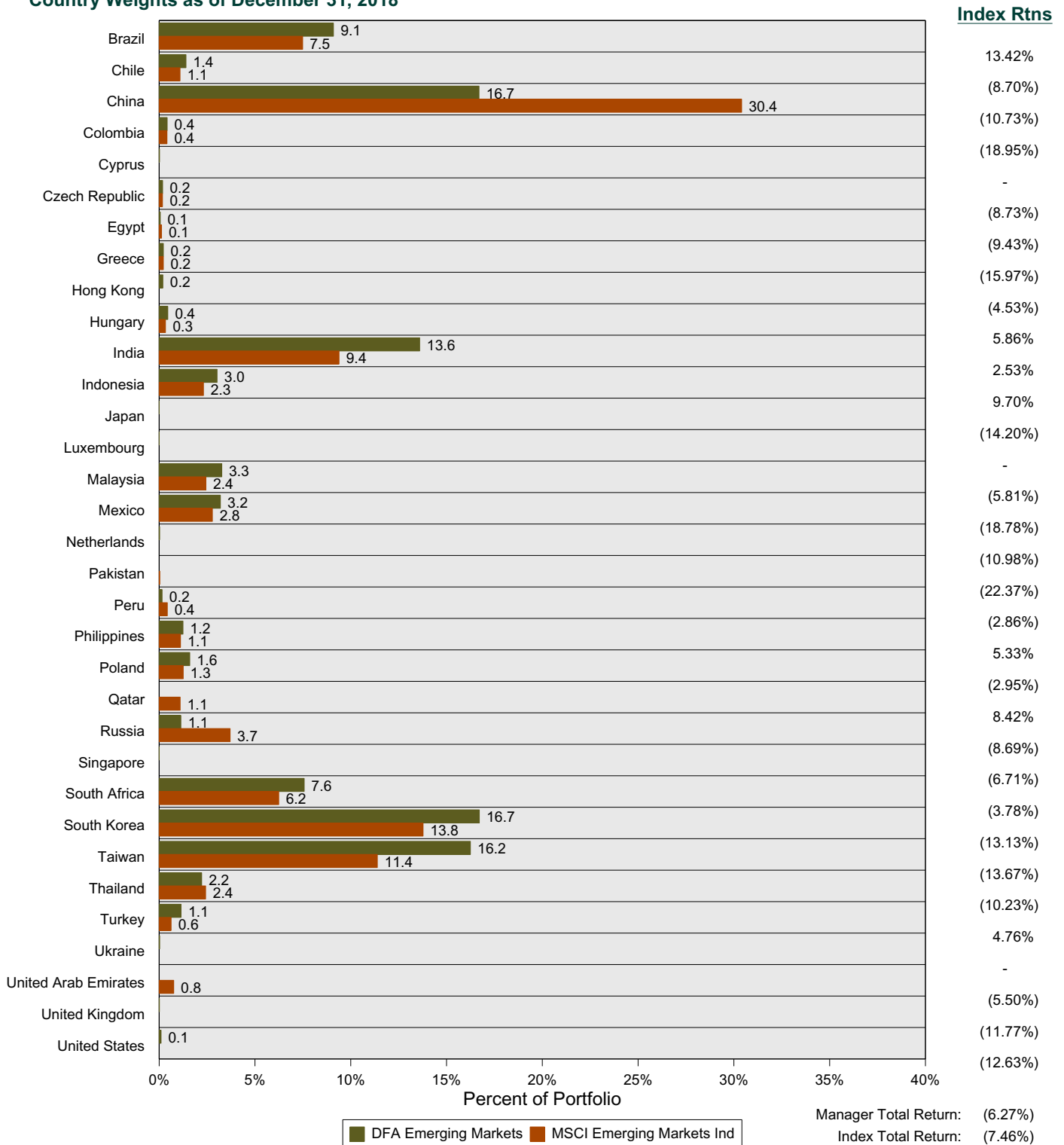


Country Allocation DFA Emerging Markets VS MSCI Emerging Markets Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2018. 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, 2018



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 31, 2018

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	\$529,050	3.5%	(16.56)%	207.05	6.53	3.86%	4.53%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$258,129	1.7%	(2.89)%	381.82	28.65	0.28%	17.91%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$236,356	1.6%	(16.42)%	190.24	15.36	3.55%	11.70%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$177,514	1.2%	(14.67)%	190.24	15.36	3.55%	11.70%
Vale Sa Shs	Materials	\$141,373	0.9%	(12.15)%	69.54	8.07	4.27%	1.20%
Alibaba Group Hldg Ltd Sponsored Ads	Consumer Discretionary	\$122,979	0.8%	(16.81)%	355.31	21.58	0.00%	23.90%
China Construction Bank Shs H	Financials	\$110,850	0.7%	(5.62)%	198.37	5.09	5.63%	4.53%
Sk Hynix Inc Shs	Information Technology	\$101,767	0.7%	(33.33)%	39.47	3.51	1.65%	9.51%
Ping An Insurance H	Financials	\$93,045	0.6%	(13.07)%	65.78	8.79	2.69%	15.37%
Itau Unibanco Holding Sa Pfd Shs	Financials	\$92,811	0.6%	24.50%	44.39	11.76	5.97%	9.30%

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
Gol Linhas Aereas Inteligentes Sa Sp	Industrials	\$2,581	0.0%	148.17%	1.38	19.36	0.00%	33.59%
Mills On Nm	Industrials	\$801	0.0%	139.81%	0.19	(6.15)	8.80%	-
Cia Energetica De Minas Gera Shs	Utilities	\$2,255	0.0%	138.81%	1.89	38.42	1.03%	(36.84)%
Is Fin Kir	Financials	\$218	0.0%	137.65%	0.61	28.06	0.00%	4.44%
Gol Pn	Industrials	\$1,175	0.0%	134.12%	1.73	41.27	0.00%	29.10%
Namsun Alum.	Materials	\$1,479	0.0%	133.33%	0.28	36.81	0.00%	1.18%
Adani Power	Utilities	\$4,831	0.0%	121.21%	2.81	(18.72)	0.00%	-
Bo Hae Brewery	Consumer Staples	\$821	0.0%	111.76%	0.16	(8.76)	0.00%	-
Companhia Energetica De Mina Sp Adr	Utilities	\$2,240	0.0%	110.39%	3.47	10.06	3.95%	3.10%
Fdg Elec Vehs Ltd Shs Board Lot Ne	Consumer Discretionary	\$37	0.0%	108.33%	0.17	(0.46)	0.00%	(24.36)%

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
Ashapura Intimates Fash	Unknown	\$7	0.0%	(92.61)%	0.01	0.77	5.14%	32.91%
Group Five	Industrials	\$6	0.0%	(78.32)%	0.00	0.16	0.00%	(2.97)%
Green Energy Technology	Information Technology	\$151	0.0%	(77.50)%	0.04	(1.05)	0.00%	(13.72)%
Link Motion Inc Sponsrd Ads Cl A	Information Technology	\$19	0.0%	(76.67)%	0.01	-	0.00%	(23.90)%
Bumi Armada Berhad	Energy	\$679	0.0%	(70.73)%	0.22	2.92	5.29%	(7.36)%
Pharmally International Hldg.Co.	Health Care	\$536	0.0%	(67.38)%	0.39	7.67	5.26%	(8.41)%
Youngwoo Dsp	Information Technology	\$42	0.0%	(66.67)%	0.02	(1.06)	0.00%	-
Baron Electronics	Information Technology	\$145	0.0%	(66.67)%	0.02	(2.30)	0.00%	-
Sumatec Resources Bhd.	Energy	\$6	0.0%	(66.23)%	0.01	-	0.00%	-
Ct Environmental Group	Utilities	\$426	0.0%	(65.40)%	0.25	2.50	6.06%	18.88%

Metropolitan West Period Ended December 31, 2018

Investment Philosophy

Metropolitan West Asset Management (MWAM) attempts to add value by limiting duration, managing the yield curve, rotating among bond market sectors and using proprietary quantitative valuation techniques.

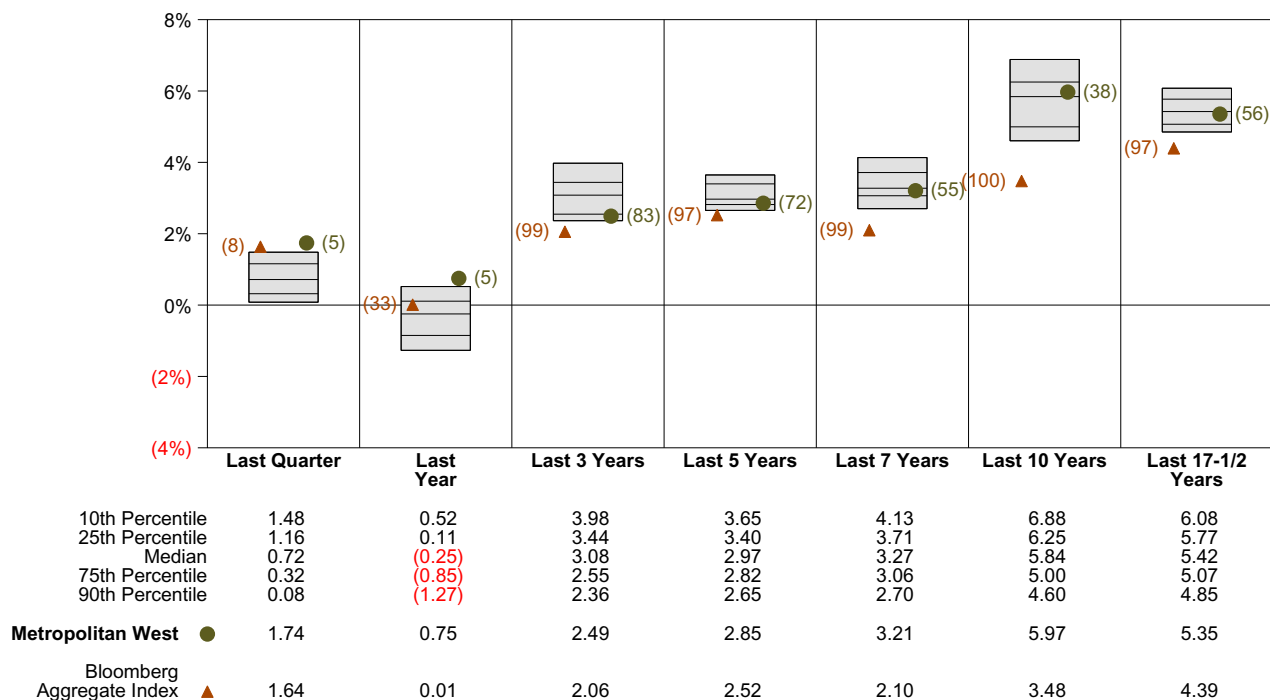
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 1.74% return for the quarter placing it in the 5 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 5 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.11% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.74%.

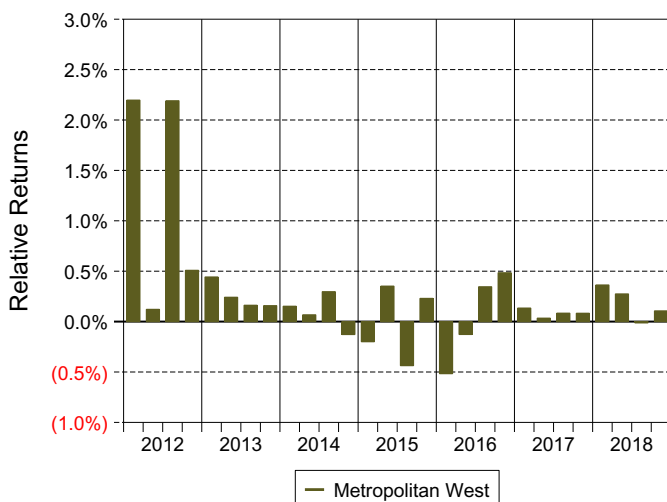
Quarterly Asset Growth

Beginning Market Value	\$100,636,113
Net New Investment	\$-484,300
Investment Gains/(Losses)	\$1,743,924
Ending Market Value	\$101,895,736

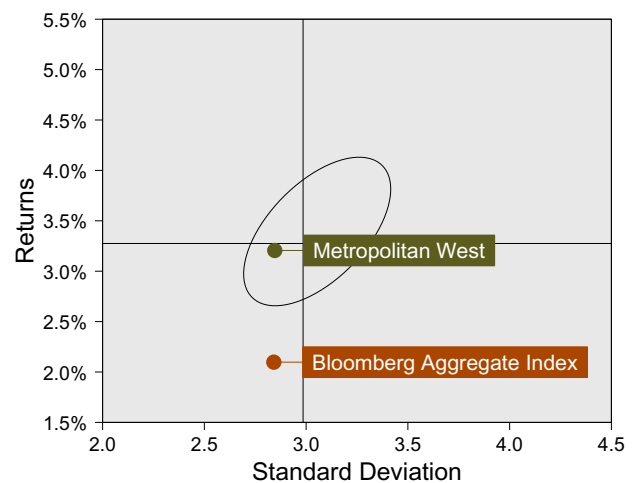
Performance vs Callan Core Plus Fixed Income (Gross)



Relative Returns vs Bloomberg Aggregate Index



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

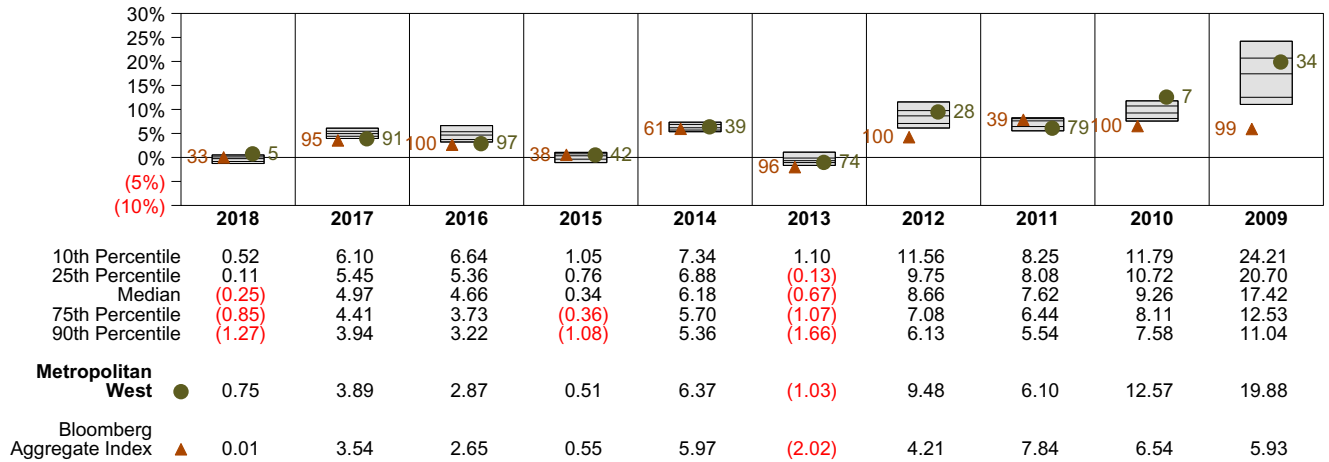


Metropolitan West Return Analysis Summary

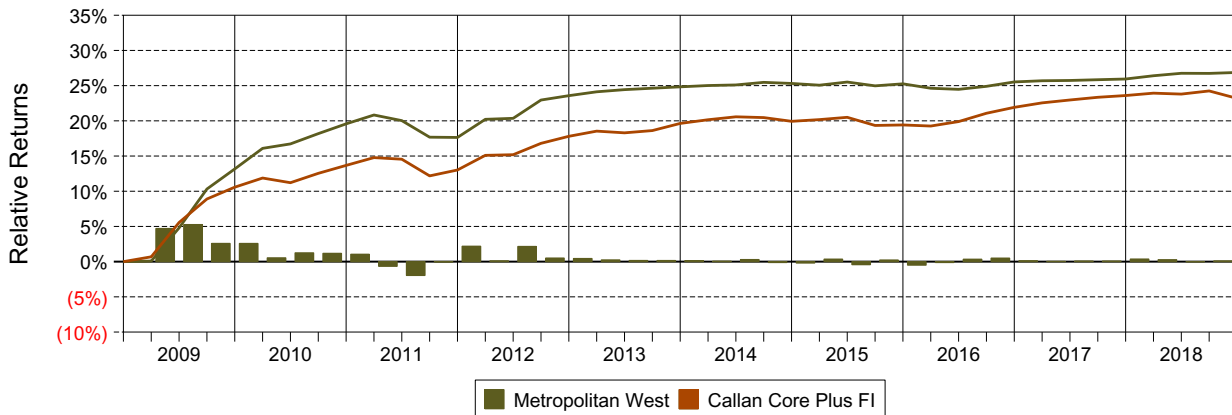
Return Analysis

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.

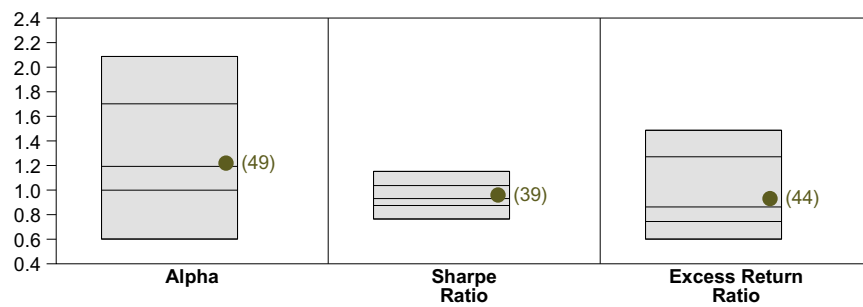
Performance vs Callan Core Plus Fixed Income (Gross)



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, 2018



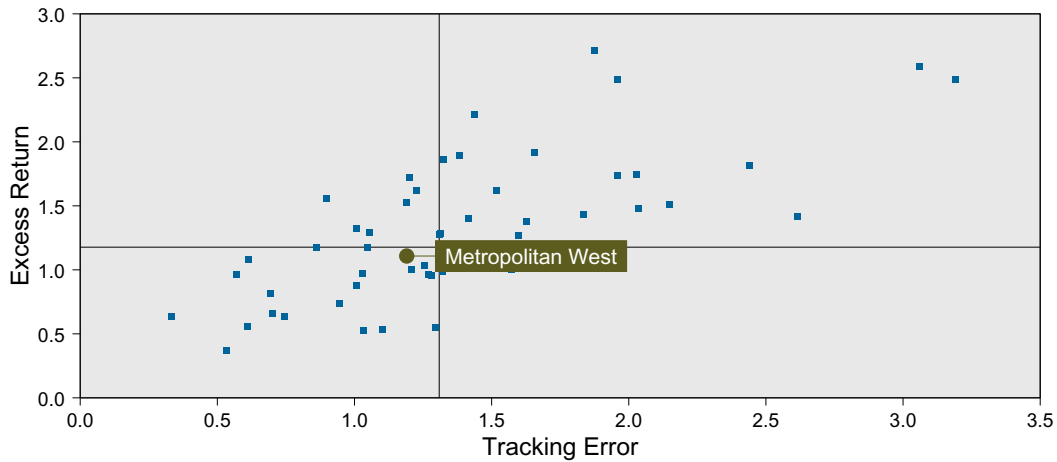
10th Percentile	2.09	1.15	1.49
25th Percentile	1.70	1.04	1.27
Median	1.19	0.93	0.86
75th Percentile	1.00	0.87	0.74
90th Percentile	0.60	0.76	0.60
Metropolitan West	1.22	0.96	0.93

Metropolitan West Risk Analysis Summary

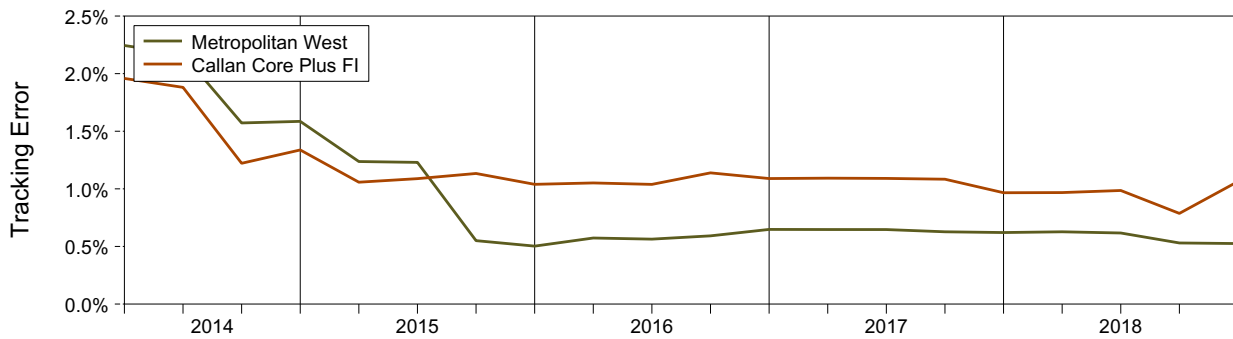
Risk Analysis

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.

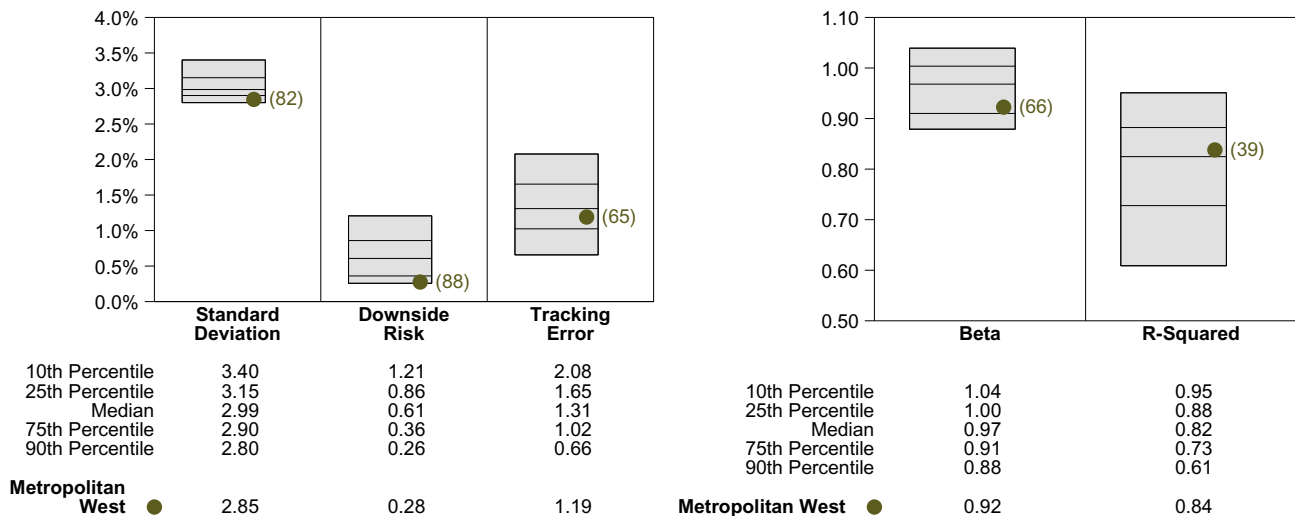
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2018



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, 2018

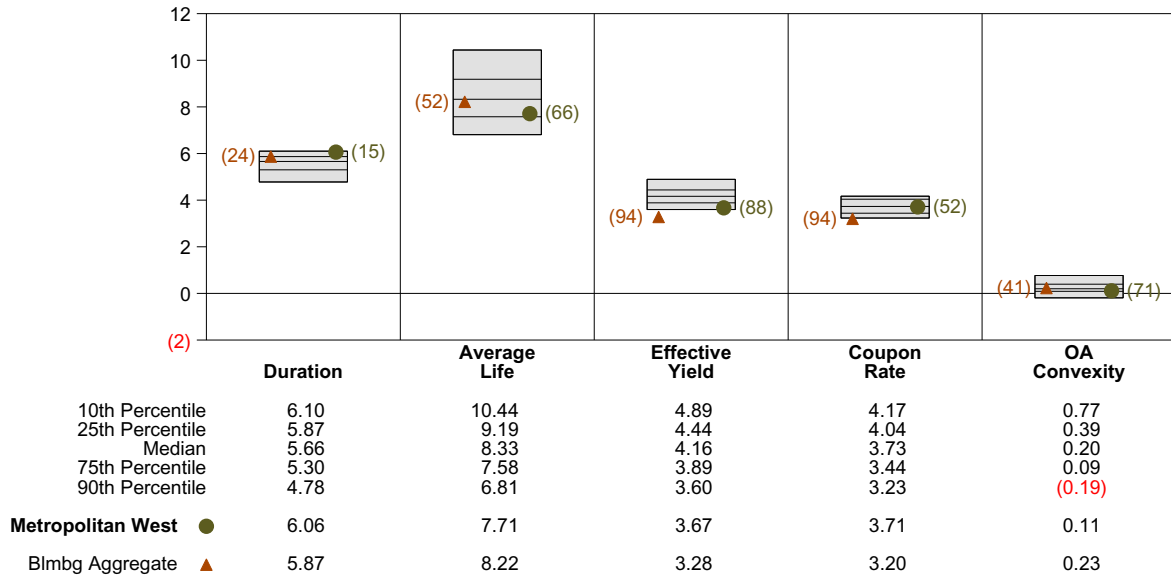


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

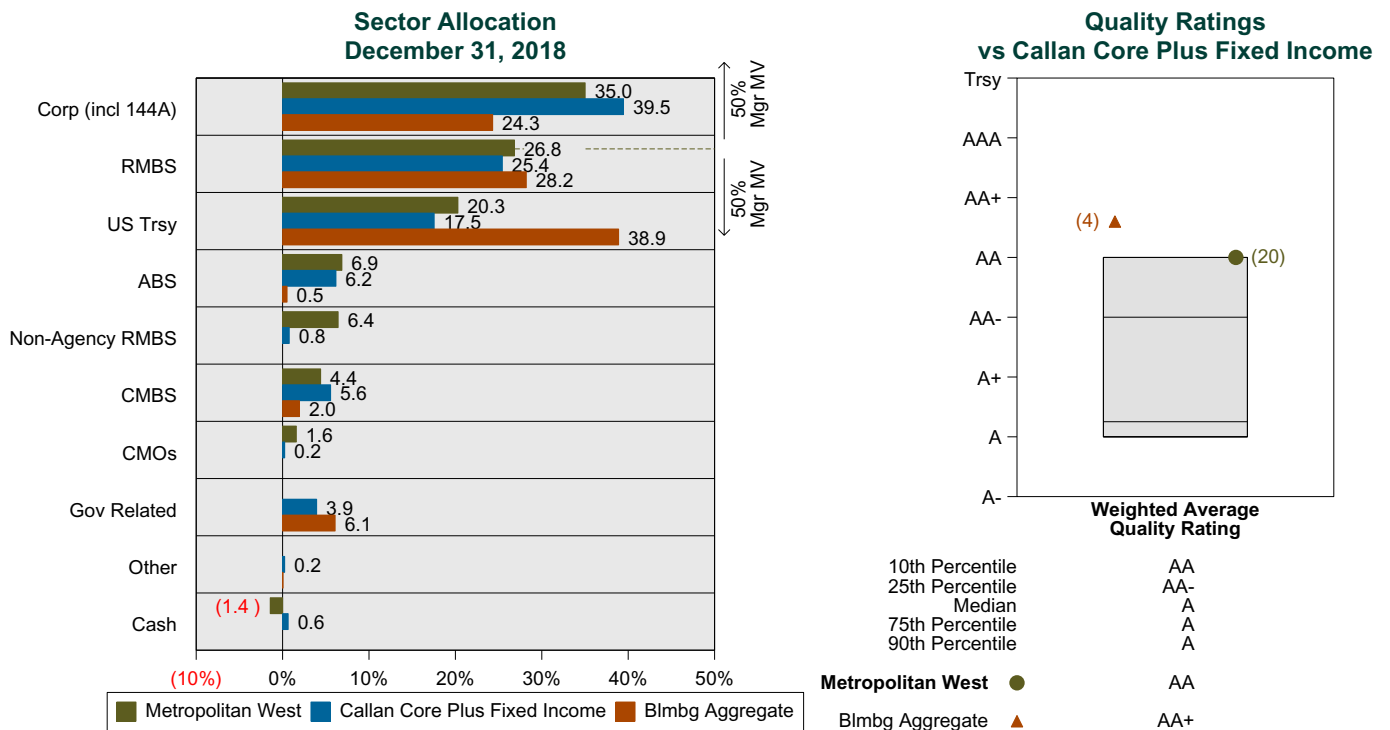
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of December 31, 2018



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.

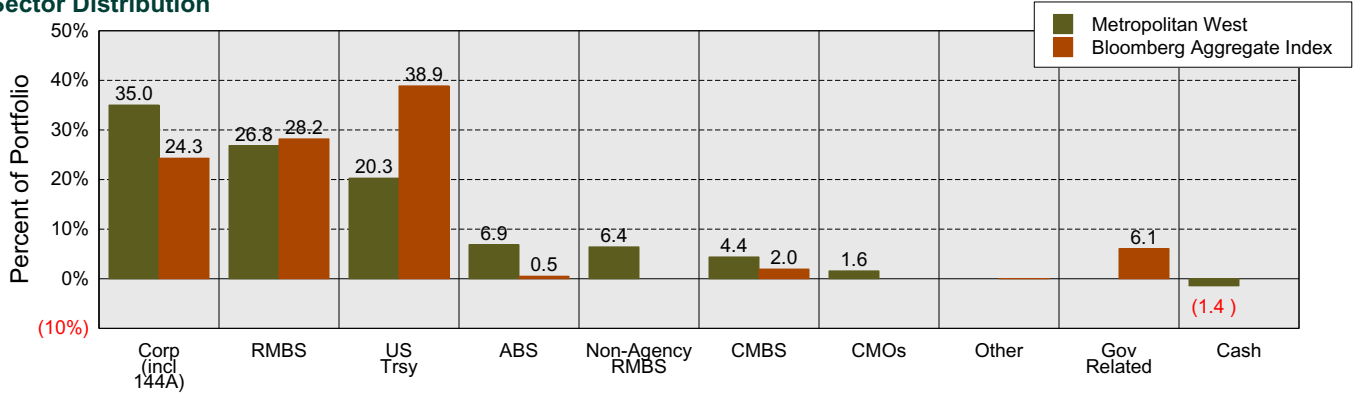


Metropolitan West Portfolio Characteristics Summary As of December 31, 2018

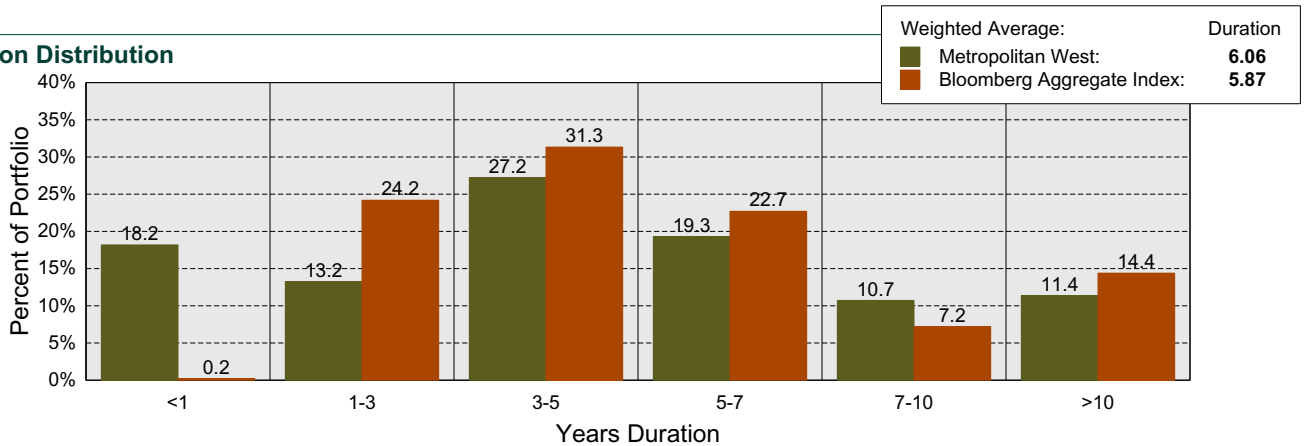
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

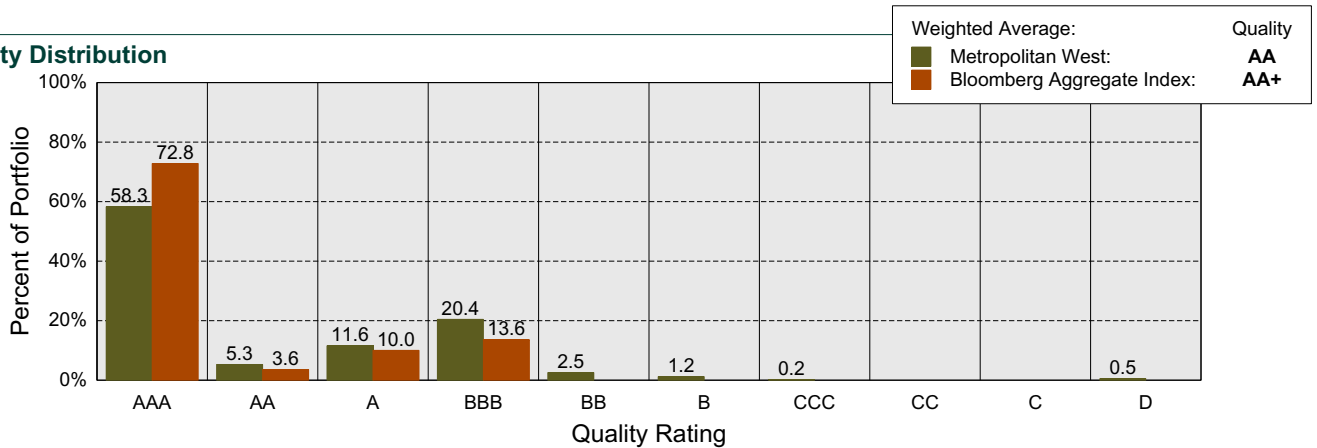
Sector Distribution



Duration Distribution



Quality Distribution



Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

Downside Risk stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Excess Return Ratio is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Risk/Reward Statistics

Rising 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.

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Research and Educational Programs

The Callan Institute provides research 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 Corry Walsh at 312.346.3536 / institute@callan.com.

New Research from Callan’s Experts

Puttin’ on the Risk | For hedge funds, other multi-asset managers, and fund-of-funds, managing investor expectations is just as important as managing returns. That’s why Callan believes standardized risk reporting is an important tool to help managers, especially those with complex strategies, communicate better with their investors and thereby avoid misunderstandings. In this quarter’s *Hedge Fund Monitor*, Callan’s Jim McKee describes and discusses a standardized risk template called Open Protocol, which can help managers explain their strategies to investors.



Reflecting on 30 Years at Callan | Greg Allen, Callan’s chief executive officer and chief research officer, was interviewed by Executive Vice President Millie Viqueira, head of Callan’s Fund Sponsor Consulting Group, to mark Greg’s 30th anniversary with the firm. They discussed his start at Callan, what has changed in the industry and how he has changed over the last 30 years, his passion for research and education, and his thoughts on maintaining Callan’s distinctive culture and on ensuring the firm continues to be an attractive place to work.

2018 Nuclear Decommissioning Funding Study | Callan’s annual Nuclear Decommissioning Funding Study offers key insights into the status of nuclear decommissioning funding in the U.S. to make peer comparisons more accurate and relevant. The 2017 study covers 27 investor-owned and 26 public power utilities (excluding public power owners with small shares) with an ownership interest in the 99 operating nuclear reactors and 10 of the non-operating reactors in the U.S.



Considering Currency Hedging: 10 Charts to Think About | In considering equity currency hedging, institutional investors should consider context and rely upon a documented currency policy to guide decisions.

Workshop Summary | Callan’s 2018 October Regional Workshop, “Looking Beyond the Valley: Disciplined Risk Mitigation for the Long Term,” focused on how investors should consider their options for managing risk—or profiting from it. Among the questions it addressed: Are modern portfolios insufficiently diversified to truly manage and mitigate risk? What tools and strategies should investors be considering, and how do we measure effectiveness and cost? This paper summarizes the workshop.

Quarterly Periodicals

Private Equity Trends | Quarterly newsletter on private equity activity, covering both the fundraising cycle (investments to exits) and performance over time.

Market Pulse Flipbook | A quarterly market reference guide covering trends in the U.S. economy, developments for fund sponsors, and the latest data for U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution plans.

Active vs. Passive Charts | This series of charts compares active managers alongside relevant benchmarks over the long term.

Capital Market Review | Provides analysis and a broad overview of the economy and public and private market activity each quarter across a wide range of asset classes.

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 2019 Regional Workshop dates are set! Please mark your calendar and look forward to upcoming invitations.

June Regional Workshops:

June 4, 2019 – Atlanta

June 5, 2019 – San Francisco

October Regional Workshops:

October 22, 2019 – Denver

October 24, 2019 – Chicago

Please also keep your eye out for upcoming Webinars in 2019! We will be sending invitations for these and also will have registration links on our website at www.callan.com/events.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

Education: By the Numbers

525 Attendees (on average) of the Institute's annual National Conference

3,700 Total attendees of the "Callan College" since 1994

50+ Unique pieces of research the Institute generates each year

1980 Year the Callan Institute was founded

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, April 16-17, 2019

San Francisco, July 16-17, 2019

Chicago, October 22-23, 2019

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



"Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialog to raise the bar across the industry."

Greg Allen, Chief Executive Officer and Chief Research Officer

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 a complimentary basis (e.g. attending and 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
Acadian Asset Management LLC
ACR – Alpine Capital Research
AEGON USA Investment Management
Aether Investment Partners
AEW Capital Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
Altrinsic Global Advisors, LLC
American Century Investments
Amundi Pioneer Asset Management
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management
Artisan Partners Limited Partnership
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford International, LLC
Baird Advisors
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
Bentall Kennedy (U.S.) Limited Partnership
BlackRock
BMO Global Asset Management
BNP Paribas Asset Management
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC

Manager Name
Bridgeway Capital Management, Inc.
BrightSphere Investment Group (FKA Old Mutual Asset)
Brown Brothers Harriman & Company
Cambiar Investors, LLC
Capital Group
Carillon Tower Advisers
CastleArk Management, LLC
Causeway Capital Management
Chartwell Investment Partners
Christian Brothers Investment Services
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Columbus Circle Investors
Credit Suisse Asset Management
DePrince, Race & Zollo, Inc.
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Management Co.
DWS (Formerly Deutsche Asset Management)
EAM Investors, LLC
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Fred Alger Management, Inc.

Manager Name
Fulcrum Asset Management LLP
Galliard Capital Management
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GMO LLC
Goldman Sachs Asset Management
Green Square Capital LLC
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
IFM Investors
Income Research + Management, Inc.
Insight Investment Management Limited
Intech Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
J O Hambro Capital Management Limited
J.P. Morgan
Janus
Jennison Associates LLC
Jensen Investment Management
Jobs Peak Advisors
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 (MIM)
Manulife Asset Management
Marathon Asset Management, L.P.
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.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
O'Shaughnessy Asset Management, LLC
P/E Investments

Manager Name
PFM Asset Management LLC
PGIM
PGIM Fixed Income
Pacific Investment Management Company
Pathway Capital Management
Peregrine Capital Management, Inc.
Perkins Investment Management
PineBridge Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA
RBC Global Asset Management
Regions Financial Corporation
Riverbridge Partners LLC
Robeco Institutional Asset Management, US Inc.
Rockefeller Capital Management
Rothschild Asset Management Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Securian Asset Management
Shenkman Capital Management, Inc.
Silvercrest Asset Management Group
Smith Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
South Texas Money Management, Ltd.
Standard Life Investments Limited
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Sun Life Investment Management
T. Rowe Price Associates, Inc.
The Boston Company Asset Management, LLC
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
VanEck
Velanne Asset Management Ltd.
Versus Capital Group
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya
Wasatch Advisors, Inc.
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Fargo Asset Management
Western Asset Management Company LLC
Westfield Capital Management Company, LP
William Blair & Company LLC
Windhaven Investment Management
WisdomTree Asset Management



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 12/28/2018

Securities + Cash	22,031,025.17	Base Currency	USD	Net Assets	22,041,489
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)			22,031,025.17 Value	Pass
<u>Asset Type</u>					
3	International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (143658)	Maximum	5.00%	0.00 %	Pass
4	Investments in commodities are prohibited (143655)	Maximum	0.00%	0.00 %	Pass
5	Margin Securities are prohibited. (143651)	Maximum	0.00%	0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (143652)	Maximum	5.00%	0.04 %	Pass
7	The Fund may not enter into short sales. (143654)	Maximum	0.00%	0.00 %	Pass
8	The Fund may not hold any Options. (143657)	Maximum	0.00%	0.00 %	Pass
9	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659)	Maximum	5.00%	0.04 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	3.60 %	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%	9.82 %	Pass
13	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass
<u>Issuer</u>					
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	3.03 %	Pass

A5XD SACRT - METWEST
Production Date: 12/28/2018

Securities + Cash	105,669,364.66	Base Currency	USD	Net Assets	101,662,009
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)			105,669,364.66 Value	Pass
<u>Asset Type</u>					
3	A5XD: Flag all prohibited security types (143665)	Maximum	0.00%	0.00 %	Pass
4	Asset-Backed Commercial Paper - Minimum Quality of A2/P2 (157603)	Maximum	0	0 Num Bkts	Pass
<u>Credit Quality</u>					
5	Minimum Quality must be at lest 80% Baa or above (157604)	Minimum	80.00%	92.84 %	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	22.16 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 BOSTON PARTNERS

Production Date: 12/28/2018

Securities + Cash	40,821,553.06	Base Currency	USD	Net Assets	40,694,895
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)			40,821,553.06 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%	0.60 %	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%	2.30 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	12.12 %	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%	3.80 %	Pass

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT BOSTON PARTNERS
Production Date: 12/28/2018

Securities + Cash	40,821,553.06	Base Currency	USD	Net Assets	40,694,895
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
29	03/20/19	Retirement	Information	02/07/19

Subject: Educational Session on Real Estate Investments Presented by Callan LLC (All). (Adelman)

ISSUE

Educational Session on Real Estate Investments Presented by Callan LLC (All). (Adelman)

RECOMMENDED ACTION

Information only.

FISCAL IMPACT

None.

DISCUSSION

At the June 20, 2018 Quarterly Retirement Board meeting Callan LLC (Callan) presented the annual Asset Allocation Review required under the Retirement Plans' Investment Policy. As part of the presentation, Callan discussed asset classes that are not currently part of the Retirement Plans' portfolio, including hedge funds, private equity, and real estate. The Retirement Boards expressed an interest in receiving additional information about those asset classes and requested that Callan provide an educational presentation to the Boards.

Callan is providing three educational sessions. Each session focuses on a specific asset class and will describe the potential risks and returns, liquidity features, and diversification roles in a pension plan's investment portfolio. During the first training, at the September 12, 2018 Quarterly Retirement Board meeting, Callan focused on hedge funds and multi-asset class investments. During the second training, at the December 12, 2018 Quarterly Retirement Board meeting, Callan focused on private equity investments. This third training will focus on Real Estate Investments.

Attachment 1 is the educational materials, provided by Callan, for real estate investments.

Approved:

Presented:

Final 03/11/19

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\FI IPs\03-20-19 Educational Session - Real Estate.docx

Callan

March 20, 2019



**Sacramento Regional Transit
District**

Private Real Estate Overview

Jonathan Gould, CAIA

Real Assets Consulting

Anne Heaphy

Fund Sponsor Consulting

Uvan Tseng, CFA

Fund Sponsor Consulting

Institutional Real Estate: The Four Quadrants

	Privately Traded	Publicly Traded
Equity	<p>Equity Ownership in Commercial Real Estate</p> <p>Includes: Office, Industrial, Retail, Multifamily, Hotel, and Other Specialty Property Types</p>	<p>Real Estate Securities</p> <p>Includes: Real Estate Investment Trusts (REITs), Real Estate Operating Companies, and Real Estate Development Companies</p>
Debt	<p>Mortgage Loans</p> <p>Includes: Senior Mortgages, Mezzanine Debt, Among Others</p>	<p>Mortgage-Backed Securities</p> <p>Includes: CMBS and CDOs (Typically Held in Bond Portfolios)</p>

Pros & Cons of Investing in Private Real Estate

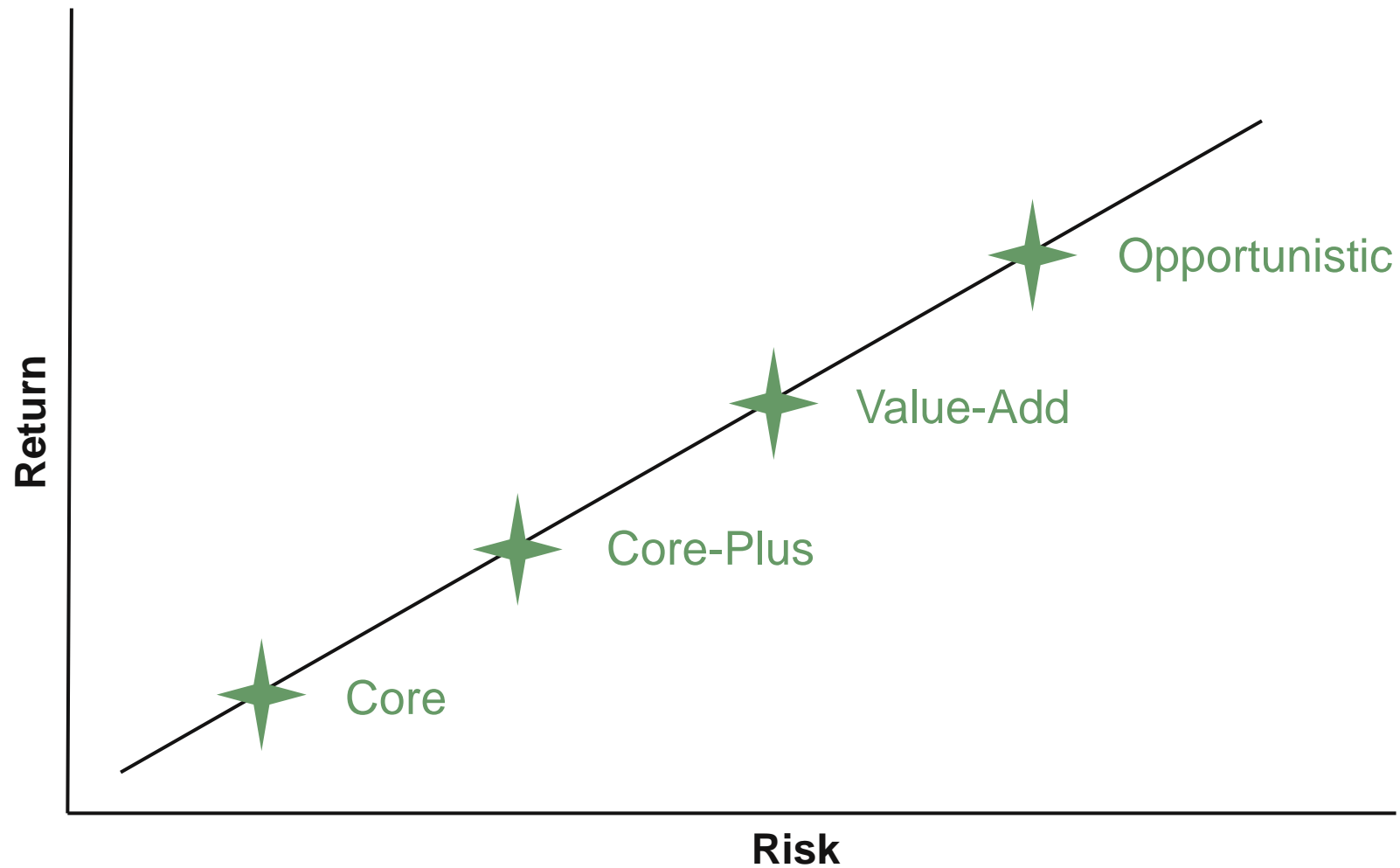
Benefits

- Competitive Returns
- Diversification Benefits when Added to Portfolios of Stocks and Bonds
- Low Correlations with Stocks and Bonds
- Strong Income Component
- Inflation Protection Characteristics
- Inefficiency Creates Return Opportunities

Considerations

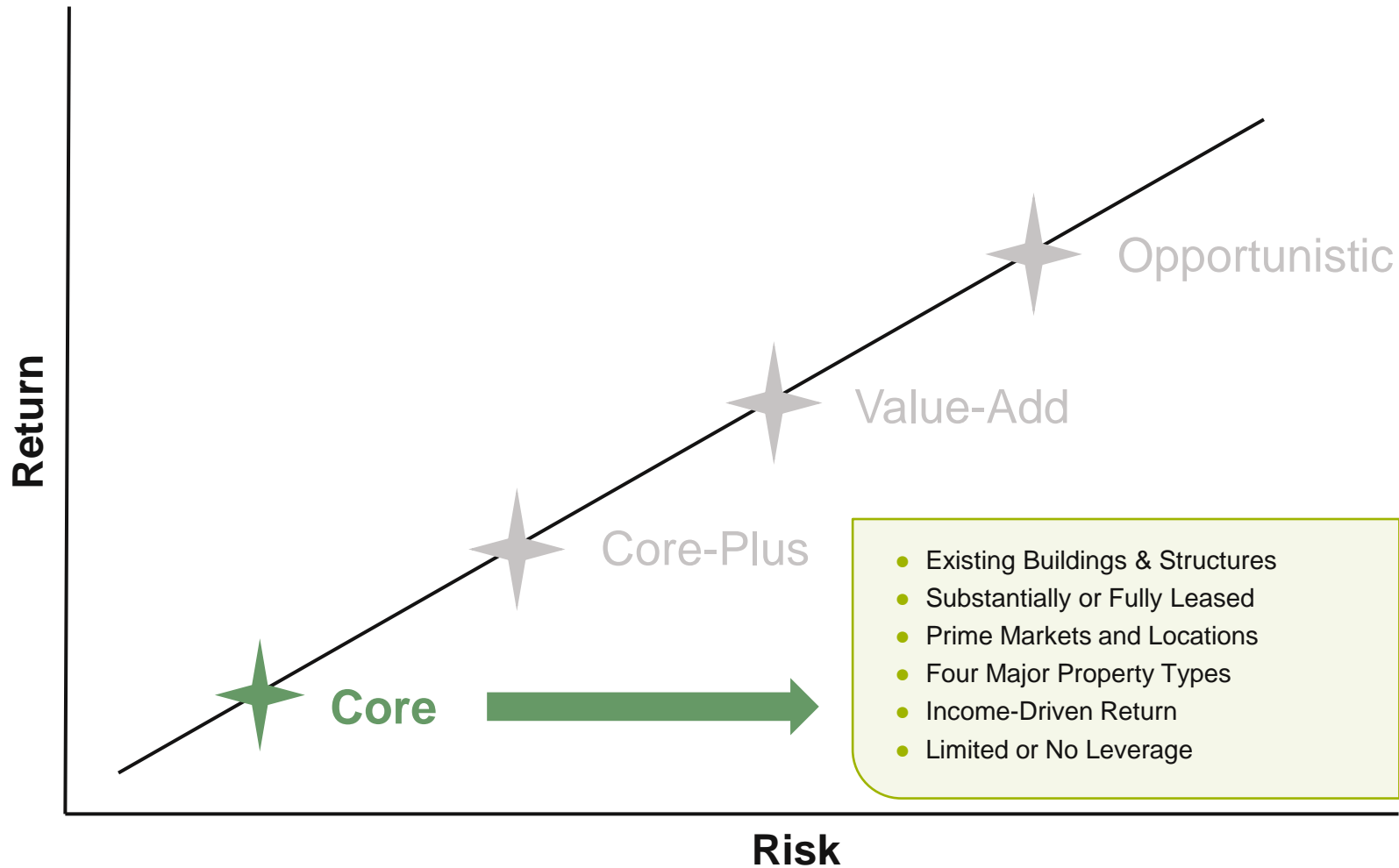
- Illiquid
- Management Intensive/ Implementation Risks
- High Fees Compared to Traditional Asset Classes
- Lack of Investable Indices; Benchmarking Issues
- All Real Estate is Cyclical
- Not Valued Daily

Risk and Return By Strategy

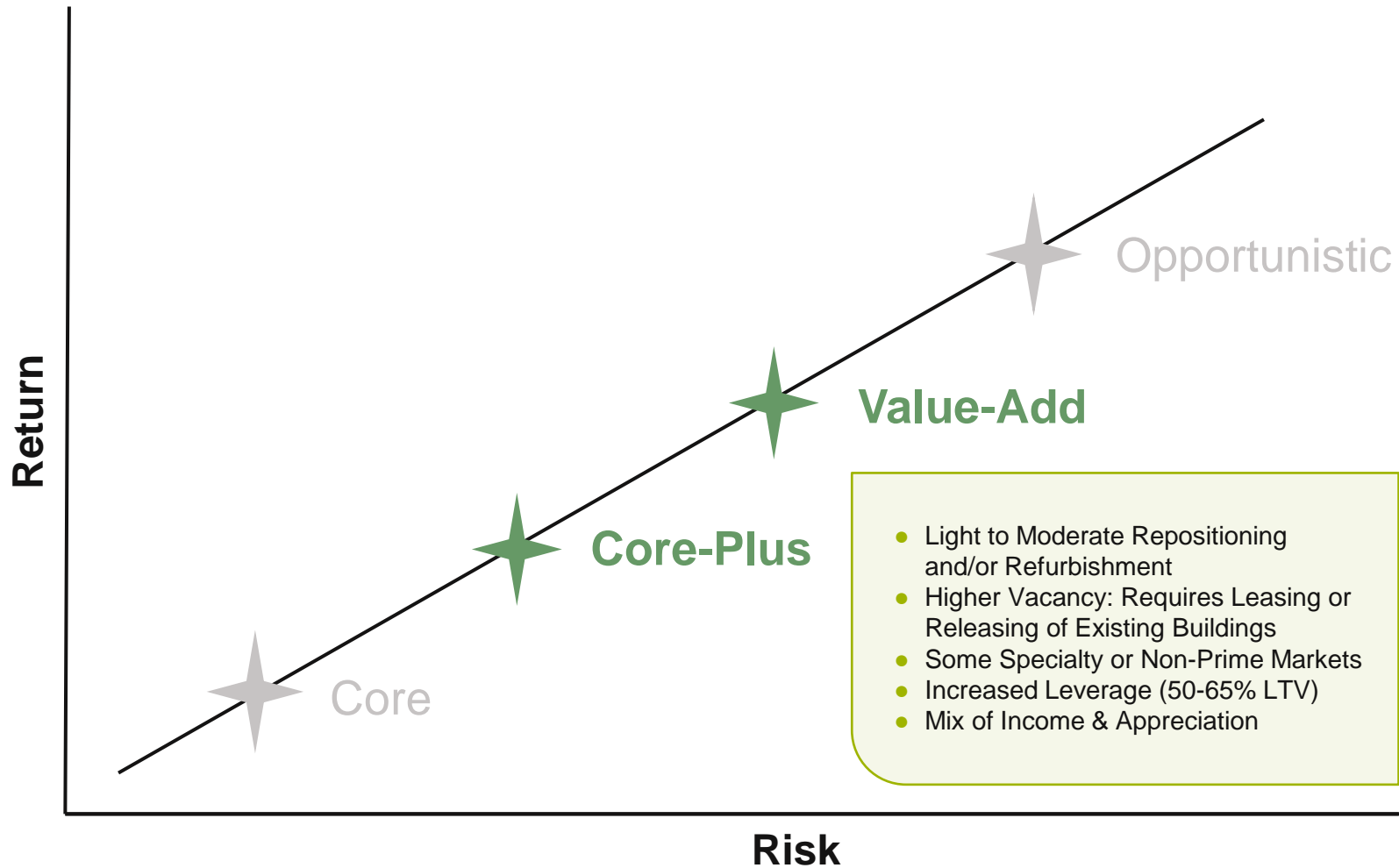


Private Equity Real Estate Strategies - Core

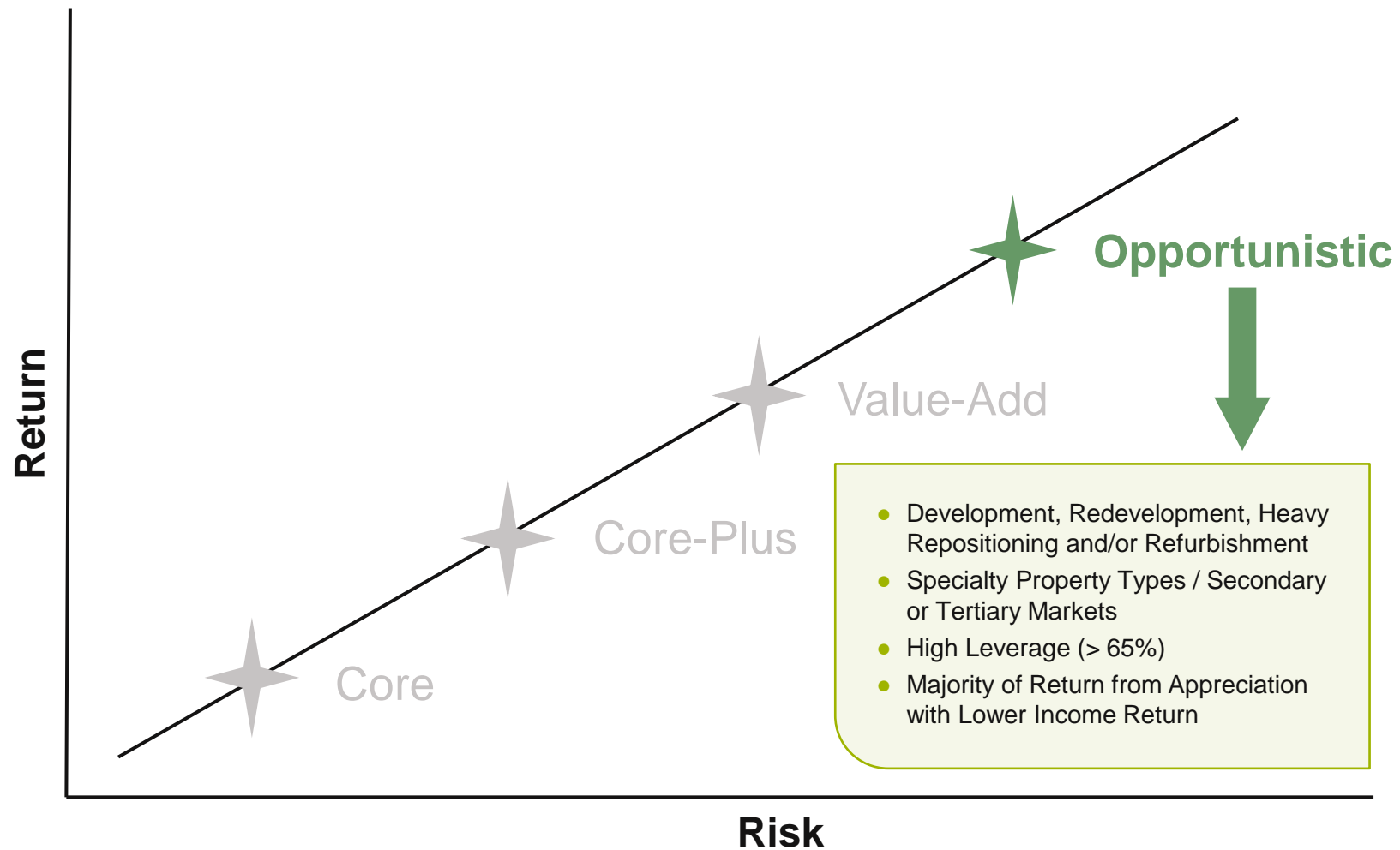
Core Real Estate



Value-Add Real Estate



Opportunistic Real Estate



Core Private Real Estate – A Closer Look

Core Real Estate is the Most Conservative Equity Real Estate Approach

Most Prevalent in Institutional Portfolios Given that Core Provides the Benefits Sought by Investors:

- Stable, Predictable Income -- Typically At Least 75% of Return is Derived from Income (Distributed Quarterly);
- Lower Observed Volatility / Low Correlations to Stocks and Bonds / Inflation Protection Characteristics;
- Increased Liquidity & Quicker Deployment of Capital Relative to Other Types of Real Estate Investment.

At the *Asset* Level:

- Major Property Type: Office, Multifamily, Retail & Industrial;
- Located in Economically Diversified Metropolitan Areas;
- High Quality Existing Property -- Modern/High Quality Construction and Design Features;
- At least 70% Leased Upon Purchase;
- Investment Structures Using All Cash or Limited Leverage (Less than 40%).

At the *Portfolio* Level:

- Diversification by Geography and Property Type;
- Staggered Lease and Debt Maturity Schedules;
- Roster of High Quality, Creditworthy Tenants, with Diversification by Industry.

Implementation and Monitoring:

- Investment Vehicles Include Commingled Funds and Separate Accounts;
- Most Portfolios are Benchmarked Against the NCREIF ODCE Value-Weight Net Index
- Assets Typically Appraised at Least Annually by a Third-party Appraiser (Altus Group). Managers Also Conduct Internal Appraisals of Each Asset, Usually Quarterly.

Property Types

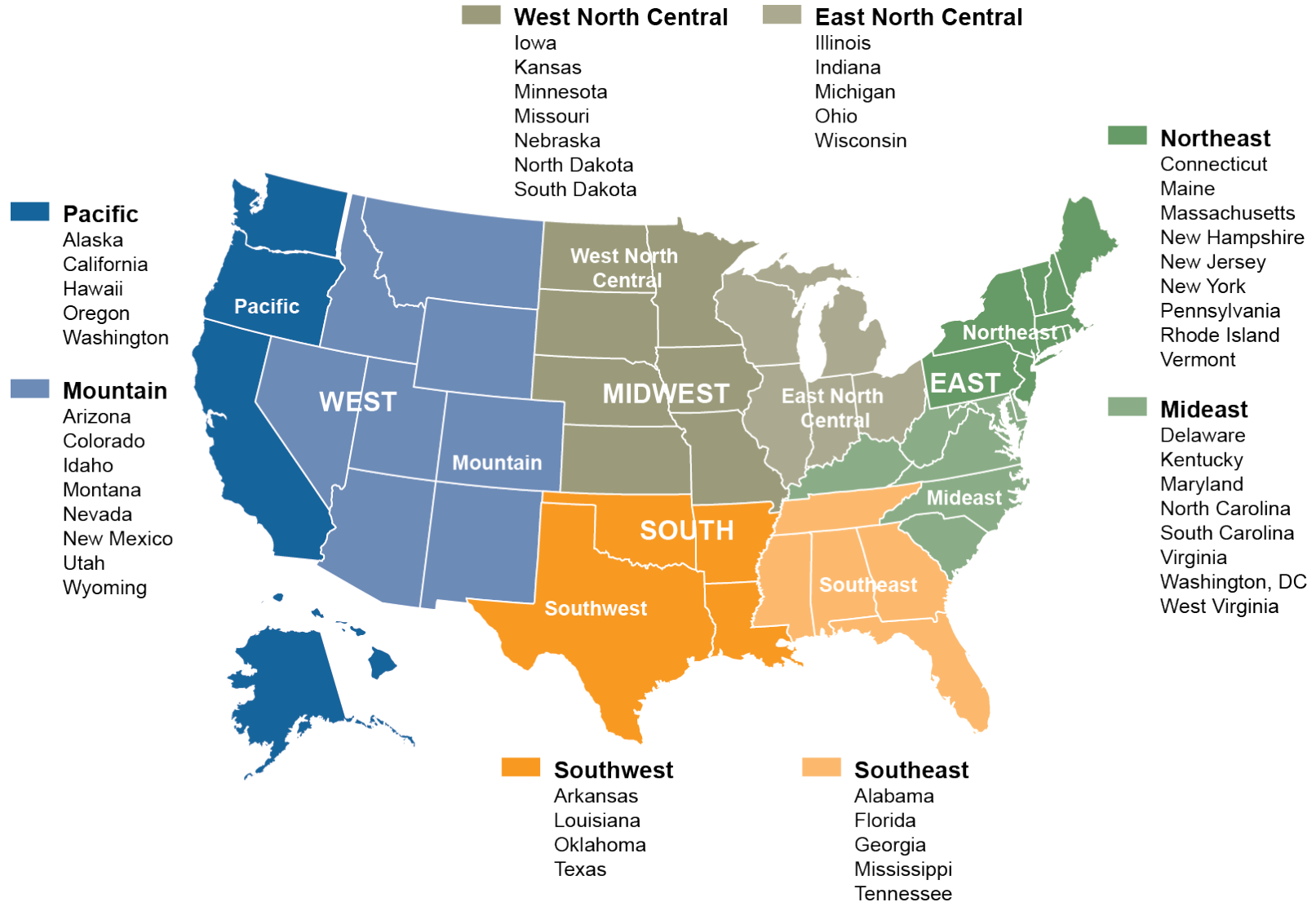
Four Main Property Types

Office	Apartment	Industrial	Retail	Other
Class A, B, C Suburban, CBD	Garden, High Rise	Warehouse, Logistics, Flex, R&D	Regional Malls, Neighborhood Shopping Centers, Big Box Retail	Hotel, Self Storage, Senior/Student Housing, Data Centers, Land, Mixed- Use
Long Term Leases 5-10 years	Short Term Leases 1 year	Medium Term Leases 3-5 years	Broad Lease Terms 3-10 years	
Capital Intensive	Modest Capital Requirements	Limited Capital Requirements	Modest Capital Requirements	

Source: Callan Research

U.S. Regions

Geographic Regions and Divisions Used to Measure Diversification



Source: NCREIF (National Council of Real Estate Investment Fiduciaries)

Core Open-End Diversified Fund Market

Fund Count

- Currently 25 Funds in the NCREIF ODCE
- Fund Count Has Increased by Almost 50% During the Past Six Years

Fees

- Fees for a ~\$50mm Investment Typically Range from 90bps to 115bps
- A Few Funds Include Incentive Structures

Market Cap

- Total Space Represents Approximately \$200Billion
- Individual Fund Sizes Range from ~\$1Billion to \$40Billion

Returns

- Targeted Absolute Returns of 7% to 8% Net of Fees
- Dividend Distribution Ranges from 3% to 4%

Leverage Usage

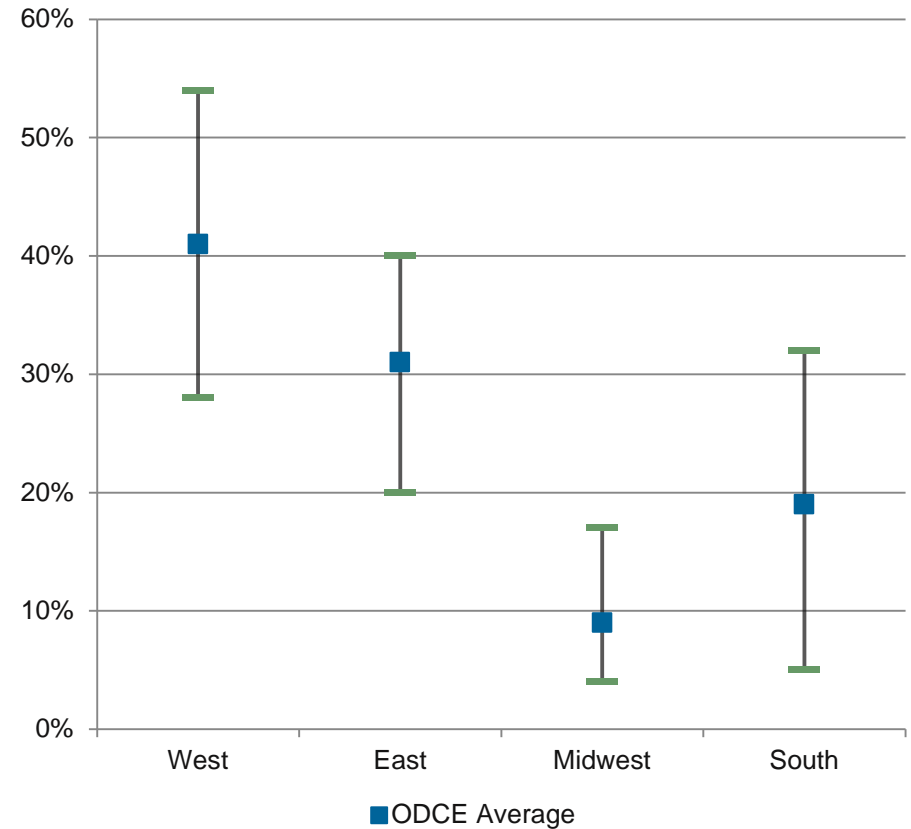
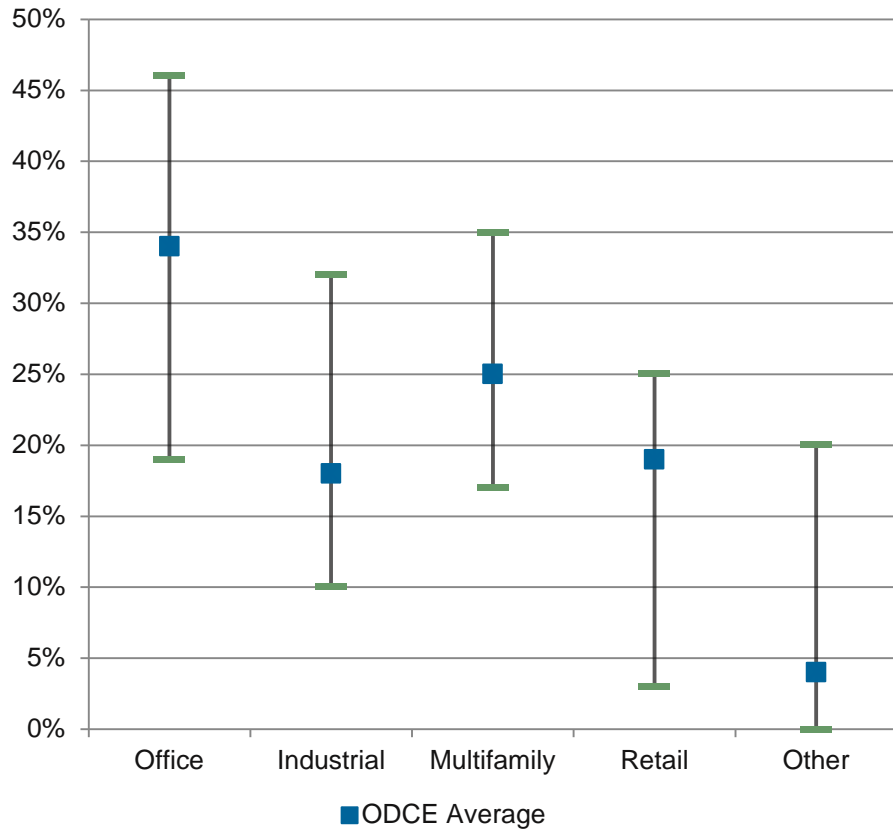
- Fund Leverage Use Currently Ranges from 15% to 35%
- Average Industry Leverage is ~23%. Hard Limits of 40%

Queues

- Entry Queues are Modest with Most Funds Reporting Waits No Longer than Six Months.
- A Few Funds are Experiencing Exit Queues.

ODCE Diversification

Varying Diversification Strategies Allows for Tactical and Complementary Investments



Open-end Funds Typically Invest the Majority of their Assets in the Four Primary Property Types: Office, Retail, Multifamily, and Industrial.

Some Funds Also Invest in Secondary Property Types Such as Hotels and Self-storage.

ODCE Funds Invest Primarily in the United States and are Diversified by Region.

Some Funds Employ Strategic Over/Underweights to Different Regions.

Core Private Real Estate Trends

Investor Capital Flows to Core Real Estate Have Moderated After Several Years of Strong Inflows.

Recent Growth in New Product Offerings Making the Capital Raising Space More Competitive.

Products that Have Traditionally Focused on Institutional Investors Are Now Targeting Smaller, Retail or High Net Worth Capital.

Managers are Increasingly Investing in Property Types Outside of the Traditional Four Sectors.

- Self-storage
- Skilled Nursing Facilities
- Student Housing

The Industrial Property Sector Continues to be a Favorite. Pricing has Forced Many Core Funds to Turn to Development to Increase Their Exposure to the Sector.

Concerns About the Retail Sector are Prevalent.

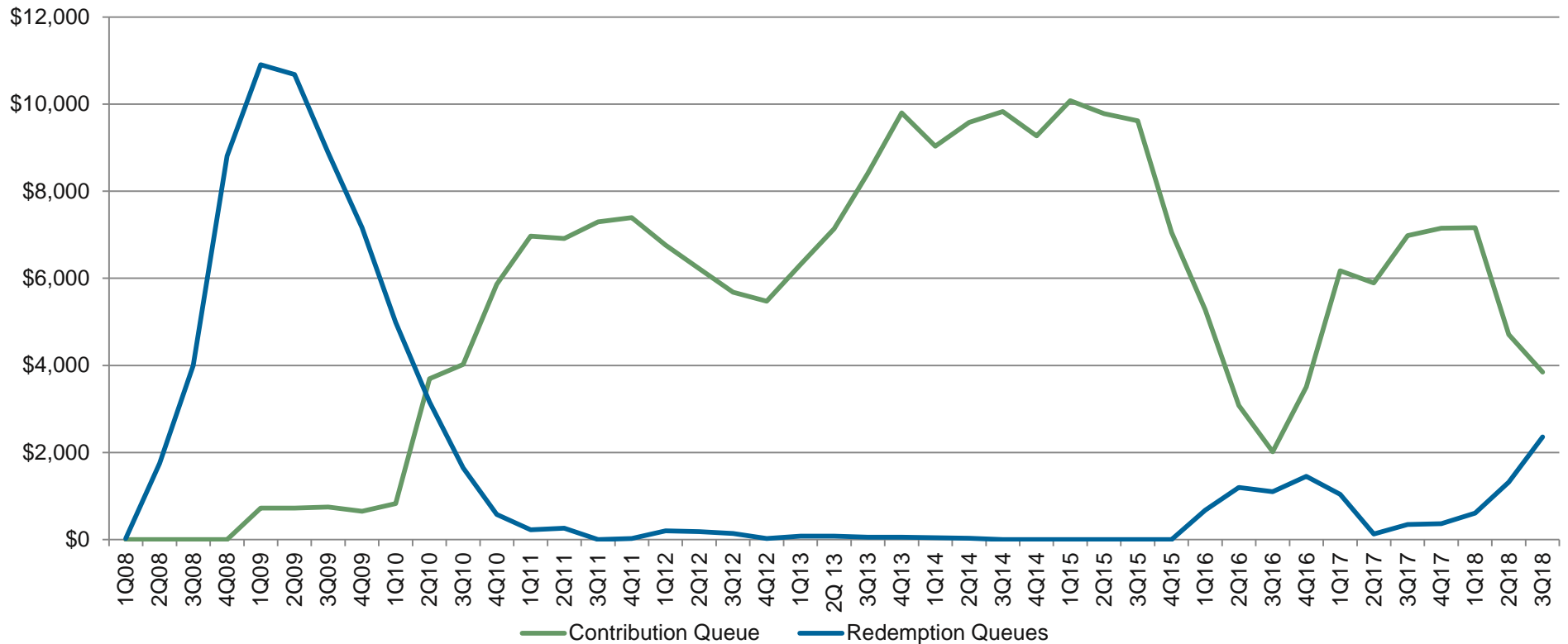
Some Core Funds are Starting to Increase Allocations to “Next Tier” Markets Such as Raleigh-Durham, Charlotte, Denver, and Nashville as Pricing Becomes Increasingly Difficult in the Core Gateway Markets.

Core Open-end Entry and Exit Queues

One Way To Gauge Demand is by the Amount of Capital Flowing Into or Out of Core Open-End Funds

- Investor Appetite Has Moderated Recently From Both Domestic and International Sources.
- Entry Queues Are Modest with Most Funds Reporting Waits No Longer than Six Months.
- A Few Funds Are Experiencing Exit Queues.

Core Fund Contribution/Redemption Queues (\$mm)



Return Mix - Income and Appreciation

Returns

for Periods Ended December 31, 2018

	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
ODCE Income	3.29%	3.42%	3.62%	3.82%	4.20%	4.44%
ODCE Appreciation	4.00%	3.76%	5.64%	5.97%	1.74%	2.71%
ODCE Total Return	7.36%	7.27%	9.41%	9.96%	6.01%	7.23%
NCREIF Property Index	6.72%	7.21%	9.33%	9.73%	7.49%	8.86%

Calendar Year Returns

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
ODCE Income	3.3%	3.4%	3.5%	3.8%	4.1%	4.3%	4.4%	4.5%	3.3%	5.2%	4.0%
ODCE Appreciation	4.0%	3.2%	4.1%	9.9%	7.2%	8.3%	5.3%	10.1%	4.0%	(34.1%)	(14.0%)
ODCE Total Return	7.4%	6.7%	7.8%	14.0%	11.5%	12.9%	9.8%	15.0%	7.4%	(30.4%)	(10.7%)
NCREIF Property Index	6.7%	7.0%	8.0%	13.3%	11.8%	11.0%	10.5%	14.3%	6.7%	(16.9%)	(6.5%)

Historical Cumulative Annualized Return Comparisons

	1 Year	5 Years	10 Years	25 Years
U.S. Equity				
Russell 3000	-5.24%	7.91%	13.18%	9.04%
Non-U.S. Equity				
MSCI World ex USA	-14.09%	0.34%	6.24%	4.76%
Fixed Income				
Bloomberg Barclays Aggregate	0.01%	2.52%	3.48%	5.09%
Real Estate				
NCREIF ODCE	7.36%	9.41%	6.01%	8.05%
NCREIF Property	6.72%	9.33%	7.49%	9.34%
Alternatives				
CS Hedge Fund	-3.19%	1.66%	5.10%	7.27%
Cambridge Private Equity*	16.77%	13.77%	11.62%	15.46%

U.S. private real estate is represented by the NCREIF Property Index, an unleveraged property level index, comprising domestic, institutional grade commercial properties acquired in the private market for investment purposes by institutional investors.

*Cambridge PE data available through September 30, 2018.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/20/19	Retirement	Action	02/21/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the ATU Employees' Retirement Plan. (Weekly)

ISSUE

Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) Rate for Fiscal Year 2020, for the ATU Employees' Retirement Plan.

RECOMMENDED ACTION

Adopt Resolution No. 19-03___, Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) Rate for Fiscal Year 2020, for the ATU Employees' Retirement Plan.

FISCAL IMPACT

ATU Retirement Plan fiscal impact - \$9,067,836 represents the estimated contributions to the Retirement Plan in FY 2020.

Sacramento Regional Transit District fiscal impact – The \$9,067,836 represents the estimated contributions from the District (pension expense) to the Plan.

Current FY 2019 Budget:	\$8,868,770
FY 2020 Estimate:	\$9,067,836
Dollar Change:	\$ 199,065
Pension Expense % Change:	2.24%

The % increase is partially due to the combination of the following factors:

ADC Changes

- 1.07% increased due to phase in of Rate of Return assumption change in FY18
- (0.47%) reduction due to increased PEPPA population
- 0.24% increase due to investment losses
- (0.75%) reduction due to ATU transfer to Salaried plan

Pensionable Wages Changes

- 4.00% assumed increase in pensionable wages from FY2019 to FY2020

Note: Only significant factors included here, the percent change in the ADC does not correlate directly to the percent change in pension expense.

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compling\#30 - ATU Actuarial Valuation.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
30	03/20/19	Open	Action	02/21/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the ATU Employees' Retirement Plan. (Weekly)

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, 2018 (Exhibit A).

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.

The proposed ADC for FY20 is 27.78%, which is a decrease from 28.15%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Boards accept Cheiron’s Actuarial Valuation report and instruct the Sacramento Regional Transit District to contribute 27.78% of eligible ATU Employees’ payroll to the ATU Employees’ Retirement Plan fund on a monthly basis, effective July 1, 2019.

RESOLUTION NO. 19-03-_____

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 20, 2019

**ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE
ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE ATU EMPLOYEES'
RETIREMENT PLAN FOR FISCAL YEAR 2020**

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 Actuarial Valuation Report for the ATU Employees' Retirement Plan prepared by Cheiron and attached as Exhibit A.

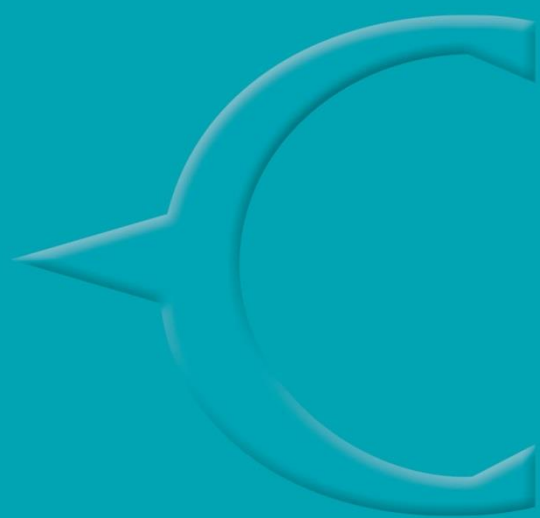
THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the ATU Employees' Retirement Plan fund at 27.78% of the payroll for eligible ATU Employees, effective July 1, 2019.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary



**Retirement Plan for
Sacramento Regional
Transit District Employees
ATU Local 256**

**Actuarial Valuation Report
as of July 1, 2018**

Produced by Cheiron

March 2019

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March 8, 2019

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

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (ATU Plan) (SacRT, the Fund, the Plan) as of July 1, 2018. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Board and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This report was prepared for the Retirement Board for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



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



Anne D. Harper, FSA, EA, MAAA
Consulting Actuary

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (ATU Plan) as of July 1, 2018. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends
- The **Main Body** of the report presents details on the Plan's
 - Section II – Assets
 - Section III – Liabilities
 - Section IV – Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- Employer contribution rates for Plan Year 2019-2020.

Prior to July 1, 2016, a combined valuation report was issued for the Retirement Plans for Sacramento Regional Transit District Employees of ATU Local 256 and IBEW Local 1245. As per the Board’s direction, beginning with the July 1, 2016 valuation, separate reports are issued for the ATU and IBEW plans.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2018 provided to the Board in September 2018.

In the balance of this Executive Summary, we present (A) the basis upon which this year’s valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of the historical trends, and (E) the projected financial outlook for the Plan.

A. Valuation Basis

This valuation determines the employer and PEPRAs member contributions for the plan year.

The Plan’s funding policy is for the District to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method, net of any contributions by the members,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan’s expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no plan provision changes since the prior valuation.

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

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2018 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 28.15% of payroll last year to 27.78% of payroll for the current valuation, reflecting an adjustment for the second year of the three-year phase-in of the impact of changes to the economic assumptions adopted for the July 1, 2017 valuation. Without the phase-in, the employer contribution rate would have increased to 28.32% of payroll.
- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 74.9% last year to 76.4% as of July 1, 2018. As a point of comparison, a funding ratio of 60.7% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This ratio is sometimes referred to as the Inactive Funded Ratio.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$44,454,949 to \$41,785,579 as of July 1, 2018. This decrease in UAL was primarily due to the contributions made by the District to reduce the UAL, as well as the transfer of assets and liabilities from ATU to the Salaried plan.
- During the year ending June 30, 2018, the return on Plan assets was 6.73% on a market value basis net of investment expenses, as compared to the 7.25% assumption. This resulted in a market value loss on investments of \$658,275.

The Actuarial Value of Assets recognizes 20% of the difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.63% on the smoothed value of assets, an actuarial asset loss of \$811,286.

The Actuarial Value of Assets is currently 101.7% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$2.2 million) that will be reflected in the smoothed value in future years.

- The Plan experienced a liability gain of \$232,751 due primarily to higher mortality rates than expected among retirees, lower than expected salary increases for returning members, and an adjustment to reduce post age 62 benefits for retirees who elected a Social Security Level Income option. Combining the liability gain and asset loss, the Plan experienced a total actuarial loss of \$578,536.
- There were 50 new hires and rehires since July 1, 2017, but the total active population did not change. Total projected payroll increased 3.23% from \$30,607,324 for 2017-2018 to \$31,595,561 for 2018-2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

- During the year, \$2,638,467 of assets and \$5,129,398 of liabilities were transferred from ATU to the Salaried plan for active Salaried plan members with prior ATU service.
- A load of 2.62% was applied to increase the normal cost of PEPRA members to adjust for missed pay periods in which the members are credited service but contributions are not made. This had a negligible impact on the employer contribution rate. For more information, please refer to our study dated June 21, 2018.
- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members. In addition, the PEPRA member contribution rate increased this year (from 6.50% to 7.25%), due to the change in demographics for the PEPRA population, the recent reduction in the discount rate, and the PEPRA normal cost load described above.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year. We have also presented the employer contribution rate both before and after the phase in of the effect of economic assumption changes adopted as of July 1, 2017.

Table I-1			
ATU Summary of Principal Plan Results			
Valuation Date	July 1, 2017	July 1, 2018	% Change
<u>Participant Counts</u>			
Active Participants	531	531	0.00%
Participants Receiving a Benefit	476	476	0.00%
Terminated Vested Participants	29	27	-6.90%
Transferred Participants	56	18	-67.86%
Total	1,092	1,052	-3.66%
Annual Pay of Active Members	\$ 30,607,324	\$ 31,595,561	3.23%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 177,262,864	\$ 177,191,048	-0.04%
Actuarial Value of Assets (AVA)	<u>132,807,915</u>	<u>135,405,469</u>	1.96%
Unfunded Actuarial Liability (UAL)	\$ 44,454,949	\$ 41,785,579	-6.00%
Funded Ratio (AVA)	74.9%	76.4%	1.50%
Market Value of Assets (MVA)	\$ 130,588,455	\$ 133,178,109	1.98%
Funded Ratio (MVA)	73.7%	75.2%	1.49%
Inactive Funded Ratio	62.0%	60.3%	-1.70%
<u>Contributions</u>			
Total Contribution (Beginning of Year)	\$ 8,383,626	\$ 8,383,960	0.00%
Total Contribution Payable Monthly	\$ 8,682,215	\$ 8,682,561	0.00%
Total Contribution as a Percentage of Payroll (before phase-in)	29.22%	28.32%	-0.90%
Total Contribution as a Percentage of Payroll (after phase-in)	28.15%	27.78%	-0.37%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

C. Changes in Plan Cost

Table I-2 summarizes the impact of actuarial experience and changes in assumptions on Plan cost prior to the reduction for phasing in the assumption changes from the prior valuation over three years.

Table I-2 ATU Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2019 Total Employer Contribution Rate	28.15%			
Change due to phase-in	1.07%			
FYE 2019 Actuarial Contribution Rate	29.22%	15.11%	13.11%	1.00%
Change due to asset loss	0.24%	0.00%	0.24%	0.00%
Change due to PEPRA	-0.47%	-0.47%	0.00%	0.00%
Change due to ATU Transfer	-0.75%	0.00%	-0.75%	0.00%
Change due to missing pay period load	0.01%	0.07%	-0.06%	0.00%
Change due to demographic changes	-0.13%	0.07%	-0.18%	-0.02%
Change due to amortization payroll	-0.02%	0.00%	-0.02%	0.00%
Change due to contribution shortfall	<u>0.22%</u>	<u>0.00%</u>	<u>0.22%</u>	<u>0.00%</u>
FYE 2020 Net Employer Contribution Rate	28.32%	14.78%	12.56%	0.98%

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

- The contribution rate in the prior valuation was less than the actuarially determined contribution rate, due to the phase-in of the 2017 assumption changes.

As part of the prior valuation, the Board elected to phase-in the impact of the assumption changes (including a reduction in the discount rate from 7.50% to 7.25%) over a three-year period. The total increase in the actuarial cost from the assumption changes was 1.60% of pay, only one-third of which (or 0.53% of pay) was reflected in the prior year required contribution. If the remaining two-thirds (or 1.07% of pay) had been reflected in the prior year contribution rate, the total rate would have been 29.22% of pay, as shown above.

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

The assets of the ATU Plan returned 6.73% (net of investment expenses) on a market basis, lower than the assumed rate of 7.25%. The actuarial return on assets was 6.63%, lower than the assumed rate of 7.25%. This resulted in an increase in the contribution rate by 0.24% of payroll.

The Market Value of Assets is lower than the actuarial value; there are approximately \$2.2 million in deferred asset losses for the ATU plan.

SECTION I – EXECUTIVE SUMMARY

- Demographic experience resulted in a net reduction in liabilities.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was somewhat different than predicted by the actuarial assumptions in aggregate, causing an actuarial gain which decreased the contribution rate by 0.13% of payroll. In particular, there were gains caused by higher mortality rates than expected among retirees and by an adjustment to the post 62 benefits for members who elected the Social Security Level Income option.

In addition, the employer portion of the normal cost for the members under the PEPRA benefit formula is lower than the normal cost for the non-PEPRA membership. The contribution rate for PEPRA members increased from 6.50% to 7.25% because the normal cost rate for PEPRA members increased by more than 1% since the rate was last set in 2016. The increase in the normal cost rate was driven by an increase in the average entry age (from 40.7 in 2016 to 41.6 this year), the reduction in the discount rate from 7.50% to 7.25% in the prior valuation, and the application of the normal cost load described in more detail below.

The impact of PEPRA resulted in a decrease in the employer normal cost rate of 0.47% of payroll. The net impact on the contribution rate from changes in demographics was a decrease of 0.60% of payroll.

- Overall payroll growth was more than expected.

Greater than expected growth in the projected payroll decreased the contribution rate by 0.02% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions fell short of the actuarially determined cost.

Actual contributions were less than the total actuarially determined cost, which resulted in an increase in the contribution rate by 0.22%. This was primarily due to the 12-month delay in the implementation of the contribution rates. Nonetheless, the contributions made to the Plan reduced the UAL by \$0.6 million.

- Salaried members with prior ATU service had the liabilities and assets associated with their ATU service transferred into the Salaried plan.

As a result of an arbitration agreement, the assets and liabilities associated with Salaried members with prior ATU service (but who did not become vested in the ATU plan) were transferred from the ATU plan into the Salaried plan. Since the liabilities (\$5,129,398) exceeded the assets (\$2,638,467) transferred, the employer contribution rate decreased by 0.75% of payroll.

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- A study was performed in June of 2018 to determine the amount of unpaid time that was included as service credit for consideration in calculating the normal cost rate for PEPRA members. It was determined that the average amount of unpaid pay periods over the timeframe studies was 2.62% for the ATU and IBEW members.

As a result a load of 2.62% was applied to the normal cost for ATU PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member. This increased the employer normal cost rate 0.07% of pay, but reduced the UAL rate by 0.06%, for a net increase in contribution rate of 0.01%.

The Total impact on employer Plan cost is a decrease of 0.90%, prior to the impact of the remaining phase-in of the 2017 assumption changes.

Table I-3 summarizes the impact on Plan cost incorporating of phasing in the 2017 assumption changes over three years.

Table I-3		
ATU Employer Contribution Reconciliation - Projected 3-Year Phase In		
Item	Full Contribution	Phased Contribution
FYE 2020 Total Employer Contribution Rate	28.32%	27.78%
FYE 2021 Total Employer Contribution Rate	28.36%	28.36%
FYE 2022 Total Employer Contribution Rate	28.16%	28.22%

As stated earlier, the net impact on the actuarial cost due to assumption changes adopted by the Board, effective July 1, 2017, was an increase of 1.60%. The Board chose to phase in this increase over three years, or approximately 0.53% annually. This results in a FYE 2020 Net Employer Contribution Rate of 27.78%, based on an original rate of 28.32% minus the remaining 0.53% phase-in. The table above shows that the contribution rate in FYE 2022 will be slightly higher (by approximately 0.06% of payroll) as a result of this reduction in the FYE 2020 contribution rate.

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

Table I-4 ATU Asset to Payroll Ratio as of June 30, 2018	
Active Member Payroll	31,595,561
Assets (Market Value)	133,178,109
Ratio of Assets to Payroll	4.22
Ratio with 100% Funding	5.61

One of the most important measures of a plan's risk is the ratio of plan assets to payroll. The table above shows the Plan's assets as a percentage of active member payroll. This ratio indicates the sensitivity of the Plan to the returns earned on plan assets. We note in the table that plan assets currently are over four times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to over five times payroll, perhaps higher depending on the Plan's future demographic makeup. Although, both of these ratios are lower than those of many other public plans, the increase in the asset to payroll ratio expected to accompany an improvement in the Plan's funding still represents an increase in the volatility of the contributions.

To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the assets are so small.

On the other hand, consider the situation for the Plan. Suppose the Plan's assets lose 10% of their value in a year. Since they were assumed to earn 7.25%, there is an actuarial loss of 17.25% of plan assets. Based on the current ratio of asset to payroll (422%), that means the loss in assets is about 73% of active payroll (422% of the 17.25% loss). There is only one source of funding to make up for this loss: contributions. Consequently, barring future offsetting investment gains, the employer has to make up the asset loss in future contributions. In this example of a one-year loss of 10%, this shortfall would eventually require an additional amortization payment near 6.9% of payroll if amortized over 14 years.

Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of assets to payroll at 100% funding (561%), the asset loss would be nearly 100% of active payroll (561% of the 17.25% loss). In this example, the shortfall could require an additional amortization payment of approximately 9.2% of payroll, if amortized over 14 years.

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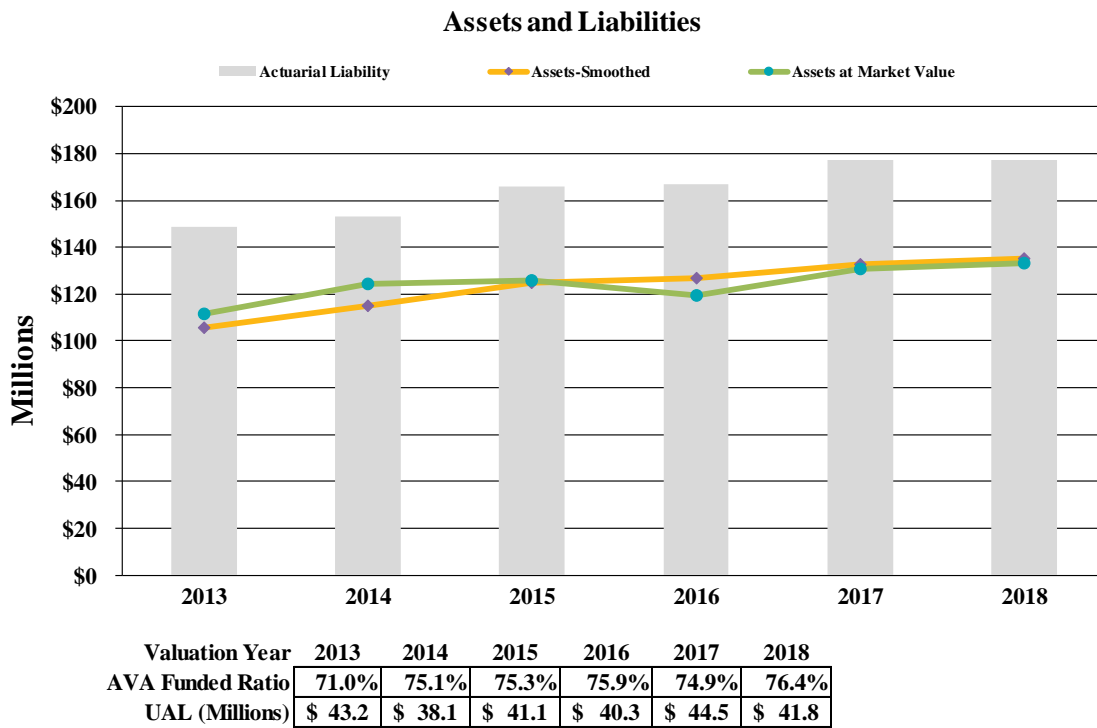
SECTION I – EXECUTIVE SUMMARY

D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown in the chart below is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio overall has increased from 71.0% in 2013 to 76.4% in 2018, primarily as a result of the recovery in the investment markets and contributions made to the Plan. Prior to 2013, the valuation reports did not report a separate funded ratio or unfunded liability for the ATU/IBEW plans.

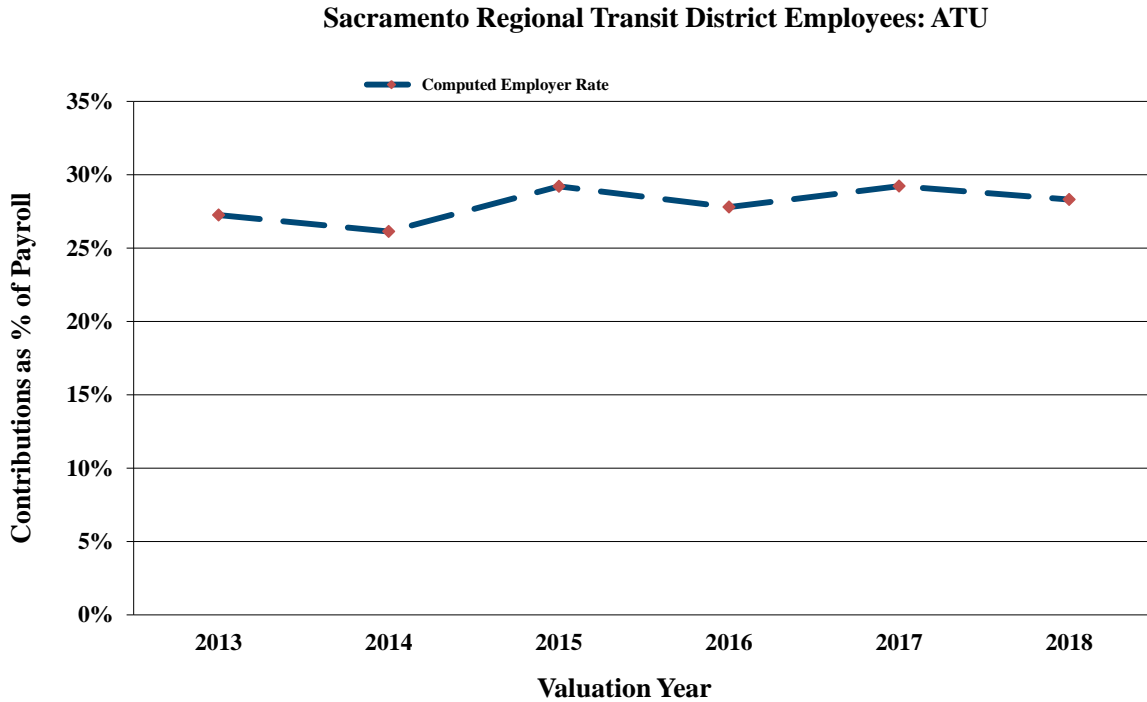


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Contribution Trends

In the chart, we present the historical trends for the Plan’s actuarially determined contribution rates (excluding the impact of any phase-in of assumption changes.) Contribution rates have increased and decreased moderately the past few years, as investment gains have been offset by subsequent losses and changes to the assumptions. Contribution rates decreased this year primarily due to the ATU/Salaried transfer and positive demographic experience. Prior to 2013, the valuation reports did not include a separate contribution rate for the ATU/IBEW plans.

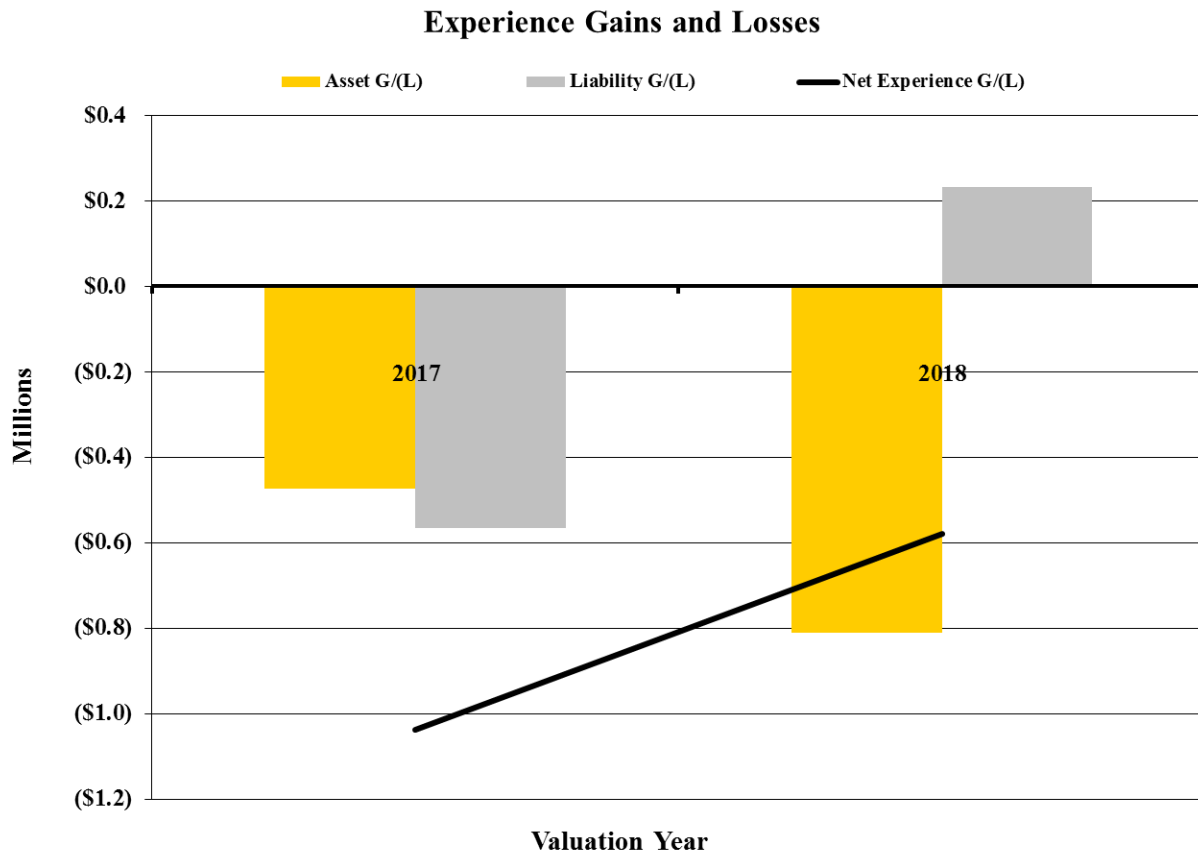


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Gains and Losses

The following chart presents the pattern of annual gains and losses for the Plan, broken into the investment and liability components. Only two years are shown, since prior to last year the gain/loss analysis was only performed on a combined basis for ATU and IBEW. The investment gains and losses represent the changes on a smoothed basis (i.e., based on the Actuarial Value of Assets). The chart does not include any changes in the Plan’s assets and liabilities attributable to changes to actuarial methods, assumptions, or plan benefit changes.



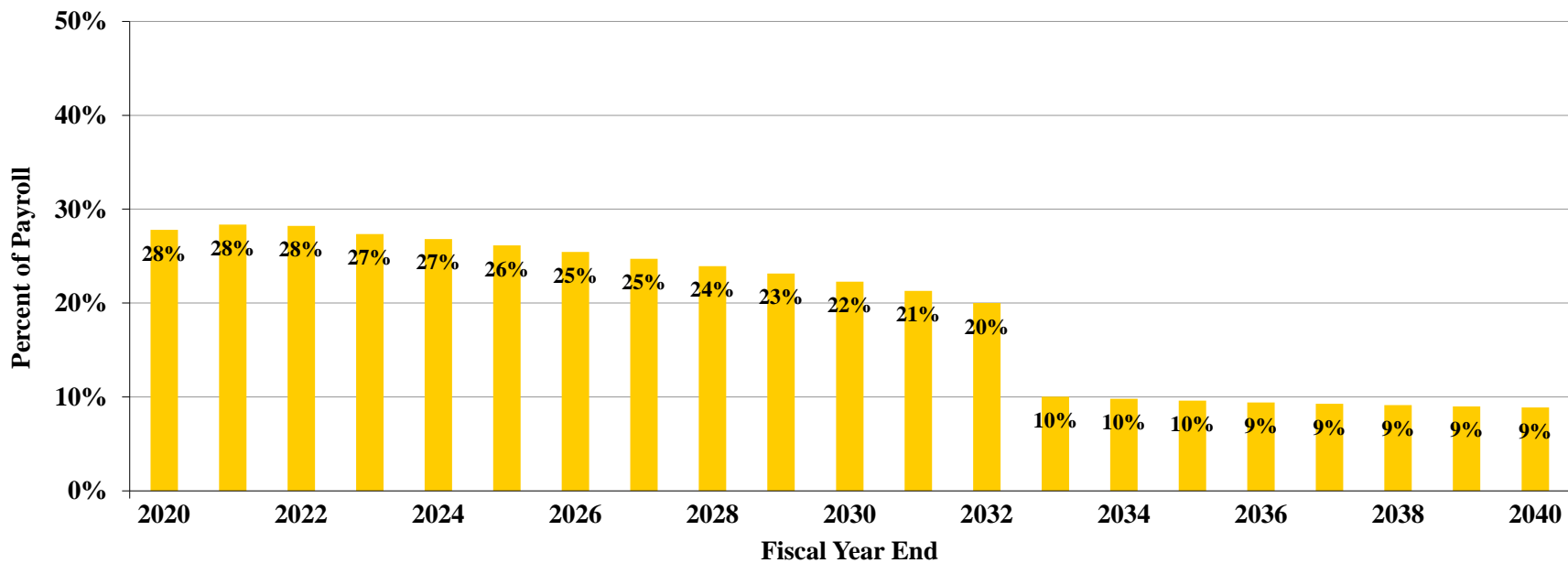
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E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2018 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the 7.25% assumption each year, which is clearly an impossibility. We have also assumed future salary increases of 3.00% per year.

Projection of Employer Contributions, 7.25% return each year



The contribution rate graph shows that the District’s contributions are expected to remain relatively flat over the next few years. Costs are expected to increase slightly as the deferred asset losses are recognized, but these increases will be offset by a decline in the employer-paid portion of the normal cost as the PEPRA membership increases. The employer contribution rate is expected to decline substantially in 2033, once the current unfunded liability is fully amortized.

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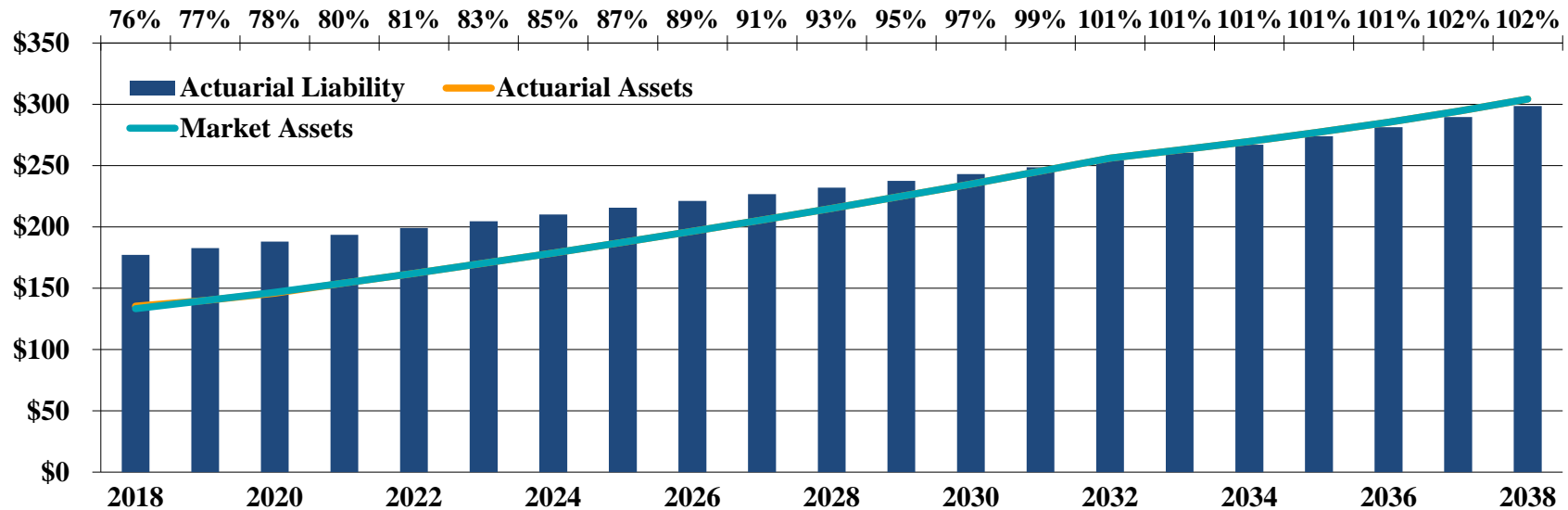
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost will be approximately \$9.0 million in 2019-2020, growing as pay increases to around \$9.3 million in 2031-2032, then dropping significantly the following years as the unfunded liability amortization payment disappears, at which point the cost will be equal to the employer’s share of the normal cost and administrative expenses.

Note that the graph on the previous page does not forecast any actuarial gains or losses or changes to the assumptions or funding policy. Even relatively modest losses relative to the 7.25% assumed return could push the employer contribution rate above 30% of pay or higher over the next few years.

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.25% assumption each year during the projection period.

Projection of Assets and Liabilities, 7.25% return each year



The graph shows that the funded status is expected to increase over the next 14 years as the current unfunded liability is fully amortized, assuming the actuarial assumptions are achieved. However, as above, it is the actual return on Plan assets that will primarily determine the future funding status and contribution rate to the Plan.

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Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2017 and June 30, 2018
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

ATU vs. IBEW Asset Split

Historical financial statements provided asset information based on a single combined trust for ATU and IBEW. This is the third year separate reports are being issued to ATU and IBEW.

The assets schedule shown in this valuation report only includes information for ATU, however the calculation of the Actuarial Value of Assets relies on prior unrecognized gains and losses from FYE 2014 through 2016 for both ATU and IBEW combined. Therefore, prior unrecognized dollars are allocated as a pro-rata share to ATU based on the Market Value of Assets as of July 1, 2018. Unrecognized dollars for the 2016-2017 and 2017-2018 years are based on ATU Plan performance during the respective years.

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SECTION II – ASSETS

Table II-1 discloses and compares each component of the market asset value as of June 30, 2017 and June 30, 2018.

Table II-1 ATU Statement of Assets at Market Value June 30,		
Investments	2017	2018
Cash and Cash Equivalents	\$ 2,372,976	\$ 6,904,825
Equity Securities	85,304,971	83,550,850
Fixed Income Securities	<u>48,433,618</u>	<u>51,642,258</u>
Total Investments	136,111,565	142,097,933
Receivables		
Securities Sold	\$ 2,049,009	\$ 216,621
Interest and Dividends	214,924	291,769
Other Receivable	<u>12,619</u>	<u>36,897</u>
Total Receivables	2,276,552	545,287
Payables		
Accounts Payable	\$ (432,469)	\$ (471,724)
Benefits Payable	0	0
Other Payable	<u>(7,367,193)</u>	<u>(8,993,387)</u>
Total Payables	(7,799,662)	(9,465,111)
Market Value of Assets	\$ 130,588,455	\$ 133,178,109

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SECTION II – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table II-2 shows the components of the change in the Market Value of Assets during 2017 and 2018.

Table II-2 ATU Changes in Market Values		
	<u>2017</u>	<u>2018</u>
Contributions		
Employer's Contribution	\$ 7,987,367	\$ 7,863,420
Members' Contributions	<u>168,463</u>	<u>337,009</u>
Total Contributions	<u>8,155,830</u>	<u>8,200,429</u>
Investment Income		
Interest & Dividends	\$ 1,922,434	\$ 2,092,513
Realized & Unrealized Gain/(Loss)	13,054,187	7,142,718
Other Investment Income	0	0
Investment Expenses	<u>(556,634)</u>	<u>(643,421)</u>
Total Investment Income	<u>14,419,987</u>	<u>8,591,810</u>
Disbursements		
Benefit Payments	\$ (10,776,986)	\$ (11,304,112)
Expenses	(306,818)	(260,006)
Transfer from (to) Salaried Plan	0	(2,638,467)
Adjustment to prior year expense	<u>0</u>	<u>0</u>
Total Disbursements	<u>(11,083,804)</u>	<u>(14,202,585)</u>
Net increase (Decrease)	\$ 11,492,013	\$ 2,589,654
Net Assets Held in Trust for Benefits		
Beginning of Year	\$ <u>119,096,442</u>	\$ <u>130,588,455</u>
End of Year	\$ <u>130,588,455</u>	\$ <u>133,178,109</u>
Approximate Return	12.26%	6.73%
Administrative Expenses as a Percentage of Mean Assets	0.23%	0.20%

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SECTION II – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return. Prior unrecognized combined ATU and IBEW gains and losses are allocated as a pro-rata share to ATU based on the Market Value of Assets as of July 1, 2018. Unrecognized dollars for the 2016-2017 and 2017-2018 years are based on ATU Plan performance during the respective years.

Table II-3 Development of Actuarial Value of Assets as of June 30, 2018							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2013-2014	9,733,532	(13,281,708)	11,597,096	22,631,819	11,034,723	0%	0
2014-2015	10,347,302	(13,348,427)	12,928,279	4,609,506	(8,318,773)	20%	(1,663,755)
2015-2016	10,501,904	(13,471,521)	12,796,593	(1,121,417)	(13,918,010)	40%	(5,567,204)
1. Total Prior Unrecognized Dollars							(7,230,959)
2. Market Value of Assets as of June 30, 2018							
a) ATU Market Value							133,178,109
b) IBEW Market Value							57,166,577
3. Allocation of Prior Unrecognized Dollars							
a) ATU Portion: [(1) x (2a)/((2a) + (2b))]							(5,059,272)
b) IBEW Portion: [(1) x (2b)/((2a) + (2b))]							(2,171,687)
ATU Calculation of Actuarial Value of Assets							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2016-2017	8,155,830	(11,083,804)	8,822,434	14,419,987	5,597,553	60%	3,358,532
2017-2018	8,200,429	(11,564,118)	9,250,085	8,591,810	(658,275)	80%	(526,620)
4. ATU Unrecognized Dollars							2,831,912
5. ATU Actuarial Value of Assets as of June 30, 2018: [(2a) - (3a) - (4)]							135,405,469
6. Ratio of Actuarial Value to Market Value: [(5) ÷ (2a)]							101.7%
IBEW Calculation of Actuarial Value of Assets							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2016-2017	3,354,666	(3,520,537)	3,662,673	5,332,412	1,669,739	60%	1,001,843
2017-2018	3,299,327	(3,847,437)	3,901,302	3,629,568	(271,734)	80%	(217,387)
7. IBEW Unrecognized Dollars							784,456
8. IBEW Actuarial Value of Assets as of June 30, 2018: [(2b) - (3b) - (7)]							58,553,808
9. Ratio of Actuarial Value to Market Value: [(8) ÷ (2b)]							102.4%

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SECTION II – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The Market Value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation’s long-term 7.25% assumption.

Table II-4 ATU Asset Gain/(Loss)		
	Market Value	Actuarial Value
July 1, 2017 value	\$ 130,588,455	\$ 132,807,915
Employer Contributions	7,863,420	7,863,420
Employee Contributions	337,009	337,009
Benefit Payments and Expenses	(11,564,118)	(11,564,118)
Transfer In / (Out) to Salaried Plan	(2,638,467)	(2,638,467)
Expected Investment Earnings (7.25%)	9,250,085	9,410,996
Expected Value June 30, 2018	\$ 133,836,384	\$ 136,216,755
Investment Gain / (Loss)	(658,275)	(811,286)
July 1, 2018 value	133,178,109	\$ 135,405,469
Return	6.73%	6.63%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2017 and July 1, 2018
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the normal cost rate is equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. The dollar amount of the normal cost equal to the normal cost rate multiplied by each member’s projected pay. The Actuarial Liability is the portion of the present value of future benefits not covered by future expected normal costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table III-1 discloses each of these liabilities for the current and prior valuations.

Table III-1			
ATU Liabilities/Net (Surplus)/Unfunded			
		July 1, 2017	July 1, 2018
<u>Present Value of Future Benefits</u>			
Active Participant Benefits	\$	105,133,726	\$ 108,861,790
Retiree and Inactive Benefits		<u>109,844,002</u>	<u>106,792,083</u>
Present Value of Future Benefits (PVB)	\$	214,977,728	\$ 215,653,873
<u>Actuarial Liability</u>			
Present Value of Future Benefits (PVB)	\$	214,977,728	\$ 215,653,873
Present Value of Future Normal Costs (PVFNC)		<u>37,714,864</u>	<u>38,462,825</u>
Actuarial Liability (AL = PVB – PVFNC)	\$	177,262,864	\$ 177,191,048
Actuarial Value of Assets (AVA)		<u>132,807,915</u>	<u>135,405,469</u>
Net (Surplus)/Unfunded (AL – AVA)	\$	44,454,949	\$ 41,785,579

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software
- Transfers of liabilities from one plan to another

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets
- Transfers of assets from one plan to another

Table III-2 ATU Changes in Actuarial Liability		
Actuarial Liability at July 1, 2017	\$	177,262,864
Actuarial Liability at July 1, 2018	\$	177,191,048
Liability Increase (Decrease)		(71,816)
Change due to:		
Actuarial Methods / Software Changes	\$	0
Assumption Change		(181,711)
Plan Change		0
Transfer In / (Out) to Salaried Plan		(5,129,398)
Accrual of Benefits		4,364,855
Actual Benefit Payments		(11,304,112)
Interest		12,411,301
Actuarial (Gain)/Loss		(232,751)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

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

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	44,454,949
2. Employer Normal Cost at Middle of Year		4,364,855
3. Interest on 1. and 2. to End of Year		3,378,441
4. Contributions, Admin Expenses and Transfers in Prior Year		10,431,354
5. Interest on 4. to End of Year		378,137
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		(181,711)
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	41,207,043
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		41,785,579
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(578,536)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost as a percentage of payroll and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

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

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a 14-year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2018, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year.

Beginning with the June 30, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

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

Members hired on or after January 1, 2016 will contribute half of the PEPRA normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the contribution rate for PEPRA members was 6.50% of payroll (1/2 of 13.21%, rounded to the nearest quarter). However, as the normal cost rate for the PEPRA members as of the July 1, 2018 valuation is 14.40%, we expect the rate to change for the following fiscal year to 7.25% (1/2 of 14.40%, rounded to the nearest quarter). Table IV-2 contains the details of this calculation.

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

Table IV-I ATU Development of Employer Contribution Amount		
Valuation Date	July 1, 2017	July 1, 2018
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 303,654	\$ 305,623
b. Retirement	3,485,577	3,623,162
c. Disability	701,312	713,282
d. Death	143,493	148,007
e. Refunds	20,452	26,630
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 4,654,488	\$ 4,816,704
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ 739,230	\$ 634,460
b. Retirement	57,627,690	60,497,299
c. Disability	7,258,758	7,460,265
d. Death	1,787,050	1,816,694
e. Refunds	6,133	(9,752)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 67,418,861	\$ 70,398,966
<u>Inactive Members</u>		
g. Termination	\$ 3,046,437	\$ 3,051,544
h. Retirement	83,294,867	83,683,203
i. Disability	12,497,107	11,626,890
j. Death	5,624,623	5,742,665
k. Transfer [†]	5,380,968	2,687,781
l. Total Inactive Liability: (g) + (h) + (i) + (j) + (k)	\$ 109,844,002	\$ 106,792,083
m. Total Entry Age Actuarial Liability: (2f) + (2l)	\$ 177,262,863	\$ 177,191,049
3. Actuarial Value of Assets	\$ 132,807,915	\$ 135,405,469
4. Unfunded Actuarial Liability: (2m) - (3)	\$ 44,454,948	\$ 41,785,580
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (15/14 Years Remaining)	\$ 4,011,821	\$ 3,967,200
6. Expected Administrative Expenses	\$ 305,539	\$ 308,504
7. Expected Member Contributions	\$ (289,632)	\$ (409,847)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 8,682,215	\$ 8,682,561
9. Covered Payroll (Normal Cost)	\$ 28,893,522	\$ 29,809,848
10. Covered Payroll (UAL Amort and Expenses)	30,607,324	31,595,561
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	29.22%	28.32%
12. Employer Phased-in Contribution as a Percent of Covered Payroll	28.15%	27.78% *

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

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

Table IV-2			
ATU PEPRA / Non-PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	\$ 4,085,969	\$ 730,735	\$ 4,816,704
2. Covered Payroll (Normal Cost)	\$ 24,734,371	\$ 5,075,477	\$ 29,809,848
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.52%	14.40%	16.16%
4. Expected Employee Contributions as a Percent of Covered Payroll	(0.17%)	(7.25%)	(1.37%)
5. Entry Age Actuarial Liability	\$ 176,391,628	\$ 799,421	\$ 177,191,049
6. Actuarial Value of Assets			\$ 135,405,469
7. Unfunded Actuarial Liability: (5) - (6)			\$ 41,785,580
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (14 Years Remaining)	\$ 3,295,271	\$ 671,928	\$ 3,967,200
9. Expected Administrative Expenses	\$ 256,095	\$ 52,409	\$ 308,504
10. Expected Employee Contributions	\$ (41,875)	\$ (367,972)	\$ (409,847)
11. Total Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,595,461	\$ 1,087,100	\$ 8,682,561
12. Covered Payroll (UAL Amort and Expenses)	\$ 26,247,683	\$ 5,347,878	\$ 31,595,561
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	29.88%	20.69%	28.32%
14. Total Phased-in Contribution as a Percent of Covered Payroll	29.31%	20.30%	27.78% *

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2018.

Summary of ATU Participant Data as of

Active Participants	July 1, 2017	July 1, 2018
Number	531	531
Number Vested	281	269
Average Age	49.3	49.8
Average Service	9.9	10.2
Average Pay	\$54,503	\$56,200
Retired		
Number	344	348
Average Age	69.3	69.7
Average Annual Benefit	\$26,008	\$26,533
Beneficiaries		
Number	63	61
Average Age	71.9	72.2
Average Annual Benefit	\$12,588	\$13,182
Disabled		
Number	77	73
Average Age	66.5	66.3
Average Annual Benefit	\$18,858	\$18,782
Term Vested		
Number	29	27
Average Age	48.6	49.7
Average Annual Benefit	\$13,823	\$13,958
Transferred		
Number	56	18
Average Age	51.9	53.5
Average Annual Benefit	\$12,867	\$20,304
Term Non-Vested / Due Refund		
Number	10	2
Average Age	40.0	49.1
Average Balance	\$436	\$276

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: ATU								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	531	56	10	29	77	344	55	1,102
New Entrants	49	0	0	0	0	0	0	49
Rehires	1	1	0	(2)	0	0	0	0
Disabilities	(1)	0	0	0	1	0	0	0
Retirements	(16)	0	0	(3)	0	19	0	0
Vested Terminations	(5)	0	0	5	0	0	0	0
Died, With Beneficiaries' Benefit Payable,	0	0	0	0	0	(2)	2	0
Transfers	(3)	4	0	0	0	0	0	1
Died, Without Beneficiary, and Other	(3)	0	2	0	(5)	(11)	0	(17)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	(2)	(2)
Funds Transferred	0	(43)	0	0	0	0	0	(43)
Refund of Contributions	(22)	0	(10)	0	0	0	0	(32)
Data Corrections	0	0	0	(2)	0	(2)	0	(4)
July 1, 2018	531	18	2	27	73	348	55	1,054

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of ATU Active Participants As of July 1, 2018														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	1	1	0	0	0	0	0	0	0	0	0	0	2
25 to 29	1	8	6	2	3	1	0	0	0	0	0	0	0	21
30 to 34	4	7	12	2	7	5	2	0	0	0	0	0	0	39
35 to 39	9	6	8	3	3	11	9	6	0	0	0	0	0	55
40 to 44	10	4	3	3	8	6	11	12	0	0	0	0	0	57
45 to 49	3	6	10	3	4	12	18	19	1	0	0	0	0	76
50 to 54	5	9	8	0	5	3	18	32	9	3	0	0	0	92
55 to 59	2	2	5	3	5	17	21	29	4	3	0	1	1	92
60 to 64	4	1	4	5	2	3	17	15	3	6	2	0	0	62
65 to 69	0	1	1	0	1	3	8	4	2	3	3	2	2	28
70 & up	0	0	0	0	0	1	2	3	0	0	1	0	0	7
Total	38	45	58	21	38	62	106	120	19	15	6	3	3	531

Average Age = 49.8

Average Service = 10.2



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of ATU Active Participants As of July 1, 2018														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	39,785	33,209	0	0	0	0	0	0	0	0	0	0	36,497
25 to 29	36,984	39,004	45,659	46,704	55,208	60,995	0	0	0	0	0	0	0	44,904
30 to 34	36,947	41,821	42,086	47,774	51,103	55,932	49,017	0	0	0	0	0	0	45,552
35 to 39	35,896	39,877	39,735	50,582	49,167	53,198	67,229	58,424	0	0	0	0	0	49,459
40 to 44	37,255	43,647	41,639	41,137	54,038	54,458	65,449	60,922	0	0	0	0	0	52,728
45 to 49	38,128	39,656	43,535	38,987	50,662	53,341	59,767	63,672	72,158	0	0	0	0	54,015
50 to 54	37,621	40,089	40,701	0	49,153	60,239	60,568	64,514	66,695	70,930	0	0	0	57,269
55 to 59	39,308	42,994	42,537	43,554	53,289	58,008	66,468	69,072	78,626	71,600	0	42,373	0	62,295
60 to 64	38,035	37,422	42,970	47,336	44,229	59,371	67,953	72,422	76,455	73,646	84,954	0	0	63,667
65 to 69	0	44,061	33,796	0	53,541	59,378	61,951	73,274	78,052	61,351	76,928	85,911	0	65,750
70 & up	0	0	0	0	0	56,315	65,906	59,363	0	0	64,481	0	0	61,528
Total	37,201	40,547	41,971	45,163	51,579	56,001	63,844	65,970	72,231	70,234	77,529	71,398	0	56,200

Average Salary = \$ 56,200

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Participants and Beneficiaries

Age	Number	Average Monthly Benefit
35-39	1	\$563
40-44	0	\$0
45-49	0	\$0
50-54	3	\$1,141
55-59	38	\$1,929
60-64	57	\$2,201
65-69	111	\$2,277
70-74	99	\$2,051
75-79	43	\$2,137
80-84	32	\$1,522
85-89	17	\$1,847
90-94	2	\$1,040
95+	0	\$0
Total	403	\$2,066

Disabled Participants

Age	Number	Average Monthly Benefit
30-34	0	\$0
35-39	0	\$0
40-44	1	\$2,218
45-49	1	\$1,173
50-54	4	\$1,198
55-59	15	\$1,401
60-64	11	\$1,667
65-69	17	\$2,065
70-74	11	\$1,410
75-79	8	\$1,478
80-84	4	\$972
85-89	0	\$0
90+	1	\$400
All Ages	73	\$1,565

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	1	\$570
35-39	1	\$723
40-44	4	\$1,075
45-49	12	\$1,263
50-54	5	\$1,610
55-59	2	\$839
60-64	1	\$593
65-69	1	\$333
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	27	\$1,163

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	1	\$1,327
40-44	1	\$1,343
45-49	4	\$1,290
50-54	4	\$1,599
55-59	4	\$1,434
60-64	3	\$2,661
65-69	1	\$2,513
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	18	\$1,692

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2018 are:

Actuarial Method

As of July 1, 2012, the normal cost as a percentage of pay (and resulting Actuarial Liability) is determined as a single result for each individual: with the normal cost as a percentage of pay equal to the total projected value of benefits at entry age, divided by the present value of future salary at entry age. This method is known as the entry age to final decrement.

The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability. Prior to July 1, 2007, this liability was amortized as a level percentage of payroll over the remainder of a 30-year period beginning January 1, 1997. As of July 1, 2007, the amortization period was reset to a new 30-year period, decreasing two years with each valuation until a 20-year amortization period was achieved, at which point the amortization period was reduced by one year annually. The amortization period as of July 1, 2018 is 14 years. Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses.

The total Plan cost is the sum of the normal cost, the amortization of the Unfunded Actuarial Liability, and the expected administrative expenses. The Board chose to phase in the increase in the contribution rate due to the assumption changes effective July 1, 2017 over three years, or approximately 0.53% annually.

Actuarial Value of Plan Assets

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.

Actuarial Assumptions

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Board in the prior valuation as a result of an analysis completed in 2017.

1. Rate of Return

The annual rate of return on all Plan assets is assumed to be 7.25% for the current valuation net of investment, but not administrative, expenses.

2. Cost of Living

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.00% per year.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. Plan Expenses

Administrative expenses are assumed to be \$317,760 for Fiscal Year 2019-20, and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

4. Increases in Pay

Assumed pay increases for active Participants consist of increases due to inflation (cost-of-living adjustments) and those due to longevity and promotion.

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

In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 3.00% for the current valuation.

5. Family Composition

85% of participants are assumed to be married. Male spouses of active employees are assumed to be three years older than their wives. This assumption is also applied to retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

6. Terminal Pay Load

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

7. Missed Pay Periods

A load of 2.62% is applied to the normal cost for ATU PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

8. Employment Status

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

9. Rates of Termination

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

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

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

10. Rates of Disability

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

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

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Mortality for Active Healthy Lives

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 115% for males and 130% for females.

12. Rates of Mortality for Disabled Retirees

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 120% for males.

13. Retired Member and Beneficiary Mortality

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

14. Rates of Retirement

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

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

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

15. Changes Since Last Valuation

A load of 2.62% is applied to the normal cost for ATU PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

Average Final
Monthly
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if last 48 months of compensation are used in the calculation.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation is limited to an amount not to exceed a specific capped amount, originally tied to the Social Security Taxable Wage Base in 2013, and subsequently adjusted annually by the increase in the CPI-U.

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases.

Service includes time with the District or predecessor companies immediately prior to April 1, 1979 and subsequent to hire. Service is measured in continuous fractions of a year.

B. Participation

Eligibility:

Any person employed by the District who is a member of ATU Local 256 is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1, 2016 is a New Member and will follow PEPRA provisions. Employees who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

C. Retirement Benefit

Eligibility:

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect on February 28, 1993 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement.

For retirements and terminations prior to March 1, 2004, the percentage is equal to:

- 2.0%, if the member retires prior to age 65, and
- 2.5%, if the member retires at age 65 or later.

For retirements and terminations on and after March 1, 2004, the percentage is equal to:

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

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

D. Disability Benefit

- Eligibility:** A Participant is eligible for a disability benefit, if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. 10 years of service is required to qualify for disability. For PEPRA members, only five years of service is needed.
- Benefit Amount:** The benefit payable to a disabled Participant is equal to the Normal Retirement Benefit earned to the date of disability.
- Form of Benefit:** The benefit begins at disability and continues until recovery or for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

E. Pre-Retirement Death Benefit

- Eligibility:** A Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit, if the Participant has completed 10 years of service with the District. A PEPRA Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District.
- Benefit Amount:** The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day before his/her death. If the member is not eligible to retire on the day before his/her death, but is vested in his/her benefit, the benefit shall be calculated using a 1% multiplier for PEPRA members and 2% for all other members.
- Form of Benefit:** The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner. No optional form of benefit may be elected. No cost-of-living increases are payable.

F. Termination Benefit

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

G. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Salaried Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

Benefit Amount: The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Salaried Plan together, as if the plans were a single plan. For ATU members who transfer on or after August 30, 2011, the multiplier payable by the ATU Plan will be limited to the multiplier applicable at the date of transfer.

Form of Benefit: The reciprocity benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

H. Funding

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
ATU PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

PEPRA members hired on or after January 1, 2016 will contribute half of the PEPRA normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the contribution rate for PEPRA members was 6.50% of payroll (1/2 of 13.21%, rounded to the nearest quarter). The normal cost rate for the PEPRA members as of the July 1, 2018 valuation is 14.40%, and since the increase is greater than 1%, the rate for the following fiscal year increases to 7.25% (1/2 of 14.40%, rounded to the nearest quarter). Table IV-2 contains the details of this calculation.

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

I. Changes in Plan Provisions

None

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

APPENDIX D – GLOSSARY

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

9. Amortization Payment

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



Classic Values, Innovative Advice

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
31	03/20/19	Retirement	Action	02/21/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the IBEW Employees' Retirement Plan. (Weekly)

ISSUE

Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2020, for the IBEW Employees' Retirement Plan.

RECOMMENDED ACTION

Adopt Resolution No. 19-03___, Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2020, for the IBEW Employees' Retirement Plan.

FISCAL IMPACT

IBEW Retirement Plan fiscal impact - \$3,458,835 represents the estimated contributions to the Retirement Plan in FY 2020.

Sacramento Regional Transit District fiscal impact – The \$3,458,835 represents the estimated contributions from the District (pension expense) to the Plan.

Current FY 2019 Budget:	\$3,405,975
FY 2020 Estimate:	\$3,458,835
Dollar Change:	\$ 52,860
Pension Expense % Change:	1.55%

The % increase is partially due to the combination of the following factors:

ADC Changes

- 1.06% increased due to phase in of Rate of Return assumption change in FY18
- (0.94%) reduction due to increased PEPPRA population
- 0.64% increase due to demographic changes
- (0.84%) reduction due to payroll growth

Pensionable Wages Changes

- 4.00% assumed increase in pensionable wages from FY2019 to FY2020

Note: Only significant factors included here, the percent change in the ADC does not correlate directly to the percent change in pension expense.

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compling\#31 - IBEW Actuarial Valuation.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
31	03/20/19	Open	Action	02/21/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the IBEW Employees' Retirement Plan. (Weekly)

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 IBEW Employees’ Retirement Plan as of July 1, 2018 (Exhibit A).

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.

The proposed ADC for FY20 is 24.73%, which is a decrease from 25.03%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Boards accept Cheiron’s Actuarial Valuation report and instruct the Sacramento Regional Transit District to contribute 24.73% of eligible IBEW Employees’ payroll to the IBEW Employees’ Retirement Plan fund on a monthly basis, effective July 1, 2019.

RESOLUTION NO. 19-03-_____

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 20, 2019

**ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE
ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE IBEW
EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2020**

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

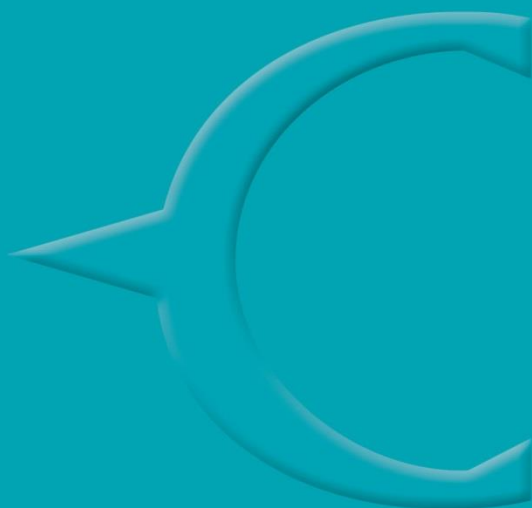
THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the IBEW Employees' Retirement Plan fund at 24.73% of the payroll for eligible IBEW Employees, effective July 1, 2019.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary



**Retirement Plan for
Sacramento Regional Transit
District Employees
IBEW Local 1245**

**Actuarial Valuation Report
as of July 1, 2018**

Produced by Cheiron

March 2019

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March 8, 2019

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

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (IBEW Plan) (SacRT, the Fund, the Plan) as of July 1, 2018. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Board and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This report was prepared for the Retirement Board for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



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



Anne D. Harper, FSA, EA, MAAA
Consulting Actuary

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (IBEW Plan) as of July 1, 2018. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends;
- The **Main Body** of the report presents details on the Plan's
 - Section II – Assets
 - Section III – Liabilities
 - Section IV – Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- Employer contribution rates for Plan Year 2019-2020.

Prior to July 1, 2016, a combined valuation report was issued for the Retirement Plans for Sacramento Regional Transit District Employees ATU Local 256 and IBEW Local 1245. As per the Board's direction, beginning with the July 1, 2016 valuation, separate reports are issued for the ATU and IBEW plans.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2018 provided to the Board in September 2018.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of the historical trends, and (E) the projected financial outlook for the Plan.

A. Valuation Basis

This valuation determines the employer and PEPRAs member contributions for the plan year.

The Plan's funding policy is for the District to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method, net of any contributions by the members,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There were no changes to plan provisions since the prior valuation.

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

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2018 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 25.03% of payroll last year to 24.73% of payroll for the current valuation, reflecting an adjustment for the second year of the three-year phase-in of the impact of changes to the economic assumptions adopted for the July 1, 2017 valuation. Without the phase-in, the employer contribution rate would have increased to 25.26% of payroll.

The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 76.2% last year to 76.5% as of July 1, 2018. The unfunded liability also increased as a dollar amount. As a point of comparison, a funding ratio of 61.0% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This ratio is sometimes referred to as the Inactive Funded Ratio.

- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced an increase in the UAL from \$17,368,699 to \$17,947,482 as of July 1, 2018. This increase in UAL was primarily due to the liability loss on experience and the rate of return on the Actuarial Value of Assets being less than expected.
- During the year ending June 30, 2018, the return on assets was 6.75% on a market value basis net of investment expenses, as compared to the 7.25% assumption. This resulted in a market value loss on investments of \$271,734. The Actuarial Value of Assets recognizes 20% of the difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.48% on the smoothed value of assets, an actuarial asset loss of \$426,841.

The Actuarial Value of Assets is currently 102.4% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$1.4 million) that will be reflected in the smoothed value in future years.

- The Plan experienced a liability loss of \$663,797, due primarily to greater than anticipated salary increases as well as longevity of inactive members. Combining the liability and asset losses, the Plan experienced a total loss of \$1,090,638.
- There were 26 new hires and rehires since July 1, 2017 and the total active population increased. Total projected payroll increased 9.38% from \$12,364,134 for 2017-2018 to \$13,523,404 for 2018-2019.
- A load of 2.62% was applied to increase the normal cost of PEPRA members to adjust for missed pay periods in which the members are credited service but contributions are

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

not made. This had a negligible impact on the employer contribution rate. For more information, please refer to our study dated June 21, 2018.

- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members. In addition, the PEPRA member contribution rate increased this year (from 5.25% to 6.00%), due to the change in demographics for the PEPRA population, the recent reduction in the discount rate, and the PEPRA normal cost load described above.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year. We have also presented the employer contribution rate both before and after the phase in of the effect of economic assumption changes adopted as of July 1, 2017.

Table I-1			
IBEW Summary of Principal Plan Results			
Valuation Date	July 1, 2017	July 1, 2018	% Change
<u>Participant Counts</u>			
Active Participants	197	211	7.11%
Participants Receiving a Benefit	157	164	4.46%
Terminated Vested Participants	22	20	-9.09%
Transferred Participants	35	36	2.86%
Total	411	431	4.87%
Annual Pay of Active Members	\$ 12,364,134	\$ 13,523,404	9.38%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 72,891,895	\$ 76,501,290	4.95%
Actuarial Value of Assets (AVA)	<u>55,523,196</u>	<u>58,553,808</u>	5.46%
Unfunded Actuarial Liability (UAL)	\$ 17,368,699	\$ 17,947,482	3.33%
Funded Ratio (AVA)	76.2%	76.5%	0.37%
Market Value of Assets (MVA)	\$ 54,085,119	\$ 57,166,577	5.70%
Funded Ratio (MVA)	74.2%	74.7%	0.53%
Inactive Funded Ratio	60.2%	61.0%	0.79%
<u>Contributions</u>			
Total Contribution (Beginning of Year)	\$ 3,047,138	\$ 3,217,025	5.58%
Total Contribution Payable Monthly	\$ 3,155,666	\$ 3,331,601	5.58%
Total Contribution as a Percentage of Payroll (before phase-in)	26.09%	25.26%	-0.83%
Total Contribution as a Percentage of Payroll (after phase-in)	25.03%	24.73%	-0.30%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

C. Changes in Plan Cost

Table I-2 summarizes the impact of actuarial experience and changes in benefits on Plan cost prior to the reduction for phasing in the assumption changes from the prior valuation over three years.

Table I-2 IBEW Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2019 Total Employer Contribution Rate	25.03%			
Change due to phase-in	1.06%			
FYE 2019 Actuarial Contribution Rate	26.09%	12.41%	12.68%	1.00%
Change due to asset loss	0.32%	0.00%	0.32%	0.00%
Change due to PEPRA	-0.94%	-0.94%	0.00%	0.00%
Change due to missing pay period load	0.01%	0.08%	-0.07%	0.00%
Change due to demographic changes	0.64%	0.13%	0.47%	0.04%
Change due to amortization payroll	-0.84%	0.00%	-0.78%	-0.06%
Change due to contribution excess	<u>-0.02%</u>	<u>0.00%</u>	<u>-0.02%</u>	<u>0.00%</u>
FYE 2020 Net Employer Contribution Rate	25.26%	11.68%	12.60%	0.98%

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

- The contribution rate in the prior valuation was less than the actuarially determined contribution rate, due to the phase-in of the 2017 assumption changes.

As part of the prior valuation, the Board elected to phase-in the impact of the assumption changes (including a reduction in the discount rate from 7.50% to 7.25%) over a three-year period. The total increase in the actuarial cost from the assumption changes was 1.60% of pay, only one-third of which (or 0.54% of pay) was reflected in the prior year required contribution. If the remaining two-thirds (or 1.06% of pay) had been reflected in the prior year contribution rate, the total rate would have been 26.09% of pay, as shown above.

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

The assets of the IBEW Plan returned 6.75% (net of investment expenses) on a market basis, lower than the assumed rate of 7.25%. The actuarial return on assets was 6.48%, lower than the assumed rate of 7.25%. This resulted in an increase in the contribution rate by 0.32% of payroll.

The Market Value of Assets is lower than the actuarial value; there are approximately \$1.4 million in deferred asset losses for the IBEW Plan.

SECTION I – EXECUTIVE SUMMARY

- Demographic experience resulted in a net increase in cost.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was somewhat different than predicted by the actuarial assumptions in aggregate, causing an actuarial loss which increased the contribution rate by 0.64% of payroll. In particular, there were losses caused by lower mortality rates than expected among retirees, and larger salary increases than expected for returning members.

This was offset by the fact that the employer portion of the normal cost members hired on or after January 1, 2015 under the PEPRAs benefit formula is lower than the normal cost for the non-PEPRA membership. In addition, the contribution rate for PEPRAs members increased from 5.25% to 6.00% because the normal cost rate for PEPRAs members increased by more than 1% since the rate was last set in 2016. The increase in the normal cost rate was driven by an increase in the average entry age (from 37.7 in 2016 to 41.7 this year), the reduction in the discount rate from 7.50% to 7.25% in the prior valuation, and the application of the normal cost load described in more detail below.

The impact of PEPRAs resulted in a decrease in the employer normal cost rate of 0.94% of payroll. The net impact on the contribution rate from changes in demographics was a decrease of 0.30% of payroll.

- Overall payroll growth was greater than expected.

Greater than expected growth in the projected payroll decreased the contribution rate by 0.84% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions exceeded the actuarially determined cost.

Actual contributions were greater than the total actuarially determined cost, which resulted in a decrease in the contribution rate by 0.02%.

- A study was performed in June of 2018 to determine the amount of unpaid time that was included as service credit for consideration in calculating the normal cost rate for PEPRAs members. It was determined that the average amount of unpaid pay periods over the timeframe studied was 2.62% for the ATU and IBEW members.

As a result a load of 2.62% was applied to the normal cost for IBEW PEPRAs members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member. This increased the employer normal cost rate 0.08% of pay, but reduced the UAL rate by 0.07%, for a net increase in the contribution rate of 0.01%.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

The Total impact on employer Plan cost is a decrease of 0.83%, prior to the impact of the remaining phase-in of the 2017 assumption changes.

Table I-3 summarizes the impact on Plan cost incorporating of phasing in the 2017 assumption changes over three years.

Item	Full Contribution	Phased Contribution
FYE 2020 Total Employer Contribution Rate	25.26%	24.73%
FYE 2021 Total Employer Contribution Rate	25.58%	25.58%
FYE 2022 Total Employer Contribution Rate	25.52%	25.58%

As stated earlier, the net impact on the actuarial cost due to assumption changes adopted by the Board, effective July 1, 2017, was an increase of 1.60%. The Board chose to phase in this increase over three years, or approximately 0.53% annually. This results in a FYE 2020 Net Employer Contribution Rate of 24.73%, based on an original rate of 25.26% minus the remaining 0.53% phase-in. The table above shows that the contribution rate in FYE 2022 will be slightly higher (by approximately 0.06% of payroll) as a result of this reduction in the FYE 2020 contribution rate.

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

Table I-4 IBEW Asset to Payroll Ratio as of June 30, 2018	
Active Member Payroll	13,523,404
Assets (Market Value)	57,166,577
Ratio of Assets to Payroll	4.23
Ratio with 100% Funding	5.66

One of the most important measures of a plan’s risk is the ratio of plan assets to payroll. The table above shows the Plan’s assets as a percentage of active member payroll. This ratio indicates the sensitivity of the Plan to the returns earned on plan assets. We note in the table that plan assets currently are over four times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to over five times payroll, perhaps higher depending on the Plan’s future demographic makeup. Although, both of these ratios are lower than those of many other public plans, the increase in the asset to payroll ratio expected to accompany an improvement in the Plan’s funding still represents an increase in the volatility of the contributions.

To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the assets are so small.

On the other hand, consider the situation for the Plan. Suppose the Plan’s assets lose 10% of their value in a year. Since they were assumed to earn 7.25%, there is an actuarial loss of 17.25% of plan assets. Based on the current ratio of asset to payroll (423%), that means the loss in assets is about 73% of active payroll (423% of the 17.25% loss). There is only one source of funding to make up for this loss: contributions. Consequently, barring future offsetting investment gains, the employer has to make up the asset loss in future contributions. In this example of a one-year loss of 10%, this shortfall would eventually require an additional amortization payment in the vicinity of 6.9% of payroll, if amortized over 14 years.

Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of assets to payroll at 100% funding (566%), the asset loss would be nearly 100% of active payroll (566% of the 17.25% loss). In this example, the shortfall could require an additional amortization payment of approximately 9.3% of payroll, if amortized over 14 years.

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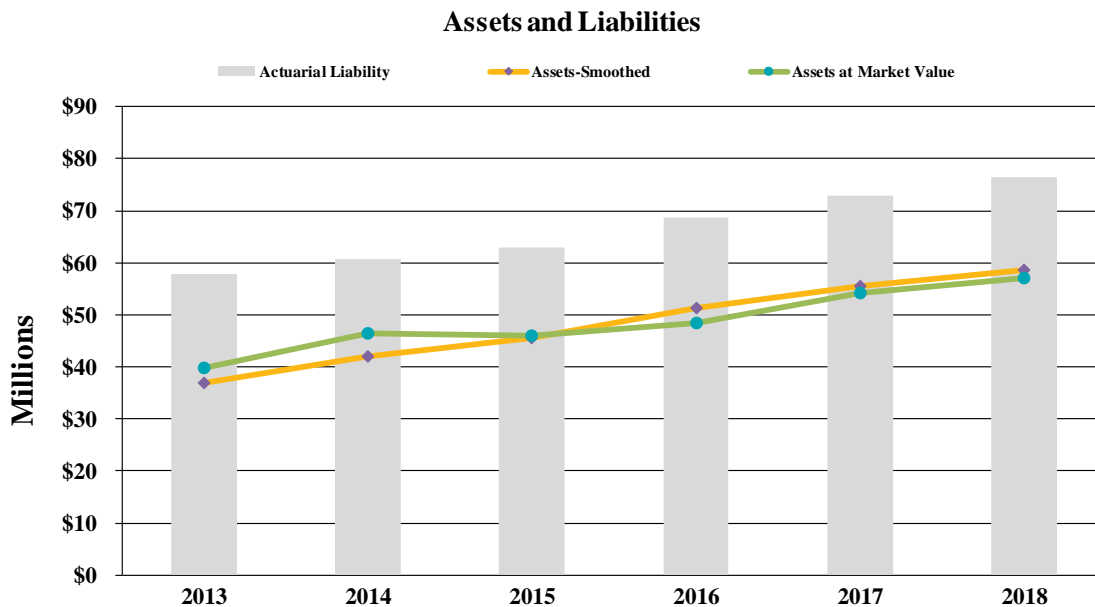
SECTION I – EXECUTIVE SUMMARY

D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown in the chart is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio has increased from 63.9% in 2013 to 76.5% in 2018, primarily as a result of the recovery in the investment markets and contributions made to the plan. Prior to 2013, the valuation reports did not report a separate funded ratio or unfunded liability for the ATU/IBEW plans.



Valuation Year	2013	2014	2015	2016	2017	2018
AVA Funded Ratio	63.9%	69.3%	72.5%	74.6%	76.2%	76.5%
UAL (Millions)	\$ 20.9	\$ 18.6	\$ 17.3	\$ 17.5	\$ 17.4	\$ 17.9

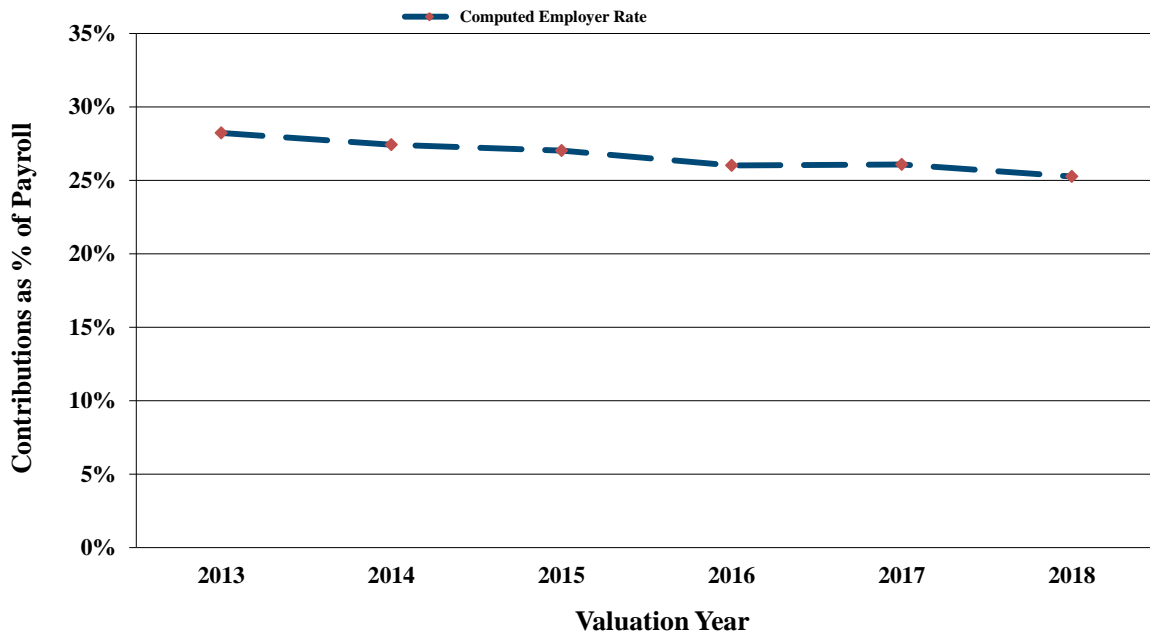
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Contribution Trends

In the chart, we present the historical trends for the Plan’s actuarially determined contribution rates (excluding the impact of any phase-in of assumption changes.) Contribution rates have declined slightly over the past few years, as investment gains have been partially offset by subsequent losses and changes to the assumptions. Contribution rates decreased this year due to an increase in projected payroll as well as PEPRAs members continuing to make contributions and receiving lower benefits. Prior to 2013, the valuation reports did not include a separate contribution rate for the ATU/IBEW plans.

Sacramento Regional Transit District Employees: IBEW

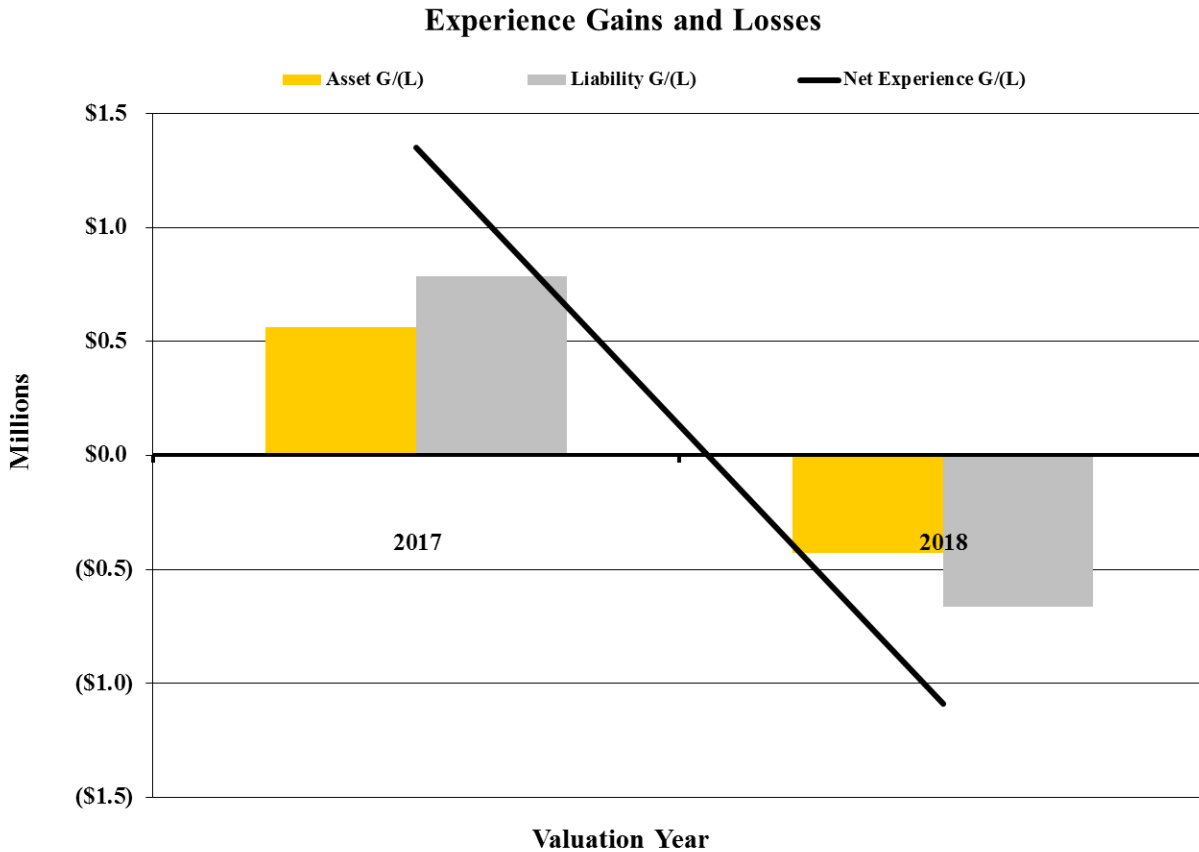


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SECTION I – EXECUTIVE SUMMARY

Gains and Losses

The chart below presents the pattern of annual gains and losses for the overall Plan, broken into the investment and liability components. Only two years are shown, since prior to last year the gain/loss analysis was only performed on a combined basis for ATU and IBEW. The investment gains and losses represent the changes on a smoothed basis (i.e., based on the Actuarial Value of Assets). The chart does not include any changes in the Plan’s assets and liabilities attributable to changes to actuarial methods, assumptions, or plan benefit changes.



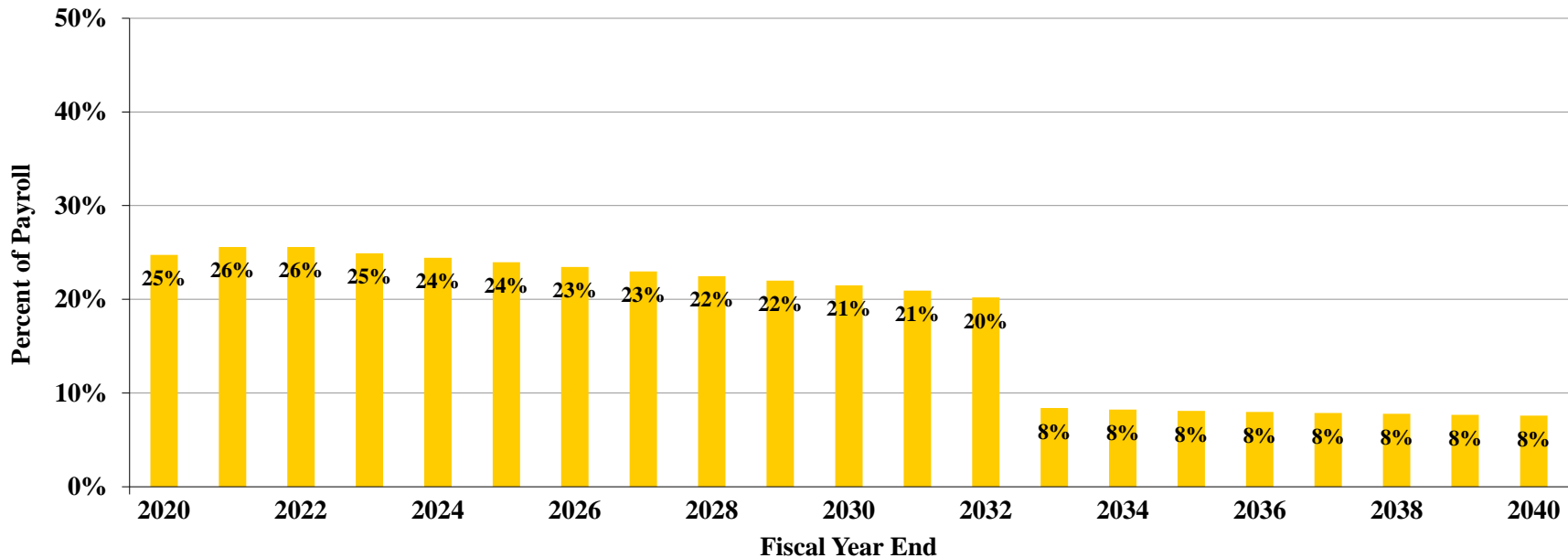
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SECTION I – EXECUTIVE SUMMARY

E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2018 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the 7.25% assumption each year, which is clearly an impossibility. We have also assumed future salary increases of 3.00% per year.

Projection of Employer Contributions, 7.25% return each year



The contribution rate graph shows that the District’s contributions are expected to remain relatively flat over the next few years. Costs are expected to increase slightly as the deferred asset losses are recognized and the assumption changes are phased in, but these increases will be offset by a decline in the employer-paid portion of the normal cost as the PEPR membership increases. The employer contribution rate is expected to decline substantially in FYE 2033, once the current unfunded liability is fully amortized.



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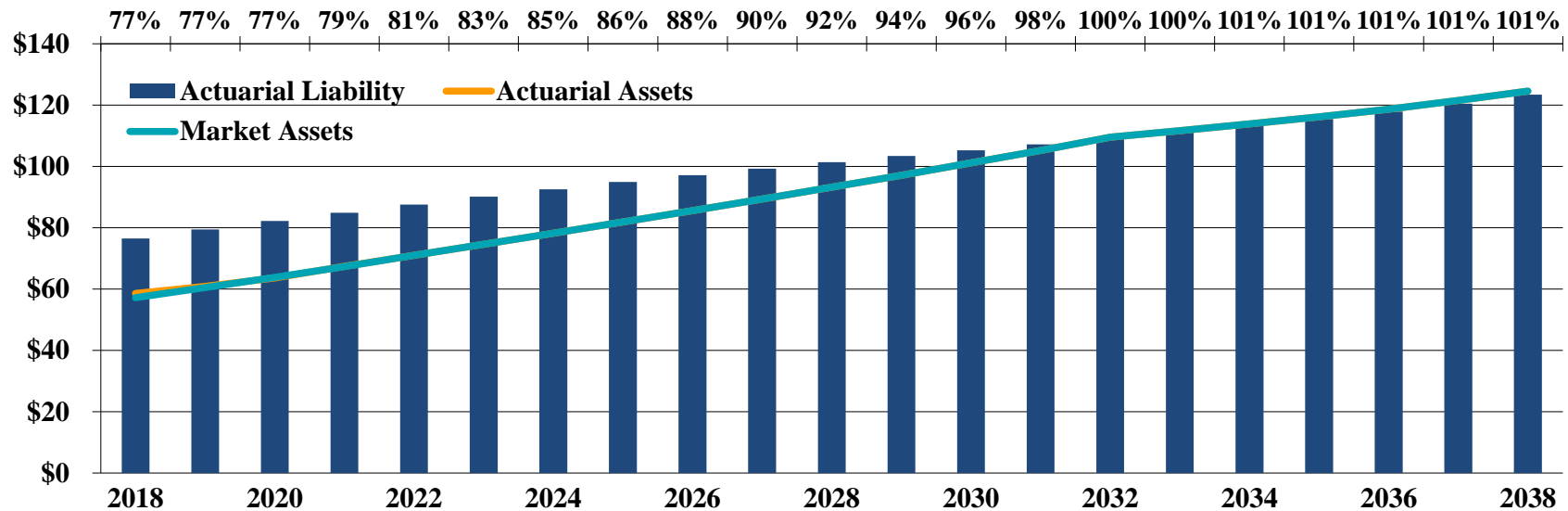
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost will be approximately \$3.4 million in 2019-2020, growing as pay increases to around \$4.0 million in 2031-2032, then dropping significantly the following years as the unfunded liability amortization payment disappears, at which point the cost will be equal to the employer’s share of the normal cost and administrative expenses.

Note that the graph on the previous page does not forecast any actuarial gains or losses or changes to the assumptions or funding policy. Even relatively modest losses relative to the 7.25% assumed return could push the employer contribution rate up to 30% of pay or higher over the next few years.

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.25% assumption each year during the projection period.

Projection of Assets and Liabilities, 7.25% return each year



The graph shows that the funded status is expected to increase over the next 14 years as the current unfunded liability is fully amortized, assuming the actuarial assumptions are achieved. However, as above, it is the actual return on Plan assets that will primarily determine the future funding status and contribution rate to the Plan.

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SECTION II – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2017 and June 30, 2018
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets which reflect smoothing of annual investment returns.

ATU vs. IBEW Asset Split

Historical financial statements provided asset information based on a single combined trust for ATU and IBEW. This is the third year separate reports are being issued to ATU and IBEW.

The assets schedule shown in this valuation report only includes information for IBEW, however the calculation of the Actuarial Value of Assets relies on prior unrecognized gains and losses from FYE 2014 through 2016 for both, ATU and IBEW combined. Therefore, prior unrecognized dollars are allocated as a pro-rata share to IBEW based on the Market Value of Assets as of July 1, 2018. Unrecognized dollars for the 2016-2017 and 2017-2018 years are based on IBEW Plan performance during the respective years.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Table II-1 discloses and compares each component of the market asset value as of June 30, 2017 and June 30, 2018.

Table II-1		
IBEW Statement of Assets at Market Value		
June 30,		
Investments	2017	2018
Cash and Cash Equivalents	\$ 978,186	\$ 2,898,874
Equity Securities	35,645,247	36,382,952
Fixed Income Securities	<u>19,661,325</u>	<u>21,529,184</u>
Total Investments	56,284,758	60,811,010
Receivables		
Securities Sold	\$ 833,196	\$ 90,658
Interest and Dividends	87,591	122,388
Other Receivable	<u>11,512</u>	<u>21,656</u>
Total Receivables	932,299	234,702
Payables		
Accounts Payable	\$ (139,592)	\$ (127,494)
Benefits Payable	0	0
Other Payable	<u>(2,992,346)</u>	<u>(3,751,641)</u>
Total Payables	(3,131,938)	(3,879,135)
Market Value of Assets	\$ 54,085,119	\$ 57,166,577

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table II-2 shows the components of the change in the Market Value of Assets during 2017 and 2018.

Table II-2 IBEW Changes in Market Values		
	<u>2017</u>	<u>2018</u>
Contributions		
Employer's Contribution	\$ 3,315,379	\$ 3,195,912
Members' Contributions	<u>39,287</u>	<u>103,415</u>
Total Contributions	<u>3,354,666</u>	<u>3,299,327</u>
Investment Income		
Interest & Dividends	\$ 707,950	\$ 872,005
Realized & Unrealized Gain/(Loss)	4,831,699	3,028,721
Other Investment Income	0	0
Investment Expenses	<u>(207,237)</u>	<u>(271,158)</u>
Total Investment Income	<u>5,332,412</u>	<u>3,629,568</u>
Disbursements		
Benefit Payments	\$ (3,281,167)	\$ (3,621,685)
Expenses	(239,370)	(225,752)
Transfer from (to) Salaried Plan	0	0
Adjustment to prior year expense	<u>0</u>	<u>0</u>
Total Disbursements	<u>(3,520,537)</u>	<u>(3,847,437)</u>
Net increase (Decrease)	\$ 5,166,541	\$ 3,081,458
Net Assets Held in Trust for Benefits		
Beginning of Year	\$ <u>48,918,578</u>	\$ <u>54,085,119</u>
End of Year	\$ <u>54,085,119</u>	\$ <u>57,166,577</u>
Approximate Return	10.92%	6.75%
Administrative Expenses as a Percentage of Mean Assets	0.44%	0.39%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return. Prior unrecognized combined ATU and IBEW gains and losses are allocated as a pro-rata share to IBEW based on the Market Value of Assets as of July 1, 2018. Unrecognized dollars for the 2016-2017 and 2017-2018 years are based on IBEW Plan performance during the respective years.

Table II-3 Development of Actuarial Value of Assets as of June 30, 2018							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2013-2014	9,733,532	(13,281,708)	11,597,096	22,631,819	11,034,723	0%	0
2014-2015	10,347,302	(13,348,427)	12,928,279	4,609,506	(8,318,773)	20%	(1,663,755)
2015-2016	10,501,904	(13,471,521)	12,796,593	(1,121,417)	(13,918,010)	40%	(5,567,204)
1. Total Prior Unrecognized Dollars							(7,230,959)
2. Market Value of Assets as of June 30, 2018							
a) ATU Market Value							133,178,109
b) IBEW Market Value							57,166,577
3. Allocation of Prior Unrecognized Dollars							
a) ATU Portion: [(1) x (2a)/((2a) + (2b))]							(5,059,272)
b) IBEW Portion: [(1) x (2b)/((2a) + (2b))]							(2,171,687)
ATU Calculation of Actuarial Value of Assets							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2016-2017	8,155,830	(11,083,804)	8,822,434	14,419,987	5,597,553	60%	3,358,532
2017-2018	8,200,429	(11,564,118)	9,250,085	8,591,810	(658,275)	80%	(526,620)
4. ATU Unrecognized Dollars							2,831,912
5. ATU Actuarial Value of Assets as of June 30, 2018: [(2a) - (3a) - (4)]							135,405,469
6. Ratio of Actuarial Value to Market Value: [(5) ÷ (2a)]							101.7%
IBEW Calculation of Actuarial Value of Assets							
	(a) Total	(b) Total	(c) Expected	(d) Actual	(e) = (d) – (c) Additional	(f) Not	(g) = (e) x (f) Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2016-2017	3,354,666	(3,520,537)	3,662,673	5,332,412	1,669,739	60%	1,001,843
2017-2018	3,299,327	(3,847,437)	3,901,302	3,629,568	(271,734)	80%	(217,387)
7. IBEW Unrecognized Dollars							784,456
8. IBEW Actuarial Value of Assets as of June 30, 2018: [(2b) - (3b) - (7)]							58,553,808
9. Ratio of Actuarial Value to Market Value: [(8) ÷ (2b)]							102.4%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation’s long-term 7.25% assumption.

Table II-4 IBEW Asset Gain/(Loss)		
	Market Value	Actuarial Value
July 1, 2017 value	\$ 54,085,119	\$ 55,523,196
Employer Contributions	3,195,912	3,195,912
Employee Contributions	103,415	103,415
Benefit Payments and Expenses	(3,847,437)	(3,847,437)
Expected Investment Earnings (7.25%)	3,901,302	4,005,563
Expected Value June 30, 2018	\$ 57,438,311	\$ 58,980,649
Investment Gain / (Loss)	(271,734)	(426,841)
July 1, 2018 value	57,166,577	\$ 58,553,808
Return	6.75%	6.48%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2017 and July 1, 2018
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the normal cost rate is equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. The dollar amount of the normal cost equal to the normal cost rate multiplied by each member’s projected pay. The Actuarial Liability is the portion of the present value of future benefits not covered by future expected normal costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table III-1 below discloses each of these liabilities for the current and prior valuations.

Table III-1				
IBEW Liabilities/Net (Surplus)/Unfunded				
	July 1, 2017		July 1, 2018	
<u>Present Value of Future Benefits</u>				
Active Participant Benefits	\$	40,867,615	\$	42,860,729
Retiree and Inactive Benefits		43,894,100		46,669,491
Present Value of Future Benefits (PVB)	\$	84,761,715	\$	89,530,220
<u>Actuarial Liability</u>				
Present Value of Future Benefits (PVB)	\$	84,761,715	\$	89,530,220
Present Value of Future Normal Costs (PVFNC)		11,869,820		13,028,930
Actuarial Liability (AL = PVB – PVFNC)	\$	72,891,895	\$	76,501,290
Actuarial Value of Assets (AVA)		55,523,196		58,553,808
Net (Surplus)/Unfunded (AL – AVA)	\$	17,368,699	\$	17,947,482

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

Table III-2 IBEW Changes in Actuarial Liability		
Actuarial Liability at July 1, 2017	\$	72,891,895
Actuarial Liability at July 1, 2018	\$	76,501,290
Liability Increase (Decrease)		3,609,395
Change due to:		
Actuarial Methods / Software Changes	\$	0
Assumption Change		(103,071)
Plan Change		0
Accrual of Benefits		1,464,807
Actual Benefit Payments		(3,621,685)
Interest		5,205,547
Actuarial (Gain)/Loss		663,797

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

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

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	17,368,699
2. Employer Normal Cost at Middle of Year		1,464,807
3. Interest on 1. and 2. to End of Year		1,311,401
4. Contributions and Administrative Expenses in Prior Year		3,073,575
5. Interest on 4. to End of Year		111,417
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		(103,071)
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	16,856,844
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		17,947,482
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(1,090,638)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost as a percentage of pay and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

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

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a 14-year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2018, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year.

Beginning with the June 30, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

IBEW members hired on or after January 1, 2015 will contribute between 1.5% and 4.5% of Compensation to the Plan through April 1, 2018 and then will contribute half of the PEPRA normal cost of the Plan rounded to the nearest 0.25%. Once established, the contribution rate for new members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the contribution rate for PEPRA members was 5.25% of payroll (1/2 of 10.47%, rounded to the nearest quarter). However, as the normal cost rate for PEPRA members as of July 1, 2018 valuation is 12.12%, we expect the rate to change for the following fiscal year to 6.00% of payroll (1/2 of 12.12%, rounded to the nearest quarter). Table IV-2 contains the details of this calculation.

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

Table IV-I IBEW Development of Employer Contribution Amount		
Valuation Date	July 1, 2017	July 1, 2018
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 166,582	\$ 169,851
b. Retirement	1,191,369	1,298,597
c. Disability	141,355	152,260
d. Death	73,816	78,526
e. Refunds	4,962	9,521
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 1,578,084	\$ 1,708,755
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ (280,779)	\$ (304,690)
b. Retirement	26,416,429	27,273,086
c. Disability	1,848,797	1,866,323
d. Death	1,012,927	1,002,170
e. Refunds	421	(5,089)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 28,997,795	\$ 29,831,800
<u>Inactive Members</u>		
g. Termination	\$ 1,357,587	\$ 1,286,961
h. Retirement	33,390,814	35,094,692
i. Disability	2,015,244	1,845,034
j. Death	1,236,660	1,304,270
k. Transfer [†]	5,893,796	7,138,532
l. Total Inactive Liability: (g) + (h) + (i) + (j) + (k)	\$ 43,894,101	\$ 46,669,489
m. Total Entry Age Actuarial Liability: (2f) + (2l)	\$ 72,891,896	\$ 76,501,289
3. Actuarial Value of Assets	\$ 55,523,196	\$ 58,553,808
4. Unfunded Actuarial Liability: (2m) - (3)	\$ 17,368,700	\$ 17,947,481
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (15/14 Years Remaining)	\$ 1,567,432	\$ 1,703,967
6. Expected Administrative Expenses	\$ 123,426	\$ 132,045
7. Expected Member Contributions	\$ (113,276)	\$ (213,166)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 3,155,666	\$ 3,331,601
9. Covered Payroll (Normal Cost)	\$ 11,798,693	\$ 12,802,964
10. Covered Payroll (UAL Amort and Expenses)	12,364,134	13,523,404
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	26.09%	25.26%
12. Employer Phased-in Contribution as a Percent of Covered Payroll	25.03%	24.73% *

[†]Current non-IBEW active members with prior IBEW service; previously allocated in active liability.

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

Table IV-2				
IBEW PEPRA / Non-PEPRA Summary				
	Non-PEPRA	PEPRA	Total	
1. Entry Age Normal Cost (Middle of Year)	\$ 1,278,128	\$ 430,627	\$ 1,708,755	
2. Covered Payroll (Normal Cost)	\$ 9,250,201	\$ 3,552,763	\$ 12,802,964	
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	13.82%	12.12%	13.35%	
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(6.00%)	(1.66%)	
5. Entry Age Actuarial Liability	\$ 75,868,482	\$ 632,807	\$ 76,501,289	
6. Actuarial Value of Assets			\$ 58,553,808	
7. Unfunded Actuarial Liability: (5) - (6)			\$ 17,947,481	
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (14 Years Remaining)	\$ 1,232,301	\$ 471,666	\$ 1,703,967	
9. Expected Administrative Expenses	\$ 95,360	\$ 36,685	\$ 132,045	
10. Expected Employee Contributions	\$ -	\$ (213,166)	\$ (213,166)	
11. Total Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 2,605,789	\$ 725,812	\$ 3,331,601	
12. Covered Payroll (UAL Amort and Expenses)	\$ 9,780,025	\$ 3,743,379	\$ 13,523,404	
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	27.40%	19.70%	25.26%	
14. Total Phased-in Contribution as a Percent of Covered Payroll	26.82%	19.29%	24.73% *	

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2018.

Summary of IBEW Participant Data as of

Active Participants	July 1, 2017	July 1, 2018
Number	197	211
Number Vested	127	131
Average Age	49.5	49.2
Average Service	11.0	10.4
Average Pay	\$59,811	\$60,894
Retired		
Number	129	135
Average Age	67.0	67.6
Average Annual Benefit	\$26,261	\$26,434
Beneficiaries		
Number	17	18
Average Age	70.0	68.9
Average Annual Benefit	\$9,866	\$9,761
Disabled		
Number	14	14
Average Age	64.1	65.1
Average Annual Benefit	\$16,912	\$15,737
Term Vested		
Number	22	20
Average Age	46.5	46.6
Average Annual Benefit	\$8,864	\$8,778
Transferred		
Number	35	36
Average Age	53.0	53.7
Average Annual Benefit	\$18,592	\$21,284
Term Non-Vested / Due Refund		
Number	5	2
Average Age	34.9	48.3
Average Balance	\$1,174	\$368

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: IBEW								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	197	35	5	22	14	129	14	416
New Entrants	25	0	0	0	0	0	0	25
Rehires	1	0	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(6)	0	0	(2)	0	8	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiaries' Benefit Payable,	0	0	0	0	0	(1)	1	0
Transfers	0	2	0	0	0	0	0	2
Died, Without Beneficiary, and Other	(4)	0	2	0	0	(2)	0	(4)
Transfer Retirement	0	(1)	0	0	0	1	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	(5)	0	0	0	0	(6)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2018	211	36	2	20	14	135	15	433

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

**Age / Service Distribution Of IBEW Active Participants
As of July 1, 2018**

Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	2	0	0	0	0	0	0	0	0	0	0	0	2
25 to 29	3	4	3	0	0	1	0	0	0	0	0	0	0	11
30 to 34	3	3	2	1	1	5	1	0	0	0	0	0	0	16
35 to 39	4	3	4	1	3	3	1	0	0	0	0	0	0	19
40 to 44	5	1	5	1	1	4	7	2	0	0	0	0	0	26
45 to 49	0	3	1	1	2	4	6	4	2	0	0	0	0	23
50 to 54	2	5	0	1	1	5	11	2	4	3	1	0	0	35
55 to 59	4	4	0	2	0	5	8	11	4	5	1	0	0	44
60 to 64	1	0	0	1	2	0	5	6	1	5	2	0	0	23
65 to 69	0	0	0	0	0	1	4	3	0	0	2	0	0	10
70 & up	0	0	0	0	0	0	0	2	0	0	0	0	0	2
Total	22	25	15	8	10	28	43	30	11	13	6	0	0	211

Average Age = 49.2

Average Service = 10.4

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of IBEW Active Participants As of July 1, 2018														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	42,183	0	0	0	0	0	0	0	0	0	0	0	42,183
25 to 29	40,524	53,967	56,122	0	0	56,998	0	0	0	0	0	0	0	51,164
30 to 34	37,838	53,158	56,747	76,300	69,700	49,844	73,837	0	0	0	0	0	0	53,471
35 to 39	49,124	58,573	49,621	63,865	52,289	53,284	50,317	0	0	0	0	0	0	52,716
40 to 44	56,439	68,142	45,937	69,226	44,020	55,953	59,332	59,590	0	0	0	0	0	55,830
45 to 49	0	53,037	69,456	68,232	71,133	69,012	58,690	61,027	71,472	0	0	0	0	63,231
50 to 54	38,218	57,259	0	22,147	55,235	62,654	62,867	55,452	72,597	67,501	71,282	0	0	60,571
55 to 59	45,980	50,637	0	54,831	0	69,564	54,961	67,912	75,691	72,853	63,018	0	0	62,744
60 to 64	38,077	0	0	79,345	59,638	0	73,486	73,383	112,908	75,466	81,757	0	0	73,834
65 to 69	0	0	0	0	0	88,002	60,543	92,975	0	0	54,895	0	0	71,889
70 & up	0	0	0	0	0	0	0	70,320	0	0	0	0	0	70,320
Total	46,010	54,061	51,966	61,097	58,736	61,251	61,220	69,370	77,182	72,623	67,934	0	0	60,894

Average Salary = \$ 60,894

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Participants and Beneficiaries

Age	Number	Average Monthly Benefit
30-34	1	\$401
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	1	\$447
55-59	15	\$1,412
60-64	43	\$2,322
65-69	46	\$2,284
70-74	24	\$2,336
75-79	8	\$1,181
80-84	6	\$2,221
85-89	2	\$1,668
90-94	4	\$385
95+	0	\$0
Total	150	\$2,071

Disabled Participants

Age	Number	Average Monthly Benefit
30-34	0	\$0
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	1	\$1,107
55-59	2	\$1,817
60-64	5	\$1,158
65-69	2	\$1,653
70-74	4	\$1,131
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	14	\$1,311

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	4	\$525
40-44	5	\$730
45-49	3	\$957
50-54	7	\$814
55-59	1	\$307
60-64	0	\$0
65-69	0	\$0
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	20	\$731

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	0	\$0
40-44	4	\$749
45-49	5	\$1,209
50-54	13	\$1,499
55-59	8	\$2,106
60-64	4	\$2,935
65-69	2	\$3,368
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	36	\$1,774

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2018 are:

Actuarial Method

As of July 1, 2012, the normal cost as a percentage of pay (and resulting Actuarial Liability) is determined as a single result for each individual: with the normal cost percentage of pay equal to the total projected value of benefits at entry age, divided by the present value of future salary at entry age. This method is known as the entry age to final decrement.

The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability. Prior to July 1, 2007, this liability was amortized as a level percentage of payroll over the remainder of a 30-year period beginning January 1, 1997. As of July 1, 2007, the amortization period was reset to a new 30-year period, decreasing two years with each valuation until a 20-year amortization period was achieved, at which point the amortization period was reduced one year annually. The amortization period as of July 1, 2018 is 14 years. Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses.

The total Plan cost is the sum of the normal cost, the amortization of the Unfunded Actuarial Liability, and the expected administrative expenses. The Board chose to phase in the increase in the contribution rate due to the assumption changes effective July 1, 2017 over three years, or approximately 0.53% annually.

Actuarial Value of Plan Assets

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.

Actuarial Assumptions

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Board in the prior valuation as a result of an analysis completed in 2017.

1. Rate of Return

The annual rate of return on all Plan assets is assumed to be 7.25% for the current valuation net of investment, but not administrative, expenses.

2. Cost of Living

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.00% per year.

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. Plan Expenses

Administrative expenses are assumed to be \$136,006 for Fiscal Year 2019-20, and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

4. Increases in Pay

Assumed pay increases for active Participants consist of increases due to inflation (cost-of-living adjustments) and those due to longevity and promotion.

IBEW participants, the assumed rates are 5.0% for the first six years, and 0.25% thereafter.

In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 3.00% for the current valuation.

5. Family Composition

85% of participants are assumed to be married. Male spouses of active employees are assumed to be three years older than their wives. This assumption is also applied to retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

6. Terminal Pay Load

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

7. Missed Pay Periods

A 2.62% load is applied to the normal cost for IBEW PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

8. Employment Status

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

9. Rates of Termination

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

Rates of Termination*	
Years of Service	IBEW Rates
< 1	8.00%
1-3	8.00%
4	8.00%
5-9	5.00%
10-14	2.75%
15-19	0.50%
20-24	0.50%
25+	0.00%

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

10. Rates of Disability

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

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

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Mortality for Active Healthy Lives

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 115% for males and 130% for females.

12. Rates of Mortality for Disabled Retirees

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 120% for males.

13. Retired Member and Beneficiary Mortality

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

14. Rates of Retirement

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

Rates of Retirement				
IBEW				
Age	Years of Service			
	5-9	10-24	25-29	30+
50-54	0.00%	0.00%	2.00%	2.00%
55-59	2.30%	2.30%	2.30%	10.00%
60-64	4.00%	11.70%	11.70%	20.00%
65	4.00%	32.00%	32.00%	32.00%
66-69	4.00%	25.00%	25.00%	32.00%
70+	100.00%	100.00%	100.00%	100.00%

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

15. Changes Since Last Valuation

A 2.62% load is applied to the normal cost for IBEW PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

Average Final
Monthly
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if last 48 months of compensation are used in the calculation.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation is limited to an amount not to exceed a specific capped amount, originally tied to the Social Security Taxable Wage Base in 2013, and subsequently adjusted annually by the increase in the CPI-U.

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases.

For IBEW members, service includes time with the District or predecessor companies immediately prior to September 16, 1974 and subsequent to hire. Service is measured in completed quarters.

B. Participation

Eligibility:

Any person employed by the District who is a member IBEW Local 1245 is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1 is a New Member and will follow PEPRA provisions. Employees who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

C. Retirement Benefit

Eligibility:

Prior to November 1, 2005, an IBEW Participant is eligible for normal service retirement upon attaining age 55 and completing 10 or more years of service. Effective November 1, 2005, IBEW members are eligible to retire upon reaching 25 years of service. Effective November 1, 2006, an

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

IBEW Participant is eligible for normal service or disability retirement upon attaining age 55 and completing five or more years of service.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect on February 28, 1993 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement.

For retirements and terminations on and after July 1, 2008, the percentage is equal to:

- 2.0%, if the member retires after age 55 and prior to age 60 and prior to 30 years of service,
- 2.5%, if the member retires at age 60 or later or with 30 or more years of service.

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

D. Disability Benefit

Eligibility: A Participant is eligible for a disability benefit, if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. 10 years of service is required to qualify for disability. For IBEW members with active service on or after November 1, 2006 (including PEPRA members), only five years of service is needed.

Benefit Amount: For IBEW members, the disability benefit is equal to the Normal Retirement Benefit, using the Participant's Average Final Monthly

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Earnings and service accrued through the date of disability. The disability benefit cannot exceed the Retirement Benefit the member would be entitled to on the basis of Average Final Monthly Earnings determined at the date of disability multiplied by the service the member would have attained had employment continued until age 62, excluding PEPRA members.

Form of Benefit: The benefit begins at disability and continues until recovery or for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

E. Pre-Retirement Death Benefit

Eligibility: A Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit, if the Participant has completed 10 years of service with the District. Effective November 1, 2006, an IBEW Participant's surviving spouse or Domestic Partner is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District, including PEPRA members.

Benefit Amount: The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day before his/her death. If the member is not eligible to retire on the day before his/her death, but is vested in his/her benefit, the benefit shall be calculated using a 1% multiplier for PEPRA members and a 2% for all other members.

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

F. Termination Benefit

Eligibility: An IBEW Participant is eligible for a termination benefit after earning five years of service. The terminated Participant will be eligible to commence benefits at age 62 (or as early as age 55 if eligible).

PEPRA members are eligible for a termination benefit after earning five years of service, commencing as early as age 52.

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

APPENDIX C – SUMMARY OF PLAN PROVISIONS

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

G. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Salaried Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

Benefit Amount: The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Salaried Plan together, as if the plans were a single plan.

Form of Benefit: The reciprocity benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

H. Funding

IBEW members hired or rehired by the District on or after January 1, 2015 will contribute 1.5% of pay after one year of service, 3.0% of pay after two years of service, 4.5% of pay after three years of service, and 50% of normal cost up to 5% of pay after four years of service. Effective April 1, 2018, IBEW members hired or rehired by the District on or after January 1, 2015 will contribute half of the normal cost of the PEPRA Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the initial contribution rate for PEPRA members was 5.75% (1/2 of 10.47%, rounded to the nearest quarter) of payroll. The normal cost rate for the PEPRA members as of the July 1, 2018 valuation is 12.12%, and because the rate changed by more than 1%, the rate for the following fiscal year increases to 6.00% (1/2 of 12.12%, rounded to the nearest quarter) of payroll.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
IBEW PLAN ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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

I. Changes in Plan Provisions

None

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

APPENDIX D – GLOSSARY

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

9. Amortization Payment

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



Classic Values, Innovative Advice

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
32	03/20/19	Retirement	Action	02/25/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the Salaried Employees' Retirement Plan (AEA/AFSCME/MCEG). (Weekly)

ISSUE

Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2020, for the Salaried Employees' Retirement Plan.

RECOMMENDED ACTION

Adopt Resolution No. 19-03___, Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2020, for the Salaried Employees' Retirement Plan.

FISCAL IMPACT

Salaried Retirement Plan fiscal impact - \$8,758,404 represents the estimated contributions to the Retirement Plan in FY 2020.

Sacramento Regional Transit District fiscal impact – The \$8,758,404 represents the estimated contributions from the District (pension expense) to the Plan.

Current FY 2019 Budget:	\$8,176,484
FY 2020 Estimate:	\$8,758,404
Dollar Change:	\$ 581,921
Pension Expense % Change:	7.12%

The % increase is partially due to the combination of the following factors:

ADC Changes

- 1.13% increased due to phase in of Rate of Return assumption change in FY18
- (0.40%) reduction due to increased PEPPA population
- 0.42% increase due to demographic changes
- (0.53%) reduction due to payroll growth
- 0.78% increase due to ATU transfer to Salaried plan

Pensionable Wages Changes

- 4.00% assumed increase in pensionable wages from FY2019 to FY2020

Note: Only significant factors included here, the percent change in the ADC does not correlate directly to the percent change in pension expense.

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compling\#32 - Salaried Actuarial Valuation.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
32	03/20/19	Open	Action	02/25/19

Subject: Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2020, for the Salaried Employees' Retirement Plan (AEA/AFSCME/MCEG). (Weekly)

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 Salaried Employees’ Retirement Plan as of July 1, 2018 (Exhibit A).

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.

The proposed ADC for FY20 is 35.41%, which is an increase from 34.30%. Cheiron's recommendation is explained in greater detail in the study attached as Exhibit A.

Staff Recommendation:

Staff recommends the Boards accept Cheiron’s Actuarial Valuation report and instruct the Sacramento Regional Transit District to contribute 35.41% of eligible Salaried Employees’ payroll to the Salaried Employees’ Retirement Plan fund on a monthly basis, effective July 1, 2019.

RESOLUTION NO. 19-03-_____

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 20, 2019

**ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE
ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE SALARIED
EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2020**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AEA AS FOLLOWS:

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

THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the Salaried Employees' Retirement Plan fund at 35.41% of the payroll for eligible Salaried Employees, effective July 1, 2019.

RUSSEL DEVORAK, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE SALARIED EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2020

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE MCEG AS FOLLOWS:

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

THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the Salaried Employees' Retirement Plan fund at 35.41% of the payroll for eligible Salaried Employees, effective July 1, 2019.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of AFSCME on this date:

March 20, 2019

ACCEPT ACTUARIAL VALUATION REPORT, WHICH INCLUDES THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR THE SALARIED EMPLOYEES' RETIREMENT PLAN FOR FISCAL YEAR 2020

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME AS FOLLOWS:

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

THAT, the Retirement Board hereby establishes the Actuarial Contribution Rate for the Salaried Employees' Retirement Plan fund at 35.41% of the payroll for eligible Salaried Employees, effective July 1, 2019.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary



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

**Actuarial Valuation Report
as of July 1, 2018**

Produced by Cheiron

March 2019

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March 8, 2019

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

Dear Members of the Boards:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Salaried Employees of the Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2018. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Boards and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This report was prepared solely for the Retirement Boards for the purposes described herein, and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such party.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



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



Anne D. Harper, FSA, EA MAAA
Consulting Actuary

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2018. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- The **Main Body** of the report presents details on the Plan's
 - Section II – Assets
 - Section III – Liabilities
 - Section IV – Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- Employer contribution rates for Plan Year 2019-2020.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2018 provided to the Boards in September 2018.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of the historical trends, and (E) the projected financial outlook for the Plan.

A. Valuation Basis

This valuation determines the employer and PEPRAs member contributions for the plan year.

The Plan's funding policy is for the District to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method, net of any contributions by the members,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2018 actuarial valuation are as follows:

- The actuarially determined employer contribution rate increased from 34.30% of payroll last year to 35.41% of payroll for the current valuation, reflecting an adjustment for the second year of the three-year phase-in of the impact of changes to the economic assumptions adopted for the July 1, 2017 valuation. Without the phase-in, the employer contribution rate would have increased to 35.98% of payroll.
- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 64.4% last year to 64.8% as of July 1, 2018. The unfunded liability also increased as a dollar amount. As a point of comparison, a funding ratio of 55.9% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This ratio is sometimes referred to as the Inactive Funded Ratio.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced an increase in the UAL from \$47,301,118 to \$51,165,986 as of July 1, 2018. This increase in the UAL was primarily due to the transfer of assets and liabilities from ATU to the Salaried plan.
- During the year ended June 30, 2018, the return on Plan assets was 7.07% on a market value basis net of investment expenses, as compared to the 7.25% assumption. This resulted in a market value loss on investments of \$150,240. The Actuarial Value of Assets recognizes 20% of the difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.88% on the smoothed value of assets, an actuarial asset loss of \$321,313.
- The Actuarial Value of Assets is currently 101.0% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$1.0 million) that will be reflected in the smoothed value in future years.
- The Plan experienced a liability loss of \$1,603,565 due primarily to lower mortality rates than expected among retirees and greater than expected salary increases for returning members, offset by an adjustment to reduce post age 62 benefits for retirees who elected a Social Security Level Income option. Combining the liability loss and the asset loss, the Plan experienced a total loss of \$1,924,878.
- There were 16 new hires and rehires since July 1, 2017 and the total active population increased by 3. Total projected payroll increased 5.59% from \$23,179,191 to \$24,474,636 for 2018-2019.
- During the year, \$2,638,467 of assets and \$5,129,398 of liabilities were transferred from ATU to the Salaried plan for active Salaried plan members with prior ATU service.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

- A load of 0.57% was applied to increase the normal cost of PEPRA members to adjust for missed pay periods in which the members are credited service but contributions are not made. This had a negligible impact on the employer contribution rate. For more information, please refer to our study dated June 21, 2018.
- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members. In addition, the PEPRA member contribution rate increased this year (from 5.25% to 5.75%), due to the change in demographics for the PEPRA population, the recent reduction in the discount rate, and the PEPRA normal cost load described above.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year. We have also presented the employer contribution rate both before and after the phase in of the effect of economic assumption changes adopted as of July 1, 2017.

Table I-1			
Summary of Principal Plan Results			
Valuation Date	July 1, 2017	July 1, 2018	% Change
<u>Participant Counts</u>			
Active Participants	223	226	1.35%
Participants Receiving a Benefit	283	293	3.53%
Terminated Vested Participants	55	53	-3.64%
Transferred Participants	69	82	18.84%
Total	630	654	3.81%
Annual Pay of Active Members	\$ 23,179,191	\$ 24,474,636	5.59%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 132,986,393	\$ 145,254,307	9.22%
Actuarial Value of Assets (AVA)	85,685,275	94,088,321	9.81%
Unfunded Actuarial Liability (UAL)	\$ 47,301,118	\$ 51,165,986	8.17%
Funded Ratio (AVA)	64.4%	64.8%	0.34%
Market Value of Assets (MVA)	\$ 84,632,310	\$ 93,130,089	10.04%
Funded Ratio (MVA)	63.6%	64.1%	0.48%
Inactive Funded Ratio	58.1%	55.9%	-2.17%
<u>Contributions</u>			
Employer Contribution (Beginning of Year)	\$ 7,818,182	\$ 8,382,720	7.22%
Employer Contribution Payable Monthly	\$ 8,096,631	\$ 8,681,278	7.22%
Employer Contribution as a Percentage of Payroll (before phase in)	35.43%	35.98%	0.55%
Employer Contribution as a Percentage of Payroll (after phase in)	34.30%	35.41%	1.11%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

C. Changes in Plan Cost

Table I-2 summarizes the impact of actuarial experience and changes in benefits on Plan cost prior to the reduction for phasing in the July 1, 2017 assumption changes over three years.

Table I-2 Employer Contribution Reconciliation - No Phase In				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2019 Employer Contribution Rate	34.30%			
Change due to phase-in	1.13%			
FYE 2019 Actuarial Contribution Rate	35.43%	15.72%	18.42%	1.29%
Change due to asset losses	0.13%	0.00%	0.13%	0.00%
Change due to PEPRAs	-0.40%	-0.40%	0.00%	0.00%
Change due to ATU Transfer	0.78%	-0.21%	0.99%	0.00%
Change due to missing pay period load	0.00%	0.01%	-0.01%	0.00%
Change due to demographic losses	0.42%	-0.24%	0.67%	-0.01%
Change due to amortization payroll	-0.53%	0.00%	-0.50%	-0.03%
Change due to contribution shortfall	<u>0.15%</u>	<u>0.00%</u>	<u>0.15%</u>	<u>0.00%</u>
FYE 2020 Employer Contribution Rate	35.98%	14.88%	19.85%	1.25%

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

- The contribution rate in the prior valuation was less than the actuarially determined contribution rate, due to the phase-in of the 2017 assumption changes.

As part of the prior valuation, the Board elected to phase-in the impact of the assumption changes (including a reduction in the discount rate from 7.50% to 7.25%) over a three-year period. The total increase in the actuarial cost from the assumption changes was 1.70% of pay, only one-third of which (or 0.57% of pay) was reflected in the prior year required contribution. If the remaining two-thirds (or 1.13% of pay) had been reflected in the prior year contribution rate, the total rate would have been 35.43% of pay, as shown above.

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

The actuarial return on assets was 6.88%, less than the assumed rate of 7.25%. This resulted in an increase in the contribution rate by 0.13% of payroll.

The Market Value of Assets is lower than the actuarial value; there are approximately \$1.0 million in deferred asset losses.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

- Demographic experience resulted in a net increase in cost.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was somewhat different than predicted by the actuarial assumptions in aggregate, causing an actuarial loss which increased the contribution rate by 0.42% of payroll. In particular, there were losses caused by lower mortality rates than expected among retirees, and larger salary increases than expected for returning members. These losses were offset by an adjustment to the post 62 benefits for members who elected the Social Security Level Income option.

This was offset by the fact that the employer portion of the normal cost for the new hires under the PEPRA benefit formula is lower than the normal cost for the non-PEPRA membership. In addition, the contribution rate for PEPRA members increased from 5.25% to 5.75% because the normal cost rate for PEPRA members increased by more than 1% since the rate was last set in 2016. The increase in the normal cost rate was driven by an increase in the average entry age (from 39.6 in 2016 to 42.2 this year), the reduction in the discount rate from 7.50% to 7.25% in the prior valuation, and the application of the normal cost load described in more detail below.

The impact of PEPRA resulted in a decrease in the employer normal cost rate of 0.40% of payroll. The net impact on the contribution rate from changes in demographics was an increase of 0.02% of payroll.

- Overall payroll growth was greater than expected.

Greater than expected growth in the projected payroll decreased the contribution rate by 0.53% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions fell short of the actuarially determined cost.

Actual contributions were less than the total actuarially determined cost, which resulted in an increase in the contribution rate by 0.15%. This was primarily due to the 12-month delay in the implementation of the contribution rates.

- Salaried members with prior ATU service had the liabilities and assets associated with their ATU service transferred into the Salaried plan.

As a result of an arbitration agreement, the assets and liabilities associated with Salaried members with prior ATU service (but who did not become vested in the ATU plan) were transferred from the ATU plan into the Salaried plan. Since the liabilities (\$5,129,398) exceeded the assets (\$2,638,467) transferred, the employer contribution rate increased by 0.78% of payroll.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

- A study was performed in June of 2018 to determine the amount of unpaid time that was included as service credit for consideration in calculating the normal cost rate for PEPRA members. It was determined that the average amount of unpaid pay periods over the timeframe studied was 0.57% for Salaried members.

As a result a load of 0.57% was applied to the normal cost for Salaried PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member. This increased the employer normal cost rate 0.01% of pay, but reduced the UAL rate by 0.01%, therefore there was no impact on the contribution rate.

The total impact on employer Plan cost is an increase of 0.55% of pay, prior to the impact of the remaining phase-in of the 2017 assumption changes.

Table I-3 summarizes the impact on Plan cost of phasing in the 2017 assumption changes over three years.

Item	Full Contribution	Phased Contribution
FYE 2020 Employer Contribution Rate	35.98%	35.41%
FYE 2021 Employer Contribution Rate	36.16%	36.16%
FYE 2022 Employer Contribution Rate	35.93%	35.99%

As stated earlier, the net impact on the actuarial cost due to assumption changes adopted by the Boards, effective July 1, 2017, was an increase of 1.70%. The Boards chose to phase in this increase over three years, or 0.57% annually. This results in a FYE 2020 Net Employer Contribution Rate of 35.41%, based on an original rate of 35.98% minus the remaining 0.57% phase-in. The table above shows that the contribution rate in FYE 2022 will be slightly higher (by approximately 0.06% of payroll) as a result of this reduction in the FYE 2020 contribution rate.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION I – EXECUTIVE SUMMARY

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

Table I-4 Asset to Payroll Ratio as of June 30, 2018	
Active Member Payroll	24,474,636
Assets (Market Value)	93,130,089
Ratio of Assets to Payroll	3.81
Ratio with 100% Funding	5.93

One of the most important measures of a plan’s risk is the ratio of plan assets to payroll. The table above shows the Plan’s assets as a percentage of active member payroll. This ratio indicates the sensitivity of the Plan to the returns earned on plan assets. We note in the table that plan assets currently are nearly four times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to nearly six times payroll, perhaps higher depending on the Plan’s future demographic makeup. Although, both of these ratios are lower than those of many other public plans, the increase in the asset to payroll ratio expected to accompany an improvement in the Plan’s funding still represents a substantial increase in the volatility of the contributions.

To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the assets are so small.

On the other hand, consider the situation for the Plan. Suppose the Plan’s assets lose 10% of their value in a year. Since they were assumed to earn 7.25%, there is an actuarial loss of 17.25% of plan assets. Based on the current ratio of asset to payroll (381%), that means the loss in assets is about 66% of active payroll (381% of the 17.25% loss). There is only one source of funding to make up for this loss: contributions. Consequently, barring future offsetting investment gains, the employer has to make up the asset loss in future contributions. In this example of a one-year loss of 10%, this shortfall would eventually require an additional amortization payment near 6.2% of payroll, if amortized over 14 years.

Furthermore, consider the impact of a one-year loss of 10% if the plan is 100% funded. Based on the ratio of asset to payroll at 100% funding (593%), the asset loss would be about 102% of active payroll (593% of the 17.25% loss). In this example, the shortfall could require an additional amortization payment of approximately 9.7% of payroll, if amortized over 14 years.

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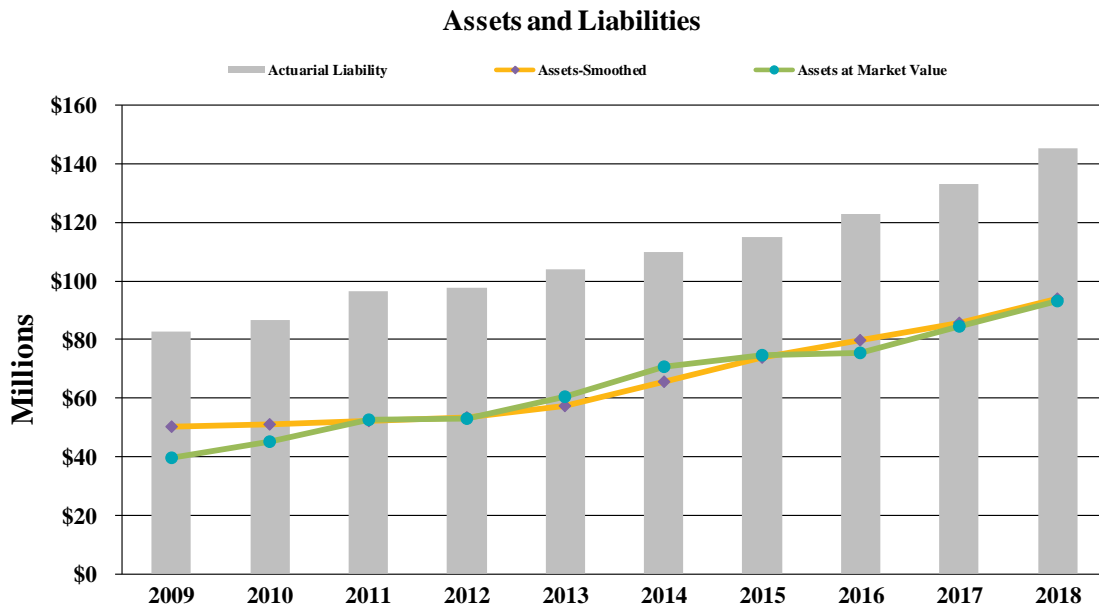
SECTION I – EXECUTIVE SUMMARY

D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown in the chart below the graph is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio decreased from 60.5% in 2009 to 54.1% in 2011 as the investment losses from 2008 were recognized in the smoothed value of assets, and then increased to 65.0% in 2016 primarily as a result of the recovery in the investment markets. The funded ratio slightly decreased in 2017 due to a change in economic assumptions. The funded ratio increased to 64.8% as of July 1, 2018.



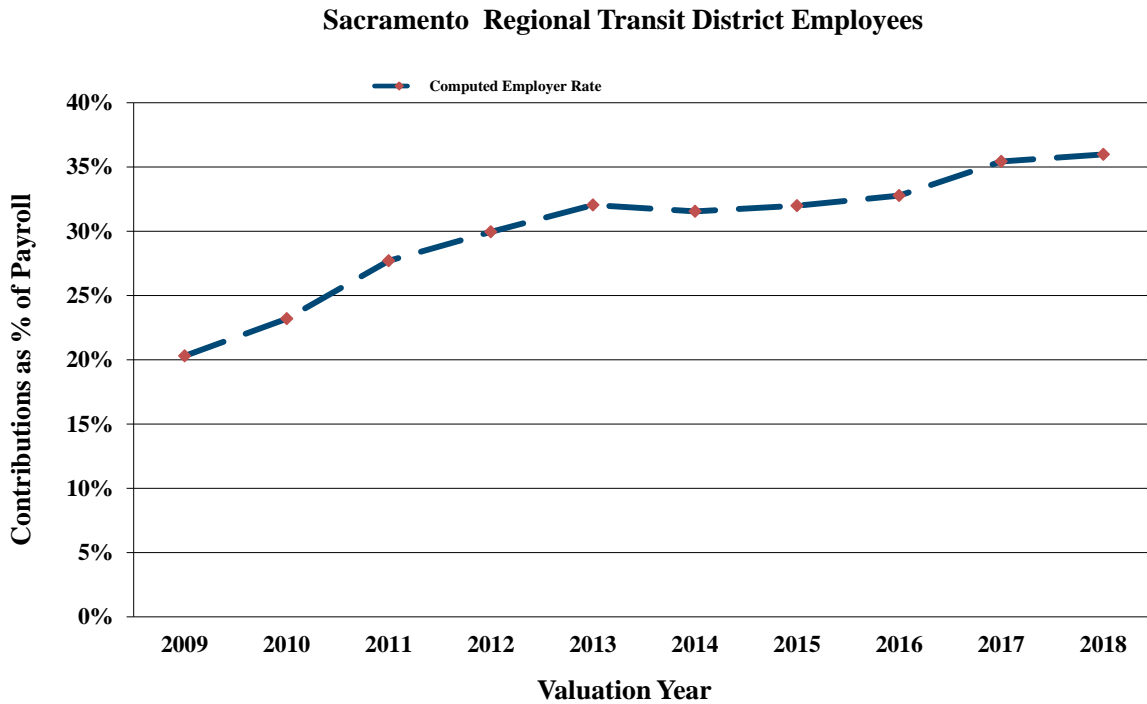
Valuation Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AVA Funded Ratio	60.5%	58.7%	54.1%	54.5%	55.2%	59.5%	64.3%	65.0%	64.4%	64.8%
UAL (Millions)	\$ 32.8	\$ 35.9	\$ 44.3	\$ 44.5	\$ 46.6	\$ 44.5	\$ 41.0	\$ 43.0	\$ 47.3	\$ 51.2

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SECTION I – EXECUTIVE SUMMARY

Contribution Trends

In the following chart, we present the historical trends for the Plan’s actuarially determined contribution rates (excluding the impact of any phase-in of assumption changes.) Contribution rates increased from 2008 through 2013 as losses from the 2009 Fiscal Year were recognized and assumptions were changed. Contribution rates remained relatively stable from 2013 to 2016, with an increase in 2017 due to the change in assumptions as well as the decrease in projected payroll. The contribution rate rose again in 2018 primarily due to the ATU/Salaried transfer.



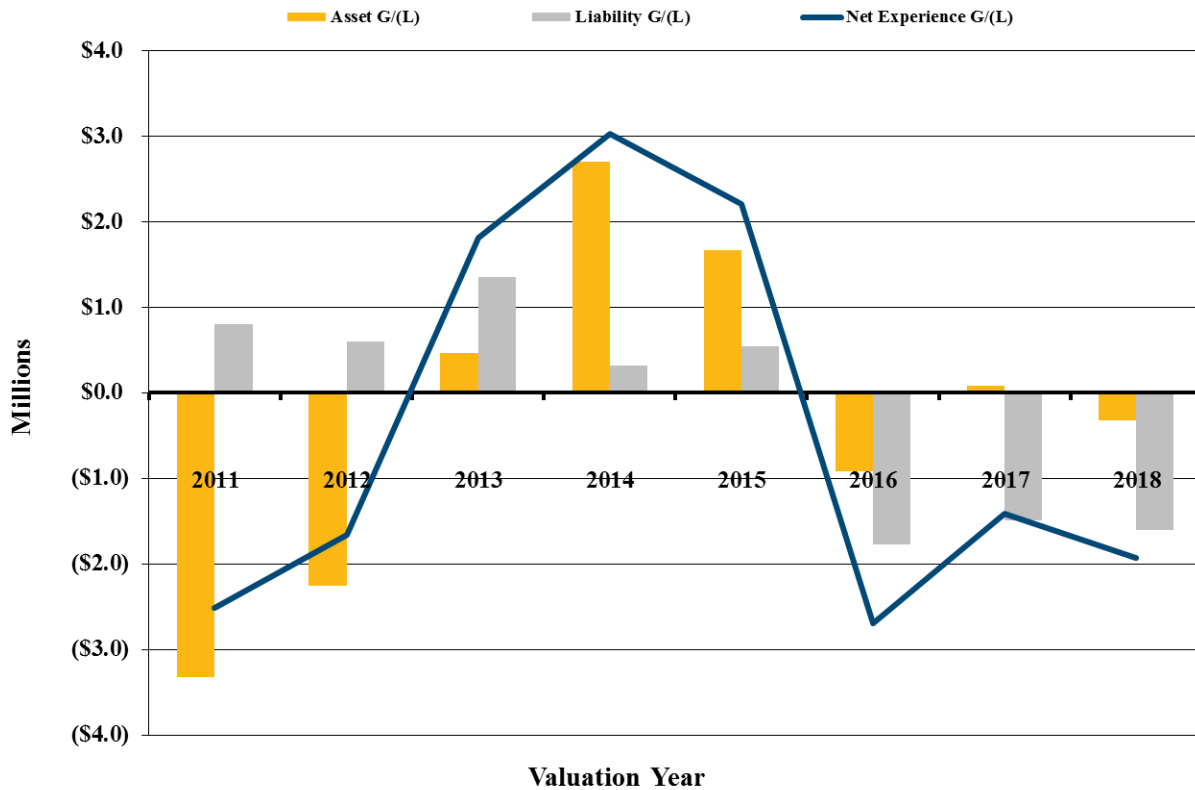
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION I – EXECUTIVE SUMMARY

Gains and Losses

The following chart presents the pattern of annual gains and losses for the overall Plan, broken into the investment and liability components. The investment gains and losses represent the changes on a smoothed basis (i.e., based on the Actuarial Value of Assets). The chart does not include any changes in the Plan’s assets and liabilities attributable to changes to actuarial methods, assumptions, or plan benefit changes.

Experience Gains and Losses



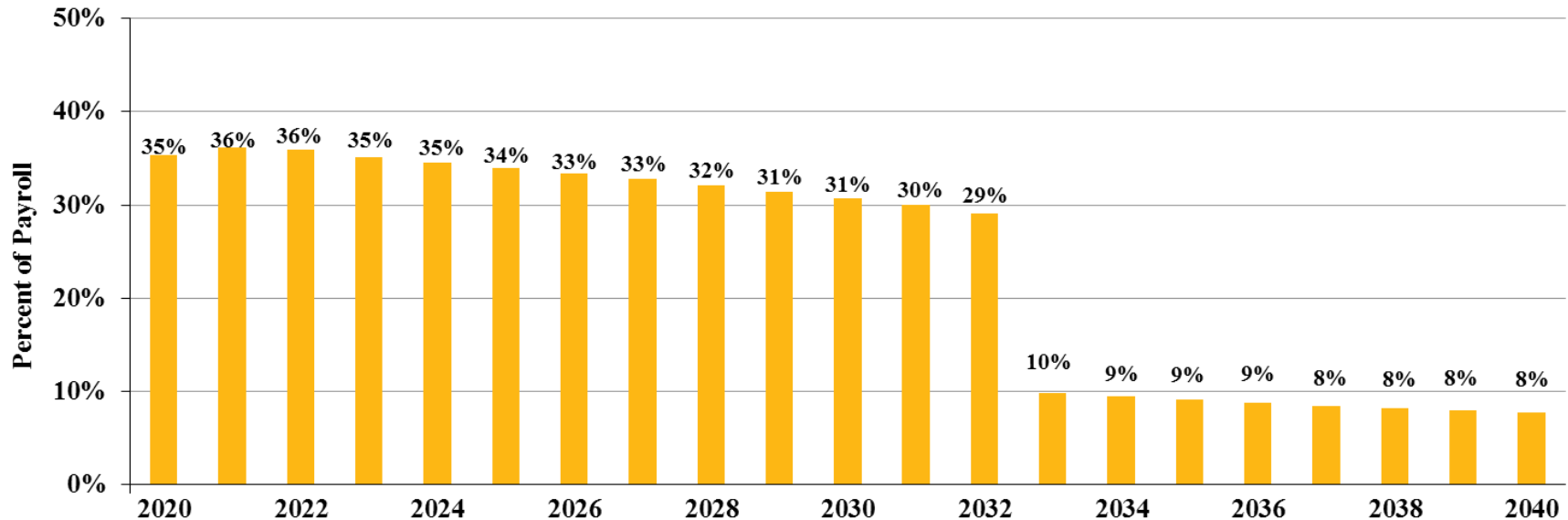
RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION I – EXECUTIVE SUMMARY

E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2018 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the 7.25% assumption each year, which is clearly an impossibility. We have also assumed future salary increases of 3.00% per year.

Projection of Employer Contributions 7.25% return each year



The contribution rate graph shows that the District’s contributions are expected to increase slightly over the next few years as the assumption change impact gets phased-in. Costs are expected to decline thereafter since the employer-paid portion of the normal cost decreases as PEPPA membership increases. The employer contribution rate is expected to decline substantially in FYE 2033, once the current unfunded liability is fully amortized.

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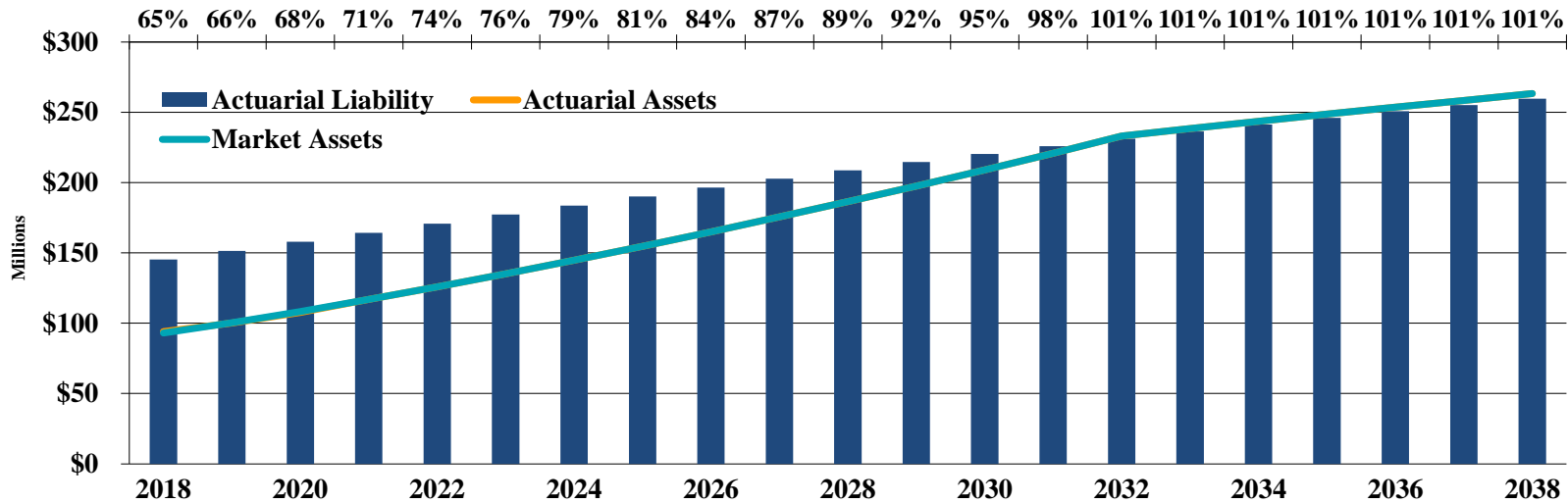
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost is expected to be approximately \$8.9 million in 2019-2020, growing as pay increases to around \$10.4 million in 2031-32, then dropping significantly the following years when the unfunded liability amortization payment disappears, at which point the cost will approach the level of the employer’s share of the normal cost and administrative expenses.

Note that the graph on the prior page does not forecast any actuarial gains or losses or changes to the assumptions or funding policy. Even relatively modest losses relative to the 7.25% assumed return could push the employer contribution above 40% of pay or higher over the next few years.

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.25% assumption each year during the projection period. The graph shows that the funded status is expected increase over the next 14 years as the current unfunded liability is fully amortized, assuming the actuarial assumptions are achieved. However, as above, it is primarily the actual return on Plan assets that will determine the future funding status and contribution rate to the Plan.

Projection of Assets and Liabilities 7.25% return each year



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants’ benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2017 and June 30, 2018
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table II-1 discloses and compares each components of the market asset value as of June 30, 2017 and June 30, 2018.

Table II-1			
Statement of Assets at Market Value			
June 30,			
Investments		2017	2018
Cash and Cash Equivalents	\$	1,497,515	\$ 4,395,496
Equity Securities		58,411,300	61,849,056
Fixed Income Securities		<u>27,813,256</u>	<u>32,179,477</u>
Total Investments	\$	87,722,071	\$ 98,424,029
Receivables:			
Securities Sold	\$	1,187,135	\$ 136,418
Interest and Dividends		126,412	185,655
Other Receivable		<u>11,846</u>	<u>102,890</u>
Total Receivables	\$	1,325,393	\$ 424,963
Payables			
Accounts Payable	\$	(172,660)	\$ (104,837)
Benefits Payable		0	0
Other Payable		<u>(4,242,494)</u>	<u>(5,614,066)</u>
Total Payables	\$	(4,415,154)	\$ (5,718,903)
Market Value of Assets	\$	84,632,310	\$ 93,130,089

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table II-2 shows the components of a change in the Market Value of Assets during 2017 and 2018.

Table II-2 Changes in Market Values		
	<u>2017</u>	<u>2018</u>
Contributions		
Employer's Contribution	\$ 7,321,138	\$ 7,669,178
Members' Contributions	<u>53,706</u>	<u>143,094</u>
Total Contributions	\$ <u>7,374,844</u>	\$ <u>7,812,272</u>
Investment Income		
Interest & Dividends	\$ 1,159,507	\$ 1,359,281
Realized & Unrealized Gain/(Loss)	8,574,742	5,148,390
Other Investment Income	0	0
Investment Expenses	<u>(345,373)</u>	<u>(434,188)</u>
Total Investment Income	\$ <u>9,388,876</u>	\$ <u>6,073,483</u>
Disbursements		
Benefit Payments	\$ (7,179,362)	\$ (7,779,366)
Expenses	(289,067)	(247,077)
Transfer from/(to) Union Plans	<u>0</u>	<u>2,638,467</u>
Total Disbursements	\$ <u>(7,468,429)</u>	\$ <u>(5,387,976)</u>
Net increase (Decrease)	\$ 9,295,291	\$ 8,497,779
Net Assets Held in Trust for Benefits:		
Beginning of Year	\$ <u>75,337,019</u>	\$ <u>84,632,310</u>
End of Year	\$ <u><u>84,632,310</u></u>	\$ <u><u>93,130,089</u></u>
Approximate Return	12.47%	7.07%
Administrative Expenses as a Percentage of Mean Assets	0.34%	0.27%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION II – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return.

Table II-3 Development of Actuarial Value of Assets as of July 1, 2018							
	(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (e) x (f)
Year	Total Contributions	Total Disbursements	Expected Return	Actual Return	Additional Earnings	Not Recognized	Unrecognized Earnings
2013-2014	6,610,761	(5,666,601)	4,731,780	9,297,644	4,565,864	0%	0
2014-2015	7,335,569	(5,696,353)	5,480,809	2,132,136	(3,348,673)	20%	(669,735)
2015-2016	7,597,880	(6,460,605)	5,637,370	(396,556)	(6,033,926)	40%	(2,413,570)
2016-2017	7,374,844	(7,468,429)	5,646,767	9,388,876	3,742,109	60%	2,245,265
2017-2018	7,812,272	(5,387,976)	6,223,723	6,073,483	(150,240)	80%	(120,192)
1. Total Unrecognized Dollars							(958,232)
2. Market Value of Assets as of June 30, 2018							93,130,089
3. Actuarial Value of Assets as of June 30, 2018: [(2) - (1)]							94,088,321
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							101.03%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION II – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation’s long-term 7.25% assumption.

Table II-4 Asset Gain/(Loss)		
	Market Value	Actuarial Value
July 1, 2017 value	\$ 84,632,310	\$ 85,685,275
Employer Contributions	7,669,178	7,669,178
Employee Contributions	143,094	143,094
Benefit Payments and Expenses	(8,026,443)	(8,026,443)
Transfer In / (Out) from ATU	2,638,467	2,638,467
Expected Investment Earnings (7.25%)	6,223,723	6,300,063
Expected Value June 30, 2018	\$ 93,280,329	\$ 94,409,634
Investment Gain / (Loss)	(150,240)	(321,313)
July 1, 2018 value	\$ 93,130,089	\$ 94,088,321
Return	7.07%	6.88%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2017 and July 1, 2018
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the normal cost rate is equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. The dollar amount of the normal cost equal to the normal cost rate multiplied by each member’s projected pay. The Actuarial Liability is the portion of the present value of future benefits not covered by future expected normal costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table III-1 discloses each of these liabilities for the current and prior valuations.

Table III-1			
Liabilities/Net (Surplus)/Unfunded			
	July 1, 2017		July 1, 2018
<u>Present Value of Future Benefits</u>			
Active Participant Benefits	\$	86,007,630	\$ 94,049,804
Retiree and Inactive Benefits		<u>77,261,249</u>	<u>81,242,328</u>
Present Value of Future Benefits (PVB)	\$	163,268,879	\$ 175,292,132
<u>Actuarial Liability</u>			
Present Value of Future Benefits (PVB)	\$	163,268,879	\$ 175,292,132
Present Value of Future Normal Costs (PVFNC)		<u>30,282,486</u>	<u>30,037,825</u>
Actuarial Liability (AL = PVB – PVFNC)	\$	132,986,393	\$ 145,254,307
Actuarial Value of Assets (AVA)		<u>85,685,275</u>	<u>94,088,321</u>
Net (Surplus)/Unfunded (AL – AVA)	\$	47,301,118	\$ 51,165,986

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software
- Transfers of liabilities from one plan to another

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets
- Transfer of assets from one plan to another

Table III-2 Changes in Actuarial Liability		
Actuarial Liability at July 1, 2017	\$	132,986,393
Actuarial Liability at July 1, 2018	\$	145,254,307
Liability Increase (Decrease)		12,267,914
Change due to:		
Actuarial Methods / Software Changes	\$	0
Plan Changes		0
Assumption Changes		(18,542)
Transfer In / (Out) from ATU		5,129,398
Accrual of Benefits		3,657,155
Actual Benefit Payments		(7,779,366)
Interest		9,675,704
Actuarial (Gain)/Loss		1,603,565

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION III – LIABILITIES

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

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	47,301,118
2. Employer Normal Cost at Middle of Year		3,657,155
3. Interest on 1. and 2. to End of Year		3,559,583
4. Contributions, Admin Expenses and Transfers in Prior Year		5,074,264
5. Interest on 4. to End of Year		183,942
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		(18,542)
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	49,241,108
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		51,165,986
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(1,924,878)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

The normal cost rate is determined with the normal cost percentage equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. Normal cost contributions are assumed to be made throughout the year, or on average mid-year.

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a 14-year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2018, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year.

Beginning with the June 30, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

Members hired on or after January 1, 2015 will contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the contribution rate for PEPRA members was 5.25% of payroll (1/2 of 10.27%, rounded to the nearest quarter). However, as the normal cost rate for the PEPRA members as of the July 1, 2018 valuation is 11.35%, we expect the rate to change for the following fiscal year to 5.75% (1/2 of 11.35%, rounded to the nearest quarter). Table IV-2 contains the details of this calculation.

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
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SECTION IV – CONTRIBUTIONS

Table IV-1 Development of Employer Contribution Amount		
	July 1, 2017	July 1, 2018
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 160,338	\$ 174,738
b. Retirement	3,296,149	3,323,520
c. Disability	92,235	94,106
d. Death	100,505	101,374
e. Refunds	7,927	11,208
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 3,657,154	\$ 3,704,946
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ (252,862)	\$ (246,759)
b. Retirement	53,626,943	61,632,513
c. Disability	1,128,958	1,269,947
d. Death	1,222,670	1,361,784
e. Refunds	(565)	(5,506)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 55,725,144	\$ 64,011,979
<u>Inactive Members</u>		
g. Termination	\$ 4,999,724	\$ 4,677,154
h. Retirement	67,604,930	71,735,454
i. Disability	1,142,990	1,118,264
j. Death	3,513,605	3,620,419
k. Transfer	-	91,037
l. Total Inactive Liability: (g) + (h) + (i) + (j) + (k)	\$ 77,261,249	\$ 81,242,328
m. Total Entry Age Actuarial Liability: (2f) + (2l)	\$ 132,986,393	\$ 145,254,307
3. Actuarial Value of Assets	\$ 85,685,275	\$ 94,088,321
4. Unfunded Actuarial Liability: (2m) - (3)	\$ 47,301,118	\$ 51,165,986
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (15/14 Years Remaining)	\$ 4,268,672	\$ 4,857,793
6. Expected Administrative Expenses	\$ 297,856	\$ 305,900
7. Expected Member Contributions	\$ (127,051)	\$ (187,361)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 8,096,631	\$ 8,681,278
9. Covered Payroll (Normal Cost)	\$ 22,443,603	\$ 23,647,941
10. Covered Payroll (UAL Amort and Expenses)	\$ 23,179,191	\$ 24,474,636
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	35.43%	35.98%
12. Employer Net Phased-in Contribution as a Percent of Covered Payroll	34.30%	35.41% *

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

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

	AEA	AFSCME	MCEG	AFST	PEPRA	Total
Actuarial Liability						
Active	6,770,467	25,621,172	26,546,616	4,539,100	534,624	64,011,979
Inactive	<u>37,598,984</u>	<u>10,464,120</u>	<u>30,242,418</u>	<u>2,936,806</u>	<u>0</u>	<u>81,242,328</u>
Total Actuarial Liability	44,369,451	36,085,292	56,789,034	7,475,906	534,624	145,254,307
Market Value of Assets						93,130,089
Actuarial Value of Assets						94,088,321
Unfunded Actuarial Liability (UAL)						51,165,986
UAL Amortization (Middle of Year)	484,992	1,791,635	1,561,407	338,510	681,249	4,857,793
Total Normal Cost (Middle of Year)	375,525	1,526,332	1,162,721	270,508	369,860	3,704,946
Expected Employee Contributions	0	0	0	0	(187,361)	(187,361)
Administrative Expense	<u>30,540</u>	<u>112,821</u>	<u>98,323</u>	<u>21,316</u>	<u>42,899</u>	<u>305,900</u>
Employer Contribution Payable Monthly	891,057	3,430,788	2,822,451	630,335	906,647	8,681,278
Covered Payroll (Normal Cost)	2,397,876	8,708,004	7,703,111	1,580,499	3,258,451	23,647,941
Covered Payroll (UAL Amort and Admin)	2,443,495	9,026,653	7,866,713	1,705,490	3,432,285	24,474,636
Total Normal Cost as a % of Payroll	15.66%	17.53%	15.09%	17.12%	11.35%	15.67%
Employee Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(5.75%)</u>	<u>(0.79%)</u>
Employer Normal Cost as a % of Payroll	15.66%	17.53%	15.09%	17.12%	5.60%	14.87%
UAL Amortization Rate	19.85%	19.85%	19.85%	19.85%	19.85%	19.85%
Administrative Expense Rate	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>
Total Contribution as a % of Payroll	36.76%	38.63%	36.19%	38.22%	26.70%	35.98%
Total Phased-in Contribution as a % of Payroll	36.17%	38.01%	35.61%	37.61%	26.27%	35.41%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

SECTION IV – CONTRIBUTIONS

Table IV-3			
Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	\$ 3,335,086	\$ 369,860	\$ 3,704,946
2. Covered Payroll (Normal Cost)	\$ 20,389,490	\$ 3,258,451	\$ 23,647,941
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.36%	11.35%	15.67%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.75%)	(0.79%)
5. Entry Age Actuarial Liability	\$ 144,719,683	\$ 534,624	\$ 145,254,307
6. Actuarial Value of Assets			\$ 94,088,321
7. Unfunded Actuarial Liability: (5) - (6)			\$ 51,165,986
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (14 Years Remaining)	\$ 4,176,543	\$ 681,249	\$ 4,857,793
9. Expected Administrative Expenses	\$ 263,001	\$ 42,899	\$ 305,900
10. Expected Employee Contributions	\$ 0	\$ (187,361)	\$ (187,361)
11. Employer Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,774,631	\$ 906,647	\$ 8,681,278
12. Covered Payroll (UAL Amort and Expenses)	\$ 21,042,351	\$ 3,432,285	\$ 24,474,636
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	37.46%	26.70%	35.98%
14. Total Phased-in Contribution as a Percent of Covered Payroll	36.86%	26.27%	35.41% *

* The District will begin paying this percentage of payroll July 1, 2019.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2018.

Active Participants	July 1, 2017	July 1, 2018
Number	223	226
Number Vested	181	182
Average Age	50.1	50.0
Average Service	13.6	13.8
Average Pay	\$99,414	\$103,630
Retired		
Number	261	272
Average Age	66.9	67.5
Average Annual Benefit	\$24,940	\$25,559
Beneficiaries		
Number	16	15
Average Age	71.4	69.9
Average Annual Benefit	\$23,772	\$25,548
Disabled		
Number	6	6
Average Age	69.1	70.1
Average Annual Benefit	\$26,330	\$26,330
Term Vested		
Number	55	53
Average Age	47.2	48.1
Average Annual Benefit	\$11,024	\$10,757
Transferred		
Number	69	82
Average Age	48.9	48.9
Average Annual Benefit	\$14,513	\$15,110

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AEA								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	31	44	0	29	5	170	10	289
New Entrants	1	0	0	0	0	0	0	1
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	0	0	0	(1)	0	1	0	0
Vested Terminations	0	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	(1)	1	0	0	0	0	0	0
Died, No Beneficiary, & Other Terminations	(1)	0	1	0	0	(2)	0	(2)
Transfer Retirement	0	(1)	0	0	0	1	0	0
Beneficiary Deaths	0	0	0	0	0	0	(2)	(2)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2018	30	44	1	28	5	170	8	286

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFSC								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	81	9	0	4	1	31	0	126
New Entrants	3	0	0	0	0	0	0	3
Rehires	0	1	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(3)	0	0	0	0	3	0	0
Vested Terminations	0	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	1	6	0	0	0	0	0	7
Died, No Beneficiary, & Other Terminations	0	0	0	0	0	0	0	0
Transfer Retirement	0	(1)	0	0	0	1	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2018	81	15	0	3	1	35	0	135

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFST								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	37	7	0	9	0	8	0	61
New Entrants	4	0	0	0	0	0	0	4
Rehires	1	0	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(2)	0	0	0	0	2	0	0
Vested Terminations	0	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	(6)	7	0	0	0	0	0	1
Died, No Beneficiary, & Other Terminations	0	0	0	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2018	33	14	0	8	0	10	0	65

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: MCEG								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	74	9	0	13	0	52	6	154
New Entrants	7	0	0	0	0	0	0	7
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(4)	0	0	(1)	0	5	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	(1)	0	0	0	0	0	1	0
Transfers	9	1	0	0	0	0	0	10
Died, No Beneficiary, & Other Terminations	(1)	0	1	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	0	(1)
Data Corrections	0	(1)	0	1	0	0	0	0
July 1, 2018	82	9	1	14	0	57	7	170

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: All Non-Contract								
	Actives	Actives with Transfer Service	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries*	Total
July 1, 2017	223	69	0	55	6	261	16	630
New Entrants	15	0	0	0	0	0	0	15
Rehires	1	1	0	(2)	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(9)	0	0	(2)	0	11	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	(1)	0	0	0	0	0	1	0
Transfers	3	15	0	0	0	0	0	18
Died, No Beneficiary, & Other Terminations	(2)	0	2	0	0	(2)	0	(2)
Transfer Retirement	0	(2)	0	0	0	2	0	0
Beneficiary Deaths	0	0	0	0	0	0	(2)	(2)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(3)	0	0	0	0	0	0	(3)
Data Corrections	0	(1)	0	1	0	0	0	0
July 1, 2018	226	82	2	53	6	272	15	656

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Non-Union Active Participants As of July 1, 2018														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	2	0	1	1	0	0	0	0	0	0	0	0	0	4
30 to 34	1	0	0	0	2	5	0	0	0	0	0	0	0	8
35 to 39	4	0	1	1	1	5	8	2	0	0	0	0	0	22
40 to 44	5	4	3	0	1	5	8	11	1	0	0	0	0	38
45 to 49	1	3	1	1	0	4	16	6	3	1	0	0	0	36
50 to 54	0	1	2	0	3	5	8	14	11	1	0	0	0	45
55 to 59	1	1	0	0	0	3	4	15	8	1	5	0	0	38
60 to 64	0	2	0	1	0	0	4	4	7	2	1	2	0	23
65 to 69	0	0	0	0	0	1	2	2	3	2	1	0	0	11
70 & up	0	0	0	0	0	0	1	0	0	0	0	0	0	1
Total	14	11	8	4	7	28	51	54	33	7	7	2	0	226

Average Age = 50.0

Average Service = 13.8



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of Non-Union Active Participants As of July 1, 2018													
Age	Service												Total
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	80,526	0	77,835	54,369	0	0	0	0	0	0	0	0	73,314
30 to 34	33,198	0	0	0	99,812	63,016	0	0	0	0	0	0	68,488
35 to 39	76,423	0	105,199	113,600	66,890	80,664	91,468	78,994	0	0	0	0	85,656
40 to 44	99,907	101,904	75,002	0	101,760	67,126	93,776	115,164	74,793	0	0	0	96,351
45 to 49	77,171	120,502	66,881	98,931	0	98,396	113,443	112,016	124,941	67,593	0	0	109,102
50 to 54	0	121,995	90,947	0	100,107	99,171	108,125	124,440	126,287	129,725	0	0	116,136
55 to 59	87,937	149,028	0	0	0	86,572	98,178	106,995	116,520	118,398	103,382	0	106,889
60 to 64	0	101,830	0	95,252	0	0	91,591	110,829	118,406	116,074	143,760	150,600	113,676
65 to 69	0	0	0	0	0	41,244	84,636	74,097	125,118	127,772	155,535	0	104,104
70 & up	0	0	0	0	0	0	58,151	0	0	0	0	0	58,151
Total	83,185	113,073	82,102	90,538	95,514	80,158	100,952	111,768	120,458	114,772	116,601	150,600	103,630

Average Salary = \$103,630

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Participants and Beneficiaries

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	1	\$2,546
50-54	1	\$394
55-59	42	\$1,590
60-64	72	\$2,381
65-69	77	\$2,601
70-74	53	\$1,925
75-79	20	\$1,684
80-84	13	\$2,102
85-89	6	\$1,048
90-94	1	\$193
95+	1	\$364
Total	287	\$2,130

Disabled Participants

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	1	\$1,739
55-59	0	\$0
60-64	0	\$0
65-69	2	\$2,229
70-74	2	\$3,191
75-79	0	\$0
80-84	1	\$586
85-89	0	\$0
90-94	0	\$0
95+	0	\$0
Total	6	\$2,194

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	1	\$637
30-34	0	\$0
35-39	10	\$544
40-44	3	\$963
45-49	14	\$910
50-54	21	\$1,082
55-59	2	\$966
60-64	1	\$263
65-69	1	\$885
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	53	\$896

Transferred Participants

Age	Number	Average Monthly Benefit
25-29	1	\$63
30-34	2	\$264
35-39	10	\$695
40-44	14	\$1,028
45-49	16	\$1,056
50-54	18	\$1,250
55-59	16	\$1,962
60-64	5	\$2,109
65-69	0	\$0
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	82	\$1,259

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2018 are:

Actuarial Method

As of July 1, 2012, the normal cost (and resulting Actuarial Liability) is determined as a single result for each individual, with the normal cost percentage equal to the total projected value of benefits at entry age, divided by the present value of future salary at entry age. This variation is known as the entry age to final decrement.

The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability. Prior to July 1, 2007, this liability was amortized as a level percentage of payroll over the remainder of a 30-year period beginning January 1, 1997. As of July 1, 2007, the amortization period was reset to a new 30-year period, decreasing two years with each valuation until a 20-year amortization period was achieved, at which point the amortization period was reduced by one year annually. The amortization period as of July 1, 2018 is 14 years. Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses.

The total Plan cost is the sum of the normal cost, the amortization of the Unfunded Actuarial Liability, and the expected administrative expenses. The Board chose to phase in the increase in the contribution rate due to the assumption changes effective July 1, 2017 over three years, or approximately 0.57% annually.

Actuarial Value of Plan Assets

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.

Actuarial Assumptions

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Board in the prior valuation as a result of an analysis completed in 2017.

1. Rate of Return

The annual rate of return on all Plan assets is assumed to be 7.25% for the current valuation net of investment, but not administrative, expenses.

2. Cost of Living

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.00% per year.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. Plan Expenses

Administrative expenses are assumed to be \$315,077 for Fiscal Year 2019-20, and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

4. Increases in Pay

Assumed pay increases for active Participants consist of increases due to inflation (cost-of-living adjustments) and those due to longevity and promotion.

Based on an analysis of pay levels and service for the Salaried Plan Participants, we assume that pay increases due to longevity and promotion will occur in accordance with the following table:

Pay Increases			
	Years of Service		
	0-9	10-19	20+
Base Increase	3.15%	3.15%	3.15%
Longevity & Promotion			
AFSME	2.00%	2.00%	0.00%
AEA/MCEG	3.25%	0.50%	0.50%
Total (Compound)			
AFSME	5.21%	5.21%	3.15%
AEA/MCEG	6.50%	3.67%	3.67%

5. Family Composition

85% of participants are assumed to be married. Male spouses of active employees are assumed to be three years older than their wives. This assumption is also applied to retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

6. Terminal Payments

Retirement benefits are assumed to be increased by 7% due to the application of payments for unused vacation and sick leave to Average Final Monthly Earnings.

No liability adjustment for retirement is used for members who joined the plan on or after January 1, 2015.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

7. Bridging Service

The Plan has been modified to enable members who are rehired after a previous period of non-vested service to use this prior service for benefit and eligibility purposes. As the impact on the liabilities and contribution level of the Plan is expected to be minor, and will depend on the number of members actually rehired (if any), no additional liability is currently being included for this provision.

8. Missed Pay Periods

A 0.57% load is applied to the normal cost for Salaried PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

9. Employment Status

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

10. Rates of Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant's age, service, and sex.

Representative rates are shown in the following table:

Termination Rates*		
	0-4 Years	5+ Years
Age	All	All
20-34	5.00%	8.00%
35-44	5.00%	3.00%
45	5.00%	0.25%
46	5.00%	0.20%
47	5.00%	0.15%
48	5.00%	0.10%
49	5.00%	0.50%
50+	5.00%	0.00%

* No terminations are assumed after eligibility for normal retirement or after 25 years of service for non-PEPRA members. PEPRA members terminating with at least five years of service are expected to receive a deferred annuity benefit; those terminating with less than five years of service are expected to receive a refund of contributions (with interest).

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Disability

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

Rates of Disability	
Age	Rate
22	0.0184%
27	0.0237%
32	0.0289%
37	0.0368%
42	0.0525%
47	0.0814%
52	0.1418%
57	0.2599%
62	0.5382%

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

12. Rates of Mortality for Active Healthy Lives

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 130% for females.

13. Rates of Mortality for Disabled Retirees

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2015 published by the Society of Actuaries, with the base tables adjusted 130% for males and 115% for females.

14. Retired Member and Beneficiary Mortality

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

15. Rates of Retirement

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

Rates of Retirement			
Age	Years of Service		
	5-24	25-29	30+
50-54	0.00%	5.00%	25.00%
55-59	5.00%	5.00%	25.00%
60	15.00%	15.00%	15.00%
61-64	8.25%	8.25%	8.30%
65+	25.00%	25.00%	25.00%

*The rate of service retirement among all Participants eligible to retire with 30 or more years of service is assumed to be 25.0% per year, and 100% per year for all Participants 70 or older. PEPRAs are assumed to begin retiring at age 52, with at least five years of service.

16. Changes Since Last Valuation

A 0.57% load is applied to the normal cost for Salaried PEPRAs members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

1. Definitions

Average Final
Monthly
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' Compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if the last 48 months of compensation are used in the calculation, except for PEPRA members.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation is limited to an amount not to exceed a specific capped amount, originally tied to the Social Security Taxable Wage Base in 2013, and subsequently adjusted annually by the increase in the CPI-U.

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases. Service includes time with the District or predecessor companies immediately prior to August 1, 1968 and subsequent to hire.

For AFSCME employees, service earned prior to January 1, 2015 is measured in completed quarters of a year and completed months for service earned on or after January 1, 2015. For MCEG and AEA employees, service is measured in completed months.

2. Participation

Eligibility:

Any person employed by the District in a full or part-time position in an authorized job classification covered by one of the defined employee groups of (i) Non-union Management and Confidential Employees, (ii) Employee members of the Administrative Employee Association (AEA), or (iii) Employee members of American Federation of State, County and Municipal Employees (AFSCME), is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1, 2015 is a New Member and will follow PEPRA provisions. Employees who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

3. Retirement Benefit

Eligibility: Prior to January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing nine or more years of service.

On and after January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing five or more years of service.

Effective January 1, 2000, employees with 25 years of credited service will be eligible for an early retirement option.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect prior to February 1, 1994 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement. For AGSCME members with at least five but less than nine years of service, a vesting schedule is applied unless the member has reached age 62.

For retirements and terminations prior to January 1, 2005, the percentage is equal to:

- 2.0%, if the member retires prior to age 65, and
- 2.5%, if the member retires at age 65 or later.

For AEA and MCEG retirements and terminations on and after July 1, 2006 and prior to January 1, 2008, the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.125%, if the member retires at age 56 or with 26 years of service,
- 2.25%, if the member retires between the ages of 57 and 64 or with 27 or more years of service, and
- 2.5%, if the member retires at age 65 or later.

For retirements and terminations on and after January 1, 2008 (July 1, 2006 for AFSCME members), the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.1%, if the member retires at age 56 or with 26 years of service,
- 2.2%, if the member retires at age 57 or with 27 years of service,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

- 2.3%, if the member retires at age 58 or with 28 years of service,
- 2.4%, if the member retires at age 59 or with 29 years of service, and
- 2.5%, if the member retires at age 60 or later or with 30 or more years of service.

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

4. Disability Benefit

Eligibility: A Participant is eligible for a disability benefit if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Nine years of service is required to qualify for disability. Effective January 1, 2006, five years of service is needed to qualify for disability retirement for AEA and MCEG members.

Benefit Amount: For AEA and MCEG members, the disability benefit is equal to the Normal Retirement Benefit, using the Participant's Average Final Monthly Earnings and service accrued through the date of disability. For AFSCME members, the disability benefit is equal to 2% of the Participant's Average Final Monthly Earnings multiplied by service accrued through the date of disability. The disability benefit cannot exceed the Retirement Benefit the member would be entitled to on the basis of Average Final Monthly Earnings determined at the date of disability multiplied by the service the member would have attained had employment continued until age 62.

Form of Benefit: The benefit begins at disability and continues until recovery or for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

5. Pre-Retirement Death Benefit

Eligibility: For deaths prior to January 1, 2006, a Participant's surviving spouse, Domestic Partner or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed nine years of service with the District.

For deaths on and after January 1, 2006, a Participant's surviving spouse, Domestic Partner, or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District.

Benefit Amount: The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day prior to his/her death. The amount payable to the spouse or Domestic Partner is equal to the Life benefit payable under Article V of the Plan document.

Form of Benefit: The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner, or until the death, marriage, or attainment of 21 years of age of a dependent minor child. No optional form of benefit may be elected. No cost-of-living increases are payable.

6. Termination Benefit

Eligibility: A Participant is eligible for a termination benefit after earning five years of service. The Participant will be eligible to commence benefits at age 55.

Benefit Amount: For AFSCME terminations, and AEA and MCEG terminations prior to January 1, 2006, the benefit payable to a vested terminated Participant is a percentage of the Normal Retirement Benefit earned on the date of termination, based on the age, service, and Average Final Monthly Earnings accrued by the Participant at that point. The percentage is based on the Participant's service with the District, as shown in the table below:

Service	Vested Percentage
5	20%
6	40%
7	60%
8	80%
9 or more	100%

For AEA and MCEG terminations on and after January 1, 2006, a Participant is eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the age,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

service, and Average Final Monthly Earnings accrued by the Participant at that point.

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit is payable for the life of the Participant only beginning at age 55. For PEPRA members the benefit can begin as early as age 52. No cost-of-living increases are payable.

7. Reciprocity Benefit

Eligibility: A Participant who transfers from this Plan to the RT Union Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

Benefit Amount: The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Union Plan together, as if the plans were a single plan.

Form of Benefit: The reciprocity benefit begins at retirement and continues for the Participant's life with no cost-of-living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

8. Funding

Members hired on or after January 1, 2015 will contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the current year, the initial contribution rate for PEPRA members was 5.25% (1/2 of 10.27%, rounded to the nearest quarter) of payroll. The normal cost rate for the PEPRA members as of the July 1, 2018 valuation is 11.35%, and because the rate changed by more than 1%, the rate for the following fiscal year increases to 5.75% (1/2 of 11.35%, rounded to the nearest quarter).

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

9. Changes in Plan Provisions

None

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial Assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX D – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



Classic Values, Innovative Advice

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
33	03/20/19	Retirement	Action	02/26/19

Subject: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards and Approving Delegation of Authority for Renewals (ALL). (Weekly)

ISSUE

Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards and Approving Delegation of Authority for Renewals (ALL). (Weekly)

RECOMMENDED ACTION

Adopt Resolution No. 19-03-____, Authorizing Execution of a Contract Renewal for Fiduciary Insurance for All Retirement Boards and Approving Delegation of Authority for the District's General Manager/CEO to Bind Renewals of Fiduciary Liability Insurance for All Retirement Boards (ALL)

FISCAL IMPACT

Annual Cost:	\$40,545
ATU cost-share:	\$13,515
IBEW cost-share:	\$13,515
Salaried cost-share:	\$13,515

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, 2019. The current policy provides a \$10 million limit, with a deductible of \$25,000 for an annual premium of \$39,146. The premium for the 2019-2020 Chubb Fiduciary Liability policy renewal, effective May 6, 2019 with current coverage limits, is \$40,545. The renewed 2019-2020 policy includes Chubb's Guaranteed Renewal Endorsement (GRE) so no renewal application will be needed next year and there will be no increase in premium, unless a renewal event described in the GRE provisions occurs.

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 2019-20 policy year).

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IP's\Quarterly Meetings\March 20, 2019\Compling#33 - Authorizing Execution of a Contract or Contract Renewal Fiduciary Insurance.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
33	03/20/19	Open	Action	02/26/19

Subject: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards and Approving Delegation of Authority for Renewals (ALL). (Weekly)

Staff recommends that the Boards approve the Chubb Fiduciary Liability Policy renewal for the 2019-20 policy year.

Due to the timing of the policy annual renewal date and the typical Quarterly Retirement Boards Meeting schedule, staff has not always received notice from the District’s insurance broker regarding the annual renewal in time for review and approval at the March Quarterly Retirement Board meeting. To ensure that the policy can be timely renewed in years in which there are no significant changes in the coverage terms and the premium adjustment is nominal, staff also recommends that the Boards delegate authority to the District’s General Manager/CEO to bind annual renewals, in future years provided any increase in the annual premium is \$6,000 or less over the prior year. In the event an increase in premium is more than \$6,000 over a prior year, or if there is a significant change to the coverage or the provider, staff will present the insurance policy to the Boards for review and approval, as the Quarterly or Special Retirement Boards Meeting Schedule for the year permits.

RESOLUTION NO. 19-03-_____

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 20, 2019

AUTHORIZING EXECUTION OF RENEWAL OF A CONTRACT RENEWAL FOR FIDELITY INSURANCE FOR THE 2019-20 POLICY YEAR AND DELEGATING AUTHORITY TO THE DISTRICT'S GENERAL MANAGER/CEO TO APPROVE RENEWALS OF FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS

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 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 execution of the 2019-2020 contract renewal in the amount of \$40,545 for Fiduciary Insurance for all Boards and delegates authority to the District's General Manager/CEO to bind annual renewals in the future years provided any increase in the annual premium is \$6,000 or less over the prior year.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

AUTHORIZING EXECUTION OF RENEWAL OF A CONTRACT RENEWAL FOR FIDELITY INSURANCE FOR THE 2019-20 POLICY YEAR AND DELEGATING AUTHORITY TO THE DISTRICT'S GENERAL MANAGER/CEO TO APPROVE RENEWALS OF FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS

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, 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 execution of the 2019-2020 contract renewal in the amount of \$40,545 for Fiduciary Insurance for all Boards and delegates authority to the District's General Manager/CEO to bind annual renewals in the future years provided any increase in the annual premium is \$6,000 or less over the prior year.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

AUTHORIZING EXECUTION OF RENEWAL OF A CONTRACT RENEWAL FOR FIDELITY INSURANCE FOR THE 2019-20 POLICY YEAR AND DELEGATING AUTHORITY TO THE DISTRICT'S GENERAL MANAGER/CEO TO APPROVE RENEWALS OF FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AEA AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the AEA (Retirement Board) hereby authorizes the execution of the 2019-2020 contract renewal in the amount of \$40,545 for Fiduciary Insurance for all Boards and delegates authority to the District's General Manager/CEO to bind annual renewals in the future years provided any increase in the annual premium is \$6,000 or less over the prior year.

RUSSEL DEVORAK, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

AUTHORIZING EXECUTION OF RENEWAL OF A CONTRACT RENEWAL FOR FIDELITY INSURANCE FOR THE 2019-20 POLICY YEAR AND DELEGATING AUTHORITY TO THE DISTRICT'S GENERAL MANAGER/CEO TO APPROVE RENEWALS OF FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AFSCME AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the AFSCME (Retirement Board) hereby authorizes the execution of the 2019-2020 contract renewal in the amount of \$40,545 for Fiduciary Insurance for all Boards and delegates authority to the District's General Manager/CEO to bind annual renewals in the future years provided any increase in the annual premium is \$6,000 or less over the prior year.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 19-03-_____

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 20, 2019

AUTHORIZING EXECUTION OF RENEWAL OF A CONTRACT RENEWAL FOR FIDELITY INSURANCE FOR THE 2019-20 POLICY YEAR AND DELEGATING AUTHORITY TO THE DISTRICT'S GENERAL MANAGER/CEO TO APPROVE RENEWALS OF FIDUCIARY INSURANCE FOR ALL RETIREMENT BOARDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE MCEG AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees Who are Members of the MCEG (Retirement Board) hereby authorizes the execution of the 2019-2020 contract renewal in the amount of \$40,545 for Fiduciary Insurance for all Boards and delegates authority to the District's General Manager/CEO to bind annual renewals in the future years provided any increase in the annual premium is \$6,000 or less over the prior year.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
34	03/20/19	Retirement	Action	02/20/19

Subject: Approve Disability Retirement Application for Joseph Nagel (ATU). (Weekly)

ISSUE

Whether to Approve an Application for Disability Retirement submitted by Joseph Nagel.

RECOMMENDED ACTION

Adopt Resolution No. 19-03-_____, Approving Disability Retirement of Joseph Nagel.

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

Joseph Nagel, 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 June 29, 1998 as a part-time employee. He 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 27, 2019. Retirement Plan staff received Dr. Cohen's medical report on March 12, 2019. According to the medical report, Dr.

Approved:

Presented:

Final 03/13/19

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2019\IPs\Quarterly Meetings\March 20, 2019\Compling#34 - [HB Edits] IP - ATU Disability Retirement - J. Nagel.DOC

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
34	03/20/19	Open	Action	02/20/19

Subject: Approving Disability Retirement Application for Joseph Nagel (ATU). (Weekly)

Cohen has determined that the Applicant has a permanent physical or mental condition, resulting from illness or injury, that disqualifies him from performing the duties of his 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. 19-03-_____

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 20, 2019

APPROVE DISABILITY RETIREMENT APPLICATION FOR JOSEPH NAGEL

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 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 Joseph Nagel.

_____, Chair

A T T E S T:

_____, Secretary

By: _____
Valerie Weekly, Assistant Secretary